

Vale S.A.  
Form 6-K  
July 30, 2009

**Table of Contents**

**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 2009  
Vale S.A.**

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

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

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

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

(Check One) Yes  No

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

(Check One) Yes  No

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

(Check One) Yes  No

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

**TABLE OF CONTENTS**

Press Release  
Signatures

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**Table of Contents****Contents**

|   |    |
|---|----|
| A- Quarterly Information  | 3  |
| 1- Balance Sheet  | 3  |
| 2- Statement of Income  | 4  |
| 3- Statement of Changes in Stockholders' Equity   | 5  |
| 4- Statement of Cash Flows  | 6  |
| 5- Statement of Value Added   | 7  |
| 6- Notes to the Quarterly Information as of and for the period ended at June 30, 2009 and 2008    | 8  |
| 6.1- Operations   | 8  |
| 6.2- Summary of Significant Accounting Policies and Presentation of Interim Quarterly Information | 8  |
| 6.3- Consolidation Principles and Practices   | 8  |
| 6.4- Acquisitions and Divestments   | 9  |
| 6.5- Cash and Cash Equivalents  | 9  |
| 6.6- Short-Term Investments   | 9  |
| 6.7- Related Parties  | 10 |
| 6.8- Inventories  | 12 |
| 6.9- Recoverable Taxes  | 13 |
| 6.10- Deferred Income Tax and Social Contribution   | 13 |
| 6.11- Investments   | 14 |
| 6.12- Intangible  | 14 |
| 6.13- Property, Plant and Equipment   | 15 |
| 6.14- Loans and Financing   | 15 |
| 6.15- Contingent Liabilities and commitments  | 17 |
| 6.16- Provision for Asset Retirement Obligations  | 18 |
| 6.17- Pension Plan  | 19 |
| 6.18- Long-term Incentive compensation plan   | 19 |
| 6.19- Paid-up Capital   | 20 |
| 6.20- Funds linked to future mandatory conversion into shares                                     | 20 |
| 6.21- Treasury Stock  | 21 |
| 6.22- Compensation of Stockholders  | 21 |
| 6.23- Financial Results   | 21 |
| 6.24- Financial Instruments - Derivatives   | 22 |
| 6.25- Selling, Administrative, Other Operating Expenses and Results from the Sale of Investments  | 33 |
| 6.26- Subsequent Events   | 34 |
| 7- Report of the Independent Accountants on Limited Review  | 35 |
| 8- Attachment I - Statement of Investments in Subsidiaries and Jointly-Controlled Companies       | 37 |

**Table of Contents**

|  |    |
|--|----|
| B- Additional Information  | 38 |
| 9- Cash generation (to review)   | 38 |
| 10- Management's Discussion and Analysis of the Operational Performance in June 30, 2009 (to review) | 39 |
| 10.1- Management's Discussion and Analysis of the Operational Performance of Consolidated            | 39 |
| 10.1.1- Sales revenues   | 39 |
| 10.1.2- Cost of products and services  | 41 |
| 10.1.3- Selling and administrative expenses  | 41 |
| 10.1.4- Research and development   | 41 |
| 10.1.5- Other operating expenses   | 41 |
| 10.1.6- Net financial results  | 41 |
| 10.1.7- Income tax and social contribution   | 41 |
| 10.1.8- Results on sale of investments   | 41 |
| 10.2- Management's Discussion and Analysis of the Operational Performance of Parent Company          | 42 |
| 10.2.1- Sales revenues   | 42 |
| 10.2.2- Cost of products and services  | 42 |
| 10.2.3- Gross margin   | 42 |
| 10.2.4- Equity Results   | 42 |
| 10.2.5- Selling and administrative expenses  | 42 |
| 10.2.6- Research and development   | 42 |
| 10.2.7- Other operating expenses/ income   | 42 |
| 10.2.8- Net financial results  | 42 |
| 10.2.9- Income tax and social contribution   | 42 |
| 11- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers                   | 43 |

**Table of Contents****A- Quarterly Information**

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

**1- Balance Sheet**

|   | Notes | Consolidated       |                    | Parent Company     |                    |
|---|-------|--------------------|--------------------|--------------------|--------------------|
|   |       | 06/30/09           | 03/31/09           | 06/30/09           | 03/31/09           |
| <b>Balance at</b>                           |       |                    |                    |                    |                    |
| <b>In thousands of reais</b>                |       |                    |                    |                    |                    |
| <b>Assets</b>                               |       |                    |                    |                    |                    |
| <b>Current</b>                              |       |                    |                    |                    |                    |
| Cash and cash equivalents                   | 6.5   | 16,332,857         | 21,319,996         | 1,877,690          | 6,242,789          |
| Short term investments                      | 6.6   | 5,854,800          | 7,447,998          |                    |                    |
| Accounts receivable from customers          |       | 5,560,328          | 6,778,538          | 7,396,139          | 6,842,343          |
| Related parties                             | 6.7   | 130,061            | 345,532            | 5,338,362          | 1,906,134          |
| Inventories                                 | 6.8   | 8,204,776          | 9,136,088          | 2,769,348          | 2,905,394          |
| Deferred income tax and social contribution |       | 1,098,971          | 1,330,118          | 828,224            | 1,013,538          |
| Taxes to recover or offset                  | 6.9   | 1,688,351          | 3,948,197          | 871,365            | 2,669,792          |
| Advanced to suppliers                       |       | 825,473            | 1,033,310          | 745,015            | 863,488            |
| Others                                      |       | 1,343,534          | 1,375,879          | 294,596            | 213,222            |
|   |       | <b>41,039,151</b>  | <b>52,715,656</b>  | <b>20,120,739</b>  | <b>22,656,700</b>  |
| <b>Non-current</b>                          |       |                    |                    |                    |                    |
| Related parties                             | 6.7   | 51,051             | 25,300             | 329,385            | 4,689,193          |
| Loans and financing                         |       | 194,168            | 204,445            | 132,277            | 130,594            |
| Prepaid expenses                            |       | 478,344            | 551,381            |                    |                    |
| Judicial deposits                           |       | 1,940,809          | 1,858,809          | 1,316,458          | 1,280,783          |
| Advances to energy suppliers                |       | 920,985            | 936,864            |                    |                    |
| Deferred income tax and social contribution |       | 924,211            | 1,179,111          | 707,593            | 831,638            |
| Taxes to recover or offset                  | 6.9   | 1,310,040          | 1,318,451          | 168,882            | 161,934            |
| Derivatives at market value                 | 6.24  | 481,069            | 153,136            | 268,562            | 3,456              |
| Others                                      |       | 232,226            | 394,623            | 323,507            | 406,714            |
|   |       | <b>6,532,903</b>   | <b>6,622,120</b>   | <b>3,246,664</b>   | <b>7,504,312</b>   |
| <b>Investments</b>                          | 6.11  | <b>2,399,799</b>   | <b>2,854,889</b>   | <b>84,791,579</b>  | <b>94,480,089</b>  |
| <b>Intangibles</b>                          | 6.12  | <b>10,199,050</b>  | <b>10,590,977</b>  | <b>7,933,305</b>   | <b>8,248,869</b>   |
| <b>Property, plant and equipment</b>        | 6.13  | <b>111,097,194</b> | <b>115,170,636</b> | <b>40,924,525</b>  | <b>39,571,240</b>  |
|   |       | <b>123,696,043</b> | <b>128,616,502</b> | <b>133,649,409</b> | <b>142,300,198</b> |
|   |       | <b>171,268,097</b> | <b>187,954,278</b> | <b>157,016,812</b> | <b>172,461,210</b> |
| <b>Liabilities, and stockholders equity</b> |       |                    |                    |                    |                    |

**Current**

|  |      |                   |                   |                   |                   |
|--|------|-------------------|-------------------|-------------------|-------------------|
| Payable to suppliers and contractors                   |      | 3,893,496         | 4,141,927         | 2,243,596         | 2,066,018         |
| Payroll and related charges                            |      | 1,219,661         | 1,086,092         | 692,976           | 534,429           |
| Current portion of long-term debt                      | 6.14 | 1,397,378         | 1,748,005         | 611,928           | 857,170           |
| Short-term debt  | 6.14 | 693,693           | 1,093,758         |                   |                   |
| Related parties  |      | 4,276             | 171,204           | 6,231,077         | 7,680,034         |
| Taxes, contributions and royalties                     |      | 278,028           | 323,687           | 102,893           | 101,659           |
| Provision for income tax                               |      | 494,253           | 738,242           | 18,935            | 27,093            |
| Pension Plan   |      | 226,258           | 240,360           | 98,401            | 88,679            |
| Ferrovial Norte Sul subconcession                      |      | 474,787           | 954,646           |                   |                   |
| Derivatives at market value                            | 6.24 | 117,322           | 6,246             |                   |                   |
| Provision for asset retirement obligations             | 6.16 | 63,898            | 88,979            | 32,885            | 57,266            |
| Proposed dividends and interest on stockholders equity | 6.22 | 2,108,079         | 4,834,040         | 2,108,079         | 4,834,040         |
| Others   |      | 1,042,083         | 2,410,683         | 544,164           | 1,407,390         |
|  |      | <b>12,013,212</b> | <b>17,837,869</b> | <b>12,684,934</b> | <b>17,653,778</b> |

**Non-current**

|   |      |                   |                   |                   |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
| Pension Plan                                |      | 3,331,289         | 3,635,158         | 478,672           | 514,587           |
| Long-term debt                              | 6.14 | 38,303,736        | 42,526,571        | 12,180,184        | 11,791,801        |
| Related parties                             |      | 241,203           | 125,057           | 30,782,311        | 36,922,911        |
| Provisions for contingencies                | 6.15 | 2,979,229         | 2,984,338         | 1,687,811         | 1,692,372         |
| Deferred income tax and social contribution |      | 8,612,651         | 8,750,623         | 1,115,161         | 294,481           |
| Derivatives at market value                 | 6.24 | 20,732            | 1,423,160         |                   | 1,166,157         |
| Provision for asset retirement obligations  | 6.16 | 1,945,649         | 1,978,751         | 853,854           | 837,731           |
| Others                                      |      | 4,782,881         | 4,064,764         | 2,674,502         | 2,975,813         |
|   |      | <b>60,217,370</b> | <b>65,488,422</b> | <b>49,772,495</b> | <b>56,195,853</b> |

**Minority interest**

**4,478,132**      **6,016,408**

**Stockholders equity**

|   |      |            |            |            |            |
|---|------|------------|------------|------------|------------|
| Paid-up capital   | 6.19 | 47,434,193 | 47,434,193 | 47,434,193 | 47,434,193 |
| Transaction cost for capital increase                   |      | (160,771)  | (160,771)  | (160,771)  | (160,771)  |
| Funds linked to future mandatory conversion into shares | 6.20 | 3,063,833  | 3,063,833  | 3,063,833  | 3,063,833  |
| Equity valuation adjustment                             |      | 117,321    | 229,909    | 117,321    | 229,909    |
| Cumulative translation Adjustments                      |      | (436,472)  | 4,969,788  | (436,472)  | 4,969,788  |
| Profit reserves   |      | 44,541,279 | 43,074,627 | 44,541,279 | 43,074,627 |

|                    |                    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|
| <b>94,559,383</b>  | <b>98,611,579</b>  | <b>94,559,383</b>  | <b>98,611,579</b>  |
| <b>171,268,097</b> | <b>187,954,278</b> | <b>157,016,812</b> | <b>172,461,210</b> |

**The additional information, notes and attachment I are an integral part of the quarterly information**



**Table of Contents**

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

**2- Statement of Income**

| Period ended in                      |       | In thousands of reais |                    |                    |                     |                     |                            |                    |
|--------------------------------------|-------|-----------------------|--------------------|--------------------|---------------------|---------------------|----------------------------|--------------------|
|                                      |       | Consolidated          |                    |                    | Accumulated         |                     | Parent Company Accumulated |                    |
| Notes                                | 2Q/09 | 1Q/09                 | 2Q/08              | 06/30/09           | 06/30/08            | 06/30/09            | 06/30/08                   |                    |
| <b>Sales revenues</b>                |       |                       |                    |                    |                     |                     |                            |                    |
| Iron and metals                      |       | 8.796.797             | 10.831.690         | 15.876.401         | 19.628.487          | 27.823.552          | 13.290.980                 | 12.214.163         |
| Sales of aluminum-related products   |       | 1.011.319             | 1.070.907          | 1.300.993          | 2.082.226           | 2.472.850           | 240.224                    | 152.604            |
| Transport services                   |       | 714.857               | 610.482            | 932.014            | 1.325.339           | 1.718.860           | 583.454                    | 1.007.147          |
| Sales of steel products              |       | 107.113               | 169.915            | 357.209            | 277.028             | 677.398             |                            |                    |
| Other products and services          |       | 373.399               | 495.529            | 417.844            | 868.928             | 740.859             | 192.966                    | 157.068            |
|                                      |       | <b>11.003.485</b>     | <b>13.178.523</b>  | <b>18.884.461</b>  | <b>24.182.008</b>   | <b>33.433.519</b>   | <b>14.307.624</b>          | <b>13.530.982</b>  |
| Value Added taxes                    |       | (311.981)             | (262.683)          | (549.165)          | (574.664)           | (973.483)           | (356.214)                  | (710.755)          |
| <b>Net operating revenues</b>        |       | <b>10.691.504</b>     | <b>12.915.840</b>  | <b>18.335.296</b>  | <b>23.607.344</b>   | <b>32.460.036</b>   | <b>13.951.410</b>          | <b>12.820.227</b>  |
| <b>Cost of products and services</b> |       |                       |                    |                    |                     |                     |                            |                    |
| Iron and metals                      |       | (4.695.108)           | (4.901.169)        | (5.858.827)        | (9.596.277)         | (11.525.297)        | (5.256.633)                | (6.960.012)        |
| Aluminum-related products            |       | (1.103.845)           | (1.051.383)        | (918.014)          | (2.155.228)         | (1.723.846)         | (250.084)                  | (174.112)          |
| Transport services                   |       | (493.482)             | (496.554)          | (560.210)          | (990.036)           | (1.052.540)         | (396.559)                  | (450.969)          |
| Steel products                       |       | (104.189)             | (154.046)          | (291.826)          | (258.235)           | (589.594)           |                            |                    |
| Other products and services          |       | (294.784)             | (263.615)          | (262.560)          | (558.399)           | (511.683)           | (120.301)                  | (63.724)           |
|                                      |       | <b>(6.691.408)</b>    | <b>(6.866.767)</b> | <b>(7.891.437)</b> | <b>(13.558.175)</b> | <b>(15.402.960)</b> | <b>(6.023.577)</b>         | <b>(7.648.817)</b> |
| <b>Gross profit</b>                  |       | <b>4.000.096</b>      | <b>6.049.073</b>   | <b>10.443.859</b>  | <b>10.049.169</b>   | <b>17.057.076</b>   | <b>7.927.833</b>           | <b>5.171.410</b>   |
| <b>Gross margin</b>                  |       | <b>37,4%</b>          | <b>46,8%</b>       | <b>57,0%</b>       | <b>42,6%</b>        | <b>52,5%</b>        | <b>56,8%</b>               | <b>40,3%</b>       |
| <b>Operating expenses</b>            |       |                       |                    |                    |                     |                     |                            |                    |
| Selling and administrative           | 6.25  | (513.643)             | (574.490)          | (631.544)          | (1.088.133)         | (1.231.393)         | (556.704)                  | (616.235)          |
|                                      |       | (561.930)             | (441.229)          | (462.937)          | (1.003.159)         | (793.943)           | (627.020)                  | (448.331)          |

|  |      |                    |                    |                    |                    |                    |                    |                   |
|--|------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Research and development<br>other operating<br>expenses  | 6.25 | (734.955)          | (884.515)          | (149.365)          | (1.619.470)        | (506.828)          | (576.270)          | 110.757           |
|  |      | <b>(1.810.528)</b> | <b>(1.900.234)</b> | <b>(1.243.846)</b> | <b>(3.710.762)</b> | <b>(2.532.164)</b> | <b>(1.759.994)</b> | <b>(953.809)</b>  |
| <b>Operating profit<br/>before financial<br/>results, results of<br/>equity<br/>investments and<br/>impairment</b> |      | <b>2.189.568</b>   | <b>4.148.839</b>   | <b>9.200.013</b>   | <b>6.338.407</b>   | <b>14.524.912</b>  | <b>6.167.839</b>   | <b>4.217.601</b>  |
| Results of equity<br>investments   | 6.11 | 50.021             | 13.450             | 69.448             | 63.471             | 114.489            | (4.168.176)        | 6.434.696         |
| Amortization of<br>goodwill  | 6.12 |                    |                    | (336.215)          |                    | (725.365)          |                    | (725.365)         |
|  |      | 50.021             | 13.450             | (266.767)          | 63.471             | (610.876)          | (4.168.176)        | 5.709.331         |
| Financial results,<br>net  | 6.23 | 2.574.281          | (361.256)          | 1.765.976          | 2.213.025          | 532.786            | 6.698.522          | 2.507.190         |
| Gain on sale of<br>investment  | 6.25 | 295.722            |                    |                    | 295.722            | 138.879            | 295.722            |                   |
| Income before<br>income tax and<br>social<br>contribution  |      | 5.109.592          | 3.801.033          | 10.699.222         | 8.910.625          | 14.585.701         | 8.993.907          | 12.434.122        |
| Income tax and<br>social<br>contribution   | 6.10 | (3.533.597)        | (757.982)          | (2.571.182)        | (4.291.579)        | (3.241.065)        | (4.376.352)        | (1.347.716)       |
| Current<br>deferred charges  |      | (3.286.788)        | (1.157.050)        | (2.042.873)        | (4.443.838)        | (3.250.601)        | (4.090.663)        | (1.176.836)       |
| Minority interest  |      | (246.809)          | 399.068            | (528.309)          | 152.259            | 9.536              | (285.689)          | (170.880)         |
|  |      | (109.343)          | 107.852            | (222.577)          | (1.491)            | (258.230)          |                    |                   |
| <b>Net income for<br/>the period</b>   |      | <b>1.466.652</b>   | <b>3.150.903</b>   | <b>7.905.463</b>   | <b>4.617.555</b>   | <b>11.086.406</b>  | <b>4.617.555</b>   | <b>11.086.406</b> |
| <b>Number of<br/>shares<br/>outstanding at<br/>the end of the<br/>period (in<br/>thousands) (a)</b>                |      | <b>5.212.691</b>   | <b>5.212.680</b>   | <b>4.832.391</b>   | <b>5.212.691</b>   | <b>4.832.391</b>   | <b>5.212.691</b>   | <b>4.832.391</b>  |

Net earnings per  
share  
outstanding at  
the end of the  
period (R\$)

0,28                      0,60                      1,63                      0,89                      2,29                      0,89                      2,29

(a) Includes  
30,341,144 and  
56,582,040  
preferred and  
common  
shares,  
respectively,  
linked to issue  
of convertible  
notes, (see note  
6.19).

The additional information, notes and attachment I are an integral part of the quarterly information

**Table of Contents**

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

**3- Statement of Changes in Stockholders Equity**

Periods ended

In thousands of reais

| Paid-up capital | Transaction cost | Funds linked to future mandatory conversion into shares | Equity valuation adjustment | Cumulative translation Adjustments | Expansion/ Investments | Profit reserves |                   |           |                   | Retained earnings |
|-----------------|------------------|---|-----------------------------|------------------------------------|------------------------|-----------------|-------------------|-----------|-------------------|-------------------|
|                 |                  |   |                             |                                    |                        | Treasury stock  | Unrealized income | Legal     | Fiscal incentives |                   |
| 28,000,000      |                  | 3,063,833   |                             |                                    | 24,285,431             | (790,224)       | 60,883            | 2,319,695 | 89,844            |                   |
|                 |                  |   |                             |                                    |                        | (1,658,266)     |                   |           |                   | 21,270            |
|                 |                  |   |                             | 5,982,074                          |                        |                 |                   |           |                   |                   |
|                 |                  |   | 7,945                       |                                    |                        |                 |                   |           |                   |                   |
| 19,434,193      | (160,771)        |   |                             |                                    |                        |                 |                   |           |                   |                   |
|                 |                  |   |                             |                                    |                        | (580,124)       |                   |           |                   | (22,000)          |
|                 |                  |   |                             |                                    |                        |                 |                   |           |                   | (4,830)           |
|                 |                  |   |                             |                                    | 15,178,507             |                 | (22,362)          | 1,063,982 |                   | (16,220)          |
| 47,434,193      | (160,771)        | 3,063,833   | 7,945                       | 5,982,074                          | 38,883,814             | (2,448,490)     | 38,521            | 3,383,677 | 89,844            |                   |
|                 |                  |   |                             |                                    |                        | (23,642)        |                   |           |                   | 3,150             |
|                 |                  |   |                             | (1,012,286)                        |                        |                 |                   |           |                   |                   |

221,964

47,434,193 (160,771) 3,063,833 229,909 4,969,788 38,883,814 (2,472,132) 38,521 3,383,677 89,844 3,15

1,46

(5,406,260)

(112,588)

47,434,193 (160,771) 3,063,833 117,321 (436,472) 38,883,814 (2,472,132) 38,521 3,383,677 89,844 4,61

