

MEMORANDUM OF SETTLEMENT

BETWEEN:

VALE NEWFOUNDLAND & LABRADOR LIMITED

(the “Company”)

- and –

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE
WORKERS INTERNATIONAL UNION (UNITED STEELWORKERS) AND
IT’S LOCAL 9508**

(the “Union” and the “Local Union” respectively)

1. The Officers and officials of the Union and Local Union and the bargaining committee of the Local Union and the Company, having reached settlement on all matters in issue between them, agree to unanimously and individually recommend to their respective principals the unconditional ratification of this settlement.
2. The Company and the Union agree that upon such ratification the New Collective Bargaining Agreement shall be in the form of the prior Collective Bargaining Agreement except as hereinafter amended by the agreed upon terms annexed hereto as “Appendix A” to this Memorandum and which amendments shall become effective and operational as the new Collective Bargaining Agreement immediately upon such ratification. The parties agree to correct/adjust any inadvertent errors/omissions so as to ensure that the Collective Agreement reflects the actual agreement of the parties. Articles will also be renumbered as required and gender neutral language used.
3. The Collective Bargaining Agreement shall be effective on the date of ratification and shall terminate at midnight on January 31, 2016.

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4. The VNL Retirement Savings Program will be amended to incorporate the changes outlined in the Summary of VNL Retirement Savings Program Changes annexed hereto as "Appendix B".
5. The Company will deliver to the Union at the time of execution of the Collective Bargaining Agreement the Letters annexed hereto as "Appendix C" which do not form part of the Collective Bargaining Agreement.
6. The parties agree to abide by the terms of the Return to Work Agreement annexed hereto as "Appendix D"
7. Both the Company and the Union shall be responsible for its own costs in relation to negotiations, except in relation to arrangements implemented as a result of an agreement made in advance between the parties.
8. The Company will pay the costs of printing sufficient copies of the Collective Agreement.
9. This Memorandum of Settlement was reached with the assistance of Mediator Bill Wells who has signed below as a witness to the Memorandum of Settlement.

DATED AT St. John's, Newfoundland and Labrador this 26th Day of January, 2011.

For the Company

For the Union

For the Company

For the Union

For the Company

For the Union

For the Company

For the Union

VNL _____

USW _____

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For the Company

For the Union

For the Company

For the Union

For the Company

For the Union

For the Company

For the Union

For the Company

For the Union

WITNESSED BY

Mediator Wells

Date

VNL _____

USW _____

Appendix A

Article 6 - Discipline and Discharge

- 6.02 The Company agrees that when an employee is to be disciplined, she/he may request to be accompanied by his/her Shop Steward and the Company shall inform the employee of that right. An employee shall suffer no loss of pay or other benefits while attending meetings under this article.
- 6.03 Any written warning, suspension or discharge given to any employee shall be given in writing, in duplicate, within seven (7) working days (being the working days of the employee in question) of it being determined by the Company that there has been an infraction warranting discipline. A copy will be forwarded thereafter to the Union.
- 6.04 A discharged employee may contest his discharge as being in violation of this Agreement provided the written grievance is filed within seven (7) calendar days of the date of discharge, or such further period as the parties may agree in writing. Such grievance shall be presented at the General Manager's level and a meeting convened within three (3) calendar days after the grievance is received and the General Manager (or acting GM) shall give his decision in writing to the Local Union within three (3) calendar days from the date of the meeting. If the decision is unsatisfactory, the Local Union may, within thirty (30) calendar days after the decision is given, refer the grievance to Arbitration and it shall be heard pursuant to the provisions of Article 8 within thirty (30) calendar days of the reference to arbitration given by the Local Union.

Article 7 - Grievance Procedure

- 7.06 The reference to "day" above shall mean calendar days.
- 7.11 Filing of grievances, replies and referral to arbitration by email shall be acknowledged by return receipt email, after which date the applicable time periods shall commence.

8.10 Expedited Arbitration

The Expedited Arbitration Procedure can only be used by mutual agreement of the parties to the collective agreement.

Grievances referred to expedited arbitration must be scheduled to be heard within thirty (30) calendar days from the date of referral, unless the hearing is delayed by mutual agreement between the Parties or by the Arbitrator.

The Parties shall make every reasonable attempt to proceed by admission and minimize the use of witnesses.

The purpose of developing this expedited arbitration system is to both save cost and time while ensuring fair and reasonable decisions. To that end, presentations made in expedited arbitration should be short and concise and should include a comprehensive opening statement.

Where practical, hearings are to be held in Company or Union facilities to reduce costs. The parties agree that lawyers will not be used to represent either side and the parties encourage the use of a reasonably limited number of jurisprudence in the hearing. The Local Union shall appoint one of its officers or the Union Staff Representative to represent the grievor, and the Company shall appoint one of the management staff or another person to represent the Company.

All decisions of the expedited arbitrator are limited in application to that particular dispute. The award of the expedited arbitrator sets no precedent and is not to be referred to by either party in any subsequent proceeding. The award will be final and binding.

