Vale S.A.
Form 6-K
October 29, 2009

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
October 2009
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 þ Form 40-F o

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

(Check One) Yes o No þ

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

(Check One) Yes o No þ

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

(Check One) Yes o No þ

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

Table of Contents

Table of Contents:

Table of Contents

Press Release

Filed at CVM and SEC on 10/28/2009

Gerência Geral de Controladoria GECOL

Vale S.A.
INDEX TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Vale S.A.

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. (formerly Companhia Vale do Rio Doce) and its subsidiaries as of September 30, 2009, and the related condensed consolidated statements of income, of cash flows and of stockholders equity for each of the three-month periods ended September 30, 2009, and June 30, 2009 and September 30, 2008 and for the nine-month periods ended September 30, 2009 and 2008, This interim financial information is the responsibility of the Company s management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2008, and the related consolidated statements of income, of cash flows and of stockholders equity for the year then ended (not presented herein), and in our report dated February 19, 2009, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2008, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Table of Contents

Vale S. A.
As discussed in Note 4 (b) to the condensed consolidated interim financial information, the Company changed the manner in which it reports non-controlling interest in 2009. The accompanying December 31, 2008 condensed consolidated financial information reflects this change.

PricewaterhouseCoopers
Auditores Independentes
Rio de Janeiro, Brazil
October 28, 2009

Table of Contents

Condensed Consolidated Balance Sheets
Expressed in millions of United States Dollars

	September 30, 2009 (unaudited)	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents	8,458	10,331
Short-term investments	4,562	2,308
Accounts receivable		
Related parties	91	137
Unrelated parties	3,237	3,067
Loans and advances to related parties	114	53
Inventories	3,721	3,896
Deferred income tax	493	583
Advances to suppliers	549	405
Recoverable taxes	1,215	1,993
Other	708	465
	23,148	**23,238**
Non-current assets		
Property, plant and equipment, net, and intangible assets	**65,532**	**49,329**
Investments in affiliated companies, joint ventures and other investments	**4,583**	**2,408**
Other assets		
Goodwill on acquisition of subsidiaries	2,396	1,898
Loans and advances		
Related parties	56	
Unrelated parties	117	77
Prepaid pension cost	1,304	622
Prepaid expenses	185	223
Judicial deposits	1,490	1,141
Advances to suppliers energy	509	408
Recoverable taxes	488	394
Unrealized gains on derivative instruments	729	32
Other	220	161
	7,494	**4,956**
TOTAL	**100,757**	**79,931**

Table of Contents

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

	(Continued)	
	September 30, 2009 (unaudited)	**December 31, 2008**
Liabilities and stockholders equity		
Current liabilities		
Suppliers	2,211	2,261
Payroll and related charges	761	591
Current portion of long-term debt	1,951	633
Short-term debt	87	
Loans from related parties	18	77
Provision for income taxes	605	502
Taxes payable and royalties	108	55
Employees postretirement benefits	124	102
Railway sub-concession agreement payable	271	400
Unrealized losses on derivative instruments	29	
Provisions for asset retirement obligations	27	48
Minimum mandatory dividends payable	1,203	2,068
Capital increase in affiliated	738	
Other	610	500
	8,743	**7,237**
Non-current liabilities		
Employees postretirement benefits	1,485	1,485
Long-term debt	19,110	17,535
Provisions for contingencies (Note 17 (b))	2,069	1,685
Unrealized losses on derivative instruments	112	573
Deferred income tax	5,413	4,005
Social Contribution	850	
Provisions for asset retirement obligations	1,075	839
Other	1,891	1,525
	32,005	**27,647**
Redeemable noncontrolling interest (Note 4 (b))	**665**	**599**
Commitments and contingencies (Note 17)		
Stockholders equity		
Preferred class A stock 7,200,000,000 no-par-value shares authorized and 2,108,590,520 (2008 2,108,579,618) issued	9,727	9,727
	15,262	15,262

Common stock 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2008 3,256,724,482) issued		
Treasury stock 77,581,904 (2008 76,854,304) preferred and 74,997,899 (2008 74,937,899) common shares	(1,150)	(1,141)
Additional paid-in capital	393	393
Mandatorily convertible notes common shares	1,578	1,288
Mandatorily convertible notes preferred shares	1,225	581
Other cumulative comprehensive loss	(2,166)	(11,510)
Undistributed retained earnings	24,053	18,340
Unappropriated retained earnings	7,624	9,616
Total Company stockholders equity	**56,546**	**42,556**
Noncontrolling interests	**2,798**	**1,892**
Total stockholders equity	**59,344**	**44,448**
TOTAL	**100,757**	**79,931**

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

Table of Contents

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

	Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Operating revenues, net of discounts, freight, returns and allowances					
Sales of ores and metals	5,824	4,156	10,425	14,549	26,727
Aluminum products	529	468	889	1,439	2,263
Revenues from logistic services	317	281	473	797	1,297
Other products and services	223	179	335	613	780
	6,893	**5,084**	**12,122**	**17,398**	**31,067**
Taxes on revenues	(187)	(136)	(383)	(420)	(896)
Net operating revenues	**6,706**	**4,948**	**11,739**	**16,978**	**30,171**
Operating costs and expenses					
Cost of ores and metals sold	(2,663)	(2,295)	(4,051)	(7,127)	(11,325)
Cost of aluminum products	(535)	(529)	(684)	(1,516)	(740)
Cost of logistic services	(201)	(178)	(272)	(544)	(1,738)
Other	(192)	(133)	(109)	(439)	(318)
	(3,591)	**(3,135)**	**(5,116)**	**(9,626)**	**(14,121)**
Selling, general and administrative expenses	(289)	(230)	(374)	(752)	(1,040)
Research and development expenses	(231)	(265)	(331)	(685)	(790)
Other	(302)	(342)	(383)	(961)	(535)
	(4,413)	**(3,972)**	**(6,204)**	**(12,024)**	**(16,486)**
Operating income	**2,293**	**976**	**5,535**	**4,954**	**13,685**
Non-operating income (expenses)					
Financial income	98	93	277	316	355
Financial expenses	(430)	(293)	(457)	(1,010)	(1,366)

