

Vale S.A.
Form 6-K
October 29, 2009

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**United States
Securities and Exchange Commission
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the
Securities Exchange Act of 1934
For the month of
October 2009
Vale S.A.**

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

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

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

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

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

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Press Release

Filed at CVM and SEC on 10/28/2009

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

1- Balance Sheet

	Notes	In thousands of reais			
		Consolidated		Parent Company	
Balance at		09/30/09	06/30/09	09/30/09	06/30/09
Assets					
Current assets					
Cash and cash equivalents	6.5	15,560,596	16,332,857	1,177,026	1,877,690
Short term investments	6.6	8,110,052	5,854,800		
Accounts receivable from customers		6,107,143	5,560,328	5,914,191	7,396,139
Related parties	6.7	140,059	98,727	4,698,839	5,338,362
Inventories	6.8	6,934,086	8,204,776	2,223,061	2,769,348
Deferred income tax and social contribution		836,866	1,098,971	571,926	828,224
Taxes to recover or offset	6.9	2,175,245	1,688,351	1,017,300	871,365
Fair value derivatives		39,476	72,758		
Advances to suppliers		976,014	825,473	862,056	745,015
Others		1,407,192	1,302,110	220,307	294,596
		42,286,729	41,039,151	16,684,706	20,120,739
Non-current assets					
Related parties	6.7	99,362	51,051	1,980,584	329,385
Loans and financing		221,915	194,168	133,442	132,277
Prepaid expenses		216,445	478,344		
Judicial deposits		2,021,490	1,940,809	1,320,668	1,316,458
Advances to energy suppliers		905,106	920,985		
Deferred income tax and social contribution				702,020	707,593
Taxes to recover or offset	6.9	981,475	1,310,040	162,043	168,882
Fair value derivatives	6.24	1,295,763	481,069	922,899	268,562
Others		567,251	232,226	402,214	323,507
		6,308,807	5,608,692	5,623,870	3,246,664
Investments	6.11	4,519,180	2,399,799	87,127,148	84,791,579
Intangibles	6.12	10,366,480	10,199,050	8,098,507	7,933,305
Property, plant and equipment	6.13	111,824,376	111,097,194	41,799,711	40,924,525
		126,710,036	123,696,043	137,025,366	133,649,409
		175,305,572	170,343,886	159,333,942	157,016,812

Liabilities, and stockholders equity**Current liabilities**

Payable to suppliers and contractors		3,719,892	3,893,496	2,340,763	2,243,596
Payroll and related charges		1,402,828	1,219,661	889,907	692,976
Current portion of long-term debt	6.14	3,657,833	1,397,378	674,630	611,928
Short-term debt	6.14	658,736	693,693		
Related parties		38,567	4,276	6,537,483	6,231,077
Taxes, contributions and royalties		282,741	278,028	71,031	102,893
Provision for income tax		1,093,468	494,253	548,967	18,935
Pension Plan		220,062	226,258	103,572	98,401
Ferrovía Norte Sul subconcession		481,865	474,787		
Fair value derivatives	6.24	52,102	117,322		
Provision for asset retirement obligations	6.16	52,073	63,898	22,015	32,885
Proposed dividends and interest on stockholders equity	6.22	2,103,276	2,108,079	2,103,276	2,108,079
Acquisition subsidiary	6.4	1,311,950		1,311,950	
Others		1,262,038	1,042,083	715,333	544,164
		16,337,431	12,013,212	15,318,927	12,684,934

Non-current

Pension Plan		3,304,867	3,331,289	450,766	478,672
Long-term debt	6.14	35,261,112	38,303,736	12,070,959	12,180,184
Related parties		118,411	241,203	27,247,674	30,782,311
Provisions for contingencies	6.15	2,964,857	2,979,229	1,679,739	1,687,811
Deferred income tax and social contribution		6,949,714	6,573,279		
Social contribution		1,510,616	1,115,161	1,510,616	1,115,161
Fair value derivatives	6.24	199,547	20,732		
Provision for asset retirement obligations	6.16	1,966,239	1,945,649	885,214	853,854
Others		4,928,625	4,782,881	3,004,735	2,674,502
		57,203,988	59,293,159	46,849,703	49,772,495

Minority interest**4,598,841** **4,478,132****Stockholders equity**

Paid-up capital	6.19	47,434,193	47,434,193	47,434,193	47,434,193
Transaction cost of capital increase		(160,771)	(160,771)	(160,771)	(160,771)
Resources linked to the future mandatory conversion in shares	6.20	4,587,011	3,063,833	4,587,011	3,063,833
Equity assessment adjust		30,298	117,321	30,298	117,321

Cumulative translation Adjustments	(2,271,433)	(436,472)	(2,271,433)	(436,472)
Revenue reserves	47,546,014	44,541,279	47,546,014	44,541,279
	97,165,312	94,559,383	97,165,312	94,559,383
	175,305,572	170,343,886	159,333,942	157,016,812

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

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

2- Statement Of Income

Period ended in		In thousands of reais						
		Notes	3Q/09	2Q/09	Consolidated Accumulated 3Q/08	09/30/09	09/30/08	Parent Company Accumulated 09/30/09
Operating revenues								
Sales of iron and metals		11,216,628	8,796,797	17,875,129	30,845,115	45,698,681	19,347,105	22,750,229
Sales of aluminum-related products		1,026,766	1,011,319	1,545,540	3,108,992	4,018,390	360,982	250,477
Transport services		791,463	714,857	1,033,619	2,116,802	2,752,479	932,799	1,561,783
Sales of steel products		135,770	107,113	366,950	412,798	1,044,348		
Other products and services		411,821	373,399	565,442	1,280,749	1,306,301	298,283	316,320
		13,582,448	11,003,485	21,386,680	37,764,456	54,820,199	20,939,169	24,878,809
Value Added taxes		(374,419)	(311,981)	(688,679)	(949,083)	(1,662,162)	(599,554)	(1,217,990)
Operating revenues		13,208,029	10,691,504	20,698,001	36,815,373	53,158,037	20,339,615	23,660,819
Cost of products and services								
Sales of iron and metals		(4,949,696)	(4,695,108)	(6,388,389)	(14,545,973)	(17,913,686)	(8,469,441)	(10,856,550)
Sales of aluminum-related products		(1,017,784)	(1,103,845)	(1,050,151)	(3,173,012)	(2,773,997)	(395,167)	(278,140)
Transport services		(506,163)	(493,482)	(594,390)	(1,496,199)	(1,646,930)	(592,986)	(703,090)
Steel products		(122,845)	(104,189)	(309,231)	(381,080)	(898,825)		
Other products and services		(366,029)	(294,784)	(299,622)	(924,428)	(811,305)	(218,891)	(129,450)
		(6,962,517)	(6,691,408)	(8,641,783)	(20,520,692)	(24,044,743)	(9,676,485)	(11,967,240)
Gross profit		6,245,512	4,000,096	12,056,218	16,294,681	29,113,294	10,663,130	11,693,569
Gross margin		47.3%	37.4%	58.2%	44.3%	54.8%	52.4%	49.4%
Operating expenses								
Marketing and administrative	6.25	(577,020)	(513,643)	(670,546)	(1,665,153)	(1,901,939)	(833,849)	(942,890)
Research and development		(438,163)	(561,930)	(559,096)	(1,441,322)	(1,353,039)	(940,906)	(753,140)
	6.25	(647,102)	(734,955)	(716,657)	(2,266,572)	(1,223,485)	(641,084)	(327,010)

er operating enses/income,net		(1,662,285)	(1,810,528)	(1,946,299)	(5,373,047)	(4,478,463)	(2,415,839)	(2,023,05)
erating profit ore financial ults, results of ity investments l impairment		4,583,227	2,189,568	10,109,919	10,921,634	24,634,831	8,247,291	9,670,51
ults of equity estments	6.11	30,262	50,021	48,682	93,733	163,171	(4,071,091)	13,946,59
ortization of dwill	6.12			(352,684)		(1,078,049)		(1,078,04)
		30,262	50,021	(304,002)	93,733	(914,878)	(4,071,091)	12,868,54
ancial results,	6.23	198,918	2,574,281	(2,026,668)	2,411,943	(1,493,882)	9,195,207	(3,060,09)
ults on sale of ets	6.25	128,555	295,722		424,277	138,879	406,622	
ome before ome tax and ial contribution		4,940,962	5,109,592	7,779,249	13,851,587	22,364,950	13,778,029	19,478,96
ome tax and ial contribution	6.10	(1,839,712)	(3,533,597)	111,364	(6,131,291)	(3,129,701)	(6,157,173)	(639,50)
rent		(1,396,582)	(3,286,788)	(833,782)	(5,840,420)	(4,084,382)	(5,607,208)	(1,398,24)
ferred charges		(443,130)	(246,809)	945,146	(290,871)	954,681	(549,965)	758,74
ority interest		(97,949)	(109,343)	(137,558)	(99,440)	(395,788)		
income for the iod		3,003,301	1,466,652	7,753,055	7,620,856	18,839,461	7,620,856	18,839,46
umber of shares standing at the of the period thousands) (a)		5,212,724	5,212,691	5,278,381	5,212,724	5,278,381	5,212,724	5,278,38
earnings per re outstanding he end of the		0.58	0.28	1.47	1.46	3.57	1.46	3.5

iod (R\$)

