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Sojitz Announces Tender Offer for Shares of Sakura Internet Inc.

At a meeting of its Finance & Investment Deliberation Council on February 22, 2011, Sojitz Corporation ("Sojitz") decided to acquire shares of Sakura Internet Inc. (the "Target Company"), a TSE Mothers-listed company (securities code: 3778), by tender offer (the "Tender Offer").

1. Purpose of Tender Offer

(1) Summary of Tender Offer

Sojitz is the Target Company's largest shareholder and treats the Target Company as an equity-method affiliate. It currently owns 12,718 shares of the Target Company's common stock, equivalent to a 29.31% ownership interest (as used herein, "ownership interest" is defined as the ratio of shares owned to the Target Company's 43,388 total shares outstanding, rounded off to the second decimal place).

Sojitz has decided to conduct the Tender Offer to acquire additional common shares of the Target Company. Sojitz has also decided to enter into two agreements in connection with the Tender Offer. The first is a business alliance agreement dated February 22, 2011, with the Target Company (the "Business Alliance Agreement"). The second is an agreement (the "Agreement Between Shareholders") dated February 22, 2011, with the Target Company's second-largest shareholder, Tanaka Kunihiro Office Inc. (4,665 shares currently owned, equivalent to a 10.75% ownership interest), for the purpose of acquiring control of the Target Company as a consolidated subsidiary. Tanaka Kunihiro Office Inc. (the "Asset Management Company") is an asset management company owned by Kunihiro Tanaka, the Target Company's president and representative director (who currently personally owns 2,205 of the Target Company's shares, equivalent to a 5.08% ownership interest).

Through the Tender Offer, Sojitz plans to acquire a minimum of 4,764 shares to acquire control of the Target Company as a consolidated subsidiary by the effective control standard, as explained below. Acquisition of 4,764 shares would increase Sojitz's shareholdings in the Target Company to 17,482 shares, equivalent to a 40.29% ownership interest, after the Tender Offer's completion. These 17,482 shares plus the Target Company's common shares owned by the Asset Management Company (the "Asset Management Company's Shareholdings"), the voting rights of which are to be exercised at Sojitz's discretion pursuant to the Agreement Between Shareholders, would total 22,147 shares, equivalent to a 51.04% ownership interest after successful completion of the Tender Offer. If the total number of shares tendered is less than the minimum of 4,764 that Sojitz plans to acquire, Sojitz will not acquire any of the tendered shares. Additionally, Sojitz and the Target Company plan to keep the Target Company's common shares listed as a publicly traded stock even after the Tender Offer. Sojitz accordingly does not seek to acquire any more than 4,764 shares. If the total number of shares tendered exceeds the maximum of 4,764 shares that Sojitz plans to acquire, Sojitz may elect not to acquire some or all of the tendered shares in excess of 4,764. If it so elects, Sojitz will take delivery of the shares it acquires and settle the transactions in accordance with the proration procedure prescribed in Article 27-13, Paragraph 5, of the Financial Instruments and Exchange Act (Act No. 25 of 1948 as amended, hereinafter abbreviated as "FIEA") and Article 32 of the Cabinet Office Ordinance Regarding Disclosure of Tender Offers for Shares and Other Securities by Non-issuers (MOF Ordinance No. 38 of 1990 as amended, hereinafter referred to as the "MOF Ordinance").

Under the Agreement Between Shareholders, the Asset Management Company has agreed to (1) vote its shares at the Target Company's shareholder general meetings in accordance with Sojitz's instructions and (2) notify Sojitz in advance if it wishes to sell any of its common shareholdings in the Target Company to a third-party and grant Sojitz a right of first refusal to acquire any shares in the Target Company that it plans to divest. These provisions are intended to enable Sojitz to attain control of the Target Company as a consolidated subsidiary under the effective control standard. Of the Agreement Between Shareholders' provisions, the two enumerated above are contingent upon successful completion of the Tender Offer. Additionally, the Asset Management Company has agreed with Sojitz not to tender any of its shareholdings in the Target Company in response to the Tender Offer. The Agreement Between Shareholders was entered into between Sojitz and the Asset Management Company. The Agreement Between Shareholders stipulates that it is not binding whatsoever on Kunihiro Tanaka in his capacity as an individual shareholder of the Target Company and does not pertain to his personal shareholdings in the Target Company's common stock. Kunihiro Tanaka and his personal shareholdings in the Target Company's common stock are therefore not bound or restricted in any way by the Agreement Between Shareholders.

The Target Company has informed Sojitz that it held a Board of Directors meeting attended by three of its six directors on February 22, 2011. The Target Company further reported that after careful consideration of Sojitz's proposal with respect to the Tender Offer, all three directors in attendance unanimously concluded that becoming Sojitz's consolidated subsidiary through the Tender Offer and pursuing the Objectives (as defined in (2) below) would serve to increase the Target Company's value, whereupon the Target Company's Board of Directors passed a resolution expressing its support of the Tender Offer and allowing shareholders to decide for themselves whether to tender shares in response to the Tender Offer.

Of the Target Company's directors, Representative Director Kunihiro Tanaka also serves as president and representative director of the Asset Management Company and Director Munehisa Murakami and Nonexecutive Director Shinichi Kawaratani are employees of Sojitz. The Target Company has informed Sojitz that, to avoid any conflict of interest, all three of these directors abstained from attending said Board of Directors meeting and participating in the deliberations and voting on said resolution. The Target Company additionally informed Sojitz that said Board of Directors meeting was attended by all four of the Target Company's statutory auditors (three of which are nonexecutive auditors) and that none of the four auditors voiced any opposition to the Board of Directors' resolution in favor of the Tender Offer.

