Vale Capital II
Form 424B2
July 06, 2009

Table of Contents

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

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Subject to Completion
Preliminary Prospectus Supplement dated July 6, 2009

PROSPECTUS SUPPLEMENT
(To prospectus dated July 6, 2009)

Vale Capital II

US$ % Guaranteed Notes, Series VALE-2012
Mandatorily Convertible into American Depositary Shares,
each representing one common share of Vale S.A.

US$ % Guaranteed Notes, Series VALE.P-2012
Mandatorily Convertible into American Depositary Shares,
each representing one preferred class A share of Vale S.A.

Unconditionally Guaranteed by
Vale S.A.

Vale Capital II is offering US$ aggregate principal amount of its % Guaranteed Notes, Series VALE-2012 (the Series VALE-2012 Notes) and US$ aggregate principal amount of its % Guaranteed Notes, Series VALE.P-2012 (the Series VALE.P-2012 Notes, together with the Series VALE-2012 Notes, the notes). Interest will be payable quarterly on March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2009. Additional remuneration will be payable based on the net amount of cash distributions paid to holders of American Depositary Shares as described under Description of the Notes Additional Remuneration Based on Vale Distributions of Cash in Respect of ADSs.

The Series VALE-2012 Notes will be mandatorily converted to American Depositary Shares, each representing common shares of Vale S.A., or Vale (the common ADSs). The Series VALE.P-2012 Notes will be mandatorily converted to American Depositary Shares, each representing preferred class A shares of Vale (the preferred ADSs, and together with the common ADSs, the ADSs). Mandatory conversion will be on June 15, 2012, (the stated maturity, and such date or any earlier date to which repayment of the notes is accelerated, the maturity). The conversion rate per US$50 principal amount of the Series VALE-2012 Notes will be not more than common ADSs and not less than common ADSs, and the conversion rate per US$50 principal amount of the Series VALE.P-2012 Notes will be not more than preferred ADSs and not less than preferred ADSs, depending in each case on the market value of the applicable ADSs. At any time prior to the maturity date, you may elect to convert your notes at the minimum conversion rate. Upon the imposition of certain withholding taxes, Vale Capital II may convert the notes prior to maturity as described under Description of the Notes Optional Tax Conversion. The conversion rates are subject to certain adjustments as described under Description of the Notes Anti-dilution Adjustments.

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

Vale s common ADSs are listed on the New York Stock Exchange under the symbol VALE . Vale s preferred ADSs are listed on the New York Stock Exchange under the symbol VALE.P . Vale Capital II will apply to list the notes on the New York Stock Exchange.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page 8 of this prospectus supplement.

	Per VALE-2012 Note	**Per VALE.P-2012 Note**	**Total**
Public offering price[(1)]	%	%	US$
Underwriting discount	%	%	US$
Proceeds, before expenses, to Vale Capital II	%	%	US$

(1) Plus accrued interest from July , 2009, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through The Depository Trust Company on or about July , 2009.

Citi **J.P. Morgan**

The date of this prospectus supplement is July , 2009.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of each of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

ENFORCEMENT OF CIVIL LIABILITIES

Brazil

A final conclusive judgment for the payment of money rendered by any New York State or federal court sitting in New York City in respect of the notes would be recognized in the courts of Brazil, and such courts would enforce such judgment without any retrial or reexamination of the merits of the original action only if such judgment has been previously ratified by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). This ratification is available only if:

the judgment fulfills all formalities required for its enforceability under the laws of the State of New York;

the judgment was issued by a competent court after proper service of process on the parties, which service of process if made in Brazil must comply with Brazilian law, or after sufficient evidence of the parties absence has been given, as established pursuant to applicable law;

the judgment is not subject to appeal;

the judgment was authenticated by a Brazilian consulate in the State of New York;

the judgment was translated into Portuguese by a certified sworn translator; and

the judgment is not against Brazilian public policy, good morals or national sovereignty.