Whenever possible, the Arbitrator shall deliver the decision orally at the conclusion of the hearing, giving a brief summary of the reasons for the decision and then confirm these conclusions in writing within ten (10) calendar days of the

date of the hearing. When it is not possible to give an oral decision at the conclusion of the hearing, the Arbitrator shall render it in writing with a brief summary of the reasons. The Arbitrator must render the written decision as soon as possible but at all times within ten (10) calendar days of the date of the hearing. The award in written form should be a one to two page award setting out briefly the reasons for the decision.

Such decisions may not be used to alter, modify or amend any part of the Collective Agreement, nor should any decision be incompatible with the provisions of the Collective Agreement.

- 8.11 In the event the parties do not agree on a mutually agreeable arbitrator within ten (10) calendar days of the referral to arbitration, the arbitrator shall be appointed in rotation from the following list of arbitrators:

David Alcock

John Scott

James Oakley

Article 10 - Health Safety & Workplace Environment

General

- 10.01 The Company and Union acknowledge their common interest for maintaining a healthy and safe working environment and agree to cooperate and participate in their pursuit of progressive health and safety standards in the workplace. In the interest of an effective health and safety program for employees at work it is agreed that joint and co-operative methods shall be encouraged. Due to the primary role of the human element in any sound accident and injury prevention process, the Company and the Union further agree that in order to achieve high safety standards, proper attitudes must be developed by all concerned, with visible support from Senior Management and the Union Executive.

- 10.02 The Company and employees shall comply with all applicable provisions of health and safety legislation and regulations, in addition to those rules established by the Company. The parties shall also promote awareness of the right and process associated with a refusal of dangerous work.

Drafting Note: The parties shall include a flowchart of the process for right to refuse (copy of a sample provided to USW) in an appendix to the collective agreement.

- 10.03 The Company shall continue to make provisions for the health and safety of its employees and shall continue utilizing safety devices and practices for the protection of employees, subject to such improvements or changes as may be introduced by the Company from time to time.
- 10.04 The Union and Company recognize April 28th as the annual day of remembrance for workers who died on the job. Any flags flown at the workplace on that day will be lowered to half mast and those working on that day will observe a minute of silence in memory of those who died on the job.

JOSHE Committee

- 10.05 A Joint Occupational Safety, Health, and Environment (JOSHE) Committee will be established in accordance with the Occupational Health and Safety Act for the Province. For the purposes of this Article, reference to environment shall mean the occupational health and safety issues in the workplace environment.
- 10.06 a. The JOSHE Committee shall consist of up to four (4) bargaining unit employees appointed or elected by the Union and up to four (4) non-bargaining unit representatives employed and appointed by the Company, with up to two (2) alternates appointed for each. Time spent in meetings is to be considered time worked. Union members of the JOSHE Committee shall serve a three (3) year term.

- b. The Company and the Union may each select up to two Co-chairs for the JOSHE Committee selected from among the committee members referred to in 10.06a, with only one Co-Chair for the Union and one Co-Chair for the Company attending a meeting of the JOSHE Committee. Union Co-Chairs would be selected from the group in 10.06a. on the basis that such persons work on opposite rotations from one another.

10.07 The Committee shall meet monthly, and at such other times as are agreed. The Committee will be provided monthly with a summary of injuries and incidents for review and discussion by the Committee. The Committee Co-Chairs shall prepare the agenda prior to the monthly meeting. Furthermore, should conditions warrant, the Co-Chairs, by mutual agreement, may call such meetings as they deem necessary.

- a. Minutes of the meetings shall be sent to the Company and the Union.
- b. An employee member of the Committee shall be notified of a fatality or serious injury as soon as possible, in which case, there will be a fact finding investigation and an employee member of the Committee has the right to attend.
- c. In the discharge of its functions the committee may seek to identify aspects of the workplace that may be unhealthy or unsafe; consider existing practices and rules relating to health safety and environment, review and formulate appropriate and necessary suggestions for changes in existing practices and rules, make recommendations for the enforcement of standards to protect worker health and safety; review statistics and trends being monitored; receive complaints from workers and maintain records regarding the receipt and disposition of complaints; and promote health and safety educational programs.

10.08 a. The Union JOSHE Committee Co-Chair or his/her designate member of the Committee is entitled to accompany the Inspector from the Health and Safety Division of the Government of Newfoundland and Labrador on his/her inspection of the workplace. Time spent is to be considered time worked.

- b. A schedule of JOSHE workplace inspections shall be made for the applicable areas at the worksite, and such inspections shall include at least one (1) union member of the Committee and one (1) Company representative.

10.09 In making any changes affecting employees with respect to either the Health and Safety Program or a Personnel Protective Program, such changes will be discussed with the JOSHE Committee in order to give the Committee an opportunity to review the changes and make suggestions for revisions.

10.10 The Company will continue its program of air sampling and noise testing.

10.11 When the Company introduces new Personal Protective Equipment (PPE) or issues new rules relating to the use of PPE, the matter will be discussed with the JOSHE Committee.

