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| ☐ | Trading – Interest Rate Derivatives | ☒ | Back-office - Options |
| ☒ | Trading – Equity and Index Derivatives | ☒ | Technology |
| ☐ | Back-office – Futures | ☒ | Regulation |

**CIRCULAR**
June 29, 2006

**ANTICIPATED CONTRACT ADJUSTMENT**
**Falconbridge Limited (FAL) – Inco Limited (N)**
**Plan of arrangement (Follow - up)**

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY.

The Bourse and CDCC wish to inform you that Inco Limited (Inco) and Falconbridge Limited (Falconbridge) announced on June 26, 2006 that their respective Boards of Directors have unanimously agreed to a further increase in the consideration under Inco's friendly offer to acquire all of the outstanding common shares of Falconbridge. Under the terms of the revised offer, the consideration per Falconbridge common share will increase from Cdn $51.17 to Cdn $53.83 for the cash alternative, and from 0.6927 of an Inco common share and Cdn $0.05 in cash to 0.82419 of an Inco common share and Cdn $0.05 in cash for the share alternative. Any fractional share resulting from the exercise of the second alternative will be paid in cash.

Inco has extended the expiry date under the offer from June 30, 2006 to July 12, 2006. Thereafter, Inco will conduct a second-stage transaction, expected to be completed in August 2006, in order to acquire any remaining Falconbridge common shares.

**PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASSE ARE ADVISED OF THIS NOTICE.**

For further information, please contact Louise Leclair, Trading Systems Analyst Market Operations, Bourse de Montréal Inc. at (514) 871-3526 or CDCC's Operations Department.

Caroline Bilodeau
Legal Counsel
Secretariat and legal Affairs

Circular no.: 120-2006

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