Vale S.A.
Form 6-K
July 09, 2010

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United States
Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934
For the month of

July 2010
Vale S.A.
Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

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

(Check One) Form 20-F þ Form 40-F o

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

(Check One) Yes o No þ

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

(Check One) Yes o No þ

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

(Check One) Yes o No þ

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

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Press Relaease

Vale

Translation of Formulário de Referência 2009
(An informal translation of the report filed with the Comissão de Valores Mobiliários
on June 30, 2010, pursuant to Instrução CVM No. 480 anexo 24)

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1. ***RESPONSIBLE FOR THE FORM***

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1.1 Declaration and Identification of those responsible

Name of person responsible for the content of the form: Roger Agnelli
Title of responsible person: CEO / Director of Investor Relations
The officers qualified above, declare that:
a. they reviewed the form of reference
b. all information contained in the form meets the requirements of CVM Instruction 480, especially arts. 14 to 19; and
c. the information contained in the form is true, accurate and complete with respect to the issuer s financial situation and the risks inherent in its activities and the securities issued by it.

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2. ***AUDITORS***

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2.1 Independent Auditors:

Fiscal year closing December 31, 2009

a)Name of company responsible:	PricewaterhouseCoopers Auditores Independentes
b) Name of individual responsible:	Marcos Donizete Panassol / Ronaldo Matos Valiño
CPF/MF:	063.702.238-67 / 908.975.447-49
Telephone:	(21) 3232-6025 / (21) 3232-6072
E-mail:	marcos.panassol@br.pwc.com / ronaldo.valino@br.pwc.com
c) Date of Hiring of Services:	24.07.2009 30.06.2012
d) Description of Scope of Services:	Professional services to audit the financial statements of Vale and its subsidiaries and affiliates, both for local and international work on the certification of internal controls for compliance with the *Section 404* of *Sarbanes-Oxley Act of 2002*, provision of services relating to audit and tax services for compliance with legal requirements.
e) Possible Substitution of Auditor:	Deloitte Touche Tohmatsu have been replaced by PricewaterhouseCoopers Auditors Independent.
i. Justification of Substitution	With the issuance of the Quarterly Information report on March 31, 2009, the contractual period of five years signed with Deloitte Touche Tohmatsu was closed, and the administration of Vale opted not to use the possibility of not replacing the independent auditors provided for in CVM Instruction No. 549/2008 and thus, voluntarily replaced its independent auditor with the consent of Deloitte Touche Tohmatsu. In accordance with CVM Instruction 308/99, Vale announced the change of auditor via correspondence DICT/EXT-107/2009 dated 29/06/2009.
ii. Possible reasons given by the auditor in disagreement with the rationale for issuing the replacement, as per CVM rules regarding this specific matter	Not applicable.

Fiscal year closing on December 31, 2007 and on December 31, 2008

a)Name of company responsible:	Deloitte Touche Tohmatsu Auditores Independentes
b) Name of individual responsible:	Marcelo Cavalcanti Almeida
CPF/MF:	335.905.597-72
Telephone:	(21) 3981-0577 / (21) 9982-6830
E-mail:	mcavalcanti@deloitte.com
c) Date of Hiring of Services:	27/02/2007 22/07/2009
d) Description of Scope of Services:	Professional services to audit the financial statements of Vale and its subsidiaries and affiliates, provision of services relating to audit and tax services for compliance with legal requirements.
e) Possible Substitution of Auditor:	Not applicable.
i. Justification of Substitution	Not applicable.
ii. Possible reasons given by the auditor in disagreement with the rationale for issuing the replacement, as per CVM rules regarding this specific matter	Not applicable.

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2.2 Total amount of remuneration of auditors in the last fiscal year, itemized fees for the audit and those related to any other services provided:

In the year ended December 31, 2009, the independent auditors received fees totaling R $ 20.773 million for services to Vale and its subsidiaries and $ 331,000 for providing services for companies with shared control by Vale.

R$ thousands	**Vale and Subsidiaries**	**Companies with shared control**	**Total**
Audit Accounting	16,891.9	266.3	17,158.2
Audit Sarbanes Oxley	2,951.1		2,951.1
Audit-Related Services	173.0	64.5	237.5
Tax Services	704.0		704.0
Services Not Related to Auditing	13.7		13.7
Total Services	**20,733.7**	**330.8**	**21,064.5**

2.3 Other information that the Company deems relevant

Vale has developed and formalized specific rules and procedures for pre-approval of engagements for their independent external auditors in order to avoid conflict of interest or loss of independence and objectivity.

According to the Norm for Contracting of Services for Independent Audit, Advisory Services and other services unrelated to Audit Provided by External Auditors, approved by the Supervisory Board, with the aim of reconciling the legal precepts and regulations for Brazil and America, Vale established the following general principles for the preservation of independence of external auditors: (a) the auditor should not perform tasks which the administration of the Company should carry out, (b) the auditor should not audit their own work, (c) the auditor must not carry out advocacy activities for the Company. Under this norm, in line with best corporate governance practices, all services provided by the independent auditors of Vale are pre-approved by the Supervisory Board.

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3. ***SELECTED FINANCIAL INFORMATION***

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3.1 Selected Consolidated Financial Information

	Fiscal Year Ended December 31		
	2009	**2008**	**2007**
a. Shareholders equity (in R$ thousand)	95,736,974	96,274,640	57,029,465
b. Total Assets (in R$ thousand)	175,739,055	185,779,471	132,897,842
c. Net Revenue (R$ thousand)	48,496,566	70,540,994	64,763,466
d. Gross Income (in R$ thousand)	20,776,175	38,385,371	34,679,716
e. Net Income (in R$ thousand)	10,248,950	21,279,629	20,005,562
f. Number of Shares, excluding treasury	5,212,725	5,213,512	4,832,391
g. Asset Value of Share (in R$)	18.37	18.47	11.80
h. Earnings per Share (in R$)	1.96614	4.08163	4.13989
i. Other selected financial information	n / a	n / a	n / a

3.2 Accounting measurements

a. value of accounting measurements

The Company uses EBITDA (EBITDA) as a non-accounting measurement. In 2009, the EBITDA of the Company was established in the amount of R$ 18,649,012,000 (eighteen billion, six hundred and forty nine million and twelve thousand reais). In 2008 and 2007, these values were R$ 35,022,515,000 (thirty five billion, twenty two million, five hundred and fifteen thousand reais) and R$ 33,618,790,000 (thirty three billion, six hundred and eighteen million, seven hundred and ninety thousand reais), respectively.

b. Reconciliations between amounts reported and the values of audited financial statements

In R$ thousands	**2009**	**2008**	**2007**
Operating profit EBIT	**13,180,743**	**27,399,809**	**29,314,750**
Depreciation / Amortisation of goodwill	5,446,951	5,112,446	4,170,469
Reduction in recoverable value of intangible assets		2,447,000	
	18,627,694	**34,959,255**	**33,485,219**
Dividends received	21,318	63,260	133,571
EBITDA (LAJIDA)	**18,649,012**	**35,022,515**	**33,618,790**
Depreciation / Amortisation of goodwill	(5,446,951)	(5,112,446)	(4,170,469)
Dividends received	(21,318)	(63,260)	(133,571)
Reduction in recoverable value of intangible assets		(2,447,000)	
Corporate results	116,180	(1,324,580)	(2,404,794)
Proceeds from sale of investment	93,139	138,879	1,457,636
Net financial income	1,952,295	(3,837,534)	277,479
Income and social contribution	(4,925,478)	(664,728)	(7,085,573)
Minority interests	(167,929)	(432,217)	(1,553,936)
Net income	**10,248,950**	**21,279,629**	**20,005,562**

c. why the Company believes that this measurement is more appropriate for a correct understanding of its financial situation and results of operations

EBITDA is a measure of the company s cash generation, aiming to assist the assessment by the Administration, of the performance of operations. The analysis of operating results through EBITDA has the benefit of canceling the effect of non-operating gains or losses generated by financial transactions or the effect of taxes.

The consolidated cash generation measured by EBITDA (earnings before financial results, income from corporate interests, income tax and social contributions, depreciation, depletion and amortization and plus dividends received) is not a BR GAAP measurement and does not represent cash flow for the periods presented and therefore should not be considered as an alternative to net income (loss), as an isolated indicator of operating performance or as an alternative to cash flow as a source of liquidity. The EBITDA definition used by Vale may not be comparable with EBITDA, by definition, for other companies.

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3.3 Events subsequent to the latest financial statements for the closure of the fiscal year that substantially alter them

Vale does not provide guidance in the form of quantitative predictions about its future financial performance. The Company seeks to disseminate as much information about its vision of the various markets where it operates, guidelines and implementation strategies in order to provide investors in the capital markets a basis for the formation of expectations about its performance in the medium and long term.

The financial statements for the year ended December 31, 2009 were issued and filed with the CVM on February 10, 2010. Below is a description of subsequent events, which were included in the financial statements in compliance with the rules in IAS 24, approved by CVMº 593/09.

Vale redeems securitization notes

In January 2010, Vale announced the early redemption of all securitization notes for export receivables issued in September 2000 and July 2003. The total amount of the principal is US$ 27.5 million for notes from September 2000 with interest of 8.926% per annum and maturing in 2010 and US$ 122.5 million for the notes from July 2003 with interest at 4.43% per annum and maturing in 2013, totaling the early redemption of debt, at a total value of US$ 150 million.

Vale sells Valesul assets

In January 2010, the subsidiary Valesul Aluminio SA entered into an agreement to sell its aluminum assets, located in Rio de Janeiro, to Alumínio Nordeste SA, a subsidiary of the Metalis group, for US$ 31.2 million.

The assets of Valesul included in the agreement are: (i) anode plant, (ii) reduction, (iii) casting, (iv) industrial and administrative services area and (v) inventories.

Vale acquires assets of fertilizer

In January 2010, Vale entered into a contract for purchase and sale of shares through its subsidiary Mineração Naque S.A., with Bunge Fertilizantes S.A. and Bunge Brasil Holdings B.V. to acquire a 100% stake in Bunge Participacoes e Investimentos SA (BPI), a company with assets and holdings in fertilizer companies in Brazil, for US$ 3.8 billion. BPI is controlled by Bunge Ltd. (Bunge), a company listed on the New York Stock Exchange (NYSE). BPI s asset portfolio consists of: (a) phosphate rock mines and phosphate processing plants, (b) direct and indirect stake of 42.3% in the total capital of Fertilizantes Fosfatados S.A. Fosfertil (Fosfertil) a company listed on the BM&F Bovespa exchange. The transaction does not involve retail businesses and / or distribution of fertilizers. Under the transaction, US$ 1.65 billion will be paid for by the BPI s assets of phosphate rock and phosphates, and the balance of US$ 2.15 billion refers to shares held directly and indirectly by BPI in Fosfertil.

In January 2010, as part of the process of acquiring 100% stake in BPI, Vale concluded, through its subsidiary Mineração Naque S.A. (Naque) (a) options contracts for sale of shares (options contracts) regarding shares issued by Fertifos Administração e Participações S.A. (Fertifos). Options contracts were concluded with Fertilizantes Heringer S.A. (Heringer) and Fertilizantes do Paraná Ltda. (Fertipar), and are subject to certain conditions, among which, the effective acquisition of the fertilizer business of the Bunge group in Brazil. These contracts grant to Naque the right to acquire up to 1.46% of the shares issued by Fertifos. The exercise price of the options contract with Fertipar is US$ 39,553,130.99, while the exercise price of the contract with Heringer is US $ 2,390,396.79, totaling US$ 41,943,527.77.

(b) option contract for the purchase and sale of shares (option contract) with Yara Brazil Fertilizers SA (Yara), regarding shares issued by Fertifos e Fosfertil a company listed on the BM&F Bovespa exchange. The option agreement was concluded with Yara, such contract being subject to certain conditions, among which the effective acquisition of the fertilizer business of the Bunge group in Brazil. This agreement grants Naque the right to acquire a direct and indirect stake of 15.46% in the capital of Fosfertil, accounting for 17.57% of common shares and 14.37% of preferred shares. The exercise price of the option contract with Yara is US$ 785,121,943.00, the same price per share being used as agreed with BPI, Heringer and Fertipar to acquire their shares in Fosfertil.

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In February 2010, also as part of the process of acquiring 100% stake in BPI, Vale concluded, through Naque, an option agreement with The Mosaic Company (Mosaic), a company listed on the New York Stock Exchange (NYSE), for shares owned by Mosaic issued by Fertifos e Fosfertil, a company listed on the BM&F Bovespa exchange. The exercise of the option contract is subject to certain conditions, among which the effective takeover of the fertilizer business of the Bunge group in Brazil. The agreement grants the right to Naque to acquire direct and indirect stakes of 20.27% in the capital of Fosfertil, accounting for 27.27% of common shares and 16.65% of preferred shares.

Upon completion of the acquisition of direct and indirect holdings of BPI, Heringer, Fertipar, Yara and Mosaic, Vale will hold a 78.90% stake in Fosfértil, accounting for 99.81% of common shares and 68.24% of preferred shares. The total price to be paid for acquiring the 78.90% stake in Fosfértil is US $ 4,006,876,600.55.

According to Law 6.404/76 and standards of the Brazilian capital market, and once the acquisition of the shares mentioned is completed, Vale will launch a mandatory tender offer to buy the remaining shares held by minority shareholders of Fosfértil, amounting to 0.19% of the total, for the same price per share agreed with BPI, Heringer, Fertipar, Yara and Mosaic.

Besides the acquisition of Fosfertil shares, Vale also signed a contract with Mosaic for the purchase of a processing plant located in Cubatao, state of São Paulo, for US$ 50 million. The plant has a nominal capacity to produce 300,000 metric tons per year of single superphosphate (SSP), the phosphate nutrient most used Brazil.

3.4 Policy for allocation of results

	Fiscal Year Ended December 31		
	2009	**2008**	**2007**
a. Rules on retention of profits	**Statutory Rule:** According to Article 43 of the Bylaws, there should be a consideration in the proposal for distribution of profits of the formation of (i) Exhaust Reserve, to be constituted in the form of tax legislation, and (ii) Investment Reserve for the purpose of ensuring the maintenance and development of activities that constitute the main object of the company, in an amount not exceeding 50% (fifty percent) of net income distributable up to the maximum capital of the company.		
	Practice adopted by the Company: Of the total of R$ 10,287,467,859.00, R$ 6,653,281,672.35 (64.7%) were destined to a Reserve for expansion / investment and R$ 119,652,582.99 (1.16%) for the Tax Incentive Reserve. Of the total reserve for the expansion / investment, 50% was allocated based on statutory authorization and 14.7% was destined for the reserve based on the capital budget approved at the AGM.	**Practice adopted by the Company:** Of the total R$ 21,301,991,594.93, R$ 15,178,507,589.28 (71.3%) destined to a Reserve for expansion / investment. Of the total for the Reserve expansion / investment, 50% was sent based on statutory authorization, and 21.3% was destined for the reserve based on the capital budget approved by the AGM.	**Practice adopted by the Company:** Of the total of R$ 20,067,179,260.21, R$ 80,367,507.98 (0.4%) was destined to a Reserve for Tax Incentives and R$ 14,219,808,364.43 (70.9%) was destined to a Reserve for expansion / investment. Of the total for the Reserve expansion / investment, 50% was based on statutory authorization and 20.9% was destined for the reserve based on the capital budget approved by the AGM.
b. Arrangements for distribution of dividends	**Statutory Rule:** According to Article 44 of the bylaws, at least 25% (twenty five percent) of annual net profits, adjusted according to the law, will be provided for the payment of dividends.		

	Practice adopted by the Company: 31% of annual net income was allocated to the payment of dividends	**Practice adopted by the Company:** 25% of annual net income was allocated to the payment of dividends	**Practice adopted by the Company:** 25% of annual net income was allocated to the payment of dividends
c. Frequency of dividend distribution	In accordance with the Dividend Policy adopted by Vale, payments are made semiannually in the months of April and October.		
d. Restrictions to dividend distribution	n / a	n / a	n / a

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3.5 Summary of distributions of dividends and retained earnings occurred.

	Fiscal Year Ended December 31		
	2009	**2008**	**2007**
Adjusted net income for dividend payments (in R$)	9,655,367,895.00	20,238,010,119.00	19,066,901,163.00
Percentage of dividend over the adjusted net profit	31.0	25.0	25.0
Rate of return in relation to equity (%)	11.0	22.0	35.0
Dividend distributed (total)	3,002,086,223.00	5,059,502,530.00	4,766,725,291.00
Net income retained (in R$)	None	None	None
Date of approval of the retention	None	None	None

	Amount (R$)	**Payment date**	**Amount (R$)**	**Payment date**	**Amount (R$)**	**Payment date**
Interest on Capital						
Common	57,865,446.00	31/10/2009	1,281,510,820.00	31/10/2009	700,720,383.00	30/04/2008
Common	1,341,608,462.00	30/04/2010				
Preferred Class A	36,937,363.00	31/10/2009	818,029,292.00	31/10/2009	1,040,451,237.00	31/10/2008
Preferred Class A	856,391,538.00	30/04/2010				
Common					1,602,122,095.00	31/10/2008
Preferred Class A					449,774,617.00	30/04/2008
Mandatory Dividend						
Common			136,691,882.00	31/10/2008	8,771,656.00	31/10/2007
Common			1,669,089,703.00	30/04/2009		
Preferred Class A			88,880,536.00	31/10/2008	5,630,303.00	31/10/2007
Preferred Class A			1,065,410,297.00	30/04/2009		

Common			584,243,766.00	30/04/2008
Preferred				
Class A			375,011,234.00	30/04/2008
Other				
Common	432,930,223.00	31/10/2010		
Preferred				
Class A	276,535,191.00	31/10/2010		

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3.6 Dividends declared on account of retained earnings or reserves set aside in the past 3 fiscal years

	Fiscal Year Ended December 31		
Dividends distributed to (in R$ thousands):	**2009**	**2008**	**2007**
Retained Earnings			
Constituted Reserves	370,507	580,124	370,050

3.7 Debt

The information below refers to the consolidated financial statements of the Company.

	Fiscal Year Ended 2009
a. Total amount of debt of any kind (in R$ millions)	74,194
b. Debt ratio (current liabilities plus non-current, divided by net worth)	77.5%
c. Another debt index	Total debt / EBITDA: 2.3 and EBITDA/Interest expenses: 10.25

3.7.c (i) Method used to calculate the index

Total debt / EBITDA and EBITDA / Interest expenses: Gross debt is the sum of Loans and short-term debt, Portion of the stock of long-term loans and Loans and long-term financing. EBITDA (EBITDA) is calculated as described in section 3.2.b of this reference form. Interest expenses include the sum of all the capitalized or accrued interest, paid or not, at any given time, which is a result of the debt of the beneficiary.

3.7.c (ii) The reason why the administration believes that the debt ratios indicated are proper for the correct understanding of the financial situation and level of indebtedness of the Company

Vale adopts the debt ratio debt / EBITDA and interest coverage ratio EBITDA / Interest expenses. These indices are widely used by the market (rating agencies and financial institutions) and serve as a benchmark to assess the financial situation of Vale.

The debt ratio Net debt / EBITDA indicates the approximate time it would take for a company to pay all its debts through cash generation.

The interest coverage ratio (EBITDA / Interest expenses) is used to determine the ability of business to generate cash flow to service its debt.

3.8 Obligations of the Company in the fiscal year ended December 31, 2009, in line with the posted collateral and maturity date:

	Maturity			
In R$	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**Over 5 years**
Collateral	331,884,908	480,060,418	335,112,878	454,297,537
Floating Guarantee	0	0	0	0
Unsecured obligations	1,500,000,000	0	4,000,000,000	0

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3.9 Other information that the Company deems relevant

In addition to the subsequent events set forth in 3.3 , the Company believes that the following events which have occurred recently are relevant:

Vale issuing Eurobonds

In March 2010, Vale priced the offering of 750 million in eight years bonds, due in March 2018, with a coupon of 4.375% per annum, payable annually.

The issue, which marker Vale s debut in the European debt market, had a demand response 10 times greater than the amount subscribed and the bonds were priced with a spread of 140 basis points over mid-swap , or a spread of 160.3 basis points over the return of the German Bund bonds, resulting in a yield to the investor of 4.441% per annum.

Vale acquires Simandou

In April 2010, Vale acquired from BSG Resources Ltd. (BSGR) a 51% stake in BSG Resources (Guinea) Ltd., which holds concessions for iron ore in Guinea, Simandou South (Zogota) and exploration permits in Simandou North (Blocks 1 & 2). Vale will pay for the acquisition of these assets US$ 2.5 billion, of which US $ 500 million cash (equivalent to R$ 865 million on the date of payment), and the remaining US$ 2 billion in stages subject to the achievement of specific milestones.

The joint venture between Vale and BSGR will implement the Zogota project and conduct feasibility studies for Blocks 1 & 2, with the creation of a logistics corridor for movement of materials through Liberia. For the right to move materials through Liberia, the joint venture is committed to renew 660 km of the Trans-Guinea railway for passenger and light cargo. Vale will be responsible for asset management, marketing and sales of joint venture with the exclusive off-take of the iron ore produced.

Acquisition of fertilizer assets

In May 2010, Vale completed the acquisition through its subsidiary Mineração Naque S.A., of a direct and indirect stake of 58.6% in the capital of Fertilizantes Fosfatados S.A. Fosfertil (Fosfértil) a company listed on the BM&F Bovespa exchange and Brazil s largest producer of fertilizer nutrients and the Brazilian fertilizer assets of Bunge Participacoes e Investimentos SA (BPI) for a total of US$ 4.7 billion. Of that amount, US$ 3.0 billion (equivalent to R$ 5.5 billion at the time of payment) refer to a direct and indirect stake of 58.6% in the capital of Fosfertil, which corresponds to 72.6% of common shares and 51.4% of the preferred shares of Bunge Fertilizantes S.A., Bunge Brasil Holdings B.V., Yara Brasil Fertilizantes S.A. (Yara), Fertilizantes Heringer S.A. (Heringer) e Fertilizantes do Paraná Ltda. (Fertipar) equivalent to a price per share of US$ 12.0185. The remaining US$ 1.7 billion (equivalent to R$ 3.1 billion at the time of payment) is attributable to the acquisition of the Brazilian fertilizer assets portfolio of BPI, which include phosphate rock mines and phosphate production units but does not include distribution / retail operations.

Under Brazilian corporate law and norms of the capital market, Vale will carry out a mandatory tender offer to be filed with the CVM, the Securities Commission to acquire 0.19% of common shares held by minority shareholders of Fosfertil at a value of US$ 12.0185 per share, converted into reais, the same price paid in dollars to other shareholders of Fosfertil.

Additionally, Vale holds a purchase option contract with The Mosaic Company (Mosaic), which grants the Company the option to acquire the direct and indirect interests of Mosaic in Fosfertil, accounting for 27.27% of common shares and 16.65 % of preferred shares and 20.27% of the share capital of Fosfertil, for US$ 1,029,811,129.77, at a price per share of US$ 12.0185. This transaction should be completed in the near future.

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Restructuring the aluminum portfolio assets

In May 2010, Vale signed an agreement with Norsk Hydro ASA (Hydro), to transfer all its shares in Alumínio Brasileiro S.A. (Albras), Alunorte Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP),together with their respective exclusive rights and existing commercial contracts, for US$ 405 million in cash and a certain number of Hydro common shares. After a sharer offering to be held in future by Hydro, this number of shares will represent a 22% stake in Hydro. In addition, Hydro will assume net debt of US$ 700 million.

As part of this transaction, Vale will create a new company Bauxite JV and transfer the Paragominas bauxite mine and all its other bauxite mining rights in Brazil to Bauxite JV. When the transaction is completed, Vale will sell 60% of Bauxite JV to Hydro for US$ 600 million in cash. The remaining portion of 40% will be sold in two equal tranches of 20% in 2013 and 2015, for US$ 200 million each, in cash.

The transaction is subject to approvals of the appropriate governmental authorities and other customary applicable conditions.

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4. ***RISK FACTORS***

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4.1 Risk factors which may influence investment decisions, especially related risks:

Risks relating to our business

The mining industry is highly exposed to the cyclicality of global economic activity and also requires significant investments of capital.

The mining industry is primarily a supplier of industrial raw materials. Industrial production tends to be the most cyclical and volatile component of global economic activity, which affects demand for minerals and metals. At the same time, investment in mining requires a substantial amount of funds in order to replenish reserves, expand production capacity, build infrastructure and preserve the environment. This structural characteristic is an important source of financial risk for the mining industry.

