Vale S.A.
Form 6-K
July 09, 2010

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

**July 2010**
**Vale S.A.**
Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

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

(Check One) Form 20-F þ Form 40-F o

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

(Check One) Yes o No þ

(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 o No þ

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

(Check One) Yes o No þ

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

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Press Relaease
Signatures

Press Relaease

**Vale**

Translation of Formulário de Referência 2009
(An informal translation of the report filed with the Comissão de Valores Mobiliários
on June 30, 2010, pursuant to Instrução CVM No. 480 anexo 24)

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## *1. RESPONSIBLE FOR THE FORM*

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**1.1 Declaration and Identification of those responsible**

Name of person responsible for the content of the form: Roger Agnelli
Title of responsible person: CEO / Director of Investor Relations
The officers qualified above, declare that:
a. they reviewed the form of reference
b. all information contained in the form meets the requirements of CVM Instruction 480, especially arts. 14 to 19; and
c. the information contained in the form is true, accurate and complete with respect to the issuer s financial situation and the risks inherent in its activities and the securities issued by it.

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*2. **AUDITORS***

**2.1 Independent Auditors:**

| Fiscal year closing December 31, 2009 | |
|---|---|
| a)Name of company responsible: | PricewaterhouseCoopers Auditores Independentes |
| b) Name of individual responsible: | Marcos Donizete Panassol / Ronaldo Matos Valiño |
| CPF/MF: | 063.702.238-67 / 908.975.447-49 |
| Telephone: | (21) 3232-6025 / (21) 3232-6072 |
| E-mail: | marcos.panassol@br.pwc.com / ronaldo.valino@br.pwc.com |
| c) Date of Hiring of Services: | 24.07.2009 30.06.2012 |
| d) Description of Scope of Services: | Professional services to audit the financial statements of Vale and its subsidiaries and affiliates, both for local and international work on the certification of internal controls for compliance with the *Section 404* of *Sarbanes-Oxley Act of 2002*, provision of services relating to audit and tax services for compliance with legal requirements. |
| e) Possible Substitution of Auditor: | Deloitte Touche Tohmatsu have been replaced by PricewaterhouseCoopers Auditors Independent. |
| i. Justification of Substitution | With the issuance of the Quarterly Information report on March 31, 2009, the contractual period of five years signed with Deloitte Touche Tohmatsu was closed, and the administration of Vale opted not to use the possibility of not replacing the independent auditors provided for in CVM Instruction No. 549/2008 and thus, voluntarily replaced its independent auditor with the consent of Deloitte Touche Tohmatsu. In accordance with CVM Instruction 308/99, Vale announced the change of auditor via correspondence DICT/EXT-107/2009 dated 29/06/2009. |
| ii. Possible reasons given by the auditor in disagreement with the rationale for issuing the replacement, as per CVM rules regarding this specific matter | Not applicable. |

| Fiscal year closing on December 31, 2007 and on December 31, 2008 | |
|---|---|
| a)Name of company responsible: | Deloitte Touche Tohmatsu Auditores Independentes |
| b) Name of individual responsible: | Marcelo Cavalcanti Almeida |
| CPF/MF: | 335.905.597-72 |
| Telephone: | (21) 3981-0577 / (21) 9982-6830 |
| E-mail: | mcavalcanti@deloitte.com |
| c) Date of Hiring of Services: | 27/02/2007 22/07/2009 |
| d) Description of Scope of Services: | Professional services to audit the financial statements of Vale and its subsidiaries and affiliates, provision of services relating to audit and tax services for compliance with legal requirements. |
| e) Possible Substitution of Auditor: | Not applicable. |
| i. Justification of Substitution | Not applicable. |
| ii. Possible reasons given by the auditor in disagreement with the rationale for issuing the replacement, as per CVM rules regarding this specific matter | Not applicable. |

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**2.2 Total amount of remuneration of auditors in the last fiscal year, itemized fees for the audit and those related to any other services provided:**

