

Internet Initiative Japan (Nasdaq: IIJI)

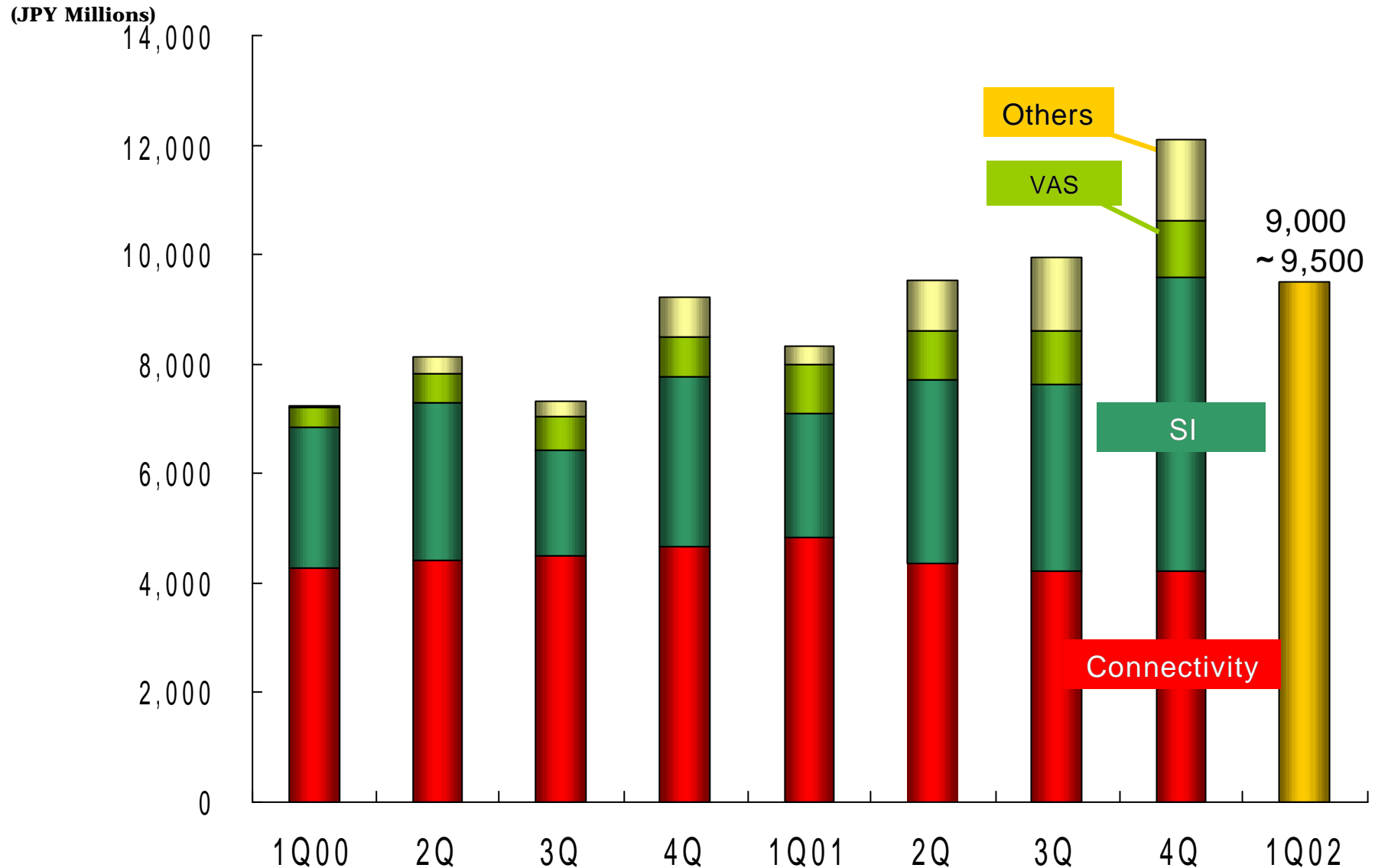
May, 2002

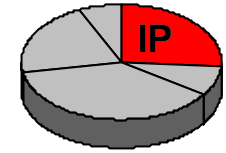
The statements within this may contain forward-looking statements that involve risk and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by Internet Initiative Japan Inc. with the SEC, specifically the most recent reports on Forms 20-F or 6-K, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. Important risks and factors that could cause our actual results to be materially different from our expectations include, without limitation: that we may not continue to increase subscribers to our connectivity services, particularly subscribers at higher bandwidths, that our large capital investment in Crosswave Communications Inc. may not yield the expected returns in the future or at all, that we may not generate significant revenues from our systems integration services or our value-added services, including our co-location services, and that leased line costs may not decrease as rapidly as expected or at all.

