VALE S.A.
PUBLICLY LISTED COMPANY
CNPJ 33.592.510/0001-54

ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS MEETINGS CONVENING NOTICE

Shareholders of Vale S.A. (“Vale”) are hereby invited to convene for the Ordinary and Extraordinary General Shareholders Meetings to be held on April 27, 2010 at 10 A.M. at Avenida Graça Aranha, 26, 19º floor, in the city of Rio de Janeiro, Brazil for the purpose of discussing and deciding upon the matters set forth in the agenda below:

1. Ordinary General Shareholders Meeting

1.1. Appreciation of the managements’ report and analysis, discussion and vote on the financial statements for the fiscal year ending December 31, 2009;

1.2. Proposal for the destination of profits of the said fiscal year and approval of the investment budget for Vale;

1.3 Appointment of the members of the Fiscal Council; and

1.4 Establishment of the remuneration of the Senior Management and Fiscal Council members.

2. Extraordinary General Shareholders Meeting

2.1. Proposal for a capital increase, through capitalization of reserves, without the issuance of shares, and the consequent change of the head of article 5 of Vale´s By-Laws;

2.2. Replacement of Mr. Francisco Augusto da Costa e Silva as a member of the Board of Directors, who presented a dismissal request.

According to CVM Rule nº 282/98, a shareholder must hold at least 5% (five percent) of the Company’s voting capital in order to request the cumulative voting system.

Shareholders who wish to attend the meetings shall present their IDs badges and the proof of their shareholding participation interest to be issued by the depositary financial institution. Proxies shall be granted pursuant to Article 126 of the Brazilian Corporate Law, and, in the event of issuance in a language other than Portuguese, such documents as well as any corporate documents, if applicable, shall be followed by a Portuguese translation, all duly notarized and consularized.

In order to speed up the meetings constitution process, shareholders who shall be represented by proxy, may send the respective power of attorney to our offices 72 (seventy-two) hours in advance of the meetings to be convened.

Rio de Janeiro, March 18, 2010.

Sérgio Ricardo Silva Rosa
Chairman of the Board of Directors

Financial Statements - 12/31/2009

BR GAAP

Filed at CVM and SEC on 02/10/2010

Gerência Geral de Controladoria - GECOL

CONTENTS

A- Financial Statements

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

1- Balance Sheet

Years ended December, 31 — **In millions of Reais**

	Notes	Consolidated 2009	Consolidated 2008	Parent Company 2009	Parent Company 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
Ferrovia 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
Debêntures		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

(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)**

					Consolidated		Parent Company	
			(Unaudited)		Accumulated		Accumulated	
	Notes	4Q/09	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)
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

(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	Profit reserves										
			Expansion/ Investments	**Treasury stock**	**Unrealized income**	**Legal**	**Fiscal incentives**	**Transaction cost**	**Resources linked to mandatory conversion in shares**	**Equity adjustments**	**Cumulative translation Adjustments**	**Retained earnings**	**Total**
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)
Stockholder's remuneration proposed		-	-	-	-	-	-	-	-	-	-	(4,834)	(4,834)
Apropriation 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**
Net income for the year		-	-	-	-	-	-	-	-	-	-	10,249	10,249
Treasury stock		-	-	(22)	-	-	-	-	-	-	-	-	(22)
Resources linked to mandatory conversion in shares		-	-	-	-	-	-	-	1,523	-	-	-	1,523
Cumulative translation Adjustments		-	-	-	-	-	-	-	-	-	(8,886)	-	(8,886)
Unrealized result of changes in market value		-	-	-	-	-	-	-	-	(29)	-	-	(29)
Additional distribution - 2008		-	(371)	-	-	-	-	-	-	-	-	-	(371)
Appropriation of net income													
Interest on stockholders' equity paid		-	-	-	-	-	-	-	-	-	-	(95)	(95)
Stockholder's remuneration proposed		-	-	-	-	-	-	-	-	-	-	(2,907)	(2,907)
Apropriation 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

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

4- Statement of Cash Flows

Period ended **In millions of Reais**

				Consolidated		Parent Company	
	(Unaudited)			Accumulated		Accumulated	
	4Q/09	3Q/09	3Q/08	2009	2008	2009	2008
Cash flows from operating activities:							
Net income for the period	2,629	3,003	2,441	10,249	21,279	10,249	21,279
Adjustments to reconcile net income for the period with cash provided by operating activities:							
Results of equity investments	(22)	(30)	410	(116)	1,325	3,744	(17,607)
Disposal of assets	330	(128)	-	(93)	(139)	(284)	-
Depreciation, amortization and depletion	1,449	1,448	1,322	5,447	5,112	1,931	1,641
Deferred income tax and social contribution	(357)	443	(437)	(66)	(1,392)	734	(1,446)
Inflation and exchange rate variations on assets and liabilities, net	(1,808)	(1,157)	4,050	(6,604)	3,184	(9,980)	11,793
Impairment	-	-	2,447	-	2,447	-	-
Disposal of property, plant and equipment	177	173	28	653	740	343	579
Net unrealized losses (gains) on derivatives	(366)	(611)	1,470	(2,649)	1,832	(2,140)	1,475
Minority interest	69	98	36	168	432	-	-
Dividends/interest on stockholders' equity received	-	-	25	21	63	734	1,121
Others	4	137	57	(47)	233	(113)	76
	2,105	**3,376**	**11,849**	**6,963**	**35,116**	**5,218**	**18,911**
Decrease (increase) in assets:							
Accounts receivable	565	(529)	3,434	2,287	(449)	6,378	(7,448)
Inventories	(186)	1,216	(1,112)	2,766	(2,413)	1,091	(638)
Taxes to recover or offset	(820)	(2,743)	-	(1,151)	-	733	-
Others	81	4	(780)	(559)	(886)	395	(2,344)
	(360)	**(2,052)**	**1,542**	**3,343**	**(3,748)**	**8,597**	**(10,430)**
Increase (decrease) in liabilities:							
Suppliers and contractors	1,375	(243)	836	(51)	1,586	238	136
Payroll and related charges	179	192	75	112	125	129	95
Taxes and contributions	(292)	1,139	208	736	380	693	(16)
Others	(320)	239	(480)	435	(1,272)	468	413
	942	**1,327**	**639**	**1,232**	**819**	**1,528**	**628**
Net cash provided by operating activities	**2,687**	**2,651**	**14,030**	**11,538**	**32,187**	**15,343**	**9,109**
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 share's	-	577	-	577	-	-	-
Issue of convertible notes, in preferred share's	-	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	**(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:							
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

(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**

(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
Ferrovia Centro-Atlântica S. A.	99.99	99.99	Brazil	Logistic
Ferrovia Norte Sul S.A.	100.00	100.00	Brazil	Logistic
Mineração Corumbá Reunidas S.A.	100.00	100.00	Brazil	Iron ore
Pará Pigmentos S.A.	86.17	85.57	Brazil	Caulim
PT International Nickel Indonesia Tbk	59.09	59.09	Indonesia	Nickel
Vale Australia Pty Ltd.	100.00	100.00	Australia	Coal
Vale Colômbia Ltd.	100.00	100.00	Colombia	Coal
Vale Inco Limited	100.00	100.00	Canada	Nickel
Vale International S.A	100.00	100.00	Switzerland	Trading
Vale Manganês S.A	100.00	100.00	Brazil	Manganese and Ferroalloys
Vale Manganèse France	100.00	100.00	France	Ferroalloys
Vale Manganese Norway	100.00	100.00	Norway	Ferroalloys
Subsidiaries and jointly controlled companies				
California Steel Industries, Inc.	50.00	50.00	EUA	Steel
Mineração Rio do Norte S.A.	40.00	40.00	Brazil	Bauxite
MRS Logística S.A	41.50	37.86	Brazil	Logistic
Samarco Mineração S.A.	50.00	50.00	Brazil	Iron ore

6.2- Summary of the Principal Accounting Practices

(a) Basis of Presentation

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

The financial statements were prepared under the accounting practices adopted in Brazil, based on the Brazilian Corporate Law (amended by Law 11.638), and the rules and guidelines issued by the Federal Accounting Board "CFC" and Securities and Exchange Commission of Brazil "CVM". These statements followed uniform principles, methods and criteria in relation to the ones adopted on year ending closing as of and for the year ended December 31, 2008, except for the goodwill amortization.

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

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

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

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

(b) Translation of Foreign Exchange Transactions

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

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

(c) Consolidation

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

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

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

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

(e) Accounts receivable

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

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

(f) Non-current

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

(g) Revenues and expenses

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

(h) Inventories

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

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

(i) Property, plant and equipment

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

(j) Programed maintenance policies

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

(k) Intangibles

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

(l) Impairment of long-term assets

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

(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.

(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.

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	8	14	8	7
Mineração Rio do Norte S.A.	26	-	53	-
MRS Logistica S.A.	310	109	168	125
Mitsui & CO, LTD	45	-	-	-
Others	55	-	49	11
Total	**509**	**136**	**403**	**287**
Registered as:				
Current	509	33	403	162
Non-current	-	103	-	125
	509	**136**	**403**	**287**

	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
Ferrovia 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 Logistica 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
Ferrovia Centro - Atlântica S.A.	14	2	13	57
Companhia Coreano-Brasileira de Pelotização - KOBRASCO	9	-	36	12
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	57	-	-	-
Minerações Brasileiras Reunidas S.A. - MBR	30	88	28	22
MRS Logistica S.A.	433	-	224	-
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	17	21	47	139
Salobo Metais S.A.	16	-	-	-
Vale International S.A.	42	34,808	30	46,117
Vale Manganês S.A.	-	-	-	54
Mitsui & CO, LTD	45	-	-	-
Others	97	42	182	318
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**

	Consolidated								
	Income (Unaudited)			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 Logistica 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)**

	Consolidated					
	Income		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 Logistica 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		Expense / Cost		Financial	
	2009	2008	2009	2008	2009	2008
ALBRAS - Alumínio Brasileiro S.A.	130	26	-	-	-	-
ALUNORTE - Alumina do Norte do Brasil S.A.	368	384	131	53	(22)	-
Baovale Mineração S.A.	10	-	37	-	-	-
Companhia Coreano-Brasileira de Pelotização - KOBRASCO	-	175	66	409	-	(1)
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	161	579	130	617	(3)	(9)
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	-	391	35	277	(1)	6
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	-	162	89	642	63	(54)
Companhia Portuária Baia de Sepetiba - CPBS	-	-	291	282	(7)	(14)
CVRD Overseas Ltd.	2,551	4,262	-	-	131	(53)
Ferrovia Centro - Atlântica S.A.	182	206	9	43	5	(7)
MRS Logistica 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**

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
. Provision for losses on assets	750	1,167	400	1,047
. Goodwill from propety, 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.

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

	Net amount of credits	
Years	**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 diference than the parent company rate	769	273	(17)	2,126	3,046	-	-
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 de distributed as dividends to shareholders.

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

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

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

6.11- Investments

	Investments		Equity Results				
			Quarter (Unaudited)			Accumulated	
	2009	2008	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 - Logistica 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 Âtlantico (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) Investiment disposed in 2009.
(c) Investiment 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 2009	Investments 2008	Results of equity investments 2009	Results of equity investments 2008	Dividends 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.	61.48	229	(24)	141	156	(15)	(33)	-
Companhia Coreano-Brasileira de Pelotização - KOBRASCO	50.00	301	45	150	127	23	78	-
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	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	-	-	-	1,788	1,788	-	-	-
Minerações Brasileiras Reunidas S.A. - MBR (b)	87.94	4,258	(325)	3,744	4,129	(286)	420	-
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.

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 - Ferrovia 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

		Consolidated				Parent Company			
				2009	2008			2009	2008
	Average depreciation rates	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**

(b) By business area:

	2009			2008
	Cost	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**

Consolidated

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)

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				Balances in	
	Issued	Outstanding	Maturity	Annual Fees	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 chages					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.

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.

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 tones 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**
Accretion expense	136	294	90	163
Liabilities settled in the current period	(86)	(16)	(74)	(11)
Revisions in estimated cash flows	(48)	(153)	(62)	(50)
Cumulative translation adjustment	(111)	222	-	-
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**

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 other benefits	Overfunded pension	Underfunded pension	Underfunded 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**

(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 begining 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 begining 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
Fair value of plan assets at the end of the year	(6,374)	(6,831)	(2,492)	(5,666)	(6,354)	(2,199)
Fair value of assets at the end of the year	8,698	5,623	19	7,111	5,518	21
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.

(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 recognized 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.

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

	Parent Company	
Assets by category	**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.

The target return for loans to participants in 2010 is11,90%. 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

	Consolidated	
Assets by category	**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**

	Consolidated	
Assets by category	**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**

(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			
	Overfunded pension plans	Underfunded pension plans	Other pension benefits	Total
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			
	Overfunded pension plans	Underfunded pension plans	Other pension benefits	Total
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 the their market quotations. As of December 31, 2009, 1,809,117 shares (711,005 shares as of December, 31, 2008) were covered by that benefit.

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

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

6.20- Paid-up Capital

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

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

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

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

Stockholders	Commom	%	Preferred	%	Total	%
					Number of shares	
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:

	Date		Value (In thousands of reais)		
Headings	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).

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

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

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

6.22- ADR Program - American Depositary Receipts

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

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

6.23- Treasury Stock

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

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

Class	Shares Quantity		Unit acquisition cost			Average quoted market price	
	2009	2008	Average	Low	High	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**

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)**

	Consolidated		Accumulated 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)**

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 it's 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.

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 trough 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 payments[1].

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$ 157on the settlement of the swaps, offsetting the U.S. Dollar / Brazilian Real exchange rate variation impact in Vale debt service.

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

Protection program for the Real denominated debt indexed to CDI

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

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

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

R$ million

Flow	Notional ($ million)		Index	Average rate	Fair value		Realized Gain/Loss	VaR	Fair value by year*		
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	31-dez-09	31-dez-09	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.

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

R$ million

Flow	Notional ($ million)		Index	Average rate	Fair value		Realized Gain/Loss	VaR	Fair value by year*		
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	31-dez-09	31-dez-09	2013	2014	2019
Swap TJLP vs. fixed rate swap											
Receivable	R$ 2,031	R$ 518	**TJLP**	1.34%	1,845	436	110				
Payable	USD 1,048	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.

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

Type of contracts: OTC Contracts
Protected Item: Debts linked to BRL

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

Foreign Exchange cash flow hedge

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

R$ million

Flow	Notional ($ million)		Index	Average rate	Fair value		Realized Gain/Loss	VaR	Fair value by year	
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	31-dez-09	31-dez-09	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.

R$ million

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

R$ million

Flow	Notional ($ million)		Index	Average rate	Fair value		Realized Gain/Loss	VaR	Fair value by year	
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	31-dez-09	31-dez-09	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.

Protection program for the USD floating rate debt

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

R$ million

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

Type of contracts: OTC Contracts
Protected Item: Vale Inco's floating rate debt.

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

Foreign Exchange protection program for Coal Fixed Price Sales

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

R$ million

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

Type of contracts: OTC Contracts
Protected Item: part of Vale's costs in Australian Dollar.
The P&L shown in the table above is offset by the protected items' P&L due to USD/AUD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to achieve a currency offset matching receivables with payables.

h) Commodity Derivative Positions

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

Aluminum Strategic cash flow protection program

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

R$ million

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

R$ million

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

Type of contracts: OTC Contracts
Protected Item: part of Vale's revenues linked to Nickel price.

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

Nickel Fixed Price Program

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

R$ million

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

R$ million

Flow	Notional (ton)		Buy/ Sell	Average Strike (USD/ton)	Fair value		Realized Gain/Loss	VaR	Fair value by year
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	31-dez-09	31-dez-09	2010
Nickel Futures	1,446	4,944	S	16,720	(4)	(16)	(83)	3	(4)

Type of contracts: LME Contracts
Protected Item: part of Vale's revenues linked to Nickel price.
The P&L shown in the table above is offset by the protected items' P&L due to Nickel price.

Protection program of Natural Gas Program

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

Flow	Notional (Giga Joule)		Buy/ Sell	Average Strike (CAD/GJ)	Fair value		Realized Gain/Loss
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	31-dez-09
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.

R$ million

Flow	Notional (mt)		Buy/ Sell	Average Strike (USD/mt)	Fair value		Realized Gain/Loss	VaR	Fair value by year
	31-dez-09	31-dez-08			31-dez-09	31-dez-08	31-dez-09	31-dez-09	2010
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.

R$ million

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

Type of contracts: OTC Contracts
Protected Item: part of Vale's costs linked to Freight price.
The P&L shown in the table above is offset by the protected items' P&L due to Freight price.

i) Embedded Derivative Positions

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

Energy purchase

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

R$ million

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

R$ million

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

j) Derivative Positions from jointly controlled companies

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

Protection program

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

In millions of R$

Flow	Notional	Index	Average rate	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.

In millions of R$

Flow	Notional	Index	Average rate	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.

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
	Protected Items - Debt indexed to CDI	USD/BRL fluctuation	n.a.	-	-	-	-
Protection program for the Real denominated debt indexed to TJLP	TJLP vs. USD fixed rate swap	USD/BRL fluctuation	135	(427)	427	(855)	855
		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
		Brazilian interest rate fluctuation	54	(74)	91	(136)	204
	Protected Items - Debts indexed to TJLP	USD/BRL fluctuation	n.a.	-	-	-	-
Protection Program for the Euro denominated floating rate debt	EUR floating rate vs. USD floating rate swap	EUR/USD fluctuation	3	(3)	3	(6)	6
		Euribor variation	3	(0)	0	(0)	0
		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
	Hedged Items - Part of Revenues denominated in USD	USD/BRL fluctuation	n.a.	655	(655)	1,310	(1,310)
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

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	USD/BRL fluctuation	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
		USD Libor variation	(0.9)	(0.2)	0.2	(0.3)	0.3
	Hedged Item - Debt indexed to Libor	USD Libor variation	n.a.	0.2	(0.2)	0.3	(0.3)

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
BNP Paribas	BNP Paribas	Aa1	AA
The Goldman Sachs Group Inc**	J Aron & Co	A1	A
Itau Unibanco Holding SA	Banco Itau BBA SA	A1	BBB
Societe Generale**	Banco Societe Generale do Brasil SA	Aa2	A+
Societe Generale	Societe Generale	Aa2	A+
Credit Agricole SA	Calyon (London)	Aa3	AA-
Banco Votorantim SA	Banco Votorantim SA	A3	BB+
Itau Unibanco Holding SA	União de Bancos Brasileiros SA	A1	BBB
Banco do Brasil SA	Banco do Brasil SA	A2	BBB-
Citigroup Inc**	Citibank NA (Brazil)	A3	A
Deutsche Bank AG**	Deutsche Bank AG (London)	Aa1	A+
HSBC Holdings plc	HSBC Bank Brasil SA - Banco Multiplo	A1	BBB-
Barclays PLC	Barclays Bank PLC	Aa3	AA-
Banco Santander SA**	Banco ABN AMRO Real SA	Aa2	AA
Standard Bank PLC**	Standard Bank Limited (London)	Baa2	-
Banco Bradesco SA	Banco Bradesco SA	A1	BBB
BNP Paribas**	BNP Paribas Energy & Commodities	Aa1	AA
Prudential Financial Inc**	Prudential Bache Commodities Ltd (London)	Baa2	A
Natixis**	Natixis Metals Limited	Aa3	A+
Mitsui Co Ltd**	Mitsui Bussan Commodities Ltd	A2	A+

* For brazilian Banks we used local long term deposit rating

** Parent company's rating

o) Market Curves

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

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

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

						Consolidated			Parent Company
			Assets			Liabilities	Assets	Assets	Liabilities
		2009	2008		2009	2008	2009		2008
	Short-term	Long-term	Long-term	Short-term	Long-term	Long-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**	**5**	**(1,084)**
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).

The effects of derivatives on income statement

	Gain (Loss) Recognized on Results						
	Consolidated					Parent Company	
				Acumulated		Acumulated	
	4Q/09	3Q/09	4Q/08	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	
				Acumulated		Acumulated	
	4Q/09	3Q/09	4Q/08	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**

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

Consolidated

Trimestres (Unaudited)

4Q/09	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold	Freight	Products by aluminum area	Copper	Nickel	Platinum	Total
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	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold	Freight	Products by aluminum area	Copper	Nickel	Platinum	Total
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	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold	Freight	Products by aluminum area	Copper	Nickel	Platinum	Total
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)**

Accumulated

2009	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold	Freight	Products by aluminum area	Copper	Nickel	Platinum	Total
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**

2008	Currencies\ Interest rates (libor)	Bunker Oil and Natural Gas	Gold	Freight	Products by aluminum area	Copper	Nickel	Platinum	Total
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.

	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					Parent Company	
	Quarter (Unaudited)			Accumulated		Accumulated	
Administrative	4Q/09	3Q/09	3Q/08	2009	2008	2009	2008
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	
Other operating expenses (income), net	4Q/09	3Q/09	3Q/08	2009	2008	2009	2008
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**

Sales of assets	Quarter (Unaudited) 4Q/09	3Q/09	3Q/08	Consolidated Acumulado 2009	2008
Jubilee Mines N.L.	-	-	-	-	139
Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS	-	-	-	288	-
Companhia Alumina Para	-	-	-	8	-
Ativos florestais	-	110	-	110	-
Hurdbay Minerals Inc	-	12	-	12	-
Ativos de cobre	(65)	-	-	(65)	-
Ativos de alumínio	(147)	-	-	(147)	-
UTE Barcarena	(122)	-	-	(122)	-
Others	4	6	-	9	-
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 2026
Malha Sudoeste (indirect via MRS)	August 2026
Ferrovia Norte Sul S.A. (FNS)	December 2037

(*) Concessions with no disbursement

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

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

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

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

(b) Ports

The Company owns specialized port terminals as follow:

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, Larona and Karebbe	1978, 2000 e 2000	60.80
Engenheiro José Mendes Júnior e Eliezer Batista (formely denominated Funil and Aimorés)	2000	51.00
Estreito	2002	30.00
Igarapava	1998	38.15
Machadinho	2000	8.29
Porto Estrela	1997	33.33

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

6.29- Insurance

Operational Risks

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

Insurance

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

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

6.30- Profit Sharing Plan

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

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

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

	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**

6.31- Information by Segment

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

Consolidated Statement of Income by Business Segment
Years ended December 31

In millions of Reais
2009

	Ferrous minerals	Non-ferrous minerals	Logistics	Holdings: Steel	Holdings: Others	Corporate Center	Total
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 admnistrative	(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 imparment	**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**

Consolidated Statement of Income by Business Segment
Years ended December 31

In millions of Reais

2008

	Ferrous minerals	Non-ferrous minerals	Logistics	Holdings: Steel	Holdings: 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**
Gross margin	**67.9%**	**35.1%**	**27.4%**	**12.7%**	**50.5%**	**-**	**54.4%**
Operational expenses							
Selling and admnistrative	(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 imparment	**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	**(557)**	**(1,117)**	**37**	**33**	**265**	**14**	**(1,325)**
Financial result	**-**	**-**	**-**	**-**	**-**	**(3,838)**	**(3,838)**
Operating profit (loss)	**23,464**	**1,919**	**520**	**22**	**136**	**(3,824)**	**22,237**
Profit on sale of investment	**-**	**139**	**-**	**-**	**-**	**-**	**139**
Income (loss) before income tax and social contribution	**23,464**	**2,058**	**520**	**22**	**136**	**(3,824)**	**22,376**
Income tax and social contribution	622	(1,092)	(147)	10	(58)	-	(665)
Income (loss) before minority interests	**24,086**	**966**	**373**	**32**	**78**	**(3,824)**	**21,711**
Minority interest	(31)	(430)	-	-	29	-	(432)
Income (loss) for the year	**24,055**	**536**	**373**	**32**	**107**	**(3,824)**	**21,279**

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

- Ferrous - comprise iron ore mining and pellet production, as well as our Brazilian Northern and Southern transportation systems, including railways, ports and terminals as they pertain to mining operations. Manganese mining and ferroalloys are also included in this segment.

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

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

- Participation – it is divided into the following segments:

    - Steel - comprises the investments in steel companies.

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

6.32- Social Report (unaudited)

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

	Consolidated (to review)						Parent Company (to review)					
Basis of calculation			**2009**			**2008**			**2009**			**2008**
Gross revenue			49,812			72,766			27,285			34,445
Operating income before financial results and equity results			13,181			27,400			9,296			13,920
Gross payroll			2,549			4,422			2,127			1,768
Labor indicators	**Amount**	**Payroll**	**% of Operating income**	**Amount**	**Payroll**	**% of Operating income**	**Amount**	**Payroll**	**% of Operating income**	**Amount**	**Payroll**	**% of Operating income**
Nutrition	295	12%	2%	307	7%	1%	251	12%	3%	253	14%	2%
Compulsory payroll charges	792	31%	6%	892	20%	3%	634	30%	7%	608	34%	4%
Transportation	159	6%	1%	152	3%	1%	136	6%	1%	123	7%	1%
Pension Plan	208	8%	2%	431	10%	2%	106	5%	1%	134	8%	1%
Health	339	13%	3%	297	7%	1%	226	11%	2%	189	9%	1%
Education	105	4%	1%	174	4%	1%	85	4%	1%	130	7%	1%
Nursery	3	-	-	2	-	-	3	-	-	2	-	-
Employee profit sharing plan	868	34%	7%	548	12%	2%	635	30%	7%	471	27%	3%
Others	86	3%	1%	124	3%	-	68	3%	1%	95	5%	1%
Total - Labor indicators	**2,855**	**112%**	**22%**	**2,927**	**66%**	**11%**	**2,144**	**101%**	**23%**	**2,005**	**113%**	**14%**
Social Indicators	**Amount**	**% of Operating income**	**% of Net operating revenue**	**Amount**	**% of Operating income**	**% of Net operating revenue**	**Amount**	**% of Operating income**	**% of Net operating revenue**	**Amount**	**% of Operating income**	**% of Net operating revenue**
Taxes (excluding payroll charges)	**5,810**	44%	12%	**5,274**	19%	7%	**6,336**	68%	23%	**3,761**	27%	11%
Taxes paid recover	(571)	-4%	-1%	(1,955)	-7%	-3%	(532)	-6%	-2%	(1,672)	-12%	-5%
Citizenship investments	**-**	-	-	**409**	1%	1%	**-**	-	-	**356**	3%	1%
Social actions and projects	370	3%	1%	390	1%	1%	366	4%	1%	337	2%	1%
Culture	100	1%	-	102	-	-	97	1%	-	67	-	-
Native community	19	-	-	19	-	-	19	-	-	19	-	-
Environmental investments	**1,397**	11%	3%	**808**	3%	1%	**1,156**	12%	4%	**678**	5%	2%
Total -Social Indicators	**7,207**	**55%**	**14%**	**6,491**	**24%**	**9%**	**7,492**	**81%**	**27%**	**4,795**	**34%**	**14%**
Workforce Indicators												
Number of employees at the end of the period			60,036			62,490			40,101			39,525
Number of admittances during the period			2,633			7,673			1,805			6,133

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

Social responsibility criteria for suppliers selection

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

Investments in corporate social responsibility reached US$ 796 million in 2009, of which US$ 580 designated for environmental protection and US$ 216 for social projects.

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

6.33- Subsequent events

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

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

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

PRICEWATERHOUSECOOPERS

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(A free translation of the original in Portuguese)

Report of Independent Auditors

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

1 We have audited the accompanying balance sheet of Vale S.A. (the "Company") and the consolidated balance sheet of Vale S.A. and its subsidiaries as of December 31, 2009, and the related statements of income, of changes in stockholders' equity and of cash flows of Vale S.A., as well as the related consolidated statements of income, of cash flows and of added value for the year then ended, prepared under the responsibility of its management. Our responsibility is to express an opinion on these financial statements.

2 We conducted our audits in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the Company, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by the Company's management, as well as evaluating the overall financial statement presentation.

3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of Vale S.A. and of Vale S.A. and its subsidiaries at December 31, 2009, and the results of operations, the changes in stockholders' equity, the cash flows and added value of the Company's operations for the year then ended, as well as the consolidated results of operations consolidated cash flows and consolidated added value for the year then ended, in accordance with accounting practices adopted in Brazil.

4 The audit of the financial statements for the year ended December 31, 2008, presented for comparative purposes, was conducted by other independent auditors who issued opinion thereon dated February 19, 2009 including a division of responsability paragraph regarding the audit of the financial statements of certain investees of Vale S.A.

Rio de Janeiro, February 10, 2010

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

Marcos Donizete Panassol
Contador CRC 1SP155975/O-8 "S" RJ

8- OPINION OF THE FISCAL COUNCIL ON THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF VALE S.A. ON DECEMBER 31, 2009

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

Rio de Janeiro, February 10, 2010

Marcelo Amaral Moraes
Chairman

Antonio José de Figueiredo Ferreira

Anibal Moreira dos Santos

Marcus Pereira Aucélio

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

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

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

Rio de Janeiro, February 10, 2010

Renato da Cruz Gomes
Member

Jorge Luiz Pacheco
Member

Sandro Kohler Marcondes
Member

José Ricardo Sasseron
Member

João Batista Cavaglieri
Member

Paulo Sérgio Moreira da Fonseca
Member

Oscar Augusto de Camargo Filho
Member

Hidehiro Takahashi
Member

Francisco Augusto da Costa e Silva
Member

10- ANNEX I - STATEMENT OF INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED COMPANIES

Period ended december 31, 2009 — **In thousands of reais**

	Participation (%)		Assets			Liabilities and stockholders´ equity			Accounting information - (unaudited) Statement of income				
				Non-current			Non-current						
	Total	Voting	Circulante	Non-current	Investments, property plant and equipment and deferred charges	Current	Não Circulante e Participações de minoritários	Adjusted stockholders' equity	Net revenues	Cost of products and services	Operating income (expenses)	Income tax and Social contribution	Adjusted net income (loss)
Jointly-controlled companies													
ALBRAS - Alumínio Brasileiro S.A.	51.00	51.00	447,428	1,597,007	1,043,024	634,286	417,367	2,035,807	1,412,446	(1,428,986)	100,437	69,785	153,682
ALUNORTE - Alumina do Norte do Brasil S.A.	57.03	61.74	642,852	367,375	5,280,512	278,916	1,454,623	4,557,200	2,751,968	(2,717,179)	333,566	(125,120)	243,235
Brasilux S.A.	100.00	100.00	13,413	18,525	-	3,250	-	28,686	-	-	(8,950)	(177)	(9,127)
Cadam S.A	61.48	100.00	118,359	85,046	82,437	29,008	28,149	228,684	154,423	(129,138)	(49,659)	138	(24,236)
Companhia Paulista de Ferro Ligas	100.00	100.00	152,842	109,511	1,366	146,981	90,579	26,159	-	-	36,299	(3,409)	32,890
Companhia Portuária Baia de Sepetiba - CPBS	100.00	100.00	203,617	12,058	199,962	67,296	1,485	346,857	338,463	(111,176)	173	(72,310)	155,150
CVRD Overseas Ltd.	100.00	100.00	930,200	-	1,185,500	1,407,903	34,946	672,852	3,253,555	(2,593,709)	(597,548)	-	62,298
Docepar S.A.	100.00	100.00	47,301	122,376	257	63,800	103,948	2,187	-	-	3,644	-	3,648
Ferrovia Centro - Atlântica S.A.	100.00	100.00	249,979	130,512	1,724,366	181,035	1,990,696	(66,875)	678,608	(662,279)	(11,768)	(79)	4,482
Ferrovia Norte-Sul S.A.	100.00	100.00	53,498	1,487	1,752,208	515,368	-	1,291,825	73,808	(41,120)	(13,883)	(4,257)	14,548
Florestas Rio Doce S.A.	99.90	100.00	9,958	16,677	3,474	5,243	10,696	14,170	-	-	(6,930)	60	(6,870)
Green Minerals Resources Inc	100.00	100.00	59,190	-	2,897,356	21,645	967,247	1,967,654	-	-	(6,742)	-	(6,742)
Mineração Corumbá Reunidas S.A.	100.00	100.00	284,158	-	1,713,214	34,664	536,637	1,426,071	41,446	(70,368)	6,320	(5,265)	(27,867)
Mineração Tacumã Ltda.	100.00	100.00	239	-	1,722,966	19,329	1,787,810	(83,933)	-	-	3,196	-	3,196
Minerações Brasileiras Reunidas S.A. - MBR (a)	92.99	92.99	186,267	207,666	5,890,800	837,225	1,189,621	4,257,887	11,297	(295,667)	(61,765)	20,886	(325,249)
Para Pigmentos S.A	86.17	85.57	71,848	67,446	(33,257)	55,363	107,298	(56,623)	134,340	(104,146)	(62,185)	(10,710)	(42,702)
Rio Doce Manganése Norway AS	100.00	100.00	147,610	-	51,436	70,208	2,773	126,066	198,204	(170,008)	(89,213)	-	(61,017)
Salobo Metais S.A.	100.00	100.00	421,603	-	1,955,375	50,079	1,409,846	917,053	-	-	(60,523)	-	(60,523)
Urucum Mineração S.A.	100.00	100.00	176,151	12,944	57,389	51,169	126,482	68,834	125,019	(61,667)	(47,205)	(7,887)	8,260
Vale Manganês S.A.	100.00	100.00	808,357	176,122	367,442	345,370	317,711	688,839	690,674	(422,633)	(63,790)	(9,771)	194,481
Vale Austrália Pty Ltd.	100.00	100.00	503,306	357,145	2,353,778	293,889	1,847,046	1,073,291	877,725	(738,600)	(386,612)	(383)	(247,871)
Vale Colômbia Ltd	100.00	100.00	13,432	-	908,036	13,413	213,495	694,560	-	-	-	-	-
Vale Inco	100.00	100.00	5,674,287	372,673	45,096,881	2,519,903	37,697,399	10,926,536	8,010,581	(6,518,327)	(3,400,236)	1,039,349	(868,633)
Vale International S.A.	100.00	100.00	27,232,346	53,131,961	41,829,289	10,074,368	45,445,105	66,674,120	25,221,748	(21,541,990)	(7,008,888)	(18,664)	(3,347,794)
Vale Manganese France	100.00	100.00	193,463	155	97,901	91,019	8,888	191,613	216,764	(228,807)	(35,260)	1,045	(46,258)
Vale Overseas Ltd.	100.00	100.00	260,273	13,540,278	-	260,275	13,540,278	-	-	-	-	-	-
Valesul Alumínio S.A (a)	100.00	100.00	159,717	111,541	409,884	61,615	63,448	556,079	246,643	(225,486)	(171,541)	50,216	(100,167)
Jointly-controlled companies													
Baovale Mineração S.A.	50.00	100.00	32,683	26	54,510	4,776	-	82,443	35,003	(4,626)	(23,228)	(3,954)	3,195
California Steel Industries, Inc.	50.00	50.00	504,574	34,208	479,224	102,308	394,025	521,672	1,092,305	(1,020,476)	(162,356)	42,257	(48,270)
Companhia Coreano-Brasileira de Pelotização - KOBRASCO	50.00	50.00	127,574	28,629	244,315	30,534	69,395	300,589	66,018	(12,280)	35,942	(43,891)	45,789
Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS	50.89	51.00	184,398	88,719	129,653	69,690	47,160	285,920	139,756	(149,042)	(58,076)	20,189	(47,173)
Companhia Ítalo-Brasileira de Pelotização - ITABRASCO	50.90	51.00	133,210	55,269	201,415	18,506	59,056	312,333	45,605	(13,583)	23,832	(11,101)	44,753
Companhia Nipo-Brasileira de Pelotização - NIBRASCO	51.00	51.11	133,222	64,621	378,420	15,509	60,668	500,085	86,549	(32,782)	(35,527)	(21,834)	(3,594)
Minas da Serra Geral S.A. - MSG	50.00	50.00	49,457	24,951	51,443	1,587	22,403	101,861	17,922	(9,665)	(510)	(1,661)	6,086
Mineração Rio do Norte S.A.	40.00	40.00	142,711	404,311	883,964	509,351	281,275	640,360	810,916	(519,700)	(114,155)	(130,742)	46,319
MRS Logística S.A. (a)	41.50	37.86	1,052,716	755,180	2,889,351	998,710	1,739,655	1,958,882	2,253,416	(1,217,868)	(81,119)	(311,312)	643,116
Samarco Mineração S.A.	50.00	50.00	1,001,440	390,329	3,575,111	1,151,917	2,010,557	1,804,406	2,748,884	(1,333,244)	63,981	(299,923)	1,179,698
Teal Minerals	50.00	50.00	150,541	-	756,611	233,836	222,491	450,825	-	-	-	-	-

Comments:

a) Includes direct and indirect ownership.