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

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

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

3- Statement Of Changes In Stockholders Equity

Periods ended

In thousands of reais

Paid-up capital	Transaction cost	Resources linked to mandatory conversion in shares	Equity assessment adjust	Cumulative translation Adjustments	Expansion/ Investments	Treasury stock	Revenue reserves Unrealized income	Legal	Fiscal incentives	Retained earnings
28,000,000		3,063,833			24,285,431	(790,224)	60,883	2,319,695	89,844	
						(1,658,266)				21,27
				5,982,074						
			7,945							
19,434,193	(160,771)									
						(580,124)				(22
										(4,83
					15,178,507		(22,362)	1,063,982		(16,22
47,434,193	(160,771)	3,063,833	7,945	5,982,074	38,883,814	(2,448,490)	38,521	3,383,677	89,844	

3,15

(23,642)

(1,012,286)

221,964

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

1,46

(5,406,260)

(112,588)

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

3,00

1,434

1,523,178

(1,834,961)

(87,023)

47,434,193 (160,771) 4,587,011 30,298 (2,271,433) 38,883,814 (2,470,698) 38,521 3,383,677 89,844 7,62

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

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

4- Statement Of Cash Flows

Period ended	In thousands of reais						
	3Q/09	2Q/09	Consolidated Accumulated 3Q/08	09/30/09	09/30/08	Parent Company Accumulated 09/30/09	09/30/08
Cash flows from operating activities:							
Net income for the period	3,003,301	1,466,652	7,753,055	7,620,856	18,839,461	7,620,856	18,839,461
Adjustments to reconcile net income for the period with cash provided by operating activities:							
Results of equity investments	(30,262)	(50,021)	304,002	(93,733)	914,878	4,071,091	(12,868,543)
Sale of assets	(128,555)	(295,722)		(424,277)	(138,879)	(406,622)	
Depreciation, amortization and depletion	1,447,788	1,253,422	1,226,887	3,997,975	3,790,317	1,499,413	1,275,893
Deferred income tax and social contribution	443,130	246,809	(945,146)	290,871	(954,682)	549,965	(758,742)
Monetary and exchange rate variations on assets and liabilities, net	(1,156,733)	(4,007,311)	2,306,623	(4,802,628)	(1,255,016)	(8,723,890)	2,236,438
Minority interest	97,949	109,343	137,558	99,440	395,788		
Disposal of property, plant and equipment	173,223	140,663	462,577	476,317	711,797	337,521	502,445
Net unrealized losses (gains) on derivatives	(610,618)	(1,677,669)	1,194,914	(2,282,105)	361,756	(2,001,749)	652,951
Dividends/interest on stockholders equity received		21,318	15,228	21,318	38,094	293,817	723,621
Others	138,166	(145,090)	143,817	(50,405)	175,450	(10,667)	82,758
	3,377,389	(2,937,606)	12,599,515	4,853,629	22,878,964	3,229,735	10,686,282
Decrease (increase) in assets:							
Accounts receivable	(529,089)	1,243,549	(2,924,362)	1,721,651	(3,882,350)	3,912,881	(3,851,208)
Inventories	1,216,407	1,230,727	(1,195,184)	2,951,592	(1,300,659)	698,936	(157,644)
Advances to energy suppliers			15,880	15,879	47,638		
Taxes to Recover or	(2,743,228)	2,577,021	81,048	(331,011)	(131,412)	2,081,476	(679,461)
Others	3,858	(402,417)	(82,509)	(656,930)	(22,488)	234,532	266,194

	(2,052,052)	4,648,880	(4,105,127)	3,701,181	(5,289,271)	6,927,825	(4,422,119)
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Increase (decrease) in liabilities:

Suppliers and contractors	(243,186)	(455,329)	591,468	(1,426,540)	749,559	195,374	664,500
Payroll and related charges	192,117	82,107	230,069	(67,180)	50,176	9,269	109,070
Taxes and contributions	1,139,115	(422,690)	9,051	1,028,632	172,128	1,257,908	148,891
Others	239,337	668,570	200,298	759,934	(403,566)	777,228	(634,955)
	1,327,383	(127,342)	1,030,886	294,846	568,297	2,239,779	287,506

Net cash provided by operating activities

	2,652,720	1,583,932	9,525,274	8,849,656	18,157,990	12,397,339	6,551,669
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Cash flows from investing activities:

Short term investments	(2,255,252)	1,593,198	(1,213,430)	(2,716,256)	(1,213,430)		(1,213,430)
Loans and advances receivable	(337,137)	(591,957)	(33,780)	(994,478)	(23,934)	(31,935)	(249,260)
Guarantees and deposits	(53,430)	(59,388)	(50,098)	(164,546)	(128,595)	(103,794)	(99,819)
Additions to investments	(601,057)	(622,555)	(146,660)	(1,389,689)	(178,984)	(6,581,411)	(749,067)
Additions to property, plant and equipment	(3,364,308)	(4,165,787)	(2,965,066)	(11,212,848)	(9,692,610)	(5,157,284)	(4,279,644)
Proceeds from disposal of property, plant and equipment/investments	304,860	602,683		907,543	370,501	602,683	
Net cash used in acquisitions and increase of funds to subsidiaries, net of the cash of subsidiary	(1,451,634)	(660,420)		(4,245,775)			

Net cash used in investing activities

	(7,757,958)	(3,904,226)	(4,409,034)	(19,816,049)	(10,867,052)	(11,271,741)	(6,591,220)
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Cash flows from (used in) financing activities:

Short-term debt additions	2,126,969	695,738	205,334	3,178,808	2,539,515	56,817	3,153,575
	(1,363,170)	(1,102,714)	(187,299)	(2,867,603)	(2,356,945)	(4,711,339)	(3,363,833)

Short-term debt repayments							
Long-term debt	2,068,878	802,672	147,536	3,412,486	3,117,522	1,276,710	3,422,255
Issue of convertible notes, in common shares	577,056			577,056			
Issue of convertible notes, in preferred shares	1,281,035			1,281,035			
Repayments:							
Related parties						(120,416)	
Financial institutions	(264,045)	(184,364)	(260,740)	(689,676)	(1,543,090)	(406,341)	(1,323,825)
Interest on stockholders equity paid to stockholders and dividends		(2,734,500)		(2,734,500)	(2,248,245)	(2,734,500)	(2,109,750)
Capital increase			19,273,422		19,273,422		19,273,422
Treasury stock	1,434		4	(22,208)	10	(22,208)	10
Net cash provided by (used in) financing activities	4,428,157	(2,523,168)	19,178,257	2,135,398	18,782,189	(6,661,277)	19,051,854
Increase (decrease) in cash and cash equivalents	(677,081)	(4,843,462)	24,294,497	(8,830,995)	26,073,127	(5,535,679)	19,012,303
Cash and cash equivalents, beginning of the period	16,332,857	21,319,996	3,746,385	24,639,245	2,127,909	6,712,705	120,188
Effects of exchange rates in cash and equivalents	(95,180)	(143,677)	343,753	(247,654)	183,599		
Initial cash in new consolidated subsidiary							27,563
Cash and cash equivalents, end of the period	15,560,596	16,332,857	28,384,635	15,560,596	28,384,635	1,177,026	19,160,054
Cash paid during the period for:							
Short-term interest	(27,890)	(23,554)	(6,886)	(87,238)	(66,011)	(108,045)	(93,620)
Long-term interest	(462,596)	(653,897)	(498,135)	(1,763,626)	(1,576,730)	(1,770,525)	(1,906,367)
Income tax and social contribution	(276,230)	(282,770)	(2,124,844)	(894,254)	(5,406,818)	(217,065)	(1,707,112)
Non-cash transactions:							
Additions to property, plant and equipment	(90,143)	(57,176)	(235,411)	(281,678)	(275,576)	(10,617)	(175,787)

interest capitalization		
Transfer of advance for		
future capital increase		
to investments	(291,950)	(271,173)

