



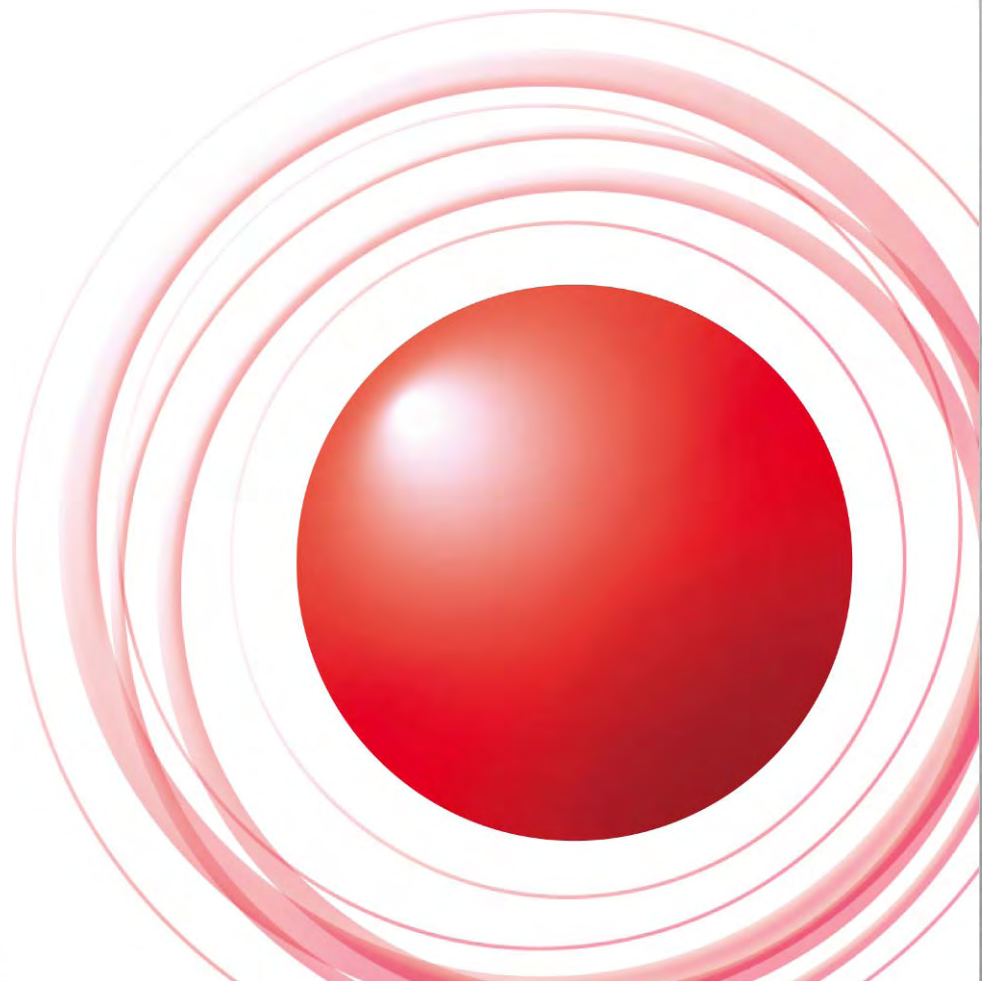
Internet Initiative Japan Inc.

**Europe Roadshow
March 7 – 11, 2011**

<http://www.iij.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

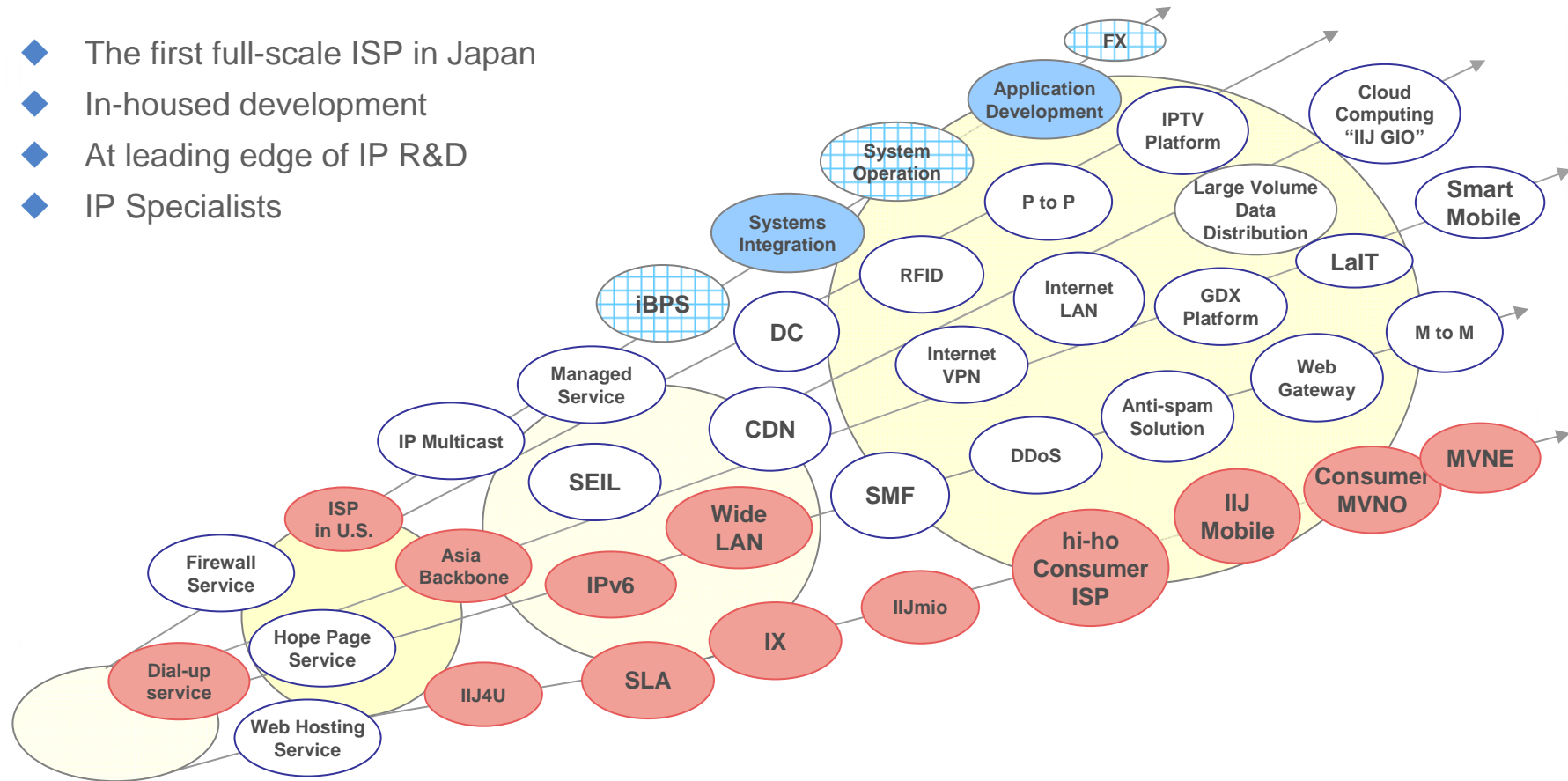
- ◆ The first established full-scale ISP in Japan
 - A group of highly motivated and skilled TOP Level IP Engineers
 - Pioneer of Network Technologies in Japan
- ◆ In-housed development
 - Operate one of the largest Internet Backbone in Japan
 - Fully develop its service and back office facilities
 - 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 December 2010) | |
|---------------------------------------|---|
| Established | December 1992 |
| Number of Employees | Consolidated: 1,962 (approx 70% engineers) |
| Listed Markets | NASDAQ(IIJI), TSE1(3774) |
| Large Shareholders | NTT(24.5%), Koichi Suzuki(6.2%), Itochu Corp.(5.1%), NTTCom(4.9%) |

Entrepreneur of Network Technologies

Business and Service Development to Initiate the Market

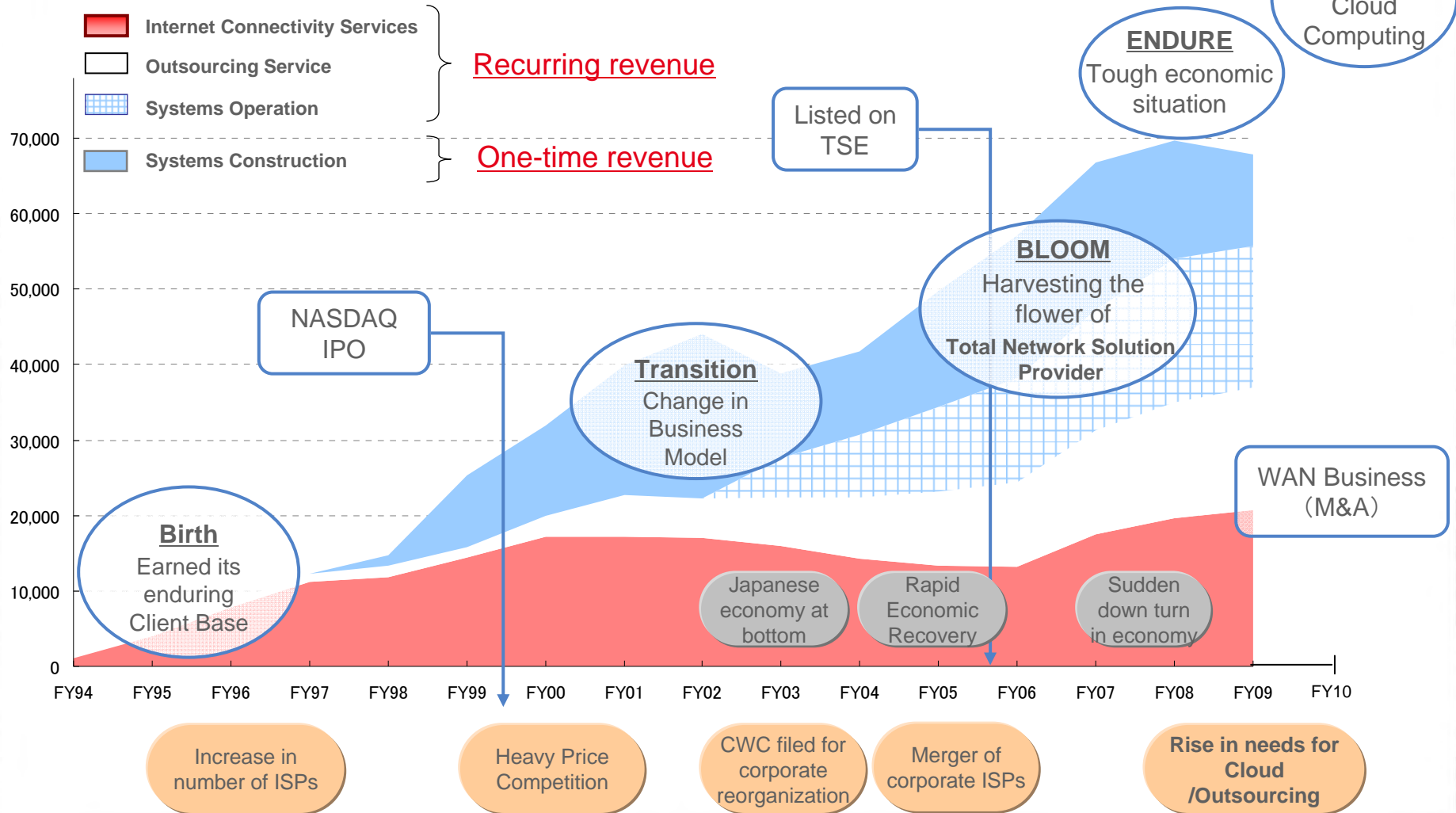
- ◆ The first full-scale ISP in Japan
- ◆ In-housed development
- ◆ At leading edge of IP R&D
- ◆ IP Specialists



