



# Internet Initiative Japan Inc.

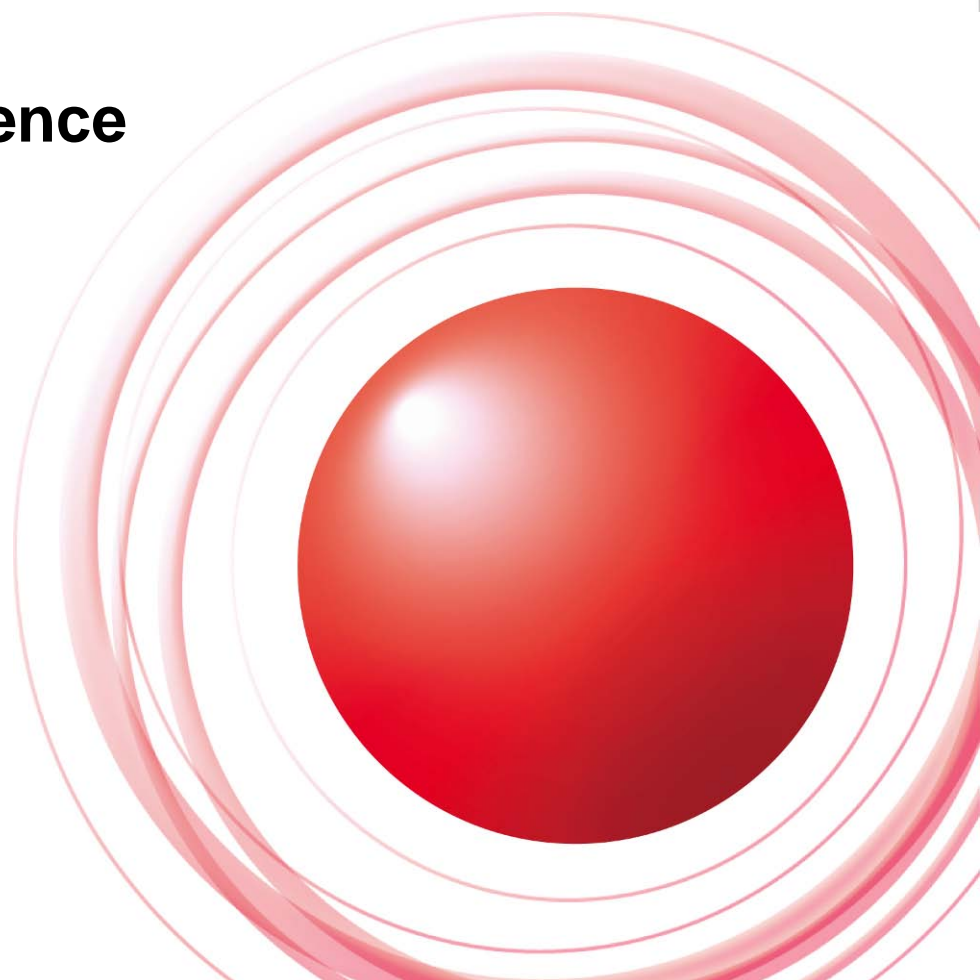
**Daiwa Investment Conference  
Hong Kong 2011**

**November 9-10, 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

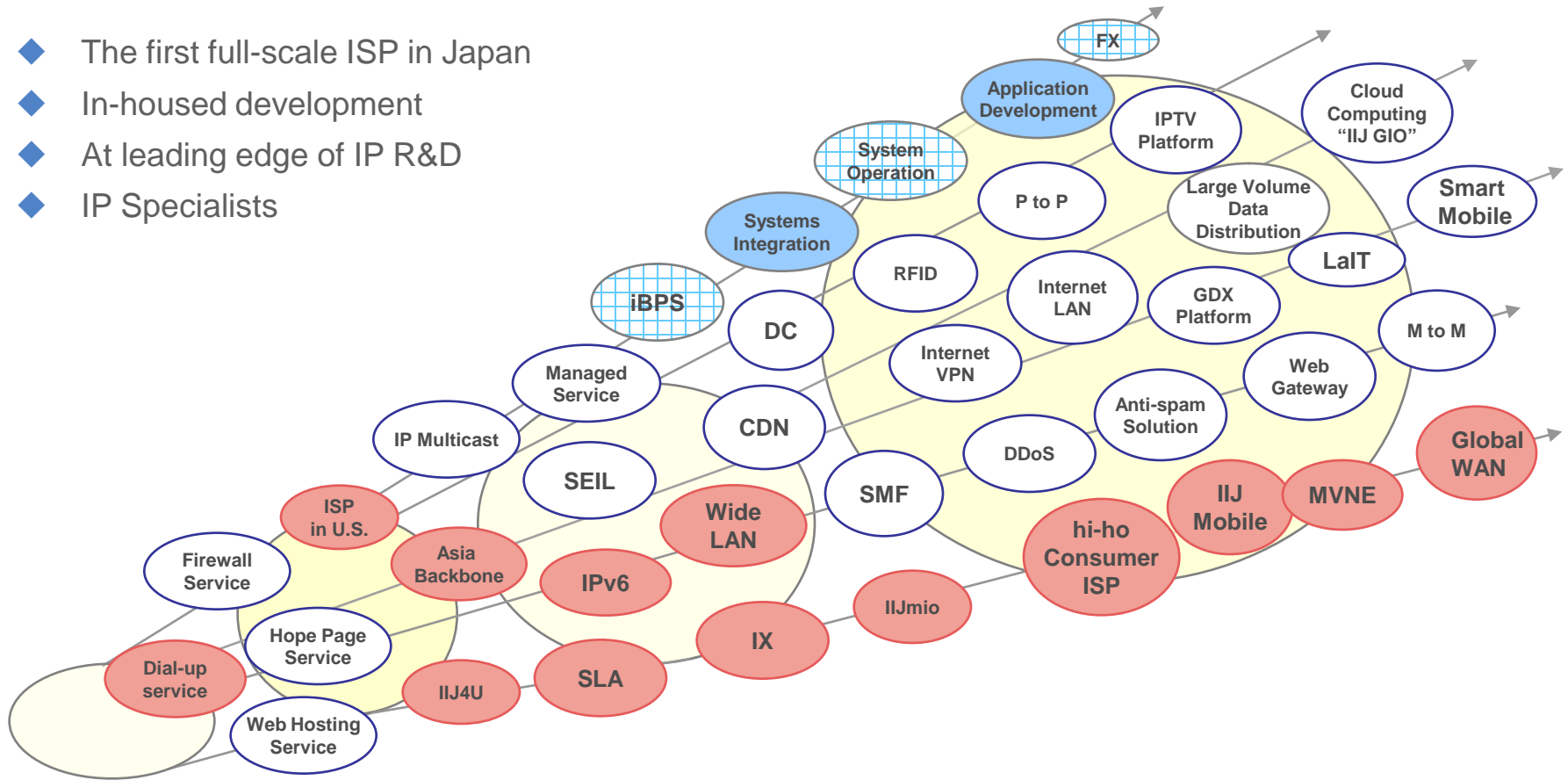
- IPv6, Mobile IPv6(MIPv6), NetBSD
- Distributed and Parallel Processing Platform for very large data sets
- Participation in world-wide research
- Board Member of “Telecom-ISAC Japan”

Company Profile (as of September 2011)	
Established	December 1992
Number of Employees	Consolidated: 1,955 (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



"IJ Group"