In the year ended December 31, 2009, the independent auditors received fees totaling R $ 20.773 million for services to Vale and its subsidiaries and $ 331,000 for providing services for companies with shared control by Vale.

| *R$ thousands* | Vale and Subsidiaries | Companies with shared control | Total |
|---|---|---|---|
| Audit Accounting | 16,891.9 | 266.3 | 17,158.2 |
| Audit Sarbanes Oxley | 2,951.1 | | 2,951.1 |
| Audit-Related Services | 173.0 | 64.5 | 237.5 |
| Tax Services | 704.0 | | 704.0 |
| Services Not Related to Auditing | 13.7 | | 13.7 |
| **Total Services** | **20,733.7** | **330.8** | **21,064.5** |

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

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

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

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### *3. SELECTED FINANCIAL INFORMATION*

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### 3.1 Selected Consolidated Financial Information

| | Fiscal Year Ended December 31 | | |
|---|---|---|---|
| | **2009** | **2008** | **2007** |
| a. Shareholders equity (in R$ thousand) | 95,736,974 | 96,274,640 | 57,029,465 |
| b. Total Assets (in R$ thousand) | 175,739,055 | 185,779,471 | 132,897,842 |
| c. Net Revenue (R$ thousand) | 48,496,566 | 70,540,994 | 64,763,466 |
| d. Gross Income (in R$ thousand) | 20,776,175 | 38,385,371 | 34,679,716 |
| e. Net Income (in R$ thousand) | 10,248,950 | 21,279,629 | 20,005,562 |
| f. Number of Shares, excluding treasury | 5,212,725 | 5,213,512 | 4,832,391 |
| g. Asset Value of Share (in R$) | 18.37 | 18.47 | 11.80 |
| h. Earnings per Share (in R$) | 1.96614 | 4.08163 | 4.13989 |
| i. Other selected financial information | n / a | n / a | n / a |

### 3.2 Accounting measurements

***a. value of accounting measurements***

The Company uses EBITDA (EBITDA) as a non-accounting measurement. In 2009, the EBITDA of the Company was established in the amount of R$ 18,649,012,000 (eighteen billion, six hundred and forty nine million and twelve thousand reais). In 2008 and 2007, these values were R$ 35,022,515,000 (thirty five billion, twenty two million, five hundred and fifteen thousand reais) and R$ 33,618,790,000 (thirty three billion, six hundred and eighteen million, seven hundred and ninety thousand reais), respectively.

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

| In R$ thousands | **2009** | **2008** | **2007** |
|---|---|---|---|
| **Operating profit EBIT** | **13,180,743** | **27,399,809** | **29,314,750** |
| Depreciation / Amortisation of goodwill | 5,446,951 | 5,112,446 | 4,170,469 |
| Reduction in recoverable value of intangible assets | | 2,447,000 | |
| | **18,627,694** | **34,959,255** | **33,485,219** |
| Dividends received | 21,318 | 63,260 | 133,571 |
| **EBITDA (LAJIDA)** | **18,649,012** | **35,022,515** | **33,618,790** |
| Depreciation / Amortisation of goodwill | (5,446,951) | (5,112,446) | (4,170,469) |
| Dividends received | (21,318) | (63,260) | (133,571) |
| Reduction in recoverable value of intangible assets | | (2,447,000) | |
| Corporate results | 116,180 | (1,324,580) | (2,404,794) |
| Proceeds from sale of investment | 93,139 | 138,879 | 1,457,636 |
| Net financial income | 1,952,295 | (3,837,534) | 277,479 |
| Income and social contribution | (4,925,478) | (664,728) | (7,085,573) |
| Minority interests | (167,929) | (432,217) | (1,553,936) |
| **Net income** | **10,248,950** | **21,279,629** | **20,005,562** |

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

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

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

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

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

The financial statements for the year ended December 31, 2009 were issued and filed with the CVM on February 10, 2010. Below is a description of subsequent events, which were included in the financial statements in compliance with the rules in IAS 24, approved by CVMº 593/09.

