Vale S.A.
Form 6-K
August 02, 2010

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

For the quarterly period ended June 30, 2010

July 2010
Vale S.A.

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

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)
(Check One) Form 20-F þ Form 40-F o
(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))
(Check One) Yes o No þ
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(Check One) Yes o No þ
(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)
(Check One) Yes o No þ
(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82-___.)

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US GAAP
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Report of Independent Registered
Public Accounting Firm

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

We have reviewed the accompanying condensed consolidated balance sheet of Vale S.A. and its subsidiaries as of June 30, 2010, and the related condensed consolidated statements of income, of cash flows, of comprehensive income and of stockholders equity for each of the three-month periods ended June 30 and March 31, 2010 and June 30, 2009 and for the six-month periods ended June 30, 2010 and June 30, 2009. This interim financial information is the responsibility of the Company s management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2009, and the related consolidated statements of income, of cash flows, of comprehensive income and of stockholders equity for the year then ended (not presented herein), and in our report dated February 10, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers
Auditores Independentes
Rio de Janeiro, Brazil
July 29, 2010

Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars

	June 30, 2010 (unaudited)	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	6,235	7,293
Short-term investments		3,747
Accounts receivable		
Related parties	89	79
Unrelated parties	5,741	3,041
Loans and advances to related parties	14	107
Inventories	3,806	3,196
Deferred income tax	533	852
Unrealized gains on derivative instruments	21	105
Advances to suppliers	328	498
Recoverable taxes	1,303	1,511
Others	845	865
	18,915	**21,294**
Non-current assets held for sale	**6,124**	
Non-current assets		
Property, plant and equipment, net	**72,616**	**67,637**
Intangible assets	**1,133**	**1,173**
Investments in affiliated companies, joint ventures and others	**4,444**	**4,585**
Other assets		
Goodwill on acquisition of subsidiaries	3,017	2,313
Loans and advances		
Related parties	11	36
Unrelated parties	134	158
Prepaid pension cost	1,464	1,335
Prepaid expenses	230	235
Judicial deposits	1,410	1,143
Advances to suppliers energy		511
Recoverable taxes	474	817
Unrealized gains on derivative instruments	638	865
Others	193	177
	7,571	**7,590**
TOTAL	**110,803**	**102,279**

Condensed Consolidated Balance Sheets
Expressed in millions of United States dollars
(Except number of shares)

(Continued)

	June 30, 2010 (unaudited)	December 31, 2009
Liabilities and stockholders equity		
Current liabilities		
Suppliers	2,950	2,309
Payroll and related charges	708	864
Current portion of long-term debt	3,958	2,933
Short-term debt	88	30
Loans from related parties	25	19
Provision for income taxes	144	173
Taxes payable and royalties	124	124
Employees postretirement benefits	198	144
Railway sub-concession agreement payable	391	285
Unrealized losses on derivative instruments	48	129
Provisions for asset retirement obligations	80	89
Dividends payable	421	1,464
Other	546	618
	9,681	**9,181**
Liabilities associated with non-current assets held for sale	**2,532**	
Non-current liabilities		
Employees postretirement benefits	2,032	1,970
Long-term debt	19,125	19,898
Provisions for contingencies (Note 17 (b))	1,967	1,763
Unrealized losses on derivative instruments	148	9
Deferred income tax	7,180	5,755
Provisions for asset retirement obligations	1,082	1,027
Debentures	782	752
Other	1,854	1,427
	34,170	**32,601**
Redeemable noncontrolling interest	**724**	**731**
Commitments and contingencies (Note 17)		
Stockholders equity		

Preferred class A stock - 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2009 - 2,108,579,618) issued	10,370	9,727
Common stock - 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2009 - 3,256,724,482) issued	16,016	15,262
Treasury stock -51,451,871 (2009 - 77,581,904) preferred and 25,692,694 (2009 - 74,997,899) common shares	(660)	(1,150)
Additional paid-in capital	1,790	411
Mandatorily convertible notes common shares	290	1,578
Mandatorily convertible notes preferred shares	644	1,225
Other cumulative comprehensive loss	(3,559)	(1,808)
Undistributed retained earnings	26,086	28,508
Unappropriated retained earnings	9,234	3,182
Total Company stockholders equity	**60,211**	**56,935**
Noncontrolling interests	**3,485**	**2,831**
Total stockholders equity	**63,696**	**59,766**
TOTAL	**110,803**	**102,279**

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statements of Income
Expressed in millions of United States dollars
(Except per share amounts)

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	**March 31, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Operating revenues, net of discounts, returns and allowances					
Sales of ores and metals	8,402	5,693	4,035	14,095	8,539
Aluminum products	655	599	468	1,254	910
Revenues from logistic services	409	314	281	723	480
Fertilizer products	210	65	121	275	186
Other products and services	254	177	179	431	390
	9,930	**6,848**	**5,084**	**16,778**	**10,505**
Taxes on revenues	(272)	(244)	(136)	(516)	(233)
Net operating revenues	**9,658**	**6,604**	**4,948**	**16,262**	**10,272**
Operating costs and expenses					
Cost of ores and metals sold	(2,965)	(2,600)	(2,254)	(565)	(4,400)
Cost of aluminum products	(545)	(507)	(529)	(1,052)	(981)
Cost of logistic services	(262)	(230)	(178)	(492)	(343)
Cost of fertilizer products	(175)	(38)	(41)	(213)	(64)
Other	(175)	(164)	(133)	(339)	(247)
	(4,122)	**(3,539)**	**(3,135)**	**(7,661)**	**(6,035)**
Selling, general and administrative expenses	(343)	(293)	(230)	(636)	(463)
Research and development expenses	(189)	(172)	(265)	(361)	(454)
Other	(374)	(538)	(342)	(912)	(659)
	(5,028)	**(4,542)**	**(3,972)**	**(9,570)**	**(7,611)**
Operating income	**4,630**	**2,062**	**976**	**6,692**	**2,661**
Non-operating income (expenses)					
Financial income	69	48	93	117	218
Financial expenses	(514)	(465)	(293)	(979)	(580)
Gains (losses) on derivatives, net	(112)	(230)	873	(342)	891
Foreign exchange and indexation gains (losses), net	66	(30)	523	36	539
Gain (loss) on sale of investments			157		157

	(491)	**(677)**	**1,353**	**(1,168)**	**1,225**
Income before discontinued operations, income taxes and equity results	**4,139**	**1,385**	**2,329**	**5,524**	**3,886**
Income taxes					
Current	(609)	(249)	(1,494)	(858)	(1,971)
Deferred	(52)	488	(130)	436	41
	(661)	**239**	**(1,624)**	**(422)**	**(1,930)**
Equity in results of affiliates, joint ventures and other investments	283	96	135	379	207
Net income from continuing operations	**3,761**	**1,720**	**840**	**5,481**	**2,163**
Discontinued operations, net of tax	**(6)**	**(145)**		**(151)**	
Net income	3,755	**1,575**	**840**	5,330	**2,163**
Net income (loss) attributable to noncontrolling interests	50	(29)	50	21	10
Net income attributable to the Company s stockholders	**3,705**	**1,604**	**790**	**5,309**	**2,153**
Basic and diluted earnings per share attributable to Company s stockholders					
Earnings per preferred share	0.69	0.29	0.14	0.99	0.39
Earnings per common share	0.69	0.29	0.14	0.99	0.39
Earnings per preferred share linked to convertible mandatorily notes (*)	1.09	0.54	0.63	1.79	1.16
Earnings per common share linked to convertible mandatorily notes (*)	1.95	0.60	0.69	3.48	1.25

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

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statements of Cash Flows
Expressed in millions of United States dollars

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	**March 31, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Cash flows from operating activities:					
Net income	3,755	1,575	840	5,330	2,163
Adjustments to reconcile net income to cash from operations:					
Depreciation, depletion and amortization	748	743	643	1,491	1,202
Dividends received	199	50	106	249	143
Equity in results of affiliates, joint ventures and other investments	(283)	(96)	(135)	(379)	(207)
Deferred income taxes	52	(488)	130	(436)	(41)
Loss on disposal of property, plant and equipment	48	98	46	146	87
Loss on sale of investments			(157)		(157)
Discontinued operations, net of tax	6	145		151	
Foreign exchange and indexation gains, net	(20)	(59)	(817)	(79)	(874)
Unrealized derivative losses (gains), net	223	243	(809)	466	(805)
Unrealized interest (income) expense, net	(13)	18	(54)	5	(51)
Others	(17)	118	(18)	101	(34)
Decrease (increase) in assets:					
Accounts receivable	(1,608)	(777)	271	(2,385)	662
Inventories	(130)	(258)	98	(388)	217
Recoverable taxes	(78)	48	1,275	(30)	1,171
Others	(60)	125	(8)	65	(85)
Increase (decrease) in liabilities:					
Suppliers	385	112	(227)	497	(330)
Payroll and related charges	127	(277)	62	(150)	(77)
Income taxes	357	(46)	(276)	311	(60)
Others	(15)	132	96	117	307
Net cash provided by operating activities	**3,676**	**1,406**	**1,066**	**5,082**	**3,231**
Cash flows from investing activities:					
Short term investments	12	3,735	217	3,747	(692)
Loans and advances receivable					
Related parties					
Loan proceeds		(28)	(38)	(28)	(61)

