

## SHARE CAPITAL

### CAPITAL STRUCTURE

The table below sets out details relating to our share capital as at the Latest Practicable Date.

*Authorised share capital<sup>(1)</sup>:*

3,600,000,000. . . . .	Common Shares
7,200,000,000. . . . .	Class A Preferred Shares

*Issued, fully paid or credited as fully paid<sup>(2)</sup>:*

3,256,724,482. . . . .	Common Shares in issue
2,108,579,606. . . . .	Class A Preferred Shares in issue
12. . . . .	Golden Shares in issue

**Notes:**

- (1) The By-laws authorise the issue of shares forming part of the authorised share capital of the Common Shares and the Class A Preferred Shares by the Board without any further approval by Shareholders.
- (2) Including 47,375,394 Common Shares and 99,649,571 Class A Preferred Shares in treasury.

### TWO CLASSES OF SHARES

Our share capital is currently divided into two classes of shares: (i) Common Shares and (ii) Preferred Shares. The two classes of Shares were first issued at the time of our incorporation on 11 January 1943. The Preferred Shares are further divided into Class A Preferred Shares and Golden Shares. All of the issued Shares are registered shares with no nominal value.

In accordance with our privatisation deed, the Shareholders' meeting held after the privatisation approved the introduction of the Golden Share to be exclusively owned by the Brazilian Government which carried special veto rights over certain matters specified in the By-laws. After subsequent share splits, there are now 12 Golden Shares in issue. All of the Golden Shares are owned by the Brazilian Government. For more information on the rights attached to the Golden Shares, please refer to "Voting rights" below.

The By-laws do not provide for the conversion of the Preferred Shares into Common Shares. The Preferred Shares do not carry any preferential right to return of capital on liquidation or any right of redemption.

Any change in the preferences or advantages of the Preferred Shares or the creation of a class of shares having priority over the Preferred Shares would be subject to the veto right of the holder of the Golden Shares. In addition to this, if the variation of rights would be prejudicial to the interests of those holders or would result in changes to the relative ratios between the different classes of Preferred Shares, the Special Approval of our Shareholders in a general meeting and the Special Approval of the holders of the outstanding Preferred Shares pertaining to the class(es) negatively affected, voting as a class at a special meeting, is required. Any other changes to class rights which are not considered to be prejudicial to the interests of the relevant class of Shareholders do not require a separate class vote and only require the Special Approval of Shareholders in a general meeting.

Under the By-laws, the Preferred Shares (including both the Class A Preferred Shares and the Golden Shares) and the Common Shares carry different voting rights with respect to the election and removal of members of the Board of Directors and the Fiscal Council, different rights to dividends and in the case of the Golden Shares, veto rights on a limited number of matters as described below. Otherwise, the Preferred Shares and the Common Shares carry the same voting and economic rights.

## **Voting rights**

### ***Right to vote on the election and removal of members of the Board of Directors***

Holders of the Common Shares have full voting rights with respect to the election and removal of the Directors. In addition, the Corporations Act and our By-laws provide that the majority of holders of the Common Shares (other than the Controlling Shareholder) in attendance at a Shareholders' meeting called to elect members of the Board with a holding of at least 15% of the total number of the Common Shares in issue may, separately, elect and remove one Director (and his alternate).

Holders of the Preferred Shares are only entitled to restricted voting rights on the election and removal of the Directors. The Corporations Act and our By-laws provide that the majority of holders of the Preferred Shares (other than the controlling Shareholder) in attendance at a Shareholders' meeting called to elect members of the Board with a holding of at least 10% of the total number of Shares in issue may, separately, elect and remove one Director (and his alternate). Otherwise, holders of the Preferred Shares are not entitled to vote on the election or removal of the Directors.

If, at any time, holders of the Common Shares (other than the controlling Shareholder) in attendance at a Shareholders' meeting called to elect members of the Board represent less than 15% of the total number of the Common Shares in issue, and holders of the Preferred Shares (other than the controlling Shareholder) in attendance at such Shareholders' meeting represent less than 10% of the total number of Shares in issue, then any of the non-controlling holders of the Common Shares or Preferred Shares who, together, have a combined holding of at least 10% of the total number of Shares in issue may, separately, elect and remove one Director (and his alternate).

The above restriction on the voting rights of the Preferred Shares will cease to apply if our Company fails to pay the minimum annual non-cumulative preferential dividend payable to the holders of the Preferred Shares (see below) for three consecutive financial years until such dividend is fully paid.

### ***Right to vote on the election and removal of members of the Fiscal Council***

Holders of the Common Shares have full voting rights with respect to the election and removal of members of the Fiscal Council. In addition, the Corporations Act and our By-laws provide that the majority of holders of the Common Shares (other than the Controlling Shareholder) in attendance at a Shareholders' meeting called to elect members of the Fiscal Council with a holding of at least 10% of the total number of the Common Shares in issue may, separately, elect and remove one member of the Fiscal Council (and his alternate).

