

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

Companhia Vale do Rio Doce  
Form 6-K  
February 25, 2009

**Table of Contents**

**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-\_\_\_\_\_.)

---

**TABLE OF CONTENTS**

Press Release  
Signature Page

---

**Table of Contents**

Financial Statements 12/31/2008  
BR GAAP  
Filed at CVM and SEC on 02/19/2009  
**Gerência Geral de Controladoria GECOL**

---

**Table of Contents**

**Contents**

A- Financial Statements	3
1- Balance Sheet	3
2- Statement of Income	4
3- Statement of Changes in Stockholders' Equity	5
4- Statement of Cash Flows	6
5- Statement of Value Added	7
6- Notes to the Financial Statements at December 31, 2008 and 2007	8
6.1- Operations	8
6.2- Presentation of Financial Statements	8
6.3- Principles and Practices of Consolidation	9
6.4- Summary of significant Accounting Policies	9
6.5- Independent Auditors Policy	11
6.6- Acquisitions and Divestments	11
6.7- Cash and Cash Equivalents	12
6.8- Accounts Receivable	12
6.9- Related Parties	12
6.10- Inventories	14
6.11- Deferred Income Tax and Social Contribution	15
6.12- Taxes to recover or offset	16
6.13- Investments	17
6.14- Intangible	18
6.15- Property, Plant and Equipment	18
6.16- Loans and Financing	19

6.17- Contingent Liabilities	21
6.18- Provision for asset retirement obligations	23
6.19- Pension Plan	23
6.20- Incentives of long stated period	26
6.21- Paid-up Capital	26
6.22- Resources linked to future mandatory conversion in shares	27
6.23- ADR Program American Depositary Receipts	27
6.24- Treasury Stock	28
6.25- Remuneration of Stockholders	28
6.26- Financial Results	29
6.27- Financial Instruments Derivatives	30

**Table of Contents**

**Contents**

6.28- Selling, Administrative, Other Operating Expenses and Non Operating Income	40
6.29- Concessions, Subconcessions and Leases	41
6.30- Insurance	42
6.31- Profit Sharing Plan	42
6.32- Information by segment	43
6.33- Social Report (unaudited)	45
6.34- SUBSEQUENT EVENTS	46
7- Attachment I Statement of Investments in Subsidiaries and Jointly-Controlled Companies	46
8- Report of the Independent Accountants	47
9- Opinion of the Fiscal Council on the Annual Report and Financial Statements at December 31, 2008	49
10- Opinion of the Board of Directors on the Annual Report and Financial Statements at December 31, 2008	50
B- Additional Information	51
11- Cash Generation (Unaudited)	51
12- Board of Directors, Fiscal Council, Advisory Committees and Executive Officers	52

**Table of Contents****A- Financial Statements**

(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
<b>Assets</b>					
<b>Current assets</b>					
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
		<b>56,059</b>	<b>21,153</b>	<b>27,226</b>	<b>7,893</b>
<b>Non-current assets</b>					
<b>Long-term receivables</b>					
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
		<b>6,059</b>	<b>4,962</b>	<b>7,234</b>	<b>5,905</b>
<b>Investments</b>	6.13	<b>2,442</b>	<b>1,869</b>	<b>90,682</b>	<b>62,738</b>
<b>Intangibles</b>	6.14	<b>10,727</b>	<b>14,316</b>	<b>8,400</b>	<b>12,143</b>
<b>Property, plant and equipment</b>	6.15	<b>110,494</b>	<b>90,477</b>	<b>38,697</b>	<b>28,097</b>
<b>Deferred charges</b>			<b>122</b>		
		<b>123,663</b>	<b>106,784</b>	<b>137,779</b>	<b>102,978</b>
		<b>185,781</b>	<b>132,899</b>	<b>172,239</b>	<b>116,776</b>
<b>Liabilities, and stockholders equity</b>					



