preferred share of Vale. American Depositary Shares are represented by American Depositary Receipts ("ADRs") issued by the depositary. Unless otherwise specified, we use metric units.

References to "real," "reais" or "R$" are to the official currency of Brazil, the real (singular) or reais (plural). References to "U.S. dollars" or "US$" are to United States dollars. References to "CAD" are to Canadian dollars, and references to "A$" are to Australian dollars.

RISK FACTORS

Risks relating to our business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2010, Valepar S.A. owned 52.7% of our outstanding common stock and 32.4% of our total outstanding capital. As a result of its share ownership, Valepar can control the outcome of some actions that require shareholder approval. For a description of our ownership structure and of the Valepar shareholders' agreement, see *Share ownership and trading—Major shareholders*.

The Brazilian government owns 12 golden shares of Vale, granting it limited veto power over certain company actions, such as changes to our name, the location of our headquarters and our corporate purpose as it relates to mining activities. For a detailed description of the Brazilian government's veto powers, see *Additional information—Memorandum and articles of association—Common shares and preferred shares*.

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

We operate in a global environment, and our activities straddle multiple jurisdictions and complex regulatory frameworks with increased enforcement activities worldwide. Our governance and compliance processes, which include the review of internal control over financial reporting, may not prevent future breaches of law, accounting or governance standards. We may be subject to breaches of our Code of Ethical

Conduct, business conduct protocols and instances of fraudulent behavior and dishonesty by our employees, contractors or other agents. Our failure to comply with applicable laws and other standards could subject us to fines, loss of operating licenses and reputational harm.

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

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

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

Our operations involve the use, handling, discharge and disposal of hazardous materials into the environment and the use of natural resources, and nearly all aspects of our activities, products, services and projects around the world are subject to environmental, health and safety regulation, which may expose us to increased litigation or increased costs. Such regulations require us to obtain environmental licenses, permits and authorizations for our operations, and to conduct environmental impact assessments in order to get the approval for our projects and permission for initiating construction. Additionally, all significant changes to existing operations must also undergo the same procedure. Difficulties in obtaining permits may lead to construction delays or cost increases, and in some cases may lead us to postpone or even abandon a project. Environmental regulation also imposes standards and controls on activities relating to mineral research, mining, pelletizing activities, railway and marine services, decomissioning, refining, distribution and marketing of our products. Such regulation may give rise to significant costs and liabilities. In addition, community activist groups and other stakeholders may increase demands for socially responsible and environmentally sustainable practices, which could entail significant costs and reduce our profitability. Private litigation relating to these or other matters may adversely affect our financial condition or cause harm to our reputation.

Environmental regulation in many countries in which we operate has become stricter in recent years, and it is possible that more regulation or more aggressive enforcement of existing regulations will adversely affect us by imposing restrictions on our activities and products, creating new requirements for the issuance or renewal of environmental licenses, raising our costs or requiring us to engage in expensive reclamation efforts. Concern over climate change, and efforts to comply with international undertakings under the Kyoto Protocol, could lead governments to impose limits on carbon emissions applicable to our operations, which could adversely affect our operating costs or our capital expenditure requirements. For example, the Brazilian government passed a carbon emissions law (*Política Nacional de Mudanças Climáticas*) in December 2009, although it has not yet promulgated rules establishing specific limits on carbon emissions from mining activities.

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

Our reported ore reserves are estimated quantities of ore and minerals that we have determined can be economically mined and processed under present and anticipated conditions to extract their mineral content.

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

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

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

Drilling and production risks could adversely affect the mining process.

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

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

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

We face rising extraction costs over time as reserves deplete.

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

Labor disputes may disrupt our operations from time to time.

A substantial number of our employees, and some of the employees of our subcontractors, are represented by labor unions and are covered by collective bargaining or other labor agreements, which are subject to periodic negotiation. Negotiation may become more difficult in times of higher prices and consequently higher profits in the mining and metals industries, as labor unions may seek wage increases.

Strikes and other labor disruptions at any of our operations could adversely affect the operation of facilities and the timing of completion and cost of our capital projects. A large number of our unionized employees at our Canadian nickel operations in Sudbury, Port Colborne and Voisey Bay have been on strike since mid-2009, which has resulted in significantly reduced production from these operations. For more information about labor relations, see *Management and employees—Employees.* Moreover, we could be adversely affected by labor disruptions involving unrelated parties that may provide us with goods or services.

