



Innovation Network Corporation of Japan

July 2009

Content



1. Aim and objectives
2. Value enhancement
3. Operation
4. Organizational structure
5. Focus sectors
6. Investment criteria and evaluation methods
7. Investment decision-making structure

Aim



- **To create next-generation businesses in promising new technologies by providing capital and managerial support, through private-public partnership and using an “open innovation” model**

Objectives



1

Promoting “Open Innovation”

- Boosting the competitiveness of Japanese firms by promoting “open innovation” – the flow of technologies and expertise beyond the boundaries of existing organizational structures

2

Creating next-generation businesses

- Leveraging Japanese technological and industrial prowess to create sustainable next-generation businesses

3

Providing capital, with returns to the people

- Providing risk and growth capital to support commercialization of technologies and industrial innovation, with a clear exit strategy and while providing returns on capital for the people

4

Enhancing value of investment portfolio companies

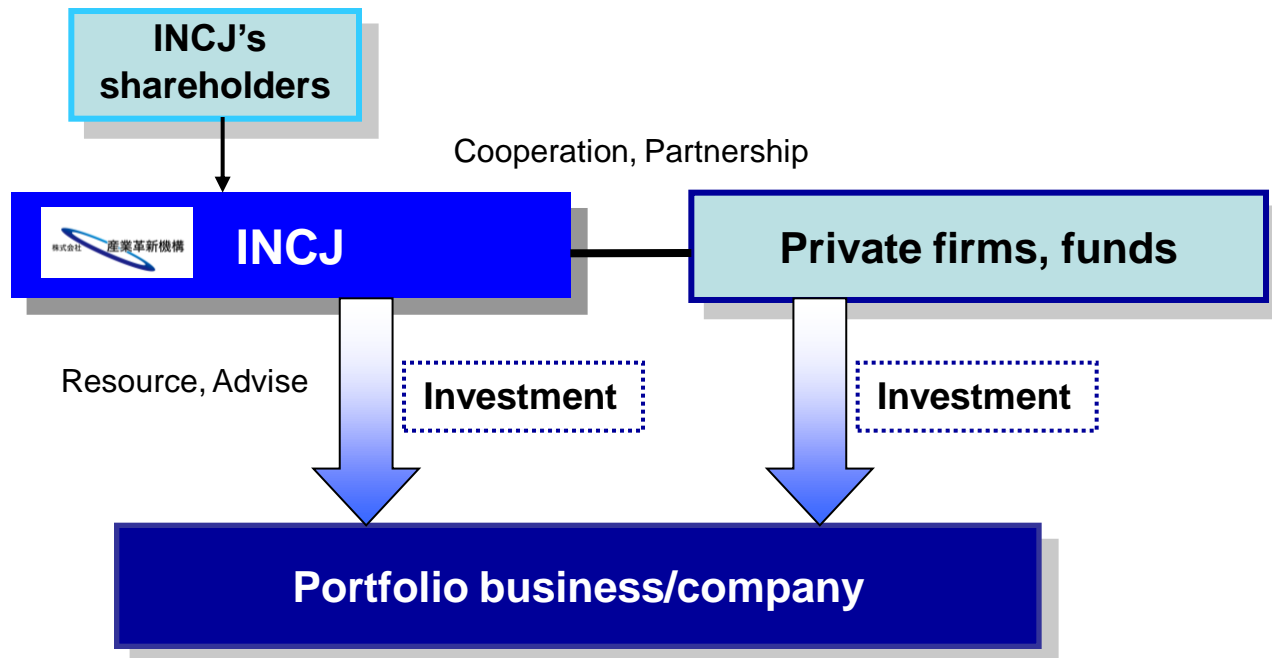
- Making best use of management resources and networks (combining expertise from academic, financial and industrial professionals) to enhance the value of investment portfolio companies

Value enhancement



■ INCJ will enhance value by

- Providing growth and risk capital for long-term earnings opportunities
- Providing management support to drive business plans
 - Mobilising networks of managerial and technological expertise from within INCJ and various external organisations