1992



1995



1996



1997



1998



2004



2006



i-revo

2007



2008



IJ INNOVATION INSTITUTE

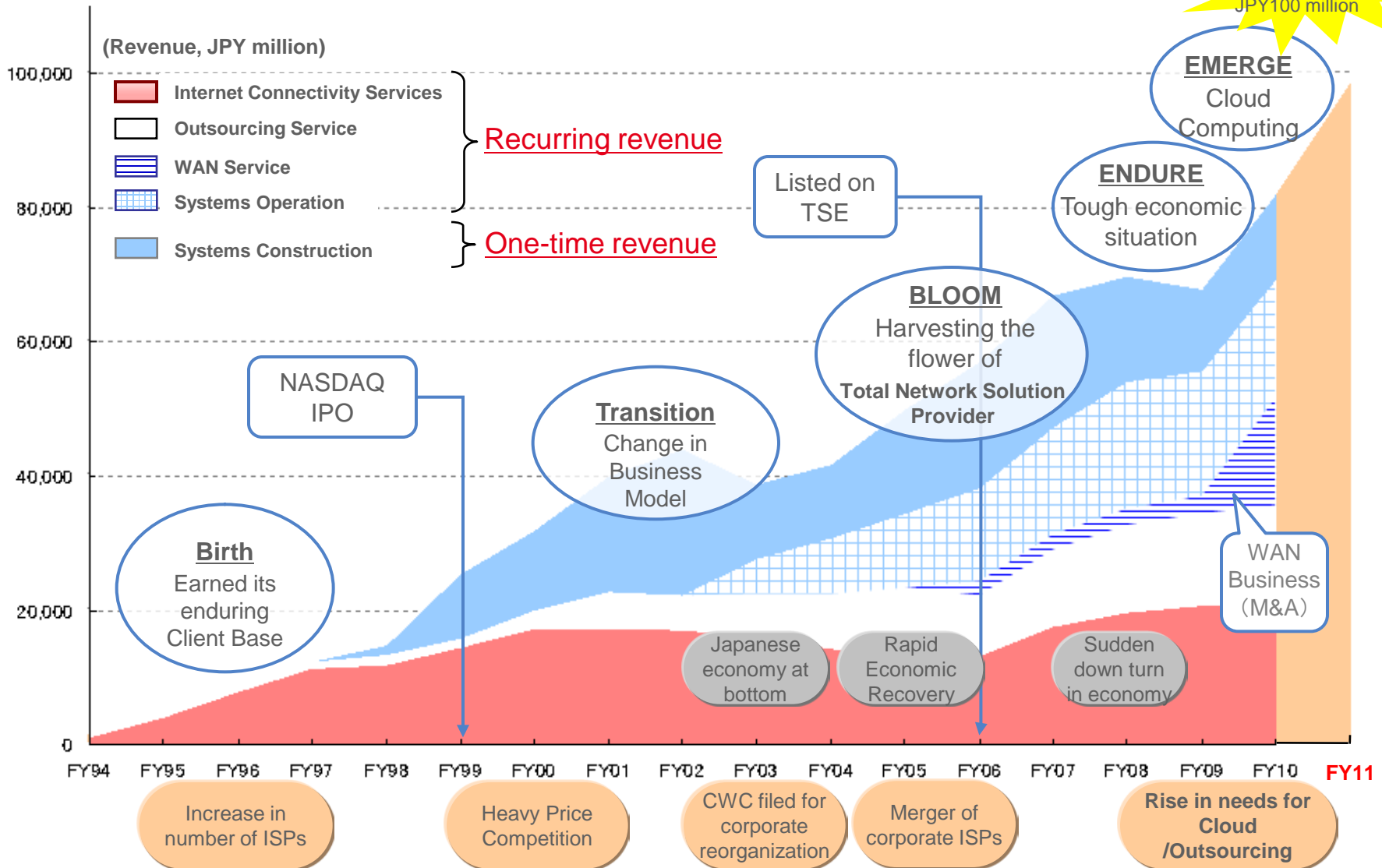
2010



IJ Global

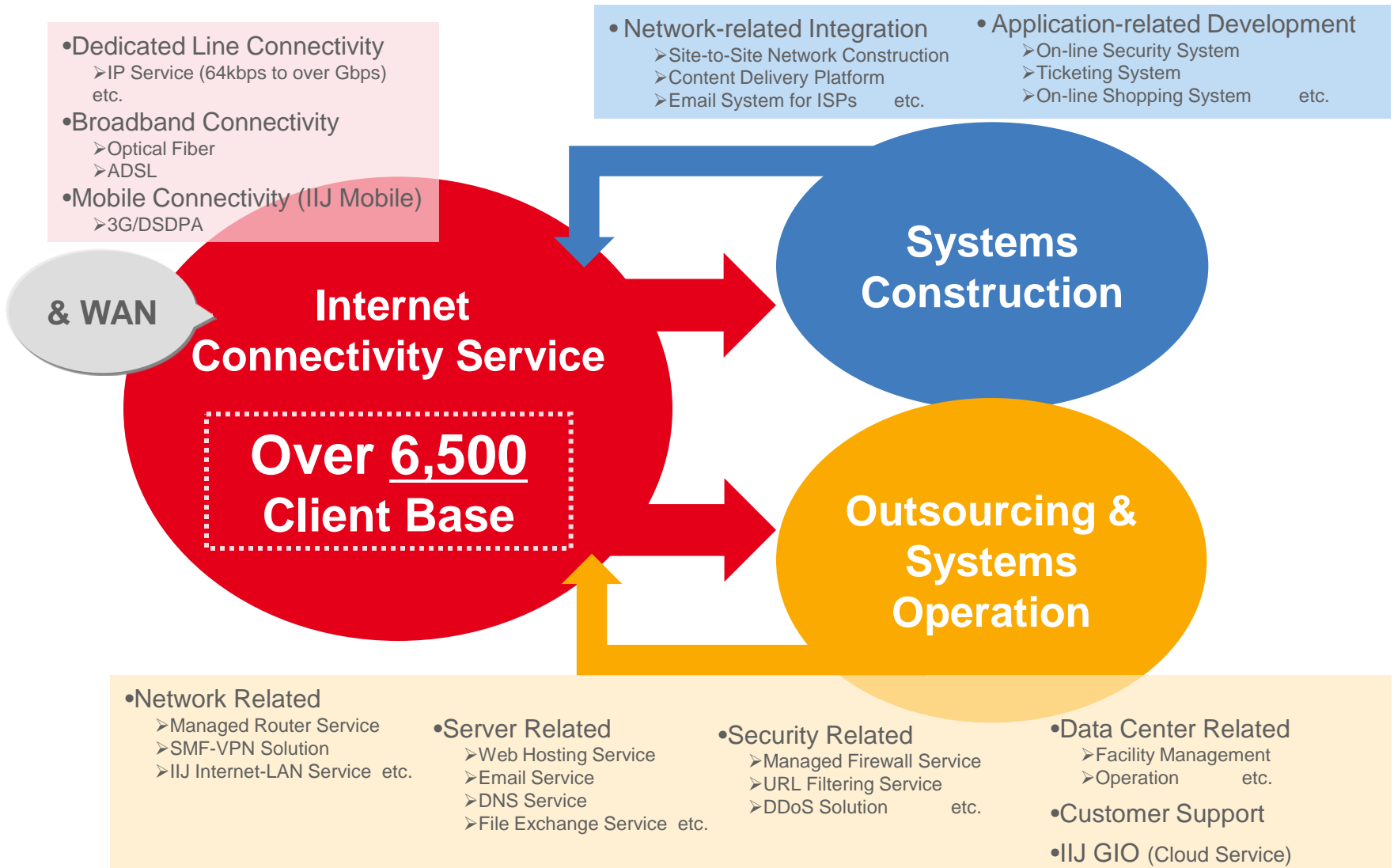
# Strategic Shift in Business Model

## From "ISP" to "Total Network Solution Provider"



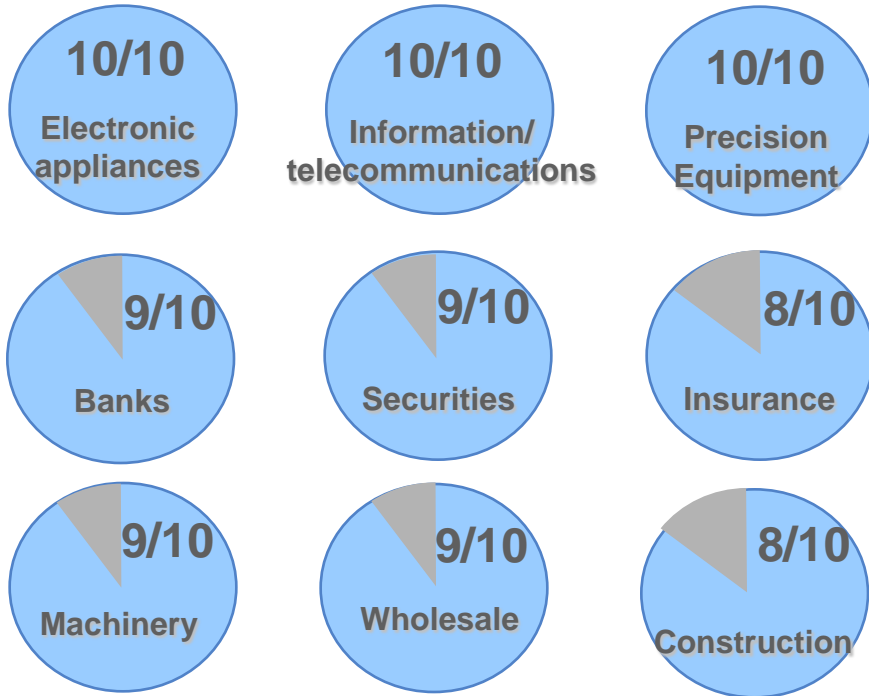
# Recurring Business Model

## 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"

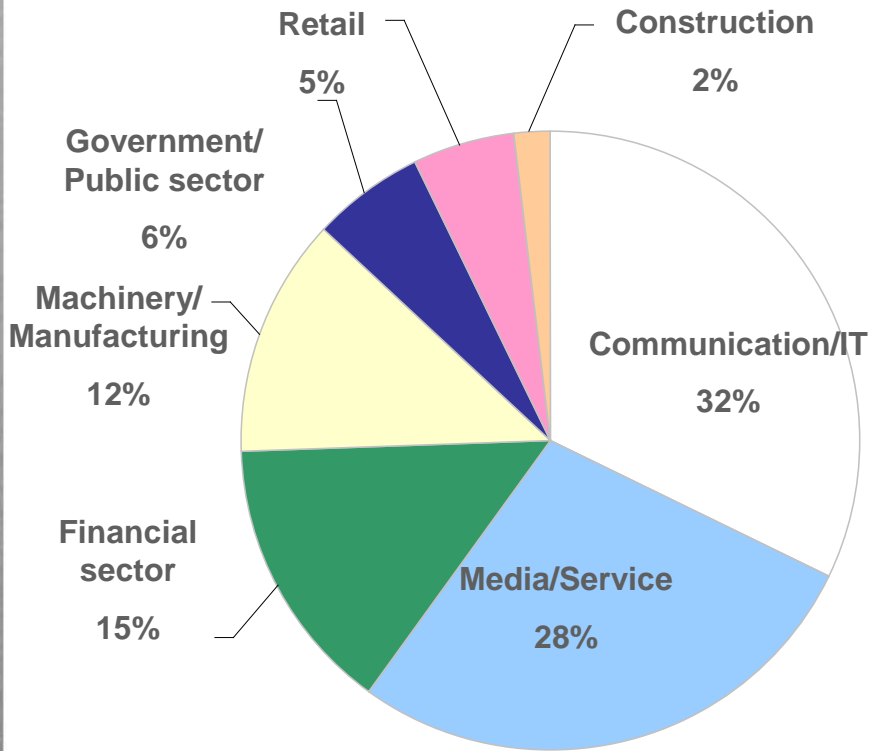
## Enduring Relationship with leading companies



and more...

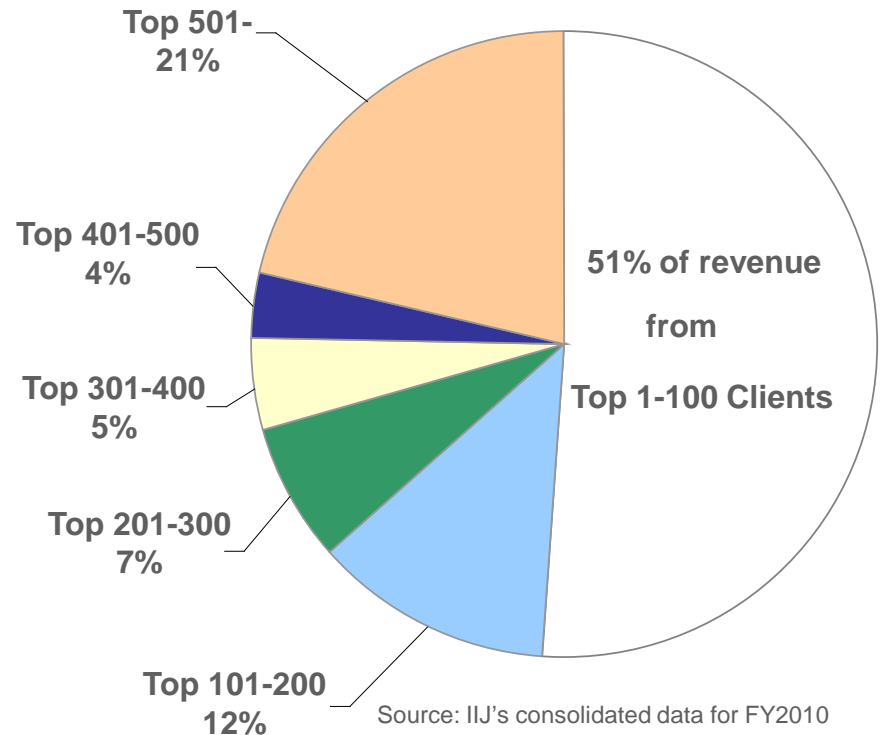
# Broad Client Base

Revenue Distribution by Industry



Source: IIJ's consolidated data for FY2010

Revenue Distribution by Clients



Source: IIJ's consolidated data for FY2010

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

- Not dependent on specific company

# Customer Retention Strategy

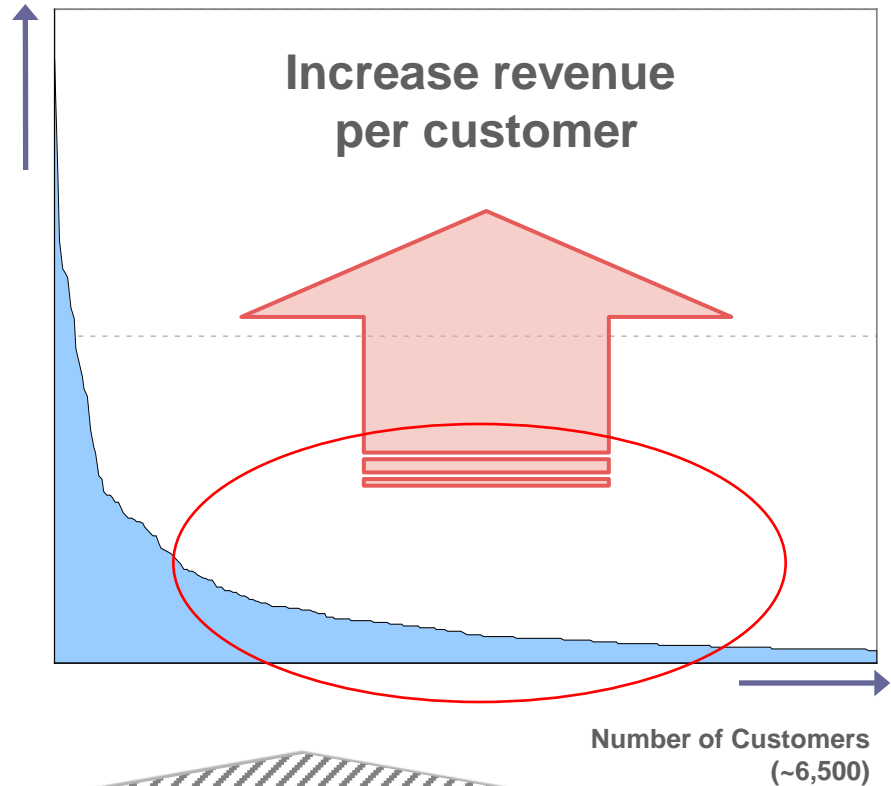
Revenues by Customer  
(JPY million)

