

Vale S.A.
Form 6-K
October 27, 2016
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**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

September, 2016

Vale S.A.

**Avenida das Américas, No. 700
22640-100 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.

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(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

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(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- .

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Interim Financial Statements

September 30, 2016

BRGAAP in R\$ (English)

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Vale S.A. Interim Financial Statements

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Report on the review of quarterly information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM and of the International Financial Reporting Standards - IFRS)

To

The Board of Directors and Stockholders of

Vale S.A.

Rio de Janeiro - RJ

Introduction

1. We have reviewed the interim accounting information of Vale S.A. (the Company), included in the quarterly information form - ITR for the quarter ended September 30, 2016, which comprises the individual and consolidated balance sheets as of September 30, 2016 and the respective individual and consolidated statements of income and comprehensive income for the three and nine months periods ended on September 30, 2016, the individual and consolidated statements of changes in stockholders' equity for the nine-month period then ended and the individual statement of cash flows for the nine-month period and the consolidated statement of cash flows for the three and nine months periods then ended, including the explanatory notes.

2. The Company's Management is responsible for the preparation of these interim accounting information in accordance with the Accounting Pronouncement CPC 21(R1) *Demonstração Intermediária* and the international accounting rule IAS 34 - Interim Financial Reporting, issued by the *International Accounting Standards Board* - IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of quarterly information - ITR. Our responsibility is to

express our conclusion on this interim accounting information based on our review.

Scope of the review

3. We conducted our review in accordance with Brazilian and International Interim Information Review Standards (*NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

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Conclusion on the interim accounting information

4. Based on our review, we are not aware of any fact that might lead us to believe that the individual and consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statements of added value

5. We have also reviewed the individual and consolidated statements of added value for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's Management, for which presentation is required in the interim information in accordance with the standards issued by the CVM applicable to the preparation of quarterly information - ITR, and considered as supplementary information by IFRS, which does not require the presentation of the statements of added value. These statements were submitted to the same review procedures described previously and, based on our review, we are not aware of any fact that might lead us to believe that they were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information, taken as a whole.

Rio de Janeiro, October 26, 2016

KPMG Auditores Independentes

CRC SP-014428/O-6 F-RJ

(Original report in Portuguese signed by)

Manuel Fernandes Rodrigues de Sousa

Accountant CRC RJ-052428/O-2

Table of Contents**Condensed Income Statement**

In millions of Brazilian Reais, except as otherwise stated

	Notes	Consolidated		Nine months period ended	
		Three months period ended September 30	2015	September 30	2015
		2016	2015	2016	2015
Net operating revenue	3(c)	23,772	23,350	69,042	62,818
Cost of goods sold and services rendered	21(a)	(16,082)	(18,025)	(49,340)	(48,981)
Gross profit		7,690	5,325	19,702	13,837
Operating (expenses) income					
Selling and administrative expenses	21(b)	(495)	(458)	(1,453)	(1,501)
Research and evaluation expenses		(275)	(434)	(783)	(1,143)
Pre operating and operational stoppage		(395)	(936)	(1,197)	(2,491)
Other operating income (expenses), net	21(c)	176	(422)	(524)	(866)
		(989)	(2,250)	(3,957)	(6,001)
Results on measurement or sale of non-current assets	5 and 6	(110)	(189)	(338)	185
Operating income		6,591	2,886	15,407	8,021
Financial income	22	1,222	9,048	26,392	20,474
Financial expenses	22	(4,635)	(34,895)	(17,959)	(58,375)
Equity results in associates and joint ventures	10	149	(1,204)	1,396	(1,361)
Others results in associates and joint ventures	4 and 6	(106)		(4,105)	296
Net income (loss) before income taxes		3,221	(24,165)	21,131	(30,945)
Income taxes					
	15				
Current tax		(181)	(353)	(2,887)	(761)
Deferred tax		(1,174)	17,430	(6,411)	19,927
		(1,355)	17,077	(9,298)	19,166
Net income (loss)		1,866	(7,088)	11,833	(11,779)
Income (loss) attributable to noncontrolling interests		24	(425)	95	(721)
Net income (loss) attributable to Vale's stockholders		1,842	(6,663)	11,738	(11,058)
Earnings per share attributable to Vale's stockholders:					
Basic and diluted earnings per share:					
	20(b)				
Preferred share (R\$)		0.36	(1.29)	2.28	(2.15)
Common share (R\$)		0.36	(1.29)	2.28	(2.15)

Parent company

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	Three months period ended September 30		Nine months period ended September 30	
	2016	2015	2016	2015
Net operating revenue	11,941	11,346	32,315	30,948
Cost of goods sold and services rendered	(7,552)	(6,846)	(21,599)	(20,037)
Gross profit	4,389	4,500	10,716	10,911
Operating (expenses) income				
Selling and administrative expenses	(265)	(266)	(754)	(845)
Research and evaluation expenses	(162)	(195)	(417)	(547)
Pre operating and operational stoppage	(167)	(129)	(506)	(353)
Equity results from subsidiaries	1,169	(1,759)	4,574	(3,359)
Other operating income (expenses), net	(312)	(155)	(830)	(504)
	263	(2,504)	2,067	(5,608)
Results on measurement or sale of non-current assets				546
Operating income	4,652	1,996	12,783	5,849
Financial income	1,296	9,190	25,006	19,652
Financial expenses	(4,464)	(31,518)	(17,122)	(52,858)
Equity results in associates and joint ventures	149	(1,204)	1,396	(1,361)
Others results in associates and joint ventures	(106)		(4,105)	55
Net income (loss) before income taxes	1,527	(21,536)	17,958	(28,663)
Income taxes				
Current tax	137	18	(2,161)	18
Deferred tax	178	14,855	(4,059)	17,587
	315	14,873	(6,220)	17,605
Net income (loss)	1,842	(6,663)	11,738	(11,058)

The accompanying notes are an integral part of these interim financial statements.

See Report on the review of quarterly information ITR.

Table of Contents**Condensed Statement of Comprehensive Income**

In millions of Brazilian Reais

	Consolidated			
	Three months period ended September 30		Nine months period ended September 30	
	2016	2015	2016	2015
Net income (loss)	1,866	(7,088)	11,833	(11,779)
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to the income statement				
Retirement benefit obligations				
Gross balance for the period	(128)	(25)	(1,100)	(48)
Effect of taxes	43	6	340	80
	(85)	(19)	(760)	32
Total items that will not be reclassified subsequently to the income statement	(85)	(19)	(760)	32
Items that may be reclassified subsequently to the income statement				
Cumulative translation adjustments				
Gross balance for the period	787	24,733	(13,435)	36,846
Effect of taxes	55		(467)	
Transfer of realized results to net income, net of taxes			(266)	
	842	24,733	(14,168)	36,846
Cash flow hedge				
Gross balance for the period		254	23	1,812
Effect of taxes		(6)	(3)	(16)
Equity results in associates and joint ventures		(8)	16	(16)
Transfer of realized results to net income, net of taxes		(135)	(10)	(823)
		105	26	957
Total of items that may be reclassified subsequently to the income statement	842	24,838	(14,142)	37,803
Total comprehensive income (loss)	2,623	17,731	(3,069)	26,056
Comprehensive income (loss) attributable to noncontrolling interests	66	692	(835)	910
Comprehensive income (loss) attributable to Vale's stockholders	2,557	17,039	(2,234)	25,146

	Parent company			
	Three months period ended September 30		Nine months period ended September 30	
	2016	2015	2016	2015

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Net income (loss)	1,842	(6,663)	11,738	(11,058)
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to the income statement				
Retirement benefit obligations				
Gross balance for the period	(26)	(31)	(66)	(81)
Effect of taxes	10	11	23	27
Equity results in associates and joint ventures	(69)	1	(717)	86
	(85)	(19)	(760)	32
Total items that will not be reclassified subsequently to the income statement	(85)	(19)	(760)	32
Items that may be reclassified subsequently to the income statement				
Cumulative translation adjustments				
Gross balance for the period	800	23,616	(12,972)	35,215
Effect of taxes			(266)	
	800	23,616	(13,238)	35,215
Cash flow hedge				
Equity results in associates and joint ventures		105	26	957
		105	26	957
Total of items that may be reclassified subsequently to the income statement	800	23,721	(13,212)	36,172
Total comprehensive income (loss)	2,557	17,039	(2,234)	25,146

The accompanying notes are an integral part of these interim financial statements.

See Report on the review of quarterly information ITR.

