

Vale S.A.
Form 6-K
February 11, 2010

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

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

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

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

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

(Check One) Yes No

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

(Check One) Yes No

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

(Check One) Yes No

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

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Press Release

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PricewaterhouseCoopers
Rua da Candelária, 65 11°. 14°. 15° e 1
Cjs. 1302 a 1304
2009 1-020 Rio de Janeiro RJ Brasil
Caixa Postal 949
Telefone (21) 3232-6112
Fax (21) 2516-6319
pwc.com/br

**Report of Independent Registered
Public Accounting Firm**

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of comprehensive income, of cash flows and of changes in stockholders' equity present fairly, in all material respects, the financial position of Vale S.A. (formerly Companhia Vale do Rio Doce) and its subsidiaries (Company) at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on internal control over financial reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As discussed in Note 2(a) to the consolidated financial statements, the Company changed its method of accounting for minority interest (now termed non controlling interests) effective January 1, 2009 and, retrospectively, adjusted the financial statements as of December 31, 2008 and 2007 and for the years then ended.

PricewaterhouseCoopers
Auditores Independentes
Rio de Janeiro, Brazil
February 10, 2010

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Management's Report on Internal Control over Financial Reporting

The management of Vale S.A (Vale) is responsible for establishing and maintaining adequate internal control over financial reporting.

The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate.

Vale's management has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2009 based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission – COSO. Based on such assessment and criteria, Vale's management has concluded that the company's internal control over financial reporting was effective as of December 31, 2009.

The effectiveness of the company's internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers Auditores Independentes, an independent registered public accounting firm, as stated in their report which appears herein.

February 10, 2010
Roger Agnelli
Chief Executive Officer
Fábio de Oliveira Barbosa
Chief Financial Officer

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Expressed in millions of United States dollars

	As of December 31	
	2009	2008
Assets		
Current assets		
Cash and cash equivalents	7,293	10,331
Short-term investments	3,747	2,308
Accounts receivable		
Related parties	79	137
Unrelated parties	3,041	3,067
Loans and advances to related parties	107	53
Inventories	3,196	3,896
Deferred income tax	852	583
Unrealized gains on derivative instruments	105	
Advances to suppliers	498	405
Recoverable taxes	1,511	1,993
Others	865	465
	21,294	23,238
Non-current assets		
Property, plant and equipment, net	67,637	48,454
Intangible assets	1,173	875
Investments in affiliated companies, joint ventures and others	4,585	2,408
Other assets		
Goodwill on acquisition of subsidiaries	2,313	1,898
Loans and advances		
Related parties	36	
Unrelated parties	158	77
Prepaid pension cost	1,335	622
Prepaid expenses	235	223
Judicial deposits	1,143	1,141
Advances to suppliers energy	511	408
Recoverable taxes	817	394
Unrealized gains on derivative instruments	865	93
Others	177	161
	7,590	5,017
TOTAL	102,279	79,992

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

	(Continued)	
	As of December 31	
	2009	2008
Liabilities and stockholders equity		
Current liabilities		
Suppliers	2,309	2,261
Payroll and related charges	864	591
Current portion of long-term debt	2,933	633
Short-term debt	30	
Loans from related parties	19	77
Provision for income taxes	173	502
Taxes payable and royalties	124	55
Employees postretirement benefits	144	102
Railway sub-concession agreement payable	285	400
Unrealized losses on derivative instruments	129	
Provisions for asset retirement obligations	89	48
Minimum mandatory dividends payable	1,464	2,068
Other	618	500
	9,181	7,237
Non-current liabilities		
Employees postretirement benefits	1,970	1,485
Long-term debt	19,898	17,535
Provisions for contingencies (Note 20 (b))	1,763	1,685
Unrealized losses on derivative instruments	9	634
Deferred income tax	5,755	4,005
Provisions for asset retirement obligations	1,027	839
Debentures	752	379
Other	1,427	1,146
	32,601	27,708
Redeemable noncontrolling interest (Note 4 (b))	731	599
Commitments and contingencies (Note 20)		
Stockholders equity		
Preferred class A stock 7,200,000,000 no-par-value shares authorized and 2,108,579,618 (2008 2,108,579,618) issued	9,727	9,727
Common stock 3,600,000,000 no-par-value shares authorized and 3,256,724,482 (2008 3,256,724,482) issued	15,262	15,262