We may face shortages of equipment, services and skilled personnel.

The mining industry has faced worldwide shortages of mining and construction equipment, spare parts, contractors and other skilled personnel during periods of high demand for minerals and metals and intense development of mining projects. We may experience longer lead-times for mining equipment and problems with the quality of contracted engineering, construction and maintenance services. We compete with other mining companies for highly skilled executives and staff with relevant industry and technical experience, and we may not be able to attract and retain such people. Shortages during peak periods could negatively impact our operations, resulting in higher production or capital expenditure costs, production interruptions, higher inventory costs, project delays and potentially lower production and revenues.

Higher energy costs or energy shortages would adversely affect our business.

Energy costs are a significant component of our cost of production, representing 15.6% of our total cost of goods sold in 2009. To fulfill our energy needs, we depend on the following, all measured in tons of oil equivalent (TOE): oil by-products, which represented 39% of total energy needs in 2009, electricity (38%), coal (15%) and natural gas (6%).

Fuel costs represented 9.4% of our cost of goods sold in 2009. Increases in oil and gas prices adversely affect margins in our logistics services, mining, iron ore pellets, nickel and alumina businesses.

Electricity costs represented 6.2% of our total cost of goods sold in 2009. If we are unable to secure reliable access to electricity at acceptable prices, we may be forced to curtail production or may experience higher production costs, either of which would adversely affect our results of operations.

Electricity shortages have occurred in Brazil in the past and could reoccur in the future, and there can be no assurance that the Brazilian government's policies will succeed in encouraging enough growth in power generation capacity to meet future consumption increases. Future shortages, and government efforts to respond to or prevent shortages, may adversely impact the cost or supply of electricity for our Brazilian aluminum and ferroalloy operations, which are electricity-intensive. Changes in the laws, regulations or governmental policies regarding the power sector or concession requirements could reduce our expected returns from our investments in power generation.

Through our subsidiary PT International Nickel Indonesia Tbk ("PTI"), we process lateritic nickel ores using a pyrometallurgical process, which is energy-intensive. Although PTI currently generates a majority of the electricity for its operations from its own hydroelectric power plants, low rainfall or other hydrological factors could adversely affect electricity production at PTI's plants in the future, which could significantly increase the risk of higher costs or lower production volume.

Price volatility—relative to the U.S. dollar—of the currencies in which we conduct operations could adversely affect our financial condition and results of operations.

A substantial portion of our revenues and debt is denominated in U.S. dollars, and changes in exchange rates may result in (i) losses or gains on our net U.S. dollar-denominated indebtedness and accounts payable and (ii) fair value losses or gains on our currency derivatives used to stabilize our cash flow in U.S. dollars. In

2009 and 2007, we had currency gains of US$665 million and US$1.639 billion, respectively; in 2008, we had currency losses of US$1.011 billion. In addition, the price volatility of the Brazilian *real*, the Canadian dollar, the Indonesian rupiah and other currencies against the U.S. dollar affect our results since most of our costs of goods sold are denominated in currencies other than the U.S. dollar, principally the *real* (64% in 2009) and the Canadian dollar (16% in 2009), while our revenues are mostly U.S. dollar-denominated. We expect currency fluctuations to continue to affect our financial income, expense and cash flow generation.

Significant volatility in currency prices may also result in disruption of foreign exchange markets and may limit our ability to transfer or to convert certain currencies into U.S. dollars and other currencies for the purpose of making timely payments of interest and principal on our indebtedness. The central banks and governments of the countries in which we operate may institute restrictive exchange rate policies in the future.

We may not have adequate insurance coverage for some business risks.

Our businesses are generally subject to a number of risks and hazards, which could result in damage to, or destruction of, mineral properties, facilities and equipment. The insurance we maintain against risks that are typical in our business may not provide adequate coverage. Insurance against some risks (including liabilities for environmental pollution or certain hazards or interruption of certain business activities) may not be available at a reasonable cost, or at all. As a result, accidents or other negative developments involving our mining, production or transportation facilities could have a material adverse effect on our operations.

Risks relating to our American Depositary Shares

If ADR holders exchange ADSs for the underlying shares, they risk losing the ability to remit foreign currency abroad.

