

Vale S.A.
Form 6-K
February 18, 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 February 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

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(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
Assets					
Current assets					
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
		38,258	56,059	14,857	27,216
Non-current assets					
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
		7,604	5,125	5,709	5,904
Investments	6.11	4,590	2,442	87,711	91,543
Intangibles	6.12	10,127	10,727	7,852	8,386
Property, plant and equipment	6.14	115,160	110,494	43,628	38,711
		129,877	123,663	139,191	138,640
		175,739	184,847	159,757	171,760
Liabilities, and stockholders equity					

Current liabilities

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
Ferrovial 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
		17,416	18,639	16,492	18,735

Non-current liabilities

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
		56,778	63,852	47,528	56,750

Minority interest**5,808** **6,081****Stockholders' equity**

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
		95,737	96,275	95,737	96,275
		175,739	184,847	159,757	171,760

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) 3Q/09	3Q/08	2009	2008	2009	2008
Operating revenues								
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
		12,048	13,583	17,946	49,812	72,766	27,285	34,445
Added Value taxes		(367)	(374)	(563)	(1,316)	(2,225)	(855)	(1,545)
Net operating revenues		11,681	13,209	17,383	48,496	70,541	26,430	32,900
Cost of products and services								
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)
		(7,199)	(6,963)	(8,111)	(27,720)	(32,156)	(13,649)	(15,503)
Gross profit		4,482	6,246	9,272	20,776	38,385	12,781	17,397
Gross margin		38.4%	47.3%	53.3%	42.8%	54.4%	48.4%	52.9%
Operating expenses								
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)

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Impairment	6.13			(2,447)		(2,447)		
Other operating expenses, net	6.27	(996)	(647)	(1,626)	(3,262)	(2,849)	(927)	(832)
		(2,222)	(1,662)	(6,507)	(7,595)	(10,985)	(3,485)	(3,477)
Operating profit before financial results and equity results		2,260	4,584	2,765	13,181	27,400	9,296	13,920
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
Financial results, net	6.25	(460)	199	(2,343)	1,952	(3,838)	9,960	(11,706)
Gain (loss) on disposal of assets	6.27	(330)	128		93	139	284	
Income before income tax and social contribution		1,492	4,941	12	15,342	22,376	15,796	19,821
Income tax and social contribution	6.10	1,206	(1,840)	2,465	(4,925)	(665)	(5,547)	1,458
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)		
Net income for the period		2,629	3,003	2,441	10,249	21,279	10,249	21,279
Number of shares outstanding at the end of the period (in thousands) (a)		5,212,724	5,212,724	5,213,512	5,212,724	5,213,512	5,212,724	5,213,512
Net income per share outstanding at the end of the period (R\$)		0.50	0.58	0.47	1.97	4.08	1.97	4.08

- (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		Fiscal incentives	Transaction cost	Resources linked to mandatory conversion in shares	Cumulative translation adjustments	Retained earnings	Total
				Unrealized income	Legal						
December 31, 2007	28,000	24,284	(790)	61	2,320	91		3,064			57,030
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)
Appropriation to profit reserves		15,179		(23)	1,064					(16,220)	
December 31, 2008	47,434	38,883	(2,448)	38	3,384	91	(161)	3,064	8	5,982	96,275
										10,249	10,249

Net income for the year											
Treasury stock			(22)								(22)
Resources linked to mandatory conversion in shares							1,523				1,523
Cumulative translation Adjustments Unrealized result of changes in market value								(8,886)			(8,886)
Additional distribution 2008			(371)								(371)
Appropriation of net income											
Interest on stockholders equity paid										(95)	(95)
Stockholders remuneration proposed										(2,907)	(2,907)
Appropriation to profit reserves		6,653	(38)	512	120					(7,247)	
December 31, 2009	47,434	45,165	(2,470)	3,896	211	(161)	4,587	(21)	(2,904)		95,737

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

Cash flows from investing activities:

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)			
Net cash used in investing activities	(5,110)	(7,757)	(13,498)	(24,927)	(24,365)	(16,069)	(16,852)

Cash flows from (used in) financing activities:

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)
Net cash provided by (used in) financing activities	114	4,428	(4,676)	2,249	14,107	(4,737)	14,284

Increase (decrease) in cash and cash equivalents

Increase (decrease) in cash and cash equivalents	(2,309)	(678)	(4,144)	(11,140)	21,929	(5,463)	6,541
Cash and cash equivalents at beginning of the period	15,560	16,333	28,385	24,639	2,128	6,713	120
Foreign exchange effects on cash and cash equivalents	(30)	(95)	398	(278)	582		
Initial cash in new consolidated subsidiary							52
Cash and cash equivalents, end of the period	13,221	15,560	24,639	13,221	24,639	1,250	6,713

Cash paid during the period for:

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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)
Non-cash transactions:							
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)

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)

5- Statement of Added Value

Period ended	In millions of Reais			
	Consolidated		Parent Company	
	2009	2008	2009	2008
Generation of added value				
Gross revenue				
Revenue from products and services	49,812	72,766	27,285	34,445
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)
Gross added value	24,121	40,344	14,308	20,242
Depreciation, amortization and depletion	(5,447)	(5,112)	(1,931)	(1,641)
Net added value	18,674	35,232	12,377	18,601
Received from third parties				
Financial revenue	866	1,221	437	903
Equity results	116	(1,325)	(3,744)	17,607
Total added value to be distributed	19,656	35,128	9,070	37,111
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		
Distribution of added value	19,656	35,128	9,070	37,111

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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:

Company	% ownership	% voting capital	Head office location	Principal activity
Parent Company				
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 Manganês 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.