Strategic Shift in Business Model

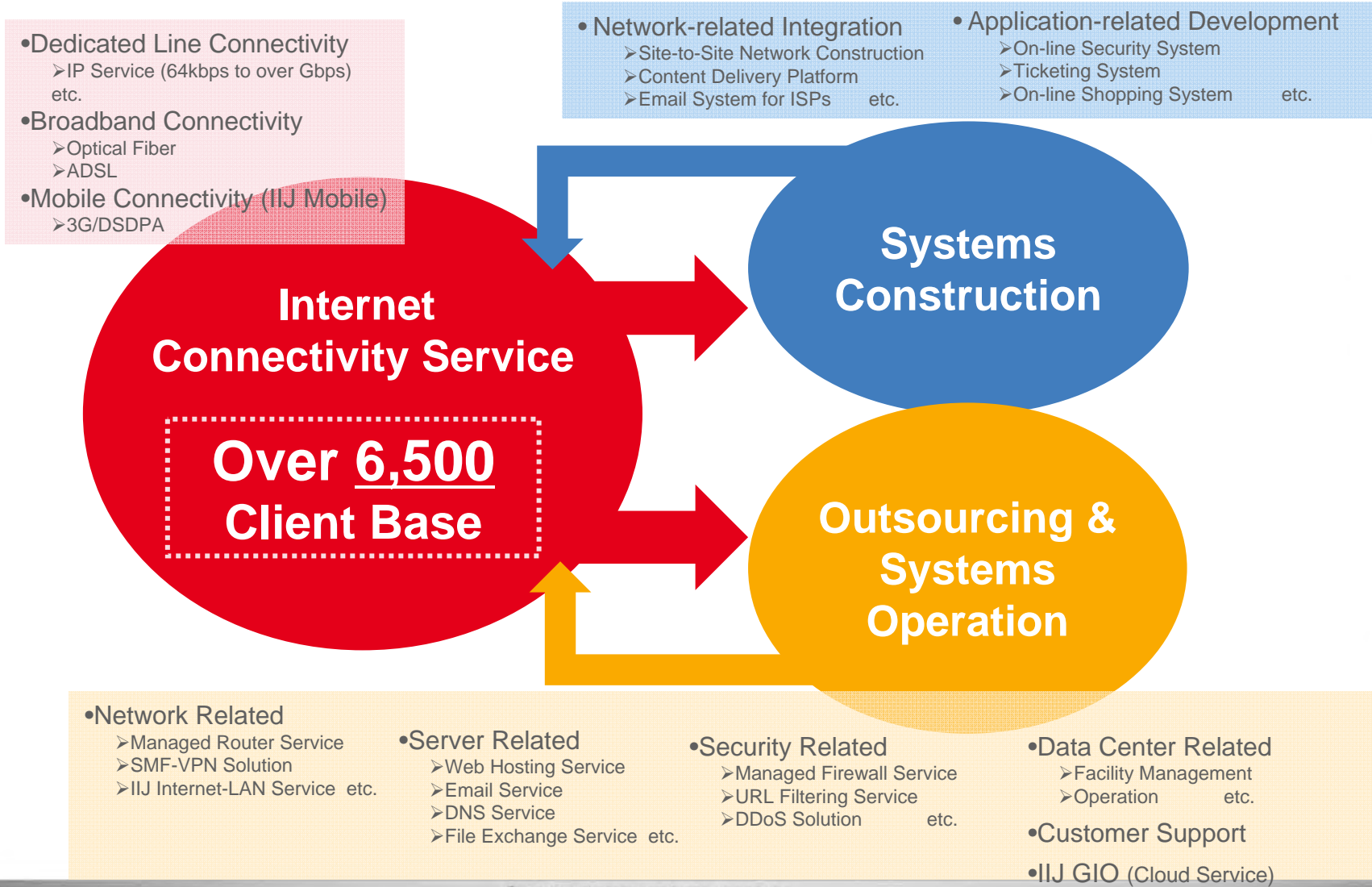
From "ISP" to "Total Network Solution Provider"

(Revenue, JPY million)



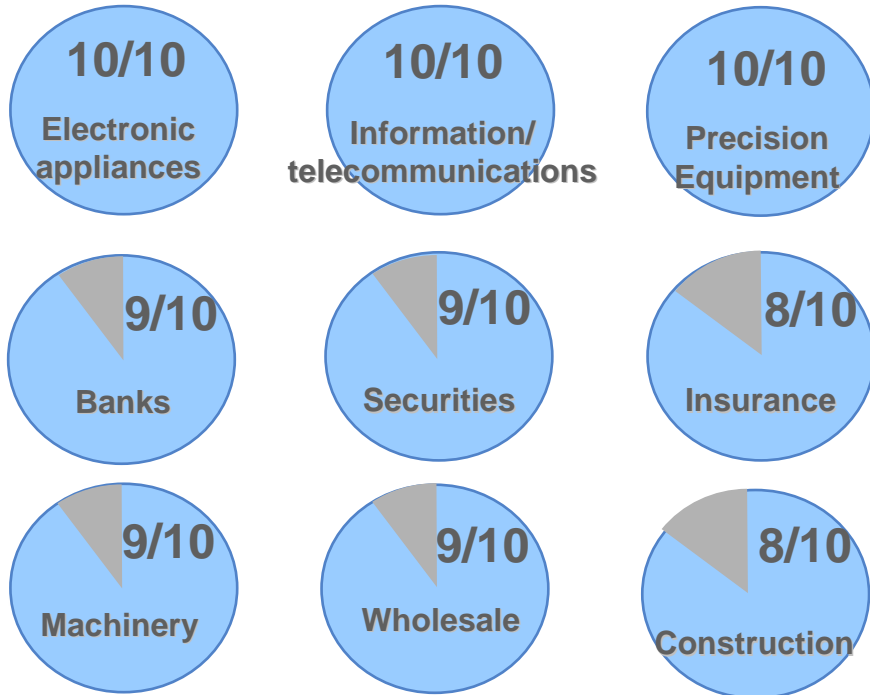
Recurring Business Model

Cross Selling of Total Network Solutions



Excellent Blue-chip Client Base

Top Tiers



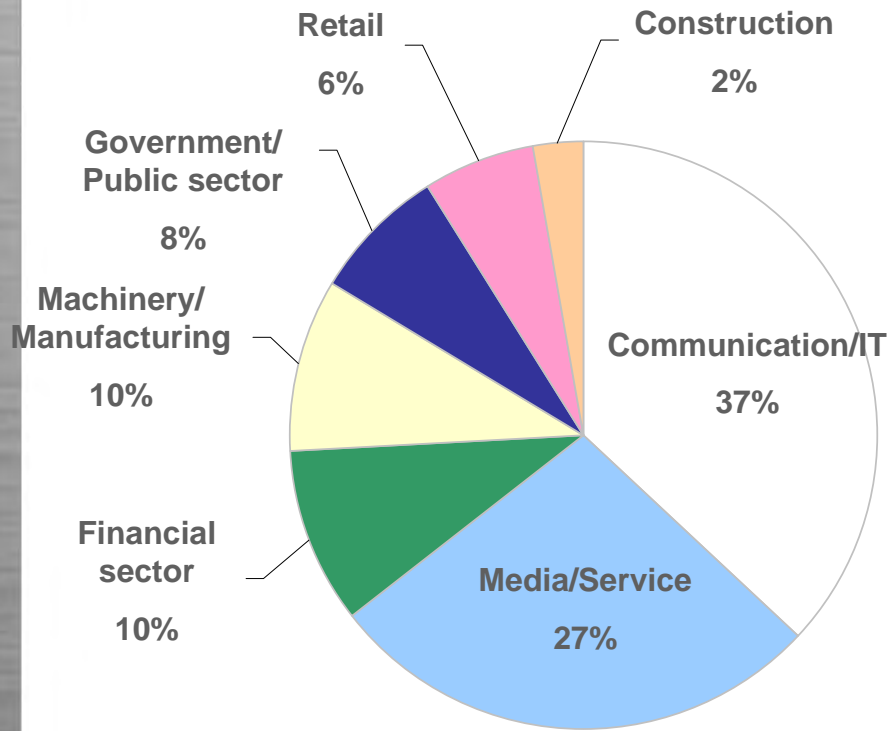
Enduring Relationship with leading companies



- 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"

Broad Client Base

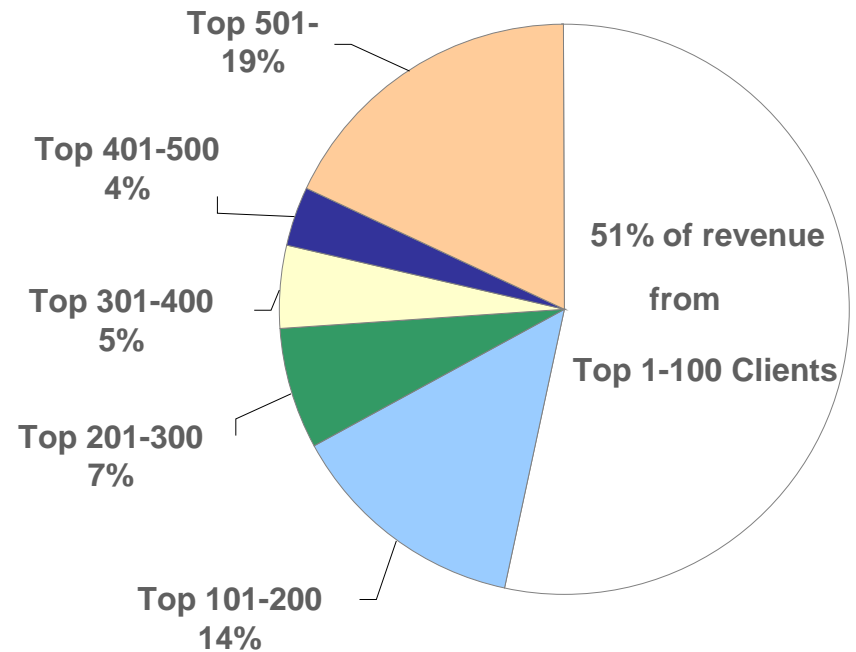
Revenue Distribution by Industry



Source: IIJ's consolidated data for FY2009

• Not dependent on specific industry

Revenue Distribution by Clients



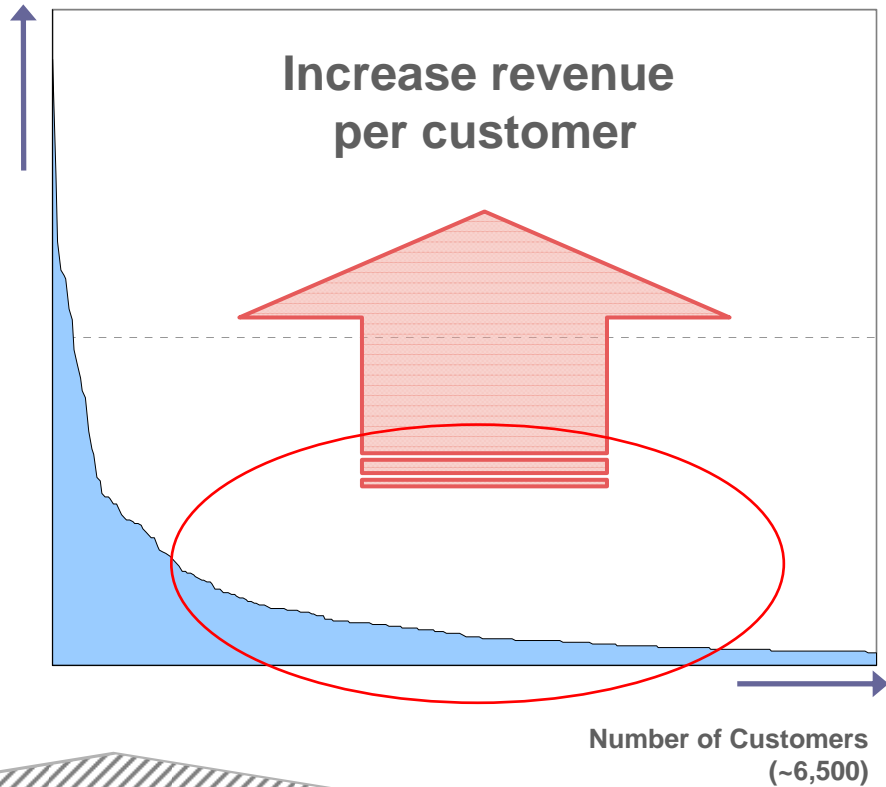
Source: IIJ's non-consolidated data for FY2009

• Not dependent on specific company

Solid Growth Model

- 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

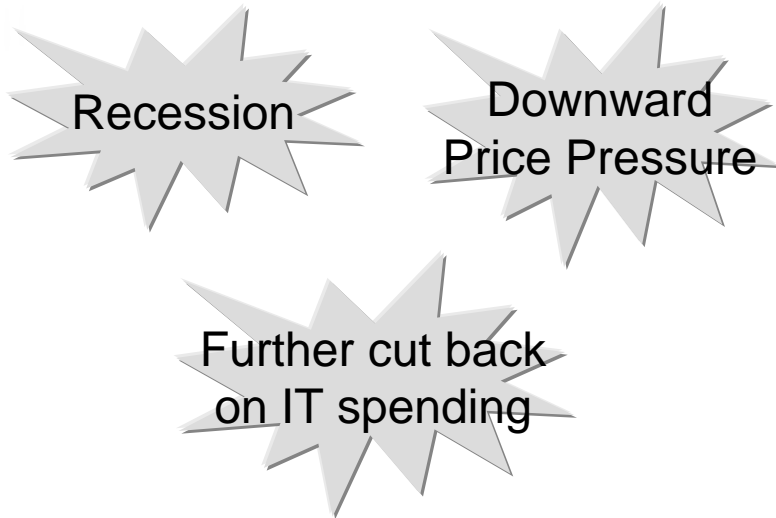
Revenues by Customer (JPY million)



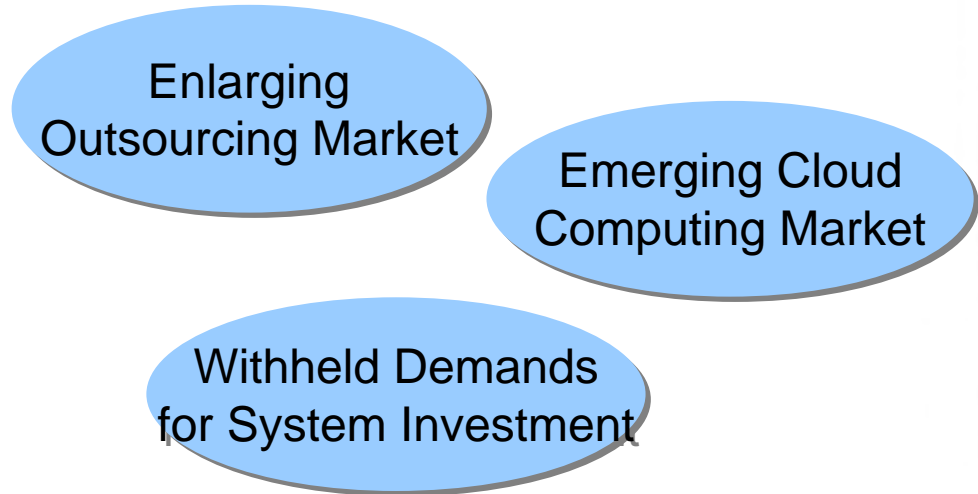
- IT market growth to continue
- Rise in demands from Outsourcing/Cloud Computing
- IT spending is indispensable in the mid/long term

