

Vale S.A.
Form 6-K
May 07, 2010

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**United States
Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934
For the month of
May 2010
Vale S.A.**

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

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

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

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

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

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Financial Statements March 31, 2010

BR GAAP

Filed at CVM and SEC on 05/05/10

Gerência Geral de Controladoria GECOL

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PricewaterhouseCoopers

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(A free translation of the original in Portuguese)

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

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

- 1 We have carried out a limited review of the interim condensed financial information individual and consolidated of Vale S.A. and its subsidiaries, for the period of three months ended March 31, 2010, comprising the condensed balance sheet in March 31, 2010 and the condensed statements of operations, changes in stockholders' equity, comprehensive income, cash flows and value added and notes, related to the period ended March 31, 2010, prepared under the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (Instituto de Auditores Independentes do Brasil - IBRACON), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the interim information and (b) a review of the relevant information and of the subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any significant adjustments which should be made to the interim condensed financial information referred to above for it to be in accordance with the Technical Pronouncement CPC 21 - Interim Financial Reporting, applicable to the preparation of interim financial information.
- 4 The interim condensed financial information mentioned in the first paragraph also includes comparative accounting information for the results for the quarter ended March 31, 2009, obtained from the corresponding interim condensed financial information for that quarter. The limited review of the interim condensed financial information for the quarter ended March 31, 2009 was conducted by other independent auditors, who issued their unqualified report, dated May 6, 2009.

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Vale S.A.

5 As mentioned in Note 7.3, the Brazilian Securities Commission (Comissão de Valores Mobiliários CVM) approved several Technical Pronouncements, Interpretations and Orientations issued by the Comitê de Pronunciamentos Técnicos CPC, valid for 2010, that changed the accounting practices adopted in Brazil. These changes were adopted and disclosed by the Company in the preparation of the March 31, 2010 Quarterly Information ITR. The Quarterly Information for the preceding periods, presented for comparative purposes, were adjusted to include the changes in accounting practices adopted in Brazil for 2010, and are being restated in accordance with CPC 23 Accounting Policies, Changes in Accounting Estimates and Correction of Errors (Políticas Contábeis, Mudança de Estimativa e Retificação de Erros). In connection with our review of the quarterly information relating to the quarter ended March 31, 2010, we also reviewed the adjustments arising from the changes in accounting practices disclosed in Note 7.3 relating to the quarter ended March 31, 2009. We are not aware that those adjustments are inadequate or have not been appropriately recognized, taking into consideration all material aspects. We have been engaged solely to review the adjustments described in Note 7.3 and not to review and neither to apply any other form of procedure on the quarterly information for the quarter ended March 31, 2009, and, therefore, we do not express any form of conclusion on that quarterly information.

Rio de Janeiro, May 5, 2010

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

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

Table of Contents**A- Condensed Financial Statements**

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

1- Condensed Balance Sheet

| Balances as of | | In millions of Reais | | | |
|---|--------------|---|----------------------------------|---|----------------------------------|
| | | Consolidated | | Parent Company | |
| | Notes | March 31, 2010 (unaudited) | December 31, 2009 (I) | March 31, 2010 (unaudited) | December 31, 2009 (I) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 7.6 | 20,266,871 | 13,220,599 | 2,335,918 | 1,249,980 |
| Short term investments | 7.7 | 21,643 | 6,524,906 | | |
| Accounts receivable from customers | | 7,112,212 | 5,642,820 | 3,703,017 | 3,360,426 |
| Related parties | 7.8 | 143,705 | 144,029 | 5,256,544 | 4,359,807 |
| Inventories | 7.9 | 6,395,001 | 5,913,024 | 1,965,079 | 1,881,583 |
| Taxes to recover or offset | | 2,835,346 | 2,684,662 | 1,813,700 | 1,880,888 |
| Derivatives at fair value | | 315,844 | 182,932 | 128,942 | |
| Advances for suppliers | | 841,193 | 872,287 | 736,664 | 751,409 |
| Others | | 1,855,678 | 1,579,687 | 190,199 | 154,816 |
| | | 39,787,493 | 36,764,946 | 16,130,063 | 13,638,909 |
| Non-current assets | | | | | |
| Related parties | 7.8 | 81,203 | 63,710 | 2,152,458 | 1,842,485 |
| Loans and financing | 7.13 | 303,984 | 285,894 | 154,194 | 135,906 |
| Prepaid expenses | | 296,737 | 294,550 | | |
| Judicial deposits | 7.14 | 2,556,097 | 3,108,522 | 1,886,332 | 2,433,036 |
| Advances to energy suppliers | | 873,348 | 889,227 | | |
| Deferred income tax and social contribution | | 3,259,102 | 2,760,226 | 2,490,131 | 2,049,677 |
| Taxes to recover or offset | | 1,559,088 | 1,539,910 | 110,358 | 157,993 |
| Derivatives at fair value | 7.24 | 1,312,950 | 1,506,084 | 982,607 | 1,097,690 |
| Others | | 527,208 | 546,933 | 355,722 | 357,632 |
| | | 10,769,717 | 10,995,056 | 8,131,802 | 8,074,419 |
| Investments | | | | | |
| Intangibles | 7.11 | 4,579,462 | 4,589,890 | 90,417,032 | 87,894,653 |
| Property, plant and equipment | 7.12 | 22,773,475 | 22,604,578 | 17,415,271 | 17,312,970 |
| Biological assets | | 106,188,535 | 102,495,433 | 34,625,943 | 33,882,584 |
| | | 239,489 | 288,286 | 236,320 | 285,117 |
| | | 133,780,961 | 129,978,187 | 142,694,566 | 139,375,324 |
| Total of assets | | 184,338,171 | 177,738,189 | 166,956,431 | 161,088,652 |
| Liabilities, and stockholders equity | | | | | |

Current liabilities

| | | | | | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| Payable to suppliers and contractors | | 4,101,376 | 3,848,855 | 2,417,590 | 2,382,899 |
| Payroll and related charges | | 1,044,558 | 1,556,360 | 630,386 | 1,009,912 |
| Current portion of long-term debt | 7.13 | 7,438,577 | 5,310,606 | 2,170,847 | 2,053,280 |
| Short-term debt | 7.13 | 660,893 | 646,325 | | |
| Related parties | | 30,642 | 33,468 | 8,080,755 | 7,342,680 |
| Taxes, contributions and royalties | | 198,711 | 255,915 | 92,795 | 97,317 |
| Provision for income tax | | 260,414 | 366,132 | | |
| Pension Plan | | 325,567 | 292,756 | 161,940 | 160,740 |
| Ferrovial Norte Sul subconcession | | 520,728 | 496,262 | | |
| Derivatives at fair value | 7.24 | 197,997 | 263,595 | | |
| Provision for asset retirement obligations | 7.15 | 143,895 | 157,048 | 107,603 | 121,485 |
| Dividends and interest on stockholders equity | | 2,907,283 | 2,907,283 | 2,907,283 | 2,907,283 |
| Others | | 1,634,274 | 1,338,672 | 585,410 | 466,129 |
| | | 19,464,915 | 17,473,277 | 17,154,609 | 16,541,725 |

Non-current liabilities

| | | | | | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| Pension Plan | 7.16 | 3,224,968 | 3,099,313 | 603,051 | 636,496 |
| Long-term debt | | 36,074,286 | 36,132,427 | 13,777,012 | 12,071,905 |
| Related parties | | 102,704 | 103,164 | 27,737,324 | 28,110,935 |
| Provisions for contingencies | 7.14 | 3,692,504 | 4,201,617 | 2,101,252 | 2,730,560 |
| Deferred income tax and social contribution | | 9,415,676 | 9,306,370 | 1,418,625 | 1,320,215 |
| Derivatives at fair value | 7.24 | 444,964 | 39,676 | | |
| Provision for asset retirement obligations | 7.15 | 2,045,704 | 1,930,752 | 756,518 | 724,037 |
| Others | | 4,073,398 | 3,886,052 | 3,402,187 | 3,194,664 |
| | | 59,074,204 | 58,699,371 | 49,795,969 | 48,788,812 |

Redeemable noncontrolling interest

| | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|
| | | 1,309,423 | 1,272,314 | | |
| | | 60,383,627 | 59,971,685 | 49,795,969 | 48,788,812 |

Stockholders equity

| | | | | | |
|---|--|------------|------------|------------|------------|
| Preferred class A stock | | | | | |
| 7,200,000,000 no-par-value shares authorized and 2,108,590,520 (2008 | | | | | |
| 2,108,579,618) issued | | 18,469,222 | 18,469,222 | 18,469,222 | 18,469,222 |
| Common stock 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2008 | | | | | |
| 3,256,724,482) issued | | 28,964,971 | 28,964,971 | 28,964,971 | 28,964,971 |

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| | | | | |
|---|--------------------|--------------------|--------------------|--------------------|
| Mandatorily convertible notes common shares | 2,584,393 | 2,584,393 | 2,584,393 | 2,584,393 |
| Mandatorily convertible notes preferred shares | 2,002,618 | 2,002,618 | 2,002,618 | 2,002,618 |
| Treasury stock 77,581,904 (2008 76,854,304) preferred and 74,997,899 (2008 74,937,899) common shares | (2,470,698) | (2,470,698) | (2,470,698) | (2,470,698) |
| Transaction cost of capital increase | (160,771) | (160,771) | (160,771) | (160,771) |
| Equity assessment adjust | 48,223 | 14,190 | (19,072) | 14,190 |
| Cumulative translation Adjustments | (7,484,724) | (8,886,380) | (7,484,724) | (8,886,380) |
| Revenue reserves | 58,052,619 | 55,240,570 | 58,119,914 | 55,240,570 |
| Total Company stockholders equity | 100,005,853 | 95,758,115 | 100,005,853 | 95,758,115 |
| Noncontrolling interests | 4,483,776 | 4,535,112 | | |
| Total stockholders equity | 104,489,629 | 100,293,227 | 100,005,853 | 95,758,115 |
| Total liabilities and stockholders equity | 184,338,171 | 177,738,189 | 166,956,431 | 161,088,652 |

The accompanying notes are an integral part of these consolidated financial statements.

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

2- Condensed Statement of Income

| Period ended in (unaudited) | | In millions of Reais (except as otherwise stated) | | | | |
|--------------------------------------|-------|---|-----------------------------|-----------------------|--------------------|-----------------------|
| | | Consolidated | | | Parent Company | |
| | Notes | March 31, 2010 | December 31, 2009 (I) | March 31, 2009 (I) | March 31, 2010 | March 31, 2009 (I) |
| Operating revenues | | | | | | |
| Ore and metals | | 10,369,372 | 9,421,070 | 10,699,022 | 6,165,662 | 6,846,362 |
| Aluminum-related products | | 1,095,625 | 1,085,957 | 1,048,818 | 102,953 | 125,038 |
| Transport services | | 621,554 | 630,291 | 514,767 | 305,456 | 241,861 |
| Steel products | | 209,794 | 133,355 | 169,915 | | |
| Other products and services | | 286,977 | 410,520 | 483,318 | 56,466 | 81,879 |
| | | 12,583,322 | 11,681,193 | 12,915,840 | 6,630,537 | 7,295,140 |
| Cost of products and services | | | | | | |
| Ores and metals | | (4,719,829) | (5,025,393) | (4,979,917) | (3,250,545) | (2,517,384) |
| Aluminum-related products | | (946,447) | (1,030,020) | (1,051,383) | (168,970) | (110,334) |
| Transport services | | (472,084) | (471,326) | (426,117) | (229,729) | (205,688) |
| Steel products | | (190,711) | (129,158) | (154,046) | | |
| Other products and services | | (306,129) | (544,646) | (263,615) | (22,178) | (50,010) |
| | | (6,635,200) | (7,200,543) | (6,875,078) | (3,671,422) | (2,883,416) |
| Gross profit | | 5,948,122 | 4,480,650 | 6,040,762 | 2,959,115 | 4,411,724 |
| Gross margin | | 47.3% | 38.4% | 46.8% | 44.6% | 60.5% |
| Operating expenses | | | | | | |
| Selling and Administrative | | (565,487) | (695,435) | (564,214) | (306,196) | (272,342) |
| Research and development | | (313,642) | (522,435) | (441,229) | (211,946) | (268,101) |
| Other operating expenses, net | 7.22 | (1,044,443) | (995,065) | (884,515) | (356,582) | (350,826) |
| | | (1,923,572) | (2,212,935) | (1,889,958) | (874,724) | (891,269) |
| Operating profit | | 4,024,550 | 2,267,715 | 4,150,804 | 2,084,391 | 3,520,455 |

| | | | | | | |
|---------------------------------|------|--------------------|------------------|------------------|--------------------|--------------------|
| Equity results | | 7,214 | 22,447 | 13,450 | 2,260,694 | 897,814 |
| | | 7,214 | 22,447 | 13,450 | 2,260,694 | 897,814 |
| Financial results, net | | (1,336,700) | (367,053) | (363,724) | (1,577,246) | (228,241) |
| Loss on disposal of | | | | | | |
| assets | | | (331,138) | | | |
| Income before income | | | | | | |
| tax and social | | | | | | |
| contribution | | 2,695,064 | 1,591,971 | 3,800,530 | 2,767,839 | 4,190,028 |
| Deferred income tax | | | | | | |
| and social contribution | | | | | | |
| Current | | (511,930) | 848,932 | (1,157,050) | (339,064) | (1,091,415) |
| Deferred | | 865,377 | 335,192 | 397,927 | 563,074 | 50,646 |
| | 7.10 | 353,447 | 1,184,124 | (759,123) | 224,010 | (1,040,769) |
| Results on continued | | | | | | |
| operations | | 3,048,511 | 2,776,095 | 3,041,407 | 2,991,849 | 3,149,259 |
| Results on discontinued | | | | | | |
| operations | 7.5 | (224,448) | | | (112,505) | |
| Net income of the period | | 2,824,063 | 2,776,095 | 3,041,407 | 2,879,344 | 3,149,259 |
| Net income attributable | | | | | | |
| to noncontrolling | | | | | | |
| interests | | (55,281) | 68,489 | (107,852) | | |
| Net income attributable | | | | | | |
| to the Company's | | | | | | |
| stockholders | | 2,879,344 | 2,707,606 | 3,149,259 | 2,879,344 | 3,149,259 |
| Earnings per preferred | | | | | | |
| share | | 0.54 | 0.59 | 0.49 | 0.54 | 0.49 |
| Earnings per common | | | | | | |
| share | | 0.54 | 0.59 | 0.49 | 0.54 | 0.49 |
| Earnings per preferred | | | | | | |
| share linked to | | | | | | |
| convertible mandatorily | | | | | | |
| notes (*) | | 0.54 | 0.59 | 0.87 | 0.54 | 0.87 |
| Earnings per common | | | | | | |
| share linked to | | | | | | |
| convertible mandatorily | | | | | | |
| notes (*) | | 0.54 | 0.59 | 0.87 | 0.54 | 0.87 |
| (I) period adjusted | | | | | | |
| by new CPC's | | | | | | |
| accounting | | | | | | |
| pronouncements, | | | | | | |

for comparative
purposes,
according to note
7.3.

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**3- Condensed Statement of Comprehensive Income (deficit)**

| Period ended in (unaudited) | In millions of Reais (Except as otherwise stated) | | | | | |
|--|--|---|----------------------|-------------------|---|-----------------------|
| | March 31, 2010 | Consolidated December 31, 2009 (I) | March 31, 2009(I) | March 31, 2010 | Parent Company December 31, 2009 (I) | March 31, 2009 (I) |
| Comprehensive income (deficit) is comprised as follows: | | | | | | |
| Company's stockholders: | | | | | | |
| Net income attributable to Company's stockholders | 2,879,344 | 2,707,606 | 3,149,259 | 2,879,344 | 2,707,606 | 3,149,259 |
| Cumulative translation adjustments | 1,401,656 | (632,873) | (1,012,286) | 1,401,656 | (632,873) | (1,012,286) |
| Unrealized gain (loss) available-for-sale securities | | | | | | |
| Gross balance as of the period/year end | 11,434 | (37,436) | 303,601 | 11,434 | (37,436) | 303,601 |
| Tax (expense) benefit | (8,219) | 5,299 | (81,637) | (8,219) | 5,299 | (81,637) |
| | 3,215 | (32,137) | 221,964 | 3,215 | (32,137) | 221,964 |
| Surplus (deficit) accrued pension plan | | | | | | |
| Cash flow hedge | | | | | | |
| Gross balance as of the period/year end | 10,053 | (9,414) | | 10,053 | (9,414) | |
| Tax (expense) benefit | (46,530) | (9,413) | | (46,530) | (9,413) | |
| | (36,477) | (18,827) | | (36,477) | (18,827) | |
| Total comprehensive income attributable to Company's stockholders | 4,247,738 | 2,023,769 | 2,358,937 | 4,247,738 | 2,023,769 | 2,358,937 |
| Noncontrolling interests: | | | | | | |
| Net income attributable to noncontrolling interests | (55,281) | 68,489 | (107,852) | | | |
| Cumulative translation adjustments | 5,525 | 1,198,475 | (11,657) | | | |
| Cash flow hedge | 8,106 | (52,471) | | | | |
| | (41,650) | 1,214,493 | (119,509) | | | |

**Total comprehensive
income
(deficit) attributable to
Noncontrolling interests**

| | | | |
|---------------------------------------|------------------|------------------|------------------|
| Total comprehensive income | 4,206,088 | 3,238,262 | 2,239,428 |
|---------------------------------------|------------------|------------------|------------------|

(I) period adjusted
by new CPC s
accounting
pronouncements,
for comparative
purposes,
according to note
7.3.

The accompanying notes are an integral part of these consolidated financial statements.

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

4- Condensed Statement of Changes in Stockholders Equity

Period ended in (unaudited)

In millions of Reais

| Transaction costs | Transactions costs | Resources linked to | Expansion / Investments | Unrealized profit | Legal | Fiscal incentive | Equity adjustments | Cumulative translation adjustments | Retained earnings | Total stockholders equity |
|-------------------|--------------------|--------------------------------|-------------------------|-------------------|-----------|------------------|--------------------|------------------------------------|-------------------|---------------------------|
| | | mandatory conversion in shares | | | | | | | | |
| (160,771) | (2,448,490) | 3,063,833 | 38,883,814 | 38,521 | 3,383,677 | 89,844 | 7,945 | 5,982,074 | | 96,2 |
| | | | | | | | | | 33,431 | |
| | | | | | | | | (5,982,074) | 5,982,074 | |
| (160,771) | (2,448,490) | 3,063,833 | 38,883,814 | 38,521 | 3,383,677 | 89,844 | 7,945 | | 6,015,505 | 96,3 |
| | (23,642) | | | | | | | | 3,149,259 | 3,1 |
| | | | | | | | | | 76,753 | |
| | | | | | | | | (1,012,286) | | (1,0 |
| | | | | | | | 221,964 | | | 2 |

| | | | | | | | | | | | |
|--|-----------|-------------|-----------|------------|---------|-----------|---------|----------|-------------|-------------|------|
| | (160,771) | (2,472,132) | 3,063,833 | 38,883,814 | 38,521 | 3,383,677 | 89,844 | 229,909 | (1,012,286) | 9,241,517 | 98,7 |
| | (160,771) | (2,470,698) | 4,587,011 | 38,883,814 | 38,521 | 3,383,677 | 89,844 | 74,356 | (8,253,507) | 13,499,869 | 97,1 |
| | | | | | | | | | | 2,707,606 | 2,7 |
| | | | | | | | | | | 633 | |
| | | | | | | | | | (632,873) | | (6 |
| | | | | | | | | (18,827) | | | (|
| | | | | | | | | (32,137) | | | (|
| | | | | | | | | 58,093 | | (58,093) | |
| | | | | (370,507) | | | | | | (94,805) | (4 |
| | | | | | | | | | | (2,907,284) | (2,9 |
| | | | 6,653,282 | (38,521) | 512,447 | 119,653 | | | | (7,246,861) | |
| | (160,771) | (2,470,698) | 4,587,011 | 45,166,589 | | 3,896,124 | 209,497 | 81,485 | (8,886,380) | 5,901,065 | 95,7 |
| | | | | | | | | | | 2,879,344 | 2,8 |
| | | | | | | | | | 1,401,656 | | 1,4 |

(36,477)

3,215

(160,771) (2,470,698) 4,587,011 45,166,589 3,896,124 209,497 48,223 (7,484,724) 8,780,409 100,0

(I) period adjusted
by new CPC s
accounting
pronouncements,
for comparative
purposes,
according to note
7.3.

The accompanying notes are an integral part of these consolidated financial statements.