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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
	13,221	24,639	1,250	6,713

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

	Consolidated	
	2009	2008
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**

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

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:

	Consolidated Assets			
	2009		2008	
	Customers	Related party	Customers	Related party
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
Total	92	208	261	28
Registered as:				
Current	92	144	261	28
Non-current		64		
	92	208	261	28

Consolidated Liabilities

	2009		2008	
	Suppliers	Related party	Suppliers	Related party
Baovale Mineração S.A	19		23	
Companhia Coreano-Brasileira de Pelotização KOBRASCO	5	2	18	8
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	28	1	15	51
Companhia ítalo-Brasileira de Pelotização ITABRASCO	5		46	27
Companhia Nipo-Brasileira de Pelotização NIBRASCO	8	10	23	58
Minas da Serra Geral Mineração Rio do Norte S.A.	8	14	8	7
MRS Logística S.A.	26		53	
Mitsui & CO, LTD	310	109	168	125
Others	45		49	11
	55			
Total	509	136	403	287
Registered as:				
Current	509	33	403	162
Non-current		103		125
	509	136	403	287

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	Parent Company Assets			
	2009		2008	
	Customers	Related party	Customers	Related party
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
Total	2,606	6,202	9,444	5,630
Registered as:				
Current	2,606	4,360	9,444	2,232
Non-current		1,842		3,398
	2,606	6,202	9,444	5,630

	Parent Company Liabilities			
	2009		2008	
	Suppliers	Related party	Suppliers	Related party
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
	57			

Companhia Hispano-Brasileira de Pelotização				
HISPANOBRÁS				
Minerações Brasileiras Reunidas S.A. MBR	30	88	28	22
MRS Logística S.A.	433		224	
Companhia Nipo-Brasileira de Pelotização				
NIBRASCO				
Salobo Metais S.A.	17	21	47	139
Vale International S.A.	16			
Vale Manganês S.A.	42	34,808	30	46,117
Mitsui & CO, LTD				54
Others	45			
	97	42	182	318
Total	845	35,454	619	47,589
Registered as:				
Current	845	7,343	619	9,578
Non-current		28,111		38,011
	845	35,454	619	47,589

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	Income (Unaudited)			Consolidated Expense / Cost (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.	2			4	5	5		
Companhia Coreano-Brasileira de Pelotização KOBRASCO				33					
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	49	17	34	49	18	56	(2)	2	(2)
Companhia ítalo-Brasileira de Pelotização ITABRASCO			7	5	5	73	36	(2)	29
Companhia Nipo-Brasileira de 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 Gerais S.A. USIMINAS (*)			292						
Others	22	2	27	7	5	30	5	1	
	133	44	424	294	247	835	29	(25)	(15)

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

	Parent Company Income		Parent Company Expense / Cost		Parent Company 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)
Ferrovias 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)
	22,697	26,865	1,926	3,842	8,562	(11,577)

(*) 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
Total	52

Table of Contents**6.8- Inventories**

	Consolidated		Parent Company	
	2009	2008	2009	2008
Finished products				
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
	4,012	6,724	1,147	1,831
Spare parts and maintenance supplies	1,901	2,962	734	1,082
	5,913	9,686	1,881	2,913

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

	Consolidated		Parent Company	
	2009	2008	2009	2008
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
Total	4,225	5,953	2,039	3,501
Current	2,685	4,886	1,881	3,312
Non-current	1,540	1,067	158	189
	4,225	5,953	2,039	3,501

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:

	Net Deferred			
	Consolidated		Parent Company	
	2009	2008	2009	2008
Tax loss carryforward	1,373	725	799	
Temporary differences:				
Pension Plan	1,238	430	187	235
Contingent liabilities	781	687	667	654

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Provision for losses on assets	750	1,167	400	1,047
Goodwill from property, plan and equipments acquired	(9,039)	(8,518)		
Others	36	(291)	(88)	(76)
Total	(6,234)	(6,525)	1,166	1,860
Social contribution	(1,320)		(1,320)	
Total	(6,181)	(5,800)	645	1,860
Current	1,492	1,305	1,219	1,220
Non-current			747	640
ASSETS	1,492	1,305	1,966	1,860
LIABILITIES	(7,673)	(7,105)	(1,320)	

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:

Years	Net amount of credits	
	Consolidated	Parent Company
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
	(4,860)	1,966

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:

	Consolidated				Parent Company		
	Quarter (Unaudited)			Accumulated		Accumulated	
	4Q/09	3Q/09	3Q/08	2009	2008	2009	2008
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)		
	2,336	6,369	(4,893)	25,803	16,709	19,540	2,214
Income tax and social contribution at combined tax rates	34%	34%	34%	34%	34%	34%	34%
Federal income tax and social contribution at statutory rates	(794)	(2,165)	1,664	(8,773)	(5,681)	(6,644)	(753)

Adjustments that affects the basis of taxes:

Income tax benefit from interest on stockholders equity	872		446	872	1,315	872	1,315
Fiscal incentives	113	62	(25)	368	227	184	
Results of overseas companies taxed by different rates wich difference than	769	273	(17)	2,126	3,046		

the parent company rate							
Others	246	(10)	397	482	428	41	896
Income tax and social contribution	1,206	(1,840)	2,465	(4,925)	(665)	(5,547)	1,458

