

Rare Earth Phosphor Crisis

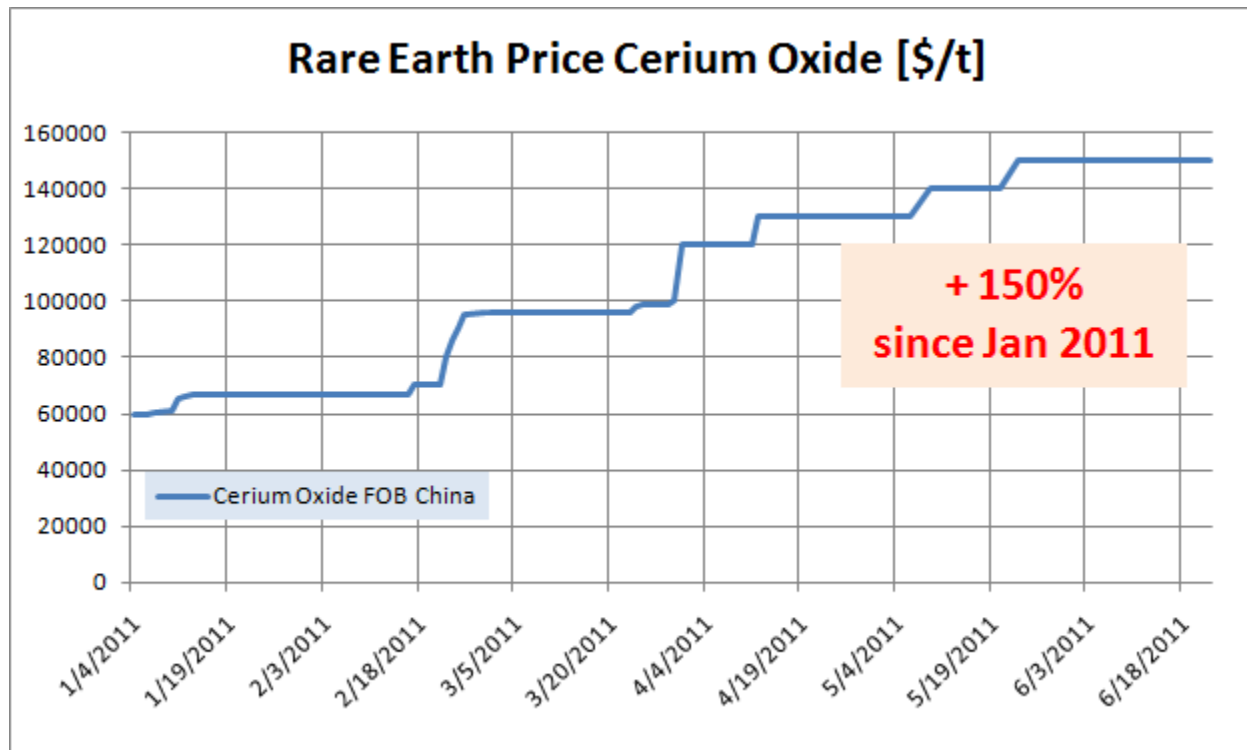
June 2011



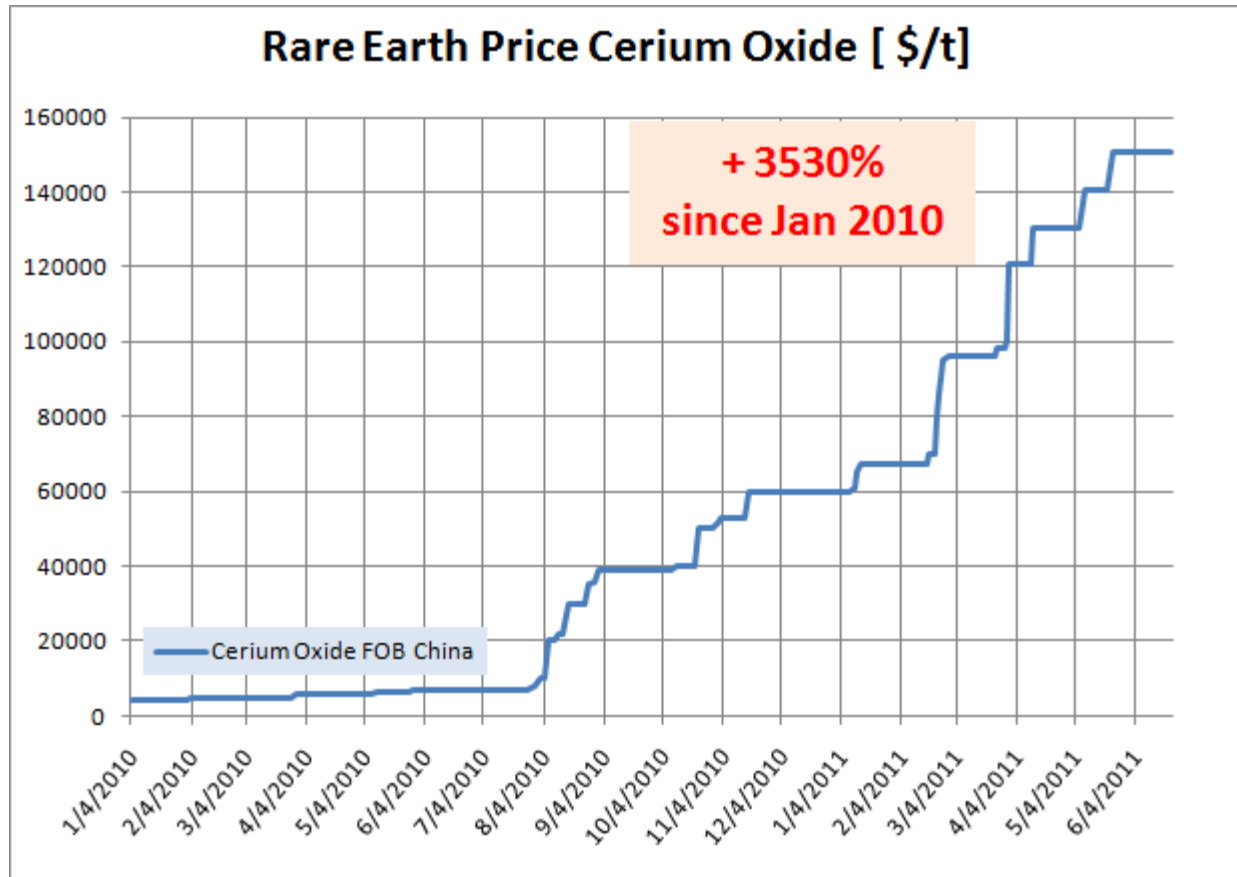
