

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

FORM F-9

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

INCO LIMITED

(Exact name of Registrant as specified in its charter)

Canada(Province or Other Jurisdiction
of Incorporation or Organization)**N/A**(Primary Standard Industrial Classification
Code Number (if applicable))**98-0000676**(I.R.S. Employer Identification Number
(if applicable))**145 King Street West, Suite 1500, Toronto, Ontario, M5H 4B7 (416) 361-7511**

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System**111 Eighth Avenue****New York, NY 10011****(212) 894-8940**

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

*Copies to:***Donald R. Crawshaw, Esq.****Sullivan & Cromwell****125 Broad Street****New York, New York 10004-2498****Stuart F. Feiner, Esq.****Executive Vice-President****General Counsel & Secretary****Inco Limited****145 King Street West, Suite 1500****Toronto, Ontario, M5H 4B7****Brice T. Voran, Esq.****Commerce Court West, Suite 4405****P.O. Box 247****Toronto, Canada****M5L1E8**

Approximate date of commencement of proposed sale of the securities to the public:

September 18, 2002

Province of Ontario

(Principal jurisdiction regulating this offering)

It is proposed that this filing shall become effective (check appropriate box):

A. ☐ Upon filing with the Commission pursuant to Rule 467(a) (if in connection with an offering being made contemporaneously in the United States and Canada)B. ☒ At some future date (check the appropriate box below):

1. ☐ pursuant to Rule 467(b) on _____ at _____ (designate a time not sooner than 7 calendar days after filing).
2. ☐ pursuant to Rule 467(b) on _____ at _____ (designate a time 7 calendar days or sooner after filing) because the securities regulatory authority in the review jurisdiction has issued a receipt or notification of clearance on _____.
3. ☒ pursuant to Rule 467(b) as soon as practicable after notification of the Commission by the Registrant or the Canadian securities regulatory authority of the review jurisdiction that a receipt or notification of clearance has been issued with respect hereto.
4. ☐ After the filing of the next amendment to this form (if preliminary material is being filed).

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to the home jurisdiction's shelf prospectus offering procedures, check the following box. ☐**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Debt securities ⁽¹⁾	U.S. \$400,000,000	100%	U.S. \$400,000,000	U.S. \$36,800

(1) Estimated solely for the purpose of determining the registration fee.

(2) A registration fee in the amount of \$27,600 was previously paid in connection with the Registrant's initial filing of the Registration statement on September 12, 2002. A registration fee in the amount of \$9,200 is being paid in connection with the filing of this Amendment No. 2.

PART I

INFORMATION REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

PROSPECTUS

\$400,000,000

INCO

INCO LIMITED

% Debentures due 2032

We will pay interest on the debentures on _____ and _____ of each year, beginning on _____, 2003. The debentures will mature on _____, 2032. We may redeem some or all of the debentures at any time at 100% of their principal amount plus a make-whole premium described herein. We may also redeem all of the debentures at any time in the event of certain changes affecting Canadian withholding taxes.

The debentures will be unsecured and unsubordinated obligations and will rank equally with our existing and future unsecured and unsubordinated indebtedness. The debentures will be issued only in registered form in denominations of \$1,000.

Investing in the debentures involves risks that are described in the “Risk Factors” section beginning on page 10 of this prospectus.

	<u>Per Debenture</u>	<u>Total</u>
Public offering price (1)	%	\$
Underwriting commission	%	\$
Proceeds, before expenses, to us (1)	%	\$
(1) Plus accrued interest from _____, 2002 if settlement occurs after that date		

We are permitted to prepare this prospectus in accordance with Canadian disclosure requirements, which are different from those of the United States. We prepare our financial statements in accordance with Canadian generally accepted accounting principles, and are subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies.

Owning the debentures may subject you to tax consequences both in the United States and Canada. This prospectus may not describe these tax consequences fully. You should read the tax discussion under “Certain Income Tax Considerations.”

Your ability to enforce civil liabilities under the United States federal securities laws may be affected adversely because we are incorporated in Canada, most of our officers and directors and most of the experts named in this prospectus are Canadian residents, and many of our assets are located outside the United States.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The initial public offering price may be varied by the underwriters, and the underwriters may engage in certain market stabilization activities, as described under “Underwriting.” The debentures comprise a new issue of securities for which there is currently no public market.

The debentures will be ready for delivery in book-entry form only through The Depository Trust Company on or about _____, 2002.

Merrill Lynch & Co.
Sole Book-Running Manager

Salomon Smith Barney
Joint Lead Manager

Credit Suisse First Boston

Morgan Stanley

The date of this prospectus is _____, 2002.

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You should rely only on the information contained or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in the prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus, unless we state otherwise, “Inco,” the “Company,” “we,” “us” and “our” refer to Inco Limited and all of its consolidated subsidiaries, unincorporated units and divisions.

CURRENCY REFERENCES

Unless we state otherwise or the context otherwise requires, all references to dollar amounts in this prospectus are references to U.S. dollars. The exchange rate between the Canadian dollar and the U.S. dollar used in this prospectus varies depending on the date and context of the information contained herein.

On September , 2002, the noon buying rate for U.S. dollars reported by the Bank of Canada was Cdn. \$ for each U.S. \$1.00.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in, or incorporated by reference into, this document are forward-looking statements as defined in the U.S. federal securities laws. Examples of such statements include, but are not limited to, statements concerning: (1) price volatility for nickel and other primary metals products produced by us; (2) the long-term demand for and supply of nickel, copper and other metals as well as the availability of, and prices for, stainless steel scrap and other substitutes for primary nickel; (3) our premiums realized over London Metal Exchange cash prices and the sensitivity of our financial results to changes in metals prices; (4) our strategies and objectives; (5) our interest and other expenses; (6) our energy costs; (7) our position as a low-cost producer of nickel; (8) our debt-equity ratio and tangible net worth; (9) the political unrest or instability in countries such as Indonesia and its impact on our Indonesian subsidiary, PT International Nickel Indonesia Tbk; (10) completion of the necessary agreements with the Province of Newfoundland and Labrador and the federal Government of Canada to enable the commercial development of our Voisey's Bay deposit to proceed; (11) the timing of the start of production and the costs of construction with respect to, and the issuance of the necessary permits and other authorizations required for, our Goro deposit, Voisey's Bay and certain of our other development projects; (12) our estimates of the quantity and quality of ore reserves and resources; (13) planned capital expenditures; (14) our costs of production and production levels, including the costs and potential impact of complying with existing and proposed environmental laws and regulations and net reductions in environmental emissions; (15) the impact of changes in Canadian-U.S. dollar and other foreign exchange rates on our costs and results; (16) sales of specialty nickel products; (17) our cost reduction and other financial and operating objectives; (18) the commercial viability of new production processes; (19) our exploration and research and development initiatives as well as environmental, health and safety initiatives; (20) our expected use of proceeds from this offering; (21) the negotiation of collective agreements with unionized employees; (22) our sales organization and personnel requirements; (23) business and economic conditions; and (24) the enforceability of certain liabilities. Inherent in forward-looking statements are risks and uncertainties well beyond our ability to predict or control. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in, or incorporated by reference into, this document. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (a) business and economic conditions, including exchange rates and energy costs; (b) the supply and demand for, deliveries of, and the level and volatility of prices of, nickel and our other metals products and stainless steel scrap; (c) the timing of the receipt of regulatory and governmental approvals for our development projects and other operations; (d) the availability of financing for our development projects on reasonable terms; (e) our costs of production and our production and productivity levels, as well as those of our competitors; (f) engineering and construction timetables and capital and operating costs for our development projects; (g) the settlement of aboriginal land claims concerning our development projects; (h) market competition; (i) risks involved in mining, processing, exploration and research and development activities; (j) the accuracy of our reserve estimates and expenses; (k) premiums realized over London Metal Exchange cash and other benchmark prices; (l) tax benefits; (m) the resolution of environmental and other proceedings; and (n) our ongoing relations with our employees at our operations throughout the world. See "Risk Factors" for more information about certain factors that, among others, may cause actual results and developments to differ from those expressed or implied by forward-looking statements contained in, or incorporated by reference into, this document.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are a corporation organized under the laws of Canada and a majority of our assets are located in, and most of our directors and officers are residents of, Canada. As a result, it may be difficult for United States investors to effect service of process within the United States upon our directors or officers who are not residents of the United States, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of such directors or officers under U.S. federal securities laws. We have been advised by Osler, Hoskin & Harcourt LLP, our Canadian counsel, that a judgment of a U.S. court predicated solely upon civil liability under such laws would probably be enforceable in Canada if the U.S. court in which the judgment was obtained had a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. We have also been advised by such counsel, however, that there is substantial doubt whether an action could be brought in Canada in the first instance on the basis of liability predicated solely upon such laws.

SUMMARY

This summary highlights selected information found in greater detail elsewhere in this prospectus or the documents that are incorporated herein by reference. This summary does not contain all of the information that is important to you. You should read the entire prospectus and the documents we incorporate by reference, including the financial data and related notes, before making an investment decision.

INCO LIMITED

Inco Limited is one of the world's premier mining and metals companies. We are a leading producer of nickel, a hard, malleable metal which, given its properties and wide range of applications, can be found in thousands of products. We are also an important producer of copper, precious metals and cobalt, and we produce sulphuric acid and liquid sulphur dioxide as by-products of our operations at Sudbury, Ontario. Our principal mines and processing operations are located in the Sudbury area of Ontario, the Thompson area of Manitoba, and, through our 59% owned subsidiary, PT International Nickel Indonesia Tbk ("PT Inco"), on the island of Sulawesi, Indonesia. We have additional wholly-owned metals refineries at Port Colborne, Ontario and in the United Kingdom at Clydach, Wales and Acton, England. We also have interests in nickel refining capacity and nickel salts production facilities located in Japan, Taiwan, South Korea and the People's Republic of China.

Inco currently has two major development projects, our Goro and Voisey's Bay projects. We indirectly own an 85% interest in Goro Nickel which holds a number of claims covering nickel-cobalt properties in the French Overseas Territory of New Caledonia, which we refer to as our Goro deposit. Our wholly-owned subsidiary, Voisey's Bay Nickel Company Limited, holds the mineral licenses covering the Voisey's Bay deposit and certain other mineral licenses and claims in the Province of Newfoundland and Labrador.

Our executive offices are located at 145 King Street West, Suite 1500, Toronto, Ontario, Canada M5H 4B7. You should refer to our annual report on Form 10-K for the year ended December 31, 2001 ("2001 10-K") and our interim reports on Form 10-Q for the periods ended March 31, 2002 (the "First Quarter 10-Q") and June 30, 2002 (the "Second Quarter 10-Q"; the First Quarter 10-Q and the Second Quarter 10-Q together are referred to as our "2002 10-Qs") for additional information regarding us and our operations throughout the world, including our exploration programs and our mineral reserves.

THE OFFERING

Debentures	\$400,000,000 aggregate principal amount of debentures due 2032.
Interest	The debentures will bear interest at % per annum payable semi-annually in arrears on and of each year, commencing on , 2003.
Maturity	The debentures will mature on , 2032.
Ranking	The debentures will be unsecured and unsubordinated obligations and will rank on a parity in right of payment with all of our existing and future unsecured and unsubordinated indebtedness.
Redemption	We will have the option to redeem the debentures in whole or in part at any time, at a redemption price equal to the greater of (1) 100% of the principal amount of the debentures, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the debentures (exclusive of interest accrued to the date of redemption) discounted to the redemption date, calculated on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Yield (as defined) plus basis points, together in each case with accrued interest to the date of redemption. See “Description of Debentures — Optional Redemption.” We may also redeem the debentures, in whole but not in part, at any time in the event of certain changes in Canadian tax laws, at 100% of the aggregate principal amount plus accrued interest to the date of redemption. See “Description of Debentures — Redemption for Tax Reasons.”
Certain Covenants	The indenture governing the debentures restricts our ability and that of our restricted subsidiaries to incur certain liens, enter into certain sale and leaseback transactions and consolidate, amalgamate, merge or transfer all or substantially all of our assets and certain assets of our restricted subsidiaries. See “Description of Debentures — Certain Covenants.”
Sinking Fund	None.
Additional Amounts	Payments on the debentures to non-residents of Canada generally are not subject to withholding for Canadian taxes under current law and administrative practice. We will withhold on payments we make with respect to the debentures for Canadian taxes only if required by law or the interpretation or administration thereof. In that case, we will pay the additional amounts necessary so that the net amount received by holders of the debentures (other than certain excluded holders) after such withholding will not be less than the amount the holders would have received if Canadian taxes had not been withheld.
Use of Proceeds	The net proceeds of this offering, after deducting underwriting commissions and other expenses of the offering, are expected to be approximately \$395 million. Of this amount, approximately \$300 million will be used to fund capital requirements to sustain our existing operations, and the balance will be used for general corporate purposes, which may include the purchase or redemption of our outstanding securities (other than common shares) and funding capital

expenditures for our Goro and Voisey's Bay development projects. Pending such uses, the net proceeds will be invested in short-term interest bearing securities. See "Use of Proceeds."

Governing Law The debentures and the indenture governing the debentures will be governed by the laws of the State of New York.

Risk Factors See "Risk Factors" and the other information included and incorporated by reference in this prospectus for a discussion of certain factors you should carefully consider before deciding to invest in the debentures.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following data for the years ended December 31, 2001, 2000 and 1999 (except for the data under “Operating data” and “Realized prices per tonne”) were derived from consolidated financial statements that have been audited by PricewaterhouseCoopers LLP, independent accountants. The following data for the six month periods ended June 30, 2002 and 2001 (except for “Operating data” and “Realized prices per tonne”) were derived from our unaudited consolidated financial statements which, in the opinion of management, contain all of the adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of our consolidated financial condition and results of operations as of the dates and for the periods presented. Operating results for the six months ended June 30, 2002, which reflect the non-cash charge referred to in Note (4) below, are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2002. You should read the following summary consolidated financial data together with our consolidated financial statements included in our 2001 10-K and our 2002 10-Qs, the other information in this prospectus and the information we incorporate by reference into this prospectus.

Our consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). These principles conform in all material respects with U.S. generally accepted accounting principles (“U.S. GAAP”) except as described in Note 20 to our consolidated financial statements contained in our 2001 10-K and in Note 12 to the consolidated financial statements contained in our Second Quarter 10-Q. For all periods presented, the summary consolidated financial data is prepared in accordance with Canadian GAAP.

	Six Months Ended June 30,		Year Ended December 31,		
	2002	2001	2001	2000	1999 (1)
	(unaudited)				(restated)
	(in millions, except operating data and realized prices)				
Summary of operations(2) (3) (4)					
Net sales	\$ 1,097	\$1,169	\$2,066	\$2,917	\$2,113
Earnings (loss) from continuing operations	(1,571)	277	305	400	17
Loss from discontinued operations	—	—	—	—	(5)
Net earnings (loss)	(1,571)	277	305	400	12
Other financial data(2) (3) (4)					
Net cash provided by operating activities	\$ 199	\$ 140	\$ 360	\$ 842	\$ 128
Capital expenditures	157	92	263	227	260
Working capital	974	584	560	365	292
Total assets	7,833	9,676	9,587	9,676	9,560
Total debt	1,219	870	840	1,030	1,344
Preferred shares	472	472	472	472	471
Common shareholders' equity.....	2,997	4,557	4,571	4,290	3,291
Operating data					
Nickel production (<i>tonnes in thousands</i>)	115	108	207	203	177
Copper production (<i>tonnes in thousands</i>)	61	63	116	114	116
Nickel deliveries (<i>tonnes in thousands</i>)	121	116	230	259	258
Copper deliveries (<i>tonnes in thousands</i>)	63	65	117	118	120
Cobalt deliveries (<i>tonnes</i>)	760	799	1,454	1,422	1,568
Platinum-group metals deliveries (<i>troy ounces in thousands</i>)	211	218	405	342	347
Realized prices per tonne					
Primary nickel, including intermediates.....	\$ 6,901	\$7,142	\$6,468	\$9,007	\$6,415
Copper	1,656	1,781	1,668	1,908	1,631

(1) Effective January 1, 2000, Inco adopted a new accounting standard of the Canadian Institute of Chartered Accountants in respect of income taxes. This standard significantly changed the method of

accounting for deferred income taxes from the deferral method to the asset and liability method. Among other differences, the asset and liability method requires periodic adjustment of deferred tax assets and liabilities to reflect current tax and foreign currency exchange rates and changes in the accounting for acquisitions in prior years. This change has been applied retroactively and, accordingly, the consolidated financial statements for 1999 have been restated.

- (2) Differences between Canadian GAAP and U.S. GAAP as they apply to us for the years indicated are described in Note 20 to the consolidated financial statements in our 2001 10-K. As indicated in such note, under U.S. GAAP net earnings in 2001, 2000 and 1999 were \$283 million, \$387 million and \$12 million, respectively. Differences between Canadian GAAP and U.S. GAAP as they apply to us for the quarters indicated are described in Note 12 to the consolidated financial statements in our Second Quarter 10-Q. As indicated in such note, under U.S. GAAP net earnings (loss) in the six months ended June 30, 2002 and 2001 were (\$2,203 million) and \$255 million, respectively. A reconciliation of results reported under Canadian GAAP with those that would be reported under U.S. GAAP for the years indicated appears in Note 20 to our consolidated financial statements in our 2001 10-K and for the quarters indicated appears in Note 12 to the consolidated financial statements in our Second Quarter 10-Q.
- (3) In addition to the accounting change referred to in Note (1) above, accounting changes adopted (a) for the year ended December 31, 2001 are discussed in Note 2 to the consolidated financial statements in our 2001 10-K and (b) in the first quarter of 2002 are discussed in Note 12(i) to the consolidated financial statements in our Second Quarter 10-Q.
- (4) In July 2002, we completed a review of the net carrying value for Voisey's Bay in view of the Statement of Principles reached with the Government of the Province of Newfoundland and Labrador in June 2002 and other arrangements with key stakeholders that would enable the development of the Voisey's Bay project to proceed. This review included an analysis of the key assumptions which we have utilized in evaluating this net carrying value on a quarter-to-quarter basis relating to a number of important factors, including our best assessment of the expected cash flows from the project, how the development of Voisey's Bay, taking into account the agreements which have been reached, fits within our overall long-term development plans and updated mining and other cost assumptions. As a result of this review, as is further described in Note 2 to the consolidated financial statements in our Second Quarter 10-Q, we recorded a non-cash charge of \$1,552 million, net of deferred income and mining taxes of \$770 million, in the second quarter of 2002 to reduce the \$3,753 million net carrying value of the Voisey's Bay project to \$2,201 million. In 2000, as a result of a change in Canadian GAAP, the deferred income and mining tax liability associated with Voisey's Bay was increased by \$2,222 million and the carrying value of Voisey's Bay was also increased by this same amount.

Under Canadian GAAP, the carrying value of an impaired asset is required to be reduced to the amount of the estimated undiscounted future net cash flows from the use of the asset together with the asset's residual value. A non-cash charge is measured differently under U.S. GAAP and, under U.S. GAAP, as indicated in Note 12 to the consolidated financial statements in our Second Quarter 10-Q, would result in a non-cash charge for the Voisey's Bay project of \$2,172 million.

RISK FACTORS

Investment in the debentures involves certain risks. Prospective purchasers of debentures should consider carefully the risk factors set forth below as well as the other information contained and incorporated by reference in this prospectus before purchasing the debentures, including the other information in our 2001 10-K and 2002 10-Qs.

