

Tireless Business Development

As its business environment has undergone numerous changes, ITOCHU has leveraged its mobility to flexibly change its business portfolio, focusing on the areas that have the highest growth potential. As a result of that flexibility, our business models extend over an extremely diverse range of industrial areas and geographic regions, and it is difficult to classify them in a simple manner. The value chain, which is focused on optimizing the supply chain through vertical integration extending from upstream to downstream, is simply one of our business models.

ITOCHU sets its sights on areas in which it can leverage its distinctive strengths and then works to accumulate business know-how and establish market positions in those areas. Starting from those areas, we create a chain of new businesses with a view to further increasing earnings.

1 Leveraging Our Distinctive Strengths

Advancing into areas where we can leverage our distinctive strengths

2 Establishing Market Positions

3 Pursuing Multifaceted Business Expansion



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Leveraging Our Distinctive Strengths

Advancing into areas where we can leverage our distinctive strengths

When we consider advancing into new businesses and markets, we narrow down the possibilities by focusing on whether or not we can leverage our distinctive strengths. The reasons are that we can expect to generate synergies with existing businesses and that we can control risk by ourselves.

ITOCHU's Distinctive Strengths

Securing Natural Resources and Raw Materials

Aiming to secure natural resources and raw materials and provide a stable supply to purchasers, we are developing upstream natural resources and raw material supply sources around the world.

Linking Purchasers with Producers

Trade, which links purchasers and sellers, is the starting point of a general trading company. ITOCHU builds sales channels for various goods around the world, thereby contributing to competitive procurement by purchasers as well as to expansion of sales opportunities for producers.

Providing Value Added that Meets Consumer Needs

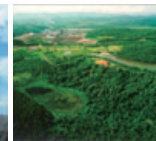
ITOCHU's high level of competitiveness is demonstrated through provision of value added that accurately meets consumer needs and the continual advancement of business models.

Providing Solutions

The foundation of our comprehensive capabilities comprises finance and insurance capabilities closely linked to business, the provision of efficient logistics solutions, and IT capabilities that facilitate the analysis and strategic utilization of information.



Coal projects in Australia



CENIBRA (pulp manufacturer)



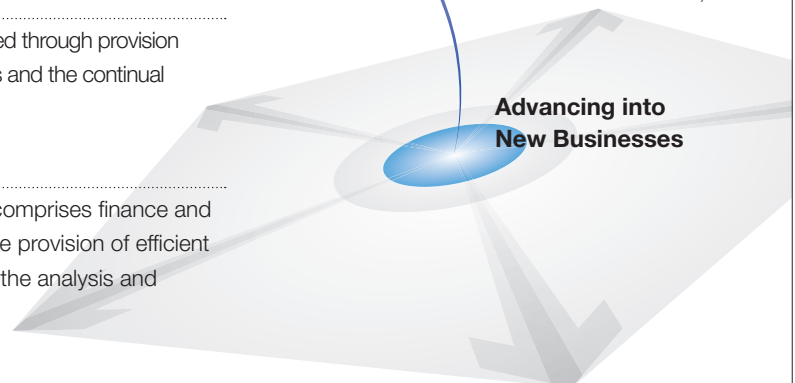
Chemical product trade



Exports of automobiles



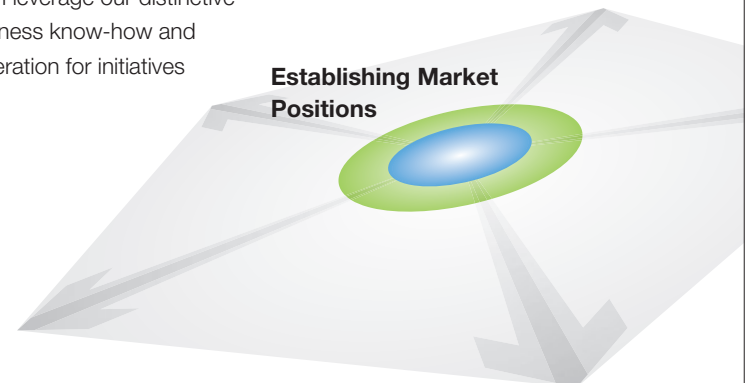
Stapleton's (Tyre Services) Ltd. (tyre distribution and retail business)



2

Establishing Market Positions

After entering the areas in which we can leverage our distinctive strengths, we strive to accumulate business know-how and establish market positions, with consideration for initiatives targeting the next business or market.



3 Pursuing Multifaceted Business Expansion

Starting from the areas which we have advanced into, as we leverage the business know-how that we have accumulated and the market positions that we have established, from the following five major points of view, we create a chain of new businesses with a view to further increasing earnings.



