Vale S.A.
Form 6-K
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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

February 2012

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 x   Form 40-F o

(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 o   No x

(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 o   No x

(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 o   No x

(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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US GAAP

BM&F BOVESPA: VALE3, VALE5

NYSE: VALE, VALE.P

HKEx: 6210, 6230

EURONEXT PARIS: VALE3, VALE5

LATIBEX: XVALO, XVALP

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4Q11

ANOTHER YEAR OF HIGH PERFORMANCE

Performance of Vale in 2011

Rio de Janeiro, February 15, 2012 Vale S.A. (Vale) reports a strong performance in 2011, which is reflected in all-time high figures for operating revenues (US$ 60.4 billion), operating income (US$ 30.1 billion), operating margin (48.5%), cash generation (US$ 35.3 billion) and net earnings (US$ 22.9 billion). Shipments of iron ore and pellets peaked, at almost 300 Mt, while nickel and copper sales had their best year since 2008.

Ricardo Flores, Chairman of the Board of Directors, said: In 2011, the return of cash to shareholders reached US$ 12 billion, a record mark. This makes clear that alongside its excellent performance Vale has a significant potential. I am sure that the company will continue to be strongly committed with long-term value creation and sustainable development .

Murilo Ferreira, Chief Executive Officer, commented: Our financial performance was outstanding, better than ever before. We broke several records, despite a challenging economic scenario. The disciplined execution of our strategy and the high operating performance were instrumental for allowing us to benefit from a strong global demand for our products .

Vale is strongly committed to create shareholder value, with a strong focus on the efficiency of capital management. In order to strengthen discipline in capital allocation, we have implemented some initiatives to minimize risks of delays and cost overruns in project execution and have taken a more proactive stance towards returning excess cash to shareholders.

Our Board of Directors approved a reorganization of the Executive Board with the purpose of stimulating better interaction between corporate activities and the business units and stronger team work. A division in charge of project implementation, headed by an Executive Director, was created with the focus on improving the quality of project execution.

Five new projects came on stream in 2011 Onça Puma, Oman, Moatize, Estreito and Karebbe - which are still ramping up, with their growth and value generation potential to be materialized in 2012 and 2013. The growth and value creation dynamics will be supported in the following years by the delivery of world-class iron ore, pellets, coal, copper, nickel and potash projects currently under construction.

The operation permit for the N5 South pit, in the Northern Range of Carajás, was the first license for mining operation in Carajás since 2002. It allows the exploitation of a rich iron ore deposit with high Fe content, contributing to sustain the high quality of our production.

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To exploit synergies and to allow for the full exposure of Vale shareholders to the value creation potential of the fertilizers business, we delisted our subsidiary Vale Fertilizantes, following the buy-out transaction of its minority shareholders. Seeking to exploit opportunities for synergies and rationalization of the asset portfolio is one of our permanent goals.

The dividend yield of our shares was the highest among our peers and one of the highest among large global companies.

Vale had its credit risk upgraded by Standard & Poor s (S&P) to A- from BBB+. Pursuant to the S&P credit risk rating scale, an A rating indicates a strong capacity to meet financial commitments. The upgrade reflects our powerful cash flow, strong balance sheet and the permanent focus on minimizing the cost of capital.

In line with our focus on people and the paramount importance of human life, we are enhancing work safety standards, regardless of the fact that Vale already shows some of the best safety indicators in the mining industry. Expenditures on corporate social responsibility were US$ 1.5 billion, with US$ 1.0 billion on environmental protection and US$ 457 million for social programs.

Results in 4Q11 were very robust, but below 3Q11, as a consequence of lower prices caused by the European recession and the negative expectations produced by the Euro area debt crisis.

The main highlights of Vale s performance were:

- Record operating revenues of US$ 60.389 billion in 2011, 29.9% above last year s mark of US$ 46.481 billion. In 4Q11, operating revenues were US$ 14.755 billion.

- Record operating income from existing operations as measured by adjusted EBIT (earnings before interest and taxes) (a) - excluding non-recurring gains - of US$ 28.599 billion(1). In 4Q11, operating income was US$ 6.023 billion.