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 be 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
Investments carried at market value (a)							
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					
	28	461			(83)	17	(50)
Investments valued by equity method of accounting							
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)
	4,562	1,981	22	30	24	99	154
	4,590	2,442	22	30	(59)	116	104

(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- tion %	Adjusted stockholders equity	Adjusted net income (loss) for the year	Investments		Results of equity Dividends		
				2009	2008	investments 2009	2008	received 2009
Avaliados pelo método de equivalência patrimonial								
ALBRAS Alumínio Brasileiro S.A.	51.00	2,035	154	1,038	992	78	76	6
ALUNORTE Alumina do Norte do Brasil S.A.	57.03	4,557	243	2,599	2,479	139	137	8
Belém Administrações e Participações LTDA.	100.00	1	(15)	1	232	(15)	22	
Cadam S.A. Companhia	61.48	229	(24)	141	156	(15)	(33)	
Coreano-Brasileira de Pelotização KOBRASCO Companhia	50.00	301	45	150	127	23	78	
Hispano-Brasileira de Pelotização HISPANOBRÁS Companhia	50.89	286	(47)	146	170	(24)	103	
Companhia ítalo-Brasileira de Pelotização ITABRASCO	50.90	312	45	159	136	22	55	
Companhia Nipo-Brasileira de Pelotização NIBRASCO	51.00	500	(4)	255	257	(2)	149	46
Companhia Portuária da Baía de Sepetiba CPBS	100.00	347	155	347	325	155	140	46
Ferrovia Norte Sul S.A.	100.00	1,291	14	1,291	820	14	26	6
Green Mineral Resources Inc (a)	100.00	1,433	(74)	1,433		(74)		
LOG-IN Logística Intermodal S/A	31.33	695	12	218	221	4	37	6
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	100.00	(84)	3	(84)	(88)	3	56	
AFAC Mineração Tacumã Ltda	87.94	4,258	(325)	3,744	4,129	(286)	420	

Minerações Brasileiras Reunidas S.A. MBR (b)								
Mineração Corumbá Reunidas S.A.	100.00	1,426	(28)	1,426		(28)		
MRS Logística S.A. (b)	10.89	1,958	643	213	200	70	69	54
Salobo Metais S.A.	100.00	917	(60)	917	417	(60)		
AFAC Salobo Metais S.A.				682	415			
Samarco Mineração S.A.	50.00	1,804	1,179	902	300	590	553	346
Thyssenkrupp CSA Companhia Siderúrgica do Atlântico	26.87	13,200	(42)	3,547	1,034	(11)		
Vale Manganês S.A.	100.00	689	194	689	600	194	657	
Valesul Alumínio S.A. (b)	56.44	556	(100)	313	370	(56)	12	
Vale International S.A. (a)	100.00	64,203	(4,236)	64,203	75,583	(4,236)	16,162	
Vale Colombia Ltd (a)	100.00	678	(26)	678		(26)		
Urucum Mineração	100.00	68	8	68	38	8	163	100
Others				540	172	(233)	64	30
Carried at market value								
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS					384			
				87,711	91,543	(3,744)	19,036	734

(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**

	Consolidated/Parent Company		
	2009	2008	End amortization
Intangible by segment			
Iron ore and pellets			
Goodwill of Minerações Brasileiras Reunidas MBR (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
	4,721	4,744	
Nickel			
Goodwill of Inco Limited (a, b, d)	2,948	3,471	Indefinite
Other rights Vale Inco	609	667	September 2046
	3,557	4,138	
Coal			
Goodwill of Vale Australia (a, b)	168	171	Indefinite
Logistic			
Subconcessions Ferrovias Norte Sul FNS	1,666	1,660	December 2037
Other	15	14	
Total consolidated	10,127	10,727	
Intangible not recorded at the parent company	(2,275)	(2,341)	
Total parent company	7,852	8,386	
(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 (l), 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 depreciation rates	Consolidated			Parent Company			2008	
		2009	2008	2009	2008	2009	2008		
		Cost	Accumulated depreciation	Net	Net	Cost	Accumulated 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
		112,799	(31,033)	81,766	79,159	42,779	(14,879)	27,900	25,265
Construction in progress		33,394		33,394	31,335	15,728		15,728	13,446
Total		146,193	(31,033)	115,160	110,494	58,507	(14,879)	43,628	38,711

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

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

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**

	Consolidated		Parent Company	
	2009	2008	2009	2008
Trade finance	546	958		
Working capital	100	130		

646 **1,088**

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

Non-current

	Consolidated				Parent Company			
	Current liabilities		Non-current		Current liabilities		Non-current	
	2009	2008	2009	2008	2009	2008	2009	2008
Foreign operations								
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		
	3,504	1,258	24,385	31,433	289	412	1,101	1,061
Local operations								
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		
	1,801	325	11,741	11,261	1,764	299	10,971	10,541
	5,305	1,583	36,126	42,694	2,053	711	12,072	11,602

(*) 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:

	Consolidated		Parent Company	
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%
	36,126	100%	12,072	100%

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

	Consolidated	Parent Company
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	
	41,431	14,125

(*) 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:

	Quantity as of December 31, 2009		Maturity	Annual Fees	Balances in	
	Issued	Outstanding			2009	2008
Emissões						
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:

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

Balance at the beginning of the period	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
Balance at the end of period	3,571	2,989	1,667	1,730