**The additional information, notes and attachment I are an integral part of the quarterly information**

**Table of Contents**

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

**4- Statement of Cash Flows**

| Period ended   | In thousands of reais |                  |                                      |                  |                   |   |                  |
|--|-----------------------|------------------|--------------------------------------|------------------|-------------------|---|------------------|
|  | 2Q/09                 | 1Q/09            | Consolidated<br>Accumulated<br>2Q/08 | 06/30/09         | 06/30/08          | Parent Company<br>Accumulated<br>06/30/09 | 06/30/08         |
| <b>Cash flows from operating activities:</b>   |                       |                  |                                      |                  |                   |   |                  |
| Net income for the period  | 1,466,652             | 3,150,903        | 7,905,463                            | 4,617,555        | 11,086,406        | 4,617,555                                 | 11,086,406       |
| Adjustments to reconcile net income for the period with cash provided by operating activities: |                       |                  |                                      |                  |                   |   |                  |
| Results of equity investments  | (50,021)              | (13,450)         | 266,767                              | (63,471)         | 610,876           | 4,168,176                                 | (5,709,331)      |
| Sale of assets   | (295,722)             |                  |                                      | (295,722)        | (138,879)         | (295,722)                                 |                  |
| Depreciation, amortization and depletion   | 1,253,422             | 1,296,765        | 1,250,502                            | 2,550,187        | 2,563,430         | 978,519                                   | 862,227          |
| Deferred income tax and social contribution  | 246,809               | (399,068)        | 528,309                              | (152,259)        | (9,536)           | 285,689                                   | 170,880          |
| Indexation and exchange gains, net   | (4,007,311)           | 361,416          | (2,777,853)                          | (3,645,895)      | (3,641,208)       | (6,202,776)                               | (3,222,752)      |
| Minority interest  | 109,343               | (107,852)        | 222,577                              | 1,491            | 258,230           |   |                  |
| Disposal of property, plant and equipment  | 140,663               | 162,431          | 121,400                              | 303,094          | 249,220           | 111,793                                   | 171,904          |
| Net unrealized losses (gains) on derivatives   | (1,814,648)           | (43,775)         | (1,109,435)                          | (1,858,423)      | (571,747)         | (1,578,872)                               | (943,069)        |
| Dividends/interest on stockholders equity received   | 21,318                |                  | 22,866                               | 21,318           | 22,866            | 293,817                                   | 505,970          |
| Others   | (145,090)             | (43,481)         | (55,418)                             | (188,571)        | 31,632            | (141,457)                                 | (186,857)        |
|  | <b>(3,074,585)</b>    | <b>4,363,889</b> | <b>6,375,178</b>                     | <b>1,289,304</b> | <b>10,461,290</b> | <b>2,236,722</b>                          | <b>2,735,378</b> |
| <b>Decrease (increase) in assets:</b>  |                       |                  |                                      |                  |                   |   |                  |
| Accounts receivable  | 1,243,549             | 1,007,191        | (1,335,306)                          | 2,250,740        | (957,988)         | 2,430,933                                 | (568,222)        |
| Inventories  | 1,230,727             | 504,458          | (253,545)                            | 1,735,185        | (105,475)         | 171,757                                   | (166,087)        |
| Advances to energy suppliers   |                       | 15,879           | (29,157)                             | 15,879           | 31,758            |   |                  |
| Taxes to Recover   | 2,577,021             | (164,804)        | 13,162                               | 2,412,217        | (212,460)         | 2,478,039                                 | (100,044)        |
| Others   | (402,417)             | (258,371)        | 223,679                              | (660,788)        | 60,021            | 286,598                                   | 21,839           |

|   |                    |                    |                    |                     |                    |                    |                    |
|---|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|
|   | <b>4,648,880</b>   | <b>1,104,353</b>   | <b>(1,381,167)</b> | <b>5,753,233</b>    | <b>(1,184,144)</b> | <b>5,367,327</b>   | <b>(812,514)</b>   |
| <b>Increase (decrease) in liabilities:</b>  |                    |                    |                    |                     |                    |                    |                    |
| Suppliers and contractors   | (455,329)          | (728,025)          | 171,349            | (1,183,354)         | 158,091            | 98,207             | 36,639             |
| Payroll and related charges   | 82,107             | (341,404)          | 268,704            | (259,297)           | (179,893)          | (187,662)          | (115,021)          |
| Taxes and contributions   | (422,690)          | 312,207            | 1,556,723          | (110,483)           | 163,078            | (10,591)           | 735,420            |
| Others  | 805,549            | (98,016)           | (735,667)          | 707,533             | (785,706)          | 880,550            | (392,369)          |
|   | <b>9,637</b>       | <b>(855,238)</b>   | <b>1,261,109</b>   | <b>(845,601)</b>    | <b>(644,430)</b>   | <b>780,504</b>     | <b>264,669</b>     |
| <b>Net cash provided by operating activities</b>  | <b>1,583,932</b>   | <b>4,613,004</b>   | <b>6,255,120</b>   | <b>6,196,936</b>    | <b>8,632,716</b>   | <b>8,384,553</b>   | <b>2,187,533</b>   |
| <b>Cash flows from investing activities:</b>  |                    |                    |                    |                     |                    |                    |                    |
| Short term investments  | 1,593,198          | (2,054,202)        |                    | (461,004)           |                    |                    |                    |
| Loans and advances receivable   | (591,957)          | (65,384)           | (26,640)           | (657,341)           | 9,846              | (38,733)           | (78,182)           |
| Guarantees and deposits   | (59,388)           | (51,728)           | (17,282)           | (111,116)           | (78,497)           | (68,141)           | (54,602)           |
| Additions to investments  | (622,555)          | (166,077)          | (13,744)           | (788,632)           | (32,324)           | (4,186,179)        | (199,292)          |
| Additions to property, plant and equipment  | (4,165,787)        | (3,682,753)        | (3,619,924)        | (7,848,540)         | (6,727,544)        | (3,558,728)        | (2,534,429)        |
| Proceeds from disposal of property, plant and equipment/investments                         | 602,683            |                    |                    | 602,683             | 370,501            | 602,683            |                    |
| Net cash used in acquisitions and capital increase in subsidiaries, net of cash of acquired | (660,420)          | (2,133,721)        |                    | (2,794,141)         |                    |                    |                    |
| <b>Net cash used in investing activities</b>  | <b>(3,904,226)</b> | <b>(8,153,865)</b> | <b>(3,677,590)</b> | <b>(12,058,091)</b> | <b>(6,458,018)</b> | <b>(7,249,098)</b> | <b>(2,866,505)</b> |
| <b>Cash flows from (used in) financing activities:</b>                                      |                    |                    |                    |                     |                    |                    |                    |
| Short-term debt additions   | 695,738            | 356,101            | 705,367            | 1,051,839           | 2,334,181          | 87,640             | 3,076,974          |
| Short-term debt repayments  | (1,102,714)        | (401,719)          | (869,076)          | (1,504,433)         | (2,169,646)        | (4,058,003)        | (1,784,149)        |
| Long-term debt  | 802,672            | 540,936            | 507,102            | 1,343,608           | 2,969,986          | 1,076,773          | 2,831,609          |

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|  |                    |                    |                    |                    |                  |                    |                |
|--|--------------------|--------------------|--------------------|--------------------|------------------|--------------------|----------------|
| Repayments:  |                    |                    |                    |                    |                  |                    |                |
| Related parties  |                    |                    |                    |                    |                  | (80,993)           | (40,293)       |
| Financial institutions   | (184,364)          | (241,267)          | (1,068,375)        | (425,631)          | (1,282,350)      | (237,745)          | (1,175,100)    |
| Interest on stockholders equity paid to stockholders and dividends | (2,734,500)        |                    | (2,248,245)        | (2,734,500)        | (2,248,245)      | (2,734,500)        | (2,109,750)    |
| Treasury stock   |                    | (23,642)           |                    | (23,642)           | 6                | (23,642)           | 6              |
| <b>Net cash provided by (used in) financing activities</b>         | <b>(2,523,168)</b> | <b>230,409</b>     | <b>(2,973,227)</b> | <b>(2,292,759)</b> | <b>(396,068)</b> | <b>(5,970,470)</b> | <b>799,297</b> |
| <b>Increase (decrease) in cash and cash equivalents</b>            | <b>(4,843,462)</b> | <b>(3,310,452)</b> | <b>(395,697)</b>   | <b>(8,153,914)</b> | <b>1,778,630</b> | <b>(4,835,015)</b> | <b>120,325</b> |
| Cash and cash equivalents, beginning of the period                 | 21,319,996         | 24,639,245         | 4,274,642          | 24,639,245         | 2,127,909        | 6,712,705          | 120,188        |
| Effects of exchange rates in cash and equivalents                  | (143,677)          | (8,797)            | (132,560)          | (152,474)          | (160,154)        |                    |                |
| <b>Cash and cash equivalents, end of the period</b>                | <b>16,332,857</b>  | <b>21,319,996</b>  | <b>3,746,385</b>   | <b>16,332,857</b>  | <b>3,746,385</b> | <b>1,877,690</b>   | <b>240,513</b> |
| Cash paid during the period for:                                   |                    |                    |                    |                    |                  |                    |                |
| Short-term interest  | (23,554)           | (35,794)           | (25,556)           | (59,348)           | (59,125)         | (107,708)          | (58,950)       |
| Long-term interest   | (653,897)          | (647,133)          | (584,351)          | (1,301,030)        | (1,078,595)      | (1,393,223)        | (1,477,788)    |
| Income tax and social contribution                                 | (282,770)          | (335,254)          | (351,924)          | (618,024)          | (3,281,974)      |                    | (564,914)      |
| <b>Non-cash transactions:</b>                                      |                    |                    |                    |                    |                  |                    |                |
| Additions to property, plant and equipment                         |                    |                    |                    |                    |                  |                    |                |
| interest capitalization  | (57,176)           | (134,359)          | (28,633)           | (191,535)          | (40,165)         | (10,617)           | (21,960)       |
| Transfer of advance for future capital increase to investments     |                    |                    |                    |                    |                  | (291,950)          | (112,173)      |



**Table of Contents**

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**5- Statement of Value Added**

| <b>Period ended</b>                        | <b>In thousands of reais</b> |                                  |                  |  |
|--|------------------------------|----------------------------------|------------------|--|
|  | <b>06/30/09</b>              | <b>Consolidated<br/>06/30/08</b> | <b>06/30/09</b>  | <b>Parent<br/>Company<br/>06/30/08</b> |
| <b>Generation of Value Added</b>           |                              |                                  |                  |  |
| <b>Sales revenue</b>                       |                              |                                  |                  |  |
| Revenue from products and services         | 24,192,471                   | 33,462,071                       | 14,313,897       | 13,551,466                             |
| Revenue for the construction of own assets | 5,052,819                    | 6,171,601                        | 3,558,728        | 2,534,429                              |
| Allowance for doubtful accounts            | (10,463)                     | (28,552)                         | (6,273)          | (20,484)                               |
| Less: Acquisition of products              | (631,470)                    | (1,396,877)                      | (93,899)         | (1,024,097)                            |
| Outsourced services                        | (2,970,794)                  | (2,535,102)                      | (1,324,167)      | (1,840,773)                            |
| Materials                                  | (8,128,686)                  | (9,421,088)                      | (5,374,051)      | (4,663,996)                            |
| Fuel oil and gas                           | (1,235,519)                  | (1,728,308)                      | (472,911)        | (701,458)                              |
| Energy                                     | (804,126)                    | (948,319)                        | (289,220)        | (269,379)                              |
| Other costs                                | (3,632,329)                  | (2,521,753)                      | (1,516,163)      | (1,212,742)                            |
| <b>Gross Value Added</b>                   | <b>11,831,903</b>            | <b>21,053,673</b>                | <b>8,795,941</b> | <b>6,352,966</b>                       |
| Depreciation, amortization and depletion   | (2,550,187)                  | (2,563,430)                      | (978,519)        | (862,227)                              |
| <b>Net Value Added</b>                     | <b>9,281,716</b>             | <b>18,490,243</b>                | <b>7,817,422</b> | <b>5,490,739</b>                       |
| <b>Received from third parties</b>         |                              |                                  |                  |  |
| Financial revenue                          | 539,403                      | 167,916                          | 415,647          | 144,493                                |
| Results of equity investment               | 63,471                       | (610,876)                        | (4,168,176)      | 5,709,331                              |
| <b>Total Value Added to be distributed</b> | <b>9,884,590</b>             | <b>18,047,283</b>                | <b>4,064,893</b> | <b>11,344,563</b>                      |
| Personnel                                  | 2,548,346                    | 2,387,898                        | 1,112,104        | 871,894                                |
| Taxes, rates and contribution              | 4,390,820                    | 4,679,619                        | 4,618,109        | 1,748,960                              |
| Remuneration on third party capital        | 1,453,195                    | 1,714,318                        | 1,567,678        | 1,727,175                              |
| Indexation and exchange rate               | (3,126,817)                  | (2,079,188)                      | (7,850,553)      | (4,089,872)                            |
| Stockholders remuneration Stockholders     | 4,617,555                    | 11,086,406                       | 4,617,555        | 11,086,406                             |
| Minority interest                          | 1,491                        | 258,230                          |                  |  |
| <b>Distribution of Value Added</b>         | <b>9,884,590</b>             | <b>18,047,283</b>                | <b>4,064,893</b> | <b>11,344,563</b>                      |

**Table of Contents**

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

**6- Notes to the Quarterly Information as of and for the period ended at June 30, 2009 and 2008**

(In thousands of Brazilian reais, except as otherwise stated)

**6.1- Operations**

Vale S.A. formerly denominated Companhia Vale do Rio Doce, (Vale, the Company) is a publicly company whose predominant activities are mining, processing and sales of iron ore, pellets, copper concentrate and potash, as well as logistic services, power generation and mineral research and development. In addition, through its direct and indirect subsidiaries and jointly controlled companies, also operates in nickel, copper, precious metals, cobalt (by product), manganese and ferroalloys, kaolin, coal, steel, and aluminum-related products.

**6.2- Summary of Significant Accounting Policies and Presentation of Interim Quarterly Information**

The unaudited Interim Financial Information have been prepared in conformity with the accounting practices adopted in Brazil, based on Corporate law, (as amended by Law 11.638), Provisional Act 449, as well as the rules and guidelines issued by Brazilian Securities Commission - CVM, which special review were done by our auditors according the rules established by Independent Auditors institute of Brazil - IBRACON, together with Accounting Federal Council - CFC. These informations followed the principles, methods and criteria that are uniform to those adopted in the prior year ended December, 31 2008, except with regard to the goodwill amortization, and consequently, should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31,2008.

According to CPC 13 - First-time adoption of Law 11.638 and Provisional Act 449/08, the goodwill on expected future results resulting from the acquisition of other company is no longer amortized as from 2009 and therefore is no longer presented in the line item - goodwill amortization - in the statement of income. In 2Q08 the amount recorded was R\$ 336.215 (R\$725.365 in the semester ended in June 30,2008)

In preparing the interim financial statements it is, required to use estimates to account for certain assets, liabilities, and transactions. Therefore the Company's interim financial statements include various estimates concerning the selection of useful lives of property, plant and equipment, provisions for losses on assets, contingent liabilities, operational provisions and other similar evaluations. Actual results may vary from the estimates.

The rights and obligations in foreign currencies are stated according to prevailing exchange rates at the time of the financial statements, and US\$ 1.00 is equivalent to R\$1,9516 on June 30, 2009 (US\$ 1.00 is equivalent to R\$1,5919 on June 30, 2008), for monetary items. For non-monetary items stated at cost, applies the exchange rate at the date of the transaction or the average monthly exchange rate, and for non-monetary items stated at fair value applies the exchange rate at the date of determining the value. Rights and obligations in the domestic currency, when applicable, are adjusted for inflation according to contractual terms;

The effects of adjustments required by new accounting practices, recognized and presented entirely in one column in the 2008 annual financial statements, were reclassified in the quarters of 2008 with objective to be comparable with respective information of 2009.

The effects of adjustments in the comparative periods resulting from the adoption of CPC 02 - Effects of changes in exchanges rates and currency translation of financial statements was an increase in 2Q08 of R\$ 3.332.477 (R\$ 4.260.525 in the semester) in parent company reflected in investments in subsidiaries and in the consolidated an increase in 2Q08 of R\$ 676.644 (R\$ 781.715 in the semester), reflected in investments in subsidiaries and an increase of R\$ 2.655.833 in the 2Q08 (R\$ 3.478.810), reflected in financial income.

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

The Company has performed and evaluation of subsequent events through July 29, 2009 which is date the financial statements.

**6.3- Consolidation Principles and Practices**

The consolidated interim financial statements reflect the balances of assets, liabilities and shareholders equity as of June 30, 2009 and March 31, 2009 and operations of quarterly periods ended on June 30, 2009, March 31, 2009 and June 30, 2008 of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies. Overseas operations are translated into the reporting currency for the Brazilian financial statements in Brazil to record equity investments, full or proportionate consolidation of financial statements.

**Table of Contents**

Vale's participation in hydroelectric projects is made through consortium agreements under which the Company's share in assets and liabilities of the business is proportional to its share in the generated power. The Company does not have joint responsibility for any liability. Since there is no legal entity related to the project, there are no separate financial statements, income tax return, net income or stockholder's equity. Brazilian legislation clearly provides that there is no separate entity under a consortium agreement. Accordingly, the Company recognizes its proportional share of costs and its undivided share in assets related to hydroelectric projects.

**6.4- Acquisitions and Divestments**

In April 2009, the Company sold its remaining interest in Usiminas for R\$594,775 obtaining a gain of R\$295,722.

In March 2009, the Company acquired from Cement Argos the entites Diamond Coal Ltd., which owns thermal coal assets in Colombia by R\$694,560.

In March 2009, 50% of Teal Minerals Incorporated, Joint Venture with African Rainbow Minerals Limited, was acquired by R\$138,792.

In February 2009, the acquisition of Green Mineral Resources, company owner of mineral rights of Project Regina (Canada) and Project Colorado (Argentina) from Rio Tinto, was concluded by the amount of R\$1,994,695.

For the three acquisitions above, the difference between the acquisition consideration and the equity was, preliminary, fully allocated to PP&E based on the difference between the market values of assets and the is net book values. All these preliminary allocations were based on internal management research and are subject to revision. For Diamond Coal this allocation was R\$474,544, for Teal Minerals was R\$254,095 and for Green Minerals was R\$1,744,589.

In January 2009, the Company entered into a purchase and sale agreement with Rio Tinto PLC to acquire iron ore assets (Brazil) by US\$750.000 thousands. This acquisition was not concluded and is subject to final approval by the Administrative Council for Economic Defense - CADE.

In February 2008, the Company sold its interests of 4.83% in common shares of Jubilee Mines N.L., held by Vale Inco, by R\$231,788 obtaining a gain of R\$138,879.

**6.5- Cash and Cash Equivalents**

|                        | <b>Consolidated</b> |                   | <b>Parent Company</b> |                  |
|------------------------|---------------------|-------------------|-----------------------|------------------|
|                        | <b>06/30/09</b>     | <b>03/31/09</b>   | <b>06/30/09</b>       | <b>03/31/09</b>  |
| Cash and bank accounts | 1,056,746           | 1,434,896         | 51,781                | 67,195           |
| Short-term investment  | 15,276,111          | 19,885,100        | 1,825,909             | 6,175,594        |
|                        | <b>16,332,857</b>   | <b>21,319,996</b> | <b>1,877,690</b>      | <b>6,242,789</b> |

All the above mentioned short term investments are done through the use of low risk fixed income securities, particly denominated in Brazilian Reais indexed to the CDI rate, and others denominated in US dollars comprised of time deposits.

**6.6- Short-Term Investments**

|                  | <b>Consolidated</b> |                 |
|------------------|---------------------|-----------------|
|                  | <b>06/30/09</b>     | <b>03/31/09</b> |
| Time deposit (*) | 5,854,800           | 7,447,998       |

(\*) Represent application with due date over 90 days.



**Table of Contents****6.7- Related Parties**

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

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

|   | <b>Consolidated</b> |                      |                  |                      |
|---|---------------------|----------------------|------------------|----------------------|
|   | <b>Assets</b>       |                      |                  |                      |
|   | <b>06/30/09</b>     |                      | <b>03/31/09</b>  |                      |
|   | <b>Customers</b>    | <b>Related party</b> | <b>Customers</b> | <b>Related party</b> |
| Baovale Mineração S.A.                                  | 14,653              |                      | 549              | 1,580                |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO    | 537                 | 214                  | 763              |                      |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 479                 | 130                  | 2,962            | 24,131               |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO     | 1,052               |                      | 1,069            | 5                    |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO       |                     | 1,130                | 10,725           |                      |
| Korea Nickel Corporation                                | 22,500              |                      |                  |                      |
| Log-in S.A.   |                     |                      | 12,523           | 9,537                |
| Mineração Rio do Norte S.A.                             | 192                 | 18                   | 251              | 27,854               |
| MRS Logística S.A.                                      | 585                 | 41,262               | 640              | 90,789               |
| Potassio Rio Colorado AS                                |                     | 39,655               |                  |                      |
| Samarco Mineração S.A.                                  | 1,931               | 25,535               | 8,877            | 190,626              |
| Teal Minerals Incorporated                              |                     | 40,361               |                  |                      |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (*)   |                     |                      | 23,639           |                      |
| Others  | 53,894              | 32,807               | 33,663           | 26,310               |
| <b>Total</b>  | <b>95,823</b>       | <b>181,112</b>       | <b>95,661</b>    | <b>370,832</b>       |
| <b>Registered as:</b>                                   |                     |                      |                  |                      |
| Current   | 95,823              | 130,061              | 95,661           | 345,532              |
| Non-current   |                     | 51,051               |                  | 25,300               |
|   | <b>95,823</b>       | <b>181,112</b>       | <b>95,661</b>    | <b>370,832</b>       |

|                        | <b>Consolidated</b> |                      |                  |                      |
|------------------------|---------------------|----------------------|------------------|----------------------|
|                        | <b>Liabilities</b>  |                      |                  |                      |
|                        | <b>06/30/09</b>     |                      | <b>03/31/09</b>  |                      |
|                        | <b>Suppliers</b>    | <b>Related party</b> | <b>Suppliers</b> | <b>Related party</b> |
| Baovale Mineração S.A. | 27,331              |                      | 24,488           |                      |

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|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Companhia Coreano-Brasileira de Pelotização<br>KOBRASCO    | 40,094         | 3,060          | 43,886         | 2,782          |
| Companhia Hispano-Brasileira de Pelotização<br>HISPANOBRÁS |                | 2,268          |                | 39,222         |
| Companhia Ítalo-Brasileira de Pelotização<br>ITABRASCO     | 10,588         |                | 10,125         | 15,608         |
| Companhia Nipo-Brasileira de Pelotização<br>NIBRASCO       | 34,646         | 14,381         | 27,762         | 30,771         |
| Log-in S.A.  |                |                | 9,398          | 12             |
| Minas da Serra Geral S.A.                                  | 2,689          | 15,836         |                | 15,630         |
| Mineração Rio do Norte S.A.                                | 20,453         |                | 29,305         |                |
| MRS Logística S.A.   | 129,384        | 206,666        | 103,916        | 124,638        |
| Usinas Siderúrgicas de Minas Gerais S.A.<br>USIMINAS (*)   |                |                | 8              | 14,657         |
| Others   | 25,836         | 3,268          | 30,508         | 52,941         |
| <b>Total</b>   | <b>291,021</b> | <b>245,479</b> | <b>279,396</b> | <b>296,261</b> |
| <b>Registered as:</b>                                      |                |                |                |                |
| Current  | 291,021        | 4,276          | 279,396        | 171,204        |
| Non-current  |                | 241,203        |                | 125,057        |
|  | <b>291,021</b> | <b>245,479</b> | <b>279,396</b> | <b>296,261</b> |

(\*) Investment  
disposed in april  
2009.