Adverse economic developments in China could have a negative impact on demand for our products, on our revenues, cash flow and profitability.

China has been the main driver of global demand for minerals and metals over the last few years. In 2009, Chinese demand represented 68% of global demand for seaborne iron ore, 44% of global demand for nickel, 39% of global demand for aluminum and 40% of global demand for copper. The percentage of our operating revenues attributable to sales to consumers in China was 38% in 2009. Although China largely withstood the recent global recession, a contraction of China s economic growth could result in lower demand for our products, leading to lower revenues, cash flow and profitability. Poor performance in the Chinese real estate sector, one of the largest consumers of carbon steel in China, could also negatively impact our results.

A decline in demand for steel would adversely affect our business.

Demand for our most important products depends on global demand for steel. Iron ore and iron ore pellets, which together accounted for 59% of our 2009 operating revenues, are used to produce carbon steel. Nickel, which accounted for 14% of our 2009 operating revenues, is used mainly to produce stainless and alloy steels. Demand for steel depends heavily on global economic conditions, but it also depends on a variety of regional and sectorial factors. The prices of different steels and the performance of the global steel industry are highly cyclical and volatile, and these business cycles in the steel industry affect demand and prices for our products. In addition, consolidation in the steel industry could result in vertical backward integration of the steel industry, which in turn could reduce the global seaborne trade of iron ore.

The global seaborne trade of iron ore could also suffer from competition from metallics, such as semi-finished steel and scrap. In certain cases, it may be more economical for steelmakers to charge more scrap in basic oxygen furnaces (BOF) and electric arc furnaces (EAF), instead of producing pig iron. Semi-finished products, such as billets and slabs, may also be available from fully-integrated steel mills at low cost, reducing overall demand for seaborne iron ore.

The prices of nickel, aluminum and copper, which are actively traded on world commodity exchanges, are subject to significant volatility.

Nickel, aluminum and copper are sold in an active global market and traded on commodity exchanges, such as the London Metal Exchange and the New York Mercantile Exchange. Prices for these metals are subject to significant fluctuations and are affected by many factors, including actual and expected global macroeconomic and political conditions, levels of supply and demand, the availability and cost of substitutes, inventory levels, investments by commodity funds and others and actions of participants in the commodity markets.

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Increased availability of alternative nickel sources or substitution of nickel from end use applications could adversely affect our nickel business.

Demand for nickel could be adversely impacted by the substitution of other materials for nickel in present applications. Scrap nickel competes directly with primary nickel as a source of nickel for use in the production of stainless steel, and the choice between them is largely driven by their relative prices and availability. In 2009, the stainless steel scrap ratio fell from 49% to 43%. Nickel pig iron, a product developed by Chinese steel and alloy makers that utilizes low grade lateritic nickel ores, competes with other nickel sources in the production of stainless steel. In 2009, estimated nickel pig iron production increased 17%, representing 7% of global nickel output. Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current applications. In response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content (series 300) to stainless steels with either lower nickel content (series 200) or no nickel content (series 400), which would adversely affect demand for nickel.

We may not be able to adjust production volume in a timely or cost-efficient manner in response to changes in demand at peak times.

During periods of high demand, our ability to rapidly increase production capacity is limited, which could render us unable to satisfy our clients demand for our products. Moreover, we may be unable to complete expansions and greenfield projects in time to take advantage of rising global demand for iron ore. When demand exceeds our production capacity, we may meet excess customer demand by purchasing iron ore, iron ore pellets or nickel from joint ventures or unrelated parties and reselling it, which would increase our costs and narrow our operating margins. If we are unable to satisfy excess customer demand in this way, we may lose customers. In addition, operating close to full capacity may expose us to higher costs, including demurrage fees due to capacity restraints in our logistics systems.

Conversely, operating at significant idle capacity during periods of weak demand may expose us to higher unit production costs since a significant portion of our cost structure is fixed in the short-term due to the high capital intensity of mining operations. In addition, efforts to reduce costs during periods of weak demand could be limited by labor regulations or previous labor or government agreements.

Regulatory, political, economic and social conditions in the countries in which we have operations or projects could adversely impact our business and the market prices of our securities.

Our financial performance may be negatively affected by regulatory, political, economic and social conditions in countries in which we have significant operations or projects, particularly Argentina, Australia, Brazil, Canada, Colombia, Indonesia, Mozambique, New Caledonia and Peru.

Our operations depend on authorizations and concessions from governmental regulatory agencies of the countries in which we operate. We are subject to laws and regulations in many jurisdictions that can change at any time, and changes in laws and regulations may require modifications to our technologies and operations and result in unanticipated capital expenditures.

Actual or potential political changes and changes in economic policy may undermine investor confidence, result in economic slowdowns and otherwise adversely affect the economic and other conditions under which we operate in ways that could have a material adverse effect on our business.

Protests may complicate mining and logistics operations and projects.

Protestors have already taken actions to disrupt our operations and projects, and they may continue to do so in the future. Although we vigorously defend ourselves against illegal acts, while supporting the communities living near our operations, future attempts by protestors to harm our operations could adversely affect our business.

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We could be adversely affected by changes in government policies, including the imposition of new taxes or royalties on mining activities.

Mining is subject to government regulation in the form of taxes and royalties, which can have an important financial impact on our operations. In the countries where we operate, governments may impose taxes, raise existing taxes and royalties, or change the basis on which they are calculated in a manner that unfavorable to us.

Our projects are subject to risks that may result in increased costs or delay that prevent their successful implementation.

We are investing to further increase our production capacity, logistics capabilities and to expand the scope of minerals we produce. Our projects are subject to a number of risks that may adversely affect our growth prospects and profitability, including the following:

- We may encounter delays or higher than expected costs in obtaining the necessary equipment or services to build and operate a project.
- Our efforts to develop projects according to schedule may be hampered by a lack of infrastructure, including a reliable power supply.
- We may fail to obtain, or experience delays or higher than expected costs in obtaining, the required permits to build a project.
- Changes in market conditions or regulations may make a project less profitable than expected at the time we initiated work on it.
- Adverse mining conditions may delay and hamper our ability to produce the expected quantities of minerals.
- Some of our development projects are located in regions where tropical diseases, malaria, yellow fever and other contagious diseases such as AIDS are a major public health issue and pose health and safety risks to our employees.

Our controlling shareholder has significant influence over Vale, and the Brazilian government has certain veto rights.

As of December 31, 2009, Valepar S.A. owned 53.9% of our outstanding common stock and 33.3% of our outstanding capital. As a result of its share ownership, Valepar can control the outcome of some actions requiring shareholder approval.

The Brazilian government owns 12 golden shares of Vale, granting it limited veto power over certain company actions, such as changes to our name, the location of our headquarters and our corporate purpose as relates to mining activities.

Our governance and compliance processes may fail to prevent regulatory penalties and reputational harm.

We operate in a global environment, and our activities straddle multiple jurisdictions and complex regulatory frameworks with increased enforcement activities worldwide. Our governance and compliance processes, which include the review of internal control over financial reporting, may not prevent future breaches of law, accounting or governance standards. We may be subject to breaches of our Code of Ethical Conduct, business conduct protocols and instances of fraudulent behavior and dishonesty by our employees, contractors or other agents. Our failure to comply with applicable laws and other standards could subject us to fines, loss of operating licenses and reputational harm.

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Some of our operations depend on joint ventures or consortia, and our business could be adversely affected if our partners fail to observe their commitments.

We currently operate important parts of our pelletizing, bauxite, coal and steel businesses through joint ventures with other companies. Important parts of our electricity investments and all of our oil and gas projects are operated through consortia. Our forecasts and plans for these joint ventures and consortia assume that our partners will observe their obligations to make capital contributions, purchase products and, in some cases, provide skilled and competent managerial personnel. If any of our partners fails to observe its commitments, the affected joint venture or consortium may not be able to operate in accordance with its business plans, or we may have to increase the level of our investment to implement these plans. For example, the joint venture company that owns our Goro project in New Caledonia has a minority shareholder, Sumic Nickel Netherlands B.V., with a put option to sell us 25%, 50%, or 100% of its shares. Sumic may exercise the put option if the cost of the project exceeds a certain value agreed between the shareholders and certain other conditions are met.

Environmental, health and safety regulation may adversely affect our business.

Our operations involve the use, handling, discharge and disposal of hazardous materials into the environment and the use of natural resources, and nearly all aspects of our activities, products, services and projects around the world are subject to environmental, health and safety regulation, which may expose us to increased litigation or increased costs. Such regulations require us to obtain environmental licenses, permits and authorizations for our operations, and to conduct environmental impact assessments in order to get the approval for our projects and permission for initiating construction. Additionally, all significant changes to existing operations must also undergo the same procedure. Difficulties in obtaining permits may lead to construction delays or cost increases, and in some cases may lead us to postpone or even abandon a project.

Environmental regulation also imposes standards and controls on activities relating to mineral research, mining, pelletizing activities, railway and marine services, decommissioning, refining, distribution and marketing of our products. Such regulation may give rise to significant costs and liabilities.

In addition, community activist groups and other stakeholders may increase demands for environmentally sustainable practices, which could entail significant cost increases and reduce our profitability. Litigation relating to these or other matters may adversely affect our financial condition or cause harm to our reputation.

In recent years, environmental regulation in many countries in which we operate has become stricter, and it is possible that more regulation o pollution emission or more aggressive enforcement of existing regulations will adversely affect us by imposing restrictions on our activities and products, creating new requirements for the issuance or renewal of environmental licenses, raising our costs or requiring us to engage in expensive reclamation efforts.

Concern over climate change, and efforts to comply with international undertakings under the Kyoto Protocol, could lead governments to impose limits on carbon emissions applicable to our operations, which could adversely affect our operating costs or our capital expenditure requirements. For example, the Brazilian government passed a carbon emissions law in December 2009, although it has not yet promulgated rules establishing specific limits on carbon emissions from mining activities.

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Our reserve estimates may materially differ from mineral quantities that we may be able to actually recover; our estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves uneconomical to mine.

Our reported ore reserves are estimated quantities of ore and minerals that we have determined can be economically mined and processed under present and anticipated conditions to extract their mineral content. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including factors beyond our control. Reserve engineering involves estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. As a result, no assurance can be given that the indicated amount of ore will be recovered or that it will be recovered at the rates we anticipate. Estimates may vary, and results of our mining and production subsequent to the date of an estimate may lead to revisions of estimates. Reserve estimates and estimates of mine life may require revisions based on actual production experience and other factors. For example, fluctuations in the market prices of minerals and metals, reduced recovery rates or increased operating and capital costs due to inflation, exchange rates or other factors may render proven and probable reserves uneconomic to exploit and may ultimately result in a restatement of reserves.

We may not be able to replenish our reserves, which could adversely affect our mining prospects.

We engage in mineral exploration, which is highly speculative in nature, involves many risks and frequently is non-productive. Our exploration programs, which involve significant capital expenditures, may fail to result in the expansion or replacement of reserves depleted by current production. If we do not develop new reserves, we will not be able to sustain our current level of production beyond the remaining lives of our existing mines.

Once mineral deposits are discovered, it can take a number of years from the initial phases of drilling until production is possible, during which the economic feasibility of production may change. Substantial time and expenditures are required to:

- establish mineral reserves through drilling;
- determine appropriate mining and metallurgical processes for optimizing the recovery of metal contained in ore;
- obtain environmental and other licenses;
- construct mining, processing facilities and infrastructure required for greenfield properties; and
- obtain the ore or extract the minerals from the ore.

If a project proves not to be economically feasible by the time we are able to exploit it, we may incur substantial write-offs. In addition, potential changes or complications involving metallurgical and other technological processes arising during the life of a project may result in cost overruns that may render the project not economically feasible.

We face rising extraction costs over time as reserves deplete.

Reserves are gradually depleted in the ordinary course of a given mining operation. As mining progresses, distances to the primary crusher and to waste deposits become longer, pits become steeper and underground operations become deeper. As a result, over time, we usually experience rising unit extraction costs with respect to each mine. Several of our mines have been operating for long periods, and we will likely experience rising extraction costs per unit in the future at these operations in particular.

Labor disputes may disrupt our operations from time to time.

A substantial number of our employees, and some of the employees of our subcontractors, are represented by labor unions and are covered by collective bargaining or other labor agreements, which are subject to periodic negotiation. Negotiation may become more difficult in times of higher prices. The right to strike is recognized in almost all of the countries where we have operations, so that plants in operation or essential projects, both ours and those of our service providers, could be affected by strikes and other stoppages. A number of our employees at our Canadian nickel operations in Sudbury, Port Colborne and Voisey s Bay have been on strike since mid-2009, which has resulted in reduced production from these operations.

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We may face shortages of equipment, services and skilled personnel.

The mining industry has faced worldwide shortages of mining and construction equipment, spare parts, contractors and other skilled personnel during periods of high demand for minerals and metals and intense development of mining projects. We may experience longer lead-times for mining equipment and problems with the quality of contracted engineering, construction and maintenance services. We compete with other mining companies for highly skilled executives and staff with relevant industry and technical experience, and we may not be able to attract and retain such people. Shortages during peak periods could negatively impact our operations, resulting in higher production or capital expenditure costs, production interruptions, higher inventory costs, project delays and potentially lower production and revenues.

Higher energy costs or energy shortages would adversely affect our business.

Energy costs are a significant component of our cost of production, representing 16.4% of our total cost of goods sold in 2009. To fulfill our energy needs, we depend on the following, all measured in tons of oil equivalent (TOE): oil by-products, which represented 39% of total energy needs in 2009, electricity (38%), coal (15%) and natural gas (6%). Fuel costs represented 10% of our cost of goods sold in 2009. Increases in oil and gas prices adversely affect margins in our logistics services, mining, iron ore pellets, nickel and alumina businesses.

Electricity costs represented 6.3% of our total cost of goods sold in 2009. If we are unable to secure reliable access to electricity at acceptable prices, we may be forced to curtail production or may experience higher production costs, either of which would adversely affect our results of operations. In 2009 we generated 37% of our global consumption of electricity by mans of hydroelectric power stations or from the fuel generation potential. We are developing new thermal and hydro plants and beginning exploration programs for natural gas so as to increase our energy production and reduce exposure to the volatility of prices and energy access.

Electricity shortages have occurred in Brazil in the past and could reoccur in the future, and there can be no assurance that the Brazilian government s policies will succeed in encouraging enough growth in power generation capacity to meet future consumption increases. Future shortages, and government efforts to respond to or prevent shortages, may adversely impact the cost or supply of electricity for our Brazilian aluminum and ferroalloy operations, which are electricity-intensive. Changes in the laws, regulations or governmental policies regarding the power sector or concession requirements could also reduce our expected returns from our investments in power generation.

Through our subsidiary PT International Nickel Indonesia Tbk (PTI), we process lateritic nickel ores using a pyrometallurgical process, which is energy-intensive. Although PTI currently generates a majority of the electricity for its operations from its own hydroelectric power plants, low rainfall or other hydrological factors could adversely affect electricity production at PTI s plants in the future, which could significantly increase the risk of higher costs or lower production volume.

Price volatility relative to the U.S. dollar of the currencies in which we conduct operations could adversely affect our financial condition and results of operations.

A substantial portion of our revenues and debt is denominated in U.S. dollars, and changes in exchange rates may result in (i) losses or gains on our net U.S. dollar-denominated indebtedness and accounts payable and (ii) fair value losses or gains on our currency derivatives used to stabilize our cash flow in U.S. dollars. In 2009 and 2007, we had currency gains of US$665 million and US$1.639 billion, respectively; in 2008, we had currency losses of US$1.011 billion. In addition, the price volatility of the Brazilian *real*, the Canadian dollar, the Indonesian rupiah and other currencies against the U.S. dollar affect our results since most of our costs of goods sold are denominated in currencies other than the U.S. dollar, principally the *real* (64% in 2009) and the Canadian dollar (16% in 2009), while our revenues are mostly U.S. dollar-denominated. We expect currency fluctuations to continue to affect our financial income, expense and cash flow generation.

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Significant volatility in currency prices may also result in disruption of foreign exchange markets and may limit our ability to transfer or to convert certain currencies into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness. The central banks and governments of the countries in which we operate may institute restrictive exchange rate policies in the future.

We may not have adequate insurance coverage for some business risks.

Our businesses are generally subject to a number of risks and hazards, which could result in damage to, or destruction of, mineral properties, facilities and mining equipment. The insurance we maintain against risks that are typical in our business may not provide adequate coverage. Insurance against some risks (including liabilities for environmental pollution or certain hazards or interruption of certain business activities) may not be available at a reasonable cost. As a result, accidents or other negative developments involving our mining, production or transportation facilities could have a material adverse effect on our operations.

4.2 Vale s expectations for reduction or increase in exposure to the above-mentioned risks, if relevant.

We constantly analyze the risks the company is exposed to and which may adversely affect our business, financial situation and results of our operations. We monitor permanently changes in the macro-economic and sectorial scenario which might impact our activities, by tracking the main performance indicators. Our policy is one of continuous focus on financial discipline and conservative cash management. At present we do not identify any scenario which would lead to a reduction or increase in the risks mentioned in section 4.1.

4.3 Legal, administrative or arbitral suits in which Vale or its subsidiaries area part, organized by labor, tax, civil and other suits: (i) which are not confidential, and (ii) which are significant for Vale s business and that of its subsidiaries.

(I) Labor

1

Jurisdiction	4ª Turma do Tribunal Regional do Trabalho de Minas Gerais
Instance	2nd Instance
Date of filing	27/11/2006
Parties in the suit	Public Prosecutor for Labor matters (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$ 520,429.50
Main facts	The MG Public Prosecutor for Labor matters filed a civil suit, questioning Vale s outsourced activities. An unfavorable decision was given to Vale in the second instance, forcing the company in the region of Minas Gerais, to refrain from outsourcing some services allegedly linked to its main activity. Furthermore, it was decided that by way of indemnity for collective damage, the amount of R $100,000 should be paid. Vale presented an appeal the Supreme Labor Tribunal, which has not yet been assessed.
Chances of loss	Possible
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In case of maintenance of the unfavorable decision, Vale is obliged, in Minas Gerais, to refrain from outsource services for operation of machinery and equipment for mining, such as back-hoes, excavators and drilling equipment, monitoring and reading of instruments at dams and waste stacks, drafting and implementation of the blasting plan detonation, thus having to perform such activities through its own employees; and to provide for the termination of contracts of outsourcing which may have as their purpose the services mentioned above.
Amount provisioned (if any)	None

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2

Court	1ª Vara Federal de Parauapebas Pará
Instance	1st Instance
Date of filing	07.03.2008
Parties in the suit	Public Prosecutor for Labor matters (plaintiff) and Vale and 42 other firms (defendants)
Amounts, goods or rights involved	108,600,000.00 (one hundred and eight million, six hundred thousand reais)
Main facts	Public Civil Action proposed by the public prosecutor for labor matters against Vale and another 42 companies which provide services, requiring they be condemned to pay for hours spent in transit (Carajás/Sossego), under the claim that the workplaces are difficult to access and not served by public transport. The action also asks for collective damages. Vale has presented its defence alleging the existence of public transport, that the locations are easily accessible and the validity of their collective agreements. In 12.03.2010, the decree was published condemning only Vale to pay indemnity for damages to the amount of R$100 million and another R$200 million for practicing social dumping. Temporary relief was granted so that Vale could determine, immediately, how many hours travelling each of its employees used, with a penalty of a fine of R$100,000 per worker if not done, as well as refrain from allowing contractors for Vale including on their cost worksheet expenses with hours paid travelling and allied costs. As a result of a request for decisions by Odebrect, one of the 42 defendands in this lawsuit, in the Request for Corrective Judgement filed by Vale as a response, the Inspector General of the Supreme Labor Tribunal in Brasilia, recognized the allegations and reversed the temporary relief order granted by the local judge, so that Vale and the other companies may appeal without having to comply immediately with the sentence passed. Requests to amend the decision were filed by Vale and other defendants. Currently, the company is awaiting decisions on these requests for amendments.

3

Jurisdiction	2ª Vara do Trabalho de Vitória/ES
Instance	1st Instance
Date of filing	19/09/2001
Parties in the suit	Vale S.A. (ré) e SINDFER Railroad union of ES and MG (plaintiff)
Amounts, goods or rights involved	Guarantee of the operational activities at the Tubarão Complex.
Main facts	In 2001, the SINDFER union filed a public civil action, whose object was the compliance of areas of the Tubarão Complex with the dictates of NR-10 (safety of premises and services in electricity). After production of expert evidence, Vale was ordered to implement in their operational facilities, located in the State of Espírito Santo, all technical measures for the protection of work against risks by electricity provided for in the NR. The judge granted Vale temporary relief, with a period of six months for compliance, ending 19/11/09, with payment of a daily fine of R$100 thousand for non-compliance. After rounds of negotiation, and

	several inspections of areas of the Complex, a legal agreement was signed between the parties, establishing a timeline for implementation of technical measures, with a deadline of 31.12.2011, which was duly approved by the court on 11 March 2010.
Chances of loss	Probable
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any violation of the adjusted schedule between the parties, may risk an embargo on Tubarão Complex activities, as well as the application of a monetary penalty.
Amount provisioned (if any)	None

4

Jurisdiction	Juízo do Trabalho de Maruim/SE
Instance	3rd Instance (TST)
Date of filing	18.08.2006
Parties in the suit	Vale S.A. (defendant) and Union for workers extracting iron, basic and precious metals-Sindimina (plaintiff)
Amounts, goods or rights involved	Guarantee of the operational activities at the potassium chlorate mine in Sergipe.
Main facts	Lawsuit brought by SINDIMINA union in the State of Sergipe, aiming to improve the suitability of the working conditions of employees in the underground mine to bring them up to regulatory standard NR 15, especially as regards the temperature of the mine. In the first instance, it was decided on the closing of the underground mine, but such determination was suspended by writ. Subsequently, partial success was granted to Vale s appeal to withdraw the order closing the mine, and determine the suitability of the working conditions of mine in relation to NR-15. Vale is still contesting the decision, to demonstrate compliance with the legal standards applicable to the activity. The increased risk of a conviction would be the closing of the mine, as determined by the 1st Degree Judge and rejectd through an ordinary appeal. Vale is awaiting the result of an appeal before the TST to reverse the unfavourable parts of the decision of the TRT.
Chances of loss	Probable
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavourable decision may risk imposing an obligation to do so, fines and, in the final analysis the embargo of the activities of the underground mine for exploitation of Potassium Chlorate, as well as enforcement of a monetary penalty.
Amount provisioned (if any)	None

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(II) Tax

The tables below present a description of individual tax cases considered relevant to the business of the company and/or its subsidiaries.