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

	Consolidated		Parent Company	
	2009	2008	2009	2008
Provisions in the beginning of year	2,110	1,763	892	790
Ac cretion 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		
Provisions in the end of year	2,001	2,110	846	892
Current	157	113	122	44
Non-current	1,844	1,997	724	848
	2,001	2,110	846	892

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**

	Consolidated					
	2009		2008			
	Overfunded pension	Underfunded pension	Underfunded other benefits	Overfunded pension	Underfunded pension	Underfunded other benefits
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
Fair value of plan assets at end of year	6,374	6,831	2,492	5,666	6,354	2,199

	Parent Company					
	2009		2008			
	Overfunded pension	Underfunded pension	Underfunded pension	Overfunded pension	Underfunded pension	Underfunded pension

			other benefits			other benefits
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						
Fair value of plan assets at end of year	6,374	758	324	5,666	730	300

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

	Consolidated					
	2009		2008			
	Overfunded pension	Underfunded pension	Underfunded other benefits	Overfunded pension	Underfunded pension	Underfunded other benefits
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
Fair value of assets at the end of the year	8,698	5,623	19	7,111	5,518	21

	Parent Company					
	2009		2008			
	Overfunded pension	Underfunded pension	Underfunded other benefits	Overfunded pension	Underfunded pension	Underfunded other benefits
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						
Fair value of assets at the end of the year	8,698	469		7,111	341	

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

	Consolidated					
	2009		2008			
	(*) Overfunded pension	Underfunded pension	Underfunded other benefits	(*) Overfunded pension	Underfunded pension	Underfunded other benefits
	(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)
Total	2,279	(606)	(2,971)	1,990	(605)	(2,588)
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)
Actuarial assets / (liabilities) recorded in the balance sheet	2,279	(606)	(2,971)	1,990	(605)	(2,588)

Parent Company

	2009			2008		
	(*) Overfunded pension	Underfunded pension	Underfunded other benefits	(*) 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
Total	2,279	(267)	(284)	1,990	(340)	(269)
Actuarial assets / (liabilities) recorded in the balance sheet:						
Short-term		(84)	(27)		(62)	(24)
Long-term	2,279	(183)	(257)	1,990	(278)	(245)
Actuarial assets / (liabilities) recorded in the balance sheet	2,279	(267)	(284)	1,990	(340)	(269)

(*)

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**

	Consolidated					
	2009		2008			
	Overfunded pension plans (*)	Underfunded pension plans	Other pension benefits	Overfunded pension plans (*)	Underfunded pension plans	Other pension benefits
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	
Total costs, net	(210)	225	134	(332)	97	189

	Parent Company					
	2009		2008			
	Overfunded pension plans (*)	Underfunded pension plans	Other pension benefits	Overfunded pension plans (*)	Underfunded pension plans	Other pension benefits
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)		
Total costs, net	(210)	32	36	(361)	22	29

(*) 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:

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

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

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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.

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

Assets by category	Parent Company	
	2009	2008
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
Total		11,736	9,409
Funds not related to risk plans		(3,038)	(2,298)
Fair value of plan assets at end of year		8,698	7,111

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.

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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.

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

Assets by category	Consolidated	
	2009	2008
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
Total	5,665	5,910
Funds not related to risk plans	(42)	(51)
Fair value of plan assets at end of year	5,623	5,859

Assets by category	Consolidated	
	2009	2008
Debt securities - Corporate bonds	21	21
Debt securities - Financial Institutions	34	30
Debt securities - Government bonds	48	45
Investment funds - Fixed Income	408	296

Total	511	392
Funds not related to risk plans	(42)	(51)
Fair value of plan assets at end of year	469	341
Other underfunded benefits		
Foreign Plans		
Other underfunded benefits by assets category		
	Consolidated	
Assets by category	2009	2008
Cash and cash equivalent	19	21
Fair value of plan assets at end of year	19	21

Table of Contents**(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.

(h) Estimated future benefit payment

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

	Consolidated			Total
	Overfunded pension plans	Underfunded pension plans	Other pension benefits	
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

	Parent Company			Total
	Overfunded pension plans	Underfunded pension plans	Other pension benefits	
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.

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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.

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 (National Treasury / BNDES/ 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 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 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
Total	3,256,724,482	100	2,108,579,618	100	5,365,304,100	100

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).

Table of Contents**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.

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
	152,579,803	151,792,193					

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
Adjusted net income	9,655
Mandatory dividend amount 25% (R\$0.46 per outstanding share)	2,414
Statutory dividend on preferred shares (3% of net equity, R\$0.57 per outstanding share)	1,164
Statutory dividend on preferred shares (6% of paid-up capital, R\$0.55 per outstanding share)	1,108
Dividendos propostos:	
Dividends/ Interest on stockholders equity Total	3,002
Antecipated dividends in october, 2009	(95)
Dividends/ Interest on stockholders equity Proposed payer	2,907

Table of Contents**6.25- Financial Results**

	Consolidated Quarter (Unaudited)		
	4Q/09	3Q/09	3Q/08
Financial expenses			
Interest	(424)	(402)	(786)
Labor, tax and civil contingencies	(57)	(36)	(51)
Others	(583)	(478)	(156)
	(1,064)	(916)	(993)
Financial income			
Short-term investments	87	143	495
Others	39	57	91
	126	200	586
Derivatives	447	635	(1,327)
Monetary and exchange rate variation:			
Cash and cash equivalents	(247)	(755)	3,187
Loans	493	2,273	(5,490)
Others	(215)	(1,238)	1,694
Net	31	280	(609)
Financial income (expenses), net	(460)	199	(2,343)

	Accumulated			
	Consolidated		Parent Company	
	2009	2008	2009	2008
Financial expenses				
Interest	(1,859)	(2,996)	(2,253)	(2,885)
Labor, tax and civil contingencies	(160)	(183)	(156)	(173)
Others	(1,414)	(978)	(933)	(364)
	(3,433)	(4,157)	(3,342)	(3,422)
Financial income				
Related parties		4	41	39
Short-term investments	705	1,023	318	772
Others	161	194	78	92
	866	1,221	437	903

Derivatives	2,939	(1,817)	2,528	(1,475)
Monetary and exchange rate variation:				
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)
Net	1,580	915	10,337	(7,712)
Financial income (expenses), net	1,952	(3,838)	9,960	(11,706)

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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.