**Table of Contents**

|   | <b>Parent Company<br/>Assets</b> |                      |                  |                      |
|---|----------------------------------|----------------------|------------------|----------------------|
|   | <b>06/30/09</b>                  |                      | <b>03/31/09</b>  |                      |
|   | <b>Customers</b>                 | <b>Related party</b> | <b>Customers</b> | <b>Related party</b> |
| ALUNORTE Alumina do Norte do Brasil S.A.                | 46,493                           | 87,031               | 41,985           | 101,046              |
| Baovale Mineração S.A.                                  | 29,305                           | 3,160                | 1,098            | 3,160                |
| Companhia Coreano-Brasileira de Pelotização<br>KOBRASCO | 1,069                            | 427                  | 386              | 132,898              |
| Companhia Nipo-Brasileira de Pelotização<br>NIBRASCO    |                                  | 2,307                | 98,534           | 231                  |
| Companhia Portuária Baía de Sepetiba CPBS               | 830                              | 86,913               | 48,355           | 55,862               |
| CVRD OVERSEAS Ltd.                                      | 132,026                          | 195                  | 1,523            |                      |
| Ferrovias Centro Atlântica S.A.                         | 61,142                           | 56,533               | 1,890            | 753,354              |
| Minerações Brasileiras Reunidas S.A. MBR                |                                  | 694,606              | 1,016            | 51,913               |
| MRS Logística S.A.                                      | 877                              | 35,331               | 21,869           |                      |
| Salobo Metais S.A.                                      | 2,629                            | 233,555              | 1,722            | 233,555              |
| Samarco Mineração S.A.                                  | 3,861                            | 278,767              | 17,754           | 381,251              |
| Vale International S.A.                                 | 6,646,430                        | 3,712,587            | 6,163,755        | 4,397,189            |
| Vale Manganês S.A.                                      | 9,013                            | 179,309              | 5,584            | 179,309              |
| Others  | 138,339                          | 297,026              | 127,008          | 305,559              |
| <b>Total</b>  | <b>7,072,014</b>                 | <b>5,667,747</b>     | <b>6,532,479</b> | <b>6,595,327</b>     |
| <b>Registered as:</b>                                   |                                  |                      |                  |                      |
| Current   | 7,072,014                        | 5,338,362            | 6,532,479        | 1,906,134            |
| Non-current   |                                  | 329,385              |                  | 4,689,193            |
|   | <b>7,072,014</b>                 | <b>5,667,747</b>     | <b>6,532,479</b> | <b>6,595,327</b>     |

|   | <b>Parent Company<br/>Liabilities</b> |                      |                  |                      |
|---|---------------------------------------|----------------------|------------------|----------------------|
|   | <b>06/30/09</b>                       |                      | <b>03/31/09</b>  |                      |
|   | <b>Suppliers</b>                      | <b>Related party</b> | <b>Suppliers</b> | <b>Related party</b> |
| ALUNORTE Alumina do Norte do Brasil S.A.                | 14,777                                |                      |                  |                      |
| Baovale Mineração S.A.                                  | 54,663                                |                      | 48,977           |                      |
| Companhia Coreano-Brasileira de Pelotização<br>KOBRASCO | 80,188                                | 135                  | 52,219           | 65,852               |
| Companhia Nipo-Brasileira de Pelotização<br>NIBRASCO    | 70,707                                | 605,397              | 5                | 750,385              |
| Companhia Portuária Baía de Sepetiba CPBS               | 96,726                                |                      | 11,244           | 39,564               |
| CVRD OVERSEAS Ltd.                                      | 4                                     | 2,292                | 87,771           | 1,735                |
| Ferrovias Centro Atlântica S.A.                         | 9,968                                 |                      | 55,097           |                      |



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|                                      |     |                |                   |                |                   |
|--------------------------------------|-----|----------------|-------------------|----------------|-------------------|
| Minerações Brasileiras Reunidas S.A. | MBR | 56,132         |                   | 156,632        |                   |
| MRS Logística S.A.                   |     | 302,505        | 20,412            | 56,658         | 31,424            |
| Salobo Metais S.A.                   |     |                |                   | 2,000          |                   |
| Samarco Mineração S.A.               |     | 32,132         | 36,337,758        | 44,525         | 43,399,189        |
| Vale International S.A.              |     |                | 11                |                | 23,450            |
| Vale Manganês S.A.                   |     |                |                   |                |                   |
| Others                               |     | 89,559         | 47,383            | 51,487         | 291,346           |
| <b>Total</b>                         |     | <b>807,361</b> | <b>37,013,388</b> | <b>566,615</b> | <b>44,602,945</b> |

**Registered as:**

|             |                |                   |                |                   |
|-------------|----------------|-------------------|----------------|-------------------|
| Current     | 807,361        | 6,231,077         | 566,615        | 7,680,034         |
| Non-current |                | 30,782,311        |                | 36,922,911        |
|             | <b>807,361</b> | <b>37,013,388</b> | <b>566,615</b> | <b>44,602,945</b> |

|   | 2Q/09  | Income  |         | Consolidated Expense / Cost |        |         | Financial |          |          |
|---|--------|---------|---------|-----------------------------|--------|---------|-----------|----------|----------|
|   |        | 1Q/09   | 2Q/08   | 2Q/09                       | 1Q/09  | 2Q/08   | 2Q/09     | 1Q/09    | 2Q/08    |
| Baovale Mineração S.A.                                  | 3,054  |         |         | 4,584                       | 4,584  | 4,123   |           |          |          |
| Companhia Coreano-Brasileira de Pelotização KOBASCO     |        |         | 39,874  |                             | 35,534 | 112,248 | (263)     | (375)    | (1,683)  |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 4,146  | 4,626   | 101,421 | 492                         | 1,215  | 165,135 | 40        | (1,897)  | 3,488    |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO     |        |         | 37,950  | 97                          | 6,876  | 56,104  | (110)     | (556)    | (676)    |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO       | 64     |         | 24,011  | 6,819                       | 18,520 | 140,551 | 2,588     | (3,040)  | (611)    |
| Mineração Rio do Norte S.A.                             |        |         |         | 65,018                      | 71,454 | 54,296  | (105)     | 144      | (63)     |
| MRS Logística S.A.                                      | 2,988  | 2,288   | 4,660   | 140,479                     | 97,273 | 174,900 |           |          |          |
| Samarco Mineração S.A.                                  | 14,049 | 15,518  | 68,161  |                             |        |         | (61)      | (4)      | (20)     |
| Log-in S.A.   | 13,691 |         |         |                             |        |         | 382       |          | 169      |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS       |        | 108,982 | 272,543 |                             |        |         |           |          |          |
| Others  |        | 7,915   | 7,450   | 2,024                       | 24,842 | 3,360   | 20,471    | (21,970) | (24,387) |

**37,992 139,329 556,070 219,513 260,298 710,717 22,942 (27,698) (23,783)**

**Table of Contents**

|   | <b>Income</b>   |                  | <b>Consolidated<br/>Expense / Cost</b> |                 | <b>Financial</b> |                 |
|---|-----------------|------------------|--|-----------------|------------------|-----------------|
|   | <b>06/30/09</b> | <b>06/30/08</b>  | <b>06/30/09</b>                        | <b>06/30/08</b> | <b>06/30/09</b>  | <b>06/30/08</b> |
| Baovale Mineração S.A.  | 3,054           |                  | 9,168                                  | 8,247           |                  |                 |
| Companhia Coreano-Brasileira<br>de Pelotização KOBRASCO       |                 | 82,408           | 35,534                                 | 155,272         | (263)            | (375)           |
| Companhia Hispano-Brasileira<br>de Pelotização<br>HISPANOBRÁS | 8,772           | 152,541          | 1,707                                  | 237,958         | 40               | (1,897)         |
| Companhia Ítalo-Brasileira de<br>Pelotização ITABRASCO        |                 | 84,603           | 6,973                                  | 123,174         | (110)            | (556)           |
| Companhia Nipo-Brasileira de<br>Pelotização NIBRASCO          | 64              | 91,790           | 25,339                                 | 245,392         | 2,588            | (3,040)         |
| Mineração Rio do Norte S.A.                                   |                 |                  | 136,472                                | 113,438         | (105)            | 144             |
| MRS Logística S.A.  | 5,276           | 6,808            | 237,752                                | 316,373         |                  |                 |
| Samarco Mineração S.A.  | 29,567          | 106,862          |  |                 | (61)             | (4)             |
| Log-in S.A.   | 13,691          | 11,992           |  | 197             | 382              |                 |
| Usinas Siderúrgicas de Minas<br>Gerais S.A. USIMINAS          | 108,982         | 497,458          |  |                 |                  |                 |
| Others  | 7,915           | 7,601            | 26,866                                 | 30,232          | 20,471           | (21,970)        |
|   |                 |                  | <b>479,811</b>                         |                 |                  |                 |
|   | <b>177,321</b>  | <b>1,042,063</b> | <b>1</b>                               | <b>,230,283</b> | <b>22,942</b>    | <b>(27,698)</b> |

|  | <b>Income</b>   |                 | <b>Parent Company<br/>Expense / Cost</b> |                 | <b>Financial</b> |                 |
|--|-----------------|-----------------|--|-----------------|------------------|-----------------|
|  | <b>06/30/09</b> | <b>06/30/08</b> | <b>06/30/09</b>                          | <b>06/30/09</b> | <b>06/30/08</b>  | <b>06/30/09</b> |
| ALBRAS Alumínio<br>Brasileiro S.A.   | 52,132          | 4,952           |  |                 |                  | (170)           |
| ALUNORTE Alumina do<br>Norte do Brasil S.A.  | 180,405         | 116,656         | 49,739                                   | 24,547          | (14,462)         | (9,190)         |
| Baovale Mineração S.A.<br>Companhia<br>Coreano-Brasileira de<br>Pelotização KOBRASCO | 6,108           |                 | 18,335                                   | 16,494          |                  |                 |
| Companhia<br>Hispano-Brasileira de<br>Pelotização<br>HISPANOBRÁS                     | 35              | 169,270         | 66,861                                   | 204,688         | (1,276)          | (2,468)         |
| Companhia Ítalo-Brasileira<br>de Pelotização<br>ITABRASCO                            | 17,542          | 329,199         | 3,477                                    | 361,506         | (3,372)          | 3,416           |
| Companhia<br>Nipo-Brasileira de<br>Pelotização NIBRASCO                              |                 | 176,851         | 14,201                                   | 132,136         | (1,353)          | (1,233)         |
|  | 63,325          | 186,240         | 56,773                                   | 366,527         | 57,212           | (1,228)         |
|  |                 |                 | 120,758                                  | 172,822         | (4,529)          |                 |

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|   |                   |                   |                  |                  |                  |                  |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|
| Companhia Portuária Baía de Sepetiba CPBS |                   |                   |                  |                  |                  |                  |
| CVRD Overseas Ltd.                        | 1,404,159         | 1,334,075         | 11,236           | 11,584           | 87,439           | 32,053           |
| Ferro Gusa Carajas                        |                   | 19,984            |                  |                  |                  |                  |
| Ferrovia Centro Atlântica S.A.            | 105,278           | 91,480            | 4,865            | 41,699           | 4,844            | 191              |
| MRS Logística S.A.                        | 7,405             | 23,091            | 406,413          | 540,809          |                  |                  |
| Samarco Mineração S.A.                    | 59,134            | 213,695           |                  |                  | (130)            | (45)             |
| Usinas Siderúrgicas de Minas Gerais S.A.  |                   |                   |                  |                  |                  |                  |
| USIMINAS                                  | 89,381            |                   |                  |                  |                  | 436,413          |
| Vale Energia S.A.                         |                   | 259               | 62,618           | 30,707           |                  |                  |
| Vale International S.A.                   | 16,810,692        | 11,149,103        | 756,444          | 766,064          | 5,483,148        | 2,670,703        |
| Vale Manganês S.A.                        | 24,075            | 38,063            | 1,432            | 7,512            |                  |                  |
| Others                                    | 28,964            | 60,019            | 39,440           | 38,500           | (7,090)          | (41,301)         |
|   | <b>18,848,635</b> | <b>13,912,937</b> | <b>1,612,592</b> | <b>2,715,595</b> | <b>5,600,431</b> | <b>3,087,141</b> |

Additionally the Company has outstanding balances with Banco Nacional de Desenvolvimento Social and BNDES Participações S.A. in the amounts of R\$2,332,542 and R\$738.235 respectively at June 30, 2009, related to loans received at market interest rates, which major maturity at June, 2029. These amounts are booked as loans and financing.

Vale also have short-term investments with Bradesco in the amount of R\$94,435 at June 2009.

**Remuneration of key management personnel**

|   |                 |
|---|-----------------|
|   | <b>06/30/09</b> |
| Short-term benefits to managements      | <b>33</b>       |
| Other long-term benefits to managements | <b>7</b>        |
| <b>Total</b>                            | <b>40</b>       |

**6.8- Inventories**

|   | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|---|---------------------|------------------|-----------------------|------------------|
|   | <b>06/30/09</b>     | <b>03/31/09</b>  | <b>06/30/09</b>       | <b>03/31/09</b>  |
| <b>Finished products</b>                    |                     |                  |                       |                  |
| Nickel, co-products and sub products Inco   | 2,825,766           | 3,293,959        | 53,263                | 48,812           |
| Iron ore and pellets                        | 1,689,445           | 1,788,567        | 1,521,470             | 1,597,986        |
| Manganese and ferroalloys                   | 324,688             | 522,339          |                       |                  |
| Aluminum products                           | 270,852             | 355,545          | 5,983                 | 13,758           |
| Kaolin                                      | 69,191              |                  |                       |                  |
| Coal  | 110,318             |                  |                       |                  |
| Copper                                      | 60,483              | 70,384           | 36,012                | 44,350           |
| Steel products                              | 34,203              | 39,689           |                       |                  |
| Other                                       | 282,341             | 231,139          | 31,732                | 28,098           |
|   | <b>5,667,287</b>    | <b>6,301,622</b> | <b>1,648,460</b>      | <b>1,733,004</b> |
| <b>Spare parts and maintenance supplies</b> | 2,537,489           | 2,834,466        | 1,120,888             | 1,172,390        |
|   | <b>8,204,776</b>    | <b>9,136,088</b> | <b>2,769,348</b>      | <b>2,905,394</b> |

On June 30, 2009 the Company had no inventories adjustments. On March 31, 2009, the Company recorded of R\$60,160 and R\$40,492 to adjust nickel and steel inventories to their respective realizable values.

**Table of Contents****6.9- Recoverable Taxes**

|                      | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|----------------------|---------------------|------------------|-----------------------|------------------|
|                      | <b>06/30/09</b>     | <b>03/31/09</b>  | <b>06/30/09</b>       | <b>03/31/09</b>  |
| Income tax           | 972,531             | 3,267,253        | 50,377                | 1,842,935        |
| Value-added tax ICMS | 716,437             | 663,016          | 530,427               | 516,921          |
| PIS and COFINS       | 1,182,679           | 1,226,922        | 400,159               | 418,836          |
| Others               | 126,744             | 109,457          | 59,284                | 53,034           |
| <b>Total</b>         | <b>2,998,391</b>    | <b>5,266,648</b> | <b>1,040,247</b>      | <b>2,831,726</b> |
| Current              | 1,688,351           | 3,948,197        | 871,365               | 2,669,792        |
| Non-current          | 1,310,040           | 1,318,451        | 168,882               | 161,934          |
|                      | <b>2,998,391</b>    | <b>5,266,648</b> | <b>1,040,247</b>      | <b>2,831,726</b> |

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

Income taxes in Brazil comprise the taxation on income and the social contribution on profit. The statutory effective rate applicable in the periods presented is 34%. In other countries where we have operations, the applicable tax rate varies from 1.67% to 40%.

The amounts of income tax and social contribution recognized in income for the period are presented as follows:

|  | <b>Consolidated</b>        |                  |                  | <b>Parent Company</b> |                   |                    |                  |
|--|----------------------------|------------------|------------------|-----------------------|-------------------|--------------------|------------------|
|  | <b>Quarter (Unaudited)</b> |                  | <b>2Q/08</b>     | <b>Accumulated</b>    |                   | <b>Accumulated</b> |                  |
|  | <b>2Q/09</b>               | <b>1Q/09</b>     |                  | <b>06/30/09</b>       | <b>06/30/08</b>   | <b>06/30/09</b>    | <b>06/30/08</b>  |
| Income before income tax and social contribution         | 5,109,592                  | 3,801,033        | 10,699,222       | 8,910,625             | 14,585,701        | 8,993,907          | 12,434,122       |
| Results of equity investment                             | (50,021)                   | (13,450)         | 266,767          | (63,471)              | 610,876           | 4,168,176          | (5,709,331)      |
| New practices adjustments (see note 6.2).                |                            |                  | (2,655,833)      |                       | (3,478,810)       |                    |                  |
|  | <b>5,059,571</b>           | <b>3,787,583</b> | <b>8,310,156</b> | <b>8,847,154</b>      | <b>11,717,767</b> | <b>13,162,083</b>  | <b>6,724,791</b> |
| Income tax and social contribution at combined tax rates | 34%                        | 34%              | 34%              | 34%                   | 34%               | 34%                | 34%              |

|  |                    |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Federal income tax and social contribution at statutory rates</b>                               | <b>(1,720,254)</b> | <b>(1,287,778)</b> | <b>(2,825,453)</b> | <b>(3,008,032)</b> | <b>(3,984,041)</b> | <b>(4,475,108)</b> | <b>(2,286,429)</b> |
| Adjustments that affects the basis of taxes:   |                    |                    |                    |                    |                    |                    |                    |
| Income tax benefit from interest on stockholders equity  |                    |                    | 286,674            |                    | 582,285            |                    | 582,285            |
| Fiscal incentives  | 129,218            | 63,472             | 163,382            | 192,690            | 206,701            | 158,424            | 83,558             |
| Results of overseas companies taxed by different rates wich diference than the parent company rate | 361,304            | 721,943            | 329,378            | 1,083,247          | 641,278            |                    |                    |
| Exchange gains/ loss not taxable   | (2,319,601)        | (486,640)          | (545,701)          | (2,806,241)        | (668,125)          |                    |                    |
| Benefit on Goodwill Amortization   | 44,949             | 44,949             | 44,949             | 89,898             | 89,898             | 89,898             | 89,898             |
| Others   | (29,213)           | 186,072            | (24,411)           | 156,859            | (109,061)          | (149,566)          | 182,972            |
| <b>Income tax and social contribution</b>  | <b>(3,533,597)</b> | <b>(757,982)</b>   | <b>(2,571,182)</b> | <b>(4,291,579)</b> | <b>(3,241,065)</b> | <b>(4,376,352)</b> | <b>(1,347,716)</b> |

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

Vale also has tax incentives related to Goro, in New Caledonia (Goro). These tax incentives include temporary full exemption of income tax during the construction phase of the project and also for a 15-year period beginning in the first year of commercial production, as defined by the applicable law, followed by a 5-year period with 50% of

temporary tax incentives. Besides the, Goro Project also qualifies for certain exemptions of indirect taxes such as import tax during the construction phase and during all the commercial life of the project. Some of these tax benefits, including temporary tax incentives, are subject to an earlier phase out in case the project achieves a specified cumulative rate of return. We are subject to a taxation on part of the income commencing in the first year in which commercial production is achieved, as defined by the applicable law. To date, we have not recorded any taxable income for New Caledonian tax purposes. The benefits of this legislation are expected to apply with respect to taxes payable once the Goro project is in operation.

Vale is subject to examination by tax authorities for up to five years regarding our operations in Brazil, ten years for Indonesia, and five and six years for Canada, except for Newfoundland which has no limit.

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



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

|  | Equity Results   |                  |                     |               |               |               |                |
|--|------------------|------------------|---------------------|---------------|---------------|---------------|----------------|
|  | Investments      |                  | Quarter (Unaudited) |               |               | Accumulated   |                |
|  | 06/30/09         | 03/31/09         | 2Q/09               | 1Q/09         | 2Q/08         | 06/30/09      | 06/30/08       |
| <b>Investimentos avaliados a mercado (a)</b>                           |                  |                  |                     |               |               |               |                |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (b)                  |                  | 594,775          | 17,483              |               | 17,525        | 17,483        | 17,525         |
| ThyssenKrupp CSA Cia Siderúrgica do Atlântico                          | 1,331,214        | 1,197,045        |                     |               |               |               |                |
| Mirabela Nickel Ltd  | 46,575           | 30,609           |                     |               |               |               |                |
| Hudbay Minerals Inc.   | 44,178           | 37,198           |                     |               |               |               |                |
| Heron Resources Inc  | 6,306            | 6,520            |                     |               |               |               |                |
| Outros   | 32,729           | 33,471           |                     |               |               |               |                |
|  | <b>1,461,002</b> | <b>1,899,618</b> | <b>17,483</b>       |               | <b>17,525</b> | <b>17,483</b> | <b>17,525</b>  |
| <b>Investimentos avaliados pelo método de equivalência patrimonial</b> |                  |                  |                     |               |               |               |                |
| Henan Longyu Energy Resources Co. Ltd.                                 | 417,157          | 449,759          | 40,456              | 42,418        | 36,850        | 82,874        | 74,516         |
| Korea Nickel Corp.   | 41,319           | 56,611           | (3,316)             | 3,140         |               | (176)         |                |
| Log-In Logística Intermodal S/A.                                       | 217,713          | 218,775          | (1,051)             | 4,800         | 8,423         | 3,749         | 17,637         |
| Shandong Yankuang International Company Ltd                            | (1,168)          | 9,503            | (8,872)             | (15,929)      | 2,962         | (24,801)      | 3,038          |
| Vale Soluções em Energia   | 172,243          | 119,877          |                     |               |               |               |                |
| Zhuhai YPM Pellet e Co.,Ltd.   | 20,712           | 19,993           | 5,962               | (9,888)       |               | (3,926)       |                |
| Others   | 70,821           | 80,753           | (641)               | (11,091)      | 3,688         | (11,732)      | 1,773          |
|  | <b>938,797</b>   | <b>955,271</b>   | <b>32,538</b>       | <b>13,450</b> | <b>51,923</b> | <b>45,988</b> | <b>96,964</b>  |
|  | <b>2,399,799</b> | <b>2,854,889</b> | <b>50,021</b>       | <b>13,450</b> | <b>69,448</b> | <b>63,471</b> | <b>114,489</b> |

(a) investments measured at market value, or equivalent, with impact in the unrealized results of market value line inside shareholders equity.

(b) Investments disposed in 2009. The amount R\$ 17.483 in 2T09 refers to dividends received.

### 6.12- Intangible

|  | <b>Consolidated</b>            |                                | <b>Goodwill<br/>amortization (*)<br/>2Q/08</b> |
|--|--------------------------------|--------------------------------|--|
|  | <b>Intangible<br/>06/30/09</b> | <b>Intangible<br/>03/31/09</b> |  |
| <b>Intangible by segment</b>   |                                |                                |  |
| <b>Iron ore and pellets</b>  |                                |                                |  |
| Goodwill of Minerações Brasileiras Reunidas MBR<br>(Includes goodwill Caemi) (b) | 4,060,415                      | 4,060,415                      | (138,612)                                      |
| Goodwill other companies (a, b)  | 5,645                          | 5,513                          | (677)  |
|  | <b>4,066,060</b>               | <b>4,065,928</b>               | <b>(139,289)</b>                               |
| <b>Nickel</b>  |                                |                                |  |
| Goodwill of Inco Limited (a, b, d)   | 3,015,506                      | 3,337,782                      | (195,230)                                      |
| <b>Coal</b>  |                                |                                |  |
| Goodwill of Vale Australia (a, b)  | 168,292                        | 172,471                        | (1,696)  |
| <b>Total goodwill</b>  | <b>7,249,858</b>               | <b>7,576,181</b>               | <b>(336,215)</b>                               |
| <b>Other rights</b>  |                                |                                | <b>End amortization</b>                        |
| Right of use of the shares of EBM<br>Subconcessão Ferrovia Norte Sul FNS         | 666,670                        | 672,688                        | Maio de 2037                                   |
| Other rights Vale Inco   | 1,653,491                      | 1,678,277                      | Dezembro de 2037                               |
| Other  | 612,254                        | 649,032                        | Setembro de 2046                               |
|  | 16,777                         | 14,799                         |  |
| <b>Total Other rights</b>  | <b>2,949,192</b>               | <b>3,014,796</b>               |  |
| <b>Total Intangible</b>  | <b>10,199,050</b>              | <b>10,590,977</b>              |  |
| Intangible not recorded at the parent company                                    | (2,265,745)                    | (2,342,108)                    |  |
| <b>Total parent company</b>  | <b>7,933,305</b>               | <b>8,248,869</b>               |  |

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

(b) Goodwill paid by future profitability expectancy

(\*) The amortization of goodwill was ceased in december 2008 (see note 6.2)

The main changes in intangibles caption during the quarter ended in June 30, 2009, which changed the balance of R\$10,590,977 as of March 31, 2009 to R\$10,199,050 as of June 30,2009, are as follows: amortization: -R\$9,739, translation adjustment -R\$361.123 and monetary variation -R\$21.065.

