

Vale S.A.  
Form 6-K  
March 26, 2010

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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  
March 2010  
Vale S.A.**

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

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

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

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

(Check One) Yes  No

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

(Check One) Yes  No

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

(Check One) Yes  No

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

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Press Release

Filed at CVM and SEC on 02/10/2010

**Gerência Geral de Controladoria GECOL**

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**Table of Contents****A- Financial Statements**

(A free translation from the original in Portuguese, accounting practices adopted in Brazil)

**1- Balance Sheet****Years ended December, 31****In millions of Reais**

|   | Notes | Consolidated   |                | Parent Company |                |
|---|-------|----------------|----------------|----------------|----------------|
|   |       | 2009           | 2008           | 2009           | 2008           |
| <b>Assets</b>                               |       |                |                |                |                |
| <b>Current assets</b>                       |       |                |                |                |                |
| Cash and cash equivalents                   | 6.4   | 13,221         | 24,639         | 1,250          | 6,713          |
| Short term investments                      | 6.5   | 6,525          | 5,394          |                |                |
| Accounts receivable from customers          | 6.6   | 5,643          | 7,933          | 3,360          | 9,827          |
| Related parties                             | 6.7   | 144            | 28             | 4,360          | 2,232          |
| Inventories                                 | 6.8   | 5,913          | 9,686          | 1,881          | 2,913          |
| Deferred income tax and social contribution | 6.10  | 1,492          | 1,305          | 1,219          | 1,220          |
| Taxes to recover or offset                  | 6.9   | 2,685          | 4,886          | 1,881          | 3,312          |
| Derivatives at fair value                   | 6.26  | 183            |                |                |                |
| Advances for suppliers                      |       | 872            | 946            | 751            | 813            |
| Others                                      |       | 1,580          | 1,242          | 155            | 186            |
|   |       | <b>38,258</b>  | <b>56,059</b>  | <b>14,857</b>  | <b>27,216</b>  |
| <b>Non-current assets</b>                   |       |                |                |                |                |
| Related parties                             | 6.7   | 64             |                | 1,842          | 3,398          |
| Loans and financing                         |       | 286            | 180            | 136            | 128            |
| Prepaid expenses                            |       | 295            | 632            |                |                |
| Judicial deposits                           |       | 2,478          | 1,794          | 1,370          | 1,299          |
| Advances to energy suppliers                |       | 889            | 953            |                |                |
| Deferred income tax and social contribution | 6.10  |                |                | 747            | 640            |
| Taxes to recover or offset                  | 6.9   | 1,540          | 1,067          | 158            | 189            |
| Derivatives at fair value                   | 6.26  | 1,506          | 85             | 1,098          | 5              |
| Others                                      |       | 546            | 414            | 358            | 245            |
|   |       | <b>7,604</b>   | <b>5,125</b>   | <b>5,709</b>   | <b>5,904</b>   |
| <b>Investments</b>                          | 6.11  | <b>4,590</b>   | <b>2,442</b>   | <b>87,711</b>  | <b>91,543</b>  |
| <b>Intangibles</b>                          | 6.12  | <b>10,127</b>  | <b>10,727</b>  | <b>7,852</b>   | <b>8,386</b>   |
| <b>Property, plant and equipment</b>        | 6.14  | <b>115,160</b> | <b>110,494</b> | <b>43,628</b>  | <b>38,711</b>  |
|   |       | <b>129,877</b> | <b>123,663</b> | <b>139,191</b> | <b>138,640</b> |
|   |       | <b>175,739</b> | <b>184,847</b> | <b>159,757</b> | <b>171,760</b> |
| <b>Liabilities, and stockholders equity</b> |       |                |                |                |                |
| <b>Current liabilities</b>                  |       |                |                |                |                |
| Payable to suppliers and contractors        |       | 3,849          | 5,248          | 2,383          | 2,145          |
| Payroll and related charges                 |       | 1,556          | 1,428          | 1,010          | 881            |
| Current portion of long-term debt           | 6.15  | 5,305          | 1,583          | 2,053          | 711            |

|   |      |                |                |                |                |
|---|------|----------------|----------------|----------------|----------------|
| Short-term debt   | 6.15 | 646            | 1,088          |                |                |
| Related parties   | 6.7  | 33             | 162            | 7,343          | 9,578          |
| Taxes, contributions and royalties                            |      | 256            | 188            | 97             | 56             |
| Provision for income tax                                      |      | 366            | 1,423          |                |                |
| Pension Plan  |      | 243            | 239            | 111            | 86             |
| Ferrovias Norte Sul subconcession                             |      | 496            | 934            |                |                |
| Derivatives at fair value                                     | 6.26 | 264            |                |                |                |
| Provision for asset retirement obligations                    | 6.17 | 157            | 113            | 122            | 44             |
| Dividends and interest on stockholders equity                 | 6.24 | 2,907          | 4,834          | 2,907          | 4,834          |
| Others  |      | 1,338          | 1,399          | 466            | 400            |
|   |      | <b>17,416</b>  | <b>18,639</b>  | <b>16,492</b>  | <b>18,735</b>  |
| <b>Non-current liabilities</b>                                |      |                |                |                |                |
| Pension Plan  |      | 3,334          | 3,563          | 440            | 523            |
| Long-term debt  | 6.15 | 36,126         | 42,694         | 12,072         | 11,602         |
| Related parties   | 6.7  | 103            | 125            | 28,111         | 38,011         |
| Provisions for contingencies                                  | 6.16 | 3,571          | 2,989          | 1,667          | 1,730          |
| Deferred income tax and social contribution                   | 6.10 | 7,673          | 7,105          | 1,320          |                |
| Derivatives at fair value                                     | 6.26 | 40             | 1,345          |                | 1,084          |
| Provision for asset retirement obligations                    | 6.17 | 1,844          | 1,997          | 724            | 848            |
| Debentures  |      | 1,308          | 886            | 1,308          | 886            |
| Others  |      | 2,779          | 3,148          | 1,886          | 2,066          |
|   |      | <b>56,778</b>  | <b>63,852</b>  | <b>47,528</b>  | <b>56,750</b>  |
| <b>Minority interest</b>                                      |      | <b>5,808</b>   | <b>6,081</b>   |                |                |
| <b>Stockholders equity</b>                                    |      |                |                |                |                |
| Paid-up capital   | 6.20 | 47,434         | 47,434         | 47,434         | 47,434         |
| Cost with capital increase                                    |      | (161)          | (161)          | (161)          | (161)          |
| Resources linked to the future mandatory conversion in shares | 6.21 | 4,587          | 3,064          | 4,587          | 3,064          |
| Equity adjustments  |      | (21)           | 8              | (21)           | 8              |
| Cumulative translation Adjustments                            |      | (2,904)        | 5,982          | (2,904)        | 5,982          |
| Revenue reserves  |      | 46,802         | 39,948         | 46,802         | 39,948         |
|   |      | <b>95,737</b>  | <b>96,275</b>  | <b>95,737</b>  | <b>96,275</b>  |
|   |      | <b>175,739</b> | <b>184,847</b> | <b>159,757</b> | <b>171,760</b> |

**The notes and annex I are an integral part of the financial statements**



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(A free translation from the original in Portuguese, accounting practices adopted in Brazil)

**2- Statement Of Income**

| Period ended in                      |       | In millions of Reais (except as otherwise stated) |                      |                |                 |                 |                 |                 |
|--------------------------------------|-------|---|----------------------|----------------|-----------------|-----------------|-----------------|-----------------|
|                                      |       | Notes   | Consolidated         |                |                 | Accumulated     |                 | Parent Company  |
|                                      | 4Q/09 |   | (Unaudited)<br>3Q/09 | 3Q/08          | 2009            | 2008            | 2009            | 2008            |
| <b>Operating revenues</b>            |       |   |                      |                |                 |                 |                 |                 |
| Ore and metals                       |       | 9,633   | 11,217               | 14,193         | 40,478          | 59,892          | 24,979          | 31,645          |
| Aluminum-related products            |       | 1,108   | 1,027                | 1,824          | 4,217           | 5,843           | 483             | 390             |
| Transport services                   |       | 726   | 791                  | 914            | 2,843           | 3,666           | 1,267           | 2,027           |
| Steel products                       |       | 133   | 136                  | 304            | 546             | 1,348           |                 |                 |
| Other products and services          |       | 448   | 412                  | 711            | 1,728           | 2,017           | 556             | 383             |
|                                      |       | <b>12,048</b>                                     | <b>13,583</b>        | <b>17,946</b>  | <b>49,812</b>   | <b>72,766</b>   | <b>27,285</b>   | <b>34,445</b>   |
| Added Value taxes                    |       | (367)   | (374)                | (563)          | (1,316)         | (2,225)         | (855)           | (1,545)         |
| <b>Net operating revenues</b>        |       | <b>11,681</b>                                     | <b>13,209</b>        | <b>17,383</b>  | <b>48,496</b>   | <b>70,541</b>   | <b>26,430</b>   | <b>32,900</b>   |
| <b>Cost of products and services</b> |       |   |                      |                |                 |                 |                 |                 |
| Ores and metals                      |       | (4,952)   | (4,950)              | (5,890)        | (19,498)        | (23,804)        | (11,877)        | (14,006)        |
| Aluminum-related products            |       | (1,030)   | (1,018)              | (1,099)        | (4,203)         | (3,873)         | (559)           | (399)           |
| Transport services                   |       | (543)   | (506)                | (568)          | (2,040)         | (2,215)         | (816)           | (955)           |
| Steel products                       |       | (129)   | (123)                | (278)          | (510)           | (1,177)         |                 |                 |
| Other products and services          |       | (545)   | (366)                | (276)          | (1,469)         | (1,087)         | (397)           | (143)           |
|                                      |       | <b>(7,199)</b>                                    | <b>(6,963)</b>       | <b>(8,111)</b> | <b>(27,720)</b> | <b>(32,156)</b> | <b>(13,649)</b> | <b>(15,503)</b> |
| <b>Gross profit</b>                  |       | <b>4,482</b>                                      | <b>6,246</b>         | <b>9,272</b>   | <b>20,776</b>   | <b>38,385</b>   | <b>12,781</b>   | <b>17,397</b>   |
| <b>Gross margin</b>                  |       | <b>38.4%</b>                                      | <b>47.3%</b>         | <b>53.3%</b>   | <b>42.8%</b>    | <b>54.4%</b>    | <b>48.4%</b>    | <b>52.9%</b>    |
| <b>Operating expenses</b>            |       |   |                      |                |                 |                 |                 |                 |
| Selling and Administrative           | 6.27  | (704)   | (577)                | (1,716)        | (2,369)         | (3,618)         | (1,244)         | (1,412)         |
| Research and development             |       | (522)   | (438)                | (718)          | (1,964)         | (2,071)         | (1,314)         | (1,233)         |
| Impairment                           | 6.13  |   |                      | (2,447)        |                 | (2,447)         |                 |                 |
|                                      | 6.27  | (996)   | (647)                | (1,626)        | (3,262)         | (2,849)         | (927)           | (832)           |

|   |      |                  |                  |                  |                  |                  |                  |                  |
|---|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Other operating expenses, net   |      | (2,222)          | (1,662)          | (6,507)          | (7,595)          | (10,985)         | (3,485)          | (3,477)          |
| <b>Operating profit before financial results and equity results</b>             |      | <b>2,260</b>     | <b>4,584</b>     | <b>2,765</b>     | <b>13,181</b>    | <b>27,400</b>    | <b>9,296</b>     | <b>13,920</b>    |
| Equity results  | 6.11 | 22               | 30               | (59)             | 116              | 104              | (3,744)          | 19,036           |
| Amortization of goodwill  | 6.12 |                  |                  | (351)            |                  | (1,429)          |                  | (1,429)          |
|   |      | 22               | 30               | (410)            | 116              | (1,325)          | (3,744)          | 17,607           |
| <b>Financial results, net</b>   | 6.25 | <b>(460)</b>     | <b>199</b>       | <b>(2,343)</b>   | <b>1,952</b>     | <b>(3,838)</b>   | <b>9,960</b>     | <b>(11,706)</b>  |
| Gain (loss) on disposal of assets   | 6.27 | (330)            | 128              |                  | 93               | 139              | 284              |                  |
| <b>Income before income tax and social contribution</b>                         |      | <b>1,492</b>     | <b>4,941</b>     | <b>12</b>        | <b>15,342</b>    | <b>22,376</b>    | <b>15,796</b>    | <b>19,821</b>    |
| <b>Income tax and social contribution</b>                                       | 6.10 | <b>1,206</b>     | <b>(1,840)</b>   | <b>2,465</b>     | <b>(4,925)</b>   | <b>(665)</b>     | <b>(5,547)</b>   | <b>1,458</b>     |
| Current   |      | 849              | (1,397)          | 2,028            | (4,991)          | (2,057)          | (4,813)          | 12               |
| Deferred  |      | 357              | (443)            | 437              | 66               | 1,392            | (734)            | 1,446            |
| Minority interest   |      | (69)             | (98)             | (36)             | (168)            | (432)            |                  |                  |
| <b>Net income for the period</b>  |      | <b>2,629</b>     | <b>3,003</b>     | <b>2,441</b>     | <b>10,249</b>    | <b>21,279</b>    | <b>10,249</b>    | <b>21,279</b>    |
| <b>Number of shares outstanding at the end of the period (in thousands) (a)</b> |      | <b>5,212,724</b> | <b>5,212,724</b> | <b>5,213,512</b> | <b>5,212,724</b> | <b>5,213,512</b> | <b>5,212,724</b> | <b>5,213,512</b> |
| <b>Net income per share outstanding at the end of the period (R\$)</b>          |      | <b>0.50</b>      | <b>0.58</b>      | <b>0.47</b>      | <b>1.97</b>      | <b>4.08</b>      | <b>1.97</b>      | <b>4.08</b>      |

(a) Includes 77,580,256 and 74,997,899 preferred and common shares, respectively, linked to issue of convertible notes, (see note 6.21).

**The notes and annex I are an integral part of the financial statements**

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(A free translation from the original in Portuguese, accounting practices adopted in Brazil)

**3- STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY**

| Periods ended                                      | In millions of Reais |                 |                       |                |                                      |                |                   |                  |  |                                    |                   |               |
|--|----------------------|-----------------|-----------------------|----------------|--------------------------------------|----------------|-------------------|------------------|--|------------------------------------|-------------------|---------------|
|  | Notes                | Paid-up capital | Expansion Investments | Treasury stock | Profit reserves<br>Unrealized income | Legal reserves | Fiscal Incentives | Transaction Cost | Resources linked to mandatory conversion in shares | Cumulative translation Adjustments | Retained earnings | Total         |
| <b>December 31, 2007</b>                           |                      | <b>28,000</b>   | <b>24,284</b>         | <b>(790)</b>   | <b>61</b>                            | <b>2,320</b>   | <b>91</b>         | <b>3,064</b>     |  |                                    |                   | <b>57,030</b> |
| Net income for the year                            |                      |                 |                       |                |                                      |                |                   |                  |  |                                    | 21,279            | 21,279        |
| Treasury stock                                     |                      |                 |                       | (1,658)        |                                      |                |                   |                  |  |                                    |                   | (1,658)       |
| Cumulative translation Adjustments                 |                      |                 |                       |                |                                      |                |                   |                  |  | 5,982                              |                   | 5,982         |
| Unrealized gain on available for sale securities   |                      |                 |                       |                |                                      |                |                   |                  | 8  |                                    |                   | 8             |
| Capital increase                                   | 6.20                 | 19,434          |                       |                |                                      |                | (161)             |                  |  |                                    |                   | 19,273        |
| Additional distribution 2007                       |                      |                 | (580)                 |                |                                      |                |                   |                  |  |                                    |                   | (580)         |
| Appropriation of net income                        |                      |                 |                       |                |                                      |                |                   |                  |  |                                    |                   |               |
| Interest on stockholders equity paid               |                      |                 |                       |                |                                      |                |                   |                  |  |                                    | (225)             | (225)         |
| Stockholders remuneration proposed                 |                      |                 |                       |                |                                      |                |                   |                  |  |                                    | (4,834)           | (4,834)       |
| Apropriation to profit reserves                    |                      |                 | 15,179                |                | (23)                                 | 1,064          |                   |                  |  |                                    |                   | (16,220)      |
| <b>December 31, 2008</b>                           |                      | <b>47,434</b>   | <b>38,883</b>         | <b>(2,448)</b> | <b>38</b>                            | <b>3,384</b>   | <b>91</b>         | <b>(161)</b>     | <b>3,064</b>                                       | <b>8</b>                           | <b>5,982</b>      | <b>96,275</b> |
| Net income for the year                            |                      |                 |                       |                |                                      |                |                   |                  |  |                                    | 10,249            | 10,249        |
| Treasury stock                                     |                      |                 |                       | (22)           |                                      |                |                   |                  |  |                                    |                   | (22)          |
| Resources linked to mandatory conversion in shares |                      |                 |                       |                |                                      |                |                   | 1,523            |  |                                    |                   | 1,523         |
| Cumulative translation Adjustments                 |                      |                 |                       |                |                                      |                |                   |                  |  | (8,886)                            |                   | (8,886)       |
|  |                      |                 |                       |                |                                      |                |                   |                  | (29)   |                                    |                   | (29)          |

|  |               |               |                |              |            |              |              |             |                |               |
|--|---------------|---------------|----------------|--------------|------------|--------------|--------------|-------------|----------------|---------------|
| Unrealized result of changes in market value |               |               |                |              |            |              |              |             |                |               |
| Additional distribution 2008                 |               | (371)         |                |              |            |              |              |             |                | (371)         |
| Appropriation of net income                  |               |               |                |              |            |              |              |             |                |               |
| Interest on stockholders equity paid         |               |               |                |              |            |              |              |             | (95)           | (95)          |
| Stockholders remuneration proposed           |               |               |                |              |            |              |              |             | (2,907)        | (2,907)       |
| Apropriation to profit reserves              |               | 6,653         | (38)           | 512          | 120        |              |              |             | (7,247)        |               |
| <b>December 31, 2009</b>                     | <b>47,434</b> | <b>45,165</b> | <b>(2,470)</b> | <b>3,896</b> | <b>211</b> | <b>(161)</b> | <b>4,587</b> | <b>(21)</b> | <b>(2,904)</b> | <b>95,737</b> |

**The notes and annex I are an integral part of the financial statements**



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|  |                |                |                 |                 |                 |                 |                 |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Others   | (320)          | 239            | (480)           | 435             | (1,272)         | 468             | 413             |
|  | <b>942</b>     | <b>1,327</b>   | <b>639</b>      | <b>1,232</b>    | <b>819</b>      | <b>1,528</b>    | <b>628</b>      |
| <b>Net cash provided by operating activities</b>   | <b>2,687</b>   | <b>2,651</b>   | <b>14,030</b>   | <b>11,538</b>   | <b>32,187</b>   | <b>15,343</b>   | <b>9,109</b>    |
| <b>Cash flows from investing activities:</b>   |                |                |                 |                 |                 |                 |                 |
| Short term investments   | 1,585          | (2,255)        | (4,180)         | (1,131)         | (5,394)         |                 |                 |
| Loans and advances receivable  | (73)           | (337)          | 20              | (1,067)         | (4)             | (101)           | (1,660)         |
| Guarantees and deposits  | 12             | (53)           | (166)           | (153)           | (295)           | (142)           | (248)           |
| Additions to investments   | (2,032)        | (601)          | (148)           | (3,422)         | (327)           | (9,037)         | (7,685)         |
| Additions to property, plant and equipment   | (4,895)        | (3,364)        | (9,024)         | (16,108)        | (18,716)        | (7,481)         | (7,259)         |
| Proceeds from disposal of property, plant and equipment/investments                                | 293            | 305            |                 | 1,200           | 371             | 692             |                 |
| Net cash used in acquisitions and increase of funds to subsidiaries, net of the cash of subsidiary |                | (1,452)        |                 | (4,246)         |                 |                 |                 |
| <b>Net cash used in investing activities</b>   | <b>(5,110)</b> | <b>(7,757)</b> | <b>(13,498)</b> | <b>(24,927)</b> | <b>(24,365)</b> | <b>(16,069)</b> | <b>(16,852)</b> |
| <b>Cash flows from (used in) financing activities:</b>   |                |                |                 |                 |                 |                 |                 |
| Short-term debt additions  | 761            | 2,127          | 120             | 3,940           | 2,660           | 1,785           | 4,393           |
| Short-term debt repayments   | (756)          | (1,363)        | (313)           | (3,624)         | (2,669)         | (5,888)         | (5,042)         |
| Long-term debt   | 2,874          | 2,069          | 935             | 6,286           | 4,053           | 5,254           | 4,242           |
| Issue of convertible notes, in common shares   |                | 577            |                 | 577             |                 |                 |                 |
| Issue of convertible notes, in preferred shares  |                | 1,281          |                 | 1,281           |                 |                 |                 |
| Repayments:  |                |                |                 |                 |                 |                 |                 |
| Related parties  |                |                |                 |                 |                 | (129)           |                 |
| Financial institutions   | (118)          | (264)          | (181)           | (808)           | (1,725)         | (438)           | (1,366)         |
| Dividends and interest on stockholders' equity paid to stockholders                                | (2,647)        |                | (3,579)         | (5,381)         | (5,827)         | (5,299)         | (5,558)         |
| Capital increase   |                |                |                 |                 | 19,273          |                 | 19,273          |
| Treasury stock   |                | 1              | (1,658)         | (22)            | (1,658)         | (22)            | (1,658)         |
| <b>Net cash provided by (used in) financing activities</b>   | <b>114</b>     | <b>4,428</b>   | <b>(4,676)</b>  | <b>2,249</b>    | <b>14,107</b>   | <b>(4,737)</b>  | <b>14,284</b>   |
| <b>Increase (decrease) in cash and cash equivalents</b>  | <b>(2,309)</b> | <b>(678)</b>   | <b>(4,144)</b>  | <b>(11,140)</b> | <b>21,929</b>   | <b>(5,463)</b>  | <b>6,541</b>    |
|  | 15,560         | 16,333         | 28,385          | 24,639          | 2,128           | 6,713           | 120             |

|   |               |               |               |               |               |              |              |
|---|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
| Cash and cash equivalents at beginning of the period                          |               |               |               |               |               |              |              |
| Foreign exchange effects on cash and cash equivalents                         | (30)          | (95)          | 398           | (278)         | 582           |              |              |
| Initial cash in new consolidated subsidiary                                   |               |               |               |               |               |              | 52           |
| <b>Cash and cash equivalents, end of the period</b>                           | <b>13,221</b> | <b>15,560</b> | <b>24,639</b> | <b>13,221</b> | <b>24,639</b> | <b>1,250</b> | <b>6,713</b> |
| Cash paid during the period for:  |               |               |               |               |               |              |              |
| Short-term interest   | (23)          | (28)          | (72)          | (110)         | (138)         | (108)        | (166)        |
| Long-term interest  | (513)         | (463)         | (744)         | (2,277)       | (2,321)       | (2,370)      | (2,784)      |
| Income tax and social contribution  | (1,795)       | (276)         | (977)         | (2,698)       | (6,383)       | (1,535)      | (1,707)      |
| <b>Non-cash transactions:</b>   |               |               |               |               |               |              |              |
| Additions to property, plant and equipment interest capitalization            | (103)         | (90)          | (307)         | (384)         | (673)         | (11)         | (527)        |
| Transfer of advance for future capital increase to investments                |               |               |               |               |               | (268)        | (316)        |
| <b>The notes and annex I are an integral part of the financial statements</b> |               |               |               |               |               |              |              |



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(A free translation from the original in Portuguese, accounting practices adopted in Brazil)

**5- Statement of Added Value**

| Period ended                                      | In millions of Reais |               |                |               |
|---|----------------------|---------------|----------------|---------------|
|   | Consolidated         |               | Parent Company |               |
|   | 2009                 | 2008          | 2009           | 2008          |
| <b>Generation of added value</b>                  |                      |               |                |               |
| <b>Gross revenue</b>                              |                      |               |                |               |
| Revenue from products and services                | <b>49,812</b>        | <b>72,766</b> | <b>27,285</b>  | <b>34,445</b> |
| Revenue from the construction of own assets       | 13,919               | 17,706        | 7,493          | 7,259         |
| Allowance for doubtful accounts                   | (23)                 | (32)          | (17)           | (27)          |
| Less: Acquisition of products                     | (1,219)              | (2,805)       | (363)          | (1,565)       |
| Outsourced services                               | (6,242)              | (8,244)       | (3,117)        | (3,734)       |
| Materials   | (20,653)             | (23,958)      | (11,808)       | (11,493)      |
| Fuel oil and gas                                  | (2,777)              | (3,761)       | (1,128)        | (1,477)       |
| Energy  | (1,776)              | (2,052)       | (758)          | (648)         |
| Impairment  |                      | (2,447)       |                |               |
| Other costs                                       | (6,920)              | (6,829)       | (3,279)        | (2,518)       |
| <b>Gross added value</b>                          | <b>24,121</b>        | <b>40,344</b> | <b>14,308</b>  | <b>20,242</b> |
| Depreciation, amortization and depletion          | (5,447)              | (5,112)       | (1,931)        | (1,641)       |
| <b>Net added value</b>                            | <b>18,674</b>        | <b>35,232</b> | <b>12,377</b>  | <b>18,601</b> |
| <b>Received from third parties</b>                |                      |               |                |               |
| Financial revenue                                 | 866                  | 1,221         | 437            | 903           |
| Equity results                                    | 116                  | (1,325)       | (3,744)        | 17,607        |
| <b>Total added value to be distributed</b>        | <b>19,656</b>        | <b>35,128</b> | <b>9,070</b>   | <b>37,111</b> |
| Personnel   | 5,086                | 5,046         | 2,540          | 2,240         |
| Taxes, rates and contribution                     | 5,810                | 5,267         | 6,336          | 2,704         |
| Taxes paid recover                                | (571)                | (1,955)       | (532)          | (1,672)       |
| Remuneration on third party's capital             | 3,433                | 4,157         | 3,342          | 3,422         |
| Inflation and exchange rate variation, net        | (4,519)              | 902           | (12,865)       | 9,138         |
| Remuneration on stockholders' equity Stockholders | 3,373                | 5,640         | 3,373          | 5,640         |
| Reinvested  | 6,876                | 15,639        | 6,876          | 15,639        |
| Minority interest                                 | 168                  | 432           |                |               |
| <b>Distribution of added value</b>                | <b>19,656</b>        | <b>35,128</b> | <b>9,070</b>   | <b>37,111</b> |

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(A free translation from the original in Portuguese, accounting practices adopted in Brazil)

**6- Notes To The Financial Statements for the years ended December 31, 2009 And 2008**

(In millions of Brazilian Reais, except as otherwise stated)

**6.1- Operational Context**

Vale S.A, previously named Companhia Vale do Rio Doce ( Vale , the Company ) is a Public Limited Liability Company with its headquarters in municipality of Rio de Janeiro, Rio de Janeiro, Brazil, whose main activities are mining, processing and sale of iron ore, pellets, copper concentrate and potash, as well as logistic services, power generation and mineral research and development. In addition, through its direct and indirect subsidiaries and jointly controlled companies, operates in nickel, copper, precious metals, cobalt (sub product), manganese, ferroalloys, kaolin, coal, steel and aluminum-related products.

On December 31, 2009 the principal operational consolidated subsidiaries and jointly controlled companies that we proportionally consolidate are:

| <b>Company</b>                        | <b>% ownership</b> | <b>% voting capital</b> | <b>Head office location</b> | <b>Principal activity</b> |
|---------------------------------------|--------------------|-------------------------|-----------------------------|---------------------------|
| <b>Parent Company</b>                 |                    |                         |                             |                           |
| Alumina do Norte do Brasil S.A.       |                    |                         |                             |                           |
| Alunorte                              | 57.03              | 59.02                   | Brazil                      | Alumina                   |
| Alumínio Brasileiro S.A. Albras       | 51.00              | 51.00                   | Brazil                      | Aluminium                 |
| CADAM S.A                             | 61.48              | 100.00                  | Brazil                      | Kaolin                    |
| CVRD Overseas Ltd.                    | 100.00             | 100.00                  | Cayman Islands              | Trading                   |
| Ferrovias Centro-Atlântica S. A.      | 99.99              | 99.99                   | Brazil                      | Logistic                  |
| Ferrovias Norte Sul S.A.              | 100.00             | 100.00                  | Brazil                      | Logistic                  |
| Mineração Corumbá Reunidas S.A.       | 100.00             | 100.00                  | Brazil                      | Iron ore                  |
| Pará Pigmentos S.A.                   | 86.17              | 85.57                   | Brazil                      | Caulim                    |
| PT International Nickel Indonesia Tbk | 59.09              | 59.09                   | Indonesia                   | Nickel                    |
| Vale Australia Pty Ltd.               | 100.00             | 100.00                  | Australia                   | Coal                      |
| Vale Colômbia Ltd.                    | 100.00             | 100.00                  | Colombia                    | Coal                      |
| Vale Inco Limited                     | 100.00             | 100.00                  | Canada                      | Nickel                    |
| Vale International S.A                | 100.00             | 100.00                  | Switzerland                 | Trading                   |
| Vale Manganês S.A                     | 100.00             | 100.00                  | Brazil                      | Manganese and Ferroalloys |
| Vale Manganèse France                 | 100.00             | 100.00                  | France                      | Ferroalloys               |
| Vale Manganese Norway                 | 100.00             | 100.00                  | Norway                      | Ferroalloys               |

**Subsidiaries and jointly controlled companies**

|                                   |       |       |        |          |
|-----------------------------------|-------|-------|--------|----------|
| California Steel Industries, Inc. | 50.00 | 50.00 | EUA    | Steel    |
| Mineração Rio do Norte S.A.       | 40.00 | 40.00 | Brazil | Bauxite  |
| MRS Logística S.A                 | 41.50 | 37.86 | Brazil | Logistic |
| Samarco Mineração S.A.            | 50.00 | 50.00 | Brazil | Iron ore |

**6.2- Summary of the Principal Accounting Practices****(a) Basis of Presentation**

These financial statements were approved by the Board of Directors in February 10, 2010, and there were not events subsequent to the balance sheet date that should be recognized.

The financial statements were prepared under the accounting practices adopted in Brazil, based on the Brazilian Corporate Law (amended by Law 11.638), and the rules and guidelines issued by the Federal Accounting Board - CFC and Securities and Exchange Commission of Brazil - CVM . These statements followed uniform principles, methods

and criteria in relation to the ones adopted on year ending closing as of and for the year ended December 31, 2008, except for the goodwill amortization.

As required by the pronouncement CPC 13 First-time adoption of Law 11.638 and Law 11.941, the amount of goodwill on expected future results resulting from the acquisition of other company is no longer amortized as from 2009. On December 31, 2008 the amount recorded was R\$ 1,429 (R\$ 351 as of 4Q08).

The preparation of the financial statements requires the management to use estimates and assumptions that affect the amounts of assets and liabilities and the disclosure of assets and contingent liabilities on the date of the reported financial statements as well as the amounts of revenues and expenses recognized during the fiscal year. The estimates are used but not limited to the selection of useful lives of property, plant and equipment, contingent liabilities, fair value of assets and liabilities in businesses combinations, provisions for losses on income tax credits, post retirement benefits and other similar evaluations. Actual results may vary from these estimates.

Vale presents as supplemental information to the financial statements the calculation of income before financial income, results of equity investments, income tax and social contribution, depreciation, amortization and depletion (EBITDA). Although it does not provide a measure of operating cash flow according to accounting practices adopted in Brazil, it is often used by financial analysts in evaluating business, and the Company's Management uses this indicator to measure operating performance.

Certain figures on the Financial Statements of 2008 have been reclassified in order to better comparability.

**(b) Translation of Foreign Exchange Transactions**

The monetary rights and obligations denominated in foreign currencies are translated at the prevailing exchange rates at the time the balance sheet date, of which US\$ 1,00 equal to R\$ 1,7412 on December 31, 2009 (US\$ 1,00 equal to R\$ 2,3370 on December 31, 2008).

Revenues, costs and expenses denominated in foreign currencies are translated at the average rate of the month when they occur.

**Table of Contents****(c) Consolidation**

The consolidated financial statements reflect the balances of assets and liabilities on December 31, 2009 and 2008 and the operations for years then ended of the Parent Company, its direct and indirect subsidiaries and its jointly controlled companies, the latest based on interest held. For the jointly controlled companies in which Vale has significant influence but not control, investments are accounted for at equity method. Overseas operations are translated into the financial statements reporting currency for in Brazil to account for equity investments, whole and proportional consolidation of the financial statements. The accounting practices of the subsidiaries and jointly controlled companies are adjusted to assure the consistence with the accounting practices adopted by the Parent Company. The operations between the consolidated companies, as well as their balances, unrealized gains and losses on those operations are eliminated.

The participation in hydroelectric projects is made via consortium contracts under undivided interests in the assets and liable for its proportionate share of liabilities, which are based on our proportionate share of power output. The Company does not have joint liability for any obligations. Since there is no legal entity related to the project, there are no separate financial statements, income tax statement, income or stockholder's equity statements. No separate legal or tax status is granted to consortia under Brazilian law. Accordingly, the company recognizes its proportionate share of costs and its undivided interest in assets relating to hydroelectric projects.