Additional information of the main operational investee companies is available on the Vale website. www.vale.com - Menu: "Investors".

B- ADDITIONAL INFORMATION

11- CASH GENERATION (UNAUDITED)

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

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

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

EBITDA – Consolidated

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

Consolidated EBITDA by segment

					EBITDA
	Quarter (Unaudited)			Acumulado	
Segments	4Q/09	3Q/09	3Q/08	2009	2008
Ferrous minerals	3,279	4,879	5,712	16,207	25,067
Non-ferrous minerals	225	811	340	2,018	8,485
Logistics	180	349	529	930	1,491
Steel	9	14	(157)	(7)	18
Others	16	(22)	135	(499)	(39)
	3,709	**6,031**	**6,559**	**18,649**	**35,022**

12- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers

Board of Directors

Sérgio Ricardo Silva Rosa
Chairman

Mário da Silveira Teixeira Júnior
Vice-President

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

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

Advisory Committees of the Board of Directors

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

Executive Development Committee
João Moisés de Oliveira
José Ricardo Sasseron
Oscar Augusto de Camargo Filho

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

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

Governance and Sustainability Committee
Jorge Luiz Pacheco
Renato da Cruz Gomes
Ricardo Simonsen

Fiscal Council

Marcelo Amaral Moraes
Chairman

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

Alternate
Cícero da Silva
Oswaldo Mário Pêgo de Amorim Azevedo

Executive Officers

Roger Agnelli
Chief Executive Officer

Carla Grasso
Executive Officer for Human Resources and Corporate Services

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

Fabio de Oliveira Barbosa
Chief Financial Officer and Investor Relations

José Carlos Martins
Executive Officer for Ferrous Minerals

Tito Botelho Martins
Executive Officer for Non Ferrous

Marcus Vinícius Dias Severini
Chief Officer of Accounting and Control Department

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

OPINION OF THE CONTROLLING COMMITTEE ON ANNUAL REPORT AND FINANCIAL STATEMENTS

Vale S.A ("Vale") controlling committee, on the terms of article 24, paragraph IV of its Bylaws, after examining the Annual Report and the Financial Statements related to the fiscal year 2009, recommend to the fiscal council the approval of the referred documents.

Rio de Janeiro, February 10, 2010.

Paulo Ricardo Ultra Soares

Paulo Roberto Ferreira de Medeiros

Luiz Carlos de Freitas

OPINION OF THE FISCAL COUNCIL ON THE ANNUAL REPORT AND FINANCIAL STATEMTS OF VALE S.A FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

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

Rio de Janeiro, February 10, 2010

Marcelo Amaral Moraes
Chairman

Antonio José de Figueiredo Ferreira
Member

Anibal Moreira dos Santos
Member

Marcus Pereira Aucélio
Member

BOARD OF DIRECTOR´S REPORT ON MANAGEMENT REPORT AND ON THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

The Board of Directors of Vale S.A. (“Vale”), after conducting the analysis of the managements’ report as well as of the financial statements for the fiscal year ended December 31, 2009, unanimously resolved to approve such proposal.

Due to the resolution above, the Board of Directors is favorable to the submission of such documents to the shareholders resolution at the Ordinary General Shareholder Meeting to be held in April, 2010.

Rio de Janeiro, February 10, 2010.

Jorge Luiz Pacheco Director	José Ricardo Sasseron Director
Renato da Cruz Gomes Director	Sandro Kohler Marcondes Director
Oscar Augusto de Camargo Filho Director	Eduardo Fernando Jardim Pinto Director
Francisco Augusto de Costa e Silva Director	Hajime Tonoki Director

Paulo Sérgio Moreira da Fonseca
Director

PROPOSAL FOR THE DESTINATION OF EARNINGS
FROM THE FISCAL YEAR ENDED DECEMBER 31, 2009

Dear Members of the Board of Directors,

The Executive Officers Board of Vale S.A. (Vale), in lieu with Article 192 of Law # 6.404 (amended by Laws #10,303 and #11,638) and Articles 41 to 44 of Vale's Bylaws, hereby presents to the Board of Directors, a proposal for the destination of profits earned in the fiscal year ended December 31, 2009.

The net profits of such fiscal year, according to the Financial Statements, amounted R$10,248,947,613.54 (ten billion, two hundred forty-eight million, nine hundred and forty-seven thousand, six hundred and thirteen Reais and fifty-four cents), calculated according to the Brazilian Corporate Law accepted accounting principles and the rules and releases issued by the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários). The net profits added to the unrealized income reserve, in the amount of R$38,520,245.46 (thirty-eight million five hundred and twenty thousand, two hundred and forty-five Reais and forty-six cents) totalizes R$10,287,467,859.00 (ten billion, two hundred eighty-seven million, four hundred and sixty-seven thousand, eight hundred and fifty-nine Reais) for which the following destination is hereby proposed:

I - LEGAL RESERVE

5% of the net profits of the fiscal year, must be placed in this reserve, up to a limit of 20% (twenty percent) of the Paid-in Capital, in accordance to the terms of Article 193 of Law # 6.404 and Article 42 of Vale's Bylaws, equivalent to R$512,447,380.68 (five hundred and twelve million, four hundred forty-seven thousand, three hundred and eighty Reais and sixty-eight cents).

II - TAX INCENTIVE RESERVE

Vale is entitled to certain exemptions/reductions of income tax on regulated exploration earnings, as follows: (a) the Establishment Report # 0154/2004 issued by the Agência de Desenvolvimento do Nordeste – ADENE, currently known as Superintendência de Desenvolvimento do Nordeste – SUDENE (Northeast Development Institution) related to tax incentives granted for the extraction of sodium chlorate and potash chlorate in the State of Sergipe,(b) the Establishment Report #023/2007 issued by the Agência de Desenvolvimento da Amazônia – ADA, currently known as Superintendência de Desenvolvimento da Amazônia - SUDAM (Amazonian Development Institution) related to tax incentives granted to copper extraction in the State of Pará and (c) the Establishment Report #265/2008 issued by the Amazonian Development Institution related to tax incentives granted on the extraction of bauxite in the State of Pará.

Pursuant to the taxation law that stated such incentive, according to Article 545 of the income tax rules (Regulamento do Imposto de Renda – RIR), the tax which is not paid due to an exemption may not be distributed to shareholders, and must be set aside in a reserve used exclusively for the increase of capital or the absorption of losses.

Being thus duly explained, based on the article 195-A of Law #6.404, included by Law #11.638, we propose to allocate to this reserve the amount of R$119,652,582.99 (one hundred and nineteen million, six hundred and fifty-two thousand, five hundred and eighty-two Reais and ninety-nine cents).

III - DIVIDENDS / INTEREST ON SHAREHOLDERS' EQUITY

The mandatory dividend of 25%, provided by Article 202, of Law #6.404 and Article 44 of Vale's Bylaws, is determined on the basis of adjusted net profits , which for the 2009 fiscal year amounted R$9,655,367,895.33 (nine billion, six hundred fifty-five million, three hundred and sixty-seven thousand, eight hundred and ninety-five Reais and thirty-three cents), equivalent to the 2009 net profits in the amount of R$10,248,947,613.54 (ten billion, two hundred forty-eight million, nine hundred and forty-seven thousand, six hundred and thirteen Reais and fifty-four cents), from which both(i) the legal reserve, in the amount of R$512,447,380.68 (five hundred and twelve million, four hundred forty-seven thousand, three hundred and eighty Reais and sixty-eight cents) and (ii) the tax incentive reserve of R$119,652,582.99 (one hundred nineteen million, six hundred fifty-two thousand, five hundred eighty-two Reais and ninety-nine cents) are deducted, and added to unrealized income revenue reserve of R$38,520,245.46 (thirty-eight million, five hundred and twenty thousand, two hundred and forty-five Reais and forty-six cents). Thus, the mandatory dividend of 25% on adjusted net profit amounts R$2,413,841,973.83 (two billion, four hundred and thirteen million, eight hundred and forty-one thousand, nine hundred seventy-three Reais and eighty-three cents) equivalent to R$0.463067 (forty-six cents, three tenths and sixty-seven thousandths of cents) per outstanding share.

Pursuant to Article 5 of Vale's Bylaws, holders of the preferred shares are entitled to a a minimum annual dividend equal to 6% of their pro rata share paid-in capital or 3% of the book value per share. As of December 31, 2009, such reference value for the minimum annual dividend were respectively: R$1,108,153,354.80 (one billion, one hundred and eight million, one hundred and fifty-three thousand, three hundred fifty-four Reais and eighty cents) equivalent to R$0.545620 (fifty-four cents, five tenths, six hundredths and twenty-six thousandths of cents) per outstanding preferred share or R$1.164,141,865.98 (one billion, one hundred sixty-four million, one hundred and forty-one thousand, eight hundred sixty-five Reais and ninety-eight cents), equivalent to R$0,573187 (fifty-seven cents, three tenths, one hundredth and eighty-seven thousandths of cents) per outstanding preferred share.

Therefore, considering the possibility of paying interest on shareholders' equity, based on Articles 5°, 42, sole paragraph, and 45, of Vale's Bylaws, as well as the cash situation of Vale and in favour of the shareholders equal treatment , the Executive Officers Board, hereby, proposes:

a) To ratify the interest on shareholders' equity distribution, based on the Executive Officers Board's proposal and approved by the Board of Directors, during the meeting held on October 15, 2009, of the amount of R$94.802.809,07 (ninety-four million, eight hundred and two thousand, eight hundred nine Reais and seven cents) paid as from October 30, 2009.

b) To approve the payment of R$2.907.283.413,91 (two billion, nine hundred and seven million, two hundred eighty-three thousand, four hundred and thirteen Reais and ninety-one cents) as of dividends and/or interest on shareholders' equity to be paid in two instalments , in April and October 2010 respectively, being the Board of Directors, according to Article 14, section XVI, of Vale's Bylaws, as well as Article 192 of Law #6.404/76, allowed to resolve , *ad referendum*, subject to an Annual General Shareholders Meeting, upon the respective payment. In the event the resolution approves the payment of the interest on shareholders' equity, the amount equivalent to the withholding income tax shall be added to the total of the proposed distribution.

According to this proposal, the shareholders distributions related to the profits from the 2009 fiscal year, shall amount R$3,002,086,222.98 (three billion, two million, eighty-six thousand two hundred and twenty-two Reais and ninety-eight cents), equivalent to R$0.575915 (fifty-seven cents, five tenths, nine hundredths and fifteen thousandths of cents) per share.

IV - EXPANSION / INVESTMENT RESERVE

Therefore, it is proposed that the remaining balance of retained earnings in the amount of R$6.653.281.672,35 (six billion, six hundred fifty-three million, two hundred and eighty-one thousand, six hundred and seventy-two Reais and thirty-five cents) be allocated to the expansion/investment reserve in order to pay for the investment projects outlined in Vale's budget. Such investment budget shall be submitted to the Annual General Shareholders Meeting for approval, in accordance with Article 196 of Law #6.404.

V - SUMMARY

The 2009 fiscal year net profits should be allocated as follows:

ORIGINS		R$
- Net profits of the year		10,248,947,613.54
- Realization of unrealized income reserve		38,520,245.46
		10,287,467,859,00
ALLOCATIONS		
- Legal reserve		512,447,380.68
- Expansion /investment reserve		6,653,281,672.35
- Tax incentive investment reserve		119,652,582.99
- Remuneration to shareholders		
Anticipated interest on shareholders' equity	94,802,809.07	
Proposed dividends/Interest on shareholders' equity	2,907,283,413.91	
		3,002,086,222.98
		10.287.467.859,00

Being thus duly explained, we hereby submit this proposal to the Members of the Board of Directors, as resolved by the Executive Officers Board.

Rio de Janeiro, February 08, 2010.

Roger Agnelli
Chief Executive Officer

Fabio de Oliveira Barbosa
Chief Financial Officer and
Investor Relations

Tito Botelho Martins
Executive Officer for Non Ferrous Minerals

Carla Grasso
Executive Officer for Human Resources and
Corporate Services

José Carlos Martins
Executive Officer for Ferrous

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

Cron.064/2010

Annex to the Proposal for earnings distribution relative to the fiscal year ended December 31, 2009

Under Article 9, § 1, II and Annex 9-1-II of CVM Rule No. 481/09, we highlight the following:

DESCRIPTION	INFORMATION
1. Net income for the fiscal year 2009	R$10,248,947,613.54, increased by unrealized income reserve in the amount of R$38,520,245.46, totaling R$10,287,467,859.00
2. Amount of dividends, including anticipated dividends and interest on shareholders' equity already declared	Amount of: R$3,002,086,222,98
	This amount is equivalent to R$0.575915 per outstanding share, either common or preferred (class "A" and the golden shares).
3. Percentage of distributed net income relating to fiscal year 2009	29%
4. Overall and per share value of dividends based on profits from previous years	Not applicable
5. Shareholders Remuneration for the 2009 fiscal year, net of interest on shareholders' equity declared on October 15, 2009	Dividends and interest on shareholders' equity of R$0.557728 per outstanding share, either common or preferred (class "A and the golden shares).
	Date of payment of dividends or interest on shareholders' equity: dividends and/or interest on shareholders' equity shall be paid in April and October 2010, under the Dividend Policy.
	There is no impact of restatement and interest on the proposed dividends and/or interest on shareholders' equity
	The declaration date for the payment of dividends or interest on shareholders' equity shall be considered as the record date: dividends and/or interest on shareholders' equity shall be paid to the person, who is registered as the owner or beneficial owner of shares of Vale on the date of the declaration.

6. Interest on shareholders' equity resolved on October 15,2009, based on the financial statements as of June 30,2009	Gross value of R$0.18187 per outstanding share, either common or preferred (Class "A and golden share), paid from October 30, 2009 on.
7. Provide a comparative table showing net income, dividends and interest on shareholders´ equity per each type and class of share for the 3 (three) previous years.	<table><tr><td></td><td>2009</td><td>2008</td><td>2007</td><td>2006</td></tr><tr><td>Net income per outstanding share</td><td>R$1,97</td><td>R$ 4,08</td><td>R$4,14</td><td>R$2,78</td></tr><tr><td>Dividends and interest on shareholders' equity</td><td>R$ 0,575915</td><td>R$ 0,97046</td><td>R$0,98641</td><td>R$1,33196</td></tr></table> Obs: Equal amounts to all types and classes of shares.
8. Allocation of profits to legal reserve	Amounts allocated to the legal reserve: R$512,447,380.68
	Description of the calculation of the legal reserve 5% of the net profits of the fiscal year, must be placed in this reserve, up to a limit of 20% (twenty percent) of the Paid-up Capital, in accordance to the terms of Article 193 of the Brazilian Corporate Law and Article 42 of Vale's Bylaws. This reserve may not be constituted in the year in which the balance of the reserve, plus the amount of capital reserves (Article 182 of the Brazilian Corporate Law), exceeds 30% of paid-up capital.
9. Preferred shares entitled to fixed or minimum dividends	Description of the calculation formula: In accordance with article 5º, § 5º of the By Law, holders of class A preferred shares and the golden shares shall be entitled to receive dividends calculated as set forth in Chapter VII of the Bylaws in accordance to the following criteria: a) priority to receive dividends corresponding to (i) a minimum of 3% (three percent) of the stockholders' equity per share, calculated based on the financial statements used as reference for the payment of dividends, or (ii) 6% (six percent) calculated on the portion of the capital formed by this class of share, whichever higher; b) entitlement to participate in the profit distributed, on the same conditions as those for common shares, once a dividend equal to the minimum priority established in accordance with letter "a" above is ensured.

	The year profit is enough for full payment of the fixed or minimum dividends.
	There are no cumulative installments not paid.
	As of December 31, 2009, the reference value for the minimum annual dividend is either R$1,108,153,354.80, which corresponds to 6% over the preferred capital, equivalent to R$0.545620 per share; or R$1,164,141,865.98, which corresponds to the 3% of shareholder's equity of preferred shares outstanding, equivalent to R$0.573187 per outstanding preferred share, whichever is higher.
10. Mandatory Dividend	Describe the method of calculation provided for in the Bylaws: Pursuant to Article 42 of Vale's By-Laws, after the constitution of the legal reserve, the destination of the remaining portion of the net income calculated at the end of each financial year (which shall coincide with the calendar year) shall, on the Management proposal, be submitted to the General Meeting, and interest amount, paid or credited, in the form of interest on shareholders equity, according to. Article 9, § 7 of Law # 9,249 and of relevant legislation and regulations, may be ascribed to the compulsory dividend and to the minimum annual dividend on the preferred shares such amount for all legal purposes forming the sum of the dividends distributed by the Company. The proposal for distribution of profits shall include the following reserves: (i) Depletion Reserve, to be constituted in accordance with applicable fiscal legislation;(ii) Investments Reserve, in order to ensure the maintenance and development of the main activities which comprise the Company's purpose, in an amount not greater than 50% (fifty percent) of distributable net profit and up to the Company's share capital. At least 25% of annual adjusted net income adjusted according to the applicable legislation shall be distributed as dividends and/or interest on shareholders equity.
	The mandatory dividend will be paid in full.
	Retained amount: Not applicable.

11. In the event of any retention of the mandatory dividend due to the Company's financial condition: (a) Inform the amount of the retention; (b) Provide a detailed description, of the Company's financial condition, including the aspects related to the liquidity analysis, working capital and positive cash flows/ and (c) Justify the retention of dividends.	Not applicable.
12. In the event of allocation of profits to the contingencies reserve: (a) Identify the amount allocated to such reserve; (b) Identify the deemed probable loss and its cause; (c) Explain why the loss was deemed probable; and (d) Justify the constitution of the reserve.	Not applicable.
13. In the event of allocation of profits to the unrealized income reserve: (a) Inform the amount allocated to such reserve; and (b) inform the nature of the unrealized income that gave rise to the reserve.	Not applicable.
14. In the event of allocation of profits to the statutory reserves: (a) Describe the By-Laws provisions which established the reserve; (b) Identify the amount allocated to the reserve; and (c) Describe the calculation of such amount.	Not applicable.
15. Retained earnings provided for in the Investment Budget	Retained earning in the amount of R$6,653,281,672.35, under the terms of the Investment Budget, a copy of which was filed on February 10, 2010, summarized as follows:

	Millions	
Sources	**US$**	**R$**
Retained earnings (art 196)		6,653
Working capital		15,798
		22,451
Uses		
Organic growth	9,875	17,194
Projects	8,647	15,056
Research and Development	1,228	2,138
Operations sustainability	3,019	5,257
	12,894	**22,451**

Exchange rate as of December 31, 2009 (US$1.00 =R$1.7412).

16. Destination of profits to the Tax Incentive Reserve

The amount of R$119,652,582.99 was allocated to the Tax Incentive Reserve.

Vale is entitled to certain exemptions/reductions of income tax on regulated exploration earnings, as follows: (a) the Establishment Report # 0154/2004 issued by the Agência de Desenvolvimento do Nordeste – ADENE, currently known as Superintendência de Desenvolvimento do Nordeste – SUDENE (Northeast Development Institution) related to tax incentives granted for the extraction of sodium chlorate and potash chlorate in the State of Sergipe; (b) the Establishment Report #023/2007 issued by the Agência de Desenvolvimento da Amazônia – ADA, currently known as Superintendência de Desenvolvimento da Amazônia - SUDAM (Amazonian Development Institution) related to tax incentives granted to copper extraction in the State of Pará and (c) the Establishment Report #265/2008 issued by the Amazonian Development Institution related to tax incentives granted on the extraction of bauxite in the State of Pará.

Pursuant to the taxation law that stated such incentive, according to Article 545 of the income tax rules (Regulamento do Imposto de Renda – RIR), the tax which is not paid due to an exemption may not be distributed to shareholders, and must be set aside in a reserve used exclusively for the increase of capital or the absorption of losses.

SUMMARY OF THE CAPITAL BUDGET FOR 2010

	Millions	
Sources	**US$**	**R$**
Retained earnings (art 196)		6,653
Working capital		15,798
		22,451
Uses		
Organic growth	9,875	17,194
Projects	8,647	15,056
Research and Development	1,228	2,138
Operations sustainability	3,019	5,257
	12,894	**22,451**

To translation the rate for December 31, 2009 is 1.00US$=R$1.7412

The details of the investments budget were released on October 19, 2009 by issuing press release, reproduced below.

Vale to invest US$ 12.9 billion in 2010

Rio de Janeiro, October 19, 2009 – Vale S.A. (Vale) announces that its Board of Directors has approved the investment budget for 2010, involving capital expenditures of US$ 12.9 billion[1] dedicated to sustaining existing operations and to fostering growth through research and development (R&D) and project execution.

The capex budget for 2010 represents an increase of 29.3% over the US$ 10 billion invested in the last twelve-month period ended at June 30, 2009[2]. The investment plan continues to reflect the focus on organic growth as the priority of our growth strategy: 76.6% of the budget is allocated to finance R&D and greenfield and brownfield project execution against an average of 71.1% over the last five years.

Given the existing assets and those which will come on stream in the near future we expect to maintain production growing at a brisk pace. Our output index, which encompasses the operational performance of all minerals and metals produced by Vale, is estimated to increase at an annual average rate of 12.6% in 2010-2014, a higher rate of expansion than the already high 11.2% per annum for 2003-2008.

Although iron ore and nickel will continue to be our main businesses, we plan to boost the production capacity of copper, coal and fertilizers, creating a more diversified portfolio of world-class assets. Given the current project pipeline, we expect to reach the following production flows in 2014: 450 million metric tons of iron ore, 380,000 metric tons of nickel, 650,000 metric tons of copper, 30 million metric tons of coal, 3.1 million metric tons of potash and 6.6 million metric tons of phosphate rock[3].

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[1] The capex budget includes financial disbursements in consolidated format according to generally accepted US accounting principles (US GAAP). The main subsidiaries consolidated according to US GAAP are: Vale Inco, MBR, Cadam, PPSA, Alunorte, Albras, Valesul, Vale Manganês S.A., Vale Manganèse France, Vale Manganese Norway AS, Urucum Mineração S.A., Ferrovia Centro-Atlântica (FCA), Vale Australia, Vale International, and CVRD Overseas.

[2] The US$ 10 billion figure does not include expenditures of US$ 1.5 billion to acquire copper, coal, potash and iron ore assets.

3 Unexpected changes in demand and involuntary delays in project development can cause signification deviations from the production targets.

To enhance the competitiveness of our operations, we will continue to invest a sizeable amount of funds in our railroads, maritime terminals, shipping and power generation.

Our long-term view

Based on a long-term view of the market fundamentals for minerals and metals and rigorous discipline in capital allocation, Vale has invested US$ 59.5 billion[4] over the last five years, creating significant shareholder value. As we strongly believe that the global recession did not affect the fundamentals, we will continue to pursue growth and value creation through investment in a fairly large number of organic growth options.

One of the most striking features of the last global economic cycle was the rapid pace of emerging economies growth, at 6.1% per annum, much faster than developed economies, where GDP increased by a yearly rate of only 2.4%.

Faster economic expansion and more intensive utilization led emerging economies to be the main drivers of the consumption of minerals and metals. For example, in this decade emerging economies were responsible for almost all of the world's consumption growth of iron ore, carbon steel, aluminum, copper and nickel.

The share of emerging economies in global consumption of base metals increased to 59% in 2008 from 32% in 1993. China, the largest and fastest growing emerging economy, increased its market share in the seaborne trade of iron ore to 53.8% last year from only 9.7% fifteen years ago.

Rapidly growing emerging economies tend to make large investments in housing, infrastructure and industrialization, which are intensive consumers of minerals and metals. Real income growth from low levels leads to significant changes in consumption patterns, resulting in a much larger demand for consumer durables, metal intensive goods.

At the same time, increasing per capita income in emerging economies produces diet changes towards a larger intake of protein, thus stimulating the demand for fertilizers, key ingredients for grain crops.

In a long-term perspective, emerging economies tend to grow faster than developed mature economies to make their per capita incomes converge over time to the levels reached by the wealthiest economies. Convergence is primarily determined by the higher rates of return on physical and human capital, the faster increase of labor force and the stronger productivity growth in emerging economies.

As a matter of fact, convergence has been taking place in the post-World War II period, being more pronounced in the 60´s and 70´s and more recently, from the late 90´s until now. Emerging economies withstood the global financial shock much better than expected. As the global economy is starting a synchronized recovery, they are further ahead on the road to recovery. The rebound is primarily driven by China, India, Indonesia, other Asian emerging economies and Brazil.

Unless there is a major deterioration in the quality of macroeconomic policies, we expect convergence to remain for the foreseeable future, with emerging economies continuing to play a key role in the demand for minerals and metals.

In addition to factors directly linked to economic growth, the initiatives to change the energy matrix to reduce world reliance on sources of climate-changing greenhouse gases also tend to cause a positive impact on the long-term demand for minerals and metals.

[4] This includes US$ 23.7 billion spent on acquisitions.

The move towards an increasing production of biofuels creates another source of demand growth for potash, given its importance for the production of sugar cane, corn and palm.

Solar, wind and nuclear power, which are free of CO_2 emissions, are likely to increase their shares in the global energy matrix and the building of a meaningful capacity will contribute to boost the demand for metals.

The automobile industry seems to be in the initial stage of a new era, in which electric cars are expected to become its dominant product. Sales of hybrid electric vehicles (HEV) have been booming and Vale is the leading supplier of nickel for their batteries. This is still a very small market for nickel but it has great potential to expand over time.

On the supply side, geological factors make the availability of new world-class assets increasingly scarce and institutional factors pose barriers to mining investment, turning capacity expansion less responsive to price incentives.

The prospects for minerals and metals demand depend increasingly on growth in emerging economies, given their large shares in global consumption. This is particularly important to the extent that they tend, as we have seen, to grow faster than developed economies. Moreover, the demand for minerals and metals in emerging economies is more elastic to real income increase. At the same time, new technologies focused on the rise of non-climate changing sources of energy are likely to add further pressure on the demand for minerals and metals.

Accommodating continuous demand expansion will require substantial new capacity build-up. Geological and institutional constraints tend to contribute to a slow market adjustment and to generate the need to invest in higher-cost and lower-quality sources of supply.

Vale is best positioned to benefit from the strong long-term fundamentals of minerals and metals, given its world-class, long-life and low cost assets, wealth growth options in various segments of the metals and mining industry supplied by an exciting project pipeline and a global multi-commodity mineral exploration program, a long and successful track record in project development, discipline in capital allocation and financial strength.

The implementation over the near future of our investment plans, anchored on our values and extensive competitive advantages, is expected to create significant shareholder value across business cycles and multiple opportunities for economic and social mobility for the communities where we develop our operations.

The 2010 investment budget

The program for 2010 involves investments of US$ 12.894 billion, of which US$ 9.876 billion will finance organic growth, corresponding to 76.6% of total spending, with US$ 8.647 billion allocated to project execution and US$ 1.228 billion to R&D.

Budgeted expenditures with R&D allow for US$ 621 million to finance our global mineral exploration program, US$ 488 million for conceptual, pre-feasibility and feasibility studies to develop mineral deposits already identified, and US$ 119 million to be invested in new processes, technological innovation and adaptation.

Investments to sustain existing operations are budgeted at US$ 3.019 billion, which represents 4.8% of our asset base in June 2009.

The largest financial disbursements in 2010 are dedicated to the following projects: Carajás Serra Sul - mine S11D (US$ 1.126 billion), Salobo (US$ 600 million), Moatize (US$ 595 million), Onça Puma (US$ 510 million), Oman (US$ 484 million), Carajás Additional 30 Mtpy (US$ 480 million), Long-Harbour (US$ 441 million), and Rio Colorado (US$ 304 million).

Several projects are scheduled to be concluded in 2010: Carajás Additional 10Mtpy (iron ore), Oman (pellet plant and iron ore distribution center), Onça Puma (nickel), Bayóvar (phosphate), Tres Valles (copper), Estreito (power generation) and CSA (steel). In 2009, we concluded the Vargem Grande pelletizing plant and we are already in the initial stage of ramping up Goro, the nickel project in New Caledonia.

On the other hand, various projects will start to be developed in 2010: Conceição Itabiritos (iron ore), Vargem Grande Itabiritos (iron ore), Long-Harbour (nickel), Konkola North (copper), Rio Colorado (potash), Teluk Rubiah (distribution center in Malaysia), ALPA (steel) and Biofuels (energy).