Table of Contents**Condensed Cash Flow Statement**

In millions of Brazilian Reais

	Consolidated			
	Three months period ended September 30		Nine months period ended September 30	
	2016	2015	2016	2015
Cash flow from operating activities:				
Net income (loss) before income taxes	3,221	(24,165)	21,131	(30,945)
Adjustments for:				
Equity results from associates and joint ventures	(149)	1,204	(1,396)	1,361
Results on measurement or sale of non-current assets	(371)	189	(143)	(916)
Others results in associates and joint ventures			3,999	(296)
Depreciation, amortization and depletion	3,127	3,670	9,694	9,709
Financial results, net	3,413	25,847	(8,433)	37,901
Changes in assets and liabilities:				
Accounts receivable	(40)	1,210	(1,112)	1,898
Inventories	40	(1,171)	(91)	(690)
Suppliers and contractors	874	1,493	693	1,115
Payroll and related charges	(54)	188	88	(1,439)
Other taxes assets and liabilities, net	397	(318)	200	(1,429)
Deferred revenue - Gold stream (note 23) (ii)	1,683		1,683	1,670
Other assets and liabilities, net	(1,586)	386	(2,394)	1,169
Cash provided from operations	10,555	8,533	23,919	19,108
Interest on loans and borrowings paid	(1,381)	(1,445)	(4,520)	(3,760)
Derivatives received (paid), net (note 19)	(619)	(622)	(3,831)	(2,709)
Interest on participative stockholders debentures paid			(117)	
Income taxes	(384)	(166)	(1,259)	(1,069)
Income taxes - Settlement program	(362)	(325)	(1,056)	(950)
Net cash provided by operating activities	7,809	5,975	13,136	10,620
Cash flow from investing activities:				
Financial investments redeemed (invested)	227	180	221	917
Loans and advances granted	(231)	83	(430)	(87)
Additions to investments	(29)	(22)	(850)	(377)
Additions to property, plant and equipment and intangible (note 3(b))	(4,057)	(6,616)	(13,735)	(19,366)
Dividends and interest on capital received from associates and joint ventures	1	71	416	722
Proceeds from disposal of assets and investments	1,053	1,793	1,140	3,542
Proceeds from gold stream transaction	885		885	1,156
Net cash used in investing activities	(2,151)	(4,511)	(12,353)	(13,493)

Cash flow from financing activities:				
Loans and borrowings (i)				
Additions	5,091	3,772	23,046	12,196
Repayments	(6,458)	(3,287)	(17,409)	(5,930)
Transactions with stockholders:				
Dividends and interest on capital paid to Vale's stockholders				(3,101)
Dividends and interest on capital paid to noncontrolling interest	(433)		(702)	(35)
Transactions with noncontrolling stockholders		4,000	(69)	3,875
Net cash provided by (used in) financing activities	(1,800)	4,485	4,866	7,005
Increase (decrease) in cash and cash equivalents				
Cash and cash equivalents in the beginning of the period	13,377	9,799	14,022	10,555
Effect of exchange rate changes on cash and cash equivalents	193	1,722	(2,243)	2,783
Cash and cash equivalents at end of the period	17,428	17,470	17,428	17,470
Non-cash transactions:				
Additions to property, plant and equipment - capitalized loans and borrowing costs	556	689	1,995	1,789

(i) Includes transactions with related parties: Bradesco, Banco do Brasil and Banco Nacional do Desenvolvimento Econômico e Social - BNDES.

(ii) Net of warrants

The accompanying notes are an integral part of these interim financial statements.

See Report on the review of quarterly information ITR.

Table of Contents**Condensed Cash Flow Statement**

In millions of Brazilian Reais

	Parent company	
	Nine months period ended September 30	
	2016	2015
Cash flow from operating activities:		
Net income (loss) before income taxes	17,958	(28,663)
Adjustments for:		
Equity results in associates and joint ventures	(1,396)	1,361
Equity results from subsidiaries	(4,574)	3,359
Others results in associates and joint ventures	3,999	(601)
Results on disposal of property, plant and equipment and intangibles	51	160
Depreciation, amortization and depletion	3,717	3,330
Financial results, net	(7,884)	33,206
Changes in assets and liabilities:		
Accounts receivable	4,634	(5,068)
Inventories	87	(173)
Suppliers and contractors	333	452
Payroll and related charges	153	(1,075)
Other taxes assets and liabilities, net	(85)	(540)
Other assets and liabilities, net	460	14,373
Cash provided from operations	17,453	20,121
Dividends and interest on capital received from subsidiaries	186	717
Interest on loans with related parties received (paid), net	(1,824)	(1,256)
Interest on loans and borrowings paid	(2,361)	(1,839)
Derivatives received (paid), net (note 19)	(790)	(649)
Interest on participative stockholders debentures paid	(117)	
Income taxes	(60)	
Income taxes - Settlement program	(1,035)	(930)
Net cash provided by operating activities	11,452	16,164
Cash flow from investing activities:		
Financial investments redeemed	(34)	374
Loans and advances received	(341)	65
Additions to investments	(1,334)	(5,109)
Additions to property, plant and equipment and intangible	(9,070)	(11,847)
Dividends and interest on capital received from associates and joint ventures	403	718
Proceeds from disposal of assets and investments	115	4,316
Net cash used in investing activities	(10,261)	(11,483)
Cash flow from financing activities:		
Loans and borrowings (i)		
Additions	8,221	14,503
Repayments	(9,011)	(9,839)

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Transactions with related parties	(423)	
Transactions with stockholders:		
Dividends and interest on capital paid to noncontrolling interest		(3,101)
Net cash provided by (used in) financing activities	(1,213)	1,563
Increase (decrease) in cash and cash equivalents	(22)	6,244
Cash and cash equivalents in the beginning of the period	518	685
Cash and cash equivalents at end of the period	496	6,929
Non-cash transactions:		
Additions to property, plant and equipment - capitalized loans and borrowing costs	827	892

(i) Includes transactions with related parties: Bradesco, Banco do Brasil and Banco Nacional do Desenvolvimento economico e Social - BNDES.

The accompanying notes are an integral part of these interim financial statements.

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Table of Contents**Condensed Balance Sheet**

In millions of Brazilian Reais

	Notes	Consolidated		Parent company	
		September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Assets					
Current assets					
Cash and cash equivalents	7	17,428	14,022	496	518
Financial investments		372	109	53	18
Derivative financial instruments	19	458	474	343	196
Accounts receivable	8	8,299	5,763	24,541	36,026
Inventories	9	12,659	13,775	3,924	3,830
Recoverable income taxes		1,029	3,513	645	3,176
Recoverable taxes		5,205	5,482	3,668	3,352
Related parties	25	215	273	739	834
Others		2,114	1,215	672	581
		47,779	44,626	35,081	48,531
Non-current assets held for sale	5	15,545	15,792		
		63,324	60,418	35,081	48,531
Non-current assets					
Derivative financial instruments	19	1,635	363	1,361	293
Loans		592	732	110	106
Recoverable income taxes		1,760	1,840		
Recoverable taxes		2,234	1,956	1,753	1,457
Deferred income taxes	15(a)	22,234	30,867	13,256	17,292
Judicial deposits	14(c)	3,485	3,445	2,803	2,707
Related parties	25	62	5	828	1,468
Others		2,144	2,392	554	765
		34,146	41,600	20,665	24,088
Investments	10	12,908	11,481	120,422	127,517
Intangibles	11	22,589	20,789	11,435	8,557
Property, plant and equipment	12	198,430	211,259	100,095	96,887
		268,073	285,129	252,617	257,049
Total assets		331,397	345,547	287,698	305,580
Liabilities					
Current liabilities					
Suppliers and contractors		12,177	13,140	6,897	7,084
Payroll and related charges		1,924	1,464	1,221	806
Derivative financial instruments	19	2,816	8,107	2,265	3,559
Loans and borrowings	13	7,080	9,788	5,291	4,736
Related parties	25	1,811	1,856	9,934	6,774

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Income taxes - Settlement program	15(c)	1,458	1,348	1,428	1,320
Taxes payable		601	977	365	460
Provision for income taxes		500	943		
Employee postretirement obligations	16	235	266	65	72
Asset retirement obligations		227	346	73	83
Liabilities related to associates and joint ventures	4	1,069		1,069	
Others		4,824	2,531	830	825
		34,722	40,766	29,438	25,719
Liabilities associated with non-current assets held for sale	5	484	416		
		35,206	41,182	29,438	25,719
Non-current liabilities					
Derivative financial instruments	19	3,789	5,581	3,258	4,745
Loans and borrowings	13	95,010	102,878	47,579	55,986
Related parties	25	445	830	50,107	63,837
Employee postretirement obligations	16	6,861	6,831	493	483
Provisions for litigation	14(a)	2,984	3,210	1,967	2,190
Income taxes - Settlement program	15(c)	16,156	15,953	15,825	15,626
Deferred income taxes	15(a)	5,440	6,520		
Asset retirement obligations		10,289	9,313	1,627	1,291
Participative stockholders' debentures		2,137	1,336	2,137	1,336
Deferred revenue - Gold stream	23	7,004	6,830		
Liabilities related to associates and joint ventures	4	2,580		2,580	
Others		7,706	5,664	3,753	3,207
		160,401	164,946	129,326	148,701
Total liabilities		195,607	206,128	158,764	174,420
Stockholders' equity					
Equity attributable to Vale's stockholders	20	128,934	131,160	128,934	131,160
Equity attributable to noncontrolling interests		6,856	8,259		
Total stockholders' equity		135,790	139,419	128,934	131,160
Total liabilities and stockholders' equity		331,397	345,547	287,698	305,580

The accompanying notes are an integral part of these interim financial statements.

See Report on the review of quarterly information ITR.

Table of Contents**Condensed Statement of Changes in Equity**

In millions of Brazilian Reais

	Share capital	Results on conversion of shares	Results from operation with noncontrolling interest	Profit reserves	Treasury stocks	Unrealized fair value gain (losses)	Cumulative translation adjustments	Retained earnings	Equity attributable to Vale's stockholders	Equity attributable to noncontrolling interests	Total stockholders' equity
Balance at December 31, 2015	77,300	50	(1,881)	3,846	(2,746)	(3,873)	58,464		131,160	8,259	139,419
Net income								11,738	11,738	95	11,833
Other comprehensive income:											
Retirement benefit obligations						(760)			(760)		(760)
Cash flow hedge						26			26		26
Translation adjustments						420	(13,658)		(13,238)	(930)	(14,148)
Transactions with stockholders:											
Dividends of noncontrolling interest										(645)	(645)
Acquisitions and disposal of participation of noncontrolling interest			8						8	(1)	7
Capitalization of noncontrolling interest advances										78	78
Balance at September 30, 2016	77,300	50	(1,873)	3,846	(2,746)	(4,187)	44,806	11,738	128,934	6,856	135,790
Balance at December 31,	77,300	50	(970)	53,085	(2,746)	(4,553)	24,248		146,414	3,187	149,601

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2014											
Loss								(11,058)	(11,058)	(721)	(11,058)
Other comprehensive income:											
Retirement benefit obligations				32					32		
Cash flow hedge				957					957		
Translation adjustments				(1,089)	36,304				35,215	1,631	36,304
Transactions with stockholders:											
Dividends of noncontrolling interest										(21)	
Acquisitions and disposal of participation of noncontrolling interest				663	(1,233)				(570)	4,746	4,746
Capitalization of noncontrolling interest advances										86	
Dividends and interest on capital of Vale's stockholders				(3,101)					(3,101)		(3,101)
Balance at September 30, 2015	77,300	50	(307)	49,984	(2,746)	(4,653)	59,319	(11,058)	167,889	8,908	176,797

The accompanying notes are an integral part of these interim financial statements.