**(d) Cash and cash equivalents and short-term investments**

The cash flows from short-term investments are reported net (inflows and outflows). Short-term investments which have immediate liquidity and original maturity up to 90 days are considered as Cash and cash equivalents. The remaining investments, with maturities over 90 days, are measured at fair value and recorded as Short-term investments.

**(e) Accounts receivable**

Accounts receivable are recorded and stated on the balance sheet at their nominal value plus monetary or exchange variations and reduced by provisions to cover extraordinary loss on realization as applicable.

The allowance for doubtful accounts is set up at an amount considered sufficient by the Management to cover possible loss on the realization of these credits. The estimated value of the allowance for doubtful accounts is modified based on the expectations of the Management with respect to the possibility of recovery of the amounts as well as changes in the financial situation of the customers.

**(f) Non-current**

Realizable assets and liabilities due more than 12 months after the financial statements date are classified as non-current.

**(g) Revenues and expenses**

Sales revenues are recognized when title to the products are transferred or when the services are provided. The transport revenues are recognized when the service is provided.

**(h) Inventories**

Inventories are presented at the lower of average cost of acquisition or production and replacement or completion values. When applicable, a provision for loss for obsolete or slow-moving inventory is constituted to reflect our regular estimative of recovering.

When ore is physically extracted, this is no longer part of the calculation of proven reserves and becomes part of the stockpiled ore inventories and, therefore these are not part of the calculation of depreciation, depletion and amortization per unit of output.

**(i) Property, plant and equipment**

Property, plant and equipment are recorded at historical cost (of which the assets acquired in Brazil are also increased by inflation restatement up to 1995) including interest incurred during the construction period. Properties are depreciated using the straight-line method, based on the estimated useful lives. Depletion of mineral reserves is based on the ratio between effective production and the total proven and probable reserves.

**(j) Programed maintenance policies**

Relevant cost for maintenance of industrial areas and ships, including replacement parts, assembly services among others, are registered in assets and depreciated over the period that benefits are continued until the next stop.

**(k) Intangibles**

Intangibles are recorded at acquisition cost, less accumulated amortization and impairment, when applicable. The intangibles assets that have definite useful life are amortized considering their effective use or a method that reflect the economic benefit of the asset, while the indefinite useful life assets are tested annually for impairment.

**(l) Impairment of long-term assets**

The Company analyses annually if there are evidences that the carrying value of an asset is not recoverable. In case of such evidence, the Company estimates the asset recoverable value. Irrespective of the indication of recovery of carrying values, goodwill balances resulting from business combinations and intangible assets with indefinite useful lives are tested for recovery at least annually. When the residual value of the asset exceeds its recoverable value, the Company recognizes a reduction on the asset (impairment or deterioration) book value. If the recoverable amount of an individual asset is not able to be determined, analysis is performed for the recoverable value of the cash-generating unit to which the asset belongs.

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**(m) Research and Development Costs**

Mineral research and development costs are recognized as operating expenses until the economic feasibility to commercially exploit a mine is proven. Once proven, the costs are capitalized as mine development costs.

During the start-up phase of a mine, before the start of production, costs of removal of overburden (for example, costs associated with removal of overburden and all other waste materials) are included as part of the depreciable cost of development. Subsequently, these costs are amortized during the life of the mine based on proven and probable reserves. After the beginning of production of the mine, the ore removal expenses are treated as a cost of production.

**(n) Leasing**

Leases in which a significant part of the benefits and risks of ownership remain with the lessor are classified as operating leases. Payments for operating leases are included in the results over the term of the lease using the linear method.

**(o) Asset Retirement Obligation**

Costs related to closing a mine, due to the ending of activities are recognized as asset retirement obligations. The obligations consist primarily of costs associated with termination activities. The cost of assets retirement related is capitalized as part of the carrying value of the asset and subsequently depreciated over the useful life of the asset.

**(p) Employee Benefits**

Payments of benefits such as salary, won vacation or proportional, as well as their payroll taxes levied on these benefits are recognized on a monthly basis through the provision in compliance with the accrual basis.

**(q) Pension Fund and Post-Retirement Benefits**

The Company adopts the accounting rules due to the Resolution CVM 371/00 for the recognition of liabilities and results sourced from actuarial assessment of its employee's pension plans and health care of its retired employees. Gains and losses due to actuarial adjustments in assumptions and changes to pension benefits, retirement and actuarial commitments related to health plan are recognized in the results, according to the corridor method.

**(r) Profit Sharing**

Amounts payable to employees on profits sharing, in the following year is monthly recognized at the accrual basis and are classified as cost of products and services or operational expenses according to the employee department in operational or administrative activities, respectively.

**(s) Long-term Incentives**

The Company accounts for the incentive cost according to the Long Term Remuneration Plan, following the requirements of Deliberation CVM no. 562/2008. The obligations are measured at each reporting date based on market quotations. The compensation costs are recognized during the three years defined as acquisition period.

**(t) Derivatives and hedging operations**

Derivatives financial instruments are recognized as assets or liabilities in the financial statements and are measured at fair value. Changes in fair value of derivatives are registered in each period as gains or losses in results or in other comprehensive income, when the transaction is characterized as an effective hedge and if it has been effective during the year.

**(u) Deferred Taxes**

The recognition of deferred taxes are based on the temporary differences between the accounting value and the tax bases of our assets and liabilities, income tax losses and on the negative base of the social contribution calculation to the extent that is probable their realization against future taxable profits. If the Company generates future loss, or if it is not able to generate future taxable profit, or if there is a significant change in the effective tax rates or in the necessary time for these deferred taxes to be taxable or deductible. Management may evaluate the need to constitute a provision for losses of these deferred assets.

**(v) Present Value**

Long term assets and liabilities of the Company and its subsidiaries are adjusted to present value when applicable, based on a discount rate that reflects the Company's best estimate.

**(w) Appropriation of results**

At year end the Company appropriates its results between dividends and reserves as provided for the Brazilian Corporate Law. With respect to dividends the Company can use the tax benefit through the interest on capital method

respecting the criteria and limits set by Brazilian Legislation. The benefit attributed to shareholders in this mode is legally considered as part of the minimum annual dividend and therefore is recorded for accounting purposes as dividends payable with the offset on retained earnings.

The financial statements of the Parent Company reflect the proposal of the Board for the allocation of net income assuming its approval by the Annual General Meeting.

**Table of Contents****(x) Contingent Liabilities**

Contingent liabilities are recognized whenever the loss is considered probable, which would cause an outflow of resources likely to settlement of liabilities and when the amounts involved are measurable with sufficient certainty, taking into consideration the opinion of legal counsel, the nature of actions, the similarity to previous cases, complexity, and the positioning of the courts. The contingent liabilities classified as possible losses are not recognized, and only disclosed in the financial statements, and those classified as remote and do not require provision or disclosure.

Judicial deposits are updated and presented as deduction of the corresponding liability incurred when there is no possibility to recover these deposits, unless there is a favorable outcome of the issue to the entity.

**6.3- Acquisitions and Divestments****(a) Mineração Corumbá Reunidas S.A.**

In September 2009, Vale acquired from Rio Tinto, the Company Mineração Corumbá Reunidas, holder of the assets related to the ore operations in Corumbá by R\$1,473 (including working capital change of the period payment). In the acquisition, the assets and liabilities were measured at market value resulting in an increase of R\$788 compared to the carrying amount, with no goodwill recognition.

**(b) Diamond Coal Ltd.**

In March 2009, Vale acquired from Cement Argos the company Diamond Coal Ltd., which owns thermal coal assets in Colombia by R\$695. In the acquisition, the assets and liabilities were measured at market value resulting in an increase of R\$475 compared to the carrying amount, with no goodwill recognition.

**(c) Green Mineral Resources**

In February 2009, Vale acquired the Green Mineral Resources, the owner of mineral rights of Project Regina (Canada) and Project Colorado (Argentina) from Rio Tinto by R\$1,995. In the acquisition, the assets and liabilities were measured at market value resulting in an increase of R\$1,745 compared to the carrying amount, with no goodwill recognition.

**(d) Other transactions**

In September 2009, Vale concluded an agreement with ThyssenKrupp Steel AG to increase of its interest in ThyssenKrupp CSA Siderúrgica do Atlântico Ltda. (CSA) to 26.87%, from the current 10% interest, through a capital increase of R\$2,532.

In July 2009, Vale signed an agreement which involves the sale of some its forest assets, totaling 84,7 thousand hectares including preservation areas and eucalyptus forests in southwest of Maranhão, by approximately R\$235, obtaining a gain of R\$111 (see note 6.27).

In April 2009, Vale sold its remaining interest in Usiminas for R\$595 obtaining a gain of R\$288.

In March 2009, the Company acquired 50% of Teal Minerals Incorporated, a joint venture with African Rainbow Minerals Limited by R\$139. In the acquisition, the assets and liabilities were measured at market value resulting in an increase of R\$254 compared to the carrying amount, with no goodwill recognition.

In February 2008, the Company sold its interests of 4.83% in common shares of Jubilee Mines N.L., held by Vale Inco, by R\$232 obtaining a gain of R\$139 (see note 6.27).

**6.4- Cash and Cash Equivalents**

|                        | Consolidated  |               | Parent Company |              |
|------------------------|---------------|---------------|----------------|--------------|
|                        | 2009          | 2008          | 2009           | 2008         |
| Cash and bank accounts | 1,405         | 1,814         | 86             | 59           |
| Time deposits          | 11,816        | 22,825        | 1,164          | 6,654        |
|                        | <b>13,221</b> | <b>24,639</b> | <b>1,250</b>   | <b>6,713</b> |

All the above mentioned time deposits represent low risk investments. Part of them is denominated in Brazilian Reais indexed to the CDI rate, and part denominated in US dollars comprised of time deposits, with maturity of up to 90 days.



**6.5- Short-Term Investments**

|              | <b>Consolidated</b> |             |
|--------------|---------------------|-------------|
|              | <b>2009</b>         | <b>2008</b> |
| Time deposit | 6,525               | 5,394       |

Represent low risk investments with redemption between 91 and 360 days.

**Table of Contents****6.6- Accounts Receivable from Customers**

|                                 | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|---------------------------------|---------------------|--------------|-----------------------|--------------|
|                                 | <b>2009</b>         | <b>2008</b>  | <b>2009</b>           | <b>2008</b>  |
| Domestic                        | 1,538               | 1,135        | 1,211                 | 825          |
| Export                          | 4,327               | 6,997        | 2,234                 | 9,071        |
|                                 | <b>5,865</b>        | <b>8,132</b> | <b>3,445</b>          | <b>9,896</b> |
| Allowance for doubtful accounts | (222)               | (199)        | (85)                  | (69)         |
|                                 | <b>5,643</b>        | <b>7,933</b> | <b>3,360</b>          | <b>9,827</b> |

**6.7- Related Parties**

In the Company's normal course of business, Vale enters into transactions with related parties regarding the sale and purchase of products and services, including the leasing of assets, loans under normal market conditions, marketing of raw material and rail transport services.

The balances of related parties operations, and its effects in the quarterly information's, can be identified as follows:

|  | <b>Consolidated Assets</b> |                      |                  |                      |
|--|----------------------------|----------------------|------------------|----------------------|
|  | <b>2009</b>                |                      | <b>2008</b>      |                      |
|  | <b>Customers</b>           | <b>Related party</b> | <b>Customers</b> | <b>Related party</b> |
| Companhia Hispano -Brasileira de Pelotização HISPANOBRÁS | 29                         |                      | 8                |                      |
| Companhia Ítalo -Brasileira de Pelotização ITABRASCO     | 1                          |                      | 35               | 7                    |
| Companhia Nipo -Brasileira de Pelotização NIBRASCO       |                            |                      | 10               | 1                    |
| Korea Nickel Corporation                                 | 19                         |                      | 90               |                      |
| Samarco Mineração S.A                                    | 10                         | 37                   | 1                | 11                   |
| Teal Minerals Incorporated                               |                            | 146                  |                  |                      |
| Others   | 33                         | 25                   | 117              | 9                    |
| <b>Total</b>   | <b>92</b>                  | <b>208</b>           | <b>261</b>       | <b>28</b>            |
| <b>Registered as :</b>                                   |                            |                      |                  |                      |
| Current  | 92                         | 144                  | 261              | 28                   |
| Non -current   |                            | 64                   |                  |                      |
|  | <b>92</b>                  | <b>208</b>           | <b>261</b>       | <b>28</b>            |

**Consolidated Liabilities**

**2009** **2008**

|   | <b>Suppliers</b> | <b>Related party</b> | <b>Suppliers</b> | <b>Related party</b> |
|---|------------------|----------------------|------------------|----------------------|
| Baovale Mineração S.A                                       | 19               |                      | 23               |                      |
| Companhia Coreano-Bras ileira de Pelotização<br>KOBRASCO    | 5                | 2                    | 18               | 8                    |
| Companhia Hispano-Brasileira de Pelotização<br>HISPANOB RÁS | 28               | 1                    | 15               | 51                   |
| Companhia Ítalo-Brasileira de Pelotização<br>ITABRASCO      | 5                |                      | 46               | 27                   |
| Companhia Nipo-Brasileira de Pelotização<br>NIBRASCO        | 8                | 10                   | 23               | 58                   |
| Minas da Serra Geral  | 8                | 14                   | 8                | 7                    |
| Mineração Rio do Norte S.A.                                 | 26               |                      | 53               |                      |
| MRS Logística S.A.  | 310              | 109                  | 168              | 125                  |
| Mitsui & CO, LTD  | 45               |                      |                  |                      |
| Others  | 55               |                      | 49               | 11                   |
| <b>Total</b>  | <b>509</b>       | <b>136</b>           | <b>403</b>       | <b>287</b>           |
| <b>Registered as:</b>                                       |                  |                      |                  |                      |
| Current   | 509              | 33                   | 403              | 162                  |
| Non-current   |                  | 103                  |                  | 125                  |
|   | <b>509</b>       | <b>136</b>           | <b>403</b>       | <b>287</b>           |

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|   | <b>Parent Company Assets</b> |                      |                  |                      |
|---|------------------------------|----------------------|------------------|----------------------|
|   | <b>2009</b>                  |                      | <b>2008</b>      |                      |
|   | <b>Customers</b>             | <b>Related party</b> | <b>Customers</b> | <b>Related party</b> |
| ALUNORTE Alumina do Norte do Brasil S.A.                | 33                           | 72                   | 65               | 127                  |
| Baovale Mineração S.A.                                  | 3                            | 3                    | 3                | 2                    |
| CVRD OVERSEAS Ltd.                                      | 545                          |                      |                  | 30                   |
| Ferrovias Centro Atlântica S.A.                         | 59                           | 68                   | 61               | 30                   |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO    | 1                            |                      | 2                |                      |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 60                           |                      |                  |                      |
| Minerações Brasileiras Reunidas S.A. MBR                | 6                            | 687                  | 10               | 678                  |
| MRS Logística S.A.                                      | 1                            | 6                    | 1                | 17                   |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO       |                              |                      | 20               | 47                   |
| Salobo Metais S.A.                                      | 3                            | 234                  | 2                | 234                  |
| Samarco Mineração S.A.                                  | 21                           | 75                   | 1                | 378                  |
| Vale International S.A.                                 | 1,672                        | 4,652                | 7,857            | 3,102                |
| Vale Manganês S.A.                                      | 36                           | 181                  | 7                | 597                  |
| Others  | 166                          | 224                  | 1,415            | 388                  |
| <b>Total</b>  | <b>2,606</b>                 | <b>6,202</b>         | <b>9,444</b>     | <b>5,630</b>         |
| <b>Registered as:</b>                                   |                              |                      |                  |                      |
| Current   | 2,606                        | 4,360                | 9,444            | 2,232                |
| Non-current   |                              | 1,842                |                  | 3,398                |
|   | <b>2,606</b>                 | <b>6,202</b>         | <b>9,444</b>     | <b>5,630</b>         |

|   | <b>Parent Company Liabilities</b> |                      |                  |                      |
|---|-----------------------------------|----------------------|------------------|----------------------|
|   | <b>2009</b>                       |                      | <b>2008</b>      |                      |
|   | <b>Suppliers</b>                  | <b>Related party</b> | <b>Suppliers</b> | <b>Related party</b> |
| ALUNORTE Alumina do Norte do Brasil S.A.                | 16                                |                      | 13               |                      |
| Baovale Mineração S.A.                                  | 39                                |                      | 46               |                      |
| Companhia Portuária Baía de Sepetiba CPBS               | 30                                | 2                    |                  | 80                   |
| CVRD OVERSEAS Ltd.                                      |                                   | 491                  |                  | 790                  |
| Ferrovias Centro Atlântica S.A.                         | 14                                | 2                    | 13               | 57                   |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO    | 9                                 |                      | 36               | 12                   |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 57                                |                      |                  |                      |
| Minerações Brasileiras Reunidas S.A. MBR                | 30                                | 88                   | 28               | 22                   |

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|  |            |               |            |               |
|--|------------|---------------|------------|---------------|
| MRS Logistica S.A.                       | 433        |               | 224        |               |
| Companhia Nipo-Brasileira de Pelotização |            |               |            |               |
| NIBRASCO                                 | 17         | 21            | 47         | 139           |
| Salobo Metais S.A.                       | 16         |               |            |               |
| Vale International S.A.                  | 42         | 34,808        | 30         | 46,117        |
| Vale Manganês S.A.                       |            |               |            | 54            |
| Mitsui & CO, LTD                         | 45         |               |            |               |
| Others                                   | 97         | 42            | 182        | 318           |
| <b>Total</b>                             | <b>845</b> | <b>35,454</b> | <b>619</b> | <b>47,589</b> |
| <b>Registered as:</b>                    |            |               |            |               |
| Current                                  | 845        | 7,343         | 619        | 9,578         |
| Non-current                              |            | 28,111        |            | 38,011        |
|  | <b>845</b> | <b>35,454</b> | <b>619</b> | <b>47,589</b> |

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|   | Income (Unaudited) |           |            | Consolidated<br>Expense / Cost<br>(Unaudited) |            |            | Financial (Unaudited) |             |             |
|---|--------------------|-----------|------------|---|------------|------------|-----------------------|-------------|-------------|
|   | 4Q/09              | 3Q/09     | 3Q/08      | 4Q/09   | 3Q/09      | 3Q/08      | 4Q/09                 | 3Q/09       | 3Q/08       |
| Baovale Mineração S.A.<br>Companhia<br>Coreano-Brasileira de<br>Pelotização KOBRASCO<br>Companhia Hispano-Brasileira<br>de Pelotização<br>HISPANOBRÁS | 2                  |           | 34         | 4   | 5          | 5          | (2)                   | 2           | (2)         |
| Companhia Ítalo-Brasileira de<br>Pelotização ITABRASCO  |                    |           | 7          | 5   | 5          | 73         | 36                    | (2)         | 29          |
| Companhia Nipo-Brasileira de<br>Pelotização NIBRASCO  |                    |           |            | 10  | 9          | 125        | (36)                  |             | (42)        |
| Log-in S.A.   | 14                 |           |            |   |            | 21         |                       |             |             |
| Mineração Rio do Norte S.A.   |                    |           |            | 48  | 55         | 97         |                       |             |             |
| MRS Logística S.A.  | 4                  | 4         | 1          | 138   | 150        | 428        | 26                    | (26)        |             |
| Samarco Mineração S.A.  | 42                 | 21        | 63         |   |            |            |                       |             |             |
| Usinas Siderúrgicas de Minas<br>Gerais S.A. USIMINAS (*)  |                    |           | 292        |   |            |            |                       |             |             |
| Others  | 22                 | 2         | 27         | 7   | 5          | 30         | 5                     | 1           |             |
|   | <b>133</b>         | <b>44</b> | <b>424</b> | <b>294</b>                                    | <b>247</b> | <b>835</b> | <b>29</b>             | <b>(25)</b> | <b>(15)</b> |

|   | Income     |              | Consolidated<br>Expense / Cost |              | Financial   |      |
|---|------------|--------------|--------------------------------|--------------|-------------|------|
|   | 2009       | 2008         | 2009                           | 2008         | 2009        | 2008 |
| Baovale Mineração S.A.<br>Companhia Coreano-Brasileira de<br>Pelotização KOBRASCO | 5          |              | 18                             | 17           |             |      |
| Companhia Hispano-Brasileira de<br>Pelotização HISPANOBRÁS                        |            | 85           | 33                             |              | (2)         | (3)  |
| Companhia Ítalo-Brasileira de<br>Pelotização ITABRASCO                            | 75         | 270          | 68                             | 433          |             |      |
| Companhia Nipo-Brasileira de<br>Pelotização NIBRASCO                              |            | 184          | 17                             | 256          |             | 34   |
| Log-in S.A.   |            | 45           | 44                             | 404          | (1)         | (37) |
| Mineração Rio do Norte S.A.   | 28         |              |                                |              | 1           |      |
| MRS Logística S.A.  |            |              | 240                            | 276          |             |      |
| Samarco Mineração S.A.  | 13         | 9            | 526                            | 936          | (30)        |      |
| Usinas Siderúrgicas de Minas Gerais<br>S.A. - USIMINAS (*)                        | 92         | 234          |                                |              |             |      |
| Others  |            | 1,198        |                                |              |             |      |
|   | 2          | 27           | 11                             | 38           |             | 6    |
|   | <b>215</b> | <b>2,052</b> | <b>957</b>                     | <b>2,360</b> | <b>(32)</b> |      |

|   | Income        |               | Parent Company<br>Expense / Cost |              | Financial    |                 |
|---|---------------|---------------|----------------------------------|--------------|--------------|-----------------|
|   | 2009          | 2008          | 2009                             | 2008         | 2009         | 2008            |
| ALBRAS Alumínio Brasileiro S.A.                         | 130           | 26            |                                  |              |              |                 |
| ALUNORTE Alumina do Norte do Brasil S.A.                | 368           | 384           | 131                              | 53           | (22)         |                 |
| Baovale Mineração S.A.                                  | 10            |               | 37                               |              |              |                 |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO    |               | 175           | 66                               | 409          |              | (1)             |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 161           | 579           | 130                              | 617          | (3)          | (9)             |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO     |               | 391           | 35                               | 277          | (1)          | 6               |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO       |               | 162           | 89                               | 642          | 63           | (54)            |
| Companhia Portuária Baía de Sepetiba CPBS               |               |               | 291                              | 282          | (7)          | (14)            |
| CVRD Overseas Ltd.                                      | 2,551         | 4,262         |                                  |              | 131          | (53)            |
| Ferrovía Centro Atlântica S.A.                          | 182           | 206           | 9                                | 43           | 5            | (7)             |
| MRS Logística S.A.                                      | 19            | 38            | 899                              | 1,312        |              |                 |
| Samarco Mineração S.A.                                  | 184           | 467           |                                  |              |              |                 |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (*)   |               | 1,025         |                                  |              |              |                 |
| Vale Energia S.A.                                       |               |               | 217                              | 118          |              |                 |
| Vale International S.A.                                 | 19,002        | 18,975        |                                  |              | 8,370        | (11,422)        |
| Vale Manganês S.A.                                      | 72            | 83            |                                  |              |              | (13)            |
| Others  | 18            | 92            | 22                               | 89           | 26           | (10)            |
|   | <b>22,697</b> | <b>26,865</b> | <b>1,926</b>                     | <b>3,842</b> | <b>8,562</b> | <b>(11,577)</b> |

(\*) Investment disposed in April 2009.

Additionally, Vale has outstanding balances with Banco Nacional de Desenvolvimento Social and BNDES Participações S.A. in the amounts of R\$2,945 and R\$1,153 respectively on December 31, 2009, related to loans with charges at market interest rates, maturing up to September, 2029. These operations generated R\$183 of interest expenses.

Vale also has short-term investments with Bradesco in the amount of R\$185 in December 31, 2009. The effect of these operations on results was R\$77.

#### Remuneration of key management personnel

|  | 2009      |
|--|-----------|
| Short-term benefits to management      | 41        |
| Other long-term benefits to management | 11        |
| <b>Total</b>                           | <b>52</b> |





**Table of Contents****6.8- Inventories**

|   | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|---|---------------------|--------------|-----------------------|--------------|
|   | <b>2009</b>         | <b>2008</b>  | <b>2009</b>           | <b>2008</b>  |
| <b>Finished products</b>                    |                     |              |                       |              |
| . Nickel, co-products and sub products Inco | 1,886               | 3,537        | 56                    | 33           |
| . Iron ore and pellets                      | 1,324               | 1,917        | 999                   | 1,677        |
| . Manganese and ferroalloys                 | 290                 | 518          |                       |              |
| . Aluminum products                         | 251                 | 365          | 1                     | 22           |
| . Kaolin                                    | 73                  | 94           |                       |              |
| . Coal                                      | 89                  | 101          |                       |              |
| . Copper                                    | 61                  | 60           | 61                    | 60           |
| . Steel products                            | 25                  | 55           |                       |              |
| . Other                                     | 13                  | 77           | 30                    | 39           |
|   | <b>4,012</b>        | <b>6,724</b> | <b>1,147</b>          | <b>1,831</b> |
| <b>Spare parts and maintenance supplies</b> | 1,901               | 2,962        | 734                   | 1,082        |
|   | <b>5,913</b>        | <b>9,686</b> | <b>1,881</b>          | <b>2,913</b> |

On December 31, 2009, inventory balances include adjustment to net realizable for steel in the amount of R\$4,6 (R\$150 in 2008). For nickel, there was no such adjustment in 2009 (R\$184 in 2008).

**6.9- Taxes to recover or to offset**

|                      | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|----------------------|---------------------|--------------|-----------------------|--------------|
|                      | <b>2009</b>         | <b>2008</b>  | <b>2009</b>           | <b>2008</b>  |
| Income tax           | 1,577               | 3,957        | 402                   | 2,581        |
| Value-added tax ICMS | 570                 | 733          | 466                   | 538          |
| PIS and COFINS       | 1,898               | 1,057        | 1,105                 | 328          |
| Others               | 180                 | 206          | 66                    | 54           |
| <b>Total</b>         | <b>4,225</b>        | <b>5,953</b> | <b>2,039</b>          | <b>3,501</b> |
| Current              | 2,685               | 4,886        | 1,881                 | 3,312        |
| Non-current          | 1,540               | 1,067        | 158                   | 189          |
|                      | <b>4,225</b>        | <b>5,953</b> | <b>2,039</b>          | <b>3,501</b> |

**6.10- Deferred Income Tax and Social Contribution**

Company's income is subjected to the normal tax system applicable to Companies in general. Net balances of deferred assets and liabilities are presented as follows:

|                       | <b>Net Deferred</b> |             |                       |             |
|-----------------------|---------------------|-------------|-----------------------|-------------|
|                       | <b>Consolidated</b> |             | <b>Parent Company</b> |             |
|                       | <b>2009</b>         | <b>2008</b> | <b>2009</b>           | <b>2008</b> |
| Tax loss carryforward | 1,373               | 725         | 799                   |             |

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|   |                |                |                |              |
|---|----------------|----------------|----------------|--------------|
| Temporary differences:                                    |                |                |                |              |
| . Pension Plan  | 1,238          | 430            | 187            | 235          |
| . Contingent liabilities                                  | 781            | 687            | 667            | 654          |
| . Provision for losses on assets                          | 750            | 1,167          | 400            | 1,047        |
| . Goodwill from property, plan and equipments<br>acquired | (9,039)        | (8,518)        |                |              |
| . Others  | 36             | (291)          | (88)           | (76)         |
| <b>Total</b>  | <b>(6,234)</b> | <b>(6,525)</b> | <b>1,166</b>   | <b>1,860</b> |
| Social contribution                                       | (1,320)        |                | (1,320)        |              |
| <b>Total</b>  | <b>(6,181)</b> | <b>(5,800)</b> | <b>645</b>     | <b>1,860</b> |
| Current   | 1,492          | 1,305          | 1,219          | 1,220        |
| Non-current   |                |                | 747            | 640          |
| <b>ASSETS</b>   | <b>1,492</b>   | <b>1,305</b>   | <b>1,966</b>   | <b>1,860</b> |
| <b>LIABILITIES</b>  | <b>(7,673)</b> | <b>(7,105)</b> | <b>(1,320)</b> |              |

Deferred assets and liabilities related to income tax and social contribution arising from tax losses, negative social contribution bases and temporary differences are recognized from an accounting standpoint considering an analysis of likely future results, based on economic and financial projections prepared based on internal assumptions and macroeconomic, commercial and fiscal scenarios which could change in the future.

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These temporary differences that will be realized upon the occurrence of the corresponding taxable events are presented as follows:

| <b>Years</b> | <b>Net amount of credits</b> |                       |
|--------------|------------------------------|-----------------------|
|              | <b>Consolidated</b>          | <b>Parent Company</b> |
| 2010         | 1,492                        | 1,219                 |
| 2011         | (243)                        | 109                   |
| 2012         | (286)                        | 109                   |
| 2013         | (301)                        | 109                   |
| 2014         | (305)                        | 109                   |
| 2015         | (372)                        | 41                    |
| 2016         | (362)                        | 41                    |
| 2017         | (359)                        | 40                    |
| 2018         | (359)                        | 40                    |
| 2019         | (3,765)                      | 149                   |
|              | <b>(4,860)</b>               | <b>1,966</b>          |

The Income Tax in Brazil comprises the taxation on income and the social contribution on profit. The composite statutory rate applicable in the periods presented is 34%. In other countries where we have operations, the applicable tax rate varies from 1,67% to 40%.

The total amount presented as income tax and social contribution results in the financial statements is reconciled with the rates established by law, as follows:

|  | <b>Consolidated</b>        |                |                |                    | <b>Parent Company</b> |                    |              |
|--|----------------------------|----------------|----------------|--------------------|-----------------------|--------------------|--------------|
|  | <b>Quarter (Unaudited)</b> |                |                | <b>Accumulated</b> |                       | <b>Accumulated</b> |              |
|  | <b>4Q/09</b>               | <b>3Q/09</b>   | <b>3Q/08</b>   | <b>2009</b>        | <b>2008</b>           | <b>2009</b>        | <b>2008</b>  |
| Income before income tax and social contribution                     | 1,492                      | 4,941          | 12             | 15,342             | 22,376                | 15,796             | 19,821       |
| Results of equity investment e amortização de ágio                   | (22)                       | (30)           | 410            | (116)              | 1,325                 | 3,744              | (17,607)     |
| Exchange variation Not taxable                                       | 866                        | 1,458          | (5,315)        | 10,577             | (6,992)               |                    |              |
|  | <b>2,336</b>               | <b>6,369</b>   | <b>(4,893)</b> | <b>25,803</b>      | <b>16,709</b>         | <b>19,540</b>      | <b>2,214</b> |
| Income tax and social contribution at combined tax rates             | 34%                        | 34%            | 34%            | 34%                | 34%                   | 34%                | 34%          |
| <b>Federal income tax and social contribution at statutory rates</b> | <b>(794)</b>               | <b>(2,165)</b> | <b>1,664</b>   | <b>(8,773)</b>     | <b>(5,681)</b>        | <b>(6,644)</b>     | <b>(753)</b> |

Adjustments that affects the basis of taxes:

|   |     |  |     |     |       |     |       |
|---|-----|--|-----|-----|-------|-----|-------|
| Income tax benefit from interest on stockholders equity | 872 |  | 446 | 872 | 1,315 | 872 | 1,315 |
|---|-----|--|-----|-----|-------|-----|-------|

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|  |              |                |              |                |              |                |              |
|--|--------------|----------------|--------------|----------------|--------------|----------------|--------------|
| Fiscal incentives  | 113          | 62             | (25)         | 368            | 227          | 184            |              |
| Results of overseas companies taxed by different rates wick diference than the parent company rate | 769          | 273            | (17)         | 2,126          | 3,046        |                |              |
| Others   | 246          | (10)           | 397          | 482            | 428          | 41             | 896          |
| <b>Income tax and social contribution</b>  | <b>1,206</b> | <b>(1,840)</b> | <b>2,465</b> | <b>(4,925)</b> | <b>(665)</b> | <b>(5,547)</b> | <b>1,458</b> |

Vale in Brazil has a tax incentive for partial reduction of income tax due for the amount equivalent to the amount assigned by tax law to transactions in the north and northeast, such as rail, railway, manganese, copper, bauxite, alumina, aluminum, kaolin and potash. The incentive is calculated based on the profit tax of the activity (called operating income), takes into consideration the allocation of operating profit for the level of production encouraged during the periods indicated as a benefit for each product, and generally expire in 2018. Part of railroad operations and iron in the north region has been recognized as encouraged by 10 years from 2009. An amount equal to the tax saving must be appropriated in a reserve account of profits in equity, and may not be distributed as dividends to shareholders. Vale can benefit from allocation of part of the income tax to be reinvested in purchase of equipment on an encouraged operation; subject to be approved by the regulatory agency in the encouraged area, Superintendência de Desenvolvimento da Amazônia Sudam and Superintendência de Desenvolvimento do Nordeste SUDENE . Once the reinvestment is approved, the tax benefit is also appropriate in a profit reserve, prevented to de distributed as dividends to shareholders.

