

Internet Initiative Japan (Nasdaq: IIJI)

February, 2003

Statements made in this press release that state 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 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 positive operating income, IIJ's net loss for the past five fiscal years and its expectation that net losses will continue, IIJ's ability to continue to increase subscribers to its connectivity services, particularly at higher bandwidths; IIJ's ability to generate significant revenues from its other services such as systems integration; the success of IIJ's investments in Crosswave; the ability to compete in a rapidly evolving and competitive marketplace; the impact of technological changes in its industry; and other risks referred to from time to time in IIJ's filings on Form 20F of its annual report and other filings with the United States Securities and Exchange Commission.

3Q02 Highlights

● **In 3Q02:**

- Total revenues totaled JPY10.6 billion(\$89.0 million), an increase of 6.3% YoY, and unchanged from 2Q02
 - 3rd time in IIJ`s history that revenues surpassed JPY10 billion.
- Operating loss temporarily expanded
 - Operating loss was JPY567 million (vs. JPY151 million of operating profit in 3Q01, and a JPY194 million operating loss in 2Q02)
 - Loss primarily a result of the investments needed to reinforce network infrastructure for broadband traffic.
- Adjusted EBITDA was JPY349 million.

● **In 4Q02:**

- Total revenues expected to be between JPY12.5 billion (\$105.3 million) and JPY13.0 billion (\$109.5 million), the highest amount in IIJ`s history.
- IIJ expects its operating profit to improve considerably.

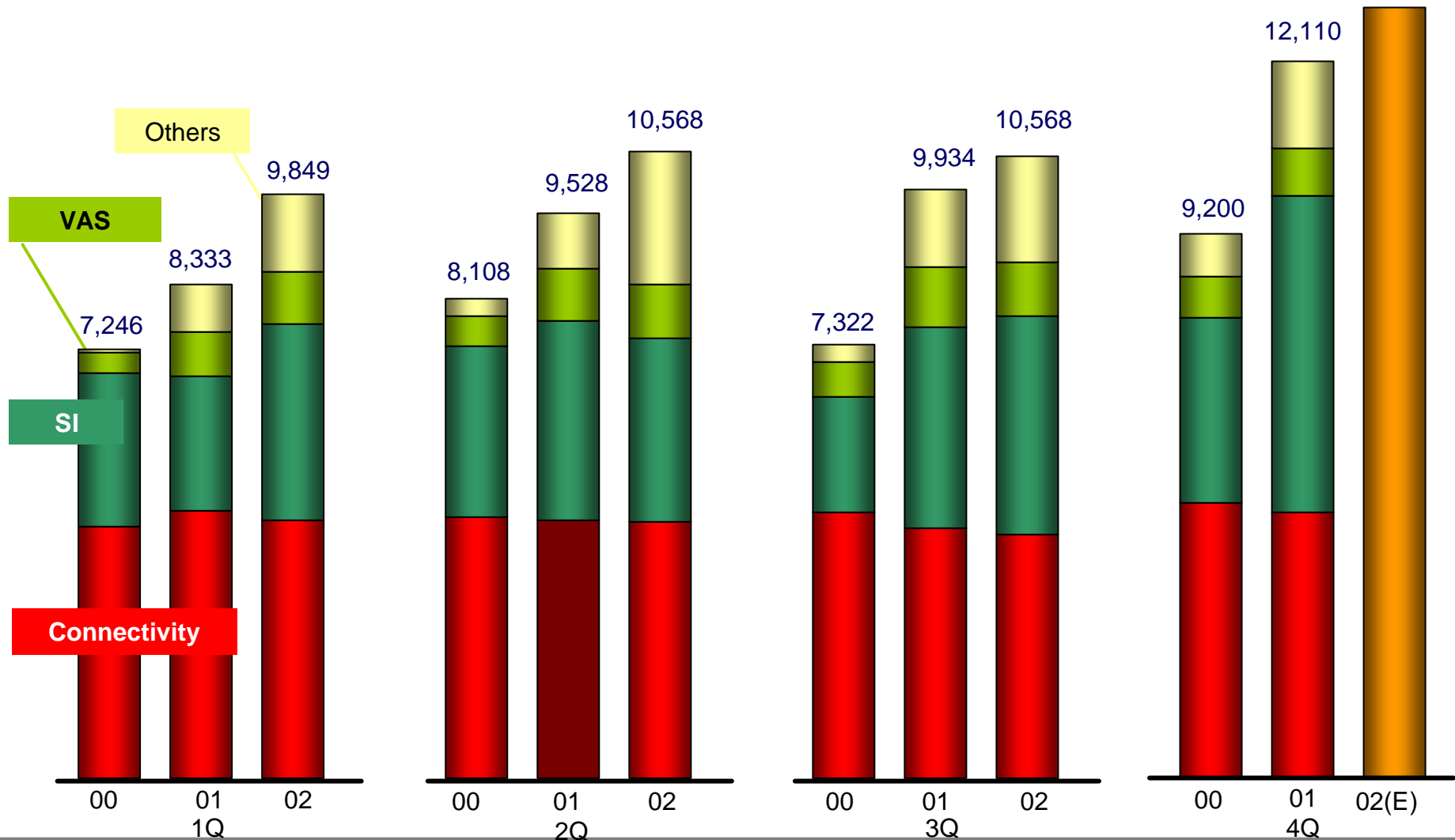
● **For FY 2002:**

- IIJ expects total revenues to grow by approximately 10% YoY.
 - Total revenue will be between JPY43.5 billion and JPY44.0 billion

Revenues Growth (QoQ)

12,500 ~ 13,000 (E)