See Report on the review of quarterly information ITR.

Table of Contents**Condensed Value Added Statement**

In millions of Brazilian Reais

	Consolidated		Parent company	
	Nine months period ended September 30			
	2016	2015	2016	2015
Generation of value added from continuing operations				
Gross revenue				
Revenue from products and services	70,031	63,889	32,841	31,621
Results on measurement or sale of non-current assets	(604)	481	(266)	601
Revenue from the construction of own assets	10,114	21,156	7,921	12,739
Allowance for doubtful accounts	(15)	44	(2)	(4)
Other revenues	1,269	1,781	315	399
Less:				
Acquisition of products	(1,267)	(1,931)	(572)	(515)
Material, service and maintenance	(24,898)	(32,770)	(14,576)	(18,588)
Oil and gas	(3,399)	(3,133)	(2,029)	(1,926)
Energy	(2,010)	(1,463)	(757)	(710)
Freight	(6,052)	(8,181)	(49)	
Other results in investments	(3,839)		(3,839)	
Other costs and expenses	(4,282)	(7,036)	(1,315)	(1,502)
Gross value added	35,048	32,837	17,672	22,115
Depreciation, amortization and depletion	(9,694)	(9,709)	(3,717)	(3,330)
Net value added	25,354	23,128	13,955	18,785
Received from third parties				
Equity results from entities	1,396	(1,361)	5,970	(4,720)
Financial income	469	541	241	259
Monetary and exchange variation of assets	(6,299)	13,172	(6,461)	14,255
Total value added to be distributed	20,920	35,480	13,705	28,579
Personnel	6,068	6,761	2,141	3,258
Taxes and contributions	6,192	6,136	4,911	4,756
Current income tax	2,887	761	2,161	(18)
Deferred income tax	6,411	(19,927)	4,059	(17,587)
Financial expense (excludes capitalized interest)	3,707	13,062	4,415	9,206
Monetary and exchange variation of liabilities	(17,343)	39,332	(18,020)	38,409
Other remunerations of third party funds	1,165	1,134	2,300	1,613
Reinvested net income (absorbed loss)	11,738	(11,058)	11,738	(11,058)
Net income (loss) attributable to noncontrolling interest	95	(721)		
Distributed value added	20,920	35,480	13,705	28,579

The accompanying notes are an integral part of these interim financial statements.

See Report on the review of quarterly information ITR.

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Selected Notes to the Interim Financial Statements

Expressed in millions of Brazilian Reais, unless otherwise stated

1. Corporate information

Vale S.A. (the Parent Company) is a public company headquartered at 700, Avenida das Américas, Rio de Janeiro, Brazil with securities traded on the stock exchanges of São Paulo - BM&F BOVESPA (Vale3 and Vale5), New York - NYSE (VALE and VALE.P) and Paris - NYSE Euronext (Vale3 and Vale5).

Vale and its direct and indirect subsidiaries (Vale , Group or Company) are producers of iron ore and iron ore pellets, key raw materials for steelmaking, and producers of nickel, which is used to produce stainless steel and metal alloys employed in the production of several products. The Group also produces copper, metallurgical and thermal coal, potash, phosphates and other fertilizer nutrients, manganese ore, ferroalloys, platinum group metals, gold, silver and cobalt. The information by segment is presented in note 3.

2. Basis for preparation of the interim financial statements

a) Statement of compliance

The condensed consolidated and individual interim financial statements of the Company (interim financial statements) have been prepared in accordance with the International Financial Reporting Standards (IFRS) as implemented in Brazil by the Brazilian Accountant Pronouncements Committee (CPC), approved by the Brazilian Securities Exchange Commission (CVM) and by the Brazilian Federal Accounting Council (CFC). All relevant information from its own financial statements, and only this information, are being presented and correspond to those used by the Company s Management.

The consolidated financial statements present the accounts of the Group.

The individual financial statements present the accounts of the Parent Company and are presented in a summarized form in note 26.

b) Basis of presentation

The interim financial statements have been prepared under the historical cost convention as adjusted to reflect: (i) the fair value of financial instruments measured at fair value through income statement or available-for-sale financial instruments measured at fair value through the statement of comprehensive income; and (ii) impairment of assets.

The accounting practices, accounting estimates and judgments, risk management and measurement methods are the same as those adopted when preparing the financial statements for the year ended December 31, 2015. These interim financial statements were prepared to update users about relevant information presented in the period and should be read in conjunction with the financial statements for the year ended December 31, 2015.

The interim financial statements of the Group and its associates and joint ventures are measured using the currency of the primary economic environment in which each entity operates (functional currency). In the case of the Parent Company the functional currency is the Brazilian real (BRL or R\$). For presentation purposes, these interim financial statements are presented in R\$.

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The exchange rates used by the Group for major currencies to translate its operations into R\$ are as follows:

	Closing rate		Average rate for the			
	September 30, 2016	December 31, 2015	Three months period ended September 30, 2016	Three months period ended September 30, 2015	Nine months period ended September 30, 2016	Nine months period ended September 30, 2015
US dollar (US\$)	3.2462	3.9048	3.2460	3.5379	3.5450	3.1684
Canadian dollar (CAD)	2.4757	2.8171	2.4881	2.7024	2.6802	2.5090
Australian dollar (AUD)	2.4895	2.8532	2.4616	2.5642	2.6273	2.4067
Euro (EUR or)	3.6484	4.2504	3.6232	3.9365	3.9549	3.5285

Subsequent events were evaluated through October 26, 2016, which is the date the interim financial statements were approved by the Board of Directors.

c) Accounting standards issued but not yet effective

The standards and interpretations issued by IASB relevant to the Company but not yet effective are disclosed below:

- *IFRS 9 Financial instruments.*
- *IFRS 15 Revenue from contracts with customers.*
- *IFRS 16 Leases.*
- *Amendments to IAS 12 Recognition of deferred tax assets.*
- *Amendments to IAS 7 Disclosure Initiative.*
- *Amendments to IFRS 2 Classification and measurement of share-based payment transactions.*
- *Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts.*

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The Company is currently analyzing potential impacts regarding these pronouncements on its financial statements.

Table of Contents**3. Information by business segment**

The information presented to the Executive Board on the performance of each segment is derived from the accounting records.

a) Adjusted EBITDA

Adjusted EBITDA is used by management to support the decision making process for segments. The definition of adjusted EBITDA for the Company is the operating income or loss less (i) the depreciation, depletion and amortization, (ii) results on measurement or sales of non-current assets, (iii) impairment, (iv) onerous contracts and plus (v) dividends received from associates and joint ventures.

	Consolidated							Adjusted EBITDA
	Three months period ended September 30, 2016							
	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation expenses	Pre operating and operational stoppage	Dividends received from associates and joint ventures		
Ferrous minerals								
Iron ore	12,275	(5,347)	(254)	(81)	(131)	1	6,463	
Pellets	3,217	(1,662)	(27)	(13)	(16)		1,499	
Ferroalloys and manganese	245	(205)	(18)		(10)		12	
Other ferrous products and services	358	(226)	(1)	(1)	(3)		127	
	16,095	(7,440)	(300)	(95)	(160)	1	8,101	
Coal	530	(509)	20	(11)	(42)		(12)	
Base metals								
Nickel and other products	3,763	(2,573)	(89)	(67)	(86)		948	
Copper	1,365	(825)	(8)	(6)			526	
Other base metals			481				481	

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products							
	5,128	(3,398)	384	(73)	(86)		1,955
Fertilizers							
Potash	110	(112)	(5)	(2)	(14)		(23)
Phosphates	1,526	(1,344)	(76)	(13)	(1)		92
Nitrogen	225	(171)	(9)	(2)			43
Other fertilizers							
products	80						80
	1,941	(1,627)	(90)	(17)	(15)		192
Others	78	(190)	(215)	(79)	(1)		(407)
Total	23,772	(13,164)	(201)	(275)	(304)	1	9,829

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	Consolidated Three months period ended September 30, 2015						
	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation expenses	Pre operating and operational stoppage	Dividends received from associates and joint ventures	Adjusted EBITDA
Ferrous minerals							
Iron ore	11,792	(6,574)	(591)	(92)	(77)	1	4,459
Pellets	3,150	(1,811)	49	(4)	(17)		1,367
Ferroalloys and manganese	99	(107)	(9)		(15)		(32)
Other ferrous products and services	446	(247)	13	(2)			210
	15,487	(8,739)	(538)	(98)	(109)	1	6,004
Coal	453	(735)	(65)	(25)	(90)		(462)
Base metals							
Nickel and other products	3,618	(2,953)	35	(83)	(340)		277
Copper	1,245	(796)	(4)	(11)			434
	4,863	(3,749)	31	(94)	(340)		711
Fertilizers							
Potash	146	(102)	(4)	(53)	(28)		(41)
Phosphates	1,990	(1,291)	(15)	(26)	(69)		589
Nitrogen	282	(180)	(2)	(2)	(5)		93
Other fertilizers products	61						61
	2,479	(1,573)	(21)	(81)	(102)		702
Others	68	(152)	10	(135)		70	(139)
Total	23,350	(14,948)	(583)	(433)	(641)	71	6,816