Current Business Situation

Threats



Opportunities



In a weak business environment

- Outsourcing service revenues are steadily growing
 - Cloud computing service is doing very well
 - Additional revenue from IJ-GS (M&A on Sep 2010)
 - SI is gradually recovering
- We remain our full FY2010 financial target unchanged

**Future Growth Opportunities
And
Recent Business Developments**

Growth Opportunity Awaits Ahead

Growth Opportunities

Connectivity Service

- Increase in bandwidth (over Gbps)
- Contents Delivery Network
- Mobile data service (emergence of M2M market)
- IPv6

Outsourcing Service

- Security Services (DDoS, Spam, etc)
- Cloud Computing Services
- Data Center Market Growth

Systems Integration

- Return of Mid-sized network integration projects
- “Cloud Computing” related SI
- New strategic IT investments for Japanese companies

**Solid
Growth Model**

Best positioned with growing IT demands

IIJ's Strength

- Strong Technical Skills
- High Reputation in Reliability
- Established brand within the IT market
- Enduring relationship with blue-chip companies
- Decentralized Customer Distribution

M&A: IIJ Global Solutions

- Acquired network outsourcing business in Japan from AT&T Japan
- Expand Scale of Group Business
- Acquire 1,600 Corporate Clients
- Strong Relationship with IBM
- Expand Service Scope
- Enforce Sales Force
- Improve Service Range

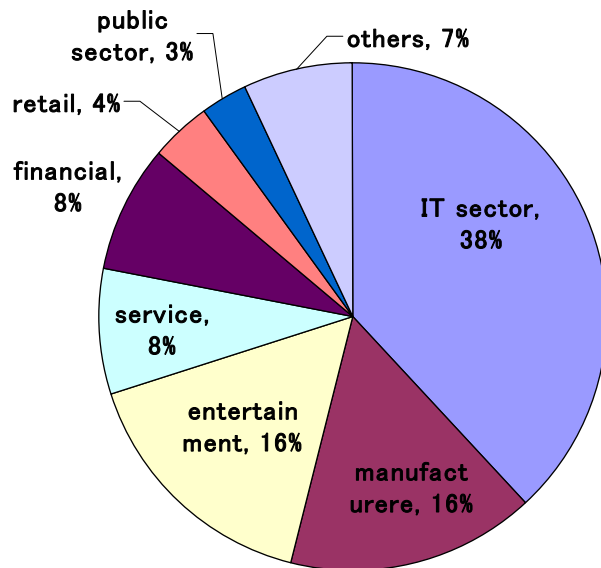
Total Network Solution Provider

Cross Selling Strategy to over 7,800 Clients (6,500 → 7,800)

Providing new outsourcing service & solution

<Cloud computing service>

- Introduced to over 300 projects during 9 months FY2010
- IIJ GIO component (custom-made) and IIJ GIO hosting package (ready-made) are both selling equally well. The two services are well marketed to coverage various market needs for cloud services
- IIJ GIO is introduced to all different industries. Social Application Provider (SAP) are increasing their usage.
- In addition to the use of IIJ GIO for Web Service Platform and corporate web site systems, IIJ GIO is beginning to be introduced and used for platform for corporate internal information systems
- IIJ GIO working as a door opener to new clients. Number of inquiries are increasing.
- > we are receiving orders for cloud services from corporate which we had none or little business
- IIJ GIO revenue as of Dec 2010 (including systems operation): over JPY90 million per month



industry classified usage situation

<Enhancing the outsourcing service >

- Introduced 21 new services & solution
- Especially devoting into cloud computing services

New services & solution introduced in 1H10

IIJ GIO

- IIJ GIO Hosting Package Service
- Cloud-Based Virtual Desktop Solution: IIJ GIO Remote Office
- IIJ GIO Storage Services
- Japan's First Commercial Data Center Using Outside-air Cooled Container Units in Matsue-city, Shimane prefecture
- Cloud-based BCP Consulting Services
- Cloud Solution for iPad Business Applications: IIJ GIO Smart Mobile Solution
- Many other collaborative solution with business partners

IIJ mobile

- IIJ Smart Mobile Manager
- MVNE Service
- IIJ Mobile Biz plus
- IIJ Provides IIJ Mobile Service for the CWE-640J M2M-capable W-CDMA Module
- Started service: hi-ho mobile course-EM7.2PW
- Added new menu into IIJ SSL Certificate Management Service
- Added SSL Inspect Option on IIJ Secure Web Gateway Service
- Launches ASP FX trading system, IIJ Raptor Service

Completed acquisition the of IJ-GS (Sept.1 2010.)



<Outline of acquisition>

- On Sept. 1 2010, IJ completed the acquisition of IJ-GS and made it its 100% owned subsidiary
- Acquired mainly the domestic network outsourcing service business such as WAN services from AT&T Japan
- Successfully completed the acquisition of 1,600 corporate clients, and 245 personnel
- Purchase price: JPY9.2 billion (used mainly short-term bank borrowings)
- From Sept. 2010, started IJ & IJ-GS sales cooperation. Already acquired cross selling contracts

<Effects to FY2010 Consolidated Financial Results>

(B/S) As of Dec 2010*

- Current Assets JPY9,979 million
- Noncurrent Assets JPY7,720 million
 - Intangible Assets JPY5,364 million
- Current Liabilities JPY7,881 million
- Noncurrent Liabilities JPY209 million

(P/L) 4 months from Sep to Dec 2010

- Revenues JPY8,652 million
- Costs JPY6,976 million
- SG&A/R&D JPY1,001 million
- Operating Income JPY675 million

The Feature of IJ Global Solutions

Strong client base

- 1,600 blue-chip corporate clients such as in financial or manufacturing industries

Provides network services such as WAN

- Especially strong in providing WAN services
- Long experience in providing network services to blue-chip clients
- Business tie-ups with AT&T to provide global services

Strong Sales Force

- Enhance cross selling WAN services to existing and newly acquired blue-chip companies
- Business tie ups with IBM for sales activities

(※)The measurement of the assets acquired and liabilities assumed related to the acquisition of IJ-GS is to be completed within a year from the acquisition date. The measurement has not yet been completed as of the end of December 2010, and therefore, the preliminary estimates are subject to revisions.

Trust Networks Inc. in Business Start Up



◆ ATM Network Operation Business

- Established July 2007
- Places ATMs in Amusement Parlors
- Receives commission from each withdrawal
- Operates 200 ATMs as of February 10, 2011
- Currently introducing additional new ATMs

- Similar model to “Seven Bank”
 - (ex.) Seven Bank FY09 Revenue; 85.2 billion yen,
Operating Income; 30.1 billion yen with 14,601 ATMs
- Daily usage per ATM is the key to profit growth

Unit: million

| | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 |
|----------------|-------|-------|-------|-------|-------|-------|-------|
| Revenue | 7 | 31 | 70 | 98 | 106 | 123 | 125 |
| Operating Loss | (233) | (234) | (263) | (270) | (161) | (140) | (165) |



ATM Image

The total number of ATMs placed and the daily usage per ATM is the key to profit growth

FY2010 Target (announced on June 1, 2010)

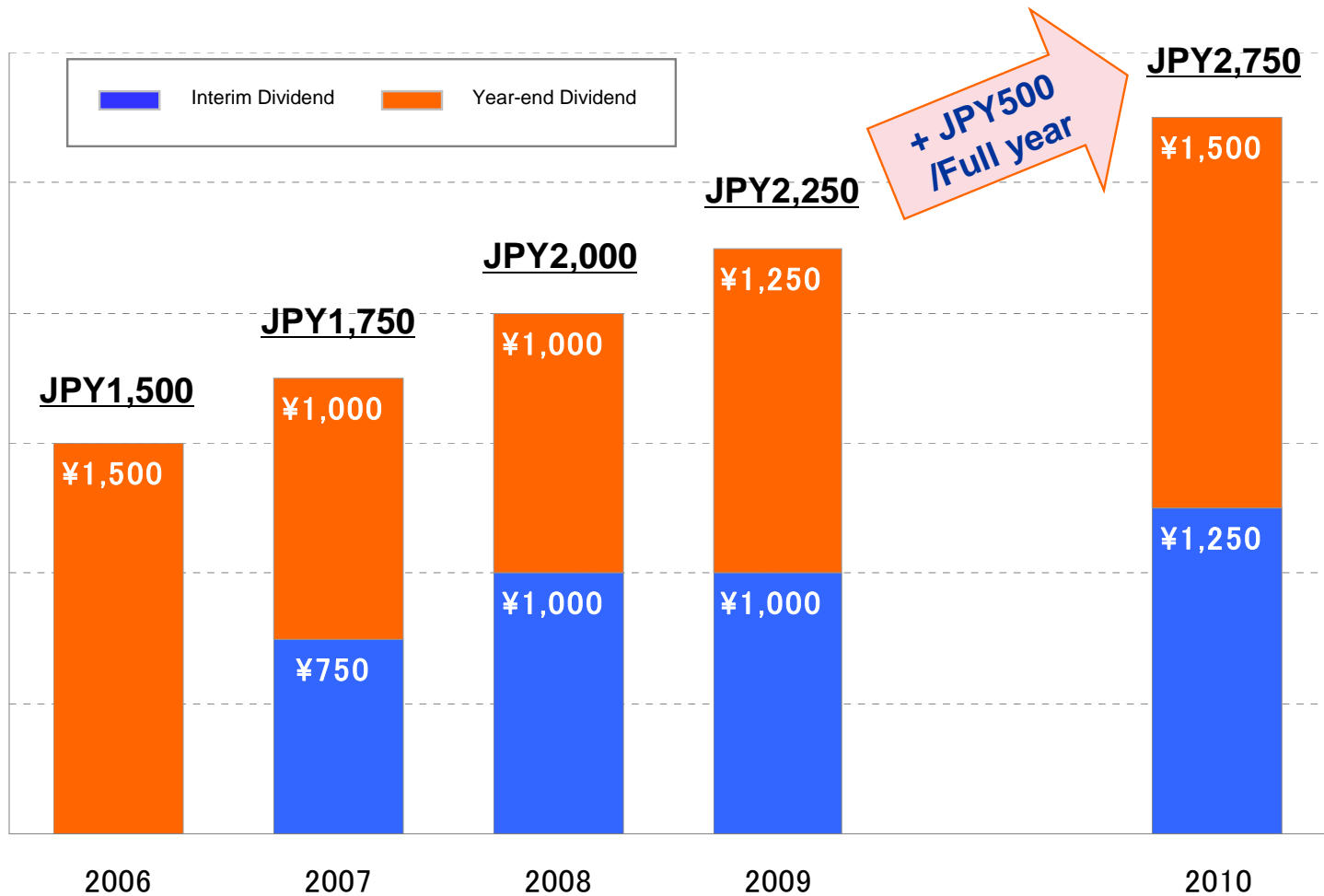
Unit: JPY billion (except for Net Income and Cash Dividend per Share)

