

News Release (April 15,2003)

Mid-Term Management Plan (FY2003-FY2005)

Nippon Mining Holdings announced Mid-Term Management Plan covering from FY2003 (beginning April 1, 2003) to FY2005 (ending March 31, 2006).

Though the Company predicts the business environment may become more severe, with the politics and economy more uncertain for the future, the Group will thrive to enhance the corporate value by carrying out the Plan.

1 . Group Management Basic Strategy

(1) Business Strategy

Strengthen the core business profitability

The core business companies strengthen the profitability and the competitiveness.

They continue to implement structural reforms, setting much value on quality rather than quantity.

Evolve into the growth areas

They positively search for the new areas and projects from the worldwide viewpoint, which contribute to the growth in order to develop the business for the future, and evolve into the growth areas.

To achieve these, the Company will allocate and optimize the Group's management resources.

The Group will positively pursue the synergy within the Group companies, while deepening and building strategic alliances with other companies.

(2) Financial Strategy

The Group will reduce interest-bearing liabilities and improve the financial structure by strengthening profitability and promoting asset efficiency.

2 . Long-Term Management Targets

Considering the environmental changes in the future, the Group set the Long-Term Targets, based on the Group's management resources and potentials.

Ordinary margin 5% (ordinary income of approximately 100 billion yen)

Shareholder's equity ratio 25% (equity capital of approximately 380billion yen)

Interest-bearing liabilities reduction 300 billion yen

Ordinary income means income before special items, which consists of operating income, together with other income items, such as interest and dividends received and equity in gain of non-consolidated subsidiaries and affiliates, after adjustments for interest paid.

3 . Overview of Mid-Term Management Plan

The Group predicts the business environment will remain uncertain, mainly due to the breakout of Iraqi War, the flagging world economy and changes in the industry and market structure. The Group makes the Plan to identify challenges to be tackled and the way to proceed for 3 years in order to achieve the Long-Term Targets.

By carrying out the Plan, the Group will achieve the following goals in FY2005(the year ending March 31, 2006).

Ordinary income 75 billion yen (36 billion yen estimated in FY2002)

Ordinary margin 3.4% (1.7% estimated in FY2002)

Interest-bearing liabilities reduction 200 billion yen to 690 billion yen as of March 31,2006

Shareholder's equity ratio 17.4% (12.4% estimated as of March 31, 2003)

(1) Assumptions

		FY2002 (estimate)	FY2003 (plan)	FY2004 (plan)	FY2005 (plan)
Exchange rate (¥ / \$)		122	120	120	120
Petroleum	Crude oil FOB (\$ / BL)	26.3	23.9	22.4	22.4
	Fuel oil sales (1000 kl)	21,970	20,870	20,940	20,890
Non-Ferrous Metals	Copper price (¢ / lb)	72.2	75.0	80.0	80.0
	PPC Copper sales (1000 tons)	582	572	585	582
	Fabrication sales (1000 tons)	49	46	42	42
Electronic Materials	EDCF sales (tons / month)	2,090	2,700	3,000	3,200
	TRCF sales (1000 meters / month)	2,000	2,600	3,700	4,000

PPC: Pan Pacific Copper Co., Ltd.

(Nippon Mining & Metals; 66% , Mitsui Mining & Smelting; 34%)

EDCF: Electro-Deposited Copper Foil

TRCF: Treated-Rolled Copper Foil

(2) Ordinary Income

Ordinary income of 75 billion yen for FY2005 is projected, considering changes in the business environment and the following improvement factors.

Petroleum: improvement in sales department, and cost cutting in refining, sales and administration

Non-Ferrous Metals: integration in refining process , increase in highly value-added fabrication products

Electronic Materials: streamlining EDCF production , increase in the sales of growth products such as TRCF and sputtering targets

(billion yen)

		FY2002 (estimate)	FY2005 (plan)	Differnces
Sales		2,150	2,194	() 44
Ordinary income		36	75	() 39
Segments	Petroleum	23	34	() 11
	Non-Ferrous Metals	15	25	() 10
	Electronic Materials	5	13	() 18
	Others	3	3	-
Ordinary margin (%)		1.7	3.4	() 1.7

