

FALCONBRIDGE LTD

Form 425

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**Talking Points, July 14, 2006**

**Inco Provides Answers to Employee Questions**

**Research suggests that front-line supervisors are the most trusted source of information for employees.** For this reason, we distribute Talking Points, such as the one you are reading now, to supervisors at Inco sites around the world, enabling you to address employee questions face-to-face in the workplace.

This sheet is not intended to be a handout. Instead, please take the time to have a two-way, face-to-face conversation with your employees. If you as a manager have questions or concerns about the content of this document, feel free to seek clarification from your manager before discussing with your reports.

If questions come up in your discussions that you are unable to answer, please submit them via the email address or phone number below and we will address the question in a future communication. We will continue to distribute employee questions and answers via talking points. They are also made available on the company's main intranet site, **The Link**.

Employees may continue to ask questions by e-mail at [employeequestions@inco.com](mailto:employeequestions@inco.com) or by phone, in North America only, at 1-866-203-5138.

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**Questions and Answers**

**Q: What happens if we don't get enough shares?**

A: We can't predict what will happen but we are confident that our cash and share offer to Falconbridge shareholders delivers better value than Xstrata's all cash bid. Ultimately though, that decision will be made by the Falconbridge shareholders.

**Q: Are there any conditions on the Xstrata offer for Falconbridge?**

A: Yes, Xstrata's offer to Falconbridge shareholders, which expires on July 21, is conditional on, among other things, the approval of Investment Canada.

**Q: If we acquire Falconbridge, is the Phelps Dodge deal guaranteed?**

A: Phelps Dodge plans to acquire Inco, with or without the completion of the Falconbridge deal. In either circumstance, the deal is subject to certain conditions, including among other things, approval of Inco's shareholders, approval of Phelps Dodge shareholders, and obtaining regulatory clearances. Phelps Dodge has received anti-trust clearance from the U.S. Department of Justice but the deal remains subject to competition or anti-trust clearance in Canada and Europe, as well as approval from Investment Canada who will scrutinize the deal to ensure it will be of net benefit to Canadians. We are currently predicting completion of the deal by the 4<sup>th</sup> quarter.

**Q: If we acquire Falconbridge, will the Teck offer terminate?**

A: Yes, the TeckCominco offer, which is set to expire on July 24, is conditional on the Inco-Falconbridge deal not being completed and will terminate if we acquire Falconbridge.

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**Q: How will this overall transaction affect operations, like the Clydach refinery?**

A: Operations are what the deal-making is all about. Mines, mills, smelters and refineries, like the one at Clydach, are all important parts of the nickel delivery system and there should be few, if any, impacts on staff there.

Forward-Looking Statements

This communication contains, among other things, forward-looking information (as defined in the Securities Act (Ontario)) and forward-looking statements (as defined in the United States Securities Exchange Act of 1934) that are based on expectations, estimates and projections as of the date of the presentation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as believe , potential , expect , forecast , estimate , would , could , if and may . Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results and developments to be materially different from any future results, performance or achievements expressed by, or implied by the forward-looking statements in this presentation.

These forward looking statements are based on a number of assumptions which may prove to be incorrect, including but not limited to the various assumptions set forth in the Directors' Circular dated May 29, 2006 filed with the Canadian and U.S. regulators; assumptions in connection with both the proposed combination of Teck and Inco under the Teck Offer, and the proposed combination of Inco and Falconbridge under Inco's offer for the Falconbridge common shares, in respect of the results expected to be achieved from the combination of the entities, including calculating projected synergies and other benefits expected to be realized and the timing thereof.

In respect of these forward-looking statements, factors which could cause actual results to differ materially from current expectations regarding each of Inco, Teck and Falconbridge, include, but are not limited to, fluctuations in the prices of nickel and other primary metal products produced; fluctuations in asset values; the accuracy of ore reserve and mineral resource estimates; the accuracy of production, cost and cash costs per nickel unit projections; the successful development of mineral resources, completion of development projects, planned expansions or other projects; fluctuations in interest rates, exchange rates and demand and supply levels of nickel, copper and zinc; general economic conditions; competitive conditions; the outcome of pending legal proceedings; and changes to applicable laws, rules and regulations.

