

## **Operations Terminated at Semiconductor Materials Subsidiary**

At a Board of Directors meeting on September 29, Sumitomo Metal Mining Co., Ltd. (SMM) voted to terminate the package plating operations of its subsidiary Ajimu Electronics Co., Ltd.

### **1. Reasons for Decision to Terminate Operations**

To date Ajimu Electronics has performed package plating\*, one of the processes involved in semiconductor assembly, as a subdivision of SMM's Semiconductor Materials Division. Recently, however, continuation of operations has become difficult for two reasons: a) a progressive shift overseas by semiconductor assembly manufacturers, Ajimu Electronics' customer base, and b) a significant drop in demand for package plating amid a transition to semiconductor packaging that does not require plating. In light of these circumstances, SMM has decided to terminate Ajimu Electronics' package plating operations by no later than December 31, 2010.

*\* The plating of IC leadframes, either by tinning or welding, to prevent rusting and enhance adhesion to greenboard, etc.*

### **2. Outline of Ajimu Electronics Co., Ltd.**

Head Office: 582 Niibaru, Ajimu-cho, Usa City, Oita Prefecture, Japan

President: Satoshi Tanaka

Operations: Semiconductor package plating

Paid-in Capital: 110 million yen

Establishment: April 1996

Shareholding Ratio: 100% subsidiary of Sumitomo Metal Mining Co., Ltd.

Number of Employees: Approx. 70

### **3. Plans after Termination of Operations**

Following the termination of operations in December 2010, equipment installations at

Ajimu Electronics will be removed and the property will be restored to its original condition. A vote on dissolving the subsidiary is scheduled to take place before the end of FY2012.

#### **4. Loss Incurred in Tandem with Withdrawal of Business Operations**

Costs to be incurred by SMM and Ajimu Electronics in tandem with the subsidiary's withdrawal from business operations are expected to reach an estimated 1 billion yen by FY2012. Said costs will be written down at the interim of FY2009.

The content of this news release was not reflected in the earnings projections announced on September 7.

Total loss incurred in the subsidiary's liquidation are expected to reach an estimated 1.9 billion yen including the above 1 billion yen. Already 0.7 billion yen had been written down by March this year.

#### **Address inquiries concerning this News Release to:**

Sumitomo Metal Mining Co., Ltd.

Hiromasu Ohba, Public Relations & Investor Relations Department

TEL: 03-3436-7705

FAX: 03-3434-2215