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

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

5- Statement Of Value Added

Period ended	In thousands of reais			
	Consolidated		Parent Company	
	09/30/09	09/30/08	09/30/09	09/30/08
Generation of Value Added				
Gross revenue				
Revenue from products and services	37,774,919	54,855,693	20,945,442	24,901,594
Revenue for the construction of own assets	8,321,656	8,918,083	4,885,567	6,930,132
Allowance for doubtful accounts	(10,463)	(35,494)	(6,273)	(22,786)
Less: Acquisition of products	(888,062)	(2,141,981)	(191,069)	(1,318,965)
Outsourced services	(4,861,705)	(4,188,206)	(1,865,700)	(2,931,633)
Materials	(13,241,594)	(15,925,879)	(8,229,215)	(9,899,601)
Fuel oil and gas	(2,011,291)	(2,821,543)	(814,000)	(1,128,347)
Energy	(1,277,608)	(1,504,449)	(508,295)	(455,591)
Other costs	(4,774,682)	(4,091,730)	(2,994,417)	(3,082,904)
Gross Value Added	19,031,170	33,064,494	11,222,040	12,991,899
Depreciation, amortization and depletion	(3,997,975)	(3,790,317)	(1,499,413)	(1,275,893)
Net Value Added	15,033,195	29,274,177	9,722,627	11,716,006
Received from third parties				
Financial revenue	740,145	634,653	532,077	564,628
Results of equity investment	93,733	(914,878)	(4,071,091)	12,868,543
Total Value Added to be distributed	15,867,073	28,993,952	6,183,613	25,149,177
Personnel	3,728,670	3,500,027	1,721,878	1,662,162
Taxes, rates and contribution	6,101,442	3,458,619	6,415,731	1,022,832
Remuneration on third party capital	2,368,828	2,464,296	2,422,807	2,526,961
Indexation and exchange rate	(4,052,163)	335,761	(11,997,659)	1,097,761
Stockholders remuneration				
Stockholders	7,620,856	18,839,461	7,620,856	18,839,461
Minority interest	99,440	395,788		
Distribution of Value Added	15,867,073	28,993,952	6,183,613	25,149,177

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

6- Notes To The Quarterly Information As Of And For The Period Ended At September 30, 2009 And 2008

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

6.1- Operations

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

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

The unaudited Interim Financial Information have been prepared in conformity with the accounting practices adopted in Brazil, based on Corporate law, (as amended by Law 11.638), Law 11.941, as well as the rules and guidelines issued by Brazilian Securities Commission CVM, which special review were done by our auditors according the rules established by Independent Auditors Institute of Brazil IBRACON, together with Accounting Federal Council CFC. These informations followed the principles, methods and criteria that are uniform to those adopted in the prior year ended December 31, 2008, except with regard to the goodwill amortization, and consequently, should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2008.

According to CPC 13 First-time adoption of Law 11.638 and Law 11.941, the goodwill on expected future results resulting from the acquisition of other company is no longer amortized as from 2009 and therefore is no longer presented in the line item goodwill amortization in the statement of income. In 3Q08 the amount recorded was R\$ 352,684 (R\$ 1,078,049 in the nine-month period ended in September 30, 2008).

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

The rights and obligations in foreign currencies are stated according to prevailing exchange rates at the time of the financial statements, and US\$ 1.00 is equivalent to R\$ 1.7781 on September 30, 2009 (US\$ 1.00 is equivalent to R\$ 1.9143 on September 30, 2008), for monetary items. For non-monetary items stated at cost, applies the exchange rate at the date of the transaction or the average monthly exchange rate, and for non-monetary items stated at fair value applies the exchange rate at the date of determining the value. Rights and obligations in the domestic currency, when applicable, are adjusted for inflation according to contractual terms.

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

The effects of adjustments in the comparative periods resulting from the adoption of CPC 02 - Effects of changes in exchanges rates and currency translation of financial statements was a decrease in 3Q08 of R\$ 4,680,332 (R\$ 419,807) in parent company reflected in investments in subsidiaries and in the consolidated a decrease in 3Q08 of R\$ 1,341,430 (R\$ 559,715), reflected in investments in subsidiaries and a decrease of R\$ 3,338,902 in the 3Q08 (R\$ 139,908), reflected in financial income.

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

The Company has performed and evaluation of subsequent events through October 28, 2009 which is the date of the financial statements.

6.3- Consolidation Principles and Practices

The consolidated interim financial statements reflect the balances of assets, liabilities and shareholders equity as of September 30, 2009 and June 30, 2009 and operations of quarterly periods ended on September 30, 2009, June 30,

2009 and September 30, 2008 of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies. Overseas operations are translated into the reporting currency for the Brazilian financial statements in Brazil to record equity investments, full or proportionate consolidation of financial statements.

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

6.4- Acquisitions and Divestments**(a) Mineração Corumbá Reunidas S.A.**

In January 2009, the Company entered into a purchase and sale agreement with Rio Tinto PLC to acquire iron ore assets (Brazil) for US\$750,000. This acquisition was concluded on September 2009 in the amount of R\$ 1,472,971 (including working capital change of the period payment) and was approved by the Administrative Council for Economic Defense - CADE. The difference between the acquisition price and the equity in the amount of R\$ 1,017,934 was, preliminary, allocated as follows: R\$ 788,308 to PP&E based on the difference between the market values of assets and the net book values and R\$ 229,626 to goodwill. All these preliminary allocations were based on internal management research and are subject to revision.

(b) Diamond Coal Ltd.

In March 2009, the Company acquired from Cement Argos the company Diamond Coal Ltd., which owns thermal coal assets in Colombia by R\$ 694,560. The difference between the acquisition price and the equity in the amount of R\$ 474,544 was, preliminary, fully allocated to PP&E based on the difference between the market values of assets and the net book values. All these preliminary allocations were based on internal management research and are subject to revision.

(c) Green Mineral Resources

In February 2009, the acquisition of Green Mineral Resources, company owner of mineral rights of Project Regina (Canada) and Project Colorado (Argentina) from Rio Tinto, was concluded by the amount of R\$ 1,994,695. The difference between the acquisition price and the equity in the amount of R\$ 1,744,589 was, preliminary, fully allocated to PP&E based on the difference between the market values of assets and the net book values. All these preliminary allocations were based on internal management research and are subject to revision.

(d) Other transactions

In September 2009, Vale concluded an agreement with ThyssenKrupp Steel AG to increase its stake in ThyssenKrupp CSA Siderúrgica do Atlântico Ltda. (CSA) to 26.87%, from the current 10% interest, through a capital increase of R\$ 2,532,064. The Company still has to pay R\$ 1,311,950.

In July 2009, Vale signed an agreement which involves the sale of some forest assets, totaling 84,7 thousand including preservation areas and eucalyptus plantation in Maranhão, per R\$ 235 million, registering a gain of R\$ 110,899 (see note 6.25).

In April 2009, the Company sold its remaining interest in Usiminas for R\$ 594,775 obtaining a gain of R\$ 287,814.

In March 2009, 50% of Teal Minerals Incorporated, Joint Venture with African Rainbow Minerals Limited, was acquired by R\$ 138,792. The difference between the acquisition price and the equity in the amount of R\$ 254,095 was, preliminary, fully allocated to PP&E based on the difference between the market values of assets and the net book values. All these preliminary allocations were based on internal management research and are subject to revision.

In February 2008, the Company sold its interests of 4.83% in common shares of Jubilee Mines N.L., held by Vale Inco, by R\$ 231,788 obtaining a gain of R\$ 138,879 (see note 6.25).