Holders of the Preferred Shares are, however, only entitled to restricted voting rights on the election and removal of members of the Fiscal Council. The Corporations Act and our By-laws provide that holders of the Preferred Shares have the right to elect and remove only one member of the Fiscal Council (and his alternate). Otherwise, holders of the Preferred Shares are not entitled to vote on the election or removal of members of the Fiscal Council.

The above restriction on the voting rights of the Preferred Shares will cease to apply if our Company fails to pay the minimum annual non-cumulative preferential dividend payable to the holders of the Preferred Shares for three consecutive financial years until such dividend is fully paid.

### **Right to preferential dividend**

Holders of the Preferred Shares are entitled to a minimum annual non-cumulative preferential dividend equivalent to (i) at least 3% of the book value per Share, calculated in accordance with our financial statements, which serve as reference for the payment of dividends; or (ii) 6% of their pro rata share of our total paid-up capital, whichever is higher.

The amount of dividends declared by our Company in any year must first be applied to satisfy the preferential dividend payable on the Preferred Shares. Any dividend remaining will then be paid

## SHARE CAPITAL

to the holders of the Common Shares up to an amount equivalent to the total preferential dividend paid on the Preferred Shares. Any further amount of dividend remaining will then be distributed among holders of the Common Shares and Preferred Shares on a pro rata basis.

### Right to veto certain matters

In addition to the different rights attached to the Preferred Shares described above, the Golden Shares also carry the right to veto the following matters in our general meeting and neither the Class A Preferred Shares nor the Common Shares carry this right:

- any change in our Company's name;
- any change in the location of our Company's head office;
- any change in the corporate purpose of our Company with reference to mineral exploitation;
- the winding up of our Company;
- the sale or cessation of the activities of any part or the whole of the following components of our integrated iron ore systems:
  - mineral deposits, reserves and mines;
  - railways; or
  - ports and maritime terminals;
- any alteration to the rights assigned to the classes of Shares issued by our Company under the By-laws; and
- any alteration to any of the rights assigned to the Golden Shares, including the veto rights described in this paragraph.

### REDEMPTION RIGHT

The Common Shares and Preferred Shares are not redeemable, except that a dissenting shareholder is entitled under the Corporations Act to obtain redemption upon a decision made at a Shareholders' meeting by Shareholders representing the majority of the voting Shares:

- (1) to create a new class of preferred shares or to disproportionately increase an existing class of preferred shares relative to the other classes of shares (unless such actions are provided for or authorised by the By-laws);
- (2) to modify a preference, privilege or condition of redemption or amortisation conferred on one or more classes of preferred shares, or to create a new class with greater privileges than the existing classes of preferred shares;
- (3) to reduce the mandatory distribution of dividends;
- (4) to change our corporate purposes;
- (5) to merge with another company or to consolidate or divide our Company;
- (6) to transfer all of our shares to another company in order to make us a wholly-owned subsidiary of such company (that is, a stock merger);
- (7) to approve the acquisition of control of another company at a price which exceeds certain limits set forth in the Corporations Act;
- (8) to approve our participation in a centralised group of companies as defined under the Corporations Act; or

## SHARE CAPITAL

- (9) in the event that the entity resulting from (a) a merger, (b) a stock merger or (c) a spin-off that we conduct fails to become a listed company within 120 days of the general Shareholders' meeting at which such decision was taken.

Only Shareholders adversely affected by the changes mentioned in items (1) and (2) above may require us to redeem their Shares. The right of redemption mentioned in items (5), (6) and (8) above may only be exercised if Shares do not satisfy certain tests of liquidity, among others, at the time of the Shareholders' resolution. The right of redemption lapses 30 days after publication of the minutes of the relevant general Shareholders' meeting, unless, in the case of items (1) and (2) above, the resolution is subject to confirmation by the holders of the Preferred Shares (which must be made at a special meeting to be held within one year), in which case the 30-day term is counted from the publication of the minutes of the general Shareholders' meeting.

We would be entitled to reconsider any action giving rise to redemption rights within 10 days following the expiration of such rights if the redemption of shares of dissenting Shareholders would jeopardise our financial stability. Any redemption pursuant to the Corporations Act would be made at no less than the book value per share, determined on the basis of the last balance sheet approved by Shareholders; provided that if the general Shareholders' meeting giving rise to redemption rights occurred more than 60 days after the date of the last approved balance sheet, a Shareholder would be entitled to demand that his or her shares be valued on the basis of a new balance sheet dated within 60 days of such general Shareholders' meeting.

### PRE-EMPTIVE RIGHT

Each Shareholder has a general pre-emptive right to subscribe for Shares in any capital increase, or issue of warrants or convertible securities, in proportion to his or her shareholding. A minimum period of 30 days following the publication of notice of a capital increase has to be provided for the exercise of the right, and the right is transferable.

In the event of an increase in the number of Shares of all existing types and classes in the same proportion, each Shareholder shall have pre-emptive right to subscribe for Shares of the same type or class as those he owns; if the Shares issued are of the existing types or classes but the respective proportions in the capital are altered, holders of the same types or classes shall have pre-emptive rights to subscribe for the new Shares issued, and holders of another type or class of Shares may only subscribe for the new Shares issued if their existing Shares are insufficient to assure them the same proportion as they had in the capital before the increase; in the event of an issue of Shares of a new type or class, each Shareholder shall have pre-emptive right to the new Shares issued, in proportion to his shareholding.