(2) Tender Offer Rationale and Post-Tender Offer Management Policy

As a general trading company, Sojitz is mainly engaged in sales and trading of goods. In addition to manufacturing, selling, and servicing a wide variety of manufactured goods in both domestic and overseas markets, Sojitz operates a diverse array of businesses globally. Its operations include financial activities, investments in various businesses, and planning and coordination of various projects. Sojitz has organized its operations into four segments: Machinery, Energy & Metal, Chemicals & Functional Materials, and Consumer Lifestyle Business. The Machinery segment's IT Business Unit operates predominantly domestic ICT (Information and Communication Technology) solutions businesses, including network integration, Internet data center and corporate IT solutions businesses.

In the aim of building an IT services business revolving around network integration and system integration, Sojitz has invested in the Target Company as an equity-method affiliate, acquired Sojitz Systems Corporation as a wholly owned subsidiary, and strengthened relationships through a tender offer for the shares of Nissho Electronics Corporation. Meanwhile, corporate IT demand is shifting from an ownership model to a usership model against a backdrop of ICT innovations such as broadband and cloud computing. Sojitz believes that possessing comprehensive ICT solutions capabilities, including the ability to provide ICT functions in the form of services, is essential to achieving growth in the IT services sector.

The Target Company provides Internet data center services utilizing its own data centers and Internet backbone infrastructure. It commenced operations in 1996 in the rental server business and opened its data center in 1997. It has since been expanding its operations in tandem with the Internet's evolution, including as a pioneer in the housing services business.

In light of the IT services industry's environment, Sojitz believes that the Target Company's data center business has favorable growth prospects as an essential function in the IT outsourcing sector and will prove to be key infrastructure in terms of providing ASP[1], SaaS[2], PaaS[3], and other such services to small and medium-sized companies, a market segment targeted by Sojitz's IT services business. On December 27, 2007, Sojitz entered into a basic agreement with the Target Company regarding a strategic capital alliance. Based on that basic agreement, on January 25, 2008, Sojitz invested in the Target Company through an equity offering in the form of a third-party allotment (i.e., private placement) pursuant to a stock acquisition agreement entered into with the Target Company. As a result of this investment, Sojitz is currently the Target Company's largest shareholder, owner of 29.31% of the Target Company's outstanding common shares. Sojitz subsequently dispatched to the Target Company two directors and a total of two employees from its own workforce and one of its subsidiaries' workforces. Sojitz has also utilized its broad network as a general trading company in pursuit of continuous growth in the Target Company's data center business. In the process, prospects have emerged for greater synergies with Sojitz's group companies, including realization of a one-stop service to jointly provide customers with both the Target Company's data center services and Sojitz Systems Corporation's IT solutions and system integration services, and development of a supplemental strategic relationship with Nissho Electronics Corporation, which is aiming to strengthen its services business targeted at IT service companies, the Target Company's main customer base.

The Target Company is currently performing well financially. In the fiscal year ended March 2010, it earned operating income of ¥748,555,000 (up 90.8% year on year) on revenues of ¥7,812,463,000 (up 9.9% year on year). Additionally, the Target Company plans to build a new data center in Ishikari, Hokkaido, according to its June 21, 2010, press release titled "Notice of New Data Center Construction Plans" and its February 21, 2011, press release titled "Notice of Amendment to Ishikari Data Center Construction Plans and Acquisition of Fixed Assets." The Target Company also plans to offer cloud services, which are expected to play a key role in meeting future IT infrastructure demand. Sojitz believes that the Target Company has the potential to continue to achieve high profitability and growth in the future.

Since entering into the strategic capital alliance agreement on December 27, 2007, Sojitz and the Target Company have been strengthening their operational ties by conferring with each other on various matters on an ongoing basis. Through this process, Sojitz reached the conclusion that to further enhance the Target Company's corporate value, it must deepen its strategic partnership with the Target Company while maintaining the Target Company's independence.

Sojitz and the Target Company accordingly entered into the Business Alliance Agreement dated February 22, 2011, in the aim of facilitating swift strategic decision-making and execution and more fully utilizing the Sojitz Group's customer network and operational know-how. Specifically, by acquiring control of the Target Company as a consolidated subsidiary, Sojitz aims to achieve the four objectives enumerated as follows (the "Objectives"). Sojitz and the Target Company aim to (1) expand their business domains and increase their earnings by sharing sales information and human resources and collaborating with each other to develop services and cultivate customers in new markets. Over the medium to long term, Sojitz and the Target Company aim to (2) expand their operations by cooperating in overseas markets, utilizing Sojitz's overseas network and its overseas subsidiaries' local knowledge, (3) strengthen the Target Company's competitiveness by swiftly building infrastructure that leverages economies of scale, and (4) keeping up-to-date on the latest technologies by utilizing Sojitz's network and sharing resources to gather information. On this basis, Sojitz decided to proceed with the Tender Offer.

Sojitz plans to maintain the Target Company's current management team even after the Tender Offer's completion. Sojitz currently has no plans to increase its representation on the Target Company's Board of Directors beyond the two directors that it has already dispatched to the Target Company.

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[1] Application Service Provider: service provider that rents business application software to customers via the Internet.

[2] Software as a Service: service that provides software via the Internet and allows users to select only the software functions they require.

[3] Platforms as a Service: service that provides a complete computing platform (e.g., hardware and/or OS to run applications) as an online service.

(3) Material Agreements Pertaining to the Tender Offer

In connection with the Tender Offer, Sojitz entered into the Business Alliance Agreement and Agreement Between Shareholders, both dated February 22, 2011. The provisions of these two agreements are summarized below.

(1) Business Alliance Agreement

(a) Overview of Business Alliance

By acquiring control of the Target Company as a consolidated subsidiary, Sojitz intends to help the Target Company to continuously expand and upgrade its operations and aims to cooperate with the Target Company in sales and service operations, overseas markets, and the infrastructure and technology fields by promoting reciprocal operational ties in pursuit of mutual benefit.

Specific details of cooperative initiatives, the timing of their implementation, and the division of their requisite business functions between Sojitz and the Target Company will be determined separately through consultation between the two parties.

