



Internet Initiative Japan Inc.

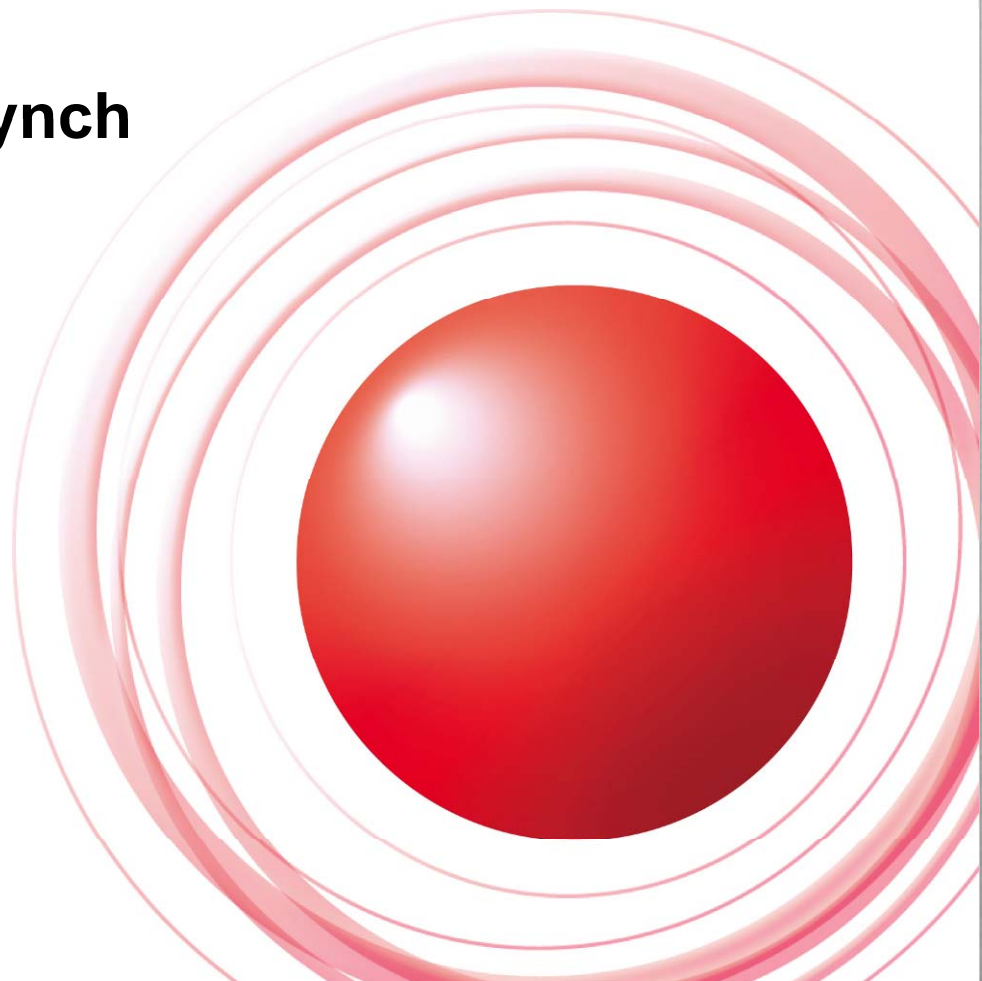
**Bank of America Merrill Lynch
Japan Conference 2011**

September 13-14, 2011

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

TSE1:3774 NASDAQ:IIJI

Ongoing Innovation



Key Investment Highlights

- 1 Top IP Engineering Company in Japan**
- 2 Target Blue-chip and Governmental Organizations in Japan with dominant position**
- 3 Best Positioned in the Growing Outsourcing & Cloud Computing Market in Japan**
- 4 Stable revenue growth from the accumulating recurring revenue**
- 5 Solid Growth Strategy**

details to follow

TOP IP Engineering Company in Japan

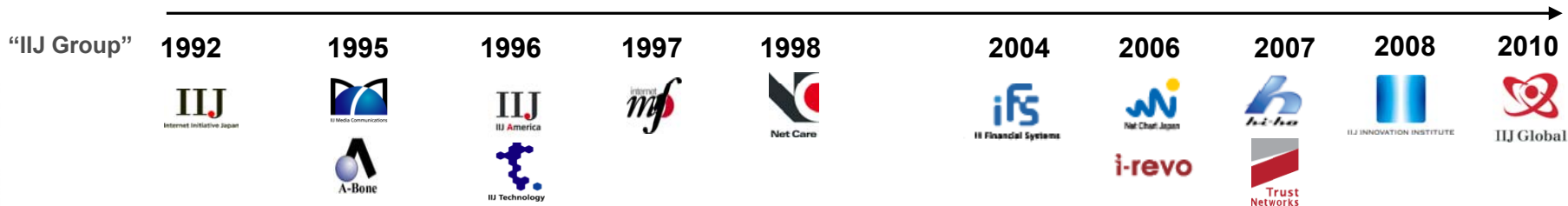
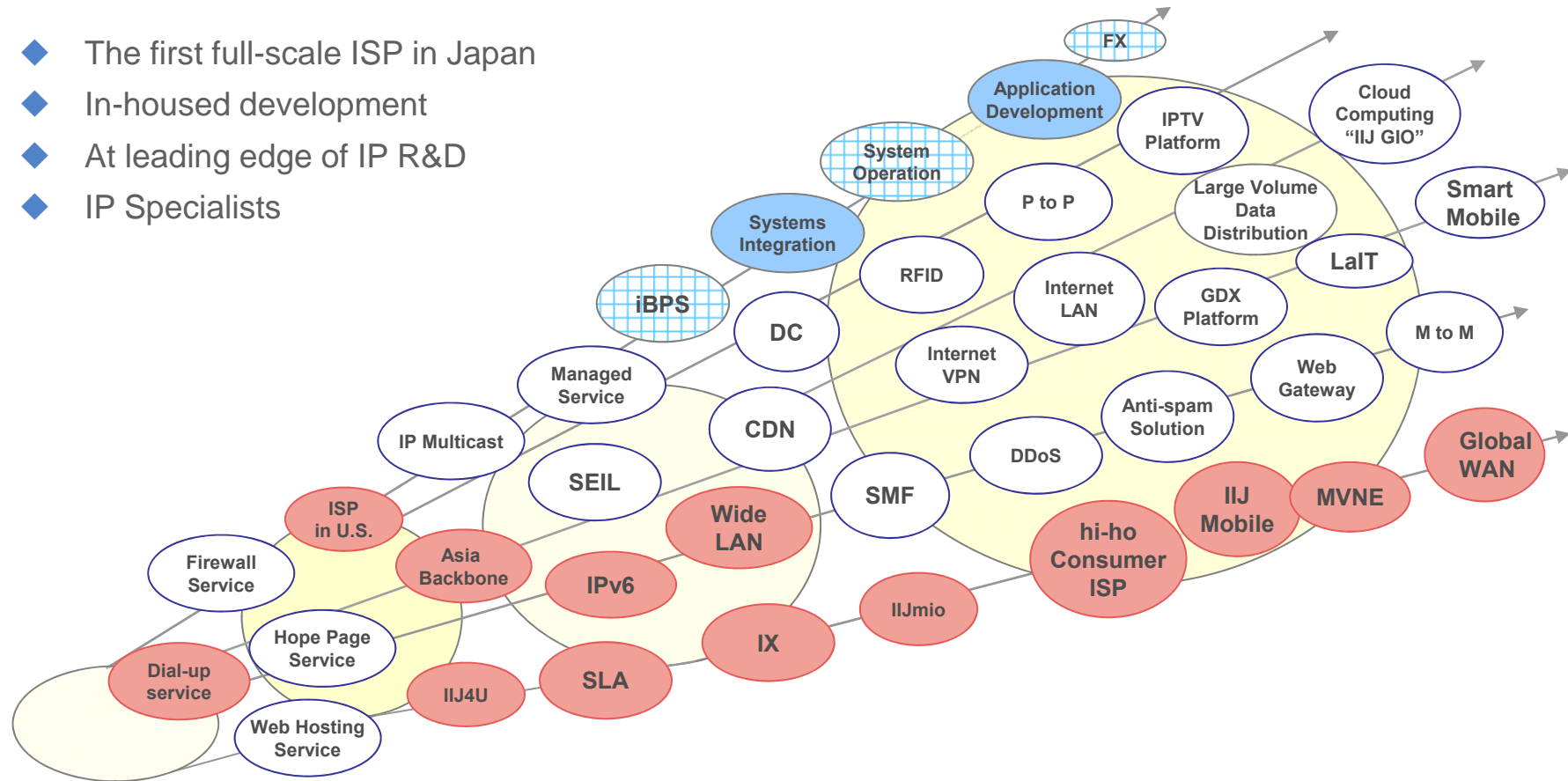
- ◆ The first established full-scale ISP in Japan
 - A group of highly motivated and skilled TOP Level IP Engineers
 - Pioneer of Network Technologies in Japan
- ◆ In-housed development
 - Operate one of the largest Internet Backbone in Japan
 - Fully develop its service and back office facilities
 - Internet Connectivity & Firewall Service, IP Multicast Delivery Service, IPv6 Service
 - NetBSD based Router Product Development (SEIL Series)
- ◆ “IIJ” brand among the Japanese IT market
 - Well known for its high engineering skills and network support skills
 - High customer Satisfaction with long term relationship
 - Around 6,500 clients, mainly governmental and large enterprise
- ◆ At the leading edge of IP R&D
 - IPv6, Mobile IPv6(MIPv6), NetBSD
 - Distributed and Parallel Processing Platform for very large data sets
 - Participation in world-wide research
 - Board Member of “Telecom-ISAC Japan”

Company Profile (as of June 2011)	
Established	December 1992
Number of Employees	Consolidated: 1,953 (approx 70% engineers)
Listed Markets	NASDAQ(IIJI), TSE1(3774)
Large Shareholders (as of March 2011)	NTT(24.4%), Koichi Suzuki(6.3%), Itochu Corp.(5.1%), NTTCom(4.9%)

Entrepreneur of Network Technologies

Business and Service Development to Initiate the Market

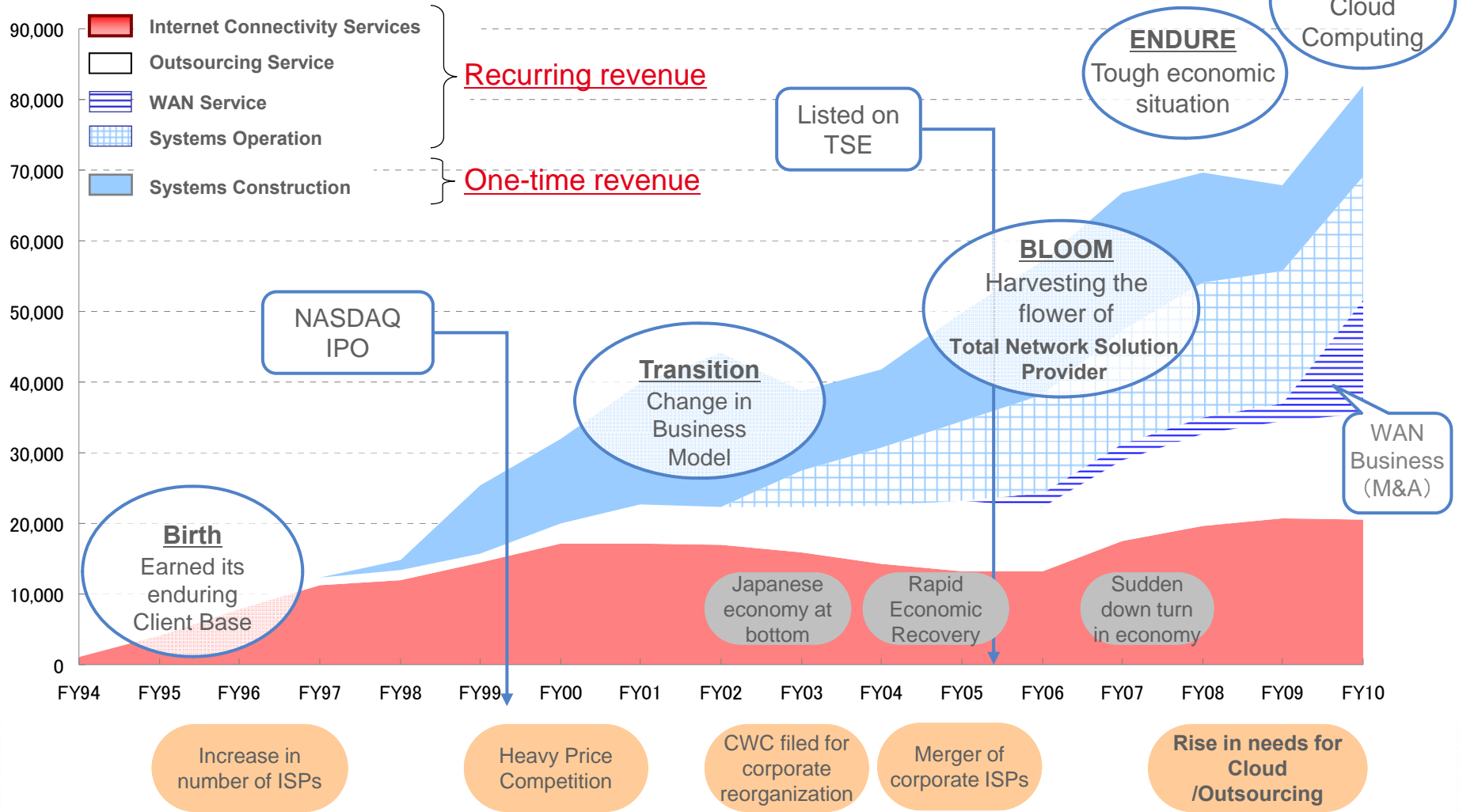
- ◆ The first full-scale ISP in Japan
- ◆ In-housed development
- ◆ At leading edge of IP R&D
- ◆ IP Specialists