Volatility of Price of Nickel and Other Prices and their Effect on Our Financial Results

The price of nickel has represented, and is currently expected to continue to represent, the principal determinant of our profitability. Accordingly, our financial performance has been, and is expected to continue to be, closely linked to the price of nickel and, to a lesser extent, the price of copper and other primary metals produced by us. Since we sell our nickel products in all major geographical markets, the prices for primary nickel and other primary metals products realized by us are influenced by both global and regional supply and demand factors and by the availability and prices of secondary or metal-containing scrap material, including scrap generated by the stainless steel industry, and other substitute or competing commodity products for the primary nickel and other metals products produced by us. In recent times, the world's nickel and copper markets have been adversely affected by excess supply conditions. Based upon available data, we believe that between mid-1999 and the second half of 2000, global nickel demand exceeded supply, but for most, if not all, of 2001, a surplus condition existed in the global nickel market. Over the first eight months of 2002, we have seen an improvement in global nickel demand but believe that the global nickel market is currently in a modest surplus position. There can be no assurance that an excess supply situation in the case of nickel, particularly one that is greater than the one we currently believe exists, will not continue or that a greater excess supply situation will not occur in the future. Any such excess supply condition would have an adverse effect on the prices realized by us for our nickel products. Other international economic trends, expectations of inflation and political events in major nickel-producing and consuming countries can also affect nickel prices and the prices of other metals produced by us. These factors are beyond our control and have resulted, and are expected to continue to result, in a high degree of price volatility for nickel and other primary metals produced by us. There can be no assurance that the price for nickel or other metals produced by us will not decline significantly from current levels. A return to the relatively low price of nickel reflected by the London Metal Exchange ("LME") cash nickel price which prevailed through most of 1998 and into the first half of 1999 and during a portion of the second half of 2001 would have a material adverse impact on our business, results of operations, financial condition and liquidity.

The price of nickel, as the principal determinant of our profitability, has fluctuated significantly for many years. Over the past 20 months, there has been significant fluctuation in the LME cash nickel price. The LME cash nickel price on January 2, 2001 was \$6,995 per tonne (\$3.17 per pound) and fell during the course of the year through the end of October 2001, reaching a low of \$4,420 per tonne (\$2.00 per pound) on October 31, 2001. The LME cash nickel price improved during the remainder of the fourth quarter of 2001, averaging \$5,059 per tonne (\$2.29 per pound) for the quarter and was \$5,680 per tonne (\$2.58 per pound) on December 31, 2001. The LME cash nickel price continued to improve during the first eight months of 2002, averaging \$6,666 per tonne (\$3.02 per pound) over the January 2, 2002 — August 31, 2002 period. On September 10, 2002, the LME cash nickel price was \$6,666 per tonne (\$3.02 per pound). We believe that the improvement in the LME cash nickel price over the first eight months of 2002 has been due to the recovery in stainless steel production levels and demand for certain other end-use applications for nickel in certain geographic regions and to forecasts of continued relatively strong demand for nickel for 2003. However, we have not seen any recovery in certain of the end-use markets for nickel, in particular the high nickel alloys industry, during the first eight months of 2002. Global nickel demand has historically been closely correlated with global industrial production.

Copper is also an important product for us and, like nickel, copper prices have also been volatile. For 2001, while the early part of the year saw some improvement in global copper demand, copper prices declined during the course of the year based upon the overall global economic slowdown and increased

copper inventories. The COMEX first position cash copper price, the principal price upon which our copper sales are based, averaged \$1,600 per tonne (\$0.73 per pound) in 2001, down 14% from its average of \$1,851 per tonne (\$0.84 per pound) in 2000. Copper prices have increased modestly during the first eight months of 2002 from the fourth quarter 2001 average COMEX first position cash copper price of \$1,449 per tonne (\$0.66 per pound). The COMEX first position cash price averaged \$1,595 per tonne (\$0.72 per pound) during the January 2, 2002 — August 31, 2002 period. On September , 2002 the COMEX first position cash copper price was \$ per tonne (\$ per pound).

For information concerning the sensitivity of our results of operations to certain changes in the price of nickel and other metals refer to “Risks and Uncertainties — Sensitivities” in the Management’s Discussion and Analysis in our 2001 10-K.

Risks Associated with, and Importance of, Future Low-Cost Nickel Projects

As part of our strategy to be the world’s lowest cost and most profitable nickel producer, we have continued our efforts to develop new low-cost sources of nickel. Following the completion of the PT Inco expansion project in late 1999, we have focused on potential future projects to commercialize our Goro nickel-cobalt deposit and Voisey’s Bay deposit. A number of risks and uncertainties are associated with the development of these projected low-cost sources of nickel and other metals, including political, regulatory, design, construction, operating, technical and technological risks, uncertainties relating to capital and other costs and financing risks and, in the case of Goro, those risks related to the possible future independence of the French Overseas Territory of New Caledonia.

In addition to the risks and uncertainties referred to above, there are certain issues that have to be resolved to enable the commercial development of each of these deposits to proceed. For the Goro deposit, we still need to receive the necessary environmental and operating permits and complete the required financing on acceptable terms. In the case of our Voisey’s Bay deposit, the principal issues that would have to be resolved before commercial development can begin include issuance of the necessary construction and operating permits, finalization of the necessary agreements to implement the Statement of Principles reached in June 2002 between the Government of Newfoundland and Labrador and us and the availability of financing required for development on acceptable terms.

In connection with raising the significant financing which we currently believe will be required for the commercial development of the Goro and Voisey’s Bay deposits, we currently expect that, in order to meet such financing needs, we will be required to borrow additional funds and/or issue additional debt or arrange other forms of financing and/or enter into strategic or other arrangements. There can be no assurance that these issues will be resolved or that we will be able to raise required funds on acceptable terms when financing is needed for either project. While we have certain potential new mine development projects at our existing operations in Canada, as well as additional resources that could be developed in Indonesia, in addition to the projects discussed above, if sufficient new low-cost sources of nickel are not developed on a timely basis, our overall nickel production could decline at some point in the current decade, and our unit cost of production could increase significantly with any material decline in mine production from our Canadian operations if such operations were not significantly restructured. These developments could materially adversely impact our business, results of operations, financial condition and liquidity.

Construction Risks and Technological Risks

The mine, processing plant and related infrastructure required for development of the Goro and Voisey’s Bay deposits have not yet been constructed and no commercial mining has commenced. While certain necessary construction permits have been obtained in respect of the Goro deposit and detailed exploration and related studies with respect to the Goro deposit and a portion of the Voisey’s Bay deposit have been completed based on (1) significant surface exploratory drilling, (2) extensive investigations of certain of the mineralization delineated to date, (3) construction and mine plans and (4) production and

cost estimates, we are not currently in a position to predict when all of the required approvals would be in place for us to develop either project or, in the case of the Voisey's Bay deposit, when construction will be able to commence. Depending on the severity of winter conditions and other factors applicable to the Voisey's Bay deposit, a period of approximately 36 months from site mobilization will be required to complete construction of the required mine, mill and related facilities for such deposit after all necessary approvals and permits have been secured.

Unforeseen conditions or developments could arise during the construction period for either project which could delay or prevent completion, and/or substantially increase the cost of construction of the necessary facilities and infrastructure to develop the Goro and the Voisey's Bay deposits. Such events may include, without limitation, shortages of equipment, materials or labor, delays in delivery of equipment or materials, labor disruptions, political events, local or political opposition, civil disturbances, litigation, adverse weather conditions, unanticipated increases in costs, natural disasters, accidents and unforeseen engineering, technical and technological, design, environmental or geological problems. Any delay in construction would delay the production of nickel and other products from the Goro and/or the Voisey's Bay deposits, and the expected significant source of revenue for us that production from these deposits would represent. Any such delay could also materially adversely impact our business, results of operations, financial condition and liquidity.

Our Goro project will involve the application of new processing and other technologies and, depending upon the results of the process research and development program we plan to conduct for our Voisey's Bay project, that project could also utilize new processing and other technologies. There can be no assurance that these technologies will be successfully developed and applied on a commercial basis or that the costs associated with and/or the timing of their implementation will not have a material adverse effect on the timing of the start-up of commercial production, the capital and/or operating costs for either or both projects and on other factors impacting the profitability of these projects. These developments could materially adversely impact our business, results of operations, financial condition and liquidity.

Uncertainty of Production, Capital and Other Cost Estimates

The level of production and capital and operating cost estimates relating to the Goro deposit, the Voisey's Bay deposit and other projects of ours, which are used in establishing reserve estimates and for determining and obtaining financing and other purposes, are based on certain assumptions and are inherently subject to significant uncertainties. In the case of our Goro project, the current capital cost estimate of \$1.4 billion represents an estimate that, given the size, scope and complexity of fully integrated mining and processing projects such as Goro and the project's current stage where the required engineering work is only about 25% complete, together with the inherent risks and uncertainties associated with such a project, we currently expect could increase in the range of about 15%. Since no engineering work to any significant degree has been undertaken on the Voisey's Bay project, the current capital cost estimates for the phases of our Voisey's Bay project are more preliminary than the current capital cost estimate for our Goro project and could increase by a significantly higher percentage than as indicated for Goro. It is very likely that actual results for these projects will differ from our current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions which could reduce production below, and/or increase capital and/or operating costs above, our current estimates. If actual results are less favorable than we currently estimate, such results could materially adversely impact our business, results of operations, financial condition and liquidity.

Risks Associated with PT Inco

Our investment in PT Inco at book value as of June 30, 2002, including cash advances to PT Inco through June 30, 2002, totalled \$387 million. Approximately 28% of our 2002 planned total production of primary nickel, including intermediate product, is currently expected to come from PT Inco. In 1999, to

meet PT Inco's cash shortfalls attributable principally to the increase in the capital cost of the new hydroelectric facilities which were part of PT Inco's expansion project, the relatively low nickel prices, and constraints on PT Inco's production attributable to then reduced hydroelectric power generation caused by below average rainfall, we advanced \$88 million in total to PT Inco. Of these total advances, PT Inco had repaid \$40 million as of June 30, 2002. PT Inco may experience cash shortfalls in the future, particularly if there were to be a significant decline in primary nickel demand and nickel prices. In the event of such a cash shortfall, we may again conclude that it would be necessary to advance cash to PT Inco in order to meet PT Inco's cash needs.

The uncertain political situation in Indonesia, primarily as a result of the ongoing economic and political problems facing that country, could adversely affect PT Inco's ability to operate. While there has been no indication that the Government of the Republic of Indonesia is considering currency controls, nationalization of certain properties or facilities or other similar actions, regional and local governmental authorities have sought to take greater control of the development of their resources and these or other political developments, including, but not limited to, the possibility of disruptions in PT Inco's operations arising out of the actions of non-governmental organizations or community activist groups, could have a material adverse effect on PT Inco's, and therefore our, nickel production, business, results of operations and financial condition.

Environmental Risks

Environmental legislation affects nearly all aspects of our operations worldwide. These laws apply to us along with other companies in the mining and metals industry. This type of legislation requires us to obtain operating licenses and imposes standards and controls on activities relating to mining, exploration, development, production, closure and the refining, distribution and marketing of nickel and other metals products. Environmental assessments are required before initiating most new projects or undertaking significant changes to existing operations. In addition to current requirements, we expect that additional environmental regulations will likely be implemented to protect the environment and quality of life, given issues of sustainable development and other similar requirements which governmental and supragovernmental organizations and other bodies have been pursuing. Some of the issues currently under review by environmental regulatory agencies include (1) reducing or stabilizing various emissions, including sulphur dioxide and greenhouse gas emissions, (2) mine reclamation and restoration and (3) water, air and soil quality.

Changes made in 2000 to mining regulations in the Province of Ontario will require us to provide letters of credit or other forms of financial security to fund our future reclamation and restoration costs, which are not expected to be incurred for many years, if we were to no longer meet certain minimum investment grade credit ratings for our outstanding publicly traded debt securities and applicable mine life requirements. Although our debt securities are currently rated investment grade, they were rated below investment grade in recent times and there can be no assurance that this situation will not reoccur. If we are not able to maintain the minimum investment grade credit ratings, it is currently estimated that letters of credit or other forms of financial security associated with the currently estimated costs of the eventual future closure of our mines and other facilities in Ontario would have to cover approximately \$290 million in such closure costs. Due to the recent closure of two mines and the pending closure of another mine in Ontario in 2002, we were required under such mining regulations to provide surety bonds in the amount of \$18 million as of August 31, 2002 to secure closure costs. In addition, we are subject to certain Indonesian regulations which require us to provide security for the reclamation of land areas that have been mined. In the case of our Manitoba operations we expect that, based upon recently enacted regulations in the Province of Manitoba, we will be required to provide some form of security for our future reclamation and restoration costs. However, it is not currently expected that these costs and related security with respect to our Manitoba and Indonesian operations will be of a material amount. These potential costs might not be incurred until many years in the future. If these requirements for letters of credit or other forms of

financial security had to be satisfied, they could have an adverse effect on the amounts available for borrowing under our bank credit facilities.

In February 2002, the Ontario government issued a control order that requires us to reduce sulphur dioxide emissions by 34% at our Ontario smelting operations by the end of 2006. We plan to implement a \$65 million investment in fluid bed roaster off-gas scrubbing technology intended to reduce sulfur dioxide emissions to the new levels mandated by this new control order by the end of 2006. As part of the control order, we will also be required to (1) reduce ground level concentrations of sulfur dioxide, (2) continue research into the technology and economics of further reductions in sulphur dioxide emissions and (3) report annually to the Ontario Ministry of the Environment and the public on the progress of this research program. The control order calls for a final report on achieving the additional reductions to be submitted by December 31, 2010. We do not currently expect that compliance with the annual sulphur dioxide emission levels from our smelter operations or ground level concentrations levels as set forth in the control order will have any significant effect on our costs, operating procedures or annual production of nickel and other primary metals from our Ontario operations. While we are not able to determine the impact, if any, of significant future changes in regulatory emission limits and other environmental laws and regulations that may be enacted in the future on our results of operations or financial position or operations due to the uncertainty surrounding the timing and ultimate form that such changes may take, any such changes could have a material adverse effect on our business, results of operations, financial condition and liquidity.

Canada has signed and ratified the Framework Convention on Climate Change and has also signed, but not yet ratified, the Kyoto Protocol on greenhouse gases. These initiatives call for significant reductions in the emissions of greenhouse gases, such as carbon dioxide, with the Kyoto Protocol imposing a ceiling on such emissions. The specific requirements of these initiatives to limit the discharge of carbon dioxide and other greenhouse gases and the allocation of restrictions among various sources of greenhouse gases have not yet been established. While the precise impact on our Canadian operations and the operations of others who provide energy or other products or services to us is uncertain at this time, we anticipate impacts on our operations and costs. Achieving compliance with such future limits could impose significant costs on us. In early September 2002, the Prime Minister of Canada indicated the federal Government of Canada's intention to seek to obtain the necessary governmental approvals for Canada to ratify the Kyoto Protocol by the end of 2002.

Recently, the Danish Environmental Protection Agency, as part of the authority granted to it under certain environmental regulations of the European Union Commission, has published draft risk assessment reports, including certain conclusions concerning potential human health hazards associated with soluble nickel. This Agency has determined, based on certain animal studies, that soluble nickel is a reproductive toxin and has proposed certain product labelling requirements as a result of this determination. It has also assessed certain other environmental issues. In addition, based upon these draft reports and taking into consideration certain studies, this Agency has proposed that soluble nickel be classified under its hazard classification system as a known human carcinogen. Before any such proposed classification could come into effect, a number of regulatory and administrative steps would have to be completed. If this proposed classification were to come into effect as currently proposed, such a classification could result in use restrictions and other requirements which could have a material adverse impact on certain producers and end users of the form(s) of nickel covered by such classification and on our business, results of operations, financial condition and liquidity.

Further changes in environmental laws, the ratification of the Kyoto Protocol on greenhouse gases by Canada, new information on existing environmental conditions and other events, including legal proceedings brought based upon such conditions or an inability to obtain necessary permits, could require increased financial reserves or compliance or other expenditures or otherwise have a material adverse effect on our business, results of operations, financial condition and liquidity.

Other changes in environmental legislation could have a material adverse effect on product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it extremely difficult to predict their future impact on us. We anticipate capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environmental regulations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, liability for clean up costs, damages and the loss of important permits.

There can be no assurance that we will at all times be in compliance with all environmental regulations or that steps to bring us into compliance would not materially adversely affect our business, financial condition or prospects. We are also subject to claims from persons alleging that they have suffered significant damages as a result of the environmental impact of our operations, including operations that have ceased to exist for many years.

You should also review the disclosure in our 2001 10-K on environmental and related matters affecting our operations.

Competition

The nickel industry is highly competitive in all aspects of operations, including the exploration for, and the development of, new sources of supply, the acquisition of deposits, and the processing, distribution and marketing of nickel products. The level of production and export of primary nickel and secondary or nickel-containing scrap material from the Russian Federation as well as other sources of such scrap, together with the continuing relatively limited level of domestic consumption of nickel in the Russian Federation since the break-up of the former Soviet Union, has had, and is expected to continue to have, a significant impact on the nickel industry's supply-demand balance.

During 1999, three new nickel projects in Australia began commercial production at costs of production which the sponsors of such projects had estimated to be very favorable relative to other industry participants, including us. While these projects still have not operated at close to their aggregate indicated production capacity, which had been estimated by their sponsors to be approximately 65,000 tonnes annually in total, increases in the supply of nickel resulting from those projects, and from other new sources of nickel, if developed, could create downward pressure on prices realized by us for our primary nickel products.

While we expect that the demand for nickel will continue to grow over the longer term, increases in supply in excess of increases in demand could cause nickel prices to remain at current levels or to decrease further. Any such situation could materially adversely affect our business, results of operations, financial condition and liquidity. See “— Volatility of Price of Nickel and Other Prices and their Effect on Our Financial Results”.

Governmental Regulations

In addition to environmental regulations referred to above, the mining and metals industry in Canada operates under federal, provincial and municipal legislation, regulation and intervention by governments in such matters as land tenure, limitations on areas in which mining can be conducted, production rates, income and other taxes and the export of ore and other products, as well as other matters. Our operations in Indonesia, the United Kingdom, New Caledonia and other countries outside Canada are also subject to various environmental and other applicable laws and regulations and governmental interventions, some of which are similar to those in Canada and all of which are subject to change. The mining and metals industry is also subject to regulation and intervention by governments in such matters as control over the development and abandonment of mine sites (including restrictions on production) and possible expropriation or cancellation of contract and mineral rights. Before proceeding with major projects, including significant changes to existing operations, we must obtain regulatory

approvals. The regulatory approval process can involve stakeholder consultation, environmental impact assessments and public hearings, among other things. In addition, regulatory approvals may be subject to conditions, including the obligation to post security deposits and other financial commitments. Failure to obtain regulatory approvals, or failure to obtain them on a timely basis, could result in delays and abandonment or restructuring of projects and increased costs, all of which could negatively affect our future earnings and cash flow. In addition, such regulations may be changed from time to time in response to economic or political conditions, and the implementation of new regulations or the modification of existing regulations affecting the mining and metals industry could increase our costs and have a material adverse impact on business, results of operations, financial condition and liquidity.

There can be no assurance that we will be in compliance with all applicable statutes or regulations at all times or that steps to bring us into compliance would not materially adversely impact our business or financial condition. See “— Environmental Risks” above.

