

Vale S.A.  
Form 6-K  
June 02, 2011

**Table of Contents**

**United States  
Securities and Exchange Commission  
Washington, D.C. 20549  
FORM 6-K  
Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
of the  
Securities Exchange Act of 1934  
For the month of  
May 2011  
Vale S.A.**

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

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

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

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

(Check One) Yes  No

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

(Check One) Yes  No

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

(Check One) Yes  No

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

**TABLE OF CONTENTS**

Press Release  
Signature Page

---

**Table of Contents**

**1.1. Stament and Identification of the Responsible Individual**

**Name of the individual responsible  
for the content of the Reference Form  
Position of responsible individual**

**Murilo Pinto Ferreira**  
Executive Director

**Name of the individual responsible  
for the content of the Reference Form  
Position of responsible individual**

**Guilherme Perboyre Cavalcanti**  
Director of Relationships with Investors

**The above-mentioned directors stated that:**

- a. They have reviewed the Reference Form;
- b. All the information contained in the Reference Form complies with InstructionCVM No. 480, in particular Articles 14 thru 19;
- c. All the information contained therein is an accurate, precise and complete representation of the economic and financial situation of the issuer and of the risks inherent to its activities and the securities issued by it.

**Table of Contents****2.1 Independent Auditors:  
2.2 Remuneration of auditors**

Does it have auditor?	YES
CVM (Securities Commission) Code	3859
Type of Auditor	Domestic
Name/Corporate name	Deloitte Touche Tohmatsu, Independent Auditors
CPF/CNPJ	49,928,567/0002-00
Period of provision of services	From 02/27/2007 to 07/22/2009
Description of the service contracted	Provision of professional services for auditing the annual report from Vale, its subsidiaries, and controlled companies; provision of services related to the audit; tax services related to legal requirements and other services unrelated with the audit.
Total amount of the remuneration of independent auditors itemized per service	<p>For the fiscal year ended on December 31, 2008, the independent auditors received fees for a total of R\$4.5 million for services rendered to Vale and its controlled companies.</p> <p>Accounting Auditing R\$1.7 million  Services related to the audit R\$0.4 million  Review of tax requirements (Brazil and abroad) R\$2.4 million  Service Total R\$4.5 million</p>
Justification for replacement	The period of five years of validity for the contract signed with Deloitte Touche Tohmatsu Auditores Independentes (Deloitte Touche Tohmatsu, Independent Auditors) ended with the issuance of the report regarding the Quarterly Reports of March 31, 2009, and the management of Vale decided not to use the power of not replacing the independent auditors foreseen by Resolution CVM No. 549/2008, and in that way it voluntarily replaced its independent auditor with the consent of Deloitte Touche Tohmatsu Auditores. In agreement with Instruction CVM No. 308/99, Vale informed CVM about the change of auditor by mail Independentes. DICT/EXT-107/2009 dated 06/29/2009.
Reason submitted by the auditor in case of disagreement with the issuer justification	

**Table of Contents**

Name of the supervisor responsible	Period of provision of service	CPE	Address
Marcelo Cavalcanti Almeida	02/27/2007 to 07/22/2009	335.905.597-72	Av. Presidente Wilson, 231/ 22 andar, Centro, Rio de Janeiro, RJ, Brasil, CEP 20030-905
Does it have auditor?	YES		
CVM (Securities Commission) Code	2879		
Type of Auditor	Domestic		
Name/Corporate name	PricewaterhouseCoopers Auditores Independentes (PricewaterhouseCoopers Independent Auditors)		
CPF/CNPJ	61.562.112/0002-01		
Period of provision of services	07/24/2009		
Description of the service contracted	Provision of professional services for auditing the annual report from Vale, its subsidiaries, and controlled companies, both for domestic and international purposes, comfort letters for issuance of debts and equities at the Brazilian and international market, certification of internal controls in order to comply with Section 404 of Sarbanes-Oxley Act of 2002; provision of services related to the audit, and tax services related to legal requirements.		
Total amount of the remuneration of independent auditors itemized per service	<p>According to Instruction CVM 381/2003, the following were the services contracted for a three-year period beginning June 2009, from the external auditors from PriceWaterHouseCoopers Auditores Independentes, for the fiscal year 2010 for Vale and its controlled companies:</p> <p>Financial audit: R\$17,431.8 thousand [Seventeen billion, four hundred thirty-one million, eight hundred thousand]  Audit Sarbanes Oxley Act: R\$2,795.8 thousand [Two billion, seven hundred ninety-five million, eight hundred thousand]  Services related to the audit: R\$2,855.7 thousand [Two billion, eight hundred fifty-five million, seven hundred thousand] (They referred mainly to services coming from the listing of Vale at Hong Kong Stock Exchange.  Tax Services: R\$235.6 thousand [Two hundred thirty-five million, six hundred thousand] Services not related with the Audit (including comfort letters for the issuance of debts and equities at the Brazilian and international market): R\$691.9 thousand  Total for the services: : R\$24,010.7 thousand [Twenty-four billion, ten million, seven hundred thousand]</p>		

Edgar Filing: Vale S.A. - Form 6-K

For the fiscal year ended on December 31, 2008, the independent auditors received fees for a total of R\$20,773 million for services rendered to Vale and its controlled companies and R\$331 for services rendered to companies jointly controlled by Vale.

Accounting Auditing R\$ R\$17,158.2 million

Auditing Sarbanes Oxley Law: R\$2,951.1 million

Services related to the audit R\$237.5 million

Tax Services: R\$704.0 million

Services not related to the Audit: R\$13.7 million

Service Total R\$21,064.5 million

Justification for replacement

Reason submitted by the auditor in case  
of disagreement of the issuer justification

**Table of Contents**

Name of the supervisor responsible	Period of provision of service	CPE	Address
Marcos Donizete Panassol	07/24/2009	063.702.238-67	Rua da Candelaria, 65/ 11,14,15 andares, Centro, Rio de Janeiro, RJ, Brasil, CEP 20091-020

**2.3 Other information that the Company deems relevant**

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

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



**Table of Contents****3.1 Selected Consolidated Financial Information**

	<b>Fiscal Year Ended December 31</b>	
	2010	2009
a. Shareholders' equity (in R\$ thousand)	116,326,864	100,295,227
b. Total Assets (in R\$ thousand)	214,662,114	177,738,189
c. Net Revenue (R\$ thousand)	83,225,006	48,496,566
d. Gross Income (in R\$ thousand)	49,468,940	20,746,174
e. Net Income (in R\$ thousand)	30,070,051	10,336,950
f. Number of Shares, excluding treasury	5,218,279,135	5,212,724,297
g. Asset Value of Share (in R\$)	22.29	19.24
h. Earnings per Share (in R\$)	5.76245	1.96614
i. Other selected financial information	n/a	n/a

**3.2 Non-Accounting measurements*****a. value of non accounting measurements***

The Company uses LAJIDA (EBITDA) as a non-accounting measurement. In 2010, the EBITDA of the Company was established in the amount of R\$46,378,648 thousand (forty-six billion, three hundred and seventy eight million and six hundred and forty-eight thousand reais). In 2009 and 2008, these values were R\$18,619,085 thousand (eighteen billion, six hundred and nineteen million, eighty-five thousand reais) and R\$34,959,255 thousand (thirty four billion, nine hundred and fifty-nine million, two hundred and fifty-five thousand reais), respectively.

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

In R\$ thousands	2010	2009	2008
<b>Operating profit – EBIT</b>	<b>40,490,339</b>	<b>13,173,034</b>	<b>27,399,809</b>
Depreciation / Amortisation of goodwill	5,741,372	5,446,951	5,112,446
Reduction in recoverable value of intangible assets			
	<b>46,378,649</b>	<b>18,619,085</b>	<b>34,959,255</b>
Dividends received	146,938	21,318	63,260
<b>EBITDA (LAJIDA)</b>	<b>46,378,649</b>	<b>18,641,303</b>	<b>35,022,515</b>
Depreciation / Amortisation of goodwill	(5,741,372)	(5,446,951)	(5,112,446)
Dividends received	(146,938)	(21,318)	(63,260)
Reduction in recoverable value of intangible assets			
Corporate results	(48,081)	98,697	(1,324,580)
Proceeds from sale of investment		93,139	138,879
Net financial income	(2,763,399)	2,094,497	(3,837,534)
Income and social contribution	(7,035,659)	(4,954,488)	(664,728)
Minority interests	(351,441)	(167,929)	(432,217)
<b>Net income</b>	<b>30,070,051</b>	<b>10,336,950</b>	<b>21,279,629</b>

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

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

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

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

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

The financial statements for the year ended December 31, 2010 were issued and filed with the CVM on February 24, 2011. Below is a description of subsequent events, which were included in the financial statements in compliance with the rules in IAS 24, approved by CVM<sup>o</sup> 593/09.

**There is no subsequent event disclosed in our financial statements**

**3.4 Policy for allocation of results****Fiscal Year Ended December 31**

	<b>2010</b>	<b>2009</b>	<b>2008</b>
a. Rules on retention of profits	<p><b>Statutory Rule:</b> According to Article 43 of the Bylaws, there should be a consideration in the proposal for distribution of profits of the formation of (i) Exhaust Reserve, to be constituted in the form of tax legislation, and (ii) Investment Reserve for the purpose of ensuring the maintenance and development of activities that constitute the main object of the company, in an amount not exceeding 50% (fifty percent) of net income distributable up to the maximum capital of the company.</p> <p><b>Practice adopted by the Company:</b> Of the total of R\$36,073,218,330.41, R\$23,468,768,238.73 (65.1%) were destined to a Reserve for expansion /investment and R\$1,022,135,742.36 (2.8%) for the Tax Incentive Reserve. Of the total reserve for the expansion /investment, 50% was allocated based on statutory authorization and 15.1% was destined for the reserve based on the capital budget approved at the AGM.</p>	<p><b>Practice adopted by the Company:</b> Of the total R\$10,287,467,859.00, R\$6,653,281,672.35 (64.7%) destined to a Reserve for expansion /investment and R\$119,652,582.99 (1.16%) for the Tax Incentive Reserve. Of the total for the Reserve expansion /investment, 50% was sent based on statutory authorization, and 14.7% was destined for the reserve based on the capital budget approved by the AGM.</p>	<p><b>Practice adopted by the Company:</b> Of the total of R\$21,301,991,594.93, R\$15,178,507,589.28 (71.3%) was destined to a Reserve for Tax Incentives and R\$14,219,808,364.43 (70.9%) was destined to a Reserve for expansion /investment. Of the total for the Reserve expansion /investment, 50% was based on statutory authorization and 21.3% was destined for the reserve based on the capital budget approved by the AGM.</p>
b. Arrangements for distribution of dividends	<p><b>Statutory Rule:</b> According to Article 44 of the bylaws, at least 25% (twenty five percent) of annual net profits, adjusted according to the law, will be provided for the payment of dividends.</p> <p>Pursuant to Art. 5, §5<sup>o</sup> of the bylaws, the holders of preferred shares of Class A and special class, shall have their right to participate in the dividend to be distributed and calculated as per Chapter VII of the Bylaws, according to the following criterion:</p> <p>(a) Priority in the reception of dividends corresponding to (i) 3% (three per cent) at least of the net asset value of the share, calculated based on the financial statements analyzed that</p>		

Edgar Filing: Vale S.A. - Form 6-K

served as reference for the payment of dividends or (ii) 6% (six per cent) calculated on the part of the capital to which that class of share belongs, whichever is the greatest of these.

(b) Right to participate in the distributed incomes, under equal conditions with common shares, after them, guaranteeing a dividend equal to the priority minimum set up pursuant to a above

**Practice adopted by the Company:** 27% of annual net income was allocated to the payment of dividends

**Practice adopted by the Company:** 31% of annual net income was allocated to the payment of dividends

**Practice adopted by the Company:** 25% of annual net income was allocated to the payment of dividends

c. Frequency of dividend distribution

In accordance with the Dividend Policy adopted by Vale, payments are made semiannually in the months of April and October.

d. Restrictions to dividend distribution

n / a

n / a

n / a

**Table of Contents****3.5 Distributions of dividends and retention of net income.**

(Reais)	<b>Fiscal Year Ended December 31</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Adjusted net income for dividend payments (in R\$)	36,073,218,330.41	9,655,367,895.00	20,238,010,119.00
Percentage of dividend over the adjusted net profit	29.0	31.0	25.0
Rate of return in relation to equity (%)	27.0	11.0	22.0
Dividend distributed (total)	9,778,653,432.80	3,002,086,223.00	5,059,502,530.00
Net income retained (in R\$)	None	None	None
Date of approval of the retention	None	None	None

<b>Net income retained</b>	<b>Amount (R\$)</b>	<b>Payment date</b>	<b>Amount (R\$)</b>	<b>Payment date</b>	<b>Amount (R\$)</b>	<b>Payment date</b>
<b>Interest on Capital</b>						
Common	1,029,923,339.00	10/30/2010	57,865,446.00	10/31/2009	1,281,510,820.00	10/31/2009
Common	1,952,075,334.00	04/30/2011	1,341,608,462.00	04/30/2010		
Preferred Class A	644,693,233.00	10/30/2010	36,937,363.00	10/31/2009	818,029,292.00	10/31/2009
Preferred Class A	1,221,924,666.00	04/30/2011	856,391,538.00	04/30/2010		
Common	1,013,746,000.00	1/31/2011	436,222,763.00	10/30/2010		
Preferred Class A	656,354,000.00	1/31/2011	273,059,651.00	10/30/2010		
<b>Other</b>						
Common	2,004,928,273.00	10/31/2011				
Preferred Class A	1,255,008,588.00	10/31/2011				
<b>Mandatory Dividend</b>						
Common					136,691,882.00	10/31/2008
Common					1,669,089,703.00	04/30/2009
Preferred Class A					88770536	10/31/2008
Preferred Class A					1,065,410,297.00	04/30/2009
Common						
Preferred Class A					136,691,882.00	10/31/2008

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

<b>Dividends distributed to (in R\$ thousands):</b>	<b>Fiscal Year Ended December 31</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Retained Earnings			
Constituted Reserves	513,050	370,507	580,124

**Table of Contents****3.7 Debt**

<b>Fiscal year</b>	<b>Total amount of the debt (of any nature)</b>	<b>Type of index</b>	<b>Index of description and reason for the use of another index of indebtedness</b>
12/31/2010	98,337,000,000.00	Debt ratio	84.5  0.9 Gross debt/EBITDA. Gross debt is the sum of Loans and short-term debt, Portion of the stock of long-term loans and Loans and long-term financing. EBITDA (EBITDA) is calculated as described in section 3.2.b of this reference form.
12/31/2010		Other indexes	Vale adopts the debt ratio gross debt / EBITDA and interest coverage ratio EBITDA / Interest expenses. These indexes are widely used by the market (rating agencies and financial institutions) and serve as a benchmark to assess the financial situation of Vale.  The debt ratio Gross Debt / EBITDA shows the approximate time necessary for a company to pay all its debt with its cash flow.
12/31/2010			22.86. EBITDA/Interest expenses. The EBITDA (LAJIDA) is calculated as described in section 3.2.b of this reference form. Interest expenses include the sum of all the capitalized or accrued interest, paid or not, at any given time, which is a result of the debt of the beneficiary.  Vale adopts the debt ratio gross debt / EBITDA and interest coverage ratio EBITDA / Interest expenses. These indexes are widely used by the market (rating agencies and financial institutions) and serve as a benchmark to assess the financial situation of Vale.  The interest coverage ratio (EBITDA / Interest expenses) is used to determine the ability of business to generate cash flow to service its debt

**3.8 Obligations according to the nature and maturity date:****Fiscal year (12/31/2010)**

<b>Type of debt</b>	<b>Less than 1 year (R\$)</b>	<b>Between 1 and 3 years (R\$)</b>	<b>Between 3 and 5 years (R\$)</b>	<b>Over 5 years (R\$)</b>	<b>Total (R\$)</b>
Collateral	3,025,071.00	10,151,120.00	19,151,691.00	272,955,987.00	305,283,869.00
Floating					
Guarantee	0.00	0.00	0.00	0.00	0.00
Unsecured obligations	31,380,974,929.00	4,047,979,657.00	0.00	62,602,761,545.00	98,031,716,131.00

Total	31,384,000,000.00	4,058,130,777.00	19,151,691.00	62,875,717,532.00	98,337,000,000.00
-------	-------------------	------------------	---------------	-------------------	-------------------

**Note:** The value shown at 3.7 and 3.8 does not represent the level of indebtedness of the Company, but represents the total of the obligations based on the addition of the outstanding and non outstanding liabilities.

For the categorization of the debts, it was taken into account the burdensome of the guaranty before the Company and not before third parties. A debt without collateral or floating guarantee, notwithstanding the fact of having a personal guarantee, has been classified as unsecured obligation.

The information herein given, refers to the Consolidated Financial Statements of the Company.

**3.9 Other information that the Company deems relevant**

As of January 1, 2010, and with retroactivity to January 1, 2009, Vale adopted all the pronouncements issued by the CPC. For this reason, the Financial Statements corresponding to the Fiscal Year ended December 31, 2010 are the first consolidated accounting statements submitted by the Company pursuant to the *International Financial Reporting Standards IFRS*. Thus, as the financial Statements regarding the fiscal year ended December 31, 2008 have been performed pursuant to several accounting patterns, they are not any more comparable to the financial statements of December 31, 2009 and December 31, 2010. For this reason, accounting information for the year 2008 has not been included in 3.1.

**Table of Contents**

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

**Risks relating to the Company**

*We may not be able to adjust our production volume to changes in demand in a timely or cost-efficient manner.*

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

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

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

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

*Some of our operations depend on joint ventures or consortia or even on the participation of our investors, and our business may be adversely affected if our partners fail to observe their commitments.*

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



**Table of Contents**

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

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

We may encounter delays or higher than expected costs in obtaining the necessary equipment or services as well as to implement new technologies to design and operate a project.

Our efforts to develop projects according to schedule may be hampered by a lack of infrastructure, including a reliable power supply.

We may fail to obtain in a timely or in any possible way the licenses required for the projects, or also incur higher than expected costs to obtain such licenses.

Changes in regulations or in market conditions may render our projects less profitable than expected at the initial planning stage.

Adverse mining conditions may delay or hamper our ability to produce the expected quantities of minerals.

Some of our development projects are located in regions where tropical diseases, AIDS, malaria, yellow fever and other contagious diseases are a major public health issue and pose health and safety risks to our employees. If we fail to guarantee the health and safety conditions of our employees, our business may be affected.

*More frequent natural disasters may impose serious damage on our operations and projects in the countries where we operate and may cause a negative impact on our sales in countries adversely affected by such disasters.*

The frequency of natural disasters such as storms, floods, earthquakes and tsunamis has been increasing all over the world and may adversely affect our operations and the projects that we operate, therefore leading to a drop in sales in the countries affected as a result of power outages and destruction of industrial facilities and infrastructure, among other factors. In the last quarter of 2010 and in the first quarter of 2011, our coal operations in Australia were adversely affected by floods in the state of Queensland. Our mining product sales in Japan will have to withstand the negative impact of the earthquake that affected the north-eastern area of the country.

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

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

**Table of Contents**

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

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

*Drilling and production risks could adversely affect the mining process.*

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

- Establish mineral reserves through drilling;
- Determine appropriate mining and metallurgical processes for optimizing the recovery of metal contained in ore;
- Obtain environmental and other licenses;
- Construct the necessary mining and processing facilities apart from creating the infrastructure required for greenfield properties; and
- Obtain the ore or extract the minerals from the ore.

If a project proves not to be economically feasible by the time we are able to exploit it, we may sustain significant damages and be compelled to make reductions. In addition, potential changes or complications involving metallurgical and other technological processes arising during the life of a project may result in delays and cost overruns that may render the project not economically feasible.

*We face rising extraction costs over time as reserves deplete.*

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

*Labor disputes may disrupt our operations from time to time.*

A substantial number of our employees and some of the employees of our subcontractors are represented by labor unions and are covered by collective bargaining agreements, which are subject to periodic negotiation. Negotiation may become more difficult in times of higher prices and ensuing higher profits for metal and mining industries, as unions may claim salary raises and other forms of additional compensation.

Strikes or work interruptions in any one of our operations could adversely affect the development of our operations as well as the duration and cost of new projects. We may also be affected by work interruptions involving the supply of goods or services:

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

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

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

Energy costs are a significant component of our cost of production, representing 17.4% of our total cost of goods sold in 2010. To meet our energy needs, we depend on the following sources, all measured in tons of oil equivalent (TOE): oil by-products, which represented 42% of total energy needs in 2010, electricity (29%), coal (15%), natural gas (10%) and other sources of energy (4%).



**Table of Contents**

Fuel costs represented 10.7% of our cost of goods sold in 2010. Increases in oil and gas prices adversely affect our logistics services, mining, iron ore pellets, nickel and aluminum businesses.

Electricity costs represented 6.6% of our total cost of goods sold in 2010. If we are unable to secure reliable access to electricity at acceptable prices, we may be forced to curtail production or may experience higher production costs, either of which would adversely affect our results of operations. There is risk of shortage in countries where we have operations or projects, due to excessive demand or climate conditions such as floods or droughts.

Electricity shortages have occurred in Brazil and there can be no assurance that the increase of power generation capacity in the countries where we operate will be enough to meet our future consumption increases. Future shortages and government efforts to respond to or prevent shortages may adversely impact the cost or supply of electricity in our operations.

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

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

A substantial portion of our revenues and debt is denominated in U.S. dollars, and changes in exchange rates may result in (i) losses or gains on our net U.S. dollar-denominated indebtedness and accounts receivable and (ii) fair value losses or gains on our currency derivatives used to stabilize our cash flow in U.S. dollars. In 2010, we had currency gains of US\$102 million; in 2009, we had currency gains of US\$665 million; and in 2008, we had currency losses of US\$1.011 billion. In addition, the price volatility of the Brazilian *real*, the Canadian dollar, the Indonesian rupiah and other currencies against the U.S. dollar affects our results since most of our costs of sold goods are denominated in currencies other than the U.S. dollar, principally the *real* (64% in 2010) and the Canadian dollar (11% in 2010), while our revenues are mostly U.S. dollar-denominated. We expect currency fluctuations to continue to affect our revenues, financial expenses and cash flow generation.

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

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

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

*We are involved in several legal claims that may adversely affect our business if their result is unfavorable to us.*

We are involved in a number of legal claims in which the plaintiff demands significant amounts. Although we have answered them firmly, the result of the claims is uncertain and may lead to obligations that may cause a substantial negative effect on our business and the value of our shares, American Depositary Shares (ADSs) e Hong Kong Depositary Shares (HDSs).

**Table of Contents**

*Concessions, authorizations, licenses and permits depend on renewal, which is uncertain, and we can only renew some of our mining concessions a limited number of times and for a certain period.*

Some of our mining concessions outside Brazil have an expiration date and can only be renewed a limited number of times, for a limited period. Apart from mining concessions, we may need to obtain several authorizations, licenses and permits from governmental or regulatory agencies in connection with the operation of our mining properties, which can be subject to fixed expiration dates or to renewal or periodic revision. Although we expect that renewals will be granted as and when required, it cannot be asserted that such renewals will be actually granted and, besides, it cannot be assured that new conditions will not be imposed to obtain such renewals. Mining concession fees may substantially increase due to the period of time elapsed since the granting of each exploration license. If that were the case, our business targets may be affected by the cost of maintaining or renewing our mining concessions. In this respect, we must continuously assess the mining potential of each concession, mainly at the time of renewal, to define whether mining concession maintenance costs are justified by the results of operations up to now and, as the case might be, to let some of our concessions expire. It cannot possibly be assured that said concessions will be obtained in favorable terms, or even that they will be obtained at all, in line with the future mining and/or exploration aims that we pursue.

*Inefficient project management and other operational problems could adversely affect our business and our financial performance.*

Inefficient project management and operational problems may force us to suspend or reduce production, which could generally result in a drop of our productivity. Inefficient project management may mean that logistics, including power plants, machinery and transportation, is not working as required to enable the ongoing operation of our activities. Operational failures may cause significant power plant and machinery failures. It cannot be assured that inefficient project management or other operational problems will not occur. Any damage to our projects or delay in our operations caused by inefficient project management or operational problems may adversely affect our business and the results of our operations.

*Integrating our company and our acquisition assets, a key aspect in the strategy of our company, may be more difficult than initially expected.*

We may not succeed in integrating the businesses acquired by us. We have partly expanded our business by means of acquisitions and part of our future growth may also rely on acquisitions. The integration process after completing any acquisition by the company may be more difficult than initially expected. Besides, if the focus on this post-acquisition process affects the performance of our current operations, the results and operations of the Group may be adversely affected. Integrating acquisition assets may take longer than expected and the costs related to acquisition assets integration may be higher than expected. Completed acquisitions may not result in increased revenues, cost economy or operational benefits as initially foreseen. Acquisitions may lead to a substantial increase of costs as a result, for example, of inconsistent standards, checks, procedures and policies between the Group and acquisition assets, which may adversely affect our financial condition and the results of operations. Management focus may be deviated from day-to-day responsibilities to integration-related issues.

*It may be difficult for investors to enforce any judgment rendered outside Brazil against us or any one of our partners.*

Our investors can be located in jurisdictions outside Brazil and can attempt to file claims against us or our board members or officers with courts within their jurisdictions. Our company is Brazilian and most of our officers and board members are Brazilian residents. Most of our assets and the assets of our officers and board members will be probably located in jurisdictions other than the jurisdictions of our investors. Our investors may find it impossible to issue summons or to serve notices connected with suits dealt with in their jurisdictions to our board members and officers residing outside their jurisdictions. Additionally, judgments rendered abroad will be applicable in Brazilian courts, without reconsidering the merits of the case, provided that the judgment is previously confirmed by the Higher Court of Justice, whose confirmation will be granted as long as such judgment: (a) meets all the formal requirements to be enforced pursuant to the legislation in force in the country where it was rendered; (b) has been rendered by a competent court after due process against the company or after sufficient evidence of contempt of court by the company, pursuant to the legislation in force; (c) is not subject to appeal; (d) has been authenticated by the Brazilian consulate in the country where it was rendered and is accompanied by a sworn translation into Portuguese; (e) establishes the payment of a fixed amount; and (f) is not contrary to the sovereignty of Brazil, its public policy or

morality. Therefore, investors may not enforce against our board members or officers the judgments passed by courts in their countries on the basis of the legislation in force in those jurisdictions.

**Table of Contents**

**Risks relating to our controlling shareholder or parent group**

*Our controlling shareholder exerts considerable influence over Vale and the Brazilian government holds certain veto rights.*

On March 31, 2011, Valepar S.A. (Valepar) owned 53.5% of the outstanding common shares and 33.3% of our total outstanding capital. As a result of its stock ownership, Valepar can control the outcome of some actions requiring shareholder approval.

The Brazilian government owns 12 golden shares of Vale, including limited veto powers over certain company resolutions such as changes of corporate name, location of main office and corporate purpose relating to mining activities.

**Risks relating to our subsidiaries and related companies**

*We have a large number of subsidiaries and related companies (pursuant to 8.1), and many of them are subject to operational and market risks similar to ours, which may exert adverse effects on consolidated results.*

A significant number of our subsidiaries and related companies is subject to risks similar to the ones that we are subject to, which may exert a substantial adverse effect on their individual results and may even render it difficult or impossible to distribute dividends to us. Besides, potential adverse effects on the results of our subsidiaries and related companies may affect our results and even reduce the amount to be distributed to shareholders as dividends.

**Risks relating to our suppliers**

For information about risks relating to our suppliers, please see Risk Factors under We may face shortages of equipment, services and skilled personnel and Higher energy costs or energy shortages would adversely affect our business above.

**Risks relating to our customers**

*Our business could be adversely affected by a lower demand for products manufactured by our customers, including steel (for our iron ore operations), stainless steel (for our nickel operations), and agricultural commodities (for our fertilizer operations).*

Demand for iron ore and nickel depends on global demand for steel. Iron ore and pellets, which together accounted for 70.5% of our operating revenues in 2010, are used to produce carbon steel. Nickel, which accounted for 8.3% of our operating revenues in 2010, is mainly used to produce stainless and alloy steels. Demand for steel depends heavily on global economy conditions as well as on a series of regional and sectorial factors. The prices of the different types of steel and the performance of the steel industry as a whole are highly cyclical and volatile and the business cycles of this industry affect the demand for and the prices of our products. Besides, the vertical backward integration of the steel industry could reduce the global seaborne trade of iron ore.

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

Demand for fertilizers is affected by the prices of agricultural commodities in the world market. A steady decline in the price of one or more agricultural commodities could have a negative impact on the fertilizer business.

**Risks relating to the fields of economy in which we operate**

*The mining sector is highly exposed to the cyclicity of global economic activity and also requires significant investments of capital.*

Mining provides raw materials for industries. Industrial production tends to be the most cyclical and volatile component of global economic activity, which affects demand for minerals and metals. At the same time, investment in mining requires a substantial amount of funds to replenish reserves, expand production capacity, build the necessary infrastructure and preserve the environment. These structural features are the most significant financial risk factors for the mining industry.

**Table of Contents**

*The change of iron ore prices based on quarterly short-term rates and the ensuing volatility of prices could adversely affect our iron ore operations.*

We have closed agreements with our customers in the iron ore sector during the first half of 2010 to convert annual contracts to contracts with their values adjusted on a quarterly basis to better reflect market parameters. The previous annual price system for the iron ore sector was replaced by a new system, according to which iron ore prices are established every quarter, based on a quarterly average of price indices corresponding to the period closed one month prior to the commencement of the new quarter. Although the new price system defines the price more accurately according to the quality of the product, rewarding our iron ore products with a bonus over the price of standard iron ore, increased volatility based on the impact of quarterly price changes could adversely affect our cash flow.

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

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

*Increased availability of alternative nickel sources or substitution of nickel in end use applications could negatively affect our nickel business.*

Scrap nickel competes directly with primary nickel as a source of nickel to be used for the production of stainless steel and the choice between them is largely driven by their relative prices and availability. In 2010, the stainless steel scrap ratio remained unchanged, at 42% by comparison with 2009. Nickel pig iron, a product developed by Chinese steel and alloy makers which uses lateritic nickel ores, competes with other sources of nickel in the production of stainless steel. In 2010, estimated nickel pig iron production increased 61%, representing 11% of global nickel output. Demand for primary nickel may be adversely affected by direct substitution of primary nickel with other materials in current applications. In response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from the production of stainless steel with high nickel content (series 300) to the production of stainless steel with lower nickel content (series 200) or with no nickel content (series 400), which would adversely affect demand for nickel.

**Risks relating to the regulation of the sectors in which we operate**

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

Our financial performance may be negatively affected by regulatory, political, economic and social conditions in the countries where we have significant operations or projects, mainly in Argentina, Australia, Brazil, Canada, Colombia, Guinea, Indonesia, Liberia, Malawi, Mozambique, New Caledonia, Oman and Peru.

Our operations rely on authorizations and concessions from regulatory agencies in the countries where we operate. For further details about the authorizations and concessions that our operations rely on, please refer to *Company information Regulatory issues*. We are subject to laws and regulations in several jurisdictions that can experience changes at any time, and changes of laws and regulations may require modifications in our technologies and operations and result in unexpected capital expenditures.

Actual or potential political changes and changes in economic policy may undermine investor confidence and affect investments, therefore reducing economic growth and also generating a specific negative effect on our business.



**Table of Contents**

Demonstrators have already taken actions to disrupt our operations and projects and they may continue to do so in future. Although we defend ourselves vigorously against illegal acts and, at the same time, support the communities living near our operations, future attempts by protestors to cause harm to our operations could have a material adverse effect on our business.

Some of our operations and reserves are located next to or within indigenous, aboriginal or other community territories. These indigenous and aboriginal groups are entitled to take part in the management of natural resources and we negotiate with them access to their territories. Any disagreement or dispute with an indigenous or aboriginal group could affect our capacity to develop our reserves and to conduct our operations.

*We may experience the adverse effect of changes in government policies, including the imposition of new taxes or royalties on our mining activities.*

Mining is subject to government regulations in the form of specific taxes and royalties, which can have a significant impact on our operations. In the countries where we operate, governments may impose or change taxes or royalties, or modify the basis on which they are calculated, in a manner unfavorable to us.

*Environmental, health and safety laws may adversely affect our business.*

Our operations involve the use, handling, discharge and disposal of hazardous materials into the environment and the use of natural resources and almost all the aspects of our operations, products, services and projects all over the world are subject to environmental, health and safety laws, which may expose us to increased litigation and higher costs. These regulations require us to obtain environmental licenses, permits and other authorizations and to conduct environmental impact assessments in order to obtain approval for our projects and permission to start construction. Besides, all the changes required in existing operations must also undergo the same procedure. The difficulty to obtain operating licenses may cause construction delays or cost increases and, in some cases, lead us to postpone or even abandon a project. Environmental regulations also impose control standards on activities relating to exploration, mining, pelletizing, railway and maritime transportation services, decommissioning, refining, distribution and marketing of products. These regulations may give rise to significant costs and liabilities. Besides, activist groups and other stakeholders may increase their demands for environmentally sustainable and socially responsible development, which could entail significant cost increases and reduce our profitability. Litigation relating to these or other matters may adversely affect our financial condition or cause harm to our reputation.

In recent years, environmental regulations in many of the countries in which we operate have become stricter and more regulations or a more aggressive application of the regulations already in force are likely to affect us adversely by imposing restrictions on our activities and products and by establishing new requirements relating to the emission of pollutants and the renewal of environmental licenses, therefore increasing costs or demanding expensive regeneration ventures. Concern over the climate change and efforts to comply with international undertakings under the Kyoto Protocol could lead governments to impose limits on carbon emissions applicable to our operations, which could adversely affect our operating costs and our capital expenditure requirements. For example, the Brazilian government issued a decree within the scope of the National Climate Change Policy that foresees specific limits on carbon emissions to be determined at the end of 2011 and enforced up to 2020.

**Risks relating to the foreign countries in which we operate**

*An unfavorable economic scenario in China could cause a negative impact on our revenues, cash flow and profitability.*

Over the last few years, China has been the main driver of global demand for minerals and metals. In 2010, Chinese demand represented 59% of global demand for seaborne iron ore, 37% of global demand for nickel, [sic] 38% of aluminum and 41% of global demand for aluminum. The percentage of our operating revenues attributable to sales to customers in China was 33.1% in 2010. Although China has not been affected by the recent global recession, the contraction of its economic growth could result in lower demand for our products, therefore leading to lower revenues, cash flow and profitability. The poor performance of the real estate sector, the main consumer of steel in China, could also cause a negative impact on our results.



**Table of Contents**

**Risks relating to our ADSs and HDSs (American Depositary Shares and Hong Kong Depositary Shares)**

*When exchanging ADSs or HDSs for underlying shares, ADS or HDS holders can lose their capacity to transfer foreign currencies abroad.*

The custodian of the shares underlying our ADSs and HDSs is registered with the Central Bank of Brazil as authorized to transfer U.S. Dollars abroad by way of payment of dividend and other distributions relating to the shares underlying ADSs and HDSs or to the disposal of the underlying shares. In the event that an ADR or HDR holder decides to exchange ADSs or HDSs for underlying shares, he or she will be authorized to continue using the custodian's registration for only five business days starting from the date of exchange. From then on, the ADR or HDR holder may become unable to procure and transfer foreign currency abroad at the time of disposing of or distributing the underlying shares, unless he or she obtains a registration of his or her own, pursuant to the terms of Resolution No. 2,689 of the National Monetary Council (CMN), which confers on registered foreign investors the right to buy and sell securities at BMF&BOVESPA. In the event that an ADR or HDR holder tries to obtain a registration of his or her own, he or she may incur expenses and experience delays to receive dividend or distributions relating to the underlying shares or the timely return on his or her capital.

It is impossible to assure that the registration of an ADR or HDR holder or any other registration will not be affected by future legal modifications or even that in future additional and applicable restrictions will not be applied to ADR or HDR holders apart from taxation on underlying shares or on the repatriation of the proceeds from disposal.

*It may not be possible for ADR and HDR holders to exercise their pre-emptive rights relating to their ADSs and HDSs.*

ADR and HDR holders may not be able to exercise their pre-emptive or other rights relating to the underlying shares. It cannot be assured that ADR and HDR holders will be able to exercise their pre-emptive rights, especially if the legislation in force in the jurisdiction of the holder (for example, the Securities Act in the United States or the Companies Ordinance in Hong Kong) demands that a registration declaration be effective or that an exemption from requirements for registration be available relating those rights, as is the case in the United States, or for any document enabling pre-emptive rights to be registered as a prospectus, as is the case in Hong Kong. We are not bound to file a registration declaration relating to pre-emptive rights attached to underlying shares in the United States or to take any measures to enable exemption from registration and we cannot guarantee to ADR and HDR holders that we will notarize registration or adopt applicable measures. Nor are we bound to increase the offering of pre-emptive rights to HDR holders through the depositary.

*ADR may encounter difficulties to exercise their voting rights.*

ADR and HDR holders do not hold the same rights as shareholders. They only hold the contract rights established in their favor under deposit contracts. ADR and HDR holders cannot take part in shareholders meetings and can only vote by means of instructions delivered to the depositary. ADR and HDR holders will not be able to vote in the event that it is altogether impossible to provide the depositary, in a timely manner, with the material required to vote or even in the event that ADR and HDR holders do not have sufficient time to submit voting instructions. Regarding those ADSs and HDSs for which instructions have not been received, the depositary can, subject to certain limitations, empower a person appointed by us.

*Legal protections for holders of our securities differ from one jurisdiction to another and may be inconsistent, unknown or less effective than investors expect.*

We are a global company with shares traded on different markets and with investors in different countries. The legal system for investors' protection varies worldwide, sometimes in material aspects, and investors holding our securities must be aware that the protections and recourses available to them may be different from the ones to which they are accustomed in their local market. We are subject to securities legislation in different countries, with different rules, supervision and performance practices. The only applicable corporations law is the one in force in Brazil, with its specific rules and judicial procedures. We are subject to corporate governance rules in several jurisdictions where our shares are listed, but as a foreign private issuer, we are not bound to follow many of the corporate governance rules applied to domestic issuers in the United States relating to securities listed in the New York Stock Exchange (NYSE). Similarly, waivers and exemptions have been granted from some requirements contained in the rules governing the listing of securities with Hong Kong Limited Stock Exchange (HKEx Listing Rules), Codes on Mergers and

Acquisitions and Repurchase of Shares, Securities and Futures generally applicable to issuers registered in Hong Kong.

**Table of Contents**

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

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

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

(I) Labor

**Table of Contents**

The tables below present an individual description of labor suits relating to the business of the Company and/or its subsidiaries.

