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Companhia Vale do Rio Doce
Form 6-K
February 25, 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
February 2009
Companhia Vale do Rio Doce
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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Financial Statements 12/31/2008
BR GAAP
Filed at CVM and SEC on 02/19/2009
Gerência Geral de Controladoria GECOL

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(A free translation of the original in Portuguese relating to the Quarterly Information prepared in thousands accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

1- Balance Sheet

| Years ended December 31, | Notes | In millions of reais | | Parent Company | |
|---|-------|----------------------|----------------|----------------|----------------|
| | | Consolidated 2008 | 2007 | 2008 | 2007 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6.7 | 24,639 | 2,128 | 6,713 | 120 |
| Short term investments | | 5,394 | | | |
| Accounts receivable from customers | 6.8 | 7,933 | 7,136 | 9,827 | 2,379 |
| Related parties | 6.9 | 28 | 36 | 2,242 | 1,580 |
| Inventories | 6.10 | 9,686 | 7,258 | 2,913 | 1,932 |
| Deferred income tax and social contribution | 6.11 | 1,305 | 1,084 | 1,220 | 611 |
| Taxes to recover or offset | 6.12 | 4,886 | 2,230 | 3,312 | 792 |
| Others | | 2,188 | 1,281 | 999 | 479 |
| | | 56,059 | 21,153 | 27,226 | 7,893 |
| Non-current assets | | | | | |
| Long-term receivables | | | | | |
| Related parties | 6.9 | | 5 | 4,728 | 3,413 |
| Loans and financing | | 180 | 226 | 128 | 115 |
| Prepaid expenses | | 632 | 459 | | |
| Judicial deposits | | 1,794 | 864 | 1,299 | 776 |
| Advances to energy suppliers | | 953 | 1,016 | | |
| Deferred income tax and social contribution | 6.11 | 934 | 482 | 640 | 237 |
| Taxes to recover or offset | 6.12 | 1,067 | 500 | 189 | 193 |
| Provisions for derivatives | 6.27 | 85 | 1,191 | 5 | 1,064 |
| Others | | 414 | 219 | 245 | 107 |
| | | 6,059 | 4,962 | 7,234 | 5,905 |
| Investments | 6.13 | 2,442 | 1,869 | 90,682 | 62,738 |
| Intangibles | 6.14 | 10,727 | 14,316 | 8,400 | 12,143 |
| Property, plant and equipment | 6.15 | 110,494 | 90,477 | 38,697 | 28,097 |
| Deferred charges | | | 122 | | |
| | | 123,663 | 106,784 | 137,779 | 102,978 |
| | | 185,781 | 132,899 | 172,239 | 116,776 |
| Liabilities, and stockholders equity | | | | | |

Current liabilities

| | | | | | |
|---|------|---------------|---------------|---------------|---------------|
| Payable to suppliers and contractors | | 5,248 | 4,294 | 2,145 | 1,927 |
| Payroll and related charges | | 1,428 | 1,344 | 881 | 776 |
| Current portion of long-term debt | 6.16 | 1,583 | 2,354 | 711 | 1,483 |
| Short-term debt | 6.16 | 1,088 | 1,007 | | 297 |
| Related parties | 6.9 | 162 | 15 | 9,580 | 6,702 |
| Taxes, contributions and royalties | | 188 | 586 | 56 | 50 |
| Provision for income tax | | 1,423 | 2,222 | | |
| Pension Plan | 6.19 | 239 | 232 | 86 | 78 |
| Ferrovias Norte Sul subconcession | | 934 | 372 | | |
| Provisions for derivatives | 6.27 | | 613 | | 47 |
| Provision for asset retirement obligations | 6.18 | 113 | 114 | 44 | 47 |
| Proposed dividends and interest on stockholders' equity | 6.25 | 4,834 | 4,752 | 4,834 | 4,752 |
| Others | | 1,399 | 1,442 | 644 | 453 |
| | | 18,639 | 19,347 | 18,981 | 16,612 |

Non-current liabilities

| | | | | | |
|---|------|---------------|---------------|---------------|---------------|
| Pension Plan | 6.19 | 3,563 | 3,808 | 523 | 590 |
| Long-term debt | 6.16 | 42,694 | 32,445 | 11,602 | 8,643 |
| Related parties | 6.9 | 125 | | 38,144 | 29,466 |
| Provisions for contingencies | 6.17 | 2,989 | 3,189 | 1,730 | 1,979 |
| Deferred income tax and social contribution | 6.11 | 8,039 | 8,073 | | |
| Provisions for derivatives | 6.27 | 1,345 | 9 | 1,084 | |
| Provision for asset retirement obligations | 6.18 | 1,997 | 1,649 | 848 | 743 |
| Ferrovias Norte Sul subconcession | | | 372 | | |
| Others | | 4,034 | 2,201 | 3,052 | 1,713 |
| | | 64,786 | 51,746 | 56,983 | 43,134 |

Deferred income**93****Minority interest****6,081****4,683****Stockholders' equity**

| | | | | | |
|---|------|---------------|---------------|---------------|---------------|
| Paid-up capital | 6.21 | 47,434 | 28,000 | 47,434 | 28,000 |
| Transaction cost of capital increase | | (161) | | (161) | |
| Resources linked to the future mandatory conversion in shares | 6.22 | 3,064 | 3,064 | 3,064 | 3,064 |
| Equity assessment adjustment | | 8 | | 8 | |
| Cumulative translation Adjustments | | 5,982 | | 5,982 | |
| Revenue reserves | | 39,948 | 25,966 | 39,948 | 25,966 |
| | | 96,275 | 57,030 | 96,275 | 57,030 |

185,781

132,899

172,239

116,776

The notes and attachment I are an integral part of the financial statements

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(A free translation of the original in Portuguese relating to the Quarterly Information prepared in thousands accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

2- Statement of Income

| | Notes | In millions of reais | | | | | 2008 | 2007 | 2008 | Parent Comp Accumulate |
|----------|-------|----------------------|----------------|----------------|--|--|-----------------|-----------------|-----------------|---------------------------|
| | | 4Q/08 | 3Q/08 | 4Q/07 | Consolidated Before new practices | Accumulated New practices adjustments | | | | |
| metals | | 14,193 | 17,875 | 12,935 | 59,892 | | 59,892 | 55,332 | 31,645 | |
| -related | | 1,824 | 1,546 | 1,247 | 5,843 | | 5,843 | 5,529 | 390 | |
| services | | 914 | 1,034 | 843 | 3,666 | | 3,666 | 3,497 | 2,027 | |
| eel | | 304 | 367 | 265 | 1,348 | | 1,348 | 1,248 | | |
| ducts | | 711 | 565 | 231 | 2,017 | | 2,017 | 779 | 383 | |
| es | | | | | | | | | | |
| | | 17,946 | 21,387 | 15,521 | 72,766 | | 72,766 | 66,385 | 34,445 | |
| led | | (563) | (689) | (436) | (2,225) | | (2,225) | (1,621) | (1,545) | |
| ting | | 17,383 | 20,698 | 15,085 | 70,541 | | 70,541 | 64,764 | 32,900 | |
| products | | | | | | | | | | |
| es | | | | | | | | | | |
| metals | | (5,890) | (6,388) | (6,271) | (23,804) | | (23,804) | (22,814) | (14,006) | |
| -related | | (1,099) | (1,050) | (853) | (3,873) | | (3,873) | (3,246) | (399) | |
| services | | (568) | (594) | (538) | (2,215) | | (2,215) | (2,146) | (955) | |
| ducts | | (278) | (309) | (277) | (1,177) | | (1,177) | (1,199) | | |
| ducts | | | | | | | | | | |
| es | | (276) | (300) | (221) | (1,087) | | (1,087) | (679) | (143) | |
| | | (8,111) | (8,641) | (8,160) | (32,156) | | (32,156) | (30,084) | (15,503) | |
| fit | | 9,272 | 12,057 | 6,925 | 38,385 | | 38,385 | 34,680 | 17,397 | |
| rgin | | 53.3% | 58.3% | 45.9% | 54.4% | | 54.4% | 53.5% | 52.9% | |

| | | | | | | | | | |
|--|------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|-----------------|
| | | | | | | | | | |
| and ative and ent at rating | 6.28 | (1,716) | (671) | (799) | (3,618) | (3,618) | (2,550) | (1,412) | |
| | | (718) | (559) | (462) | (2,071) | (2,071) | (1,397) | (1,233) | |
| | 6.14 | | | | | (2,447) | (2,447) | | |
| | 6.28 | (1,626) | (717) | (608) | (2,849) | (2,849) | (1,418) | (832) | |
| | | (4,060) | (1,947) | (1,869) | (8,538) | (2,447) | (10,985) | (5,365) | (3,477) |
| g profit ancial results of | | | | | | | | | |
| ts and nt | | 5,212 | 10,110 | 5,056 | 29,847 | (2,447) | 27,400 | 29,315 | 13,920 |
| equity ts | 6.13 | 612 | 1,390 | (241) | 1,335 | (1,231) | 104 | (1,101) | 18,003 |
| tion of | 6.14 | (351) | (353) | (333) | (1,429) | (1,429) | (1,304) | (1,429) | |
| | | 261 | 1,037 | (574) | (94) | (1,231) | (1,325) | (2,405) | 16,574 |
| results, | 6.26 | 2,547 | 1,312 | 395 | 913 | (4,751) | (3,838) | 277 | (10,673) |
| sale of t | 6.28 | | | | 139 | | 139 | 1,458 | |
| efore x and | | 8,020 | 12,459 | 4,877 | 30,805 | (8,429) | 22,376 | 28,645 | 19,821 |
| x and | | | | | | | | | |
| ion | 6.11 | 2,465 | 111 | (183) | (665) | | (665) | (7,085) | 1,458 |
| | | 2,028 | (834) | (424) | (2,057) | | (2,057) | (7,742) | 12 |
| charges | | 437 | 945 | 241 | 1,392 | | 1,392 | 657 | 1,446 |
| interest | | (36) | (138) | (284) | (432) | | (432) | (1,554) | |

| | | | | | | | | | |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| ne for | | | | | | | | | |
| l | 10,449 | 12,432 | 4,410 | 29,708 | (8,429) | 21,279 | 20,006 | 21,279 | |
| f | | | | | | | | | |
| ng at | | | | | | | | | |
| the | | | | | | | | | |
| nds) | | | | | | | | | |
| | 5,213,512 | 5,278,381 | 4,832,391 | 5,213,512 | 5,213,512 | 5,213,512 | 4,832,391 | 5,213,512 | 4,832,391 |
| ngs per | | | | | | | | | |
| ng at | | | | | | | | | |
| the | | | | | | | | | |
| (\$) | 2.00 | 2.36 | 0.91 | 5.70 | (1.62) | 4.08 | 4.14 | 4.08 | |

The notes and attachment I are an integral part of the financial statements

- (a) Includes 30,341,144 and 56,582,040 preferred and common shares, respectively, linked to issue of mandatory convertible notes (see note 5.18).

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(A free translation of the original in Portuguese relating to the Quarterly Information prepared in thousands accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

3- Statement of Changes in Stockholders' Equity

| Years ended | In millions of reais | | | | | | | | | Total |
|--|----------------------|------------------|--|--------------------|----------------------|------------------|-----------------|------------------|-----------|---------------|
| | Paid-up capital | Transaction cost | Resources linked to mandatory conversion in shares | Equity adjustments | Cumulative expansion | Revenue reserves | Fiscal Retained | Legal Incentives | Earnings | |
| December 31, 2006 | 19,492 | | | | 18,108 | (790) | 123 | 2,072 | 93 | 39,098 |
| Net income for the year | | | | | | | | | 20,006 | 20,006 |
| Capitalization of reserves | 8,508 | | | | (7,673) | | (752) | (83) | | |
| Realization of reserves | | | | | | | | | | |
| Exchange Samitri shares of incorporated companies | | | | | | | | | | |
| Interim dividends | | | | | (371) | | | | (15) | (386) |
| Stockholders' remuneration proposed | | | | | | | | | (4,752) | (4,752) |
| Resources linked to mandatory conversion in shares | | | 3,064 | | | | | | | 3,064 |
| Appropriation to revenue reserves | | | | | 14,220 | (62) | 1,000 | 81 | (15,239) | |

| | | | | | | | | | | | |
|---|---------------|--------------|---------------|--------------|--------------|---------------|----------------|---------------|--------------|-----------|---------------|
| December 31, 2007 | 28,000 | 3,064 | 24,284 | (790) | 61 | 2,320 | 91 | 57,030 | | | |
| Net income for the year | | | | | | | 21,279 | 21,279 | | | |
| Treasury Stock | 6.24 | | | (1,658) | | | | (1,658) | | | |
| Cumulative translation Adjustments | | | 5,982 | | | | | 5,982 | | | |
| Unrealized result on available for sale securities | | | 8 | | | | | 8 | | | |
| Capital increase | 6.21 | 19,434 | (161) | | | | | 19,273 | | | |
| Stockholder s remuneration proposed | 6.25 | | | | | | (4,834) | (4,834) | | | |
| Interim dividends | | | | (580) | | | (225) | (805) | | | |
| Appropriation to revenue reserves | | | | 15,179 | (23) | 1,064 | (16,220) | | | | |
| December 31, 2008 | 47,434 | (161) | 3,064 | 8 | 5,982 | 38,883 | (2,448) | 38 | 3,384 | 91 | 96,275 |

The notes and attachment I are an integral part of the financial statements

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(A free translation of the original in Portuguese relating to the Quarterly Information prepared in thousands accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

4- Statement of Cash Flows

| Years ended December 31, | Notes | In millions of reais | | | | | | | Parent Company | | |
|--|-------|----------------------|---------------|--------------|----------------------------|---------------------------------|---------------|---------------|----------------|----------------------------|--------|
| | | 4Q/08 | 3Q/08 | 4Q/07 | Consolidated | | Accumulated | 2008 | 2007 | Accumulated | Before |
| Cash flows from operating activities: | | | | | Before new practices | New practices adjustments | | | | Before new practices | 2007 |
| Net income for the period | | 10,449 | 12,433 | 4,410 | 29,708 | (8,429) | 21,279 | 20,006 | 21,279 | 20,006 | |
| Adjustments to reconcile net income for the period with cash provided by operating activities: | | | | | | | | | | | |
| Results of equity investments | | (261) | (1,037) | 574 | 94 | 1,231 | 1,325 | 2,405 | (16,574) | (11,447) | |
| Sale of assets | | | | | (139) | | (139) | (1,458) | | (1,300) | |
| Depreciation, amortization and depletion | | 1,322 | 1,227 | 1,300 | 5,112 | | 5,112 | 4,119 | 1,641 | 1,432 | |
| Deferred income tax and social contribution | | (437) | (945) | (505) | (1,392) | | (1,392) | (1,831) | (1,446) | 37 | |
| Monetary and exchange rate variations on assets and liabilities, net | | (38) | (689) | (2,008) | (970) | 4,751 | 3,781 | (5,153) | 10,760 | (6,330) | |
| Recoverable amount of assets | | | | | | 2,447 | 2,447 | | | | |
| Minority interest | | 36 | 138 | 284 | 432 | | 432 | 1,554 | | | |
| Disposal of property, plant and equipment | | 28 | 463 | 203 | 740 | | 740 | 349 | 579 | 536 | |
| Net unrealized losses (gains) on derivatives | | 1,066 | 1,402 | (606) | 1,817 | | 1,817 | (1,715) | 1,475 | (1,551) | |
| Dividends/interest on stockholders equity received | | 25 | 15 | 75 | 63 | | 63 | 134 | 1,121 | 1,962 | |
| Others | | 57 | 144 | (50) | 233 | | 233 | 280 | 76 | 694 | |
| | | 12,247 | 13,151 | 3,677 | 35,698 | | 35,698 | 18,690 | 18,911 | 4,039 | |
| Decrease (increase) in assets: | | | | | | | | | | | |

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| | | | | | | | | |
|--|-----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|----------------|
| Accounts receivable | 3,434 | (2,924) | 349 | (449) | (449) | 1,359 | (7,448) | (500) |
| Inventories | (1,112) | (1,195) | (475) | (2,413) | (2,413) | (1,397) | (638) | (690) |
| Advances to energy suppliers | 16 | 16 | 46 | 64 | 64 | (71) | | |
| Others | (796) | (1) | 513 | (950) | (950) | 348 | (2,344) | 53 |
| | 1,542 | (4,104) | 433 | (3,748) | (3,748) | 239 | (10,430) | (1,137) |
| Increase (decrease) in liabilities: | | | | | | | | |
| Suppliers and contractors | 836 | 591 | 559 | 1,586 | 1,586 | 1,358 | 136 | 238 |
| Payroll and related charges | 75 | 230 | 165 | 125 | 125 | 223 | 95 | 281 |
| Taxes and contributions | 208 | 9 | (1,084) | 380 | 380 | 242 | (16) | (29) |
| Others | (480) | (7) | (50) | (1,272) | (1,272) | (405) | 413 | 997 |
| | 639 | 823 | (410) | 819 | 819 | 1,418 | 628 | 1,487 |
| Net cash provided by operating activities | 14,428 | 9,870 | 3,700 | 32,769 | 32,769 | 20,347 | 9,109 | 4,389 |
| Cash flows from investing activities: | | | | | | | | |
| Short term investments | (4,180) | (1,213) | | (5,394) | (5,394) | | | |
| Loans and advances receivable | 20 | (34) | (39) | (4) | (4) | 32 | (1,660) | 281 |
| Guarantees and deposits | (166) | (50) | (87) | (295) | (295) | (254) | (248) | (202) |
| Additions to investments | (148) | (147) | (362) | (327) | (327) | (492) | (7,685) | (2,314) |
| Additions to property, plant and equipment | (9,024) | (2,965) | (4,681) | (18,716) | (18,716) | (13,159) | (7,259) | (4,505) |
| Proceeds from disposal of property, plant and equipment/investments | | | | 371 | 371 | 1,500 | | 1,432 |
| Net cash used in acquisitions and increase of funds to subsidiaries, net of the cash of subsidiary | | | | | | (6,404) | | |
| Net cash used in investing activities | (13,498) | (4,409) | (5,169) | (24,365) | (24,365) | (18,777) | (16,852) | (5,308) |

Cash flows from (used in) financing activities:

| | | | | | | | | | |
|--|------|---------|--------|---------|---------|---------|----------|---------|----------|
| Short-term debt additions | | 120 | 205 | 3,973 | 2,660 | 2,660 | 9,959 | 4,393 | 5,305 |
| Short-term debt repayments | | (313) | (187) | (3,549) | (2,669) | (2,669) | (10,532) | (5,042) | (1,637) |
| Long-term debt | | 935 | 148 | 1,210 | 4,053 | 4,053 | 15,681 | 4,242 | 18,517 |
| Issue of convertible notes, in common shares | | | | | | | 2,481 | | |
| Issue of convertible notes, in preferred shares | | | | | | | 1,119 | | |
| Repayments: | | | | | | | | | |
| Related parties | | | | | | | | | (82) |
| Financial institutions | | (181) | (261) | (250) | (1,725) | (1,725) | (23,046) | (1,366) | (17,693) |
| Interest on stockholders equity paid to stockholders and dividends | 6.27 | (3,579) | | (2,664) | (5,827) | (5,827) | (4,882) | (5,558) | (3,574) |
| Capital increase | | | 19,273 | | 19,273 | 19,273 | | 19,273 | |
| Treasury stock | | (1,658) | | | (1,658) | (1,658) | | (1,658) | |

Net cash provided by (used in) financing activities

| | | | | | | | | | |
|--|--|----------------|---------------|----------------|---------------|---------------|----------------|---------------|------------|
| | | (4,676) | 19,178 | (1,280) | 14,107 | 14,107 | (9,220) | 14,284 | 836 |
|--|--|----------------|---------------|----------------|---------------|---------------|----------------|---------------|------------|

Increase (decrease) in cash and cash equivalents

| | | | | | | | | | |
|--|--|----------------|---------------|----------------|---------------|---------------|----------------|--------------|-------------|
| | | (3,746) | 24,639 | (2,749) | 22,511 | 22,511 | (7,650) | 6,541 | (83) |
|--|--|----------------|---------------|----------------|---------------|---------------|----------------|--------------|-------------|

| | | | | | | | | | |
|--|--|--------|-------|-------|-------|-------|-------|-----|-----|
| Cash and cash equivalents, beginning of the period | | 28,385 | 3,746 | 4,877 | 2,128 | 2,128 | 9,778 | 120 | 203 |
| Initial cash in new consolidated subsidiary | | | | | | | | 52 | |

Cash and cash equivalents, end of the period

| | | | | | | | | | |
|--|--|---------------|---------------|--------------|---------------|---------------|--------------|--------------|------------|
| | | 24,639 | 28,385 | 2,128 | 24,639 | 24,639 | 2,128 | 6,713 | 120 |
|--|--|---------------|---------------|--------------|---------------|---------------|--------------|--------------|------------|

| | | | | | | | | | |
|----------------------------------|--|--|--|--|--|--|--|--|--|
| Cash paid during the period for: | | | | | | | | | |
|----------------------------------|--|--|--|--|--|--|--|--|--|

| | | | | | | | | | |
|------------------------------------|--|-------|---------|-------|---------|---------|---------|---------|---------|
| Short-term interest | | (72) | (7) | (18) | (138) | (138) | (143) | (166) | (102) |
| Long-term interest | | (744) | (498) | (649) | (2,321) | (2,321) | (2,505) | (2,784) | (2,490) |
| Income tax and social contribution | | (977) | (2,125) | (867) | (6,383) | (6,383) | (5,724) | (1,707) | (2,219) |

**Non-cash
transactions:**

| | | | | | | | | |
|--|-------|-------|-----|-------|-------|-------|-------|-------|
| Additions to property, plant and equipment interest capitalization | (307) | (235) | 145 | (673) | (673) | (113) | (527) | (12) |
| Transfer of advance for future capital increase to investments | | | | | | | (316) | (105) |
| Compensated income tax and social contribution | (65) | (229) | | (440) | (440) | | | |

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(A free translation of the original in Portuguese relating to the Quarterly Information prepared in thousands accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

5- Statement of Value Added

| Years ended December 31, Generation of Value Added | In millions of reais | | | |
|---|------------------------------|---------------|--------------------------------|---------------|
| | Consolidated 2008 | 2007 | Parent Company 2008 | 2007 |
| Gross revenue | | | | |
| Income from products and services | 72,561 | 66,385 | 34,472 | 23,029 |
| Other income | 237 | | | |
| Revenue for the construction of own assets | 17,706 | 11,529 | 7,259 | 4,505 |
| Allowance for doubtful accounts | (32) | | (27) | |
| Less: Acquisition of products | (2,805) | (4,890) | (1,565) | (2,958) |
| Outsourced services | (8,244) | (5,236) | (3,734) | (3,024) |
| Materials | (23,958) | (16,362) | (11,493) | (6,650) |
| Fuel oil and gas | (3,761) | (3,115) | (1,477) | (1,183) |
| Energy | (2,052) | (1,812) | (648) | (372) |
| Impairment | (2,447) | | | |
| Other costs | (6,861) | (4,281) | (2,545) | (720) |
| Gross Value Added | 40,344 | 42,218 | 20,242 | 12,627 |
| Depreciation, amortization and depletion | (5,112) | (4,119) | (1,641) | (1,432) |
| Net Value Added | 35,232 | 38,099 | 18,601 | 11,195 |
| Received from third parties | | | | |
| Financial revenue | 9,027 | 4,517 | 5,698 | 4,177 |
| Results of equity investment | (1,325) | (2,405) | 16,574 | 11,447 |
| Total Value Added to be distributed | 42,934 | 40,211 | 40,873 | 26,819 |
| Personnel | 5,046 | 5,021 | 2,240 | 1,596 |
| Taxes, rates and contribution | 5,267 | 9,678 | 2,703 | 4,571 |
| Taxes paid recover | (1,955) | | (1,672) | |
| Third parties capital | 12,865 | 3,952 | 16,322 | 646 |
| Stockholders remuneration | | | | |
| Stockholders | 5,640 | 5,138 | 5,640 | 5,138 |
| Retained earnings | 15,639 | 14,868 | 15,640 | 14,868 |
| Minority interest | 432 | 1,554 | | |
| Distribution of Value Added | 42,934 | 40,211 | 40,873 | 26,819 |

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(A free translation of the original in Portuguese relating to the Quarterly Information prepared in thousands accordance with the requirements of Accounting Practices Generally Accepted in Brazil)

6- Notes to the Financial Statements at December 31, 2008 and 2007

(Expressed in millions of Reais, unless otherwise stated)

6.1- Operations

Companhia Vale do Rio Doce (Vale) is a publicly limited liability company whose predominant activities are mining, processing and sale 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, operates in iron ore and pellets, nickel, copper, precious metals, cobalt (by product), manganese and ferroalloys, kaolin, coal, steel, aluminum-related products and logistics.

6.2- Presentation of Financial Statements

On December 28, 2007, Law 11,638 was enacted and modified by the Provisional Act n° 449, dated December 4, 2008, which modified and added new provisions to the Brazilian Corporate Law. These acts mainly objective is to update the brazilian corporate law to make it possible the convergence of the accounting practices adopted in Brazil to the international accounting rules issued by the International Accounting Standard Board IASB. In accordance with Comissão de Valores Mobiliários - CVM Resolution n° 565, the Company adopted for the first time in the whole and without exception the provisions of Law 11.638 and Provisional Act n° 449 for the year ended 31 December 2008. The financial statements for the year ended 2007, shown along with those of 2008, were prepared in accordance with the practices adopted in Brazil, effective up to December 31, 2007, as allowed by the technical pronouncement CPC 13.

In line with this the alignment process with international practices, the Accounting Pronouncements Committee released 15 new pronouncements until December 2008, confirmed by the CVM to be applied from year ended 2008.

The effects on net income and stockholders equity of the adoption of the new practices were as follows:

| | Net income | Stockholders equity |
|--|---------------|---------------------|
| Balance in the financial statements prior to adoption: | 29,708 | 98,553 |
| CPC 01 - Reduction in the recoverable value of assets (a) | (2,447) | (2,447) |
| CPC 02 - Conversion of Financial Statements (b) | (5,982) | |
| CPC 08 - Transactions cost and premiums on issue of securities (c) | | 161 |
| CPC 14 - Financial Instruments (d) | | 8 |
| Balance per financial statements as at December 31, 2008 | 21,279 | 96,275 |

- (a) On November 1, 2007 the CVM released Resolution n°. 527 approving the accounting pronouncement CPC 01, that deals with the reduction in the recoverable value of assets, to be applied from the year ended December 2008. In accordance with this pronouncement asset values must be reviewed to ensure carrying values are recoverable. The other pronouncements had been already adopted by the Company and had no impact.

The performance of this review resulted in a loss of R\$ 2.447 due to the reduction of the goodwill value associated with the nickel business, that was recognized in result of the period.