Capital Requirements and Operating Risks

Each of our two current principal primary metals business units, the Canadian and U.K. operations, and our 59% owned Indonesian subsidiary, PT Inco, has required, and is expected to continue to require, certain levels of investment to sustain its current levels of production. For 2002, we currently forecast capital expenditures totalling approximately \$610 million, covering sustaining capital projects for these units as well as planned expenditures for our Goro and Voisey’s Bay projects and other development projects. To meet such capital expenditure requirements, we must generate sufficient positive internal cash flow and/or utilize available financing sources such as the anticipated proceeds from the sale of the debentures.

In addition, our mining operations and processing and related infrastructure facilities are subject to risks normally encountered in the mining and metals industry. Such risks include, without limitation, environmental hazards, industrial accidents, labor disputes, changes in laws, technical difficulties or failures, late delivery of supplies or equipment, unusual or unexpected geological formations or pressures, cave-ins, pit-wall failures, rock falls, unanticipated ground, grade or water conditions, flooding, periodic or extended interruptions due to the unavailability of materials and force majeure events. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining or processing, losses and possible legal liability. Any prolonged downtime or shutdowns at our mining or processing operations could materially adversely affect our business, results of operations, financial condition and liquidity.

With the recent deregulation of the electricity markets in Ontario, we have experienced fluctuations in some of our electricity costs at our Ontario operations. We have from time to time experienced adverse production and production cost trends at our operations in Canada and elsewhere and could experience similar adverse trends in the future.

Labor Relations

Collective agreements with unionized hourly production and maintenance workers at our Ontario operations remain in effect until May 31, 2003 and a three-year collective agreement with our unionized office, clerical and technical employees at our Ontario operations remains in effect until March 31, 2004. On September 15, 2002, a new three-year collective agreement with our unionized workers at our Manitoba operations was successfully negotiated. Our PT Inco subsidiary entered into a new two-year collective labor agreement with its union in December 2000, which expires on December 21, 2002. While there were no significant problems in reaching agreement on a renewal of the agreement with PT Inco’s labor force on a timely basis in 2000, with the increased potential for actions of non-government organizations and other activist groups, as part of the current uncertain economic and political situation in Indonesia, and the general increase in labor activism in that country, there can be no assurance that such activism will not adversely affect PT Inco’s ability to successfully negotiate a new contract with its labor

force. Any disruption in PT Inco's operations as a result of labor issues or other issues may adversely affect its operations and could materially adversely impact our business, results of operations, financial condition and liquidity. At Goro, we currently have two unions representing some of our employees. We are currently negotiating possible collective agreements that would involve representation of at least certain parts of the workforce at our Voisey's Bay project.

There can be no assurance that we will continue to have a positive relationship with our employees at our operations in Canada and elsewhere or that new collective agreements will be entered into without work interruptions. We could also be adversely affected by labor disruptions involving third parties who may provide us with goods or services at our operations in Canada and elsewhere. For example, our Goro project has recently been experiencing brief labor disruptions by employees of our construction contractors. As a result of these disruptions, we decided to curtail operations at the project site temporarily in early September 2002 and use this action as an opportunity to discuss with contractors, suppliers and other parties involved in the construction work how to resolve labor and other issues without future disruptions. Any lengthy work interruptions could materially adversely affect the timing of completion and the cost of the project, as well as our business, results of operations, financial condition and liquidity.

Uncertainty of Reserve Estimates

Our reported ore reserves as of year-end 2001 are estimated quantities of proven and probable ore that under present and anticipated conditions can be legally and economically mined and processed by the extraction of their mineral content. We determine the amount of our ore reserves in accordance with the requirements of the applicable securities regulatory authorities and established industry practices. The volume and grade of reserves actually recovered and rates of production from our present ore reserves may be less than geological measurements of the reserves. Further, market price fluctuations in nickel, other metals and exchange rates, and changes in operating and capital costs may in the future render certain ore reserves uneconomic to mine. See also "Volatility of Nickel Pricing and Other Prices and their Effect on Our Financial Results" and "Uncertainty of Production, Capital and Other Cost Estimates."

No assurance can be given that the indicated amount of ore will be recovered or that it will be recovered at the rates anticipated by us. Our reserve estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative of the entire orebody. As more knowledge and understanding of the ore body is obtained, the reserve estimates may change significantly, either positively or negatively.

Risks Relating to Bank Facilities

To provide liquidity for our operations, we maintain committed bank credit facilities currently aggregating \$675 million, none of which was drawn as of the date hereof. Covenants contained in these bank credit facilities require us to maintain a consolidated indebtedness to tangible net worth ratio, as defined in such credit facilities ("debt:equity ratio"), of not more than 50:50 and a minimum tangible net worth (as defined in such credit facilities) of at least \$1.5 billion. At June 30, 2002, pursuant to these covenants and taking into account the non-cash impairment charge taken by us in the second quarter of 2002 relating to the reduction in the net carrying value of our Voisey's Bay project and certain other non-cash charges, the debt:equity ratio was approximately 25:75 and our tangible net worth was \$3.2 billion. However, there can be no assurance that other material adverse developments would not result in a breach of these covenants. If we are unable to maintain a debt:equity ratio of not more than 50:50 and tangible net worth of at least \$1.5 billion, our bank lenders generally would have the right to declare a default and require all then outstanding loans to be repaid and pursue the various remedies available to them under the bank credit facilities, including declining to make any new loans under such facilities. Any such action by the lenders could materially adversely affect our ability to finance our operating and development projects, and our results of operations, financial condition and liquidity.

Exchange Rate Fluctuations

Our results of operations are affected by various exchange rates, in particular between the Canadian dollar and the dollar and, to a lesser extent, other exchange rates. These exchange rates have varied substantially over time, including over the last five years. A substantial portion of our revenue is received in dollars since the price of nickel and other metals produced by us are generally referenced in dollars, while a significant portion of our costs and expenses are incurred in Canadian dollars. Our consolidated financial statements are expressed in dollars. Fluctuations in exchange rates between the dollar and the Canadian dollar and between the dollar and other currencies may give rise to foreign currency exposure, either favorable or unfavorable, which have materially impacted and may in the future materially impact our financial results. We from time to time hedge a portion of our Canadian dollar and other currency requirements to limit any adverse effect of exchange rate fluctuations with respect to our Canadian dollar and other costs, but such hedges have not eliminated the potential material adverse effect of such fluctuations.

Interest Rate and Counterparty Risk

Our exposure to changes in interest rates results from investing and borrowing activities undertaken to manage our liquidity and capital requirements. We generally have used fixed-rate debt to finance long-term investments, while variable-rate debt has been used to meet working capital requirements and related requirements on a more near-term basis. At the end of 2001, we had entered into an interest rate swap agreement to manage the interest rate risk associated with a portion of our fixed-rate debt. The interest rate swap changes our exposure to interest risk by effectively converting a portion of our fixed-rate debt to a floating rate. We may elect in the future to enter into interest rate swaps to effectively convert floating-rate debt to fixed-rate debt and enter into additional fixed-rate to floating-rate swaps. At June 30, 2002, approximately \$450 million, or 37% of our total debt of \$1,219 million, was subject to variable interest rates. Based upon our level of floating-rate debt as of June 30, 2002, the impact of a 10% change in interest rates, or 19 basis points (based on certain benchmark interest rates as at June 30, 2002), over the course of a full year would change our interest expense \$0.9 million over a full year. There can be no assurance that we will not be materially adversely affected by interest rate changes in the future, notwithstanding our use of interest rate swaps.

In addition, our interest rate swaps, metals hedging and foreign currency risk management activities expose us to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on our business and financial condition.

Absence of Public Markets for the Debentures

The debentures comprise a new issue of securities for which there is currently no public market. If the debentures are traded after their initial issuance, they may trade at a discount from their initial public offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors. We do not intend to apply for listing of the debentures on any securities exchange or to seek approval for quotation of the debentures through an automated quotation system. No assurance can be given as to whether an active trading market will develop or be maintained for the debentures. To the extent that an active trading market for the debentures does not develop, the liquidity and trading prices for the debentures may be adversely affected. See “Underwriting.”

USE OF PROCEEDS

The net proceeds of this offering, after deducting underwriting commissions and other expenses of the offering, are expected to be approximately \$395 million. Of this amount, approximately \$300 million will be used to fund capital requirements to sustain our existing operations, and the balance will be used for general corporate purposes, which may include the purchase or redemption of our outstanding securities (other than common shares) and funding capital expenditures for our Goro and Voisey's Bay development projects. Pending such uses, the net proceeds will be invested in short-term interest bearing securities.

CAPITALIZATION

The following table sets forth a summary of our consolidated capitalization at June 30, 2002, and as adjusted to reflect the sale of the debentures offered by this prospectus. The table is based on our unaudited consolidated financial statements as of and for the six months ended June 30, 2002, which have been prepared in accordance with Canadian GAAP. The table should be read in conjunction with our consolidated financial statements and other information included in the documents incorporated by reference into this prospectus. Notes 1 and 2 to the table set forth information regarding material differences between Canadian and U.S. GAAP. For further information regarding differences between Canadian GAAP and U.S. GAAP, see Note 20 to the consolidated financial statements in our 2001 10-K and Note 12 to the consolidated financial statements in our Second Quarter 10-Q. For further information regarding our long-term debt, see Note 8 to the consolidated financial statements in our 2001 10-K and Note 4 to the consolidated financial statements in our Second Quarter 10-Q.

	As of June 30, 2002(1)	
	Actual	As Adjusted
	(unaudited) (in millions)	
Long-term debt (including \$95 million which is due within one year)	\$1,219	\$1,619
Minority interest	359	359
Shareholders' equity(2)(3):		
Zero Coupon Convertible Notes ("LYON Notes")	235	235
Series E Preferred Shares (authorized — 45,000,000 shares) \$50 issue price . . .	<u>472</u>	<u>472</u>
Common shareholders' equity		
Common shares issued and outstanding, without nominal or par value (authorized — unlimited)	2,768	2,768
Warrants	62	62
Contributed surplus	559	559
Retained earnings	<u>(392)</u>	<u>(392)</u>
Total common shareholders' equity	2,997	2,997
Contingently issuable equity	<u>20</u>	<u>20</u>
Total shareholders' equity	<u>3,724</u>	<u>3,724</u>
Total capitalization	<u>\$5,302</u>	<u>\$5,702</u>

- (1) Under U.S. GAAP, minority interest, Series E Preferred Shares, common shares, warrants, contributed surplus and contingently issuable equity would be reported in the same amounts as set forth in the foregoing table, but our Series E Preferred Shares would be excluded from shareholders' equity and our outstanding LYON Notes would be recorded as a different amount and classified as long-term debt, not equity. Therefore, under U.S. GAAP our long-term debt, total common

shareholders' equity, total shareholders' equity and consolidated capitalization would differ and the above table would read as follows:

	As of June 30, 2002	
	Actual	As Adjusted
	(unaudited) (in millions)	
Long-term debt (including \$95 million which is due within one year and the LYON Notes)	\$1,458	\$1,858
Minority interest	359	359
Series E Preferred Shares (authorized — 45,000,000 shares) \$50 issue price.....	<u>472</u>	<u>472</u>
Shareholders' equity:		
Common shareholders' equity		
Common shares issued and outstanding, without nominal or par value (authorized — unlimited)	2,768	2,768
Warrants	62	62
Contributed surplus	559	559
Retained earnings	(1,062)	(1,062)
Accumulated other comprehensive loss	<u>(246)</u>	<u>(246)</u>
Total common shareholders' equity	2,081	2,081
Contingently issuable equity	<u>20</u>	<u>20</u>
Total shareholders' equity	<u>2,101</u>	<u>2,101</u>
Total capitalization	<u>\$4,390</u>	<u>\$4,790</u>

- (2) For further information regarding the LYON Notes, Series E Preferred Shares, warrants, contributed surplus and common shares, see Notes 11, 12, 13 and 14 to the consolidated financial statements in our 2001 10-K and Notes 3, 5, 6 and 7 to the consolidated financial statements in our Second Quarter 10-Q.
- (3) We recorded a non-cash charge of \$1,552 million, net of deferred income and mining taxes of \$770 million, in the second quarter of 2002 to reduce the \$3,753 million net carrying value of the Voisey's Bay project to \$2,201 million. See Note 2 to the consolidated financial statements in our Second Quarter 10-Q. Under U.S. GAAP, as indicated Note 12 to the consolidated financial statements in our Second Quarter 10-Q, it would result in a non-cash charge for the Voisey's Bay project of \$2,172 million.

DESCRIPTION OF DEBENTURES

The debentures are a single series of debt securities under an indenture dated as of June 29, 1989, as amended and supplemented by a first supplemental indenture dated as of March 31, 1992, between us and The Bank of New York, as trustee. The following summary does not purport to be complete and is subject to, and qualified by reference to, all of the provisions of the indenture, including the definitions of certain terms in the indenture. The indenture and the supplemental indenture are filed as an exhibit to the registration statement of which this prospectus is a part. As used in this description, the words “we”, “us”, “our”, the “Company” and “Inco” do not include any of our current or future subsidiaries. In the following summary, the term “securities” refers to all debentures, notes and other evidences of indebtedness authenticated and delivered under the indenture.

General

The debentures will be unsecured general obligations and will rank on a parity in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The debentures will be limited to \$400,000,000 aggregate principal amount and will mature on _____, 2032. The debentures will bear interest at _____ % per annum from _____, 2002, or from the most recent interest payment date to which interest has been paid or provided for, payable semi-annually in arrears, on _____ and _____ of each year, commencing _____, 2003, to each person in whose name a debenture is registered at the close of business on the preceding or _____, as the case may be. Principal of and interest on the debentures will be payable, and the transfer of debentures will be registrable, at the principal corporate trust office of the trustee, which at present is 101 Barclay Street, New York, New York, 10286, Attention: Corporate Trust Administration. However, payment of interest may, at our option be made by check mailed to the address of the person entitled thereto as it appears in the security register.

No service charge will be made for any registration, transfer or exchange of the debentures, but we may require payment of a sum sufficient to cover any tax, assessment or other governmental charge payable in connection therewith.

Book-Entry System

The debentures will initially be issued in the form of one or more global securities held in book-entry form. The Depository Trust Company (“DTC”) or its nominee will be the sole registered holder of the debentures for all purposes under the indenture. Owners of beneficial interests in the debentures represented by the global securities will hold such interests pursuant to the procedures and practices of DTC. As a result, beneficial interests in any such securities will be shown on, and transfers thereof will only be effected through, records maintained by DTC and its direct and indirect participants and any such interests may not be exchanged for certificated securities, except in limited circumstances. Owners of beneficial interests must exercise any rights in respect of their interests in accordance with the procedures and practices of DTC and any intermediary through which they hold their debentures. Beneficial owners will not be holders and will not be entitled to any rights under the global securities or the indenture provided to the holders of the debentures. Inco and the trustee, and any of their respective agents, may treat DTC as the sole holder and registered owner of the global securities. See “Legal Ownership” below.

DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the United States Securities Exchange Act of 1934, as amended. DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions in deposited securities through electronic computerized book-entry changes in participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned

by a number of its participants and by the New York Stock Exchange, Inc., The American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to DTC's book-entry system is also available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Optional Redemption

We will have the option to redeem the debentures in whole or in part at any time, at a redemption price equal to the greater of (1) 100% of the principal amount of the debentures, and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the debentures (exclusive of interest accrued to the date of redemption) discounted to the redemption date, calculated on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Yield plus basis points, together in each case with accrued interest to the date of redemption.

"Treasury Yield" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means United States Treasury security or securities selected by the Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the debentures to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those debentures.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the trustee after consultation with us.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for that redemption date after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, then the average of the available Reference Treasury Dealer Quotations for the redemption date, or (3) if only one is available on that date, then that Reference Treasury Dealer Quotation.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by that Reference Treasury Dealer at 3:30 p.m. (New York time) on the third business day preceding that redemption date.

"Reference Treasury Dealer" means Merrill Lynch, Pierce, Fenner & Smith Incorporated, or its affiliates, plus four other Primary Treasury Dealers (as defined) appointed by the trustee after consultation with us, and their respective successors; *provided, however*, that if any of the foregoing ceases to be a primary U.S. Government securities dealer in The City of New York (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer, if available.

Redemption for Tax Reasons

We may also redeem all but not part of the debentures if we have or would become obligated (including on the future enactment of a proposed change) to pay to the holder of any debenture "Canadian additional amounts" or "other additional amounts" (which are, in each case, more than a *de minimis* amount) as a result of any change (including any announced prospective change) from the date of this prospectus (or the date a party organized in a jurisdiction other than Canada or the United States,

or any province, territory, state or district thereof, becomes our successor) in the laws or any regulations of Canada (or of our successor's jurisdiction) or any political subdivision or taxing authority thereof, or in an interpretation or application of such laws or regulations by any legislative body, court, governmental agency, taxing authority or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory or administrative determination) and if we cannot avoid these obligations by taking reasonable measures available to us. The term "Canadian additional amounts" is defined in "— Canadian Withholding Taxes" and the term "other additional amounts" is defined in "— Certain Covenants — Amalgamation and Merger". This redemption would be at 100% of the principal amount plus accrued interest plus any Canadian additional amounts or other additional amounts (except to the extent you would not have been entitled to Canadian additional amounts or other additional amounts, as the case may be). We will give you not less than 30 days' nor more than 60 days' notice of this redemption, except that (1) we will not give notice of redemption earlier than 60 days prior to the earliest date on or from which we would be obligated to pay any such additional amounts, and (2) at the time we give the notice, the circumstances creating our obligation to pay such additional amounts must remain in effect.

Redemption Procedures

We will give you at least 30 days (but not more than 60 days) prior notice of any redemption. If less than all of the debentures are redeemed, the trustee will select the debentures to be redeemed by a method determined by the trustee to be fair and appropriate.

On or before the redemption date, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price and accrued interest on the debentures to be redeemed on such date. On and after the redemption date, interest will cease to accrue on any debentures that have been called for redemption (unless we default in the payment of the redemption price and accrued interest).

Canadian Withholding Taxes

We will make payments on account of the debentures without withholding or deducting on account of any present or future Canadian tax or other Canadian governmental charge ("Canadian taxes"), unless we are required by law or the interpretation or administration thereof by the relevant governmental authority to withhold or deduct Canadian taxes. If we are required to withhold or deduct any amount on account of Canadian taxes, we will make such withholding or deduction and pay as additional interest the additional amounts ("Canadian additional amounts") necessary so that the net amount received by each holder of debentures after the withholding or deduction (including with respect to Canadian additional amounts) will not be less than the amount the holder would have received if the Canadian taxes had not been withheld or deducted. We will make similar payment of Canadian additional amounts to holders of debentures (other than excluded holders (defined below)) that are exempt from withholding but are required to pay tax directly on amounts otherwise subject to withholding. However, no Canadian additional amounts will be payable with respect to a payment made to holders or beneficial owners of debentures (referred to as "excluded holders") (i) with which we do not deal at arm's length (for purposes of the Income Tax Act (Canada)); (ii) who are subject to Canadian tax on those payments because they carry on business in Canada or are otherwise connected with Canada otherwise than by the mere holding of debentures or receipt of payments thereunder; or (iii) who fail to comply with any certification, identification, information, documentation or other reporting requirement if compliance is required by applicable law or by the relevant governmental authority as a precondition to exemption from or a reduction in the rate of deduction or withholding of such Canadian taxes. We will remit the amount we withhold or deduct to the relevant authority.