Gains (losses) on derivatives, net	341	873	(587)	1,232	(226)
Foreign exchange and indexation gains (losses), net	119	523	(321)	658	605
Gain on sale of assets	73	157		230	80
	201	**1,353**	**(1,088)**	**1,426**	**(552)**
Income before income taxes and equity results	**2,494**	**2,329**	**4,447**	**6,380**	**13,133**
Income taxes					
Current	(696)	(1,494)	(477)	(2,667)	(2,304)
Deferred	(230)	(130)	621	(189)	584
	(926)	**(1,624)**	**144**	**(2,856)**	**(1,720)**
Equity in results of affiliates, joint ventures and other investments	155	135	290	362	669
Net income	**1,723**	**840**	**4,881**	**3,886**	**12,082**
Net income (loss) attributable to noncontrolling interests	46	50	60	56	231
Net income attributable to Company s stockholders	**1,677**	**790**	**4,821**	**3,830**	**11,851**
Basic and diluted earmings per share attributable to Company s stockholders					
Earnings per preferred share	0.31	0.14	0.94	0.69	2.34
Earnings per common share	0.31	0.14	0.94	0.69	2.34
Earnings per prefered share linked to convertible mandatorily notes (*)	0.50	0.63	1.19	1.19	3.37
Earnings per common share linked to convertible mandatorily notes (*)	0.59	0.69	1.25	1.63	3.50

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

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

6

Table of Contents

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

	Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Cash flows from operating activities:					
Net income	1,723	840	4,881	3,886	12,082
Adjustments to reconcile net income to cash from operations:					
Depreciation, depletion and amortization	721	643	713	1,923	2,239
Dividends received		106	126	143	397
Equity in results of affiliates, joint ventures and other investments	(155)	(135)	(290)	(362)	(669)
Deferred income taxes	230	130	(621)	189	(584)
Loss on disposal of property, plant and equipment	93	46	243	180	366
Gain on sale of investments	(73)	(157)		(230)	(80)
Foreign exchange and indexation losses (gains), net	(184)	(817)	1,133	(1,058)	(289)
Unrealized derivative losses (gains), net	(329)	(809)	608	(1,134)	160
Unrealized interest (income) expense, net	24	(54)	83	(27)	119
Others	59	(18)	1	25	(20)
Decrease (increase) in assets:					
Accounts receivable	(373)	271	(1,481)	289	(2,081)
Inventories	441	98	(77)	658	(424)
Recoverable taxes	(272)	1,275		899	
Others	(93)	(8)	5	(178)	(71)
Increase (decrease) in liabilities:					
Suppliers	(108)	(227)	237	(438)	503
Payroll and related charges	128	62	97	51	26
Income taxes	522	(276)	(291)	462	(259)
Others	140	96	(35)	447	(594)
Net cash provided by operating activities	**2,494**	**1,066**	**5,332**	**5,725**	**10,821**
Cash flows from investing activities:					

Short-term investments	(1,562)	217	(634)	(2,254)	(634)
Loans and advances receivable					
Related parties					
Loan proceeds	(106)	(38)		(167)	(34)
Repayments			15	6	40
Others	(11)	(14)	(40)	(20)	(39)
Judicial deposits	(24)	(34)	(26)	(77)	(62)
Investments	(712)	(291)	(85)	(1,141)	(109)
Additions to, property, plant and equipment	(1,645)	(2,008)	(1,553)	(5,341)	(5,283)
Proceeds from disposal of investments	171	277		448	134
Acquisition of subsidiaries, net of cash acquired	(802)	(300)		(1,952)	
Net cash used in investing activities	**(4,691)**	**(2,191)**	**(2,323)**	**(10,498)**	**(5,987)**
Cash flows from financing activities:					
Short-term debt, additions	508	351	65	962	1,075
Short-term debt, repayments	(459)	(342)	(65)	(875)	(1,186)
Loans					
Related parties					
Loan proceeds					21
Repayments	(135)	(155)	(16)	(358)	(20)
Issuances of long-term debt					
Third parties	1,086	296	71	1,567	1,637
Repayments of long-term debt					
Third parties	(97)	(52)	(313)	(259)	(1,065)
Treasury stock	1			(9)	
Mandatorily convertible notes	934			934	
Capital increase			12,190		12,190
Dividends and interest attributed to Company s stockholders		(1,255)		(1,255)	(1,250)
Dividends and interest attributed to noncontrolling interest					(87)
Net cash provided by (used in) financing activities	**1,838**	**(1,157)**	**11,932**	**707**	**11,315**
Increase (decrease) in cash and cash equivalents	(359)	(2,282)	14,941	(4,066)	16,149
Effect of exchange rate changes on cash and cash equivalents	625	1,477	(2,469)	2,193	(2,569)
Cash and cash equivalents, beginning of period	8,192	8,997	2,154	10,331	1,046

Cash and cash equivalents, end of period	**8,458**	**8,192**	**14,626**	**8,458**	**14,626**
Cash paid during the period for:					
Interest on short-term debt	(1)		(1)	(1)	(11)
Interest on long-term debt	(236)	(311)	(305)	(824)	(941)
Income tax	(130)	(85)	(726)	(358)	(2,718)
Non-cash transactions					
Interest capitalized	74	50	14	189	45

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

7

Table of Contents

Condensed Consolidated Statements of Changes in Stockholders Equity
Expressed in millions of United States Dollars
(Except number of shares and per-share amounts)

	Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	September 30, 2009	**June 30, 2009**	**September 30, 2008**	**September 30, 2009**	**September 30, 2008**
Preferred class A stock (including twelve special shares)					
Beginning of the period	9,727	9,727	4,953	9,727	4,953
Capital increase			4,774		4,774
End of the period	**9,727**	**9,727**	**9,727**	**9,727**	**9,727**
Common stock					
Beginning of the period	15,262	15,262	7,742	15,262	7,742
Capital increase			7,520		7,520
End of the period	**15,262**	**15,262**	**15,262**	**15,262**	**15,262**
Treasury stock					
Beginning of the period	(1,151)	(1,151)	(389)	(1,141)	(389)
Sales (Acquisitions)	1			(9)	
End of the period	**(1,150)**	**(1,151)**	**(389)**	**(1,150)**	**(389)**
Additional paid-in capital					
Beginning of the period	393	393	498	393	498
Change in the period			(105)		(105)
End of the period	**393**	**393**	**393**	**393**	**393**
Mandatorily convertible notes common shares					
Beginning of the period	1,288	1,288	1,288	1,288	1,288
Change in the period	290			290	
End of the period	**1,578**	**1,288**	**1,288**	**1,578**	**1,288**
Mandatorily convertible notes preferred shares					
Beginning of the period	581	581	581	581	581
Change in the period	644			644	

