

Notice of Decision to Close a Consolidated Subsidiary

Sumitomo Metal Mining Co., Ltd (hereinafter referred to as "SMM"). has decided to suspend operations and in the future liquidate the consolidated subsidiary P.T. SUMIKO LEADFRAME BINTAN (an Indonesian company, hereinafter referred to as "SLB"). The details are explained below.

1. Circumstances that led to the suspension of operations

SLB was established in December of 1996 as a base in Southeast Asia for leadframe plating and post-plating processing for the Semiconductor Materials Division of SMM. In January of 1997, operations were started at a plant to perform inspection work for a company in the area, Sumiko Leadframe Singapore Pte.Ltd. (a Singaporean company, hereinafter referred to as "SLS"). In July of 1999 plating processing operations were initiated. After that, SLB has leveraged its business alliance with SLS and has continued to supply the Asian market with leadframe products made with the plant's advanced silver plating technology.

However, SMM established a new plant in Suzhou, China in March of 2003 in response to the recent expansion of our customer base in China. In order to further boost our cost competitiveness, there has been some restructuring of bases of production. This transfer of technology and products has proceeded according to plans and in line with this it has been decided to suspend the operations of SLB this year, which follows the dissolution of SLS in 2007.

Note that the liquidation of SLB is planned to start after the current customers and employees have been serviced.

2. Outline of P.T. SUMIKO LEADFRAME BINTAN

Address: Lots D6/D7, Bintan Industrial Estate, Lobam/Bintan, Riau Province,
Indonesia

Representative: Yee Wai Hon

Capital: 3 million U.S. dollars

Composition of Shareholders: 100% owned by Sumitomo Metal Mining Asia Pacific Pte.Ltd. (that is 100% owned by SMM)

3. Impact on the Performance of SMM

The losses accompanying the business closure and the future liquidation have already been factored into performance forecasts for this year. This event will not have a material impact on the earnings forecasts for this year.

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