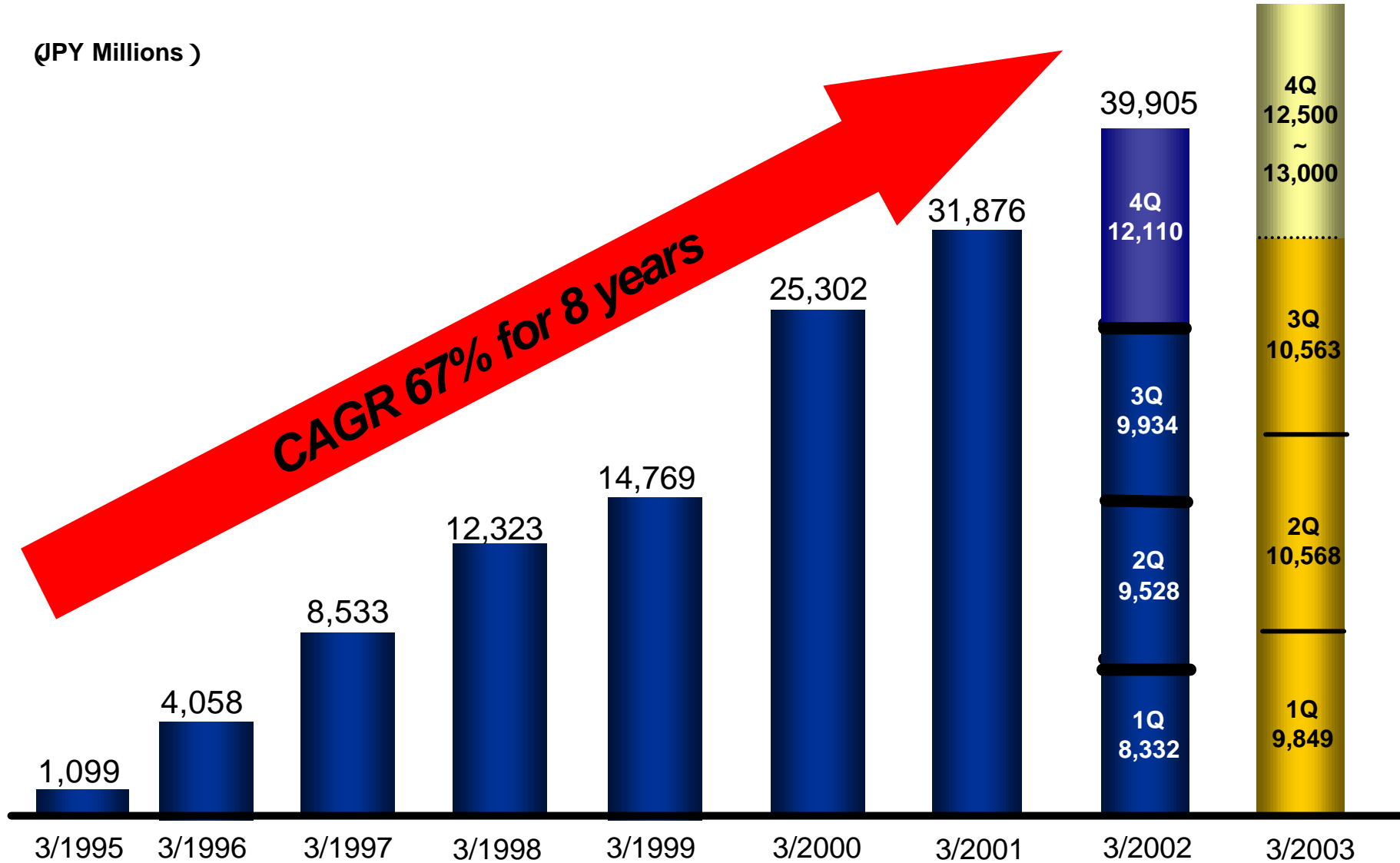
(JPY Millions)



Revenues Growth (Full Fiscal)

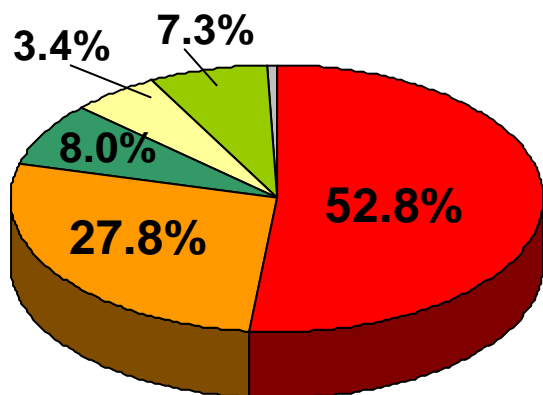
10% growth expected

(JPY Millions)

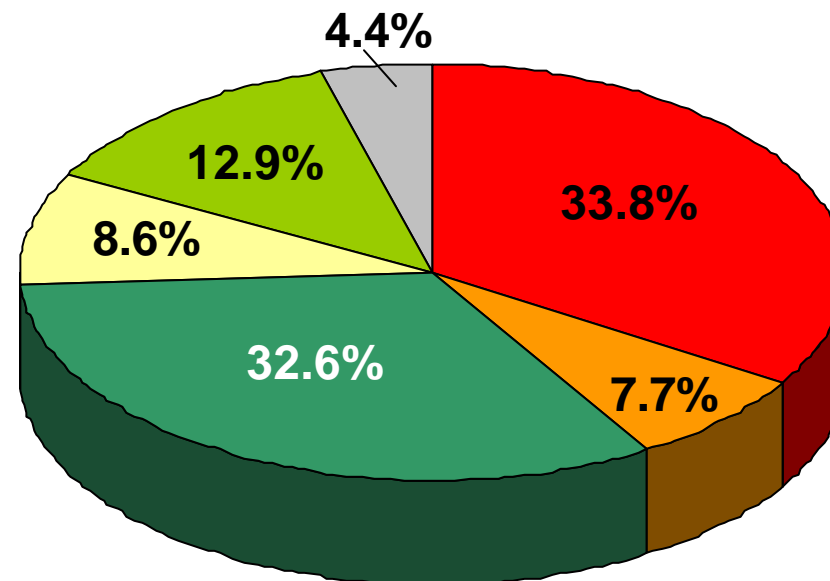
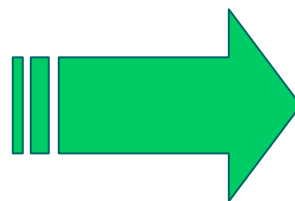