End of the period	**1,225**	**581**	**581**	**1,225**	**581**
Other cumulative comprehensive (deficit) income					
Cumulative translation adjustments					
Beginning of the period	(6,385)	(11,597)	2,842	(11,493)	1,340
Change in the period	3,843	5,212	(6,835)	8,951	(5,333)
End of the period	**(2,542)**	**(6,385)**	**(3,993)**	**(2,542)**	**(3,993)**
Unrealized gain (loss) available-for-sale securities, net of tax					
Beginning of the period	49	113	111	17	211
Change in the period	(50)	(64)	(190)	(18)	(290)
End of the period	**(1)**	**49**	**(79)**	**(1)**	**(79)**
Surplus (deficit) accrued pension plan					
Beginning of the period	75	(82)	164	(34)	75
Change in the period	271	157	(468)	380	(379)
End of the period	**346**	**75**	**(304)**	**346**	**(304)**
Paid-in Capital in subsidiaries					
Change in the period	18			18	
End of the period	**18**			**18**	
Cash flow hedge					
Beginning of the period	1		8		29
Change in the period	12	1	20	13	(1)
End of the period	**13**	**1**	**28**	**13**	**28**
Total other cumulative comprehensive (deficit) income	**(2,166)**	**(6,260)**	**(4,348)**	**(2,166)**	**(4,348)**
Undistributed retained earnings					
Beginning of the period	21,930	18,513	17,021	18,340	15,317
Transfer from unappropriated retained earnings	2,123	3,417	(2,838)	5,713	(1,134)

End of the period	**24,053**	**21,930**	**14,183**	**24,053**	**14,183**
Unappropriated retained earnings					
Beginning of the period	8,107	10,780	6,886	9,616	1,631
Net income attributable to Company s stockholders	1,677	790	4,821	3,830	11,851
Interest on mandatorily convertible debt					
Preferred class A stock	(16)	(15)	(8)	(39)	(31)
Common stock	(21)	(31)	(16)	(70)	(64)
Appropriation to undistributed retained earnings	(2,123)	(3,417)	2,838	(5,713)	1,134
End of the period	**7,624**	**8,107**	**14,521**	**7,624**	**14,521**
Total Company stockholders equity	**56,546**	**49,877**	**51,218**	**56,546**	**51,218**
Noncontrolling interests					
Beginning of the period	2,477	2,085	2,492	1,892	2,180
Disposals and (acquisitions) of noncontrolling interests	69	29	58	98	58
Cumulative translation adjustments	209	313	(445)	744	(298)
Cash flow hedge	12		19	12	3
Net income (loss) attributable to noncontrolling interests	46	50	60	56	231
Dividends and interest attributable to noncontrolling interests	(3)			(4)	(22)
Capitalization of stockholders advances	(12)		27		59
End of the period	**2,798**	**2,477**	**2,211**	**2,798**	**2,211**
Total stockholders equity	**59,344**	**52,354**	**53,429**	**59,344**	**53,429**
Number of shares:					
Preferred class A stock (including twelve special shares)	2,108,579,618	2,108,590,250	2,108,579,618	2,108,579,618	2,108,579,618
Common stock	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482
Buy-backs					

Beginning of the period	(152,623,603)	(152,623,603)	(86,923,052)	(151,792,203)	(86,923,184)
Acquisitions				(831,400)	
Sales	43,800		108	43,800	240
End of the period	(152,579,803)	(152,623,603)	(86,922,944)	(152,579,803)	(86,922,944)
	5,212,724,297	5,212,691,129	5,278,381,156	5,212,724,297	5,278,381,156

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

Table of Contents

Notes to the Condensed Consolidated Financial Information
Expressed in millions of United States Dollars, unless otherwise stated

1 The Company and its operation

Vale S.A. formerly Companhia Vale do Rio Doce, (Vale , the Company or we) is a limited liability company incorporated in Brazil. Operations are carried out through Vale and our subsidiary companies, joint ventures and affiliates, and mainly consist of mining, non-ferrous metal production, logistics and steel activities.

At September 30, 2009, our principal consolidated operating subsidiaries are the following:

Subsidiary	% ownership	% voting capital	Head office location	Principal activity
Alumina do Norte do Brasil S.A. Alunorte (Alunorte)	57.03	59.02	Brazil	Alumina
Alumínio Brasileiro S.A. Albras (Albras)	51.00	51.00	Brazil	Aluminum
CADAM S.A (CADAM)	61.48	100.00	Brazil	Kaolin
CVRD Overseas Ltd.	100.00	100.00	Cayman Islands	Trading
Diamond Coal Ltd.	100.00	100.00	Colombia	Coal
Ferrovia Centro-Atlântica S. A.	100.00	100.00	Brazil	Logistics
Mineração Corumbá Reunidas S. A.	100.00	100.00	Brazil	Iron ore
Pará Pigmentos S.A. (PPSA)	86.17	85.57	Brazil	Kaolin
PT International Nickel Indonesia Tbk (PT Inco)	59.09	59.09	Indonesia	Nickel
Rio Doce Manganése Norway RDMN	100.00	100.00	Norway	Ferroalloys
Vale Manganês S.A. (formerly Rio Doce Manganês S.A.)	100.00	100.00	Brazil	Manganese and Ferroalloys
Vale Manganèse France (formerly Rio Doce Manganèse Europe RDME)	100.00	100.00	France	Ferroalloys
Vale Australia Pty Ltd.	100.00	100.00	Australia	Coal
Vale Inco Limited	100.00	100.00	Canada	Nickel
Vale International S.A (formerly CVRD International S.A)	100.00	100.00	Switzerland	Trading

2 Basis of consolidation

All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. Our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted for under the equity method (Note 10).

We evaluate the carrying value of some of our investments in relation to publicly quoted market prices when available. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a shareholders agreement. We define affiliates as businesses in which we participate as a noncontrolling stockholder but with significant influence over the operating and financial policies of the investee.

Our participation in hydroelectric projects are made via consortium contracts under which we have undivided interests in the assets and are liable for our proportionate share of liabilities and expenses, which are based on our proportionate share of power output. We do not have joint liability for any obligations. No separate legal or tax status is granted to consortia under Brazilian law. Accordingly, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects.

3 Basis of presentation

Our condensed consolidated interim financial information for the three-month periods ended September 30, 2009, June 30, 2009 and September 30, 2008 and for the nine-month periods ended September 30, 2009 and 2008, prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), are unaudited. However, in our opinion, such condensed consolidated financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for interim periods. The results of operations for the three-month and nine-month periods ended September 30, 2009, are not necessarily indicative of the actual results expected for the full fiscal year ending December 31, 2009.

This condensed consolidated financial information should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2008, prepared in accordance with U.S. GAAP.

In preparing the condensed consolidated financial information, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our condensed consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, impairment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired and assumed in business combinations, income tax uncertainties, employee post-retirement benefits and other similar evaluations. Actual results may vary from our estimates.