Jurisdiction	6 <sup>a</sup> Turma do TST
Instance	3rd Instance
Date of filing	11.27.2006
Parties in the suit	Public Prosecutor for Labor matters (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$520.4 million
Main facts	The Public Prosecutor for Labor matters of Minas Gerais filed a civil suit, questioning Vale's outsourced activities. An unfavorable decision was given to Vale in the second instance, forcing the company in the region of Minas Gerais, to refrain from outsourcing some services allegedly linked to its main activity. Furthermore, it was decided that by way of indemnity for collective damage, the amount of R\$100,000 should be paid. Vale presented an appeal the Supreme Labor Tribunal, which has not yet been assessed.
Chances of loss	Probable
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In case of maintenance of the unfavorable decision, Vale is obliged, in Minas Gerais, to refrain from outsource services for operation of machinery and equipment for mining, such as back-hoes, excavators and drilling equipment, monitoring and reading of instruments at dams and waste stacks, drafting and implementation of the blasting plan detonation, thus having to perform such activities through its own employees; and to provide for the termination of contracts of outsourcing which may have as their purpose the services mentioned above.
Amount provisioned (if any)	R\$161.9 million
Court	1 <sup>a</sup> Vara Federal de Parauapebas - Pará
Instance	1st Instance
Date of filing	07.03.2008
Parties in the suit	Public Prosecutor for Labor matters (plaintiff), Vale and the following companies (defendants): Accentum Manutenção e Serviços Ltda., ALTM S.A Tecnologia e Serviços de Manutenção, Atlântica Serviços Gerais Ltda., BMT- Engenharia Ltda., BRITAP - Britagem Azevedo Ltda., Comau do Brasil Industria e Comercio Ltda., Consorcio Canaã, Consorcio Sossego, Consorcio VFC, Construtora Brasil Novo Ltda., Construtora Camilo e Empreendimentos Ltda., Construtora Mineira de

Engenharia Ltda., Construtora Norberto Odebrecht S A, Construtora Queiroz Galvão S/A, CRM Construtora Ltda., D Service Ltda., Dan Hebert S/A, Dinex Engenharia Mineral Ltda., E. S. Neres Transportes ME, 20. EME Serviços Gerais Ltda., Engepar Engenharia Ltda., Flapa Mineração e Incorporação Ltda., Geocret Engenharia e Tecnologia Ltda., Gesman Ltda., Integral Construções e Comercio Ltda., Intertek do Brasil Inspeções Ltda., Julio Simões Transportes e Serviços Ltda., Kaserge Serviços Gerais Ltda., Lubrin Lubrificacao Industrial Ltda., Metso Brasil Industria E Comercio Ltda., MIP Engenharia S/A, MSE-Servicos de Operação, Manutenção e Montagem Ltda., Progeo Engenharia Ltda., Rio Maguari Serviços e Transportes Rodoviario Ltda., Rip Serviços Industriais S/A, Salosergel Vigilância Ltda., Sital - Sociedade Itacolomi de Engenharia Ltda., Sodexo do Brasil Comercial Ltda., T Q M Service Ltda., U & M Mineração e Construção S/A, and Vessoni Transportes Ltda.

Amounts, goods or rights involved

R\$108.6 million

Main facts

Public Civil Action proposed by the public prosecutor for labor matters against Vale and another 42 companies which provide services, requiring that defendants be condemned to pay for hours spent in transit (Carajás/Sossego), under the claim that the workplaces are difficult to access and not served by public transport. The action also asks for collective damages. Vale has presented its defense alleging the existence of public transport, that the locations are easily accessible and the validity of their collective agreements.

In 12.03.2010, the decree was published condemning only Vale to pay indemnity for damages to the amount of R\$100,000,000.00 and another R\$200,000,000.00 for practicing social dumping. Temporary relief was granted so that Vale could determine, immediately, how many hours travelling each of its employees used, with a penalty of a fine of R\$100,000.00 per worker if not done, as well as refrain from allowing contractors for Vale including on their cost worksheet expenses with hours paid travelling and allied costs.

As a result of a request for decisions by Odebrect, one of the 42 defendants in this lawsuit, in the Request for Corrective Judgment filed by Vale as a response, the Inspector General of the Supreme Labor Tribunal in Brasilia, recognized the allegations and reversed the temporary relief order granted by the local judge, so that Vale and the other companies may appeal without having to comply immediately with the sentence passed. Requests to amend the decision were filed by Vale and other defendants. The requests to amend the decision of Vale lost their objective, and those of other companies were rejected. Some companies filed an appeal that is not in the second instance yet.

**Table of Contents**

We stress that in July 2010 Vale reached an agreement to put an end to this suit, assuming obligations much lower than the amounts claimed in the suit, pursuant to the following terms:

(i) Relating to *in itinere* hours: Vale will proceed to pay part of the time claimed, that is, 44 minutes/day for the employees of Carajás mine, 80 minutes/day for the employees of Azul mine, and 54 minutes/day for the employees of Sossego mine. Besides, following the same criteria, Vale will pay an amount equivalent to 42 months of *in itinere* hours. Term for implementation: 6 (six) months. Vale made the payment for the 42 months to the active employees and is taking steps to make the payments to the inactive employees.

(ii) Relating to moral damages and alleged social dumping: claims were withdrawn by Vale undertaking to engage in social work in the area of Parauapebas in an amount of R\$26,000,000.00. Term for implementation: by March 2012.

Chances of loss	Possible
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of acceptance of all the claims submitted, Vale would be compelled to pay: (i) <i>in itinere</i> hours for all the employees working at Carajás, Azul and Sossego mines, (ii) <i>in itinere</i> hours retroactively to March 2003 and (iii) group moral damages in an amount of R\$100,000,000.00.
Amount provisioned (if any)	R\$79.5 million
Jurisdiction	2ª Vara do Trabalho de Vitória Espírito Santo
Instance	1st Instance
Date of filing	09.19.2001
Parties in the suit	Vale S.A. (defendant) and SINDFER Railroad union of ES and MG (plaintiff)
Amounts, goods or rights involved	Guarantee of the operational activities at the Tubarão Complex.
Main facts	In 2001, the SINDFER union filed a public civil action, whose object was the compliance of areas of the Tubarão Complex with the dictates of NR-10 (safety of premises and services in electricity). After production of expert evidence, Vale was ordered to implement in their operational facilities, located in the State of Espírito Santo, all technical measures for the protection of work against risks by electricity provided for in the NR. The judge granted Vale temporary relief, with a period of six months for compliance, ending 19/11/09, with payment of a daily fine of R\$100,000.00 for non-compliance.



After rounds of negotiation, and several inspections of areas of the Complex, a legal agreement was signed between the parties, establishing a timeline for implementation of technical measures, with a deadline of 31.12.2011, which was duly approved by the court on 11 March 2010. In 24.01.11, SINDFER took part in a meeting with Vale Representatives where the substitution certificate of the previously filed revitalization schedules was signed accepting the new schedules submitted by the Company where the term for revitalization of the Complex was extended until 31/03/2012.

Chances of loss

Probable

Analysis of impact in the case of losing the suit/ Reasons for importance for the Company

Any violation of the adjusted schedule between the parties may risk an embargo on Tubarão Complex activities, as well as the application of a monetary penalty.

Amount provisioned (if any)

None

**Table of Contents**

Jurisdiction	Juízo do Trabalho de Maruim Sergipe
Instance	3rd Instance (TST)
Date of filing	08.18.2006
Parties in the suit	Vale S.A. (defendant) and Union for workers extracting iron, basic and precious metals-Sindimina (plaintiff)
Amounts, goods or rights involved	Guarantee of the operational activities at the potassium chlorate mine in Sergipe.
Main facts	Lawsuit brought by SINDIMINA union in the State of Sergipe, aiming to improve the suitability of the working conditions of employees in the underground mine to bring them up to regulatory standard NR 15, especially as regards the temperature of the mine. In the first instance, it was decided on the closing of the underground mine, but such determination was suspended by writ. Subsequently, partial success was granted to Vale's appeal to withdraw the order closing the mine, and determine the suitability of the working conditions of mine in relation to NR-15. Vale is still contesting the decision, to demonstrate compliance with the legal standards applicable to the activity. The increased risk of a conviction would be the closing of the mine, as determined by the 1st Degree Judge and rejected through an ordinary appeal. Vale is awaiting the result of an appeal before the TST, with the purpose of changing the decision as to the parts that were unfavorable. Evaluation of the appeal started in April 2011, though judgment was deferred because of the request to summon the Ministers of the Appellate Court. The process has been suspended for the time being.
Chances of loss	Probable
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision may risk imposing an obligation to do so, fines and, in the final analysis the embargo of the activities of the underground mine for exploitation of Potassium Chlorate/Sergipe, as well as enforcement of a monetary penalty.
Amount provisioned (if any)	None
(II) Tax	
The tables below present a description of individual tax cases considered relevant to the business of the company and/or its subsidiaries.	
Jurisdiction	Administrative Council of Fiscal Resources
Instance	2 <sup>nd</sup> administrative instance
Date of Filing	03.28.2008

Parties in the suit	Federal Revenue Secretariat (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$9,178 billion
Main facts	<p>In 2003 Vale filed a judicial claim to challenge the provisions of section 74 of Provisional Measure 2,158-34/2001, which establishes payment in Brazil of Income and Social Contribution Tax on Net Profit relating to profits of foreign subsidiaries. Our defense is based on the following grounds: (i) section 74 of the Provisional Measure overlooks the treaties against double taxation signed between Brazil and the countries in which some of our subsidiaries are based; (ii) the National Tax Code forbids the aforementioned taxation as set forth by the Provisional Measure; (iii) even if section 74 of the Provisional Measure were valid, exchange variation should be excluded from the assessment of due taxes (according to the new accounting principles in force in Brazil and IFRS); and (iv) violation of the principle of prior taxation, in the event of taxation prior to December 2001. The first instance judgment was unfavorable to the Company and the recourse of appeal was received with suspensive effect. In March 2011, the Federal Regional Court of the 2<sup>nd</sup> Region objected to the prosecution of Vale's appeal. The court decision is awaited to be published to submit new recourses to the Higher Court of Justice and Federal Supreme Court. In April 2011, the Higher Court of Justice issued a favorable decision in a suit in which similar grounds to the ones proclaimed by Vale were submitted. The direct action for unconstitutionality (ADIN, according to the initials in Portuguese) proposed by the National Confederation of Industry (CNI, according to the initials in Portuguese) challenging the constitutionality of section 74 of the Provisional Measure is still awaiting judgment by the Federal Supreme Court. Even if ADIN is determined to be unfounded, we will continue challenging the requirement on legal terms based on other existing defense arguments. Vale was notified of IRPJ and CSLL requirements relating to profits earned by related and subsidiary companies abroad, enforcing a 75% penalty despite the suspensive effect granted to the appeal filed. At present, the decision issued by the Taxpayers Council is awaited to be published.</p>
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a final unfavorable decision, the profits earned and retained by Company subsidiary or related companies based abroad will proceed to be charged with taxes.
Amount provisioned (if any)	None

**Table of Contents**

Jurisdiction	Administrative Council of Fiscal Resources
Instance	2 <sup>nd</sup> administrative instance
Date of filing	10.12.2007
Parties in the suit	Federal Revenue Secretariat (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$2,673 billion
Main facts	<p>In 2003 Vale filed a judicial claim to challenge the provisions of section 74 of Provisional Measure 2,158-34/2001, which establishes payment in Brazil of Income and Social Contribution Tax on Net Profit relating to profits of foreign subsidiaries. Our defense is based on the following grounds: (i) section 74 of the Provisional Measure overlooks the treaties against double taxation signed between Brazil and the countries in which some of our subsidiaries are based; (ii) the National Tax Code forbids the aforementioned taxation as set forth by the Provisional Measure; (iii) even if section 74 of the Provisional Measure were valid, exchange variation should be excluded from the assessment of due taxes (according to the new accounting principles in force in Brazil and IFRS); and (iv) violation of the principle of prior taxation, in the event of taxation prior to December 2001. The first instance judgment was unfavorable to the Company and the recourse of appeal was received with suspensive effect. In March 2011, the Federal Regional Court of the 2<sup>nd</sup> Region objected to the prosecution of Vale's appeal. The court decision is awaited to be published to submit new recourses to the Higher Court of Justice and Federal Supreme Court.</p> <p>In April 2011, the Higher Court of Justice issued a favorable decision in a suit in which similar grounds to the ones proclaimed by Vale were submitted. The direct action for unconstitutionality (ADIN, according to the initials in Portuguese) proposed by the National Confederation of Industry (CNI, according to the initials in Portuguese) challenging the constitutionality of section 74 of the Provisional Measure is still awaiting judgment by the Federal Supreme Court. Even if ADIN is determined to be unfounded, we will continue challenging the requirement on legal terms based on other existing defense arguments.</p> <p>Vale was notified of IRPJ and CSLL requirements relating to profits earned by related and subsidiary companies abroad, enforcing a 75% penalty despite the suspensive effect granted to the appeal filed. At present, the decision issued by the Taxpayers Council is awaited to be published.</p>
Chances of loss	Remote

## Edgar Filing: Vale S.A. - Form 6-K

Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a final unfavorable decision, the profits earned and retained by Company subsidiary or related companies based abroad will proceed to be charged with taxes.
Amount provisioned (if any)	None
Jurisdiction	Federal Revenue Secretariat
Instance	1 <sup>st</sup> administrative instance
Date of filing	12.02.2010
Parties in the suit	Federal Revenue Secretariat (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$3,095 billion
Main facts	<p>In 2003 Vale filed a judicial claim to challenge the provisions of section 74 of Provisional Measure 2,158-34/2001, which establishes payment in Brazil of Income and Social Contribution Tax on Net Profit relating to profits of foreign subsidiaries. Our defense is based on the following grounds: (i) section 74 of the Provisional Measure overlooks the treaties against double taxation signed between Brazil and the countries in which some of our subsidiaries are based; (ii) the National Tax Code forbids the aforementioned taxation as set forth by the Provisional Measure; (iii) even if section 74 of the Provisional Measure were valid, exchange variation should be excluded from the assessment of due taxes (according to the new accounting principles in force in Brazil and IFRS); and (iv) violation of the principle of prior taxation, in the event of taxation prior to December 2001. The first instance judgment was unfavorable to the Company and the recourse of appeal was received with suspensive effect. In March 2011, the Federal Regional Court of the 2<sup>nd</sup> Region objected to the prosecution of Vale's appeal. The court decision is awaited to be published to submit new recourses to the Higher Court of Justice and Federal Supreme Court. In April 2011, the Higher Court of Justice issued a favorable decision in a suit in which similar grounds to the ones proclaimed by Vale were submitted. The direct action for unconstitutionality (ADIN, according to the initials in Portuguese) proposed by the National Confederation of Industry (CNI, according to the initials in Portuguese) challenging the constitutionality of section 74 of the Provisional Measure is still awaiting judgment by the Federal Supreme Court. Even if ADIN is determined to be unfounded, we will continue challenging the requirement on legal terms based on other existing defense arguments. Vale was notified of IRPJ and CSLL requirements relating to profits earned by related and subsidiary companies abroad, enforcing a 75% penalty despite the suspensive effect granted to the appeal filed. At present, the decision issued by the Taxpayers Council is awaited to be published</p>
Chances of loss	Remote

Analysis of impact in the case of losing the suit/ Reasons for importance for the Company

In the event of a final unfavorable decision, the profits earned and retained by Company subsidiary or related companies based abroad will proceed to be charged with taxes.

Amount provisioned (if any)

None

**Table of Contents**

Jurisdiction	Federal Revenue Secretariat
Instance	1 <sup>st</sup> administrative instance
Date of filing	11.01.2010
Parties in the suit	Federal Revenue Secretariat (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$11,763 billion
Main facts	<p>In 2003 Vale filed a judicial claim to challenge the provisions of section 74 of Provisional Measure 2,158-34/2001, which establishes payment in Brazil of Income and Social Contribution Tax on Net Profit relating to profits of foreign subsidiaries. Our defense is based on the following grounds: (i) section 74 of the Provisional Measure overlooks the treaties against double taxation signed between Brazil and the countries in which some of our subsidiaries are based; (ii) the National Tax Code forbids the aforementioned taxation as set forth by the Provisional Measure; (iii) even if section 74 of the Provisional Measure were valid, exchange variation should be excluded from the assessment of due taxes (according to the new accounting principles in force in Brazil and IFRS); and (iv) violation of the principle of prior taxation, in the event of taxation prior to December 2001. The first instance judgment was unfavorable to the Company and the recourse of appeal was received with suspensive effect. In March 2011, the Federal Regional Court of the 2<sup>nd</sup> Region objected to the prosecution of Vale's appeal. The court decision is awaited to be published to submit new recourses to the Higher Court of Justice and Federal Supreme Court. In April 2011, the Higher Court of Justice issued a favorable decision in a suit in which similar grounds to the ones proclaimed by Vale were submitted. The direct action for unconstitutionality (ADIN, according to the initials in Portuguese) proposed by the National Confederation of Industry (CNI, according to the initials in Portuguese) challenging the constitutionality of section 74 of the Provisional Measure is still awaiting judgment by the Federal Supreme Court. Even if ADIN is determined to be unfounded, we will continue challenging the requirement on legal terms based on other existing defense arguments. Vale was notified of IRPJ and CSLL requirements relating to profits earned by related and subsidiary companies abroad, enforcing a 75% penalty despite the suspensive effect granted to the appeal filed. At present, the decision issued by the Taxpayers Council is awaited to be published.</p>
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	In the event of a final unfavorable decision, the profits earned and retained by Company subsidiary or related companies based abroad will proceed to be charged with taxes.

Amount provisioned (if any) None

(III) Civil

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

Jurisdiction	41 <sup>a</sup> Vara Cível do Tribunal de Justiça do Rio de Janeiro
Instance	1st Instance
Date of filing	03.17.2008
Parties in the suit	Vale (plaintiff) and Movimento dos Sem Terra MST (defendant)
Amounts, goods or rights involved	Protection of the company's assets and guarantee of its operations
Main facts	<p>Vale filed a common suit with a request for anticipated relief obliging the defendant to cease attacks, violent acts or incitements which cause the operational stoppage of the company by the MST.</p> <p>Relief was granted, as soon as the case was judged in the year 2008, establishing that the MST must refrain from such acts.</p>
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	The lawsuit was initiated in order to ensure the protection of the assets of the company and its operational activities. A possible unfavorable decision can increase the exposure of the company to MST attacks.
Amount provisioned (if any)	None.



**Table of Contents**

Jurisdiction	30 <sup>a</sup> Vara Federal da Justiça Federal do Rio de Janeiro
Instance	1st Instance
Date of filing	08.18.2006
Parties in the suit	Federal Rail Network (Rede Ferroviária Federal S.A.), succeeded by the Federal Union (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$2.4 billion
Main facts	The plaintiff filed a claim for reparation from the Company to receive contractual amounts, damages, lost profits, among other amounts, for alleged breach of contractual obligations on the part of Vale. The contract concluded between the parties involved railway transposition in the city of Belo Horizonte. The lawsuit is at the phase of legal discovery.
Chances of loss	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision could generate a financial loss for the company, in the light of the amounts involved.
Amount provisioned (if any)	None
Jurisdiction	19a Câmara Cível do Tribunal de Justiça do Rio de Janeiro
Instance	2nd Instance
Date of filing	08.07.2009
Parties in the suit	Vit Shoes Calçados (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	Ownership rights over the new logo launched by the company in December 2007.
Main facts	The plaintiff brought a compensation suit with request for early relief, requesting an injunction to make the company refrain from using the logo of the Vale and its variations, and compensate for moral and material damages when the judgment is given. The preliminary injunction was rejected. Vale was awarded a favorable judgment of the merits, against which the plaintiff submitted a recourse to the Court of Justice of Rio de Janeiro. Said recourse was rejected by unanimous decision. The pertinent decision is currently awaited to be published.
Chances of loss	Remote.

Edgar Filing: Vale S.A. - Form 6-K

Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision in the lawsuit would generate financial losses for the Company and would harm its image, since Vale would lose the right to use its logo which is already widely known in Brazil and abroad.
Amount provisioned (if any)	None.
Jurisdiction	5ª Turma do TRF da 2ª Região
Instance	2nd Instance
Date of filing	10.11.1997
Parties in the suit	Federal Public Prosecutor Espírito Santo (plaintiff) and Federal Union, Gerdau, Açominas S.A., Companhia Siderúrgica de Tubarão, Usinas Siderúrgicas de Minas Gerais S.A., Vale, Odacir Klein, Luis Andre Rico Vicente, Jorge Eduardo Brada Donato, José Armando Figueiredo Campos, Rinaldo Campos Soares, João Jackson Amaral, Claudio José Anchieta de Carvalho Borges, Ivo Costa Serra and Companhia Docas do Espírito Santo CODESA (defendants)
Amounts, goods or rights involved	Incalculable amount application for annulment of the concession contract for use of port terminals for the Tubarão Complex.
Main facts	This is a Public Civil Action which aims to annul the authorization by which Vale and some of the other defendants operate the Port Terminal at Praia Mole, in the State of Espírito Santo. In November 2007, after 10 years of conducting the proceedings, Vale obtains a favorable decision judging the requests to be without foundation and recognizing the validity of contracts of accession that allow exploitation of port terminals located in Praia Mole. The Federal Public Prosecutor appealed on 01.04.08 and the lawsuit awaits judgment in the Federal Regional Tribunal.
Chances of loss (probable, possible, remote)	Remote
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Incalculable amount
Amount provisioned (if any)	None

**Table of Contents****(IV) Environmental**

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

Jurisdiction	2 <sup>a</sup> Vara Cível da Comarca de Itabira Minas Gerais
Instance	1st Instance
Date of filing	09.26.1996
Parties in the suit	Town Hall of Itabira (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$2.8 billion
Main facts	The municipality of Itabira seeks compensation for expenses that it alleges to have incurred with public services rendered as a consequence of Vale's mining activities. The case was suspended, pending judgment of a writ filed by Vale to be used in this lawsuit, so that favorable evidence produced in another lawsuit could be used. Although the writ has been judged against Vale, the case continues to be suspended because the court in the first degree has not yet received from the Court of Justice of Minas Gerais information on the writ. After this communication, the lawsuit may resume its normal course.
Chances of loss	Total amount divided into possible loss (15%) and remote loss (85%).
Analysis of impact in the case of losing the suit/ Reasons for importance for the Company	Any unfavorable decision in the lawsuit would generate financial losses for the Company.
Amount provisioned (if any)	None.
Jurisdiction	1 <sup>a</sup> Vara Cível da Comarca de Itabira Minas Gerais
Instance	1st Instance
Date of filing	08.22.1996
Parties in the suit	Town Hall of Itabira (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	R\$2.4 billion
Main facts	State in which the plaintiff claims that the operations of the iron mines in Itabira caused environmental and social damage and requires the restoration of the site and the implementation of environmental programs in the region. Expert witnesses were used in this case, and the report issued jointly by IBAMA and FEAM was favorable to Vale. Nevertheless, the Municipality requested the production of new expert evidence, which was accepted by the judge. The final outcome of this

case is awaited.

Chances of loss Total amount divided into possible loss (15%) and remote loss (85%).

Analysis of impact in the case of losing the suit/ Reasons for importance for the Company Any unfavorable decision in the lawsuit would generate financial losses for the Company.

Amount provisioned (if any) None.

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

Jurisdiction Appeals Council of the National Financial System CRFSN

Instance 2nd Instance

Date of filing 08.23.2005

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

Amounts, goods or rights involved Assessment of possible irregularities related to tariff model of MRS between 1998 and 2002.

Main facts The lawsuit was initiated by CVM to verify (I) the conduct of MRS directors for alleged tariff mismanagement, characterized by undervalued tariffs for the benefit of captive customers or owners; and (ii) the conduct of the MRS shareholders for contracts signed directly with MRS on allegedly non-equitable terms.

The suit was judged by the CVM on 05.05.2009, which acquitted all those involved. In December 2009, the CVM offered an automatic appeal to CRFSN, which has not yet been judged.

Chances of loss

Remote.

Analysis of impact in the case of losing the suit/ Reasons for importance for the Company

The eventual reversal of the decision at the first instance can result in the application of a warning or fine for the company.

Amount provisioned (if any)

None.

**Table of Contents**

Jurisdiction	Prosecution in progress before 48 <sup>a</sup> Vara Cível do Tribunal de Justiça do Rio de Janeiro. Special Recourse under way before 3a Turma do STJ and Extraordinary Recourse still not delivered to STF.
Instance	3rd Instance
Date of filing	09.05.2007
Parties in the suit	Petros (plaintiff) and Vale (defendant)
Amounts, goods or rights involved	A judicial deposit was made by Vale on 08.03.2010 for R\$346,773,920.20 for the provisional execution by Petros. Until judgment has become final and binding, the amount will continue judicially deposited and may not be withdrawn.
Main facts	Petros claims receipt of purges made because of inflation arising from the economic plans called Plano Verão and Plano Collor on amounts paid under forward contracts for buying and selling gold concluded with Vale from 1988. Contracts under discussion in this brief were paid up and settled by Petros at that time. However, Petros started legal proceedings aimed at applying the decision on a matter taken in the STJ for savings accounts books, to contracts concluded with Vale. Vale maintains that the inflationary adjustments are not due; however, all decisions have been unfavorable to the company. Currently the original process is in the implementation stage, but the decision is not yet firm. Vale has a Special Recourse filed with STJ, which was rejected by the Turma on a unanimous basis. However, recourses can still be filed against this decision. There is also a Special Recourse to be dealt with and decided by STF.
Chances of loss (probable, possible, remote)	Probable
Analysis of impact in the case of losing the suit	Any unfavorable decision could generate significant financial damage to Company, in light of the amounts under discussion. Additionally, such a decision can open a precedent for similar judgments in other cases where future contracts for sale of gold are in dispute (total of 11 cases).
Amount provisioned (if any)	R\$381.4 million
Jurisdiction	18 <sup>a</sup> Vara Federal de Belo Horizonte Minas Gerais
Instance	1st Instance
Date of filing	02.18.2004
Parties in the suit	

Edgar Filing: Vale S.A. - Form 6-K

Transger S/A(plaintiff) and Ferrovia Centro Atlântica S/A, Mineração Tacumã Ltda, KRJ Participações S/A, CPP Participações S/A, Carmo Administração e Participações Ltda, Fundação Vale do Rio Doce de Seguridade Social Valia and Companhia Siderúrgica Nacional CSN (defendants)

Amounts, goods or rights involved

Incalculable Request for annulment of the General Meeting.

Main facts

The plaintiff brought a lawsuit requesting compensation and annulment of the General Meeting authorizing the capital increase of Ferrovia Centro-Atlântica S.A. ( FCA ) in early 2003 on the grounds of alleged practice of abusive acts by FCA s controlling group. The request was initially judged well founded, but the judgment was reversed by the Court of Justice of Minas Gerais, which annulled all the judicial proceedings instituted up to then and therefore determined the production of new expert evidence. During the preparation of the new expert evidence, the National Agency of Land Carriage (ANTT, according to the initials in Portuguese) stated its interest in participating in the case and, for this reason, the jurisdiction in this procedure was transferred to the Federal Justice of Minas Gerais. New expert evidence is in progress.

Chances of loss (probable, possible, remote)

Possible

Analysis of impact in the case of losing the suit

Incalculable amount

Amount provisioned (if any)

None

**Table of Contents**

**Procedure No. 0529364272010.8.13.0145**

Jurisdiction	7ª Vara Cível de Juiz de Fora/MG
Instance	1st Instance
Date of filing	August 2010
Parties in the suit	SUDFER (plaintiff), and MRS Logística S.A., Companhia Siderúrgica Nacional S.A., Minerações Brasileiras Reunidas S.A., Usiminas Usinas Siderúrgicas de Minas Gerais, Gerdau S.A. and Vale S.A. (defendants)
Amounts, goods or rights involved	Incalculable
Main facts	<p>Plaintiff asserts that MRS Logística adopted a tariff policy aiming to favor its controlling group, specifically the defendants ; a complaint was even filed before CVM, which through the appointed Committee of Inquiry- acknowledged that the complaint filed by Clube SUDFER on the irregularities of the group was true. Plaintiff requested: 1) Temporary relief determining that the Defendants hire with a subsidiary on equal terms, taking into consideration the maximum allowable tariff; 2) To order the Defendants to pay any and all direct material damages imposed on MRS Logística until the improper practice has been stopped, due to the unfair reduction of the profits of the company, due to the non payment of dividends, and due to the payment of less dividends in view of the reduced tariffs charged to the controlling group.</p> <p>In January 2011, the defendants filed their pleas. Main proceedings will be suspended until judgment of dismissal for lack of jurisdiction also filed by the defendants is passed, thus, aiming at determining in the mining trial, if the court is competent to hear the case or whether in fact the competent forum is Rio de Janeiro.</p>
Chances of loss (probable, possible, remote)	Possible
Analysis of impact in the case of losing the suit	Any unfavorable decision in the lawsuit would generate financial losses for the Company and would damage its image.

Amount provisioned (if any)

None

**Procedure No. 0497166342010.8.13.0145**

Jurisdiction	8th Civil Court of Juiz de Fora Minas Gerais
Instance	1st Instance
Date of filing	August 2010.



Parties in the suit	SUDFER (plaintiff) and Júlio Fontana Neto, Henrique Aché Pillar, José Paulo de Oliveira Alves, Pablo Javier de La Quintana Bruggemann, Lauro Henrique Campos Rezende, Wanderlei Viçoso Fagundes, Hugo Serrado Stoffel, Guilherme Frederico Escalhão, Delson de Miranda Tolentino, Marcus Jurandir de Araújo Tambasco, Chequer Hanna Bou-Habib, Roberto Gottschalk, Joaquim de Souza Gomes, Luiz Antônio Bonaguara, Companhia Siderúrgica Nacional S.A., Minerações Brasileiras Reunidas S.A., Usiminas Usinas Siderúrgicas de Minas Gerais, Gerdau S.A., and Vale S.A. (defendant)
Amounts, goods or rights involved	Incalculable
Main facts	Plaintiff requires payment for moral damage based on the fact that the image of Clube SUDFER was enormously damaged for 9 years, and that said company did not receive dividends, and thus, was in pre-insolvency status. Plaintiff also requires shares to be sold under same conditions as it had the right to purchase at the time of the 2nd offer of shares made by MRS Logística, besides the loss of earnings by the dividends not received. MBR is also involved. Given the great number of defendants, not all of them have been summoned; therefore, the parties do not have a legal period yet to file their pleas
Chances of loss (probable, possible, remote)	Possible
Analysis of impact in the case of losing the suit	Any unfavorable decision in the lawsuit would generate financial losses for the Company and would damage its image.
Amount provisioned (if any)	None
<b>4.5 Impact analysis in case of loss of any relevant and sensitive cases that have not been disclosed in items 4.3 and 4.4 above, informing values involved</b>	
Not applicable. Vale is not a party in any relevant and sensitive cases.	

**Table of Contents**

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

(i) Labor

Fact and/or legal cause	The more recurring objects are responsibility, subsidiary/joint liability, overtime, additional payment for hazardous/unhealthy conditions, hours <i>in itinere</i> and penalty.
Amounts involved	R\$4.1 billion
Amount provisioned (if any)	R\$688.8 million
Company practice or that of subsidiary which caused the contingency	Difference of interpretation given by the company, employees and unions to various facts, legal and regulatory instruments concerning the issues above.

(ii) Tax

Fact and/or legal cause	Determining the basis for the calculation of financial compensation for exploitation of mineral resources – CFEM, which in a simple way means mining royalties.
Amounts involved	R\$7,880 billion for various collections of Financial Compensation for Mineral Resources Exploitation – CFEM.
Amount provisioned (if any)	R\$225 million
Company practice or that of subsidiary which caused the contingency	Differences in values resulting from tax deductions and travel expenses, arbitration and prescription term for collection. Vale also questions non-compliance with the duly legal procedure, the incidence of CFEM on the sale of pellets and payment by CFEM on revenues generated by our subsidiaries abroad. We state that collections are inappropriate. The decisions pronounced in the 1st Instance were partially favorable to the Company, particularly as to the grounds on deduction of taxes, prescription term for collection, and arbitration.

(iii) Civil

Fact and/or legal cause	Eleven pension funds claim receipt of purges made because of inflation arising from economic plans called Plano Verão and Plano Collor on amounts paid under forward contracts for buying and selling gold concluded with Vale from 1988.
Amounts involved	R\$495.4 million
Amount provisioned (if any)	R\$395.1 million
Company practice or that of subsidiary which caused the contingency	The contingency has been generated according to the edition of economic plans called Plano Verão and Plano Collor, both created by the Federal Government between 1989 and 1991. The contracts in

discussion around these were all paid and given as settled by the plaintiffs at the time. However the plaintiffs started legal proceedings aimed at applying the decision on a matter judged in the STJ for savings accounts books, to contracts concluded with Vale. Vale maintains that repayment of inflationary purges is not due.

**4.7 Other significant contingencies**

Not applicable. There are no other significant contingencies involving Vale and its subsidiaries.

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

Not applicable to the Company, as it is not a foreign issuer.

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

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

*Risk of product prices*

Vale is exposed to market risks associated with price volatility for its products in the international market. The Company's main products are: iron ore and pellets, nickel, copper products, aluminum products, fertilizers and coal. Nickel, aluminum, and copper are sold in an active global market and traded on commodity exchanges such as the London Metal Exchange and the New York Mercantile Exchange. The prices of these metals are subject to significant fluctuations and are affected by many factors, including macroeconomic conditions and real and expected policies, levels of supply and demand, availability and cost of substitutes, inventory levels, investments by commodity funds, and other actions by participants in the commodities market.

*Exchange risk and interest rate*

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

Vale's cash flow is also exposed to interest rates on loans and financing. The debt linked to variable interest rates of the U.S. dollar consists mainly in loans including pre-payment of exports operations, loans at commercial banks and multilateral organizations. In general, these debts are indexed to the Libor rate (*London Interbank Offered Rate*). The natural hedge between fluctuations in interest rates and U.S. prices of metals reduces the volatility of Vale's cash flow. The percentages of the costs tied to various currencies are given in table below:

## SUMMARY OF CONSOLIDATED COST PER CURRENCY

2010	BRL	USD	CAD	IDR	AUD	POC	TOTAL
BRGAAP	69%	15%	11%	1%	2%	1%	100%
USGAAP	64%	21%	11%	1%	2%	0%	100%

As regards revenue, 17.8% is denominated in Brazilian Reais and 82.2% are denominated in foreign currency, mainly U.S. dollars.

Regarding exposure to interest rate, after completion of hedge operations the company has 34% of its debt indexed to floating interest rates.

In December 31, 2010, the value of principal and interest on debt denominated in Brazilian Reais, and converted by swaps into U.S. dollars was R\$9.7 billion (US\$5.8 billion), and the value of the principal and interests of the debt denominated in euros and converted by swaps into U.S. dollars was 500 millions (US\$682 million.) The average cost of these transactions was 3.35% after the swap transactions. Due to market liquidity conditions, the average term of swap transactions may be lower than the average term of the debt.

*Risk of inputs and other costs*

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

**Table of Contents**

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

Energy costs are a major component of our production costs and represent 17.4% of our total cost of goods sold in 2010. To meet our energy demands, we depend on the following sources, measured in tons of oil equivalent (TOE): petroleum products, which accounted for 42% of total energy demand in 2010, electricity (29%), coal (15%), natural gas (10%), and other sources of energy (4%).

Costs with fuel represented 10.7% of the cost of goods sold in 2010. Price rises for oil and gas adversely affect our business interests in logistics, mining, pellets, nickel, and alumina.

Electrical energy costs represented 6.6% of the total cost of goods sold in 2010. If it is not possible to guarantee a reliable access to electricity at reasonable prices, we may be forced to reduce production or face higher production costs. Any of these alternatives would negatively affect the results of operations. There is the risk of shortage in countries where we operate and have projects, due to the excess of demand or weather conditions, such as flood or dry seasons.

There has been shortage of electricity in the world, and there is no assurance that the growth of power generation capacity in the countries where we operate, will be enough to meet our future increase of consumption. A future shortage and government policies to combat or avoid shortages can negatively affect the cost and supply of electricity in our operations.

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

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

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

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

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

***a. Risks for which protection is sought***

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

**Table of Contents*****b. Asset protection strategy (hedge)***

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

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

***c. Instruments used for asset protection (hedge)***

Protection programs and hedge programs employed by Vale, and their objectives include:

**Protection program of loans and financing in reais:** In order to reduce the volatility of the cash flow, swap transactions have been made in order to convert the cash flow of debt denominated in Reais, indexed to the CDI and / or TJLP (long term interest rates) to U.S. dollars, in loans and financing contracts. In these operations, Vale pays fixed and / or floating rates in U.S. dollars and receives remuneration linked to the CDI, TJLP and / or fixed rates in Reais.

**Currency cash flow hedge program:** In order to reduce the volatility of the cash flow, swap transactions were made to mitigate the exchange rate exposure originated by the currency mismatch between revenues in U.S. dollars and costs of investments in reais.

**Program of exchange protection of cash flow:** In order to reduce the volatility of the cash flow, non deliverable forwards transactions were made to mitigate the exchange rate exposure originated by the currency mismatch between revenues in U.S. dollars and costs of investments in reais.

**Protection Program for loans and financing in Euros:** In order to reduce the volatility of the cash flow, a swap transaction was made to convert the cash flow of debts in euros and/or indexed debts into Euribor for U.S. dollars and/or indexed to the Libor Rate (London Interbank Offered Rate).

**Protection program for loans and financing subject to floating rate in U.S. dollars:** In 2004, in order to reduce the volatility of cash flow, a swap transaction was made to convert the cash flow of a unionized debt issued by Vale Canadá Ltd, a subsidiary of Vale. The initial face value was US\$200 million, indexed at a floating rate (Libor) for fixed rates. In the protection transaction, Vale pays a fixed rate to the counterparty and receives a remuneration linked to the floating rate (Libor)

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

**Hedge program for cash flow of aluminum:** In order to protect cash flow for the year 2010, Vale carried out protection operations where it fixed the pricing of part of the sales of aluminum in the period. In this program, the Company used options and forwards contracts strategies.

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

**Table of Contents**

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

**Sales program for nickel at a fixed price:** aiming to maintain its exposure to fluctuations in the price of nickel, it has been carried out derivative transactions to convert to a floating-price basis commercial nickel contracts with those clients seeking to fix the price. The operations are intended to ensure that prices for these sales are equivalent to the average price of the London Metal Exchange (LME) upon physical delivery to the customer. Typically, operations made within this program are purchases of nickel for future liquidation, either in the Stock Market (London Metal Exchange) or over-the-counter. These operations are reverted before the original maturity date in order to match with the dates of liquidation of the commercial contracts that had a fixed price. When the Strategic Protection program for cash flow of nickel or the Hedge program for selling of nickel are performed, the Sales program for nickel at a fixed price is discontinued. In this program, Vale used future contracts.