Certain Covenants

Certain Definitions Applicable to Covenants

“Attributable Debt” is defined to mean as to any particular lease under which any person is liable at the time as lessee, and at any date as of which the amount thereof is to be determined, the total net amount of rent required to be paid by such person under such lease during the remaining term thereof (including any period for which such lease has been extended or may, at the option of the lessor, be extended), discounted from the respective due dates thereof to such date at a rate per annum equivalent to the rate inherent in such lease (as determined in good faith by Inco) compounded semi-annually, excluding amounts required to be paid on account of or attributable to operating costs and overhead charges and including, in certain circumstances, any termination penalty in the case of a lease terminable by the lessee.

“Consolidated Net Tangible Assets” is defined to mean the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (1) all current liabilities (excluding any portion thereof constituting Funded Debt); and (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles, all as set forth on the most recent consolidated balance sheet of Inco and its Subsidiaries contained in the latest annual report to shareholders of Inco and computed in accordance with Canadian GAAP as specified in the indenture.

“Funded Debt”, as applied to any person, means all indebtedness for money borrowed, created or assumed by such person maturing after, or renewable or extendable at the option of such person beyond, 12 months from the date of creation thereof.

“Principal Property” is defined to mean any (1) mineral property; or (2) manufacturing or processing plant, building, structure or other facility, together with the land upon which it is erected and fixtures comprising a part thereof, whether owned as of the date of the indenture or thereafter acquired or constructed by Inco or any Restricted Subsidiary, which is located in Canada or the United States or its territories or possessions, the gross book value (without deduction of any reserve depreciation) of which, in each case, on the date as of which the determination is being made, is an amount which exceeds 0.25% of Consolidated Net Tangible Assets, except any such plant, building, structure or facility or any portion thereof (together with the land upon which it is erected and fixtures comprising a part thereof) (a) acquired or constructed principally for the purpose of controlling or abating atmospheric pollutants or contaminants, or water, noise, odor or other pollution or (b) which the board of directors of Inco by resolution declares is not of material importance to the total business conducted by Inco and its Restricted Subsidiaries considered as an enterprise.

“Restricted Subsidiary” is defined to mean (1) any Subsidiary (a) substantially all of the property of which is located, or substantially all of the business of which is carried on, within Canada or the United States or its territories or possessions and (b) which owns or leases a Principal Property; and (2) any Subsidiary engaged primarily in the business of owning or holding securities of Restricted Subsidiaries; provided that the term “Restricted Subsidiary” will not include any Subsidiary the principal assets of which are stock or indebtedness of corporations which conduct substantially all of their business outside Canada and the United States or its territories or possessions.

“Subsidiary” of Inco is defined to mean any corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by Inco and/or one or more Subsidiaries of Inco.

Negative Pledge

We have covenanted under the indenture that we will not, and that we will not permit any Restricted Subsidiary to, create, incur or assume any mortgage, hypothec, charge, pledge, lien or other security interest (each a “mortgage”) securing any indebtedness for money borrowed (“Indebtedness”) of

or upon any Principal Property, or on shares of stock or indebtedness of any Restricted Subsidiary, now owned or hereafter acquired by Inco or a Restricted Subsidiary, without making effective provision for the outstanding debentures (together with, if and to the extent we so determine, any other indebtedness or other obligations then existing or thereafter created) to be secured by such mortgage equally and rateably with (or prior to) any and all indebtedness and obligations secured or to be secured thereby and for so long as such Indebtedness is so secured. Such negative pledge in general will not prevent or restrict the creation, incurrence or assumption by Inco or any Restricted Subsidiary of:

- any mortgage on property, shares of stock or indebtedness of any corporation existing at the time such corporation becomes a Restricted Subsidiary;
- any mortgage on any Principal Property existing at the time of acquisition of such Principal Property by Inco or a Restricted Subsidiary, whether or not assumed by Inco or such Restricted Subsidiary, provided that no such mortgage will extend to any other Principal Property of Inco or any Restricted Subsidiary;
- any mortgage on any Principal Property (including any improvements on an existing Principal Property) hereafter acquired or constructed by Inco or any Restricted Subsidiary to secure the payment of all or any part of the purchase price or cost of construction of such Principal Property (or to secure any Indebtedness incurred by Inco or a Restricted Subsidiary for the purpose of financing all or any part of the purchase price thereof or cost of construction thereof or of improvements thereon) created prior to, at the time or within 90 days after the later of the acquisition, completion of construction, or commencement of full operation of such Principal Property, provided that no such mortgage will extend to any other Principal Property of Inco or a Restricted Subsidiary other than, in the case of any such construction or improvement, any theretofore unimproved real property on which the Principal Property so constructed, or the improvement, is located;
- any mortgage on any Principal Property or any Restricted Subsidiary to secure Indebtedness owing by it to Inco or to another Restricted Subsidiary;
- any mortgage on any Principal Property of Inco or any Restricted Subsidiary in favor of any government authority in Canada or in the United States to secure partial, progress, advance or other payments to Inco or any Restricted Subsidiary pursuant to the provisions of any contract or statute;
- any mortgage on any Principal Property of Inco or any Restricted Subsidiary existing on the date of the indenture;
- any mortgage on any Principal Property of Inco or any Restricted Subsidiary created for the sole purpose of renewing or refunding any of the foregoing mortgages, provided that the Indebtedness secured thereby will not exceed the principal amount of Indebtedness so secured at the time of such renewal or refunding, and that such renewal or refunding mortgage will be limited to all or any part of the same property and improvements thereon which secured the mortgage renewed or refunded; or
- any mortgage on any Principal Property created, incurred or assumed to secure Indebtedness of Inco or any Restricted Subsidiary, which would otherwise be subject to the foregoing restrictions, in an aggregate amount which, together with the aggregate principal amount of other Indebtedness secured by mortgages on Principal Properties then outstanding (excluding Indebtedness secured by mortgages permitted under the foregoing exceptions) and the Attributable Debt in respect of all Sale and Leaseback Transactions entered into after the date of the indenture (not including Attributable Debt in respect of any such sale and Leaseback Transactions the proceeds of which are applied as set forth below under "Limitation on Sale and Leaseback Transactions") would not then exceed 5% of Consolidated Net Tangible Assets.

The following types of transactions will not be deemed to be mortgages securing Indebtedness: any acquisition by Inco or any Restricted Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in nickel, copper, cobalt, precious metals, oil, gas or any other mineral or timber in place or the proceeds thereof; any conveyance or assignment whereby Inco or any Restricted Subsidiary conveys or assigns to any person or persons an interest in nickel, copper, cobalt, precious metals, oil, gas or any other mineral or timber in place or the proceeds thereof; or any mortgage upon any property or assets owned or leased by Inco or any Restricted Subsidiary or in which Inco or any Restricted Subsidiary owns an interest to secure to the person or persons paying the expenses of developing or conducting operations for the recovery, storage, transportation or sale of the mineral resources of the said property (or property with which it is utilized) the payment to such person or persons of Inco's or the Restricted Subsidiary's proportionate part of such development or operating expense.

Limitation on Sale and Leaseback Transactions

Sale and Leaseback Transactions (which term is defined in the indenture and which definition excludes certain temporary leases and leases between Inco and a Restricted Subsidiary or between Restricted Subsidiaries) by Inco or any Restricted Subsidiary of any Principal Property are prohibited by the indenture unless: (1) immediately prior to the entering into of such arrangement, Inco or such Restricted Subsidiary could create a mortgage on such Principal Property securing Indebtedness in an amount equal to the Attributable Debt with respect to the particular Sale and Leaseback Transaction; or (2) within 120 days after the sale or transfer, an amount equal to the fair market value of the Principal Property so sold and leased back at the time of entering into such Sale and Leaseback Transaction (as determined by our board of directors) is applied to the prepayment (other than mandatory prepayment) of Funded Debt of Inco or a Restricted Subsidiary (other than Funded Debt held by the Company or any Restricted Subsidiary).

Amalgamation and Merger

We have covenanted that we will not enter into any consolidation, amalgamation or merger with or into any other corporation, or statutory arrangement in which Inco participates, or any sale, conveyance or lease of all or substantially all of our property unless (1) immediately after such consolidation, amalgamation, merger, statutory arrangement, sale, conveyance or lease the corporation (whether Inco or such other corporation) formed by or surviving any such consolidation, amalgamation, merger or statutory arrangement, or to which such sale, conveyance or lease will have been made, will not be in default in the performance or observance of any of the terms, covenants and conditions of the indenture to be kept or performed by Inco; (2) the due and punctual payment of the principal of and interest on the debentures, and the due and punctual performance and observance of all of the covenants and conditions of the indenture to be performed or observed by Inco, will be expressly assumed, by a supplemental indenture satisfactory in form to the trustee, executed and delivered to the trustee, by the corporation (if other than Inco) formed by or surviving any such consolidation, amalgamation, merger or statutory arrangement, or by the corporation which will have acquired or leased such property; and (3) if the corporation (whether Inco or another corporation) formed by or surviving any such consolidation, amalgamation, merger or statutory arrangement, or to which such sale, conveyance or lease will have been made, is organized under the laws of a jurisdiction other than Canada or the United States or any province, territory, state or district thereof (each, a "relevant taxing jurisdiction"), we become or such successor corporation becomes obligated by a supplemental indenture satisfactory in form to the trustee to make all payments on account of the debentures without withholding of or deduction for, or on account of, any present or future taxes or governmental charges ("specified taxes") imposed or levied by a relevant taxing jurisdiction, unless we are required by law or the interpretation or administration thereof to withhold or deduct such specified taxes. In that event, we will pay as additional interest such additional amounts ("other additional amounts") as may be necessary in order that the net amounts received by each holder of debentures after such withholding or deduction, including any withholding or deduction with respect to such other additional

amounts, shall equal the respective amounts of principal and interest which would have been receivable in respect of the debentures in the absence of such withholding or deduction, except that no such other additional amounts shall be payable with respect to payments made to a holder:

- (a) if such holder is liable for such taxes by reason of such holder or the beneficial owner of the debenture having a present or former direct or indirect connection with the relevant taxing jurisdiction other than the mere holding of the debenture or the receipt of payment in respect thereof;
- (b) for any taxes imposed as a result of the failure of such holder or beneficial owner to comply with certification, identification, declaration or similar reporting requirements, if such compliance is required by statute or by regulation, administrative practice or an applicable treaty, as a precondition to relief or exemption from such tax;
- (c) for any estate, inheritance, gift, sales, transfer, personal property or similar tax, duty or fine, assessment or other governmental charge;
- (d) for any tax which is payable otherwise than by withholding or deduction from payment by us of principal of, or interest on, the debenture;
- (e) if the payment of other additional amounts would be for any withholding or deduction imposed on a payment to an individual which is required to be made pursuant to an European Union directive on the taxation of savings implementing the conclusions of ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with or introduced in order to conform to such directive; or
- (f) any combination of items (a) to (e);

nor will such other additional amounts be paid with respect to a payment on the debenture to a holder who is a fiduciary or partnership or other than the sole beneficial owner of such debenture to the extent that a beneficiary or settlor with respect to such fiduciary, or a member of such partnership or a beneficial owner thereof, would not have been entitled to receive a payment of such other additional amounts had such beneficiary, settlor, member or beneficial owner received directly its beneficial or distributive share of such payment.

We shall have the right reasonably to require a holder as a condition of payment of amounts on the debentures to present at such place as we shall reasonably designate a certificate in such form as we may from time to time prescribe to enable us to determine our duties and liabilities with respect to (i) any specified taxes that we or any withholding agent may be required to deduct or withhold from payments in respect of a debenture under any present or future law of any relevant taxing jurisdiction or any regulation of any taxing authority thereof and (ii) any reporting or other requirements under such laws or regulations. To the extent not otherwise prohibited by applicable laws and regulations, we shall be entitled to determine our duties and liabilities with respect to such deduction, withholding, reporting or other requirements on the basis of information contained in such certificate, or, if no certificate shall be presented, on the basis of any presumption created by any such law or regulation, and shall be entitled to act in accordance with such determination.

If, upon any such consolidation, amalgamation, merger or statutory arrangement or upon any such sale, conveyance or lease, or upon any consolidation, amalgamation, merger or statutory arrangement of any Restricted Subsidiary, or upon the sale, conveyance or lease of all or substantially all the property of any Restricted Subsidiary to any other corporation, any Principal Property of Inco or of any Restricted Subsidiary or any shares of stock or indebtedness of any Restricted Subsidiary owned by Inco or a Restricted Subsidiary immediately prior thereto or immediately thereafter would thereupon become subject to any mortgage securing any Indebtedness, unless assumption of such mortgage would be permitted under the covenant described above under “— Negative Pledge” without securing the outstanding debentures, Inco, prior to such consolidation, amalgamation, merger, statutory arrangement, sale, conveyance or lease,

will secure or cause to be secured by supplemental indenture the due and punctual payment of the principal of and interest, if any, on the debentures (together with, if and to the extent Inco so determines, any other indebtedness or other obligation then existing or thereafter created) by a direct mortgage equally and rateably with (or prior to) any and all indebtedness and obligations secured or to be secured thereby and so long as such indebtedness is so secured.

Default And Related Matters

Events of Default

You will have special rights if an Event of Default occurs and is not cured, as described later in this subsection.

The term “Event of Default” means any of the following with respect to the debentures:

- we do not pay any interest on the debentures when such interest is due, and such failure is continued for 30 days;
- we do not pay the principal of (or premium, if any, on) the debentures when such principal (or premium) is due;
- we fail to perform any other covenant of the Company in the indenture, and such failure is continued for a period of 90 days after written notice as provided in the indenture;
- we default under any indebtedness for money borrowed by the Company, other than the debentures, which results in the acceleration of the maturity of any such indebtedness of the Company if such indebtedness is not discharged or such acceleration is not rescinded or annulled within 10 days after written notice as provided in the indenture; and
- we file for bankruptcy in Canada or certain other events of bankruptcy, insolvency or reorganization occur.

Remedies if an Event of Default Occurs

If an Event of Default with respect to the debentures occurs and is continuing, either The Bank of New York, as trustee, or the holders of not less than 25% in aggregate principal amount of the outstanding debentures may declare, by written notice as provided in the indenture, the principal amount of all debentures to be due and payable immediately. However, at any time after a declaration of acceleration with respect to the debentures has been made and before a judgment or decree for payment of the money due has been obtained, the holders of a majority in aggregate principal amount of the outstanding debentures may, under certain circumstances, rescind and annul such declaration if all Events of Default with respect to the debentures, other than the non-payment of accelerated principal, have been cured or waived as provided in the indenture. For information as to waiver of defaults, see “Modification and Waiver” below.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders of the debentures unless the holders offer the trustee reasonable protection from expenses and liability (called an “indemnity”). If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debentures may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the indenture.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debentures, the following must occur:

- you must give the trustee written notice that an Event of Default has occurred with respect to the debentures and remains uncured;
- the holders of at least 25% in principal amount of the outstanding debentures must make a written request that the trustee take action because of the default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;
- the trustee shall have not received from the holders of a majority in aggregate principal amount of the debentures a direction inconsistent with such request and shall have failed to take any action for 60 days after receipt of the above notice, request and offer.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debentures on or after its due date.

The trustee may withhold notice of any continuing default from the holders of the debentures (except a default in the payment of principal (or premium, if any) or interest) if it determines in good faith that withholding notice is in the interest of the holders.

Every year we will furnish to the trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the debentures or else specifying any default.

Modification and Waiver

There are three types of changes we can make to the indenture and the debentures.

Changes Requiring Your Approval. First, there are changes that cannot be made to your debentures without your specific approval. The following is a list of those types of changes:

- alter the manner or rate of accrual of interest on any debenture;
- change the stated maturity of the principal of, or any instalment of principal of or interest on, any debenture;
- reduce the principal amount of any debenture or any amount payable upon redemption of any debenture;
- make any debenture payable in money or securities other than that stated in the indenture;
- change the place or currency of payment on a debenture;
- impair your right to sue for payment;
- reduce the percentage of holders of debentures whose consent is needed to modify or amend the indenture;
- reduce the percentage of holders of debentures whose consent is needed to waive compliance with provisions of the indenture or to waive defaults; or
- modify any other aspect of the provisions dealing with modification and waiver of the indenture where consent of the holders of debentures is required.

Changes Requiring a Super-Majority Vote. The second type of change to the indenture and the debentures is the kind that requires a vote in favor by holders of securities issued under the indenture

owning 66⅔% of the principal amount of the securities of each series issued under the indenture affected by the change. Most changes fall into this category, except for clarifying changes and some other changes that would not adversely affect holders of the debentures.

Changes Not Requiring Approval. The third type of change does not require any vote by holders of debentures. This type is limited to clarifications and some other changes that would not adversely affect holders of the debentures.

Waivers. An affirmative vote of 66⅔% of the outstanding principal amount of the debentures would be required for us to obtain a waiver of all or part of the restrictive covenants described in the indenture. Otherwise, an affirmative vote of not less than a majority in outstanding principal amount of the debentures would be required to waive a past default with respect thereto. However, we cannot obtain a waiver of a payment default or any other aspect of the indenture or the debentures listed in the first category described previously under “Changes Requiring Your Approval” unless we obtain your individual consent to the waiver.

Further Details Concerning Voting. At any meeting where a vote is required, you will be entitled to cast one vote for each \$1,000 principal amount of debentures owned by you. When taking a vote, we will use the principal amount that would be due and payable on the voting date if the maturity of any securities issued under the indenture at an original issue discount were accelerated to that date because of a default.

Your debentures will not be considered “outstanding”, and therefore will not be eligible to vote, if we have deposited or set aside in trust for you money or securities for their payment or redemption.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding debentures that are entitled to vote or take other action under the indenture. If we set a record date for a vote or other action to be taken by holders, that vote or action may be taken only by persons who are holders of outstanding debentures on the record date.

“Street Name” and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debentures or request a waiver.

Defeasance and Covenant Defeasance

We may elect to be discharged from all of our obligations under the outstanding debentures (defeasance), except for our obligations to:

- register the transfer or exchange of debentures;
- replace temporary or mutilated, destroyed, lost or stolen securities;
- maintain an office or agency for the securities; and
- hold moneys for payment of principal and interest in trust.

Alternatively, we may elect to be released from the following obligations under the debentures (covenant defeasance):

- some provisions of the indenture relating to an event of default;
- some requirements regarding maintaining our corporate existence, maintaining our properties and paying taxes and some other claims; and
- the restrictions described in “Negative Pledge” and “Limitation on Sale and Leaseback Transactions” above.

In either case, in order to make this election we must first deposit with the trustee enough money and/or U.S. government obligations to fund the payment of the principal of and interest on the debentures. We must also obtain a legal opinion that the holders of the debentures will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance or covenant defeasance, and will be subject to federal income tax on the same amount in the same manner and at the same time as would have been the case if the defeasance or covenant defeasance had not occurred. For a defeasance, the legal opinion must refer to and be based on a ruling of the Internal Revenue Service or a change in federal income tax law occurring after the date of the indenture.

Governing Law

The indenture and the debentures will be governed by, and construed in accordance with, the laws of the State of New York.

Consent to Service

In connection with the indenture, Inco will designate and appoint CT Corporation System as its authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the indenture or the debentures that may be instituted in any federal or New York state court located in the Borough of Manhattan, in the City of New York, or brought by the trustee (whether in its individual capacity or in its capacity as trustee under the indenture), and will irrevocably submit to the non-exclusive jurisdiction of such courts.