The Brazilian Real is the parent Company s functional currency. We have selected the U.S. Dollar as our reporting currency.

All assets and liabilities have been translated into U.S. Dollars at the closing rate of exchange at each balance sheet date (or, if unavailable, the first available exchange rate). All statement of income accounts have been translated to U.S. Dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates. Translation gains and losses are recorded in the Cumulative Translation Adjustments account (CTA) in stockholders equity.

The results of operations and financial position of our entities that have a functional currency other than the U.S. Dollar have been translated into U.S. dollars and adjustments to translate those statements into U.S. dollars are recorded in the Cumulative Translation Adjustments account (CTA) in stockholders equity.

The exchange rates used to translate the assets and liabilities of the Brazilian operations at September 30, 2009 and December 31, 2008, were R$1.7781 and R$2.3370, respectively.

The Company has performed an evaluation of subsequent events through October 28, 2009 which is the date the financial statements were issued.

4 Accounting pronouncements

(a) New accounting standards

A new Accounting Standards Update (ASU) number 2009-15 Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt issued by the FASB provides additional guidance related to own share-lending arrangements issued in contemplation of convertible debt. This guidance amends ASC 470-20.

A new Accounting Standards Update (ASU) number 2009-09 Accounting for investments equity method and joint ventures and accounting for equity-based payments to non-employees. This guidance amends ASC 323 and ASC 505.

A new Accounting Standards Update (ASU) number 2009-08 Earning per share issued by the FASB provides additional guidance related to calculation of earnings per share. This guidance amends ASC 260.

A new Accounting Standards Update (ASU) number 2009-06 Income taxes issued by the FASB provides additional guidance related to payment of income taxes, tax provision for a pass-through entity and accounting for uncertainty in income taxes. This guidance amends ASC 740.

A new Accounting Standards Update (ASU) number 2009-05 Fair value measurements and disclosures issued by the FASB provides additional guidance related to address the lack of observable market information to measure the fair value of a liability. This guidance amends ASC 820. It is effective after the issuance.

A new Accounting Standards Update (ASU) number 2009-04 Accounting for redeemable equity instruments issued by the FASB provides additional guidance to distinguish liabilities and equity, per EITF Topic D-98, classification and measurement of redeemable securities, which amends ASC 480.

Table of Contents

In June 2009, the Financial Accounting Standards Board (FASB) issued an amendment to the accounting and disclosure requirements for transfers of financial assets. This amendment requires greater transparency and additional disclosures for transfers of financial assets and the entity s continuing involvement with them and changes the requirements for derecognizing financial assets. In addition, this amendment eliminates the concept of a qualifying special-purpose entity (QSPE). This amendment is effective for financial statements issued for fiscal years beginning after November 15, 2009. We are currently studying the effects of this pronouncement.

In June 2009, the FASB also issued an amendment to the accounting and disclosure requirements for the consolidation of variable interest entities (VIEs). The elimination of the concept of a QSPE, as discussed above, removes the exception from applying the consolidation guidance within this amendment. This amendment requires an enterprise to perform a qualitative analysis when determining whether or not it must consolidate a VIE. The amendment also requires an enterprise to continuously reassess whether it must consolidate a VIE. Additionally, the amendment requires enhanced disclosures about an enterprise s involvement with VIEs and any significant change in risk exposure due to that involvement, as well as how its involvement with VIEs impacts the enterprise s financial statements. Finally, an enterprise will be required to disclose significant judgments and assumptions used to determine whether or not to consolidate a VIE. This amendment is effective for financial statements issued for fiscal years beginning after November 15, 2009. We are currently assessing the potential impacts of this pronouncement.

(b) Accounting standards recently adopted

In June 2009, the FASB issued the FASB Accounting Standards Codification (Codification). The Codification became the single source for all authoritative GAAP recognized by the FASB to be applied for financial statements issued for periods ending after September 15, 2009. The Codification does not change GAAP and does not have an affect on our financial position, results of operations or liquidity.

In June 2009, we adopted a newly issued accounting standard for accounting and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this statement sets forth (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The standard is effective for interim or annual periods ending after June 15, 2009. The Company already adopts this statement.

In June 2009, we adopted a newly issued accounting standard for fair value of financial instruments which requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This standard also requires these disclosures in summarized financial information at interim reporting periods. This standard shall be effective for interim reporting periods ending after June 15, 2009, and we have not early adopted this standard for the three-month period ended March 31, 2009. The application of this standard will expand the Company s disclosures regarding the use of fair value in interim periods. The required information is disclosed in Note 18 (d).

In January 2009, we adopted a newly issued accounting standard regarding disclosure of derivative instruments and hedging activities. As such, entities must now provide qualitative disclosure about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gain and losses on derivative instruments and disclosures about credit-risk related contingent features in derivative agreements on a quarterly basis regarding how and why the entity uses derivatives, how derivatives and related hedged items are accounted for under the new standard and how derivatives and related hedged items affect the entity s financial position, performance and cash flow. The required information is disclosed in Note 20.

Table of Contents

In January 2009, we adopted a newly issued accounting standard for noncontrolling interests. This new accounting standard clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements, as showed on Note 14 and condensed consolidated statements of changes in stockholders equity. Noncontrolling interests that could be redeemed upon the occurrence of certain events outside the Company s control have been classified as redeemable noncontrolling interest using the mezzanine presentation on the balance sheet between liabilities and stockholders equity, retroactive to all periods presented.

In January 2009, we adopted a newly issued accounting standard that applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

5 Major acquisitions and disposals

(a) Mineração Corumbá Reunidas S.A.

In January 2009, we entered into a purchase and sale agreement with Rio Tinto Plc to acquire iron ore (in Brazil) assets, subject to the approval of Administrative Council for Economic Defense, occurred on September 11, 2009. The acquisition was concluded on September 18, 2009.

The condensed preliminary purchase price allocation information for Mineração Corumbá Reunidas S.A. is as follows:

	Preliminary Valuation
Total disbursements (including working capital payment and others)	814
Cash acquired	(12)
Purchase price	**802**
Book value of assets acquired and liabilities assumed, net of cash acquired	(240)
Adjustment to fair value of inventory	(183)
Adjustment to fair value of property, plant and equipment	(463)
Adjustment to fair value of intangible assets	(14)
Deferred taxes on the above adjustments	225
Goodwill	**127**

(b) Diamond Coal Ltd

In March 2009, we acquired 100% of the company Diamond Coal Ltd that owns coal assets in Colombia for US$300, from Cement Argos. Cash payment was made during the quarter ending June 30, 2009.