10.12 When an employee signs a form prescribed by the Workplace Health, Safety and Compensation Commission, a copy of such form, as submitted by the Company to the Commission, will be made available to the Union upon request and with the written permission of the employee. When the Company contests a WHSCC claim for benefits, the Union will be notified.

Article 11 – Leaves of Absence

Union Leave

- 11:02 a. Upon written request from the Local Union given with as much notice as possible and at least one (1) week in advance, the Company will during each year of the term of this Agreement grant leave of absence, without pay, to the employees named in the request for the purpose of attending union courses, conferences, conventions and Local union business. It is recognized that operational requirements may be taken into consideration in granting such requests and leave is not to be arbitrarily denied.
- b. Overtime hours not worked by an employee due to absence on union leave will not be credited under the provisions of article 14.21.

11.04 Election Leave

Upon written request by the individual concerned, the Company may grant leave of absence without pay to any employee elected to, campaigning for his election to or acting as the campaign manager for an individual's election to any municipal, provincial, aboriginal or federal government office. Such leave shall be for a maximum period of two (2) months.

14.09 a. Current agreement 14.09

- b. An employee shall be paid a night shift premium of thirty cents (\$0.30) per regular hour worked during his/her scheduled night shift.

Article 15 – Wages & Benefits

15.04 A statement of regular and overtime hours worked, COLA, earnings and deductions shall be provided to the employee.

Cost of Living

15.06 A cost of living allowance will, if applicable, be paid to each employee as set out below. This allowance will be based on the Consumer Price Index (all items - base: 1992 = 100) published by Statistics Canada (hereinafter referred to as the "CPI") and will be calculated as follows:

- a. The CPI published for December 2010, shall be compared with the CPI published for September 2010, and effective the pay period immediately following both ratification and the publication of the December 2010 CPI, the allowance shall be one (1) cent per hour worked for each zero point zero seven seven (0.077) point increase by which the December 2010 CPI exceeds the September 2010 CPI.

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- b. Such allowance, if any, shall continue until the publication of the CPI for March 2011 at which time the March 2011 CPI shall be compared with the CPI published for December 2010, and effective the pay period immediately following the publication of the March 2011 CPI, the allowance shall be adjusted by one (1) cent per hour worked for each zero point zero seven seven (0.077) point increase by which the March 2011 CPI exceeds the December 2010 CPI.
- c. A similar comparison and adjustment shall be made thereafter on the basis of the CPI published every three (3) months apart as follows:

**FOLLOWING THE
RELEASE OF
THE CPI FOR:**

**BASED ON THE
COMPARISON OF:**

June 2011	March 2011 with June 2011
September 2011	June 2011 with September 2011
December 2011	September 2011 with December 2011
March 2012	December 2011 with March 2012
June 2012	March 2012 with June 2012
September 2012	June 2012 with September 2012
December 2012	September 2012 with December 2012
March 2013	December 2012 with March 2013
June 2013	March 2013 with June 2013
September 2013	June 2013 with September 2013
December 2013	September 2013 with December 2013
March 2014	December 2013 with March 2014
June 2014	March 2014 with June 2014
September 2014	June 2014 with September 2014

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December 2014	September 2014 with December 2014
March 2015	December 2014 with March 2015
June 2015	March 2015 with June 2015
September 2015	June 2015 with September 2015
December 2015	September 2015 with December 2015

- a. Wage rates effective February 1, 2012, February 1, 2013, February 1, 2014, and February 1, 2015 will be increased by any Cost of Living Allowance in effect on those dates and the Cost of Living Allowance will be reduced by the same amount
- e. If there is a decrease in the CPI on the basis of the quarter to quarter comparison, the allowance shall be adjusted downward by using the formula mentioned above but an employee's applicable hourly rate shall not be affected by any downward adjustment.
- f. No adjustment retroactive or otherwise shall be made due to any revision which may later be made in any Consumer Price Index published by Statistics Canada.
- g. The continuance of the cost of living allowance shall depend upon the availability of the CPI calculated on its present basis and in its present form. Should this occur, the parties will meet and agree upon an appropriate alternative conversion of the CPI.

15.07 Working on Site Premium

- a. A ten percent (10%) Working on Site Premium will be paid for each day and consecutive night period that an employee spends working at the Voisey's Bay Mine and Concentrator site. This premium is paid in recognition of work performed at a northern, remote, fly-in, fly-out operation which presents some unique demands and challenges for employees.
- b. The premium will be 10% of the employee's equivalent hourly rate of pay which is calculated based on his/her annual base salary (i.e. paid as a percentage of

the annual base salary only) for the employee's normal work schedule pursuant to Article 14. The premium will also be paid for shifts worked beyond the employee's normal schedule for such events as weather delays at site and extra shifts worked at site, which will be paid in accordance with 15.07a.