The custodian for the shares underlying our ADSs maintains a registration with the Central Bank of Brazil entitling it to remit U.S. dollars outside Brazil for payments of dividends and other distributions relating to the shares underlying our ADSs or upon the disposition of the underlying shares. If an ADR holder exchanges its ADSs for the underlying shares, it will be entitled to rely on the custodian's registration for only five business days from the date of exchange. Thereafter, an ADR holder may not be able to obtain and remit U.S. dollars abroad upon the disposition of, or distributions relating to, the underlying shares unless it obtains its own registration under Resolution No. 2,689 of the National Monetary Council, which permits qualifying institutional foreign investors to buy and sell securities on the BM&FBOVESPA. For more information regarding these exchange controls, see *Additional information—Exchange controls and other limitations affecting security holders*. If an ADR holder attempts to obtain its own registration, it may incur expenses or suffer delays in the application process, which could delay the receipt of dividends or other distributions relating to the underlying shares or the return of capital in a timely manner.

We cannot assure ADR holders that the custodian's registration or any registration obtained will not be affected by future legislative changes, or that additional restrictions applicable to ADR holders, the disposition of the underlying shares or the repatriation of the proceeds from disposition will not be imposed in the future.

ADR holders may be unable to exercise preemptive rights relating to the shares underlying their ADSs.

ADR holders may not be able to exercise preemptive rights, or exercise other types of rights, with respect to the underlying shares. The ability of ADR holders to exercise preemptive rights is not assured, particularly if the applicable law in the holder's jurisdiction (for example, the Securities Act in the United States) requires that either a registration statement be effective or an exemption from registration be available with respect to those rights. We are not obligated to file a registration statement in the United States, or to make any other similar filing in any other jurisdiction, relating to preemptive rights or to undertake steps that may be needed to make exemptions from registration available, and we cannot assure ADR holders that we will file any registration statement or take such steps. For a more complete description of preemptive rights

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with respect to the underlying shares, see *Additional information—Memorandum and articles of association—Preemptive rights*.

ADR holders may encounter difficulties in the exercise of voting rights.

ADR holders do not have the rights of shareholders. They have only the contractual rights set forth for their benefit under the deposit agreements. ADR holders are not permitted to attend shareholders' meetings, and they may only vote by providing instructions to the depositary. In the event that we fail to provide the depositary with voting materials on a timely basis, or the depositary does not provide sufficient time for ADR holders to submit voting instructions, ADR holders will not be able to vote. With respect to ADSs for which instructions are not received, the depositary may, subject to certain limitations, grant a proxy to a person designated by us.

The legal protections for holders of our securities differ from one jurisdiction to another and may be inconsistent, unfamiliar or less effective than investors anticipate.

We are a global company with securities traded in several different markets and investors located in many different countries. The legal regime for the protection of investors varies around the world, sometimes in important respects, and investors in our securities should recognize that the protections and remedies available to them may be different from those to which they are accustomed in their home markets. We are subject to securities legislation in several countries, which have different rules, supervision and enforcement practices. The only corporate law applicable to us is the law of Brazil, with its specific substantive rules and judicial procedures. We are subject to corporate governance rules in several jurisdictions where our securities are listed, but as a foreign private issuer, we are not required to follow many of the corporate governance rules that apply to U.S. domestic issuers with securities listed on the New York Stock Exchange, and we are not subject to the U.S. proxy rules.

PRESENTATION OF FINANCIAL INFORMATION

We have prepared our financial statements in this annual report in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"), which differ in certain respects from accounting practices adopted in Brazil ("Brazilian GAAP"). Brazilian GAAP is determined by the requirements of Brazilian corporate law and the rules and regulations of the Brazilian Securities Commission (Comissão de Valores Mobiliários), or CVM. We also publish Brazilian GAAP financial statements and use them for reports to Brazilian shareholders, CVM filings, determining the legal minimum dividend under Brazilian law and determining our Brazilian tax liability.

Beginning in 2008, significant changes are being made to Brazilian corporate law to permit Brazilian GAAP to converge with International Financial Reporting Standards ("IFRS"). Pursuant to CVM regulations, we are required to report our financial statements in IFRS beginning with the year ending December 31, 2010. We do not currently expect to discontinue U.S. GAAP reporting for the year ended December 31, 2010.

Our financial statements and the other financial information in this annual report have been translated from Brazilian *reais* into U.S. dollars on the basis explained in Note 3 to our financial statements, unless we indicate otherwise.

SELECTED FINANCIAL DATA

The tables below present selected consolidated financial information as of and for the periods indicated. You should read this information together with our consolidated financial statements in this annual report.

