Allison Transmission Holdings Inc
Form 4
February 19, 2016

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Kirk Randall R.

(Last) (First) (Middle)

ONE ALLISON WAY

(Street)

INDIANAPOLIS, IN 46222

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Allison Transmission Holdings Inc [ALSN]

3. Date of Earliest Transaction (Month/Day/Year)
02/17/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP, Prod Eng & Prod Teams

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

(Instr. 3)	Price of Derivative Security		(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)					
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	$ 23.59	02/17/2016		A		13,246		(1)	02/16/2026	Common Stock	13,246
Restricted Stock Units	(2)	02/17/2016		A		6,623		(3)	(3)	Common Stock	6,623

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Kirk Randall R. ONE ALLISON WAY INDIANAPOLIS, IN 46222			SVP, Prod Eng & Prod Teams	

Signatures

/s/ Eric C. Scroggins, attorney-in-fact 02/19/2016

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The option vests on February 17, 2019.

(2) Each restricted stock unit ("RSU") represents a contingent right to receive one share of Allison Transmission Holdings, Inc. common stock.

(3) The RSUs vest on February 17, 2019.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. n" style="font-size:10.0pt;">18,189

32,663

Average age - years

66

71

64

20 Long-term incentive compensation plan

Under the terms of the long-term incentive compensation plan, the participants, restricted to certain executives, may elect to allocate part of their annual bonus to the plan. The allocation is applied to purchase preferred shares of Vale, through a predefined financial institution, at market conditions and with no benefit provided by Vale.

The shares purchased by each executive are unrestricted and may, at the participant s discretion, be sold at any time. However if, the shares are held for a three-year period and the executive is continually employed by Vale during that period, the participant then becomes entitled to receive from Vale a cash payment equivalent to the total amount of shares held, based on the market rates. The total shares linked to the plan at December 31, 2012 and December 31, 2011, are 4,426,046 and 3,012,538, respectively.

Additionally, as a long-term incentive certain eligible executives have the opportunity to receive at the end of the triennial cycle, a certain number of shares at market rates, based on an evaluation of their career and performance factors measured as an indicator of total return to stockholders.

We account for the compensation cost provided to our executives under this long-term incentive compensation plan, following the requirements for Accounting for Stock-Based Compensation. Liabilities are measured at each reporting date at fair value, based on market rates. Compensation costs incurred are recognized, over the defined three-year vesting period. At December 31, 2012, December 31, 2011 and December 31, 2010 we recognized a liability of US$87, US$109 and US$120, respectively.

21 Commitments and Litigation provisions

a) Nickel project New Caledonia

In regards to the construction and installation of our nickel plant in New Caledonia, we have provided guarantees in respect of our financing arrangements which are outlined below.

In connection with the Girardin Act tax - advantaged lease financing arrangement sponsored by the French government, we provided guarantees to BNP Paribas for the benefit of the tax investors regarding certain payments due from Vale Nowvelle-Calédonie SAS (VNC), associated with the Girardin Act lease financing. Consistent with our commitments, the assets are substantially complete as of December 31, 2012. We also committed that assets associated with the Girardin Act lease financing would operate for a five year period from then on and meet specified production criteria which remain consistent with our current plans, accordingly. We believe the likelihood of the guarantee being called upon is remote.

In October 2012, we entered into an agreement with Nickel Netherland B.V. (Sumic), a stockholder in VNC, whereby Sumic agreed to a dilution in their interest in VNC from 21% to 14.5%. Sumic originally had a put option to sell to us the shares they own of VNC if the defined cost of the initial nickel project, as measured by funding provided to VNC, in natural currencies and converted to U.S. dollars at specified rates of exchange, exceeded US$4.6 billion and an agreement could not be reached on how to proceed with the project. On May 27, 2010 the threshold was reached and the put option discussion and decision period was extended to July 31, 2012. As a result of the October 2012 agreement, the trigger on the put option has been changed from a cost threshold to a production threshold. The possibility to exercise the put option has been deferred to the first quarter of 2015.

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In addition, in the course of our operations we have provided letters of credit and guarantees in the amount of US$820 million that are associated with items such as environment reclamation, asset retirement obligation commitments, insurance, electricity commitments, post-retirement benefits, community service commitments and import and export duties.

In the course of our operations, we are subject to routine claims and litigation incidental to our business and various environmental proceedings. With respect to the environmental proceedings currently pending or threatened against us, they include (i) claims for personal injuries, (ii) enforcement actions and (iii) alleged violations of, including exceeding regulatory limits relating to discharges under, certain environmental or similar laws and regulations applicable to our operations. We believe that the ultimate resolution of such proceedings, claims, and litigation will not significantly impair our operations or have material adverse effect on our financial position or results of operations.

b) Provision for litigation

We and our subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the amounts recognized are sufficient to cover probable losses in connection with such actions.

The provision for litigation and the related judicial deposits is as follows:

	December 31, 2012		**December 31, 2011**	
	Provision for litigation	**Judicial deposits**	**Provision for litigation**	**Judicial deposits**
Labor and social security claims	748	903	751	895
Civil claims	287	172	248	151
Tax - related actions	996	435	654	413
Others	34	5	33	5
	2,065	**1,515**	**1,686**	**1,464**

Labor and social security related actions principally comprise claims by Brazilian current and former employees for (i) payment of time spent travelling from their residences to the work-place, (ii) additional health and safety related payments and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally relate to claims made against us by contractors in Brazil in connection with losses alleged to have been incurred by them as a result of various past Government economic plans, during which full inflation indexation of contracts was not permitted, as well as for accidents and land appropriation disputes.

