

CONTRACT TALKS BETWEEN VALE AND USW AT VOISEY'S BAY END QUICKLY WITH NO DEAL

January 6, 2011 – Vale expressed extreme disappointment today that contract talks with United Steelworkers (USW) Local 9508, representing some 130 striking mine and mill employees at the company's operations in Voisey's Bay, ended quickly without a settlement. "Once again our efforts to advance negotiations were rejected by USW," said Tom Paddon, General Manager of Vale's operations in Newfoundland and Labrador. Our talks in this round of negotiations consisted of two half hour meetings and no progress was made despite the fact that Vale stated it was willing to be flexible on the outstanding issues.

The Union showed no desire to negotiate in a constructive manner and address the issues that Vale requires for insuring future business success. It insists on having a contract expiry date that would allow the USW to manipulate our next contract negotiations at Voisey's Bay so that they align with a potential strike in Sudbury, just as the Union did in 2009 – thus prompting the current protracted dispute. We are not going to have our people and our business go through a prolonged strike all over again and we will not agree to the union's proposed expiry date. In this latest round of negotiations Vale offered a five year contract which matched USW's request to the Industrial Inquiry Commission, with a commitment that it would include a wage increase greater than USW's proposal to the Commission and that recommended by the Commission. Vale has reiterated that it is also willing to be flexible in negotiating a settlement on the other outstanding items. Yet USW flatly rejected this offer.

USW is willing to accept less money for their members – our employees – to secure a common contract expiry with Ontario. Already they are planning for the next strike – rather than our future shared success. For the USW, this is about driving changes in legislation and forcing government intervention far more than it is about the members they are supposed to represent.

The Union's combative behaviour is nothing new. We have been trying to bridge the gap with USW for more than two years and every time we believe we've made some progress, the Union finds new ways to frustrate forward progress being made. Vale entered these negotiations with the objective of reaching a deal that meets the needs of our employees and our operations in Labrador. Since negotiations began in 2009 Vale has tabled numerous proposals containing monetary improvements which exceed other company settlements.

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