The primary reason for the acquisition was that the coal assets are an important part of our growth strategy. Therefore, Vale is seeking to build a coal asset platform in Colombia, as it is the world s third largest exporter of high-quality thermal coal, given its low level of sulfur and high calorific value.

Due to the recent conclusion of the transaction, we are still in the process of identifying assets acquired and liabilities assumed.

As a result, the condensed information presented below reflects our preliminary analysis of the expected purchase price allocation:

	Preliminary Valuation
Purchase price	300

Book value of assets acquired	(112)
Adjustment to fair value of property, plant and equipment	**188**

12

The final accounting is pending conclusion of all identified assets and liabilities which is being internally carried out by us.

Such purchase price allocation will be finalized during next periods, and accordingly the preliminary information presented above is subject to revisions, which may be material.

(c) Green Mineral Resources

In February 2009, we concluded the acquisition of Green Mineral Resources that owns Regina Project (Canada) and Colorado Project (Argentina), from Rio Tinto, for US$850.

The acquisition of potash assets is aligned with Vale s strategy to become a large producer of fertilizers to benefit from the exposure to rising global consumption.

Also due to the recent closing of this transaction, information about the purchase price allocation presented below based on the fair values of identified assets acquired and liabilities assumed is preliminary. Such allocation, currently being performed internally by the Company, will be finalized during next periods, and accordingly, the preliminary purchase price allocation information set forth below are subject to revision, which may be material.

The condensed preliminary purchase price allocation information for Green Mineral Resources is as follows:

	Preliminary Valuation
Total disbursements	857
Cash acquired	(7)
Purchase price	**850**
Book value of assets acquired, net of cash acquired	(105)
Book value of liabilities assumed	8
Adjustment to fair value of property, plant and equipment	**753**

The final accounting is pending conclusion of all identified assets and liabilities which is being internally carried out by us.

(d) Other transactions

In September 2009, concluded an agreement with ThyssenKrupp Steel AG signed in July, increase our stake in ThyssenKrupp CSA Siderúrgica do Atlântico Ltda. (CSA) to 26.87%, from our current 10% interest, registered as available for sale, through a capital subscripton of US$1,424. We still have to pay US$738.

In April 2009, we concluded the sale of all common shares we held in, Usiminas Siderúrgicas de Minas Gerais S.A. Usiminas, for US$273 generating a gain of US$153.

In March 2009, we acquired 50% of the joint venture with African Rainbow Minerals Limited of Teal Minerals Incorporated for US$60.

In February 2008, we sold our interest in Jubilee Mines N.L. (held through Vale Inco), representing 4.83% of its common shares, for US$134 generating a gain of US$80.

6 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite enacted tax rate applicable in the periods presented is 34%. In other countries where we have operations, the applicable tax rates vary from 1.67% to 40%.

The amount reported as income tax expense in our consolidated financial statements is reconciled to the statutory rates as follows:

	Three-month period ended (unaudited)								
	September 30, 2009			June 30, 2009			September 30, 2008		
	Brazil	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**
Income before income taxes, equity results and noncontrolling interests	2,894	(400)	2,494	5,302	(2,973)	2,329	334	4,113	4,447
Exchange variation (not taxable) or not deductible		929	929		3,762	3,762		(1,862)	(1,862)
	2,894	**529**	**3,423**	**5,302**	**789**	**6,091**	**334**	**2,251**	**2,585**
Tax at Brazilian composite rate	(984)	(180)	(1,164)	(1,803)	(268)	(2,071)	(114)	(765)	(879)
Adjustments to derive effective tax rate:									
Tax benefit on interest attributed to stockholders							278		278
Difference on tax rates of foreign income		169	169		338	338		808	808
Tax incentives	6		6	59		59	14		14
Other non-taxable, income/non deductible expenses	(20)	83	63	85	(35)	50	57	(134)	(77)
Income taxes per consolidated statements of income	**(998)**	**72**	**(926)**	**(1,659)**	**35**	**(1,624)**	**235**	**(91)**	**144**

	Nine-month period ended (unaudited)					
	September 30, 2009			September 30, 2008		
	Brazil	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**
Income before income taxes, equity results and noncontrolling interests	9,605	(3,225)	6,380	4,923	8,210	13,133
Exchange variation (not taxable) or not deductible		4,718	4,718		(926)	(926)
	9,605	1,493	11,098	4,923	7,284	12,207
Tax at Brazilian composite rate	(3,266)	(508)	(3,774)	(1,674)	(2,476)	(4,150)
Adjustments to derive effective tax rate:						
				454		454

Tax benefit on interest attributed to stockholders						
Difference on tax rates of foreign income		661	661		1,381	1,381
Tax incentives	82		82	101		101
Other non-taxable, income/non deductible expenses	83	92	175	356	138	494
Income taxes per consolidated statements of income	**(3,101)**	**245**	**(2,856)**	**(763)**	**(957)**	**(1,720)**

Vale has tax incentives related to our manganese,copper, alumina, aluminium and kaolin operations in the state of Pará, kaolin operation in the state of Amapá and potash in the state of Sergipe. Tax incentives related to manganese comprise partial exemption up to 2013. Tax incentives related to alumina and potash comprise full exemption of income tax on production levels defined up to 2009 and 2013, respectively, while the partial tax exemption of incentives related to aluminum and kaolin expires in 2013. An amount equal to the tax savings shall be recognized in a reserve account in shareholders equity and may not be paid as dividends.

We also have income tax incentives related to our *Goro* project under development in New Caledonia (The *Goro* Project). These incentives include an income tax holiday during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 percent income tax holiday. The *Goro* Project also qualifies for certain exemptions from indirect taxes such as import duties during the construction phase and throughout the commercial life of the project. Certain of these tax benefits, including the income tax holiday, are subject to an earlier phase out should the project achieve a specified cumulative rate of return. We are subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. 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.

We are subject to examination by the tax authorities for up to five years regarding our operations in Brazil, ten years for Indonesia, and five or six years for Canada, according to the cantonal, except for Newfoundland which has no limit.

Brazilian tax loss carryforwards have no expiration date though offset is restricted to 30% of annual taxable income.

On January 1, 2007, Company adopted the provisions Accounting for Uncertainty in Income Taxes.

Table of Contents

The reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	September 30, 2009 (unaudited)	December 31, 2008
Beginning of the period	**657**	**1,046**
Increase resulting from tax positions taken	41	103
Decrease resulting from tax positions taken	(35)	(261)
Changes in tax legislation		2
Cumulative translation adjustments	149	(233)
End of the period	**812**	**657**

7 Cash and cash equivalents

	September 30, 2009 (unaudited)	December 31, 2008
Cash	541	767
Short-term investments	7,917	9,564
	8,458	**10,331**

All the above mentioned short term investments are done through the use of low risk fixed income securities, in a way that: the ones denominated in Brazilian Reais are concentrated on investments indexed to CDI, and the ones denominated in US dollars are mainly time deposits.