- c. The premium does not include other compensation such as overtime or other premiums paid as part of an employee's total compensation.
- d. As vacation is part of the normal schedule at the Voisey's Bay site, the premium will be paid for each vacation day taken as if the employee was at the Voisey's Bay site.
- e. The Working on Site Premium is not considered pensionable earnings.

Retirement Savings Plan

15.08 The employees covered by this Agreement will continue to receive the benefits of the VNL Retirement Savings Program.

Article 16 - Holidays

16.01 The following days are recognized as Holidays:

1. New Year's Day
2. Family Day*
3. Good Friday
4. Victoria Day
5. National Aboriginal Day
6. Canada Day
7. Civic Holiday (1st Monday in August)
8. Labour Day
9. Thanksgiving Day
10. Remembrance Day
11. Christmas Day
12. Boxing Day

For purposes of calculating hours worked on a holiday, the holiday shall start on the dayshift and run for a twenty-four (24) hour period.

* Family Day shall be in lieu of any additional Statutory Holiday that may be declared by the Province of Newfoundland and Labrador during the term of this agreement.

Family Day will be observed on the following dates:

2011 Monday, February 21st

2012 Monday, February 20th

2013 Monday, February 18th

2014 Monday, February 17th

2015 Monday, February 16th

18.03 The Company will pay a Training Award in accordance with the terms of the Company's Apprenticeship Program to each apprentice who successfully completes an apprentice training course under article 18.02.

18.04 An employee will be reimbursed for the cost of an approved study course in accordance with the terms of the Company's Tuition Assistance Policy.

Article 21 – Union Office

21.02 The Company will provide a secure storage room for the Union to store filing cabinets.

Article 25 - Contracting

25.01 It is the Company's intention and desire to manage its business in a manner that provides continuous employment for employees at Site. The Company will not use contractors for the sole purpose of reducing the compliment of employees

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within the bargaining unit. No employee will be laid off as a direct result of work being contracted out by the Company.

- 25.02 The Company and the Union agree to establish a joint committee to discuss the use of contractors at the Voisey's Bay worksite. The committee will be comprised of two representatives appointed by the Union and up to two representatives appointed by the Company. Meetings shall be held once per quarter, or upon such other schedule mutually agreed by the Committee members.
- 25.03 Committee discussions may include those issues of interest to either the Company or the Union relating to the use of contractors such as communication and information processes, efficiency, work opportunity, work planning, warranty services and cost effectiveness.
- 25.04 The provisions of this Article 25 Contracting shall remain subject to the provisions of Article 1.04 IBA's.

Article 30 - Duration

- 30.01 This Agreement shall be effective from date of ratification and remain in force to January 31, 2016.

Appendix "A" – Wages

Hourly Wages for the Classifications listed in Appendix A to be adjusted as follows:

Effective on ratification, roll into the wage rates in effect as of February 28, 2009 COLA adjustments of sixty two cents (0.62) per hour. In addition:

- Year 1 twenty cents (0.20) effective date of ratification
- Year 2 twenty cents (0.20) effective February 1, 2012
- Year 3 twenty cents (0.20) effective February 1, 2013
- Year 4 twenty cents (0.20) effective February 1, 2014
- Year 5 twenty cents (0.20) effective February 1, 2015

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In addition the Company will pay a lump sum Retention Bonus of two thousand dollars (\$2000) to employees who return to work as scheduled upon resumption of operations and who remain employed three months following his/her return to work. This Retention Bonus is not considered pensionable earnings.

Bonus

United Steelworkers Local 9508

Attention: Mr. Darren Cove, President, Local 9508

Dear Sir:

RE: LETTER OF UNDERSTANDING - EMPLOYEE BONUS PLAN

This will confirm our agreement with respect to the payment of the new Employee Bonus Plan (Bonus) to employees as set out below.

Employees are eligible to receive, in each year, a Bonus payment under Components 1, 2 and 3 totalling up to twenty five percent (25%) of the employees Eligible Earnings.

The Employee Bonus Plan consists of three components which are applied during the Bonus period of January 1 to December 31 of each year:

Component 1: Company

The Company component represents up to twenty five percent (25%) of the Bonus in each year and is part of the Vale S.A. Annual Incentive Plan (AIP) in effect from time to time, which is based upon the Corporate Performance Factor.

The Corporate Performance Factor is the rating announced by Vale S.A. that represents how it has performed during the Bonus period.

Component 2: Business Unit

The Business Unit component represents up to twenty five percent (25%) of the Bonus in each year.

The metric used to measure Business Unit results is Cash Flow Return on Gross Investment (CFROGI) for the Canada/UK region. This metric is an indicator of the efficiency of the region to use assets to create value.

Component 3: Operating Team

VNL _____

USW _____

The Operating Team component represents up to fifty percent (50%) of the Bonus in each year.

The metrics are common to the production and maintenance employees in the Labrador Operations given that everyone has the capacity to affect outcomes in these areas and therefore the results are interdependent. The four (4) metrics used to measure Operating Team results include the following:

1. Equipment Availability

- i. Availability scores to be based on availability of a blend of Mine and Site Services equipment.