**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
		<b>18,639</b>	<b>19,347</b>	<b>18,981</b>	<b>16,612</b>

**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
		<b>64,786</b>	<b>51,746</b>	<b>56,983</b>	<b>43,134</b>

**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
		<b>96,275</b>	<b>57,030</b>	<b>96,275</b>	<b>57,030</b>

**185,781**

**132,899**

**172,239**

**116,776**

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

**Table of Contents**

(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		<b>17,946</b>	<b>21,387</b>	<b>15,521</b>	<b>72,766</b>		<b>72,766</b>	<b>66,385</b>	<b>34,445</b>	
led		(563)	(689)	(436)	(2,225)		(2,225)	(1,621)	(1,545)	
ting		<b>17,383</b>	<b>20,698</b>	<b>15,085</b>	<b>70,541</b>		<b>70,541</b>	<b>64,764</b>	<b>32,900</b>	
products		(5,890)	(6,388)	(6,271)	(23,804)		(23,804)	(22,814)	(14,006)	
es		(1,099)	(1,050)	(853)	(3,873)		(3,873)	(3,246)	(399)	
metals		(568)	(594)	(538)	(2,215)		(2,215)	(2,146)	(955)	
-related		(278)	(309)	(277)	(1,177)		(1,177)	(1,199)		
services		(276)	(300)	(221)	(1,087)		(1,087)	(679)	(143)	
ducts		<b>(8,111)</b>	<b>(8,641)</b>	<b>(8,160)</b>	<b>(32,156)</b>		<b>(32,156)</b>	<b>(30,084)</b>	<b>(15,503)</b>	
ducts		<b>9,272</b>	<b>12,057</b>	<b>6,925</b>	<b>38,385</b>		<b>38,385</b>	<b>34,680</b>	<b>17,397</b>	
es		<b>53.3%</b>	<b>58.3%</b>	<b>45.9%</b>	<b>54.4%</b>		<b>54.4%</b>	<b>53.5%</b>	<b>52.9%</b>	
fit										
argin										

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

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).

**Table of Contents**

(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 December 31, Notes	In millions of reais								Total	
	Paid-up capital	Transaction cost	Resources linked to Equity conversion in shares	Cumulative adjustments	Expansion Investments	Revenue reserves Treasury stock	Unrealized Legal incentives	Fiscal Retained earnings		
<b>December 31, 2006</b>	<b>19,492</b>				<b>18,108</b>	<b>(790)</b>	<b>123</b>	<b>2,072</b>	<b>93</b>	<b>39,098</b>
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)
Stockholder's 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)	

<b>December 31, 2007</b>	<b>28,000</b>	<b>3,064</b>	<b>24,284</b>	<b>(790)</b>	<b>61</b>	<b>2,320</b>	<b>91</b>	<b>57,030</b>			
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)				
<b>December 31, 2008</b>	<b>47,434</b>	<b>(161)</b>	<b>3,064</b>	<b>8</b>	<b>5,982</b>	<b>38,883</b>	<b>(2,448)</b>	<b>38</b>	<b>3,384</b>	<b>91</b>	<b>96,275</b>

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

**Table of Contents**

(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				new	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	
		<b>12,247</b>	<b>13,151</b>	<b>3,677</b>	<b>35,698</b>		<b>35,698</b>	<b>18,690</b>	<b>18,911</b>	<b>4,039</b>	
<b>Decrease (increase) in assets:</b>											



Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

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
	<b>1,542</b>	<b>(4,104)</b>	<b>433</b>	<b>(3,748)</b>	<b>(3,748)</b>	<b>239</b>	<b>(10,430)</b>	<b>(1,137)</b>
<b>Increase (decrease) in liabilities:</b>								
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
	<b>639</b>	<b>823</b>	<b>(410)</b>	<b>819</b>	<b>819</b>	<b>1,418</b>	<b>628</b>	<b>1,487</b>
<b>Net cash provided by operating activities</b>	<b>14,428</b>	<b>9,870</b>	<b>3,700</b>	<b>32,769</b>	<b>32,769</b>	<b>20,347</b>	<b>9,109</b>	<b>4,389</b>
<b>Cash flows from investing activities:</b>								
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)		
<b>Net cash used in investing activities</b>	<b>(13,498)</b>	<b>(4,409)</b>	<b>(5,169)</b>	<b>(24,365)</b>	<b>(24,365)</b>	<b>(18,777)</b>	<b>(16,852)</b>	<b>(5,308)</b>

