

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

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

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(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
Balance at					
In thousands of reais					
Assets					
Current					
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
		41,039,151	52,715,656	20,120,739	22,656,700
Non-current					
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
		6,532,903	6,622,120	3,246,664	7,504,312
Investments	6.11	2,399,799	2,854,889	84,791,579	94,480,089
Intangibles	6.12	10,199,050	10,590,977	7,933,305	8,248,869
Property, plant and equipment	6.13	111,097,194	115,170,636	40,924,525	39,571,240
		123,696,043	128,616,502	133,649,409	142,300,198
		171,268,097	187,954,278	157,016,812	172,461,210
Liabilities, and stockholders equity					

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
Ferrovias 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
		12,013,212	17,837,869	12,684,934	17,653,778

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
		60,217,370	65,488,422	49,772,495	56,195,853

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

94,559,383	98,611,579	94,559,383	98,611,579
171,268,097	187,954,278	157,016,812	172,461,210

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

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(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	
Sales revenues								
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
		11.003.485	13.178.523	18.884.461	24.182.008	33.433.519	14.307.624	13.530.982
Value Added taxes		(311.981)	(262.683)	(549.165)	(574.664)	(973.483)	(356.214)	(710.755)
Net operating revenues		10.691.504	12.915.840	18.335.296	23.607.344	32.460.036	13.951.410	12.820.227
Cost of products and services								
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)
		(6.691.408)	(6.866.767)	(7.891.437)	(13.558.175)	(15.402.960)	(6.023.577)	(7.648.817)
Gross profit		4.000.096	6.049.073	10.443.859	10.049.169	17.057.076	7.927.833	5.171.410
Gross margin		37,4%	46,8%	57,0%	42,6%	52,5%	56,8%	40,3%
Operating expenses								
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 other operating expenses	6.25	(734.955)	(884.515)	(149.365)	(1.619.470)	(506.828)	(576.270)	110.757
		(1.810.528)	(1.900.234)	(1.243.846)	(3.710.762)	(2.532.164)	(1.759.994)	(953.809)
Operating profit before financial results, results of equity investments and impairment		2.189.568	4.148.839	9.200.013	6.338.407	14.524.912	6.167.839	4.217.601
Results of equity investments	6.11	50.021	13.450	69.448	63.471	114.489	(4.168.176)	6.434.696
Amortization of 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, 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 investment	6.25	295.722			295.722	138.879	295.722	
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
Income tax and social contribution	6.10	(3.533.597)	(757.982)	(2.571.182)	(4.291.579)	(3.241.065)	(4.376.352)	(1.347.716)
Current 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)		
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
Number of shares outstanding at the end of the period (in thousands) (a)		5.212.691	5.212.680	4.832.391	5.212.691	4.832.391	5.212.691	4.832.391

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

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(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

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(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 Accumulated 2Q/08	06/30/09	06/30/08	Parent Company Accumulated 06/30/09	06/30/08
Cash flows from operating activities:							
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)
	(3,074,585)	4,363,889	6,375,178	1,289,304	10,461,290	2,236,722	2,735,378
Decrease (increase) in assets:							
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

	4,648,880	1,104,353	(1,381,167)	5,753,233	(1,184,144)	5,367,327	(812,514)
Increase (decrease) in liabilities:							
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)
	9,637	(855,238)	1,261,109	(845,601)	(644,430)	780,504	264,669
Net cash provided by operating activities	1,583,932	4,613,004	6,255,120	6,196,936	8,632,716	8,384,553	2,187,533
Cash flows from investing activities:							
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)			
Net cash used in investing activities	(3,904,226)	(8,153,865)	(3,677,590)	(12,058,091)	(6,458,018)	(7,249,098)	(2,866,505)
Cash flows from (used in) financing activities:							
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
Net cash provided by (used in) financing activities	(2,523,168)	230,409	(2,973,227)	(2,292,759)	(396,068)	(5,970,470)	799,297
Increase (decrease) in cash and cash equivalents	(4,843,462)	(3,310,452)	(395,697)	(8,153,914)	1,778,630	(4,835,015)	120,325
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)		
Cash and cash equivalents, end of the period	16,332,857	21,319,996	3,746,385	16,332,857	3,746,385	1,877,690	240,513
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)
Non-cash transactions:							
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)

