

Vale S.A.  
Form 6-K  
March 26, 2010

**Table of Contents**

**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  
March 2010  
Vale S.A.**

Avenida Graça Aranha, No. 26  
20030-900 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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes  No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes  No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing 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-\_\_.)

**TABLE OF CONTENTS**

Press Release  
Signature Page

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**Table of Contents**

Press Release

**PROPOSAL FOR A CAPITAL INCREASE THROUGH THE CAPITALIZATION OF RESERVES  
TO BE SUBMITTED TO THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING  
RESOLUTION**

Dear Members of the Board of Directors,

The Executive Officers Board of Vale S.A. (Vale) hereby presents to the Board of Directors a proposal for a capital increase through the capitalization of reserves.

Article 199 of Law 6,404 (with the new wording given by Law 11,638) determines that the balance of the profit reserves, excluded the contingency and the unrealized income reserves, may not exceed the value of the paid-up capital. Once this limit is reached, the shareholders meeting shall resolve upon the usage of the excess to either pay in the capital not fully paid, or increase the capital, or even distribute dividends.

Having carried out the distribution of earnings from the fiscal year ended December 31, 2009, the revenue reserves exceed the value of the paid-in capital by R\$1,838,015,899.94 (one billion, eight hundred and thirty-eight million, fifteen thousand, eight hundred and ninety-nine Reais and ninety-four cents).

As a result, the Executive Officers Board proposes the capital increase, without the issuance of new shares, in the total amount of R\$2,565,806,871.32 (two billion, five hundred sixty-five million, eight hundred and six thousand, eight hundred seventy-one Reais and thirty-two cents) comprised (i) of part of the expansion/investment reserve in the amount of R\$2,434,823,990.37 (two billion, four hundred thirty-four million, eight hundred and twenty-three thousand, nine hundred and ninety Reais and thirty-seven cents), (ii) of the reinvestment reserve in the amount of R\$41,140,354.68 (forty-one million, one hundred forty thousand, three hundred and fifty-four Reais and sixty-eight cents), and (iii) of the tax incentive reserve in the amount of R\$89,842,526.27 (eighty-nine million, eight hundred and forty-two thousand, five hundred twenty-six Reais and twenty-seven cents).

As a consequence, after capitalization of the above mentioned reserves, Vale's paid-in social capital will be increased from R\$47,434,193,128.68 (forty-seven billion, four hundred thirty-four million, one hundred and ninety-three thousand, one hundred twenty-eight Reais and sixty-eight cents), to R\$50,000,000,000.00 (fifty billion Reais).

As a result of the approval of the capital increase proposal, the *caput* of Article 5 of Vale's Bylaws shall read as follows:

Article 5° The paid-up capital amounts to R\$50,000,000,000.00 (fifty billion Reais) corresponding to 5,365,304,100 (five billion, three hundred and sixty-five million, three hundred and four thousand one hundred) shares, being R\$30,349,859,218.60 (thirty billion and three hundred forty-nine million, eight hundred and fifty-nine thousand, two hundred eighteen Reais and sixty cents), divided into 3,256,724,482 (three billion, two hundred fifty-six million, seven hundred twenty-four thousand, four hundred eighty-two) common shares and R\$19,650,140,781.40 (nineteen billion, six hundred and fifty million, one hundred and forty thousand, seven hundred and eighty-one Reais and forty cents), divided into 2,108,579,618 (two billion, one hundred and eight million, five hundred and seventy-nine thousand and six hundred and eighteen) preferred Class A shares, including 12 (twelve) special class shares, all without nominal value.

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**Table of Contents**

This proposal comprehends the capitalization of the capital reserves and the evolution of the capital s worth as follows:

Current paid-in capital	R\$ 47,434,193,128.68
Expansion/investment reserve	R\$ 2,434,823,990.37
Reinvestment reserve	R\$ 41,140,354.68
Tax incentive investment reserve	R\$ 89,842,526.27

New paid-in capital R\$ 50,000,000,000.00

Being thus duly explained, we hereby submit this proposal to the Members of the Board of Directors, in accordance with the resolutions of the Executive Officers Board.

Rio de Janeiro, February 08, 2010.

Roger Agnelli  
Chief Executive Officer

Fabio de Oliveira Barbosa  
Chief Financial Officer and  
Investor Relations

Tito Botelho Martins  
Executive Officer for Non Ferrous

Carla Grasso  
Executive Officer for Human Resources and  
Corporate Services

José Carlos Martins  
Executive Officer for Ferrous

Eduardo de Salles Bartolomeo  
Executive Officer for Logistics,  
Project Management and Sustainability

**Table of Contents**

**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.  
(Registrant)

Date: March 25, 2010

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