■ Operation period

- Launched on July 27, 2009
- To operate for 15 years

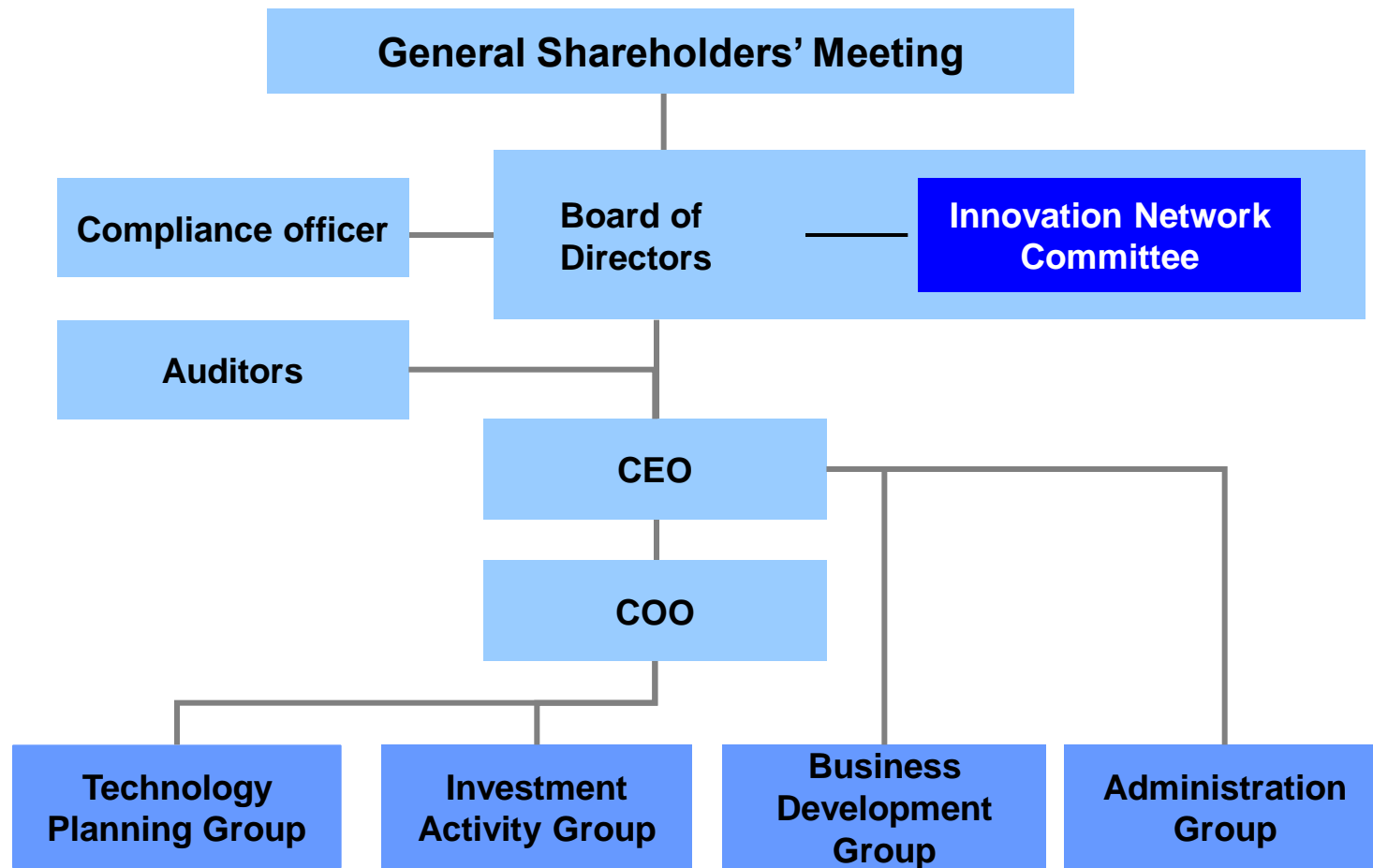
■ Disciplined decision-making and compliance

- An Industrial Innovation Committee will provide objective and neutral evaluations of target investments
- Potential co-investment opportunities with private companies or private funds will be considered
- A rigorous compliance system will operate internally

■ Management structure

- Flat structure centered around CEO and COO
- Target staffing of 50 by the fall of 2009
- Will secure talented and experienced staff from PE funds, VC funds, financial institutions, and technological and academic institutions
- Will introduce incentive-based compensation scheme

Organizational structure



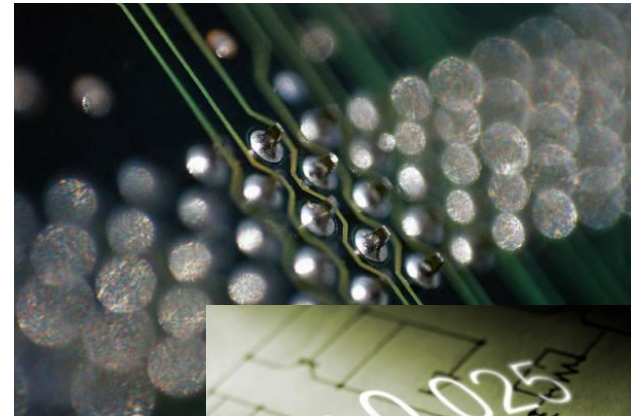
Investment targets

- **Dormant or under-utilized patents or intellectual assets at universities or private companies**
 - Provide capital and management support to create businesses to commercialize technologies
- **Technologies held by organisations such as venture firms**
 - Promote new frameworks to exploit these technologies, for example joint partnerships with large corporations
- **Promising technologies held by business units or subsidiaries**
 - Encourage carve-outs or restructuring of businesses to exploit promising technologies
 - Restructuring to include horizontal or vertical integration models