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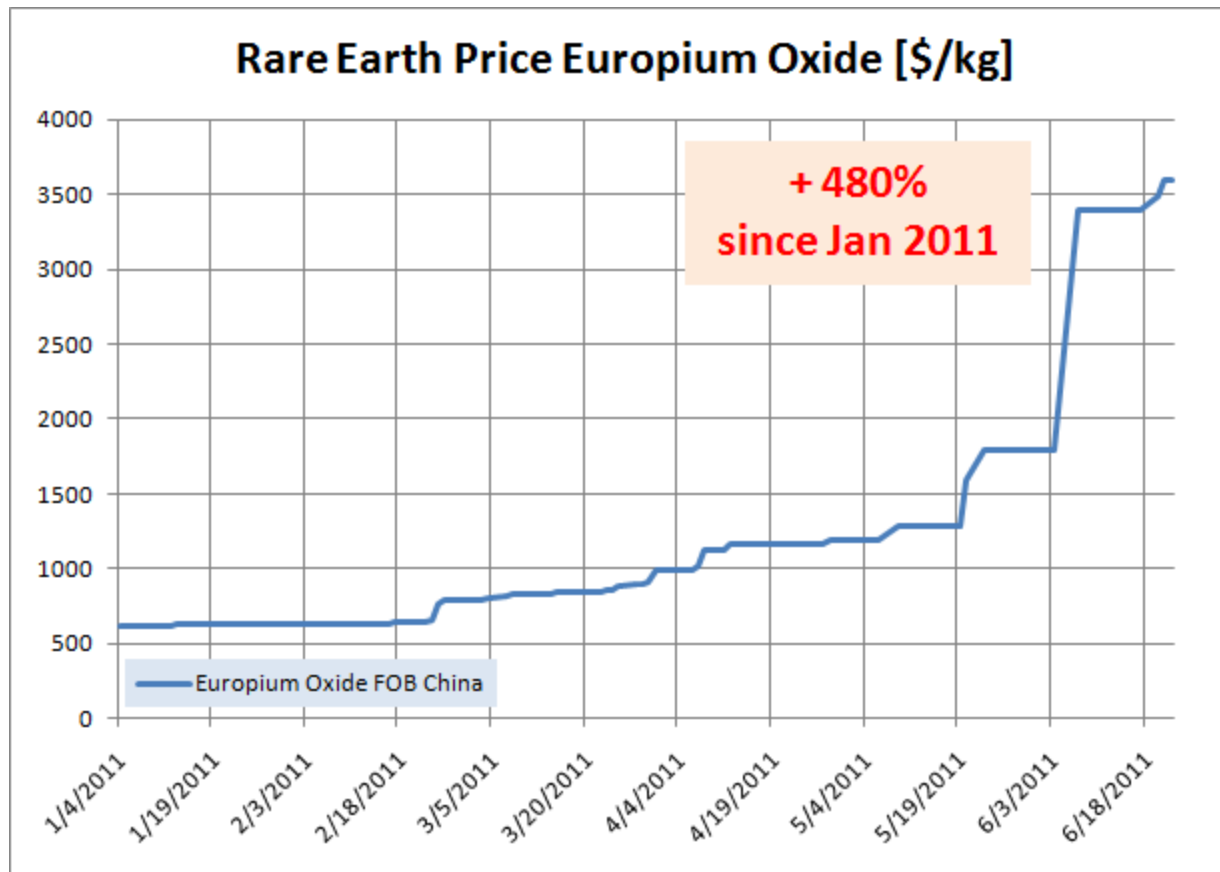
Rare Earth Oxides Price have reachednew all time high