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

5- Statement of Value Added

Period ended	In thousands of reais			
	06/30/09	Consolidated 06/30/08	06/30/09	Parent Company 06/30/08
Generation of Value Added				
Sales revenue				
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)
Gross Value Added	11,831,903	21,053,673	8,795,941	6,352,966
Depreciation, amortization and depletion	(2,550,187)	(2,563,430)	(978,519)	(862,227)
Net Value Added	9,281,716	18,490,243	7,817,422	5,490,739
Received from third parties				
Financial revenue	539,403	167,916	415,647	144,493
Results of equity investment	63,471	(610,876)	(4,168,176)	5,709,331
Total Value Added to be distributed	9,884,590	18,047,283	4,064,893	11,344,563
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	4,617,555	11,086,406	4,617,555	11,086,406
Minority interest	1,491	258,230		
Distribution of Value Added	9,884,590	18,047,283	4,064,893	11,344,563

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(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.

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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

	Consolidated		Parent Company	
	06/30/09	03/31/09	06/30/09	03/31/09
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
	16,332,857	21,319,996	1,877,690	6,242,789

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

6.6- Short-Term Investments

	Consolidated	
	06/30/09	03/31/09
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:

	Consolidated			
	Assets			
	06/30/09		03/31/09	
	Customers	Related party	Customers	Related party
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
Total	95,823	181,112	95,661	370,832
Registered as:				
Current	95,823	130,061	95,661	345,532
Non-current		51,051		25,300
	95,823	181,112	95,661	370,832

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

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Companhia Coreano-Brasileira de Pelotização KOBRASCO	40,094	3,060	43,886	2,782
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS		2,268		39,222
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	10,588		10,125	15,608
Companhia Nipo-Brasileira de Pelotização 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. USIMINAS (*)			8	14,657
Others	25,836	3,268	30,508	52,941
Total	291,021	245,479	279,396	296,261
Registered as:				
Current	291,021	4,276	279,396	171,204
Non-current		241,203		125,057
	291,021	245,479	279,396	296,261

(*) Investment
disposed in april
2009.

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	Parent Company Assets			
	06/30/09		03/31/09	
	Customers	Related party	Customers	Related party
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 KOBRASCO	1,069	427	386	132,898
Companhia Nipo-Brasileira de Pelotização 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
Total	7,072,014	5,667,747	6,532,479	6,595,327
Registered as:				
Current	7,072,014	5,338,362	6,532,479	1,906,134
Non-current		329,385		4,689,193
	7,072,014	5,667,747	6,532,479	6,595,327

	Parent Company Liabilities			
	06/30/09		03/31/09	
	Suppliers	Related party	Suppliers	Related party
ALUNORTE Alumina do Norte do Brasil S.A.	14,777			
Baovale Mineração S.A.	54,663		48,977	
Companhia Coreano-Brasileira de Pelotização KOBRASCO	80,188	135	52,219	65,852
Companhia Nipo-Brasileira de Pelotização 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
Total		807,361	37,013,388	566,615	44,602,945

Registered as:

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

	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)

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	Income		Consolidated Expense / Cost		Financial	
	06/30/09	06/30/08	06/30/09	06/30/08	06/30/09	06/30/08
Baovale Mineração S.A.	3,054		9,168	8,247		
Companhia Coreano-Brasileira de Pelotização KOBRASCO		82,408	35,534	155,272	(263)	(375)
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	8,772	152,541	1,707	237,958	40	(1,897)
Companhia Ítalo-Brasileira de Pelotização ITABRASCO		84,603	6,973	123,174	(110)	(556)
Companhia Nipo-Brasileira de 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 Gerais S.A. USIMINAS	108,982	497,458				
Others	7,915	7,601	26,866	30,232	20,471	(21,970)
			479,811			
	177,321	1,042,063	1	,230,283	22,942	(27,698)

	Income		Parent Company Expense / Cost		Financial	
	06/30/09	06/30/08	06/30/09	06/30/09	06/30/08	06/30/09
ALBRAS Alumínio Brasileiro S.A.	52,132	4,952				(170)
ALUNORTE Alumina do Norte do Brasil S.A.	180,405	116,656	49,739	24,547	(14,462)	(9,190)
Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização KOBRASCO	6,108		18,335	16,494		
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	35	169,270	66,861	204,688	(1,276)	(2,468)
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	17,542	329,199	3,477	361,506	(3,372)	3,416
Companhia Nipo-Brasileira de 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)
	18,848,635	13,912,937	1,612,592	2,715,595	5,600,431	3,087,141