Vale also has tax incentives related to Goro, in New Caledonia (Goro). These tax incentives include temporary full exemption of income tax during the construction phase of the project and also for a 15-year period beginning in the first year of commercial production, as defined by the applicable law, followed by a 5-year period with 50% of temporary tax incentives. Besides the, Goro Project also qualifies for certain exemptions of indirect taxes such as import tax during the construction phase and during all the commercial life of the project. Some of these tax benefits, including temporary tax incentives, are subject to an earlier phase out in case the project achieves a specified cumulative rate of return. Goro is subject to taxation on part of the income commencing in the first year in which commercial production is achieved, as defined by the applicable law. To date, we have not recorded any taxable income for New Caledonian tax purposes. The benefits of this legislation are expected to apply with respect to taxes payable once the Goro project is in operation. Vale obtained fiscal benefit for projects in Mozambique, Oman and Malaysia, which will have effect when the projects begin their commercial operation.

Vale is subject to examination of income tax by tax authorities for up to five years for Companies in operations in Brazil, ten years for operations in Indonesia, and up to six years for Companies with operations in Canada.

In Brazil, the compensation of tax loss carry-forwards has no expiration date, though its offset is restricted to 30% of annual and quarter taxable income.

**Table of Contents****6.11- Investments**

|  | Investments  |              | Equity Results      |           |             |             |             |
|--|--------------|--------------|---------------------|-----------|-------------|-------------|-------------|
|  | 2009         | 2008         | Quarter (Unaudited) |           |             | Accumulated |             |
|  |              |              | 4Q/09               | 3Q/09     | 3Q/08       | 2009        | 2008        |
| <b>Investments carried at market value (a)</b>           |              |              |                     |           |             |             |             |
| Usinas Siderúrgicas de Minas Gerais S.A.                 |              |              |                     |           |             |             |             |
| USIMINAS (b)   |              | 384          |                     |           |             | 17          | 33          |
| Mirabela Nickel Ltd (b)                                  |              | 19           |                     |           |             |             |             |
| Skye Resources (e)                                       |              |              |                     |           | (83)        |             | (83)        |
| Hudbay Minerals Inc. (b)                                 |              | 20           |                     |           |             |             |             |
| Heron Resources Inc                                      | 14           | 5            |                     |           |             |             |             |
| Others   | 14           | 33           |                     |           |             |             |             |
|  | <b>28</b>    | <b>461</b>   |                     |           | <b>(83)</b> | <b>17</b>   | <b>(50)</b> |
| <b>Investments valued by equity method of accounting</b> |              |              |                     |           |             |             |             |
| Henan Longyu Energy Resources Co. Ltd.                   | 435          | 411          | 33                  | 32        | 35          | 148         | 145         |
| Korea Nickel Corp.                                       | 22           | 49           | 1                   |           | 4           | 1           | 7           |
| Log-In Logística Intermodal S/A.                         | 218          | 221          |                     |           | 12          | 4           | 37          |
| Shandong Yankuang International Company Ltd (d)          |              | 58           | (7)                 | (3)       | (33)        | (35)        | (33)        |
| ThyssenKrupp CSA Cia Siderúrgica do Atlântico (c)        | 3,546        | 1,034        | (11)                |           |             | (11)        |             |
| Vale Soluções em Energia                                 | 172          | 98           |                     |           |             |             |             |
| Zhuhai YPM Pellet e Co.,Ltd.                             | 22           |              | 6                   | 2         |             | 3           |             |
| Others   | 147          | 110          |                     | (1)       | 6           | (11)        | (2)         |
|  | <b>4,562</b> | <b>1,981</b> | <b>22</b>           | <b>30</b> | <b>24</b>   | <b>99</b>   | <b>154</b>  |
|  | <b>4,590</b> | <b>2,442</b> | <b>22</b>           | <b>30</b> | <b>(59)</b> | <b>116</b>  | <b>104</b>  |

(a) Investments measured at market value, or similar, with their reflects recorded in Other Comprehensive Income.

(b) Investment disposed in 2009.

(c) Investment measured at fair

value until Sep,  
2009.

(d) Company with  
negative net  
equity in 2009.

(e) The amount  
registered as  
equity  
equivalence  
refer to a loss of  
a non-temporary  
mark-to-market.

| Parent Company   | Partici-<br>tion % | Adjusted<br>stockholders<br>equity | Adjusted<br>net<br>income<br>(loss) for<br>the year | Investments |       | Results of equity<br>investments |      | Dividends<br>received<br>2009 |
|--|--------------------|------------------------------------|---|-------------|-------|----------------------------------|------|-------------------------------|
|  |                    |                                    |   | 2009        | 2008  | 2009                             | 2008 |                               |
| <b>Avaliados pelo método<br/>de equivalência<br/>patrimonial</b> |                    |                                    |   |             |       |                                  |      |                               |
| ALBRAS Alumínio<br>Brasileiro S.A.                               | 51.00              | 2,035                              | 154   | 1,038       | 992   | 78                               | 76   | 6                             |
| ALUNORTE Alumina<br>do Norte do Brasil S.A.                      | 57.03              | 4,557                              | 243   | 2,599       | 2,479 | 139                              | 137  | 8                             |
| Belém Administrações e<br>Participações LTDA.                    | 100.00             | 1                                  | (15)  | 1           | 232   | (15)                             | 22   |                               |
| Cadam S. A.<br>Companhia<br>Coreano-Brasileira de<br>Pelotização | 61.48              | 229                                | (24)  | 141         | 156   | (15)                             | (33) |                               |
| KOBRASCO<br>Companhia<br>Hispano-Brasileira de<br>Pelotização    | 50.00              | 301                                | 45  | 150         | 127   | 23                               | 78   |                               |
| HISPANOBRÁS<br>Companhia<br>Ítalo-Brasileira de<br>Pelotização   | 50.89              | 286                                | (47)  | 146         | 170   | (24)                             | 103  |                               |
| ITABRASCO<br>Companhia<br>Nipo-Brasileira de<br>Pelotização      | 50.90              | 312                                | 45  | 159         | 136   | 22                               | 55   |                               |
| NIBRASCO<br>Companhia Portuária da<br>Baía de Sepetiba           | 51.00              | 500                                | (4)   | 255         | 257   | (2)                              | 149  | 46                            |
| CPBS<br>Ferrovia Norte Sul S.A.                                  | 100.00             | 347                                | 155   | 347         | 325   | 155                              | 140  | 46                            |
| Green Mineral Resources<br>Inc (a)                               | 100.00             | 1,291                              | 14  | 1,291       | 820   | 14                               | 26   | 6                             |
|  | 31.33              | 695                                | (74)  | 1,433       |       | (74)                             |      |                               |
|  |                    |                                    | 12  | 218         | 221   | 4                                | 37   | 6                             |

|   |        |        |         |               |               |                |               |            |
|---|--------|--------|---------|---------------|---------------|----------------|---------------|------------|
| LOG-IN Logística Intermodal S/A Minas da Serra Geral S.A. MSG               | 50.00  | 102    | 6       | 51            | 49            | 3              | 2             |            |
| Mineração Rio do Norte S.A.   | 40.00  | 640    | 46      | 256           | 237           | 19             | 88            | 86         |
| Mineração Tacumã Ltda AFAC Mineração Tacumã Ltda                            | 100.00 | (84)   | 3       | (84)          | (88)          | 3              | 56            |            |
| Minerações Brasileiras Reunidas S.A. MBR (b) Mineração Corumbá Reunidas S.A | 87.94  | 4,258  | (325)   | 3,744         | 4,129         | (286)          | 420           |            |
| MRS Logística S.A. (b)  | 10.89  | 1,426  | (28)    | 1,426         |               | (28)           |               |            |
| Salobo Metais S.A. AFAC Salobo Metais S.A.                                  | 100.00 | 1,958  | 643     | 213           | 200           | 70             | 69            | 54         |
| Samarco Mineração S.A. Thyssenkrupp CSA Companhia Siderúrgica do Atlântico  | 100.00 | 917    | (60)    | 917           | 417           | (60)           |               |            |
| Vale Manganês S.A. Valesul Alumínio S.A. (b)                                | 50.00  | 1,804  | 1,179   | 902           | 300           | 590            | 553           | 346        |
| Vale International S.A. (a)   | 26.87  | 13,200 | (42)    | 3,547         | 1,034         | (11)           |               |            |
| Vale Colombia Ltd (a)   | 100.00 | 689    | 194     | 689           | 600           | 194            | 657           |            |
| Urucum Mineração  | 56.44  | 556    | (100)   | 313           | 370           | (56)           | 12            |            |
| Others  | 100.00 | 64,203 | (4,236) | 64,203        | 75,583        | (4,236)        | 16,162        |            |
| <b>Carried at market value</b>  | 100.00 | 678    | (26)    | 678           |               | (26)           |               |            |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS                           | 100.00 | 68     | 8       | 68            | 38            | 8              | 163           | 100        |
|   |        |        |         | 540           | 172           | (233)          | 64            | 30         |
|   |        |        |         | <b>87,711</b> | <b>91,543</b> | <b>(3,744)</b> | <b>19,036</b> | <b>734</b> |

(a) The foreign company equity was translated to the Brazilian currency according to the prevailing exchange rates at balance sheet date.

(b) This percentage comprises only Vale's direct

ownership.



**Table of Contents****6.12- Intangible**

|  | <b>Consolidated/ Parent Company</b> |               |                             |
|--|-------------------------------------|---------------|-----------------------------|
|  | <b>2009</b>                         | <b>2008</b>   | <b>End<br/>amortization</b> |
| <b>Intangible by segment</b>   |                                     |               |                             |
| <b>Iron ore and pellets</b>  |                                     |               |                             |
| Goodwill of Minerações Brasileiras Reunidas MBR<br>(Includes goodwill Caemi) (b) | 4,060                               | 4,060         | Indefinite                  |
| Goodwill other companies (a, b)  | 5                                   | 5             | Indefinite                  |
| Right of use of the actions of the EBM   | 656                                 | 679           | May 2037                    |
|  | <b>4,721</b>                        | <b>4,744</b>  |                             |
| <b>Nickel</b>  |                                     |               |                             |
| Goodwill of Inco Limited (a, b, d)   | 2,948                               | 3,471         | Indefinite                  |
| Other rights Vale Inco   | 609                                 | 667           | September 2046              |
|  | <b>3,557</b>                        | <b>4,138</b>  |                             |
| <b>Coal</b>  |                                     |               |                             |
| Goodwill of Vale Australia (a, b)  | 168                                 | 171           | Indefinite                  |
| <b>Logistic</b>  |                                     |               |                             |
| Subconcessions Ferrovias Norte Sul FNS   | 1,666                               | 1,660         | December 2037               |
| <b>Other</b>   | 15                                  | 14            |                             |
| <b>Total consolidated</b>  | <b>10,127</b>                       | <b>10,727</b> |                             |
| Intangible not recorded at the parent company                                    | (2,275)                             | (2,341)       |                             |
| <b>Total parent company</b>  | <b>7,852</b>                        | <b>8,386</b>  |                             |

(a) Goodwill not recorded in the parent company; and

(b) Goodwill paid due to the expectation of future profitability.

(\*)

Goodwill  
amortization  
was ceased in  
December 2008  
(see note 6.2-a)

Changes in intangibles during the fiscal year ended on December 31, 2009 of R\$10,727 as of December 31, 2008 to R\$10,127 on December 31, 2008, were as follows: decrease of amortization in the amount of R\$43, decrease of translation adjustment in the amount of R\$582, increase of exchange monetary variation by R\$25.

### 6.13- Impairment of Assets

As described in note 6.2 (1), Vale tests the recoverable value of long-lived assets if there is evidence that their book values are not recoverable, and regardless of the existence of evidence. Vale tests annually the recoverability of intangibles with indefinite useful lives, which are mainly comprised of goodwill based on estimated future results arising from business combination.

No Impairment expense was recognized in 2009 as a result of the annual impairment test of goodwill. In 2008, an impairment loss for the non-recoverability related to the operations of nickel was recognized in the amount of R\$2,447.

Management determines its cash flows based on approved budgets. The gross margin projections are based on past performance and expectations of management about the development of the markets. Information about sales prices are consistent with projections used in reports published by the industry, considering the quoted price when available and appropriate. The discount rates used reflect specific risks related to assets to each individual cash-generating unit, depending on their composition and location.

The assets recoverability based on the criterion of discounted cash flow, depends on several estimates which are influenced by current market conditions at the time that recoverability is tested and thus can not determine if further impairment losses will occur in the future, and whether occurs, if would be material.

### 6.14- Property, Plant and Equipment

|                             | Average<br>depreciation<br>rates | Consolidated<br>2009 |                             |                | 2008           | Parent Company<br>2009 |                             |               | 2008          |
|-----------------------------|----------------------------------|----------------------|-----------------------------|----------------|----------------|------------------------|-----------------------------|---------------|---------------|
|                             |                                  | Cost                 | Accumulated<br>depreciation | Net            | Net            | Cost                   | Accumulated<br>depreciation | Net           | Net           |
| Lands                       |                                  | 506                  |                             | 506            | 425            | 300                    |                             | 300           | 170           |
| Buildings                   | 1.50%                            | 9,094                | (2,407)                     | 6,687          | 6,885          | 3,904                  | (1,010)                     | 2,894         | 2,439         |
| Installations               | 4.23%                            | 30,227               | (10,304)                    | 19,923         | 19,371         | 14,306                 | (4,491)                     | 9,815         | 9,495         |
| Equipment                   | 7.73%                            | 14,722               | (4,998)                     | 9,724          | 9,587          | 5,509                  | (1,975)                     | 3,534         | 2,916         |
| Computer                    |                                  |                      |                             |                |                |                        |                             |               |               |
| Equipment                   | 20.00%                           | 2,287                | (1,425)                     | 862            | 948            | 1,870                  | (1,163)                     | 707           | 721           |
| Railroads                   | 3.73%                            | 13,439               | (4,667)                     | 8,772          | 7,558          | 11,451                 | (4,114)                     | 7,337         | 6,224         |
| Mining Assets               | 5.09%                            | 27,342               | (3,475)                     | 23,867         | 25,734         | 1,976                  | (445)                       | 1,531         | 1,445         |
| Others                      | 6.57%                            | 15,182               | (3,757)                     | 11,425         | 8,651          | 3,463                  | (1,681)                     | 1,782         | 1,855         |
|                             |                                  | <b>112,799</b>       | <b>(31,033)</b>             | <b>81,766</b>  | <b>79,159</b>  | <b>42,779</b>          | <b>(14,879)</b>             | <b>27,900</b> | <b>25,265</b> |
| Construction<br>in progress |                                  | 33,394               |                             | 33,394         | 31,335         | 15,728                 |                             | 15,728        | 13,446        |
| <b>Total</b>                |                                  | <b>146,193</b>       | <b>(31,033)</b>             | <b>115,160</b> | <b>110,494</b> | <b>58,507</b>          | <b>(14,879)</b>             | <b>43,628</b> | <b>38,711</b> |

**Table of Contents****(b) By business area:**

|                          | <b>Consolidated</b> |  |                | <b>2008</b>    |
|--------------------------|---------------------|--|----------------|----------------|
|                          | <b>Cost</b>         | <b>2009<br/>Accumulated<br/>depreciation</b> | <b>Net</b>     | <b>Net</b>     |
| <b>Ferrous</b>           |                     |  |                |                |
| In operation             | 41,245              | (14,184)                                     | 27,061         | 20,732         |
| Construction in Progress | 9,403               |  | 9,403          | 9,068          |
|                          | <b>50,648</b>       | <b>(14,184)</b>                              | <b>36,464</b>  | <b>29,800</b>  |
| <b>Non Ferrous</b>       |                     |  |                |                |
| In operation             | 47,302              | (8,119)                                      | 39,183         | 43,304         |
| Construction in Progress | 18,756              |  | 18,756         | 18,121         |
|                          | <b>66,058</b>       | <b>(8,119)</b>                               | <b>57,939</b>  | <b>61,425</b>  |
| <b>Logistics</b>         |                     |  |                |                |
| In operation             | 10,071              | (3,376)                                      | 6,695          | 6,170          |
| Construction in Progress | 1,369               |  | 1,369          | 837            |
|                          | <b>11,440</b>       | <b>(3,376)</b>                               | <b>8,064</b>   | <b>7,007</b>   |
| <b>Holdings</b>          |                     |  |                |                |
| In operation             | 12,113              | (4,192)                                      | 7,921          | 8,065          |
| Construction in Progress | 1,843               |  | 1,843          | 1,265          |
|                          | <b>13,956</b>       | <b>(4,192)</b>                               | <b>9,764</b>   | <b>9,330</b>   |
| <b>Corporate Center</b>  |                     |  |                |                |
| In operation             | 2,068               | (1,162)                                      | 906            | 888            |
| Construction in Progress | 2,023               |  | 2,023          | 2,044          |
|                          | <b>4,091</b>        | <b>(1,162)</b>                               | <b>2,929</b>   | <b>2,932</b>   |
| <b>Total</b>             | <b>146,193</b>      | <b>(31,033)</b>                              | <b>115,160</b> | <b>110,494</b> |

The depreciation in the period allocated to the production cost and the expenses amount R\$ 5,447 in 2009 (R\$ 5,112 in 2008) in the consolidated and R\$ 1,931 in 2009 (R\$ 1,647 in 2008) in the Parent Company financial statements.

**6.15- Loans and Financing****Current**

|                 | <b>Consolidated</b> |              | <b>Parent Company</b> |             |
|-----------------|---------------------|--------------|-----------------------|-------------|
|                 | <b>2009</b>         | <b>2008</b>  | <b>2009</b>           | <b>2008</b> |
| Trade finance   | 546                 | 958          |                       |             |
| Working capital | 100                 | 130          |                       |             |
|                 | <b>646</b>          | <b>1,088</b> |                       |             |

Relates to short-term financing for export denominated in US dollars, with average annual interest rate of 2,02% per year.

**Non-current**

|                                    | <b>Consolidated</b>        |              |                    |               | <b>Parent Company</b>      |             |                    |               |
|------------------------------------|----------------------------|--------------|--------------------|---------------|----------------------------|-------------|--------------------|---------------|
|                                    | <b>Current liabilities</b> |              | <b>Non-current</b> |               | <b>Current liabilities</b> |             | <b>Non-current</b> |               |
|                                    | <b>2009</b>                | <b>2008</b>  | <b>2009</b>        | <b>2008</b>   | <b>2009</b>                | <b>2008</b> | <b>2009</b>        | <b>2008</b>   |
| <b>Foreign operations</b>          |                            |              |                    |               |                            |             |                    |               |
| Loans and financing in:            |                            |              |                    |               |                            |             |                    |               |
| U.S. dollars                       | 2,846                      | 568          | 10,683             | 15,287        | 276                        | 380         | 1,095              | 1,046         |
| Other currencies                   | 51                         | 54           | 715                | 390           | 6                          | 8           | 6                  | 15            |
| Notes in U.S. dollars              |                            |              | 12,851             | 15,214        |                            |             |                    |               |
| Export securitization (*)          | 261                        | 129          |                    | 348           |                            |             |                    |               |
| Perpetual notes                    |                            |              | 136                | 194           |                            |             |                    |               |
| Accrued charges                    | 346                        | 507          |                    |               | 7                          | 24          |                    |               |
|                                    | <b>3,504</b>               | <b>1,258</b> | <b>24,385</b>      | <b>31,433</b> | <b>289</b>                 | <b>412</b>  | <b>1,101</b>       | <b>1,061</b>  |
| <b>Local operations</b>            |                            |              |                    |               |                            |             |                    |               |
| Indexed by TJLP, TR, IGP-M and CDI | 145                        | 103          | 6,233              | 4,879         | 108                        | 76          | 5,976              | 4,645         |
| Basket of currencies               | 2                          | 2            | 5                  | 9             | 2                          | 3           | 5                  | 10            |
| Loans in U.S. dollars              |                            |              | 990                | 386           |                            |             | 990                | 386           |
| Non-convertible debentures         | 1,500                      |              | 4,513              | 5,987         | 1,500                      |             | 4,000              | 5,500         |
| Accrued charges                    | 154                        | 220          |                    |               | 154                        | 220         |                    |               |
|                                    | <b>1,801</b>               | <b>325</b>   | <b>11,741</b>      | <b>11,261</b> | <b>1,764</b>               | <b>299</b>  | <b>10,971</b>      | <b>10,541</b> |
|                                    | <b>5,305</b>               | <b>1,583</b> | <b>36,126</b>      | <b>42,694</b> | <b>2,053</b>               | <b>711</b>  | <b>12,072</b>      | <b>11,602</b> |

(\*) Refers to, debt securities collateralized by future receivables arising from certain exports sales. (Securities settled in 2010, see note 6.33)

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Long-term portions as of December 31, 2009 mature as follows:

|  | <b>Consolidated</b> |             | <b>Parent Company</b> |             |
|--|---------------------|-------------|-----------------------|-------------|
| 2011   | 4,697               | 13%         | 392                   | 3%          |
| 2012   | 2,544               | 7%          | 433                   | 4%          |
| 2013   | 5,973               | 17%         | 4,428                 | 37%         |
| 2014   | 1,861               | 5%          | 1,474                 | 12%         |
| 2015 onwards   | 20,402              | 56%         | 5,345                 | 44%         |
| No due date (Perpetual notes and non-convertible debentures) | 649                 | 2%          |                       | 0%          |
|  | <b>36,126</b>       | <b>100%</b> | <b>12,072</b>         | <b>100%</b> |

As of December 31, 2009, annual interest rates on long-term debt were as follows:

|                            | <b>Consolidated</b> | <b>Parent Company</b> |
|----------------------------|---------------------|-----------------------|
| Up to 3%                   | 11,928              | 2,375                 |
| 3.1% to 5%                 | 202                 |                       |
| 5.1% to 7%(*)              | 15,060              | 1,166                 |
| 7.1% to 9%(*)              | 10,276              | 6,995                 |
| 9.1% to 11%                | 1,746               | 1,514                 |
| Over 11% (*)               | 2,077               | 2,075                 |
| Variable (Perpetual notes) | 142                 |                       |
|                            | <b>41,431</b>       | <b>14,125</b>         |

(\*) Includes non-convertible debentures and other loans denominated in Brazilian Reais which interest is equal to the accumulated variation of CDI and TJLP;(Brazilian interbank certificate of deposit and Long-term interest rate) plus spread. For these operations were contracted derivatives instruments to protect the Company from the exposure of variations of floating debt denominated in Reais. The total contracted amount for these operations is R\$ 11,623, where R\$ 6,876 has an original interest rate between 7,1% and 9%, and the major balance has original interest rate above 9%. After the derivatives contracts the average cost of these operations is equivalent to 4,47%.

Vale has non-convertible debentures denominated in Reais presented as follows:

|                                | <b>Quantity as of December 31,<br/>2009</b> |                    |                 | <b>Annual<br/>Fees</b> | <b>Balances in</b> |             |
|--------------------------------|---|--------------------|-----------------|------------------------|--------------------|-------------|
|                                | <b>Issued</b>                               | <b>Outstanding</b> | <b>Maturity</b> |                        | <b>2009</b>        | <b>2008</b> |
| <b>Emissões</b>                |   |                    |                 |                        |                    |             |
| 1st Series 7th Public Offering | 150,000                                     | 150,000            | Nov. 20, 2010   | 101,75% CDI            | 1,514              | 1,522       |
| 2nd Series 7th Public Offering | 400,000                                     | 400,000            | Nov. 20, 2010   | 100% CDI + 0,25%       | 4,037              | 4,057       |
| Salobo Tranche B               | 5   | 5                  | No due date     | 6,5 % a.a + IGPDI      | 513                | 487         |
|                                |   |                    |                 |                        | 6,064              | 6,066       |

|                    |       |       |
|--------------------|-------|-------|
| Short-term portion | 1,500 |       |
| Long-term portion  | 4,513 | 5,987 |
| Accrued charges    | 51    | 79    |
|                    | 6,064 | 6,066 |

The percentage variations related applied to the debt were as follows:

|  | 2009  | 2008   | 2007 |
|--|-------|--------|------|
| TJLP Long-Term Interest Rate (effective rate)    | 6.2   | 6.3    | 6.4  |
| IGP-M General Price Index Market                 | (1.7) | 9.8    | 7.8  |
| Devaluation of Real against United States Dollar | 34.2  | (24.2) | 20.7 |

In November 2009, Vale issued US\$ 1 billion (corresponding to R\$ 1,7 billion) of 30-year Bonds through its wholly-owned subsidiary Vale Overseas. The notes due to November 2039 have a coupon of 6.875% per year, payable semiannually at a price of 98.564% of the face value of the title.

In September, 2009, Vale issued US\$ 1 billion (corresponding to R\$ 1,8 billion) of 10-year bonus through its wholly-owned subsidiary Vale Overseas. The notes due 2019 will bear a coupon of 5 5/8% per year, payable semiannually, at a price of 99.23% of the principal amount.

On January, 2008 the Company entered into a transaction with Brazilian bank to finance working capital in the amount of R\$ 2 billions with final maturity in 2018.

#### **Credit Lines**

In November 2009, Vale signed a credit line of US\$ 300 (corresponding to R\$ 522), through its subsidiary PT International Nickel Indonesia Tbk (PTI), with Japanese financial institutions, using insurance from Nippon Export and Investment Insurance (NEXI) from Japan, to finance the construction of the hydroelectric plant Karebbe, at Indonesia. Until December 31, 2009 PT International withdrew US\$ 150 (corresponding to R\$ 261) from this credit line.

In 2008, Vale entered into agreements with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) of R\$ 7,300 and with Japanese credit facility agencies granting long-term financials of US\$ 5 billion (corresponding to R\$ 8,706) of which US\$ 3 billion (corresponding to R\$ 5,224) with Japan Bank for International Cooperation (JBIC) and US\$ 2 billion (corresponding to R\$ 3,482) with Nippon Export and Investment Insurance (NEXI) for the financing of the mining, logistics and power generation projects developed under Vale's investment program for 2008-2012. Until December 31, 2009 Vale had draw down R\$ 1,554 from the credit facility granted by BNDES.

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Additionally, Vale has revolving credit lines available under which amounts can be disbursed and paid at the option of the borrower. At December 31, 2009, the total amount available under revolving credit lines was US\$ 1,900 (corresponding to R\$ 3,308), of which US\$ 1,150 (corresponding to R\$ 2,002) was granted to Vale International and the balance to Vale Inco. Up to December 31, 2009 no amount were draw down by Vale International or by Vale Inco, however letters of credit were issued in the amount of US\$115 (corresponding to R\$ 200) related to credit line of Vale Inco.

**Guarantees**

At December 31, 2009, R\$ 1,311 (December 31, 2008 R\$ 1,299) of the outstanding debt was guaranteed, of which R\$ 265 (December 31, 2008 R\$ 487) of which guaranteed by receivables from the subsidiary CVRD Overseas Ltd. R\$ 59 (December 31, 2008 R\$ 133) guaranteed by Brazilian Federal Government and R\$ 987 (December 31, 2008 R\$ 689) guaranteed by other receivables. The remaining balance of R\$ 40,120 (December 31, 2008 R\$ 42,978) have no guarantees.

Some long-term debt instruments have financial coverage. The main financial coverage relates to certain ratios that must be maintained, such as debt versus EBITDA and interest coverage. Vale is in full compliance with financial coverage required.

**6.16 Contingent Liabilities and Commitments**

Vale and its subsidiaries are parties to labor, civil, tax and other suits and have been contesting these matters both administratively and in court, which, when applicable, these are backed by judicial deposits. Provisions for losses are estimated and inflation restated by Management based on the opinion of the Legal Department and its external legal counsels.

In addition to the provisions recorded, there are other contingent liabilities, split between taxes, labor and civil claims, estimated as possible losses in the amount of R\$ 9.242 (R\$ 4.009 in the parent Company).

**Contingent Liabilities**

Provisions for contingencies net of judicial deposits, considered by Management and its legal counsel as sufficient to cover probable losses from, are detailed as follows:

|                                  | <b>Consolidated</b> |              | <b>Parent Company</b> |              |
|----------------------------------|---------------------|--------------|-----------------------|--------------|
|                                  | <b>2009</b>         | <b>2008</b>  | <b>2009</b>           | <b>2008</b>  |
| I) Tax contingencies             | 1,933               | 2,299        | 404                   | 1,203        |
| (-) Judicial deposits            | (495)               | (1,082)      | (245)                 | (862)        |
|                                  | <b>1,438</b>        | <b>1,217</b> | <b>159</b>            | <b>341</b>   |
| II) Civil contingencies          | 935                 | 687          | 539                   | 475          |
| (-) Judicial deposits            | (41)                | (44)         | (2)                   |              |
|                                  | <b>894</b>          | <b>643</b>   | <b>537</b>            | <b>475</b>   |
| III) Labor contingencies         | 1,273               | 1,097        | 993                   | 905          |
| (-) Judicial deposits            | (95)                |              | (48)                  |              |
|                                  | <b>1,178</b>        | <b>1,097</b> | <b>945</b>            | <b>905</b>   |
| IV) Environmental contingencies  | 61                  | 32           | 26                    | 9            |
| <b>Total accrued liabilities</b> | <b>3,571</b>        | <b>2,989</b> | <b>1,667</b>          | <b>1,730</b> |
|                                  | <b>2009</b>         | <b>2008</b>  | <b>2009</b>           | <b>2008</b>  |

|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| <b>Balance at the beginning of the period</b> | 2,989        | 3,189        | 1,730        | 1,979        |
| Provisions, net of reversals                  | 536          | (1,234)      | 192          | (747)        |
| Payment                                       | (377)        | (30)         | (237)        | (30)         |
| Monetary update                               | (10)         | 568          | 184          | 385          |
| Judicial deposits                             | 433          | 496          | (202)        | 143          |
| <b>Balance at the end of period</b>           | <b>3,571</b> | <b>2,989</b> | <b>1,667</b> | <b>1,730</b> |

**I) Tax Contingencies:**

Main tax causes refer substantially to discussions about the calculation basis of the Financial Compensation by Exploration of Mineral Resources (CFEM) and on denials of applications for compensation claims in the settlement of federal taxes. Others refer to collections of Additional Compensation Labor Ports (AITP) and questions about the location for Tax Services (ISS) incidence.

In 2009, accrued values related to discussion of compensation for losses and negative basis of social contribution above 30% were wrote down, due to withdrawal of the action and therefore the extinction process with release of funds deposited in escrow in favor of the Union.

**II) Civil Contingencies:**

The civil lawsuits are mainly related to claims made against the Company by contractors in connection with losses allegedly incurred by them as a result of several economic plans, accidents and return of land.



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**III) Labor Contingencies:**

Labor and social security contingencies it refers mainly to claims for (a) payment of time spent traveling from their residences to the work-place, (b) additional health and safety related payments, and (c) disputes about the amount of indemnities paid upon dismissal and one-third extra holiday pay.

**Other commitments**

- (a) In connection with a tax benefit for lease financing arrangement sponsored by the French Government, Vale provided certain guarantees on behalf of Vale Inco New Caledonia (VINC) pursuant to which it was guaranteed payments due from VINC of up to a maximum amount of R\$ 174 (US\$100 million) ( Maximum Amount ) in connection with an indemnity. The Company also provided an additional guarantee covering the payments due from VINC of (a) amounts exceeding the Maximum Amount in connection with the indemnity and (b) other amounts payable by VINC under a lease agreement covering certain assets.

During the second quarter two new bank guarantees totaling R\$ 108 ( 43 million) were established by the Company on behalf of VINC in favor of the South Province of New Caledonia in order to guarantee the performance of VINC with respect to certain environmental obligations in relation to the metallurgical plant and the Kwe West residue storage facility.

Sumic Nickel Netherlands B.V., a 21% shareholder of VINC, has a put option to sell to Vale 25%, 50%, or 100% of the shares they own of VINC. The put option can be exercised if the defined cost of the nickel-cobalt development project exceeds the agreed value with the shareholders and an agreement cannot be reached on how to proceed with the project.

Vale provided a guarantee covering certain termination payments due from VINC (Vale Inco New Caledonia) to the supplier under an electricity supply agreement ( ESA ) entered into in October 2004 for the VINC project. The amount of the termination payments guaranteed depends upon a number of factors, including whether any termination of the ESA is a result of a default by VINC and the date on which an early termination of the ESA were to occur. If VINC defaults under the ESA prior to the anticipated start date for supply of electricity to the project, the termination payment, which currently is at its maximum, would be R\$ 364 ( 145 million). Once the supply of electricity under the ESA to the project begins, the guaranteed amounts will decrease over the life of the ESA.

In February 2009, Vale Inco Newfoundland and Labrador Limited ( VINL ), Vale s subsidiary, entered into a fourth amendment to the Voisey s Bay Development agreement with the Government of Newfoundland and Labrador Canada, which permits VINL to ship up to 55,000 metric tonnes of nickel concentrate from the Voisey s Bay area mines. As part of the agreement, VINL agreed to provide the Government of Newfoundland and Labrador financial assurance in the form of letters of credit each in the amount of R\$ 27 (CAD\$ 16 million) for each shipment of nickel concentrate shipped out of the province from January 1, 2009 to August 31, 2009. The maximum amount of this financial assurance is R\$ 186 (CAD\$ 112 million) based on seventh shipment of nickel concentrate. As at December 31, 2009, all letters of credit had been issued, remaining R\$ 102 (CAD\$ 61,6 million) opened.