**Vale redeems securitization notes**

In January 2010, Vale announced the early redemption of all securitization notes for export receivables issued in September 2000 and July 2003. The total amount of the principal is US$ 27.5 million for notes from September 2000 with interest of 8.926% per annum and maturing in 2010 and US$ 122.5 million for the notes from July 2003 with interest at 4.43% per annum and maturing in 2013, totaling the early redemption of debt, at a total value of US$ 150 million.

**Vale sells Valesul assets**

In January 2010, the subsidiary Valesul Aluminio SA entered into an agreement to sell its aluminum assets, located in Rio de Janeiro, to Alumínio Nordeste SA, a subsidiary of the Metalis group, for US$ 31.2 million.

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

**Vale acquires assets of fertilizer**

In January 2010, Vale entered into a contract for purchase and sale of shares through its subsidiary Mineração Naque S.A., with Bunge Fertilizantes S.A. and Bunge Brasil Holdings B.V. to acquire a 100% stake in Bunge Participacoes e Investimentos SA (BPI), a company with assets and holdings in fertilizer companies in Brazil, for US$ 3.8 billion. BPI is controlled by Bunge Ltd. (Bunge), a company listed on the New York Stock Exchange (NYSE). BPI s asset portfolio consists of: (a) phosphate rock mines and phosphate processing plants, (b) direct and indirect stake of 42.3% in the total capital of Fertilizantes Fosfatados S.A. Fosfertil (Fosfertil) a company listed on the BM&F Bovespa exchange. The transaction does not involve retail businesses and / or distribution of fertilizers. Under the transaction, US$ 1.65 billion will be paid for by the BPI s assets of phosphate rock and phosphates, and the balance of US$ 2.15 billion refers to shares held directly and indirectly by BPI in Fosfertil.

In January 2010, as part of the process of acquiring 100% stake in BPI, Vale concluded, through its subsidiary Mineração Naque S.A. ( Naque ) (a) options contracts for sale of shares (options contracts) regarding shares issued by Fertifos Administração e Participações S.A. (Fertifos). Options contracts were concluded with Fertilizantes Heringer S.A. (Heringer) and Fertilizantes do Paraná Ltda. (Fertipar), and are subject to certain conditions, among which, the effective acquisition of the fertilizer business of the Bunge group in Brazil. These contracts grant to Naque the right to acquire up to 1.46% of the shares issued by Fertifos. The exercise price of the options contract with Fertipar is US$ 39,553,130.99, while the exercise price of the contract with Heringer is US $ 2,390,396.79, totaling US$ 41,943,527.77.

(b) option contract for the purchase and sale of shares (option contract) with Yara Brazil Fertilizers SA (Yara), regarding shares issued by Fertifos e Fosfertil a company listed on the BM&F Bovespa exchange. The option agreement was concluded with Yara, such contract being subject to certain conditions, among which the effective acquisition of the fertilizer business of the Bunge group in Brazil. This agreement grants Naque the right to acquire a direct and indirect stake of 15.46% in the capital of Fosfertil, accounting for 17.57% of common shares and 14.37% of preferred shares. The exercise price of the option contract with Yara is US$ 785,121,943.00, the same price per share being used as agreed with BPI, Heringer and Fertipar to acquire their shares in Fosfertil.