Discharge of the Indenture

We may satisfy and discharge our obligations under the indenture with respect to the debentures by delivering to the trustee for cancellation all outstanding debentures or by depositing with the trustee or the paying agent, after the debentures have become due and payable, whether at stated maturity, on any redemption date or otherwise, cash sufficient to pay all of the outstanding debentures and pay all other sums payable under the indenture by us.

Enforceability of Judgments

Since substantially all of our assets, as well as the assets of most of our directors and officers are located outside the United States, any judgment obtained in the United States against us or certain of our directors or officers, including judgments with respect to the payment of principal, premium, if any, and interest on the debentures, may not be collectible within the United States.

We have been informed by Osler, Hoskin & Harcourt LLP, our Canadian counsel, that the laws of the Province of Ontario and the federal laws of Canada applicable therein permit an action to be brought in a court of competent jurisdiction in the Province of Ontario on any final and conclusive judgment *in personam* of any federal or state court of competent jurisdiction located in the State of New York (a “New York Court”) against Inco, which judgment is subsisting and unsatisfied for a sum certain with respect to the enforcement of the indenture and the debentures that is not impeachable as void or voidable under the laws of the State of New York if (1) the New York Court rendering such judgment had jurisdiction over the judgment debtor, as recognized by the courts of the Province of Ontario (and submission by Inco in the indenture to the jurisdiction of the New York Court will be sufficient for that purpose); (2) such judgment was not obtained by fraud or in a manner contrary to natural justice, or obtained contrary to any order made by the Attorney General of Canada under the Foreign Extraterritorial Measures Act (Canada) or by the Competition Tribunal under the Competition Act (Canada) and the enforcement thereof would not be inconsistent with public policy, as such terms are understood under the laws of the Province of Ontario; (3) the enforcement of such judgment would not be contrary to the laws of general application limiting the enforcement of creditors’ rights and does not constitute, directly or

indirectly, the enforcement of foreign revenue, expropriatory or penal laws in the Province of Ontario; (4) a dispute between the same parties based on the same subject matter has not given rise to a decision rendered by a court in the Province of Ontario or been decided by a foreign authority and the decision meets the necessary conditions for recognition under the laws of the Province of Ontario; (5) no new admissible evidence relevant to the action is discovered prior to the rendering of judgment by the court in the Province of Ontario; (6) interest payable on the debentures is not characterized by a court in the Province of Ontario as interest payable at a criminal rate within the meaning of Section 347 of the Criminal Code (Canada); and (7) the action to enforce such judgment is commenced within the appropriate limitation period; except that any court in the Province of Ontario may only give judgment in Canadian dollars. In the opinion of such counsel, there are no reasons under present laws of the Province of Ontario for avoiding recognition of such a judgment of a New York Court under the indenture or on the debentures based upon public policy.

Information Concerning the Trustee

We have appointed The Bank of New York as the trustee under the indenture and as paying agent, registrar and custodian for the debentures. The trustee or its affiliates provide banking and other services to us in the ordinary course of their business. The Bank of New York currently acts as our trustee with respect our existing indentures and securities issued under those indentures, including our 5¾% Convertible Debentures due 2004, our 7¾% Convertible Debentures due 2016, our 9.6% Debentures due 2022, our LYON Notes and our 7¾% Notes due 2012. The indenture provides that we will indemnify The Bank of New York against any loss, liability or expense incurred without negligence or bad faith of The Bank of New York in connection with the acceptance or administration of the trust created by the indenture.

LEGAL OWNERSHIP

Street Name and Other Indirect Holders

Investors who hold debentures in accounts at banks or brokers will generally not be recognized by us as legal holders of debentures. This is called holding in “street name.” These intermediary banks, brokers and other financial institutions pass along principal, interest and other payments on debentures, either because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debentures in street name, you should check with your own institution to find out:

- how it handles securities payments, redemptions and notices;
- whether it imposes fees or charges;
- how it would handle voting if ever required;
- whether and how you can instruct it to send you debentures registered in your own name so you can be a direct holder in the limited circumstances described below; and
- how it would pursue rights under the debentures if there were a default or other event triggering the need for holders to act to protect their interests.

Direct Holders

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to persons or entities who are the direct holders of the debentures, i.e., those who are registered as holders of the debentures. As noted above, we do not have obligations to you if you hold in street name or through other indirect means, either because you choose to hold debentures in that manner or because the debentures are issued in the form of global securities as described below. For

example, once we make payment to the registered holder, we have no further responsibility for the payment even if that registered holder is legally required to pass the payment along to you as a street name customer but does not do so.

Global Securities

A global security is a special type of indirectly held security, as described above under “— Street Name and Other Indirect Holders.”

The debentures will be issued initially in the form of global securities. We do this by requiring that the global securities be registered in the name of the nominee of DTC and by requiring that the global securities not be transferred to the name of any other direct holder unless the special circumstances described below occur. DTC is called the depositary.

Any person wishing to own a beneficial interest in a global security must do so indirectly by virtue of an account with a broker, bank or other financial institution that in turn has an account with the depositary.

Special Investor Considerations for Global Securities

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depositary, as well as general laws relating to securities transfers. We do not recognize this type of investor as a registered holder of debentures and instead deal only with the depositary that holds the global securities.

As an investor in debentures that are issued only in the form of global securities, you should be aware that except in limited circumstances:

- you cannot get debentures registered in your own name;
- you cannot receive physical certificates for your interest in the debentures;
- you will be a street name holder and must look to your own bank or broker for payments on the debentures and protection of your legal rights relating to the debentures. See “— Street Name and Other Indirect Holders”;
- you may not be able to sell interests in the debentures to some insurance companies and other institutions that are required by law to own their securities in the form of physical certificates; and
- the depositary's policies will govern payments, transfers, exchange and other matters relating to your interest in the global securities. We and the trustee have no responsibility for any aspect of the depositary's actions or for its records of ownership interests in the global securities. We and the trustee also do not supervise the depositary in any way.

Special Situations When Global Securities Will be Terminated

In a few special situations described later, the global securities will terminate and interests in them will be exchanged for physical certificates representing debentures. After that exchange, the choice of whether to hold debentures directly or in street name will be up to you. You must consult your own bank or broker to find out how to have your interests in debentures transferred to your own name, so that you will be a direct holder.

The special situations for termination of global securities are:

- when the depositary notifies us that it is unwilling, unable or no longer qualified to continue as depositary;
- when we notify the trustee that we wish to terminate the global securities; or
- when an Event of Default on the debentures has occurred and has not been cured.

Defaults are discussed above under “Description of Debentures — Default and Related Matters”.

EXCEPT UNDER THE HEADING “LEGAL OWNERSHIP,” IN THIS PROSPECTUS “YOU” MEANS DIRECT HOLDERS AND NOT STREET NAME OR OTHER INDIRECT HOLDERS OF DEBENTURES. INDIRECT HOLDERS SHOULD READ THE PREVIOUS SECTION ENTITLED “— STREET NAME AND OTHER INDIRECT HOLDERS” AND “— SPECIAL INVESTOR CONSIDERATIONS FOR GLOBAL SECURITIES.”

RATINGS OF THE DEBENTURES

The following table discloses the credit ratings assigned to the debentures by the following rating agencies:

<u>Rating Agency</u>	<u>Rating</u>	<u>Outlook</u>
Moody’s Investors Services, Inc. (“Moody’s”)	Baa3	Stable
Standard & Poor’s Corporation (“S&P”)	BBB—	Stable

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities. The credit ratings accorded to the debentures by the rating agencies are not recommendations to purchase, hold or sell the debentures inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, we are under no obligation to update this prospectus.

Moody’s credit ratings are on a long-term debt rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. According to the Moody’s rating system, debt securities rated Baa are considered as medium-grade obligations, i.e. they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such securities lack outstanding investment characteristics and in fact have speculative characteristics as well. Moody’s applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa in its corporate bond rating system. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category. Moody’s indicates in its rating assigned to the debentures that the impact of nickel prices will remain an important issue in the overall Inco credit rating and, accordingly, lengthy periods of sustained low nickel pricing could become an issue for the rating.

S&P’s credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. According to the S&P rating system, debt securities rated BBB exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments on the securities. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (—) sign to show relative standing within the major rating categories.

EARNINGS COVERAGE

After giving effect to this offering as if made as of January 1, 2001, consolidated net earnings, before deduction of interest and income and mining taxes, of \$277 million for the twelve months ended December 31, 2001 would have been _____ times our interest requirement of \$ _____ million. In the first six months of 2002, we recorded total non-cash charges of \$1,626 million, net of deferred or other income and mining taxes of \$789 million, under Canadian GAAP. As a result of these non-cash charges, we had a net loss, before deduction of interest and income and mining taxes, of \$2,210 million for the twelve months ended June 30, 2002 and, after giving effect to this offering as if made as of July 1, 2001, we would have had a deficiency of \$ _____ million in the amount required to cover our interest requirement of \$ _____ million. Excluding these non-cash charges, after giving effect to this offering as if made as of July 1, 2001, consolidated net earnings, before deduction of interest and income and mining taxes, of \$205 million for the twelve months ended June 30, 2002 would have been _____ times our interest requirement of \$ _____ million. As our LYON Notes are treated as equity for Canadian GAAP purposes, our interest requirement does not include the carrying charge associated with the LYON Notes. Had we accounted for the LYON Notes as debt, as is required by U.S. GAAP, the carrying charge of the LYON Notes would have been reflected in interest expense and our net earnings, before deduction of interest and income and mining taxes, would have been _____ times our interest requirement for the twelve months ended December 31, 2001 and we would have had a deficiency of \$ _____ in the amount required to cover our interest requirement for the twelve months ended June 30, 2002.

The information included in this section is based upon financial statements prepared in accordance with Canadian GAAP which differ in certain material respects from U.S. GAAP. Adjusting for the U.S. GAAP differences, after giving effect to this offering as if made as of January 1, 2001, consolidated net earnings, before deduction of interest and income and mining taxes, of \$251 million for the twelve months ended December 31, 2001 would have been _____ times our interest requirement of \$ _____ million. As a result of the above-noted non-cash charges, which totalled \$2,247 million, net of deferred or other income and mining taxes of \$947 million, for U.S. GAAP purposes, we had a net loss, before deduction of interest and income and mining expenses, of \$3,013 million for the twelve months ended June 30, 2002 and, after giving effect to this offering as if made as of July 1, 2001, we would have had a deficiency of \$ _____ million in the amount required to cover our interest requirement of \$ _____ million. Excluding these non-cash charges, after giving effect to this offering as if made as of July 1, 2001, consolidated net earnings, before deduction of interest and income and mining taxes, of \$181 million for the twelve months ended June 30, 2002 would have been _____ times our interest requirement of \$ _____ million. The LYON Notes are treated as debt for U.S. GAAP purposes. For further information regarding the differences between Canadian GAAP and U.S. GAAP see Note 20 to the consolidated financial statements in our 2001 10-K and Note 12 to the consolidated financial statements in our Second Quarter 10-Q.

CERTAIN INCOME TAX CONSIDERATIONS

Certain United States Federal Income Tax Considerations

In the opinion of Sullivan & Cromwell, our counsel, this section describes the material United States federal income tax consequences of owning the debentures. It applies to you only if you acquire debentures in the offering at the offering price, you hold your debentures as capital assets for tax purposes, and you are a United States holder.

You are a United States holder if you are a beneficial owner of a debenture and you are:

- a citizen or resident of the United States,
- a domestic corporation,

- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns debentures that are a hedge or that are hedged against interest rate risks,
- a person that owns debentures as part of a straddle or conversion transaction for tax purposes,
- a person whose functional currency for tax purposes is not the U.S. dollar, or
- a person that actually or constructively owns 10% or more of our voting stock.

If you purchase debentures at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your tax advisor regarding this possibility.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

Please consult your own tax advisor concerning the consequences of owning these debentures in your particular circumstances under the Internal Revenue Code and the laws of any other taxing jurisdiction.

Payments of Interest

You will be taxed on interest on your debenture as ordinary income at the time you receive the interest or when the interest accrues, depending on your method of accounting for United States federal income tax purposes.

Interest paid on the debentures is income from sources outside the United States, but, with certain exceptions, will be "passive" or "financial services" income, which is treated separately from other types of income for purposes of computing the foreign tax credit allowable to a United States holder.

Purchase, Sale and Retirement of the Debentures

Your tax basis in your debenture generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your debenture equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will generally be taxed as interest) and your tax basis in your debenture. Capital gain of a non-corporate United States holder is generally taxed at a maximum rate of 20% where the property is held for more than one year, and 18% where the property is held for more than five years.

Backup Withholding and Information Reporting

If you are a non-corporate United States holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments of principal and interest on a debenture within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States, and
- the payment of the proceeds from the sale of a debenture effected at a United States office of a broker.

Additionally, backup withholding will apply to such payments if you are a noncorporate United States holder that:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns, or
- in certain circumstances, fails to comply with applicable certification requirements.

Certain Canadian Federal Income Tax Considerations

In the opinion of Osler, Hoskin & Harcourt LLP, our counsel, and Davies Ward Phillips & Vineberg LLP, counsel to the underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to prospective purchasers pursuant to this offering who, at all relevant times, for the purposes of the Income Tax Act (Canada) (the “Canadian Tax Act”) and any applicable income tax treaty or convention are not resident in Canada or deemed to be resident in Canada, hold debentures as capital property, deal at arm’s length with the Company and any successor to the Company, do not use or hold, and are not be deemed to use or hold, debentures in connection with a trade or business carried on, or deemed to be carried on, in Canada and, in the case of insurers, will not carry on an insurance business in Canada with which such debentures are effectively connected or in respect of which the debentures would be designated insurance property for the purposes of the Canadian Tax Act (each, a “Holder”).

This summary is based upon the current provisions of the Canadian Tax Act and Regulations thereunder and on counsel’s understanding of the current published administrative and assessing practices and policies of the Canada Customs and Revenue Agency. This summary takes into account specific proposals to amend the Canadian Tax Act and the Regulations thereunder publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “Tax Proposals”). This summary is not exhaustive of all Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate possible changes in the law or in administrative or assessing practices and policies whether by legislative, regulatory, administrative or judicial action. This summary does not take into account foreign (*i.e.*, non-Canadian) tax considerations or Canadian provincial or territorial tax considerations which may vary from the Canadian federal income tax considerations described herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any particular holder and no representation is made with respect to the Canadian tax consequences to any particular holder. Accordingly, prospective purchasers should consult their own tax advisors with respect to the Canadian tax considerations relevant to them, having regard to their particular circumstances.

Under the Canadian Tax Act, interest or premium payable on the debentures to Holders will be exempt from non-resident withholding tax. No other taxes on income (including taxable capital gains) will be payable under the Canadian Tax Act in respect of the acquisition, holding, redemption or disposition of the debentures, or the receipt of interest, premium or principal thereon by a Holder solely as a consequence of such acquisition, holding, redemption or disposition of the debentures.

UNDERWRITING

We intend to offer the debentures through the underwriters. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Smith Barney Inc. are acting as representatives of the underwriters named below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the principal amount of the debentures listed opposite their names below:

<u>Underwriter</u>	<u>Principal Amount</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	\$
Salomon Smith Barney Inc.	
Credit Suisse First Boston Corporation	
Morgan Stanley & Co. Incorporated	
Total	<u>\$400,000,000</u>

The obligations of the underwriters under the underwriting agreement may be terminated if in their reasonable opinion there is any development or occurrence which materially adversely affects or involves the U.S. financial markets or upon certain other stated events. The underwriters have agreed to purchase all of the debentures sold pursuant to the underwriting agreement if any of the debentures are purchased. The issue price of the debentures was determined by negotiations between the underwriters and us. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities under the United States Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the debentures, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the debentures, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The closing of the offering is expected to be on or about , 2002 or such other date as may be agreed upon by us and the underwriters, but not later than , 2002. The underwriters reserve the right to withdraw, cancel or modify offers to the public and reject orders in whole or in part.

Commissions

The underwriters have advised us that they propose initially to offer the debentures to the public at the public offering price on the cover page of this prospectus, and to dealers at that price, less a concession not in excess of % of the principal amount of the debentures. The underwriters may allow, and the dealers may reallow, a discount not in excess of % of the principal amount of the debentures to other dealers. After the underwriters have made a reasonable effort to sell all of the debentures at the initial public offering price, the price may be decreased, and further changed from time to time, to an amount not greater than the initial public offering prices, and the concession and discount may be changed. The compensation realized by the underwriters will be decreased by the amount that the aggregate price paid by purchasers for the securities is less than the gross proceeds paid by the underwriters to us.

The expenses of the offering, not including the underwriting commission, are estimated to be approximately \$ and are payable by us.

Selling Restrictions

This prospectus forms part of a registration statement on Form F-9 filed with the United States Securities and Exchange Commission and with the Ontario Securities Commission to register the

debentures under the United States Securities Act of 1933, as amended. This prospectus does not qualify the distribution of any securities in any province of Canada. The debentures may only be offered or sold, directly or indirectly, in Canada, or to or for the benefit of any resident thereof, pursuant to exemptions from the prospectus requirements of Canadian securities laws, and only by securities dealers registered in the applicable province or pursuant to exemptions from the registered dealer requirements.

New Issue of Debentures

The debentures are a new issue of securities with no established trading market. We do not intend to apply for listing of the debentures on any securities exchange or for quotation of the debentures on any automated dealer quotation system. We have been advised by the underwriters that they currently intend to make a market in the debentures after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without notice. We cannot assure the liquidity of the trading market for the debentures or that an active public market for the debentures will develop. If an active public trading market for the debentures does not develop, the market price and liquidity of the debentures may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the debentures. Such transactions consist of bids or purchases to peg, fix or maintain the price of the debentures. If the underwriters create a short position in the debentures in connection with the offering, i.e. if they sell more debentures than are on the cover page of this prospectus, the underwriters may reduce that short position by purchasing debentures in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the debentures. In addition, neither we nor any of the underwriters described above makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions. Each of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse First Boston Corporation and Salomon Smith Barney Inc. are affiliates of banks that are currently lenders to us under certain bank facilities under which no amounts are currently outstanding.

VALIDITY OF THE DEBENTURES

The validity of the debentures will be passed upon for us by Sullivan & Cromwell, New York, New York and for the underwriters by Shearman and Sterling, Toronto, Ontario. Certain other legal matters will be passed on for us by Stuart F. Feiner, Inco's Executive Vice President, General Counsel and Secretary, Julie A. Lee Harris, Inco's Associate General Counsel and Assistant Secretary, and Osler, Hoskin & Harcourt LLP, Toronto, Ontario and New York, New York. Certain legal matters will be passed on for the underwriters by Davies Ward Phillips & Vineberg LLP, Toronto, Ontario. As of the date hereof, lawyers with Osler, Hoskin & Harcourt LLP own, directly or indirectly, in the aggregate, less than 1% of our outstanding common shares and lawyers with Davies Ward Phillips & Vineberg LLP own, directly or indirectly, in the aggregate, less than 1% of our outstanding common shares.