- (b) At the time of our privatization in 1997, Vale issued debentures to its then-existing stockholders, including the Brazilian Government. The terms of the 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.

Vale has 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.

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

In April and in September, 2009, the Company paid interest on debentures in the amount of R\$ 8 and R\$ 7 respectively.

**6.17 Provision for Asset Retirement Obligations**

|  | <b>Consolidated</b> |              | <b>Parent Company</b> |             |
|--|---------------------|--------------|-----------------------|-------------|
|  | <b>2009</b>         | <b>2008</b>  | <b>2009</b>           | <b>2008</b> |
| <b>Provisions in the beginning of year</b> | <b>2,110</b>        | <b>1,763</b> | <b>892</b>            | <b>790</b>  |
| Accretion expense                          | 136                 | 294          | 90                    | 163         |
| Liabilities settled in the current period  | (86)                | (16)         | (74)                  | (11)        |
| Revisions in estimated cash flows          | (48)                | (153)        | (62)                  | (50)        |
| Cumulative translation adjustment          | (111)               | 222          |                       |             |
| <b>Provisions in the end of year</b>       | <b>2,001</b>        | <b>2,110</b> | <b>846</b>            | <b>892</b>  |
| Current                                    | 157                 | 113          | 122                   | 44          |
| Non-current                                | 1,844               | 1,997        | 724                   | 848         |
|  | <b>2,001</b>        | <b>2,110</b> | <b>846</b>            | <b>892</b>  |

**Table of Contents****6.18 Pension Plan**

Since 1973, Vale sponsors a supplementary social security plan with characteristics of a defined benefit plan (the Old Plan ) covering substantially all Brazilian employees, with benefits calculated based on years of service, age, contribution salary and supplementary social security benefits. This plan is administered by Fundação Vale do Rio Doce de Seguridade Social VALIA and was funded by monthly contributions made by the sponsor and employees, calculated based on periodic actuarial appraisals.

In May 2000 was implemented a new supplementary social security plan with characteristics of variable contribution, comprising the earnings of programmed retirements and risk benefits (death pension, physical invalidity, and sickness assistance). At the launch of this New Plan (a Benefit Mix Plan Vale Mais), was offered to the employees the opportunity to migrate to it. Over 98% of our employees opted for the transference. The old plan continues to exist, covering almost exclusively retired participants and their beneficiaries.

Additionally a specific group of former employees has the right of supplementary payments in addition to the regular benefits from VALIA, though *Abono Complementação* plus a post retirement benefit plan which covers health and dental care and pharmaceutical benefits to this specific group.

Upon the acquisition of Inco, we assumed benefits through defined benefit pension plans that cover essentially all its employees and post retirement benefits other than pensions that also provide certain health care and life insurance benefits for retired employees.

Vale did not register in the Balance Sheet the asset from actuarial valuation on overfunded pension plan, because there is no evidence of realization, according to item 49 of NPC 26. However, in order to provide a better understanding, the granted assets of those plans were disclosed in notes.

The following information details the status of the defined benefit elements of all plans in accordance with Deliberação CVM 371/00, as well as their related costs.

The results of the actuarial valuation are presented as follows:

**Pension Plans****(a) Development of Assets Present Value**

|   | <b>Consolidated</b>           |                                |   |                               |                                |   |
|---|-------------------------------|--------------------------------|---|-------------------------------|--------------------------------|---|
|   | <b>2009</b>                   |                                | <b>2008</b>                               |                               |                                |   |
|   | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> |
| Fair value of plan assets at beginning of year  | 5,666                         | 7,084                          | 2,499                                     | 5,629                         | 7,127                          | 2,668                                     |
| Cost of current service                         | 22                            | 86                             | 33  | 20                            | 110                            | 42  |
| Cost of interest                                | 614                           | 495                            | 176                                       | 556                           | 379                            | 127                                       |
| Benefits paid                                   | (443)                         | (555)                          | (129)                                     | (512)                         | (467)                          | (97)                                      |
| Plan amendment                                  |                               |                                |   |                               | 29                             |   |
| Hypotheses changes                              | 498                           | 28                             | 19  | (712)                         |                                |   |
| Actuarial (gain) loss                           | 17                            | 615                            | 248                                       | 685                           | (1,207)                        | (684)                                     |
| Effect of exchange rate changes                 |                               | (922)                          | (354)                                     |                               | 383                            | 143                                       |
| <b>Fair value of plan assets at end of year</b> | <b>6,374</b>                  | <b>6,831</b>                   | <b>2,492</b>                              | <b>5,666</b>                  | <b>6,354</b>                   | <b>2,199</b>                              |

|  | <b>Parent Company</b> |                    |                    |                   |                    |                    |
|--|-----------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|  | <b>2009</b>           |                    | <b>2008</b>        |                   |                    |                    |
|  | <b>Overfunded</b>     | <b>Underfunded</b> | <b>Underfunded</b> | <b>Overfunded</b> | <b>Underfunded</b> | <b>Underfunded</b> |

|   | <b>pension</b> | <b>pension</b> | <b>other<br/>benefits</b> | <b>pension</b> | <b>pension</b> | <b>other<br/>benefits</b> |
|---|----------------|----------------|---------------------------|----------------|----------------|---------------------------|
| Fair value of plan assets at beginning of year  | 5,666          | 730            | 300                       | 5,629          | 732            | 292                       |
| Cost of current service                         | 22             |                | 3                         | 20             |                | 3                         |
| Cost of interest                                | 614            | 78             | 32                        | 556            | 71             | 29                        |
| Benefits paid                                   | (443)          | (73)           | (27)                      | (512)          | (67)           | (31)                      |
| Plan amendment                                  |                |                |                           |                |                |                           |
| Hypotheses changes                              | 498            | 28             | 19                        | (712)          | (63)           | (34)                      |
| Actuarial (gain) loss                           | 17             | (5)            | (3)                       | 685            | 57             | 41                        |
| Effect of exchange rate changes                 |                |                |                           |                |                |                           |
| <b>Fair value of plan assets at end of year</b> | <b>6,374</b>   | <b>758</b>     | <b>324</b>                | <b>5,666</b>   | <b>730</b>     | <b>300</b>                |

**Table of Contents****(b) Development of Assets Fair Value**

|  | <b>Consolidated</b>           |                                |   |                               |                                |   |
|--|-------------------------------|--------------------------------|---|-------------------------------|--------------------------------|---|
|  | <b>2009</b>                   |                                | <b>2008</b>                               |                               |                                |   |
|  | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> |
| Fair value of assets at the beginning of the year  | 7,111                         | 5,859                          | 21  | 7,417                         | 6,405                          | 18  |
| Actual return of assets                            | 1,952                         | 788                            | 2   | 132                           | (1,147)                        | 2   |
| Contribution from sponsor                          | 78                            | 308                            | 129                                       | 74                            | 399                            | 97  |
| Benefits paid                                      | (443)                         | (555)                          | (129)                                     | (512)                         | (467)                          | (97)                                      |
| Effect of exchange rate changes                    |                               | (777)                          | (4)                                       |                               | 328                            | 1   |
| <b>Fair value of assets at the end of the year</b> | <b>8,698</b>                  | <b>5,623</b>                   | <b>19</b>                                 | <b>7,111</b>                  | <b>5,518</b>                   | <b>21</b>                                 |

|  | <b>Parent Company</b>         |                                |   |                               |                                |   |
|--|-------------------------------|--------------------------------|---|-------------------------------|--------------------------------|---|
|  | <b>2009</b>                   |                                | <b>2008</b>                               |                               |                                |   |
|  | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> |
| Fair value of assets at the beginning of the year  | 7,111                         | 341                            |   | 7,417                         | 259                            |   |
| Actual return of assets                            | 1,952                         | 90                             |   | 132                           | 49                             |   |
| Contribution from sponsor                          | 78                            | 111                            | 27  | 74                            | 100                            | 31  |
| Benefits paid                                      | (443)                         | (73)                           | (27)                                      | (512)                         | (67)                           | (31)                                      |
| Effect of exchange rate changes                    |                               |                                |   |                               |                                |   |
| <b>Fair value of assets at the end of the year</b> | <b>8,698</b>                  | <b>469</b>                     |   | <b>7,111</b>                  | <b>341</b>                     |   |

Plans assets on December 31, 2009 include R\$ 1,022 (R\$ 439 on December 31, 2008) and R\$ 120 (R\$ 124 in 31 December 2008) relating to portfolio investments in our own shares and debentures, respectively and R\$ 111 (R\$ 103 on December 31, 2008) of shares from related parties, respectively. They also include R\$ 5,678 of securities of the Federal Government (R\$ 5,777 on 31 December 2008) and R\$ 681 of securities from Canada Government (R\$ 811 on December 31, 2008).

**(c) Reconciliation of assets and liabilities recognized in the balance sheet**

|  | <b>Consolidated</b>                  |                                |   |                                      |                                |   |
|--|--------------------------------------|--------------------------------|---|--------------------------------------|--------------------------------|---|
|  | <b>2009</b>                          |                                | <b>2008</b>                               |                                      |                                |   |
|  | (*)<br><b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> | (*)<br><b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> |
|  | (6,374)                              | (6,831)                        | (2,492)                                   | (5,666)                              | (6,354)                        | (2,199)                                   |

|   |              |              |                |              |              |                |
|---|--------------|--------------|----------------|--------------|--------------|----------------|
| Fair value of plan assets at the end of the year                      | 8,698        | 5,623        | 19             | 7,111        | 5,518        | 21             |
| Fair value of assets at the end of the year                           |              |              |                |              |              |                |
| Net (gains) and losses not recognized on the balance sheet            | (45)         | 602          | (498)          | 545          | 231          | (410)          |
| <b>Total</b>  | <b>2,279</b> | <b>(606)</b> | <b>(2,971)</b> | <b>1,990</b> | <b>(605)</b> | <b>(2,588)</b> |
| Actuarial assets / (liabilities) recorded in the balance sheet:       |              |              |                |              |              |                |
| Short-term  |              | (108)        | (135)          |              | (26)         | (127)          |
| Long-term   | 2,279        | (498)        | (2,836)        | 1,990        | (579)        | (2,461)        |
| <b>Actuarial assets / (liabilities) recorded in the balance sheet</b> | <b>2,279</b> | <b>(606)</b> | <b>(2,971)</b> | <b>1,990</b> | <b>(605)</b> | <b>(2,588)</b> |

|   | Parent Company            |                     |                            |                           |                     |                            |
|---|---------------------------|---------------------|----------------------------|---------------------------|---------------------|----------------------------|
|   | 2009                      |                     |                            | 2008                      |                     |                            |
|   | (*)<br>Overfunded pension | Underfunded pension | Underfunded other benefits | (*)<br>Overfunded pension | Underfunded pension | Underfunded other benefits |
| Fair value of plan assets at the end of the year                      | (6,374)                   | (758)               | (324)                      | (5,666)                   | (730)               | (300)                      |
| Fair value of assets at the end of the year                           | 8,698                     | 469                 |                            | 7,111                     | 341                 |                            |
| Net (gains) and losses not recognized on the balance sheet            | (45)                      | 22                  | 40                         | 545                       | 49                  | 31                         |
| <b>Total</b>  | <b>2,279</b>              | <b>(267)</b>        | <b>(284)</b>               | <b>1,990</b>              | <b>(340)</b>        | <b>(269)</b>               |
| Actuarial assets / (liabilities) recorded in the balance sheet:       |                           |                     |                            |                           |                     |                            |
| Short-term  |                           | (84)                | (27)                       |                           | (62)                | (24)                       |
| Long-term   | 2,279                     | (183)               | (257)                      | 1,990                     | (278)               | (245)                      |
| <b>Actuarial assets / (liabilities) recorded in the balance sheet</b> | <b>2,279</b>              | <b>(267)</b>        | <b>(284)</b>               | <b>1,990</b>              | <b>(340)</b>        | <b>(269)</b>               |

(\*)

The Company has not recorded the actuarial asset on its balance sheet, since there is no clear evidence to its realization, as established by item 49 of NPC 26.

**Table of Contents****(d) Costs recognized in the income statement**

|  | <b>Consolidated</b>                 |                                  |                               |                                     |                                  |                               |
|--|-------------------------------------|----------------------------------|-------------------------------|-------------------------------------|----------------------------------|-------------------------------|
|  | <b>2009</b>                         |                                  | <b>2008</b>                   |                                     |                                  |                               |
|  | <b>Overfunded pension plans (*)</b> | <b>Underfunded pension plans</b> | <b>Other pension benefits</b> | <b>Overfunded pension plans (*)</b> | <b>Underfunded pension plans</b> | <b>Other pension benefits</b> |
| Current period service cost              | 22                                  | 85                               | 34                            | 20                                  | 110                              | 45                            |
| Interest on projected benefit obligation | 614                                 | 494                              | 178                           | 556                                 | 450                              | 153                           |
| Expected return on assets                | (846)                               | (390)                            | (4)                           | (926)                               | (483)                            | (9)                           |
| Amortization and (gains) and losses, net |                                     | 36                               | (74)                          | 18                                  | 20                               |                               |
| <b>Total costs, net</b>                  | <b>(210)</b>                        | <b>225</b>                       | <b>134</b>                    | <b>(332)</b>                        | <b>97</b>                        | <b>189</b>                    |

  

|  | <b>Parent Company</b>               |                                  |                               |                                     |                                  |                               |
|--|-------------------------------------|----------------------------------|-------------------------------|-------------------------------------|----------------------------------|-------------------------------|
|  | <b>2009</b>                         |                                  | <b>2008</b>                   |                                     |                                  |                               |
|  | <b>Overfunded pension plans (*)</b> | <b>Underfunded pension plans</b> | <b>Other pension benefits</b> | <b>Overfunded pension plans (*)</b> | <b>Underfunded pension plans</b> | <b>Other pension benefits</b> |
| Current period service cost              | 22                                  |                                  | 4                             | 20                                  |                                  | 3                             |
| Interest on projected benefit obligation | 614                                 | 77                               | 32                            | 556                                 | 71                               | 26                            |
| Expected return on assets                | (846)                               | (45)                             |                               | (926)                               | (49)                             |                               |
| Amortization and (gains) and losses, net |                                     |                                  |                               | (11)                                |                                  |                               |
| <b>Total costs, net</b>                  | <b>(210)</b>                        | <b>32</b>                        | <b>36</b>                     | <b>(361)</b>                        | <b>22</b>                        | <b>29</b>                     |

(\*) The Company did not recognize the actuarial valuation on overfunded pension plan, because there is no evidence of realization, as established by item 49 of NPC 26.



**(e) Actuarial and economic hypotheses**

All calculations include future projections in relation to certain parameters, for example: salaries, interest, inflation, benefits from social security, mortality, invalidity and others. No actuarial results can be analyzed without previous knowledge of the scenarios hypotheses used in the evaluation.

The actuarial economic hypotheses were formulated considering the long -term for their maturity, and should therefore be analyzed from this point of view. Thus, in short period of time, they cannot be necessarily realized.

The evaluation was based on the following economic hypotheses:

|  | <b>Brasil</b>                 |                                |   |                               |                                |   |
|--|-------------------------------|--------------------------------|---|-------------------------------|--------------------------------|---|
|  | <b>2009</b>                   |                                |   | <b>2008</b>                   |                                |   |
|  | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> |
| Discount rate                                | 11.08% p.a.                   | 11.08%<br>p.a.                 | 11.08%<br>p.a.                            | 11.28% p.a.                   | 11.28%<br>p.a.                 | 11.28%<br>p.a.                            |
| Rate expected return of assets               | 12.00% p.a.                   | 11.50%<br>p.a.                 | N/A                                       | 12.22% p.a.                   | 13.00%<br>p.a.                 | N/A                                       |
| Rate of compensation increase up to 47 years | 7.64% p.a.                    | 7.64%<br>p.a.                  | N/A                                       | 7.12% p.a.                    | N/A                            | N/A                                       |
| Rate of compensation increase over 47 years  | 4.50% p.a.                    | 4.50%<br>p.a.                  | N/A                                       | 4.00% p.a.                    | N/A                            | N/A                                       |
| Inflation                                    | 4.50% p.a.                    | 4.50%<br>p.a.                  | 4.50%<br>p.a.                             | 4.00% p.a.                    | 4.00%<br>p.a.                  | 4.00%<br>p.a.                             |
| Health care cost trend rate                  | N/A                           | N/A                            | 7.63%<br>p.a.                             | N/A                           | N/A                            | 7.12%<br>p.a.                             |

|  | <b>Exterior</b>               |                                |   |                               |                                |   |
|--|-------------------------------|--------------------------------|---|-------------------------------|--------------------------------|---|
|  | <b>2009</b>                   |                                |   | <b>2008</b>                   |                                |   |
|  | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> | <b>Overfunded<br/>pension</b> | <b>Underfunded<br/>pension</b> | <b>Underfunded<br/>other<br/>benefits</b> |
| Discount rate                                | N/A                           | 6.21%<br>p.a.                  | 6.20%<br>p.a.                             | N/A                           | 5.58%<br>p.a.                  | 7.32%<br>p.a.                             |
| Rate expected return of assets               | N/A                           | 7.00%<br>p.a.                  | 6.23%<br>p.a.                             | N/A                           | 6.99%<br>p.a.                  | 7.35%<br>p.a.                             |
| Rate of compensation increase up to 47 years | N/A                           | 4.11%<br>p.a.                  | 3.58%<br>p.a.                             | N/A                           | 4.12%<br>p.a.                  | 3.58%<br>p.a.                             |
| Rate of compensation increase over 47 years  | N/A                           | 4.11%<br>p.a.                  | 3.58%<br>p.a.                             | N/A                           | 4.12%<br>p.a.                  | 3.58%<br>p.a.                             |
| Inflation                                    | N/A                           | 2.00%<br>p.a.                  | 2.00%<br>p.a.                             | N/A                           | 2.00%<br>p.a.                  | 2.00%<br>p.a.                             |
| Health care cost trend rate                  | N/A                           | N/A                            | 6.04%<br>p.a.                             | N/A                           | N/A                            | 6.19%<br>p.a.                             |

All assumptions were revised in 2009.

**(f) Plan assets****Brazilian Plans**

Pension Plans Investment Policy Statements sponsored for Brazilian employees are based on a long term macroeconomic scenario and expected returns presented in the Asset Liability Modeling study prepared by the actuarial consulting. The definition for Investment Policy Statement was established for each obligation, and the following results of this strategic asset allocation study are presented for 2009.

Plans asset allocations comply with pension funds local regulation issued by CMN – Conselho Monetário Nacional (Resolução CMN 3792/09). Allowing investing in six different asset classes, defined as segments by the law, as follows: fixed income, equity, structured investments (alternative investments and infra-structure projects), international investments, real estate and loans to participants.

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The Investment Policy Statements are approved by the Board, the Executive Directors and two Investments Committees. The internal and external portfolio managers are allowed to exercise the investment discretion under the limitations imposed by the Board and the Investment Committees.

The pension fund has a risk management process with established policies that intend to identify measure and control all kind of risks faced by our plans, such as: market, liquidity, credit, operational, systemic and legal.

**Foreign Plans**

The strategy for each of the pension plans sponsored by Vale Inco is based upon a combination of local practices and the specific characteristics of the pension plans in each country, including the structure of the liabilities, the risk versus reward trade-off between different asset classes and the liquidity required to meet benefit payments.

**Overfunded pension plans****Brazilian Plans**

The Defined Benefit Plan (the Old Plan ) has the most part of its assets allocated in fixed income, mainly in Brazilian government (like TIPS) and corporate long term inflation linked bonds with the objective to reduce the asset-liability volatility. The target is 55% of the total assets. This LDI (Liability Driven Investments) strategy, when considered together with Loans to Participants segment, aims to hedge plan s liabilities against inflation risk and volatility. Other segments or asset classes have their targets, as follows: Equity Investments- 28%; Structured Investments 5%; International Investments 2%; Real estate 6% and Loans to Participants 4%. Structured Investments segment has invested only in Private Equity Funds in an amount of R\$ 151 and R\$ 156 at the end of December 31, 2009 and 2008, respectively.

The Investment Policy has the objective to achieve the adequate diversification, current income and long term capital growth through the combination of all asset classes described above to fulfill its obligations with the adequate level of risk. This plan has an average nominal return of 21.3% per year, in dollars terms in the last 10 years.

The Vale Mais Plan (the New Plan ) has obligations with characteristics of defined benefit and defined contribution plans, as mentioned. The most part of its investments is in fixed income. It was also implemented a LDI (Liability Driven Investments) strategy to reduce asset-liability volatility of the defined benefits plan s component by using inflation linked bonds (like TIPS). The target allocation is 60% in fixed income. Other segments or asset classes have their targets, as follows: Equity 24%; Structured Investments 2%; International Investments 2%; Real estate 3% and Loans to Participants 10%. Structured Investments segment has invested only in Private Equity Funds in an amount of R\$ 43 and R\$ 11 at the end of December 31, 2009 and 2008, respectively.

The Defined Contribution Vale Mais offers three options of asset classes mix that can be chosen by participants. The options are: Fixed Income 100%; 80% Fixed Income and 20% Equities and 65% Fixed Income and 35% Equities. Equity option is an indexed- fund that has Bovespa Index as a benchmark.

The Investment Policy Statement has the objective to achieve the adequate diversification, current income and long term capital growth through the combination of all asset classes described above to fulfill its obligations and targets with the adequate level of risk. This plan has an average nominal return of 20% p.a. in dollars terms in the last 10 years.

**Overfunded plans by asset category**

| <b>Assets by category</b>              | <b>Parent Company</b> |             |
|--|-----------------------|-------------|
|  | <b>2009</b>           | <b>2008</b> |
| Cash and cash equivalents              | 2                     | 2           |
| Accounts Receivable                    | 29                    |             |
| Equity securities liquid               | 2,270                 | 1,078       |
| Equity securities non-liquid           | 112                   | 281         |
| Debt securities Corporate bonds        | 250                   | 353         |
| Debt securities Financial Institutions | 394                   | 342         |
| Debt securities Government bonds       | 3,036                 | 2,592       |
| Investment funds Fixed Income          | 3,546                 | 3,180       |
| Investment funds Equity                | 1,004                 | 515         |

|   |                |               |              |
|---|----------------|---------------|--------------|
| Investment funds                                | Private Equity | 169           | 167          |
| Real estate                                     |                | 433           | 364          |
| Loans to Participants                           |                | 491           | 535          |
| <b>Total</b>                                    |                | <b>11,736</b> | <b>9,409</b> |
| Funds not related to risk plans                 |                | (3,038)       | (2,298)      |
| <b>Fair value of plan assets at end of year</b> |                | <b>8,698</b>  | <b>7,111</b> |

Overfunded plans assets in the Parent Company and in Consolidated are equal, therefore were only disclosed in the Parent Company.

The target return for private equity assets in 2010 is 10,20%. The target allocation is 5%, varying between 2% and 10%. Those investments have a longer investment horizon and low liquidity that aim to profit from economic growth, especially in the infra-structure sector of the Brazilian economy. Usually non-liquid assets fair value is established considering: the acquisition cost or book value. For some private equity funds we have alternatively the following methodologies: discounted cash flows analysis or analysis based on multiples.

The target return for loans to participants in 2010 is 11,90%. The fair value pricing of these assets includes provisions for non-paid loans, according to the local pension fund regulation.

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The target return for real estate assets in 2010 is 9,90%. Fair value for these assets is considered book value. The pension fund hires companies specialized in real estate valuation that do not act in the market as brokers. All valuation techniques follow the local regulation.

**Underfunded pension plans****Brazilian Obligation**

This obligation has an exclusive allocation in fixed income. It was also used a LDI (Liability Driven Investments) strategy for this plan. Most of the resources were invested in long term government and corporate inflation linked bonds with the objective to minimize asset-liability volatility and reduce inflation risk.

The Investment Policy Statement has the objective to achieve the adequate diversification, current income and long term capital growth through the combination of all asset classes described above to fulfill its obligations with the adequate level of risk. This obligation has an average nominal return of 22,8% per year, in dollars terms in the last 8 years.

**Foreign plans**

For all pension plans except PT Inco, this has resulted in a target asset allocation of 60% in equity investments and 40% in fixed income investments, with all securities being traded in the public markets. Fixed income investments are in domestic bonds for each plan's market and involve a mixture of government and corporate bonds. Equity investments are primarily global in nature and involve a mixture of large, mid and small capitalization companies with a modest explicit investment in domestic equities for each plan. The Canadian plans also use a currency hedging strategy (each developed currency's exposure is 50% hedged) due to the large exposure to foreign securities. For PT Inco, the target allocation is 20% equity investment and the remainder in fixed income, with the vast majority of these investments being made within the domestic market.

**Underfunded plans by asset category**

| <b>Assets by category</b>                       | <b>Consolidated</b> |              |
|---|---------------------|--------------|
|   | <b>2009</b>         | <b>2008</b>  |
| Cash and cash equivalents                       | 58                  | 84           |
| Equity securities - liquid                      | 2,345               | 1,955        |
| Debt securities - Corporate bonds               | 21                  | 21           |
| Debt securities - Financial Institutions        | 34                  | 30           |
| Debt securities - Government bonds              | 776                 | 915          |
| Investment funds - Fixed Income                 | 1,719               | 1,961        |
| Investment funds - Equity                       | 712                 | 944          |
| <b>Total</b>                                    | <b>5,665</b>        | <b>5,910</b> |
| Funds not related to risk plans                 | (42)                | (51)         |
| <b>Fair value of plan assets at end of year</b> | <b>5,623</b>        | <b>5,859</b> |

| <b>Assets by category</b>                | <b>Consolidated</b> |             |
|--|---------------------|-------------|
|  | <b>2009</b>         | <b>2008</b> |
| Debt securities - Corporate bonds        | 21                  | 21          |
| Debt securities - Financial Institutions | 34                  | 30          |
| Debt securities - Government bonds       | 48                  | 45          |
| Investment funds - Fixed Income          | 408                 | 296         |
| <b>Total</b>                             | <b>511</b>          | <b>392</b>  |

|   |            |            |
|---|------------|------------|
| Funds not related to risk plans                 | (42)       | (51)       |
| <b>Fair value of plan assets at end of year</b> | <b>469</b> | <b>341</b> |

**Other underfunded benefits****Foreign Plans****Other underfunded benefits by assets category**

| <b>Assets by category</b>                       | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2009</b>         | <b>2008</b> |
| Cash and cash equivalent                        | 19                  | 21          |
| <b>Fair value of plan assets at end of year</b> | <b>19</b>           | <b>21</b>   |

**(g) Disbursement of future cash flows**

In 2010, Vale expects to disburse with pension plans and other benefits, R\$ 522 and R\$ 210 for the consolidated and parent company respectively.

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The following table presents the expected benefit payments, which reflect future services, as follows:

|                     | <b>Consolidated</b>                     |  |                                       | <b>Total</b> |
|---------------------|---|--|---------------------------------------|--------------|
|                     | <b>Overfunded<br/>pension<br/>plans</b> | <b>Underfunded<br/>pension<br/>plans</b> | <b>Other<br/>pension<br/>benefits</b> |              |
| 2010                | 482                                     | 542                                      | 143                                   | 1,167        |
| 2011                | 509                                     | 549                                      | 153                                   | 1,211        |
| 2012                | 536                                     | 550                                      | 161                                   | 1,247        |
| 2013                | 564                                     | 548                                      | 168                                   | 1,280        |
| 2014                | 592                                     | 541                                      | 175                                   | 1,308        |
| 2015 and thereafter | 3,404                                   | 2,647                                    | 878                                   | 6,929        |

|                     | <b>Parent Company</b>                   |  |                                       | <b>Total</b> |
|---------------------|---|--|---------------------------------------|--------------|
|                     | <b>Overfunded<br/>pension<br/>plans</b> | <b>Underfunded<br/>pension<br/>plans</b> | <b>Other<br/>pension<br/>benefits</b> |              |
| 2010                | 482                                     | 86                                       | 28                                    | 596          |
| 2011                | 509                                     | 89                                       | 31                                    | 629          |
| 2012                | 536                                     | 90                                       | 34                                    | 660          |
| 2013                | 564                                     | 90                                       | 37                                    | 691          |
| 2014                | 592                                     | 90                                       | 41                                    | 723          |
| 2015 and thereafter | 3,404                                   | 441                                      | 168                                   | 4,013        |

**6.19- Long-term Incentive Compensation Plan**

In 2008, with the purpose of introducing a stockholders vision to some of the Company's executives, as well as improving the retention of these executives and reinforcing a sustainable performance culture, the Board of Directors approved a long-term incentive compensation plan, which was implemented with a three-year cycle.

According to the plan terms, the participants may elect to allocate part of their annual bonuses to the plan to purchase Vale's preferred shares through a previously defined financial institution at market conditions and with no benefit provided by Vale.

The shares purchased by each executive have no restrictions and may, at the participant's discretion, be sold at any time. However, in order to be entitled to the long-term incentive compensation plan to be provided by Vale, the amount of shares initially purchased by the executives on the plan's adoption must be held for a three-year period and the executive must retain their employment relationship with Vale during that period.

By meeting the two conditions described above (keeping the number of shares purchased and remaining a Vale employee over the three-year period), the participant becomes entitled to receive from Vale, at the end of each cycle, a cash payment equivalent to the total amount of the shares held, based on their market quotations. As of December 31, 2009, 1,809,117 shares (711,005 shares as of December 31, 2008) were covered by that benefit.

Additionally, certain executives eligible to the long-term incentive have the opportunity to receive at the end of the three-year cycle an amount equal to the market value of a certain number of shares, based on an evaluation of their career and Vale's performance factor as measured by the indicator of total return to stockholders.

As of December 31, 2009, the amount accrued to support this plan is R\$125 (R\$17 as of December 31, 2008), fully recognized in the statement of income.

**6.20- Paid-up Capital**

Class A preferred shares have the same rights as common shares, except for the right to elect the members of the Board of Directors. They have priority to a minimum annual dividend of 6% on the portion of capital represented by this class of share or 3% on the book net equity value of the share, whichever is greater.

In May, 04 2009, Vale changed the code for negotiation of its ADR s negotiated in New York Stock Exchange (NYSE) from RIO e RIO P to VALE and VALE P, respectively.

In July and August 2008, Vale issued 256,926,766 common shares and 189,062,948 preferred shares through a global offering, in Brazil and abroad. In the end of the transaction the capital stock increased by R\$ 19,434 and additionally the transaction costs of R\$ 161 was recorded in rectifying account of the stockholder s equity.

On December 31, 2009, the Company s capital is R\$47,434, corresponding to 5,365,304,100 shares (3,256,724,482 common and 2,108,579,618 preferred), without par value.



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| Stockholders   |                      |            | Number of shares     |            |                      |            |
|--|----------------------|------------|----------------------|------------|----------------------|------------|
|  | Common               | %          | Preferred            | %          | Total                | %          |
| Valepar S.A.   | 1,716,435,045        | 52         | 20,340,000           | 1          | 1,736,775,045        | 32         |
| Brazilian Government<br>(National Treasury / BNDES/<br>INSS / FPS) | 56,712               |            | 12                   |            | 56,724               |            |
| American Depositary Receipts                                       |                      |            |                      |            |                      |            |
| ADRs   | 723,543,045          | 22         | 771,781,814          | 37         | 1,495,324,859        | 28         |
| FMP FGTS   | 114,442,258          | 4          |                      |            | 114,442,258          | 2          |
| PIBB BNDES   | 3,823,246            |            | 4,570,779            |            | 8,394,025            |            |
| BNDESPar   | 218,386,481          | 7          | 69,432,771           | 3          | 287,819,252          | 5          |
| Foreign Institutional investors<br>in Brazilian market             | 134,549,803          | 4          | 344,681,659          | 16         | 479,231,462          | 9          |
| Brazil Institutional investors                                     | 212,945,027          | 7          | 429,824,078          | 20         | 642,769,105          | 12         |
| Brazil Retail investors in<br>Brazilian market                     | 57,544,966           | 2          | 390,366,601          | 19         | 447,911,567          | 8          |
| Treasury stock in Brazil   | 74,997,899           | 2          | 77,581,904           | 4          | 152,579,803          | 4          |
| <b>Total</b>   | <b>3,256,724,482</b> | <b>100</b> | <b>2,108,579,618</b> | <b>100</b> | <b>5,365,304,100</b> | <b>100</b> |

The members of the Board of Directors and the Executive Board together own 157,340 common shares and 1,007,420 preferred shares.

The Board of Directors may, regardless of statutory amendment, decide the emission of new shares (authorized capital), even through the capitalization of profits and reserves up to the limit of 3,600,000,000 common shares and 7,200,000,000 preferred shares, all without par value.