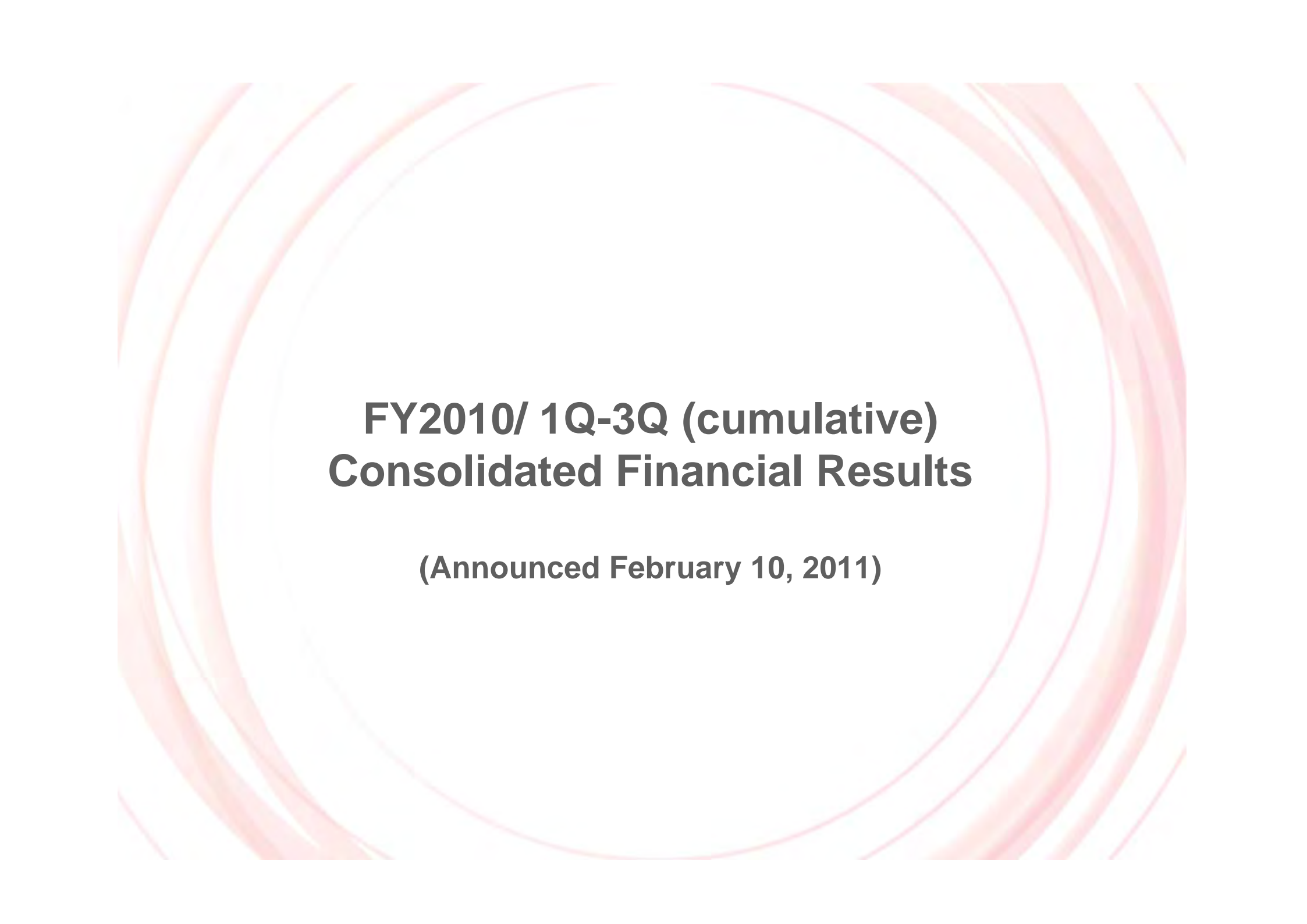
| | FY10 Initial Target (10/4~11/3) | Revised FY10 Target (10/4~11/3) | FY09 Actual (09/4~10/3) | YoY (Revised FY10 to FY09 Actual) | |
|--|------------------------------------|------------------------------------|----------------------------|--------------------------------------|-------|
| | | | | | |
| Total Revenues | 71.0 | 84.5 | 68.0 | +16.5 | 24.3% |
| Operating Income | 4.3 | 4.8 | 3.4 | +1.4 | 40.7% |
| Income before Income Tax Expense (Benefit) | 3.7 | 4.1 | 2.9 | +1.2 | 43.4% |
| Net Income attributable to IIJ | 2.6 | 3.0 | 2.2 | +0.8 | 34.3% |
| Net Income attributable to IIJ per Share | JPY12,837 | JPY 14,801 | JPY 11,030 | JPY +3,771 | 34.2% |
| Cash Dividend per Share | JPY2,500 (Annual) | JPY 2,750 (Annual) | JPY 2,250 (Annual) | JPY +500 | 22.2% |

- ▶ On June 1 2010, IIJ's full FY2010 consolidated financial targets were revised accordingly to reflect the effect from the acquisition of mainly the domestic network outsourcing service business such as the WAN services from AT&T Japan.

Dividends

In regard with our nine months ended FY2010 income level, we revised our year-end dividend forecast





**FY2010/ 1Q-3Q (cumulative)
Consolidated Financial Results**

(Announced February 10, 2011)

I. Summary of FY2010/1Q-3Q (cumulative) Financial Results

《FY2010/1Q-3Q (cumulative) Financial Results》

| | |
|------------------------------------|----------------------------------|
| ➤ Revenue | JPY56,797 million (up17.6% YoY) |
| ➤ Gross margin | JPY11,540 million (up 20.0% YoY) |
| ➤ Operating Income | JPY2,430 million (up 21.1% YoY) |
| ➤ Income before Income Tax Expense | JPY2,175 million (up 22.0% YoY) |
| ➤ Net Income Attributable to IIJ | JPY1,997 million (up 76.2% YoY) |

● Network services revenues increased 30.8%, SI revenues decreased 1.9% YoY

- Outsourcing service steady grew as services such as email, web security, CDN and data center related services increased continuously
- IIJ's cloud computing service "IIJ GIO" is doing very well, reaching over 300 contracts during this 9 months
- WAN services are increasing as revenues from IIJ Global Solutions Inc. ("IIJ-GS") which we acquired on Sep 1, 2010 contributed for 4 months
 - Revenue and operating income related to IIJ-GS (4 month):
Revenue: JPY8.7 billion, Cost of revenues: JPY7.0 billion, SG&A: JPY1.0 billion Operating income: JPY 0.7 billion
- SI revenues has almost absorbed the decrease affect from the scale down of a large contract from a certain SI client

● FY2010 Year-end Dividend Forecast revised upward from JPY1,250 to JPY1,500 per share

- FY2010 interim dividend: JPY1,250 year-end dividend: JPY1,500 (planned) Full-year dividend: JPY2,750 (planned)
- FY2009 interim dividend: JPY1,000 year-end dividend: JPY1,250 Full-year dividend: JPY2,250
- FY2008 interim dividend: JPY1,000 year-end dividend: JPY1,000 Full-year dividend: JPY2,000

● Continuously providing new outsourcing service & solution.

- Enhancing service and solutions for cloud computing service "IIJ GIO" with solutions such as "IIJ GIO smart mobile solution" and "SaaS platform communication solution". We are also expanding the facilities for cloud services.
- Promote the use of IPv6 address to deal with the coming run-out of IPv4 address. IIJ backbone/facilities are IPv6 ready
- Adopted to DNSSEC expansion method to improve security on DNS service. DNSSEC is considered the most effective means of defeating security threats that abuse the DNS system.

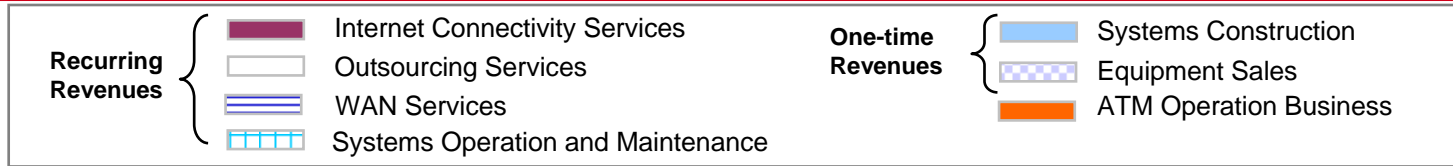
II-1. Consolidated Results for FY2010/1Q-3Q (cumulative)

Unit: JPY billion

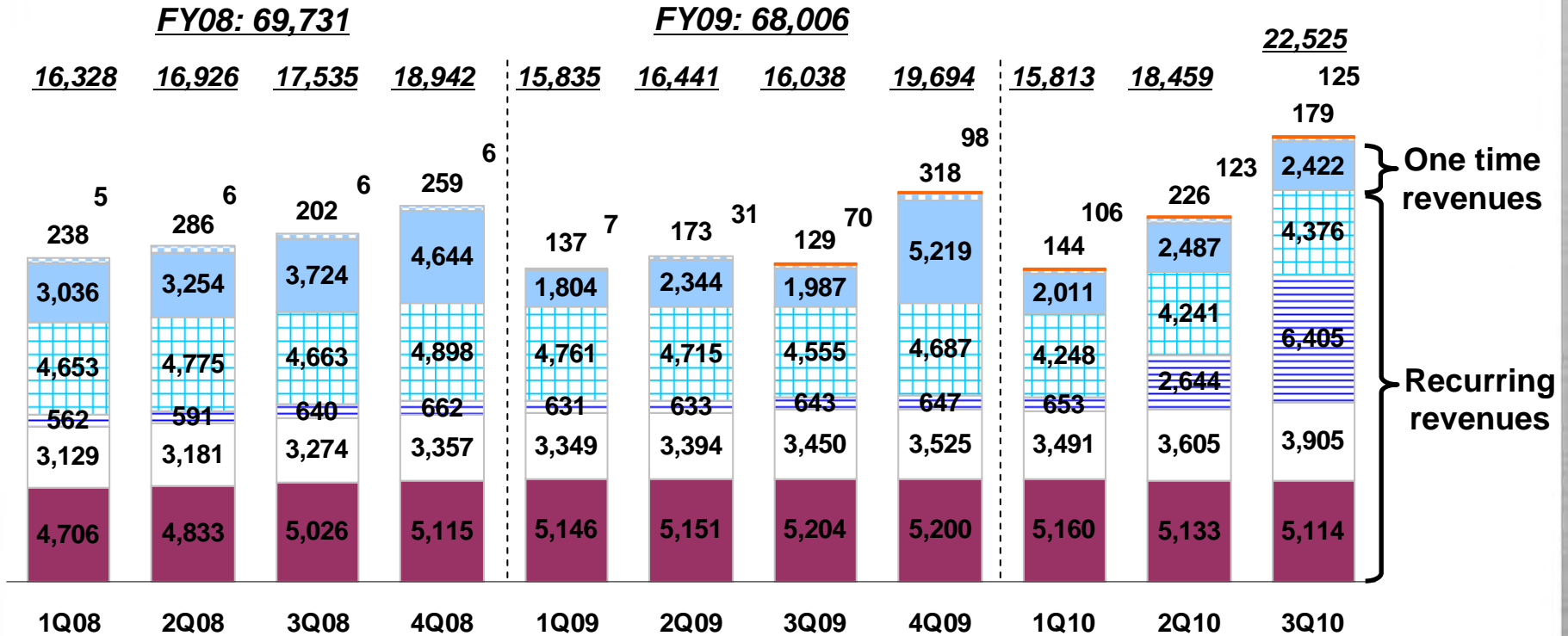
| | % of Revenues 3Q10 (10/4~10/12) | % of Revenues 3Q09 (09/4~09/12) | YoY |
|----------------------------------|---|---|--------------|
| Total Revenues | 56.8 | 48.3 | 17.6% |
| Total Costs | 45.3 | 38.7 | 17.0% |
| Gross Margin | 11.5 | 9.6 | 20.0% |
| SG&A/R&D | 9.1 | 7.6 | 19.7% |
| Operating Income | 2.4 | 2.0 | 21.1% |
| Income before Income Tax Expense | 2.2 | 1.8 | 22.0% |
| Net Income Attributable to IIJ | 2.0 | 1.1 | 76.2% |

II-2. Revenues

YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10



Unit: JPY million



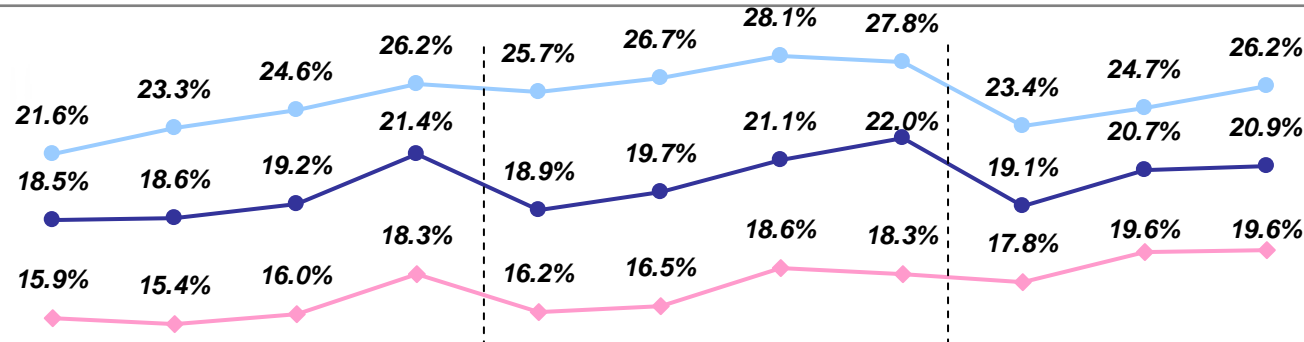
◆ 3Q10 Revenues: JPY22,525 million (up 40.4% YoY, up 22.0% QoQ)

- Recurring revenues: JPY19,799 million (up 42.9% YoY, up 26.7% QoQ)
- One-time revenues: JPY2,601 million (up 22.9% YoY, down 4.2% QoQ)
- ATM operation business: JPY125 million (up JPY54 million YoY, up JPY2 million QoQ)

◆ Additional revenue related to IIJ-GS: 3Q10: JPY6,406 million, 2Q10: JPY2,246 million (mostly WAN services, some systems construction)

II-3. Cost of Revenues and Gross Margin Ratio

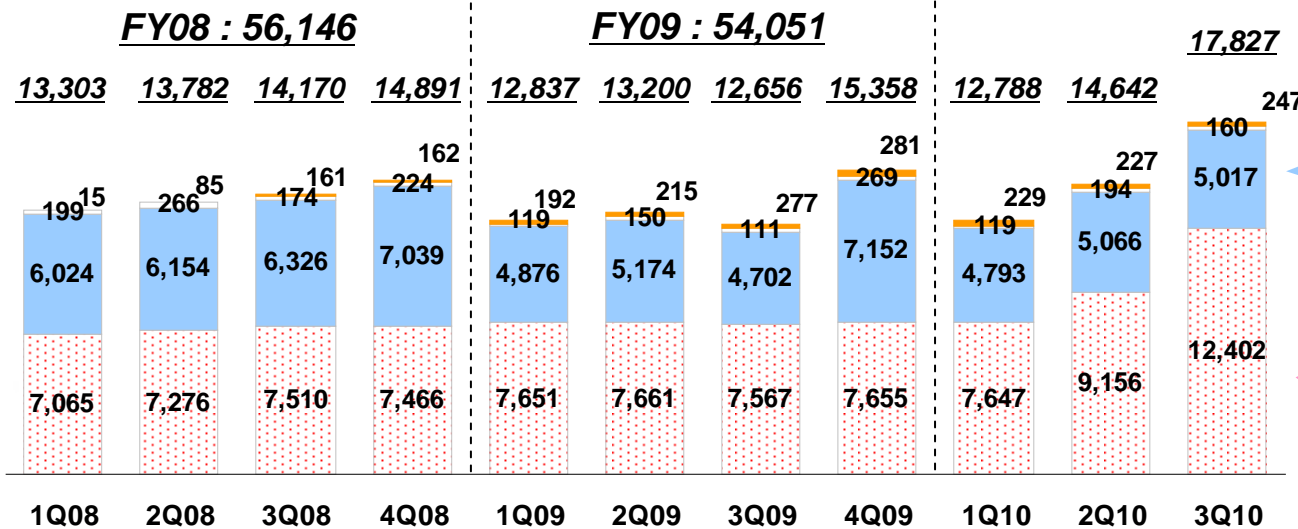
YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10



Unit: JPY million

(JPY million)

| IJJ-GS | 2Q10 | 3Q10 |
|--------------------|-------|-------|
| Cost of Revenues | 1,761 | 5,215 |
| Gross Margin Ratio | 21.6% | 18.6% |



SI

Personnel related costs, outsourcing costs and purchase etc.