- **Fourth quarter results beat revenue target**
 - Revenues JPY12.1B (31.6% up from 4Q00, 21.9% up from 3Q01)
 - Driven by strong SI revenues (70.6% up from 4Q00, 57.2% up from 3Q01)
- **Steady performance in profitability**
 - Operating income JPY186M (JPY 394M in 4Q00, JPY151M in 3Q01)
 - Operating margin 1.5% (4.3% in 4Q00、 1.5% in 3Q01)
- **Steady performance in cash flow**
 - EBITDA JPY968M (228% up from 4Q00, 7% up from 3Q01) vs. CAPEX JPY913M
 - Positive cash flow for the total of operating/investing activities
- **Results for full fiscal 2001**
 - Total revenues JPY399B, a 25.2% increase from FY2000
 - Operating income turned positive with JPY54M.
- **Guidance for fiscal 2002**
 - 1Q02 is expected to achieve JPY9.0-9.5B in revenues and operating loss
 - First half of fiscal 02 is expected to grow by more than 15%
 - Full fiscal 2002 is expected to grow by approximately 20%

Revenues Breakdown (Quarter Basis)

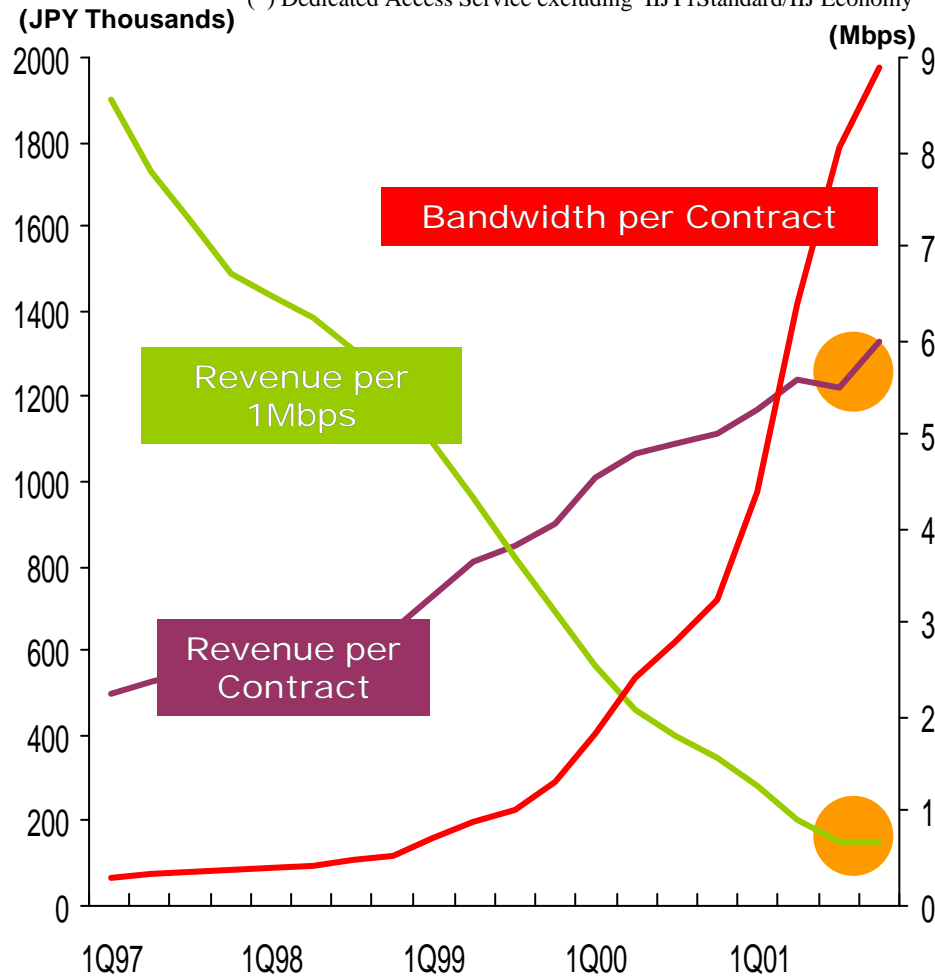
\$1=JPY131.04



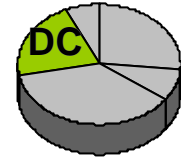


IP Service(*) ARPU

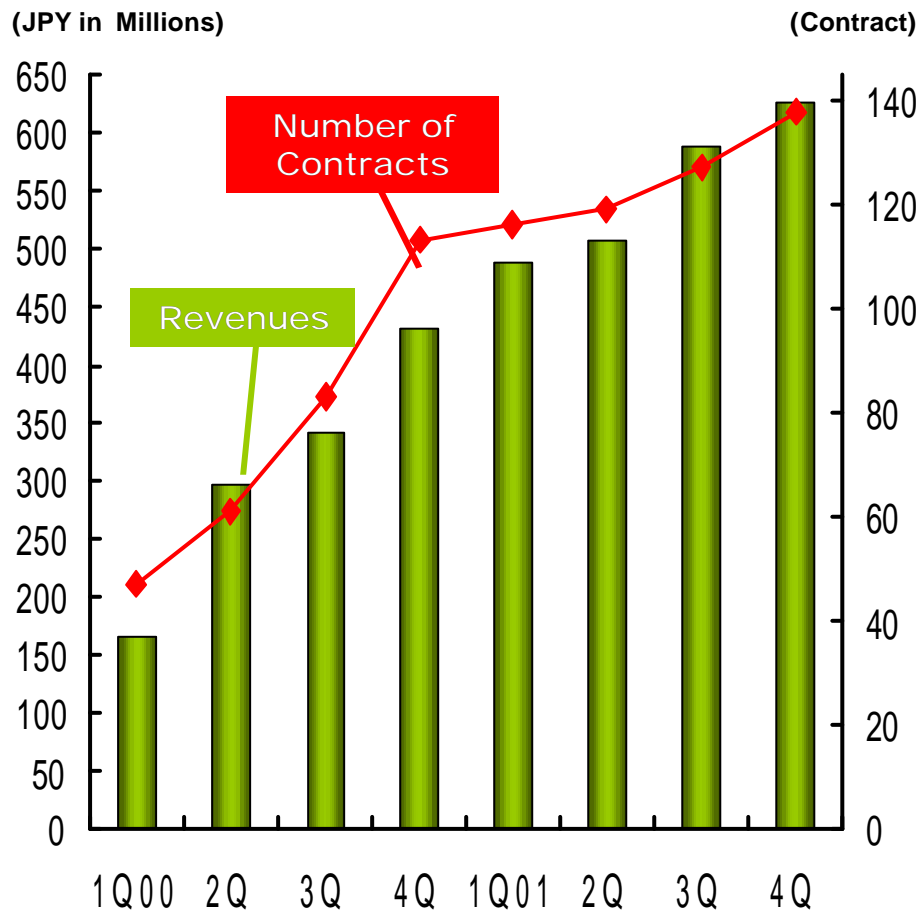
(*) Dedicated Access Service excluding IIJT1Standard/IIJ Economy



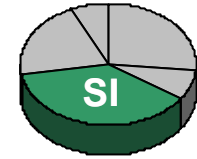
- Steady increase in the number of high bandwidth services contracts
- Steady increase in the total number of contracted bandwidth (3.25 times increase year over year)
- Hitting bottom in revenues per 1Mbps
- More than 15% growth in ARPU
- Temporary increase in cost for US backbone network



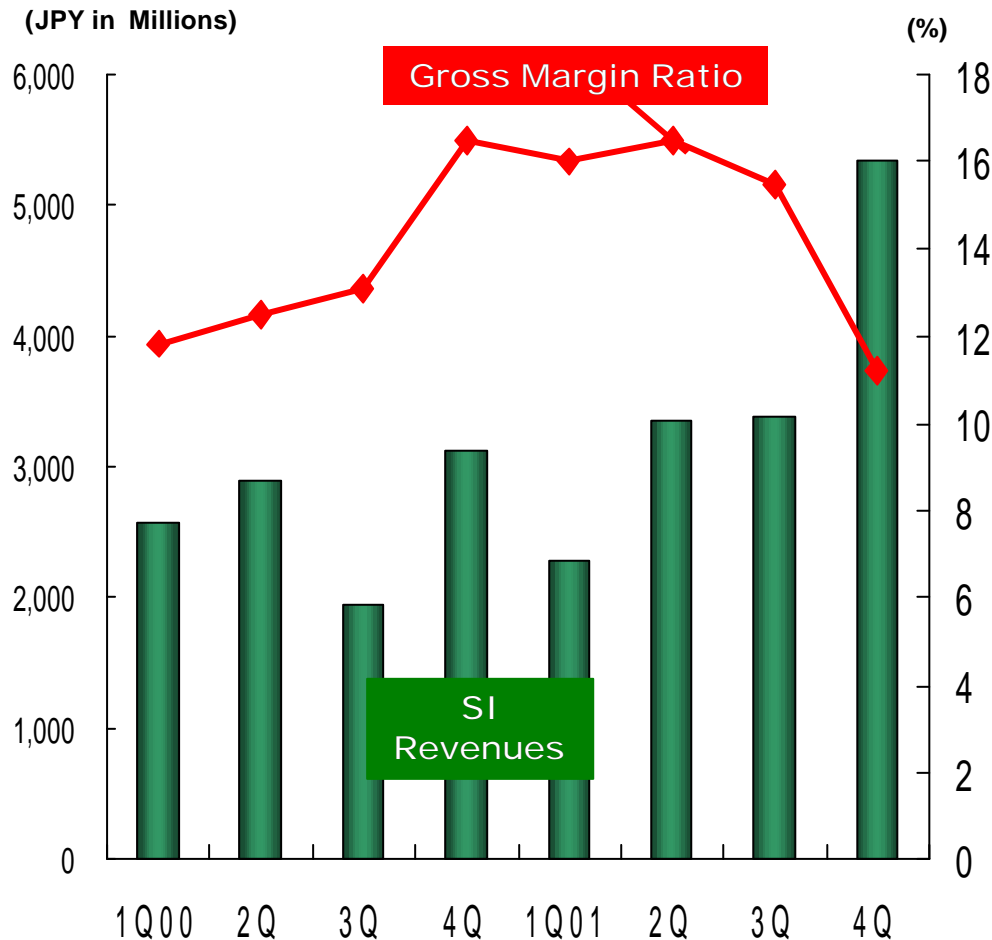
Revenues and Contracts



- Steady increase in revenues
- Strengthening marketing activities for opening of large scale data center by early 2003 (Crosswave, at Saitama and Yokohama)