Cross Selling of Services

Provide high quality/reliable  
total network solution

Introduce new services

Increase recurring revenues for  
Stable revenues and profit growth



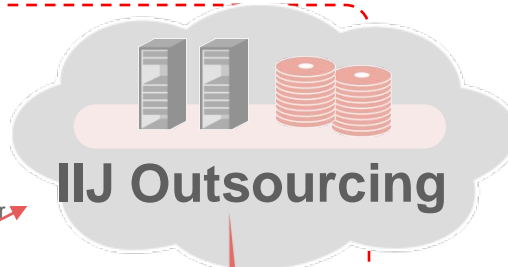
- Rise in demands from Outsourcing/Cloud Computing
- IT spending is indispensable in the mid/long term

# 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

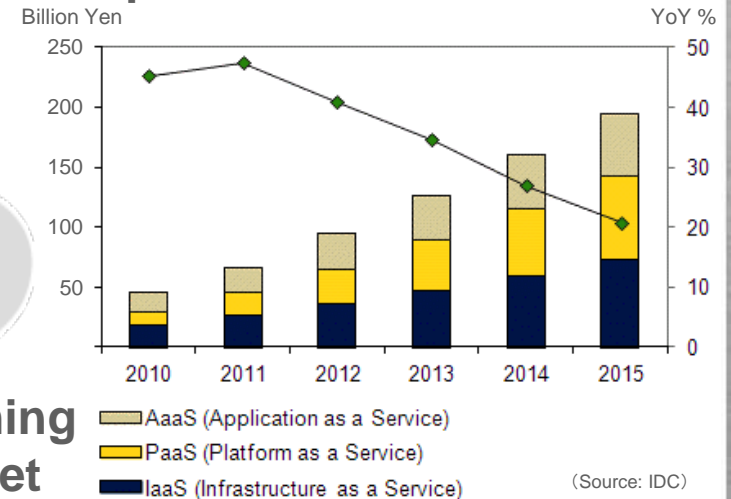
#### IIJ is Best Positioned

- 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



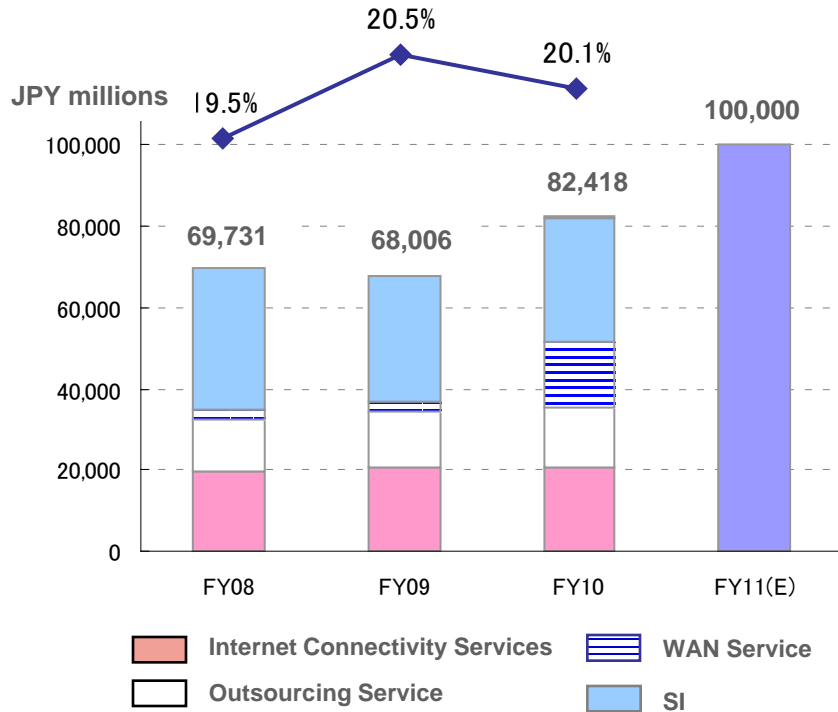
Positioned for the coming cloud computing market

### Expected Cloud Market Size

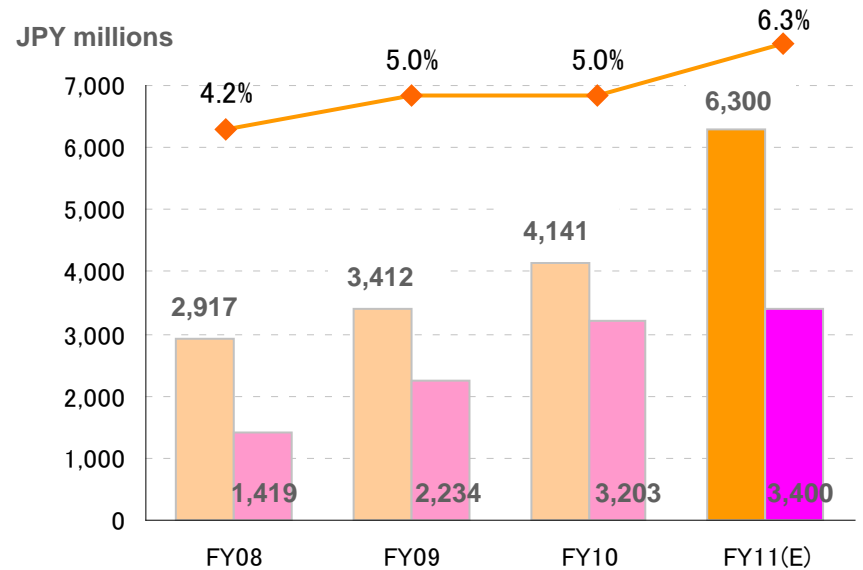


# Historical Revenue & Income and FY11 Target

## 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

The background of the slide features a series of concentric, overlapping circles in a light red or pinkish hue. These circles are centered on the page and create a sense of depth and movement, framing the central text.

# **FY2010 Consolidated Financial Results**

**(Announced on May 13, 2011)**

# I. Summary of 1H FY2011 Financial Results

## <1H FY2011 Financial Results>

•Total revenues	JPY47,207 million	(up 37.7% YoY)
•Gross margin	JPY9,236 million	(up 35.0% YoY)
•Operating income	JPY2,448 million	(up 103.8% YoY)
•Income before income tax expense	JPY2,291 million	(up 127.7% YoY)
•Net income attributable to IIJ	JPY1,361 million	(up 58.4% YoY)

### ●Recorded the highest 1H revenue, operating income and income before income tax expense

- Stock revenue type services: Internet connectivity services for corporate use, outsourcing, WAN and systems operation and maintenance grew respectively
- IIJ-Global recorded good business progress. 1H11: Revenue and profit contribution of 6 months (1 months for 1H10) Revenues of JPY13.0 billion, costs of JPY10.4 billion, SG&A of JPY1.5 billion and operating income of JPY1.0 billion (JPY billion)
- With costs and expenses stabled, profit exceeded our initial 1H11 target and operating income was doubled YoY

	Initial Target	Results
Operating Income	JPY2.0	JPY2.4
Net income attributable to IIJ	JPY1.0	JPY1.4

### ●IIJ's Cloud Computing Service "IIJ GIO" continuously growing, projects and revenue accumulating

- Sep 2011 monthly revenue reached over JPY250 million (JPY120 million for March 2011) and the number of projects reached over 830 as of Sep 2011 (over 600 as of June 2011, 430 as of March 2011)
- Accelerating promotions (participated in the Cloud Expo convention) and strengthening IIJ GIO partnership programs
- Opened Mitaka DC and increased the number of container units and servers in Matsue DC

### ●Revised 1H11 financial targets. Full FY2011 financial targets remain unchanged

- Income exceeded target with stock revenue growth and steady cost level. Revenue slightly lower than initial 1H11 target due to shortage of systems construction and ATM operation business revenues.

### ●Strengthening IIJ Group's Global Business

- Japanese corporate actions to go global and their increasing and strong demands for global network services
- Constructing private cloud computing SI project in the United States for our largest Japanese SAP clients
- IIJ-Global will provide "IIJ Global Smart WAN service", "Net de! World", "Multi-lingual helpdesk" services
- IIJ-Global to establish a representative office in Bangkok (Sep 2011) and a subsidiary in Shanghai