Drummond Company's mining operations in Colombia

Expanding and Diversifying Sources of Supply

We are working to achieve geographic diversification of supply bases and expansion of supply volume in energy, metal, and mineral resources, food resources, and other areas. For example, in the coal business, where our initiatives had been centered on Australia, we have secured new sources of supply and diversified our regional portfolio through the investment in the Colombian mining operations of Drummond Company.

Our Focus in Developing Businesses

Partnerships with Leading Companies

When we pursue new businesses and markets, or implement multifaceted business expansion, we place importance on building partnerships with companies that have a strong presence and knowledge in each area. By building complementary relationships based on each others' capabilities and strengths, we conduct business development activities while increasing the probability of success.

Key Means in Developing Businesses

Business Investment

Business investment is an important means in developing businesses. In making investment decisions, we look not only at profits from businesses in which we invest but also at whether or not we can expand trade, which is one of our distinctive strengths.

Based on our strategic goals, we choose the optimal format, such as establishing a subsidiary ourselves, investing to strengthen partnerships, and participating in management with the objective of increasing the corporate value of the companies in which we have invested.

▶ For further information, please refer to page 24, ITOCHU's Approach to Business Investment.



Brunei methanol production project



Toyo Advanced Technologies Co., Ltd.

Participating in Production Activities

By advancing into upstream projects, we secure competitive resources, thereby strengthening trade and diversifying sources of earnings. For example, in the chemicals business, we have advanced into the methanol production project in Brunei, based on trade development. In the automobile-related business, we have a cooperative relationship with Mazda Motor Corporation in automobile exports, and against that backdrop we acquired shares in Toyo Advanced Technologies Co., Ltd., thereby advancing into the manufacturing of machine tools and automobile parts.



Ting Hsin Group



Dole businesses

Expanding the Range of Success Models

We extend models of success to other products and regions. In food, through the SIS strategy* we are extending the success model from Japan to China and Asia, and have established partnerships with leading local companies, such as the Ting Hsin Group. Also, by combining the Asian fresh produce business and the worldwide packaged foods business acquired from Dole Food Company, Inc. with the business foundation and brand business success know-how that we have developed, we are working to develop our food operations in local markets around the world.

* A strategy for supply chain optimization through vertical integration, from upstream procurement of food resources to mid-stream product processing and marketing and distribution and through to downstream retail businesses

Pursuing Multifaceted Business Expansion from Five Points of View



METSA FIBRE Oy

Pursuing Economies of Scale

By expanding our scale of operations through mergers and other means, we not only increase the efficiency of our operations but also achieve higher value added in services and products as a result of complementary capabilities. In this way, we are working to further increase competitiveness. In the pulp business, we have acquired shares in METSA FIBRE Oy, a softwood pulp producer based in Finland. In conjunction with CENIBRA, of Brazil, a manufacturer of hardwood pulp, this investment has solidified our position as a leading pulp trader in terms of both quality and quantity.



Kwik-Fit Group

Obtaining Points of Contact with Consumers

Leveraging the upstream and midstream positions that we have established, we expand our earning opportunities to areas that are closer to consumers. In the U.K. tyre business, leveraging the position built by Stapleton's, the No. 1 tyre distributor in the U.K., we acquired the Kwik-Fit Group. In this way, we have made a full-scale advance into the downstream tyre retail business.

Examples of Business Development

Food Distribution and Marketing Business

Distinctive Strengths

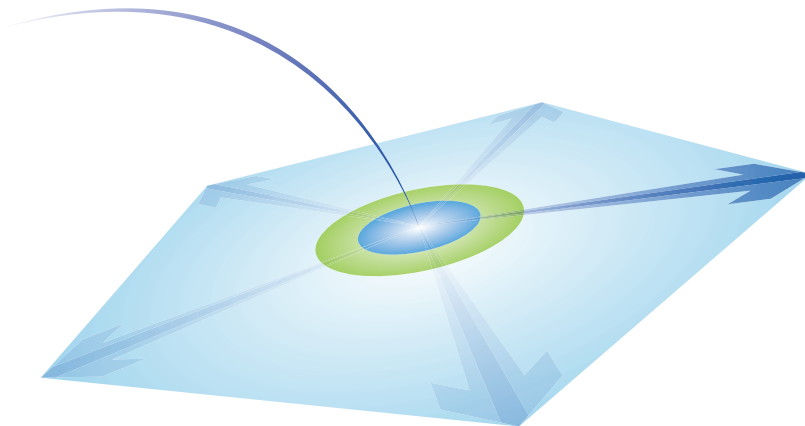
- Providing Value Added that Meets Consumer Needs
- Providing Solutions



NIPPON ACCESS Distribution Center

Boosting Competitiveness and Increasing Efficiency through a Merger

In the food distribution and marketing business, the ITOCHU Group included several companies that were providing high-value-added solutions in their individual areas. NIPPON ACCESS, INC., had a distribution network that could handle all temperature ranges, the former ITOCHU Fresh Corporation Inc. had strengths in the three main groups of fresh food products, the former Family Corporation Inc. handled distribution for FamilyMart Co., Ltd., and the former Universal Food Co., Ltd., was a wholesaler in the food service / catering industry. In 2011, the four companies implemented a merger in stages, centered on NIPPON ACCESS, creating one of the largest operational scales in the industry. In this way, we built a system that can offer integrated handling of not only processed foods in all temperature ranges—ambient, frozen, and chilled—but also the three main groups of fresh food products—marine products, livestock products, and agricultural products. In addition, we increased value added in services through integration of distribution and sales channels, and boosted efficiency by integrating functions, such as information systems and administration. In this way, we strengthened earning power.