Repayments	1			1	7
Others	9	(5)	(14)	4	(10)
Judicial deposits	(47)	(116)	(34)	(163)	(53)
Investments	(23)	(28)	(291)	(51)	(429)
Additions to, property, plant and equipment	(2,236)	(1,817)	(2,008)	(4,053)	(3,696)
Proceeds from disposal of investments/property, plant and equipment			277		277
Acquisition of subsidiaries, net of cash acquired	(5,234)		(300)	(5,234)	(1,150)
Net cash provided by (used in) investing activities	**(7,518)**	**1,741**	**(2,191)**	**(5,777)**	**(5,807)**
Cash flows from financing activities:					
Short-term debt, additions	225	1,632	351	1,857	454
Short-term debt, repayments	(206)	(1,649)	(342)	(1,855)	(416)
Loans					
Related parties					
Loan proceeds	5	10		15	
Repayments	(2)	(1)	(155)	(3)	(223)
Issuances of long-term debt					
Third parties	469	1,059	296	1,528	481
Repayments of long-term debt					
Third parties	(133)	(250)	(52)	(383)	(162)
Treasury stock					(10)
Dividends and interest attributed to Company s stockholders	(1,250)		(1,255)	(1,250)	(1,255)
Dividends and interest attributed to noncontrolling interest	(58)	(1)		(59)	
Net cash provided by (used in) financing activities	**(950)**	**800**	**(1,157)**	**(150)**	**(1,131)**
Increase (decrease) in cash and cash equivalents	(4,792)	3,947	(2,282)	(845)	(3,707)
Effect of exchange rate changes on cash and cash equivalents	(97)	(116)	1,477	(213)	1,568
Cash and cash equivalents, beginning of period	11,124	7,293	8,997	7,293	10,331
Cash and cash equivalents, end of period	**6,235**	**11,124**	**8,192**	**6,235**	**8,192**
Cash paid during the period for:					
Interest on short-term debt		(1)		(1)	
Interest on long-term debt	(298)	(243)	(311)	(541)	(588)
Income tax	(40)	(127)	(85)	(167)	(228)
Non-cash transactions					
Interest capitalized	56	46	50	102	115

Conversion of mandatorily convertible notes using 75,435,238 treasury stock (see note 14).

The accompanying notes are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statements of Changes in Stockholders Equity
Expressed in millions of United States dollars
(Except number of shares)

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	**March 31, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Preferred class A stock (including twelve golden shares)					
Beginning of the period	9,727	9,727	9,727	9,727	9,727
Transfer from undistributed retained earnings	643			643	
End of the period	**10,370**	**9,727**	**9,727**	**10,370**	**9,727**
Common stock					
Beginning of the period	15,262	15,262	15,262	15,262	15,262
Transfer from undistributed retained earnings	754			754	
End of the period	**16,016**	**15,262**	**15,262**	**16,016**	**15,262**
Treasury stock					
Beginning of the period	(1,150)	(1,150)	(1,151)	(1,150)	(1,141)
Sales (acquisitions)	490			490	(10)
End of the period	**(660)**	**(1,150)**	**(1,151)**	**(660)**	**(1,151)**
Additional paid-in capital					
Beginning of the period	411	411	393	411	393
Change in the period	1,379			1,379	
End of the period	**1,790**	**411**	**393**	**1,790**	**393**
Mandatorily convertible notes common shares					
Beginning of the period	1,578	1,578	1,288	1,578	1,288
Change in the period	(1,288)			(1,288)	
End of the period	**290**	**1,578**	**1,288**	**290**	**1,288**
Mandatorily convertible notes					

preferred shares					
Beginning of the period	1,225	1,225	581	1,225	581
Change in the period	(581)			(581)	
End of the period	**644**	**1,225**	**581**	**644**	**581**
Other cumulative comprehensive income (deficit)					
Cumulative translation adjustments					
Beginning of the period	(2,162)	(1,772)	(11,597)	(1,772)	(11,493)
Change in the period	(1,455)	(390)	5,212	(1,845)	5,108
End of the period	**(3,617)**	**(2,162)**	**(6,385)**	**(3,617)**	**(6,385)**
Unrealized gain (loss) available-for-sale securities, net of tax					
Beginning of the period	2		113		17
Change in the period	(2)	2	(64)		32
End of the period		**2**	**49**		**49**
Surplus (deficit) accrued pension plan					
Beginning of the period	100	(38)	(82)	(38)	(34)
Change in the period	(164)	138	157	(26)	109
End of the period	**(64)**	**100**	**75**	**(64)**	**75**
Cash flow hedge					
Beginning of the period	(21)	2		2	
Change in the period	143	(23)	1	120	1
End of the period	**122**	**(21)**	**1**	**122**	**1**
Total other cumulative comprehensive income (deficit)	**(3,559)**	**(2,081)**	**(6,260)**	**(3,559)**	**(6,260)**
Undistributed retained earnings					
Beginning of the period	27,875	28,508	18,513	28,508	18,340
Transfer from/to unappropriated retained earnings	(392)	(633)	3,417	(1,025)	3,590
Transfer to capitalized earnings	(1,397)			(1,397)	

End of the period	**26,086**	**27,875**	**21,930**	**26,086**	**21,930**
Unappropriated retained earnings					
Beginning of the period	5,377	3,182	10,780	3,182	9,616
Net income attributable to the stockholders Company	3,705	1,604	790	5,309	2,153
Interest on mandatorily convertible debt					
Preferred class A stock	(19)	(19)	(15)	(38)	(23)
Common stock	(23)	(23)	(31)	(46)	(49)
Dividends and interest attributed to stockholders equity					
Preferred class A stock	(77)			(77)	
Common stock	(121)			(121)	
Appropriation from/to undistributed retained earnings	392	633	(3,417)	1,025	(3,590)
End of the period	**9,234**	**5,377**	**8,107**	**9,234**	**8,107**
Total Company stockholders equity	**60,211**	**58,224**	**49,877**	**60,211**	**49,877**
Noncontrolling interests					
Beginning of the period	2,784	2,831	2,085	2,831	1,892
Disposals of noncontrolling interests	2,309		29	2,309	29
Cumulative translation adjustments	(11)	(11)	313	(22)	535
Cash flow hedge	31	4		35	
Net income (loss) attributable to noncontrolling interests	50	(29)	50	21	10
Dividends and interest attributable to noncontrolling interests	5	(11)		(6)	(1)
Capitalization of stockholders advances					12
Assets and liabilities held for sale	(1,683)			(1,683)	
End of the period	**3,485**	**2,784**	**2,477**	**3,485**	**2,477**
Total stockholders equity	**63,696**	**61,008**	**52,354**	**63,696**	**52,354**

Number of shares issued and outstanding:					
Preferred class A stock (including twelve golden shares)	2,108,579,618	2,108,579,618	2,108,590,250	2,108,579,618	2,108,590,250
Common stock	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482	3,256,724,482
Buy-backs					
Beginning of the period	(152,579,803)	(152,579,803)	(152,623,603)	(152,579,803)	(151,792,203)
Acquisitions					(831,400)
Conversions	75,435,238			75,435,238	
End of the period	**(77,144,565)**	**(152,579,803)**	**(152,623,603)**	**(77,144,565)**	**(152,623,603)**
	5,288,159,535	**5,212,724,297**	**5,212,691,129**	**5,288,159,535**	**5,212,691,129**

The accompanying notes are an integral part of this condensed consolidated financial information.

Consolidated Statements of Comprehensive Income (deficit)
Expressed in millions of United States dollars

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	**March 31, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Comprehensive income (deficit) is comprised as follows:					
Company s stockholders:					
Net income attributable to Company s stockholders	3,705	1,604	790	5,309	2,153
Cumulative translation adjustments	(1,455)	(390)	5,212	(1,845)	5,108
Unrealized gain (loss) available-for-sale securities					
Gross balance as of the period/year end	(2)	6	(109)	4	22
Tax (expense) benefit		(4)	45	(4)	10
	(2)	**2**	**(64)**		**32**
Surplus (deficit) accrued pension plan					
Gross balance as of the period/year end	(297)	206	236	(91)	208
Tax (expense) benefit	133	(68)	(79)	65	(99)
	(164)	**138**	**157**	**(26)**	**109**
Cash flow hedge					
Gross balance as of the period/year end	151	3	1	154	1
Tax expense	(8)	(26)		(34)	
	143	**(23)**	**1**	**120**	**1**
Total comprehensive income attributable to Company s stockholders	**2,227**	**1,331**	**6,096**	**3,558**	**7,403**
Noncontrolling interests:					
Net income (loss) attributable to noncontrolling interests	50	(29)	50	21	10
Cumulative translation adjustments	(11)	(11)	313	(22)	535
Cash flow hedge	31	4		35	
	70	**(36)**	**363**	**34**	**545**

Total comprehensive income (deficit) attributable to Noncontrolling interests					
Total comprehensive income (deficit)	**2,297**	**1,295**	**6,459**	**3,592**	**7,948**

The accompanying notes are an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information
Expressed in millions of United States dollars, unless otherwise stated

1 The Company and its operations

Vale S.A., (Vale , the Company or we) is a limited liability company incorporated in Brazil. Operations are carried out through Vale and our subsidiary companies, joint ventures and affiliates, and mainly consist of mining, basic metals production, fertilizers, logistics and steel activities.