Table of Contents**6.5- Cash and Cash Equivalents**

	Consolidated		Parent Company	
	09/30/09	06/30/09	09/30/09	06/30/09
Cash and bank accounts	1,018,756	1,056,746	31,025	51,781
Short-term investment	14,541,840	15,276,111	1,146,001	1,825,909
	15,560,596	16,332,857	1,177,026	1,877,690

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

6.6- Short-Term Investments

	Consolidated	
	09/30/09	06/30/09
Time deposit (*)	8,110,052	5,854,800

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

6.7- Related Parties

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

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

	Consolidated			
	Assets			
	09/30/09	06/30/09	09/30/09	06/30/09
	Customers	Related party	Customers	Related party
Baovale Mineração S. A	4,577	1,580	14,653	
Companhia Coreano-Brasileira de Pelotização KOBRASCO	398	211	537	214
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	13,859	88	479	130
Companhia Italo-Brasileira de Pelotização ITABRASCO	1,090		1,052	
Companhia Nipo-Brasileira de Pelotização NIBRASCO	289			1,130
Korea Nickel Corporation	19,636		22,500	
Minas da Serra Geral S.A.	2			
Mineração Rio do Norte S.A.	250	16	192	18
MRS Logística S.A.	940	359	585	41,262
Potassio Rio Colorado AS		59,975		39,655
Samarco Mineração S.A.	761	33,062	1,931	25,535

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Teal Minerals Incorporated		144,010		40,361
Others	32, 236	120	32,223	1,473
Total	74,038	239,421	74,152	149,778
Registered as:				
Current	74, 038	140,059	74,152	98,727
Non-current		99,362		51,051
	74,038	239,421	74,152	149,778

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	Consolidated Liabilities			
	09/30/09		06/30/09	
	Suppliers	Related party	Suppliers	Related party
Baovale Mineração S.A.	18,330		27,331	
Companhia Coreano-Brasileira de Pelotização KOBRASCO	37,942	1,912	40,094	3,060
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	19,233	43		2,268
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	8,756		10,588	
Companhia Nipo-Brasileira de Pelotização NIBRASCO	40,829	9,518	34,646	14,381
Log-in S.A.				
Minas da Serra Geral	5,378	14,775	2,689	15,836
Mineração Rio do Norte S.A.	15,927		20,453	
MRS Logística S.A.	252,900	124,638	129,384	206,666
Samarco Mineração S.A.	24			
Others	40,510	6,092	25,836	3,268
Total	439,829	156,978	291,021	245,479
Registered as:				
Current	439,829	38,567	291,021	4,276
Non-current		118,411		241,203
	439,829	156,978	291,021	245,479

	Parent Company Assets			
	09/30/09		06/30/09	
	Customers	Related party	Customers	Related party
ALUNORTE Alumina do Norte do Brasil S.A.	42,972	61,823	46,493	87,031
Baovale Mineração S.A.	9,154	3,160	29,305	3,160
Companhia Portuária Baía de Sepetiba CPBS	1,261	4,359	830	86,913
CVRD OVERSE AS Ltd.	80,542	178	132,026	195
Ferrovias Centro Atlântica S.A.	80,180	54,621	61,142	56,533
Companhia Coreano-Brasileira de Pelotização KOBRASCO	792	421	1,069	427
Minerações Brasileiras Reunidas S.A. MBR	6,049	694,783		694,606
MRS Logística S.A.	1,256	21,720	877	35,331
Companhia Nipo-Brasileira de Pelotização NIBRASCO				2,307
Salobo Metais S.A.	1,913	233,555	2,629	233,555

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Samarco Mineração S.A.	1,523	293,021	3,861	278,767
Vale International S.A.	4,743,640	5,051,420	6,646,430	3,712,587
Vale Manganês S.A.	7,489		9,013	179,309
Others	154,535	260,362	138,339	297,026
Total	5,131,306	6,679,423	7,072,014	5,667,747

Registered as:

Current	5,131,306	4,698,839	7,072,014	5,338,362
Non-current		1,980,584		329,385
	5,131,306	6,679,423	7,072,014	5,667,747

**Parent Company
Liabilities**

	09/30/09		06/30/09	
	Suppliers	Related party	Suppliers	Related party
ALUNORTE Alumina do Nortedo Brasil S.A.	15,997		14,777	
Baovale Mineração S.A.	36,660		54,663	
Companhia Portuária Baía de Sepetiba CPBS	89,737	2,313	96,726	135
CVRD OVERSEAS Ltd.	4	526,597	4	605,397
Ferrovia Centro Atlântica S.A.	13,698	1,546	9,968	
Companhia Coreano-Brasileira de Pelotização KOBRASCO	75,884		80,188	2,292
Minerações Brasileiras Reunidas S.A. MBR	87,124		56,132	
MRS Logística S.A.	368,498		302,505	
Companhia Nipo-Brasileira de Pelotização NIBRASCO	83,325	21,199	70,707	20,412
Salobo Metais S.A.	7,000			
Vale International S.A.	29,284	32,847,909	32,132	36,337,758
Vale Manganês S.A.		340,699		11
Samarco Mineração S.A.	48			
Others	92,618	44,894	89,559	47,383
Total	899,877	33,785,157	807,361	37,013,388

Registered as:

Current	899,877	6,537,483	807,361	6,231,077
Non-current		27,247,674		30,782,311
	899,877	33,785,157	807,361	37,013,388

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	Income			Consolidated Expense / Cost			Financial		
	3Q/09	2Q/09	3Q/08	3Q/09	2Q/09	3Q/08	3Q/09	2Q/09	3Q/08
Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização KOBRASCO		3,054		4,583	4,584	4,124			
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	17,364	4,146	83,231	17,679	492	138,579	1,848	40	(432)
Companhia Ítalo-Brasileira de Pelotização ITABRASCO			92,836	4,756	97	59,915	(1,570)	(110)	5,351
Companhia Nipo-Brasileira de Pelotização NIBRASCO		64	15,236	8,863	6,819	90,242	(69)	2,588	2,253
Log-in S.A. Mineração Rio do Norte S.A.	254	13,691	8,550					382	(466)
MRS Logística S.A. Samarco Mineração S.A.	16		31	55,058	65,018	65,613	53	(105)	(310)
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (*)	4,060	2,988	1,252	150,529	140,479	191,559	(26,091)		
Others	20,868	14,049	64,369				(31)	(61)	46
	43,678	37,992	699,443	247,300	219,513	620,192	(24,689)	22,942	(14,194)

	Income		Consolidated Expense / Cost		Financial	
	09/30/09	09/30/08	09/30/09	09/30/08	09/30/09	09/30/08
Baovale Mineração S.A. Companhia Coreano-Brasileira de Pelotização KOBRASCO	3,054		13,751	12,371		
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS		85,313			(786)	(1,294)
Companhia Ítalo-Brasileira de Pelotização ITABRASCO	26,136	235,772	19,386	376,537	(9)	1,246
Companhia Nipo-Brasileira de Pelotização NIBRASCO		177,439	11,729	183,089	(2,236)	4,747
	64	107,026	34,202	335,634	(521)	1,652

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Log-in S.A.	13,945	20,542		197	382	(316)
Mineração Rio do Norte S.A.	16	31	191,530	179,051	92	(259)
MRS Logística S.A.	9,336	8,060	388,281	507,932	(26,091)	
Samarco Mineração S.A.	50,435	171,231			(96)	23
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (*)	108,982	906,075				674
Others	9,031	30,017	32,698	36,881	(180)	(21,236)
	220,999	1,741,506	691,577	1,631,692	(29,445)	(14,763)

	Income		Parent Company Expense / Cost		Financial	
	09/30/09	09/30/08	09/30/09	09/30/08	09/30/09	09/30/08
ALBRAS Alumínio Brasileiro S.A.	90,738	7,781				65
ALUNORTE Alumina do Norte do Brasil S.A.	282,188	209,420	90,092	37,967	(20,811)	10,711
Baovale Mineração S.A.	5,264		27,502	24,741		
Companhia Coreano-Brasileira de Pelotização KOBRASCO		175,416	66,031	331,712	(1,572)	(2,588)
Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS	56,293	509,185	39,475	503,290	(3,274)	2,537
Companhia Italo-Brasileira de Pelotização ITABRASCO		390,517	23,883	190,015	(1,283)	9,667
Companhia Nipo-Brasileira de Pelotização NIBRASCO		221,602	69,801	551,814	57,069	3,371
Companhia Portuária Baía de Sepetiba CPBS			206,139	253,886	(6,609)	(10,890)
CVRD Overseas Ltd.	1,859,608	2,424,955			123,717	(6,178)
Ferrovias Centro Atlântica S.A.	149,916	165,117	6,524	46,847	3,454	(6,196)
MRS Logística S.A.	13,477	31,487	663,729	868,259		
Samarco Mineração S.A.	100,870	342,461			(193)	47
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (*)	89,381	792,565				
Vale Energia S.A.			134,753	67,669		267
Vale International S.A.	15,029,189	14,669,380			7,863,582	(3,526,255)
Vale Manganês S.A.	45,582	65,292			(1,440)	(10,315)
Others	1,178	106,489	16,138	27,704	3,192	(14,989)
	17,723,684	20,111,667	1,344,067	2,903,904	8,015,832	(3,550,746)

(*) Investment disposed in April 2009.

