

Vale Inco resumes partial operations during strike

The following message was sent to Vale Inco employees today by the company. Look to The Sudbury Star for more details as they emerge.

Message to Employees – August 25, 2009

Hello everyone,

In the last year, as part of both the Vale Inco integrated nickel business and Vale, we have implemented many changes towards realizing our core business requirement to be cash flow positive and self-sustaining in all business cycles.

The proposed changes to collective agreements for production and maintenance employees represented by USW Locals 6500 and 6200 are just one aspect of what is required to create a competitive and sustainable business for the future.

It is very unfortunate that we could not reach agreements on these settlement proposals, and production and maintenance employees in Sudbury and Port Colborne chose to go on strike effective July 13, 2009.

We did not want a strike.

We believe our settlement proposal is fair and we are disappointed that USW representatives consistently indicate an unwillingness to accept that our business model and reality have fundamentally changed. In order to have successful negotiations it is essential that this change be addressed. We have had a number of informal conversations with USW representatives since this strike began and have received no indication that this need for change is recognized.

We remain at an impasse – there are no further negotiations scheduled, and USW representatives indicate that this strike could last a long time.

We are a mining and processing operation. We have customers who are highly dependent on us and who rely on our ability to supply them. We have more than 1,200 staff employees in Sudbury and Port Colborne for whom we can provide value-added work, and we need to continue the change process.

Today, a decision has been made to resume partial production. Training of selected employees is beginning this week to facilitate the process and help us to continue supplying customers, generating cash flow and providing meaningful employment for staff.

Again, we did not want a strike, however we find ourselves in one regardless and no one can predict how long it might last. By continuing to supply and keep our customers in this period we are helping preserve the business and maintain jobs for not only staff and many members of our community, but also for our production and maintenance employees when they return to work.

John Pollesel

Vice President, Production Services and Support, Canada/UK Operations

General Manager, Ontario Operations

Vale Inco Limited