While Inco anticipates that subsequent events and developments may cause Inco's views to change, Inco specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing Inco's views as of any date subsequent to the date of this presentation.

Important Legal Information

This communication may be deemed to be solicitation material in respect of Inco's proposed combination with Falconbridge. Inco filed with the U.S. Securities and Exchange Commission (the SEC), on October 24, 2005 and July 14, 2006, registration statements on Form F-8, which include Inco's offer and take-over bid circular, and has filed amendments thereto, which include notices of extension and variation, and will file further amendments thereto as required, in connection with the proposed combination with Falconbridge. The offer and take-over bid circular and the notices of variation and extension have been sent to shareholders of Falconbridge Limited. Inco has also filed, and will file (if required), other documents with the SEC in connection with the proposed combination. Falconbridge has filed a Schedule 14D-9F in connection with Inco's offer and has filed, and will file (if required), amendments thereto and other documents regarding the proposed combination, in each case with the SEC.

**INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENTS AND ANY OTHER RELEVANT DOCUMENTS FILED OR THAT WILL BE FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.**

**INVESTORS AND SECURITYHOLDERS ARE URGED TO READ INCO'S SOLICITATION/RECOMMENDATION STATEMENT ON SCHEDULE 14D-9 THAT INCO FILED WITH THE SEC ON MAY 31, 2006, AND ANY AMENDMENTS INCO MAY FILE THERETO, AS IT CONTAINS, AND SUCH AMENDMENTS, IF ANY, WILL CONTAIN, IMPORTANT INFORMATION REGARDING TECK COMINCO'S PROPOSED COMBINATION WITH INCO.**

This communication is not a solicitation of a proxy from any security holder of Inco or Phelps Dodge in respect of Inco's proposed combination with Phelps Dodge. Inco intends to file a Management Information Circular regarding the proposed combination with the securities commissions or equivalent regulatory authorities in Canada and to provide

the Management Information Circular to Inco shareholders and Phelps Dodge has filed a preliminary Proxy Statement on Schedule 14A regarding the proposed combination with the SEC. WE URGE INVESTORS TO CAREFULLY READ THE

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MANAGEMENT INFORMATION CIRCULAR, AND ANY AMENDMENTS INCO MAY FILE THERETO, WHEN IT BECOMES AVAILABLE BECAUSE IT, AND ANY SUCH AMENDMENTS, IF ANY, WILL CONTAIN IMPORTANT INFORMATION ABOUT INCO, PHELPS DODGE AND THE PROPOSED COMBINATION. WE URGE INVESTORS TO CAREFULLY READ THE PROXY STATEMENT, AND ANY AMENDMENTS PHELPS DODGE MAY FILE THERETO, BECAUSE IT AND SUCH AMENDMENTS, IF ANY, WILL CONTAIN IMPORTANT INFORMATION ABOUT INCO, PHELPS DODGE AND INCO'S PROPOSED COMBINATION WITH PHELPS DODGE.

Inco, Phelps Dodge and their executive officers and directors may be deemed to be participants in the solicitation of proxies from Inco and Phelps Dodge security holders in favor of Inco's proposed combination with Phelps Dodge. Information regarding the security ownership and other interests of Inco's and Phelps Dodge's executive officers and directors will be included in the Management Information Circular and Proxy Statement, respectively.

Investors and security holders may obtain copies of the offer and take-over bid circular, the notices of variation and extension, the registration statements, the Solicitation/Recommendation Statement and Inco's, Falconbridge's and Phelps Dodge's other public filings made from time to time by Inco, Falconbridge and Phelps Dodge with the Canadian Securities Regulators, at [www.sedar.com](http://www.sedar.com), and with the SEC at the SEC's web site, [www.sec.gov](http://www.sec.gov), free of charge. The proxy statement may also be obtained free of charge at [www.sec.gov](http://www.sec.gov) and the Management Information Circular (when it becomes available) may also be obtained free of charge at [www.sedar.com](http://www.sedar.com). In addition, the offer and take-over circular and the other disclosure documents may be obtained free of charge by contacting Inco's media or investor relations departments.