In 2010, US$ 4.075 billion will be invested in non-ferrous minerals, representing 31.6% of the total capex for 2010, while ferrous minerals will demand US$ 3.863 billion, 30.0% of total capex. Expenditures in infrastructure are comprised of US$ 834 million for power generation and natural gas exploration and US$ 2.654 billion for logistics, in which the bulk will be dedicated to supporting the iron ore business capacity. We plan to invest US$ 892 million in the coal business in 2010 and US$ 343 million in steel projects.

INVESTMENT BUDGET - US$ million

By category	2010	%
Organic growth	9,876	76.6%
Projects	8,647	67.1%
R&D	1,228	9.5%
Support of existing operations	3,019	23.4%
Total	**12,894**	**100.0%**
By business area	**2010**	**%**
Ferrous minerals	3,863	30.0%
Non-ferrous minerals	4,075	31.6%
Logistics	2,654	20.6%
Coal	892	6.9%
Power generation	834	6.5%
Steel	343	2.7%
Others	235	1.8%
Total	**12,894**	**100.0%**

A large part of the capex budget, US$ 8.165 billion, representing 63.3%, will be invested in Brazil and US$ 1.153 billion in Canada. The program for 2010 also involves investments in Argentina, Australia, Chile, China, Indonesia, Malaysia, Mozambique, Oman, and Peru, among others.

Focus on corporate social responsibility

In line with our strategic priorities, investments in corporate social responsibility in 2010 will amount to US$ 999 million, of which US$ 829 million will be invested in environmental protection and conservation, and US$ 170 million in social projects.

New platforms of value creation

Ferrous minerals – leveraging on Carajás wealth

The future of our iron ore capacity increase relies on Carajás. It is one of the richest mineral provinces in the world, with 7.2 billion metric tons of proven and probable reserves and huge resources of the best iron ore, with high iron content and very low impurities. The focus on Carajás is an important move towards maximizing the profitability of our ferrous minerals operations, given the lower operational costs and the price premium over other iron ores arising from its superior value-in-use to the steel industry.

Our investment plans for iron ore involve a capacity expansion of 176 million metric tons per year (Mtpy) to be delivered over the next five years. A major part of this planned expansion, 130 Mtpy, will be sourced from Carajás. This entails the development of new mines, the building of processing plants and, particularly, the enlargement of the logistics infra-structure. Given the very large volumes, a highly efficient logistics system is extremely important for the competitiveness of the iron ore operations.

We are exploiting the long-term upward trend of pellets consumption, which is driven by environmental concerns – reduction of CO_2 emissions -, increasing scarcity of lump ores and DRI capacity increases. This will be pursued through the construction of pellet plants either close to our iron ore mines, in Brazil, or to the consumers, in the Middle East and Asia, supplied by the increasing output of pellet feed in the Southeastern and Southern Systems. Currently, we are building two new plants, Tubarão VIII and Oman, that will add 16.5 Mtpy to our capacity of 43.5 Mtpy - not including the capacity of our joint ventures, 21.0 Mtpy of Samarco JV, 4.5 Mtpy of Hispanobras and 1.2 Mtpy of Zhuhai[5].

Carajás Additional 10 Mtpy is a brownfield project with a relatively low capex cost per ton, US$ 29. It is being developed in the northern range of Carajás and scheduled to start-up in the first half of 2010. Investment is estimated to be US$ 90 million in 2010.

Carajás Additional 30 Mtpy, also being developed in the northern range of Carajás, has an estimated capex of US$ 2.478 billion and expected start-up for 1H12, still depending on environmental licensing. It involves a new beneficiation plant and investments in logistics assets to increase discharge, storage and shipment capacity at the Ponta da Madeira maritime terminal. For 2010, the capex budget is US$ 480 million.

Carajás Serra Sul (mine S11D) is the largest greenfield project in the history of Vale and also in the global iron ore industry. It will add 90 Mtpy to our production capacity and its estimated capex is US$ 11.297 billion. A major part of the cost, about US$ 7.8 billion, is related to expansion of the

[5] Vale owns 50% of Samarco, 50.9% of Hispanobras and 25% of Zuhai.

logistics infrastructure - railroad and maritime terminal – to increase the Northern System's shipment capacity to 230 Mtpy by 2015.

The Carajás railroad will be extended by 100 km to be connected to the southern range of Carajás, there will be a duplication of 605 km of tracks and the building of the fourth pier of the Ponta da Madeira maritime terminal. The investment in the port facilities is expected to demand US$ 2.6 billion, being the largest investment in port infrastructure in Latin America.

Large investments in infrastructure account for the relatively high cost of capex per ton of Serra Sul. However, it paves the way for future low-capex cost brownfield projects while contributing to lower our average operational costs as its stripping ratio is only 0.4 and the high iron grades eliminate the need for concentration.

The conclusion of Carajás Serra Sul (mine S11D) is expected for the second half of 2013. In 2010, investments will be US$ 1.126 billion, US$ 360 million will be spent on the mine and beneficiation mill, while US$ 766 million will be allocated to logistics. The project is subject to approval by the Board of Directors.

In the Southeastern and Southern Systems, Vale is developing Apolo, a greenfield project, and will start the development of two brownfield projects, Conceição Itabiritos and Vargem Grande Itabiritos. Both Conceição Itabiritos and Vargem Grande Itabiritos aim to increase pellet feed capacity through the processing of low grade itabirites.

Apolo has a nominal capacity of 24 Mtpy and expected start-up for 1H14. Its estimated total capex amounts to US$ 2.509 billion, of which US$ 38 million will be spent in 2010. The project is subject to approval by the Board of Directors.

Conceição Itabiritos involves the construction of a concentration plant to add 12 Mtpy to the current nominal capacity of pellet feed, using as feed run-of-mine (ROM) from the Conceição mine, in the Itabira complex, Southeastern System. The estimated total capex is US$ 1.170 billion, of which US$ 184 million is budgeted for 2010. The expected start-up is 2H12. The project is subject to approval by the Board of Directors.

Vargem Grande Itabiritos, in the Southern System, also involves the construction of a concentration plant, which will be fed by itabirites produced by the Aboboras mine, with a nominal capacity of 10 Mtpy of pellet feed. The estimated total capex for Vargem Grande Itabiritos is US$ 975 million, of which US$ 79 million in 2010. The expected start-up is 2H12. The project is subject to approval by the Board of Directors.

We are analyzing the capacity expansion of the recently acquired iron ore assets in Corumbá, which reserves have high Fe content and a substantial volume of lump ore that can be employed in the direct reduction process. The project could increase Corumbá's capacity up to 15.0 Mtpy from the current 2.5 Mtpy. The project is subject to approval by the Board of Directors.

Tubarão VIII will be the eighth pelletizing plant at the port of Tubarão, in Vitória, in the state of Espírito Santo, Brazil. Its start-up is scheduled for 2H12 with a nominal production capacity of 7.5 Mtpy. The total cost of this project is US$ 636 million. In 2010, expenditures are planned to reach US$ 122 million.

The Oman project encompasses the construction of a pelletizing plant with production capacity of 9 Mtpy of direct reduction pellets and a distribution center with capacity to handle 40 Mtpy at the Sohar port in Oman. The total capex is US$ 1.356 billion, with investments of US$ 484 million for 2010. The start-up is planned for 2H10.

Our joint venture in China – Zuhai - is expanding capacity to 3.2 Mtpy from the current 1.2 Mtpy. The estimated capex is US$ 100 million, of which US$ 5 million is budgeted for 2010.

In addition to these three projects under execution, we have devised several growth options through the construction of a pellet plant in Malaysia, a future expansion of Oman operations and several joint ventures under study in China.

The implementation of the new marketing policy requires additional investments. US$ 631 million is budgeted for building of our low cost portfolio of maritime freight to enhance competitiveness in the Asian market.

Another important component of our marketing policy is the building of distribution centers in Asia. These centers will act as “virtual mines”, which will improve our ability to serve clients in terms of timing and customization, an important enhancement of our competitiveness given the long geographic distance between our iron ore mines in Brazil and Asia. Simultaneously, we will use these facilities to customize our iron ore products through blending aiming to increase our market share in the fast growing Asian market.

In addition to the center in Oman, in 2010 we will start the construction of our distribution facilities in Malaysia, in Teluk Rubiah, near the Strait of Malacca, state of Perak. The Malaysian project comprises of a maritime terminal with enough depth to receive 400,000 dwt ore carriers and a stockyard capable of handling up to 30 million metric tons of iron ore in an initial phase. There is potential to expand it up to 90 million metric tons in the future.

The capex for this first phase is US$ 900 million, with disbursements of US$ 98 million for 2010. The start-up is planned for 1H13. The project is subject to approval by the Board of Directors. As mentioned before, we are studying the construction in the same site of a pellet plant with a capacity of 9 Mtpy of direct reduction and blast furnace pellets.

Non–ferrous minerals – multiple growth options across- the- board

Vale is in a privileged position for maintaining long-term profitable growth in non-ferrous minerals due to the availability of multiple attractive growth options in nickel, copper, bauxite and fertilizers.

We are the mining company with the highest potential for nickel production growth, given the size and quality of proven and probable reserves – the world’s largest and with a balance of sulphide and lateritic deposits - and our global portfolio of projects in Brazil, Canada, New Caledonia and Indonesia. Currently, we have four projects to come on stream: Goro, Onça Puma, Totten and Long-Harbour.

The Goro project, in Southern province of New Caledonia, is due to start the ramp up process through the feed to the first autoclave in the near term. It has a nominal production capacity of 60,000 metric tons per year (tpy) of nickel oxide and 4,600 tpy of cobalt. Capex cost totaled US$ 4.3 billion.

Onça Puma, in the state of Pará, Brazil, will be commissioned in 3Q10, with the start of commercial production in 2011. It is built on deposits of nickel lateritic saprolitic and expected to reach a nominal capacity of 58,000 tpy of nickel contained in ferronickel, its final product. The investment for this project is estimated at US$ 2.297 billion, with US$ 510 million to be spent in 2010.

Usually 60% of our nickel sales are destined to non-stainless steel applications – non-ferrous alloys, alloy steels, plating, foundry and other. The operations of Goro and Onça Puma will make feasible a more balanced sales distribution between stainless steel and non-stainless steel applications of nickel.

We are developing the Totten project, in Sudbury, Ontario, Canada. This is the re-opening of the old Totten mine, closed in 1972. It is expected to produce 8,200 tpy of nickel, alongside copper and precious metals as by-products. The total cost is estimated at US$ 362 million, with completion forecast for the first half of 2011. Disbursement in 2010 will be US$ 146 million.

Pursuant to a commitment with the Government of the Province of Newfoundland and Labrador, Canada, Vale is building a nickel processing facility, the Long-Harbour plant. It will have a nominal capacity to produce 50,000 tpy of finished nickel, utilizing the feed from the Ovoid mine of our Voisey's Bay site. The total estimated capex is US$ 2.821 billion and start-up is scheduled for 1H13. The capex budgeted for 2010 is US$ 441 million.

We are developing three copper projects – Salobo, Salobo expansion (Salobo II) and Tres Valles – and next year we will begin the development of Konkola North. In addition, Vale has several projects to be developed over the next few years – Salobo III, Alemão, Cristalino, and Polo, all of them in Carajás. The projects and growth options will enable us to achieve a capacity to produce one million metric tons of copper per year.

In the first phase of development of the Salobo project, in Carajás, state of Pará, Brazil, the nominal capacity is estimated to reach 127,000 tpy of copper contained in concentrates, with 130,000 ounces of gold per year as a by-product. The capex for the project is estimated at US$ 1.152 billion, US$ 600 million of which to be spent in 2010. Salobo is scheduled to come on stream in the second half of 2011.

At the same time, we are developing the expansion of Salobo (Salobo II), with an additional output of 127,000 tpy of copper in concentrates. The estimated capex is US$ 855 million, of which US$ 66 million will be disbursed in 2010. The conclusion of Salobo II is scheduled for the second half of 2013.

Tres Valles, in the Coquimbo region of Chile, will have an estimated nominal production capacity of 18,000 tpy of copper cathodes, using SX-EW (solvent extraction electrowinning) processing plant. The total cost of the project is US$ 102 million, with a disbursement for 2010 of US$ 27 million and conclusion scheduled for the first half of the next year.

Konkola North, estimated to be the second-largest known resource in the Zambian Copperbelt, is an open-pit mine, with an estimated nominal production capacity of 44,000 tpy of copper in concentrates. Konkola North is part of our 50/50 joint venture with ARM in Africa. Vale's total investment in the project is US$ 145 million, with a disbursement for 2010 of US$ 50 million. Project conclusion is scheduled for 2013. This project is subject to Board approval.

Simultaneously to project development, we are running UHC, a copper processing plant located in Carajás, built as part of our initiatives in technological innovation to optimize the utilization of copper resources. It is a plant with industrial scale, nominal capacity of 10,000 tpy of copper cathode, in which a new technology - hydro-metallurgical technology - is being tested to process copper ores with a higher degree of impurities.

As recently announced, we will build a new alumina refinery, Companhia de Alumina do Pará (CAP), supported by the expansion of the Paragominas bauxite mine (Paragominas III), both located in the Brazilian state of Pará.

The CAP refinery, which is 61%-owned by Vale, will be located in Barcarena, close to the operations of our subsidiary Alunorte.

The initial production capacity of the refinery will be 1.86 Mtpy of alumina, through two lines of 930,000 tpy each. The new refinery has potential for future capacity expansions up to 7.4 Mtpy. The estimated total capex for phase one of CAP is US$ 2.2 billion, of which US$ 60 million will be spent in 2010. Start-up is expected to take place in the second half of 2012.

Paragominas III will supply the bauxite to be consumed by the CAP refinery. The estimated total capex is US$ 487 million and it will increase the capacity of the Paragominas mine to 14.85 Mtpy from the current 9.9 Mtpy. Paragominas III is expected to start-up operations simultaneously with the first stage of CAP, in the second half of 2012. There will be no disbursement in 2010.

In the fertilizer business we have been operating only one potash mine since 1992, Taquari-Vassouras, in the state of Sergipe, Brazil, which has capacity to produce 850,000 tpy. However, Vale does have large growth potential deriving from a rich project pipeline. In the potash business we have Carnalita, near Taquari-Vassouras, Rio Colorado and Neuquén, in Argentina, and Regina, in Canada. In phosphates there is Bayóvar, Bayóvar II, both in Peru, and Evate, in Mozambique. As a consequence, there is potential to reach an output over 12 Mtpy of potash and 9 Mtpy of phosphate rock, a scale that would turn Vale into one of the leading global producers of fertilizer inputs.

We will start the development of Rio Colorado in 2010. It comprises an operation with an initial nominal capacity of 2.4 Mtpy of potash (potassium chloride, KCl), and potential to expand up to 4.35 Mtpy, the construction of a railway spur of 350 km, port facilities and a power plant. The estimated total capex for phase one of Rio Colorado is US$ 4.118 billion, of which US$ 304 million is budgeted for 2010. The start-up is expected to take place in 2H13. This project is subject to Board approval.

Vale is developing the Bayóvar project, in Sechura, department of Piura, Peru. Bayóvar is an open-pit mine, with nominal production capacity of 3.9 Mtpy of phosphate rock, supported by a maritime terminal. Estimated total capex is US$ 479 million, with expenditures of US$ 219 million in 2010. Conclusion is planned for the second half of 2010.

Coal – building a new business

Coal is a new business for Vale as we entered the industry in 2007 through the acquisition of Australian assets. However, as in the fertilizer business we have potential to multiply our current production capacity, being able to reach 40 Mtpy by 2016. The increase is underpinned by the ramp up of current operations and the development of Moatize, Moatize II, both in Mozambique, Ellensfield, Eagle Downs and Belvedere[6], in the Bowen Basin, state of Queensland, Australia.

After the installation of a longwall and the expansion of the CHPP (coal handling preparation plant), Carborough Downs, an underground mine in the Bowen Basin, state of Queensland, Australia, is ramping up to reach its nominal capacity of 4.8 Mtpy in 2011. El Hatillo, located in Cesar department, Colombia, is also ramping up to reach its nominal capacity of 4.5 Mtpy in 2012.

The Moatize project, in the province of Tete, Mozambique, involves an investment of US$ 1.322 billion, of which US$ 595 million is budgeted to be spent in 2010. It will have a nominal capacity to produce 11 Mtpy of coal, of which 8.5 Mtpy of metallurgical coal – hard coking coal – and 2.5 Mtpy of thermal coal. The start-up is expected for 1H11.

[6] Vale owns 100% of Ellensfield, 50% of Eagle Downs and 51% of Belvedere and has a call option to buy the remaining 49% of the last one.

Moatize coal output will be transported by 600 km Sena-Beira railroad to a new maritime terminal in the port of Beira, province of Sofala, Mozambique. The coal terminal will be built by a concessionary owned by the Mozambican government.

At Moatize, Vale is building one of the largest CHPPs in the world on an operational site, with capacity to process 26 Mtpy of coal, to allow for the expansion of Moatize.

Given the limited capacity of the Sena – Beira railroad, the feasibility of the second phase of Moatize will depend on a different logistic solution. In this context, we are studying the construction of a new railroad from Moatize to Nacala, in the north of Mozambique, with approximately 200 km of extension, and a maritime terminal in Nacala.

Meanwhile, we are completing the feasibility studies for two Australian projects: Ellensfield, with potential for a nominal capacity of 4.5 Mtpy, and Eagle Downs, 2.4 Mtpy.

Steel – carrying out the strategy

The strategy for the steel industry is to incentivize new steelmaking projects in Brazil, one of the lowest-cost steel producing countries, investing in temporary minority stakes with the goal of being exclusive supplier of iron ore and pellets to the mills.

CSA will produce 5 million metric tons of steel slabs in a plant under construction in the state of Rio de Janeiro, Brazil, jointly with a maritime terminal and a thermal power plant. It will demand 8.5 million metric tons of iron ore and pellets per year to be exclusively supplied by Vale. Start-up is scheduled for the first half of 2010.

In a partnership with Dongkuk Steel, Vale is studying the feasibility of the CSP project to build a steel slab plant in the Brazilian state of Ceará. It will have a nominal production capacity of 3 Mtpy, with potential to be expanded to 6 Mtpy in a second phase. The first stage has an estimated total investment of US$ 4.0 billion, in which the size of Vale's investment will depend on its final stake in the project. Start-up is expected for 2013. The development of this project depends on the conclusion of feasibility studies and the approval of its shareholders.

Vale is studying the construction of an integrated slab plant project to be located in the Brazilian state of Espírito Santo, the CSU project, with a nominal production capacity of 5 Mtpy. Start-up is expected for 2014. Simultaneously to the ongoing feasibility study, we are looking for potential partners for the project. CSU is subject to Board of Directors approval.

We are also taking several steps to implement the ALPA project, which involves the construction of a steel plant in Marabá, state of Pará, Brazil, with a nominal capacity of 2.5 Mtpy of semi-finished steel. Total estimated investment is US$ 2.760 billion and start-up is expected for 2013. The feasibility study is currently being conducted and investment expected for 2010 is US$ 192 million. The development of this project will be associated to various public investments in infrastructure. The project is subject to Board of Directors approval.

Power generation – enhancing the infrastructure

Energy management and generation is a key priority. As a large consumer of energy, we believe that investing in power generation to meet our consumption needs is an efficient way to protect against price volatility, regulatory uncertainties and supply risks.

Currently, we generate 34% of our global electricity consumption from our own power plants located in Brazil, Canada and Indonesia.

We aim to diversify and optimize our energy matrix by using hydropower, seeking to identify natural gas deposits in Brazil and studying the usage of renewable fuels, such as biodiesel.

We are building two hydroelectric power plants: Karebbe, in Indonesia, and Estreito, in Brazil.

Karebbe, located on the Larona River, will be the third hydropower plant to support our nickel operations on the island of Sulawesi, Indonesia. It is intended to reduce operational costs and generate power to allow the potential expansion of production to 90,000 tpy of nickel in matte. The total capex is estimated at US$ 410 million, with US$ 126 million to be disbursed in 2010. Karebbe is expected to come on stream in the first half of 2011.

The Estreito hydroelectric power plant, located on the Tocantins River, on the border of the Brazilian states of Maranhão and Tocantins, will have an installed capacity of 1,087 MW. Estreito is expected to come on stream in the second half of 2010. We own a 30% stake in the consortium that has the concession to build and operate the plant. Our estimated share of the total investment is US$ 514 million, with US$ 186 million to be disbursed in 2010.

We are investing in biodiesel, through a consortium. Vale's stake in the consortium, whose goal is to produce 500,000 metric tons of palm oil per year, is 41%. The oil production related to our stake will be used to feed our own biodiesel plant, which will be 100% built and operated by Vale, with estimated capacity of 160,000 metric tons of biodiesel per year.

Vale's total investment in the consortium and the building of the biodiesel plant will be US$ 305 million, of which US$ 55 million will be disbursed in 2010.

Our biodiesel output will be dedicated to supplying the fleet of locomotives in the Carajás railroad and the bulk equipment of Carajás mines. This initiative complies in advance to the regulation which requires the use of B20 by 2020.

We will continue to invest in natural gas exploration in Brazil, with budgeted expenditures of US$ 300 million for 2010.

Description of the main projects

Business	Project	Budget US$ million 2010	Budget US$ million Total	Status
Ferrous Minerals/ Logistics	Carajás – Additional 30 Mtpy	480	2,478	This project will add 30 Mtpy to current capacity. It comprises investments in the installation of a new plant, composed of primary crushing, processing and classification units and significant investments in logistics. Start-up planned for 1H12, depending on concession of environmental licenses.
	Carajás – Additional 10 Mtpy	90	290	This project will add 10 Mtpy of iron ore to current capacity. It involves investment in the overhauling of a dry plant and the acquisition of a new one. Start-up expected for 1H10.
	Carajás Serra Sul (mine S11D)	1,126	11,297	Located on the Southern range of Carajás, in the Brazilian state of Pará, this project will have a capacity of 90 Mtpy. Completion is scheduled for 2H13, subject to obtaining the environmental licenses. The project is still subject to approval by the Board of Directors.
	Apolo	38	2,509	Project in the Southeastern System with a production capacity of 24 Mtpy of iron ore. Start-up expected for 1H14. The project is still subject to approval by the Board of Directors.
	Conceição Itabiritos	184	1,170	This project in the Southeastern System will add 12 Mtpy of iron ore to current capacity. It involves investment in a new concentration plant, which will receive ROM from the Conceição mine. Start-up expected for 2H12. The project is still subject to approval by the Board of Directors.
	Vargem Grande Itabiritos	79	975	This project in the Southern System will add 10 Mtpy of iron ore to current capacity. It involves investment in a new iron ore treatment plant, which will receive low grade iron ore from the Aboboras mine. Start-up expected for 2H12. The project is still subject to approval by the Board of Directors.
	Tubarão VIII	122	636	Pelletizing plant to be built at the port of Tubarão, in the Brazilian state of Espírito Santo, with a 7.5 Mtpy capacity. Start-up scheduled for 2H12.
	Oman	484	1,356	Project for the construction of a pelletizing plant in the Sohar industrial district, Oman, in the Middle East, for the production of 9 Mtpy of direct reduction pellets and a distribution center with capacity to handle 40 Mtpy. Start-up planned for 2H10.
	Teluk Rubiah	98	900	It involves the construction of a maritime terminal that will be able to receive 400,000 dwt vessels and a distribution center with a capacity to handle up to 30 million metric tons of iron ore in this first phase, and the possibility to expand it up to 90 million metric tons in the future. Start-up is planned for 1H13. The project is subject to approval by the Board of Directors.
Non-Ferrous Minerals	Onça Puma	510	2,297	The project will have a nominal production capacity of 58,000 metric tons per year of nickel in ferronickel form, its final product. Start-up expected for 2H10.
	Totten	146	362	Mine in Sudbury, Canada, aiming to produce 8,200 tpy of nickel, copper and precious metals as by-products. Project being implemented and conclusion planned for 1H11.

	Long-Harbour	441	2,821	Nickel processing facility in the province of Newfoundland and Labrador, Canada, to produce 50,000 metric tons of finished nickel per year, together with up to 5,000 metric tons of copper and 2,500 metric tons of cobalt, using the ore from the Ovoid mine in our Voisey's Bay mining site. The start-up is scheduled for 1H13.
	Salobo	600	1,152	The project will have a production capacity of 127,000 metric tons of copper in concentrate. Project implementation under way and civil engineering has started. Conclusion of work scheduled for 2H11.
	Salobo expansion (Salobo II)	66	855	The project will expand the Solobo mine annual production capacity from 127,000 to 254,000 metric tons of copper in concentrate. Conclusion is estimated for 2H13.
	Tres Valles	27	102	Located in the Coquimbo region in Chile, with an annual production capacity of 18,000 metric tons of copper cathode. Conclusion expected for 1H10.
	Konkola North	50	145	Located in the Zambian copper belt, this is an open-pit mine and will have an estimated nominal production capacity of 44,000 tpy of copper in concentrate. This project is part of our 50/50 joint venture with ARM in Africa. Project conclusion is scheduled for 2013. This project is subject to Board approval.
	Bayóvar	219	479	Open pit mine in Peru with nominal capacity of 3.9 million metric tons per year of phosphate rock. Project under implementation with conclusion scheduled for 2H10.
	Rio Colorado	304	4,118	The project includes the development of a mine with an initial nominal capacity of 2.4 Mtpy of potash - KCl, with potential for a future expansion to 4.35 Mtpy, construction of a railway spur of 350 km, port facilities and a power plant. Start-up is expected to take place in the 2H13. This project is subject to Board approval.
	CAP	60	2,200	The new alumina refinery will be located in Barcarena, in the Brazilian state of Pará. The plant will have a production capacity of 1.86 Mtpy of alumina, with potential for future expansion to produce up to 7.4 Mtpy. Completion is expected in 2H12.
	Paragominas III	-	487	Paragominas III will add 4.95 Mtpy of bauxite to existing capacity, which completion scheduled for 2H12.
Coal	Moatize	595	1,322	This project is located in Mozambique and will have a production capacity of 11 million tons, of which 8.5 million tons of metallurgic coal and 2.5 million tons of thermal coal. Completion is scheduled for 1H11.
Energy	Estreito	186	514	Hydroelectric power plant on the Tocantins river, between the states of Maranhão and Tocantins, Brazil. Has already obtained the implementation license, and is being built. Vale has a 30% share in the consortium that will build and operate the plant, which will have a capacity of 1,087 MW. Completion is planned for 2H10.
	Karebbe	126	410	Karebbe hydroelectric power plant in Sulawesi, Indonesia, aims to supply 90 MW for the Indonesian operations, targeting production cost reduction by substitution of oil as fuel. Work started and main equipment purchased. Scheduled to start-up in 1H11.
	Biofuel	55	305	Consortium with Biopalma to invest in biodiesel to supply our mining and logistics operations in the Northern region of Brazil, using the B20 mix (20% of biodiesel and 80% of ordinary diesel), from 2014 onwards. Vale's stake in the consortium is 41%. The oil production related to our stake will be used to feed our own biodiesel plant, with estimated capacity of 160,000 metric tons of biodiesel per year.

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OPINION OF THE FISCAL COUNCIL ON THE PROPOSAL FOR THE DESTINATION OF EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2009

The Fiscal Council of Vale SA (“Vale") in carrying out its legal and statutory duties, having examined the Proposal of the Board for the destination of earnings for the year ended 31 December, 2009, is of the opinion that the mentioned information that should be approved by the Annual Stockholders' General Meeting of the Company.

Rio de Janeiro, February 10, 2010

Marcelo Amaral Moraes Chairman	Antonio José de Figueiredo Ferreira Member
Anibal Moreira dos Santos Member	Marcus Pereira Aucélio Member

BOARD OF DIRECTOR'S REPORT ON PROPOSAL FOR THE DESTINATION OF EARNINGS FROM THE FISCAL YEAR ENDED DECEMBER 31, 2009

The Board of Directors of Vale S.A. ("Vale"), after conducting the analysis of the Executive Officer Board's proposal for the destination of profits earned in the fiscal year ended December 31, 2009, is favorable to the submission of such proposal to the shareholders resolution at the Ordinary General Shareholder Meeting to be held in April, 2010.

Rio de Janeiro, February 10,2010.

Jorge Luiz Pacheco Director	José Ricardo Sasseron Director
Renato da Cruz Gomes Director	Sandro Kohler Marcondes Director
Oscar Augusto de Camargo Filho Director	Eduardo Fernando Jardim Pinto Director
Francisco Augusto de Costa e Silva Director	Hajime Tonoki Director

Paulo Sérgio Moreira da Fonseca
Director

PROPOSAL FOR A CAPITAL INCREASE THROUGH THE CAPITALIZATION OF RESERVES TO BE SUBMITTED TOTHE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING RESOLUTION

Dear Members of the Board of Directors,

The Executive Officers Board of Vale S.A. (Vale) hereby presents to the Board of Directors a proposal for a capital increase through the capitalization of reserves.

Article 199 of Law 6,404 (with the new wording given by Law 11,638) determines that the balance of the profit reserves, excluded the contingency and the unrealized income reserves, may not exceed the value of the paid-up capital. Once this limit is reached, the shareholders meeting shall resolve upon the usage of the excess to either pay in the capital not fully paid, or increase the capital, or even distribute dividends.

Having carried out the distribution of earnings from the fiscal year ended December 31, 2009, the revenue reserves exceed the value of the paid-in capital by R$1,838,015,899.94 (one billion, eight hundred and thirty-eight million, fifteen thousand, eight hundred and ninety-nine Reais and ninety-four cents).

As a result, the Executive Officers Board proposes the capital increase, without the issuance of new shares, in the total amount of R$2,565,806,871.32 (two billion, five hundred sixty-five million, eight hundred and six thousand, eight hundred seventy-one Reais and thirty-two cents) comprised (i) of part of the expansion/investment reserve in the amount of R$2,434,823,990.37 (two billion, four hundred thirty-four million, eight hundred and twenty-three thousand, nine hundred and ninety Reais and thirty-seven cents), (ii) of the reinvestment reserve in the amount of R$41,140,354.68 (forty-one million, one hundred forty thousand, three hundred and fifty-four Reais and sixty-eight cents), and (iii) of the tax incentive reserve in the amount of R$89,842,526.27 (eighty-nine million, eight hundred and forty-two thousand, five hundred twenty-six Reais and twenty-seven cents).

As a consequence, after capitalization of the above mentioned reserves, Vale's paid-in social capital will be increased from R$47,434,193,128.68 (forty-seven billion, four hundred thirty-four million, one hundred and ninety-three thousand, one hundred twenty-eight Reais and sixty-eight cents), to R$50,000,000,000.00 (fifty billion Reais).

As a result of the approval of the capital increase proposal, the *caput* of Article 5 of Vale's Bylaws shall read as follows:

"Article 5º - The paid-up capital amounts to R$50,000,000,000.00 (fifty billion Reais) corresponding to 5,365,304,100 (five billion, three hundred and sixty-five million, three hundred and four thousand one hundred) shares, being R$30,349,859,218.60 (thirty billion and three hundred forty-nine million, eight hundred and fifty-nine thousand, two hundred eighteen Reais and sixty cents), divided into 3,256,724,482 (three billion, two hundred fifty-six million, seven hundred twenty-four thousand, four hundred eighty-two) common shares and R$19,650,140,781.40 (nineteen billion, six hundred and fifty million, one hundred and forty thousand, seven hundred and eighty-one Reais and forty cents), divided into 2,108,579,618 (two billion, one hundred and eight million, five hundred and seventy-nine thousand and six hundred and eighteen) preferred Class "A" shares, including 12 (twelve) special class shares, all without nominal value."

This proposal comprehends the capitalization of the capital reserves and the evolution of the capital's worth as follows:

Current paid-in capital	R$ 47,434,193,128.68
Expansion/investment reserve	R$ 2,434,823,990.37
Reinvestment reserve	R$ 41,140,354.68
Tax incentive investment reserve	R$ 89,842,526.27
New paid-in capital	R$ 50,000,000,000.00

Being thus duly explained, we hereby submit this proposal to the Members of the Board of Directors, in accordance with the resolutions of the Executive Officers Board.

Rio de Janeiro, February 08, 2010.