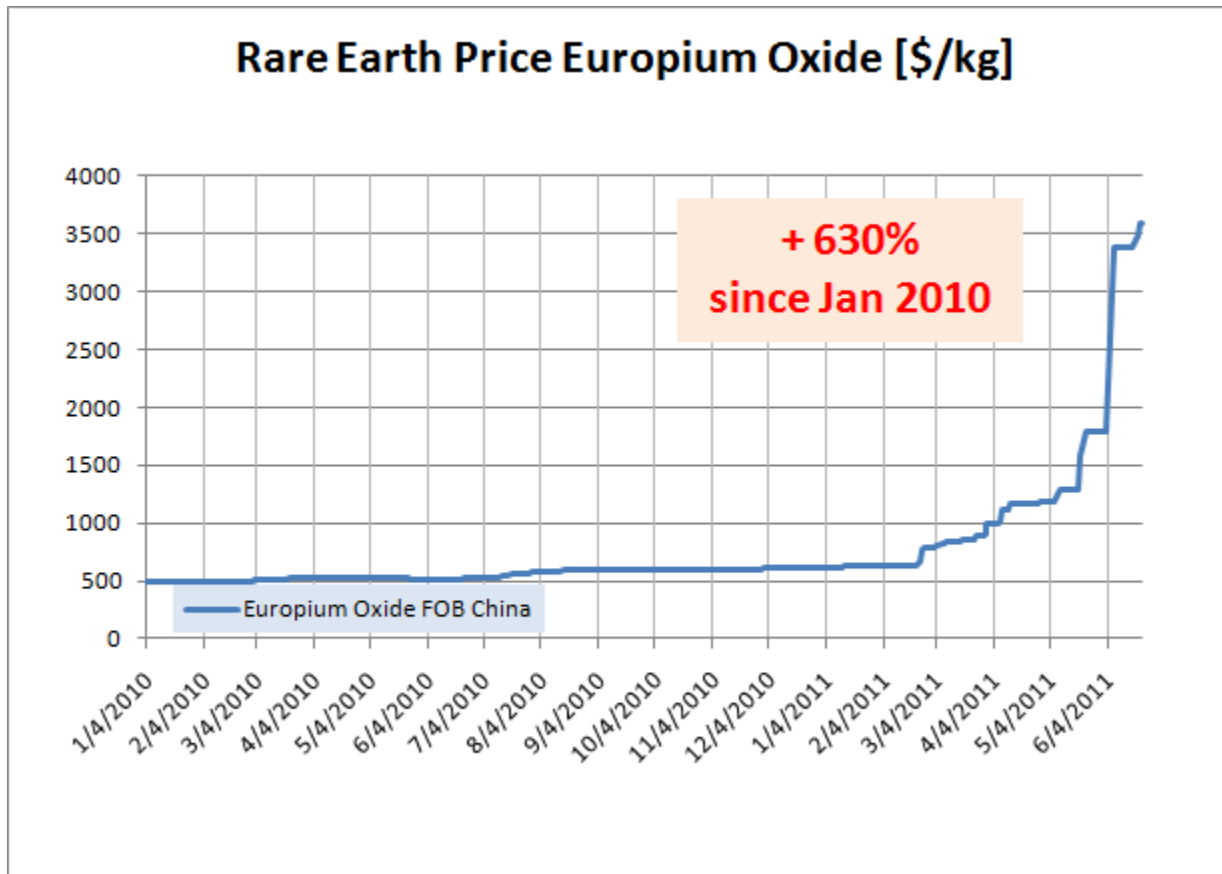
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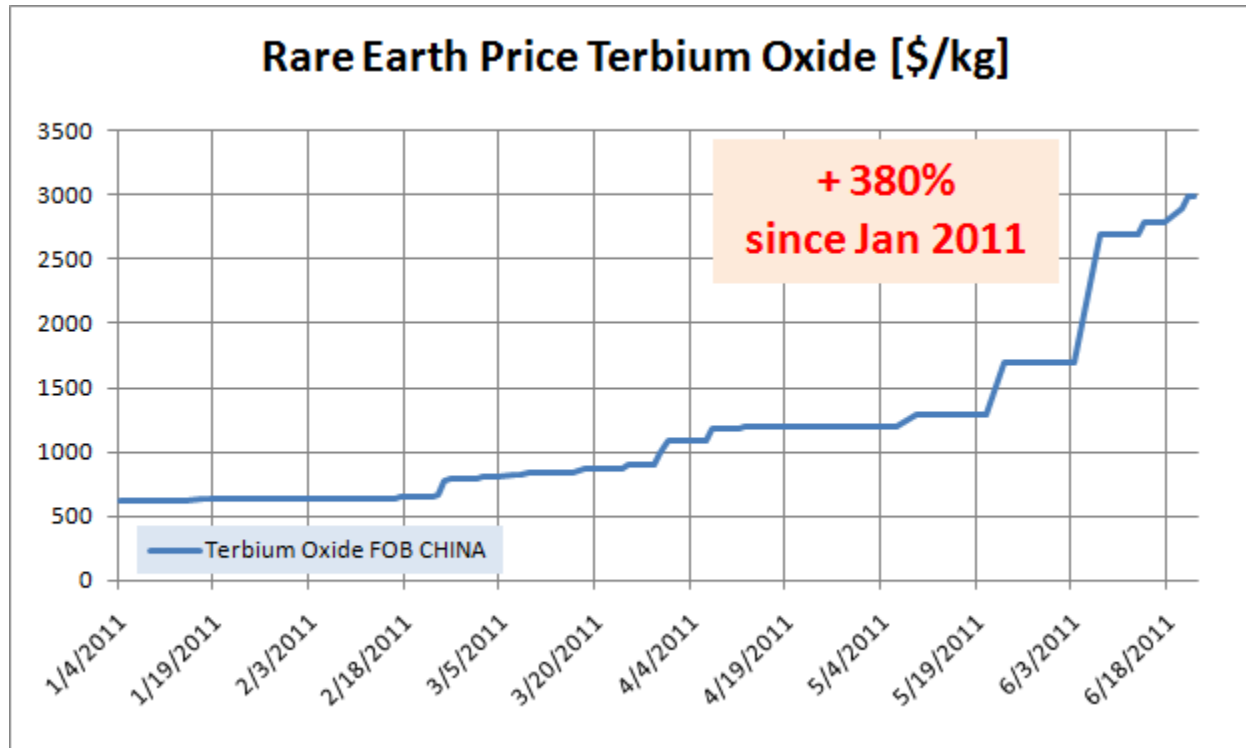
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