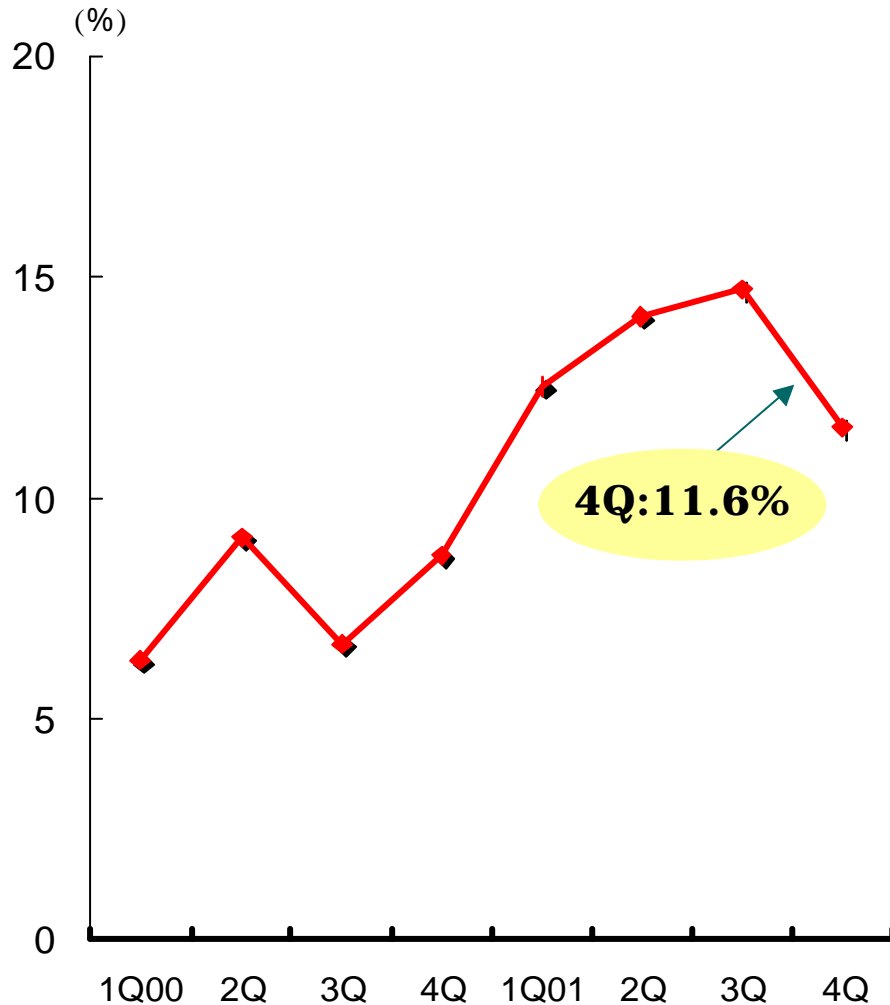
Revenues and Gross Margin Ratio



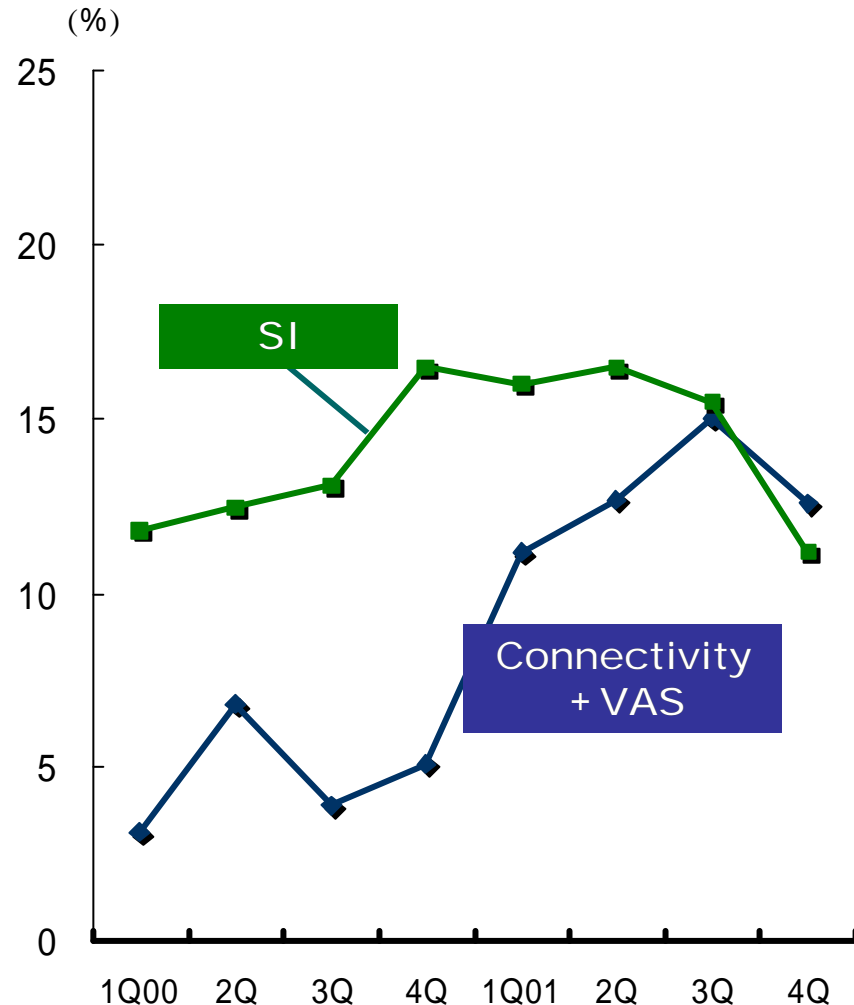
- The highest revenues in 4Q01
- Temporal decrease in gross margin
- Strengthening enterprise service lineup in Fy02