(b) Fulfillment of Requirements for Consolidated Subsidiary Status

After settlement of the Tender Offer, the Target Company will cooperate to the extent possible to always fulfill the requirements to qualify as a consolidated subsidiary of Sojitz. The Target Company has also agreed, subject to certain exceptions, to refrain from acts that would preclude fulfillment of said requirements.

(c) Advance Consultation

If the Target Company wishes to amend its Articles of Incorporation, replace, or add new, directors or statutory auditors, raise capital through an equity or other securities offering, execute certain other acts, or deliberate on a proposed resolution related to any of the foregoing at a Board of Directors meeting, it will first notify Sojitz of its intent to do so and confer in advance with Sojitz regarding the matter in question.

(d) Composition of Board of Directors

Unless Sojitz and the Target Company separately agree otherwise, the Target Company’s Board of Directors will comprise four directors appointed by the Target Company and two directors appointed by Sojitz.

(2) Agreement Between Shareholders

Sojitz has entered into an Agreement Between Shareholders with the Asset Management Company regarding treatment of the Target Company’s common shares owned by the Asset Management Company.

Under the Agreement Between Shareholders, Sojitz and the Asset Management Company have agreed that the Asset Management Company will (1) vote its shares at the Target Company’s shareholder general meetings in accordance with Sojitz’s instructions and (2) notify Sojitz in advance if it wishes to sell any of its common shareholdings in the Target Company to a third-party, and grant Sojitz a right of first refusal to acquire any shares in the Target Company that it plans to divest.

Of the Agreement Between Shareholders’ provisions, the two provisions enumerated above are contingent upon successful completion of the Tender Offer. Additionally, the Asset Management Company has agreed with Sojitz not to tender any of its shareholdings in the Target Company in response to the Tender Offer.

The Agreement Between Shareholders was entered into between Sojitz and the Asset Management Company. The Agreement Between Shareholders stipulates that it is not binding whatsoever on Kunihiro Tanaka in his capacity as an individual shareholder of the Target Company and does not pertain to his personal shareholdings in the Target Company’s common stock. Accordingly, Kunihiro Tanaka and his personal shareholdings in the Target Company’s common stock are not bound or restricted in any way by the Agreement Between Shareholders.

(4) Safeguards to Ensure Fairness of Tender Offer Price, Avert Conflicts of Interest, and Otherwise Ensure Tender Offer's Fairness

(1) Stock Valuation Reports from Independent Third-party Valuers

To ensure the fairness of the tender offer price (the "Tender Offer Price"), Sojitz referred to a stock valuation report (the "Stock Valuation Report") furnished on February 21, 2011, by Nomura Securities Co., Ltd. ("Nomura Securities") when setting the Tender Offer Price. Nomura Securities was selected as a financial advisor and third-party valuer that is independent of both Sojitz and the Target Company. After considering possible calculation methods for the Tender Offer, Nomura Securities calculated the value of the Target Company's common stock using three separate methods: average market price analysis, comparable companies analysis, and discounted cash flow analysis (DCF analysis). Sojitz has not received a fairness opinion from Nomura Securities about the Tender Offer Price.

The Stock Valuation Report gave the following ranges for the value of the Target Company's common stock for each of the selected valuation methods.

Average market price analysis:	139,062 yen – 172,000 yen
Comparable companies analysis:	125,920 yen – 288,347 yen
DCF analysis:	186,699 yen – 308,252 yen

The average market price analysis used a base date of February 18, 2011, and was based on market prices and trading volume for the Target Company's common stock. Specifically, using the closing price on the base date (172,000 yen); the average closing price for the period from the business day immediately following the Target Company's release of a revised earnings forecast on February 15, 2011, to the base date (170,300 yen); and the average price for the week (168,760 yen), for the month (156,218 yen), for the three months (149,128 yen), and for the six months (139,062 yen) leading up to and including the base date, Nomura Securities calculated a per-share price range for the Target Company's common stock of between 139,062 yen and 172,000 yen.

The comparable companies analysis compared the Target Company with listed companies that are engaged in businesses that are relatively similar to the Target Company's. The comparisons were based on each company's market price and financial indices designed to measure each company's profitability and other characteristics. Based on this analysis, Nomura Securities calculated a per-share price range for the Target Company's common stock of between 125,920 yen and 288,347 yen.

The DCF analysis used forecasts of the Target Company's earnings for the fiscal year ending March 2011 and subsequent fiscal years that took into account factors such as the Target Company's business plans, recent financial results, and publicly available information. Based on these forecasts, Nomura Securities estimated future free cash flows that could be generated by the Target Company and discounted them back to present value at a selected discount rate to estimate the Target Company's corporate value and the value of its common stock. This analysis produced a per-share price range for the Target Company's common stock of between 186,699 yen and 308,252 yen.

In considering how to set the Tender Offer Price, Sojitz referred to the results of each of the Stock Valuation Report's valuation methods. In addition to referring to the valuations furnished by Nomura Securities, Sojitz also comprehensively considered various other factors including the results of due diligence investigations into the Target Company's legal, accounting, and taxation affairs; premiums over market price paid in past tender offers for shares and other securities by non-issuers (i.e., parties that did not issue the shares or other securities); the Target Company's support or lack thereof for the Tender Offer; trends in the market price of the Target Company's common stock; and the future outlook for the Tender Offer. Sojitz also considered the outcome of discussions and negotiations with the Target Company. At a meeting of its Finance & Investment Deliberation Council on February 22, 2011, Sojitz finally decided on the Tender Offer Price of 230,000 yen per share.

Meanwhile, the Target Company has informed Sojitz that in forming its opinion on the Tender Offer, the Target Company selected Plutus Consulting as its financial advisor and requested it to estimate the value of the Target Company's common shares as a means of ensuring the fairness of the Tender Offer Price. Plutus Consulting is a third-party valuer that is independent of both the Target Company and Sojitz. Plutus Consulting estimated the value of the Target Company's common shares using three separate methods: DCF analysis, average market price analysis, and comparable companies analysis. The Target Company received Plutus Consulting's stock valuation report for the Target Company's common shares on February 21, 2011. The Target Company has informed Sojitz that it has not received a fairness opinion from Plutus Consulting about the Tender Offer Price.