Roger Agnelli
Chief Executive Officer

Fabio de Oliveira Barbosa
Chief Financial Officer and
Investor Relations

Tito Botelho Martins
Executive Officer for Non Ferrous

Carla Grasso
Executive Officer for Human Resources and
Corporate Services

José Carlos Martins
Executive Officer for Ferrous

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

Cron.071/2010

Annex to the Proposal of Capital Increase through Capitalization of Reserves

Under Article 14 and Annex 14 of CVM Rule No. 481/09, we highlight the following:

DESCRIPTION	INFORMATION
1. Inform the capital increase amount	R$2,565,806,871.32
2. Inform the new capital amount	R$50,000,000,000.00
3. Inform whether the capital increase will occur through (a) the conversion of debentures into shares, (b) the exercise of preemptive rights or subscription bonds, (c) the capitalization of profits or reserves, or (d) subscription of new shares.	The proposal provides for the capital increase, through the capitalization of reserves, without the issuance of new shares.
4. Provide a detailed explanation on the capital increase reasons and its legal and economic consequences	Regarding Article 199 of Law 6,404 (with the new wording given by Law 11,638) the proposal aims to capitalize the excess of profit reserves comparing to the capital. Having carried out the distribution of earnings from the fiscal year ended December 31, 2009, profit reserves exceed paid-up capital by R$1,838,015,899.94, the proposal is to increase capital, without the issuance of new shares, in the total amount of R$2,565,806,871.32 comprised of (i) part of the expansion/investment reserve in the amount of R$2,434,823,990.37, (ii) the reinvestment reserve in the amount of R$41,140,354.68, and (iii) of the tax incentive reserve in the amount of R$89,842,526.27. The proposed capital increase shall be deemed as an accounting increase, in which the amount of the reserve account is reassigned to the capital account. The current proposal does not bear economic consequences, since it is considered a transfer within the equity account. As a result of the approval of the capital increase proposal, the *caput* of Article 5 of Vale's Bylaws shall read as follows: "Article 5º - The paid-up capital amounts to R$50,000,000,000.00 (fifty billion Reais)

	corresponding to 5,365,304,100 (five billion, three hundred and sixty-five million, three hundred and four thousand one hundred) shares, being R$30,349,859,218.60 (thirty billion and three hundred forty-nine million, eight hundred and fifty-nine thousand, two hundred eighteen Reais and sixty cents), divided into 3,256,724,482 (three billion, two hundred fifty-six million, seven hundred twenty-four thousand, four hundred eighty-two) common shares and R$19,650,140,781.40 (nineteen billion, six hundred and fifty million, one hundred and forty thousand, seven hundred and eighty-one Reais and forty cents), divided into 2,108,579,618 (two billion, one hundred and eight million, five hundred and seventy-nine thousand and six hundred and eighteen) preferred Class "A" shares, including 12 (twelve) golden shares, all without nominal value."
5. Provide a copy of the fiscal council report	Please see the document attached hereto.
6. In the event of capital increases through the capitalization of profits or reserves: (a) Inform if there will be change of nominal value of shares, if any, or the distribution of new shares to shareholders; (b) Inform whether the capitalization of profits or reserves will be effective with or without changing the number of shares issued by companies with shares with no par value; (c) In the event of distribution of new shares: (i) Inform the number of issued shares per each type and class, (ii) Provide the percentage that shareholders will receive in shares, (iii) Describe the rights, advantages and restrictions relating to shares to be issued, (iv) Inform the acquisition cost, in reais per share, to be allocated to shareholders in order to attend the Article 10 of Law # 9,249 dated December 26, 1995, (v) Inform the treatment of fractions, if any,; d) Inform the period provided for in §3 of Article 169 of Law# 6,404/1976; and (e) Inform and provide information and documents referred to in item 5 above, when applicable.	The capitalization of the reserves will be effective without changing the number of shares or the distribution of new shares among the shareholders and therefore, the provision contained in paragraph 3 of Article 169 of Law 6,404/76 does not apply.

OPINION OF THE FISCAL COUNCIL ON PROPOSAL TO INCREASE PAIDP-UP CAPITAL

The Fiscal Council of Vale S.A ("Vale"), in carrying out its legal and statutory duties, after examining the proposal to increase paid-up capital, without issuance of new shares, through the capitalization of part of the expansion/investment reserve in the amount of R$2,434,823,990.37 (two billion, four hundred and thirty four million, eight hundred and twenty-three thousand and nine hundred and nineteen Reais and thirty seven cents) and the capitalization of reinvestment reserve in the amount of R$41,140,354.68 (forty one million, one hundred and forty thousand, three hundred and fifty four Reais and sixty eight cents), and of tax incentive reserve in the amount of R$89,842,526.27 (eighty nine million, on eight hundred and forty two thousand, five hundred and twenty six Reais and twenty seven cents), totaling R$2,565,806,871.32 (two billion, five hundred and sixty five million, eight hundred and six thousand and eight hundred and seventy one Reais and thirty two cents, has the opinion that the proposal can be approved by the Annual Stockholders' General Meeting.

Rio de Janeiro, February 10, 2010

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Marcelo Amaral Moraes Chairman	Antonio José de Figueiredo Ferreira
Aníbal Moreira dos Santos	Marcus Pereira Aucélio

BOARD OF DIRECTOR'S REPORT ON THE PROPOSAL FOR THE CAPITAL INCREASE THROUGH THE CAPITALIZATION OF RESERVES

The Board of Directors of Vale S.A. ("Vale"), after conducting the analysis of the Executive Officers Board Proposal for Proposal for a capital increase, through capitalization of reserves, without the issuance of shares, and the consequent change of the head of article 5 of Vale´s By-Laws, is favorable to the submission of such proposal to the Shareholders resolution at Ordinary General Shareholder Meeting to be held in April, 2010.

Rio de Janeiro, February 10, 2010.

Jorge Luiz Pacheco
Director

José Ricardo Sasseron
Director

Renato da Cruz Gomes
Director

Sandro Kohler Marcondes
Director

Oscar Augusto de Camargo Filho
Director

Eduardo Fernando Jardim Pinto
Director

Francisco Augusto de Costa e Silva
Director

Hajime Tonoki
Director

Paulo Sérgio Moreira da Fonseca
Director

BY-LAWS

VALE S.A.

CHAPTER I - NAME, PURPOSE, HEAD OFFICE AND DURATION

Article 1 – Vale S.A., referred to in abbreviated form as Vale, is a joint-stock company governed by the present By-Laws and by applicable legislation.

Article 2 - The purpose of the company is:

I. the exploitation of mineral deposits in Brazil and abroad by means of extraction, processing, industrialization, transportation, shipment and commerce of mineral assets;

II. the building and operation of railways and the exploitation of own or third party rail traffic;

III. the building and operation of own or third party marine terminals, and the exploitation of nautical activities for the provision of support within the harbor;

IV. the provision of logistics services integrated with cargo transport, comprising generation, storage, transshipment, distribution and delivery within the context of a multimodal transport system;

V. the production, processing, transport, industrialization and commerce of all and any source and form of energy, also involving activities of production, generation, transmission, distribution and commerce of its products, derivatives and subproducts;

VI. the carrying-on, in Brazil or abroad, of other activities that may be of direct or indirect consequence for the achievement of its corporate purpose, including research, industrialization, purchase and sale, importation and exportation, the exploitation, industrialization and commerce of forest resources and the provision of services of any kind whatsoever;

VII. constituting or participating in any fashion in other companies, consortia or associations directly or indirectly related to its business purpose.

Article 3 - The head office and legal venue of the company shall be in the city of Rio de Janeiro, State of Rio de Janeiro, the company being empowered for the better realization of its activities to set up branch offices, subsidiary branch offices, depots, agencies, warehouses, representative offices or any other type of establishment in Brazil or abroad.

Article 4 - The term of duration of the company shall be unlimited.

CHAPTER II - CAPITAL AND SHARES

Article 5 - Paid-up capital amounts to R$47,434,193,128,68 (forty seven billion, four hundred and thirty four million, one hundred and ninety three thousand, one hundred and twenty eight reais and sixty eight cents) corresponding to 5,365,304,100 (five billion, three hundred and sixty five million, three hundred and four thousand and one hundred) book-entry shares, being R$28,964,970,548.70 (twenty eight billion, nine hundred and sixty four million, nine hundred and seventy thousand, five hundred and forty eight reais and seventy cents), divided into 3,256,724,482 (three billion, two hundred and fifty six million, seven hundred and twenty four thousand, four hundred and eighty two) common shares and R$18,469,222,579.98 (eighteen billion, four hundred and sixty nine million, two hundred and twenty two thousand, five hundred and seventy nine reais and ninety eight cents), divided into 2,108,579,618 (two billion, one hundred and eight million, five hundred and seventy nine thousand, six hundred and eighteen) Preferred Class "A" shares in including 12 (twelve) golden shares, all without nominal value.

Wording proposal to be submitted to the Extraordinary Shareholders Meeting, in order to reflect the capital increase, through capitalization of reserves, without the issuance of shares:

Article 5 - The paid-up capital amounts to R$50,000,000,000.00 (fifty billion Reais) corresponding to 5,365,304,100 (five billion, three hundred and sixty-five million, three hundred and four thousand one hundred) shares, being R$30,349,859,218.60 (thirty billion and three hundred forty-nine million, eight hundred and fifty-nine thousand, two hundred eighteen Reais and sixty cents), divided into 3,256,724,482 (three billion, two hundred fifty-six million, seven hundred twenty-four thousand, four hundred eighty-two) common shares and R$19,650,140,781.40 (nineteen billion, six hundred and fifty million, one hundred and forty thousand, seven hundred and eighty-one Reais and forty cents), divided into 2,108,579,618 (two billion, one hundred and eight million, five hundred and seventy-nine thousand and six hundred and eighteen) preferred Class "A" shares, including 12 (twelve) golden shares, all without nominal value.

§ 1 - The shares are common shares and preferred shares. The preferred shares comprise class A and special class.

§ 2 - The special class preferred share shall belong exclusively to the Federal Government. In addition to the other rights which are expressed and specifically attributed to these shares in the current By-Laws, the special class shares shall possess the same rights as the class A preferred shares.

§ 3 - Each common, class A preferred share and special class shares shall confer the right to one vote in decisions made at General Meetings, the provisions of § 4 following being observed.

§ 4 - The preferred class A and special shares will have the same political rights as the common shares, with the exception of voting for the election of Board Members, excepting the provisions set forth in §§ 2 and 3 of Article 11 following, and also the right to elect and dismiss one member of the Fiscal Council, and its respective alternate.

§5 - Holders of class A preferred and special class shares shall be entitled to receive dividends calculated as set forth in Chapter VII in accordance with the following criteria:

a) priority in receipt of dividends specified in § 5 corresponding to: (i) a minimum of 3% (three percent) of the stockholders' equity of the share, calculated based on the financial statements which served as reference for the payment of dividends, or (ii) 6% (six percent) calculated on the portion of the capital formed by this class of share, whichever higher;

b) entitlement to participate in the profit distributed, on the same conditions as those for common shares, once a dividend equal to the minimum priority established in accordance with letter "a" above is ensured; and

c) entitlement to participate in any bonuses, on the same conditions as those for common shares, the priority specified for the distribution of dividends being observed.

§6 - Preferred shares shall acquire full and unrestricted voting rights should the company fail to pay the minimum dividends to which they are entitled during 3 (three) consecutive fiscal years, under the terms of §5 of Article 5.

Article 6 - The company is authorized to increase its paid-up capital up to the limit of 3,600,000,000 (three billion, six hundred million) common shares and 7,200,000,000 (seven billion, two hundred million) Preferred Class "A" shares. Within the limit authorized in this article, the Company, as a result of deliberation by the Board of Directors, may increase its paid-up capital independently of reform to its bylaws, through the issue of common and/or preferred shares.

§ 1 - The Board of Directors shall determine the conditions for issuance, including the price and the period of time prescribed for paying up.

§ 2 - At the option of the Board of Directors the preemptive right in the issuance of shares, bonds convertible into shares and subscription bonuses, the placement of which on the market may be by sale on the stock exchange or by public subscription as per the prescriptions set forth in Law no. 6.404/76, may be rescinded.

§ 3 - Provided that the plans approved by the General Meeting are complied with, the company shall be entitled to delegate the option of share purchase to its administrators and employees, with shares held in Treasury or by means of the issuance of new shares, the shareholders' preemptive right being excluded.

Article 7 - The special class share shall possess a veto right regarding of the following subjects:

I. change of name of the company;

II. change of location of the head office;

III. change of the corporate purpose with reference to mineral exploitation;

IV. the winding-up of the company;

V. the sale or cessation of the activities of any part or of the whole of the following categories of the integrated iron ore systems of the company: (a) mineral deposits, reserves and mines; (b) railways; (c) ports and marine terminals;

VI. any alteration of the rights assigned to the types and classes of the shares issued by the company in accordance with the prescriptions set forth in the present By-Laws;

VII. any alteration of the present Article 7 or of any of the other rights assigned to the special class share by the present By-Laws.

CHAPTER III - GENERAL MEETING

Article 8 - The ordinary Shareholders' General Meeting shall be held within the first four months following the end of the fiscal year and, extraordinarily, whenever called by the Board of Directors.

§ 1 - An extraordinary Shareholders' General Meeting shall be competent to discuss the subjects specified in Article 7.

§ 2 - The holder of the special class share shall be formally requested by the company to attend for the purpose of discussing the subjects specified in Article 7 by means of personal correspondence addressed to its legal representative, a minimum period of notice of 15 (fifteen) days being given.

§ 3 - Should the holder of the special class share be absent from the General Meeting called for this purpose or should it abstain from voting, the subjects specified in Article 7 shall be deemed as having been approved by the holder of the said special class.

Article 9 - At an Ordinary or Extraordinary General Meeting, the chair shall be taken by the Chairman, or in his absence by the Vice-Chairman of the Board of Directors of the company, and the Secretary of the Board of Directors shall act as secretary, as per § 14 of Article 11.

Sole Paragraph - In the case of temporary absence or impediment of the Chairman or Vice-Chairman of the Board of Directors, the General Meeting of Shareholders shall be chaired by their respective alternates, or in the absence or impediment of such alternates, by an Officer specially appointed by the Chairman of the Board of Directors.

CHAPTER IV - ADMINISTRATION

Article 10 - The Board of Directors and the Executive Board shall be responsible for the administration of the company.

§1 - The members of the Board of Directors and the Executive Board shall take office by means of signing the Minute Book of the Board of Directors or the Executive Board, as the case may be.

§2 - The term of office of the members of the Board of Directors and the Executive Board shall be extended until their respective successors have taken office.

§3 - The General Meeting shall fix the overall amount for the remuneration of the administrators, benefits of any kind and allowances being included therein, taking into account the responsibilities of the administrators, the time devoted to the performance of their duties, their competence and professional repute and the market value of their duties, their competence and professional repute and the market value of their services. The Board of Directors shall apportion the fixed remuneration among its members and the Executive Board.

§4 - The Board of Directors shall be supported by technical and consultant bodies, denominated Committees, regulated as set forth in **Section II - Committees hereinafter.**

SECTION I - BOARD OF DIRECTORS

Subsection I - Composition

Article 11 - The Board of Directors, a joint decision-making body, shall be elected by the General Meeting and shall be formed of 11 (eleven) effective members and their respective alternates, all being shareholders in the company, and one of whom shall be the Chairman of the Board and another shall be the Vice-Chairman.

§1 - The term of office of the members of the Board of Directors shall be 2 (two) years, their re-election being permitted.

§2 - Under the terms of Article 141 of Law # 6,404/76, 1 (one) member and his alternate of the Board of Directors, may be elected and removed, by means of a separate vote at the general meeting of shareholders, excluding the controlling shareholder, by the majority of holders, respectively, of:

I - common shares representing at least 15% (fifteen percent) of the total shares with voting rights; and

II - preferred shares representing at least 10% (ten percent) of share capital.

§3 - Having ascertained that neither the holders of common shares or preferred shares have respectively formed the quorum required in sections I and II of §2 above, they shall be entitled to combine their shares to jointly elect a member and an alternate to the Board of Directors, and in such hypothesis the quorum established in section II of §2 of this Article shall be observed.

§4 - The entitlement set forth in §2 of this Article may only be exercised by those shareholders who are able to prove uninterrupted ownership of the shares required therein for a period of at least 3 (three) months, immediately prior to the general shareholders meeting which elected the members of the Board of Directors.

§5 - From among the 11 (eleven) effective members and their respective alternates of the Board of Directors, 1 (one) member and his alternate shall be elected and/or removed, by means of a separate vote, by the employees of the company.

§6 - The Chairman and the Vice-Chairman of the Board of Directors shall be elected among the members thereof during a Meeting of the Board of Directors to be held immediately after the General Meeting which has elected them.

§7 - In the case of impediment or temporary absence, the Vice-Chairman shall replace the Chairman, and during the period of such replacement the Vice-Chairman shall have powers identical to those of the Chairman, the alternate of the Chairman being nevertheless entitled to exercise the right to vote in his capacity as a member of the Board of Directors.

§8 - Should a vacancy occur in the office of Chairman or Vice-Chairman, the Board of Directors shall elect the respective alternates in the first Meeting to be held after the vacancy.

§9 - During their impediments or temporary absences, the members of the Board of Directors shall be replaced by their respective alternates.

§10 - Should a vacancy occur in the office of a member of the Board of Directors or of an alternate, the vacancy shall be filled by nomination by the remaining members of an alternate who shall serve until the next General Meeting, which shall decide on his election. Should vacancies occur in the majority of such offices, a General Meeting shall be convened in order to proceed with a new election.

§11 - Whenever the Board of Directors is elected under the multiple vote regime, as established in Article 141 of Law # 6,404/1976, the Chairman of the shareholders meeting shall inform those shareholders present that the share which elected a member of the Board of Directors, by means of a separate vote in accordance with §§2 and 3 of Article 11, may not participate in the multiple vote regime and, evidently, may not participate in the calculation of the respective quorum. Once the separate vote has been held, then the ratio may be definitively defined in order to proceed with the multiple vote.

§12- With the exception of the effective members and their respective alternates, elected by means of separate vote, respectively, by the employees of the company and by the holders of preferred shares, under section II, §2 of Article 11, whenever the election for the Board of Directors is held under the multiple vote regime, the removal of any member of the Board of Directors, effective or alternate, by the general shareholders meeting, shall imply in the removal of the other members of the Board of Directors, and consequently a new election shall be held; in other

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cases of vacancy, in the absence of an alternate, the first general shareholders meeting shall elect the whole Board.

§13 - Whenever, cumulatively, the election of the Board of Directors is held under the multiple vote system and the holders of common shares or preferred shares or company employees exercise the right established in §§ 2, 3 and 5 above, the shareholder or group of shareholders under vote agreement who hold over 50% (fifty percent) of shares with voting rights, shall be ensured the right to elect officers in a number equal to those elected by the other shareholders, plus one, irrespective of the number of officers established in the caption of Article 11.

§14 - The Board of Directors shall have a Secretary, appointed by the Chairman of the Board of Directors, who shall necessarily be an employee or administrator of the company, in whose absence or impediment shall be replaced by another employee or administrator as designated by the Chairman of the Board of Directors.

Subsection II – Workings

Article 12 - The Board of Directors shall meet on an ordinary basis once a month and extraordinary whenever called by the Chairman or, in his absence, by the Vice-Chairman of the Board or by any 2 (two) members acting together.

Sole Paragraph - The meetings of the Board of Directors shall be held at the Company's headquarters, but, under exceptional circumstances, may be held at a different location.

Article 13 - Meetings of the Board of Directors shall only be held with the presence of and decisions shall only be taken by the affirmative vote of a majority of its members.

§1 - The minutes of the meetings of the Board of Directors shall be recorded in the Book of Minutes of Meetings of the Board of Directors which, after having been read and approved by the officers present at the meetings, shall be signed in a number sufficient to constitute the majority necessary for approval of the subjects examined.

§2 - The Secretary shall be responsible for the recording, distribution, filing and safeguard of the respective minutes of the meetings of the Board of Directors, as well as for the issuance of abstracts of the minutes and certificates of approvals of the Board of Directors.

Subsection III – Responsibilities

Article 14 - The Board of Directors shall be responsible for:

I. electing, evaluating and at any time removing the Executive Officers of the company, and assigning functions to them;

II. distributing the remuneration established by the general shareholders meeting among its members and those of the Executive Board;

III. assigning the functions of Investor Relations to an Executive Officer;

IV. approving the policies relating to selection, evaluation, development and remuneration of members of the Executive Board;

V. approving the company's human resources general policies as submitted to it by the Executive Board;

VI. establishing the general guidance of the business of the company, its whollyowned subsidiary companies and controlled companies;

VII. approving the strategic guidelines and the strategic plan of the company submitted annually by the Executive Board;

VIII. approving the company's annual and multi-annual budgets, submitted to it by the Executive Board;

IX. monitoring and evaluating the economic and financial performance of the company, and may request the Executive Board to provide reports with specific performance indicators;

X. approving investments and/or divestiture opportunities submitted by the Executive Board which exceed the limits established for the Executive Board as defined by the Board of Directors;

XI. issuing opinions on operations relating to merger, split-off, incorporation in which the company is a party, as well as share purchases submitted by the Executive Board;

XII. with the provisions set forth in Article 2 of the present By-Laws being complied with, making decisions concerning the setting-up of companies, or its transformation into another kind of company, direct or indirect participation in the capital of other companies, consortia, foundations and other organizations, by means of the exercise of rights withdrawal, the exercise of non-exercise of rights of subscription, or increase or sale, both direct and indirect, of corporate equity, or in any other manner prescribed by law, including but not limited to, merger, split-off and incorporation in companies in which it participates;

XIII. approving the corporate risks and financial policies of the company submitted by the Executive Board;

XIV. approving the issuance of simple debentures, not convertible into share and without collateral submitted by the Executive Board;

XV. approving the accounts of the Executive Board, substantiated in the Annual Report and the Financial Statements, for subsequent submission to the Ordinary General Meeting;

XVI. approving the employment of profit for the year, the distribution of dividends and, when necessary, the capital budget, submitted by the Executive Board, to the later direction to the appreciation of the Ordinary Shareholders Meeting;

XVII. selecting and removing external auditors of the company, based on the Fiscal Council's recommendation, in accordance with section (ii) of §1º of Article 39;

XVIII. appointing and removing the person responsible for the internal auditing and for the Ombud of the company, who shall report directly to the Board of Directors;

XIX. approving the policies and the annual audit plan of the company submitted by the person responsible for internal auditing, as well as to acknowledge the respective reports and determine the adoption of necessary measures;

XX. overseeing the management of the company by the Executive Officers and examining at any time, the books and documents of the Company, requesting information about contracts signed or about to be signed, and about any other actions, in order to ensure the financial integrity of the Company;

XXI. approving alterations in corporate governance rules, including, but not limited to, the process of rendering of accounts and the process of disclosure of information;

XXII. approving policies of employee conducts based on ethical and moral standards described in the Code of Ethics of the Company, to be observed by all administrators and employees of the Company, its subsidiaries and controlled companies;

XXIII. approving policies to avoid conflicts of interests between the Company and its shareholders or its administrators, as well as the adoption of the measures considered necessary in the event such conflicts arise;

XXIV. approving policies of corporate responsibility of the Company, mainly those related to: the environment, health and labor safety, and social responsibility of the Company, submitted by the Executive Board;

XXV. establishing criteria for the Executive Board in relation to the purchase of, sale of and placing of liens on fixed assets and for the constitution of encumbrances, the provisions set forth in Article 7 of the present By-Laws being complied with;

XXVI. approving the provision of guarantees in general, and establishing criteria for the Executive Board in relation to the contracting of loans and financing and for the signing of other contracts;

XXVII. establishing criteria for the Executive Board in relation to the signing of commitments, waiving of rights and transactions of any nature, except for the waiver of its preemptive rights in the subscription and purchase of shares, under section XII of Article 14;

XXVIII. approving any matters which are not the competence of the Executive Board, under the terms of the present By-Laws, as well as matters whose limits exceed the criteria established for the Executive Board, as established in Article 14;

XXIX. approving any reformulation, alteration, or amendment of shareholders' agreements or consortia contracts, or of agreements among the shareholders or among the consortia parties of companies in which the company participates, as well as approving the signing of new agreements and/or consortia contracts that address subjects of this nature;

XXX. authorize the negotiation, signing or alteration of contracts of any kind of value between the company and (i) its shareholders, either directly or through intermediary companies (ii) companies which directly or indirectly participate in the capital of the controlling shareholder or which are controlled, or are under joint control, by companies which participate in the capital of the controlling shareholder, and/or (iii) companies in which the controlling shareholder of the company participates, and the Board of Directors may establish delegations, with standards and procedures, which meet the requirements and nature of the operations, without prejudice of keeping the aforementioned group duly informed of all company transactions with related parties;

XXXI. expressing its opinion regarding any matter to be submitted to the General Meeting of Shareholders;

XXXII. authorizing the purchase of shares of its own issuance for maintenance in treasury, cancellation or subsequent sale;

XXXIII. approving the recommendations submitted by the Fiscal Council of the Company in the exercise of its legal and statutory attributions.

§1 - The Board of Directors shall be responsible for appointing, as submitted by the Executive Board, the persons who shall form part of the Administrative, Consulting and Audit bodies of those companies and organizations in which the company participates, directly or indirectly.

§2 - The Board of Directors may, at its discretion, delegate the assignment mentioned in the prior paragraph to the Executive Board.

SECTION II - COMMITTEES

Article 15 - The Board of Directors, shall have, for advice on a permanent basis, 5 (five) technical and advisory committees, denominated as follows: Executive Development Committee, Strategic Committee, Finance Committee, Accounting Committee and Governance and Sustainability Committee.

§1 - The Board of Directors, at its discretion, may also establish, for its consulting support, other committees to fulfill consultant or technical tasks, other than those permanent committees as set forth in the caption of this Article.

§2 - The members of the committees shall be remunerated as established by the Board of Directors, and those members who are administrators of the company shall not be entitled to additional remuneration for participating on the committees.

Subsection I – Mission

Article 16 - The mission of the committees shall be to provide support to the Board of Directors, which includes the follow up of the activities of the Company, in order to increase the efficiency and quality of its decisions.

Subsection II – Composition

Article 17 - The members of the committees shall have proven experience and technical skills in relation to matters that are the object of the respective committee's responsibility and shall be subject to the same legal duties and responsibilities as the administrators.

Article 18 - The composition of each committee shall be defined by the Board of Directors.

§1 - The members of the committees shall be appointed by the Board of Directors and may belong to company administration bodies or not.

§2 - The term of management for the members of the committees shall begin as of their appointment by the Board of Directors, and termination shall coincide with the end of the management term of the members of the Board of Directors, and reappointment shall be permitted.

§3 - During their management, members of the committees may be removed from office by the Board of Directors.

Subsection III – Workings

Article 19 - Standards relating to the workings of each committee shall be defined by the Board of Directors.

§1 - The committees established within the company shall not have decision making power and their reports and proposals shall be submitted to the Board of Directors for approval.

§2 - The committees' reports do not constitute a necessary condition for the presentation of matters for scrutiny and approval by the Board of Directors.

Subsection IV – Responsibilities

Article 20 - The main duties of the committees are set forth in Article 21 and subsequent articles, whereas their detailed duties shall be defined by the Board of Directors.

Article 21 - The Executive Development Committee shall be responsible for:

I - issuing reports on the human resources general policies of the Company submitted by the Executive Board to the Board of Directors;

II - analyzing and issuing reports to the Board of Directors on the restatement of remuneration of members of the Executive Board;

III - submitting and ensuring up-to-dateness of the performance evaluation methodology of the members of the Executive Board; and

IV - issuing reports on health and safety policies proposed by the Executive Board.

Article 22 - The Strategic Committee shall be responsible for:

I - issuing reports on the strategic guidelines and the strategic plan submitted annually by the Executive Board;

II - issuing reports on the company's annual and multi-annual investment budgets submitted by the Executive Board to the Board of Directors;

III - issuing reports on investment and/or divestiture opportunities submitted by the Executive Board to the Board of Directors; and

IV - issuing reports on operations relating to merger, split-off, incorporation in which the company and its controlled subsidiaries are a party, and on share purchases submitted by the Executive Board to the Board of Directors.

Article 23 - The Finance Committee shall be responsible for:

I - issuing reports on the corporate risks and financial policies and the internal financial control systems of the Company; and

II - issuing reports on the compatibility between the remuneration level of shareholders and the parameters established in the annual budget and financial scheduling, as well as its consistency with the general policy on dividends and the capital structure of the company.

Article 24 - The Accounting Committee shall be responsible for:

I - recommending the appointment of the person responsible for the internal auditing of the Company to the Board of Directors ;

II - issuing reports on the policies and the Company's annual auditing plan submitted by the employee responsible for internal auditing, and on its execution;

III - tracking the results of the Company's internal auditing, and identifying, priorizing, and submitting actions to be accompanied by the Executive Board to the Board of Directors; and

IV - analyzing the Annual Report, as well as the Financial Statements of the company and making recommendations to the Board of Directors.

Article 25 - The Governance and Ethics Committee shall be responsible for:

I - evaluating the efficiency of the company's governance practices and the workings of the Board of Directors, and submitting improvements;

II - submitting improvements to the code of ethics and in the management system in order to avoid conflicts of interests between the company and its shareholders or company administrators; and

III - issuing reports on potential conflicts of interest between the company and its shareholders or administrators, and

IV - issuing reports on policies related to the Company's institutional social responsibilities, such as environmental-related issues and the Company's social responsibilities, proposed by the Executive Board.

SECTION III - EXECUTIVE BOARD

Subsection I – Composition

Article 26 - The Executive Board, which shall be the executive management body of the company, shall consist of 6 (six) to 11 (eleven) members, one of whom shall be the Chief Executive Officer and the others Executive Officers.

§1 - The Chief Executive Officer shall submit to the Board of Directors the names of candidates for the Executive Board with renowned knowledge and specialization in the subject of responsibility of the respective operational area, and may also at any time submit to the Board of Directors a motion to remove.

§2 - The Executive Officers shall have their individual duties defined by the Board of Directors.

§3 - The management term of the members of the Executive Board shall be 2 (two) years, and re-election shall be permitted.

Subsection II – Workings

Article 27 - The Chief Executive Officer and other members of the Executive Board shall continue in their respective official capacities when physically distant from headquarters realizing their respective duties on business-related travel. In the case of a permanent vacancy, or an impairment which temporarily impedes an officer from performing his respective duties, or a temporary absence or leave due to extraordinary circumstances, the respective procedures for replacing the Chief Executive Officer and other Executive Officers shall be as follows:

§1º - In the case of an impairment which temporarily impedes the Chief Executive Officer from performing his respective duties, the Chief Financial Officer shall assume, in addition to his own legal, statutory, and regulatory rights and responsibilities, the legal, statutory, and regulatory responsibilities of Chief Executive Officer, provided that the Board of Directors ratifies such replacement. In the case of the Chief Executive Officer's temporary absence or leave due to extraordinary circumstances, the Chief Executive Officer shall designate his own substitute, who shall assume all legal, statutory, and regulatory rights and responsibilities of the Chief Executive Officer.

§2º - In the case of an impairment which temporarily impedes an Executive Officer from performing his respective duties or in the case of an Executive Officer's temporary absence or leave due to extraordinary circumstances, such Executive Officer shall be replaced, in accordance with the Chief Executive Officer's nomination, by any of the other Executive Officers, and such nominated Executive Officer shall assume, in addition to his own legal, statutory, and regulatory rights and responsibilities, the legal, statutory, and regulatory responsibilities of the temporarily impaired or absent Executive Officer, excluding voting rights at Executive Board meetings, for the duration of the temporarily impaired or absent Executive Officer's term.

§3º - Should there be a permanent vacancy in the position of Executive Officer, the Chief Executive Officer shall select a substitute officer and submit such officer's name to the Board of Directors who shall appoint such substitute officer to complete the remaining term of the vacant executive officer.

§4º - Should there be a permanent vacancy in the position of the Chief Executive Officer, the Chief Financial Officer shall replace the Chief Executive Officer and shall assume the duties, rights, and responsibilities of both the Chief Executive Officer and the Chief Financial Officer, until the Board of Directors holds an election to fill the position of Chief Executive Officer.

Article 28 - In respect of the limits established for each Executive Officer, the decisions on matters affecting his specific operational area, provided that the matter does not affect the operational area of another Executive Officer, shall be taken by himself or in conjunction with the Chief Executive Officer, in matters or situations pre-established by the latter.

Article 29 - The Executive Board shall meet on an ordinary basis once each fifteen days and extraordinarily whenever called by the Chief Executive Officer or his substitute; and Executive Board members may participate in ordinary or extraordinary meetings in person, by teleconference, videoconference, or other means of communication.

Sole Paragraph - The Chief Executive Officer shall convene an extraordinary meeting of the Executive Board by virtue of the request of at least 3 (three) members of the Executive Board;

Article 30 - The meetings of the Executive Board shall only begin with the presence of the majority of its members.

Article 31 - The Chief Executive Officer shall chair the meetings of the Executive Board in order to priorize consensual approvals amongst its members.