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Treasury stock 77,581,904 (2008 76,854,304) preferred and 74,997,899 (2008 74,937,899) common shares	(1,150)	(1,141)
Additional paid-in capital	411	393
Mandatorily convertible notes common shares	1,578	1,288
Mandatorily convertible notes preferred shares	1,225	581
Other cumulative comprehensive loss	(1,808)	(11,510)
Undistributed retained earnings	28,508	18,340
Unappropriated retained earnings	3,182	9,616
Total Company stockholders equity	56,935	42,556
Noncontrolling interests	2,831	1,892
Total stockholders equity	59,766	44,448
TOTAL	102,279	79,992

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

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

	Three-month period ended (unaudited)			Year ended of December, 31		
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008	2007
Operating revenues, net of discounts, returns and allowances						
Sales of ores and metals	5,366	5,824	6,052	19,915	32,779	28,441
Aluminum products	611	529	779	2,050	3,042	2,722
Revenues from logistic services	307	317	310	1,104	1,607	1,525
Other products and services	257	223	301	870	1,081	427
	6,541	6,893	7,442	23,939	38,509	33,115
Taxes on revenues	(208)	(187)	(187)	(628)	(1,083)	(873)
Net operating revenues	6,333	6,706	7,255	23,311	37,426	32,242
Operating costs and expenses						
Cost of ores and metals sold	(2,899)	(2,663)	(2,730)	(10,026)	(14,055)	(13,628)
Cost of aluminum products	(571)	(535)	(529)	(2,087)	(2,267)	(1,705)
Cost of logistic services	(235)	(201)	(190)	(779)	(930)	(853)
Other	(290)	(192)	(71)	(729)	(389)	(277)
	(3,995)	(3,591)	(3,520)	(13,621)	(17,641)	(16,463)
Selling, general and administrative expenses	(378)	(289)	(708)	(1,130)	(1,748)	(1,245)
Research and development expenses	(296)	(231)	(295)	(981)	(1,085)	(733)

Impairment of goodwill			(950)		(950)	
Other	(561)	(302)	(719)	(1,522)	(1,254)	(607)
	(5,230)	(4,413)	(6,192)	(17,254)	(22,678)	(19,048)
Operating income	1,103	2,293	1,063	6,057	14,748	13,194
Non-operating income (expenses)						
Financial income	65	98	247	381	602	295
Financial expenses	(548)	(430)	(399)	(1,558)	(1,765)	(2,517)
Gains (losses) on derivatives, net	296	341	(586)	1,528	(812)	931
Foreign exchange and indexation gains (losses), net	17	119	(241)	675	364	2,553
Gain (loss) on sale of assets	(190)	73		40	80	777
	(360)	201	(979)	1,066	(1,531)	2,039
Income before income taxes and equity results	743	2,494	84	7,123	13,217	15,233
Income taxes						
Current	583	(696)	966	(2,084)	(1,338)	(3,901)
Deferred	173	(230)	219	(16)	803	700
	756	(926)	1,185	(2,100)	(535)	(3,201)
Equity in results of affiliates, joint ventures and other investments	71	155	125	433	794	595
Net income	1,570	1,723	1,394	5,456	13,476	12,627

Net income attributable to noncontrolling interests	51	46	27	107	258	802
Net income attributable to the Company's stockholders	1,519	1,677	1,367	5,349	13,218	11,825
Basic and diluted earnings per share attributable to Company's stockholders						
Earnings per preferred share	0.28	0.31	0.25	0.97	2.58	2.41
Earnings per common share	0.28	0.31	0.25	0.97	2.58	2.41
Earnings per preferred share linked to convertible mandatorily notes (*)	0.52	0.50	0.76	1.71	4.09	3.30
Earnings per common share linked to convertible mandatorily notes (*)	0.59	0.59	0.81	2.21	4.29	3.51