Plutus Consulting gave the following ranges for the value of the Target Company's common stock.

DCF analysis:	166,221 yen – 193,989 yen
Average market price analysis:	139,345 yen – 177,800 yen
Comparable companies analysis:	170,532 yen – 251,878 yen

The descriptions of the DCF analysis, average market price analysis, and comparable companies analysis immediately below are based on information reported to Sojitz by the Target Company.

First, the DCF analysis used forecasts of the Target Company's earnings for the fiscal year ending March 2011 and subsequent fiscal years that took into account factors such as the Target Company's business plans, interviews with the Target Company's management, recent financial results, and publicly available information. Based on these forecasts, Plutus Consulting estimated future free cash flows that could be generated by the Target Company and discounted them back to present value at a discount rate that properly reflects business risks to estimate the Target Company's corporate value and the value of its common stock. This analysis produced a per-share price range for the Target Company's common stock of between 166,221 yen and 193,989 yen. The forecasts of the Target Company's earnings used as the basis for the DCF analysis of the Target Company's corporate value and the value of its common stock did not envision any substantial increases or decreases in the Target Company's profits.

Next, the average market price analysis used a base date of February 21, 2011, and was based on market prices for the Target Company's common stock on the TSE Mothers market (the "Mothers Market"). Specifically, using the closing price on the base date (177,800 yen); the average closing price for the period from the business day immediately following the Target Company's release of a revised earnings forecast for the fiscal year ending March 2011 on February 15, 2011, to the base date (172,175 yen); and the average closing price for the month (158,385 yen), for the three months (150,033 yen), and for the six months (139,345 yen) leading up to and including the base date, Plutus Consulting calculated a per-share price range for the Target Company's common stock of between 139,345 yen and 177,800 yen.

Finally, the comparable companies analysis compared the Target Company with listed companies that are engaged in businesses that are relatively similar to the Target Company's. The comparisons were based on each company's market price and financial indices designed to measure each company's profitability and other characteristics. Based on this analysis, Plutus Consulting calculated a per-share price range for the Target Company's common stock of between 170,532 yen and 251,878 yen.

The Target Company has informed Sojitz that it held a Board of Directors meeting on February 22, 2011, at which it considered the content of the stock valuation report for its common shares that it received from Plutus Consulting on February 21, 2011, and carefully considered the content of the Business Alliance Agreement, the Tender Offer Price, and all other terms of the Tender Offer. Sojitz was informed that, as a result, the Target Company's Board of Directors passed a resolution expressing its support of the Tender Offer for reasons that included the following: (i) becoming a consolidated subsidiary of Sojitz and pursuing the Objectives would serve to increase the Target Company's value; (ii) the Tender Offer Price of 230,000 yen, firstly, exceeds the ranges of values of the Target Company's common shares calculated using DCF analysis and average market price analysis given in the stock valuation report and, secondly, is within the range of values of the Target Company's common stock calculated using comparable companies analysis given in the stock valuation report; and (iii) the Tender Offer Price of 230,000 yen comprises a premium over certain measures of the value of the Target Company's common stock based on its price on the Mothers Market. Specifically, the Tender Offer Price comprises a premium of 29.36% (rounded off to the second decimal place) over the closing price of 177,800 yen on February 21, 2011, the business day immediately preceding the Board of Directors meeting, a premium of 45.22% (rounded off to the second decimal place) over the average closing price of 158,385 yen (rounded off to the nearest integer) for the month leading up to and including that date, a premium of 53.30% (rounded off to the second decimal place) over the average closing price of 150,033 yen (rounded off to the nearest integer) for the three months leading up to that date, and a premium of 65.06% (rounded off to the second decimal place) over the average closing price of 139,345 yen (rounded off to the nearest integer) for the six months leading up to that date. Further, the Target Company determined that because the Tender Offer is a partial tender offer (i.e., Sojitz has placed an upper limit on the number of shares it plans to acquire) and the Target Company's common shares will stay publicly listed, the Tender Offer will not force sale of the Target Company's common shares by shareholders who wish to retain their shareholdings. The Target Company has informed Sojitz that its Board of Directors, for this reason, also passed a resolution allowing shareholders to decide for themselves whether to tender shares in response to the Tender Offer.

(2) Approval of Directors and Auditors Having no Conflicts of Interests with the Target Company

The Target Company has informed Sojitz that it held a Board of Directors meeting attended by three of its six directors on February 22, 2011. The Target Company further reported that after careful consideration of Sojitz's proposal with respect to the Tender Offer, all three directors in attendance unanimously concluded that becoming Sojitz's consolidated subsidiary through the Tender Offer and pursuing the Objectives would serve to increase the Target Company's value, whereupon the Target Company's Board of Directors passed a resolution expressing its support of the Tender Offer and allowing shareholders to decide for themselves whether to tender shares in response to the Tender Offer. Of the Target Company's directors, Representative Director Kunihiro Tanaka also serves as president and representative director of the Asset Management Company and Director Munehisa Murakami and Nonexecutive Director Shinichi Kawaratani are employees of Sojitz. The Target Company has informed Sojitz that, to avoid any conflict of interest, all three of these directors abstained from attending said Board of Directors meeting and participating in the deliberations and voting on said resolution. The Target company has additionally informed Sojitz that said Board of Directors meeting was attended by all four of the Target Company's statutory auditors (three of which are nonexecutive auditors) and that none of the four auditors voiced any opposition to the Board of Directors' resolution expressing its abovementioned opinion.

(5) Post-Tender-Offer Stock Acquisition Plans

Sojitz intends to make the Target Company a consolidated subsidiary and currently has no plans to acquire additional shares of the Target Company's common stock provided that it achieves this objective through the Tender Offer.