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

5- Condensed Statement of Cash Flows

| Period ended in (unaudited) | In millions of Reais | | | | |
|--|----------------------|--|-----------------------|-------------------------------------|---|
| | March 31, 2010 | Consolidated December 31, 2009 (I) | March 31, 2009 (I) | Parent Company March 31, 2010 | Parent Company March 31, 2009 (I) |
| Cash flows from operating activities: | | | | | |
| Net income for the period | 2,824,063 | 2,776,095 | 3,041,407 | 2,879,344 | 3,149,259 |
| Adjustments to reconcile net income for the period with cash provided by operating activities: | | | | | |
| Results of equity investments | (7,214) | (22,447) | (13,450) | (2,260,694) | (897,814) |
| Sale of assets | | 331,138 | | | |
| Results on continued operations | 224,448 | | | 112,505 | |
| Depreciation, amortization and depletion | 1,360,305 | 1,448,976 | 1,296,765 | 493,250 | 441,193 |
| Deferred income tax and social contribution | (865,377) | (335,192) | (397,927) | (563,074) | (50,646) |
| Monetary and exchange rate variations on assets and liabilities, net | (188,341) | (1,811,837) | 361,845 | 663,120 | (378,832) |
| Disposal of property, plant and equipment | 193,717 | 176,850 | 162,431 | 175,877 | 70,773 |
| Non recurring item goodwill of Samitri | 400,848 | (366,595) | (43,775) | 78,256 | 61,984 |
| Dividends/interest on stockholders equity received | | | | 91,240 | 94,924 |
| Others | 244,393 | (80,097) | (33,131) | 397,842 | 73,424 |
| | 4,186,842 | 2,116,891 | 4,374,165 | 2,067,666 | 2,564,265 |
| Decrease (increase) in assets: | | | | | |
| Accounts receivable | (1,482,069) | 565,449 | 1,007,191 | (335,683) | 2,988,598 |
| Inventories | (435,710) | (185,803) | 504,458 | (5,591) | 63,621 |
| Advances to energy suppliers | | | 15,879 | | |
| Taxes to recover or offset | (10,019) | (820,322) | (164,804) | 68,004 | |
| Others | 566,784 | 82,315 | (258,371) | 51,938 | 120,194 |
| | (1,361,014) | (358,361) | 1,104,353 | (221,332) | 3,172,413 |
| Increase (decrease) in liabilities: | | | | | |
| Suppliers and contractors | 146,025 | 1,375,364 | (728,025) | 34,690 | (79,371) |
| Payroll and related charges | (521,208) | 179,278 | (341,404) | (379,525) | (346,209) |

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| | | | | | |
|--|------------------|--------------------|--------------------|--------------------|--------------------|
| Taxes and contributions | (157,723) | (292,298) | 312,207 | 164,101 | 776,486 |
| Others | 172,205 | (333,491) | (108,292) | 181,093 | 154,909 |
| | (360,701) | 928,853 | (865,514) | 359 | 505,815 |
| Net cash provided by operating activities | 2,465,127 | 2,687,383 | 4,613,004 | 1,846,693 | 6,242,493 |
| Cash flows from investing activities: | | | | | |
| Short term investments | 6,503,263 | 1,585,146 | (2,054,202) | | |
| Loans and advances receivable | 16,560 | (72,582) | (65,384) | 91,408 | (49,902) |
| Guarantees and deposits | (82,619) | 11,938 | (51,728) | (188,026) | (21,496) |
| Additions to investments | (50,000) | (2,032,492) | (166,077) | (538,033) | (2,511,749) |
| Additions to property, plant and equipment | (3,354,333) | (4,895,020) | (3,682,753) | (1,376,505) | (1,647,821) |
| Proceeds from disposal of property, plant and equipment/investments | | 292,523 | | | |
| Net cash used in acquisitions and increase of funds to subsidiaries, net of the cash of subsidiary | | | | | (2,133,721) |
| Net cash used in investing activities | 3,032,871 | (5,110,487) | (8,153,865) | (2,011,156) | (4,230,968) |
| Cash flows from (used in) financing activities: | | | | | |
| Short-term debt additions | 3,075,770 | 761,393 | 356,101 | 379,444 | 266,974 |
| Short-term debt repayments | (3,106,801) | (756,418) | (401,719) | (779,760) | (2,958,488) |
| Long-term debt | 2,005,499 | 2,873,600 | 540,936 | 1,815,921 | 429,072 |
| Related parties | | | | | (4,795) |
| Financial institutions | (463,330) | (118,352) | (241,267) | (165,212) | (190,562) |
| Dividends and interest on stockholders equity paid to stockholders | (2,227) | (2,646,655) | | | |
| Treasury stock | | | (23,642) | | (23,642) |
| Net cash provided by (used in) financing activities | 1,508,911 | 113,568 | 230,409 | 1,250,393 | (2,481,441) |
| Increase (decrease) in cash and cash equivalents | 7,006,909 | (2,309,536) | (3,310,452) | 1,085,930 | (469,916) |
| Cash and cash equivalents of cash, beginning of the period | 13,220,598 | 15,560,596 | 24,639,245 | 1,249,980 | 6,712,705 |
| Effect of exchange rate changes on cash and cash equivalents | 39,364 | (30,462) | (8,797) | | |

Initial cash in new consolidated subsidiary

| | | | | | |
|--|-------------------|-------------------|-------------------|------------------|------------------|
| Cash and cash equivalents, end of the period | 20,266,871 | 13,220,598 | 21,319,996 | 2,335,918 | 6,242,789 |
| Cash paid during the period for: | | | | | |
| Short-term interest | (7,816) | (22,745) | (35,794) | (1,660) | (81,442) |
| Long-term interest | (448,669) | (513,133) | (647,133) | (185,960) | (641,357) |
| Income tax and social contribution | (251,890) | (1,795,119) | (335,254) | | |
| Non-cash transactions: | | | | | |
| Additions to property, plant and equipment interest capitalization | (83,002) | (102,521) | (134,359) | (26,791) | (10,617) |
| Transfer of advance for future capital increase to investments | | | | (321,500) | (124,550) |

(I) period adjusted by new CPC s accounting pronouncements, for comparative purposes, according to note 7.3.

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**6- Condensed Statement of Added Value**

Period ended in (unaudited)

In millions of Reais

| | Consolidated | | Parent Company | |
|---|-------------------|-----------------------|-------------------|-----------------------|
| | March 31, 2010 | March 31, 2009 (I) | March 31, 2010 | March 31, 2009 (I) |
| Generation of added value | | | | |
| Gross revenue | | | | |
| Revenue from products and services | 13,029,349 | 13,188,983 | 6,971,347 | 7,474,223 |
| Revenue from the construction of own assets | 3,211,819 | 2,673,312 | 1,385,397 | 1,724,470 |
| Allowance for doubtful accounts | (6,597) | (10,460) | (5,098) | (6,273) |
| Less: Acquisition of products | (413,160) | (387,715) | (256,792) | (43,956) |
| Outsourced services | (1,691,695) | (1,880,905) | (1,098,966) | (609,469) |
| Materials | (4,727,239) | (3,755,813) | (2,490,098) | (2,589,068) |
| Fuel oil and gas | (773,598) | (598,331) | (316,569) | (208,557) |
| Energy | (445,504) | (414,293) | (217,480) | (124,002) |
| Other costs | (2,009,716) | (1,887,823) | (943,381) | (975,487) |
| Gross added value | 6,173,659 | 6,926,955 | 3,028,360 | 4,641,881 |
| Depreciation, amortization and depletion | (1,360,305) | (1,296,765) | (493,250) | (441,193) |
| Net added value | 4,813,354 | 5,630,190 | 2,535,110 | 4,200,688 |
| Received from third parties | | | | |
| Financial revenue | 98,809 | 1,087,530 | 40,409 | 695,476 |
| Equity results | 7,214 | 13,450 | 2,260,694 | 897,814 |
| Total added value to be distributed | 4,919,377 | 6,731,170 | 4,836,213 | 5,793,978 |
| Personnel | 1,123,241 | 1,333,233 | 629,504 | 571,542 |
| Taxes, rates and contribution | (109,989) | 146,153 | (66,280) | 101,253 |
| | 511,930 | 1,157,050 | 339,064 | 1,091,415 |
| | (865,377) | (397,927) | (563,074) | (50,646) |
| Remuneration on third party's capital | 1,435,509 | 1,451,254 | 1,617,655 | 931,155 |
| Stockholders | 2,879,344 | 3,149,259 | 2,879,344 | 3,149,259 |
| Minority interest | (55,281) | (107,852) | | |
| Distribution of added value | 4,919,377 | 6,731,170 | 4,836,213 | 5,793,978 |

(I) period adjusted
by new CPC's

accounting
pronouncements,
for comparative
purposes,
according to note
7.3.

The accompanying notes are an integral part of these consolidated financial statements.

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

7- Notes To The Interim Condensed Financial Statements

(In millions of Brazilian Reais, except as otherwise stated)

7.1- Operational Context

Vale S.A, previously denominated Companhia Vale do Rio Doce, (Vale , the Company) is a Public Limited Liability Company with its headquarters in the city of Rio de Janeiro, state of Rio de Janeiro, Brazil, whose main activities are mining, processing and sale of iron ore, pellets, copper concentrate and potash, as well as logistic services, power generation and mineral research and development. In addition, through its direct and indirect subsidiaries and jointly controlled companies, operates in nickel, copper, precious metals, cobalt (sub product), manganese, ferroalloys, kaolin, coal, steel and aluminum-related products.

On March 31, 2010 the principal operational consolidated subsidiaries and jointly controlled companies that we proportionally consolidate are:

| Subsidiary | % ownership | % voting capital | head office location | Principal activity |
|---|------------------------|-----------------------------|-----------------------------|------------------------------|
| Parent Company | | | | |
| Alumina do Norte do Brasil S.A. Alunorte | | | Brazil | Alumina |
| Alumínio Brasileiro S.A. Albras | 57.03 | 59.02 | | |
| Ferrovias Centro-Atlântica S.A. | 51.00 | 51.00 | Brazil | Aluminum |
| Ferrovias Norte Sul S.A. | 99.99 | 99.99 | Brazil | Logistic |
| Mineração Corumbaense Reunida S.A. | 100.00 | 100.00 | Brazil | Logistic |
| PT International Nickel Indonesia Tbk | 100.00 | 100.00 | Brazil | Iron ore |
| Vale Australia Pty Ltd. | 59.09 | 59.09 | Indonesia | Nickel |
| Vale Colombia Ltd | 100.00 | 100.00 | Australia | Coal |
| Vale Inco Limited | 100.00 | 100.00 | Colombia | Coal |
| Vale International S.A. | 100.00 | 100.00 | Canada | Nickel |
| Vale Manganês S.A. | 100.00 | 100.00 | Switzerland | Trading |
| Vale Manganèse France | 100.00 | 100.00 | Brazil | Manganese and Ferroalloys |
| Vale Manganèse Norway | 100.00 | 100.00 | France | Ferroalloys |
| | | | Norway | Ferroalloys |
| Jointly-controlled companies | | | | |
| California Steel Industries, Inc. | 50.00 | 50.00 | Estados Unidos | Steel |
| Mineração Rio do Norte S.A. | 40.00 | 40.00 | Brazil | Bauxita |
| MRS Logística S.A. | 41.50 | 37.86 | Brazil | Logistic |
| Samarco Mineração S.A. | 50.00 | 50.00 | Brazil | Minério de ferro |

7.2- Summary of the Condensed Financial Statements and of the Principal Accounting Practices

The non audited quarterly condensed financial statements were prepared under the CPC 21 Interim Financial Reporting and based on the Brazilian Corporate Law (with the new text by Law 11,638), Law 11,941 the standards, guidelines and interpretations issued by the Accounting Standards Committee - CPC and by the Securities and Exchange Commission of Brazil - CVM .

The Company adopted from January 1, 2010, retroactively to January 1, 2009, for comparison purposes all the Accounting Standards issued by CPC and approved by CVM. So, certain balances and presentations previously disclosed are being resubmitted in comparison basis. Except as described in note 7.3, the quarterly financial statements followed the principles, methods and uniform criteria in relation to those adopted at the last fiscal year closing ended in December 31, 2009 and therefore should be read together with these.

In preparing of the financial statements, the use of estimates is required to book certain assets, liabilities and transactions. Consequently, the financial statements of Vale include certain estimates related to the useful lives of property, plant and equipment, contingencies, operational provisions and other similar evaluations. The actual amounts for the quarter periods are not necessarily indicative of the actual results for the period ended in December 31, 2010.

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The monetary rights and obligations denominated in foreign currencies are translated at the prevailing exchange rates at the time the balance sheet date, of which US\$ 1,00 equal to R\$ 1,7810 on March 31, 2010 (US\$ 1,00 equal to R\$ 2,3152 on March 31, 2009), for monetary items. For non monetary items valued at cost, we use the exchange rate at the day of the transaction or average rate of the month when they occur. For non monetary items measured at fair value, we use the exchange rate at the day of the transaction. Monetary rights and obligations in Brazilian currency are financially updated using contractual indexes.

Vale evaluated subsequent events until May 5, 2010, which is the date of the quarterly condensed financial statements.

7.3- Adoption of new practices and accounting estimates

During 2009, the CPC issued accounting standards that after approval by the CVM became mandatory for adoption for the year ended as of December 2010 and 2009 financial statements disclosed for purposes of comparison. Therefore, the Company adopted these standards in the condensed consolidated financial statements and in the parent Company from the first quarter of 2010, and made the necessary adjustments in the financial statements for the quarters ended March 31 and December 31, 2009.

The statements issued by the Accounting Standards Committee CPC and approved by the Securities Commission CVM, applicable to the Company, with effect from the year ending December 2010 are:

CPC 15 Business Combinations, which aims to improve the relevance, reliability and comparability of information that an entity provides in its financial statements about a business combination and its effect on the assets acquired and liabilities assumed. During the initial process of adoption we did not identify any significant adjustments.

CPC 16 Inventories. The objective of this Standard is to determine the measurement of inventories purchased for resale, the ones held for consumption or industrial use or in provision of services, in-process and finished goods ready for sale. During the initial process of adoption we did not identify any significant adjustments.

CPC 18 Investment in subsidiaries and affiliates. The objective of this Standard is to specify how the investments in affiliates should be accounted in the consolidated financial statements and in the financial statements of the Parent Company. During the initial process of adoption we did not identify any significant adjustments.

CPC 19 Investment in Controlled Joint Venture. The objective of this Standard is to specify how to account for interests in jointly controlled ventures (joint ventures) and the distribution of assets, liabilities, revenues and expenses of these enterprises in the financial statements of the investees. During the initial process of adoption we did not identify any significant adjustments.

CPC 20 Borrowing Costs. The objective of this Statement is the recognition of the borrowing costs that are directly attributable to the acquisition, construction or production of assets eligible for capitalization, taking part of the cost of such assets. During the initial process of adoption we did not identify any significant adjustments.

CPC 21 Interim Financial Reporting. The objective of this Standard is to establish the minimum content of an interim financial statement and the principles for recognition and measurement of complete and condensed financial statements for the interim period. The Company has adopted this standard in January 1, 2010, according to note 7.2.

CPC 22 Segments Information. The objective of this Standard is to provide the disclosure that will enable users of financial statements to assess the nature and financial effects of business activities in which it is involved and the economic environments in which it operates. The Company discloses in their annual statements the segment information and starting on March 31, 2010, comparative information, having no material change in relation to accounting records.

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CPC 23 Accounting Policies, Changes in Estimates and Error Correction. The objective of this standard is to define criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of change in accounting policies, changes in accounting estimates and correction of error, improve the relevance and reliability of financial statements of the entity, and to enable comparability over time with the financial statements of other entities. The Company discloses in its financial statements at the end of each fiscal year, all accounting policies adopted by it, and any change or new address, follow all the decisions and guidelines for adoption. Therefore, in line with CPC 21 and CPC 23, the Company is disclosing all policies that change with the adoption of CPCs.

CPC 24 Subsequent Events. The objective of this Statement is to determine when the entity must adjust its financial statements with respect to the subsequent events to the accounting period which refers these statements, the information that the entity must disclose about the date on which the authorization is granted to issue the financial statements and the subsequent events following the accounting period related to these statements, and establish that the entity should not prepare its financial statements based on the continuity assumption if events after the accounting period related to the statements indicate that the continuity assumption is not appropriate. The Company has adopted this approach in their statements.

CPC 25 Provisions, Contingent Liabilities and Contingent Assets. The goal is to establish criteria to be applied for recognition and measurement basis to correct measurement of provisions, liabilities and contingent assets and that sufficient information is disclosed in the notes to allow users to understand their nature, timeliness and value. The Company adopts practices very similar to this statement.

CPC 26 Presentation of Financial Statements. The goal is to define the basis for presentation of the financial statements to ensure comparability both with the financial statements for prior periods with the same entity as the financial statements of other entities. In this scenario, this standard establishes general requirements for the submission of financial statements, establishes guidelines for their structure and minimum requirements of content. The Company will adopt this standard for the complete annual financial statements in December 31, 2010.

CPC 27 Properties, Plant and Equipment. The goal is to establish the accounting treatment for fixed assets, so that users of financial statements can differentiate information about the entity's investment in its fixed assets, and its variances. The main points to consider in accounting for fixed assets are the recognition of assets, the determination of their carrying amount, their depreciation (useful life) and assessing the need for recognition of impairment for losses to be recognized. The Company and its subsidiaries have been practicing the guidance in this standard.

CPC 29 Biological Assets and Agricultural Product. The goal is to establish the accounting treatment, and their disclosures relating to biological assets and agricultural products. The Company has in its financial records these assets, and during the initial process of adoption we did not identify any significant adjustments.

CPC 30 Revenue. The objective of this Standard is to establish criteria for the accounting treatment of revenue from certain types of transactions and events. It must be recognized when it is probable that future economic benefits will flow to the entity and these benefits can be reliably measured. The Company has adopted the criteria required by this Statement, and there is no significant adjustment to be recorded, except for the presentation of net revenue and not gross revenue in the results.

CPC 31 Non-Current Assets Held for Sale and Discontinued Operations. The objective of this Standard is to establish the accounting of non-current assets held for sale with the presentation and disclosure of discontinued operations. In particular, the Standard requires that assets which meet the criteria for classification as held for sale are measured at lower of book value or the fair value less cost to sell. The depreciation or amortization of the assets ceases and the assets are presented separately in the balance sheet and the results of discontinued operations are presented separately in the income statement. The Company adopted this guidance.

CPC 32 Income Taxes. The objective of this Technical Standard is to prescribe the accounting treatment for taxes on income. The term tax on profit and includes all taxes and foreign national contributions are based on taxable profits. The term tax on profit also includes income taxes, such as withholding, which are due by the entity itself, through a subsidiary, affiliate or joint venture in which it participates. The effects relating to changes of due to the standard are the table of adjustment for adoption of new practices and accounting estimates.

CPC 33 Employee Benefits. The objective of this Standard is to address the accounting and disclosure for employee benefits. This requires the entity to recognize a liability when the employee renders service in exchange for benefits to

be paid in the future, and an expense when the entity uses the economic benefit from the service received by the employee. The Company has in its financial statements, accounting records relating to events related to employee benefits, including events related to post-employment benefits and other post-employment benefits. The effects relating to changes of the standard are presented in the table of adjustments for adoption of new practices and accounting estimates.

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CPC 36 Consolidated Statements. The objective of this Standard is to increase the relevance, reliability and comparability of information that the parent Company provides in its financial statements, and the entities that are under control. It specifies the circumstances in which the entity should consolidate the financial statements of another entity (a subsidiary), the treatment in changes in ownership, in loss of controlling interest and the information that must be evidenced to enable users of financial statements to assess the nature of the relationship between the entity and its subsidiaries. The effects relating to changes of this standard are presented in the table of adjustments for adoption of new practices and accounting estimates.

CPC 37 Initial Adoption of International Accounting Standards. The objective of this Standard, basically applied to the consolidated financial statements, is to ensure that the first consolidated financial statements of an entity in accordance with International Accounting Standards issued by the IASB International Accounting Standards Board (IFRSs International Financial Reporting Standards) and the disclosures accounting for the interim periods covered by such financial statements contain high quality information and have the same net income and stockholders equity, except in exceptional situations. The Company is adopting the standard in January 1, 2010, and comparing to January 1, 2009. The statements (note for the first adoption, with the appropriate reconciliations) will be released on December 31, 2010, compared to 2009.