Strategic Shift in Business Model

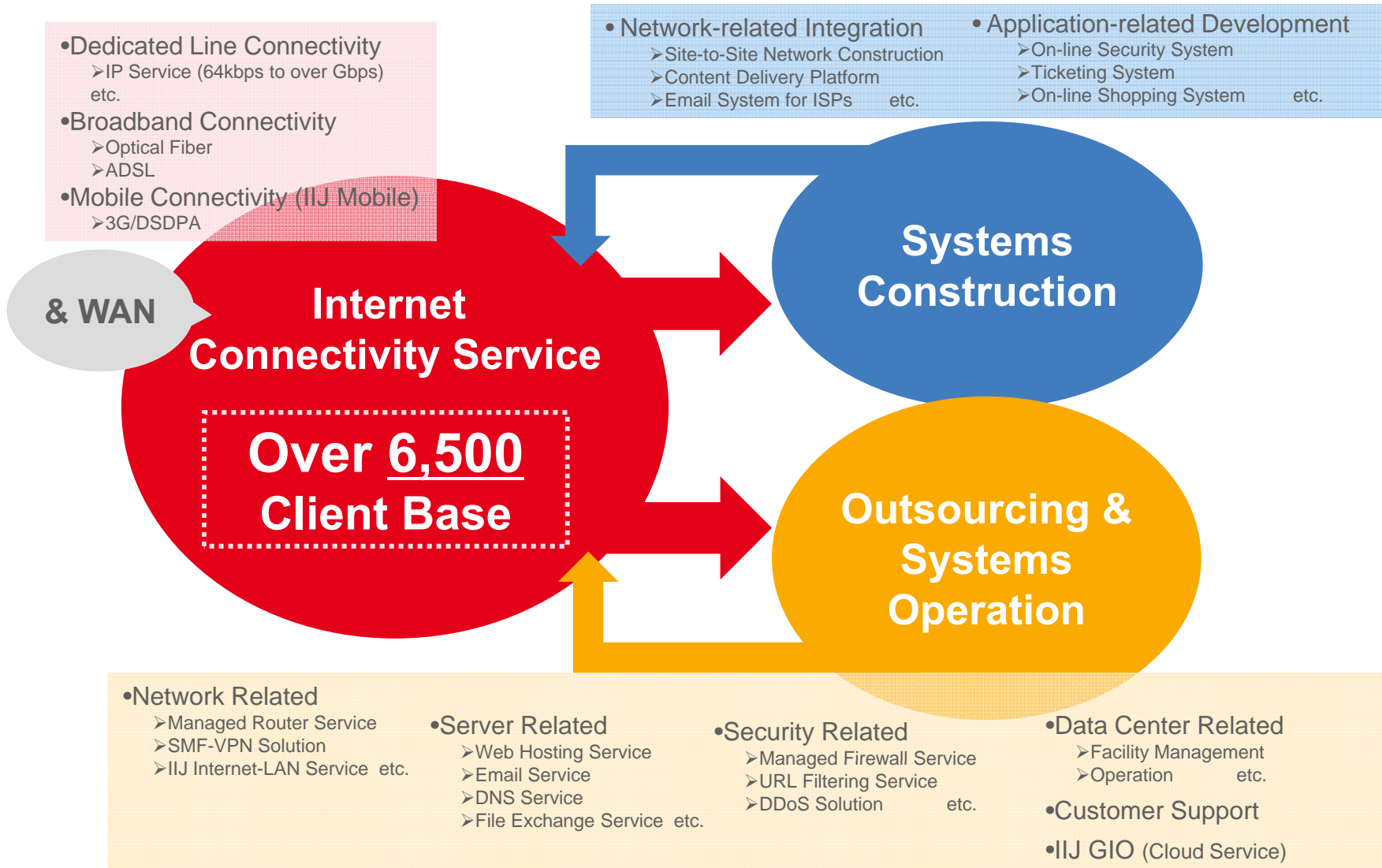
From "ISP" to "Total Network Solution Provider"

(Revenue, JPY million)



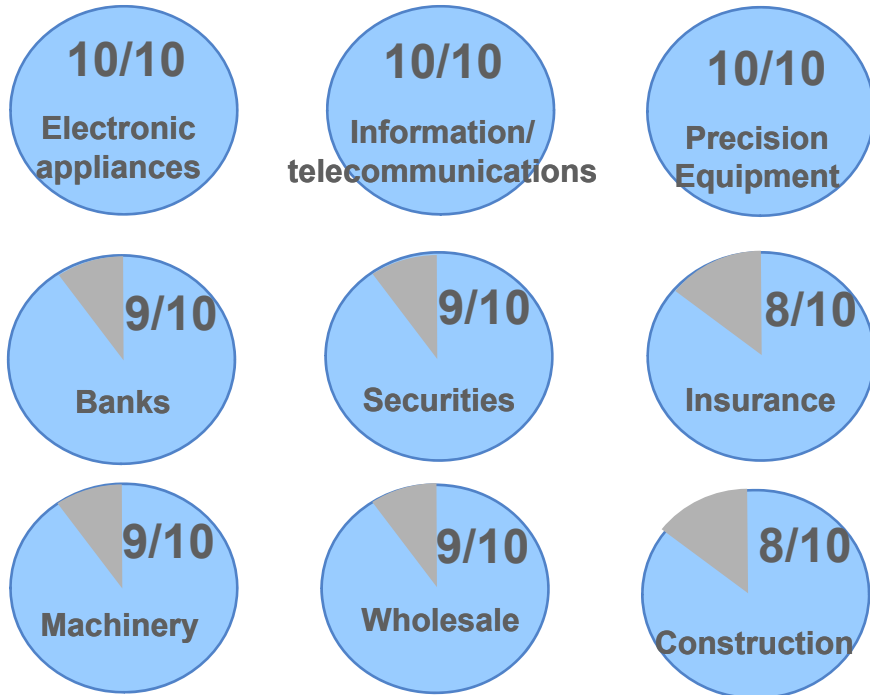
Recurring Business Model

Cross Selling of Total Network Solutions



Excellent Blue-chip Client Base

Top Tiers



- The number of contracts we have among 10 major companies listed by annual consolidated revenue in each industry.
- Revenue data based on Toyo Keizai Shimpo "Kaisha Shikiho," and Nihon Keizai Shimbun "Nikkei Industry Map"

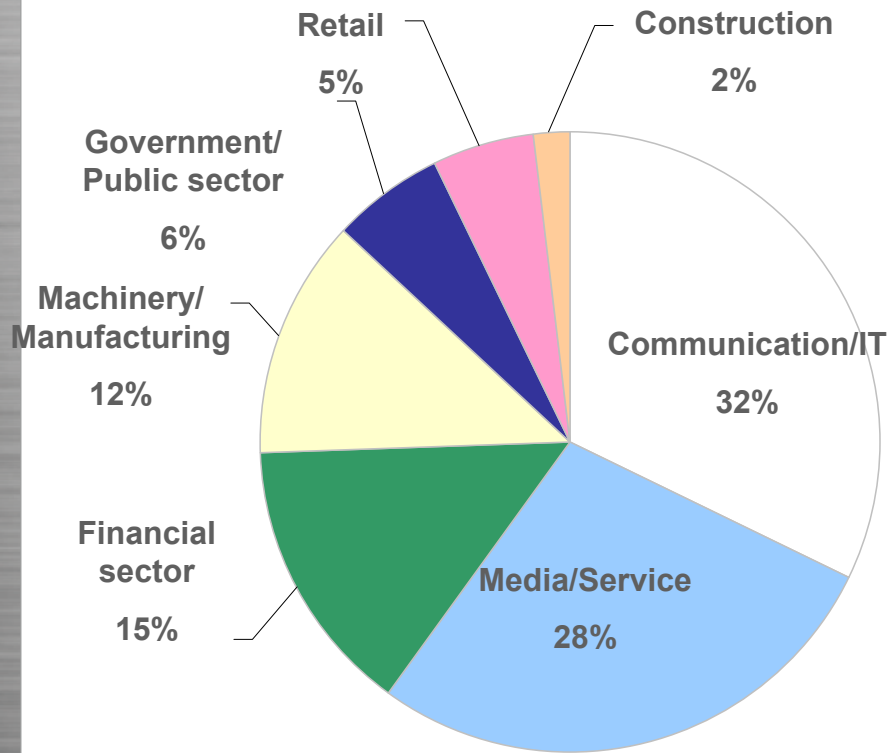
Enduring Relationship with leading companies



and more...

Broad Client Base

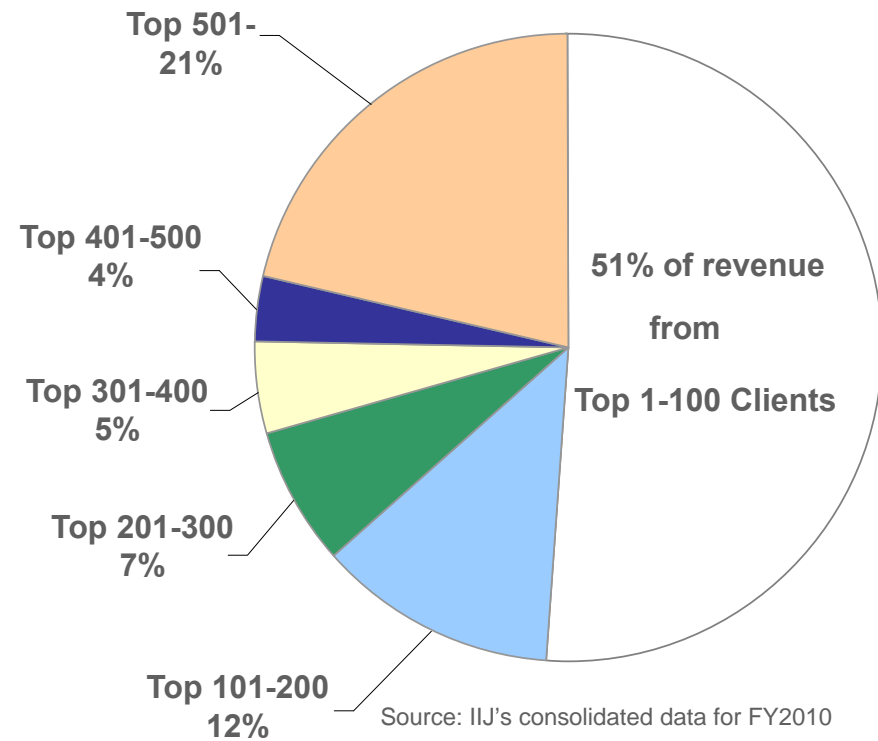
Revenue Distribution by Industry



Source: IIJ's consolidated data for FY2010

- Not dependent on specific industry
- Financial sector increased with the M&A of IIJ Global