Tax related actions principally comprise challenges initiated by us, on certain taxes on revenues and uncertain tax positions. We continue to vigorously pursue our interests in all these actions but recognize that we probably will incur some losses in the final instance, for which we have made provisions.

On September 2012, we has considered as probable the loss related to the deductibility of transportation expenditures in the amount upon which the Compensação Financeira pela Exploração - CFEM is calculated, increasing the provision of US$542 (R$ 1.1 billion). During the fourth quarter we paid US$147. At December 31, 2012 the total liability in relation to CFEM was US$519.

Judicial deposits are made by us following court requirements in order to be entitled to either initiate or continue a legal action. These amounts are released to us upon receipt of a final favorable outcome from the legal action, and in the case of an unfavorable outcome, the deposits are transferred to the prevailing part.

Contingencies settled during the year ended December 31, 2012 and December 31, 2011 totaled US$182 and US$331, respectively. Provisions net recognized in the year ended December 31, 2012 and December 31, 2011 totaled US$694 and US$284, respectively, classified as other operating expenses.

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In addition to the contingencies for which we have made provisions, we are defendants in claims where in our opinion, and based on the advice of our legal counsel, the likelihood of loss is reasonably possible but not probable, in the total amount of US$21,016 at December 31, 2012, and for which no provision has been made (December 31, 2011 US$22,449). The main categories of claims are as follows:

	December 31, 2012	December 31, 2011
Labor and social security claims	1,728	1,922
Civil claims	1,124	1,484
Tax - related actions	16,492	17,967
Others	1,672	1,076
	21,016	**22,449**

The largest individual claim classified as reasonably possible tax contingencies refers to tax assessments against us regarding the payment of Income Tax and Social Contribution calculated based on the equity method in foreign subsidiaries.

The Brazilian federal tax authority (Receita Federal do Brasil) contends that we should pay those taxes and contributions on the net income of our non-Brazilian subsidiaries and affiliates. The position of the tax authority is based on Article 74 of Brazilian Provisional Measure 2,158-35/2001, a tax regulation issued in 2001 by Brazil s President, and on implementing regulations adopted by the tax authority under Article 74. The tax authority has issued five tax assessments (*autos de infração*) against us for payment of US$5,933 at December 31, 2012 (US$ 6,644 at December 31 2011) in taxes in accordance with Article 74 for the tax years 1996 through 2008, plus interest and penalties of US$9,277 at December 31, 2012 (US$ 9,781 at December 31, 2011) through December 31, 2012, amounting to a total of US$ 15,210 (US$ 16,425 at December 31, 2011). The decline in the value from December 31, 2011, was caused by the cancelation by the tax authority of the claim related to the exchange variation over the foreign subsidiaries, in amount of US$ 815.

c) Participative Stockholders Debentures

At the time of our privatization in 1997, the Company issued debentures to its then-existing stockholders, including the Brazilian Government. The terms of these debentures were set to ensure that the pre-privatization stockholders, including the Brazilian Government, would participate in possible future financial benefits that could be obtained from exploiting certain mineral resources.

A total of 388,559,056 Debentures were issued at a par value of R$ 0.01 (one cent), whose value will be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the Issue Deed. As at December 31, 2012 the total amount of these debentures was US$1,653 (US$ 1,336 in December 31, 2011).

The debenture holders have the right to receive premiums, paid semiannually, equivalent to a percentage of net revenues from specific mine resources as set forth in the indenture.

In October 2012 we paid second semester remuneration in the amount of US$4. In April 2012 we paid first semester remuneration on these debentures in the amount of US$6.

d) Description of Leasing Arrangements

Vale has operating lease agreements with its joint ventures Nibrasco, Itabrasco, and Kobrasco, in which Vale leases its pelletizing plants. These operating lease agreements have duration between 3 and 10 years, renewable.

In July 2012 the Company entered into an operating lease agreement with its joint venture Hispanobrás. The contract has duration of 3 years, renewable.

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The following table presents of the annual future minimum lease payments required under the four pellet plants (Hispanobrás, Nibrasco, and Itabrasco Kobrasco), that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2012:

2013	74
2014	78
2015	76
2016	74
2017 thereafter	51
Total minimum payments required	353

The total expenses of these operating leases for the year ended December, 31 2012, 2011 and 2010 were US$205, US$349 and US$365, respectively.

Part of our railroad operation includes leased facilities. The 30-year lease is renewable for a further 30 years and expires in August 2026, and is classified as an operating lease. At the end of the lease term, we are required to return the concession and the leased assets. In most cases, management expects that in the normal course of business, leases will be renewed.

The following table presents of the annual future minimum rental payments required under the railroad operating leases that have initial or remaining non-cancelable lease terms in excess of one year as December 31, 2012.

2013	85
2014	85
2015	85
2016	85
2017 thereafter	845
Total minimum payments required	1,185

The total expenses of these operating leases for the year ended December, 31 2012, 2011 and 2010 were US$89, US$87 and US$ 90, respectively.

e) Guarantee issued to affiliates

The Associate Norte Energia acquired in 2012 a credit line from BNDES, Caixa Economica Federal and Banco BTG Pactual in order to finance his investments in energy in the totaling up to R$22.5 billion (US$11.01 billion). About this facility, Vale, like other stockholders, is committed to providing a corporate guarantee on the amount withdrawn, limited to his participation of 9% in the entity. In addition to this guarantee, the Company also offered all shares in Norte Energia in pledge to financial institutions, limited to R$4.1 billion (US$2.0 billion).

At December 31, 2012 Vale guaranteed on the value drawn the amount of R$282 (US$126).

