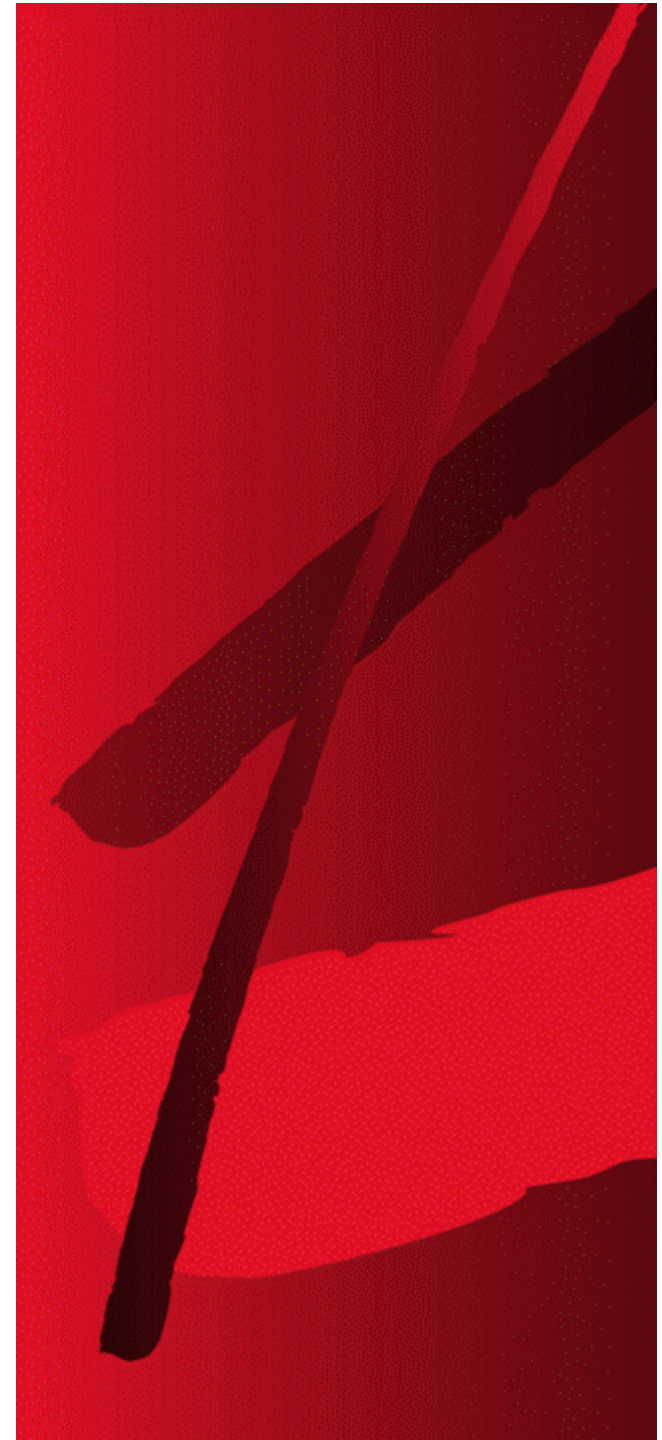


# Internet Initiative Japan Inc.

TSE1:3774 NASDAQ:IIJI

September 2007

<http://www.iij.ad.jp/en/IR/>



# Forward-looking Statements

Statements made in this presentation regarding IIJ's or management's intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on IIJ's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as statements regarding FY2007 revenues and operating and net profitability, are subject to various risks, uncertainties and other factors that could cause IIJ's actual results to differ materially from those contained in any forward-looking statement. These risks, uncertainties and other factors include: IIJ's ability to maintain and increase revenues from higher-margin services such as systems integration and value-added services; the possibility that revenues from connectivity services may decline substantially as a result of competition and other factors; the ability to compete in a rapidly evolving and competitive marketplace; the impact on IIJ's profits of fluctuations in the price of available-for-sale securities; the impact of technological changes in its industry; IIJ's ability to raise additional capital to cover its indebtedness; the possibility that NTT, IIJ's largest shareholder, may decide to exercise substantial influence over IIJ; and other risks referred to from time to time in IIJ's filings on Form 20-F of its annual report and other filings with the United States Securities and Exchange Commission ("SEC").