Weighting: 10%

2. Quantity of metal in concentrate produced

- i. Revenue equivalent nickel units produced versus budget
- ii. Converting all metals produced into an equivalent amount of nickel

Weighting: 15%

3. Quality of concentrate

- i. Nickel in copper concentrate (1%)
- ii. Nickel to copper ratio in high-grade concentrate (2.25%)
- iii. Combined nickel concentrate nickel grade (2.25%)
- iv. Nickel recovery to high-grade nickel concentrate (2.25%)
- v. Copper recovery to copper concentrate (2.25%)

Weighting: 10%

4. Overall Equipment Efficiency (OEE) - Mill

- i. OEE is an industry standard measurement of how the machines, production lines and processes are performing. OEE is calculated based on:
 - a. Overall availability (Run time of the equipment), expressed as a percentage
 - b. Efficiency (amount of ore processed in the Mill), expressed as a percentage; and
 - c. Yield (Tons recovered from Ore put into the Mill), expressed as a percentage.
- ii. Formula is $a \times b \times c = \text{OEE}$

Weighting: 15%

Payout Calculation

Points for each metric shall be calculated by multiplying the rating achieved for the metric (based on a 6 level rating scale of 0 to 5) by the weight (%) of the respective metric as noted above. The Total Points Earned is determined by summing-up the scores for each component: Company, Business Unit, and Operating Team. The Bonus payout varies according to the scores obtained between 100 and 500 points. A minimum of 100 points is required for Operating Team metrics to receive a Bonus payout.

The Bonus payout calculation formula is as follows:

$$\begin{array}{c} \textbf{Maximum Participation Level (25\%)} \\ \times \\ \textbf{Total Points Earned/500 (Company + Business Unit + Operating Team)} \\ \times \\ \textbf{Eligible Earnings} \end{array}$$

General

Eligible Earnings for the Bonus are the employee's applicable hourly rate on the last day of the Bonus period (December 31st) multiplied by the employee's regular non-overtime hours worked and his/her vacation hours during the Bonus period.

The Bonus payment will be paid annually, in the first quarter of the year following the Bonus period.

Regular full-time employees who have completed at least one full calendar month of employment in the Bonus period are eligible to participate in the Bonus for that year.

Targets for each specific metric are established by the Company based on the annual plan for the respective components.

Employees who have been dismissed (except for cause), die, or retire from the Company, are eligible for a bonus payment after the end of the Bonus period on a prorated basis for the period worked during the Bonus period. Employees must have "actively" worked for a minimum period of one full month in the Bonus period.

If an employee voluntarily resigns prior to the end of the Bonus period, the full award is forfeited. If an employee works for the full Bonus period (i.e. January 1 to December

31) and voluntarily resigns prior to the payment of the Bonus, the Bonus will be paid to the employee on the scheduled payment date.

Verification Process

The Company will meet with two (2) representatives of the Union within sixty (60) days of the completion of each Bonus Period and make a report on the financial results that are relevant to the calculation of the Bonus payment for that period. For this purpose the Union will sign a confidentiality agreement that is satisfactory to the Company.

Note: This Letter of Understanding replaces the existing Letter of Understanding with respect to Bonus at page 37-38 of the prior collective agreement.

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United Steelworkers Local 9508

Attention: Mr. Darren Cove, President, Local 9508

Dear Sir:

LETTER OF UNDERSTANDING - 3/3 CHRISTMAS STAGGER

VNL recognizes that on a 2 week in/2 week out rotation individual employees may be scheduled to work through the Christmas holidays every year for a prolonged period. To ensure that there is an equitable Christmas schedule for employees the Employer will require that, on an annual basis, employees work one 3 week-in/3week-out rotation. The regular 84 hours of time worked during the third week will not be eligible for overtime; otherwise the normal overtime provisions in Article 14 will apply. The three weeks out will take place immediately after the three weeks in, and shall be rotated on an alternating basis year over year whenever possible.

The schedule change will occur by departments/divisions; the timing of this rotation will be decided by the department manager and communicated to employees no later than 31 December of the preceding year.

The rotation change will be completed by August 31 each year.

Letter of Understanding – Transportation

Explanatory Drafting Note: The following section will be added to the Letter of Understanding – Transportation contained in prior the Collective Agreement

Skills Travel Allowance

Vale Newfoundland and Labrador (VNL) has eliminated the twenty percent (20%) cost payable by an employee living in Newfoundland for air travel to and from work on the air chartered service to a Labrador pick up point for VNL Production and Maintenance employees.

Such employees living in Newfoundland will now receive air travel on VNL's air chartered service at no cost. This arrangement applies to airfare only.

Employees must complete the required form confirming residency within Newfoundland to be eligible for this benefit.

Appendix B

Retirement Savings Program

Employees of Vale Newfoundland and Labrador (VNL) currently participate in the Vale Retirement Savings Program, which has two components – a Defined Contribution Pension Plan (DCPP) and a Voluntary Savings Plan (Savings Plan).