**Protection Program for purchase transactions of nickel:** Protection operations were made in order to reduce the volatility of the cash flow and eliminate the mismatching between the pricing period of the purchase of nickel (concentrated, cathode, sinter and other types) and the reselling period of the processed product. The products purchased are raw material used in the process of production of refined nickel. In this case, operations usually made are the selling of nickel for future liquidation either in the Stock Market (London Metal Exchange) or over-the-counter.

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

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

**Protection program for the selling of coal:** The objective of this program is the protection of cash flows for the year 2010, whereby Vale carried out protection operations fixing the pricing of part of the sales of coal in the period. In this program, the Company used forwards contracts.

**Protection program for selling of copper scrap:** Hedge operations were made in order to reduce the volatility of the cash flow and eliminate the mismatching between the pricing period of the purchase of copper scrap. Copper scrap bought is combined with other inputs in order to manufacture copper for Vale's final customers. In this case, operations usually made are sales for future liquidation either in the Stock Market (London Metal Exchange) or over-the-counter

***d. Parameters used for managing those risks***

The parameters used to check the qualification or disqualification of the Company's exposure are: (i) verification of execution of the programs mentioned in c.; (ii) analysis of the contracted volumes, and (iii) adjustment to the adequacy of maturity dates, taking into account their corresponding protection or hedge strategies, guaranteeing the framing of our exposures. The monthly monitoring based on our consolidated position, allows for the accompaniment of the financial results with the impact on the cash flow.

**Table of Contents**

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

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

***f. Organizational structure for risk management control***

Beyond the normative framework of risk management, Vale also has a corporate structure with well defined responsibilities.

The Board is responsible for the evaluation and approval of risk mitigation strategies that were recommended by the Executive Committee for Risk Management. The Committee is responsible for issuing opinions on the principles and tools for risk management, as well as regularly reporting to the Executive Board on the process of managing and monitoring risks and on the major risks to which the Company is exposed, as well as the impact of these on cash flow. The recommendation and implementation of the operations are carried out by independent areas. It is the responsibility of the area of risk management to define and propose to the Executive Committee for Risk Management operations or measures to mitigate market risk consistent with Vale's strategy and its subsidiaries. It is the responsibility of the financial area to carry out the transactions involving derivative contracts. The independence between areas ensures effective control over these operations.

At Vale, the area that formally answers for the risk management is the Department of Corporate Risk Management, that reports directly to the Executive Board of Finance and Relationships with Investors.

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

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

Several areas act as *compliance* in the process of risk management: the back-office, part of the General Board of Financial Department, is responsible for confirming the financial characteristics of transactions as well as the counter-parties with which the operations were performed, report the fair value of the positions. This area, along with the area of market risk management, part of the Department of Corporate Risk Management, also assesses whether the operations were performed according to approval given. As well as these areas, the area of internal controls, which is also part of the Department of Corporate Risk Management, acts to verify the integrity of the controls that mitigate risks in the contracted transactions within the above mentioned governance criteria.

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

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

**5.4 Other information that the Company deems relevant**

There is no further relevant information about this item 5 .



**Table of Contents****6.1/6.2/6.4 Establishment of the Company. Company Lifetime and Date of Filing with CVM**

<b>Date of Establishment of Issuer</b>	11.01.1943
<b>Legal Form of the Issuer</b>	Mixed economy company
<b>Country of Establishment</b>	Brazil
<b>Company Lifetime</b>	Undetermined
<b>Date of Filing with CVM</b>	02.01.1970

**6.3 Brief Company History**

Vale was initially founded by the Brazilian Federal Government (Government of Brazil) on 01.06.1942, through Decree-Law No. 4352, and definitively on 11.01.1943, by the Assembly for the Definitive Constitution of the Companhia Vale do Rio Doce SA, in the form of mixed economy company, aiming to mine, trade, transport and export iron ore from the Itabira mines, and run the Vitória-Minas Railroad (EFVM), which carried iron ore and agricultural products from Vale do Rio Doce, in south-eastern Brazil, to the port of Victoria, located in Espírito Santo. The privatization process was initiated by the Company in 1997. Under Privatization Decree PND-A-01/97/VALE and the Resolution of the National Privatization Council – CND paragraph 2, of 05.03.1997, the Extraordinary General Assembly approved on 18.04.1997 the issue of 388,559,056 participatory non-convertible debentures, with a view to guaranteeing its pre-privatization shareholders, including the Federal Government itself, the right to participation in revenues from Vale's and its subsidiaries' mineral deposits, which were not valued for purposes of fixing the minimum price in the auction for the privatization of Vale. The Participatory Debentures were allocated to the shareholders of Vale in payment of the redemption value of preferred class B shares issued as bonus, in the proportion of one share owned by holders of class A common and preferred shares at the time, through the part capitalization of Vale's revenue reserves. The Participatory Debentures could only be traded with prior authorization of CVM, as of three months from the end of Secondary Public Offering of Shares under the privatization process.

On 06.05.1997 the privatization auction was held, when the Brazilian government sold 104,318,070 Vale common shares, equivalent to 41.73% of the voting capital for Valepar SA (Valepar), for approximately R\$3.3 billion.

Later, under the terms of the Bid, the Brazilian government sold another 11,120,919 shares representing approximately 4.5% of the outstanding common shares and 8,744,308 class A preferred shares, representing 6.3% of class A shares in circulation, through a limited offer to the employees of Vale.

On 20.03.2002 a Secondary Public Offering of Shares issued by Vale was held, in which the Brazilian Government and the National Bank for Economic and Social Development (BNDES) each sold 34,255,582 Vale common shares. The demand by investors in Brazil and abroad was substantial, exceeding supply by about three times, which led to the sale of the entire batch of 68,511,164 shares. A portion of about 50.2% was posted in the Brazilian market and the remainder was sold to foreign investors. Later, on 04.10.2002, the proper certification of the Participatory Debentures was obtained from CVM, the Securities Commission, allowing their trading on the secondary market.

The following describes the most significant historical events in the history of the Company since its incorporation:

**1942**

President Getulio Vargas, by Decree-Law nº 4352 of 01.06.1942, sets out the basis on which Companhia Vale do Rio Doce SA would be organized. By Decree-Law, the Brazilian Company for Mining and Metallurgy and Mining Company Itabira would be expropriated.

**Table of Contents**

**1943**

Vale is constituted on 11.01.1943, as mixed economy company, pursuant to Decree-Law nº 4.352/42.  
Listing of Vale shares on the Rio de Janeiro Stock Market (BVRJ) in October 1943.

**1944**

First business with Vale shares on the BVRJ occurred in March 1944.

**1952**

The Brazilian Government takes definitive control of Vale's operational system.

**1953**

First shipment of iron ore to Japan.

**1954**

It revises its business practices abroad, and proceeds to contact directly steel mills, without the intermediation of traders.

**1962**

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

**1964**

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

**1966**

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

**1967**

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

**1968**

Vale shares become part of the IBOVESPA index.

**1969**

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

**1970**

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

**1972**

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

**1974**

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

**1975**

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

**1976**

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

**1977**

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

**Table of Contents**

**1979**

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

**1980**

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

**1982**

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

**1984**

Inauguration of Vale office in Japan.

**1985**

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

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

**1986**

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

**1987**

The EFC begins operating on a commercial scale.

**1989**

Implementation of the Profit Sharing Program for Vale employees.

**1994**

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

**1995**

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

**1996**

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

**1997**

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

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

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

**1998**

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

**1999**

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

**2000**

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

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

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

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



**Table of Contents**

**2001**

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

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

In March, shareholdings involving Vale and CSN are unwound.

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

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

**2002**

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

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

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

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

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

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

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

On December 27, the Extraordinary General Meeting approves the Amendment to the Bylaws in order to (i) expand the Company's activities in energy and logistics, (ii) adjust the Statutes to the new rules introduced by Law No. 10303 of 10.31.2001 and (iii) introduce the principles of best corporate governance practices.

**2003**

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

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

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

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

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

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

**2004**

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

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

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

**Table of Contents**

**2005**

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

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

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

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

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

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

**2006**

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

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

In March, it inaugurated the expansion of production capacity is inaugurated of alumina refinery Alunorte Alumina do Norte do Brazil SA (Alunorte), located in Barcarena in the state of Pará

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

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

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

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

In September, Mineracoes BR Holdings GmbH buys 25% stake in a joint venture, Zhuhai YPM, to build a new pellet plant in Zhuhai, in the region of Guandong, China.

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

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

**2007**

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

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

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

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

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

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

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

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

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

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

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

**Table of Contents**

**2008**

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

Vale leases three pellet plants in the Tubarão complex, in Vitória, State of Espírito Santo, owned by the JVs in which it participates (Itabasco, Kobrasco and Nibrasco).

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

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

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

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

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

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

On December 16, Vale signs with African Rainbow Minerals Limited (ARM) and its subsidiary TEAL Exploration & Mining Incorporated (TEAL) a contract providing for the acquisition of 50% of the capital of a joint venture to hold TEAL subsidiaries for CAD \$81 million, therefore increasing the strategic options for Vale to grow in the copper business in Africa for CAD \$81 million.

On December 23, Vale signs a sale and purchase agreement to acquire 100% of the coal exporting assets of Cementos Argos SA (Argos) in Colombia for US\$306 million.

**2009**

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

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

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

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

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

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

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



**Table of Contents**

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

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

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

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

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

**2010**

On January 22, integrated subsidiary Valesul Alumínio S.A. (Valesul) enters into an agreement to sell its aluminum assets located in Rio de Janeiro to Alumínio Nordeste S.A., a Metalis group company, for US\$31.2 million.

On the same date, Vale approves at a Special Shareholders Meeting the incorporation of integrated subsidiaries Sociedade de Mineração Estrela de Apolo S.A. (Estrela de Apolo) and Mineração Vale Corumbá S.A. (Vale Corumbá).

During the first half of the year, Vale closes agreements with its customers in the iron ore business to shift from annual contracts to contracts with values adjusted on a quarterly basis. The new contracts offer more efficiency and transparency for iron ore prices and make it possible to differentiate qualities, which helps stimulate long-term investment. Besides, customers can learn in advance the price to be paid in the following quarter.

In the second quarter, Vale acquires a 51% interest in VBG - Vale BSGR Limited (formerly BSG Resources (Guinea) Limited), which holds iron ore concession rights in Simandou South (Zogota) and iron ore exploration permits in Simandou North (Blocks 1 & 2), Guinea.

Through a series of transactions in 2010, Vale acquires the phosphate operations of Vale Fertilizantes S.A. (formerly Fertilizantes Fosfatados S.A. - Fosfertil) and Vale Fosfatados S.A. (formerly Bunge Participações and Investimentos S.A.). The total cost of these acquisitions was US\$5.829 billion. The sellers included Bunge Ltd., The Mosaic Company (Mosaic), Yara Brasil Fertilizantes S.A. and other Brazilian companies.

In May, Vale enters into an agreement with Oman Oil Company S.A.O.C. (OOC), an integrated subsidiary of the government of the sultanate of Oman, for the sale of a 30% interest in Vale Oman Pelletizing Company LLC (VOPC), for US\$125 million.

In July, Vale sells to Imerys S.A. 86.2% of its interest in Pará Pigmentos S.A. (PPSA), a kaolin producer, along with other kaolin mining rights, for US\$74 million.

In July, Vale concludes the transaction announced on March 31, 2010, by virtue of which it sells 35% of the total capital of MVM Resources International B.V. (MVM) to Mosaic for US\$385 million, and 25% of the total capital of MVM to Mitsui, for US\$275 million. MVM manages and operates Bayóvar phosphate rock project in Peru.

In the fourth quarter, Vale lists Depositary Receipts representing its common and preferred Class A shares (HDRs) on Hong Kong Limited Stock Exchange (HKEx). The HDRs start to be traded on December 8, 2010.

**2011**

On February 28, Vale announces the completion of the operation announced on 02.05.2010 with Norsk Hydro ASA (Hydro) to transfer all its interests in Albras - Alumínio Brasileiro S.A. (Albras), Alunorte - Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP), receiving in return 22% of the outstanding common shares of Hydro and US\$503 million in cash.

In February 2011, Vale pays US\$173.5 million to acquire the control of Biopalma, in the state of Pará, to produce palm oil (dende oil) as feedstock to manufacture biodiesel.

On April 8, Vale and Metorex Limited ( Metorex ) agree on the terms of Vale 's offer to acquire the total capital of Metorex for US\$1.125 billion. Metorex produces copper and cobalt, has operations in the African copper belt, and operates two mines in Zambia and Ruashi. Moreover, Metorex has three projects in the Democratic Republic of Congo, one of them at a development stage and the other two at an exploration stage.

**Table of Contents**

On April 28, the Board of Directors approves the acquisition, subject to certain conditions, of up to 9% of the capital of Norte Energia S.A. (NESA), a stake currently held by Gaia Energia e Participações S.A (Gaia). NESA is a company whose sole purpose is the implementation, operation and management of Belo Monte hydroelectric power plant in Pará.

**6.5 Description of main corporate events such as incorporations, mergers, split-offs, incorporation of shares, disposal and acquisition of corporate control, acquisition and disposal of major assets, undergone by the Company, its subsidiaries and related companies**

**2008**

*Jubilee Mines*

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

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

On 29.04.2008 and 29.12.2008 respectively, the incorporation of wholly owned FGC and MOP by Vale was approved, without issuing new shares and with no change in the capital of Vale. The asset values of FGC and MOP were evaluated, on 03.28.2008 and 28.11.2008 respectively, by Deloitte Touche Tohmatsu and ACAL Consulting and Audit S/S, for R\$386,733,909.42 and R\$2,916,326.00 respectively. The incorporations were intended to strengthen the strategic positioning of Vale to simplify and streamline administrative and financial operations.

*Acquisition of Mining Rights of Mineração Apolo*

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

*Global Offering*

On 05.08.2008, Vale held Primary Public Offering (recorded under N° CVM/SRE/REM/2008/010) of 256,926,766 common shares and 189,063,218 preferred class A shares, all nominative, without par value issued by Vale, including in the form of American Depositary Shares (ADSs), represented by American Depositary Receipts (ADRs), at the price of R\$46.28 per common share and US\$29.00 or 18.25 per ADS ordinary, and at R\$39.90 per class A preferred share and US\$25.00 and 15.74 per ADS or preferred, totalling R\$19,434,193,128.68. Under the International Offering were placed 63,506,751 preferred class A shares and 80,079,223 common shares in the form of ADSs represented by ADRs. The total number of shares contemplated in the Offer, also included 24,660,419 Class A preferred shares issued by Vale in respect of the exercise of the Supplementary Lot Option by the Lead Coordinator of the Offer, this option having been granted under Article 24 of CVM Instruction 400.

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

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

**Table of Contents****2009***Acquisition of potash assets*

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

*Acquisition of iron ore assets*

On 30.01.2009, Vale enters into an agreement to acquire Corumbá iron ore operations located in Mato Grosso do Sul, belonging to Rio Tinto Plc (Rio Tinto) and other subsidiaries for US\$750 million (equivalent to R\$1,473 billion on the date of payment), by means of a one-time payment. Iron ore assets represented 100% of open-pit iron ore mining operations at Corumbá, in the State of Mato Grosso do Sul, Brazil, and included logistic assets including river port and barges. Logistics assets enable Vale to be 70% self-sufficient in the carriage of iron ore along Paraguay river. Approval of the acquisition by the Argentine antitrust authority is pending.

*Acquisition of copper mining assets in Africa*

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

*Acquisition of coal assets in Colombia*

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

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

On 21.09.2009, Vale concluded an agreement with ThyssenKrupp Steel AG (ThyssenKrupp) to increase its 10% stake in CSA to 26.87% through a capital contribution of EUR \$965 million (equivalent to R\$2.532 billion at the time of payment). By the end of 2010, capital contributions to CSA resulted in the payment by Vale of US\$2,069 million (equivalent to R\$3,794 million on the date of payment). CSA built an integrated steel slab mill, with a nominal capacity of five million metric tons of slab steel per year in Rio de Janeiro. The power plant started to operate in 2010. As a strategic partner of ThyssenKrupp, Vale is the sole and exclusive supplier of iron ore to CSA.

**Table of Contents***Sale of nickel assets*

As a result of the strategic review of operations of nickel, Vale sold its indirect participation in International Metals Reclamation Company, Inc. (Inmetco) on 31.12.2009 for US\$34 million (equivalent to R\$59 million), received in a one-time payment, and 65% of Jinco Nonferrous Metals Co., Ltd (Jinco) on 09.12.2009 for US\$6.5 million (equivalent to R\$11 million), received in a one-time payment. Inmetco, formerly a wholly owned subsidiary of Vale Inco in Ellwood City, Pennsylvania, USA, is dedicated to the recycling of nickel, chromium and other metal by-products generated by the production of stainless steel and specialty metals. Jinco operates Chinese nickel facilities and produces nickel sulphate and nickel chloride. That same month, Vale entered into agreements to sell its stake of 76.7% in Inco Advanced Technology Materials (Dalian) Co. Ltd. (Iatm-D) and 77% of Inco Advanced Technology Materials (Shenyang) Co. Ltd. (Iatm-S), which operates manufacturing facilities for nickel foam in China for US\$7 million (equivalent to R\$16 million), received in a one-time payment, to partners of the remaining shareholders. Due to the above transactions, Vale no longer has any equity interest in Inmetco, in Jinco, in IATM-D and in IATM-S.

**2010***Incorporation of the Sociedade de Mineração Estrela de Apolo S.A. (Estrela de Apolo) and Mineração Vale Corumbá S.A. (Vale Corumbá)*

On 22.01.2010 Vale approved the incorporation of its wholly owned subsidiaries Estrela de Apolo and Vale Corumbá, without issuing new shares and with no change in Vale capital, at their respective book asset value, with the release of their assets to Vale. According to the Appraisal Reports, produced by Domingues e Pinho Accountants on 31.10.2009, the asset value of *Estrela de Apolo* was R\$4,160.00 and the net worth of Vale Corumbá was R\$354,766,285.89. The main objective of the incorporations was to simplify corporate structure and optimize resources and costs.

*Sale of assets of Valesul*

On 22.01.2010, integrated subsidiary Valesul Alumínio S.A. (Valesul) entered into an agreement to sell its aluminum assets, located in Rio de Janeiro, to Alumínio Nordeste S.A., a member company of Metalis group, for US\$31.2 million (equivalent to R\$55,9 million on the date of receipt), received in a one-time payment.

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

*Disposal of minority interests in Bayóvar*

On 07.07.2010, Vale completed the transaction announced on 31.03.2010, by virtue of which it sold to The Mosaic Company (Mosaic) and Mitsui & Co. Ltd. (Mitsui) minority stakes in the Bayovar phosphate rock project located in Peru, through newly created MVM Resources International B.V. (MVM), which manages and operates the project.

Vale sold 35% of the total capital of MVM to Mosaic for US\$385 million (equivalent to R\$682 million on the date of transaction), in a one-time payment, and 25% of the total capital of MVM to Mitsui for US\$275 million (equivalent to US\$487 million on the date of transaction), in a one-time payment. Vale maintains control of the Bayóvar project, with 51% of the voting capital and 40% of the total capital of MVM.

*Acquisition of iron ore deposits (Simandou)*

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

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

**Table of Contents***Acquisition of fertilizer assets*

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

Additionally, on 29.09.2010 Vale completed the acquisition, for US\$1,029,811,129.77 (equivalent to R\$1.76 billion on the date of transaction) in a one-time payment, of 20.27% of the capital of Vale Fertilizantes held by The Mosaic Company (Mosaic), corresponding to 27.27% of the common shares and 16.65% of the preferred shares of the company. Vale thus proceeded to hold 78.90% of the capital of Vale Fertilizantes, composed by 99.81% of the common shares and 68.24% of the preferred shares of the company.

Besides, under Brazilian corporate law and the norms of the capital market, Vale issued a mandatory tender offer (public offer for acquisition or OPA, according to the initials in Portuguese) to acquire up to the entirety of the common shares issued by Vale Fertilizantes outstanding in the market at a value of US\$12.0185 per share, converted into Brazilian reais, the same price paid to other shareholders of Vale Fertilizantes. As a result of the OPA, in December 2010 Vale increased its direct and indirect interest in Vale Fertilizantes to 99.83% of the total common shares and 78.92% of the total capital.

*Sale of minority interest in Vale Oman Pelletizing Company*

On 29.05.2010, Vale entered into an agreement with Oman Oil Company S.A.O.C. (OOC), an integrated subsidiary of the government of the sultanate of Oman, to sell a 30% interest in Vale Oman Pelletizing Company LLC (VOPC) for an amount equivalent in *Omani Rials* to US\$125 million (equivalent to R\$228 million on the date of closing of agreement). Payment will be effected as follows: (i) US\$71 million paid by OOC against transfer of all the shares held by Vale Mauritius Limited; (e) US\$54 million by assuming the debt originally contracted by VOPC along with Vale International. VOPC is a subsidiary that was created by Vale to build and operate a pelletizing plant in the Industrial District of Porto de Sohar, in Oman.

The transaction is subject to the terms and conditions established in the final contract of purchase of shares to be executed and filed with the Ministry of Industry and Commerce of Oman after meeting the conditions above, as established in the Shareholders Agreement entered into with OOC which, in turn, provides for the operational and administrative management of the pelletizing plant by Vale.

*Increased participation in Belvedere*

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

**Table of Contents***Sale of interest in PPSA*

On 29.06.2010, Vale sold 86.2% of its interest in Pará Pigmentos S.A. (PPSA) and other kaolin mining rights located in Pará. The assets were sold to Imerys S.A., a company listed on Euronext, for US\$74 million (equivalent to R\$131 million on the date of transaction), in a one-time payment.

*Acquisition of interest in SCDN*

On 21.09.2010, Vale acquired 51% of Sociedade de Desenvolvimento do Corredor Norte S.A. (SDCN) for US\$21 million (equivalent to R\$36.6 million on the date of payment), in a one-time payment, from Mozambican company SGPS SA (Insitac). SDCN holds the concession to create the logistics structure required for the production flow resulting from the second phase of Moatize coal project. SDCN controls, through a 51% interest, Corredor de Desenvolvimento do Norte (CDN) and Central East African Railway (CEAR). CDN is responsible for the concession of a railway section of 872 km in Mozambique, linking Entrelagos, in the province of Niassa, with the port of Nacala, in the province of Nampula, to the North of Mozambique and the port of Nacala. CEAR holds the concession of the whole railway system of Malawi, currently consisting of 797 km of railway lines connecting the whole country along the north-south and east-west axes. CDN and CEAR railway systems are interconnected and close to Moatize mineral region, in the province of Tete, Mozambique, therefore providing an additional logistic corridor for the coal to be produced in the area.

**2011***Restructuring of aluminum assets portfolio*

On 28.02.2011, Vale announced the completion of the operation, through subsidiary Vale Austria Holdings GmbH, with Norsk Hydro ASA (Hydro), as announced on 02.05.2010, to transfer all its interests in Albras Alumínio Brasileiro S.A. (Albras), Alunorte Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP), along with their respective rights of exclusivity, commercial agreements and net debt of US\$655 million, for 22% of the outstanding common shares of Hydro and US\$503 million (equivalent to R\$836 million on the date of transaction) in cash.

Besides, Vale created a new company, Mineração Paragominas S.A. (Paragominas), to which it transferred the bauxite mine of Paragominas and all the other mining rights relating to bauxite in Brazil. As a part of this transaction, Vale sold 60% of Paragominas to Hydro for US\$578 million (equivalent to R\$960 million on the date of transaction), in a one-time payment, in cash. The remaining portion of 40% will be sold in two equal parts of 20% within 3 and 5 years, for US\$200 million in cash.

Pursuant to the terms of the operation, Vale will not be allowed to sell its shares issued by Hydro for a period of 2 years nor will it be allowed to increase its interest in Hydro beyond 22%. Besides, as another part of the agreement, Vale is entitled to appoint a representative in the Board of Directors of Hydro.

*Acquisition of Biopalma in Brazil*

In February 2011, Vale acquired the majority stock of Biopalma da Amazônia S.A. Reflorestamento, Indústria e Comércio, in the state of Pará (Biopalma). The amount of the transaction was R\$290.2 million and at present Vale owns a 70% interest in this partnership. The Right to Vote is regulated by the Shareholder's Agreement. Biopalma will produce palm oil (dende oil) as feedstock to manufacture biodiesel, and most of the production will be used for a B20 blend (a mixture of 20% of biodiesel and 80% of regular diesel oil), as a fuel for our fleet of locomotives, equipment and heavy machinery. Our investment in production of biodiesel forms part of our strategic focus on global sustainability.

**Table of Contents***Acquisition of copper assets in the African copper belt*

On 08.04.2011, Vale and Metorex Limited ( Metorex ) agreed on the terms of Vale s offer to acquire the whole capital of Metorex for US\$1.125 billion (equivalent to R\$1.765 billion on the date of agreement), to be settled in cash. Metorex shareholders will be summoned to consider the acquisition proposal, which will be implemented through a scheme of arrangement, as defined by corporate law in South Africa. Acquisition of 100% of the capital requires approval of at least 75% of the capital stock represented by the shareholders present at the shareholders meeting. We have already received the irrevocable commitment to do so by shareholders representing 25.8% of the voting capital of Metorex. In addition, the acquisition is also subject to (i) applicable governmental and regulatory approvals; (ii) approval by minority shareholders in Metorex subsidiaries; (iii) sale or transfer of Sable Zinco Kabwe Limited, an operation for cathode copper and cobalt processing in Zambia, from Metorex to third parties; (iv) no rejection to the purchase from the shareholders of Metorex representing 5% or more of the capital stock of Metorex, or if there is rejection of more than 5%, that the right of recess be not exercised with respect to the 5% or more of the total of shares of Metorex; and (v) statement of consent with respect to the purchase from the creditors of Metorex or the partnerships that belong to the Metorex Group that have rights with respect to the change of control of Metorex, including the rights arising from the change of control as a hypothesis of advanced maturity of the obligations. The acquisition must be submitted for approval before the antitrust authorities of Zambia, South Africa and China. Metorex produces copper and cobalt from operations in the African copper belt. Metorex has two mines in operation Chibuluma, located in Zambia, in which it holds an 85% interest, and Ruashi, in the Democratic Republic of Congo, in which it holds a 75% interest. Besides, Metorex has three projects in the Democratic Republic of Congo, one of them at a development stage and the other two at an exploration stage.

*Acquisition of an interest in Belo Monte power project*

On 28.04.2011, the Board of Directors approved the acquisition, subject to certain conditions, of up to 9% of the capital of Norte Energia S.A. (NESA), a stake currently held by Gaia Energia e Participações S.A (Gaia). NESA is a company whose sole purpose is the implementation, operation and management of Belo Monte hydroelectric power plant in the Brazilian state of Pará. Vale will reimburse Gaia for its capital contributions to NESA and will undertake to make future capital contributions as a result of the acquired stock interest, estimated at R\$2.3 billion (equivalent to US\$1.4 billion). This acquisition is consistent with our strategy to reduce operating costs and minimize the price of power and the risks of supply. The operation has not yet been completed and is subject to be submitted to the Administrative Board for Economic Defence (CADE) and other agencies belonging to the Brazilian System of Fair Competition (SBDC, according to the initials in Portuguese), as well as to approval by the National Agency of Electric Power (ANEEL, according to the initials in Portuguese). A Shareholders Agreement will be executed to regulate voting rights.

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

Not applicable. There are no bankruptcy filings based on relevant values, or judicial or extrajudicial recovery of the Company.

**6.7 Other information that the Company deems relevant**

There is no further relevant information about this item 6 .



**Table of Contents**

**7.1 Summary of Company and Subsidiary activities**

Vale is the second largest mining company in the world and the largest in the Americas by market value. The Company is the largest iron ore producer and second largest nickel producer in the world. Vale is among the largest producers of manganese ore and ferroalloys. It also produces copper, thermal and metallurgical coal, phosphates, potash, cobalt, kaolin and platinum group metals (PGMs) and other products. To sustain its growth strategy, Vale is actively engaged in mineral exploration in 24 countries. The Company operates large logistics systems in Brazil integrated with its mining operations, including railroads, maritime terminals and a port. In addition, the Company has a portfolio of maritime freight to transport iron ore. Vale also has significant investments in the sectors of energy and steel, directly or through subsidiaries and joint ventures.

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

***a. Products and services marketed in each operating segment***

*(i) Bulk Materials* Includes extraction of iron ore and production of pellets, as well as the North, Southern and Southeastern transportation systems, including railroads, maritime terminals and ports, linked to these operations. Manganese ore, ferroalloys and coal are also included in this segment.

*(ii) Base metals* Includes the production of non-ferrous minerals, including production of nickel (co-products and by-products), copper and aluminum – it involves aluminum marketing, alumina refining and smelting aluminum metals and investments in joint ventures and bauxite mining partnerships – PGMs and other precious metals and cobalt.

*(iii) Fertilizers* Includes three important nutrient groups: potassium, phosphates and nitrogen. This is a new business segment, reported as of 2010, that is being formed through acquisitions and organic growth.

*(iv) Logistics* Includes the system of cargo transportation for third parties, divided into rail transport, port and shipping services.

*(v) Other investments* Includes investments in joint ventures and affiliates in other businesses.

The information presented to upper management regarding performance of each segment are usually originated from accounting records maintained according to generally accepted accounting principles in Brazil, with some minimum relocations between segments.

**Table of Contents*****b. Revenue from the segment and its participation in the Company's net revenues***

In R\$ thousands	2010		2009	
	Net Revenue	% of total	Net Revenue	% of total
<b>Segment</b>				
Bulk Materials	61,482,495	74	30,545,038	63
Base Metals	14,377,415	17	13,744,012	28
Fertilizers	3,013,814	4	777,991	2
Logistics	2,773,115	3	2,480,827	5
Other Investments	1,578,167	2	948,698	2
<b>Total Revenue</b>	<b>83,225,006</b>	<b>100</b>	<b>49,496,566</b>	<b>100</b>

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

In R\$ thousand	2010		2009	
	Profit/Loss	% of total	Profit/Loss	% of total
<b>Segment</b>				
Bulk Materials	30,855,508	102	11,258,393	109
Base Metals	(739,403)	-2	(1,245,903)	-12
Fertilizers	(58,874)		333,627	3
Logistics	453,828	1	329,019	3
Other Investments	(440,508)	-1	(338,186)	-3
<b>Net Total Profit/Loss</b>	<b>30,070,051</b>	<b>100</b>	<b>10,136,950</b>	<b>100</b>

As of January 1, 2010, Vale adopted all resolutions issued by the CPC (Accounting Standards Committee) retroactively to January 1, 2009. Therefore, the financial statements related to fiscal year ending on December 31, 2010 are the first consolidated financial statements submitted by the Company pursuant to International Financial Reporting Standards – IFRS. Thus, the financial statements regarding fiscal year ending on December 31, 2008, since they were prepared using different accounting standards, cannot be compared to financial statements for fiscal years ending on December 31, 2009 and December 31, 2010, and therefore, no financial statements related to fiscal year 2008 were included.

**7.3 Products and services that correspond to the operating segments disclosed in item 7.2*****a. Characteristics of the production process******b. Characteristics of the distribution process******v. Characteristics of the markets, in particular:****i. competition conditions in the markets**ii. participation in each market****d. Possible seasonality******e. Main supplies and raw materials, reporting:****i. description or relationships maintained with providers, including if they are subject to government control or regulation, indicating the applicable legislating body;*

*ii. eventual dependence on fewer providers; and*

*iii. eventual volatility in its prices.*

**A. Bulk materials**

The Company's bulk materials business includes iron ore prospecting, pellet production, manganese prospecting, iron alloy production and coal production. Each activity is described below.

**A.1 Iron Ore**

**Table of Contents****A.1.1. Production Process**

Vale runs the majority of its iron ore operations in Brazil directly and through its subsidiary Urucum Mineração S.A. (Urucum) and Mineração Corumbaiense Reunidas (MCR). Our mines, which are all open-pit, and other operations are concentrated mainly in three systems: the Southeastern System, the Southern System and the Northern System, each with its own transportation capacity. Moreover, Vale has mining operations in the Centralwestern System through its affiliate Samarco Mineração SA (Samarco).

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

**Southeastern System**

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

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

We conduct open-pit mining operations in the Southeastern System. At the three mining complexes, we generally process the run-of-mine by means of standard crushing, classification and concentration steps, producing sinter feed, lump ore and pellet feed in the beneficiation plants located at the mining sites. In 2010, we produced 65.3% of the electric energy consumed in the Southeastern System at our hydroelectric power plants (Igarapava, Porto Estrela, Funil, Candonga, Aimorés, Capim Branco I and Capim Branco II).

We own and operate integrated railroad and terminal networks in the three mining complexes, which are accessible by road or by spur tracks of our EFVM railroad. The EFVM railroad connects these mines to the Tubarão port in Vitória, in the state of Espírito Santo. For a more detailed description of the network, please see *Logistics*.

**Southern System**

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

We use wet beneficiation processes to convert run-of-mine obtained from open-pit mining operations into sinter feed, lump ore and pellet feed. In 2010, we produced 63.3% of the electric energy consumed in the Southern System at our hydroelectric power plants (Igarapava, Porto Estrela, Funil, Candonga, Capim Branco I and Capim Branco II).

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

**Table of Contents***Northern System*

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

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

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

*Centralwestern System*

The Centralwestern System includes the Urucum and Corumbá mines, located in the state of Mato Grosso do Sul.

We conduct open-pit mining operations in the Centralwestern System. The iron ore reserves in Urucum contain a high level of hematite ore, with an average of 62.2%. In September of 2009, we concluded the acquisition of the mine of Corumbá, where we produce iron ore pellets. In the Urucum and Corumbá mines, we usually process the ROM through standard crushing, followed by classification, producing granulated and fine.

The iron ore products from the Urucum and Corumbá mines are delivered to clients through vessels sailing on Paraguay and Paraná rivers.

*Samarco*

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

**A.1.2. Production**

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

Mine/Plant	Type	Production for fiscal year ended on			Recovery Rate (%)
		2008	December 31 2009	2010	
(million metric tons)					
<b>Southeastern System</b>					
<i>Itabira</i>					
Cauê(1)	Open pit	21.5	13.8	19.3	68.0
Conceição(1)	Open pit	20.3	17.3	19.4	75.2
<i>Minas Centrais</i>					
Água Limpa/Cururu(2)	Open pit	4.7	1.4	5.0	52.9
Gongo Soco	Open pit	5.0	2.7	6.8	90.1
Brucutu	Open pit	26.4	23.6	29.7	79.1
Andrade(3)	Open pit	1.4	0.7		
<i>Mariana</i>					
Alegria	Open pit	12.3	12.1	13.6	81.8
Fábrica Nova(4)	Open pit	14.0	13.7	12.5	66.9
Fazendão(5)	Open pit	9.8	3.1	10.6	100
Timbopeba	Open pit				
Total Southeastern System		115.4	88.5	116.9	



**Table of Contents**

Mine/Plant	Type	Production for fiscal year ended on December 31			Recovery Rate (%)
		2008	2009	2010	
(million metric tons)					
<b>Southern System</b>					
<i>Minas Itabirito</i>					
Segredo/João Pereira(6)	Open pit	12.1	8.4	12.4	73.5
Sapocado/Galinheiro(7)	Open pit	15.1	9.8	17.7	67.0
<i>Vargem Grande</i>					
Tamanduá(8)	Open pit	9.8	7.3	8.6	83.4
Capitão do Mato(8)	Open pit	9.7	8.0	8.2	83.4
Abóboras	Open pit	4.2	5.4	5.2	100.0
<i>Paraopeba</i>					
Jangada	Open pit	4.3		3.5	98.9
Córrego do Feijão	Open pit	8.4	5.6	6.8	79.3
Capão Xavier(9)	Open pit	13.5	10.9	9.3	82.3
Mar Azul	Open pit	3.5		3.0	100.0
Total Southern System		80.5	55.2	74.7	
<b>Centralwestern System</b>					
Corumbá	Open pit		0.4	2.8	62.9
Urucum	Open pit	1.0	0.5	1.4	55.3
Total Sistema do Centro-Oeste		1.0	1.0	4.2	
<b>Northern System</b>					
<i>Serra Norte(10)</i>					
N4W	Open pit	44.3	31	30.2	92.4
N4E	Open pit	13.2	16.9	34	92.4
N5	Open pit	39.1	36.8	37	92.4
Total Northern System		96.5	84.6	101.2	
Vale		293.4	229.3	297.0	
Samarco (11)		8.3	8.6	10.8	57.2
Total		301.7	238.0	307.8	

- (1) ROM from Meio and Conceição mines is sent to Cauê and Conceição concentration plants.
- (2) Água Limpa/Cururu is owned by Baovale, in which we own 100% of the voting shares and 50% of the total shares. Production figures for Água Limpa/Curucu were not adjusted to reflect our ownership interest.
- (3) The lease for the Andrade mine was terminated in 2009.
- (4) Fábrica Nova ore is sent to the Alegria and Fábrica Nova plants.
- (5) Fazendão ore is sent to the Alegria and Samarco plants.

- (6) Segredo and João Pereira ore is processed at the Fabrica plant.
- (7) Galinheiro and Sapecado ore is processed at the Pico plant.
- (8) Tamanduá and Capitão do Mato ore is processed at the Vargem Grande plant.
- (9) Capão Xavier ore is processed at the Mutuca plant.
- (10) All of the ore at Serra Norte is processed at the Carajás plant.
- (11) Production figures for Samarco, in which we have a 50% interest, have been adjusted to reflect our ownership interest.

**A.2 Pellets**

**A.2.1 Production Process**

Directly and through joint ventures, Vale produces iron ore pellets in Brazil, in Omã and China, as shown in the table below. The estimated total nominal capacity is 45.3 million metric tons per year, without including our joint ventures nominal capacity of 22.2 million metric tons per year at Samarco, 4.5 million metric tons per year at Hispanobras, 1.2 million metric tons per year at Zhuhai and 1.2 million metric tons per year at Anyang. With the launching of our pelletizing units in Omã, we will increase our annual nominal capacity by 9.0 million metric tons.



**Table of Contents**

Firm	Local Operation	Our Participation		Our Partners
		Voting (%)	Total	
	<i>Brazil:</i>			
Vale	Tubarão, Fábrica, Vargem Grande e São Luís			
Hispanobras	Tubarão	51	50.9	Arcelor Mittal
Samarco	Mariana and Anchieta	50	50	BHP Billiton
	<i>China:</i>			
Zhuhai YPM	Zhuhai, Guangdong	25	25	Zhuhai Yueyufeng Iron and Steel Co, Ltd, Pioneer Iron and Steel Group Co, Ltd.
Anyang Yu Vale Yongtong Pellet Co. Ltd.	Anyang, Henan	25	25	Anyang Iron & Steel Co. Ltd.
	<i>Omã:</i>			
Vale Oman Pelletizing Company LLC (VOPC)	Complexo industrial de Sohar	100	100(1)	

(1) We signed an agreement to sell 30% of our voting stock and total capital in Oman Oil Companhia S.A.O.C. (OOC).