At June 30, 2010, our principal consolidated operating subsidiaries are the following:

Subsidiary	% ownership	% voting capital	Location	Principal activity
Alumina do Norte do Brasil S.A. Alunorte (*)	57.03	59.02	Brazil	Alumina
Alumínio Brasileiro S.A. Albras (*)	51.00	51.00	Brazil	Aluminum
CVRD Overseas Ltd	100.00	100.00	Cayman Islands	Trading
Ferrovia Centro-Atlântica S. A	99.99	99.99	Brazil	Logistic
Ferrovia Norte Sul S.A	100.00	100.00	Brazil	Logistic
Fertilizantes Fosfatados S.A Fosfértil	58.60	72.60	Brazil	Fertilizers
Mineração Corumbaense Reunidas S.A.	100.00	100.00	Brazil	Iron ore
PT International Nickel Indonesia Tbk	59.09	59.09	Indonesia	Nickel
Vale Australia Pty Ltd.	100.00	100.00	Australia	Coal
Vale Colombia Ltd	100.00	100.00	Colombia	Coal
Vale Fosfatados S.A	100.00	100.00	Brazil	Fertilizers
Vale Inco Limited	100.00	100.00	Canada	Nickel
Vale International S.A	100.00	100.00	Switzerland	Trading
Vale Manganése Norway	100.00	100.00	Norway	Ferroalloys
Vale Manganês S.A.	100.00	100.00	Brazil	Manganese and Ferroalloys
Vale Manganèse France	100.00	100.00	France	Ferroalloys
Vale Nouvelle-Caledonie SAS	74.00	74.00	New Caledonia	Nickel

(*) assets held for sale

2 Basis of consolidation

All majority-owned subsidiaries in which we have both share and management control are consolidated. All significant intercompany accounts and transactions are eliminated. Our variable interest entities in which we are the primary beneficiary are consolidated. Investments in unconsolidated affiliates and joint ventures are accounted for under the equity method (Note 11).

We evaluate the carrying value of our equity accounted investments in relation to publicly quoted market prices when available. If the quoted market price is below book value, and such decline is considered other than temporary, we write-down our equity investments to quoted market value.

We define joint ventures as businesses in which we and a small group of other partners each participate actively in the overall entity management, based on a stockholders agreement. We define affiliates as businesses in which we participate as a noncontrolling interest but with significant influence over the operating and financial policies of the investee.

Our participation in hydroelectric projects is made via consortium contracts under which we have undivided interests in the assets and are liable for our proportionate share of liabilities and expenses, which are based on our proportionate share of power output. We do not have joint liability for any obligations. No separate legal or tax status is granted to consortia under Brazilian law. Accordingly, we recognize our proportionate share of costs and our undivided interest in assets relating to hydroelectric projects.

3 Basis of presentation

Our condensed consolidated interim financial information for the three-month periods ended June 30, 2010, March 31, 2010 and June 30, 2009 and for the six-month periods ended June 30, 2010 and 2009, prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), are unaudited. However, in our opinion, such condensed consolidated interim financial information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for interim periods. The results of operations for the three-month and six-month periods ended June 30, 2010, are not necessarily indicative of the actual results expected for the full fiscal year ending December 31, 2010.

This condensed consolidated interim financial information should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2009, prepared in accordance with US GAAP.

In preparing the condensed consolidated financial information, we are required to use estimates to account for certain assets, liabilities, revenues and expenses. Our condensed consolidated financial statements therefore include various estimates concerning the selection of useful lives of property, plant and equipment, impairment, provisions necessary for contingent liabilities, fair values assigned to assets and liabilities acquired and assumed in business combinations, income tax uncertainties, employee post-retirement benefits and other similar evaluations. Actual results may vary from our estimates.

Since December 2007, significant modifications have been made to the accounting practices adopted in Brazil (Brazilian GAAP) as part of a convergence project with International Financial Reporting Standards (IFRS). The convergence project is expected to be completed by the end of 2010 and therefore our annual consolidated financial statements for 2010 prepared under Brazilian GAAP will be IFRS compliant. The Company does not expect to discontinue the US GAAP reporting during 2010.

The Brazilian real is the parent Company s functional currency. We have selected the US dollar as our reporting currency.

All assets and liabilities have been translated to US dollars at the closing exchange rate at each balance sheet date (or, if unavailable, the first available exchange rate). All statement of income accounts have been translated to US dollars at the average exchange rates prevailing during the respective periods. Capital accounts are recorded at historical exchange rates. Translation gains and losses are recorded in the Cumulative Translation Adjustments account (CTA) in stockholders equity.

The results of operations and financial position of our entities that have a functional currency other than the US dollar, have been translated into US dollars and adjustments to translate those statements into US dollars are recorded in the CTA in stockholders equity.

The exchange rates used to translate the assets and liabilities of the Brazilian operations at June 30, 2010 and December 31, 2009, were R$1.8015 and R$1.7412, respectively.

The Company has assessed subsequent events through July 29, 2010 which is the date the financial statements were issued.

4 Accounting pronouncements

a) Newly issued accounting pronouncements

Accounting Standards Update (ASU) number 2010-20 Receivables (Topic 310) improves the disclosures that an entity provides about the credit quality of its financing receivables and the related allowance for credit losses. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. We are currently studying the future impact of this statement.

Accounting Standards Update (ASU) number 2010-18 Receivables (Topic 310) clarifies that modifications of loans that are accounted for within a pool under Subtopic 310-30, which provides guidance on accounting for acquired loans that have evidence of credit deterioration upon acquisition, do not result in the removal of those loans from the pool even if the modification would otherwise be considered a troubled debt restructuring. An entity will continue to be required to consider whether the pool of assets in which the loan is included is impaired if expected cash flows for the pool change. The amendments do not affect the accounting for loans under the scope of Subtopic 310-30 that are not accounted for within pools. Loans accounted for individually under Subtopic 310-30 continue to be subject to the troubled debt restructuring accounting provisions within Subtopic 310-40. This Codification does not impact our financial position, results of operations or liquidity.

The Company understands that the other recently issued accounting pronouncements, that are not effective as of and for the year ending December 31, 2010, are not expected to be relevant for its consolidated financial statements.

b) Accounting standards adopted in 2010

Accounting Standards Update (ASU) number 2010-11 Derivatives and Hedging (Topic 815) clarifies the type of embedded credit derivative that is exempt from embedded derivative bifurcation requirements. Only one form of embedded credit derivative qualifies for the exemption one that is related only to the subordination of one financial instrument to another. As a result, entities that have contracts containing an embedded credit derivative feature in a form other than such subordination may need to separately account for the embedded credit derivative feature. This Codification does not impact our financial position, results of operations or liquidity.

Accounting Standards Update (ASU) number 2010-10 Consolidation (Topic 810) defers the effective date of the amendments to the consolidation requirements made by FASB Statement 167 to a reporting entity s interest in certain types of entities and clarify other aspects of the Statement 167 amendments. As a result of the deferral, a reporting entity will not be required to apply the Statement 167 amendments to the Subtopic 810-10 consolidation requirements to its interest in an entity that meets the criteria to qualify for the deferral. This Update also clarifies how a related party s interests in an entity should be considered when evaluating the criteria for determining whether a decision maker or service provider fee represents a variable interest. In addition, the Update also clarifies that a quantitative calculation should not be the sole basis for evaluating whether a decision maker s or service provider s fee is a variable interest. This Codification does not impact our financial position, results of operations or liquidity.

Accounting Standards Update No. 2010-09 Subsequent Events (Topic 855) addresses both the interaction of the requirements of Topic 855, Subsequent Events, with the SEC s reporting requirements and the intended breadth of the reissuance disclosures provision related to subsequent events (paragraph 855-10-50-4). The amendments in this Update have the potential to change reporting by both private and public entities, however, the nature of the change may vary depending on facts and circumstances. This Codification does not impact our financial position, results of operations or liquidity.

