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Vale plans to offer two series of mandatorily convertible notes

Vale S.A. hereby announces that it plans to offer in the global capital markets two series of mandatorily convertible notes due 2012 (the Series VALE-2012 Notes and the Series VALE.P-2012 Notes) through its wholly-owned subsidiary Vale Capital II. At their maturity and upon certain events earlier, the Series VALE-2012 Notes will be mandatorily converted to American Depositary Shares (ADSs), each representing one common share of Vale, and the Series VALE.P-2012 Notes will be mandatorily converted to ADSs, each representing one preferred class A share of Vale. Together, the ADSs will represent up to an aggregate of 18,415,859 common shares and 47,284,800 preferred class A shares of Vale, all of which Vale currently holds in treasury.

Pursuant to an agreement to be entered into between Vale and Vale Capital II, Vale will sell to Vale Capital II the number of ADSs that Vale Capital II will require to satisfy its obligations under the terms of the notes. The Brazilian Securities Commission (CVM) authorized on June 30, 2009 Vale's use of treasury stock to constitute the ADSs it will sell to Vale Capital II.

Vale will use the net proceeds of this offering for general corporate purposes.

The notes will be unsecured and unsubordinated obligations of Vale Capital II and will be fully and unconditionally guaranteed by Vale. The guarantee will be an unsecured and unsubordinated obligation of Vale.

Citi and J.P. Morgan are acting as book-running underwriters.

The offering will be made pursuant to an effective shelf registration statement. A preliminary prospectus supplement with further information about the proposed offering will be filed with the SEC. Before you invest, you should read the preliminary prospectus supplement and other documents that Vale and Vale Capital II have filed with the SEC for more complete information about Vale and Vale Capital II and the offering. When available, you may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, you may obtain a prospectus upon request by contacting Citi at Brooklyn Army Terminal, 140 58th St., 8th Floor, Brooklyn, New York 11220 (tel: 1-800-831-9146) or J.P. Morgan at Prospectus Library, 4 Metrotech Center, CS Level, Brooklyn, New York 11224 (collect call 718-242-8002).

More information



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