On January 2, 2013 (Subsequent Events) Norte Energia withdrawn of another installment of your loan, increasing the amount guaranteed by Vale for R$188 (US$92) to R$470 (US$218).

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f) Asset retirement obligations

We use various judgments and assumptions when measuring our asset retirement obligations.

Changes in circumstances, law or technology may affect our cash flow estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain.

The changes in the provisions for asset retirement obligations are as follows:

	Year ended as of December 31,		
	2012	2011	2010
Beginning of year	**1,770**	**1,368**	**1,116**
Accretion expense	167	125	113
Liabilities settled in the current year	(25)	(57)	(45)
Revisions in estimated cash flows	560	420	125
Cumulative translation adjustment	(69)	(86)	59
End of year	**2,403**	**1,770**	**1,368**
Current liabilities	70	73	75
Non-current liabilities	2,333	1,697	1,293
Total	**2,403**	**1,770**	**1,368**

22 Other expenses

	Year ended as of December 31,		
	2012	2011	2010
Litigation (*)	694	284	141
Provision for loss assets	366	278	108
Fundação Vale do Rio Doce - FVRD	37	123	55
Damage cost	65	98	
Pre operating, stoppage and start up	1,592	1,293	1,117
Others	894	734	784
	3,648	**2,810**	**2,205**

(*) See note 21 (b)

23 Fair value disclosure of financial assets and liabilities

The Financial Accounting Standards Board, through Accounting Standards Codification and Accounting Standards Updates, defines fair value and sets out a framework for measuring fair value, including valuation concepts and practices and requires certain disclosures about fair value measurements.

a) Measurements

The standards define fair value as the price that would be received for an asset, or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the inherent risks in the inputs to the valuation technique.

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Under this standard, those inputs used to measure the fair value are required to be classified on three levels. Based on the characteristics of the inputs used in valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed as follows:

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Level 1 Unadjusted quoted prices on an active, liquid and visible market for identical assets or liabilities that are accessible at the measurement date;

Level 2 Quoted prices for identical or similar assets or liabilities on active markets, inputs other than quoted prices that are observable, either directly or indirectly, for the term of the asset or liability;

Level 3 Assets and liabilities, for which quoted prices do not exist, or those prices or valuation techniques are supported by little or no market activity, unobservable or illiquid. At this point, fair market valuation becomes highly subjective.

b) Measurements on a recurring basis

The description of the Company s valuation methodologies used for assets and liabilities measured at fair value are summarized below:

- **Available-for-sale securities**

They are securities that are not classified either as held-for-trading or as held-to-maturity for strategic reasons and have readily available market prices. We evaluate the carrying value of some of our investments in relation to publicly quoted market prices when available. When there is no market value, we use inputs other than quoted prices.

- **Derivatives**

The market approach is used to estimate the fair value of the swaps discounting their cash flows using the interest rate of the currency they are denominated in. It is also used for the commodities contracts, since the fair value is computed by using forward curves for each commodity.

- **Stockholders debentures**

The fair value is measured by the market approach method, and the reference price is available on the secondary market.

The tables below presents the balances of assets and liabilities measured at fair value on a recurring basis as follows:

	December 31, 2012			
	Carrying amount	Fair value	Level 1	Level 2
Available-for-sale securities	7	7	7	
Unrealized losses on derivatives	(804)	(804)		(804)
Stockholders debentures	(1,653)	(1,653)		(1,653)

	December 31, 2011			
	Carrying amount	Fair value	Level 1	Level 2
Available-for-sale securities	7	7	7	
Unrealized losses on derivatives	(81)	(81)		(81)
Stockholders debentures	(1,336)	(1,336)		(1,336)

c) Measurements on a non-recurring basis

The Company also has assets under certain conditions that are subject to measurement at fair value on a non-recurring basis. These assets include goodwill and assets acquired and liabilities assumed in business combinations. During the year ended at December 31, 2012, we have not recognized any impairment for those items. However, we did recognized impairment of our investee Norsk Hydro based on fair value. (Note14)

d) Financial Instruments

Long-term debt

The valuation method used to estimate the fair value of our debt is the market approach for the contracts that are quoted on the secondary market, such as bonds and debentures. The fair value of both fixed and floating rate debt is determined by discounting future cash flows of Libor and Vale s bonds curves (income approach).

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Time deposits

The method used is the income approach, through the prices available on the active market. The fair value is close to the carrying amount due to the short-term maturities of the instruments.

Our long-term debt is reported at amortized cost, and the income of time deposits is accrued monthly according to the contract rate. The estimated fair value measurement is disclosed as follows:

	December 31, 2012			
	Carrying amount	Fair value	Level 1	Level 2
Long-term debt (less interests) (a)	(29,842)	(32,724)	(25,817)	(6,907)
Perpetual Notes (b)	(72)	(72)		(72)

	December 31, 2011			
	Carrying amount	Fair value	Level 1	Level 2
Long-term debt (less interests) (a)	(22,700)	(24,312)	(18,181)	(6,131)
Perpetual Notes (b)	(80)	(80)		(80)

(a) Less accrued charges of US$ 425 and US$ 333 as of December 31, 2012 and December 31, 2011, respectively.

(b) Classified on LT Loans and related parties (Non-current liabilities).

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24 Segment and geographical information

The information presented to the Executive Board with the respective performance of each segment are usually derived from the accounting records maintained in accordance with the best accounting practices, with some reallocation between segments.