**Table of Contents****6.13- Property, Plant and Equipment**

|                                  | Average depreciation rates | Consolidated       |                                   |                    |                    | Parent Company    |                                   |                   |                   |
|----------------------------------|----------------------------|--------------------|-----------------------------------|--------------------|--------------------|-------------------|-----------------------------------|-------------------|-------------------|
|                                  |                            | Cost               | 06/30/09 Accumulated depreciation | Net                | 03/31/09 Net       | Cost              | 06/30/09 Accumulated depreciation | Net               | 03/31/09 Net      |
| lands                            | 0.00%                      | 496,759            |                                   | 496,759            | 582,304            | 279,027           |                                   | 279,027           | 264,555           |
| buildings                        | 3.63%                      | 9,257,469          | (2,221,685)                       | 7,035,784          | 7,090,692          | 3,657,094         | (961,512)                         | 2,695,582         | 2,558,744         |
| installations                    | 3.73%                      | 29,532,846         | (9,699,099)                       | 19,833,747         | 19,881,317         | 13,884,845        | (4,236,185)                       | 9,648,660         | 9,513,722         |
| equipment                        | 7.34%                      | 14,618,453         | (4,480,555)                       | 10,137,898         | 10,113,768         | 5,018,799         | (1,770,208)                       | 3,248,591         | 3,243,760         |
| Information technology equipment | 20.00%                     | 2,151,796          | (1,257,736)                       | 894,060            | 967,558            | 1,729,659         | (1,030,981)                       | 698,678           | 745,080           |
| railroads                        | 3.09%                      | 12,320,545         | (4,429,893)                       | 7,890,652          | 8,083,422          | 10,510,805        | (3,952,834)                       | 6,557,971         | 6,670,990         |
| general assets                   | 3.26%                      | 27,243,437         | (3,864,704)                       | 23,378,733         | 28,888,532         | 1,995,780         | (409,994)                         | 1,585,786         | 1,588,800         |
| others                           | 7.27%                      | 13,781,002         | (2,911,448)                       | 10,869,554         | 8,291,946          | 3,233,164         | (1,553,517)                       | 1,679,647         | 1,624,290         |
|                                  |                            | <b>109,402,307</b> | <b>(28,865,120)</b>               | <b>80,537,187</b>  | <b>83,899,539</b>  | <b>40,309,173</b> | <b>(13,915,231)</b>               | <b>26,393,942</b> | <b>26,210,000</b> |
| Construction progress            |                            | 30,560,007         |                                   | 30,560,007         | 31,271,097         | 14,530,583        |                                   | 14,530,583        | 13,361,190        |
| <b>Total</b>                     |                            | <b>139,962,314</b> | <b>(28,865,120)</b>               | <b>111,097,194</b> | <b>115,170,636</b> | <b>54,839,756</b> | <b>(13,915,231)</b>               | <b>40,924,525</b> | <b>39,571,290</b> |

**6.14- Loans and Financing  
Current**

|                 | Consolidated   |                  |
|-----------------|----------------|------------------|
|                 | 06/30/09       | 03/31/09         |
| Trade finance   | 548,277        | 937,054          |
| Working capital | 145,416        | 156,704          |
|                 | <b>693,693</b> | <b>1,093,758</b> |

Refers to short-term financing for export, denominated in US dollars, with average annual interest rate of 2.24%.

**Non-current**

|                          | Consolidated        |          |             |            | Parent Company      |          |             |          |
|--------------------------|---------------------|----------|-------------|------------|---------------------|----------|-------------|----------|
|                          | Current liabilities |          | Non-current |            | Current liabilities |          | Non-current |          |
|                          | 06/30/09            | 03/31/09 | 06/30/09    | 03/31/09   | 06/30/09            | 03/31/09 | 06/30/09    | 03/31/09 |
| <b>Foreign contracts</b> |                     |          |             |            |                     |          |             |          |
| Loans and financing in:  |                     |          |             |            |                     |          |             |          |
| U.S. dollars             | 562,086             | 712,194  | 12,559,108  | 14,915,344 | 312,393             | 383,038  | 717,341     | 857,713  |

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|  |                  |                  |                   |                   |                |                |                |                |
|--|------------------|------------------|-------------------|-------------------|----------------|----------------|----------------|----------------|
| Other currencies Notes in U.S. dollars | 49,189           | 35,987           | 360,668           | 379,756           | 6,552          | 7,361          | 9,791          | 14,681         |
| Export securitization (*)              |                  |                  | 12,687,035        | 15,064,036        |                |                |                |                |
| Perpetual notes                        | 109,892          | 129,036          | 237,219           | 314,514           |                |                |                |                |
| Accrued charges                        | 350,385          | 390,780          | 162,748           | 193,069           | 10,969         | 5,153          |                |                |
|  | <b>1,071,552</b> | <b>1,267,997</b> | <b>26,006,778</b> | <b>30,866,719</b> | <b>329,914</b> | <b>395,552</b> | <b>727,132</b> | <b>872,394</b> |

**Local contracts**

|                                    |                  |                  |                   |                   |                |                |                   |                   |
|------------------------------------|------------------|------------------|-------------------|-------------------|----------------|----------------|-------------------|-------------------|
| Indexed to TJLP, TR, IGP-M and CDI | 145,105          | 119,623          | 5,451,570         | 5,273,938         | 101,293        | 101,233        | 5,176,518         | 5,027,799         |
| Basket of currencies               | 2,746            | 3,258            | 7,094             | 9,230             | 2,746          | 3,258          | 7,094             | 9,230             |
| Loans in U.S. dollars              |                  |                  | 837,718           | 382,378           |                |                | 769,440           | 382,378           |
| Non-convertible debentures         |                  |                  | 6,000,576         | 5,994,306         |                |                | 5,500,000         | 5,500,000         |
| Accrued charges                    | 177,975          | 357,127          |                   |                   | 177,975        | 357,127        |                   |                   |
|                                    | <b>325,826</b>   | <b>480,008</b>   | <b>12,296,958</b> | <b>11,659,852</b> | <b>282,014</b> | <b>461,618</b> | <b>11,453,052</b> | <b>10,919,407</b> |
|                                    | <b>1,397,378</b> | <b>1,748,005</b> | <b>38,303,736</b> | <b>42,526,571</b> | <b>611,928</b> | <b>857,170</b> | <b>12,180,184</b> | <b>11,791,801</b> |

(\*) Debt securities collateralized by future receivables arising from certain exports sales.

**Table of Contents**

The long-term portion as of June 30, 2009 matures as follows:

|  | <b>Consolidated</b> |             | <b>Parent Company</b> |             |
|--|---------------------|-------------|-----------------------|-------------|
| 2010   | 4,559,135           | 12%         | 1,708,738             | 14%         |
| 2011   | 5,675,993           | 15%         | 346,119               | 3%          |
| 2012   | 2,587,934           | 7%          | 331,873               | 3%          |
| 2013   | 5,795,526           | 15%         | 4,308,656             | 35%         |
| 2014 onwards   | 19,021,824          | 50%         | 5,484,798             | 45%         |
| No due date (Perpetual notes and non-convertible debentures) | 663,324             | 1%          |                       | 0%          |
|  | <b>38,303,736</b>   | <b>100%</b> | <b>12,180,184</b>     | <b>100%</b> |

As of June 30, 2009, annual interest rates on long-term debt were as follows:

|                            | <b>Consolidated</b> | <b>Parent Company</b> |
|----------------------------|---------------------|-----------------------|
| Up to 3%                   | 12,214,013          | 1,519,151             |
| 3.1% to 5%                 | 890,914             | 299,408               |
| 5.1% to 7%(*)              | 12,127,892          | 753,973               |
| 7.1% to 9%(*)              | 4,985,684           | 1,555,291             |
| 9.1% to 11%                | 6,764,344           | 6,572,035             |
| Over 11% (*)               | 2,092,256           | 2,092,254             |
| Variable (Perpetual notes) | 626,011             |                       |
|                            | <b>39,701,114</b>   | <b>12,792,112</b>     |

(\*) Includes non-convertible debentures and other Brazilian-reais denominated loans where interest is equal to the accumulated variation by CDI and TJLP (Brazilian interbank certificate of deposit and Long-term interest rate) plus spread. For these operations the Company has contracted

derivatives to hedge the Company exposure against the variations of floating debt denominated in reais. The contract value for these operations is R\$10,550 millions, where R\$8,515 millions has an original interest rate above 9%. After the derivatives contract the average cost of these operations is equivalent to 3.92%.

The percentage variations related applied to the debt in each quarter ended were as follows:

|  | <b>06/30/09</b> | <b>03/31/09</b> | <b>06/30/08</b> |
|--|-----------------|-----------------|-----------------|
| TJLP Long-Term Interest Rate (effective rate)    | 1.6             | 1.5             | 1.5             |
| IGP-M General Price Index Market                 | (0.3)           | (0.9)           | 4.3             |
| Devaluation of Real against United States Dollar | 18.6            | 0.9             | 9.9             |

On January 28, 2008 the Company entered into a transaction with BNDES to finance working capital in the amount of R\$ 2,000 millions with final maturity in 2018.

In 2008, Vale entered into agreements with Banco Nacional de Desenvolvimento Econômico e Social (BNDES), the Brazilian National Development Bank and with Japanese agencies, granting long-term financials, Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI) for the financing of the mining, logistics and power generation projects to be developed under Vale's investment program for 2008-2012. Until June 30, 2009 the Vale had draw down R\$1,145 million under the credit facility granted by BNDES.

Additionally Vale has credit lines available with bank syndicates, which operates as a short-term liquidity buffer that allow a more efficient cash management. Under revolving credit facilities, amounts drawn and repaid can be disbursed again at the option of the Borrower. On June 30, 2009, the total amount available under revolving credit lines was of US\$1,900 million, being US\$1,150 million granted to Vale International and Vale Inco. Until June 30, 2009, neither Vale International nor Vale Inco had drawn any advance amount under these facilities.

As of June 30, 2009 Vale Inco has drawn US\$91 million by way of credit notes.

As of June 30, 2009, the US-dollar denominated fixed interest notes of R\$12,687,035 (March 31, 2009 R\$15,064,036) and other debt of R\$26,040,750 (March 31, 2009 R\$27,965,626) are not securitized. The export securitization of R\$351,471 (March 31, 2009 R\$449,178) is collateralized by future receivables from certain export sales by the subsidiary CVRD Overseas Ltd. Loans from international lenders in the amount of R\$89,070 (March 31, 2009 R\$105,060) are guaranteed by Brazilian Federal Government, to which the Company has provided guarantees in the same amount. The remaining long-term debt of R\$532,788 (March 31, 2009 R\$690,676) is collateralized mainly by receivables from the subsidiaries.

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





**Table of Contents****6.15- Contingent Liabilities and commitments**

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

In addition to the provisions recorded, there are other contingent liabilities, split between taxes, labor and civil claims, estimated as possible losses in the amount of R\$7,533,436 (R\$3,738,555 for the parent Company).

**Contingent Liabilities**

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

|   | <b>Consolidated</b> |                  | <b>Parent Company</b> |                  |
|---|---------------------|------------------|-----------------------|------------------|
|   | <b>06/30/09</b>     | <b>03/31/09</b>  | <b>06/30/09</b>       | <b>03/31/09</b>  |
| I) Tax contingencies                          | 2,356,046           | 2,260,302        | 1,186,497             | 1,188,466        |
| (-) Judicial deposits                         | (1,064,071)         | (1,112,709)      | (937,925)             | (938,681)        |
|   | <b>1,291,975</b>    | <b>1,147,593</b> | <b>248,572</b>        | <b>249,785</b>   |
| II) Civil contingencies                       | 630,133             | 715,428          | 536,428               | 501,977          |
| (-) Judicial deposits                         | (39,655)            | (38,670)         |                       |                  |
|   | <b>590,478</b>      | <b>676,758</b>   | <b>536,428</b>        | <b>501,977</b>   |
| III) Labor contingencies                      | 1,121,299           | 1,125,861        | 935,582               | 929,064          |
| (-) Judicial deposits                         | (58,831)            |                  | (44,854)              |                  |
|   | <b>1,062,468</b>    | <b>1,125,861</b> | <b>890,728</b>        | <b>929,064</b>   |
| IV) Environmental contingencies               | 34,308              | 34,126           | 12,083                | 11,546           |
| <b>Total accrued liabilities</b>              | <b>2,979,229</b>    | <b>2,984,338</b> | <b>1,687,811</b>      | <b>1,692,372</b> |
|   | <b>06/30/09</b>     | <b>03/31/09</b>  | <b>06/30/09</b>       | <b>03/31/09</b>  |
| <b>Balance at the beginning of the period</b> | 2,984,338           | 2,988,774        | 1,692,372             | 1,730,489        |
| Provisions, net of reversals                  | 23,496              | (14,647)         | (43,319)              | (4,685)          |
| Payment                                       | (8,465)             | (6,253)          | (8,434)               | (6,220)          |
| Monetary update                               | (31,318)            | 41,605           | 91,290                | 49,678           |
| Judicial deposits                             | 11,178              | (25,141)         | (44,098)              | (76,890)         |
| <b>Balance at the end of period</b>           | <b>2,979,229</b>    | <b>2,984,338</b> | <b>1,687,811</b>      | <b>1,692,372</b> |

**I) Tax Contingencies:**

The major suits are:

Value-Added Tax on Sales and Services (ICMS) The contingent figures refers to the right of credit and differential rates regarding the transfer of assets between company branches;

Services Tax (ISS) The major claims are related to disputes on the location of tax collection;

Import Duty (II) The provision made is related to the Fiscal classification of equipment imported by merged companies;

Additional Compensation to Harbor Workers (AITP) Amounts regarding the collection of compensation amounts for public harbor workers transferred to private harbor;

Income Tax and Social Contribution It refers essentially to the dispute on tax loss compensation and negative bases of social contribution above the limit of 30% of taxable income and monetary adjustment of assets from merged companies; and

Others Regarding disputes on tax credit compensation and the basis of calculation of Financial Compensation by Exploration of Mineral Resources CFEM.

**II) Civil Contingencies:**

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

**Table of Contents****III) Labor Contingencies:**

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

**Other commitments**

- (a) In March 31, 2009, upon the acquisition of interest in TEAL, the Company provided guarantees in the amount of US\$43,506 thousand in connection with credit facilities in US dollars granted to this entites expiring August 31, 2009.
- (b) Sumic Nickel Netherlands B.V. Sumic, a 21% shareholder of Goro, has a put option to sell to Vale Inco 25%, 50%, or 100% of its share in Goro. The put option can be exercised if the defined cost of the initial Goro project exceeds US\$4,200 thousands at project rates and an agreement cannot be reached on how to proceed with the project.

In connection with the Girardin Financing, the Company provides certain guarantees on behalf of Goro Níquel S.A. (Goro) pursuant to which we guaranteed payments due by Goro of up to a maximum amount of US\$ 100 millions (maximum amount) in case of contractual default. We also provided an additional guarantee covering the payments due from Goro of: (a) amounts exceeding the maximum amount in connection with the indemnity and (b) certain other amounts payable by Goro under a lease agreement covering certain assets.

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

The Company expects such guarantees to be not executed and therefore no provisions for losses have been made.

- (c) At the time of our privatization in 1997, the Company issued debentures to its then-existing stockholders, including the Brazilian Government. The terms of the debentures, were set to ensure that the pre-privatization stockholders, including the Brazilian Government would participate in possible future financial benefits that could be obtained from exploiting certain mineral resources.

A total of 388,559,056 Debentures were issued at a par value of R\$ 0.01 (one cent), whose value will be restated in accordance with the variation in the General Market Price Index (IGP-M), as set forth in the Issue Deed.

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

In April, 2009, the Company paid interest on debentures in the amount of R\$7,879.

**6.16- Provision for Asset Retirement Obligations**

|  | Consolidated     |                  | Parent Company |                |
|--|------------------|------------------|----------------|----------------|
|  | 06/30/09         | 03/31/09         | 06/30/09       | 03/31/09       |
| <b>Provisions in the beginning of year</b> | <b>2,067,730</b> | <b>2,109,697</b> | <b>894,997</b> | <b>891,450</b> |
| Accretion expense                          | 27,848           | 12,865           | 17,606         | 3,547          |
| Liabilities settled in the current period  | (27,651)         | (7,392)          | (25,864)       |                |
| Revisions in estimated cash flows          | 21,854           | (17,702)         |                |                |
| Cumulative translation adjustment          | <b>(80,234)</b>  | <b>(29,738)</b>  |                |                |
| <b>Provisions in the end of year</b>       | <b>2,009,547</b> | <b>2,067,730</b> | <b>886,739</b> | <b>894,997</b> |
| Current                                    | 63,898           | 88,979           | 32,885         | 57,266         |

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|             |                  |                  |                |                |
|-------------|------------------|------------------|----------------|----------------|
| Non-current | 1,945,649        | 1,978,751        | 853,854        | 837,731        |
|             | <b>2,009,547</b> | <b>2,067,730</b> | <b>886,739</b> | <b>894,997</b> |

**Table of Contents****6.17- Pension Plan**

The following information summarize the costs related to pension plans, which include the allowance for additional pension support and health care plan.

Allowance for additional pension support and health care plan refer to the Company's responsibility to support retirements, pensions and health assistance in connection with the termination of some employees, which occurred between 1987 and 1989.

In the 2008 year-end financial statements, Vale disclosed that it expected to contribute R\$837,978 to its defined benefit plans in 2009. As of June, 30 2009, R\$335,048 had been contributed. The Company does not expect significant changes in the estimates disclosed in 2008.

|  | <b>Consolidated</b>             |                                  |                                   |                                 |                                  |                                   |                                 |                                  |                                   |
|--|---------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------------|-----------------------------------|
|  | <b>2T/09</b>                    |                                  |                                   | <b>Quarter (Unaudited)</b>      |                                  |                                   | <b>2T/08</b>                    |                                  |                                   |
|  | <b>Underfunded</b>              |                                  |                                   | <b>1T/09</b>                    |                                  |                                   | <b>Underfunded</b>              |                                  |                                   |
|  | <b>Overfunded pension plans</b> | <b>Underfunded pension plans</b> | <b>Underfunded other benefits</b> | <b>Overfunded pension plans</b> | <b>Underfunded pension plans</b> | <b>Underfunded other benefits</b> | <b>Overfunded pension plans</b> | <b>Underfunded pension plans</b> | <b>Underfunded other benefits</b> |
| Service cost benefits earned during the period | 5,355                           | 21,533                           | 8,758                             | 3,570                           | 25,452                           | 9,873                             | 5,116                           | 29,809                           | 12,380                            |
| Interest cost on projected benefit obligation  | 153,518                         | 117,312                          | 43,321                            | 102,346                         | 124,021                          | 44,726                            | 139,016                         | 105,545                          | 33,703                            |
| Expected return on assets                      | (211,487)                       | (95,516)                         |                                   | (140,992)                       | (100,114)                        |                                   | (231,526)                       | (112,119)                        |                                   |
| Amortization of initial transitory obligation  | 11,309                          | 1,958                            | (11,694)                          |                                 | 18,511                           | (16,161)                          | (2,495)                         |                                  | (4,968)                           |
| <b>Net periodic pension cost</b>               | <b>(41,305)</b>                 | <b>45,287</b>                    | <b>40,385</b>                     | <b>(35,076)</b>                 | <b>67,870</b>                    | <b>38,438</b>                     | <b>(89,889)</b>                 | <b>23,235</b>                    | <b>41,115</b>                     |

|  | <b>Consolidated</b>             |                                  |                                   |                                 |                                  |                                   |  |
|--|---------------------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------------|-----------------------------------|--|
|  | <b>06/30/09</b>                 |                                  |                                   | <b>Accumulated</b>              |                                  |                                   |  |
|  | <b>Underfunded</b>              |                                  |                                   | <b>06/30/08</b>                 |                                  |                                   |  |
|  | <b>Overfunded pension plans</b> | <b>Underfunded pension plans</b> | <b>Underfunded other benefits</b> | <b>Overfunded pension plans</b> | <b>Underfunded pension plans</b> | <b>Underfunded other benefits</b> |  |
| Service cost benefits earned during the period | 8,925                           | 46,985                           | 18,631                            | 8,527                           | 59,353                           | 23,333                            |  |
| Interest cost on projected benefit obligation  | 255,864                         | 241,333                          | 88,047                            | 231,694                         | 211,242                          | 73,265                            |  |

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|   |                 |                |               |                  |               |               |
|---|-----------------|----------------|---------------|------------------|---------------|---------------|
| Expected return on assets                     | (352,479)       | (195,630)      |               | (385,877)        | (225,061)     |               |
| Amortization of initial transitory obligation | 11,309          | 20,469         | (27,855)      | (4,159)          |               | (6,706)       |
| <b>Net periodic pension cost</b>              | <b>(76,381)</b> | <b>113,157</b> | <b>78,823</b> | <b>(149,815)</b> | <b>45,534</b> | <b>89,892</b> |

|  | Parent Company<br>Quarter (Unaudited) |                           |                            |                          |                           |                            |                          |                           |                            |
|--|---------------------------------------|---------------------------|----------------------------|--------------------------|---------------------------|----------------------------|--------------------------|---------------------------|----------------------------|
|  | 2T/09                                 |                           |                            | 1T/09                    |                           |                            | 2T/08                    |                           |                            |
|  | Overfunded pension plans              | Underfunded pension plans | Underfunded other benefits | Overfunded pension plans | Underfunded pension plans | Underfunded other benefits | Overfunded pension plans | Underfunded pension plans | Underfunded other benefits |
| Service cost benefits earned during the period | 5,355                                 |                           | 928                        | 3,570                    |                           | 618                        | 5,116                    |                           | 788                        |
| Interest cost on projected benefit obligation  | 153,518                               | 19,434                    | 8,085                      | 102,346                  | 12,957                    | 5,391                      | 139,016                  | 17,775                    | 7,206                      |
| Expected return on assets                      | (211,487)                             | (11,341)                  |                            | (140,992)                | (7,561)                   |                            | (231,526)                | (7,789)                   |                            |
| Amortization of initial transitory obligation  | 11,309                                |                           | 51                         |                          |                           | 35                         | (2,495)                  |                           |                            |
| <b>Net periodic pension cost</b>               | <b>(41,305)</b>                       | <b>8,093</b>              | <b>9,064</b>               | <b>(35,076)</b>          | <b>5,396</b>              | <b>6,044</b>               | <b>(89,889)</b>          | <b>9,986</b>              | <b>7,994</b>               |

|  | Parent Company<br>Accumulated |                           |                            |                          |                           |                            |                            |
|--|-------------------------------|---------------------------|----------------------------|--------------------------|---------------------------|----------------------------|----------------------------|
|  | 06/30/09                      |                           |                            | 06/30/08                 |                           |                            |                            |
|  | Overfunded pension plans      | Underfunded pension plans | Underfunded other benefits | Overfunded pension plans | Underfunded pension plans | Underfunded other benefits | Underfunded other benefits |
| Service cost benefits earned during the period | 8,925                         |                           |                            | 1,546                    | 8,527                     |                            | 1,314                      |
| Interest cost on projected benefit obligation  | 255,864                       | 32,391                    | 13,476                     | 231,694                  | 29,625                    | 12,010                     |                            |
| Expected return on assets                      | (352,479)                     | (18,902)                  |                            | (385,877)                | (12,981)                  |                            |                            |
| Amortization of initial transitory obligation  | 11,309                        |                           | 86                         | (4,159)                  |                           |                            |                            |
|  | <b>(76,381)</b>               | <b>13,489</b>             | <b>15,108</b>              | <b>(149,815)</b>         | <b>16,644</b>             | <b>13,324</b>              |                            |

**Net periodic pension  
cost**

**6.18- Long-term Incentive compensation plan**

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

Under the plan, the participants, restricted to certain executives, may elect to allocate part of their annual bonuses to the plan. That portion of the bonus allocated to the plan is in fact used by the executive to purchase Vale's preferred shares through a previously defined financial institution, at market conditions and with no benefit provided by Vale.

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

**Table of Contents**

By meeting the two conditions described above (keeping the number of shares purchased and remaining a Vale employee over the three-year period), the participant becomes entitled to receive from Vale, at the end of each cycle, a cash payment equivalent to the total amount of the shares held, based on their market quotations. As of June 30, 2009, 1,809,117 shares (2,029,585 shares as of March 31, 2009) were covered by said benefit.

The Company records the cost of this incentive in accordance with the Long-Term Compensation Plan, following the requirements of CVM Resolution 562/2008. The obligations are measured at fair value on each disclosure date, based on market quotations. Settlement costs incurred are recognized during the three-year vesting period.

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

As of June 30, 2009, the amount accrued to support this plan is R\$67,777 (R\$41,294 as of March 31, 2009), fully recognized in the statement of income.

**6.19- Paid-up Capital**

In July 2008, the Company issued 256,926,766 common shares and 164,402,799 preferred shares through a global offering, which consisted of a registered offering in Brazil and an international offering.