§1 - When there is no consent among members of the Board, the Chief Executive Officer may (i) withdraw the issue from the agenda, (ii) attempt to form a majority, with the use of his casting vote or, (iii) in the interests of the company and by grounded presentation, decide individually on the matters raised for joint approval, including those listed in Article 32, and in respect of the exceptions stated in §2 following;

§2 - Decisions relating to annual and multi-annual budgets and to the strategic plan and the Annual Report of the company shall be taken by majority vote, considered to be all Executive Officers, provided that the favorable vote of the Chief Executive Officer is included therein.

§3 - The Chief Executive Officer shall inform the Board of Directors the utilization of the prerogative concerning item (iii), §1 stated above, in the first Board of Directors meeting which succeed the corresponding decision.

Subsection III – Responsibilities

Article 32 - The Executive Board shall be responsible for:

I - approving the creation and elimination of Executive Departments subordinated to each Executive Director;

II - preparing and submitting to the Board of Directors the company's general policies on human resources, and executing the approved policies;

III - complying with and ensuring compliance with the general guidelines and business policies of the Company laid down by the Board of Directors;

IV - preparing and submitting, annually, to the Board of Directors, the company's strategic guidelines and the strategic plan, and executing the approved strategic plan;

V - preparing and submitting the Company's annual and multi-annual budgets to the Board of Directors, and executing the approved budgets;

VI - planning and steering the company's operations and reporting the company's economic and financial performance to the Board of Directors, and producing reports with specific performance indicators;

VII - identifying, evaluating and submitting investment and/or divestiture opportunities to the Board of Directors which exceed the limits of the Executive Board as defined by the Board of Directors, and executing the approved investments and/or divestitures;

VIII - identifying, evaluating and submitting to the Board of Directors operations relating to merger, split-off, incorporation in which the company is a party, as well as share purchases, and conducting the approved mergers, split-offs, incorporations and purchases;

IX - preparing and submitting the company's finance policies to the Board of Directors, and executing the approved policies;

X - submitting to the Board of Directors the issuance of simple debentures, not convertible into shares and without collateral;

XI - defining and submitting to the Board of Directors, after the drawing up of the balance sheet, the employment of profit for the year, the distribution of company dividends and, when necessary, the capital budget;

XII - preparing in each fiscal year the Annual Report and Financial Statements to be submitted to the Board of Directors and the General Meeting;

XIII - adhere to and encourage adhesion to the company's code of ethics, established by the Board of Directors;

XIV - preparing and submitting to the Board of Directors the company's policies on corporate responsibility, such as the environment, health, safety and social responsibility, and implementing the approved policies;

XV - authorizing the purchase of, sale of and placing of liens on fixed and non fixed assets including securities, the contracting of services, the company being the provider or receiver of such, being empowered to establish standards and delegate powers, all in accordance with the criteria and standards established by the Board of Directors;

XVI - authorizing the signing of agreements, contracts and settlements that constitute liabilities, obligations or commitments on the company, being empowered to establish standards and delegate powers, all in accordance with the criteria and standards established by the Board of Directors;

XVII - propose to the Board of Directors any reformulation, alteration, or amendment of shareholders' agreements or of agreements among the shareholders of companies in which the company participates, as well as suggesting the signing of new agreements and consortia contracts that address subjects of this nature;

XVIII- authorizing the opening and closing of branch offices, subsidiary branch offices, depots, agencies, warehouses, representative officer or any other type of establishment in Brazil or abroad;

XIX - authorizing the undertaking of commitments, waiver of rights and transactions of any nature, liens on securities being excepted, under the terms of section XII of Article 14, being empowered to establish standards and delegate powers in accordance with the criteria and standards established by the Board of Directors;

XX - establishing and informing the Board of Directors on the individual limits of the Executive Officers, in respect of the limits of the Executive Board jointly, as established by the Board of Directors;

XXI - establishing, based on the limits fixed for the Board of Directors, the limits throughout the whole of the company's administrative organization hierarchy.

§1 - The Executive Board shall be empowered to lay down voting guidelines to be followed at the General Meetings by its proxies in the companies, foundations and other organizations in which the company participates, directly or indirectly, the investment plans and programs of the company, as well as the respective budgets being complied with, the limit of responsibility being observed as regards, among others, indebtedness, the sale of assets, the waiver of rights and the reduction of corporate equity investments.

§ 2 - The Executive Board shall take steps to appoint persons who shall form part of the Administrative, Consultant and Audit bodies of those companies and organizations in which the company participates directly or indirectly.

Article 33 - The responsibilities of the Chief Executive Officer are to:

I - take the chair at meetings of the Executive Board;

II - exercise executive direction of the Company, with powers to coordinate and supervise the activities of the other Executive Officers, exerting his best efforts to ensure faithful compliance with the decisions and guidelines laid down by the Board of Directors and the General Meeting;

III - coordinate and supervise the activities of the business areas and units that are directly subordinated to him;

IV - select and submit to the Board of Directors the names of candidates for Executive Officer posts to be elected by the Board of Directors, and also to propose the respective removal;

V - coordinate the decision making process of the Executive Board, as provided for in Article 31 of Subsection II – **Workings**;

VI - indicate, whom among the Executive Officers shall substitute an Executive Officer in case of an impairment that temporarily impedes an officer from performing his respective duties or temporary absence or leave, in compliance to Article 27 Subsection II – **Workings**;

VII - keep the Board of Directors informed about the activities of the company;

VIII - together with the other Executive Officers, prepare the annual report and draw up the balance sheet;

Article 34 - The Executive Officers are to:

I - organize the services for which they are responsible;

II - participate in meetings of the Executive Board, contributing to the definition of the policies to be followed by the company and reporting on matters of the respective areas of supervision and coordination;

III - comply with and ensure compliance with the policy and general guidance of the company's business laid down by the Board of Directors, each Executive Officer being responsible for his business units and specific area of activities;

IV - contract the services described in §2º of Article 39, in compliance with determinations of the Fiscal Council.

Article 35 - The company shall be represented as plaintiff or defendant in courts of law or otherwise, including as regards the signature of documents constituting responsibility for this, by 2 (two) members of the Executive Board, or by 2 (two) proxies established in accordance with § 1 of this Article, or by 1 (one) proxy jointly with an Executive Officer.

§ 1 - Except when otherwise required by law, proxies shall be appointed by a power of attorney in the form of a private instrument in which the powers granted shall be specified, the term of validity of powers of attorney "ad negotia" expiring on December 31 of the year in which it is granted.

§ 2 - The company may, moreover, be represented by a single proxy at the General Meetings of shareholders of the companies, consortia and other organizations in which it participates or for acts arising out the exercise of powers specified in a power of attorney "ad judicia" or: (a) at agencies at any level of government, customs houses and public service concessionaires for specific acts for which a second proxy is not necessary or not permitted; (b) for signing of contract instruments in solemnity or at which the presence of a second proxy is not possible; (c) for signing of documents of any kind which imply in an obligation for the company whose monetary limits shall be established by the Executive Board.

§ 3 In the case of commitments assumed abroad, the company may be represented by a single member of the Executive Board, or by an attorney in-fact with specific and limited powers according to the present By-Laws.

§ 4 - Summons and judicial or extrajudicial notifications shall be made in the name of the Executive Officer responsible for Investor Relations, or by proxy as established in § 1 of this Article.

CHAPTER V - FISCAL COUNCIL

Article 36 - The Fiscal Council, a permanently functioning body, shall be formed of 3 (three) to 5 (five) effective members and an equal number of alternates, elected by the General Meeting, which shall fix their remuneration.

Article 37 - The members of the Fiscal Council shall carry out their duties until the first Ordinary General Meeting to be held following their election, their re-election being permitted.

Article 38 - In their absence or impediment, or in cases of vacancy of office, the members of the Fiscal Council shall be replaced by their respective alternates.

Article 39 – The Fiscal Council shall be responsible to exercise the functions attributed to it by the applicable prevailing legislation, in these By-Laws, and as regulated by its own Internal Rules to be approved by its members;

§ 1º- The Internal Rules of the Fiscal Council shall regulate, in addition to the attributions already established in Law 6.404/76, imperatively, the following:

(i) to establish the procedures to be adopted by the Company to receive, process and treat denunciations and complaints related to accounting, internal accounting controls and auditing matters, and ensure that the procedures for receiving complaints will guarantee secrecy and anonymity to the complainants;

(ii) to recommend and assist the Board of Directors in the selection, remuneration and dismissal of the external auditors of the Company;

(iii) to deliberate concerning the contracting of new services that may be rendered by the external auditors of the Company;

(iv) to supervise and evaluate the work of the external auditors, and to direct the management of the Company concerning any need to withhold the remuneration of the external auditor, as well as to mediate any disputes between management and the external auditors regarding the financial statements of the Company.

§ 2º - For adequate performance of its duties, the Fiscal Council may determine the contracting of services from lawyers, consultants and analysts, and other resources that may be necessary for the performance of its duties, while observing the budget, proposed by the Fiscal Council and approved by the Board of Directors, without prejudice to the provisions established in §8º of Article 163 of Law 6.404/76.

§3º - The members of the Fiscal Council shall provide, within at least 30 (thirty) days before the Annual Shareholders' Meeting is held, their analysis of the management report and the financial statements.

CHAPTER VI - COMPANY PERSONNEL

Article 40 - The company shall maintain a social security plan for its employees administered by a foundation established for this purpose, the provisions of prevailing legislation being complied with.

CHAPTER VII - FINANCIAL YEAR AND DISTRIBUTION OF PROFITS

Article 41 - The fiscal year of the company shall coincide with the calendar year, thus finishing on December 31, when the balance sheets shall be prepared.

Article 42 - After the constitution of the legal reserve, the employment of the remaining portion of the net profit verified at the end of each financial year (which shall coincide with the calendar year) shall, on the motion of the Administration, be submitted to the decision of the General Meeting.

Sole Paragraph - The amount of the interest, paid or credited in the form of interest on stockholders' equity in accordance with the prescriptions of Article 9, § 7 of Law # 9,249 dated December 26, 1995 and of relevant legislation and regulations, may be ascribed to the compulsory dividend and to the minimum annual dividend on the preferred shares, such amount for all legal purposes forming the sum of the dividends distributed by the company.

Article 43 - The proposal for distribution of profit shall include the following reserves:

I. Depletion Reserve, to be constituted in accordance with prevailing fiscal legislation;

II. Investments Reserve, in order to ensure the maintenance and development of the main activities which comprise the company's purpose, in an amount not greater than 50% (fifty percent) of distributable net profit up to a maximum of the company's share capital.

Article 44 - At least 25% (twenty-five percent) of the net annual profit, adjusted as per the law, shall be devoted to the payment of dividends.

Article 45 - At the proposal of the Executive Board, the Board of Directors may determine the preparation of the balance sheets in periods of less than a year and declare dividends or interest on stockholders' equity on account of the profit verified in these balances as well as to declare for the account of accrued profits or profit reserves existing in the latest annual or semi-annual balance sheet.

Article 46 - The dividends and interest on stockholders' equity mentioned in the Sole Paragraph of Article 42 shall be paid at the times and at the places specified by the Executive Board, those not claimed within 3 (three) years after the date of payment reverting in favour of the company.

CVM FORM – ITEM 10

FINANCIAL STATUS AND GENERAL ASSETS

As a producer of minerals and metals, we have as end consumers of our products primarily the manufacturing and construction industries, two of the most cyclical components of economic activity and thus most severely affected by recessions, as occurred as of the second half of 2008. In addition, being the only truly global supplier of iron ore, the large fall in capacity utilization of steel mills in the Americas and Europe produced a shock in our sales performance.

If, on the one hand, severe economic downturns usually cause serious negative effects on financial and operational performance, on the other hand they create extraordinary opportunities for companies that embrace change and structural transformation.

Vale has leveraged its competitive advantages – low-cost world-class assets, a healthy balance sheet, a large pool of liquidity, discipline in capital allocation, a highly skilled and motivated labor force and entrepreneurial spirit – to launch several initiatives to make it stronger in the future, seeking to reduce costs on a permanent basis and raise efficiency. No investment project was cancelled, new growth options were identified and our growth potential was enhanced.

The financial results of Vale in 2009 suffered the effects of the global recession of 2008/2009. Despite the weaker performance compared to previous years, our results remained solid. In 2009, operating revenue reached R$ 49.812 billion, against R$ 72.766 billion in 2008, and R$ 66.385 billion in 2007.

GROSS REVENUE BREAKDOWN			
Business segments	**2007**	**2008**	**2009**
Ferrous minerals	45.3%	60.2%	60.7%
Non-ferrous minerals	46.6%	30.5%	29.2%
Logistics	5.3%	5.0%	5.7%
Coal	0.4%	1.5%	2.0%
Other	2.4%	2.8%	2.4%

In 2009, operating profit, as measured by EBIT (earnings before interests and taxes) was R$ 13.181 billion, and operating margin of 27.2%, compared to 42.3% and 45.3% in 2008 and 2007, respectively. Cash generation, as measured by EBITDA (earnings before interests, taxes, depreciation and amortization) was R$ 18.649 billion.

SELECTED FINANCIAL INDICATORS			
R$ million	**2007**	**2008**	**2009**
Operating revenue	66,385	72,766	49,812
EBIT	29,315	29,847	13,181
EBIT Margin(%)	45.3%	42.3%	27.2%
EBITDA	33,619	35,022	18,649
Net earnings	20,006	21,279	10,249
Shareholder remuneration	3,574	5,558	5,299
ROE (%)	35.1%	22.1%	10.7%

CAPITAL STRUCTURE

On December 31, 2009, Vale's stockholders' equity was R$ 95.737 billion. On the same date, total debt added to our obligations to related parties totaled R$ 42.077 billion, cash holdings[1] amounted to R$ 19.746 billion, including R$ 6.525 billion in investment in low risk fixed income securities with maturities ranging from 91 to 360 days and average maturity of 116 days. On December 31, 2009, total debt and related parties / stockholders' equity and minority interest index was 41.4%, compared to 44.3% and 58.0% on December 31, 2008 and 2007, respectively.

On December 31, 2008, Vale's stockholders' equity was R$ 96.275 billion, total debt was R$ 45.365 billion and cash holdings[1] was R$ 30.033 billion. On December 31, 2007, stockholders' equity was R$ 57.030 billion, total debt R$ 35.806 billion and cash holdings[1] R$ 2.128 billion.

Vale does not have redeemable shares, has no plans to reduce capital and there is no share buyback program in progress.

ABILITY TO PAY FINANCIAL COMMITMENTS

Vale enjoys an outstanding financial position, underpinned by its powerful cash flow, large cash holdings, availability of credit lines and low-risk debt portfolio. Such position provides comfort as to our ability to pay our financial commitments.

On December 31, 2009, debt leverage, as measured by total debt/EBITDA, increased to 2.3x, compared to 1.3x and 1.1x on December 31, 2008 and 2007, respectively. The higher leverage reflects the effect of the global recession on our financial performance.

[1] Includes cash and cash equivalents and short term investments.

At this point of the economic cycle as the recovery has not yet fed into the last twelve month cash flow generation, we deem our current debt leverage to be at an appropriate level.

December 31, 2009, total debt/enterprise value ratio was 15.1%, while interest coverage, measured by EBITDA/ interest payment ratio, came to 7.81x.

DEBT INDICATORS			
R$ million	**2007**	**2008**	**2009**
Total debt	35,806	45,365	42,077
Cash holdings*	2,128	30,033	19,746
Net debt	33,678	15,332	22,331
Total debt / EBITDA (x)	1.1	1.3	2.3
EBITDA / interest payment (x)	12.7	14.24	7.81
Total debt / EV	11.8%	28.4%	15.1%

* Includes short term investments

SOURCE OF FINANCING FOR WORKING CAPITAL AND INVESTMENTS IN NON-CURRENT ASSETS

Our principal sources of funds are operating cash flow, loans and financing and notes offerings, convertible or not. Additionally, in 2008, we conducted a global offering of shares which allowed a net inflow of R$ 19.273 billion.

Operational activities generated cash flows of R$ 11.538 billion in 2009 against R$ 32.187 billion and R$ 20.347 billion in 2008 and 2007, respectively. Operational cash flows have grown steadily over recent years up to 2008, driven by sales volumes and increases in the price of our products. In 2009 this growth cycle was interrupted due to the negative effects of the global recession on prices and sales volumes.

Among the most important operations in the last three years, there were:

- In November 2009, our wholly owned finance subsidiary Vale Overseas Limited (Vale Overseas) issued US$ 1 billion (equivalent to R$ 1.7 billion[2]) of 30-year notes guaranteed by Vale. These notes bear interest at 6.875% per year, payable semi-annually and will mature in November 2039.
- In September 2009, Vale Overseas also issued US$ 1 billion (equivalent to R$ 1.8 billion[2]) of 10-year notes guaranteed by Vale. These notes bear interest at 5.625% per year, payable semi-annually and will mature in September 2019.
- In July 2009, our wholly owned finance subsidiary Vale Capital II issued US$ 942 million (equivalent to R$ 1.858 billion[2]) of mandatorily convertible notes due 2012. These notes mature on June, 2012, and mandatorily convertible into American Depositary Shares (ADS) of Vale. Additional remuneration will be payable based on the net amount of cash distributions paid to ADS holders.

[2] Value converted by the R$/US$ Exchange rate on the date of the operation.

- In May 2008, we entered into agreements with the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI), both long-term Japanese financing agencies, for the financing of the mining, logistics and power generation projects to be developed under Vale's investment program for 2008-2012. JBIC actively considers providing its support by financing up to US$ 3 billion (equivalent to R$ 5.224 billion[3]) and NEXI will provide loan insurance in an amount not exceeding US$ 2 billion (equivalent to R$ 3.482 billion[3]). Vale's projects to be financed shall meet the eligibility criteria agreed by those Japanese financial institutions.

- In November 2009, we entered into a US$ 300 million (equivalent to R$ 522 million[4]) export facility agreement with Japanese financial institutions, using credit insurance provided by NEXI, to finance the construction of the Karebbe hydroelectric power plant on the Larona River in Sulawesi, Indonesia. As of December 31, 2009, we had drawn US$ 150 million (R$ 261 million[4]) under this facility.

- In April 2008, we established a credit line for R$ 7.3 billion with Banco Nacional de Desenvolvimento Econômico e Social - BNDES (the Brazilian National Development Bank) to help finance our investment program for 2008-2012. As of December 31, 2009, we had drawn the equivalent of R$ 1.554 billion under this facility.

- In January 2008, Vale entered into a transaction with BNDES to finance working capital in the amount of R$ 2 billion.

- In June 2007, Vale issued US$ 1.880 billion (equivalent to R$ 3.601 billion[4]) of mandatorily convertible notes due 2010 through its wholly-owned subsidiary Vale Capital Limited. These notes mature on June 2010 and are mandatorily convertible into ADS. Additional interest will be payable based on the net amount of cash distributions paid to ADS holders.

- In January 2007, we obtained through our subsidiary Vale International US$ 6 billion (equivalent to R$ 10.44 billion[4]) as Anticipated Export Payments from a banking syndicate led by the Bank of New York and guaranteed by Vale. This line of financing is due in July 2013, and on December 31, 2009, the balance due was US$ 3.9 billion (equivalent to R$ 6.79 billion[4]).

[3] Value converted by the R$/US$ Exchange rate on the date the agreement was signed.
[4] Value converted by the R$/US$ Exchange rate on the date of the operation.

POTENTIAL SOURCES OF FINANCING USED FOR WORKING CAPITAL AND FOR INVESTMENTS IN NON-CURRENT ASSETS

In the ordinary course of business Vale's primary resource requirements are connected to capital investments, dividend payments and debt servicing. Sources of financing frequently used are: operational cash flow and financing which we complemented in 2007-2009 with a global share offering and two mandatorily convertible notes.

Also, the main source of financing for covering liquidity shortfall are the credit lines related to export operations, as offered by local banks (Advances on Exchange Contracts – ACCs and Advances on Exchanges Delivered – ACEs).

Vale also has revolving credit lines available. On December 31 2009, the amount available involving credit lines was US$ 1.9 billion (equivalent to R$ 3.308 billion[5]), of which US$ 1,150 billion (equivalent to R$ 2.002 billion[5]) made available to our wholly-owned subsidiary Vale International and the rest to Vale Inco. Until December 31 2009, nothing had been drawn down by Vale International or by wholly-owned subsidiary Vale Inco. However, letters of credit amounting to US$ 115 million (equivalent to R$ 200 million[5]) were issued related to Vale Inco's credit line.

DEBT: LEVEL AND COMPOSITION

On December 31 2009, total debt amounted to R$ 42.077 billion with R$ 1.252 billion guaranteed by Vale assets with average tenure of 9.2 years and average cost of 5.3% per year, in US dollars.

DEBT STRUCTURE			
R$ million	**2007**	**2008**	**2009**
Total debt	35,806	45,365	42,077
Amount guaranteed by Vale's assets	1,041	1,166	1,252
Average maturity (in years)	10.7	9.3	9.2
Average cost (in US dollars)	6.1%	5.6%	5.3%

Since July 2005 Vale has been classified as investment grade. At present it has the following credit risk classifications: BBB+ (Standard & Poor's), Baa2 (Moody's), BBB high (Dominion Bond Ratings) e BBB (Fitch).

Short term debt is made up chiefly of trade financing denominated in US dollars basically in the form of ACCs and ACEs with financial institutions. On December 31 2009,

[5] Value converted by the R$/US$ Exchange rate on the date of the operation.

short term debt amounted to R$ 646 million against R$ 1,088 billion and R$ 1,007 billion in 2008 and 2007, respectively.

The most important long term debt categories are presented below. The amounts indicated include the short term component in the long term debt but do not include accumulated costs.

LONG TERM DEBT(*)			
R$ million	**2007**	**2008**	**2009**
Loans and financing denominated in US dollars[6]	11,949	16,241	14,519
Fixed rate notes denominated in US dollars[6]	11,841	15,214	12,851
Securitization notes denominated in US dollars[6]	457	477	261
Non-convertible debentures denominated in Brazilian reais	5,916	5,987	6,013
Perpetual notes denominated in Brazilian reais	155	194	136
Other debt denominated in Brazilian reiais	3,895	5,437	7,151
Total	34,213	43,550	40,931

(*) Does not include taxes

Some of the long term financial instruments contain obligations related to the maintenance of certain parameters for specific financial indicators. The main indicators are: Total debt / stockholder's equity, total debt / EBITDA and interest coverage (EBITDA / interest payments). Vale conforms to all the required parameters for these indicators. We believe that the present clauses do not restrict in any meaningful way our capacity to take on new debt in order to meet our capital requirements. Additionally, none of the clauses restricts directly our capacity to distribute dividends or interest on own capital.

[6] Values converted at the average exchange rate in each period: R$ 1,9483/US$in 2007, R$ 1,8375/US$ in 2008 and R$ 1,9935/US$ in 2009.

RESULTS OF OPERATIONS IN 2009, 2008 AND 2007

Demand and prices

The following table summarizes our average sale price by product for the periods indicated.

	Average sale price		
	2007	2008	2009
	(R$/metric, except when designated)		
Iron ore	88,32	123,70	111,68
Pellets	153,18	242,11	147,10
Manganese ore	209,13	643,97	293,33
Ferroalloys	2555,16	4978,89	2782,99
Nickel	72948,79	39804,18	29114,28
Copper	12880,74	11633,34	10430,54
Kaolin	381,63	356,59	431,87
Potash	514,53	1086,29	1040,10
Platinum (R$ /oz)	2560,55	2861,12	2142,16
Cobalt (R$ /lb)	47,85	56,98	20,01
Aluminium	5425,43	5155,77	3364,63
Alumina	660,01	640,22	451,70
Bauxite	70,29	76,20	68,12
Coal			
Thermal coal	104,68	156,89	132,84
Metallurgical coal	131,26	313,39	230,48

Iron ore and iron ore pellets

Demand for our iron ore and iron ore pellets is a function of global demand for carbon steel. Demand for carbon steel, in turn, is strongly influenced by global industrial production. Iron ore and iron ore pellets have a wide array of quality levels and physical characteristics. Various factors influence price differences among the various types of iron ore, such as the iron content of specific ore deposits, particle size, moisture content, and the type and concentration of contaminants (such as phosphorus, alumina and manganese) in the ore. Fines, lump ore and pellets typically command different prices.

In general, most of our iron ore and pellet sales are made pursuant to long-term supply contracts, with annual price adjustments negotiated between producers and clients. More recently, there is a tendency for an increased flexibility in sales prices of iron ore in the short term, responding more quickly to demand and global supply. In 2009, reference prices for iron ore fines decreased 28.2% and prices for our iron ore pellets were 44.5% lower than in 2008. Carajás iron ore fines were priced at a premium over the 2009 reference price for fines from the Southeastern and Southern Systems.

Chinese iron ore imports in 2009 reached an all-time high figure of 627.8 million metric tons, up 41.6% on a year-on-year basis, driven by steel production growth and the increasing reliance on imported iron ore.

We expect Chinese imports to remain at a high level in 2010 primarily due to strength in the final demand for carbon steel. The increase in capacity utilization rates of the steel industry in Japan, Korea, Brazil and Europe, although somewhat below pre-crisis levels, coupled with very large Chinese import volumes, has produced a dramatic change in the global iron ore market from surplus to excess demand, and these conditions should persist.

Manganese and ferroalloys

The prices of manganese ore and ferroalloys are influenced by trends in the carbon steel market. Ferroalloy prices are also influenced by the prices of the main production inputs, such as manganese ore, energy and coke. Price negotiations for manganese ore are held mainly on a spot or quarterly basis. Ferroalloy prices are settled on a quarterly basis.

Nickel

Nickel is an exchange-traded metal, listed on the London Metal Exchange (LME). It is mainly used to produce stainless steel, corresponding on average to 60-65% of global nickel consumption. Most nickel products are priced according to a discount or premium to the LME price, depending on the nickel product's physical and technical characteristics. Nickel demand for sources of consumption other than stainless steel production represents approximately 35-40% of global nickel consumption.

We have short-term fixed-volume contracts with customers for the majority of our expected annual nickel sales. These contracts, together with our sales for non-stainless steel applications (alloy steels, high nickel alloys, plating, and batteries) provide stable demand for a significant portion of our annual production. As a result of our focus on such higher-value segments, 60% of our sales were made into non-stainless steel applications, and our average realized nickel prices have typically exceeded LME.

We expect a strong demand for nickel during 2010. Chinese stainless steel production is picking up in 2010 and the same is happening in other major Asian producers, such as Japan, Korea and Taiwan. In North America and Europe utilization rates are increasing moderately. The consumption *per capita* of stainless steel in rapidly expanding emerging economies is still low and there is high growth potential from other demand sources besides stainless steel. Nickel demand for plating is expanding as a consequence of the recovery of the automobile industry. At the same time, there is also demand growth for non-stainless steel applications originating from turbines for power generation, and the electronics and rechargeable batteries industries.

Aluminum

Our sales of aluminum are made at prices based on prices on the LME or the New York Mercantile Exchange (NYMEX) at the time of delivery. Our prices for bauxite and alumina are determined by a formula linked to the price of aluminum for three-month futures contracts on the LME and to the price of alumina FOB Australia.

Copper

Growth in copper demand in recent years has been driven primarily by Chinese imports. Copper prices are determined on the basis of prices of copper metal on terminal markets, such as the LME and the Commodity Exchange (COMEX). In the case of intermediate products, prices are determined on the basis of LME copper prices discounted by treatment charges, in the case of copper concentrate, and refining charges, in the case of copper anode.

As the global economic recovery is broadening and strengthening, copper consumption is expanding at a brisk pace. In the face of the structural limitations to the supply growth of concentrates, there is fundamental support for the persistence of a relatively high price level.

Coal

Demand for metallurgical coal is driven by demand for steel, especially in Asia. Demand for thermal coal is closely related to electricity consumption, which will continue to be driven by global economic growth, particularly from emerging market economies. Price negotiations for metallurgical coal are mainly held on an annual basis. Price negotiations for thermal coal are held both on a spot and annual basis.

Logistics

Demand for our transportation services in Brazil is primarily driven by Brazilian economic growth, mainly in the agricultural and steel sectors. We earn our logistics revenues primarily from fees charged to customers for the transportation of cargo via our railroads, port and ships. Our railways generate most of these revenues. Nearly all of our logistics revenues are denominated in Brazilian reais and subject to adjustments for changes in fuel prices. Prices in the Brazilian market for railroad services are subject to ceilings set by the Brazilian regulatory authorities (ANTT), but they primarily reflect competition with the trucking industry.

Production capacity

Capacity expansions are a key factor affecting our revenues. For more information about our expansion projects, see *Investments* section.

Currency price changes

A decline in the value of the US dollar tends to result in: lower operating margins and higher financial results due to exchange gains on our net US dollar-denominated liabilities and fair value gains on our currency derivatives.

Most of our revenues are denominated in US dollars, while most of our costs of goods sold are denominated in other currencies, principally the Brazilian real (62% in 2009) and the US dollar (17% in 2009). As a result, changes in exchange rates affect our operating margins.

Most of our long-term debt is denominated in US dollars. Because our functional currency is the Brazilian real, changes in the value of the US dollar against the Brazilian real result in exchange gains or losses on our net liabilities in our financial results.

In December 31, 2009, we had real-denominated debt of R$ 13.300 billion. Since most of our revenue is in US dollars, we use derivatives to convert our debt service from Brazilian reais to US dollars. As a consequence of the appreciation of the *real* in relation to the US dollar[7], exchange rate and monetary variation caused a net positive impact on net

[7] From the beginning to the end of the year the Brazilian real appreciated 34.2% against the US dollar.

income of R$ 1.580 billion in 2009. The net result of the currency and interest rate swaps, structured mainly to convert the Brazilian real-denominated debt into US dollar to protect our cash flow from currency price volatility, produced a positive effect of R$ 3.118 billion in 2009, of which R$ 463 million generated a positive impact on the cash flow.

Revenues

Operating revenues totaled R$ 49.812 billion in 2009, falling 31.5% in comparison to 2008, when operating revenue reached a historical record of R$ 72.766 billion.

Individually, the most important products in terms of revenue generation in 2009 were: iron ore, nickel, pellets, railroad transportation of general cargo for third parties, alumina and copper.

OPERATING REVENUE BY PRODUCT						
R$ million	**2007**	**%**	**2008**	**%**	**2009**	**%**
Ferrous minerals	**30,075**	**45.3**	**43,821**	**60.2**	**30,212**	**60.7**
Iron ore	22,065	33.3	31,113	42.8	25,234	50.7
Pellet plant operation services	78	0.1	48	0.1	18	0.0
Pellets	6,268	9.4	9,813	13.5	3,869	7.8
Manganese	145	0.2	454	0.6	275	0.6
Ferroalloys	1,225	1.8	1,886	2.6	693	1.4
Others	294	0.4	507	0.7	123	0.2
Non-ferrous minerals	**30,945**	**46.6**	**22,167**	**30.5**	**14,570**	**29.2**
Nickel	19,692	29.7	10,564	14.5	6,457	13.0
Copper	3,832	5.8	3,597	4.9	2,232	4.5
Kaolin	458	0.7	379	0.5	346	0.7
Potash	343	0.5	506	0.7	810	1.6
PGMs	663	1.0	700	1.0	291	0.6
Precious metals	166	0.2	199	0.3	133	0.3
Cobalt	262	0.4	379	0.5	84	0.2
Aluminum	3,077	4.6	2,793	3.8	1,687	3.4
Alumina	2,136	3.2	2,753	3.8	2,337	4.7
Bauxite	316	0.5	297	0.4	193	0.4
Coal	**303**	**0.4**	**1,094**	**1.5**	**1,002**	**2.0**
Logistics services	**3,497**	**5.3**	**3,666**	**5.0**	**2,838**	**5.7**
Railroads	2,879	4.3	3,075	4.2	2,322	4.7
Ports	618	0.9	591	0.8	516	1.0
Others	**1,565**	**2.4**	**2,018**	**2.8**	**1,191**	**2.4**
Total	**66,385**	**100**	**72,766**	**100**	**49,812**	**100**

In 2009, in terms of the geographical distribution of our sales destination, more than half of our operating revenues originated from sales to Asia. China continued to be the main destination of our sales, followed by Brazil, Japan, the United States, Germany and Canada.