(b)

On January 29, 2008, CVM issued Resolution No. 534 approving technical pronouncement CPC 02 of the Accounting Pronouncements Committee, which addresses the effects of changes in exchange rates and re-measurement of financial statements. Accordingly, the effects of exchange rate fluctuations on foreign investments with a different functional currency to the parent company, must not affect the net income for the year ended 2008. The effects must be recognized directly in a transient account of stockholders' equity, named Cumulative Translation Adjustment. Vale made adjustments related to new practices for the fourth quarter of 2008. The effects are disclosed in the Balance Sheet and Income Statement in the column of new practices and had a negative impact for the company's result represented by a loss of R\$ 5,982, mostly relating to exchange variations in the subsidiary Vale Inco.

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- (c) On November 12, 2008 the CVM issued Resolution nº 556 approving technical pronouncement CPC 08 of the Accounting Pronouncements Committee, that addresses the accounting for transaction costs and premiums on issue of securities. According to it, the costs related to the funding of equity must be accounted for in a determined account at the stockholder's equity.
- (d) On December 17, 2008, CVM issued Resolution nº 566 approving the technical pronouncement CPC 14 of the Accounting Pronouncements Committee, which addresses the recognition, measurement and disclosure of Financial Instruments. This figure represents the fair value adjustment of available for sale.

The Company presents as complimentary information the calculation of earnings before financial results, equity results, income tax and social contribution, depreciation and amortization LAJIDA (EBITDA)

Although the EBITDA, as previously defined, does not provide valuation for operational cash flow under Brazilian accounting principles, it is often used by financial analysts on valuation of business and The Company's Management uses this indicator to measure operating performance.

6.3- Principles and Practices of Consolidation

The consolidated Financial Statements reflects the balances of assets and liabilities at December 31, 2008 and December 31, 2007 and the operations of the Parent Company, its direct and indirect subsidiaries and its jointly-controlled companies. Overseas operations are translated into the report currency for financial statements in Brazil to account equity investments, whole and proportional consolidation.

Vale's participation in hydroelectric projects are made via consortium contracts under undivided interests in the assets and are liable for its proportionate share of liabilities, which are based on our proportionate share of power output. The Company does not have joint liability for any obligations. Since there is no legal entity related to the project, there are no separate financial statements, income tax statement, net income or stockholder's equity. No separate legal or tax status is granted to consortia under Brazilian law. Accordingly, the company recognizes its proportionate share of costs and its undivided interest in assets relating to hydroelectric projects.

6.4- Summary of significant Accounting Policies

- (a) The Company adopts the accrual basis of accounting;
- (b) In preparing the condensed consolidated financial statements, Vale is required to use estimates to account for certain assets, liabilities, and transactions. Therefore the consolidated 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;
- (c) Brazil does not have a hyper-inflationary economy. The rights and obligations in foreign currencies are stated according to prevailing exchange rates at the time of the Financial Statements. The prevailing is equal to R\$ 2,3370 to US\$ 1,00 on December 31, 2008 (R\$ 1,7713 to US\$ 1,00 on December 31, 2007), for monetary items.

For non-monetary items measured at cost, the Company applies the exchange rate at the date of the transaction. For non-monetary items measured at fair value the Company applies the exchange rate to determine the value. Rights and obligations in the domestic currency, when applicable, are adjusted monetarily according to contractual terms;

- (d) Marketable securities, classified as cash and cash equivalents are represented by less than 90 days applications and are stated at cost plus accrued income earned at the financial statements date, limited to the market value. The remaining investments, with maturities over 90 days, are measured at fair value and recorded as Short-term investments ;

- (e) Assets and liabilities that are realizable or due more than 12 months after the financial statements date are classified as non-current;
- (f) Revenues are recognized in the results when all the risks and benefits of the product or service are transferred to the customer. Income is not recognized when there is significant uncertainty of its realization;
- (g) Accounts receivable are recorded and stated in the balance sheet at their nominal value plus monetary or exchange variations and reduced by provisions to cover extraordinary loss on realization as applicable;
- (h) The allowance for doubtful accounts is set up at an amount considered sufficient by the management to cover possible loss on the realization of these credits. The estimated value of the allowance for doubtful accounts is modified based on the expectations of the management with respect to the possibility of recovery of the amounts or changes in the financial situation of the customers;
- (i) Inventories are stated at the lower of average cost of acquisition or production and replacement or completion values. Where applicable Vale provides for obsolete inventory based on the estimated recovery period.

The Company classifies proven and probable reserve quantities as stockpiled inventories once they have been removed from the mine;

- (j) Amounts given in advance to Centrais Elétricas do Norte do Brasil S.A. Eletronorte, due to a long term contract to supply energy, are classified as Advances to energy suppliers , in long-term receivables;

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- (k) Investments in subsidiaries, jointly-controlled companies and affiliated companies are accounted for by the equity method, based on the stockholders' equity of the investees, and when applicable, increased/decreased by goodwill/negative goodwill to be amortized and provision for losses. Other investments are booked at acquisition cost and deducted when applicable for provision of losses. At the consolidated level, the exchange rate effect on foreign stockholders' equity is classified as monetary and net exchange rate variations are included as part of the Company's Stockholders' Equity until such time as the investment is sold or written off upon which time it is accounted for as a revenue or expense in the financial results. Transactions in foreign currency and operations abroad are translated to the presentation currency in financial statements in Brazil for the purpose of registering equity interests and full or proportional consolidation of financial statements;
- (l) Property, plant and equipment, including interest incurred during the construction period, are recorded at historical cost (the assets acquired in Brazil are also increased by monetary restatement up to 1995) and depreciated using the straight-line method, based on the estimated useful lives of the assets. Depletion of mineral reserves is based on the ratio between effective production and the total probable and proven reserves.

The company revises the accounting value of long-term assets used in their operations every time there is an event or circumstances that may indicate that the value of an asset or a group of assets may not be recovered;

- (m) Research and development costs are recognized as operating expenses until the economic feasibility to commercially exploit a mine is proven. Once proven, the costs of developing the mine are capitalized;
- (n) Intangibles are recorded at acquisition cost, less accumulated amortization and provisions for losses as applicable. They refer to goodwill on acquisitions based on expectation of future profitability of Vale Inco, Caemi, MBR, Vale Australia, concessions to operate the Ferrovia Norte Sul - FNS railway and developed technologies and software. Intangible assets that have a defined useful life are amortized depending on their effective use or a method that reflects their economic benefit. Intangible assets with an indefinite useful life are tested annually based on recoverability;
- (o) Every year the Company examines evidence to test if the carrying value of an asset is not recoverable and in the case that the Company verifies such evidence the recoverable value for the asset is estimated. Irrespective of the indication of recovery of carrying values, goodwill balances resulting from business combinations and intangible assets with indefinite useful lives are tested for recovery at least annually. When the residual value of the asset exceeds its recoverable value, the Company recognizes a reduction in the balance of this asset for impairment or deterioration. For assets recorded at cost, the reduction in the recoverable amount is recorded in the income statement for the period. If the recoverable amount of an individual asset is not able to be determined, analysis is performed for the recoverable value of the cash-generating unit to which the asset belongs;
- (p) Assets and liabilities of deferred taxes are based: (a) on the temporary differences between the accounting value and the tax bases of our assets and liabilities; (b) losses for income tax purposes; (c) on the negative base of the calculation of the social contribution, based on the assumption of future taxable profits. If the Company generates future loss, or if it is not able to generate future profit, or if there is a significant change in the effective tax rates or in the necessary time for these deferred taxes to be deductible or taxable, the management may consider it necessary to constitute a provision for losses of these deferred assets;
- (q) The company adopts the accounting rules due to the Resolution CVM 371/00 of recognition of liabilities and results sourced from actuarial assessment of its employee pension plans. Occasionally surpluses originate from employee benefit plans and are recognized up to the probable reduction amount of future contributions of the sponsor for such plans. Actuarial gains and losses due to actuarial adjustments in assumptions and changes to pension benefits, retirement plans and health plan actuarial commitments are recognized in the results, according to a corridor method;

- (r) Long term assets and liabilities of the Company and its subsidiaries are adjusted to present value, where applicable, based on a discount rate that reflects the Company's best estimate. The Company believes that for a significant portion of its long term assets and liabilities, with the exception of a contract of shares usufruct from MBR, has been substantially disclosed and the present value according to market rates and the market value adjustment does not present significant impact;
- (s) Investments classified as available for sale are accounted for in accordance with CVM Resolution n° 566. Therefore, we exclude unrealized gains and losses, net of taxes, where applicable, and record the results in an account named Equity Assessment Adjustment until they occur. All derivative financial instruments are recognized as assets or liabilities on our balance sheet and they are measured at market value. Changes in value of derivatives are recorded in each period as gains or losses and result in adjustments to the Equity Assessment Adjustment, depending on the characteristics of the transaction as an effective hedge, and its effectiveness during the year;
- (t) Leases in which a significant part of the benefits and risks of ownership remain with the lessor are classified as operating leases. Payments for operating leases (net of any incentives received from the lessor) are included in the results over the term of the lease using the linear method;
- (u) Obligations relating to the ending of mining activities are categorized as Asset Retirement Obligations. These obligations consist primarily of the costs associated with termination of activities. The cost of demobilization from active duty is capitalized as part of the carrying value of the asset and subsequently depreciated over the service life of the asset;

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- (v) During the start-up phase of a mine, before the start of production, costs of removal of overburden (i.e, costs associated with removal of overburden and all other waste materials) are included as part of the depreciable cost of development. Subsequently, these costs are amortized during the life of the mine based on proven and probable reserves. After the onset of production of the mine, the ore removal expenses are treated as a cost of production;
- (w) The financial statements of the Parent Company reflect the Board of Directors proposal for appropriation of the net income for the year, on the assumption of the approval at the Annual General Meeting of Stockholders ; and
- (x) The approval of the Financial Statements by the Executive Officers was on February 19, 2009. There were no events subsequent to the Balance Sheet date that will effect the reported results for the year ended December 31, 2008.

6.5- Independent Auditors Policy

The Company developed and formalized internal rules and specific procedures of pre-approval of the services contracted with its external auditors, for the purpose of avoiding conflict of interest and loss of independence of its independent external auditors.

The policy concerning independent auditors in relation to non-audit services is based on the maintenance of their independence. According to best practices of corporate governance, all services rendered by independent auditors are pre-approved by the Fiscal Council.

According to CVM rule 381/2003, the services contracted with the present auditors of the Company, Deloitte Touche Tohmatsu Independent Auditors, during 2008 to Vale and its direct and indirect subsidiaries and its jointly-controlled companies were as follows:

| | 2008 |
|--|-------------|
| Audit Fees | 1.7 |
| Audit Related Fees | 0.4 |
| Tax requirements review (Brazil and Foreign) | 2.4 |
| Total Fees | 4.5 |

6.6- Acquisitions and Divestments

- (a) In February 2008 the company sold its interest of 4.83% share of the ordinary shares of Jubilee Mines N.L, held by Vale Inco, for R\$232 with a gain of R\$139;
- (b) In October 2007 the Company won the auction for commercial exploitation of a 720 km stretch of the Ferrovia Norte-Sul FNS railway, for a period of 30 years, running from Açailândia in the state of Maranhão, to Palmas in the state of Tocantins for the amount of R\$1,478. The amount of R\$ 739 was already paid, which represents 50% of the sub concession. The next installments will be paid in based on the schedule of completion of the last parts of the railway, increased by IGP-DI until the payment date;
- (c) In July 2007, the Company sold its interest of 1.8% of the ordinary shares of Lion Ore Mining International Ltd. (Lion Ore), held by its subsidiary Vale Inco for R\$197 with a gain of R\$153;
- (d) In June 2007, the Company sold through a primary and secondary public offering 25,213,664 common shares of Log-In Logística Intermodal S/A. (Log-In), representing 57.84% of total capital, for R\$347 with a gain on sale of R\$301 and gain on capital of R\$116. In July the company sold a 5.1% additional stake for R\$44 with a gain of

R\$38. Currently the Company holds 31.27% of total capital of this entity, which has been recognized as an equity investment since June 2007.

- (e) In May 2007, the Company sold in a public offering 13,802,499 Usiminas shares not subject to the shareholders agreement and received total proceeds of R\$1,475 generating a gain of R\$839. The Company retained 6,608,608 shares which are bound by the current shareholders agreement of Usiminas.
- (f) In May 2007, the Company acquired 6.25% of EBM for R\$467. On this occasion an agreement was entered into that grants us during the next 30 years, the control of MBR including the right to dividends. In exchange, Vale will pay annual amounts of US\$ 48.
- (g) In April 2007, Vale acquired 100% of Vale Australia (formerly named AMCI Holdings Australia Pty Ltd AMCI), a private company held in Australia, which operates and controls coal assets through joint ventures, for R\$1,328.
- (h) In March 2007, Vale acquired the remaining 18% interest in Ferro Gusa held by Nucor do Brasil S.A. for R\$41. As a result Vale now owns 100% of Ferro Gusa's shares;
- (i) In January 2007, the Company finalized the process of acquisition of Inco with the acquisition of the final portion of 12.27% for R\$4 billion. The total acquisition cost reached the amount of R\$36 billion. The special meeting of shareholders of Inco approved the amalgamation of Inco with Itabira Canada Inc. (Itabira Canadá), a wholly owned indirect subsidiary of the Company. Pursuant to the amalgamation, Inco became a wholly owned subsidiary and changed its name to CVRD Inco Limited (actually Vale Inco).

Table of Contents**6.7- Cash and Cash Equivalents**

| | Consolidated | | Parent Company | |
|--|---------------------|--------------|-----------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Cash and bank accounts | 1,814 | 795 | 59 | 71 |
| Marketable securities linked to the interbank deposit certificate rate | 5,490 | 343 | 4,222 | 49 |
| Time deposits / Overnight | 17,335 | 990 | 2,432 | |
| | 24,639 | 2,128 | 6,713 | 120 |

The increase primarily relates to the application of financial resources obtained through the global offering that occurred in August 2008 (note 6.21)

6.8- Accounts Receivable

| | Consolidated | | Parent Company | |
|----------------------------------|---------------------|--------------|-----------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| Domestic | 1,135 | 1,162 | 825 | 1,166 |
| Export | 6,997 | 6,173 | 9,071 | 1,293 |
| | 8,132 | 7,335 | 9,896 | 2,459 |
| Allowance for doubtful accounts | (199) | (181) | (69) | (64) |
| Allowance for ore weight credits | | (18) | | (16) |
| | 7,933 | 7,136 | 9,827 | 2,379 |

No single customer accounted for more than 10% of total revenues.

Additional allowances for doubtful accounts charged to the statement of income as expenses in 2008 and 2007 totaled R\$ 65 and R\$ 70, respectively.

6.9- Related Parties

Throughout the Company's operations, it enters into transactions between related parties due from the sale and purchase of products and services including the leasing of pelletization plants, loans under normal market conditions, marketing of raw material and rail transport services.

Non eliminated related parties operations, were as follows:

| | Consolidated | | | | | | | | |
|---|----------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|-------------|--|
| | Assets | | | | Liabilities | | | | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | |
| Customers | Related party | Customers | Related party | Suppliers | Related party | Suppliers | Related party | | |
| Companhia Nipo-Brasileira de Pelotização - NIBRASCO | 10 | 1 | 60 | 10 | 23 | 58 | 26 | | |
| Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS | 8 | | 45 | 6 | 15 | 51 | 40 | | |

| | | | | | | | | |
|---|------------|-----------|------------|-----------|------------|------------|------------|-----------|
| Companhia Ítalo-Brasileira de Pelotização - ITABRASCO | 35 | 7 | 46 | | 46 | 27 | 43 | |
| Companhia Coreano-Brasileira de Pelotização - KOBRASCO | 1 | | 21 | 1 | 18 | 8 | 12 | |
| Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS | 42 | | 52 | 9 | 1 | 6 | | |
| Samarco Mineração S.A. | 1 | 11 | 4 | 5 | | | | |
| MRS Logística S.A. Biovale Mineração S.A. | 2 | | 14 | | 23 | | 36 | |
| Mitsui & Co., Ltd Mineração Rio do Norte S.A. | | | | | 53 | | 37 | |
| Minas da Serra Geral S.A. | | | | | 8 | 7 | 10 | 3 |
| Korea Nickel Corporation | 90 | | 16 | | | | | |
| Others | 72 | 9 | 37 | 10 | 48 | 5 | 10 | 12 |
| Total | 261 | 28 | 297 | 41 | 403 | 287 | 274 | 15 |
| Registered as: | | | | | | | | |
| Current | 261 | 28 | 297 | 36 | 403 | 162 | 274 | 15 |
| Non-current | | | | 5 | | 125 | | |
| | 261 | 28 | 297 | 41 | 403 | 287 | 274 | 15 |

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| | Parent Company | | | | | | | |
|--|-----------------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----|
| | Asset | | | | Liability | | | |
| | 2008 | | 2007 | | 2008 | | 2007 | |
| Customers | Related Parties | Customers | Related Parties | Suppliers | Related Parties | Suppliers | Related Parties | |
| ALBRAS Alumínio Brasileiro S.A. | 20 | 6 | 30 | 95 | | | | |
| ALUNORTE Alumina do Norte do Brasil S.A. | 65 | 127 | 25 | 207 | 13 | | 22 | |
| Baovale Mineração S.A. | 3 | 2 | 28 | 1 | 46 | | 73 | |
| Belém Administrações e Participações Ltda Companhia Coreano-Brasileira de Pelotização - KOBRASCO Companhia Hispano-Brasileira de Pelotização - HISPANOBRÁS Companhia Ítalo-Brasileira de Pelotização - ITABRASCO Companhia Nipo-Brasileira de Pelotização - NIBRASCO Companhia Paulista de Ferro Ligas Companhia Portuária Baía de Sepetiba CPBS | | 19 | | | | | | |
| | 2 | | 42 | 1 | 36 | 12 | 23 | |
| | 16 | | 89 | 12 | 31 | 104 | 82 | |
| | 69 | 15 | 93 | | 94 | 56 | 87 | |
| | 20 | 47 | 122 | 67 | 47 | 139 | 52 | |
| | | | 2 | | | 131 | | 68 |
| | | | 11 | | | 80 | 44 | 170 |
| CVRD Overseas Ltd. | 1,184 | | 236 | | | 790 | | 694 |
| Docepar S.A. | | 30 | | 27 | | | | |
| Ferrovias Centro Atlântica S.A. | 61 | 30 | 14 | 30 | 13 | 57 | 13 | 104 |
| Mineração Rio do Norte S.A. | | 86 | | 172 | | | | |
| Mineração Tacumã Ltda | | 18 | | 17 | | | | |
| Minerações Brasileiras Reunidas S.A. MBR | 10 | 678 | 4 | 674 | 28 | 22 | 206 | 550 |
| MRS Logística S.A. | 1 | 17 | 3 | 44 | 224 | | 62 | |
| Salobo Metais S.A. | 2 | 234 | 2 | 225 | | | | |
| | 1 | 378 | 8 | 247 | | | | |

| | | | | | | | | |
|---|--------------|--------------|--------------|--------------|------------|---------------|------------|---------------|
| Samarco Mineração S.A. | | | | | | | | |
| Urucum Mineração S.A. | | 165 | | | | | | |
| Usinas Siderúrgicas de Minas Gerais S.A. - USIMINAS | 36 | | 46 | | | | | |
| Vale International S.A. | 7,857 | 4,442 | 1,022 | 3,074 | 30 | 46,252 | 34 | 34,483 |
| Vale Manganeés S.A. | 7 | 597 | 9 | | | 54 | | 64 |
| Others | 122 | 79 | 147 | 99 | 57 | 27 | 29 | 35 |
| Total | 9,444 | 6,970 | 1,890 | 4,993 | 619 | 47,724 | 727 | 36,168 |
| Registered as: | | | | | | | | |
| Current | 9,444 | 6,636 | 1,890 | 3,413 | 619 | 38,143 | 727 | 29,466 |
| Non-current | | 334 | | 1,580 | | 9,581 | | 6,702 |
| | 9,444 | 6,970 | 1,890 | 4,993 | 619 | 47,724 | 727 | 36,168 |

The results arising from commercial and financial transactions with related parties, classified in the statement of income as revenue and costs of sales and services and financial income and expenses, are as follows:

| | Consolidated | | | |
|---|---------------------|--------------|-----------------------|--------------|
| | Income | | Expense / Cost | |
| | 2008 | 2007 | 2008 | 2007 |
| Baovale Mineração S.A. | | | 17 | 16 |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 291 | 216 | 457 | 327 |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | 231 | 203 | 269 | 292 |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 85 | 197 | 258 | 331 |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | 78 | 334 | 408 | 540 |
| Mineração Rio do Norte S.A. | | | 276 | 271 |
| MRS Logística S.A. | 9 | 2 | 936 | 674 |
| Samarco Mineração S.A. | 234 | 112 | | |
| Usinas Siderúrgicas de Minas Gerais USIMINAS | 1,198 | 886 | | |
| Others | 34 | 15 | 39 | 34 |
| | 2,160 | 1,965 | 2,660 | 2,485 |

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| | Parent Company | | | |
|--|-----------------------|---------------|---------------------------|----------------|
| | Revenue | | Expense / Cost (*) | |
| | 2008 | 2007 | 2008 | 2007 |
| ALBRAS Alumínio Brasileiro S.A. | 26 | 41 | 0 | 0 |
| ALUNORTE Alumina do Norte do Brasil S.A. | 384 | 122 | 53 | 100 |
| Baovale Mineração S.A. | | | 0 | 32 |
| Companhia Portuária Baía de Sepetiba CPBS | 0 | 1 | 296 | 327 |
| CVRD Overseas Ltd. | 4,423 | 2,208 | 214 | (124) |
| Ferrovias Centro Atlântica S.A. | 206 | 163 | 50 | 45 |
| Ferro Gusa Carajas | | 48 | | 54 |
| Companhia Hispano-Brasileira de Pelotização HISPANOBRÁS | 621 | 442 | 668 | 360 |
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | 424 | 421 | 304 | 296 |
| Companhia Coreano-Brasileira de Pelotização KOBRASCO | 175 | 404 | 410 | 521 |
| MRS Logística S.A. | 38 | 28 | 1,312 | 706 |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | 162 | 694 | 696 | 625 |
| Samarco Mineração S.A. | 467 | 225 | 0 | |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS | 1,025 | 764 | 0 | |
| Vale Energia S.A. | 0 | 0 | 118 | 4 |
| Vale Manganês S.A. | 83 | 55 | 13 | 12 |
| Vale International S.A. | 20,586 | 12,440 | 13,033 | (4,250) |
| Valesul Alumínio S.A. | 81 | 121 | 0 | |
| Others | 14 | (11) | 102 | 62 |
| | 28,715 | 18,165 | 17,269 | (1,229) |

(*) Includes effect of monetary balances on the financial

Additionally the Company has balances with Mitsui & Co, Banco Nacional de Desenvolvimento Social and BNDES Participações S.A. in the amounts of R\$10, R\$1,412 and R\$713 respectively at December 31, 2008. These balances are related to loans received at market interest rates, with maturity at November, 2013. These amounts are booked as loans and financing, as described in note 6.16.

The Company also has marketable securities with Bradesco in the amount of R\$43 at December 2008.

2008

Remuneration of key management personnel

Short-term benefits to administrators

64

| | |
|--|-----------|
| Other long-term benefits to administrators | 14 |
| Remuneration based on shares | 8 |
| Total | 86 |

6.10- Inventories

| | Consolidated | | Parent Company | |
|---|---------------------|--------------|-----------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| Finished products | | | | |
| Nickel, co -products and sub products Inco | 3,537 | 3,209 | 33 | |
| Iron ore and pellets | 1,917 | 1,110 | 1,677 | 967 |
| Manganese and ferroalloys | 518 | 186 | | |
| Aluminum products | 365 | 327 | 22 | 60 |
| Copper | 60 | 27 | 60 | 27 |
| Steel products | 55 | 59 | | |
| Other | 272 | 206 | 39 | 6 |
| | 6,724 | 5,124 | 1,831 | 1,060 |
| Spare parts and maintenance supplies | 2,962 | 2,134 | 1,082 | 872 |
| | 9,686 | 7,258 | 2,913 | 1,932 |

At December 31, 2008, the Company recorded inventory adjustments of R\$ 184 and R\$ 150 to reduce nickel and steel inventories to their respective recoverable values.

Table of Contents**6.11- Deferred Income Tax and Social Contribution**

Income of the company is subject to the normal tax system. The net balances of deferred assets and liabilities are presented as follows:

| | Net Deferred | | | |
|---|----------------|----------------|----------------|------------|
| | Consolidated | | Parent Company | |
| | 2008 | 2007 | 2008 | 2007 |
| Tax loss carryforward | 725 | 832 | | |
| Temporary differences: | | | | |
| Pension Plan | 430 | 1,101 | 235 | 242 |
| Contingent liabilities | 687 | 861 | 654 | 783 |
| Provision for losses on assets | 1,167 | 323 | 1,047 | 295 |
| Goodwill from property, plan and equipments acquired | (8,518) | (8,073) | | |
| Others | (291) | (1,551) | (76) | (472) |
| | (6,525) | (7,339) | 1,860 | 848 |
| Total | (5,800) | (6,507) | 1,860 | 848 |
| Current | 1,305 | 1,084 | 1,220 | 611 |
| Non-current | 934 | 482 | 640 | 237 |
| ASSETS | 2,239 | 1,566 | 1,860 | 848 |
| Non-current | (8,039) | (8,073) | | |
| LIABILITIES | (8,039) | (8,073) | | |

The amounts reported as income tax and social contribution, which affected the results for the period, are as follows:

| | Consolidated | | | Accumulated | | Parent Company | |
|---|--------------|---------------|--------------|---------------|---------------|----------------|---------------|
| | 4Q/08 | 3Q/08 | 4Q/07 | 2008 | 2007 | 2008 | 2007 |
| Income before income tax and social contribution | 8,020 | 12,459 | 4,877 | 22,376 | 28,645 | 19,821 | 22,518 |
| Results of equity investment | (261) | (1,037) | 574 | 1,325 | 2,405 | (16,574) | (11,447) |
| | 7,759 | 11,422 | 5,451 | 23,701 | 31,050 | 3,247 | 11,071 |
| 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 | (2,638) | (3,883) | (1,853) | (8,058) | (10,557) | (1,104) | (3,764) |
|--|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|

Adjustments that affects the basis of taxes:

| | | | | | | | |
|--|-------|-------|-------|-------|---------|-------|-----|
| Income tax benefit from interest on stockholders equity | 446 | 287 | 204 | 1,315 | 839 | 1,315 | 839 |
| Fiscal incentives | (24) | 45 | 81 | 227 | 386 | | 129 |
| Results of overseas companies taxed by different rates wich diference than the parent company rate | 1,458 | 2,555 | 1,649 | 3,046 | 5,682 | | |
| Reduced incentive rate | 2,377 | 1,058 | (243) | 2,377 | (3,407) | | |
| Provisions Reverted | 431 | | | 431 | | 431 | |
| Others | 415 | 49 | (21) | (3) | (28) | 816 | 284 |

| | | | | | | | |
|---|--------------|------------|--------------|--------------|----------------|--------------|----------------|
| Income tax and social contribution | 2,465 | 111 | (183) | (665) | (7,085) | 1,458 | (2,512) |
|---|--------------|------------|--------------|--------------|----------------|--------------|----------------|

The deferred assets and liabilities related to income tax and social contribution arising from tax losses, negative social contribution bases and temporary differences are recognized from an accounting standpoint considering an analysis of likely future results, based on economic and financial projections prepared based on internal assumptions and macroeconomic, commercial and fiscal scenarios which could change in the future.