Multifaceted Business Expansion

- Pursuing Economies of Scale



Inside NIPPON ACCESS Distribution Center

Human Resources: The Foundation for the Functioning of the Business Development Model

It is human resources who are the driving force behind the functioning of ITOCHU's business development model and the source of our competitiveness. Targeting sustainable business development, we are stepping up our hiring and development of talented human resources. We also encourage our human resources with high levels of expertise to fully demonstrate their capabilities. Thus, we make a system for rapid decision-making operate effectively.

Employing Highly Creative People and Cultivating Advanced Levels of Expertise in Each Area

ITOCHU employs people who inspire mutual trust, have the mettle to take on challenges, and have the creativity to generate new value from their own ideas, without regard to gender or nationality.

We are also working to develop industry professionals who have high levels of expertise in each area to continue the tireless development of new businesses in an environment characterized by business diversification and increasing levels of difficulty. ITOCHU believes that it is learning from the experience of success and failure on the front lines that develops industry professionals. In accordance with that

Brand Business

Distinctive Strength

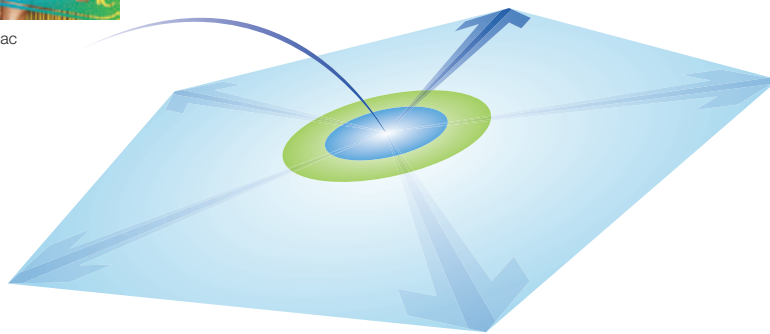
- Providing Value Added that Meets Consumer Needs



LeSportsac

Brand-oriented Business Expansion

In the brand business area, we have been able to establish a leading position in the industry by continuously advancing our business models and pursuing value-added propositions to meet our customers' changing demands. We are expanding our business area by utilizing the expertise and know-how that we have developed over the ages. In particular, we are now covering the entire area of lifestyle categories, not limited to just fashion brands. Examples include our investment in DEAN & DELUCA, a premium gourmet store from New York, and our acquisition of the master licensing rights for Le Pain Quotidien, a premium bakery / restaurant from Belgium. Our expertise in the brand business will also be one of vital assets in dealing with our Dole brand strategy.



Multifaceted Business Expansion

- Expanding the Range of Success Models into Other Product Categories



DEAN & DELUCA

Multifaceted Business Expansion

- Expanding the Range of Success Models into Other Regions



- Shanshan Group Co., Ltd.
- Shandong Ruyi Science & Technology Group Co., Ltd.

Developing Businesses in China and the Rest of Asia

ITOCHU is expanding its brand business to overseas markets such as China and other countries in Asia by converting its expertise in the brand business area that it has developed in the domestic market for decades. As China has emerged as the second largest consumer market today, we are solidifying our business operations in the region by building strong partnerships with leading Chinese companies such as Shanshan Group Co., Ltd., and Shandong Ruyi Science & Technology Group Co., Ltd.



Le Pain Quotidien

belief, we are implementing a rigorous front-line approach and working to develop the people who will manage the ITOCHU Group in the future.

- ▶ For further information, please refer to page 87, Labor Practices.

Groups of Professionals Supporting Our Rapid Decision-Making System

ITOCHU uses the Division Company system, and the president of each Division Company has been given broad authority over matters including allocation of management resources such as funds and human resources. With the

assistance of the Division Company Management Committee (DMC), Division Company presidents make decisions within the limits of their authority. Furthermore, within each Division Company, authority is delegated to individual divisions and departments. In these ways, we have a system for rapid decision-making that can address changes in the business environment. This rapid decision-making system is made possible by our vast team of people with high levels of expertise, from planning and administration to legal affairs and risk management, accounting and taxation, fund-raising, and other administrative organizations at Headquarters and Division Companies, as well as the sales staff on the front lines around the world.