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

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

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

We launched production at a pelletizing plant at the Sohar industrial complex, in Oman, in the middle east. Each pelletizing plant will have an annual nominal production capacity of 4.5 million metric tons per year, for a total of 9 million metric tons per year of direct-reduced pellets. The pelletizing units are located in the area where we will have the distribution center with a capacity to operate 40 million metric tons per year.

Samarco operates three pellet plants in two operating sites with nominal capacity of 22.2 million metric tons per year. The pellet plants are located in the Ponta Ubu unit, in Anchieta, Espírito Santo. Iron ore from Alegria and from Fábrica Nova mine, part of our Southeastern System, is sent to the Samarco pellet plants using a 396-kilometer pipeline, the longest pipeline in the world for the conveyance of iron ore. Samarco has its own port facilities to transport its production.

The Zhuhai YPM pellet plant, in China, is part of the Yueyufeng Steelmaking Complex. It has port facilities, which we use to receive pellet feed from our mines in Brazil. Zhuhai YPM's main customer is Yueyufeng Iron & Steel ( YYS ), which is also located in the Yueyufeng Steelmaking Complex. We also have a 25% participation in Anyang Yu Vale Yongtong Pellet Co. Ltd, which is a pellet plant in China with capacity to produce 1.2 million metric tons per year which began operating in March of 2011.

We sell pellet feed to our pelletizing joint ventures at market prices. We have supplied all of the iron ore requirements of our wholly owned pellet plants and joint ventures, except for Samarco and Zhuhai YPM, to which we supply only part of their requirements. Of our total 2010 pellet production, 73.2% was blast furnace pellets, and the remaining

26.8% was direct reduction pellets, which are used in steel mills that employ the direct reduction process rather than blast furnace technology.

We sell iron ore to our pelletizing joint ventures. in 2010, we sold 4.2 million metric tons to Hispanobras, 12 million metric tons to Samarco and 1.1 million metric tons to Zhuhai.

**Table of Contents****A.2.2. Production**

The table below provides information regarding our main pellet production.

Firm	Production for fiscal year ending on December 31		
	2008	2009	2010
	(million metric tons)		
Vale(1)	26.6	15.3	36.3
Hispanobras(5)	1.9	0.6	1.9
Itabrasco(2)	2.9		
Kobrasco(3)	2.1		
Nibrasco(4)	2.7		
Samarco (5)	8.6	8.0	10.8
Zhuhai (5)	0.2	0.3	0.3
Total	45.0	24.2	49.3

- (1) Figure includes actual production, including production from the four pellet plants we leased in 2008.
- (2) Production through September 2008. We signed a 10-year operating lease contract for Itabrasco's pellet plant in October 2008.
- (3) Production through May 2008. We signed a five-year operating lease contract for Kobrasco's pellet plant in June 2008.
- (4) Production through April 2008. We signed a 30-year operating lease contract for Nibrasco's two pellet plants in May 2008.
- (5) Production figures for Hispanobras, Samarco and Zhuhai were adjusted to reflect our ownership interest.

**A. 3. Iron ore and pellets****A.3.1. Market Characteristics**

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

In 2010, China accounted for 42.9% of our iron ore and pellet shipments, and Asia, as a whole, accounted for 60.7%. Europe accounted for 20.7%, followed by Brazil with 13.7%. Our 10 largest customers collectively purchased 130.2 million metric tons of iron ore and pellets from us, representing 44% of our 2010 iron ore and pellet shipments and 45% of our total iron ore and pellet revenues. In 2010, no individual customer accounted for more than 10% of our iron ore and pellet shipments.

In 2010, the Asian market (mainly Japan and South Korea) and the European market were the primary markets for our blast furnace pellets, while North America, the Middle East and North Africa were the primary markets for our direct reduction pellets.

We strongly emphasize customer service in order to improve our competitiveness. We work with our customers to understand their main objectives and to provide them with iron ore solutions to meet specific customer needs. Using our expertise in mining, agglomeration and iron-making processes, we search for technical solutions that will balance the best use of our world-class mining assets and the satisfaction of our customers. We believe that our ability to

provide customers with a total iron ore solution and the quality of our products are very important advantages helping us to improve our competitiveness in relation to competitors who may be more conveniently located geographically. In addition to offering technical assistance to our customers, we operate sales support offices in Tokyo (Japan), Seoul (South Korea), Singapore, Dubai (UAE) and Shanghai (China), which support the sales made by our wholly owned subsidiary located in St. Prex, Switzerland. These offices also allow us to stay in close contact with our customers, monitor their requirements and our contract performance, and ensure that our customers receive timely deliveries.

**Table of Contents****A.3.2 Competition**

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

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

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

Our principal competitors in Europe are: Kumba Iron Ore Limited; Luossavaara Kiirunavaara AB (LKAB); Société Nationale Industrielle et Minière (SNIM); Rio Tinto Ltd.; and BHP Billiton. We are competitive in the European market not only for the same reasons we are competitive in Asia, but also due to the proximity of our port facilities to European customers. In 2009 and 2010, we had a 24.9 and 24.7% market share respectively of the total negotiated volume in the transoceanic market.

The Brazilian iron market is also competitive. There are many smaller iron ore producers and new companies that are developing projects, such as Anglo Ferrous Brasil, MMX, MHAG and Bahia Mineração. Some steel plants, including Companhia Siderurgica Nacional (CSN), V&M of Brasil S.A. (Mannesmann) and Usiminas, also have iron ore operations. Although price is important, quality and reliability are important factors as well. We believe that our integrated transportation systems, our high quality ore and technical support make us a strong competitor in the Brazilian market.

**A.3.3 Seasonality**

Demand for iron ore is higher in the months of December, March and April. Compared to the second semester, demand tends to be weaker than in the first half of the year.

**A.4 Manganese Ore****A.4.1 Production Process**

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

Firm	Location	Our Participation	
		Voting	Total
		(%)	
	<i>Brazil:</i>		
Vale Manganês	Pará and Minas Gerais	100	100
Urucum	Mato Grosso do Sul	100	100

The Company's mines produce three types of manganese products:  
metallurgical ore used primarily in the production of ferroalloys;

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

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

**Table of Contents**

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

Mine	Type	Production for fiscal year ending December 31			Rate of recovery (%)
		2008	2009	2010	
(Millions of metric tons)					
Azul	Open pit	2.0	1.4	1.6	65.3
Morro da Mina	Open pit	0.1	0.1	0.1	88.88
Urucum	Underground	0.2	0.2	0.2	78.76
Total		2.4	1.7	1.8	

## A.5 Ferroalloys

**A.5.1. Production Process**

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

Firm	Location	Our Participation	
		Voting (%)	Total
Vale Manganês	Minas Gerais and Bahia	100.0	100.0
Urucum	Mato Grosso do Sul	100.0	100.0
Vale Manganèse France	Dunkerque, France	100.0	100.0
Vale Manganese Norway AS	Mo I Rana, Norway	100.0	100.0

We produce several types of manganese ferroalloys, such as high carbon and medium carbon ferro-manganese and ferro-silicon manganese. Our facilities have nominal capacity of 651,000 metric tons per year. The production of ferroalloys consumes significant amounts of electricity, representing 4.8% of our total consumption in 2010. The electricity supply for our ferroalloy plant in Dunkerque, France and Mo I Rana, Norway is provided through long-term contracts.

The following table presents information about the Company's ferroalloys production.

Firm	Production for fiscal year ending December 31		
	2008	2009	2010
(Thousands of metric tons)			
Vale Manganês(1)	288	99	207
Urucum(2)	20	0	0
Vale Manganèse France(3)	55	45	138
Vale Manganese Norway AS	112	79	106
Total	475	223	451

(1) Vale Manganês has five plants in Brazil: Santa Rita, Barbacena and Ouro Preto in the state of Minas Gerais; and Simões Filho in the state of Bahia.

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

- (3) In August 2008, we shut down our furnaces at Vale Manganèse France due to technical problems and we restarted them in September 2009.



**Table of Contents****A.6 Manganese ore and ferroalloys: market and competition**

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

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

**A.7 Coal****A.7.1 Production Process**

We produce thermal and metallurgical coal through Vale Australia, our subsidiary that operates coal assets in Australia through subsidiaries and non-formed joint ventures, and thermal coal, through our subsidiary, Vale Colombia.

We also have a minority stake in two Chinese companies, Henan Longyu Energy Resources Co., Ltd. (Longyu) and Shandong Yankuang International Coking Companhia Ltd. (Yankuang), according to the following table.

<b>Empresa</b>	<b>Business</b>	<b>Location</b>	<b>Our Participation (%)</b>	<b>Our Partners</b>
<i>Vale Austrália</i>				
Integra Coal	Thermal and metallurgical coal	Australia Hunter Valley, New South Wales	61,2	Nippon Steel (NSC), JFE Group (JFE), Posco, Toyota Tsusho Austrália, Chubu Electric Power Co. Ltd
Carborough Downs	Metallurgical coal	Bowen Basin, Queensland	80	NSC, JFE, Posco, Tata
Isaac Plains	Thermal and metallurgical coal	Bowen Basin, Queensland	50	Aquila
Broadlea	Thermal and metallurgical coal	Bowen Basin, Queensland	100	
<i>Vale Colombia</i>				
El Hatillo	Thermal coal	Colombia	100	
<i>Longyu</i>	Coal and other related products	Henan Province, China	25	Yongmei Grupo Co., Ltd. (formerly, Yongcheng Carvão & Electricity (Grupo) Co. Ltd.), Shanghai Baosteel International Economic & Trading Co., Ltd. and other minority stockholders
<i>Yankuang</i>	Metallurgical coke and methanol	Shandong Province, China	25	Yankuang Grupo Co. Limited, Itochu Corporation



**Table of Contents**

*Integra Coal Operations (underground and open pit).* The Integra Coal operations are located 10 km northeast of Singleton, Hunter Valley, in New South Wales, Australia. The operations are comprised of an underground coal mine that produces coal using the longwall method and an open pit mine. Coal from these mines is processed in a coal handling and preparation plant (CHPP) with a capacity of 1,200 metric tons per hour and it is transported using a railroad that was specially built to transport it to the port of Newcastle, in New South Wales, Australia.

*Carborough Downs.* Carborough Downs is located in the Central Bowen Basin, in central Queensland, Australia, 15 km from the township of Moranbah and 180 km from the coastal city of Mackay. The Carborough Downs concession comprises the Rangal Coal Measures of the Bacia de Bowen Basin as well as the financial assets of Leichardt and Vermont. The two assets produce *coking* and can be beneficiated to produce metallurgical coal and PCI. The mine in Leichardt is our main development objective and to constitute 100% of the current reserves and base resources. The coal from Carborough Downs is processed at the Carborough Downs CHPP, with a processing capacity of 1,000 metric tons per hour, and it operates seven days a week. The product is shipped by the railroad and is transported 160 km to the Dalrymple Bay Terminal in Queensland, Australia.

*Isaac Plains.* The open pit mine at Isaac Plains is located next to Carborough Downs, in Central Queensland. The mine is run by Isaac Plains Coal Management, with shared control through a joint venture. Its coal is classified as semi-volatile, bituminous coal with low sulphur levels. The coal is processed at the Isaac Plains CHPP and transported 172 km to the Dalrymple Bay Coal Terminal.

*Broadlea.* Broadlea is an open pit mine located north of the underground mine of Carborough Downs, consisting of several small deposits of coal. The operation in Broadlea uses the truck-and-shovel method and the coal is washed at the Carborough Downs CHPP and transported to the Dalrymple Bay Coal Terminal, located 172 km away, in Queensland, Australia. At the end of 2009, Broadlea stopped operating and underwent maintenance due to increasing unit costs. The financial viability of the mine will undergo regular inspections to determine if it is possible to resume operations.

*El Hatillo.* El Hatillo coal mine in Colômbia is located in the central area of the Province of Cesar, approximately 210 km southeast of Santa Marta. The concession is located next to the city of La Loma and includes an area of 23,952 acres. Mining at El Hatillo is carried out using the truck-and-shovel method and uses crushing and selection to produce thermal coal which is loaded onto trains at a facility dedicated to transportation to the port of SPRC. A large part of this thermal coal is exported to Europe and United States.

**A.7.2 Production**

The following table provides information about the Company's coal production.

<b>Operation:</b>	<b>Mine Type</b>	<b>Production during fiscal year ending</b>		
		<b>2008</b>	<b>2009</b>	<b>2010</b>
		December 31		
		(million metric tons)		
Thermal coal:				
<i>Vale Colombia</i>				
El Hatillo(1)	open pit		1,143	2,991
<i>Vale Austrália</i>				
Integra Coal(2)	open pit	557	702	305
Isaac Plains(3)	open pit	147	551	371
Broadlea	open pit	582	497	165
Total Thermal coal		1,286	2,892	3,832
Carvão metalúrgico:				
<i>Vale Austrália</i>				
Integra Coal(3)		1,747	1,184	1,151

Isaac Plains(3)	Underground and open pit open pit	382	487	590
Carborough Downs(4)	Underground and open pit	429	604	1,216
Broadlea	open pit	249	252	101
Total de carvão metalúrgico		2,808	2,527	3,057

- (1) Vale acquired El Hatillo on the first quarter of 2009. The figures for 2009 include only April through December production.
- (2) These figures correspond to our participation of 61.2% in Integra Coal, a joint venture constituted as a partnership.
- (3) These figures correspond to our participation of 50% in Isaac Plains, a joint venture constituted as a partnership.
- (4) These figures correspond to our participation of 80% in Carborough Downs, a joint venture constituted as a partnership.

**Table of Contents**

**Operation:**

El Hatillo(1)

Integra Coal(2)

Isaac Plains(3)

Carborough Downs(4)

Broadlea

**Mine type**

open pit

Underground and open pit

open pit

Underground

open pit

(5) Vale acquired El Hatillo on the first quarter of 2009. The figures for 2009 include only April through December production.

(6) These figures correspond to our participation of 61.2% in Integra Coal, a joint venture constituted as a partnership.

(7) These figures correspond to our participation of 50% in Isaac Plains, a joint venture constituted as a partnership.

(1) These figures correspond to our participation of 80% in Carborough Downs, a joint venture constituted as a partnership.

Longyu produces coal and other related products. Yankuang, a metallurgical coal mine, has a production capacity of 2 million metric tons of coal per year and 200,000 metric tons of methanol per year.

***A.7.3 Market Characteristics***

Coal sales at our operations in Australia are basically geared towards the oriental Asian market. In 2010, 32% of our sales were made to Japanese steel plants and power plants. In 2010, our Chinese coal joint ventures concentrated their sales mostly in the domestic Chinese market. Coal sales from our operations in Colombia were basically geared towards Europe and United States.

***A.7.4 Competition***

The global coal industry, basically made up by the metallurgical and thermal coal markets, is highly competitive. The growing demand for steel, particularly in Asia, continues to promote a strong demand for metallurgical coal. Significant port and railroad limitations in some of the countries where our main providers are located may lead to a limited availability of metallurgical coal.

The global transoceanic market has expanded significantly in the last few years. The growing demand for thermal coal is closely related to an increased consumption of electricity, which will continue to grow driven by economic growth, particularly among emerging economies. Current large fleets of coal-powered plants with long life cycles take decades to be replaced or updated and this makes the presence of metallurgical coal in the energy matrix to continue to be very high in countries with high levels of consumption. As a rule, fuel cost is the most significant variable cost involved in the generation of electricity and coal is currently the cheapest fossil fuel that can be used for this purpose.

Competition in the coal industry is based mostly in production cost savings, coal quality, and transportation cost. We believe that our operations and our portfolio of projects are competitive; other strong points of our group include the geographical location of the current and future location of providers and production costs with regard to several other coal producers.

The main participants in the transoceanic market are subsidiaries and affiliates of Xstrata PLC, BMA (BHP Billiton Mitsubishi Alliance), PT Bumi Resources Tbk., Anglo Coal, Drummond Company, Inc., Rio Tinto Ltd., Teck Cominco, Peabody and the Shenhua Group.

**Table of Contents****B. Base Metals:**

## B.1 Nickel

**B.1.1 Production Process**

We conduct our nickel operations primarily through our wholly owned subsidiary Vale Canada. Vale Canada operates two nickel production systems, one in North America and Europe and the other in Asia and the South Pacific. We recently commissioned and launched the ramp-up of Onça Puma, a new nickel plant in the state of Pará. The operations are listed in the table below.

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

- (1) Operations conducted through our 59.2%-owned subsidiary PT International Nickel Indonesia Tbk.
- (2) Operations conducted through our 74%-owned subsidiary Vale Nouvelle-Calédonie S.A.S.
- (3) Operations conducted through our 87.2%-owned subsidiary Vale Japan Limited.
- (4) Operations conducted through our 49.9%-owned subsidiary Taiwan Nickel Refining Corporation.
- (5) Operations conducted through our 98.3%-owned subsidiary Vale Nickel (Dalian) Co. Ltd.
- (6) Operations conducted through Korea Nickel Corporation (company in which we have a 25% interest).

**North Atlantic**

***Sudbury Operations***

Our long-established mines in Sudbury, Ontario, are primarily underground operations with nickel sulfide ore bodies. These ore bodies also contain co-deposits of copper, cobalt, PGMs, gold and silver. We have integrated mining, milling, smelting and refining operations to process ore into finished nickel at Sudbury. We also smelt and refine nickel concentrates from our Voisey Bay operations. We ship a nickel intermediate product, nickel oxide, from our Sudbury smelter to our nickel refineries in Wales, Taiwan, China and South Korea for processing into finished nickel. In 2010, we produced 9% of the electric energy consumed in Sudbury at our hydroelectric power plants there. The remaining electricity was purchased from Ontario's provincial electricity grid.

In February, 2011, we shut down one of our furnaces in our smelter at Sudbury due to an operational problem. The furnace will remain out of commission for 16 weeks, and as a result, we have sustained a drop of 15,000 metric tons in the production of finished nickel.

In July 2010, a new five-year collective agreement was confirmed by representatives of production and maintenance workers in Sudbury and Port Colborne. This agreement marked the end to a strike that had started in July of 2009.

***Thompson operations***

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

We are changing our operations in Thompson towards mining and processing operations eliminating smelting and finishing operations until 2015. This will allow us to better align our processing capabilities with our mineral reserves and observe our environmental commitments. The mineral reserves at Thompson are not enough to run a full capacity smelting and finishing operation and do not support the significant capital investment required pursuant to new federal regulations regarding sulphur dioxide emissions which must go into effect in 2015.

**Table of Contents**

***Voisey Bay operations***

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

On January 31, 2011, we ratified a five-year collective bargaining agreement with our unionized employees at our Voisey Bay operations. This agreement marked the end of a strike that had started in August, 2009.

***Clydach Operations***

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

***Asia Pacific***

***Sulawesi operations***

Our subsidiary PT International Nickel Indonesia (PTI) operates open pit mines and a processing facility in Sorowako on the Island of Sulawesi, Indonesia. PTI mines nickel laterite saprolite ore and produces an intermediate product (nickel matte), which is shipped primarily to our nickel refinery in Japan. Pursuant to life-of-mine off-take agreements, PTI sells 80% of its production to our wholly owned subsidiary Vale Canada and 20% of its production to Sumitomo Metal Mining Co., Ltd. ( Sumitomo ). PTI is a public company whose shares are traded on the Indonesia Stock Exchange. We hold 59.2% of its share capital, Sumitomo holds 20.1%. Other 20.1% is publicly held and 0.6% is held by other stockholders.

Energy costs are a significant component of our nickel production costs for the processing of lateritic and saprolite ores at our PTI operations in Indonesia. A major part of the electric furnace power requirements of PTI is supplied at low cost by its two hydroelectric power plants on the Larona River, Larona and Balambano. PTI has thermal generating facilities in order to supplement its hydroelectric power supply with a source of energy that is not subject to hydrological factors. In 2010, the hydroelectric power plants provided 90% of the electric energy consumed at our Indonesian operations, and oil-powered generators provided the remainder.

***Asian refinery operations***

Our subsidiary (in which we hold an 87.2 participation), Vale Japan Limited, operates a refinery in Matsuzaka, which produces intermediate and finished nickel products, primarily using nickel matte sourced from PTI. Vale Japan is a private company controlled by Vale. A minority interest is held by Sumitomo (12.8%).

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



**Table of Contents*****New Caledonia operations***

The commissioning stage of our VNC nickel operation in New Caledonia in the South Pacific is practically complete. VNC uses a High Pressure Acid Leach ( HPAL ) process to treat laterite ores. We expect to reach a nominal production capacity of 60,000 metric tons per year of nickel contained in nickel oxide and 4,600 metric tons of cobalt in three years, and therefore, the production of nickel oxide was initiated. In order to speed up the generation of revenue, the nickel solution resulting from the HPAL is being transformed into an intermediate product, Nickel Hydroxide Cake (NHC), which is being sold to clients.

***South Atlantic***

The commissioning stage of Onça Puma was already concluded and we already started the ramp-up period in Ourilândia do Norte, in the state of Pará. Onça Puma is a nickel mine built over a large deposit of laterite saprolite nickel and it has a nominal production capacity of 53,000 metric tons of nickel, in ferronickel, its final product.

**B.1.2 Production**

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

	2008		2009		2010				
	(thousands of metric tons, except percentages)								
	Grade		Grade		Grade				
	%	%	%	%	%	%			
	Production	Copper	Nickel	Production	Copper	Nickel	Production	Copper	Nickel
<i>Ontario operating mines</i>									
Copper Cliff North	1.165	1,01	1,01	524	0,96	1,06	326	1,13	1,13
Copper Cliff South(1)	771	1,67	1,48	78	1,45	1,40			
Creighton	1.001	1,56	2,14	395	1,57	1,82	426	2,65	3,10
Stobie	2.892	0,65	0,72	1.198	0,64	0,72	775	0,59	0,69
Garson	840	1,72	1,69	328	1,93	1,45	246	2,16	1,60
Coleman	1.425	2,66	1,62	624	3,28	1,64	786	2,74	1,73
Gertrude	124	0,29	0,72						
Total Ontario operations							86	0,56	0,75
<i>Manitoba operating mines</i>									
Thompson	8.219	1,36	1,26	3.145	1,49	1,19	2.660	1,78	1,53
Birchtree	1.165	1,01	1,01	524	0,96	1,06	326	1,13	1,13
Total Manitoba operations	771	1,67	1,48	78	1,45	1,40			
<i>Voisey Bay operating mines</i>									
Ovoid	1.001	1,56	2,14	395	1,57	1,82	426	2,65	3,10
	2.892	0,65	0,72	1.198	0,64	0,72	775	0,59	0,69
Total Voisey Bay operations	840	1,72	1,69	328	1,93	1,45	246	2,16	1,60
<i>Sulawesi operating mining areas</i>									
Sorowako	1.425	2,66	1,62	624	3,28	1,64	786	2,74	1,73
	124	0,29	0,72						

Pomalaa (2)	86	0,56	0,75
Total Sulawesi operations	16	2,54	1,74
<i>Mine operations in New Caledonia</i>			
VNC	326		1,31
New Caledonia total operations	326		1,31
<i>Mine operations in Brazil Onça Puma</i>	1.259		1,93
Total operations in Brazil	1.259		1,93

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

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

**Table of Contents**

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

Mine	Type	Production for fiscal year ending December		
		2008	2009	2010
		31 (Thousands of metric tons)		
Sudbury (1)	Underground	85.3	43.6	22.4
Thompson (1)	Underground	28.9	28.8	29.8
Voisey Bay (2)	Open pit	77.5	39.7	42.3
Sorowako (3)	Open pit	68.3	68.8	78.4
External (4)		15.4	5.8	5.9
Total (5)		275.4	186.7	178.7

- (1) Primary nickel production only (i.e., does not include secondary nickel from unrelated parties).
- (2) Includes finished nickel produced at our Sudbury and Thompson operations, as well as some finished nickel produced by unrelated parties under toll-smelting and toll-refining arrangements.
- (3) We have a 59.2% interest in PTI, which owns the Sorowako mines, and these figures include the minority interests.
- (4) Finished nickel processed at our facilities using feeds purchased from unrelated parties.
- (5) Excludes finished nickel produced under toll-smelting and refining arrangements covering purchased intermediates with unrelated parties. Unrelated-party tolling of purchased intermediates was 7.5 thousand metric tons in 2008, 5.2 thousand metric tons in 2009 and none in 2010.

**Table of Contents**

**B.1.3 Market Characteristics**

Our nickel customers are broadly distributed on a global basis. In 2010, 71% of our total nickel sales were delivered to customers in Asia, 19% to North America, 9% to Europe and 1% to customers in other markets. We have short-term fixed-volume contracts with customers for the majority of our expected annual nickel sales. These contracts generally provide stable demand for a significant portion of our annual production.

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

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

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

Size.

In 2010, the principal end-use applications for nickel were:

Austenitic stainless steel (64% of global nickel consumption);

Non-ferrous alloys, alloy steels and foundry applications (18% of global nickel consumption);

Nickel plating (9% of global nickel consumption); and

Specialty applications, such as batteries, chemicals and powder metallurgy (9% of global nickel consumption).

In 2010, 65% of our refined nickel sales were made into non-stainless steel applications, compared to the industry average for primary nickel producers of 36%. As a result of our focus on such higher-value segments, our average realized nickel prices for refined nickel have constantly exceeded LME cash nickel prices.

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

**B.1.4 Competition**

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

**Table of Contents**

Our nickel deliveries, which were impacted by strikes in our units in Canada, represented 12% of global consumption for primary nickel in 2010. In addition to us, the largest suppliers in the nickel industry (each with their own integrated facilities, including nickel mining, processing, refining and marketing operations) are: Mining and Metallurgical Company Norilsk Nickel, Jinchuan Nonferrous Metals Corporation, BHP Billiton plc and Xstrata plc. Together with us, these companies accounted for about 53% of global finished primary nickel production in 2010.

While stainless steel production is a major driver of global nickel demand, stainless steel producers can use nickel products with a wide range of nickel content, including secondary nickel (scrap). The choice between primary and secondary nickel is largely based on their relative prices and availability. In recent years, secondary nickel has accounted for about 42-49% of total nickel used for stainless steels, and primary nickel has accounted for about 51-58%. In 2006, a new primary nickel product entered the market, known as nickel pig iron. This is a low-grade nickel product made in China from imported lateritic ores (primarily from the Philippines and Indonesia) that is suitable primarily for use in stainless steel production. With nickel being sold at higher prices and a strong demand from the stainless steel industry, domestic production of nickel pig iron has experienced ongoing growth in China. It is estimated that in 2010, Chinese production of nickel pig iron and ferro-nickel exceeded 150,000 metric tons, representing 11% of world primary nickel supply.

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

**B. 2 Copper****B.2.1 Production Process**

We operate our copper businesses in Brazil at the parent-company level and through our wholly-owned subsidiaries in Canada and Chile.

Firm	Location	Vale's participation	
		Voting	Total
		(%)	
Vale	Brasil		
Vale Canada	Canada	100.0	100.0
Tres Valles	Chile	100.0	90.0

*Operations in Brazil*

The Sossego mine, in Carajás, state of Pará, has two main copper areas, Sossego and Sequeirinho. The copper mine is operated using the open pit method and ROM ore is processed through primary crushing and transportation, SAG grinding (a semi automatic grinder that uses a large rotatory drum filled with ore, water and steel grinding spheres that transform the ore into a soft paste), grinding, fluctuation of copper in concentrate, elimination of waste, concentrate thickener, filtration and discharge. The concentrate is transported by truck to the storage terminal in Parauapebas and, immediately, and transferred via Carajás Railroad (EFC) to the maritime terminal in Ponta da Madeira, in São Luís, Maranhão.

We built an 85 km road to connect Sossego to the railroad and airport facilities in Carajás and a power line that allows us to purchase electricity at market prices. We have a long-term power distribution agreement with Eletronorte.

*Operations in Canada*

In Canada, we do recover copper along with our nickel operations, mostly in Sudbury and Voisey Bay. In Sudbury, we produce two intermediate copper products: copper concentrates and copper anodes and we also produce electrolytic copper cathodes as a by-product of our nickel finishing plants. In Voisey Bay, we produce copper concentrate.

**Table of Contents***Operations in Chile*

In December 2010, we launched the ramp up process in our Tres Valles copper mine, our first project in Chile. Located in Salamanca, in the Coquimbo region, the plant has an estimated annual capacity of 18,500 tons of copper cathodes (metal plates) and it is our first industrial scale cathode plant to use a hydrometallurgical process. Operations in Tres Valles include two copper oxide mines: Don Gabriel, an open pit mine, and Papomono, an underground mine, as well as a SX-EW processing plant that produces copper cathodes.

**B.2.2 Production**

The following table provides information about our production of copper.

Mine	Type	Production during fiscal year ending December		
		2008	2009	2010
			31	
			(million metric tons)	
<i>Brazil:</i>				
Sossego	Open pit	126	117	117
<i>Canada:</i>				
Sudbury	Underground	115	42	34
Voisey Bay	Open pit	55	24	33
Thompson	Underground	1	1	1
Externo (1)		14	14	22
Total		312	198	207

(1) We process copper in our facilities using third party resources.

**B.2.3 Market Characteristics**

The copper concentrate from Sossego is sold under mid and long-term contracts executed with copper smelting plants in South America, Europe and Asia. We have long-term sale agreements to sell the entire first production phase of Salobo copper concentrate to smelting plants. We have long-term distribution agreements with Xstrata Copper Canada, to sell cathode copper and a significant part of copper concentrates produced in Sudbury. Copper concentrate from Voisey Bay is sold through mid-term agreements with clients in Europe. Electrolytic copper from Sudbury is sold in North America through short-term sale agreement.

**B.2.4 Competition**

The cathode copper global market is highly competitive. It is produced by mining companies and smelting plants spanning worldwide, while customers are mostly producers of copper wires, rods and alloy. Competition takes place mostly at a regional level, and it is based mostly in product cost, quality, distribution reliability and logistics costs. The largest cathode copper producers in the world are Codelco, Aurubis, Freeport-McMoRan, Jiangxi and Xstrata, operating at the parent company level or through subsidiaries. Our participation in the global copper market is negligible.

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

In the copper concentrate market, the main producers are mining companies located in South America and Indonesia, while the consumers are smelting plants located in Europe and Asia. Competition in the copper concentrate market takes place mostly at a global level, and it is based mostly in product cost, quality, logistics costs and distribution reliability. Main competitors in the copper concentrate market are Freeport-McMoRan, BHP Billiton, Rio Tinto and Xstrata, operating at a parent company level and through subsidiaries. Our market share in 2010 was approximately 2.6% of the total copper concentrate market.



**Table of Contents**

The copper anode/blister market is very limited in the copper industry. In general, anodes are produced to supply the integrated refining of every company. Anode/blister trade is limited to facilities that have more smelting capacity than what the plant can handle or the financial situation regarding logistics costs is an incentive to purchase anodes from other smelting plants. The main competitors in the anode market are Codelco, Anglo American and Xstrata, operating at a parent company level or through its subsidiaries.

**B.2.5. Seasonality of the nickel and copper markets**

Among the metals produced by Vale, there is seasonal demand for nickel and copper. Nickel demand is usually lower in the third quarter and copper demand is low during the entire second half of the year.

**B.3 Aluminum**

In 2010, we refined alumina through our subsidiary, Alunorte, and smelted aluminum through our subsidiary, Albras, as part of our aluminum operations. Alunorte produced alumina by refining bauxite supplied from the MRN and Paragominas mines. Albras produced aluminum using alumina supplied by Alunorte. Our aluminum production facilities were located in Pará. Furthermore, we had a participation in a project to build a new alumina refinery plant through our subsidiary, CAP. In several related transactions executed in February of 2011, we transferred our participation in Albras, Alunorte and CAP, among other items, to Hydro. We are still joined to those aluminum operations through a participation of 22.0% in Hydro which we received as compensation.

**B.4 Bauxite****B.4.1 Production Process**

We also conduct our bauxite operations through a 40% participation in MRN and through a 40% participation in Paragominas, both located in Brazil.

*MRN.* MRN, located in the state of Pará, northern Brazil, is one of the largest bauxite operations in the world and operates four open pit bauxite mines that produce high quality bauxite. Furthermore, MRN controls substantial additional reserves of high quality bauxite which will be converted into reserves after obtaining final environmental licenses. MRN also operates facilities for beneficiation of ore in its mines, which are linked by rail to the loading terminal and port facilities on the Trombetas River, a tributary of the Amazon River, through which ships of up to 60,000 DWT (deadweight) can sail. MRN owns and operates the railroad and port facilities which serve their mines. The MRN bauxite mines are accessible by road from the port area and are powered by its own thermoelectric plant.

*Paragominas.* Paragominas mine, located in the state of Pará, began operating in the first quarter of 2007 in order to supply the Alunorte's alumina refinery. The first expansion project of Paragominas (Paragominas II) was completed in the second quarter of 2008. The mine produces bauxite with 12% moisture content and the quality of the bauxite is similar to that of MRN. In Paragominas there is a beneficiation plant and 244 km pipeline to transport ore slurry. Electricity in Paragominas is provided by Eletronorte, a Brazilian state-run power generation plant. In 2010, we transferred the Paragominas bauxite mine and all its rights to bauxite exploration (with the exception of rights derived from our participation in Mineração Rio do Norte S.A.) to a new company, from which we will transfer 60.0% to Hydro in exchange for US\$578 million in cash in February 2011. We will transfer the remaining 40.0% of our joint venture in two equal amounts, in 2013 and 2015 each for US\$200 million in cash.



**Table of Contents**

The following table presents information on Vale's bauxite ore production.

Mine (1)	Type	Production for fiscal year ending December 31			Recovery Rate (%)
		2008	2009	2010	
(million metric tons)					
<i>MRN</i>					
Almeidas	Open pit	3.6	2.2	1.3	
Aviso	Open pit	14.5	13.5	15.2	
Saracá V	Open pit	2.3	0.9	0.7	
Saracá W	Open pit	3.9	4.1	4.2	
Bacaba	Open pit			0.4	
Total MRN		24.2	20.7	21.8	72-77
<i>Paragominas Miltonia 3</i>	Open pit	7.3	10.1	10.8	60

(1) This figures represent ROM production.

The following table presents information about Vale's bauxite production.

Mine	Type	Production for fiscal year ending December 31			Recovery Rate (%)
		2008	2009	2010	
(million metric tons)					
MRN	Open pit	18.1	15.6	17.0	72-77
Paragominas	Open pit	4.4	6.2	7.5	60-64

B.5. PGM and other precious metals

**B.5.1 Production Process**

As by-products of our Sudbury nickel operations in Canada, we recover significant quantities of PGMs, as well as small quantities of gold and silver. We operate a processing facility in Port Colborne, Ontario, which produces PGMs, gold and silver intermediate products. We have a refinery in Acton, England, where we process our intermediate products, as well as feeds purchased from unrelated parties and toll-refined materials. In 2010, PGM concentrates from our Sudbury operations supplied about 8% of our PGM production, which also includes precious metals purchased from unrelated parties and toll-refined materials). Our base metal commercial department sells our PGMs and other precious metals, as well as unrelated parties and toll-refined products, on commission.

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

Mine (1)	Type	2008	2009	2010
		(Thousand troy ounces)		
<i>Sudbury:</i>				
Platinum	Underground	166	103	35
Palladium	Underground	231	152	60
Gold	Underground	85	49	42

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



**Table of Contents****B.6 Cobalt****B.6.1 Production Process**

We recover significant quantities of cobalt as a by-product of our Canadian nickel operations. In 2010, we produced 438 metric tons of refined cobalt metal at our Port Colborne refinery and 499 metric tons of cobalt in a cobalt-based intermediate at our Thompson nickel operations in Canada. Our remaining cobalt production consisted of 129 metric tons of cobalt contained in other intermediate products (such as nickel concentrates). We expect to increase our production of cobalt as we increase nickel production in New Caledonia, at the VNC operations, because the nickel laterite ore at this location contains significant co-deposits of cobalt.

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

The following table sets forth information on our cobalt production.

Mine	Type	Production for fiscal year ending December 31		
		2007	2008	2009
			(Metric tons)	
Sudbury	Underground	804	359	302
Thompson	Underground	168	181	189
Voisey Bay	Open pit	1,695	971	524
External (1)		161	64	51
Total		2,828	1,575	1,066

(1) These figures do not include unrelated-party tolling of feeds purchased from unrelated parties.

**C. Fertilizers****C.1 Phosphates****C.1.1 Production Process**

In 2010, we acquired the assets of fertilizantes in Brazil, consolidated into Vale Fertilizantes, and we launched phosphate rock operations in Peru through our subsidiary, MVM Resources International, B.V. We operate our phosphate activities through our subsidiaries and joint ventures, as indicated in the table below.

Firm	Location	Vale's participation		Our partners
		Voting	Total	
Vale Fertilizantes	Uberaba, Brasil	99.9%	84.3%	
	Bayóvar, Peru	51	40	Mosaic, Mitsui & Co.

MVM Resources International, B.V

Vale Fertilizantes is a company that produces phosphate rock, phosphate fertilizers (P), (monoammonium phosphate (MAP), diammonium phosphate (DAP), triple superphosphate (TSP) and single superphosphate (SSP)) and nitrogen (N) fertilizers (e.g., ammonium nitrate and urea). It is the largest producer of phosphate and nitrogen crop nutrients in Brazil and operates the following phosphate rock mines: Catalão, in the state of Goiás, Tapira and Patos de Minas and Araxá, all of them in the state of Minas Gerais, and Cajati, in the state of Sao Paulo. In addition, Vale Fertilizantes has nine processing plants for the production of phosphate and nitrogen nutrients located in Catalão, Goiás; Araxá and Uberaba, in Minas Gerais; Guará, Cajati, and three plants in Cubatão, in Sao Paulo, and Araucaria, in Parana. In addition to Vale Fertilizer's phosphate and nitrogen operations, starting in 2010, we started operating the Bayovar phosphate rock, in Peru, which should achieve a nominal production capacity of 3.9 million metric tons per year until

2014. Bayovar has high grade resources with a low phosphate rock production cost.

**Table of Contents**

The following table contains information regarding Vale's phosphate rock production.

<b>Mine</b>	<b>Type</b>	<b>Production for fiscal year ending December 31, 2010</b> (million metric tons)
Bayóvar	Open pit	791
Catalão	Open pit	626
Tapira	Open pit	2,068
Patos de Minas	Open pit	43
Araxá	Open pit	1,182
Cajati	Open pit	545
<b>Total</b>		<b>5,255</b>

The following table contains information regarding Vale's phosphate and nitrogen production.