Revenues Portfolio(FY02 9 months accumulated)

- Dedicated Access services
- Dial-up access services
- System Integration services(SI)
- VAS (including data center service)
- Equipment Sales
- Others

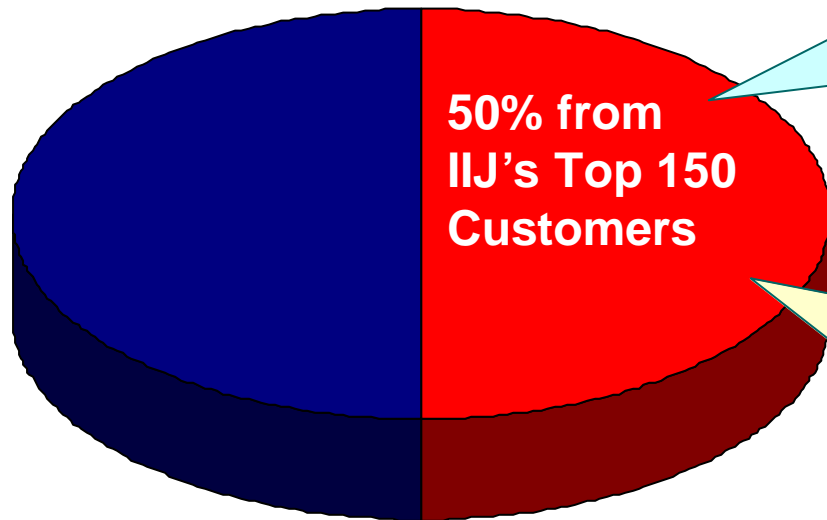


FY 98 (before IPO)



FY02 9 months
accumulated (present)

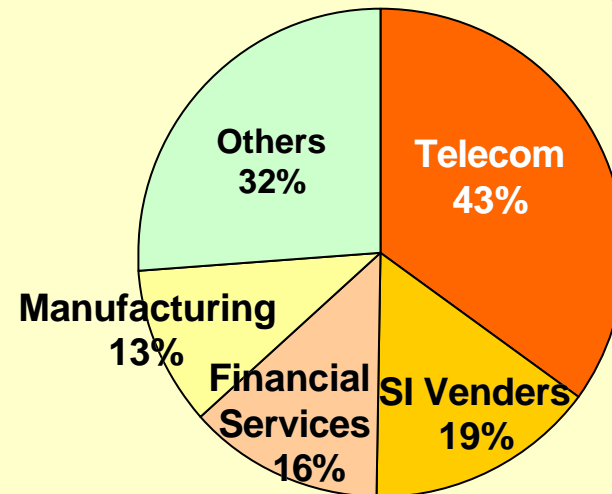
IIJ Top 150 Customers (3Q02)