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.

Table of Contents**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 31st, 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 Reais 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.

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 payments¹.

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.

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

Table of Contents**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.

Flow	Notional (\$ million)		Index	Average rate	Fair value	R\$ million Realized		Fair value by year*		
	31-dez-09	31-dez-08				Gain/Loss	VaR	2010	2012	2015
Swap CDI vs. fixed rate swap										
Receivable	R\$ 7,574	R\$ 7,531	CDI	101.19%	8,062	8,463	876			
Payable	USD 3,670	USD 3,672	USD	5.59%	(6,959)	(9,338)	(494)			
Net					1,103	(875)	382	222	965	128 10
Swap CDI vs. floating rate swap										
Receivable	R\$ 792	R\$ 792	CDI	102.07%	830	834	90			
Payable	USD 430	USD 430	Libor	2.05%	(739)	(1,057)	(28)			
Net					91	(223)	62	27	58	33

* 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.

Flow	Notional (\$ million)		Index	Average rate	R\$ million				R\$ million	
	31-dez-09	31-dez-08			Fair value		Realized		Fair value by	
					31-dez-09	31-dez-08	Gain/Loss	VaR	2013	2014
Swap TJLP vs. fixed rate swap										
Receivable	R\$ 1,164	R\$ 518	TJLP	1.34%	1,845	436	110			
Payable	USD 636	USD 304	USD	3.31%	(1,710)	(580)	(88)			
Net					135	(144)	22	65	165	(13) (17)
Swap TJLP vs. floating rate swap										
Receivable	R\$ 658	R\$ 645	TJLP	0.94%	616	503	17			
Payable	USD 385	USD 378	Libor	Libor% -1,14	(562)	(572)	(10)			
Net					54	(69)	7	33	24	30

* 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.

Table of Contents**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 Reais.

Flow	Notional (\$ million)		Index	Average rate	Fair value	R\$ million Realized		Fair value by year	
	31-dez-09	31-dez-08				Gain/Loss	VaR	2010	2011
Receivable	R\$ 2,675		Fixed	7.52%	2,644				
Payable	USD 1,469		USD	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/Sell	Average Strike (USD/day)	Fair value	R\$ million Realized		Fair value by year	
	31-dez-09	31-dez-08				Gain/Loss	VaR	2010	2011
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 4th 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).

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

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.

Table of Contents**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).

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

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.

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

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.

R\$ million	
Realized	Fair value by

Flow	Notional (ton)		Buy/ Sell	Average Strike (USD/ton)	Fair value		Gain/Loss	VaR	year
	31-dez-09	31-dez-08			31-dez-09	31-dez-08			
Put	120,000		B	1,940	15				
Call	120,000		S	2,073	(62)				
Net					(47)			15	(47)
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.

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/ Sell	Average Strike (USD/ton)	R\$ million		VaR	Fair value by year
	31-dez-09	31-dez-08			Realized	Gain/Loss		
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.

Table of Contents**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/ Sell	Average Strike (USD/ton)	Fair value		R\$ million Realized		Fair value by year	
	31-dez-09	31-dez-08			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/ Sell	Average Strike (USD/ton)	Fair value		R\$ million Realized		Fair value by
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	Gain/Loss	VaR	year
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)		Average Strike (CAD/GJ)	Fair value		Realized	
	31-dez-09	31-dez-08		31-dez-09	31-dez-08	Gain/Loss	31-dez-09

		Buy/ Sell			
Forwards	1,773,000	B	N/A	(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/ Sell	Average Strike (USD/mt)	Fair value	R\$ million		Fair value by year 2010
	31-dez-09	31-dez-08				Realized	VaR	
	31-dez-09	31-dez-08				Gain/Loss	31-dez-09	
Forward	452,000		B	389	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.

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/ Sell	Average Strike (USD/day)	Fair value	R\$ million		Fair value by year 2010
	31-dez-09	31-dez-08				Realized	VaR	
	31-dez-09	31-dez-08				Gain/Loss	31-dez-09	
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.

Table of Contents**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/ Sell	Average Strike (USD/ton)	R\$ million				
	31-dez-09	31-dez-08			Fair value	Realized		Fair value by year	
						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)			
Total					(254)	(113)	18	(130) (124)	

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/ Sell	Average Strike (USD/ton)	R\$ million				
	31-dez-09	31-dez-08			Fair value	Realized		Fair value by year	
						Gain/Loss	VaR	2010	2011
For Customer Raw Material Contracts									
Nickel Forwards	440	6,213	S	17,523	0.3	9	(9)	0.3	
Copper Forwards	3,463			6,696	(1.7)		(7)	(1.7)	
Total					(1.4)	9	(16)	2 (1.4)	

For Nickel Concentrate Customer Sales

Forward	3,966	N/A		N/A	42	27		
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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.