Additionally the Company has outstanding balances with Banco Nacional de Desenvolvimento Social and BNDES Participações S.A. in the amounts of R\$ 2,424,132 and R\$ 750,756 respectively at September 30, 2009, related to loans with charges at market interest rates, which major maturity at September, 2029. These amounts are booked as loans and financing.

Vale also has short-term investments with Bradesco in the amount of R\$ 87,891 at September 30, 2009.

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	09/30/09
Remuneration of key management personnel	
Short-term benefits to managements	36,330
Other long-term benefits to managements	8,207
Total	44,537

6.8- Inventories

	Consolidated		Parent Company	
	09/30/09	06/30/09	09/30/09	06/30/09
Finished products				
Nickel, co-products and sub products Inco	2,137,396	2,825,766	55,808	53,263
Iron ore and pellets	1,635,539	1,689,445	1,176,998	1,521,470
Manganese and ferroalloys	265,294	324,688		
Aluminum products	306,338	270,852	4,252	5,983
Kaolin	71,846	69,191		
Coal	92,749	110,318		
Copper Concentrate	56,780	60,483	32,309	36,012
Steel products	31,847	34,203		
Others	82,491	282,341	47,382	31,732
	4,680,280	5,667,287	1,316,749	1,648,460
Spare parts and maintenance supplies	2,253,806	2,537,489	906,312	1,120,888
	6,934,086	8,204,776	2,223,061	2,769,348

6.9- Recoverable Taxes

	Consolidated		Parent Company	
	09/30/09	06/30/09	09/30/09	06/30/09
Income tax	870,241	972,531		50,377
Value-added tax ICMS	647,510	716,437	493,219	530,427
PIS and COFINS (*)	1,502,820	1,182,679	654,593	400,159
Others	136,149	126,744	31,531	59,284
Total	3,156,720	2,998,391	1,179,343	1,040,247
Current	2,175,245	1,688,351	1,017,300	871,365
Non-current	981,475	1,310,040	162,043	168,882
	3,156,720	2,998,391	1,179,343	1,040,247

(*)

The variation is
mentioned taken
it of credit in the
acquisition of
classified
materials as
parts and pieces .

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

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

	Consolidated		Accumulated		Parent Company		
	3Q/09	Quarter 2Q/09	3Q/08	09/30/09	09/30/08	09/30/09	09/30/08
Income before income tax and social contribution	4,940,962	5,109,592	7,779,249	13,851,587	22,364,950	13,778,029	19,478,966
Results of equity investment e amortização de ágio	(30,262)	(50,021)	304,002	(93,733)	914,878	4,071,091	(12,868,543)
Exchange variation Not taxable	1,457,641	6,822,356	(3,642,182)	9,711,291	(1,677,109)		
	6,368,341	11,881,927	4,441,069	23,469,145	21,602,719	17,849,120	6,610,423
Income tax and social contribution at combined tax rates	34%	34%	34%	34%	34%	34%	34%
Federal income tax and social contribution at statutory rates	(2,165,236)	(4,039,855)	(1,509,963)	(7,979,509)	(7,344,924)	(6,068,701)	(2,247,544)
Adjustments that affects the basis of taxes:							
Income tax benefit from interest on stockholders equity			286,675		868,960		868,960

Fiscal incentives	62,116	129,218	44,729	254,806	251,430	168,696	90,516
Results of overseas companies taxed by different rates which difference than the parent company rate	273,062	361,304	1,239,923	1,356,309	3,063,996		
Others	(9,654)	15,736	50,000	237,103	30,837	(257,168)	648,563
Income tax and social contribution	(1,839,712)	(3,533,597)	111,364	(6,131,291)	(3,129,701)	(6,157,173)	(639,505)

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

Vale also has tax incentives related to Goro, in New Caledonia (Goro). These tax incentives include temporary full exemption of income tax during the construction phase of the project and also for a 15-year period beginning in the first year of commercial production, as defined by the applicable law, followed by a 5-year period with 50% of temporary tax incentives. Besides the, Goro Project also qualifies for certain exemptions of indirect taxes such as import tax during the construction phase and during all the commercial life of the project. Some of these tax benefits, including temporary tax incentives, are subject to an earlier phase out in case the project achieves a specified cumulative rate of return. We are subject to taxation on part of the income commencing in the first year in which commercial production is achieved, as defined by the applicable law. To date, we have not recorded any taxable income for New Caledonian tax purposes. The benefits of this legislation are expected to apply with respect to taxes payable once the Goro project is in operation.

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

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

Table of Contents**6.11- Investments**

	Investments		Equity Results				
	09/30/09	06/30/09	3Q/09	Quarter 2Q/09	3Q/08	Accumulated 09/30/09 09/30/08	
Investments carried at market value (a)							
Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (b)				17,483	15,168	17,483	32,693
Mirabela Nickel Ltd	30,478	46,575					
Hudbay Minerals Inc.		44,178					
Heron Resources Inc	9,908	6,306					
Others	20,180	32,729					
	60,566	129,788		17,483	15,168	17,483	32,693
Investments valued by equity method of accounting							
Henan Longyu Energy Resources Co. Ltd.	411,541	417,157	32,551	40,456	35,778	115,365	110,294
Korea Nickel Corp.	15,108	41,319		(3,316)			
Log-In Logística Intermodal S/A.	217,713	217,713		(1,051)	470	3,749	18,107
Shandong Yankuang International Company Ltd	(5,528)	(1,168)	(3,145)	(8,872)	(3,338)	(28,005)	(302)
ThyssenKrupp CSA Cia Siderúrgica do Atlântico (c)	3,557,541	1,331,214					
Vale Soluções em Energia	172,243	172,243					
Zhuhai YPM Pellet e Co.,Ltd.	21,756	20,712	1,651	5,962		(2,275)	
Others	68,240	70,821	(795)	(641)	604	(12,584)	2,379
	4,458,614	2,270,011	30,262	32,538	33,514	76,250	130,478
	4,519,180	2,399,799	30,262	50,021	48,682	93,733	163,171

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

shareholders
equity.

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

(c) Investment
evaluated the
market until
set/09.

6.12- Intangible

	Consolidated		
	Intangible		Goodwill
	09/30/09	06/30/09	amortization (*)
			3Q/08
Intangible by segment			
Iron ore and pellets			
Goodwill of Minerações Brasileiras Reunidas MBR (Includes goodwill Caemi) (b)	4,060,415	4,060,415	(138,612)
Mineração Corumbá Reunidas S/A	229,627		
Goodwill other companies (a, b)	4,605	5,645	(829)
	4,294,647	4,066,060	(139,441)
Nickel			
Goodwill of Inco Limited (a, b, d)	2,958,932	3,015,506	(212,143)
Coal			
Goodwill of Vale Australia (a, b)	167,440	168,292	(1,100)
Total goodwill	7,421,019	7,249,858	(352,684)
			End
Other rights			amortization
Right of use of the actions of the EBM Subconcessão Ferrovia Norte Sul FNS	660,711	666,670	May 2037
Other rights Vale Inco	1,659,109	1,653,491	December 2037
Other	608,864	612,254	September 2046
	16,777	16,777	

Total Other rights	2,945,461	2,949,192
Total Intangible	10,366,480	10,199,050
Intangible not recorded at the parent company	(2,267,973)	(2,265,745)
Total parent company	8,098,507	7,933,305

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

(b) Goodwill paid by future profitability expectancy

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

The main changes in intangibles caption during the quarter ended in September 30, 2009, which changed the balance of R\$ 10,199,050 as of June 30, 2009 to R\$ 10,366,480 as of September 30,2009, are as follows: decrease of amortization in the amount of R\$ 9,710, decrease of translation adjustment in the amount of R\$ 61,857, increase of exchange monetary variation by R\$ 9,370 and increase in goodwill of R\$229,627.