**6.21- Funds linked to Future Mandatory Conversion into Shares**

Vale issued mandatory convertible notes, according to the table below:

| Headings              | Date      |            | Value (In thousands of reais) |                |            |
|-----------------------|-----------|------------|-------------------------------|----------------|------------|
|                       | Emission  | Expiration | Gross                         | Net of charges | Coupon     |
| Tranches RIO e RIO P. | June/2007 | June/2010  | 3,601                         | 3,064          | 5,50% a.a. |
| Tranches VALE 2012    |           |            |                               |                |            |
| Tranches VALE P 2012  | July/2009 | June/2012  | 1,858                         | 1,523          | 6,75% a.a. |

The securities have coupons payable quarterly and give the right to receive additional remuneration equivalent to the distribution of money paid to ADS holders. These were classified as equity instruments, mainly due to the fact that neither Vale nor the holders have the option to settle the operation, in whole or part of the transactions with financial resources, and therefore, mandatory conversion into shares and payments thus been recognized, net of finance charges, and specific component of equity.

The mandatory conversion in shares will be settled to the maximum of common and preferred shares, as presented below. All the shares are currently held in treasury (see note 6.23).

| Headings              | Maximum amount of shares |            |
|-----------------------|--------------------------|------------|
|                       | Common                   | Preferred  |
| Tranches RIO e RIO P. | 56,582,040               | 30,295,456 |
| Tranches VALE 2012    |                          |            |
| Tranches VALE P 2012  | 18,415,859               | 47,284,800 |

On April 30, 2009 Vale paid additional interests to the holders of mandatory convertible notes from tranches RIO and RIO-P in the amount of R\$ 1,073721 and R\$ 1,274361 per note, respectively.

On October 30, 2009, Vale paid additional interests to the holders of mandatory convertible notes from tranches RIO, RIO-P, VALE-2012 and VALE.P-2012 in the amount of R\$ 0,857161, R\$ 1,017334, R\$ 1,236080 and R\$ 1,429662, respectively.

**6.22- ADR Program American Depositary Receipts**

The Company has a registration with the United States Securities and Exchange Commission (SEC) that permits its preferred shares and common shares to be traded on the New York Stock Exchange (NYSE) as ADR American Depositary Receipts since June 2000 and March 2002, respectively. Each ADR represent 1 (one) class A preferred share or common share, traded with codes VALEP and VALE , respectively.

For of this registration maintenance the Company also discloses its financial statements according to United States Generally Accounting Principles (USGAAP) whose net income in 2009 was of US\$ 5,349 (equivalent to R\$ 10,458).

**6.23- Treasury Stock**

On May 27, 2009, after the acquisition of 18,415,859 common shares and 47,284,800 preferred shares, the Board of Directors approved the closing of program to repurchase shares approved on October 16, 2008.

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As of December 31, 2009, 152,579,803 shares were held in the treasury, totaling R\$ 2,470 as follows:

| Class     | Shares             |                    | Unit acquisition cost |       |       | Average quoted market price |       |
|-----------|--------------------|--------------------|-----------------------|-------|-------|-----------------------------|-------|
|           | Quantity           |                    | Average               | Low   | High  | 2009                        | 2008  |
|           | 2009               | 2008               |                       |       |       |                             |       |
| Preferred | 77,581,904         | 76,854,304         | 23.56                 | 21.02 | 27.96 | 33.22                       | 37.99 |
| Common    | 74,997,899         | 74,937,889         | 37.07                 | 23.33 | 31.00 | 38.23                       | 44.44 |
|           | <b>152,579,803</b> | <b>151,792,193</b> |                       |       |       |                             |       |

A substantial part of these shares are linked to resources for future capital increase. (See note 6.21)

**6.24- Compensation of Stockholders**

In October 15, 2009 the Board of Directors approved the payment of the second tranche of the minimum dividend and an additional dividend, totaling R\$ 2,565, corresponding to R\$ 0,492036226 per common or preferred share in circulation.

In April 30, 2009, Vale paid its stockholders the amount of R\$ 2,735 in the form of dividends.

Following, the destination of results for 2009:

|  |              |
|--|--------------|
| Net income for the year  | 10,249       |
| Legal reserve  | (512)        |
| Fiscal incentive investment reserve  | (120)        |
| Realization of unrealized income reserve   | 38           |
| <b>Adjusted net income</b>   | <b>9,655</b> |
| <b>Mandatory dividend amount 25% (R\$0.46 per outstanding share)</b>                                 | <b>2,414</b> |
| <b>Statutory dividend on preferred shares (3% of net equity, R\$0.57 per outstanding share)</b>      | <b>1,164</b> |
| <b>Statutory dividend on preferred shares (6% of paid-up capital, R\$0.55 per outstanding share)</b> | <b>1,108</b> |
| <b>Dividendos propositos:</b>  |              |
| <b>Dividends/ Interest on stockholders equity Total</b>  | <b>3,002</b> |
| <b>Anticipated dividends in october, 2009</b>  | <b>(95)</b>  |
| <b>Dividends/ Interest on stockholders equity Proposed payer</b>                                     | <b>2,907</b> |

**6.25- Financial Results**

| Financial expenses | Consolidated Quarter (Unaudited) |       |       |
|--------------------|----------------------------------|-------|-------|
|                    | 4Q/09                            | 3Q/09 | 3Q/08 |
| Interest           | (424)                            | (402) | (786) |

|  |                |              |                |
|--|----------------|--------------|----------------|
| Labor, tax and civil contingencies           | (57)           | (36)         | (51)           |
| Others                                       | (583)          | (478)        | (156)          |
|  | <b>(1,064)</b> | <b>(916)</b> | <b>(993)</b>   |
| <b>Financial income</b>                      |                |              |                |
| Short-term investments                       | 87             | 143          | 495            |
| Others                                       | 39             | 57           | 91             |
|  | <b>126</b>     | <b>200</b>   | <b>586</b>     |
| <b>Derivatives</b>                           | <b>447</b>     | <b>635</b>   | <b>(1,327)</b> |
| <b>Monetary and exchange rate variation:</b> |                |              |                |
| Cash and cash equivalents                    | (247)          | (755)        | 3,187          |
| Loans  | 493            | 2,273        | (5,490)        |
| Others                                       | (215)          | (1,238)      | 1,694          |
| <b>Net</b>                                   | <b>31</b>      | <b>280</b>   | <b>(609)</b>   |
| <b>Financial income (expenses), net</b>      | <b>(460)</b>   | <b>199</b>   | <b>(2,343)</b> |

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|  | <b>Accumulated</b>  |                |                       |                 |
|--|---------------------|----------------|-----------------------|-----------------|
|  | <b>Consolidated</b> |                | <b>Parent Company</b> |                 |
|  | <b>2009</b>         | <b>2008</b>    | <b>2009</b>           | <b>2008</b>     |
| <b>Financial expenses</b>                    |                     |                |                       |                 |
| Interest                                     | (1,859)             | (2,996)        | (2,253)               | (2,885)         |
| Labor, tax and civil contingencies           | (160)               | (183)          | (156)                 | (173)           |
| Others                                       | (1,414)             | (978)          | (933)                 | (364)           |
|  | <b>(3,433)</b>      | <b>(4,157)</b> | <b>(3,342)</b>        | <b>(3,422)</b>  |
| <b>Financial income</b>                      |                     |                |                       |                 |
| Related parties                              |                     | 4              | 41                    | 39              |
| Short-term investments                       | 705                 | 1,023          | 318                   | 772             |
| Others                                       | 161                 | 194            | 78                    | 92              |
|  | <b>866</b>          | <b>1,221</b>   | <b>437</b>            | <b>903</b>      |
| <b>Derivatives</b>                           | <b>2,939</b>        | <b>(1,817)</b> | <b>2,528</b>          | <b>(1,475)</b>  |
| <b>Monetary and exchange rate variation:</b> |                     |                |                       |                 |
| Cash and cash equivalents                    | (3,446)             | 5,045          | (33)                  | 3,058           |
| Loans  | 7,755               | (7,295)        | 523                   | (260)           |
| Partes Relacionadas                          |                     | 3              | 9,724                 | (10,094)        |
| Others                                       | (2,729)             | 3,162          | 123                   | (416)           |
| <b>Net</b>                                   | <b>1,580</b>        | <b>915</b>     | <b>10,337</b>         | <b>(7,712)</b>  |
| <b>Financial income (expenses), net</b>      | <b>1,952</b>        | <b>(3,838)</b> | <b>9,960</b>          | <b>(11,706)</b> |

**6.26- Derivatives Financial Instruments****a) Risk Management Policy**

Vale has developed its risk Management strategy in order to provide an integrated approach of the risks the Company is exposed to. To do that, we evaluate 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) and those risks inherent in Vale's operational processes (operational risk).

Traditional market risk measures such as VaR (Value at Risk) are not sufficient to evaluate the group exposures once Vale's main goal is to avoid a possible lack of cash to fulfill its future obligations.

The enterprise wide risk Management approach, that encompasses all kinds of risk, as well as the relations between the several market risk factors (correlations), aims to assess the impact that such events would bring considering the natural hedges presented in the company's portfolio. Therefore, when assessing the risk associated with Vale's business, one can observe the positive effect due to the mix of products and currencies in Vale's portfolio. This diversification implies in a natural reduction of the overall risk of the company. Any risk mitigation strategy, whenever necessary, will be implemented if it contributes significantly for the reduction on the volatility on Vale's cash flows bringing the risk of the company to an acceptable level.

Vale considers that the effective Management of risk is a key objective to support its growth strategy and financial flexibility. The risk reduction on Vale's future cash flow contributes to a better perception of the company's credit

quality, improving its ability to access different markets and reducing the financing costs. Therefore, the board of directors has established an enterprise-wide risk Management policy and a risk Management committee.

The risk Management policy determines that Vale should evaluate regularly its cash flow risks as well as risk mitigation strategies. As previously stated, whenever considered necessary, these mitigation strategies should be put in place with the objective of reducing the risks regarding the obligations assumed by the Company, both with third parties and its shareholders.

The executive board is responsible for the evaluation and approval of the risk mitigation strategies recommended by the risk Management committee. The committee is responsible for overseeing and reviewing our risk Management principles and risk Management instruments, besides reporting periodically to the executive board regarding the Management process and risk monitoring, including the main risks Vale is exposed to and their impact on Vale's cash flow.

The risk Management policy and procedures, that complement the risk Management governance model, require the diversification of operations and counterparties and prohibit speculative transactions with derivatives.

Besides the risk Management governance model, Vale has in place a well defined corporate governance structure with well defined roles and responsibilities. The recommendation and execution of derivative transactions are implemented by different and independent areas. It is responsibility of the risk Management department to define and propose to the risk Management committee market risk mitigation strategies consistent with Vale and its wholly owned subsidiaries corporate strategy. It is responsibility of the finance department the execution of the risk mitigation strategies through the use of derivatives. The independence of the areas guarantees an effective control on these operations.

The monitoring and monthly evaluations of the consolidated risk exposure allow us to evaluate the financial results and the impact on Vale's cash flow, as well as guarantee that the initial goals will be achieved. The fair value measurements of the trades are reported weekly to Management.

All derivative trades were recognized in our balance sheet at fair value and their respective gains or losses were recognized in the earnings.

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

Interest rates;

Foreign exchange;

Products prices;

Input and other costs.

**b) Fair value computation methodology**

Well-known market participants' valuation methodologies were used to compute the fair value of the financial instruments. These instruments were evaluated computing their present values considering market curves that impact the instrument in the valuation date. The curves and prices used in the pricing for each group of instruments are detailed in the topic market curves.

The pricing method considered in the case of European options is the Black & Scholes model, which is widely used among derivatives market participants for the option pricing. In this model, the derivative fair value is a function of the volatility, spot price of the underlying asset, the strike price, the risk free rate and the time to maturity. In the case of options where the financial result is a function of the average of the underlying price for a certain period of the time, called Asian options, we use the Turnbull & Wakeman model, also widely used to price this type of instrument. Besides the parameters used on the Black & Scholes model it is considered in this model the price averaging period.

In the case of swaps, the long and short legs' present values are estimated discounting their cash flows using the interest rate of the currency in which they are denominated. The difference between the present values of the long leg and short leg of the swap is the fair value.

The computation method for the swaps linked to TJLP follows the description enclosed in CETIP's formula book, which includes the TJLP forward curve definition. Therefore, TJLP is computed using the inflation target, published by Banco Central do Brasil, based on IPCA (Extended National Consumer Price Index) plus the Brazilian credit spread, which comprehends an international real interest rate and a Brazilian credit risk component, that is computed using the credit risk for the government bonds, for the medium and long term perspective.

The pricing for the commodities future settlement contracts (buy or sell) is computed using forward curves for each commodity. Normally, these curves are collected in the exchanges where these commodities are traded, among them, London Metals Exchange (LME) and COMEX (Commodities Exchange) or market price providers. When there is no price for a specific date, we use interpolations between the available periods.

**c) Value at Risk computation methodology**

The Value at Risk of the positions was measured using the historical simulation approach. Different market risk factors that impact the price of the derivatives included in our portfolio were identified and a two year sample of their historical daily returns was gathered.

The current positions of Vale's derivatives were used to simulate their returns based on sample data and built a non parametric return distribution and consequently the value at risk for the portfolio considering one business day time horizon. The value at risk of the portfolio considers a 95% confidence level.

**d) Sensitivity Analysis methodology**

In the topic sensitivity analysis we present sensitivity analysis tables for all outstanding positions as of December 31, 2009. The scenarios defined for these analyses were:

**MtM:** it is the mark to market value of the instruments on December 31<sup>st</sup>, 2009;

**Scenario I: unfavorable change of 25%** Potential losses considering a shock of 25% in the market risk factors used for MtM calculation that **negatively** impacts the fair value of Vale's derivatives positions;

**Scenario II: favorable change of 25%** Potential profits considering a shock of 25% in the market curves used for MtM calculation that **positively** impacts the fair value of Vale's derivatives positions;

**Scenario III: unfavorable change of 50%** Potential losses considering a shock of 50% in the market curves used for MtM calculation that **negatively** impacts the fair value of Vale's derivatives positions;

**Scenario IV: favorable change of 50%** Potential profits considering a shock of 50% in the market curves used for MtM calculation that **positively** impacts the fair value of Vale's derivatives positions;

**e) Contracts subjected to margin calls**

Vale has contracts subject to margin calls only for part of copper and nickel trades executed by its wholly-owned subsidiary Vale Inco Ltd. The total cash amount as of December 2009 was not relevant.

**f) Initial Cost of Contracts**

The financial derivatives negotiated by Vale and its controlled companies described in this document didn't have initial costs (initial cash flow) associated. Even the option contracts were executed through zero cost structures (zero cost collars).

**g) Foreign Exchange and Interest Rate Derivative Positions**

The Company's cash flow is subjected to volatility of several different currencies against the U.S. Dollar. While most of our product prices are indexed to US dollars, most of our costs, disbursements and investments are indexed to currencies other than the U.S. Dollar, mainly Brazilian Reals and Canadian dollars.

In order to reduce the company's potential cash flow volatility arising from this currency mismatch we use FX derivatives instruments. Our main strategy is to swap Debts linked to BRL into USD so as to attenuate the impact of BRL/USD exchange rate as most of our revenues are denominated in USD.



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These swap transactions have settlement dates and values similar to the interest and principal payment dates, taking into account the liquidity restrictions of the market. At each settlement date, the results on the swap transactions partially offset the impact of the foreign exchange rate in our obligations, contributing to stabilize the cash disbursements in U.S. Dollars for the interest and/or principal payment of our Brazilian Real denominated debt.

In the event of an appreciation (depreciation) of the Brazilian Real against the U.S. Dollar, the negative (positive) impact on Vale debt service (interest and/or principal payment) measured in U.S. Dollars will be almost totally offset by a positive (negative) effect from the swap transaction, regardless of the U.S. dollar / Brazilian Real exchange rate on the payment date.

Vale has also a cash flow exposure to interest rates risks over loans and financings. The U.S. Dollars floating rate debt in the portfolio consists mainly of loans including export pre-payments, commercial banks and multilateral organizations loans. In general, the U.S. Dollar floating rate debt is mainly subject to changes in the Libor. To mitigate the impact of the interest rate volatility on the cash flow, Vale takes advantage of natural hedges allowed by the positive correlation of metal prices and U.S. Dollar floating rates. When natural hedges are not present, Vale enters into financial instruments to obtain the same effect.

As of December 31, 2009, the total amount and interests of Brazilian Real denominated debt converted through swaps into US Dollars was R\$11,6 billion (US\$6,7 billion), with an average cost in dollars of 4.47% after the swaps transactions were implemented and maturity between November 2010 and December 2027, with semi-annual interest payments<sup>1</sup>.

On the fourth quarter of 2009, Vale paid in Brazilian Reais an interest amount equivalent to R\$320 related to the Real denominated debt that were converted into U.S. Dollars through the use of swap transactions. However, the company has received R\$157 on the settlement of the swaps, offsetting the U.S. Dollar / Brazilian Real exchange rate variation impact in Vale debt service.

The following tables show as of December 31, 2009, the derivatives positions for Vale and controlled companies with the following information: notional amount, fair value, value at risk, gains or losses in the period and the fair value for the remaining years of the operations per each group of instruments.

**Protection program for the Real denominated debt indexed to CDI**

**CDI vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows from debt instruments denominated in Brazilian Reais linked to CDI to U.S. Dollars. In those swaps, Vale pays fixed rates in U.S. Dollars and receives payments linked to CDI.

**CDI vs. USD floating rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows from debt instruments denominated in Brazilian Reais linked to CDI to U.S. Dollars. In those swaps, Vale pays floating rates in U.S. Dollars (Libor London Interbank Offered Rate) and receives payments linked to CDI.

Those instruments were used to convert the cash flows from debentures issued in 2006 with a nominal value of R\$5,5 billion, from the NCE (Credit Export Notes) issued in 2008 with nominal value of R\$2 billion and also from property and services acquisition financing realized in 2006 and 2007 with nominal value of R\$1 billion.

**R\$ million**

| Flow                                | Notional (\$ million) |           | Index | Average rate | Fair value |           | Realized |      | Fair value by year* |      |  |
|-------------------------------------|-----------------------|-----------|-------|--------------|------------|-----------|----------|------|---------------------|------|--|
|                                     | 31-dez-09             | 31-dez-08 |       |              | Fair value | Gain/Loss | VaR      | 2010 | 2012                | 2015 |  |
| <b>Swap CDI vs. fixed rate swap</b> |                       |           |       |              |            |           |          |      |                     |      |  |
| Receivable                          | R\$7,574              | R\$7,531  | CDI   | 101.19%      | 8,062      | 8,463     | 876      |      |                     |      |  |
|                                     | USD                   | USD       |       |              |            |           |          |      |                     |      |  |
| Payable                             | 3,670                 | 3,672     | USD   | 5.59%        | (6,959)    | (9,338)   | (494)    |      |                     |      |  |

|  |         |         |              |         |              |              |            |            |            |            |           |
|--|---------|---------|--------------|---------|--------------|--------------|------------|------------|------------|------------|-----------|
| <b>Net</b>                             |         |         |              |         | <b>1,103</b> | <b>(875)</b> | <b>382</b> | <b>222</b> | <b>965</b> | <b>128</b> | <b>10</b> |
| <b>Swap CDI vs. floating rate swap</b> |         |         |              |         |              |              |            |            |            |            |           |
| Receivable                             | R\$792  | R\$792  | <b>CDI</b>   | 102.07% | 830          | 834          | 90         |            |            |            |           |
| Payable                                | USD 430 | USD 430 | <b>Libor</b> | 2.05%   | (739)        | (1,057)      | (28)       |            |            |            |           |
| <b>Net</b>                             |         |         |              |         | <b>91</b>    | <b>(223)</b> | <b>62</b>  | <b>27</b>  | <b>58</b>  |            | <b>33</b> |

\* There are no fair value cash flows with maturity on the years of 2011, 2013 and 2014.

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

The protected items are the Debts linked to BRL because the objective of this protection is to transform the obligations linked to BRL into obligations linked to USD so as to achieve a currency offset by matching Vale's receivables (mainly linked to USD) with Vale's payables.

**Protection program for the real denominated debt indexed to TJLP**

**TJLP vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows of the loans with Banco Nacional de Desenvolvimento Econômico e Social (BNDES) from TJLP to U.S. Dollars. In those swaps, Vale pays fixed rates in U.S. Dollars and receives payments linked to TJLP.

**TJLP vs. USD floating rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows of the loans with BNDES from TJLP to U.S. Dollars. In those swaps, Vale pays floating rates in U.S. Dollars and receives payments linked to TJLP.

<sup>1</sup> With the exception of a US\$975 debt with monthly and quarterly interests and amortization payments.

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| <b>R\$ million</b>                      |                              |                  |              |                     |                   |                  |                  |            |                            |             |             |
|---|------------------------------|------------------|--------------|---------------------|-------------------|------------------|------------------|------------|----------------------------|-------------|-------------|
| <b>Flow</b>                             | <b>Notional (\$ million)</b> |                  | <b>Index</b> | <b>Average rate</b> | <b>Fair value</b> |                  | <b>Realized</b>  |            | <b>Fair value by year*</b> |             |             |
|   | <b>31-dez-09</b>             | <b>31-dez-08</b> |              |                     | <b>31-dez-09</b>  | <b>31-dez-08</b> | <b>Gain/Loss</b> | <b>VaR</b> | <b>2013</b>                | <b>2014</b> | <b>2019</b> |
|   |                              |                  |              |                     |                   |                  |                  |            |                            |             |             |
| <b>Swap TJLP vs. fixed rate swap</b>    |                              |                  |              |                     |                   |                  |                  |            |                            |             |             |
| Receivable                              | R\$2,031                     | R\$518           | <b>TJLP</b>  | 1.34%               | 1,845             | 436              | 110              |            |                            |             |             |
|   | USD                          | USD              |              |                     |                   |                  |                  |            |                            |             |             |
| Payable                                 | 1,048                        | 304              | <b>USD</b>   | 3.31%               | (1,710)           | (580)            | (88)             |            |                            |             |             |
| <b>Net</b>                              |                              |                  |              |                     | <b>135</b>        | <b>(144)</b>     | <b>22</b>        | <b>65</b>  | <b>165</b>                 | <b>(13)</b> |             |
| <b>Swap TJLP vs. floating rate swap</b> |                              |                  |              |                     |                   |                  |                  |            |                            |             |             |
| Receivable                              | R\$658                       | R\$645           | <b>TJLP</b>  | 0.94%               | 616               | 503              | 17               |            |                            |             |             |
|   |                              | USD              |              | Libor               |                   |                  |                  |            |                            |             |             |
| Payable                                 | USD 385                      | 378              | <b>Libor</b> | -1,14%              | (562)             | (572)            | (10)             |            |                            |             |             |
| <b>Net</b>                              |                              |                  |              |                     | <b>54</b>         | <b>(69)</b>      | <b>7</b>         | <b>33</b>  | <b>24</b>                  | <b>30</b>   |             |

\* There are no fair value cash flows with maturity on the years of 2015, 2016, 2017 and 2018.

**Type of contracts:** OTC Contracts

**Protected Item:** Debts linked to BRL

The protected items are the Debts linked to BRL because the objective of this protection is to transform the obligations linked to BRL into obligations linked to USD so as to achieve a currency offset by matching Vale's receivables (mainly linked to USD) with Vale's payables.

**Foreign Exchange cash flow hedge**

**Brazilian Real fixed rate vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale entered into swap transactions to mitigate the foreign exchange exposure that arises from the currency mismatch between the revenues denominated in U.S. Dollars and the disbursements and investments denominated in Brazilian Reals.

**R\$ million**

| <b>Flow</b> | <b>Notional (\$ million)</b> |                  | <b>Index</b> | <b>Average rate</b> | <b>Fair value</b> |                  | <b>Realized</b>  |            | <b>Fair value by year</b> |             |
|-------------|------------------------------|------------------|--------------|---------------------|-------------------|------------------|------------------|------------|---------------------------|-------------|
|             | <b>31-dez-09</b>             | <b>31-dez-08</b> |              |                     | <b>31-dez-09</b>  | <b>31-dez-08</b> | <b>Gain/Loss</b> | <b>VaR</b> | <b>2010</b>               | <b>2011</b> |
|             |                              |                  |              |                     |                   |                  |                  |            |                           |             |
| Receivable  | R\$2,675                     |                  | <b>Fixed</b> | 7.52%               | 2,644             |                  |                  |            |                           |             |
| Payable     | USD 1,469                    |                  | <b>USD</b>   | 0.00%               | (2,516)           |                  |                  |            |                           |             |

Net 128 73 58 70

**Type of contracts:** OTC Contracts

**Hedged Item:** part of Vale's revenues in USD

The P&L shown in the table above is offset by the hedged items' P&L due to BRL/USD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to offset the currency exposure of receivables with the currency exposure of payables.

**Foreign Exchange Protection Program on cash flow**

**NDFs** In order to reduce the cash flow volatility, Vale entered into non-deliverable forward transactions to mitigate the foreign exchange exposure that arises from the currency mismatch between the revenues denominated in U.S. Dollars and the disbursements and investments denominated in Brazilian Reais.

| Flow    | Notional (USD million) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/day) | Fair value<br>31-dez-09 | Realized               |                  | Fair<br>value by<br>year<br>2010 |
|---------|------------------------|-----------|--------------|--------------------------------|-------------------------|------------------------|------------------|----------------------------------|
|         | 31-dez-09              | 31-dez-08 |              |                                |                         | Gain/Loss<br>31-dez-09 | VaR<br>31-dez-09 |                                  |
| Forward | 60                     |           | S            | 1.8425                         | (0.2)                   |                        | 3                | (0.2)                            |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's revenues in USD

The P&L shown in the table above is offset by the protected items' P&L due to BRL/USD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to offset the currency exposure of receivables with the currency exposure of payables.

**Protection program for the dividends paid on the 4<sup>th</sup> Quarter 2009**

In order to reduce the cash flow volatility of the disbursement due to the dividend payment in Brazilian Reais, Vale contracted a swap to hedge the market risk which arises from the foreign exchange rate between U.S. dollars and Brazilian Reais. In this swap, Vale paid fixed rates in U.S. Dollars and received payment linked to CDI. This swap was hired on October 14 and, in the settlement, on October 29, Vale paid R\$1,4 .

**Protection program for the Euro denominated floating rate debt**

**Euro floating rate vs. USD floating rate swap** In order to reduce the cash flow volatility, Vale entered into a swap transaction to convert the cash flows from loans in Euros linked to Euribor to U.S. Dollars linked to Libor. This trade was used to convert the cash flow of a debt in Euros, with an outstanding notional amount of \$5,3, issued in 2003 by Vale. In this trade, Vale receives floating rates in Euros (Euribor) and pays floating rates in U.S. Dollars (Libor).

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| Flow  | Notional (\$ million) |           |       | Average rate     | Realized   |           |           |            | Fair value by year |          |
|---|-----------------------|-----------|-------|------------------|------------|-----------|-----------|------------|--------------------|----------|
|   |                       |           |       |                  | Fair value |           | Gain/Loss | VaR        | 2010               | 2011     |
|   | 31-dez-09             | 31-dez-08 | Index |                  | 31-dez-09  | 31-dez-08 | 31-dez-09 | 31-dez-09  | 2010               | 2011     |
| <b>EUR floating rate vs. USD floating rate swap</b> |                       |           |       |                  |            |           |           |            |                    |          |
| Receivable  | 5                     | 7         | EUR   | Euribor + 0,875% | 12         | 24        | 7         |            |                    |          |
| Payable   | 5                     | 8         | USD   | Libor + 1,0425%  | (9)        | (19)      | (5)       |            |                    |          |
| <b>Net</b>  |                       |           |       |                  | <b>3</b>   | <b>5</b>  | <b>2</b>  | <b>0.2</b> | <b>1</b>           | <b>2</b> |

**Type of contracts:** OTC Contracts

**Protected Item:** Vale's Debt linked to EUR.

The P&L shown in the table above is offset by the hedged items P&L due to EUR/USD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to achieve a currency offset matching receivables with payables.

**Protection program for the USD floating rate debt**

**USD floating rate vs. USD fixed rate swap** In order to reduce the cash flow volatility, Vale Inco Ltd., Vale's wholly-owned subsidiary, entered into a swap to convert U.S. Dollar floating rate debt into U.S. Dollar fixed rate debt. Vale Inco used this instrument to convert the cash flow of a debt issued in 2004 with notional amount of US\$200. In this trade, Vale pays fixed rates in U.S. Dollars and receives floating rates in U.S. Dollars (Libor).

**R\$ million**

| Flow       | Notional (\$ million) |           |       | Average rate | Realized    |             |             |           | Fair value by year |            |
|------------|-----------------------|-----------|-------|--------------|-------------|-------------|-------------|-----------|--------------------|------------|
|            |                       |           |       |              | Fair value  |             | Gain/Loss   | VaR       | 2010               | 2011       |
|            | 31-dez-09             | 31-dez-08 | Index |              | 31-dez-09   | 31-dez-08   | 31-dez-09   | 31-dez-09 | 2010               | 2011       |
| Receivable |                       |           | USD   | 3M Libor     | 260         | 466         | 4           |           |                    |            |
| Payable    | 200                   | 200       | USD   | 4.795%       | (274)       | (498)       | (19)        |           |                    |            |
| <b>Net</b> |                       |           |       |              | <b>(14)</b> | <b>(32)</b> | <b>(15)</b> | <b>1</b>  | <b>(9)</b>         | <b>(5)</b> |

**Type of contracts:** OTC Contracts

**Protected Item:** Vale Inco's floating rate debt.

The P&L shown in the table above is offset by the protected items P&L due to Libor.

**Foreign Exchange protection program for Coal Fixed Price Sales**

In order to reduce the cash flow volatility associated with a fixed price coal contract, Vale used Australian Dollar forward purchase in order to equalize production cost and revenues currencies.

**R\$ million**

**Realized**

| Fluxo   | Notional (\$ million) |           | Buy/<br>Sell | Average rate<br>(AUD/USD) | Fair value | Gain/Loss | VaR | Fair value by year |      |
|---------|-----------------------|-----------|--------------|---------------------------|------------|-----------|-----|--------------------|------|
|         | 31-dez-09             | 31-dez-08 |              |                           |            |           |     | 2010               | 2011 |
| Forward | AUD<br>41             |           | B            | 0.66                      | 15         | 10        | 1   | 13                 | 2    |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's costs in Australian Dollar.

The P&L shown in the table above is offset by the protected items' P&L due to USD/AUD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to achieve a currency offset matching receivables with payables.

**h) Commodity Derivative Positions**

The Company's cash flow is also exposed to several market risks associated to global commodities price volatilities. To offset these volatilities, Vale contracted the following derivatives transactions:

**Aluminum Strategic cash flow protection program**

In order to protect our cash flow for 2009 and 2010, Vale entered into hedging transactions where we set fixed prices for part of Vale revenues for these periods.

| Flow       | Notional (ton) |           | Buy/<br>Sell | Average Strike<br>(USD/ton) | Fair value  | Realized  |      | VaR       | R\$ million<br>Fair value by year |             |
|------------|----------------|-----------|--------------|-----------------------------|-------------|-----------|------|-----------|-----------------------------------|-------------|
|            | 31-dez-09      | 31-dez-08 |              |                             |             | Gain/Loss | 2010 |           | 2011                              |             |
| Put        | 120,000        |           | B            | 1,940                       | 15          |           |      |           |                                   |             |
| Call       | 120,000        |           | S            | 2,073                       | (62)        |           |      |           |                                   |             |
| <b>Net</b> |                |           |              |                             | <b>(47)</b> |           |      | <b>15</b> |                                   | <b>(47)</b> |
| Forward    | 120,000        |           | S            | 1,945                       | (65)        | (48)      | 17   |           |                                   | (65)        |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's revenues linked to Aluminum price

The P&L shown for forwards in the table above is offset by the protected items' P&L due to Aluminum price. Nevertheless, in case of options, which are non-linear instruments, their P&L is partially compensated by the hedged item's P&L.

**Table of Contents****Nickel Strategic cash flow protection program**

In order to protect our cash flow for 2009 and 2010, Vale entered into hedging transactions where we set fixed prices for part of Vale's revenues for these periods.

| Flow    | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Fair value | Realized  |     | Fair value by |      |
|---------|----------------|-----------|--------------|--------------------------------|------------|-----------|-----|---------------|------|
|         | 31-dez-09      | 31-dez-08 |              |                                |            | Gain/Loss | VaR | 2010          | 2011 |
| Forward | 29,122         |           | S            | 17,884                         | (36)       | (147)     | 69  |               | (36) |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's revenues linked to Nickel price.

The P&L shown in the table above is offset by the protected items' P&L due to Nickel price.