CPC 38 Financial Instruments: Recognition and Measurement, CPC 39 Financial Instruments: Presentation and CPC 40 Financial Instruments: Disclosure. The goal of the CPC 38 is to establish principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The goal of the CPC 39 is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and liabilities. Applying the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments, the classification of their interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities should be offset. The goal of the CPC 40 is to require the entity to disclose in its financial statements what allows users to evaluate the significance of the financial instrument for the financial position and performance of the entity and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and the end of the accounting period, and how the entity manages those risks. The Company already adopted the concepts and requirements in accordance with this standard. During the initial adoption process, the relevant effects were identified, and described in the table of adjustments for adoption of new practices and accounting estimates.

In addition to these standards we also adopt the respective interpretations and guidelines applicable mainly to the ICPC in 01 which deals with the Concession Contracts. The objective of this interpretation is to guide the Concessioners about the accounting methods of public service concessions to private entities. This standard applies to concessions if the Grantor has control of which services the Concessioner must provide with the infrastructure, to which the services must be provided, their price or any significant salvage value existing at the end of the concession period. It is also applied to the infrastructure already existing or acquired by the Concessionaire with third parties. The Company began to recognize in the intangible line, the assets of that category.

Thus, for the periods covered by the first financial statements in accordance with the new principles, the Company has evaluated the new rules and as a result of the adoption of the standards relevant to their initial balances has made adjustments in the intermediate and comparative statements as follows:

Employee benefits (CPC 33) The Company made early records in employee benefit plans immediately, recognized an increase in liabilities with the offset in deferred income tax assets and in equity. Increase caused by the difference between the old and the new accounting policy. In these balances also are included gains and losses relating to previous accounting policy, which would fall within the limits of the corridor practices adopted by the Company for recognition of actuarial gains and losses from employee benefit plans in the previous principles, which continued to be adopted for new principles.

Provision for assets retirement obligation (CPC 25) The entries made for the initial adoption of this statement; refer to the differences between the interest rates on long-term historical items used in previous and current use in new items for the discounted present value of obligations for asset retirement.

Financial instruments (CPC 38) the entries made for the initial adoption of this standard are related to the additional remuneration of mandatorily convertible securities, debt remuneration, and by the new principle reclassified as capital

remuneration (additional dividends).

Leasing The Company recognized as fixed assets with an offset in loans and financing, the amount due to leasing contracts previously classified as operational leasing.

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Deferred income tax The adjustments in this account refer basically a transfer of the shares recorded as current assets to non-current liabilities, according to CPC 26. The amount comprises with a tax loss of the parent Company of R\$ 717,476 March 31, 2010 against R\$ 799,243 December 31, 2009, and expects to realize it even in 2010.

Investments The necessary entries made on the parent Company required by the adoption of new accounting principles for the affiliates. The effects of the adjustments are listed in the table below.

Minority interest This line is now called Non-controlling shareholders participation and was assigned to Equity in accordance with CPC 26 and CPC 36. The participation of non-controlling shareholders, recorded in Equity requires that the movement of items of those shareholders occur in a similar way as those submitted to the controlling shareholders.

Redeemable non-controlling shareholders the participation of non-controlling shareholders that is redeemable upon the occurrence of certain events beyond the control of the Company was classified as shares of redeemable non-controlling shareholders in non-current liabilities.

Adjustments of the Adoption of New Accounting Practices and Estimates

| | Consolidated | | | | Parent Company |
|--|--------------------|-------------------|-------------------|--------------------|--------------------|
| | Assets | Liabilities | Minority interest | Equity | |
| Transition to international accounting practices on January 1, 2009 | 184,845,948 | 82,489,989 | 6,081,319 | 96,274,640 | 171,759,376 |
| on | 102,817 | 108,208 | | (5,391) | 102,817 |
| | (48,169) | (87,843) | | 39,674 | |
| | 18,437 | 19,289 | | (852) | |
| | (429,936) | (429,936) | | | |
| | 1,126,238 | 1,126,238 | | | 233,016 |
| | | | | | 861,791 |
| Transition to accounting practices on January 1, 2009 | 769,387 | 735,956 | | 33,431 | 1,197,624 |
| Minority interest | | | | 96,308,071 | |
| Minority interest participation OCI | | | (4,691,278) | 4,691,278 | |
| Minority interest shareholders | | 1,390,041 | (1,390,041) | | |
| 2009 with the new practices | 185,615,335 | 84,615,986 | | 100,999,349 | 173,436,415 |

| | Consolidated | | | Parent Company | | | | |
|------------------------------------|--------------------|-------------------|-------------------|-------------------|------------------|--------------------|-------------------|-------------------|
| | Assets | Liabilities | Minority interest | Equity | Net income | Assets | Liabilities | Equity |
| 2009 1st quarter of 2009 | | | | | | | | |
| March 31, 2009 prior to the | | | | | | | | |
| adoption of new practices | 187,954,278 | 83,326,291 | 6,016,408 | 98,611,579 | 3,150,903 | 172,461,210 | 73,849,631 | 98,611,579 |
| Adjustments on 01/01/09 | (356,851) | (390,282) | | 33,431 | | 335,833 | 302,402 | 33,431 |
| | 187,597,427 | 82,936,009 | 6,016,408 | 98,645,010 | 3,150,903 | 172,797,043 | 74,152,033 | 98,645,010 |
| | (2,529) | (84,082) | | 81,553 | 1,327 | (2,529) | (7,438) | 4,327 |
| Obligation | 13,762 | 20,582 | | (6,820) | (3,411) | | | |
| | (1,838) | (2,214) | | 376 | 440 | | | |

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The quarterly condensed consolidated financial statements reflect the balances of assets, liabilities and shareholders equity at March 31, 2010 and December 31, 2009 and the operations for the quarters ended March 31, 2010, December 31, 2009 and March 31, 2009 of the parent Company and its direct and indirect subsidiaries and shared control. Overseas operations are translated into the reporting currency of financial statements in Brazil and are accounted for under equity, full or proportional consolidation of financial statements.

Vale participation in hydroelectric projects is done through consortium contracts under which the Company participates in assets and liabilities of enterprises in proportion to the share holding of the power generated. The Company has no joint liability for any obligation. Since there is no legal entity for the project, there are no stand alone, income tax, net income and equity. Brazilian law clearly states that no separate entity as a result of the consortium contract. Thus, Vale recognizes the proportionate share of costs and undivided interests in assets related to hydroelectric projects.

7.5- Acquisitions and Divestments

In line with our strategy to become a leading global player in the fertilizer business, during the first quarter of 2010, Vale entered into purchase agreements to acquire fertilizer assets in Brazil. Among these assets are phosphate rock mines and phosphates plants formerly owned by Bunge Participações e Investimentos, and a direct and indirect ownership of 78.9% in the equity capital of Fertilizantes Fosfatados S.A. Fosfertil (Fosfertil) formerly owned by Bunge, Fertifós, Heringer, Fertipar, Yara e Mosaic. The total amount to be paid by these assets will be US\$ 5,660 million. These transactions are still subject to the customary conditions precedent such as approval of governmental regulatory agencies. The control over these businesses has not been obtained at the date these financial statements were approved.

The Company entered into agreements to sell a minority interest on Bayóvar Project with Mosaic Company (Mosaic) and Mitsui & Co. Ltd. (Mitsui). The amount expected to be received for this ownership is US\$ 660 million. The control of this project will be held by Vale. The transaction is subject to the finalization of the definitive shareholders agreement and commercial off take agreements and certain governmental regulatory approvals and other customary closing conditions.

As part of our portfolio management, we have entered into negotiations with the intention to sell our net assets of linked to kaolin activity. We have measured these assets at fair value and recognized in 1Q10, results an estimated loss in the amount of R\$ 224,448 (R\$ 112,505 in the parent Company).

7.6- Cash and cash equivalents

| | Consolidated | | Parent Company | |
|------------------------|---------------------|-------------------|-----------------------|------------------|
| | March 31, | | March 31, | |
| | 2010 | | 2010 | |
| | (unaudited) | 40178 | (unaudited) | 40178 |
| Cash | 1,291,692 | 1,405,352 | 100,434 | 85,693 |
| Short-term investments | 18,975,179 | 11,815,247 | 2,235,484 | 1,164,287 |
| | 20,266,871 | 13,220,599 | 2,335,918 | 1,249,980 |

All the above mentioned time deposits represent low risk investments. Part of them is denominated in Brazilian Reais indexed to the CDI rate, and part denominated in US dollars.

7.7- Short-Term Investments

| | Consolidated |
|--|---------------------|
| | March 31, |
| | 2010 |
| | (unaudited) |
| | 40178 |

| | | |
|---|--------|-----------|
| Time deposits (*) | 21,643 | 6,524,906 |
| Represent law risk investments with redemption between 91 and 360 days. | | |

Table of Contents**7.8- Related parties**

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

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

| | Consolidated Assets | | | |
|--|-----------------------------------|----------------------------|--------------------------|----------------------------|
| | March 31, 2010 (unaudited) | | December 31, 2009 | |
| | Customers | Related Parties | Customers | Related Parties |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 385 | 210 | | |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 29,202 | 131 | 29,297 | 136 |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | 1,043 | | 1,042 | |
| Korea Nickel Corporation | 5,877 | | 18,922 | |
| Mineração Rio do Norte S.A. | 216 | 16 | | |
| MRS Logística S.A. | 359 | 360 | | |
| Samarco Mineração S.A. | 16,178 | 32,558 | 10,298 | 37,418 |
| Others | 70,462 | 191,633 | 32,431 | 170,185 |
| Total | 123,722 | 224,908 | 91,990 | 207,739 |
| Registered as: | | | | |
| Current | 123,722 | 143,705 | 91,990 | 144,029 |
| Long-term | | 81,203 | | 63,710 |
| | 123,722 | 224,908 | 91,990 | 207,739 |

| | Consolidated Liabilities | | | |
|--|-------------------------------------|----------------------------|--------------------------|----------------------------|
| | March 31, 2010 (unaudited) | | December 31, 2009 | |
| | Suppliers | Related Parties | Suppliers | Related Parties |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 12,151 | 1,912 | 4,712 | 1,912 |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 68,979 | 2,182 | 27,861 | 1,051 |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | 4,016 | | 4,783 | |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | 16,451 | 9,520 | 8,307 | 9,518 |
| Minas da Serra Geral | | 11,917 | 8,068 | 14,236 |
| Mineração Rio do Norte S.A. | 14,185 | | 25,839 | |
| MRS Logística S.A. | 303,797 | 107,813 | 309,783 | 109,376 |

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| | | | | |
|--------------|----------------|----------------|----------------|----------------|
| Others | 57,085 | 2 | 119,496 | 539 |
| Total | 476,664 | 133,346 | 508,849 | 136,632 |
| Current | 476,664 | 30,642 | 508,849 | 33,468 |
| Long-term | | 102,704 | | 103,164 |
| | 476,664 | 133,346 | 508,849 | 136,632 |

| | Parent Company | | | |
|---|-----------------------------------|------------------------|--------------------------|------------------------|
| | Asset | | | |
| | March 31, 2010 (unaudited) | | December 31, 2009 | |
| | Customers | Related Parties | Customers | Related Parties |
| ALUNORTE Alumina do Norte do Brasil S.A. | 17,210 | 67,593 | 33,071 | 71,526 |
| Companhia Portuária Baía de Sepetiba CPBS | 705 | 152,554 | | |
| CVRD OVERSEAS Ltd. | 244,116 | | 544,802 | 174 |
| Ferrovias Centro Atlântica S.A. | 37,718 | 69,057 | 59,134 | 68,075 |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 765 | 7,280 | 709 | 421 |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 59,364 | 267 | 59,555 | 12 |
| Minerações Brasileiras Reunidas S.A. MBR | 771 | 610,305 | 6,033 | 686,804 |
| MRS Logística S.A. | 436 | 37,351 | 1,277 | 6,018 |
| Salobo Metais S.A. | 3,255 | 233,555 | 3,499 | 233,555 |
| Samarco Mineração S.A. | 32,356 | 791,707 | 20,596 | 74,836 |
| Vale International S.A. | 2,170,816 | 4,642,374 | 1,672,019 | 4,652,712 |
| Vale Manganês S.A. | 32,723 | 181,205 | 36,022 | 181,205 |
| Others | 149,241 | 615,754 | 169,083 | 226,954 |
| Total | 2,749,476 | 7,409,002 | 2,605,800 | 6,202,292 |
| Current | 2,749,476 | 5,256,544 | 2,605,800 | 4,359,807 |
| Non-current | | 2,152,458 | | 1,842,485 |
| | 2,749,476 | 7,409,002 | 2,605,800 | 6,202,292 |

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| | Parent Company Liabilities | | | |
|---|---------------------------------------|------------------------|--------------------------|------------------------|
| | March 31, 2010 (unaudited) | | December 31, 2009 | |
| | Suppliers | Related Parties | Suppliers | Related Parties |
| ALUNORTE Alumina do Norte do Brasil S.A. | 8,074 | | 15,732 | |
| Baovale Mineração S.A. | 44,470 | | 38,790 | |
| Companhia Portuária Baía de Sepetiba CPBS | 100,785 | 2,315 | 30,185 | 2,319 |
| CVRD OVERSEAS Ltd. | | | 4 | 490,955 |
| Ferrovias Centro Atlântica S.A. | 14,077 | | 14,101 | 1,583 |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 24,303 | | 9,424 | |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 140,459 | 4,444 | 56,732 | 2,140 |
| Minerações Brasileiras Reunidas S.A. MBR | 28,364 | 173,010 | 30,203 | 87,628 |
| MRS Logística S.A. | 416,563 | | 433,122 | |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | 33,573 | 21,203 | 16,953 | 21,199 |
| Salobo Metais S.A. | 59,300 | | 16,200 | |
| Vale International S.A. | 100,571 | 35,360,850 | 41,740 | 34,807,832 |
| Vale Manganês S.A. | | | | 8 |
| Others | 69,805 | 256,257 | 142,400 | 39,951 |
| Total | 1,040,344 | 35,818,079 | 845,586 | 35,453,615 |
| Current | 1,040,344 | 8,080,755 | 845,586 | 7,342,680 |
| Non-current | | 27,737,324 | | 28,110,935 |
| | 1,040,344 | 35,818,079 | 845,586 | 35,453,615 |

| | Income | | Consolidated Cost and expenses | | Financial | |
|---|---------------------------|------------------------------|---|------------------------------|-------------------------------|------------------------------|
| | March 31, 2010 | December 31, 2009 | March 31, 2010 | December 31, 2009 | March 31, 2010 | December 31, 2009 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização KOBRASCO | 1,552 | 4,812 | 4,523 | 18,281 | | |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 65,217 | 75,178 | 104,145 | 68,374 | 28 | (1,862) |

| | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | | | 5,253 | 17,047 | (10) | |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | | | 9,213 | 43,546 | 27 | (569) |
| Log-in S.A. | 4,968 | 27,967 | | | (42) | 747 |
| Mineração Rio do Norte S.A. | | | 34,244 | 240,068 | (101) | |
| MRS Logística S.A. | 2,754 | 13,173 | 119,336 | 525,716 | (3,701) | (29,906) |
| Samarco Mineração S.A. | 59,318 | 92,234 | | | | |
| Others | | 2,127 | 7,716 | 10,757 | 1,171 | |
| | 133,809 | 215,491 | 295,061 | 956,798 | (1,239) | (31,590) |

| | Income | | Parent Company Cost and expenses | | Financial | |
|--|---------------------------|------------------------------|---|------------------------------|---------------------------|------------------------------|
| | March 31, 2010 | December 31, 2009 | March 31, 2010 | December 31, 2009 | March 31, 2010 | December 31, 2009 |
| | (unaudited) | | (unaudited) | | (unaudited) | |
| ALBRAS Alumínio Brasileiro S.A. | 104,048 | 129,916 | | | | |
| ALUNORTE Alumina do Norte do Brasil S.A. | 87,984 | 367,512 | 39,329 | 131,027 | 1,193 | (22,405) |
| Baovale Mineração S.A. | 3,419 | 9,624 | 9,046 | 36,562 | | |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | | | 21,261 | 66,018 | 56 | |
| Companhia Hispano-Brasileira de Pelotização - HISpanoBRÁS | 141,909 | 161,299 | 185,867 | 129,852 | 2,819 | (3,267) |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | | | 10,699 | 34,719 | (20) | (1,040) |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | | | 18,801 | 88,869 | 56 | 63,203 |
| Companhia Portuária Baía de Sepetiba CPBS | | | 61,080 | 290,833 | | (6,619) |
| CVRD Overseas Ltd. | 623,937 | 2,550,763 | | | (7,220) | 131,189 |
| Ferrovia Centro Atlântica S.A. | 41,223 | 181,720 | 18,319 | 9,021 | 3,592 | 4,647 |
| MRS Logística S.A. | 3,901 | 19,223 | 203,993 | 899,659 | | |
| | 118,636 | 184,469 | | | (13) | |

| | | | | | | |
|-------------------------|-----------|------------|---------|-----------|-----------|-----------|
| Samarco Mineração S.A. | | | | | | |
| Vale Energia S.A. | | | 83,081 | 217,047 | 5 | |
| Vale International S.A. | 4,418,565 | 19,002,471 | | | (870,577) | 8,370,822 |
| Vale Manganês S.A. | 25,144 | 72,429 | | | 30 | |
| Others | 4,762 | 17,538 | 5,378 | 21,516 | 4,800 | 25,229 |
| | 5,573,528 | 22,696,964 | 656,854 | 1,925,123 | (865,279) | 8,561,759 |

Additionally, Vale has outstanding balances with Banco Nacional de Desenvolvimento Social and BNDES Participações S.A. in the amounts of R\$ 2,955,321 and R\$ 1,171,684 on March 31, 2010, respectively, related to loans with charges at market interest rates, maturing up to September, 2029. These operations are booked as Loans and Financing

Vale also has short-term investments with Bradesco in the amount of R\$ 144,756 in March 31, 2010.

| | March 31, 2010 (unaudited) |
|---|---------------------------------------|
| Remuneration of key management personnel | |
| Short-term benefits to management | 55,641 |
| Other long-term benefits to management | 11,908 |
| Total | 67,549 |

Table of Contents**7.9- Inventories**

| | Consolidated | | Parent Company | |
|---|---|------------------|---|------------------------------|
| | March 31, 2010 (unaudited) | 40178 | March 31, 2010 (unaudited) | December 31, 2009 |
| Finished products | | | | |
| Nickel (co-products and by-products) | 2,293,312 | 1,885,788 | 59,101 | 56,531 |
| Iron ore and pellets | 1,359,596 | 1,324,230 | 1,081,842 | 999,797 |
| Manganese and ferroalloys | 303,878 | 289,538 | | |
| Aluminum products | 291,917 | 251,169 | 216 | 1,094 |
| Kaolin | 72,451 | 73,402 | | |
| Copper concentrate | 110,921 | 89,187 | | |
| Coal | 63,666 | 60,754 | 63,666 | 60,754 |
| Steel products | 49,710 | 24,776 | | |
| Others | 23,849 | 13,528 | 67,434 | 29,782 |
| | 4,569,300 | 4,012,372 | 1,272,259 | 1,147,958 |
| Spare parts and maintenance supplies | 1,825,701 | 1,900,652 | 692,820 | 733,625 |
| | 6,395,001 | 5,913,024 | 1,965,079 | 1,881,583 |

7.10- Deferred Income Tax and Social Contribution

Income taxes in Brazil of comprise federal income tax and social contribution on net income. The statutory rate applicable for the periods presented is 34%. In other countries where we have operations, the taxation rate varies between 1.67% and 40%.