- Record operational margin from existing operations, as measured by adjusted EBIT margin, of 48.5% in 2011. In 4Q11, operational margin was 41.7%.

- Record net earnings of US$ 22.885 billion in 2011, equal to US$ 4.36 per share on a fully diluted basis. Earnings were US$ 4.672 billion in 4Q11, and earnings per share US$ 0.90 on a fully diluted basis.

- All-time high cash generation from existing operations as measured by adjusted EBITDA(b) (earnings before interest, taxes, depreciation and amortization) - excluding non-recurring gains - of US$ 33.759 billion[1]. In 4Q11, adjusted EBITDA was US$ 7.396 billon.

- Record sales of iron ore and pellets, at 299.1 Mt, showing a 1.6% increase over 2010.

- Record capital expenditures, excluding acquisitions, of US$ 18.0 billion in 2011, of which US$ 13.4 billion spent on project execution and research and development (R&D).

- An all-time high US$ 12.0 billion return of capital to shareholders, comprising a dividend distribution of US$ 9.0 billion, equal to US$ 1.7354

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(1) If including the non-recurring gain of US$ 1.513 billion in 1Q11 from the sale of aluminum assets, in 2011 adjusted EBIT was US$ 30.112 billion and adjusted EBITDA was US$ 35.272 billion.

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per common or preferred share, and the US$ 3.0 billion share buy-back program fully executed. For 2012, a minimum dividend of US$ 6 billion.

- A strong balance sheet with low debt leverage, measured by total debt/LTM adjusted EBITDA, equal to 0.66x, and the maintenance of a long average debt maturity, of 9.8 years.

Table 1 - SELECTED FINANCIAL INDICATORS

US$ million	2007	2008	2009	2010	2011	CAGR 07-11
Operating revenues	33,115	38,509	23,939	46,481	60,389	16.2%
Adjusted EBIT	13,194	15,698	6,057	21,695	28,599(1)	21.3%
Adjusted EBIT margin (%)	40.9	41.9	26.0	47.9	48.5(1)	
Adjusted EBITDA	15,774	19,018	9,165	26,116	33,759(1)	21.0%
Net earnings	11,825	13,218	5,349	17,264	22,885	17.9%
Earnings per share fully diluted basis(US$ / share)	2.42	2.61	1.00	3.25	4.36	15.9%
Total debt/ adjusted EBITDA (x)	1.1	1.0	2.5	1.0	0.7	
ROIC (%)	25.2	33.8	11.6	30.8	36.1	
Capex (excluding acquisitions)	7,625	10,191	9,013	12,705	17,994	23.9%

(1) Excluding the non-recurring gain of US$ 1.513 billion from the sale of aluminum assets in 1Q11.

US$ million	4Q10	3Q11	4Q11
Operating revenues	15,207	16,741	14,755
Adjusted EBIT	7,167	8,373	6,023
Adjusted EBIT margin (%)	48.0	51.2	41.7
Adjusted EBITDA	8,869	9,631	7,396
Net earnings	5,917	4,935	4,672
Earnings per share fully diluted basis(US$ / share)	1.12	0.94	0.90
Total debt/ adjusted EBITDA (x)	1.0	0.6	0.7
ROIC (1) (%)	30.8	36.9	36.1
Capex (excluding acquisitions)	5,091	4,529	6,686

(1) ROIC LTM = return on invested capital for last twelve-month period.

Except where otherwise indicated the operational and financial information in this release is based on the consolidated figures in accordance with US GAAP and, with the exception of information on investments and behavior of markets, quarterly financial statements are reviewed by the company s independent auditors. The main subsidiaries that are consolidated are the following: Compañia Minera Misky Mayo S.A.C., Ferrovia Centro-Atlântica (FCA), Ferrovia Norte Sul S.A, PT Vale Indonesia Tbk (formerly International Nickel Indonesia Tbk), Vale Australia Pty Ltd., Vale Canada Limited (formely Vale Inco Limited), Vale Colômbia Ltd., Mineração Corumbaense Reunida S.A., Vale Fertilizantes S.A., Vale International, Vale Manganês S.A., Vale Manganèse France, Vale Manganese Norway S.A. and Vale Nouvelle Caledonie SAS.

