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Sojitz Announces Final Results of Tender Offer for Shares of Sakura Internet Inc. and Consolidation of New Subsidiary

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”). The Tender Offer commenced on February 23, 2011, and expired on March 23, 2011. The final results of the Tender Offer are reported below.

As a result of the Tender Offer, Sojitz plans to consolidate the Target Company as a subsidiary effective March 30, 2011.

I. Final Results of Tender Offer

1. Summary of Tender Offer

(1) Name and Address of Tender Offeror

Sojitz Corporation 1-20 Akasaka 6-chome, Minato-ku, Tokyo

(2) Name of Target Company

Sakura Internet Inc.

(3) Class of Securities Subject to Tender Offer

Common stock

(4) Number of Shares Sought to Be Acquired

Number of shares sought to be acquired	Lower limit	Upper limit
4,764 shares	4,764 shares	4,764 shares

(5) Tender Offer Period

- (1) Tender Offer’s Purchase Period as of Initial Tender Offer Notice
February 23, 2011 (Wednesday) through March 23, 2011 (Wednesday) (20 business days; hereinafter referred to as the “Tender Offer Period”)
- (2) Tender Offer Period’s Extendibility at Target Company’s Request
Sojitz had planned to extend the Tender Offer Period an additional 10 business days to Wednesday, April 6, 2011, if it had received a written request to do so from the Target Company in accordance with Article 27-10, Paragraph 3, of the Financial Instruments and Exchange Act (Act No. 25 of 1948 as amended, hereinafter abbreviated as “FIEA”), but it received no such request.

(6) Tender Offer Price

230,000 per share of common stock

2. Results of Tender Offer

(1) Outcome of Tender Offer

If the total number of tendered shares was below the minimum number sought to be acquired (4,764 shares), Sojitz planned to not purchase any of the tendered shares pursuant to Article 27-13, Paragraph 4, Subparagraph 1, of the FIEA, as it disclosed in its public notice of the Tender Offer's commencement and Tender Offer Notice. However, the total number of tendered shares (12,015 shares) exceeds said minimum number and also the maximum number sought to be acquired (4,764 shares). Sojitz will therefore purchase tendered shares, but it declines to purchase any shares in excess of said maximum number in accordance with Article 27-13 Paragraph 4, Subparagraph 1, of the FIEA, its public notice of the Tender Offer's commencement, and its Tender Offer Notice. Sojitz will take delivery of the shares it acquires and otherwise settle the transactions in accordance with the proration procedure prescribed in Article 27-13, Paragraph 5, of the 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").

(2) Tender Offer Results Publication Date and Newspaper(s) of Publication

In accordance with Article 27-13, Paragraph 1, of the FIEA, Sojitz issued a press release on March 24, 2011, in the manner prescribed in Article 9-4 of the Financial Instruments and Exchange Act Enforcement Order and Article 30-2 of the MOF Ordinance.

(3) Number of Shares to Be Purchased

Class of securities	Number of share-equivalent units tendered	Number of share-equivalent units to be purchased
Stock	12,015 shares	4,764 shares
Equity warrants	–	–
Warrant bonds	–	–
Equity trust beneficiary certificates	–	–
Equity depository receipts	–	–
Total	12,015 shares	4,764 shares
(Total dilutive shares)	–	–

(4) Equity Ownership Interests after Acquisition of Tendered Shares

Number of voting rights attached to shares held by Sojitz before the acquisition 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 shares	7,040	Specially related parties' percentage of ownership before the acquisition of shares: 16.11%
Number of voting rights attached to shares to be held by Sojitz after the acquisition of shares	17,482	Sojitz's percentage of ownership after the acquisition of shares: 40.00%
Number of voting rights attached to shares to be held by specially related parties after the acquisition of shares	7,040	Specially related parties' percentage of ownership after the acquisition of shares: 16.11%
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 held by specially related parties before the acquisition shares" is the total number of voting rights attached to shares held by specially related parties except 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 2. "Combined number of voting rights held by all of the Target Company's shareholders" is the combined number of voting rights held by the all of the Target Company's shareholders as of