# Key Investment Highlights

- ▶ **Top IP engineering company in Japan**
- ▶ **Shifted to Total Network Solution Provider**
- ▶ **Dominant position among Blue-chip and Governmental Organizations**
- ▶ **Spreading IP and IT Expenditure**
- ▶ **Convincing revenue and income growth**

**details to follow**

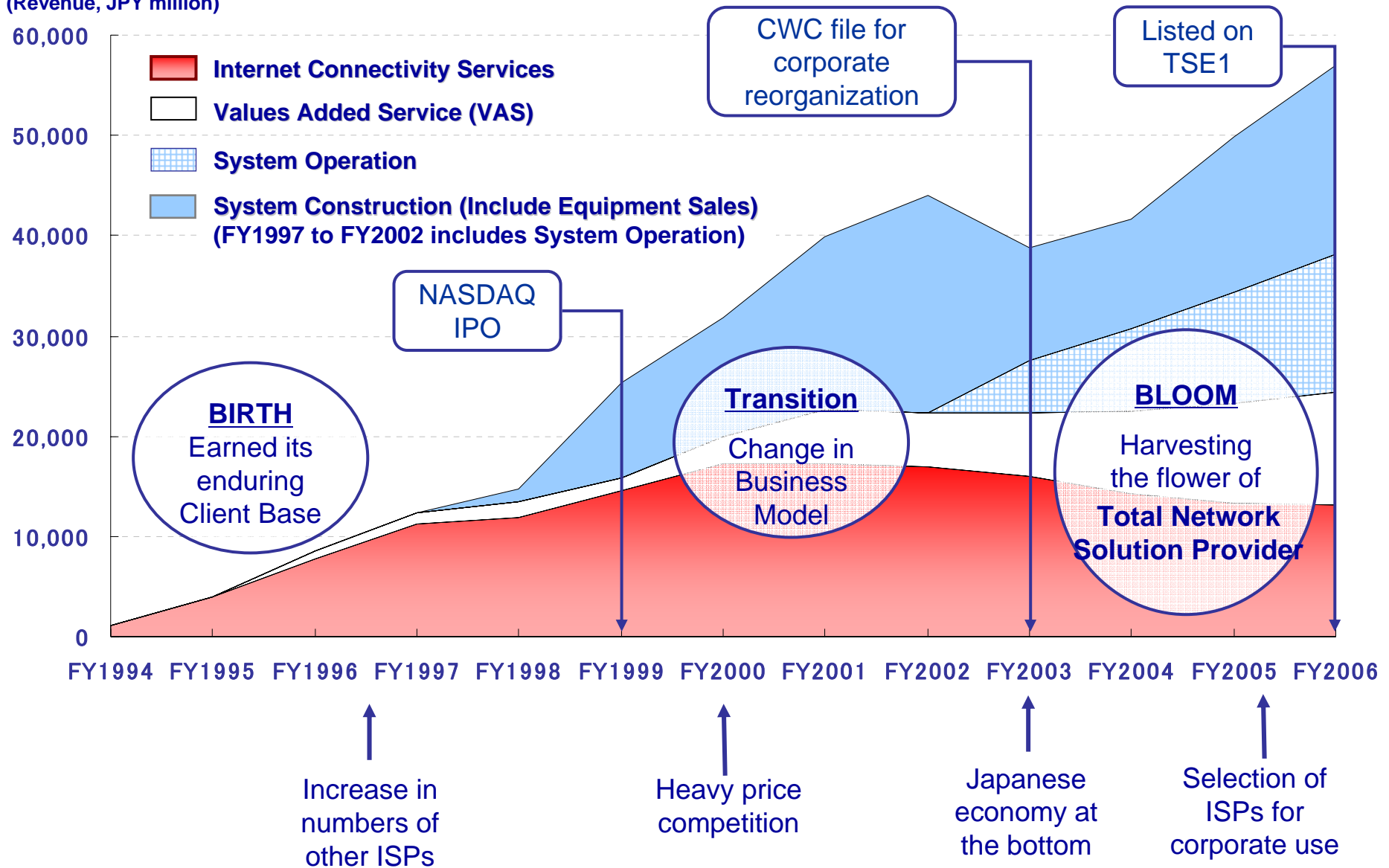
# TOP IP Engineering Company in Japan

- ▶ **The first established full-scale ISP in Japan**
  - Established in 1992
  - Independent ISP
  - Introduced and Standardized Internet related service in Japan
- ▶ **A gathering of exquisite personnel**
  - Solid management team with Koichi Suzuki as CEO
  - Abundant personnel of skilled and highly motivated IP engineers
- ▶ **Operate the largest Backbone Network in Japan**
  - Introduced the first Service Level Agreement (SLA) in Japan
- ▶ **“IIJ” brand among the Japanese IT market**
- ▶ **At the leading edge of IP R&D**
  - IPv6, Mobile IPv6(MIPv6), NetBSD