<b>Firm/product</b>	<b>Production for fiscal year ending December 31, 2010</b> (million metric tons)
Fosfato monoamônio (MAP)	898
Superfosfato triplo (TSP)	788
Superfosfato simples (SSP)	2,239
Fosfato bicálcico (DCP)	491
Amônia	508
Ureia	511
Ácido nítrico	454
Nitrato de amônio	447

**C.2 Potash****C.2.1. Production Process**

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

<b>Mine</b>	<b>Type</b>	<b>Production for fiscal year ending December 31</b>			<b>Recovery rate</b> (%)
		<b>2008</b>	<b>2009</b>	<b>2010</b>	
Taquari-Vassouras	Underground	607	717	662	85.7

**C.3 Market Characteristics**

All potash sales from the Taquari-Vassouras mine are to the Brazilian market. In 2010, our production represented close to 9% of total potash consumption in Brazil. We have a strong presence and long-standing relationships with the major players in Brazil, with more than 66% of our sales allocated to four traditional clients.

Our phosphate products are sold to be used in fertilizer blenders and cooperatives. In 2010, Vale's production represented near 34% of the total phosphate consumption in Brazil, with imports representing a 44% of total supply. In the high concentration segment, Vale supplied over 36% of total consumption in Brazil, with products such as monoammonium phosphate (MAP), diammonium phosphate (DAP) and triple superphosphate (TSP). In the low concentration nutrients segment, Vale's production represented near 45% of total consumption in Brazil.

**Table of Contents****C.4 Competition**

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

The industry is divided into three major groups of nutrients: potash, phosphate and nitrogen. There are limited resources of potash around the world with Canada, Russia and Belarus being the most important sources. Due to the lack of resources, the high level of investment and the long time for a project to mature, it is unlikely that other regions will emerge as major potash producers. In addition, the potash industry is highly concentrated, with the 10 largest producers representing over 95% of the total global production capacity. While potash is a very scarce resource, phosphate is more available, but all major exporters are located in the northern region of Africa (Morocco, Algeria and Tunisia) and in the United States. The five largest producers of phosphate rock (China, Morocco, Russia and India) hold 80% of global production, of which a maximum of 20% is exported. Meanwhile, products with great added value, such as MAP and DAP are marketed instead of phosphate rock, due to cost-benefit relationship.

Brazil is one of the largest agribusiness markets in the world due to its high production and consumption of grains and biofuel. It is the fourth-largest consumer of fertilizers in the world and one of the largest importers of phosphates, potash, urea and phosphoric acid. Brazil imports 91% of its potash, which corresponds to 5.2 million metric tons per year of KCL (potassium chlorate) in 2010, 52% more than in 2009 from Russian, Belarusian, Canadian and German producers in descending order. The United States, Brazil, China and India are other important consumers of potash, representing close to 62% of total global consumption. Our projects portfolios are highly competitive in terms of cost and logistics with these regions.

Most phosphate rock concentrate is consumed locally by downstream integrated producers, with the seaborne market corresponding to 16% of total phosphate rock production. Major phosphate rock exporters are concentrated in North Africa, mainly through state-owned companies, with the Moroccan OCP Group holding 39% of the total seaborne market. Brazil imports 19% of the total phosphate nutrients it needs in both phosphate fertilizer products and phosphate rock. The phosphate rock imports supply non-integrated producers of phosphate fertilizers products such as single superphosphate (SSP), triple superphosphate (TSP) and monoammonium phosphate (MAP)

Nitrogen-based fertilizers are basically derived from ammonia (NH<sub>3</sub>), which, in turn, is produced from the nitrogen that is present in the air and in natural gas, making it a nutrient that requires a high level of energy. Ammonia and urea are the main consumables and nitrogen based on nitrogen. The consumption of nitrogen-based fertilizers has a regional profile because of the high cost associated with transportation and storage of ammonia which requires refrigerated and pressurized facilities. Thus, only 12% of ammonia produced in the world is traded. North America is the largest importer, with 40% of the global market. The larger exporters are the Middle East, North Africa and Russia.

**Table of Contents****D. Logistics Services**

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

Business	Location	Participation of Vale		Vale Partners
		Voting (%)	Total	
Port, maritime and railroad operations (EFVM and EFC)	Brazil	100	100	
Railway operations	Brazil	100	99.9	
1) Railroad operations	Brazil	100	100	
Railroad operations	Brazil	37.9	41.5	CSN, Usiminas and Gerdau
Maritime terminal operations and ports	Brazil	100	100	
Maritime terminal operations and ports	Brazil	31.3	31.3	Mitsui & Co., public investors
Maritime terminal operations and ports	Indonesia	59.2	59.2	Sumitomo, public investors
Maritime terminal operations and ports	Colombia	100	100	
COO Railroad operations	Colombia	8.4	8.4	Drummond, Glencore and Coalcorp
Logística Port Operations	Argentina	100	100	
Maritime and railroad terminal Operations	Mozambique	51	51	NCI and GESTRA Gestão e Transportes, SARL; Consórcio de Cabo Delgado, SARL; GEDENA Gestão e Desenvolvimento, SARL; STP Sociedade de Tecnologias e Participações, S. Niassa Desenvolvimento, SARL; and Moçambique Gestores, SARL
N Logistics Port and railroad operations	Liberia	51	51	BSG Resources (Guiné)
BSGR				
Fluvial System in Paraguay and Paraná rivers (convoys)	Paraguay	100%	100%	

- (1) BNDESPAR owns debentures in FNS which, as of 2018, may be swapped, at the holder's discretion, in FNS ordinary stock representing a minority participation in the company, pursuant to the formula in the debenture contract.

**D.1 Railroads***Brazil*

*Vitória a Minas railroad ( EFVM ).* The EFVM railroad links our Southeastern System mines in the Iron Quadrangle region in the Brazilian state of Minas Gerais to the Tubarão Port, in Vitória, in the state of Espírito Santo. We operate this 905-kilometer railroad under a 30-year renewable concession, which expires in 2027. The EFVM railroad consists of two lines of track extending for a distance of 601 kilometers to permit continuous railroad travel in opposite directions, and single-track branches of 304 kilometers. Large industrial manufacturers are located in this area and major agricultural regions are also accessible to it. The EFVM railroad has a daily capacity of 342,000 metric tons of iron ore. In 2010, the EFVM railroad carried a total of 78.9 billion ntk of iron ore and other cargo, of which 16.8 billion ntk, or 21.3%, consisted of cargo transported for customers, including iron ore for Brazilian customers. The EFVM railroad also carried one million passengers in 2010. In 2010, we had a fleet of 331 locomotives and 18,967 wagons at EFVM.



*Carajás railroad ( EFC ).* We operate the EFC railroad under a 30-year renewable concession, which expires in 2027. EFC is located in the Northern System, beginning at our Carajás iron ore mines, state of Pará, and extending 892 kilometers to our Ponta da Madeira maritime terminal complex facilities located near the Itaqui Port in the Brazilian state of Maranhão. Its main cargo is iron ore, principally carried for us. It has a daily capacity of 313,970 metric tons of iron ore. In 2010, the EFC railroad carried a total of 90.4 billion ntk of iron ore and other cargo, 3.0 billion ntk of which was cargo for customers, including iron ore for Brazilian customers. EFC also carried 341,583 passengers in 2010. EFC supports the largest capacity train in Latin America, which measures 3.4 kilometers, weighs 42,300 gross metric tons when loaded and has 330 cars. In 2010, EFC also had a fleet of 220 locomotives and 10,701 wagons.

**Table of Contents**

*Ferrovias Centro-Atlântica ( FCA )*. Our subsidiary FCA operates the central-east regional railway network of the Brazilian national railway system under a 30-year renewable concession, which expires in 2026. The central east network has 8,023 kilometers of track extending into the states of Sergipe, Bahia, Espírito Santo, Minas Gerais, Rio de Janeiro and Goiás and Brasília, the Federal District of Brazil. It connects with our EFVM railroad near the cities of Belo Horizonte, in the state of Minas Gerais and Vitória, in the state of Espírito Santo. FCA operates on the same track gauge as our EFVM railroad and provides access to the Santos Port in the state of São Paulo. In 2010, the FCA railroad transported a total of 11.4 billion ntk of cargo for customers. In 2010, FCA had a fleet of 500 locomotives and 12,000 wagons.

*Ferrovias Norte-Sul railroad ( FNS )*. In October 2007, we won the auction for the subconcession for commercial operation for 30 years of a 720-kilometer stretch of the FNS railroad, in Brazil. Since 1989, we have operated a segment of the FNS, which connects to the EFC railroad, enabling access to the port of Itaquí, in São Luís, where our Ponta da Madeira maritime terminal is located. A 452-kilometer extension was concluded in December 2008. In 2010, the FNS railroad transported a total of 1.52 billion ntk of cargo for customers. This new railroad creates a new corridor for the transportation of general cargo, mainly for the export of soybeans, rice and corn produced in the center-northern region of Brazil. In 2010, FNS had a fleet of 6 locomotives and 440 wagons.

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

Iron ore and iron ore pellets, carried for us and customers;

Steel, coal, pig iron, limestone and other raw materials carried for customers with steel mills located along the railroad;

Agricultural products, such as soybeans, soybean meal and fertilizers; and

Other general cargo, such as building materials, pulp, fuel and chemical products.

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

*MRS Logística S.A. ( MRS )*. The MRS railroad is 1,643 kilometers long and links the Brazilian states of Rio de Janeiro, São Paulo and Minas Gerais. In 2010, the MRS railroad carried a total of 144.9 million metric tons of cargo, including 60.8 million metric tons of iron ore and other cargo from Vale.

*Colombia*

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

*Argentina*

In August 24, 2010, through our subsidiary, Potasio Rio Colorado S.A., we entered into an agreement with Ferrosur Roca, S.A. for a partial concession, pending government authorization, an administrative concession of a 756 km. railroad track which is important support to the potash Project in Rio Colorado and to our strategy to become a leader in the fertilizer industry.

**Table of Contents***Africa*

In September, 2010, we exercised a purchase option of a 51% stake in Sociedade de Desenvolvimento do Corredor do Norte SA (SDCN) for US\$21 million. That acquisition will allow the Moatize expansion and facilitate the creation of a high level logistics infrastructure supporting our operations in Central and East Africa. We will invest in the expanding the capacity of the Nacala logistic corridor through the rehabilitation of existing SDCN railroad tracks in Malawi and in Mozambique and the construction of necessary tracks to carry production from Moatize to the new deep water maritime terminal in Nacala, which will also be built by Vale.

We signed agreements with the government of Liberia for the construction of an port-railroad integrated system to transport iron ore from Simandou, Guinea. Simandou is one of the two best deposits of iron ore that has not been developed in the world in terms of size and quality and, until the end of this decade, the logistic corridor will allow the transportation of up to 50 million metric tons per year of iron ore to our maritime terminal in the coast of Liberia.

**D.2 Ports and maritime terminals***Brasil*

We operate a port and six maritime terminals principally as a means to complete the delivery of our iron ore and iron ore pellets to bulk carrier vessels serving the seaborne market. See *Bulk materials-iron ore pellets-Operations*. We also use our port and terminals to handle customers' cargo. In 2010, 1.2% of the cargo handled by our port and terminals represented cargo handled for customers.

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

The iron ore maritime terminal located in this area has two piers. Pier I can accommodate two vessels at a time, one of up to 170,000 DWT on the southern side and one of up to 200,000 DWT on the northern side. Pier II can accommodate one vessel of up to 365,000 DWT at a time, limited at 20 meters draft plus tide. In Pier I there are two ship loaders, which can load up to a combined total of 14,000 metric tons per hour. In Pier II there are two ship loaders that work alternately and can each load up to 16,000 metric tons per hour. In 2010, 100.4 million metric tons of iron ore and iron ore pellets were shipped through the terminal. The iron ore maritime terminal has a storage capacity of 2.8 million metric tons.

Praia Mole terminal is principally a coal terminal and handled 10.7 million metric tons in 2010.

Terminal de Produtos Diversos handled 6.6 million metric tons of grains and fertilizers in 2010.

Terminal de Granéis Líquidos handled 1.0 million metric tons of liquid bulk in 2010.

*Ponta da Madeira maritime terminal.* The Ponta da Madeira maritime terminal is located near the Itaqui Port, state of Maranhão. The terminal facilities can accommodate four vessels. Pier I can accommodate vessels displacing up to 420,000 DWT. Pier II can accommodate vessels of up to 155,000 DWT. Pier I has a maximum loading rate of 16,000 tons per hour. Pier II has a maximum loading rate of 8,000 tons per hour. Pier III, which has two berths and three shiploaders, can accommodate vessels of up to 220,000 DWT on the south berth and 180,000 DWT on the north berth and has a maximum loading rate of 8,000 metric tons per hour in each shiploader. Cargo shipped through our Ponta da Madeira maritime terminal consists principally of our own iron ore production. Other cargo includes manganese ore, copper concentrate and pig iron produced by us and pig iron and soybeans for unrelated parties. In 2010, 94.2 million metric tons were handled through the terminal for us and 5.4 million metric tons for customers. The Ponta da Madeira maritime terminal has a storage capacity of 6.2 million metric tons.

**Table of Contents**

*Itaguaí maritime terminal* Cia. Portuária Baía de Sepetiba ( *CPBS* ). CPBS is a wholly owned subsidiary that operates the Itaguaí terminal, in the Sepetiba Port, state of Rio de Janeiro. Itaguaí s maritime terminal has a pier that allows the loading of ships up to 18 meters of draft and up to 230,000 DWT. In 2010, the terminal loaded 22.6 million metric tons of iron ore.

*Guaíba Island maritime terminal*. We operate a maritime terminal on Guaíba Island in the Sepetiba Bay, state of Rio de Janeiro. The iron ore terminal has a pier that allows the loading of ships of up to 300,000 DWT. In 2010, the terminal loaded 37.9 million metric tons of iron ore.

*Inácio Barbosa maritime terminal ( TMIB )*. We operate the Inácio Barbosa maritime terminal, located in the Brazilian state of Sergipe. The terminal is owned by Petrobras. Vale and Petrobras entered into an agreement in December 2002, which allows Vale to operate this terminal for a period of 10 years. In 2010, 600 hundred thousand metric tons of fuel, agricultural products and steel were shipped through TMIB.

*Santos Maritime Terminal (TUF)*. We operate a maritime terminal through our subsidiary, Vale Fertilizantes, in Santos, Sao Paulo. The terminal has a pier that allows loading of ships of up to 67,000 DWT. In 2010, the terminal loaded 2.1 million tons of ammonia and bulk solids, 10.2% more than in 2009.

*Colombia*

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

*Argentina*

Vale Logistica Argentina S.A. (Vale Logistica Argentina) operates a terminal at the San Nicolas port located in the province of Buenos Aires, Argentina, where Vale Logistica Argentina has been authorized to use a 20,000 m<sup>2</sup> terminal until October 2016 and has executed an agreement with unrelated parties for the use of an additional 27,000 m<sup>2</sup> terminal. The company expects to handle 2 million metric tons of iron ore and manganese through this port in 2011, which will reach Corumbá, Brazil, through the Paraguay and Paraná rivers to be transported to Asian and European markets. The loading rate at this port is 17 thousand tons per day and an unload rate of 12 thousand tons per day.

*Indonesia*

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

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

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

**D.3 Seaborne Transportation**

In addition to seaborne transportation of iron ore to support our iron ore and pellet operations and the transportation and shipping in the fluvial system on the Paraná and Paraguay rivers carried out to support our bulk material transportation operations, we also provide tug boat services.

**Table of Contents**

We continue to develop and operate a low cost fleet of vessels, comprised of company-owned vessels and leased vessels through mid and long-term lease agreements, to support our bulk material businesses. The last two years, we acquired 22 capesize vessels. In late 2010, 14 company-owned vessels were in operation. We have placed orders for the construction of 19 large vessels, each with a 400,000 DWT capacity, and four additional capesize vessels, each with a 180,000 DWT capacity. The first large iron ore vessel was delivered in March 2011. We believe this service to enhance our ability to offer our iron ore products in the Asian market at competitive prices and to increase our market share in China and the global seaborne market. In 2010, 72.1 million tons of iron ore and pellets were shipped to China on CFR basis.

On the Paraná and Paraguay fluvial system, we transport iron ore and manganese through an intermediary of wholly-owned subsidiary, Transbarge Navigacion, which fluvially transported 1,335,210 tons in 2010 and our wholly-owned subsidiary, Vale Logistica Argentina, which loaded 1,629,000 tons of ore through the port of Saint Nicolas in seaborne vessels in 2010. In 2010, we also purchased two new convoys (two tugboats and 32 barges) which will start operating in 2011.

We also operate a fleet of 28 tugboats (23 owned and 5 chartered) in maritime terminals in Brazil, in Vitória, state of Espírito Santo; Trombetas, state of Pará; São Luís, state of Maranhão; and Aracaju, state of Sergipe.

We own 31.3% of Log-In, which conducts our intermodal shipping business operations. Log-In offers port handling and container transportation services, by sea or rail, as well as container storage. It operates owned and chartered ships for coastal shipping, a container terminal (Terminal Vila Velha - TVV) and multimodal terminals. In 2010, Log-In's coastal shipping service transported 159,856 units equivalent to twenty-foot units (teus); TVV handled 249,072 teus and its express train service moved 38,684 teus.

**E. Others****E1. Electric Energy**

We have developed our energy assets based on the current and projected energy needs of our mining operations, with the goal of reducing our energy costs and minimizing the risk of energy shortages.

*Brazil*

Energy management and efficient supply in Brazil are priorities for us, given the uncertainties associated with changes in the regulatory environment, and the risk of rising electricity prices and electric energy shortages (as experienced in Brazil in the second half of 2001). We currently have seven hydroelectric power plants in operation. In addition, in December 2010, we received the operational license for the Estreito power plant, the first company-owned hydroelectric in the Northern region which began generating power in March 2011. In 2010, our total installed energy capacity in Brazil was 818 MW, similar to the previous year. We use the electricity produced by these plants for our internal consumption needs. As a large consumer of electricity, we expect that investing in power projects will help us reduce costs and will protect us against energy price volatility. However, we may experience delays in the construction of certain generation projects due to environmental and regulatory issues, which may lead to higher costs.

*Canada*

In 2010, our wholly-owned and operated hydroelectric power plants in Sudbury generated approximately 9% of the electricity requirements of our Sudbury operations. The power plants consist of five separate generation stations with an installed generator nameplate capacity of 56 MW. The output of the plants is limited by water availability, as well as restrictions imposed by a water management plan regulated by the Government of Ontario. Over the course of 2010, the power system operator distributed electricity at a rate of 117 MW to all surface plants and mines in the Sudbury area.

In 2010, diesel generation provided 100% of the electric requirements of our Voisey Bay operations. We have six diesel generators on-site, of which normally only four are in operation, producing 12 MW.

**Table of Contents***Indonesia*

Energy costs are a significant component of our nickel production costs for the processing of saprolitic lateritic ores at PTI operations in Indonesia. Practically the entire electricity consumption of PTI's electric furnace power requirements are supplied at low-cost by its two hydroelectric power plants on the Larona River: (i) the Larona plant, which generates an average of 165 MW, and (ii) the Balambano plant, which generates an average of 110 MW. PTI has thermal generating facilities of 78 MW, of which 54 MW are generated by 24 Caterpillar diesel generators, with capacity of 1 MW each, five Mirrlees Blackstone diesel generators, and one 24 MW oil burning steam turbine generator with high sulphur levels, located in Sorowako. In addition, we are building a plant in Karebbe, which will be the third hydroelectric power plant on the Larona river, with an average electricity generating capacity of 90 MW. This plant will reduce production costs by replacing oil in the generation of power for hydroelectric power.

**E.2 Oil and natural gas**

The use of natural gas in our energy matrix in Brazil is expected to increase from 1.7 million cubic meters per day ( Mm<sup>3</sup>/day ) in 2010 to 11.6 Mm<sup>3</sup>/day in 2020. In order to mitigate supply and price risks we started investing in natural gas exploration. Since 2007, we have developed an important hydrocarbon prospecting portfolio in the Brazilian coastline and deep water offshore basins. During 2009, we made two discoveries which are being analyzed. We believe natural gas will play an important role in our future global energy matrix, thanks to lower carbon emissions and higher flexibility regarding energy generation.

**E.3 Other Investments**

Vale owns 50% of capital stock of California Steel Industries (CSI), a producer of flat rolled steel and pipes, located in the United States. The remaining 50% belongs to JFE Steel. CSI produces about 1.8 million metric tons of flat rolled steel products per year. CSI successfully commissioned a second reheating furnace with state-of-the-art environmental technology at a cost of US\$ 71 million which will increase annual capacity to about 2.8 million metric tons of flat steel and pipes. The furnace will be fully operational by the second quarter in 2011.

Vale holds a 26.9% stake in TKCSA, an integrated producer of steel plates in the state of Rio de Janeiro. The plant was commissioned on the third quarter in 2010, and has an annual production capacity of 5 million metric tons per year and requires 8.5 million metric tons of iron ore and pellets per year, which will be supplied exclusively by Vale.

We have a 61.5 stake in CADAM S.A. (CADAM) located in the border between the states of Pará and Amapá, in the Amazon region. CADAM produces kaolin for paper coating and it also conducts research into other uses for kaolin products in order to develop a more diversified portfolio. CADAM's reserves are mostly concentrated in the Morro do Felipe open pit mine, in Vitória do Jari, state of Amapá. The beneficiation plant and private port facilities are situated on the west bank of the Jari River, in Munguba, in the state of Pará. CADAM produces the following products: Amazon SB, Amazon Premium and Amazon Plus. They are sold mainly in the European, Asian and Latin American markets. CADAM gets its electricity from its own thermal power plant. In 2010, CADAM produced 403,000 metric tons of Kaolin.

We are operating a pig iron operation projection in northern Brazil. This operation was conducted through our wholly owned subsidiary Ferro-Gusa Carajás S.A. ( FGC ) until April 2008, when FGC was merged into Vale. We utilize two conventional mini-blast furnaces to produce 350,000 metric tons of pig iron per year, using iron ore from our Carajás mines in northern Brazil.

**Table of Contents****F. Key consumables and raw materials:****F.1 Description of the relationships with suppliers, including whether they are subject to governmental control or regulation, identifying the institutions and applicable legislation**

Vale's strategy in relation to its suppliers is to maintain a long term relationship in order to promote partnerships aimed at gains for both parties, through continuous innovation and development and supply of goods and quality services at a compatible cost. Therefore, Vale uses as communication tools visits and talks at their operations, exchange programs and structured meetings.

In order to achieve continuous improvement and contribute to advances in the production chain, Vale's management of relationships with suppliers comprises four steps: (i) classification based on Vale's values, (ii) contracts taking into account the identification and analysis of environmental risks (iii) periodic performance evaluations to ensure compliance with applicable requirements and as defined in the contracting stage, and (iv) development.

The guidelines and criteria that Vale adopts to evaluate its suppliers are based on environmental legal requirements applicable to suppliers whose operational processes involve the use of natural resources or are potentially polluting or likely to cause environmental degradation. In addition to these legal aspects, Vale's Environmental Management criteria and the principles of its Sustainable Development Policy are considered.

Every contract involving construction sites / facilities within Vale areas are inspected prior to demobilization to assess compliance with environmental requirements specified in the contract. That evaluation focuses on the environmental quality of the area to verify the existence of potential liability for which the supplier may be responsible.

With regard to recipients of waste generated in Vale production processes, they all are subject to audit by the Department of the Environment and Sustainable Development during their initial approval and periodic revalidation.

The main environmental laws applicable to this process are:

## a) Environmental Permit

Federal Law 6938/81 National Environmental Policy

CONAMA Resolution (National Council for the Environment) 237/97

CONAMA Resolution (National Council for the Environment) 01/86.

Federal Law 10165/00

IBAMA Norm (Brazilian Institute of Renewable Natural Resources) 96/06.

## b) Pesticides

Federal Law 7802/99

Federal Decree 4047/02

Law 6360/76 ANVISA National Agency for Sanitary Surveillance

## c) Transportation of Dangerous Goods

Decree 96044/88

ANTT Resolution (National Ground Transportation Agency) 420/02

## d) Radioactive Material

CNEN Resolution (National Nuclear Energy Council) NE 2.01

CNEN Resolution (National Nuclear Energy Council) NE 5.02

## e) Explosive Materials

Federal Decree 3665/00

## f) Controlled Chemicals

Ministry of Justice Decree 1274/2003.





**Table of Contents**

**F.2 Potential dependence on few suppliers**

The main consumables purchased by Vale in 2009 were: (i) materials and other equipment, including tires, conveyor belts, parts and components, mining equipment, railroad gear, industrial installations and maintenance workshops, which accounted for 18% of cost of goods sold (COGS) in 2010, (ii) fuel and gas, which contributed 10.7% to COGS, and electricity with 6.6% of COGS. Moreover, the rendering of various services, such as operational services, maintenance of equipment and facilities, and transportation services represented 13.7% of COGS in 2009.

The main pieces of equipment purchased by Vale are Off-road trucks, Loaders, Auxiliary trucks, Tractors, Diggers, Wagons, and other mining equipment. The largest suppliers of these types of equipment for Vale in 2010 were Letourneau, Bucyrus International Inc., Sotreq CV, Amsted-Maxion and Komatsu, accounting jointly for 6% of total purchases of the company.

Fuel consumption is quite intense, especially in operations and transport of iron ore, located in Brazil. The main supplier of this consumable item for Vale is Petrobras, which accounted for 86% of the purchase of fuels by Vale in 2010. The electricity supply is managed largely through contracts with regional electricity companies. The main suppliers of this consumable were Centrais Elétricas no Norte do Brasil S.A. (Eletronorte), CEMIG Distribuição S.A. and Espírito Santo Centrais Elétricas S.A., together accounting for 36% of purchases of electricity by Vale in 2010.

In 2010, the 10 largest Vale consumer, equipment and service providers represented 19% of Company's total purchases.

**F.3 Possible volatility in their prices**

Vale has some contracts where prices are pegged to market indexes (parametric formulas) and therefore subject to these volatilities. Prices can also vary in relation to historical prices depending on offer versus demand in the market at the time of competition.

**7.4 Customers that accounted for more than 10% of total net revenues of the Company**

There are no customers accounting for more than 10% of Vale's net revenue.

**7.5 Relevant effects of state regulation on the Company's activities**

***a. Need for government authorization for the exercise of activities and long-standing relationship with the government to obtain such permits***

We are subject to a wide range of governmental regulations in all jurisdictions where we operate worldwide. The following discussion summarizes the regulations that have the most significant impact on our operations.

***Mining rights***

In order to conduct mining activities, we generally require some form of governmental permits, which differ in form depending on the jurisdiction but may include concessions, licenses, prospecting applications, permits, releases or franchises (all of which we refer to below as "concessions"). Some concessions have indefinite duration, but many have specific expiration dates, and may not be renewable. The legal and regulatory regime governing concessions differs among jurisdictions, often in important ways. For example in many jurisdictions, including Brazil, mineral resources belong to the state and may only be extracted under concession. In other jurisdictions, including Canada, a substantial part of our mining operations is conducted pursuant to leases, often from government agencies.

**Table of Contents**

The table below summarizes our principal mining concessions and other similar rights. In addition to the concessions described below, we have exploration licenses covering 10.1 million hectares in Brazil (out of which, 5.9 are already under application) and 17.8 million hectares in other countries.

<b>Location</b>	<b>Concession or other right</b>	<b>Approximate area covered (in hectares)</b>	<b>Expiration date</b>
<i>Brazil</i>	Mining concessions	664,627	Undetermined
<i>Canada</i>			
<i>Ontário</i>	Leases	14,026	2011-2028
	Patented Lands	82,805	Undetermined
	Water rights	1,157	Undetermined
	Mining Licence of Occupation	2,952	Undetermined
<i>Manitoba</i>	Leases	109,043	2011-2028
	Other Leases	4,903	2013
<i>Newfoundland and Labrador</i>	Mining lease		2027
		1,599	
	Surface lease	4,015	2027
<i>Indonesia</i>			
	Single Work Contract	190,510	2025 (1)
<i>Australia</i>			
	Mining tenements	22,281	2011-2039
<i>New Caledonia</i>			
	Mining concessions	20,332	2016-2051
	Mining Concessions Tiebaghi Nickel	936	2048
	Mining concessions outside VNC Project	13,586	2016-2040
<i>Peru</i>			
	Exploration Concession	146,887	Undetermined (2)
<i>Colombia</i>			
	El Hatillo Exploration Concession	9,695	2027
	Cerro Largo Sur Exploration Concession	1,092	2032
<i>Argentina</i>			
	Exploration Concession (Prospection Statement)	80,889	Undetermined (3)
<i>Chile</i>			
	Exploration Concession	50,632	Undetermined (4)
<i>Mozambique</i>			
	Exploration Concession (Mining Concession)	23,780	2030
<i>Guinea</i>			
	Exploration Concession (Mining Concession)	102,400	2045

(1) Work Contract of Vale's mines in Indonesia expire in 2025. Meanwhile, according to the new Mining Law, Vale will be entitled to request, at least, a 10 year extension.

(2) According to Peruvian mining law, there is only one type of license. The above represents merely licenses with exploration concession.

(3) Of the 80,889 that it has in Argentina, only 40,274 represents activities in progress.

(4) Of the 50,332 that it has in Chile, only 23,657 represents activities in progress.

Many concessions impose specific obligations on the concessionaire governing such matters as how operations are conducted and what investments are required. Our ability to maintain our mineral rights depends on meeting these requirements, which often involve significant capital expenditures and high operating costs.

***Regulation of mining activities***

Vale is subject to numerous regulations, which differ according to the jurisdiction in which it operates. Its operations depend on legislation and regulations that apply to mining activities, which include in many countries, state and local laws, as well as federal laws. Moreover, most of the Company's concessions, especially for large operations, impose additional obligations on the concessionaire.

The jurisdictions in which Vale operates generally have government agencies responsible for granting mining licenses and supervising compliance with mining laws and regulations. For example, in Brazil, the exploration activities are supervised by the National Department of Mineral Production (ANP), an entity connected to the Ministry of Mines and Energy.

**Table of Contents**

Changes in mining legislation may have a significant effect on Vale operations. Among the jurisdictions in which the Company has operations, there are several changes in legislation proposed or recently adopted, which can affect it significantly. Among them we can mention:

The Ministry of Mines and Energy of Brazil is studying changes to the Mining Code which, if adopted, may have important implications on local operations or require unexpected investments. However, considering that it is not known what changes to the Mining Code will be effectively adopted, there is no way to accurately assess their implications on our local operations.

In January 2009, a new Mining Law went into effect in Indonesia, with new licensing rules. In 2010, some regulations were enacted for the Mining Code, not all yet implemented. PTI, along with its legal advisors from Indonesia, is studying the impacts of the new Mining Law on current and future operations of PTI exploration in Indonesia. Until all regulations are passed, Vale cannot evaluate how and to what extent the Employment Contract and PTI operations will be affected.

In New Caledonia, a law was passed in March 2009 which states that for new mining projects, formal authorization is required, rather than a simple declaration. Vale's license application (which replaces the 2005 declaration) should be submitted by April 2012. The Company will receive the authorization no later than April 2015. Vale believes it is unlikely that the authorization will be rejected, but there is always the risk that there will be new charges.

In Guinea, the government proposed a new Mining Code that would modify some of the regulations that currently govern mining operations. Among other regulations, there would be a mandatory participation of 15% for the State in all mining projects, which is currently applied only to projects involving diamonds, gold and precious stones.

***Environmental regulations***

We are also subject to environmental regulations that apply to the specific types of mining and processing activities we conduct. We require approvals, licenses or permits from governmental authorities to operate, and in most jurisdictions the development of new facilities requires us to submit environmental impact statements for approval and often to make additional investments to mitigate environmental impacts. We must also operate our facilities in compliance with the terms of the approvals, licenses or permits.

Environmental regulations affecting our operations relate, among other matters, to emissions into the air, soil and water; recycling and waste management; protection and preservation of forests, coastlines, natural caverns, watersheds and other features of the ecosystem; water use; and decommissioning and reclamation. In many cases, the mining concessions or environmental permits under which we operate impose specific environmental requirements on our operations. Environmental regulations can sometimes change and ongoing compliance can require significant costs for capital expenditures, operating costs, reclamation costs and compliance. For example, in Brazil, a suit challenging a Brazilian environmental decree that permits mining in certain subterranean areas may adversely affect our ability to conduct some mining operations or even reserves.

Environmental legislation is becoming stricter worldwide, which could lead to greater costs for environmental compliance. For instance, if we are required to modify installations, develop new operational procedures or purchase new equipment, our environmental compliance costs could increase. In particular, we expect heightened attention from various governments to reducing greenhouse gases. Some important regulatory environmental initiatives are described below, but we do not know if it will be necessary to carry out operational and capital investments to observe such changes or the effect it will have over our businesses, financial results and cash flow in those operations:

Our operations in Canada and at PTI in Indonesia are subject to air emission regulations that address, among other things, sulfur dioxide (SO<sub>2</sub>), particulates and metals. We will be required to make significant capital expenditures to ensure compliance with these emissions standards. The imposition of more stringent standards in the future, especially for SO<sub>2</sub> and nickel, could further increase our costs.

**Table of Contents**

The rhythm of the efforts by the Canadian government to legislate Greenhouse Gas (GHG) emissions targets has slowed down. The provinces of Manitoba, Ontario and Newfoundland will launch a consultancy along with several interested parties with regards to climate change initiatives and also focused on implementation strategies.

In Canada, a number of studies have been completed or are in progress in Sudbury and Port Colborne related to contamination of soil and water from past and current activities. We are taking steps, in partnership with other stakeholders, to remediate the ecological impact of our activities.

The Australian government is seeking to introduce an environmental program as part of an overall strategy to address climate change and reduce greenhouse gas emissions in Australia. The Australian government stated that it has decided to impose mandatory targets to control greenhouse gas emission levels by 2020. Thus, it is expected that a policy to set prices on carbon emissions will be imposed in the country within a short period of time.

In October 2009, Indonesia adopted new legislation on Environmental Protection and Management. It sets out a broad regulatory structure and provides that many important details will be clarified in later implementing regulations, which the law provides should be issued within one year of its effective date.

Brazil adopted a National Policy on Climate Change in December 2009 which contemplates specific carbon emission limits to be set forth by the end of 2011 and implemented before 2020. The law sets forth a voluntary commitment to reduce greenhouse gas emissions in Brazil between 36.1% and 38.9% before 2020, based on levels registered in 2005, and several regulated sectors, such the steel, forest, agriculture and energy industry to create projects to reduce greenhouse emissions. By the end of 2011, the government plans to publish regulations on specific limits on carbon emissions for other sectors of the economy, including the mining sector.

In December 2010, Brazil implemented the National Law on Solid Waste. The law set forth a strict regulatory structure with flexibility instruments to comply with management controls regarding solid waste, including mineral waste. Mining companies will have to submit a plan to manage solid mineral waste and will be subject to stricter controls by environmental authorities.

**Royalties and other taxes on mining activities**

Vale pays royalties on revenues obtained from the extraction and sale of mineral products. The following royalties and taxes apply in some of the jurisdictions in which we have our largest operations:

In Brazil, we pay a royalty known as the CFEM (Compensação Financeira pela Exploração de Recursos Minerais or Financial Compensation for Exploration of Mineral Resources) on the revenues from the sale of minerals we extract, net of taxes, insurance costs and costs of transportation. The current annual CFEM rates on our products are: 2% for iron ore, kaolin, copper, nickel, fertilizers and other materials; 3% on bauxite, potash and manganese ore; and 1% on gold. The Brazilian government is considering changes in the CFEM regime. These changes will only be enforceable once a final proposal is issued by DNPM and approved by the National Congress. We are currently engaged in several administrative and legal proceedings alleging that we have failed to pay the proper amount of CFEM which we consider inadequate. For further information on the above proceedings, see Item 4 in this Reference Form.

**Table of Contents**

The Canadian provinces in which we operate charge us a tax on profit from mining operations. Profit from mining operations is generally determined by reference to gross revenue from the sale of mine output and deducting certain costs, such as mining and processing costs and investment in processing assets. The statutory mining tax rates are 10% in Ontario; 17% in Manitoba; and 16% in Newfoundland and Labrador.

In Indonesia, our subsidiary PTI pays a royalty fee on, among other items, its nickel production on the concession area and has made certain other commitments. Until March 2008 the royalty was equal to 1.1% of revenues from sales of nickel products. As of April 2008, the royalty payment was changed to a fixed amount based on sales volume (US\$78 per metric ton of nickel, based on overall production).

In Australia, we pay royalties on the revenues from sales of minerals extracted pursuant to state laws. In Queensland, a 2/3 proportional payment is applied, under the terms that we pay 7% of the amount up to A\$100 per ton and 10% thereafter. The cost is after port fees and demurrage. In New South Wales, we pay royalties *ad valorem* on coal, on the production's value (revenues minus allowed deductions). Royalty rates are in the order of 6.2% for deep underground mines (coal extracted below 400 m), 7.2% for underground mines, and 8.2% for open pit mines. Taxed revenues is free of beneficiation costs and other taxes.

Currently, the Australian government is studying the possibility of applying a new mineral resource rent tax or MRRT. The MRRT will be applied on the profits generated from the exploration of coal and iron ore resources in Australia. The proposed tax would be paid as a proportional fee of 22.5% of the taxable profits and would be deductible from the company's income tax. The difference between the MRRT and royalties paid to each of the state governments is that royalties were calculated based on rent whereas MRRT is calculated on profits. Meanwhile, the government indicated that companies will receive a deductible credit from state royalties in the states where the MRRT is owed.

**Regulation of other activities**

In addition to mining and environmental regulation, we are subject to comprehensive regulatory regimes for some of our other activities, including rail transport, electricity generation, and oil and gas. We are also subject to more general legislation on workers' health and safety, safety and support of communities near mines, and other matters.

Our Brazilian railroad business is subject to regulation and supervision by the Brazilian Ministry of Transportation and the transportation regulatory agency (Agência Nacional de Transportes Terrestres), or ANTT, and operates pursuant to concession contracts granted by the federal government. The concession contracts impose certain shareholder ownership limitations. The concession contract for FCA limits shareholder ownership to 20% of the voting capital of the concessionaire, unless such limit is waived by ANTT. We own 99.9% of FCA, which ANTT has authorized. The 20% ownership limitation does not apply to our EFVM, EFC and FNS railroads. ANTT also sets different tariff limits for railroad services for each of the concessionaires and each of the different products transported. So long as these limits are respected, the actual prices charged can be negotiated directly with the users of such services.

The MRS concession contract provides that each shareholder can only own up to 20% of the voting capital of the concessionaire, unless otherwise permitted by ANTT. As a result of our acquisitions of CAEMI and Ferteco, our share in the voting capital of MRS surpassed this threshold. As a result, Vale waived its voting and veto rights with respect to MRS shares in accordance with a 2006 ANTT resolution. We continue to have some voting rights through the shareholdings of a subsidiary.