Revenue Distribution by Clients



Source: IIJ's consolidated data for FY2010

- Not dependent on specific company

Business Developments

Customer Retention Strategy

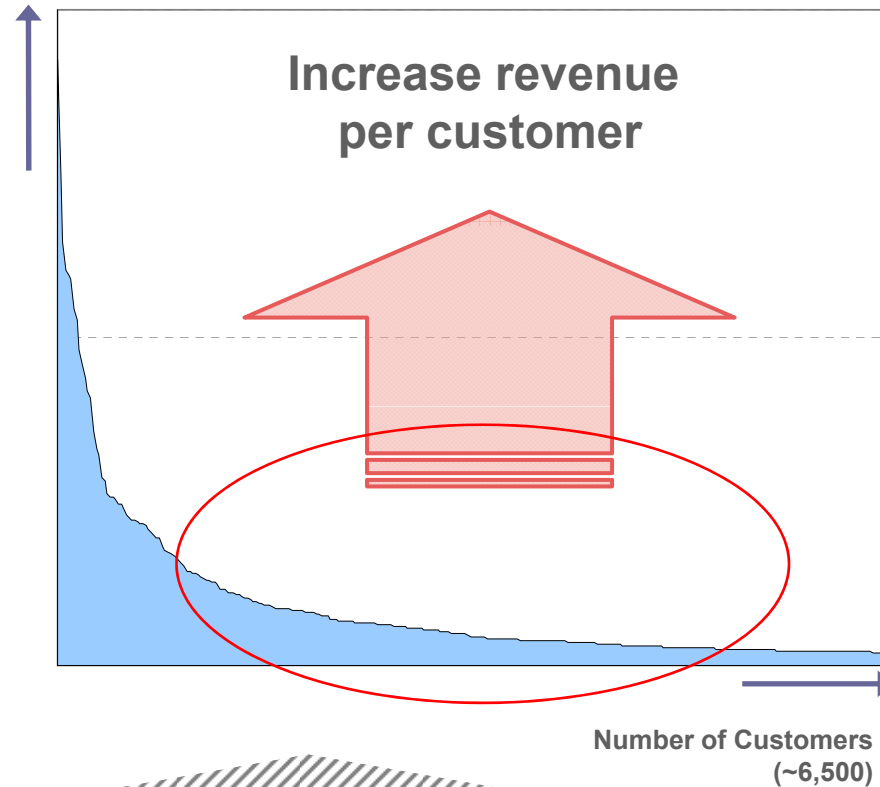
Cross Selling of Services

Provide high quality/reliable total network solution

Introduce new services

Increase recurring revenues for Stable revenues and profit growth

Revenues by Customer (JPY million)



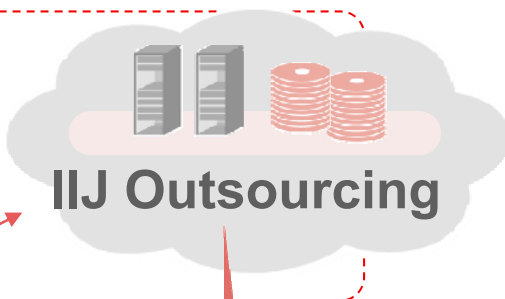
- Rise in demands from Outsourcing/Cloud Computing
- IT spending is indispensable in the mid/long term

Increasing IIJ Business Opportunities in Cloud Computing(1)



Internet Initiative Japan

Operates customer systems on one outsourcing service platform



Systems Integrators



Each systems built exclusively for each individual customer

FY2010: Cloud Computing Start-up Year

Cloud is like outsourcing but more evolved with more flexibility

- IIJ GIO/Component
- IIJ GIO/Hosting Package



Some of the systems built exclusively for each customer will be outsourced to Cloud services

FY2011- Spread of Cloud Computing

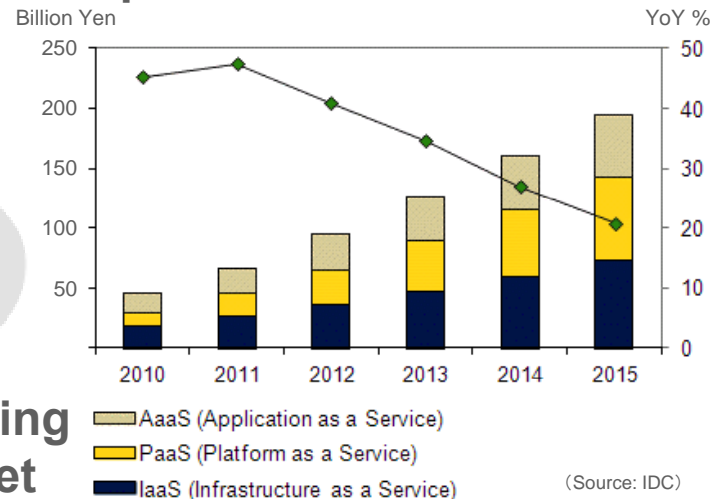
IIJ is Best Positioned

- Holds one of the largest backbone network necessary for cloud use
- Experience in outsourcing services of over 10 years
- Customer base of 6,500 clients



Positioned for the coming cloud computing market

Expected Cloud Market Size



Increasing IIJ Business Opportunities in Cloud Computing(2)

◆ Cloud computing service "IIJ GIO"

➤ IIJ GIO monthly revenue for June 2011: over JPY180 million

Components (customized cloud. Revenue recognized in SI operation and maintenance), Hosting package (packaged cloud. Revenue recognized in outsourcing services)

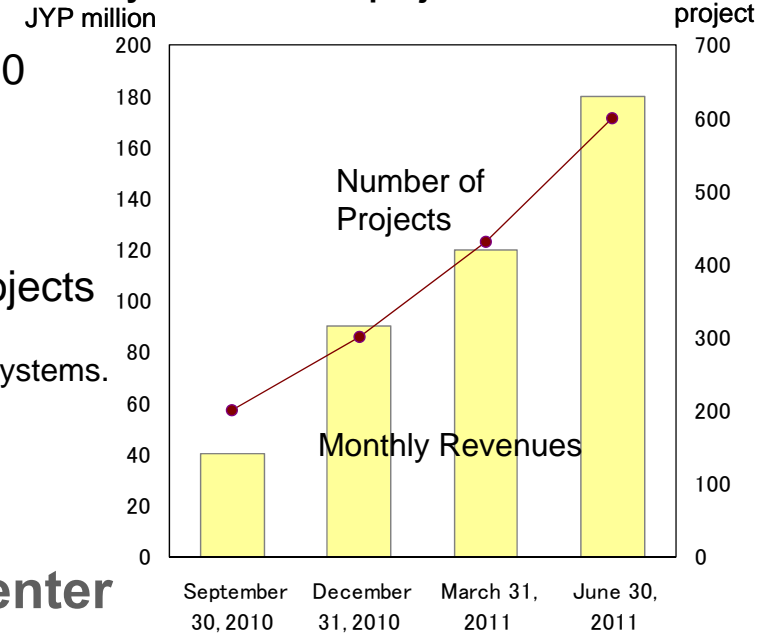
➤ Number of projects as of June 2011: approx 600 projects

- Introduced to all different industries. IIJ GIO is now introduced to Web-based systems, internal information systems and operational systems.
 - Several large usages by Social Application Providers (SAP)

➤ Revenue for FY2010 : approx JPY0.6 billion

➤ Revenue target for FY2011: over JPY3.0 billion

Monthly revenues and project numbers of IIJ GIO



◆ Opened the first container type data center using outside air cooling in Japan (April 2011)

➤ It can expand its facilities in a shorter period of time with less investments compared to building type DC

➤ Efficient power usage. Reduces CO2 emission

Facilities	IT Modules	IT Modules : Max. 24, Racks : Max. 216
Electric power equipment	Power capacity	2,000 kVA Two power lines, each from a different substation
	Emergency power generator	Cold-start diesel generator
Fire equipment	Advanced fire detection system / N2 gas fire extinguishing equipment	
Security	Intruder detection, surveillance cameras, and access management system. 24-hour on-site monitoring personnel	

Matsue Data Center Park



Enhancing business scope by AT&T Japan M&A



<Outline of Acquisition>

- Acquired mainly the domestic network outsourcing service business such as WAN from AT&T Japan
- Acquisition completed on Sep 1, 2010
- Successfully completed acquisition of 1,600 clients and approx 240 personnel
- Purchase price: JPY9.2 billion (mainly short-term bank borrowings)

< Effects to FY10 Consolidated Financial Results>

(B/S) *As of March 31, 2011

• Current Assets	JPY11,021 million
• Noncurrent Assets	JPY8,922 million
Intangible Assets	JPY5,763 million
• Current Liabilities	JPY8,198 million
• Noncurrent Liabilities	JPY1,937 million

(P/L) *7 months from Sep 2010 to March 2011

• Revenues	JPY15,094 million
• Costs	JPY12,137 million
• SG&A/R&D	JPY1,767 million
• Operating Income	JPY1,190 million
• Operating Margin Ratio	7.9%
-Amortization of Customer relationship	JPY255 million

< IIJ Global Solutions Area of Expertise>

- 1,600 blue-chip corporate clients such as in financial or manufacturing industries
 - For example, closed network for mega banks and large scale site-to site network system
- Especially strong in providing WAN services
 - Long experience in providing network services to blue-chip clients
 - Carrier free network integration
 - Business tie-ups with AT&T and other foreign carriers to provide global services
- Strong Sales Force and business tie ups with IBM for sales activities

<Future business developments and synergies>

- Full year contribution for FY2011 results
 - *1Q11 Revenue: JPY6.5 billion,
Operating Income: JPY0.4 billion (on track)
- Started IIJ & IIJ-GS sales cooperation. Already acquired cross selling contracts
- Strengthen Global Network Outsourcing Service from March 2011 in Asia and European countries for Japanese customers working abroad
- To further enhance group synergy and reduce costs and expenses, moved to the same building as IIJ.

ATM Operation Business Developments



< ATM Operation Business Results >

- FY2010 Revenue: JPY0.5 billion,
Operating loss: JPY0.6 billion
- Number of ATM places as of August 12, 2011:
320 ATMs
- *The placement speed of ATMs were down during May and June affected by the March 11 earthquake
- Number of daily transactions are increasing from April and as of today
- Break even point improved after the reduced outsourcing related expenses from 1Q10

(JPY millions)

	1Q10	2Q10	3Q10	4Q10	1Q11
Revenue	106	123	125	164	244
Cost	229	227	247	297	311
Expenses	37	36	42	44	43
Sum	266	263	289	341	354
Operating Loss	(161)	(140)	(165)	(177)	(111)

< Number of ATMs >

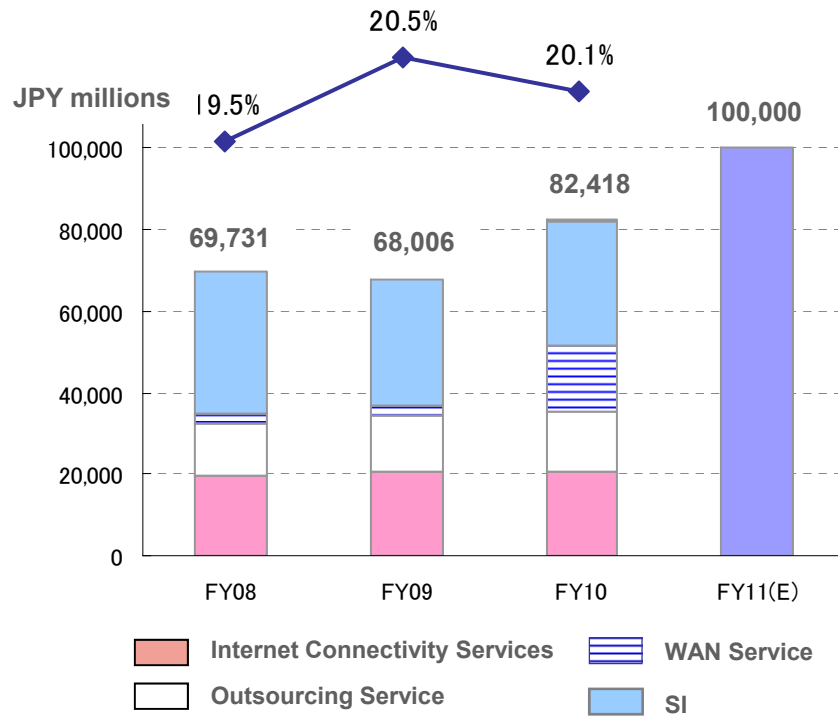
- FY08: Completed field test in Kanto Area (10 ATMs)
- FY09: Begun placing ATMs in Kanto and Kansai Region
- FY10: Begun placing ATMs again from 2H10. Begun placing in Kyushu area
- FY11: Planned to place ATMs in Kanto, Kansai and Kyushu area