**Nickel Fixed Price Program**

In order to maintain the exposure to Nickel price fluctuations, we entered into derivatives to convert to floating prices all contracts with clients that required a fixed price. These trades aim to guarantee that the prices of these operations would be the same of the average prices negotiated in LME in the date the product is delivered to the client. It normally involves buying Nickel forwards (Over-the-Counter) or futures (exchange negotiated). Those operations are usually reverted before the maturity in order to match the settlement dates of the commercial contracts in which the prices are fixed. This program was discontinued for sales in 2009 due to the decision to protect our cash flow this year.

| Flow           | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Fair value | Realized  |      | Fair value by |      |     |
|----------------|----------------|-----------|--------------|--------------------------------|------------|-----------|------|---------------|------|-----|
|                | 31-dez-09      | 31-dez-08 |              |                                |            | Gain/Loss | VaR  | 2010          | 2011 |     |
| Nickel Futures | 3,426          | 10,140    | B            | 14,886                         | (21)       | (117)     | (50) | 7             | (19) | (2) |

**Type of contracts:** LME Contracts

**Protected Item:** part of Vale's revenues linked to fixed price sales of Nickel.

The P&L shown in the table above is offset by the protected items' P&L due to Nickel price.

**Nickel Purchase Protection Program**

In order to reduce the cash flow volatility and eliminate the mismatch between the pricing of the purchased nickel (concentrate, cathode, sinter and others) and the pricing of the final product sold to our clients, hedging transactions were implemented. The items purchased are raw materials utilized to produce refined Nickel. The trades are usually implemented by the sale of nickel forward or future contracts at LME or over-the-counter operations.

| Flow | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Fair value | Realized  |     | Fair value by |      |
|------|----------------|-----------|--------------|--------------------------------|------------|-----------|-----|---------------|------|
|      | 31-dez-09      | 31-dez-08 |              |                                |            | Gain/Loss | VaR | 2010          | 2011 |
|      |                |           |              |                                |            |           |     |               |      |

|                |       |       |   |        |     |      |      |   |     |
|----------------|-------|-------|---|--------|-----|------|------|---|-----|
| Nickel Futures | 1,446 | 4,944 | S | 16,720 | (4) | (16) | (83) | 3 | (4) |
|----------------|-------|-------|---|--------|-----|------|------|---|-----|

**Type of contracts:** LME Contracts

**Protected Item:** part of Vale's revenues linked to Nickel price.

The P&L shown in the table above is offset by the protected items' P&L due to Nickel price.

**Protection program of Natural Gas Program**

In order to minimize the impact of the input price volatility in the company's costs, natural gas derivative trades were implemented. These transactions are usually implemented through the purchase of future and forward contracts. All the positions matured in the fourth quarter of 2009 and there are no open positions left.

| Flow     | Notional (Giga Joule) |           | Buy/<br>Sell | Average<br>Strike<br>(CAD/GJ) | Fair value |           | Realized  |
|----------|-----------------------|-----------|--------------|-------------------------------|------------|-----------|-----------|
|          | 31-dez-09             | 31-dez-08 |              |                               | Gain/Loss  |           |           |
| Forwards |                       | 1,773,000 | B            | N/A                           | 31-dez-09  | 31-dez-08 | 31-dez-09 |
|          |                       |           |              |                               |            | (4)       | (12)      |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's costs linked to Natural Gas price.

The P&L shown in the table above is offset by the protected items' P&L due to Natural Gas price.

**Bunker Oil Purchase Protection Program**

In order to reduce the impact of bunker oil price fluctuation on Vale's freight hiring and consequently reducing the company's cash flow volatility, bunker oil derivatives were implemented. These transactions are usually executed through forward purchases and swaps.

| Flow    | Notional (mt) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/mt) | Fair value |           | Realized  |           | Fair value by |
|---------|---------------|-----------|--------------|-------------------------------|------------|-----------|-----------|-----------|---------------|
|         | 31-dez-09     | 31-dez-08 |              |                               | Gain/Loss  | VaR       | year      |           |               |
| Forward | 452,000       |           | B            | 389                           | 31-dez-09  | 31-dez-08 | 31-dez-09 | 31-dez-09 | 2010          |
|         |               |           |              |                               | 78         | 38        | 15        |           | 78            |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's costs linked to Bunker Oil price.

The P&L shown in the table above is offset by the protected items' P&L due to Bunker Oil price.



**Table of Contents****Maritime Freight Hiring Protection Program**

In order to reduce the impact of maritime freight price fluctuation hired to support CIF and CFR sales and consequently reduce the company's cash flow volatility, freight derivatives (FFA - Forward Freight Agreement) were implemented. These transactions are usually executed through forward purchases.

| Flow    | Notional (days) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/day) | Fair value | Realized  |     | Fair<br>value by<br>year |
|---------|-----------------|-----------|--------------|--------------------------------|------------|-----------|-----|--------------------------|
|         | 31-dez-09       | 31-dez-08 |              |                                |            | Gain/Loss | VaR |                          |
|         | 2010            | 2010      |              |                                |            |           |     |                          |
| Forward | 6,125           |           | B            | 30,644                         | 50         | 69        | 28  | 50                       |

**Type of contracts:** OTC Contracts

**Protected Item:** part of Vale's costs linked to Freight price.

The P&L shown in the table above is offset by the protected items' P&L due to Freight price.

**i) Embedded Derivative Positions**

The Company's cash flow is also exposed to several market risks associated to contracts that contain embedded derivatives or derivative-like features. From Vale's perspective, it may include, but is not limited to, commercial contracts, procurement contracts, rental contracts, bonds, insurance policies and loans. The following embedded derivatives were observed in 2009:

**Energy purchase**

Energy purchase agreement between Albras, Vale's controlled subsidiary, and Eletronorte. The contract has a clause that defines that a premium can be charged if aluminum prices trades in the range from US\$1,450/t until US\$2,773/t. This clause is considered as an embedded derivative.

| Flow         | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Fair value   | Realized     |           | Fair value by<br>year |              |
|--------------|----------------|-----------|--------------|--------------------------------|--------------|--------------|-----------|-----------------------|--------------|
|              | 31-dez-09      | 31-dez-08 |              |                                |              | Gain/Loss    | VaR       | 2010                  | 2011         |
|              |                |           |              |                                |              |              |           |                       |              |
| Call         | 200,228        | 200,228   | B            | 2,773                          | 45           | 3            |           |                       |              |
| Call         | 200,228        | 200,228   | S            | 1,450                          | (299)        | (116)        |           |                       |              |
| <b>Total</b> |                |           |              |                                | <b>(254)</b> | <b>(113)</b> | <b>18</b> | <b>(130)</b>          | <b>(124)</b> |

**Raw material and intermediate products purchase**

Nickel concentrate and raw materials purchase agreements of Vale Inco Ltd, Vale's wholly-owned subsidiary, in which there are provisions based on nickel and copper future prices behavior. These provisions are considered as embedded derivatives.

| Flow | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Fair value | Realized  |     | Fair<br>value by<br>year |
|------|----------------|-----------|--------------|--------------------------------|------------|-----------|-----|--------------------------|
|      | 31-dez-09      | 31-dez-08 |              |                                |            | Gain/Loss | VaR |                          |
|      | 2010           | 2010      |              |                                |            |           |     |                          |
|      |                |           |              |                                |            |           |     |                          |

|  |       |       |   | <b>Buy/<br/>Sell</b> |              |          |             |          |              |
|--|-------|-------|---|----------------------|--------------|----------|-------------|----------|--------------|
| <b>For Customer Raw Material Contracts</b> |       |       |   |                      |              |          |             |          |              |
| Nickel                                     |       |       |   |                      |              |          |             |          |              |
| Forwards                                   | 440   |       |   | 17,523               | 0.3          |          | (9)         |          | 0.3          |
| Copper                                     |       |       |   |                      |              |          |             |          |              |
| Forwards                                   | 3,463 | 6,213 | S | 6,696                | (1.7)        | 9        | (7)         |          | (1.7)        |
| <b>Total</b>                               |       |       |   |                      | <b>(1.4)</b> | <b>9</b> | <b>(16)</b> | <b>2</b> | <b>(1.4)</b> |

**For Nickel Concentrate  
Customer Sales**

|         |       |     |     |    |    |
|---------|-------|-----|-----|----|----|
| Forward | 3,966 | N/A | N/A | 42 | 27 |
|---------|-------|-----|-----|----|----|

**j) Derivative Positions from jointly controlled companies**

Below we present the fair values of the derivatives from jointly controlled companies. These instruments are managed under the risk policies of each company. However the effects of mark-to-market are recognized in financial statements to the extent of participation of each of these companies.

**Protection program**

In order to reduce the cash flow volatility, swap transactions was contracted to convert into Reais the cash flows from debt instruments denominated in US Dollars. In this swap, fixed rates in U.S. Dollars are received and payments linked to Reais (CDI index) are made.

In millions of R\$

| <b>Flow</b>                    | <b>Notional<br/>31-dez-09</b> | <b>Index</b> | <b>Average rate</b> | <b>Fair value<br/>31-dez-09</b> | <b>VaR<br/>31-dez-09</b> |
|--------------------------------|-------------------------------|--------------|---------------------|---------------------------------|--------------------------|
| <b>Swap CDI vs. fixed rate</b> |                               |              |                     |                                 |                          |
| Receivable                     | USD 114                       | USD          | 3.97%               | 210                             |                          |
| Payable                        | R\$245                        | CDI          | 100.22%             | (272)                           |                          |
| <b>Net</b>                     |                               |              |                     | <b>(62)</b>                     | <b>6.3</b>               |

**Type of contracts:** OTC Contracts

**Protected Item:** Debts indexed to USD

The P&L shown in the table above is offset by the protected items P&L due to BRL/USD exchange rate.

**Table of Contents****Hedging program**

Swap transactions to fix the rate of part of a USD denominated obligation linked to Libor USD were contracted. In this swap, floating rates (Libor USD) in US Dollars are received and payments linked to a fixed rate also in US Dollars are made.

|  | In millions of R\$ |              |                  |              |            |
|--|--------------------|--------------|------------------|--------------|------------|
|  | Notional           |              | Average          | Fair value   | VaR        |
| Flow   | 31-dez-09          | Index        | rate             | 31-dez-09    | 31-dez-09  |
| <b>Swap USD floating rate vs. fixed rate</b> |                    |              |                  |              |            |
| Receivable                                   | USD 20             | <b>Libor</b> | Libor +<br>0,65% | 30.0         |            |
| Payable                                      |                    | <b>Fixed</b> | 3.98%            | (30.9)       |            |
| <b>Net</b>                                   |                    |              |                  | <b>(0.9)</b> | <b>0.1</b> |

**Type of contracts:** OTC Contracts

**Hedged Item:** Debts indexed to Libor USD

The P&L shown in the table above is offset by the hedged items P&L due to fluctuations in the Libor USD rate.

**Table of Contents****k) Sensitivity Analysis on Derivatives**

Amounts in R\$

| <b>Program</b>   | <b>Instrument</b>                            | <b>Risk</b>                               | <b>MtM</b> | <b>Scenario I</b> | <b>Scenario II</b> | <b>Scenario III</b> | <b>Scenario IV</b> |
|--|--|---|------------|-------------------|--------------------|---------------------|--------------------|
|  |  | USD/BRL fluctuation                       | 1,103      | (1,706)           | 1,706              | (3,413)             | 3,413              |
| Protection program for the Real denominated debt indexed to CDI  | CDI vs. USD fixed rate swap                  | USD interest rate inside Brazil variation | 1,103      | (69)              | 66                 | (141)               | 130                |
|  | CDI vs. USD floating rate swap               | USD/BRL fluctuation                       | 91         | (185)             | 185                | (369)               | 369                |
|  |  | USD interest rate inside Brazil variation | 91         | (24)              | 22                 | (49)                | 43                 |
|  | Protected Items - Debt indexed to CDI        | USD/BRL fluctuation                       | n.a.       |                   |                    |                     |                    |
|  |  | USD/BRL fluctuation                       | 135        | (427)             | 427                | (855)               | 855                |
| Protection program for the Real denominated debt indexed to TJLP | TJLP vs. USD fixed rate swap                 | USD interest rate inside Brazil variation | 135        | (59)              | 56                 | (123)               | 108                |
|  |  | Brazilian interest rate fluctuation       | 135        | (134)             | 155                | (250)               | 335                |
|  |  | USD/BRL fluctuation                       | 54         | (140)             | 140                | (281)               | 281                |
|  |  | USD interest rate inside Brazil variation | 54         | (42)              | 38                 | (89)                | 73                 |
|  |  | Brazilian interest rate fluctuation       | 54         | (74)              | 91                 | (136)               | 204                |
|  | Protected Items - Debts indexed to TJLP      | USD/BRL fluctuation                       | n.a.       |                   |                    |                     |                    |
| Protection Program for the Euro denominated floating rate debt   | EUR floating rate vs. USD floating rate swap | EUR/USD fluctuation                       | 3          | (3)               | 3                  | (6)                 | 6                  |
|  |  | Euribor variation                         | 3          | (0)               | 0                  | (0)                 | 0                  |

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|   |   |                              |      |       |       |       |       |
|---|---|------------------------------|------|-------|-------|-------|-------|
|   |   | USD Libor variation          | 3    | (0)   | 0     | (0)   | 0     |
|   | Protected Items - Debts indexed to EUR  | EUR/USD fluctuation          | n.a. | 3     | (3)   | 6     | (6)   |
| Protection Program for the USD floating rate debt             | USD floating rate vs. USD fixed rate swap   | USD/BRL fluctuation          | (14) | (4)   | 4     | (7)   | 7     |
|   | Protected Items - Vale Inco's Floating rate debt  | USD Libor variation          | (14) | (1)   | 1     | (2)   | 2     |
| Bunker Oil Purchase Protection Program                        | Bunker Oil forward Protected Item: part of Vale's costs                                     | Bunker Oil price fluctuation | n.a. | 1     | (1)   | 2     | (2)   |
|   | linked to Bunker Oil price  | Bunker Oil price fluctuation | 78   | (96)  | 96    | (191) | 191   |
| Maritime freight hiring protection program                    | Forward freight agreement Protected Item: part of Vale's costs                              | Freight price fluctuation    | n.a. | 96    | (96)  | 191   | (191) |
|   | linked to Freight price   | Freight price fluctuation    | 50   | (94)  | 94    | (188) | 188   |
| Aluminum strategic cash flow protection program               | Sale of aluminum forward contracts  | Aluminum price fluctuation   | n.a. | 94    | (94)  | 188   | (188) |
|   | Aluminum options collars Protected Items - Part of Vale's revenues linked to Aluminum price | Aluminum price fluctuation   | (65) | (117) | 117   | (235) | 235   |
|   |   | Aluminum price fluctuation   | (47) | (111) | 103   | (227) | 216   |
| Foreign Exchange Protection Program on Coal Fixed Price Sales | Australian dollar forwards Protected Item: Part of Vale's costs in Australian               | USD/AUD fluctuation          | n.a. | 235   | (235) | 470   | (470) |
|   |   | USD/AUD fluctuation          | 15   | (10)  | 10    | (21)  | 21    |
|   |   | USD/AUD fluctuation          | n.a. | 10    | (10)  | 21    | (21)  |

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|   | Dollar  |   |       |       |       |         |         |
|---|---|---|-------|-------|-------|---------|---------|
|   |   | USD/BRL fluctuation                       | 128   | (655) | 655   | (1,310) | 1,310   |
| Foreign Exchange cash flow                    | BRL fixed rate vs. USD  | USD interest rate inside Brazil variation | 128   | (10)  | 10    | (21)    | 21      |
| hedge   |   | Brazilian interest rate fluctuation       | 128   | (57)  | 60    | (111)   | 122     |
|   | Hedged Items - Part of Revenues denominated in USD                            | USD/BRL fluctuation                       | n.a.  | 655   | (655) | 1,310   | (1,310) |
| Foreign Exchange Protection                   |   | USD/BRL fluctuation                       | (0.2) | (26)  | 26    | (52)    | 52      |
|   | Non-deliverable forward   |   |       |       |       |         |         |
| Program on cash flow                          |   | USD Libor variation                       | (0.2) | (0.1) | 0.1   | (0.2)   | 0.2     |
|   | Protected Items - Part of Revenues denominated in USD                         | USD/BRL fluctuation                       | n.a.  | 26    | (26)  | 52      | (52)    |
| Nickel strategic cash flow protection program | Sale of nickel future/forward contracts                                       | Nickel price fluctuation                  | (36)  | (394) | 394   | (788)   | 788     |
|   | Protected Item: Part of Vale's revenues linked to Nickel price                |   |       |       |       |         |         |
|   |   | Nickel price fluctuation                  | n.a.  | 394   | (394) | 788     | (788)   |
| Nickel purchase fixed price                   | Purchase of nickel future/forward program                                     |   |       |       |       |         |         |
|   | contracts   | Nickel price fluctuation                  | (21)  | (28)  | 28    | (55)    | 55      |
|   | Protected Item: Part of Vale's revenues linked to fixed price sales of Nickel | Nickel price fluctuation                  | n.a.  | 28    | (28)  | 55      | (55)    |
| Nickel purchase protection program            | Sale of nickel future/forward contracts                                       | Nickel price fluctuation                  | (4)   | (12)  | 12    | (23)    | 23      |
|   | Protected Item: Part of Vale's  |   |       |       |       |         |         |

|                      |                       |   |                            |       |       |      |       |      |
|----------------------|-----------------------|---|----------------------------|-------|-------|------|-------|------|
|                      |                       | revenues linked to Nickel price                           | Nickel price fluctuation   | n.a.  | 12    | (12) | 23    | (23) |
| Embedded derivatives | Raw material purchase | Embedded derivatives - Raw material purchase              | Nickel price fluctuation   | 0.3   | (0.2) | 0.1  | (0.4) | 0.2  |
| Embedded derivatives | Raw material purchase | Embedded derivatives - Raw material purchase              | Copper price fluctuation   | (2)   | (25)  | 20   | (56)  | 34   |
| Embedded derivatives | Energy purchase       | Embedded derivatives - Energy purchase - Aluminum Options | Aluminum price fluctuation | (254) | (105) | 140  | (154) | 233  |

**I) Sensitivity Analysis on Derivatives from jointly controlled companies**

Amounts in R\$ million

| <b>Program</b>     | <b>Instrument</b>                    | <b>Risk</b>                               | <b>MtM</b> | <b>Scenario I</b> | <b>Scenario II</b> | <b>Scenario III</b> | <b>Scenario IV</b> |
|--------------------|--------------------------------------|---|------------|-------------------|--------------------|---------------------|--------------------|
| Protection program | CDI vs. USD fixed rate swap          | USD/BRL fluctuation                       | (62)       | (53)              | 53                 | (105)               | 105                |
|                    |                                      | USD interest rate inside Brazil variation | (62)       | (0)               | 0                  | (0)                 | 0                  |
|                    | Protected Item - Debt indexed to USD | USD/BRL fluctuation                       | n.a.       | 53                | (53)               | 105                 | (105)              |
| Hedging program    | USD floating rate vs. USD fixed rate | USD/BRL fluctuation                       | (0.9)      | (0.2)             | 0.2                | (0.5)               | 0.5                |
|                    | swap                                 | USD Libor variation                       | (0.9)      | (0.2)             | 0.2                | (0.3)               | 0.3                |
|                    | Hedged Item - Debt indexed to Libor  | USD Libor variation                       | n.a.       | 0.2               | (0.2)              | 0.3                 | (0.3)              |

**Table of Contents****m) Sensitivity Analysis on Debt and Cash Investments**

The Company's funding and cash investments programs linked to currencies different from Brazilian Reais are subjected to volatility of foreign exchange currencies, such as EUR/USD and USD/BRL.

Amounts in R\$ million

| <b>Program</b> | <b>Instrument</b>       | <b>Risk</b>         | <b>Scenario I</b> | <b>Scenario II</b> | <b>Scenario III</b> | <b>Scenario IV</b> |
|----------------|-------------------------|---------------------|-------------------|--------------------|---------------------|--------------------|
| Funding        | Debt denominated in BRL | No fluctuation      |                   |                    |                     |                    |
| Funding        | Debt denominated in USD | USD/BRL fluctuation | (6,763.4)         | 6,763.4            | (13,526.7)          | 13,526.7           |
| Funding        | Debt denominated in EUR | EUR/USD fluctuation | (3.0)             | 3.0                | (6.0)               | 6.0                |
| Cash           | Cash denominated in BRL | No fluctuation      |                   |                    |                     |                    |
| Investments    |                         |                     |                   |                    |                     |                    |
| Cash           | Cash denominated in USD | USD/BRL fluctuation |                   |                    |                     |                    |
| Investments    |                         |                     | (3,005.9)         | 3,005.9            | (6,011.7)           | 6,011.7            |

**n) Credit risk on financial trades and financial institutions ratings**

Derivatives transactions are executed with financial institutions that we consider to have a very good credit quality. The exposure limits to financial institutions are proposed annually for the Executive Risk Committee and approved by the Executive Board. The financial institutions credit risk tracking is performed making use of a credit risk valuation methodology which considers, among other information, published ratings provided by international rating agencies. In the table below, we present the ratings in foreign currency published by Moody's e S&P agencies for the financial institutions that we had outstanding trades as of December 31, 2009.

| <b>Parent Company</b>         | <b>Vale's Counterparty</b>                | <b>Moody's*</b> | <b>S&amp;P*</b> |
|-------------------------------|---|-----------------|-----------------|
| JP Morgan Chase & Co**        | JP Morgan Chase Bank                      | Aa3             | A+              |
| Banco Santander SA**          | Banco Santander Banespa SA                | Aa2             | AA              |
| Banco Santander SA            | Banco Santander SA                        | Aa2             | AA              |
| Banco Santander SA            | Banco Santander Brasil SA                 | Baa3            | BBB-            |
| BNP Paribas**                 | BNP Paribas Securities Corp               | Aa1             | AA              |
| BNP Paribas                   | BNP Paribas                               | Aa1             | AA              |
| The Goldman Sachs Group Inc** | J Aron & Co                               | A1              | A               |
| Itau Unibanco Holding SA      | Banco Itau BBA SA                         | A1              | BBB             |
| Societe Generale**            | Banco Societe Generale do Brasil SA       | Aa2             | A+              |
| Societe Generale              | Societe Generale                          | Aa2             | A+              |
| Credit Agricole SA            | Calyon (London)                           | Aa3             | AA-             |
| Banco Votorantim SA           | Banco Votorantim SA                       | A3              | BB+             |
| Itau Unibanco Holding SA      | União de Bancos Brasileiros SA            | A1              | BBB             |
| Banco do Brasil SA            | Banco do Brasil SA                        | A2              | BBB-            |
| Citigroup Inc**               | Citibank NA (Brazil)                      | A3              | A               |
| Deutsche Bank AG**            | Deutsche Bank AG (London)                 | Aa1             | A+              |
| HSBC Holdings plc             | HSBC Bank Brasil SA - Banco Multiplo      | A1              | BBB-            |
| Barclays PLC                  | Barclays Bank PLC                         | Aa3             | AA-             |
| Banco Santander SA**          | Banco ABN AMRO Real SA                    | Aa2             | AA              |
| Standard Bank PLC**           | Standard Bank Limited (London)            | Baa2            |                 |
| Banco Bradesco SA             | Banco Bradesco SA                         | A1              | BBB             |
| BNP Paribas**                 | BNP Paribas Energy & Commodities          | Aa1             | AA              |
| Prudential Financial Inc**    | Prudential Bache Commodities Ltd (London) | Baa2            | A               |
| Natixis**                     | Natixis Metals Limited                    | Aa3             | A+              |
| Mitsui Co Ltd**               | Mitsui Bussan Commodities Ltd             | A2              | A+              |



\* For brazilian  
Banks we used  
local long term  
deposit rating

\*\* Parent  
company s rating

**o) Market Curves**

To build the curves used on the pricing of the derivatives, public data from BM&F, Central Bank of Brazil, London Metals Exchange (LME) and proprietary data from Thomson Reuters, Bloomberg L.P. and Enerdata were used.

**Table of Contents****1. Commodities****Aluminum**

| <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 2,197                      | NOV10           | 2,300                      | OCT11           | 2,376                      |
| JAN10           | 2,204                      | DEC10           | 2,307                      | NOV11           | 2,383                      |
| FEB10           | 2,215                      | JAN11           | 2,314                      | DEC11           | 2,389                      |
| MAR10           | 2,226                      | FEB11           | 2,321                      |                 |                            |
| APR10           | 2,237                      | MAR11           | 2,328                      |                 |                            |
| MAY10           | 2,248                      | APR11           | 2,335                      |                 |                            |
| JUN10           | 2,257                      | MAY11           | 2,342                      |                 |                            |
| JUL10           | 2,268                      | JUN11           | 2,349                      |                 |                            |
| AUG10           | 2,276                      | JUL11           | 2,356                      |                 |                            |
| SEP10           | 2,285                      | AUG11           | 2,363                      |                 |                            |
| OCT10           | 2,293                      | SEP11           | 2,370                      |                 |                            |

**Nickel**

| <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 18,452                     | SEP10           | 18,633                     | JUN11           | 18,675                     |
| JAN10           | 18,467                     | OCT10           | 18,647                     | JUL11           | 18,675                     |
| FEB10           | 18,493                     | NOV10           | 18,661                     | AUG11           | 18,675                     |
| MAR10           | 18,517                     | DEC10           | 18,675                     | SEP11           | 18,675                     |
| APR10           | 18,543                     | JAN11           | 18,675                     | OCT11           | 18,675                     |
| MAY10           | 18,564                     | FEB11           | 18,675                     | NOV11           | 18,663                     |
| JUN10           | 18,585                     | MAR11           | 18,675                     |                 |                            |
| JUL10           | 18,606                     | APR11           | 18,675                     |                 |                            |
| AUG10           | 18,621                     | MAY11           | 18,675                     |                 |                            |

**Copper**

| <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 7,296                      | NOV10           | 6,675                      | DEC10           | 6,982                      |
| OCT10           | 6,288                      |                 |                            |                 |                            |

**Bunker Oil**

| <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 487                        | JUN10           | 486                        | DEC10           | 493                        |
| JAN10           | 487                        | JUL10           | 489                        | JAN11           | 500                        |
| FEB10           | 486                        | AUG10           | 489                        | FEB11           | 500                        |
| MAR10           | 486                        | SEP10           | 489                        | MAR11           | 500                        |
| APR10           | 486                        | OCT10           | 493                        | APR11           | 505                        |
| MAY10           | 486                        | NOV10           | 493                        | MAY11           | 505                        |

**Aluminum Volatility**

| <b>Maturity</b> | <b>Vol<br/>(%a.a.)</b> | <b>Maturity</b> | <b>Vol<br/>(%a.a.)</b> | <b>Maturity</b> | <b>Vol<br/>(%a.a.)</b> |
|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
|                 |                        |                 |                        |                 |                        |

|         |      |       |      |        |      |
|---------|------|-------|------|--------|------|
| VOLSPOT | 34.7 | VOL9M | 33.1 | VOL4Y  | 27.4 |
| VOL1M   | 35.1 | VOL1Y | 32.1 | VOL5Y  | 26.4 |
| VOL3M   | 35.2 | VOL2Y | 29.8 | VOL7Y  | 26.4 |
| VOL6M   | 34.3 | VOL3Y | 28.4 | VOL10Y | 26.4 |

**FFA Forward Freight Agreement**

| <b>Maturity</b> | <b>Price<br/>(USD/day)</b> | <b>Maturity</b> | <b>Price<br/>(USD/day)</b> | <b>Maturity</b> | <b>Price<br/>(USD/day)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 37,191                     | JUL10           | 32,688                     | FEB11           | 27,109                     |
| JAN10           | 44,250                     | AUG10           | 32,688                     | MAR11           | 27,109                     |
| FEB10           | 43,057                     | SEP10           | 32,688                     | APR11           | 27,109                     |
| MAR10           | 43,213                     | OCT10           | 30,894                     | MAY11           | 27,109                     |
| APR10           | 38,500                     | NOV10           | 30,894                     | JUN11           | 27,109                     |
| MAY10           | 38,500                     | DEC10           | 30,894                     | JUL11           | 27,109                     |
| JUN10           | 38,500                     | JAN11           | 27,109                     | AUG11           | 27,109                     |

**Table of Contents****2. Rates****USD-Brazil Interest Rate**

| <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|
| 31/12/2009      | 0.80                      | 02/04/2012      | 3.04                      | 01/10/2014      | 4.43                      |
| 01/03/2010      | 0.80                      | 02/07/2012      | 3.21                      | 02/01/2015      | 4.65                      |
| 01/04/2010      | 0.88                      | 01/10/2012      | 3.31                      | 01/04/2015      | 4.67                      |
| 01/07/2010      | 1.15                      | 02/01/2013      | 3.47                      | 04/01/2016      | 4.77                      |
| 01/10/2010      | 1.52                      | 01/04/2013      | 3.67                      | 02/01/2017      | 4.99                      |
| 03/01/2011      | 1.93                      | 01/07/2013      | 3.84                      | 02/01/2018      | 5.17                      |
| 01/04/2011      | 2.18                      | 01/10/2013      | 4.00                      | 02/01/2019      | 5.30                      |
| 01/07/2011      | 2.48                      | 02/01/2014      | 4.15                      | 02/01/2020      | 5.30                      |
| 03/10/2011      | 2.70                      | 01/04/2014      | 4.30                      | 04/01/2021      | 5.51                      |
| 02/01/2012      | 2.88                      | 01/07/2014      | 4.38                      | 03/01/2022      | 5.69                      |

**US Interest Rate**

| <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|
| USD1D           | 0.16                      | USD9M           | 0.49                      | USD5A           | 2.72                      |
| USD1M           | 0.33                      | USD1A           | 0.63                      | USD7A           | 3.21                      |
| USD2M           | 0.40                      | USD2A           | 1.30                      | USD10A          | 3.61                      |
| USD3M           | 0.42                      | USD3A           | 1.91                      |                 |                           |
| USD6M           | 0.39                      | USD4A           | 2.37                      |                 |                           |

**TJLP**

| <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|
| 31/12/2009      | 6.00                      | 01/10/2011      | 7.07                      | 01/10/2013      | 7.28                      |
| 01/01/2010      | 6.00                      | 01/01/2012      | 7.15                      | 01/01/2014      | 7.25                      |
| 01/04/2010      | 6.44                      | 01/04/2012      | 7.20                      | 01/04/2014      | 7.22                      |
| 01/07/2010      | 6.57                      | 01/07/2012      | 7.24                      | 01/07/2014      | 7.22                      |
| 01/10/2010      | 6.68                      | 01/10/2012      | 7.27                      | 01/10/2014      | 7.25                      |
| 01/01/2011      | 6.79                      | 01/01/2013      | 7.29                      | 01/01/2015      | 7.32                      |
| 01/04/2011      | 6.88                      | 01/04/2013      | 7.30                      |                 |                           |
| 01/07/2011      | 6.97                      | 01/07/2013      | 7.29                      |                 |                           |

**BRL Interest Rate**

| <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> | <b>Maturity</b> | <b>Rate (%)<br/>a.a.)</b> |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|
| 31/12/2009      | 8.55                      | 01/07/2011      | 11.38                     | 01/07/2013      | 12.60                     |
| 04/01/2010      | 8.55                      | 03/10/2011      | 11.71                     | 01/10/2013      | 12.63                     |
| 01/02/2010      | 9.06                      | 02/01/2012      | 11.88                     | 02/01/2014      | 12.66                     |
| 01/04/2010      | 8.89                      | 02/04/2012      | 12.07                     | 01/04/2014      | 12.68                     |
| 01/07/2010      | 9.30                      | 02/07/2012      | 12.31                     | 01/10/2014      | 12.78                     |
| 01/10/2010      | 9.92                      | 01/10/2012      | 12.39                     | 02/01/2015      | 12.80                     |
| 03/01/2011      | 10.54                     | 02/01/2013      | 12.45                     | 02/01/2017      | 13.11                     |
| 01/04/2011      | 11.01                     | 01/04/2013      | 12.53                     |                 |                           |

**3. Currencies**

**EURO**

| <b>Maturity</b> | <b>EUR/USD</b> | <b>Maturity</b> | <b>EUR/USD</b> | <b>Maturity</b> | <b>EUR/USD</b> |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| EURSPOT         | 1.43           | EUR9M           | 1.43           | EUR4Y           | 1.45           |
| EUR1M           | 1.43           | EUR1Y           | 1.43           | EUR5Y           | 1.47           |
| EUR3M           | 1.43           | EUR2Y           | 1.43           | EUR7Y           | 1.50           |
| EUR6M           | 1.43           | EUR3Y           | 1.44           | EUR10Y          | 1.53           |

**AUD**

| <b>Maturity</b> | <b>AUD/USD</b> | <b>Maturity</b> | <b>AUD/USD</b> | <b>Maturity</b> | <b>AUD/USD</b> |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| AUDSPOT         | 1.12           | AUD9M           | 1.15           | AUD4Y           | 1.29           |
| AUD1M           | 1.12           | AUD1Y           | 1.17           | AUD5Y           | 1.33           |
| AUD3M           | 1.13           | AUD2Y           | 1.21           | AUD7Y           | 1.38           |
| AUD6M           | 1.14           | AUD3Y           | 1.25           | AUD10Y          | 1.45           |

**Currencies Ending rates as of December 31, 2009**

|         |        |         |        |         |        |
|---------|--------|---------|--------|---------|--------|
| USD/CAD | 1.0502 | USD/BRL | 1.7412 | EUR/USD | 1.4400 |
|---------|--------|---------|--------|---------|--------|

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|  | <b>Consolidated</b> |                  |                    |                  | <b>Parent Company</b> |                  |                    |                  |                |
|--|---------------------|------------------|--------------------|------------------|-----------------------|------------------|--------------------|------------------|----------------|
|  | <b>Assets</b>       |                  | <b>Liabilities</b> |                  | <b>Assets</b>         |                  | <b>Liabilities</b> |                  |                |
|  | <b>2009</b>         | <b>2008</b>      | <b>2009</b>        | <b>2008</b>      | <b>2009</b>           | <b>Assets</b>    | <b>2008</b>        | <b>Long-term</b> |                |
|  | <b>Short-term</b>   | <b>Long-term</b> | <b>Short-term</b>  | <b>Long-term</b> | <b>Long-term</b>      | <b>Long-term</b> | <b>Long-term</b>   | <b>Long-term</b> |                |
| <b>Derivatives not designated as hedge</b>       |                     |                  |                    |                  |                       |                  |                    |                  |                |
| <b>Foreign exchange and interest rate risk</b>   |                     |                  |                    |                  |                       |                  |                    |                  |                |
| CDI & TJLP vs. USD fixed and floating rate swaps |                     | 1,383            |                    |                  | (1,309)               | 1,058            |                    | (1,084)          |                |
| EURO floating rate vs. USD floating rate swap    |                     | 3                | 5                  |                  |                       | 3                | 5                  |                  |                |
| Swap CDI vs. fixed rate                          |                     |                  |                    | (39)             |                       |                  |                    |                  |                |
| Swap CDI vs. fixed rate                          |                     |                  |                    |                  | (23)                  |                  |                    |                  |                |
| Swap USD floating rate vs. fixed rate            |                     |                  |                    | (1)              |                       |                  |                    |                  |                |
| USD floating rate vs. fixed USD rate swap        |                     |                  |                    | (12)             |                       | (32)             |                    |                  |                |
| USD floating rate vs. fixed USD rate swap        |                     |                  |                    |                  | (2)                   |                  |                    |                  |                |
| AUD forward purchase                             |                     | 15               |                    |                  |                       |                  |                    |                  |                |
|  |                     | <b>1,401</b>     | <b>5</b>           | <b>(52)</b>      | <b>(25)</b>           | <b>(1,341)</b>   | <b>1,061</b>       | <b>5</b>         | <b>(1,084)</b> |
| <b>Commodities price risk</b>                    |                     |                  |                    |                  |                       |                  |                    |                  |                |
| Nickel   |                     |                  |                    |                  |                       |                  |                    |                  |                |
| Fixed price program                              | 22                  |                  | 79                 | (5)              |                       |                  |                    |                  |                |
| Fixed price program                              |                     | 3                |                    |                  | (15)                  |                  |                    |                  |                |
| Strategic program (2)                            |                     |                  |                    | (55)             |                       |                  |                    |                  |                |
| Maritime freight                                 | 50                  |                  |                    |                  |                       |                  |                    |                  |                |
| Natural Gas                                      |                     |                  |                    |                  | (4)                   |                  |                    |                  |                |
| Aluminum (3)                                     |                     |                  |                    | (28)             |                       |                  |                    |                  |                |
| Bunker Oil (1)                                   | 85                  |                  |                    |                  |                       |                  |                    |                  |                |

Copper

|  |            |          |           |             |             |            |  |  |  |
|--|------------|----------|-----------|-------------|-------------|------------|--|--|--|
|  | <b>157</b> | <b>3</b> | <b>79</b> | <b>(88)</b> | <b>(15)</b> | <b>(4)</b> |  |  |  |
|--|------------|----------|-----------|-------------|-------------|------------|--|--|--|

**Derivatives  
designated as  
hedge**Foreign exchange  
cash flow hedge

|  |    |     |  |  |  |  |    |  |  |
|--|----|-----|--|--|--|--|----|--|--|
|  | 26 | 102 |  |  |  |  | 37 |  |  |
|--|----|-----|--|--|--|--|----|--|--|

Aluminum (3)

(124)

|  |           |            |  |              |  |  |           |  |  |
|--|-----------|------------|--|--------------|--|--|-----------|--|--|
|  | <b>26</b> | <b>102</b> |  | <b>(124)</b> |  |  | <b>37</b> |  |  |
|--|-----------|------------|--|--------------|--|--|-----------|--|--|

**Total**

|  |            |              |           |              |             |                |              |          |                |
|--|------------|--------------|-----------|--------------|-------------|----------------|--------------|----------|----------------|
|  | <b>183</b> | <b>1,506</b> | <b>84</b> | <b>(264)</b> | <b>(40)</b> | <b>(1,345)</b> | <b>1,098</b> | <b>5</b> | <b>(1,084)</b> |
|--|------------|--------------|-----------|--------------|-------------|----------------|--------------|----------|----------------|

(1) Comprise financial settlements as of Dec. 31, 2009 in the amount of R\$ 7.