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- **BUSINESS OUTLOOK**

After the strong recovery from the Great Recession of 2008/2009, global economic activity decelerated in 2011, expanding at below-trend pace. Various factors influenced the slower global growth, which contributed to heighten the volatility of financial asset and commodity prices and to create negative expectations about the future.

The oil and food price shock produced a temporary rise in inflation, causing purchasing power losses and as a consequence a negative impact on consumption expenditures. However, the effects of these shocks have dissipated since the latter part of 2011. Libyan oil output is recovering faster than expected and the commitment of Saudi Arabia and the UAE to offset an eventual cut in Iranian exports helps to keep prices within a range which does not cause a threat to global economic stability.

Natural disasters produced volatility in short-term growth, with the most severe one, the Tohoku earthquake, provoking immediately a large fall in Japanese real output and disruption of the global supply chain. Later in the year, the floods in Thailand produced a similar effect, although with a smaller magnitude, given the limited size of the Thai economy. The global supply chain is back to normalcy following the recovery in Japanese and Thai manufacturing production and exports.

The normalization of monetary and fiscal policies in emerging economies from the expansionary mode adopted to counteract the effects of the global financial shock of 2008 was able to curb an inflationary trend but at the same time set in motion a cyclical downswing in economic activity. Since the third quarter of 2011, the central banks of emerging economies - starting with the Central Bank of Brazil and followed by others in Latin America and Asia have made a gradual exit from tight monetary and credit policies in order to stimulate growth.

Given that most of the forces underlying the deceleration of economic activity last year have faded, cyclical dynamics are pointing to acceleration over the next few months. Global manufacturing PMI rose for the second consecutive month in January 2012, driven by a surge in new orders, while there was a large drop in finished goods inventories, a movement signaling an expansion of global industrial output in the short-term, thus ultimately leading to a strengthening of the demand for minerals and metals.

Global IP growth plunged in 4Q11, but there is evidence of performance improvement in some countries by yearend. Although US manufacturers were ramping up production, in Asia output was cut to allow for a slowing down in inventory accumulation. As suggested by the rise in the new orders/inventory ratio, it is highly likely that these drags on global manufacturing are diminishing.

Of course, the continuation of industrial production recovery is conditional on the expansion of final demand. Global retail sales were showing a poor performance by the end of 2011, mostly influenced by the recession in Europe. On the other hand, retail sales in emerging economies have accelerated and global car sales are rebounding, helping to create momentum for global industrial production growth.

The combination of declining global inflation, accommodative monetary policies, inventory building, and a positive feedback loop from improving asset prices, has the potential to create a brighter global economic outlook for 2012 - fueled by emerging market economies - in which acceleration is expected to take place in the second half of the year.

A moderate global economic performance is expected, given the broad-based need of developed economies to cut budget deficits in order to address the debt sustainability issue. In addition, the deleveraging of European banks is tightening credit and producing recessionary pressures on the Euro area, working also as a drag on emerging market growth. However, global growth is estimated to be strong enough to sustain a robust demand for minerals and metals.

In this context, the Euro area debt crisis remains overwhelmingly the downside risk to world economic growth. In the short-term, the European Central Bank (ECB) extension of the collateral pool and 3-year financing to banks has generated expectations that official support mechanisms will be able to deal with the crisis, translated into a decline in Euro area tail risks and a rally in risk assets.

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For instance, January 2012 was the best January for emerging market equities since 2001, and Italian and Spanish 10-yr sovereign bond yields fell 1,778 and 1,453 basis points, respectively, from the end of November 2011 to mid-February 2012.

At the same time, the ECB support for the banking system has helped to give policy makers time to underpin sovereign funding.

More fundamentally, securing political agreement to build funding capacity to meet the large potential needs of the Euro area debt-troubled countries is a key move to produce a powerful deterrent to the crisis spillover to the global economy.

China´s economy performed well in 2011, with growth slowing smoothly, but still being very robust in absolute terms given its size as the world´s second largest economy. There was no property sector collapse or local government debt crisis, two of the major financial markets concerns. For this year, the Chinese economy faces two major risks: the effect of the weakening of exports resulting from the European recession and the deceleration in housing investment.