Company Profile	
Number of Employees	Consolidated: 1,155 (70% engineers)
Listed Markets	NASDAQ(IIJI), TSE1(3774)
Top Shareholders	NTT(24.7%), Koichi Suzuki (6.1%), Itochu Corp.(5.1%), NTTCom(5.0%)

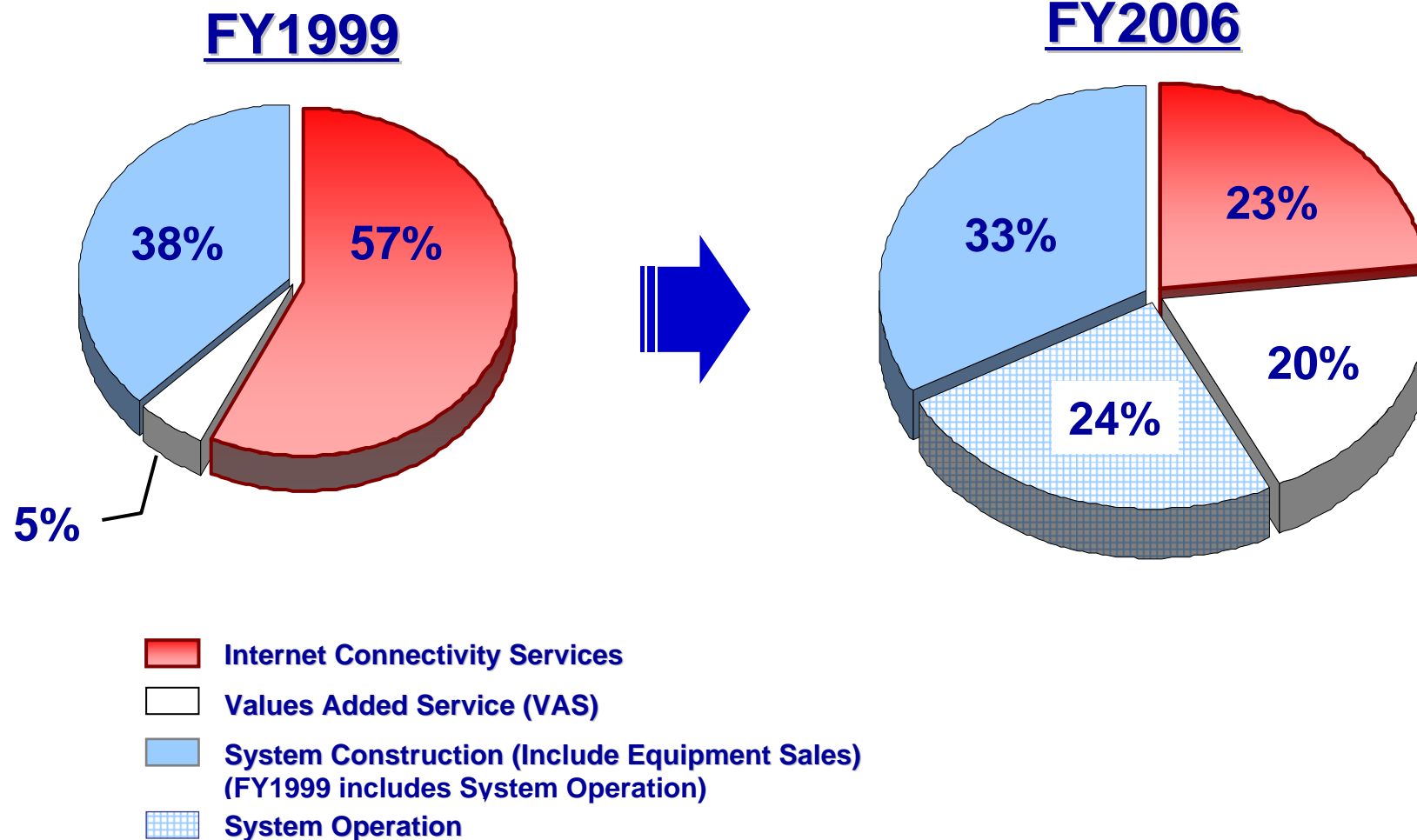
# Strategic Shift in Business Model (1)