(6) Material Agreements Between Sojitz and the Target Company's Shareholders Pertaining to the Tender of Shares in Response to the Tender Offer

As stated above, under the Agreement Between Shareholders, entered into by Sojitz and the Asset Management Company, the Asset Management Company has agreed with Sojitz not to tender any of its shareholdings in the Target Company in response to the Tender Offer.

(7) Potential for Delisting and its Rationale

The Target Company's common shares are listed on the Mothers Market. Sojitz and the Target Company plan to keep the Target Company's common shares listed as a publicly traded stock even after the Tender Offer.

2. Overview of Tender Offer

(1) Overview of the Target Company

(1)	Name	Sakura Internet Inc.	
(2)	Location	8-14 Minami-Hommachi 1-chome, Chuo-ku, Osaka	
(3)	Name and title of legal representative	Kunihiro Tanaka, President and Representative Director	
(4)	Business lines	Provision of Internet connection services Set up and management of Internet-based servers Various information provision services utilizing the Internet Telecommunications business in accordance with the Telecommunications Business Act Planning, production, and sale of multimedia content Internet consulting Planning, development, and sale of computer software Production, sale, and maintenance of computers and computer peripherals Real estate property leasing and management	
(5)	Capital stock	895,308,000 yen (December 31, 2010)	
(6)	Establishment date	August 17, 1999	
(7)	Major shareholders and their percentage of ownership (as of September 30, 2010)	Sojitz Corporation	29.31
		Tanaka Kunihiro Office Inc.	10.75
		Kunihiro Tanaka	5.08
		Ryo Sasada	3.97
		Ken Washikita	3.15
		Yasukatsu Hagihara	1.92
		Hiroshi Suga	1.54
		Trust & Custody Services Bank, Ltd. (securities investment trust)	1.38
		Japan Securities Finance Co., Ltd.	1.28
		Goldman Sachs International (standing proxy: Goldman Sachs Japan Co., Ltd.)	1.08
(8)	Relationships between Sojitz and the Target Company (as of February 22, 2011)		
	Capital relationships	Sojitz owns 12,718 of the Target Company's shares, corresponding to 29.31% of voting rights in the Target Company. Sojitz treats the Target Company as an equity-method affiliate.	
	Personnel relationships	To strengthen the Target Company's management functions and sales division, Sojitz has dispatched two of its employees to serve on the Target Company's Board of Directors: Munehisa Murakami, who serves as a director, and Shinichi Kawaratani, who serves as a nonexecutive (outside) director. Additionally, one employee of Sojitz and one employee of Sojitz Systems Corporation have been seconded to the Target Company.	
	Transactional relationships	No relationships requiring mention here exist between Sojitz and the Target Company. Note that subsidiaries and affiliates of Sojitz sell products to the Target Company and that subsidiaries and affiliates of Sojitz purchase products from the Target Company.	

	Related parties	The Target Company is a related company of Sojitz and therefore a related party as defined by Article 15-4 of the Regulation on Terminology, Forms, and Preparation of Consolidated Financial Statements.

(2) Tender Offer Schedule

(1) Timeline

February 22, 2011 (Tuesday): Date of decision by Finance & Investment Deliberation Council

February 23, 2011 (Wednesday): Date of Public Notice of Tender Offer's Commencement

*Sojitz will publish an electronic notice of the Tender Offer and announce that notice in the *Nikkei Shimbun* newspaper. Electronic notice URL: http://info.edinet-fsa.go.jp/

February 23, 2011 (Wednesday): Tender Offer Notice Filing Date

(2) Tender Offer's Purchase Period as of Initial Tender Offer Notice

February 23, 2011 (Wednesday) through March 23, 2011 (Wednesday) (20 business days)

(3) Potential for Extension at the Target Company's Request

In accordance with Article 27-10, Paragraph 3, of the FIEA, if the Target Company submits a statement of opinion requesting an extension of the Tender Offer's purchase period (the "Tender Offer Period"), the Tender Offer Period will be extended to 30 business days and thus end on April 6, 2011 (Wednesday).

(3) Tender Offer Price

230,000 yen per share of common stock

(4) Justification of Tender Offer Price Calculation

(1) Basis of Calculation

Refer to the explanation of Sojitz's decision on the Tender Offer Price in "(1) Stock Valuation Reports from Independent Third-party Valuers" in "(4) Safeguards to Ensure Fairness of Tender Offer Price, Avert Conflicts of Interest, and Otherwise Ensure Tender Offer's Fairness" under "1. Purpose of Tender Offer " above.

The Tender Offer Price of 230,000 yen comprises a premium of 29.36% (rounded off to the second decimal place) over the closing price of 177,800 yen for the Target Company's shares of common stock on the Mothers Market on February 21, 2011, the day immediately preceding that of the public notice of the Tender Offer's commencement. Further, the Tender Offer Price comprises a premium of 45.22% (rounded off to the second decimal place) over the average closing price of 158,385 yen (rounded off to the nearest integer) for the Target Company's shares on the Mothers Market for the month leading up to and including February 21, 2011; a premium of 53.30% (rounded off to the second decimal place) over the average closing price of 150,033 yen (rounded off to the nearest integer) for the Target Company's shares on the Mothers Market for the three months leading up to and including February 21, 2011; and a premium of 65.06% (rounded off to the second decimal place) over the average closing price of 139,345 yen (rounded off to the nearest integer) for the Target Company's shares on the Mothers Market for the six months leading up to and including February 21, 2011.

(2) Background to Calculation

See "(2) Tender Offer Rationale and Post-Tender Offer Management Policy" under "1. Purpose of Tender Offer" above.

(a) Stock Valuation Report from Third-party Valuer

When setting the Tender Offer Price, Sojitz took steps to ensure the fairness of the Tender Offer Price. In September 2010, Sojitz requested a valuation of the Target Company's shares from

Nomura Securities, Sojitz's financial advisor with respect to the Tender Offer. Sojitz received the Stock Valuation Report from Nomura Securities on February 21, 2011. Sojitz has not received a fairness opinion from Nomura Securities about the Tender Offer Price.

