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Hitachi Metals Reveals Plans to Produce Neodymium Magnets in the United States for Hybrid and Electric Vehicles

Tokyo, Japan, December 21, 2011—Hitachi Metals, Ltd. (TOKYO:5486) (ISIN:JP3786200000) has today announced plans to construct a new plant in the United States that will produce neodymium magnets designed for use in hybrid and electric vehicles. The facility will be located at Hitachi Metals North Carolina, Ltd., the company's ferrite magnet manufacturing base in the United States. The launch of this neodymium magnet production facility will bolster the ability of Hitachi Metals to satisfy the expanding demand projected for this type of magnet not only in the United States, but throughout the rest of North America and Europe as well.

1. Background

Tightened environmental regulations, the sharp rise in crude oil prices, and other developments have combined to prompt forecasts of a new spike in neodymium magnet demand primarily for use in hybrid and electric vehicles in North American nations as well as Europe. To meet this growing demand, it is necessary to secure stable sources of the raw materials used to make neodymium magnets, and these sources should not be limited to China. It is also imperative to reduce production and supply lead times right up to the actual delivery of the magnets, locate production in the vicinity of demand centers to minimize foreign exchange risks, and make various other efforts to establish a stable supply chain.

In addition to the drive to build a stable raw materials procurement system, Hitachi Metals has carried out reviews on the production of neodymium magnets in the United States to help cultivate a stable supply chain.

2. Outline

Hitachi Metals has revealed its decision to build a new plant at Hitachi Metals North Carolina, Ltd.−the company's ferrite magnet manufacturing base in the United States−that will produce neodymium magnets engineered primarily for use in hybrid and electric vehicles.

This new facility will produce neodymium magnets from neodymium alloy. In tandem with the move to secure raw neodymium alloy in reliable fashion, this plant will also shorten production and supply lead times up through the actual delivery of neodymium magnets, minimize foreign exchange risks, and help Hitachi Metals create a stable supply chain for these magnets in the United States.

The operations at this new plant will provide strong support for Hitachi Metals as a whole as the company seeks to expand its magnet supply capacity and meet the expanding demand for neodymium magnets projected to characterize the global market over the years to come.

3. Neodymium Magnet Production Plant Profile

Construction site:	1 Hitachi Metals Drive, China Grove, NC 28023-9461, U.S.A. Hitachi Metals North Carolina, Ltd.
Investment:	Approx. ¥2 billion
Production items:	Neodymium magnets
Production capacity:	Approx. 40 tons/month (at mass production startup), followed by steady expansion to keep pace with demand

4. Schedule

Construction Startup:	February 2012
Mass Production Launch:	April 2013

Press Inquiries	**Customer Inquiries**
Kenichi Nishiie, Division Head Corporate Communications Div E-mail Kenichi_Nishiie@hitachi-metals.co.jp Tel: +81-3-5765-4075	Shigekazu Suwabe, Planning General Manager NEOMAX Company E-mail Shigekazu_Suwabe@hitachi-metals.co.jp Tel: +81-3-5765-4051