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These temporary differences will be realized upon the occurrence of the corresponding taxable events, expected to be as follows:

| Years | Net amount of credits | |
|--------------|------------------------------|-----------------------|
| | Consolidated | Parent Company |
| 2009 | 1,312 | 1,220 |
| 2010 | (115) | 80 |
| 2011 | (160) | 80 |
| 2012 | (125) | 80 |
| 2013 | (190) | 80 |
| 2014 | (439) | 80 |
| 2015 | (458) | 80 |
| 2016 | (442) | 80 |
| 2017 | (5,183) | 80 |
| | (5,800) | 1,860 |

Vale has certain tax incentives of reduction and exemption of income taxes. The incentives are calculated based on exploration profit and are based on the production levels recognized and incentive to the defined periods of each product and expire from 2008 to 2013. An amount equal to the tax saving must be appropriated to a reserve account with in stockholders equity and may not be distributed in the form of cash dividends.

Vale also has tax incentives related to Goro Project in New Caledonia. These incentives include an income provisions tax exemption during the construction phase of the project and throughout a 15-year period commencing in the first year in which commercial production, as defined by the applicable legislation, is achieved followed by a five-year, 50 per cent income tax exemption.

In addition, Goro qualifies for certain exemptions from indirect taxes such as import duties during the construction phase of the commercial life of the project. Some of these tax benefits, including the income tax exemption, are subject to an earlier phase out should the project achieve a specified cumulative rate of return. Vale is subject to a branch profit tax commencing in the first year in which commercial production is achieved, as defined by the applicable legislation. To date, there has been no net income for New Caledonia tax purposes. The benefits of this legislation are expected to apply with respect to any taxes otherwise payable once the Goro project is in operation.

6.12- Taxes to recover or offset

| | Consolidated | | Parent Company | |
|----------------------|---------------------|--------------|-----------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Income tax | 3,957 | 1,293 | 2,581 | 378 |
| Value-added tax ICMS | 733 | 591 | 538 | 432 |
| PIS and COFINS | 1,057 | 712 | 328 | 115 |
| INSS | 20 | 32 | 19 | 31 |
| Others | 186 | 102 | 35 | 29 |
| Total | 5,953 | 2,730 | 3,501 | 985 |
| Current | 4,886 | 2,230 | 3,312 | 792 |
| Non-current | 1,067 | 500 | 189 | 193 |

5,953

2,730

3,501

985

Table of Contents**6.13- Investments**

| | Investments | | Consolidated | | | | | | |
|--|--------------|--------------|--------------|-----------|-----------|----------------------------|--|-------------|------------|
| | | | (Unaudited) | | | Equity Results | | | |
| | 2008 | 2007 | 4Q/08 | 3Q/08 | 4Q/07 | Before new practices | Accumulated New practices adjustments | 2008 | 2007 |
| Investments carried at market value | | | | | | | | | |
| Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS (b) | 384 | 307 | | 15 | | 33 | | 33 | 26 |
| ThyssenKrupp CSA Cia Siderúrgica Mirabela Nickel Ltd | 1,034 | 686 | | | | | | | |
| Skye Resources (c) | 19 | 51 | | | | | | | |
| Hudbay Minerals Inc. | | 139 | (83) | | | (83) | | (83) | |
| Jubilee Mines N.L. Heron Resources Inc | 20 | 90 | | | | | | | |
| Others | 5 | 42 | | | | | | | |
| | 33 | 49 | | | | | | | |
| | 1,495 | 1,364 | (83) | 15 | | (50) | | (50) | 26 |
| Investments valued by equity method of accounting | | | | | | | | | |
| Henan Longyu Energy Resources Co. Ltd. | 411 | 204 | 35 | 35 | 22 | 145 | | 145 | 89 |
| Korea Nickel Corp. Log-In Logística Intermodal S/A. | 49 | | 4 | 3 | 6 | 7 | | 7 | 13 |
| Shandong Yankuang International Company Ltd | 221 | 189 | 12 | | 12 | 37 | | 37 | 15 |
| Vale Soluções em Energia | 58 | 41 | (33) | (3) | 4 | (33) | | (33) | 1 |
| Others | 98 | 71 | 6 | (1) | 2 | (2) | | (2) | (1) |
| | 110 | 71 | 6 | (1) | 2 | (2) | | (2) | (1) |
| | 947 | 505 | 24 | 34 | 46 | 154 | | 154 | 117 |

| | | | | | | | | | |
|--------------------|-------|-------|-----|-------|-------|-------|---------|-----|---------|
| Exchange variation | | | 671 | 1,341 | (287) | 1,231 | (1,231) | | (1,244) |
| | 2,442 | 1,869 | 612 | 1,390 | (241) | 1,335 | (1,231) | 104 | (1,101) |

(a) Investments valued at market value, or equivalent, as of September 2008, with adjustments reflected in the evaluation group of assets in equity.

(b) The values recorded as equity refers to dividends received.

(c) The values recorded as equity refers to loss on marking to market is not temporary.

| Parent Company Valued by equity method of accounting | Partici- tion % | Adjusted stockholders equity | Adjusted net income (loss) for the year | Investments | | Results of equity investments | | Dividends |
|--|--------------------|------------------------------------|---|-------------|----------|----------------------------------|----------|------------------|
| | | | | 2008 | 2007 | 2008 | 2007 | received 2008 |
| ALBRAS Alumínio Brasileiro S.A. | 51.00 | 1,945 | 148 | 992 | 906 | 76 | 288 | 78 |
| ALUNORTE Alumina do Norte do Brasil S.A. | 57.03 | 4,347 | 241 | 2,479 | 2,350 | 137 | 447 | 79 |
| Belém Administrações e Participações LTDA. | 100.00 | 232 | 22 | 232 | 229 | 22 | 76 | |
| Cadam S. A. Companhia | 61.48 | 253 | (54) | 156 | 190 | (33) | (21) | |
| Coreano-Brasileira de Pelotização KOBRASCO Companhia | 50.00 | 255 | 156 | 127 | 80 | 78 | 32 | 31 |
| Hispano-Brasileira de Pelotização HISPANOBRÁS | 50.89 50.90 | 333 268 | 202 107 | 170 136 | 76 82 | 103 55 | 19 20 | 10 |

| | | | | | | | | | |
|--|--------|--------|--------|---------------|---------------|---------------|---------------|--------------|--|
| Companhia Ítalo-Brasileira de Pelotização ITABRASCO | | | | | | | | | |
| Companhia Nipo-Brasileira de Pelotização NIBRASCO | 51.00 | 504 | 292 | 257 | 108 | 149 | 23 | | |
| Companhia Portuária da Baía de Sepetiba CPBS | 100.00 | 325 | 140 | 325 | 392 | 140 | 172 | 207 | |
| Ferro Gusa Carajas (d) | | | | | 383 | | 55 | | |
| Ferrovias Norte Sul S.A. | 100.00 | 820 | 26 | 820 | 739 | 26 | (4) | | |
| LOG-IN Logística Intermodal S/A | 31.33 | 657 | 68 | 221 | 189 | 37 | 37 | 5 | |
| Minas da Serra Geral S.A. MSG | 50.00 | 99 | 4 | 49 | 53 | 2 | 1 | | |
| Mineração Rio do Norte S.A. | 40.00 | 591 | 220 | 237 | 236 | 88 | 175 | 172 | |
| Mineração Tacumã Ltda | 100.00 | (88) | 56 | (88) | (144) | 56 | 23 | | |
| AFAC Mineração Tacumã Ltda | | | | 1,788 | 1,788 | | | | |
| Minerações Brasileiras Reunidas S.A. MBR (b) | 87.94 | 4,595 | 442 | 4,129 | 3,218 | 420 | 1,308 | | |
| MRS Logística S.A. (b) | 10.89 | 1,833 | 632 | 200 | 131 | 69 | 60 | 27 | |
| Salobo Metais S.A. (c) | 100.00 | 417 | | 417 | 298 | | | | |
| AFAC Salobo Metais S.A. | | | | 415 | 99 | | | | |
| Samarco Mineração S.A. | 50.00 | 600 | 1,105 | 300 | 412 | 553 | 486 | 546 | |
| Vale Manganês S.A. | 100.00 | 600 | 657 | 600 | 538 | 657 | 124 | | |
| Valesul Alumínio S.A. (b) | 56.44 | 656 | 21 | 370 | 366 | 12 | (122) | 8 | |
| Vale Capital (a) | 100.00 | 861 | 1,033 | | | | | | |
| Vale International S.A. (a) | 100.00 | 74,367 | 15,044 | 74,367 | 49,040 | 15,044 | 9,782 | | |
| Urucum Mineração | 100.00 | 38 | 163 | 38 | 43 | 163 | (3) | 4 | |
| Others | | | | 527 | (57) | 149 | (227) | 13 | |
| Carried at market value | | | | | | | | | |
| Thyssenkrupp CSA Companhia Siderúrgica Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS | | | | 1,034 | 686 | | | | |
| | | | | 384 | 307 | | | 33 | |
| | | | | 90,682 | 62,738 | 18,003 | 12,751 | 1,213 | |

(a) The net assets of companies based abroad was converted into national currency at the exchange rates prevailing at the date of financial statements.

(b)

That figure includes only the direct participation of Vale.

- (c) Undertaking pre-operational phase.
- (d) Company incorporated in 2008.

Table of Contents**6.14- Intangible**

| Intangible by segment | Intangible | | Goodwill amortization | | | | |
|---|---------------|---------------|-----------------------|--------------|--------------|---------------------|---------------------|
| | 2008 | 2007 | 4Q/08 | 3Q/08 | 4Q/07 | Accumulated 2008 | Accumulated 2007 |
| Iron ore and pellets | | | | | | | |
| Goodwill of Minerações Brasileiras Reunidas MBR (Includes goodwill Caemi) (b) | 4,060 | 4,615 | (138) | (139) | (139) | (554) | (540) |
| Right of use of the actions of the EBM Other companies (a, b) | 679 | 33 | (1) | (1) | (3) | (3) | (9) |
| | 4,744 | 4,648 | (139) | (140) | (142) | (557) | (549) |
| Nickel | | | | | | | |
| Goodwill of Inco Limited (a, b, d) | 3,471 | 7,366 | (207) | (212) | (189) | (862) | (753) |
| Other rights Vale Inco | 667 | 691 | | | | | |
| | 4,138 | 8,057 | (207) | (212) | (189) | (862) | (753) |
| Coal | | | | | | | |
| Goodwill of Vale Australia (a, b) | 171 | 129 | (5) | (1) | (2) | (10) | (2) |
| Logisite | | | | | | | |
| Ferrovias Norte Sul FNS (c) | 1,660 | 1,482 | | | | | |
| Other rights | | | | | | | |
| | 14 | | | | | | |
| Total consolidated | 10,727 | 14,316 | (351) | (353) | (333) | (1,429) | (1,304) |
| Intangible not recorded at the parent company | (2,327) | (2,173) | | | | | |
| Total parent company | 8,400 | 12,143 | (351) | (353) | (333) | (1,429) | (1,304) |

(a) Goodwill not recorded in the parent company;

(b) Goodwill based on future results expectation (stated period of amortization of 10 years);

(c) Amortization for the year of R\$ 10, recorded in cost of products sold;

(d) Includes impairment of R\$ 2,447, recorded in 4Q08.

The main movements at during 2008, which produced a balance of R\$ 14,316 at December 31, 2007 to R\$ 10,727 at December 31, 2008, are as follows: Adictions and write-off, net, including impairment: -R\$ 3,317, Amortization: -R\$ 1,440 and exchange and monetary variation: R\$ 1,168.

Impairment of goodwill

As described on Notes 6.4 (p), Vale tests the recoverability of indefinite intangible assets that are mainly constituted of goodwill from expectative on future results from business combination.

Following the downturn in the economy which contributed to the decline in the prices of certain commodities, during the last quarter of 2008, Vale reviewed its estimates on prices, demand, interest rate, costs and etc., considered on forecasted discounted cash flows of each of its cashflow generated unit used as assumptions to measure the recoverability of goodwill and assets linked to these cashflow generating unit.

As a result, the Company determined that part of the goodwill associated with the nickel unit business from the acquisition of Vale Inco in 2006, were above its recoverable value of such units and in this way a R\$2,447 loss due to lack of recoverability was recognized in the statement of income.

Recognition of additional goodwill impairment charges in the future would depend on several estimates including market conditions, recent actual results and management's forecasts. This information shall be obtained at the time when its assessment is to be updated. Therefore, at this point, it is not possible to reasonably estimate whether any future goodwill impairment charge could be determined in the near future.

6.15- Property, Plant and Equipment

(a) By type of asset:

| | Average depreciation rates | Consolidated 2008 | | | 2007 | | Parent Company 2008 | | | 2007 |
|----------------------------------|----------------------------|-------------------|--------------------------|---------------|---------------|---------------|--------------------------|---------------|---------------|------|
| | | Cost | Accumulated depreciation | Net | Net | Cost | Accumulated depreciation | Net | Net | |
| Lands | 0.00% | 425 | | 425 | 195 | 170 | | 170 | 99 | |
| Buildings | 3.63% | 9,357 | (2,472) | 6,885 | 5,919 | 3,357 | (918) | 2,439 | 2,010 | |
| Installations | 3.73% | 28,759 | (9,388) | 19,371 | 15,565 | 13,514 | (4,019) | 9,495 | 8,147 | |
| Equipment | 7.34% | 13,870 | (4,283) | 9,587 | 7,505 | 4,567 | (1,651) | 2,916 | 2,623 | |
| Information technology equipment | 20.00% | 2,086 | (1,138) | 948 | 811 | 1,664 | (943) | 721 | 792 | |
| Railways | 3.09% | 11,851 | (4,293) | 7,558 | 6,513 | 10,090 | (3,866) | 6,224 | 5,549 | |
| Mineral rights | 3.26% | 29,179 | (3,445) | 25,734 | 24,128 | 1,844 | (399) | 1,445 | 1,255 | |
| Others | 7.27% | 10,904 | (2,253) | 8,651 | 8,322 | 3,291 | (1,436) | 1,855 | 1,551 | |
| | | 106,431 | (27,272) | 79,159 | 68,958 | 38,497 | (13,232) | 25,265 | 22,026 | |
| Construction in progress | | 31,335 | | 31,335 | 21,519 | 13,432 | | 13,432 | 6,071 | |

| | | | | | | | | |
|--------------|----------------|-----------------|----------------|---------------|---------------|-----------------|---------------|---------------|
| Total | 137,766 | (27,272) | 110,494 | 90,477 | 51,929 | (13,232) | 38,697 | 28,097 |
|--------------|----------------|-----------------|----------------|---------------|---------------|-----------------|---------------|---------------|

Table of Contents**(b) By business area:**

| | Consolidated | | | 2007 |
|--------------------------|---------------------|--|----------------|---------------|
| | Cost | 2008 Accumulated depreciation | Net | Net |
| Ferrous | | | | |
| In operation | 33,424 | (12,692) | 20,732 | 18,131 |
| Construction in Progress | 9,068 | | 9,068 | 6,914 |
| | 42,492 | (12,692) | 29,800 | 25,045 |
| Non Ferrous | | | | |
| In operation | 50,143 | (6,839) | 43,304 | 39,562 |
| Construction in Progress | 18,121 | | 18,121 | 10,241 |
| | 68,264 | (6,839) | 61,425 | 49,803 |
| Logistics | | | | |
| In operation | 9,162 | (2,992) | 6,170 | 4,924 |
| Construction in Progress | 837 | | 837 | 523 |
| | 9,999 | (2,992) | 7,007 | 5,447 |
| Holdings | | | | |
| In operation | 11,881 | (3,816) | 8,065 | 5,436 |
| Construction in Progress | 1,265 | | 1,265 | 3,072 |
| | 13,146 | (3,816) | 9,330 | 8,508 |
| Corporate Center | | | | |
| In operation | 1,821 | (933) | 888 | 905 |
| Construction in Progress | 2,044 | | 2,044 | 769 |
| | 3,865 | (933) | 2,932 | 1,674 |
| Total | 137,766 | (27,272) | 110,494 | 90,477 |

Assets given in guarantee to judicial processes totaled R\$ 433.

6.16- Loans and Financing**Current**

| | Consolidated | | Parent Company | |
|-----------------|---------------------|--------------|-----------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Trade finance | 958 | 1,007 | | 297 |
| Working capital | 130 | | | |
| | 1,088 | 1,007 | | 297 |

Non-current

| | Consolidated | | | | Parent Company | | | |
|------------------------------------|----------------------------|--------------|--------------------------------|---------------|----------------------------|--------------|--------------------------------|--------------|
| | Current liabilities | | Non-current liabilities | | Current liabilities | | Non-current liabilities | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Foreign operations | | | | | | | | |
| Loans and financing in: | | | | | | | | |
| U.S. dollars | 568 | 411 | 15,287 | 11,472 | 380 | 312 | 1,046 | 1,081 |
| Other currencies | 54 | 114 | 390 | 379 | 8 | 10 | 15 | 18 |
| Notes in U.S. dollars | | | 15,214 | 11,841 | | | | |
| Export securitization (*) | 129 | 94 | 348 | 363 | | | | |
| Perpetual notes | | | 194 | 155 | | | | |
| Accrued charges | 507 | 499 | | | 24 | 33 | | |
| | 1,258 | 1,118 | 31,433 | 24,210 | 412 | 355 | 1,061 | 1,099 |
| Local operations | | | | | | | | |
| Indexed by TJLP, TR, IGP-M and CDI | 103 | 1,146 | 4,879 | 2,243 | 76 | 1,040 | 4,645 | 2,034 |
| Basket of currencies | 2 | 3 | 9 | 10 | 3 | 3 | 10 | 10 |
| Loans in U.S. dollars | | | 386 | 66 | | | 386 | |
| Non-convertible debentures | | | 5,987 | 5,916 | | | 5,500 | 5,500 |
| Accrued charges | 220 | 87 | | | 220 | 85 | | |
| | 325 | 1,236 | 11,261 | 8,235 | 299 | 1,128 | 10,541 | 7,544 |
| | 1,583 | 2,354 | 42,694 | 32,445 | 711 | 1,483 | 11,602 | 8,643 |

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

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The long-term portion as of December 31, 2008 matures as follows:

| | Consolidated | | Parent Company | |
|--|---------------------|-------------|-----------------------|-------------|
| 2010 | 5,571 | 13% | 1,958 | 17% |
| 2011 | 6,651 | 16% | 365 | 4% |
| 2012 | 3,019 | 7% | 280 | 2% |
| 2013 | 6,284 | 15% | 4,212 | 36% |
| 2014 onwards | 20,486 | 48% | 4,787 | 41% |
| No due date (Perpetual notes and non-convertible debentures) | 683 | 1% | | 0% |
| | 42,694 | 100% | 11,602 | 100% |

As of December 31, 2008, annual interest rates on long-term debt were as follows:

| | Consolidated | Parent Company |
|----------------------------|---------------------|-----------------------|
| Up to 3% | 1,830 | 396 |
| 3.1% to 5% | 13,761 | 1,419 |
| 5.1% to 7% (*) | 14,095 | 759 |
| 7.1% to 9% (*) | 4,994 | 1,024 |
| 9.1% to 11% | 203 | |
| Over 11% (*) | 8,716 | 8,715 |
| Variable (Perpetual notes) | 678 | |
| | 44,277 | 12,313 |

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

hedge the Company exposure on the contracted total floating rate debt denominated in reais. The contract value for these operations is R\$9,743, which R\$8,532 have original interest rate above 11%. After the hedge contract the average cost of these operations is equivalent to 4.9%.

The indexes applied to the Company debt and respective percentage variations in each year ended were as follows:

| | 2008 | % 2007 | 2006 |
|--|-------------|-------------------|-------------|
| TJLP Long-Term Interest Rate (effective rate) | 1.5 | 6.4 | 7.9 |
| IGP-M General Price Index Market | 1.2 | 7.8 | 3.8 |
| Devaluation of United States Dollar against Real | 31.9 | (17.2) | (8.7) |

On January 28, 2008 the Company entered into a trade finance agreement on working capital in the amount of R\$ 2 billion 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 and with long-term Japanese financing agencies, 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.

Vale has total revolving credit lines with bank syndicates, which work as a short term liquidity buffer that allow a more efficient cash management. Under revolving credit facilities, amounts drawn and repaid can be disbursed again at the option of the Borrower. At December 31, 2008, the total amount available under revolving credit lines was of US\$ 1.9 billion, being US\$ 1,15 billion granted to Vale International and the balance to Vale Inco. As of December 31, 2008, neither Vale International nor Vale Inco had drawn any advance amount under these facilities and Vale Inco has drawn US\$ 101 million by way of letters of credit.

Some of Vale's long-term debt instruments have financial covenants. The principal financial covenants relate to certain ratios that must be maintained, such as debt to EBITDA and interest coverage. The Company is in full compliance with financial covenants as of December 31, 2008.

As of December 31, 2008, the US-dollar denominated fixed interest notes of R\$ 15,214 (December 31, 2007 R\$ 11,841) and other debt of R\$ 25,814 (December 31, 2007 R\$ 21,359) are not securitized. The export securitization of R\$ 477 (December 31, 2007 R\$ 457) is collateralized by future receivables from certain export sales by the subsidiary CVRD Overseas Ltd. Loans from international lenders in the amount of R\$ 192 (December 31, 2007 R\$ 146) are guaranteed by Brazilian Federal Government, to which The Company has provided guarantees in the same amount. The remaining long-term debt of R\$ 760 (December 31, 2007 R\$ 996) is collateralized mainly by receivables from the subsidiaries.

Table of Contents**6.17- Contingent Liabilities**

The Company and its subsidiaries are party 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 restated monetarily and backed by management opinions and of the Legal Department and outside counsel.

In addition to provisions recorded, there are other contingent liabilities, split between taxes, labor and civil claims, which could result in a possible loss in the amount of R\$ 6,793 (R\$ 3,416 for the parent company). However, based on the opinion of our lawyers, there is no need to establishment of provision.

At the Financial Statements dates the contingent liabilities of the Company were:

(a) Provisions for contingencies net from judicial deposits, considered by management and its legal counsel as sufficient to cover losses from any type of lawsuit, are as follows:

| | Consolidated | | Parent Company | |
|---|---------------------|--------------|-----------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| I) Tax contingencies | 2,299 | 3,269 | 1,203 | 1,805 |
| (-) Judicial deposits | (1,082) | (1,346) | (862) | (803) |
| | 1,217 | 1,923 | 341 | 1,002 |
| II) Civil contingencies | 687 | 575 | 475 | 419 |
| (-) Judicial deposits | (44) | (277) | | (202) |
| | 643 | 298 | 475 | 217 |
| III) Labor contingencies | 1,097 | 937 | 905 | 757 |
| IV) Environmental contingencies | 32 | 31 | 9 | 3 |
| Total accrued liabilities | 2,989 | 3,189 | 1,730 | 1,979 |
| | 2008 | 2007 | 2008 | 2007 |
| Balance at the beginning of the period | 3,189 | 2,363 | 1,979 | 1,508 |
| Provisions, net of reversals | (1,234) | 752 | (747) | 71 |
| Payment | (30) | (56) | (30) | (45) |
| Monetary update | 568 | 442 | 385 | 507 |
| Judicial deposits | 496 | (312) | 143 | (62) |
| Balance at the end of period | 2,989 | 3,189 | 1,730 | 1,979 |

1) Tax Contingencies:

The major suits are:

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

Services Tax (ISS) The major claims are regarding local tax collecting disputes;

Tax for Social Security Financing (COFINS) The major contingencies, related to merged companies and refer to the increase of the rate from 2% to 3% between 1999 and 2000;

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

Additional Compensation to harbour workers (AITP) Amounts regarding the collection of compensation amounts for public harbour workers transferred to Private Harbour;

Income Tax and Social Contribution Essentially regarding a fiscal loss compensation and negative bases of social contribution disputing the limit of 30% of taxable earnings and monetary variations of assets from merged companies; and

Others Regarding dispute of tax credit compensation and the basis of calculation of Finance Compensation by Exploration of Mineral Resources CFEM.

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2) Civil Contingencies:

The civil actions are principally related to claims made against us by contractors in connection with losses alleged to have been incurred by them as a result of various past government economic plans, accidents and return of land.

3) Labor Contingencies:

Labor and social security related actions principally comprise 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 the one-third extra holiday pay.

- (b) In connection with the Girardin Financing, the Company provides certain guarantees on behalf of Goro pursuant to which we guaranteed payments due from Goro of up to a maximum amount of US\$ 100 millions (Maximum Amount) in connection with an indemnity. We also provided an additional guarantee covering the payments due from Goro of: (a) amounts exceeding the Maximum Amount in connection with the indemnity and (b) certain other amounts payable by Goro under a lease agreement covering certain assets.

The Company provides a guarantee covering certain termination payments due in New Caledonia from Goro to the supplier under an electricity supply agreement (ESA) entered into in October 2004 for the Goro nickel-cobalt project. The amount of the termination payments guaranteed depends upon a number of factors, including whether any termination of the ESA is as a result of a default by Goro and the date on which an early termination of the ESA were to occur. If Goro 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 million. Once the supply of electricity under the ESA to the project begins, the guaranteed amounts will decrease over the life of the ESA.

The Company expects such guarantees to be not executed and therefore no provisions for losses have been made.

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

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

The debenture holders are entitled to receive semi-annual payments (in March and September) equivalent to a percentage of the net revenue derived from certain mineral resources owned at May 1997 and included in the Issue Deed.

According to the Debenture Issue Deed, the amount of the premium must include interest up to the month prior to that of effective payment, plus 1% in the month in which the funds are made available to the debenture holder.

The accumulated sales of iron ore of the mines covered by the debentures in the period between May 1997 and December 31, 2008, was 596 million metric tons in the Southeast System and 671 million metric tons in the North System of Carajas. In the event that the annual sales of iron ore remain equal to the level achieved in the last twelve months, the levels required by the Issue Deed to start premium payments of 1.7 billion metric tons for the Southeast System and 1.2 billion metric tons to the North System, would be achieved in 2018 and 2013, respectively. However, these levels of production at the indicated dates can not be confirmed.