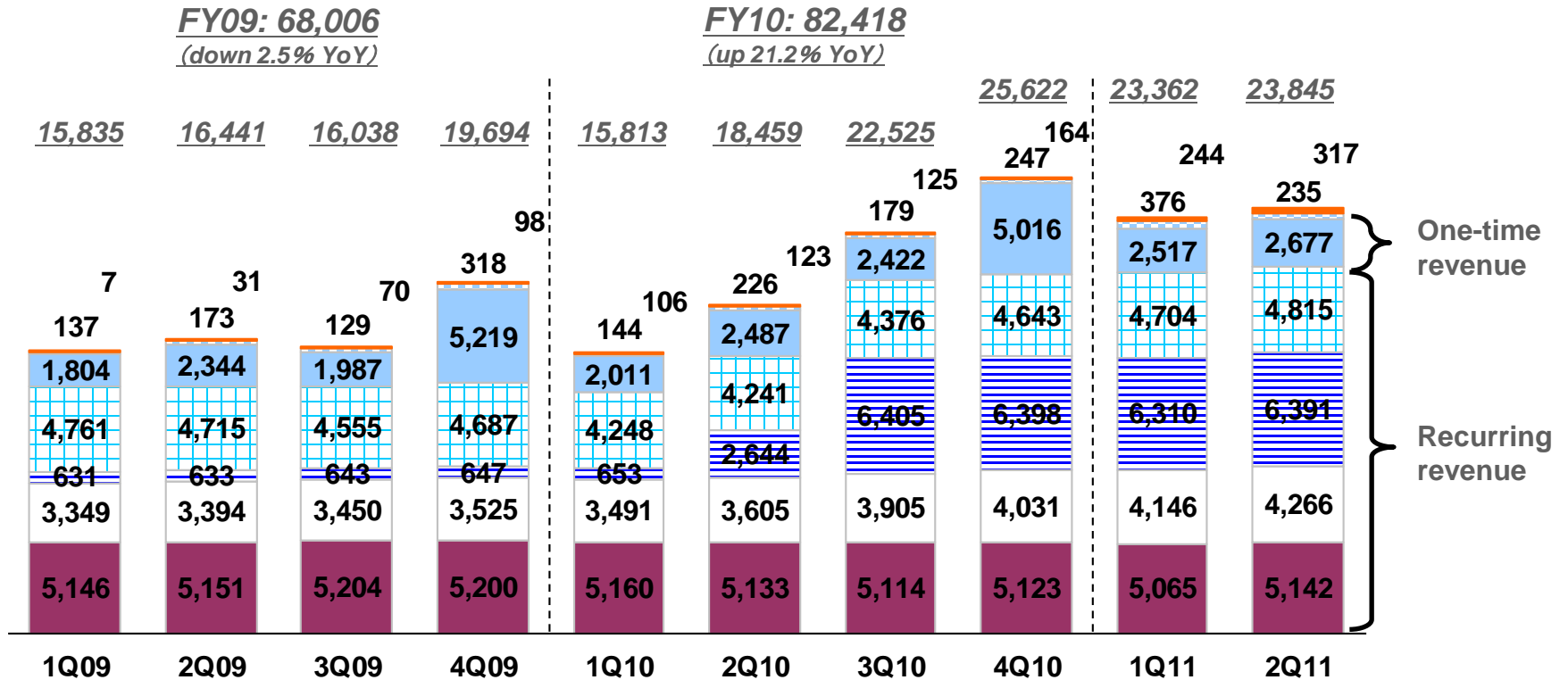
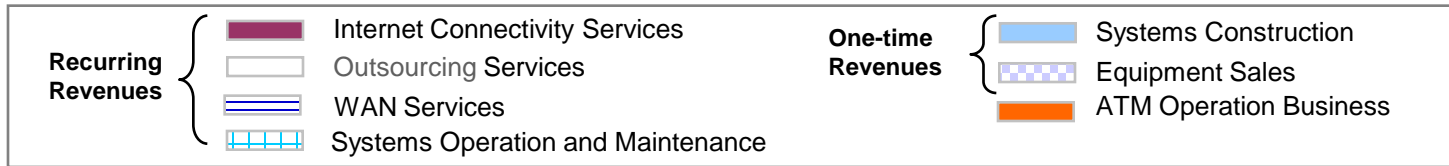
## II-1. Consolidated Results for 1H FY2011

Unit: JPY billion

	% of Revenues	% of Revenues	YoY	% of Revenues	% of Revenues
	1H11 (11/4~11/9)	1H10 (10/4~10/9)		1H11 Revised Target (11/4~11/9)	1H11 Initial Target (11/4~11/9)
Total Revenues	<b>47.2</b>	<b>34.3</b>	<b>37.7%</b>	<b>47.2</b>	<b>47.5</b>
Total Costs	<b>38.0</b> 80.4%	<b>27.4</b> 80.0%	<b>38.4%</b>	—	—
Gross Margin	<b>9.2</b> 19.6%	<b>6.8</b> 20.0%	<b>35.0%</b>	—	—
SG&A/R&D	<b>6.8</b> 14.4%	<b>5.6</b> 16.5%	<b>20.3%</b>	—	—
Operating Income	<b>2.4</b> 5.2%	<b>1.2</b> 3.5%	<b>103.8%</b>	<b>2.4</b> 5.1%	<b>2.0</b> 4.2%
Income before Income Tax Expense	<b>2.3</b> 4.9%	<b>1.0</b> 2.9%	<b>127.7%</b>	<b>2.2</b> 4.7%	<b>1.7</b> 3.6%
Net Income Attributable to IIJ	<b>1.4</b> 2.9%	<b>0.9</b> 2.5%	<b>58.4%</b>	<b>1.4</b> 2.9%	<b>1.0</b> 2.1%

# II-2. Revenues

Unit: JPY million



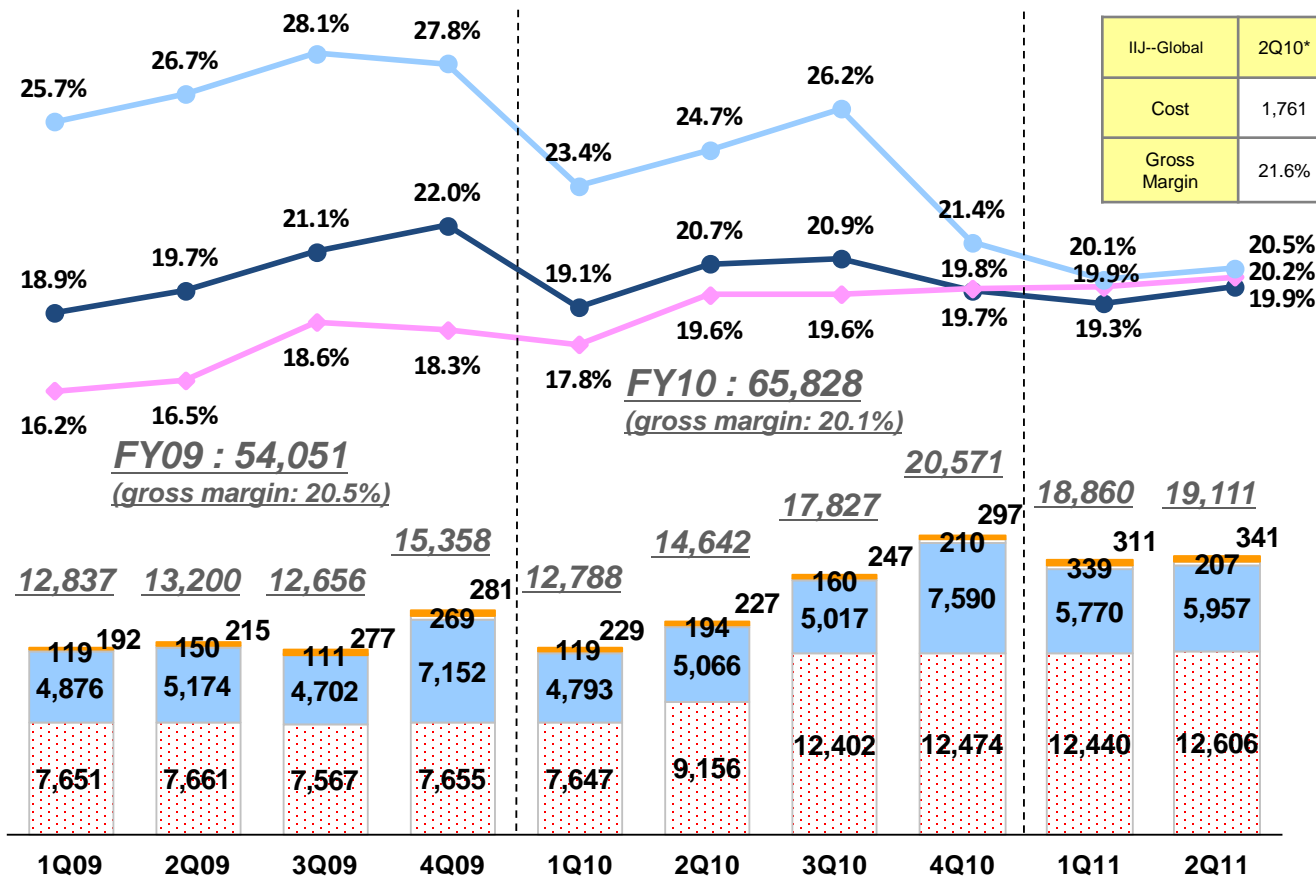
- ◆ 2Q11 Recurring revenues: JPY20,615 million (up 32.0% YoY, up 1.9% QoQ)
- ◆ 2Q11 One-time revenues: JPY2,912 million (up 7.3% YoY, up 0.7% QoQ)
- ◆ 2Q11 IIJ-Global revenues: JPY6,534 million (mainly WAN service revenues, partly SI)  
(2Q10(1 month) : JPY2,246 million, 3Q10: JPY6,406 million, 4Q10: JPY6,442 million, 1Q11: JPY6,464 million)
- ◆ 2Q11 ATM operation business revenues: JPY317 million (up JPY195 million YoY, up JPY74 million QoQ)

YoY = 2Q11 compared to 2Q10  
QoQ = 2Q11 compared to 1Q11

# II-3. Cost of Revenues and Gross Margin Ratio

Unit: JPY million

**Cost of Revenues** ■ Network Services ■ SI ■ Equipment Sales ■ ATM-Operation Business  
**Gross Margin Ratio** ◆ Network Services ● SI ● Total Gross Margin Ratio



IIJ-Global	2Q10*	3Q10	4Q10	1Q11	2Q11
Cost	1,761	5,215	5,160	5,173	5,265
Gross Margin	21.6%	18.6%	19.9%	20.0%	19.4%

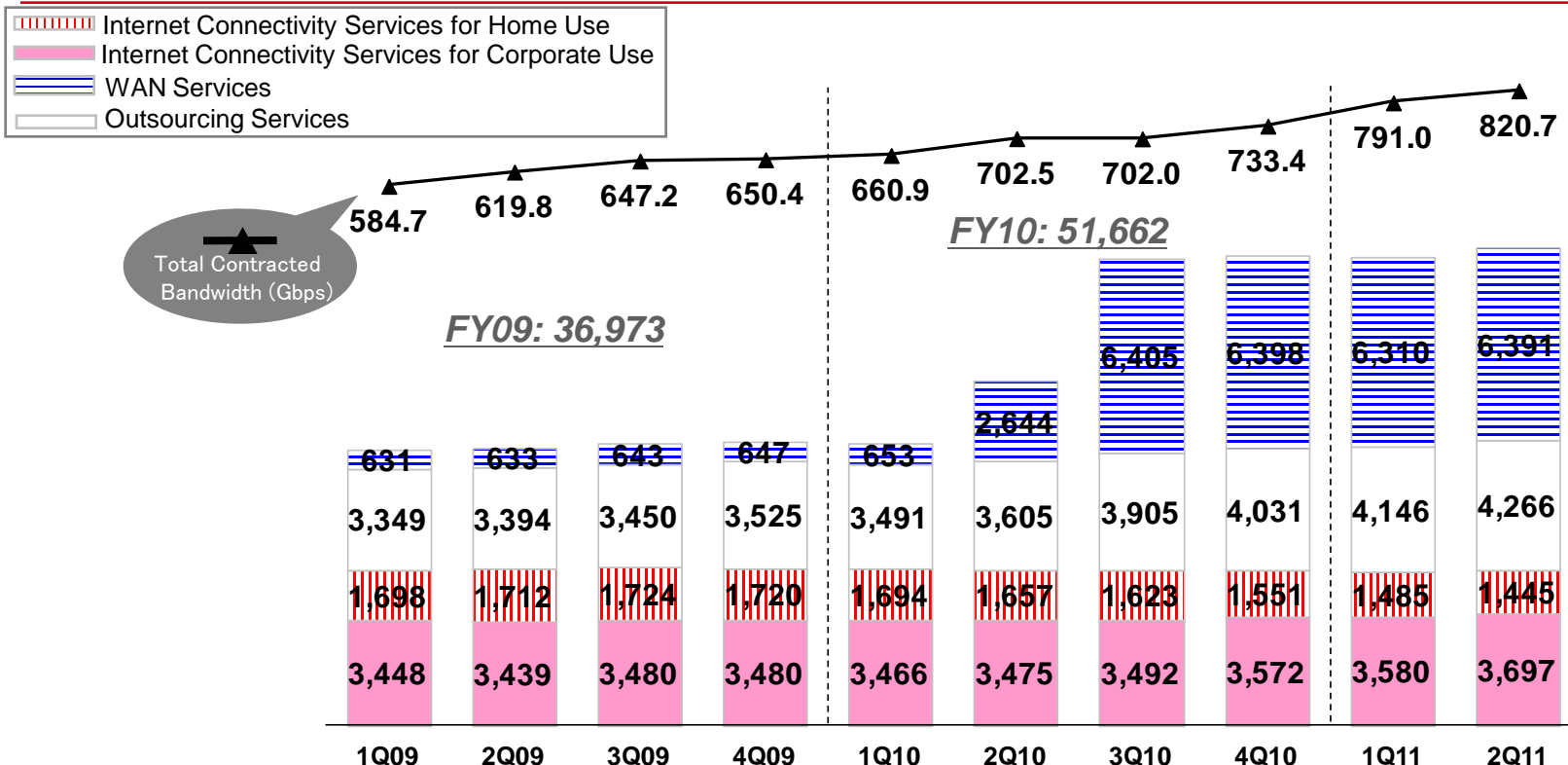
\* IIJ-Global consolidated on Sep 1, 2010