OPERATING REVENUE BY DESTINATION						
R$ million	2007	%	2008	%	2009	%
North America	**11,126**	**16.8**	**9,003**	**12.4**	**4,138**	**8.3**
USA	7,112	10.7	5,765	7.9	2,264	4.5
Canada	3,626	5.5	2,779	3.8	1,832	3.7
Others	388	0.6	459	0.6	42	0.1
South America	**11,522**	**17.4**	**13,972**	**19.2**	**8,507**	**17.1**
Brazil	9,672	14.6	11,845	16.3	7,758	15.6
Others	1,850	2.8	2,127	2.9	749	1.5
Asia	**27,520**	**41.4**	**29,255**	**40.2**	**27,709**	**55.6**
China	11,607	17.5	13,270	18.2	18,379	36.9
Japan	7,522	11.3	8,856	12.2	4,709	9.5
South Korea	2,879	4.3	2,764	3.8	1,783	3.6
Taiwan	3,373	5.1	1,734	2.4	1,365	2.7
Others	2,139	3.2	2,632	3.6	1,474	3.0
Europe	**14,272**	**21.5**	**17,549**	**24.1**	**8,081**	**16.2**
Germany	3,673	5.5	4,667	6.4	2,118	4.3
Belgium	1,342	2.0	1,647	2.3	661	1.3
France	1,470	2.2	1,560	2.1	661	1.3
United Kingdom	2,155	3.2	2,306	3.2	1,103	2.2
Italy	1,223	1.8	1,593	2.2	650	1.3
Others	4,409	6.6	5,776	7.9	2,888	5.8
Rest of the World	**1,945**	**2.9**	**2,987**	**4.1**	**1,377**	**2.8**
Total	**66,385**	**100**	**72,766**	**100**	**49,812**	**100**

SELECTED FINANCIAL DEMONSTRATIONS

Balance sheet

			on December 31 (R$ billion)
	2007	**2008**	**2009**
Assets			
Current	21.153	56.059	38.258
Long-term	4.962	5.125	7.604
Investments	1.869	2.442	4.590
Intangible assets	14.316	10.727	10.127
Property, plant and equipment	90.599	110.494	115.160
Total	**132.899**	**184.847**	**175.739**
Liabilities and stockholders' equity			
Current	19.347	18.639	17.416
Long term	51.839	63.852	56.778
Minority interest	**4.683**	**6.081**	**5.808**
Stockholders' equity			
Paid-up capital	28	47.434	47.434
Cost with capital increase	-	-161	-161
Resources linked to the future mandatory conversion in shares	3.064	3.064	4.587
Equity and Cumulative translation adjustments	-	5.990	-2.925
Revenue reserves	25.966	39.948	46.802
Total Stockholders' equity	**57.030**	**96.275**	**95.737**
Total Liabilities and Stockholders' equity	**132.899**	**184.847**	**175.739**

Statement of Income

			on December 31 (R$ billion)
	2007	**2008**	**2009**
Net operating revenues	64.764	70.541	48.496
Cost of products and services	-30.084	-32.156	-27.720
Selling and Administrative	-2.55	-3.618	-2.369
Research and development	-1.397	-2.071	-1.964
Impairment	-	-2.447	-
Other operating expenses, net	-1.418	-2.849	-3.262
Operating profit	**29.315**	**27.400**	**13.181**
Equity results	-1.101	104	116
Amortization of goodwill	-1.304	-1.429	-
Financial results, net	277	-3.838	1.952
Gain (loss) on disposal of assets	1.458	139	93
Income before income tax and social contribution	**28.645**	**22.376**	**15.342**
Income tax and social contribution	-7.085	-665	-4.925
Minority interest	-1.554	-432	-168
Net income	**20.006**	**21.279**	**10.249**

BALANCE SHEET ANALYSIS – 2009 COMPARED WITH 2008

Vale has assets and debts denominated in different currencies such as the Brazilian real, the US dollar and Canadian dollars. On December 31 2009, 54% of assets were denominated in Brazilian reais, 24% in US dollar, 20% in Canadian dollar and 2% in other currencies. However the debt is mainly denominated in US dollars. Consequently, the effects of exchange rate variations have an impact on the financial statements, especially the US dollar, which in 2009 suffered a 25.5% depreciation compared with the Brazilian Real.

During 2009 Vale made acquisitions which resulted in an increase in assets in the order of R$ 3 billion, as described in the section *Disposals, Incorporations or Acquisition of Equity Interest.*

Within the context of the above-mentioned effects, the reduction of R$ 17.801 billion in current assets is mainly due to: a) reduction in cash and banks because of the variation of the US dollar vis-à-vis the Brazilian real and the acquisitions made during 2009; b) reduction in the balance of taxes to be recovered or offset as they were used to pay taxes generated during the period and c) reduction in nickel inventory because of the reduction in mining activity in Canada and in the inventory of parts for replacement and maintenance.

In relation to non-current assets, the increase of R$ 2.479 billion in 2009 refers mainly to the mark-to-market of the new derivatives operations to reduce the volatility of Vale's cash flow. The increase of R$ 4.666 billion in fixed assets is a result of the effects of new acquisitions.

Total liabilities dropped by R$ 8.297 billion due to the depreciation of US dollar against the Brazilian real and the reduction in the balance of accounts payable to suppliers and contractors as a result of the above-mentioned reduction in inventory. It is also worth highlighting the transfer of part of the debt to current liabilities because of the due date and the obtaining of resources in the order of R$ 6 billion for non-current liabilities, as detailed in the section *Public Offerings for Distribution of Securities.*

RESULTS OF OPERATIONS — 2009 COMPARED TO 2008

Revenues

Operating revenues totaled R$ 49.812 billion in 2009, 31.5% lower than in 2008. Net operating revenues decreased 31.3% to R$ 48.496 billion in 2009.

In 2009, the decrease revenues was determined by lower sales volumes, R$ 10.919 billion, and lower prices, R$ 15.876 billion, against 2008.

The contraction in revenues was determined by lower iron ore prices, R$ 4.583 billion, and the decrease in shipments of iron ore, R$ 3.271 billion, pellets, R$ 3.545 billion, and nickel, R$ 1.990 billion.

Iron ore

Revenues from iron ore sales decreased by 18.9%, from R$ 31.113 billion in 2008 to R$ 25.234 billion in 2009, due to a 14.7% drop in the average sale price and a 10.5% fall in sales volumes. The drop in prices is explained by a decrease in benchmark prices, in US dollars, 28.2% for fines and 44.5% for lumps. The contraction in global demand for steel, and therefore the decrease in steel production caused the negative impact in Vale's sales volumes.

Iron ore pellets

Revenues from pellet shipments were 60.6% lower, from R$ 9.861 billion in 2008 to R$ 3.887 billion in 2009 due to a 27.5% decrease in average sales prices and a 36.1% reduction of sales volumes. The drop in prices is explained by a 44.0% decrease in benchmark prices, in US dollars, while sales volumes decreased due to global macroeconomic conditions. The demand for pellets tend to be affected more strongly affected by changes in economic cycles when compared to demand for iron ore.

Manganese ore

Revenues from manganese ore decreased 39.4%, from de R$ 454 million in 2008 to R$ 275 million in 2009 due to lower prices. The effect of lower prices was partially offset by a 30% increase in volumes sold as a result of strong Chinese demand.

Ferroalloys

Revenues from ferroalloys sales decreased 63.3%, from R$ 1.886 billion in 2008 to R$ 693 million in 2009, due to significant drops in sales volumes, of 36.1%, and average prices, of 36.3%.

Nickel and other products

Revenues from this segment decreased by 43.3%, from R$ 13.865 billion in 2008 to R$ 7.868 billion in 2009, mainly due to the following factors:

- Revenues from nickel sales decreased 38.9%, from R$ 10.564 billion in 2009 to R$ 6.457 billion in 2008, due to a 24.8% decline in average nickel prices. Nickel volume sold declined by 18.8% in 2009 due to the shutdown of our Sudbury and Voisey Bay operations as a result of labor strikes beginning in the second half of 2009.

- Revenues from copper sales decreased by 55.4%, from R$ 2.023 billion in 2008 to R$ 903 million in 2009, primarily due to a 52.7% drop in volume sold due to the shutdowns described above

Kaolin

Revenues from sales of remained relatively stable, going from R$ 379 million in 2008 to R$ 346 million in 2009.

Copper concentrate

Revenues from sales of copper concentrate decreased by 15.6%, from R$ 1.574 billion in 2008 to R$ 1.329 billion in 2009, due to a 17.0% decrease in the average sale price and 5.2% decrease in volume sold.

Aluminum

Revenues from our aluminum business decreased 27.8%, from R$ 5.843 billion in 2008 to R$ 4.217 billion in 2009.

Potash

Revenues from sales of potash increased by 60.1%, from R$ 506 million in 2008 to R$ 810 million in 2009. The increase was due to a 58.7% increase in volume sold as a result of the strong performance of the Brazilian agricultural sector.

Logistics services

Revenues from logistics services decreased by 22.6%, from R$ 3.666 billion in 2008 to R$ 2.838 billion in 2009, due to a sharp fall in the volume of steel inputs transported, as a result of lower Brazilian exports.

Other products and services

Revenues from other products and services fell from R$ 3.112 billion in 2008 to R$ 2.193 billion in 2009 as a result of a reduction in revenues from transporting steel products, down 59.5% from R$ 1.348 billion in 2008 to R$ 546 million in 2009, due in large part to the reduced sales volumes because of the drop in demand.

Costs and Expenses

Our total cost of goods sold decreased from R$ 32.156 billion in 2008 to R$ 27.720 billion in 2009, a 13.8% reduction, due to a decline in volumes sold. The following were the main factors that contributed to this reduction:

- *Outsourced services*. Outsourced services costs decreased by 14.8% in 2009, from R$ 5.021 billion in 2008 to R$ 4.276 billion in 2009, due to lower volumes sold.

- *Material costs*. Material costs decreased by 9.6% in 2009, from R$ 6.576 billion in 2008 to R$ 5.943 billion in 2009, reflecting a reduction in demand, which was partially offset by increased maintenance expenses due to preparation for operating at full production capacity in 2010.

- *Energy costs*. Energy costs decreased by 21.9% in 2009, from R$ 5.813 billion in 2008 to R$ 4.537 billion in 2009. This reduction reflected lower volumes sold and lower average prices.

- *Personnel costs*. Personnel costs decreased by 2.8%, from R$ 4.193 billion in 2008 to R$ 4.077 billion in 2009, mainly due to lower production levels in response to weaker demand, which were partially offset by the impact of wage increases, pursuant to a two-year agreement with our Brazilian employees entered into in November 2008 and 2009.

- *Acquisition of products*. Costs related to the acquisition of products from third parties declined by 56.7%, from R$ 2.805 billion in 2008 to R$ 1.219 billion in 2009, driven by lower volumes of products purchased.

- *Other costs*. These remained relatively stable, going from R$ 7.749 billion to R$ 7.668 billion in 2009.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased by 34.5%, from R$ 3.618 billion in 2008 to R$ 2.369 billion in 2009. The decrease was mainly attributable to an adjustment related to copper sales that arose from the effects of an adjustment in copper prices under the Month After Month of Arrival (MAMA) pricing system. Under this pricing system, sales of copper concentrates and anodes are provisionally priced at the time of shipment, and final prices are settled on the basis of the LME price for a future period, generally one to three months after the shipment date. In addition, there was a reduction of expenses in advertising and brand management and personnel related to new level of product commercialization.

Research and development expenses

Research and development expenses remained relatively stable, from R$ 2.071 billion in 2008 to R$ 1.964 billion in 2009. The reduction in copper, nickel, coal and logistics research expenses was compensated by an increase in research related to gas and energy.

Impairment of goodwill

No impairment was registered in 2009. In 2008, we recognized R$ 2.447 billion impairment of goodwill associated with our 2006 acquisition of Vale Inco.

Other costs and expenses

Other costs and expenses increased from R$ 2.849 billion in 2008 to R$ 3.262 billion in 2009 as a consequence of idle capacity, with stopped operations due to reduced demand and strikes in nickel plants. The impact on the difference was partially offset by the effects in 2008 of tax assessments on third-party railroad transportation services used in our iron ore operations in previous years (R$ 286 million), a provision for loss on materials (R$ 407 million) and a market value assessment of inventories (R$ 334 million).

Financial Results

We had financial income of R$ 1.952 billion in 2009, compared to financial expenses of R$ 3.838 billion in 2008. This change primarily reflects gain on derivatives in 2009, due mostly to swaps of real-denominated debt into US dollars, and the appreciation of the Brazilian real against the US dollar of 25.5% in 2009. In 2008, losses with derivatives instruments were due to the depreciation of the US dollar against the Brazilian real of 31.9%.

Income Taxes

For 2009, we recorded net income tax expense of R$ 4.925 billion, compared to R$ 665 million in 2008.

BALANCE SHEET ANALYSIS – 2008 COMPARED WITH 2007

When comparing 2008 with 2007 the fluctuations in the exchange rate have an important influence on the balances of the financial statements, mainly because of the US dollar, which appreciated 31.9% against the Brazilian real.

In the current assets the significant increase of R$ 34.906 billion in the cash and banks balances and short term investments reflect mainly the financial investment of the proceeds of the global offering of R$ 19.434 billion, as detailed in the section *Public Offerings for Distribution of Securities*. On the other hand, the increase of R$ 2.656 billion in the balance of taxes that are recoverable or can be offset reflects the payment of anticipated monthly income taxes which generated a balance of recoverable taxes greater than the annual amount payable because of the heavy depreciation of the Brazilian real in the taxable income of the second half of 2008.

During 2008 there was also a recovery in intangibles because of the write-off of R$ 2.447 billion, due to the non-recoverable nature of the goodwill recorded at the time of the acquisition of Vale Inco.

In non-current liabilities it is important to highlight the effect of the exchange rate on debt, adding some R$ 7.295 billion as well as the increase of R$ 1.336 billion on the mark-to-market of the currency swaps for our debt in Brazilian reais to US dollars, used to mitigate the effect of the volatility of the exchange on the operational cash flow.

The equity increase R$ 39.245 billion principally due to: a) global public offering of R$ 19.434 billion in the second half of 2007, b) the accumulated conversion adjustments of R$ 5.982 billion, c) the appropriation of the retained earnings R$ 16.220 billion and d) the increase in treasury shares held in treasury of R$ 1.658 billion.

RESULTS OF OPERATIONS — 2008 COMPARED TO 2007

Revenues

In 2008 operating revenues reached a new record at R$ 72.766 billion, 9.6% above 2007 at R$ 66.385 billion. The annual revenue increase of R$ 6.381 billion was due to higher prices, R$ 9.801 billion, and greater volume of sales at R$ 871 million. The increased value of the Brazilian real against the dollar[8] during the period meant a reduction in revenues of around R$ 4.291 billion. The prices of iron ore and pellets were responsible for an increase of R$ 10.667 billion and R$ 4.024 billion respectively, offsetting the negative impact of the R$ 9.080 billion due to lower nickel prices.

Iron ore

Revenues from iron ore sales increased 41.0% from R$ 22.065 billion in 2007 to R$ 31.113 billion in 2008, mainly due to the increase of 48.3% in average sales prices, partly

[8] The average exchange rate of US dollar against the Brazilian real in 2008 was R$ 1.8375 / US$, against the average of R$ 1.9483 / US$ in 2007.

offset by the effects of the losses with exchange variations of 8.5%. The price increases were the result of a 65% increase in reference prices for iron ore fines in 2007, effective as from April for most clients.

Pellets

Revenues from pellets increased by 55.4% from R$ 6.346 billion in 2007 to R$ 9.861 billion in 2008 mainly due to the increase of 62.9% in average sales prices partly offset by the effect of losses of 9.3% with exchange variations. The average price increase was the result of an increase of 86.7% in the reference prices for blast furnace pellets and direct reduction pellets, in effect as from April 2007 for most of our clients.

Manganese

Revenues from manganese ore increased 213.1% from R$ 145 million in 2007 to R$ 454 million in 2008 reflecting mainly the increased average sales prices.

Ferroalloys

Revenues from ferroalloys increased 54.0%. from R$ 1.225 billion to R$ 1.886 billion due to an increase of 82.6% in average sales prices which was offset partially by a drop of 17% in sales volumes because of problems with the electric furnace at our French subsidiary's plant.

Nickel and other products

Revenues from nickel and other products suffered a decline from R$ 23.062 billion in 2007 compared with the R$ 13.865 billion in 2008, due to a drop of 38.9% in average sales prices.

Potash

Revenues from potash increased 47.5%, from R$ 343 million in 2007 to R$ 506 million in 2008, driven by an 82.2% increase in average sales prices, partially offset by a drop of 25.9% in volumes sold because of fertilizer inventory build-up by Brazilian farmers.

Kaolin

Revenues from kaolin dropped 17.2% from R$ 458 million in 2007 to R$ 378 million in 2008, principally due to the 11.4% drop in volumes sold.

Copper in concentrate

Revenues from copper in concentrate remained in line with the previous year, with R$ 1.575 billion in 2008 compared with R$ 1.553 billion in 2007.

Aluminum

Revenues for ROM aluminum increased 5.7% from R$ 5.529 billion in 2007 to R$ 5.843 billion in 2008. This reflects larger volumes of aluminum sold due to the expansion of Alunorte, but was partly offset by the drop in volumes of bauxite sold to the alumina refinery.

Logistics services

Revenues from logistics services increased 4.8% from R$ 3.497 billion in 2007 to R$ 3.666 billion in 2008. Higher average prices because of the increase in fuel costs and a change in the mix of cargoes more than offset the slight reduction in contracted freight volumes. In particular:

- Revenues from rail transportation went up by 6.8% from R$ 2.879 billion in 2007 to R$ 3.075 billion in 2008. Average prices went up 27.8% and volumes shipped dropped by 14.6% as a result of the poorer crops in 2008.
- Revenues from port operations dropped by 4.4% from R$ 618 million in 2007 to R$ 591 million in 2008. Average prices went up 17.1%, while volumes went down by 12.2%.

Other products and services

Gross revenues from other products and services increased, from R$ 2.027 billion in 2007 to R$ 3.366 billion in 2008, reflecting the fact that this was the first year in which coal operations were fully consolidated.

Costs and Expenses

The total cost of goods sold increased 6.9% from R$ 30.084 billion in 2007 to R$ 32.156 billion 2008. This increase was due to the following factors:

- *Outsourced services.* The cost of outsourced services increased 5.9% from R$ 4.741 billion in 2007 to R$ 5.021 billion in 2008 due to an increase in volumes sold and higher maintenance costs.
- *Materials costs.* The cost of materials increased 36.7% from R$ 4.810 billion in 2007 to R$ 6.576 billion in 2008 due to increased sales volumes and increase in materials used in equipment maintenance.
- *Acquisition of products.* The cost of acquisition of products increased 42.6% from R$ 4.890 billion in 2007 to R$ 2.805 billion in 2008 as a result of the fall in the volume of pellets because of the leasing of the joint venture pelletizing plants and the drop in volumes of nickel sold.
- *Energy costs.* Energy costs increased 18% from R$ 4.927 billion in 2007 to R$ 5.813 billion in 2008 as a result of an increase in production, higher energy prices and leasing of the pelletizing plants.
- *Personnel costs.* Cost with personnel increased 10.4% from R$ 3.799 billion in 2007 to R$ 4.193 billion in 2008 because of salary increases due to the two-year labor agreement.
- *Other costs*. Other costs increased 12.0% from R$ 6.917 billion in 2007 to R$ 7.749 billion in 2008 because of leasing of the joint venture pelletizing plants.

Sales, general and administrative expenses

Expenses with sales, general and administrative activities increased 41.9% from R$ 2.550 billion in 2007 to R$ 3.618 billion in 2008. This variation is due to the global integration of IT infrastructure, marketing, managing of the new brand and an extraordinary copper sales price adjustment.

Expenses with R&D

Expenses with R&D increased 48.2% from R$ 1.397 billion in 2007 to R$ 2.071 billion in 2008. This increase reflects more mineral exploration studies and studies for projects in other regions, including South America, Asia, Africa and Australia.

Financial Result

We had financial expenses of R$ 3.838 billion in 2008, against financial income of R$ 277 million in 2007. The main factors involved were a loss with derivatives recorded in 2008, due to swaps of real-denominated debt into US dollars and the depreciation of the real against the US dollar of 31.9%.

Income tax

For 2008 we recorded a net income tax expense of R$ 665 million compared with the R$ 7.085 billion in 2007.

DISPOSALS, INCORPORATIONS OR ACQUISITION OF EQUITY INTEREST

Events following the statements as at December 31, 2009

There was no significant impact on the statements or on Vale's 2009 year end figures as a result of the events described herein.

Acquisition of fertilizer assets

In January 2010, Vale initiated negotiations to acquire 100% of Bunge Participações e Investimentos S.A. (BPI) which owns fertilizer assets and investments in Brazil for US$ 3.8 billion from Bunge Fertilizantes S.A. and Bunge Brasil Holdings B.V., subsidiaries of Bunge Ltd. BPI's asset portfolio consists of: (a) phosphate rock mines and phosphate processing plants; (b) direct and indirect holdings in 42.3% of the total capital held by Fertilizantes Fosfatados S.A. – Fosfertil (Fosfertil) – a listed company on the BM&F Bovespa. Of the US$ 3.8 billion, US$ 1.65 billion will go towards the phosphate-rock mines and phosphate assets belonging to BPI and the remaining US$ 2.15 billion are for the Fosfertil shares held directly or indirectly by BPI.

As part of the BPI acquisition process Vale entered into options contracts with Fertilizantes Heringer S.A. (Heringer), Fertilizantes do Paraná Ltda. (Fertipar), Yara Brasil Fertilizantes S.A. (Yara) and The Mosaic Company (Mosaic) which allow us to purchase

Fosfertil shares for US$ 12.0185 per share, subject to certain conditions including the successful conclusion of the BPI acquisition.

Once Vale has successfully acquired the direct and indirect holdings of BPI, Heringer, Fertipar, Yara and Mosaic then Vale will hold a 78.90% stake in Fosfertil, which corresponds to 99.81% of the common shares and 68.24% of the preferred shares for an aggregate price of US$ 4.007 billion. The total price to be paid for the acquisition of 78.90% of Fosfertil and for the phosphate rock mine and phosphate processing plant will be US$ 5.65 billion.

Once this acquisition is concluded, Vale will launch a mandatory tender offer to buy the remaining ordinary shares held by the minority shareholders of Fosfertil, equating to 0.19% of the total, at the same price per share agreed with BPI and the other parties in the option contract.

Valesul assets sale

In January 2010, our wholly owned subsidiary Valesul Alumínio S.A. (Valesul) agreed to the sale of its aluminum assets for US$ 31.2 million. The Valesul assets included in the deal, located in the state of Rio de Janeiro, consist of: anode, reduction and foundry factory, industrial service areas and administration and inventory.

Mains acquisitions

2009

Iron ore assets in Corumbá

In September 2009, Vale concluded the acquisition of the open pit iron ore mining exploration operations in Corumbá, Brazil along with associated logistics infrastructure for US$ 750 million (equivalent to R$ 1.473 billion[9]) from Rio Tinto Plc. The Corumbá iron ore mine is a world class asset, defined by its high iron content, with lump reserves. The logistics assets support 70% of the operation's transport needs. The purchase of the Corumbá assets is subject to Federal Government approval.

Potash deposits in Argentina and Canada

In January 2009, Vale purchased the Rio Colorado project in the Mendoza and Neuquén provinces in Argentina and the Regina project in the Saskatchewan province in Canada from Rio Tinto for US$ 850 million (equivalent to R$ 1.995 billion[9]). The Rio Colorado project includes the development of a mine with a nominal initial capacity of 2.4 Mtpy of potash, with potential for expansion up to 4.35 Mtpy. The project also includes 350 km of railway connections, port facilities and a power plant. The Regina project is still in its exploration phase, with a potential annual production in the order of 2.8 Mt of potash. The current local infrastructure will allow for the final product to be transported to Vancouver, allowing access to the expanding markets in Asia.

Copper exploration assets in the African copper belt

[9] Value converted by the R$/US$ exchange rate at the date of disbursement.

In the first quarter of 2009 Vale purchased a 50% stake in a joint venture with African Rainbow Minerals Limited for the future development of TEAL Exploration & Mining Incorporated (TEAL) assets for the sum of US$ 60 million (equivalent to R$ 139 million[10]) thus expanding the strategic options for growth in the African copper market.

TEAL has two copper projects in the African copper belt already at the viable / approval stage. Together these projects may represent over the next few years a nominal production capacity of 65,000 metric tons of copper per year as well as an extensive and highly promising portfolio of copper exploration assets.

Coal assets in Colombia

In the first quarter of 2009 Vale concluded its acquisition of 100% of the coal exploration assets from Cementos Argos S.A. (Argos) in Colombia for US$ 306 million (equivalent to R$ 695 million[10]). The assets acquired are: El Hatillo coal mine, located in the Cesar department; Cerro Largo, a coal deposit under exploration; a minority stake in the Fenoco consortium that owns the concession and operation of the railroad linking the coal operations to the SPRC port; and 100% of the port's concession.

Increased holdings in CSA

In the third quarter of 2009, Vale agreed with ThyssenKrupp Steel AG to increase our holdings in ThyssenKrupp CSA Siderúrgica do Atlântico Ltda. (CSA) from the current 10% to 26.87% by a capital injection of € 965 million (equivalent to R$ 2.532 billion[10]). By the end of 2008, Vale's contributions to CSA amounted to US$ 478 million (equivalent to R$ 930 million[11]). CSA is building an integrated steel slab plant, with a nominal capacity of 5 million metric tons of steel slab per year in the state of Rio de Janeiro. Production is scheduled to commence in the first semester of 2010. As a strategic partner of ThyssenKrupp, Vale is the exclusive supplier of iron ore to CSA.

2008

Mining rights in Minas Gerais

In the second quarter of 2008 Vale purchased the iron ore exploration rights from Mineração Apolo, located in the municipalities of Rio Acima and Caeté, in Minas Gerais. The total cost of the acquisition, that increased Vale's estimated resources in 1.1 billion metric tons of iron ore, was US$ 154.3 million (equivalent to R$ 255.8 million[12]), whereby US$ 9.3 million (equivalent to R$ 15.4 million[11]) were paid as a call option in May 2005 and US$ 145 million (equivalent to R$ 240.4 million[11]) in 2008.

2007

Conclusion of the Inco acquisition

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[10] Value converted by the R$/US$ exchange rate at the date of disbursement.
[11] Value converted at the exchange rate R$ /US$ at the date of each disbursement.
[12] Value converted by the R$/US$ exchange rate on 5/5/2008, date of the acquisition disclosure.

In January 2007, Vale completed its acquisition of Inco (currently known as Vale Inco) thus increasing its holdings from 87.73% to 100%, and making the final acquisition payment of US$ 2.053 billion (R$ 4.0 billion[13]).

Acquisition of AMCI Holdings Australia Pty

In April 2007, Vale paid US$ 656 million (equivalent to R$ 1.328 billion[13]) for 100% of AMCI Holdings Australia Pty (now known as Vale Australia). Vale Australia has coal operations and exploration projects in Australia.

Acquisition of the remaining holdings in MBR

In May 2007, Vale increased its holdings in the subsidiary Minerações Brasileiras Reunidas S.A.- MBR (MBR), which owns some of the best iron ore assets in the world. The direct holdings in MBR is 49%. The other 51% belong to Empreendimentos Brasileiros de Mineração S.A. – EBM (EBM). Prior to May 2007, we held 80% of the capital for EBM. With the aim of increasing our holdings in MBR, we acquired additional holdings in EBM's equity, equivalent to 6.25% and signed usufruct agreement, which gives Vale effective ownership of the remaining 13.75% capital in EBM for the next 30 years. We paid US$ 231 million (R$ 467 million[13]) for the share acquisition. The usufruct contract involved a down payment of US$ 61 million (R$ 116 million[13]) in January 2008 and a commitment to pay the remainder in 29 annual payments of US$ 48 million (R$ 93 million[13]). The increase of our holdings in MBR will allow us to leverage synergies and increase our exposure in the iron ore market.

Norte-Sul Railroad Concession

In October 2007, we won the auction for the commercial operation of a 720km stretch of the Norte-Sul (North-South) railroad in Brazil. Part of this network (225km) is already in operation and the remaining segments should be ready at the end of 2008 and beginning of 2009. We will pay in the region of R$ 1.478 billion for the right to operate this segment for a period of 30 years. In December 2007, we paid the first installment, a sum of R$ 739 million which is equivalent to 50% of the total price of the sub-concession, and in May 2009 we paid the second installment of R$ 462 million.

Main disposal of investments and sale of assets

In accordance with our strategy, we continue to reduce our holdings in non-essential assets. The following is a summary of the main disposals and sales of assets in the three-year period.

[13] Value converted by the R$/US$ exchange rate at the date of disbursement.

2009

Usiminas

In the second quarter of 2009, Vale sold its 2.93% share in Usiminas for R$ 595 million.

PTI

Vale sold, through the bookbuilding process, 205,680,000 of its shares in the subsidiary PTI, equivalent to 2.07% of the PTI shares in circulation, for IDR 925.6 billion equivalent to US$ 91.4 million (equivalent to R$ 171 million[14]).

Sale of forest assets to Suzano

In July 2009, Vale entered into an agreement with Suzano Papel e Celulose which involved Vale supplying reforested wood from and the sale of forest assets, totaling 84,700 hectares and including areas of eucalyptus forest preservation located in the southwest of Maranhão. The agreed sum for this deal was R$ 235 million.

Sale of nickel assets

In the last quarter of 2009 Vale sold downstream non-strategic assets: Jinco Nonferrous Metals Co. (US$ 6.5 million – R$ 11 million[14]), International Metals Reclamation Company (US$ 34 million – R$ 59 million[14]). These companies produced very specific and low profit nickel products.

2008

Jubilee Mines

In the first quarter of 2008, Vale sold its minority holdings in Jubilee Mines, a nickel producer in Australia, for US$ 130 million (R$ 232 million[14]).

2007

Lion Ore

In July 2007 Vale sold its minority holdings in Lion Ore Mining International, a Canadian company operating in the nickel market for US$ 105 million (R$ 197 million[14]).

Log-In

In June 2007, Vale held an IPO for the ordinary shares in Log-In Logística Intermodal S.A. (Log-In), formerly a wholly-owned subsidiary in the logistics segment. Vale currently holds 31.3% of the equity and of the voting shares in Log-In and has an agreement with Mitsui & Co. regarding the appointment of board members. Log-In provides container logistics services.

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[14] Value converted by the R$/US$ exchange rate at the date of disbursement.

Usiminas

In the first half of 2007, Vale sold part of its holdings in Usiminas, a publicly traded steel manufacturer in a public offering for a total of US$ 728 million (R$ 1.475 billion[15]). We maintained a holding of 2.9% in Usiminas' equity and continue to take part in the shareholders agreement, but in the 2Q09 as mentioned before we sold our shares.

CHANGES IN ACCOUNTING PRACTICES

There were no qualifications or points in the independent auditor's reports relating to the financial statements of 2007, 2008 and 2009. There were no significant changes in accounting practices, except for Law 11,638, December 28, 2007, amended by Medida Provisória (MP) nº. 449, of December 4, 2008, later converted into Law 11,941, May 27, 2009, that changed and introduced new provisions to Corporate Law. Such legislation had as its main objective to upgrade the Brazilian Corporate Law to enable the convergence of accounting practices adopted in Brazil with those contained in international accounting standards that are issued by the International Accounting Standards Board - IASB. As permitted by CVM Resolution No. 565, for the first time Vale adopted in full without qualifications the provisions of Law No. 11,638 and Provisional Measure No. 449 for the year ended December 31, 2008. The financial statements of 2007, presented jointly with those of 2008, were prepared in accordance with accounting practices adopted in Brazil and in force until December 31, 2007, as permitted by the technical pronouncement CPC 13.

As part of this alignment with international practices, the Accounting Standards Committee (CPC) issued 15 orders in December 2008, ratified by the CVM with effect from the start of 2008.

The effects on net income and net equity of the adoption of new accounting practices are as follows:

R$ million	Net income	Stockholders' equity
Balance in the financial statements prior to adoption	29,708	98,553
CPC 01 - Reduction in the recoverable value of assets (a)	-2,447	-2,447
CPC 02 - Conversion of Financial Statements (b)	-5,982	-
CPC 08 - Transactions cost and premiums on issue of securities (c)	-	161
CPC 14 - Financial Instruments (d)	-	8
Balance per financial statements as at December 31, 2008	**21,279**	**96,275**

15 Value converted by the R$/US$ exchange rate at the date of disbursement.

(a) On November 1, 2007 the CVM released Resolution nº. 527 approving the accounting pronouncement CPC 01, that deals with the reduction in the recoverable value of assets, to be applied from the year ended December 2008. In accordance with this pronouncement asset values must be reviewed to ensure carrying values are recoverable. The other pronouncements had been already adopted by the Company and had no impact.

