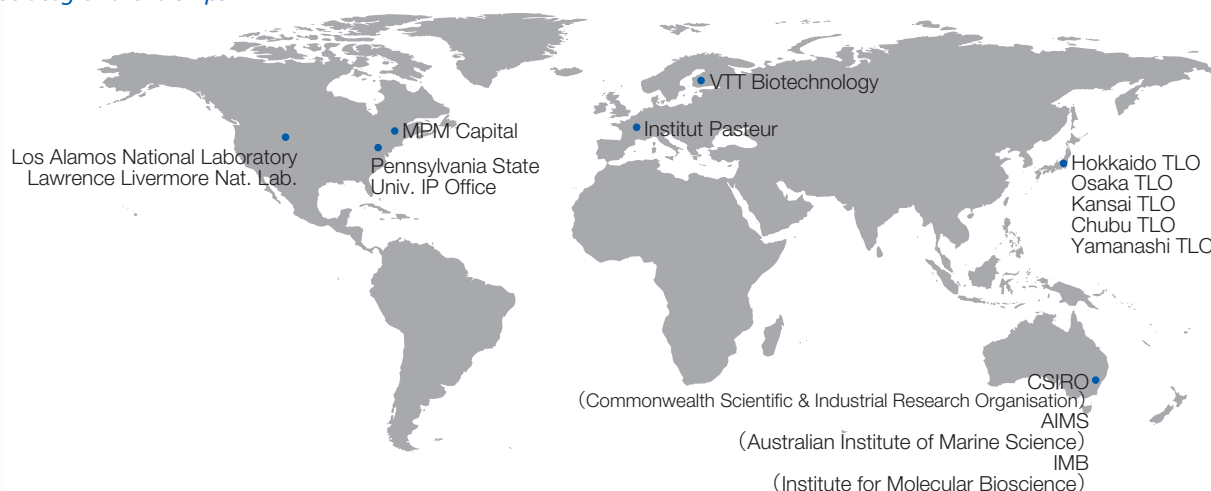


## Functional Foods Business

ITOCHU has a competitive advantage in the food related sector where we are focusing on the development of functional foods in response to the growing importance of preventive medicine as society continues to age. We are developing functional foods business in cooperation with Australia's largest research organization, CSIRO, and Finland's VTT Biotechnology.

ITOCHU is securing access to "seeds" of innovative technologies through strategic alliances with overseas partners, and within Japan, serving as a one-stop channel to the Japanese market for our partners around the world. ITOCHU promotes the development of new joint businesses by matching our partners' "seeds" to the "needs" of the market in each and every industry.

### Strategic Partnerships



(Name, Country, Date of alliance)	(Features and ITOCHU's strategy)
<b>Los Alamos National Laboratory</b> <b>Lawrence Livermore National Laboratory</b> USA (Autumn 2002)	Core laboratories of the U.S. Department of Energy's eight national laboratories. Reputed as the brains of the U.S., they cover a broad area of research, developing technologies for the future 20 years ahead. ITOCHU will introduce these technologies to Japanese companies and function as the intermediary for their commercialization. We may also consider investments in the national laboratories' innovative technologies or joint ownership of intellectual properties, as well as investments and/or collaborative businesses with their spin-off ventures.
<b>CSIRO</b> Australia (September 2002)	ITOCHU, having worked with Australia's largest research organization, CSIRO, since 1996, has entered into a five-year letter of intent to form a closer long-term strategic alliance focusing on innovative technologies.
<b>MPM Capital</b> USA (June 2002)	World's largest biotech venture capital firm. ITOCHU, as a Special Limited Partner, has committed a \$20 million investment to a MPM biotech fund, which is operated as part of a \$900 million fund. ITOCHU seeks to develop biotech businesses in the Japanese market based on highly promising deal flows.
<b>VTT Biotechnology</b> Finland (February 2002)	Largest biotech research institute in the Nordic countries, operated under Finland's Ministry of Trade and Industry. VTT Biotechnology is leader in the study of functional ingredients derived from wheats and berries. Their research focuses include maintenance and improvement of gut health and antioxidants. ITOCHU will mediate between VTT Biotechnology and Japanese food manufacturers for joint development of novel functional food products.
<b>CSIRO, AIMS, IMB</b> Australia (March 2001)	Our alliance with these three Australian research institutes in biotechnology focuses on commercializing their research in the fields of agricultural and food related biotechnology, marine resources and bioinformatics.
<b>Pennsylvania State University Intellectual Property Office</b> USA (December 2001)	Pennsylvania State University is among the top five or six American universities in the fields of biotechnology and nanotechnology. Our alliance with its intellectual property office aims at utilizing University proprietary technologies in the development of new businesses.
<b>Institut Pasteur</b> France (December 2001)	World's most prestigious bioscience research institute, ranks second in the number of technology transfers to industry in the field of microbiology. Our focus is on bringing the institute's technologies to the Japanese market.
<b>Japanese University TLO**s</b> (2001-2003)	We have formed alliances with five regional TLOs, representing a total of 30 major universities, for the commercialization of their technologies.

\*\*A TLO (Technology Licensing Organization) patents university inventions, transfers them to companies, devotes related income to further research, and generates new inventions, thereby creating a cycle of intellectual creation. In Japan, the establishment of TLOs is supported through the Law promoting Technology Transfer from Universities to Industry which was enacted in August 1998.