5

Jurisdiction	5ª Vara Federal Cível do Rio de Janeiro (originário)
Instance	2nd judicial Instance Regional Federal Tribunal of 2nd Region (present)
Date of filing	11/02/2008
Parties in the suit	Vale (plaintiff) and Head of the IRS in Rio de Janeiro (defendant)
Amounts, goods or rights involved	1,320,215,387.84
Main facts	Vale proposed preventive judicial measures designed to exclude export revenues from the calculation base of CSSL export earnings. In 2008, Vale obtained a favorable decision by which income from exports were excluded from CSSL calculation base. The IRS appealed against this decision and it is currently pending judgment. The amount of unpaid CSSL tax according to that decision amounts to $1.320 billion which provisioned for, despite the prognosis of losing being possible. If the final decision is unfavorable, Vale might be charged to pay up the value of CSSL owed without penalties.
Chances of loss	Possible
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a possible unfavorable decision, Vale shall disburse the provisioned values, and change the currently procedure in order to include the export revenues earned in the CSSL calculation basis.
Amount provisioned (if any)	R$1,320,215,387.84

6

Jurisdiction	Primeira Turma Ordinária da Segunda Câmara da Primeira Seção do Conselho Administrativo de Recursos Fiscais
Instance	2nd Administrative Instance
Date of filing	28/3/2008
Parties in the suit	IRS (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$8,805,000,000.00
Main facts	The provisional measure 2,158-34/2001 states the taxation of profits earned by companies or subsidiaries abroad. In 2003, Vale filed a writ in order to have recognized its right to not be subject to the IRPJ (Corporate Income Tax) and CSL (Social Contribution on Net Income) in accordance to the 74th article the provisional measure above and its subsequent re-editions, as governed by IN 213/02. In the company s view, the provisional measure 2,158-34/2001 is in disagreement with the Federal Constitution. Vale got a preliminary injunction, but it was not confirmed by the first degree decision. The appeal presented by Vale was received on both counts, restoring the effects of the injunction and suspending the chargeability of tax credit. Despite the suspensive effect granted by the appeal, Vale was charged to pay IRPJ and CSSL on profits earned by affiliates and subsidiaries abroad, with a fine of 75%, through a administrative proceeding. The goal of the IRS was to prevent lapsing of the charge, once the statue of limitations only allows the tax charge for the period covered in the aforementioned Writ. Currently, the judgment of Vale s

	appeal at Administrative Council for Tax Appeals is pending of decision.
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a possible unfavorable decision, profits earned and not distributed by subsidiaries or affiliates abroad will be taxed
Amount provisioned (if any)	None

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7

Jurisdiction	Primeira Turma Ordinária da Segunda Câmara da Primeira Seção do Conselho Administrativo de Recursos Fiscais
Instance	2nd Administrative Instance
Date of filing	10/12/2007
Parties in the suit	IRS (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$2,583,000,000.00
Main facts	The provisional measure 2,158-34/2001 states the taxation of profits earned by companies or subsidiaries abroad. In 2003, Vale filed a writ in order to have recognized its right to not be subject to IRPJ and CSL in accordance to the 74th article of the provisional measure above and its subsequent re-editions, as governed by IN 213/02. In the company s view, the provisional measure 2,158-34/2001 is in disagreement with the Federal Constitution. Vale got a preliminary injunction, but it was not confirmed by the first degree decision. The appeal presented by Vale was received on both counts, restoring the effects of the injunction and suspending the chargeability of tax credit. Despite the suspensive effect granted by the appeal. Vale was charge to pay IRPJ and CSSL on profits earned by affiliates and subsidiaries abroad, with a fine of 75%, through a administrative proceeding. The goal of the IRS was to prevent the case lapsing of the charge, once the statue of limitations only allows the tax charge for the period covered in the aforementioned Writ. Currently, the judgment of Vale s appeal at the Administrative Council for Tax Appeals is pending of decision
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a possible unfavorable decision, profits earned and not distributed by subsidiaries or affiliates abroad will be taxed
Amount provisioned (if any)	None

(III) Civil

The tables below present a description of individual civil nature processes considered relevant to the business of the company and/or its subsidiaries.

8

Jurisdiction	41ª Vara Cível/TJRJ
Instance	1st Instance
Date of filing	17.03.2008
Parties in the suit	Vale (plaintiff) and Movimento dos Sem Terra MST (defendant)
Amounts, goods or rights involved	Protection of the company s asets and guarantee of its operations
Main facts	Vale filed a common suit with a request for anticipated relief obliging the defendant to cease attacks, violent acts or incitements which cause the operational stoppage of the company by the MST. Relief was granted, as soon as the case was judged in the year 2008, establishing that the MST must refrain from such acts.
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	The lawsuit was initiated in order to ensure the protection of the assets of the company and its operational activities. An possible unfavorable decision can increase the exposure of the company to MST attacks.

Amount provisioned (if any)	None.

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9

Jurisdiction	30ª Vara Federal / Justiça Federal do RJ
Instance	1st Instance
Date of filing	18.08.2006
Parties in the suit	Federal Rail Network (Rede Ferroviária Federal S.A.), succeeded by the Federal Union (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$2,418,867,546.10
Main facts	The plaintiff filed a claim for reparation from the Company to receive contractual amounts, damages, lost profits, among other amounts, for alleged breach of contractual obligations on the part of Vale. The contract concluded between the parties involved railway transposition in the city of Belo Horizonte. The lawsuit is at the phase of legal discovery.
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision could generate a financial loss for the company, in the light of the amounts involved.
Amount provisioned (if any)	None

10

Jurisdiction	48ª Vara Cível/TJRJ
Instance	1st Instance
Date of filing	08.07.2009
Parties in the suit	Vit Shoes Calçados (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	Ownership rights over the new logo launched by the company in December 2007.
Main facts	The plaintiff brought a compensatioin suit with request for early relief, requesting an injunction to make the company refrain from using the logo of the Vale and its variations, and compensate for moral and material damages when the judgment is given. The preliminary injunction was rejected. The process is in the stage of production of evidence.
Chances of loss	Remote.
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision in the lawsuit would generate financial losses for the Company and would harm its image, since Vale would lose the right to use its logo which is already widely known in Brazil and abroad
Amount provisioned (if any)	None.

11

Jurisdiction	5ª Vara Federal de Vitória ES/TRF 2ª Região
Instance	2nd Instance
Date of filing	10.11.1997
Parties in the suit	Federal Public Prosecutor ES (plaintiff) and Federal Union, Gerdau, Arcelor, Usinas, Vale and Companhia Docas do Espírito Santo - CODESA (defendants)
Amounts, goods or rights involved	Incalculable amount application for annulment of the concession contract for use of port terminals for the Tubarão Complex.
Main facts	This is a Public Civil Action which aims to annul the authorization by which Vale and some of the other defendants operate the Port Terminal at Praia Mole, in the State of Espírito Santo. In November 2007, after 10 years of conducting the

	proceedings, Vale obtained a favorable decision judging the requests to be without foundation and recognizing the validity of contracts of accession that allow exploitation of port terminals located in Praia Mole. The Federal Public Prosecutor appealed on 01.04.08 and the lawsuit awaits judgment in the Federal Regional Tribunal
Chances of loss (probable, possible, remote)	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Incalculable amount
Amount provisioned (if any)	None

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(IV) Environmental
12

Jurisdiction	2ª Vara Cível da Comarca de Itabira/MG
Instance	1st Instance
Date of filing	26.09.1996
Parties in the suit	Town Hall of Itabira (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$2,521,932,696.02
Main facts	The municipality of Itabira seeks compensation for expenses that it alleges to have incurred with public services rendered as a consequence of Vale s mining activities. The case was suspended, pending judgment of a writ filed by Vale to be used in this lawsuit, so that favorable evidence produced in another lawsuit could be used. Although the writ has been judged against Vale, the case continues to be suspended because the court in the first degree has not yet received from the TJ/MG information on the writ. After this communication, the lawsuit may resume its normal course
Chances of loss	Total amount divided into possible loss (15%) and remote loss (85%).
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision in the lawsuit would generate financial losses for the Company
Amount provisioned (if any)	None.

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Jurisdiction	1ª Vara Cível da Comarca de Itabira/MG
Instance	1st Instance
Date of filing	22.08.1996
Parties in the suit	Town Hall of Itabira (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$2,034,753,711.70
Main facts	State in which it claims that the operations of the iron mines in Itabira caused environmental and social damage and requires the restoration of the site and the implementation of environmental programs in the region. Expert witnesses were used in this case, and the report issued jointly by IBAMA and FEAM was favourable to Vale, but the Municipality requested the production of new expert evidence, which was accepted by the judge. The final outcome of this case is awaited, with the expectation of decision favorable to Vale
Chances of loss	Total amount divided into possible loss (15%) and remote loss (85%).
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision in the lawsuit would generate financial losses for the Company
Amount provisioned (if any)	None.

4.4 Judicial, administrative or arbitral awards, which are not under confidentiality, in which the company or its subsidiaries are part and whose Appellees are administrators or former administrators, owners or ex-owners or investors of the company or its subsidiaries

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Jurisdiction	Appeals Council of the National Financial System CRSFN
Instance	2nd Instance

Date of filing	23.08.2005
Parties in the suit	This suit was initiated by CVM, as a result of a complaint from the investment club of SUDFER Railway Workers, minority shareholder of MRS Logística S.A. (MRS , against: Vale (successor of Ferteco Mineração S.A.); Companhia Siderúrgica Nacional CSN; Minerações Brasileiras Reunidas S/A MBR; and the directors of MRS who were involved from 1998 to 2002, namely: Alberto Régis Távora, Andreas Walter Brehm, Chequer Hanna Bou-Habib, Delson de Miranda Tolentino, Estela Maria Praça de Almeida, Henrique Ache Pillar, Hugo Serrado Stoffel, Georg Josef Schmid, Godofredo Mendes Vianna. Guilherme F. Escalhão, Inácio Clemente da Silva, João Paulo do Amaral Braga, Joaquim de Souza Gomes, José Paulo de Oliveira Alves, Julio César Pinto, Julio Fontana Neto, Klaus Helmut Schweizer, Lauro H. Campos Rezende, Luiz Antonio Bonagura, Marcus Jurandir de A. Tabasco,Marianne Von Lachmann, Mauro Rolf Fernandes Knudsen, Oscar Augusto de Camargo Filho, Otávio de Garcia Lazcano, Pablo Javier Q. Bruggemann, Rinaldo Campos Soares, Roberto Gottschalk, Valter Luis de Sousaand Wanderlei Viçoso Fagundes.
Amounts, goods or rights involved	Assessment of possible irregularities related to tariff model of MRS between 1998 and 2002.

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Main facts	The lawsuit was initiated by CVM to verify (I) the conduct of MRS directors for alleged tariff mismanagement, characterized by undervalued tariffs for the benefit of captive customers or owners; and (ii) the conduct of the MRS shareholders for contracts signed directly with MRS on allegedly non-equitable terms. The suit was judged by the CVM on 05.05.2009, which acquitted all those involved. In December 2009, the CVM offered an automatic appeal to CRFSN, which has not yet been judged.
Chances of loss	Remote.
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	The eventual reversal of the decision at the first instance can result in the application of a warning or fine for the company.
Amount provisioned (if any)	None.

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Jurisdiction	48ª Vara Cível/TJRJ
Instance	3rd Instance
Date of filing	09.05.2007
Parties in the suit	Petros (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$1,107,492,133.75
Main facts	Petros claims receipt of purges made because of inflation arising from the economic plans called Plano Verão and Plano Collor on amounts paid under forward contracts for buying and selling gold concluded with Vale from 1988. Contracts under discussion in this brief were paid up and settled by Petros at that time. However, Petros started legal proceedings aimed at applying the decision on a matter taken in the STJ for savings accounts books, to contracts concluded with Vale, where there is no similarity with those concluded with banking institutions. Vale maintains that the inflationary adjustments are not due, however, all decisions have been unfavourable to the company. Currently the process is in the implementation stage, still pending judgement on appeals by the STJ and PBS.
Chances of loss (probable, possible, remote)	Possible
Analysis of impact in the case of losing the suit	Any unfavorable decision could generate significant financial damage to Company, in light of the amounts under discussion. Additionally, such a decision can open a precedent for similar judgments in other cases where future contracts for sale of gold are in dispute (total of 11 cases).
Amount provisioned (if any)	R$281,361,934.98

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Jurisdiction	8ª Vara Cível /TJMG
Instance	1st Instance
Date of filing	18.02.2004
Parties in the suit	Transger S/A(plaintiff) Defendants: Ferrovia Centro Atlântica S/A, Mineração Tacumã Ltda, KRJ Participações S/A, CPP Participações S/A, Carmo Administração e Participações Ltda, Fundação Vale do Rio Doce de Seguridade Social Valia and Companhia Siderúrgica Nacional CSN (defendants)

Amounts, goods or rights involved	Incalculable Request for annulment of the General Meeting.
Main facts	The plaintiff brought a lawsuit requesting compensation and annulment of the General Meeting authorizing the capital increase of Ferrovia Centro-Atlântica S.A. (FCA) in early 2003 on the grounds of alleged practice of abusive acts by FCA s controlling group. The request was initially judged well founded, but the judgment was reversed by the TJMG in order to have another expert report. The case is currently at the expert investigation stage.
Chances of loss (probable, possible, remote)	Possible
Analysis of impact in the case of losing the suit	Incalculable amount
Amount provisioned (if any)	None

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4.5 Impact analysis in case of loss of any relevant and sensitive cases that have not been disclosed in items 4.3 and 4.4 above, informing values involved

The company is not a relevant party in any sensitive cases.

4.6 Judicial, administrative or arbitral lawsuits, repetitive or related, based on similar legal facts and causes, which are not under secrecy and which together are relevant, in which the company or its subsidiaries are part, itemized as labor, tax, civil and other.

(i) Labor

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Fact and/or legal cause	Subsidiary/joint liability, overtime, additional payment for danger/unhealthy conditions, notice to quit and Hours travelling.
Amounts involved	R$2.252.327.061,72
Amount provisioned (if any)	R$588,625,071.83
Company practice or that of subsidiary which caused the contingency	Difference of interpretation given by the company, employees and unions to various facts, legal and regulatory instruments concerning the issues above.

(ii) Tax

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Fact and/or legal cause	Determining the basis for the calculation of financial compensation for exploitation of mineral resources CFEM, which in a simple way means mining royalties.
Amounts involved	R$4,707,270,050.93, related to 182 claims the CFEM.
Amount provisioned (if any)	R$189,011,609.00
Company practice or that of subsidiary which caused the contingency	Divergences between Vale and the National Department of Mineral Production (DNPM) are concerning the composition of the basis for the calculation of the CFEM. The disputes are concerned mainly to the deductions of taxes, incidence of CFEM on the marketing of products processed industrially and the statute of limitations.

(iii) Civil

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Fact and/or legal cause	Eleven pension funds claim receipt of purges made because of inflation arising from economic plans called Plano Verão and Plano Collor on amounts paid amounts paid under forward contracts for buying and selling gold concluded with Vale from 1988.
Amounts involved	R$1,214,490,060.93
Amount provisioned (if any)	If necessary there is a provision.
Company practice or that of subsidiary which caused the contingency	The contingency has been generated according to the edition of economic plans called Plano Verão and Plano Collor, both created by the Federal Government between 1989 and 1991. The contracts in discussion around these were all paid and given as settled by the plaintiffs at the time. However the plaintiffs started legal proceedings aimed at applying the decision on a matter judged in the STJ for savings accounts books, to contracts concluded with Vale, where there is no similarity with those concluded with banking institutions. Vale maintains that repayment of inflationary purges is not due.

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4.7 Other significant contingencies

Below is a description of relevant legal proceedings instituted against the Company after the base date for this Reference Form (31.12.2009):

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Jurisdiction	IRS
Instance	1st Administrative Instance
Date of filing	12/02/2010
Parties in the suit	IRS (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$2,943,631,183.81
Main facts	The provisional measure 2,158-34/2001 provides for the taxation of profits earned by companies or subsidiaries abroad. In 2003, Valley filed a writ to have recognized their right in law not be subject to taxation of IRPJ and CSL in the form of art. 74 of the said provisional measure and subsequent re-editions, as governed by IN 213/02, because, in the company s view, the provisional measure 2,158-34/2001 is in disagreement with the Federal Constitution. Vale got a preliminary injunction, but it was not confirmed. The appeal presented by Vale was received on both counts, restoring the effects of the injunction and suspending the chargeability of tax credit. Vale was required to pay IRPJ and CSSL on profits earned by affiliates and subsidiaries abroad, with a fine of 75%, in spite of the suspensive effect granted to the appeal. The goal of the IRS was to prevent the case lapsing because of the staute of limitations as regards the right to charge the tax for the period covered in the aforementioned Writ. Currently, the judgment of the appeal by Vale by the Administrative Council for Tax Appeals is awaited.
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a possible unfavorable decision, profits earned and not distributed by subsidiaries or affiliates abroad will be taxed
Amount provisioned (if any)	None

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Jurisdiction	IRS
Instance	1st Administrative Instance
Date of filing	11/01/2010
Parties in the suit	IRS (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R$11,235,000,000.00
Main facts	The provisional measure 2,158-34/2001 provides for the taxation of profits earned by companies or subsidiaries abroad. In 2003, Valley filed a writ to have recognized their right in law not be subject to taxation of IRPJ and CSL in the form of art. 74 of the said provisional measure and subsequent re-editions, as governed by IN 213/02, because, in the company s view, the provisional measure 2,158-34/2001 is in disagreement with the Federal Constitution. Vale got a preliminary injunction, but it was not confirmed. The appeal presented by Vale was received on both counts, restoring the effects of the injunction and suspending the chargeability of tax credit. Vale was required to pay IRPJ and CSSL on profits earned by affiliates and subsidiaries abroad, with a fine of 75%, in spite of the suspensive effect granted to the appeal. The goal of the IRS was to prevent the

	case lapsing because of the status of limitations as regards the right to charge the tax for the period covered in the aforementioned Writ. Currently, the judgment of the appeal by Vale by the Administrative Council for Tax Appeals is awaited.
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a possible unfavorable decision, profits earned and not distributed by subsidiaries or affiliates abroad will be taxed.
Amount provisioned (if any)	None

4.8 Rules of the country of origin of foreign issuer and rules of the country in which the foreign Company s securities are held in custody, if different from the country of origin

Not applicable to the Company.

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5. ***MARKET RISKS***

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5.1 Description, both quantitative and qualitative, of the main market risks to which the Company is exposed, including against foreign exchange risk and interest rates

Considering the nature of the business and operations of Vale, the main factors of market risk to which the company is exposed are: (i) interest rates, (ii) exchange rates, (iii) commodity prices, and (iv) inputs and other costs.

Exchange risk and interest rate

Vale s cash flow is subject to price volatility in various currencies. While commodity prices are mostly indexed to the U.S. dollar, most of the costs, expenses and investments are indexed to currencies other than U.S. dollar, mainly the Brazilian real and Canadian dollar.

As this exposure is one of the largest faced by Vale, the Company elected to reduce the potential volatility of cash flows arising from currency mismatch through derivative instruments. The Company s main strategy is to perform swap operations to equalize the currencies in the cash flow and also convert the debt tied to Brazilian Reais into U.S. dollars to diminish the impact of exchange rate changes on the cash flow of the Company, since the majority of its revenue is denominated in U.S. dollars.

The Company s cash flow is also exposed to changes in interest rates on loans and financing. This exposure is insignificant when compared to exchange exposure.

The debt linked to variable interest rates in U.S. dollar consists mainly of loans including pre-payment of exports operations, loans at commercial banks and multilateral organizations. In general, these debts are indexed to the Libor rate (*London Interbank Offered Rate*). The natural hedge between fluctuations in interest rates and U.S. prices of metals reduces the volatility of Vale s cash flow. In the case of an imbalance in this natural hedge, Vale analyses the option of using financial instruments to achieve the desired protection.

The percentages of the costs tied to various currencies are given in table below:

SUMMARY OF CONSLIDATED COST PER CURRENCY

2009	**BRL**	**USD**	**CAD**	**IDR**	**AUD**	**TOTAL**
BRGAAP	62%	17%	16%	2%	3%	100%
USGAAP	64%	15%	16%	2%	3%	100%

As regards revenue, 93% is denominated in U.S. dollars and 7% in Brazilian Reais.

Regarding exposure to interest rate, after completion of hedge operations the company has 36% of its debt indexed to floating interest rates.

In December 31, 2009, the value of principal and interest on debt denominated in Brazilian Reais, and converted by swaps into U.S. dollars was R$ 11.6 billion (US$ 6.7 billion), with an average cost of 4.47% after the swap transactions, and maturing between November 2010 and December 2027, with half-yearly interest payments.

Risk of product prices

Vale is exposed to market risks associated with price volatility for its products in the international market. The Company s main products are: iron ore and pellets, nickel, copper products, aluminum products, coal, platinum and other precious metals.

Nickel, aluminum and copper, platinum and other precious metals are sold in an active global market and traded on commodity exchanges such as the London Metal Exchange and the New York Mercantile Exchange. The prices of these metals are subject to significant fluctuations and are affected by many factors, including macroeconomic conditions and real and expected policies, levels of supply and demand, availability and cost of substitutes, inventory levels, investments by commodity funds and other actions by participants in the commodities market.

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Risk of inputs and other costs

Vale is exposed in various markets to risk factors related to cost items. Among them, the most important are: energy and purchase of intermediate or final products. For more details about risks to supply of equipment, services and labor, see item 4.1 .

Rising costs of energy or power failure can adversely affect the Company s business.

Energy costs are a major component of Vale s production costs and represent 16.4% of the total cost of goods sold in 2009. To meet the energy demands of the Company, it depends on the following products, measured in tons of oil equivalent (TOE): petroleum products, which accounted for 39% of total energy demand in 2009, electricity (38%), coal (15 %) and natural gas (6%).

Fuel costs represented 9.4% of the cost of goods sold in 2009. Price rises for oil and gas adversely affect Vale s business interests in logistics, mining, pellets, nickel and alumina.

Electrical energy costs represented 6.2% of the total cost of goods sold in 2009. If it is not possible to guarantee a reliable access to electricity at reasonable prices, Vale may be forced to reduce production or face higher production costs. Any of these alternatives would affect negatively the results of operations.

In the past, there has been rationing of electricity consumption in Brazil, which may recur in the future, as there is no assurance that the Brazilian government s policies will be sufficient to stimulate the growth of power generation capacity to meet the increase in future consumption. A future increase of shortages and government policies to combat or avoid shortages can negatively affect the cost and supply of electricity in the aluminum and ferro-alloy operations, which require high electricity consumption. Furthermore, changes in laws, regulations or government policies related to the energy sector or concession requirements could reduce the expected returns from investments in power generation.

In its subsidiary PT International Nickel Indonesia Tbk (PTI), Vale processes lateritic nickel ore through a pyrometallurgical process, which requires high energy consumption. Although PTI currently generates most of the electricity used in their operations in their own power plants, some hydrological factors such as low rainfall are likely to negatively affect the production of PTI electric power plants, which may increase considerably the risk of increased costs or reduced production by PTI.

5.2 Policy for Management of market risks, including objectives, strategies and instruments.

Vale has developed its risk management strategy with the objective of providing an integrated view of risks to which it is exposed. To do this, it not only assesses the impact of interest rates, exchange rates, commodity prices and supplies and other costs on business results (market risk), but also the risk from the obligations assumed by third parties to the Company (credit risk) and those inherent to production processes (operational risk).

Traditional metrics for measuring market risk such as VaR (value at risk) are not sufficient to assess the different types of exposure of the Company, as in the case of Vale, the main goal is to avoid situations of financial distress such as a breach of covenants or, more directly, liquidity problems that make it difficult to honor future commitments. The Company manages the probability of breaking of covenants of its debt which could accelerate the payment of these as well as the likelihood of using additional credit lines in extreme conditions.

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In this context, the Company has an Executive Committee for Risk Management, whose powers are to issue an opinion on the principles and tools of risk management of the Company; and reporting to the Board periodically on the main risks to which Vale is exposed, among other information. For more information, see item 12 of this Reference Form.

a. Risks for which protection is sought

Vale conducts hedge operations with the goal of reducing the risk to commodity prices, foreign exchange, interest rates, costs, among others. These risks are detailed in item 5.2 c .

b. Asset protection strategy (hedge)

Integrated risk management, which incorporates the various types of risk, as well as the relations between the various market risk factors (correlations), seeks to assess the impact that such events would bring, considering the so-called hedges naturally occurring in the company s portfolio. Thus, in assessing the risk associated with Vale s business, one can observe the positive effect associated with the diversification of its portfolio of products and currencies. This diversification implies a natural reduction of risk levels for the company. Any strategy to mitigate risk, when necessary, will be implemented when it significantly contributes to reducing the volatility of cash flow beyond the levels initially observed and desired.

Hedge programs seek to reduce the volatility of cash flow and reduce the likelihood of breach of covenant.

c. Instruments used for asset protection (hedge)

Protection programs for market risk employed by Vale and their objectives are:

Protection program of loans and financing in reais: Items protected are secured debts tied to the Brazilian real as the goal of these programs is to transform the debt in BRS into debt in U.S. dollars and thereby achieve a currency balance offsetting receivables (which are basically tied to U.S. dollar) with Vale payments. The instruments used in these operations are swaps that convert the cash flows of debt indexed to the CDI and / or TJLP (long term interest rates) to U.S. dollars. In these operations, Vale pays fixed and / or floating rates in U.S. dollars and receives remuneration linked to the CDI and / or TJLP.

Currency cash flow hedge program: the ultimate goal of this program, according to the strategy of protecting the currency of Vale, is balancing exposure to the currencies of receivables with payments. The financial instruments used in these programs are swaps and / or non-deliverable forwards.

Protection Program for loans and financing in Euros: the hedged item is a debt tied to the Euro and the goal of this program is to transform the obligation originally in Euros to a requirement tied to the U.S. dollar, reaching a better balance of currencies to offset the receivables basically pegged to the U.S. dollar against payments by Vale. The instruments used in this program are swaps where Vale receives floating rates in Euro (Euribor) and pays remuneration linked to floating rates in U.S. dollars (Libor).

