

Mitsubishi Materials Corporation

Indonesia Copper Smelter Temporary Shutdown

Mitsubishi Materials Corporation (MMC) announces that PT. Smelting (PTS), a consolidated subsidiary of MMC in Indonesia, has temporarily suspended production at its Gresik copper smelter due to a mechanical breakdown at the facilities of its dedicated oxygen supplier PT. Gresik Gases Indonesia (PTGGI).

1. Oxygen plant breakdown

PT. Gresik Gases Indonesia (PTGGI) supplies the purified gaseous oxygen that is required for PTS's copper smelting operation. PTGGI experienced mechanical trouble with its air separation unit on October 6, 2006, and stopped oxygen supply to PTS, which in turn has caused PTS's Gresik smelting operation to incur an unscheduled shutdown.

2. Recovery and resolution

Re-start of PTGGI oxygen supply is currently estimated to occur by mid-December this year. PTS is now discussing with PTGGI ways to expedite the repair process, with full support and assistance from MMC. Current estimate of loss of copper production is around 52,000 Tons. PTS and MMC are also evaluating measures to minimize adverse effects on PTS's copper cathode customers.

3. Effect on P/L

PTS currently estimates a reduction of gross profit of approximately US\$ 45million due to the smelter operation shut down. MMC's current estimate of consolidated profit for the current fiscal year announced on September 19th remains unchanged, however, due to good performance in electronics materials and higher copper prices than assumed in the current MMC consolidated profit estimate.

PT. Smelting

President : Mr. Mineo Hayashi

Head Office: Jakarta, Indonesia

Capital : US\$326million (MMC's share: 60.5%)

PT.Gresik Gases Indonesia

General Manager: Mr.Geoff Biddle

Head Office :Jakarta, Indonesia