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April 25, 2008

Production Capacity of Electrolytic Copper Foil (Thin Products)

Significantly Enhanced in Asia

New Production Lines Built in Taiwan and Malaysia Plants

Mitsui Mining & Smelting Co., Ltd. (President: Yoshihiko Takebayashi) is significantly expanding its production capacity for thin products of 18 micrometers or less in its electrolytic copper foil business. In particular, the production capacity for the extremely thin 12-micrometer copper foil is being doubled. Production is also being increased for resin coated copper (*Note 1), for which there has been steady increase in demand, with the objective of establishing a stable supply system.

Production increased at plants in Malaysia and Taiwan

The increased production of electrolytic copper foil is taking place at the Company's two volume-production plants in Asia, namely, Taiwan Copper Foil Co., Ltd. ("TCF") in Taiwan and Mitsui Copper Foil (Malaysia) SDN BHD. ("MCF") in Malaysia. The Company is making the necessary investment for the production increases.

Overall production at TCF will increase by 200 ton/month, achieved by renovating the facilities and by other means.

The production capacity for 12-micrometer copper foil will be increased by enhancing the production capacity of the existing surface treatment line and building a new line.

The production capacity for 12-micrometer copper foil at MCF will be increased in a similar way, also by enhancing the production capacity of the existing surface treatment lines and building new lines.

The combined production capacity at TCF and MCF for 12-micrometer copper foil will almost double, achieving production of at least 600 ton/month. The new lines at the two plants started operation in April.

A new line will also be built at MCF for resin coated copper. The new line will start operation

in 2009, increasing production of resin coated copper by 500,000 m²/month (*Note 2). The combined production capacity at MCF and TCF will be 1,300,000 m²/month, about 1.5 times the existing figure.

Level of investment

The investment being made to expand the facilities at both TCF and MCF totals 3.5 billion yen. This figure represents the greatest investment that the Company has made to increase production in the electrolytic copper foil business since the collapse of IT bubble.

Background to the production increase and market trends

Electrolytic copper foil is used as a laminating material on printed circuit boards for electronic equipment. While a wide range of electrolytic copper foil products are used with different foil thicknesses and special surface treatment to meet the customers' needs, most are from 12 to 70 micrometers thick. Demand has shifted in the Asian markets over the last year from the mainstream 35-micrometer products to thinner products. Demand for 12-micrometer copper foil in particular has surged.

The 12-micrometer copper foil is used mainly in IC packages that require precision circuits. However, use with the motherboards of mobile phones and portable music players has also increased in line with the size reduction and density increases in mobile equipment. These factors have resulted in the surge in demand in the Asian market.

Demand for 12-micrometer copper foil, which is more than 30% thinner than the conventional 18-micrometer product, has increased among customers engaged in the manufacture of printed wiring boards. This reflects the recent shift in manufacturing processes toward those that are more environmentally friendly, which involve reducing the amount of copper removed when processing the circuits.

Demand from mobile phones is expected to grow steadily at an annual rate of about 7%, driven by size reduction and increased density. Based on this trend, demand for 12-micrometer thick copper foil with resin is expected to continue to increase steadily.

Future prospects

Mitsui Mining & Smelting has continually enhanced improved products, including 12-micrometer copper foil and resin coated copper, to achieve a stable volume production of thin electrolytic copper foil products. As a result, the Company has established itself as a major supplier of 12-micrometer copper foil in the Asian market, with a share of about 50%. The global share of the Company's resin coated copper is around 60%.

Through the measures to achieve increased production, the Company plans to create an organization that is able to adequately meet the anticipated increase in demand ahead of other suppliers, ensuring that supply remains consistent.

Mitsui Mining & Smelting also released halogen-free resin coated copper in 2003 as an environmentally friendly product ahead of other market participants. Demand for the product has increased since that time, and the majority of resin coated copper sold is now halogen-free.

Demand for the Company's 12-micrometer resin coated copper, which provides superior workability with precision circuits while being environmentally friendly, is anticipated to increase steadily against the backdrop of more stringent environmental regulations in China and other Asian countries.