In addition:

Civil actions may be brought before Brazilian courts in connection with this prospectus supplement based on the federal securities laws of the United States and that Brazilian courts may enforce such liabilities in such actions against Vale (provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, good morals or national sovereignty and provided further that Brazilian courts can assert jurisdiction over the particular action).

The ability of a judgment creditor to satisfy a judgment by attaching certain assets of the defendant is limited by provisions of Brazilian law. In addition, a Brazilian or foreign plaintiff who resides abroad or is abroad during the course of the suit in Brazil must post a bond to cover legal fees and court expenses of the defendant, should there be no real estate assets in Brazil to assure payment thereof, except in case of execution actions or counterclaims as established under Article 836 of the Brazilian Code of Civil Procedure.

Notwithstanding the foregoing, no assurance can be given that such confirmation would be obtained, that the process described above could be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the U.S. securities laws with respect to the notes.

Cayman Islands

Vale Capital II has been advised by its Cayman Islands counsel, Harney, Westwood & Riegels, that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will, based on the principle that a judgment by a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given, recognize and enforce a foreign judgment of a court having jurisdiction over the defendant according to Cayman Islands conflict of law rules. To be so enforced the foreign judgment must be final and for a liquidated sum not in respect of taxes or a fine or penalty or of a kind inconsistent with a Cayman Islands judgment in respect of the same matters or obtained in a manner, and is not of a kind the enforcement of which is contrary to natural justice, statute or the public policy of the Cayman Islands. There is doubt, however, as to whether the courts of the Cayman Islands will:

- recognize or enforce judgments of U.S. courts based on the civil liability provisions of the securities laws of the United States or any State thereof; or

- in original actions brought in the Cayman Islands, impose liabilities upon the civil liability provisions the securities laws of the United States or any State thereof,

in each case, on the grounds that such provisions are penal in nature.

A Cayman Islands court may stay proceedings if concurrent proceedings are being brought elsewhere.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference before making an investment decision. In this prospectus supplement, unless the context otherwise requires, references to Vale, we, us and our refer to Vale S.A., its consolidated subsidiaries, its joint ventures and other affiliated companies, taken as a whole.

Vale Capital II

Vale Capital II is a finance company wholly owned by Vale. Vale Capital II s business is to issue debt securities to finance the activities of Vale and Vale s subsidiaries. Vale Capital II was registered and incorporated as a Cayman Islands exempted company with limited liability on June 16, 2009. The notes will be the first borrowing by Vale Capital II.

Vale S.A.

We are the second-largest metals and mining company in the world and the largest in the Americas, based on market capitalization. We are the world s largest producer of iron ore and iron ore pellets and the world s second-largest producer of nickel. We are one of the world s largest producers of manganese ore, ferroalloys and kaolin. We also produce bauxite, alumina, aluminum, copper, coal, cobalt, precious metals, potash and other products. To support our growth strategy, we are actively engaged in mineral exploration efforts in 22 countries around the globe. We operate large logistics systems in Brazil, including railroads, maritime terminals and a port, which are integrated with our mining operations. Directly and through affiliates and joint ventures, we have investments in the energy and steel businesses.

The following table presents the breakdown of our total gross revenues attributable to each of our main lines of business, each of which is described following the table.

	Year Ended December 31,				Three months ended March 31, 2009
	2006	2006[1]	2007	2008	(unaudited)
			(%)		
Ferrous minerals:					
Iron ore	49.2%	39.0%	36.0%	46.2%	57.7%
Iron ore pellets	9.7	7.7	8.3	11.2	5.0
Manganese	0.3	0.2	0.2	0.7	0.3
Ferroalloys	2.5	2.0	2.1	3.1	1.5
Pig iron			0.2	0.4	0.2
Subtotal	61.7	48.9	46.8	61.6	64.7

Non-ferrous minerals:					
Nickel[2]	11.6	25.6	30.3	15.5	11.8
Aluminum	11.7	9.3	8.2	7.9	8.2
Copper	5.3	7.1	6.0	5.3	4.4
PGMs[2]	0.4	1.0	1.0	1.0	1.0
Other precious metals[2]	0.1	0.7	0.3	0.3	0.5
Other non-ferrous minerals	1.9	1.6	1.7	1.3	2.1
Subtotal	31.0	45.3	47.5	31.3	28.0
Coal			0.5	1.5	2.5
Logistics	6.8	5.4	4.6	4.2	3.7
Other investments	0.5	0.4	0.6	1.4	1.1
Total	100%	100%	100%	100%	100%

(1) Including Vale Inco s 2006 gross revenues prior to its acquisition.