< About Trust Networks >

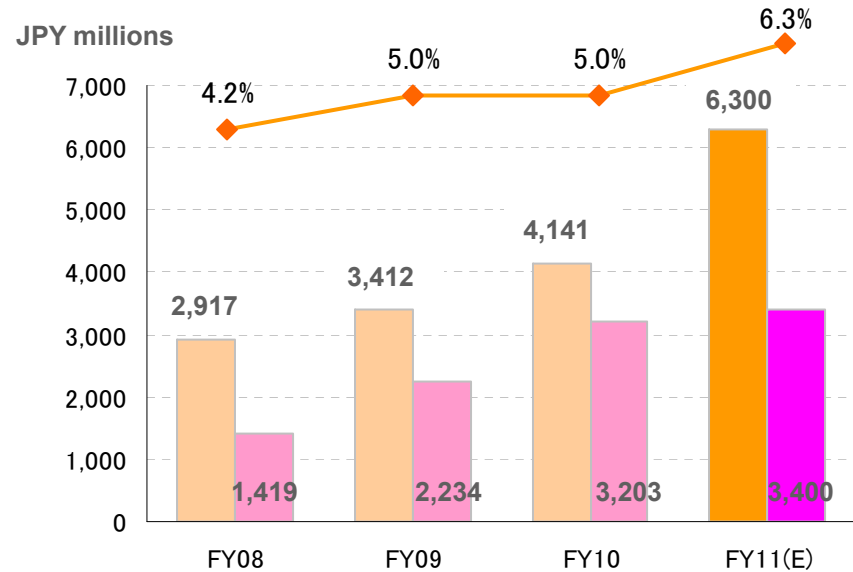
- Operates ATM operation business
- Established July 2007 (77.8% ownership)
- Receives commission from each withdrawal
- ATM machines are leased
- The total number of ATMs placed and the daily usage per ATM is the key to profit growth

Historical Revenue & Income and FY11 Target

Revenue & Gross Margin



Operating Income & Operating Income Ratio & Net Income

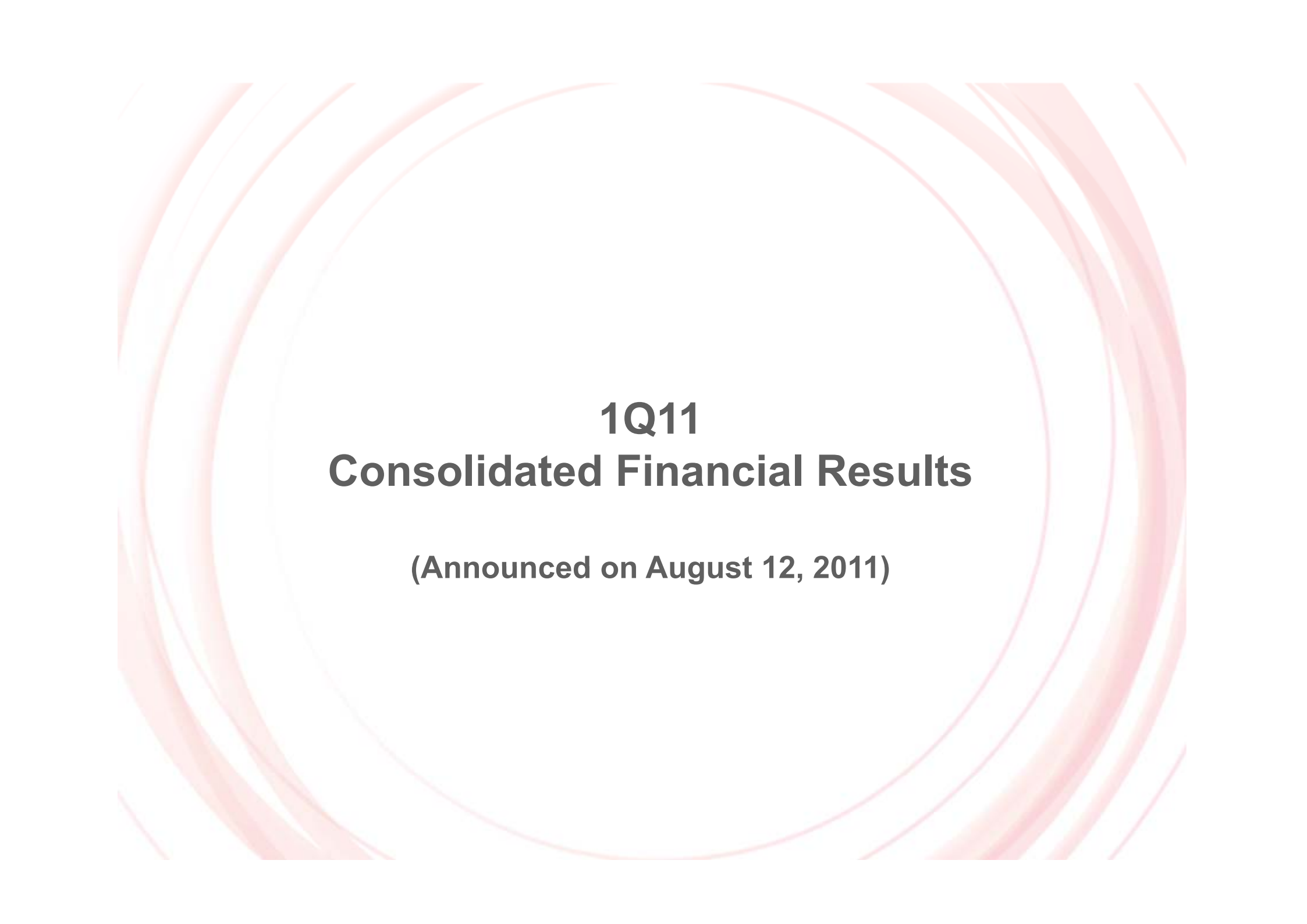


- Continuous growth of stock revenue
- SI fluctuated due to economic situation
- Solid income growth along with stock revenue accumulation
- Further growth opportunity with (1) cloud computing (2) M&A of IIJ Global

FY2011 Financial Target

Unit: JPY billion
(except for Net Income and
Cash Dividend per Share)

	1H11 Target (11/4~11/9)	FY11 Target (11/4~12/3)	FY10 Actual (10/4~11/3)	YoY (Revised FY10 to FY09 Actual)	
Total Revenues	47.5	100.0	82.4	+17.6	21.3%
Operating Income	2.0	6.3	4.1	+2.2	52.1%
Income before Income Tax Expense (Benefit)	1.7	5.6	3.8	+1.8	46.1%
Net Income attributable to IIJ	1.0	3.4	3.2	+0.2	6.1%
Net Income attributable to IIJ per Share	JPY 4,934	JPY 16,775	JPY 15,761	JPY +1,014	6.4%
Cash Dividend per Share	JPY 1,500 (Interim)	JPY 3,000 (Annual)	JPY 2,750 (Annual)	JPY +250	9.1%



1Q11
Consolidated Financial Results

(Announced on August 12, 2011)

Agenda

I . Summary of 1Q FY2011 Financial Results

II . Consolidated Financial Results for 1Q FY2011

III . Reference Materials

I. Summary of 1Q FY2011 Financial Results

<1st Quarter Financial Results>

•Total revenues	JPY23,362 million	(up 47.7% YoY)
•Gross margin	JPY4,502 million	(up 48.8% YoY)
•Operating income	JPY915 million	(up 244.2% YoY)
•Income before income tax expense	JPY865 million	(up 210.0% YoY)
•Net income attributable to IIJ	JPY512 million	(up 107.4% YoY)

●Recorded the highest revenue and operating income for first quarter results

- A good start for the first quarter with financial results in line with target
- Financial results related to IIJ-Global, a newly acquired subsidiary from Sep. 1, 2010 : Revenues of JPY6.5 billion, costs of JPY5.2 billion, SG&A expenses of JPY0.9 billion and operating income of JPY0.4 billion

●Network service and SI both increased YoY

- Network service revenues were up 66.8% YoY, SI revenues were up 15.4% YoY
- Outsourcing service continued to increase with the development in data center-related, web security-related services
- Cloud service “IIJ GIO” revenues are increasing and the number of projects reached 600 as of June 2011 (up 170 YoY)
- SI projects are small- to mid-sized. There were no large-scale down of a project during 1Q11 compared to 1Q10

●Business developments: addition to solution line-ups and DC & facility investments

- Strengthened its service line-ups and features of our cloud computing service “IIJ GIO”
 - “IIJ GIO Storage Service FV/S with REST API”
 - The reconstruction of its Cloud Service Operations structure in Preparation for Receipt of SSAE16 Type 2
- Opened the “Matsue DC”, the first container type data center using outside air cooling in Japan
- Opened a lease based “Kozu DC” in the Kansai area for the increasing demands for BCP and disaster recovery
- Developed a system to monitor electricity use using the platform of IIJ’s proprietary management service “SACM”
- Internet Multifeed to provide “transix”, a IPv6 Internet connectivity service for ISPs

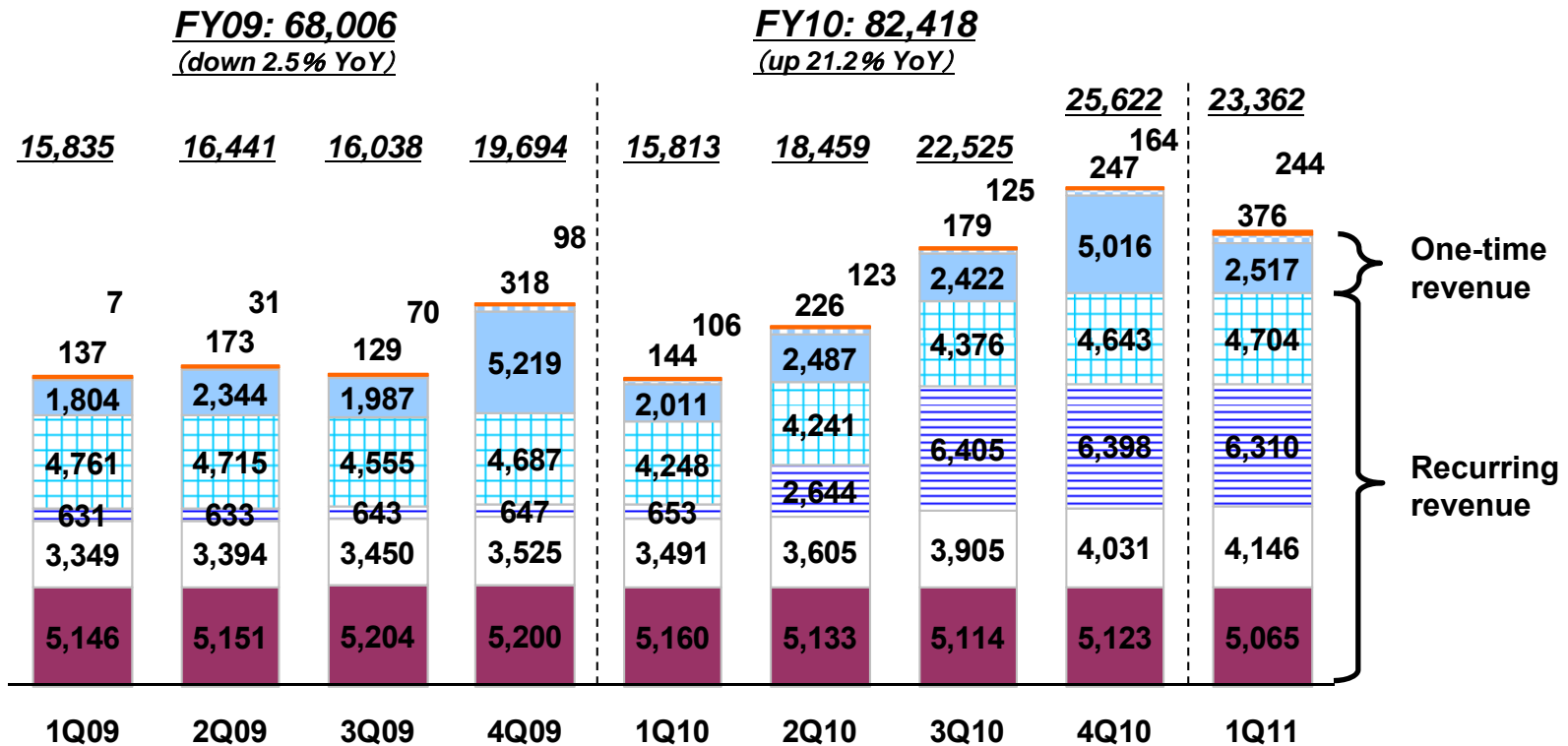
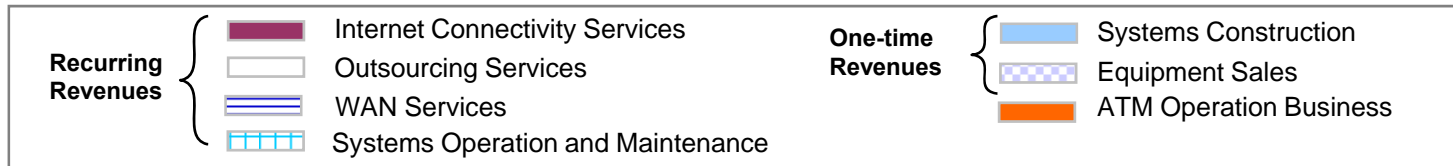
II-1. Consolidated Results for 1Q FY2011