Gross Margin

Gross Margin

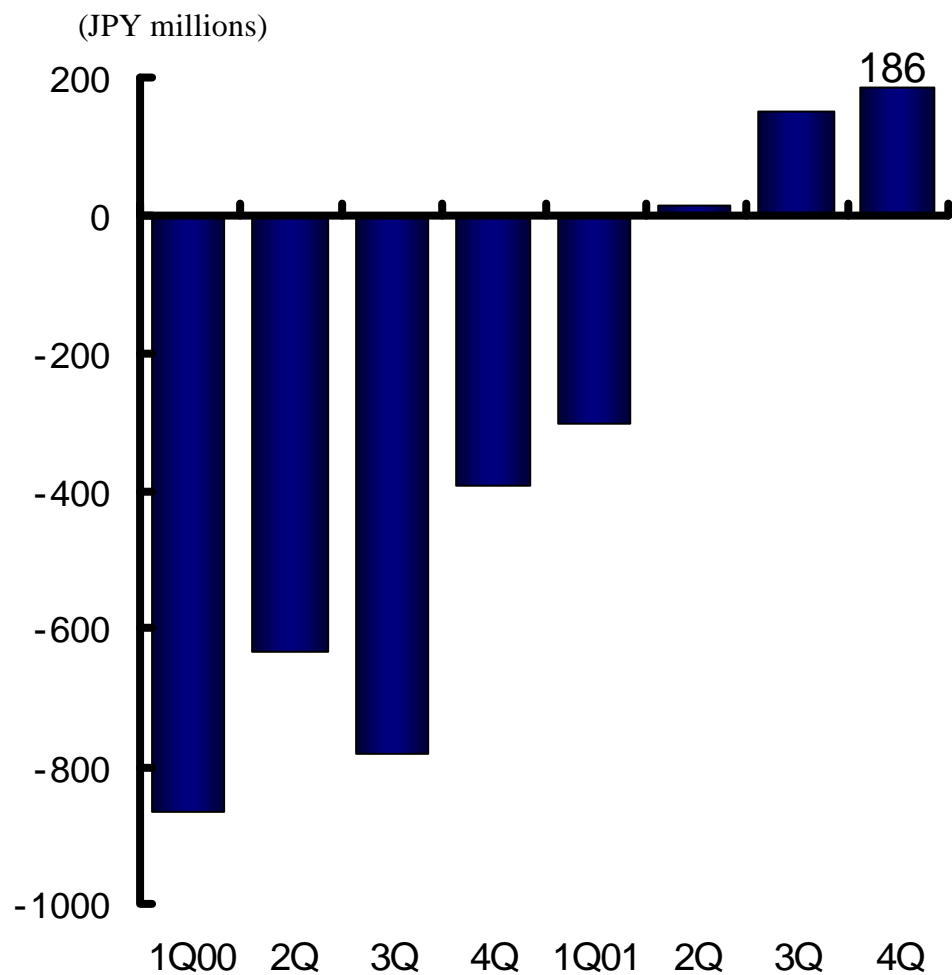


Gross Margin By Segment

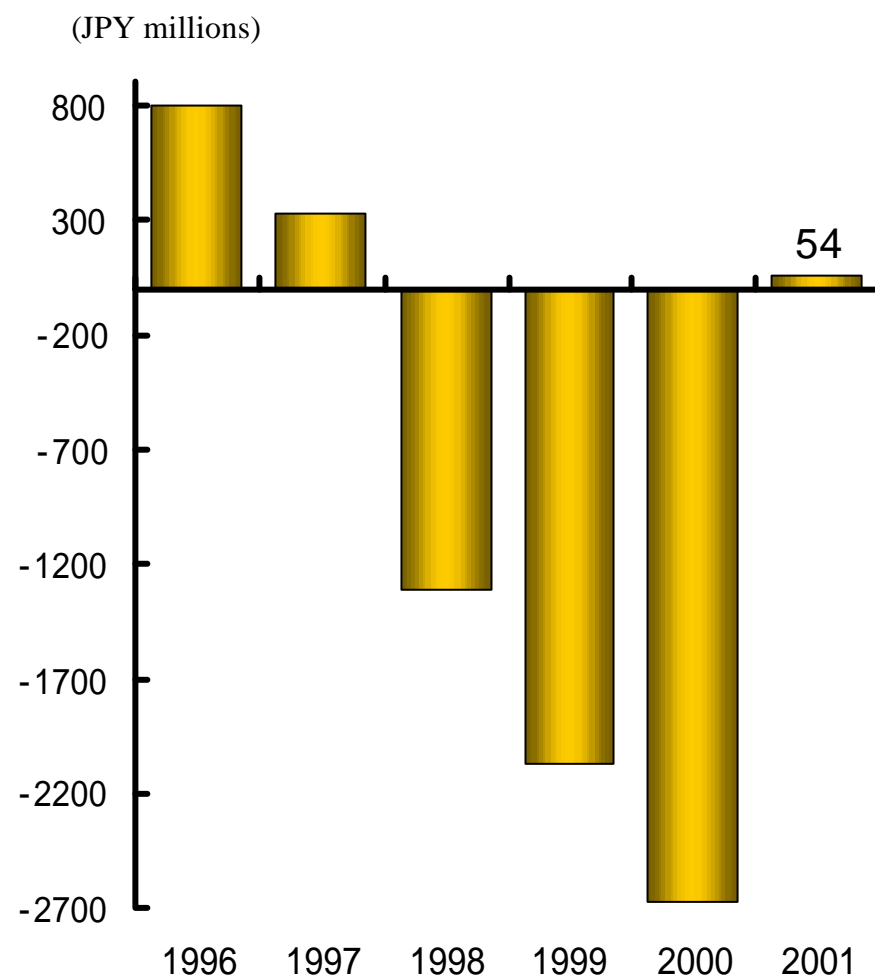


Operating Income/Loss

Quarterly

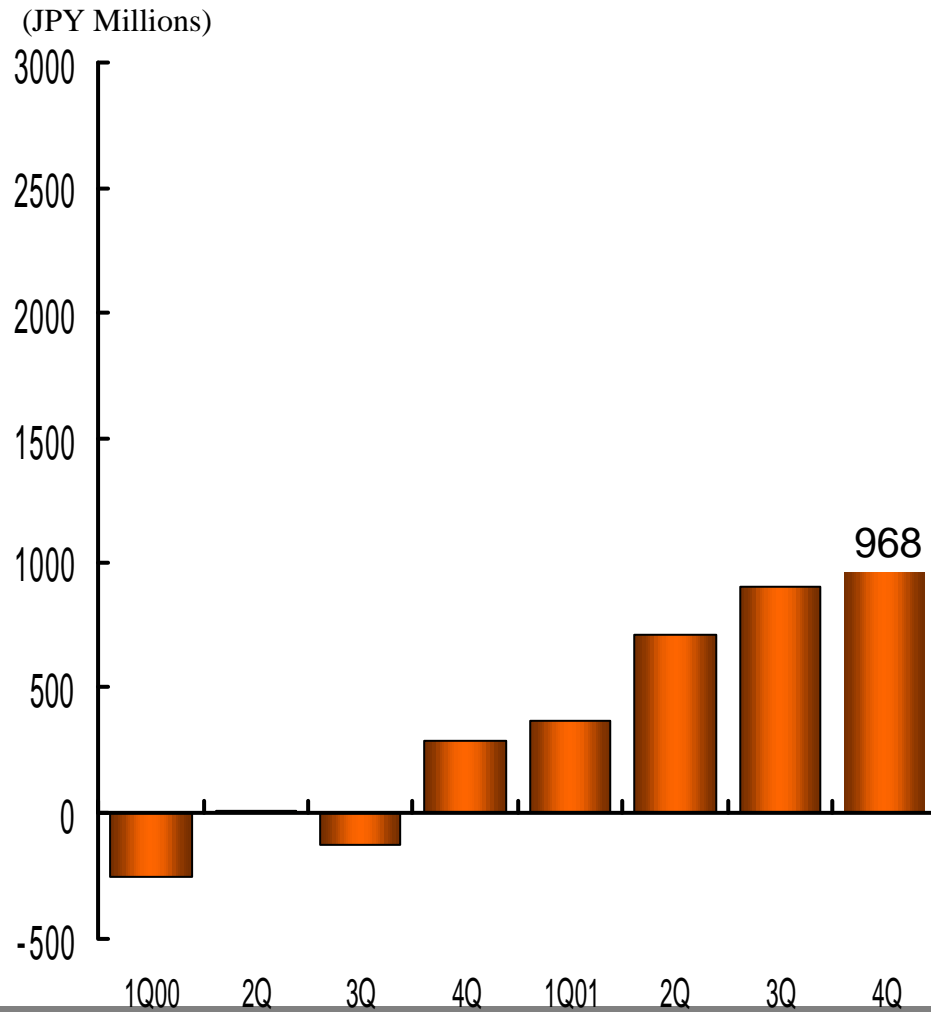


Yearly