8 Short-term investments

	September 30, 2009 (unaudited)	December 31, 2008
Time deposit (*)	4,562	2,308

(*) Also represent low risk investments with original due date over three-month.

9 Inventories

	September 30,	December 31,

	2009 (unaudited)	2008
Finished products		
Nickel (co-products and by-products)	1,202	1,514
Iron ore and pellets	836	728
Manganese and ferroalloys	147	199
Aluminum products	161	150
Kaolin	40	40
Copper concentrate	18	26
Coal	52	43
Others	103	80
Spare parts and maintenance supplies	1,162	1,116
	3,721	**3,896**

At September 30, 2009, no adjustments were required, to reduce inventories to its market values (US$77 were adjusted in December 31, 2008).

Table of Contents

10 Investments in affiliated companies and joint ventures

	September 30, 2009				Investments		Equity in earnings (losses) of investee adjustments					Dividends received				
							Three-month period ended (unaudited)			Nine-month period ended (unaudited)		Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	Participation in capital (%) Voting	Total	Net equity	Net income (loss) for the period	September 30, 2009 (unaudited)	December 31, 2008	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Ferrous																
Companhia Nipo-Brasileira de Pelotização NIBRASCO (1)	51.11	51.00	290	5	147	110	(5)	3	36	2	66					
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS (1)	51.00	50.89	167	(17)	85	73	(1)	(5)	17	(9)	52			6	20	6
Companhia Coreano-Brasileira de Pelotização KOBRASCO (1)	50.00	50.00	132	(16)	66	55	(23)	3	19	(9)	40					
Companhia ¥talo-Brasileira de Pelotização ITABRASCO (1)	51.00	50.90	166	15	85	58	5		18	8	20					
Minas da Serra Geral S.A. MSG	50.00	50.00	60	3	29	21	1	1	1	1	2					
SAMARCO Mineração S.A. SAMARCO (2)	50.00	50.00	1,374	482	747	412	110	90	82	241	278		50	112	50	250
Baovale Mineração S.A. BAOVALE	50.00	50.00	58		29	26		(1)		(4)	5					
Zhuhai YPM Pellet e Co.,Ltd. ZHUHAI	25.00	25.00	48	1	12	13	1	2	2		5					
					1,200	**768**	**88**	**93**	**175**	**230**	**468**		**50**	**118**	**70**	**256**
Logistics																
LOG-IN Logística Intermodal S.A.	31.33	31.33	365	4	123	94			3	2	14		3		3	3

MRS Logística S.A	37.86	41.50	1,074	76	445	326	34	24	44	76	26	33		33	34
					568	**420**	**34**	**24**	**47**	**78**	**40**	**36**		**36**	**37**
Holdings															
Steel															
California Steel Industries Inc. CSI	50.00	50.00	303	(17)	151	160	2	(1)	18	(9)	46				
THYSSENKRUPP CSA Companhia Siderúrgica (5)	26.87	26.87	7,786		2,001	443									
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (4)						164		7	8		18	7	8	7	18
					2,152	**767**	**2**	**6**	**26**	**(9)**	**64**	**7**	**8**	**7**	**18**
Bauxite															
Mineração Rio do Norte S.A. MRN	40.00	40.00	426	56	171	140	10	13	18	22	40	13		30	86
					171	**140**	**10**	**13**	**18**	**22**	**40**	**13**		**30**	**86**
Coal															
Henan Longyu Resources Co. Ltd	25.00	25.00	926	222	232	176	24	13	28	56	64				
Shandong Yankuang International Company Ltd	25.00	25.00	(12)	(56)	(3)	11	(3)	(5)		(14)					
					229	**187**	**21**	**8**	**28**	**42**	**64**				
Copper															
Teal Minerals Incorporced (3)	50.00	50.00	177	(17)	89			(9)							
					89			**(9)**							
Nickel															
Heron Resources Inc (cost $24) available-for-sale					6	2									
Mirabela Nickel Ltd (cost $25) available-for-sale					17	8									
Hudbay Minerals (cost $17) available for sale						9									
Korea Nickel Corp					9	21									
					11	13									

Others avaiable-for-sale	**43**	**53**									
Other affiliates and joint ventures											
Others	**131**	**73**			**(4)**	**(1)**	**(7)**				
	131	**73**			**(4)**	**(1)**	**(7)**				
	2,815	**1,220**	**33**	**18**	**68**	**54**	**161**	**20**	**8**	**37**	**104**
Total	**4,583**	**2,408**	**155**	**135**	**290**	**362**	**669**	**106**	**126**	**143**	**397**

(1) Although Vale held a majority of the voting interest of investees accounted for under the equity method, existing veto rights held by noncontrolling shareholders under shareholder agreements preclude consolidation;

(2) Investment includes goodwill of US$60 in September, 2009 and US$46 in December, 2008;

(3) Acquired in March, 2009 (Note 5(d));

(4) A classified as avaiable-for-sale until investment was sold in April, 2009. Equity refers to

dividends received;

(5) See Note 5(d)

Table of Contents

11 Short-term debt

Short-term borrowings outstanding on September 30, 2009 are from commercial banks for export financing denominated in U.S. Dollars, with average annual interest rates of 0.33%.

12 Long-term debt

	Current liabilities		Long-term liabilities	
	September 30, 2009 (unaudited)	**December 31, 2008**	**September 30, 2009 (unaudited)**	**December 31, 2008**
Foreign debt				
Loans and financing denominated in the following currencies:				
U.S. Dollars	1,498	210	4,433	5,905
Others	24	23	211	167
Fixed Rate Notes U.S. Dollar denominated			7,499	6,510
Debt securities export sales (*) U.S. Dollar denominated	57	55	107	149
Perpetual notes			83	83
Accrued charges	158	217		
	1,737	**505**	**12,333**	**12,814**
Brazilian debt				
Brazilian Reais indexed to Long-Term Interest Rate TJLP/CDI and General Price Index-Market (IGPM)	57	33	3,003	1,990
Basket of currencies	1	1	3	4
Non-convertible debentures			3,377	2,562
U.S. Dollars Denominated			394	165
Accrued charges	156	94		
	214	**128**	**6,777**	**4,721**
Total	**1,951**	**633**	**19,110**	**17,535**

(*) Secured by receivables from future export sales.