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

	Average depreciation rates	Consolidated			Parent Company			06/30/09
		09/30/09	06/30/09	06/30/09	09/30/09	06/30/09	06/30/09	
	Cost	Accumulated depreciation	Net	Net	Cost	Accumulated depreciation	Net	Net
lands		512,713		512,713	496,759	291,023	291,023	279,023
Buildings	3.63%	9,140,350	(2,313,445)	6,826,905	7,035,784	3,733,355	(987,158)	2,746,197
Installations	3.73%	30,377,695	(10,038,383)	20,339,312	19,833,747	14,106,894	(4,361,237)	9,745,657
Equipment	7.34%	14,728,379	(4,759,240)	9,969,139	10,137,898	5,386,566	(1,870,623)	3,515,943
Information technology								
Equipment	20.00%	2,204,479	(1,351,917)	852,562	894,060	1,789,254	(1,106,692)	682,562
Railroads	3.09%	12,944,319	(4,546,969)	8,397,350	7,890,652	10,995,759	(4,021,011)	6,974,748
General								
Assets	3.26%	29,833,894	(3,938,351)	25,895,543	23,378,733	1,876,021	(382,422)	1,493,599
Others	7.27%	11,373,702	(2,760,101)	8,613,601	10,869,554	3,300,162	(1,605,529)	1,694,633
		111,115,531	(29,708,406)	81,407,125	80,537,187	41,479,034	(14,334,672)	27,144,362
Construction progress		30,417,251		30,417,251	30,560,007	14,655,349		14,655,349
Total		141,532,782	(29,708,406)	111,824,376	111,097,194	56,134,383	(14,334,672)	41,799,711

6.14- Loans and Financing

Current

	Consolidated		Parent Company	
	09/30/09	06/30/09	09/30/09	06/30/09
Trade finance	503,731	548,277		
Working capital	155,005	145,416		
	658,736	693,693		

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

Non-current

	Consolidated				Parent Company			
	Current liabilities		Non-current		Current liabilities		Non-current	
	09/30/09	06/30/09	09/30/09	06/30/09	09/30/09	06/30/09	09/30/09	06/30/09
Foreign operations								
Loans and financing in:								
U.S. dollars	2,731,159	562,086	8,895,148	12,559,108	284,622	312,393	516,425	717,341

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Other currencies Notes in U.S. dollars	42,880	49,189	375,902	360,668	6,220	6,552	9,295	9,791
Export securitization (*)			13,346,726	12,687,035				
Perpetual notes	101,165	109,892	190,440	237,219				
Accrued charges	365,124	350,385	148,279	162,748	2,768	10,969		
	3,240,328	1,071,552	22,956,495	26,006,778	293,610	329,914	525,720	727,132

Local operations

Indexed by TJLP, TR, IGP-M and CDI Basket of currencies	137,779	145,105	5,594,095	5,451,570	101,294	101,293	5,338,366	5,176,518
Loans in U.S. dollars	2,502	2,746	5,838	7,094	2,502	2,746	5,838	7,094
Non-convertible debentures			701,035	837,718			701,035	769,440
Accrued charges			6,003,649	6,000,576			5,500,000	5,500,000
	277,224	177,975			277,224	177,975		
	417,505	325,826	12,304,617	12,296,958	381,020	282,014	11,545,239	11,453,052
	3,657,833	1,397,378	35,261,112	38,303,736	674,630	611,928	12,070,959	12,180,184

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

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

	Consolidated		Parent Company	
2010	1,837,014	5%	1,579,988	13%
2011	5,158,388	15%	280,774	2%
2012	2,364,462	7%	325,168	3%
2013	5,861,940	17%	4,303,412	36%
2014 onwards	19,387,380	55%	5,581,617	46%
No due date (Perpetual notes and non-convertible debentures)	651,928	1%		0%
	35,261,112	100%	12,070,959	100%

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

	Consolidated	Parent Company
Up to 3%	11,493,426	1,510,045
3.1% to 5%	178,414	2,362
5.1% to 7%(*)	13,334,301	765,589
7.1% to 9%(*)	9,991,684	6,886,791
9.1% to 11%	1,737,274	1,549,319
Over 11% (*)	2,031,483	2,031,483
Variable (Perpetual notes)	152,363	
	38,918,945	12,745,589

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

derivatives to hedge the Company exposure against the variations of floating debt denominated in reais. The contract value for these operations is R\$ 10,875 million, where R\$ 5,743 million has an original interest rate between 7.1% and 9%, and the remaining amount has real interest rate above 9%. After the derivatives contract, the average cost of these operations is equivalent to 4.64%.

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

	09/30/09	06/30/09	09/30/08
TJLP Long-Term Interest Rate (effective rate)	1.6	1.6	1.5
IGP-M General Price Index Market	(0.4)	(0.3)	1.6
Devaluation of Real against United States Dollar	9.8	18.6	20.0

In September, 2009, Vale issued US\$ 1,000 million of 10-year notes through its wholly-owned subsidiary Vale Overseas, fully and unconditionally guaranteed by Vale. The notes due 2019 will bear a coupon of 5 5/8% per year, payable semi-annually, at a price of 99.23% of the principal amount. These notes were priced with a spread of 225 basis points over U.S. Treasuries, resulting in a yield to maturity of 5.7% per year.

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

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

Additionally, we have revolving credit lines available under which amounts can be drawn down and repaid at the option of the borrower. At September 30, 2009, the total amount available under revolving credit lines was US\$1,900, of which US\$1,150 was granted to Vale International and the balance to Vale Inco. As of September 30, 2009, neither Vale International nor Vale Inco had drawn any amounts under these facilities.

At September 30, 2009 the outstanding debt was R\$ 38,918,945 (June 30, 2009 R\$ 39,701,114), of which R\$ 295,224 (June 30, 2009 R\$ 351,471) is collateralized by future receivables from certain export sales by the subsidiary CVRD

Overseas Ltd. Loans, R\$1,041,462 (June 30, 2009 R\$532,788) guaranteed by other actual assets. Besides, there are loans in the amount of R\$59,706 (June 30, 2009 R\$89,070) from international lenders guaranteed by Brazilian Federal Government, to which the Company has provided guarantees in the same amount. The remaining long-term debt of R\$37,522,553 (June 30, 2009 R\$38,727,785), of which R\$13,346,726 (June 30, 2009 R\$12,687,035) of fixed rate notes denominated in dollar and R\$24,175,827 (June 30, 2009 R\$26,040,750) of other debts there are no guarantees. Some long-term debt instruments have financial coverage. The main financial coverage relates to certain ratios that must be maintained, such as debt versus EBITDA and interest coverage. The Company is in full compliance with financial coverage required.

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

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

In addition to the provisions recorded, there are other contingent liabilities, split between taxes, labor and civil claims, estimated as possible losses in the amount of R\$ 8,332,128 (R\$ 3,840,486 for the parent Company).

Contingent Liabilities

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

	Consolidated		Parent Company	
	09/30/09	06/30/09	09/30/09	06/30/09
I) Tax contingencies	2,243,659	2,356,046	1,205,401	1,186,497
(-) Judicial deposits	(1,079,516)	(1,064,071)	(1,016,331)	(937,925)
	1,164,143	1,291,975	189,070	248,572
II) Civil contingencies	698,774	630,133	532,439	536,428
(-) Judicial deposits	(41,881)	(39,655)	(1,694)	
	656,893	590,478	530,745	536,428
III) Labor contingencies	1,148,261	1,121,299	974,287	935,582
(-) Judicial deposits	(45,177)	(58,831)	(26,831)	(44,854)
	1,103,084	1,062,468	947,456	890,728
IV) Environmental contingencies	40,737	34,308	12,468	12,083
Total accrued liabilities	2,964,857	2,979,229	1,679,739	1,687,811
	09/30/09	06/30/09	09/30/09	06/30/09
Balance at the beginning of the period	2,979,229	2,984,338	1,687,811	1,692,372
Provisions, net of reversals	44,453	23,496	(72,776)	(43,319)
Payment	(11,444)	(8,465)	(11,444)	(8,434)
Monetary update	(43,364)	(31,318)	138,225	91,290
Judicial deposits	(4,017)	11,178	(62,077)	(44,098)
Balance at the end of period	2,964,857	2,979,229	1,679,739	1,687,811

I) Tax Contingencies:

The major suits are:

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

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

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

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

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

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

II) Civil Contingencies:

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

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

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

Other commitments

(a) In connection with a tax-advantaged lease financing arrangement sponsored by the French Government, Vale provided certain guarantees on behalf of Vale Inco New Caledônia (VINC) pursuant to which it was guaranteed payments due from VINC of up to a maximum amount of US\$ 100 millions (Maximum Amount) in connection with an indemnity. The Company also provided an additional guarantee covering the payments due from VINC of (a) amounts exceeding the Maximum Amount in connection with the indemnity and (b) other amounts payable by VINC under a lease agreement covering certain assets. As at September 30, 2009, such guarantees totaled US\$ 159 millions including the US\$ 100 millions.

During the second quarter two new bank guarantees totaling 43 millions were established by the Company on behalf of VINC in favor of the South Province of New Caledonia in order to guarantee the performance of VINC with respect to certain environmental obligations in relation to the metallurgical plant and the Kwe West residue storage facility.

Sumic Nickel Netherlands B.V., a 21% shareholder of VINC, has a put option to sell to Vale 25%, 50%, or 100% of the shares they own of VINC. The put option can be exercised if the defined cost of the initial nickel-cobalt development project exceeds US\$ 4,2 billions at project rates and an agreement cannot be reached on how to proceed with the project.

