



## HP Graphics Solutions Business Experiences Most Successful Year to Date in Fiscal 2008

Graphic arts offerings show momentum with more than 130 HP Indigo 7000s sold since drupa, and debut of new SPT inkjet products in 2008

PALO ALTO, Calif., Jan. 22, 2009 – HP today announced it has completed its most successful year in the graphic arts industry to date, building on increased sales activity, leads and interest from its first announcement of new-platform technologies in March, through the debut of those solutions at drupa in May, to subsequent fulfillment of sales in the months following the show.

HP's organizational unit serving this industry, the Graphics Solutions Business (GSB), made a series of significant announcements during 2008, including the integration of acquired assets from NUR Macroprinters and MacDermid ColorSpan, the unveiling of a new HP Inkjet Web Press and Latex Ink/Wide Scan platforms utilizing HP Scalable Printing Technology (SPT), and the announcement of a new HP SmartStream graphic arts workflow and next-generation HP Indigo digital press models.

During the year, HP has extended its market stance as the leading provider of digital color printing solutions to the graphic arts. For the HP Indigo business, worldwide page growth exceeded 30 percent year over year.

"HP exceeded its internal targets for the graphic arts industry in 2008 and is focused on continuing to help our customers grow in 2009," said Michael Hoffmann, senior vice president, Graphics Solutions Business, HP. "From installing an order for Consolidated Graphics that was the largest in HP Indigo history, to transforming the way inkjet will be used in signage, publishing and direct mail applications, HP GSB is now more than ever providing routes to profitability that make the most sense for our customers while highlighting our commitment to their success."

### **HP Indigo press sales help HP exceed targets for drupa**

The drupa 2008 trade show – the world's largest printing exhibition – highlighted the industry-leading innovations and customer successes coming from HP's Indigo, Inkjet High-speed Production Solutions (IHPS), Large Format Printing (LFP) and Specialty Printing Systems (SPS) divisions. HP exceeded its sales goals for drupa, with many of those revenue dollars related to 130 installations of the new HP Indigo 7000 Digital Press completed in the press's first three months of availability.

The HP Indigo 7000 Digital Press delivers 120 high-quality four-color A4-size pages per minute for customers in general commercial, direct-marketing, photo merchandise, and book and publications printing. For high-print volume customers, the HP Indigo 7000 offers a total cost of ownership that significantly increases the break-even point of digital

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against conventional printing.<sup>(1)</sup>

Many of the HP Indigo orders for 2008 have been for multiple units – including HP's largest single digital press order, a record 36-press order from Houston-based Consolidated Graphics Inc. (CGX) at drupa.

Today, CGX is the largest user of HP Indigo presses worldwide and its new presses are fully integrated across multiple facilities throughout the world. Each press is calibrated utilizing the latest software for color matching.

The HP Indigo 7000, which has been installed at customer sites in 19 countries, is also being selected by print service providers (PSPs) opting to transition from traditional offset to digital production based on the press model's higher-volume capabilities, fast throughput, higher crossover points compared to offset, and greater workflow efficiency.

"The HP Indigo 7000 Digital Press extends our return on investment deeper into longer projects," said Brad Clarke, vice president of McCallum/DirectConnectGroup West, Seattle, one of the first companies in North America to purchase the HP Indigo 7000 Digital Press. "For variable print jobs it reduces the cost per unit through faster runs. For static work it shifts the economic equation towards migration from offset."

Additional PSPs in North America that have invested in HP Indigo 7000 Digital Presses include:

- RT Associates, a PSP specializing in marketing services, which installed two presses after seeing firsthand how the HP Indigo 7000 Digital Press delivered faster turnaround time and higher productivity as a participant in the press's beta program;
- White House Custom Colour, one of the leading digital providers for the professional photography industry, which installed four HP Indigo 7000 Digital Presses to augment productivity and meet increased customer demand for the high-quality greeting cards and photo specialty applications;
- Integrated Book Technology, a leading producer of scientific, technical and medical journals, scholarly monographs and educational materials, which purchased the press at drupa to take advantage of HP Indigo's exclusive capabilities for Pantone®-licensed spot-color printing, higher-speed one- and two-color printing, and compatibility with thinner and lighter-weight media;
- Tabs Direct, one of the largest direct-mail production companies in the United States, which installed two presses to transition more of the personalized communication it creates for nonprofits and financial services firms to color digital production;
- DataMart Direct Inc., one of the largest direct marketing production firms in Northern Illinois, which purchased an HP Indigo 7000 Digital Press at the Graph Expo trade show to increase productivity and meet increased customer demand for high-quality direct mail and marketing collateral applications;
- Advantage Mailing, a complete provider of direct-mail production services for marketers, which installed an HP Indigo 7000 Digital Press to gain a competitive advantage by providing fast turnaround, high-quality personalization and economical pricing;
- Frecklebox, a provider of personalized books, posters and custom-made gifts for



children, which used its new press to create high-quality output with double productivity in light of increased demand expected during the holiday season; and

- Lifetouch, the largest employee-owned photography company in the world, which installed two HP Indigo 7000s to increase its ability to provide high-quality yearbooks with a quick turnaround time for preschools and schools.

### **The winner is digital – HP Indigo sample surpasses offset and flexo in label competition**

HP Indigo presses also hold significant market share in the worldwide label and packaging converting industry, based on their ability to give label converters greater flexibility with run lengths as well as true offset quality with excellent color registration. In October, an HP Indigo-produced label for Tavern on the Green printed by Rochester, N.Y.-based Label World became the first digitally printed label to win best-in-show honors in the Tag & Label Manufacturers Institute's annual awards competition, a contest that judged more than 300 labels printed by flexo, offset and digital processes.