(Revenue, JPY million)

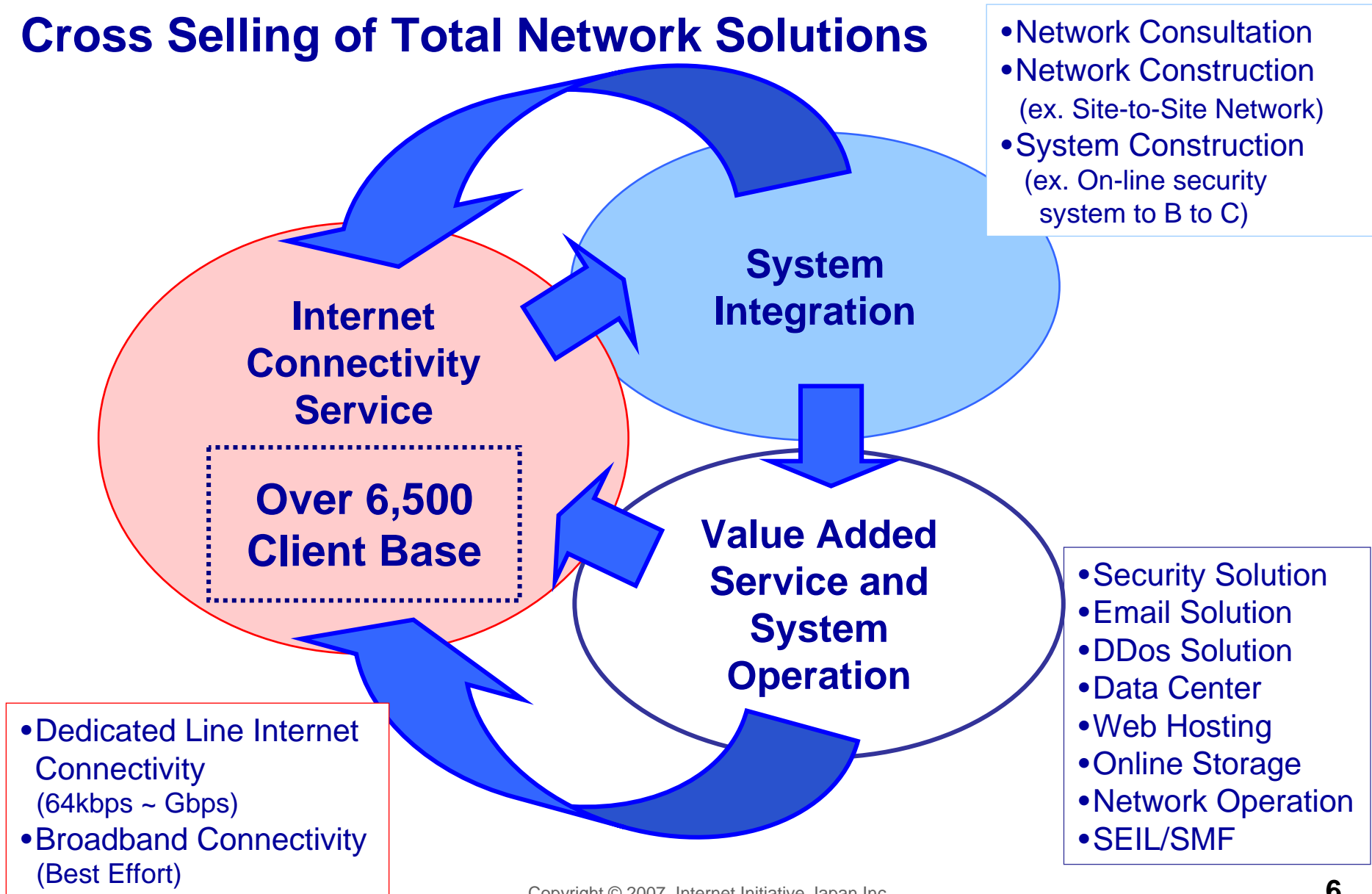


# Strategic Shift in Business Model (2)

## From “ISP” to “Total Network Solution Provider”



## Cross Selling of Total Network Solutions

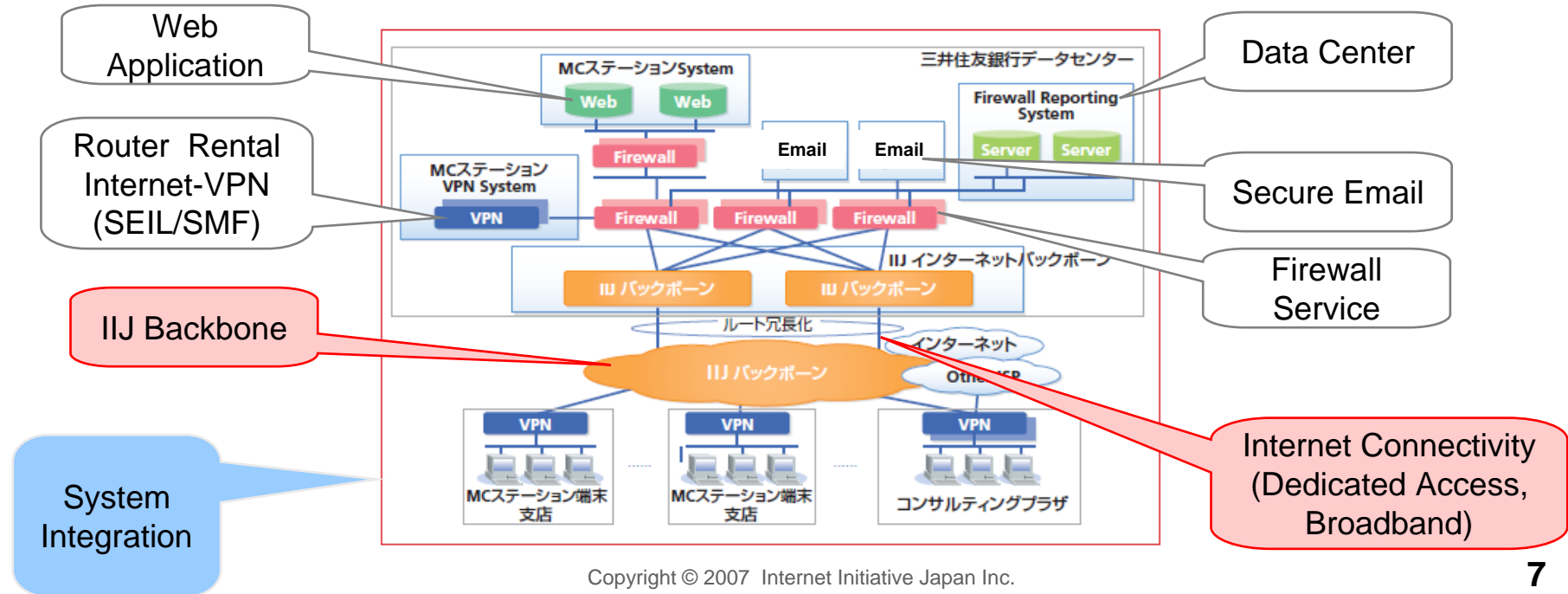




# Cross Selling Example

Internet Connectivity	Value-added Service	System Integration
<ul style="list-style-type: none"> <li>-IIJ Backbone</li> <li>-Dedicated access services</li> <li>-Broadband Services</li> <li>-Dial-up access services (For individuals and OEM to other ISPs)</li> </ul>	<ul style="list-style-type: none"> <li>-Secure Email Service</li> <li>-Firewall Service</li> <li>-Internet-VPN Service</li> <li>-Router Rental Service</li> <li>-SEIL/SMF</li> <li>-Data Centers etc.</li> </ul>	<ul style="list-style-type: none"> <li>-Network System Design, Consultation, Construction and Operation</li> <li>1. Customer WAN</li> <li>2. Online Business System</li> <li>3. Mail Server etc.</li> </ul>