Exchange Protection program for selling coal at a fixed price: the goal is to reduce volatility of cash flows associated with sales contracts for coal at fixed prices in order to equalize the currencies of cost and revenue. To do so, Vale carries out forward operations to buy Australian dollars in order to equalize the cost and revenue currencies.

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Strategic Protection program for cash flow of aluminum: The objective of this program is to protect cash flow for the year 2010, whereby Vale carries out protection operations fixing the pricing of part of the sales of aluminum in the period. In this program, the Company used options and forwards contracts strategies.

Strategic Protection program for cash flow of nickel: The objective of this program is the protection of cash flows for the years 2010 and 2011, whereby Vale carries out protection operations fixing the pricing of part of the sales of nickel in the period. In this program, the Company used forwards contracts strategies.

Sales program for nickel at a fixed price: aiming to maintain its exposure to fluctuations in the price of nickel, the Company carries out derivative transactions to convert to a floating-price basis commercial nickel contracts with those clients seeking to fix the price. The operations are intended to ensure that prices for these sales are equivalent to the average price of the London Metal Exchange LME upon physical delivery to the customer. In this program, Vale used forward contracts.

Protection Program for purchase of fuel oil Bunker Oil: The objective of this program is to reduce the impact of fluctuations in the price of fuel oil (Bunker Oil) when procuring freight and hence reduce the volatility of Vale s cash flow. The operations were made by the contracting of future oil purchases.

Protection program for the contracting of freight charges: The objective of this program is to reduce the impact of price fluctuations of sea freight contracted to viabilize the sale of products in CIF Cost, insurance and freight and CFR Cost and freight modalities and hence reduce the volatility of the Company s cash flows. The transactions are made through FFA contracting Forward Freight Agreement (hedging transaction price for shipping).

d. Parameters used for managing those risks

Vale believes that risk management is essential to support its growth strategy and financial flexibility. The risk reduction with regard to future cash flows improves the Company s credit, facilitating access to various markets and reducing the cost of any borrowings. As a result, the Board established a policy of corporate risk management and an executive committee for risk management, to advise the Board on these issues.

The politics of corporate risk management determine that Vale regularly assess the risk associated with cash flow, as well as proposals for risk mitigation. As already highlighted, these, when necessary, will be implemented in order to reduce the risks in relation to the implementation of commitments made by the Company, both with third parties as to their shareholders.

The Board is responsible for the evaluation and approval of risk mitigation strategies that were recommended by the executive committee for risk management. The committee is responsible for issuing opinions on the principles and tools of risk management, as well as reporting regularly to the Executive Board on the process of managing and monitoring risks and on the major risks to which the Company is exposed, as well as the impact of these on cash flow.

e. If the Company uses various financial instruments with various objectives for asset protection (hedge) and what these goals are

The Company has no financial instruments with other goals than asset protection (*hedge*).

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f. Organizational structure for risk management control

The policy and standards for risk management, which complement the norms for corporate governance of risk management, provide for the diversification of transactions and counterparts and the prohibition of derivative transactions of a speculative nature.

Beyond the normative framework of risk management, Vale also has a corporate structure with well defined responsibilities. The recommendation and implementation of the operations are carried out by independent areas. It is the responsibility of the area of risk management to define and propose to the Executive Committee for Risk Management operations or measures to mitigate market risk consistent with Vale s strategy and its subsidiaries. It is the responsibility of the financial area to carry out the transactions involving derivatives contracts. The independence between areas ensures effective control over these operations.

g. Adequacy of the operational structure and internal controls to verify the effectiveness of the policy adopted

The monitoring and monthly assessment of Vale s consolidated position allow it to keep pace with the financial results and the impact on cash flow and ensure that the goals originally outlined are met. The fair value calculation of the positions is made available weekly for management monitoring.

Several areas act as compliance in the process of risk management: the back-office, part of the financial area, is responsible for confirming the financial characteristics of transactions as well as the counterparties with which the operations were performed. This area, along with the area of risk management also assesses whether the operations were performed according to approval given. As well as these areas, the area of internal controls and accounting work to ensure that transactions were contracted in accordance with the existing instruments of governance.

5.3 Compared to last fiscal year, an indication of significant changes in key market risks to which the Company is exposed or the risk management policy adopted

There were no events that significantly alter the main market risks to which the Company is exposed.

5.4 Other information that the Company deems relevant

There is no further relevant information about this item 5 .

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*6. **COMPANY HISTORY***

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6.1 Constitution of the Company
11.01.1943
6.2 Company Lifetime
Undetermined
6.3 Brief Company History
Vale was initially founded by the Brazilian Federal Government (Government of Brazil) on 01.06.1942, through Decree-Law No. 4352, and definitively on 11.01.1943, by the Assembly for the Definitive Constitution of the Companhia Vale do Rio Doce SA, in the form of mixed economy company, aiming to mine, trade, transport and export iron ore from the Itabira mines, and run the Vitória-Minas Railroad (EFVM), which carried iron ore and agricultural products from Vale do Rio Doce, in southeastern Brazil, to the port of Victoria, located in Espírito Santo.
The privatization process was initiated by the Company in 1997. Under Privatization Decree PND-A-01/97/VALE and the Resolution of the National Privatization Council CND paragraph 2, of 05.03.1997, the Extraordinary General Assembly approved on 18/04/1997 the issue of 388,559,056 participatory non-convertible debentures, with a view to guaranteeing its pre-privatization shareholders, including the Federal Government itself, the right to participation in revenues from Vale s and its subsidiaries mineral deposits, which were not valued for purposes of fixing the minimum price in the auction for the privatization of Vale. The Participatory Debentures were allocated to the shareholders of Vale in payment of the redemption value of preferred class B shares issued as bonus, in the proportion of one share owned by holders of class A common and preferred shares at the time, through the part capitalization of Vale s revenue reserves. The Participatory Debentures could only be traded with prior authorization of CVM, as of three months from the end of Secondary Public Offering of Shares under the privatization process.
On 06.05.1997 the privatization auction was held, when the Brazilian government sold 104,318,070 Vale common shares, equivalent to 41.73% of the voting capital for Valepar SA (Valepar), for approximately R$ 3.3 billion.
Later, under the terms of the Bid, the Brazilian government sold another 11,120,919 shares representing approximately 4.5% of the outstanding common shares and 8,744,308 class A preferred shares, representing 6.3% of class A shares in circulation, through a limited offer to the employees of Vale.
On 20.03.2002 a Secondary Public Offering of Shares issued by Vale was held, in which the Brazilian Government and the National Bank for Economic and Social Development (BNDES) each sold 34,255,582 Vale common shares. The demand by investors in Brazil and abroad was substantial, exceeding supply by about three times, which led to the sale of the entire batch of 68,511,164 shares. A portion of about 50.2% was posted in the Brazilian market and the remainder was sold to foreign investors. Later, on 04.10.2002, the proper certification of the Participatory Debentures was obtained from CVM, the Securities Commission, allowing their trading on the secondary market.
The following describes the most significant historical events in the history of the Company since its incorporation:
1942
President Getulio Vargas, by Decree-Law nº 4352 of 01.06.1942, sets out the basis on which Companhia Vale do Rio Doce SA would be organized. By Decree-Law, the Brazilian Company for Mining and Metallurgy and Mining Company Itabira would be expropriated.
1943
Vale is constituted on 11.01.1943, as mixed economy company, pursuant to Decree-Law nº 4.352/42.
Listing of Vale shares on the Rio de Janeiro Stock Market (BVRJ) in October 1943.
1944
First business with Vale shares on the BVRJ occurred in March 1944.
1952
The Brazilian Government takes definitive control of Vale s operational system.
1953
First shipment of iron ore to Japan
1954
It revises its business practices abroad, and proceeds to contact directly steel mills, without the intermediation of traders.

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1962

Signed long-term contracts with Japanese and German steel mills.

1964

Opening of Vale s first office outside of Brazil in Dusseldorf, Germany.

1966

Opening of the Port of Tubarão, in Vitória, in Espírito Santo, which is connected to the iron ore mines by the Vitoria a Minas Railroad.

1967

Geologists of the Southern Mining Co., a subsidiary of United States Steel Corp. (U.S. Steel), record the occurrence of iron ore in Carajás, Pará State.

1968

Vale shares become part of the IBOVESPA index.

1969

Inauguration of Vale s first Pellet Plant in Tubarão, in Espírito Santo, with capacity for 2 million tons / year.

1970

Agreement makes Vale the majority shareholder of the Carajas venture in Para State, along with U.S. Steel.

1972

Vale signs agreement with Alcan Aluminum Ltd. of Canada for a project to mine bauxite in the Rio Trombetas, where Mineração Rio do Norte (MRN) was set up.

1974

It becomes the largest exporter of iron ore in the world, with 16% of seaborne iron ore market.

1975

For the first time, Vale issues bonds in the international market, worth 70 million marks, with the intermediation of Dresdner Bank.

1976

Decree No. 77.608/76 grants Vale the concession to construct, use and operate the railroad between Carajás and São Luís, in Pará and Maranhão states, respectively.

1977

Vale announces priority for the Carajas Project, in order, from 1982, to start the export of iron ore through the Port of Itaqui (MA).

1979

Beginning of the effective implementation of the Carajás Iron Ore Project, adopted as the main goal of Vale s business strategy.

1980

Federal Government approves the Carajas Iron Project and gives financial backing.

1982

With the start of Valesul Aluminio SA in Rio de Janeiro operations, Vale joins the aluminum sector and helps to reduce imports of the metal into Brazil.

1984

Inauguration of Vale office in Japan.

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1985

On February 28, the Carajás railroad (EFC) was inaugurated and handed over to Vale.

Inauguration of the Carajás Iron Ore Project, which increases the productive capacity of the company, now organized in two separate logistic systems (North and South).

1986

Start of operation of the Port Terminal of Ponta da Madeira, in São Luís in the state of Maranhao.

1987

The EFC begins operating on a commercial scale.

1989

Implementation of the Profit Sharing Program for Vale employees.

1994

In March, Vale launches its program for *American Depositary Receipts* (ADR) Level 1, negotiable on the OTC market of the United States.

1995

Vale is included in the National Privatization Program by Decree No. 1510 of June 1, signed by the President.

1996

On October 10, the National Privatization Council (CND) approves the model for privatization of Vale.

1997

BNDES releases on March 6, the terms of the bidding for the privatization of VALE.

On April 18, Vale issues 388,559,056 Participatory Debentures that can only be traded with prior authorization of the CVM, as of three months from the end of Secondary Public Offering of Shares under the terms of the privatization process.

On May 6, Vale is privatized in an auction held at the Stock Exchange of Rio de Janeiro. Valecom consortium, put together by the Votorantim Group, and the Brazil Consortium, led by Companhia Siderurgica Nacional (CSN) took part in the auction. The Brazil Consortium buys 41.73% of common shares of VALE for US$ 3,338 million at present-day values.

1998

In the first year after privatization, Vale reaches 46% growth in profit over 1997.

1999

It has the largest profit in its history so far: US$ 1.251 billion.

2000

On February 2, Vale opened the Container Terminal of the Port of Sepetiba.

In May, Vale acquires Mineração Socoimex S.A.and S.A. Mineração da Trindade (Samitri), companies producing iron ore, initiating the consolidation of the market for Brazilian iron ore.

On June 20, Vale announced the listing of its *American Depositary Receipts* (ADRs), representing preferred shares of the Company on the Stock Exchange of New York (NYSE) in a DR Level II program approved by the CVM.

On August 31, the Extraordinary General Meeting approved the merger of a wholly owned subsidiary Mineração Socoimex S.A, without issuing new shares, aiming to add to the assets of the Company the Gongo Soco mine, with reserves of high grade hematite in the iron quadrangle in Minas Gerais.

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2001

In February, the Board of Directors of Vale authorizes the start of the process of divesting its holdings in the sector of pulp and paper.

On February 19, the shares of S.A. Mineração da Trindade (Samitri) are incorporated by Vale, with no increase of capital and without issuing new shares, by using shares held in treasury, as authorized by the CVM.

In March, shareholdings involving Vale and CSN are unwound.

In April, Vale acquires 100% shareholding in Ferteco Mining SA, the third largest producer of iron ore in Brazil at the time.

In October 2001, the General Assembly of Shareholders approved the incorporation of wholly owned subsidiary Samitri, without issuing new shares and with no capital increase in Vale, in line with guidelines for administrative and financial streamlining.

2002

In March, the pellet plant in Sao Luis, in Maranhão state, is officially opened.

On March 21, the comprehensive sale offer of 68,511,164 Vale common shares owned by the Brazilian Government and BNDES was concluded, of which approximately 50.2% was posted in the Brazilian market and the remainder sold to outside investors. The selling price in Brazil was R$ 57.28 per share and abroad US$ 24.50 per ADR.

Vale common shares start to be traded on the NYSE in the form of ADRs.

The Company s common shares also start to be traded on the Madrid Stock Exchange Latibex.

The foundation stone of the Sossego Copper Project, State of Pará, is laid

In October 2004, VALE obtains from the CVM registration of Publicly Traded Participatory Debentures.

On December 16, the General Assembly of Shareholders approved Vale s Dividend Policy in order to increase both transparency and financial flexibility, taking into account the expected path of the Company s cash flow.

On December 27, the Extraordinary General Meeting approved the Amendment to the Bylaws in order to (i) expand the Company s activities in energy and logistics, (ii) adjust the Statutes to the new rules introduced by Law No. 10303 of 10/31/2001 and (iii) introduce the principles of best corporate governance practices.

2003

On February 14, Vale completes the acquisition of 100% stake in Elkem Rana AS (Rana), a Norwegian producer of ferroalloys, for the price of US$ 17.6 million.

On March 31, Vale acquires 50% stake in Caemi Mineracao e Metalurgia SA (Caemi) for US$ 426.4 million.

On August 29, Vale incorporates the wholly owned subsidiaries Celmar SA Indústria de Celulose e Papel SA and Ferteco Mining

On November 7, Vale completes the restructuring of shareholdings in logistics companies, which was aimed at the elimination of the relationship between Vale and CSN in the shareholding structure of the Ferrovia Centro-Atlantica SA (FCA), Companhia Ferroviária do Nordeste (CFN) and CSN Aceros S.A. (CSN Aceros).

On December 12, Vale adheres to Level 1 of the Program for Differentiated Corporate Governance Practices established by the BM&F Bovespa Exchange.

Continuing the process of simplifying its operating structure, on December 30, Vale incorporates the following wholly owned subsidiaries: Rio Doce Geologia e Mineração S.A. Docegeo (Docegeo), Mineração Serra do Sossego S.A. (MSS), Vale do Rio Doce Alumínio S.A. Aluvale (Aluvale) and Mineração Vera Cruz S.A. (MVC).

2004

On July 02, the Sossego mine opens, the first copper mine in Brazil, in the State of Pará. This project, completed in record time.

In November Vale wins an international bidding for coal mining in the Moatize region of northern Mozambique.

In December, Vale signed a memorandum of understanding with ThyssenKrupp Stahl AG (ThyssenKrupp) for the construction of an integrated steel slab plant with a capacity of 5 million tons in the State of Rio de Janeiro.

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2005

Vale is the first Brazilian company to achieve a risk score greater than the host country and the only one to have this recognition for three different rating agencies: ie Investment grade, given by Moody s, and confirmed by Standard & Poor s and Dominion Bond.

In July, Vale signs an agreement with two Australian mining companies to carry out studies to exploit the Belvedere Underground Coal Project, located in the State of Queensland, Australia.

On September 22, it launches *Vale Investir*, a program that allows investors to automatically reinvest Brazilian funds from shareholders payments dividends and / or interest on capital to buy shares of the Company.

In November, Vale agrees to acquire a minority stake in Ceara Steel, a steel slab project aimed at exporting from the state of Ceará, with a nominal capacity of 1.5 million tons of slabs per year.

The Company consolidates its entry into the copper concentrate industry, with the first full year of operation of the Sossego Mine and sales to 13 customers in 11 different countries.

In the last quarter of 2005, Vale acquires 99.2% of Canico Resources Corp. (Canico), which owns the lateritic nickel project Onça Puma, located in Para State, for approximately US$ 800 million.

2006

In January, Vale acquires mineral resources, land and mining equipment from the Rio Verde Mineração (Rio Verde) for US$ 47 million.

In February, the acquisition of all shares of Canico is completed, these being removed from trading on the Toronto Stock Exchange.

In March, it inaugurated the expansion of production capacity is inaugurated of alumina refinery Alunorte

Alumina do Norte do Brazil SA (Alunorte), located in Barcarena in the state of Pará

On May 3, Vale completes incorporation of shares of Caemi, now holding 100% of the shares.

On July 3, Vale buys 45.5% stake in Valesul Aluminio SA and now owns 100% of the shares.

On August 11, the Company announces that it intends to offer to acquire all common shares of Inco Limited (Toronto Stock Exchange TSX Stock Exchange and New York NYSE under the symbol N) (Inco). The offer is consistent with long-term corporate strategy and strategy for the non-ferrous metals business of Vale.

In the third quarter, Vale divided the administration of former Southern System for production and distribution of iron ore into two departments: the Southeastern System and the Southern System, and began to report production separately for each system.

In September, Mineracoes Brasileiras Reunidas SA MBR (MBR) buys 25% stake in a joint venture, Zhuhai YPM, to build a new pellet plant in Zhuhai, in the region of Guandong, China.

On October 5, Vale opens the Brucutu Project, the largest mine / plant complex in the world for initial production capacity of iron ore, located in São Gonçalo do Rio Abaixo in Minas Gerais.

On October 26, Vale concludes the financial settlement of a major part of the acquisition of Canadian miner Inco Ltd., the second largest nickel producer in the world, effecting payment of US$ 13.3 billion for the purchase of 174,623,019 shares issued by Inco. On November 6, Vale joined the control group of Usiminas steel company in Minas Gerais (Usiminas).

2007

In January, Vale completed the expansion of iron ore production capacity in Carajás, which now reaches 100 million tons per year.

On January 30, the acquisition of Inco (now Vale Inco Limited) is ratified at Vale Extraordinary General Meeting. The nickel business is now managed from Toronto as well as activities related to marketing and sales of metals. With the completion of its acquisition of Inco, Vale becomes the second largest mining and metals company in the world by market value.

On February 16, Vale announces secondary public offering of shares of Log-In Logistica Intermodal SA (Log In).

On February 26, Vale signs a sale and purchase agreement to acquire Australian AMCI Holdings Australia Pty (AMCI), which operates and controls coal assets through holdings in joint ventures.

In March 2007, Vale acquires an 18% stake in Ferro-Gusa Carajás S.A. (FGC), which belonged to Nucor do Brasil S.A for 20 million dollars, and now holds a 100% stake in FGC.

In May, Vale signs a usufruct contract, and now controls the entire capital of the MBR, for the following 30 years.

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On May 2, Vale signs a freight contract for 25 years with Bergesen Worldwide (B.W. Bulk), which provides for the construction of the four largest bulk carriers in the world, each with a capacity of 388 thousand tons.

On June 28, the Government of Mozambique approved the mining contract for the operation, by Vale, of the Moatize coal project in the province of Tete in the northwest of the country.

On August 30, shareholders meeting at an Extraordinary General Meeting, ratify the acquisition of control of AMCI Holdings Australia by the Company.

On November 29, Vale begins to use the brand Vale in all countries where it operates and at the same time takes on a new global identity.

On December 21, Vale signs an agreement for commercial exploitation for 30 years of 720 km of the Norte-Sul railroad (FNS).

2008

In the first half of 2008, Vale launches operations to increase capacity in the production of pellets in Samarco, a (50% -50%) joint venture with BHP Billiton in the Brazilian State of Espirito Santo.

Vale leases three pellet plants in the Tubarão complex, in Vitória (ES), owned by the JV s in which it participates (Itabrasco, Kobrasco and Nibrasco).

On May 5, Vale signs a sale and purchase agreement to acquire the mining and surface rights in the municipalities of Rio Acima and Caeté (MG).

In July, Vale makes a global offering of 256,926,766 ordinary shares and 189,063,218 preferred shares, including ADSs, in order to promote investment and strategic acquisitions as well as maximizing the financial flexibility of the Company. The aggregate value of Vale s global offer, after underwriting discounts and commissions, including the values of the exercise of further stock options, was US$ 12.2 billion. In August, exercising the option of complementary lot, Vale issues 24,660,419 class A preferred shares.

In connection with the offer above, Vale lists and trades its common and preferred ADSs on Euronext Paris.

On August 3, Vale orders the building of 12 large ships for carrying iron ore, buys used vessels and signs long term freight contracts. The total investment was US$ 1.6 billion for the construction of new ships and US$ 74 million for the purchase of used ships.

On August 14, Vale announces its intention to invest in building a new steel plant in Marabá in Para State, with an annual production capacity of 2.5 million metric tons of semi-finished steel.

On October 31, Vale announces a reduction in its rate of production of iron ore, pellets, nickel, manganese, ferro-alloys, aluminum and kaolin, in the face of the impact of global economic crisis on the demand for minerals and metals.

On December 16, Vale signs with African Rainbow Minerals Limited (ARM) and its subsidiary TEAL Exploration & Mining Incorporated (TEAL) a contract providing for operations in the copper business, for CAD $ 81 million.

On December 23, Vale signs a sale and purchase agreement to acquire 100% of the coal exporting assets of Cementos Argos SA (Argos) in Colombia for US$ 300 million.

2009

On January 30, Vale signs with Rio Tinto plc (Rio Tinto) a sale and purchase agreement for the acquisition, through cash payment, of iron ore and potash assets.

On March 24, Vale completes the previously announced transaction, and creates a 50:50 joint venture with ARM for future development and operation of the assets of TEAL Exploration & Mining Incorporated (TEAL), expanding in December 2008 the strategic options for growth in the copper business in Africa.

On March 27, Vale initiates the construction of the Moatize project, in Tete province, Mozambique. The project involves investments of US$ 1.3 billion and has a nominal production capacity of 11 million metric tons (Mt) of coal, comprising 8.5 Mt of metallurgical coal and 2.5 Mt of thermal coal.

On April 1, the Company concluded the acquisition of the assets of export thermal coal with Argos in Colombia.

On April 16, Vale completes the sale of all of its 14,869,368 common shares issued by Usiminas and linked to the steel mill s existing shareholders agreement.

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On May 21, the Board of Directors of Vale approve the revised 2009 investment budget for US$ 9.035 billion as compared with the US$ 14.235 billion announced on October 16, 2008.

On May 22, the Extraordinary General Meeting of Vale approves the proposal to change its name from Companhia Vale do Rio Doce SA to Vale SA

On June 23, Vale launches a project to produce biodiesel to fuel its operations and projects in northern Brazil, from 2014, using palm oil as feedstock, which will be produced by a consortium between Vale and Biopalma Amazonia SA (Biopalma).

On July 13, the Company announces that its unionized employees in Sudbury and Port Colborne in Ontario, Canada, are on strike. The same happens on the 1st of August, with the unionized employees of its operation in Voisey s Bay in the province of Newfoundland and Labrador, Canada.

On July 22, Vale signs a memorandum of understanding (MOU) with ThyssenKrupp to raise its stake in ThyssenKrupp CSA Siderurgica do Atlantico Ltda. (TKCSA) from 10% to 26.87% through a capital injection of EUR $ 965 million.

On September 18, Vale completes the acquisition of the operations of iron ore in Corumbá, located in Mato Grosso do Sul, owned by Rio Tinto PLC (Rio Tinto) and other controlled entities.

On October 19, the Board of Directors of Vale approves the investment budget for 2010, including expenditures of US$ 12.9 billion dedicated to sustaining existing operations and promoting growth through research and development (R & D) and project execution.

6.4 Date of registration with the CVM

Vale was registered with the CVM in 02.01.1970 under CVM code No. 00417-0.

6.5 Major corporate events such as takeovers, mergers, stock acquisitions, divestitures and acquisitions of corporate control, acquisitions and divestitures of important assets, which the Company or any of its subsidiaries or affiliates have gone through over the past three fiscal years [1][1]:

2007

Acquisition of Inco Limited

In January 2007, Inco Limited (currently Vale Inco) became a subsidiary of Vale through an amalgamation operation, concluding the acquisition process started in October 2006 when Vale acquired 75.66% of the outstanding common shares through public offer and subsequent delisting of the company. The total cost was US$ 18,931 million, the same having been duly ratified at the Extraordinary General Meeting held on 30/01/2007.