Consolidated net income and principal assets are reconciled as follows:

Results by segment

	Year ended as of December 31,												
	2012						**2011**						
	Bulk Material	**Base Metals**	**Fertilizers**	**Logistic**	**Others**	**Consolidated**	**Bulk Material**	**Base Metals**	**Fertilizers**	**Logistic**	**Others**	**Consolidated**	**Bulk Materi**
RESULTS													
Gross revenues	35,662	7,133	3,777	1,644	537	**48,753**	46,904	9,627	3,547	1,726	541	**62,345**	36,2
Cost and expenses	(17,542)	(6,135)	(3,036)	(1,591)	(838)	**(29,142)**	(16,422)	(6,350)	(2,753)	(1,467)	(958)	**(27,950)**	(13,3
Research and development	(732)	(395)	(109)	(12)	(230)	**(1,478)**	(649)	(413)	(104)	(121)	(387)	**(1,674)**	(2
Depreciation, depletion and amortization	(2,007)	(1,647)	(463)	(238)	(41)	**(4,396)**	(1,847)	(1,572)	(458)	(229)	(16)	**(4,122)**	(1,5
Gain (Loss) on sale of assets	(377)		(114)			**(491)**		1,513				**1,513**	
Impairment on assets	(1,029)	(2,848)			(146)	**(4,023)**							
Operating income	**13,975**	**(3,892)**	**55**	**(197)**	**(718)**	**9,223**	**27,986**	**2,805**	**232**	**(91)**	**(820)**	**30,112**	**21,0**
Financial Result	(3,902)	195	(48)	(60)	14	**(3,801)**	(2,966)	(1)	(55)	(207)	(84)	**(3,313)**	(3
Foreign exchange and monetary gains (losses), net													
Discontinued operations, net of tax													
Impairment on investments		(975)			(666)	**(1,641)**							
Equity in results of affiliates and joint ventures and others investments	765	(19)		112	(218)	**640**	1,095	101		125	(186)	**1,135**	1,0
Income taxes	(389)	69	1,203	(18)	(32)	**833**	(4,202)	(954)	(114)	(12)		**(5,282)**	(3,9
Noncontrolling interests	65	207	(54)		39	**257**	105	88	(31)		71	**233**	
Net income attributable to the	**10,514**	**(4,415)**	**1,156**	**(163)**	**(1,581)**	**5,511**	**22,018**	**2,039**	**32**	**(185)**	**(1,019)**	**22,885**	**17,7**

Company s stockholders													
Sales classified by geographic destination:													
Foreign market													
America, other than United States	715	996	60	36	16	**1,823**	1,181	1,380	44		21	**2,626**	8
United States	108	1,137	53		36	**1,334**	98	1,571	1		2	**1,672**	[illegible]
Europe	5,834	2,194	148		23	**8,199**	8,815	2,456	153		62	**11,486**	6,8
Middle East/Africa/Oceania	1,550	96	7			**1,653**	1,767	150	1		1	**1,919**	1,5
Japan	4,202	722			7	**4,931**	5,987	1,243			8	**7,238**	3,8
China	16,743	895				**17,638**	20,086	1,235			99	**21,420**	16,0
Asia, other than Japan and China	2,947	1,009	91		2	**4,049**	3,640	1,394	35		1	**5,070**	2,7
Brazil	3,563	84	3,418	1,608	453	**9,126**	5,330	198	3,313	1,726	347	**10,914**	4,2
	35,662	**7,133**	**3,777**	**1,644**	**537**	**48,753**	**46,904**	**9,627**	**3,547**	**1,726**	**541**	**62,345**	**36,2**

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Explanation of Responses:

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Operating segment

	Year ended in December 31, 2012										
	Revenue	Value added tax	Net revenues	Cost and expenses	Research and Development	Pre Operating and Idle Capacity	Operating profit	Depreciation, depletion and amortization	Impairment on assets	Operating income	Pro and
Bulk Material											
Iron ore	27,202	(271)	26,931	(12,519)	(617)		13,795	(1,529)		12,266	
Pellets	6,776	(216)	6,560	(2,387)		(321)	3,852	(235)		3,617	
Manganese	592	(49)	543	(353)			190	(45)		145	
Coal	1,092		1,092	(1,398)	(115)	(28)	(449)	(198)	(1,029)	(1,676)	
	35,662	**(536)**	**35,126**	**(16,657)**	**(732)**	**(349)**	**17,388**	**(2,007)**	**(1,029)**	**14,352**	
Base Metals											
Nickel and other products (a)	5,975		5,975	(4,107)	(299)	(1,029)	540	(1,508)	(2,848)	(3,816)	
Copper (b)	1,158	(2)	1,156	(876)	(96)	(121)	63	(139)		(76)	
Aluminum products											
	7,133	**(2)**	**7,131**	**(4,983)**	**(395)**	**(1,150)**	**603**	**(1,647)**	**(2,848)**	**(3,892)**	
Fertilizers											
Potash	308	(18)	290	(171)	(73)		46	(23)		23	
Phosphates	2,583	(76)	2,507	(1,947)	(36)	(93)	431	(331)		100	
Nitrogen	801	(102)	699	(618)			81	(109)		(28)	
Others fertilizers products	85	(11)	74				74			74	
	3,777	**(207)**	**3,570**	**(2,736)**	**(109)**	**(93)**	**632**	**(463)**		**169**	
Logistics											
Railroads	1,135	(199)	936	(1,012)	(12)		(88)	(182)		(270)	
Ports	509	(58)	451	(322)			129	(56)		73	
Ships											
	1,644	**(257)**	**1,387**	**(1,334)**	**(12)**		**41**	**(238)**		**(197)**	
Others	537	(57)	480	(781)	(230)		(531)	(41)	(146)	(718)	
Loss on sale of assets				(491)			(491)			(491)	
	48,753	**(1,059)**	**47,694**	**(26,982)**	**(1,478)**	**(1,592)**	**17,642**	**(4,396)**	**(4,023)**	**9,223**	

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.