The amount presented as income tax and social contribution result in the consolidated financial statements is reconciled with the rates established by law, as follows:

| | Consolidated | | | Parent Company | |
|--|---|----------------------------------|-------------------------------|---|----------------------------------|
| | Three-month period ended (unaudited) | | | Accumulated | |
| | March 31, 2010 | December 31, 2009 (I) | March 31, 2009 (I) | March 31, 2010 (unaudited) | December 31, 2009 (I) |
| Income before income tax and social contribution | 2,695,064 | 1,591,971 | 3,800,530 | 2,767,839 | 4,190,028 |
| Results of equity investment and goodwill amortization | (7,214) | (22,447) | (13,450) | (2,260,694) | (897,814) |
| Tax effect on non taxable functional currency | (768,482) | 866,018 | 1,431,294 | | |
| | 1,919,368 | 2,435,542 | 5,218,374 | 507,145 | 3,292,214 |
| | 34% | 34% | 34% | 34% | 34% |

| | | | | | |
|--|------------------|------------------|--------------------|------------------|--------------------|
| Income tax and social contribution at combined tax rates | | | | | |
| Federal income tax and social contribution at statutory rates | (652,585) | (828,084) | (1,774,247) | (172,429) | (1,119,353) |
| Adjustments that affects the basis of taxes: | | | | | |
| Income tax benefit from interest on stockholders equity | 374,000 | 872,050 | | 374,000 | |
| Fiscal incentives | 48,312 | 113,259 | 63,472 | 25,168 | 40,847 |
| Results of overseas companies taxed by different rates which difference than the parent company rate | 568,261 | 769,235 | 721,943 | | |
| Others | 15,459 | 257,664 | 229,709 | (2,729) | 37,737 |
| Income tax and social contribution | 353,447 | 1,184,124 | (759,123) | 224,010 | (1,040,769) |

(I) period adjusted by new CPC s accounting pronouncements, for comparative purposes, according to note 7.3.

| | Consolidated | | Parent Company | |
|------------------------------|----------------------------------|----------------------|----------------------------------|----------------------|
| | March 31, 2010 (unaudited) | December 31, 2009 | March 31, 2010 (unaudited) | December 31, 2009 |
| Intangible | | | | |
| Concession and subconcession | 14,135,891 | 14,143,035 | 9,414,159 | 9,460,707 |
| Goodwill on acquisitions | 7,338,504 | 7,180,763 | 7,338,504 | 7,180,763 |
| Right of use | 648,734 | 654,723 | 648,734 | 654,723 |
| Others | 650,346 | 626,057 | 13,874 | 16,777 |
| | 22,773,475 | 22,604,578 | 17,415,271 | 17,312,970 |

Table of Contents**7.12- Property, Plant and Equipment**

| | Average depreciation rates | Consolidated | | | | Parent Company | | | |
|----------------------------------|----------------------------|----------------------------|--------------------------|-----------------------|--------------------|----------------------------|--------------------------|-----------------------|-------------------|
| | | March 31, 2010 (unaudited) | | December 31, 2009 (I) | | March 31, 2010 (unaudited) | | December 31, 2009 (I) | |
| | | Cost | Accumulated depreciation | Net | Net | Cost | Accumulated depreciation | Net | Net |
| Land | | 531,431 | | 531,431 | 477,304 | 303,117 | | 303,117 | 272,174 |
| Buildings | 2% | 8,913,211 | (2,081,866) | 6,831,345 | 6,062,720 | 3,169,965 | (804,913) | 2,365,052 | 2,331,492 |
| Installations | 4% | 30,940,719 | (10,024,714) | 20,916,005 | 19,340,065 | 14,597,675 | (4,567,749) | 10,029,926 | 9,752,380 |
| Equipment | 8% | 13,514,279 | (4,452,652) | 9,061,627 | 8,918,026 | 5,377,842 | (1,945,334) | 3,432,508 | 3,442,026 |
| Information technology equipment | 20% | 2,428,242 | (1,576,144) | 852,098 | 812,992 | 1,883,387 | (1,209,196) | 674,191 | 667,047 |
| Mineral rights | 5% | 35,155,231 | (3,323,437) | 31,831,794 | 23,967,860 | 3,414,678 | (414,724) | 2,999,954 | 1,531,351 |
| Others | 7% | 12,238,161 | (4,023,509) | 8,214,652 | 11,232,093 | 3,263,656 | (1,548,675) | 1,714,981 | 1,548,349 |
| Construction in progress | | 103,721,274 | (25,482,322) | 78,238,952 | 70,811,060 | 32,010,320 | (10,490,591) | 21,519,729 | 19,544,819 |
| | | 27,949,583 | | 27,949,583 | 31,684,373 | 13,106,214 | | 13,106,214 | 14,337,765 |
| Total | | 131,670,857 | (25,482,322) | 106,188,535 | 102,495,433 | 45,116,534 | (10,490,591) | 34,625,943 | 33,882,584 |

(I) period adjusted by new CPC's accounting pronouncements, for comparative purposes, according to note 7.3.

7.13- Loans and Financing Current

| | Consolidated | |
|-----------------|----------------------------|-------------------|
| | March 31, 2010 (unaudited) | December 31, 2009 |
| Trade finance | 560,431 | 545,851 |
| Working capital | 100,462 | 100,474 |
| | 660,893 | 646,325 |

Relates to short-term financing for export denominated in US dollars, with average annual interest rate of 2.02% per year.

Non-current

| | Consolidated | | | | Parent Company | | | |
|------------------------------------|----------------------------------|-----------------------------|----------------------------------|--------------------------|----------------------------------|-----------------------------|----------------------------------|--------------------------|
| | Current liabilities | | Non current | | Current liabilities | | Non current | |
| | March 31, 2010 (unaudited) | December 31, 2009 (I) | March 31, 2010 (unaudited) | December 31, 2009 (I) | March 31, 2010 (unaudited) | December 31, 2009 (I) | March 31, 2010 (unaudited) | December 31, 2009 (I) |
| Foreign operations | | | | | | | | |
| U.S. dollars | 5,175,122 | 2,850,615 | 6,718,696 | 10,688,409 | 280,163 | 276,267 | 985,939 | 1,095,104 |
| Other currencies | 42,180 | 50,963 | 402,360 | 715,112 | 5,744 | 5,982 | 5,744 | 5,982 |
| U.S. dollars | | | 15,132,017 | 12,851,649 | | | | |
| Euro | | | 1,805,700 | | | | 1,805,700 | |
| Export securitization (*) | | 261,173 | | | | | | |
| Perpetual notes | | | 139,232 | 136,120 | | | | |
| Accrued charges | 303,128 | 346,128 | | | 5,837 | 6,644 | | |
| | 5,520,430 | 3,508,879 | 24,198,005 | 24,391,290 | 291,744 | 288,893 | 2,797,383 | 1,101,086 |
| Indexed by TJLP, TR, IGP-M and CDI | 147,044 | 145,231 | 6,324,203 | 6,233,293 | 108,000 | 107,891 | 5,962,641 | 5,975,944 |
| Basket of currencies | 2,506 | 2,450 | 4,594 | 5,104 | 2,506 | 2,450 | 4,594 | 5,105 |
| Loans in U.S. dollars | | | 1,013,276 | 989,770 | | | 1,012,394 | 989,770 |
| Non-convertible debentures | 1,500,000 | 1,500,000 | 4,534,208 | 4,512,970 | 1,500,000 | 1,500,000 | 4,000,000 | 4,000,000 |
| Accrued charges | 268,597 | 154,046 | | | 268,597 | 154,046 | | |
| | 1,918,147 | 1,801,727 | 11,876,281 | 11,741,137 | 1,879,103 | 1,764,387 | 10,979,629 | 10,970,819 |
| Total | 7,438,577 | 5,310,606 | 36,074,286 | 36,132,427 | 2,170,847 | 2,053,280 | 13,777,012 | 12,071,905 |

(I) period adjusted by new CPC s accounting pronouncements, for comparative purposes, according to note 7.3.

(*) Refers to debt securities collateralized by future receivables arising from certain exports sales.

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Long-term portions as of March 31, 2010 mature as follows:

| | Consolidated | | Parent Company | |
|--|---------------------|----------------|-----------------------|----------------|
| 2011 | 2,321,040 | 6.43% | 236,235 | 1.71% |
| 2012 | 2,583,738 | 7.16% | 438,840 | 3.19% |
| 2013 | 5,982,446 | 16.58% | 4,434,627 | 32.19% |
| 2014 | 1,865,280 | 5.17% | 1,480,360 | 10.75% |
| 2015 onwards | 22,648,342 | 62.78% | 7,186,950 | 52.17% |
| No due date (Perpetual notes and non-convertible debentures) | 673,440 | 1.87% | | 0.00% |
| | 36,074,286 | 100.00% | 13,777,012 | 100.00% |

As of March 31, 2010, annual interest rates on long-term debt were as follows:

| | Consolidated | Parent Company |
|----------------------------|---------------------|-----------------------|
| Up to 3% | 11,567,231 | 2,289,504 |
| 3,1% to 5% | 2,391,514 | 1,814,558 |
| 5,1% to 7% (*) | 15,175,870 | 1,185,924 |
| 7,1% to 9% (*) | 10,920,347 | 7,593,497 |
| 9,1% to 11% | 1,274,633 | 1,034,275 |
| Over 11% (*) | 2,037,760 | 2,030,101 |
| Variable (Perpetual notes) | 145,508 | |
| | 43,512,863 | 15,947,859 |

(*) Includes Eurobonds, to which was entered a derivative transactions for 28% of the total amount at a total cost of 4.78% per year in US Dollars.

(**) Includes non-convertible debentures and other loans denominated in Brazilian Reais which interest is equal to the accumulated variation of CDI

and TJLP;(Brazilian interbank certificate of deposit and Long-term interest rate) plus spread. For these operations we have entered into derivative transactions to protect the Company from the exposure of variations of floating debt denominated in Reais. The total contracted amount for these operations is R\$ 11,584,917 where R\$ 7,489,105 has an original interest rate between 7.1% and 9%, and the major balance has original interest rate above 9%. After taking into account the derivatives contracts the average cost of these operations is equivalent to 4.58% per year in US dollars.

Guarantees

On March 31, 2010, R\$1,481,456 (December 31, 2009 R\$ 1,310,316) of the outstanding debt was guaranteed, of which R\$ 38,806 (December 31, 2009 R\$ 58,651) was guaranteed by Brazilian Federal Government and R\$ 1,442,650 (December 31, 2009 R\$ 987,301) has guaranteed by other receivables. In December 31, 2009 R\$ 264,364 which was guaranteed by receivables from the subsidiary CVRD Overseas Ltd. was redeemed in January, 2009. The remaining balance of R\$ 42,031,407 (December 31, 2009 R\$ 40,132,717) has no guarantees.

Some long-term debt instruments have financial covenants. The main financial ratios are debt versus equity, debt versus EBITDA and interest coverage. Vale is in full compliance with financial covenants required.

7.14- Contingent Liabilities and Commitments

Vale and its subsidiaries are parties to labor, civil, tax and other suits and have been contesting these matters both administratively and in court, which, when applicable, are backed by judicial deposits. Provisions for losses are estimated and recorded by Management based on the opinion of the Legal Department and its external legal counsels. In addition to the provisions recorded, there are other contingent liabilities, split between taxes, labor and civil claims, estimated as possible losses in the amount of R\$ 9,648,965 (R\$ 4,338,114 in the parent Company).

Contingent Liabilities

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

| | Consolidated | | Parent Company | |
|--|---|------------------------------|---|------------------------------|
| | March 31, 2010 (unaudited) | December 31, 2009 | March 31, 2010 (unaudited) | December 31, 2009 |
| I) Tax contingencies | 1,681,585 | 1,932,701 | 426,587 | 1,171,861 |
| II) Civil contingencies | 898,921 | 934,609 | 572,424 | 539,429 |
| III) Labor contingencies | 1,060,766 | 1,273,181 | 1,075,388 | 993,335 |
| IV) Environmental contingencies | 51,232 | 61,126 | 26,853 | 25,935 |
| Total accrued liabilities | 3,692,504 | 4,201,617 | 2,101,252 | 2,730,560 |
| | March 31, 2010 (unaudited) | December 31, 2009 | March 31, 2010 (unaudited) | December 31, 2009 |
| Balance at the beginning of the period | 4,201,617 | 4,131,431 | 2,730,560 | 2,724,595 |
| Provisions, net of reversals | (511,006) | 95,797 | (618,402) | 62,590 |
| Settlements | (26,936) | (59,057) | (26,936) | (102,247) |
| Monetary variance | 28,829 | 33,446 | 16,030 | 45,622 |
| Balance at the end of period | 3,692,504 | 4,201,617 | 2,101,252 | 2,730,560 |

Table of Contents**D) Tax Contingencies:**

Main tax causes refer substantially to discussions about the calculation basis of the Financial Compensation by Exploration of Mineral Resources (CFEM) and on denials of applications for compensation claims in the settlement of federal taxes. Others refer to collections of Additional Compensation Labor Ports (AITP) and questions about the location for Tax Services (ISS) incidence.

In 2009, accrued values related to discussion of compensation for losses and negative basis of social contribution above 30% were wrote down, due to withdrawal of the action and therefore ended the process with release of funds deposited in escrow in favor of the Union.

II) Civil Contingencies:

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

III) Labor Contingencies:

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

In addition to those provisions, there are judicial deposits that in March 31, 2010 totaled R\$ 791,093 (R\$ 630,498 at December 31, 2009) in Consolidated and R\$ 333,657 (R\$ 295,263 at December 31, 2009) in the parent Company.

Other commitments

In connection with a tax-advantaged lease financing arrangement sponsored by the French Government, Vale provided certain guarantees on December 30, 2004 on behalf of Vale Inco New Caledonia S.A.S. (VINC) pursuant to which was guaranteed payments due from VINC of up to a maximum amount of US\$100 (Maximum Amount) in connection with an indemnity. This guarantee was provided to BNP Paribas for the benefit of the tax investors of GniFi, the special purpose vehicle which owns a portion of the assets in our nickel cobalt processing plant in New Caledonia (Girardin Assets). The Company also provided an additional guarantee covering the payments due from VINC of (a) amounts exceeding the Maximum Amount in connection with the indemnity and (b) certain other amounts payable by VINC under a lease agreement covering the Girardin Assets. This guarantee was provided to BNP Paribas for the benefit of GniFi.

Another commitment incorporated in the tax advantaged lease financing arrangement was that the Girardin Assets would be substantially complete by December 31, 2009. In light of the delay in the start up of VINC processing facilities the December 31, 2009 substantially complete date was not met. Management proposed an extension to the substantially complete date from December 31, 2009 to December 31, 2010. Both the French government authorities and the tax investors have agreed to this extension, though a signed waiver has not yet been received from the tax investors. The French tax authorities issued their signed extension on March 12, 2010. Accordingly the benefits of the financing structure are fully expected to be maintained and Vale anticipates that there will be no recapture of the tax advantages provided under this financing structure.

In 2009, two new bank guarantees totaling US\$58 (43) were established by Vale on behalf of VINC in favor of the South Province of New Caledonia in order to guarantee the performance of VINC with respect to certain environmental obligations in relation to the metallurgical plant and the Kwe West residue storage facility.

Sumic Nickel Netherlands B.V. (Sumic), a 21% stockholder of VINC, has a put option to sell to us 25%, 50%, or 100% of the shares they own of VINC. The put option can be exercised if the defined cost of the initial nickel-cobalt development project, as measured by funding provided to VINC, in natural currencies and converted to U.S. dollars at specified rates of exchange, in the form of Girardin funding, shareholder loans and equity contributions by shareholders to VINC, exceeded US\$4.2 billion and an agreement cannot be reached on how to proceed with the project. On February 15, 2010, Vale has formally amended the agreement with Sumic to increase the threshold to approximately US\$4.6 billion at specified rates of exchange.

Vale provided a guarantee covering certain termination payments due from VINC to the supplier under an electricity supply agreement (ESA) entered into in October 2004 for the VINC project. The amount of the termination payments guaranteed depends upon a number of factors, including whether any termination of the ESA is a result of a default by VINC and the date on which an early termination of the ESA were to occur. During the first quarter of 2010 the

supply of electricity under the ESA to the project began, and the guaranteed amount now decreases over the life of the ESA from its maximum amount. As at March 31, 2010 the guarantee was US \$180 million (133 million).

In February 2009, Vale and its subsidiary, Vale Inco Newfoundland and Labrador Limited (VINL), entered into a fourth amendment to the Voisey s Bay Development agreement with the Government of Newfoundland and Labrador, Canada, that permitted VINL to ship up to 55,000 metric tonnes of nickel concentrate from the Voisey s Bay area mines. As part of the agreement, VINL agreed to provide the Government of Newfoundland and Labrador financial assurance in the form of letters of credit each in the amount of US\$16 (CAD\$16) for each shipment of nickel concentrate shipped out of the province from January 1, 2009 to August 31, 2009. The amount of this financial assurance was US\$110 (CAD\$112) based on seven shipments of nickel concentrate and as of March 31, 2010, US\$35.9 (CAD\$36.4) remains outstanding.

As of March 31, 2010, there was an additional US\$124 million in letters of credit issued and outstanding pursuant to Vale s syndicate revolving credit facility, as well as an additional US\$41 million of letters of credit and US\$44 in bank guarantees that were issued and outstanding. These are associated with environmental reclamation and other operating associated items such as insurance, electricity commitments and import and export duties.

In April 2010, Vale paid interest on debentures in the amount of R\$ 8,658.

Table of Contents**7.15- Provision for Asset Retirement Obligations**

| | Consolidated | | Parent Company | |
|--|----------------------------------|--------------------------|----------------------------------|--------------------------|
| | March 31, 2010 (unaudited) | December 31, 2009 (1) | March 31, 2010 (unaudited) | December 31, 2009 (1) |
| Provisions in the beginning of year | 2,087,800 | 2,109,697 | 845,522 | 891,450 |
| Accretion expense | 48,789 | 136,210 | 32,482 | 90,407 |
| Liabilities settled in the current period | (14,129) | (85,842) | (13,883) | (74,419) |
| Revisions in estimated cash flows | 29,728 | 38,632 | | (61,916) |
| Cumulative translation adjustment | 37,411 | (110,897) | | |
| Provisions in the end of year | 2,189,599 | 2,087,800 | 864,121 | 845,522 |
| Current | 143,895 | 157,048 | 107,603 | 121,485 |
| Non-current | 2,045,704 | 1,930,752 | 756,518 | 724,037 |
| | 2,189,599 | 2,087,800 | 864,121 | 845,522 |

7.16- Pension Plan

The information below summarizes the costs related to pension plans that include the obligations of the additional allowance and supplemental health care plan.

The additional allowance and medical insurance refer to Vale's responsibility in the complementation of pensions and medical care related to resignation incentive plan during the periods between 1987 and 1989.

The company does not record on its balance sheet pension plans with surplus since don't have access to future economic benefits in the form of rebate or refund of contribution, according to CPC 33 paragraph 59., being only disclosed in the notes.

In the 2009 annual financial statements Vale disclosed that expects to have disbursed in 2010 with pension plans and other benefits for the consolidated R\$ 521,526 and R\$ 209,851 for the parent Company. Until March 31, 2010, such contributions totaled R\$ 80,551 for consolidated and R\$ 35,543 for the parent Company. Vale does not expect significant changes in estimates released in 2009.

| | Consolidated | | | | | | | | |
|--|--------------------------------------|---------------------|----------------------------|--------------------|---------------------|----------------------------|--------------------|---------------------|----------------------------|
| | Three-month period ended (unaudited) | | | | | | | | |
| | March 31, 2010 | | | December 31, 2009 | | | March 31, 2009 | | |
| | Overfunded pension | Underfunded pension | Underfunded other benefits | Overfunded pension | Underfunded pension | Underfunded other benefits | Overfunded pension | Underfunded pension | Underfunded other benefits |
| Service cost benefits earned during the period | | 30,191 | 11,786 | 7,140 | 18,342 | 8,693 | 3,570 | 25,452 | 9,873 |
| Interest cost on projected benefit obligation | 126,046 | 159,094 | 42,804 | 204,691 | 135,784 | 50,638 | 102,346 | 124,021 | 44,726 |

| | | | | | | | | | |
|---|-----------------|---------------|---------------|-----------------|---------------|---------------|-----------------|---------------|---------------|
| Expected return on assets | (209,838) | (145,719) | | (281,983) | (109,230) | (2,329) | (140,992) | (100,114) | |
| Amortization of initial transitory obligation | | | | | 8,000 | (38,001) | | 18,511 | (16,161) |
| Net periodic pension cost | (83,792) | 43,566 | 54,590 | (70,152) | 52,896 | 19,001 | (35,076) | 67,870 | 38,438 |

7.17- 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.

As of March 31, 2010, 3,785,610 shares (1,809,117 shares as of December 31, 2009) were covered by that benefit with a total amount accrued to support the incentives of R\$96,817 (R\$124,517 as of December 31, 2009), fully recognized in the statement of income.

7.18- Paid-up Capital

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

As of March 31, 2010, Company's capital is R\$ 47,434,193, corresponding to 5,365,304,100 shares, without par value. The members of the Board of Directors and the Executive Board together own 141,307 common shares and 1,197,075 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.

On April 30, 2010, (subsequent event) the Company paid its stockholders the amount of R\$ 2,198,000 in the form of interest on stockholders' equity, correspondent to R\$ 0,421660513 per share.