Acquisition of controlling interest of AMCI Holdings Australia Pty (AMCI)

In April 2007, Vale completed the acquisition of the entire share capital of AMCI Holdings Australia Pty (now Vale Australia) for approximately US$ 1.328 billion at the time of payment. Vale Australia is a privately held company headquartered in Australia, which operates coal assets indirectly through participation in joint ventures. That acquisition was duly ratified by the Extraordinary General Meeting held on 30.08.2007.

Vale participation was equivalent to a nominal production capacity of 8 million tons of coal (mainly metallurgical coal) and reserves of 103 million tons.

Acquisition of the remaining interest in MBR

On 02.05.2007, Vale increased its indirect stake in Minerações Brasileiras Reunidas SA-MBR (MBR), a company which owns iron ore assets of high quality. Vale s direct participation in the capital of MBR is 49%. The other 51% belong to Empreendimentos Brasileiros SA Mining EBM (EBM). Until May 2007, Vale s participation in EBM was 80% of the capital, when Vale acquired an additional 6.25% of the capital of EBM and signed a usufruct deal for the remaining 13.75% of the capital of EBM, ensuring control of MBR decisions for the next 30 years. The acquisition cost of EBM shares was US$ 231 million (equivalent to US$ 467 million on the date of disbursement) in cash, and for the usufruct contract, Vale made the payment of an entry in the amount of US$ 61 million (equivalent R$ 116 million on the date of disbursement), and undertook to pay 29 annual installments of US$ 48 million each.

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Usinas Siderurgicas de Minas Gerais SA (Usiminas)

On 07.05.2007, Vale sold part of its stake in Usiminas in a secondary public offering of common shares of Usiminas, held in conjunction with the Caixa de Previdência dos Funcionários do Banco do Brasil (Welfare Fund for Staff of the Bank of Brazil) PREVI. Under the offer, Vale sold 13,802,499 shares, of which 14,676 shares in the form of global depositary shares (GDS), having received the total amount of R$ 1,475.5 million, equivalent to the price of R$ 110.00 per common share and US$ 54.36 per GDS, defined according to the book building procedure for collection of an intention to invest made in the course of the offer.

The offer consisted, initially, of the distribution of 12,034,078 shares held by Vale, but the Company granted an option to the lead coordinator of the offering to distribute up to 1,805,112 additional shares under the same conditions and stock price initially offered, to meet any excess demand. The coordinator partially exercised the option, buying an additional 1,768,421 shares.

Subsequently, in April 2009, Vale completed the sale of all of its remaining 14,869,368 common shares issued by Usiminas linked to the existing shareholders agreement of Usiminas, representing 5.89% of common shares and 2.93% of total share capital of Usiminas, to a group of current shareholders of Usiminas (Camargo Corrêa, Mitsubishi Corporation, Nippon and Votorantim). The price was R$ 40.00 per Usiminas common share and the transaction amounted to R$ 594.7 million in cash. With the completion of the transaction, Vale ceased to have any participation in Usiminas.

IPO Log-In Logística Intermodal Logistics Ltd (Log-In)

On 25.07.2007, the public offering of 59,526,081 common shares, nominative, without par value, issued by Log-In was closed. It comprised the primary distribution of 31,111,110 new shares and a secondary distribution of 28,414,971 shares owned by Vale, at a price of R$ 14.25 per share (Distribution Price per Share), with the Supplementary Stock Option as defined below already included. On July 17, 2007 Lead Coordinator exercised, in its entirety, the option that was granted by Log-In and Vale for the subscription of a further block of 7,259,277 common shares of Log-In, including 4,057,970 new supplementary shares issued by Log-In and 3,201,307 shares supplementary owned by Vale, which were distributed at the Distribution Price per Share. Considering the shares and the supplementary shares, the total value of the Offer was: R$ 848,246,654.25. With the completion of the Offer, Vale s participation in Log-In went to 31.3% of capital stock and the Log-in shares with voting rights. Currently, Vale shares an agreement with Mitsui & Co., as to the appointment of board members of Log-In.

Lion Ore Mining International

On 18.07.2007, Vale sold its minority stake in Lion Ore Mining International, a Canadian company that operates in the nickel sector, for US$ 105 million (equivalent to R$ 197 million on the date of receipt.)

Acquisition of blocks for gas exploration

On 27.11.2007, Vale won an auction bid for nine blocks for gas exploration in different regions of Brazil, for R$ 31 million in cash in an auction sponsored by the National Agency for Petroleum, Natural Gas and Biofuels (ANP). Vale s participation in the auction for gas exploration aimed to meet their needs for energy consumption.

In the Santos basin, Vale won an auction for three shallow water blocks: (1) SM-791 and SM-792 through Vale consortium (30%), Petrobras (40%) and Maersk Oil (30%), and (2) SM-731 through Vale consortium (40%) and Petrobras (60%).

In the Para basin Maranhão, the Company won an operating license in four blocks in shallow water - PAMA-M187, PAMA-M188, PAMA-M222, PAMA-M223 through Vale consortium (30%), Petrobras (40%) and Ecopetrol SA (30%).

In the Northeast, in the Parnaiba basin, Vale knocked down two blocks, PN-T66 and PN-T86, through Vale consortium (20%), Petrobras (40%) and Devon Energy Corporation (40%).

Norte-Sul Railroad Concession

On 27.12.2007, Vale, through its subsidiary Ferrovia Norte Sul S.A., signed a sub-concession contract for commercial exploitation for 30 years of 720 km of the South of the Norte-Sul Railroad, including the railway line which will link Açailândia in the state of Maranhao, to Palmas in Tocantins state. Vale will pay about R$ 1.478 billion for the right to operate this stretch. In December 2007, Vale made the payment of the first tranche of R$ 739 million, equivalent to 50% of the total price of the sub-concession. The second tranche, amounting to 25% of the total price of the

sub-concession was US$ 216 million (equivalent to approximately R$ 462 million on the date of disbursement). The final installment will be paid at the end of last stretch to be delivered, updated by IGP-DI to date of payment. Additionally, Vale will invest R$ 66 million in the railway infrastructure (signage, workshops, petrol stations etc.) by 2010. This project will create a new corridor for the transport of general cargo, mainly for the export of soybeans, rice and corn produced in north-central Brazil. In 2009, the FNS received its registration as a public company.

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2008

Jubilee Mines

On 12.02.2008, Vale sold its minority stake in Jubilee Mines, a nickel producing company in Australia, for US$ 130 million (R$ 232 million on the date of receipt).

Incorporation of Ferro Gusa Carajás S.A. (FGC) and Mineração Onça Puma S.A. (MOP)

In 29.04.2008 and 29.12.2008 respectively, the incorporation of wholly owned FGC and MOP by Vale was approved, without issuing new shares and with no change in the capital of Vale. The asset values of FGC and MOP were evaluated, on 03/28/2008 and 28/11/2008 respectively, by Deloitte Touche Tohmatsu and ACAL Consulting and Audit S / S, for R$ 386,733,909.42 and R$ 2,916,326.00 respectively. The incorporations were intended to strengthen the strategic positioning of Vale to simplify and streamline administrative and financial operations.

Acquisition of Mining Rights of Mineração Apolo

On 05.05.2008 we acquired mining and surface rights belonging to Apolo in the municipalities of Rio Acima and Caeté, state of Minas Gerais. The total cost of acquisition, which added to Vale resources estimated at 1.1 billion metric tons of iron ore, was US$ 154.3 million (equivalent to R$ 255.8 million at the date of disclosure of acquisition), of which US$ 9.3 million (equivalent to R$ 15.4 million on the date of disclosure of the acquisition) was paid as a purchase option in May 2005 and US$ 145 million (equivalent to R$ 240.4 million at the date of disclosure of the acquisition) in 2008.

Global Offering

On 05.08.2008, Vale a held Primary Public Offering (recorded under Nº CVM/SRE/REM/2008/010) of 256,926,766 common shares and 189,063,218 preferred class A shares, all nominative, without par value issued by Vale, including in the form of American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs), at the price of R $ 46.28 per common share and US$ 29.00 or 18.25 per ADS ordinary, and at R$ 39.90 per class A preferred share and US$ 25.00 and 15.74 per ADS or preferred, totaling R$ 19,434,193,128.68. Under the International Offering were placed 63,506,751 preferred class A shares and 80,079,223 common shares in the form of ADSs represented by ADRs. The total number of shares contemplated in the Offer, also included 24,660,419 Class A preferred shares issued by Vale in respect of the exercise of the Supplementary Lot Option by the Lead Coordinator of the Offer, this option having been granted under Article 24 of CVM Instruction 400.

The implementation of the Global Offer, its terms and conditions and the capital increase for Vale were authorized at Vale Board meetings held on June 12, 2008, July 1, 2008, July 17, 2008 and August 5, 2008 and setting of the price per share was approved at a meeting of Vale Board held on July 16, 2008 and the issuance of shares for the Supplementary Lot Option was approved at a meeting of Vale Board held on August 5, 2008.

There was no significant impact on equity as the Global Offering was pulverized.

2009

Acquisition of potash assets

On 30.01.2009, Vale signed with Rio Tinto plc (Rio Tinto) a contract of sale and purchase for the acquisition, on a cash basis, of potash assets. The assets, purchased for US$ 850 million (equivalent to approximately R$ 1.995 billion at the time of payment), represented 100% of the Colorado River project, located in the provinces of Mendoza and Neuquen, Argentina, and 100% of the Regina project, Province of Saskatchewan, Canada. The Rio Colorado project includes the development of a mine with an initial production capacity of 2.4 Mtpy of potash (potassium chloride, KCl) and potential for expansion up 4.35 Mtpy, with construction of a railway branch of 350 km, port and power-station. The estimated mineral resources amount to 410 Mt. Regina is at the exploration stage, with potential for an estimated annual production of 2.8 Mt of KCI. The project area includes infrastructure for water supply, energy and logistics services, allowing the transport of the final product to Vancouver on the west coast of Canada, which will facilitate access to the Asian market.

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Acquisition of copper mining assets in Africa

On 24.03.2009, Vale finished creating a 50:50 JV with African Rainbow Minerals Limited (ARM) for the development and operation of the copper assets of TEAL Exploration & Mining Incorporated (TEAL), expanding the strategic options for growth in the business in Africa. The operation involved a series of stages through which Vale has acquired a 50% stake in the subsidiaries of TEAL for CAD $ 81 million (equivalent to R$ 139 million on the date of payment), as well as an offer to close the TEAL s own capital held by ARM at a price of CAD $ 3.00 per share in cash. As a result of this transaction, the assets of TEAL are owned directly or indirectly by the new joint venture controlled by Vale and ARM.

Acquisition of coal assets in Colombia

On 01.04.2009, Vale completed the acquisition of the coal mining assets of Cementos Argos SA (Argos) in Colombia for US$ 306 million (equivalent to R$ 695 million on the date of payment), including the coal mine El Hatillo, located in the department of Cesar, a coal deposit in the exploration stage, Cerro Largo, a minority stake in the Fenoco consortium, which holds the concession and operation of the railroad that links the coal operations to the Rio Cordoba port - SPRC, and 100% of the concession for this port, which is located on the Caribbean coast in the department of Magdalena. As Colombia is the third largest exporter of thermal coal of high quality in the world, given the low sulfur content and high calorific value, Vale aims to build a new platform for coal assets in the country in order to expand their options for growth in this segment. The acquired assets will be managed by its subsidiary Vale Coal Ltd. Sucursal Colombia (Vale Columbia).

Acquisition of iron ore assets

On 18.09.2009, Vale completed the acquisition on a cash basis of the Corumbá iron ore operations, located in Mato Grosso do Sul, owned by Rio Tinto plc (Rio Tinto) and other controlled entities, for US$ 750 million (equivalent to R$ 1.473 billion at the time of payment). The iron ore assets represent 100% of the mining operations of iron ore open pit of Corumbá, in Mato Grosso do Sul, Brazil, and logistics assets, including port and river barges. The logistics assets enable Vale to be 70% self-sufficient in the transportation of iron ore on the Paraguay River.

Increased participation by ThyssenKrupp CSA Siderurgica do Atlantico Ltda. (TKCSA)

On 21.09.2009, Vale concluded an agreement with ThyssenKrupp Steel AG (ThyssenKrupp) to increase its 10% stake in CSA to 26.87% through a capital contribution of EUR $ 965 million (equivalent to R$ 2.532 billion at the time of payment). By the end of 2008, capital contributions to CSA resulted in the payment by Vale of US$ 478 million (equivalent to R$ 930 million on the date of payment). CSA is building an integrated steel slab mill, with a nominal capacity of five million metric tons of slab steel per year in Rio de Janeiro. Production start is planned for the first half of 2010. As a strategic partner of ThyssenKrupp, Vale is the sole and exclusive supplier of iron ore to CSA.

Sale of Assets of nickel

As a result of the strategic review of operations of nickel, Vale sold its indirect participation in International Metals Reclamation Company, Inc. (Inmetco) on 31.12.2009 for US$ 34 million (equivalent to R$ 59 million) and 65% of Jinco Nonferrous Metals Co., Ltd (Jinco) on 09.12.2009 for US$ 6.5 million (equivalent to R$ 11 million). Inmetco, formerly a wholly owned subsidiary of Vale Inco in Ellwood City, Pennsylvania, USA, is dedicated to the recycling of nickel, chromium and other metal by-products generated by the production of stainless steel and specialty metals. Jinco operates Chinese nickel facilities and produces nickel sulfate and nickel chloride. That same month, Vale entered into agreements to sell its stake of 76.7% in Inco Advanced Technology Materials (Dalian) Co. Ltd., (Iatm-D) and 77% of Inco Advanced Technology Materials (Shenyang) Co. Ltd. (Iatm-S), which operates manufacturing facilities for nickel foam in China for US$ 7 million to partners of the remaining shareholders. Due to the above transactions, Vale no longer has any equity interest in Inmetco, in Jinco, or Inco Advanced Technology Materials Dalian and Shenyang.

2010

Incorporation of the Sociedade de Mineração Estrela de Apolo S.A. (Estrela de Apolo) and Mineração Vale Corumbá S.A. (Vale Corumbá)

On 22.01.2010 Vale approved the incorporation of its wholly owned subsidiaries Estrela de Apolo and Vale Corumbá, without issuing new shares and with no change in Vale capital, at their respective book asset value, with the release of their assets to Vale. According to the Appraisal Reports, produced by Domingues e Pinho Accountants on 31.10.2009,

the asset value of *Estrela de Apolo* was R$ 4,160.00 and R $ 354,766,285.89 for Vale Corumbá. The main objective of the incorporations was to simplify corporate structure and optimize resources and costs.

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Disposal of minority interests in Bayóvar

On 31.03.2010, Vale signed an agreement with The Mosaic Company (Mosaic) and Mitsui & Co. Ltd. (Mitsui), for the sale of minority stakes in the Bayovar phosphate rock project found in Peru, through a newly created company that will manage and operate the project. Subject to the terms and conditions set forth in the definitive agreement to purchase shares, Vale agreed to sell 35% of total capital to Mosaic for US$ 385 million and 25% of total capital to Mitsui for US$ 275 million. Upon completion of these transactions, Vale will maintain control of the Bayóvar project, with 51% of the voting capital and 40% of the total capital of the new company.

The transaction is subject to finalization of the shareholders agreement and the definitive marketing agreements between the parties, and some relevant government approvals and other customary conditions.

Acquisition of iron ore deposits (Simandou)

On 30.04.2010, Vale acquired from BSG Resources Ltd. (BSGR) a 51% stake in BSG Resources (Guinea) Ltd., which holds concessions for iron ore in Guinea, Simandou South (Zogota) and exploration permits for Simandou North (Blocks 1 & 2). Vale will pay US$ 2.5 billion for the acquisition of these assets, of which $ 500 million cash (equivalent to R$ 865 million on the date of payment), and the remaining US$ 2 billion in tranches subject to the achievement of specific milestones.

The joint venture between Vale and BSGR will implement the Zogota project and conduct feasibility studies for Blocks 1 & 2, with the creation of a logistics corridor for the flow of materials through Liberia. For the right to move goods through Liberia, the joint venture is committed to renew 660 km of the Trans-Guinea railway for passenger and light cargo. Vale will be responsible for asset management, marketing and sales of the joint venture with the exclusive off-take of the iron ore produced.

Acquisition of assets of fertilizer

On 27.05.2010, Vale completed the acquisition through its subsidiary Mineração Naque S.A., of a direct and indirect stake of 58.6% in the capital of Fertilizantes Fosfatados S.A. Fosfertil (Fosfertil) a company listed on the BM&F Bovespa exchange and the largest Brazilian producer of fertilizer nutrients and the Brazilian fertilizer assets of Bunge Participacoes e Investimentos SA (BPI) for a total of US$ 4.7 billion. Of this amount, US$ 3.0 billion (equivalent to R$ 5.5 billion at the time of payment) relates to a direct and indirect stake of 58.6% in the capital of Fosfertil, which represents 72.6% of common shares and 51.4% of the preferred shares of Bunge Fertilizantes S.A., Bunge Brasil Holdings B.V., Yara Brasil Fertilizantes S.A. (Yara), Fertilizantes Heringer S.A. (Heringer) and Fertilizantes do Paraná Ltda. (Fertipar) equivalent to a price per share of US$ 12.0185. The remaining US$ 1.7 billion (equivalent to R$ 3.1 billion at the time of payment) is attributable to the acquisition of BPI s Brazilian fertilizer asset portfolio, which includes mining of phosphate rock and phosphate production units but does not include distribution / retail operations.

Under Brazilian corporate law and the norms of the capital market, Vale will hold a mandatory tender offer to be filed with the CVM, the Securities Commission to acquire 0.19% of common shares held by Fosfertil minority shareholders at a value of US$ 12.0185 per share, converted into Brazilian reais, the same price paid to other shareholders of Fosfertil.

Additionally, Vale retains a purchase option agreement with The Mosaic Company (Mosaic), which gives us the option to acquire the direct and indirect interests of Mosaic in Fosfertil, accounting for 27.27% of common shares and 16.65% of preferred shares and 20.27% of the share capital of Fosfertil, for US$ 1,029,811,129.77, at a price per share of US$ 12.0185. This transaction should be completed in the near future.

Restructuring the aluminum assets portfolio

On 02.05.2010, Vale signed an agreement with Norsk Hydro ASA (Hydro), to transfer all its shares in Albras Aluminum Brasileiro SA, (Albras) Alunorte Alumina do Norte do Brazil SA (Alunorte) and Companhia de Alumina do Pará (CAP) together with their respective exclusive rights and existing commercial contracts for US$ 405 million in cash and a certain amount of Hydro common shares. After a share offering to be held in future by Hydro, the number of shares will represent a 22% stake in Hydro s capital. In addition, Hydro will assume net debt of US$ 700 million.

As part of this transaction, Vale will create a new company, Bauxite JV, and transfer the Paragominas bauxite mine and all its other bauxite mining rights in Brazil to Bauxite JV. When the transaction is completed, Vale will sell 60%

of Bauxite JV to Hydro for US$ 600 million in cash. The remaining portion of 40% will be sold in two equal tranches of 20% in 2013 and 2015, for US$ 200 million in cash each.
The transaction is subject to approvals of governmental authorities and other customary conditions.

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Increased participation in Belvedere

On 01.06.2010, Vale acquired from AMCI Investments Pty Ltd (AMCI) for US$ 92 million (equivalent to R$ 168 on the date of payment) an additional share of 24.5% in the Belvedere coal project. As a result of this transaction, Vale s participation in Belvedere goes from 51.0% to 75.5%. Belvedere is an underground mine coal project in the Bowen Basin region, near the town of Moura in Queensland, Australia. According to preliminary estimates by the Company, once ready, the Belvedere project will have the potential to reach a production capacity of up to 7.0 million metric tons of metallurgical coal per year.

6.6 Bankruptcy filings based on relevant values, or judicial or extrajudicial recovery of the Company, and the current status of such requests, if applicable

Not applicable.

6.7 Other information that the Company deems relevant

There is no further relevant information about this item 6 .

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*7. **COMPANY ACTIVITES***

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7.1 Summary of Company and Subsidiary activities

Vale is the second largest mining company in the world and the largest in the Americas by market value[2]. The Company is the largest iron ore producer and second largest nickel producer in the world[3]. Vale is among the largest producers of manganese ore, ferroalloys and kaolin. It also produces alumina, aluminum, copper, coal, potash, cobalt, platinum group metals (PGMs) and other products. To sustain its growth strategy, Vale is actively engaged in mineral exploration in 21 countries around the world. The Company operates large logistics systems in Brazil integrated with its mining operations, including railroads, maritime terminals and a port. In addition, the Company is building a portfolio of maritime freight to transport iron ore to Asia. Vale also has investments in the sectors of energy and steel, directly or through subsidiaries and companies under joint control.

7.2 Operational segment(s) disclosed in the consolidated financial statements for the past 3 fiscal years:

a. Products and services in each operating segment

i) *Ferrous*. The ferrous minerals business segment includes: production of iron ore and pellets, as well as the North, Southern and Southeastern systems, including railroads, maritime terminals and port, linked to these operations. Manganese ore and ferroalloys are also included in this segment.

ii) *Non-ferrous minerals*. The non-ferrous mineral business segment includes production of nickel, copper, the aluminum chain products (primary aluminum, alumina and bauxite), potash, kaolin, cobalt and PGMs.

iii) *Logistics.* The logistics business segment includes the system of cargo transportation for third parties, which includes rail transport, port and shipping services.

iv) *Steel,* The steel business segment includes investments in steel companies.

v) *Other investments.* The business segment called Other Investments includes investments in joint ventures and affiliates in other businesses such as coal and energy.

[2] Source: Bloomberg

[3] Source: Company reports

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b. Revenue from the segment and its participation in the Company s net revenues

	Year ended December 31					
in R$ thousand	**2009**		**2008**		**2007**	
Segment	**Net revenue**	**% of total**	**Net revenue**	**% of total**	**Net revenue**	**% of total**
Ferrous	30,137,447	61	43,913,023	60	30,033,279	45
Non-ferrous	14,712,231	30	22,478,196	31	31,145,307	47
Logistics	2,843,331	6	3,666,089	5	3,496,697	5
Steel	546,153	1	1,348,066	2	1,247,889	2
Other	1,573,182	3	1,361,075	2	461,253	1
Total Revenue	**49,812,344**	**100**	**72,766,449**	**100**	**66,384,425**	**100**

c. Profit or loss resulting from the segment and its participation in the Company s net income

	Year ended December 31					
in R$ thousand	**2009**		**2008**		**2007**	
Segment	**Profit / Loss**	**% of total**	**Net revenue**	**% of total**	**Net revenue**	**% of total**
Ferrous	8,534,446	83	24,055,197	113	10,827,830	54
Non-ferrous	126.528	1	536,344	3	7,524,820	38
Logistics	84.363	1	373,433	2	913,517	5
Steel	(147,308)	-1	32,258	0	47,100	0
Other	(294,063)	-3	106,595	1	414,636	2
Corporate Center	1,944,984	19	(3,824,198)	-18	277,659	1
Net total	**10,248,950**	**100**	**21,279,629**	**100**	**20,005,562**	**100**

7.3 Products and services that correspond to the operating segments disclosed in item 7.2

a. Characteristics of the production process

b. Characteristics of the distribution process

v. Characteristics of the markets, in particular:

i. competition conditions in the markets

ii. participation in each market

d. Possible seasonality

i) Ferrous minerals segment

Iron Ore Operations

Vale runs the majority of its iron ore operations directly and through its subsidiary Urucum Mining S.A. (Urucum). These operations for mining iron ore and the others related to them are concentrated in three systems: the Southeastern System, the Southern System and the North System, each with its own carrying capacity. Moreover, Vale has opencast mines through its affiliate Samarco SA (Samarco).

		Vale Participation		
Firm	**System**	**Voting**	**Total**	**Vale Partners**
		(%)		
Vale	Southeastern, Southern and North			
Urucum	Southeast	100	100	
Samarco		50	50	BHP Billiton

Southeastern System

The Southeastern System mines are located in the Iron Quadrangle region of the state of Minas Gerais, where they are divided into three mining complexes (Itabira, Minas Centrais and Mariana), and in the state of Mato Grosso do Sul, where the mines of Urucum and Corumbá are located.

