

Vale S.A.
Form 6-K
August 02, 2010

**United States
Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934
For the month of**

For the quarterly period ended June 30, 2010

July 2010

Vale S.A.

Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-____.)

TABLE OF CONTENT

Press Release

Signature

Press Release

Financial Statements June 30, 2010

US GAAP

Filed at CVM and SEC on 07/29/10

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Vale S.A.
INDEX TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

	Nr.
Report of Independent Registered Public Accounting Firm	3
Condensed Consolidated Balance Sheets as of June 30, 2010 and December 31, 2009	4
Condensed Consolidated Statements of Income for the three-month periods ended June 30, 2010, March 31, 2010 and June 30, 2009 and for the six-month periods ended June 30, 2010 and 2009	6
Condensed Consolidated Statements of Cash Flows for the three-month periods ended June 30, 2010, March 31, 2010 and June 30, 2009 and for the six-month periods ended June 30, 2010 and 2009	7
Condensed Consolidated Statements of Changes in Stockholders' Equity for the three-month periods ended June 30, 2010, March 31, 2010 and June 30, 2009 and for the six-month periods ended June 30, 2010 and 2009	8
Condensed Consolidated Statements of Comprehensive Income (deficit) for the three-month periods ended June 30, 2010, March 31, 2010 and June 30, 2009 and for the six-month periods ended June 30, 2010 and 2009	9
Notes to the Condensed Consolidated Interim Financial Information	10

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Report of Independent Registered
Public Accounting Firm
To the Board of Directors and Stockholders
Vale S.A.

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. and its subsidiaries as of June 30, 2010, and the related condensed consolidated statements of income, of cash flows, of comprehensive income and of stockholders' equity for each of the three-month periods ended June 30 and March 31, 2010 and June 30, 2009 and for the six-month periods ended June 30, 2010 and June 30, 2009. This interim financial information is the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2009, and the related consolidated statements of income, of cash flows, of comprehensive income and of stockholders' equity for the year then ended (not presented herein), and in our report dated February 10, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers
Auditores Independentes
Rio de Janeiro, Brazil
July 29, 2010

Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars

	June 30, 2010 (unaudited)	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	6,235	7,293
Short-term investments		3,747
Accounts receivable		
Related parties	89	79
Unrelated parties	5,741	3,041
Loans and advances to related parties	14	107
Inventories	3,806	3,196
Deferred income tax	533	852
Unrealized gains on derivative instruments	21	105
Advances to suppliers	328	498
Recoverable taxes	1,303	1,511
Others	845	865
	18,915	21,294
Non-current assets held for sale	6,124	
Non-current assets		
Property, plant and equipment, net	72,616	67,637
Intangible assets	1,133	1,173
Investments in affiliated companies, joint ventures and others	4,444	4,585
Other assets		
Goodwill on acquisition of subsidiaries	3,017	2,313
Loans and advances		
Related parties	11	36
Unrelated parties	134	158
Prepaid pension cost	1,464	1,335
Prepaid expenses	230	235
Judicial deposits	1,410	1,143
Advances to suppliers energy		511
Recoverable taxes	474	817
Unrealized gains on derivative instruments	638	865
Others	193	177
	7,571	7,590
TOTAL	110,803	102,279

Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars
(Except number of shares)

	June 30,	(Continued)
	2010	December
	(unaudited)	31,
		2009
Liabilities and stockholders equity		
Current liabilities		
Suppliers	2,950	2,309
Payroll and related charges	708	864
Current portion of long-term debt	3,958	2,933
Short-term debt	88	30
Loans from related parties	25	19
Provision for income taxes	144	173
Taxes payable and royalties	124	124
Employees postretirement benefits	198	144
Railway sub-concession agreement payable	391	285
Unrealized losses on derivative instruments	48	129
Provisions for asset retirement obligations	80	89
Dividends payable	421	1,464
Other	546	618
	9,681	9,181
Liabilities associated with non-current assets held for sale	2,532	
Non-current liabilities		
Employees postretirement benefits	2,032	1,970
Long-term debt	19,125	19,898
Provisions for contingencies (Note 17 (b))	1,967	1,763
Unrealized losses on derivative instruments	148	9
Deferred income tax	7,180	5,755
Provisions for asset retirement obligations	1,082	1,027
Debentures	782	752
Other	1,854	1,427
	34,170	32,601
Redeemable noncontrolling interest	724	731
Commitments and contingencies (Note 17)		
Stockholders equity		

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Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2009 - 2,108,579,618) issued	10,370	9,727
Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2009 - 3,256,724,482) issued	16,016	15,262
Treasury stock -51,451,871 (2009 - 77,581,904) preferred and 25,692,694 (2009 - 74,997,899) common shares	(660)	(1,150)
Additional paid-in capital	1,790	411
Mandatorily convertible notes common shares	290	1,578
Mandatorily convertible notes preferred shares	644	1,225
Other cumulative comprehensive loss	(3,559)	(1,808)
Undistributed retained earnings	26,086	28,508
Unappropriated retained earnings	9,234	3,182
Total Company stockholders equity	60,211	56,935
Noncontrolling interests	3,485	2,831
Total stockholders equity	63,696	59,766
TOTAL	110,803	102,279

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statements of Income
Expressed in millions of United States dollars
(Except per share amounts)