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

In February 2009, Vale Inco Newfoundland and Labrador Limited (VINL), Vale's subsidiary, entered into a fourth amendment to the Voisey's Bay Development agreement with the Government of Newfoundland and Labrador, Canada, that permitted VINL to ship up to 55,000 metric tonnes of nickel concentrate from the Voisey's Bay area mines. As part of the agreement, VINL agreed to provide the Government of Newfoundland and Labrador financial assurance in the form of letters of credit each in the amount of \$ 16 million Canadian-dollar for each shipment of nickel concentrate shipped out of the province from January 1, 2009 to August 31, 2009. The maximum amount of this financial assurance is \$ 112 millions Canadian-dollar based on seven shipments of nickel concentrate. As at September 30, 2009, all seven of the letters of credit had been issued totaling \$ 112 millions Canadian-dollar.

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

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

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

In April and in September, 2009, the Company paid interest on debentures in the amount of R\$ 7,879 and R\$ 7,231, respectively.

Table of Contents**6.16- Provision for Asset Retirement Obligations**

	Consolidated		Parent Company	
	09/30/09	06/30/09	09/30/09	06/30/09
Provisions in the beginning of year	2,009,547	2,067,730	886,739	894,997
Accretion expense	41,460	27,848	32,969	17,606
Liabilities settled in the current period	(13,190)	(27,651)	(12,479)	(25,864)
Revisions in estimated cash flows		21,854		
Cumulative translation adjustment	(19,505)	(80,234)		
Provisions in the end of year	2,018,312	2,009,547	907,229	886,739
Current	52,073	63,898	22,015	32,885
Non-current	1,966,239	1,945,649	885,214	853,854
	2,018,312	2,009,547	907,229	886,739

6.17- Pension Plan

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

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

In the 2008 year-end financial statements, Vale disclosed that it expected to contribute R\$ 837,978 to its defined benefit plans in 2009. As of September 30, 2009, R\$ 454,340 had been contributed. The Company does not expect significant changes in the estimates disclosed in 2008.

	Consolidated								
	3Q/09			Quarter 2Q/09			3Q/08		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period	5,354	20,018	6,386	5,355	21,533	8,758	5,116	25,012	10,793
Interest cost on projected benefit obligation	153,518	117,704	39,023	153,518	117,312	43,321	139,017	106,151	33,885
Expected return on assets	(211,488)	(85,953)	(1,820)	(211,487)	(95,516)		(231,526)	(104,501)	
Amortization of initial transitory obligation	6,786	7,279	(7,227)	11,309	1,958	(11,694)	(2,495)	3,335	(3,335)

Net periodic pension cost	(45,830)	59,048	36,362	(41,305)	45,287	40,385	(89,888)	29,997	41,343
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	Consolidated Accumulated					
	09/30/09			09/30/08		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period	14,279	67,003	25,017	13,643	84,365	34,126
Interest cost on projected benefit obligation	409,382	359,037	127,070	370,711	317,393	107,150
Expected return on assets	(563,967)	(281,563)	(1,820)	(617,403)	(329,562)	
Amortization of initial transitory obligation	18,095	27,748	(35,082)	(6,654)	3,335	(10,041)
Net periodic pension cost	(122,211)	172,225	115,185	(239,703)	75,531	131,235

	Parent Company Quarter								
	3Q/09			2Q/09			3Q/08		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period	5,354		927	5,355		928	5,116		788
Interest cost on projected benefit obligation	153,518	19,435	8,086	153,518	19,434	8,085	139,017	17,776	7,206
Expected return on assets	(211,488)	(11,341)		(211,487)	(11,341)		(231,526)	(7,789)	
Amortization of initial transitory obligation	6,786		52	11,309		51	(2,495)		
Net periodic pension cost	(45,830)	8,094	9,065	(41,305)	8,093	9,064	(89,888)	9,987	7,994

	Parent Company Accumulated					
	09/30/09			09/30/08		
	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits	Overfunded pension plans	Underfunded pension plans	Underfunded other benefits
Service cost benefits earned during the period	14,279			2,473	13,643	2,102

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Interest cost on projected benefit obligation	409,382	51,826	21,562	370,711	47,401	19,216
Expected return on assets	(563,967)	(30,243)		(617,403)	(20,770)	
Amortization of initial transitory obligation	18,095		138	(6,654)		
Net periodic pension cost	(122,211)	21,583	24,173	(239,703)	26,631	21,318

Table of Contents**6.18- Long-term Incentive Compensation Plan**

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

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

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

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

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

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

As of September 30, 2009, the amount accrued to support this plan is R\$ 70,633 (R\$ 67,777 as of June 30, 2009), fully recognized in the statement of income.

6.19- Paid-up Capital

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

On July 2008, the Company issued 256,926,766 common shares and 164,402,799 preferred shares through a global offering, in Brazil and abroad.

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

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

As of September 30, 2009, the Company's capital is R\$ 47,434,193, corresponding to 5,365,304,100 shares, without par value.

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

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

Table of Contents**6.20- Funds linked to Future Mandatory Conversion into Shares**

Vale issued mandatory convertible notes, as follows:

Headings	Date		Value (In thousands of reais)		Cupom
	Emission	Expiration	Gross	Net of charges	
Tranches RIO e RIO P.	June/2007	June/2010	3,601	3,064	5,50% a.a.

Tranches VALE - 2012

Tranches VALE P - 2012	July/2009	July/2012	1,858	1,523	6,75% a.a.
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The notes pay a coupon quarterly and are entitled to an additional remuneration equivalent to the cash distribution paid to ADS holders. These notes were classified as a capital instrument, mainly due to the fact that neither the Company nor the holders have the option to settle the operation, whether fully or partially, with cash, and the conversion is mandatory; consequently, they were recognized as a specific component of shareholders' equity, net of financial charges.

The funds linked to future mandatory conversion, net of charges are equivalent to the maximum of common shares and preferred shares, as follows. All the shares are currently held in treasury (see note 6.21).

Headings	Maximum amount of action		Value (In thousands of reais)	
	Common	Preferred	Common	Preferred
Tranches RIO e RIO P.	56,582,040	30,295,456	2,111	953

Tranches VALE - 2012

Tranches VALE P - 2012	18,415,859	47,284,800	473	1,050
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On April 30, 2009 Vale paid additional interests to the holders of mandatory convertible notes from tranches VALE (former, RIO) and VALE P (former, RIO-P), in the amount of R\$ 1.073721 and R\$ 1.274361 per note, respectively.

On October 30, 2009 (subsequent event) Vale will pay additional interests to the holders of mandatory convertible notes from tranches RIO, RIO-P, VALE-2012 and VALE.P-2012 in the amount of R\$ 0.857161, R\$ 1.017334, R\$ 1.236080 and R\$ 1.429662, respectively.

6.21- Treasury Stock

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

As of September 30, 2009, 152,579,803 shares were held in the treasury, totaling R\$ 2,470,698 as follows:

Class	Shares		Unit acquisition cost			Average quoted market price	
	Quantity		Average	Low	High	09/30/09	06/30/09
	09/30/09	06/30/09					
Preferred	77,581,904	77,625,704	23.56	21.02	27.96	32.74	31.73
Common	74,997,899	74,997,899	37.07	23.33	31.00	37.24	36.81
	152,579,803	152,623,603					

6.22- Compensation of Stockholders

On April 30, 2009, the Company paid its stockholders the amount of R\$ 2,734,500 in the form of dividends.

On October 15, 2009 (subsequent period) the Board of Directors approved the payment of the second tranche of the minimum dividend and an additional dividend, totaling R\$ 2,564,850, corresponding to R\$ 0.492036226 per common or preferred share in circulation.