(2) Revenues included in the nickel product segment in our consolidated financial statements.

Table of Contents

Ferrous minerals:

Iron ore and iron ore pellets. We operate three systems in Brazil for producing and distributing iron ore. The Northern and the Southeastern Systems are fully integrated, consisting of mines, railroads, a maritime terminal and a port. The Southern System consists of three mining complexes and two maritime terminals. We operate 10 pellet-producing facilities in Brazil, one of which is a joint venture. We also have a 50% stake in a joint venture that owns three pelletizing plants in Brazil and a 25% stake in a pellet company in China.

Manganese and ferroalloys. We conduct our manganese mining operations through subsidiaries in Brazil, and we produce several types of manganese ferroalloys through subsidiaries in Brazil, France and Norway.

Non-ferrous minerals:

Nickel. Our principal nickel mines and processing operations are conducted by our wholly-owned subsidiary Vale Inco Limited (Vale Inco), which has mining operations in Canada and Indonesia. We own and operate, or have interests in, nickel refining facilities in the United Kingdom, Japan, Taiwan, South Korea and China.

Aluminum. We are engaged in bauxite mining, alumina refining, and aluminum metal smelting. In Brazil, we own a bauxite mine, an alumina refinery and two aluminum smelters. We have a 40% interest in Mineração Rio do Norte S.A., a bauxite producer, operations of which are also located in Brazil.

Copper. We have copper mining operations in Brazil and Canada. In Brazil, we produce copper concentrates at Sossego in Carajás, in the state of Pará. In Canada, we produce copper concentrate, copper anode and copper cathode in conjunction with our nickel mining operations at Sudbury, Thompson and Voisey s Bay.

PGMs. We produce platinum-group metals as by-products of our nickel mining and processing operations in Canada. The PGMs are concentrated at our Port Colborne facilities, in the Province of Ontario, Canada, and refined at our precious metals refinery in Acton, England.

Other precious metals. We produce gold and silver as by-products of our nickel mining and processing operations in Canada. Some of these precious metals are upgraded at our facilities in Port Colborne, Ontario, and all are refined by unrelated parties in Canada.

Other non-ferrous minerals. We are the world s fourth-largest producer of kaolin for the paper industry and Brazil s sole producer of potash. We produce cobalt as a by-product of our nickel mining and processing operations in Canada and refine it at our Port Colborne facilities.

Coal. We produce metallurgical and thermal coal through Vale Australia Holdings, which operates coal assets in Australia through wholly-owned subsidiaries and unincorporated joint ventures. We also have minority interests in Chinese coal and coke producers.

Logistics. We are a leading provider of logistics services in Brazil, with railroads, maritime terminals and a port. Two of our three iron ore systems incorporate an integrated railroad network linked to automated port and terminal facilities, which provide rail transportation for our mining products, general cargo and passengers, bulk terminal storage, and ship loading services for our mining operations and for customers. We also have a 31.3% interest in Log-In Logística Intermodal S.A., which provides container-based logistics services in Brazil, and a 41.5% interest in MRS Logística S.A., which transports our iron ore products from the Southern System mines to our Guaíba Island and Itaguaí maritime terminals, in the state of Rio de Janeiro.

Table of Contents

The Offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the notes, please refer to the section entitled Description of the Notes in this prospectus supplement and the sections entitled Description of Debt Securities and Description of the Guarantees in the accompanying prospectus. In this description of the offering, references to Vale mean Vale S.A. only and do not include Vale Capital II or any of Vale s other subsidiaries or affiliated companies.