Accounting Standards Update (ASU) number 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This update provides amendments to Subtopic 820-10 and are expected to provide more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3. The Company fully adopted this standard in 2010 with no impact on our financial position, results of operations or liquidity.

In June 2009, the Financial Accounting Standards Board (FASB) issued an amendment to Interpretation No. 46(R) on the accounting and disclosure requirements for the consolidation of variable interest entities (VIEs). Subsequently, in December 2009, the Accounting Standards Update (ASU) number 2009-17 Amendments to FASB Interpretation No. 46(R) was issued. The amendments replace the quantitative-based risks and rewards calculation, for determining which reporting entity has a controlling financial interest in a VIE, with a qualitative analysis when determining whether or not it must consolidate a VIE. The newly required approach is focused on identifying which reporting entity has the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. The amendments also require an enterprise to continuously reassess whether it must consolidate a VIE. Additionally, the amendments eliminated the scope exception on qualifying special-purpose entities (QSPE) and require enhanced disclosures about: involvement with VIEs, significant changes in risk exposures, impacts on the financial statements, and, significant judgments and assumptions used to determine whether or not to consolidate a VIE. The Company adopted these amendments in 2010, with no impact on our financial position, results of operations or liquidity.

In June 2009, the FASB issued an amendment to the accounting and disclosure requirements for transfers of financial assets. Subsequently, in December 2009, the Accounting Standards Update (ASU) number 2009-16 Accounting for Transfers of Financial Assets an amendment of FASB Statement No. 140 was issued. The amendments improve financial reporting requiring greater transparency and additional disclosures for transfers of financial assets and the entity s continuing involvement with them and also change the requirements for derecognizing financial assets. In addition, the amendments eliminate the exceptions for QSPE from the consolidation guidance and the exception that permitted sale accounting for certain mortgage securitizations when a transferor has not surrendered control over the transferred financial assets. The Company adopted these amendments in 2010, with no impact on our financial position, results of operations or liquidity.

Accounting Standards Update (ASU) number 2009-08 Earning per share issued by the FASB provides additional guidance related to calculation of earnings per share. In particular, the effect on income available to common stockholders of a redemption or induced conversion of preferred stock This guidance amends ASC 260. This codification does not impact our financial position, results of operations or liquidity.

5 Major acquisitions and disposals

a) Fertilizers Businesses

In line with our strategy to become a leading global player in the fertilizer business, on May 27, 2010 we acquired 58.6% of the equity capital of Fertilizantes Fosfatados S.A. Fosfertil (Fosfertil) and the Brazilian fertilizer assets of Bunge Participações e Investimentos S.A. (BPI), currently renamed Vale Fosfatados S.A for a total of US$ 4.7 billion in cash. As part of this acquisition, we have an option contract to acquire additional 20,27% stake in Fosfertil, for US$ 1.0 billion, which is expected to be exercised in the near future. Also, we will launch a mandatory offer to acquire the 0.19% of the common shares held by the noncontrolling stockholders.

Due to the recent closing of this transaction, information about the purchase price allocation presented below based on the fair values of identified assets acquired and liabilities assumed is preliminary. Such allocation, currently being performed internally by the Company, will be finalized during future periods, and accordingly, the preliminary purchase price allocation information set forth below is subject to revision, which may be material.

Purchase price	4,710
Noncontrolling interests consideration (*)	1,793
Book value of assets acquired and liabilities assumed, net	(2,382)
Adjustment to fair value of property, plant and equipment and mineral properties	(5,043)
Adjustment to fair value of inventories	(98)
Deferred taxes on the above adjustments	1,748
Goodwill	**728**

(*) Noncontrolling interests consideration is calculated based on the option contract and market prices for the remaining noncontrolling interest.

If the acquisition of these assets had been completed on January 1, 2010, our net income would increased by US$44 and our net revenues would increase by US$461.

The goodwill balance arises primarily due to the synergies between the acquired assets and the potash operations in Taquari-Vassouras, Caranalita, Rio Colorado and Neuquém and phosphates in is Bayóvar I and II, in Peru, and Evate, in Mozambique. The future development of our projects combined with the acquisition of the portfolio of fertilizer assets will allow Vale to be one of the top players in the world fertilizer business.

b) Other transactions

As part of our efforts to meet our future production targets, we acquired 51% interest on iron ore concession rights in Simandou South (Zogota), Guinea and iron ore exploration permits in Simandou North. From this amount, US$500 is payable immediately and the remaining US$2 billion upon achievement of specific milestones. This joint venture is also committed to renovate 660 km of the Trans-Guinea railway for passenger transportation and light commercial use.

In June 2010, we acquired an additional 24.5% stake in the Belvedere coal project (Belvedere) for US$92 (R$168) from AMCI Investments Pty Ltd (AMCI). As an outcome of this transaction, Vale increased its participation in Belvedere to 75.5% from 51.0%.

In May 2010, we entered into agreement with Oman Oil Company S.A.O.C. (OOC), a company wholly-owned by the Government of the Sultanate of Oman, to sell 30% of Vale Oman Pelletizing Company LLC (VOPC), for US$125. The transaction remains subject to the terms set forth in the definitive share purchase agreement to be signed after the fulfillment of precedent conditions.

On July 7, 2010, we concluded the sale of minority stakes in the Bayóvar project in Peru through the newly-formed company MVM Resources International B.V. (MVM). We sold 35% of the total capital of MVM to Mosaic for US$385 and 25% to Mitsui for US$275. Vale retains control of the Bayóvar project, holding 40% stake of the total capital of the newly-formed company. The capital amount invested as at June 30, 2010 was approximately US$400.

The gain on this transaction will be accounted for in equity in accordance with the accounting rules related to the gains/losses when control is retained.

We have entered into negotiations and agreements to sell our Kaolin, aluminum and alumina assets. For further details see note 10.

6 Income taxes

Income taxes in Brazil comprise federal income tax and social contribution, which is an additional federal tax. The statutory composite enacted tax rate applicable in the periods presented is 34%. In other countries where we have operations, the applicable tax rates vary from 1.67% to 40%.

We analyze the potential tax impact associated with undistributed earnings by each of our subsidiaries. For those subsidiaries in which the undistributed earnings would be taxable when remitted to the parent company, no deferred tax is recognized, based on generally accepted accounting principles.

The amount reported as income tax expense in our consolidated financial statements is reconciled to the statutory rates as follows:

	Three-month period ended (unaudited)								
	June 30, 2010			March 31, 2010			June 30, 2009		
	Brazil	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**
Income before income taxes, equity results and noncontrolling interests	3,407	732	4,139	220	1,165	1,385	5,302	(2,973)	2,329
Exchange variation (not taxable) or not deductible		(184)	(184)		(416)	(416)		3,762	3,762
	3,407	**548**	**3,955**	**220**	**749**	**969**	**5,302**	**789**	**6,091**
Tax at Brazilian composite rate	(1,158)	(187)	(1,345)	(75)	(254)	(329)	(1,803)	(268)	(2,071)
Adjustments to derive effective tax rate:									
Tax benefit on interest attributed to stockholders	209		209	209		209			
Difference on tax rates of foreign income		239	239		324	324		338	338
Tax incentives	212		212	17		17	59		59
Other non-taxable, income/non deductible expenses	(25)	49	24	(4)	22	18	85	(35)	50
Income tax per consolidated statements of income	**(762)**	**101**	**(661)**	**147**	**92**	**239**	**(1,659)**	**35**	**(1,624)**

	Six-month period ended (unaudited)					
	June 30, 2010			June 30, 2009		
	Brazil	**Foreign**	**Total**	**Brazil**	**Foreign**	**Total**
Income before income taxes, equity results and noncontrolling interests	**3,627**	**1,897**	**5,524**	6,711	(2,825)	3,886
		(600)	**(600)**		3,788	3,788

Exchange variation (not taxable) or not deductible						
	3,627	**1,297**	**4,924**	**6,711**	**963**	**7,674**
Tax at Brazilian composite rate	(1,233)	(441)	(1,674)	(2,282)	(327)	(2,609)
Adjustments to derive effective tax rate:						
Tax benefit on interest attributed to stockholders	418		418			
Difference on tax rates of foreign income		563	563		492	492
Tax incentives	229		229	77		77
Other non-taxable, income/non deductible expenses	(29)	71	42	102	8	110
Income taxes per consolidated statements of income	**(615)**	**193**	**(422)**	**(2,103)**	**173**	**(1,930)**

Vale and some related companies in Brazil were granted with a tax incentive that provides for a partial reduction of the income tax due related to certain regional operations of iron ore, railroad, manganese, copper, bauxite, alumina, aluminum, kaolin and potash. The tax benefit is calculated based on taxable profit adjusted by the tax incentive (so-called exploration profit) taking into consideration the operational profit of the projects that benefit from the tax incentive during a fixed period. In general, such tax incentives expire in 2018. Part of the northern railroad and iron ore operations have been granted with tax incentives for a period of 10 years starting as from 2009. The tax saving must be registered in a special capital (profit) reserve in the net equity of the entity that benefits from the tax incentive and cannot be distributed as dividends to the stockholders.