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In February 2010, also as part of the process of acquiring 100% stake in BPI, Vale concluded, through Naque, an option agreement with The Mosaic Company (Mosaic), a company listed on the New York Stock Exchange (NYSE), for shares owned by Mosaic issued by Fertifos e Fosfertil, a company listed on the BM&F Bovespa exchange. The exercise of the option contract is subject to certain conditions, among which the effective takeover of the fertilizer business of the Bunge group in Brazil. The agreement grants the right to Naque to acquire direct and indirect stakes of 20.27% in the capital of Fosfertil, accounting for 27.27% of common shares and 16.65% of preferred shares.
Upon completion of the acquisition of direct and indirect holdings of BPI, Heringer, Fertipar, Yara and Mosaic, Vale will hold a 78.90% stake in Fosfértil, accounting for 99.81% of common shares and 68.24% of preferred shares. The total price to be paid for acquiring the 78.90% stake in Fosfértil is US $ 4,006,876,600.55.
According to Law 6.404/76 and standards of the Brazilian capital market, and once the acquisition of the shares mentioned is completed, Vale will launch a mandatory tender offer to buy the remaining shares held by minority shareholders of Fosfértil, amounting to 0.19% of the total, for the same price per share agreed with BPI, Heringer, Fertipar, Yara and Mosaic.
Besides the acquisition of Fosfertil shares, Vale also signed a contract with Mosaic for the purchase of a processing plant located in Cubatao, state of São Paulo, for US$ 50 million. The plant has a nominal capacity to produce 300,000 metric tons per year of single superphosphate (SSP), the phosphate nutrient most used Brazil.

**3.4 Policy for allocation of results**

| | **Fiscal Year Ended December 31** | | |
|---|---|---|---|
| | **2009** | **2008** | **2007** |
| a. Rules on retention of profits | **Statutory Rule:** According to Article 43 of the Bylaws, there should be a consideration in the proposal for distribution of profits of the formation of (i) Exhaust Reserve, to be constituted in the form of tax legislation, and (ii) Investment Reserve for the purpose of ensuring the maintenance and development of activities that constitute the main object of the company, in an amount not exceeding 50% (fifty percent) of net income distributable up to the maximum capital of the company. | | |
| | **Practice adopted by the Company:** Of the total of R$ 10,287,467,859.00, R$ 6,653,281,672.35 (64.7%) were destined to a Reserve for expansion / investment and R$ 119,652,582.99 (1.16%) for the Tax Incentive Reserve. Of the total reserve for the expansion / investment, 50% was allocated based on statutory authorization and 14.7% was destined for the reserve based on the capital budget approved at the AGM. | **Practice adopted by the Company:** Of the total R$ 21,301,991,594.93, R$ 15,178,507,589.28 (71.3%) destined to a Reserve for expansion / investment. Of the total for the Reserve expansion / investment, 50% was sent based on statutory authorization, and 21.3% was destined for the reserve based on the capital budget approved by the AGM. | **Practice adopted by the Company:** Of the total of R$ 20,067,179,260.21, R$ 80,367,507.98 (0.4%) was destined to a Reserve for Tax Incentives and R$ 14,219,808,364.43 (70.9%) was destined to a Reserve for expansion / investment. Of the total for the Reserve expansion / investment, 50% was based on statutory authorization and 20.9% was destined for the reserve based on the capital budget approved by the AGM. |
| b. Arrangements for distribution of dividends | **Statutory Rule:** According to Article 44 of the bylaws, at least 25% (twenty five percent) of annual net profits, adjusted according to the law, will be provided for the payment of dividends. | | |

| | | | |
|---|---|---|---|
| | **Practice adopted by the Company:** 31% of annual net income was allocated to the payment of dividends | **Practice adopted by the Company:** 25% of annual net income was allocated to the payment of dividends | **Practice adopted by the Company:** 25% of annual net income was allocated to the payment of dividends |
| c. Frequency of dividend distribution | In accordance with the Dividend Policy adopted by Vale, payments are made semiannually in the months of April and October. | | |
| d. Restrictions to dividend distribution | n / a | n / a | n / a |

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**3.5 Summary of distributions of dividends and retained earnings occurred.**

| | Fiscal Year Ended December 31 | | |
|---|---|---|---|
| | **2009** | **2008** | **2007** |
| Adjusted net income for dividend payments (in R$) | 9,655,367,895.00 | 20,238,010,119.00 | 19,066,901,163.00 |
| Percentage of dividend over the adjusted net profit | 31.0 | 25.0 | 25.0 |
| Rate of return in relation to equity (%) | 11.0 | 22.0 | 35.0 |
| Dividend distributed (total) | 3,002,086,223.00 | 5,059,502,530.00 | 4,766,725,291.00 |
| Net income retained (in R$) | None | None | None |
| Date of approval of the retention | None | None | None |