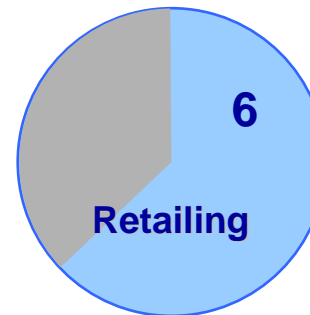
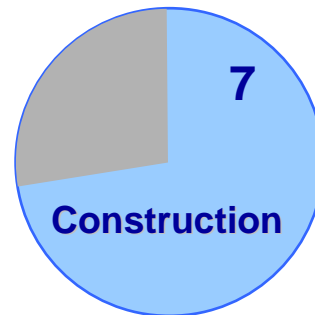
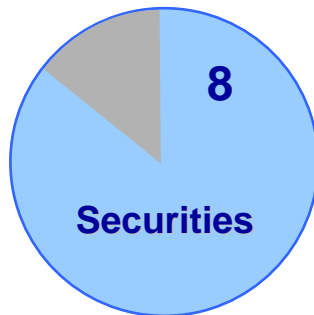
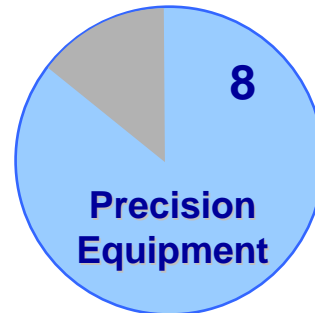
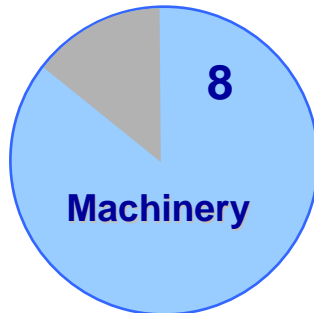
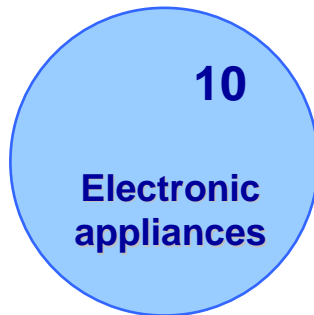
## <Image of Total Network Solution>





# Excellent Blue-chip Client Base

## Users of IIJ Services within Top 10 Companies in Each Industry



- 10 major companies listed by annual consolidated revenue in each industry.
- Revenue data based on Toyo Keizai Shimpo “Kaisha Shikiho, 3rd edition, 2006” and Nihon Keizai Shimbun “Nikkei Industry Map 2006”