Statement of income data

	For the year ended December 31,				
	2005	2006	2007	2008	2009
			(US$ million)		
Net operating revenues	12,792	19,651	32,242	37,426	23,311
Cost of products and services	(6,229)	(10,147)	(16,463)	(17,641)	(13,621)
Selling, general and administrative expenses	(583)	(816)	(1,245)	(1,748)	(1,130)
Research and development	(277)	(481)	(733)	(1,085)	(981)
Impairment of goodwill	–	–	–	(950)	–
Other expenses	(271)	(570)	(607)	(1,254)	(1,522)
Operating income	5,432	7,637	13,194	14,748	6,057
Non-operating income (expenses):					
Financial income (expenses)	(437)	(1,011)	(1,291)	(1,975)	351
Exchange and monetary gains, net	299	529	2,553	364	675
Gain on sale of investments	126	674	777	80	40
Subtotal	(12)	192	2,039	(1,531)	1,066
Income before income taxes and equity results	5,420	7,829	15,233	13,217	7,123
Income taxes charge	(880)	(1,432)	(3,201)	(535)	(2,100)
Equity in results of affiliates and joint ventures and change in provision for gains on equity investments	760	710	595	794	433
Net income	5,300	7,107	12,627	13,476	5,456
Net income attributable to non-controlling interests	(459)	(579)	(802)	(258)	(107)
Net income attributable to Company’s stockholders	4,841	6,528	11,825	13,218	5,349
Total cash paid to shareholders(1)	1,300	1,300	1,875	2,850	2,724

(1) Consists of total cash paid to shareholders during the period, whether classified as dividends or interest on shareholders’ equity.

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Basic and diluted earnings per share

	For the year ended December 31,(1)				
	2005	2006	2007	2008(5)	2009
	(US$, except as noted)				
Earnings per share(2):					
Basic					
Per common share	1.05	1.35	2.41	2.58	0.97
Per preferred share	1.05	1.35	2.41	2.58	0.97
Diluted					
Per common share	–	–	2.42	2.61	1.00
Per preferred share	–	–	2.42	2.61	1.00
Weighted average number of shares outstanding (in thousands)(3):					
Common shares	2,943,216	2,943,216	2,943,216	3,028,817	3,181,706
Preferred shares	1,662,864	1,908,852	1,889,171	1,946,454	2,030,700
Treasury common shares underlying convertible notes	–	–	34,510	56,582	74,998
Treasury preferred shares underlying convertible notes	–	–	18,478	30,295	77,580
Total	4,606,080	4,852,068	4,885,375	5,062,148	5,364,984
Distributions to shareholders per share(4):					
In US$	0.28	0.27	0.39	0.56	0.53
In R$	0.67	0.58	0.74	1.09	1.01

(1) Share and per-share amounts for all periods give retroactive effect to all forward stock splits. We carried out two-for-one forward stock splits in September 2007 and in May 2006.
(2) Diluted earnings per share for 2007, 2008 and 2009 include preferred shares and common shares underlying the mandatorily convertible notes issued in June 2007. Diluted earnings per share for 2009 also include preferred shares and common shares underlying the mandatorily convertible notes issued in July 2009.
(3) Each common ADS represents one common share and each preferred ADS represents one preferred share.
(4) Our distributions to shareholders may be classified as either dividends or interest on shareholders' equity. Since 2005, part of each distribution has been classified as interest on shareholders' equity and part as dividends. For information about distributions paid to shareholders, see *Share ownership and trading—Distributions*.
(5) In July 2008, we issued 80,079,223 common ADSs, 176,847,543 common shares, 63,506,751 preferred ADSs and 100,896,048 preferred shares in a global equity offering. In August 2008, we issued an additional 24,660,419 preferred shares. In October 2008, our Board of Directors approved a share buy-back program, which was terminated on May 27, 2009. While the program was in effect, Vale acquired 18,415,859 common shares and 47,284,800 preferred class A shares, corresponding respectively to 1.5% and 2.4% of the outstanding shares of each class on the date the program was launched. For more information see *Share ownership and trading—Purchases of equity securities by the issuer and affiliated purchasers*.