YoY = 2Q11 compared to 2Q10  
 QoQ = 2Q11 compared to 1Q11

- ◆ 2Q11 Gross margin: JPY4,734 million (up JPY918 million YoY, up JPY232 million QoQ)
  - Network service gross margin: JPY3,194 (up JPY968 million YoY, up JPY113 million QoQ due to the additional gross margin related to IIJ-Global and the continuous increase in revenues of outsourcing service)
  - SI gross margin: JPY1,536 million (down JPY126 million YoY, up JPY85 million QoQ mainly due to initial costs burden of IIJ GIO)
  - ATM operation business gross loss: JPY24 million (2Q10: JPY104 million, 1Q11: JPY68 million)

# II-4. Network Services

Unit: JPY million



◆ 2Q11 Internet connectivity services for corporate use: JPY3,697 million (up 6.4% YoY, up 3.3% QoQ)

- IP service revenues increased by 5.5% YoY due to the accumulation of new contracts and increase in volume charge revenue
- Contracts of over 1Gbps as of Sep 2011: 129 contracts (as of Sep 2010: 128 contracts, as of June 2011: 131 contracts)
- IIJ mobile increased its number of contracts with the accumulations of M2M projects

◆ 2Q11 Internet connectivity services for home use: JPY1,445 million (down 12.8% YoY, down 2.7% QoQ)

- Continuous cancellation of old network services

◆ 2Q11 Outsourcing services: JPY4,266 million (up 18.3% YoY, up 2.9% QoQ)

- Data center related, IIJ GIO Hosting package and web security related steadily increased. IIJ GIO monthly revenue for Sep 2011 (including revenue recognized in Systems operation and maintenance) reached over JPY250 million from JPY180 million for June 2011 & JPY120 million for March 2011.

◆ 2Q11 WAN service: JPY6,391 million (up 141.7% YoY, up 1.3% QoQ)

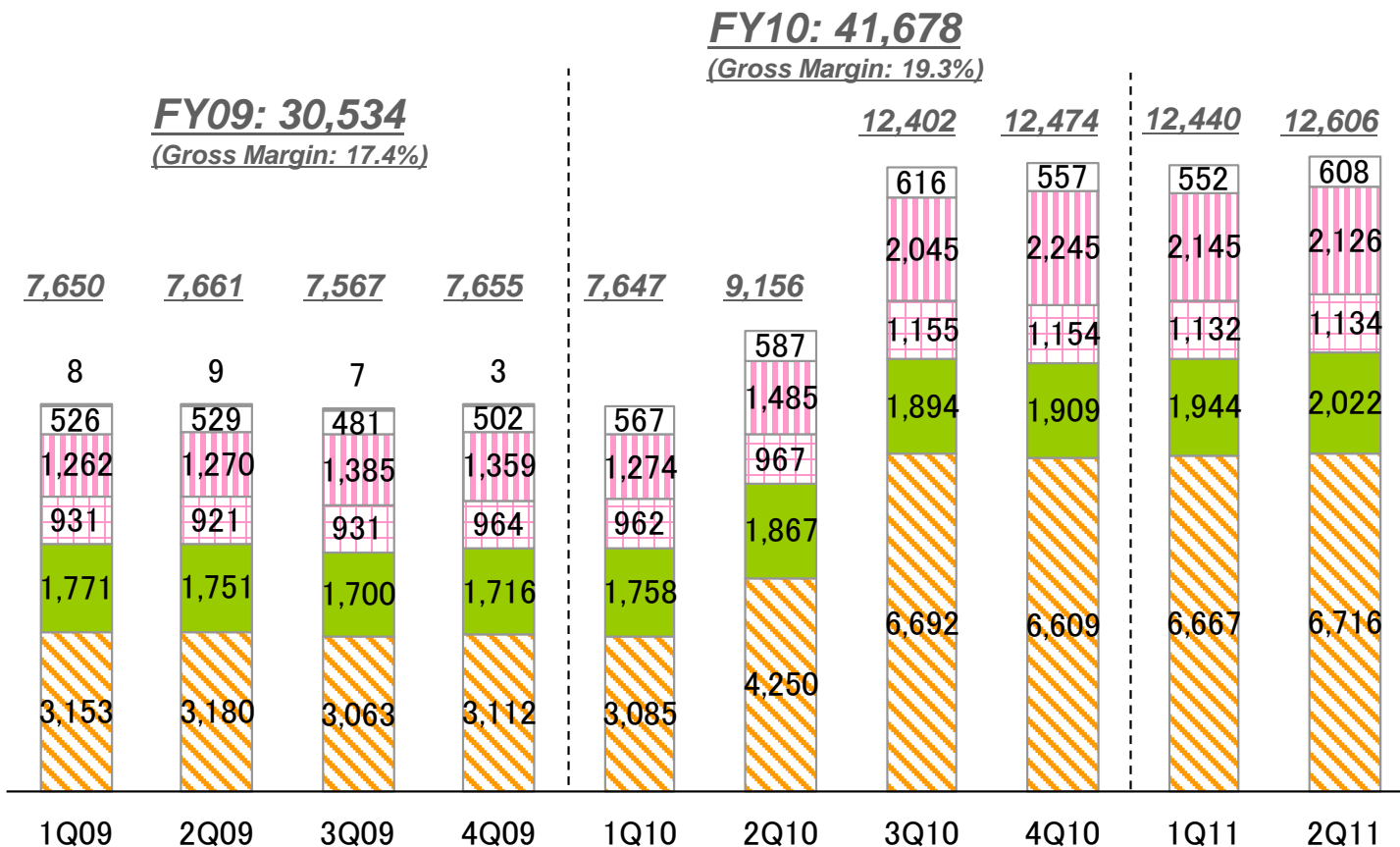
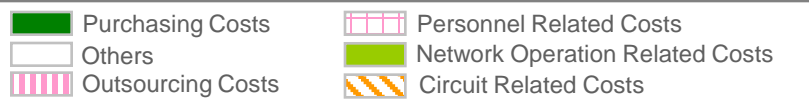
- Both IIJ-Global and IIJ's WAN service grew

YoY = 2Q11 compared to 2Q10  
QoQ = 2Q11 compared to 1Q11

# 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%)

◆ 2Q11 Total cost of network service

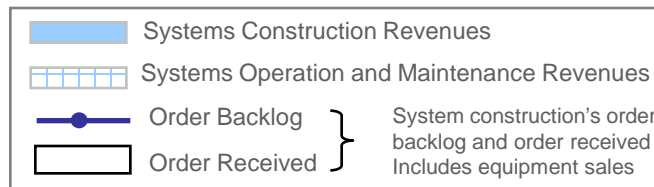
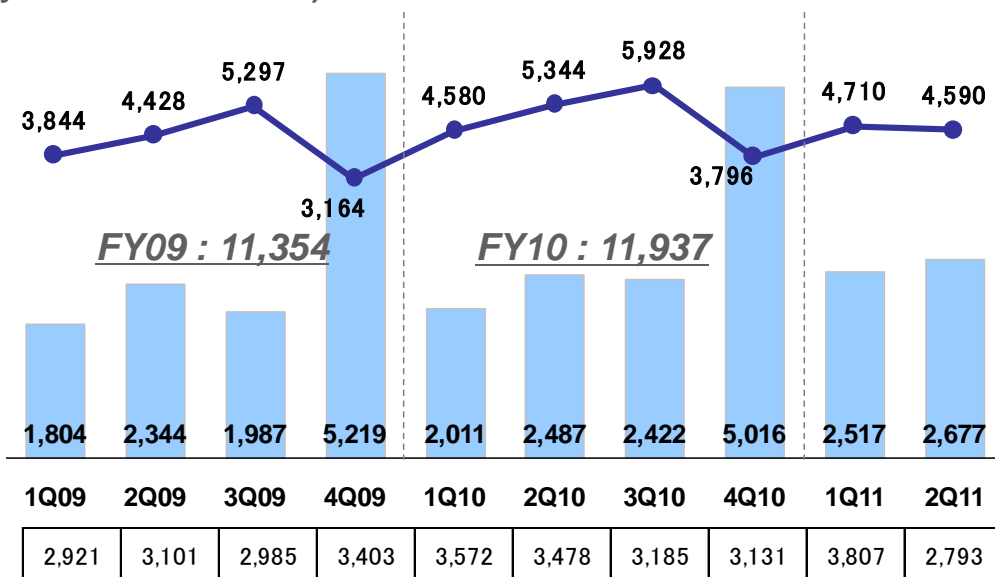
- Up 37.7% YoY and up 1.3% QoQ due to additional costs from IIJ-Global
- Both IIJ-Global and costs excluding costs of IIJ-Global from total cost slightly increased QoQ

YoY = 2Q11 compared to 2Q10  
QoQ = 2Q11 compared to 1Q11

# II-5. Systems Integration (1) Revenues

Unit: JPY million

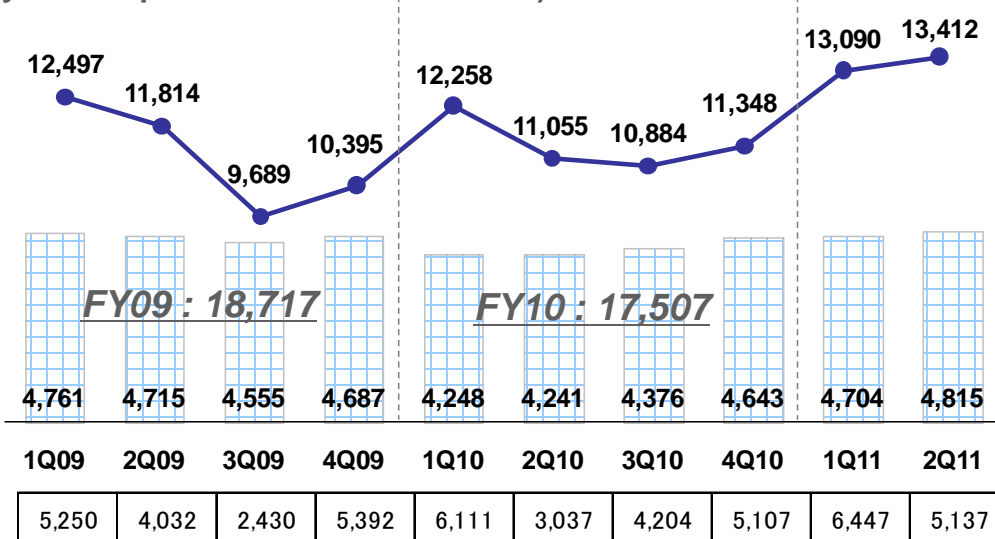
## (Systems construction)



