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Vale on the conversion of the remaining preferred shares

Executive Officers is submitting a proposal to call a general meeting of shareholders to approve the conversion of all remaining preferred shares into common shares

On August 11, 2017 the period of the voluntary conversion of Class A preferred shares of Vale S.A. ("Vale" or the "Company") into common shares has ended ("Voluntary Conversion"). The Voluntary Conversion was one of the steps of the reorganization approved by the Extraordinary General Shareholders Meeting held on June 27, 2017 ("Reorganization"), aiming to transform Vale into a company without control and list Vale's shares on the Novo Mercado special segment of the B3.

The conversion of 84.4%, which represents a material percentage of the outstanding preferred shares, reflects a substantial intention of holders of preferred shares to combine Vale's shares into a single class of common shares. Since August 11, shareholders have been contacting Vale to inform about their intention to convert their remaining preferred shares.

The Company has also tried to identify the main reasons that caused a residual part of the preferred shares not to convert, and identified that a large percentage of the shareholders remained with their preferred shares mainly as a result of (a) being index investment funds, which have to follow the relevant index; (b) being individuals that do not actively trade their shares and, despite Vale's efforts to disseminate the information regarding the Conversion to the market, (i) did not become aware of the process in time in order to convert their shares or (ii) did not know of their shareholding position or (iii) other restrictions of any nature, or (c) operational constraints that did not allow them to convert their shares on time.

The Company acknowledges that due to the material conversion of the preferred shares, it is in the best interest of the Company and its shareholders to advance the combination of the classes of shares into a single class of common shares, which could lead to not only an alignment of all shareholders but also advance the listing in the Novo Mercado of B3 and the resulting benefits.

In order to allow the remaining preferred shareholders to convert their shares, and at the same time advance the effects of the migration to the Novo Mercado of B3, one of the objectives of the Reorganization, the Company informs that its Executive Officers is submitting to the Board of Directors a proposal to call a general meeting of shareholders to approve the conversion of all remaining 307,140,096 preferred shares into common shares ("Conversion of the Remaining Shares"). In order that the holders of preferred shares prior to the Reorganization benefit from the same conditions of the Voluntary Conversion, the Conversion of the Remaining Shares will preserve the same ratio applicable to the Voluntary Conversion, of 0.9342 common share for each preferred share.

The Conversion of the Remaining Shares will be subject not only to the approval of the General Shareholders Meeting but also to the approval of the holders of preferred shares in a Special Meeting, which will be timely convened.

If the Conversion of the Remaining Shares is approved, holders of preferred shares that dissent from such approval will have the right to withdraw from the Company, in accordance with the conditions provided by article 137 of Lei No.

6,404/76, for the relevant net equity value of the shares.

The withdrawal rights will only be available to dissenting shareholders that maintain their preferred shares continuously as from the end of trading on August 18, 2017 until the date such right is effectively exercised. Shares that are acquired or borrowed from, and including, August 21, 2017 will not grant their holders withdrawal rights in relation to the Conversion of the Remaining Shares.

Pursuant to article 137, paragraph 3º of Law No. 6,404/76, if the Conversion of the Remaining Shares is approved, the management of the Company may decide to convene a general shareholders meeting to reconsider such decision depending on the volume resulting from the exercise of the withdrawal right.

Upon the completion of the migration to the Novo Mercado, the Company expects all shareholders to benefit from higher corporate governance standards, a simplified corporate structure and increased liquidity of its shares. The Company will update the market of any developments related to this Material Fact.

More information



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