Network Services

Backbone costs, network equipment costs, network operation related costs, outsourcing related cost and personnel related costs

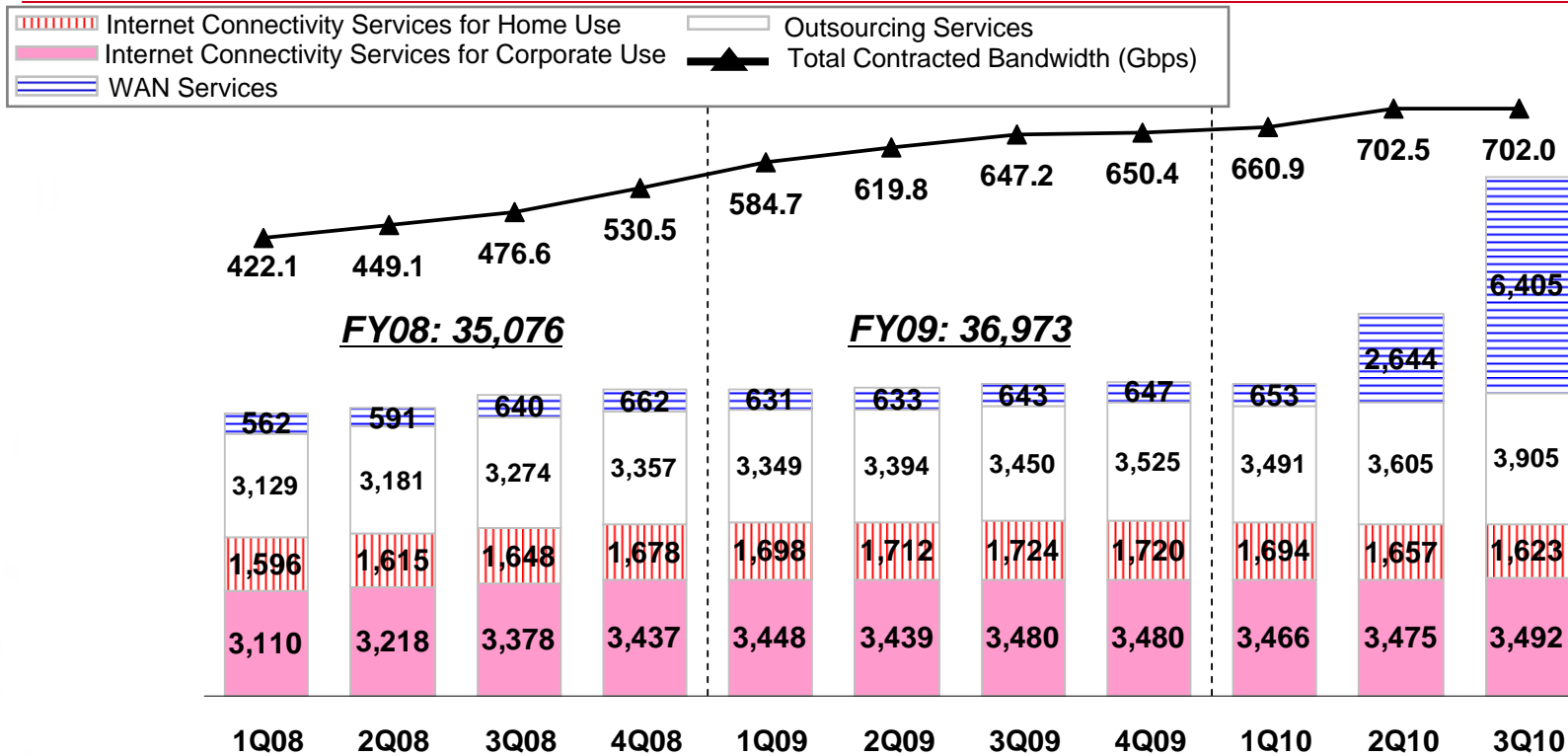
◆ 3Q10 Total Gross Margin: JPY4,698 million (up JPY1,317 million YoY, up JPY882 million QoQ)

- Gross margin of network services: JPY3,022 million (up JPY1,292 million YoY, up JPY796 million QoQ)
- Gross margin of SI: JPY1,780 million (down JPY60 million YoY, up JPY118 million QoQ)
- Gross loss of ATM Operation Business: JPY123 million (3Q09: JPY207 million, 2Q10: JPY104 million)

◆ Cost of Network Services Revenues excluding costs of IJJ-GS decreased compared to 1Q10 and 2Q10

II-4. Network Services (1) Revenues

YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10

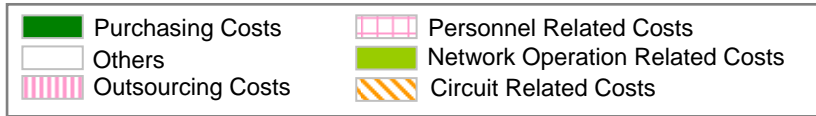


- ◆ 3Q10 Internet connectivity services for corporate use: up 0.3% YoY, up 0.5% QoQ
 - IIJ Mobile contracts continued to increase as there were iPad Solution projects of over 1,000 contracts and M2M projects. Mobile service contracts reached over 45,000 lines.
 - Broadband connectivity increased along with the increase from sales partners (number of broadband contracts as of Dec 2010: 38,034 contracts, up 10,229 contracts YoY).
 - Over 1Gbps contracts was 127 contracts as of Dec 2010 (3Q09: 121 contracts, 2Q10: 128 contracts)
- ◆ 3Q10 Internet connectivity services for home use: down 5.9% YoY, down 2.1% QoQ
- ◆ 3Q10 Outsourcing service: up 13.2% YoY, up 8.3% QoQ
 - Services such as data center related, Web security service, cloud computing service, anti-spam email related services and CDN services increased, respectively.
 - IIJ GIO revenue (including revenue recognized in Systems operation and maintenance) has reached over JPY90 million per month.

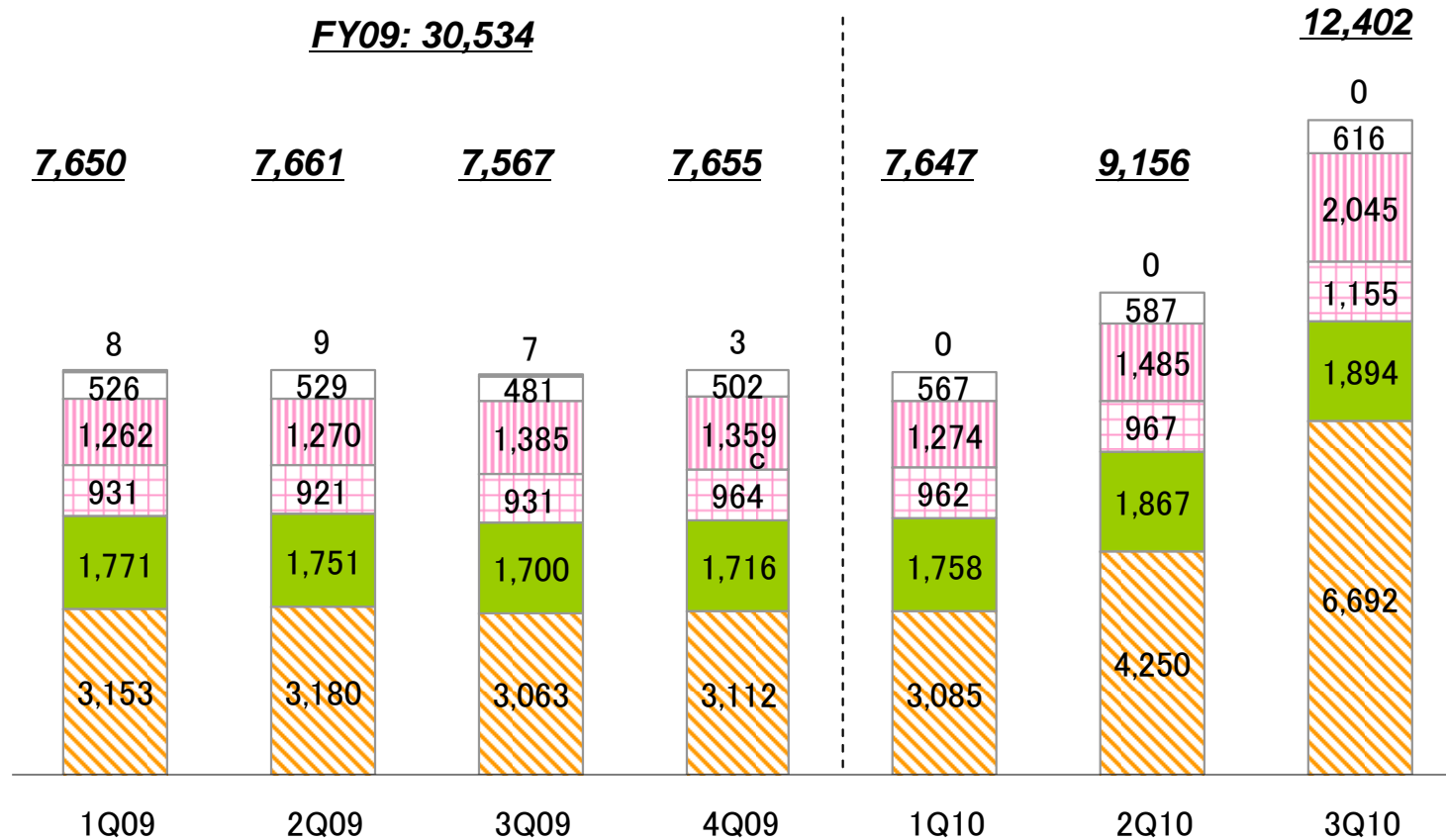
II-4. Network Services

(2) Cost of Revenues

YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10



Unit: JPY million

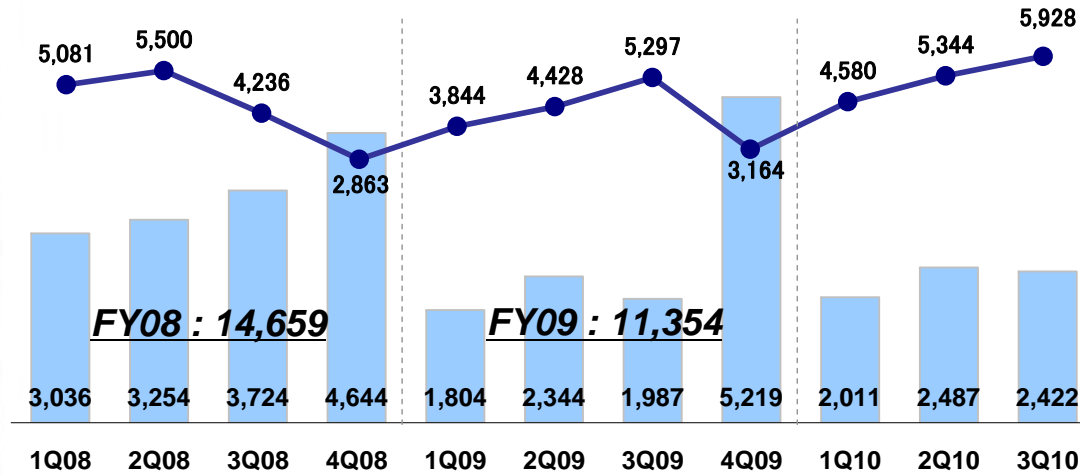


◆ **3Q10 Total cost of Network service: up 63.9% YoY, up 35.5% QoQ**

- Additional costs related to IIJ-GS of 3 months
- Excluding costs of IIJ-GS: Costs decreased compared to 1Q10 and 2Q10