EXPERTS

The consolidated financial statements of Inco and our subsidiaries as of December 31, 2001, 2000 and 1999 and for each of the years in the three year period ended December 31, 2001, which appear in the 2001 10-K, have been incorporated herein by reference in reliance upon the report of Price-waterhouseCoopers LLP, independent accountants, incorporated herein by reference, and upon the authority of said firm as experts in accounting and auditing. The statements as to our reserves which appear in our 2001 10-K have been incorporated by reference herein upon the authority, as experts, of Robert A. Horn, Vice-President, Exploration, Dr. Lawrence B. Cochrane, Director, Mines Exploration of the Company and Robert C. Osbourne, Consulting Geologist, Laterites, to the extent described in our 2001 10-K.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the United States Securities and Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the Securities and Exchange Commission. Such reports and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Securities and Exchange Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549; and at the regional public reference rooms of the Securities and Exchange Commission in New York, New York and Chicago, Illinois. Copies of reports and other information concerning the company may be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus constitutes part of a registration statement filed by us with the Securities and Exchange Commission under the United States Securities Act of 1933, as amended. As permitted by the rules and regulations of the Securities and Exchange Commission, this prospectus does not contain all of the information contained in the registration statement and the exhibits and schedules thereto and reference is hereby made to the registration statement and the exhibits and schedules thereto and further information with respect to us and the debentures offered hereby. Statements contained herein concerning the provisions of any document filed as an exhibit to the registration statement or otherwise filed with the Securities and Exchange Commission are not necessarily complete, and in each instance reference is made to the copy of such document as so filed. Each statement is qualified in its entirety by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed with the applicable securities commissions or similar authorities in the Provinces of Canada and with the Securities and Exchange Commission are incorporated by reference herein and form an integral part of this prospectus:

- the Annual Information Form of Inco, consisting of our Annual Report on Form 10-K for the fiscal year ended December 31, 2001, including the audited consolidated financial statements for each of the fiscal years ended December 31, 2001, December 31, 2000 and December 31, 1999 and related notes thereto, together with the auditors' report thereon and Management's Discussion and Analysis of Financial Condition and Results of Operations contained therein;
- the Quarterly Report on Form 10-Q for Inco for the quarter ended March 31, 2002, including unaudited interim consolidated financial statements for the three month period then ended and related notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations contained therein;
- the Quarterly Report on Form 10-Q for Inco for the quarter ended June 30, 2002, including unaudited interim consolidated financial statements for the three and six month periods then ended and related notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations contained therein;
- the Proxy Circular and Statement of Inco dated February 5, 2002 other than the sections entitled "Report of the Management Resources and Compensation Committee on Executive Compensation" and "Comparative Shareholder Return"; and

- the material change report of Inco dated June 11, 2002 and the material change report of Inco dated July 24, 2002.

Material change reports (other than confidential reports), annual and interim financial statements, annual information forms and information circulars which are filed by us with a securities commission or any other similar authority in Canada, and similar reports filed with the Securities and Exchange Commission, after the date of this prospectus and prior to the termination of the distribution of debentures under this prospectus shall be deemed to be incorporated by reference into this prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

This prospectus has been filed under procedures in Ontario that permit certain information about these securities to be determined subsequent to the date of this prospectus and that permit the omission of that information from this prospectus. A supplemented prospectus containing the omitted information will be prepared and delivered to purchasers. All disclosure contained in any supplement to this prospectus or supplemented prospectus that is not contained in this prospectus will be incorporated by reference into this prospectus as of the date of the supplement or supplemented prospectus.

Upon a new annual information form and annual financial statements being filed by us with, and where required, accepted by, the Ontario Securities Commission during the currency of this prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and information circulars filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated by reference into this prospectus for purposes of future offers and sales of debentures hereunder.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada and filed with the Securities and Exchange Commission. Copies of the documents incorporated in this prospectus by reference may be obtained on request without charge from the Office of the Secretary, Inco Limited, 145 King Street West, Suite 1500, Toronto, Ontario, M5H 4B7, telephone (416) 361-7511.

DOCUMENTS FILED AS PART OF THE REGISTRATION STATEMENT

The following documents have been filed with the Securities and Exchange Commission as part of the Registration Statement of which this prospectus forms a part: the documents referred to under the heading "Documents Incorporated by Reference"; consents of independent accountants, experts and counsel; powers of attorney; the indenture; and the statement of Eligibility of the Trustee on Form T-1.

No person has been authorized to give any information or make any representation other than those contained in this prospectus in connection with any offer hereunder. If given or made, such information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of the securities offered hereunder in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale made hereunder shall under any circumstances imply that the information herein or therein is correct as of any time subsequent to the date hereof.

\$400,000,000



INCO LIMITED

% Debentures due 2032

PROSPECTUS

Merrill Lynch & Co.

Salomon Smith Barney

Credit Suisse First Boston

Morgan Stanley

, 2002

PART II

INFORMATION NOT REQUIRED TO BE DELIVERED TO OFFEREES OR PURCHASERS

Indemnification

Section 3.12 of Part 3 of By-law No. 1 of the Company provides, with regard to indemnity and insurance under the Canada Business Corporations Act (the “CBCA”), in part as follows:

“Indemnity and Insurance. Subject to the limitations contained in the CBCA but without limit to the right of the Company to indemnify any person under the CBCA or otherwise, the Company shall indemnify a Director or Officer, a former Director or Officer, or a person who acts or acted at the Company’s request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a Director or Officer or a director or officer of body corporate, if,

(a) he acted honestly and in good faith with a view to the best interests of the Company, and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.”

However, the CBCA also provides that no officer or director of the Company may be indemnified with respect to any security holder’s derivative action brought pursuant to the CBCA unless a court of competent jurisdiction has approved the terms of such indemnification. The CBCA provides that as of right, in general, any officer or director as such, is entitled to indemnity if (i) he was substantially successful on the merits in his defense of the relevant action or proceeding to which he was a party, (ii) he acted honestly and in good faith with a view to the best interests of the corporation and (iii) where a criminal or administrative action or monetary penalty is involved, he had reasonable grounds for believing that his conduct was lawful.

The Company has an insurance policy which indemnifies directors and officers against certain liabilities incurred by them in their capacities as such, including among other things, certain liabilities under the Securities Act of 1933.

Insofar as indemnification for liabilities arising from the Securities Act of 1933 may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the U.S. Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
2.1	Form of Underwriting Agreement between the company and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Salomon Smith Barney Incorporated**
4.1	Annual Report on Form 10-K for the fiscal year ended December 31, 2001, which Report is incorporated herein by reference (File No. 1-1143)
4.2	Proxy Circular and Statement of the Company dated February 5, 2002 other than the sections entitled "Report of the Management Resources and Compensation Committee on Executive Compensation" and "Comparative Shareholder Return" (incorporated by reference to Exhibit 99 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2001 (File No. 1-1143))
4.3	Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2002, which Report is incorporated herein by reference (File No. 1-1143)
4.4	Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2002, which Report is incorporated herein by reference (File No. 1-1143)
4.5	Material change report of the Company dated June 11, 2002**
4.6	Material change report of the Company dated July 24, 2002**
5.1	Consent of PricewaterhouseCoopers LLP**
5.2	Consent of Osler, Hoskin & Harcourt LLP**
5.3	Consent of Sullivan & Cromwell**
5.4	Consent of Davies Ward Phillips & Vineburg LLP**
5.5	Consent of Dr. Lawrence B. Cochrane**
5.6	Consent of Mr. Robert C. Osborne**
5.7	Consent of Mr. Robert A. Horn**
6.1	Powers of Attorney**
7.1	Indenture between the Company and The Bank of New York, dated June 29, 1989. **
7.2	First Supplement to the Indenture between the Company and The Bank of New York, dated March 31, 1992. **
8.1	Statement of Eligibility of The Bank of New York on Form T-1 (separately bound) **

** Previously filed.

PART III

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

Item 1. Undertaking.

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to the securities registered pursuant to Form F-9 or to transactions in said securities.

Item 2. Consent to Service of Process.

Concurrently with the filing of the initial Registration Statement on Form F-9, the Company filed with the Commission a written irrevocable consent and power of attorney on Form F-X.

Any change to the name or address of the agent for service of process of the Company shall be communicated promptly to the Commission by amendment to the Form F-X referencing the file number of the relevant registration statement.

SIGNATURES

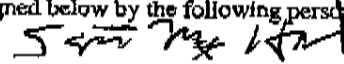
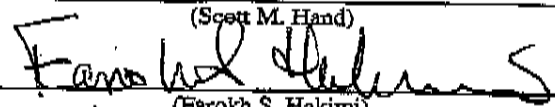
Pursuant to the requirements of the Securities Act of 1933, the Company certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on this Form F-9 and has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Toronto, Province of Ontario, Canada, on the 18th day of September, 2002.

INCO LIMITED

By


(Stuart F. Feiner, Executive Vice-President,
General Counsel and Secretary)

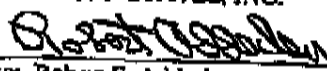
Pursuant to the requirements of the Securities Act of 1933, this Amendment to the Registration Statement has been signed below by the following persons in the capacities indicated, on the 18th day of September, 2002.

 _____ (Scott M. Hand)	Chairman, Chief Executive Officer and Director (Principal Executive Officer)
 _____ (Farokh S. Hakimi)	Executive Vice-President and Chief Financial Officer (Principal Financial Officer)
 _____ (Ronald A. Lehtovaara)	Vice-President and Comptroller (Principal Accounting Officer)
* _____ (Glen A. Barton)	Director
* _____ (Angus A. Bruneau)	Director
* _____ (Ronald C. Cambre)	Director
* _____ (Eleanor R. Clitheroe)	Director
* _____ (Judith A. Erola)	Director
* _____ (Charles H. Hantho)	Director
* _____ (Chaviva M. Hošek)	Director

~~*~~ _____ (David P. O'Brien)	Director
~~*~~ _____ (Michael D. Sopko)	Director
~~*~~ _____ (James M. Stanford)	Director
~~*~~ _____ (Richard M. Thomson)	Director

INCO UNITED STATES, INC.

Authorized Representative in the United States

By: 
Name: Robert E. Adderley
Title: Vice-President and Controller

- * Pursuant to powers of attorney executed by the persons named above whose names are preceded by an asterisk, Stuart P. Feiner, as attorney-in-fact, does hereby sign this Amendment to the Registration Statement on behalf of each such person, in each case in the capacity indicated, on the date indicated.

By 
(Stuart F. Feiner, Attorney-in-Fact)

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** Previously filed.

EXHIBIT 2.1

INCO LIMITED

US\$300,000,000

•% Debentures due 2032

Underwriting Agreement

September • 2002

Merrill Lynch & Co.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Salomon Smith Barney Inc.
Credit Suisse First Boston Corporation
Morgan Stanley & Co. Incorporated

C/O Merrill Lynch, Pierce, Fenner & Smith
Incorporated
North Tower,
World Financial Center,
New York, New York 10291-1332.

Dear Sirs:

Inco Limited, a corporation organized under the laws of Canada (hereinafter called the "Company"), proposes to issue US\$300,000,000 aggregate principal amount of its •% Debentures due 2032 (the "Securities"). The Securities are to be issued pursuant to the provisions of an Indenture, dated as of June 29, 1989 (as amended and supplemented by a First Supplemental Indenture dated as of March 31, 1992), between the Company and The Bank of New York, as Trustee (hereinafter called the "Indenture").

A registration statement on Form F-9 (File No. 333-•) covering the registration of the Securities under the Securities Act of 1933, as amended (the "Securities Act"), including the Canadian Preliminary Prospectus (as defined below), has been prepared by the Company in conformity with the requirements of the Securities Act and the applicable rules and regulations of the Securities and Exchange Commission (the "Commission") thereunder, including those relating to the multijurisdictional disclosure system adopted by the Commission in Release No. 33-6902, and filed with the Commission. The Company has also prepared and filed with the Commission at the time of the original filing of the registration statement on Form F-9 a written irrevocable consent and power of attorney on Form F-X (the "Form F-X"). The Company has filed with the Ontario Securities Commission (the "Reviewing Authority") a copy of the registration statement and has informed the Reviewing Authority that it has been selected as the review jurisdiction regulating the offering of the Securities.

Promptly after the execution and delivery of this Agreement, the Company will prepare and file with the Commission, the Canadian Final Prospectus in accordance with the General Instruction II.K of Form F-9.

Each preliminary short form prospectus relating to the Securities contained in the registration statement filed with the Reviewing Authority is herein called a "Canadian Preliminary Prospectus." The final short form prospectus relating to the Securities contained in the registration statement or deemed to be contained in the registration statement at the time it was declared effective is herein called the "Canadian Final Prospectus." Each prospectus used in the United States before the Effective Date (as hereinafter defined) is herein called a "Preliminary Prospectus." The registration statement on Form F-9 relating to the Securities, including the exhibits thereto, as amended at the Effective Date, is hereinafter called the "Registration Statement," and the prospectus in the form first used to confirm sales of Securities in the United States is herein called the "Prospectus." Any reference herein to the Registration Statement, the Canadian Final Prospectus, the Prospectus or any amendment or supplement thereto or any Canadian Preliminary Prospectus or any Preliminary Prospectus shall be deemed to refer to and include the documents incorporated by reference therein. Any reference herein to the terms "amend", "amendment" or "supplement" shall, with respect to the Registration Statement, the Canadian Final Prospectus, the Prospectus, any Canadian Preliminary Prospectus or any Preliminary Prospectus, be deemed to include the filing of any document with the Reviewing Authority under the securities laws of Canada or the Province of Ontario, in each case after the Effective Date of the Registration Statement or the issue date of any Canadian Preliminary Prospectus, any Preliminary Prospectus, the Canadian Final Prospectus or the Prospectus, as the case may be, deemed to be incorporated therein by reference. The term "Effective Date" shall mean each date that the Registration Statement and any post-effective amendment or amendments thereto became or becomes effective under the Securities Act and the applicable rules and regulations of the Commission thereunder.

I.

The Company hereby agrees to issue and sell to each of the Underwriters named in Schedule I hereto (collectively, the "Underwriters"), and each of the Underwriters, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company at a purchase price (the "purchase price") of ●% of the principal amount thereof, plus accrued interest, if any, from September ●, 2002 to the date of payment and delivery, the principal amount of Securities set forth opposite the name of such Underwriter in such Schedule. As compensation for your services in connection with the sale of the Securities, the Company agrees to pay you simultaneously with the payment for the purchase price for the Securities a commission equal to ● % of the aggregate principal amount of Securities.

II.

The Company is advised by you that you propose to make a public offering of the Securities as soon after the Registration Statement has become effective as in your judgment is advisable. The Company is further advised by you that the Securities are to be offered to the public initially at ● % of the principal amount — the public offering price — plus accrued interest, if any, and to certain dealers selected by you at a

price which represents a concession not in excess of ● % of the principal amount under the public offering price, and that you may allow, and such dealers may realow, a concession, not in excess of ● % of the principal amount, to other dealers or to you.

You acknowledge that the Securities have not been qualified by prospectus for distribution in any province of Canada. You agree that you will not, directly or indirectly, offer or sell any Securities in Canada, or to or for the benefit of any resident thereof, except pursuant to exemptions from the prospectus requirements of Canadian securities laws. You acknowledge and agree that all sales of the Securities in Canada may only be made by securities dealers registered in the applicable province, or pursuant to exemptions from the registered dealer requirements. Further, you agree that you shall cause each dealer or other person who participates in the distribution of the Securities to be subject to the restrictions on offers and sales in Canada set forth in this paragraph.

III.

Payment for the Securities shall be made by wire transfer of immediately available funds to the account designated by the Company at 10:00 A.M., New York time, on September ●, 2002, or such other date as may be agreed by the Company and you, but no later than ●, 2002 (the “Closing Date”), upon delivery to you of the Securities registered in such names and in such denominations as you shall request in writing not less than two full business days prior to the date of delivery. Any documents to be delivered hereunder at the time of delivery of the Securities will be delivered at the offices of Sullivan & Cromwell, 125 Broad Street, New York, New York (the “Closing Location”).

Payment of compensation for your services in connection with the sale of the Securities shall be made to you simultaneously with the payment of the purchase price.

IV.

The obligations of the Company and your obligations hereunder are subject to the condition that the Registration Statement shall have become effective not later than the date hereof.

Your obligations hereunder are subject to the following conditions:

- (a) No stop order suspending the effectiveness of the Registration Statement shall be in effect, and no proceedings for such purpose shall be pending before or threatened by the Commission and no order having the effect of ceasing or suspending the distribution of the Securities shall have been issued by any securities commission or securities regulatory authority in Canada and no proceeding for such purpose shall be pending before or threatened by any such commission or authority and there shall have been no material adverse change in the condition of the Company and its subsidiaries, taken as a whole, from that set forth in the Registration Statement, the Prospectus and the Canadian Final

Prospectus; and you shall have received, on the Closing Date, certificates, dated the Closing Date and signed by executive officers (one of whom shall be the chief financial officer) of the Company to the foregoing effect and to the effect that (i) the representations and warranties in Section VI hereof are true and correct with the same force and effect as though expressly made at and as of the Closing Date and (ii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to this Agreement at or prior to the Closing Date. The officers making such certificates may rely upon the best of their knowledge as to proceedings pending or threatened.

(b) You shall have received on the Closing Date an opinion of Julie A. Lee Harrs, Associate General Counsel and Assistant Secretary of the Company, dated the Closing Date, to the effect set forth in Exhibit A.

(c) You shall have received on the Closing Date an opinion or opinions of Sullivan & Cromwell, United States counsel for the Company, dated the Closing Date, to the effect set forth in Exhibit B.

(d) You shall have received on the Closing Date an opinion of Stuart F. Feiner, Executive Vice President, General Counsel and Secretary of the Company, dated the Closing Date, to the effect set forth in Exhibit C.

(e) You shall have received on the Closing Date an opinion of Osler, Hoskin, & Harcourt LLP, Canadian counsel for the Company, dated the Closing Date, to the effect set forth in Exhibit D.

(f) You shall have received on the Closing Date an opinion of Shearman & Sterling, your U.S. counsel, dated the Closing Date, to the effect set forth in Exhibit E.

(g) You shall have received on the Closing Date an opinion of Davies Ward Philips & Vineberg LLP, your Canadian counsel, dated the Closing Date as to certain matters referred to in Exhibit F.

(h) You shall have received on the date hereof and on the Closing Date letters dated the date hereof and the Closing Date, respectively, in form and substance reasonably satisfactory to you, from PricewaterhouseCoopers LLP, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement, the Prospectus and the Canadian Final Prospectus relating to the Company.

(i) Since the date of this Agreement, there shall not have occurred a downgrading in the rating assigned to any of the Company's securities by any "nationally recognized statistical rating agency", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act, and no such

organization shall have publicly announced that it has under surveillance or review, with negative implications, its rating of any of the Company's securities.

V.

In further consideration of your agreements herein contained in this Agreement, the Company covenants as follows:

(a) To furnish you, without charge, a copy of the Canadian Preliminary Prospectus, the Canadian Final Prospectus, the Registration Statement, including exhibits and materials, if any, incorporated by reference therein and the Form F-X of the Company and, during the period mentioned in paragraph (c) below, as many copies of each Preliminary Prospectus and the Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto as you may reasonably request.

(b) Before amending or supplementing the Registration Statement, the Canadian Final Prospectus or the Prospectus, to furnish you a copy of each such proposed amendment or supplement and discuss with you any reasonable objections that you may have.

