

The Printing Systems Group boasts the world's highest levels of technologies for printing solutions business and commands the top shares of the domestic market for high-speed, continuous-form laser printers and dot-line printers. The group has over 20 years' experience in the field of laser printers, which are the most commonly used type of printer in the world today. Its laser printers have earned extensive acclaim within the industry and have garnered a growing list of accolades that include awards from the Japan's ministry in charge of science and technology and leading associations of mechanical engineers and electric equipment manufacturers. The group's dot-line printers also play an important role in areas close to people's daily lives. For example, Hitachi Koki dot-line printers are widely used for printing on noncarbon-type receipts used in the dispatch and receipt of home delivery services.

In October 2002, the Printing Systems Group will be split off and converted into a subsidiary to be named Hitachi Printing Solutions, Ltd. All shares in the subsidiary are scheduled to be transferred to Hitachi, Ltd. Plans also call for making Hitachi Koki Imaging Solutions, Inc. (HIKIS), Hitachi Koki Printer Asia Pte. Ltd., and Hitachi Koki Katsuta Co., Ltd., into subsidiaries of Hitachi Printing Solutions.

Fiscal 2002 in Review

Printing Systems Group sales were sluggish due to the adverse economic conditions in the Japanese market. In overseas markets, overall sales fell due to the slowdown in the U.S. economy. Net sales in the segment totaled ¥45.3 billion. Regarding profitability, several years of efforts finally put the rebuilding of HIKIS's operations on track, and that company was able to break even on an operating income basis in November 2001. This enabled the group to improve its profitability from an operating loss in fiscal 2001 to the generation of ¥483 million in operating income during fiscal 2002.

Principal Issues in the Printing Systems Group

- **Rebuilding HIKIS**—The operating income of U.S.-based HIKIS was brought back to the break-even point. Plans call for the further restructuring of HIKIS to boost its income before income taxes to the break-even point as soon as possible and thereby strengthen Hitachi Koki's consolidated performance.
- **Strengthening business in high-speed, continuous-form laser printers**—Drawing on its high-speed printer technologies, which are among the world's most advanced, the group is developing laser printer products with increased speed and image quality. It is undertaking sales promotion campaigns to consolidate its top share of the world market in this field.
- **Promoting the development of business in cut-sheet laser printers**—The group is developing ever more sophisticated cut-sheet laser printers for the print-on-demand sector and stepping up its marketing of such products to major OEM customers and companies in the printing industry.

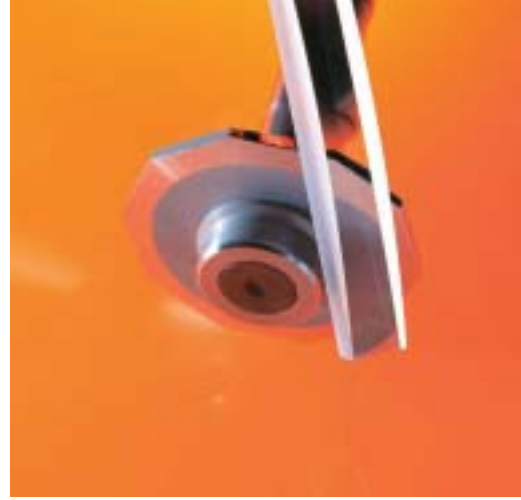


Dot-line Printer
KD50A

- **Accelerating the development of high-speed, continuous-form color printers**—To bring new products to the market to meet rising demand for color printers in a timely manner, the group is expeditiously developing high-speed, continuous-form color printers as a new business initiative.
- **Increasing market share for kanji (Chinese character) dot-line printers**—The Hong Kong production base of Hitachi Koki Asia Pte. Ltd. manufactures low-cost, high-performance kanji dot-line printers, and the group is striving to increase the market share of those printers in Japan, China, and Southeast Asia.

Noteworthy Product Introductions

- **DDP92 Cut-Sheet Laser Printer**—The DDP series of new-generation printers makes print-on-demand operations easy, and the DDP92 is the top-end model in that series. It is able to rapidly print out data from PCs and staple or bind the output together as a book. The DDP92 can easily meet such demanding requirements as that for making 300 copies of a 200-page manual for use the following day. The DDP series has earned high acclaim at home and abroad.



DDP92 Cut-Sheet Laser Printer