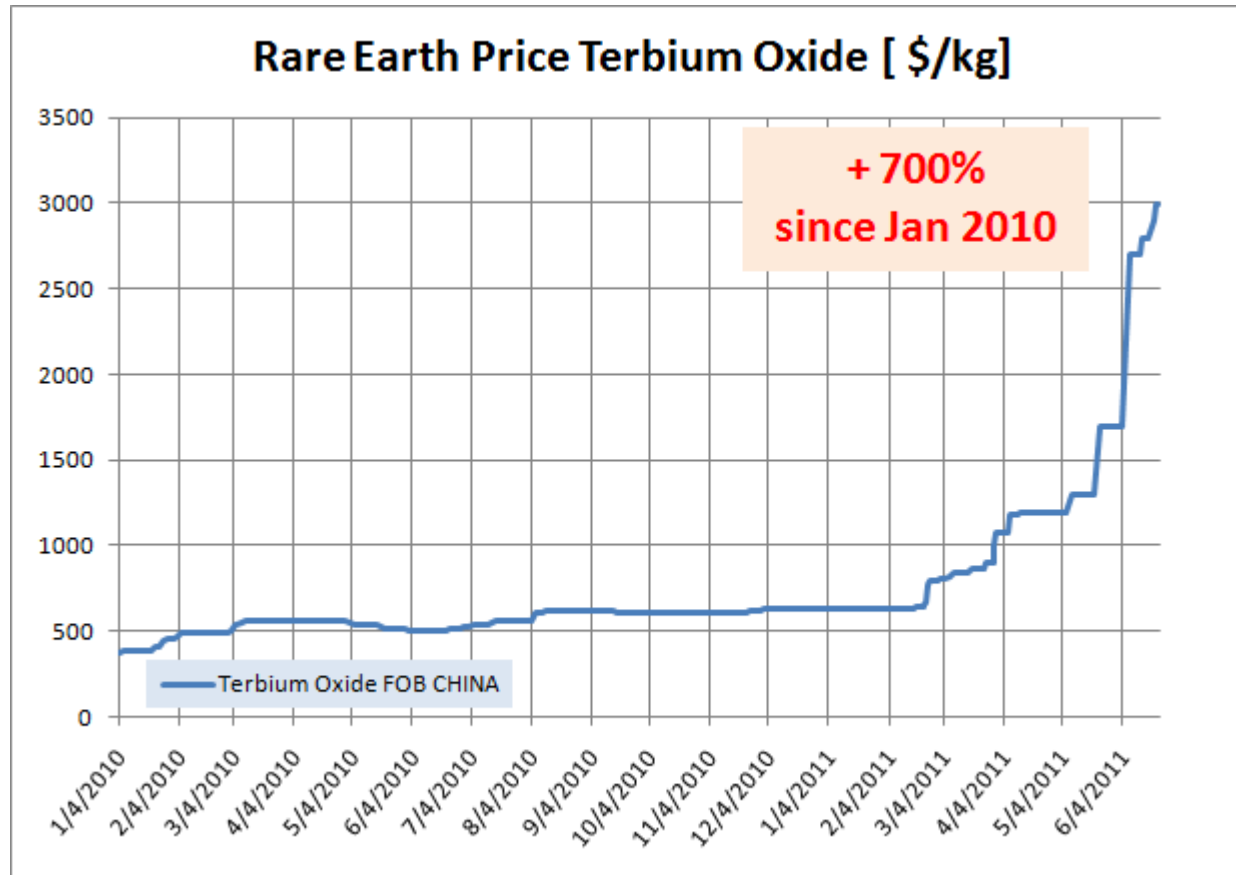
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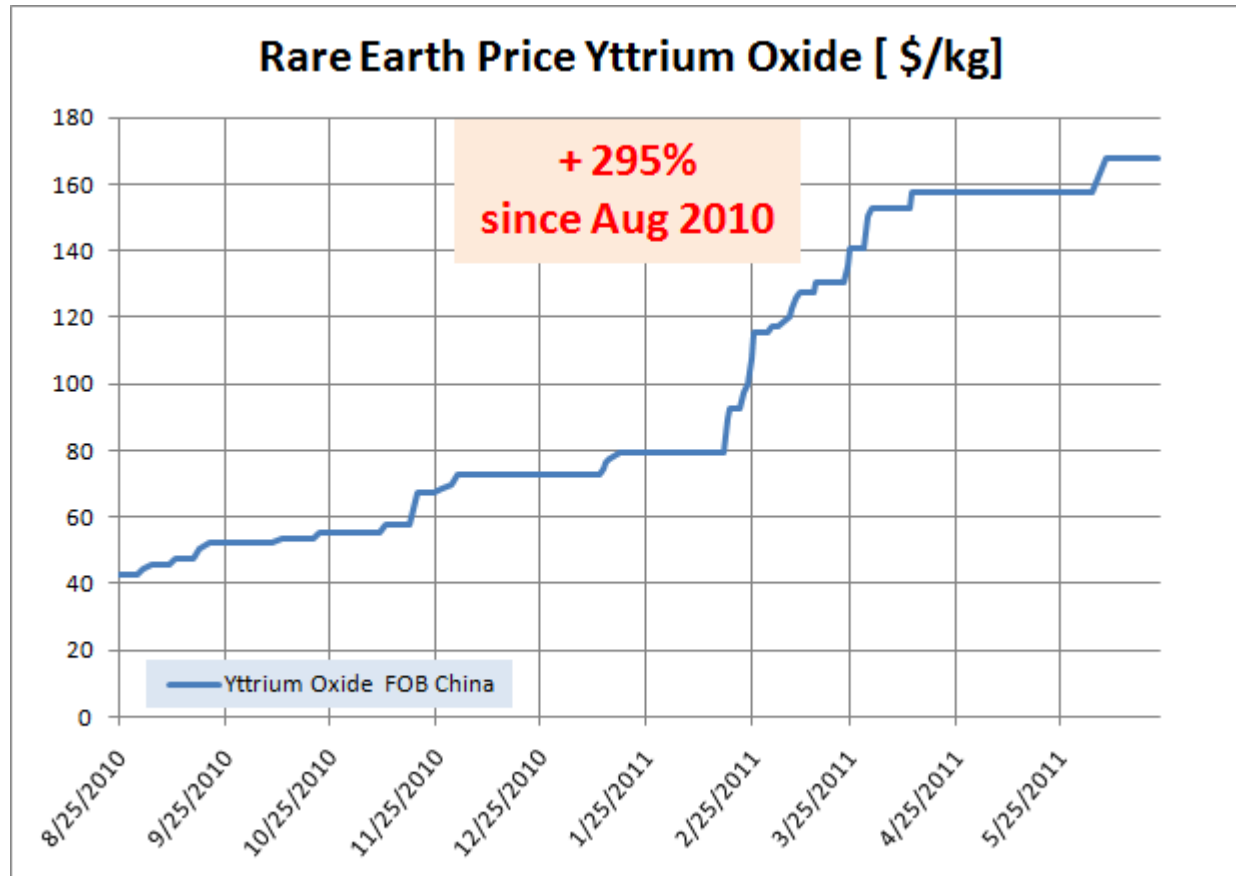