Effective sixty (60) days following ratification the Retirement Savings Program will be amended to provide the following benefits to all Vale Newfoundland and Labrador bargaining unit employees:

1. Company contributions equal to 8% of earnings (base salary) will be deposited into each member's DCPP account;
2. Instead of making voluntary employee contributions to the Savings Plan, employees may contribute additional voluntary contributions ranging from 2% to 6% of earnings to their DCPP account. The Company will match these contributions in accordance with the table set out below. Employees will be able to make additional voluntary contributions above 6%, but these additional voluntary contributions will not be matched by the Company.
3. Any contributions that exceed Income Tax limits will be directed to a member's RRSP (if the employee has contribution room) or to a non-registered after-tax savings vehicle (ATSV) account.

All DCPP contributions will be subject to the rules governing registered pension plans and must be used solely for providing lifetime retirement income (this is often referred to as contributions being "locked-in"). Locked-in contributions are not eligible for withdrawal in cash. The Company's matching contributions will be subject to vesting rules and will automatically vest after two years of continuous service.

The table below compares some of the differences between the current Retirement Savings Program in place for bargaining unit employees and the proposed amendments to the Retirement Savings Program – namely the definition of pensionable earnings and the contribution rates.

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	Retirement Savings Program (current arrangement for VINL bargaining unit employees)	Retirement Savings Program (proposed arrangement effective 60 days following ratification in 2011 for VINL bargaining unit employees)
Pensionable Earnings	Base pay + Annual Incentive Program payments	Base pay
Contribution Rates		
<u>Company Contributions</u> (% of Pensionable Earnings)	To DCPP: 6%	To DCPP: 8%
<u>Employee Basic Voluntary Retirement Savings Contributions</u> (% of Pensionable Earnings)	To Savings Plan: 1%, 2%, 3%, 4%, 5%, or 6%	To DCPP: 2%, 3%, 4%, 5%, or 6%
<u>Company Matching of Employee Basic Contributions to Voluntary Retirement Savings Contributions</u> (% of Employee Basic Voluntary Retirement Savings Contributions)	To Savings Plan: Age + years of service $\leq 45 = 60\%$ Age + years of service > 45 but $\leq 60 = 75\%$ Age + years of service > 60 but $\leq 75 = 90\%$ Age + years of service $> 75 = 100\%$	To DCPP: Company match based on better of age or service criteria: Under age 40 with less than 15 yrs = 50% Age 40 to 44 or 15 to 19 yrs = 66.7% Age 45 to 49 or 20 to 24 yrs = 70% Age 50 to 54 or 25 to 29 yrs = 75% Age 55 to 59 or 30 to 34 yrs = 80% Age 60 to 61 or 35 to 36 yrs = 90% Age 62 + or 37 or more yrs = 100
<u>Employee Additional Voluntary Retirement Savings Component Contributions</u>	To Savings Plan: Up to an additional 19%	To DCPP: Up to an additional 19%
<u>Flex Credits</u>	To Savings Plan	To RRSP or ATSV

Appendix C

Boyd Bussey

United Steelworkers

Re: Air Transportation

Vale Newfoundland and Labrador (VNL) provides air transportation to the remote fly in / fly out Voisey's Bay site for employees and individuals requiring access to and from the worksite for work and business related purposes, in addition to cargo related services.

The current chartered services are provided by Innu Mikun.

These air transportation and cargo services are governed by various VNL policies and procedures.

While the purpose of the chartered air transportation services is to transport cargo, employees and other individuals requiring access to and from the Voisey's Bay site for work and business purposes, there have been exceptions made in the past. Those decisions have been made in the sole and absolute discretion of the General Manager or his/her designate only. These exceptions are related to emergency medical and emergency family situations where access to VNL's chartered air transportation services by a VNL employee who is at work and can be accommodated on the flight based on operational requirements and other relevant factors and is considered absolutely necessary in the circumstances.

General Manager discretion will continue to be applied on a case by case basis to determine access to the Charter for such emergency situations.

We trust this explains VNL's consideration of such requests.

Sincerely

Jackie Lamothe

Manager Human Resources

Vale Newfoundland and Labrador

Memorandum of Settlement 26 January 2011

January , 2011

Mr. Boyd Bussey
United Steelworkers of America
Suite 204
Duckworth Street
St. John's, Newfoundland

Dear Mr. Bussey,

This is to confirm our understanding that Vale Newfoundland and Labrador (VNL) will maintain its Northern and Vacation Allowances at current benefit levels and payable in accordance with the current policies for VNL bargaining unit employees employed at the Voisey's Bay operation. These policies will be maintained for the life of the current collective agreement.