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Operating segment

	Year ended in December 31, 2011										
	Revenue	Value added tax	Net revenues	Cost and expenses	Research and development	Pre operating and idle capacity	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions property, p and equipm
Bulk Material											
Iron ore	36,910	(494)	36,416	(10,471)	(497)		25,448	(1,418)	24,030	32,944	7
Pellets	8,204	(266)	7,938	(3,209)		(106)	4,623	(196)	4,427	2,074	
Manganese and ferroallows	732	(56)	676	(594)			82	(69)	13	333	
Coal	1,058		1,058	(1,125)	(152)	(101)	(320)	(164)	(484)	4,081	1
	46,904	**(816)**	**46,088**	**(15,399)**	**(649)**	**(207)**	**29,833**	**(1,847)**	**27,986**	**39,432**	**9**
Base Metals											
Nickel and other products (a)	8,118		8,118	(4,328)	(254)	(976)	2,560	(1,487)	1,073	29,097	2
Copper (b)	1,126	(23)	1,103	(702)	(159)	(12)	230	(84)	146	4,178	1
Aluminum products	383	(5)	378	(304)			74	(1)	73		
	9,627	**(28)**	**9,599**	**(5,334)**	**(413)**	**(988)**	**2,864**	**(1,572)**	**1,292**	**33,275**	**3**
Fertilizers											
Potash	287	(14)	273	(239)	(50)	(26)	(42)	(45)	(87)	2,137	
Phosphates	2,395	(95)	2,300	(1,634)	(54)	(72)	540	(297)	243	6,430	
Nitrogen	782	(103)	679	(557)			122	(116)	6	896	
Others fertilizers products	83	(13)	70				70		70	364	
	3,547	**(225)**	**3,322**	**(2,430)**	**(104)**	**(98)**	**690**	**(458)**	**232**	**9,827**	**1**
Logistics											
Railroads	1,265	(222)	1,043	(882)	(121)		40	(179)	(139)	1,307	
Ports	461	(48)	413	(315)			98	(50)	48	576	
Ships										2,485	
	1,726	**(270)**	**1,456**	**(1,197)**	**(121)**		**138**	**(229)**	**(91)**	**4,368**	
Others	541	(60)	481	(898)	(387)		(804)	(16)	(820)	1,993	
Gain on sale of assets				1,513			1,513		1,513		
	62,345	**(1,399)**	**60,946**	**(23,745)**	**(1,674)**	**(1,293)**	**34,234**	**(4,122)**	**30,112**	**88,895**	**16**

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.

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Explanation of Responses:

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Operating segment

	Year ended in December 31, 2010										
	Revenue	Value added tax	Net revenues	Cost and expenses	Research and development	Pre operation and idle capacity	Operating profit	Depreciation, depletion and amortization	Operating income	Property, plant and equipment	Additions property, p and equipr
Bulk Material											
Iron ore	28,120	(366)	27,754	(8,856)	(226)	(18)	18,654	(1,307)	17,347	30,412	4
Pellets	6,402	(266)	6,136	(2,510)		(5)	3,621	(110)	3,511	1,445	
Manganese and ferroallows	922	(69)	853	(442)			411	(36)	375	316	
Coal	770		770	(684)	(63)	(109)	(86)	(83)	(169)	3,020	
	36,214	**(701)**	**35,513**	**(12,492)**	**(289)**	**(132)**	**22,600**	**(1,536)**	**21,064**	**35,193**	**4**
Base Metals											
Nickel and other products (a)	4,712		4,712	(2,297)	(171)	(934)	1,310	(1,145)	165	28,623	1
Copper (b)	934	(29)	905	(475)	(95)	(51)	284	(87)	197	3,579	1
Aluminum products	2,554	(32)	2,522	(2,098)	(11)		413	(127)	286	395	
	8,200	**(61)**	**8,139**	**(4,870)**	**(277)**	**(985)**	**2,007**	**(1,359)**	**648**	**32,597**	**3**
Fertilizers											
Potash	280	(11)	269	(213)	(56)			(29)	(29)	474	
Phosphates	1,211	(47)	1,164	(1,054)	(16)		94	(121)	(27)	7,560	
Nitrogen	337	(43)	294	(285)			9	(50)	(41)	809	
Others fertilizers products	17	(5)	12	(11)			1		1	146	
	1,845	**(106)**	**1,739**	**(1,563)**	**(72)**		**104**	**(200)**	**(96)**	**8,989**	
Logistics											
Railroads	1,107	(183)	924	(641)	(75)		208	(123)	85	1,278	
Ports	353	(47)	306	(236)			70	(23)	47	297	
Ships	5		5	(13)			(8)		(8)	747	
	1,465	**(230)**	**1,235**	**(890)**	**(75)**		**270**	**(146)**	**124**	**2,322**	
Others	493	(90)	403	(264)	(165)		(26)	(19)	(45)	3,995	2
	48,217	**(1,188)**	**47,029**	**(20,079)**	**(878)**	**(1,117)**	**24,955**	**(3,260)**	**21,695**	**83,096**	**12**

(a) Includes nickel co-products and by-products (copper, precious metals, cobalt and others).

(b) Includes copper concentrate.