December 31, 2010, as reported by the Target Company in its third-quarter business report for its 12th fiscal year (year ending March 31, 2011), which it filed on February 7, 2011. However, Target Company shares issuable or transferable upon the exercise of equity warrants were also eligible to be tendered in the Tender Offer. Equity ownership interests after acquisition of tendered shares were therefore calculated using a denominator of 43,704 shares, which is the sum of the 43,388 voting rights held by the Target Company's shareholders in aggregate as of December 31, 2010, as reported in said third-quarter business report, plus 316. This 316 is, according to said third-quarter business report, the number of voting rights attached to the maximum number of Target Company common shares issuable or transferable upon the exercise of equity warrants by the Tender Offer Period's expiration date (including Target Company common shares already issued or transferred upon the exercise of equity warrants between January 1, 2011, and the Tender Offer Period's expiration date).

Note 3. Percentages of ownership after the acquisition of shares are rounded off to the second decimal place.

(5) Proration Procedure if Tendered Shares Are to Be Purchased on Prorated Basis

As noted above, the total number of tendered shares (12,015 shares) exceeds the maximum number sought to be acquired (4,764 shares). Sojitz declines to purchase any shares in excess of said maximum number in accordance with Article 27-13, Paragraph 4, Subparagraph 2, of the FIEA, as it disclosed in its public notice of the Tender Offer's commencement and Tender Offer Notice. Sojitz will take delivery of the shares it acquires and otherwise 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.

After rounding off of fractional shares resulting from the proration procedure, the total prorated number of shares to be acquired from tendering shareholders is below the maximum number sought to be acquired. Sojitz will therefore purchase one additional share per tendering shareholder (or the full number of shares tendered if purchasing one additional share would result in a number to be purchased in excess of the tendered number), beginning with the tendering shareholder with the largest rounded-off number of tendered shares and continuing in descending order until Sojitz has purchased no fewer than said maximum number of shares. However, multiple tendering shareholders are equally ranked by rounded-off number of tendered shares. If the foregoing procedure for increasing the number of shares to be purchased were applied to all of these equally ranked shareholders, the number of shares purchased would exceed the maximum number sought to be acquired. Sojitz will therefore select by lottery only enough of these equally ranked shareholders to adjust the total number of shares to be purchased to parity with the maximum number sought to be acquired.

(6) 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)

(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 nonresident 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).

3. Post-Tender-Offer Policies and Future Outlook

The future outlook and Sojitz's plans with respect to post-Tender Offer policies remain unchanged from those disclosed in its February 22, 2011 press release titled "Sojitz Announces Tender Offer for Shares of Sakura Internet Inc."

4. Locations of Copies of Tender Offer Reports Available for Perusal

Sojitz Corporation	1-20 Akasaka 6-chome, Minato-ku, Tokyo
Tokyo Stock Exchange	2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo

II. Consolidation of Target Company as a Subsidiary

1. Rationale for Consolidation

As a result of the successful Tender Offer, Sojitz plans to consolidate the Target Company as a subsidiary effective March 30, 2011, as explained below. On February 22, 2011, Sojitz entered into an agreement with Tanaka Kunihiro (President and Representative Director of the Target Company) Office Inc., the Asset Management Company, Target Company's second-largest shareholder (4,665 shares currently owned, ownership interest (calculated using a denominator of 43,388, which combined number of voting rights held by the all of the Target Company's shareholders as of December 31, 2010, as reported by the Target Company in its third-quarter business report for its 12th fiscal year (year ending March 31, 2011), which it filed on February 7, 2011), equivalent to a 10.75% ownership interests (percentage of shares are rounded off to the second decimal place). The agreement became effective upon the successful completion of the Tender Offer. Under the terms of the agreement, the Asset Management Company, which is owned by Kunihiro Tanaka, the Target Company's president and representative director, has agreed to vote its shares at the Target Company's shareholder general meetings in accordance with Sojitz's instructions. As a result of the Tender Offer, Sojitz will own 17,482 shares in the Target Company, equivalent to a 40.29% ownership interest. These shareholdings plus the Target Company's common shares owned by the Asset Management Company, which has agreed to vote its shares as instructed by Sojitz, total 22,147 shares, equivalent to a combined ownership interest of 51.04%. Because this 51.04% interest constitutes a majority of the Target Company's voting rights, Sojitz plans to consolidate the Target Company as a subsidiary under the effective control standard, effective March 30, 2011.