Yours truly,

Jackie Lamothe
Human Resources Manager
Vale Newfoundland & Labrador

Appendix D

RETURN TO WORK AGREEMENT

BETWEEN:

VALE NEWFOUNDLAND & LABRADOR LIMITED

(the "Company")

- and -

UNITED STEEL, PAPER AND FORESTRY, RUBBER,
MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE
WORKERS INTERNATIONAL UNION (UNITED STEELWORKERS) AND
IT'S LOCAL 9508

(the "Union")

WHEREAS the previous collective bargaining agreement between the Company and the Union expired on March 1st, 2009;

AND WHEREAS the Union commenced a lawful strike at 12:01 a.m. on August 1st, 2009 (the "strike");

AND WHEREAS the Company and the Union have concluded, contemporaneously with this Agreement, a Memorandum of Settlement which, subject to ratification by the Parties' respective principals, will establish a new collective bargaining agreement (the "New CBA") and resolve the strike;

AND WHEREAS the Company and the Union wish to agree to a procedure for the orderly return to work of returning employees and the resolution of all issues between the Company and the Union related to the strike and its conclusion;

NOW THEREFORE contingent upon the ratification of the Memorandum of Settlement, the Company and the Union agree as follows:

1. This Agreement shall be deemed to modify the New CBA where there is any conflict with the provisions of this Agreement during the "Return to Work Period", except where otherwise specified.
2. All employees will be eligible to return to work as quickly as is reasonably possible throughout the maximum seven (7) week period following the date of ratification of the Memorandum of Settlement (Referred to as the "Return to Work Period").

3. The following conditions shall apply during the Return to Work Period unless otherwise specified:
- (a) Employees will be returned to work at such times during the Return to Work Period as dictated by operational requirements.
 - (b) A Return to Work Information Package ("Information Package") will be given to returning employees in person immediately after a positive ratification vote, or sent by Express Post/Courier mail, with a sample copy to the Local Union, to the last address the returning employee has on file with the Human Resources Department of the Company. This will include a Medical Information Form that must be submitted to Shepell FGI immediately after ratification; the Union may assist in the distribution of such forms to expedite the clearance to return to work process. Additionally, the Company will communicate broadly through various media upon ratification information which will include contact information with respect to the return to work process.
 - (c) The Company and the Union agree that no grievances, complaints or other action shall be filed or processed to arbitration under the New CBA with respect to the Return to Work Period.
 - (d) In an effort to expedite a return to normal operations, bargaining unit work may be performed by persons other than members of the bargaining unit, notwithstanding any provisions of the New CBA to the contrary but no bargaining unit employee will be prevented from being returned to work by the end of the Return to Work Period as a direct result of such performance of work. It is the Company's intention however to transition employees back to work at the site in such a manner that production will continue, however employees will not be required to perform his or her duties at the site along with a replacement worker who has been performing work of the production and maintenance bargaining unit during the strike.
 - (e) No regular vacation time may be scheduled during the Return to Work Period.
 - (f) Employee who declare his or her intention to return to work by no later than February 4, 2011 and does return to work during the Return to Work Period will not be subject to proration of 2011 vacation entitlement. Vacation for all other employees will be pro-rated based on vacation earned between the date the employee returns to work, and December 31st, 2011 and paid on the employees first pay period.
 - (i) It is understood that all unused regular vacation for 2009 will be prorated based on hours worked and paid out, or adjusted accordingly for those overpaid.

- (g) The Company may transfer or assign employees for all, or part, of the Return to Work Period, in order to achieve required staffing levels within the operation notwithstanding any provisions of the New CBA.
 - (h) Returning employees require medical clearance as a condition to be eligible to return to work. Returning employees must also declare their intention to return to work as instructed in the Return to Work package. These returning employees will then be assigned to attend a Return to Work Orientation and Training Session ("Orientation Session") which will commence on or before the 21st day following the date of ratification. For attending the seven (7) day Orientation Session which will be 8 hours per day (including full medicals where required), the returning employee will be paid (8) hours per day at their regular rate of pay, and the following will apply to the Orientation Session process:
 - (i) Returning employees shall attend the Orientation Session to which they are assigned;
 - (ii) Where a returning employee cannot attend the Orientation Session to which they are assigned, the returning employee may, in advance, arrange to attend the alternative Orientation Session. Such attendance will be at the Company's discretion;
 - (iii) Where the Company sent the Information Package to a returning employee and the returning employee fails to attend the Orientation Session to which they are assigned or have arranged in accordance with sub-clause (ii) above, the returning employee shall be deemed to have resigned from employment unless the returning employee contacts the Company within fourteen (14) days after the date of ratification and the Company has granted permission.
 - (iv) Returning employees shall return their completed Human Resource Forms as included in the Employee Information Package, at the Orientation Session to which they are assigned;
 - (v) At the Orientation Session, each returning employee will be provided with notification of the date and time the returning employee shall attend a site specific orientation and training session.
4. In recognition of the fact that some returning employees may not be fully returned to regular duties at site for seven (7) weeks, the Company agrees to make a one time special return to work delay payment of two thousand dollars (\$2,000.00), less deductions required by law, to each returning employee who confirms their intention to return to work, and completes the Orientation and Training. The Company will process the payment on the next regular pay after the returning

employee returns the required document and completes the Orientation and Training Session.

