

News Release

April 28, 2008

Sumitomo Metal Mining Co., Ltd.

Company Sectors Slated for Reorganization

In a quest to further strengthen and expand its core business operations in electronics and advanced materials, Sumitomo Metal Mining Co., Ltd. (SMM) will reorganize those areas of operation into two new divisions: the Semiconductor Materials Division and the Advanced Materials Division. The move is targeted at taking effect from October 1, 2008. Simultaneously, the company will relaunch its energy and environmental operations as the new Energy & Catalysts & Construction Materials Division.

Commencing with the announcement of its FY2004-6 Medium-term Business Plan in 2003, in recent years SMM has been promoting a variety of strategies all targeting full-scale corporate growth. In its main Mineral Resources and Metals sector, a number of important measures have been implemented in a quest to make SMM a world-class leader in non-ferrous metals operations within 10 years. These include the achievement of a production system with an output capacity of 450,000 tons of copper at the Toyo Smelter & Refinery (Saijo City, Ehime Prefecture), inauguration of the High Pressure Acid Leach (HPAL) project at Coral Bay Nickel Corporation in the Philippines, and development of the Pogo Gold Mine in Alaska. These endeavors, along with surging prices for metals in the global markets, have enabled success well above company targets.

In the Electronics and Advanced Materials sector, SMM is currently implementing strategies targeting corporate growth through the attainment of a leading global market share for each of its existing products. The impending reorganization aims to secure dramatic growth through further strengthening of the company's comprehensive capabilities in material technologies, an area in which SMM is particularly strong.

At present SMM's electronics and advanced materials operations are carried out though

two company sectors – the Electronics Headquarters and the Advanced Materials sector – and the Sumitomo Metal Mining Package Materials Co., Ltd. group. Under the forthcoming reorganization scheme, these operations will now be performed by a new Semiconductor Materials Division and Advanced Materials Division. In addition to targeting maximum synergy effects through comprehensive optimization within these two core business areas, the organizational revampment, by enabling even faster development of new products, is expected to further build up the company’s strength in sophisticated material technologies as a foundation for sustained corporate growth.

In the new Semiconductor Materials Division, SMM aims, for example, to capitalize on its strength in materials technology through the achievement of an integrated production system spanning from copper-clad polyimide film (CCPF) to chip-on-film (COF) tape. Furthermore, because bonding wire operations and lead frame operations attract virtually the same customers, these business areas will be consolidated in a quest to provide more meticulous customer services. In the Advanced Materials Division, an integrated production system will be put in place handling everything from nickel powder to nickel paste, and production of thin-film materials and indium will be consolidated.

In addition to the foregoing reorganization of its business sectors, SMM will also strengthen its research and development structure by newly establishing “Technology Departments” and subordinate “Development Centers” within both of the new divisions. This new structure will target even further enhancement of SMM’s technological strength in order to respond more swiftly to customer requests and needs. Also, a new “State-of-the-Art Technology Information Department” will be established within the Technology Headquarters in a quest for greater strength and speed in the development of new products. Staff functions of the two segments will be concentrated at the Head Office as a way of achieving more timely and appropriate decision-making.

The reorganization of its business structure will go forward as one means toward achieving one of the goals hoisted in the company’s FY2007-9 Medium-term Business Plan: to mark ¥20 billion in operating income from business in electronics materials and advanced materials.

As to the selection and concentration of business operations, a goal pursued since the company launched its “Business Revitalization Plan” in April 2000, those targets have been nearly achieved. As a result, in business areas other than the core operations in Mineral Resources and Metals and Electronics and Advanced Materials, as well as matters affecting SMM’s corporate affiliates, growth opportunities are to be sought through expansion of the scope of operations of the current Energy & Environment sector and the launch of the new Energy & Catalysts & Construction Materials Division, which will also encompass operations in catalysts and construction materials.