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The ore reserves in the three mining complexes have high ratios of itabirite ore relative to hematite ore. Itabirite ore has iron grade of 35-60% and requires concentration to achieve shipping grade, which is at least 63.5% average iron grade. Urucum ore reserves have high ratios of hematite ore, which has an average grade of 63%.

We conduct open-pit mining operations in the Southeastern System. At the three mining complexes, we generally process the run-of-mine by means of standard crushing, classification and concentration steps, producing sinter feed, lump ore and pellet feed in the beneficiation plants located at the mining sites. In September 2009, we concluded the acquisition of Corumbá, where we produce lump ores. At the Urucum and Corumbá mines, we generally process the run-of-mine by means of standard crushing and classification steps, producing only lump ore. In 2009, we produced 100% of the electric energy consumed in the Southeastern System at our hydroelectric power plants (Igarapava, Porto Estrela, Funil, Candonga, Aimorés, Capim Branco I and Capim Branco II).

We own and operate integrated railroad and terminal networks in the three mining complexes, which are accessible by road or by spur tracks of our EFVM railroad. The EFVM railroad connects these mines to the Tubarão port in Vitória, in the state of Espírito Santo. Iron ore from the mines of Urucum and Corumbá in the state of Mato Grosso do Sul, is transported to customers via barges that navigate the Rio Paraguay.

Southern System

The Southern System mines are located in the Iron Quadrangle region of the state of Minas Gerais in Brazil. The mines of our subsidiary Minerações Brasileiras Reunidas S.A.-MBR (MBR) are operated at the parent-company level pursuant to an asset lease agreement. The Southern System has three major mining complexes: the Minas Itabirito complex (comprised of four mines, with two major beneficiation plants and three secondary beneficiation plants); the Vargem Grande complex (comprised of three mines and one major beneficiation plant); and the Paraopeba complex (comprised of four mines and three beneficiation plants).

We use wet beneficiation processes to convert run-of-mine obtained from open-pit mining operations into sinter feed, lump ore and pellet feed, in addition to hematitinha, a product used primarily by Brazilian pig-iron producers. In 2009, we produced 100% of the electric energy consumed in the Southern System at our hydroelectric power plants (Igarapava, Porto Estrela, Funil, Candonga, Capim Branco I and Capim Branco II).

We enter into freight contracts with our affiliate, MRS, a railway company in which we own a 41.5% stake, to transport our iron ore products at market prices from the mines to our Guaíba Island and Itaguaí maritime terminals in the state of Rio de Janeiro.

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Northern System

The Northern System mines, located in the Carajás mineral province of the Brazilian state of Pará, contain some of the largest iron ore deposits in the world. The reserves are divided into northern, southern and eastern ranges situated 35 kilometers apart. Since 1985, we have been conducting mining activities in the northern range, which is divided into three main mining bodies (N4W, N4E and N5). The Northern System has open-pit mines and an ore processing plant. The mines are located on public lands for which we hold mining concessions.

Because of the high grade (66.7% on average) of the Northern System deposits, we do not need to operate a concentration plant at Carajás. The beneficiation process consists simply of sizing operations, including screening, hydrocycloning, crushing and filtration. Output from the beneficiation process consists of sinter feed, pellet feed, special fines for direct reduction processes and lump ore. We obtain all of the electrical power for the Northern System at market prices from regional utilities.

We operate an integrated railroad and maritime terminal network in the Northern System. After completion of the beneficiation process, our EFC railroad transports the iron ore to the Ponta da Madeira maritime terminal in the state of Maranhão. To support our Carajás operations, we have housing and other facilities in a nearby township. These operations are accessible by road, air and rail.

Samarco

We own 50% of Samarco, which operates an integrated system, comprised of a mine, pipeline, three pellet plants and a port. Samarco s Alegria mine complex, located in Mariana, Minas Gerais, is in the same region as our Southeastern System.

Iron ore production

The following table sets forth information about our iron ore production.

		Production for the year ended December 31,			
Mine/Plant	**Type**	**2007**	**2008**	**2009**	**Recovery rate**
		(million metric tons)			(%)
Southeastern System					
Itabira complex					
Cauê(1)	Open pit	24.8	21.5	13.8	65.5
Conceição(1)	Open pit	21.9	20.3	17.3	74.4
Minas Centrais complex					
Água Limpa/Cururu(2)	Open pit	4.2	4.7	1.4	51.7
Gongo Soco	Open pit	6.5	5.0	2.7	88.0
Brucutu	Open pit	21.9	26.4	23.6	76.0
Andrade(3)	Open pit	1.3	1.4	0.7	97.9
Mariana complex					
Alegria	Open pit	13.5	12.3	12.1	73.3
Fábrica Nova(4)	Open pit	14.6	14.0	13.7	77.8
Fazendão(5)	Open pit	3.7	9.8	3.1	100.0
Timbopeba	Open pit	1.3			
Corumbá(6)	Open pit			0.4	55.0
Urucum	Open pit	1.1	1.0	0.5	61.0
Total Southeastern System		114.9	116.4	89.5	
Southern System(7)					
Minas Itabirito complex					
Segredo/João Pereira	Open pit	11.8	12.1	8.4	67.3
Sapecado/Galinheiro(8)	Open pit	17.4	15.1	9.8	61.9
Vargem Grande complex					

Tamanduá(9)	Open pit	10.2	9.8	7.3	79.6
Capitão do Mato(9)	Open pit	11.5	9.7	8.0	79.6
Abóboras	Open pit	6.0	4.2	5.4	100.0
Paraopeba Complex					
Jangada	Open pit	3.9	4.3		
Córrego do Feijão	Open pit	9.3	8.4	5.6	71.8
Capão Xavier	Open pit	13.3	13.5	10.9	84.5
Mar Azul	Open pit	5.9	3.5		
Total Southern System		89.3	80.5	55.2	

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Mine/Plant	Type	Production for the year ended December 31, 2007	2008	2009	Recovery rate
		(million metric tons)			(%)
Northern System					
Serra Norte(10)					
N4W	Open pit	40.3	44.3	31.0	92.4
N4E	Open pit	15.4	13.2	16.9	92.4
N5(11)	Open pit	36.0	39.1	36.8	92.4
Total Northern System		91.7	96.5	84.6	
Vale		295.9	293.4	229.3	
Samarco(12)		14.5	16.6	17.2	57.7
Total		310.4	310.0	246.5	

(1) The run-of-mine from Minas do Meio is sent to the Cauê and Conceição concentration plants.

(2) Água Limpa/Cururu is owned by Baovale, in which we own 100% of the voting shares and 50% of the total shares. Production figures for ***Água Limpa/Curucu have not been adjusted to reflect our ownership interest.***

(3) The lease for the Andrade mine was terminated in 2009.

(4) Fábrica Nova ore is sent to the Alegria and Fábrica Nova plants.

(5) Fazendão ore is sent to the Alegria plant and Samarco.

(6) Production relative to 4Q09. On a pro forma basis, its production reached 2.0 Mt in 2009.

(7) Former MBR mines were included in other complexes in the Southern System.

(8) Galinheiro mine was separated from the Sapecado mine and includes the Pico mine.

(9) Tamanduá and Capitão do Mato ores are processed at the Vargem Grande plant.

(10) All Serra Norte ores are processed at the Carajás plant.

(11) Our former N5E-N and N5-W mines were incorporated in the N5 reserve

model.

(12) Production figures for Samarco, in which we have a 50% interest, have not been adjusted to reflect our ownership interest.

Pellets operations

Directly and through affiliates and subsidiaries, Vale produces iron ore pellets in Brazil and China, as shown in the table below. The estimated total nominal capacity of ten plants operated directly by the Company, including Companhia Hispano-Brasileira Pelletizing (Hispanobras), is 48 million metric tons per year.

		Vale Participation		
Firm	**Local Operation**	**Voting (%)**	**Total**	**Partners**
	Brazil:			
Vale	Tubarão, Fábrica, Vargem Grande e São Luís			
Hispanobras	Tubarão	51.0	50.9	Arcelor Mittal
Samarco	Mariana and Anchieta	50.0	50.0	BHP Billiton
	China:			
Zhuhai YPM	Zhuhai, Guangdong	25.0	25.0	Zhuhai Yueyufeng Iron and Steel Co, Ltd, Pioneer Iron and Steel Group Co, Ltd,

In the Tubarão port area, in the Brazilian state of Espírito Santo, we operate our wholly owned pellet plants, Tubarão I and II, four plants we lease under operating leases and our jointly-owned plant, Hispanobras. We send iron ore from our Southeastern System mines to these plants and use our logistics infrastructure to distribute their final products.

Our São Luís pellet plant, located in the Brazilian state of Maranhão, is part of the Northern System. We send Carajás iron ore to this plant and ship its production to customers through our Ponta da Madeira maritime terminal.

The Fábrica and Vargem Grande pellet plants, located in the Brazilian state of Minas Gerais, are part of the Southern System. We send some of the iron ore from the Fábrica Nova mine to the Fábrica plant, and iron ore from the Pico mine to the Vargem Grande plant. We transport pellets from these plants using MRS.

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Samarco operates three pellet plants in two operating sites with nominal capacity of 21 million tons per year. The pellet plants are located in the Ponta Ubu unit, in Anchieta, Espírito Santo. Iron ore from Alegria and our Southeastern System mine Fábrica Nova is sent to the Samarco pellet plants using a 396-kilometer pipeline, the longest pipeline in the world for the conveyance of iron ore. Samarco has its own port facilities to transport its production.

The Zhuhai YPM pellet plant, in China, is part of the Yueyufeng Steelmaking Complex. It has port facilities, which we use to send feed from our mines in Brazil. Zhuhai YPM s main customer is Yueyufeng Iron & Steel (YYS), which is also located in the Yueyufeng Steelmaking Complex.

We sell pellet feed to our pelletizing joint ventures at market prices. Historically, we have supplied all of the iron ore requirements of our wholly owned pellet plants and joint ventures, except for Samarco and Zhuhai YPM, to which we supply only part of their requirements. Of our total 2009 pellet production, 58.8% was blast furnace pellets, and the remaining 41.2% was direct reduction pellets, which are used in steel mills that employ the direct reduction process rather than blast furnace technology.

	Sales for the year ended December 31		
	2007	**2008**	**2009**
	(Millions of metric tons)		
Hispanobras	4.7	4.1	1.2
Itabrasco	4.4	3.2(1)	
Kobrasco	4.4	1.6(2)	
Nibrasco	7.4	2.0(3)	
Samarco (4)	7.1	11.3	4.9
Zhuhai YPM (5)		0.8	0.9
Total	28.1	23.0	7.0

(1) Sales through September 2008. Vale signed a 10 year operating lease for the pelletizing plant of Itabrasco in October 2008.

(2) Sales through May 2008. Vale signed a five-year operating lease for the pelletizing plant of Kobrasco in June 2008.

(3) Sales through April 2008. Vale signed a 30-year

operating lease for the two pellet plants of Nibrasco in May 2008.

(4) In 2007, Vale sold 1.9 million metric tons of concentrate and 5.2 million metric tons of ROM, in 2008, sold 1.8 million metric tons of concentrate and 9.5 million metric tons of ROM ore, and in 2009, sold 1.1 million tons of concentrate and 3.8 million metric tons of ore ROM.

(5) Zhuhai YPM began operations in January 2008.

Production of pellets

The following table sets forth information about our iron ore sales to our pelletizing joint ventures for the periods indicated.

	Production for the year ended December 31		
Firm	**2007**	**2008**	**2009**
	(Millions of metric tons)		
Vale(1)	17.6	26.6	15.3
Hispanobras(5)	4.3	3.8	1.2
Itabrasco(2)	4.0	2.9	
Kobrasco(3)	5.0	2.1	
Nibrasco(4)	9.0	2.7	
Samarco(5)	14.3	17.1	16.1
Total	53.7	55.2	32.6

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(1) Figure includes actual production, including production from the four pellet plants we leased in 2008.

(2) Production through September 2008. We signed a 10-year operating lease contract for Itabrasco s pellet plant in October 2008.

(3) Production through May 2008. We signed a five-year operating lease contract for Kobrasco s pellet plant in June 2008.

(4) Production through April 2008. We signed a 30-year operating lease contract for Nibrasco s two pellet plants in May 2008.

(5) Production figures for Hispanobras and Samarco have not been adjusted to reflect our ownership

interest.

Customers, Sales and Marketing Iron ore and pellets

We supply all of our iron ore and iron ore pellets (including our share of joint-venture pellet production) to the steel industry. Prevailing and expected levels of demand for steel products affect demand for our iron ore and iron ore pellets. Demand for steel products is influenced by many factors, such as global manufacturing production, civil construction and infrastructure spending.

In 2009, China accounted for 56.8% of our iron ore and iron ore pellet shipments, and Asia as a whole accounted for 72.7%. Europe accounted for 13.4%, followed by Brazil with 10.2%. Our 10 largest customers collectively purchased 96.6 million metric tons of iron ore and iron ore pellets from us, representing 39% of our 2009 iron ore and iron ore pellet shipments and 38% of our total iron ore and iron ore pellet revenues. In 2009, no individual customer accounted for more than 10.0% of our iron ore and iron ore pellet shipments.

In 2009, the Asian market (mainly Japan and South Korea) and the European market were the primary markets for our blast furnace pellets, while North America, the Middle East and North Africa were the primary markets for our direct reduction pellets.

We strongly emphasize customer service in order to improve our competitiveness. We work with our customers to understand their main objectives and to provide them with iron ore solutions to meet specific customer needs. Using our expertise in mining, agglomeration and iron-making processes, we search for technical solutions that will balance the best use of our world-class mining assets and the satisfaction of our customers. We believe that our ability to provide customers with a total iron ore solution and the quality of our products are very important advantages helping us to improve our competitiveness in relation to competitors who may be more conveniently located geographically.

In addition to offering technical assistance to our customers, we operate sales support offices in Tokyo (Japan), Seoul (South Korea), Singapore, Muscat (Oman) and Shanghai (China), which support the sales made by our wholly owned subsidiary located in St. Prex, Switzerland. These offices also allow us to stay in close contact with our customers, monitor their requirements and our contract performance, and ensure that our customers receive timely deliveries.

Competition Iron ore and pellets

The global iron ore and iron ore pellet markets are highly competitive. The main factors affecting competition are price, quality, range of products offered, reliability, operating costs and shipping costs.

Our biggest competitors in the Asian market are located in Australia and include subsidiaries and affiliates of BHP Billiton plc and Rio Tinto Ltd. Although the transportation costs of delivering iron ore from Australia to Asian customers are generally lower than ours as a result of Australia s geographical proximity, we are competitive in the Asian market for two main reasons. First, steel companies generally seek to obtain the types (or blends) of iron ore and iron ore pellets that can produce the intended final product in the most economic and efficient manner. Our iron ore has low impurity levels and other properties that generally lead to lower processing costs. For example, in addition to its high grade, the alumina grade of our iron ore is very low compared to Australian ores, reducing consumption of coke and increasing productivity in blast furnaces, which is particularly important during periods of high demand. When the market is very strong, our quality differential is in many cases more valuable to customers than a freight differential. Second, steel companies often develop sales relationships based on a reliable supply of a specific mix of iron ore and iron ore pellets. We have a customer-oriented marketing policy and place specialized personnel in direct contact with our customers to help determine the blend that best suits each particular customer.

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In terms of reliability, our ownership and operation of logistics facilities in the Northern and Southeastern Systems help us ensure that our products are delivered on time and at a relatively low cost. In addition, we are developing a low-cost freight portfolio, aimed at enhancing our ability to offer our products in the Asian market at competitive prices and to increase our market share. To support this strategy, we ordered new ships, purchased used vessels and entered into medium- and long-term freight contracts.

Our principal competitors in Europe are Kumba Iron Ore Limited, Luossavaara Kiirunavaara AB (LKAB), Société Nationale Industrielle et Minière (SNIM), Rio Tinto Ltd. and BHP Billiton. We are competitive in the European market not only for the same reasons we are competitive in Asia, but also due to the proximity of our port facilities to European customers.

In 2008, Vale had a stake of about 30.2% of the total volume of iron ore traded in the seaborne market, and in 2009, this share declined to 24.9% due to the severe impact of global recession in the steel industry in Brazil and Europe, two major markets for the sale of the Company s iron ore.

The demand for iron ore is seasonally stronger in the second quarter. Because of Chinese holidays in January / February (Lunar New Year) and May (labor week), the demand tends to be weaker in the first half of each year. This seasonality is statistically confirmed using a series of quarterly imports in the seaborne market.

Manganese ore

Vale conducts manganese operations in Brazil directly and through its subsidiary, Vale Manganês S.A. (Vale Manganês) e Urucum.

Firm	Location	Vale Participation	
		Voting	Total
		(%)	
	Brazil:		
Vale Mangan*ês*(1)	Pará and Minas Gerais	100	100
Urucum	Mato Grosso do Sul	100	100

(1) Vale manganese mines are Azul and Morro da Mina.

The Company s mines produce three types of products of manganese

metallurgical ore used primarily in the production of ferroalloys;

natural manganese dioxide, suitable for the manufacture of electrolytic batteries; and

chemical ore used in various industries for the production of fertilizers, pesticides and animal feed, and is also used as pigment in the ceramics industry.

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We operate on-site beneficiation plants at our Azul mine and at the Urucum mines, which are accessible by road. The Azul and Urucum mines have high-grade ores (at least 40% manganese grade), while our Morro da Mina mine has low-grade ores. All of these mines obtain electrical power at market prices from regional electric utilities. The following table sets forth information about our manganese production.

		Production for the year ended December 31			
Mine	**Type**	**2007**	**2008**	**2009**	**Rate of recovery**
		(Millions of metric tons)			(%)
Azul(1)	Open pit	0.9	2.0	1.4	62.4
Morro da Mina	Open pit	0.1	0.1	0.1	93.2
Urucum(2)	Underground	0.3	0.2	0.2	83.0
Total		1.3	2.4	1.7	

(1) Given the need to prioritize iron ore transportation through the EFC railroad, we shut down the Azul mine from July to December 2007.

(2) Urucum has a five-year renewable lease agreement with CPFL for its plant in Corumbá, in the Brazilian state of Mato Grosso do Sul.

Ferroalloys

The following table sets forth the subsidiaries through which we conduct our ferroalloys business.

		Vale Participation	
Firm	**Location**	**Voting**	**Total**
		(%)	
Vale Manganês	Minas Gerais and Bahia	100	100
Urucum	Mato Grosso do Sul	100	100
Vale Manganèse France	Dunkerque, France	100	100
Vale Manganese Norway AS	Mo I Rana, Norway	100	100

We produce several types of manganese ferroalloys, such as high carbon and medium carbon ferro-manganese and ferro-silicon manganese. Our facilities have nominal capacity of 651,000 metric tons per year. The production of

ferroalloys consumes significant amounts of electricity, representing 4.8% of our total consumption in 2009. The electricity supply for our ferroalloy plant in Dunkerque, France and Mo I Rana, Norway are provided through long-term contracts.

The following table presents information on production of ferroalloys Company.

	Production for the year ended December 31		
Firm	**2007**	**2008**	**2009**
	(Thousands of metric tons)		
Vale Manganês(1)	288	288	99
Urucum(2)	22	20	0
Vale Manganèse France(3)	103	55	45
Vale Manganese Norway AS	129	112	79
Total	542	475	223

(1) Vale Manganês has five plants in Brazil: Santa Rita, Barbacena and Ouro Preto in the state of Minas Gerais; and Simões Filho in the state of Bahia. We sold Vale Manganês s São João del-Rei plant in June 2007.

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(2) Urucum has one plant in Corumbá in the Brazilian state of Mato Grosso do Sul.

(3) From August to October 2007, we shut down our furnace at Vale Manganèse France due to technical problems. We shut it down again in August 2008 due to technical problems, and it was restarted in September 2009.

Revenues from sales of manganese and ferroalloys accounted for only 1.9% of Vale s total revenue in 2009.

Competition manganese ore and ferroalloys

The markets for manganese ore and ferroalloys are highly competitive. Competition in the manganese ore market takes place in two segments. High-grade manganese ore competes on a global seaborne basis, while low-grade ore competes on a regional basis. For some ferroalloys, high-grade ore is mandatory, while for others high- and low-grade ores are complementary. The main suppliers of high-grade ores are located in South Africa, Gabon, Australia and Brazil. The main producers of low-grade ores are located in Ukraine, China, Ghana, Kazakhstan, India and Mexico.

The ferroalloy market is characterized by a large number of participants who compete primarily on the basis of price. The principal competitive factors in this market are the costs of manganese ore, electricity and logistics and reductants. We compete both with stand-alone producers and integrated producers that also mine their own ore. Our competitors are located principally in countries that produce manganese ore or steel.

Pig iron

We conduct a pig iron operation in northern Brazil. This operation was conducted through our wholly owned subsidiary Ferro-Gusa Carajás S.A. (FGC) until April 2008, when FGC was merged into Vale.

We utilize two conventional mini-blast furnaces to produce 350,000 metric tons of pig iron per year, using iron ore from our Carajás mines in northern Brazil. The charcoal source is exclusively from eucalyptus trees grown in a cultivated forest of 82,000 acres, with the total project encompassing 200,000 acres. In July 2009, we sold this forest to Suzano Papel e Celulose (Suzano) but retained a sufficient wood inventory to keep the mini blast furnaces operating through the first half of 2012.

Revenues from sales of pig iron accounted for only 0.2% of Vale s total revenue in 2009.

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ii) Non-ferrous minerals segment.

Nickel

Nickel operations

We conduct our nickel operations primarily through our wholly owned subsidiary Vale Inco. Vale Inco operates two nickel production systems, one in North America and Europe and the other in Asia and the South Pacific, as set forth in the following table.

System	Locations	Operations
North America & Europe	Canada Sudbury, Ontario	Fully integrated mines, mill, smelter and refinery (producer of intermediates and finished nickel and by-products)
	Canada Thompson, Manitoba	Fully integrated mines, mill, smelter and refinery (producer of finished nickel and by-products)
	Canada Voisey Bay, Newfoundland and Labrador	Mine and mill (producer of nickel concentrates and by-products)
	U.K. Clydach, Wales	Stand-alone nickel refinery (producer of finished nickel)
Asia & the South Pacific	Indonesia Sorowako, Sulawesi(1)	Mining and processing operations (producer of nickel matte, an intermediate product)
	New Caledonia Southern Province(2)	Mining and processing operations (producer of nickel oxide and cobalt)
	Japan Matsuzaka(3)	Stand-alone nickel refinery (producer of finished nickel)
	Taiwan Kaoshiung(4)	Stand-alone nickel refinery (producer of finished nickel)
	China Dalian, Liaoning(5)	Stand-alone nickel refinery (producer of finished nickel)
	South Korea Onsan(6)	Stand-alone nickel refinery (producer of finished nickel)

(1) Operations conducted through our 59.1%-owned subsidiary PT International Nickel Indonesia Tbk.

(2) Operations conducted though our 74%-owned subsidiary Vale Inco Nouvelle-Calédonie S.A.S.

(3) Operations conducted through our 76%-owned

subsidiary Vale Inco Japan Limited.

(4) Operations conducted through our 49.9%-owned subsidiary Taiwan Nickel Refining Corporation.

(5) Operations conducted through our 98.3%-owned subsidiary Vale Inco New Nickel Materials (Dalian) Co. Ltd.

(6) Operations conducted through our 25% interest in Korea Nickel Corporation.

North America and Europe

Sudbury Operations

Our long-established mines in Sudbury, Ontario, are primarily underground operations with nickel sulfide ore bodies. These ore bodies also contain co-deposits of copper, cobalt, PGMs, gold and silver. We have integrated mining, milling, smelting and refining operations to process ore into finished nickel at Sudbury. We also smelt and refine nickel concentrates from our Voisey Bay operations. We ship a nickel intermediate product, nickel oxide, from our Sudbury smelter to our nickel refineries in Wales, Taiwan, China and South Korea for processing into finished nickel. In 2009, we produced 31% of the electric energy consumed in Sudbury at our hydroelectric power plants there. The remaining electricity was purchased from Ontario s provincial electricity grid.

In July 2009, unionized maintenance and production employees at our Sudbury operations went on strike after rejecting a settlement offer for a new three-year collective bargaining agreement. We partially resumed production in September 2009, with a focus on copper. We are operating two high-copper mining zones and our Clarabelle Mill to produce copper concentrates. During the first quarter of 2010, we shifted our focus to nickel and partially resumed operations at the Garson and Coleman mines and the Copper Cliff smelter in Sudbury from which we send feed to the Clydach Refinery.