Flow	Notional		Index	Average rate	In millions of R\$	
	31-dez-09				Fair value	VaR
	31-dez-09				31-dez-09	31-dez-09
Swap CDI vs. fixed rate						
Receivable	USD	114	USD	3.97%	210	
Payable	R\$	245	CDI	100.22%	(272)	
Net					(62)	6.3

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.

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.

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

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\$

Program	Instrument	Risk	MtM	Scenario I	Scenario II	Scenario III	Scenario IV
Protection program for the Real denominated debt indexed to CDI	CDI vs. USD fixed rate swap	USD/BRL fluctuation	1,103	(1,706)	1,706	(3,413)	3,413
		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
Protection program for the Real denominated debt indexed to	Protected Items - Debt indexed to CDI	USD/BRL fluctuation	n.a.				
	TJLP vs. USD fixed rate swap	USD/BRL fluctuation	135	(427)	427	(855)	855
TJLP		USD interest rate inside Brazil variation	135	(59)	56	(123)	108
		Brazilian interest rate fluctuation	135	(134)	155	(250)	335
	TJLP vs. USD floating rate swap	USD/BRL fluctuation	54	(140)	140	(281)	281
		USD interest rate inside Brazil variation	54	(42)	38	(89)	73
Protection Program for the Euro denominated floating rate debt	EUR floating rate vs. USD floating rate swap	Brazilian interest rate fluctuation	54	(74)	91	(136)	204
		USD/BRL fluctuation	n.a.				
		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
		USD Libor variation	(14)	(1)	1	(2)	2
	Protected Items - Vale Inco's Floating rate debt	USD Libor variation	n.a.	1	(1)	2	(2)
Bunker Oil Purchase Protection Program	Bunker Oil forward	Bunker Oil price fluctuation	78	(96)	96	(191)	191
	Protected Item: part of Vale's costs linked to Bunker Oil price	Bunker Oil price fluctuation	n.a.	96	(96)	191	(191)
Maritime freight hiring protection program	Forward freight agreement	Freight price fluctuation	50	(94)	94	(188)	188
	Protected Item: part of Vale's costs linked to Freight price	Freight price fluctuation	n.a.	94	(94)	188	(188)
Aluminum strategic cash flow protection program	Sale of aluminum forward contracts	Aluminum price fluctuation	(65)	(117)	117	(235)	235
	Aluminum options collars	Aluminum price fluctuation	(47)	(111)	103	(227)	216
	Protected Items - Part of Vale's revenues linked to Aluminum price	Aluminum price fluctuation	n.a.	235	(235)	470	(470)
Foreign Exchange Protection Program on Coal Fixed Price Sales	Australian dollar forwards	USD/AUD fluctuation	15	(10)	10	(21)	21
	Protected Item: Part of Vale's costs in Australian Dollar	USD/AUD fluctuation	n.a.	10	(10)	21	(21)
Foreign Exchange cash flow hedge	BRL fixed rate vs. USD	USD/BRL fluctuation	128	(655)	655	(1,310)	1,310
		USD interest rate inside Brazil variation	128	(10)	10	(21)	21
		Brazilian interest rate fluctuation	128	(57)	60	(111)	122
			n.a.	655	(655)	1,310	(1,310)

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	Hedged Items - Part of Revenues denominated in USD	USD/BRL fluctuation					
Foreign Exchange Protection Program on cash flow	Non-deliverable forward	USD/BRL fluctuation	(0.2)	(26)	26	(52)	52
		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 program	Purchase of nickel future/forward 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

Table of Contents**l) Sensitivity Analysis on Derivatives from jointly controlled companies**

Amounts in R\$ million

Program	Instrument	Risk	MtM	Scenario I	Scenario II	Scenario III	Scenario IV
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	n.a.	53	(53)	105	(105)
Hedging program	USD floating rate vs. USD fixed rate swap	USD/BRL fluctuation	(0.9)	(0.2)	0.2	(0.5)	0.5
		Hedged Item - Debt indexed to Libor	(0.9)	(0.2)	0.2	(0.3)	0.3
		USD Libor variation	n.a.	0.2	(0.2)	0.3	(0.3)

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

Program	Instrument	Risk	Scenario I	Scenario II	Scenario III	Scenario IV
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 Investments	Cash denominated in BRL	No fluctuation				
Cash Investments	Cash denominated in USD	USD/BRL fluctuation	(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.

Parent Company	Vale's Counterparty	Moody's*	S&P*
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

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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 Bache Commodities Ltd	Baa2	A
	(London)		
Prudential Financial Inc**	Natixis Metals Limited	Aa3	A+
Natixis**	Mitsui Bussan Commodities Ltd	A2	A+
Mitsui Co Ltd**			

* For brazilian
Banks we used
local long term
deposit rating

** Parent
company s rating

Table of Contents**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.