Table of Contents**7.19- Funds linked to Future Mandatory Conversion into Shares**

Vale issued mandatory convertible notes, as follows:

| Headings | Date | | Amount (thousands of reais) | | |
|----------------------|------------|------------|-----------------------------|----------------|------------|
| | Emission | Expiration | Gross | Net of charges | Coupon |
| Tranches RIO e RIO P | Junho/2007 | Junho/2010 | 3,601 | 3,064 | 5,50% a.a. |
| Tranches VALE 2012 | | | | | |
| Tranches VALEP 2012 | Julho/2009 | Junho/2012 | 1,858 | 1,523 | 6,75% a.a. |

The notes pay a coupon 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 charges are equivalent to the maximum of common shares and preferred shares, as follows. All the shares are currently held in treasury (see note 7.20).

| Headings | Maximum amount of shares | | Amount (thousands of reais) | |
|----------------------|--------------------------|------------|-----------------------------|-----------|
| | Common | Preferred | Common | Preferred |
| Tranches RIO e RIO P | 56,582,040 | 30,295,456 | 2,111 | 953 |
| Tranches VALE 2012 | | | | |
| Tranches VALEP 2012 | 18,415,859 | 47,284,800 | 473 | 1,050 |

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 per note, respectively.

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

On April 2010, Vale paid additional interests to the owners of the mandatory convertible notes: tranches RIO and RIO-P, R\$ 0.722861, R\$ 0.857938, R\$ 1.042411 and R\$ 1.205663 per note respectively and tranches VALE-2012 and VALE P-2012, R\$ 1,042411 and R\$ 1,205663 per note respectively.

7.20- Treasury Stock

On May 27, 2009, the Board of Directors approved the closing of the shares buy back program 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.

As of March 31, 2010, 152,579,803 shares were held in the treasury, totaling R\$ 2,470,698 as follows:

| Classes | Quantity | | Unit acquisition cost | | | Average quoted market price | |
|-----------|--------------------|--------------------|-----------------------|------|--------|-----------------------------|-------------------|
| | March 31, 2010 | December 31, 2009 | Average | Low | High | March 31, 2010 | December 31, 2009 |
| Preferred | 77,581,904 | 77,581,904 | 23.59 | 1.17 | 52.40 | 45.37 | 33.22 |
| Common | 74,997,899 | 74,997,899 | 8.58 | 1.67 | 168.99 | 52.27 | 38.23 |
| | 152,579,803 | 152,579,803 | | | | | |

Table of Contents**7.21- Basic and diluted earnings per share**

The amounts for basic and diluted earnings per share were calculated as follows:

| | March 31, 2010 (unaudited) | December 31, 2009 | March 31, 2009 (unaudited) |
|---|---|------------------------------------|---|
| Net income from continuing operations attributable to the Company's stockholders | 3,103,792 | 2,707,606 | 3,149,259 |
| Discontinued operations, net of tax | (224,448) | | |
| Net income attributable to the Company's stockholders | 2,879,344 | 2,707,606 | 3,149,259 |
| Interest attributed to preferred convertible notes | | (29,538) | |
| Interest attributed to common convertible notes | | (28,555) | |
| Net income for the period adjusted | 2,879,344 | 2,649,513 | 3,149,259 |
| Basic and diluted earnings per share | | | |
| Income available to preferred stockholders | 1,089,956 | 1,002,955 | 1,206,909 |
| Income available to common stockholders | 1,707,506 | 1,571,212 | 1,890,723 |
| Income available to convertible notes linked to preferred shares | 41,634 | 38,311 | 18,003 |
| Income available to convertible notes linked to common shares | 40,248 | 37,035 | 33,624 |
| Weighted average number of shares outstanding (thousands of shares) preferred shares | 2,030,998 | 2,030,998 | 2,030,998 |
| Weighted average number of shares outstanding (thousands of shares) common shares | 3,181,727 | 3,181,727 | 3,181,727 |
| Treasury preferred shares linked to mandatorily convertible notes | 77,580 | 77,580 | 30,295 |
| Treasury common shares linked to mandatorily convertible notes | 74,998 | 74,998 | 56,582 |
| Total | 5,365,303 | 5,365,303 | 5,299,602 |
| Earnings per preferred share | 0.54 | 0.49 | 0.59 |
| Earnings per common share | 0.54 | 0.49 | 0.59 |
| Earnings per convertible notes linked to preferred share (*) | 0.54 | 0.87 | 0.59 |
| Earnings per convertible notes linked to common share (*) | 0.54 | 0.87 | 0.59 |

Continuous operations

| | |
|--|------|
| Earnings per preferred share | 0.58 |
| Earnings per common share | 0.58 |
| Earnings per convertible notes linked to preferred share (*) | 0.58 |
| Earnings per convertible notes linked to common share (*) | 0.58 |

Discontinued operations

| | |
|--|--------|
| Earnings per preferred share | (0.04) |
| Earnings per common share | (0.04) |
| Earnings per convertible notes linked to preferred share (*) | (0.04) |
| Earnings per convertible notes linked to common share (*) | (0.04) |

(*) Basic earnings per share only, as dilution assumes conversion

If the conversion of the convertible notes had been included in the calculation of diluted earnings per share they would have generated the following dilutive effect as shown below:

| | March 31, 2010 (unaudited) | December 31, 2009 | March 31, 2009 (unaudited) |
|--|-------------------------------|----------------------|-------------------------------|
| Income available to preferred stockholders | 1,131,590 | 1,070,803 | 1,224,912 |
| Income available to common stockholders | 1,747,754 | 1,636,803 | 1,924,347 |
| Weighted average number of shares outstanding (thousands of shares) preferred shares | 2,108,578 | 2,108,578 | 2,061,293 |
| Weighted average number of shares outstanding (thousands of shares) common shares | 3,256,725 | 3,256,725 | 3,238,309 |
| Earnings per preferred share | 0.54 | 0.51 | 0.59 |
| Earnings per common share | 0.54 | 0.51 | 0.59 |

Continuous operations

| | |
|------------------------------|------|
| Earnings per preferred share | 0.58 |
| Earnings per common share | 0.58 |

Discontinued operations

| | |
|------------------------------|--------|
| Earnings per preferred share | (0.04) |
| Earnings per common share | (0.04) |

7.22- Other expenses

The line Other net operating expenses/ income totaled R\$ 1,044,443 in March 31, 2010, mostly due to pre operational expenses and idle capacity and stoppage operations which comprised R\$ 140,904 and R\$ 381,343 respectively.

Table of Contents**7.23- Information by segment**

Vale adopts for interim reporting of our consolidated operating segments, the accounting standard CPC 22 that introduced the concept of chief operation decision maker on the information reported by segment, for which financial information should be presented in the internal databases used by decision makers to evaluate performance of the segments and decide how to allocate resources to segments. The information was analyzed by segment as follows:

Results by segment before eliminations (aggregated)

| | Three-month period ended (unaudited) | | | | | | | | |
|--------|--------------------------------------|--------------|-------------|----------------|-----------|-----------|-------------|--------------|-------------|
| | December 31, 2009 | | | | | | | | |
| | Elimination | Consolidated | Ferrous | Non ferrous | Logistic | Others | Elimination | Consolidated | Ferrous |
| 2,492 | (5,834,100) | 10,694,380 | 10,868,266 | 3,879,377 | 51,956 | 446,994 | (5,377,539) | 9,869,054 | 14,134,719 |
| 4,433 | (801,960) | 2,334,969 | 1,356,925 | 604,931 | 784,032 | 122,866 | (689,922) | 2,178,832 | 713,906 |
| 2,806) | 6,636,060 | (7,644,494) | (8,945,777) | (4,251,435) | (655,102) | (546,342) | 6,067,461 | (8,331,195) | (9,652,326) |
| 2,247) | | (1,360,305) | (598,765) | (686,881) | (99,516) | (63,814) | | (1,448,976) | (397,966) |
| 3,128) | | 4,024,550 | 2,680,649 | (454,008) | 81,370 | (40,296) | | 2,267,715 | 4,798,333 |
| 4,058) | | (1,336,700) | (219,440) | (268,730) | (14,643) | 135,760 | | (367,053) | 74,568 |
| | | | | (331,138) | | | | (331,138) | |
| 0,254 | | 7,214 | (9,457) | 800 | 350 | 30,754 | | 22,447 | (20,979) |
| 3,158 | | 353,447 | 638,865 | 533,917 | (40,264) | 51,606 | | 1,184,124 | (1,104,903) |
| | | (224,448) | | | | | | | |
| 3,130 | | 55,281 | (6,645) | (79,268) | | 17,424 | | (68,489) | (6,147) |
| 5,644) | | 2,879,344 | 3,083,972 | (598,427) | 26,813 | 195,248 | | 2,707,606 | 3,740,872 |

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| | | | | | | | | | |
|-------|-------------|-------------|------------|------------|-----------|------------|-------------|-------------|------------|
| 5,520 | (264,092) | 660,574 | 311,760 | 551,182 | 4,477 | | (273,306) | 594,113 | 104,216 |
| 9,794 | (39,690) | 460,747 | (25,615) | 308,715 | | 198,750 | (55,830) | 426,020 | 3,982 |
| 5,971 | (2,322,601) | 2,536,718 | 2,959,328 | 1,242,985 | | 4,724 | (1,801,062) | 2,405,975 | 2,785,265 |
| 2,322 | (231,347) | 503,807 | 601,941 | 219,605 | | 29,686 | (388,680) | 462,552 | 726,679 |
| 3,719 | (1,179,975) | 1,526,092 | 1,630,350 | 577,470 | | 62,435 | (742,490) | 1,527,765 | 1,149,419 |
| 4,423 | (1,375,763) | 3,959,362 | 5,185,923 | 371,678 | 47,479 | 81,808 | (1,727,458) | 3,959,430 | 8,189,774 |
| 9,743 | (420,632) | 1,047,080 | 204,579 | 607,742 | | 70,875 | (389,997) | 493,199 | 1,175,384 |
| 2,492 | (5,834,100) | 10,694,380 | 10,868,266 | 3,879,377 | 51,956 | 448,278 | (5,378,823) | 9,869,054 | 14,134,719 |
| 4,433 | (801,960) | 2,334,969 | 1,356,925 | 604,931 | 784,032 | 122,866 | (689,922) | 2,178,832 | 713,906 |
| 5,925 | (6,636,060) | 13,029,349 | 12,225,191 | 4,484,308 | 835,988 | 571,144 | (6,068,745) | 12,047,886 | 14,848,625 |
| 0,502 | | 129,201,499 | 40,968,049 | 63,725,379 | 7,139,651 | 13,552,218 | | 125,385,297 | 38,012,816 |
| 7,766 | | 4,579,462 | 102,092 | 51,510 | 218,063 | 4,218,225 | | 4,589,890 | 19,993 |

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7.24- Derivatives

Financial

Instruments

a) Risk Management Policy

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

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

The enterprise wide risk Management approach, that encompasses all kinds of risk, as well as the relations between the several market risk factors (correlations), aims to assess the impact that such events would bring considering the natural hedges presented in the company's portfolio. Therefore, when assessing the risk associated with Vale's business, one can observe the positive effect due to the mix of products and currencies in Vale's portfolio. This diversification implies in a natural reduction of the overall risk of the company. Any risk mitigation strategy, whenever necessary, will be implemented if it contributes significantly for the reduction on the volatility on Vale's cash flows bringing the risk of the company to an acceptable level.

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

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

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

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

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

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

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

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

Interest rates;

Foreign exchange;

Products prices;

Input and other costs.

b) Fair value computation methodology

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

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

In the case of swaps, the long and short legs' present values are estimated discounting their cash flows using the interest rate of the currency in which they are denominated. The difference between the present values of the long leg and short leg of the swap is the fair value.

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

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

c) Value at Risk computation methodology

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

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

d) Sensitivity Analysis methodology

In the topic's sensitivity analysis we present sensitivity analysis tables for all outstanding positions as of March 31, 2010. The scenarios defined for these analyses were:

MtM: it is the mark to market value of the instruments on March 31st, 2010;

Scenario I: unfavorable change of 25% - Potential losses considering a shock of 25% in the market risk factors used for MtM calculation that **negatively** impacts the fair value of Vale's derivatives positions;

Scenario II: favorable change of 25% - Potential profits considering a shock of 25% in the market curves used for MtM calculation that **positively** impacts the fair value of Vale's derivatives positions;

Scenario III: unfavorable change of 50% - Potential losses considering a shock of 50% in the market curves used for MtM calculation that **negatively** impacts the fair value of Vale's derivatives positions;

Scenario IV: favorable change of 50% - Potential profits considering a shock of 50% in the market curves used for MtM calculation that **positively** impacts the fair value of Vale's derivatives positions;

e) Contracts subjected to margin calls

Vale has contracts subject to margin calls only for part of copper and nickel trades executed by its wholly-owned subsidiary Vale Inco Ltd. The total cash amount as of March 2010 was not relevant.

f) Initial Cost of Contracts

The financial derivatives negotiated by Vale and its controlled companies described in this document didn't have initial costs (initial cash flow) associated. Even the option contracts were executed through zero cost structures (zero cost collars).

g) Foreign Exchange and Interest Rate Derivative Positions

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

In order to reduce the company's potential cash flow volatility arising from this currency mismatch we use FX derivatives instruments. Our main strategy is to swap Debts linked to BRL into USD so as to attenuate the impact of BRL/USD exchange rate as most of our revenues are denominated in USD.

These swap transactions have shorter and sometimes similar settlement dates than the final maturity of the debt instruments. Their amounts are similar to the principal and interest payments, taking into account the liquidity restrictions of the market. At each settlement date, the results on the swap transactions partially offset the impact of

the foreign exchange rate in our obligations, contributing to stabilize the cash disbursements in U.S. Dollars for the interest and/or principal payment of our Brazilian Real denominated debt.

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

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

As of March 31, 2010, the total amount and interests of Brazilian Real denominated debt converted through swaps into US Dollars was R\$ 11,585 million (US\$ 6,505 million), and the total amount and interests of Euro denominated debt converted through swaps into US Dollars was 140 million (US\$ 189 million). The average cost in dollars was 4.59% after the swaps transactions were implemented and maturity between November 2010 and December 2027, with semi-annual interest payments¹.

¹ With the exception of a US\$ 1,027 million debt with monthly, quarterly and annually interests and amortization payments.

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On the first quarter of 2010, Vale paid in Brazilian Reais an interest amount equivalent to R\$ 109 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\$ 48 million on the settlement of the swaps, offsetting the U.S. Dollar / Brazilian Real exchange rate variation impact in Vale debt service.

The following tables show as of March 31, 2010, the derivatives positions for Vale and controlled companies with the following information: notional amount, fair value, value at risk, gains or losses in the period and the fair value for the remaining years of the operations per each group of instruments.

Protection program for the Real denominated debt indexed to CDI

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

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

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

R\$ million

| Flow | Notional (\$ million) | | Average Index | Average rate | Fair value | | Realized Gain/Loss VaR | | Fair value by year* | | | |
|--|-----------------------|-----------|---------------|--------------|--------------|--------------|------------------------|------------|---------------------|------------|------------|-------------|
| | 31-Mar-10 | 31-Dec-09 | | | 31-Mar-10 | 31-Dec-09 | 01-Mar-10 | 31-Mar-10 | 2010 | 2012 | 2013 | 2015 |
| Swap CDI vs. fixed rate swap | | | | | | | | | | | | |
| Receivable | R\$ 7,574 | R\$ 7,574 | CDI | 101.07% | 8,245 | 8,062 | 53 | | | | | |
| Payable | USD 3,670 | USD 3,670 | USD | 5.59% | (7,236) | (6,959) | (30) | | | | | |
| Net | | | | | 1,009 | 1,103 | 23 | 235 | 937 | 103 | (3) | (28) |
| Swap CDI vs. floating rate swap | | | | | | | | | | | | |
| Receivable | R\$ 792 | R\$ 792 | CDI | 102.07% | 826 | 830 | 18 | | | | | |
| Payable | USD 430 | USD 430 | Libor | 1.31% | (756) | (739) | (4) | | | | | |
| Net | | | | | 70 | 91 | 14 | 27 | 57 | | | 13 |

Type of contracts: OTC Contracts

Protected Item: Debts linked to BRL

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

Protection program for the real denominated debt indexed to TJLP

TJLP vs. USD fixed rate swap - In order to reduce the cash flow volatility, Vale entered into swap transactions to convert the cash flows of the loans with Banco Nacional de Desenvolvimento Econômico e Social

(BNDES) from TJLP to U.S. Dollars. In those swaps, Vale pays fixed rates in U.S. Dollars and receives payments linked to TJLP.

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

R\$ million

| Flow | Notional (\$ million) | | Average Index rate | Fair value 31-Mar-10 | Fair value 31-Dec-09 | Realized | | Fair value by year* | | |
|---|-----------------------|-----------|--------------------|----------------------|----------------------|-----------|-----------|---------------------|-------------|-------------------------|
| | 31-Mar-10 | 31-Dec-09 | | | | Gain/Loss | VaR | 2013 | 2014 | 2015 |
| Swap TJLP vs. fixed rate swap | | | | | | | | | | |
| Receivable | R\$ 2,116 | R\$ 2,031 | TJLP 1.41% | 1,975 | 1,845 | 30 | | | | |
| Payable | USD 1,109 | USD 1,048 | USD 3.18% | (1,864) | (1,710) | (21) | | | | |
| Net | | | | 111 | 135 | 9 | 70 | 149 | (14) | (4) (201) |
| Swap TJLP vs. floating rate swap | | | | | | | | | | |
| Receivable | R\$ 710 | R\$ 658 | TJLP 0.92% | 646 | 616 | 4 | | | | |
| Payable | USD 383 | USD 385 | Libor -1.14% | (580) | (562) | (2) | | | | |
| Net | | | | 66 | 54 | 2 | 35 | 28 | | 38 |

Type of contracts: OTC Contracts

Protected Item: Debts linked to BRL

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

Table of Contents**Protection Program for Foreign Exchange Transaction**

In order to reduce the cash flow volatility due to the foreign exchange transaction of the bond issued in Euro, Vale contracted a swap to protect the market risk which arises from the foreign exchange rate between U.S. dollars and Brazilian reais. These swaps were hired and settlement on March, when Vale received R\$ 3.6 million.

Foreign Exchange cash flow hedge

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

R\$ million

| Flow | Notional (\$ million) | | Index | Average rate | Fair value | | Realized | VaR | Fair value by year | |
|------------|-----------------------|-----------|-------|--------------|------------|------------|----------|------------|--------------------|-----------|
| | 31-Mar-10 | 31-Dec-09 | | | Gain | Loss | 2010 | | 2011 | |
| Receivable | R\$ 4,600 | R\$ 2,675 | Pré | 7.61% | 4,640 | 2,644 | 54 | | | |
| Payable | USD 2,493 | USD 1,469 | USD | 0.00% | (4,404) | (2,516) | (48) | | | |
| Net | | | | | 236 | 128 | 6 | 130 | 166 | 70 |

Type of contracts: OTC Contracts

Hedged Item: part of Vale's revenues in USD

The P&L shown in the table above is offset by the hedged items' P&L due to BRL/USD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to offset the currency exposure of receivables with the currency exposure of payables.

Foreign Exchange Protection Program on cash flow

NDFs In order to reduce the cash flow volatility, Vale entered into non-deliverable forward transactions to mitigate the foreign exchange exposure that arises from the currency mismatch between the revenues denominated in U.S. Dollars and the disbursements and investments denominated in Brazilian Reais.

R\$ million

| Flow | Notional (USD million) | | Buy/Sell | Average rate (BRL/USD) | Fair value | | Realized | VaR | Fair value by year | |
|---------|------------------------|-----------|----------|------------------------|------------|-------|----------|-----|--------------------|-------|
| | 31-Mar-10 | 31-Dec-09 | | | Gain/Loss | 2010 | 2011 | | | |
| Forward | 60 | 60 | S | 1.8425 | (0.5) | (0.2) | | 3 | | (0.5) |

Type of contracts: OTC Contracts

Protected Item: part of Vale's revenues in USD

The P&L shown in the table above is offset by the protected items' P&L due to BRL/USD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to offset the currency exposure of receivables with the currency exposure of payables.