On August 2008, through an additional offering, the Company issued 24,660,419 preferred shares. Following the issue, Vale's capital stock increased by R\$ 19,434,193 with corresponding transaction costs of R\$160,771 being recorded as contra entry. As a result, capital is now composed of 3,256,724,482 common shares and 2,108,579,618 preferred shares, totaling R\$ 47,434,193.

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

As of June 30, 2009, the Company's capital is R\$47,434,193, corresponding to 5,365,314,732 shares, without par value.

The members of the Board of Directors and the Executive Board together own 157,340 common shares and 1,008,701 preferred shares.

The Board of Directors has the power, without requiring an amendment to the bylaws, to allow the issue of new shares (authorized capital) including through the capitalization of profits and reserves up to the authorized limit of 3,600,000,000 common shares and 7,200,000,000 preferred shares without par value.

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

**6.20- Funds linked to future mandatory conversion into shares**

On April 30, 2009 Vale paid additional interests to the holders of mandatory convertible notes from tranches VALE (former, RIO) and VALE P (former, RIO-P), in the amount of R\$1,073,721 and R\$1,274,361, respectively, translated into US dollars based on the Brazilian-real / US dollar exchange rate prevailing on April 30, 2009.

In June, 2007, the Company issued mandatory convertible notes in the amount of R\$3,601 million, (net of R\$3,064 million charges), with maturity in 2010. The notes, pay a coupon of 5.50% p.a. quarterly and are entitled to an additional remuneration equivalent to the cash distribution paid to ADS holders. These notes were classified as a capital instrument, mainly due to the fact that neither the Company nor the holders have the option to settle the operation, whether fully or partially, with cash, and the conversion is mandatory; consequently, they were recognized as a specific component of shareholders' equity, net of financial charges.

The funds linked to future mandatory conversion, net of interest, represented by a maximum of 56,582,040 common shares, are equivalent to R\$ 2,111 million, and those represented by a maximum of 30,295,456 preferred shares are equivalent to R\$ 926 million. All the shares are currently held in treasury (see note 6.21).



**Table of Contents****6.21- Treasury Stock**

On May 27, 2009, the Board of Directors approved the closing of program to repurchase shares approved on October 16, 2008, covering up to 69,944,380 common shares and up to 169,210,249 preferred shares. At the closing program date 18,415,859 common shares and 47,284,800 preferred shares had been purchased.

The objective of the program was to maximize the value of the Company for shareholders.

As of June 30, 2009, 152,623,603 shares were held in the treasury, totaling R\$ 2,472,132 as follows:

| Class     | Shares             |                    | Unit acquisition cost |       |       | Average quoted market price |          |
|-----------|--------------------|--------------------|-----------------------|-------|-------|-----------------------------|----------|
|           | Quantity           |                    | Average               | Low   | High  | 06/30/09                    | 03/31/09 |
|           | 06/30/09           | 03/31/09           |                       |       |       |                             |          |
| Preferred | 77,625,704         | 77,625,704         | 23.56                 | 21.02 | 27.96 | 31.73                       | 27.80    |
| Common    | 74,997,899         | 74,997,899         | 37.07                 | 23.33 | 31.00 | 36.81                       | 32.14    |
|           | <b>152,623,603</b> | <b>152,623,603</b> |                       |       |       |                             |          |

**6.22- Compensation of Stockholders**

On April 30, 2009, the Company paid its stockholders 152,623,603 shares the amount of R\$2,472,129 in the form of dividends.

**6.23- Financial Results**

|  | Consolidated     |                  |                  |
|--|------------------|------------------|------------------|
|  | 2Q/09            | Quarter<br>1Q/09 | 2Q/08            |
| <b>Financial expenses</b>                                |                  |                  |                  |
| Interest   | (457,354)        | (575,694)        | (445,648)        |
| Labor, tax and civil contingencies                       | (29,235)         | (37,998)         | (14,872)         |
| Others   | (249,530)        | (103,384)        | (253,163)        |
|  | <b>(736,119)</b> | <b>(717,076)</b> | <b>(713,683)</b> |
| <b>Financial income</b>                                  |                  |                  |                  |
| Related parties  |                  | 169              | 3,068            |
| Financial statements                                     | 198,818          | 275,555          | 42,671           |
| Others   | 27,841           | 37,020           | 4,472            |
|  | <b>226,659</b>   | <b>312,744</b>   | <b>50,211</b>    |
| <b>Derivatives</b>                                       | <b>1,814,648</b> | <b>43,775</b>    | <b>1,219,561</b> |
| <b>Indexation and exchange rate variation on assets:</b> |                  |                  |                  |
| Cash and cash equivalents                                | (2,282,057)      | (161,740)        | (148,607)        |
| Accounts receivable                                      | (763,668)        | (94,907)         | (561,125)        |
| Loans  | 4,693,405        | 295,438          | 2,107,099        |
| Property, Plan and Equipment                             | (124,059)        | (475,063)        | (23,523)         |
| Others   | (254,528)        | 435,573          | (163,957)        |

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>Net</b>                              | <b>1,269,093</b> | <b>(699)</b>     | <b>1,209,887</b> |
| <b>Financial income (expenses), net</b> | <b>2,574,281</b> | <b>(361,256)</b> | <b>1,765,976</b> |

**Table of Contents**

|  | <b>Accumulated</b>  |                    |                       |                    |
|--|---------------------|--------------------|-----------------------|--------------------|
|  | <b>Consolidated</b> |                    | <b>Parent Company</b> |                    |
|  | <b>06/30/09</b>     | <b>06/30/08</b>    | <b>06/30/09</b>       | <b>06/30/08</b>    |
| <b>Financial expenses</b>                                |                     |                    |                       |                    |
| Interest   | (1,033,048)         | (1,000,807)        | (1,308,946)           | (1,368,720)        |
| Labor, tax and civil contingencies                       | (67,233)            | (91,702)           | (63,906)              | (82,639)           |
| Others   | (352,914)           | (723,664)          | (194,826)             | (275,816)          |
|  | <b>(1,453,195)</b>  | <b>(1,816,173)</b> | <b>(1,567,678)</b>    | <b>(1,727,175)</b> |
| <b>Financial income</b>                                  |                     |                    |                       |                    |
| Related parties  | 169                 | 4,412              | 138,631               | 104,236            |
| Financial statements                                     | 474,373             | 96,390             | 255,342               | 32,320             |
| Others   | 64,861              | 67,106             | 21,674                | 7,937              |
|  | <b>539,403</b>      | <b>167,908</b>     | <b>415,647</b>        | <b>144,493</b>     |
| <b>Derivatives</b>                                       | <b>1,858,423</b>    | <b>685,536</b>     | <b>1,578,872</b>      | <b>943,069</b>     |
| <b>Indexation and exchange rate variation on assets:</b> |                     |                    |                       |                    |
| Cash and cash equivalents                                | (2,443,797)         | (162,421)          | (30,013)              | 3,463              |
| Accounts receivable                                      | (858,575)           | (546,566)          |                       |                    |
| Loans  | 4,988,843           | 2,417,878          | 7,587,013             | 3,828,862          |
| Property, Plan and Equipment                             | (599,122)           | (26,504)           |                       |                    |
| Partes Relacionadas                                      |                     |                    | (1,612,591)           | (511,184)          |
| Others   | 181,045             | (186,872)          | 327,272               | (174,338)          |
| <b>Net</b>   | <b>1,268,394</b>    | <b>1,495,515</b>   | <b>6,271,681</b>      | <b>3,146,803</b>   |
| <b>Financial income (expenses), net</b>                  | <b>2,213,025</b>    | <b>532,786</b>     | <b>6,698,522</b>      | <b>2,507,190</b>   |

**6.24- Financial Instruments Derivatives****Risk Management Policy**

Vale has developed its risk management strategy in order to provide an integrated approach of the risks the Company is exposed to. To do that, we evaluate not only the impact of market risk factors in the business results (market risk), but also the risk arising from third party obligations with Vale (credit risk) and those risks inherent in Vale's operational processes (operational risk).

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

The enterprise wide risk management approach, that encompasses all kinds of risk, as well as the relations between the several market risk factors (correlations), aims to assess the impact that such events would bring considering the natural hedges presented in the company's portfolio. Therefore, when assessing the risk associated with Vale's business, one can observe the positive effect due to the mix of products and currencies in Vale's portfolio. This

diversification implies in a natural reduction of the overall risk of the company. Any risk mitigation strategy, whenever necessary, will be implemented if it contributes significantly for the reduction on the volatility on Vale's cash flows beyond the levels initially observed and to acceptable levels of risk.

Vale considers that the effective management of risk is a key objective to support its growth strategy and financial flexibility. The risk reduction on Vale's future cash flow contributes to a better perception of the company's credit quality, improving its ability to access different markets and reducing the financing costs. Therefore, the board of directors has established an enterprise-wide risk management policy and a risk management committee.

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

The executive board is responsible for the evaluation and approval of the risk mitigation strategies recommended by the risk management committee.

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

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

**Table of Contents**

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

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

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

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

Interest rates;

Foreign exchange;

Products prices;

Input and other costs.

**Fair value computation methodology**

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

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

In the case of swaps, the receiving leg and the paying leg present values are estimated discounting their cash flows using the interest rate of the currency they are denominated. The difference between the present values of the receiving leg and paying leg of the swap is the fair value.

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

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

**Value at Risk computation methodology**

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

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

**Table of Contents****Sensitivity Analysis**

In the topic sensitivity analysis we present sensitivity analysis tables for all outstanding positions as of June 30, 2009. The scenarios defined for these analyses were:

Scenario I: expected considers the market curves as of June 30, 2009;

Scenario II: unfavorable change of 25% considers a shock of 25% in the market curves used for the pricing in the expected scenario, negatively impacting the fair value of Vale's derivatives positions;

Scenario III: favorable change of 25% considers a shock of 25% in the market curves used for the pricing in the expected scenario, positively impacting the fair value of Vale's derivatives positions;

Scenario IV: unfavorable change of 50% considers a shock of 50% in the market curves used for the pricing in the expected scenario, negatively impacting the fair value of Vale's derivatives positions;

Scenario V: favorable change of 50% considers a shock of 50% in the market curves used for the pricing in the expected scenario, positively impacting the fair value of Vale's derivatives positions;

**Contracts subjected to margin calls**

Vale has contracts subject to margin calls only for part of copper and nickel trades executed by its wholly-owned subsidiary Vale Inco Ltd. The total amount deposited in cash in June 2009 was R\$ 162.57.

**Main positions definitions:****Protection program for the Real denominated debt indexed to CDI**

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

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

Those instruments were used to convert the cash flows from debentures issued in 2006 with a nominal value of R\$ 5.5 billion, from the NCE (Credit Export Notes) issued in 2008 with nominal value of R\$ 2 billion and also from property and services acquisition financing realized in 2006 and 2007 with nominal value of R\$ 1 billion.

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

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

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

**Foreign Exchange cash flow hedge**

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

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

**Euro floating rate vs. USD floating rate swap** In order to reduce the cash flow volatility, Vale entered into a swap transaction to convert the cash flows from loans in Euros linked to Euribor to U.S. Dollars linked to Libor. This trade was used to convert the cash flow of a debt in Euros, with a notional amount of 19.1 million, issued in 2003 by Vale. In this trade, Vale receives floating rates in Euros (Euribor) and pays floating rates in U.S. Dollars (Libor).





**Table of Contents****Protection program for the USD floating rate debt**

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

**Foreign Exchange protection program for Coal Fixed Price Sales** In order to reduce the cash flow volatility associated with a fixed price coal contract, Vale used Australian Dollar forward purchase in order to equalize production cost and revenues currencies.

**Nickel Strategic cash flow protection program** In order to protect our cash flow for 2009, Vale entered into hedging transactions where we set fixed prices for part of Vale revenues for this year.

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

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

**Protection program of Natural Gas Program** In order to minimize the impact of the input price volatility in the company's costs, natural gas derivative trades were implemented. These transactions are usually implemented through the purchase of future and forward contracts.

**Copper Scrap Purchase Protection Program** In order to reduce cash flow volatility and eliminate the quotation period mismatch between the pricing period of copper scrap purchase and the pricing period of final products sale to the clients, hedging transactions were implemented. The copper scrap is combined with other raw materials or inputs from Vale Inco Ltd., Vale's wholly-owned subsidiary, to produce copper to the final costumers. In this case, trades are usually implemented by the sale of forwards or futures at LME or Over-the-Counter trades.

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

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

**Embedded Derivatives**

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

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

**Foreign exchange and interest rate risk**

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

In order to reduce company's potential cash flow volatility arising from currency mismatch we use derivative instruments. The derivative portfolio implemented to comply with this objective consists, basically, of interest rate swaps to convert floating cash flows in Brazilian *Reais* to fix or floating U.S. Dollars cash flows, without any leverage.

**Table of Contents**

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

The Real denominated debt subject to floating interest rates are debentures, Banco Nacional de Desenvolvimento Econômico e Social (BNDES) loans and property and services acquisition financing in the Brazilian market. These Brazilian reais debts are mainly linked to CDI and TJLP.

On June 30<sup>th</sup>, 2009, the total amount and interests of Brazilian Real denominated debt converted through swaps into US Dollars was US\$ 5.4 billion, with an average cost in dollars of 4.72% after the swaps transactions were implemented and maturity between November 2010 and December 2027, with semi-annual interest payments<sup>a</sup>.

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

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

On the second quarter of 2009, Vale paid in Brazilian *Reais* an interest amount equivalent to R\$ 432 million related to the Real denominated debt that were converted into U.S. Dollars through the use of swap transactions. However, the company has received R\$ 209 million on the settlement of the swaps, offsetting the U.S. Dollar / Brazilian *Real* exchange rate variation impact in Vale debt service.

The tables below show June 30<sup>th</sup> 2009 derivative positions for Vale and controlled companies with the following information: notional amount, initial cost, fair value, value at risk, gains or losses in the period and fair value for the remaining years of the operations per each group of instruments.

**Protection program for the Real denominated debt and loans**

| Flow                                | Notional (\$ million) |           | Index | Average rate | Unrealized Gain/Loss |              | Realized Gain/Loss |            | Unrealized Gain/Loss by year * |           |          |             |      |      |      |
|-------------------------------------|-----------------------|-----------|-------|--------------|----------------------|--------------|--------------------|------------|--------------------------------|-----------|----------|-------------|------|------|------|
|                                     | 30-jun-09             | 31-mar-09 |       |              | 30-jun-09            | 31-mar-09    | 30-jun-09          | 30-jun-09  | 2010                           | 2011      | 2012     | 2013        | 2014 | 2015 | 2019 |
|                                     |                       |           |       |              |                      |              | Var                | Var        |                                |           |          |             |      |      |      |
| <b>Swap CDI vs. fixed rate swap</b> |                       |           |       |              |                      |              |                    |            |                                |           |          |             |      |      |      |
| Receivable                          | R\$7.574              | R\$7.519  | CDI   | 101,07%      | 7.906                | 8.610        | 538                |            |                                |           |          |             |      |      |      |
|                                     | USD                   | USD       |       |              |                      |              |                    |            |                                |           |          |             |      |      |      |
| Payable                             | 3.670                 | 3.670     | USD   | + 5,59%      | (7.608)              | (9.545)      | (317)              |            |                                |           |          |             |      |      |      |
| <b>Net</b>                          |                       |           |       |              | <b>298</b>           | <b>(935)</b> | <b>220</b>         | <b>270</b> | <b>266</b>                     | <b>67</b> | <b>2</b> | <b>(37)</b> |      |      |      |

**Swap CDI vs. floating**

**rate swap**

|            |         |         |               |       |       |      |
|------------|---------|---------|---------------|-------|-------|------|
| Receivable | R\$792  | R\$792  | CDI 102,07%   | 836   | 838   | 50   |
| Payable    | USD 430 | USD 430 | Libor +2,44 % | (807) | (931) | (19) |

**Net** **29** **(93)** **31** **32** **23** **6**

**Swap  
TJLP vs.  
fixed rate  
swap**

|            |          |          |              |         |         |      |
|------------|----------|----------|--------------|---------|---------|------|
|            |          |          | TJLP +       |         |         |      |
| Receivable | R\$1.320 | R\$1.163 | TJLP 1,58%   | 1.169   | 1.109   | 48   |
| Payable    | USD 652  | USD 577  | USD + 3,64 % | (1.092) | (1.272) | (44) |

**Net** **77** **(163)** **4** **45** **109** **(4)** **(28)**

**Swap  
TJLP vs.  
floating  
rate swap**

|            |         |         |                        |       |       |     |
|------------|---------|---------|------------------------|-------|-------|-----|
|            |         |         | TJLP +                 |       |       |     |
| Receivable | R\$640  | R\$643  | TJLP 0,95%             | 617   | 580   | 8   |
| Payable    | USD 375 | USD 376 | LIBOR -<br>Libor 1,14% | (594) | (671) | (5) |

**Net** **23** **(91)** **3** **37** **(7)** **31**

\* There are no fair value cash flows with maturity on the years of 2011, 2016, 2017 and 2018.

<sup>a</sup> With the exception of a US\$ 685 million debt with monthly and quarterly interest and amortization payments.

**Table of Contents****Foreign Exchange cash flow hedge**

In order to reduce the cash flow volatility associated with the currency mismatch between our revenues, mainly denominated in U.S. Dollars, and our disbursements and investments denominated in Brazilian *Reais*, we entered into foreign exchange swaps where the Company receives fixed rates in Brazilian Reais and pays fixed rates in U.S. Dollars.

| Flow  | Notional (\$ million) |  | Index | Average rate | Unrealized Gain/Loss | In R\$ million     |     | Unrealized Gain/Loss by year |      |      |           |
|---|-----------------------|--|-------|--------------|----------------------|--------------------|-----|------------------------------|------|------|-----------|
|   |                       |  |       |              |                      | Realized Gain/Loss | VaR | 2010                         | 2011 | 2012 |           |
|   |                       |  |       |              |                      |                    |     |                              |      |      | 30-jun-09 |
| Brazilian Real fixed rate vs. USD fixed rate swap |                       |  |       |              |                      |                    |     |                              |      |      |           |
| Receivable  | R\$378                |  | Fixed | 6,95%        | 354                  |                    |     |                              |      |      |           |
| Payable   | USD 190               |  | USD   | + 0%         | (348)                |                    |     |                              |      |      |           |
| <b>Net</b>  |                       |  |       |              | <b>6</b>             |                    |     | <b>11</b>                    |      |      | <b>6</b>  |

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

In order to reduce cash flow volatility associated with a financing from KfW Bankengruppe indexed to Euribor, we entered into a swap where the cash flows in Euros are converted into cash flows in U.S. Dollars.

| Flow   | Notional (\$ million) |       | Index | Average rate     | Unrealized Gain/Loss | In R\$ million     |            | Unrealized Gain/Loss by year |            |            |            |
|--|-----------------------|-------|-------|------------------|----------------------|--------------------|------------|------------------------------|------------|------------|------------|
|  |                       |       |       |                  |                      | Realized Gain/Loss | VaR        | 2009                         | 2010       | 2011       |            |
|  |                       |       |       |                  |                      |                    |            |                              |            |            | 30-jun-09  |
| EUR floating rate vs. USD floating rate swap |                       |       |       |                  |                      |                    |            |                              |            |            |            |
| Receivable                                   | EUR 6                 | EUR 7 | EUR   | Euribor + 0,875% | 17                   | 23                 | 3,8        |                              |            |            |            |
| Payable                                      | USD 7                 | USD 8 | USD   | Libor + 1,0425%  | (13)                 | (19)               | (2,9)      |                              |            |            |            |
| <b>Net</b>                                   |                       |       |       |                  | <b>3,4</b>           | <b>4,0</b>         | <b>0,9</b> | <b>0,3</b>                   | <b>0,7</b> | <b>1,4</b> | <b>1,3</b> |

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

In order to reduce the cash flow volatility associated to changes on the U.S. Dollar interest rate, Vale entered into a floating (Libor) to fix interest rate.

| Flow       | Notional (\$ million) |           | Index | Average rate | In R\$ million       |             |                    |            |                              |            |            |
|------------|-----------------------|-----------|-------|--------------|----------------------|-------------|--------------------|------------|------------------------------|------------|------------|
|            | 30-jun-09             |           |       |              | Unrealized Gain/Loss |             | Realized Gain/Loss |            | Unrealized Gain/Loss by year |            |            |
|            | 30-jun-09             | 31-mar-09 |       |              | 30-jun-09            | 31-mar-09   | 30-jun-09          | 30-jun-09  | 2009                         | 2010       | 2011       |
| Receivable | USD 200               | USD 200   | USD   | 3M LIBOR     | 390                  | 463         | 2,9                |            |                              |            |            |
| Payable    |                       |           | USD   | 4,795%a.a.   | (411)                | (492)       | (10,3)             |            |                              |            |            |
| <b>Net</b> |                       |           |       |              | <b>(21)</b>          | <b>(29)</b> | <b>(7,4)</b>       | <b>1,1</b> | <b>(7)</b>                   | <b>(9)</b> | <b>(5)</b> |

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

In order to reduce the volatility associated with the foreign exchange exposure of the cash flow from our coal fixed price sales, Vale purchased Australian Dollars forwards.

| Flow    | Notional (\$ million) |           | Buy/ Sell | Average Strike (USD/AUD) | In R\$ million       |           |                    |           |                              |      |      |
|---------|-----------------------|-----------|-----------|--------------------------|----------------------|-----------|--------------------|-----------|------------------------------|------|------|
|         | 30-jun-09             |           |           |                          | Unrealized Gain/Loss |           | Realized Gain/Loss |           | Unrealized Gain/Loss by year |      |      |
|         | 30-jun-09             | 31-mar-09 |           |                          | 30-jun-09            | 31-mar-09 | 30-jun-09          | 30-jun-09 | 2009                         | 2010 | 2011 |
| Forward | AUD 60                | AUD 76    | B         | 0,66                     | 16,0                 | 6,1       | 2,8                | 2,1       | 5,3                          | 9,0  | 1,7  |

#### Commodities prices, input and costs risk

Vale is also exposed to several market risks associated to global commodities price volatilities.

Nowadays, derivatives transactions included in the portfolio related to commodities prices, input and costs include nickel, copper, natural gas, bunker oil and maritime freight (FFA) derivatives, all of them with the same purpose of mitigating the company's cash flow volatility.

#### Nickel Strategic cash flow protection program

In order to protect the cash flow in 2009, Vale entered into hedging transactions for this year.

| Flow    | Notional (ton) |           | Buy/ Sell | Average Strike (USD/ton) | In R\$ million       |           |                    |           |                              |      |      |
|---------|----------------|-----------|-----------|--------------------------|----------------------|-----------|--------------------|-----------|------------------------------|------|------|
|         | 30-jun-09      |           |           |                          | Unrealized Gain/Loss |           | Realized Gain/Loss |           | Unrealized Gain/Loss by year |      |      |
|         | 30-jun-09      | 31-mar-09 |           |                          | 30-jun-09            | 31-mar-09 | 30-jun-09          | 30-jun-09 | 2009                         | 2010 | 2011 |
| Forward | 17.150         |           | S         | 13.131                   | (73,1)               |           | (9,7)              | 40        | (73,1)                       |      |      |

**Table of Contents****Nickel Fixed Price Sales Program**

Vale Inco Ltd. has a long position on future contracts in the London Metal Exchange (LME), with the purpose of maintaining its exposure to nickel price variation, regarding the fact that, in some cases, the commodity is sold at a fixed price to some customers. These positions were discontinued for 2009 due to the decision of protecting the cash flow for this year.