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	8,402	5,693	4,035	14,095	8,539
Aluminum products	655	599	468	1,254	910
Revenues from logistic services	409	314	281	723	480
Fertilizer products	210	65	121	275	186
Other products and services	254	177	179	431	390
	9,930	6,848	5,084	16,778	10,505
Taxes on revenues	(272)	(244)	(136)	(516)	(233)
Net operating revenues	9,658	6,604	4,948	16,262	10,272
Operating costs and expenses					
Cost of ores and metals sold	(2,965)	(2,600)	(2,254)	(565)	(4,400)
Cost of aluminum products	(545)	(507)	(529)	(1,052)	(981)
Cost of logistic services	(262)	(230)	(178)	(492)	(343)
Cost of fertilizer products	(175)	(38)	(41)	(213)	(64)
Other	(175)	(164)	(133)	(339)	(247)
	(4,122)	(3,539)	(3,135)	(7,661)	(6,035)
Selling, general and administrative expenses	(343)	(293)	(230)	(636)	(463)
Research and development expenses	(189)	(172)	(265)	(361)	(454)
Other	(374)	(538)	(342)	(912)	(659)
	(5,028)	(4,542)	(3,972)	(9,570)	(7,611)
Operating income	4,630	2,062	976	6,692	2,661
Non-operating income (expenses)					
Financial income	69	48	93	117	218
Financial expenses	(514)	(465)	(293)	(979)	(580)
Gains (losses) on derivatives, net	(112)	(230)	873	(342)	891
Foreign exchange and indexation gains (losses), net	66	(30)	523	36	539
Gain (loss) on sale of investments			157		157

	(491)	(677)	1,353	(1,168)	1,225
Income before discontinued operations, income taxes and equity results	4,139	1,385	2,329	5,524	3,886
Income taxes					
Current	(609)	(249)	(1,494)	(858)	(1,971)
Deferred	(52)	488	(130)	436	41
	(661)	239	(1,624)	(422)	(1,930)
Equity in results of affiliates, joint ventures and other investments	283	96	135	379	207
Net income from continuing operations	3,761	1,720	840	5,481	2,163
Discontinued operations, net of tax	(6)	(145)		(151)	
Net income	3,755	1,575	840	5,330	2,163
Net income (loss) attributable to noncontrolling interests	50	(29)	50	21	10
Net income attributable to the Company's stockholders	3,705	1,604	790	5,309	2,153
Basic and diluted earnings per share attributable to Company's stockholders					
Earnings per preferred share	0.69	0.29	0.14	0.99	0.39
Earnings per common share	0.69	0.29	0.14	0.99	0.39
Earnings per preferred share linked to convertible mandatorily notes (*)	1.09	0.54	0.63	1.79	1.16
Earnings per common share linked to convertible mandatorily notes (*)	1.95	0.60	0.69	3.48	1.25

(*) Basic earnings per share only, as dilution assumes conversion

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statements of Cash Flows
Expressed in millions of United States dollars

	Three-month period ended			Six-month period ended	
	(unaudited)			(unaudited)	
	June	March	June 30,	June	June 30,
	30,	31,	2009	30,	2009
	2010	2010		2010	2009
Cash flows from operating activities:					
Net income	3,755	1,575	840	5,330	2,163
Adjustments to reconcile net income to cash from operations:					
Depreciation, depletion and amortization	748	743	643	1,491	1,202
Dividends received	199	50	106	249	143
Equity in results of affiliates, joint ventures and other investments	(283)	(96)	(135)	(379)	(207)
Deferred income taxes	52	(488)	130	(436)	(41)
Loss on disposal of property, plant and equipment	48	98	46	146	87
Loss on sale of investments			(157)		(157)
Discontinued operations, net of tax	6	145		151	
Foreign exchange and indexation gains, net	(20)	(59)	(817)	(79)	(874)
Unrealized derivative losses (gains), net	223	243	(809)	466	(805)
Unrealized interest (income) expense, net	(13)	18	(54)	5	(51)
Others	(17)	118	(18)	101	(34)
Decrease (increase) in assets:					
Accounts receivable	(1,608)	(777)	271	(2,385)	662
Inventories	(130)	(258)	98	(388)	217
Recoverable taxes	(78)	48	1,275	(30)	1,171
Others	(60)	125	(8)	65	(85)
Increase (decrease) in liabilities:					
Suppliers	385	112	(227)	497	(330)
Payroll and related charges	127	(277)	62	(150)	(77)
Income taxes	357	(46)	(276)	311	(60)
Others	(15)	132	96	117	307
Net cash provided by operating activities	3,676	1,406	1,066	5,082	3,231
Cash flows from investing activities:					
Short term investments	12	3,735	217	3,747	(692)
Loans and advances receivable					
Related parties					
Loan proceeds		(28)	(38)	(28)	(61)

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Repayments	1			1	7
Others	9	(5)	(14)	4	(10)
Judicial deposits	(47)	(116)	(34)	(163)	(53)
Investments	(23)	(28)	(291)	(51)	(429)
Additions to, property, plant and equipment	(2,236)	(1,817)	(2,008)	(4,053)	(3,696)
Proceeds from disposal of investments/property, plant and equipment			277		277
Acquisition of subsidiaries, net of cash acquired	(5,234)		(300)	(5,234)	(1,150)
Net cash provided by (used in) investing activities	(7,518)	1,741	(2,191)	(5,777)	(5,807)
Cash flows from financing activities:					
Short-term debt, additions	225	1,632	351	1,857	454
Short-term debt, repayments	(206)	(1,649)	(342)	(1,855)	(416)