In September 2008, the Company paid interest on debentures in the amount of R\$ 20 (R\$ 22 in 2007).

Table of Contents**6.18- Provision for asset retirement obligations**

On December 31, 2008, the consolidated provision for asset retirement obligations amounted to R\$ 1,997 (R\$ 848 in the parent company), which was accounted for in Provision for asset retirement obligations in non-current liabilities and R\$ 113 (R\$ 44 in the parent company) classified in Other in current liabilities.

| | Consolidated | | Parent Company | |
|--|--------------|--------------|----------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Provisions in the beginning of year | 1,763 | 1,535 | 790 | 678 |
| Accretion expense | 294 | 150 | 163 | 84 |
| Liabilities settled in the current period | (16) | (27) | (11) | (15) |
| Revisions in estimated cash flows | (153) | 105 | (50) | 43 |
| Cumulative translation adjustment | 222 | | | |
| Provisions in the end of year | 2,110 | 1,763 | 892 | 790 |

6.19- Pension Plan

The following information shows the details of the status of the defined benefit elements of the Company plans, of the valuation of actuarial obligations and of the sponsor contribution to the plans.

(a) Pension Plan

The results of the actuarial valuation are presented as follows:

Fair value of assets development

| | 2008 | | | 2007 | | |
|--|--------------------------|---------------------------|----------------------------|--------------------------|---------------------------|----------------------------|
| | Overfunded pension plans | Underfunded pension plans | Underfunded other benefits | Overfunded pension plans | Underfunded pension plans | Underfunded other benefits |
| Fair value of assets at the beginning of the year | 7,417 | 6,405 | 18 | 7,483 | 6,386 | 9 |
| Actual return of assets | 132 | (1,147) | 2 | 447 | 131 | 2 |
| Contribution from sponsor | 74 | 399 | 97 | 63 | 631 | 109 |
| Benefits paid | (512) | (467) | (97) | (576) | (481) | (101) |
| Effect of exchange rate changes | | 328 | 1 | | (262) | (1) |
| Fair value of assets at the end of the year | 7,111 | 5,518 | 21 | 7,417 | 6,405 | 18 |

Changes in present value of obligations

| | 2008 | | | 2007 | | |
|--|---------------------------------|---------------------------|----------------------------|---------------------------------|---------------------------|----------------------------|
| | (*) Overfunded pension plans | Underfunded pension plans | Underfunded other benefits | (*) Overfunded pension plans | Underfunded pension plans | Underfunded other benefits |
| Fair value of plan assets at beginning of year | 5,629 | 7,127 | 2,668 | 5,402 | 7,293 | 2,523 |
| | | | | | 214 | 455 |

| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Liabilities recognized upon consolidation of Vale Inco | | | | | | |
| Cost of current service | 20 | 110 | 42 | 17 | 119 | 39 |
| Cost of interest | 556 | 379 | 127 | 588 | 368 | 127 |
| Benefits paid | (512) | (467) | (97) | (576) | (481) | (101) |
| Plan amendment | | 29 | | | 7 | |
| Hypotheses changes | (712) | | | | | |
| Actuarial loss | 685 | (1,207) | (684) | 198 | (64) | (220) |
| Effect of exchange rate changes | | 383 | 143 | | (329) | (155) |
| Fair value of plan assets at end of year | 5,666 | 6,354 | 2,199 | 5,629 | 7,127 | 2,668 |

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The actuarial valuation results are resumed as follows:

Reconciliation of assets and liabilities of the balance sheet

| | Consolidated | | | | | |
|---|--|--|---|--|--|---|
| | 2008 | | | 2007 | | |
| | (*) Overfunded pension plans | Underfunded pension plans | Underfunded other benefits | (*) Overfunded pension plans | Underfunded pension plans | Underfunded other benefits |
| Fair value of plan assets at the end of the year | (5,666) | (6,354) | (2,199) | (5,629) | (7,127) | (2,668) |
| Fair value of assets at the end of the year | 7,111 | 5,518 | 21 | 7,417 | 6,405 | 18 |
| Net (gains) and losses not recognized on the balance sheet | 545 | 231 | (410) | (232) | | (122) |
| Total | 1,990 | (605) | (2,588) | 1,556 | (722) | (2,772) |
| Actuarial assets / (liabilities) recorded in the balance sheet: | | | | | | |
| Short-term | | (26) | (127) | | (38) | (117) |
| Long-term | 1,990 | (579) | (2,461) | 1,556 | (684) | (2,655) |
| Actuarial assets / (liabilities) recorded in the balance sheet | 1,990 | (605) | (2,588) | 1,556 | (722) | (2,772) |
| | Parent Company | | | | | |
| | 2008 | | | 2007 | | |
| | (*) Overfunded pension plans | Underfunded pension plans | Underfunded other benefits | (*) Overfunded pension plans | Underfunded pension plans | Underfunded other benefits |
| Fair value of plan assets at the end of the year | (5,666) | | | (5,629) | | |
| Fair value of assets at the end of the year | 7,111 | | | 7,417 | | |
| Net (gains) and losses not recognized on the balance sheet | 545 | | | (232) | | |
| Total | 1,990 | | | 1,556 | | |

Actuarial assets /

(liabilities) recorded in the
balance sheet:

Short-term

| | | |
|-----------|-------|-------|
| Long-term | 1,990 | 1,556 |
|-----------|-------|-------|

Actuarial assets /

**(liabilities) recorded in the
balance sheet**

| | | |
|--|--------------|--------------|
| | 1,990 | 1,556 |
|--|--------------|--------------|

(*) The company did not register in the Balance Sheet the asset from actuarial valuation because there is no evidence of realization, according to item 49 of NPC 26.

Investment target and composition of plan assets

The asset fair value of these plans is R\$ 12,650 and R\$ 13,840 at the end of 2008 and 2007, respectively. The assets allocations for the Company pension plan at the end of 2008 and 2007 and the target allocation for 2009, by asset category are as follows:

| Type of assets | Target allocation for 2009 (Unaudited) | Brazil | |
|-------------------|---|-----------------------------------|-------------|
| | | Percentage of plan assets 2008 | 2007 |
| Equity securities | 26% | 20% | 29% |
| Real estate | 6% | 4% | 3% |
| Loans | 7% | 6% | 4% |
| Fixed Income | 61% | 70% | 64% |
| Total | 100% | 100% | 100% |

| Type of assets | Target allocation for 2009 (Unaudited) | Foreign | |
|----------------|---|-----------------------------------|------|
| | | Percentage of plan assets 2008 | 2007 |

| | | | |
|-------------------|-------------|-------------|-------------|
| Equity securities | 61% | 54% | 61% |
| Fixed Income | 39% | 46% | 39% |
| Total | 100% | 100% | 100% |

The investment policy was based on the ALM-Asset Liability Modeling conducted by Mercer Consulting.

The target allocation of assets to fixed income has been established to overcome the actuarial obligations of the plans. The proposal for 2009 is to increase investment assets indexed to inflation. The remaining investments in fixed income will be used to pay the benefits of the plan in the short term.

The target allocation of income in the segment variable reflects the expected return to IBOVESPA (Brazilian stock index) and ALM.

Table of Contents**(b) Actuarial liability****Allowance for additional health care plan**

Refers to the responsibility of the Company to support retirements, pensions and health assistance related to the termination of some employees, which occurred between 1987 and 1989.

The results of the actuarial evaluation of this liability are as follows:

Change of fair value of assets (*)

| | Abono Complementação | |
|--|-----------------------------|-------------|
| | 2008 | 2007 |
| Fair value of assets at the beginning of the year | 259 | 196 |
| Actual return of assets | 49 | 32 |
| Contribution from sponsor | 100 | 93 |
| Benefits paid in the period | (67) | (62) |
| Fair value of assets at the end of the year | 341 | 259 |

(*) Does not apply to fair value of assets to health plan.

Change in the present value of obligations

| | Health care | | Abono Complementação | |
|---|--------------------|-------------|-----------------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Fair value of assets at the beginning of the year | 292 | 229 | 732 | 708 |
| Current service cost | 3 | | | |
| Cost of interest | 29 | 25 | 71 | 76 |
| Benefits paid in the period | (31) | (21) | (67) | (62) |
| Hypotheses changes | (34) | | (63) | |
| Loss (Gain) on liabilities | 41 | 59 | 57 | 10 |
| Fair value of plan assets at the end of the year | 300 | 292 | 730 | 732 |

Reconciliation of assets and liabilities of the balance sheet

| | Health care | | Abono Complementação | |
|---|--------------------|-------------|-----------------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Present value of totally or partially covered actuarial obligations | (300) | (292) | (730) | (732) |
| Fair value of assets | | | 341 | 259 |
| Net (gains) loss not recognized on the balance sheet | 31 | 24 | 49 | 73 |

Actuarial assets and liabilities accrued in the balance sheet

| | | | | |
|--|--------------|--------------|--------------|--------------|
| | (269) | (268) | (340) | (400) |
|--|--------------|--------------|--------------|--------------|

Costs recognized in the income statement

| | Health care | | Abono Complementação | |
|----------------------------|--------------------|-------------|-----------------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Cost of interest | 29 | 25 | 71 | 76 |
| Actual return of assets | | | (49) | (32) |
| Total of costs, net | 29 | 25 | 22 | 44 |

(c) Sponsor contributions

The contributions are as follows:

| | Target to 2009 | 2008 |
|--|-----------------------|--------------|
| Benefit plan VALE MAIS income | (46) | (46) |
| Benefit plan VALE MAIS risk and proportional benefit | (73) | (74) |
| Pension plans in the foreign | (591) | (632) |
| Complementary value (*) | (101) | (100) |
| Health care plan for retired employee (*) | (27) | (31) |
| Total contributions | (838) | (883) |

Table of Contents**(d) Actuarial and economic hypotheses**

All calculations include future projections in relation to certain parameters, for example: salaries, interest, inflation, benefits from social security, mortality, invalidity and others. No actuarial results can be analyzed without knowledge of the scenarios utilized in the evaluation.

The actuarial economic hypotheses were considering the long-term for their maturity, and must be analyzed from this point of view. They are not necessarily realizable in the short-term.

The evaluation was based on the following economic hypotheses:

| Economic assumptions | 2008 | | 2007 | |
|--|---------------------|-----------------------|---------------------|-----------------------|
| | Local pension plans | Foreign pension plans | Local pension plans | Foreign pension plans |
| Discount rate | 11.28% p.a. | 6.45% p.a. | 10.24% p.a. | 5.21% p.a. |
| Rate expected return of assets | 12.22% p.a. | 7.17% p.a. | 12.78% p.a. | 7.18% p.a. |
| Rate of compensation increase up to 47 years | 7.12% p.a. | 3.85% p.a. | 7.12% p.a. | 4.01% p.a. |
| Rate of compensation increase over 47 years | 4.00% p.a. | 3.85% p.a. | 4.00% p.a. | 4.01% p.a. |
| Inflation | 4.00% p.a. | 2.00% p.a. | 4.00% p.a. | 2.00% p.a. |
| Health care cost trend rate | 7.12% p.a. | 6.19% p.a. | 7.64% p.a. | 6.35% p.a. |

All assumptions were revised in 2008.

6.20- Incentives of long stated period

In 2008, with the purpose of introducing a stockholders vision to the Company executives, as well as improving this executives retention and reinforce the culture of sustainable performance, the Board of Directors approved a long-term incentive compensation plan, which was implemented in April 2008 with a three-year cycle (2008 to 2010).

Under the terms of 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 preferred shares of Vale, through a 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 its employment relationship with Vale during that period.

Upon meeting these two conditions described above (keeping the number of shares purchased and remaining a Vale employee over the three years), the participant becomes entitled to receive from Vale a cash payment equivalent to the total amount of shares held, based on market rates.

The Company records the cost of incentives under the Compensation Plan for Long Term, following the requirements of the CVM Resolution 562/2008. The obligations are measured for fair value disclosure, based on quotes from the market. The costs of compensation incurred are recognized during the three year period.

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

On December 31, 2008, the company recognized a long-term obligation in the amount of R\$ 17 equivalent to 711,005 shares, whole recognized in the statement of income.

6.21- Paid-up Capital

In July 2008, the Company issued 256,927 common shares and 164,403 preferred shares through a global offering, which consisted of a registered offering in Brazil and an international offering. On August 2008, through an additional offering, the Company issued 24,660 preferred shares. Following the issue, Vale's capital stock increased by R\$ 19 billion with corresponding transaction costs of R\$ 161 recorded as a reduction to the additional paid-in capital account. As a result, capital is now composed by 3,256,724,482 common shares and 2,108,579,618 preferred shares, totaling R\$ 47,434.

At the Extraordinary Stockholders Meeting held on April 27, 2007 the capital stock was increased to R\$28,000, due to the capitalization of the expansion/investment reserve in the amount of R\$7,673, capitalization of the legal reserve in the amount of R\$752, and capitalization of the fiscal incentives reserve in the amount of R\$83 without new stock issue.

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On August 30, 2007 the Extraordinary General Stockholders Meeting approved the forward-stock split. Since September 2007, each existing share, both common and preferred, became two shares.

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% of the book net equity value of the share, whichever is greater.

On December 31, 2008, the Company's capital is held as follows:

| Stockholders | | | Number of shares | | | |
|--|----------------------|------------|----------------------|------------|----------------------|------------|
| | Common | % | Preferred | % | Total | % |
| Valepar S.A. | 1,716,435,045 | 53 | 20,340,000 | 1 | 1,736,775,045 | 32 |
| Brazilian Government (National Treasury / BNDES/ INSS / FPS) | 56,712 | | 60,904,104 | 3 | 60,960,816 | 1 |
| American Depository Receipts ADRs | 724,877,268 | 22 | 794,529,068 | 38 | 1,519,406,336 | 29 |
| FMP FGTS | 122,303,382 | 4 | | | 122,303,382 | 2 |
| PIBB BNDES | 4,513,120 | | 7,115,990 | | 11,629,110 | |
| BNDESPar | 218,386,481 | 7 | 1,483,079 | | 219,869,560 | 4 |
| Foreign Institutional investors in Brazilian market | 108,334,610 | 3 | 316,402,075 | 15 | 424,736,685 | 8 |
| Brazil Institutional investors | 223,055,069 | 7 | 386,095,593 | 18 | 609,150,662 | 11 |
| Brazil Retail investors in Brazilian market | 63,824,896 | 2 | 444,855,405 | 21 | 508,680,301 | 9 |
| Treasury stock in Brazil | 74,937,899 | 2 | 76,854,304 | 4 | 151,792,203 | 4 |
| Total | 3,256,724,482 | 100 | 2,108,579,618 | 100 | 5,365,304,100 | 100 |

The members of the Board of Directors and Executive Board together own 166,915 common shares and 715,112 preferred shares.

The Board of Directors has the power, without the necessity of a statutory change, to allow the issue of new shares (authorized capital) including the capitalization of revenue and reserves until the authorized limit of 3,600,000,000 common shares and 7,200,000,000 preferred shares without par value.

On December 31, 2008, the Company after the proposed appropriations of the net income for the year, does not have excess profit reserves in relation to the share capital.

6.22- Resources linked to future mandatory conversion in shares

In June, 2007, the Company issued mandatory convertible notes in the amount of R\$3,601, net of interest R\$3,064, with maturity in 2010. The notes, pay a coupon of 5.50% p.a. quarterly and the right to receive the participation of the additional equivalent for the distribution in cash paid to the ADS's holders. These notes were classified as a capital instrument, mainly because of the fact that there is no option, from the part of the Company or from the part of the holders to liquidate, totally or in part this operation with financial resources, being the conversion mandatory. These notes are recognized as a specific part of the equity, net of financial changes.

The resources linked to future mandatory conversion, net of interest, are represented by a maximum of 56,582,040 common shares equivalent to R\$ 2,111 and the ones represented by a maximum of 30,295,456 preferred shares are equivalent to R\$ 926. All the shares are currently in treasury stock (see note 6.24).

6.23- ADR Program American Depository Receipts

The Company has a registration with the United States Securities and Exchange Commission (SEC) that permits its preferred shares and common shares to be traded on the New York Stock Exchange (NYSE) as ADR American

Depository Receipts since June, 2000 and March, 2002, respectively. As a consequence of the share split, each ADR was also split, maintaining thus the proportion of 1 (one) class A preferred share or common share, traded with codes RIOPR and RIO , respectively.

For maintenance of this registration the Company also discloses its financial statements according to U.S.A. Principles USGAAP showing a net income for 2008 of R\$ 24,396 which is different from the net income presented according to Brazilian Principles due to non-amortization of goodwill.

Table of Contents**6.24- Treasury Stock**

On October 16, 2008, The Board of Directors approved a program to repurchase up to 69,944,380 common shares involving up to 169,210,249 preferred shares, amounting to 5.5% and 8.5% respectively of the total number of shares of each class based on the outstanding equity position at September 30, 2008. At the end of December 31, 2008, 18,355,869 common shares and 46,513,400 preferred shares had been acquired.

The objective of the program was to maximize the value of the company for shareholders.

On December 31, 2008, the Company had 74,937,899 common shares and 76,854,304 preferred shares, which are held in treasury in the amount of R\$ 2,448.

| Class | Shares | | Unit acquisition cost | | | Average quoted market price | |
|-----------|--------------------|-------------------|-----------------------|-------|-------|-----------------------------|-------|
| | Quantity | | Average | Low | High | 2008 | 2007 |
| | 2008 | 2007 | | | | | |
| Preferred | 76,854,304 | 30,341,144 | 23.62 | 21.02 | 27.96 | 37.99 | 39.46 |
| Common | 74,937,899 | 56,582,040 | 16.90 | 23.33 | 31.00 | 44.44 | 46.73 |
| | 151,792,203 | 86,923,184 | | | | | |

6.25- Remuneration of Stockholders

The total remuneration proposed to stockholders in 2008 was calculated as follows:

| | |
|--|---------------|
| Net income for the year | 21,279 |
| Legal reserve | (1,064) |
| Realization of unrealized income reserve (*) | 23 |
| Adjusted net income | 20,238 |
| Mandatory dividend amount - 25% (R\$0.99 per outstanding share) | 5,059 |
| Statutory dividend on preferred shares (3% of net equity, R\$0.36 per outstanding share) | 1,195 |
| Statutory dividend on preferred shares (6% of paid-up capital, R\$0.35 per outstanding share) | 1,108 |
| Dividends/ Interest on stockholders equity Total | 5,059 |
| Anticipated dividends in October, 2008 | (225) |
| Dividends/ Interest on stockholders equity Proposed | 4,834 |

(*) The realization is based on the dividends

received,
write-off or
disposal of
investments and
depreciation,
write-off and
disposal of
property, plant
and equipment.

Table of Contents**6.26- Financial Results**

| | 4Q/08 | Consolidated (Unaudited) 3Q/08 | 4Q/07 |
|--|----------------|---|----------------|
| Financial expenses | | | |
| Interest | (786) | (509) | (552) |
| Labor, tax and civil contingencies | (51) | (40) | (70) |
| CPMF | | | (52) |
| Others | (156) | (198) | (522) |
| | (993) | (747) | (1,196) |
| Financial income | | | |
| Related parties | 1 | 1 | 4 |
| Financial statements | 496 | 431 | 63 |
| Others | 89 | 35 | 195 |
| | 586 | 467 | 262 |
| Derivatives | (1,327) | (1,112) | 589 |
| Monetary and exchange rate variation on assets: | | | |
| Cash and cash equivalents | 3,662 | 2,357 | (127) |
| Accounts receivable | 2,217 | 1,812 | (253) |
| Loans | (6,231) | (4,768) | 883 |
| Property, Plan and Equipment | 6,538 | 5,397 | (254) |
| Others | (1,905) | (2,094) | 491 |
| Net | 4,281 | 2,704 | 740 |
| Financial income (expenses), net | 2,547 | 1,312 | 395 |

| | Before new practices | Consolidated | | Parent Company | | |
|------------------------------------|-------------------------------------|--|-------------|-----------------------|-------------|-------------|
| | | New practices adjustments | 2008 | 2007 | 2008 | 2007 |
| Financial expenses | | | | | | |
| Interest | (2,296) | | (2,296) | (2,663) | (2,889) | (3,142) |
| Labor, tax and civil contingencies | (183) | | (183) | (188) | (173) | (171) |
| CPMF | | | | (275) | | (204) |

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|--|----------------|----------------|----------------|----------------|-----------------|----------------|
| Others | (978) | | (978) | (2,002) | (364) | (1,209) |
| | (3,457) | | (3,457) | (5,128) | (3,426) | (4,726) |
| Financial income | | | | | | |
| Related parties | 4 | | 4 | 9 | 229 | 27 |
| Financial statements | 1,023 | | 1,023 | 225 | 772 | 47 |
| Others | 194 | | 194 | 562 | 92 | 30 |
| | 1,221 | | 1,221 | 796 | 1,093 | 104 |
| Derivatives | (1,817) | | (1,817) | 1,853 | (1,475) | 1,490 |
| Monetary and exchange rate variation on assets: | | | | | | |
| Cash and cash equivalents | 5,708 | (663) | 5,045 | (784) | 3,058 | 22 |
| Accounts receivable | 3,160 | (538) | 2,622 | (1,585) | 73 | (441) |
| Loans | (8,268) | 973 | (7,295) | 6,291 | (260) | 965 |
| Property, Plan and Equipment | 7,259 | (7,123) | 136 | (3,625) | | |
| Others | (2,896) | 2,600 | (296) | 2,459 | (689) | 306 |
| Related parties | 3 | | 3 | | (9,047) | 5,600 |
| Net | 4,966 | (4,751) | 215 | 2,756 | (6,865) | 6,452 |
| Financial income (expenses), net | 913 | (4,751) | (3,838) | 277 | (10,673) | 3,320 |

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6.27- Financial Instruments Derivatives

Risk Management Policy

Vale has developed its risk management strategy aiming to promote the so called enterprise risk management, through an integrated framework, evaluating not only the market risk impact in the business, but also the credit and operational risk impact.

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

The main objective of integrated risk management, that considers all kinds of corporate risks, as well as, the correlations between different market risk factors, is to be able to evaluate the risk impact after considering all the natural hedges presented in the company portfolio. Using this framework, when evaluating the impact of risks on Vale business, we identify a natural diversification due to our mix of products and currencies. This diversification benefit implies a natural reduction of the overall risk of the company. Any risk mitigation strategy will only be implemented, whenever necessary, if it contributes significantly for the reduction on the volatility of our cash flows beyond the levels initially observed and until we reach the acceptable levels of risk.

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

The risk management policy determines that Vale will evaluate the risk on the cash flow regularly and all the risk mitigation strategies analyzed, whenever necessary, will be proposed with the final objective of reduction in the cash flow volatility.

The executive board is responsible for the evaluation and approval of the long term risk mitigation strategies, recommended by the risk management committee.

The risk management committee is responsible to assist our executive officers in overseeing and reviewing information regarding our enterprise risk management activities including the principles, significant policies, risk management process and procedures and instruments employed to manage risk. The risk management committee reports periodically to the executive board how the risks have been monitored, what are the most important risks and their impact on the cash flow.

As of December 2008, the members of the risk management committee were: Fabio de Oliveira Barbosa, Chief Financial Officer, Tito Martins, Executive Officer (Non-ferrous Minerals), Demian Fiocca, Executive Officer (Management and Sustainability), Guilherme Cavalcanti, Corporate Finance Director, and Jennifer Maki, Chief Financial Officer of Vale Inco Ltd., Vale's wholly-owned subsidiary.

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

Besides the risk management governance model, Vale counts on a well defined corporate structure. 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's and its wholly owned subsidiaries corporate strategy. It is the responsibility of to finance department the execute the risk mitigation strategies though the use of derivatives. The independence of the areas guarantees an effective control on these operations.

The consolidated market risk exposure and the portfolio of derivatives is monthly measured and monitored in order to evaluate the financial results and possible market risk impacts on our cash flow, and guarantee that the initial goals will be achieved. The mark-to-market on the derivatives portfolio is reported weekly to management.

All derivatives positions were recognized in our balance sheet at fair value, and gains or losses in fair value were accrued in Vale's current 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 and input costs

Fair value computation methodology

Well-known market participants' valuation methodologies were used to compute the fair value of instruments. To evaluate the financial instruments, their present values were computed 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. The derivative fair value in this model 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 by 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.

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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 or market price providers. When there is no price for a specific date, we use interpolations between the available periods.

Value at Risk computation methodology

The Value at Risk of the positions was measured using a 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 our 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 a one business day time horizon. The value at risk of the portfolio considers a 95% confidence level.

Sensitivity Analysis

In the topic sensitivity analysis, sensitivity analysis tables are presented for all the outstanding positions as of December 31st 2008. The scenarios defined for these analyses were:

Scenario I: expected considers the market curves as of December 31st 2008;

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 December 2008 was R\$ 23.6 million, and it refers to positions that will mature in 2009.

Main positions definitions:

Cash flow Hedging hedging operations with the purpose of reducing cash flow volatility deriving from the mismatch between the currencies on our revenues, predominantly in US dollars, and our costs and investments, predominantly in Brazilian reais. This position was settled in December 2008.

Hedge 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 swaps to convert Brazilian reais denominated debt instruments linked to CDI to USD. In those swaps Vale pays fixed rates in USD and receives payments linked to CDI.

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

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

Hedge for Real denominated debt indexed to TJLP

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

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

Hedge for 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 to convert loans in Euros linked to Euribor to loans in USD linked to Libor. We used this instrument to convert the cash flow of a debt in Euros, with a notional amount of 19.1 million issued in 2003 by Vale. In those swaps Vale pays floating rates in USD (Libor) and receives floating rates in Euros (Euribor).

Hedge 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 USD floating rate debt into USD 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 those swaps Vale pays fixed rates in USD and receives floating rates in USD (Libor).

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Nickel Fixed Price Program In order to maintain the exposure to Nickel price fluctuations, Vale Inco Ltd., Vale's wholly-owned subsidiary entered into derivatives to convert to floating prices all contracts with clients that required a fixed price. It aims to guarantee that the prices of those operations would be the same of the average prices negotiated in LME 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.

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

Hedge of Natural Gas Vale Inco Ltd., Vale's wholly-owned subsidiary entered into derivatives in order to minimize the impact of the Natural Gas price volatility in our costs. These transactions are usually implemented using swaps or by the purchase of forward contracts.

Copper Scrap Purchase Protection Program This program was implemented in order to reduce the cash flow volatility due to the quotational period mismatch between the pricing period of copper scrap purchase and the pricing period of final products sale to clients, as the copper scrap combined with other raw materials or inputs of Vale's wholly-owned subsidiary, Vale Inco Ltd, to produce copper. This program is usually implemented by the sale of forwards or futures at LME or Over-the-Counter operations.

