

VALE COMMENTS ON THE FIRST REPORT OF THE INDUSTRIAL INQUIRY COMMISSION INTO THE LABOUR DISPUTE BETWEEN VALE AND UNITED STEELWORKERS LOCAL 9508

January 7, 2011 – Vale disagrees with the overall conclusions and direction of the Report. As a general observation the Report's recommendations have been made without the benefit of a full inquiry on all of the issues contained in the Commission's Terms of Reference. The Report reflects an incomplete analysis which is to be expected given the limited time the Commission had to complete its work.

One of the elements in the Report's recommendations relates to the duration of the contract. The contract duration proposed 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 proposed expiry date.

We tackled this issue head on in the latest round of negotiations with USW and offered a five-year contract which matched USW's proposal to Vale which was tabled in the Fall of 2010 and also presented to the Industrial Inquiry Commission as being USW's preferred position.

The USW rejected our most recent offer for a five-year agreement which would give the parties the opportunity to stabilize the labour relations climate at Voisey's Bay. This is clear evidence of USW shifting its bargaining position, a behaviour we have seen through the course of these negotiations.

Vale also committed to USW in the most recent round of negotiations 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. Our fundamental position has been and continues to be that this dispute must be resolved by the parties at the table.

The 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.

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