(c) If, during any period after the first date of the public offering of the Securities in which a Prospectus is required by law to be delivered in connection with sales by you or any dealer, any event shall occur or condition exist as a result of which it is necessary, in the opinion of the Company, to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus or the Canadian Final Prospectus to comply with law, forthwith to prepare and furnish, at its own expense, in the case of the Prospectus, to you and to dealers (whose names you will furnish to the Company) to which Securities may have been sold by you and to any other dealers upon request, and, in the case of the Canadian Final Prospectus, to you (but not to any dealers), either amendments or supplements to the Prospectus or the Canadian Final Prospectus, as the case may be, so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus or the Canadian Final Prospectus will comply with applicable law.

(d) To make generally available to the Company's securityholders as soon as practicable but not later than 16 months after the date of this Agreement, an earnings statement of the Company covering a twelve month period beginning the first day of the Company's first fiscal quarter next following the later of (i) the effective date of the Registration Statement, (ii) the effective date of the most recent post-effective amendment to the Registration Statement to become effective prior to the date of this Agreement and (iii) the date of the Company's most recent Annual Report on Form 10-K filed with the Commission prior to the date

of this Agreement, which shall satisfy the provisions of Section 11(a) of the Securities Act and the applicable rules and regulation thereunder.

(e) During the period beginning on the date of this Agreement and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company substantially similar to the Securities, without your prior written consent, such consent not to be unreasonably withheld.

(f) The Company will pay and bear all costs and expenses incidental to the performance of its obligations under this Agreement, including (a) the preparation and printing of the Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereof to the Underwriters, (b) the preparation, printing and distribution of the Securities, (c) the delivery of the Securities to the Underwriters, (d) the fees and disbursements of the Company's counsel and accountants, (e) any fees charged by rating agencies for rating the Securities, and (f) the fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee and the Transfer Agent, in connection with the Indenture and the Securities.

VI.

The Company represents and warrants to you that:

(a) (i) Each Preliminary Prospectus filed as part of the Registration Statement relating to the Securities as originally filed or as part of any amendment thereto complied or will comply when so filed in all material respects with the Securities Act and the rules and regulations thereunder, (ii) each part of the Registration Statement (including the documents incorporated by reference therein), filed with the Commission pursuant to the Securities Act relating to the Securities, when such part became effective, did not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations thereunder, (iv) the Registration Statement and the Prospectus do not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (v) the Company meets the eligibility requirements for use of Form F-9 under the Securities Act, is eligible to use the PREP Procedures and is eligible to file a short form prospectus with the Reviewing Authority, (vi) at the Effective Date, the Reviewing Authority shall have issued a notification of clearance for the Registration Statement and at all times subsequent thereto up to the Closing Date the Reviewing Authority shall not have revoked such notification of clearance, (vii) each Canadian Preliminary Prospectus complied or will comply in all material respects with the requirements

of the securities laws, rules and regulations of the Province of Ontario as interpreted and applied by the Reviewing Authority, (viii) the Canadian Final Prospectus, and any amendment or supplement thereto, on the date of issue thereof or filing thereof with the Reviewing Authority and on the Effective Date and at all times subsequent thereto up to the Closing Date did or will comply, in all material respects, with the requirements of the securities laws, rules and regulations of the Province of Ontario as interpreted and applied by the Reviewing Authority, (ix) as of the applicable filing date, the information and statements contained in the Canadian Final Prospectus or incorporated by reference therein constituted or will constitute full, true and plain disclosure of all material facts relating to the Company and the Securities, (x) the documents incorporated by reference in the Registration Statement, the Canadian Final Prospectus, the Prospectus or any amendment or supplement thereto, when they were or are filed with the Reviewing Authority under the securities laws of the Province of Ontario, conformed or will conform in all material respects with the applicable requirements of the securities laws, rules and regulations of Canada and Ontario as interpreted and applied by the Reviewing Authority, (xi) there are no reports or information that in accordance with the requirements of the Reviewing Authority must be made publicly available in connection with the offering of the Securities that have not been made publicly available as required and (xii) there are no documents required to be filed with the Reviewing Authority or any other Canadian securities regulatory authority in connection with the Canadian Final Prospectus or any amendment or the supplement thereto that have not been filed as required; except that these representations and warranties do not apply to statements or omissions in the Registration Statement, any Preliminary Prospectus, the Prospectus, any Canadian Preliminary Prospectus or the Canadian Final Prospectus based upon information furnished to the Company in writing by or on behalf of you expressly for use therein.

(b) The financial statements (including the notes thereto) incorporated by reference into the Canadian Final Prospectus, the Registration Statement and the Prospectus present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of earnings, retained earnings (deficit) and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles in Canada ("Canadian GAAP") applied on a consistent basis throughout the periods involved, unless otherwise noted, and the audited and unaudited consolidated financial statements have been reconciled to generally accepted accounting principles in the United States.

(c) The Company has been duly organized and is validly existing as a corporation under the laws of Canada, has corporate power and authority to own, lease and operate its properties, and the Company is qualified to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would

not result in a material adverse effect on the business, operations or affairs of the Company and its subsidiaries on a consolidated basis.

(d) The Underwriting Agreement has been duly authorized, executed and delivered by the Company.

(e) The Indenture has been duly authorized, executed and delivered by the Company and qualified under the Trust Indenture Act of 1939, as amended, and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(f) The Securities have been duly authorized and, at the Closing Date, will have been duly executed by the Company and, when authenticated, issued and delivered in the manner provided for in the Indenture and delivered against payment of the purchase price therefor as provided in this Agreement, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general applicability relating to or affecting creditors' rights and to general equity principles and will be entitled to the benefits of the Indenture.

(g) Neither the issuance and sale of the Securities nor the fulfillment of the terms of the Underwriting Agreement or the Indenture or the compliance by the Company with the terms of the Securities will contravene any provision of applicable law or regulation of the Government of Canada or the Province of Ontario or of the Articles of Continuance, By-law No. 1 or Resolutions of the Company or the terms of any indenture or other agreement or instrument to which the Company is a party or by which it is bound.

(h) The Company is not in violation of the Articles of Continuance, By-law No. 1 or Standing Resolution of the Company or in default in the due performance of any material obligation, agreement, covenant or condition contained in any indenture, agreement or instrument to which the Company is a party or by which it is bound, except for such defaults as would not result in a material adverse effect on the business, operations or the affairs of the Company and in subsidiaries on a consolidated basis.

(i) Except as described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or in the Company's Quarterly Report on 10-Q for the fiscal quarter ended June 30, 2002, there are no material pending legal proceedings to which the Company is a party or of which property of the Company is subject.

(j) No consent, approval or authorization of any government body in the United States, Canada or the Province of Ontario is required for the issuance and sale of the Securities to the Underwriters pursuant to the Underwriting Agreement, except for (i) such filings as have been or will be made with the Reviewing Authority and with the Director under the Canadian Business Corporation Act, (ii) such as have been, or will be, obtained under the United States Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, and (iii) such as may be required under the blue sky laws of any jurisdiction in connection with the purchase and distribution of the Securities to the Underwriters.

(k) The Company is not, and upon completion of the offering of the Securities will not be, required to register as an “investment company” under the Investment Company Act of 1940.

VII.

The Company agrees to indemnify and hold harmless you and each person, if any, who controls you within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), from and against any and all losses, claims, damages and liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the Canadian Final Prospectus, the Prospectus (if used within the period set forth in paragraph (c) of Article V hereof and as amended or supplemented if the Company shall have furnished any amendments or supplements thereto) or any Canadian Preliminary Prospectus or Preliminary Prospectus or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information furnished in writing to the Company by you expressly for use therein.

You agree to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and any person controlling the Company to the same extent as the foregoing indemnity from the Company to you (without regard to the exception to such indemnity), but only with reference to information furnished to the Company in writing by you expressly for use in the Registration Statement or the Canadian Final Prospectus or the Prospectus, as amended or supplemented, if applicable or any Canadian Preliminary Prospectus or Preliminary Prospectus.

In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the “indemnified party”) shall promptly notify the person against whom such indemnity may be sought (the “indemnifying party”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in

such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties, and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by you in the case of parties indemnified pursuant to the second preceding paragraph and by the Company in the case of parties indemnified pursuant to the first preceding paragraph. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnifying party agrees that it shall be liable for any settlement of any pending or threatened proceeding effected without the prior written consent of the indemnified party, if the indemnified party is or could have been a party to such proceeding and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding, to the extent indemnity could have been sought hereunder with respect to such claims.

To the extent the indemnification provided for in this Article VII is unavailable to an indemnified party under the first or second paragraphs hereof or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and you on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and you in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and you on the other hand in connection with the offering of the Securities shall be deemed to be in the same proportions as the net proceeds from the offering of the Securities (before deducting expenses but after deducting the commissions payable pursuant to Article I of this Agreement) received by the Company bear to the total of such commissions received by you in respect thereof. The relative fault of the Company and you shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to

information supplied by the Company or by you and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and you agree that it would not be just or equitable if contribution pursuant to this Article VII were determined by pro rata allocation or by any other method of allocation which does not take account of the considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Article VII, you shall not be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten and distributed to the public by you were offered to the public exceeds the amount of any damages which you have otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. In case any proceeding shall be instituted involving any person in respect of which contribution may be sought pursuant to the preceding paragraph, such person shall promptly notify the person from whom such contribution may be sought. No person shall be liable for contribution in respect of any settlement of any proceeding effected without its consent.

The indemnity and contribution agreements contained in this Article VII and the representations and warranties of the Company in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by you or on your behalf or any person controlling you or by or on behalf of the Company, its directors or officers or any person controlling the Company and (iii) acceptance of and payment for any of the Securities.

If any provision of this Article VII is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provisions shall be severable from this Agreement.

VIII.

This Agreement shall be subject to termination in your absolute discretion, by notice given to the Company, if prior to the Closing Date (i) trading in securities generally on the Toronto Stock Exchange or the New York Stock Exchange shall have been suspended or materially limited, (ii) trading of any equity securities of the Company shall have been suspended on the Toronto Stock Exchange or the New York Stock Exchange, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities, (iv) there shall have occurred an outbreak or escalation of hostilities involving the United States or the

declaration by the United States of a national emergency or war, if the effect of any such event specified in this clause (iv) in your reasonable judgment makes it impracticable or inadvisable to proceed with the offering or the delivery of the Securities being delivered at such time of delivery on the terms and in the manner contemplated in the Prospectus, or (v) there should develop, occur or come into effect any occurrence of national or international consequence or any event, action, condition, law, governmental regulation, enquiry or other development or occurrence of any nature whatsoever which, in your reasonable opinion, materially adversely affects, or involves, or will materially adversely affect or involve the U.S. financial markets or the business, operations or affairs of the Company and its subsidiaries on a consolidated basis.

IX.

If one or more of the Underwriters shall fail at the Closing Date to purchase the Securities which it or they are obligated to purchase under this Agreement (the “Defaulted Securities”), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(a) if the principal amount of Defaulted Securities does not exceed 10% of the aggregate principal amount of Securities to be purchased hereunder, the non-defaulting Underwriters shall be obligated, each severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the principal amount of Defaulted Securities exceeds 10% of the aggregate principal amount of Securities to be purchased on such date, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Article shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement, the Representatives shall have the right to postpone the Closing Date for a period not exceeding seven days in order to effect any required changes in the Registration Statement, the Prospectus or the Canadian Final Prospectus or in any other documents or arrangements. As used herein, the term “Underwriter” or “you” includes any person substituted for an Underwriter under this Article IX.

X.

The Company irrevocably consents and agrees for your benefit that any legal action, suit or proceeding against it by you with respect to its obligations, liabilities

or any other matter arising out of or in connection with this Agreement may be brought in any court of the State of New York or the United States of America located in the City of New York in the Borough of Manhattan and hereby irrevocably consents and irrevocably submits to the non-exclusive jurisdiction of each such court.

The Company hereby irrevocably designates, appoints and empowers, for a period of three years from the date of this Agreement, CT Corporation System, with offices currently at 111 Eighth Avenue, New York, New York 10011, as its designee, appointee and agent to receive, accept and acknowledge for and on its behalf, service of any and all legal process, summons, notices and documents that may be served in any action, suit or proceeding brought against it in any court of the State of New York or the United States of America located in the City of New York in the Borough of Manhattan with respect to its obligations, liabilities or any other matter arising out of or in connection with this Agreement and that may be made on such designee, appointee and agent in accordance with legal procedures prescribed for such courts. If for any reason such designee, appointee and agent hereunder shall cease to be available to act as such, the Company agrees to designate a new designee, appointee and agent in the City of New York on the terms and for the purposes of this Article X reasonably satisfactory to you. The Company hereby irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any of the aforesaid actions, suits or proceedings arising out of or in connection with this Agreement brought in any court of the State of New York or the United States of America located in the City of New York in the Borough of Manhattan and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

The provisions of this Article X shall survive for a period of three years from the date of this Agreement notwithstanding any termination of this Agreement, in whole or in part.

XI.

All commissions paid by the Company to you pursuant to Article I shall be made free and clear of, and without deduction or withholding for or on account of, any and all present and future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, imposed, levied, collected, withheld or assessed by Canada or any political subdivision of Canada or any other jurisdiction in which the Company has an office from which payment is made or deemed to be made, excluding (i) any such tax imposed because you have some connection with any such jurisdiction other than your participation as party hereto, and (ii) any income or franchise tax on your overall net income imposed by the United States or by the State of New York or any political subdivision of the United States or of the State of New York (all such non-excluded taxes, "Foreign Taxes"). If the Company is prevented by operation of law or otherwise from paying, causing to be paid or remitting that portion of amounts payable hereunder represented by Foreign Taxes withheld or deducted, then amounts payable under this Agreement shall, to the extent permitted by law, be increased to such amount

as is necessary to yield and remit to you an amount which, after deduction of all Foreign Taxes (including all Foreign Taxes payable on such increased payments) equals the amount that would have been payable if no Foreign Taxes applied.

XII.

If this Agreement shall be terminated by you because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse you for all out of pocket expenses (including the fees and disbursements of your counsel) reasonably incurred by you in connection with the Securities.

XIII.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

XIV.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

XIV.

All funds referred to in this Agreement shall be in U.S. dollars unless otherwise indicated.

XV.

Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "notice") shall be in writing addressed to the Company at:

Inco Limited
145 King Street West, Suite 1500
Toronto, Ontario
M5H 4B7
Attention: Stuart F. Feiner
Fax No.: (416) 361-7734

or if to you to the addresses set out on page one of this Agreement Attention: Ron Lloyd or to such other address as any of the parties may designate by notice given to the others.

Each notice shall be personally delivered to the addressee or sent by fax to the addressee and (i) a notice which is personally delivered shall, if delivered on a day that is not a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close ("Business Day"), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by fax shall be deemed to be given and received on the first Business Day following the day on which it is sent.

XVI.

The Annex and Exhibits form an integral part of this Agreement.

XVII.

This Agreement constitutes the entire agreement between the parties and except as stated in this Agreement contains all of the representations and warranties of the parties. There are no oral representations or warranties between the parties. This Agreement may not be amended or modified in any respect except by written instrument signed by the parties.

If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance by executing the enclosed copies of this letter where indicated below and returning them to the attention of the undersigned upon which this letter as so accepted shall constitute an agreement among us.

[rest of page intentionally left blank]

Very truly yours,

INCO LIMITED

By: _____

Name: ●

Title: ●

Accepted, September ● , 2002

MERRILL LYNCH & CO.

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

SALOMON SMITH BARNEY INC.

CREDIT SUISSE FIRST BOSTON CORPORATION

MORGAN STANLEY & CO. INCORPORATED

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By: _____

Name: ●

Title: ●

SCHEDULE I

<u>Underwriter</u>	<u>Principal Amount of Securities to be Purchased</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$●
Salomon Smith Barney Inc.	\$●
Credit Suisse First Boston Corporation	\$●
Morgan Stanley & Co. Incorporated	<u>\$●</u>
Total:	\$●

**Opinion of Julie A. Lee Harrs
Associate General Counsel and Assistant Secretary of the Company**

The opinion of Julie A. Lee Harrs, Esq., Associate General Counsel and Assistant Secretary of the Company, to be delivered pursuant to Article IV, paragraph (b) of the document entitled Underwriting Agreement, shall be to the effect that:

- (i) the Company has been duly organized and is validly existing as a corporation under the laws of Canada, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Canadian Final Prospectus and the Prospectus, and is duly qualified to transact business in the province of Ontario;
- (ii) the Indenture has been duly authorized, executed and delivered by the Company;
- (iii) the Securities have been duly authorized, executed, and delivered by the Company;
- (iv) the Underwriting Agreement has been duly authorized, executed and delivered by the Company;
- (v) the execution and delivery of, and performance by the Company of its obligations under, the Underwriting Agreement and the Indenture, and the issuance, sale and performance of the Company of its obligation under the Securities will not contravene the Articles of Continuance, By-law No. 1 or the Standing Resolution of the Company or any provision of applicable law or regulation of the Government of Canada or the Province of Ontario, to the best of such counsel's knowledge, the terms of any material indenture or other material agreement or instrument to which the Company is a party or by which it is bound;
- (vi) except as described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 or in the Company's Quarterly Report on 10-Q for the fiscal quarter ended June 30, 2002, there are no material pending legal proceedings known to such counsel to which the Company is a party or of which property of the Company is the subject, and to the best of such counsel's knowledge, no such proceeding is threatened or contemplated;
- (vii) to the best of such counsel's knowledge after due inquiry, no order having the effect of ceasing or suspending the distribution of the Securities has been issued by the Reviewing Authority and no proceedings for that purpose have been instituted, are pending or, are contemplated;

(viii) to the best of such counsel's knowledge, the Company is not (a) in violation of the Articles of Continuance or By-law No. 1 of the Company or (b) in default in the due performance of any material obligation, agreement, covenant or condition contained in any material indenture, except for such defaults that would not have a material adverse effect; and

(ix) the Company has validly submitted to the non-exclusive jurisdiction of the Federal and State courts located in the Borough of Manhattan in the City of New York, State of New York in connection with each of the Indenture and the Underwriting Agreement and has validly appointed CT Corporation System as its authorized agent for the purposes described in Section 1701 of the Indenture and Section X of the Underwriting Agreement, assuming due authorization, execution and delivery of such agreements by the other parties thereto.

Such counsel may base his opinion as to certain questions of fact on certificates of officers of the Company and may rely, in giving the opinion referred to above, as to certain legal matters upon the opinions of Sullivan & Cromwell, and Osler, Hoskin and Harcourt LLP, copies of which shall be furnished to the Underwriter on the Closing Date. Such counsel may also state that he is only passing upon matters of Canadian Federal and Ontario law and may add such other customary assumptions and qualifications he deems necessary to give such opinion.

**Opinion of Sullivan & Cromwell,
Counsel to the Company**

The opinion or opinions of Sullivan & Cromwell, counsel to the Company, to be delivered pursuant to Article IV, paragraph (c) of the document entitled Underwriting Agreement, shall be to the effect that:

(i) assuming that the indenture has been duly authorized, executed and delivered by the Company under Canadian federal and Ontario law, the Indenture has been duly authorized, executed and delivered by the Company, has been duly qualified under the United States Trust Indenture Act of 1939, as amended, and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(ii) assuming that the Securities have been duly authorized, executed and delivered by the Company under Canadian federal and Ontario law, the Securities have been duly authorized, executed, authenticated, issued and delivered; and the Securities constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) assuming that the Underwriting Agreement has been duly authorized, executed and delivered by the Company under Canadian federal and Ontario law, the Underwriting Agreement has been duly authorized, executed and delivered by the Company;

(iv) no consent, approval or authorization of any governmental body in the United States is required for the issuance and sale of the Securities to the Underwriters pursuant to the Underwriting Agreement, except such as have been obtained under the United States Securities Act of 1933, as amended, and the United States Trust Indenture Act of 1939, as amended, and such as may be required under the securities or Blue Sky laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Underwriters; and

(v) the Company has validly submitted to the non-exclusive jurisdiction of the Federal and State courts located in the Borough of Manhattan in the City of New York, State of New York in connection with each of the Indenture and the Underwriting Agreement, has validly waived any objection to the venue of any action, suit or proceeding in any such court brought pursuant to such agreements, and has validly appointed CT Corporation System as its authorized agent for the purposes described in Section 1701 of the Indenture and Section X of the Underwriting Agreement.