**Table of Contents**

Our railroad concession contracts have a duration of 30 years and are renewable. The FCA and MRS concessions expire in 2026, and the concessions for EFC and EFVM expire in 2027. We also own the subconcession for commercial operation for 30 years of a 720-kilometer segment of the FNS railroad, in Brazil. This concession expires in 2037.

In connection with the approval in 2006 of our acquisition of Vale Canada, we made a number of undertakings to the Canadian Minister of Industry under the Investment Canada Act. We believe we are substantially in compliance with these undertakings, which include locating our global nickel business in Toronto, Canada; accelerating the Voisey Bay development project; enhancing investments in a number of areas in Canada; and honoring agreements with provincial governments, local governments, labor unions and aboriginal groups.

Some of our products are subject to regulations applicable to the marketing and distribution of chemicals and other substances. For example, the European Commission has adopted a European Chemicals Policy, known as REACH (Registration, Evaluation, and Authorization of Chemicals). Under REACH, manufacturers and importers will be required to register new substances prior to their entry into the European market and in some cases may be subject to an authorization process. A company that fails to comply with the REACH regulation could face restrictions to commercialize its products in Europe. We have complied with registration requirements for the substances we import into or manufacture in the EU in 2010 and continue to take measures to manage our exposure to the authorization process.

***b. Environmental policy of the Company and costs incurred for compliance with environmental regulation and, where appropriate, other environmental practices, including adherence to international standards of environmental protection***

Vale's Environmental Management System determines the development of effective monitoring, conservation, environmental protection and rehabilitation, aimed at ensuring the maintenance and recovery of ecosystems in which it operates. The Company's system is based on ISO 14001 guidelines, to which it adds additional features that make up Vale's standard of environmental quality. Aiming to assess the management and ensure the development of performance, various operations are submitted by Vale, periodically, to internal and external audits.

Listed below are units of Vale with ISO 14001:

Iron ore and pellets (all iron ore mines and the Tubarão and Fábrica pelletizing plants);

Manganese and ferroalloys (Azul and Morro da Mina, Vale Manganèse France and Vale Manganese Norway AS);

Nickel (Vale Inco Europe, Taiwan Nickel Refining Corporation, Vale Japan Limited and Vale Nickel Dalian (INNM))

Port of Tubarão;

Aluminum (Alunorte, Albras and Valesul) and

Kaolin (CADAM).

In many cases, Vale operates with higher levels of environmental requirements than is legally required. To run the Environmental Management System, Vale disbursed US\$ 1.99 billion in the last three years.

Vale systems and control equipment, such as the storage and spraying of water on the roads, besides the use of chemical powder inhibitors or installation of filters and electrostatic precipitators in facilities, are complemented by comprehensive monitoring systems and control software.

The control of air emissions is one of Vale's main goals. Besides complying with all legal requirements, the Company continuously evaluates the air quality of its facilities and its effects on surrounding communities, and makes the necessary investments to improve air quality.





**Table of Contents**

Regarding improvement of water quality, Vale makes every effort to treat and control pollutants discharged into the sea, rivers and other water bodies, and runs a comprehensive water recycling program for water used in its operations. The Company is researching into new processes and technologies to improve the use, recycling and treatment of water. Through its comprehensive system of waste treatment and removal of debris, Vale seeks greater control of generation and disposal of residues in order to create opportunities for reuse, recycling and reducing waste.

Vale's guidelines for decommissioning mines describe a complete set of guidelines, including practical and technical procedures to be followed during closure of the mines. The handbook outlines the procedures for monitoring and recovery of degraded areas, the main steps and sequence to be obeyed during the closure and other liabilities that may result from the closure of the mine. The manual also provides standardized basic criteria, based on the guidelines of the CVM and the SEC (FAS 143), for cost evaluation, budgeting for the present, future decommissioning and restoration.

The waters of the mine, waste dams and waste rock deposits are classified according to a risk matrix involving all the parameters related to construction, operation and safety control. A complete audit program has been established which can evaluate the stability of these structures and provide elements for the preparation, if necessary, of plans for corrective or preventive action.

Vale's environmental program also includes restoration projects aimed at (i) protecting the soil against erosion, (ii) building impact reducers between their activities and the communities in surrounding areas and (iii) maintaining biodiversity through recovery of the ecosystem. The Company has partnerships with universities and governmental research agencies to conduct extensive research on methods of protecting the ecosystem.

Vale conducts extensive studies on fauna and flora, to minimize the environmental risks associated with investments in potentially sensitive areas. It takes part in the conservation of Brazilian ecosystems, leaving some land untouched and protecting some private land. It also participates in the preservation of federal lands located in areas of environmental conservation, called "protected areas" and develops and supports research in the field of biodiversity. Over the past 25 years the Company has offered support to indigenous communities in education, health, infrastructure development and technical assistance to improve the quality of life and self-sufficiency of these communities.

***c. Reliance on patents, trademarks, licenses, concessions, franchises, contracts, royalties for the development of relevant activities.***

Vale operates mines, railways, ports, marine terminals and power plants, in general, through concessions granted by federal and state governments in several countries. Accordingly, the Company depends greatly on the concession of operating licenses for such assets for the development of their activities. For more information on permits and concessions held by the Company, see item 9.1 b of this form.

Furthermore, the Company believes its many patents are fundamental in achieving the goals of research and technological development and its major brand "Vale" is of great importance for the development of their activities.

**7.6 Relevant revenue from customers allocated to Brazil and to foreign countries in the last fiscal year**

<b>Fiscal year December 31, 2010</b>	<b>Revenue (R\$ thousand)</b>	<b>% In total net income of the Company</b>
Revenue from customers attributed to:		
Brazil	14,306,162	16.8
China	27,581,351	32.3
Japan	9,302,640	10.9
United States	2,432,904	2.9
Germany	5,601,086	6.6
Canada	1,993,686	2.3
South Korea	3,358,630	3.9
Taiwan	2,168,423	2.5



**Table of Contents**

<b>Fiscal year December 31, 2010</b>	<b>Revenue (R\$ thousand)</b>	<b>% In total net income of the Company</b>
Revenue from customers attributed to:		
England	2,051,857	2.4
France	1,338,550	1.6
Belgium	765,528	0.9
Italy	1,831,569	2.1
Other countries	12,612,867	14.8
<b>Total income from abroad</b>	<b>71,039,091</b>	<b>83.2</b>

**7.7 Regulation of foreign countries in which the Company obtains relevant revenue**

Vale is subject to a number of government regulations in all the jurisdictions in which it operates worldwide. Below, we will provide a summary of regulations that have the most significant impact in our operations.

**Direitos de mineração**

De modo a realizar as nossas atividades de mineração, geralmente temos que obter certas licenças, que variam, segundo a jurisdição, mas que, geralmente incluem concessões, licenças, pedidos de exploração, alvarás, liberações ou franquias (que denominamos abaixo como Concessões). Algumas dessas Concessões têm prazo indefinido, mas muitas têm datas de vencimento específicas e não podem ser renovadas. O regime jurídico e regulatório que governa as Concessões varia, dependendo das jurisdições, de maneira por vezes bastante relevante. Por exemplo, em jurisdições não brasileiras, inclusive o Canadá, uma parte importante das nossas operações é realizada por meio de direitos de mineração que possuímos ou por meio de arrendamentos, em geral firmados com agências governamentais. A tabela abaixo indica as nossas principais Concessões de lavra e outros direitos afins. Além das Concessões indicadas abaixo, a Vale possui licenças de exploração que incluem 17,8 milhões de hectares em outros países.

<b>Loation</b>	<b>Concession or other right</b>	<b>Approximate covered area (in hectares)</b>	<b>Expiration date</b>
<i>Canada</i>			
<i>Ontário</i>	Leases	14,026	2011-2028
	Patented Lands	82.805	Undetermined
	Water rights	1,157	Undetermined
	Mining Licence of Occupation	2,952	Undetermined
<i>Manitoba</i>	Leases	109.043	2011-2028
	Other Leases	4.903	2013
<i>Newfoundland and Labrador</i>	Mining lease	1,599	2027
	Surface lease	4.015	2027
<i>Indonesia</i>			
	Single Work Contract	190.510	2025 (1)
<i>Australia</i>			
	Mining tenements	22,281	2011-2039
<i>New Caledonia</i>			
	Mining concessions	20,332	2016-2051
	Mining Concessions Tiebaghi Nickel	936	2048
	Mining concessions outside VNC Project	13,586	2016-2040
<i>Peru</i>			

Edgar Filing: Vale S.A. - Form 6-K

<i>Colombia</i>	Exploration Concession	146,887	Undetermined (2)
	El Hatillo Exploration Concession	9,695	2027
	Cerro Largo Sur Exploration Concession	1,092	2032
<i>Argentina</i>	Exploration Concession (Prospection Statement)	80,889	Undetermined (3)
<i>Chile</i>	Exploration Concession	50,632	Undetermined (4)
<i>Mozambique</i>	Exploration Concession (Mining Concession)	23,780	2030
<i>Guinea</i>	Exploration Concession (Mining Concession)	102,400	2045

- (1) Work Contract of Vale's mines in Indonesia expire in 2025. Meanwhile, according to the new Mining Law, Vale will be entitled to request, at least, a 10 year extension.
- (2) According to Peruvian mining law, there is only one type of license. The above represents merely licenses with exploration concession.
- (3) Of the 80,889 that it has in Argentina, only 40,274 represents activities in progress.
- (4) Of the 50,332 that it has in Chile, only 23,657 represents activities in progress.

**Table of Contents**

Many concessions impose some obligations on the concessionaire regulating these issues regarding how operations are carried out and what type of investments are necessary. To maintain mining rights, it is necessary to attend to these demands, which usually involve significant investments and high operating costs.

**Mining activities regulations**

We are subject to a number of regulations that change according to the jurisdiction in which we are operating. Our operations depend on the legislation and regulations applicable to mining activities, which include, in many countries, state and local laws, as well as the federal laws. In addition, a significant part of our concessions, particularly in the case of large operations, imposes additional obligations on the concessionaire.

The jurisdictions in which Vale operates generally have government agencies responsible for granting mining licenses and supervising compliance with mining laws and regulations.

Changes in mining legislation may have a significant effect on Vale operations. Among the jurisdictions in which the Company has operations, there are several changes in legislation proposed or recently adopted, which can affect it significantly. Among them we can mention:

In January 2009, a new Mining Law went into effect in Indonesia, with new licensing rules. In 2010, some regulations were enacted for the Mining Code, not all yet implemented. PTI, along with its legal advisors from Indonesia, is studying the impacts of the new Mining Law on current and future operations of PTI exploration in Indonesia. Until all regulations are passed, Vale cannot evaluate how and to what extent the Employment Contract and PTI operations will be affected.

In New Caledonia, a law was passed in March 2009 which states that for new mining projects, formal authorization is required, rather than a simple declaration. Vale's license application (which replaces the 2005 declaration) should be submitted by April 2012. The Company will receive the authorization no later than April 2015. Vale believes it is unlikely that the authorization will be rejected, but there is always the risk that there will be new charges.

In Guinea, the government proposed a new Mining Code that would modify some of the regulations that currently govern mining operations. Among other regulations, there would be a mandatory participation of 15% for the State in all mining projects, which is currently applied only to projects involving diamonds, gold and precious stones.

***Environmental regulations***

We are also subject to environmental regulations that apply to the specific types of mining and processing activities we conduct. We require approvals, licenses or permits from governmental authorities to operate, and in most jurisdictions the development of new facilities requires us to submit environmental impact statements for approval and often to make additional investments to mitigate environmental impacts. We must also operate our facilities in compliance with the terms of the approvals, licenses or permits.

Environmental regulations affecting our operations relate, among other matters, to emissions into the air, soil and water; recycling and waste management; protection and preservation of forests, coastlines, natural caverns, watersheds and other features of the ecosystem; water use; and decommissioning and reclamation. In many cases, the mining concessions or environmental permits under which we operate impose specific environmental requirements on our operations.

**Table of Contents**

Environmental legislation is becoming stricter worldwide, which could lead to greater costs for environmental compliance. For instance, if we are required to modify installations, develop new operational procedures or purchase new equipment, our environmental compliance costs could increase. In particular, we expect heightened attention from various governments to reducing greenhouse gases. Some important regulatory environmental initiatives are described below, but we do not know if it will be necessary to carry out operational and capital investments to observe such changes or the effect it will have over our businesses, financial results and cash flow in those operations:

Our operations in Canada and at PTI in Indonesia are subject to air emission regulations that address, among other things, sulfur dioxide (SO<sub>2</sub>), particulates and metals. We will be required to make significant capital expenditures to ensure compliance with these emissions standards. The imposition of more stringent standards in the future, especially for SO<sub>2</sub> and nickel, could further increase our costs. The rhythm of the efforts by the Canadian government to legislate Greenhouse Gas (GHG) emissions targets has slowed down. The provinces of Manitoba, Ontario and Newfoundland will launch a consultancy along with several interested parties with regards to climate change initiatives and also focused on implementation strategies.

In Canada, a number of studies have been completed or are in progress in Sudbury and Port Colborne related to contamination of soil and water from past and current activities. We are taking steps, in partnership with other stakeholders, to remediate the ecological impact of our activities.

The Australian government is seeking to introduce an environmental program as part of an overall strategy to address climate change and reduce greenhouse gas emissions in Australia. The Australian government stated that it has decided to impose mandatory targets to control greenhouse gas emission levels by 2020. Thus, it is expected that a policy to set prices on carbon emissions will be imposed in the country within a short period of time.

In October 2009, Indonesia adopted new legislation on Environmental Protection and Management. It sets out a broad regulatory structure and provides that many important details will be clarified in subsequently implemented regulations.

**Royalties and other taxes on mining activities**

Vale pays royalties on revenues obtained from the extraction and sale of mineral products. The following royalties and taxes apply in some of the jurisdictions in which we have our largest operations:

The Canadian provinces in which we operate charge us a tax on profit from mining operations. Profit from mining operations is generally determined by reference to gross revenue from the sale of mine output and deducting certain costs, such as mining and processing costs and investment in processing assets. The statutory mining tax rates are 10% in Ontario; 17% in Manitoba; and 16% in Newfoundland and Labrador.

In Indonesia, our subsidiary PTI pays a royalty fee on, among other items, its nickel production on the concession area and has made certain other commitments. Until March 2008 the royalty was equal to 1.1% of revenues from sales of nickel products. As of April 2008, the royalty payment was changed to a fixed amount based on sales volume (US\$78 per metric ton of nickel, based on overall production).

In Australia, we pay royalties on the revenues from sales of minerals extracted pursuant to state laws. In Queensland, a 2/3 proportional payment is applied, under the terms that we pay 7% of the amount up to A\$100 per ton and 10% thereafter. The cost is after port fees and demurrage. In New South Wales, we pay royalties *ad valorem* on coal, on the production's value (revenues minus allowed deductions). Royalty rates are in the order of 6.2% for deep underground mines (coal extracted below 400 m), 7.2% for underground mines, and 8.2% for open pit mines. Taxed revenues is free of beneficiation costs and other taxes.

**Table of Contents**

Currently, the Australian government is studying the possibility of applying a new mineral resource rent tax or MRRT. The MRRT will be applied on the profits generated from the exploration of coal and iron ore resources in Australia. The proposed tax would be paid as a proportional fee of 22.5% of the taxable profits and would be deductible from the company's income tax. The difference between the MRRT and royalties paid to each of the state governments is that royalties were calculated based on rent whereas MRRT is calculated on profits. Meanwhile, the government indicated that companies will receive a deductible credit from state royalties in the states where the MRRT is owed.

***Regulation of other activities***

In addition to mining and environmental regulations, we are subject to comprehensive regulatory regimes for some of our other activities, including rail transport, electricity generation, and oil and gas. We are also subject to more general legislation on workers' health and safety, safety and support of communities near mines, and other matters.

In connection with the approval in 2006 of our acquisition of Vale Canada, we made a number of undertakings to the Canadian Minister of Industry under the Investment Canada Act. We believe we are substantially in compliance with these undertakings, which include locating our global nickel business in Toronto, Canada; accelerating the Voisey Bay development project; enhancing investments in a number of areas in Canada; and honoring agreements with provincial governments, local governments, labor unions and aboriginal groups.

Some of our products are subject to regulations applicable to the marketing and distribution of chemicals and other substances. For example, the European Commission has adopted a European Chemicals Policy, known as REACH (Registration, Evaluation, and Authorization of Chemicals). Under REACH, manufacturers and importers will be required to register new substances prior to their entry into the European market and in some cases may be subject to an authorization process. A company that fails to comply with the REACH regulation could face restrictions to commercialize its products in Europe. We have complied with registration requirements for the substances we import into or manufacture in the EU in 2010 and continue to take measures to manage our exposure to the authorization process.

Vale's Environmental Management System determines the development of effective monitoring, conservation, environmental protection and rehabilitation, aimed at ensuring the maintenance and recovery of ecosystems in which it operates. The Company's system is based on ISO 14001 guidelines, to which it adds additional features that make up Vale's standard of environmental quality. Aiming to assess the management and ensure the development of performance, various operations are submitted by Vale, periodically, to internal and external audits.

Listed below are units of Vale with ISO 14001:

Iron ore and pellets (all iron ore mines and the Tubarão and Fábrica pelletizing plants);

Manganese and ferroalloys (Azul and Morro da Mina, Vale Manganèse France and Vale Manganese Norway AS);

Nickel (Vale Inco Europe, Taiwan Nickel Refining Corporation, Vale Japan Limited and Vale Nickel Dalian (INNM))

Port of Tubarão;

Aluminum (Alunorte, Albras and Valesul) and

Kaolin (CADAM).

In many cases, Vale operates with higher levels of environmental requirements than is legally required. To run the Environmental Management System, Vale disbursed US\$ 1.99 billion in the last three years.

Vale systems and control equipment, such as the storage and spraying of water on the roads, besides the use of chemical powder inhibitors or installation of filters and electrostatic precipitators in facilities, are complemented by comprehensive monitoring systems and control software.





**Table of Contents**

The control of air emissions is one of Vale's main goals. Besides complying with all legal requirements, the Company continuously evaluates the air quality of its facilities and its effects on surrounding communities, and makes the necessary investments to improve air quality.

Regarding improvement of water quality, Vale makes every effort to treat and control pollutants discharged into the sea, rivers and other water bodies, and runs a comprehensive water recycling program for water used in its operations. The Company is researching into new processes and technologies to improve the use, recycling and treatment of water. Through its comprehensive system of waste treatment and removal of debris, Vale seeks greater control of generation and disposal of residues in order to create opportunities for reuse, recycling and reducing waste.

Vale's guidelines for decommissioning mines describe a complete set of guidelines, including practical and technical procedures to be followed during closure of the mines. The handbook outlines the procedures for monitoring and recovery of degraded areas, the main steps and sequence to be obeyed during the closure and other liabilities that may result from the closure of the mine. The manual also provides standardized basic criteria, based on the guidelines of the CVM and the SEC (FAS 143), for cost evaluation, budgeting for the present, future decommissioning and restoration.

The waters of the mine, waste dams and waste rock deposits are classified according to a risk matrix involving all the parameters related to construction, operation and safety control. A complete audit program has been established which can evaluate the stability of these structures and provide elements for the preparation, if necessary, of plans for corrective or preventive action.

Vale's environmental program also includes restoration projects aimed at (i) protecting the soil against erosion, (ii) building impact reducers between their activities and the communities in surrounding areas and (iii) maintaining biodiversity through recovery of the ecosystem. The Company has partnerships with universities and governmental research agencies to conduct extensive research on methods of protecting the ecosystem.

**7.8 Description of long-term relationships relevant to the Company that are not listed elsewhere in this form**

As one of the leading global companies in the mining sector, Vale seeks to contribute to the promotion of good practices in sustainability. Vale's sustainability strategy calls for the responsible management of economic, environmental, and social issues in an integrated manner. The goal is to promote its business, especially mining operations, producing local, regional and global wealth, but also to support the construction of a legacy of positive value over the lifecycle of its projects. To support this management, the Company carries out voluntary actions in partnership with various levels of government, public institutions, other businesses and society.

**7.9 Other information that the Company deems relevant**

No further relevant information about this item 7 .

**Table of Contents****8.1 Description of the group within which the Company functions*****a. Direct and indirect control***

Valepar S.A. is a holding company that has direct control of Vale, with a participation 32.4% of capital stock. Valepar is controlled by (i) Litel Participações S.A., a holding company (48.79%); (ii) Bradespar S.A., a holding company (17.00%); (iii) Mitsui & Co., Ltd, a trading company (15.00%); (iv) BNDES Participações S.A.; a holding company (9.79%); and (v) Eletron S.A., a holding company (0.02%).

Litel Participações S.A. is a holding company controlled by BB Carteira Ativa Portfolio (78.41%), an investment fund, administered by BB Gestão de Recursos Distribuidora de Títulos e Valores Mobiliários S.A., whose shares are 100% owned by Previ Caixa de Previdência dos Funcionários do Banco do Brasil (Previ). Previ is a private pension fund and its participants are employees of the Banco do Brasil and of Previ itself. Previ management is divided between the Advisory Board and the Board of Directors. The Board of Directors is composed of six members: President, Director of Administration and Directors for Investments, Social Security, Share participations, and Planning. The Advisory Board is composed of six members and their substitutes. Three are elected by the participants and users of the security, and three others are indicated by the Banco do Brasil. According to the Statutes of Previ, the Board of Directors is the body of the organizational structure responsible for defining the general policy for the administration of the entity.

Bradespar S.A. is a holding company controlled by (i) Cidade de Deus Companhia Comercial de Participações S.A., a holding company (12.93%), (ii) NCF Participações S.A., a holding company (6.80%); (iii) Nova Cidade de Deus Participações S.A., a holding company (0.65%), and (iv) Fundação Bradesco (Bradesco Foundation), a non-profit entity with the goal of providing education and professional training for children, youths, and adults (5.83%). The Cidade de Deus Companhia Comercial de Participações S.A. is controlled by Nova Cidade de Deus Participações S.A., a holding company (44.91%), Fundação Bradesco (33.20%), and Mmes. Lina Maria Aguiar (8.51%), Lia Maria Aguiar (7.01%) and Maria Ângela Aguiar (4.71%). NCF Participações S.A. is controlled by Bradesco Foundation (60.41%), Cidade de Deus Companhia Comercial de Participações S.A. (39.51%), and Nova Cidade de Deus Participações S.A. (0.08%). Nova Cidade de Deus Participações S.A. is controlled by the Fundação Bradesco (73.32%) and BBD Participações S.A. (25.86%). BBD Participações S.A. has its capital dispersed among multiple shareholders, with Mr. Lazáro de Mello Brandão the largest of them, with 4.44% of the total share capital. In accordance with the terms of the Statute of the Fundação Bradesco, all Directors of Bradesco, members of the Board of Directors and directors of Departments, as well as all directors and leaders of Cidade de Deus Companhia Comercial de Participações S.A., act as members of the Fundação Bradesco board of trustees, known as the Mesa Regedora.

Mitsui & Co., Ltd is a Japanese trading company, which has its capital spread among many shareholders, but whose largest shareholders are the following Japanese banks (I) the Master Trust Bank of Japan, Ltd. (trust account) with 9.04% of the share capital; and (ii) Japan Trustee Services Bank, Ltd. (trust account) with 6.8% of the share capital.

BNDES Participações is a holding company 100% owned by Banco Nacional de Desenvolvimento Econômico e Social (BNDES). BNDES is a public company endowed with legal personality under private law, whose shares are 100% owned by the Federal Union.

Electron S.A. is a holding company controlled by Opportunity Anafi Participações S.A. (99.97%), a holding company controlled by Belapart S.A. (38.47%), Valetron S.A. (38.47%) and Opportunity Holding FIP (23.07%). Opportunity Holding FIP is an equity investment fund with the Fund Manager, Mr. Marco Nascimento Ferreira responsible for their investment decisions. Belapart S.A. and Valetron S.A. are corporate holdings controlled by Ms. Verônica Valente Dantas, who own 50.5% of the total share capital of each of the above mentioned companies.

**Table of Contents**

***b. subsidiaries and affiliates***

For a detailed description of the subsidiaries and affiliates of the company which carry out activities for Vale, see Item 9 of this Reference Form

3254054 Canada Limited  
 Aços Laminados do Pará S.A.  
 Aegis Indemnity Ltd.  
 Anyang Yu Vale Yongtong Pellet Co., Ltd.  
 Associação Instituto Tecnológico Vale ITV  
 Associação Itakyra  
 Associação Memorial Minas Gerais Vale  
 Associação Vale para Desenvolvimento Sustentável Fundo Vale  
 Baldertonn Trading Corporate  
 Baovale Mineração S.A.  
 Belcoal Pty Ltd  
 Belvedere Australia (BP) PTY Ltd  
 Belvedere Coal Management Pty Ltd. (ACN 112 868 461)  
 Belvedere JV (Unincorporate)  
 Bowen Central Coal JV (Unincorporate)  
 Bowen Central Coal Management Pty Limited (ACN 107 199 619)  
 Bowen Central Coal Pty Limited (ACN107 198 676)  
 Bowen Central Coal Sales Pty Limited (ACN 107 201 230)  
 Brasamerican Limited  
 Broadlea Coal Management Pty Limited (ACN 104 885 994)  
 Broadlea JV (Unincorporate)  
 Cadam Overseas Ltd.  
 Cadam S.A  
 Caemi Holding GmbH  
 California Steel Industries, Inc.  
 Camberwell Coal Pty Limited (ACN 003 825 018)  
 Canico Resources Corp.  
 Carborough Downs Coal Management Pty Ltd. (ACN 108 803 461)  
 Carborough Downs Coal Sales Pty Limited (ACN 108 803 470)  
 Carborough Downs JV (Unincorporate)  
 CMM Overseas Limited  
 Compagnie Minière Trois Rivières CMTR  
 Companhia Coreano-Brasileira de Pelotização KOBRASCO  
 Companhia de Maracás S.A  
 Companhia Ferro-Ligas do Amapá S.A. cfa  
 Companhia Hispano-Brasileira de Pelotização HISPANOBRAS  
 Companhia Italo-Brasileira de Pelotização ITABRASCO  
 Companhia Nipo-Brasileira de Pelotização NIBRASCO  
 Companhia Paulista de Ferro-Ligas CPFL  
 Companhia Portuaria Baía de Sepetiba CPBS  
 Companhia Siderúrgica Ubu  
 Compañía Minera Andino-Brasileira Ltda CMAB  
 Compañía Minera Miski Mayo S.Ac.  
 Consórcio AHE Porto Estrela  
 Consórcio Brasileiro de Produção de Óleo de Palma CBOP  
 Consórcio Candonga

Consórcio Capim Branco Energia CCBE  
Consórcio da Hidrelétrica de Aimorés  
Consórcio da Usina Hidrelétrica de Funil  
Consórcio da Usina Hidrelétrica de Igarapava  
Consórcio de Rebocadores da Baía de São Marcos CRBSM

**Table of Contents**

Consórcio de Rebocadores da Barra dos Coqueiros CRBC  
 Consórcio Estreito Energia CESTE  
 Consórcio Gesai Geração Santa Isabel  
 Consórcio Machadinho  
 Consórcio Railnet  
 Corredor do Desenvolvimento do Norte SRL CDN  
 CPP Participações S.A  
 CSP Companhia Siderúrgica do Pecém  
 Cubatão Fertilizer B.V.  
 CVRD Overseas S.A.  
 CVRD Venezuela S.A  
 Docepar S.A.  
 Ellensfield Coal Management Pty Ltd. (ACN 123 542 754)  
 Empreendimentos Brasileiros de Mineração S.A. EBM  
 Empresa Brasileira de Reparos Navais S.A. RENAVE  
 Empresa de Mineração Curuá Ltda.  
 Exide Group Incorporated  
 Ferrovia Centro-Atlântica S.A. FCA  
 Ferrovia Norte Sul S.A  
 Ferteco Europa S.à.r.l  
 Fertilizantes Participações S.A  
 Florestas Rio Doce S.A  
 Fortlee Investments Limited  
 Fosbrasil S.A  
 Fundação Caemi de Previdência Social  
 Fundação Centro de Estudos do Comércio Exterior FUNCEX  
 Fundação Estação do Conhecimento Moçambique  
 Fundação Vale do Rio Doce de Habitação e Desenvolvimento Social FVRD  
 Fundação Zoobotânica de Carajás  
 GEVALE Indústria Mineira Ltda.  
 Glennies Creek Coal Management Pty Ltd. (ACN 097 768 093)  
 Glennies Creek JV (Unincorporate)  
 Goro Funding, LLC  
 GREMBER Grêmio dos Empregados da MBR  
 Heckbert 8 Group Financing Limited Liability Company  
 Heckbert C8 Holdings Limited  
 Henan Longyu Energy Resources Co. Ltd.  
 Heron Resources Limited  
 IFC Indústria de Fosfatados Catarinense Ltda  
 Inco Australia Management Pty Ltd.  
 Infostrata S.A  
 Instituto Ambiental Vale IAV  
 Integra Coal JV (Unincorporate)  
 Integra Coal Operations Pty Ltd. (ACN 118 030 998)  
 Integra Coal Sales Pty Ltd. (ACN 080 537 033)  
 Internacional Iron Company. Inc IICI  
 Isaac Plains Coal Management Pty Ltd. (ACN 114 277 315)  
 Isaac Plains Coal Sales Pty Ltd. (ACN 114 276 701)



**Table of Contents**

Isaac Plains JV (Unincorporate)  
 Itabira Internacional Serviços e Comércio Ltda. ITACO  
 Kaolin International BV KIBV  
 Kaolin International OY KIOY  
 Kaolin International S.A. KISA  
 Kaolin Overseas Limited  
 Kaserge Serviços Gerais Ltda. KSG  
 Kobrasco International Trading Co. Ltd. KOBIN  
 Korea Nickel Corporation  
 LOG-IN Logística intermodal S.A.  
 LOG-IN Mercosur  
 Machadinho Energética S.A  
 Maitland Main Collieries Pty Ltd. (ACN 000 021 652)  
 MBR Overseas Ltd.  
 Minas da Serra Geral S.A. MSG  
 Mineração Corumbaense Reunida S.A. MCR  
 Mineração Dobrados S.A. Indústria e Comércio  
 Mineração Guanhães Ltda.  
 Mineração Guariba S.A.  
 Mineração Japurá Ltda.  
 Mineração Manati LTDA  
 Mineração Mato Grosso S.A  
 Mineração Naque S.A  
 Mineração Ocirema Indústria e Comércio Ltda  
 Mineração Paragominas S.A  
 Mineração Rio do Norte S.A. MRN  
 Mineração Urucum Ltda  
 Mineração Zarzuela Ltda  
 Minerações BR Holding GmbH  
 Minerações Brasileiras Reunidas S.A. MBR  
 Minérios Metalúrgicos do Nordeste S.A. MMN  
 Monticello Insurance Ltd.  
 MRS Logística S.A  
 MS Empreendimentos e Participações Ltda. MSEP  
 MSE Serviços de Operação, Manutenção e Montagens Ltda.  
 MSL Minerais S.A.  
 MSL Overseas Ltd  
 Multiplex Resource (Kazakhstan) Limited MRK  
 MVM Resources International B.V  
 Mystery Lake Nickel Mines Limited  
 Namoi Coal Pty Ltd (ACN 065 759 882)  
 Namoi Highwall Pty Ltd (ACN 074 013 719)  
 Namoi Hunter Pty Ltd (ACN 080 537 006)  
 Nebo Central Coal Pty Ltd (ACN 079 942 377)  
 NH2 Pty Ltd (ACN 097 547 969)  
 NORPEL Pelotização do Norte S.A  
 Norsk Hidro ASA  
 NSW Coal Resources Pty Ltd (ACN 077 459 735)





**Table of Contents**

Pineland Timber Company Limited  
 Ponta Ubu Agropecuária Ltda  
 Porto Norte S.A.  
 Potássio Rio Colorado S.A. PRC  
 Prairie Potash Mines Limited  
 Prony Branch  
 Prony Nickel S.A.S.  
 PSC Terminais Intermodais Ltda.  
 PT International Nickel Indonesia Tbk  
 PT Vale Eksplorasi Indonesia  
 Qld Coal Holdings Pty Ltd (ACN 081 724 129)  
 QUADREM International Holdings Ltd.  
 Queensland Coal Resources Pty Ltd (ACN 075 176 395)  
 Rio Doce Amsterdam BV  
 Rio Doce Australia Pty Ltd  
 Rio Doce International Finance Limited RDIF  
 Rio Doce International S.A  
 Rio Doce Netherlands BV  
 Rio Paranoá Participações Ltda.  
 Salobo Metais S.A  
 Samarco Mineração S.A.  
 Seamar Shipping Corporation  
 Shandong Yankuang Internatational Coking Company Limited  
 Sharcolle Investments Limited  
 SL Serviços Logísticos Ltda  
 Sociedad Contractual Minera Tres Valles  
 Sociedad Portuaria Rio Cordoba S.A  
 Sociedade de Desenvolvimento do Coredor de Nacala  
 Sociedade de Mineração Constelação de Apolo S.A.  
 Societe d Exploration Minière Vior Inc (VIOR)  
 Société Industrielle et Com. Brasilo-Luxemborgoise BRASILUX  
 SRV Insurance do Brasil S.A.  
 SRV Reinsurance Company S.A.  
 Swanbank Queensland Pty Ltd (ACN 108 563 373)  
 Taiwan Nickel Refining Corporation  
 Tao Sustainable Power Solutions (BVI)  
 Tao Sustainable Power Solutions (UK)  
 Tao Sustainable Power Solutions (US)  
 Teal Minerals (Barbados) Incorporated  
 Tecnored Desenvolvimentos Tecnológicos S.A  
 Terminal de Vila Velha S.A. TVV  
 Tethys Mining LLC  
 The Central East African Railways Company Limited  
 ThyssenKrupp CSA Companhia Siderúrgica  
 ThyssenKrupp Slab International B.V  
 Tiebaghi Nickel S.A.S (Branch)  
 Tiebaghi Nickel S.A.S.  
 Transbarge Navegacion S.A. TBN



**Table of Contents**

Transporte Ferroviario Concesionaria S.A. TFC  
Transporte Ferroviário Inversora Argentina S.A. TFI  
Turbo Power Systems Inc.  
UF Distribuidora de Combustíveis Ltda  
Ultrafertil S.A  
Urucum Mineração S.A. UMSA  
Vale Americas Inc  
Vale Ásia Kabushiki Kaisha Vale Asia K.K.  
Vale Australia (CQ) Pty Ltd (ACN 103 902 389)  
Vale Australia (EA) Pty Ltd (ACN 081 724 101)  
Vale Australia (EF) Pty Ltd (ACN 108 555 111)  
Vale Australia (GC) Pty Ltd (ACN 097 238 349)  
Vale Australia (IP) Pty Ltd (ACN 114 276 694)  
Vale Australia Ellensfield Pty Ltd (ACN 123 542 487)  
Vale Australia Holdings Pty Ltd (ACN 075 176 386)  
Vale Australia Pty Ltd (ACN 062 536 270)  
Vale Austria Holdings GmbH  
Vale Austria Holdings GmbH (Oman Branch)  
Vale Belvedere (BC) Pty Ltd  
Vale Belvedere (SEQ) Pty Ltd  
Vale Belvedere Pty Ltd (ACN 128 403 645)  
Vale Canada Holdings Inc.  
Vale Canadá Limited  
Vale Canadian Nickel Holdings Inc.  
Vale Capital II  
Vale Capital Limited  
Vale China Holdings (Barbados) Ltd.  
Vale Coal Colombia Ltd  
Vale Coal Exploration Pty Ltd (ACN 108 568 725)  
Vale Colombia C.I. SAS  
Vale Colombia Holdings Ltd.  
Vale Colombia Port Ltd  
Vale Colombia Transportation Ltd  
Vale Comércio Internacional SE  
Vale Cubatão Fertilizantes Ltda  
Vale Emirates Limited  
Vale Empreendimentos e Participações Ltda  
Vale Energia Limpa S.A  
Vale Energia Limpa Moçambique Ltd  
Vale Energia S.A  
Vale Europa S.A  
Vale Europe Ltd.  
Vale Europe Pension Trustees Ltd.  
Vale Evate Moçambique Limitada  
Vale Exploració Argentina S.A. VEA  
Vale Exploraciones Chile Ltda  
Vale Exploration Canada Inc.  
Vale Exploration Peru SAC  
Vale Exploration Philippines Inc



**Table of Contents**

Vale Exploration Pty Ltd (ACN 127 080 219)  
Vale Explorations USA, Inc.  
Vale Fertilizantes Moçambique Limitada  
Vale Fertilizantes S.A.  
Vale Fertilizer International Holding B.V  
Vale Fertilizer Netherlands B.V  
Vale Florestar Fundo de Deenvolvimento e Participações ( FUNDO )  
Vale Florestar S.A.  
Vale Guinée S.A  
Vale Holdings (Barbados) Limited  
Vale Holdings AG  
Vale Inco Asia Ltd.  
Vale Inco Atlantic Sales Limited  
Vale Inco Australia Ltd. Partnership  
Vale Inco Europe Holdings  
Vale Inco Management Advisory Services (Shangai) Co., Ltd.  
Vale Inco Metals (Shangai) Co., Ltd  
Vale Inco Nouvelle-Calédonie Branch  
Vale Inco Pacific Ltd Branch (Taiwan)  
Vale Inco Pacific Ltd Branch (Thailand)  
Vale Inco Pacific Ltd.  
Vale Inco Resources (Australia) Pty Ltd.  
Vale India Private Limited  
Vale International S.A  
Vale International S.A. DIFC Branch  
Vale International Singapore  
Vale Investments Ltd.  
Vale Japan Ltd.  
Vale Kazakhstan Limited Liability Partnership  
Vale Limited  
Vale Logística da Argentina S.A VLA  
Vale Logística do Uruguay S.A  
Vale Logística Integrada S.A.  
Vale Malaysia Manufacturing SDN. BHD.  
Vale Manganês S.A  
Vale Manganese France  
Vale Manganese Norway AS  
Vale Mauritius Ltd.  
Vale Mina do Azul S.A  
Vale Minerals China Co. Ltd  
Vale Moçambique Ltda.  
Vale Newfoundland & Labrador Ltd.  
Vale Nickel (Dalian) Co. Ltd  
Vale Nouvelle-Calédonie S.A.S.  
Vale Óleo e Gás S.A  
Vale Oman Distribution Center LLC  
Vale Oman Pelletizing Company LLC



**Table of Contents**

Vale Operações Ferroviárias S.A  
 Vale Operações Portuárias S.A  
 Vale Overseas Ltd.  
 Vale Potash Canada Limited  
 Vale Potássio Nordeste S.A  
 Vale Projectos e Desenvolvimento Moçambique Limitada  
 Vale Projectos Minerales S.A  
 Vale Republic Democratique Du Congo Vale Congo  
 Vale S.A  
 Vale Salzach GmbH  
 Vale Shipping Company Pte Limited  
 Vale Shipping Enterprise Pte. Ltd  
 Vale Shipping Holding Pte. Ltd  
 Vale Shipping Singapore Pte. Ltd  
 Vale Slab S.A  
 Vale Soluções em Energia S.A  
 Vale South Africa (Proprietary) Ltd.  
 Vale Technology Development (Canada) Limited  
 Vale Zambia Limited  
 Valepar  
 ValeServe Malaysia Sdn. Bhd.  
 Valesul Alumínio S.A.  
 VBG Logistics ( Vale BSGR Logistics) Corp.  
 VBG Vale BSGR BVI Limited  
 VBG Vvale BSG Guinea  
 VBG Vale BSGR Liberia Limited  
 VBG Vale BSGR Limited  
 VEL (ME) Ltd  
 VEL Holdings GmbH  
 Vistaarea S.A  
 Zhuhai YPM Pellet Co. Ltd.