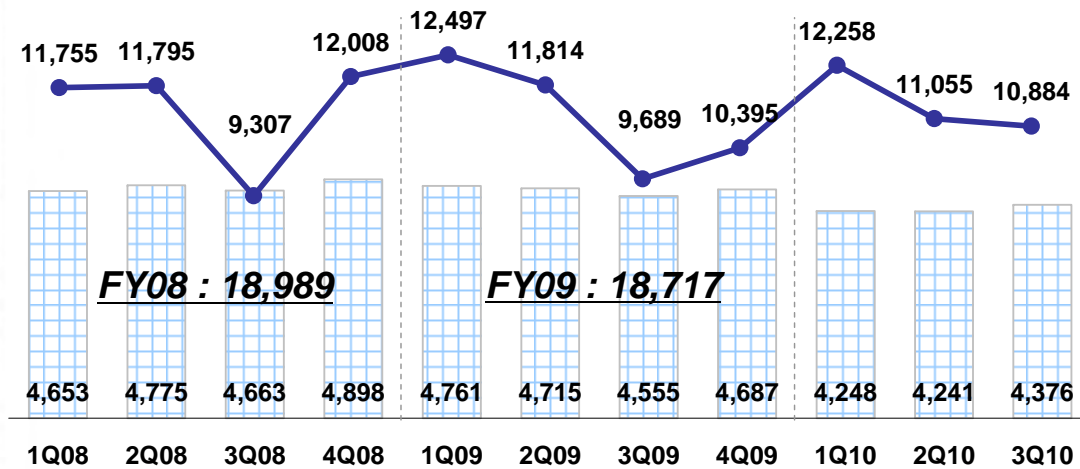
II-5. Systems Integration (1) Revenues

(Systems construction)



| | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 3,592 | 3,960 | 2,662 | 3,530 | 2,921 | 3,101 | 2,985 | 3,403 | 3,572 | 3,478 | 3,185 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

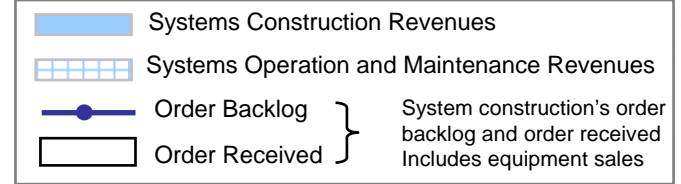
(Systems operation and maintenance)



| | | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 5,262 | 4,815 | 2,175 | 7,598 | 5,250 | 4,032 | 2,430 | 5,392 | 6,111 | 3,037 | 4,204 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

Unit: JPY million

YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10



Systems Construction

- ◆ 3Q10 Revenues: up 21.9% YoY, down 2.6% QoQ
- ◆ 3Q10 Order Backlog: up 11.9% YoY up 10.9% QoQ

- Revenues increased YoY due to mid- small sized projects, despite the scale-down from a certain large client in 1Q10 (9 months revenue related to this client decreased by JPY1.5 billion YoY)
- Mainly email system replacement, video streaming, portal system
- Mid- to small sized projects are increasing in relation to cloud computing. Cloud is playing the role as door-opener to new clients
- Orders received: increased by 6.7% YoY

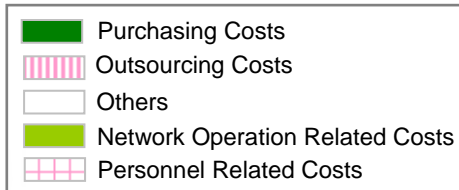
Systems operation and maintenance

- ◆ 3Q10 Revenues: down 3.9% YoY, up 3.2% QoQ
- ◆ 3Q10 Order Backlog: up 12.3% YoY down 1.5% QoQ

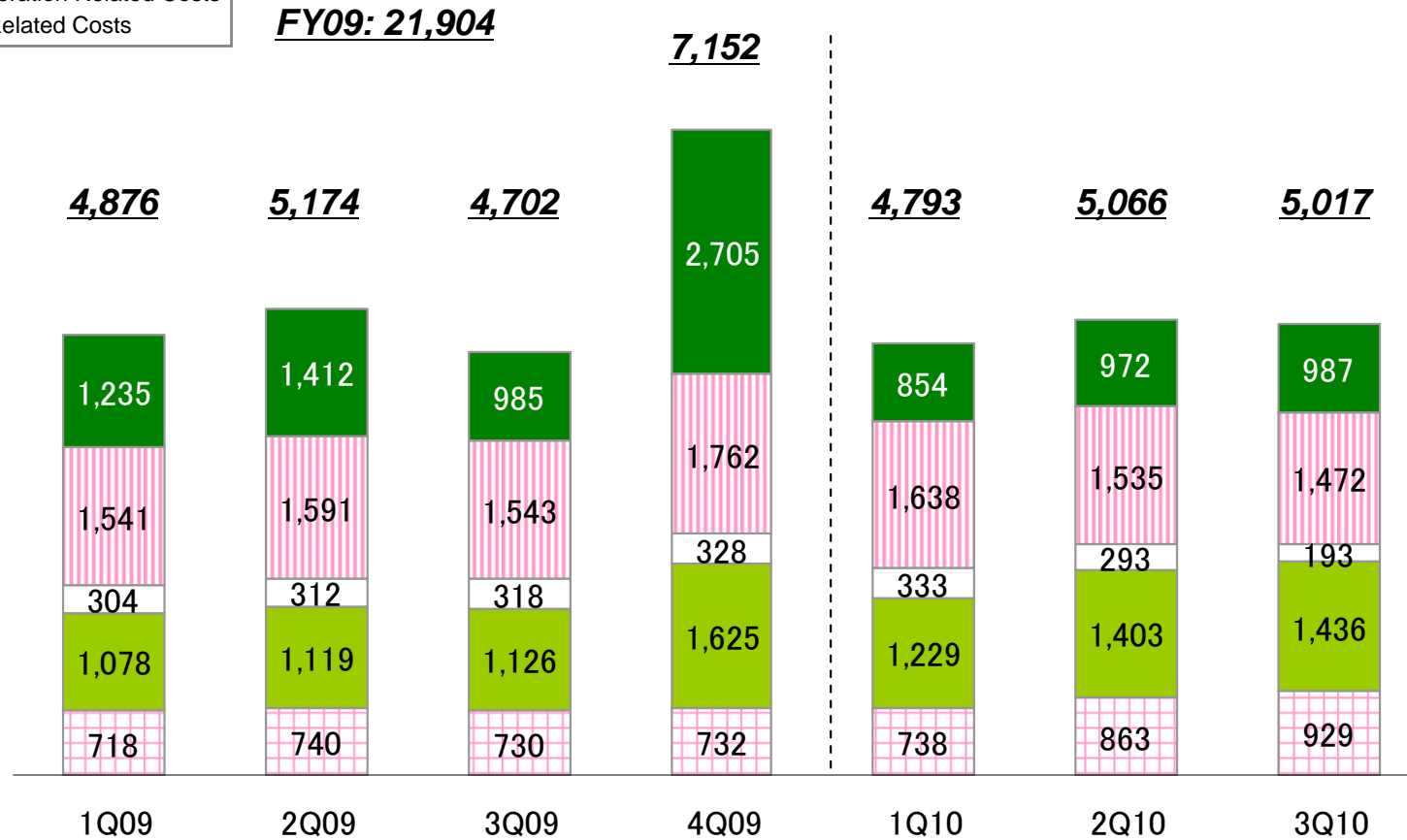
- Revenues decreased YoY affected by the scale-down from the above certain large client (9 months revenue related to this client decreased by JPY1.7 billion YoY), however revenues are back on increase trend with new operating and maintenance contracts coming in during 3Q10. Revenue increased by 3.2% QoQ
- Revenues related to cloud computing increased by JPY0.1 billion QoQ
- Orders Received: increased by 73.0% YoY

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

YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10



Unit: JPY million



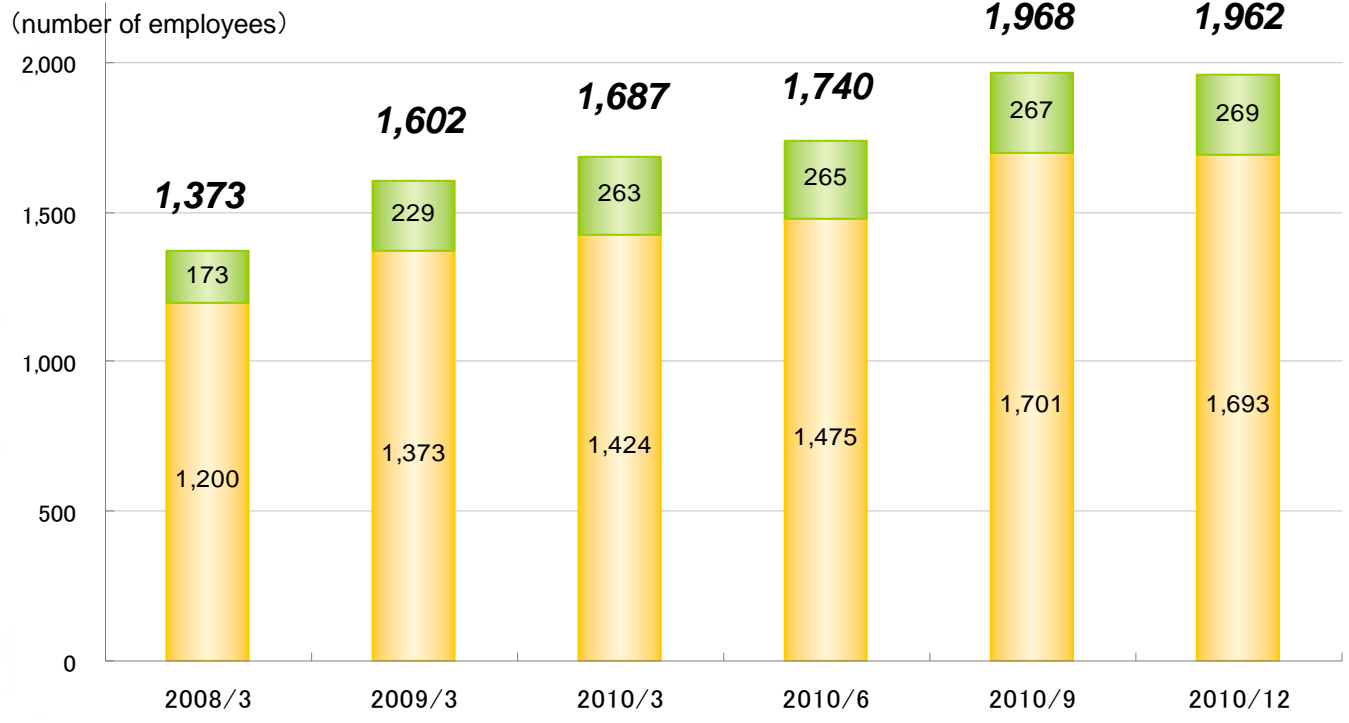
◆ 3Q10 Total cost of systems integration: up 6.7% YoY, down 1.0% QoQ
 ➤ The number of full-time outsourcing personnel was 345 personnel as of Dec.2010 (YoY: up 109 personnel, QoQ: up 4 personnel)

II-6. Number of Employees

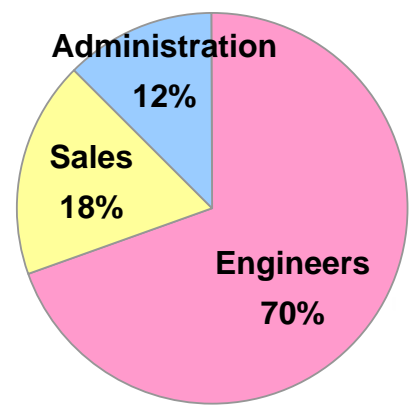
YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10

Contract worker
Full time worker

With the acquisition of IJ-GS +245 employees



[Employee Distribution]



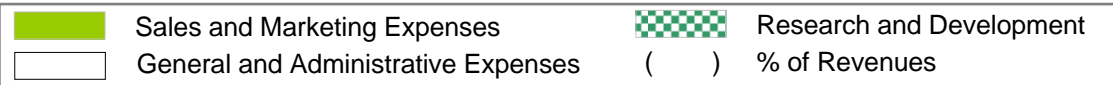
| Personnel related costs and expenses(% of revenue) | 2,925 (18.5%) | 3,112 (16.9%) | 3,642 (16.2%) |
|--|---------------|---------------|---------------|
| | | | |