We are also allowed to reinvest part of the tax savings in the acquisition of new equipment to be used in the operations that enjoy the tax benefit subject to subsequent approval from the Brazilian regulatory agencies Superintendência de Desenvolvimento da Amazônia SUDAM and Superintendência de Desenvolvimento do Nordeste SUDENE. When the reinvestment is approved, the corresponding tax benefit must also be accounted in a special profit reserve and is also subject to the same restrictions with respect to future dividend distributions to the stockholders.

We also have income tax incentives related to our Goro project under development in New Caledonia (The Goro Project). These incentives include an income tax holiday during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 per cent income tax holiday. The Goro Project also qualifies for certain exemptions from indirect taxes such as import duties during the construction phase and throughout the commercial life of the project. Certain of these tax benefits, including the income tax holiday, are subject to an earlier phase out should the project achieve a specified cumulative rate of return. We are subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. To date, we have not recorded any taxable income for New Caledonian tax purposes. The benefits of this legislation are expected to apply with respect to taxes payable once the Goro Project is in operation. We obtained tax incentives for its projects in Mozambique, Oman and Malaysia, that will take effects when those projects start their commercial operation.

We are subject to examination by the tax authorities for up to five years regarding our operations in Brazil, up to ten years for Indonesia, and up to seven years for Canada for income taxes.

Brazilian tax loss carryforwards have no expiration date, though offset is restricted to 30% of annual taxable income.
On January 1, 2007, Company adopted the provision Accounting for Uncertainty in Income Taxes.
The reconciliation of the beginning and ending amounts is as follows: (see note 17(b)) tax related actions)

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	**March 31, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Beginning and end of the period	**409**	**396**	**666**	**396**	**666**
Increase resulting from tax positions taken		4	7	4	21
Decrease resulting from tax positions taken	(25)		(1)	(25)	(1)
Cumulative translation adjustments	(15)	9	89	(6)	84
End of the period	**369**	**409**	**761**	**369**	**770**

7 Cash and cash equivalents

	June 30, 2010 (unaudited)	**December 31, 2009**
Cash	1,423	728
Short-term investments	4,812	6,565
	6,235	**7,293**

All the above mentioned short-term investments are made through the use of low risk fixed income securities, in a way that: those denominated in Brazilian reais are concentrated in investments indexed to the CDI, and those denominated in US dollars are mainly time deposits, with the original due date less than three-months.

8 Short-term investments

	June 30, 2010 (unaudited)	**December 31, 2009**
Time deposit		3,747

Represent low risk investments with original due date over three-month.

9 Inventories

	June 30, 2010 (unaudited)	**December 31, 2009**
Finished products		
Nickel (co-products and by-products)	1,545	1,083
Iron ore and pellets	635	677

Manganese and ferroalloys	163	164
Fertilizer	430	
Aluminum products		135
Kaolin		42
Copper concentrate	28	35
Coal	66	51
Others	81	51
Spare parts and maintenance supplies	858	958
	3,806	**3,196**

In June 30, 2010 and December 31, 2009, there were no adjustments to reduce inventories to market values.

10 Assets and liabilities held for sale

Aluminium

In connection with our strategy of active portfolio asset management, On May 2, 2010, we entered into an agreement with Norsk Hydro ASA (Hydro), to sell all our stakes in Albras Alumínio Brasileiro S.A. (Albras), Alunorte Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP), 60% of our Paragominas bauxite mine and all our other Brazilian bauxite mineral rights (Aluminum Business).

For these transactions we will receive US$ 1 billion in cash, and 22% of Hydro s share capital. In addition, Hydro will assume a net debt of US$700. In 2013 and 2015, we will sell the remaining 40% of Paragominas bauxite mine and other Brazilian bauxite mineral rights, for US$400. The sale is expected to be concluded in the near future.

The company has assessed that the expected fair value of the transaction is higher than the net asset carrying value and accordingly has maintained the original amounts. Also, because of the significant influence the company will hold on Hydro, aluminum was not considered a discontinued operation.

Kaolin

As part of our portfolio management, we have entered into negotiations with the intention to sell our net assets linked to kaolin activities. We have measured these assets at fair value less costs to sell and recognized in 1Q10, estimated losses in the amount of US$ 133.

As at June 30, 2010, detailed amounts of these assets and liabilities classified as held for sale are included in the table below:

Non-current assets held for sale	
Inventories	375
Property, plant and equipment	4,353
Advances to suppliers energy	476
Recoverable taxes	538
Other assets	382
Total	**6,124**
Liabilities associated with non-current assets held for sale	
Short term debt	141
Long term debt	624
Noncontrolling interests	1,695
Other	72
Total	**2,532**

11 Investments in affiliated companies and joint ventures

	Participation in capital (%)		June 30, 2010		Investments		Equity in earnings (losses) of investee adjustments					Dividends Received				
							Three-month period ended (unaudited)			Six-month period ended (unaudited)		Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	Voting	Total	Net equity (unaudited)	Net income (loss) of the period (unaudited)	June 30, 2010	December 31, 2009	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Bulk Material																
Iron ore and pellets																
Companhia Nipo-Brasileira de Pelotização NIBRASCO (1)	51.11	51.00	258	12	131	132	1	5	3	6	8					20
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS (1)	51.00	50.89	168	10	86	83	(4)	8	(5)	5	(8)	25			25	
Companhia Coreano-Brasileira de Pelotização KOBRASCO (1)	50.00	50.00	114	19	57	59	3	6	3	9	14					
Companhia Ítalo-Brasileira de Pelotização ITABRASCO (1)	51.00	50.90	130	6	66	90	2	2		3	3					
Minas da Serra Geral SA MSG	50.00	50.00	58	2	30	31	1	(1)	1	1	1					
SAMARCO Mineração SA SAMARCO (2)	50.00	50.00	1,665	582	892	673	245	44	90	291	132	100	50	50	150	50
Baovale Mineração SA BAOVALE	50.00	50.00	47	3	23	30		1	(1)	1	(4)					
Zhuhai YPM Pellet e Co,Ltd ZHUHAI	25.00	25.00	90	20	22	13	1	3	2	5	(2)					
Tecnored Desenvolvimento	37.40	37.40	94	(27)	35			(10)		(10)						

Tecnológico SA																
					1,342	**1,111**	**249**	**58**	**93**	**311**	**144**	**125**	**50**	**50**	**175**	**70**
Coal																
Henan Longyu Resources Co Ltd	25.00	25.00	801	155	200	250	19	20	13	39	31	39			39	
Shandong Yankuang International Company Ltd	25.00	25.00	(55)	(28)	(14)	(7)	(5)	(2)	(5)	(8)	(12)					
					186	**243**	**14**	**18**	**8**	**31**	**19**	**39**			**39**	
Base Metals																
Bauxite																
Mineração Rio do Norte SA MRN	40.00	40.00	348	4	140	143	1	1	13	2	12			13		30
					140	**143**	**1**	**1**	**13**	**2**	**12**			**13**		**30**
Copper																
Teal Minerals Incorpored	50.00	50.00	138	(26)	69	80	(18)	5	(9)	(14)	(9)					
					69	**80**	**(18)**	**5**	**(9)**	**(14)**	**(9)**					
Nickel																
Heron Resources Inc (cost US$24) available-for-sale					5	8										
Korea Nickel Corp					12	13					1					
Others available for sale					5	9										
					22	**30**					**1**					
Logistic																
LOG-IN Logística Intermodal SA	31.33	31.33	361	(1)	121	125	1	(1)			2			3		3
MRS Logística SA	37.86	41.50	1,172	83	486	468	23	13	24	34	43	35		33	35	33
					607	**593**	**24**	**12**	**24**	**34**	**45**	**35**		**36**	**35**	**36**
Others																
Steel																
California Steel Industries Inc CSI	50.00	50.00	330	30	165	150	9	6	(1)	15	(12)					
THYSSENKRUPP CSA Companhia Siderúrgica	26.87	26.87	6,362	(1)	1,709	2,049	4	(4)								
Usinas Siderúrgicas de Minas Gerais SA USIMINAS									7		7			7		7
					1,874	**2,199**	**13**	**2**	**6**	**15**	**(5)**			**7**		**7**

Other affiliates and joint ventures																
Vale Soluções em energia	51.00	51.00	283		144	99										
Others					60	87										
					204	**186**										
					4,444	**4,585**	**283**	**96**	**135**	**379**	**207**	**199**	**50**	**106**	**249**	**143**

(1) Although Vale held a majority of the voting interest of investees accounted for under the equity method, existing veto rights held by noncontrolling shareholders under shareholder agreements preclude consolidation;

(2) Investment includes goodwill of US$62 in December, 2009 and US$60 in June, 2010;

12 Short-term debt

Short-term borrowings outstanding on June 30, 2010 are from commercial banks for import financing denominated in US dollars, with average annual interest rates of 1,56%.