(2) Comprise financial settlements as of Dec. 31, 2009 in the amount of R\$ (16).

(3) Comprise financial settlements as of Dec. 31, 2009 in the amount of R\$ (39).





|  | 4Q/09     | 3Q/09     | Acumulated<br>4Q/08 | 2009       | 2008        | Acumulated<br>2009 | 2008       |
|--|-----------|-----------|---------------------|------------|-------------|--------------------|------------|
| <b>Derivatives not designated as hedge</b>       |           |           |                     |            |             |                    |            |
| <b>Foreign exchange and interest rate risk</b>   |           |           |                     |            |             |                    |            |
| CDI & TJLP vs. USD fixed and floating rate swaps | 153       | 57        | (121)               | 469        | (687)       | 369                | 639        |
| USD floating rate vs. USD fixed rate swap        | (4)       | (4)       | 1                   | (15)       | 5           |                    |            |
| EURO floating rate vs. USD floating rate swap    | 1         |           | (1)                 | 2          | (1)         | 2                  | 2          |
| AUD floating rate vs. fixed USD rate swap        | 5         | 2         |                     | 10         |             |                    |            |
| USD floating rate vs. CDI                        | (3)       |           |                     | (3)        |             |                    |            |
| <b>Commodities price risk</b>                    |           |           |                     |            |             |                    |            |
| <b>Nickel</b>                                    |           |           |                     |            |             |                    |            |
| Fixed price program                              | (31)      | (19)      | 91                  | (122)      | 112         |                    |            |
| Strategic program                                | (64)      | (66)      |                     | (130)      |             |                    |            |
| Copper   |           |           | (62)                |            | 277         |                    | 32         |
| Platinum   |           |           | 3                   |            | 45          |                    |            |
| Gold   |           |           | 20                  |            | 74          |                    | (52)       |
| Natural gas                                      | (1)       | (3)       | 2                   | (12)       | 1           |                    |            |
| Maritime Freight Hiring Protection Program       | 13        | 47        |                     | 69         |             | 17                 |            |
| Bunker Oil Hedge                                 | 19        | 10        |                     | 31         |             |                    |            |
| Aluminum   |           |           | (59)                |            | 181         |                    |            |
| <b>Embedded derivatives</b>                      |           |           |                     |            |             |                    |            |
| Customer raw material contracts                  |           |           | (16)                |            | (21)        |                    |            |
| <b>Derivatives designated as hedge</b>           |           |           |                     |            |             |                    |            |
| Aluminum hedge                                   | (8)       |           |                     | (8)        |             |                    |            |
|  | <b>80</b> | <b>24</b> | <b>(142)</b>        | <b>291</b> | <b>(14)</b> | <b>388</b>         | <b>621</b> |

**Table of Contents**

The assets and (liabilities) balances as well as changes in fair value of derivatives are presented as follows:

|  | <b>Consolidated</b>           |                 |                     |                     |               |               |                 |                 |
|--|-------------------------------|-----------------|---------------------|---------------------|---------------|---------------|-----------------|-----------------|
|  | <b>Trimestres (Unaudited)</b> |                 |                     |                     |               |               |                 |                 |
|  | <b>4Q/09</b>                  |                 |                     |                     |               |               |                 |                 |
|  | <b>Products by</b>            |                 |                     |                     |               |               |                 |                 |
| <b>Currencies\</b>                             | <b>Interest</b>               | <b>Bunker</b>   | <b>Gold Freight</b> | <b>area</b>         | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b>    |
| <b>rates</b>                                   | <b>Oil and</b>                | <b>Gas</b>      |                     |                     |               |               |                 |                 |
| <b>(libor)</b>                                 | <b>Natural</b>                |                 |                     |                     |               |               |                 |                 |
|  |                               |                 |                     |                     |               |               |                 |                 |
| Gains / (losses) unrealized on 09/30/09        | 1,240                         | 31              | (71)                | 19                  | (136)         |               |                 | 1,083           |
| Payments (receipt) financial                   | (152)                         | (18)            | (13)                | 8                   | 95            |               |                 | (80)            |
| Financial expenses, net (1)                    | 370                           | 72              | 132                 | (179)               | (13)          |               |                 | 382             |
| Monetary variations, net (2)                   | (6)                           |                 | 2                   |                     | 4             |               |                 |                 |
| <b>Gains / (losses) unrealized on 12/31/09</b> | <b>1,452</b>                  | <b>85</b>       | <b>50</b>           | <b>(152)</b>        | <b>(50)</b>   |               |                 | <b>1,385</b>    |
|  |                               |                 |                     |                     |               |               |                 |                 |
|  | <b>3Q/09</b>                  |                 |                     |                     |               |               |                 |                 |
|  | <b>Products by</b>            |                 |                     |                     |               |               |                 |                 |
|  | <b>aluminum</b>               |                 |                     |                     |               |               |                 |                 |
|  | <b>Currencies\</b>            | <b>Interest</b> | <b>Bunker</b>       | <b>Gold Freight</b> | <b>area</b>   | <b>Copper</b> | <b>Nickel</b>   | <b>Platinum</b> |
| <b>rates</b>                                   | <b>Oil and</b>                | <b>Gas</b>      |                     |                     |               |               |                 |                 |
| <b>(libor)</b>                                 | <b>Natural</b>                |                 |                     |                     |               |               |                 |                 |
|  |                               |                 |                     |                     |               |               |                 |                 |
| Gains / (losses) unrealized on 06/30/09        | 432                           | 19              | 59                  |                     | (94)          |               |                 | 416             |
| Payments (receipt) financial                   | (55)                          | (7)             | (47)                |                     | 85            |               |                 | (24)            |
| Financial expenses, net (1)                    | 883                           | 23              | (83)                | 20                  | (145)         |               |                 | 698             |
| Monetary variations, net (2)                   | (20)                          | (4)             |                     | (1)                 | 18            |               |                 | (7)             |
| <b>Gains / (losses) unrealized on 09/30/09</b> | <b>1,240</b>                  | <b>31</b>       | <b>(71)</b>         | <b>19</b>           | <b>(136)</b>  |               |                 | <b>1,083</b>    |
|  |                               |                 |                     |                     |               |               |                 |                 |
|  | <b>3Q/08</b>                  |                 |                     |                     |               |               |                 |                 |
|  | <b>Products by</b>            |                 |                     |                     |               |               |                 |                 |
|  | <b>aluminum</b>               |                 |                     |                     |               |               |                 |                 |
|  | <b>Currencies\</b>            | <b>Interest</b> | <b>Bunker</b>       | <b>Gold Freight</b> | <b>area</b>   | <b>Copper</b> | <b>Nickel</b>   | <b>Platinum</b> |
| <b>rates</b>                                   | <b>Oil</b>                    | <b>Gas</b>      |                     |                     |               |               |                 |                 |
| <b>(libor)</b>                                 | <b>and</b>                    |                 |                     |                     |               |               |                 |                 |
|  | <b>Natural</b>                |                 |                     |                     |               |               |                 |                 |
| Gains / (losses) unrealized on 09/30/08        | 323                           | (3)             | (19)                | (87)                | (75)          | 73            | (4)             | 208             |
| Payments (receipt) financial                   | (121)                         | 2               | 20                  | (59)                | (62)          | 77            | 1               | (142)           |
| Financial expenses, net                        | (1,518)                       | (3)             | 2                   | 157                 | 152           | (88)          | 2               | (1,296)         |
| Monetary variations, net                       | (20)                          |                 | (3)                 | (11)                | (14)          | 17            | 1               | (30)            |
| <b>Gains / (losses) unrealized on 12/31/08</b> | <b>(1,336)</b>                | <b>(4)</b>      |                     |                     | <b>1</b>      | <b>79</b>     |                 | <b>(1,260)</b>  |

|  | Accumulated<br>2009<br>Products<br>by<br>aluminum |                              |     |           |              |      |             |        |              |       |
|--|---|------------------------------|-----|-----------|--------------|------|-------------|--------|--------------|-------|
|  | Currencies\                                       |                              | Gas | Gold      | Freight      | area | Copper      | Nickel | Platinum     | Total |
|  | Interest<br>rates                                 | Bunker<br>Oil and<br>Natural |     |           |              |      |             |        |              |       |
| (libor)  |   |                              |     |           |              |      |             |        |              |       |
| Gains / (losses) unrealized on 12/31/08        | (1,336)   | (4)                          |     |           |              | 1    | 79          |        | (1,260)      |       |
| Payments (receipt) financial                   | (463)   | (18)                         |     | (69)      | 8            |      | 252         |        | (290)        |       |
| Financial expenses, net (1)                    | 3,267   | 112                          |     | 119       | (159)        | (1)  | (397)       |        | 2,941        |       |
| Monetary variations, net (2)                   | (16)  | (5)                          |     |           | (1)          |      | 16          |        | (6)          |       |
| <b>Gains / (losses) unrealized on 12/31/09</b> | <b>1,452</b>                                      | <b>85</b>                    |     | <b>50</b> | <b>(152)</b> |      | <b>(50)</b> |        | <b>1,385</b> |       |

|  | 2008<br>Products<br>by<br>aluminum |                                 |      |      |         |          |           |        |                |       |
|--|------------------------------------|---------------------------------|------|------|---------|----------|-----------|--------|----------------|-------|
|  | Currencies\                        |                                 | Gas  | Gold | Freight | area     | Copper    | Nickel | Platinum       | Total |
|  | Interest<br>rates                  | Bunker<br>Oil<br>and<br>Natural |      |      |         |          |           |        |                |       |
| (libor)  |                                    |                                 |      |      |         |          |           |        |                |       |
| Gains / (losses) unrealized on 12/31/07        | 1,119                              | (11)                            | (65) |      | (173)   | (332)    | 74        | (43)   | 569            |       |
| Payments (receipt) financial                   | (683)                              | 1                               | 74   |      | 181     | 277      | 91        | 45     | (14)           |       |
| Financial expenses, net                        | (1,985)                            | 4                               | (8)  |      | (10)    | 66       | (110)     | (3)    | (2,046)        |       |
| Monetary variations, net                       | 213                                | 2                               | (1)  |      | 2       | (10)     | 24        | 1      | 231            |       |
| <b>Gains / (losses) unrealized on 12/31/08</b> | <b>(1,336)</b>                     | <b>(4)</b>                      |      |      |         | <b>1</b> | <b>79</b> |        | <b>(1,260)</b> |       |

(1) Comprise amounts related to hedge accounting which does not affect the financial results, as follows:  
R\$(61), R\$54 and R\$(1) and R\$ (2), 4Q09, 3Q09, December 31, 2008 and December 31, 2009, respectively.

These figures were recorded inside shareholders' equity in the line "unrealized results of market value net of income tax and in the proportion of our interest, when applicable."

- (2) Include exchange variance reclassification into equity: R\$ (4), R\$2 and R\$ (3), 4Q09, 3Q09 and December 31, 2009, respectively.



|  |            |            |              |              |              |              |              |
|--|------------|------------|--------------|--------------|--------------|--------------|--------------|
| <b>Administrative</b>                            |            |            |              |              |              |              |              |
| Personnel  | 184        | 143        | 207          | 640          | 747          | 377          | 431          |
| Services (consulting, infrastructure and others) | 118        | 96         | 229          | 385          | 528          | 183          | 262          |
| Advertising and publicity                        | 105        | 56         | 94           | 236          | 253          | 227          | 244          |
| Depreciation                                     | 113        | 95         | 70           | 384          | 294          | 295          | 225          |
| Travel expenses                                  | 9          | 8          | 16           | 36           | 72           | 15           | 33           |
| Rents and taxes                                  | 26         | 22         | 37           | 86           | 89           | 32           | 32           |
| Community aborigine                              | 5          | 6          | 5            | 20           | 20           | 19           | 18           |
| Others   | 28         | 45         | 118          | 156          | 303          | 54           | 140          |
| <b>Sales (*)</b>                                 | <b>116</b> | <b>106</b> | <b>940</b>   | <b>426</b>   | <b>1,312</b> | <b>42</b>    | <b>27</b>    |
| <b>Total</b>                                     | <b>704</b> | <b>577</b> | <b>1,716</b> | <b>2,369</b> | <b>3,618</b> | <b>1,244</b> | <b>1,412</b> |

(\*) It represents the effects of fluctuations in commodity prices of copper on its receivables, expenses with offices abroad and provision for claims settlement.

|   | Consolidated                 |        |       | Accumulated |       | Parent Company      |       |
|---|------------------------------|--------|-------|-------------|-------|---------------------|-------|
|   | Quarter (Unaudited)<br>4Q/09 | 3Q /09 | 3Q/08 | 2009        | 2008  | Accumulated<br>2009 | 2008  |
| <b>Other operating expenses (income), net</b>               |                              |        |       |             |       |                     |       |
| Provisions for contingencies                                | 210                          | 6      | 162   | 230         | (53)  | 236                 | (78)  |
| Provision for loss on ICMS credits                          | 108                          | 48     | 63    | 259         | 386   | 81                  | 213   |
| Provision for profit sharing Fundação Vale do Rio Doce FVRD | 143                          | 58     | 16    | 320         | 221   | 196                 | 113   |
| Recoverable taxes PIS and COFINS                            | 13                           | 42     | 26    | 99          | 81    | 99                  | 81    |
| Provision for materials/ inventory                          | (73)                         | (70)   | (70)  | (295)       | (244) | (295)               | (244) |
| Adjustment to net realizable inventory                      |                              |        | 142   | 9           | 407   |                     | 126   |
| Disconnection   | 9                            |        | 334   | 122         | 334   |                     |       |
| Shutdown plant and idle capacity                            | 16                           | 29     |       | 187         |       | 64                  |       |
| Others  | 386                          | 489    |       | 1,776       |       | 596                 |       |
|   | 184                          | 45     | 953   | 555         | 1,717 | (50)                | 621   |

|              |            |            |              |              |              |            |            |
|--------------|------------|------------|--------------|--------------|--------------|------------|------------|
| <b>Total</b> | <b>996</b> | <b>647</b> | <b>1,626</b> | <b>3,262</b> | <b>2,849</b> | <b>927</b> | <b>832</b> |
|--------------|------------|------------|--------------|--------------|--------------|------------|------------|

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|   | Consolidated |                     |       | Acumulado |            |
|---|--------------|---------------------|-------|-----------|------------|
|   | 4Q/09        | Quarter (Unaudited) |       | 2009      | 2008       |
|   |              | 3Q/09               | 3Q/08 |           |            |
| <b>Sales of assets</b>                            |              |                     |       |           |            |
| Jubilee Mines N.L.                                |              |                     |       |           | 139        |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS |              |                     |       | 288       |            |
| Companhia Alumina Para                            |              |                     |       | 8         |            |
| Ativos florestais                                 |              | 110                 |       | 110       |            |
| Hurdbay Minerals Inc                              |              | 12                  |       | 12        |            |
| Ativos de cobre                                   | (65)         |                     |       | (65)      |            |
| Ativos de alumínio                                | (147)        |                     |       | (147)     |            |
| UTE Barcarena                                     | (122)        |                     |       | (122)     |            |
| Others  | 4            | 6                   |       | 9         |            |
| <b>Total</b>                                      | <b>(330)</b> | <b>128</b>          |       | <b>93</b> | <b>139</b> |

**6.28- Concessions, Sub concessions and Leases****(a) Railway Companies**

The Company and some Companies of the Group entered with the Brazilian government, through the Transport Ministry, agreements for concession for the exploitation and development of public rail cargo transport services and for lease of the assets designated to provide these services.

The concessions terms by railway are:

| Railroad                               | End of concession period |
|--|--------------------------|
| Vitória-Minas and Carajás (direct) (*) | June 2027                |
| Carajás (direct) (*)                   | June 2027                |
| Malha Centro-Leste (indirect via FCA)  | December 2026            |
| Malha Sudoeste (indirect via MRS)      | August 2026              |
| Ferrovia Norte Sul S.A. (FNS)          | December 2037            |

(\*) Concessions  
with no  
disbursement

The concessions will expire upon one of the following events: termination of the contractual term, cancellation, forfeiture, rescission, annulment and bankruptcy or extinction of the concessionaire.

Concessions, sub concessions and leasing from subsidiaries Companies are treated as operating leasing and present the following characteristics:

|                              | FNS        | FCA        | MRS        |
|------------------------------|------------|------------|------------|
| 1) Total installments        | 3          | 112        | 118        |
| 2) Frequency of payment      | (*)        | Quarterly  | Quarterly  |
| 3) Update index              | IGP-DI FGV | IGP-DI FGV | IGP-DI FGV |
| 4) Total installment paid    | 2          | 47         | 50         |
| 5) Installment current value |            |            |            |
| Concession                   | R\$        | R\$ 2      | R\$ 3      |
| Leasing                      | R\$        | R\$ 29     | R\$ 49     |
| Subconcession                | R\$ 496    | R\$        | R\$        |



(\*) According to the delivery of each part of the railroad

**(b) Ports**

The Company owns specialized port terminals as follow:

| <b>Terminal (*)</b>                                | <b>Localization</b> | <b>End of concession period</b> |
|--|---------------------|---------------------------------|
| Tubarão, Praia Mole and Liquid Bulk Terminal       | Vitória ES          | 2020                            |
| Praia Mole Terminal                                | Vitória ES          | 2020                            |
| Sundry Products Terminal                           | Vitória ES          | 2020                            |
| Liquid Bulk Terminal                               | Vitória ES          | 2020                            |
| Vila Velha Terminal                                | Vila Velha ES       | 2023                            |
| Ponta da Madeira Maritime Terminal Pier I and III  | São Luis MA         | 2018                            |
| Ponta da Madeira Maritime Terminal Pier II         | São Luis MA         | 2010                            |
| Inácio Barbosa Maritime Terminal                   | Aracaju SE          | 2012                            |
| Terminal de Exportação de Minério Porto de Itaguaí | Rio de Janeiro RJ   | 2021                            |
| Terminal Marítimo da Ilha Guaíba TIG Mangaratiba   | Rio de Janeiro RJ   | 2018                            |

(\*) Concessions with no disbursement.

**Table of Contents****(c) Hydroelectric Projects**

| <b>Project</b>  | <b>Concession<br/>beginning date</b> | <b>% Participation<br/>on<br/>energy generation</b> |
|---|--------------------------------------|---|
| Amador Aguiar I e II (formely denominated Capim Branco I and II)                        | 2001                                 | 48.42   |
| Balambano, Laroná and Karebbe   | 1978, 2000 e 2000                    | 60.80   |
| Engenheiro José Mendes Júnior e Eliezer Batista (formely denominated Funil and Aimorés) | 2000                                 | 51.00   |
| Estreito  | 2002                                 | 30.00   |
| Igarapava   | 1998                                 | 38.15   |
| Machadinho  | 2000                                 | 8.29  |
| Porto Estrela   | 1997                                 | 33.33   |

During 2009, the Company leased tree pelletizing plants as part of the Nibrasco, Kobrasco and Itabrasco joint ventures for a period of 30 years, 5 years and 10 years respectively. Considering the main risks and benefits of the leases remain with the joint ventures, the leases were classified as operating leases with a minimum annual cost of around R\$ 198.

**6.29- Insurance****Operational Risks**

The Company has an extensive risk management program that provides coverage and protection for all its assets as well as against possible losses from production interruptions, through an All Risks policy. This program includes on-site inspection and training carried out by the various risk committees constituted by the Company, its subsidiaries and associated companies. Vale tries to harmonize risks in all areas and provide single and uniform treatment, seeking coverage in the domestic and international markets at levels compatible with a Company of its size.

**Insurance**

In order to mitigate the risks, Vale contracts many types of insurances polices, as operational risks and comprehensive general liability, risks besides life insurance for its employees. The cover insurance of these policies is contracted in accordance with the company Risk Management Policy and is similar to the ones contracted by other mining companies. As one of the management risk instruments Vale has used since 2002 a captive reinsurer that allowed us to contract insurances on a competitive basis as well as direct access to the main international markets of insurance and reinsurance.

The management of insurance policies is realized in Vale with the support of the insurances committees in the operational areas of the Company that are composed by many professionals of these units.

**6.30- Profit Sharing Plan**

The Company, based on the Profit Sharing Plan (PPR), allows definition, monitoring, assessment and recognition of individual and collective performance of its employees.

The Company's Profit Sharing for each Employee is calculated individually depending on the achievement of goals previously established by blocks of performance indicators as: Company, Department or Business Unit, Team, individual, and concerning on individual competence. The contribution of each block of the score performance of employees is discussed and agreed each year, between Vale and Unions representing their employees.

The Company accrued expenses / costs for participation in the results as follows:

|                      | <b>Consolidated</b> |             | <b>Parent Company</b> |             |
|----------------------|---------------------|-------------|-----------------------|-------------|
|                      | <b>2009</b>         | <b>2008</b> | <b>2009</b>           | <b>2008</b> |
| Operational expenses | 320                 | 221         | 196                   | 113         |
| Cost of Products     | 439                 | 358         | 439                   | 358         |
| <b>Total</b>         | <b>759</b>          | <b>579</b>  | <b>635</b>            | <b>471</b>  |



**Table of Contents****6.31- Information by Segment**

The information presented to the executive management with respect to performance of each segment is generally derived from the accounting entries, with some reallocations along the segments. We analyze the segment information as follows:

**Consolidated Statement of Income by Business Segment**  
**Years ended December 31**

|  | In millions of Reais |                         |                |              |                |                     |                 |
|--|----------------------|-------------------------|----------------|--------------|----------------|---------------------|-----------------|
|  | Ferrous<br>minerals  | Non-ferrous<br>minerals | Logistics      | 2009         |                | Corporate<br>Center | Total           |
|  |                      |                         |                | Steel        | Others         |                     |                 |
| <b>Operating revenues</b>                |                      |                         |                |              |                |                     |                 |
| Sales of ore and metals                  | 30,125               | 10,353                  |                |              |                |                     | 40,478          |
| Transport services                       |                      |                         | 2,843          |              |                |                     | 2,843           |
| Sales of<br>aluminum-related<br>products |                      | 4,217                   |                |              |                |                     | 4,217           |
| Sales of steel products                  |                      |                         |                | 546          |                |                     | 546             |
| Other products and<br>services           | 12                   | 142                     |                |              | 1,574          |                     | 1,728           |
|  | <b>30,137</b>        | <b>14,712</b>           | <b>2,843</b>   | <b>546</b>   | <b>1,574</b>   |                     | <b>49,812</b>   |
| Added Value taxes                        | (650)                | (190)                   | (398)          |              | (78)           |                     | (1,316)         |
| <b>Net operational<br/>revenues</b>      | <b>29,487</b>        | <b>14,522</b>           | <b>2,445</b>   | <b>546</b>   | <b>1,496</b>   |                     | <b>48,496</b>   |
| Ores and metals                          | (11,490)             | (8,008)                 |                |              |                |                     | (19,498)        |
| Transport services                       |                      |                         | (2,040)        |              |                |                     | (2,040)         |
| Aluminum-related<br>products             |                      | (4,203)                 |                |              |                |                     | (4,203)         |
| Steel products                           |                      |                         |                | (510)        |                |                     | (510)           |
| Other products and<br>services           | (100)                |                         |                |              | (1,369)        |                     | (1,469)         |
| Cost of products and<br>services         | <b>(11,590)</b>      | <b>(12,211)</b>         | <b>(2,040)</b> | <b>(510)</b> | <b>(1,369)</b> |                     | <b>(27,720)</b> |
| <b>Gross profit</b>                      | <b>17,897</b>        | <b>2,311</b>            | <b>405</b>     | <b>36</b>    | <b>127</b>     |                     | <b>20,776</b>   |
| <b>Gross margin</b>                      | <b>60.7%</b>         | <b>15.9%</b>            | <b>16.6%</b>   | <b>6.6%</b>  | <b>8.5%</b>    |                     | <b>42.8%</b>    |
| <b>Operational expenses</b>              |                      |                         |                |              |                |                     |                 |
| Selling and<br>administrative            | (1,514)              | (503)                   | (105)          | (17)         | (230)          |                     | (2,369)         |
| Administrative                           | (933)                | (632)                   | (126)          |              | (273)          |                     | (1,964)         |
| Other operating<br>expenses              | (1,556)              | (1,692)                 | 40             | (56)         | 2              |                     | (3,262)         |
|  | <b>(4,003)</b>       | <b>(2,827)</b>          | <b>(191)</b>   | <b>(73)</b>  | <b>(501)</b>   |                     | <b>(7,595)</b>  |

|  |               |              |            |              |              |              |               |
|--|---------------|--------------|------------|--------------|--------------|--------------|---------------|
| <b>Profit before financial results, results of equity investments and impairment</b>     | <b>13,894</b> | <b>(516)</b> | <b>214</b> | <b>(37)</b>  | <b>(374)</b> |              | <b>13,181</b> |
| Impairment   |               |              |            |              |              |              |               |
| <b>Operating profit (loss) before financial results and result of equity investments</b> | <b>13,894</b> | <b>(516)</b> | <b>214</b> | <b>(37)</b>  | <b>(374)</b> |              | <b>13,181</b> |
| <b>Results of equity investments</b>   | <b>(10)</b>   | <b>1</b>     | <b>4</b>   | <b>17</b>    | <b>111</b>   | <b>(7)</b>   | <b>116</b>    |
| <b>Financial result</b>  |               |              |            |              |              | <b>1,952</b> | <b>1,952</b>  |
| <b>Operating profit (loss)</b>   | <b>13,884</b> | <b>(515)</b> | <b>218</b> | <b>(20)</b>  | <b>(263)</b> | <b>1,945</b> | <b>15,249</b> |
| <b>Profit on sale of investment</b>  | <b>302</b>    | <b>(61)</b>  |            | <b>(148)</b> |              |              | <b>93</b>     |
| <b>Income (loss) before income tax and social contribution</b>                           | <b>14,186</b> | <b>(576)</b> | <b>218</b> | <b>(168)</b> | <b>(263)</b> | <b>1,945</b> | <b>15,342</b> |
| Income tax and social contribution   | (5,642)       | 850          | (134)      | 21           | (20)         |              | (4,925)       |
| <b>Income (loss) before minority interests</b>   | <b>8,544</b>  | <b>274</b>   | <b>84</b>  | <b>(147)</b> | <b>(283)</b> | <b>1,945</b> | <b>10,417</b> |
| Minority interest  | (9)           | (148)        |            |              | (11)         |              | (168)         |
| <b>Income (loss) for the year</b>  | <b>8,535</b>  | <b>126</b>   | <b>84</b>  | <b>(147)</b> | <b>(294)</b> | <b>1,945</b> | <b>10,249</b> |

**Table of Contents****Consolidated Statement of Income by Business Segment  
Years ended December 31**

In millions of Reais

|   |                     |                         | 2008           |                   |              |                     |                 |
|---|---------------------|-------------------------|----------------|-------------------|--------------|---------------------|-----------------|
|   | Ferrous<br>minerals | Non-ferrous<br>minerals | Logistics      | Holdings<br>Steel | Others       | Corporate<br>Center | Total           |
| <b>Operating revenues</b>                                 |                     |                         |                |                   |              |                     |                 |
| Sales of ore and metals                                   | 43,569              | 16,323                  |                |                   |              |                     | 59,892          |
| Transport services  |                     |                         | 3,666          |                   |              |                     | 3,666           |
| Sales of aluminum-related products                        |                     | 5,843                   |                |                   |              |                     | 5,843           |
| Sales of steel products                                   |                     |                         |                | 1,348             |              |                     | 1,348           |
| Other products and services                               | 345                 | 311                     |                |                   | 1,361        |                     | 2,017           |
|   | <b>43,914</b>       | <b>22,477</b>           | <b>3,666</b>   | <b>1,348</b>      | <b>1,361</b> |                     | <b>72,766</b>   |
| Added Value taxes   | (1,272)             | (270)                   | (613)          |                   | (70)         |                     | (2,225)         |
| <b>Net operational revenues</b>                           | <b>42,642</b>       | <b>22,207</b>           | <b>3,053</b>   | <b>1,348</b>      | <b>1,291</b> |                     | <b>70,541</b>   |
| Ores and metals   | (13,255)            | (10,549)                |                |                   |              |                     | (23,804)        |
| Transport services  |                     |                         | (2,215)        |                   |              |                     | (2,215)         |
| Aluminum-related products                                 |                     | (3,873)                 |                |                   |              |                     | (3,873)         |
| Steel products  |                     |                         |                | (1,177)           |              |                     | (1,177)         |
| Other products and services                               | (448)               |                         |                |                   | (639)        |                     | (1,087)         |
| Cost of products and services                             | <b>(13,703)</b>     | <b>(14,422)</b>         | <b>(2,215)</b> | <b>(1,177)</b>    | <b>(639)</b> |                     | <b>(32,156)</b> |
| <b>Gross profit</b>                                       | <b>28,939</b>       | <b>7,785</b>            | <b>838</b>     | <b>171</b>        | <b>652</b>   |                     | <b>38,385</b>   |
| <b>Gross margin</b>                                       | <b>67.9%</b>        | <b>35.1%</b>            | <b>27.4%</b>   | <b>12.7%</b>      | <b>50.5%</b> |                     | <b>54.4%</b>    |
| <b>Operational expenses</b>                               |                     |                         |                |                   |              |                     |                 |
| Selling and administrative                                | (1,784)             | (1,471)                 | (111)          | (29)              | (223)        |                     | (3,618)         |
| Administrative  | (677)               | (704)                   | (180)          |                   | (510)        |                     | (2,071)         |
| Other operating expenses                                  | (2,457)             | (127)                   | (64)           | (153)             | (48)         |                     | (2,849)         |
|   | <b>(4,918)</b>      | <b>(2,302)</b>          | <b>(355)</b>   | <b>(182)</b>      | <b>(781)</b> |                     | <b>(8,538)</b>  |
| <b>Profit before financial results, results of equity</b> | <b>24,021</b>       | <b>5,483</b>            | <b>483</b>     | <b>(11)</b>       | <b>(129)</b> |                     | <b>29,847</b>   |

**investments and  
impairment**

|  |  |         |  |  |  |  |         |
|--|--|---------|--|--|--|--|---------|
| Operating profit<br>(loss) before financial<br>results and result of<br>equity investments |  |         |  |  |  |  |         |
|  |  | (2,447) |  |  |  |  | (2,447) |

**Operating profit  
(loss) before financial  
results and result of  
equity investments**

|        |       |     |      |       |  |        |
|--------|-------|-----|------|-------|--|--------|
| 24,021 | 3,036 | 483 | (11) | (129) |  | 27,400 |
|--------|-------|-----|------|-------|--|--------|

**Results of equity  
investments**

|       |         |    |    |     |    |         |
|-------|---------|----|----|-----|----|---------|
| (557) | (1,117) | 37 | 33 | 265 | 14 | (1,325) |
|-------|---------|----|----|-----|----|---------|

**Financial result**

|         |         |
|---------|---------|
| (3,838) | (3,838) |
|---------|---------|

**Operating profit  
(loss)**

|        |       |     |    |     |         |        |
|--------|-------|-----|----|-----|---------|--------|
| 23,464 | 1,919 | 520 | 22 | 136 | (3,824) | 22,237 |
|--------|-------|-----|----|-----|---------|--------|

**Profit on sale of  
investment**

|     |     |
|-----|-----|
| 139 | 139 |
|-----|-----|

**Income (loss) before  
income tax and social  
contribution**

|        |       |     |    |     |         |        |
|--------|-------|-----|----|-----|---------|--------|
| 23,464 | 2,058 | 520 | 22 | 136 | (3,824) | 22,376 |
|--------|-------|-----|----|-----|---------|--------|

**Income tax and social  
contribution**

|     |         |       |    |      |  |       |
|-----|---------|-------|----|------|--|-------|
| 622 | (1,092) | (147) | 10 | (58) |  | (665) |
|-----|---------|-------|----|------|--|-------|

**Income (loss) before  
minority interests**

|        |     |     |    |    |         |        |
|--------|-----|-----|----|----|---------|--------|
| 24,086 | 966 | 373 | 32 | 78 | (3,824) | 21,711 |
|--------|-----|-----|----|----|---------|--------|

**Minority interest**

|      |       |    |  |  |  |       |
|------|-------|----|--|--|--|-------|
| (31) | (430) | 29 |  |  |  | (432) |
|------|-------|----|--|--|--|-------|

**Income (loss) for the  
year**

|        |     |     |    |     |         |        |
|--------|-----|-----|----|-----|---------|--------|
| 24,055 | 536 | 373 | 32 | 107 | (3,824) | 21,279 |
|--------|-----|-----|----|-----|---------|--------|

The financial statements by business area are structured in accordance with the following segments: Ferrous minerals, Non-ferrous minerals, Logistics, Steel, Corporate and other participation.

