

Vale S.A.
Form 6-K
July 06, 2009

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
July 2009
Vale S.A.

Avenida Graça Aranha, No. 26
20005-900 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 whether the registrant by furnishing the information contained in this Form is also thereby furnishing the 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- .

Vale plans to offer two series of mandatorily convertible notes

Rio de Janeiro, July 6, 2009 Vale S.A. (Vale) 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).

**For further information, please contact:
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This press release may include declarations about Vale's expectations regarding future events or results. All declarations based upon future expectations, rather than historical facts, are subject to various risks and uncertainties. Vale cannot guarantee that such declarations will prove to be correct. These risks and uncertainties include factors related to the following: (a) the countries where Vale operates, mainly Brazil and Canada; (b) the global economy; (c) capital markets; (d) the mining and metals businesses and their dependence upon global industrial production, which is cyclical by nature; and (e) the high degree of global competition in the markets in which Vale operates. To obtain further information on factors that may give rise to results different from those forecast by Vale, please consult the reports filed with the Brazilian Comissão de Valores Mobiliários (CVM), the French Autorité des Marchés Financiers (AMF), and with the U.S. Securities and Exchange Commission (SEC), including Vale's most recent Annual Report on Form 20-F and its reports on Form 6-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VALE S.A.

Date: July 6, 2009

By: /s/ Roberto Castello Branco
Roberto Castello Branco
Director of Investor Relations