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

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

6.8- Inventories

	Consolidated		Parent Company	
	06/30/09	03/31/09	06/30/09	03/31/09
Finished products				
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
	5,667,287	6,301,622	1,648,460	1,733,004
Spare parts and maintenance supplies	2,537,489	2,834,466	1,120,888	1,172,390
	8,204,776	9,136,088	2,769,348	2,905,394

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**

	Consolidated		Parent Company	
	06/30/09	03/31/09	06/30/09	03/31/09
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
Total	2,998,391	5,266,648	1,040,247	2,831,726
Current	1,688,351	3,948,197	871,365	2,669,792
Non-current	1,310,040	1,318,451	168,882	161,934
	2,998,391	5,266,648	1,040,247	2,831,726

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:

	Consolidated			Parent Company			
	Quarter (Unaudited)		2Q/08	Accumulated		Accumulated	
	2Q/09	1Q/09		06/30/09	06/30/08	06/30/09	06/30/08
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)		
	5,059,571	3,787,583	8,310,156	8,847,154	11,717,767	13,162,083	6,724,791
Income tax and social contribution at combined tax rates	34%	34%	34%	34%	34%	34%	34%

Federal income tax and social contribution at statutory rates	(1,720,254)	(1,287,778)	(2,825,453)	(3,008,032)	(3,984,041)	(4,475,108)	(2,286,429)
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
Income tax and social contribution	(3,533,597)	(757,982)	(2,571,182)	(4,291,579)	(3,241,065)	(4,376,352)	(1,347,716)

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
Investimentos avaliados a mercado (a)							
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					
	1,461,002	1,899,618	17,483		17,525	17,483	17,525
Investimentos avaliados pelo método de equivalência patrimonial							
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
	938,797	955,271	32,538	13,450	51,923	45,988	96,964
	2,399,799	2,854,889	50,021	13,450	69,448	63,471	114,489

(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

	Consolidated		Goodwill amortization (*) 2Q/08
	Intangible 06/30/09	Intangible 03/31/09	
Intangible by segment			
Iron ore and pellets			
Goodwill of Minerações Brasileiras Reunidas MBR (Includes goodwill Caemi) (b)	4,060,415	4,060,415	(138,612)
Goodwill other companies (a, b)	5,645	5,513	(677)
	4,066,060	4,065,928	(139,289)
Nickel			
Goodwill of Inco Limited (a, b, d)	3,015,506	3,337,782	(195,230)
Coal			
Goodwill of Vale Australia (a, b)	168,292	172,471	(1,696)
Total goodwill	7,249,858	7,576,181	(336,215)
Other rights			End amortization
Right of use of the shares of EBM 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	
Total Other rights	2,949,192	3,014,796	
Total Intangible	10,199,050	10,590,977	
Intangible not recorded at the parent company	(2,265,745)	(2,342,108)	
Total parent company	7,933,305	8,248,869	

(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	264,551
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	745,000
railroads	3.09%	12,320,545	(4,429,893)	7,890,652	8,083,422	10,510,805	(3,952,834)	6,557,971	6,670,999
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
		109,402,307	(28,865,120)	80,537,187	83,899,539	40,309,173	(13,915,231)	26,393,942	26,210,000
Construction progress		30,560,007		30,560,007	31,271,097	14,530,583		14,530,583	13,361,199
Total		139,962,314	(28,865,120)	111,097,194	115,170,636	54,839,756	(13,915,231)	40,924,525	39,571,299

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
	693,693	1,093,758

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
Foreign contracts								
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		
	1,071,552	1,267,997	26,006,778	30,866,719	329,914	395,552	727,132	872,394

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		
	325,826	480,008	12,296,958	11,659,852	282,014	461,618	11,453,052	10,919,407
	1,397,378	1,748,005	38,303,736	42,526,571	611,928	857,170	12,180,184	11,791,801

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

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

	Consolidated		Parent Company	
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%
	38,303,736	100%	12,180,184	100%

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

	Consolidated	Parent Company
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	
	39,701,114	12,792,112

(*) 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:

	06/30/09	03/31/09	06/30/08
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:

	Consolidated		Parent Company	
	06/30/09	03/31/09	06/30/09	03/31/09
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)
	1,291,975	1,147,593	248,572	249,785
II) Civil contingencies	630,133	715,428	536,428	501,977
(-) Judicial deposits	(39,655)	(38,670)		
	590,478	676,758	536,428	501,977
III) Labor contingencies	1,121,299	1,125,861	935,582	929,064
(-) Judicial deposits	(58,831)		(44,854)	
	1,062,468	1,125,861	890,728	929,064
IV) Environmental contingencies	34,308	34,126	12,083	11,546
Total accrued liabilities	2,979,229	2,984,338	1,687,811	1,692,372
	06/30/09	03/31/09	06/30/09	03/31/09
Balance at the beginning of the period	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)
Balance at the end of period	2,979,229	2,984,338	1,687,811	1,692,372

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
Provisions in the beginning of year	2,067,730	2,109,697	894,997	891,450
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	(80,234)	(29,738)		
Provisions in the end of year	2,009,547	2,067,730	886,739	894,997
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
	2,009,547	2,067,730	886,739	894,997

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.

	Consolidated								
	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	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)
Net periodic pension cost	(41,305)	45,287	40,385	(35,076)	67,870	38,438	(89,889)	23,235	41,115

	Consolidated 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	
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)
Net periodic pension cost	(76,381)	113,157	78,823	(149,815)	45,534	89,892

	Parent Company 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)		
Net periodic pension cost	(41,305)	8,093	9,064	(35,076)	5,396	6,044	(89,889)	9,986	7,994

	Parent Company 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)			
	(76,381)	13,489	15,108	(149,815)	16,644	13,324	

**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.

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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\$1,073721 and R\$1,274361, 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
	152,623,603	152,623,603					

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 1Q/09	2Q/08
Financial expenses			
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)
	(736,119)	(717,076)	(713,683)
Financial income			
Related parties		169	3,068
Financial statements	198,818	275,555	42,671
Others	27,841	37,020	4,472
	226,659	312,744	50,211
Derivatives	1,814,648	43,775	1,219,561
Indexation and exchange rate variation on assets:			
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)

Net	1,269,093	(699)	1,209,887
Financial income (expenses), net	2,574,281	(361,256)	1,765,976

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	Accumulated			
	Consolidated		Parent Company	
	06/30/09	06/30/08	06/30/09	06/30/08
Financial expenses				
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)
	(1,453,195)	(1,816,173)	(1,567,678)	(1,727,175)
Financial income				
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
	539,403	167,908	415,647	144,493
Derivatives	1,858,423	685,536	1,578,872	943,069
Indexation and exchange rate variation on assets:				
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)
Net	1,268,394	1,495,515	6,271,681	3,146,803
Financial income (expenses), net	2,213,025	532,786	6,698,522	2,507,190

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.

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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.

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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 30th, 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^a.

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 30th 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	In R\$ million												
	30-jun-09	31-mar-09			Unrealized	Realized	Unrealized Gain/Loss by year *										
					Gain/Loss	Gain/Loss	Var	2010	2011	2012	2013	2014	2015	2019			
Swap CDI vs. fixed rate swap																	
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)										
Net					298	(935)	220	270	266	67	2	(37)					

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 - 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.

^a 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)						
Net					6			11			6

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)				
Net					3,4	4,0	0,9	0,3	0,7	1,4	1,3

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)				
Net					(21)	(29)	(7,4)	1,1	(7)	(9)	(5)

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/ Sell	Average Strike (USD/ton)	Unrealized Gain/Loss	In R\$ million		Unrealized			
						Realized 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
Nickel fixed price sales program											
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)		
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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/ Sell	Average Strike (USD/ton)	Unrealized Gain/Loss	In R\$ million		Unrealized			
						Realized 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
Raw material purchase											
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)		
Total					(6,4)	(0,1)	(3,9)	2,4			

**Intermediate
products
purchase**

Forwards	3.861	3.117	B	12.144,00	(16,2)	3,5	46	5,5	(16,2)
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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/ Sell	Average Strike (USD/ton)	Unrealized		In R\$ million		Unrealized Gain/Loss by year		
	30-jun-09	31-mar-09			Gain/Loss	Gain/Loss	VaR	2009	2010	2011	
					30-jun-09	31-mar-09					
Call	200.228	200.228	B	2.773	5,1	3,0					
Call	200.228	200.228	S	1.450	(118)	(91)					
Total					(113)	(88)	14	(21)	(62)	(29)	

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.