The long-term portion at September 30, 2009 falls due as follows:

2010	960
2011	2,646
2012	1,190
2013	3,170
2014 and thereafter	10,778

No due date (Perpetual notes and non-convertible debentures)	366
	19,110

At September 30, 2009 annual interest rates on long-term debt were as follows:

Up to 3%	6,375
3.1% to 5%	1
5.1% to 7% (*)	6,895
7.1% to 9% (*)	5,584
9.1% to 11%	977
Over 11% (*)	1,143
Variable (Perpetual notes)	86
	21,061

(*) Includes non-convertible debentures and other Brazilian Real-denominated debt that bear interest at CDI (Brazilian interbank certificate of deposit) and TJLP (Brazilian government long-term interest) rates plus a spread. For these operations we have entered into derivative transactions to mitigate our exposure to the floating rate debt denominated in Brazilian Real, totaling US$6,116 of which US$3,230 has real interest rate between 7.1% and 9% the remaining amount has real interest rate above 9%. The average cost after taking into account the derivative transactions is 4.64%.

Table of Contents

The indexation indices/ rates applied to our debt were as follows (unaudited):

	Three-month period ended		
	September 30, 2009	**June 30, 2009**	**September 30, 2008**
TJLP Long-Term Interest Rate (effective rate)	1.6	1.6	1.5
IGP-M General Price Index Market	(0.4)	(0.3)	1.6
Appreciation (Devaluation) of Real against U.S. Dollar	9.8	18.6	20.0

In September, 2009, Vale issued US $1 billion of 10-year notes through its wholly-owned subsidiary Vale Overseas, fully and unconditionaly guaranteed by Vale. The notes due 2019 will bear a coupon of 5 5/8% per year, payable semi-annually, at a price of 99.232% of the principal amount. These notes will mature in September 2019 and were priced with a spread of 225 basis points over U.S. Treasuries, resulting in a yield to maturity of 5.727%.

In January 2008 we entered into a trade finance agreement with a Brazilian bank in the amount of US$1,125 with final maturity in 2018.

During 2008, we entered into agreements *with Banco Nacional de Desenvolvimento Econômico e Social BNDES*, (the Brazilian National Development Bank) and with long-term Japanese financing agencies, Japan Bank for International Cooperation JBIC and Nippon Export and Investment Insurance NEXI related to future lines of credit to finance mining, logistics and power generation projects as part of our investment program for 2008-2012. Through September 30, 2009, Vale had drawn down US$644 of the committed credit facility with *BNDES*.

Additionally, we have revolving credit lines available under which amounts can be drawn down and repaid at the option of the borrower. At September 30, 2009, the total amount available under revolving credit lines was US$1,900, of which US$1,150 was granted to Vale International and the balance to Vale Inco. As of September 30, 2009, neither Vale International nor Vale Inco had drawn any amounts under these facilities.

Through September 30, 2009, Vale Inco had drawn down US$98 of letters of credit.

At September 30, 2009 the U.S. Dollar denominated fixed rate notes of US$7,499 (December 31, 2008 US$6,510) and other debt of US$12,776 (December 31, 2008 US$11,102) are unsecured. The export securitization of US$166 (December 31, 2008 US$204) represents debt securities collateralized by receivables from future export sales of CVRD Overseas Ltd. Loans from international lenders of US$34 (December 31, 2008 US$57) are guaranteed by the Brazilian Federal Government, to which we have provided like counter guarantees. The remaining long-term debt of US$586 (December 31, 2008 US$295) is collateralized mainly by receivables.

Our principal covenants require us to maintain certain ratios, such as debt to EBITDA and interest coverage. We were in full compliance with our financial covenants as of September 30, 2009 and December 31, 2008.

Table of Contents

13 Stockholders equity

Each holder of common and preferred class A stock is entitled to one vote for each share on all matters brought before stockholders meetings, except for the election of the Board of Directors, which is restricted to the holders of common stock. The Brazilian Government holds twelve preferred special shares which confer permanent veto rights over certain matters.

Both common and preferred stockholders are entitled to receive a mandatory minimum dividend of 25% of annual adjusted net income under Brazilian GAAP, once declared at the annual stockholders meeting. In the case of preferred stockholders, this dividend cannot be less than 6% of the preferred capital as stated in the statutory accounting records or, if greater, 3% of the Brazilian GAAP equity value per share. For the year ended December 31, 2008, this dividend corresponds to US$2,068, provided against stockholders equity.

In April 2009, we paid US$1,250 as a first installment of the dividend to stockholders. The distribution was made in the form of dividends.

In July 2008, we issued 80,079,223 common ADS, 176,847,543 common shares, 63,506,751 preferred ADS and 100,896,048 preferred shares through a Global equity offering. Our capital increased by US$11,666, upon subscription of preferred stock of US$4,146 corresponding to 164,402,799 shares and common stock of US$7,520 corresponding to 256,926,766 shares. In August, 2008, we issued an additional 24,660,419 preferred shares, representing an increase of US$628. After the closing of the operation, our capital stock increased by US$12,294 in 2008; the transaction costs of US$105 were recorded as a reduction of the additional paid-in capital account.

In July 2009, we issued US$942 Mandatorily Convertible Notes due June 15, 2012 for total proceeds of US$934, net of commissions and others expenses. The Notes bear interest at 6.75% per year payable quarterly and additional interest which will be payable based on the net amount of cash distribution paid to ADS holders. A tranche of US$293 Notes are mandatorily convertible into an aggregate maximum of 18,415,859 common shares and a tranche of US$649 Notes are mandatorily convertible into an aggregate maximum of 47,284,800 preferred class A shares. On the maturity date, the Series VALE-2012 Notes will automatically convert into ADSs, each ADS representing one common share of Vale, and the Series VALE.P-2012 Notes will automatically convert into ADSs, each ADS representing one preferred class A share of Vale. We currently hold the shares to be issued on conversion in treasury. The Notes are not repayable in cash. Holders of notes will have no voting rights. We will pay to the holders of our Series VALE-2012 Notes or VALE.P-2012 Notes additional interest in the event that Vale makes cash distributions to all holders of VALE-2012 ADSs or VALE.P-2012 ADSs, respectively. We determined, using a statistical model, that the potential variability in the number of shares to be converted is not a predominant feature of this hybrid financial instrument and thus classified it as an equity instrument within stockholders equity.

