

Hitachi Metals Enters into Master Supply Agreement of Rare Earth Materials with Molycorp of the United States

Tokyo, Japan, August 12, 2011—Hitachi Metals, Ltd. (TOKYO : 5486) (ISIN : JP3786200000) has today announced that it has entered into master supply agreement with Molycorp, Inc to receive the supply of rare earth materials for neodymium magnets with a view to ensuring the steady availability of such materials.

1. Background

In view of stricter environmental controls and the soaring level of crude oil prices, the market for hybrid cars and electric vehicles, among others, is predicted to expand, and demand for neodymium magnets to be used in these products is expected to increase accordingly. Adequately meeting increasing magnet demand requires building a supply chain in which rare earth materials are steadily procured and neodymium magnets are reliably supplied.

2. Outline

Hitachi Metals has entered into master supply agreement for the supply of rare earth materials for neodymium magnets with Molycorp, which holds controlling interests in the Mountain Pass mine in California, U.S.A., one of the richest rare earth mines in the world. With this agreement, Hitachi Metals promotes the steady procurement of rare earth materials for neodymium magnets.

Incidentally, Hitachi Metals has decided not to set up a previously contemplated joint venture to manufacture alloys for neodymium magnets and neodymium magnet products with Molycorp, Inc. of the United States. The decision was made after reevaluating its business strategy.

Hitachi Metals will now study the possibility of manufacturing neodymium magnets on its own in the United States to meet increasing demand for neodymium magnets in North America and Europe, mainly for use in hybrid vehicles and electric vehicles.

By continuing its steady supply of neodymium magnets as the leading manufacturer of such magnets in the world, Hitachi Metals will reliably meet demand for magnets, which is expected to expand globally in the medium- to longer-term outlook, and thereby contribute to the development of a more energy-efficient society.

About Hitachi Metals, Ltd.

Hitachi Metals has built a solid position as a manufacturer of materials and components, developing businesses in broad range of industrial fields. Since our founding in 1910, our management philosophy has been to contribute to society by embodying the optimum corporate performance. With our highly distinctive products, we will be the driving force that helps society achieve sustainable growth.

Additional information about Hitachi Metals is available on the company's web site at <http://www.hitachi-metals.co.jp/e/>

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