2. Profile of Newly Consolidated Subsidiary (Sakura Internet Inc.)

(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 (as of December 31, 2010)	
(6) Establishment date	August 17, 1999	
(7) Major shareholders and their percentages 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.	1.38

	(securities investment trust account) Japan Securities Finance Co., Ltd.	1.28
	Goldman Sachs International (standing proxy: Goldman Sachs Japan Co., Ltd.)	1.08
(8) Relationships between Sojitz and Sakura Internet (as of March 24, 2011)		
Capital relationships	Sojitz owns 12,718 of Sakura Internet's shares, corresponding to 29.31% of voting rights in Sakura Internet. Sojitz treats Sakura Internet as an equity-method affiliate.	
Personnel relationships	To strengthen Sakura Internet's management functions and sales division, Sojitz has dispatched two of its employees to serve on Sakura Internet'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 Sakura Internet.	
Transactional relationships	No relationships requiring mention here exist between Sojitz and Sakura Internet. Note that subsidiaries and affiliates of Sojitz sell products to Sakura Internet and that subsidiaries and affiliates of Sojitz purchase products from Sakura Internet.	
Related party status	Sakura Internet 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.	

(9) Sakura Internet's operating performance and financial condition over the past 3 years

Consolidated operating performance and financial condition

Fiscal year ended:	March 31, 2008	March 31, 2009	March 31, 2010
Consolidated net assets	930 mn yen		
Consolidated total assets	5,096 mn yen		
Consolidated net assets per share	19,499.13 yen		
Consolidated revenues	6,478 mn yen		
Consolidated operating income	86 mn yen		
Consolidated ordinary income	(25) mn yen		
Consolidated net income	(633) mn yen		
Consolidated EPS	(18,648) yen		
Dividend per share	0.00 yen		

Nonconsolidated operating performance and financial condition

Fiscal year ended:	March 31, 2008	March 31, 2009	March 31, 2010
Net assets	932 mn yen	1,314 mn yen	1,755 mn yen
Total assets	5,098 mn yen	4,792 mn yen	5,078 mn yen
Net assets per share	19,536.25 yen	27,857.31 yen	39,091.23 yen
Revenues	6,205 mn yen	7,107 mn yen	7,812 mn yen
Operating income	144 mn yen	392 mn yen	749 mn yen
Ordinary income	85 mn yen	349 mn yen	724 mn yen
Net income	(620) mn yen	374 mn yen	567 mn yen
EPS	(18,262.31) yen	8,315.06 yen	12,906.39 yen
Dividend per share	0.00 yen	1,000.00 yen	1,000.00 yen

Note: Sakura Internet prepared consolidated financial statements for the fiscal year ended March 31, 2008, but not for the following two fiscal years. The above tables consequently include both consolidated and nonconsolidated operating performance and financial data for the fiscal year ended March 31, 2008, but only nonconsolidated operating performance and financial data for the fiscal years ended March 31, 2009 and 2010.

3. Number of Newly Acquired Shares, Their Acquisition Cost, and Pre-Existing Shareholdings

(1) Pre-existing number of shares owned	12,718 shares (Voting rights: 12,718) (Percentage of ownership: 29.31%)
(2) Number of newly acquired shares	4,764 shares (Voting rights: 4,764) (Percentage of total outstanding shares: 10.98%) (Acquisition cost: 1,095,720,000 yen)
(3) Post-acquisition number of shares owned	17,482 shares (Voting rights: 17,482) (Percentage of ownership: 40.29%)

Note 1. Percentages of ownership were calculated using a denominator of 43,388 shares, the number of outstanding common shares as of December 31, 2010, as reported in Sakura Internet's third-quarter business report for its 12th fiscal year, filed on February 7, 2011.

Note 2. Percentages of ownership and "Percentage of total outstanding shares" are rounded off to the second decimal place.

4. Effective Date of Consolidation (tentative)

March 30, 2011 (Wednesday) Date of commencement of settlement of purchases of shares tendered in Tender Offer

5. Future Outlook

Consolidation of Sakura Internet as a subsidiary will have limited impact on Sojitz's consolidated and nonconsolidated earnings.