Copper Hedge hedging transactions that aim to reduce cash flow volatility due to changes in LME copper prices. Usually these transactions are implemented by the sale of forward or future contracts, over-the-counter or at LME and COMEX, and also may use *zero-cost collars* contracts (purchase of put options associated with sale of call options). These transactions were settled in December 2008.

Aluminum Hedge hedging transactions that aim to reduce cash flow volatility due to changes in LME aluminum prices. Usually these transactions are implemented by the sale of forward or future contracts, over-the-counter or at LME, and also may use *zero-cost collars* contracts (purchase of put options associated with sale of call options). These transactions matured in December 2008.

Platinum Hedge hedging transactions that aim to reduce cash flow volatility due to changes in platinum prices. Usually these transactions are implemented by the sale of forward contracts, over-the-counter or at LME and COMEX, and also may use *zero-cost collars* contracts (purchase of put options associated with sale of call options). These transactions matured in December 2008.

Gold Hedge hedging transactions that aim to reduce cash flow volatility due to changes in gold prices, as gold is a by-product of our copper production. Usually these transactions are implemented by the sale of forward contracts or *zero-cost collars* contracts (purchase of put options associated with sale of call options). These transactions matured in December 2008.

Embedded Derivatives

Energy purchase energy purchase agreement between Albrás, Vale's controlled subsidiary, and Eletronorte in which there is a clause that defines that a premium can be charged if aluminum prices trade in the range of US\$ 1,450/t to 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.

Foreign exchange and interest rate risk

Vale's cash flow is subjected to volatility of several different currencies against the US dollar. While most of our product prices are indexed to US dollars, representing around 94% of the total revenue, most of our costs, disbursements and investments are indexed to currencies different than the US dollar, mainly Brazilian reais and Canadian dollars.

Therefore, US dollar is the reference currency for Vale's obligations. Derivative instruments may be used in order to reduce Vale's potential cash flow volatility arising from the currency mismatch. Vale's foreign exchange and interest

rate derivative portfolio consists, basically, of interest rate swaps to convert floating cash flows in Brazilian reais to fixed or floating US dollar cash flows, without any leverage.

From another perspective, Vale also has an exposure to interest rate risks over loans and financings. The US dollar floating rate debt in the portfolio consists mainly of loans including export pre-payments, commercial banks and multilateral organization loans. In general, our US dollar floating rate debt is mainly subject to changes in the Libor (London Interbank Offer Rate in US dollars). To mitigate the impact of the interest rate volatility on cash flow, Vale takes advantage of natural hedges allowed by the positive correlation of metal prices and US dollar floating rates. When natural hedges are not present, we may opt to realize the same effect using financial instruments.

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 debts are mainly linked to CDI and TJLP.

On December 31st, 2008, the total amount of real denominated debt converted through swaps into US dollars was US\$ 4.2 billion, with an average cost in dollars of 4.9% after the swaps transactions were implemented and maturity between November 2010 and December 2027, with semi-annual interest payments¹.

These swap transactions have settlement dates 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 US dollar / Brazilian reais exchange rate in our obligations, contributing to a stable flow of cash disbursements in US dollars for the interest and/or principal payment of our real denominated debt.

¹ With the exception of a US\$ 211 million debt with monthly and quarterly interest and amortization payments.

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In the event of an appreciation (depreciation) of the Brazilian reais against US dollar, the negative (positive) impact on our Real denominated debt obligations (interest and/or principal payment) measured in US dollars will be almost totally offset by a positive (negative) effect from the swap transaction, regardless of the US dollar / Brazilian Reais exchange rate on the payment date.

On the fourth quarter of 2008, Vale paid an interest amount equivalent to R\$438 million related to Real denominated debt that were converted into US dollars through the use of swap transactions. However, company has received R\$50 million on the settlement of the swaps, offsetting the US dollar / Brazilian reais exchange rate variation impact in our debt service.

The tables below represent December 31st 2008 derivative positions 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.

Cash Flow Hedge

CDI vs. USD fixed rate swap

| Value at inception | Notional (\$) | | Index | Average Rate | Unrealized Gain/Loss (R\$) | | Realized Gain/Loss (R\$) |
|--------------------|---------------|------------|-------|--------------|----------------------------|------------|--------------------------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | 31/12/2008 |
| | Receivable | USD | | | 100 | USD | + 3,65% |
| Payable | R\$ | 159 | CDI | 100,00% | (159) | (166) | |
| Total | | | | | 33 | 70 | |

Hedge for the Real denominated debt

CDI vs. USD fixed rate swap

| Value at inception | Notional (\$) | | Index | Average Rate | Unrealized Gain/Loss (R\$) | | Realized Gain/Loss (R\$) | | Unrealized Gain/Loss by year (R\$) | | | | | | |
|--------------------|---------------|--------------|------------|--------------|----------------------------|------------|--------------------------|------------|------------------------------------|------|------|------|---------|------|------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | 31/12/2008 | 30/09/2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| | Receivable | R\$ 7.531 | | | R\$ 7.103,58 | CDI | 101,14% | 8.463 | 8.112 | 759 | 1 | 376 | (1.035) | 22 | (64) |
| Payable | USD 3.672 | USD 3.493,80 | USD + 5,33 | 95% | (9.338) | (7.584) | (521) | 277 | | | | | | | |
| Total | | | | | (875) | 528 | 238 | 277 | | | | | | | |

CDI vs. USD floating rate swap

| Value at inception | Notional (\$) | | Index | Average Rate | Unrealized Gain/Loss (R\$) | | Realized Gain/Loss (R\$) | | Unrealized Gain/Loss by year (R\$) | | | | | | |
|--------------------|---------------|------------|-------|--------------|----------------------------|------------|--------------------------|------------|------------------------------------|------|------|------|------|------|------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | 31/12/2008 | 30/09/2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| | Receivable | R\$ 792 | | | R\$ 792 | CDI | 102,26% | 834 | 838 | 61 | 65 | (51) | 23 | 17 | 12 |

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|--------------|---------|---------|----------------|---------|--------------|-------------|-----------|-----------|--|--|--|--|--|--|--|--|--|--|
| Payable | USD 430 | USD 430 | Libor + 3,876% | (1.057) | (866) | (20) | 31 | | | | | | | | | | | |
| Total | | | | | (223) | (28) | 41 | 31 | | | | | | | | | | |

TJLP vs. USD fixed rate swap

| Value at inception | Notional (\$) | Index | Average Rate | Unrealized Gain/Loss (R\$) | | | | Realized Gain/Loss VAR (R\$) | | | | | | | | | | | | |
|--------------------|---------------|--------|--------------|----------------------------|-------------|------------|------------|------------------------------|------------|------|------|------|------|------|------|------|------|------|------|------|
| | | | | 31/12/2008 | 30/09/2008 | 31/12/2008 | 30/09/2008 | 31/12/2008 | 30/09/2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| | | | TJLP | | | | | | | | | | | | | | | | | |
| | | | + 1,57% | | | | | | | | | | | | | | | | | |
| Receivable R\$ 518 | R\$ 525 | TJLP | a.a. | 436 | 434 | 31 | 8 | (5) | (8) | (12) | (4) | (14) | (39) | (14) | (13) | (12) | (11) | (14) | | |
| | | | USD | | | | | | | | | | | | | | | | | |
| | | | + 3,76% | | | | | | | | | | | | | | | | | |
| Payable US\$ 304 | US\$ 307 | USDa.a | | (580) | (528) | (25) | 22 | | | | | | | | | | | | | |
| Total | | | | (144) | (94) | 6 | 30 | | | | | | | | | | | | | |

TJLP vs. USD floating rate swap

| Value at inception | Notional (\$) | Index | Average Rate | Unrealized Gain/Loss (R\$) | | | | Realized Gain/Loss VAR (R\$) | | | | | | | | | | | | | |
|--------------------|---------------|----------|--------------|----------------------------|--------------|------------|------------|------------------------------|------------|------|------|------|------|------|------|------|------|------|------|------|--|
| | | | | 31/12/2008 | 30/09/2008 | 31/12/2008 | 30/09/2008 | 31/12/2008 | 30/09/2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| | | | TJLP | | | | | | | | | | | | | | | | | | |
| | | | + 0,96% | | | | | | | | | | | | | | | | | | |
| Receivable R\$ 645 | R\$ 647 | TJLP | a.a. | 503 | 471 | 10 | 12 | 2 | 0 | (1) | 82 | 9 | (99) | (6) | (6) | (5) | (5) | (39) | | | |
| | | | LIBOR | | | | | | | | | | | | | | | | | | |
| | | | -1,13% | | | | | | | | | | | | | | | | | | |
| Payable US\$ 378 | US\$ 378 | Libora.a | | (572) | (580) | (5) | 26 | | | | | | | | | | | | | | |
| Total | | | | (69) | (109) | 5 | 38 | | | | | | | | | | | | | | |

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

Hedge for the Euro denominated floating rate debt

EUR floating rate vs. USD floating rate swap

| Value at inception | Notional (\$) | Index | Average Rate | Unrealized Gain/Loss (R\$) | Realized Gain/Loss (R\$) | VAR (R\$) | Unrealized Gain/Loss by year |
|--------------------|---------------|-------|--------------|----------------------------|--------------------------|-----------|------------------------------|
|--------------------|---------------|-------|--------------|----------------------------|--------------------------|-----------|------------------------------|

| | 31/12/2008 | | 30/09/2008 | | 31/12/2008 | | 31/12/2008 | | 2009 | | (R\$) | 2010 | 2011 |
|--------------|------------|--------|------------|---------------|------------|----------|------------|--|------|---|-------|------|------|
| Receivable | 7 | 8 | EUR | Ruribor+0,875 | 24 | 23 | 8 | | 2 | 2 | | 1 | |
| Payable | US\$ 8 | US\$ 9 | USD | Libor+1,0425 | (19) | (18) | (7) | | | | | | |
| Total | | | | | 5 | 5 | 1 | | | | | | |

Hedge for the USD floating rate debt

USD floating rate vs. USD fixed rate swap

| Value at inception | Notional (\$) | | Index | Average Rate | Realized Gain/Loss VAR | | | Unrealized Gain/Loss by year | | | | |
|--------------------|---------------|------------|-------|--------------|----------------------------|-------------|------------|------------------------------|------|------|-----|--|
| | 31/12/2008 | 30/09/2008 | | | Unrealized Gain/Loss (R\$) | (R\$) | (R\$) | (R\$) | 2010 | 2011 | | |
| Receivable | US\$ 200 | US\$ 200 | USD | 3M LIBOR | 466 | 385 | 14 | | (17) | (10) | (5) | |
| Payable | | | USD | 4,795% a.a | (498) | (395) | (18) | 1 | | | | |
| Total | | | | | (32) | (10) | (4) | 1 | | | | |

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Additionally, in order to reduce cash flow volatility from the Brazilian payroll denominated expenses in Reais for 2007 and 2008, Vale has entered into some foreign exchange rate swaps with monthly settlements. In June 2008, the market value of this position was R\$194 million. In September 2008, Vale decided to do an early settlement of our outstanding hedging for the payroll, since we decided to invest in Brazilian Reais part of the cash obtained from our global equity offering concluded in August 2008. The investments in Brazilian Reais can be considered a cash flow hedging to protect us against the volatility of the Reais. The total amount received in 2008 from this operation was R\$326 million.

Commodities price risk

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

Nowadays, derivatives transactions included in the portfolio related to commodities prices and/or input costs comprehend nickel, aluminum, copper, gold platinum, natural gas derivatives and all have the same purpose of mitigating Vale's cash flow volatility.

Nickel The Company has a long position on future contracts in the London Metal Exchange (LME), with the purpose of maintaining its exposure to nickel price variation, regarding the fact that, in some cases, the commodity is sold at a fixed price to some customers. Vale has also short positions on the futures market in the LME, in order to minimize the risk of mismatch between the pricing on the costs of intermediate products and finished goods.

Nickel Fixed Price Program

Purchase of Nickel future/forward contracts

| Value at inception | Notional (MT) | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | Realized | | Unrealized Gain/Loss by year (R\$) | | | |
|--------------------|---------------|-------|-------------------------|----------------------------|-----------------|-----------|------------------------------------|------|-------|------|
| | | | | | Gain/Loss (R\$) | VAR (R\$) | 2009 | 2010 | 2011 | |
| Futures | 10.140 | 9.330 | B | 16.756 | (117) | (132) | (215) | 18 | (103) | (14) |

Nickel Purchase Program

Sale of Nickel future/forward contracts

| Value at inception | Notional (MT) | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | Realized | | VAR (R\$ million) | Unrealized Gain/Loss by year (R\$) | |
|--------------------|---------------|-------|-------------------------|----------------------------|-----------------|-------------------|-------------------|------------------------------------|------|
| | | | | | Gain/Loss (R\$) | VAR (R\$ million) | | | |
| Futures | 4.944 | 2.430 | S | 10.712 | (16) | 13 | 103 | 11 | (16) |

In addition to the contracts mentioned above, Vale has long positions of nickel and copper raw materials which have a price definition based on a commodity index, which implies, in practice, that this contract is treated as an embedded derivative.

Embedded Derivative for purchased Ore

| Value at inception | Notional (MT) | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | Realized | | VAR (R\$ million) | Unrealized Gain/Loss by year (R\$) |
|--------------------|---------------|-----|-------------------------|----------------------------|-----------------|-------------------|-------------------|------------------------------------|
| | | | | | Gain/Loss (R\$) | VAR (R\$ million) | | |
| | | | | | | | | |

| | | | | | | | | | |
|----------|-------|-------|---|--------|---|---|------|---|---|
| Forwards | | | | | | | | | |
| Níquel | 6.213 | 6.291 | B | 10.886 | 9 | 8 | (68) | 4 | 9 |

| | | | | | | | | | |
|----------|-------|-------|---|-------|--|--|--|--|--|
| Forwards | | | | | | | | | |
| Cobre | 6.213 | 6.291 | B | 3.613 | | | | | |

Total

Embedded Derivative for nickel concentrate costumer sales

| Value at inception | Notional (MT) | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | Realized | | VAR (R\$ million) | Unrealized Gain/Loss by year (R\$) |
|--------------------|---------------|------------|-------------------------|----------------------------|-----------------|-----------------|-------------------|------------------------------------|
| | | | | | Gain/Loss (R\$) | Gain/Loss (R\$) | | |
| | 31/12/2008 | 30/09/2008 | | 31/12/2008 | 30/09/2008 | 31/12/2008 | 31/12/2008 | 2009 |

| | | | | | | | | | |
|---------|-------|-------|---|--------|----|----|----|---|----|
| Forward | 3.966 | 4.985 | B | 15.330 | 42 | 52 | 89 | 3 | 42 |
|---------|-------|-------|---|--------|----|----|----|---|----|

Aluminum In order to reduce cash flow volatility after Inco's acquisition when Vale increased its leverage, we entered in aluminum hedging operations, which matured in December 2008.

In the fourth quarter of 2008, the settlement of our remaining aluminum derivatives transactions generated a financial result of R\$58,8 million that offsets the reduction on the revenues subject to lower sales prices if compared to those in the hedging operations.

The table below shows September positions and financial results for the year.

Table of Contents**Aluminium Hedge**

| Value at inception | Notional (MT) | | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | | Realized |
|--------------------|---------------|------------|-----|-------------------------|----------------------------|-------------|-----------------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | Gain/Loss (R\$) |
| | | | | | | | |
| Forwards | | 12,000 | S | | | (2) | 114 |
| PUT | | 88,500 | B | | | 1 | 72 |
| CALL | | 88,500 | S | | | (8) | 2 |
| Outros | | 16,500 | | | | (30) | (8) |
| Total | | | | | | (39) | 180 |

Embedded Energy-Aluminium Derivative

| Value at inception | Notional (MT) | | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | | Realized Gain/Loss VAR (R\$) | | Unrealized Gain/Loss by year (R\$) | |
|--------------------|---------------|------------|-----|-------------------------|----------------------------|--------------|------------------------------|------------|------------------------------------|------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | 31/12/2008 | 31/12/2008 | 2009 | 2010 |
| | | | | | | | | | | |
| CALL | 200,228 | 200,228 | C | 2,773 | 3 | 73 | 1 | (41) | (72) | |
| CALL | 200,228 | 200,228 | V | 1,450 | (116) | (441) | 17 | | | |
| Total | | | | | (113) | (368) | 18 | | | |

Copper Vale Inco Ltd., Vale's wholly-owned subsidiary, makes use of hedging to protect the price mismatch between the date of copper scrap purchase and the date of selling the finished good. The table below illustrates December open positions.

Purchased Copper Scrap Protection Program

Sale of copper future/forward contracts

| Value at inception | Notional (MT) | | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | | Realized Gain/Loss VAR (R\$) | | Unrealized Gain/Loss by year (R\$) | |
|--------------------|---------------|------------|-----|-------------------------|----------------------------|------------|------------------------------|------------|------------------------------------|--|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | 31/12/2008 | 31/12/2008 | 2009 | |
| | | | | | | | | | | |
| Inco | | | | | | | | | | |
| Futuros | 136 | 170 | S | 5.031 | 1 | 1 | | | 1 | |

In the fourth quarter of 2008, the settlements of our remaining copper derivatives trades executed to reduce the cash flow volatility during Inco's acquisition generated a financial result of R\$62,7 million that offsets the revenues reduction due to lower sales prices compared to those in the hedging operations.

The remaining copper transactions, executed with the goal of reducing cash flow volatility, matured in December 2008 and the financial results for 2008 are shown on the table below.

Copper Strategic Hedging Program

| Value at inception | Notional (MT) | | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | | Realized |
|--------------------|---------------|------------|-----|-------------------------|----------------------------|------------|----------------------------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | Gain/Loss (R\$) 31/12/2008 |
| Inco | | | | | | | |
| PUT | | 14.595 | B | | | | |
| CALL | | 12.096 | S | | | (83) | (354) |
| Vale | | | | | | | |
| PUT | | 19.500 | B | | | 7 | 94 |
| CALL | | 19.500 | S | | | (1) | (18) |
| | | | | | | 6 | 76 |

PGMs and other precious metals Platinum and gold hedging transactions matured in December 2008. The table below illustrates September position and the financial results for the year.

In the fourth quarter of 2008, the settlement of the remaining PGMs and precious metals derivative transactions generated a disbursement of R\$20,4 million.

Table of Contents**Platinum Hedge**

| Value at inception | Notional (MT) | | B/S | Average strike (USD/MT) | Unrealized Gain/Loss (R\$) | | Realized |
|-----------------------|---------------|------------|-----|-------------------------------|----------------------------------|------------|--------------------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | Gain/Loss (R\$) |
| | | | | | | | 31/12/2008 |
| PUT | | 8.661 | B | | | | |
| CALL | | 8.661 | S | | | (3) | (46) |
| Gold Hedge | | | | | | | |

| Value at inception | Notional (Oz.) | | B/S | Average Strike | Unrealized Gain/Loss (R\$) | | Realized |
|-----------------------|----------------|------------|-----|-------------------|----------------------------------|------------|--------------------|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | Gain/Loss (R\$) |
| | | | | | | | 31/12/2008 |
| PUT | | 20.685 | B | | | | |
| CALL | | 19.425 | S | | | (19) | (74) |

Natural gas Vale uses natural gas swap contracts to minimize the impact of price fluctuation of this input cost in the cash flow.

In the fourth quarter of 2008, the settlement of the remaining natural gas derivative transactions generated a disbursement of R\$2,3 million.

Hedge of natural gas

Purchase of natural gas forward contracts

| Value at inception | Notional (GJ) | | B/S | Average strike (CAD/GJ) | Unrealized Gain/Loss (R\$) | | Realized Gain/Loss VAR (R\$) | | Unrealized Gain/Loss by year (R\$) |
|-----------------------|---------------|------------|-----|-------------------------------|----------------------------------|------------|------------------------------------|------------|---|
| | 31/12/2008 | 30/09/2008 | | | 31/12/2008 | 30/09/2008 | 30/09/2008 | 31/12/2008 | |
| | | | | | | | | | |
| Forwards | 1.773.000 | 2.601.000 | V | 7,68 | (4) | (3) | (1) | 2 | (4) |

Table of Contents**Market curves**

| TJLP | | | |
|-------------|--------------|------------|---------------|
| Terms | rate (%p.a.) | Terms | rate (% p.a.) |
| 14/01/2009 | 6,25 | 16/06/2014 | 6,23 |
| 16/02/2009 | 6,25 | 15/07/2014 | 6,23 |
| 16/03/2009 | 6,25 | 14/08/2014 | 6,23 |
| 16/04/2009 | 6,43 | 15/09/2014 | 6,23 |
| 18/05/2009 | 6,36 | 14/10/2014 | 6,24 |
| 15/06/2009 | 6,28 | 14/11/2014 | 6,24 |
| 15/07/2009 | 6,21 | 15/12/2014 | 6,24 |
| 14/08/2009 | 6,15 | 14/01/2015 | 6,24 |
| 14/09/2009 | 6,10 | 16/02/2015 | 6,24 |
| 14/10/2009 | 6,06 | 16/03/2015 | 6,25 |
| 16/11/2009 | 6,05 | 16/04/2015 | 6,25 |
| 15/12/2009 | 6,04 | 20/05/2015 | 6,25 |
| 14/01/2010 | 6,03 | 15/06/2015 | 6,25 |
| 15/02/2010 | 6,02 | 15/07/2015 | 6,25 |
| 16/03/2010 | 6,00 | 14/08/2015 | 6,25 |
| 16/04/2010 | 5,99 | 14/09/2015 | 6,25 |
| 19/05/2010 | 5,99 | 14/10/2015 | 6,25 |
| 14/06/2010 | 5,98 | 16/11/2015 | 6,26 |
| 15/07/2010 | 5,99 | 15/12/2015 | 6,26 |
| 16/08/2010 | 6,00 | 14/01/2016 | 6,26 |
| 14/09/2010 | 6,00 | 15/02/2016 | 6,26 |
| 14/10/2010 | 6,01 | 15/03/2016 | 6,26 |
| 15/11/2010 | 6,01 | 15/04/2016 | 6,26 |
| 14/01/2011 | 6,03 | 16/05/2016 | 6,26 |
| 15/02/2011 | 6,03 | 14/06/2016 | 6,26 |
| 16/03/2011 | 6,04 | 15/07/2016 | 6,26 |
| 18/04/2011 | 6,05 | 15/08/2016 | 6,26 |
| 17/05/2011 | 6,06 | 14/09/2016 | 6,25 |
| 14/06/2011 | 6,06 | 14/10/2016 | 6,25 |
| 15/07/2011 | 6,07 | 14/11/2016 | 6,25 |
| 15/08/2011 | 6,07 | 15/12/2016 | 6,25 |
| 14/09/2011 | 6,08 | 16/01/2017 | 6,25 |
| 14/10/2011 | 6,09 | 15/02/2017 | 6,25 |
| 14/11/2011 | 6,10 | 16/03/2017 | 6,25 |
| 15/12/2011 | 6,11 | 17/04/2017 | 6,25 |
| 16/01/2012 | 6,12 | 17/05/2017 | 6,25 |
| 15/02/2012 | 6,12 | 14/06/2017 | 6,25 |
| 15/03/2012 | 6,13 | 17/07/2017 | 6,25 |
| 16/04/2012 | 6,13 | 14/08/2017 | 6,25 |
| 16/05/2012 | 6,14 | 15/09/2017 | 6,25 |
| 14/06/2012 | 6,16 | 16/10/2017 | 6,25 |
| 16/07/2012 | 6,17 | 14/11/2017 | 6,25 |

| | | | |
|------------|------|------------|------|
| 14/08/2012 | 6,17 | 15/12/2017 | 6,25 |
| 14/09/2012 | 6,18 | 15/01/2018 | 6,25 |
| 15/10/2012 | 6,19 | 15/02/2018 | 6,25 |
| 14/11/2012 | 6,19 | 16/03/2018 | 6,25 |
| 17/12/2012 | 6,19 | 16/04/2018 | 6,25 |
| 14/01/2013 | 6,20 | 17/05/2018 | 6,25 |
| 15/02/2013 | 6,20 | 14/06/2018 | 6,25 |
| 18/03/2013 | 6,20 | 16/07/2018 | 6,25 |
| 16/04/2013 | 6,20 | 15/08/2018 | 6,25 |
| 17/05/2013 | 6,20 | 14/09/2018 | 6,25 |
| 14/06/2013 | 6,21 | 15/10/2018 | 6,25 |
| 15/07/2013 | 6,21 | 14/11/2018 | 6,25 |
| 14/08/2013 | 6,21 | 17/12/2018 | 6,25 |
| 16/09/2013 | 6,21 | 14/01/2019 | 6,25 |
| 14/10/2013 | 6,21 | 15/02/2019 | 6,25 |
| 14/11/2013 | 6,21 | 18/03/2019 | 6,25 |
| 16/12/2013 | 6,22 | 16/04/2019 | 6,25 |
| 14/01/2014 | 6,22 | 17/05/2019 | 6,25 |
| 17/02/2014 | 6,22 | 14/06/2019 | 6,25 |
| 17/03/2014 | 6,22 | 15/07/2019 | 6,25 |
| 16/04/2014 | 6,23 | 14/08/2019 | 6,25 |
| 19/05/2014 | 6,23 | 16/09/2019 | 6,25 |

Cupom cambial

| Terms | rate (% p.a.) |
|------------|---------------|
| 01/03/2009 | 2,07 |
| 01/04/2009 | 2,77 |
| 01/07/2009 | 3,84 |
| 01/10/2009 | 4,68 |
| 02/01/2010 | 5,01 |
| 01/04/2010 | 5,05 |
| 01/07/2010 | 5,10 |
| 01/10/2010 | 5,18 |
| 03/01/2011 | 5,25 |
| 01/04/2011 | 5,60 |
| 01/07/2011 | 5,68 |
| 03/10/2011 | 5,80 |
| 02/01/2012 | 5,90 |
| 02/04/2012 | 6,05 |
| 02/07/2012 | 6,29 |
| 01/10/2012 | 6,53 |
| 02/01/2013 | 6,74 |
| 01/04/2013 | 6,93 |
| 01/07/2013 | 7,15 |
| 01/10/2013 | 7,45 |
| 02/01/2014 | 7,60 |
| 01/04/2014 | 7,85 |
| 01/07/2014 | 8,13 |
| 01/10/2014 | 8,45 |

| | |
|------------|------|
| 02/01/2015 | 9,00 |
|------------|------|

Aluminum

| Terms | Vol (% a.a) |
|---------|-------------|
| VOLSPOT | 34,42 |
| VOL1M | 34,10 |
| VOL3M | 32,22 |
| VOL6M | 29,52 |
| VOL9M | 27,37 |
| VOL1Y | 25,59 |
| VOL2Y | 22,24 |
| VOL3Y | 21,06 |
| VOL4Y | 20,15 |
| VOL5Y | 19,73 |
| VOL7Y | 19,75 |
| VOL10Y | 19,75 |

