



Vale makes payment to holders of mandatorily convertible notes

Rio de Janeiro, April 11, 2011 – Vale S.A. (Vale) will pay additional interest to the holders of the mandatorily convertible notes due June 15, 2012 (the series VALE-2012 and VALE.P- 2012) issued by its wholly-owned subsidiary, Vale Capital II.

The additional interest paid per series VALE-2012 notes and per series VALE.P-2012 notes will be equal to an amount in U.S. dollars equivalent to R\$ 2.938912 and R\$ 3.399173, respectively, converted at the Brazilian real/US dollar exchange rate prevailing on August 26, 2011.

The notes will begin trading “ex-dividend” on the New York Stock Exchange on August 12, 2011. Investors holding notes through an account with The Depository Trust Company (DTC) will be paid in accordance with the procedures of DTC and the investor’s custodian.

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, VALE/VALE.P – 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. 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.

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This press release may include statements that present Vale's expectations about future events or results. All statements, when based upon expectations about the future and not on historical facts, involve various risks and uncertainties. Vale cannot guarantee that such statements will prove correct. These risks and uncertainties include factors related to the following: (a) the countries where we operate, especially Brazil and Canada; (b) the global economy; (c) the capital markets; (d) the mining and metals prices and their dependence on global industrial production, which is cyclical by nature; and (e) global competition in the markets in which Vale operates. To obtain further information on factors that may lead to results different from those forecast by Vale, please consult the reports Vale files with the U.S. Securities and Exchange Commission (SEC), the Brazilian Comissão de Valores Mobiliários (CVM), the French Autorité des Marchés Financiers (AMF), and The Stock Exchange of Hong Kong Limited, and in particular the factors discussed under “Forward-Looking Statements” and “Risk Factors” in Vale’s annual report on Form 20-F.