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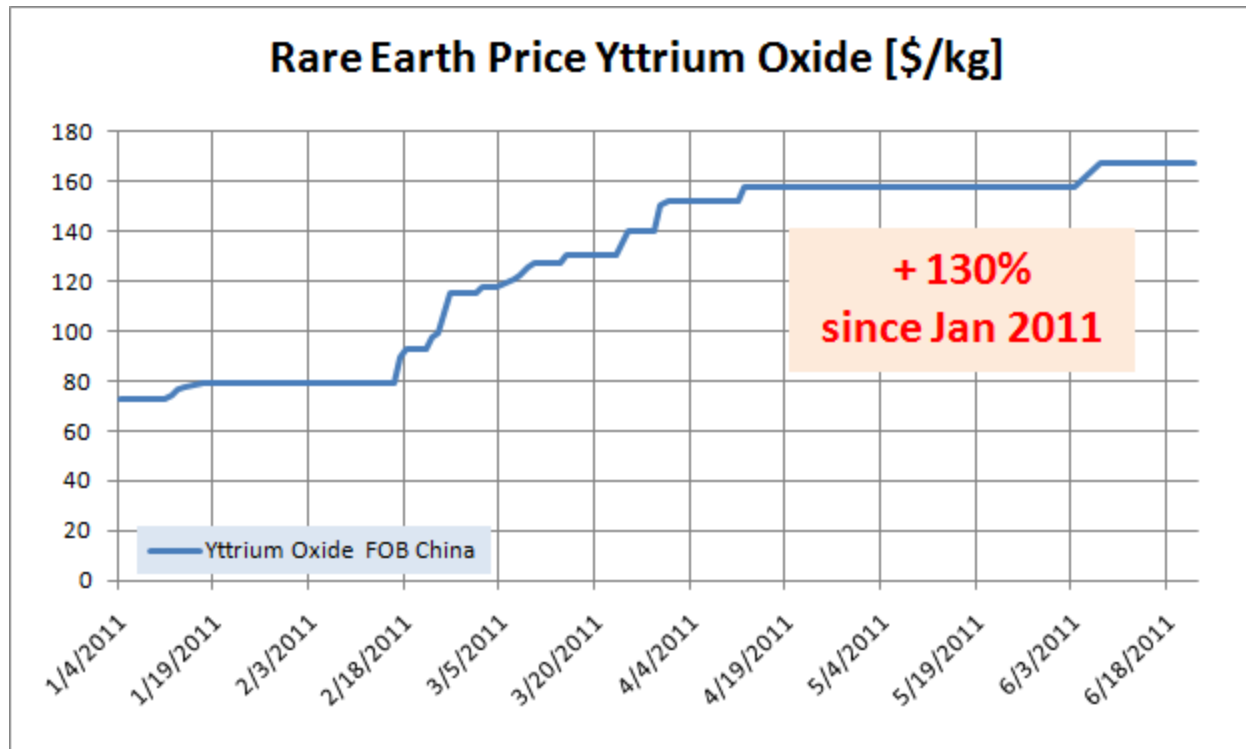
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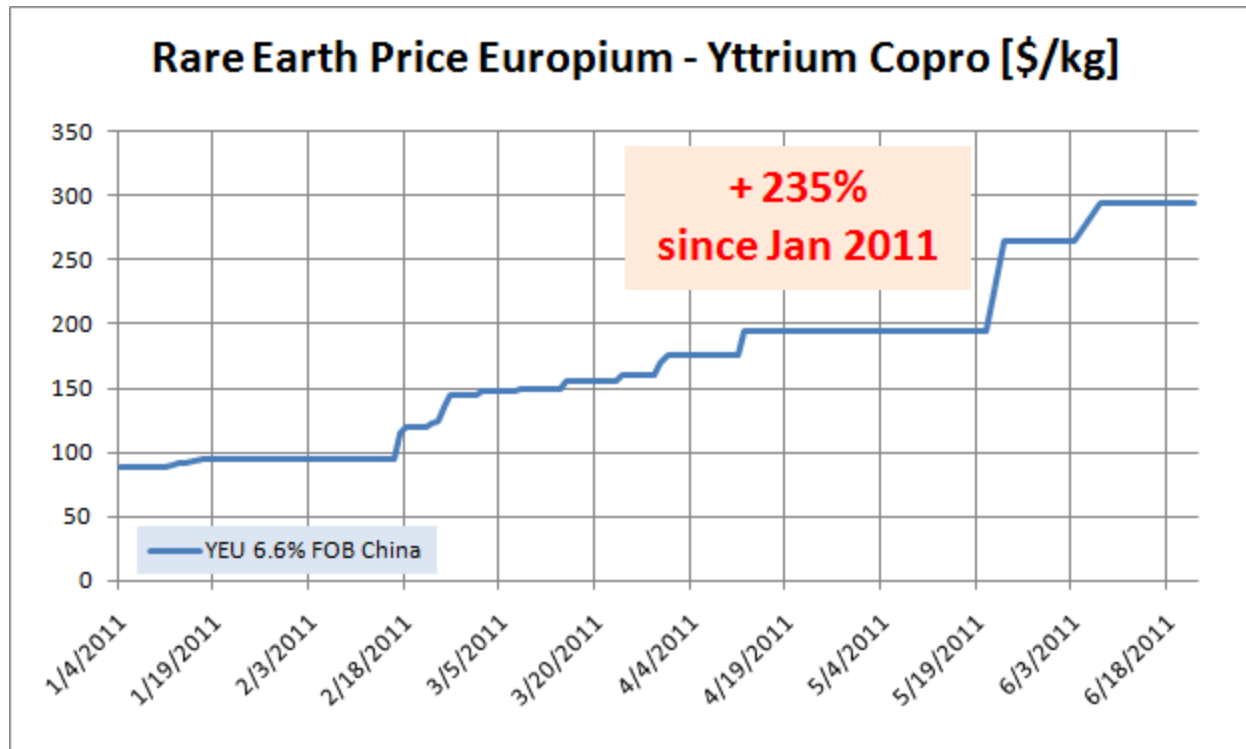