**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**

		<b>(4,676)</b>	<b>19,178</b>	<b>(1,280)</b>	<b>14,107</b>	<b>14,107</b>	<b>(9,220)</b>	<b>14,284</b>	<b>836</b>
--	--	----------------	---------------	----------------	---------------	---------------	----------------	---------------	------------

**Increase (decrease) in cash and cash equivalents**

		<b>(3,746)</b>	<b>24,639</b>	<b>(2,749)</b>	<b>22,511</b>	<b>22,511</b>	<b>(7,650)</b>	<b>6,541</b>	<b>(83)</b>
--	--	----------------	---------------	----------------	---------------	---------------	----------------	--------------	-------------

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**

		<b>24,639</b>	<b>28,385</b>	<b>2,128</b>	<b>24,639</b>	<b>24,639</b>	<b>2,128</b>	<b>6,713</b>	<b>120</b>
--	--	---------------	---------------	--------------	---------------	---------------	--------------	--------------	------------

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)			

**Table of Contents**

(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**

<b>Years ended December 31, Generation of Value Added</b>	<b>In millions of reais</b>			
	<b>Consolidated 2008</b>	<b>2007</b>	<b>Parent Company 2008</b>	<b>2007</b>
<b>Gross revenue</b>				
Income from products and services	<b>72,561</b>	<b>66,385</b>	<b>34,472</b>	<b>23,029</b>
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)
<b>Gross Value Added</b>	<b>40,344</b>	<b>42,218</b>	<b>20,242</b>	<b>12,627</b>
Depreciation, amortization and depletion	(5,112)	(4,119)	(1,641)	(1,432)
<b>Net Value Added</b>	<b>35,232</b>	<b>38,099</b>	<b>18,601</b>	<b>11,195</b>
<b>Received from third parties</b>				
Financial revenue	9,027	4,517	5,698	4,177
Results of equity investment	(1,325)	(2,405)	16,574	11,447
<b>Total Value Added to be distributed</b>	<b>42,934</b>	<b>40,211</b>	<b>40,873</b>	<b>26,819</b>
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		
<b>Distribution of Value Added</b>	<b>42,934</b>	<b>40,211</b>	<b>40,873</b>	<b>26,819</b>



**Table of Contents**

(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	<b>21,279</b>	<b>96,275</b>

- (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.

**Table of Contents**

- (c) On November 12, 2008 the CVM issued Resolution n° 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 n° 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;

**Table of Contents**

- (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;

**Table of Contents**

- (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:

	<b>2008</b>
Audit Fees	1.7
Audit Related Fees	0.4
Tax requirements review (Brazil and Foreign)	2.4
<b>Total Fees</b>	<b>4.5</b>

**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**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
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	
	<b>24,639</b>	<b>2,128</b>	<b>6,713</b>	<b>120</b>

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**

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

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:

	<b>Consolidated</b>							
	<b>Assets</b>				<b>Liabilities</b>			
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Customers</b>	<b>Related party</b>	<b>Customers</b>	<b>Related party</b>	<b>Suppliers</b>	<b>Related party</b>	<b>Suppliers</b>	<b>Related party</b>	
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
<b>Total</b>	<b>261</b>	<b>28</b>	<b>297</b>	<b>41</b>	<b>403</b>	<b>287</b>	<b>274</b>	<b>15</b>
<b>Registered as:</b>								
Current	261	28	297	36	403	162	274	15
Non-current				5		125		
	<b>261</b>	<b>28</b>	<b>297</b>	<b>41</b>	<b>403</b>	<b>287</b>	<b>274</b>	<b>15</b>