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	Consolidated						Adjusted EBITDA
	Nine months period ended September 30, 2016						
Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation expenses	Pre operating and operational stoppage	Dividends received from associates and joint ventures		
Ferrous minerals							
Iron ore	35,726	(16,151)	(1,379)	(180)	(376)	1	17,641
Pellets	9,184	(4,971)	(153)	(27)	(61)	213	4,185
Ferroalloys and manganese	641	(566)	(9)		(31)		35
Other ferrous products and services	1,061	(680)	9	(4)	(9)		377
	46,612	(22,368)	(1,532)	(211)	(477)	214	22,238
Coal	1,640	(2,476)	184	(29)	(80)		(761)
Base metals							
Nickel and other products	11,328	(8,267)	(194)	(200)	(299)	1	2,369
Copper	4,129	(2,404)	(33)	(12)			1,680
Other base metals products			481				481
	15,457	(10,671)	254	(212)	(299)	1	4,530
Fertilizers							
Potash	276	(261)	9	(13)	(42)		(31)
Phosphates	3,926	(3,406)	(214)	(36)	(4)		266
Nitrogen	661	(489)	(29)	(6)			137
Other fertilizers products	198					10	208
	5,061	(4,156)	(234)	(55)	(46)	10	580
Others	272	(555)	(362)	(276)	(2)	191	(732)
Total	69,042	(40,226)	(1,690)	(783)	(904)	416	25,855

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	Consolidated						
	Nine months period ended September 30, 2015						
	Net operating revenue	Cost of goods sold and services rendered	Sales, administrative and other operating expenses	Research and evaluation expenses	Pre operating and operational stoppage	Dividends received from associates and joint ventures	Adjusted EBITDA
Ferrous minerals							
Iron ore	30,102	(18,111)	(1,665)	(295)	(225)	1	9,807
Pellets	8,916	(5,265)	60	(11)	(60)	624	4,264
Ferroalloys and manganese	471	(409)	(9)	(1)	(43)		9
Other ferrous products and services	1,199	(825)	37	(8)	(3)	25	425
	40,688	(24,610)	(1,577)	(315)	(331)	650	14,505
Coal	1,322	(1,855)	(397)	(59)	(161)		(1,150)
Base metals							
Nickel and other products	11,285	(7,953)	(233)	(233)	(1,015)		1,851
Copper	3,602	(2,127)	(35)	(20)	(3)		1,417
Other base metals products			722				722
	14,887	(10,080)	454	(253)	(1,018)		3,990
Fertilizers							
Potash	326	(221)	14	(123)	(52)		(56)
Phosphates	4,380	(2,949)	(75)	(65)	(134)		1,157
Nitrogen	747	(496)	(9)	(6)	(12)		224
Other fertilizers products	137						137
	5,590	(3,666)	(70)	(194)	(198)		1,462
Others	331	(326)	(294)	(322)	(1)	72	(540)
Total	62,818	(40,537)	(1,884)	(1,143)	(1,709)	722	18,267

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Adjusted Ebitda is reconciled to net income (loss) as follows:

	Three months period ended September 30		Nine months period ended September 30	
	2016	2015	2016	2015
Adjusted EBITDA	9,829	6,816	25,855	18,267
Depreciation, depletion and amortization	(3,127)	(3,670)	(9,694)	(9,709)
Dividends received from associates and joint ventures	(1)	(71)	(416)	(722)
Results on measurement or sale of non-current assets	(110)	(189)	(338)	185
Operating income	6,591	2,886	15,407	8,021
Financial results, net	(3,413)	(25,847)	8,433	(37,901)
Equity results in associates and joint ventures	149	(1,204)	1,396	(1,361)
Others results in associates and joint ventures	(106)		(4,105)	296
Income taxes	(1,355)	17,077	(9,298)	19,166
Income (loss) attributable to noncontrolling interests	(24)	425	(95)	721
Income (loss) attributable to Vale s stockholders	1,842	(6,663)	11,738	(11,058)

b) Assets by segment

	September 30, 2016		Consolidated	Three months period ended September 30, 2016	Nine months period ended September 30, 2016
	Product inventory	Investments in associates and joint ventures	Property, plant and equipment and intangible assets	Additions to property, plant and equipment and intangible (i)	Additions to property, plant and equipment and intangible (i)
Ferrous minerals	4,176	5,944	111,487	2,586	8,855
Coal	307	944	6,340	494	1,574
Base metals	3,706	52	81,101	595	2,465
Fertilizers	805	293	14,785	338	737
Others	8	5,675	7,306	44	104
Total	9,002	12,908	221,019	4,057	13,735

(i) Includes only cash effect .

	December 31, 2015		Consolidated	Three months period ended September 30, 2015	Nine months period ended September 30, 2015
	Product inventory	Investments in associates and joint ventures	Property, plant and equipment and intangible assets	Additions to property, plant and equipment and intangible (i)	Additions to property, plant and equipment and intangible (i)
Ferrous minerals	4,044	5,775	110,123	3,888	12,087
Coal	206	1,195	7,075	1,168	3,371
Base metals	4,552	66	91,849	1,302	3,199
Fertilizers	1,156	292	15,096	195	504
Others	10	4,153	7,905	63	205
Total	9,968	11,481	232,048	6,616	19,366

(i) Includes only cash effect.

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c) Revenues by geographic area

	Consolidated					Total
	Three months period ended September 30, 2016					
	Ferrous minerals	Coal	Base metals	Fertilizers	Others	
Americas, except United States and Brazil	260		986	37		1,283
United States of America	177		597			774
Europe	2,028	180	1,448	69		3,725
Middle East/Africa/Oceania	1,083	43	14			1,140
Japan	1,207	56	302			1,565
China	8,827	53	557			9,437
Asia, except Japan and China	930	198	1,083	31		2,242
Brazil	1,583		141	1,804	78	3,606
Net operating revenue	16,095	530	5,128	1,941	78	23,772

	Consolidated					Total
	Three months period ended September 30, 2015					
	Ferrous minerals	Coal	Base metals	Fertilizers	Others	
Americas, except United States and Brazil	293	44	741	68		1,146
United States of America	33		635		11	679
Europe	2,196	88	1,566	135		3,985
Middle East/Africa/Oceania	819	56	28	10		913
Japan	1,396	73	308			1,777
China	8,545	80	627			9,252
Asia, except Japan and China	808	107	799	43		1,757
Brazil	1,397	5	159	2,223	57	3,841
Net operating revenue	15,487	453	4,863	2,479	68	23,350

	Consolidated					Total
	Nine months period ended September 30, 2016					
	Ferrous minerals	Coal	Base metals	Fertilizers	Others	
Americas, except United States and Brazil	875	50	3,054	99		4,078
United States of America	493		1,887		14	2,394
Europe	5,996	283	4,818	246		11,343
Middle East/Africa/Oceania	2,720	195	62	10		2,987

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Japan	3,260	303	762			4,325
China	26,514	172	1,566			28,252
Asia, except Japan and China	2,334	637	2,947	178		6,096
Brazil	4,420		361	4,528	258	9,567
Net operating revenue	46,612	1,640	15,457	5,061	272	69,042

Consolidated
Nine months period ended September 30, 2015

	Ferrous minerals	Coal	Base metals	Fertilizers	Others	Total
Americas, except United States and Brazil	872	57	2,628	166		3,723
United States of America	76		2,027		57	2,160
Europe	5,992	239	4,582	322		11,135
Middle East/Africa/Oceania	2,552	255	195	19		3,021
Japan	3,668	188	872			4,728
China	20,719	118	1,599			22,436
Asia, except Japan and China	2,700	409	2,288	151		5,548
Brazil	4,109	56	696	4,932	274	10,067
Net operating revenue	40,688	1,322	14,887	5,590	331	62,818

4. Liabilities related to associates and joint ventures

Refers to the provision to comply with the obligations under the agreement related to the dam failure of Samarco Mineração S.A. (Samarco), which is a Brazilian joint venture between Vale S.A. and BHP Billiton Brasil Ltda. (BHPB), as follows:

a) Reparation agreement

Samarco and its shareholders, Vale S.A. and BHPB, entered into an Agreement in connection with the R\$20.2 billion lawsuit (Agreement) on March 2, 2016 with the Brazilian federal government, the two Brazilian states affected by the failure (Espírito Santo and Minas Gerais) and other governmental authorities in order to implement the programs for remediation and compensation of the areas and communities affected by Samarco's dam failure.

The Agreement does not contemplate admission of civil, criminal or administrative liability for the Fundão dam failure.

The Agreement has a 15-year term, renewable for successive one-year periods until all the obligations under the Agreement have

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been performed.

Under the Agreement, Samarco, Vale S.A. and BHPB have agreed to establish a foundation to develop and implement social and economic remediation and compensation, to be funded by Samarco as follows: R\$2.0 billion in 2016, R\$1.2 billion in 2017 and R\$1.2 billion in 2018. From 2019 to 2021, Samarco agreed to provide funding based on the amounts needed to implement the projects approved for the relevant year, subject to an annual minimum of R\$800 and an annual maximum of R\$1.6 billion. From 2022 onwards, Samarco will provide the necessary funding in order to complete remaining programs approved for each relevant year. The foundation will allocate an annual amount of R\$240 over 15 years to the implementation of compensation programs, and these annual amounts are included in the annual contributions described above for the first six years. Through the end of 2018, R\$500 will be provided for sewage collection and treatment and solid waste disposal under the terms of the Agreement.

To the extent that Samarco does not meet its funding obligations to the foundation, each of Vale S.A. and BHPB will provide, under the terms of the Agreement, funds to the Foundation in proportion to its 50% equity interest in Samarco.

On June 24, 2016, the Renova Foundation (Foundation) was constituted, under the Agreement, to develop and implement the socioeconomic and environmental's restoration and compensation programs. The Foundation began its operations in August of 2016.