13 Long-term debt

	Current liabilities		Long-term liabilities	
	June 30, 2010 (unaudited)	**December 31, 2009**	**June 30, 2010 (unaudited)**	**December 31, 2009**
Foreign debt				
Loans and financing denominated in the following currencies:				
US dollars	2,718	1,543	2,915	4,332
Others	64	29	253	411
Fixed Rate Notes				
US dollars			8,496	8,481
EUR			918	
Debt securities export sales (*) US dollar denominated		150		
Perpetual notes			78	78
Accrued charges	185	198		
	2,967	**1,920**	**12,660**	**13,302**
Brazilian debt				
Brazilian Reais indexed to Long-term Interest Rate TJLP/CDI and General Price Index-Market (IGPM)	60	62	3,360	3,433
Basket of currencies	1	1	3	3
Non-convertible debentures	834	861	2,531	2,592
US dollars denominated			571	568
Accrued charges	96	89		
	991	**1,013**	**6,465**	**6,596**
Total	**3,958**	**2,933**	**19,125**	**19,898**

(*) Secured by receivables from future export sales. Redeemed in January, 2010.

The long-term portion at June 30, 2010 falls due as follows:

2011	1,032

2012	1,055
2013	3,021
2014	857
2015 and thereafter	12,770
No due date (Perpetual notes and non-convertible debentures)	390
	19,125

At June 30, 2010 annual interest rates on long-term debt were as follows:

Up to 3%	6,295
3.1% to 5% (*)	1,011
5.1% to 7%	8,085
7.1% to 9% (**)	2,788
9.1% to 11% (**)	3,669
Over 11% (**)	1,153
Variable (Perpetual notes)	82
	23,083

(*) Includes Eurobonds. For this operation we have entered into derivative transactions at a cost of 4,71% per year in US dollars.

(**) Includes non-convertible debentures and other Brazilian Real denominated debt that bear interest at the Brazilian Interbank Certificate of Deposit (CDI) and Brazilian Government Long-term Interest Rates (TJLP) plus a spread. For these operations we have entered into derivative transactions to mitigate our exposure to the floating rate debt denominated in Brazilian Real, totaling US$6,375 of which US$6,130 has original interest rate above 7,1% per year. The average cost after taking into account the derivative transactions is 4,42% per year in dollars.

The average cost of all derivative transactions is 4,46% per year in US dollars.

Vale has non-convertible debentures at Brazilian Real denominated as follow:

Non Convertible Debentures	Quantity as of June 30, 2010 Issued	Outstanding	Maturity	Interest	Balance June 30, 2010 (unaudited)	December 31, 2009
1st Series	150,000	150,000	November 20, 2010	101.75% CDI	841	869
2nd Series	400,000	400,000	November 20, 2013	100% CDI + 0.25%	2,244	2,318
Tranche B	5	5	No due date	6.5% p.a + IGP-DI	312	295
					3,397	**3,482**
Short-term portion					834	861
Long-term portion					2,531	2,592
Accrued charges					32	29
					3,397	**3,482**

The indexation indices/ rates applied to our debt were as follows:

	Three-month period ended (unaudited) June 30, 2010	March 31, 2010	June 30, 2009	Six-month period ended (unaudited) June 30, 2010	June 30, 2009
TJLP Long-Term Interest Rate (effective rate)	1.5	1.5	1.6	3.0	3.1
IGP-M General Price Index Market	2.8	2.8	(0.3)	5.7	(1.2)
Appreciation (devaluation) of Real against US dollar	(1.1)	(2.2)	18.6	(3.3)	19.8

In June 2010 we entered into a bilateral pre-export finance agreement with a local Brazilian bank in the amount of US$500 and final tenor of 10 years.

In March, 2010, Vale issued EUR750, equivalent to US$1 billion, of 8-year euronotes at a price of 99,564% of the principal amount. These notes will mature in March 2018 and will bear a coupon of 4,375% per year, payable annually.

In January 2010, we redeemed all outstanding export receivables securitization 10-year notes issued in September 2000 at an interest rate of 8.926% per year and the notes issued in July 2003 at an interest rate of 4.43% per year. The outstanding principal amounts of those September 2010 notes were US$28 and for the July 2013 notes were US$122, totaling US$150 of debt redeemed.

Credit Lines

We have revolving credit lines available under which amounts can be drawn down and repaid at the option of the borrower. At June 30, 2010, the total amount available under revolving credit lines was US$1,600, of which US$850 was granted to Vale International and the balance to Vale Inco. As of June 30, 2010, neither Vale International nor

Vale Inco had drawn any amounts under these facilities, but US$108 of letters of credit were issued and remained outstanding pursuant Vale Inco s facility.

In May 2008, we entered into framework agreements with the Japan Bank for International Cooperation in the amount of US$3 billion and Nippon Export and Investment Insurance in the amount of US$2 billion for the financing of mining, logistics and power generation projects. In November, 2009, Vale has signed a US$300 export facility agreement, through its subsidiary PT International Nickel Indonesia Tbk (PTI), with Japanese financial institutions using credit insurance provided by Nippon Export and Investment Insurance NEXI, to finance the construction of the Karebbe hydroelectric power plant on the Larona river, island of Sulawesi, Indonesia. Through June 30, 2010, PT International had drawn down US$150 on this facility.

In 2008, we established a credit line for R$7,300, or US$4 billion, with Banco Nacional de Desenvolvimento Econômico e Social BNDES (the Brazilian National Development Bank) to help finance our investment program. As of June 30, 2010, we had drawn the equivalent of US$862 under this facility.

Guarantee

On June 30, 2010, US$5 (December 31, 2009 US$753) of the total aggregate outstanding debt were secured, being US$2 (December 31, 2009 US$34) guaranteed by the Brazilian Federal Government and US$3 (December 31, 2009 US$567) guaranteed by others receivables. In December 31, 2009 US$152 was guaranteed by receivables from future export sales of CVRD Overseas Ltd, redeemed in January, 2010. The remaining outstanding debt in the amount of US$23,078 (December 31, 2009 US$22,078) were unsecured.

Our principal covenants require us to maintain certain ratios, such as debt to EBITDA and interest coverage. We have not identified any events of noncompliance as of June 30, 2010.

14 Stockholders equity

Each holder of common and preferred class A stock is entitled to one vote for each share on all matters brought before stockholders meetings, except for the election of the Board of Directors, which is restricted to the holders of common stock. The Brazilian Government holds twelve preferred special shares which confer permanent veto rights over certain matters.

Both common and preferred stockholders are entitled to receive a mandatory minimum dividend of 25% of annual adjusted net income under Brazilian GAAP, once declared at the annual stockholders meeting. In the case of preferred stockholders, this dividend cannot be less than 6% of the preferred capital as stated in the statutory accounting records or, if greater, 3% of the Brazilian GAAP equity value per share.

In April 2010, we paid US$1,250 as a first installment of the dividend to stockholders. The distribution was made in the form of interest on stockholders equity.

In June 2010, the notes series Rio and Rio P were converted into ADS and represent an aggregate of 49,305,205 common shares and 26,130,033 preferred class A shares respectively. The conversion was made using 75,435,238 treasury stocks held by the Company. The difference between the conversion amount and the treasury stocks book value of US$ 1,379 was accounted for in additional paid-in capital in the stockholder s equity.

The outstanding issued mandatory convertible notes on June 30, 2010 is as follows:

	Date		Value		
Headings	**Emission**	**Expiration**	**Gross**	**Net of charges**	**Coupon**
Tranches Vale and Vale P - 2012	July/2009	June/2012	942	934	6,75% p.a.

The notes pay a coupon quarterly and are entitled to an additional remuneration equivalent to the cash distribution paid to ADS holders. These notes were classified as a capital instrument, mainly due to the fact that neither the Company nor the holders have the option to settle the operation, whether fully or partially, with cash, and the conversion is mandatory; consequently, they were recognized as a specific component of shareholders equity, net of financial charges.

The funds linked to future mandatory conversion, net of charges are equivalent to the maximum of common shares and preferred shares, as follows. All the shares are currently held in treasury.

	Maximum amount of action		Value	
Headings	**Common**	**Preferred**	**Common**	**Preferred**
Tranches Vale and Vale P - 2012	18,415,859	47,284,800	293	649

In April, 2010, we paid to holders of mandatorily convertible notes additional interest: series RIO and RIO P, US$0.417690 and US$0.495742 per note, respectively and series VALE-2012 and VALE.P-2012, US$ 0.602336 and US$ 0.696668 per note, respectively.

