

May 29, 2009

Mitsui Mining & Smelting Co., Ltd.
Sumitomo Metal Mining Co., Ltd.

Basic agreement relating to the consolidation of the copper and
copper alloy fabricated businesses

Mitsui Mining & Smelting Co., Ltd. (Headquarters: Shinagawa-ku, Tokyo. President: Yoshihiko Takebayashi. Hereinafter referred to as “Mitsui”) and Sumitomo Metal Mining Co., Ltd. (Headquarters: Minato-ku, Tokyo. President: Nobumasa Kemori. Hereinafter referred to as “Sumitomo”) have reached a basic agreement to proceed with detailed discussions for the purpose of consolidating their copper and copper alloy fabricated businesses.

Demand for copper and copper alloy fabricated products has rapidly declined since around 2000, and competition within the industry has been intensifying every year. To survive in this environment, Mitsui and Sumitomo will begin talks to reorganize and optimize the technologies, sales, and human resources advantages they both have in their possession, as well as to promote cost reduction through higher efficiency.

In proceeding with this consolidation project, Mitsui and Sumitomo are receiving guidance from relevant government agencies such as the Japan Fair Trade Commission.

1. Purpose of the consolidation

Mitsui and Sumitomo will aim to maximize the synergistic effect and strengthen the competitiveness of their copper and copper alloy fabricated businesses through effective utilization of production facilities, more efficient sales and management operations, and mutual complementation of production technologies.

(1) Become establish as No. 1 in Japan for the brass business

Through the consolidation of their businesses, Mitsui and Sumitomo will possess an integrated production system consisting of two bases, one each in eastern and western Japan (Ageo-shi, Saitama Prefecture, and Inabe-shi, Mie Prefecture). By maximizing the advantage of integrated production spanning the two bases and establishing an optimal production system, the companies will strengthen their competitiveness in terms of cost, quality, and delivery. A stable supply system will be achieved, further solidifying the companies' No. 1 position in Japan for the brass business.

(2) Establish an efficient and effective sales and management system

Sales information and know-how, sales channels, and other intangible sales-related aspects, as well as such tangible aspects as sales hubs and logistics, will be restructured to establish the most efficient and effective sales system and to reduce logistics costs.

In addition, the administrative divisions will be consolidated by integrating the head office functions, thereby achieving a slimmed-down management system and significant reduction of overhead costs.

(3) Establish technological superiority

By mutual complementation and merging of technology and production facilities, both of which are strengths of each company, Mitsui and Sumitomo will aim to improve their capability for technological development and strengthen their production technology, thereby solidifying their technological superiority in the industry.

2. General outline of the business consolidation

(1) Range of business

- i The businesses conducted by Mitsui Mining & Smelting Co., Ltd. at its Rolled Copper & Zinc Division, as well as such businesses as are appurtenant and/or related to the above; and
- ii The copper and copper alloy fabricated business conducted by Sumitomo Metal Mining Co., Ltd. at its 100% owned subsidiary, Sumitomo Metal Mining Brass & Copper Co., Ltd., as well as such businesses as are appurtenant and/or related to the above.

(2) Shareholding ratio in the consolidated company

Mitsui and Sumitomo each to hold 50%

(3) Scheduled consolidation date

April 1, 2010

3. Effect of the business consolidation

The consolidation of the two companies' businesses is expected to result in a variety of tangible and intangible effects. By achieving the following goals, a direct effect of the consolidation is anticipated to be in the range of 1 billion yen per year, although this is partly dependent on the market situation.

(1) Sales

- i Reduction of administrative costs due to the consolidation of sales hubs
- ii Reduction of logistics costs due to production in centers close to the customer

(2) Raw materials

- i Advantageous purchasing due to centralized purchasing

(3) Production

- i Shortened delivery time due to production in the most appropriate production center
- ii Building of a stable supply system through production at the most appropriate production center

(4) Administration

- i Reduction of administrative costs and overhead through the consolidation of head office functions and systems
- ii Efficient administration through the implementation of business process reengineering (BPR).