Protection program for the Euro denominated floating rate debt

Euro floating rate vs. USD floating rate swap In order to reduce the cash flow volatility, Vale entered into a swap transaction to convert the cash flows from loans in Euros linked to Euribor to U.S. Dollars linked to Libor. This trade was used to convert the cash flow of a debt in Euros, with an outstanding notional amount of 5.3,

issued in 2003 by Vale. In this trade, Vale receives floating rates in Euros (Euribor) and pays floating rates in U.S. Dollars (Libor).

| Flow | Notional (\$ million) | | Average Index rate | Fair value | | Realized Gain Loss | | VaR | Fair value by year | |
|---|-----------------------|-----------|--------------------|----------------|-----------|--------------------|-----------|------------|--------------------|----------|
| | 31-Mar-10 | 31-Dec-09 | | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | 31-Mar-10 | | 2010 | 2011 |
| | R\$ million | | | | | | | | | |
| EUR floating rate vs. USD floating rate swap | | | | | | | | | | |
| Receivable | 5 | 5 | EUR | Euribor+0.875% | 12 | 12 | | | | |
| Payable | USD 5 | USD 5 | USD | Libor+1.0426% | (10) | (9) | | | | |
| Net | | | | | 2 | 3 | | 0.2 | 1 | 1 |

Type of contracts: OTC Contracts

Protected Item: Vale's Debt linked to EUR.

The P&L shown in the table above is offset by the hedged items' P&L due to EUR/USD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to achieve a currency offset matching receivables with payables.

Fair Value hedge program for the Euro denominated fixed rate debt

EUR fixed rate vs. USD fixed rate swap: In order to hedge the volatility of debt costs in U.S. Dollars, Vale entered into a swap transaction to convert the cash flows from loans in Euros linked to fixed rate to U.S. Dollars linked to fixed rate. Vale receives fixed rates in Euros and pays fixed rates in U.S. Dollars. This trade was used to convert part of the cash flow of a debt in Euros, with an outstanding notional amount of 750 million, issued in 2010 by Vale.

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| Flow | Notional (USD million) | | Average Sell rate | Realized | | R\$ million | | | | |
|---|------------------------------|-----------|----------------------|---------------|-----------|-------------|-----------------------|------------|------------|----------|
| | | | | Fair value | Gain/Loss | VaR | Fair value by year | | | |
| | | | | | | | | | | |
| | 31-Mar-10 | 31-Dec-09 | | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | 2010 | 2011 | 2012 | 2013 |
| EUR fixed rate vs. USD fixed rate swap | | | | | | | | | | |
| Receivable | 140 | EUR | 4.375% | 372 | | | | | | |
| Payable | USD 189 | USD | 4.778% | (369) | | | | | | |
| Net | | | | | 3 | 6 | (2) | (1) | (1) | 7 |

Type of contracts: OTC Contracts

Protected Item: Vale's Debt linked to EUR

The P&L shown in the table above is offset by the hedged items P&L due to EUR/USD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to achieve a currency offset matching receivables with payables.

Protection program for the USD floating rate debt

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

R\$ million

| Flow | Notional (\$ million) | | | Average rate | Realized | | R\$ million | | | |
|------------|-----------------------|-----------|-------|-----------------|-------------|-------------|-------------|-----------------------|------------|------------|
| | | | | | Fair value | Gain/Loss | VaR | Fair value by year | | |
| | | | | | | | | | | |
| | 31-Mar-10 | 31-Dec-09 | Index | | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | 31-Mar-10 | 2010 | 2011 |
| Receivable | USD 150 | USD 200 | USD | 3M Libor | 266 | 260 | 0 | | | |
| Payable | | | USD | 4.795% | (279) | (274) | (3) | | (8) | (6) |
| Net | | | | | (13) | (14) | (3) | 0.5 | (8) | (6) |

Type of contracts: OTC Contracts

Protected Item: Vale Inco's floating rate debt.

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

Foreign Exchange protection program for Coal Fixed Price Sales

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

R\$ million

| Notional (\$ million) | Average rate | Fair value | Realized | | Fair value by year |
|-----------------------|-----------------|------------|------------|-----|-----------------------|
| | | | (gain/Loss | VaR | |

| Fluxo | 31-Mar-10 | 31-Dec-09 | Buy/Sell (AUD/USD) | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | 31-Mar-10 | 2010 | 2011 | |
|---------|-----------|-----------|--------------------|-----------|-----------|-----------|-----------|------|------|---|
| Forward | AUD 36 | AUD 41 | B | 0.66 | 16 | 15 | 2 | 2 | 13 | 3 |

Type of contracts: OTC Contracts

Protected Item: part of Vale's costs in Australian Dollar.

The P&L shown in the table above is offset by the protected items' P&L due to USD/AUD exchange rate. Again, the final objective of this program, according to the currency hedging strategy at Vale, is to achieve a currency offset matching receivables with payables.

h) Commodity Derivative Positions

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

Aluminum Strategic cash flow hedging program

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

| Flow | Notional (ton) | | Buy/Sell | Average Strike (USD/ton) | R\$ million | | | Fair value by year 2010 | |
|------------|----------------|-----------|----------|--------------------------|-------------|-------------|------------|-------------------------|-------------|
| | 31-Mar-10 | 31-Dec-09 | | | Fair value | Gain/Loss | VaR | | |
| | 31-Mar-10 | 31-Dec-09 | | | 31-Mar-10 | 31-Mar-10 | 31-Mar-10 | | |
| Put | 90,000 | 120,000 | B | 1,940 | 7 | 15 | | | |
| Call | 90,000 | 120,000 | S | 2,073 | (54) | (62) | (7) | | |
| Net | | | | | (47) | (47) | (7) | 12 | (47) |
| Forward | 90,000 | 120,000 | S | 1,945 | (63) | (65) | (13) | 13 | (63) |

Type of contracts: OTC Contracts

Protected Item: part of Vale's revenues linked to Aluminum price

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The P&L shown for forwards in the table above is offset by the protected items P&L due to Aluminum price. Nevertheless, in case of options, which are non-linear instruments, their P&L is partially compensated by the hedged items P&L.

Nickel Strategic cash flow protection program

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

| Flow | Notional (ton) | | Buy/Sell | Average | Fair value | | Realized | VaR | Fair value |
|---------|----------------|-----------|----------|-----------|------------|-----------|-----------|-----|------------|
| | 31-Mar-10 | 31-Dec-09 | | Strike | 31-Mar-10 | 31-Dec-09 | Gain/Loss | | by year |
| | | | | (USD/ton) | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | | 2010 |
| Forward | 21,913 | 29,122 | S | 17,873 | (277) | (36) | (26) | 68 | (277) |

Type of contracts: OTC and LME Contracts

Protected Item: part of Vale's revenues linked to Nickel price.

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

Nickel Sales Hedging Program

In order to reduce the cash flow volatility in 2010 and 2011, hedging transactions were implemented. These transactions fixed the prices of part of the sales in the period.

| Flow | Notional (ton) | | Buy/Sell | Average | Fair value | | Realized | Fair value by year | | |
|---------|----------------|-----------|----------|-----------|------------|-----------|-----------|--------------------|------|------|
| | 31-Mar-10 | 31-Dec-09 | | Strike | 31-Mar-10 | 31-Dec-09 | Gain/Loss | VaR | 2010 | 2011 |
| | | | | (USD/ton) | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | 31-Mar-10 | 2010 | 2011 |
| Forward | 19,500 | | S | 21,869 | (96) | | | 58 | (5) | (91) |

Type of contracts: OTC Contracts

Protected Item: part of Vale's revenues linked to Nickel price.

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

Nickel Fixed Price Program

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

| Flow | Notional (ton) | | Buy/Sell | Average | Fair value | | Realized | Fair value by year | | |
|----------------|----------------|-----------|----------|-----------|------------|-----------|-----------|--------------------|------|------|
| | 31-Mar-10 | 31-Dec-09 | | Strike | 31-Mar-10 | 31-Dec-09 | Gain/Loss | VaR | 2010 | 2011 |
| | | | | (USD/ton) | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | 31-Mar-10 | 2010 | 2011 |
| Nickel Futures | 1,626 | 3,426 | B | 11,500 | 39 | 21 | 14 | 4 | 25 | 14 |

Type of contracts: LME Contracts

Protected Item: part of Vale's revenues linked to fixed price sales of Nickel.

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

Nickel Purchase Protection Program

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

| Flow | Notional (ton) | | Buy/Sell | Average | Fair value | | Realized | VaR | Fair |
|----------------|----------------|-----------|----------|-----------|------------|-----------|-----------|-----------|---------|
| | 31-Mar-10 | 31-Dec-09 | | Strike | 31-Mar-10 | 31-Dec-09 | Gain/Loss | 31-Mar-10 | value |
| | | | | (USD/ton) | | | | | by year |
| | | | | | | | | | 2010 |
| Nickel Futures | 1,260 | 1,446 | S | 21,490 | (8) | (4) | (10) | 3 | (8) |

Type of contracts: LME Contracts

Protected Item: part of Vale's revenues linked to Nickel price.

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

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.

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| Flow | R\$ million | | | | | | | | |
|---------|---------------|-----------|----------|-------------------------|------------|-----------|--------------------|-----|-------------------------|
| | Notional (mt) | | Buy/Sell | Average Strike (USD/mt) | Fair value | | Realized Gain/Loss | VaR | Fair value by year 2010 |
| | 31-Mar-10 | 31-Dec-09 | | | 31-Mar-10 | 31-Dec-09 | | | |
| Forward | 333,500 | 452,000 | B | 395 | 45 | 78 | 21 | 11 | 45 |

Type of contracts: OTC Contracts

Protected Item: part of Vale's costs linked to Bunker Oil price.

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

Maritime Freight Hiring Protection Program

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

| Flow | R\$ million | | | | | | | | |
|---------|-----------------|-----------|----------|--------------------------|------------|-----------|--------------------|-----|-------------------------|
| | Notional (days) | | Buy/Sell | Average Strike (USD/day) | Fair value | | Realized Gain/Loss | VaR | Fair value by year 2010 |
| | 31-Mar-10 | 31-Dec-09 | | | 31-Mar-10 | 31-Dec-09 | | | |
| Forward | 5,225 | 6,125 | B | 30,634 | 27 | 50 | 18 | 23 | 27 |

Type of contracts: OTC Contracts

Protected Item: part of Vale's costs linked to Freight price.

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

Coal Sales Protection Program

In order to reduce the cash flow volatility for 2010, Vale entered into hedging transactions to fix the price of a portion of coal sales during the period.

| Flow | R\$ million | | | | | | | | |
|---------|---------------|-----------|----------|-------------------------|------------|-----------|--------------------|-----|-------------------------|
| | Notional (mt) | | Buy/Sell | Average Strike (USD/mt) | Fair value | | Realized Gain/Loss | VaR | Fair value by year 2010 |
| | 31-Mar-10 | 31-Dec-09 | | | 31-Mar-10 | 31-Dec-09 | | | |
| Forward | 270,000 | | S | 82 | (2) | | (0) | 3 | (2) |

Type of contracts: OTC Contracts

Protected Item: part of Vale's revenues linked to Coal price.

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

Copper Scrap Purchase Protection Program

This program was implemented in order to reduce the cash flow volatility due to the quotation period mismatch between the pricing period of copper scrap purchase and the pricing period of final products sale to the clients, as the copper scrap combined with other raw materials or inputs of Vale's wholly-owned subsidiary, Vale Inco Ltd, to produce copper. This program usually is implemented by the sale of forwards or futures at LME or Over-the-Counter operations.

Copper Scrap Purchase Protection Program

| Flow | Notional (lbs) | | Average Strike Buy/Sell (USD/lbs) | Fair value | | Realized Gain/Loss | | VaR | Fair value by year 2010 |
|---------|----------------|-----------|---|------------|-----------|-----------------------|-----------|-----|----------------------------------|
| | 31-Mar-10 | 31-Dec-09 | | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | 31-Mar-10 | | |
| Forward | 355,235 | | S | 3 | 0.009 | | | 0.1 | 0.009 |

Tipo de contrato: OTC Contracts

Item protegido: part of Vale's revenues linked to Copper price.

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

i) Embedded Derivative Positions

The Company's cash flow is also exposed to several market risks associated to contracts that contain embedded derivatives or derivative-like features. From Vale's perspective, it may include, but is not limited to, commercial contracts, procurement contracts, rental contracts, bonds, insurance policies and loans. The following embedded derivatives were observed in 2010:

Energy purchase

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

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R\$ million

| Flow | Notional (ton) | | Average Strike Buy/Sell | Fair value | Realized | | Fair value by year | | | |
|--------------|----------------|-----------|-------------------------------|------------|--------------|--------------|--------------------|--------------|--------------|-------------|
| | 31-Mar-10 | 31-Dec-09 | | | Gain/Loss | VaR | 2010 | 2011 | 2012 | |
| Call | 200,228 | 200,228 | B | 2,773 | 30 | 45 | | | | |
| Call | 200,228 | 200,228 | S | 1,450 | (317) | (299) | | | | |
| Total | | | | | (287) | (254) | 18 | (115) | (142) | (30) |

Raw material and intermediate products purchase

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

R\$ million

| Flow | Notional (ton) | | Average Strike Buy/Sell | Fair value | Realized | | VaR | Fair value by year 2010 | |
|---------------------|----------------|-----------|-------------------------------|------------|--------------|--------------|------------|----------------------------------|--------------|
| | 31-Mar-10 | 31-Dec-09 | | | Gain/Loss | 31-Mar-10 | | | |
| For Customer | | | | | | | | | |
| Raw Material | | | | | | | | | |
| Contracts | | | | | | | | | |
| Nickel Forwards | 1,025 | 440 | S | 20,755 | (3.1) | 0.3 | 0 | (3.1) | |
| Copper Forwards | 2,923 | 3,463 | | 7,294 | (0.9) | (1.7) | (2) | (0.9) | |
| Total | | | | | (4.0) | (1.4) | (1) | 4 | (4.0) |

j) Derivative Positions from jointly controlled companies

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

Protection program

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

R\$ million

| Flow | Notional | | Index | Average rate | Fair value | | VaR 31-mar-10 | | |
|--------------------------------|-----------|-----------|-------|-----------------|------------|-----------|------------------|-------------|------------|
| | 31-mar-10 | 31-dez-09 | | | 31-mar-10 | 31-dez-09 | | | |
| Swap CDI vs. fixed rate | | | | | | | | | |
| Receivable | USD | 114 | USD | 114 | USD | 2.98% | 212 | 210 | |
| Payable | USD | 233 | USD | 245 | CDI | 100.23% | (254) | (272) | |
| Net | | | | | | | (42) | (62) | 6.5 |

Type of contracts: OTC Contracts

Protected Item: Debts indexed to USD

The P&L shown in the table above is offset by the protected items P&L due to BRL/USD exchange rate.

Hedging program

Swap transactions to fix the rate of part of a USD denominated obligation linked to Libor USD were contracted. In this swap, floating rates (Libor USD) in US Dollars are received and payments linked to a fixed rate also in US Dollars are made.

| Flow | Notional | | Index | Average rate | Fair Value | | VaR | | |
|--|-----------|-----------|-------|--------------|---------------|---------------|--------------|--------------|------------|
| | 31-Mar-10 | 31-Dec-09 | | | 31-Mar-10 | 31-Dec-09 | 31-Mar-10 | | |
| Swap USD floating rate vs. fixed rate | | | | | | | | | |
| Receivable | USD | 20 | USD | 20 | Libor | Libor + 0.65% | 28.2 | 30.0 | |
| Payable | | | | | Tx.Pré | 3.98% | (29.2) | (30.9) | |
| Net | | | | | | | (1.0) | (0.9) | 0.1 |

Type of contracts: OTC Contracts

Hedged Item: Debts indexed to Libor USD

The P&L shown in the table above is offset by the hedged items P&L due to fluctuations in the Libor USD rate.

Table of Contents**k) Sensitivity Analysis on Derivatives**

Amounts in R\$ million

| | Instrument | Risk |
|--------------------|---|---|
| indexed to CDI | CDI vs. USD fixed rate swap | USD/BRL fluctuation |
| | CDI vs. USD floating rate swap | USD interest rate inside Brazil varia USD/BRL fluctuation |
| indexed to TJLP | Protected Items Debt indexed to CDI TJLP vs. USD fixed rate swap | USD interest rate inside Brazil varia USD/BRL fluctuation |
| | TJLP vs. USD floating rate swap | USD/BRL fluctuation USD interest rate inside Brazil varia Brazilian interest rate fluctuation |
| floating rate debt | Protected Items Debts indexed to TJLP EUR floating rate vs. USD floating rate swap | USD/BRL fluctuation EUR/USD fluctuation Euribor variation |
| | Protected Items Debts indexed to EUR EUR fixed rate vs. USD fixed rate swap | USD Libor variation EUR/USD fluctuation |
| fixed rate debt | Protected Items Debts indexed to EUR USD floating rate vs. USD fixed rate swap | EUR/USD fluctuation USD/BRL fluctuation USD Libor variation |
| | Protected Items Vale Inco s Floating rate debt Bunker Oil forward | USD Libor variation Bunker Oil price fluctuation |
| ed Price Sales | Protected Item: part of Vale s costs linked to Bunker Oil price | Bunker Oil price fluctuation |
| | Forward freight agreement | Freight price fluctuation |
| | Protected Item: part of Vale s costs linked to Freight price | Freight price fluctuation |
| | Sale of Coal forward contracts | Coal price fluctuation |
| | Protected Item: part of Vale s costs linked to Freight price | Coal price fluctuation |
| | Sale of aluminum forward contracts | Aluminum price fluctuation |
| | Aluminum options collars | Aluminum price fluctuation |
| | Protected Items Part of Vale s revenues linked to Aluminum price | Aluminum price fluctuation |
| | Australian dollar forwards | USD/AUD fluctuation |
| | Protected Item: Part of Vale s costs in Australian Dollar | USD/AUD fluctuation |
| v | BRL fixed rate vs. USD | USD/BRL fluctuation USD interest rate inside Brazil varia Brazilian interest rate fluctuation |
| | Hedged Items Part of Revenues denominated in USD | USD/BRL fluctuation |
| | Non deliverable forward | USD/BRL fluctuation USD Libor variation |
| | Protected Items Part of Revenues denominated in USD | USD/BRL fluctuation |
| | Sale of nickel future/forward contracts | Nickel price fluctuation |
| | Protected Item: Part of Vale s revenues linked to Nickel price | Nickel price fluctuation |
| | Purchase of nickel future/forward contracts | Nickel price fluctuation |
| | Protected Item: Part of Vale s revenues linked to fixed price sales of Nickel | Nickel price fluctuation |
| | Sale of nickel future/forward contracts | Nickel price fluctuation |

| | |
|--|----------------------------|
| Protected Item: Part of Vale's revenues linked to Nickel price | Nickel price fluctuation |
| Sale of nickel future/forward contracts | Nickel price fluctuation |
| Hedged Item: Part of Vale's revenues linked to Nickel price | Nickel price fluctuation |
| Sale of copper future/forward contracts | Copper price fluctuation |
| Protected Item: Part of Vale's revenues linked to Copper price | Copper price fluctuation |
| Embedded derivatives Raw material purchase | Nickel price fluctuation |
| Embedded derivatives Raw material purchase | Copper price fluctuation |
| Embedded derivatives Energy purchase Aluminum Options | Aluminum price fluctuation |

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

Amounts in R\$ million

| Program | Instrument | Risk | MtM | Scenario | Scenario | Scenario | Scenario |
|--------------------|--|---|------|----------|----------|----------|----------|
| | | | | I | II | III | IV |
| Protection program | CDI vs. USD fixed rate swap | USD/BRL fluctuation | (42) | (53) | 53 | (106) | 106 |
| | | USD interest rate inside Brazil variation | | (0.0) | 0.0 | (0.0) | 0.0 |
| Hedging program | Protected Item Debt indexed to USD USD floating rate vs. USD fixed rate swap | USD/BRL fluctuation | n.a. | 53 | (53) | 106 | (106) |
| | | USD/BRL fluctuation | (1) | (1) | 1 | (2) | 2 |
| | | USD Libor variation | | (0) | 0 | (1) | 1 |
| | Hedged Item Debt indexed to Libor | USD Libor variation | n.a. | 1 | (1) | 2 | (2) |

m) Sensitivity Analysis on Debt and Cash Investments

The Company's funding and cash investments programs linked to currencies different from Brazilian Reais are subjected to volatility of foreign exchange currencies, such as EUR/USD and USD/BRL.