Unit: JPY million

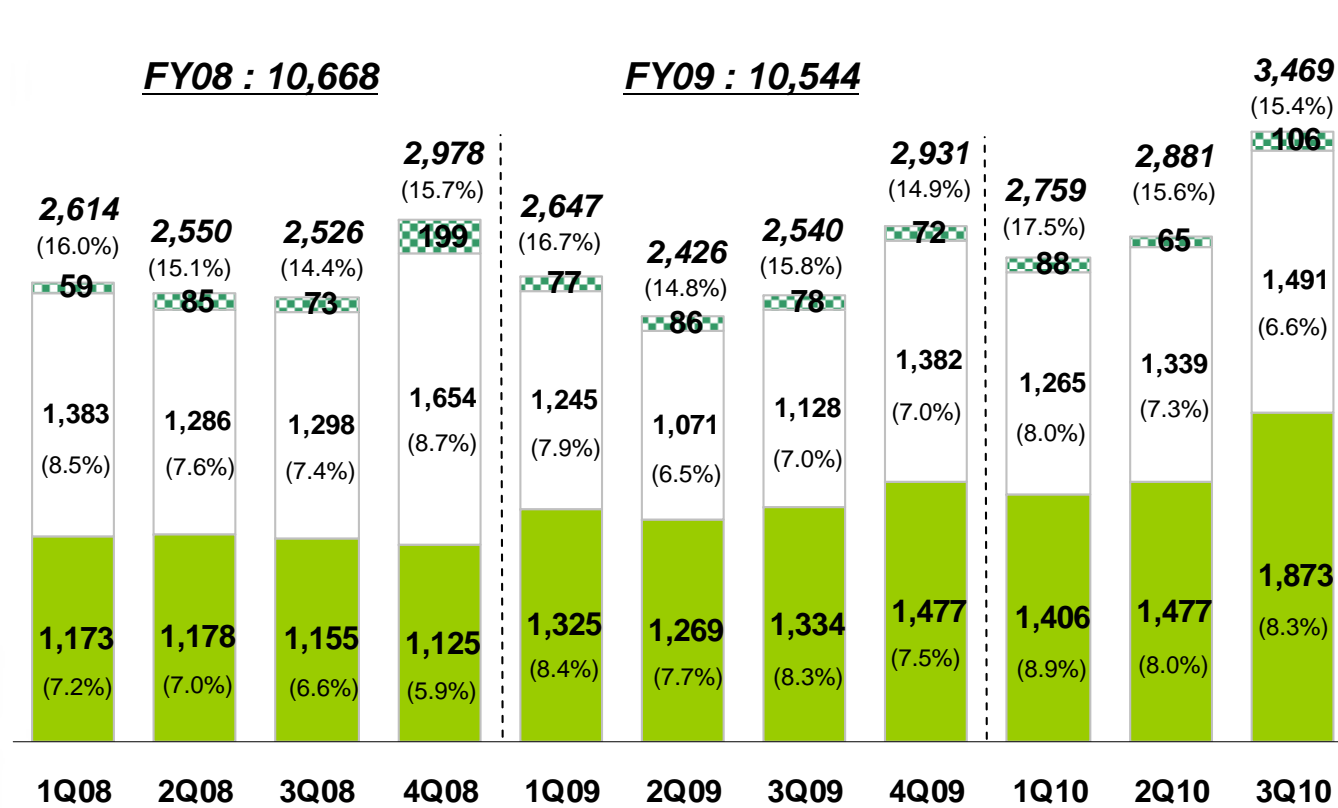
◆ Number of consolidated employees as of Dec.2010: up 263 personnel YoY, down 6 personnel QoQ
 ➤ Hired 60 newly graduates in FY2010 (FY2009: 77 newly graduates, FY2008: 92 newly graduates) and plan to hire 45 newly graduates in FY2011

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

YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10



Unit: JPY million



(unit: JPY million)

| IJJ-GS | 2Q10 | 3Q10 |
|--------|------|------|
| SG&A | 224 | 777 |

- ◆ 3Q10 SG&A Expenses/R&D: up 36.6% YoY, up 20.4% QoQ
 - Excluding expenses of IJJ-GS: SG&A expenses decreased compared to 1Q10 and was nearly the same level compared to 2Q10
 - Amortization of customer relationship related to IJJ-GS: JPY109 million
 - Restoration expenses, to return the rented office to its original state, related to next fiscal year's new office plan: JPY48 million
- ◆ 3Q10 SG&A related to the ATM operation business: JPY42 million (3Q09:JPY56 million, 2Q10: JPY36million).
Reduced outsourcing related costs while focusing on business start-up.

II-7. Operating Income and Net Income

YoY = 3Q10 compared to 3Q09
QoQ = 3Q10 compared to 2Q10

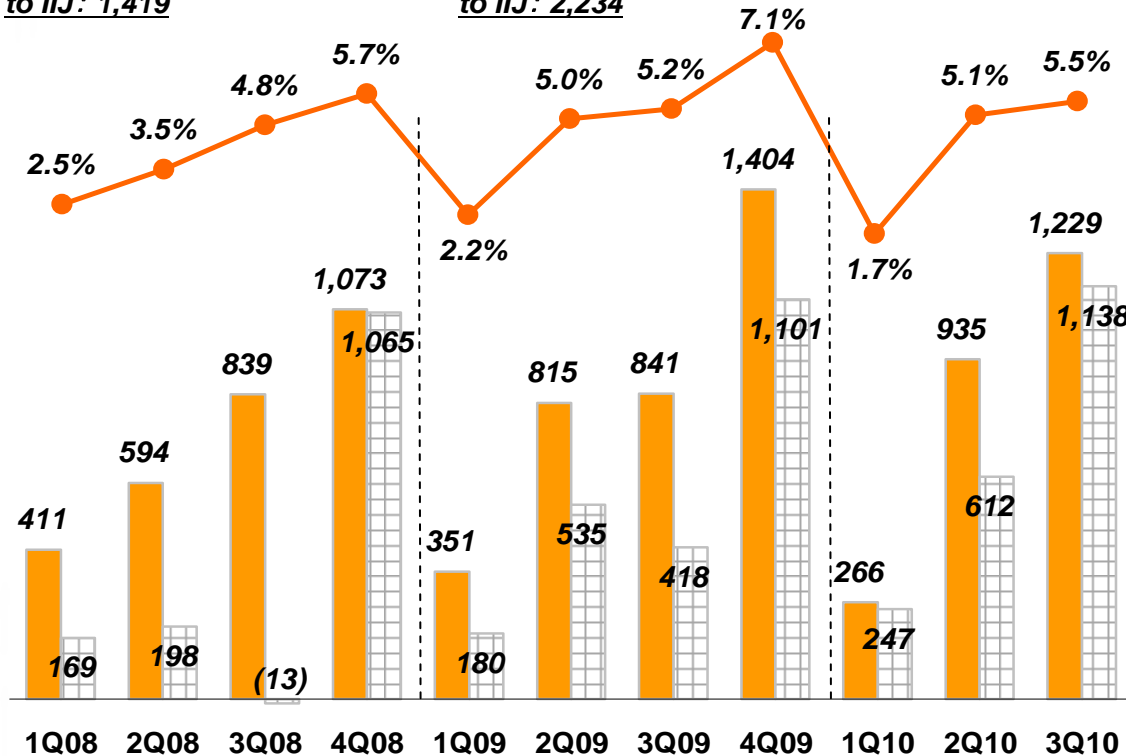
Operating Income Net Income Operating Margin Ratio

Operating income : 2,917

Net income attributable to IIJ: 1,419

Operating income : 3,412

Net income attributable to IIJ: 2,234



| | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 |
|---|------|------|------|------|------|------|------|
| Income Tax Expenses | 244 | 284 | 514 | 90 | 120 | 160 | 179 |
| Deferred tax expense | 186 | 187 | 418 | Δ34 | 88 | 75 | 78 |
| Equity in net income(loss) of equity method investees | 32 | 11 | 85 | 32 | 34 | Δ3 | 98 |
| Net loss attributable to noncontrolling interests | 93 | 82 | 90 | 83 | 54 | 48 | 51 |

◆ 3Q10 Operating Income:

- ▶ JPY1,229 million(3Q09:JPY841 million, 2Q10:JPY935 million)
- ▶ Increase in gross margin for network services
- ▶ Operating income related to IIJ-GS (3 month)
- ▶ Decrease in operating loss related to ATM operation business
- ▶ Absorbed the decrease affect from the scale down of a large contract from a certain SI client

◆ 3Q10 Income before income tax expense:

- ▶ JPY1,169 million (3Q09: JPY758 million, 2Q10: JPY727 million)
- ▶ Other expenses: JPY60 million (3Q09: JPY84 million, 2Q10: JPY209 million). There were interest payments.

◆ 3Q10 Net income attributable to IIJ:

- ▶ YoY: Operating income increased and deferred tax expenses decreased YoY
- ▶ QoQ: Operating income increased
- ▶ Net loss attributable to noncontrolling interests related to Trust Networks and GDJX Japan Inc.

◆ ATM Operation Business:

(unit: JPY million)

| | 1Q09 | 2Q09 | 3Q09 | 4Q09 | 1Q10 | 2Q10 | 3Q10 |
|----------------|-------|-------|-------|-------|-------|-------|-------|
| Revenue | 7 | 31 | 70 | 98 | 106 | 123 | 125 |
| Cost | 192 | 215 | 277 | 281 | 229 | 227 | 247 |
| Expenses | 49 | 50 | 56 | 88 | 37 | 36 | 42 |
| Sum | 240 | 265 | 333 | 369 | 266 | 263 | 289 |
| Operating Loss | (233) | (234) | (263) | (270) | (161) | (140) | (165) |

- ▶ Placed 200 ATMs as of Feb. 10, 2011
- ▶ ATMs are currently being placed continuously
- ▶ FY2010 operating loss related to ATM operation business is expected to be around JPY0.6 billion

II-9. Consolidated Balance Sheets

Unit: JPY million

| | December 31, 2010 | March 31, 2010 | Changes |
|---|----------------------|-------------------|---------|
| Cash and Cash Equivalents | 10,800 | 8,764 | +2,035 |
| Accounts Receivable | 16,132 | 11,397 | +4,735 |
| Inventories | 903 | 808 | +95 |
| Prepaid Expenses | 2,472 | 1,593 | +879 |
| Deferred tax assets (current) | 970 | 1,571 | (601) |
| Other Investments | 2,934 | 2,582 | +353 |
| Property and Equipment | 14,535 | 12,970 | +1,564 |
| Goodwill and Other Intangible Assets | 11,548 | 6,440 | +5,108 |
| Deferred tax assets (non-current) | 1,085 | 685 | +399 |
| Borrowings (Short-term) | 13,450 | 4,450 | +9,000 |
| Accounts payable | 10,466 | 6,968 | +3,499 |
| Accumulated Deficit | (15,230) | (16,720) | +1,491 |
| Accumulated Other Comprehensive Income | 118 | 169 | (51) |
| Total IJJ Shareholders' Equity | 28,696 | 27,320 | +1,376 |
| Total Assets | 67,145 | 52,096 | +15,048 |

➤ Increased mainly due to IJJ-GS

➤ Nonmarketable equity securities: JPY1,843 million
 ➤ Available for sale equity securities: JPY892 million
 ➤ Others: JPY199 million

➤ Non-amortized intangible assets: JPY4,306 million
 - Goodwill: JPY4,114 million (IJJ-GS JPY594million)
 - Trademark: JPY192million
 ➤ Amortized intangible assets: JPY7,228 million
 - Customer relationships: JPY 7,191 million (IJJ-GS: JPY4,766 million)
 - License: JPY37 million

➤ IJJ-GS share acquisition

➤ Increased mainly due to IJJ-GS

➤ IJJ Shareholder's equity ratio:
 • end of Dec 2010: 42.7%
 • end of March 2010: 52.4%

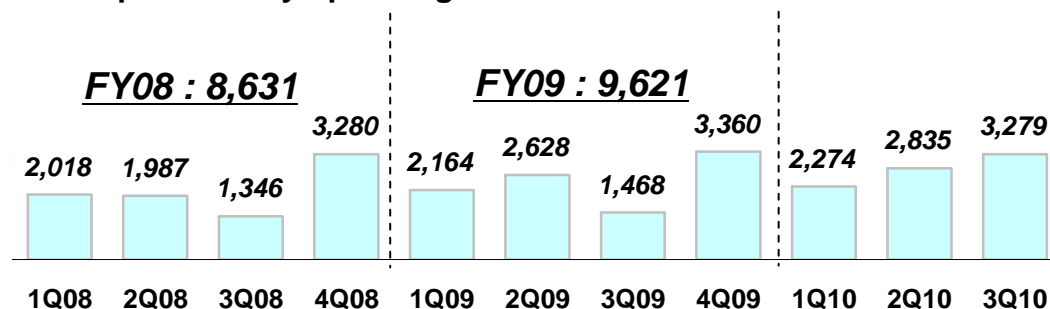
➤ Increased mainly due to IJJ-GS

(※) The measurement of the assets acquired and liabilities assumed related to the acquisition of IJJ-GS is to be completed within a year from the acquisition date. The measurement has not yet been completed as of the end of December 2010, and therefore, the preliminary estimates are subject to revisions.

II-10. Consolidated Cash Flows

Unit: JPY million

Net cash provided by operating activities

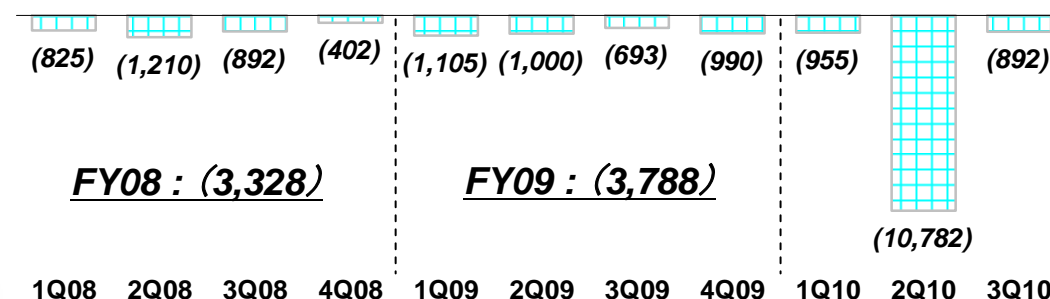


<3Q10>

- Increase in operating income
- Increase in accounts payable: JPY4,127 million
- Decrease in accrued expenses, other current and noncurrent liabilities: JPY4,290 million
- Decrease in accounts receivable: JPY1,496 million

etc

Net cash used in investing activities

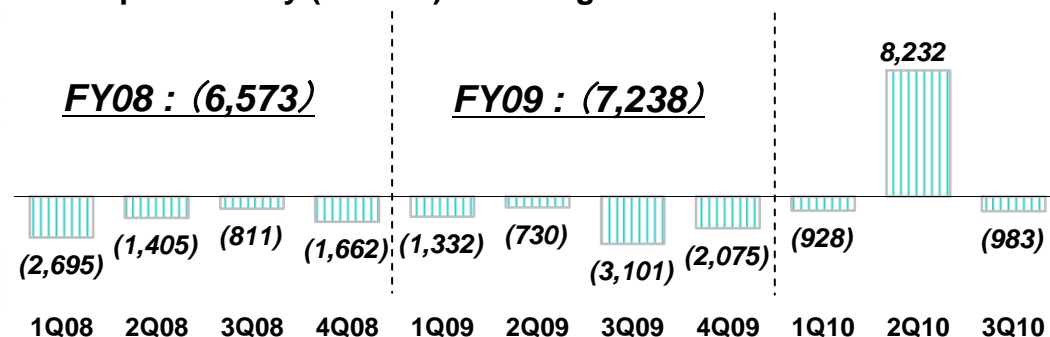


<3Q10>

- Purchase of property and equipment: JPY873 million

etc

Net cash provided by (used in) financing activities



<3Q10>

- Principle payments under capital leases: JPY730 million
- Payment of dividends: JPY253 million

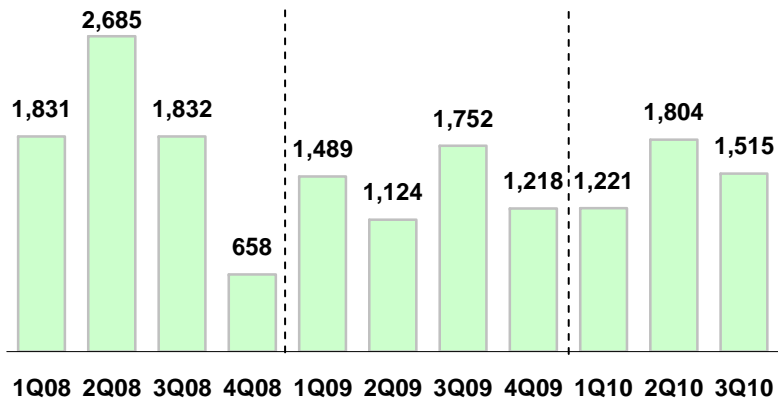
II-11. Other Financial Data (CAPEX etc.)