Balance sheet data

	At December 31,				
	2005	2006	2007	2008	2009
	(US$ million)				
Current assets	4,775	12,940	11,380	23,238	21,294
Property, plant and equipment, net	14,166	38,007	54,625	49,329	68,810
Investments in affiliated companies and joint ventures and other investments	1,672	2,353	2,922	2,408	4,585
Other assets	2,031	7,626	7,790	5,017	7,590
Total assets	22,644	60,926	76,717	79,992	102,279
Current liabilities	3,325	7,312	10,083	7,237	9,181
Long-term liabilities(1)	2,410	10,008	13,195	10,173	12,703
Long-term debt(2)	3,714	21,122	17,608	17,535	19,898
Total liabilities	9,449	38,442	40,886	34,945	32,601
Redeemable non-controlling interests	–	346	375	599	731
Stockholders' equity:					
Capital stock	5,868	8,119	12,306	23,848	23,839
Additional paid-in capital	498	498	498	393	411
Mandatorily convertible notes—common ADSs	–	–	1,288	1,288	1,578
Mandatorily convertible notes—preferred ADSs	–	–	581	581	1,225
Reserves and retained earnings	5,611	11,056	18,603	16,446	29,882
Total Company shareholders' equity	11,977	19,673	33,276	42,556	56,935
Non-controlling interests	1,218	2,465	2,180	1,892	2,831
Total shareholders' equity	13,195	22,138	35,456	44,448	59,766
Total liabilities and shareholders' equity	22,644	60,926	76,717	79,992	102,279

(1) Excludes long-term debt.
(2) Excludes current portion of long-term debt.

I. INFORMATION ON THE COMPANY

BUSINESS OVERVIEW

Summary

We are the second-largest metals and mining company in the world and the largest in the Americas, based on market capitalization. We are the world's largest producer of iron ore and iron ore pellets and the world's second-largest producer of nickel. We are one of the world's largest producers of manganese ore, ferroalloys, bauxite, alumina and kaolin. We also produce aluminum, copper, coal, potash, cobalt, platinum group metals ("PGMs") and other products. To support our growth strategy, we are actively engaged in mineral exploration efforts in 21 countries around the globe. We operate large logistics systems in Brazil, including railroads, maritime terminals and a port, which are integrated with our mining operations. In addition, we are building a maritime freight portfolio to transport iron ore. Directly and through affiliates and joint ventures, we have investments in the energy and steel businesses.

The following table presents the breakdown of our total operating revenues attributable to each of our main lines of business, each of which is described following the table.

	Year ended December 31,								
	2007			2008			2009		
		(US$ million)	(% of total)		(US$ million)	(% of total)		(US$ million)	(% of total)
Ferrous minerals:									
Iron ore	US$	11,908	36.0%	US$	17,775	46.2%	US$	12,831	53.6%
Iron ore pellets		2,738	8.3		4,301	11.2		1,352	5.6
Manganese		69	0.2		266	0.7		145	0.6
Ferroalloys		719	2.2		1,211	3.1		372	1.6
Pig iron		81	0.2		146	0.4		45	0.2
Subtotal–ferrous minerals	US$	15,515	46.9%	US$	23,699	61.6%	US$	14,745	61.6%
Non-ferrous minerals and metals:									
Nickel	US$	10,043	30.3%	US$	5,970	15.5%	US$	3,260	13.6%
Aluminum		2,722	8.2		3,042	7.9		2,050	8.6
Copper		1,985	6.0		2,029	5.3		1,130	4.7
Fertilizer nutrients		178	0.6		295	0.8		413	1.7
PGMs		314	1.0		401	1.0		132	0.6
Other precious metals		113	0.3		111	0.3		65	0.3
Other non-ferrous minerals(1)		374	1.1		420	1.1		215	0.9
Subtotal–non-ferrous minerals/metals	US$	15,729	47.5%	US$	12,268	31.9%	US$	7,265	30.4%
Coal		178	0.5		577	1.5		505	2.1
Logistics services		1,525	4.6		1,607	4.2		1,104	4.6
Other investments		168	0.5		358	0.8		320	1.3
Total operating revenues	US$	33,115	100.0%	US$	38,509	100.0%	US$	23,939	100.0%

(1) Includes kaolin and cobalt.

- ***Ferrous minerals:***
  - *Iron ore and iron ore pellets.* We operate three systems in Brazil for producing and distributing iron ore. The Northern and the Southeastern Systems are fully integrated, consisting of mines, railroads, a maritime terminal and a port. The Southern System consists of three mining complexes and two maritime terminals. We operate 10 pellet-producing plants in Brazil. We also have a 50% stake in a joint venture that owns three integrated pellet plants in Brazil and a 25% stake in a pellet company in China.