### Systems construction

- ◆ **2Q11 Revenues: up 7.6% YoY, up 6.4% QoQ**
  - Additional revenue from IIJ-Global and continuous accumulation of small- to mid-sized projects
- ◆ **Order backlog as of Sep 2011: down 14.1% YoY, down 2.5% QoQ**
  - Order received: down 19.7% YoY, down 26.6% QoQ
- ◆ **2Q11 Equipment sales revenues: JPY235 million (up 3.7% YoY, down 37.5% QoQ)**
  - Increasing trend with sales of equipments such as iPad

## (Systems operation and maintenance)



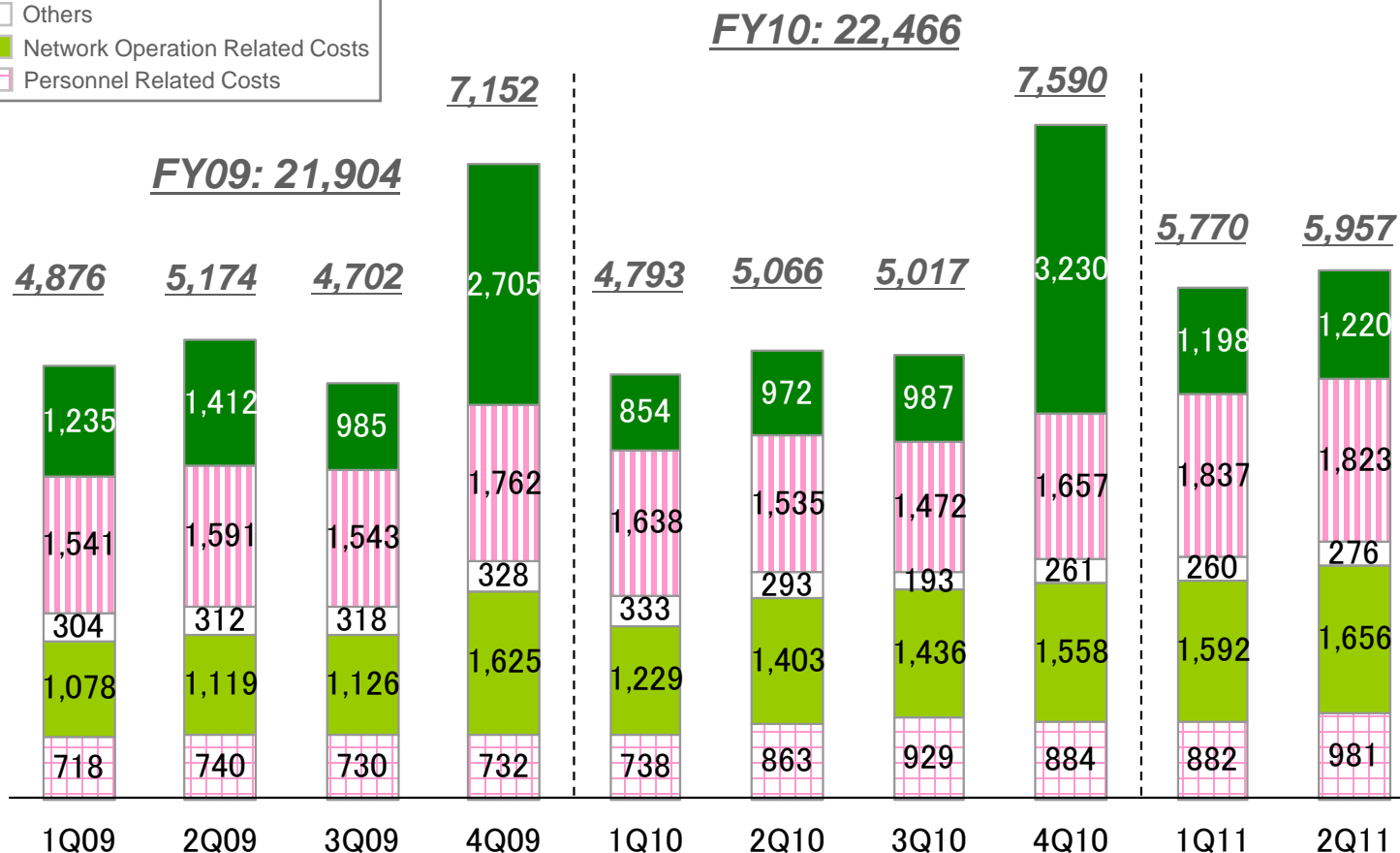
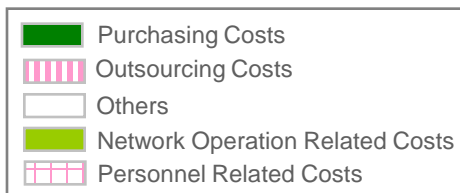
### Systems operation and maintenance

- ◆ **2Q11 Revenues: up 13.5% YoY, up 2.4% QoQ**
  - Continuous increase due to the accumulation of IIJ GIO component revenues
- ◆ **Order backlog as of Sep 2011: up 21.3% YoY, up 2.5% QoQ**
  - Order received: up 69.1% YoY, down 20.3% QoQ

YoY = 2Q11 compared to 2Q10  
QoQ = 2Q11 compared to 1Q11

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

Unit: JPY million

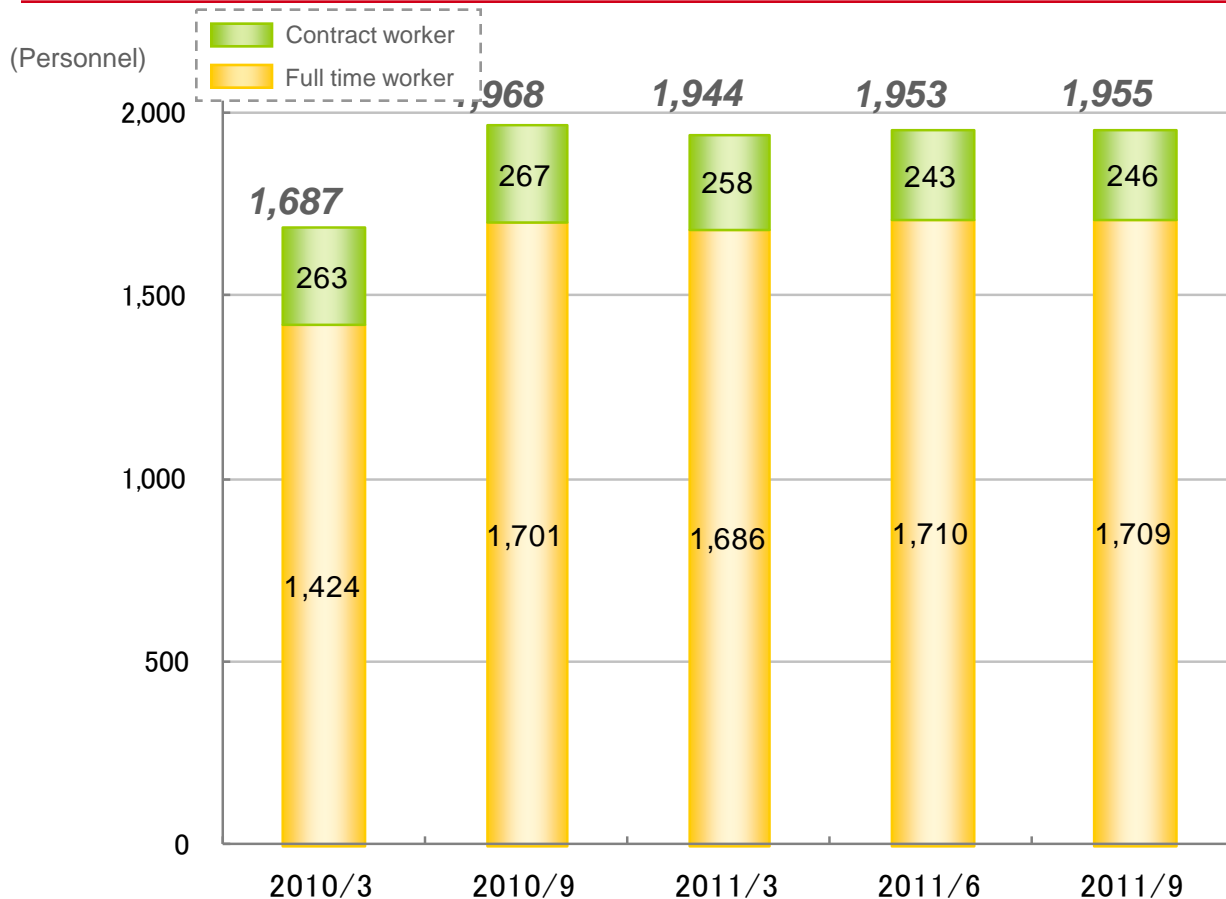


◆ 2Q11 Total cost of SI: up 17.6% YoY, up 3.2% QoQ

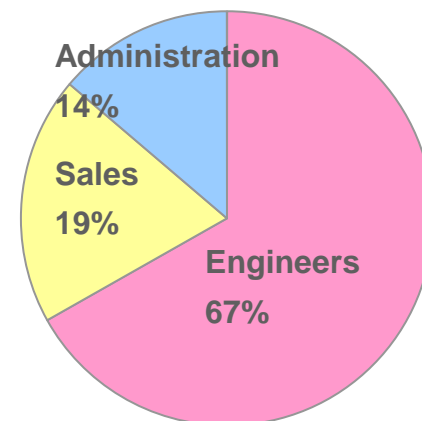
- The number of full-time outsourcing personnel was 414 personnel (up 73 YoY, up 17 QoQ)
- Network operation related costs increased in relation to the business development of IIJ GIO and purchasing cost increased in relation to the increase in systems construction projects

YoY = 2Q11 compared to 2Q10  
QoQ = 2Q11 compared to 1Q11

# II-6. Number of Employees



[Employee Distribution]



Personnel related costs and expenses(% of revenue)

<b>3,554</b> (13.9%)	<b>3,627</b> (15.5%)	<b>3,686</b> (15.5%)
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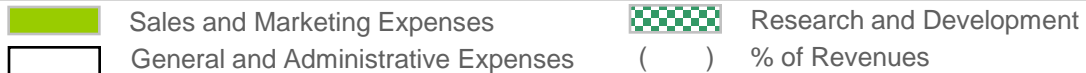
Unit: JPY million