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

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

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Expressed in millions of United States dollars

	Three-month period ended (unaudited)			Year ended of December, 31		
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008	2007
Cash flows from operating activities:						
Net income	1,570	1,723	1,394	5,456	13,476	12,627
Adjustments to reconcile net income to cash from operations:						
Depreciation, depletion and amortization	799	721	568	2,722	2,807	2,186
Dividends received	243		116	386	513	394
Equity in results of affiliates, joint ventures and other investments	(71)	(155)	(125)	(433)	(794)	(595)
Deferred income taxes	(173)	230	(219)	16	(803)	(700)
Impairment of goodwill			950		950	
Loss on disposal of property, plant and equipment	113	93	10	293	376	168
(Gain)/Loss on sale of investments	190	(73)		(40)	(80)	(777)
Foreign exchange and indexation losses (gains), net	(37)	(184)	740	(1,095)	451	(2,827)
Unrealized derivative losses (gains), net	(248)	(329)	649	(1,382)	809	(917)
Unrealized interest (income) expense, net	2	24	(3)	(25)	116	102
Others	(5)	59	17	20	(3)	115
Decrease (increase) in assets:						
Accounts receivable	327	(373)	1,615	616	(466)	235
Inventories	(128)	441	(43)	530	(467)	(343)
Recoverable taxes	(791)	(272)	(144)	108	(263)	
Others	(277)	(93)	(27)	(455)	21	(292)
Increase (decrease) in liabilities:						
Suppliers	559	(108)	200	121	703	998
Payroll and related charges	108	128	(25)	159	1	170
Income taxes	(696)	522	119	(234)	(140)	393
Others	(74)	140	501	373	(93)	75
Net cash provided by operating activities	1,411	2,494	6,293	7,136	17,114	11,012

Cash flows from investing activities:

Short term investments	815	(1,562)	(1,674)	(1,439)	(2,308)	
Loans and advances receivable						
Related parties						
Loan proceeds	(14)	(106)	(3)	(181)	(37)	(33)
Repayments			18	7	58	10
Others	(4)	(11)	24	(25)	(15)	1
Judicial deposits	(55)	(24)	(71)	(132)	(133)	(125)
Investments	(806)	(712)	(19)	(1,947)	(128)	(324)
Additions to, property, plant and equipment	(2,755)	(1,645)	(3,689)	(8,096)	(8,972)	(6,651)
Proceeds from disposal of investments/property, plant and equipment	158	171		606	134	1,042
Acquisition of subsidiaries, net of cash acquired		(802)		(1,952)		(2,926)

Net cash used in investing activities

	(2,661)	(4,691)	(5,414)	(13,159)	(11,401)	(9,006)
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Cash flows from financing activities:

Short-term debt, additions	323	508	1	1,285	1,076	4,483
Short-term debt, repayments	(379)	(459)	(125)	(1,254)	(1,311)	(5,040)
Loans						
Related parties						
Loan proceeds	16		33	16	54	259
Repayments	(15)	(135)		(373)	(20)	(273)
Issuances of long-term debt						
Third parties	1,537	1,086	253	3,104	1,890	7,212
Repayments of long-term debt						
Third parties	(48)	(97)	(65)	(307)	(1,130)	(11,130)
Treasury stock		1	(752)	(9)	(752)	
Mandatorily convertible notes		934		934		1,869
Capital increase					12,190	
Dividends and interest attributed to Company's stockholders	(1,469)		(1,600)	(2,724)	(2,850)	(1,875)
Dividends and interest attributed to noncontrolling interest	(47)		(56)	(47)	(143)	(714)

Net cash provided by (used in) financing activities

	(82)	1,838	(2,311)	625	9,004	(5,209)
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Increase (decrease) in cash and cash equivalents	(1,332)	(359)	(1,432)	(5,398)	14,717	(3,203)
Effect of exchange rate changes on cash and cash equivalents	167	625	(2,863)	2,360	(5,432)	(199)