Details of the business consolidation will be provided after our upcoming consultations.

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Attachment

- 1 . General outline of the rolled copper & zinc business of Mitsui Mining & Smelting Co., Ltd.
- 2 . General outline of the copper and copper alloy fabricated business of Sumitomo Metal Mining Co., Ltd.
- 3 . General outline of the consolidated company
- 4 . Information on copper and copper alloy fabricated products

1. General outline of the rolled copper & zinc business of Mitsui Mining & Smelting Co., Ltd.

Mitsui Mining & Smelting Co., Ltd.

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|--------------------|------------------------------------|
| (1) Head Office | 1-11-1, Osaki, Shinagawa-ku, Tokyo |
| (2) Representative | Yoshihiko Takebayashi |
| (3) Capital | 42.1 billion yen |
- (Rolled Copper & Zinc Div.)
- | | |
|-------------------------|---|
| (1) Plant location | 656-1, Futatsumiya, Ageo-shi, Saitama Prefecture |
| (2) Nature of business | Manufacture and sales of copper and brass strips and sheets
Manufacture and sales of zinc and zinc alloy sheets and strips |
| (3) Production capacity | Copper and copper alloy fabricated products: Approx. 4,000 t/month
(Brass strips: approx. 60%) |
| (4) Number of employees | Approx. 340 (As of April 1, 2009) |

2. General outline of the copper and copper alloy fabricated business of Sumitomo Metal Mining Co., Ltd.

Sumitomo Metal Mining Co., Ltd.

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|--------------------|-------------------------------------|
| (1) Head Office | 5-11-3, Shimbashi, Minato-ku, Tokyo |
| (2) Representative | Nobumasa Kemori |
| (3) Capital | 93.2 billion yen |
- Sumitomo Metal Mining Brass & Copper Co., Ltd.
(100% owned subsidiary of Sumitomo Metal Mining Co., Ltd.)
- | | |
|-------------------------|---|
| (1) Head Office | 3-1-13 Higashiueno, Taito-ku, Tokyo |
| (2) Representative | Toru Nakasatomi |
| (3) Capital | 2.5 billion yen |
| (4) Plant location | Kamikasada, Inabe-cho, Inabe-shi, Mie Prefecture |
| (5) Nature of business | Manufacture and sales of copper and brass strips
Manufacture and sales of rolled copper foil |
| (6) Production capacity | Copper and copper alloy fabricated products: Approx. 2,000 t/month
(Brass strips: approx. 70%) |
| (7) Number of employees | Approx. 130 (As of April 1, 2009) |

3. General outline of the consolidated company

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|----------------------------------|--|
| (1) Company name, capital | TBA |
| (2) Shareholding ratio | 50% each by Mitsui and Sumitomo |
| (3) Production capacity | Approx. 6,000 t/month
(Brass strips: approx. 65%) |
| (4) Nature of business | Manufacture and sales of copper and brass strips and sheets
Manufacture and sales of zinc and zinc alloy sheets and strips
Manufacture and sales of rolled copper foil |
| (5) Scheduled consolidation date | April 1, 2010 |

4. Information on copper and copper alloy fabricated products

Copper and copper alloy fabricated products refer collectively to products manufactured by processing copper and copper alloys such as brass (created by the addition of zinc to copper) into such configurations as sheets, strips, tubes, bars, and wire.

The consolidated company will mainly produce and sell strips (sold in coiled form).

While strips may consist of copper or brass, the consolidated company will mainly produce and sell brass strips, which are copper alloy products comprised mainly of copper with 30% to 40% zinc. With excellent conductivity and workability, these brass strips are used primarily as terminals and connectors for automobile and electronics components.

Brass strips



The companies' plants



Sumitomo Metal Mining Brass & Copper



Mitsui Mining & Smelting