Exports are decelerating, very likely bottoming in 1H12. Despite being the largest world exporter, Chinese growth has been primarily driven by domestic demand, a characteristic that helps to explain the resilience of China´s economy during the global recessions of 1998, 2001 and 2008/2009.

Given the reversal in the inflation trend and the slowing of the pace of economic activity, the focus of government authorities has changed from inflation fighting to supporting growth. Some policy easing is beginning to be implemented and likely to become more intense if needed: (a) a gradual exiting from the tight monetary policy implemented since mid-2010; (b) some loosening in credit controls, mostly for small and medium sized enterprises and for first mortgages; (c) increases in infrastructure investment, chiefly in the Central and Western regions of the country and social housing spending.

The ongoing policy restrictions in the property sector have led to weakness in sales and housing starts. The slowdown in overall construction and the fall in land purchases have caused a sharp deceleration in property investment.

It is highly likely that social housing will have an important role in Chinese property construction, as it allows the government to maintain restrictions on credit to the sector, contributing to make house prices more affordable while offsetting the negative impact on growth arising from the performance of the housing market. About 8 million units of social housing were completed in 2011 against 3 million in 2010, and another 8 million are estimated to be delivered this year.

Given the importance of property construction in the Chinese economy, a push for a rapid increase in social housing construction is highly likely in the event of the emergence of recessionary pressures.

After falling in 2010 - the first drop in many years - Chinese iron ore imports increased by 10.8% in 2011, reaching 687 Mt, which represents 64.8% of the global seaborne trade. Seaborne trade in 2011 was 1.065 billion metric tons, rising 7.0% over the prior year.

The recession in Europe has had a negative impact on the global demand for iron ore and pellets. Our sales of iron ore and pellets to Europe dropped significantly in 4Q11, but we were able to more than offset the demand contraction in the region, setting records for both annual and fourth quarter shipments.

Despite the economic downturn in Europe, we expect a tight global market for iron ore this year, as Chinese demand continues to grow and supply expansion becomes constrained.

Project execution remains a major challenge, and only a limited number of small low-quality high cost projects will come on stream in 2012.

Impoverishment of the quality of existing reserves, reflected in lower Fe content, higher impurities and greater volumes of tailings, contributes to higher opex and capex costs and limits supply growth as it forces mining companies to invest in new capacity just to keep up with replacing lost capacity.

India, the third largest global supplier, saw its exports decreasing for the second year in a row, reaching 69.5 Mt last year against the peak of 113.9 Mt reached in 2009. India supplied 31.0% of Chinese imports in 2005, but since then it has lost ground, accounting for only 9.7% in 2011. The government ban on illegal mining and the

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need to allocate additional volumes of iron ore to feed expanding domestic steel production has created a downward trend for Indian exports, which is expected to continue over the next few years.

Given the challenges to supply growth, high prices are required to incentivize production from marginal high-cost miners, such as the Chinese iron ore producers and non-traditional suppliers. For instance, simultaneously to the rise in real iron ore prices and reflecting the relative scarcity of iron ore in the world, during the last ten years China more than doubled the number of countries from which it imports iron ore, recently reaching 46.

Alongside the adoption of price flexibility, Vale is building a distribution network to enhance its competitiveness in the global iron ore market. In addition to a fleet of very large ore carriers (Valemax), we are implementing distribution centers in the Middle East Oman is already in operation and Southeast Asia, the Malaysian center, will come on stream in 2014.

Given the long distance from our ports to these regions, the distribution centers will develop an important role, increasing flexibility to meet client demand in a more timely manner and creating new storage and blending capacity. The blending of different ores will improve our ability to satisfy client demand for specific types of products.

Our first floating transfer station, located in Subic Bay, in the Philippines, is starting operations, making feasible total or partial transfer of iron ore cargoes from the Valemax vessels to smaller ships. According to our distribution strategy, about 85% of the distance between Brazil and Asia will be covered by large low-cost vessels sailing to the distribution centers and the transfer station, with the remaining