Issuer	Vale Capital II, a Cayman Islands exempted limited liability company
Guarantor	Vale S.A.
Notes offered	US$ in principal amount of % Guaranteed Notes, Series VALE-2012, mandatorily convertible into common ADSs US$ in principal amount of % Guaranteed Notes, Series VALE.P-2012, mandatorily convertible into preferred ADSs
Guarantee	Vale has irrevocably and unconditionally guaranteed the performance and full and punctual payment of all of Vale Capital II s obligations under the indenture and the notes, whether for delivery of ADSs or payment of interest or any other amounts that may become due and payable in respect of the notes.
Initial offering price	US$50 per note of each series
Principal amount	US$50 per note of each series
Interest rate	The Series VALE-2012 Notes will bear interest at % per annum from , 2009, based on a 360-day year of twelve 30-day months. The Series VALE.P-2012 Notes will bear interest at % per annum from , 2009, based on a 360-day year of twelve 30-day months.
Interest payment dates	Interest will be payable quarterly on March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2009.
Deferral of interest payments	

	We may elect to defer interest payments, in which case the deferred interest will accrue interest at the stated interest rate.
Additional remuneration based on Vale distributions of cash in respect of ADSs	We will pay to the holders of our Series VALE-2012 Notes or VALE.P-2012 Notes additional remuneration in the event that Vale makes cash distributions to all holders of common ADSs or preferred ADSs, respectively, calculated in the manner described in Description of the Notes Additional Remuneration Based on Vale Distribution of Cash in Respect of ADSs.
Redemption	The notes are not redeemable or convertible into ADSs by the issuer prior to maturity, except as described under Description of the Notes Optional Tax Conversion.

Table of Contents

Mandatory conversion date (stated maturity)	June 15, 2012
Mandatory conversion	On the maturity date (whether at stated maturity or upon acceleration following an event of default), the Series VALE-2012 Notes will automatically convert into common ADSs, each representing one common share of Vale, and the Series VALE.P-2012 Notes will automatically convert into preferred ADSs, each representing one preferred class A share of Vale, based on the respective conversion rates as described under Description of the Notes Mandatory Conversion.
Conversion rate for Series VALE-2012 Notes	The conversion rate for each Series VALE-2012 Note will be not more than common ADS and not less than common ADS, depending on the applicable market value of the common ADSs, as described below. The following table illustrates the conversion rate per note, subject to certain anti-dilution adjustments described under Description of the Notes Anti-dilution Adjustments.

Twenty-Day Market Value	Conversion Rate
Less than or equal to US$	
Between US$ and US$	US$50.00 *divided by* the twenty-day market value
Equal to or greater than US$	

Conversion rate for Series VALE.P-2012 Notes	The conversion rate for each Series VALE.P-2012 Note will be not more than preferred ADS and not less than preferred ADS, depending on the twenty-day market value of the preferred ADSs, as described below. The following table illustrates the conversion rate per note, subject to certain anti-dilution adjustments described under Description of the Notes Anti-dilution Adjustments.

Twenty-Day Market Value	Conversion Rate
Less than or equal to US$	
Between US$ and US$	US$50.00 *divided by* the twenty-day market value
Equal to or greater than US$	

S-5

Table of Contents

Conversion at the option of the holder

Other than during any cash acquisition conversion period, as described under Description of the Notes Other Conversion Events Conversion upon Cash Acquisition; Cash Acquisition Interest Make-Whole Amount, holders of the notes have the right to convert their notes, in whole or in part, at any time prior to maturity,

in the case of the Series VALE-2012 Notes, into common ADSs at the minimum conversion rate of common ADSs per Series VALE-2012 Note, and

in the case of Series VALE.P-2012 Notes, into preferred ADSs at the minimum conversion rate of preferred ADSs per Series VALE.P-2012 Note,

subject in each case to adjustment as described under Description of the Notes Anti-dilution Adjustments.