# Representative IIJ Customers

## Enduring Relationship with leading companies

THE DOCUMENT COMPANY  
**FUJI XEROX**

**excite**

**h**  
*hi-ho*

**QTNet**

**NTT Communications**

**plala**

**kabu.com**

**MOS BURGER.**

**三井住友銀行**  
SMBC

**JOMO**

**ドンキホーテ**

**The Asahi Shimbun**  
Japan's Leading National Newspaper | English Edition

**The Yomiuri Shimbun**

**Ministry of Justice**

**Ministry of Environment**

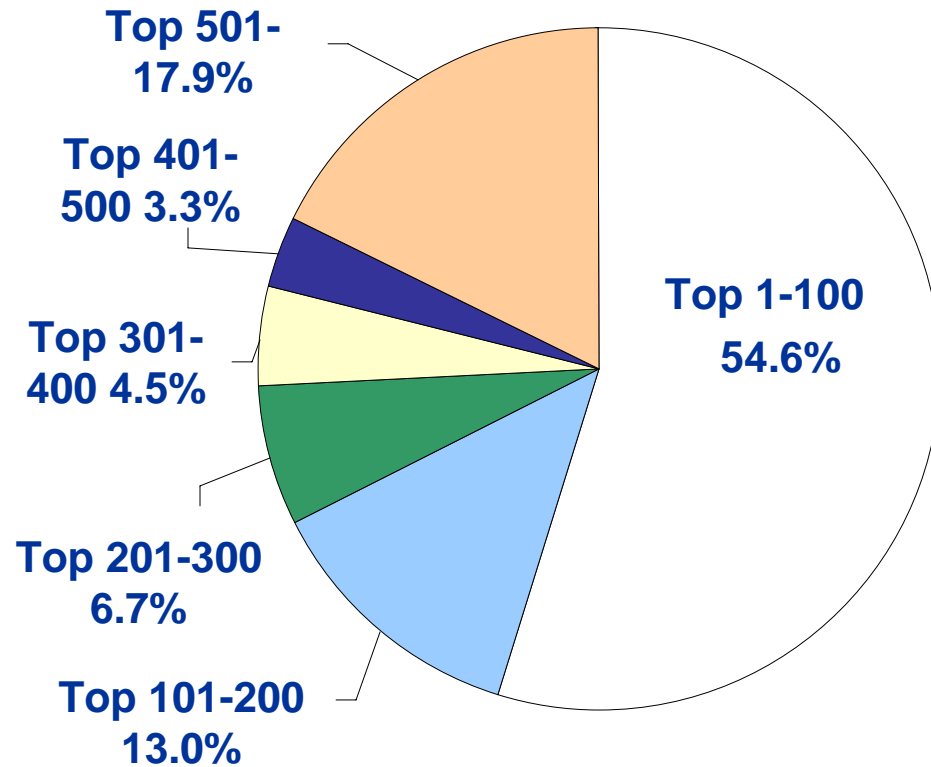
**Imperial Household Agency**

**National Police Agency**

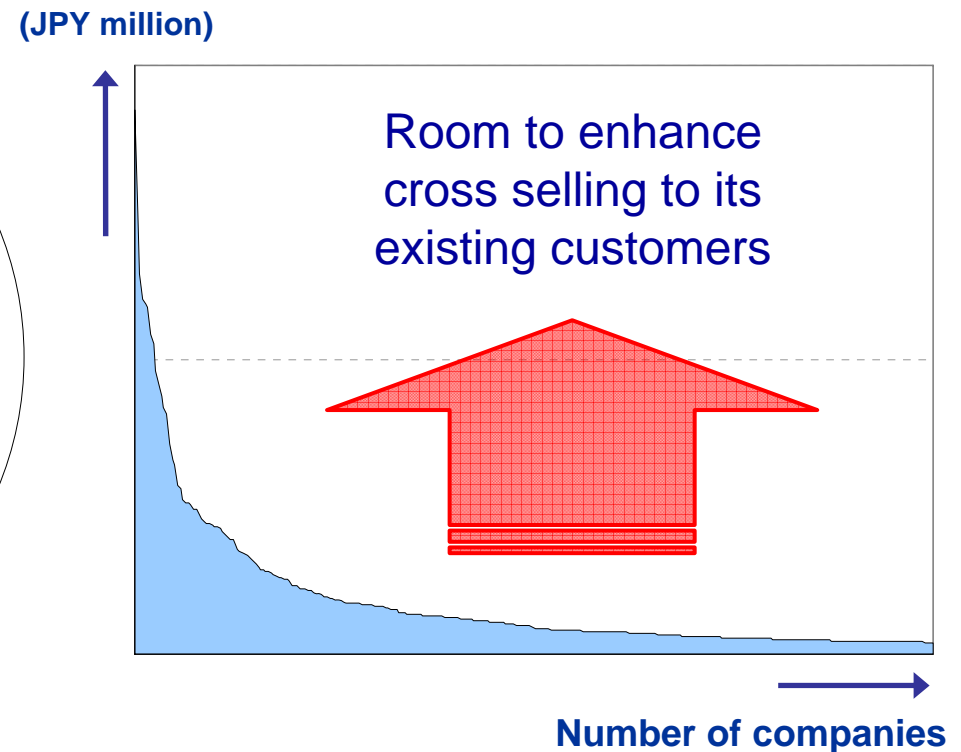
and more...