As the consequence of the dam failure, the governmental authorities ordered the suspension of Samarco's operations.

b) Estimates used for the provision

The Samarco initially expected to resume its operations in the last quarter of 2016. Based on this assumption, Samarco's cash flow projections indicated that Samarco would be able to generate all or a substantial part of the funding required under the Agreement. This assumption was supported by studies of technical solutions available, combined with the progress of the repair works on the remaining dam structures after the dam failure and the definition of the contractual scope of the remediation measures and compensation to the communities impacted by the dam failure. Consequently, no provision was recognized in the Company's financial statements as of March 31, 2016.

However, in view of the current stage of the necessary procedures to resume operations and the uncertainties related to the licensing approval by the governmental authorities during the current year, Samarco reviewed its assumption and concluded that was unable to make a reliable estimate of how and when its operations will resume.

Therefore, the Company recognized a provision on its interim financial statements as of June 30, 2016, in the amount of R\$5,560 which was discounted at a free-risk rate, resulting in R\$3,733 liability, which represents its best estimate of the obligation to comply with the reparation and compensation programs under the Agreement, equivalent to the percentage of 50% entered into under the Agreement by Vale.

On August, 2016, Samarco issued non-convertible private debentures which were subscribed equally by the Company and BHPB, and the resources contributed by Vale S.A. were allocated as follows: (i) R\$146 was used by Samarco in the reparation programs in accordance with the agreement, and therefore, discounted from the provision of R\$3,733 mentioned above; and (ii) R\$106 applied by Samarco's to fund its working capital, and recognized in the income statement as Others results in associates and joint ventures in the third quarter of 2016. Funds to working capital requirements will be released on an as-needed basis by the shareholders and will be subject to achieving certain milestones, without undertaking an obligation to Samarco.

For the period ended in September 2016, the movements of the provision are as follows:

Balance at June 30, 2016	3,733
Payments	(146)
Interests	62
Balances at September 30, 2016	3,649
Current liabilities	1,069
Non-current liabilities	2,580

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At each reporting period, the Company will reassess the key assumptions used by Samarco in the preparation of the projected future cash flows and will adjust the provision, if required.

c) Relevant information of Samarco

Samarco disbursed R\$285 and R\$1,016 in the accident reparation during the three and nine months period ended September 30, 2016, respectively. Since the initial date of the accident, R\$1,141 has been disbursed to comply with the obligations under the agreement.

d) Contingencies related to Samarco accident

(i) Public civil claim filed by the Federal Government and others

The federal government, the two Brazilian states affected by the failure (Espírito Santo and Minas Gerais) and other governmental authorities have initiated a public civil lawsuit against Samarco and its shareholders, Vale S.A. and BHPB, which the estimated value indicated by the plaintiffs in R\$20.2 billion.

On May 5, 2016, the Agreement was ratified by the Federal Regional Court (TRF), 1st Region signed in March 2, 2016. In July, 2016 the Superior Court of Justice (STJ) in Brazil issued an interim order, suspending the decision of TRF, which ratified the Agreement until the final judgments of the claim.

On August 17, 2016, the TRF of the 1st Region has rejected the appeal presented by Samarco, Vale S.A. e BHPB against the interim order and overruled the judicial decision that ratified the Agreement. The decision granted by the TRF of the 1st Region, among other measures, confirmed a prior injunction that prohibited the defendants from transferring or conveying any of their interest in its Brazilian iron ore concessions, without, however, limiting their production and commercial activities.

Only the judicial decision that ratified the Agreement was suspended and, therefore, the Agreement between the parties remains valid, and the parties will continue fulfilling their obligations under the Agreement.

(ii) U.S. Securities class action suits

Vale S.A. and certain of its officers have been named as defendants in securities class action suits in Federal Court in New York brought by holders of Vale's American Depositary Receipts under U.S. federal securities laws. The lawsuits allege that Vale S.A. made false and misleading statements or omitted to make disclosures concerning the risks and dangers of the operations of Samarco's Fundão dam and the adequacy of related programs and procedures. The plaintiffs have not specified an amount of alleged damages in these actions. Vale S.A. intends to vigorously mount a full defense against the allegations. The litigation is at a very early stage. On March 7, 2016, the judge overseeing the securities class actions issued an order consolidating these actions and designating lead plaintiffs and counsel. On April 29, 2016, lead plaintiffs filed a Consolidated Amended Complaint that will serve as the operative complaint in the litigation. In July 2016, Vale S.A. and the individual defendants filed a motion to dismiss the Amended Complaint. In August 2016, the plaintiffs submitted their opposition to the motion to dismiss, which was replied by the defendants in September 2016. The decision on the motion to dismiss remains pending.

(iii) Public civil action filed by Federal Prosecution Office

On May 3, 2016, the Federal Prosecution Office (MPF) filed a public civil action against Samarco and its shareholders and presented several demands, including: (i) the adoption of measures for mitigating the social, economic and environmental impacts resulting from the Fundão dam failure and other emergency measures; (ii) the payment of compensation to the community; and (iii) payments for the collective moral damage. The initial action value claimed by the Federal Prosecution Office (MPF) is R\$155 billion. The first conciliatory hearing was held on September 13th and a second hearing might be scheduled by the judge.

(iv) Criminal lawsuit

On October 20, 2016, the Federal Prosecutors Office (MPF) offered a criminal lawsuit to the Brazilian Federal Justice Court against Vale, BHPB, Samarco, VogBr Recursos Hídricos e Geotecnia Ltda. and 22 individuals for alleged crimes against the environment, urban planning and cultural heritage, flooding, landslide, as well as for alleged crimes against the victims of the Fundão dam failure. The MPF also requested that, if found guilty at the end of the criminal procedure, and the accused, the Judge imposes the minimum amount needed to repair the damage caused by the dam failure. So far, Vale was not serviced to present its defense.

(v) Other lawsuits

In addition, Samarco and its shareholders were named as a defendant in several other lawsuits brought by individuals, corporations and governmental entities seeking damages for material or personnel damages.

These lawsuits and petitions are at very early stages, thus it is not possible to determine a range of outcomes and/or reliable estimates of the potential exposure at this time. No contingent liability has been quantified and no provision was recognized for these other lawsuits.

Table of Contents**5. Non-current assets and liabilities held for sale**

	September 30, 2016		December 31, 2015	
	Shipping assets	Nacala	Total	Nacala
Non-current assets held for sale				
Accounts receivable		37	37	13
Other current assets		312	312	522
Property, plant and equipment and Intangible, net	1,613	13,583	15,196	15,257
Total assets	1,613	13,932	15,545	15,792
Liabilities associated with non-current assets held for sale				
Suppliers and contractors		449	449	365
Other current liabilities		35	35	51
Total liabilities		484	484	416
Net non-current assets held for sale	1,613	13,448	15,061	15,376

a) Shipping assets

In June 2016, Vale approved a plan to dispose its fleet of ships. As a consequence, the referenced assets were reclassified to non-current assets held for sale and a loss of R\$202 was recorded in the income statement as Results on measurement or sale of non-current assets .

b) Coal - Nacala logistic corridor (Nacala)

See note 6.

6. Acquisitions and divestitures

2016

Coal assets - In December 2014, the Company signed an agreement with Mitsui & Co., Ltd. (Mitsui) to sell 50% of its stake in the Nacala corridor and 15% of Vale's stake in Vale Moçambique. After completion of the transaction, Vale will indirectly own 81% of the Moatize mine and approximately 50% of Nacala Assets, sharing control with Mitsui and therefore will not consolidate the assets, liabilities and results of Nacala Corridor. On that date, the assets and liabilities related to Nacala were classified as non-current assets held for sale with no impact in the income statement.

In September 2016, the Company reviewed the terms related to this transaction, in which Mitsui agreed to contribute up to US\$450 (R\$1,450), being: (i) US\$255 (R\$822) for a 15% of Vale's stake in the Moatize coal mine; and (ii) an additional contribution of up to US\$195 (R\$629) based on meeting certain conditions, including mine performance. Mitsui will also contribute US\$348 (R\$1,122) for a 50% stake in the equity and quasi-equity instruments of the Nacala and extend a long-term facility of US\$165 (R\$532).

As at September 2016, completion of the transaction remains subject to successful completion of the Project Finance and certain government approvals.

Shipping assets In June 2016, the Company concluded the sale of three vessels VLOC s of 400,000 tons for the consortium led by ICBC *International* (ICBC) and recognized a loss of R\$26 in the income statement as Results on measurement or sales of non-current assets . For this transaction, Vale received cash proceeds of R\$863 in the third quarter of 2016.

Thyssenkrupp Companhia Siderúrgica do Atlântico Ltd (CSA) In April 2016, the Company sold 100% of its interest at CSA (26.87%) for a non-significant amount. The transaction resulted in R\$266 loss on recycling the Cumulative translation adjustments recognized in the income statement as Others results in associates and joint ventures .

Minas da Serra Geral S.A. (MSG) In March 2016, the Company completed the purchase option on additional 50% participation at MSG which was owned by JFE Steel Corporation (JFE) in the amount of R\$65. Vale now holds 100% of MSG's total stockholder's equity.

2015

Energy generation assets In December 2013, the Company signed agreements with CEMIG Geração e Transmissão S.A. (CEMIG GT) to incorporate two joint ventures, Aliança Norte Participações S.A. and Aliança Geração de Energia S.A. and exchange of assets and shares. The transaction was completed in the first quarter of 2015, in which Vale received cash proceeds of R\$306 and recognized a gain of R\$55 as Others results in associates and joint ventures and a gain of R\$546 as Results on measurement or sales of non-current assets .

Table of Contents**7. Cash and cash equivalents**

	September 30, 2016	Consolidated December 31, 2015
Cash and bank deposits	9,482	7,881
Short-term investments	7,946	6,141
	17,428	14,022

Cash and cash equivalents includes cash, immediately redeemable deposits and short-term investments with an insignificant risk of change in value. They are readily convertible to cash, part in R\$, indexed to the Brazilian Interbank Interest rate (DI Rate or CDI) and part denominated in US\$, mainly time deposits.