On March 31, 2009, members of USW Local 2020-005, that represents office, technical and professional employees, ratified a new three-year collective agreement with us. This agreement includes increases to salaries in each of the three years, a defined contribution pension plan for new employees and the introduction of an annual incentive plan that supports the achievement of strategic objectives and rewards performance and various other improvements to collective agreement language.

Thompson operations

Our long-established mines in Thompson, Manitoba, are primarily underground operations with nickel sulfide ore bodies. The ore bodies also contain co-deposits of copper and cobalt. We have integrated mining, milling, smelting and refining operations to process ore into finished nickel at Thompson. We also smelt and refine an intermediate product, nickel concentrate, from our Voisey Bay operations. Low-cost energy is available from purchased hydroelectric power at our Thompson operations.

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Voisey Bay operations

Our Voisey Bay operation in Newfoundland and Labrador is comprised of Ovoid, an open-pit mine, and deposits with the potential for underground operations at a later stage. We mine nickel sulfide ore bodies, which also contain co-deposits of copper and cobalt. We mill Voisey Bay ore on site and ship it as an intermediate product (nickel concentrates) primarily to our Sudbury and Thompson operations for final processing (smelting and refining). The electricity requirements of our Voisey Bay operations are supplied through diesel generators.

In August 2009, our unionized employees at our Voisey Bay operations went on strike after rejecting a settlement offer for a new three-year collective bargaining agreement. During the first quarter of 2010, we resumed production at the Voisey Bay Ovoid mine and the mill, which supplies nickel concentrates to our operations in Thompson, Manitoba and Sudbury, Ontario and copper concentrates to customers in Europe.

Clydach Operations

Clydach is a stand-alone nickel refinery in the U.K. that processes a nickel intermediate product, nickel oxide, supplied from our operations to produce finished nickel in the form of powders and pellets.

Asia and South Pacific

Sulawesi operations

Our subsidiary PTI operates an open cast mining area and related processing facility in Sorowako on the Island of Sulawesi, Indonesia. PTI mines nickel laterite saprolite ore and produces an intermediate product (nickel matte), which is shipped primarily to our nickel refinery in Japan. Pursuant to life-of-mine off-take agreements, PTI sells 80% of its production to our wholly owned subsidiary Vale Inco and 20% of its production to Sumitomo Metal Mining Co., Ltd. (Sumitomo). PTI is a public company whose shares are traded on the Indonesia Stock Exchange. We hold 59.1% of its share capital, Sumitomo holds 20.1%, 20.1% is publicly held and 0.7% is held by others.

Energy costs are a significant component of our nickel production costs for the processing of lateritic ores at our PTI operations in Indonesia. A major part of the electric furnace power requirements of PTI is supplied at low cost by its two hydroelectric power plants on the Larona River, Larona and Balambano. PTI has thermal generating facilities in order to supplement its hydroelectric power supply with a source of energy that is not subject to hydrological factors. In 2009, the hydroelectric power plants provided 96% of the electric energy consumed at our Indonesian operations, and the thermal generators provided the remainder.

We have committed to maintain a minimum 20% public float of PTI shares. In furtherance of this commitment, in August 2009 we sold, for US$88 million, 2.07% of PTI s outstanding shares (205,680,000 shares).

Asian refinery operations

Our 76%-owned subsidiary Vale Inco Japan Limited operates a refinery in Matsuzaka, which produces intermediate and finished nickel products, primarily using nickel matte sourced from PTI. Vale Inco Japan is a private company. The minority interest is held by Sumitomo (13%), Mitsui & Co., Ltd. (7%) and other Japanese companies (4%).

We also operate or have investments in nickel refining operations in Taiwan through our 49.9% stake in Taiwan Nickel Refining Corporation (TNRC), China through our 98.3% interest in Vale Inco New Nickel Materials (Dalian) Co. Ltd. (VINNM) and South Korea through our 25% stake in Korea Nickel Corporation (KNC). TNRC, INNM and KNC produce finished nickel for the local stainless steel industry in Taiwan, China and South Korea, primarily using intermediate products containing about 75% nickel (in the form of nickel oxide) from Vale Inco Japan and our Sudbury operations. These refining operations are expected to start receiving nickel oxide from Goro in 2010.

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New Caledonia operations

We are in the initial stage of ramping up our Goro nickel project in New Caledonia in the South Pacific. Goro utilizes a High Pressure Acid Leach (HPAL) process to treat laterite ores. The construction of the project is complete and commissioning is underway. We expect to ramp-up Goro over a three-year period to reach nominal production capacity of 60,000 metric tons per year of nickel contained in nickel oxide and 4,600 metric tons of cobalt.

Other operations

We process and sell nickel powders through our wholly owned subsidiary Novamet Specialty Products Corporation, in Wyckoff, New Jersey (United States).

Nickel production

The following table sets forth our annual mine production by operating mine (or on an aggregate basis for PTI because it has mining areas rather than mines) and the average percentage grades of nickel and copper. The mine production at PTI represents the product from PTI s dryer kilns delivered to PTI s smelting operations and does not include nickel losses due to smelting. For our Sudbury, Thompson and Voisey Bay operations, the production and average grades represent the mine product delivered to those operations respective processing plants and do not include adjustments due to beneficiation, smelting or refining. The following table sets forth information about ore production at our nickel mining sites.

	2007			2008			2009		
	(thousands of metric tons, except percentages)								
		Grade			Grade			Grade	
	Production	% Copper	% Nickel	Production	% Copper	% Nickel	Production	% Copper	% Nickel
Ontario operating mines									
Copper Cliff North	1,078	0.92	0.84	1,165	1.01	1.01	524	0.96	1.06
Copper Cliff South(1)	883	1.71	1.46	771	1.67	1.48	78	1.45	1.40
Creighton	963	1.62	2.08	1,001	1.56	2.14	395	1.57	1.82
Stobie	2,850	0.68	0.72	2,892	0.65	0.72	1,198	0.64	0.72
Garson	692	1.58	1.59	840	1.72	1.69	328	1.93	1.45
Coleman	1,408	2.75	1.74	1,425	2.66	1.62	624	3.28	1.64
Gertrude	12	0.25	0.66	124	0.29	0.72			
Total Ontario operations	7,887	1.39%	1.25%	8,219	1.36%	1.26%	3,145	1.49	1.19
Manitoba operating mines									
Thompson	1,380		1.83	1,320		1.77	1,270		1.98
Birchtree	1,164		1.52	971		1.51	769		1.48
Total Manitoba operations	2,545		1.69%	2,291		1.66%	2,040		1.79
Voisey Bay operating mines									
Ovoid	2,147	2.47	3.74	2,385	2.38	3.50	990	2.57	3.20
Total Voisey Bay operations	2,147	2.47%	3.74%	2,385	2.38%	3.50%	990	2.57	3.20

Sulawesi operating mining areas						
Sorowako	4,615	2.03	4,258	2.08	3,598	2.02
Pomalaa (2)	645	2.30	417	2.29		
Total Sulawesi operations	5,260	2.06%	4,675	2.10%	3,598	2.02

(1) This mine has been closed indefinitely since January 2009.

(2) This mine has been closed indefinitely since May 2008.

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The following table sets forth information about our nickel production, including: (i) nickel refined through our facilities, (ii) nickel further refined into specialty products, and (iii) intermediates designated for sale. The numbers below are reported on an ore-source basis.

Mine	Type	Production for the year ended December 31		
		2007	2008	2009
		(Thousands of metric tons)		
Sudbury(1)	Underground	70.7	85.3	43.6
Thompson(1)	Underground	29.8	28.9	28.8
Voisey Bay(2)	Open pit	58.9	77.5	39.7
Sorowako(3)	Open cast	75.8	68.3	68.8
External(4)		12.7	15.4	5.8
Total(5)		247.9	275.4	186.7

(1) Primary nickel production only (i.e., does not include secondary nickel from unrelated parties).

(2) Includes finished nickel produced at our Sudbury and Thompson operations, as well as some finished nickel produced by unrelated parties under toll-smelting and toll-refining arrangements.

(3) We have a 59.1% interest in PTI, which owns the Sorowako mines, and these

figures include the minority interests.

(4) Finished nickel processed at our facilities using feeds purchased from unrelated parties.

(5) Excludes finished nickel produced under toll-smelting and refining arrangements covering purchased intermediates with unrelated parties. Unrelated-party tolling of purchased intermediates was 14.2 thousand metric tons in 2007, 7.5 thousand metric tons in 2008 and 5.2 thousand metric tons in 2009.

Customers, Sales and Marketing Nickel

Our nickel customers are broadly distributed on a global basis. In 2009, 65.3% of our total nickel sales were delivered to customers in Asia, 21.9% to North America, 11.7% to Europe and 1.1% to other markets. We have short-term fixed-volume contracts with customers for the majority of our expected annual nickel sales. These contracts generally provide stable demand for a significant portion of our annual production.

Nickel is an exchange-traded metal, listed on the London Metal Exchange (LME), and 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. Our finished nickel products represent what is known in the industry as primary nickel, meaning nickel produced principally from nickel ores (as opposed to secondary nickel, which is recovered from recycled nickel-containing material). Finished primary nickel products are distinguishable in terms of the following characteristics, which determine the product price level and the suitability for various end-use applications:

nickel content and purity level: (i) intermediates with various levels of nickel content, (ii) nickel pig iron has 1.5-6% nickel, (iii) ferro-nickel has 10-40% nickel, (iv) standard LME grade nickel has a minimum of 99.8% nickel, and (v) high purity nickel has a minimum of 99.9% nickel and does not contain specific elemental impurities;

shape (such as pellets, discs, squares, strips and foams); and

size.

In 2009, the principal end-use applications for nickel were:

- austenitic stainless steel (60-65% of global nickel consumption);
- non-ferrous alloys, alloy steels and foundry applications (15-20% of global nickel consumption);
- nickel plating (9% of global nickel consumption); and
- specialty applications, such as batteries, chemicals and powder metallurgy (5-10% of global nickel consumption).

In 2009, 59% of our refined nickel sales were made into non-stainless steel applications, compared to the industry average for primary nickel producers of 35%. As a result of our focus on such higher-value segments, our average realized nickel prices for refined nickel have typically exceeded LME cash nickel prices.

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We offer sales and technical support to our customers on a global basis. We have a well-established global marketing network for finished nickel, based at our head office in Toronto, Canada. We also have sales offices in Saddle Brook, New Jersey (United States), London (England), St. Prex (Switzerland), Tokyo (Japan), Hong Kong, Shanghai (China), Kaohsiung (Taiwan), Bangkok (Thailand) and Bridgetown (Barbados).

Competition Nickel

The global nickel market is highly competitive. Our key competitive strengths include our long-life mines, our low cash costs of production relative to other nickel producers, and sophisticated exploration and processing technologies. Our global marketing reach, diverse product mix, and technical support direct our products to the applications and geographic regions that offer the highest margins for our products.

Our nickel deliveries represented 17% of global consumption for primary nickel in 2009. In addition to us, the largest suppliers in the nickel industry (each with its own integrated facilities, including nickel mining, processing, refining and marketing operations) are Mining and Metallurgical Company Norilsk Nickel, Jinchuan Nonferrous Metals Corporation, BHP Billiton plc and Xstrata plc. Together with us, these companies accounted for about 58% of global finished primary nickel production in 2009.

While stainless steel production is a major driver of global nickel demand, stainless steel producers can use nickel products with a wide range of nickel content, including secondary nickel (scrap). The choice between primary and secondary nickel is largely based on their relative prices and availability. In recent years, secondary nickel has accounted for about 43-49% of total nickel used for stainless steels, and primary nickel has accounted for about 51-57%. In 2006, a new primary nickel product entered the market, known as nickel pig iron. This is a low-grade nickel product made in China from imported lateritic ores (primarily from the Philippines and Indonesia) that is suitable primarily for use in stainless steel production. In 2009, Chinese nickel pig iron and ferro-nickel production totaled an estimated 94,500 metric tons, representing 7% of world primary nickel supply.

Competition in the nickel market is based primarily on quality, reliability of supply and price. We believe our operations are competitive in the nickel market because of the high quality of our nickel products and our relatively low production costs.

Aluminum products group

We operate our aluminum businesses at the parent-company level and through subsidiaries and joint ventures, as set forth in the following table.

Firm	Business	Vale Participation Voting	Vale Participation Total	Vale Partners
		(%)		
Vale (Paragominas mine)	Bauxite	100	100	
Mineração Rio do Norte S.A. (MRN)	Bauxite	40.0	40.0	Rio Tinto Alcan Brasil Ltda., BHP Billiton Metais S.A., Companhia Brasileira de Alumínio, Alcoa Alumínio S.A., Alcoa World Alumina LLC, Alcoa World Alumina Brasil Participações Ltda. and Norsk Hydro Brasil Ltda
Alumina do Norte do Brasil S.A. (Alunorte) (1)	Alumina	59.0	57.0	Hydro Aluminum Brasil Investment BV, Companhia Brasileira de Alumínio, Nippon Amazon Aluminum Co., Ltd, Japão Alunorte Investment Co., Ltd, and Mitsui & Co, Ltd,
Companhia de Alumina do Pará (CAP) (1)	Alumina	61.0	61.0	Hydro Aluminum Para BV and Dubai Aluminum Company Limited
Alumínio Brasileiro S.A. (Albras) (1)	Aluminum	51.0	51.0	Nippon Amazon Aluminum Co., Ltd,
Valesul Alumínio S.A. (Valesul)(2)	Aluminum	100	100	

(1) In May, VALE signed an agreement with Norsk Hydro ASA (Hydro) to transfer all its shares in Albras, Alunorte and CAP. Under the terms of the agreement, once finalized, Vale will transfer to Hydro:
(a) 51.0% of the total capital of Albras
(b) 57.0% of total capital of Alunorte,
(c) 61.0% of the total capital of CAP, and sell
(d) 60.0% of the total capital of the Bauxite JV .
Once the transaction is completed, VALE will hold a 40% stake in Bauxite JV , which will be entirely sold by 2015.

(2) In January 2010, Valesul signed an agreement to sell its aluminum assets. The transaction should be completed soon.

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We conduct our bauxite operations through our joint venture Mineração Rio do Norte S.A. (MRN) and at the parent-company level.

MRN. MRN, located in Para State, northern Brazil, is one of the largest bauxite operations in the world and operates four open cast bauxite mines that produce high quality bauxite. MRN has deposits with significant volumes of reserves and resources of high quality bauxite. In addition, MRN controls substantial additional resources of high quality bauxite. MRN also operates facilities for beneficiation of ore in its mines, which are linked by rail to the loading terminal and port facilities on the Trombetas River, a tributary of the Amazon River, through which ships of up to 60,000 DWT (deadweight) can sail. MRN owns and operates the railroad and port facilities which serve their mines. The MRN bauxite mines are accessible by road from the port area and are fueled by power from its own thermoelectric plant.

Paragominas mine. Vale s operations in the Paragominas bauxite mine in Para state supply bauxite to Alunorte. The first expansion project of Paragominas (Paragominas II) was completed in the second quarter of 2008. The mine produces bauxite with 12% moisture content and the quality of the bauxite is similar to that of MRN. In Paragominas there is a beneficiation plant and 244 km pipeline to transport ore slurry. Electricity is provided by Eletronorte.

The following table presents information on Vale s bauxite production.

		Production for the year ended December 31			Recovery
Mine	**Type**	**2007**	**2008**	**2009**	**rate**
		(Millions of metric tons)			(%)
MRN	Open cast	18.1	18.1	15.6	77
Paragominas	Open cast	1.9	4.4	6.2	70

Alumina

We conduct our alumina operations in Brazil, through our subsidiary Alunorte Alumina do Norte do Brasil S.A. (Alunorte), which produces alumina by refining bauxite supplied by MRN and the Paragominas mine. The Alunorte plant is the largest alumina refinery in the world, with a nominal production capacity of 6.3 million metric tons per year, after the last expansion concluded in the second quarter of 2008.

Alunorte sells alumina to our subsidiary Albras Alumínio Brasileiro S.A. (Albras), its principal customer, and to unaffiliated customers. Albras aluminum production facilities are located nearby, in the city of Barcarena in the state of Pará, and Alunorte and Albras share infrastructure and other resources. The following table sets forth information on our alumina production.

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The following table presents information on Vale s production of alumina.

Company	Production for the year ended December 31 2007	2008	2009
	(Millions of metric tons)		
Alunorte	4.3	5.0	5.9

Aluminum

Vale conducts aluminum operations in Brazil through its subsidiary Albras. In January 2010, Valesul struck a deal to sell its aluminum assets in the state of Rio de Janeiro, for US$ 31.2 million. For details, see item 6.5 of this Form.

Albras, located in Barbacena, state of Pará, is one of the largest aluminum smelters in the Americas, with a capacity of 455,000 metric tons per year. Albras produces aluminum using alumina provided by Alunorte. Alunorte supplied 100% of Albras demand for alumina in 2009. Albras produces pure ingots.

Aluminum is produced from alumina by means of a continuous electro-chemical process, which requires substantial amounts of electricity. Albras purchases electric power from Eletronorte, a state-owned power generating facility. Eletronorte generates electricity at the Tucuruí hydroelectric power plant located on the Tocantins River. This plant is the sole source of electrical power in the region in the quantities required for Albras operations. Albras consumes approximately one-fifth of the non-peak period output of the Tucuruí plant.

The following table presents information about Vale s production of aluminum and aluminum alloys.

Firm	Production for the year ended December 31 2007	2008	2009
	(Thousands of metric tons)		
Albras	455	455	450
Valesul (1)	95	87	9
Total	551	543	459

(1) In January 2010, we entered into an agreement to sell Valesul s aluminum assets (in the Brailian state of Rio de Janeiro) for US$31.2 million. In 2007, 2008 and 2009, Valesul recycled 13,000, 15,000 and 18,000 metric tons, respectively, of aluminum scrap from unrelated parties. As of April 1, 2009, Valesul

ceased its aluminum smelting operations and began production of billets for extrusion, using purchased aluminum ingots and scrap as its main raw materials. It produced 25,800 metric tons of billets in 2009.

Clients, Sales and Marketing Aluminum Products Group

Bauxite. MRN produces bauxite for sale on a take-or-pay basis to the joint venture partners. Excess production may be sold to customers. The joint venture partners pay a price that is 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. In 2009, our subsidiary Alunorte purchased 57.73% of its bauxite requirements from MRN. Paragominas sells all of its production to our subsidiary Alunorte, which corresponds to 42.27% of its bauxite requirements in 2009.

Alumina. Each Alunorte partner must purchase on a take-or-pay basis all alumina produced by Alunorte in proportion to its respective interest. The partners pay the same price, which is determined by a formula based on the price of aluminum for three-month futures contracts on the LME. We usually use a portion of our share of Alunorte s alumina production to supply Albras, and we sell the remainder to customers in Argentina, Canada, Egypt, Norway, the United States and other countries.

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Aluminum. The Albras partners must purchase on a take-or-pay basis all aluminum produced by Albras in proportion to their ownership interests. We generally market our aluminum in the global markets, mainly Asia and Europe, to customers in the aluminum industry. Valesul s aluminum products were sold primarily in the Brazilian market.

Competition Aluminum Products Group

Alumina. The alumina market is competitive, but small compared to the primary aluminum market, because many of the major aluminum-producing companies have integrated bauxite, alumina and aluminum operations. Competition in the alumina market is based primarily on quality, reliability of supply and price, which is directly related to lower costs and logistics. We believe that Alunorte is competitive in the alumina market because of the high quality of its alumina, its advantages in scale and technology, lower conversion costs relative to other refineries on the Atlantic, its efficient port facilities, and the ongoing commitment of its shareholders to purchase a substantial portion of its annual production to place it both in Brazilian and other markets.

Aluminum. The global aluminum market is highly competitive. The world s largest producers are subsidiaries and affiliates of Alcoa, Rusal, Rio Tinto, Chalco, Norsk Hydro and BHP Billiton. As primary aluminum is a commodity, competition in the aluminum market is based primarily on the economics of transportation and the costs of production. We believe that Albras is competitive in the global aluminum market because of its relatively efficient and accessible port facilities and alumina supply.

Aluminum production accounted for 1.3% of Vale s total world production in 2009, versus an average of 1.4% over the past three years.

Copper

Copper Operations

Vale carries out copper operations in Brazil directly and through its subsidiary Vale Inco in Canada.

		Vale Participation	
Firm	**Location**	**Voting**	**Total**
		(%)	
Vale	Brazil		
Vale Inco	Canada	100	100

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Copper Operations in Brazil

Our Sossego copper mine in Carajás, in the state of Pará, has two main copper ore bodies, Sossego and Sequeirinho. The copper ore is mined by open-pit method, and the run-of-mine is processed by means of standard primary crushing and conveying, SAG milling (a semi-autogenous mill that uses a large rotating drum filled with ore, water and steel grinding balls to transform the ore into a fine slurry), ball milling, copper concentrate flotation, tailings disposal, concentrate thickening, filtration and load out. We truck the concentrate to a storage terminal in Parauapebas and then transport it via the EFC railroad to the Ponta da Madeira maritime terminal in São Luís, in the state of Maranhão.

We constructed an 85-kilometer road to link Sossego to the Carajás air and rail facilities and a power line that allows us to purchase electrical power at market prices. We have a long-term energy supply contract with Eletronorte.

In December 2008, we concluded the construction of the Usina Hidrometalúrgica de Carajás plant (UHC), located at the Sossego mining site, to test the application of hydro-metallurgical technology for the industrial-scale processing of copper concentrate to produce copper cathode. In 2009, we produced 2,178 metric tons of copper cathode in this plant using copper concentrate from our Sossego mine. The testing program will continue until the end of 2010 and the information gathered will be used to design and evaluate the feasibility of a larger hydro-metallurgical plant. If proven to be efficient, we believe this technology could be used to process the sulfide ore produced at the mines in the Carajás mineral province at a relatively low cost.

Operations in Canada

In Canada, we recover copper in conjunction with our nickel operations, principally at Sudbury and Voisey Bay. At Sudbury, we produce two intermediate copper products, copper concentrate and copper anodes, and we also produce electrowon copper cathode as a by-product of our nickel refining operations. At Voisey Bay, we produce copper concentrates.

Copper production

The following table presents information about Vale s copper production.

		Production for the year ended December 31		
Mine	**Type**	**2007**	**2008**	**2009**
		(Thousands of metric tons)		
Brazil:				
Sossego	Open pit	118	126	117
Canada:				
Sudbury	Underground	113	115	42
Voisey Bay	Open pit	42	55	24
Thompson	Underground	1	1	1
External (1)		9	14	14
Total		284	312	198

(1) Vale processes copper in its facilities using copper ore purchased from third parties.

Customers, Sales and Marketing Copper

Copper concentrates from Sossego are sold under medium- and long-term contracts to copper smelters in South America, Europe and Asia. We have long-term off-take agreements to sell the entire production of copper concentrate from the first phase of the Salobo project to smelters. Electrowon copper from UHC is mainly sold in Brazil under

short-term sales agreements. We have long-term copper supply agreements with Xstrata Copper Canada for the sale of copper anodes and copper concentrates produced in Sudbury. Copper in concentrates from Voisey Bay are sold under medium-term contracts to customers in Europe. Electrowon copper from Sudbury is sold in North America under short-term sales agreements.

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Competition Copper

The global copper cathode market is highly competitive. Producers are integrated mining companies and custom smelters, covering all regions of the world, while consumers are principally wire, rod and copper-alloy producers. Competition occurs mainly on a regional level and is based primarily on production costs, quality, reliability of supply and logistics costs. The world s largest copper cathode producers are Codelco, Freeport-McMoRan, Aurubis, Jiangxi and Xstrata, operating at the parent-company level or through subsidiaries. Our participation in the global copper cathode market is marginal.

Copper concentrate and copper anode are intermediate products in the copper production chain. Both the concentrate and anode markets are competitive, having numerous producers but fewer participants and smaller volumes than in the copper cathode market due to high levels of integration by the major copper producers.

In the copper concentrate market, the main producers are mining companies located in South America, Indonesia and Australia, while consumers are custom smelters located in Europe and Asia. Competition in the copper concentrate market occurs mainly on a global level and is based on production costs, quality, logistics costs and reliability of supply. The largest competitors in the copper concentrate market are Freeport-McMoRan, BHP Billiton, Xstrata and Rio Tinto, operating at the parent-company level or through subsidiaries. Our market share in 2009 was about 3% of the total custom copper concentrate market.