Investment targets

- **Initial target sectors will be**
 - Environment and energy
 - Life sciences
 - Electronics
 - Machinery and components
 - Advanced materials

- **Wider range of technological areas to be considered over time**



■ Primary investment criteria

- Capacity to drive innovation
- Growth potential
- Contribution to social objectives

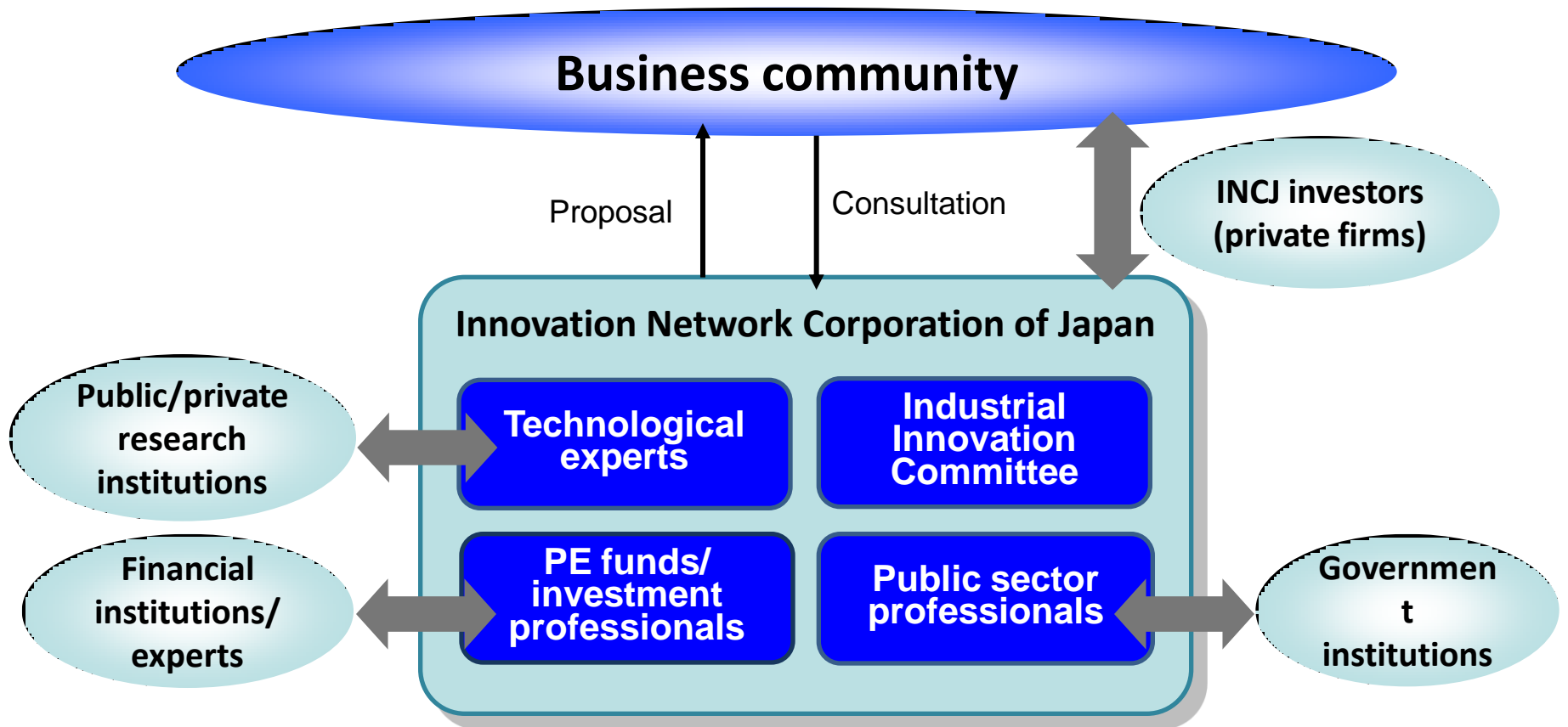
■ Other considerations

- Potential for partnership or cooperation with private companies or funds
- Contribution to investment diversification

■ Investment evaluation method

- Thorough due diligence process undertaken, including
 - Evaluation of technology
 - Review of business plans and cashflow estimates, to identify long-term growth potential
 - Exit strategy

Investment decision making process



Objectivity, Neutrality, Professionalism



Contact

Innovation Network Corporation of Japan

Marunouchi Kitaguchi Bldg.
1-6-5, Marunouchi, Chiyoda-ku, Tokyo

Telephone: +81-3-5218-7200