5. Returning employees will attend at site for a three (3) day, site specific orientation and training session ("Site Specific Training") during the Return to Work Period in accordance with operational requirements. Returning employees will be paid twelve (12) hours pay per day while at Site at their regular rate of pay for Site Specific Training.
 - (i) Where a returning employee can not attend the Site Specific Training to which they are assigned, the returning employee shall, in advance, make alternative arrangements with the Company Representative designated at the Orientation Session;
 - (ii) Where a returning employee fails to attend their assigned Site Specific Training without making alternative arrangements pursuant to sub-clause (iii) above, or providing a reason satisfactory to the Company, the returning employee shall be deemed to have resigned from employment;
 - (iii) Where a returning employee fails to attend regular work at the location on the date and time directed by the Company pursuant to sub-clause (ii), above, the returning employee shall be deemed to have resigned from employment unless there is a reason satisfactory to the Company.
6. Employees will return to regular production schedules following their Site Specific Training.
7. Any person who advised the Company of his or her resignation or retirement during the strike shall not be considered to be a returning employee for the purposes of this Agreement.
8. Entitlement to the 10% Site Premium will commence upon the employees return to site. The Site Premium is paid on a monthly basis for time spent at the Voisey's Bay site during the previous month.
9. Employees returning to work will be paid in accordance to article 15.02. There will be a 42 hour hold back in accordance with pay practices.
10. It is understood and agreed that for the purposes of Article 14.21, all overtime balances accumulated prior to the strike are reset to zero and a new period of accumulation shall commence on the date of ratification.
11. It is understood that for the purpose of seniority under Article 12, an employee's date of hire shall not be changed as a result of the strike. In all other respects, time on strike shall not count towards an employee's service with the Company

for reasons including but not limited to pension and any other benefits whatsoever.

12. The Union agrees that it, its officers, executives and members shall not condone or engage in any intimidation, reprisal, threats, violence or differential treatment of any kind against any person who performed work for or on behalf of Vale, contractor or other third party in relation to the Voisey's Bay site during the strike or any employee or contractor who returned to work during the strike.
13. The Company agrees that it, its officers, supervisors and agents shall not condone or engage in any intimidation, reprisals, threats, violence or differential treatment against any Union representative or employee because of the employee's participation in the strike.
14. It is understood that the application of clause 12 and 13 of this Return to Work Memorandum will apply for the duration of the New Collective Bargaining Agreement.
15. The Company shall direct the benefit carrier, to reinstate benefit coverage for returning employees effective the date deemed eligible to return to work by Shepell FGI following completion of the Medical Information Form and/or medical as applicable. It is understood that there may be a delay of up to seven (7) days in reactivating benefit coverage systems, in which case manual claims may be filed for covered expenses during this period. The Company may also exercise its discretion on compassionate grounds in exceptional circumstances to reinstate benefit coverage for an employee declaring an intention to return to work but who has not received medical clearance.
16. All picketing activity shall cease immediately upon ratification.
17. The Union shall remove from all Vale places of business all non-company owned material associated with the strike (signs, picket shacks, temporary sanitary facilities, etc.) within five (5) business days of the date of ratification. Should the Union fail to remove any such material in the said period, the Company may do so at the Union's expense.
18. The Union and the Company consent to the withdrawal of the Applications to the Labour Relations Board in Board File Numbers 5263 and 5284 and agrees that it will not re-file any further applications before the Board or in the Supreme Court of Newfoundland and Labrador in respect of those Board Files or make any application which make the same or similar allegations as those contained in the applications noted above with respect to these negotiations.
19. The Company agrees to discontinue all actions related to the strike currently before the Courts, which are listed in Schedule "A" to this Agreement, without costs and shall instruct its Counsel to consent to the dismissal of the said actions without costs.

Memorandum of Settlement 26 January 2011

20. This Agreement is without prejudice or precedent to any future return to work situation or operating circumstance during or after the term of the New CBA.

DATED at St. John's, Newfoundland and Labrador this 26th day of January 2011.

For the Union

For the Company

For the Union

For the Company

For the Union

For the Company

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For the Company

VNL _____

USW _____

SCHEDULE “A” to Appendix “D”

DEFENDANT	COURT FILE NO.
Vale Inco Newfoundland and Labrador Limited (Plaintiff) United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union USW (First Defendant) United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union USW, Local 9508 (Second Defendant) Darren Cove (Third Defendant) Boyd Bussey (Fourth Defendant)	2009 01T 4113
Vale Inco Newfoundland and Labrador Limited (Plaintiff) United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union USW (First Defendant) United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union USW, Local 9508 (Second Defendant) Darren Cove (Third Defendant) Boyd Bussey (Fourth Defendant)	2010 01G 4287
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union USW (First Intended Appellant) United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union USW, Local 9508 (Second Intended Appellant) Darren Cove (Third Intended Appellant) Boyd Bussey (Fourth Intended Appellant) Vale Inco Newfoundland and Labrador Limited (Intended Respondent)	2010 No. 01H 0093