***c. Vale shareholdings in companies in the group***

None

***d. Shareholdings in Vale held by companies in the group***

As well as shareholdings by the direct controller Valepar in Vale, described in item a above, the following companies hold direct shares in Vale:

<b>Company in the Group</b>	<b>Company share (%)</b>
BNDES Participações S.A	5.343%
Caixa de Previd.dos Func.do Banco do Brasil Previ	0.073%

***e. companies under common control***

None.

**Table of Contents**

**8.3 Restructuring operations**

Instructions for filling the table:

See item 6.5 of this Reference Form.

**8.4 Other information which the Company judges to be relevant**

As Mitsui & Co. Ltd., direct controller of Valepar S.A., has capital shares spread among many shareholders with no clearly defined control, its shareholders were not considered to be a company in the group in item 8.1(d).



**Table of Contents****9. RELEVANT ASSETS****9.1 Uncirculated assets for the relevant development activities of the Company for the last fiscal year**

Items 9.1 (a), 9.1 (b) and 9.1(c) of this Reference Form, describe the main uncirculated assets of the Company.

The main fixed assets of the Company consist of various buildings, facilities, equipment, IT equipment, railroads, and mining rights, pursuant to item 9.1 (a) of this Reference Form. The following table describes the book value of fixed assets of the Company in December 31, 2010 by category and geographic location:

In Thousands of Reais

2010	Brazil	Europe	North America	Australia	Africa	Asia	New Caledonia	Others	Total
Buildings	4,923,466	95,661	773,757		604	1,151,343	2,324,958		9,269,787
Facilities	19,274,685	177,014	1,727,954		261,397	86,642	4,313,741	115,379	25,956,813
Equipment	13,281,680	91,139	1,249,755		153,435	1,744,529	108,303	347,994	16,976,836
Mining	15,975,825	2,000	17,501,001	1,128,844	2,357,850	2,060,257	994,721	651,735	40,672,233
Others	5,749,001	15,312	7,992,226	1,467,258	816,488	45,175	26,658	569,362	16,681,480
ongoing	10,066,919	1,803,144	1,120,531		2,911,559	1,967,797	1,939,457	720,277	20,529,685
Total	69,271,576	2,184,270	30,365,224	2,596,102	6,501,333	7,055,743	9,707,838	2,404,747	130,086,833

**a. Fixed assets, including those subject to rent or lease:**

Brief Description of Asset	Location	State	Municipality
Iron ore mine Carajás	Brazil	Pará	Various
Iron ore mines various Southeast system	Brazil	Various	Various
Iron ore mines various Southern system	Brazil	Minas Gerais	Various
Iron ore mines various Central West system	Brazil	Mato Grosso do Sul	
Pelletizing plant Tubarão I	Brazil	Espírito Santo	Vitória
Pelletizing plant Tubarão II	Brazil	Espírito Santo	Vitória
Pelletizing plant Fábrica	Brazil	Minas Gerais	Congonhas
Pelletizing plant São Luiz	Brazil	Maranhão	São Luiz
Pelletizing plant Vargem Grande	Brazil	Minas Gerais	Nova Lima

**Table of Contents**

Brief Description of Asset	Location	State	Municipality
	Brazil	Espírito Santo	Anchieta
Pelletizing plant Samarco			
Pelletizing plant Zhuhai YPM	China		Zhuhai
	Brazil	Espírito Santo	Vitória
Pelletizing plant Hispanobras			
	Brazil	Espírito Santo	Vitória
Pelletizing plant Itabrasco			
	Brazil	Espírito Santo	Vitória
Pelletizing plant Kobrasco			
	Brazil	Espírito Santo	Vitória
Pelletizing plant Nibrasco			
Pelletizing plant Oman	Oman		
Integrated nickel production system: mine, processing plant, smelter, and nickel refinery	Canada		Sudbury
Integrated nickel production system: mine, processing plant, smelter, and nickel refinery	Canada		Thompson
	Canada		Voisey's Bay
Nickel mine and processing plant	Indonesia		Sorowako
Nickel mine and processing plant	New Caledonia		Noumea
Nickel mine and processing plant	Indonesia		Sorowako
PTI nickel mine	Wales		Clydach
Nickel refinery			
Sossego mine	Brazil	Pará	Various
Salobo mine	Brazil	Pará	Various
Onça Puma mine	Brazil	Pará	Various
Carajás Railroad	Brazil	Various	Various
Vitória a Minas Railroad	Brazil	Various	Various
Centro-Atlântica Railroad	Brazil	Various	Various
North-South Railroad	Brazil	Various	Various
MRS Logistics	Brazil	Various	Various
Manganês Mines	Brazil	Various	Various
Paragominas mine bauxite	Brazil	Pará	Various
	Australia		Hunter Valley
Thermal and metallurgical coalmine			
	Australia		Bowen Basin
Thermal and metallurgical coalmine			
Thermal and metallurgical coalmine Moatize	Mozambique		Various
Thermal coalmine El Hatillo	Colômbia		Santa Marta
Phosphorite mine Bayóvar	Peru		Salamanca
Phosphorite mine and processing plant	Brazil	Various	
Port Colborne smelter of precious metals	Canadá		Ontario
Plant of ferroalloys	Brazil	Various	Various
Plant of ferroalloys	France		Dunkirk
Plant of ferroalloys	Norway		Mo I Rana



**Table of Contents*****b Patents, trademarks, licenses, concessions, franchises and contracts for technology transfer:***

<b>Type of asset</b>	<b>Description/class</b>	<b>Duration</b>	<b>Territory affected (hectares)</b>	<b>Events which might cause a loss of rights</b>	<b>Possible Consequences of Loss of Rights for the Company</b>
Concessions	Mining concessions in Brazil	Undetermined	664,627	Persistent breach of current Mining Legislation: predatory mining, mining stopped without notice to, and consent of, the Competent organ, not answering repeated requests for routine inspections.	Interruption and / or canceling of mining operations in Brazil
Concessions	Patented lands in Canada /Province of Ontario	Undetermined	89,732	Non-payment of taxes (mining tax)	Interruption and / or canceling of mining operations in Ontario, Canada
Concessions	Mining leases in Canada/Province of Ontario	2011-2028	14,026	Failure/refusal to make renewal request, failure to pay mining lease rent for more than 2 years.	Interruption and / or canceling of mining operations in Ontario
Licença	Mining license of occupation in Canada/ Province of Ontario	Undetermined	2,952	Non-payment of taxes (mining rent)	Interruption and / or canceling of mining operations in Ontario
Licença	OIC s (Order in Council Leases) in Canada/ Province of Manitoba	2011-2028	109,043	Failure to make renewal request for the area and non-payment of taxes (rental fee and mining claim tax)	Interruption and / or canceling of mining operations in Manitoba, Canada
Concessions	Mining leases in Canada/Province of Manitoba	2013	4,903	Failure to make renewal request for the area and non-payment of taxes (rental fee) and failure to present evaluation work	Interruption and / or canceling of mining operations in Manitoba
Concessions	Mining leases in Canada/Province of Newfoundland and Labrador	2027	1,599	Failure to present evaluation work and non-payment of taxes (rental fee).	Interruption and / or canceling of mining operations in Newfoundland and Labrador, Canada

**Table of Contents**

<b>Type of asset</b>	<b>Description/class</b>	<b>Duration</b>	<b>Territory affected (hectares)</b>	<b>Events which might cause a loss of rights</b>	<b>Possible Consequences of Loss of Rights for the Company</b>
Concessions	Surface lease in Canada/Province of Newfoundland and Labrador	2027	4,015	Failure to present evaluation work and non-payment of taxes (rental fee).	Interruption and / or canceling of mining operations in Newfoundland and Labrador
Concessions	Work contract in Indonesia	2025	190,523	End of the contract; by cancellation due to errors or irregularity in the procedure or in the act of its granting and in case of bankruptcy or termination of the Concessionary. Note: The Contract of Work of Vale mines in Indonesia expires in 2025. However, and according to the new Mining Law, Vale can ask for an extension of at least 10 years	Interruption and / or canceling of mining operations in Indonesia
Concessions	Mining concessions in Australia	2011-2039	22,281	Non payment of lease/royalties, failure to submit report on activities	Interruption and /or canceling of mining operations in Australia
Concessions	Mining concessions in New Caledonia	2016-2051	20,332	Non payment of lease/royalties, failure to submit report on activities.  Note: The Goro project comprises 6,571 hectares in eight mining concessions, out of which three are renewable in 2016, while the others should be renewed in 2048 and 2051.	Interruption and / or canceling of mining operations in New Caledonia
Concessions	Mining concessions in New Caledonia (except for the area for the VNC project)	2016-2040	13,586	Non payment of lease/royalties, failure to submit report on activities	Interruption and / or canceling of mining operations in New Caledonia
Concessions	Mining concessions in Peru	Undetermined	146,778	Non-payment of annual fee for more than 2 consecutive years and non-payment of fine.	Interruption and / or canceling of mining operations in Peru



**Table of Contents**

<b>Type of asset</b>	<b>Description/class</b>	<b>Duration</b>	<b>Territory affected (hectares)</b>	<b>Events which might cause a loss of rights</b>	<b>Possible Consequences of Loss of Rights for the Company</b>
Concessions	El Hatillo concessions in Colombia	2027	9,695	Not performing the work and the works of exploration, construction and installation and operation on the terms and conditions set forth in the contract, no payment of royalties and other considerations of the contract, failure to submit the reports in the contract non-renewal or adjustment of policies breach of contract, breach of the obligation to maintain the area given in concession, non-payment of fines that are imposed by any authority mining, the suspension of work and works for more than 3 consecutive months or six months accrued in one year without prior authorization from the mining authority, not meeting standards of technical mining, non-compliance with environmental standards, carrying out works and mining activities in special areas without prior authority, violation of laws governing the sale and marketing of coal, the assignment, subcontracting or hiring of equipment without prior approval of the competent authority.	Consecutive fines, declaration of ending of the mining contract, and consequently, inability to execute this type of Contract with the State again.
Concessions	Concessions in de Cerro Largo Sur in Colombia	2032	1,092	Not performing the work and the works of exploration, construction and installation and operation on the terms and conditions set forth in the contract, no payment of royalties and other considerations of the contract, failure to submit the reports in the contract non-renewal or adjustment of policies breach of contract, breach of the obligation to maintain the area given in concession, non-payment of fines that are imposed by any authority mining, the suspension of work and works for more than 3 consecutive months or six months accrued in one year without prior	Consecutive fines, declaration of ending of the mining contract, and consequently, inability to execute \ this type of Contract with the State again.

authorization from the mining authority, not meeting standards of technical mining, non-compliance with environmental standards, carrying out works and mining activities in special areas without prior authority, violation of laws governing the sale and marketing of coal, the assignment, subcontracting or hiring of equipment without prior approval of the competent authority.

Concessions	Mining concessions (Manifestación de Descubrimiento [Discovery Statement]) in Argentina	Undetermined	80,889	Failure to present request for measurement, failure to carry out legal labor (LL), non-payment of fee ( canon minero [mining royalties])	Interruption and / or canceling of mining operations in Argentina
-------------	---	--------------	--------	--	---



**Table of Contents**

Type of asset	Description/class	Duration	Territory affected (hectares)	Events which might cause a loss of rights	Possible Consequences of Loss of Rights for the Company
Concessions	Mining concessions (Concesión de explotación [exploitation concession]) in Chile	Undetermined	50,632	Non-compliance with annual payment deadlines; lack of opposition from third parties to requests for areas by Vale.	Interruption and / or canceling of mining operations in Chile
Concessions	Mining concessions in Mozambique	2030	23,780	Lack of demarcation of the area, lack of payment of specific taxes, failure to submit work report and not carrying out work as per mining plan.	Interruption and / or canceling of mining operations in Mozambique
Concession	Rail concession for passenger and freight transport on the Carajás railroad	2027 and prorogable for 30 years	892 km, covering the states of MG, SP, ES, RJ, GO, BA, SE and the Federal district (DF)	The concession will be terminated if one of the following takes place: the end of the contractual period, expropriation, forfeiture, termination of period, cancellation, bankruptcy or closure of the Concessionary.	Interruption and / or canceling of railroad operations which are part of Vale's Northern System.
Concession	Rail concession for passenger and freight transport on the Vitória a Minas railroad	2027 and extendable for 30 years	905 km in the states of ES and MG.	The concession will be terminated if one of the following takes place: the end of the contractual period, expropriation, forfeiture, termination of period, cancellation, bankruptcy or closure of the Concessionary.	Interruption and / or canceling of railroad operations which are part of Vale's Southeast System.
Concession	Concession for the Center-East network belonging to the Federal Railroad Network (Rede Ferroviária Federal S.A.), granted to the Centro-Atlântica railroad	2026 and extendable for 30 years	8,023 km in the states of MA and PA.	The concession will be terminated if one of the following takes place: the end of the contractual period, expropriation, forfeiture, termination of period, cancellation, bankruptcy or closure of the Concessionary.	Interruption and / or canceling of railroad operations.
Concession	Concession for the South-East network belonging to the Federal Railroad Network (Rede	2026 and extendable for 30 years	1,643 km in the states of MG, SP and RJ	The concession will be terminated if one of the following takes place: the end of the contractual period, expropriation, forfeiture, termination of period, cancellation, bankruptcy or closure of the Concessionary.	Interruption and / or canceling of railroad operations which are part of Vale's Southern System.

Ferrovária  
Federal S.A.),  
granted to MRS  
Logística

Concession	Subconcession contract with lease of North-South railroad network	2037 720 km, between Açailândia (MA) and Palmas (TO) (extendable for 30 years)	The concession will be terminated if one of the following takes place: the end of the contractual period, expropriation, forfeiture, termination of period, cancellation, bankruptcy or closure of the Sub-Concessionary.	Interruption and / or canceling of railroad operations.
------------	---	---	---	---

**Table of Contents**

<b>Type of asset</b>	<b>Description/class</b>	<b>Duration</b>	<b>Territory affected (hectares)</b>	<b>Events which might cause a loss of rights</b>	<b>Possible Consequences of Loss of Rights for the Company</b>
Concession	Concession for Use of Public property for electrical energy generation UHE Igarapava	2028	Igarapava (SP), Conquista(MG), Rifaina(SP) and Sacramento(MG)	(i) by reversal of the asset at the end of the contractual period; (ii) by expropriation.	Interruption and / or canceling of supply of energy generated by own plant.
Concession	Concession for Use of Public property for electrical energy generation UHE Porto Estrela	2032	Joanésia(MG), Braúnas(MG) and Açucena(MG)	(i) by the contractual period ending; (ii) by expropriation of the services; (iii) by expiration (iv) by recision; (v) the cancellation due to error or irregularity in procedure or found in the act of its granting, (vi) in the case of bankruptcy or dissolution of the Concessionary.	Interruption and / or canceling of supply of energy generated by own plant.
Concession	Concession for Use of Public property for electrical energy generation UHE Capim Branco I and II	2036	Araguari(MG), Uberlândia(MG) and Indianópolis(MG)	(i) by the contractual period ending; (ii) by expropriation of the services; (iii) by expiration (iv) by recision; (v) the cancellation due to error or irregularity in procedure or found in the act of its granting, (vi) in the case of bankruptcy or dissolution of the Concessionary.	Interruption and / or canceling of supply of energy generated by own plant.
Concession	Concession for Use of Public property for electrical energy generation UHE Funil	2035	Lavras (MG), Perdões(MG), Ijaci(MG), Itumirim(MG), Ibituruna(MG), Bom Sucesso(MG)	(i) by the contractual period ending; (ii) by expropriation of the services; (iii) by expiration (iv) by recision; (v) the cancellation due to error or irregularity in procedure or found in the act of its granting, (vi) in the case of bankruptcy or dissolution of the Concessionary.	Interruption and / or canceling of supply of energy generated by own plant.
Concession	Concession for Use of Public property for electrical energy generation UHE Aimorés	2035	Aimorés (MG), Baixo Guandu(ES), Resplendor(MG) and Itueta(MG)	((i) by the contractual period ending; (ii) by expropriation of the services; (iii) by expiration (iv) by recision; (v) the cancellation due to error or irregularity in procedure or found in the act of its granting, (vi) in the case of bankruptcy or dissolution of the Concessionary.	Interruption and / or canceling of supply of energy generated by own plant.



**Table of Contents**

<b>Type of asset</b>	<b>Description/class</b>	<b>Duration</b>	<b>Territory affected (hectares)</b>	<b>Events which might cause a loss of rights</b>	<b>Possible Consequences of Loss of Rights for the Company</b>
Concession	Concession for Use of Public property for electrical energy generation UHE Candonga	2035	Rio Doce(MG), Santa Cruz do Escalvado(MG)	(i) by the contractual period ending; (ii) by expropriation of the services; (iii) by expiration (iv) by recision; (v) the cancellation due to error or irregularity in procedure or found in the act of its granting, (vi) in the case of bankruptcy or dissolution of the Concessionary.	Interruption and /or canceling of supply of energy generated by own plant.
Concession	Concession for Use of Public property for electrical energy generation UHE Estreito	2037	Estreito and Carolina (MA) and Aguiarnópolis, Darcinópolis, Goiatins, Babaçulândia, Barra do Ouro, Palmeirante, Palmeiras do Tocantins, Tocantinópolis, Tupiratins, Itapiratinsm, and Filadélfia (TO)	(i) by the contractual period ending; (ii) by expropriation of the services; (iii) by expiration (iv) by recision; (v) the cancellation due to error or irregularity in procedure or found in the act of its granting, (vi) in the case of bankruptcy or dissolution of the Concessionary.	Interruption and /or canceling of supply of energy generated by own plant.
Concession	Concession for Use of Public property for electrical energy generation UHE Santa Isabel	2037	Ananás, Araguaia, Riachinho, and Xambioá (TO) and Palestina do Pará, Piçarraand São Geraldo do Araguaia (PA)	(i) by the contractual period ending; (ii) by expropriation of the services; (iii) by expiration (iv) by recision; (v) the cancellation due to error or irregularity in procedure or found in the act of its granting, (vi) in the case of bankruptcy or dissolution of the Concessionary.	Interruption and /or canceling of supply of energy generated by own plant.
Concession	Shared concession for electrical energy generation UHE Machadinho	2032	Anita Garibaldi, Celso Ramos, Campos Novos, Zortéa, Capinzal and Piratuba (RS) and Maximiliano de Almeida, Machadinho, Barracão and Pinhal da Serra (SC)	(i) by reversal of the asset at the end of the contractual period; (ii) by expropriation (iii) by expiration.	Interruption and /or canceling of supply of energy generated by own plant.

Concession	Concession for usage of hydro energy PCH Nova Maurício	2021	Leopoldina (MG)	(i) period of concession ending.	Interruption and /or canceling of supply of energy generated by own plant.
Concession	Concession for usage of hydro energy PCH Glória	2021	Muriaé (MG)	(i) period of concession ending.	Interruption and /or canceling of supply of energy generated by own plant.
Concession	Concession for usage of hydro energy PCH Ituerê	2021	Rio Pomba (MG)	(i) period of concession ending.	Interruption and /or canceling of supply of energy generated by own plant.

**Table of Contents**

<b>Type of asset</b>	<b>Description/class</b>	<b>Duration</b>	<b>Territory affected (hectares)</b>	<b>Events which might cause a loss of rights</b>	<b>Possible Consequences of Loss of Rights for the Company</b>
Concession	Concession for usage of hydro energy PCH Mello	2025	Rio Preto (MG)	(i) period of concession ending.	Interruption and /or canceling of supply of energy generated by own plant.
Brand	Registry of the Mixed Brand Vale	2017 (extendable every 10 years)	98 countries	Within the administrative field (INPI), the registries of brands already granted may be contested by a nullity proceedings, or suffer requirements of partial or total expiration, in the event the brand is not being used in the way for which the registration was granted. Within the legal field, third parties may request the nullity of the registrations stating a violation of their intellectual property rights. The maintenance of the trademark registrations is made through the periodical payment of fees to INPI. The payment of the corresponding rates and the continuous use of the trademarks is necessary to avoid the end of the registration and the consequent expiration of the owner's rights.	The loss of the rights on the trademarks implies the impossibility to stop third parties from using the same or similar trademarks in order to name concurrent services or products, once the owner has no more the exclusive right of use on them. There is also the possibility for the owner to suffer legal claims within the criminal and civil field, based on unlawful use in case of violation of third parties rights; this may result in the impossibility to use the marks in his activities. It is not possible to quantify the impact of this hypothesis.

**Table of Contents**

## Companies in which Vale has a share participation

	CNPJ	iv. Share in company (% registration)	Book value ( VC )		Increase or Decrease in			Dividends Received		
			and Market value		Value of			(R\$)		
			CVM	( VM ) of Share (R\$ mil) 2010	Share, according to book value and market value	2010	2009	2008	2010	2009
ROLADAS AS MINIO SILEIRO	05.053.020/0001-44	51	NO VC: 1,088,000,000.00	1,088,000,000.00	4.8%	4.7%	9.5%	0	5,830,000.00	77,777,000.00

VM: N/A N/A N/A N/A

Head Office: Rodovia PA 483 KM 21 Edifício 711 Ala C Distrito de Murucupi Barcarena PA Brazil  
 Activities: Production and sale of alumina and other related industry products and trading of alumina, its raw materials and products derived there from; import and export of any products or goods necessary to carry out industrial and commercial activities of the Society, participation in ventures having similar objectives and purposes or otherwise related to the objectives of the Company, development of technology for alumina production and provision of technical services related thereto, transportation and other services of any nature (including port operations), provided that they are related to the objectives above.

Reasons for Acquiring and Maintaining Share: Running aluminum operations in Brazil. Investment kept for sale.

ORTE MINA DO E DO IL S.A.	05.848.387/0001-54	57.03	NO VC: 2,732,000,000.00	2,732,000,000.00	5.1%	4.8%	5.5%	31,000,000	8,087,000.00	79,027,000.00
------------------------------------	--------------------	-------	-------------------------	------------------	------	------	------	------------	--------------	---------------

VM: N/A N/A N/A N/A

Head Office: Rodovia PA 483 KM 12 Área 73 Barcarena PA Brazil  
 Activities: Production and sale of alumina and other related industry products and trading of alumina, its raw materials and products derived there from; import and export of any products or goods necessary to carry out industrial and commercial activities of the Society, participation in ventures having similar objectives and purposes or otherwise related to the objectives of the Company, development of technology for alumina production and provision of technical services related thereto, transportation and other services of any nature (including port operations), provided that they are related to the objectives above.

Reasons for Acquiring and Maintaining Share: Running aluminum operations in Brazil. Investment kept for sale.



**Table of Contents**

	CNPJ	iv. Share in company CVM (%) registration	CVM 15369	Book value ( VC ) and Market value ( VM ) of Share (R\$ mil) 2010 VC: 1,916,000,000.00	Increase or Decrease in Value of			Dividends Received (R\$)	
					Share, according to book value and market value	2010	2009	2008	2010
ROVIA NTRO ÂNTICA	00.924.429/0001-75	100	15369	VC: 1,916,000,000.00	12.4%	0.23%	-44.3%	0	0
				VM: N/A	N/A	N/A	N/A		
Head Office: Rua Sapucaí, 383 7º andar Belo Horizonte MG Brazil									
Activities: To provide rail transport services; operate services for loading, unloading, warehousing and transshipment stations, yards and land within the range of existing railway lines which are object of the concession, exploring modal transport related to rail transport; serving as a port operator, running services and operations for moving and storage of goods destined for or coming from water transport; participating in projects that aim to promote the development of the socio-economic areas of influence, seeking to expand rail services delivered; perform all similar or related activities as those described in the above, and engage in other activities that are based on the infrastructure of the Company.									
Reasons for the Acquisition and Maintenance of Share: Exploitation of the Centro-Atlantica railroad concession.									
ROVIA RTE SUL	09.257.877/0001-37	100	SIM	VC: 1,744,000,000.00	35.0	57.6%	10.9%	0	5,680,000.00
				VM: N/A	N/A	N/A	N/A		
Head Office: Av. dos Portugueses s/nº Prédio DILN, 1º andar Sala 1 Itaquí-Pedrinhas Retorno de Itagui São Luiz Brazil									
Activities: Perform the operation of rail freight, under the regime of subconcession, through the following activities: (a) provision of the administration and operation of the North South Railroad, for the stretch in Açailândia, State of Maranhão, to Palmas, State of Tocantins (Stretch), including operation, maintenance, monitoring, improvement and adaptation of the stretch of railroad, as defined in the Bid Notice No. 001/2006 (Notice) including, in compliance with the conditions of the Sub-concession contract with Lease (Contract); and (b) implementation, management and supervision of services mentioned in item (a) above, including associated projects, operational services and additional services, as well as support additional services and related acts provided that such activities are related to the objectives of the Company, under the terms of the Contract.									
Reasons for the Acquisition and Maintenance of Share: Running of the North-South railroad concession.									
e ilizantes S.A	19.443.985/0001-58	78.92	YES	VC: 7,384,000,000.00	N/A	N/A	N/A	0	0
				VM: 4,829,000,000.00	N/A	N/A	N/A		
Head Office: Estrada da Cana, Km 11, Distrito Industrial Delta, Uberaba, MG Brazil									
Activities: the utilization of mineral resources, through research, mining and concentration of phosphate rocks; the industrial utilization of phosphate ores and associated ores, including the use of these and other ores and minerals associated or not to these and also to obtain other chemical products; the manufacture of fertilizers and other products for agriculture and livestock; trade, transportation, exportation and importation of these products as well as brokering, by third parties; the									

activity of providing industrialization services to third parties; and the participation in other commercial or civil companies domestic or foreign, as a partner, shareholder or quota holder.

Reasons for the Acquisition and Maintenance of Share: Expansion of fertilizer activities, in line with Vale's strategy to become a global leader in the fertilizer industry.

OPERAÇÕES SASILEIRAS UNIDAS MBR	33.417.445/0001-20	92.99	NO	VC: 3,291,000,000.00	-3.88	-4.1%	28.3%	19,000,000.00	0
--	--------------------	-------	----	----------------------	-------	-------	-------	---------------	---

VM: N/A N/A N/A N/A

Head Office: Av. de Ligação No. 3.580, Águas Claras Nova Lima MG Brazil

Activities: The mineral extraction industry, including exploration and prospecting; provision of technical services especially for mining companies; transportation, beneficiation, shipping and sale of ores, from own production or third parties, the export and import of ores, shareholdings in other companies, especially those whose objective is mining or transportation, industrialization, shipping and sale of ores, the provision of transport services, port and fluvial support.

Reasons for the Acquisition and Maintenance of Share: Running iron ore operations in Brazil

**Table of Contents**

			Book value ( VC ) and Market value	Increase or Decrease in Value of			Dividends Received (R\$)	
	CNPJ	iv. Share in company (% registration)	( VM ) of Share (R\$ mil) 2010	Share, according to book value and market value 2010	2009	2008	2010	2008
SALOBO METAIS S.A.	33.931.478/0001-94	100 NO VC:	3,271,000,000.00	104.5%	92.2%	39.9%	0	0
			VM: N/A	N/A	N/A	N/A		
			Head Office: Rua Santa Luzia, 651, 14° andar Parte, Rio de Janeiro RJ Brazil Activities: Utilization of mineral resources in National Territory, particularly the Salobo deposit, located in the Serra dos Carajás, in the district and municipality of Maraba, in the State of Pará, the subject of Mining Ordinance No. 1121, of 7/14/87, including the mining, beneficiation, smelting, refining, transportation, and marketing of copper, gold, and their by-products. Reasons for the Acquisition and Maintenance of Share: Running Salobo copper deposit operations in Brazil.					
VALE CANADÀ LIMITED	N.A.	100 NO VC:	9,250,000,000.00	13.34%	6.15%	12.1%	0	0
			VM: N/A	N/A	N/A	N/A		
			Head Office: 200 Bay Street, Royal Bank Plaza Suite 1600, South Tower, P.O. Box 70 Toronto Ontario Canada Activities: Vale Inco s global activities are managed from headquarters in Toronto, in the Canadian state of Ontario, which continues its corporate functions and has significant local involvement. Reasons for the Acquisition and Maintenance of Share: Running operations in nickel and by-products (copper, cobalt, platinum group metals, and other precious metals) in Canada, United Kingdom, and Indonesia.					
VALE INTERNATIONAL S.A.	N.A.	100 NO VC:	42,442,000,000.00	23.3%	-18.3%	38.2%	0	0
			VM: N/A	N/A	N/A	N/A		
			Head Office: Route de Pallatex 29 1162 St-Prex Switzerland Activities: Acquire, own, manage, and sell direct or indirect holdings in companies or enterprises, especially abroad; trade and distribute the products of companies within the Vale group, develop relationships with customers and provide technical assistance, including product development and production planning, to customers and group companies worldwide; perform research and development activities in the sectors of mining, logistics and energy; finance companies and group companies and provide business, financial, administrative and legal services to other companies and other group companies in Switzerland and abroad. The company may conduct any activities that may be related to its objectives, or support them,					

especially as regards managing and defining ownership rights and / or licensing of patents, trademarks of any kind, know-how and other intellectual property rights; buy, hold and sell real estate on the company's own behalf or on behalf of other companies and group companies, except for transactions under the jurisdiction of Swiss federal law related to the acquisition of real estate by persons abroad.

Reasons for the Acquisition and Maintenance of Share: Financial transactions and business activities.

VALE  
MANGANÊS S.A. 15.144.306/0001-99 100 NO VC: 890,000,000.00 29.1% 14.8% 11.5% 0 0 0

VM: N/A N/A N/A N/A

Head Office: Km 24 da Rodovia BR-324 Centro Industrial de Aratu Simões Filho BA Brazil

Activities: The steel industry, metallurgy, industrialization, and sale of ferroalloys; exploitation, on its own account or in combination with other companies, of mineral deposits, including research, mining, beneficiation, transportation, sale, import, and export of mineral substances; reforestation; extraction, production, sale, import, and export of wood and charcoal and other goods of mineral or vegetable origin used in their production processes and their derivatives and by-products; import and export of goods related to or required for its activities, including equipment, supplies and miscellaneous materials; any other related activities that do not conflict with its stated purpose or with prevailing legislation.

Reasons for the Acquisition and Maintenance of Share: Running of ferroalloy and manganese operations in Brazil.

**Table of Contents**

CNPJ	iv. Share in company (%)	VC (VM ) of Share (R\$ mil) 2010	Book value ( VC ) and Market value			Increase or Decrease in Value of			Dividends Received (R\$) 2009
			2010	2009	2008	2010	2009	2008	
<b>SUBSIDIARIES WITH SHARED CONTROL</b>									
04.932.216/0001-46	40 NO	VC: 236,000,000.00	7.8%	8.3%	0.1%	18,000,000.00	86,373,000.00	172	
		VM: N/A	N/A	N/A	N/A				
Head Office: Porto Trombetas, s/nº68.275-000 Oriximina PA Brazil									
Activities: Carry out the activities of a mining company, including those of a company with industrial, commercial, and service ob with the main objective of performing exploration and utilization of mineral deposits within national territory on its own account c including prospecting, exploration, extraction, beneficiation, manufacturing, sales, import, and export of bauxite and other ores an in general; generate and distribute electricity for own consumption or for third parties , represent national or foreign companies; b other companies, either as partner or shareholder, practicing all acts appropriate to the protection and development of such shares; beneficiate, improve, manage, develop, exchange, lease, dispose of or deal in any form, any and all assets, properties or rights of t acquire and operate vessels for its exclusive use; undertake programs or implement projects for forestation / reforestation.									
Reasons for the Acquisition and Maintenance of Share: Running of bauxite operations in Brazil.									
01.417.222/0001-77	41,5 YES	VVC: 851,000,000.00	4.7%	307.2%	52.6%	126,000,000.00	54,063,000.00	27	
		VM: N/A	N/A	N/A	N/A				
Head Office: Praia de Botafogo nº 228, 12º andar Sala 1.201-E Botafogo Rio de Janeiro RJ Brazil									
Activities: To provide rail transport services; operate services for loading, unloading, warehousing and transshipment stations, yar within the range of existing railway lines which are object of the concession, running modal transport related to rail transport; serv the law, as a port operator, running services and operations for moving and storage of goods destined for or coming from water tra participating in projects that aim to promote the development of the socio-economic areas of influence, seeking to expand rail serv delivered; perform all similar or related activities to those described above, and engage in other activities that are based on the infr the Company.									
Reasons for the Acquisition and Maintenance of Share: Provision of logistics services for operation of iron ore and pellets.									
16.628.281/0001-61	50 NO	VC: 676,000,000.00	-25.05%	200.8%	-27.1%	1,639,000,000.00	347,114,000.00	545	
		VM: N/A	N/A	N/A	N/A				
Head Office: Rua Paraíba nº 11229º e 10 andares Funcionários Belo Horizonte MG Brazil									
Activities: Research, mining of ores throughout the country, industrialization and marketing of ores, transport and navigation with including for third parties, importation of equipment for its own use, spare parts and raw materials.									
Reasons for the Acquisition and Maintenance of Share: Expansion of Vale s participation in the market for iron ore and pellets in									

Edgar Filing: Vale S.A. - Form 6-K

42.278.291/0001-24 31,33 YESVC: 224,000,000.00 2.7% -1.2% 16.6% 0 0

AL

VM: 890,4247,000.00 22.4% 68.3% -65.8%

Head Office: Praia de Botafogo, 501 Torre Corcovado sala 703 Botafogo Rio de Janeiro RJ Brazil

Activities: Operate own or third party boats for long-distance maritime commerce, coastal and river transport of general cargo; operate terminals and ports, including port support navigation; carry out marketing and warehousing services and freight logistics and management of vessels; provide transport services by road and rail, and carry out complementary, related or incidental activities, related to their main business when necessary or convenient for corporate interests.

Reasons for the Acquisition and Maintenance of Share: Provide logistics solutions for clients.

**Table of Contents**

	CNPJ	iv. Share in company (%)	Book value ( VC ) and Market value		Increase or Decrease in Value of			Dividends Received (R\$)		
			VM (R\$ mil)	( VM ) of Share (R\$ mil)	Share, according to book value and market value	2010	2009	2008	2010	2009
MINERAÇÃO CORUMBAENSE REUNIDA S.A.	03.327.988/0001-96	100	NO VC: 1,225,000,000.00	1,225,000,000.00	-14.10%	N/A	N/A	0	0	
			VM: N/A		N/A	N/A	N/A			
Head Office: Rodovia Morro do Urucum, s/n° Corumbá MS Brazil										
Activities: Investigation and research of ores and minerals, exploration, usage, and administration of mine and mineral resources in in general, obtaining research permits, mining concessions of all kinds of ores and minerals under the terms of the laws ruling these issues, purchase and lease of lands, equipment and facilities, including rights and interests in the subsoil and the surface; purchase, sale, beneficiation, processing, refining, industrialization, importation and exportation, commercialization and transport by rail, road and/or sea of ores, minerals and metals of any kind whatsoever, on its own or on behalf of third parties; purchase and sale of all and any manufactured products, machineries and equipment related with above listed activities; representation of other companies, either national or foreign, and participation in other commercial or civil companies, either as a partner, shareholder or quota holder.										
Reasons for the Acquisition and Maintenance of Share: Expansion of Vale s participation in of granulated iron ores										
SOCIEDAD CONTRACTUAL MINERA TRES VALLES		90	NO VC: 394,000,000.00	394,000,000.00	-13.60%	N/A	N/A	N/A	N/A	N/A
			VM: N/A		N/A	N/A	N/A			
Head Office: Rosário Norte, 615 - sala 1.201 Las Condes Santiago Chile										
Activities: The acquisition of mining rights and concessions in Chile or abroad; exploitation, development and usage of mineral deposits either in Chile or abroad; provision and hiring of all type of services and advisory services, development either in Chile or abroad of other activities related to the corporate purpose, either directly or not, including the investigation, industrialization, purchase and sale, import and export of all type of assets; participation in all types of companies, either in Chile or abroad, related with the corporate purpose; development of other activities agreed by the partners.										
Reasons for the Acquisition and Maintenance of Share: Running of copper operations in Chile [ ]										
URUCUM MINERAÇÃO S.A. UMSA	03.553.344/0001-16	100	NO VC: 120,000,000.00	120,000,000.00	76.47%	78.95%	-11.63%	N/A	N/A	100,000,00.00
			VM: N/A		N/A	N/A	N/A			
Head Office: Rodovia Morro do Urucum, s/n° Corumbá MS Brazil										
Activities: Production, beneficiation, agglomeration, and commercialization of manganese ore, iron ore and others, and any complementary and subsidiary activity, and the participation in any way with other companies and/or undertakings with purposes related or connected with their own purposes.										
Reasons for the Acquisition and Maintenance of Share: Expansion of Vale s participation in the market of iron and manganese ores, [ ]										





Table of Contents

	CNPJ	iv. Share in company (%)	Book value ( VC ) and Market value ( VM ) of Share (R\$ mil) 2010		Increase or Decrease in Value of Share, according to book value and market value			Dividends Received (R\$)	
			2010	2009	2008	2010	2009	2008	
VALE COLOMBIA LTD.	N/A	100,00	NO VC: 826,000,00.00	21,83	N/A	N/A	0	0	0

VM: N/A N/A N/A N/A

Head Office: CLL 113, n° 7-21, Torre A. OF. 907 Bogotá Colombia.