(b) Overview of the Stock Valuation Report

Nomura Securities calculated the value of the Target Company's common stock using average market price analysis, comparable companies analysis, and discounted cash flow analysis (DCF analysis), resulting in the following ranges for the value of the Target Company's common stock.

Average market price analysis:	139,062 yen – 172,000 yen
Comparable companies analysis:	125,920 yen – 288,347 yen
DCF analysis:	186,699 yen – 308,252 yen

(c) Background to Decision on the Tender Offer Price

In considering how to set the Tender Offer Price, Sojitz referred to the results of each of the valuation methods in the Stock Valuation Report. In addition to referring to the valuations furnished by Nomura Securities, Sojitz also comprehensively considered various other factors including the results of due diligence investigations into the Target Company's legal, accounting, and taxation affairs; premiums over market price paid in past tender offers for shares and other securities by non-issuers (i.e., parties that did not issue the shares or other securities); the Target Company's support or lack thereof for the Tender Offer; trends in the market price of the Target Company's common stock; and the future outlook for the Tender Offer. Sojitz also considered the outcome of discussions and negotiations with the Target Company. At a meeting of its Finance & Investment Deliberation Council on February 22, 2011, Sojitz finally decided on the Tender Offer Price of 230,000 yen per share.

Safeguards to Ensure Fairness of Tender Offer Price, Avert Conflicts of Interest, and Otherwise Ensure Tender Offer's Fairness

See "(4) Safeguards to Ensure Fairness of Tender Offer Price, Avert Conflicts of Interest, and Otherwise Ensure Tender Offer's Fairness" under "1. Purpose of Tender Offer " above.

(3) Relationships with Valuer

Sojitz's financial advisor, Nomura Securities, is not a related party of either Sojitz or the Target Company and thus has no material conflicts of interests with respect to the Tender Offer.

(5) Number of Shares Sojitz Plans to Acquire

(1) Number of shares Sojitz plans to acquire	(2) Lower limit	(3) Upper limit
4,764 shares	4,764 shares	4,764 shares

Note 1. If the total number of shares tendered is less than the minimum number that Sojitz plans to acquire (4,764 shares), Sojitz will not acquire any of the tendered shares. If the total number of shares tendered exceeds the maximum number that Sojitz plans to acquire (4,764 shares), Sojitz may elect not to acquire some or all of the excess tendered shares. If it so elects, Sojitz will take delivery of the shares it acquires and settle the transactions in accordance with the proration procedure prescribed in Article 27-13, Paragraph 5, of the FIEA and Article 32 of the MOF Ordinance.

Note 2. Some share warrants may be exercised on or before the Tender Offer's expiration date. Any shares of the Target Company's common stock issued upon the exercise of share warrants also may be tendered in response to the Tender Offer.

(6) Change in Shareholdings Effected by the Acquisition of Shares

Number of voting rights attached to shares held by Sojitz before the acquisition of shares	12,718	Sojitz's percentage of ownership before the acquisition of shares: 29.10%
Number of voting rights attached to shares held by specially related parties before the acquisition of shares	6,930	Specially related parties' percentage of ownership before the acquisition of shares: 15.86%
Number of voting rights attached to shares that Sojitz plans to acquire	4,764	Sojitz's percentage of ownership after the acquisition of shares: 40.00%
Combined number of voting rights held by all of the Target Company's shareholders	43,388	

Note 1. "Number of voting rights attached to shares that Sojitz plans to acquire" refers to the number of voting rights attached to the number of shares that Sojitz plans to acquire through the Tender Offer (4,764 shares).

Note 2. "Number of voting rights attached to shares held by specially related parties before the acquisition of shares" refers to the total number of voting rights attached to shares held by specially related parties (excluding specially related parties excluded in accordance with Article 3, Paragraph 2, Item 1, of the MOF Ordinance from the calculations of percentage of ownership in each of the items in Article 27-2, Paragraph 1, of the FIEA).

Note 3. "Combined number of voting rights held by all of the Target Company's shareholders" refers to the combined number of voting rights of all shareholders as of December 31, 2010, as reported by the Target Company in its third-quarter business report for its 12th fiscal period (year ending March 31, 2011), which it filed on February 7, 2011. However, any shares of the Target Company's common stock that are caused to be issued or transferred by the exercise of share warrants by the Tender Offer's expiration date also may be tendered in response to the Tender Offer. Calculation of "Sojitz's percentage of ownership before the acquisition of shares" and "Sojitz's percentage of ownership after the acquisition of shares" in the above table therefore used a denominator calculated by adding the number of voting rights attached to the maximum number of the Target Company's common shares that could be issued or transferred upon the exercise of share warrants by the Tender Offer's expiration date (316 voting rights according to said third-quarter business report and including shares of the Target Company's common stock issued or transferred upon the exercise of share warrants between January 1, 2011, and now) to the combined number of voting rights of all shareholders as of December 31, 2010, as reported in said third-quarter business report.

Note 4. "Sojitz's percentage of ownership before the acquisition of shares" and "Sojitz's percentage of ownership after the acquisition of shares" are rounded off to the second decimal place.

(7) Tender Offer Amount

1,095,720,000 yen

*The Tender Offer amount was calculated as the number of shares that Sojitz plans to acquire (4,764 shares) multiplied by the per-share Tender Offer Price (230,000 yen).

(8) Transaction Settlement Method

(1) Name and Head Office of Financial Instrument Brokerage, Bank, or Other Firm Handling Settlement of the Tender Offer

Nomura Securities Co., Ltd.; 9-1 Nihonbashi 1-chome, Chuo-ku, Tokyo

(2) Settlement Start Date

March 30, 2011 (Wednesday)

*In accordance with Article 27-10, Paragraph 3, of the FIEA, if the Target Company submits a statement of opinion requesting an extension of the Tender Offer Period, the settlement start date will be pushed back to April 13, 2011.