Currencies

| | |
|---------|--------|
| EUR/USD | 1,4102 |
| USD/CAD | 1,2188 |
| USD/BRL | 2,3370 |

Copper

| Terms | price (US\$/lb) |
|--------|-----------------|
| jan/09 | 1,38 |
| fev/09 | 1,39 |
| mar/09 | 1,40 |

Interest rate USD curve

| Terms | rate (% p.a.) |
|------------|---------------|
| 31/01/2009 | 1,35% |
| 28/02/2009 | 1,22% |
| 31/03/2009 | 1,20% |
| 30/06/2009 | 1,38% |
| 30/09/2009 | 1,55% |
| 31/12/2009 | 1,72% |
| 31/12/2010 | 2,51% |
| 31/12/2011 | 2,81% |
| 31/12/2012 | 2,92% |
| 31/12/2013 | 3,17% |
| 31/12/2015 | 3,42% |
| 31/12/2018 | 3,53% |
| 31/12/2020 | 3,43% |
| 31/12/2023 | 2,84% |

Aluminum

| Terms | price (US\$/ton) |
|-------|------------------|
| SPOT | 1.461 |
| JAN09 | 1.468 |
| FEB09 | 1.479 |
| MAR09 | 1.490 |

| | |
|-------|-------|
| APR09 | 1.502 |
| MAY09 | 1.517 |
| JUN09 | 1.529 |
| JUL09 | 1.541 |
| AUG09 | 1.555 |
| SEP09 | 1.567 |
| OCT09 | 1.581 |
| NOV09 | 1.592 |
| DEC09 | 1.602 |
| JAN10 | 1.612 |
| FEB10 | 1.622 |
| MAR10 | 1.632 |
| APR10 | 1.642 |
| MAY10 | 1.652 |
| JUN10 | 1.662 |
| JUL10 | 1.672 |
| AUG10 | 1.682 |
| SEP10 | 1.692 |
| OCT10 | 1.701 |
| NOV10 | 1.711 |
| DEC10 | 1.720 |
| JAN11 | 1.730 |
| FEB11 | 1.739 |
| APR11 | 1.749 |
| MAY11 | 1.767 |
| JUN11 | 1.776 |
| JUL11 | 1.785 |
| AUG11 | 1.794 |

EUR

| Terms | EUR/USD |
|---------|---------|
| EURSPOT | 1,41 |
| EUR1M | 1,41 |
| EUR3M | 1,41 |
| EUR6M | 1,40 |
| EUR9M | 1,40 |
| EUR1Y | 1,40 |
| EUR2Y | 1,39 |
| EUR3Y | 1,38 |
| EUR4Y | 1,38 |
| EUR5Y | 1,37 |
| EUR7Y | 1,33 |
| EUR10Y | 1,28 |

Nickel

| Terms | price (US\$/ton) |
|-------|------------------|
|-------|------------------|

| | |
|--------|--------|
| jan/09 | 11.630 |
| fev/09 | 11.658 |
| mar/09 | 11.685 |
| abr/09 | 11.716 |
| mai/09 | 11.757 |
| jun/09 | 11.791 |
| jul/09 | 11.819 |
| ago/09 | 11.846 |
| set/09 | 11.868 |
| out/09 | 11.896 |
| nov/09 | 11.918 |
| dez/09 | 11.941 |
| jan/10 | 11.973 |
| fev/10 | 12.001 |
| mar/10 | 12.029 |
| abr/10 | 12.064 |
| mai/10 | 12.092 |
| jun/10 | 12.120 |
| jul/10 | 12.155 |
| ago/10 | 12.183 |
| set/10 | 12.211 |
| out/10 | 12.246 |
| nov/10 | 12.274 |
| dez/10 | 12.302 |
| jan/11 | 12.317 |
| fev/11 | 12.324 |
| mar/11 | 12.331 |

Yield curve in BRL

| Terms | rate (% a.a) |
|------------|--------------|
| 02/01/2009 | 13,61% |
| 02/02/2009 | 13,41% |
| 01/03/2009 | 13,58% |
| 01/04/2009 | 13,02% |
| 01/07/2009 | 12,68% |
| 01/10/2009 | 12,33% |
| 02/01/2010 | 12,21% |
| 01/04/2010 | 12,12% |
| 01/07/2010 | 12,12% |
| 01/10/2010 | 12,16% |
| 03/01/2011 | 12,19% |
| 01/04/2011 | 12,23% |
| 01/07/2011 | 12,27% |
| 03/10/2011 | 12,32% |
| 02/01/2012 | 12,29% |
| 02/04/2012 | 12,35% |
| 02/07/2012 | 12,45% |

| | |
|------------|--------|
| 01/10/2012 | 12,52% |
| 02/01/2013 | 12,55% |
| 01/04/2013 | 12,55% |
| 01/07/2013 | 12,55% |
| 02/10/2013 | 12,55% |
| 02/01/2014 | 12,56% |
| 02/01/2015 | 12,65% |
| 04/01/2016 | 12,71% |
| 02/01/2017 | 12,73% |
| 02/01/2018 | 12,73% |
| 03/01/2022 | 12,73% |

The market curves for the derivatives pricing were built using public information from BM&F, Banco Central do Brasil, London Metals Exchange (LME) and private providers such as Thomson Reuters, Bloomberg L.P. and Enerdata.

Table of Contents**Sensitivity analysis
Values in R\$ million**

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> | |
|--|---------------------------|---------------------------|----------------------|--------------------|---------------------|--------------------|-------------------|-------|
| Hedge for the real denominated debt indexed to CDI | CDI vs. USD fixed rate | USD /BRL fluctuation | (875.3) | (3,210.0) | 1,459.3 | (5,544.6) | 3,793.9 | |
| | | USD interest rate | | | | | | |
| | swap | inside Brazil variation | (875.3) | (1,059.1) | (657.0) | (1,186.6) | (450.4) | |
| | | | | | | | | |
| | CDI vs. USD floating rate | Swap | USD /BRL fluctuation | (222.2) | (486.3) | 42.0 | (750.4) | 306.1 |
| | | | USD interest rate | | | | | |
| | | inside Brazil variation | (222.2) | (266.2) | (172.0) | (297.8) | (126.9) | |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|--|----------------------------------|-----------------------------------|-------------------|--------------------|---------------------|--------------------|-------------------|
| Hedge for the Real denominated debt indexed to TJ LP | TJ LP vs. USD fixed rate | USD /BRL fluctuation | (143.2) | (288.1) | 1.7 | (433.0) | 146.6 |
| | | USD interest rate | | | | | |
| | swap | inside Brazil variation | (143.2) | (185.1) | (97.5) | (216.0) | (57.9) |
| | | Brazilian interest rate variation | (143.2) | (211.3) | 74.5 | (354.2) | 217.4 |
| | TJ LP vs. USD floating rate swap | USD /BRL fluctuation | (68.4) | (194.2) | 57.4 | (320.0) | 183.2 |
| | | USD interest rate | | | | | |
| | | inside Brazil variation | (68.4) | (130.0) | (2.3) | (176.2) | 53.8 |
| | | Brazilian interest rate variation | (68.4) | (142.7) | 3.7 | (203.1) | 59.6 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|--|--|---------------------------|-------------------|--------------------|---------------------|--------------------|-------------------|
| Hedge for euro denominated floating rate | EUR floating rate vs. USD floating rate swap | EUR /USD fluctuation | 4.8 | (1.2) | 10.9 | (7.3) | 16.9 |
| | | Euribor variation | 4.8 | 4.4 | 5.1 | 4.0 | 5.4 |
| | | USD Libor variation | 4.8 | 4.6 | 5.1 | 4.5 | 5.3 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|--------------------------------------|---|---------------------------|-------------------|--------------------|---------------------|--------------------|-------------------|
| Hedge for the USD floating rate debt | USD floating rate vs. USD fixed rate swap | USD Libor variation | (31.8) | (35.5) | (27.6) | (39.7) | (23.6) |

Program **Instrument** **Impact description**

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| | | | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|----------------------------|---|--------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|
| Nickel fixed price program | Purchase of nickel future/forward contracts | Nickel price fluctuation | (117.1) | (186.9) | (46.8) | (256.9) | 23.3 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|------------------------------------|---|---------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|
| Nickel purchase protection program | Sale of nickel future/forward contracts | Nickel price fluctuation | (15.7) | (44.4) | 22.9 | (78.0) | 56.5 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|----------------------|---|-------------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|
| Hedge of Natural Gas | Purchase of natural gas forward contracts | Natural gas price fluctuation | (4.4) | (9.8) | 1.1 | (15.2) | 6.5 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|--|---|---------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|
| Copper scrap purchase protection program | Sale of copper future/forward contracts | Copper price fluctuation | 0.6 | 0.4 | 0.9 | 0.1 | 1.1 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|---|-------------------|---------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|
| Embedded derivatives Intermediate products purchase | | Nickel price fluctuation | 42.3 | 32.9 | 51.7 | 23.4 | 61.1 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> |
|--|-------------------|-------------------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|
| Embedded derivatives material purchase | Raw | Nickel and copper price fluctuation | 9.1 | (11.3) | 20.2 | (27.1) | 35.6 |

| <i>Program</i> | <i>Instrument</i> | <i>Impact description</i> | <i>Scenario I</i> | <i>Scenario II</i> | <i>Scenario III</i> | <i>Scenario IV</i> | <i>Scenario V</i> | |
|----------------------|-------------------|----------------------------|-----------------------|------------------------|-------------------------|------------------------|-----------------------|--------|
| Embedded derivatives | Energy purchase | Aluminum price fluctuation | | (113.0) | (250.8) | (40.9) | (386.5) | (17.7) |

Credit risk on financial trades and financial institutions ratings

On December 31st, 2008, the main counterparties on our outstanding derivatives transactions presented in the tables above are: Banco Bradesco S.A., Banco do Brasil S.A., Banco Itaú S.A., Banco Santander S.A., Banco Votorantim S.A., Citigroup Inc., Goldman Sachs Group Inc., HSBC Bank Brasil S.A., JP Morgan Chase & Co., Unibanco S.A.. The operations executed with this group of institutions represent 95% of the derivatives exposure as of December 31st 2008.

Derivatives transactions are executed with financial institutions that we consider to have a very good credit quality. The exposure limits to financial institutions are proposed annually for the Executive Risk Committee and approved by the Executive Board. The financial institutions credit risk tracking is performed making use of a credit risk valuation methodology which considers, among other information, published ratings provided by international rating agencies. In the table below, we present the ratings in foreign currency published by Moody's and S&P agencies for the most important financial institutions that we had outstanding trades as of December 31st.

Table of Contents

| Holding name | Counterparty name | Moody's | S&P |
|---------------------------------|------------------------------|---------|------|
| Banco do Brasil S.A. | Banco do Brasil S.A. | A1 | BBB- |
| Banco Bradesco S.A. | Banco Bradesco S.A. | Ba2 | BBB |
| Citigroup Inc. | Citigroup Inc. | A2 | A |
| Banco Votorantim S.A. | Banco Votorantim S.A. | Baa1 | BB+ |
| HSBC Holdings plc | HSBC Holdings plc | Aa2 | AA- |
| JPMorgan Chase & Co. | JPMorgan Chase & Co. | Aa3 | A+ |
| Banco Santander S.A. (Spain) | Banco Santander S.A. (Spain) | Aa1 | AA |
| HSBC Holdings plc | HSBC Bank Brasil SA | A1 | BBB- |
| Banco Itau S.A. | Banco Itau S.A. | Ba2 | BBB |
| JPMorgan Chase & Co. | JPMorgan Chase Bank NA | Aa1 | AA- |
| Goldman Sachs Group, Inc. (The) | Jaron & Co. | A1 ** | A** |
| Unibanco S.A. | Unibanco S.A. | Ba2 | BBB- |

** - Parent

Company Rating

Summary the movement of our derivatives according to the period present as follows:

| | Consolidated (Unaudited) 4Q/08 | | | | | | | |
|--|---|------------------------|--------------------------|---------------|---------------|-----------------|----------------|--------------|
| | Currencies\ Interest rates (libor) | Products by | | | | | | Total |
| | | Gold | aluminum area | Copper | Nickel | Platinum | | |
| Gains / (losses) unrealized on 09/30/08 | 320 | (19) | (87) | (75) | 73 | (4) | 208 | |
| Payments (receipt) financial | (119) | 20 | (58) | (63) | 77 | 1 | (142) | |
| Financial expenses, net | (1,521) | 2 | 156 | 153 | (88) | 2 | (1,296) | |
| Monetary variations, net | (20) | (3) | (11) | (14) | 17 | 1 | (30) | |
| Gains / (losses) unrealized on 12/31/08 | (1,340) | | | 1 | 79 | | (1,260) | |

| | 3Q/08 | | | | | | | |
|--|---|------------------------|--------------------------|---------------|---------------|-----------------|------------|--------------|
| | Currencies\ Interest rates (libor) | Products by | | | | | | Total |
| | | Gold | aluminum area | Copper | Nickel | Platinum | | |
| Gains / (losses) unrealized on 06/30/08 | 1,912 | (34) | (301) | (262) | 57 | (34) | 1,338 | |
| Payments (receipt) financial | (289) | 17 | 93 | 112 | 37 | 11 | (19) | |
| Financial expenses, net | (1,578) | 2 | 138 | 108 | (33) | 24 | (1,339) | |
| Monetary variations, net | 275 | (4) | (17) | (35) | 12 | (5) | 226 | |
| Gains / (losses) unrealized on 09/30/08 | 320 | (19) | (87) | (77) | 73 | (4) | 206 | |

| | 4Q/07 | | | | | | | |
|--|---|------------------------|--------------------------|---------------|---------------|-----------------|------------|--------------|
| | Currencies\ Interest rates (libor) | Products by | | | | | | Total |
| | | Gold | aluminum area | Copper | Nickel | Platinum | | |
| Gains / (losses) unrealized on 09/30/07 | 1,192 | (74) | (320) | (653) | 6 | (47) | 104 | |
| Payments (receipt) financial | (356) | 18 | 29 | 112 | 46 | 9 | (142) | |
| Financial expenses, net | 308 | (12) | 107 | 187 | 23 | (7) | 606 | |
| Monetary variations, net | (36) | 3 | 11 | 22 | (1) | 2 | 1 | |
| Gains / (losses) unrealized on 12/31/07 | 1,108 | (65) | (173) | (332) | 74 | (43) | 569 | |

| | Accumulated 2008 | | | | | | | |
|--|---|------------------------|--------------------------|---------------|---------------|-----------------|----------------|--------------|
| | Currencies\ Interest rates (libor) | Products by | | | | | | Total |
| | | Gold | aluminum area | Copper | Nickel | Platinum | | |
| Gains / (losses) unrealized on 12/31/07 | 1,108 | (65) | (173) | (332) | 74 | (43) | 569 | |
| Payments (receipt) financial | (682) | 74 | 181 | 277 | 91 | 45 | (14) | |
| Financial expenses, net | (1,980) | (8) | (10) | 66 | (110) | (3) | (2,045) | |
| Monetary variations, net | 214 | (1) | 2 | (10) | 24 | 1 | 230 | |
| Gains / (losses) unrealized on 12/31/08 | (1,340) | | | 1 | 79 | | (1,260) | |

| | 2007 | | | | | | | |
|--|---|------------------------|--------------------------|---------------|---------------|-----------------|------------|--------------|
| | Currencies\ Interest rates (libor) | Products by | | | | | | Total |
| | | Gold | aluminum area | Copper | Nickel | Platinum | | |
| Gains / (losses) unrealized on 12/31/06 | (20) | (115) | (679) | (638) | 34 | (42) | (1,460) | |
| Payments (receipt) financial | (530) | 65 | 222 | 458 | (77) | 23 | 161 | |
| Financial expenses, net | 1,741 | (30) | 191 | (269) | 115 | (33) | 1,715 | |
| Monetary variations, net | (83) | 15 | 93 | 117 | 2 | 9 | 153 | |
| Gains / (losses) unrealized on 12/31/07 | 1,108 | (65) | (173) | (332) | 74 | (43) | 569 | |

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| | Parent Company 2008 | | | |
|--|---|-------------|---------------|----------------|
| | Currencies\ Interest rates (libor) | Gold | Copper | Total |
| | Gains / (losses) unrealized on 12/31/07 | 1,064 | (45) | (2) |
| Payments (receipt) financial | (641) | 52 | (32) | (621) |
| Financial expenses, net | (1,734) | (6) | 30 | (1,710) |
| Monetary variations, net | 232 | (1) | 4 | 235 |
| Gains / (losses) unrealized on 12/31/08 | (1,079) | | | (1,079) |

| | 2007 | | | |
|--|---|-------------|---------------|--------------|
| | Currencies\ Interest rates (libor) | Gold | Copper | Total |
| | Gains / (losses) unrealized on 12/31/08 | 5 | (69) | 46 |
| Payments (receipt) financial | (493) | 41 | (2) | (454) |
| Financial expenses, net | 1,625 | (28) | (46) | 1,551 |
| Monetary variations, net | (73) | 11 | | (62) |
| Gains / (losses) unrealized on 12/31/07 | 1,064 | (45) | (2) | 1,017 |

Currencies\ Interest rates (LIBOR)

Copper

Nickel

December 2019

January 2009

March 2011

6.28- Selling, Administrative, Other Operating Expenses and Non Operating Income

| | Consolidated | | | Accumulated | | Parent Company Accumulated | |
|---|---------------------|--------------------------|--------------|--------------------|--------------|---------------------------------------|--------------|
| | 4Q/08 | Quarter 3Q/08 | 4Q/07 | 2008 | 2007 | 2008 | 2007 |
| Administrative | | | | | | | |
| Personnel | 207 | 192 | 197 | 747 | 721 | 431 | 359 |
| Services (consulting, infrastructure and others) | 229 | 120 | 132 | 528 | 448 | 262 | 174 |
| Advertising and publicity | 94 | 59 | 144 | 253 | 275 | 244 | 266 |
| Depreciation | 70 | 71 | 76 | 294 | 288 | 225 | 218 |
| Travel expenses | 16 | 28 | 12 | 72 | 44 | 33 | 26 |
| Rents and taxes | 37 | 29 | 21 | 89 | 132 | 32 | 26 |
| Community aborigine | 5 | 3 | 7 | 20 | 19 | 18 | 19 |
| Others | 118 | 43 | 31 | 303 | 183 | 140 | 61 |
| Sales (*) | 940 | 126 | 179 | 1,312 | 440 | 27 | 10 |
| Total | 1,716 | 671 | 799 | 3,618 | 2,550 | 1,412 | 1,159 |

(*) Represents the effects of fluctuations in commodity prices of copper on its receivables, expenses with offices abroad and provision for claims settlement.

| | 4Q/08 | Consolidated | | Accumulated | | Parent Company | |
|---|--------------|---------------|------------|--------------|--------------|------------------|------------|
| | | Quarter 3Q/08 | 4Q/07 | 2008 | 2007 | Accumulated 2008 | 2007 |
| Other operating expenses (income), net | | | | | | | |
| Provisions for contingencies | 162 | 26 | 89 | (53) | 249 | (78) | 105 |
| Provision for loss on ICMS credits | 63 | 82 | 42 | 386 | 127 | 213 | 57 |
| Provision for profit sharing Fundação Vale do Rio Doce FVRD | 16 | 78 | 158 | 221 | 537 | 113 | 347 |
| Recoverable taxes PIS and COFINS | 26 | 24 | 11 | 81 | 61 | 81 | 54 |
| Provision for material / inventories | (70) | (59) | | (244) | | (244) | |
| Adjust the value of realization of stock | 142 | 249 | 35 | 407 | 101 | 126 | 4 |
| Low assets intangibles | 334 | | | 334 | | | |
| MRS fees adjustment | 145 | | | 145 | | | |
| Others | 286 | | | 286 | | 202 | |
| | 522 | 317 | 273 | 1,286 | 343 | 419 | (74) |
| Total | 1,626 | 717 | 608 | 2,849 | 1,418 | 832 | 493 |

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| | Consolidated | | | Accumulated | | Parent Company | |
|------------------------------|--------------|----------------------|-------|-------------|--------------|----------------|--------------|
| | 4Q/08 | (Unaudited) 3Q/08 | 4Q/07 | 2008 | 2007 | 2008 | 2007 |
| Non operating results | | | | | | | |
| Usiminas | | | | | 846 | | 846 |
| Log-In | | | | | 454 | | 454 |
| Jubilee Mines N.L. | | | | 139 | | | |
| Lion Ore | | | | | 153 | | |
| Others | | | | | 5 | | |
| Total | | | | 139 | 1,458 | | 1,300 |

6.29- Concessions, Subconcessions and Leases**(a) Railway Companies**

The Company and some companies of the Group entered with the Brazilian government, through the Ministry of Transportation, agreements for concession for the exploitation and development of public rail cargo transport services and for lease of the assets used to provide these services.

The concessions periods are, for railway:

| Railways | End of concession period |
|--|---------------------------------|
| Vitória-Minas and Carajás (direct) (*) | June 2027 |
| Carajás (direct) (*) | June 2027 |
| Malha Centro-Leste (indirect via FCA) | December 2037 |
| Malha Sudoeste (indirect via MRS) | August 2026 |
| Ferrovias Norte Sul S.A. (FNS) | December 2026 |

(*) Concessions with no disbursement.

The concessions will expire upon one of the following events: termination of the contractual term, cancellation, forfeiture, rescission, annulment and bankruptcy or extinction of the concessionaire.

Concessions, subconcessions and leasing from subsidiaries companies are treated as operating leasing and present the following characteristics:

| | FNS | FCA | MRS |
|------------------------------|------------|------------|------------|
| 1) Total installments | 3 | 112 | 118 |
| 2) Frequency of payment | (*) | Quarterly | Quarterly |
| 3) Update index | IGP-DI FGV | IGP-DI FGV | IGP-DI FGV |
| 4) Total installment paid | 1 | 43 | 46 |
| 5) Installment current value | | | |
| Concession | R\$ | R\$ 2 | R\$ 3 |
| Leasing | R\$ | R\$ 29 | R\$ 49 |
| Subconcession | R\$ 933 | R\$ | R\$ |

(*)

According to the delivery of each part of the railway.

(b) Ports

The Company owns specialized port terminals as follow:

| Terminal (*) | Localization | End of concession period |
|---|---------------------|---------------------------------|
| Tubarão, Praia Mole and Liquid Bulk Terminal | Vitória - ES | 2020 |
| Praia Mole Terminal | Vitória - ES | 2020 |
| Sundry Products Terminal | Vitória - ES | 2020 |
| Liquid Bulk Terminal | Vitória - ES | 2020 |
| Vila Velha Terminal | Vila Velha - ES | 2023 |
| Ponta da Madeira Maritime Terminal Pier I and III | São Luís - MA | 2018 |
| Ponta da Madeira Maritime Terminal Pier II | São Luís - MA | 2010 |
| Inácio Barbosa Maritime Terminal | Aracaju - SE | 2012 |

(*) Concessions with no disbursement.

Table of Contents**(c) Hydroelectric Projects**

The Company develops projects of electricity generation with the aim of self-supply. The projects in which the Company has investments are:

| Project | Concession beginning date | % Participation on energy generation |
|---|--------------------------------------|---|
| Amador Aguiar I e II (formely denominated Capim Branco I and II) | 2001 | 48.42 |
| Balambano, Laroná and Karebbe (*) | 1978, 2000 e 2000 | 60.80 |
| Engenheiro José Mendes Júnior e Eliezer Batista (formely denominated Funil and Aimorés) | 2000 | 51.00 |
| Estreito | 2002 | 30.00 |
| Igarapava | 1998 | 38.15 |
| Machadinho | 2000 | 8.29 |
| Porto Estrela | 1997 | 33.33 |

(*) Participation indirect holds though Vale Inco.

During 2008 the Company leased 4 pelletizing plants as part of the Nibrasco, Kobrasco and Itabasco joint ventures with two of them for a period of 30 years, one for 10 years and one for 5 years. The main risks and benefits of the leases remain with the joint ventures. The leases were classified as operating leases with a minimum annual cost of around R\$ 190.

6.30- Insurance**Operational Risks**

The Company has an extensive risk management program that provides coverage and protection for all its assets as well as against possible losses from production interruptions, through All Risks policy. This program includes on-site inspection and training carried out by the various risk committees constituted by the Company, its subsidiaries and associated companies. Vale tries to harmonize risks in all areas and provide single and uniform treatment, and also seeking coverage in the domestic and international markets at levels compatible with an enterprise its size.

Insurance

In order to mitigate the risks, Vale contracts many types of insurances polices, as operational risks and comprehensive general liability, risks besides life insurance for its employees. The cover insurance of these policies are contracted in accordance with the company Risk Management Policy and are similar to the ones contracted by other mining companies. As one of the management risk instruments Vale has used since 2002 a captive reinsurer that allowed us to contract insurances on a competitive basis as well as direct access to the main international markets of insurance and reinsurance. The management of insurance policies is realized in Vale with the support of the insurances committees in the operational areas of the Company that are composed by many professionals of these units.

6.31- Profit Sharing Plan

The Company's profit sharing plan for the employees consists of a portion that is subject to the financial results measured through indicators such as operating cash flow and for the achievement of the performance target of the units and individuals.