Unit: JPY million

CAPEX (Include Capital Lease)

FY08 : 7,006

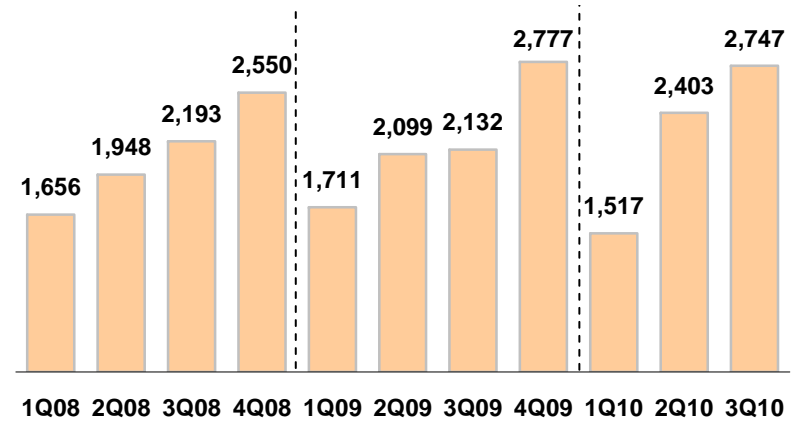
FY09 : 5,584



Adjusted EBITDA

FY08 : 8,348

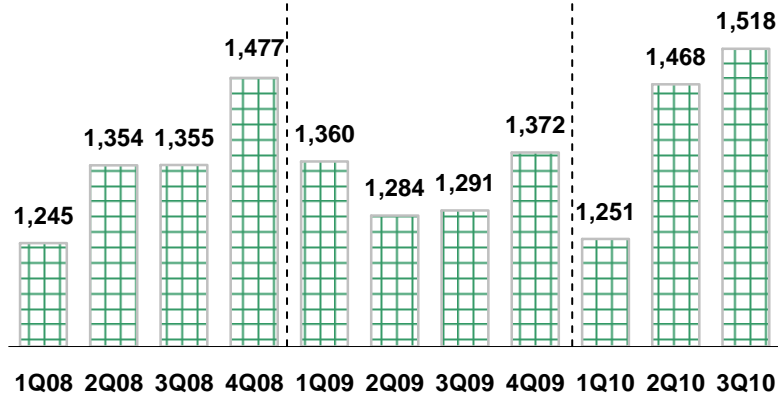
FY09 : 8,718



Depreciation and Amortization

FY08 : 5,431

FY09 : 5,307



Appendix
New service and solution developments

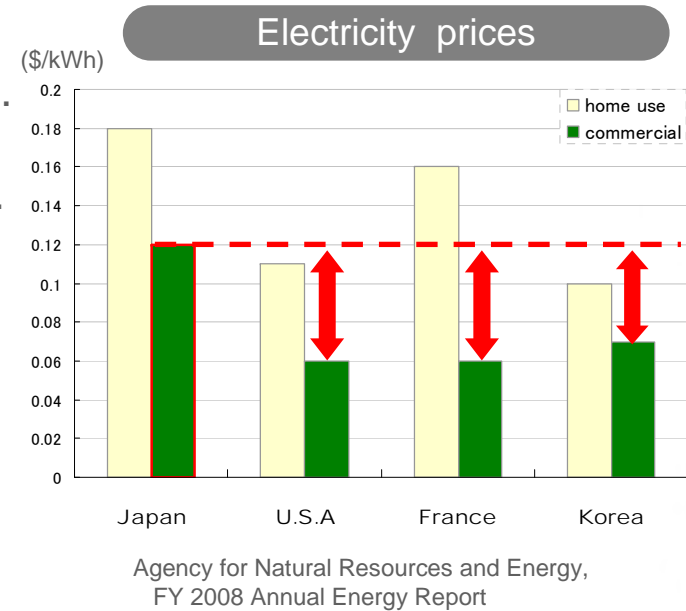
Module Eco-Data Center – Perfect for Cloud Computing Era –

The solution to the tasks we face today

- ➔ The tasks Japanese companies faces when using a data center facility are (1) the high energy cost and (2) the responsibility for CSR, to be an eco-friendly company
- ➔ The risks service providers faces are (1) construction cost and (2) the difficult to predict demands for data center and cloud computing services

◆ Reduces 40% of facility cost by:

- Uses outside air to cool the container. The first in Japan.
- Efficient power usage. Reduces CO2 emission.
 - ⇒ Achieved Partial PUE of under 1.1. => Eco-friendly.



◆ Best suited for cloud computing services because:

- Low construction cost by using a module. JPY1.1 billion for 5 modules (can host 1,600 servers)
- Easy to expand facility. Can gradually increase the necessary module along with the growing demands

“IIJ Raptor Service” an ASP FX system

- ◆ ASP-based foreign exchange (FX) system for financial service providers
 - A flexible system, compatible with Click 365, Daisho FX, and OTC
 - Conventional FX solutions require infrastructure and application development for each market
 - IIJ Raptor enables the user to access multiple markets over a single platform with a minimum investment
 - Hybrid memory database creates high-speed, high-capacity system
 - IIJ Raptor uses Korea's ALTIBASE hybrid-memory database and a parallel-processing system designed to complete a huge number of transactions
 - The system can process more than 1,000 orders per second and can take a huge influx of orders in a stride.
 - Systematically lowering FX risk and leverage risk.
 - Providing a more convenient trading channel
 - IIJ Raptor provides a Web, mobile device, and rich client software optimized for trading via an intuitive interface.
 - Users of any skill level can easily navigate the system.
- ◆ Adopted by several securities companies
 - Mizuho Securities Co., Ltd.,
 - Retela Crea Securities Co., Ltd.
- ◆ Service start in November 2011
 - To be recognized in the systems operation and maintenance revenues

Cloud Solution for iPad Business Applications

◆ “Smart Mobile Solution”

IJ GIO Smart Mobile Solution enables a safe and secure use of the iPad and other advanced mobile terminals for enterprises customers to incorporate the iPad, smartphones, and other high-performance devices into their business systems.

(Service Features)

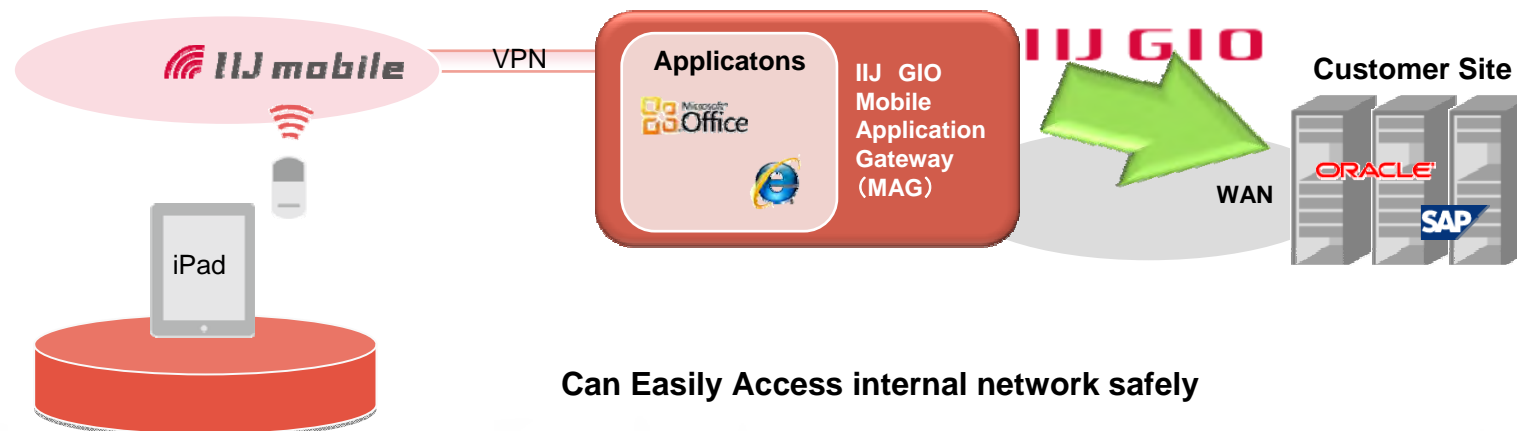
➤ Management service for smartphones and other mobile terminals

- includes functions to remotely manage security measures and administrative actions for the iPad and smartphones
- Device lock or data deletion, software installation and configuration, access restrictions. Features that enables central control.

➤ IJ Mobile Service/Type D compatible "Mobile WiFi Router"

➤ Applications gateway solution "Mobile Application Gateway"

- An IJ GIO-based cloud service that provides a gateway for the iPad to access the business applications used on the Windows computer in the office.
- Enables clients to introduce the iPad as a business terminal without changing the existing equipment.














Can Easily Access internal network safely

Reference: IIJ Press Releases

| Date | | Press Releases |
|--|---|---|
| FY10 | 2Q | 7/13 IIJ Provides IIJ Mobile Service for the CWE-640J M2M-capable W-CDMA Module |
| | | 7/28 IIJ4U and IIJmio Mail Services for Individuals are Now Compatible with IPv6 Networks |
| | | 8/4 IIJ to Launch IIJ File Server Remote Backup for NetApp Solution |
| | | 8/13 IIJ Announces 1st Quarter Results for FY2010 |
| | | 8/19 IIJ to Build Housing Industry Cloud Service, Jyutaku HIRoBA, with IIJ GIO |
| | | 8/24 IIJ and JBS Partner to Provide Microsoft Collaboration Infrastructure Cloud Solution |
| | | 8/26 IIJ to Build Japan's First Commercial Data Center Using Outside-air Cooled Container Units |
| | | 9/1 IIJ Completes Acquisition of Subsidiary from AT&T Japan |
| | | 9/7 IIJ Provides IIJ Secure Web Gateway Service to Tokyo Stock Exchange, Inc. |
| | | 9/16 IIJ Launches WAF Service on the IIJ GIO Cloud Service |
| | 9/29 New "eco-patch6" LAN Cable is Light-weight and Eco-friendly, and Supports High-speed Communications | |
| | 9/30 IIJ Announces Cloud Solution for iPad Business Applications:IIJ GIO Smart Mobile Solution | |
| | 3Q | 10/14 IIJ and IRRIC Begin Cloud-based BCP Consulting Services |
| | | 11/01 IIJ Launches ASP FX system, IIJ Raptor Service |
| | | 10/10 IIJ to Launch "IIJ Mobile Biz+ Service" |
| | | 11/11 IIJ to Provide IIJ Raptor Service to Mizuho Securities |
| | | 11/12 IIJ to Strengthen MVNO Support as an MVNE |
| | | 11/15 IIJ Announces 2nd Quarter Results for FY2010 |
| | | 11/25 IIJ Releases IIJ Smart Mobile Manager Trial Service for remote management of the iPad and other advanced mobile devices |
| 12/01 IIJ Launches URL Filter Report Function under the IIJ SMF sx Service/Ultra Firewall Option | | |
| 4Q | 01/13 IIJ and Digital Garage Form Partnership for Corporate Services and to Build Information-Sharing Infrastructure in the Cloud | |
| | 01/17 IIJ to Adopt DNSSEC Expansion Method to Improve Security on DNS Services | |

Reference: IIJ Group Companies

(As of Jan. 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. | 76.4% | Operates ATM network systems placed in designated facilities. Receives commission for each withdrawal transaction from a bank account. |
| Equity Method Investees |  GDX Japan Inc. | 62.3% | Building safe, reliable corporate messaging networks and providing message exchange services. |
| |  Internet Multifeed Co. | 32% | Provides mutual access with other major ISPs and content distribution services based on Multifeed 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. |
| |  Taihei Computer Co., Ltd. | 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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