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mination fee of \$925 million rather than \$475 million is triggered by Inco's acquisition of 50.01%, rather than two-thirds, of the outstanding Falconbridge common shares.

Under the Waiver and Amendment, Phelps Dodge also grants such waivers, among others, as required to permit Inco: (i) to increase its bid for Falconbridge by Cdn. \$1.00 in cash consideration; (ii) to reduce the minimum tender condition in Inco's offer for Falconbridge from two-thirds of the outstanding common shares of Falconbridge to 50.01% of the outstanding shares; (iii) to amend the Support Agreement between Inco and Falconbridge, dated as of October 10, 2005, as amended, to provide for the payment of a dividend by Falconbridge in the amount of Cdn. \$0.75 in cash to all Falconbridge shareholders as of a record date not later than July 26, 2006; and (iv) to allow Inco to acquire up to 5% of outstanding common shares of Falconbridge in open market purchases consistent with the regulations governing tender offers for Canadian issuers.

The foregoing is qualified in its entirety by reference to the Waiver and Amendment to the Combination Agreement, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

ITEM 7.01 REGULATION FD DISCLOSURE

Phelps Dodge is filing as Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3 to this Current Report on Form 8-K (i) materials being used in connection with presentations to and conversations with investors beginning the date hereof, (ii) a fact sheet relating to the proposed combination of Phelps Dodge with Inco and Falconbridge (the Combination) and (iii) a joint press release issued by Phelps Dodge on July 17, 2006, announcing the amendment of the Combination Agreement and increase in Phelps Dodge s offer for Inco, the increase in Inco s offer for Falconbridge and the declaration by Falconbridge of a special cash dividend. Such materials may be deemed to be soliciting materials in connection with the meeting of Phelps Dodge s shareholders to be held in connection with the Combination.

In connection with the proposed combination, Phelps Dodge filed a preliminary proxy statement on Schedule 14A with the SEC. Investors are urged to read the definitive proxy statement (including all amendments and supplements to it) when it is filed because it contains important information. Investors may obtain free copies of the definitive proxy statement, as well as other filings containing information about Phelps Dodge, Inco and Falconbridge, without charge, at the SEC's Web site (www.sec.gov). Copies of Phelps Dodge's filings may also be obtained without charge from Phelps Dodge at its Web site (www.phelpsdodge.com) or by directing a request to Phelps Dodge, One North Central Avenue, Phoenix, Arizona 85004-4414, Attention: Assistant General Counsel and Corporate Secretary (602) 366-8100.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

- (b) Unaudited pro forma combined financial statements for the proposed combination of Phelps Dodge, Inco and Falconbridge, reflecting the terms set forth in the Waiver and Amendment, are filed as Exhibit 99.4.
- (d) Exhibits:
- 10.1 Waiver and Amendment to Combination Agreement, dated as of July 16, 2006, between Phelps Dodge Corporation and Inco Limited.
 - 99.1 Investor presentation.
 - 99.2 Fact sheet relating to the proposed combination.
 - 99.3 Press release of Phelps Dodge Corporation dated July 17, 2006.
 - 99.4 Unaudited pro forma combined financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PHELPS DODGE CORPORATION
(Registrant)

By: /s/ S. David Colton

Name: S. David Colton
Title: Senior Vice President and
General Counsel

Date: July 17, 2006

5

EXHIBIT INDEX

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