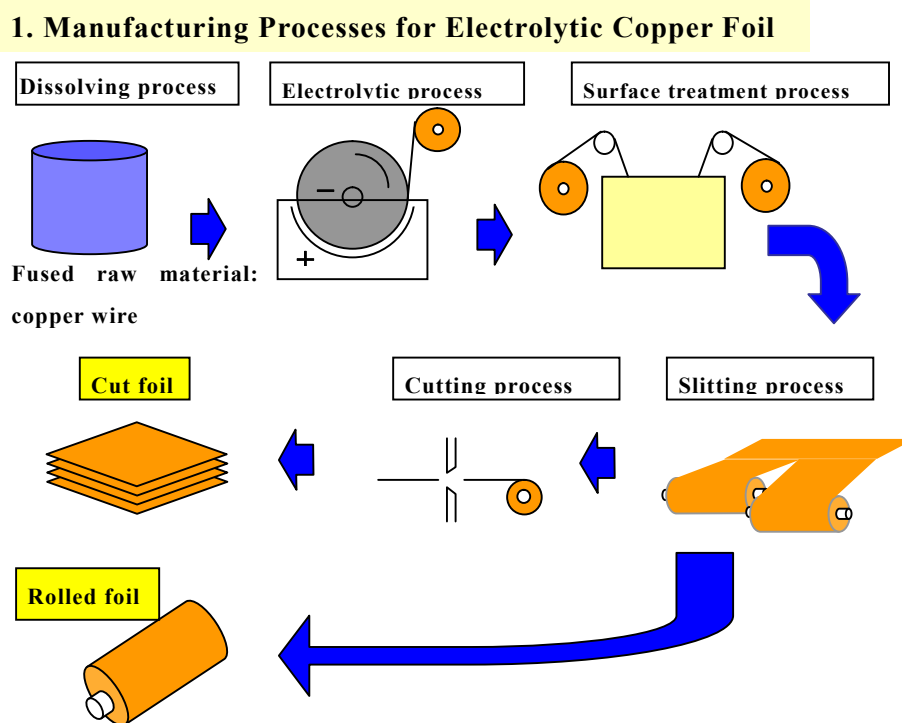
(*Note 1) Resin Coated Copper:

Refers mainly to the 12-micrometer copper foil applied with epoxy resin; with the superior laser via-hole workability, the product has been used with the high-density, build-up multilayer boards of mobile phones and others.

(*Note 2) 500,000 m²/month

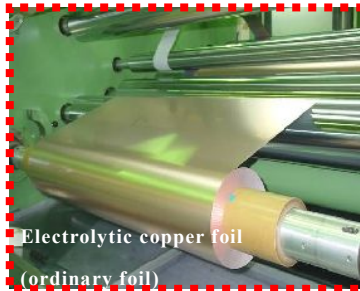
With some products, it is more appropriate to represent the production volume as an area rather than a weight.

Reference

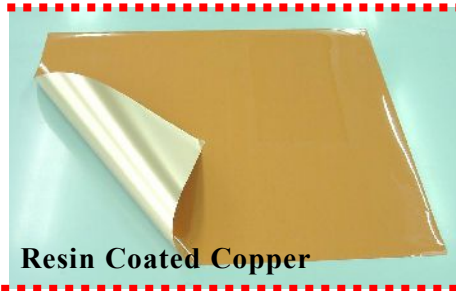


* Resin Coated Copper is manufactured by applying resin to the surface of the above rolled foil in a separate process.

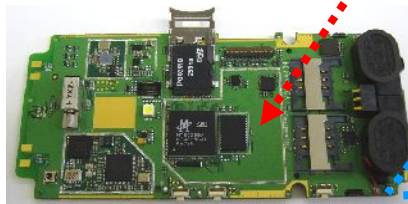
2. Examples of the Application of Electrolytic Copper Foil



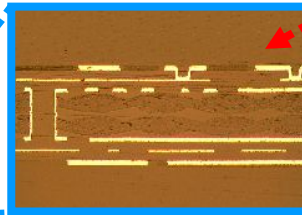
Electrolytic copper foil
(ordinary foil)



Resin Coated Copper



Printed wiring board



Enlarged cross-section of printed wiring
board (Build-up multilayer board)

***Each type of electrolytic copper foil is used as the wiring material on the printed wiring board.**