(3) Cash Flows and Interest-bearing liabilities reduction

(billion yen)

	FY2002 (estimate)	FY2003-2005 (plan)	FY2002-2005 (plan)
Operating Cash Flows	19	254	273
Investing Cash Flows	25	70	95
Investment in equipment • Investment and financing expenditure	49	156	205
Income in investment	20	30	50
Sales of assets and business operations	4	56	60
Others (Dividends etc.)	7	15	22
Free Cash Flows	13	169	156

Free Cash Flows	156 billion yen
Reduction of Cash & Cash Equivalents	44 billion yen
Interest-bearing liabilities reduction	200 billion yen

(4) Balance Sheets

	March 31,2002 (A)	March 31,2003 (estimate)	March 31,2006 (plan) (B)	Differences (B - A)
Assets (billion yen)	1,696	1,636	1,518	- 178
Liabilities (billion yen)	893	888	693	- 200
Shareholder's equity (billion yen)	182	202	264	+ 83
Shareholder's equity ratio (%)	10.7	12.4	17.4	+ 6.7
Shareholder's equity per share (yen)	163	297	388	+ 225

Number of issued shares

March 31,2002 : 1,114 million , March 31,2003/March 31,2006 : 680 million (treasury stock of 168million is not included.)

(5) Investment in equipment and financing

The Group will make prioritized investment in the projects essential for the core business, and high growth areas in order to strengthen the financial structure.

	2003-2005
(1) The current businesses Sales enforcement (e.g. SS investment) Sulfur-free Competitiveness of refineries System investment Integration in refining process Others	58 billion yen
(2) Growth areas Exploration of natural gas Investment of overseas copper/zinc projects Fabrication business in China Value-added electronic materials products Capacity extension in TRCF Capacity extension in sputtering targets Others	37 billion yen
(3) Environmental protection and maintenances investment	61 billion yen
Total	156 billion yen

4 .Business environment and basic strategies/challenges of core business companies

(1) Petroleum (Japan Energy Group)

Business Environment

- Domestic demands for transportation remains flat , and domestic demands for fuel oil (mainly for industrial fuel oil) declines.
- Excess capacity problem and pressure from supply side remains.
- Petrochemical market is predicted on the basis of 2nd half of FY 2002.

Basic Strategies/Challenges

- Strengthen the profitability
 - <<Refining>>
Positively tackle the environmental regulations such as sulfur-free
Enhance the cost-competitiveness (refining cost; 1,500 円/kl)
 - <<Sales>>
Improve the efficiency of sales channel
Strengthen the core SS
- Exploration of oil/gas reserves

(2) Non-Ferrous Metals (Nippon Mining & Metals Group)

[Smelting & Refining / Exploration]

Business Environment

- Declined metal prices
- Decrease in domestic demands
- Deterioration of T/C due to the tight supply of raw materials

Basic Strategies/Challenges

- Deepen the alliances in the copper business (PPC,LG - Nikko)
- Integration of refining process in Saganoseki
- Overseas projects (mainly copper)
- Technology such as Hydro-metallurgical refining and Bio-mining process

[Metal Fabrication]

Business Environment

- Customers transfer to Asia
- High demands for thin and high-function materials

Basic Strategies/challenges

- Streamlining in Kurami and increase in highly value-added and high-function products
(high-function products ratio : 15%(FY2002) 50%(FY2005))
- Production in China
- Develop high-function materials by sub-micron metallurgy

(3) Electronic Materials (Nikko Materials Group)

Business Environment

- Mild improvement in IT-related products
- Customers transfer to Asia

Basic Strategies/Challenges

- Execute the “First Vendor Strategy”
- Restructuring the electro-deposited copper foil business
 - Streamlining & integrating the production of Gould, Inc.
 - Increase the high-margin products
- Strengthen the growth products
 - Treated rolled copper foil : capacity extension
(2 million meters/month (FY2002) 5 million meters/month(FY2005))
and widening the breadth of the products at treat process lines
 - Sputtering targets : development of next generation products and timely
capacity extension to meet the users' needs in advance
- Pursue the synergy with Nippon Mining & Metals (treated rolled copper foil etc.)