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25 Related party transactions

Balances from transactions with major related parties are as follows:

	December 31, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Affiliated Companies and Joint Ventures				
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	2	10	177	162
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	2	175	1	13
Companhia Coreano-Brasileira de Pelotização - KOBRASCO		33		5
Baovale Mineração S.A.	14	28	8	20
Minas da Serra Geral S.A. (MSG)		8		9
MRS Logística S.A.	44	45	50	20
Norsk Hydro ASA	405	72	489	80
Samarco Mineração S.A.	213		47	
Mitsui & CO, LTD	22	46		37
Others	224	8	107	49
	926	**425**	**879**	**395**
Current	518	353	370	304
Long-term	408	72	509	91
Total	**926**	**425**	**879**	**395**

These balances are included in the following balance sheet classifications:

	December 31, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Current assets				
Accounts receivable	134		288	
Loans and advances to related parties	384		82	
Non-current assets				
Loans and advances to related parties	408		509	
Current liabilities				
Suppliers		146		280
Loans from related parties		207		24
Non-current liabilities				
Long-term debt		72		91
	926	**425**	**879**	**395**

Income and expenses from the principal transactions and financial operations carried out with major related parties are as follows:

	As of December 31,					
	2012		2011		2010	
	Income	Expenses	Income	Expenses	Income	Expenses
Affiliated Companies and Joint Ventures						
Companhia Nipo-Brasileira de Pelotização - NIBRASCO		80		151		149
Samarco Mineração S.A.	371		511		448	
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO		32		150		50
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	266	265	729	521	462	513
Companhia Coreano-Brasileira de Pelotização - KOBRASCO		70		98		117
Mineração Rio Norte S.A.						156
MRS Logística S.A.	14	702	16	759	16	561
Others	142	101	103	53	17	18
	793	**1,250**	**1,359**	**1,732**	**943**	**1,564**

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These amounts are included in the following statement of income line items:

	As of December 31,					
	2012		**2011**		**2010**	
	Income	**Expenses**	**Income**	**Expenses**	**Income**	**Expenses**
Sales / Cost of iron ore and pellets	624	468	1,337	952	910	785
Revenues / expense from logistic services	14	706	16	759	23	603
Sales / Cost of aluminum products				18		156
Financial income/expenses	14	7	6	3	10	20
Others	141	68				
	793	**1,249**	**1,359**	**1,732**	**943**	**1,564**

Additionally we have loans payable to Banco Nacional de Desenvolvimento Econômico Social and BNDES Participações S.A in the amounts of US$ 3,951 and US$ 825 respectively, accruing interest at market rates, which fall due through 2029. These operations generated interest expenses of US$41 and US$14. We also maintain cash equivalent balances with Banco Bradesco S.A. in the amount of US$33 in December 31, 2012. The effect of these operations on our results was US$1.

26 Derivative financial instruments

Risk management policy

Vale considers that the effective management of risks is a key objective to support its growth strategy, strategic planning and financial flexibility. Therefore, Vale has developed its risk management strategy in order to provide an integrated approach of the risks the Company is exposed to. Vale evaluates not only the impact of market risk factors in the business results (market risk), but also the risk arising from third party obligations with Vale (credit risk), those inherent to inadequate or failed internal processes, people, systems or external events (operational risk), those arising from liquidity risk, among others.

The Board of Directors established the corporate risk management policy in order to support the growth strategy, strategic planning and business continuity of the Company, strengthening its capital structure and asset management, ensure flexibility and consistency on the financial management and strengthen corporate governance practices.

The corporate risk management policy determines that Vale measures and monitors its corporate risk on a consolidated approach in order to guarantee that the overall risk level of the Company remains aligned with the guidelines defined by the Board of Directors and the Executive Board.

The Executive Risk Management Committee, created by the Board of Directors, is responsible for supporting the Executive Board in the risk analysis and for issuing opinion regarding the Company s risk management. It s also responsible for the supervision and revision of the principles and instruments of corporate risk management.

The Executive Board is responsible for the approval of the policy deployment into norms, rules and responsibilities and for reporting to the Board of Directors about such procedures.

The risk management norms and instructions complement the corporate risk management policy and define practices, processes, controls, roles and responsibilities in the Company regarding risk management.

The Company may, when necessary, allocate specific risk limits to management activities, including but not limited to, market risk limit, corporate and sovereign credit limit, in accordance with the acceptable corporate risk limit.

Market Risk Management

Vale is exposed to the various market risk factors that can impact its cash flow. The assessment of this potential impact arising from the volatility of risk factors and their correlations is performed periodically to support the decision making process and the growth strategy of the Company, ensure its financial flexibility and monitor the volatility of future cash flows.

When necessary, market risk mitigation strategies are evaluated and implemented in line with these objectives. Some strategies may incorporate financial instruments, including derivatives. The portfolios of the financial instruments are monitored on a monthly basis, enabling financial results surveillance and its impact on cash flow, and ensuring strategies adherence to the proposed

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objectives.

Considering the nature of Vale s business and operations, the main market risk factors which the Company is exposed to are:

• Interest rates;

• Foreign exchange;

• Product prices and input costs.

Foreign exchange rate and interest rate risk

Vale s cash flows are exposed to volatility of several currencies. While most of the product prices are indexed to US dollars, most of the costs, disbursements and investments are indexed to currencies other than the US dollar, primarily the Brazilian real and the Canadian dollar.

Derivative instruments may be used to mitigate Vale s potential cash flow volatility arising from its currency mismatch.

For hedging revenues, costs, expenses and investment cash flows, the main risk mitigation strategies used are currency forward transactions and swaps.

Vale implemented hedge transactions to protect its cash flow from market risks that arises from its debt obligations mainly currency volatility. We use swap transactions to convert debt linked to Brazilian real into US dollar that have similar or sometimes shorter - settlement dates than the final maturity of the debt instruments. Their notional amounts are similar to the principal and interest payments, subjected to liquidity market conditions.