Activities: Prospecting, exploitation and exploitation of mines and quarries of all types of minerals and other non renewable mineral resources, metallic or non metallic, including their extraction, processing, benefit or transformation, commercialization and/or exportation. In the development of its corporate purposes, the company can go forward and perform the following acts and contracts: acquire, sell, levy, administer, receive or lease or give in any other way all kind of assets; take part either as creditor or debtor, in credit operations, giving or receiving the corresponding guaranties, if this were the case; enter with credit agencies and insurance companies all kind of transactions that are typical of its purpose; transform, accept, endorse, insure, collect and negotiate, in general, titles, securities and any other class of credits; be part of other companies that intend to carry out activities that are similar, complementary and accessory to the company, that are convenient to the partners, or absorb such companies, enter into participation account agreement, either as active or non-active participation, and contracts of association and mining operation; turn into another type of company or merge with other companies; break, waive and appeal the arbitration or conciliators decisions in cases where it may have interests before third parties, its own partners, or its administrators and workers; to provide professional and advisory services; participate as bidder in public bids, private bids and reorganization proceedings, and comply with the required requisites, celebrate and execute, in general, all acts and agreements that are preparatory, complementary and additional to all the aforementioned ones, that are related with the existence and working of the company, and particularly, the concession agreements with the authorities that have competition with mining and/or the others that serve the performance of the corporate purposes well.

Reasons for the Acquisition and Maintenance of Share: Runing of operations of thermal coal in Colombia

VALE AUSTRIA HOLDINGS GMBH	11.698.030/0001-30	100	NO VC: 1,549,000,000.00	N/A	N/A	N/A	0	0	0
-------------------------------------	--------------------	-----	-------------------------	-----	-----	-----	---	---	---

VM: N/A N/A N/A N/A

Head Office: Sterneckstraße, 11, 5020 Salzburg Austria

Activities: Acquisition and management of shares and participations in companies/associations of any kind and investments in assets; control and management of one or more activities related to any of the participating companies or the assets in which it had investments; exercise of all and any activity which is necessary or useful in order to reach the above-mentioned purposes.

Reasons for the Acquisition and Maintenance of Share: Holding and holder of mineral exploitation company all over the world.

N/A	25%	NO VC: 417,000,000.00	-4.14%	5.84%	N/A	147,000,000.00	0	0	0
-----	-----	-----------------------	--------	-------	-----	----------------	---	---	---

HENAN  
LONGYU  
ENERGY  
RESOURCES  
CO. LTD.

VM: N/A                      N/A    N/A    N/A

Head Office: 25 Middle Section, Guangming Road    Yongcheng    Henan Province    China

Activities: exploitation, and development of coal resources; production washing, processing, trading and sales (including exportation) of coal and other related products, use, with different purposes, of the mining resources of coal; manufacturing and repair of mechanical and electrical products for mining, rental of equipment and waste treatment; and supply of post-sale technical and advisory services regarding above products. The company can adjust its corporate purpose, based on the needs of development of the business and its own capacity, through the approval by the general meeting of shareholders and the corresponding governmental authorities.

Reasons for the Acquisition and Maintenance of Share: Have participation in the Company that has coal assets in China

Table of Contents

	CNPJ	iv. Share in company (% registration)	Book value ( VC ) and Market value		Increase or Decrease in Value of			Dividends Received (R\$)	
			( VM ) of Share (R\$ mil) 2010	Share, according to book value and market value 2010	2009	2008	2010		2008
THYSSENKRUPP CSA - CIA SIDERÚRGICA DO ATLÂNTICO	07.005.330/0001-19	26.87	NO VC: 3,065,000,000.00	-13.50%	243.04%	N/A	0	0	0

VM: N/A

N/A

N/A

N/A

Head Office: Avenida João XXIII, s/nº Distrito Industrial de Santa Cruz Rio de Janeiro RJ Brazil

Activities: Construction and operation of an integrated steel plant for the production and transformation of iron and steel products, as well as the production, transformation and trading of all by-products related to the working of such plant, including the importation and exportation of all products, of the by-products, of inputs and of capital assets related to the working of the plant; construction, management, operation and exploitation of a commercial complex of port operations, even operating as a Brazilian shipping company in performing shipping services or port support and carrying out drainage services; construction, administration, operation and exploitation of a thermoelectrical plant; creation of subsidiaries as well as the participation in any other company, association, partnership, or entity either in Brazil or abroad for achieving the corporate purpose; and the development either within the Brazilian territory or abroad, of any other activity that is directly or indirectly related to the achievement of the corporate purpose of the company.

Reasons for the Acquisition and Maintenance of Share: Encourage the consumption of iron ore in Brazil through the investment in the company that manufactures steel sheets.

AÇOS LAMINADOS DO PARÁ	10.335.963/0001-08	100	NO VC: 84,000,000.00	740%	N/A	N/A	0	0	0
------------------------------	--------------------	-----	----------------------	------	-----	-----	---	---	---

VM: N/A

N/A

N/A

N/A

Head Office: Avenida Graça Aranha, 26, salão 1601 Centro Rio de Janeiro RJ Brazil

Activities: Develop studies for technical economic viability, as well as market studies, business plans and other related studies to build an integrated siderurgical plant in Marabá ( Project ), State of Pará, that shall produce steel either to export or to sell in the domestic market, considering one or more plants of sintering, coking, high furnace, steel mill and machines of ingot casting/ending for the Project, including market, engineering and environmental assessments, budgets and fiscal and economic analysis (the Project Study ); acquire the premises where the Project shall be placed and sign the necessary agreements for said acquisition; obtain the required licenses for the implementation of the Project, including, but not limited to the environmental licenses; negotiate all commercial agreements that are necessary for the implementation of the Project, including the

supply of ores of iron/pellets, contracts for the supply of coal, of ferroalloys, contracts for the supply of logistic services, building contracts, maintenance and operation contracts, off-take contracts and financing contracts; implant, operate and exploit a steel integrated plant for the production and commercialization of iron and steel products, as well as their by-products, including the production, transformation, import and export of all products and by-products related with the working of such steel plant; implement, operate and exploit port terminals necessary to serve the logistics of their plants, and develop either within the Brazilian territory or abroad, any other activity which is directly or indirectly related to the achievement of the corporate purpose of the company.

Reasons for the Acquisition and Maintenance of Share: Encourage the consumption of iron ore in Brazil through investment in the siderurgical company.

BSGR LIMITED N/A 51 NO VC: 833,000,000.00 N/A N/A N/A 0 0 0

VM: N/A N/A N/A N/A

Head Office: Akara Building., 24 de Castro Street Wickhams Cay I Road Town Tortola British Virgin Islands

Activity: All and any activity not prohibited by law.

Reasons for the Acquisition and Maintenance of Share: Investment of iron ores in Guinea.

CADAM S.A 04.788.980/0001-90 100 NO VC: 124,000,000.00 -12.06% -9.62% -17.89% 0 0 0

VM: N/A N/A N/A N/A

Head Office: Km 07, s/n° Estrada da Ponta da Montanha Distrito de Vila do Conde Barcarena PA Brazil.

Activities: The utilization of the industry for the extraction of ores, including research and mining; provision of technical services to mining companies, transportation, beneficiation, shipping and trading of ores either by its own or on behalf of third parties; export and import of ores; and the company participation in other companies, especially in those that have as purpose the industry of extraction, or the transportation, the beneficiation, the shipping and/or trading of ores.

Reasons for the Acquisition and Maintenance of Share: Running of operations of kaolinite in Brazil. Investment kept for sale.

**Table of Contents**

	CNPJ	iv. Share in company (%)	VM (R\$ mil) 2010	Book value ( VC ) and Market value			Increase or Decrease in Value of Share, according to book value and market value			Dividends Received (R\$)
				2010	2009	2008	2010	2009	2008	
<p>VM: N/A</p> <p>Head Office: Avenida Dante Michelini, 5.500 Parque Industrial Vitória ES Brazil</p> <p>Activities: Production and commercialization of iron ore pellets, as well as the performance of other activities directly or indirectly related to its purpose, including the import, export, and provision of services of any nature, being also able to participate, in any way, in other companies.</p> <p>Reasons for the Acquisition and Maintenance of Share: Expansion of Vale's participation in the market of pellets in Brazil.</p>	33.931.494/0001-87	50	NO VC: 208,000,000.00	38.67%	18.11%	58.75%	18,000,000.00			
<p>VM: N/A</p> <p>Head Office: Avenida Dante Michelini, 5.500 Parque Industrial Vitória ES Brazil</p> <p>Activities: Production and commercialization of iron ore pellets, as well as the performance of other activities directly or indirectly related to its purpose, including the import, export, and provision of services of any nature, being also able to participate, in any way, in other companies.</p> <p>Reasons for the Acquisition and Maintenance of Share: Expansion of Vale's participation in the market of pellets in Brazil.</p>	27.240.092/0001-33	50.89	NO VC: 212,000,000.00	45.21%	85.88%	123.68%		0		
<p>VM: N/A</p> <p>Head Office: Avenida Dante Michelini 5500 Parque Industrial Jardim Camburi Vitória ES Brazil</p> <p>Activities: Production and sale of iron ore pellets and the performing of any activity directly or indirectly related to production and sale of iron ore pellets. The company may also participate in any other industrial and/or commercial activity correlated with its main purpose, as well as participate in any other way in the other undertakings in Brazil.</p> <p>Reasons for the Acquisition and Maintenance of Share: Expansion of Vale's participation in the market of pellets in Brazil.</p>	27.063.874/0001-44	50.9	NO VC: 143,000,000.00	-10.06%	16.91%	65.85%	45,000,000.00			
<p>VM: N/A</p> <p>Head Office: Avenida Dante Michelini, 5.500 Parque Industrial Vitória ES Brazil.</p> <p>Activities: Production and sale of iron ore pellets and the performance of any activity directly or indirectly related to production and sale of iron ore pellets. The company may also participate in any other industrial and/or commercial activity correlated with its main purpose, as well as participate in any other way in the other undertakings in Brazil.</p> <p>Reasons for the Acquisition and Maintenance of Share: Expansion of Vale's participation in the market of pellets in Brazil.</p>	27.251.842/0001-72	51.00	NO VC: 333,000,000.00	30.59	-0.77%	137.96%	5,000,000.00	46,000,000.00		
<p>VM: N/A</p> <p>Head Office: Avenida Dante Michelini, 5.500 Parque Industrial Vitória ES Brazil.</p>										

Edgar Filing: Vale S.A. - Form 6-K

Activities: Production and sale of iron ore pellets and the performing of any activity directly or indirectly related to production and sale of iron ore pellets. The company may also participate in any other industrial and/or commercial correlated with its main purpose, as well as participate in any other way in the other undertakings in Brazil.

Reasons for the Acquisition and Maintenance of Share: Expansion of Vale's participation in the market of pellets in

72.372.998/0001-66 100.00 NO VC: 347,000,000.00 0 6.7% 17.09% 147,000,000.00 46,000,0  
N/A  
RIA  
DE SEPETIBA

VM: N/A N/A N/A N/A

Head Office: Avenida Graça Aranha, 26, salão 1601 Centro Rio de Janeiro RJ Brazil

Activity: The construction and utilization of a port facility for private, mixed use, located within the area of Porto de

Rio de Janeiro, specialized in moving and storage of iron ore and its derivatives. Subsidiarily and with a complementary character, the company may carry out port operations with other dry bulks, whenever these complementary operations do not damage the main operations. It is forbidden to the company to perform any activity different from its purpose, except with the express authorization of Companhia Docas do Rio de Janeiro - CDRJ.

Reasons for the Acquisition and Maintenance of Share: Supply of port services for operations of iron ores.

Table of Contents

	CNPJ	iv. Share in company (% registration)	VM (R\$ mil) 2010	Book value ( VC )	Increase or Decrease in			Dividends Received (R\$)					
				and Market value	Value of								
				( VM ) of Share	Share, according to book	value	and market value	2010	2009	2008	2010	2009	2008
MINAS DA SERRA GERAL S.A. MSG	33.137.654/0001-10	50 NO	VC: 58,000,000.00	13.73%	4.08%	-7.55%	0	0	0				
			VM: N/A	N/A	N/A	N/A							
Head Office: Rua Sapucaí, 383, 2º andar Belo Horizonte MG Brazil													
Activities: Exploitation and/or direct or indirect usage of mineral deposits, including research, prospections, extraction, mining, production, beneficiation, transportation, industrialization and commercialization of all and any mineral substance, being also able to participate in the distribution and commercialization of its products, derivatives and by-products in Brazil, and the import and export of inputs and raw material, either in natura or beneficiated and industrialized; the performing of studies, projects and technological investigations and the rental of equipment. The company may also participate, directly or indirectly, under any way, of other companies related to its corporate purposes, either in Brazil or abroad.													
Reasons for the Acquisition and Maintenance of Share: Expansion of Vale s participation in the market of iron ores in Brazil.													
MINERAÇÃO PARAGOMINAS	12.094.570/0001-77	100 NO	VC: 1,813,000,000.00	N/A	N/A	N/A	0	0	0				
			VM: N/A	N/A	N/A	N/A							
Head Office: Avenida Lameira Bittencourt, 123 Centro Paragominas PA Brazil													
Activities: (a) Mining development, industrial and commercial activities, having as main purpose the mining within the national territory, including prospection, drilling, search, production, operation, beneficiation, industrialization, import, export and commercialization of bauxite and other minerals and mineral substances in general; (b) The performance, either in Brazil or abroad, of any other activity directly or indirectly related to the attainment of the purpose set forth in (a) above, including the development of technology for the production of bauxite and the rendering of technical services or of any other kind, including the transportation related to (a) above. Participation in other companies, either in Brazil or abroad, with a corporate purpose similar or related to those listed in (a) and (b) above.													
Reasons for the Acquisition and Maintenance of Share: Running of bauxite operations in Brazil.													
VALE FOSFATADOS S.A.	08.404.776/0001-89	100 NO	VC: 3,217,000,000.00	N/A	N/A	N/A	0	0	0				
			VM: N/A	N/A	N/A	N/A							
Head Office: Avenida das Nações Unidas, 12.551, 24º andar, cj. 2407, Novo Brooklin, Prédio WTC, São Paulo SP													

Activities: Search, mining, exploitation and usage of mineral resources within the national territory; extraction, manufacturing, beneficiation, industrialization, importation, exportation and commercialization of fertilizers or other materials, including minerals, such as phosphates, raw materials, product and by-products for agriculture and livestock; utilization of all type of activities related to the agriculture and livestock area, or compatible activities, among which, the commercialization of agricultural and livestock products, provision of services and transportation of raw materials, materials, products and by-products that are directly or indirectly used in the industry of fertilizers and in the agriculture and livestock area in general, manufacturing and commercialization of pigments for the industry of inks, plastics and paper, and participation in other companies.

Reasons for the Acquisition and Maintenance of Share: Expansion of the activities of phosphate fertilizers, aligned with Vale s strategy to become a global leader in the industry of fertilizers.



**Table of Contents**

	CNPJ	iv. Share in company (%) registration	VM (R\$ mil) 2010	Book value ( VC )	Increase or Decrease in			Dividends Received		
				and Market value	Value of			(R\$)		
				Share, according to book	2010	2009	2008	2010	2009	2008
				value						
				and market value						
VALE FLORESTAR S.A.	11.985.056/0001-69	100 NO VC:	235,000,000.00		0	0	0	N/A	N/A	N/A

VM: N/A N/A N/A N/A

Head Office: Rua Lauro Muller, 116, sala 1802 Botafogo Rio de Janeiro RJ Brazil  
 Activities: To take part directly or indirectly, and develop projects in the areas of afforestation, forest management, rendering of environmental services, usage of carbon credits, rendering of services related to forest activities and supply of activities related either to the forest or timber sector.  
 Reasons for the Acquisition and Maintenance of Share: Promote the reforestation of depleted areas.

VALE SOLUÇÕES EM ENERGIA	09-327.793/0001-22	52,77 NO VC:	198,000,000.00	15.12%	75.51%	N/A	0	0	0
--------------------------	--------------------	--------------	----------------	--------	--------	-----	---	---	---

VM: N/A N/A N/A N/A

Head Office: Avenida Rio Branco, 138, sala 1.602 Centro Rio de Janeiro RJ Brazil.  
 Activities: Research and development of technologies in order to obtain systems and products eco-efficient for the generation of energy, as well as the development and test of prototypes; development of studies of techno economic viability related to the purpose of the company, as well as market studies, business plans and other related studies; participation either as partner or shareholder in other simple or business companies, and in business undertakings of any nature, including partnerships, in Brazil and/or abroad; development, industrialization, construction, purchase, sale, distribution, renting, gratuitous loan, importation and exportation of machines and equipment for the industry, including accessories, parts and other materials that are necessary in order to obtain eco-efficient products for generating energy and rendering services for the assembly, maintenance and technical assistance of machines and equipment for the generation of energy.  
 Reasons for the Acquisition and Maintenance of Share: Develop energy generation systems

**9.2 OTHER INFORMATION WHICH THE COMPANY DEEMS RELEVANT**

At present, Vale has a total of 5,482 processes all over the world (in 98 countries), considered as intangibles of Intellectual Property (376 patents in Brazil and 1,360 abroad, 837 processes of trademarks in Brazil and 1,310 abroad, 1,251 domain names and 348 abroad).

**Table of Contents****Item 10****10.1. General Financial and Equity Conditions**

Vale adopted on January 1<sup>st</sup>, 2010, retroactive to January 1<sup>st</sup>, 2009, all the resolutions issued by CPC. Therefore, the financial statements for the fiscal year ending at December 31, 2010 are the first consolidated financial statements submitted by the Company pursuant to the *International Financial Reporting Standards - IFRS*. Thus, the financial statements for the fiscal year ending at December 31, 2008, having been prepared based on different accounting standards, are no longer comparable to the financial statements at December 31, 2009 and December 31, 2010, and therefore 2008 accounting information was not included in item 10.1.

**a. General Financial and Equity Conditions**

The year 2009 was characterized as a transition period, marked by operational and financial performance at a lower threshold than the previous two years, however quite robust.

2010 was a year of strong recovery and of extraordinary performance resulting from the convergence of the actions of two main forces. On the one hand, the initiatives developed in 2009 in response to the global recession, focusing on structural transformations, started to present returns. On the other hand, the global economy, led by the emerging companies, which are the main source of expansion of demand for ores and metals, showed exceptional growth.

As a consequence, 2010 recorded the best financial performance in the history of Vale, registering records of revenues, operational profit, operational margin, generation of cash and profit. The quality of financial performance is highlighted by the record value of investments, which build new platforms to support the growth in the long run.

The net operational revenue of Vale reached the record value of R\$ 83,225 billion, having recorded growth of 71.6% in 2009.

Bulk materials sales – made up of iron ore, pellets, manganese ore and iron-alloy, thermal and metallurgical and thermal coal – represented 73.4% of the 2010 operating revenues, increasing the 62.7% from 2009. Participation of base metals in total revenue decreased from 27.6% to 17.0% in 2010 due to the strike in Canada. Participation in revenue for fertilizers sale was of 3.8% in 2010 with an increase of 1.6% compared to the previous year. Logistics services contributed with 2.4% and other products with 2.0%.

<b>Business segments</b>	<b>2009</b>	<b>2010</b>
Bulk Materials	62.7%	73.4%
Base Metals	27.6%	17.0%
Fertilizers	1.6%	3.8%
Logistics services	5.7%	3.8%
Others	2.4%	2.0%

In 2010, operating profit, measured by EBIT<sup>1</sup>, reached R\$ 40,490 billion and was constituted as a new record. The operating margin was also record, with 48.7%, against 27.2% in 2009.

Cash generation, measured by EBITDA<sup>2</sup>, reached R\$ 46,378 billion, marking thus a new record. Net profit, R\$ 30,070 billion, was the highest in the history of Vale.

<sup>1</sup> Profit before interest and taxes.

<sup>2</sup> Profit before interest, taxes, depreciation and amortization and exhaustion and accreted of dividends received, also known as LAJIDA.

**Table of Contents**

<i>in R\$ million</i>	<b>2009</b>	<b>2010</b>
Net Operating revenue	48,496	83,225
EBIT	13,173	40,490
EBIT margin (%)	27.2%	48.7%
EBITDA	18,641	46,378
Net profit	10,337	30,070
Remuneration to shareholder (parent company)	5,299	5,095
ROE (%)*	10.8%	26.8%

\* Return on equity

**b. Capital Structure**

The shareholders' equity of Vale, on the 31<sup>st</sup> of December 2010, was R\$112.116 billion. On the same date, the gross debt added to obligations with third parties totaled R\$ 43,789 billion, with a cash position<sup>3</sup> of R\$ 16,456 billion, including R\$ 2,987 billion invested in net assets of fixed income of low risk, with maturity varying between 91 and 360 days and average maturity of 135 days. The gross debt index and obligation with third parties /shareholders' equity and participation of non controlling shareholders was 37.6% compared to 42.0% on 31<sup>st</sup> December, 2009, and 44.9% on 31<sup>st</sup> December, 2009.

On 31<sup>st</sup> December, 2009, the shareholders' equity was R\$ 95,758 billion, the gross debt was R\$ 42,088 billion, and the cash position R\$ 19,746 billion.

**i. Hypotheses of Redemption****ii. Redemption Value Method**

The Bylaws of the Company does not authorize the application of profits or reserves in the redemption or amortization of shares. Additionally, on the date of this Reference Form, Vale's Administration does not have the intention of calling a special shareholders meeting with this purpose.

**c. Payment Capacity in Relation to the Financial Commitments Contracted**

Vale enjoys a healthy financial position, supported by strong cash generation, ample liquidity, availability of short and long term credit facilities and portfolio of debt with low risk. Such position gives us comfort in connection with the capacity to pay our financial commitments.

The leverage, measured by the relation total debt /EBITDA, decreased to 0.9x on December 31<sup>st</sup> 2010, compared to 2.3x on December 31<sup>st</sup> 2009. The reduction in leverage reflects the effects of the global economy recovery on our financial performance.

The total debt ratio /EV<sup>4</sup> was equal to 13.7% on December 31<sup>st</sup> 2010, while the index of interest coverage, measured by the indicator EBITDA / payment of interest, was 22.86 times.

<i>in R\$ million</i>	<b>2009</b>	<b>2010</b>
Gross debt	42,088	43,789
Cash position *	19,746	16,456
Net debt	22,342	27,333

<sup>3</sup> Includes cash and cash equivalent and short-term investments

<sup>4</sup> EV, *enterprise value*, equals the sum of the company's market capitalization with the net debt.

**Table of Contents****d. Source of financing for working capital and investments in non-current assets**

The sources of funds utilized by Vale were generation of operational cash, loans and financing, and issue of bonds and securities, convertible or not, launched in the capitals market. Additionally, in 2008, we made a global offering of shares that permitted net funding of R\$ 19,273 billion.

In September 2010, Vale issued R\$ 1.7 billion in bonuses, maturing on 2020 and R\$1.3 billion in bonuses maturing on 2039. The bonus of 2020 will have a coupon of 4.625% per year, semi annually paid, at the price of 99.030% of the face value of the instrument. The 2039 bonus issued at the price of 110.872% of the face value of the instrument, were consolidated with the bonus of US\$ 1 billion issued by Vale Overseas in November 2009 with coupon of 6.875% and maturity in 2039, forming a single series. In March 2010, Vale captured R\$ 1.8 billion in eurobonus of 8 years at the price of 99.564% of the face value of the instrument. The notes with maturity in 2018, will have coupon of 4.375% per year, paid annually.

The operational activities generated cash flows of R\$ 35,375 billion in 2010, in view of R\$ 11,517 billion and R\$ 32,187 billion in 2009. The operational cash flows grew significantly in the last years up to 2008, driven by the growth in sales volume and by the high of prices of our products. In 2009, this cycle of growth was interrupted as a result of negative effects of the global recession on the prices and volumes of sales. In 2010, growth was resumed and the strong recovery of demand reflected positively on the price.

Among other more relevant operation in the three-year period, the following are highlighted:

In January 2011 (subsequent period), Vale signed an agreement with some commercial banks with the guarantee of the Italian credit agency Servizi Assicurativi Del Commercio Estero S.p.A (Sace) for the supply of a line of credit of US\$ 300 million (equivalent to R\$ 500 million) for 10 years.

In October 2010, Vale signed an agreement with Export Development Canada (EDC), official agency of credit for export of Canada, for the financing of the package of Vale's Investments Program. According to the contract, EDC shall supply a credit facility of up to US\$ 1 billion. The amount of US\$ 500 million (equivalent to R\$ 855.6 million) will be available for investment operations in Canada, the remaining US\$ 500 million (equivalent to R\$ 855.6 million) will be available for financing of purchases of Vale from Canadian companies for the supply of our operations outside Canada. At December 31<sup>st</sup>, 2010, Vale had used US\$ 250 million (equivalent to R\$ 417 million) of this line of credit.

In September 2010, Vale issued US\$ 1.75 billion (equivalent to R\$ 3 billion), US\$ 1 billion in bonus with maturity in 2020 and coupon of 4.65%, with semi annual payments and US\$ 750 million through the reopening of the 2039 bonus, with yield to the investor of 6.074%. The bonus of 2039 is part of the bonus of US\$ 1 billion issued in November 2009.

In September 2010, Vale signed a contract with The Export-Import Bank of China and the Bank of China Limited for the financing of the construction of 12 ships, with capacity of 400,000 dwt, in the total value of up to US\$ 1.229 billion (equivalent to R\$ 2,048 billion). The financing has a total period for payment of 13 years and Value will receive the funds in the next 3 years according to the schedule of construction of ships. At December 31<sup>st</sup>, 2010, US\$ 291 million had been disbursed (equivalent to R\$ 485 million) from the facility.

In June 2010, Vale agreed with the National Bank for Economic and Social Development - BNDES some credit facilities totaling R\$ 774 million, to finance the acquisition of certain equipment. At December 31<sup>st</sup>, 2010, R\$ 205 million had been disbursed in this agreement.

In June 2010, Vale signed an export pre-payment financing agreement in the amount of US\$ 500 million (equivalent to R\$901 million) with maturity in 10 years.

In March 2010, Vale captured 750 million (equivalent to R\$1.8 billion) through eurobonus of 8 years at the price of 99.564% of the face value of the instrument. The notes with maturity in March 2018, shall have a coupon of 4.375% per year, paid semi annually.

In November 2009, Vale made a public global offering of 30 year bonus in the amount of US\$1 billion (equivalent to R\$ 1.7 billion on the date of the transaction) issued through the wholly owned subsidiary Vale Overseas, totally and unconditionally guaranteed by Vale, with maturity in November 2039, and coupon of 6.875% per annum, paid semi annually.

In September 2009, Vale made a public global offering of 10 year bonus in the amount of US\$1 billion (equivalent to R\$ 1.8 billion on the date of the transaction) issued through its wholly owned subsidiary Vale Overseas, totally and unconditionally guaranteed by Vale, with maturity in September 2019, and coupon of 5.625% per annum, paid semi annually.

**Table of Contents**

In July 2009, Vale issued US\$ 942 million (equivalent to R\$ 1.858 billion on the date of the transaction) in notes compulsorily swappable with maturity in 2012 through its wholly owned subsidiary Vale Capital II. The notes are divided into 2 series: Vale 2012 and Vale P 2012. Both series have maturity in June 2012 and shall be compulsorily swappable by American Depositary Shares (ADS). The series Vale 2012 shall be swapped by ADS in connection with common shares issued by Vale, and the series Vale P 2012 shall be swapped by ADS in connection with preferred Class A shares issued by Vale. Additional remuneration shall be paid to the holders of notes by Vale, based on the net value of the dividends distributed by Vale to the holders of ADS.

In May 2008, Vale signed agreements with the Japan Bank for International Cooperation (JBIC) and Nippon Export and Investment Insurance (NEXI) for the financing of projects that are part of the investment program for 2008-2012. Vale's projects to be financed shall follow the criteria required by the Japanese financial institutions. The JBIC may provide funds of up to US\$3 billion (equivalent to R\$5.0 billion on the date of execution of the contract) and NEXI shall provide debt insurance on loans of up to US\$ 2 billion (equivalent to R\$ 3.3 billion on the date of execution of the contract). In November 2009, Vale, through its subsidiary PT International Nickel Indonesia Tbk (PTI), contracted a facility in the amount of US\$300 million (equivalent to R\$525 million on the date of execution of the contract) with Japanese financial institutions, using insurance of NEXI, for the financing of the construction of the hydroelectric plant of Karebbe, in Indonesia, from which US\$150 million were drawn (equivalent to R\$ 249.9 million on December 31st 2010) to the end of 2010.

In April 2008, Vale signed with BNDES a facility transaction in the amount of R\$7.3 billion (equivalent to US\$ 4.2 billion on the date of execution of the contract) to be used to finance projects that are part of Vale investment program for 2008-2012. At December 31st 2010, Vale had used R\$ 1.92 billion (equivalent to US\$ 1,153 billion on December 31st 2010) of this facility with BNDES.

In January 2008, Vale contracted with a Brazilian commercial bank, a transaction for financing of working capital of R\$ 2 billion (equivalent to US\$ 1.1 billion on the date of execution of the contract), fully used.

**e. Potential sources of financing used for working capital and for investments in non-current assets for coverage of liquidity deficiency**

In the regular course of business, the principal need for funds of Value refers to capital investments, payments of dividends and debt service. The sources of funds frequently used are: operating cash flow and financing, which we complemented in 2008-2010 with a global offering of shares and an issue of notes compulsorily convertible into shares.

Moreover, the main sources of financing to cover liquidity deficiency are the facilities related to the export transactions offered by local banks (Advance on Foreign Exchange Contract - ACCs and Advance on Delivered Exchange Instruments - ACEs).

Vale has, moreover, rotary credit facilities available which may be used at the option of the debtor. On December 31<sup>st</sup>, 2010, the amount available involving credit facilities was US\$1.6 billion (equivalent to R\$ 2,666 billion on December 31<sup>st</sup>, 2010), where US\$ 850 million (equivalent to R\$1.416 billion on the transaction date) was made available to our indirect subsidiary Vale International and the remainder to our indirect subsidiary Vale Canada Limited (Vale Canada). At December 31<sup>st</sup>, 2010, no value had been drawn by Vale International or by Vale Canada, but letters of credit were issued in the value of US\$114 million (equivalent to R\$190 million on December 31<sup>st</sup>, 2010) related to the credit facility of Vale Canada.

**Table of Contents****f. Indebtedness levels and composition of such debts**

On December 31<sup>st</sup>, 2010, our total debt was R\$ 43,789 billion, with a portion of R\$ 3 billion guaranteed by assets of Vale, with average period of maturity of 9.9 years and average cost of 4.9% per year in US dollars.

<i>In R\$ million</i>	<b>2009</b>	<b>2010</b>
Gross debt	42,088	43,789
Tranche guaranteed by assets of Vale	4%	0%
Average term of maturity (in years)	9.2	9.9
Average cost (in US dollars)	5.3%	4.9%

Since July 2005, Vale has been considered investment grade. Currently, Vale has the following credit risk ratings: BBB+ (Standard & Poor's), Baa2 (Moody's), BBB high (Dominion Bond Ratings) e BBB+ (Fitch).

**i. Relevant loan and financing contracts**

The short term debt consists principally of financing for export (trade financing) and import expressed in US dollars, with financial institutions. On December 31<sup>st</sup>, 2010 the short term debt was R\$ 1,144 billion, as compared to R\$ 646 million and R\$ 1,088 billion in 2009 and 2008, respectively.

The most important categories of the long term debt are presented below. The values presented include the short term portion of the long term debt and exclude the accumulated costs.

*Loans and financing expressed in US dollar (R\$ 10.7 billion, R\$14.5 billion and R\$16.3 billion on 31<sup>th</sup> of December 2010, 2009 and 2008, respectively).* These loans include credit facilities for export, financing of import of the export credit agencies and loans from commercial banks and multilateral organizations. The main credit facility is a prepayment of export, linked to future exports, originally in the amount of US\$ 6.0 billion (equivalent to R\$10.4 billion), captured as part of the refinancing of the debt for the acquisition of Inco. On December 31<sup>st</sup>, 2010, the outstanding balance was US\$ 2.7 billion (equivalent to R\$4.4 billion)

*Fixed income papers expressed in US dollars (R\$ 17.1 billion, R\$ 12.9 billion and R\$ 15.2 billion on December 31<sup>st</sup>, 2010, 2009 and 2008, respectively).* Vale issued several debt instruments in the capital market through its wholly owned subsidiary Vale Overseas in the total amount of US\$ 9.1 billion (equivalent to R\$ 15.2 billion). The subsidiary Vale Canada issued debt instruments in the amount of US\$ 1.1 billion (equivalent to R\$ 1.9 billion).

*Fixed income papers in euros (R\$ 1.7 billion on 31 December 2010).* Vale issued a debt instrument in the capital market in the total amount of Euros 750 million (equivalent to R\$ 1.7 billion).

*Instruments expressed in US dollars guaranteed by receivables of future exports (R\$ 0.3 billion and R\$ 0.5 billion on December 31<sup>st</sup>, 2009 and 2008, respectively).* In December 2009, we had a securitization program originally in the amount of US\$ 400 million based on existing and future accounts receivable related to export of iron ore and pellets to customers in Europe, Asia and the USA. On 15 January 2010, Vale liquidated in advance the remaining balance of the securitization program.

*Non-convertible debentures expressed in reais (R\$4.7 billion, R\$ 6.0 billion and R\$ 6.0 billion on December 31<sup>st</sup>, 2010, 2009 and 2008, respectively).* In November 2006, we issued non convertible debentures in the value of approximately US\$ 3.2 billion (equivalent to R\$5.5 billion), in two series, with maturities of four and seven years. The first series, of US\$862 million (equivalent to R\$ 1.5 billion), fell due in 2010, with interest of 101.75% of the accrued variation of the interest rate of the CDI (interbank deposit certificate). The second series, of US\$ 2.3 billion (equivalent to R\$ 4.0 billion), with maturity on 2013 has interest of variation of the CDI plus 0.25% per year.

*Perpetual instruments (R\$ 0.1 billion, R\$ 0.1 billion and R\$ 0.2 billion on December 31<sup>st</sup>, 2010, 2009 and 2008, respectively).* We issued perpetual instruments which are negotiable for 48.0 billion preferred shares of Mineração Rio do Norte S.A (MRN). The interest is paid on the instruments in a value equal to the dividends paid to the underlying preferred shares.





**Table of Contents****ii. Other long-term relationships with financial institutions**

Vale and its associated and subsidiary companies have a commercial relationship in the normal course of their business with some of the main financial institutions of the country, according to the usual practices of the financial market.

Other debts totaled R\$ 7.8 billion, R\$ 7.2 billion and R\$5.4 billion on December 31<sup>st</sup>, 2010, 2009 and 2008, respectively. We have several loans contracted in Brazil, especially with BNDES and some Brazilian private banks, in addition to loans and financing in other currencies.

**iii. Degree of subordination among debts**

There is no degree of contractual subordination among our unsecured debts. Debts that are secured through collateral have the privileges and prerogatives granted by the law.

**iv. Eventual restrictions imposed on the issuer especially, in relation to limits of indebtedness and contracting of new debts, to the distribution of dividends, to the disposal of assets, to the issue of new securities and to the disposal of corporate control**

Some of the long term financial instruments contain obligations related to financial indicators. The main indicators are debt on shareholders equity, debt on Earnings Before Interest Tax, Depreciation and Amortization (EBITDA) and interest coverage. Vale is in conformity with the levels required for the indicators. We believe that the current clauses shall not significantly restrict the capacity to contract new debts to meet capital needs. Additionally, none of the clauses restricts directly our capacity to distribute dividends or interest on net current assets.

**g. Limits of use of financing already contracted**

Certain financing contracts signed by Vale establish restrictions in connection with the use of funds. There follows the description of the relevant financing contracts:

<b>Date</b>	<b>Counterparty</b>	<b>Allocation</b>	<b>Value</b>	<b>Disbursement of funds</b>
11/23/2010	BNDES	Supplementation of funds related to the implementation of the Hydroelectric Plant Estreito (UHE)	R\$ 208.03 million	The credit is provided in tranches according to the schedule of the projects
10/27/2010	BNDES	Credit allocated to financing of equipment and expansion of production capacity	R\$ 246.6 million	The credit is provided in tranches according to the schedule of the projects
09/09/2010	Exim and Bank of China Limited	Credit allocated to financing for the acquisition of ships from shipyard Rongsheng	R\$ 2.119 billion	The credit is provided in tranches according to the schedule of payments contemplated in the construction contract
06/30/2010	Banco Votorantim	Credit allocated to financing of equipment	R\$ 57.2 million	The credit is provided in tranches according to the schedule of the projects
06/30/2010	Banco do Brasil	Credit allocated to financing of equipment	R\$ 16.8 million	The credit is provided in tranches according to the schedule of the projects
06/30/2010	Banco do Brasil	Credit allocated to financing of equipment	R\$ 59.8 million	The credit is provided in tranches according to the schedule of the projects

Edgar Filing: Vale S.A. - Form 6-K

06/30/2010	Banco do Brasil	Credit allocated to financing of equipment	R\$ 17.8 million	The credit is provided in tranches according to the schedule of the projects
06/30/2010	Banco Santander and Banco Bradesco	Credit allocated to financing of equipment	R\$ 135.1 million	The credit is provided in tranches according to the schedule of the project
06/30/2010	Banco do Brasil	Credit allocated to financing of equipment	R\$ 175.8 million	The credit is provided in tranches according to the schedule of the projects
06/29/2010	BNDES	Credit allocated to financing of equipment	R\$ 135.1 million	The credit is provided in tranches according to the schedule of the projects
06/29/2010	BNDES	Credit allocated to financing of equipment	R\$ 175.8 million	The credit is provided in tranches according to the schedule of the projects
04/01/2008	BNDES	Credit allocated to investments made in Brazil	R\$ 7.3 billion	The credit is provided in tranches according to the schedule of the projects
03/11/2008	BNDES	Credit allocated to the construction of Hydroelectric Plant UHE Estreito, its transmission lines and several social investments	R\$ 808.4 million	The credit is provided in tranches according to the schedule of the projects

**Table of Contents****h. Significant alterations in each item of the financial statements****Analysis of the Results of Operations**

The table below presents the values for the consolidated statements of results for the fiscal years ended on 31 December 2009 and December 31<sup>st</sup>, 2010:

		On December 31st (in R\$ billion)	
<b>Income Statement</b>	<b>2008</b>	<b>AV</b>	<b>2010</b>
<b>Net Operating Revenue</b>	<b>48,496</b>	71.6%	<b>83,225</b>
Cost of products and services	(27,750)	21.6%	(33,756)
Administrative and sales expenses	(2,347)	36.4%	(3,201)
Research and Development	(1,964)	-20.2%	(1,567)
Reduction of the recoverable value of intangible assets			
Other expenses	(3,262)	29.1%	(4,211)
<b>Operating Revenue</b>	<b>13,173</b>	207.4%	<b>40,490</b>
Result of corporate participations	99	-148.5%	(48)
Amortization of premium			
Net financial income	2,094	-231.9%	(2,763)
Gain (loss) in the realization of assets	93		
<b>Profit before income tax and social contribution</b>	<b>15,459</b>	143.7%	<b>37,679</b>