8. Accounts receivable

	September 30, 2016	Consolidated December 31, 2015
Trade receivables	8,509	5,988
Provision for doubtful debts	(210)	(225)
	8,299	5,763
Trade receivables related to the steel sector - %	74.66%	75.32%

	Consolidated			
	Three months period ended September 30		Nine months period ended September 30	
	2016	2015	2016	2015
Provision for doubtful debts recorded in the income statement	(1)	(39)	1	(44)
Trade receivables write-offs recorded in the income statement	(7)	4	(16)	(16)

No individual customer represents over 10% of receivables or revenues.

9. Inventories

	September 30, 2016	Consolidated December 31, 2015
Product inventory	9,978	11,991
Impairment of product inventory	(976)	(2,023)
	9,002	9,968
Consumable inventory	3,657	3,807
Total	12,659	13,775

Product inventories by segments are presented in note 3(b).

Table of Contents**10. Investments in associates and joint ventures**

Changes in investments in associates and joint ventures are as follows:

	2016	Consolidated	2015
Balance at June 30,	12,721		13,057
Additions	31		22
Disposals	(14)		
Translation adjustment	7		482
Equity results in income statement	149		(1,204)
Dividends declared	0		(30)
Others	14		(7)
Balance at September 30,	12,908		12,320

	2016	Consolidated	2015
Balance at January 1st	11,481		10,978
Acquisitions			1,819
Additions	856		76
Disposals	(14)		241
Translation adjustment	(360)		732
Equity results in income statement	1,396		(1,361)
Dividends declared	(419)		(253)
Transfer to held for sale			(15)
Others	(32)		103
Balance at September 30,	12,908		12,320

Table of Contents**Investments in associates and joint ventures (continued)**

	% ownership	% voting capital	Investments in associates and joint ventures		Consolidated Equity results in Income statement				Dividends received			
			September 30, 2016	December 31, 2015	Three months period ended		Nine months period ended		Twelve months period ended		Nine months period ended	
					2016	2015	2016	2015	2016	2015	2016	2015
Joint ventures												
Aliança Geração de Energia S.A. (i)	55.00	55.00	1,910	1,876	34	24	112	83		56	79	56
Aliança Norte Energia Participações S.A. (i)	51.00	51.00	463	316	7	(2)	(5)	3				
California Steel Industries, Inc.	50.00	50.00	576	613	54	(27)	67	(68)				
Companhia Coreano-Brasileira de Pelotização	50.00	50.00	216	242	8	28	41	59			45	33
Companhia Hispano-Brasileira de Pelotização (i)	50.89	51.00	206	222	13	19	35	37			65	44
Companhia Ítalo-Brasileira de Pelotização (i)	50.90	51.00	232	194	16	24	38	51			33	36
Companhia Nipo-Brasileira de Pelotização (i)	51.00	51.11	362	406	30	40	62	112			71	51
Companhia Siderúrgica do Pecém	50.00	50.00	2,227	879	(171)	(865)	646	(1,060)				
MRS Logística S.A. Samarco Mineração S.A. (ii)	48.16	46.75	1,612	1,436	55	28	174	98				
Others	50.00	50.00	99	142	29	18	26	16	1	1	1	2
			7,903	6,326	75	(1,108)	1,196	(1,201)	1	57	294	681
Associates												
Henan Longyu Energy Resources Co., Ltd.	25.00	25.00	944	1,194	3	(36)	(32)	(28)				
Mineração Rio Grande do Norte S.A.	40.00	40.00	427	364	27	38	152	66		12	111	12
Teal Minerals Inc.	50.00	50.00			(11)	(32)	(11)	(96)				
Thyssenkrupp Companhia Siderúrgica do Atlântico Ltd. (iii)						(104)		(199)				
VLI S.A.	37.60	37.60	3,145	3,038	51	45	106	104				25
Zhuhai YPM Pellet Co.	25.00	25.00	73	92				1				

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Others	416	467	4	(7)	(15)	(8)	2	11	4	
	5,005	5,155	74	(96)	200	(160)	14	122	41	
Total of joint ventures and associates	12,908	11,481	149	(1,204)	1,396	(1,361)	1	71	416	722

(i) Although the Company held majority of the voting capital, the entities are accounted under equity method due to shareholders agreements.

(ii) Note 4.

(iii) Note 6

Table of Contents**11. Intangibles**

Changes in intangibles are as follows:

	Goodwill	Concessions	Consolidated Right of use	Software	Total
Balance at June 30, 2016	10,333	10,026	448	1,383	22,190
Additions		670		18	688
Disposals		(11)			(11)
Amortization		(335)	(2)	(127)	(464)
Translation adjustment	26	155	2	3	186
Balance at September 30, 2016	10,359	10,505	448	1,277	22,589
Cost	10,359	14,205	708	5,100	30,372
Accumulated amortization		(3,700)	(260)	(3,823)	(7,783)
	10,359	10,505	448	1,277	22,589

	Goodwill	Concessions	Consolidated Right of use	Software	Total
Balance at June 30, 2015	10,746	6,659	789	1,475	19,669
Additions		499		99	598
Amortization		(120)	(37)	(127)	(284)
Translation adjustment	1,785		133		1,918
Balance at September 30, 2015	12,531	7,038	885	1,447	21,901
Cost	12,531	10,581	1,890	3,967	28,969
Accumulated amortization		(3,543)	(1,005)	(2,520)	(7,068)
	12,531	7,038	885	1,447	21,901

	Goodwill	Concessions	Consolidated Right of use	Software	Total
Balance at December 31, 2015	11,544	7,084	811	1,350	20,789
Additions		3,646	3	38	3,687
Disposals		(29)		(1)	(30)
Amortization		(606)	(7)	(413)	(1,026)
Translation adjustment	(1,185)	140	(96)	15	(1,126)
Transfers		270	(263)	288	295
Balance at September 30, 2016	10,359	10,505	448	1,277	22,589
Cost	10,359	14,205	708	5,100	30,372
Accumulated amortization		(3,700)	(260)	(3,823)	(7,783)
	10,359	10,505	448	1,277	22,589

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	Goodwill	Concessions	Consolidated Right of use	Software	Total
Balance at December 31, 2014	9,987	5,876	789	1,462	18,114
Additions		1,572		365	1,937
Disposals		(49)			(49)
Amortization		(361)	(100)	(380)	(841)
Translation adjustment	2,442		196		2,638
Acquisition of subsidiary	102				102
Balance at September 30, 2015	12,531	7,038	885	1,447	21,901
Cost	12,531	10,581	1,890	3,967	28,969
Accumulated amortization		(3,543)	(1,005)	(2,520)	(7,068)
	12,531	7,038	885	1,447	21,901

Table of Contents**12. Property, plant and equipment**

Changes in property, plant and equipment are as follows:

	Land	Building	Facilities	Equipment	Consolidated Mineral properties	Others	Constructions in progress	Total
Balance at June 30, 2016	2,860	33,126	29,630	25,623	35,843	21,978	46,605	195,665
Additions (i)							4,079	4,079
Disposals	(1)	(3)	(8)	(49)	(397)	(6)	(1)	(465)
Depreciation and amortization		(463)	(591)	(692)	(603)	(467)		(2,816)
Translation adjustment	7	82	85	100	100	43	63	480
Assets retirement obligations					1,487			1,487
Transfers	75	2,288	1,140	893	90	531	(5,017)	
Balance at September 30, 2016	2,941	35,030	30,256	25,875	36,520	22,079	45,729	198,430
Cost	2,941	53,845	49,370	46,013	62,030	34,227	45,729	294,155
Accumulated depreciation		(18,815)	(19,114)	(20,138)	(25,510)	(12,148)		(95,725)
	2,941	35,030	30,256	25,875	36,520	22,079	45,729	198,430

	Land	Building	Facilities	Equipment	Consolidated Mineral properties	Others	Constructions in progress	Total
Balance at June 30, 2015	3,098	37,430	31,296	29,100	40,777	32,046	47,397	221,144
Additions (i)							9,170	9,170
Disposals			(104)	(45)		(2,061)	(21)	(2,231)
Depreciation and amortization		(444)	(546)	(849)	(621)	(622)		(3,082)
Translation adjustment	179	3,528	1,881	3,589	4,611	4,413	3,039	21,240
Transfers	(194)	1,608	3,302	453	702	1,992	(7,863)	
Transfers to non-current assets held for sale					(505)			(505)
Balance at September 30, 2015	3,083	42,122	35,829	32,248	44,964	35,768	51,722	245,736
Cost	3,083	53,171	52,494	50,360	67,213	49,831	51,722	327,874
Accumulated depreciation		(11,049)	(16,665)	(18,112)	(22,249)	(14,063)		(82,138)

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	3,083	42,122	35,829	32,248	44,964	35,768	51,722	245,736
	Consolidated							Total
	Land	Building	Facilities	Equipment	Mineral properties	Others	Constructions in progress	Total
Balance at December 31, 2015	2,989	35,538	32,378	28,532	40,234	28,135	43,453	211,259
Additions (i)							11,043	11,043
Disposals	(1)	(5)	(11)	(97)	(409)	(1,214)	(74)	(1,811)
Depreciation and amortization		(1,311)	(1,660)	(2,355)	(2,091)	(1,609)		(9,026)
Translation adjustment	(130)	(3,558)	(2,125)	(2,682)	(3,778)	(1,376)	809	(12,840)
Assets retirement obligations					1,694			1,694
Transfers	83	4,365	1,674	2,477	870	(262)	(9,502)	(295)
Transfers to non-current assets held for sale						(1,595)		(1,595)
Acquisition of subsidiary		1						1
Balance at September 30, 2016	2,941	35,030	30,256	25,875	36,520	22,079	45,729	198,430
Cost	2,941	53,845	49,370	46,013	62,030	34,227	45,729	294,155
Accumulated depreciation		(18,815)	(19,114)	(20,138)	(25,510)	(12,148)		(95,725)
	2,941	35,030	30,256	25,875	36,520	22,079	45,729	198,430