**Ferrous** comprise iron ore mining and pellet production, as well as our Brazilian Northern and Southern transportation systems, including railways, ports and terminals as they pertain to mining operations.

Manganese mining and ferroalloys are also included in this segment.

**Non-ferrous minerals** comprise the production of non-ferrous minerals, including aluminum trading activities, alumina refining, investments in joint-ventures and affiliates engaged in bauxite, potash, kaolin, copper, and nickel (co-products and by-products).

**Logistics** comprise our cargo transportation systems for third-parties divided into railway, port and ships transportation services.

**Participation** it is divided into the following segments:

**Steel** comprises the investments in steel companies.

**Others** comprise the investments in joint ventures and affiliates engaged in other businesses.





**Table of Contents****6.32- Social Report (unaudited)**

The social report presents the social indicators, environmental, the functional quantitative and relevant information about the exercise of business citizenship and was prepared in accordance with the resolution of Federal Accounting Board of Brazil - CFC, no. 1003. The information presented was obtained from the auxiliary records and some management information of the Company direct and indirect subsidiaries and jointly controlled companies.

|  | <b>Consolidated (to review)</b> |                       | <b>Parent Company (to review)</b> |                       |                  |                  |                  |                  |                  |                  |                  |                  |
|--|---------------------------------|-----------------------|-----------------------------------|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  | <b>2009</b>                     | <b>2008</b>           | <b>2009</b>                       | <b>2008</b>           |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Basis of calculation</b>                                  |                                 |                       |                                   |                       |                  |                  |                  |                  |                  |                  |                  |                  |
| Gross revenue  | 49,812                          | 72,766                | 27,285                            | 34,445                |                  |                  |                  |                  |                  |                  |                  |                  |
| Operating income before financial results and equity results | 13,181                          | 27,400                | 9,296                             | 13,920                |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Gross payroll</b>   | <b>2,549</b>                    | <b>4,422</b>          | <b>2,127</b>                      | <b>1,768</b>          |                  |                  |                  |                  |                  |                  |                  |                  |
|  | <b>% of</b>                     | <b>% of</b>           | <b>% of</b>                       | <b>% of</b>           |                  |                  |                  |                  |                  |                  |                  |                  |
|  | <b>Operating</b>                | <b>Operating</b>      | <b>Operating</b>                  | <b>Operating</b>      |                  |                  |                  |                  |                  |                  |                  |                  |
|  | <b>Amount</b>                   | <b>Payroll income</b> | <b>Amount</b>                     | <b>Payroll income</b> |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Labor indicators</b>                                      |                                 |                       |                                   |                       |                  |                  |                  |                  |                  |                  |                  |                  |
| Nutrition  | 295                             | 12%                   | 2%                                | 307                   | 7%               | 1%               | 251              | 12%              | 3%               | 253              | 14%              | 2%               |
| Compulsory payroll charges                                   | 792                             | 31%                   | 6%                                | 892                   | 20%              | 3%               | 634              | 30%              | 7%               | 608              | 34%              | 4%               |
| Transportation   | 159                             | 6%                    | 1%                                | 152                   | 3%               | 1%               | 136              | 6%               | 1%               | 123              | 7%               | 1%               |
| Pension Plan   | 208                             | 8%                    | 2%                                | 431                   | 10%              | 2%               | 106              | 5%               | 1%               | 134              | 8%               | 1%               |
| Health   | 339                             | 13%                   | 3%                                | 297                   | 7%               | 1%               | 226              | 11%              | 2%               | 189              | 9%               | 1%               |
| Education  | 105                             | 4%                    | 1%                                | 174                   | 4%               | 1%               | 85               | 4%               | 1%               | 130              | 7%               | 1%               |
| Nursery  | 3                               |                       |                                   | 2                     |                  |                  | 3                |                  |                  | 2                |                  |                  |
| Employee profit sharing plan                                 | 868                             | 34%                   | 7%                                | 548                   | 12%              | 2%               | 635              | 30%              | 7%               | 471              | 27%              | 3%               |
| Others   | 86                              | 3%                    | 1%                                | 124                   | 3%               |                  | 68               | 3%               | 1%               | 95               | 5%               | 1%               |
| <b>Total Labor indicators</b>                                | <b>2,855</b>                    | <b>112%</b>           | <b>22%</b>                        | <b>2,927</b>          | <b>66%</b>       | <b>11%</b>       | <b>2,144</b>     | <b>101%</b>      | <b>23%</b>       | <b>2,005</b>     | <b>113%</b>      | <b>14%</b>       |
|  | <b>% of</b>                     | <b>% of</b>           | <b>% of</b>                       | <b>% of</b>           | <b>% of</b>      | <b>% of</b>      | <b>% of</b>      | <b>% of</b>      | <b>% of</b>      | <b>% of</b>      | <b>% of</b>      | <b>% of</b>      |
|  | <b>Net</b>                      | <b>Net</b>            | <b>Net</b>                        | <b>Net</b>            | <b>Net</b>       | <b>Net</b>       | <b>Net</b>       | <b>Net</b>       | <b>Net</b>       | <b>Net</b>       | <b>Net</b>       | <b>Net</b>       |
|  | <b>Operating</b>                | <b>operating</b>      | <b>Operating</b>                  | <b>operating</b>      | <b>Operating</b> | <b>operating</b> | <b>Operating</b> | <b>operating</b> | <b>Operating</b> | <b>operating</b> | <b>Operating</b> | <b>operating</b> |
|  | <b>Amount</b>                   | <b>income</b>         | <b>revenue</b>                    | <b>Amount</b>         | <b>income</b>    | <b>revenue</b>   | <b>Amount</b>    | <b>income</b>    | <b>revenue</b>   | <b>Amount</b>    | <b>income</b>    | <b>revenue</b>   |
| <b>Social Indicators</b>                                     |                                 |                       |                                   |                       |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Taxes (excluding payroll charges)</b>                     | <b>5,810</b>                    | <b>44%</b>            | <b>12%</b>                        | <b>5,274</b>          | <b>19%</b>       | <b>7%</b>        | <b>6,336</b>     | <b>68%</b>       | <b>23%</b>       | <b>3,761</b>     | <b>27%</b>       | <b>11%</b>       |
| Taxes paid recover   | (571)                           | -4%                   | -1%                               | (1,955)               | -7%              | -3%              | (532)            | -6%              | -2%              | (1,672)          | -12%             | -5%              |
|  |                                 |                       |                                   | <b>409</b>            | <b>1%</b>        | <b>1%</b>        |                  |                  |                  | <b>356</b>       | <b>3%</b>        | <b>1%</b>        |

**Citizenship investments**

|                             |     |    |    |     |    |    |     |    |    |     |    |    |
|-----------------------------|-----|----|----|-----|----|----|-----|----|----|-----|----|----|
| Social actions and projects | 370 | 3% | 1% | 390 | 1% | 1% | 366 | 4% | 1% | 337 | 2% | 1% |
| Culture                     | 100 | 1% |    | 102 |    |    | 97  | 1% |    | 67  |    |    |
| Native community            | 19  |    |    | 19  |    |    | 19  |    |    | 19  |    |    |

**Environmental investments**

|                                  |              |            |           |            |           |           |              |            |           |            |           |           |
|----------------------------------|--------------|------------|-----------|------------|-----------|-----------|--------------|------------|-----------|------------|-----------|-----------|
| <b>Environmental investments</b> | <b>1,397</b> | <b>11%</b> | <b>3%</b> | <b>808</b> | <b>3%</b> | <b>1%</b> | <b>1,156</b> | <b>12%</b> | <b>4%</b> | <b>678</b> | <b>5%</b> | <b>2%</b> |
|----------------------------------|--------------|------------|-----------|------------|-----------|-----------|--------------|------------|-----------|------------|-----------|-----------|

**Total -Social Indicators**

|                                 |              |            |            |              |            |           |              |            |            |              |            |            |
|---------------------------------|--------------|------------|------------|--------------|------------|-----------|--------------|------------|------------|--------------|------------|------------|
| <b>Total -Social Indicators</b> | <b>7,207</b> | <b>55%</b> | <b>14%</b> | <b>6,491</b> | <b>24%</b> | <b>9%</b> | <b>7,492</b> | <b>81%</b> | <b>27%</b> | <b>4,795</b> | <b>34%</b> | <b>14%</b> |
|---------------------------------|--------------|------------|------------|--------------|------------|-----------|--------------|------------|------------|--------------|------------|------------|

**Workforce Indicators**

|  |  |  |        |  |        |  |        |  |        |
|--|--|--|--------|--|--------|--|--------|--|--------|
| Number of employees at the end of the period |  |  | 60,036 |  | 62,490 |  | 40,101 |  | 39,525 |
| Number of admittances during the period      |  |  | 2,633  |  | 7,673  |  | 1,805  |  | 6,133  |

|  |                            |                              |                                   |
|--|----------------------------|------------------------------|-----------------------------------|
| <b>Social and environmental projects developed by the company are defined by:</b>  | directors                  | (X) directors and managers   | (X) all of employees              |
| <b>Occupational health and safety standards were defined by:</b>   | (X) directors and managers | all of employees             | all + CIPA                        |
| <b>Concerning Unions and the right to negotiate collectively and have internal representation of the employees, the company:</b> | is not involved in         | follows the standards of ILO | (X) encourage and follows the ILO |
| <b>The pension plan system covers:</b>   | (X) directors              | (X) directors and managers   | (X) all of employees              |
| <b>Profits sharing covers:</b>   | (X) directors              | (X) directors and managers   | (X) all of employees              |
| <b>On selecting suppliers, the same ethical standards of social and environmental responsibility adopted by the company:</b>     | are not considered         | are recommended              | (X) are required                  |
| <b>Concerning the participation of employees in voluntary work programs, the company:</b>  | is not involved in         | (X) support                  | (X) organizes and encourages      |

**Table of Contents****Social responsibility criteria for suppliers selection**

In addition to technical and economic aspects, the Company considers the legal, environmental and health and safety aspects in the selection of its suppliers. From the legal point of view is required regular situation in tax matters and in labor and social security. The environmental aspect is verified by documents evidencing the good standing of suppliers operations together with the competent agencies, as well as evidences of policies of environmental preservation implementation. The commitment to health and safety is assessed by a questionnaire measuring the practice of preventive policies. It also considered the importance of the performance of the supplier in their region of origin. Besides hiring suppliers taking into account the above criteria, the Company also implements the Program for Suppliers Development PDF . By fostering the development of suppliers, the PDF unfolds in benefits also for the community and businesses in the region, supporting their socioeconomic development. Vale also participates in partnership with the federations of industries, government agencies and other entities, of regional supplier development. To strengthen relationships with our small and medium regional suppliers, through training and tools to promote doing business with local suppliers, promoting business growth, generate employment and income, contributing to sustainable development in the areas we serve, Vale deployed the Programa Inove . Investments in corporate social responsibility reached US\$ 796 million in 2009, of which US\$ 580 designated for environmental protection and US\$ 216 for social projects.

In line with strategic priorities, investments in corporate social responsibility for 2010 are budgeted at US\$ 999 million, of which US\$ 829 million will be invested in protection and preservation of the environment and US\$ 170 million in social projects. Resources are invested in actions of education, culture, income generation, sponsorship, donations and encouragement to the strengthening of social capital. Vale social programs already benefit about 3 million people.

**6.33- Subsequent events**

In January 2010, Vale entered into a purchase with Bunge SA and Bunge Brazil Holdings BV to acquire 100% of the outstanding shares of Bunge Participações e Investimentos S.A. (BPI), a company with assets in Brazil and investment in Fertifos Participações SA (Fertifos), which holds 42.3% of the Capital Stock of Fertilizantes Fosfatados S.A. Fosfertil (Fosfertil) of US\$ 3,8 billion to be paid in cash. The transaction is subject to usual precedent conditions, as some approvals from government agencies. Additionally, as part of this acquisition, we entered into a put-call-option contract to acquire additional shares issued by Fertifos Participações SA (Fertifos) with Fertilizantes Heringer S.A. (exercise price US\$ 2,4), Fertilizantes do Parana Ltda. Fertipar (exercise price US\$ 39,5) and Yara Brazil Fertilizers SA (exercise price US\$ 785,1). These agreements grant us the right to buy 16.3% of Fosfértil ownership and are also subject to some conditions among which the effective acquisition of the fertilizer business of Bunge in Brazil.

In January we redeemed all outstanding export receivable securitization notes issued in September 200 and July 2003. The redeemed notes with maturities in 2010 and 2013 have their principal and annual interest rates, US\$ 28 (8,9%), US\$ 122 (4,4%), respectively. Total US\$ 150.

In January, the Company entered into through our wholly owned subsidiary, Valesul Alumínio S.A. (Valesul) agreement to sell its aluminum assets, located in Rio de Janeiro, for Alumínio Nordeste S.A., a subsidiary of Metal group, for US\$ 31, 2 million.

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**7- REPORT OF THE INDEPENDANT ACONTANTS**

PricewaterhouseCoopers  
Rua da Candelána. 85- 11°. 14°. 15° e 16°  
Cjs. 1302 a 1304  
20091-020-Rio de Janeiro RJ Brasil  
Caixa Postal 949  
Telefone (21) 3232-6112  
Fax (21) 2516-6319  
pwc.com/br

(A free translation of the original in Portuguese)

**Report of Independent Auditors**

To the Board of Directors and Stockholders

Vale S.A.

- 1 We have audited the accompanying balance sheet of Vale S.A. (the Company ) and the consolidated balance sheet of Vale S.A. and its subsidiaries as of December 31, 2009, and the related statements of income, of changes in stockholders equity and of cash flows of Vale S.A., as well as the related consolidated statements of income, of cash flows and of added value for the year then ended, prepared under the responsibility of its management. Our responsibility is to express an opinion on these financial statements.
- 2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Company, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by the Company s management, as well as evaluating the overall financial statement presentation.
- 3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Vale S.A. and of Vale S.A. and its subsidiaries at December 31, 2009, and the results of operations, the changes in stockholders equity, the cash flows and added value of the Company s operations for the year then ended, as well as the consolidated results of operations consolidated cash flows and consolidated added value for the year then ended, in accordance with accounting practices adopted in Brazil.
- 4 The audit of the financial statements for the year ended December 31, 2008, presented for comparative purposes, was conducted by other independent auditors who issued opinion thereon dated February 19, 2009 including a division of responsibility paragraph regarding the audit of the financial statements of certain investees of Vale S.A.

Rio de Janeiro. February 10, 2010

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5 F RJ

Marcos Donizete Panassol  
Contador CRC 1SP 155975/O-8 S RJ

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**8- Opinion Of The Fiscal Council On The Annual Report And Financial Statements Of Vale S.A. on December 31, 2009**

The Fiscal Council of Vale S.A, in carrying out its legal and statutory duties, after examining the Company's Annual Report, Balance Sheet Statement of Income, Statement of Changes in Financial Position, Statement of Changes in Stockholders' Equity and the respective Notes to the Financial Statements relative to the fiscal year ended December 31, 2009, and based on the opinion of the independent auditors, is of the opinion that the mentioned information, examined in accordance of applicable corporate legislation should be approved by the Annual Stockholders' General Meeting.

Rio de Janeiro, February 10, 2010

Marcelo Amaral Moraes  
Chairman

Antonio José de Figueiredo Ferreira

Anibal Moreira dos Santos

Marcus Pereira Aucélio

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**9- Opinion Of The Board Of Directors On The Annual Report And Financial Statements On December 31, 2009**

The Board of Directors of Vale S.A., after examining the Annual Report, Balance Sheet and other Financial Statements of the Company related to the fiscal year ended December 31, 2009, unanimously approved mentioned proposal.

In view of this, the Board is of the opinion that the above mentioned documents should be approved at the Annual Stockholders General Meeting.

Rio de Janeiro, February 10, 2010

Renato da Cruz Gomes  
Member

Jorge Luiz Pacheco  
Member

Sandro Kohler Marcondes  
Member

José Ricardo Sasseron  
Member

João Batista Cavaglieri  
Member

Paulo Sérgio Moreira da Fonseca  
Member

Oscar Augusto de Camargo Filho  
Member

Hidehiro Takahashi  
Member

Francisco Augusto da Costa e Silva  
Member

**Table of Contents****10- ANNEX I STATEMENT OF INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED COMPANIES**

| Participation<br>(%) |        | in thousands of reais<br>Accounting Information (unaudited) |             |  |                                      |  |                           |            |  |
|----------------------|--------|---|-------------|--|--------------------------------------|--|---------------------------|------------|--|
|                      |        | Assets  | Non-current | Investments,<br>property<br>plant<br>and<br>equipment<br>and<br>deferred | Liabilities and stockholders' equity | Non-current<br>Não<br>Circulante<br>e<br>Participações<br>de | Adjusted<br>stockholders' | Net        | Cost of<br>products<br>and<br>services |
| Total                | Voting | Circulante  | Non-current | charges  | Current                              | minoritários   | equity                    | revenues   |  |
| 51.00                | 51.00  | 447,428   | 1,597,007   | 1,043,024  | 634,286                              | 417,367  | 2,035,807                 | 1,412,446  | (1,428,986)                            |
| 57.03                | 61.74  | 642,852   | 367,375     | 5,280,512  | 278,916                              | 1,454,623  | 4,557,200                 | 2,751,968  | (2,717,179)                            |
| 100.00               | 100.00 | 13,413  | 18,525      |  | 3,250                                |  | 28,686                    |            |  |
| 61.48                | 100.00 | 118,359   | 85,046      | 82,437   | 29,008                               | 28,149   | 228,684                   | 154,423    | (129,138)                              |
| 100.00               | 100.00 | 152,842   | 109,511     | 1,366  | 146,981                              | 90,579   | 26,159                    |            |  |
| 100.00               | 100.00 | 203,617   | 12,058      | 199,962  | 67,296                               | 1,485  | 346,857                   | 338,463    | (111,176)                              |
| 100.00               | 100.00 | 930,200   |             | 1,185,500  | 1,407,903                            | 34,946   | 672,852                   | 3,253,555  | (2,593,709)                            |
| 100.00               | 100.00 | 47,301  | 122,376     | 257  | 63,800                               | 103,948  | 2,187                     |            |  |
| 100.00               | 100.00 | 249,979   | 130,512     | 1,724,366  | 181,035                              | 1,990,696  | (66,875)                  | 678,608    | (662,279)                              |
| 100.00               | 100.00 | 53,498  | 1,487       | 1,752,208  | 515,368                              |  | 1,291,825                 | 73,808     | (41,120)                               |
| 99.90                | 100.00 | 9,958   | 16,677      | 3,474  | 5,243                                | 10,696   | 14,170                    |            |  |
| 100.00               | 100.00 | 59,190  |             | 2,897,356  | 21,645                               | 967,247  | 1,967,654                 |            |  |
| 100.00               | 100.00 | 284,158   |             | 1,713,214  | 34,664                               | 536,637  | 1,426,071                 | 41,446     | (70,368)                               |
| 100.00               | 100.00 | 239   |             | 1,722,966  | 19,329                               | 1,787,810  | (83,933)                  |            |  |
| 92.99                | 92.99  | 186,267   | 207,666     | 5,890,800  | 837,225                              | 1,189,621  | 4,257,887                 | 11,297     | (295,667)                              |
| 86.17                | 85.57  | 71,848  | 67,446      | (33,257)   | 55,363                               | 107,298  | (56,623)                  | 134,340    | (104,146)                              |
| 100.00               | 100.00 | 147,610   |             | 51,436   | 70,208                               | 2,773  | 126,066                   | 198,204    | (170,008)                              |
| 100.00               | 100.00 | 421,603   |             | 1,955,375  | 50,079                               | 1,409,846  | 917,053                   |            |  |
| 100.00               | 100.00 | 176,151   | 12,944      | 57,389   | 51,169                               | 126,482  | 68,834                    | 125,019    | (61,667)                               |
| 100.00               | 100.00 | 808,357   | 176,122     | 367,442  | 345,370                              | 317,711  | 688,839                   | 690,674    | (422,633)                              |
| 100.00               | 100.00 | 503,306   | 357,145     | 2,353,778  | 293,889                              | 1,847,046  | 1,073,291                 | 877,725    | (738,600)                              |
| 100.00               | 100.00 | 13,432  |             | 908,036  | 13,413                               | 213,495  | 694,560                   |            |  |
| 100.00               | 100.00 | 5,674,287   | 372,673     | 45,096,881   | 2,519,903                            | 37,697,399   | 10,926,536                | 8,010,581  | (6,518,327)                            |
| 100.00               | 100.00 | 27,232,346  | 53,131,961  | 41,829,289   | 10,074,368                           | 45,445,105   | 66,674,120                | 25,221,748 | (21,541,990)                           |
| 100.00               | 100.00 | 193,463   | 155         | 97,901   | 91,019                               | 8,888  | 191,613                   | 216,764    | (228,807)                              |
| 100.00               | 100.00 | 260,273   | 13,540,278  |  | 260,275                              | 13,540,278   |                           |            |  |

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|        |        |           |         |           |           |           |           |           |             |
|--------|--------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-------------|
| 100.00 | 100.00 | 159,717   | 111,541 | 409,884   | 61,615    | 63,448    | 556,079   | 246,643   | (225,486)   |
| 50.00  | 100.00 | 32,683    | 26      | 54,510    | 4,776     |           | 82,443    | 35,003    | (4,626)     |
| 50.00  | 50.00  | 504,574   | 34,208  | 479,224   | 102,308   | 394,025   | 521,672   | 1,092,305 | (1,020,476) |
| 50.00  | 50.00  | 127,574   | 28,629  | 244,315   | 30,534    | 69,395    | 300,589   | 66,018    | (12,280)    |
| 50.89  | 51.00  | 184,398   | 88,719  | 129,653   | 69,690    | 47,160    | 285,920   | 139,756   | (149,042)   |
| 50.90  | 51.00  | 133,210   | 55,269  | 201,415   | 18,506    | 59,056    | 312,333   | 45,605    | (13,583)    |
| 51.00  | 51.11  | 133,222   | 64,621  | 378,420   | 15,509    | 60,668    | 500,085   | 86,549    | (32,782)    |
| 50.00  | 50.00  | 49,457    | 24,951  | 51,443    | 1,587     | 22,403    | 101,861   | 17,922    | (9,665)     |
| 40.00  | 40.00  | 142,711   | 404,311 | 883,964   | 509,351   | 281,275   | 640,360   | 810,916   | (519,700)   |
| 41.50  | 37.86  | 1,052,716 | 755,180 | 2,889,351 | 998,710   | 1,739,655 | 1,958,882 | 2,253,416 | (1,217,868) |
| 50.00  | 50.00  | 1,001,440 | 390,329 | 3,575,111 | 1,151,917 | 2,010,557 | 1,804,406 | 2,748,884 | (1,333,244) |
| 50.00  | 50.00  | 150,541   |         | 756,611   | 233,836   | 222,491   | 450,825   |           |             |

**Comments:**

- a) Includes direct and indirect ownership.

Additional information of the main operational investee companies is available on the Vale website.

[www.vale.com](http://www.vale.com)

Menu:

Investors .



**Table of Contents****B - Additional Information****11 - Cash Generation (Unaudited)**

Consolidated operating cash generation measured by EBITDA (earnings before financial results, equity in subsidiaries, income taxes, depreciation, amortization and depletion, increased by dividends received) was R\$18,649 as of December 31, 2009 against R\$35,022 as of December 31, 2008, representing a decrease of 46,8%.

EBITDA is not a BR GAAP measure and does not represent the expected cash flow for the reporting periods and, therefore, should not be considered as an alternative measure to net income (loss), as an indicator of operating performance or as an alternative to cash flow as a liquidity source.

Vale definition of EBITDA may not be comparable with EBITDA as defined by other companies.

**EBITDA Consolidated**

|   | Quarter (Unaudited) |              |              | Acumulado     |               |
|---|---------------------|--------------|--------------|---------------|---------------|
|   | 4Q/09               | 3Q/09        | 3Q/08        | 2009          | 2008          |
| <b>Operating profit EBIT</b>            | <b>2,260</b>        | <b>4,583</b> | <b>5,212</b> | <b>13,181</b> | <b>27,400</b> |
| Depreciation / amortization of goodwill | 1,449               | 1,448        | 1,322        | 5,447         | 5,112         |
| Impairment                              |                     |              |              |               | 2,447         |
|   | <b>3,709</b>        | <b>6,031</b> | <b>6,534</b> | <b>18,628</b> | <b>34,959</b> |
| Dividends received                      |                     |              | 25           | 21            | 63            |
| <b>EBITDA</b>                           | <b>3,709</b>        | <b>6,031</b> | <b>6,559</b> | <b>18,649</b> | <b>35,022</b> |
| Depreciation / amortization of goodwill | (1,449)             | (1,448)      | (1,322)      | (5,447)       | (5,112)       |
| Dividends received                      |                     |              | (25)         | (21)          | (63)          |
| Impairment                              |                     |              | (2,447)      |               | (2,447)       |
| Equity Results                          | 22                  | 30           | (410)        | 116           | (1,325)       |
| Gain (loss) on disposal of assets       | (330)               | 129          |              | 93            | 139           |
| Financial results, net                  | (460)               | 199          | (2,343)      | 1,952         | (3,838)       |
| Income tax and social contribution      | 1,206               | (1,840)      | 2,465        | (4,925)       | (665)         |
| Minority interests                      | (69)                | (98)         | (36)         | (168)         | (432)         |
| <b>Net income</b>                       | <b>2,629</b>        | <b>3,003</b> | <b>2,441</b> | <b>10,249</b> | <b>21,279</b> |

**Consolidated EBITDA by segment**

| Segments             | EBITDA              |              |              | Acumulado     |               |
|----------------------|---------------------|--------------|--------------|---------------|---------------|
|                      | Quarter (Unaudited) | 4Q/09        | 3Q/09        | 3Q/08         | 2009          |
| Ferrous minerals     | 3,279               | 4,879        | 5,712        | 16,207        | 25,067        |
| Non-ferrous minerals | 225                 | 811          | 340          | 2,018         | 8,485         |
| Logistics            | 180                 | 349          | 529          | 930           | 1,491         |
| Steel                | 9                   | 14           | (157)        | (7)           | 18            |
| Others               | 16                  | (22)         | 135          | (499)         | (39)          |
|                      | <b>3,709</b>        | <b>6,031</b> | <b>6,559</b> | <b>18,649</b> | <b>35,022</b> |



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**12- Board Of Directors, Fiscal Council, Advisory Committees And Executive Officers**

**Board of Directors**

Sérgio Ricardo Silva Rosa  
**Chairman**

Mário da Silveira Teixeira Júnior  
**Vice-President**

Eduardo Fernando Jardim Pinto  
Francisco Augusto da Costa e Silva  
Jorge Luiz Pacheco  
José Ricardo Sasseron  
Ken Abe  
Luciano Galvão Coutinho  
Oscar Augusto de Camargo Filho  
Renato da Cruz Gomes  
Sandro Kohler Marcondes

**Alternate**

Deli Soares Pereira  
Hajime Tonoki  
João Moisés de Oliveira  
Luiz Augusto Ckless Silva  
Luiz Carlos de Freitas  
Luiz Felix Freitas  
Paulo Sérgio Moreira da Fonseca  
Raimundo Nonato Alves Amorim  
Rita de Cássia Paz Andrade Robles  
Wanderlei Viçoso Fagundes

**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**

João Moisés de Oliveira  
José Ricardo Sasseron  
Oscar Augusto de Camargo Filho

**Fiscal Council**

Marcelo Amaral Moraes  
**Chairman**

Aníbal Moreira dos Santos  
Antônio José de Figueiredo Ferreira  
Marcus Pereira Aucélio

**Alternate**

Cícero da Silva  
Oswaldo Mário Pêgo de Amorim Azevedo

**Executive Officers**

Roger Agnelli  
**Chief Executive Officer**

Carla Grasso  
**Executive Officer for Human Resources and Corporate Services**

Eduardo de Salles Bartolomeo  
**Executive Officer for Logistics, Project Management and Sustainability**

Fabio de Oliveira Barbosa  
**Chief Financial Officer and Investor Relations**

José Carlos Martins  
**Executive Officer for Ferrous Minerals**

Tito Botelho Martins  
**Executive Officer for Non Ferrous**

**Strategic Committee**

Roger Agnelli  
Luciano Galvão Coutinho  
Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho  
Sérgio Ricardo Silva Rosa

**Finance Committee**

Fabio de Oliveira Barbosa  
Luiz Maurício Leuzinger  
Ricardo Ferraz Torres  
Wanderlei Viçoso Fagundes

Marcus Vinícius Dias Severini  
**Chief Officer of Accounting and Control  
Department**

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

**Governance and Sustainability Committee**

Jorge Luiz Pacheco  
Renato da Cruz Gomes  
Ricardo Simonsen

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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)

Date: March 25, 2010

By: /s/ Roberto Castello Branco  
Roberto Castello Branco  
Director of Investor Relations