Conversion upon cash acquisition; cash acquisition interest make-whole amount

If a cash acquisition (as defined under Description of the Notes Other Conversion Events Conversion Upon Cash Acquisition; Cash Acquisition Interest Make-Whole Amount) of Vale occurs, we will provide for the conversion of the notes and a cash acquisition interest make-whole amount by:

permitting holders to submit their notes for conversion (cash acquisition early conversion) at any time during the period (the cash acquisition conversion period) beginning on the earlier of the delivery of the notice described below and the effective date of such cash acquisition (the effective date) and ending on the date that is 15 days after the effective date at the conversion rate (the cash acquisition conversion rate) specified in the table set forth under Description of the Notes Other Conversion Events Conversion Upon Cash Acquisition; Cash Acquisition Interest Make-Whole Amount (subject to our ability to settle in cash a portion of such conversion); and

paying converting holders an amount in cash equal to the sum of (a) any accrued and unpaid interest (including any deferred interest) on their notes to but excluding the date of conversion plus (b) the present value of all remaining interest payments on their notes from the date of conversion through but excluding the stated maturity date, calculated as set forth under

Description of the Notes Other Conversion Events Conversion Upon Cash Acquisition; Cash Acquisition Interest Make-Whole Amount.

Table of Contents

We will notify holders of any cash acquisition and the corresponding cash acquisition conversion period at such time as the acquisition has been publicly announced and we are able to reasonably anticipate the effective date of the acquisition, but in no case earlier than 20 days prior to such anticipated effective date.

See Description of the Notes Other Conversion Events Conversion Upon Cash Acquisition; Cash Acquisition Interest Make-Whole Amount.

Anti-dilution adjustments

The formula for determining the conversion rate may be adjusted in the event of, among other things, stock dividends or distributions of Vale s shares, or subdivisions, splits and combinations of Vale s shares. See Description of the Notes Anti-dilution Adjustments.

Voting rights

Holders of the notes will have no voting rights.

Ranking

Notes

The notes are unsecured and unsubordinated obligations of Vale Capital II. Your rights under these notes will be junior to the rights of secured creditors of Vale Capital II to the extent of their interest in Vale Capital II s assets.

Guarantee

The guarantee will be an unsecured and unsubordinated obligation of Vale. Your rights under the guarantee will be:

junior to the rights of secured creditors of Vale to the extent of their interest in Vale s assets; and

effectively subordinated to the rights of any creditor of a subsidiary of Vale (other than Vale Capital II) over the assets of that subsidiary.

Events of Default

Holders of the notes will have special rights if an event of default occurs. These events of default are described in detail under the heading Description of Debt Securities Events of Default in the accompanying prospectus. Upon a default and acceleration of the notes of any series, the notes will automatically convert into common ADSs or preferred ADSs, as applicable, as described under Description of the Notes Mandatory Conversion.

Use of proceeds	We intend to use the net proceeds from the offering for general corporate purposes.
Listing	We will apply to list the notes on the New York Stock Exchange.
Book-entry, delivery and form	The notes will be represented by one or more permanent global certificates in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of DTC.

RISK FACTORS

Our annual report on Form 20-F for the year ended December 31, 2008, which is incorporated by reference in the accompanying prospectus, includes extensive risk factors relating to our business and the ADSs. You should carefully consider those risks and the risks described below, as well as the other information included or incorporated by reference into this prospectus supplement and the accompanying prospectus, before making a decision to invest in the notes.

Risks Relating to the Notes

Vale s subsidiaries, affiliated companies and joint ventures are not obligated under the notes or the guarantee, and these companies obligations to their own creditors will effectively rank ahead of Vale s obligations under the guarantee.

Vale Capital II is the obligor under the notes and only its parent company, Vale, is obligated under the guarantee of the notes.

Vale Capital II will have no operations other than acting as a finance subsidiary and no assets other than (i) agreements to be entered into with Vale and/or other Vale subsidiaries to permit Vale Capital II to satisfy its obligations under the terms of the notes and (ii) unsecured obligations from other Vale subsidiaries arising from onlending the proceeds of borrowing. These other subsidiaries are not liable under the notes or the guarantee, and they may not have the ability to repay their loans from Vale Capital II.