Basic and diluted earnings per share
Basic and diluted earnings per share amounts have been calculated as follows:

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	March 31, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Net income from continuing operations attributable to Company s stockholders	3,711	**1,749**	**790**	5,460	**2,153**
Discontinued operations, net of tax	**(6)**	**(145)**		**(151)**	
Net income attributable to Company s stockholders	3,705	**1,604**	**790**	5,309	**2,153**
Interest attributed to preferred convertible notes	(19)	(19)	(15)	(38)	(23)
Interest attributed to common convertible notes	(23)	(23)	(31)	(46)	(49)
Net income for the period adjusted	**3,663**	**1,562**	**744**	**5,225**	**2,081**
Basic and diluted earnings per share					
Income available to preferred stockholders	1,409	591	285	2,010	797
Income available to common stockholders	2,208	926	447	3,150	1,250
Income available to convertible notes linked to preferred shares	33	23	4	47	12
Income available to convertible notes linked to common shares	13	22	8	18	22
Weighted average number of shares outstanding (thousands of shares) preferred shares	2,035,740	2,030,998	2,030,954	2,033,272	2,030,805
Weighted average number of shares outstanding (thousands of shares) common shares	3,190,675	3,181,727	3,181,727	3,186,018	3,181,715
Treasury preferred shares linked to mandatorily convertible notes	47,285	77,580	30,295	47,285	30,295
Treasury common shares linked to mandatorily convertible notes	18,416	74,998	56,582	18,416	56,582
Total	**5,292,116**	**5,365,303**	**5,299,558**	**5,284,991**	**5,299,397**
Earnings per preferred share	0.69	0.29	0.14	0.99	0.39
Earnings per common share	0.69	0.29	0.14	0.99	0.39
Earnings per convertible notes linked to preferred share (*)	1.09	0.54	0.63	1.79	1.16
Earnings per convertible notes linked to common share (*)	1.95	0.60	0.69	3.48	1.25
Continuous operations					
Earnings per preferred share	0.69	0.32		1.02	
Earnings per common share	0.69	0.32		1.02	
Earnings per convertible notes linked to preferred share (*)	1.10	0.57		1.82	
Earnings per convertible notes linked to common share (*)	1.95	0.63		3.53	
Discontinued operations					

Earnings per preferred share	(0.03)	(0.03)
Earnings per common share	(0.03)	(0.03)
Earnings per convertible notes linked to preferred share (*)	(0.03)	(0.03)
Earnings per convertible notes linked to common share (*)	(0.03)	(0.05)

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

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

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	**March 31, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Income available to preferred stockholders	1,461	633	304	2,095	832
Income available to common stockholders	2,244	971	486	3,214	1,321
Weighted average number of shares outstanding (thousands of shares) preferred shares	2,083,025	2,108,578	2,061,249	2,080,557	2,061,100
Weighted average number of shares outstanding (thousands of shares) common shares	3,209,091	3,256,725	3,238,309	3,204,434	3,238,297
Earnings per preferred share	0.70	0.30	0.15	1.01	0.40
Earnings per common share	0.70	0.30	0.15	1.00	0.40
Continuous operations					
Earnings per preferred share	0.70	0.33		1.04	
Earnings per common share	0.70	0.33		1.03	
Discontinued operations					
Earnings per preferred share		(0.03)		(0.03)	
Earnings per common share		(0.03)		(0.03)	

15 Pension plans

We previously disclosed in our consolidated financial statements for the year ended December 31, 2009, that we expected to contribute US$240 to our defined benefit pension plan in 2010. As of June 30, 2010, total contributions of US$117 had been made. We do not expect any significant change in our previous estimate.

	Three-month period ended (unaudited)		
			June 30, 2010
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period		15	6
Interest cost on projected benefit obligation	71	90	24
Expected return on assets	(118)	(81)	
Net periodic pension cost (credit)	**(47)**	**24**	**30**

	Three-month period ended (unaudited)		
			March 31, 2010
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period		17	6
Interest cost on projected benefit obligation	69	88	24
Expected return on assets	(115)	(81)	
Net periodic pension cost (credit)	**(46)**	**24**	**30**

	Three-month period ended (unaudited)		
			June 30, 2009
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period	3	11	4
Interest cost on projected benefit obligation	71	60	20
Expected return on assets	(98)	(49)	
Amortizations and (gain) / loss	3		
Net deferral		1	(6)
Net periodic pension cost (credit)	**(21)**	**23**	**18**

	Six-month period ended (unaudited)					
			June 30, 2010			June 30, 2009
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
		32	12	4	22	8

Service cost benefits earned during the year						
Interest cost on projected benefit obligation	140	178	48	115	114	38
Expected return on assets	(233)	(162)		(158)	(92)	
Amortizations and (gain) / loss				5	1	
Net deferral					8	(13)
Net periodic pension costs (credit)	**(93)**	**48**	**60**	**(34)**	**53**	**33**

16 Long-term incentive compensation plan

Under the terms of the long-term incentive compensation plan, the participants, restricted to certain executives, may elect to allocate part of their annual bonus to the plan. The allocation is applied to purchase preferred shares of Vale, through a predefined financial institution, at market conditions and with no benefit provided by Vale.

The shares purchased by each executive are unrestricted and may, at the participant s discretion, be sold at any time. However, the shares must be held for a three-year period and the executive must be continually employed by Vale during that period. The participant then becomes entitled to receive from Vale a cash payment equivalent to the total amount of shares held, based on the market rates. The total shares linked to the plan at June 30, 2010 and December 31, 2009, is 2,896,038 and 1,809,117, respectively.

Additionally, as a long-term incentive certain eligible executives have the opportunity to receive at the end of the triennial cycle a certain number of shares at market rates, based on an evaluation of their career and performance factors measured as an indicator of total return to stockholders.

We account for the compensation cost provided to our executives under this long-term incentive compensation plan, following the requirements Accounting for Stock-Based Compensation. Liabilities are measured at each reporting date at fair value, based on market rates. Compensation costs incurred are recognized, over the defined three-year vesting period. At June 30, 2010 and December 31, 2009, we recognized a liability of US$75 and US$72, respectively, through the Statement of Income.

17 Commitments and contingencies

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

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

In 2009, two new bank guarantees totaling US$53 (43) as at June 30, 2010 were established by us on behalf of VNC in favor of the South Province of New Caledonia in order to guarantee the performance of VNC with respect to certain environmental obligations in relation to the metallurgical plant and the Kwe West residue storage facility.

Sumic Nickel Netherlands B.V. (Sumic), a 21% stockholder of VNC, has a put option to sell to us 25%, 50%, or 100% of the shares they own of VNC. The put option can be exercised if the defined cost of the initial nickel-cobalt development project, as measured by funding provided to VNC, in natural currencies and converted to U.S. dollars at specified rates of exchange, in the form of Girardin funding, shareholder loans and equity contributions by stockholders to VNC, exceeded $4.2 billion and an agreement cannot be reached on how to proceed with the project. On February 15, 2010, we formally amended our agreement with Sumic to increase the threshold to approximately $4.6 billion at specified rates of exchange. On May 27, 2010 the threshold was reached and we are currently discussing with Sumic an extension of the put option date into the first half of 2011.

We provided a guarantee covering certain termination payments due from VNC to the supplier under an electricity supply agreement (ESA) entered into in October 2004 for the VNC project. The amount of the termination payments guaranteed depends upon a number of factors, including whether any termination of the ESA is a result of a default by VNC and the date on which an early termination of the ESA were to occur. During the first quarter of 2010 the supply of electricity under the ESA to the project began, and the guaranteed amount now decreases over the life of the ESA from its maximum amount. As at June 30, 2010 the guarantee was US$160 (Euro 131).

In February 2009, we and our subsidiary, Vale Newfoundland and Labrador Limited (VNL), entered into a fourth amendment to the Voisey s Bay Development agreement with the Government of Newfoundland and Labrador, Canada, that permitted VNL to ship up to 55,000 metric tonnes of nickel concentrate from the Voisey s Bay area mines. As part of the agreement, VNL agreed to provide the Government of Newfoundland and Labrador financial assurance in the form of letters of credit each in the amount of Canadian US$16 (CAD$16) for each shipment of nickel concentrate shipped out of the province from January 1, 2009 to August 31, 2009. The amount of this financial assurance was Canadian US$110 (CAD$112) based on seven shipments of nickel concentrate and as of June 30, 2010, US$11 (CAD$11) remains outstanding.

As at June 30, 2010, there was an additional US$108 in letters of credit issued and outstanding pursuant to our syndicate revolving credit facility, as well as an additional US$40 of letters of credit and US$42 in bank guarantees that were issued and outstanding. These are associated with environmental reclamation and other operating associated items such as insurance, electricity commitments and import and export duties.

b) We and our subsidiaries are defendants in numerous legal actions in the normal course of business. Based on the advice of our legal counsel, management believes that the amounts recognized are sufficient to cover probable losses in connection with such actions.