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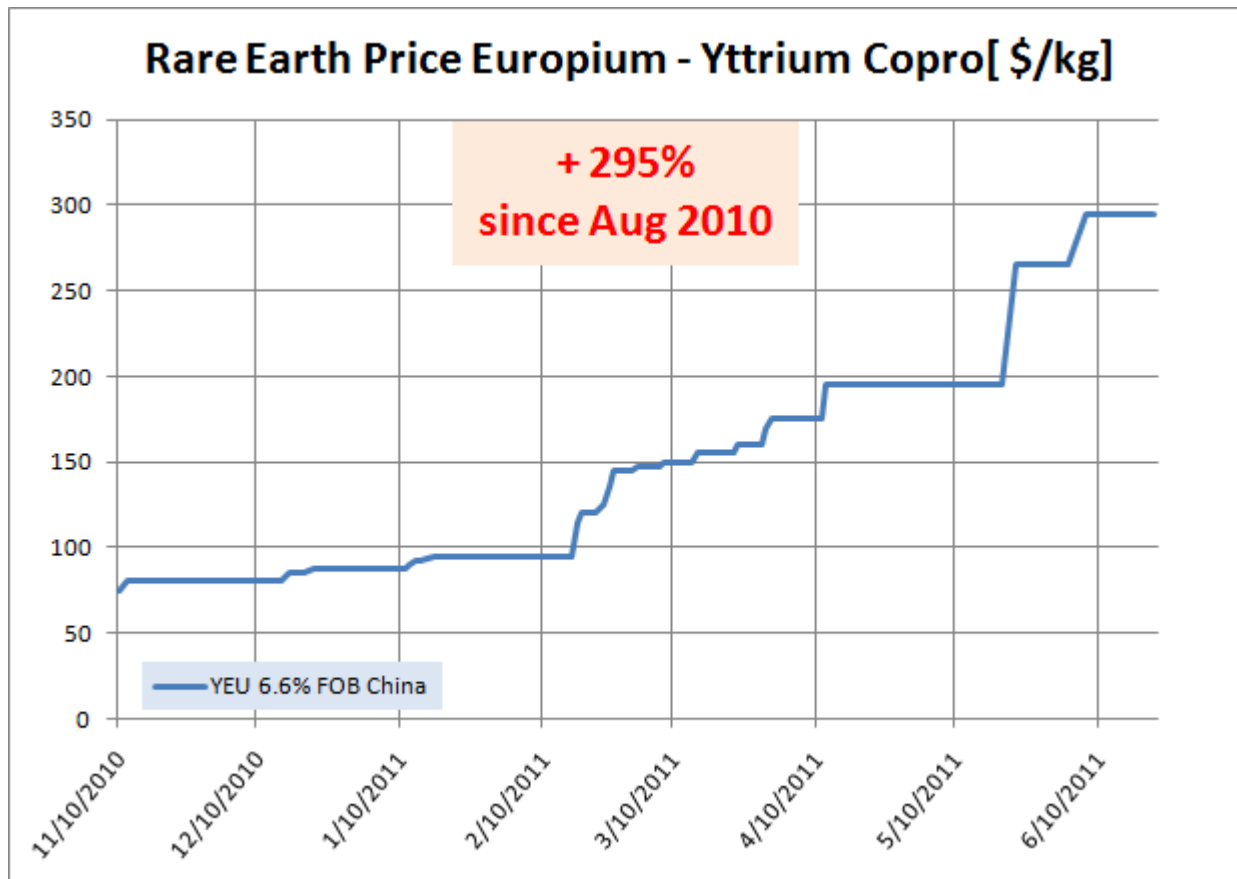
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Mining of Rare Earth Minerals