	Consolidated							Total
	Land	Building	Facilities	Equipment	Mineral properties	Others	Constructions in progress	Total
Balance at December 31, 2014	2,839	30,955	28,721	24,669	39,654	29,095	51,574	207,507
Additions (i)							20,445	20,445
Disposals		(14)	(126)	(105)	(434)	(3,653)	(26)	(4,358)
Depreciation and amortization		(1,267)	(1,713)	(2,556)	(1,992)	(1,747)		(9,275)
Translation adjustment	252	4,307	2,620	5,191	7,489	5,930	5,816	31,605
Transfers	(8)	8,141	6,327	5,048	752	5,827	(26,087)	
Transfers to non-current assets held for sale					(505)			(505)
Acquisition of subsidiary				1		316		317
Balance at September 30, 2015	3,083	42,122	35,829	32,248	44,964	35,768	51,722	245,736
Cost	3,083	53,171	52,494	50,360	67,213	49,831	51,722	327,874
Accumulated depreciation		(11,049)	(16,665)	(18,112)	(22,249)	(14,063)		(82,138)
	3,083	42,122	35,829	32,248	44,964	35,768	51,722	245,736

(i) Includes capitalized borrowing costs, see cash flow.

There are no material changes to the net book value of consolidated property, plant and equipment pledged to secure judicial claims and loans and borrowings (note 13(d)) compared to those disclosed in the financial statements as at December 31, 2015.

Table of Contents**13. Loans and borrowings****a) Total debt**

	Consolidated			
	Current liabilities		Non-current liabilities	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Debt contracts in the international markets				
Floating rates in:				
US\$	1,247	943	22,965	20,203
Fixed rates in:				
US\$	1,331	4,651	42,494	50,463
EUR			5,473	6,376
Other currencies	50	56	698	659
Accrued charges	907	1,274		
	3,535	6,924	71,630	77,701
Debt contracts in Brazil				
Floating rates in:				
R\$, indexed to TJLP, TR, IPCA, IGP-M and CDI	1,198	827	18,375	18,388
Basket of currencies and US\$ indexed to LIBOR	1,079	1,133	4,056	5,239
Fixed rates in:				
R\$	246	246	858	1,047
Accrued charges	1,022	658	91	503
	3,545	2,864	23,380	25,177
	7,080	9,788	95,010	102,878

The future flows of debt payments (principal and interest) per nature of funding are as follows:

	Consolidated				Estimated future payments of interest(ii)
	Bank loans (i)	Capital markets (i)	Development agencies (i)	Debt principal (i)	
2016	16		682	698	5,366
2017	2,039		3,275	5,314	5,545
2018	6,661	2,737	3,795	13,193	5,191
2019	3,220	3,246	4,353	10,819	4,483
2020	11,018	4,347	2,944	18,309	3,944
2021	1,188	4,356	2,863	8,407	3,253
Between 2022 and 2025	3,977	10,859	3,405	18,241	8,469

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2026 onwards	286	24,310	493	25,089	19,058
	28,405	49,855	21,810	100,070	55,309

(i) Does not include accrued charges.

(ii) Consists of estimated future payments of interest, calculated based on interest rate curves and foreign exchange rates applicable as at September 30, 2016 and considering that all amortization payments and payments at maturity on loans and borrowings will be made on their contracted payments dates. The amount includes the estimated values of future interest payments (not yet accrued), in addition to interest already recognized in the financial statements.

At September 30, 2016, the average annual interest rates by currency are as follows:

Loans and borrowings in	Average interest rate (i)	Consolidated Total debt
US\$	4.55%	73,952
R\$ (ii)	11.15%	21,759
EUR (iii)	4.06%	5,629
Other currencies	3.50%	750
		102,090

(i) In order to determine the average interest rate for debt contracts with floating rates, the Company used the last renegotiated rate at September 30, 2016.

(ii) R\$ denominated debt that bears interest at IPCA, CDI, TR or TJLP, plus spread. For a total of R\$14,877, the Company entered into derivative transactions to mitigate the exposure to the cash flow variations of the floating rate debt denominated in R\$, resulting in an average cost of 2.19% per year in US\$.

(iii) Eurobonds, for which the Company entered into derivatives to mitigate the exposure to the cash flow variations of the debt denominated in EUR, resulting in an average cost of 4.29% per year in US\$.

Table of Contents**b) Credit and financing lines**

Type	Contractual currency	Date of agreement	Period of the agreement	Total amount	Available amount September 30, 2016
Credit lines					
Revolving credit facilities	US\$	May 2015	5 years	9,739	3,895
Revolving credit facilities	US\$	July 2013	5 years	6,492	5,843
Financing lines					
BNDES (i)	R\$	April 2008	10 years	7,300	897
BNDES - CLN 150	R\$	September 2012	10 years	3,883	20
BNDES - S11D e S11D Logística	R\$	May 2014	10 years	6,163	2,247

(i) Memorandum of understanding signature date, however term is considered from the signature date of each contract amendment. This credit line supported or supports the Usina VIII, Onça Puma, Salobo I and II and capital expenditure of Itabira projects.

c) Funding

During 2016, the Company drew down part of its revolving credit facilities of which R\$6,493 is outstanding at September 30, 2016.

In June and August 2016, the Company issued through its wholly owned subsidiary Vale Overseas Limited the guaranteed notes due 2021 and 2026 totaling US\$2,250 (R\$7,304). These notes bear a coupon of 5.875% and 6.250% per year, respectively, payable semi-annually, and were sold at a price of 100.000% of the principal amount.

d) Guarantees

As at September 30, 2016 and December 31, 2015, loans and borrowings are secured by property, plant and equipment and receivables in the amount of R\$1,522 and R\$1,937, respectively.

The securities issued through Vale's 100%-owned finance subsidiary Vale Overseas Limited are fully and unconditionally guaranteed by Vale.

e) Covenants

Some of the Company's debt agreements with lenders contain financial covenants. The main covenants in those agreements require maintaining certain ratios, such as debt to EBITDA (Earnings before Interest Taxes, Depreciation and Amortization) and interest coverage. The Company has not identified any instances of noncompliance as at September 30, 2016 and December 31, 2015.

Table of Contents**14. Litigation****a) Provision for litigation**

Vale is party to labor, civil, tax and other ongoing lawsuits, at administrative and court levels. Provisions for losses resulting from lawsuits are estimated and updated by the Company, based on analysis from the Company's legal consultants. Changes in provision for litigation are as follows:

	Consolidated				Total of litigation provision
	Tax litigation	Civil litigation	Labor litigation	Environmental litigation	
Balance at June 30, 2016	740	359	1,784	84	2,967
Additions	24	95	238		357
Reversals	(5)	(106)	(129)	(15)	(255)
Payments	(7)	(9)	(76)		(92)
Indexation and interest	(5)	(21)	48	(3)	19
Translation adjustment	(12)				(12)
Balance at September 30, 2016	735	318	1,865	66	2,984

	Consolidated				Total of litigation provision
	Tax litigation	Civil litigation	Labor litigation	Environmental litigation	
Balance at June 30, 2015	1,003	405	1,939	212	3,559
Additions	46	30	204	1	281
Reversals	(4)	(36)	(246)	(1)	(287)
Payments	(28)	(126)	(16)	(30)	(200)
Indexation and interest	27	17	(85)	24	(17)
Translation adjustment	39	1		34	74
Balance at September 30, 2015	1,083	291	1,796	240	3,410

	Consolidated				Total of litigation provision
	Tax litigation	Civil litigation	Labor litigation	Environmental litigation	
Balance at December 31, 2015	1,052	309	1,771	78	3,210
Additions	75	299	638	18	1,030
Reversals	(67)	(187)	(300)	(29)	(583)
Payments	(363)	(171)	(320)		(854)
Indexation and interest	28	68	76	(2)	168
Translation adjustment	10			1	13

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Balance at September 30, 2016	735	318	1,865	66	2,984
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	Consolidated				
	Tax litigation	Civil litigation	Labor litigation	Environmental litigation	Total of litigation provision
Balance at December 31, 2014	972	311	1,876	246	3,405
Additions	490	172	419	1	1,082
Reversals	(520)	(126)	(367)	(2)	(1,015)
Payments	(22)	(123)	(64)	(66)	(275)
Indexation and interest	79	56	(68)	8	75
Translation adjustment	84	1		53	138
Balance at September 30, 2015	1,083	291	1,796	240	3,410

Table of Contents**b) Contingent liabilities**

Contingent liabilities of administrative and judicial claims, with expectation of loss classified as possible, and for which the recognition of a provision is not considered necessary by the Company, based on legal advice are as follows:

	September 30, 2016	Consolidated	December 31, 2015
Tax litigation	25,648		20,796
Civil litigation	5,196		5,214
Labor litigation	8,749		7,288
Environmental litigation	5,992		5,393
Total	45,585		38,691

i - Tax litigation - Our most significant tax-related contingent liabilities result from disputes related to (i) the deductibility of our payments of social security contributions on the net income (CSLL) from our taxable income, (ii) challenges of certain tax credits we deducted from our PIS and COFINS payments, (iii) assessments of CFEM (royalties), and (iv) charges of value-added tax on services and circulation of goods (ICMS), especially relating to certain tax credits we claimed from the sale and transmission of energy, ICMS charges in connection with the transfer of iron ore between different Brazilian states, ICMS charges on our own transportation costs and challenges to other tax credits we claimed. The changes reported in the period resulted from interest and inflation adjustments in the amounts in dispute.

ii - Civil litigation - Most of those claims have been filed by suppliers for indemnification under construction contracts, primarily relating to certain alleged damages, payments and contractual penalties. A number of other claims related to contractual disputes regarding inflation index.

iii - Labor litigation - Represents individual claims by employees and service providers, primarily involving demands for additional compensation for overtime work, time spent commuting or health and safety conditions; and the Brazilian federal social security administration (INSS) regarding contributions on compensation programs based on profits.

iv - Environmental litigation - The most significant claims concern alleged procedural deficiencies in licensing processes, non-compliance with existing environmental licenses or damage to the environment.

c) Judicial deposits

In addition to the provisions and contingent liabilities, the Company is required by law to make judicial deposits to secure a potential adverse outcome of certain lawsuits. These court-ordered deposits are monetarily adjusted and reported as non-current assets until a judicial decision to draw the deposit occurs.