Table of Contents**6.32- Information by segment**

The information presented to the high management with the respective performance of each segment are derived from the books, with some reallocations along the segments. We analyse the segment information as follows:

Consolidated Statement of Income by segment**Years ended December 31****In million of reais**

| | Ferrous minerals | Non-ferrous minerals | Logistics | 2008 Participation | | Corporate Center | Total |
|--|-----------------------------|---------------------------------|------------------|-------------------------------|---------------|-----------------------------|-----------------|
| | | | | Steel | Others | | |
| Operating revenues | | | | | | | |
| Sales of ore and metals | 43,569 | 16,323 | | | | | 59,892 |
| Transport services | | | 3,666 | | | | 3,666 |
| Sales of aluminum-related products | | 5,843 | | | | | 5,843 |
| Sales of steel products | | | | 1,348 | | | 1,348 |
| Other products and services | 345 | 311 | | | 1,361 | | 2,017 |
| | 43,914 | 22,477 | 3,666 | 1,348 | 1,361 | | 72,766 |
| Vale Added taxes | (1,272) | (270) | (613) | | (70) | | (2,225) |
| Net operational revenues | 42,642 | 22,207 | 3,053 | 1,348 | 1,291 | | 70,541 |
| Ores and metals | (13,255) | (10,549) | | | | | (23,804) |
| Transport services | | | (2,215) | | | | (2,215) |
| Aluminum-related products | | (3,873) | | | | | (3,873) |
| Steel products | | | | (1,177) | | | (1,177) |
| Other products and services | (448) | | | | (639) | | (1,087) |
| Cost of products and services | (13,703) | (14,422) | (2,215) | (1,177) | (639) | | (32,156) |
| Gross profit | 28,939 | 7,785 | 838 | 171 | 652 | | 38,385 |
| Gross margin | 67.9% | 35.1% | 27.4% | 12.7% | 50.5% | | 54.4% |
| Operational expenses | | | | | | | |
| Selling and administrative | (1,784) | (1,471) | (111) | (29) | (223) | | (3,618) |
| Research and development | (677) | (704) | (180) | | (510) | | (2,071) |
| Other operating expenses | (2,457) | (127) | (64) | (153) | (48) | | (2,849) |
| | (4,918) | (2,302) | (355) | (182) | (781) | | (8,538) |
| Profit before financial results, results of equity investments and impairment | 24,021 | 5,483 | 483 | (11) | (129) | | 29,847 |

| | | | | | | | |
|--|---------------|----------------|------------|-------------|--------------|----------------|----------------|
| Impairment | | (2,447) | | | | | (2,447) |
| Operating profit before financial results, results of equity investments and impairment | 24,021 | 3,036 | 483 | (11) | (129) | | 27,400 |
| Results of equity investments | (557) | (1,117) | 37 | 33 | 265 | 14 | (1,325) |
| Financial result | | | | | | (3,838) | (3,838) |
| Operating profit (loss) | 23,464 | 1,919 | 520 | 22 | 136 | (3,824) | 22,237 |
| Profit on sale of investment | | 139 | | | | | 139 |
| Income (loss) before income tax and social contribution | 23,464 | 2,058 | 520 | 22 | 136 | (3,824) | 22,376 |
| Income tax and social contribution | 622 | (1,092) | (147) | 10 | (58) | | (665) |
| Income (loss) before minority interests | 24,086 | 966 | 373 | 32 | 78 | (3,824) | 21,711 |
| Minority interest | (31) | (430) | | | 29 | | (432) |
| Income (loss) for the year | 24,055 | 536 | 373 | 32 | 107 | (3,824) | 21,279 |

(*) Nickel and other products by-products (copper, precious metals, cobalt e others) of Vale Inco.

Table of Contents**Consolidated Statement of Income by segment
Years ended December 31****In million of reais**

| | 2007 | | | | | | Total |
|---|------------------|----------------------|----------------|---------------------|--------------|------------------|-----------------|
| | Ferrous minerals | Non-ferrous minerals | Logistics | Participation Steel | Others | Corporate Center | |
| Operating revenues | | | | | | | |
| Sales of ore and metals | 29,915 | 25,417 | | | | | 55,332 |
| Transport services | | | 3,497 | | | | 3,497 |
| Sales of aluminum-related products | | 5,529 | | | | | 5,529 |
| Sales of steel products | | | | 1,248 | | | 1,248 |
| Other products and services | 118 | 200 | | | 461 | | 779 |
| | 30,033 | 31,146 | 3,497 | 1,248 | 461 | | 66,385 |
| Vale Added taxes | (837) | (234) | (550) | | | | (1,621) |
| Net operational revenues | 29,196 | 30,912 | 2,947 | 1,248 | 461 | | 64,764 |
| Ores and metals | (10,896) | (11,918) | | | | | (22,814) |
| Transport services | | | (2,146) | | | | (2,146) |
| Aluminum-related products | | (3,246) | | | | | (3,246) |
| Steel products | | | | (1,199) | | | (1,199) |
| Other products and services | (189) | (3) | | | (487) | | (679) |
| Cost of products and services | (11,085) | (15,167) | (2,146) | (1,199) | (487) | | (30,084) |
| Gross profit | 18,111 | 15,745 | 801 | 49 | (26) | | 34,680 |
| Gross margin | 62.0% | 50.9% | 27.2% | 3.9% | -5.6% | | 53.5% |
| Operational expenses | | | | | | | |
| Selling and administrative | (1,604) | (717) | (106) | (28) | (95) | | (2,550) |
| Research and development | (332) | (635) | (71) | | (359) | | (1,397) |
| Other operating expenses | (1,154) | (227) | (36) | (1) | | | (1,418) |
| | (3,090) | (1,579) | (213) | (29) | (454) | | (5,365) |
| Profit before financial results, results of equity investments and imparment | 15,021 | 14,166 | 588 | 20 | (480) | | 29,315 |
| Results of equity investments | (549) | (1,926) | 15 | 26 | 29 | | (2,405) |

| | | | | | | | |
|--|---------------|---------------|--------------|-----------|--------------|------------|---------------|
| Financial result | | | | | | 277 | 277 |
| Operating profit (loss) | 14,472 | 12,240 | 603 | 46 | (451) | 277 | 27,187 |
| Profit on sale of investment | | 153 | 459 | | 846 | | 1,458 |
| Income (loss) before income tax and social contribution | 14,472 | 12,393 | 1,062 | 46 | 395 | 277 | 28,645 |
| Income tax and social contribution | (3,569) | (3,390) | (144) | 1 | 17 | | (7,085) |
| Income (loss) before minority interests | 10,903 | 9,003 | 918 | 47 | 412 | 277 | 21,560 |
| Minority interest | (76) | (1,477) | (2) | | 1 | | (1,554) |
| Income (loss) for the year | 10,827 | 7,526 | 916 | 47 | 413 | 277 | 20,006 |

(*) Nickel and other products by-products (copper, precious metals, cobalt e others) of Vale Inco.

The financial statements by business area are structured in accordance with the following segments: Ferrous products, Non-ferrous, Logistics, Aluminum , Steel, Corporate and other participation.

Ferrous products comprises iron ore mining and pellet production, as well as our Brazilian Northern and Southern transportation systems, including railways, ports and terminals as they pertain to mining operations. Manganese mining and ferroalloys are also included in this segment.

Non-ferrous comprises the production of non-ferrous minerals, including nickel (co-products and by-products), potash, coal, kaolin, copper and aluminum comprises aluminum trading activities, alumina refining and aluminum metal smelting and investments in joint ventures and affiliates engaged in bauxite mining.

Logistics comprises our transportation systems as they pertain to the operation of our ships, ports and railways for third-party cargos.

Participation it is divided into the following segments:

Steel comprises the investments in steel companies.

Others comprises the investments in joint ventures and affiliates engaged in other businesses.

| | | | | | | | | | | | | |
|----------------------------------|--------------|------------|-----------|--------------|------------|------------|--------------|------------|------------|--------------|------------|------------|
| Citizenship investments | 409 | 1% | 1% | 465 | 2% | 1% | 356 | 3% | 1% | 275 | 4% | 1% |
| Social actions and projects | 390 | 1% | 1% | 446 | 2% | 1% | 337 | 2% | 1% | 257 | 4% | 1% |
| Native community | 19 | 0% | | 19 | 0% | 0% | 19 | 0% | | 18 | 0% | 0% |
| Environmental investments | 808 | 3% | 1% | 761 | 4% | 1% | 678 | 5% | 2% | 366 | 6% | 2% |
| Total -Social Indicators | 6,491 | 24% | 9% | 7,353 | 25% | 11% | 4,795 | 34% | 14% | 4,906 | 76% | 21% |

Workforce Indicators

| | | | | | | | | | | | | |
|--|--|--|--------|--|--|--------|--|--|--------|--|--|--------|
| Number of employees at the end of the period | | | 62,490 | | | 60,405 | | | 39,525 | | | 33,392 |
| Number of admittances during the period | | | 7,673 | | | 6,954 | | | 6,133 | | | 3,969 |

Social and environmental projects developed by the company are defined by:

directors directors and managers all of employees

Occupational health and safety standards were defined by:

directors and managers all of employees all + CIPA

Concerning Unions and the right to negotiate collectively and have internal representation of the employees, the company:

is not involved in follows the standards of ILO encourages and follows the ILO

The pension plan system covers:

directors directors and managers all of employees

Profits sharing covers:

directors directors and managers all of employees

On selecting suppliers, the same ethical standards of social and

are not considered are recommended are required

**environmental
responsibility
adopted by the
company:**

**Concerning the
participation of
employees in
voluntary work
programs, the
company:**

is not involved in support organizes and encourages

Social responsibility criteria to select suppliers

Besides technical and economic aspects, the Company considers legal, environment, and health and security aspects in the selection of its suppliers. From the legal point of view, it is required a regular situation on tax aspects and labour and social security aspects. The environment aspect is verified through documents which confirm the regular situation for the suppliers with the governmental agencies, besides evidence of preservation and environment policies. The engagement with health and security is evaluated through a questionnaire form which considers action of preventive policies. Also it takes into consideration the performance of the suppliers with the local community. The Company contracts suppliers considering the criteria above, and also implemented Programa de Desenvolvimento de Fornecedores (PDF). Promoting suppliers' development, the PDF extends the benefits to the local community and the business of the region, supporting the socioeconomic development.

Table of Contents**6.34- Subsequent events**

On January 30, 2009, Vale entered into a purchase and sale agreement with Rio Tinto Plc to acquire iron ore (in Brazil) and potash (in Argentina and Canada) assets. The price to be paid for the iron assets amounts to US\$ 750 and the acquisition is subjected to the approval of Brazilian Government, while the potash deposits will be acquired for US\$ 850, totaling US\$ 1,600.

7- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies

| | Participation (%) | | Assets | | | Liabilities and stockholders equity | | | Statement of income | | | |
|-------------------------|-------------------|--------|---------|--|-------------------|-------------------------------------|---------------------------------|------------------------------|---------------------|--|------------------|---------------------|
| | Total | Voting | Current | Non-current Investments, property plant and equipment and deferred | Long-term charges | Current | Long-term and minority interest | Adjusted stockholders equity | Net revenues | Cost of products and services (expenses) | Operating income | Non-recurring items |
| December 31, 2008 | | | | | | | | | | | | |
| Alumina Brasileira S.A. | 51.00 | 51.00 | 574 | 1,395 | 1,085 | 506 | 603 | 1,945 | 2,196 | (1,637) | (339) | |
| Alumina do Norte do | 57.03 | 61.74 | 1,126 | 257 | 5,381 | 417 | 2,000 | 4,347 | 3,112 | (2,296) | (538) | |
| | 100.00 | 100.00 | 6 | 39 | | 6 | | 39 | | | 20 | |
| | 61.48 | 100.00 | 161 | 67 | 205 | 33 | 147 | 253 | 216 | (203) | (64) | |
| Lista de Ferro Ligas | 100.00 | 100.00 | 156 | 101 | 1 | 148 | 117 | (6) | | | (12) | |
| Ária Baía de | 100.00 | 100.00 | 138 | 7 | 193 | 12 | 1 | 325 | 314 | (116) | 14 | |
| S | 100.00 | 100.00 | 2,390 | 350 | 1,560 | 2,232 | 47 | 2,021 | 5,835 | (4,377) | 434 | |
| Ltd. | 100.00 | 100.00 | 5 | 304 | | 34 | 276 | (1) | | | (9) | |
| Atlântica S.A. | 100.00 | 100.00 | 289 | 118 | 1,678 | 179 | 1,977 | (71) | 750 | (682) | (9) | |
| ul S.A. | 100.00 | 100.00 | 20 | 2 | 1,737 | 939 | | 820 | 60 | (28) | (2) | |
| ce S.A. | 99.90 | 100.00 | 10 | 17 | 4 | 6 | 5 | 20 | | | (3) | |
| ã Ltda. | 100.00 | 100.00 | | | 1,718 | 18 | 1,788 | (88) | | | 56 | |
| leiras Reunidas | 92.99 | 92.99 | 157 | 82 | 6,683 | 908 | 1,419 | 4,595 | | (210) | 585 | |
| S.A | 86.17 | 85.57 | 122 | 23 | 231 | 256 | 135 | (15) | 170 | (172) | (100) | |
| nése Norway AS | 100.00 | 100.00 | 245 | | 59 | 84 | 15 | 205 | 495 | (303) | (62) | |
| A. | 100.00 | 100.00 | 273 | | 1,310 | 28 | 1,139 | 416 | | | | |
| ão S.A. | 100.00 | 100.00 | 319 | 15 | 56 | 232 | 120 | 38 | 335 | (94) | 10 | |
| y Ltd. | 100.00 | 100.00 | 657 | 214 | 2,102 | 326 | 1,706 | 941 | 1,102 | (527) | (425) | |
| | 100.00 | 100.00 | 8,165 | 219 | 56,714 | 3,448 | 44,799 | 16,851 | 14,177 | (9,112) | (176) | 139 |
| al S.A. | 100.00 | 100.00 | 31,463 | 65,040 | 58,157 | 12,668 | 61,536 | 80,456 | 32,247 | (24,586) | 16,458 | |
| S.A. | 100.00 | 100.00 | 1,393 | 119 | 321 | 1,054 | 179 | 600 | 1,425 | (506) | 14 | |
| France | 100.00 | 100.00 | 609 | | 75 | 376 | 6 | 302 | 789 | (646) | 57 | |
| td. | 100.00 | 100.00 | 280 | 13,486 | | 280 | 13,486 | | | | | |
| o S.A. (a) | 100.00 | 100.00 | 225 | 86 | 523 | 138 | 40 | 656 | 451 | (385) | (24) | |

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| | | | | | | | | | | | |
|-------------------|-------|--------|-------|-----|-------|-------|-------|-------|-------|---------|---------|
| ção S.A. | 50.00 | 100.00 | 49 | | 58 | 6 | | 101 | 33 | (6) | |
| Industries, Inc. | 50.00 | 50.00 | 900 | | 610 | 200 | 562 | 748 | 2,696 | (2,354) | (143) |
| ano-Brasileira de | | | | | | | | | | | |
| DBRASCO | 50.00 | 50.00 | 220 | 22 | 245 | 113 | 119 | 255 | 304 | (231) | 162 |
| ano-Brasileira de | | | | | | | | | | | |
| SPANOBRÁS | 50.89 | 51.00 | 252 | 49 | 133 | 55 | 46 | 333 | 943 | (646) | 14 |
| -Brasileira de | | | | | | | | | | | |
| ABRASCO | 50.90 | 51.00 | 203 | 64 | 189 | 96 | 92 | 268 | 632 | (485) | 18 |
| -Brasileira de | | | | | | | | | | | |
| BRASCO | 51.00 | 51.11 | 385 | 65 | 408 | 293 | 62 | 503 | 369 | (343) | 418 |
| eral S.A. MSG | 50.00 | 50.00 | 35 | 25 | 61 | 4 | 19 | 98 | 18 | (9) | (3) |
| o Norte S.A. | 40.00 | 40.00 | 342 | 615 | 897 | 823 | 439 | 592 | 1,047 | (586) | (132) |
| S.A. (a) | 41.50 | 37.86 | 1,297 | 537 | 2,844 | 1,133 | 1,713 | 1,833 | 2,919 | (1,308) | (640) |
| ção S.A. | 50.00 | 50.00 | 1,924 | 430 | 3,611 | 3,172 | 2,194 | 599 | 4,246 | (1,600) | (1,315) |

Observances:

(a) Includes direct and indirect participation.

Additional information of the main operational investee companies are available on the Vale website www.vale.com, investor relations.

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8. Report of the Independent Accountants

Deloitte Touche Tohmatsu
Av. Pres. Wilson, 231
22º, 25º e 26º andares
20030-905 Rio de Janeiro - RJ
Brasil

Tel: +55 (21) 3981-0500
Fax: +55 (21) 3981-0600
www.deloitte.com.br

(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT

To the Shareholders, Directors and Officers of
Companhia Vale do Rio Doce

Rio de Janeiro RJ

1. We have audited the accompanying individual and consolidated balance sheets of Companhia Vale do Rio Doce (the Company) and subsidiaries as of December 31, 2008, and the related statements of income, changes in shareholders' equity, cash flows, and value added for the year then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements. The financial statements for the year ended December 31, 2008 of certain subsidiaries whose investments were accounted for under the equity method were audited by other independent auditors and our report thereon, insofar as it relates to these investments of the Company as of December 31, 2008 in the amount of R\$14,405 million and the losses derived therefrom in 2008 in the amount of R\$ 1,648 million, and total consolidated assets of R\$62,619 million as of December 31, 2008 and consolidated net revenues for the year ended December 31, 2008 in the amount of R\$14,177 million, is based solely on the report of these other auditors.
2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Company and its investees; (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed; and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, based on our audits and the report of other independent auditors, the financial statements referred to in paragraph 1 present fairly, in all material respects, the individual and consolidated financial positions of Companhia Vale do Rio Doce and subsidiaries as of December 31, 2008, and the results of their operations, the changes in their shareholders' equity, their cash flows and the values added in operations for the year then ended, in conformity with Brazilian accounting practices.

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4. We had previously audited the individual and consolidated financial statements for the year ended December 31, 2007, comprising the balance sheets, statements of income, changes in shareholders' equity, and changes in financial position for the year then ended, and supplemental information comprising the statements of cash flows and value added, on which we issued a report, dated February 28, 2008, sharing responsibility for the audit conducted by other independent auditors of the financial statements for the year ended December 31, 2007 of certain subsidiaries whose investments were accounted for under the equity method, and our report thereon, insofar as it relates to these investments of the Company as of December 31, 2007 in the amount of R\$12,849 million and the profits derived therefrom in 2007 in the amount of R\$3,512 million, and total consolidated assets of R\$50,621 million as of December 31, 2007 and consolidated net revenues for the year ended December 31, 2007 in the amount of R\$23,244 million, is based solely on the report of these other auditors. As mentioned in note 6.2, certain changes have been introduced to Brazilian accounting practices, effective January 1, 2008. The financial statements for the year ended December 31, 2007, presented together with the 2008 financial statements, have been prepared in accordance with Brazilian accounting practices in effect until December 31, 2007, and as permitted by Technical Pronouncement CPC 13 – First-time Adoption of Law 11638/07 and Provisional Act 449/08, are not being restated with adjustments for purposes of comparability between years being restated with adjustments for purposes of comparability between years.
5. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, February 19, 2009

/s/ Deloitte Touche Tohmatsu

/s/ Marcelo Cavalcanti Almeida

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marcelo Cavalcanti Almeida
Engagement Partner

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9- Opinion of the Fiscal Council on the Annual Report and Financial Statements at December 31, 2008

The Fiscal Council of Companhia Vale do Rio Doce (Vale), in carrying out its legal and statutory duties, after examining the Company s Annual Report, Balance Sheet, Statement of Income, Statement of Changes in Financial Position, Statement of Changes in Stockholders Equity and the respective Notes to the Financial Statements relative to the fiscal year ended December 31, 2008, and based on the opinion of the independent auditors, is of the opinion that the mentioned information, examined in accordance of applicable corporate legislation should be approved by the Annual Stockholders General Meeting.

Rio de Janeiro, February 19, 2009

Marcelo Amaral Moraes
Chairman

Antônio José de Figueiredo Ferreira

Anibal Moreira dos Santos

Bernard Appy

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10- Opinion of the Board of Directors on the Annual Report and Financial Statements at december 31, 2008

The Board of Directors of Companhia Vale do Rio Doce, after examining the Annual Report, Balance Sheet and other Financial Statements of the Company related to the fiscal year ended December 31, 2008, unanimously approved mentioned proposal.

In view of this, the Board is of the opinion that the above mentioned documents should be approved at the Annual Stockholders General Meeting.

Rio de Janeiro, February 19, 2009

Sérgio Ricardo Silva Rosa
Chairman

Mário da Silveira Teixeira Júnior
Vice President

José Ricardo Sasseron
Member

Oscar Augusto de Camargo Filho
Member

Sandro Kohler Marcondes
Member

Luciano Galvão Coutinho
Member

João Batista Cavaglieri
Member

Francisco Augusto da Costa e Silva
Member

Hiroshi Tada
Member

Jorge Luiz Pacheco
Member

Renato da Cruz Gomes
Member

Table of Contents**B- Additional Information****11- Cash generation (unaudited)**

Consolidated operating cash generation measured by EBITDA (earnings before financial results, equity in subsidiaries, interest, taxes, depreciation, amortization and depletion, increased by dividends received) was R\$ 35,023 as of December 31, 2008 against R\$ 33,619 as of December 31, 2007, a increase of 4.2%.

EBITDA is not a BR GAAP measure and does not represent the expected cash flow for the reporting periods and, therefore, should not be considered as an alternative measure to net income (loss), as an indicator of our operating performance or as an alternative to cash flow as a liquidity source.

Our definition of EBITDA may not be comparable with EBITDA as defined by other companies.

EBITDA

| | 4Q/08 | (Unaudited) 3Q/08 | 4Q/07 | Accumulated 2008 | 2007 |
|---|---------------|------------------------------|--------------|-----------------------------|---------------|
| Operating profit EBIT | 5,212 | 10,110 | 5,056 | 27,400 | 29,315 |
| Depreciation / amortization of goodwill | 1,322 | 1,227 | 1,300 | 5,112 | 4,170 |
| Impairment | | | | 2,447 | |
| | 6,534 | 11,337 | 6,356 | 34,959 | 33,485 |
| Dividends received | 25 | 15 | 75 | 63 | 134 |
| EBITDA (LAJIDA) | 6,559 | 11,352 | 6,431 | 35,022 | 33,619 |
| Depreciation / amortization of goodwill | (1,322) | (1,227) | (1,300) | (5,112) | (4,170) |
| Dividends received | (25) | (15) | (75) | (63) | (134) |
| Impairment | | | | (2,447) | |
| Equity Results | 261 | 1,037 | (574) | (1,325) | (2,405) |
| Profit on sale of investment | | | | 139 | 1,458 |
| Financial results, net | 2,547 | 1,312 | 395 | (3,838) | 277 |
| Income tax and social contribution | 2,465 | 111 | (183) | (665) | (7,085) |
| Minority interests | (36) | (138) | (284) | (432) | (1,554) |
| Net income | 10,449 | 12,432 | 4,410 | 21,279 | 20,006 |

Consolidated EBITDA by segment

| | 4Q/08 | (Unaudited) 3Q/08 | EBITDA 4Q/07 | Accumulated 2008 | 2007 |
|----------------------|--------------|------------------------------|-------------------------|-----------------------------|---------------|
| Segments | | | | | |
| Ferrous minerals | 5,712 | 8,781 | 3,741 | 25,067 | 16,087 |
| Non-ferrous minerals | 340 | 2,105 | 2,464 | 8,485 | 16,342 |
| Logistics | 529 | 397 | 309 | 1,491 | 1,508 |
| Steel | (157) | 71 | (12) | 18 | 91 |
| Others | 135 | (2) | (71) | (38) | (409) |
| | 6,559 | 11,352 | 6,431 | 35,023 | 33,619 |

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12- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers

Board of Directors

Sérgio Ricardo Silva Rosa
Chairman

Mário da Silveira Teixeira Júnior
Vice-President

Francisco Augusto da Costa e Silva
João Batista Cavagliberi
Jorge Luiz Pacheco
José Ricardo Sasseron
Luciano Galvão Coutinho
Masami Iijima
Oscar Augusto de Camargo Filho
Renato da Cruz Gomes
Sandro Kohler Marcondes

Advisory Committees of the Board of Directors

Controlling Committee
Luiz Carlos de Freitas

Paulo Ricardo Ultra Soares
Paulo Roberto Ferreira de Medeiros

Executive Development Committee
João Moisés de Oliveira
José Ricardo Sasseron
Oscar Augusto de Camargo Filho

Strategic Committee

Roger Agnelli
Mário da Silveira Teixeira Júnior
Oscar Augusto de Camargo Filho
Sérgio Ricardo Silva Rosa

Finance Committee

Fabio de Oliveira Barbosa
Ivan Luiz Modesto Schara
Luiz Maurício Leuzinger
Wanderlei Viçoso Fagundes

Fiscal Council

Marcelo Amaral Moraes
Chairman

Aníbal Moreira dos Santos
Antônio José de Figueiredo Ferreira
Bernard Appy

Alternate

Marcos Coimbra
Marcus Pereira Aucélio
Oswaldo Mário Pêgo de Amorim Azevedo

Executive Officers

Roger Agnelli
Chief Executive Officer

Carla Grasso
Executive Officer for Human Resources and Corporate Services

Demian Fiocca
Executive Officer for Management and Sustainability

Eduardo de Salles Bartolomeo
Executive Officer for Logistics, Engineering and Project Management

Fabio de Oliveira Barbosa
Chief Financial Officer and Investor Relations

José Carlos Martins
Executive Officer for Ferrous Minerals

Tito Botelho Martins
Executive Officer for Non Ferrous

Marcus Vinícius Dias Severini
Chief Officer of Accounting and Control Department

Governance and Sustainability Committee

Jorge Luiz Pacheco
Renato da Cruz Gomes
Ricardo Simonsen

Vera Lúcia de Almeida Pereira Elias
Chief Accountant
CRC-RJ 043059/O-8

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| Description | Equity Investee Information | | | | | 12/31/2008 | | | | |
|-----------------------------------|---|-----------------|-----------------|-----------------|-----------------|---|-----------------|-----------------|-----------------|-----------------|
| | Aluminum Area | | | | | Albras (Adjusted and Unaudited) | | | | |
| | 2008 | | | | | 2007 | | | | |
| | As of and for the three-month periods ended | | | | Total | As of and for the three-month periods ended | | | | Total |
| | March 31 | June 30 | September 30 | December 31 | | March 31 | June 30 | September 30 | December 31 | |
| Produced and sold - MT (thousand) | 109 | 99 | 117 | 108 | 433 | 108 | 123 | 108 | 104 | 443 |
| Produced and sold - MT (thousand) | 7 | 6 | 7 | 6 | 26 | 7 | 6 | 7 | 6 | 26 |
| Produced and sold - MT (thousand) | 116 | 105 | 124 | 114 | 459 | 115 | 129 | 115 | 110 | 459 |
| External sales (US\$) | 2,486.87 | 2,939.31 | 2,888.76 | 2,150.39 | 2,589.98 | 2,688.76 | 2,727.00 | 2,631.55 | 2,405.80 | 2,589.98 |
| Internal sales (US\$) | 2,307.59 | 2,640.89 | 2,625.72 | 2,380.23 | 2,827.94 | 2,500.55 | 2,689.00 | 2,599.78 | 2,196.61 | 2,827.94 |
| Total sales (US\$) | 2,476.70 | 2,920.77 | 2,874.64 | 2,162.48 | 2,603.46 | 2,677.30 | 2,724.78 | 2,585.19 | 2,393.38 | 2,603.46 |
| Short-term business (US\$) | 283,333 | 300,521 | 266,666 | 249,999 | 249,999 | 319,272 | 311,912 | 305,833 | 300,718 | 319,272 |
| Long-term business (US\$) | 111,462 | 90,031 | 127,730 | 133,329 | 133,329 | 3,501 | | 2,034 | 40,083 | 133,329 |
| Total business (US\$) | 394,795 | 390,552 | 394,396 | 383,328 | 383,328 | 322,773 | 311,912 | 307,867 | 340,801 | 383,328 |
| Shareholders (R\$) | 1,762,743 | 1,871,810 | 1,908,042 | 1,949,655 | 1,949,655 | 1,593,343 | 1,661,559 | 1,851,784 | 1,775,488 | 1,593,343 |
| Operating assets (R\$) | 507,262 | 513,302 | 583,876 | 556,610 | 2,161,050 | 654,600 | 700,893 | 577,381 | 478,152 | 2,161,050 |
| Liabilities (R\$) | (389,192) | (370,909) | (431,517) | (445,146) | (1,636,764) | (419,374) | (464,066) | (400,422) | (373,884) | (1,636,764) |
| Equity (R\$) | (33,556) | (34,060) | (30,811) | (56,582) | (155,009) | (23,417) | (34,666) | (29,700) | (48,011) | (155,009) |

| | | | | | | | | | | |
|---|-----|-----------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| tion, tion etion | R\$ | 18,680 | 17,539 | 18,851 | 17,422 | 72,492 | 18,427 | 39,204 | 1,029 | 15,669 |
| A tion, tion etion | R\$ | 103,194 | 125,872 | 140,399 | 72,304 | 441,769 | 230,236 | 241,365 | 148,288 | 71,926 |
| tion, tion etion | R\$ | (18,680) | (17,539) | (18,851) | (17,422) | (72,492) | (18,427) | (39,204) | (1,029) | (15,669) |
| urrent | R\$ | 84,514 | 108,333 | 121,548 | 54,882 | 369,277 | 211,809 | 202,161 | 147,259 | 56,257 |
| own) ncial | R\$ | (6) | | | | (6) | | | | 184 |
| ncial | R\$ | (116,210) | 63,342 | (72,234) | (23,765) | (148,867) | 34,420 | (19,200) | 128,740 | 67,136 |
| ncial | R\$ | | | | | | | | (5,519) | |
| ncome social tion ax al tion | R\$ | (31,702) | 171,675 | 49,314 | 31,117 | 220,404 | 246,229 | 182,961 | 270,480 | 123,577 |
| tion | R\$ | (14,510) | (62,608) | (13,082) | 18,084 | (72,116) | (50,055) | (114,746) | (80,256) | (13,901) |
| me | R\$ | (46,212) | 109,067 | 36,232 | 49,201 | 148,288 | 196,174 | 68,215 | 190,224 | 109,676 |