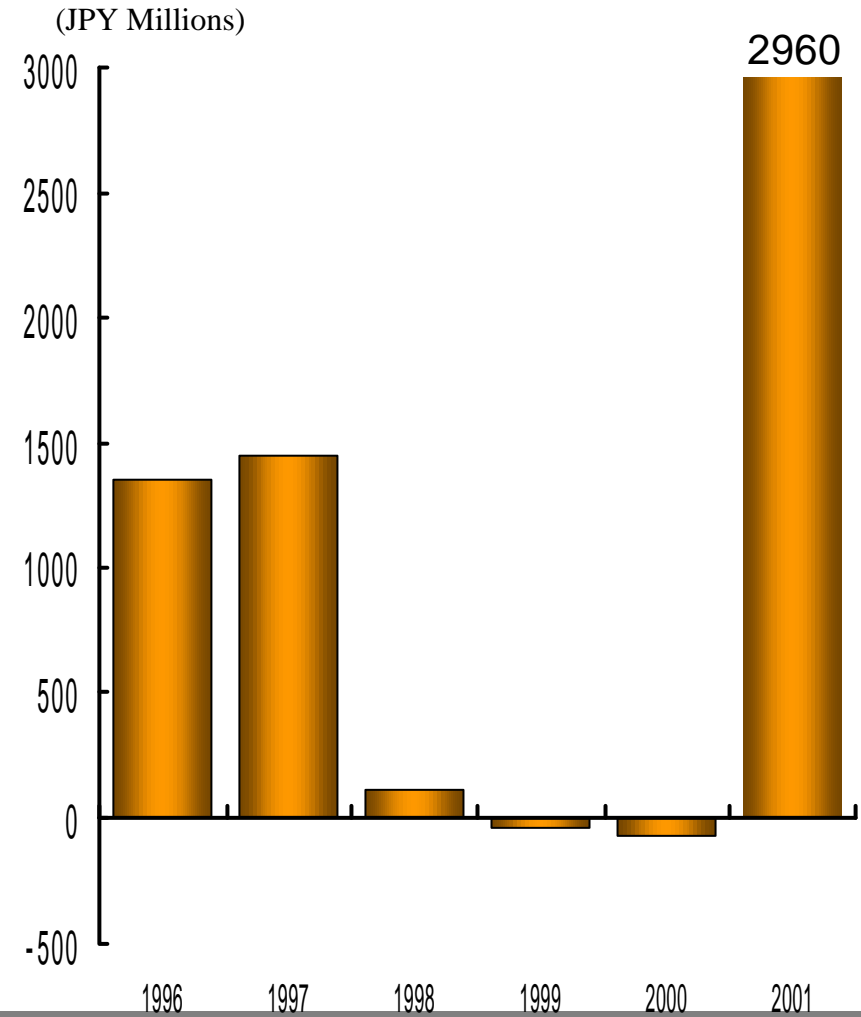


EBITDA

Quarterly



Yearly

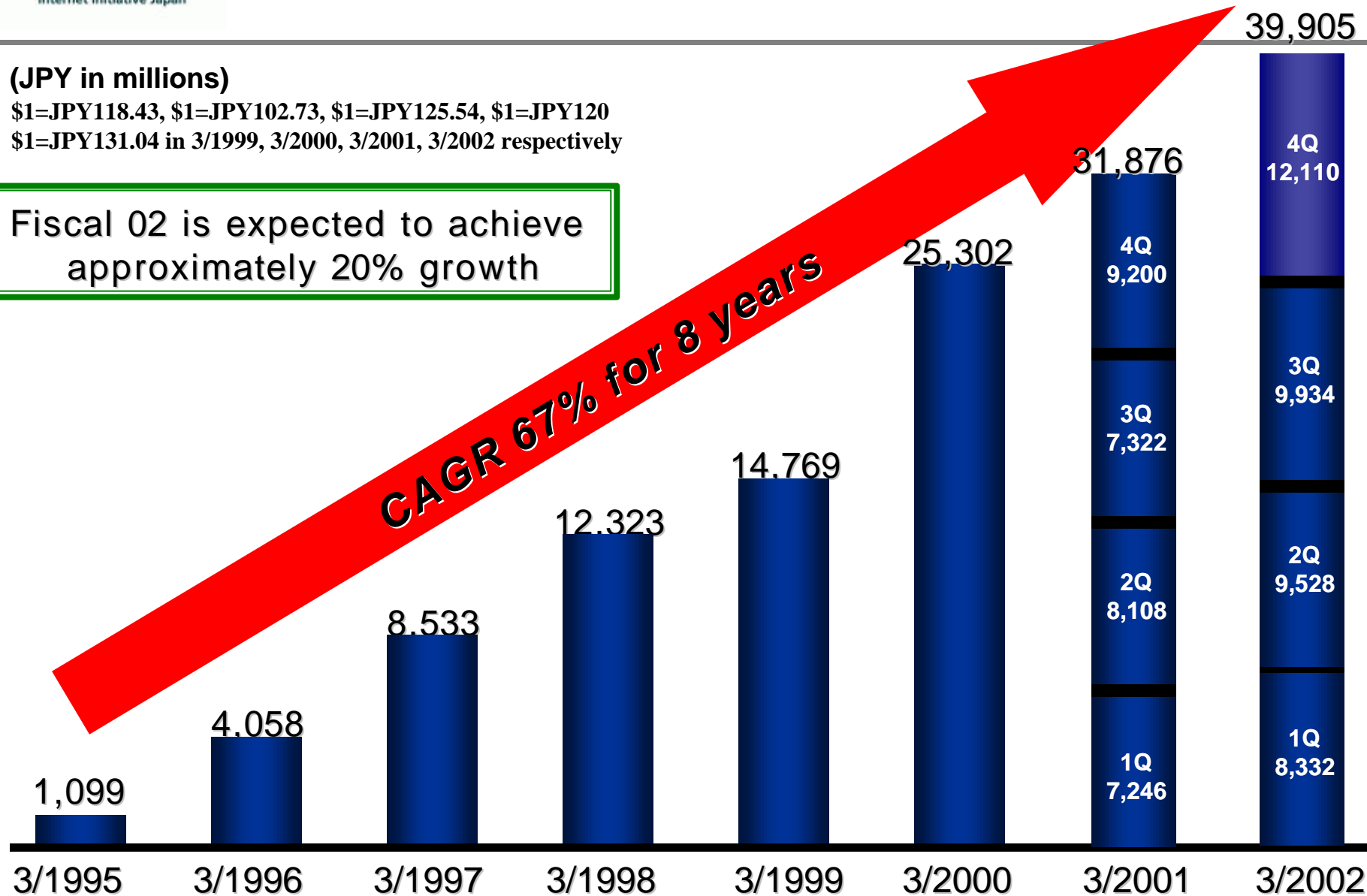


IIJ Consolidated Revenues

(JPY in millions)

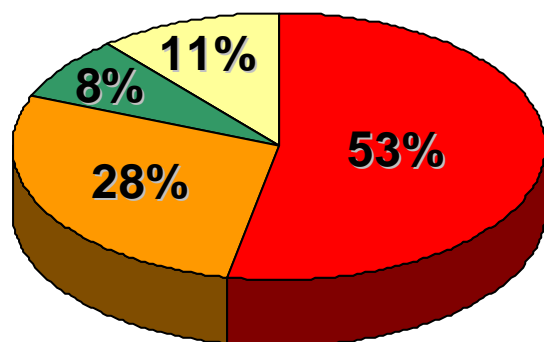
\$1=JPY118.43, \$1=JPY102.73, \$1=JPY125.54, \$1=JPY120