(3) Transaction Settlement Method

After expiration of the Tender Offer, Sojitz will without delay mail notices of the Tender Offer to the postal addresses of tendering shareholders or their standing proxies in the case of non-resident shareholders (excluding shareholders who tendered shares via the tender offer agent's Nomura Joy online brokerage service). Notices to shareholders who tendered shares via the Nomura Joy service will be delivered according to the procedure stated on the Nomura Joy website (https://www.nomurajoy.jp/).

The Tender Offer will be settled in cash. Payment to tendering shareholders for tendered shares may be received by money transfer or other method specified by the tendering shareholder (transfer fees may apply).

(4) Method of Returning Shares

Sojitz may elect not to acquire some or all of the tendered shares in accordance with the conditions stated in "(1) Conditions Specified in Article 27-13, Paragraph 4, of the FIEA" and "(2) Tender Offer Revocation Conditions and Disclosure Method" under "(9) Other Tender Offer Conditions and Procedures" below. If it so elects, Sojitz may be required to return tendered shares, which it will do without delay after the start of the settlement period (or the revocation date if Sojitz revokes the Tender Offer) by reverting shareholder records to their state immediately before the shares were tendered.

(9) Other Tender Offer Conditions and Procedures

(1) Conditions Specified in Article 27-13, Paragraph 4, of the FIEA

If the total number of shares tendered is less than the minimum number that Sojitz plans to acquire (4,764 shares), Sojitz will not acquire any of the tendered shares. If the total number of shares tendered exceeds the maximum number that Sojitz plans to acquire (4,764 shares), Sojitz may elect not to acquire some or all of the excess tendered shares. If it so elects, Sojitz will take delivery of the shares it acquires and settle the transactions in accordance with the proration procedure prescribed in Article 27-13, Paragraph 5, of the FIEA and Article 32 of the MOF Ordinance.

If the prorated number of tendered shares to be acquired from any shareholder includes a fractional share, it will be rounded off to the nearest integer. If, after all such fractional shares have been rounded off, the total prorated number of shares to be acquired from tendering shareholders is below the maximum number of shares that Sojitz plans to acquire, Sojitz will purchase one additional share per tendering shareholder, beginning with the tendering shareholder with the largest rounded-off shareholding and continuing in descending order until Sojitz has purchased no fewer than the maximum number of shares it plans to acquire. However, if multiple tendering shareholders are equally ranked by the size of their rounded-off shareholdings and if purchasing an additional share from all of them by the foregoing procedure would result in Sojitz acquiring more shares than the maximum number it plans to acquire, Sojitz will resort to a lottery to select the shareholders from which it will purchase additional shares. In the event of such a lottery, Sojitz will select only enough shareholders to reach the maximum number of shares that it plans to acquire.

If, after all fractional shares have been rounded off, the total prorated number of shares to be acquired from tendering shareholders exceeds the maximum number of shares that Sojitz plans to acquire, Sojitz will purchase one fewer share per tendering shareholder, beginning with the tendering shareholder with the largest rounded-off shareholding and continuing in descending order until Sojitz has purchased no fewer than the maximum number of shares it plans to acquire. However, if multiple tendering shareholders are equally ranked by the size of their rounded-off shareholdings and if purchasing one fewer share from each of them by the foregoing procedure would result in Sojitz acquiring fewer shares than the maximum number it plans to acquire, Sojitz will resort to a lottery to select the shareholders from which it will purchase one fewer share. In the event of such a lottery, Sojitz will select only enough shareholders to reduce the number of shares to be purchased to the maximum number it plans to acquire.

(2) Tender Offer Revocation Conditions and Disclosure Method

Sojitz may revoke the Tender Offer if any event occurs that is specified in the following provisions of Article 14 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965 as amended, the "Enforcement Order"): Paragraph 1, Subparagraph 1 (a) through (i) or (l) through (r), Subparagraph 2, Subparagraph 3 (a) through (h), Subparagraph 4 or Subparagraph 5; or Paragraph 2, Subparagraphs 3 through 6. If Sojitz decides to revoke the Tender Offer, it will publish an electronic notice of the revocation and announce that notice in the *Nikkei Shimbun* newspaper. However, if Sojitz cannot feasibly furnish public notice by the Tender Offer's expiration date, it will publicly disclose the revocation by the method stipulated in Article 20 of the Enforcement Order and furnish public notice promptly thereafter.

(3) Tender Offer Price Reduction Conditions and Disclosure Method

Pursuant to Article 27, Paragraph 6, Subparagraph 1 of the FIEA, Sojitz may lower the tender offer price in accordance with the standards prescribed in Article 19, Paragraph 1, of the MOF Ordinance if the Target Company engages in any act specified in Article 13, Paragraph 1, of the Enforcement Order during the tender offer period. If Sojitz decides to reduce the tender offer price, it will publish an electronic notice of the price reduction and announce that notice in the *Nikkei Shimbun* newspaper. However, if Sojitz cannot feasibly furnish public notice by the Tender Offer's expiration date, it will publicly disclose the price reduction by the method stipulated in Article 20 of the Enforcement Order and furnish public notice promptly thereafter. If Sojitz reduces the tender offer price, it will purchase tendered shares at the reduced price, even if the shares were tendered before public notice of the price reduction.

(4) Tendering Shareholders' Right of Rescission

Tendering shareholders may rescind agreements related to the Tender Offer at any time during the tender offer period. To do so, send or deliver a written notice of rescission of your agreement related to the Tender Offer ("Rescission Notice") together with the receipt for your share tender application to the tender offer agent's head office or any domestic branch office at which share tenders are accepted (excluding the tender offer agent's Nomura Joy online brokerage service) by 15:30 local time on the Tender Offer's expiration date. However, Rescission Notices sent by mail or other delivery service must arrive by 15:30 local time on the Tender Offer's expiration date.

Sojitz may not claim damages or charge penalties against tendering shareholders, even if they have rescinded their agreements. Additionally, Sojitz will bear the cost of returning tendered shares to shareholders that have rescinded.