The provision for contingencies and the related judicial deposits are composed as follows:

	June 30, 2010 (unaudited)		December 31, 2009	
	Provision for contingencies	**Judicial deposits**	**Provision for contingencies**	**Judicial deposits**
Labor and social security claims	703	713	657	657
Civil claims	646	363	582	307
Tax related actions	595	328	489	175
Others	23	6	35	4
	1,967	**1,410**	**1,763**	**1,143**

Labor and social security related actions principally comprise of claims by Brazilian employees and former employees for (i) payment of time spent traveling from their residences to the work-place, (ii) additional health and safety related payments and (iii) various other matters, often in connection with disputes about the amount of indemnities paid upon dismissal and the one-third extra holiday pay.

Civil actions principally related to claims made against us by contractors in Brazil in connection with losses alleged to have been incurred by them as a result of various past Government economic plans during which full inflation indexation of contracts was not permitted, as well, as for accidents and land appropriation disputes.

Tax tax-related actions principally comprise of challenges initiated by us, on certain taxes on revenues and uncertain tax positions. We continue to vigorously pursue our interests in all the above actions but recognize that we probably will incur some losses in the final instance, for which we have made provisions.

Judicial deposits are made by us following the court requirements, in order to be entitled to either initiate or continue a legal action. These amounts are released to us, upon receipt of a final favorable outcome from the legal action; in the case of an unfavorable outcome, the deposits are transferred to the prevailing party.

Contingencies settled during the three-month periods ended June 30, 2010, March 31, 2010 and June 30, 2009, totaled US$61, US$55, US$39, respectively. Provisions recognized in the three-month periods ended June 30, 2010, March 31, 2010 and June 30, 2009, totaled US$101, US$70, US$73, respectively, classified as other operating expenses.

In addition to the contingencies for which we have made provisions, we are defendants in claims where in our opinion, and based on the advice of our legal counsel, the likelihood of loss is possible but not probable, in the total amount of US$3,984 at June 30, 2010, and for which no provision has been made (December 31, 2009 US$4,190).

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

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

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

In April 2010 we paid remuneration on these debentures of US$ 5.

d) Assets retirement obligations

We use various judgments and assumptions when measuring our asset retirement obligations.

Changes in circumstances, law or technology may affect our estimates and we periodically review the amounts accrued and adjust them as necessary. Our accruals do not reflect unasserted claims because we are currently not aware of any such issues. Also the amounts provided are not reduced by any potential recoveries under cost sharing, insurance or indemnification arrangements because such recoveries are considered uncertain.

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The changes in the provisions for asset retirement obligations are as follows:

	Three-month period ended (unaudited)			Six-month period ended (unaudited)	
	June 30, 2010	**March 31, 2010**	**June 30, 2009**	**June 30, 2010**	**June 30, 2009**
Beginning of period	**1,129**	**1,116**	**877**	**1,116**	**887**
Accretion expense	31	27	15	58	21
Liabilities settled in the current period	(2)	(8)	(15)	(10)	(18)
Revisions in estimated cash flows (*)	28	(2)		26	(9)
Cumulative translation adjustment	(24)	(4)	122	(28)	118
End of period	**1,162**	**1,129**	**999**	**1,162**	**999**
Current liabilities	80	79	31	80	31
Non-current liabilities	1,082	1,050	968	1,082	968
Total	**1,162**	**1,129**	**999**	**1,162**	**999**

(*) Includes $ 44 for the purchase of Fosfértil and Vale Fosfatados S.A.

18 Other expenses

The line Other operating expenses totaled US$912 in June 30, 2010, mostly due to pre operational expenses and, idle capacity and stoppage operations of US$127 and US$359 respectively.

19 Fair value disclosure of financial assets and liabilities

The Financial Accounting Standards Board, through Accounting Standards Codification and Accounting Standards Updates, define fair value, set out a framework for measuring fair value, which refers to valuation concepts and practices and require certain disclosures about fair value measurements.

a) Measurements

The pronouncements define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In determining fair value, the Company uses various methods including market, income and cost approaches. Based on these approaches, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique.

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Company utilizes techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Under this standard, those inputs used to measure the fair value are required to be classified on three levels. Based on the characteristics of the inputs used in valuation techniques the Company is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed as follows:

Level 1 - Unadjusted quoted prices on an active, liquid and visible market for identical assets or liabilities that are accessible at the measurement date;

Level 2 - Quoted prices for identical or similar assets or liabilities on active markets, inputs other than quoted prices that are observable, either directly or indirectly, for the term of the asset or liability;

Level 3 - Assets and liabilities, which quoted prices, do not exist, or those prices or valuation techniques are supported by little or no market activity, unobservable or illiquid. At this point fair market valuation becomes highly subjective.

b) Measurements on a recurring basis

The description of the valuation methodologies used for recurring assets and liabilities measured at fair value in the Company s Consolidated Balance Sheet at June 30, 2010 and December 31, 2009 are summarized below:

Available-for-sale securities

They are securities that are not classified either as held-for-trading or as held-to-maturity for strategic reasons and have readily available market prices. We evaluate the carrying value of some of our investments in relation to publicly quoted market prices when available. When there is no market value, we use inputs other than quoted prices.

Derivatives

The market approach is used for the swaps to estimate the fair value discounting their cash flows using the interest rate of the currency they are denominated. Also for the commodities contracts, since the fair value is computed by using forward curves for each commodities.

Debentures

The fair value is measured by the market approach method, and the reference price is available on the secondary market.

The tables below present the balances of assets and liabilities measured at fair value on a recurring basis as follows:

	As of June 30, 2010			
	Carry amount	**Fair value**	**Level 1**	**Level 2**
Available-for-sale securities	10	10	10	
Unrealized gain on derivatives	463	463		463
Debentures	(782)	(782)		(782)

	As of December 31, 2009			
	Carry amount	**Fair value**	**Level 1**	**Level 2**
Available-for-sale securities	17	17	17	
Unrealized gains on derivatives	832	832		832
Debentures	(752)	(752)		(752)

c) Measurements on a non-recurring basis

The Company also has assets under certain conditions that are subject to measurement at fair value on a non-recurring basis. These assets include goodwill and intangible assets. During the year ended June 30, 2010 we have not recognized any additional impairment loss for those items.

d) Financial Instruments

Long-term debt

The valuation method used to estimate the fair value of our debt is the market approach for the contracts that are quoted on the secondary market, such as bonds and debentures. The fair value of both fixed and floating rate debt is determined by discounting future cash flows of Libor and Vale s bonds curves (income approach).

Time deposits

The method used is the income approach, through the prices available on the active market. The fair value is close to the carrying amount due to the short-term maturities of the instruments.

Our long-term debt is reported at amortized cost, and the income of time deposits is accrued monthly according to the contract rate, however its estimated fair value measurement is disclosed as follows:

	June 30, 2010 (unaudited)			
	Carry amount	**Fair value**	**Level 1**	**Level 2**
Long-term debt (less interests) (*)	(22,802)	(24,410)	(14,356)	(10,054)

(*) Less accrued charges US$281

As of December 31, 2009

	Carry amount	Fair value	Level 1	Level 2
Time deposits	3,747	3,747		3,747
Long-term debt (less interests) (*)	(22,544)	(23,344)	(12,424)	(10,920)

(*) Less accrued charges US$287

20 Segment and geographical information

We adopt disclosures about segments of an enterprise and related information with respect to the information we present about our operating segments. The standard introduced a management approach concept for reporting segment information, whereby such information is required to be reported on the basis that the chief decision-maker uses internally for evaluating segment performance and deciding how to allocate resources to segments. We analyze our segment information on an aggregated and disaggregated basis.

Considering the new segment acquired, fertilizer, and the related reorganization occurred the operating segments are: 1) Bulk materials represented by Iron ore, Pellets, Manganese ore and ferroalloys, Coal; 2) Base Metals represented by Nickel, Aluminum and Copper, 3) Fertilizers; and 4) Logistics services.

Consolidated net income and principal assets are reconciled as follows:

Results by segment before eliminations (aggregated)

																Three-mont
			June 30, 2010							March 31, 2010						
sie als	Fertilizers	Logistic	Others	Eliminations	Consolidated	*Bulk Material*	Basie Metals	Fertilizers	Logistic	Others	Eliminations	Consolidated	Bulk Material	Basie Metals	Fertilizers	Logi
22			5	(6,092)	8,173	6,870	1,932		12	6	(3,230)	5,590	5,192	2,088		1
57	221	457	138	(326)	1,757	833	201	65	340	71	(252)	1,258	344	166	121	27
57)	(211)	(344)	(99)	6,418	(4,363)	(5,093)	(1,860)	(39)	(292)	(69)	3,482	(3,871)	(4,182)	(1,941)	(33)	(20
58)	(5)	(11)	(43)		(189)	(44)	(42)	(7)	(11)	(68)		(172)	(67)	(61)	(6)	(1
30)																