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Vale makes payment to holders of mandatorily convertible notes

Vale will pay additional interest to holders of the mandatorily convertible notes (notes) due June 15, 2010 issued by its wholly-owned subsidiary, Vale Capital Ltd., in two series, RIO and RIO P.

Under the indentures governing the notes, additional interest due to each noteholder is an amount in U.S. dollars equal to any cash distribution net of any applicable withholding tax and fees paid by the Depository of our ADSs - each representing one common/preferred Vale share, RIO/RIOPR - to the holder of one ADS, multiplied by the number of ADSs that would be received by the noteholder upon conversion of the notes at the conversion rate specified in the applicable indenture (as adjusted for the forward-stock split approved in August 2007). Therefore, the approval by our Board of Directors of a dividend distribution to shareholders, as announced today, triggered the payment of additional interest to noteholders.

The additional interest paid per series RIO note and per series RIO P note will be equal to an amount in U.S. dollars equivalent to R\$ 1.187165 and R\$ 1.409004, respectively, converted at the Brazilian real/US dollar exchange rate prevailing on Friday, October 31, 2008.

The additional interest will be paid to noteholders listed on the records of the trustee as of October 23, 2008 (regular record date). The Bank of New York, the trustee, will pay the noteholders on November 7, 2008.

More information



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