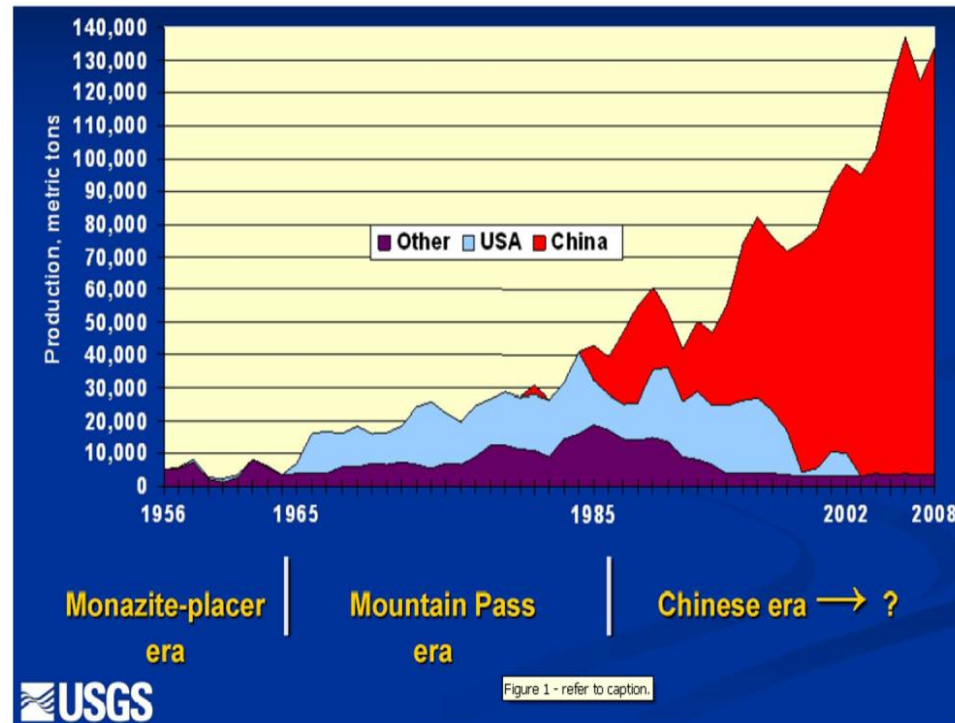


Figure 1. Global rare-earth-oxide production trends. The Mountain Pass deposit is in California, U.S.A. Graph from D.J. Cordier (U.S. Geological Survey, written commun., 2011) was updated from Haxel and others (2002, fig. 1).