Under the By-laws, our Board may issue Shares, convertible securities or subscription bonuses (or warrants) without any pre-emptive rights to our existing Shareholders, or reduce the 30-day period granted for the exercise of pre-emptive rights under the Corporations Act on the issue of Shares, convertible securities or subscription bonuses (or warrants) in the event of a sale of Shares on a stock exchange or a capital increase offered for public subscription.

### TAG-ALONG RIGHT

According to the Corporations Act, in the event of a sale of control of a company, the acquirer is obliged to offer to holders of voting shares the right to sell their shares for a price equal to at least 80% of the price paid for the voting shares representing control. In the case of our Company, however, any such acquirer would not be obliged under the Corporations Act to extend such offer to holders of the Preferred Shares (including holders of the ADRs or HDRs evidencing Class A Preferred Shares). Please refer to the section headed "Takeover Regulations" in Appendix V to this Listing Document for further details.

## SHARE CAPITAL

### MANDATORILY CONVERTIBLE NOTES

In 2009, Vale Capital II, our wholly-owned subsidiary, issued mandatorily convertible notes in two series, both due on June 15, 2012. The series VALE-2012 notes (in the principal amount of US\$293 million) are mandatorily convertible into ADSs representing an aggregate maximum of 18,415,859 Common Shares. The series VALE-P-2012 notes (in the principal amount of US\$649 million) are mandatorily convertible into ADSs representing an aggregate maximum of 47,284,800 Class A Preferred Shares. These notes are listed on NYSE.

The Company has irrevocably and unconditionally guaranteed the performance and full and punctual payment of all of Vale Capital II's obligations in respect of these notes. Both the VALE-2012 and the VALE-P.2012 notes bear interest at 6.75% per annum. The notes are unsecured and unsubordinated obligations of Vale Capital II. The conversion rights attached to the notes were not intended to be covered by treasury Shares underlying the relevant ADSs.

The mandatorily convertible notes of Vale Capital II may be converted before maturity. The conversion rate for all series will depend on the market price of the ADSs on the conversion date. Under the indentures governing the notes, additional remuneration is due to each noteholder in an amount in U.S. Dollars equal to any cash distribution net of any applicable withholding tax and fees paid by the ADR Depositary 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.

### SHARE PRICE HISTORY

The tables below set forth, for the periods indicated, the highest and lowest closing prices of the Common Shares and Class A Preferred Shares as quoted on BM&FBOVESPA, and the high and low closing sale prices of the ADSs representing the Common Shares and Class A Preferred Shares on NYSE.

Year	Common Shares		Class A Preferred Shares		ADSs representing the Common Shares		ADSs representing the Class A Preferred Shares	
	High	Low	High	Low	High	Low	High	Low
	(Reais)		(Reais)		(USD)		(USD)	
2005	24.87	16.00	21.84	13.63	11.27	6.40	9.89	5.48
2006	32.15	21.86	27.32	18.55	15.17	9.88	13.13	8.05
2007	62.70	29.30	55.60	25.45	37.75	13.76	31.59	11.83
2008	72.09	22.10	58.70	20.24	43.91	8.80	35.84	7.95
2009	50.30	27.69	43.37	23.89	29.53	11.90	25.66	20.20

Quarter	Common Shares		Class A Preferred Shares		ADSs representing the Common Shares		ADSs representing the Class A Preferred Shares	
	High	Low	High	Low	High	Low	High	Low
	(Reais)		(Reais)		(USD)		(USD)	
<b>2008</b>								
First quarter	62.50	45.00	52.50	40.61	37.22	26.57	31.22	23.90
Second quarter	72.09	55.44	58.70	46.75	43.91	34.44	35.84	28.61
Third quarter	55.01	33.80	46.04	30.30	34.50	16.70	28.56	15.32
Fourth quarter	36.39	22.10	32.70	20.24	18.61	8.80	16.90	7.95
<b>2009</b>								
First quarter	38.75	27.69	32.48	23.89	17.70	11.90	14.70	10.36
Second quarter	40.00	31.50	33.79	27.05	20.83	13.82	17.70	11.93
Third quarter	41.77	31.89	37.02	27.75	23.28	15.88	20.73	13.73
Fourth quarter	50.30	40.05	43.37	35.67	29.53	22.30	25.66	19.90

<b>SHARE CAPITAL</b>
----------------------

Quarter	Common Shares		Class A Preferred Shares		ADs representing the Common Shares		ADs representing the Class A Preferred Shares	
	High	Low	High	Low	High	Low	High	Low
	(Reais)		(Reais)		(USD)		(USD)	
<b>2010</b>								
First quarter . . . . .	57.45	47.16	49.55	40.80	32.29	25.18	27.76	21.91
Second quarter . . . . .	59.85	43.65	51.34	37.50	34.55	23.98	29.46	20.20
Third quarter . . . . .	52.30	42.85	46.30	37.52	31.27	24.34	27.75	21.09