In June 2007, we issued US$1,880 Mandatorily Convertible Notes due June 15, 2010 for total proceeds of US$1,869, net of commissions. The Notes bear interest at 5.50% per year payable quarterly and additional interest which will be payable based on the net amount of cash distribution paid to ADS holders. A tranche of US$1,296 Notes are mandatorily convertible into an aggregate maximum of 56,582,040 common shares and a tranche of US$584 Notes are mandatorily convertible into an aggregate maximum of 30,295,456 preferred class A shares. On the maturity date, the Series RIO Notes will automatically convert into ADSs, each ADS representing one common share of Vale, and the Series RIO P Notes will automatically convert into ADSs, each ADS representing one preferred class A share of Vale. We currently hold the shares to be issued on conversion in treasury. The Notes are not repayable in cash. Holders of notes will have no voting rights. We will pay to the holders of our Series RIO Notes or RIO P Notes additional interest in the event that Vale makes cash distributions to all holders of RIO ADSs or RIO P ADSs, respectively. We determined, using a statistical model, that the potential variability in the number of shares to be converted is not a predominant feature of this hybrid financial instrument and thus classified it as an equity instrument within stockholders equity.

Table of Contents

In October 2009 (subsequent period) the Board of Directors approved the payment of the second tranche of the minimum dividend, and an additional dividend, totaling US $1,500, corresponding to US $0.28775711 per common or preferred share in circulation.

On October 30, 2009 (subsequent period) we will pay additional interest to holders of the mandatorily convertible notes of series RIO and of series RIO P, equal to the U.S. dollar equivalent of R $0.857161 and R $1.017334 per notes, respectively, and to the holders of the mandatorily convertible notes of series VALE-2012 and VALE.P-2012, equal to the U.S. dollar equivalent of R $1.236080 and R $1.429662 per notes, respectively.

In April 2009, we announced that the ticker symbols of its ADR will change from Rio and Rio PR to Vale and Vale P. The new ticker symbols were effective at the starting of trading on Monday, May 4, 2009.

In April 2009 we paid to holders of the mandatorily convertible notes of series Vale (formerly RIO) and of series Vale (formerly RIO P), the U.S. Dollar equivalent of US$0.490922 and US$0.582658, respectively.

Basic and diluted earnings per share

Basic and diluted earnings per share amounts have been calculated as follows:

	Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	September 30, 2009	**June 30, 2009**	**September 30, 2008**	**September 30, 2009**	**September 30, 2008**
Net income attributable to Company s stockholders	**1,677**	**790**	**4,821**	**3,830**	**11,851**
Interest attributed to preferred convertible notes	(16)	(15)	(8)	(39)	(31)
Interest attributed to common convertible notes	(21)	(31)	(16)	(70)	(64)
Net income for the period adjusted	1,640	744	4,797	3,721	11,756
Basic and diluted earnings per share					
Income available to preferred stockholders	621	285	1,850	1,408	4,522
Income available to common stockholders	973	447	2,866	2,208	7,029
Income available to convertible notes linked to preferred shares	23	4	28	53	71
Income available to convertible notes linked to common shares	23	8	53	52	134
Weighted average number of shares outstanding (thousands of shares) preferred shares	2,030,954	2,030,954	1,976,727	2,030,727	1,930,379
Weighted average number of shares outstanding (thousands of shares) common shares	3,181,727	3,181,727	3,063,752	3,181,709	3,000,528

Treasury preferred shares linked to mandatorily convertible notes	77,580	30,295	30,295	77,580	30,295
Treasury common shares linked to mandatorily convertible notes	74,998	56,582	56,582	74,998	56,582
Total	**5,365,259**	**5,299,558**	**5,127,356**	**5,365,014**	**5,017,784**
Earnings per preferred share	0.31	0.14	0.94	0.69	2.34
Earnings per common share	0.31	0.14	0.94	0.69	2.34
Earnings per convertible notes linked to preferred share (*)	0.50	0.63	1.19	1.19	3.37
Earnings per convertible notes linked to common share (*)	0.59	0.69	1.25	1.63	3.50

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

Had the conversion of the convertible notes been included in the calculation of diluted earnings per share they would have generated the following dilutive effect as shown below:

	Three-month period ended (unaudited)			**Nine-month period ended (unaudited)**	
	September 30, 2009	**June 30, 2009**	**September 30, 2008**	**September 30, 2009**	**September 30, 2008**
Income available to preferred stockholders	660	304	1,885	1,500	4,623
Income available to common stockholders	1,017	486	2,936	2,330	7,228
Weighted average number of shares outstanding (thousands of shares) preferred shares	2,108,534	2,061,249	2,007,022	2,108,307	1,960,674
Weighted average number of shares outstanding (thousands of shares) common shares	3,256,725	3,238,309	3,120,334	3,256,707	3,057,110
Earnings per preferred share	0.31	0.15	0.94	0.71	2.36
Earnings per common share	0.31	0.15	0.94	0.71	2.36

Table of Contents

14 Other cumulative comprehensive income (deficit)

	Three-month period ended (unaudited)			Nine-month period ended (unaudited)	
	September 30, 2009	June 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Comprehensive income (deficit) is comprised as follows:					
Net income attributable to Company s stockholders	1,677	790	4,821	3,830	11,851
Cumulative translation adjustments	3,843	5,212	(6,835)	8,951	(5,333)
Unrealized gain (loss) available-for-sale securities, net of tax	(50)	(64)	(190)	(18)	(290)
Surplus (deficit) accrued pension plan	271	157	(468)	380	(379)
Paid-in Capital in subsidiaries	18			18	
Cash flow hedge	12	1	20	13	(1)
Noncontrolling interests:					
Disposals and (acquisitions) of noncontrolling interests	69	29	58	98	58
Cumulative translation adjustments	209	313	(445)	744	(298)
Cash flow hedge	12		19	12	3
Net income (loss) attributable to noncontrolling interests	46	50	60	56	231
Dividends and interest attributable to noncontrolling interests	(3)			(4)	(22)
Capitalization of stockholders advances	(12)		27		59
Total comprehensive income (deficit)	**6,092**	**6,488**	**(2,933)**	**14,080**	**5,879**
Tax effect on other comprehensive income allocated to each component					
Unrealized gain (loss) available-for-sale securities, net of tax					
Gross balance as of the period end	(4)	64	(105)	(4)	(105)
Tax (expense) benefit	3	(15)	26	3	26

Net balance as of the period end	(1)	49	(79)	(1)	(79)
Surplus accrued pension plan					
Gross balance as of the period end	520	143	(415)	520	(415)
Tax (expense) benefit	(174)	(68)	111	(174)	111
Net balance as of the period end	346	75	(304)	346	(304)

15 Pension cost

We previously disclosed in our consolidated financial statements for the year ended December 31, 2008, that we expected to contribute US$338 to our defined benefit pension plan in 2009. As of September 30, 2009, total contributions of US$209 had been made. We do not expect any significant change in our previous estimate.