China controls the mining of 95% of the rare earth minerals since 2002

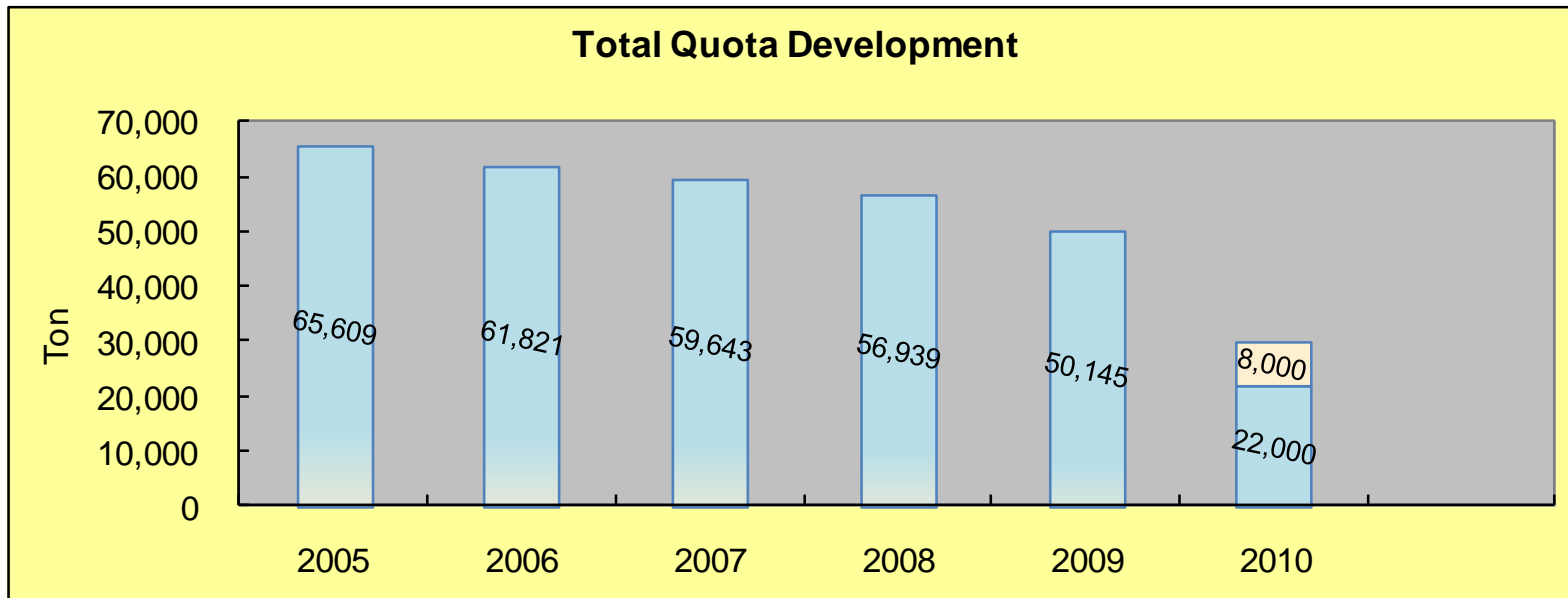
Phosphor Supply Issue

China Produces over 95% of the world supply

- Increased labor costs
- Imposing new taxes and tariffs
- Enforcing new mining rules and regulations
- Controlling the amount of Rare Earths available to the market through administrating quota's



Industry Quota History



- Capacity continues to be reduced
- Next quota release is June 30th
- Lighting industry's needs make up <10% of the total need for these rare minerals
- Main industry drivers for this material
 - New Energy: Wind Turbine, Solar Panels, Hybrid Cars
 - Technology: Flat Screen Televisions, Smart Phones, Computers

Targeted Actions

- **Government Activity**
 - Pending Legislation (DOE2012)
 - Promoting through NEMA to delay implementation
 - US Launches Unfair Trade Investigation of Alleged China Green Tech Subsidies
 - Pursing globally to re-open previously closed mines
- **What are we doing?**
 - Raising prices to offset hyper –inflation seen globally
 - Continue to strengthen our supply chain
 - Outlook on constrained capacity
 - Today SYLVANIA believes they have positioned themselves to continue production through a solid supply chain
 - To minimize the cost impact to our customers
 - Push and invest development innovation:
 - Options to reduce powder weight
 - Evaluate alternative substitutes
 - Ways to reclaim and recycle materials

**Thank you for your
attention.**