	September 30, 2016	Consolidated December 31, 2015
Tax litigation	869	822
Civil litigation	225	399
Labor litigation	2,322	2,163
Environmental litigation	69	61
Total	3,485	3,445

d) Others

In the third quarter of 2015, the Company filed an enforceable action in the amount of R\$524 referring to the final court decision in favor of the Company of the accrued interest of compulsory deposits from 1987 to 1993. Currently it is not possible to estimate the economic benefit inflow as the counterparty can appeal on the calculation. Consequently, the asset was not recognized in the financial statements.

For contingencies related to Samarco Mineração S.A., see note 4.

Table of Contents**15. Income taxes****a) Deferred income tax**

Changes in deferred tax are as follows:

	Assets	Consolidated Liabilities	Total
Balance at June 30, 2016	23,396	5,581	17,815
Effect in income statement	(861)	313	(1,174)
Translation adjustment	215	160	55
Transfers between asset and liabilities	(589)	(589)	
Other comprehensive income	73	(25)	98
Balance at September 30, 2016	22,234	5,440	16,794

	Assets	Consolidated Liabilities	Total
Balance at June 30, 2015	13,341	9,585	3,756
Effect in income statement	17,461	31	17,430
Translation adjustment	868	1,849	(981)
Other comprehensive income	40	40	
Balance at September 30, 2015	31,710	11,505	20,205

	Assets	Consolidated Liabilities	Total
Balance at December 31, 2015	30,867	6,520	24,347
Effect in income statement	(6,312)	99	(6,411)
Translation adjustment	(1,898)	(886)	(1,012)
Transfers between asset and liabilities	(14)	(14)	
Other comprehensive income	(409)	(279)	(130)
Balance at September 30, 2016	22,234	5,440	16,794

	Assets	Consolidated Liabilities	Total
Balance at December 31, 2014	10,560	8,874	1,686
Effect in income statement	19,796	(131)	19,927
Translation adjustment	1,292	2,733	(1,441)
Acquisition of subsidiary	(31)		(31)

Other comprehensive income	93	29	64
Balance at September 30, 2015	31,710	11,505	20,205

b) Income tax reconciliation

The total amount presented as income taxes in the income statement is reconciled to the rate established by law, as follows:

	Consolidated			
	Three months period ended September 30		Nine months period ended September 30	
	2016	2015	2016	2015
Net income (loss) before income taxes	3,221	(24,165)	21,131	(30,945)
Income taxes at statutory rates - 34%	(1,095)	8,216	(7,185)	10,521
Adjustments that affect the basis of taxes:				
Income tax benefit from interest on stockholders' equity				1,054
Tax incentives	269	42	616	117
Equity results	24	(410)	455	(463)
Additions(reversals) of tax loss carry forward	221	11,174	(346)	11,174
Unrecognized tax losses of the period	(551)	(1,302)	(1,842)	(1,807)
Others results in associates and joint ventures	(36)		(1,305)	
Others	(187)	(643)	309	(1,430)
Income taxes	(1,355)	17,077	(9,298)	19,166

c) Income taxes - Settlement program (REFIS)

In 2013, the Company elected to participate in the REFIS, a federal tax settlement program, to settle most of the claims related to the collection of income tax and social contribution on equity gains of foreign subsidiaries and affiliates from 2003 to 2012.

At September 30, 2016, the balance of R\$17,614 (R\$1,458 as current and R\$16,156 as non-current) is due in 145 remaining monthly installments, bearing interest at the SELIC rate.

Table of Contents**16. Employee postretirement obligations****Reconciliation of assets and liabilities recognized in the balance sheet**

	Consolidated					
	Overfunded pension plans	September 30, 2016 Underfunded pension plans	Others benefits	Overfunded pension plans	December 31, 2015 Underfunded pension plans	Others benefits
Balance at beginning of the period	3,754			3,455		
Interest income	404			427		
Changes in asset ceiling and onerous liability	1,906			(128)		
Balance at end of the period	6,064			3,754		
Amount recognized in the balance sheet						
Present value of actuarial liabilities	(9,962)	(13,958)	(4,491)	(9,659)	(14,407)	(4,773)
Fair value of assets	16,026	11,353		13,413	12,083	
Effect of the asset ceiling	(6,064)			(3,754)		
Liabilities		(2,605)	(4,491)		(2,324)	(4,773)
Current liabilities		(64)	(171)		(67)	(199)
Non-current liabilities		(2,541)	(4,320)		(2,257)	(4,574)
Liabilities		(2,605)	(4,491)		(2,324)	(4,773)

17. Financial instruments classification

	September 30, 2016			Consolidated			
	Loans and receivables or amortized cost	At fair value through net income	Total	Loans and receivables or amortized cost	December 31, 2015 At fair value through net income	Derivatives designated as hedge accounting	Total
Financial assets							
Current							
Cash and cash equivalents	17,428		17,428	14,022			14,022
Financial investments	372		372	109			109
		458	458		474		474

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Derivative financial instruments							
Accounts receivable	8,299		8,299	5,763			5,763
Related parties	215		215	273			273
	26,314	458	26,772	20,167	474		20,641
Non-current							
Derivative financial instruments							
Loans	592	1,635	592	732	363		363
Related parties	62		62	5			5
	654	1,635	2,289	737	363		1,100
Total of financial assets	26,968	2,093	29,061	20,904	837		21,741
Financial liabilities							
Current							
Suppliers and contractors							
	12,177		12,177	13,140			13,140
Derivative financial instruments							
Loans and borrowings	7,080	2,816	7,080	9,788	7,909	198	8,107
Related parties	1,811		1,811	1,856			1,856
	21,068	2,816	23,884	24,784	7,909	198	32,891
Non-current							
Derivative financial instruments							
Loans and borrowings	95,010	3,789	95,010	102,878	5,581		102,878
Related parties	445		445	830			830
Participative stockholders debentures							
Others (i)		2,137	2,137		1,336		1,336
	95,455	6,743	102,198	103,708	7,468		111,176
Total of financial liabilities	116,523	9,559	126,082	128,492	15,377	198	144,067

(i) See note 18(a).

Table of Contents**18. Fair value estimate****a) Assets and liabilities measured and recognized at fair value:**

	September 30, 2016		Consolidated		December 31, 2015	
	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets						
Derivative financial instruments	1,025	1,068	2,093	837		837
Total	1,025	1,068	2,093	837		837
Financial liabilities						
Derivative financial instruments	5,803	802	6,605	13,688		13,688
Participative stockholders debentures	2,137		2,137	1,336		1,336
Others (minimum return instrument)		817	817		551	551
Total	7,940	1,619	9,559	15,024	551	15,575

There are no changes in the methods and techniques of evaluation of instruments above compared to disclosed in the financial statements as at December 31, 2015.

b) Fair value of financial instruments not measured at fair value

The fair values and carrying amounts of loans (net of interest) are as follows:

Financial liabilities	Balance	Fair value	Consolidated	
			Level 1	Level 2
September 30, 2016				
Debt principal	100,070	96,702	46,384	50,318
December 31, 2015				
Debt principal	110,231	102,434	48,017	54,417

19. Derivative financial instruments

a) Derivatives effects on balance sheet

	September 30, 2016		December 31, 2015	
	Current	Non-current	Current	Non-current
Consolidated Assets				
Derivatives not designated as hedge accounting				
Foreign exchange and interest rate risk				
CDI & TJLP vs. US\$ fixed and floating rate swap	426		269	
IPCA swap	23	241	7	64
Pré-dolar swap	6	52		
	455	293	276	64
Commodities price risk				
Nickel	3	17	198	41
	3	17	198	41
Others		1,325		258
		1,325		258
Total	458	1,635	474	363

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	September 30, 2016		December 31, 2015	
	Current	Non-current	Current	Non-current
Consolidated Liabilities				
Derivatives not designated as hedge accounting				
Foreign exchange and interest rate risk				
CDI & TJLP vs. US\$ fixed and floating rate swap	2,138	2,532	3,119	4,419
IPCA swap	62	245	82	393
Eurobonds swap	19	79	572	111
Euro forward	24			
Pre dollar swap	65	115	364	280
	2,308	2,971	4,137	5,203
Commodities price risk				
Nickel	7	11	153	42
Bunker oil	501		3,609	
	508	11	3,762	42
Others		807		336
		807		336
Derivatives designated as cash flow hedge accounting				
Bunker oil			198	
Foreign exchange			10	
			208	
Total	2,816	3,789	8,107	5,581

b) Effects of derivatives on the income statement, cash flow and other comprehensive income

	Gain (loss) recognized in the income statement		Consolidated Three months period ended September 30 Financial settlement inflows(outflows)		Gain(loss) recognized in other comprehensive income	
	2016	2015	2016	2015	2016	2015
Derivatives not designated as hedge accounting						
Foreign exchange and interest rate risk						
CDI & TJLP vs. US\$ fixed and floating rate swap	(182)	(3,174)	16	(5)		