Unit: JPY billion

	<i>% of Revenues</i> 1Q11 (11/4~11/6)	<i>% of Revenues</i> 1Q10 (10/4~10/6)	YoY	<i>% of Revenues</i> FY10 Target (11/4~12/3)
Total Revenues	23.4	15.8	47.7%	100.0
Total Costs	<i>80.7%</i> 18.9	<i>80.9%</i> 12.8	47.5%	—
Gross Margin	<i>19.3%</i> 4.5	<i>19.1%</i> 3.0	48.8%	—
SG&A/R&D	<i>15.4%</i> 3.6	<i>17.5%</i> 2.8	30.0%	—
Operating Income	<i>3.9%</i> 0.9	<i>1.7%</i> 0.3	244.2%	<i>6.3%</i> 6.3
Income before Income Tax Expense	<i>3.7%</i> 0.9	<i>1.8%</i> 0.3	210.0%	<i>5.6%</i> 5.6
Net Income Attributable to IIJ	<i>2.2%</i> 0.5	<i>1.6%</i> 0.2	107.4%	<i>3.4%</i> 3.4

II-2. Revenues

Unit: JPY million

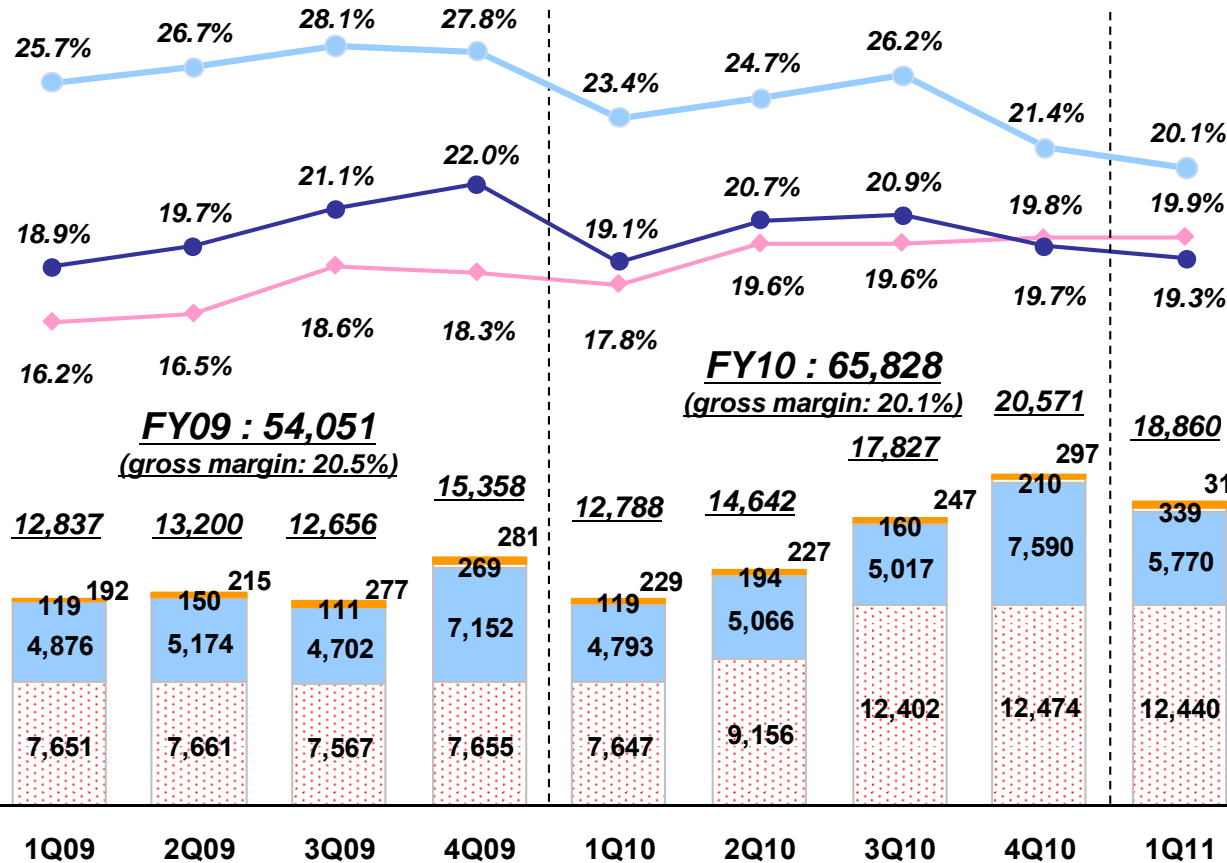


- ◆ Recurring revenues: JPY20,226 million (up 49.2% YoY, up 0.2% QoQ)
- ◆ One-time revenues: JPY2,893 million (up 34.2% YoY)
- ◆ IJ-Global operating income: JPY6,464 million
(2Q10: JPY2,246 million, 3Q10: JPY6,406 million, 4Q10: JPY6,442 million) (mainly WAN service revenues, partly SI)
- ◆ ATM operation business: JPY244 million (up JPY138 million YoY, up JPY80 million QoQ)

YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10

II-3. Cost of Revenues and Gross Margin Ratio

Unit: JPY million



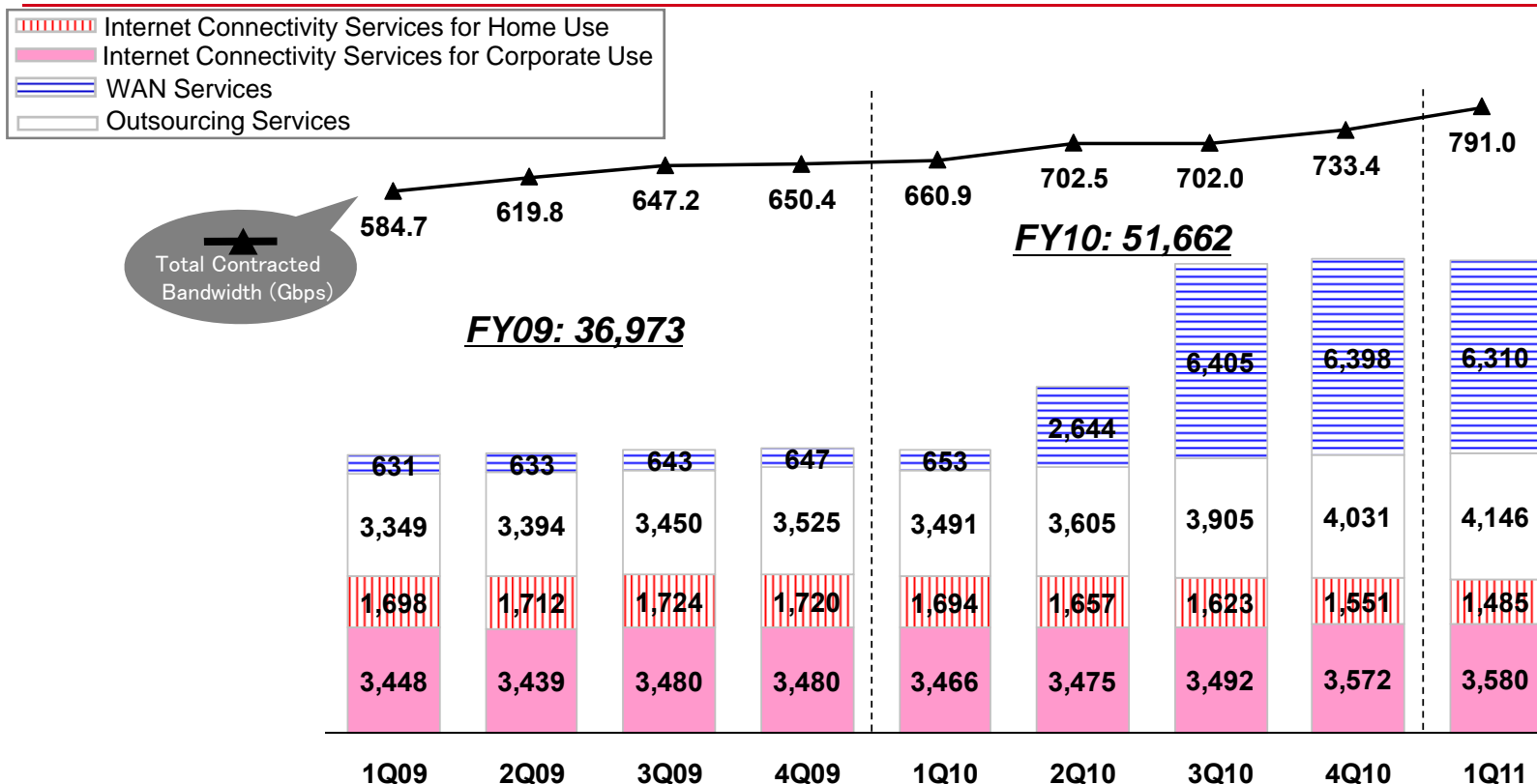
IJJ-Global	2Q10 (1month)	3Q10	4Q10	1Q11
Cost of Revenue	1,761	5,215	5,160	5,173
Gross Margin Ratio	21.6%	18.6%	19.9%	20.0%

- ◆ Gross margin: JPY4,502 million (up JPY1,476 million YoY, down JPY549 million QoQ)
 - Network service gross margin: up JPY1,424 million YoY due to the additional gross margin related to IJJ-Global and the continuous increase in revenues of Internet connectivity and outsourcing service
 - SI gross margin: down JPY14 million YoY due to initial costs burden of IJJ GIO and several SI projects, which a large portion consisted of purchased goods such as equipments
 - ATM operation business gross loss: JPY68 million (1Q10: JPY123 million, 4Q10: JPY133 million)

YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10

II-4. Network Services (1) Revenues

Unit: JPY million

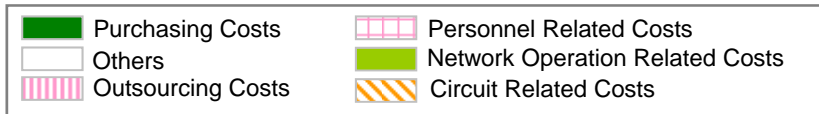


- ◆ Internet connectivity service for corporate use: JPY3,580 million (up 3.3% YoY, up 0.2% QoQ)
 - IP service revenues increased by 0.6% QoQ due to the accumulation of new contracts despite the price down pressure which are common at the beginning of the fiscal year. Contracts of over 1Gbps as of June 2011: 131 contracts (up 8 contracts YoY, up 5 contracts QoQ)
 - IIJ mobile increased its number of contracts with the sales of iPad solution (Mobile service contracts reached over 52,000 contracts as of June 2011)
 - Broadband connectivity service contracts as of June 2011 was 42,266 contracts (up 13,575 contracts YoY, down 585 contracts QoQ))
- ◆ Internet connectivity service for home use was JPY1,485 million (down 12.4% YoY, down 4.2% QoQ), due to continuous cancellation of old network services and the exemption of service fees related to the March 11 earthquake of approx JPY25 million for April 2011
- ◆ Outsourcing services: JPY4,146 million (up 18.8% YoY, up 2.8% QoQ)
 - Services such as Data center (“DC”) related, web security related and IIJ GIO Hosting package steadily increased. IIJ GIO monthly revenue for June 2011 (including revenue recognized in Systems operation and maintenance) has reached over JPY180 million from JPY 120 million for March 2011.