| | **Amount (R$)** | **Payment date** | **Amount (R$)** | **Payment date** | **Amount (R$)** | **Payment date** |
|---|---|---|---|---|---|---|
| **Interest on Capital** | | | | | | |
| Common | 57,865,446.00 | 31/10/2009 | 1,281,510,820.00 | 31/10/2009 | 700,720,383.00 | 30/04/2008 |
| Common | 1,341,608,462.00 | 30/04/2010 | | | | |
| Preferred Class A | 36,937,363.00 | 31/10/2009 | 818,029,292.00 | 31/10/2009 | 1,040,451,237.00 | 31/10/2008 |
| Preferred Class A | 856,391,538.00 | 30/04/2010 | | | | |
| Common | | | | | 1,602,122,095.00 | 31/10/2008 |
| Preferred Class A | | | | | 449,774,617.00 | 30/04/2008 |
| **Mandatory Dividend** | | | | | | |
| Common | | | 136,691,882.00 | 31/10/2008 | 8,771,656.00 | 31/10/2007 |
| Common | | | 1,669,089,703.00 | 30/04/2009 | | |
| Preferred Class A | | | 88,880,536.00 | 31/10/2008 | 5,630,303.00 | 31/10/2007 |
| Preferred Class A | | | 1,065,410,297.00 | 30/04/2009 | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Common | | | | | 584,243,766.00 | 30/04/2008 |
| Preferred Class A | | | | | 375,011,234.00 | 30/04/2008 |
| **Other** | | | | | | |
| Common | 432,930,223.00 | 31/10/2010 | | | | |
| Preferred Class A | 276,535,191.00 | 31/10/2010 | | | | |

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

| Dividends distributed to (in R$ thousands): | Fiscal Year Ended December 31<br>2009 | 2008 | 2007 |
|---|---|---|---|
| Retained Earnings | | | |
| Constituted Reserves | 370,507 | 580,124 | 370,050 |

**3.7 Debt**

The information below refers to the consolidated financial statements of the Company.

| | Fiscal Year Ended 2009 |
|---|---|
| a. Total amount of debt of any kind (in R$ millions) | 74,194 |
| b. Debt ratio (current liabilities plus non-current, divided by net worth) | 77.5% |
| c. Another debt index | Total debt / EBITDA: 2.3 and EBITDA/Interest expenses: 10.25 |

*3.7.c (i) Method used to calculate the index*

Total debt / EBITDA and EBITDA / Interest expenses: Gross debt is the sum of Loans and short-term debt, Portion of the stock of long-term loans and Loans and long-term financing. EBITDA (EBITDA) is calculated as described in section 3.2.b of this reference form. Interest expenses include the sum of all the capitalized or accrued interest, paid or not, at any given time, which is a result of the debt of the beneficiary.

*3.7.c (ii) The reason why the administration believes that the debt ratios indicated are proper for the correct understanding of the financial situation and level of indebtedness of the Company*

Vale adopts the debt ratio debt / EBITDA and interest coverage ratio EBITDA / Interest expenses. These indices are widely used by the market (rating agencies and financial institutions) and serve as a benchmark to assess the financial situation of Vale.

The debt ratio Net debt / EBITDA indicates the approximate time it would take for a company to pay all its debts through cash generation.

The interest coverage ratio (EBITDA / Interest expenses) is used to determine the ability of business to generate cash flow to service its debt.

**3.8 Obligations of the Company in the fiscal year ended December 31, 2009, in line with the posted collateral and maturity date:**

| | Maturity | | | |
|---|---|---|---|---|
| In R$ | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | Over 5 years |
| Collateral | 331,884,908 | 480,060,418 | 335,112,878 | 454,297,537 |
| Floating Guarantee | 0 | 0 | 0 | 0 |
| Unsecured obligations | 1,500,000,000 | 0 | 4,000,000,000 | 0 |

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

In addition to the subsequent events set forth in 3.3 , the Company believes that the following events which have occurred recently are relevant:

**Vale issuing Eurobonds**

In March 2010, Vale priced the offering of 750 million in eight years bonds, due in March 2018, with a coupon of 4.375% per annum, payable annually.