The performance of this review resulted in a loss of R$ 2.447 billion due to the reduction of the goodwill value associated with the nickel business, that was recognized in the period.

(b) On January 29, 2008, CVM issued Resolution No. 534 approving technical pronouncement CPC 02 of the Accounting Pronouncements Committee, which addresses the effects of changes in exchange rates and re-measurement of financial statements. Accordingly, the effects of exchange rate fluctuations on foreign investments with a different functional currency to the parent company, must not affect the net income for the year ended 2008. The effects must be recognized directly in a transient account of stockholders´ equity, named Cumulative Translation Adjustment. Vale made adjustments related to new practices for the fourth quarter of 2008. The effects are disclosed in the Balance Sheet and Income Statement in the column of new practices and had a negative impact for the company´s result represented by a loss of R$ 5.982 billion, mostly relating to exchange variations in the subsidiary Vale Inco.

(c) On November 12, 2008 the CVM issued Resolution nº 556 approving technical pronouncement CPC 08 of the Accounting Pronouncements Committee, that addresses the accounting for transaction costs and premiums on issue of securities. According to it, the costs related to the funding of equity must be accounted for in a determined account at the stockholder´s equity.

(d) On December 17, 2008, CVM issued Resolution nº 566 approving the technical pronouncement CPC 14 of the Accounting Pronouncements Committee, which addresses the recognition, measurement and disclose of Financial Instruments. This figure represents the fair value adjustment of available for sale.

CRITICAL ACCOUNTING POLICIES

The criteria mentioned below refer to the critical accounting practices adopted and are reflected in the consolidated financial statements.

An accounting practice is considered critical when it is important and relevant to the financial situation and the results of operations and requires significant estimates and judgment calls by the management at Vale. The summary of significant accounting policies can be found in Explanatory Note 6 of the financial statements.

Mineral reserves and mines' life expectancy

Estimates of proven and probable reserves are regularly evaluated and updated. The proven and probable reserves are determined using generally accepted estimation techniques. The calculation of reserves requires Vale to make assumptions on future conditions that are extremely uncertain, including future ore prices, exchange rates, rates of inflation, mining technology, availability of licenses and production costs. Changes in some of these assumptions may have significant impact on recorded proven and probable reserves.

The estimate of the volume of mineral reserves is based on the calculation of the extent of the exhaustion of the respective mines and their estimated life expectancy is an important factor to consider when quantifying the provision for the mines' environmental rehabilitation when calculating fixed asset write-downs. Any changes in the estimates for the reserve volume of the mines, and the useful life of assets attached to them may have a significant impact on depreciation charges, exhaustion and amortization, recognized in financial statements as cost of goods sold. Changes in the estimated life expectancy of the mines could cause significant impact on estimates of provisions for environmental costs and the recovery at the time of the write-down of the fixed assets.

Environmental costs and recovery of degraded areas

Expenditures relating to ongoing compliance with environmental regulations are charged against earnings or capitalized as appropriate. These ongoing programs are designed to minimize the environmental impact of our activities.

Vale acknowledged a liability in line with market value for asset retirement obligation in the period in which they are incurred, if a reasonable estimate can be made. Vale believes the accounting estimates related to land reclamation and closure costs of a mine are a critical accounting policy because: (a) we will not incur the majority of these costs for several years. This requires long-term estimates (b) laws and regulations surrounding closure and restoration may change in the future or circumstances that affect our operations may change, and in any case can significantly deviate from current plans, and (c) calculating the market value of the liability for asset retirement requires that we make assumptions to project cash flows, as well as estimates of inflation rates, to determine the rate of interest on risk-free credit and determine premiums for market risks applicable to operations.

Our Environmental Department developed a guide, which defines the rules and procedures that should be used to evaluate our asset retirement obligations. The future costs of retirement of all of our mines and sites are reviewed annually, considering the actual stage of exhaustion and the projected exhaustion date of each mine and site. The future estimated retirement costs are discounted to present value using a credit-adjusted risk-free interest rate.

Income tax

Determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance to be recorded against our net deferred tax assets requires significant management judgment, estimates and assumptions about matters that are highly uncertain. For each income tax asset, we evaluate the likelihood of whether some portion or the entire asset will not be realized. The provison made in relation to accumulated tax losses carryforward depends on our assessment of the probability of generation of future taxable profits within the legal entity in which the related deferred tax asset is recorded based on our production and sales plans, selling prices, operating costs, environmental costs, group restructuring plans for subsidiaries and site reclamation costs and planned capital costs.

Vale acknowledges an allowance for loss where it is believed that tax credits will not be fully recoverable in the future.

Contingencies

Contingent liabilities are recorded and published, unless the possibility of loss is considered remote by legal advisors. The contingencies, net of legal deposits, can be found in the notes in the financial statements.

The recording of contingencies for a particular liability on the date of the financial statements is made when a value can be reasonably estimated for loss. As is their nature contingencies will be resolved when one or more future events occur or fail to occur. Typically, the occurrence of such events does not depend on our actions, which hinders the generation of precise estimates about the exact date on which such events will occur. Assessing such liabilities, particularly in the volatile Brazilian legal environment, involves relying on significant estimates by management regarding the results of these future events.

Employee post-retirement benefits

Vale's Brazilian workers, and the majority of Brazilian workers in our subsidiaries, participate in supplementary social security plans administered by Fundação Vale do Rio Doce de Seguridade Social – Valia. Valia, sponsored by Vale and these subsidiaries, is a complementary pension fund foundation, a non-profit organization, that has financial and administrative autonomy. Most participants in plans maintained by Valia are members of a "new plan" called "Vale Mais" implemented by Valia in May 2000. In general, it is a defined contribution plan with a defined benefit feature relating to services rendered prior to May 2000 and another product of defined benefit in events hedging as temporary or permanent disability and death. Valia still retains the "old plan" which is a defined benefit plan with benefits based on length of service, salary and pension benefits. This plan includes the retired participants and their beneficiaries, as well as a few employees who refused to migrate from the previous plan to "Vale Mais" when it was created in May 2000. Employees of Albras, Alunorte, MBR and CADAM participate in different pension funds maintained by Bradesco Vida e Previdência S.A..

Vale Inco sponsors defined benefit pension funds, primarily in Canada, the United States, the United Kingdom and Indonesia.

Each of the jurisdictions in which the plans are offered have their own legislation which, besides other statutory requirements, determine the minimum contributions to be made to the plans, in order to offset their potential liabilities, calculated in accordance with local laws. Effective as of January 1, 2009, the defined benefit plan for employees that are non-unionized in Canada has been closed to new participants, and from February 1, 2009, the defined benefit plan in Indonesia has been closed to new participants. A defined contribution plan will be offered to new employees from 1 July 2009. The current employees can leave the defined benefit plan and move to the defined contribution plan as of January 1, 2010. The current employees will leave the defined benefit plan and move to the defined contribution plan as of January 1, 2010. Vale Inco Newfoundland and Labrador

Limited, a subsidiary of Vale Inco, has a defined contribution plan. In addition, Vale Inco plans to offer additional retirement benefits to qualified employees.

Conversion of foreign currency transactions

The assets and liabilities held in foreign currencies are converted at the market exchange rate on the date of the financial statements, for example US$ 1.00 is equivalent to R$ 1.7412 on December 31, 2009 (US$ 1.00 equivalent to R$ 2.3370 on December 31, 2008 and R$ 1.7713 on December 31, 2007).

Revenue from sales, costs and expenses recorded in foreign currencies are translated at the average rate for the month of their occurrence.

Impairment of goodwill

At least annually Vale tests the recoverability of indefinite intangible assets that are mainly constituted of goodwill from expectative on future results from business combination. This process involves reviewing all estimates for price, demand, interest rates, costs and etc. used to calculate the discounted cash flow of each of the main cash-generating units, used as a parameter to measure recoverability of goodwill and assets related to these cash-generating units. The recoverability of assets based on discounted cash flow depends on various estimates, which are influenced by market conditions at the time that recoverability is tested and thus cannot determine if further loss of recoverability will occur in the future. In 2009 there was no recorded loss and in 2008 a loss was recorded for non-recoverability to the amount of R$ 2.447 billion.

INTERNAL CONTROLS

Our management is responsible for establishing and maintaining adequate internal control over financial through a process designed to provide reasonable comfort for the reliability of financial reporting and the preparation of financial statements.

Management established a process for evaluating internal controls by applying a methodology for process mapping and risk assessment and identification of controls applied to mitigate the risks affecting Vale’s ability to initiate, authorize, record, process and publish relevant information in financial statements.

At year-end no shortcomings in the implementation of relevant controls were identified in the tests run by management. During the financial year, any identified shortcomings in the implementation of controls are corrected by implementing action plans that guarantee their effectiveness at year-end.

The independent auditors did not identify any deficiencies in their report or provide any further recommendations concerning the effectiveness of Vale’s internal controls.

PUBLIC OFFERINGS FOR DISTRIBUTION OF SECURITIES

2009

Public offering of US$ 942 million in mandatorily convertible notes due in 2012

On July 7 2009, Vale announced an offering of US$ 942 million (US$ 1.858 billion[16]) in mandatorily convertible notes due in 2012 (Series VALE-2012 and Series VALE.P-2012) through its subsidiary Vale Capital II.

Notes from Series VALE-2012 and VALE.P-2012 bearing interest of 6.75% per year, payable quarterly. On reaching maturity on June 15, 2012, or before if certain events occur, notes from Series VALE-2012 will be compulsorily exchanged for ADSs, each representing one common share or preferred class A share issued by Vale. Additional remuneration will be paid based on the net amount of cash distributions paid to holders of ADSs.

The ADSs, together, represent an amount of up to 18,415,859 shares and 47,284,800 Class A preferred shares issued by Vale, which Vale currently holds as treasury stock.

Global offering of $1 billion in bonds maturing in 2019

On September 8, 2009 Vale issued $1 billion (R$ 1.8 billion[15]) in bonds maturing in ten years time, through its wholly-owned subsidiary Vale Overseas Limited (Vale Overseas).

The notes will mature in September 2019, bearing interest of 5 5/8% per year, payable semi-annually, at a price of 99.232% of the principal amount. The bonds were priced with a spread of 225 basis points over US Treasury, resulting in a yield to maturity of 5.727%.

Global offering of $1 billion in bonds maturing in 2039

On November 3, 2009, Vale offered US$1 billion (R$ 1.7 billion[15]) offering of 30-year notes through its wholly-owned subsidiary Vale Overseas Limited.

The notes will mature in November 2039, bearing interest of 6.875% per year, payable semi-annually, at a price of 98.564% of the principal amount. These notes were priced with a spread of 265 basis points over US Treasury, resulting in a yield to maturity of 6.99%.

As published, Vale will use the net proceeds of these offerings for general corporate purposes.

[16] Value converted by the R$/US$ Exchange rate on the date of the operation.

2008

Global public primary offering

On July 17, 2008, Vale priced a global primary public offering of 256,926,766 common shares and 189,063,218 preferred shares, all registered and with no par value issued by Vale, including ADSs, represented by American Depositary Receipts (ADRs), at a value of R$ 46.28 per common share and US$ 29.00 or € 18.25 per common ADS, and R$ 39.90 per class A preferred share and US$ 25.00 or € 15.74 per preferential ADS, totaling an amount of R$ 19.434 billion.

Vale used the net proceeds of this offering for general corporate purposes, which may include the financing of its organic growth program, strategic acquisitions and increased financial flexibility, as published at the time.

2007

Offering of $ 1.88 billion in mandatorily convertible notes due in 2010

On June 19, 2007, Vale made an offering at a value of US$ 1.88 billion (R$ 3.601 billion[17]) of mandatorily convertible notes (Series RIO and Series RIO P) maturing in 2010 through its wholly-owned indirect subsidiary Vale Capital.

The notes are due in 2010. Series RIO (Notes from Series RIO) and Series RIO P (Notes from Series RIO P) and will bear interest of 5.50% per year, payable quarterly. At their maturity on June 15, 2010, or upon certain events, the Series RIO and RIO P will be mandatorily converted to ADSs, each representing one preferred class A share of Vale. Additional interest will be paid based on the net amount of cash distributions paid to holders of ADSs.

Vale used the net proceeds of this offering for general corporate matters as published in the prospectus.

SIGNIFICANT ITEMS NOT INCLUDED IN THE BALANCE SHEET AND THEIR EFFECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Guarantees offered by Vale on behalf of Vale Inco New Caledonia

In December of 2004, Vale Inco provided certain guarantees on behalf of Vale Inco New Caledonia (VINC) pursuant to which it was guaranteed payments due from VINC of

[17] Value converted by the R$/US$ Exchange rate on the date of the operation.

up to a maximum amount of R$ 174 million (US$ 100 million) in connection with an indemnity, guarantees offered by BNP Paribas. 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 million (€ 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.

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 million (€ 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.

Stock options for the sale of VINC shares

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, as measured by VINC's financing in local currency converted by US dollar at specific exchange rate, exceeds the agreed value with the shareholders and an agreement cannot be reached on how to proceed with the project.

Guarantees provided by Vale Inco Newfoundland and Labrador Limited

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 tones 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 million (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 million (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 million (CAD$ 61.6 million) opened..

Participatory Company Debentures

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.

Operational leasings

Concessions, sub-concessions and leasings of our subsidiaries are treated for accounting purposes as operational leases and have the following characteristics:

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

(*) according to the delivery of each stretch of railroad.

INVESTMENTS[18]

In 2009 investments, excluding acquisitions, reached R$ 17.977 billion with R$ 11.658 billion allocated to project development, R$ 2.015 billion in R&D and R$ 4.302 billion in maintenance of ongoing operations. Investments in corporate social responsibility amounted to R$ 1.558 billion, with R$ 1.157 billion allocated to environmental protection and R$ 401 million in social projects.

Investments in acquisitions came to R$ 7.448 billion in 2009. The main acquisitions are detailed in the section *Disposals, Incorporations or Acquisition of Equity Interest*.

In 2008 we had investments in the order of R$ 18.961 billion, of which R$ 11.865 billion went to organic growth, made up of R$ 6.457 billion in projects and R$ 1.953 billion in R&D, while R$ 4.910 billion was invested in maintenance of ongoing operations.

[18] Budget investment prepared in US dollars, however we use the average exchange rate for the period for conversion.

During 2007 Vale made investments of R$ 21.439 billion, of which R$ 10.566 billion went to organic growth, made up of R$ 9.122 billion in projects and R$ 1.444 billion in R&D, while R$ 4.290 billion was invested in stay in business and R$ 6.583 billion in acquisitions.

We used cash from operations and also issued securities to cover the cost of our investments.

DESCRIPTION OF MAIN PROJECTS							
Área	**Project**	**Carried out**		**Budget[19]**			**Status**
		R$ million					
		2007	**2008**	**2009**	**2010**	**Total**	
Ferrous Minerals / Logistics	Carajás - additional 30 Mtpy	144	919	766	822	4,245	This project will add 30 Mtpy to current capacity. It comprises investments in the installation of a new plant, composed of primary crushing, processing and classification units and significant investments in logistics. Start-up planned for 1H12, depending on concession of environmental licenses.
	Carajás – additional 10 Mtpy	-	31	90	154	497	This project will add 10 Mtpy of iron ore to current capacity. It involves investment in the overhauling of a dry plant and the acquisition of a new one. Start-up expected for 1H10.
	Carajás Serra Sul (mine S11D)	-	107	425	2	19,352	Located on the Southern range of Carajás, in the Brazilian state of Pará, this project will have a capacity of 90 Mtpy. Completion is scheduled for 2H13, subject to obtaining the environmental licenses. The project is still subject to approval by the Board of Directors.
	Apolo	-	4	18	65	4,298	Project in the Southeastern System with a production capacity of 24 Mtpy of iron ore. Start-up expected for 1H14. The project is still subject to approval by the Board of Directors.
	Conceição - Itabiritos	-	-	14	315	2,004	This project in the Southeastern System will add 12 Mtpy of iron ore to current capacity. It involves investment in a new concentration plant, which will receive ROM from the Conceição mine. Start-up expected for 2H12. The project is still

[19] Amounts converted at the Exchange rate of 19/10/2009, date of publication of th invesment budget avaiable a tour site www.vale.com

							subject to approval by the Board of Directors.
	Vargem Grande - Itabiritos	-	-	-	135	1,670	This project in the Southern System will add 10 Mtpy of iron ore to current capacity. It involves investment in a new iron ore treatment plant, which will receive low grade iron ore from the Aboboras mine. Start-up expected for 2H12. The project is still subject to approval by the Board of Directors
	Tubarão VIII	1,0	151	415	209	1,089	Pelletizing plant to be built at the port of Tubarão, in the Brazilian state of Espírito Santo, with a 7.5 Mtpy capacity. Start-up scheduled for 2H12.
	Omã	1,2	141	686	829	2,323	Project for the construction of a pelletizing plant in the Sohar industrial district, Oman, in the Middle East, for the production of 9 Mtpy of direct reduction pellets and a distribution center with capacity to handle 40 Mtpy. Start-up planned for 2H10.
	Teluk Rubiah	-	-	8	168	1,542	It involves the construction of a maritime terminal that will be able to receive 400,000 dwt vessels and a distribution center with a capacity to handle up to 30 million metric tons of iron ore in this first phase, and the possibility to expand it up to 90 million metric tons in the future. Start-up is planned for 1H13. The project is subject to approval by the Board of Directors.
Non-ferrous minerals	Onça Puma	1,046	1810	969	874	3,935	The project will have a nominal production capacity of 58,000 metric tons per year of nickel in ferronickel form, its final product. Start-up expected for 2H10.
	Totten	64	75	112	250	620	Mine in Sudbury, Canada – planned to produce 8.200 tpy of nickel as well as copper and precious metals as by-products. The Project is being implemented with conclusion scheduled for 1H11.

	Long-Harbour	58	125	201	755	4,832	Nickel processing facility in the provinces of Newfoundland and Labrador, Canada, to produce 50,000 metric tons of finished nickel per year, together with up to 5,000 metric tons of copper and 2,500 metric tons of cobalt, using the ore from the Ovoid mine in our Voisey’s Bay mining site. The start-up is scheduled for 1H13.
	Salobo	105	410	870	1028	3.097	The project will have a production capacity of 127,000 metric tons of copper in concentrate. Project implementation under way and civil engineering has started. Conclusion of work scheduled for 2H11.
	Expansão Salobo	-	-	4	113	1,756	The project will expand the Solobo mine annual production capacity from 127,000 to 254,000 metric tons of copper in concentrate. Conclusion is estimated for 2H13.
	Tres Valles	-	62	104	46	175	Located in the Coquimbo region in Chile, with an annual production capacity of 18,000 metric tons of copper cathode. Conclusion expected for 1H10.
	Konkola North	-	-	-	86	248	Located in the Zambian copper belt, this is an open-pit mine and will have an estimated nominal production capacity of 44,000 tpy of copper in concentrate. This project is part of our 50/50 joint venture with ARM in Africa. Project conclusion is scheduled for 2013. This project is subject to Board approval.
	Bayóvar	-	94	590	375	821	Open pit mine in Peru with nominal capacity of 3.9 million metric tons per year of phosphate rock. Project under implementation with conclusion scheduled for 2H10
	Rio Colorado	-	-	-	521	7,054	The project includes the development of a mine with an initial nominal capacity of 2.4 Mtpy of potash - KCl, with potential for a future expansion to 4.35 Mtpy, construction of a railway spur of 350 km, port facilities and a power plant. Start-up is expected to take place in the 2H13. This project is subject to Board approval.

	CAP	-	13	62	103	3,769	The new alumina refinery will be located in Barcarena, in the Brazilian state of Pará. The plant will have a production capacity of 1.86 Mtpy of alumina, with potential for future expansion to produce up to 7.4 Mtpy. Completion is expected in 2H13.
	Paragominas III	-	-	16	-	834	The third phase of Paragominas III. Paragominas III will add 4.95 Mtpy of bauxite to existing capacity, with completion scheduled for 2H13.
Coal	Moatize	-	263	602	1019	2,265	This project is located in Mozambique and will have a production capacity of 11 million tons, of which 8.5 million tons of metallurgic coal and 2.5 million tons of thermal coal. Completion is scheduled for 2H11.
Energy	Estreito	74	292	566	319	1,204	Hydroelectric power plant on the Tocantins river, between the states of Maranhão and Tocantins, Brazil. Has already obtained the implementation license, and is being built. Vale has a 30% share in the consortium that will build and operate the plant, which will have a capacity of 1,087 MW. Completion is planned for 2H10.
	Karebbe	25	110	106	216	702	Karebbe hydroelectric power plant in Sulawesi, Indonesia, aims to supply 90 MW for the Indonesian operations, targeting production cost reduction by substitution of oil as fuel. Work started and main equipment purchased. Scheduled to start-up in 1H11.
	Biofuel	-	-	92	94	522	Consortium with Biopalma to invest in biodiesel to supply our mining and logistics operations in the Northern region of Brazil, using the B20 mix (20% of biodiesel and 80% of ordinary diesel), from 2014 onwards. Vale's stake in the consortium is 41%. The oil production related to our stake will be used to feed our own biodiesel plant, with estimated capacity of 160,000 metric tons of biodiesel per year.

13. COMPENSATION FOR MANAGERS

13.1 Description of the compensation policy or practices for the Executive Board, the Statutory and Non-Statutory Boards, the Fiscal Committee, the Statutory Committees and the Audit, Risk, Finance and Compensation Committees, covering the following topics:

a. Objectives of the compensation policy or practices

According to the provisions of Article 10, Paragraph 3 of the Bylaws, the Managers' overall and annual compensation is set at the Annual General Meeting, and takes into account their responsibilities, the time they dedicate to their functions, their competences and professional reputation, and the market value of their services.

Vale is the second largest diversified mining company in the world, and the largest private company in Latin America. It has operations in over thirty countries, a market value of some US$146.9 billion, over 500,000 shareholders in every continent, and around 60,000 employees and 32,000 subcontracted workers active in its operations.

Clearly, Vale is a global company of great complexity and magnitude, whose administration requires an in-depth understanding of its area of business and market, combined with total commitment.

As a global company, Vale is aware that retaining and engaging the right professionals in key roles, especially executive directors, is critical for its success on the mid and long term. As such, the market is always the benchmark, from a perspective of global competition, which means its main competitors, such as the top mining companies and other large global enterprises.

The main factor for compensation and the main objective of the compensation policy adopted is the company's performance and growth in the short, medium and long term, in line with its strategic plan, while also assuring shareholder value. The compensation policy therefore prioritizes serving the company's business.

b. Composition of compensation packages

(i) Description of the different elements of the compensation packages and the objectives of each of them; and (iii) the method for calculating and adjusting each of the elements in the compensation packages:

Executive Board

Fixed Compensation
The compensation for the members of the Executive Board is made up exclusively of the payment of a fixed monthly fee. The deputy members receive 50% of the amount paid to the members. The amount paid as fees is aligned with market values. This fixed compensation is designed to remunerate the services of each board member, within their scope of responsibility as members of Vale's Executive Board. The overall annual compensation for the Managers, including the members of the Executive Board, the Statutory Board, the Fiscal Council and the advisory committees is set at the annual general meeting and distributed by the Executive Board. The members of the Executive Board are eligible to receive a private pension plan from the Vale pension fund (Valia – Fundação Vale do Rio Doce de Seguridade Social).

Fiscal Board

Fixed Compensation
The compensation for the members of the Fiscal Board is made up of a fixed monthly fee, set at 10% of the average compensation paid to the Executive Directors, excluding benefits, representation monies, and profit shares. Aside from this fixed compensation, the active members of the Fiscal Board have the right to the reimbursement of their transportation, board and lodging expenses incurred while undertaking their duties. Deputys are compensated when they undertake the function when a seat is vacant, or when the member of the board in question is absent or unable to exercise the function. The aim of the fixed compensation is to remunerate the services of each board member, within their scope of responsibility as members of the Company's Fiscal Board. The fees for Fiscal Board members are adjusted in line with any adjustment made to the Executive Directors' compensation.

Advisory Committees

Fixed Compensation
The compensation for the members of the Executive Board Advisory Committees (Strategy Committee, Finance Committee, Executive Development Committee, Financial Control Committee, and Governance and Sustainability Committee) is paid for each meeting an executive effectively takes part in, said payment being the same as the monthly fee payable to the deputy members of the Executive Board. As set forth in Paragraph 2 of Article 15 of Vale's Bylaws, the committee members who are Vale Managers will not be eligible for extra compensation for sitting on the committees. The aim of the fixed compensation is to remunerate each member's services within the scope of their responsibility as members of the Company's respective Advisory Committees. The compensation for Advisory Committee members is adjusted in line with the compensation paid to members of the Executive Board.

Executive Board (Statutory Directors)

Fixed Compensation
Fixed monthly compensation set according to competitive market rates and adjusted annually by the IPCA inflation index. The aim of the fixed monthly compensation is to remunerate the services rendered by the statutory directors within the scope of their individual responsibility in managing the Company.

Benefits
Package of benefits that is compatible with market practices, including private healthcare, hospital and dental care, a designated car with driver, private pension scheme and life insurance. Not only are the benefits in line with market practices, but they are also aimed at assuring the executives and their dependents peace of mind when it comes to fundamental issues such as healthcare.

Profit Share
Variable annual payment (profit share bonus) based on the Company's earnings and defined by indicators and objective, measurable targets derived from the strategic plan and the annual budget approved by the Executive Board. While assuring market competitiveness, the main aim of the bonus is to acknowledge an executive's contribution to the Company's performance and earnings. Based on the rules established in the program, the bonus may even be zero, should the Company fail to meet the targets set for each year. Meanwhile, if the performance is exceptional, the bonus can be raised up to a maximum of 150% of the fixed annual amount.

ILP Plan (Long-Term Incentive Plan, as per the acronym in Portuguese)
Long-term variable payment based on the Company's expected performance in the future, with the aim of retaining and engaging the Managers and aligning them with the future vision of the Company. The sum is defined as 75% of the bonus (profit share) for Executive Directors and 125% of the bonus (profit share) for the calculated on the value effectively paid for said bonus, and transformed, as a reference, into a number of ordinary stock issued by Vale (virtual shares), considering the average price for the Company's ordinary stock over the last sixty trading days of the previous year. Should the executive remain with the Company, at the end of three years, the number of virtual shares is transformed into a pecuniary value by the average price of the ordinary stock issued by the Company over the last sixty trading days in the third year. The program also compares the Company's performance against twenty other companies of a similar size (peer group); should Vale come out first in this ranking, the amount calculated is increased by 50%. This percentage is reduced on a sliding scale, such that from first to fifth place, the percentage remains the same, and as of 15th place in the ranking, no payment is made. The program was introduced in 2007, the first payment having been made in January 2010. For further details, please see item 13.4 of the Reference Form.

Prior to the ILP, the Company had a specific program for the Statutory Board, which received 36% of the bonus, payable after 13 months. This program, which has been replaced by the ILP, no longer exists, the last payment having been made in January 2009.

Matching
Like the ILP, Matching is a variable, long-term form of compensation based on the Company's expected performance in the future. To be eligible to take part in the Matching scheme, an executive should allocate a percentage of his/her bonus (short-term variable compensation) for the purchase of Class A preferred stock issued by Vale, through the mediation of a pre-defined financial institution, under market conditions, on the days set in the scheme, without any benefit being offered by Vale. The percentage bonus that may be allocated per executive for participating in the Matching scheme is based on an assessment of their performance and potential. Those executives who acquire shares under the terms and conditions of the Matching scheme on the stipulated dates and who are still in the employ of Vale three years after they were acquired and who have kept the ownership of all the shares purchased will be eligible for a cash prize. At the end of the three-year period, when the cycle reaches its conclusion, the Managers check that the terms of the scheme, as set forth in the manual, have been followed. Assuming that the terms of the plan have been observed, the Company will pay the executive a net value, as a prize, worth the amount they had purchased in shares as part of the scheme. After the incentive has been paid, the executives are free to sell the preferred stock issued by Vale that they had acquired to join the Matching

scheme, in compliance with existing legislation. The main aim of this scheme is to encourage an "owner's vision", while also helping to retain executives and reinforce a sustained performance culture. For further details, see item 13.4 of the Reference Form.

Non-Statutory Board

The non-statutory directors are Company employees with a labor contract. There are two groups of executives that fall into this category: "level 5" directors, who normally hold global corporate or business unit functions; and (ii) "level 4" directors, who generally hold regional or local corporate functions, or are responsible for operational systems or areas in the Company's different businesses.

Fixed Salary
Monthly amount based on the Company's career plan and accepted practices on the competing market. All positions are assessed using the Hay System. The aim of the fixed salary is, as set out in the labor contract signed by each executive, to remunerate the services rendered within the scope of responsibility attributed to them in undertaking their respective duties within the company. There is no predefined index or frequency for adjusting fixed salaries; when they are adjusted, this is based on changes in market values and the merit of the individual executive.

Benefits
Package of benefits that is compatible with market practices, including private healthcare, hospital and dental care, private pension scheme (Valia) and life insurance. Not only are the benefits in line with market practices, but they are also aimed at assuring the executives and their dependents peace of mind when it comes to fundamental issues such as healthcare

Profit Share
Variable annual payment (profit share bonus) based on the Company's earnings and defined by indicators and objective, measurable targets derived from the strategic plan and the annual budget approved by the Executive Board. While assuring market competitiveness, the main aim of the bonus is to acknowledge an executive's contribution to the Company's performance and earnings. Based on the rules established in the program, the bonus may even be zero, should the Company fail to meet the targets set for each year. Meanwhile, if the performance is exceptional, the bonus can be raised up to a maximum of 18 times the monthly salary for "level 5" Directors, and up to 15 times the monthly salary for "level 4" Directors.

Long-Term Incentive Plan (ILP)
Long-term variable payment based on the Company's expected performance in the future, with the aim of retaining and engaging the executives and aligning them with the future vision of the Company. The sum is defined as 75% of the bonus (short-term variable payment) for "level 5" Directors and 50% of the same bonus for "level 4" Directors, calculated on the value effectively paid for said bonus. This sum is transformed, as a reference, into a number of ordinary stock issued by Vale (virtual shares), considering the average price for the Company's ordinary stock over the last sixty trading days of the previous year. Should the executive remain with the Company, at the end of three years, the number of virtual shares is transformed into a pecuniary value by the average price of the ordinary stock issued by the Company over the last sixty trading days in the third year. The program also compares the Company's performance against twenty other companies of a similar size (peer group); should Vale come out first in this ranking, the amount calculated is increased by 50%. This percentage is reduced on a sliding scale, such that from first to fifth place, the percentage remains the same, and as of 15th place in the ranking, no payment is made. The program was introduced in 2007, the first payment having been made in January 2010.

Matching
Like the ILP, Matching is a variable, long-term form of compensation based on the Company's expected performance in the future. To be eligible to take part in the Matching scheme, an executive should allocate a percentage of his/her bonus (short-term variable compensation) for the purchase of Class A preferred stock issued by Vale, through the mediation of a pre-defined financial institution, under market conditions, on the days set in the scheme, without any benefit being offered by Vale. The percentage bonus that may be allocated per executive for participating in the Matching scheme is based on an assessment of their performance and potential. Those executives who acquire shares under the terms and conditions of the Matching scheme on the stipulated dates and who are still in the employ of Vale three years after they were acquired and who have kept the ownership of all the shares purchased will be eligible for a cash prize. At the end of the three-year period, when the cycle reaches its conclusion, the Managers check that the terms of the scheme, as set forth in the manual, have been followed. Assuming that the terms of the plan have been observed, the Company will pay the executive a net value, as a prize, worth the amount they had purchased in shares as part of the scheme. After the incentive has been paid, the executives are free to sell the preferred stock issued by Vale that they had acquired to join the Matching scheme, in compliance with existing legislation. The main aim of this scheme is to encourage an "owner's vision",

while also helping to retain executives and reinforce a sustained performance culture. For further details, see item 13.4 of the Reference Form.

Non-Statutory Committees

The Company also has two non-statutory committees: the Risk Committee and the Communication Committee. All the seats on the non-statutory committees are held by the Company's statutory and non-statutory directors, who do not receive any extra compensation for this function.