The copper anode/blister market has very limited trade within the copper industry; generally, anodes are produced to supply each company s integrated refinery. The trade in anodes/blister is limited to those facilities that have more smelting capacity than refining capacity or to those situations where logistics cost savings provide an incentive to source anodes from outside smelters. The largest competitors in the copper anode market are Anglo American, Xstrata and Codelco, operating at the parent-company level or through subsidiaries.

Among the base metals produced by Vale, standards exist for statistically identified seasonality in the behavior of the demand for nickel and copper, which does not exist in the case of aluminum, whose demand does not show sensitivity to the different seasons of the year. Demand for nickel is usually weaker in the third quarter due to summer holidays in the northern hemisphere; whilst for copper seasonality is unfavorable throughout the second half of the year.

Potash

We conduct potash operations in Brazil at the parent-company level. We lease Taquari-Vassouras, the only potash mine in Brazil (in Rosario do Catete, in the state of Sergipe), from Petrobras Petróleo Brasileiro S.A., the Brazilian state-owned oil company. The lease, signed in 1991, became effective in 1992 for a period of 25 years.

The following table sets forth information on our potash production.

		Production for the year ended December 31			
Mine	**Type**	**2007**	**2008**	**2009**	**Recovery rate**
		(Thousands of metric tons)			(%)
Taquari-Vassouras	Underground	671	607	717	87.6

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Phosphates

We have agreed to acquire a 78.9% stake (direct and indirect) in Fosfertil and 100% of BPI. Fosfertil is a Brazilian producer of phosphate rock, phosphates fertilizers (P) (e.g., monoammonium phosphate (MAP), diammonium phosphate (DAP), triple superphosphate (TSP) and single superphosphate (SSP)) and nitrogen (N) fertilizers (e.g., ammonium nitrate and urea). It is the largest producer of P and N crop nutrients in Brazil. Fosfertil operates three phosphate rock mines: Catalão, in the state of Goiás, Tapira and Patos de Minas, both in the state of Minas Gerais. In addition, it is developing Salitre, a greenfield project in Patrocínio, in the state of Minas Gerais. BPI owns two phosphate rock mines, Araxá, in the state of Minas Gerais, and Cajati, in the state of São Paulo. BPI also has four processing plants for the production of phosphates fertilizers, located at Araxá, Minas Gerais; Cajati, São Paulo; Cubatão, São Paulo; and Guará, São Paulo.

Customers, Sales and Marketing Potassium

All potash sales from the Taquari-Vassouras mine are to the Brazilian market. Our production represents 8-10% of total potash consumption in Brazil. We have a strong presence and long-standing relationships with the major players in Brazil.

Competition potash and phosphates

Fertilizers have a strong demand growth potential, which is anchored in market fundamentals similar to those underlying the global demand for minerals, metals and energy. Rapid per capita income growth of emerging economies causes diet changes towards an increasing intake of proteins that ultimately contribute to boost fertilizer use. More recently, global output of biofuels has started to boom as they emerged as an alternative source of energy to reduce world reliance on sources of climate-changing greenhouse gases. Given that key inputs for the production of biofuels sugar cane, corn and palm are intensive in the use of fertilizers, they are becoming another major driver of the global demand for crop nutrients.

The industry is divided into three major nutrients: potash, phosphate and nitrogen. There are limited resources of potash around the world with Canada, Russia and Belarus being the most important sources. Due to the lack of resources, the high level of investment and the long time for a project to mature, it is unlikely that other regions will emerge as major potash producers. While potash is a very scarce resource, phosphate is more available, but all major exporters are located in the northern region of Africa (Morocco, Algeria and Tunisia) and in the United States.

Brazil is one of the largest agribusiness markets in the world due to its high production and consumption of grains and biofuel. It is the fifth-largest consumer of fertilizers in the world and one of the largest importers of phosphates, potash, urea and phosphoric acid. Brazil imports 90% of its potash (6.8 Mt) from Canadian, Russian and German producers in descending order. The United States, Brazil, China and India are important consumers of potash, representing 60% of total global consumption. Our projects portfolios are highly competitive in terms of cost and logistics with these regions. The potash industry is highly concentrated, with the eight major producers being responsible for more than 80% of total world production capacity.

We are building our expertise in solution mine technology for potash mining. During the last period, we achieved very good results applying this technology for silvinite and carnalite resources in the Rio Colorado and Carnalita projects, respectively. We believe that this technology will enhance our competitive advantage in operating and capital expenditures.

Most phosphate concentrate is consumed locally by downstream integrated producers, with the seaborne market corresponding to 15% of total phosphate rock production. Major phosphate rock exporters are concentrated in North Africa, mainly through state-owned companies, with OCP Group holding 49% of the total seaborne market. Brazil imports 49% of its total phosphate nutrients it needs in both phosphate fertilizer products and phosphate rock. The phosphate rock imports supply non-integrated producers of phosphate fertilizers products such as single superphosphate (SSP), triple superphosphate (TSP) and monoammonium phosphate (MAP).

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PGMs and other precious metals

As by-products of our Sudbury nickel operations in Canada, we recover significant quantities of PGMs, as well as small quantities of gold and silver. We operate a processing facility in Port Colborne, Ontario, which produces PGMs, gold and silver intermediate products. We have a refinery in Acton, England, where we process our intermediate products, as well as feeds purchased from unrelated parties and toll-refined materials. In 2009, PGM concentrates from our Sudbury operations supplied about 36% of our PGM production.

The following table presents information on production of the Company s precious metals.

Mine (1)	Type	2007	2008	2009
			(Thousand troy ounces)	
Sudbury:				
Platinum	Underground	140	166	103
Palladium	Underground	191	231	152
Gold	Underground	75	85	49

(1) Production figures exclude precious metals purchased from unrelated parties and toll-refined materials.

Cobalt

We recover significant quantities of cobalt as a by-product of our Canadian nickel operations. In 2009, we produced 639 metric tons of refined cobalt metal at our Port Colborne refinery and 554 metric tons of cobalt in a cobalt-based intermediate at our Thompson nickel operations in Canada. Our remaining cobalt production consisted of 491 metric tons of cobalt contained in other intermediate products (such as nickel concentrates). We expect to increase our production of cobalt as we increase nickel production in New Caledonia at the Goro mine, because the nickel laterite ore at this location contains significant co-deposits of cobalt.

We sell cobalt on a global basis. Our cobalt metal, which is electro-refined at our Port Colborne refinery, has very high purity levels (99.8%). Cobalt metal is used in the production of various alloys, particularly for aerospace applications, as well as the manufacture of cobalt-based chemicals.

The following table sets forth information on our cobalt production.

		Production for the year ended December 31		
Mine	Type	2007	2008	2009
			(Metric tons)	
Sudbury	Underground	727	804	359
Thompson	Underground	179	168	181
Voisey Bay	The open	1,239	1,695	971
External (1)		379	161	64
Total		2,524	2,828	1,575

(1) These figures do not include

unrelated-party tolling of feeds purchased from unrelated parties.

Kaolin

We conduct our kaolin business in Brazil, through the subsidiaries set forth in the following table:

Firm	Location	Vale Participation		Vale Partners
		Voting	Total	
		(%)		
CADAM	Vitória do Jari, Amapá	100	61.5	Bank of Brazil and BNDES
PPSA	Barcarena, Pará	85.6	86.2	Mitsubishi Corporation

CADAM S.A. (CADAM) and Pará Pigmentos S.A. (PPSA) produce kaolin for paper coating. They also conduct research into other uses for kaolin products in order to develop a more diversified portfolio.

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CADAM is located on the border of the states of Pará and Amapá, in the Amazon area in northern Brazil. CADAM s reserves are principally concentrated in the open-pit Morro do Felipe mine, in Vitória do Jari, in the state of Amapá. The beneficiation plant and private port facilities are situated on the west bank of the Jari River, in Munguba, in the state of Pará. CADAM produces the following products: Amazon SB, Amazon Premium and Amazon Plus. They are sold mainly in the European, Asian and Latin American markets.

PPSA operates an open-pit mine, Rio Capim, and a beneficiation plant. These operations are linked to the land and port facilities in Barcarena, via a 180-kilometer pipeline. The beneficiated kaolin is pumped through a slurry pipeline. PPSA produces the following products: Century, Century S, Paraprint, Paraplate and Paralux. They are sold mainly in the European, Asian and North American markets. We are in preliminary negotiations to sell PPSA.

Vale is in talks to sell PPSA and CADAM.

CADAM gets its electricity from its own thermal power plant, with a nominal capacity of 25.0 MW. PPSA has a power contract supply with the Celpa grid.

The following table presents information on Vale s production of kaolin.

		Production for the year ended December 31			Recovery
Mine	**Type**	**2007**	**2008**	**2009**	**Rate**
		(Thousands of metric tons)			(%)
CADAM					
Morro do Felipe	Open pit	714	602	427	52.1
PPSA					
Rio Capim	Open pit	639	528	354	24.2
Total		1354	1129	781	

(1) Total recovery rate

Revenues from sales of cobalt, PGMs and kaolin accounted for only 1.5% of Vale s total revenue in 2009.

iii) Logistics segment

We have developed our logistics business based on the transportation needs of our mining operations, mainly iron ore, and it also provides transportation services for customers products and for passengers. We conduct logistics businesses at the parent-company level, through subsidiaries and through joint ventures, as set forth in the following table.

			Participation of Vale		
Firm	**Business**	**Location**	**Voting**	**Total**	**Vale Partners**
			(%)		
Vale	Port, maritime and railroad operations (EFVM and EFC)	Brazil	100	100	
FCA	Railway operations	Brazil	100	99.9	Former employees of the Rede Ferroviária Federal S.A.
FNS	Railroad operations	Brazil	100	100	
MRS	Railroad operations	Brazil	37.9	41.5	CSN, Usiminas and Gerdau
CPBS	Maritime terminal operations and ports	Brazil	100	100	
Log In		Brazil	31.3	31.3	

	Maritime terminal operations and ports				Mitsui & Co., public investors
PTI	Maritime terminal operations and ports	Indonesia	59.1	59.1	Sumitomo, public investors
SPRC	Maritime terminal operations and ports	Colombia	100	100	
FENOCO	Railroad operations	Colombia	8.4	8.4	Drummond, Glencore and Coalcorp

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Railroads

Brazil

Vitória a Minas railroad (EFVM). The EFVM railroad links our Southeastern System mines in the Iron Quadrangle region in the Brazilian state of Minas Gerais to the Tubarão Port, in Vitória, in the Brazilian state of Espírito Santo. We operate this 905-kilometer railroad under a 30-year renewable concession, which expires in 2027. The EFVM railroad consists of two lines of track extending for a distance of 601 kilometers to permit continuous railroad travel in opposite directions, and single-track branches of 304 kilometers. Industrial manufacturers are located in this area and major agricultural regions are also accessible to it. The EFVM railroad has a daily capacity of 342,000 metric tons of iron ore. In 2009, the EFVM railroad carried a total of 60.5 billion ntk of iron ore and other cargo, of which 13.5 billion ntk, or 22%, consisted of cargo transported for customers, including iron ore for Brazilian customers. The EFVM railroad also carried 0.9 million passengers in 2009. In 2009, we had a fleet of 331 locomotives and 19,395 wagons at EFVM.

Carajás railroad (EFC). We operate the EFC railroad under a 30-year renewable concession, which expires in 2027. EFC is located in the Northern System, beginning at our Carajás iron ore mines in the Brazilian state of Pará and extending 892 kilometers to our Ponta da Madeira maritime terminal complex facilities located near the Itaqui Port in the Brazilian state of Maranhão. Its main cargo is iron ore, principally carried for us. It has a daily capacity of 301,000 metric tons of iron ore. In 2009, the EFC railroad carried a total of 85.04 billion ntk of iron ore and other cargo, 3.11 billion ntk of which was cargo for customers, including iron ore for Brazilian customers. EFC also carried 342,665 passengers in 2009. EFC supports the largest capacity train in Latin America, which measures 3.4 kilometers, weighs 42,300 gross metric tons when loaded and has 330 cars. In 2009, EFC also had a fleet of 226 locomotives and 12,627 wagons.

Ferrovia Centro-Atlântica (FCA). Our subsidiary FCA operates the central-east regional railway network of the Brazilian national railway system under a 30-year renewable concession, which expires in 2026. The central east network has 8,023 kilometers of track extending into the states of Sergipe, Bahia, Espírito Santo, Minas Gerais, Rio de Janeiro and Goiás and Brasília, the Federal District of Brazil. It connects with our EFVM railroad near the cities of Belo Horizonte, in the state of Minas Gerais and Vitória, in the state of Espírito Santo. FCA operates on the same track gauge as our EFVM railroad and provides access to the Santos Port in the state of São Paulo. In 2009, the FCA railroad transported a total of 10.62 billion ntk of cargo for customers. In 2009, FCA had a fleet of 498 locomotives and 13,061 wagons.

Ferrovia Norte-Sul railroad (FNS). In October 2007, we won the auction for the subconcession for commercial operation for 30 years of a 720-kilometer stretch of the FNS railroad, in Brazil. Since 1989, we have operated a segment of the FNS, which connects to the EFC railroad, enabling access to the port of Itaqui, in São Luís, where our Ponta da Madeira maritime terminal is located. A 452-kilometer extension was concluded in December 2008. In 2009, the FNS railroad transported a total of 1.16 billion ntk of cargo for customers. This new railroad creates a new corridor for the transportation of general cargo, mainly for the export of soybeans, rice and corn produced in the center-northern region of Brazil. In 2009, FNS had a fleet of 6 locomotives and 370 wagons.

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The principal items of cargo of the EFVM, EFC, FCA and FNS railroads are:

- iron ore and iron ore pellets, carried for us and customers;
- steel, coal, pig iron, limestone and other raw materials carried for customers with steel mills located along the railroad;
- agricultural products, such as soybeans, soybean meal and fertilizers; and
- other general cargo, such as building materials, pulp, fuel and chemical products.

We charge market prices for customer freight, including iron ore pellets originating from joint ventures and other enterprises in which we do not have a 100% equity interest. Market prices vary based on the distance traveled, the type of product transported and the weight of the freight in question, and are regulated by the Brazilian transportation regulatory agency, ANTT (Agência Nacional de Transportes Terrestres).

MRS Logística S.A. (MRS). The MRS railroad is 1,643 kilometers long and links the Brazilian states of Rio de Janeiro, São Paulo and Minas Gerais. In 2009, the MRS railroad carried a total of 56.25 million metric tons of cargo, including 51.1 million metric tons of iron ore and other cargo from Vale.

Colombia

Ferrocarriles del Norte de Colombia S.A. (FENOCO). We own an 8.4% equity stake in FENOCO, a company that owns a concession to restore and operate the Chiriguana Santa Marta tranche (220 kilometers) of the Atlantic Railroad, which connects the Cesar coal-producing region with various ports in the Atlantic Ocean.

Ports and maritime terminals

We operate a port and six maritime terminals principally as a means to complete the delivery of our iron ore and iron ore pellets to bulk carrier vessels serving the seaborne market. We also use our port and terminals to handle customers cargo. In 2009, 10% of the cargo handled by our port and terminals represented cargo handled for customers.

Tubarão Port. The Tubarão Port, which covers an area of 18 square kilometers, is located near the Vitória Port in the Brazilian state of Espírito Santo and contains four maritime terminals: (i) the iron ore maritime terminal, (ii) Praia Mole Terminal, (iii) Terminal de Produtos Diversos, and (iv) Terminal de Granéis Líquidos.

The iron ore maritime terminal has two piers. Pier I can accommodate two vessels at a time, one of up to 170,000 DWT on the southern side and one of up to 200,000 DWT on the northern side. Pier II can accommodate one vessel of up to 365,000 DWT at a time, limited at 20 meters draft plus tide. In Pier I there are two ship loaders, which can load up to a combined total of 14,000 metric tons per hour. In Pier II there are two ship loaders that work alternately and can each load up to 16,000 metric tons per hour. In 2009, 77.42 million metric tons of iron ore and iron ore pellets were shipped through the terminal for us. The iron ore maritime terminal has a stockyard capacity of 2.8 million metric tons.

Praia Mole terminal is principally a coal terminal and handled 8.9 million metric tons in 2009. See Additional information Legal proceedings.

Terminal de Produtos Diversos handled 5.9 million metric tons of grains and fertilizers in 2009.

Terminal de Granéis Líquidos handled 1 million metric tons of bulk liquid in 2009.

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Ponta da Madeira maritime terminal. The Ponta da Madeira maritime terminal is located near the Itaqui Port in the Brazilian state of Maranhão. The terminal facilities can accommodate four vessels. Pier I can accommodate vessels displacing up to 420,000 DWT. Pier II can accommodate vessels of up to 155,000 DWT. Pier I has a maximum loading rate of 16,000 tons per hour. Pier II has a maximum loading rate of 8,000 tons per hour. Pier III, which has two berths and three shiploaders, can accommodate vessels of up to 220,000 DWT and has a maximum loading rate of 8,000 metric tons per hour in each shiploader. Cargo shipped through our Ponta da Madeira maritime terminal consists principally of our own iron ore production. Other cargo includes manganese ore, copper concentrate and pig iron produced by us and pig iron and soybeans for unrelated parties. In 2009, 87.3 million metric tons were handled through the terminal for us and 4.5 million metric tons for customers. The Ponta da Madeira maritime terminal has a stockyard capacity of 5.4 million metric tons.

Itaguaí maritime terminal Cia. Portuária Baía de Sepetiba (CPBS). CPBS is a wholly owned subsidiary that operates the Itaguaí terminal, in the Sepetiba Port, in the Brazilian state of Rio de Janeiro. Itaguaí s maritime terminal has a pier that allows the loading of ships up to 18 meters of draft and up to 230,000 DWT. In 2009, the terminal uploaded 19.6 million metric tons of iron ore. From December 2007 to February 2008, Itaguaí operated with limited capacity as a result of an accident with a ship in the terminal.

Guaíba Island maritime terminal. We operate a maritime terminal on Guaíba Island in the Sepetiba Bay, in the Brazilian state of Rio de Janeiro. The iron ore terminal has a pier that allows the loading of ships of up to 300,000 DWT. In 2009, the terminal uploaded 36.8 million metric tons of iron ore.

Inácio Barbosa maritime terminal (TMIB). We operate the Inácio Barbosa maritime terminal, located in the Brazilian state of Sergipe. The terminal is owned by Petrobras. Vale and Petrobras entered into an agreement in December 2002, which allows Vale to operate this terminal for a period of 10 years. In 2009, 0.9 million metric tons of fuel and agricultural and steel products were shipped through TMIB.

Colombia

Sociedad Portuaria Rio Cordoba (SPRC). SPRC is a seaport facility wholly owned by Vale and used to export coal from the El Hatillo operation, as well as other nearby mines. The port is located in Cienaga, on the Caribbean coast of Colombia, in the Magdalena Department, about 67 kilometers from Barranquilla and 31 kilometers from Santa Marta.

Indonesia

PTI owns and operates two ports in Indonesia to support its nickel mining activities.

The Balantang Special Port is located in Balantang Village, South Sulawesi, and has a pier that can accommodate vessels displacing up to 6,000 DWT.

The Harapan Tanjung Mangkasa Village is located in Harapan Tanjung Mangkasa Village, South Sulawesi, and has a pier that can accommodate vessels displacing up to 39,000 DWT.

Shipping

We operate in two distinct shipping areas: seaborne dry bulk shipping and tug boat services. The following table sets forth information on the volume of cargo that our seaborne dry bulk shipping service carried for the periods indicated.

	Year ended December 31		
	2007	**2008**	**2009**
	(Thousands of metric tons)		
Iron ore:			
Vale	1,324	1,884	2,739
Clients			
Coal	147		
Other			
Total	1,471	1,884	2,739

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We are developing a low-cost freight portfolio. Since 2007, we have operated three capesize vessels, which have been fully dedicated to performing shuttle services from Brazil to Asia. In 2009, we bought 17 used capesize vessels, seven of which begin operation in 2010. We have also entered into long-term freight contracts and have placed orders with shipyards for the construction of 16 very large ore carriers, each with a capacity of 400,000 DWT, and four additional capesize vessels, each with a capacity of 180,000 DWT. We expect this service to enhance our ability to offer our products in the Asian market at competitive prices and to increase our market share in China and the global seaborne market.

We have also entered into long-term freight contracts to transport pellet feed from Brazil to Oman, where we are building a pellet plant with nominal capacity of 9 million metric tons of direct reduction iron ore pellets per year and a distribution center with capacity to handle 40 million tons of iron ore or iron ore pellets.

We own 31.3% of Log-In, which conducts intermodal shipping business. Log-In offers port handling and container transportation services, by sea or rail, as well as container storage. It operates owned and chartered ships for coastal shipping, a container terminal (Terminal Vila Velha, or TVV) and two multimodal terminals. In 2009, Log-In s coastal shipping service transported 110,547 twenty-foot equivalent units (teus), TVV handled 211,387 teus and its express train service moved 41,475 teus.

We also operate a fleet of 25 tug boats (14 owned and 11 chartered) in maritime terminals in Brazil, in Vitória (state of Espírito Santo), Trombetas (state of Pará), São Luís (state of Maranhão) and Aracaju (state of Sergipe).

iv) Steel Segment

Vale conducts its operations through affiliates California Steel Industries. Inc (CSI) and ThyssenKrupp CSA Siderúrgica do Atlântico Ltda (TKCSA).

		Vale Participation	
Firm	**Location**	**Voting**	**Total**
		(%)	
CSI	United States	50.00%	50.00%
CSA	Brazil	26.87%	26.87%

Vale owns a 50% stake in CSI, a producer of flat rolled steel and pipes, located in the United States. The other 50% belong to JFE Steel. CSI produces about 1.8 million metric tons of flat rolled steel products per year. CSI is adding a second reheating furnace with cutting-edge environmental technology that will increase capacity by about 50%. The total estimated project cost is US$ 71 million.

Vale holds a 26.87% stake in TKCSA, an integrated producer of steel plates in the state Rio de Janeiro, Brazil. TKCSA is in a pre-operational phase and the production of the first slabs is expected to happen in June 2010. When it comes into operation, TKCSA will have the capacity to produce 5 million metric tons of slabs per year.

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v) Other equity segment

Coal

Coal operations

Vale produces metallurgical and thermal coal through its subsidiary Vale Australia Pty Ltd (Australia), which operates coal assets in Australia through wholly owned subsidiaries and non incorporated joint ventures, and thermal coal, through its subsidiary Vale Colombia Ltd (Vale Colombia).

Vale also has a minority stake in two Chinese companies, Henan Longyu Energy Resources Co., Ltd. (Longyu) and Shandong Yankuang International Coking Company Ltd. (Yankuang), as shown in the table below.

Company	Business	Location	Vale Participation (%)	Vale Partners
Vale Australia		*Australia*		
Integra Coal	Metallurgical and thermal coal	Hunter Valley, New South Wales	61.2	Norfolk Southern Corp.. (NSC), JFE Steel Corporation (JFE), POSCO, Toyota
Carborough Downs	Metallurgical coal	Bowen Basin, Queensland,	80	NSC, JFE, Posco, Tata
Isaac Plains	Metallurgical and thermal coal	Bowen Basin, Queensland,	50	Aquila Resources Ltd.
Broadlea	Metallurgical and thermal coal	Bowen Basin, Queensland,	100	
Vale Columbia	Thermal Coal	Colombia	100	
		China:		
Longyu	Coal and other related products	Henan Province	25	Yongmei Group Co., Ltd. (formerly Yongcheng Coal & Electricity (Group) Co. Ltd.), Shanghai Baosteel International Economic & Trading Co., Ltd. and other minority shareholders
Yankuang	Metallurgical coke and methanol	Shandong Province	25	Yankuang Group Co. Limited, Itochu Corporation

Integra Coal Operations (underground and open-cut). The Integra Coal Operations are located 10 kilometers north-west of Singleton in the Hunter Valley of New South Wales, Australia. The operations comprise an underground coal mine that produces coal by longwall methods, and an open-cut pit. Coal from the mine is processed at a coal handling and processing plant (CHPP) with a capacity of 1,200 metric tons per hour, loaded onto trains at a purpose-built rail loadout facility for transport to the port of Newcastle, New South Wales, Australia.

Carborough Downs. Carborough Downs is located in the Central Bowen Basin in central Queen