Swaps with shorter settlement dates are renegotiated through time so that their final maturity matches - or becomes closer - to the debts` final maturity. At each settlement date, the results of the swap transactions partially offset the impact of the foreign exchange rate in Vale s obligations, contributing to stabilize the cash disbursements in US dollar.

In the event of an appreciation (depreciation) of the Brazilian real against the US dollar, the negative (positive) impact on Brazilian real denominated debt obligations (interest and/or principal payment) measured in US dollars will be partially offset by a positive (negative) effect from a swap transaction, regardless of the US dollar / Brazilian real exchange rate in the payment date. The same rationale applies to debt denominated in other currencies and their respective swaps.

Vale is also exposed to interest rate risks on loans and financings. Its floating rate debt consists mainly of loans including export pre-payments, commercial banks and multilateral organizations loans. In general, the US dollar floating rate debt is subject to changes in the LIBOR (London Interbank Offer Rate in US dollar). To mitigate the impact of the interest rate volatility on its cash flows, Vale considers the natural hedges resulting from the correlation of commodities prices and US dollar floating rates. If such natural hedges are not present, Vale may search for the same effect by using financial instruments.

Product price and Input Cost risk

Vale is also exposed to several market risks associated with commodities prices volatility. In line with the risk management policy, risk mitigation strategies involving commodities can also be used to adjust its risk profile and reduce the volatility of cash flow. In these cases, the mitigation strategies used are primarily forward transactions, futures contracts or zero-cost collars.

Embedded derivatives

The cash flow of the Company is also exposed to market risks associated with contracts that contain embedded derivatives or behave as derivatives. The derivatives may be embedded in, but are not limited to, commercial contracts, purchase agreements, leases, bonds, insurance policies and loans.

Vale s wholly-owned subsidiary Vale Canada Ltd has nickel concentrate and raw materials purchase agreements, in which there are provisions based on the movement of nickel and copper prices. These provisions are considered embedded derivatives.

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Hedge Accounting

The Accounting for Derivative Financial Instruments and Hedging Activities Standard determines that all derivatives, whether designated in hedging relationships or not, are required to be recorded in the balance sheet at fair value and the gain or loss in fair value is included in current earnings, unless if qualified as hedge accounting. A derivative must be designated in a hedging relationship in order to qualify for hedge accounting. These requirements include a determination of what portions of hedges are deemed to be effective versus ineffective. In general, a hedging relationship is effective when a change in the fair value of the derivative is offset by an equal and opposite change in the fair value of the underlying hedged item. In accordance with these requirements, effectiveness tests are performed in order to assess effectiveness and quantify ineffectiveness for all designated hedges.

At December 31, 2012, Vale had outstanding positions designated as cash flow hedge. A cash flow hedge is a hedge of the exposure to variability in expected future cash flows that is attributable to a particular risk, such as a forecasted purchase or sale. If a derivative is designated as cash flow hedge, the effective portion of the changes in the fair value of the derivative is recorded in other comprehensive income and recognized in earnings when the hedged item affects earnings. However, the ineffective portion of changes in the fair value of the derivatives designated as hedges is recognized in earnings. If a portion of a derivative contract is excluded for purposes of effectiveness testing, the value of such excluded portion is included in earnings.

	Assets				**Liabilities**			
	December 31, 2012		**December 31, 2011**		**December 31, 2012**		**December 31, 2011**	
	Short-term	**Long-term**	**Short-term**	**Long-term**	**Short-term**	**Long-term**	**Short-term**	**Long-term**
Derivatives not designated as hedge								
Foreign exchange and interest rate risk								
CDI & TJLP vs. USD fixed and floating rate swap	249	1	410	60	340	700	49	590
EuroBond Swap		39			4	18	4	32
Pre Dollar Swap	16		19			63		41
Treasury future							5	
	265	**40**	**429**	**60**	**344**	**781**	**58**	**663**
Commodities price risk								
Nickel								
Fixed price program			1		2		1	
Bunker Oil			4					
			5		**2**		**1**	
Embedded derivatives:								
Gas						2		
						2		
Derivatives designated as hedge								
Bunker Oil					1			

Strategic Nickel	13		161					
Foreign exchange cash flow hedge	3	5					14	
	16	**5**	**161**		**1**		**14**	
Total	**281**	**45**	**595**	**60**	**347**	**783**	**73**	**663**

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	Gain or (loss) recognized as financial income (expense) Year ended as of December 31,			**Financial settlement (Inflows)/ Outflows Year ended as of December 31,**			**Gain or (loss) recognized in OCI Year ended as of December 31,**		
	2012	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Derivatives not designated as hedge									
Foreign exchange and interest rate risk									
CDI & TJLP vs. USD fixed and floating rate swap	(315)	(92)	451	(325)	(337)	(956)			
EURO floating rate vs. USD floating rate swap			(1)			1			
USD floating rate vs. fixed USD rate swap			(2)		4	3			
EuroBond Swap	50	(30)	(5)	4	1	(1)			
Pre Dollar Swap	(7)	(23)	4	(19)	(1)	(2)			
Swap USD fixed rate vs. CDI		69			(68)				
South African Rande Forward		(8)			8				
AUD floating rate vs. fixed USD rate swap			3		(2)	(9)			
Treasury Future	9	(12)		(3)	6				
Swap Convertibles			37			(37)			
	(263)	**(96)**	**487**	**(343)**	**(389)**	**(1,001)**			
Commodities price risk									
Nickel									
Fixed price program	(1)	39	4	2	(41)	(7)			
Strategic program		15	(87)			105			
Copper		1							
Aluminum					7	16			
Bunker Oil	1	37	4	(5)	(48)	(34)			
Coal			(4)		2	3			
Maritime Freight Protection Program			(5)		2	(24)			
		92	**(88)**	**(3)**	**(78)**	**59**			
Embedded derivatives:									
Gas	(2)								
Energy - Aluminum options		(7)	(51)						
	(2)	**(7)**	**(51)**						
Derivatives designated as hedge									
Bunker Oil				(1)		47	(1)		
Aluminum								4	31
Strategic Nickel	172	49	(1)	(172)	(48)		(149)	211	(52)
Foreign exchange cash flow hedge	(27)	37	284	26	(50)	(330)	29	(60)	(5)
	145	**86**	**283**	**(147)**	**(98)**	**(283)**	**(121)**	**155**	**(26)**
Total	**(120)**	**75**	**631**	**(493)**	**(565)**	**(1,225)**	**(121)**	**155**	**(26)**