\$1=JPY131.04 in 3/1999, 3/2000, 3/2001, 3/2002 respectively

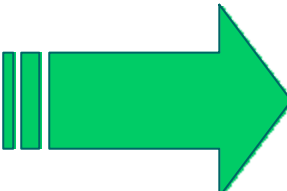
Fiscal 02 is expected to achieve approximately 20% growth

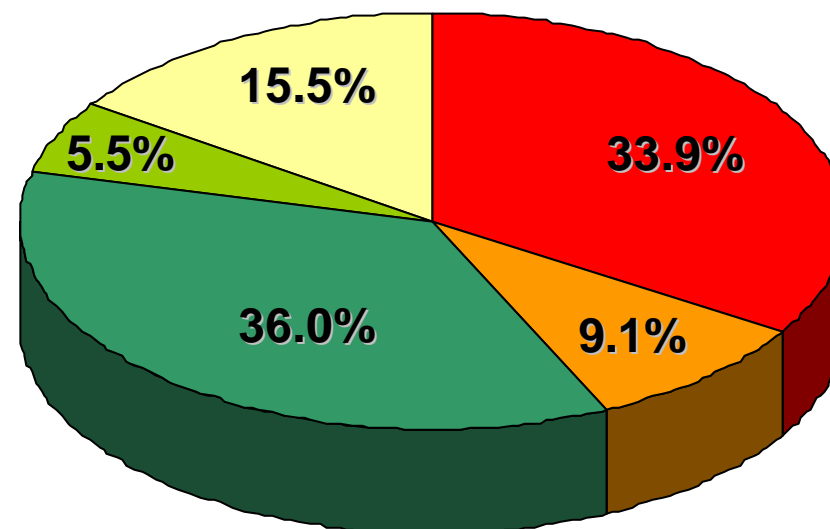


Revenues Portfolio

- Dedicated Access services
- Dial-up access services
- Systems Integration services (SI)
- Data center services
- Others




 2.7 times
 increase



FY 3/99 (Before IPO)

FY 3/02 (Current)

Backbone Costs

(JPY Millions)