Sullivan & Cromwell shall also furnish a letter stating that on the basis of the information that such counsel gained in the course of the performance of their services considered in the light of their understanding of the applicable law, including the requirements of Form F-9 and the character of the prospectus contemplated thereby, and the experience they have gained through their practice under the Securities Act of 1933, as amended, such counsel confirm that, in their opinion, the Registration Statement, as of its effective date, and the Prospectus, as of the date of the Prospectus, appeared on their face to be appropriately responsive in all material respects to the requirements of the Securities Act of 1933, as amended, the United States Trust Indenture Act of 1939, as amended, and the applicable rules and regulations of the Securities and Exchange Commission thereunder; and that nothing that has come to their attention in the course of their review has caused them to believe that the Registration Statement, as of its effective date, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading; or, that the Prospectus, as of the date of the Prospectus, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such counsel may state that the limitations inherent in the independent verification of factual matters and the character of determinations involved in the registration process are such, however, that such counsel do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus except for those made under “Description of Debentures” and “Certain Income Tax Considerations—Certain U.S. Federal Income Tax Considerations”, insofar as they relate to provisions of the Indenture or of United States Federal tax law therein described, and such counsel may also state that they do not express any opinion or belief as to the financial statements or other financial data contained or incorporated by reference in the Registration Statement or the Prospectus, as to the statement of the eligibility and qualification of the Trustee under the Indenture, the information and data with respect to the Company’s reserves incorporated by reference into the Registration Statement or the Prospectus in reliance on the authority of Robert A. Horn, Lawrence B. Cochrane and Robert C. Osbourne as experts or as to the statements contained in the Registration Statement and the Prospectus under “Certain Income Tax Considerations—Certain Canadian Federal Income Tax Considerations”.

In furnishing the letter described above, such counsel may assume that (A) the principal jurisdiction in Canada designated by the Company in connection with the offering of the Securities is the Province of Ontario, (B) the Canadian Final Prospectus would be the entire disclosure document used to offer the Securities if the offering of Securities were being made in the Province of Ontario, (C) the exhibits to the Registration Statement and the documents incorporated in the Canadian Final Prospectus by reference are the only reports or information that in accordance with the requirements of Ontario law must be made publicly available in connection with the offering of the Securities and (D) the Canadian Final Prospectus was prepared in accordance with the disclosure requirements of the Province of Ontario as interpreted and applied by the Ontario Securities Commission.

In rendering their opinions, such counsel may state that they are not expressing any opinion as to the responsiveness of the documents referred to above to the requirements of the laws of the Province of Ontario. Such counsel may also state that they are passing only upon matters of United States and New York law and that they are relying on the opinion of the Assistant General Counsel of the Company and Osler, Hoskin & Harcourt LLP, Canadian counsel for the Company, with respect to matters of Canadian law (including compliance with all legal requirements as interpreted and applied by the Ontario Securities Commission), and that their opinion or opinions are subject to any qualifications in the opinion of such Canadian counsel for the Company.

**Opinion of Stuart F. Feiner,
Executive Vice President,
General Counsel and Secretary of the Company**

The opinion of Stuart F. Feiner, Executive Vice President, General Counsel and Secretary of the Company, to be delivered pursuant to Article IV, paragraph (d) of the document entitled Underwriting Agreement, shall be to the effect that each document incorporated by reference in the Canadian Prospectus and the Prospectus, when such document was filed with the Reviewing Authority, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made when such document was so filed, not misleading.

Such counsel may base his opinions as to certain matters of fact on certificates of officers of the Company and may rely, in giving the opinion referred to above, as to all matters relating to the laws of Canada upon the opinion of the Associate General Counsel, a copy of which shall be furnished to the Underwriter on the Closing Date.

**Opinion of Osler, Hoskin & Harcourt LLP,
Canadian Counsel for the Company**

The opinion of Osler, Hoskin & Harcourt LLP, Canadian counsel for the Company, to be delivered pursuant to Article IV, paragraph (e) of the document entitled Underwriting Agreement, shall be to the effect that:

- (vi) the statements contained in the Prospectus under the heading “Certain Income Tax Considerations – Certain Canadian Federal Income Tax Considerations” fairly describe the principal Canadian federal income tax consequences under the *Income Tax Act* (Canada) to the persons described therein;
- (vii) the statements contained in the Prospectus in the last sentence under the heading “Enforceability of Certain Civil Liabilities” fairly describe the applicable law summarized therein;
- (viii) no withholding tax imposed under the federal laws of Canada or the laws of the Province of Ontario will be payable in respect of the payment of the commissions contemplated by the Underwriting Agreement to an Underwriter, provided the Underwriter deals at arm’s length with the Company (as such term is understood for purposes of the *Income Tax Act* (Canada)), and that such commissions are payable in respect of services rendered by the Underwriter wholly outside of Canada that are performed in the ordinary course of business carried on by the Underwriter that includes the performance of such services for a fee and any such amount is reasonable in the circumstances;
- (ix) no goods and services tax imposed under the federal laws of Canada will be payable by the Company in respect of the payment of the commissions as contemplated by the Underwriting Agreement to an Underwriter, provided that any such commissions are in respect of services performed by the Underwriter wholly outside of Canada;
- (x) no stamp duty, documentary taxes or similar taxes are payable by the Company under the federal laws of Canada or the laws of the Province of Ontario in connection with the creation, issuance, sale and delivery of the Securities to an Underwriter;
- (xi) no filing, consent, permit, order, approval or authorization under any federal laws of Canada or laws of the Province of Ontario is required in connection with the execution, delivery and performance of the Underwriting Agreement or for the issue, offer and sale of the Securities to the Underwriters pursuant to the Underwriting Agreement in the manner contemplated by it, except for such filings as have been made with the Reviewing Authority, with the Director under the *Canada Business Corporation Act* and with the Toronto Stock Exchange;

(xii) a notice of clearance has been obtained in respect of the Registration Statement from the Reviewing Authority under Companion Policy 71-101CP to National Instrument 71-101;

(xiii) to the best of such counsel's knowledge after due inquiry, (A) there are no reports or information that in accordance with the requirements of the Reviewing Authority must be made publicly available in connection with the offering of the Securities that have not been made publicly available as required and (B) there are no documents required to be filed with the Reviewing Authority or any other Canadian securities regulatory authority in connection with the Canadian Final Prospectus or any amendment or supplement thereto or any Canadian Preliminary Prospectus that have not been filed as required;

(xiv) the Prospectus appears on its face to have been appropriately responsive to the requirements of the securities laws, rules and regulations of the Province of Ontario as interpreted and applied by the Ontario Securities Commission, except for those requirements pertaining to disclosure applicable solely to Canadian offerees or purchasers that would not be material to offerees or purchasers in the United States; provided that we express no opinion as to whether the Prospectus and the documents incorporated by reference therein constitute full, true and plain disclosure of all material facts relating to the Securities;

(xv) the Indenture and the issuance of the Securities thereunder are exempt from Part VIII of the *Canada Business Corporation Act* pursuant to an exemption order obtained under the provisions of the *Canada Business Corporation Act* and no other registration, recording or filing of the Indenture is required under the federal laws of Canada or the laws of the Province of Ontario in connection with the authorization, execution, delivery and performance by the Company of the Indenture;

(xvi) the choice of New York law to govern each of the Indenture and the Underwriting Agreement is valid under the laws of the Province of Ontario and the federal laws of Canada, and an Ontario or Canadian federal court of competent jurisdiction would recognize and enforce New York law as the governing law of each such agreement in any suit involving the Indenture or the Underwriting Agreement, as the case may be, provided, however, that:

- (a) such choice of law is bona fide (in the sense that it was not made with a view to avoiding the consequences of the law of any other jurisdiction) and is not contrary to public policy as this term is understood under Ontario law; however, we have no reason to believe that the choice of the laws of New York in this context is contrary to public policy under the laws in force in the Province of Ontario;

- (b) the relevant provisions of New York law will be proved as a factual matter before such court;
- (c) the provisions of the relevant agreement are not contrary to public policy as that term is understood under Ontario law;
- (d) the relevant provisions of New York law are not contrary to public policy as that term is understood under Ontario law, and are not foreign revenue, expropriatory or penal laws, or laws dealing with matters which an Ontario court would consider procedural in nature;
- (e) an Ontario Court will retain discretion to decline to hear such an action if it is not the proper forum to hear such an action, or if another action between the same parties, based on the same subject matter is properly pending before a foreign authority or a decision thereon has been rendered by a foreign authority;
- (f) an Ontario Court may not enforce an obligation enforceable under New York law where performance of the obligation would be illegal by the laws of the place of performance; and
- (g) there is compliance with the *Limitations Act* (Ontario);

(xvii) insofar as Canadian Federal and Ontario law is relevant, the Company has validly waived, to the fullest extent permitted by law, any objection to the venue of any action, suit or proceeding in the Federal and State courts located in the Borough of Manhattan in the City of New York, State of New York, brought pursuant to the Indenture or the Underwriting Agreement, assuming that each such agreement is enforceable against the Company; and

(xviii) any final judgment for a sum certain against the Company in relation to the enforcement of the Securities, the Indenture or the Underwriting Agreement rendered by a jurisdictionally competent United States or New York court in the Borough of Manhattan, The City of New York, State of New York, would be recognized and enforced by the Ontario courts, subject to such judgment not being in relation to the enforcement of penal or revenue laws and subject to it not having been obtained by fraud or contrary to the fundamental concepts of natural justice or public policy is recognized by Ontario courts, provided, however, that:

- (a) such judgment is not impeachable as void or voidable under the laws of New York;
- (b) the court issuing such judgment has jurisdiction over the Company, as recognized by the courts of the Province of Ontario;

- (c) there has been compliance with the *Limitations Act* (Ontario) in connection with the enforcement of the judgment;
- (d) a dispute between the same parties based on the same subject matter has not given rise to a decision rendered by an Ontario Court or been decided by a foreign authority and the decision meets the necessary conditions for recognition under Ontario law;
- (e) such judgment was not obtained contrary to an order made by the Attorney General of Canada under the *Foreign Extraterritorial Measures Act* (Canada) or by the Competition Tribunal under the *Competition Act* (Canada);
- (f) no new admissible evidence is discovered and presented before the Ontario Court reaches its judgment; and
- (g) a sum of money will be converted by an Ontario Court into Canadian currency in accordance with the *Courts of Justice Act* (Ontario); and

(xix) The statements contained in Part II of the Registration Statement under the heading 'Indemnification' fairly describe the by-laws of the Company and the provisions of the *Canada Business Corporations Act* summarized therein.

**Opinion of Shearman & Sterling,
Counsel for the Underwriters**

The opinion of Shearman & Sterling, counsel for the Underwriters, to be delivered pursuant to Article IV, paragraph (f) of the document entitled Underwriting Agreement, shall be to the effect that:

- (i) assuming the due authorization, execution and delivery of the Underwriting Agreement by the Company under the laws of Canada, the Underwriting Agreement (to the extent execution and delivery are governed by the laws of New York) has been duly executed and delivered by the Company;
- (ii) assuming the due authorization, execution and delivery of the Indenture by the Company under the laws of Canada, and assuming the due authorization, execution and delivery of the Indenture by the Trustee, the Indenture (to the extent execution and delivery are governed by the laws of New York) has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms; and the Indenture has been duly qualified under the applicable provisions of the Trust Indenture Act of 1939, as amended;
- (iii) assuming the due authorization, execution, issuance and delivery of the Securities by the Company under the laws of Canada, and assuming the due authentication of the Notes by the Trustee in the manner described in its certificate delivered to you today (which fact we have not determined by an inspection of the Notes), the Notes (to the extent that execution and delivery are governed by the laws of New York) have been duly executed and delivered and constitute valid and legally binding obligations of the Company entitled to the benefits provided by the Indenture;
- (iv) the statements set forth in the Prospectus under the captions “Certain Income Tax Consequences – Certain United States Federal Income Tax Consequences” and “Description of Notes”, insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and fair summaries of the matters discussed therein; and
- (v) the statements set forth in the Prospectus under the caption “Underwriting”, insofar as such statements purport to constitute a summary of the terms of the Securities and the Indenture, are accurate and fair summaries of the matters stated therein.

Shearman & Sterling shall state that the opinions set forth in subparagraphs (ii) and (iii) above are subject to the qualification that the enforcement is subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and subject to the effect of

general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether enforcement is considered in a proceeding in equity or at law).

Shearman & Sterling shall also provide a letter stating that it has reviewed and participated in discussions concerning the preparation of the Registration Statement and the Prospectus with certain officers or employees of the Company, with its counsel and its auditors, and with the Underwriters' representatives and Canadian counsel. The limitations inherent in the independent verification of factual matters and in the role of outside counsel are such, however, that it cannot and does not assume any responsibility for the accuracy, completeness or fairness of any of the statements made in the Registration Statement and the Prospectus, except as set forth in paragraphs (iv) and (v) of its opinion addressed to the Underwriters, dated the Closing Date.

Subject to the limitations set forth above, Shearman & Sterling shall advise the Underwriters that, on the basis of the information it gained in the course of performing the services referred to above, in its opinion, each of the Registration Statement, the Prospectus (other than the financial statements, other financial data and the information and data with respect to the Company's reserves, included therein in reliance on the authority of Robert A. Horn, Lawrence B. Cochrane and Robert C. Osbourne as experts, contained therein or omitted therefrom and the Trustee's Statement of Eligibility on Form T-1, as to which it need express no opinion) and the Form F-X appears on its face to be appropriately responsive in all material respects to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. With regard to this paragraph, Shearman & Sterling shall state that it has assumed the compliance of the Canadian Prospectus (as defined in the Underwriting Agreement), including the documents incorporated by reference therein, with the requirements of the securities laws, rules and regulations of the Province of Ontario as interpreted and applied by the Ontario Securities Commission.

Shearman & Sterling shall further advise the Underwriters that, subject to the limitations set forth above, on the basis of the information it gained in the course of performing the services referred to above, no facts came to its attention which gave it reason to believe that (a) the Registration Statement (other than the financial statements, other financial data and the information and data with respect to the Company's reserves, included therein in reliance on the authority of Robert A. Horn, Lawrence B. Cochrane and Robert C. Osbourne as experts, contained therein or omitted therefrom and the Trustee's Statement of Eligibility on Form T-1, as to which it has not been requested to comment), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (b) the U.S. Prospectus (other than the financial statements, other financial data and the information and data with respect to the Company's reserves, included therein in reliance on the authority of Robert A. Horn, Lawrence B. Cochrane and Robert C. Osbourne as experts, contained therein or omitted therefrom, as to which it has not been requested to comment), as of its date or the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to

state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

**Opinion of Davies Ward Phillips & Vineberg LLP
Canadian Counsel for the Underwriters**

The opinion of Davies Ward Phillips & Vineberg LLP, Canadian counsel for the Underwriters, to be delivered pursuant to Article IV, paragraph (g) of the document entitled Underwriting Agreement, shall be to the effect that:

- (i) the statements contained in the Prospectus under the heading "Certain Income Tax Considerations – Certain Canadian Federal Income Tax Considerations" fairly describe the principal Canadian federal income tax consequences under the *Income Tax Act* (Canada) to the persons described therein;
- (ii) the Indenture and the issuance of the Securities thereunder are exempt from Part VIII of the *Canada Business Corporations Act* pursuant to an exemption order obtained under the provisions of the *Canada Business Corporations Act* and no other registration, recording or filing of the Indenture is required under the federal laws of Canada or the laws of the Province of Ontario in connection with the authorization, execution, delivery and performance by the Company of the Indenture;
- (iii) the choice of laws of the State of New York as the governing law of each of the Underwriting Agreement and the Indenture is valid and an effective choice of law in an action brought before a court of competent jurisdiction in the Province of Ontario, provided that such choice of law is *bona fide* (in the sense that it was not made with a view to avoiding the consequences of the laws of another jurisdiction) and provided that such choice of law is not contrary to public policy, as that term is applied by an Ontario court. Assuming that the provisions of the relevant agreement are not contrary to public policy, as that term is applied by an Ontario court, in any proceedings before a court of competent jurisdiction in the Province of Ontario for the enforcement of the Underwriting Agreement or the Indenture, the laws of the State of New York would, to the extent specifically pleaded and proven as a fact by expert evidence, be applied by such court in accordance with the choice of the laws of the State of New York as the governing laws of the Underwriting Agreement or the Indenture, as the case may be, to all issues which under conflict of laws rules in effect in the Province of Ontario are to be determined in accordance with the proper or governing law of a contract, except that in any such proceeding such court: (A) will apply those laws of the Province of Ontario as such court characterizes as procedural; (B) will not apply those laws of the State of New York which an Ontario court would characterize as revenue, expropriatory, penal or similar laws; and (C) will not apply those laws of the State of New York, the application of which an Ontario court would characterize as contrary to public policy, as that term is applied by the courts of the Province of Ontario; and

(iv) the courts of the Province of Ontario would give a judgment in Canadian dollars based upon a final and conclusive *in personam* judgment for a sum certain, obtained in a federal or state court of the United States of America having jurisdiction in the State of New York against the Company with respect to a claim pursuant to the Underwriting Agreement or the Indenture in accordance with the submission by the Company to the jurisdiction of such court in the State of New York, without reconsideration of the merits, if:

(A) such judgment was:

(I) not obtained by fraud, or in any manner contrary to the principles of natural justice;

(II) not for a claim in respect of any laws of New York or of any other jurisdictions other than the Province of Ontario which a court of the Province of Ontario would characterize as revenue, expropriatory, penal or similar laws;

(III) not contrary to public policy, as that term is applied by an Ontario court, or contrary to any order made by the Attorney General of Canada under the *Foreign Extraterritorial Measures Act* (Canada) or by the Competition Tribunal under the *Competition Act* (Canada) in respect of certain judgments referred to therein; and

(IV) not impeachable as void or voidable under New York laws;

(B) no new admissible evidence relevant to the disposition of the action is discovered prior to the rendering of judgment by an Ontario court; and

(C) there has been compliance with the *Limitations Act* (Ontario) in connection with the enforcement of such judgment.

EXHIBIT 5.1

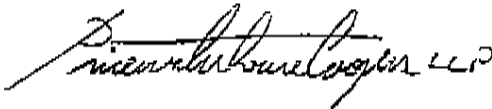
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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference into the prospectus (the "Prospectus") included in the Registration Statement on Form F-9 of Inco Limited (the "Company") relating to a proposed offering of debentures of our report dated February 5, 2002 appearing on page 96 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001. We also consent to the references to us under the headings "Experts" and "Summary Consolidated Financial Data" in the Prospectus.



Chartered Accountants
Toronto, Ontario
September 17, 2002