Cash and cash equivalents, beginning of period	8,458	8,192	14,626	10,331	1,046	4,448
Cash and cash equivalents, end of period	7,293	8,458	10,331	7,293	10,331	1,046
Cash paid during the period for:						
Interest on short-term debt		(1)		(1)	(11)	(49)
Interest on long-term debt	(289)	(236)	(314)	(1,113)	(1,255)	(1,289)
Income tax	(973)	(130)	(149)	(1,331)	(2,867)	(3,284)
Non-cash transactions						
Interest capitalized	77	74	185	266	230	78

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

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

	Three-month period ended (unaudited)			Year ended of December, 31		
	December 31, 2009	September 30, 2009	December 31, 2008	2009	2008	2007
Preferred class A stock (including twelve special shares)						
Beginning of the period	9,727	9,727	9,727	9,727	4,953	4,702
Capital increase					4,774	
Transfer from undistributed retained earnings						251
End of the period	9,727	9,727	9,727	9,727	9,727	4,953
Common stock						
Beginning of the period	15,262	15,262	15,262	15,262	7,742	3,806
Capital increase					7,520	
Transfer from undistributed retained earnings						3,936
End of the period	15,262	15,262	15,262	15,262	15,262	7,742
Treasury stock						
Beginning of the period	(1,150)	(1,151)	(389)	(1,141)	(389)	(389)
Acquisitions		1	(752)	(9)	(752)	
End of the period	(1,150)	(1,150)	(1,141)	(1,150)	(1,141)	(389)
Additional paid-in capital						
Beginning of the period	411	393	393	393	498	498
Change in the period		18		18	(105)	
End of the period	411	411	393	411	393	498
Mandatorily convertible notes - common shares						
Beginning of the period	1,578	1,288	1,288	1,288	1,288	1,288
Change in the period		290		290		
End of the period	1,578	1,578	1,288	1,578	1,288	1,288
Mandatorily convertible notes - preferred shares						
Beginning of the period	1,225	581	581	581	581	581
Change in the period		644		644		

End of the period	1,225	1,225	581	1,225	581	581
Other cumulative comprehensive income (deficit)						
Cumulative translation adjustments						
Beginning of the period	(2,542)	(6,385)	(3,993)	(11,493)	1,340	(1,628)
Change in the period	770	3,843	(7,500)	9,721	(12,833)	2,968
End of the period	(1,772)	(2,542)	(11,493)	(1,772)	(11,493)	1,340
Unrealized gain (loss) available-for-sale securities, net of tax						
Beginning of the period	(1)	49	(79)	17	211	271
Change in the period	1	(50)	96	(17)	(194)	(60)
End of the period		(1)	17		17	211
Surplus (deficit) accrued pension plan						
Beginning of the period	346	75	(304)	(34)	75	353
Change in the period	(384)	271	270	(4)	(109)	(278)
End of the period	(38)	346	(34)	(38)	(34)	75
Cash flow hedge						
Beginning of the period	13	1	28		29	
Change in the period	(11)	12	(28)	2	(29)	29
End of the period	2	13		2		29
Total other cumulative comprehensive income (deficit)	(1,808)	(2,184)	(11,510)	(1,808)	(11,510)	1,655
Undistributed retained earnings						
Beginning of the period	24,053	21,930	14,183	18,340	15,317	9,555
Transfer from/to unappropriated retained earnings	4,455	2,123	4,157	10,168	3,023	9,949
Capitalized earnings						(4,187)
End of the period	28,508	24,053	18,340	28,508	18,340	15,317
Unappropriated retained earnings						
Beginning of the period	7,624	8,107	14,521	9,616	1,631	2,505
	1,519	1,677	1,367	5,349	13,218	11,825

Net income attributable to the stockholders Company						
Interest on mandatorily convertible debt						
Preferred class A stock	(19)	(16)	(15)	(58)	(46)	(22)
Common stock	(23)	(21)	(32)	(93)	(96)	(45)
Dividends and interest attributed to stockholders equity						
Preferred class A stock	(570)		(806)	(570)	(806)	(1,049)