The issue, which marker Vale s debut in the European debt market, had a demand response 10 times greater than the amount subscribed and the bonds were priced with a spread of 140 basis points over mid-swap , or a spread of 160.3 basis points over the return of the German Bund bonds, resulting in a yield to the investor of 4.441% per annum.

**Vale acquires Simandou**

In April 2010, Vale acquired from BSG Resources Ltd. (BSGR) a 51% stake in BSG Resources (Guinea) Ltd., which holds concessions for iron ore in Guinea, Simandou South (Zogota) and exploration permits in Simandou North (Blocks 1 & 2). Vale will pay for the acquisition of these assets US$ 2.5 billion, of which US $ 500 million cash (equivalent to R$ 865 million on the date of payment), and the remaining US$ 2 billion in stages subject to the achievement of specific milestones.

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

**Acquisition of fertilizer assets**

In May 2010, Vale completed the acquisition through its subsidiary Mineração Naque S.A., of a direct and indirect stake of 58.6% in the capital of Fertilizantes Fosfatados S.A. Fosfertil ( Fosfértil ) a company listed on the BM&F Bovespa exchange and Brazil s largest producer of fertilizer nutrients and the Brazilian fertilizer assets of Bunge Participacoes e Investimentos SA (BPI) for a total of US$ 4.7 billion. Of that amount, US$ 3.0 billion (equivalent to R$ 5.5 billion at the time of payment) refer to a direct and indirect stake of 58.6% in the capital of Fosfertil, which corresponds to 72.6% of common shares and 51.4% of the preferred shares of Bunge Fertilizantes S.A., Bunge Brasil Holdings B.V., Yara Brasil Fertilizantes S.A. ( Yara ), Fertilizantes Heringer S.A. ( Heringer ) e Fertilizantes do Paraná Ltda. ( Fertipar ) equivalent to a price per share of US$ 12.0185. The remaining US$ 1.7 billion (equivalent to R$ 3.1 billion at the time of payment) is attributable to the acquisition of the Brazilian fertilizer assets portfolio of BPI, which include phosphate rock mines and phosphate production units but does not include distribution / retail operations.

Under Brazilian corporate law and norms of the capital market, Vale will carry out a mandatory tender offer to be filed with the CVM, the Securities Commission to acquire 0.19% of common shares held by minority shareholders of Fosfertil at a value of US$ 12.0185 per share, converted into reais, the same price paid in dollars to other shareholders of Fosfertil.

Additionally, Vale holds a purchase option contract with The Mosaic Company (Mosaic), which grants the Company the option to acquire the direct and indirect interests of Mosaic in Fosfertil, accounting for 27.27% of common shares and 16.65 % of preferred shares and 20.27% of the share capital of Fosfertil, for US$ 1,029,811,129.77, at a price per share of US$ 12.0185. This transaction should be completed in the near future.

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**Restructuring the aluminum portfolio assets**

In May 2010, Vale signed an agreement with Norsk Hydro ASA (Hydro), to transfer all its shares in Alumínio Brasileiro S.A. (Albras), Alunorte Alumina do Norte do Brasil S.A. (Alunorte) and Companhia de Alumina do Pará (CAP),together with their respective exclusive rights and existing commercial contracts, for US$ 405 million in cash and a certain number of Hydro common shares. After a sharer offering to be held in future by Hydro, this number of shares will represent a 22% stake in Hydro. In addition, Hydro will assume net debt of US$ 700 million.

As part of this transaction, Vale will create a new company Bauxite JV and transfer the Paragominas bauxite mine and all its other bauxite mining rights in Brazil to Bauxite JV. When the transaction is completed, Vale will sell 60% of Bauxite JV to Hydro for US$ 600 million in cash. The remaining portion of 40% will be sold in two equal tranches of 20% in 2013 and 2015, for US$ 200 million each, in cash.