Explanation of Responses:

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Unrealized gains (losses) in the period are included in our income statement under the gains (losses) on derivatives, net.

Final maturity dates for the above instruments are as follows:

Interest rates / Currencies	January 2023
Gas	April 2016
Nickel	April 2013
Copper	April 2013

27 Subsequent events

Sales of Gold by-product

At February 5, 2013, Vale informed that it has entered into an agreement with Silver Wheaton Corp. (SLW), to sell 25% of the payable gold by-product stream from the Salobo copper mine for the life of the mine and 70% of the payable gold by-product stream from its Sudbury nickel mines Coleman, Copper Cliff, Creighton, Garson, Stobie, Totten and Victor for 20 years.

Vale will receive an initial cash payment of US$ 1.9 billion plus ten million warrants of SLW with a strike price of US$ 65 and a 10-year term, valued at US$ 100. US$ 1.33 billion will be paid for 25% of the gold by-product stream from Salobo while US$ 570 plus ten million SLW warrants will be paid for 70% of the Sudbury gold by-product stream.

In addition, Vale will also receive future cash payments for each ounce (oz) of gold delivered to SLW under the agreement, equal to the lesser of US$ 400 per oz (plus a 1% annual inflation adjustment from 2016 in the case of Salobo) and the prevailing market price. Vale may also receive an additional cash payment contingent on its decision to expand the capacity to process Salobo copper ores to more than 28 Mtpy before 2031. The additional amount would range from US$ 67 to US$ 400 depending on timing and size of the expansion.

There is no firm commitment from Vale to quantities of gold delivered SLW is entitled not to specific volumes but to a percentage of the gold by-product stream from Salobo and Sudbury. Company will be subject to gold price risk for the SLW´s deliveries only if the price of gold drops below the US$ 400/oz trailing payment.

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28 Board of Directors, Fiscal Council, Advisory committees and Executive Officers

Board of Directors

Dan Antônio Marinho Conrado
Chairman

Mário da Silveira Teixeira Júnior
Vice-President

Fuminobu Kawashima
José Mauro Mettrau Carneiro da Cunha
Luciano Galvão Coutinho
Marcel Juviniano Barros
Nelson Henrique Barbosa Filho
Oscar Augusto de Camargo Filho
Paulo Soares de Souza
Renato da Cruz Gomes
Robson Rocha

Alternate

Deli Soares Pereira
Eduardo de Oliveira Rodrigues Filho
Eustáquio Wagner Guimarães Gomes
Hajime Tonoki
Luiz Carlos de Freitas
Luiz Maurício Leuzinger
Marco Geovanne Tobias da Silva
Paulo Sergio Moreira da Fonseca
Raimundo Nonato Alves Amorim
Sandro Kohler Marcondes

Advisory Committees of the Board of Directors

Controlling Committee
Luiz Carlos de Freitas
Paulo Ricardo Ultra Soares
Paulo Roberto Ferreira de Medeiros

Executive Development Committee
José Ricardo Sasseron
Luiz Maurício Leuzinger
Oscar Augusto de Camargo Filho

Strategic Committee

Governance and Sustainability Committee
Gilmar Dalilo Cezar Wanderley
Renato da Cruz Gomes
Ricardo Simonsen

Fiscal Council

Marcelo Amaral Moraes
Chairman

Aníbal Moreira dos Santos
Antonio Henrique Pinheiro Silveira
Arnaldo José Vollet

Alternate
Cícero da Silva
Oswaldo Mário Pêgo de Amorim Azevedo
Paulo Fontoura Valle

Executive Officers

Murilo Pinto de Oliveira Ferreira
President & CEO

Vânia Lucia Chaves Somavilla
Executive Director, HR, Health & Safety, Sustainability and Energy

Luciano Siani Pires
Chief Financial Officer

Roger Allan Downey
Executive Director, Fertilizers and Coal

José Carlos Martins
Executive Director, Ferrous and Strategy

Galib Abrahão Chaim
Executive Director, Capital Projects Implementation

Humberto Ramos de Freitas
Executive Director, Logistics and Mineral Research

Murilo Pinto de Oliveira Ferreira
Dan Antônio Marinho Conrado
Luciano Galvão Coutinho
Mário da Silveira Teixeira Júnior
Oscar Augusto de Camargo Filho

Finance Committee
Luciano Siani Pires
Eduardo de Oliveira Rodrigues Filho
Luciana Freitas Rodrigues
Luiz Maurício Leuzinger

Gerd Peter Poppinga
Executive Director, Base Metals and IT

Marcus Vinicius Dias Severini
Chief Officer of Accounting and Control Department

Vera Lucia de Almeida Pereira Elias
Chief Accountant
CRC-RJ - 043059/O-8

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Vale S.A.
(Registrant)

	By:	/s/ Roberto Castello Branco
Date: February 27, 2013		Roberto Castello Branco
		Director of Investor Relations