1. Commodities**Aluminum**

Maturity	Price (USD/ton)	Maturity	Price (USD/ton)	Maturity	Price (USD/ton)
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

Maturity	Price (USD/ton)	Maturity	Price (USD/ton)	Maturity	Price (USD/ton)
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

Maturity	Price (USD/ton)	Maturity	Price (USD/ton)	Maturity	Price (USD/ton)
SPOT	7,296	NOV10	6,675	DEC10	6,982
OCT10	6,288				

Bunker Oil

Maturity	Price (USD/ton)	Maturity	Price (USD/ton)	Maturity	Price (USD/ton)
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

Maturity	Vol (% a.a.)	Maturity	Vol (% a.a.)	Maturity	Vol (% a.a.)
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

Maturity	Price (USD/day)	Maturity	Price (USD/day)	Maturity	Price (USD/day)
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**

Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)
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

Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)
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

Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)
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

Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)	Maturity	Rate (%) a.a.)
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

Maturity	EUR/USD	Maturity	EUR/USD	Maturity	EUR/USD
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

Maturity	AUD/USD	Maturity	AUD/USD	Maturity	AUD/USD
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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	Consolidated			Parent Company		
	Assets		Liabilities		Assets	Liabilities
	2009	2008	2009	2008	2009	2008
	Short-term	Long-term	Short-term	Long-term	Long-term	Long-term
Derivatives not designated as hedge						
Foreign exchange and interest rate risk						
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					
	1,401	5	(52)	(25)	(1,341)	1,061
Commodities price risk						
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						
	157	3	(79)	(88)	(15)	(4)
Derivatives designated as hedge						
Foreign exchange cash flow hedge	26	102			37	
Aluminum (3)			(124)			
	26	102	(124)		37	
Total	183	1,506	84	(264)	(40)	(1,345)
					1,098	5
						(1,084)

- (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).

Table of Contents**The effects of derivatives on income statement**

	Gain (Loss) Recognized on Results						
	Consolidated					Parent Company	
	4Q/09	3Q/09	4Q/08	Acumulated		Acumulated	
			2009	2008	2009	2008	
Derivatives not designated as hedge							
Foreign exchange and interest rate risk							
CDI & TJLP vs. USD fixed and floating rate swaps	342	826	(1,516)	3,164	(1,745)	2,512	(1,503)
USD floating rate vs. USD fixed rate swap	(1)	(3)	(23)	(5)	(28)		
EURO floating rate vs. USD floating rate swap			1	(1)	1	(1)	1
AUD forward purchase	1	5		25			
USD floating rate vs. CDI	(65)			(65)			
Commodities price risk							
Nickel							
Fixed price program	(1)	3	(78)	5	(172)		
Strategic program	(11)	(92)		(187)			
Copper			138	(1)	56		34
Platinum			3		(2)		
Gold			(1)		(9)		(7)
Natural gas		(1)	(3)	(9)	6		
Maritime Freight Hiring Protection Program	134	(83)		119		17	
Bunker Oil Hedge	72	20		116			
Aluminum			99		(40)		
Embedded derivatives							
For nickel concentrate costumer sales		(22)	13	(149)	72		
Customer raw material contracts	7	(18)	(6)	(42)	12		
Energy Aluminum options			47		32		
Derivatives designated as hedge							
Aluminum hedge	(31)			(31)			
	447	635	(1,326)	2,939	(1,817)	2,528	(1,475)

	Financial Settlement						
	Consolidated					Parent Company	
	4Q/09	3Q/09	4Q/08	Acumulated		Acumulated	
			2009	2008	2009	2008	
Derivatives not designated as hedge							
Foreign exchange and interest rate risk							
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)			
Commodities price risk							
Nickel							
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		
Embedded derivatives							
Customer raw material contracts			(16)		(21)		
Derivatives designated as hedge							
Aluminum hedge	(8)			(8)			
	80	24	(142)	291	(14)	388	621

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

	Consolidated Trimestres (Unaudited) 4Q/09 Products by							Total
	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold Freight	Aluminum area	Copper	Nickel	Platinum	
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		
Gains / (losses) unrealized on 12/31/09	1,452	85	50	(152)		(50)		1,385

	3Q/09 Products by							Total
	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold Freight	aluminum area	Copper	Nickel	Platinum	
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)
Gains / (losses) unrealized on 09/30/09	1,240	31	(71)	19		(136)		1,083

	3Q/08 Products by							Total
	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold Freight	aluminum area	Copper	Nickel	Platinum	
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)
Gains / (losses) unrealized on 12/31/08	(1,336)	(4)		1	79		(1,260)

	Currencies\		Accumulated 2009 Products by					Total
	Interest rates (libor)	Bunker Oil and Natural Gas	Gold	Freight	aluminum area	Copper	Nickel Platinum	
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)
Gains / (losses) unrealized on 12/31/09	1,452	85		50	(152)		(50)	1,385

	Currencies\		2008 Products by					Total	
	Interest rates (libor)	Bunker Oil and Natural Gas	Gold	Freight	aluminum area	Copper	Nickel Platinum		
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
Gains / (losses) unrealized on 12/31/08	(1,336)	(4)				1	79		(1,260)

(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.

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Parent Company 2009					
	Currencies\ Interest rates (libor)	Freight	Gold	Copper	Total
Gains / (losses) unrealized on 12/31/08	(1,079)				(1,079)
Payments (receipt) financial	(371)	(17)			(388)
Financial expenses, net (*)	2,549	17			2,566
Monetary variations, net	(1)				(1)
Gains / (losses) unrealized on 12/31/09	1,098				1,098
2008					
	Currencies\ Interest rates (libor)	Freight	Gold	Copper	Total
Gains / (losses) unrealized on 12/31/07	1,064		(45)	(2)	1,017
Payments (receipt) financial	(641)		52	(32)	(621)
Financial expenses, net	(1,734)		(6)	30	(1,710)
Monetary variations, net	232		(1)	4	235
Gains / (losses) unrealized on 12/31/08	(1,079)				(1,079)

(*) It comprises R\$ 37 due hedge accounting which does not affect the results.