The transaction is subject to approvals of the appropriate governmental authorities and other customary applicable conditions.

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*4. **RISK FACTORS***

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**4.1 Risk factors which may influence investment decisions, especially related risks:**
**Risks relating to our business**

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

The mining industry is primarily a supplier of industrial raw materials. Industrial production tends to be the most cyclical and volatile component of global economic activity, which affects demand for minerals and metals. At the same time, investment in mining requires a substantial amount of funds in order to replenish reserves, expand production capacity, build infrastructure and preserve the environment. This structural characteristic is an important source of financial risk for the mining industry.

*Adverse economic developments in China could have a negative impact on demand for our products, on our revenues, cash flow and profitability.*

China has been the main driver of global demand for minerals and metals over the last few years. In 2009, Chinese demand represented 68% of global demand for seaborne iron ore, 44% of global demand for nickel, 39% of global demand for aluminum and 40% of global demand for copper. The percentage of our operating revenues attributable to sales to consumers in China was 38% in 2009. Although China largely withstood the recent global recession, a contraction of China s economic growth could result in lower demand for our products, leading to lower revenues, cash flow and profitability. Poor performance in the Chinese real estate sector, one of the largest consumers of carbon steel in China, could also negatively impact our results.

*A decline in demand for steel would adversely affect our business.*

Demand for our most important products depends on global demand for steel. Iron ore and iron ore pellets, which together accounted for 59% of our 2009 operating revenues, are used to produce carbon steel. Nickel, which accounted for 14% of our 2009 operating revenues, is used mainly to produce stainless and alloy steels. Demand for steel depends heavily on global economic conditions, but it also depends on a variety of regional and sectorial factors. The prices of different steels and the performance of the global steel industry are highly cyclical and volatile, and these business cycles in the steel industry affect demand and prices for our products. In addition, consolidation in the steel industry could result in vertical backward integration of the steel industry, which in turn could reduce the global seaborne trade of iron ore.

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

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

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

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

Demand for nickel could be adversely impacted by the substitution of other materials for nickel in present applications. Scrap nickel competes directly with primary nickel as a source of nickel for use in the production of stainless steel, and the choice between them is largely driven by their relative prices and availability. In 2009, the stainless steel scrap ratio fell from 49% to 43%. Nickel pig iron, a product developed by Chinese steel and alloy makers that utilizes low grade lateritic nickel ores, competes with other nickel sources in the production of stainless steel. In 2009, estimated nickel pig iron production increased 17%, representing 7% of global nickel output. Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current applications. In response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content (series 300) to stainless steels with either lower nickel content (series 200) or no nickel content (series 400), which would adversely affect demand for nickel.

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

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

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

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

Our financial performance may be negatively affected by regulatory, political, economic and social conditions in countries in which we have significant operations or projects, particularly Argentina, Australia, Brazil, Canada, Colombia, Indonesia, Mozambique, New Caledonia and Peru.

Our operations depend on authorizations and concessions from governmental regulatory agencies of the countries in which we operate. We are subject to laws and regulations in many jurisdictions that can change at any time, and changes in laws and regulations may require modifications to our technologies and operations and result in unanticipated capital expenditures.

Actual or potential political changes and changes in economic policy may undermine investor confidence, result in economic slowdowns and otherwise adversely affect the economic and other conditions under which we operate in ways that could have a material adverse effect on our business.

*Protests may complicate mining and logistics operations and projects.*

Protestors have already taken actions to disrupt our operations and projects, and they may continue to do so in the future. Although we vigorously defend ourselves against illegal acts, while supporting the communities living near our operations, future attempts by protestors to harm our operations could adversely affect our business.

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*We could be adversely affected by changes in government policies, including the imposition of new taxes or royalties on mining activities.*

Mining is subject to government regulation in the form of taxes and royalties, which can have an important financial impact on our operations. In the countries where we operate, governments may impose taxes, raise existing taxes and royalties, or change the basis on which they are calculated in a manner that unfavorable to us.

