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[21304001]

Inco Ltd. posted a 35 % decline in third-quarter net income , a performance that was in line with analysts ' expectations .

[21304002]

The nickel producer also raised its quarterly dividend to 25 cents a share from 20 cents and said it may buy back as much as 4.8 % of its common outstanding .

[21304003]

Inco shares fell after the announcements .

[21304004]

Analysts said some investors were disappointed that the cash-rich company had failed to announce a special dividend .

[21304005]

Inco closed at \$ 31.125 a share , down 62.5 cents , in New York Stock Exchange composite trading .

[21304006]

Some analysts said Inco , which had cash reserves of \$ 272 million as of Sept. 30 , could still announce a special dividend in the next few months , though it would be smaller than the \$ 10-a-share special dividend it paid last year .

[21304007]

The quarterly dividend is payable Dec. 1 to shares of record Nov. 3 .

[21304008]

Inco ' s net fell to \$ 129.3 million , or \$ 1.23 a share , in the third quarter from \$ 200.3 million , or \$ 1.88 a share , a year earlier .

[21304009]

Sales rose 8.2 % to \$ 848.7 million from \$ 784.5 million .

[21304010]

Excluding special gains from tax-loss carry-forwards , earnings in the latest quarter were \$ 117.7 million , or \$ 1.12 a share , compared with \$ 187.4 million , or \$ 1.76 a share .

[21304011]

Inco said the drop in earnings resulted mainly from lower nickel prices for the period and a temporary cut in nickel output at the company ' s Manitoba operations due to high levels of arsenic in the ore .

[21304012]

Inco said it plans to buy back as many as five million common shares over the next 12 months if nickel market conditions are favorable .

[21304013]

Under a previous buyback program , Inco has purchased 1.7 million of its shares since April .