Table of Contents**Aluminum Area MRN (Adjusted and Unaudited)**

| Information | | 2008 | | | | 2007 | | | | | |
|---------------------------------------|----------------------|---|----------------|----------------|-------------|---|----------------|----------------|----------------|----------------|----------------|
| | | As of and for the three-month periods ended | | | | As of and for the three-month periods ended | | | | | |
| | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold - external market | MT (thousand) | 1,369 | 1,573 | 1,496 | | 4,438 | 1,386 | 1,356 | 1,522 | 1,365 | 5,629 |
| Quantity sold - internal market | MT (thousand) | 2,621 | 2,949 | 3,268 | | 8,838 | 3,350 | 2,969 | 2,939 | 2,993 | 12,251 |
| Quantity sold - total | MT (thousand) | 3,990 | 4,522 | 4,764 | | 13,276 | 4,736 | 4,325 | 4,461 | 4,358 | 17,880 |
| Average sales price - external market | US\$ | 61.52 | 34.93 | 34.71 | | 34.96 | 33.35 | 32.47 | 33.29 | 34.42 | 33.38 |
| Average sales price - internal market | US\$ | 53.89 | 31.24 | 31.96 | | 31.61 | 27.04 | 27.04 | 27.69 | 28.38 | 27.52 |
| Average sales price - total | US\$ | 56.51 | 32.52 | 32.83 | | 32.73 | 28.89 | 28.74 | 29.60 | 30.27 | 29.37 |
| Long-term indebtedness, gross | US\$ | 46,151 | 115,231 | 96,970 | | 96,970 | 38,936 | 35,488 | 26,516 | 44,715 | 44,715 |
| Short-term indebtedness, gross | US\$ | 245,429 | 221,143 | 225,894 | | 225,894 | 204,362 | 223,553 | 207,048 | 147,619 | 147,619 |
| Total indebtedness, gross | US\$ | 291,580 | 336,374 | 322,864 | | 322,864 | 243,298 | 259,041 | 233,564 | 192,334 | 192,334 |
| Stockholders equity | R\$ | 634,170 | 687,360 | 717,533 | | 717,533 | 715,623 | 825,859 | 933,029 | 592,007 | 592,007 |
| Net operating revenues | R\$ | 206,543 | 220,647 | 242,896 | | 670,086 | 284,926 | 249,740 | 253,386 | 235,716 | 1,023,768 |
| Cost of products | R\$ | (121,170) | (150,287) | (145,601) | | (417,058) | (142,081) | (133,000) | (133,695) | (133,914) | (542,690) |
| Other expenses / | R\$ | (4,622) | (5,480) | (5,586) | | (15,688) | (5,183) | (5,832) | (2,840) | (5,273) | (19,128) |

| | | | | | | | | | | |
|---|-----|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| revenues | | | | | | | | | | |
| Depreciation, amortization and depletion | R\$ | 28,386 | 28,305 | 28,322 | 85,013 | 27,234 | 27,984 | 27,491 | 28,118 | 110,827 |
| EBITDA | R\$ | 109,137 | 93,185 | 120,031 | 322,353 | 164,896 | 138,892 | 144,342 | 124,647 | 572,777 |
| Depreciation, amortization and depletion | R\$ | (28,386) | (28,305) | (28,322) | (85,013) | (27,234) | (27,984) | (27,491) | (28,118) | (110,827) |
| EBIT | R\$ | 80,751 | 64,880 | 91,709 | 237,340 | 137,662 | 110,908 | 116,851 | 96,529 | 461,950 |
| Net financial result | R\$ | (12,584) | 18,096 | (53,799) | (48,287) | 4,991 | 10,310 | 2,490 | 2,730 | 20,521 |
| Income before income tax and social contribution | R\$ | 68,167 | 82,976 | 37,910 | 189,053 | 142,653 | 121,218 | 119,341 | 99,259 | 482,471 |
| Income tax and social contribution | R\$ | (25,009) | (29,786) | (7,737) | (62,532) | (12,368) | (10,530) | (12,171) | (10,128) | (45,197) |
| Net income | R\$ | 43,158 | 53,190 | 30,173 | 126,521 | 130,285 | 110,688 | 107,170 | 89,131 | 437,274 |

Table of Contents**Aluminum Area Alunorte (Adjusted and Unaudited)**

| Description | 2008 | | | | | 2007 | | | | |
|--------------------------------------|---|----------------|----------------|----------------|----------------|---|----------------|----------------|----------------|----------------|
| | As of and for the three-month periods ended | | | | | As of and for the three-month periods ended | | | | |
| | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Aluminum sold - MT (thousand) | 814 | 832 | 975 | 1,336 | 3,957 | 699 | 769 | 828 | 933 | 3,229 |
| Aluminum sold - MT (thousand) | 235 | 258 | 301 | 250 | 1,044 | 244 | 252 | 248 | 271 | 1,015 |
| Aluminum sold - MT (thousand) | 1,049 | 1,090 | 1,276 | 1,586 | 5,001 | 943 | 1,021 | 1,076 | 1,204 | 4,244 |
| External sales US\$ | 322.36 | 372.73 | 378.60 | 286.74 | 334.79 | 344.85 | 349.61 | 340.23 | 312.26 | 339.25 |
| Internal sales US\$ | 287.59 | 340.49 | 342.74 | 324.54 | 358.65 | 309.77 | 311.69 | 306.88 | 275.46 | 304.49 |
| Total sales US\$ | 314.57 | 365.10 | 370.14 | 292.70 | 339.77 | 335.77 | 340.25 | 332.54 | 303.98 | 339.25 |
| Investment in business, US\$ | 740,000 | 828,590 | 855,397 | 855,398 | 855,398 | 527,944 | 558,388 | 483,873 | 556,065 | 527,944 |
| Investment in business, US\$ | 20,037 | | 28,951 | 31,124 | 31,124 | | | | | |
| Investment in business, US\$ | 760,037 | 828,590 | 884,348 | 886,522 | 886,522 | 527,944 | 558,388 | 483,873 | 556,065 | 527,944 |
| Equity held by shareholders R\$ | 4,077,566 | 4,233,439 | 4,345,957 | 4,346,958 | 4,346,958 | 3,602,210 | 3,766,403 | 4,119,110 | 4,136,553 | 4,136,553 |
| Operating assets R\$ | 574,017 | 660,565 | 789,345 | 1,033,795 | 3,057,722 | 670,033 | 669,980 | 713,458 | 655,750 | 2,709,221 |
| Liabilities R\$ | (476,079) | (478,374) | (587,518) | (754,073) | (2,296,044) | (383,541) | (430,068) | (479,498) | (512,055) | (1,805,162) |
| Equity R\$ | (25,223) | (26,517) | (22,959) | (49,473) | (124,172) | (15,470) | (21,684) | (17,934) | (30,690) | (125,941) |

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| | | | | | | | | | | | |
|-----------------------|-----|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------|
| tion, tion tion | R\$ | 36,013 | 30,350 | 30,294 | 45,448 | 142,105 | 27,145 | 31,041 | 28,305 | 30,193 | 1 |
| A | R\$ | 108,728 | 186,024 | 209,162 | 275,697 | 779,611 | 298,167 | 249,269 | 244,331 | 143,198 | 9 |
| tion, tion tion | R\$ | (36,013) | (30,350) | (30,294) | (45,448) | (142,105) | (27,145) | (31,041) | (28,305) | (30,193) | (1 |
| | R\$ | 72,715 | 155,674 | 178,868 | 230,249 | 637,506 | 271,022 | 218,228 | 216,026 | 113,005 | 8 |
| ncial | R\$ | (108,077) | 33,026 | (57,123) | (227,185) | (359,359) | 40,691 | (29,795) | 57,674 | 52,961 | 1 |
| urrent | | | | | | | | | | | |
| own) | R\$ | | | | | | | | (37) | 108 | |
| ncome | | | | | | | | | | | |
| social | | | | | | | | | | | |
| tion | R\$ | (35,362) | 188,700 | 121,745 | 3,064 | 278,147 | 311,713 | 188,433 | 273,663 | 166,074 | 9 |
| ax | | | | | | | | | | | |
| al | | | | | | | | | | | |
| tion | R\$ | (7,679) | (32,826) | (9,227) | 12,761 | (36,971) | (37,767) | (24,240) | (69,500) | (24,958) | (1 |
| me | R\$ | (43,041) | 155,874 | 112,518 | 15,825 | 241,176 | 273,946 | 164,193 | 204,163 | 141,116 | 7 |

Table of Contents**Aluminum Area Valesul (Adjusted and Unaudited)**

| Information | | 2008 | | | | 2007 | | | | | |
|--|----------------------|---|-----------------|-----------------|-------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | As of and for the three-month periods ended | | | | As of and for the three-month periods ended | | | | | |
| | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold - external market | MT (thousand) | 4 | 7 | 6 | | 17 | 9 | 10 | 8 | 8 | 35 |
| Quantity sold - internal market | MT (thousand) | 16 | 15 | 19 | | 50 | 10 | 16 | 15 | 30 | 71 |
| Quantity sold - total | MT (thousand) | 20 | 22 | 25 | | 67 | 19 | 26 | 23 | 38 | 106 |
| Average sales price - external market | US\$ | 2,653.70 | 2,846.14 | 2,679.23 | | 2,735.46 | 2,828.64 | 2,902.69 | 2,750.68 | 2,580.48 | 2,777.48 |
| Average sales price - internal market | US\$ | 3,786.95 | 4,168.23 | 3,321.93 | | 3,674.75 | 4,037.71 | 4,068.49 | 4,045.36 | 3,415.84 | 3,722.07 |
| Average sales price - total | US\$ | 3,560.30 | 3,747.56 | 3,148.89 | | 3,426.11 | 3,512.03 | 3,652.13 | 3,696.79 | 3,177.17 | 3,410.18 |
| Stockholders equity | R\$ | 637,555 | 644,643 | 650,810 | | 650,810 | 279,134 | 662,457 | 671,728 | 649,126 | 649,126 |
| Net operating revenues | R\$ | 100,607 | 115,282 | 134,658 | | 350,547 | 146,650 | 139,569 | 123,409 | 120,724 | 530,352 |
| Cost of products | R\$ | (84,081) | (91,021) | (122,915) | | (298,017) | (100,019) | (108,609) | (98,114) | (103,968) | (410,710) |
| Other expenses / revenues | R\$ | (10,741) | (10,754) | (9,585) | | (31,081) | (7,436) | (6,773) | (10,399) | (7,611) | (32,219) |
| Depreciation, amortization and depletion | R\$ | 8,099 | 5,909 | 7,084 | | 21,092 | 3,765 | 3,662 | 6,691 | 6,718 | 20,836 |

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| | | | | | | | | | | |
|---|-----|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| EBITDA | R\$ | 13,884 | 19,416 | 9,242 | 42,541 | 42,960 | 27,849 | 21,587 | 15,863 | 108,259 |
| Depreciation, amortization and depletion | R\$ | (8,099) | (5,909) | (7,084) | (21,092) | (3,765) | (3,662) | (6,691) | (6,718) | (20,836) |
| EBIT | R\$ | 5,785 | 13,507 | 2,158 | 21,449 | 39,195 | 24,187 | 14,896 | 9,145 | 87,423 |
| Net financial result | R\$ | (905) | (372) | 10,469 | 9,192 | (503) | (392) | (188) | (1,021) | (2,104) |
| Income before income tax and social contribution | R\$ | 4,880 | 13,135 | 12,627 | 30,641 | 38,692 | 23,795 | 14,708 | 8,124 | 85,319 |
| Income tax and social contribution | R\$ | (2,814) | (6,045) | (6,460) | (15,319) | (6,298) | (5,434) | (5,437) | (10,727) | (27,896) |
| Net income | R\$ | 2,066 | 7,090 | 6,167 | 15,322 | 32,394 | 18,361 | 9,271 | (2,603) | 57,423 |

Table of Contents**Pellets Area Hispanobras (Adjusted and Unaudited)**

| Information | | 2008 | | | | | 2007 | | | | |
|---|----------------------|---|---------------|---------------|---------------|---------------|---|--------------|---------------|---------------|---------------|
| | | As of and for the three-month periods ended | | | | | As of and for the three-month periods ended | | | | |
| | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold - external market | MT (thousand) | 404 | 400 | 618 | | 1,422 | 565 | 504 | 527 | 394 | 1,990 |
| Quantity sold - external market | MT (thousand) | 710 | 805 | 554 | 396 | 2,465 | 800 | 620 | 510 | 545 | 2,475 |
| Quantity sold total | MT (thousand) | 1,114 | 1,205 | 1,172 | 396 | 3,887 | 1,365 | 1,124 | 1,037 | 939 | 4,461 |
| Average sales price - external market | US\$ | 71.45 | 203.07 | 227.18 | | 176.15 | 69.26 | 77.40 | 72.50 | 73.25 | 72.90 |
| Average sales price - internal market | US\$ | 75.95 | 203.58 | 236.04 | 146.47 | 164.94 | 72.97 | 79.73 | 74.88 | 76.94 | 75.90 |
| Average sales price - total | US\$ | 74.32 | 203.41 | 231.37 | 146.47 | 169.04 | 71.43 | 78.69 | 73.67 | 75.39 | 74.70 |
| Short-term indebtedness, gross | US\$ | 75,338 | 58,382 | 7,474 | | | 6,213 | 9,338 | 14,212 | 45,583 | 45,583 |
| Total indebtedness, gross | US\$ | 75,338 | 58,382 | 7,474 | | | 6,213 | 9,338 | 14,212 | 45,583 | 45,583 |
| Stockholders' equity | R\$ | 157,097 | 264,714 | 301,251 | 333,094 | 333,094 | 167,293 | 149,665 | 159,658 | 149,964 | 149,964 |
| Net operating revenues | R\$ | 144,995 | 409,554 | 274,225 | 113,968 | 942,742 | 205,706 | 175,156 | 146,352 | 127,964 | 655,178 |
| Cost of products | R\$ | (129,399) | (237,400) | (196,794) | (81,105) | (644,698) | (164,230) | (145,097) | (100,792) | (138,321) | (548,444) |
| Depreciation, amortization and other expenses / | R\$ | (4,226) | (5,218) | (3,828) | (14,393) | (27,665) | (2,313) | (3,659) | (28,043) | (2,325) | (36,341) |
| | R\$ | 1,832 | 2,106 | 2,341 | 1,980 | 8,259 | 2,146 | 1,744 | 1,624 | 2,820 | 8,333 |

| | | | | | | | | | | | |
|--|-----|---------------|----------------|---------------|---------------|----------------|---------------|---------------|---------------|-----------------|--------------|
| and depletion | | | | | | | | | | | |
| EBITDA | R\$ | 13,202 | 169,042 | 75,944 | 20,450 | 278,638 | 41,309 | 28,144 | 19,141 | (9,862) | 78,73 |
| preciation, ortization and depletion | R\$ | (1,832) | (2,106) | (2,341) | | (6,279) | (2,146) | (1,744) | (1,624) | (2,820) | (8,33 |
| EBIT | R\$ | 11,370 | 166,936 | 73,603 | | 272,359 | 39,163 | 26,400 | 17,517 | (12,682) | 70,39 |
| at financial ult | R\$ | 901 | (2,986) | 11,974 | | 9,889 | (3,060) | (3,412) | (2,004) | (1,425) | (9,90 |
| Income | | | | | | | | | | | |
| Before income | | | | | | | | | | | |
| tax and social | | | | | | | | | | | |
| contribution | R\$ | 12,271 | 163,950 | 85,577 | | 282,248 | 36,103 | 22,988 | 15,513 | (14,107) | 60,49 |
| ome tax and social tribution | R\$ | (5,138) | (56,334) | (29,992) | | (91,464) | (12,506) | (8,787) | (5,521) | 4,413 | (22,40 |
| Net income | R\$ | 7,133 | 107,616 | 55,585 | | 190,784 | 23,597 | 14,201 | 9,992 | (9,694) | 38,09 |

Table of Contents**Pellets Area Itabrasco (Adjusted and Unaudited)**

| Information | | 2008 | | | | | 2007 | | | | |
|-------------------------------------|----------------------|---|----------------|----------------|-------------|----------------|---|----------------|----------------|----------------|----------------|
| | | As of and for the three-month periods ended | | | | | As of and for the three-month periods ended | | | | |
| | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold external market | MT (thousand) | 185 | 754 | 800 | | 1,739 | 589 | 701 | 282 | 439 | 2,011 |
| Quantity sold internal market | MT (thousand) | 843 | 90 | 273 | | 1,206 | 283 | 657 | 562 | 605 | 2,107 |
| Quantity sold total | MT (thousand) | 1,028 | 844 | 1,073 | | 2,945 | 872 | 1,358 | 844 | 1,044 | 4,118 |
| Average sales price external market | US\$ | 75.36 | 75.18 | 187.03 | | 126.65 | 75.72 | 74.48 | 77.40 | 75.60 | 75.60 |
| Average sales price internal market | US\$ | 75.11 | 82.52 | 137.90 | | 90.61 | 71.33 | 73.81 | 75.02 | 74.37 | 73.64 |
| Average sales price total | US\$ | 75.15 | 75.96 | 174.53 | | 111.89 | 73.53 | 74.16 | 75.82 | 74.89 | 74.60 |
| Short-term indebtedness, gross | US\$ | 51,974 | 79,909 | 61,326 | | 61,326 | | 32,376 | 42,600 | | 42,600 |
| Total indebtedness, gross | US\$ | 51,974 | 79,909 | 61,326 | | 61,326 | | 32,376 | 42,600 | | 42,600 |
| Stockholders equity | R\$ | 165,101 | 166,240 | 230,754 | | 230,754 | 143,226 | 117,480 | 126,996 | 160,386 | 160,386 |
| Net operating revenues | R\$ | 136,495 | 106,308 | 326,353 | | 569,156 | 136,746 | 201,246 | 124,047 | 139,642 | 601,681 |
| Cost of products | R\$ | (120,715) | (102,629) | (213,522) | | (436,866) | (111,373) | (171,403) | (116,301) | (124,474) | (523,551) |
| Other expenses / revenues | R\$ | (4,902) | (4,749) | (9,099) | | (18,750) | 2,557 | (7,720) | 9,391 | (3,852) | 376 |
| Depreciation, amortization | R\$ | 2,560 | 2,097 | 1,961 | | 6,618 | (1,325) | 4,645 | 1,137 | 2,160 | 6,617 |

and depletion

| | | | | | | | | | | |
|---|-----|---------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| EBITDA | R\$ | 13,438 | 1,027 | 105,693 | 120,158 | 26,605 | 26,768 | 18,274 | 13,476 | 85,123 |
| Depreciation, amortization and depletion | R\$ | (2,560) | (2,097) | (1,961) | (6,618) | 1,325 | (4,645) | (1,137) | (2,160) | (6,617) |
| EBIT | R\$ | 10,878 | (1,070) | 103,732 | 113,540 | 27,930 | 22,123 | 17,137 | 11,316 | 78,506 |
| Net financial result | R\$ | (1,498) | 5,330 | (3,629) | 203 | (2,229) | (1,148) | (1,784) | (1,216) | (6,377) |
| Income before income tax and social contribution | R\$ | 9,380 | 4,260 | 100,103 | 113,743 | 25,701 | 20,975 | 15,353 | 10,100 | 72,129 |
| Income tax and social contribution | R\$ | (4,665) | (3,121) | (35,589) | (43,375) | (9,706) | (7,751) | (6,198) | (8,779) | (32,434) |
| Net income | R\$ | 4,715 | 1,139 | 64,514 | 70,368 | 15,995 | 13,224 | 9,155 | 1,321 | 39,695 |

Table of Contents**Pellets Area Samarco (Adjusted and Unaudited)**

| Information | | 2008 | | | | 2007 | | | | | |
|---------------|------------|---|-----------|--------------|-------------|-----------|---|-----------|--------------|-------------|-------|
| | | As of and for the three-month periods ended | | | | | As of and for the three-month periods ended | | | | |
| | | March 31 | June 30 | September 30 | December 31 | Total | March 31 | June 30 | September 30 | December 31 | Total |
| Quantity sold | MT | | | | | | | | | | |
| Pellets | (thousand) | 3,010 | 4,327 | 5,519 | 12,856 | 3,003 | 3,742 | 3,241 | 4,373 | 14,367 | |
| Quantity sold | MT | | | | | | | | | | |
| In ore | (thousand) | 168 | 140 | 154 | 462 | 463 | 638 | 302 | 358 | 1,761 | |
| Average sales | | | | | | | | | | | |
| Price Pellets | US\$ | 105.51 | 142.07 | 152.30 | 105.51 | 77.51 | 82.38 | 83.61 | 82.58 | 81.15 | |
| Quantity sold | | | | | | | | | | | |
| In ore | US\$ | 47.61 | 98.95 | 73.86 | 47.61 | 46.79 | 46.78 | 45.30 | 49.14 | 47.15 | |
| Long-term | | | | | | | | | | | |
| Debt, net of | | | | | | | | | | | |
| Debt, net of | US\$ | 799,634 | 799,597 | 799,666 | 799,666 | 737,926 | 817,457 | 807,753 | 799,087 | 799,000 | |
| Short-term | | | | | | | | | | | |
| Debt, net of | | | | | | | | | | | |
| Debt, net of | US\$ | 591,496 | 845,623 | 987,132 | 987,132 | 192,157 | 323,841 | 397,992 | 572,218 | 572,200 | |
| Total | | | | | | | | | | | |
| Debt, net of | | | | | | | | | | | |
| Debt, net of | US\$ | 1,391,130 | 1,645,220 | 1,786,798 | 1,786,798 | 930,083 | 1,141,298 | 1,205,745 | 1,371,305 | 1,371,300 | |
| Shareholders | | | | | | | | | | | |
| Equity | R\$ | 995,859 | 1,493,766 | 1,377,023 | 1,377,023 | 970,015 | 1,018,112 | 1,175,289 | 823,011 | 823,000 | |
| Operating | | | | | | | | | | | |
| Revenues | R\$ | 576,988 | 1,033,109 | 1,387,256 | 2,997,353 | 557,293 | 667,398 | 551,937 | 684,666 | 2,461,297 | |
| Cost of | | | | | | | | | | | |
| Products | R\$ | (275,764) | (450,521) | (520,484) | (1,246,769) | (233,161) | (269,773) | (221,186) | (339,323) | (1,063,447) | |
| Other | | | | | | | | | | | |
| Expenses / | | | | | | | | | | | |
| Revenues | R\$ | (76,574) | (160,350) | (89,263) | (326,187) | (39,119) | (152,413) | (62,990) | (123,636) | (378,119) | |
| Depreciation, | | | | | | | | | | | |
| Amortization | | | | | | | | | | | |
| and depletion | R\$ | 13,635 | 26,227 | 44,595 | 84,457 | 13,884 | 15,631 | 16,346 | 16,555 | 62,453 | |
| EBITDA | R\$ | 238,285 | 448,465 | 822,104 | 1,508,854 | 298,897 | 260,843 | 284,107 | 238,262 | 1,082,104 | |
| Depreciation, | | | | | | | | | | | |
| Amortization | | | | | | | | | | | |
| and depletion | R\$ | (13,635) | (26,227) | (44,595) | (84,457) | (13,884) | (15,631) | (16,346) | (16,555) | (62,453) | |

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| | | | | | | | | | | |
|-------------------|-----|----------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|----------------|
| IT | R\$ | 224,650 | 422,238 | 777,509 | 1,424,397 | 285,013 | 245,212 | 267,761 | 221,707 | 1,019,6 |
| result of uity | | | | | | | | | | |
| estiments | R\$ | | | | | 4,856 | 6,120 | 2,532 | (13,508) | |
| t financial | | | | | | | | | | |
| ult | R\$ | 5,635 | 176,662 | (466,551) | (284,254) | 73,965 | 26,485 | 43,064 | 45,347 | 188,8 |
| ome | | | | | | | | | | |
| ore income | | | | | | | | | | |
| and social | | | | | | | | | | |
| tribution | R\$ | 230,285 | 598,900 | 310,958 | 1,140,143 | 363,834 | 277,817 | 313,357 | 253,546 | 1,208,5 |
| ome tax | | | | | | | | | | |
| l social | | | | | | | | | | |
| tribution | R\$ | (57,342) | (100,979) | (46,457) | (204,778) | (65,216) | (66,798) | (64,235) | (40,322) | (236,5 |
| t income | R\$ | 172,943 | 497,921 | 264,501 | 935,365 | 298,618 | 211,019 | 249,122 | 213,224 | 971,9 |

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 19, 2009

COMPANHIA VALE DO RIO DOCE
(Registrant)

By: /s/ Roberto Castello Branco
Roberto Castello Branco
Director of Investor Relations