Amounts in R\$ million

| Program | Instrument | Risk | Scenario | Scenario | Scenario | Scenario |
|------------------|-------------------------|---------------------|----------|----------|----------|----------|
| | | | I | II | III | IV |
| Funding | Debt denominated in BRL | No fluctuation | | | | |
| Funding | Debt denominated in USD | USD/BRL fluctuation | (6,918) | 6,918 | (13,836) | 13,836 |
| Funding | Debt denominated in EUR | EUR/USD fluctuation | (455) | 455 | (910) | 910 |
| Cash Investments | Cash denominated in BRL | No fluctuation | | | | |
| Cash Investments | Cash denominated in USD | USD/BRL fluctuation | (2,517) | 2,517 | (5,034) | 5,034 |

n) Credit risk on financial trades and financial institutions ratings

Derivatives transactions are executed with financial institutions that we consider to have a very good credit quality. The exposure limits to financial institutions are proposed annually for the Executive Risk Committee and approved by the Executive Board. The financial institutions credit risk tracking is performed making use of a credit risk valuation methodology which considers, among other information, published ratings provided by international rating agencies. In the table below, we present the ratings in foreign currency published by Moody's e S&P agencies for the financial institutions that we had outstanding trades as of March 31, 2010.

| Parent Company | Vale's Counterparty | Moody's* | S&P* |
|-------------------------------|-----------------------------|----------|------|
| JP Morgan Chase & Co** | JP Morgan Chase Bank | Aa3 | A+ |
| Banco Santander SA | Banco Santander SA | Aa2 | AA |
| Banco Santander SA | Banco Santander Brasil SA | Baa3 | BBB- |
| BNP Paribas** | BNP Paribas Securities Corp | Aa2 | AA |
| BNP Paribas | BNP Paribas | Aa2 | AA |
| The Goldman Sachs Group Inc** | J Aron & Co | A1 | A |
| Itau Unibanco Holding SA | Banco Itau BBA SA | A1 | BBB |

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

* For brazilian
Banks we used
local long term
deposit rating

** Parent
company s rating

Table of Contents**O) Market Curves**

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

1. Commodities**Aluminum**

| Maturity | Price (USD/ton) | Maturity | Price (USD/ton) | Maturity | Price (USD/ton) |
|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| SPOT | 2,294 | JAN11 | 2,384 | NOV11 | 2,461 |
| APR10 | 2,299 | FEB11 | 2,392 | DEC11 | 2,469 |
| MAY10 | 2,310 | MAR11 | 2,400 | JAN12 | 2,475 |
| JUN10 | 2,319 | APR11 | 2,408 | FEB12 | 2,482 |
| JUL10 | 2,330 | MAY11 | 2,415 | MAR12 | 2,488 |
| AUG10 | 2,339 | JUN11 | 2,423 | APR12 | 2,495 |
| SEP10 | 2,347 | JUL11 | 2,432 | | |
| OCT10 | 2,357 | AUG11 | 2,439 | | |
| NOV10 | 2,366 | SEP11 | 2,447 | | |
| DEC10 | 2,375 | OCT11 | 2,454 | | |

Nickel

| Maturity | Price (USD/ton) | Maturity | Price (USD/ton) | Maturity | Price (USD/ton) |
|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| SPOT | 24,960 | JAN11 | 24,920 | NOV11 | 24,378 |
| APR10 | 24,972 | FEB11 | 24,870 | DEC11 | 24,320 |
| MAY10 | 24,990 | MAR11 | 24,820 | JAN12 | 24,270 |
| JUN10 | 25,000 | APR11 | 24,770 | FEB12 | 24,221 |
| JUL10 | 25,010 | MAY11 | 24,720 | MAR12 | 24,172 |
| AUG10 | 25,010 | JUN11 | 24,670 | APR12 | 24,123 |
| SEP10 | 25,010 | JUL11 | 24,611 | | |
| OCT10 | 25,005 | AUG11 | 24,552 | | |
| NOV10 | 24,995 | SEP11 | 24,494 | | |
| DEC10 | 24,970 | OCT11 | 24,436 | | |

Copper

| Maturity | Price (USD/ton) | Maturity | Price (USD/ton) | Maturity | Price (USD/ton) |
|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| SPOT | 7,818 | APR10 | 7,818 | MAY10 | 7,834 |

Bunker Oil

| Maturity | Price (USD/ton) | Maturity | Price (USD/ton) | Maturity | Price (USD/ton) |
|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| SPOT | 463 | JAN11 | 485 | NOV11 | 489 |
| APR10 | 463 | FEB11 | 485 | DEC11 | 489 |
| MAY10 | 467 | MAR11 | 485 | JAN12 | 511 |
| JUN10 | 470 | APR11 | 489 | FEB12 | 511 |
| JUL10 | 474 | MAY11 | 489 | MAR12 | 511 |
| AUG10 | 474 | JUN11 | 489 | APR12 | 511 |
| SEP10 | 474 | JUL11 | 489 | | |
| OCT10 | 479 | AUG11 | 489 | | |
| NOV10 | 479 | SEP11 | 489 | | |
| DEC10 | 479 | OCT11 | 489 | | |

Aluminum Volatility

| Maturity | Vol (% a.a.) | Maturity | Vol (% a.a.) | Maturity | Vol (% a.a.) |
|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| VOLSPOT | 19.0 | VOL9M | 24.4 | VOL4Y | 23.7 |
| VOL1M | 22.1 | VOL1Y | 24.4 | VOL5Y | 23.4 |
| VOL3M | 24.3 | VOL2Y | 24.1 | VOL7Y | 23.4 |
| VOL6M | 24.5 | VOL3Y | 23.9 | VOL10Y | 23.4 |

FFA Forward Freight Agreement

| Maturity | Price (USD/day) | Maturity | Price (USD/day) | Maturity | Price (USD/day) |
|-----------------|------------------------|-----------------|------------------------|-----------------|------------------------|
| SPOT | 35,536 | JAN11 | 28,700 | NOV11 | 26,875 |
| APR10 | 35,536 | FEB11 | 28,700 | DEC11 | 26,875 |
| MAY10 | 36,579 | MAR11 | 28,700 | JAN12 | 25,218 |
| JUN10 | 37,111 | APR11 | 26,875 | FEB12 | 25,218 |
| JUL10 | 32,964 | MAY11 | 26,875 | MAR12 | 25,218 |
| AUG10 | 32,964 | JUN11 | 26,875 | APR12 | 25,218 |
| SEP10 | 32,964 | JUL11 | 26,875 | | |
| OCT10 | 30,268 | AUG11 | 26,875 | | |
| NOV10 | 30,268 | SEP11 | 26,875 | | |
| DEC10 | 30,268 | OCT11 | 26,875 | | |

Table of Contents**2. Rates****USD-Brazil Interest Rate**

| Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 31/03/2010 | 1.05 | 02/07/2012 | 2.89 | 02/01/2015 | 4.28 |
| 01/06/2010 | 1.05 | 01/10/2012 | 3.08 | 01/04/2015 | 4.39 |
| 01/07/2010 | 1.10 | 02/01/2013 | 3.29 | 01/07/2015 | 4.44 |
| 01/10/2010 | 1.30 | 01/04/2013 | 3.50 | 04/01/2016 | 4.53 |
| 03/01/2011 | 1.55 | 01/07/2013 | 3.66 | 01/07/2016 | 4.61 |
| 01/04/2011 | 1.75 | 01/10/2013 | 3.79 | 02/01/2017 | 4.68 |
| 01/07/2011 | 1.98 | 02/01/2014 | 3.92 | 02/01/2018 | 4.80 |
| 03/10/2011 | 2.23 | 01/04/2014 | 4.04 | 02/01/2019 | 4.90 |
| 02/01/2012 | 2.46 | 01/07/2014 | 4.15 | 02/01/2020 | 5.07 |
| 02/04/2012 | 2.68 | 01/10/2014 | 4.22 | 04/01/2021 | 5.17 |

US Interest Rate

| Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| USD1D | 0.15 | USD9M | 0.42 | USD5Y | 2.81 |
| USD1M | 0.33 | USD1Y | 0.54 | USD7Y | 3.45 |
| USD2M | 0.29 | USD2Y | 1.20 | USD10Y | 4.02 |
| USD3M | 0.26 | USD3Y | 1.82 | | |
| USD6M | 0.34 | USD4Y | 2.36 | | |

TJLP

| Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 31/03/2010 | 6.00 | 01/01/2012 | 7.37 | 01/01/2014 | 7.31 |
| 01/04/2010 | 6.00 | 01/04/2012 | 7.36 | 01/04/2014 | 7.30 |
| 01/07/2010 | 6.88 | 01/07/2012 | 7.34 | 01/07/2014 | 7.31 |
| 01/10/2010 | 7.91 | 01/10/2012 | 7.34 | 01/10/2014 | 7.34 |
| 01/01/2011 | 7.83 | 01/01/2013 | 7.33 | 01/01/2015 | 7.39 |
| 01/04/2011 | 7.61 | 01/04/2013 | 7.33 | 01/04/2015 | 7.47 |
| 01/07/2011 | 7.46 | 01/07/2013 | 7.33 | | |
| 01/10/2011 | 7.40 | 01/10/2013 | 7.33 | | |

BRL Interest Rate

| Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) | Maturity | Rate (% a.a.) |
|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|
| 31/03/2010 | 8.61 | 01/07/2011 | 11.22 | 01/07/2014 | 12.20 |
| 01/04/2010 | 8.61 | 02/01/2012 | 11.67 | 02/01/2015 | 12.19 |
| 03/05/2010 | 8.66 | 02/04/2012 | 11.83 | 02/01/2017 | 12.26 |
| 01/06/2010 | 8.96 | 02/07/2012 | 11.97 | 04/01/2021 | 12.55 |
| 01/07/2010 | 9.19 | 02/01/2013 | 12.05 | | |
| 01/10/2010 | 9.86 | 01/07/2013 | 12.12 | | |
| 03/01/2011 | 10.40 | 02/01/2014 | 12.14 | | |
| 01/04/2011 | 10.87 | 01/04/2014 | 12.18 | | |

3. Currencies

EURO

| Maturity | EUR/USD | Maturity | EUR/USD | Maturity | EUR/USD |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| EURSPOT | 1.35 | EUR9M | 1.35 | EUR4Y | 1.39 |
| EUR1M | 1.35 | EUR1Y | 1.35 | EUR5Y | 1.40 |
| EUR3M | 1.35 | EUR2Y | 1.36 | EUR7Y | 1.44 |
| EUR6M | 1.35 | EUR3Y | 1.37 | EUR10Y | 1.48 |

AUD

| Maturity | AUD/USD | Maturity | AUD/USD | Maturity | AUD/USD |
|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| AUDSPOT | 1.09 | AUD9M | 1.13 | AUD4Y | 1.25 |
| AUD1M | 1.09 | AUD1Y | 1.14 | AUD5Y | 1.28 |
| AUD3M | 1.10 | AUD2Y | 1.18 | AUD7Y | 1.33 |
| AUD6M | 1.11 | AUD3Y | 1.22 | AUD10Y | 1.39 |

Currencies Ending rates as of December 31, 2009

| | | | | | |
|---------|--------|---------|--------|---------|--------|
| USD/CAD | 1.0150 | USD/BRL | 1.7810 | EUR/USD | 1.3518 |
|---------|--------|---------|--------|---------|--------|

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| | Consolidated | | | | Parent Company | |
|--|-------------------------------|-------------------------------------|-------------------------------|--|-------------------------------|---|
| | Assets | | Liabilities | | Assets | |
| | March 31, 2010 | | March 31, 2010 | | March 31, 2010 | |
| | (unaudited) Non Current | December 31, 2009 Non current | (unaudited) Non Current | December 31, 2009 Non current | (unaudited) Non current | December 31, 2009 Non current |
| Derivatives not designated as hedge | | | | | | |
| Foreign exchange and interest rate risk | | | | | | |
| CDI & EJLP vs. USD fixed and floating rate swaps | 1,255,880 | 1,383,611 | | | 980,797 | 1,058,303 |
| Euro floating rate vs. USD floating rate swap | 1,810 | 2,559 | | | 1,810 | 2,559 |
| USD floating rate vs. CDI | | | 28,942 | 13,029 | 38,829 | 23,364 |
| USD vs. fixed rate swap | | | 624 | 365 | 926 | |
| NDF swap | | | 476 | | 160 | |
| USD floating rate vs. USD fixed rate swap | | | | 13,213 | 12,003 | 2,159 |
| EuroBonds swap | 2,735 | | | | | |
| AUD forward purchase | 15,784 | 14,946 | | | | |

| | | | | | | | | | | | |
|---------------------------|----------------|------------------|----------------|------------------|----------------|----------------|----------------|---------------|----------------|----------------|------------------|
| | | 1,276,209 | | 1,401,116 | 30,042 | 26,607 | 51,918 | 25,523 | | 982,607 | 1,060,862 |
| Fixed price purchase/sale | 37,198 | 1,756 | 21,780 | 2,909 | 48,225 | 949 | 4,495 | 13,687 | | | |
| Strategic program (2) | | | | | | 280,331 | 55,553 | | | | |
| Maritime freight | | | | | | | | | | | |
| Insurance | | | | | | | | | | | |
| Protection program | 27,265 | | 50,448 | | | | | | | | |
| Aluminium | | | | | | 41,409 | 27,640 | 466 | | | |
| Bunker oil | | | | | | | | | | | |
| (1) | 50,563 | | 84,573 | | | | | | | | |
| Coal | 9 | | | | 2,059 | | | | | | |
| | 115,035 | 1,756 | 156,801 | 2,909 | 50,284 | 322,689 | 87,688 | 14,153 | | | |
| Cash flow | | | | | | | | | | | |
| Change | 200,809 | 34,985 | 26,131 | 102,059 | | | | | 128,942 | | 36,828 |
| Strategic | | | | | | | | | | | |
| Nickel | | | | | | 95,668 | | | | | |
| Aluminium | | | | | 117,671 | | 123,989 | | | | |
| | 200,809 | 34,985 | 26,131 | 102,059 | 117,671 | 95,668 | 123,989 | | 128,942 | | 36,828 |
| Total | 315,844 | 1,312,950 | 182,932 | 1,506,084 | 197,997 | 444,964 | 263,595 | 39,676 | 128,942 | 982,607 | 1,097,690 |

(1) Comprise realized derivatives in the amount of R\$ 5,479 e R\$ (16,431) in March 31, 2010 and December 31, 2009 respectively.

(2) Comprise realized derivatives in the amount of R\$ (17,589) and R\$ 6,767 in March 31, 2010 and

December 31,
2009
respectively.

- (3) Comprise realized derivatives in the amount of R\$ (8,122) e R\$ (39,197) in March 31, 2010 and December 31, 2009 respectively.

- (4) Comprise realized derivatives in the amount of R\$ (75) in March 31, 2010.

The effects of derivatives on equity

The effects of hedge accounting that affects the stockholders' equity are as follows:

| | | Consolidated (unaudited) | | |
|---|-------------------|---------------------------------|---------------|--------------|
| | Currencies | Aluminum | Nickel | Total |
| Balance on 31/12/09 | 68,603 | (63,235) | | 5,368 |
| Fair value measurement | 62,632 | (20,446) | (95,929) | (53,743) |
| Transference to financial results due to settlement | (6,403) | 23,669 | | 17,266 |
| Balance on 31/03/10 | 124,832 | (60,012) | (95,929) | (31,109) |

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

| | Consolidated | | | Parent Company Accumulated (unaudited) | |
|--|--------------------------------------|----------------|---------------|--|-----------------|
| | Three-month period ended (unaudited) | | | March | March 31, |
| | March | December | March 31, | 31, | March 31, |
| | 31, | 31, | 2009 | 2010 | 2009 |
| | 2010 | 2009 | 2009 | | |
| Derivatives not designated as hedge | | | | | |
| Foreign exchange and interest rate risk | | | | | |
| CDI & TJLP vs. USD fixed and floating rate swaps | (76,284) | 343,195 | 76,647 | (53,768) | (60,611) |
| USD floating rate vs. USD fixed rate swap | 1,500 | (811) | (1,283) | | |
| Euro floating rate vs. USD floating rate swap | (750) | (229) | (1,373) | (750) | (1,373) |
| AUD forward purchase | 2,834 | 1,040 | 6,089 | | |
| USD floating rate vs. CDI NDF swap | (254) | (65,264) | | | |
| | (317) | (160) | | | |
| Floating Libor vs. fixed Libor swap | (1,804) | | | | |
| Commodities price risk | | | | | |
| Nickel | | | | | |
| Fixed price purchase/ sale | (15,923) | (1,102) | (18,712) | | |
| Strategic program | (249,371) | (11,172) | | | |
| Copper scraps/ strategic copper | 8 | | (321) | | |
| Strategic copper | | | | | |
| Natural gas | | 266 | (6,353) | | |
| Maritime freight hiring protection program | (5,078) | 133,880 | | | |
| Bunker oil | (11,110) | 71,978 | | | |
| Coal | (2,059) | | | | |
| Embedded derivatives | | | | | |
| Fixed price nickel sales | | 325 | (15,569) | | |
| Customer raw material purchase | | 6,416 | 4,650 | | |
| Energy purchase aluminum options | (40,943) | (466) | | | |
| Derivatives designated as hedge | | | | | |
| Aluminium | | (31,369) | | | |
| | (399,551) | 446,527 | 43,775 | (54,518) | (61,984) |

| | Consolidated | | | Parent Company Accumulated (unaudited) | |
|--|--------------------------------------|----------|-----------|--|-----------|
| | Three-month period ended (unaudited) | | | March | March 31, |
| | March | December | March 31, | 31, | March 31, |
| | 31, | 31, | 2009 | 2010 | 2009 |
| | 2010 | 2009 | 2009 | | |

Derivatives not designated as hedge**Foreign exchange and interest rate risk**

| | | | | | |
|--|----------|---------|---------|----------|----------|
| CDI & TJLP vs. USD fixed and floating rate swaps | (51,446) | 154,700 | 49,255 | (23,738) | (21,866) |
| USD floating rate vs. USD fixed rate swap | 3,069 | (4,037) | (3,859) | | |
| Euro floating rate vs. USD floating rate swap | | 831 | | | |
| AUD forward purchase | (1,996) | 4,525 | | | |
| USD floating rate vs. CDI | 18,722 | (3,071) | | | |
| Floating Libor vs. fixed Libor swap | 246 | 66 | | | |

Commodities price risk

| | | | | | |
|--|----------|----------|---------|--|--|
| Nickel | | | | | |
| Fixed price purchase/ sale | (1,462) | (31,378) | 8,858 | | |
| Strategic program | 24,853 | (64,448) | | | |
| Copper scraps/ strategic copper | | | | | |
| | | | 491 | | |
| Natural gas | | | | | |
| Maritime freight hiring protection program | (18,105) | 12,545 | (4,619) | | |
| Bunker oil | (22,900) | 19,465 | (168) | | |
| Aluminum | 27,640 | | | | |

Embedded derivatives

| | | | | | |
|----------------------------------|--|--|--|--|--|
| Fixed price nickel sales | | | | | |
| Customer raw material purchase | | | | | |
| Energy purchase aluminum options | | | | | |

Derivatives designated as hedge

| | | | | | |
|-----------------|----------------|---------------|---------------|-----------------|-----------------|
| Cash flow hedge | (6,403) | | | | |
| Aluminium | 23,670 | (8,387) | | | |
| | (4,112) | 79,993 | 49,958 | (23,738) | (21,866) |

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

| | Consolidated Balances as of (unaudited) March 31, 2010 | | | | | | |
|--|---|---|----------------|------------------|--------------------------|------------------|--------------------|
| | Currencies | Bunker oil and Natural Gas | Freight | Aluminum | Copper / Coal | Nickel | Total |
| Gain/ (losses) unrealized on 12/31/09 | 1,451,864 | 84,573 | 50,448 | (152,095) | | (49,045) | 1,385,745 |
| Payments (receipt) financial | (37,807) | (22,900) | (18,105) | 51,309 | | 23,391 | (4,112) |
| Financial expenses, net (1) | 36,396 | (13,112) | (6,096) | (58,293) | (2,056) | (364,218) | (407,379) |
| Monetary variances, net (2) | 4,900 | 2,002 | 1,018 | | 6 | 3,652 | 11,578 |
| Gain/ (losses) unrealized on 03/31/10 | 1,455,353 | 50,563 | 27,265 | (159,079) | (2,050) | (386,220) | 985,832 |
| | March 31, 2009 | | | | | | |
| | Currencies | Bunker oil and Natural Gas | Freight | Aluminum | Copper / Coal | Nickel | Total |
| Gain/ (losses) unrealized on 12/31/08 | (1,336,013) | (4,358) | | | 626 | 79,185 | (1,260,560) |
| Payments (receipt) financial | (45,396) | 4,787 | | | (491) | (8,857) | (49,957) |
| Financial expenses, net (1) | 77,614 | (7,931) | | | (321) | (29,476) | 39,886 |
| Monetary variances, net (2) | 2,758 | 35 | | | (6) | (761) | 2,026 |
| Gain/ (losses) unrealized on 03/31/09 | (1,301,037) | (7,467) | | | (192) | 40,091 | (1,268,605) |
| | December 31, 2009 | | | | | | |
| | Currencies | Bunker oil and Natural Gas | Freight | Aluminum | Copper / Coal | Nickel | Total |

| | | | | | | |
|--|------------------|---------------|---------------|------------------|-----------------|------------------|
| Gain/ (losses) unrealized on 09/30/09 | 1,239,541 | 30,962 | (69,888) | 19,405 | (136,430) | 1,083,590 |
| Payments (receipt) financial | (152,291) | (17,647) | (12,545) | 8,387 | 94,827 | (79,269) |
| Financial expenses, net (1) | 370,678 | 71,756 | 132,229 | (179,890) | (12,701) | 382,072 |
| Monetary variances, net (2) | (5,250) | (495) | 1,651 | 2 | 4,260 | 168 |
| Gain/ (losses) unrealized on 12/31/09 | 1,452,678 | 84,576 | 51,447 | (152,096) | (50,044) | 1,386,561 |

(1) Comprise amounts related to hedge accounting which does not affect the financial results, as follows:
R\$3.409,
R\$(60.841) e
R\$(1.416),
March 31, 2010,
December 31,
2009 and
March 31, 2009,
respectively.