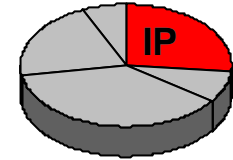


Revenues
at December 2002

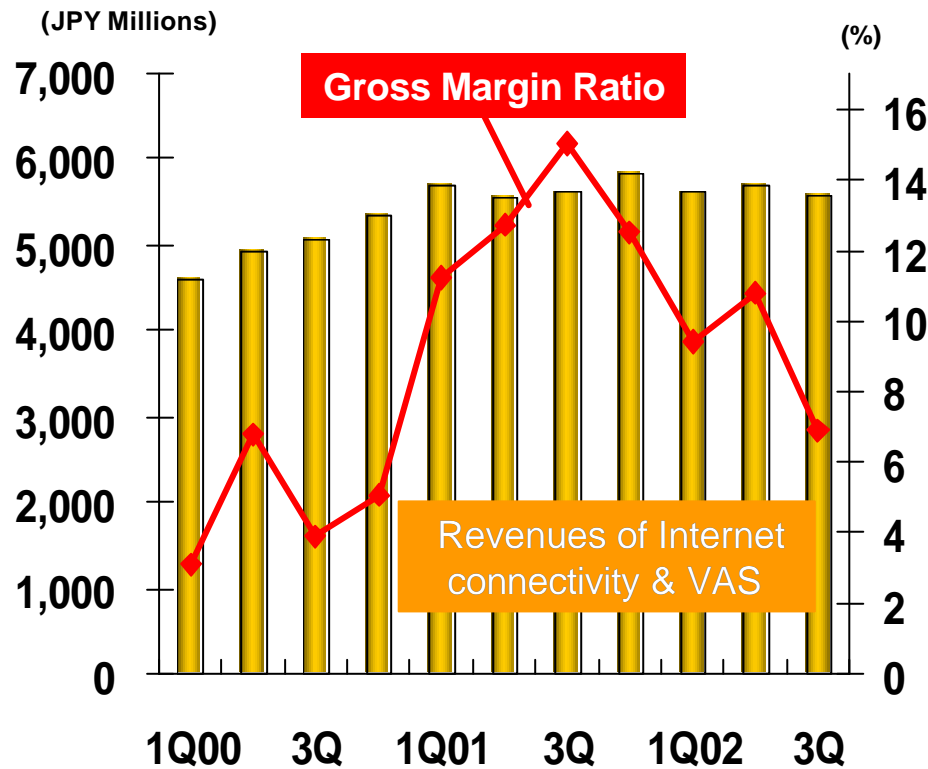
Cross selling rate

- Connectivity & VAS = 67%
- Connectivity & SI = 53%
- Connectivity & DC = 25%



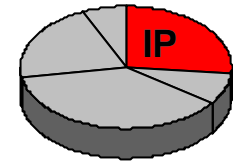


Revenues and Gross Margin

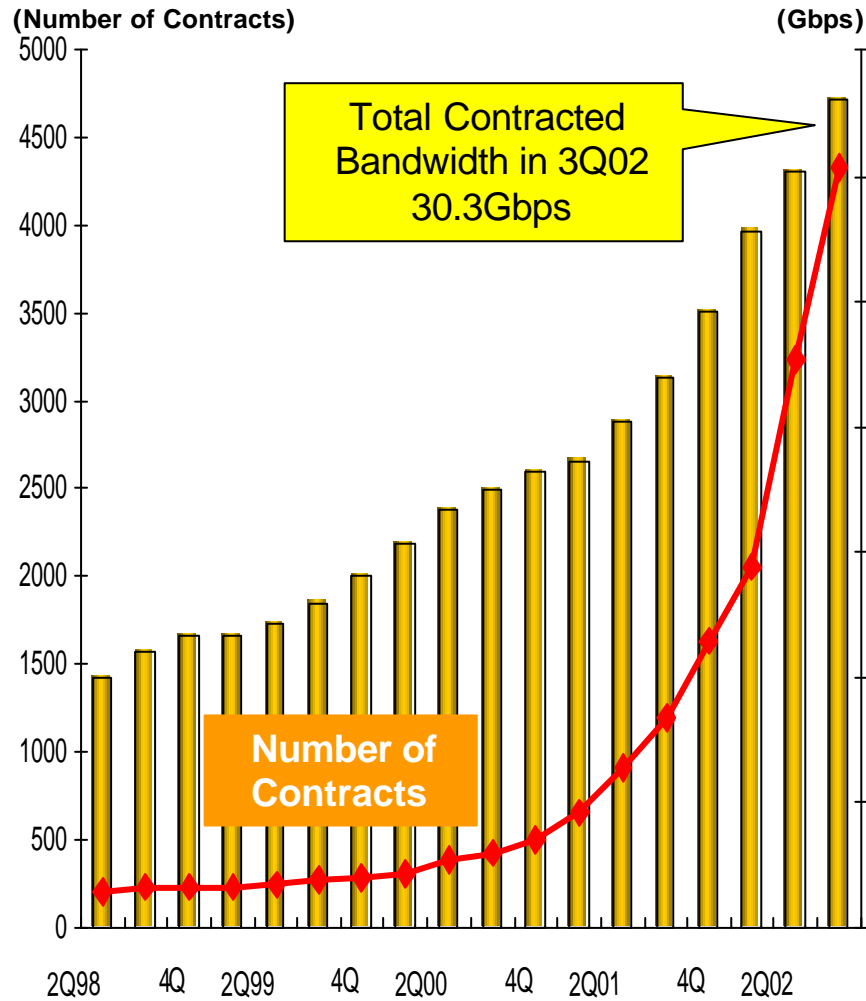


Temporary decline in revenues due to:

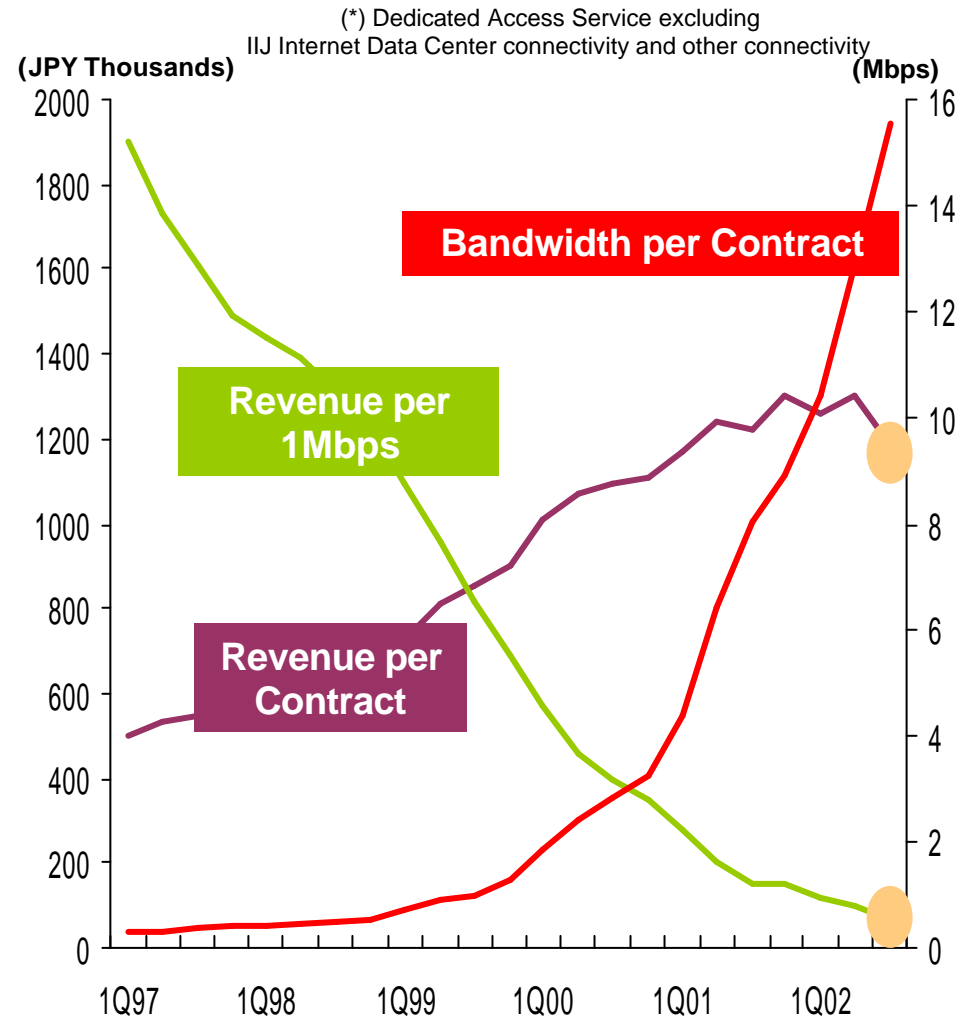
- Contract cancellations by the telecom service arms of regional electric power companies.
- Shift by second-tier customers to lower-priced services such as the IIJ Fiber Access/F service(10-100Mbps).
- 6 - 9 month time-lag for capitalizing on measures that were implemented last summer. These measures include the launch of:
 - a. The IIJ CDN platform
 - b. The broadband OEM service that uses the CDN platform
 - c. A heightened marketing focus on CATV operators.
 - d. The IIJ VPN Standard service