II-4. Network Services

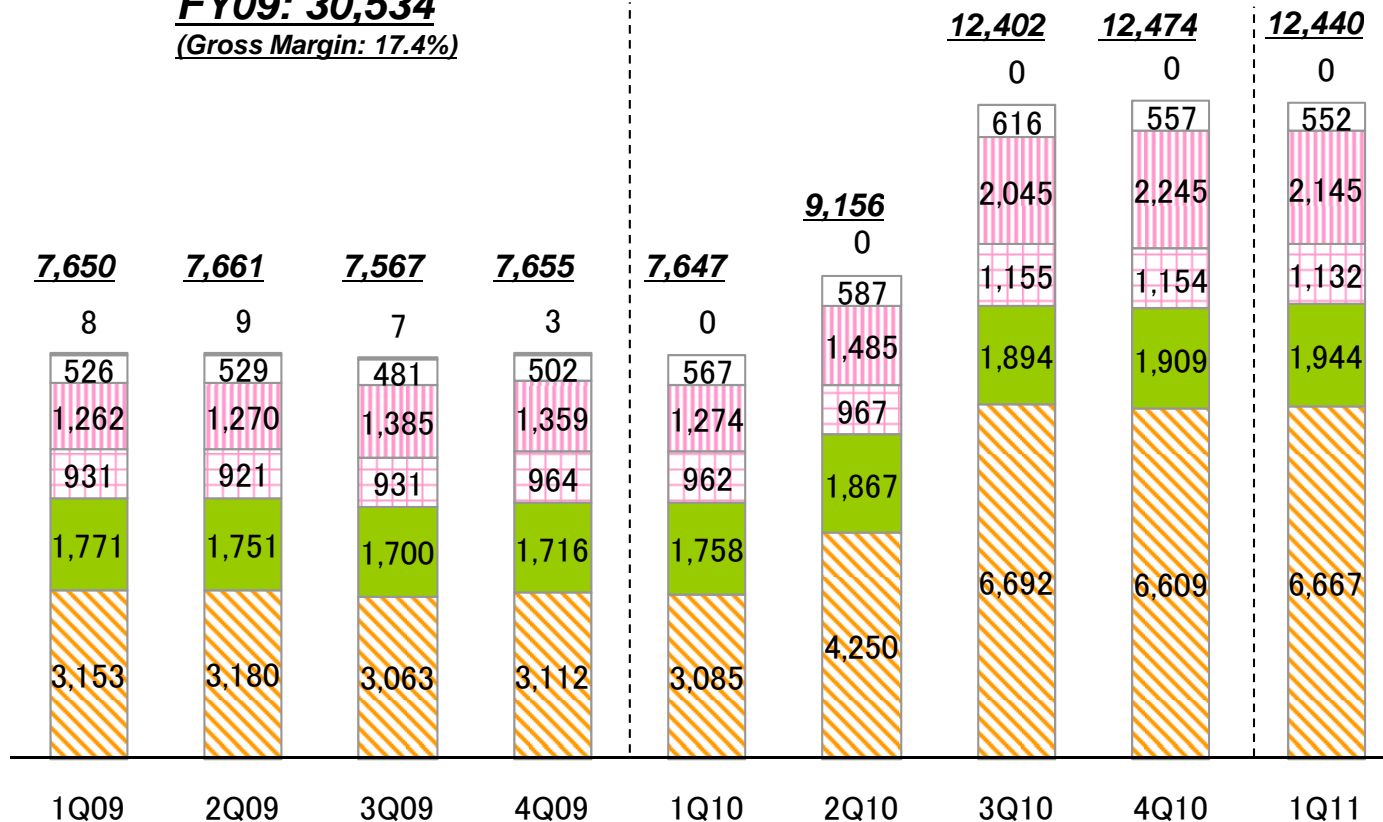
(2) Cost of Revenues

Unit: JPY million



FY09: 30,534
(Gross Margin: 17.4%)

FY10: 41,678
(Gross Margin: 19.3%)



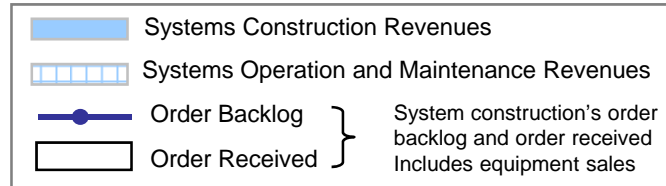
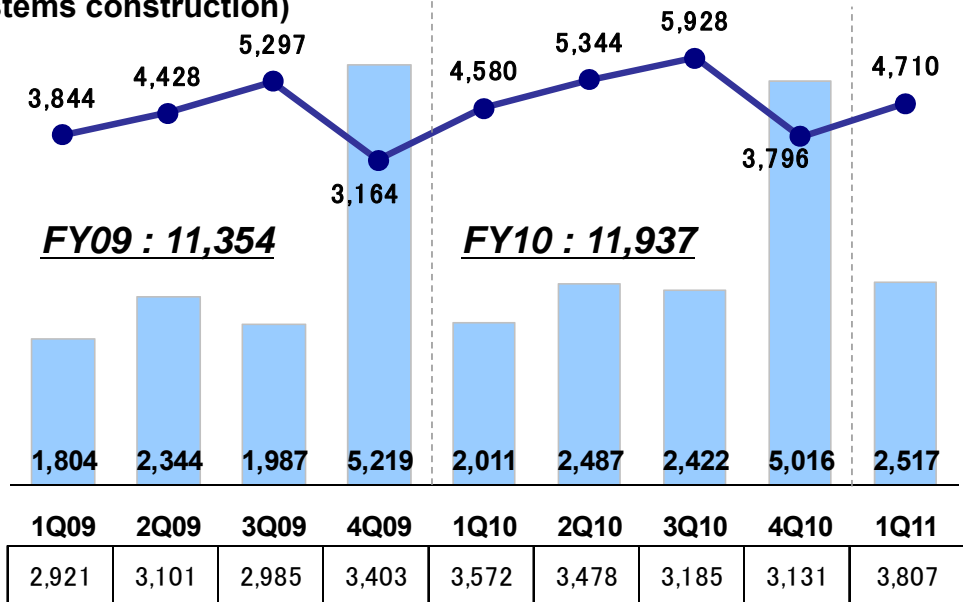
- ◆ Total cost of network service
 - Up 62.7% YoY due to additional costs from IIJ-Global
 - Total costs excluding costs of IIJ-Global decreased QoQ

YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10

II-5. Systems Integration (1) Revenues

Unit: JPY million

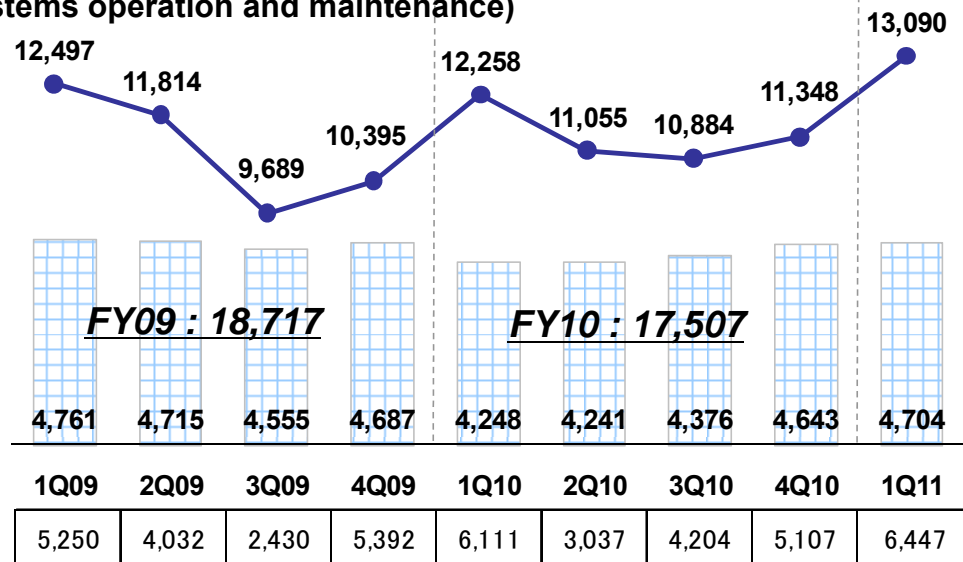
(Systems construction)



Systems construction

- ◆ **Revenues: up 25.1% YoY**
 - No large scale-down from a certain client like the one we had in 1Q10
 - Continuous accumulation of small- to mid-sized projects and additional revenue from IIJ-Global
- ◆ **Order backlog: up 2.8% YoY, up 24.1% QoQ**
 - Order received: up 6.6% YoY

(Systems operation and maintenance)



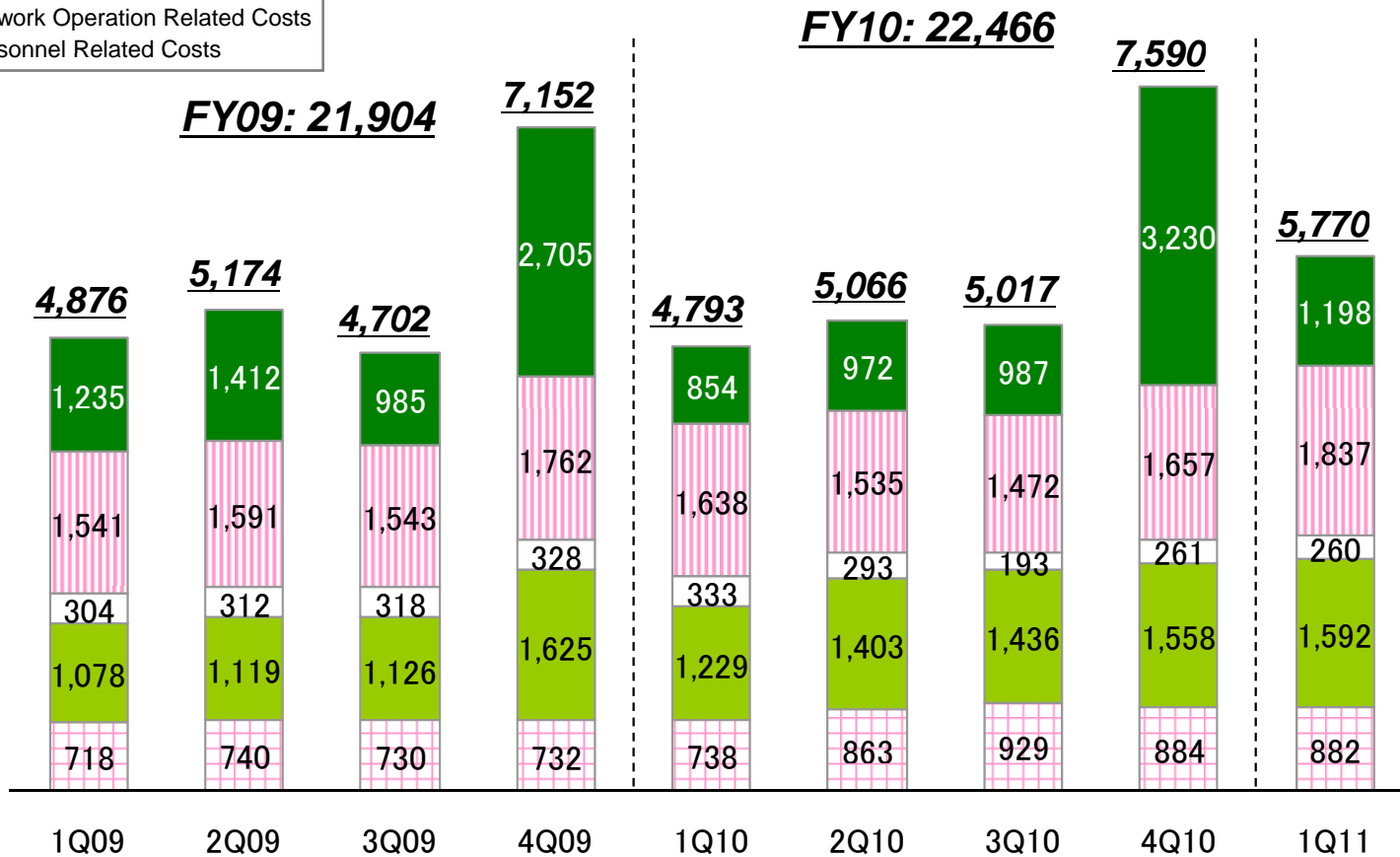
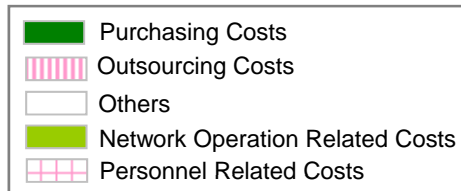
Systems operation and maintenance

- ◆ **Revenues: up 10.8% YoY, up 1.3% QoQ**
 - Continuous increase due to the accumulation of contracts. No large scale-down from a certain client like the one we had in 1Q10
 - IIJ GIO component revenue on track
 - FX system: increasing the number of contracts to 7
- ◆ **Order backlog: up 6.8% YoY, up 15.4% QoQ**
 - Order received: up 5.5% YoY

YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10

II-5. Systems Integration (2) Cost of Revenues

Unit: JPY million

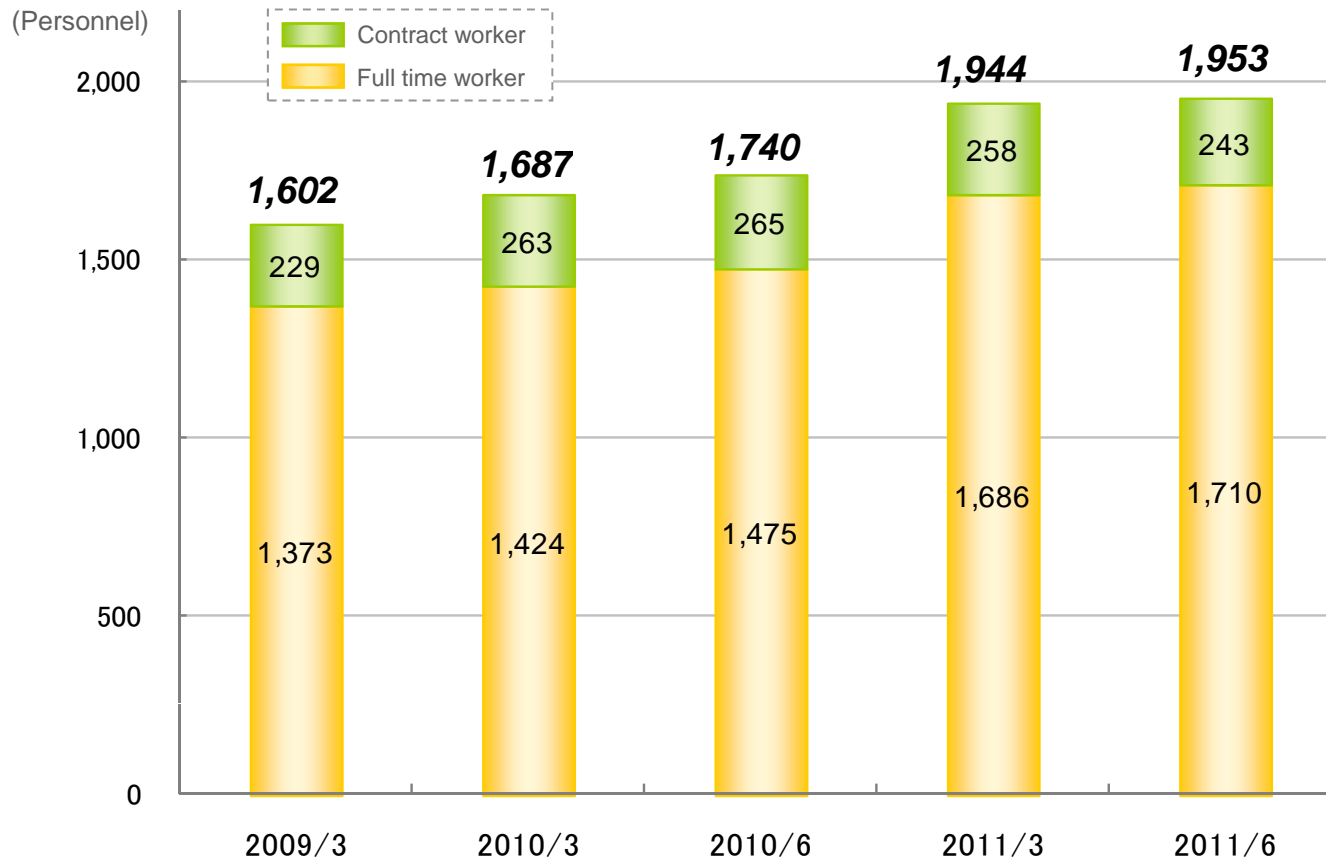


◆ Total cost of SI: up 20.4% YoY, down 24.0% QoQ

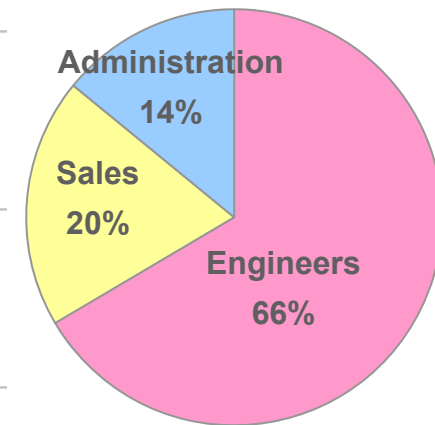
- The number of full-time outsourcing personnel was 397 personnel (up 56 YoY, up 22 QoQ)
- Outsourcing and network operation related costs increased in relation to the business development of IIJ GIO

YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10

II-6. Number of Employees



[Employee Distribution]



Personnel related costs and expenses(% of revenue)

2009/3	2,925 (18.5%)	3,554 (13.9%)	3,627 (15.5%)
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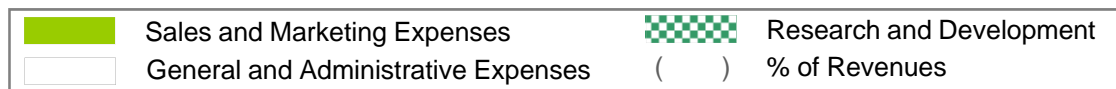
Unit: JPY million

- ◆ Number of employees as of June 2011: 1,953 personnel (up 213 YoY, up 9 QoQ)
 - Hired 44 newly graduates in April 2011 (60 newly graduates in FY2010, 77 in FY2009)
- ◆ Personnel related costs and expenses increased from 4Q10 due to the increase in number of newly graduates and the raise in annual payment

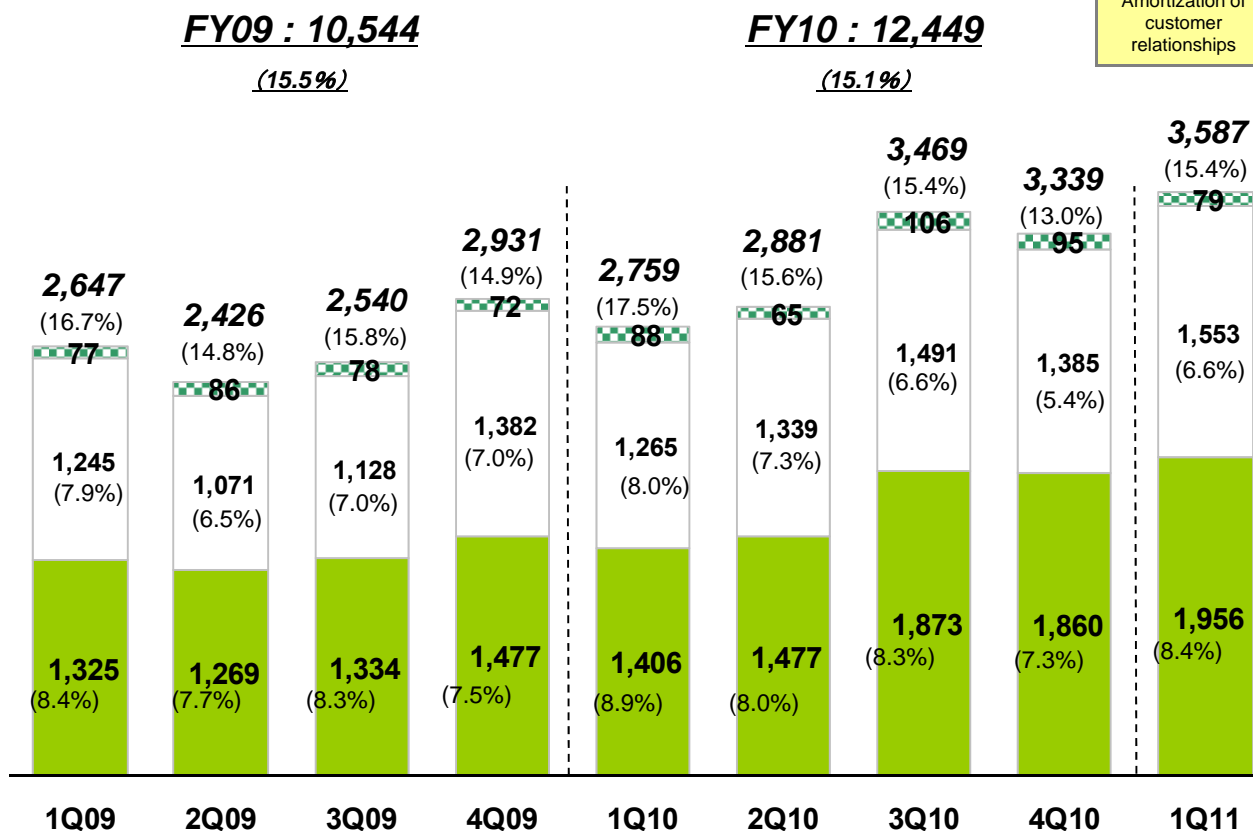
YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10

II-7. SG&A Expenses/R&D

Unit: JPY million



IIJ-Global	2Q10 (1month)	3Q10	4Q10	1Q11
SG&A	224	777	767	856
Amortization of customer relationships	20	109	125	106



◆ SG&A expenses: up 30.0% YoY, up 7.4% QoQ

- Excluding expenses related to IIJ-Global: JPY2,731 million, a decrease YoY
- Relocation, restoration and disposal expenses (a one-time expense) was JPY70 million (IIJ-Global and some departments of IIJ moved its offices into the same building as IIJ)
- Total yearly rent expense are expected to decrease by approx. JPY100 million YoY

YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10

II-8. Operating Income and Net Income

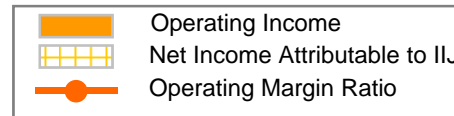
Unit: JPY million

Operating income : 3,412

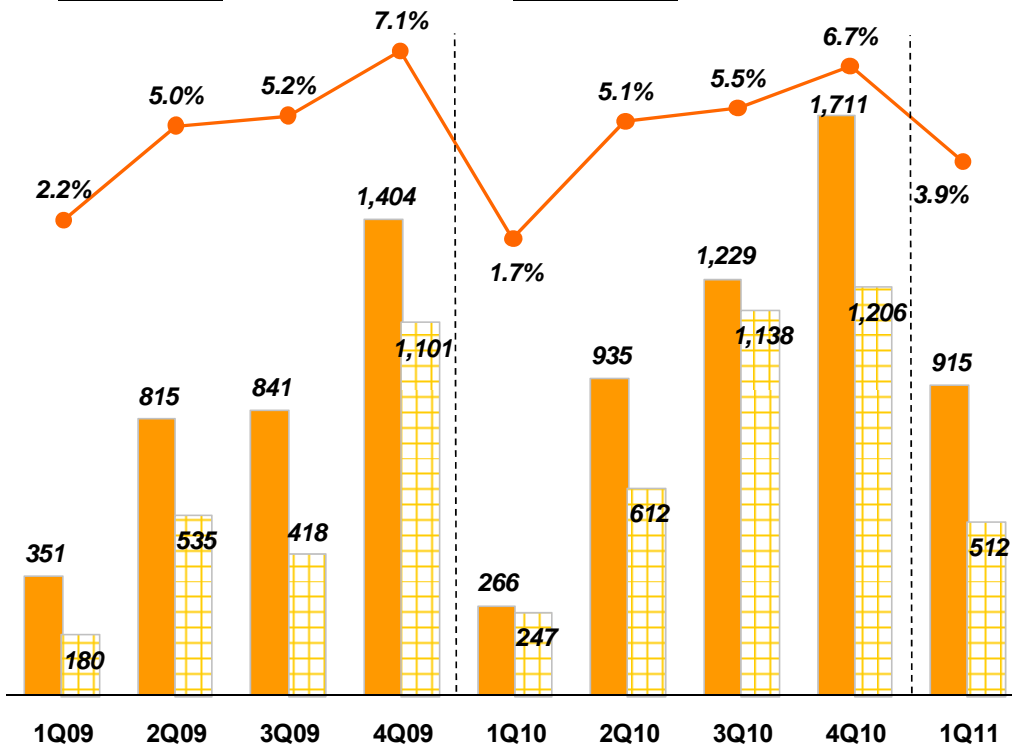
Net income attributable to IIJ : 2,234

Operating income : 4,141

Net income attributable to IIJ : 3,203



YoY = 1Q11 compared to 1Q10
QoQ = 1Q11 compared to 4Q10



	1Q10	2Q10	3Q10	4Q10	1Q11
Income Tax Expenses	120	160	179	496	425
Deferred tax expense	88	75	78	365	306
Equity in net income(loss) of equity method investees	34	(3)	98	(7)	40
Net loss attributable to noncontrolling interests	54	48	51	50	31

◆ Operating Income: JPY915 million

- Operating income related to IIJ-Global: JPY436 million (2Q10 JPY261 million, 3Q10: JPY414 million, 4Q10: JPY515 million)
- Network service gross margin increased
- Operating loss related to ATM operation business decreased