**Table of Contents**

	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
<b>Total</b>	<b>9,444</b>	<b>6,970</b>	<b>1,890</b>	<b>4,993</b>	<b>619</b>	<b>47,724</b>	<b>727</b>	<b>36,168</b>
<b>Registered as:</b>								
Current	9,444	6,636	1,890	3,413	619	38,143	727	29,466
Non-current		334		1,580		9,581		6,702
	<b>9,444</b>	<b>6,970</b>	<b>1,890</b>	<b>4,993</b>	<b>619</b>	<b>47,724</b>	<b>727</b>	<b>36,168</b>

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
	<b>2,160</b>	<b>1,965</b>	<b>2,660</b>	<b>2,485</b>

**Table of Contents**

	<b>Parent Company</b>			
	<b>Revenue</b>		<b>Expense / Cost (*)</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
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
	<b>28,715</b>	<b>18,165</b>	<b>17,269</b>	<b>(1,229)</b>

(\*) 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	<b>14</b>
Remuneration based on shares	<b>8</b>
<b>Total</b>	<b>86</b>

**6.10- Inventories**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Finished products</b>				
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
	<b>6,724</b>	<b>5,124</b>	<b>1,831</b>	<b>1,060</b>
<b>Spare parts and maintenance supplies</b>	2,962	2,134	1,082	872
	<b>9,686</b>	<b>7,258</b>	<b>2,913</b>	<b>1,932</b>

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
<b>Total</b>	<b>(5,800)</b>	<b>(6,507)</b>	<b>1,860</b>	<b>848</b>
Current	1,305	1,084	1,220	611
Non-current	934	482	640	237
<b>ASSETS</b>	<b>2,239</b>	<b>1,566</b>	<b>1,860</b>	<b>848</b>
Non-current	(8,039)	(8,073)		
<b>LIABILITIES</b>	<b>(8,039)</b>	<b>(8,073)</b>		

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	(Unaudited) 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)
	<b>7,759</b>	<b>11,422</b>	<b>5,451</b>	<b>23,701</b>	<b>31,050</b>	<b>3,247</b>	<b>11,071</b>
Income tax and social contribution at combined tax rates	34%	34%	34%	34%	34%	34%	34%

<b>Federal income tax and social contribution at statutory rates</b>	<b>(2,638)</b>	<b>(3,883)</b>	<b>(1,853)</b>	<b>(8,058)</b>	<b>(10,557)</b>	<b>(1,104)</b>	<b>(3,764)</b>
--	----------------	----------------	----------------	----------------	-----------------	----------------	----------------

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

<b>Income tax and social contribution</b>	<b>2,465</b>	<b>111</b>	<b>(183)</b>	<b>(665)</b>	<b>(7,085)</b>	<b>1,458</b>	<b>(2,512)</b>
---	--------------	------------	--------------	--------------	----------------	--------------	----------------

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.

**Table of Contents**

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

<b>Years</b>	<b>Net amount of credits</b>	
	<b>Consolidated</b>	<b>Parent Company</b>
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
	<b>(5,800)</b>	<b>1,860</b>

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**

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
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
<b>Total</b>	<b>5,953</b>	<b>2,730</b>	<b>3,501</b>	<b>985</b>
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
<b>Investments carried at market value</b>									
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							
	<b>1,495</b>	<b>1,364</b>	<b>(83)</b>	<b>15</b>		<b>(50)</b>		<b>(50)</b>	<b>26</b>
<b>Investments valued by equity method of accounting</b>									
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)
	<b>947</b>	<b>505</b>	<b>24</b>	<b>34</b>	<b>46</b>	<b>154</b>		<b>154</b>	<b>117</b>



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

Edgar Filing: Companhia Vale do Rio Doce - Form 6-K

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 AFAC Mineração Tacumã Ltda	100.00	(88)	56	(88)	(144)	56	23		
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	
<b>Carried at market value</b>									
Thyssenkrupp CSA Companhia Siderúrgica Usinas Siderúrgicas de Minas Gerais S.A. USIMINAS				1,034	686				
				384	307			33	
				<b>90,682</b>	<b>62,738</b>	<b>18,003</b>	<b>12,751</b>	<b>1,213</b>	