



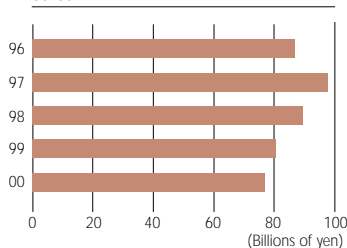
Power Tools Group

World leadership in our product categories through steadily advancing technology and design

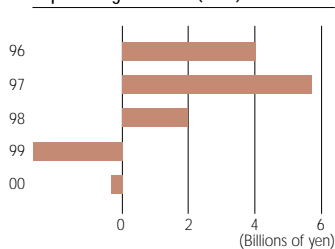


Nailer

Sales



Operating Income (Loss)



New Management Autonomy to Strengthen Responsiveness

The Power Tools Group was inaugurated on April 1, 2000. Reorganization as an autonomous group, rather than as disparate elements of various divisions of Hitachi Koki will permit the eight domestic companies and 17 overseas enterprises that design, build and market power tools to coordinate their management strategies and make faster decisions. This change is expected to contribute greatly to the strengthening of business performance.

In another structural change, the Sawa Plant, the main factory for power tools, was split off from Hitachi Koki to become a separate company within the Power Tools Group, as had already been done with Haramachi Plant and Yamagata Plant. We also established Hitachi Koki Sales Co., Ltd. to implement a direct sales system in the key Tokyo-Yokohama area of Japan. This move makes our sales operations more responsive and improves customer feedback by operating closer to users as the top power tool maker in Japan.

In the U.S. market, full-scale expansion of sales through the home center channels in conjunction with conventional distribution is gaining momentum. With



more than 1,000 home centers now engaged in sales of our products, led by our nailers, the prospects for high growth are anticipated. Sales in Europe remain strong, despite the weakness of the euro. Asia, meanwhile, is still climbing back from the effects of the currency crisis. Nevertheless, we managed to obtain the top market share in China by establishing direct sales channels for our two Chinese plants.

To neutralize the effects of the yen's appreciation vis-à-vis the dollar and the euro, which shows little sign of abating, the Power Tools Group intends to improve and expand production at our plants in China for export to other parts of the world. Global competitiveness will also be strengthened by the scheduled introduction of a comprehensive 3-D CAD/CAM/CAE system to shorten development cycles and expedite the introduction of new products to the market.

Hitachi Nailers, the Most Popular Nail Guns Among Professionals

Hitachi pneumatic nailers, such as the NR83A, designed to drive 83 mm nails, have become the standard for heavy-duty nailers in the U.S. Among the new products introduced this year is a new high-pressure coil nailer capable of continually driving 90 mm (3.5-in) nails at the rate of three per second (Model NV90H).

Excellent Product Line-up from an All-round Power Tool Manufacturer

The product line-up of the Power Tools Group is quite broad, consisting of general power tools, cordless tools, pneumatic equipment like nailers, and woodworking machinery. This line-up is as diverse as any by a general power tool manufacturer.

Leading Technology Cultivated in a Half Century of Product Innovation

Our motors are cited most often by customers as the reason they prefer Hitachi Power Tools. Even with the recent development of electronic control, the motor remains the heart of the power tool. That's why, in parallel with our research into advanced digital control for power saving and higher work efficiency, Hitachi Koki has been continually developing smaller, lighter and higher-output

motors. It is the high quality of our motors that gives our power tools their distinctive low noise and minimal vibration. In the past 50 years, we have also developed entirely new categories of power tools, invariably based on the needs of users. As a result, many of our tools have and will continue to set the standard for performance and usability as indispensable components of the professional's tool box.

In Fiscal 2000, Hitachi Koki Also Plans to Introduce Unique Products to the Market, Based on New Technology

The introduction of 3-D CAD/CAM/CAE is aimed at raising the speed of product development using ALD (Analysis Leads Design) methodology. Currently, price competition is intensifying in the power tool marketplace. We are prepared to deal with the situation by raising our price competitiveness through manufacturing of complex, high value-added products in Japan, as before, and shifting more of the manufacturing of simpler items overseas, particularly to China. To offset the impact of yen appreciation, we will export products from our overseas factories.

We see strong sales potential in Japan, North America, Europe and Asia. To make up for profit declines caused by lower prices and exchange-rate fluctuations, we will go all out to increase sales and profits by forging ahead with the globalization of our operations.