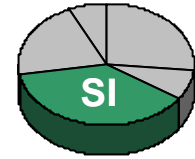


Total Number of Contracts and Bandwidth in Dedicated Access Services

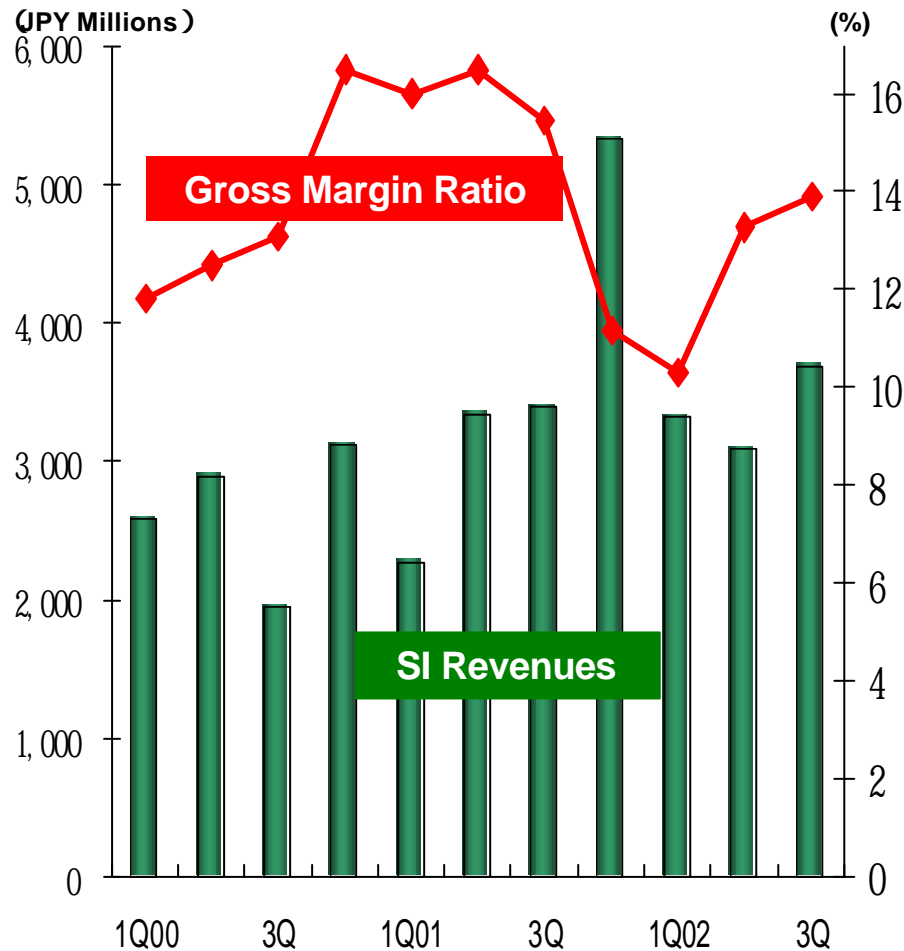


IP Service(*) ARPU





Revenues and Gross Margin



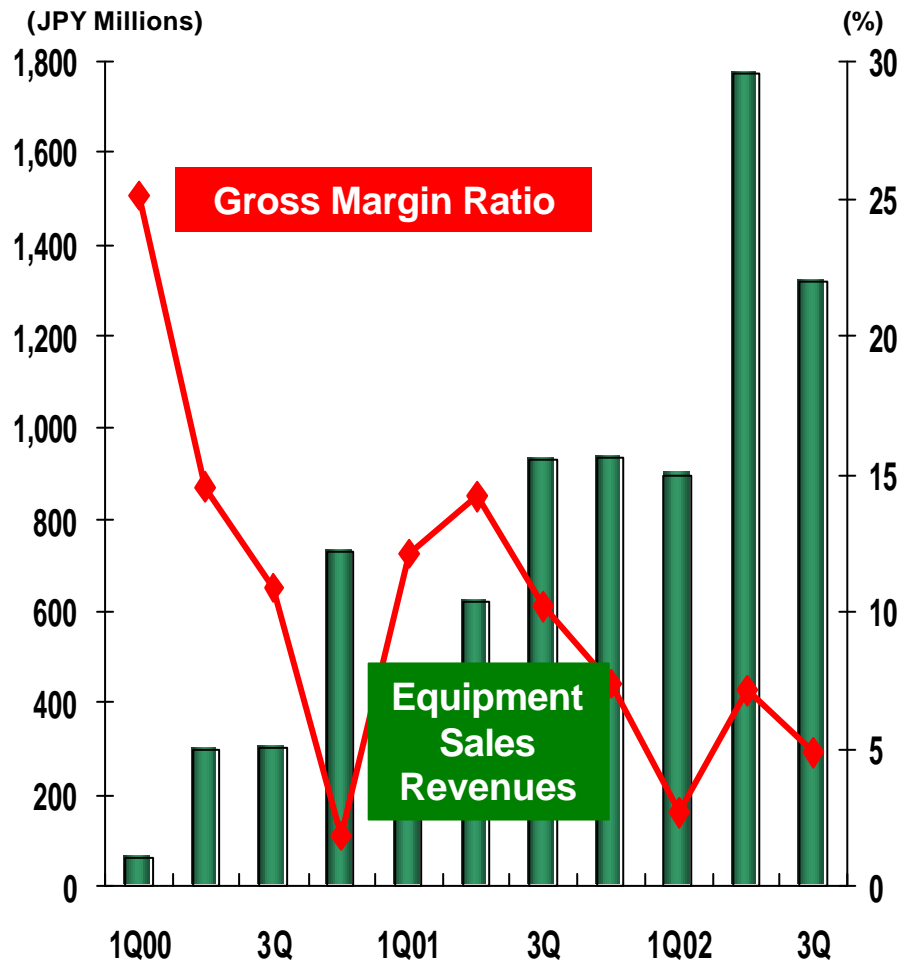
Improvements due to:

- Development of Resource on Demand DC service
- Success in capitalizing on market for large-scale gateway solutions (ie: Ricoh etc.)