- ◆ Number of employees as of Sep 2011: 1,955 personnel (down 13 YoY, up 2 QoQ)
  - Hired 44 newly graduates in April 2011 (60 newly graduates in FY2010, 77 in FY2009)
  - Planning on hiring 76 newly graduates in April 2012

YoY = 2Q11 compared to 2Q10  
QoQ = 2Q11 compared to 1Q11

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

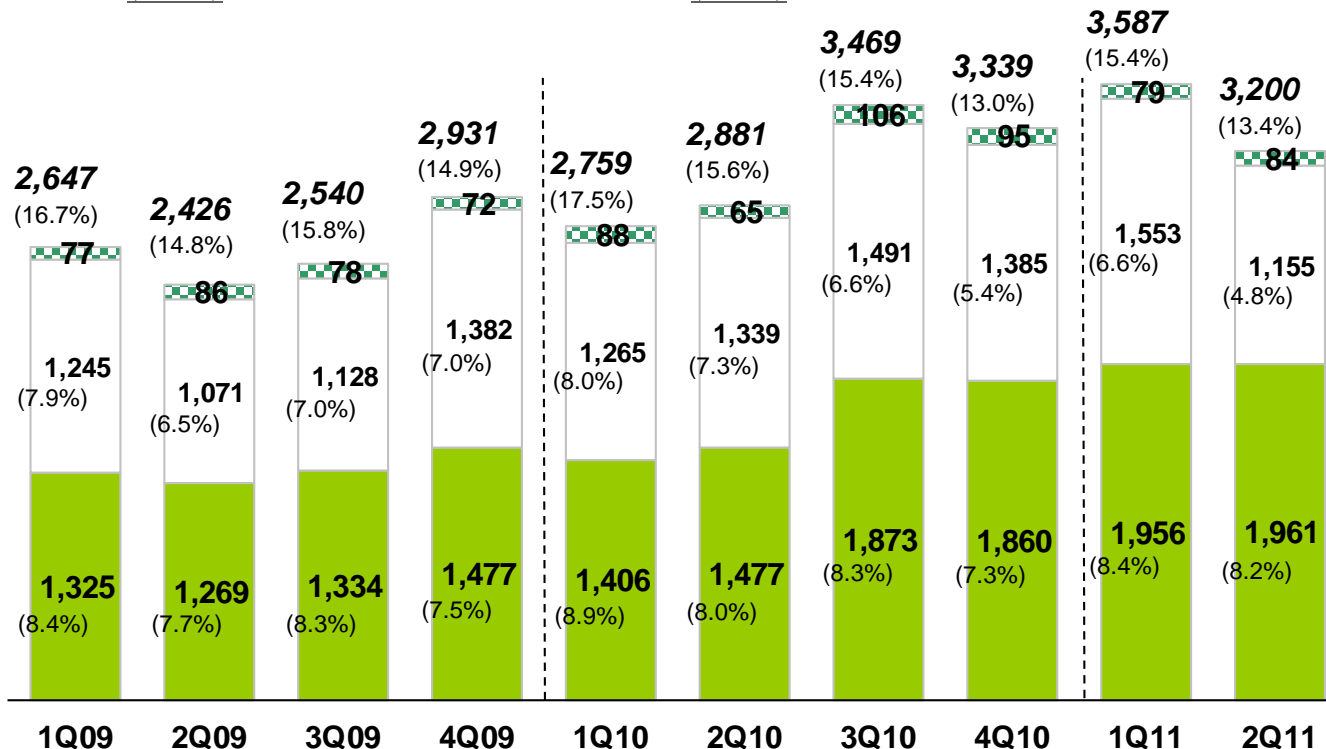
Unit: JPY million



IIJ-Global	2Q10*	3Q10	4Q10	1Q11	2Q11
SG&A	224	777	767	856	663
Amortization of customer relationships	20	109	125	106	106

**FY09 : 10,544**  
(15.5%)

**FY10 : 12,449**  
(15.1%)



\* IIJ-Global consolidated on Sep 1, 2010

◆ 2Q11 SG&A expenses: up 11.1% YoY, down 10.8% QoQ

- Excluding expenses related to IIJ-Global: JPY2,537 million, a decrease YoY
- Advertisement expenses, relocation expenses, rent, expendables and disposal expenses decreased QoQ

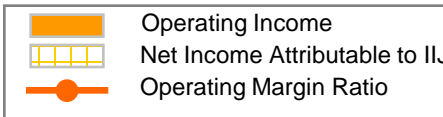
YoY = 2Q11 compared to 2Q10  
QoQ = 2Q11 compared to 1Q11

# II-8. Operating Income and Net Income

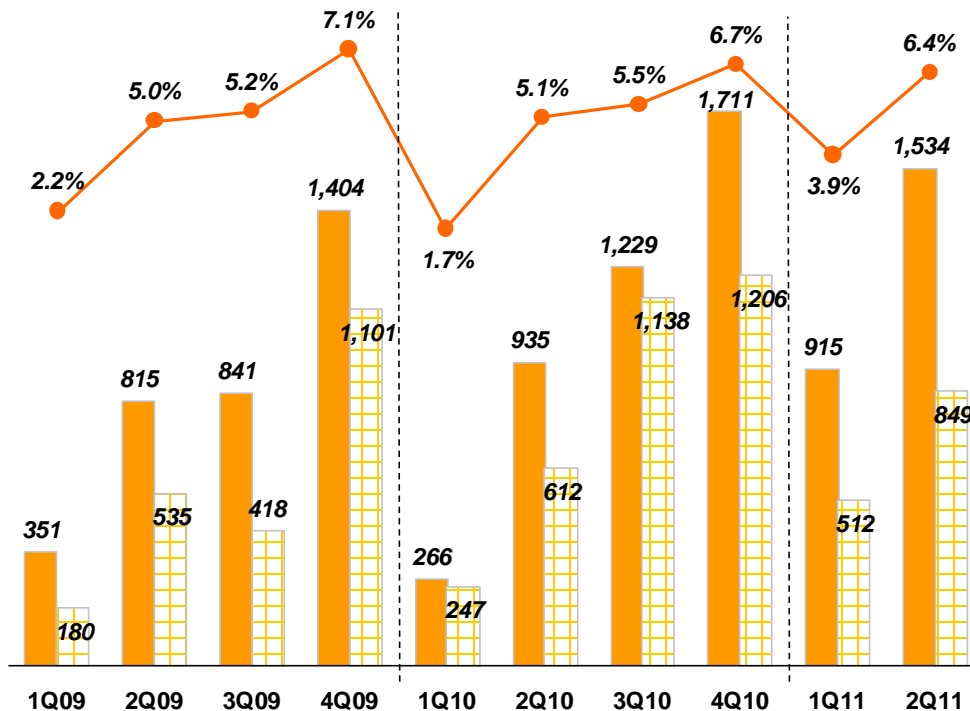
Unit: JPY million

**Operating income : 3,412**  
**Net income attributable to IIJ : 2,234**

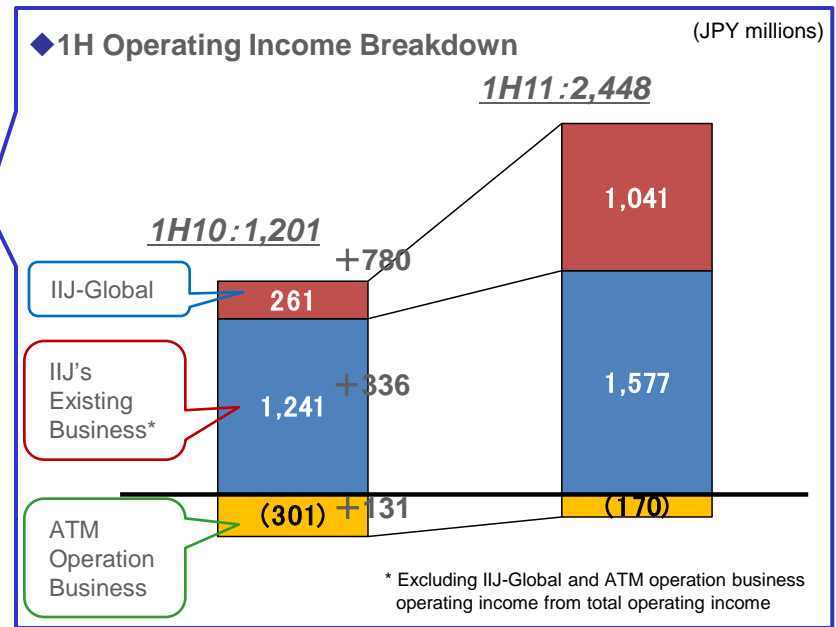
**Operating income : 4,141**  
**Net income attributable to IIJ : 3,203**



YoY = 2Q11 compared to 2Q10  
 QoQ = 2Q11 compared to 1Q11



	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Income Tax Expenses	120	160	179	496	425	631
Deferred tax expense	34	(3)	98	(7)	40	37
Equity in net income(loss) of equity method investees	54	48	51	50	31	18



**◆ ATM operation business**

➤ Placed 349 ATMs as of Nov 8, 2011

(JPY millions)

	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11
Revenue	106	123	125	164	244	317
Cost	229	227	247	297	311	341
Expenses	37	36	42	44	43	35
Sum	266	263	289	341	354	376
Operating Loss	(161)	(140)	(165)	(177)	(111)	(58)

## II-9. Consolidated Balance Sheets

Unit: JPY million

	March 31, 2011	September 30, 2011	Changes
Cash and Cash Equivalents	13,314	10,974	(2,339)
Accounts Receivable	16,431	14,453	(1,979)
Inventories	601	662	+60
Prepaid Expenses	1,680	2,386	+706
Other Investments	2,794	2,870	+76
Property and Equipment	16,481	18,715	+2,234
Goodwill and Other Intangible Assets	11,843	11,536	(307)
Accounts payable	13,574	8,678	(4,896)
Borrowings (Short-term and Long-term)	13,430	11,970	(1,460)
Accumulated Deficit	(14,023)	(12,966)	+1,057
Accumulated Other Comprehensive Loss	(85)	(63)	+22
Total IIJ Shareholders' Equity	29,652	30,748	+1,096
Total Assets	71,473	69,102	(2,371)

- Nonmarketable equity securities: JPY1,899 million
- Available for sale equity securities: JPY819 million
- Others: JPY152million

- Increased due to investments related to IIJ GIO

- Non-amortized intangible assets: JPY5,980 million
  - Goodwill; JPY5,788 million (IIJ-Global: JPY2,288 million)
  - Trademark: JPY192 million
- Amortized intangible assets (Customer relationships): JPY5,536 million (IIJ-Global: JPY3,254 million)

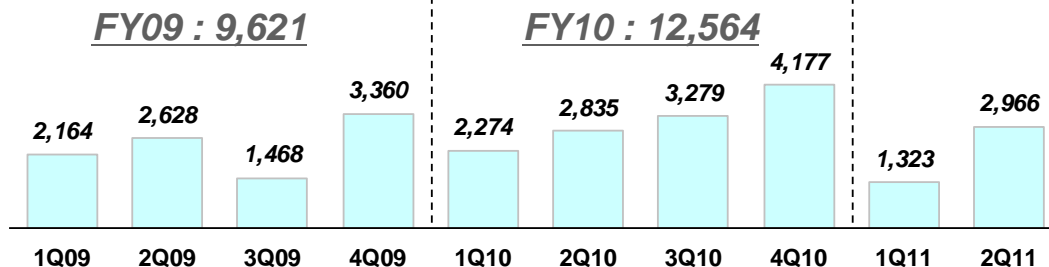
- Decreased in relation to the payment of accounts payable