# Enhancing Cross Selling

Occupation of Total Revenues  
by Top Customers



Distribution of Customers  
by Annual Revenues

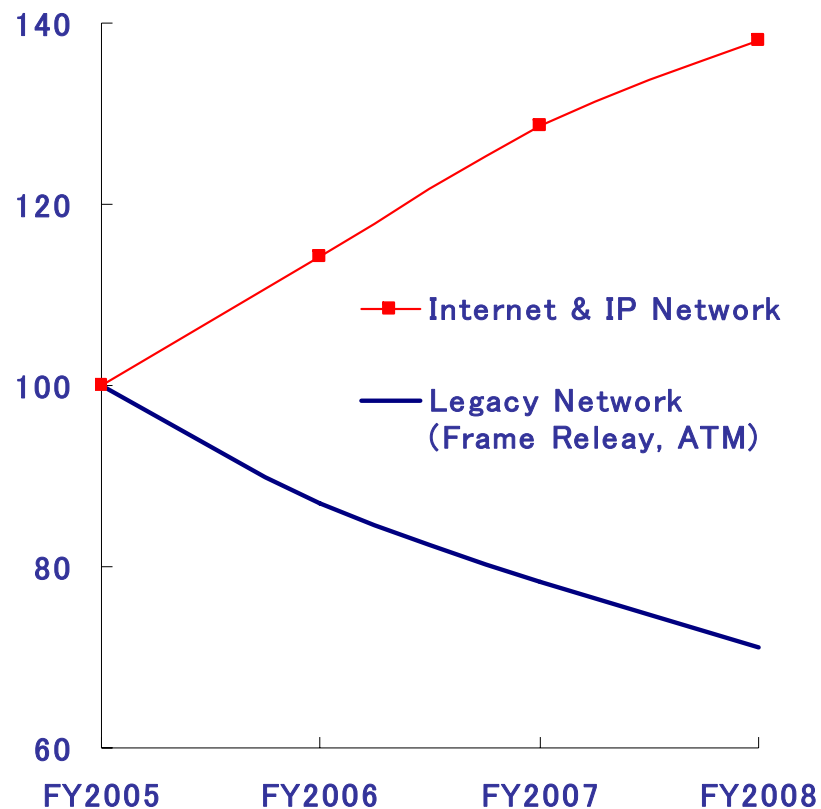


Source: IIJ's non-consolidated data for FY2006

# Market Situation

## Expected Growth in IP Network

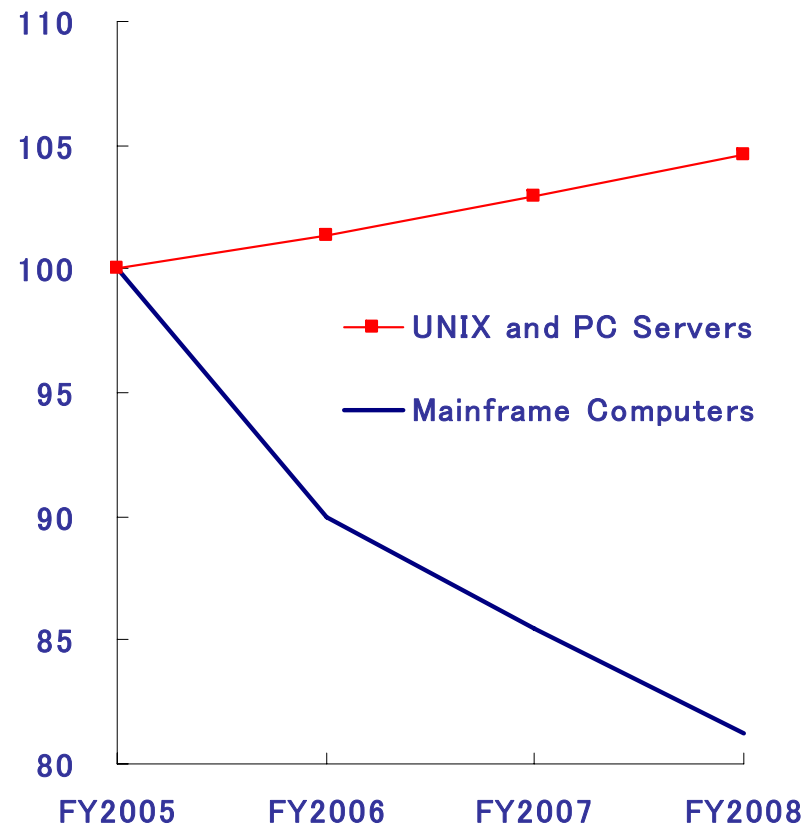
(beginning of FY2005 = 100)



Source: Compiled by IIJ based on MM Research Institute, Ltd.  
"M&D Report (Jan 25, 2007)"

## Expected Growth in Corporate IT Spending

(beginning of FY2005 = 100)



Source: Japan Electronics and Information Technology  
Industries Association

# Uniquely Positioned to its Peers

