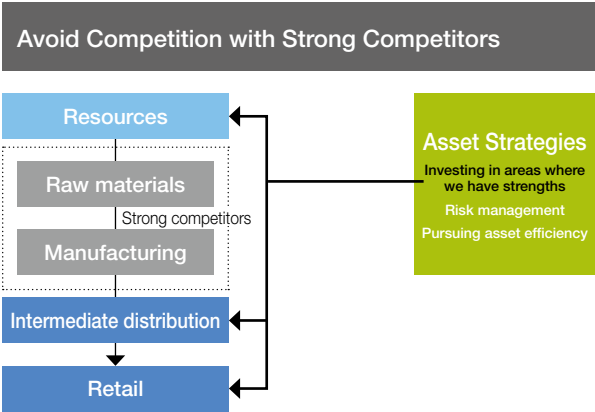
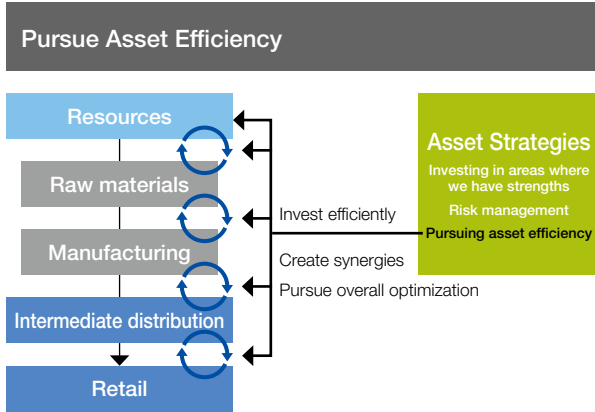


Our Business Model, as Seen in the Value Chain

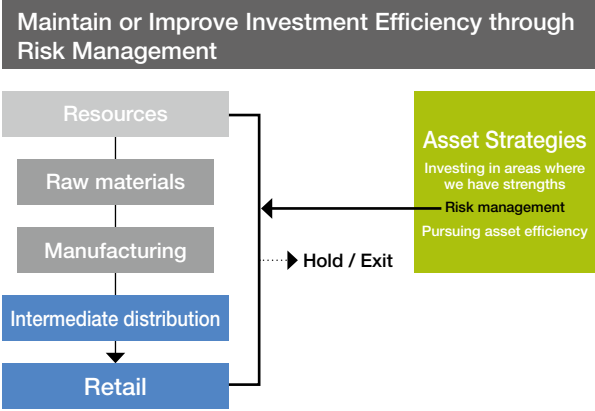
Across the industry value chain, or “longitudinally,” we seek to expand business opportunities while curtailing risks in business domains where we can make the most of functions in which we excel.



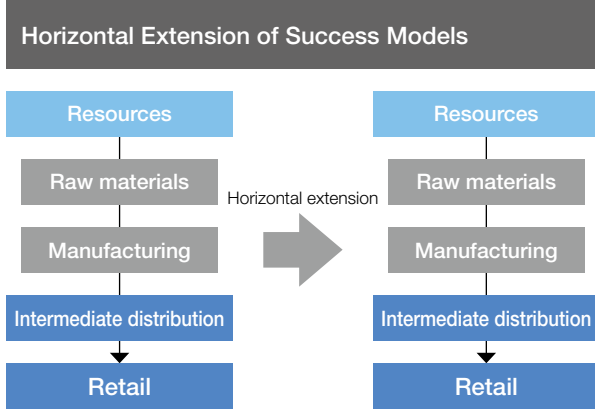
We move only into areas where we have strengths in various industry value chains, concentrating our investment of management resources. Rather than moving into domains in which strong competitors exist, we devote ourselves to the supplier and distribution side of the businesses.



We aim to maximize asset efficiency by minimizing our investment of management resources and pursuing overall optimization that makes the most of functions that are of use to investees.



We monitor asset efficiency stringently and on an ongoing basis, exiting from assets that fall below our criteria. We also control the loss by setting exit conditions at the time of making an investment (⇔Page 47 Business Investment Process).



We reduce the cost and risk of moving into new areas through horizontal extension of successful business models into other industries and markets, customizing our approach to match industry and market characteristics.

How ITOCHU Differs from a General Private Equity Fund

As we consider business investment one of our major options, our business model is often compared to that of a private equity fund. There are certain similarities, such as the desire to contribute proactively to management and maximize the corporate value of investees. We view as different, however, the facts that we are also aiming to increase our own corporate value, we focus on generating synergy with existing businesses, and we enjoy returns (cash) centered on trading profits and dividends.

	Investee liquidity	Investee ownership ratio	Investee ownership period	Business synergies	Returns (cash)
General private equity fund	In principle, unlisted	In principle, majority stake to 100%	Buy and hold having an exit strategy	In principle, none	Capital gains and dividends
ITOCHU	Either listed or unlisted	Decided individually, based on business conditions and market environment	Buy and hold	Create synergies with existing businesses	In principle, trading profit and dividends