For 4Q02

- Strong SI revenues expected to be driven by large scale SI contracts in excess of JPY300 million, which will total more than JPY5 billion.

Revenues and Gross Margin

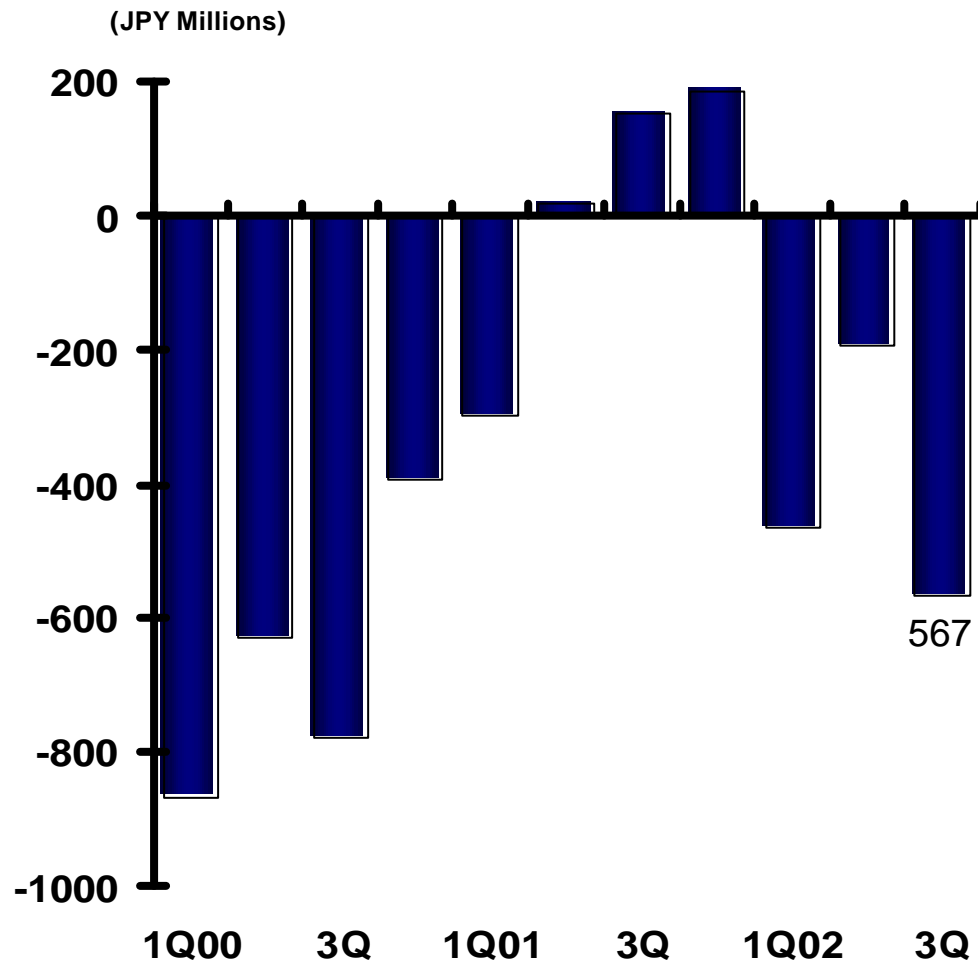


Highlights:

- Maintained high level of revenues as a result of a boost in SI-related equipment sales
- Launched SEIL/*neu* ATM service in November 2002

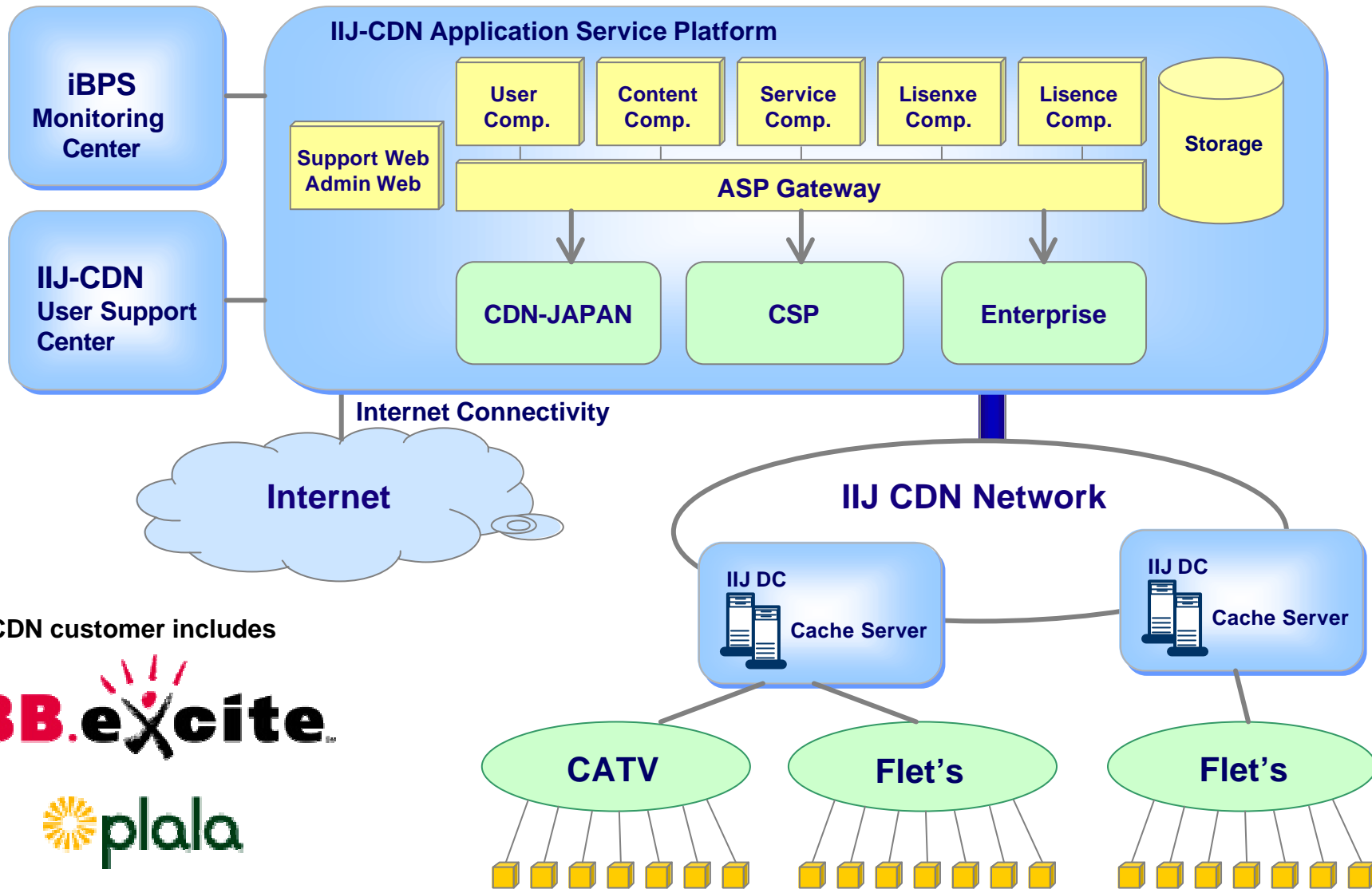
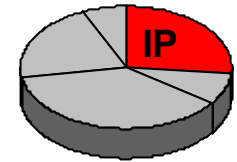
Operating Profit (QoQ)