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Reference

New divisions & Main products

【Current Organization】

【From October 1st】

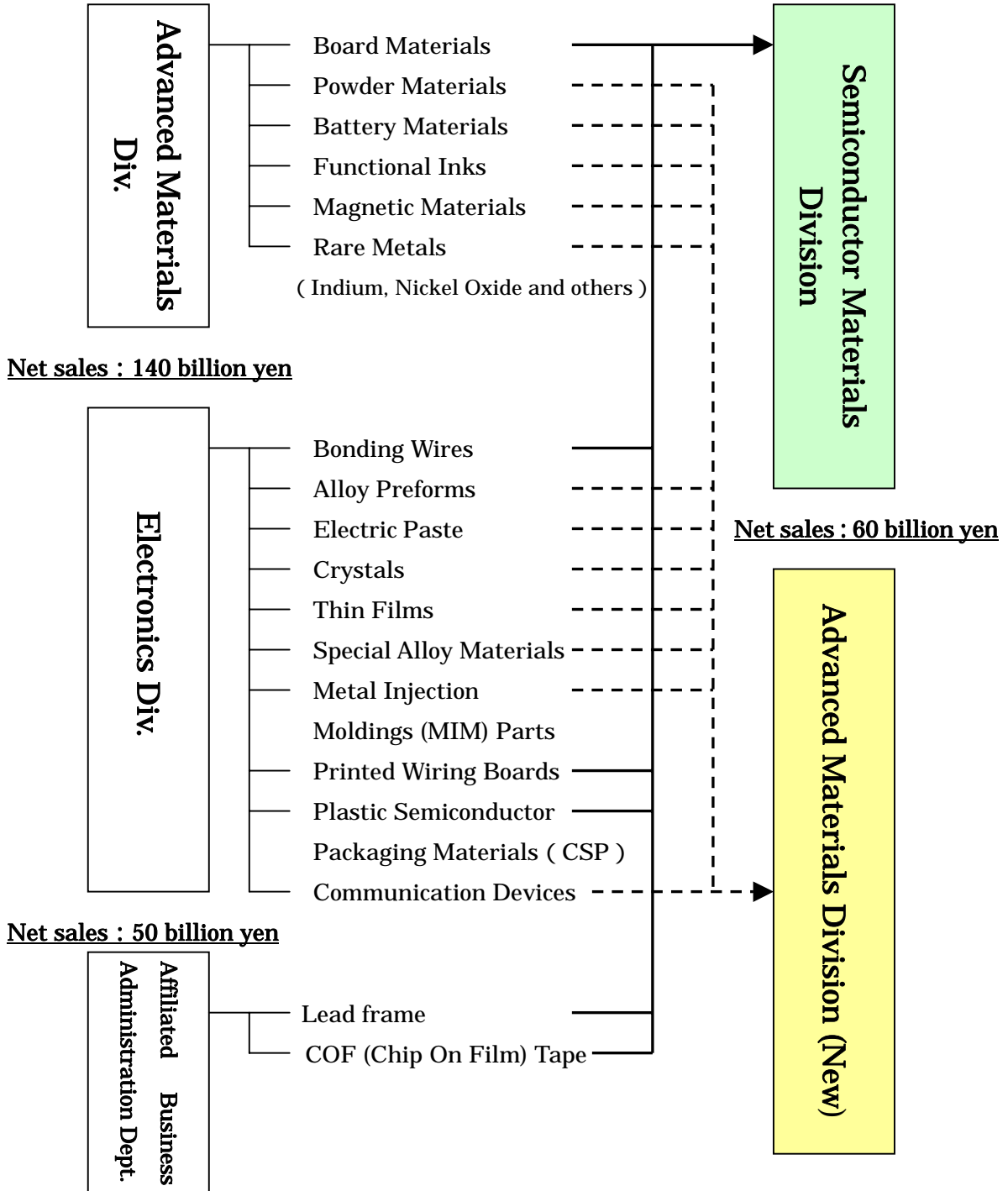
Division and sales scope

Main Products

Division and sales scope

Net sales : 50 billion yen

Net sales : 180 billion yen



Note: Sales figures are based on FY2007-9 Medium-term Business Plan.