**Nickel Purchase Protection Program**

Vale Inco Ltd. has also short positions on the futures market in the LME, in order to minimize the risk of mismatch between the pricing on the costs of intermediate products and finished goods.

| Flow                                    | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Unrealized |           | In R\$ million<br>Realized |                   | Unrealized |      |      |
|---|----------------|-----------|--------------|--------------------------------|------------|-----------|----------------------------|-------------------|------------|------|------|
|   |                |           |              |                                | Gain/Loss  | Gain/Loss | VaR                        | Gain/Loss by year |            |      |      |
|   | 30-jun-09      | 31-mar-09 |              |                                | 30-jun-09  | 31-mar-09 | 30-jun-09                  | 30-jun-09         | 2009       | 2010 | 2011 |
| <b>Nickel fixed price sales program</b> |                |           |              |                                |            |           |                            |                   |            |      |      |
| Futures                                 | 6.396          | 8.994     | B            | 14.769,97                      | 8          | (111)     | (66)                       | 13                | 1          | 5    | 1,9  |

**Nickel purchases protection program**

|         |       |       |   |           |       |     |        |    |       |  |  |
|---------|-------|-------|---|-----------|-------|-----|--------|----|-------|--|--|
| Futures | 5.790 | 5.940 | S | 15.517,24 | (6,9) | 4,3 | (48,5) | 14 | (6,9) |  |  |
|---------|-------|-------|---|-----------|-------|-----|--------|----|-------|--|--|

**Embedded Derivatives Raw material and intermediate products purchase**

In addition to the contracts mentioned above, Vale Inco has long positions of nickel and copper raw materials which have a price definition based on a commodity index, which implies, in practice, that this contract is treated as an embedded derivative.

| Flow                         | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Unrealized   |              | In R\$ million<br>Realized |                   | Unrealized |      |      |
|------------------------------|----------------|-----------|--------------|--------------------------------|--------------|--------------|----------------------------|-------------------|------------|------|------|
|                              |                |           |              |                                | Gain/Loss    | Gain/Loss    | VaR                        | Gain/Loss by year |            |      |      |
|                              | 30-jun-09      | 31-mar-09 |              |                                | 30-jun-09    | 31-mar-09    | 30-jun-09                  | 30-jun-09         | 2009       | 2010 | 2011 |
| <b>Raw material purchase</b> |                |           |              |                                |              |              |                            |                   |            |      |      |
| Nickel forwards              | 728            | 1.414     | B            | 11.798,00                      | (4,5)        | 1,9          | (1,9)                      |                   | (4,5)      |      |      |
| Copper forwards              | 1.890          | 3.327     |              | 4.510,00                       | (2,0)        | (2,0)        | (2,0)                      |                   | (2,0)      |      |      |
| <b>Total</b>                 |                |           |              |                                | <b>(6,4)</b> | <b>(0,1)</b> | <b>(3,9)</b>               | <b>2,4</b>        |            |      |      |

**Intermediate products purchase**

Forwards 3.861 3.117 **B** 12.144,00 (16,2) 3,5 46 5,5 (16,2)

**Embedded Derivatives Energy purchase Aluminum**

The table below presents the aluminum embedded derivatives position originated from the energy supply contract between Albras and Eletronorte.

| Flow         | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Unrealized   |             | Realized  |           | Unrealized Gain/Loss<br>by year |             |             |
|--------------|----------------|-----------|--------------|--------------------------------|--------------|-------------|-----------|-----------|---------------------------------|-------------|-------------|
|              | 30-jun-09      | 31-mar-09 |              |                                | Gain/Loss    | Gain/Loss   | VaR       | 2009      | 2010                            | 2011        |             |
|              |                |           |              |                                | 30-jun-09    | 31-mar-09   | 30-jun-09 | 30-jun-09 |                                 |             |             |
| Call         | 200.228        | 200.228   | <b>B</b>     | 2.773                          | 5,1          | 3,0         |           |           |                                 |             |             |
| Call         | 200.228        | 200.228   | <b>S</b>     | 1.450                          | (118)        | (91)        |           |           |                                 |             |             |
| <b>Total</b> |                |           |              |                                | <b>(113)</b> | <b>(88)</b> |           | <b>14</b> | <b>(21)</b>                     | <b>(62)</b> | <b>(29)</b> |

**Copper Scrap Purchase Protection Program**

Vale Inco Ltd. makes use of hedging to protect the price mismatch between the date of copper scrap purchase and the date of selling the finished good. The table below illustrates June open positions.

| Flow    | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Unrealized |           | Realized  |           | Unrealized Gain/Loss<br>by year |      |  |
|---------|----------------|-----------|--------------|--------------------------------|------------|-----------|-----------|-----------|---------------------------------|------|--|
|         | 30-jun-09      | 31-mar-09 |              |                                | Gain/Loss  | Gain/Loss | VaR       | 2009      | 2010                            | 2011 |  |
|         |                |           |              |                                | 30-jun-09  | 31-mar-09 | 30-jun-09 | 30-jun-09 |                                 |      |  |
| Futures | 57             | 147       | <b>S</b>     | 3.761,09                       | (0,1)      | (0,2)     | 0,2       | 0,0       | (0,1)                           |      |  |

**Protection program of Natural Gas Program**

Vale Inco Ltd. uses natural gas swap contracts to minimize the impact of price fluctuation of this input cost in the cash flow.

| Flow     | Notional (GJ) |           | Buy/<br>Sell | Average<br>Strike<br>(CAD/GJ) | Unrealized |           | Realized  |           | Unrealized Gain/Loss<br>by year |      |  |
|----------|---------------|-----------|--------------|-------------------------------|------------|-----------|-----------|-----------|---------------------------------|------|--|
|          | 30-jun-09     | 31-mar-09 |              |                               | Gain/Loss  | Gain/Loss | VaR       | 2009      | 2010                            | 2011 |  |
|          |               |           |              |                               | 30-jun-09  | 31-mar-09 | 30-jun-09 | 30-jun-09 |                                 |      |  |
| Forwards | 553.500       | 963.000   | <b>S</b>     | 7,62                          | (3,8)      | (6,1)     | (7,6)     | 0,3       | (3,8)                           |      |  |



**Table of Contents****Bunker Oil Purchase Protection Program**

Vale uses forward purchase and swaps to mitigate the impact of changes of bunker oil prices in the cash flow.

| Flow    | Notional (ton) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/ton) | Unrealized<br>Gain/Loss |           | In R\$ million<br>Realized<br>Gain/Loss VaR |           | Unrealized<br>Gain/Loss by year |      |      |
|---------|----------------|-----------|--------------|--------------------------------|-------------------------|-----------|---|-----------|---------------------------------|------|------|
|         | 30-jun-09      | 31-mar-09 |              |                                | 30-jun-09               | 31-mar-09 | 30-jun-09                                   | 30-jun-09 | 2009                            | 2010 | 2011 |
| Forward | 197.000        | 125.000   | B            | 347                            | 20,9                    | (1,4)     | 3,9   | 7,7       | 13,3                            | 7,6  |      |

**Maritime Freight Hiring Protection Program**

Vale uses FFA to reduce the impact of maritime freight price fluctuation in the company's costs.

| Flow    | Notional<br>(days) |           | Buy/<br>Sell | Average<br>Strike<br>(USD/day) | Unrealized<br>Gain/Loss |           | Realized<br>Gain/Loss VaR |           | In R\$ million<br>Unrealized<br>Gain/Loss by year |      |      |
|---------|--------------------|-----------|--------------|--------------------------------|-------------------------|-----------|---------------------------|-----------|---|------|------|
|         | 30-jun-09          | 31-mar-09 |              |                                | 30-jun-09               | 31-mar-09 | 30-jun-09                 | 30-jun-09 | 2009  | 2010 | 2011 |
| Forward | 2.406              | 0         | B            | 29.575                         | 24,8                    | 0,0       | 44,9                      | 11,9      | 18,1  | 6,7  |      |

**Sensitivity Analysis**

Values in R\$ million

|          | Instrument   | Impact description  | Scenario |                            |
|----------|--|---|----------|----------------------------|
|          |  |   | I        | II                         |
| debt     | CDI vs. USD fixed rate swap                              | USD/BRL fluctuation   | 298,0    | (1.604,0)                  |
|          | CDI vs. USD floating rate swap                           | USD interest rate inside Brazil variation<br>USD/BRL fluctuation  | 28,7     | 189,1<br>(173,1)           |
| debt     | TJLP vs. USD fixed rate swap                             | USD interest rate inside Brazil variation<br>USD/BRL fluctuation  |          | (6,2)<br>(196,0)           |
|          | TJLP vs. USD floating rate swap                          | USD interest rate inside Brazil variation<br>Brazilian interest rate fluctuation<br>USD/BRL fluctuation | 77,1     | 26,8<br>(11,9)<br>(125,1)  |
| e        | Brazilian <i>Real</i> fixed rate vs. USD fixed rate swap | USD interest rate inside Brazil variation<br>Brazilian interest rate fluctuation<br>EUR/USD fluctuation | 23,3     | (35,1)<br>(55,3)<br>(81,1) |
| ting     | EUR floating rate vs. USD floating rate swap             | Euribor variation   | 5,9      | 0,4<br>(10,3)<br>(0,8)     |
| floating | USD floating rate vs. USD fixed rate swap                | USD Libor variation   | 3,4      | 3,4<br>(23,1)              |
|          | Purchase Australian dollars forwards                     | USD Libor variation<br>USD/AUD fluctuation  | (20,7)   | 16,0<br>0,3                |

fixed

|         |   |                                     |         |         |
|---------|---|-------------------------------------|---------|---------|
|         | Sale of nickel forward contracts                          | Nickel price fluctuation            | (73,1)  | (201,3) |
|         | Purchase of nickel future/forward contracts               | Nickel price fluctuation            | 7,9     | (35,4)  |
| am      | Sale of nickel future/forward contracts                   | Nickel price fluctuation            | (6,9)   | (54,9)  |
| terial  | Embedded derivatives - Raw material purchase              | Nickel and copper price fluctuation | (6,4)   | (16,6)  |
| iate    | Embedded derivatives - Intermediate products purchase     | Nickel price fluctuation            | (16,2)  | (33,5)  |
| urchase | Embedded derivatives - Energy purchase - Aluminum Options | Aluminum price fluctuation          | (112,6) | (227,2) |
|         | Sale of copper future/forward contracts                   | Copper price fluctuation            | (0,1)   | (0,3)   |
|         | Purchase of natural gas forward contracts                 | Natural gas price fluctuation       | (3,8)   | (3,0)   |
| rogram  | Purchase Bunker Oil forwards                              | Bunker Oil price fluctuation        | 20,9    | (26,4)  |
| n       | Purchase of forward freight agreements                    | Freight price fluctuation           | 24,8    | (15,1)  |

**Table of Contents****Credit risk on financial trades and financial institutions ratings**

Derivatives transactions are executed with financial institutions that we consider to have a very good credit quality. The exposure limits to financial institutions are proposed annually for the Executive Risk Committee and approved by the Executive Board. The financial institutions credit risk tracking is performed making use of a credit risk valuation methodology which considers, among other information, published ratings provided by international rating agencies. In the table below, we present the ratings in foreign currency published by Moody's e S&P agencies for the financial institutions that we had outstanding trades as of June 30<sup>th</sup>. 2009.

| <b>Parent Company</b>        | <b>Vale's Counterparty</b>        | <b>Moody's*</b> | <b>S&amp;P*</b> |
|------------------------------|-----------------------------------|-----------------|-----------------|
| Banco do Brasil S.A.         | Banco do Brasil S.A.              | A1              | BBB-            |
| Banco Bradesco S.A.          | Banco Bradesco S.A.               | A1              | BBB             |
| Citigroup Inc.               | Citigroup Inc.                    | A3              | A               |
| Banco Votorantim S.A.        | Banco Votorantim S.A.             | Baa1            | BB+             |
| HSBC Holdings plc            | HSBC Holdings plc                 | Aa2             | AA-             |
| JP Morgan Chase & Co.        | JP Morgan Chase & Co.             | Aa3             | A+              |
| Banco Santander S.A. (Spain) | Banco Santander S.A. (Spain)      | Aa1             | AA              |
| HSBC Holdings plc            | HSBC Bank Brasil S.A.             | A1              | BBB-            |
| Banco Itaú Unibanco S.A.     | Banco Itaú Unibanco S.A.          | A1              |                 |
| JP Morgan Chase & Co.        | JP Morgan Chase Bank NA           | Aa1             | AA-             |
| Standard Bank                | Standard Bank of South Africa Ltd | Baa1            |                 |
| BNP Paribas                  | BNP Paribas                       | Aa1             | AA              |
| Mitsui Co. Ltd**             | Mitsui Bussan                     | A2              | A+              |

\* For Brazilian banks it was considered the global rating of local currency deposits

\*\* Parent company's rating

**Table of Contents****Market Curves**

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

**1. Commodities****Aluminum**

| <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 1.596                      | ABR10           | 1.704                      | MAR11           | 1.801                      |
| JUN09           | 1.602                      | MAI10           | 1.712                      | ABR11           | 1.809                      |
| JUL09           | 1.614                      | JUN10           | 1.723                      | MAI11           | 1.817                      |
| AGO09           | 1.624                      | JUL10           | 1.732                      | JUN11           | 1.825                      |
| SET09           | 1.636                      | AGO10           | 1.741                      | JUL11           | 1.833                      |
| OUT09           | 1.645                      | SET10           | 1.752                      | AGO11           | 1.691                      |
| NOV09           | 1.655                      | OUT10           | 1.760                      | SET11           | 1.682                      |
| DEZ09           | 1.666                      | NOV10           | 1.769                      | OUT11           | 1.710                      |
| JAN10           | 1.675                      | DEZ10           | 1.777                      | NOV11           | 1.719                      |
| FEV10           | 1.684                      | JAN11           | 1.785                      | DEZ11           | 1.728                      |
| MAR10           | 1.695                      | FEV11           | 1.793                      |                 |                            |

**Nickel**

| <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 15.291                     | MAR10           | 15.446                     | DEZ10           | 15.456                     |
| JUL09           | 15.304                     | ABR10           | 15.454                     | JAN11           | 15.452                     |
| AGO09           | 15.336                     | MAI10           | 15.461                     | FEV11           | 15.448                     |
| SET09           | 15.366                     | JUN10           | 15.466                     | MAR11           | 15.445                     |
| OUT09           | 15.389                     | JUL10           | 15.465                     | ABR11           | 15.442                     |
| NOV09           | 15.405                     | AGO10           | 15.465                     | MAI11           | 15.439                     |
| DEZ09           | 15.421                     | SET10           | 15.465                     | JUN11           | 15.436                     |
| JAN10           | 15.430                     | OUT10           | 15.461                     | JUL11           | 15.433                     |
| FEV10           | 15.438                     | NOV10           | 15.458                     | AGO11           | 15.430                     |

**Copper**

| <b>Maturity</b> | <b>Price<br/>(USD/lb)</b> | <b>Maturity</b> | <b>Price<br/>(USD/lb)</b> | <b>Maturity</b> | <b>Price<br/>(USD/lb)</b> |
|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|
| SPOT            | 2,24                      | JUL09           | 2,25                      | SET09           | 2,25                      |

**Bunker oil**

| <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> | <b>Maturity</b> | <b>Price<br/>(USD/ton)</b> |
|-----------------|----------------------------|-----------------|----------------------------|-----------------|----------------------------|
| SPOT            | 396,50                     | JAN10           | 402,25                     | AGO10           | 416,00                     |
| JUL09           | 396,50                     | FEV10           | 402,25                     | SET10           | 416,00                     |
| AGO09           | 392,55                     | MAR10           | 402,25                     | OUT10           | 422,25                     |
| SET09           | 392,00                     | ABR10           | 409,00                     | NOV10           | 422,25                     |
| OUT09           | 393,25                     | MAI10           | 409,00                     | DEZ10           | 422,25                     |
| NOV09           | 394,25                     | JUN10           | 409,00                     |                 |                            |
| DEZ09           | 398,40                     | JUL10           | 416,00                     |                 |                            |

**Aluminum Volatility**

| <b>Maturity</b> | <b>Vol (% p.a.)</b> | <b>Maturity</b> | <b>Vol (% p.a.)</b> | <b>Maturity</b> | <b>Vol (% p.a.)</b> |
|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| VOLSPOT         | 35,67               | VOL9M           | 30,55               | VOL4Y           | 24,51               |
| VOL1M           | 35,67               | VOL1Y           | 29,61               | VOL5Y           | 23,92               |
| VOL3M           | 33,96               | VOL2Y           | 26,99               | VOL7Y           | 23,74               |
| VOL6M           | 31,82               | VOL3Y           | 25,51               | VOL10Y          | 23,74               |

**2. Rates****USD-Brazil Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 30/06/2009      | 1,31                 | 03/10/2011      | 3,54                 | 01/04/2014      | 5,18                 |
| 01/09/2009      | 1,31                 | 02/01/2012      | 3,71                 | 01/07/2014      | 5,37                 |
| 01/10/2009      | 1,39                 | 02/04/2012      | 3,96                 | 01/10/2014      | 5,55                 |
| 04/01/2010      | 1,67                 | 02/07/2012      | 4,13                 | 02/01/2015      | 5,71                 |
| 01/04/2010      | 1,99                 | 01/10/2012      | 4,28                 | 01/04/2015      | 5,81                 |
| 01/07/2010      | 2,18                 | 02/01/2013      | 4,42                 | 04/01/2016      | 6,08                 |
| 01/10/2010      | 2,48                 | 01/04/2013      | 4,53                 | 02/01/2017      | 6,53                 |
| 03/01/2011      | 2,77                 | 01/07/2013      | 4,70                 | 02/01/2018      | 6,97                 |
| 01/04/2011      | 3,04                 | 01/10/2013      | 4,82                 | 02/01/2019      | 7,27                 |
| 01/07/2011      | 3,29                 | 02/01/2014      | 5,02                 | 02/01/2020      | 7,52                 |

**US Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| USD1D           | 0,25                 | USD9M           | 0,77                 | USD5Y           | 3,06                 |
| USD1M           | 0,42                 | USD1Y           | 0,89                 | USD7Y           | 3,55                 |
| USD2M           | 0,55                 | USD2Y           | 1,55                 | USD10Y          | 3,95                 |
| USD3M           | 0,65                 | USD3Y           | 2,19                 |                 |                      |
| USD6M           | 0,67                 | USD4Y           | 2,69                 |                 |                      |

**TJLP**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 30/06/2009      | 6,25                 | 01/04/2011      | 7,12                 | 01/04/2013      | 7,62                 |
| 01/07/2009      | 6,25                 | 01/07/2011      | 7,24                 | 01/07/2013      | 7,62                 |
| 01/10/2009      | 6,32                 | 01/10/2011      | 7,33                 | 01/10/2013      | 7,61                 |
| 01/01/2010      | 6,44                 | 01/01/2012      | 7,41                 | 01/01/2014      | 7,60                 |
| 01/04/2010      | 6,56                 | 01/04/2012      | 7,48                 | 01/04/2014      | 7,59                 |
| 01/07/2010      | 6,70                 | 01/07/2012      | 7,54                 | 01/07/2014      | 7,60                 |
| 01/10/2010      | 6,85                 | 01/10/2012      | 7,58                 |                 |                      |
| 01/01/2011      | 6,99                 | 01/01/2013      | 7,61                 |                 |                      |

**BRL Interest Rate**

| <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> | <b>Maturity</b> | <b>Rate (% p.a.)</b> |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 30/06/2009      | 8,96                 | 01/07/2010      | 9,24                 | 02/01/2013      | 11,77                |
| 01/07/2009      | 8,96                 | 03/01/2011      | 10,03                | 01/04/2013      | 11,83                |
| 03/08/2009      | 9,01                 | 01/07/2011      | 10,66                | 01/07/2013      | 11,93                |
| 01/09/2009      | 8,88                 | 02/01/2012      | 11,06                | 01/10/2013      | 11,98                |
| 01/10/2009      | 8,82                 | 02/04/2012      | 11,24                | 02/01/2014      | 12,17                |

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|            |      |            |       |            |       |
|------------|------|------------|-------|------------|-------|
| 04/01/2010 | 8,79 | 02/07/2012 | 11,42 | 02/01/2017 | 12,56 |
| 01/04/2010 | 8,96 | 01/10/2012 | 11,61 |            |       |

**3. Currencies**

**EUR**

| <b>Maturity</b> | <b>EUR/USD</b> | <b>Maturity</b> | <b>EUR/USD</b> | <b>Maturity</b> | <b>EUR/USD</b> |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| EURSPOT         | 1,42           | EUR9M           | 1,41           | EUR4Y           | 1,43           |
| EUR1M           | 1,41           | EUR1Y           | 1,41           | EUR5Y           | 1,43           |
| EUR3M           | 1,41           | EUR2Y           | 1,42           | EUR7Y           | 1,43           |
| EUR6M           | 1,41           | EUR3Y           | 1,42           | EUR10Y          | 1,42           |

**AUD**

| <b>Maturity</b> | <b>AUD/USD</b> | <b>Maturity</b> | <b>AUD/USD</b> | <b>Maturity</b> | <b>AUD/USD</b> |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| AUDSPOT         | 1,24           | AUD9M           | 1,25           | AUD4Y           | 1,34           |
| AUD1M           | 1,24           | AUD1Y           | 1,26           | AUD5Y           | 1,36           |
| AUD3M           | 1,24           | AUD2Y           | 1,28           | AUD7Y           | 1,40           |
| AUD6M           | 1,25           | AUD3Y           | 1,31           | AUD10Y          | 1,46           |

**Currencies Ending rates as of June 30, 2009**

|         |        |         |        |         |        |
|---------|--------|---------|--------|---------|--------|
| USD/CAD | 1,1622 | USD/BRL | 1,9516 | EUR/USD | 1,4039 |
|---------|--------|---------|--------|---------|--------|

**Table of Contents**

Summary the movement of our derivatives according to the period present as follows:

|  | Currencies\<br>Interest<br>rates<br><br>(libor) | Bunker<br>Oil and<br>Natural<br>Gas | Consolidated<br>Quarter<br>2Q/09<br>Products<br>by<br>aluminum |               |      |              |                 | Total          |
|--|---|-------------------------------------|--|---------------|------|--------------|-----------------|----------------|
|  |   |                                     | Gold   | Freight       | area | Copper       | Nickel          |                |
| Gains /<br>(losses) unrealized on<br>03/31/09          | (1,301,037)                                     | (7,467)                             |  |               |      | (192)        | 40,091          | (1,268,605)    |
| Payments<br>(receipt) financial                        | (209,431)                                       | 1,360                               |  | (10,129)      |      | 263          | 80,958          | (136,979)      |
| Financial expenses, net<br>(1)                         | 1,935,472                                       | 26,065                              |  | 72,151        |      | (237)        | (209,616)       | 1,823,835      |
| Monetary variations, net<br>(2)                        | 6,532   | (559)                               |  | (2,578)       |      | 30           | (5,904)         | (2,479)        |
| <b>Gains /<br/>(losses) unrealized on<br/>06/30/09</b> | <b>431,536</b>                                  | <b>19,399</b>                       |  | <b>59,444</b> |      | <b>(136)</b> | <b>(94,471)</b> | <b>415,772</b> |

  

|  | Currencies\<br>Interest<br>rates<br><br>(libor) | Bunker Oil<br>and<br>Natural<br>Gas | 1Q/09<br>Products<br>by<br>aluminum |         |      |              |               | Total              |
|--|---|-------------------------------------|-------------------------------------|---------|------|--------------|---------------|--------------------|
|  |   |                                     | Gold                                | Freight | area | Copper       | Nickel        |                    |
| Gains / (losses) unrealized<br>on 12/31/08             | (1,336,013)                                     | (4,358)                             |                                     |         |      | 626          | 79,185        | (1,260,560)        |
| Payments<br>(receipt) financial                        | (45,396)  | 4,787                               |                                     |         |      | (491)        | (8,857)       | (49,957)           |
| Financial expenses, net (1)                            | 77,613  | (7,931)                             |                                     |         |      | (321)        | (29,476)      | 39,885             |
| Monetary variations, net<br>(2)                        | 2,759   | 35                                  |                                     |         |      | (6)          | (761)         | 2,027              |
| <b>Gains /<br/>(losses) unrealized on<br/>03/31/09</b> | <b>(1,301,037)</b>                              | <b>(7,467)</b>                      |                                     |         |      | <b>(192)</b> | <b>40,091</b> | <b>(1,268,605)</b> |

