

February 4, 2009

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## **Nippon Mining Holdings Implements Measures in Response to Sudden Changes in the Business Environment**

Nippon Mining Holdings, Inc. reports that it has made downward revisions to its previous earnings forecast and expected dividends for the fiscal year ending March 31, 2009, in response to the extremely challenging conditions it currently faces. These conditions are marked by a sharp falloff in sales volumes, plummeting crude oil and copper prices, and other events amid the global financial crisis and economic downturn since last autumn.

In response to these challenges, the entire Nippon Mining Holdings Group is executing the following measures.

### **1 Reductions to director remuneration**

To clarify the accountability of management for operating results, and to demonstrate managements' personal commitment to executing the various measures planned, director remuneration has been reduced as follows.

- 1.1 Annual bonuses: Full-time directors, executive officers, and senior officers of Nippon Mining Holdings, and Japan Energy will have their bonuses cut by 100%. At Nippon Mining & Metals, their bonuses were reduced by 80–90%.
- 1.2 Monthly remuneration: Full-time directors, executive officers, and senior officers of Nippon Mining Holdings, Japan Energy, and Nippon Mining & Metals had their monthly remuneration reduced by 6–10%.

### **2 Measures in response to the sudden changes in the business environment**

#### **2.1 Main measures executed by Japan Energy**

- 2.1.1 In response to falling domestic demand for petroleum, targets for crude oil processing volume at the Japan Energy Group (Mizushima Oil Refinery and Kashima Oil's Kashima Oil Refinery) for the 2009 January–March quarter have been reduced by 11% versus the same period of 2008.
- 2.1.2 We are working to comprehensively streamline and rationalize operations by further cutting energy costs at refineries and so forth.
- 2.1.3 Drive further penetration and consistent use of the new pricing structure that was introduced in November 2008.

#### **2.2 Main measures executed by Nippon Mining & Metals**

- 2.2.1 In response to the sharp falloff in domestic and overseas copper demand, targets for total copper production volume at the Nippon Mining & Metals Group (Nikko Smelting & Refining's Saganoseki Smelter & Refinery and Hitachi Works, and Hibi Kyodo Smelting's Tamano Smelter) for the 2009 January–March quarter have been reduced by 10% versus initial targets.

2.2.2 We are working to comprehensively streamline and rationalize operations across all companies by improving the yield rates in production processes and so forth.

2.2.3 In response to the substantial decline in demand for electronic materials, Nippon Mining & Metals is building a leaner operating structure by reducing headcount, mainly by reducing temp employees and other non-permanent staff, and reviewing personnel assignments at the Shirogane Works, Isohara Works, and Kurami Works. Further, operations are being halted at these plants for several days per month, which entails temporarily laying off some workers.

2.2.4 With the slump in sales of LCD expected to continue long term, Nippon Mining & Metals, as part of efforts to focus resources on selected key businesses, will terminate development and production of Maqinas, a dual layer copper clad laminate for chip-on-film technology.

### 2.3 Group-wide investment plan outlook and expense reductions

Nippon Mining Holdings has revised its capital expenditure and investment plans for the entire group and has cut capital expenditure and investment slated for the current fiscal year by around 40 billion yen from initial plans. The group has also substantially cut expenses such as administrative overheads.

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