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

(2) Include exchange variance reclassification into equity:
R\$80,
R\$(3.446),
R\$(447),
March 31, 2010,
December 31,
2009 and
March 31, 2009,
respectively.

**Parent
Company
March 31,**

| | 2010 (unaudited) Currencies |
|--|--|
| Gain/ (losses) unrealized on 12/31/09 | 1,097,690 |
| Payments (receipt) financial | (23,738) |
| Financial expenses, net (*) | 37,529 |
| Monetary variances, net | 68 |
| Gain/ (losses) unrealized on 03/31/10 | 1,111,549 |

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| | March 31, 2009 (unaudited) Currencies |
|--|--|
| Gain/ (losses) unrealized on 12/31/08 | (1,078,850) |
| Payments (receipt) financial | (21,867) |
| Financial expenses, net (*) | (61,934) |
| Monetary variances, net | (50) |
| Gain/ (losses) unrealized on 03/31/09 | (1,162,701) |

(*) It comprises R\$ 92.115 due hedge accounting which does not affect the results.

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

| | |
|-----------------------------|---------------|
| Interest rates / Currencies | December 2019 |
| Aluminum | December 2010 |
| Bunker Oil | December 2010 |
| Coal | December 2010 |
| Copper | July 2010 |
| Freight | December 2010 |
| Nickel | December 2011 |

7.25- Subsequent events

The Company acquired in April 2010, for US\$ 2,500 million, 51% interest on BSG Resources (Guinea) Ltd., which indirectly holds iron ore concession rights in Guinea, in Simandou South (Zogota), and iron ore exploration permits in Simandou North. From this amount US\$ 500 million is payable immediately and the remaining US\$ 2 billion on a phased basis upon achievement of specific milestones.

Aligned with the strategy of active management of our asset portfolio, the Company celebrated an agreement with Norsk Hydro to transfer all shares of Vale in Albras Aluminum Brasileiro S.A. (Albras) Alunorte Alumina do Norte do Brazil S.A. (Alunorte) and Companhia Alumina do Pará (CAP), and 60% of Paragominas mine and all bauxite mining rights in Brazil. For these transactions will be received USD 1.0. billion in cash and 22% of the voting capital of Hydro. In 2013 and 2015, will be sold the 40% remaining of the Paragominas mine and mining rights, by the amount of USD 400 million.

Table of Contents**Aluminum Area Valesul (Additional information unaudited)**

| Information | | 2009 | | | | | 2008 | | | | |
|--|---------------|--|--------------|------------|-------------|----------------|--|------------|--------------|-------------|-------|
| | | As of and for the three-month period ended | | | | | As of and for the three-month period ended | | | | |
| | | March 31 | September 30 | October 31 | November 30 | December Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold external market | MT (thousand) | | | | | | 2 | | | | 2 |
| Quantity sold internal market | MT (thousand) | 8 | | | 8 | 13 | 9 | 9 | 9 | 40 | |
| Quantity sold total | MT (thousand) | 8 | | | 8 | 15 | 9 | 9 | 9 | 42 | |
| Average sales price external market | US\$ | | | | | 2,392.81 | | | | 2,815.50 | |
| Average sales price internal market | US\$ | 4,200.12 | | | 4,200.12 | 2,133.06 | 3,629.56 | 3,164.66 | 3,596.33 | 2,972.28 | |
| Average sales price total | US\$ | 4,200.12 | | | 4,200.12 | 2,167.50 | 3,722.67 | 3,164.66 | 3,596.33 | 2,964.81 | |
| Stockholders equity | US\$ | 357 | | | 357 | 271 | 324 | 354 | 364 | 364 | |
| Net operating revenues | US\$ | 33 | | | 33 | 26 | 25 | 31 | 45 | 127 | |
| Cost of products | US\$ | (30) | | | (30) | (27) | (21) | (28) | (40) | (116) | |
| Other expenses / revenues | US\$ | (2) | | | (2) | (3) | (2) | (4) | (3) | (12) | |
| Depreciation, amortization and depletion | US\$ | 2 | | | 2 | 3 | 3 | 2 | 1 | 9 | |
| EBITDA | US\$ | 3 | | | 3 | (1) | 5 | 1 | 3 | 8 | |
| Depreciation, amortization and depletion | US\$ | (2) | | | (2) | (3) | (3) | (2) | (1) | (9) | |

| | | | | | | | | |
|---|------|----------|----------|------------|----------|------------|----------|------------|
| EBIT | US\$ | 1 | 1 | (4) | 2 | (1) | 2 | (1) |
| Net financial result | US\$ | 1 | 1 | | | | | |
| Income before income tax and social contribution | US\$ | 2 | 2 | (4) | 2 | (1) | 2 | (1) |
| Net income | US\$ | 2 | 2 | (4) | 2 | (1) | 2 | (1) |

Table of Contents**Aluminum Area MRN (Additional information unaudited)**

| Information | | 2009 | | | | | 2008 | | | | |
|-------------------------------------|---------------|--------------------------|---------|--------------|-------------|--------------|--------------------------|--------------|--------------|--------------|---------------|
| | | As of and for the | | | | | As of and for the | | | | |
| | | three-month period ended | | | | | three-month period ended | | | | |
| | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold external market | MT (thousand) | 1,296 | | | | 1,296 | 798 | 777 | 838 | 1,192 | 3,605 |
| Quantity sold internal market | MT (thousand) | 2,456 | | | | 2,456 | 2,640 | 2,865 | 3,182 | 3,346 | 12,033 |
| Quantity sold total | MT (thousand) | 3,752 | | | | 3,752 | 3,438 | 3,642 | 4,020 | 4,538 | 15,638 |
| Average sales price external market | US\$ | 23.50 | | | | 23.50 | 35.19 | 32.96 | 29.66 | 29.90 | 31.51 |
| Average sales price internal market | US\$ | 22.83 | | | | 22.83 | 30.96 | 27.42 | 26.80 | 28.22 | 28.15 |
| Average sales price total | US\$ | 23.06 | | | | 23.06 | 31.94 | 28.61 | 27.39 | 28.66 | 28.92 |
| Long-term indebtedness, gross | US\$ | 75 | | | | 75 | 84 | 77 | 71.343868011 | 64 | 64 |
| Short-term indebtedness, gross | US\$ | 235 | | | | 235 | 181 | 211 | 206.14828004 | 231 | 231 |
| Total indebtedness, gross | US\$ | 309 | | | | 309 | 265 | 288 | 277 | 295 | 295 |
| Stockholders equity | US\$ | 326 | | | | 326 | 276 | 374 | 426 | 330 | 330 |
| Net operating revenues | US\$ | 76 | | | | 76 | 96 | 91 | 96 | 114 | 397 |
| Cost of products | US\$ | (65) | | | | (65) | (49) | (59) | (65) | (79) | (252) |
| Other expenses / revenues | US\$ | (2) | | | | (2) | (1) | (1) | (1) | (4) | (7) |
| Depreciation, amortization | US\$ | 14 | | | | 14 | 12 | 1 | 15 | 26 | 54 |

and depletion

| | | | | | | | | |
|---|------|-----------|-----------|-----------|-----------|-----------|--------------|-------------|
| EBITDA | US\$ | 23 | 23 | 58 | 32 | 45 | 57 | 192 |
| Depreciation, amortization and depletion | US\$ | (14) | (14) | (12) | (1) | (15) | (26) | (54) |
| EBIT | US\$ | 9 | 9 | 46 | 31 | 30 | 31 | 138 |
| Net financial result | US\$ | (5) | (5) | (1) | 23 | 10 | (127) | (95) |
| Income before income tax and social contribution | US\$ | 4 | 4 | 45 | 54 | 40 | (96) | 43 |
| Income tax and social contribution | US\$ | (1) | (1) | (15) | (1) | (14) | (37) | (67) |
| Net income | US\$ | 3 | 3 | 30 | 53 | 26 | (133) | (24) |

Table of Contents**Aluminum Area Albras (Additional information unaudited) Consolidated Subsidiary**

| Information | | 2009 | | | | 2008 | | | | | |
|-------------------------------------|---------------|--|--------------|--------------|-------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | As of and for the three-month period ended | | | | As of and for the three-month period ended | | | | | |
| | | March 31 | September 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold external market | MT (thousand) | 101 | | | | 101 | 107 | 109 | 101 | 115 | 432 |
| Quantity sold internal market | MT (thousand) | 5 | | | | 5 | 5 | 6 | 5 | 7 | 23 |
| Quantity sold total | MT (thousand) | 106 | | | | 106 | 112 | 115 | 106 | 122 | 455 |
| Average sales price external market | US\$ | 2,085.21 | | | | 2,085.21 | 1,388.35 | 1,378.32 | 1,689.77 | 1,852.89 | 1,579.27 |
| Average sales price internal market | US\$ | 2,572.00 | | | | 2,572.00 | 1,783.09 | 1,251.00 | 1,656.00 | 2,067.14 | 1,691.39 |
| Average sales price total | US\$ | 2,108.17 | | | | 2,108.17 | 1,405.98 | 1,372.42 | 1,688.08 | 1,865.19 | 1,584.94 |
| Long-term indebtedness, gross | US\$ | 217 | | | | 217 | 250 | 233 | 233.332208537 | 217 | 217 |
| Short-term indebtedness, gross | US\$ | 216 | | | | 216 | 156 | 152 | 185.099263259 | 229 | 229 |
| Total indebtedness, gross | US\$ | 433 | | | | 433 | 406 | 385 | 418 | 446 | 446 |
| Stockholders equity | US\$ | 1,065 | | | | 1,065 | 778 | 952 | 1,080 | 1,094 | 1,094 |
| Net operating revenues | US\$ | 222 | | | | 222 | 156 | 158 | 178 | 226 | 718 |
| Cost of products | US\$ | (197) | | | | (197) | (161) | (168) | (172) | (216) | (717) |
| Other expenses / revenues | US\$ | (25) | | | | (25) | (13) | (10) | (12) | (20) | (55) |

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| | | | | | | | | |
|--|------|-------------|-------------|-------------|-------------|------------|-------------|-------------|
| Depreciation, amortization and depletion | US\$ | 6 | 6 | 5 | 6 | 7 | 7 | 25 |
| EBITDA | US\$ | 6 | 6 | (13) | (14) | | (3) | (30) |
| Depreciation, amortization and depletion | US\$ | (6) | (6) | (5) | (6) | (7) | (7) | (25) |
| EBIT | US\$ | | | (18) | (20) | (6) | (10) | (54) |
| Net financial result | US\$ | (33) | (33) | (1) | 63 | 32 | 15 | 109 |
| Income (loss) before income tax and social contribution | US\$ | (33) | (33) | (19) | 43 | 26 | 5 | 55 |
| Income tax and social contribution | US\$ | (1) | (1) | 8 | (15) | (9) | 56 | 40 |
| Net income (loss) | US\$ | (34) | (34) | (11) | 28 | 17 | 61 | 95 |

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| Aluminum Area | Alunorte (Additional information unaudited) | 2009 | | | | | 2008 | | | | |
|-------------------------------------|---|--|---------|--------------|-------------|---------------|--|---------------|---------------|---------------|---------------|
| | | As of and for the three-month period ended | | | | | As of and for the three-month period ended | | | | |
| Information | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold external market | MT (thousand) | 1,106 | | | | 1,106 | 1,225 | 1,257 | 1,237 | 1,280 | 4,999 |
| Quantity sold internal market | MT (thousand) | 212 | | | | 212 | 216 | 273 | 253 | 218 | 960 |
| Quantity sold total | MT (thousand) | 1,318 | | | | 1,318 | 1,441 | 1,530 | 1,490 | 1,498 | 5,959 |
| Average sales price external market | US\$ | 259.91 | | | | 259.91 | 192.84 | 214.82 | 255.36 | 287.31 | 238.90 |
| Average sales price internal market | US\$ | 267.55 | | | | 267.55 | 170.69 | 190.76 | 265.62 | 289.10 | 239.79 |
| Average sales price total | US\$ | 261.14 | | | | 261.14 | 195.62 | 210.39 | 257.10 | 287.57 | 239.05 |
| Long-term indebtedness, gross | US\$ | 825 | | | | 825 | 845.397 | 845 | 835 | 835 | 835 |
| Short-term indebtedness, gross | US\$ | 23 | | | | 23 | 52.676 | 39 | 31 | 24 | 24 |
| Total indebtedness, gross | US\$ | 848 | | | | 848 | 898 | 884 | 866 | 859 | 859 |
| Stockholders equity | US\$ | 2,473 | | | | 2,473 | 1,789 | 2,197 | 2,477 | 2,495 | 2,495 |
| Net operating revenues | US\$ | 339 | | | | 339 | 278 | 323 | 376 | 426 | 1,403 |
| Cost of products | US\$ | (291) | | | | (291) | (304) | (354) | (352) | (356) | (1,366) |
| Other expenses / revenues | US\$ | (14) | | | | (14) | (7) | (9) | (13) | (20) | (49) |
| Depreciation, amortization | US\$ | 29 | | | | 29 | 24 | 32 | 30 | 33 | 119 |

and depletion

| | | | | | | | | |
|--|------|-----------|-----------|-------------|-------------|-----------|------------|-------------|
| EBITDA | US\$ | 63 | 63 | (9) | (8) | 41 | 83 | 107 |
| Depreciation, amortization and depletion | US\$ | (29) | (29) | (24) | (32) | (30) | (33) | (119) |
| EBIT | US\$ | 34 | 49 | (33) | (40) | 11 | 50 | (12) |
| Net financial result | US\$ | (20) | (20) | | 144 | 73 | | 217 |
| Income (loss) before income tax and social contribution | US\$ | 14 | 63 | (33) | 104 | 84 | 50 | 205 |
| Income tax and social contribution | US\$ | 32 | 32 | 11 | (35) | (28) | (58) | (110) |
| Net income (loss) | US\$ | 46 | 46 | (22) | 69 | 56 | (8) | 95 |

Table of Contents**Pelletizing Affiliates Hispanobras (Additional information unaudited)**

| Information | | 2009 | | | | | 2008 | | | | |
|--|---------------|--|---------|--------------|-------------|--------------|--|--------------|--------------|--------------|-------|
| | | As of and for the three-month period ended | | | | | As of and for the three-month period ended | | | | |
| | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold external market | MT (thousand) | 217 | | | | 217 | | | 75 | 75 | |
| Quantity sold internal market | MT (thousand) | 780 | | | | 780 | | 243 | 753 | 996 | |
| Quantity sold total | MT (thousand) | 997 | | | | 997 | | 243 | 828 | 1,071 | |
| Average sales price external market | US\$ | 67.06 | | | | 67.06 | | | 70.90 | 62.70 | |
| Average sales price internal market | US\$ | 75.30 | | | | 75.30 | | 70.08 | 75.18 | 65.66 | |
| Average sales price total | US\$ | 73.51 | | | | 73.51 | | 70.08 | 74.79 | 65.46 | |
| Stockholders equity | US\$ | 156 | | | | 156 | 96 | 105 | 166 | 164 | |
| Net operating revenues | US\$ | 73 | | | | 73 | | 17 | 62 | 79 | |
| Cost of products | US\$ | (77) | | | | (77) | | (19) | (66) | (85) | |
| Other expenses / revenues | US\$ | (3) | | | | (3) | (7) | (10) | (10) | (33) | |
| Depreciation, amortization and depletion | US\$ | 1 | | | | 1 | 2 | 2 | 2 | 8 | |
| EBITDA | US\$ | (6) | | | | (6) | (5) | (8) | (10) | (31) | |
| Depreciation, amortization and depletion | US\$ | (1) | | | | (1) | (2) | (2) | (2) | (8) | |
| EBIT | US\$ | (7) | | | | (7) | (7) | (10) | (12) | (39) | |
| Net financial result | US\$ | 2 | | | | 2 | 1 | 1 | 1 | 4 | |

| | | | | | | | | |
|--|------|------------|------------|------------|------------|-------------|------------|-------------|
| Income (loss) before income tax and social contribution | US\$ | | | | | | | |
| | | (5) | (5) | (6) | (9) | (11) | (9) | (35) |
| Income before income tax and social contribution | US\$ | | | | | | | |
| | | 1 | 1 | | | 9 | 3 | 12 |
| Net income | US\$ | (4) | (4) | (6) | (9) | (2) | (6) | (23) |

Table of Contents**Pelletizing Affiliates Samarco (Additional information unaudited)**

| Information | | 2009 | | | | 2008 | | | | |
|--|---------------|--|----|-------|------------------|--|------------------|------------------|------------------|------------------|
| | | As of and for the three-month period ended | | | | As of and for the three-month period ended | | | | |
| | | September | | | | September | | | December | |
| March 31 | 30 | 30 | 31 | Total | March 31 | June 30 | 30 | 31 | | |
| Quantity sold Pellets | MT (thousand) | 4,793 | | | 4,793 | 2,141 | 3,313 | 6,011 | 5,440 | 16,905 |
| Quantity sold Iron ore | MT (thousand) | 353 | | | 353 | 714 | 236 | 345 | 314 | 1,609 |
| Quantity sold total | MT (thousand) | 5,146 | | | 5,146 | 2,855 | 3,549 | 6,356 | 5,754 | 18,514 |
| Average sales price Pellets | US\$ | 89.07 | | | 89.07 | 98.56 | 71.89 | 70.60 | 79.88 | 75.01 |
| Average sales price Iron ore | US\$ | 54.08 | | | 54.08 | 62.56 | 75.17 | 45.52 | 56.15 | 61.36 |
| Long-term indebtedness, gross | US\$ | 854,405 | | | 854,405 | 769,734 | 819,663 | 719,676 | 949,564 | 949,564 |
| Short-term indebtedness, gross | US\$ | 517,672 | | | 517,672 | 698,816 | 455,569 | 415,149 | 520,704 | 520,704 |
| Total indebtedness, gross | US\$ | 1,372,077 | | | 1,372,077 | 1,468,550 | 1,275,232 | 1,134,825 | 1,470,268 | 1,470,268 |
| Stockholders equity | US\$ | 1,225 | | | 1,225 | 822 | 1,073 | 1,375 | 1,224 | 1,224 |
| Net operating revenues | US\$ | 445 | | | 445 | 260 | 247 | 482 | 445 | 1,434 |
| Cost of products | US\$ | (236) | | | (236) | (97) | (173) | (250) | (248) | (768) |
| Other expenses / revenues | US\$ | (59) | | | (59) | (59) | (7) | (48) | (57) | (171) |
| Depreciation, amortization and depletion | US\$ | 1 | | | 1 | 18 | 22 | 31 | 36 | 107 |

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| | | | | | | | | |
|--|------|--------------|--------------|------------|------------|------------|------------|------------|
| EBITDA | US\$ | 151 | 151 | 122 | 89 | 215 | 176 | 602 |
| Depreciation, amortization and depletion | US\$ | (1) | (1) | (18) | (22) | (31) | (36) | (107) |
| EBIT | US\$ | 150 | 150 | 104 | 67 | 184 | 140 | 495 |
| Net financial result | US\$ | (363) | (363) | (3) | 164 | 79 | 15 | 255 |
| Income (loss) before income tax and social contribution | US\$ | (213) | (213) | 101 | 231 | 263 | 155 | 750 |
| Income tax and social contribution | US\$ | (34) | (34) | (18) | (54) | (41) | (39) | (152) |
| Net income (loss) | US\$ | (247) | (247) | 83 | 177 | 222 | 116 | 598 |

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Signatures

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

Vale S.A.
(Registrant)

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

Date: May 6, 2010