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

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

- We may encounter delays or higher than expected costs in obtaining the necessary equipment or services to build and operate a project.
- Our efforts to develop projects according to schedule may be hampered by a lack of infrastructure, including a reliable power supply.
- We may fail to obtain, or experience delays or higher than expected costs in obtaining, the required permits to build a project.
- Changes in market conditions or regulations may make a project less profitable than expected at the time we initiated work on it.
- Adverse mining conditions may delay and hamper our ability to produce the expected quantities of minerals.
- Some of our development projects are located in regions where tropical diseases, malaria, yellow fever and other contagious diseases such as AIDS are a major public health issue and pose health and safety risks to our employees.

*Our controlling shareholder has significant influence over Vale, and the Brazilian government has certain veto rights.*

As of December 31, 2009, Valepar S.A. owned 53.9% of our outstanding common stock and 33.3% of our outstanding capital. As a result of its share ownership, Valepar can control the outcome of some actions requiring shareholder approval.

The Brazilian government owns 12 golden shares of Vale, granting it limited veto power over certain company actions, such as changes to our name, the location of our headquarters and our corporate purpose as relates to mining activities.

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

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

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

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

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

Our operations involve the use, handling, discharge and disposal of hazardous materials into the environment and the use of natural resources, and nearly all aspects of our activities, products, services and projects around the world are subject to environmental, health and safety regulation, which may expose us to increased litigation or increased costs. Such regulations require us to obtain environmental licenses, permits and authorizations for our operations, and to conduct environmental impact assessments in order to get the approval for our projects and permission for initiating construction. Additionally, all significant changes to existing operations must also undergo the same procedure. Difficulties in obtaining permits may lead to construction delays or cost increases, and in some cases may lead us to postpone or even abandon a project.

Environmental regulation also imposes standards and controls on activities relating to mineral research, mining, pelletizing activities, railway and marine services, decommissioning, refining, distribution and marketing of our products. Such regulation may give rise to significant costs and liabilities.

In addition, community activist groups and other stakeholders may increase demands for environmentally sustainable practices, which could entail significant cost increases and reduce our profitability. Litigation relating to these or other matters may adversely affect our financial condition or cause harm to our reputation.

In recent years, environmental regulation in many countries in which we operate has become stricter, and it is possible that more regulation o pollution emission or more aggressive enforcement of existing regulations will adversely affect us by imposing restrictions on our activities and products, creating new requirements for the issuance or renewal of environmental licenses, raising our costs or requiring us to engage in expensive reclamation efforts.

Concern over climate change, and efforts to comply with international undertakings under the Kyoto Protocol, could lead governments to impose limits on carbon emissions applicable to our operations, which could adversely affect our operating costs or our capital expenditure requirements. For example, the Brazilian government passed a carbon emissions law in December 2009, although it has not yet promulgated rules establishing specific limits on carbon emissions from mining activities.

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

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

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

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

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

- establish mineral reserves through drilling;
- determine appropriate mining and metallurgical processes for optimizing the recovery of metal contained in ore;
- obtain environmental and other licenses;
- construct mining, processing facilities and infrastructure required for greenfield properties; and
- obtain the ore or extract the minerals from the ore.

If a project proves not to be economically feasible by the time we are able to exploit it, we may incur substantial write-offs. In addition, potential changes or complications involving metallurgical and other technological processes arising during the life of a project may result in cost overruns that may render the project not economically feasible.

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

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

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

A substantial number of our employees, and some of the employees of our subcontractors, are represented by labor unions and are covered by collective bargaining or other labor agreements, which are subject to periodic negotiation. Negotiation may become more difficult in times of higher prices. The right to strike is recognized in almost all of the countries where we have operations, so that plants in operation or essential projects, both ours and those of our service providers, could be affected by strikes and other stoppages. A number of our employees at our Canadian nickel operations in Sudbury, Port Colborne and Voisey s Bay have been on strike since mid-2009, which has resulted in reduced production from these operations.