"Since we first installed our HP Indigo press three years ago, digital has become a fast-growing segment of our business," said John McDermott, president, Label World. "We've always appreciated the level of quality possible with HP Indigo technology and we're thrilled to be the first company to ever win this highly respected award with a digitally printed piece."

HP's product announcements in 2008 for the labels and packaging segment include the new HP Indigo WS6000 Digital Press, which prints at 98 feet per minute in four colors, doubling the level of productivity available with digital.<sup>(2)</sup> The press will be available in early 2009, and is already installed and operating at beta sites worldwide, including Innovative Labeling Solutions in Hamilton, Ohio.

### **Next-generation solutions and award-winning quality from HP Large Format Printing**

New product announcements from the HP LFP division – including the HP Designjet L65500 Printer featuring HP Latex Ink Technology and the HP Scitex FB7500 UV-flatbed printer – generated significant interest throughout the year with a significant amount of sales leads generated at shows such as drupa and SGIA '08. In addition, HP Scitex customer Graphic Tech's family of companies received an unprecedented 18 SGIA Golden Image Awards at SGIA '08, including two awards for entries produced on the HP Scitex TJ8500 Printer: an André Schellenberg Award of Excellence in the Decals/Pressure Sensitive category and the People's Choice Award.

"We are thrilled to be the most decorated company at SGIA with 18 Golden Image Awards, two André Schellenberg awards and the coveted People's Choice Award," said Jim Blee, chief operations officer, Graphic Tech. "With the HP Scitex TJ8500 Printer, we were able to produce vivid, high-quality applications that exceeded the expectations of our customers and caught the eye of the SGIA judges."

HP also has extended its leadership in the UV roll-to-roll large-format printer segment, significantly expanding its installed base of HP Scitex XP series printers worldwide.

The respected line of HP Designjet printers for the professional photography, fine art and graphic design industries grew in 2008 with the introduction of the HP Designjet Z3200 Photo Printer, an innovative device that features HP DreamColor technologies – including an embedded spectrophotometer for easier media profiling and calibration – as well as



a 12-ink print system featuring new HP 73 Chromatic Red ink.

Renowned photojournalist Thomas Hoepker of Magnum Photographers is among the many professionals using HP Designjet Z series printers to produce exhibits and sell their work. Today, Hoepker uses the HP Designjet Z3200 Photo Printer to produce exhibition-quality prints he sells to fine art collectors who have rediscovered his work after a recent retrospective exhibit of his 50-year career.

"I see digital as a great improvement," said Hoepker. "The quality of the Z-series printers is really stunning, and I have a new adventure and a new income stream."

### **Breaking new ground with high-speed continuous-feed inkjet**

HP's new IHPS division unveiled the HP Inkjet Web Press, a new 30-inch-wide digital printing platform based on SPT that offers an unprecedented combination of print width, color quality, productivity and cost for graphic arts industry professionals in the direct mail, transactional and transpromotional printing, book publishing, and newspaper industries. In October, HP IHPS also announced a relationship with U.K.-based Timsons Ltd., the world's largest book press manufacturer, to develop a digital inkjet system for short- and medium-run book production. And, last month, O'Neil Data Systems, Los Angeles, received the very first HP Inkjet Web Press beta unit.

"We are excited to be at the forefront of digital technology with the installation of the new HP Inkjet Web Press and are confident that the high speeds and width of the HP Inkjet Web Press will transform the printing industry and ultimately replace many traditional offset printing applications," said James Lucanish, president, O'Neil Data Systems.

### **New SPS solutions and a 100-million milestone**

SPT was also the basis of two new solutions from HP SPS during the year. HP SPS, which sells imaging systems to original equipment manufacturer (OEM) partners in the mail printing, package coding/product identification and CD/DVD duplication industries, has shown a new four-color imager for the mail market. In a demonstration of the imager at the recent Graph Expo trade show, HP printed personalized 600-dpi envelopes on an automated Pitney Bowes inserting line at speeds up to 600 feet per minute.

HP SPS also unveiled its new SPT-based HP Scanning Imager 1000 (SI-1000) for CD/DVD duplication that offers efficient ink usage and high-quality process-color printing at speeds up to three disks per minute. The HP SI-1000 has been incorporated into several high-end CD/DVD disc duplication devices, including the PF Pro automated disc printer from HP SPS OEM partner Microboards Technology, Minneapolis. One of Microboards' customers, Techware Distribution, uses multiple SI-1000-equipped PF Pro printers.

"With HP-equipped Microboards printers, people can come in and drop off their master artwork, grab a cup of coffee, and we do their duplication jobs while they wait," said Kevin Gabrik, vice president, Marketing, Techware. "And with the new PF Pro model, we're saving money on ink and improving efficiency. Basically, we're able to use less and get more output."

HP SPS also licenses a laser-imaging disc labeling technology, LightScribe Direct Disc Labeling, which offers consumers and businesses a simple, no-hassle way to burn



professional-looking, silkscreen-quality labels on their CDs and DVDs using the same laser that burns data in a disc drive. In Q4 of 2008, HP SPS reached a significant milestone in its LightScribe business – the shipping of the 100 millionth LightScribe-enabled drive.

### **About HP**

HP, the world's largest technology company, simplifies the technology experience for consumers and businesses with a portfolio that spans printing, personal computing, software, services and IT infrastructure. More information about HP (NYSE: HPQ) is available at <http://www.hp.com>.

- (1) Compared to the HP Indigo press 5500.
- (2) Compared to the HP Indigo press ws4500.

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