Vale conducts a significant amount of business through subsidiaries, affiliated companies and joint ventures, none of which are obligated under the notes or the guarantee. In the first three months of 2009, the subsidiaries were responsible for 27% of Vale s consolidated U.S. GAAP gross revenues from operations and 19% of Vale s consolidated U.S. GAAP net cash flows provided by operating activities. The claims of any creditor of a subsidiary, affiliated company or joint venture of Vale would rank ahead of Vale s ability to receive dividends and other cash flows from these companies. As a result, claims of these creditors would rank ahead of Vale s ability to access cash from these companies in order to satisfy its obligations under the guarantee. In addition, these subsidiaries, affiliated companies and joint ventures may be restricted by their own loan agreements, governing instruments and other contracts from distributing cash to Vale to enable Vale to perform under its guarantee. At March 31, 2009, 17% of Vale s consolidated U.S. GAAP liabilities were owed by its subsidiaries. Vale is the only obligor under the guarantee, meaning that the creditors under these liabilities would rank ahead of investors in the notes in the event of Vale s insolvency.

The indenture governing the notes limits the ability of Vale Capital II and Vale to grant liens over their assets for the benefit of other creditors and to merge with other entities. These restrictions do not apply to Vale s other subsidiaries, affiliated companies and joint ventures, and these companies are not limited by the indenture in their ability to pledge their assets to other creditors.

There may not be a liquid trading market for the notes.

The notes are an issuance of new securities with no established trading markets. There can be no assurance that a liquid trading market for the notes will develop or, if one develops, that it will be maintained. If an active market for the notes does not develop, the price of the notes and the ability of a holder of notes to find a ready buyer will be adversely affected.

We may not be able to make payments in U.S. dollars.

In the past, the Brazilian economy has experienced balance of payment deficits and shortages in foreign exchange reserves, and the government has responded by restricting the ability of Brazilian or foreign persons or entities to convert *reais* into foreign currencies generally, and U.S. dollars in particular. The government may institute a restrictive exchange control policy in the future. Any restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition and results of operations. We cannot predict the impact of any such measures on the Brazilian economy.

Table of Contents

We would be required to pay amounts only in reais in case of bankruptcy.

Any judgment obtained against Vale in the courts of Brazil in respect of any of Vale s payment obligations under the guarantee by reason of acceleration of the notes upon a bankruptcy of Vale will be expressed in *reais* equivalent to the U.S. dollar amount of such sum at the exchange rate on the date at which a judicial decision declaring our bankruptcy is rendered. Accordingly, in case of bankruptcy, all credits held against Vale denominated in foreign currency will be converted into *reais* at the prevailing exchange rate on the date of declaration of bankruptcy by the judge. In this case, authorization by the Central Bank of Brazil may be required for the conversion of such *real*-denominated amount into foreign currency and for its remittance abroad.

Developments in other countries may affect prices for the notes.

The market value of securities of Brazilian companies is, to varying degrees, affected by economic and market conditions in other countries. Although economic conditions in such countries may differ significantly from economic conditions in Brazil, investors reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Brazilian issuers. For example, in October 1997, prices of both Brazilian debt securities and Brazilian equity securities dropped substantially, precipitated by a sharp drop in the value of securities in Asian markets. The market value of the notes could be adversely affected by events elsewhere, especially in emerging market countries.

On conversion of the notes, the ADSs you receive may be worth less than you expect, because the value of the ADSs may decline after the conversion rate is determined.

The number of ADSs that you will receive on conversion of your notes is in part determined by the volume-weighted average price of the ADSs on each of the 20 consecutive scheduled trading days ending, subject to certain exceptions, on the third scheduled trading day immediately prior to maturity. Accordingly, if the price of the ADSs decreases after that day, the ADSs you receive at maturity may be worth less than the ADSs you would have received had the number of ADSs been calculated based on the price on the maturity date.

As a holder of t