(ii) Proportion of each element to make up the total compensation package

The proportions for 2009 were as shown in the table below:

	% of total compensation package paid as:					
	Fixed Compensation	Benefits	Profit Share	Long-Term Incentive	Matching	Total
Executive Board	100%	-	-	-	-	100%
Statutory Board	32.2%	6.9%	44.6%	9.3%	-	100%
Non-Statutory Board	40.7%	18.3%	37.3%	3.7%[1]	-	100%
Fiscal Board	100%	-	-	-	-	100%
Advisory Committees	100%	-	-	-	-	100%

Note 1 – Relative to plan arising from the acquisition of Vale Inco Limited.

c. Main performance indicators that are taken into consideration when determining each element of the compensation package

All the definitions concerning the compensation of Statutory Directors are sustained by market research, supported by one or more specialized consultancies, assessed by the Executive Development Committee and approved by the Executive Board.

The main performance indicators are the Company's performance in comparison with its main competitors (top five mining companies), its cash flow return on gross investments (CFROGI), as well as general productivity, safety and environmental indicators.

d. How the compensation package is structured to reflect the development of the performance indicators

The executives' performance targets, which are used to structure the payment of their profit share (bonus), derive from the strategic plan and the budget, both approved by the Executive Board, which are reviewed each year to sustain the targets and expected results for the Company.

Further, the long-term incentive payments (ILP and Matching scheme) are pegged to some of the Company's performance indicators: the price of its shares on the market, and its position relative to its peer group (a group of twenty companies of a similar size).

e. How the compensation policy is aligned with the Company's short-, medium- and long-term interests

As already stressed, the main factor for compensation is the Company's performance and growth on the short, medium and long term, in line with its strategic plan, while also assuring shareholder value. As such, the long-term incentives are structured with a three-year elimination period, and mirror changes in the Company's performance indicators.

f. Existence of compensation supported by subsidiaries, and direct or indirect affiliates or holding companies

One of the Company's executive directors is also the President and Chief Executive Officer of Vale Inco Limited, a Vale subsidiary. As such, part of this executive's fixed compensation and benefits is paid by Vale Inco Limited.

g. Existence of any compensation or benefits connected to the occurrence of a given corporate event, such as the sale of the Company's controlling interest

There is no compensation or benefit for the members of the Fiscal or Executive Boards, Statutory or Non-Statutory Committees, or the Executive or Non-Executive Board that is in any way connected to the occurrence of any corporate event.

13.2 With respect to compensation acknowledged in the results of the last 3 accounting reference periods and the estimated compensation for the current accounting reference period for the Executive Board, the Statutory Board and the Fiscal Board [[1]]:

Estimates for the Accounting Reference Period to be closed on December 31, 2010				
	Executive Board	**Statutory Board**	**Fiscal Board**	**Total**
Number of members	11 full members and 11 deputy members	8 [1]	4 full members and 4 deputy members	38
Annual fixed compensation (in BRL)	-	-	-	-
Salaries or pro-labore fees	4,554,000.00	17,001,252.00	1,152,000.00	22,707,252.00
Direct and indirect benefits	-	3,425,413.00	-	3,425,413,00
Compensation for participation in Committes	-	-	-	-
Other	-	-	-	-
Variable Compensation (in BRL)	-	-	-	-
Bonus	-	20,902,657.00	-	20,902,657.00
Profit share	-	-	-	-
Compensation for participation in meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Post-employment benefits	-	-	-	-
Employment cessation benefits	-	7,422,638.00 [2]	-	7,422,638.00
Stock-based compensation	-	23,575,073.00 [3]	-	23,575,073.00
Amount of compensation per board or committee	4,554,000.00	72,327,03.00	1,152,000.00	78,033,033.00

Notes:
1 - Upon the expectation that the two vacancies in the Executive Board be fulfilled.
2 –Payments made to three former Executive Managers who quit the Company in the accounting reference periods closed in 2008 (2) and 2009 (1).
3 – Taking into consideration the amounts described under item 13.1(b) above with respect to ILP Program.

Accounting reference period closed on December 31, 2009				
	Executive Board	**Statutory Board**	**Fiscal Board**	**Total**
Number of members	11 full members and 10 deputy members	6.33	4 full members and 3 deputy members	34
Annual fixed compensation (in BRL)				
Salaries or pro-labore fees	3,249,794.00	13,763,807.00	824,000.00	17,837,601.00
Direct and indirect benefits	-	2,975,951.00	-	2,975,951.00
Compensation for participation in Committes	-	-	-	-
Other	-	-	-	-
Variable Compensation (in BRL)	-	-	-	-
Bonus	-	19,057,843.00	-	19,057,843.00
Profit share	-	-	-	-
Compensation for participation in meetings	-	-	-	-
Commissions	-	-	-	-
Other	-	-	-	-
Post-employment benefits	-	-	-	-
Employment cessation benefits	-	2,981,751.00 [2]	-	2,981,751.00
Stock-based compensation	-	3,985,738.00 [3]	-	3,985,738.00
Amount of compensation per board or committee	3,249,794.00	42,765,090.00	824,000.00	46,838,884.00

Notes:
1 – The criterion adopted was the annual average number of members of the Statutory Board as per the monthly records. For the other boards and committees, the number of members remained constant throughout the year.
2 – This amount includes payments made to 2 Executive Managers whose contracts were rescinded in Dec 2008 and Mar 09, respectively.

3 – Amounts paid within the scope of the ILP Program, as described under item 13.1(b) above.

Pursuant to the provisions of art. 67 of CVM directive no. 480/09, no information concerning 2007 and 2008 accounting reference period shall be submitted.

13.3 With respecto to variable compensation in the last 3 accounting reference periods and compensation estimated for the current accounting reference period for the Executive Board, the Statutory Board and the Fiscal Board:

Estimates for the accounting reference period to be closed on December 31, 2010

	Executive Board	Statutory Board	Fiscal Board	Total
Number of members	11 full members and 11 deputy members	8 [1]	4 full members and 4 deputy members	38
Bonus (em BRL)				
Minimum amount estimated by compensation plan	-	0	-	0
Maximum amount estimated by compensation pla	-	BRL 26,615,414.00 [2]	-	BRL 26,615,414.00
Amount estimated by the compensation plan if pre-established goals are met	-	BRL 17,743,609.00 [3]	-	BRL 17,743,609.00
Profit share (em BRL)				
Minimum amount estimated by compensation plan	-	-	-	-
Maximum amount estimated by compensation pla	-	-	-	-
Amount estimated by the compensation plan if pre-established goals are met	-	-	-	-

Notas:
1 – Taking into consideration 2 vacant positions in the Executive Board.
2 – Amount stands for 150% of Fixed Annual Compensation paid to the Statutory Board.
3 - Amount stands for 100% of Fixed Annual Compensation paid to.

Accounting reference period closed on December 31, 2009

	Executive Board	Statutory Board	Fiscal Board	Total
Number of members	11 full members and 10 deputy members	7 [1]	4 full members and 3 deputy members	37
Bonus (em BRL)				
Minimum amount estimated by compensation plan	-	0	-	0
Maximum amount estimated by compensation pla	-	BRL 23,153,617.00 [2]	-	BRL 23,153,617.00
Amount estimated by the compensation plan if pre-established goals are met	-	BRL 15,435,745.00 [3]	-	BRL 15,435,745.00
Amount actually acknowledged in the formal results	-	BRL 19,057,843.00	-	BRL 19,057,843.00
Profit share (em BRL)				
Minimum amount estimated by compensation plan	-	-	-	-
Maximum amount estimated by compensation pla	-	-	-	-
Amount estimated by the compensation plan if pre-established goals are met	-	-	-	-
Amount actually acknowledged in the formal results	-	-	-	-

Notes:
1 – Taking into consideration one Executive manager do whose contract was rescinded during the accounting reference period of 2009.
2 – Amount stands for 150% of Fixed Annual Compensation paid to the Statutory Board.
3 - Amount stands for 100% of Fixed Annual Compensation paid to.

Pursuant to the provisions of art. 67 of CVM directive no. 480/09, no information concerning 2007 and 2008 accounting reference period shall be submitted.

13.4 With respect to the stock-based compensation plan for the Executive Board and the Statutory Board, which was in force in the last accounting reference period and which is estimated for the current accounting reference period corrente:

The Company has two stock-based compensation plans for the Statutory Board, which are not extended to the Executive Board. Neither plan grants permission for Company stock purchasing option, but only the payment of a bonus as per the market quotation for the Company stock.

a. General Terms and Conditions

ILP Plan (Long-Term Incentive Plan, as per the acronym in Portuguese)
Long-term variable payment based on the Company's expected performance in the future, with the aim of retaining and engaging the Managers and aligning them with the future vision of the Company. The sum is defined as 75% of the bonus (profit share) for Executive Directors and 125% of the bonus (profit share) for the calculated on the value effectively paid for said bonus, and transformed, as a reference, into a number of ordinary stock issued by Vale (virtual shares), considering the average price for the Company's ordinary stock over the last sixty trading days of the previous year. Should the executive remain with the Company, at the end of three years, the number of virtual shares is transformed into a pecuniary value by the average price of the ordinary stock issued by the Company over the last sixty trading days in the third year. The program also compares the Company's performance against twenty other companies of a similar size (peer group); should Vale come out first in this ranking, the amount calculated is increased by 50%. This percentage is reduced on a sliding scale, such that from first to fifth place, the percentage remains the same, and as of 15th place in the ranking, no payment is made. The program was introduced in 2007, the first payment having been made in January 2010.

- **Matching.** Like the ILP, Matching is a variable, long-term form of compensation based on the Company's expected performance in the future. To be eligible to take part in the Matching scheme, an executive should allocate a percentage of his/her bonus (short-term variable compensation) for the purchase of Class A preferred stock issued by Vale, through the mediation of a pre-defined financial institution, under market conditions, on the days set in the scheme, without any benefit being offered by Vale. The percentage bonus that may be allocated per executive for participating in the Matching scheme is based on an assessment of their performance and potential. Those executives who acquire shares under the terms and conditions of the Matching scheme on the stipulated dates and who are still in the employ of Vale three years after they were acquired and who have kept the ownership of all the shares purchased will be eligible for a cash prize. At the end of the three-year period, when the cycle reaches its conclusion, the Managers check that the terms of the scheme, as set forth in the manual, have been followed. Assuming that the terms of the plan have been observed, the Company will pay the executive a net value, as a prize, worth the amount they had purchased in shares as part of the scheme. After the incentive has been paid, the executives are free to sell the preferred stock issued by Vale that they had acquired to join the Matching scheme, in compliance with existing legislation. The main aim of this scheme is to encourage an "owner's vision", while also helping to retain executives and reinforce a sustained performance culture.

b. Major Plan Objectives

The major objectives of both the ILP and the Matching Plan are retention of the Company`s major executives by fostering their engagement to the Company and encouraging a "stockholder view", so that they become committed to mid and long term results.

c. How the plans contribute for the achievement of these objectives

Both the ILP and the Matching Plan promote the aligment of the stockholders`and the statutory board members`interests, as they ensure gains for the board members only as long as there are gains for the Company as well.

d. Where the plans fit into the Company`scompensation policy

Both the ILP and the Matching Plan fit into Vale`s compensation policy once they constantly foster a competitiveness level that complies with the Company business and the competitive market context. Both the ILP and the Matching Plan have been designed upon the support provided by specialized consulting servicees and upon the consideration of domestic and international market trends and moves.

e. How the plans promote the alignment between management and the Company interests at short, mid and long term

The design of both the ILP and the Matching Plan lies upon the executive`s annual performance and its baseline is the profit share bonus as assigned incentives. The Plans also comprise the Company`s performance rate upon company stocks fluctuated value in the past three years and the Company`s performance relative to other companies of similar size within the same industry and the same reference period.

f. Maximum number of comprised stocks

Not applicable. No stock purchasing option is granted within the scope of either the ILP or the Matching Plan. The number of virtual ordinary stocks granted as reference within the scope of ILP plan varies according to each executive`s profit share bonus and the average quotation for Vale`s issued stocks within a specific number of stock market floor sessions prior to such grant. Within the scope of the Matching Plan, an executive is given the option to allocate 30 or 50% of his/her bonus to purchase the Company`s class A preferred stocks and so become elligible to the plan.

g. Maximum number of options to be granted

Not applicable. No stock purchasing option is granted within the scope of either the ILP or the Matching Plan.

h. Stock purchasing conditions

Not applicable. No Company stock purchasing option is granted within the scope of either the ILP or the Matching Plan. Once assessed, the amount owed to executives within the scope of either Plan is paid in cash.

i. Criteria for stock pricing or option reference period

Not applicable. As no stock purchasing option nor stock purchase are granted within the scope of either Plan, it makes no sense setting criteria for stock pricing or option reference period.

With respect to the ILP Plan, the amount owed to executives is calculated as per the valuation of a given number of Vale`s virtual ordinary stocks within the period of the past three years, and is based upon the stock average initial quotation of the last 60 stock market floor sessions prior to the incentive grant, and the stock average final quotation at the closing of the last 60 stock market floor sessions of the third year. This figure is then multiplied by a Company performance factor as a relative value to a peer group comprising 20 similar-size global companiies. Face to the Company ranking within the latter global companies group, the ILP Plan may have its amount expanded by up to 50% or it might be even zeroed.

However, for the Matching Plan, the net amount to be paid to executives as incentives is calculated upon the number of Company class A preferred stocks purchased by the executive in order to become eligible to the Plan.

j. Criteria for establishing the reference period

Not applicable. As mentioned above, no Company stock purchasing option is granted within the scope of either the ILP or the Matching Plan. Therefore, there is no reference period.
However, both the ILP and the Matching Plan preestablish that the payment of incentives be made after a three-year grace period.

k. Liquidation conditions

Both the ILP and the Matching Plan pre-establish that premiums be paid in cash.

l. Restrictions to stock transfer

With respect to the Matching Plan, the executive will lose his/her right to the premium if he/she transfers, within the three-year period, any Company preferred stock that is plan-bonded.

Not applicable to the ILP Plan, though, once this Plan`s participants are not required to retain their stockholding position in the company nor are they granted any stocks within the scope of the Plan.

m. Criteria and events that, upon occurrence, shall result in the plan suspension, change or extinction

With respect to the Matching Plan, any transference of Vale`s issued preferred stocks that are plan-bonded before the three-year grace period or the executive`s severance generate the extinction of any rights whatsoever that they would otherwise be entitled to within the scope of the Plan.

However, with respect to the ILP Plan, the executive`s severance generates the extinction of any rights whatsoever that they would otherwise be entitled to within the scope of the Plan.

n. Effects generated by the Company`s Board and Committee Manager`s departure upon his/her rights as provided by the stock-based compensation plan

As the Plan works as a retention mechanism, if the Manager resigns, he/she shall lose all his/her rights to the long-term plans – ILP and Matching. In case the Manager`s contract is rescinded or no t renewed by the Company, the participant shall receive all the ILP Plan incentives he had purchased prior to the contract rescision or termination date.

13.5 Number of stocks or direct or indirect stock holdings, either in Brazil or overseas, and other securities that might be converted into stock or quotas, issued by the Company, direct or indirect affiliates, subsidiaries or companies under common control, by members of the Executive Board, of the Statutory Board or the Fiscal Board, grouped per board or committee, on the closing date of the last accounting reference period:

	Stocks Owned - Direct Participation		
Shareholders	Common	Preferred	Total
Board of Directors	1.284	54.075	55.359
Executive Officers	156.056	953.345	1.109.401
Fiscal Council	-	-	-
Total	157.340	1.007.420	1.164.760

	Stocks Owned - Indirect Participation		
Shareholders	Common	Preferred	Total
Board of Directors	54.020	25.793	79.813
Executive Officers	3.373	22.953	106.139
Fiscal Council	26.522	71.584	124.432
Total	83.915	120.330	310.384

13.6 With respect to stock-based compensation, as acknowledged in the past three accounting reference periods and as estimated for the current accounting reference period, for Executive Board and the Statutory Board.

The Matching Plan was established in 2008 and provides for a three-year grace period. Therefore, the incentive within the scope of this Plan shall only be due by the Company in April 2011.

As informações abaixo se referem ao Plano de Incentivo a Longo Prazo (ILP) descrito detalhadamente no item 13.4 (I). Como o Plano não contempla a outorga de opções de compra de ações, mas apenas se baseia nas cotações das ações ordinárias da Companhia para definir o valor em espécie a ser pago a título de incentivo aos diretores executivos, grande parte das informações das tabelas abaixo não é aplicável.

Estimates for the accounting reference period to be closed on December 31, 2010			
	Executive Board	**Statutory Board**	**Total**
Number of members	-	6	6
With respect to each option grant			
Grant datea	-	March 2010	-
Number of granted options	-	-	-
Deadline for options to become redeemable	-	January 2013	-
Deeadline for redeeming options	-	-	-
Grace period for stock transfer	-	-	-
Pondered average price within accounting reference period for each of the following option groups	-		
Outstanding at the beginning of the accounting reference period	-	-	-
Not redeemed throughout accounting reference period	-	-	-
Redeemed within accounting reference period	-	-	-
Expired within accounting reference period	-	-	-
Fair option price on grant date	-	BRL 18,986,037.00[1]	BRL 18,986,037.00
Potential dilution in case all granted options were redeemed	-	-	-

Note:
1 – Calculations performed upon bonus % (profit share) as paid on March 2010.

Accounting reference period closed on December 31, 2009			
	Executive Board	**Statutory Board**	**Total**
Number of members	-	7	5
With respect to each option grant			
Grant datea	-	February 2009	-
Number of granted options	-	-	-
Deadline for options to become redeemable	-	January 2012	-
Deeadline for redeeming options	-	-	-
Grace period for stock transfer	-	-	-
Pondered average price within accounting reference period for each of the following option groups			
Outstanding at the beginning of the accounting reference period	-	-	-
Not redeemed throughout accounting reference period	-	-	-
Redeemed within accounting reference period	-	-	-
Expired within accounting reference period	-	-	-
Fair option price on grant date	-	BRL 14,566,434.00[1]	BRL 14,566,434.00
Potential dilution in case all granted options were redeemed	-	-	-

Note:
1 – Calculations performed upon bonus % (profit share) as paid on February 2009.

13.7 With respect to outstanding options for the Executive Board and the Statutory Board at the closing of the last accounting reference period

Not applicable. See items 13.4 and 13.6 above.

13.8 With respect to redeemed and delivered options for the Executive Board and the Statutory Board, in the past three accounting reference periods

Not applicable. See items 13.4 and 13.6 above.

13.9 Summary of relevant information aiming at a broader understanding of data presented under items 13.6” through 13.8 above, as well as an explanation of the pricing method used for stock and option values

Not applicable.

13.10 Private Pension Funds in force granted to members of the Executive Board and the Statutory Board

Pursuant to contract provisions, the Company pays for both the employer`s and the employee`s share, up to 9% of the fixed compensation, to Valia – Fundação Vale do Rio Doce de Seguridade Social (Vale do Rio Doce Social Security Foundation), or to any other private pension fund chosen by the Statutory Board member.

At Valia, the minimum required age for benefit eligibility, including a retirement plan, is 45 years of age, after having contributed for the given plan for a minimum grace period of 5 years. Six of the seven current members of the Executive Board are members of this plan and they have all already acquired the right to enjoy the benefits.

Valia – Fundação Valor do Rio Doce de Seguridade Social

	Executive Board	Statutory Board	Total
Number of members	11 full members and 10 deputy members	5	26
Plan name	Pre-Established Contribution Plan “Vale Mais”		
Number of managers that are eligible for retirement benefits	-	5	5
Eligibility to early retirement	-	-	-
Updated value of accumulated contributions to social security and pension plan up until the closing of the last accounting reference period, minus amounts paid by managers	-	BRL 5,015,938.00	BRL 5,015,838.00
Total accumulated amount of contributions paid throughout the last accounting reference period, minus amounts paid by managers	-	BRL 854,559.00	BRL 854,559.00
Eligibility for advanced redemption and conditions	-	-	-

One of the members of the Statutory Board is a member of a private pension fund managed by Bradesco Vida e Previdência S.A., which is described below:

Bradesco Vida e Previdência S.A.

Plan name	BD Plan (Pré-established Benefits) and PGBL Plan (Pre-established Contribution)
Number of managers that are eligible for retirement benefits	1
Eligibility to early retirement	1
Updated value of accumulated contributions to social security and pension plan up until the closing of the last accounting reference period, minus amounts paid by managers	BRL 3,282,520.00
Total accumulated amount of contributions paid throughout the last accounting reference period, minus amounts paid by managers	BRL 425,884.00
Eligibility for advanced redemption and conditions	-

13.11 Managers`Average Compensation

Information not disclosed due to injunctive relief granted by the Honorable Judge of the 5th Circuit Court of Federal Justice of Rio de Janeiro to IBEF/RJ, to which Vale and the company executives are linked.

13.12 Contract agreements, insurance policies or other instruments that might underlie the compensation or indemnity mechanisms applicable to managers in the occurrence of dismissal or retirement, and the financial burden they result in for the Company

The contracts signed by members of the Statutory Board have a provision for indemnity for contract rescission or non-renewal once such events are generated by the Company. In the latter case, the following amounts and conditions are provided for: (i) 2 (two) fixed annual salaries for the Managing President; or (ii) 1 (one) fixed annual salary for the Executive Managers. Indemnity payment is made in four quarterly payments and conditioned to a non-compete agreement to be in force for the following 12 months.

The contract also provides for a Life Insurance Policy, whose insured capital is worth twice as much as the fixed annual compensation, for the purposes of death or total permanent disability (TPD).

No other type of contract agreement is drawn with members of the Executive Board or the Fiscal Board. The same applies to any other types of contract agreements, life insurance policies or any other instruments that might underlie compensation or indemnity mechanisms in case an executive is dismissed or retires.

13.13 With respect to the last three accounting reference periods, disclose the percentage of total compensation for each board or committee as acknowledged in the Company results and which applies to members of the Executive Board, of the Statutory Board or the Fiscal Board, that are somehow connected to direct or indirect affiliates, in compliance with the accounting rules that govern this matter.

Board or Committee	Accounting reference period closed on December 31, 2009
Executive Board	83.37%
Statutory Board	0%
Fiscal Board	25.00%

Pursuant to the provisions of art. 67 of CVM directive no. 480/09, no information concerning 2007 and 2008 accounting reference period shall be submitted.

13.14 With respect to the last three accounting reference periods, disclose the amounts as acknowledged in the Company results for compensation paid to members of the Executive Board, of the Statutory Board or the Fiscal Board, grouped by board or committee, for any purpose other than the function they perform, such as commissions, consulting or advisory services.

No payments of any other type rather than for the function they perform were made to any member of the Executive Board, of the Statutory Board or the Fiscal Board.

13.14 With respect to the last three accounting reference periods, disclose the amounts as acknowledged in the results released by direct or indirect affiliates, subsidiaries or companies under common control, by members of the Executive Board, of the Statutory Board or the Fiscal Board, grouped per board or committee, specifying the purpose of such amounts paid to the referred individuals.

Board or Committee	Accounting reference period closed on December 31, 2009
Executive Board	-
Statutory Board	**BRL 707,352.00 '**(Annual fFxed Compensation: BRL 515,523.00 / Direct and indirect benefits: BRL 191,829.00)
Fiscal Board	-

Note:
1 – The above amount refers to compensation paid to an Executive Manager working a tour controlled company Vale Inco Limited, in Canada.

De acordo com a faculdade prevista no art. 67 da Instrução CVM nº 480/09, não serão apresentadas as informações relativas aos exercícios de 2007 e 2008.

13.16 Other information that the Company might judge relevant

There are no other relevant information with respect to item “13”.

ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS MEETINGS OF VALE S.A.

Considering that Ordinary and Extraordinary Shareholders Meetings were convened to be held on April 27, 2010, Vale S.A. (“Vale”), hereby, provides the following explanations regarding the matters and proposals mentioned in the agenda of such meetings.

1- Introduction – Voting Rights

Pursuant to Article 5º of Vale’s By-Laws, each common, class “A” preferred share and special class shares shall confer the right to one vote in decisions made at General Meetings. However, although the preferred class “A” and special shares have the same political rights as the common shares, exception is made to voting for the appointment of members to the Board of Directors, which shall observe the provisions set forth in §§2º and 3º of Article 11 of the By-Laws, as well as the right to appoint and dismiss one member of the Fiscal Council, and its respective alternate.

2 - Global annual compensation

The annual aggregate compensation proposed for 2010 is up to R$99,079,000.00 (ninety-nine million and seventy-nine thousand reais), to be distributed by our Board of Directors, pursuant the Brazilian corporate law and Vale’s By-laws. It is important to mention that in order to establish the aggregate compensation amount, the proposal takes into account various factors, which range from the responsibilities, time dedicated to the tasks, competence, professional reputation and services market value.

Such amount comprehends: (a) up to R$8,503,000.00 (eight million and five hundred and three thousand reais) corresponding to the fixed compensation of directors and members if the advisory committees, pursuant article 15, §2º of Vale’s By-laws and of the members of the fiscal council, pursuant article 163 of the Brazilian corporate law; (b) up to R$68,144,000.00 (sixty-eight million, one hundred and forty-four thousand reais) related to the fixed and variable compensation of executive officers, taking into account an Executive Officers Board with 08 Executive Officers positions, although only 06 them are currently occupied. The fixed individual compensation is compatible with the amounts paid to the senior management of similar companies, and the variable compensation corresponds to the bonuses and incentive payments, and its payment is conditioned to pre established goals, based on the performance of Vale. Therefore, the payment of the variable compensation is equivalent to the fulfillment, total or in part, of the pre-established goals, and may even be not paid if such goals are not reached; and (c) up to R$22,432,000.00 (twenty-two million, four hundred and thirty-two thousand reais) corresponding to all taxes and duties related to the compensation that are of Vale’s responsibility, as well as benefits of any nature.

3 - Members of Vale's Fiscal Council

Pursuant to article 36 of Vale's By-Laws, the Fiscal Council is a permanent body, which may have from three to five members and respective alternates. The terms of the members of the fiscal council expire at the next annual shareholders' meeting following their election. The appointment of the members of the fiscal council shall observe the applicable legislation and Vale's By-laws.

Below is a summary of all the information on Valepar S.A. nominees to be reelected to the positions of members of the Fiscal Council and its respective alternates, according to Article 10 of CVM Rule # 481/2009 (items 12.6 a 12.10 of the Brazilian Annual Report).

Fiscal Council Members			
Name	Antonio José de Figueiredo Ferreira	Marcelo Amaral Moraes	Aníbal Moreira dos Santos
Age	55 years	42 years	71 years
Profession	Engineer	Bachelor in Economics	Accountant Technician
Individual Taxpayer's ID (CPF) no.	398.931.707-53	929.390.077-72	011.504.567-87
Position to be held	Member	Member	Member
Election Date	2010 Annual shareholders' meeting	2010 Annual shareholders' meeting	2010 Annual shareholders' meeting
Take Office Date	In the due date	In the due date	In the due date
Term	2011 Annual shareholders' meeting	2011 Annual shareholders' meeting	2011 Annual shareholders' meeting
Other positions in Vale	Not Applicable	Not Applicable	Not Applicable
Nominated by the Controlling Shareholder	Yes	Yes	Yes

Fiscal Council Alternates			
Name	Cícero da Silva	Oswaldo Mário Pego de Amorim Azevedo	Vacant[1]
Age	59 years	68 years	-
Profession	Accountand and Lawyer	Engineer	-
Individual	045.747.611-72	005.065.327-04	-

Taxpayer's ID (CPF) no.			
Position to be held	Alternate Member	Alternate Member	
Election Date	2010 Annual shareholders' meeting	2010 Annual shareholders' meeting	
Take Office Date	In the due date	In the due date	
Term	2011 Annual shareholders' meeting	2011 Annual shareholders' meeting	-
Other positions in Vale	Not Applicable	Not Applicable	-
Nominated by the Controlling Shareholder	Yes	Yes	

[1] There is no proposed nominee to the position of alternate to Mr. Aníbal Moreira dos Santos.

Professional experience:

Antônio José de Figueiredo Ferreira. Mr. Ferreira worked for Banco do Brasil for 32 years, where he held positions in the audit and information technology areas. Thereafter, from 1996 until May 2007, Mr. Ferreira served as internal audit chief of PREVI - Caixa de Previdência dos Funcionários do Banco do Brasil, a private pension fund. From May 2003 until April 2008, he was chairman of Vale's accounting committee (previously know as audit committee). Mr. Ferreira is a member of Vale's fiscal council since April 2008, position to which he was reappointed and took office on April 16, 2009.

Marcelo Amaral Moraes. Mr. Moraes joined Grupo Stratus (private equity management entity) in August 2006 as the officer responsible for specialized funds area. Prior to that, Mr. Moraes worked as an investment manager for six years at Bradespar, a holding company that holds indirect participation interest within Vale's capital. In 2004, he was an alternate member of the board of directors of Net Serviços S.A. (a television cable operator), and in 2003, he was an alternate member of Vale's board of directors. Mr. Moraes has served as a member of Vale's fiscal council since 2004, a position for which he has been reappointed annually. Last year, he was reappointed and took office on April 16, 2009.

Aníbal Moreira dos Santos. From 1983 to 2003, Mr. Santos was chief accounting manager of Caemi Mineração e Metalurgia S.A. ("Caemi"), a company merged into Vale in December 2006. Mr. Santos has also served as executive officer of several subsidiaries of Caemi abroad, and as an alternate member of the board of directors of Minerações Brasileiras Reunidas S.A. – MBR and Empreendimentos Brasileiros de Mineração S.A. – EBM. Since April 2009, He is a member of the Fiscal Council of Log-In Logística Intermodal S.A., a public company that offers multimodal transportation services, in which

Vale holds a participation interest of 31.3% of the total capital. He is also member of Vale's fiscal council since 2005, a position for which he has been reappointed annually. Last year, he was reappointed and took office on April 16, 2009.

Cícero da Silva. Mr. Silva joined Banco do Brasil in 1986 where he held various positions, including in the internal audit area. From 1999 to 2000, he served as division chief at PREVISUL – Instituto de Previdência Social de Mato Grosso. In the last five years, he served as alternate member of the Board of Directors of CPFL – Cia. Paulista de Força e Luz (an energy company). On April 16, 2009, Mr. Silva was appointed and took office as an alternate member of Vale's fiscal council.

Oswaldo Mário Pêgo de Amorim Azevedo. From 1976 to the present date, Mr. Azevedo has held several positions in the area of insurance. In the last five years, he served as Ombudsman and Vice-President of Institutional and Foreign Branches Relations of Sul America Seguros, alternate member of the Boards of Directors of Brasil Veículos Cia. de Seguros and Brasil Saúde Cia. de Seguros, and Vice-President of the Union of Private Insurance, Reinsurance, Private Pension Funds and Capitalization Companies in the States of Rio de Janeiro and Espírito Santo. He has also served in the senior management of the following public companies: Vice-President of Sul America Cia. Nacional de Seguros (a company that became private in 2008) and Vice-President of Nova Ação Participações S.A. From January 1964 until February 1976, he worked as an engineer of Vale. From April 2004 until July 2005, Mr. Azevedo held the position of member of Vale's Fiscal Council, and since July 19, 2005, he became an alternate member of such body, position to which he is reappointed annually. Last year, he was reappointed and took office on April 16, 2009.

Declarations

Judicial and administrative convictions & incriminations. Each and every appointee has declared, for all lawful purposes, that was not convicted by any criminal court, or administrative proceeding conducted by the Brazilian Securities and Exchange Commission, or has ever been disqualified or suspended by a final decision of either a judicial court or the regulatory authorities from practicing any professional or commercial activities for the previous five years.

Family Relations. Each and every appointee has declared, for all lawful purposes, that they are not related (as spouse, significant other or have any other kindred relationship to the second degree) to (i) the members of the Board of Directors or of the Executive Officers Board of Vale; (ii) members of management of entities Vale controls, either directly or indirectly; (iii) Vale's direct or indirect controlling shareholders; and (iv) the members of management of Vale's direct or indirect controlling shareholders.

Subordination, Rendering of Services or Control Relationships. Each and every appointee has declared, for all lawful purposes, that there is no subordination, rendering of services or control relations, between them and (i) entities Vale controls, either directly or indirectly; (ii) Vale's direct or indirect controlling shareholders; and (iii) Vale's or its subsidiaries or controlling shareholders material suppliers, clients, debtors or creditors for the previous three financial years.

4 – Appointment of member of the Board of Directors

On March 01, 2010, Mr. Francisco Augusto da Costa e Silva presented a dismissal request from his duties as a director of Vale and since then the position remains vacant.

Mr. Costa e Silva was appointed as a member of the Board of Directors at the Annual General Shareholders Meeting held on April 27, 2005, and subsequently reappointed at the Annual General Shareholders Meetings held on April 27, 2007 and April 16, 2009. The alternate position corresponding to Mr. Costa e Silva remains vacant.

Currently, Valepar does not have any proposed nominee to replace Mr. Costa e Silva.