**2Q/08**  
**Products**  
by  
Currencies\  
Interest  
rates  
  
(libor)

|  | <b>Interest rates</b><br><b>(libor)</b> | <b>Bunker Oil and Natural Gas</b> | <b>Gold</b>     | <b>Freight</b> | <b>aluminum area</b> | <b>Copper</b>    | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b>     |
|--|---|-----------------------------------|-----------------|----------------|----------------------|------------------|---------------|-----------------|------------------|
| Gains / (losses) unrealized on 03/31/08        | 1,048,035                               |                                   | (57,777)        |                | (434,408)            | (426,814)        | 10,902        | (54,095)        | 85,843           |
| Payments (receipt) financial                   | (226,227)                               |                                   | 17,344          |                | 103,890              | 123,673          | (23,759)      | 17,098          | 12,019           |
| Financial expenses, net (1)                    | 1,139,831                               |                                   | 2,013           |                | 2,119                | 6,002            | 72,059        | (2,082)         | 1,219,942        |
| Monetary variations, net (2)                   | (49,626)                                |                                   | 4,410           |                | 27,789               | 35,168           | (1,783)       | 4,612           | 20,570           |
| <b>Gains / (losses) unrealized on 06/30/08</b> | <b>1,912,013</b>                        |                                   | <b>(34,010)</b> |                | <b>(300,610)</b>     | <b>(261,971)</b> | <b>57,419</b> | <b>(34,467)</b> | <b>1,338,374</b> |

|  | <b>Currencies\ Interest rates</b><br><b>(libor)</b> | <b>Bunker Oil and Natural Gas</b> | <b>Gold</b>   | <b>Freight</b> | <b>aluminum area</b> | <b>Copper</b> | <b>Nickel</b>   | <b>Platinum</b> | <b>Total</b>   |
|--|---|-----------------------------------|---------------|----------------|----------------------|---------------|-----------------|-----------------|----------------|
| Gains / (losses) unrealized on 12/31/08        | (1,336,013)   |                                   | (4,358)       |                |                      | 626           | 79,185          |                 | (1,260,560)    |
| Payments (receipt) financial                   | (254,827)   |                                   | 6,147         |                | (10,129)             | (228)         | 72,101          |                 | (186,936)      |
| Financial expenses, net (1)                    | 2,013,085   |                                   | 18,134        |                | 72,151               | (558)         | (239,092)       |                 | 1,863,720      |
| Monetary variations, net (2)                   | 9,291   |                                   | (524)         |                | (2,578)              | 24            | (6,665)         |                 | (452)          |
| <b>Gains / (losses) unrealized on 06/30/09</b> | <b>431,536</b>                                      |                                   | <b>19,399</b> |                | <b>59,444</b>        | <b>(136)</b>  | <b>(94,471)</b> |                 | <b>415,772</b> |

|  | <b>Currencies\ Interest rates</b><br><b>(libor)</b> | <b>Bunker Oil and Natural Gas</b> | <b>Gold</b> | <b>Freight</b> | <b>aluminum area</b> | <b>Copper</b> | <b>Nickel</b> | <b>Platinum</b> | <b>Total</b> |
|--|---|-----------------------------------|-------------|----------------|----------------------|---------------|---------------|-----------------|--------------|
|  |   |                                   |             |                |                      |               |               |                 |              |



|  |                  |                 |                  |                  |               |                 |                  |
|--|------------------|-----------------|------------------|------------------|---------------|-----------------|------------------|
| Gains /<br>(losses) unrealized on<br>12/31/07          | 1,107,744        | (64,608)        | (172,569)        | (332,222)        | 73,557        | (42,722)        | 569,180          |
| Payments<br>(receipt) financial                        | (273,986)        | 37,431          | 146,223          | 228,016          | (22,982)      | 32,920          | 147,622          |
| Financial expenses, net<br>(1)                         | 1,119,541        | (11,969)        | (303,857)        | (196,234)        | 11,015        | (29,530)        | 588,966          |
| Monetary variations,<br>net (2)                        | (41,286)         | 5,136           | 29,593           | 38,469           | (4,171)       | 4,865           | 32,606           |
| <b>Gains /<br/>(losses) unrealized on<br/>06/30/08</b> | <b>1,912,013</b> | <b>(34,010)</b> | <b>(300,610)</b> | <b>(261,971)</b> | <b>57,419</b> | <b>(34,467)</b> | <b>1,338,374</b> |

(1) Comprise amounts related to hedge accounting which does not affect the financial results, as follows:  
R\$7,356,  
R\$(1,416),  
R\$20,951,  
R\$5.940 and  
R\$(63,964),  
2Q09, 1Q09,  
2Q08, June 30,  
2009 and  
June 30, 2008,  
respectively.

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

(2) Include exchange

variance  
reclassification  
into equity:  
R\$(648),  
R\$(447) and  
R\$(1,095),  
2Q09, 1Q09 and  
June 30, 2009,  
respectively.

**Table of Contents**

|  | <b>Parent Company<br/>06/30/09</b>                    |                |             |               |                |
|--|---|----------------|-------------|---------------|----------------|
|  | <b>Currencies\<br/>Interest<br/>rates<br/>(libor)</b> | <b>Freight</b> | <b>Gold</b> | <b>Copper</b> | <b>Total</b>   |
| Gains / (losses) unrealized on 12/31/08            | (1,078,850)   |                |             |               | (1,078,850)    |
| Payments (receipt) financial                       | (212,642)   | (4,003)        |             |               | (216,645)      |
| Financial expenses, net                            | 1,560,642   | 19,296         |             |               | 1,579,938      |
| Monetary variations, net                           | (588)   | (478)          |             |               | (1,066)        |
| <b>Gains / (losses) unrealized on<br/>06/30/09</b> | <b>268,562</b>  | <b>14,815</b>  |             |               | <b>283,377</b> |

  

|  | <b>06/30/08</b>                                       |                |                 |                 |                  |
|--|---|----------------|-----------------|-----------------|------------------|
|  | <b>Currencies\<br/>Interest<br/>rates<br/>(libor)</b> | <b>Freight</b> | <b>Gold</b>     | <b>Copper</b>   | <b>Total</b>     |
| Gains / (losses) unrealized on 12/31/07            | 1,064,545   |                | (45,256)        | (1,923)         | 1,017,366        |
| Payments (receipt) financial                       | (260,118)   |                | 26,156          | 7,526           | (226,436)        |
| Financial expenses, net                            | 1,085,862   |                | (8,412)         | (28,882)        | 1,048,568        |
| Monetary variations, net                           | (110,837)   |                | 3,507           | 1,831           | (105,499)        |
| <b>Gains / (losses) unrealized on<br/>06/30/08</b> | <b>1,779,452</b>                                      |                | <b>(24,005)</b> | <b>(21,448)</b> | <b>1,733,999</b> |

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

|                                    |                |
|------------------------------------|----------------|
| Currencies\ Interest rates (LIBOR) | December 2019  |
| Fuel Oil                           | April 2010     |
| Natural Gas                        | October 2009   |
| Freight                            | September 2009 |
| Copper                             | July 2009      |
| Nickel                             | May 2011       |

**6.25- Selling, Administrative, Other Operating Expenses and Results from the Sale of Investments**

|  | <b>Consolidated</b> |                          |              |                                 |                                 | <b>Parent Company<br/>Accumulated</b> |                 |
|--|---------------------|--------------------------|--------------|---------------------------------|---------------------------------|---------------------------------------|-----------------|
|  | <b>2Q/09</b>        | <b>Quarter<br/>1Q/09</b> | <b>2Q/08</b> | <b>Accumulated<br/>06/30/09</b> | <b>Accumulated<br/>06/30/08</b> | <b>06/30/09</b>                       | <b>06/30/08</b> |
| <b>Administrative</b>                            |                     |                          |              |                                 |                                 |                                       |                 |
| Personnel  | 154,396             | 159,907                  | 176,337      | 314,303                         | 347,544                         | 173,062                               | 198,805         |
| Services (consulting, infrastructure and others) | 87,439              | 84,253                   | 94,174       | 171,692                         | 179,141                         | 86,720                                | 88,353          |

|                           |                |                |                |                  |                  |                |                |
|---------------------------|----------------|----------------|----------------|------------------|------------------|----------------|----------------|
| Advertising and publicity | 49,185         | 31,999         | 65,760         | 81,184           | 100,108          | 74,106         | 92,922         |
| Depreciation              | 87,547         | 88,759         | 68,881         | 176,306          | 148,699          | 143,147        | 116,961        |
| Travel expenses           | 5,646          | 13,065         | 16,869         | 18,711           | 27,710           | 7,157          | 17,293         |
| Rents and taxes           | 14,559         | 23,560         | 13,161         | 38,119           | 22,553           | 15,237         | 15,241         |
| Indigenous communities    | 4,763          | 4,942          | 6,256          | 9,705            | 12,082           | 9,120          | 9,352          |
| Others                    | 35,054         | 38,559         | 85,828         | 73,613           | 146,122          | 35,233         | 56,561         |
| <b>Sales (*)</b>          | <b>75,054</b>  | <b>129,446</b> | <b>104,278</b> | <b>204,500</b>   | <b>247,434</b>   | <b>12,922</b>  | <b>20,747</b>  |
| <b>Total</b>              | <b>513,643</b> | <b>574,490</b> | <b>631,544</b> | <b>1,088,133</b> | <b>1,231,393</b> | <b>556,704</b> | <b>616,235</b> |

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

|   | Consolidated   |                |                |                         | Parent Company          |                         |                         |
|---|----------------|----------------|----------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 2Q/09          | 1Q/09          | 2Q/08          | Accumulated<br>06/30/09 | Accumulated<br>06/30/08 | Accumulated<br>06/30/09 | Accumulated<br>06/30/08 |
| <b>Other operating expenses (income), net</b> |                |                |                |                         |                         |                         |                         |
| Provisions for contingencies                  | 14,351         |                | (231,952)      | 14,351                  | (240,649)               | 24,836                  | (240,649)               |
| Provision for loss on ICMS credits            | 29,397         | 73,213         | 192,830        | 102,610                 | 241,954                 | 88,396                  | 46,609                  |
| Provision for profit sharing                  | 50,929         | 67,517         | 79,568         | 118,446                 | 127,235                 | 65,344                  | 55,661                  |
| Fundação Vale do Rio Doce FVRD                | 30,634         | 12,656         | 18,094         | 43,290                  | 31,289                  | 43,290                  | 31,289                  |
| Recoverable taxes PIS and COFINS              | (78,066)       | (66,326)       | (50,978)       | (144,392)               | (114,857)               | (144,392)               | (114,857)               |
| Provision for material / inventories          | 8,787          |                |                | 8,787                   |                         | 12,409                  |                         |
| Adjust the value of realization of stock      |                | 112,535        |                | 112,535                 |                         |                         |                         |
| Disconnection                                 | 49,869         | 91,782         |                | 141,651                 |                         | 33,914                  |                         |
| Stopped of plant and Idle capacity            | 524,028        | 375,552        |                | 899,580                 |                         | 482,885                 |                         |
| Others  | 105,026        | 217,586        | 141,803        | 322,612                 | 461,856                 | (30,412)                | 111,190                 |
| <b>Total</b>                                  | <b>734,955</b> | <b>884,515</b> | <b>149,365</b> | <b>1,619,470</b>        | <b>506,828</b>          | <b>576,270</b>          | <b>(110,757)</b>        |

**Table of Contents**

|   |                | Quarter | Consolidated | Accumulated (to review) |                |
|---|----------------|---------|--------------|-------------------------|----------------|
| Results on sale of investments                    | 2Q/09          | 1Q/09   | 2Q/08        | 06/30/09                | 06/30/08       |
| Jubilee Mines N.L.                                |                |         |              |                         | 138,879        |
| Usinas siderurgicas de Minas Gerais S.A. USIMINAS | 287,814        |         |              | 287,814                 |                |
| Others  | 7,908          |         |              | 7,908                   |                |
| <b>Total</b>                                      | <b>295,722</b> |         |              | <b>295,722</b>          | <b>138,879</b> |

**6.26- Subsequent Events**

In July, 2009, we issued R\$1,873 million Mandatorily Convertible Notes due 2012 (R\$ 1,864 million, net of commissions). The Notes bear interest at 6.75% per year payable quarterly and additional interest which will be payable based on the net amount of cash distribution paid to ADS holders.

In July, 2009 Vale signed a definitive agreement with Suzano Papel e Celulose to sale part of our forest assets to Suzano, a total area of 84.7 thousand hectares, including preservation areas and eucalyptus plantation in Maranhão (Brazil), for approximately R\$235 million.

In July 2009, Vale signed an agreement with ThyssenKrupp Steel AG to increase our stake in ThyssenKrupp CSA Siderúrgica do Atlântico Ltda. (CSA) to 26.87%, from the current 10% interest, through a capital increase of EUR\$965 million (approximately R\$2.7 billion). This investment decision is still subject to, among other conditions, the approval of the Board of Directors of both Vale and ThyssenKrupp.

**Table of Contents**

**7- Report of the Independent Accountants on Limited Review**

**Pricewaterhousecoopers**  
**Rua da Candelária 65 11°, 14°, 15° e 16°**  
**Cjs. 1302 a 1304**  
**2009 1-020 Rio de Janeiro RJ - Brasil**  
**Calxa Postal 949**  
**Telefone (21) 3232-6112**  
**Fax (21) 2516-6319**  
**pwc.com/br**

(A free translation of the original in Portuguese)

**Report of Independent Accountants  
on the Limited Review**

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

- 1 We have carried out a limited review of the Quarterly Information ITR (individual and consolidated) of Vale S.A. (formerly denominated Companhia Vale do Rio Doce) and its subsidiaries, for the quarter ended June 30, 2009, comprising the balance sheets and the statements of operations, changes in stockholders equity, cash flows and value added, the report of performance and notes, prepared under the responsibility of the Company s management.
- 2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil ( Instituto de Auditores Independentes do Brasil IBRACON ), in conjunction with the Federal Accounting Council ( Conselho Federal de Contabilidade CFC ), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the quarterly information and (b) a review of the relevant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any significant adjustments which should be made to the quarterly information referred to above for it to be in accordance with the accounting practices adopted in Brazil, as required by the regulations of the Brazilian Securities Commission ( Comissão de Valores Mobiliários CVM ) specifically applicable to the preparation of quarterly information.
- 4 The Quarterly Information (ITR) mentioned in the first paragraph also includes comparative accounting information for the results for the quarters ended March 31, 2009, and June 30, 2008, obtained from the corresponding Quarterly Information (ITR) for those quarters. The limited reviews of the Quarterly Information ITR for the quarters ended March 31, 2009, and June 30, 2008, were conducted by other independent auditors, who issued their reports, dated May 6, 2009, and August 6, 2008, respectively, both including division of responsibilities paragraphs regarding the review of financial information of certain investees of Vale S.A.

**Table of Contents**

Vale S.A.

5 As mentioned in Note 6.2, due to changes in the accounting practices adopted in Brazil in 2008, the statements of income, of changes in stockholders' equity, of cash flows and value added relating to the quarters ended June 30, 2008, presented for comparative purposes, were adjusted in relation to those originally disclosed and are being revised, as prescribed by NPC 12 Accounting Practices. Changes in Accounting Estimates and Correction of Errors ( Práticas Contábeis, Mudanças nas Estimativas Contábeis e Correção de Erros ), as approved by the CVM Deliberation number 506/06, in order to enable comparability of the periods presented. In connection with our review of the quarterly information relating to the quarter ended June 30, 2009, we also reviewed the adjustments arising from the changes in accounting practices disclosed in Note 6.2. We are not aware that those adjustments are inadequate or have not been appropriately recognized, taking into consideration all material aspects. We have been engaged solely to review the adjustments described in Note 6.2 and not the review and neither to apply any other form of procedure on the quarterly information for the quarter ended June 30, 2008, and, therefore, we do not express any form of conclusion on those quarterly information.

Rio de Janeiro, July 29, 2009

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

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

**Table of Contents****8- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies**

Period ended June 30, 2009

In millions of reais

| Participation<br>(%) | Voting | Circulante | Assets      |  | Liabilities and stockholders equity |             |                              | Accounting information |                               |                                |
|----------------------|--------|------------|-------------|--|-------------------------------------|-------------|------------------------------|------------------------|-------------------------------|--------------------------------|
|                      |        |            | Non-current | Investments, property plant and equipment and deferred | Current                             | Non-current | Adjusted stockholders equity | Net revenues           | Cost of products and services | Statement of income (expenses) |
|                      | 51,00  | 428.818    | 1.371.538   | 1.072.004  | 427.550                             | 473.597     | 1.971.213                    | 687.366                | (726.064)                     | 70.64                          |
|                      | 61,74  | 821.791    | 257.726     | 5.334.691  | 328.258                             | 1.650.505   | 4.435.445                    | 1.312.565              | (1.439.345)                   | 260.97                         |
|                      | 100,00 | 5.005      | 32.059      |  | 5.132                               |             | 31.932                       |                        |                               | (5.88)                         |
|                      | 100,00 | 133.723    | 65.064      | 98.430   | 23.805                              | 40.882      | 232.530                      | 76.311                 | (60.092)                      | (36.60)                        |
|                      | 100,00 | 159.938    | 106.693     | 1.392  | 153.056                             | 115.392     | (425)                        |                        |                               | 9.51                           |
|                      | 100,00 | 180.025    | 9.525       | 195.453  | 138.529                             | 1.428       | 245.046                      | 128.411                | (50.951)                      | 1.34                           |
|                      | 100,00 | 2.015.623  | 237.219     | 1.320.194  | 1.598.920                           | 39.169      | 1.934.947                    | 1.614.570              | (1.322.475)                   | (379.78)                       |
|                      | 100,00 | 19.795     | 122.054     | 149  | 33.563                              | 102.117     | 6.318                        |                        |                               | 7.77                           |
|                      | 100,00 | 13.432     |             | 908.036  | 13.413                              | 213.495     | 694.560                      |                        |                               |                                |
|                      | 100,00 | 234.569    | 125.116     | 1.688.362  | 158.549                             | 1.982.131   | (92.633)                     | 339.626                | (330.413)                     | (30.41)                        |
|                      | 100,00 | 58.084     | 2.065       | 1.728.332  | 495.833                             |             | 1.292.648                    | 49.036                 | (20.211)                      | (5.58)                         |
|                      | 100,00 | 10.654     | 15.534      | 3.719  | 5.172                               | 2.897       | 21.838                       |                        |                               | 71                             |
|                      | 100,00 | 59.190     |             | 2.897.356  | 21.645                              | 967.247     | 1.967.654                    |                        |                               | (6.74)                         |
|                      | 100,00 | 331        |             | 1.697.207  | 18.543                              | 1.788.341   | (109.346)                    |                        |                               | (21.68)                        |
|                      | 92,99  | 181.496    | 112.925     | 6.204.055  | 891.955                             | 1.255.481   | 4.351.040                    |                        | (79.500)                      | (129.86)                       |



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|        |            |            |            |            |            |            |            |              |            |
|--------|------------|------------|------------|------------|------------|------------|------------|--------------|------------|
| 85,57  | 79.377     | 60.368     | 58.306     | 79.777     | 179.415    | (61.141)   | 55.964     | (39.746)     | (57.50)    |
| 100,00 | 160.618    |            | 51.247     | 47.683     | 6.591      | 157.591    | 101.141    | (78.041)     | (52.82)    |
| 100,00 | 290.531    |            | 1.622.704  | 56.355     | 1.439.727  | 417.153    |            |              |            |
| 100,00 | 280.924    | 11.777     | 55.528     | 56.815     | 123.451    | 167.963    | 75.520     | (23.144)     | (40.71)    |
| 100,00 | 391.549    | 253.069    | 2.199.058  | 243.998    | 1.719.251  | 880.427    | 504.016    | (347.815)    | (202.37)   |
| 100,00 | 6.163.928  | 426.643    | 47.034.020 | 3.276.565  | 38.882.813 | 11.465.213 | 4.389.021  | (4.018.657)  | (1.513.42) |
| 100,00 | 27.098.250 | 54.856.124 | 47.108.999 | 13.712.122 | 47.641.274 | 67.709.977 | 12.212.189 | (11.670.521) | (4.941.79) |
| 100,00 | 1.188.583  | 112.938    | 360.208    | 376.618    | 187.104    | 1.098.007  | 291.338    | (175.081)    | (31.91)    |
| 100,00 | 276.325    | (821)      | 97.877     | 133.461    | 9.549      | 230.371    | 85.522     | (89.875)     | (21.80)    |
| 100,00 | 237.868    | 11.227.200 |            | 237.653    | 11.227.202 | 213        |            |              | 21         |
| 100,00 | 161.057    | 90.241     | 514.160    | 73.664     | 40.170     | 651.624    | 111.266    | (104.131)    | (11.75)    |
| 100.00 | 31,094     | 26         | 56,864     | 7,768      |            | 80,215     | 17,553     | (2,272)      | (12,33)    |
| 50.00  | 605,533    |            | 522,596    | 90,654     | 460,170    | 577,305    | 554,056    | (516,469)    | (131,94)   |
| 50.00  | 219,821    | 22,953     | 241,775    | 64,951     | 99,699     | 319,899    | 66,018     | (6,164)      | 34,54      |
| 51.00  | 218,723    | 49,249     | 133,456    | 150,366    | 46,481     | 204,581    | 276        | (1)          | (32,93)    |
| 51.00  | 118,884    | 55,744     | 192,070    | 4,203      | 80,686     | 281,809    | 12,938     | (5,562)      | 10,97      |
| 51.11  | 150,765    | 65,375     | 394,695    | 1,217      | 73,013     | 536,605    | 48,545     | (13,270)     | 10,64      |
| 50.00  | 41,554     | 23,792     | 56,210     | 2,241      | 19,898     | 99,417     | 8,567      | (4,897)      | 1,33       |
| 40.00  | 189,853    | 621,807    | 869,373    | 572,446    | 378,605    | 729,982    | 422,900    | (249,027)    | 31,73      |
| 37.86  | 937,474    | 708,893    | 2,879,354  | 933,604    | 1,841,806  | 1,750,311  | 983,516    | (573,851)    | (62,46)    |

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|       |           |         |           |           |           |           |           |           |       |
|-------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| 50.00 | 1,052,694 | 436,594 | 3,613,998 | 1,901,532 | 1,966,734 | 1,235,020 | 1,136,020 | (461,983) | 79,41 |
| 50.00 | 150,541   |         | 756,611   | 233,836   | 222,491   | 450,825   |           |           |       |

**Observances:**

(a) Includes direct and indirect participation.

Additional information of the main operational investee companies are available on the Vale website [www.vale.com](http://www.vale.com), investor relations.

**Table of Contents****B- Additional Information****9- Cash generation (to review)**

Consolidated operating cash generation measured by EBITDA (earnings before financial results, equity in subsidiaries, income taxes, depreciation, amortization and depletion, increased by dividends received) was R\$8,909,912 as of June 30,2009 against R\$17,111,208 as of June 30, 2008, representing a decrease of 48.0%.