(5) Method of Disclosure of Revisions of Tender Offer Terms

If Sojitz wishes to revise the terms or conditions of the Tender Offer, it will publish an electronic notice of the revision(s) and announce that notice in the *Nikkei Shimbun* newspaper. However, if Sojitz cannot feasibly furnish public notice by the Tender Offer's expiration date, it will publicly disclose the revision(s) by the method stipulated in Article 20 of the Enforcement Order and furnish public notice promptly thereafter. If Sojitz revises the Tender Offer's terms or conditions, it will purchase tendered shares subject to the revised terms and/or conditions, even if the shares were tendered before public notice of the revision(s).

(6) Method of Disclosure of Amendment Notice Filings

If Sojitz files an amendment notice with the Director-General of the Kanto Local Finance Bureau, it will promptly publicly disclose the amendment notice's content that pertains to the content of the public notice of commencement of the Tender Offer, by the method stipulated in Article 20 of the Enforcement Order. Additionally, Sojitz will also deliver amended tender offer explanatory statements to tendering shareholders to which tender offer explanatory statements have already been delivered. However, if the scope of the amendment is minor, Sojitz will amend the tender offer explanatory statement by preparing written notification of the reason for the amendment(s), the subject matter of the amendment(s), and the amended text of the explanatory statement and delivering said notification to tendering shareholders.

(7) Tender Offer Results Disclosure Method

Sojitz will publicly disclose the Tender Offer's results on the day following the Tender Offer's expiration date by the method stipulated in Article 9, Paragraph 4, of the Enforcement Order and Article 30, Paragraph 2, of the MOF Ordinance.

(10) Date of Public Notice of Tender Offer's Commencement

February 23, 2011 (Wednesday)

(11) Tender Offer Agent

Nomura Securities Co., Ltd.; 9-1 Nihonbashi 1-chome, Chuo-ku, Tokyo

3. Post-Tender-Offer Policies and Future Outlook

(1) Post-Tender-Offer Policies

For information on post-Tender Offer policies, see "(2) Tender Offer Rationale and Post-Tender Offer Management Policy," "(5) Post-Tender-Offer Stock Acquisition Plans," and "(7) Potential for Delisting and its Rationale" under "1. Purpose of Tender Offer " above.

(2) Future Outlook

The Tender Offer's impact on Sojitz's consolidated and nonconsolidated earnings will be limited.

4. Other Matters

(1) Agreements Between Sojitz and the Target Company or Its Officers

(1) Agreements Between Sojitz and the Target Company

Sojitz has entered into a Business Alliance Agreement dated February 22, 2011, in connection with the Tender Offer. For a summary of the Business Alliance Agreement, see "(3) Material Agreements Pertaining to the Tender Offer," "(1) Business Alliance Agreement," under "1. Purpose of Tender Offer " above.

(2) Safeguards to Ensure Fairness of Tender Offer Price, Avert Conflicts of Interest, and Otherwise Ensure Tender Offer's Fairness

See "(4) Safeguards to Ensure Fairness of Tender Offer Price, Avert Conflicts of Interest, and Otherwise Ensure Tender Offer's Fairness" under "1. Purpose of Tender Offer " above.

(2) Other Information Deemed Necessary for Investors to Decide Whether to Tender Shares

None

Insider Trading Regulations

According to Article 167, Paragraph 3, of the Financial Instruments and Exchange Act and Article 30 of its Enforcement Order, anyone having seen the information contained in this press release is considered a primary recipient of the information from the viewpoint of insider trading regulations. If less than 12 hours have passed since this document was publicly released (i.e., since the time of this document's release by the Tokyo Stock Exchange on the afternoon of February 22, 2011), you may be prohibited from trading in (e.g., purchasing) Sakura Internet Inc.'s shares or other securities. You are urged to exercise due care. Sojitz will assume no responsibility if you are held liable under criminal, civil, or administrative law for making such a prohibited trade.

Solicitation Restrictions

This press release is a public announcement of the Tender Offer and is in no way a solicitation to sell shares. If you wish to offer to sell any of your shareholdings, you should first read the Tender Offer's explanatory statement. If you offer any of your shareholdings for sale, you do so at your own discretion based on your own judgment. This press release does not constitute, in whole or part, an offer to sell securities, a solicitation to sell securities, or a solicitation of an offer to purchase securities. Neither this press release (or part thereof) nor its distribution constitutes the basis of any agreement in relation to the Tender Offer. This press release must not be relied on when entering into any agreement.

Forward-looking Statements

This press release contains forward-looking statements about Sojitz's business prospects based on the views of Sojitz management and premised on Sojitz's acquisition of Sakura Internet Inc.'s shares. Actual outcomes may differ materially from those expressed or implied by such forward-looking statements.

Restrictions Related to the United States

The Tender Offer is not being conducted within or targeted at, directly or indirectly, the United States or using United States postal services or any other means or instruments of interstate commerce or international commerce (including telephone, telex, facsimile, electronic mail, and Internet communications) in the United States. Further, this Tender Offer is not being conducted through the facilities of securities exchanges in the United States. Shareholders cannot tender shares in response to the Tender Offer via any of the abovementioned means, or facilities, and nor can they tender shares in response to the Tender Offer from within the United States. Press releases and other documents relating to the Tender Offer will not be sent or distributed within, to, or from within the United States by postal service or other means, and they may not be sent or distributed using such means. Sojitz will not accept tenders made in response to the Tender Offer that directly or indirectly violate the above restrictions.

Sojitz is not soliciting to purchase securities or equivalent instruments in the United States or from United States residents. Sojitz will not accept any securities or equivalent instruments sent to it from United States residents or from within the United States.

Other Countries

Announcement, issuance, or distribution of this press release may be prohibited by law in some countries and regions. Please be aware of and comply with any such restrictions. In such countries and regions, this press release does not constitute an offer to purchase securities or a solicitation of an offer to sell securities in connection with the Tender Offer. Even if you receive this press release in such a country or region, it is deemed to be for informational purposes only.