◆ Income before income tax expense: JPY865 million

◆ Net income attributable to IIJ: JPY512 million

- Net loss attributable to noncontrolling interests related to Trust Networks
- Equity in net income of equity method investees related to i-revo and Internet Multifeed

◆ ATM operation business

- Placed 320 ATMs as of August 12, 2011
- The placement speed of ATMs were down during May and June affected by the March 11 earthquake
- Operating loss decreased due to the continuous increase in number of transactions and number of ATMs

(JPY millions)

	1Q10	2Q10	3Q10	4Q10	1Q11
Revenue	106	123	125	164	244
Cost	229	227	247	297	311
Expenses	37	36	42	44	43
Sum	266	263	289	341	354
Operating Loss	(161)	(140)	(165)	(177)	(111)

II-9. Consolidated Balance Sheets

Unit: JPY million

	March 31, 2011	June 30, 2011	Changes
Cash and Cash Equivalents	13,314	11,435	(1,879)
Accounts Receivable	16,431	14,063	(2,368)
Inventories	601	809	+208
Prepaid Expenses	1,680	3,288	+1,608
Other Investments	2,794	2,894	+100
Property and Equipment	16,481	16,732	+252
Goodwill and Other Intangible Assets	11,843	11,689	(154)
Accounts payable	13,574	10,020	(3,554)
Borrowings (Short-term)	13,430	13,430	+0
Accumulated Deficit	(14,023)	(13,815)	+208
Accumulated Other Comprehensive Income	(85)	(82)	+3
Total IJ Shareholders' Equity	29,652	29,864	+211
Total Assets	71,473	69,147	(2,326)

➤ Increased due to bonus payments and payments for operation and maintenance fee for SI projects

➤ Nonmarketable equity securities: JPY1,943 million
➤ Available for sale equity securities: JPY796 million
➤ Others: JPY155million

➤ Non-amortized intangible assets: JPY5,980 million
• Goodwill; JPY5,788 million (IJJ-Global: JPY2,288 million)
• Trademark: JPY192 million
➤ Amortized intangible assets (Customer relationships): JPY5,690 million (IJJ-Global: JPY3,360 million)

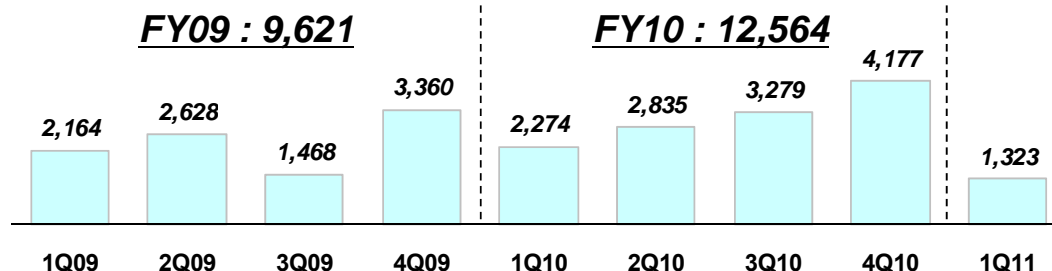
➤ Decreased in relation to the payment of accounts payable of property and equipment (Matsue DC and others)

➤ IJ Shareholder's equity ratio:
• June 30, 2011: 43.2%
• March 31, 2011: 41.5%

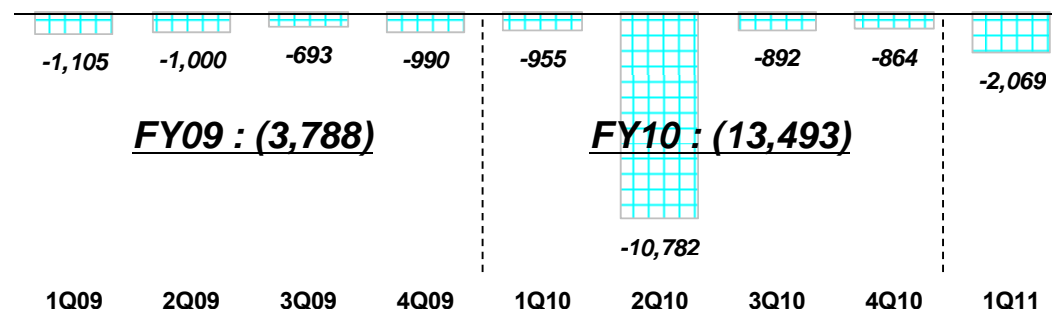
II-10. Consolidated Cash Flows

Unit: JPY million

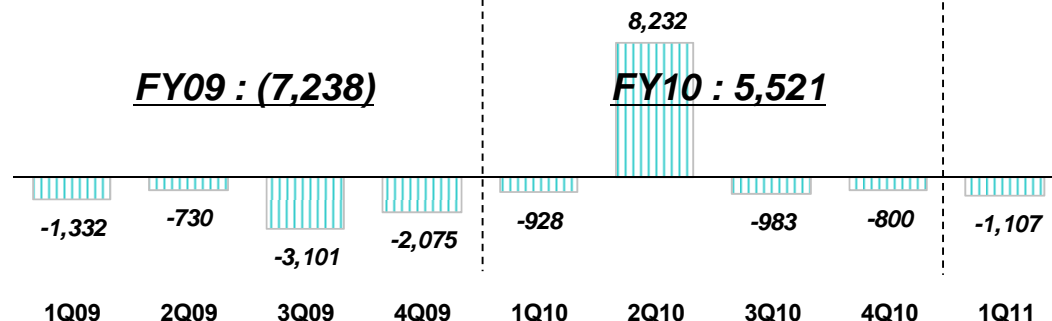
<Operating Activities>



<Investing Activities>



<Financing Activities>



<Operating Activities>

- Increased operating income
- Decrease in accounts receivable: JPY2,346 million
- Decrease in accounts payable: JPY2,551 million
- Increase in inventories, prepaid expenses and other current and noncurrent assets: JPY1,999 million

◆ While operating income increased YoY, there were payments for operation and maintenance services and purchased equipments for systems integration projects. etc

<Investing Activities>

- Purchase of property and equipments: JPY2,078 million etc

<Financing Activities>

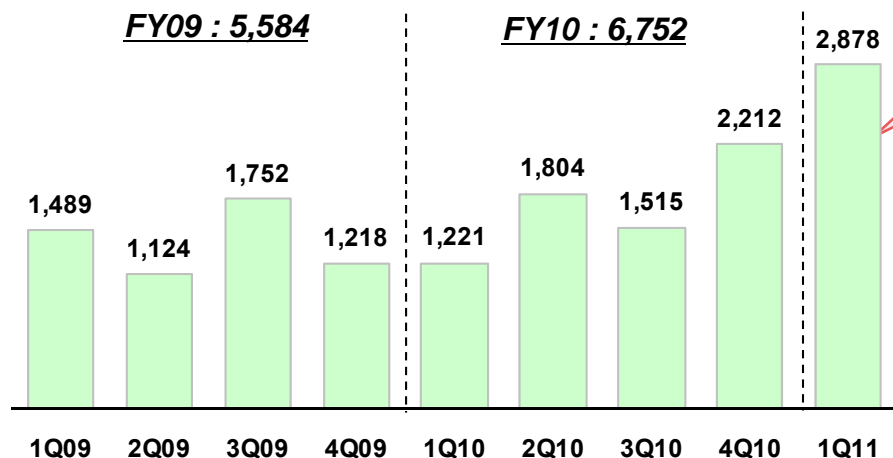
- Principle payments under capital leases: JPY803 million
- Payment of dividends: JPY304 million etc

◆ Bank borrowings of JPY9.0 billion for the acquisition of IIJ-Global will end in August 2011 and will be refinanced with long-term and short-term bank borrowings

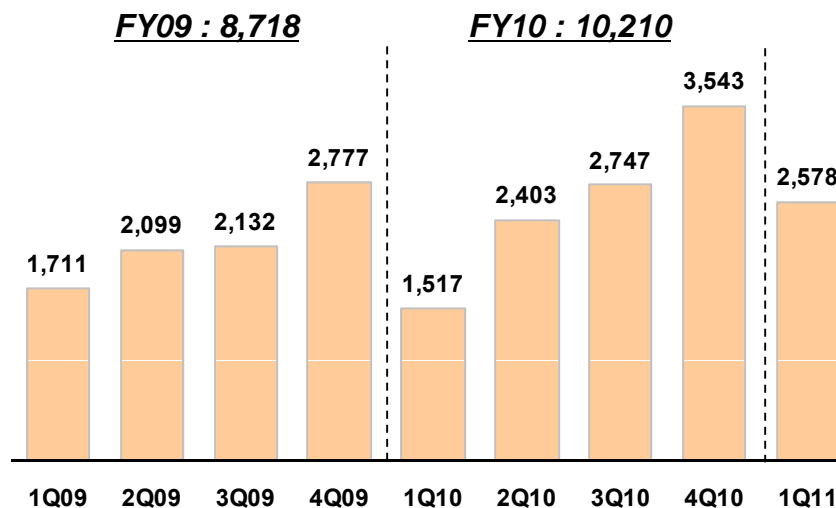
II-11. Other Financial Data (CAPEX etc.)

Unit: JPY million

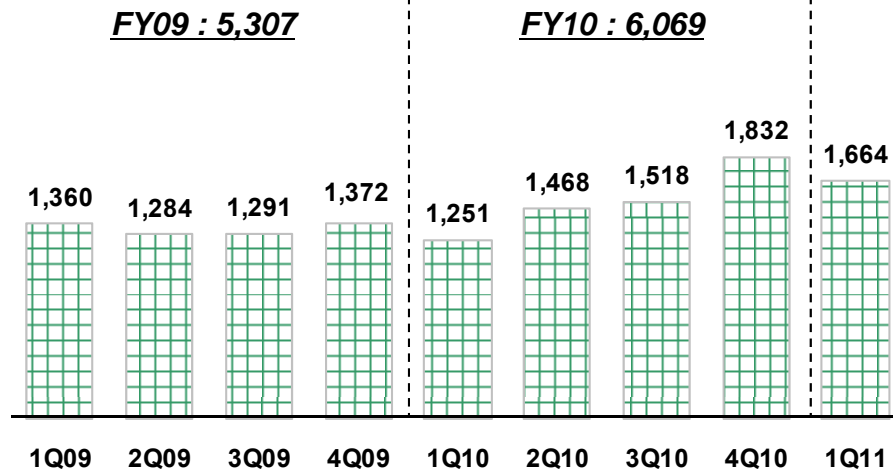
CAPEX (Include Capital Lease)



Adjusted EBITDA













Depreciation and Amortization



IIJ Group Companies

(As of July 31, 2011)

	Company Name	Ownership	Main Business
Consolidated Subsidiaries	 Net Care, Inc.	100%	Provides a full range of network operation and management services, from customer support, end-user help desks, monitoring and troubleshooting to integrated management services.
	 Net Chart Japan Inc.		Provides network construction services, primarily for LANs, such as network installation wiring, installation and set-up of equipment, installation of applications, and operational support.
	 IIJ America Inc.		Provides quality Internet services in the U.S. with a focus on U.S.-based enterprises doing business in the Asia-Pacific region. Also IIJ-A constructs and operates on U.S. Internet backbone network.
	 hi-ho, Inc.		Supports customer's safe, secure and comfortable Internet life based on ISP business for personal users.
	 IIJ Innovation Institute Inc.		An incubation business for the next generation internet. (R&D)
	 IIJ Global Solutions Inc.		Provides domestic network outsourcing related services including WAN service and international network related services
		 Trust Networks Inc.	77.8%
Equity Method Investees	 Internet Mufeed Co.	32%	Provides mutual access with other major ISPs and content distribution services based on Mufeed technology. Also MFEED operates JPNAP, a distributed IX service.
	 Internet Revolution, Inc.	30%	Operates a comprehensive portal site that provides various contents, such as SNS, blogs, stunning games, videos, and music.
	 Trinity Inc.	45%	Provides operation of reward point management system

Forward Looking Statement

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 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: the possibility a decrease of corporate spending or capital expenditure due to depression in Japanese economy and/or corporate earnings decreased; the possibility that less of reliability for our services and loss of business chances due to interrupt or suspend of our services; the possibility an increase over estimate in network related cost and outsourcing cost, personnel cost etc. ;increase in competition and strong pricing pressure; the recording of an impairment loss as a results of an impairment test on the non-amortized intangible assets such as goodwill; a decline in value and trending value of our holding securities; the amount and timing of the recognition of deferred tax benefits or expenses; 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").

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