The maturities dates of the consolidated financial instruments are as follows:

Currencies\ Interest rates (LIBOR)	December 2019
Aluminum	December 2010
Óleo combustível	December 2010
Frete	December 2010
Nickel	May 2011

6.27- Selling, Administrative, Other Operating Expenses and Results from disposal of Assets

Consolidated Quarter (Unaudited)	Accumulated	Parent Company Accumulated
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	4Q/09	3Q /09	3Q/08	2009	2008	2009	2008
Administrative							
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
Sales (*)	116	106	940	426	1,312	42	27
Total	704	577	1,716	2,369	3,618	1,244	1,412

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

	Consolidated				Parent Company		
	Quarter (Unaudited)			Accumulated		Accumulated	
	4Q/09	3Q/09	3Q/08	2009	2008	2009	2008
Other operating expenses (income), net							
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	143	58	16	320	221	196	113
Fundação Vale do Rio Doce FVRD	13	42	26	99	81	99	81
Recoverable taxes PIS and COFINS	(73)	(70)	(70)	(295)	(244)	(295)	(244)
Provision for materials/ inventory			142	9	407		126
Adjustment to net realizable inventory	9		334	122	334		
Disconnection	16	29		187		64	
Shutdown plant and idle capacity	386	489		1,776		596	
Others	184	45	953	555	1,717	(50)	621
Total	996	647	1,626	3,262	2,849	927	832

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

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 2037
Malha Sudoeste (indirect via MRS)	August 2026
Ferrovias Norte Sul S.A. (FNS)	December 2026

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

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The Company owns specialized port terminals as follow:

Terminal (*)	Localization	End of concession period
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 Luís MA	2018
Ponta da Madeira Maritime Terminal Pier II	São Luís 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.

(c) Hydroelectric Projects

Project	Concession beginning date	% Participation on energy generation
Amador Aguiar I e II (formely denominated Capim Branco I and II)	2001	48.42
Balambano, Laron 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.

Table of Contents**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:

	Consolidated		Parent Company	
	2009	2008	2009	2008
Operational expenses	320	221	196	113
Cost of Products	439	358	439	358
Total	759	579	635	471

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	In millions of Reais						
Years ended December 31	2009						
	Ferrous minerals	Non-ferrous minerals	Logistics	Holdings		Corporate Center	Total
				Steel	Others		
Operating revenues							
Sales of ore and metals	30,125	10,353					40,478
Transport services			2,843				2,843
Sales of aluminum-related products		4,217					4,217
Sales of steel products				546			546
Other products and services	12	142			1,574		1,728
	30,137	14,712	2,843	546	1,574		49,812
Added Value taxes	(650)	(190)	(398)		(78)		(1,316)
Net operational revenues	29,487	14,522	2,445	546	1,496		48,496
Ores and metals	(11,490)	(8,008)					(19,498)
Transport services			(2,040)				(2,040)
Aluminum-related products		(4,203)					(4,203)
Steel products				(510)			(510)
Other products and services	(100)				(1,369)		(1,469)
Cost of products and services	(11,590)	(12,211)	(2,040)	(510)	(1,369)		(27,720)
Gross profit	17,897	2,311	405	36	127		20,776
Gross margin	60.7%	15.9%	16.6%	6.6%	8.5%		42.8%
Operational expenses							
Selling and administrative	(1,514)	(503)	(105)	(17)	(230)		(2,369)
Administrative	(933)	(632)	(126)		(273)		(1,964)
Other operating expenses	(1,556)	(1,692)	40	(56)	2		(3,262)
	(4,003)	(2,827)	(191)	(73)	(501)		(7,595)
Profit before financial results, results of equity investments and impairment	13,894	(516)	214	(37)	(374)		13,181
Impairment							
Operating profit (loss) before financial results and result of equity investments	13,894	(516)	214	(37)	(374)		13,181
Results of equity investments	(10)	1	4	17	111	(7)	116

Financial result						1,952	1,952
Operating profit (loss)	13,884	(515)	218	(20)	(263)	1,945	15,249
Profit on sale of investment	302	(61)		(148)			93
Income (loss) before income tax and social contribution	14,186	(576)	218	(168)	(263)	1,945	15,342
Income tax and social contribution	(5,642)	850	(134)	21	(20)		(4,925)
Income (loss) before minority interests	8,544	274	84	(147)	(283)	1,945	10,417
Minority interest	(9)	(148)			(11)		(168)
Income (loss) for the year	8,535	126	84	(147)	(294)	1,945	10,249

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	In millions of Reais						
	2008						
Consolidated Statement of Income by Business Segment							
Years ended December 31	Ferrous minerals	Non-ferrous minerals	Logistics	Holdings Steel	Others	Corporate Center	Total
Operating revenues							
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
	43,914	22,477	3,666	1,348	1,361		72,766
Added Value taxes	(1,272)	(270)	(613)		(70)		(2,225)
Net operational revenues	42,642	22,207	3,053	1,348	1,291		70,541
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	(13,703)	(14,422)	(2,215)	(1,177)	(639)		(32,156)
Gross profit	28,939	7,785	838	171	652		38,385
			27.4%				
Gross margin	67.9%	35.1%	1	2.7%	50.5%		54.4%
Operational expenses							
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)
	(4,918)	(2,302)	(355)	(182)	(781)		(8,538)
Profit before financial results, results of equity investments and impairment	24,021	5,483	483	(11)	(129)		29,847
Operating profit (loss) before financial results and result of 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							