Table of Contents**6.23- Financial Results**

	3Q/09	Consolidated Quarter 2Q/09	3Q/08
Financial expenses			
Interest	(401,808)	(457,354)	(509,184)
Labor, tax and civil contingencies	(35,765)	(29,235)	(40,093)
Others	(478,060)	(249,530)	(197,042)
	(915,633)	(736,119)	(746,319)
Financial income			
Related parties			1,041
Financial statements	143,270	198,818	431,063
Others	57,472	27,841	34,641
	200,742	226,659	466,745
Derivatives	634,545	1,814,648	(1,111,776)
Monetary and exchange rate variation:			
Cash and cash equivalents	(755,088)	(2,282,057)	1,988,222
Loans	2,273,186	4,693,405	(4,768,344)
Others	(1,238,834)	(1,142,255)	2,144,804
Net	279,264	1,269,093	(635,318)
Financial income (expenses), net	198,918	2,574,281	(2,026,668)

	Accumulated			
	Consolidated		Parent Company	
	09/30/09	09/30/08	09/30/09	09/30/08
Financial expenses				
Interest	(1,434,856)	(1,509,991)	(1,790,585)	(2,050,735)
Labor, tax and civil contingencies	(102,998)	(131,795)	(98,929)	(121,840)
Others	(830,974)	(822,510)	(533,293)	(354,386)
	(2,368,828)	(2,464,296)	(2,422,807)	(2,526,961)
Financial income				
Related parties	169	6,492	211,593	156,921
Financial statements	617,643	527,453	293,874	397,489
Others	122,333	100,708	26,610	10,218

	740,145	634,653	532,077	564,628
Derivatives	2,492,968	(490,204)	2,257,219	(162,174)
Monetary and exchange rate variation:				
Cash and cash equivalents	(3,198,885)	1,850,478	(32,972)	1,271,686
Loans	7,262,029	(2,037,323)	489,762	(898)
Partes Relacionadas			7,900,470	(1,999,713)
Others	(2,515,486)	1,012,810	471,458	(206,662)
Net	1,547,658	825,965	8,828,718	(935,587)
Financial income (expenses), net	2,411,943	(1,493,882)	9,195,207	(3,060,094)

6.24- Financial Instruments Derivatives

Risk Management Policy

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

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

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

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

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

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

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

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

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

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

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

Interest rates;

Foreign exchange;

Products prices;

Input and other costs.

Fair value computation methodology

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

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

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

receiving leg and paying leg of the swap is the fair value.

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

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

Table of Contents**Value at Risk computation methodology**

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

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

Sensitivity Analysis

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

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

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

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

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

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

Contracts subjected to margin calls

Vale has contracts subject to margin calls only for part of copper and nickel trades executed by its wholly-owned subsidiary Vale Inco Ltd. The total amount deposited in cash in September 2009 was not relevant.

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

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

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

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

Protection program for the Real denominated debt indexed to TJLP

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

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

Foreign Exchange cash flow hedge

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

Table of Contents**Protection program for the Euro denominated floating rate debt**

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

Protection program for the USD floating rate debt

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

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

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

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

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

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

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

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

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

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

Embedded Derivatives

Energy purchase energy purchase agreement between Albras, Vale's controlled subsidiary, and Eletronorte. The contract has a clause that defines that a premium can be charged if aluminum prices trades in the range

from US\$ 1,450/t until US\$ 2,773/t. This clause is considered an embedded derivative.

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

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Foreign exchange and interest rate risk

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

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

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

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

On September 30th, 2009, the total amount and interests of Brazilian Real denominated debt converted through swaps into US Dollars was US\$ 6.1 billion, with an average cost in dollars of 4.64% after the swaps transactions were implemented and maturity between November 2010 and December 2027, with semi-annual interest payments^a.

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

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

On the third quarter of 2009, Vale paid in Brazilian Reais an interest amount equivalent to R\$ 134 million related to the Real denominated debt that were converted into U.S. Dollars through the use of swap transactions. However, the company has received R\$ 57 million on the settlement of the swaps, offsetting the U.S. Dollar / Brazilian Real exchange rate variation impact in Vale debt service.

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

Protection program for the Real denominated debt and loans

Flow	Notional (\$ million)	Average Index	Unrealized Gain/Loss (R\$ million)	Realized		Unrealized Gain/Loss by year (R\$ million) *
				Gain/Loss (R\$ million)	VaR (R\$ million)	
	30-set-09	30-jun-09	30-set-09	30-jun-09	30-set-09	2010 2012 2013 2014 2015 2019
Swap CDI vs. fixed rate swap						
Receivable R\$	7.574	R\$ 7.574	100%	7.913	7.906	599

				+																
Payable	USD	3.670	USD	3.670	USD	5.9%	(6.920)	(7.608)	(348)											
Net							993	298	251	228	916	108							(31)	
Swap CDI																				
vs. floating rate swap																				
Receivable	R\$	792	R\$	792	USD	7%	830	836	73											
Payable	USD	430	USD	430	LIBOR	5%	(760)	(807)	(25)											
Net							70	29	48	28	60								10	
Swap TJLP vs. fixed rate swap																				
Receivable	R\$	1.547	R\$	1.320	TJLP	6%	1.448	1.169	78											
Payable	R\$	769	R\$	652	USD	3%	(1.311)	(1.092)	(66)											
Net							137	77	12	49								162	(2)	(23)
Swap TJLP vs. floating rate swap																				
Receivable	R\$	658	R\$	640	TJLP	4%	618	617	13											
Payable	USD	385	USD	375	LIBOR	1%	(623)	(594)	(8)											
Net							(5)	23	5	37								(11)	6	

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

- a With the exception of a US\$ 685 million debt with monthly and quarterly interest and amortization payments.

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

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

Flow	Notional		Index	Average rate	Unrealized Gain/Loss		Realized Gain/Loss VaR		Unrealized Gain/Loss by year		
	(\$ million)				(R\$ million)		(R\$ million)	(R\$ million)	(R\$ million)		
	30-set-09	30-jun-09			30-set-09	30-jun-09	30-set-09	30-set-09	2009	2010	2011
Receivable	R\$ 651	R\$ 378	Fixed	6,38%	361,5	354,0					
Payable	USD 326	USD 190	USD	+ 0%	(321,4)	(348,0)					
Net					40,1	6,0	0,0	9,3			40,1

Protection program for the Euro denominated floating rate debt

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

Flow	Notional		Index	Average rate	Unrealized Gain/Loss		Realized Gain/Loss VaR		Unrealized Gain/Loss by year		
	(\$ million)				(R\$ million)		(R\$ million)	(R\$ million)	(R\$ million)		
	30-set-09	30-jun-09			30-set-09	30-jun-09	30-set-09	30-set-09	2009	2010	2011
EUR floating rate vs. USD floating rate swap											
Receivable	6	6	EUR	Euribor% + 0,875	15,8	16,7	3,8				
Payable	USD 7	USD 7	USD	Libor +% 1,0425	(12,2)	(13,3)	(2,9)				
Net					3,6	3,4	0,9	0,3	0,7	1,5	1,4

Protection program for the USD floating rate debt

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

Notional	Realized Gain/Loss	VaR
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Flow	(\$ million)		Average Index rate	Unrealized Gain/Loss (R\$ million)		Realized Gain/Loss (R\$ million)		Unrealized Gain/Loss by year (R\$ million)		
	30-set-09	30-jun-09		30-set-09	30-jun-09	30-set-09	30-set-09	2009	2010	2011
			3M USD LIBOR	355,2	390,0	3,5				
Receivable Payable	USD 200	USD 200	USD 4,795%a.a.	(372,9)	(411,0)	(14,8)				
Net				(17,7)	(21,0)	(11,3)	0,8	(4,0)	(10,5)	(3,2)

Foreign Exchange protection program for Coal Fixed Price Sales

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

Flow	Notional (\$ million)		Buy/ Sell (AUD/USD)	Average rate	Unrealized Gain/Loss (R\$ million)		Realized Gain/Loss (R\$ million)		Unrealized Gain/Loss by year (R\$ million)		
	30-set-09	30-jun-09			30-set-09	30-jun-09	30-set-09	30-set-09	2009	2010	2011
Forward	AUD 52	AUD 60	B	0,66	18,4	16,0	5,3	1,7	4,1	12,2	2,1

Commodities prices, input and costs risk

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

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

Aluminum Strategic cash flow protection program

In order to protect the cash flow in 2009 and 2010, Vale entered into protection transactions for these periods.

Flow	Notional (ton)		Buy/ Sell	Average Strike (USD/ton)	Unrealized Gain/Loss (R\$ million)		Realized Gain/Loss (R\$ million)		Unrealized Gain/Loss by year (R\$ million)	
	30-set-09	30-jun-09			30-set-09	30-jun-09	30-set-09	30-set-09	2009	2010
Put	54.000	0	B	1.939	20,3	0,0	0,0			
Call	54.000	0	S	2.080	(15,2)	0,0	0,0			
Net					5,1	0,0	0,0	5,5		5,1
Forward	335.400	0	S	1.917	10,8	0,0	3,4	40,0	10,4	0,4

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Nickel Strategic cash flow protection program

In order to protect the cash flow in 2009 and 2010, Vale entered into protection transactions for these periods.

Notional (ton)	Unrealized Gain/Loss	Realized Gain/Loss	VaR	Unrealized Gain/Loss by year
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