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

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

**EBITDA Consolidated**

|   | Quarter (Unaudited) |                  |                   | Accumulated (to review) |                   |
|---|---------------------|------------------|-------------------|-------------------------|-------------------|
|   | 2Q/09               | 1Q/09            | 2Q/08             | 06/30/09                | 06/30/08          |
| <b>Operating profit EBIT</b>            | <b>2.189.568</b>    | <b>4.148.839</b> | <b>9.200.013</b>  | <b>6.338.407</b>        | <b>14.524.912</b> |
| Depreciation / amortization of goodwill | 1.253.422           | 1.296.765        | 1.250.502         | 2.550.187               | 2.563.430         |
|   | <b>3.442.990</b>    | <b>5.445.604</b> | <b>10.450.515</b> | <b>8.888.594</b>        | <b>17.088.342</b> |
| Dividends received                      | 21.318              |                  | 22.866            | 21.318                  | 22.866            |
| <b>EBITDA (LAJIDA)</b>                  | <b>3.464.308</b>    | <b>5.445.604</b> | <b>10.473.381</b> | <b>8.909.912</b>        | <b>17.111.208</b> |
| Depreciation / amortization of goodwill | (1.253.422)         | (1.296.765)      | (1.250.502)       | (2.550.187)             | (2.563.430)       |
| Dividends received                      | (21.318)            |                  | (22.866)          | (21.318)                | (22.866)          |
| Equity Results                          | 50.021              | 13.450           | (266.767)         | 63.471                  | (1.392.591)       |
| Profit on sale of investment            | 295.722             |                  |                   | 295.722                 | 138.879           |
| Financial results, net                  | 2.574.281           | (361.256)        | 1.765.976         | 2.213.025               | (2.946.024)       |
| Income tax and social contribution      | (3.533.597)         | (757.982)        | (2.571.182)       | (4.291.579)             | (3.241.065)       |
| Minority interests                      | (109.343)           | 107.852          | (222.577)         | (1.491)                 | (258.230)         |
| <b>Net income</b>                       | <b>1.466.652</b>    | <b>3.150.903</b> | <b>7.905.463</b>  | <b>4.617.555</b>        | <b>6.825.881</b>  |

**Consolidated EBITDA by segment**

|                      | EBITDA<br>Quarter (Unaudited) |                  |                   | Accumulated (to review) |                   |
|----------------------|-------------------------------|------------------|-------------------|-------------------------|-------------------|
|                      | 2Q/09                         | 1Q/09            | 2Q/08             | 06/30/09                | 06/30/08          |
| <b>Segments</b>      |                               |                  |                   |                         |                   |
| Ferrous minerals     | 2.852.898                     | 5.196.299        | 7.173.376         | 8.049.197               | 10.573.410        |
| Non-ferrous minerals | 854.349                       | 128.341          | 2.668.125         | 982.690                 | 5.406.320         |
| Logistics            | 280.454                       | 120.993          | 251.213           | 401.447                 | 564.573           |
| Steel                | 1.766                         | (32.523)         | 82.364            | (30.757)                | 103.966           |
| Others               | (525.159)                     | 32.494           | 298.303           | (492.665)               | 462.939           |
|                      | <b>3.464.308</b>              | <b>5.445.604</b> | <b>10.473.381</b> | <b>8.909.912</b>        | <b>17.111.208</b> |



**Table of Contents****10- Management's Discussion and Analysis of the Operational Performance in June 30, 2009 (to review)**

In analyzing this information, some general aspects should be considered, as follows:

On June 30, 2009, about 93% of consolidated gross revenue and 40% of consolidated total costs are linked to currencies other than

Brazilian reais. Consequently, the exchange rate fluctuations have a significant impact on net income.

The average dollar rate increased by 29.2% between periods (R\$2.1921 as of June 30, 2009 against R\$1.6966 as of June 30, 2008), And the final rate increased by 22,6% (R\$1.9516 as of June 30, 2009 against R\$1.5919 as of June 30, 2008).

**The Consolidated Trade Balance performance was as follows:**

|         | In US\$ million     |              |              |                         |              |
|---------|---------------------|--------------|--------------|-------------------------|--------------|
|         | Quarter (Unaudited) |              |              | Accumulated (to review) |              |
|         | 2Q/09               | 1Q/09        | 2Q/08        | 06/30/09                | 06/30/08     |
| Exports | 3.305               | 3.339        | 3.886        | 6.644                   | 6.900        |
| Imports | (185)               | (271)        | (297)        | (456)                   | (573)        |
|         | <b>3.120</b>        | <b>3.068</b> | <b>3.589</b> | <b>6.188</b>            | <b>6.327</b> |

**10.1- Management's Discussion and Analysis of the Operational Performance of Consolidated****10.1.1- Sales revenues**

|  | In thousands of metric tons (except railroad transportation) |               |               |                         |                |
|--|--|---------------|---------------|-------------------------|----------------|
|  | Quarter (Unaudited)  |               |               | Accumulated (to review) |                |
|  | 2Q/09  | 1Q/09         | 2Q/08         | 06/30/09                | 06/30/08       |
| Iron ore                                       | 50.442   | 49.993        | 67.684        | 100.435                 | 132.473        |
| Pellets (*)                                    | 4.809  | 3.342         | 10.981        | 8.151                   | 20.837         |
|  | <b>55.251</b>  | <b>53.335</b> | <b>78.665</b> | <b>108.586</b>          | <b>153.310</b> |
| Manganese                                      | 297  | 60            | 301           | 357                     | 447            |
| Ferroalloys                                    | 71   | 53            | 125           | 124                     | 248            |
| Copper concentrated                            | 108  | 110           | 124           | 218                     | 217            |
| Finished copper (Nickel co-product)            | 21   | 33            | 36            | 54                      | 71             |
| Nickel   | 70   | 59            | 69            | 129                     | 135            |
| Potash   | 192  | 105           | 181           | 297                     | 339            |
| Kaolin   | 193  | 179           | 337           | 372                     | 600            |
| Precious metals                                | 19   | 25            | 21            | 44                      | 40             |
| Cobalt (t)                                     | 676  | 636           | 665           | 1.312                   | 1.405          |
| Railroad transportation (millions of TKU) (**) | 9.170  | 8.360         | 9.817         | 17.530                  | 18.089         |
| Port services                                  | 5.238  | 3.929         | 6.598         | 9.167                   | 12.478         |
| Boat services                                  |  |               |               |                         |                |
| Maritime transportation                        |  |               |               |                         |                |
| Aluminum                                       | 124  | 127           | 126           | 251                     | 262            |
| Alumina  | 1.403  | 1.257         | 861           | 2.660                   | 1.694          |

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|          |       |     |       |       |       |
|----------|-------|-----|-------|-------|-------|
| Bauxite  | 686   | 665 | 1.092 | 1.351 | 2.085 |
| Steel    | 47    | 79  | 216   | 126   | 449   |
| Pig iron |       | 35  | 118   | 35    | 196   |
| Coal     | 1.117 | 976 | 910   | 2.093 | 1.915 |

**Table of Contents**

|  | <b>In thousand</b>         |                   |                   |                                |                   |
|--|----------------------------|-------------------|-------------------|--------------------------------|-------------------|
|  | <b>Quarter (Unaudited)</b> |                   |                   | <b>Accumulated (to review)</b> |                   |
|  | <b>2Q/09</b>               | <b>1Q/09</b>      | <b>2Q/08</b>      | <b>06/30/09</b>                | <b>06/30/08</b>   |
| Iron ore                                       | 4,937,180                  | 7,265,680         | 7,925,990         | 12,202,860                     | 13,126,458        |
| Pellets (*)                                    | 634,846                    | 869,536           | 2,453,663         | 1,504,382                      | 3,888,577         |
|  | <b>5,572,026</b>           | <b>8,135,216</b>  | <b>10,379,653</b> | <b>13,707,242</b>              | <b>17,015,035</b> |
| Manganese                                      | 86,864                     | 34,159            | 135,564           | 121,023                        | 204,725           |
| Ferroalloys                                    | 146,249                    | 178,748           | 631,709           | 324,997                        | 1,135,466         |
|  | <b>233,113</b>             | <b>212,907</b>    | <b>767,273</b>    | <b>446,020</b>                 | <b>1,340,191</b>  |
| Copper concentrated                            | 351,277                    | 248,026           | 525,303           | 599,303                        | 913,644           |
| Finished copper (Nickel co-product)            | 215,745                    | 297,810           | 502,517           | 513,555                        | 993,567           |
| Nickel   | 1,894,491                  | 1,477,030         | 3,105,285         | 3,371,521                      | 6,383,870         |
| Potash   | 251,841                    | 150,492           | 173,588           | 402,333                        | 285,046           |
| Kaolin   | 86,337                     | 91,013            | 88,543            | 177,350                        | 181,253           |
| Precious metals                                | 167,100                    | 188,953           | 239,380           | 356,053                        | 509,605           |
| Cobalt (t)                                     | 24,867                     | 30,243            | 94,859            | 55,110                         | 201,341           |
|  | <b>2,991,658</b>           | <b>2,483,567</b>  | <b>4,729,475</b>  | <b>5,475,225</b>               | <b>9,468,326</b>  |
| Railroad transportation (millions of TKU) (**) | 595,771                    | 513,055           | 788,824           | 1,108,826                      | 1,453,309         |
| Port services                                  | 95,585                     | 73,922            | 111,083           | 169,507                        | 205,559           |
| Boat services                                  | 23,501                     | 23,505            | 22,505            | 47,006                         | 44,214            |
| Maritime transportation                        |                            |                   | 9,602             |                                | 15,778            |
|  | <b>714,857</b>             | <b>610,482</b>    | <b>932,014</b>    | <b>1,325,339</b>               | <b>1,718,860</b>  |
| Aluminum                                       | 398,348                    | 450,073           | 654,997           | 848,421                        | 1,283,737         |
| Alumina  | 568,301                    | 567,342           | 582,668           | 1,135,643                      | 1,064,471         |
| Bauxite  | 44,670                     | 53,492            | 63,328            | 98,162                         | 124,642           |
|  | <b>1,011,319</b>           | <b>1,070,907</b>  | <b>1,300,993</b>  | <b>2,082,226</b>               | <b>2,472,850</b>  |
| Steel  | 107,113                    | 169,915           | 357,209           | 277,028                        | 677,398           |
| Pig iron                                       |                            | 24,896            | 93,102            | 24,896                         | 145,063           |
| Coal   | 201,680                    | 309,493           | 170,341           | 511,173                        | 296,062           |
| Other products and services                    | 171,719                    | 161,140           | 154,401           | 332,859                        | 299,734           |
|  | <b>480,512</b>             | <b>665,444</b>    | <b>775,053</b>    | <b>1,145,956</b>               | <b>1,418,257</b>  |
|  | <b>11,003,485</b>          | <b>13,178,523</b> | <b>18,884,461</b> | <b>24,182,008</b>              | <b>33,433,519</b> |

(\*) Includes sales of providing services to subsidiaries of control shared in the amounts of \$3,421, R\$4,348, R\$11,974, R\$7,769, R\$32,600, referring to the 2Q/09, 1Q/09, 2Q/08, 06/30/09 e 06/30/08, respectively.

(\*\*) The Vale carried through its railroad system of 7.304, 5.072, 7.247, 12.376 e 12.994 millions of TKUs of general cargo and 1,866, 3,288, 2,570, 5,154 e 5,095 millions of TKUs of iron ore for third parties in 2Q/09, 1Q/09, 2Q/08, 06/30/09 e 06/30/08, respectively.

The fall of 27.7% in the Sales, from R\$33,433,519 on June 30, 2008 to R\$24.182.008 on June 30, 2009 is due primarily to the reduction of price and volumes sold.

**Consolidated sales by segment**

| Ferrous Minerals | Non Ferrous Minerals | Logistics | Holdings |         | 2Q/09   | Quarter (Unaudited) |         |   | 2Q/08     | % | Accumulated 06/30/09 |
|------------------|----------------------|-----------|----------|---------|---------|---------------------|---------|---|-----------|---|----------------------|
|                  |                      |           | Aluminum | Others  |         | %                   | 1Q/09   | % |           |   |                      |
| 57,548           | 880                  |           | 14,717   | 7,157   | 80,302  | 1                   | 102,983 | 1 | 761,103   | 4 | 183,285              |
|                  | 397,981              |           | 258,027  | 11,086  | 667,094 | 6                   | 503,286 | 4 | 850,496   | 5 | 1,170,380            |
| 11,085           | 345,378              |           | 42,517   | 128,353 | 527,333 | 5                   | 693,667 | 5 | 1,644,315 | 9 | 1,221,000            |
| 148,003          | 117,552              |           | 10,902   |         | 276,457 | 3                   | 479,081 | 4 | 985,683   | 5 | 755,538              |
| 2,682            | 20,075               |           | 151,854  |         | 174,611 | 2                   | 167,790 | 1 | 399,744   | 2 | 342,401              |
| 57,586           | 27,445               |           |          |         | 85,031  | 1                   | 89,958  | 1 | 409,672   | 2 | 174,989              |



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|                  |                  |                |                  |                  |            |                   |            |                   |            |                   |
|------------------|------------------|----------------|------------------|------------------|------------|-------------------|------------|-------------------|------------|-------------------|
| 171,786          | 158,038          |                | 8,867            | 338,691          | 3          | 423,626           | 3          | 758,355           | 4          | 762,317           |
| 58,161           | 32,599           |                |                  | 90,760           | 1          | 178,890           | 1          | 413,297           | 2          | 269,650           |
| 146,358          | 158,867          | 151,157        | 7,904            | 464,286          | 4          | 563,112           | 4          | 1,573,679         | 8          | 1,027,398         |
| 243,433          | 15,586           | 58,940         | 27,864           | 345,823          | 3          | 304,958           | 2          | 796,703           | 4          | 650,781           |
| 585,348          | 498,881          | 26,351         | 31,275           | 4,141,855        | 38         | 5,748,478         | 44         | 3,201,977         | 17         | 9,890,333         |
| 179,286          | 177,165          |                |                  | 356,451          | 3          | 587,337           | 5          | 604,292           | 3          | 943,788           |
| 369,459          | 182,395          | 159,975        | 63,688           | 775,517          | 7          | 1,133,067         | 9          | 2,007,601         | 11         | 1,908,584         |
| 79,345           | 319,496          |                |                  | 398,841          | 3          | 307,808           | 2          | 512,536           | 3          | 706,649           |
| 165,017          | 241,790          |                | 67,693           | 474,500          | 4          | 321,716           | 2          | 942,442           | 5          | 796,216           |
| <b>2,275,097</b> | <b>2,694,128</b> | <b>874,440</b> | <b>353,887</b>   | <b>9,197,552</b> | <b>84</b>  | <b>11,605,757</b> | <b>88</b>  | <b>15,861,895</b> | <b>84</b>  | <b>20,803,309</b> |
| 530,042          | 297,530          | 714,857        | 136,879          | 126,625          | <b>16</b>  | 1,572,766         | <b>12</b>  | 3,022,566         | <b>16</b>  | <b>3,378,699</b>  |
| <b>805,139</b>   | <b>2,991,658</b> | <b>714,857</b> | <b>1,011,319</b> | <b>480,512</b>   | <b>100</b> | <b>13,178,523</b> | <b>100</b> | <b>18,884,461</b> | <b>100</b> | <b>24,182,008</b> |

**Table of Contents****10.1.2- Cost of products and services**

|                            | Denominated in   |                  | Quarter (Unaudited) |                  |                  | Accumulated (to review) |                   |
|----------------------------|------------------|------------------|---------------------|------------------|------------------|-------------------------|-------------------|
|                            | R\$              | Other currencies | 2Q/09               | 1Q/09            | 2Q/08            | 06/30/09                | 06/30/08          |
| Personnel                  | 570.334          | 411.953          | 982.287             | 1.080.172        | 1.009.063        | 2.062.459               | 1.960.181         |
| Material                   | 710.169          | 768.090          | 1.478.259           | 1.476.835        | 1.677.292        | 2.955.094               | 3.233.732         |
| Oil and gas                | 516.575          | 120.613          | 637.188             | 598.331          | 885.652          | 1.235.519               | 1.728.308         |
| Outsourced services        | 703.242          | 325.724          | 1.028.966           | 953.482          | 1.212.738        | 1.982.448               | 2.341.687         |
| Energy                     | 227.579          | 171.203          | 398.782             | 410.485          | 487.423          | 809.267                 | 942.339           |
| Raw Material               | 78.634           | 195.189          | 273.823             | 387.715          | 753.040          | 661.538                 | 1.396.877         |
| Depreciation and depletion | 664.638          | 524.101          | 1.188.739           | 1.206.756        | 1.180.417        | 2.395.495               | 2.412.393         |
| Others                     | 555.367          | 147.997          | 703.364             | 752.991          | 685.812          | 1.456.355               | 1.387.443         |
| <b>Total</b>               | <b>4.026.538</b> | <b>2.664.870</b> | <b>6.691.408</b>    | <b>6.866.767</b> | <b>7.891.437</b> | <b>13.558.175</b>       | <b>15.402.960</b> |
|                            | <b>60%</b>       | <b>40%</b>       |                     |                  |                  |                         |                   |

The 12% decrease in cost of products and services (R\$15,402,960 as of June 30, 2008 against R\$13,558,175 on June 30, 2009) was due to variations in volumes sold .

**10.1.3- Selling and administrative expenses**

The Selling expenses decreased 17.35%, of R\$247,434 on June 30, 2008 to R\$204,500 on June 30, 2009, due primarily to reduction of doubtful debt provision and freight expenses and royalties, while administrative expenses decreased 10.20%, from R\$983,959 at June 30, 2008 to R\$883,633 on June 30, 2009, due to the adaptation by the Company to the present market conditions.

**10.1.4- Research and development**

Research and development expenses increased by 26.35%, from R\$793,943 as of June 30, 2008 to R\$1,003,159 as of June 30, 2009, reflecting Vale's plan to diversify and expand the production, mainly in the gas sector and energy and iron ore and pellets.

**10.1.5- Other operating expenses**

Other operating expenses increased R\$1,112,642, from R\$506,828 as June 30, 2008 to R\$1,619,470 on June 30, 2009, basically due to idle capacity, shutdown of plants and employee termination costs besides of pre-operation expenses of Goro project.

**10.1.6- Net financial results**

Net financial results varied R\$1,680,239 (R\$2,213,025 as of June 30, 2009 against R\$532,786 as of June 30, 2008), reflecting the effects of the appreciation of US dollar against Brazilian reais on debt.

**10.1.7- Income tax and social contribution**

Income and social contribution tax expenses presented an expense of R\$4,291,579 as of June 30, 2009 compared to R\$3,241,065 as of June 30, 2008, mainly due to a decrease in taxable income and the shareholders remuneration paid integrally in form of dividends, without the usage of benefit of interest on shareholders equity.

**10.1.8- Results on sale of investments**

The result on sale of investments in 2009 refers basically to the gain on sale of interest in Companhia na Usina Siderúrgica de Minas Gerais - USIMINAS of R\$287.814 and in 2009 sale of Jubilee Mines NL R\$ 138,879.

**Table of Contents**

**10.2- Management's Discussion and Analysis of the Operational Performance of Parent Company**

**10.2.1- Sales revenues**

The 5.74% increase in revenue (R\$14,307,624 as of June 30, 2009 against R\$13,530,982 as of June 30, 2008) was derived from the appreciation of American dollars against the real and increase in average product prices in Brazilian reais, partially compensated by the fall of selling volumes.

**10.2.2- Cost of products and services**

Cost of products and services sold as of June 30, 2009 was R\$6,023,576, against R\$7,648,817 as of June 30, 2008, representing a 21% decrease. The main factor is less volume sold.

**10.2.3- Gross margin**

Gross margin increased from 40.3% as of June 30, 2008 to 56.8% as of June 30, 2009, mainly due to dollar valuation against Brazilian real and the price adjustment.

**10.2.4- Equity Results**

Equity in subsidiaries decreased by R\$10,602,872 from R\$6,434,696 as of June 30, 2008 to -R\$4,168,176 as of June 30, 2009 mainly due to the reduction of operational results of affiliates for the period.

**10.2.5- Selling and administrative expenses**

The selling expenses decreased 39.72%, by R\$20,747 as of June 30, 2008 to R\$12,922 as of June 30, 2009, due primarily to reduction of doubtful debt provision, while administrative expenses decreased by 8.68% from R\$595,488 as of June 30, 2008 to R\$543,782 as of June 30, 2009, due to primarily the reduction of Salary expenses and outsourced services, and adaptation by the Company to the present market conditions.

**10.2.6- Research and development**

Research and development increased by 39.84%, from R\$448,331 as of June 30, 2008 to R\$626,960 as of June 30, 2009, reflecting Vale's plan to diversify and expand the production, mainly in the gas sector and energy and iron ore and pellets.

**10.2.7- Other operating expenses/ income**

Other operating expenses increased by R\$687,027, from expense of R\$110,757 as of June 30, 2008 to expense of R\$576,270 as of June 30, 2009, due basically the idle capacity and shutdown of plants.

**10.2.8- Net financial results**

Net financial results changed R\$4,191,332 (R\$2,507,190 as of June 30, 2008 against R\$6,698,522 as of June 30, 2009) basically due to the appreciation of US dollar against Brazilian Real on related party debt.

**10.2.9- Income tax and social contribution**

Income tax and social contribution revenue totaled R\$1,347,716 as of June 30, 2008 compared to an expense of R\$4,376,352 as of June 30, 2009, mainly due to a increase in taxable income and the remuneration integrally paid in the form of dividends without the usage of benefit of interest on shareholders equity.

**Table of Contents**

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

**Board of Directors**

Sérgio Ricardo Silva Rosa

**Chairman**

Mário da Silveira Teixeira Júnior

**Vice-President**

Eduardo Fernando Jardim Pinto

Francisco Augusto da Costa e Silva

Jorge Luiz Pacheco

José Ricardo Sasseron

Ken Abe

Luciano Galvão Coutinho

Oscar Augusto de Camargo Filho

Renato da Cruz Gomes

Sandro Kohler Marcondes

**Alternate**

Deli Soares Pereira

Hidehiro Takahashi

João Moisés de Oliveira

Luiz Augusto Ckless Silva

Luiz Carlos de Freitas

Luiz Felix Freitas

Paulo Sérgio Moreira da Fonseca

Raimundo Nonato Alves Amorim

Rita de Cássia Paz Andrade Robles

Wanderlei Viçoso Fagundes

**Advisory Committees of the Board of Directors**

**Controlling Committee**

Luiz Carlos de Freitas

Paulo Ricardo Ultra Soares

Paulo Roberto Ferreira de Medeiros

**Executive Development Committee**

João Moisés de Oliveira

José Ricardo Sasseron

Oscar Augusto de Camargo Filho

**Strategic Committee**

Roger Agnelli

Luciano Galvão Coutinho

**Governance and Sustainability Committee**

Jorge Luiz Pacheco

Renato da Cruz Gomes

Ricardo Simonsen

**Fiscal Council**

Marcelo Amaral Moraes

**Chairman**

Aníbal Moreira dos Santos

Antônio José de Figueiredo Ferreira

Bernard Appy

**Alternate**

Cícero da Silva

Marcus Pereira Aucélio

Oswaldo Mário Pêgo de Amorim Azevedo

**Executive Officers**

Roger Agnelli

**Chief Executive Officer**

Carla Grasso

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

Eduardo de Salles Bartolomeo

**Executive Officer for Logistics, Project Management and Sustainability**

Fabio de Oliveira Barbosa

**Chief Financial Officer and Investor Relations**

José Carlos Martins

**Executive Officer for Ferrous Minerals**

Tito Botelho Martins

**Executive Officer for Non Ferrous**

Mário da Silveira Teixeira Júnior  
Oscar Augusto de Camargo Filho  
Sérgio Ricardo Silva Rosa

**Finance Committee**

Fabio de Oliveira Barbosa  
Ivan Luiz Modesto Schara  
Luiz Maurício Leuzinger  
Wanderlei Viçoso Fagundes

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

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

**Table of Contents**

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Vale S.A.  
(Registrant)

Date: July 29, 2009

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