Operating Profit



Summary:

- Operating loss of JPY567 million
- Expecting a significant improvement in 4Q02



IIJ CDN customer includes



IIJ Group's New Data Centers

The new large scale Data Centers deploy the most advanced facilities and network environments and are further strengthened by the collective strength of the IIJ Group.

Yokohama 1 Data Center:

Center with the best facilities and services for the full-outsourcing of corporate information systems

Saitama 1 Data Center:

Center with the facilities and services that function as a base for the transmission of information

Yokohama 1 Data Center

Place :Yokohama-city Kanagawa pref.
Number of Floors :B1F、3F、Tower 2F
Floor space :19,420.15m² (term)
Structure :Steel frame (quake-absorbing structure)
Floor bearable weight :1 ton/m²



Saitama 1 Data Center

Place :Kawaguchi-city Saitama pref.
Floor :9F、Tower 2F
Floor space :14,143.10m²
Structure :Steel frame
(quake-resistant+quake-absorbing structure)
Floor bearable weight :1 ton/m²



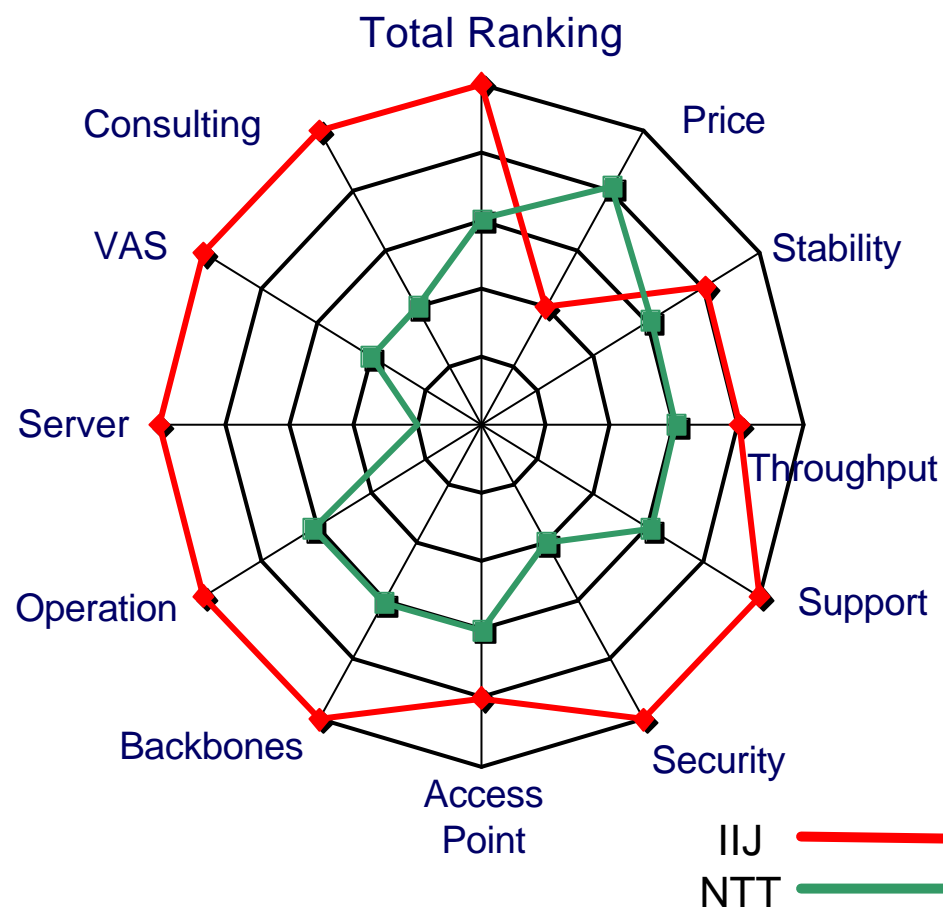
Awarded as the Best Provider 2002

-- Broadband Service --

Total Ranking / Broadband Service

1	IIJ
2	Nifty
3	NTT Communications
4	KDDI
5	Japan Telecom

By Category



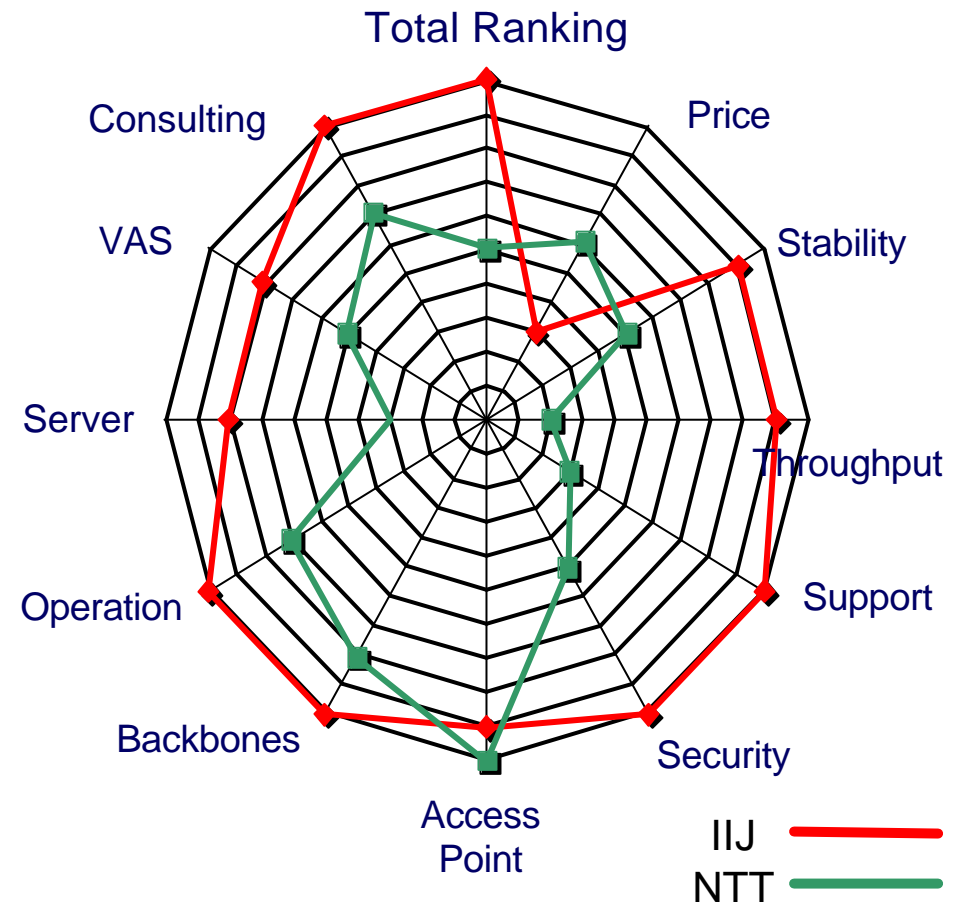
Awarded as the Best Provider 2002

-- Dedicated Access --

Total Ranking / Dedicated Access

1	IIJ
2	Powered Com
3	JENS
4	Cable & Wireless IDC
5	FUJITSU
6	NTT Communications
7	Japan Telecom
8	KDDI
9	NEC

By Category



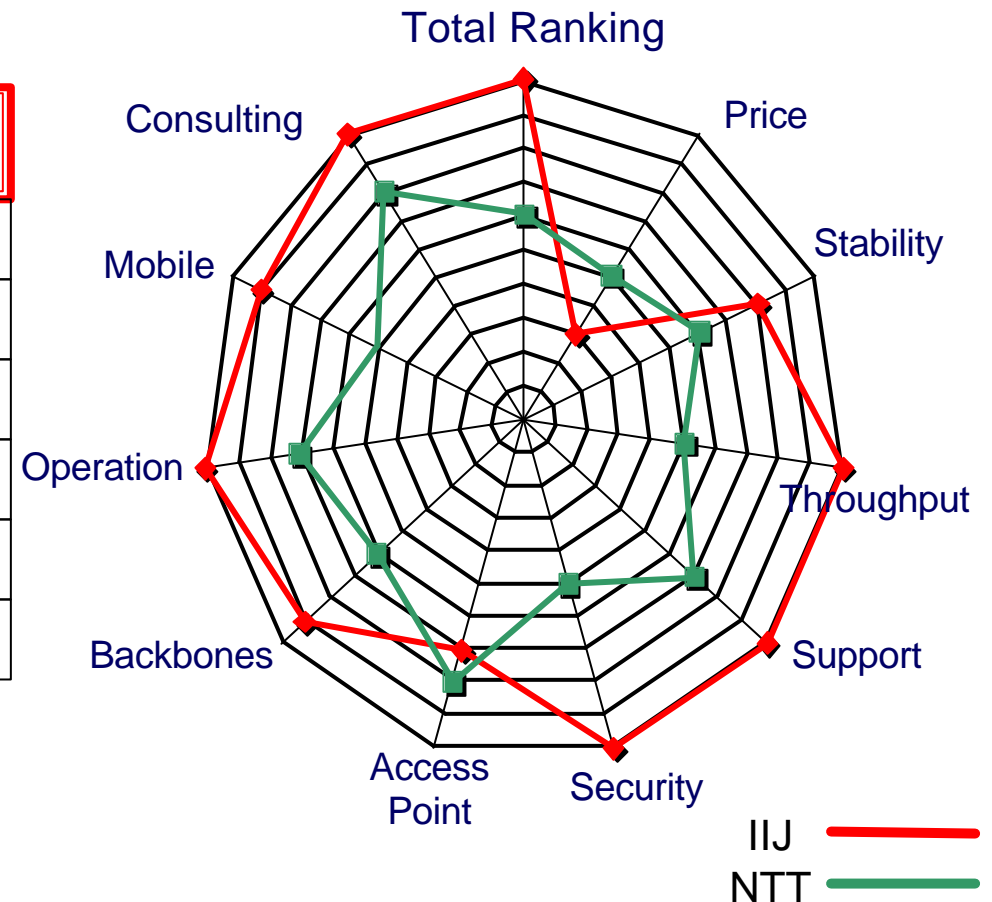
Awarded as the Best Provider 2002

-- Dialup Access --

Total Ranking / Dialup Access

1	IIJ
2	NEC
3	Nifty
4	AT&T
5	NTT Communications
6	KDDI
7	Japan Telecom

By Category



Total Ranking / Dialup Access

1	NTT PC Communications
2	IIJ
3	JENS
4	KDDI
5	NEC
6	Cable and Wireless IDC
7	NTT Communications
8	FUJITSU

By Category