- IIJ Shareholder's equity ratio:
  - Sep 30, 2011: 44.5%
  - March 31, 2011: 41.5%

# II-10. Consolidated Cash Flows

Unit: JPY million

## <Operating Activities>

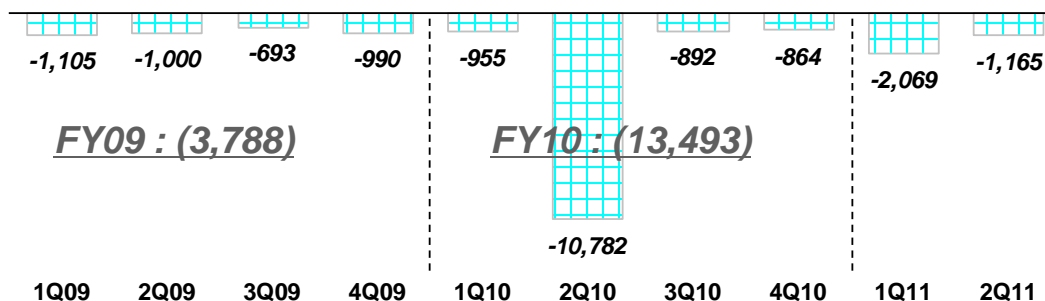


### <2Q11 Operating Activities>

- Increased operating income
- Decrease in accounts payable: JPY1,345 million etc

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

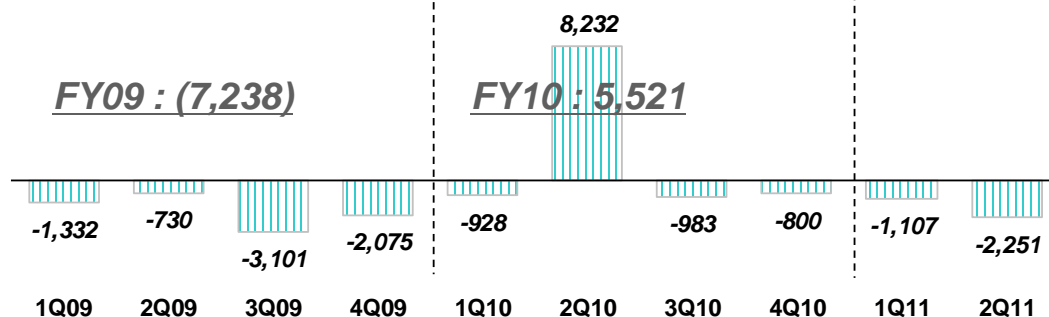
## <Investing Activities>



### <2Q11 Investing Activities>

- Purchase of property and equipments: JPY1,304 million etc

## <Financing Activities>

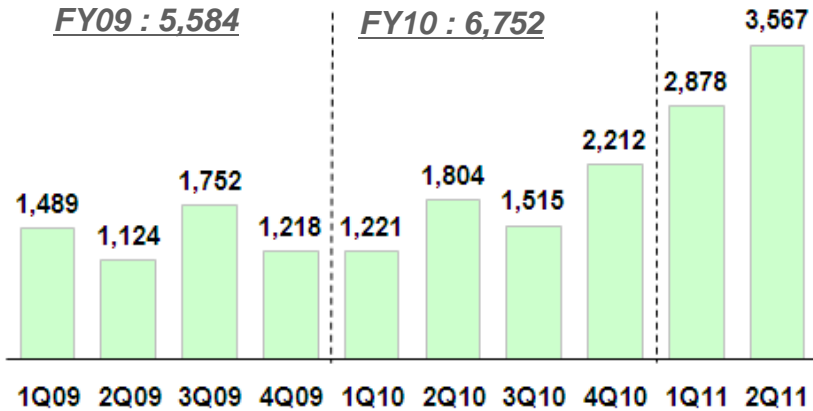


### <2Q11 Financing Activities>

- Long-term bank borrowing: JPY3,000 million
- Repayment of short-term bank borrowings (net): JPY4,460 million
- Principle payments under capital leases: JPY791 million

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

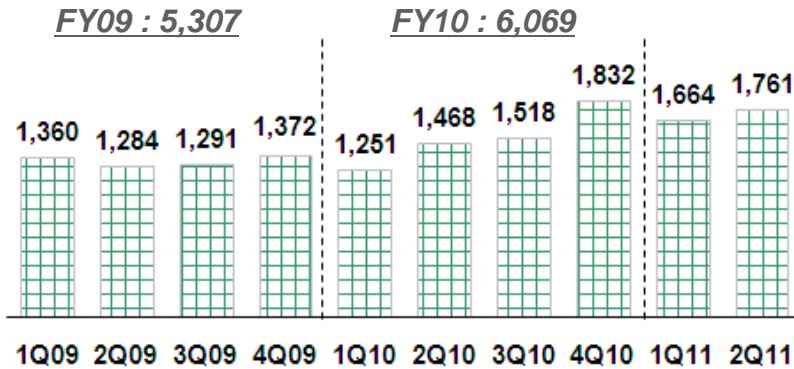
## CAPEX (Include Capital Lease)



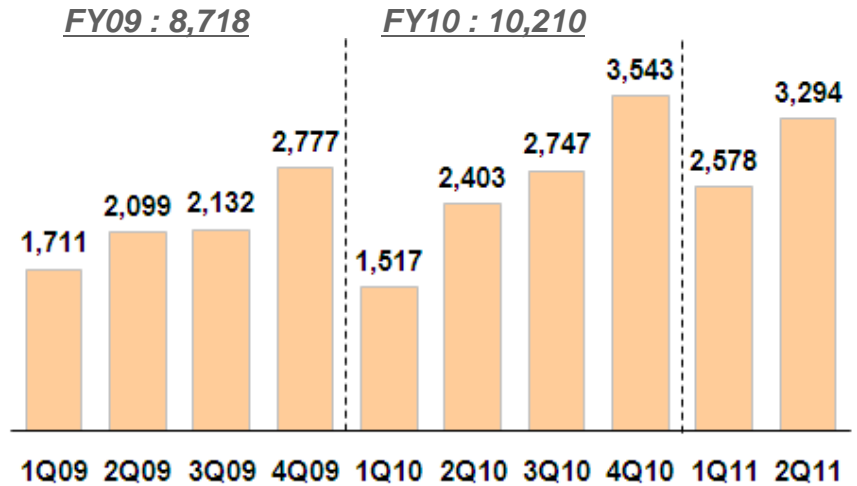
### 1H11 CAPEX Breakdown

- IJ-Global      JPY0.3 billion
- Cloud related      JPY1.7 billion  
(of which, JPY0.5 billion not in original plan)
- Matsue DC      JPY0.9 billion
- Customer project related      JPY0.9 billion (not in original plan)
- ATM operation business      JPY0.3 billion

## Depreciation and Amortization



## Adjusted EBITDA



# III-1. Cloud Computing Services Developments

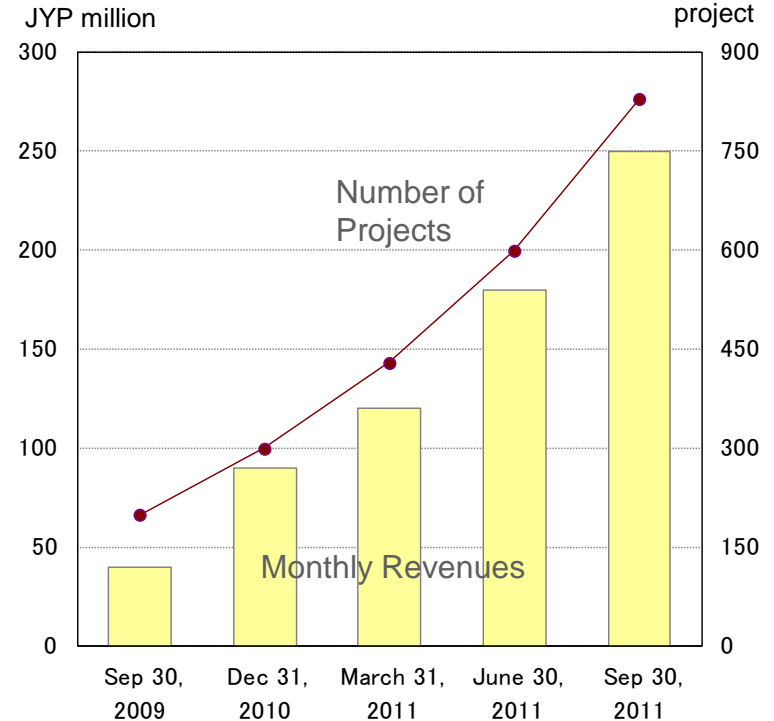
## <Business developments of IIJ GIO>

- ◆ IIJ GIO monthly revenue for Sep 2011: over JPY250 million
  - Components (customized cloud. Revenue recognized in SI operation and maintenance), Hosting package (packaged cloud. Revenue recognized in outsourcing services)
- ◆ Number of projects offered as of Sep 2011: over 830 projects
  - Accumulation of blue-chip clients' projects, web and email based platform system use, number projects with monthly charge of over JPY1 million are increasing
  - Several large usages by Social Application Providers (SAP)

## <Target of IIJ GIO>

- ◆ Revenue target for FY2011: over JPY3.0 billion
- ◆ Moved up plan for additional investments. Number of cloud servers to reach approx. 10,000 servers at the end of FY2011

## Monthly revenues and project numbers of IIJ GIO

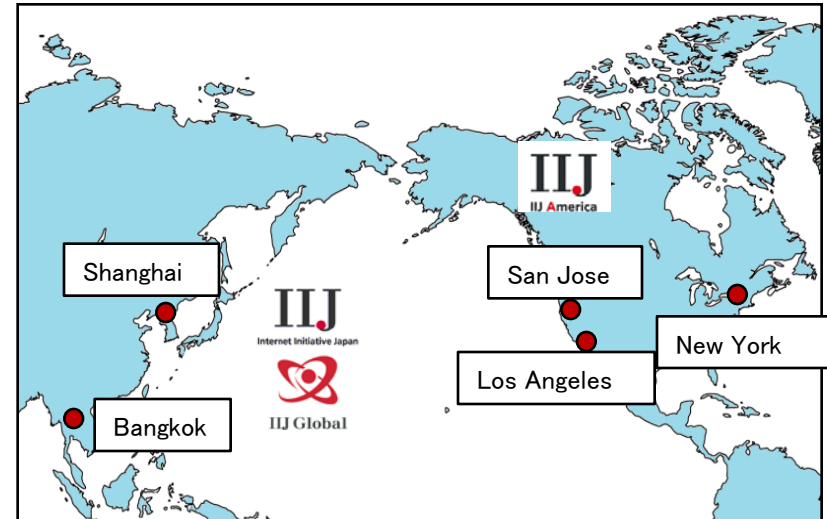


## <Increasing IIJ GIO facilities, IIJ GIO partners and exemplary IIJ GIO business cases>

- ◆ Opened “Mitaka DC” and increased equipments and container units in Matsue DC
- ◆ IIJ GIO solution partners increasing to 180 partners. Application providers and Systems Integrators are now partners. We target 300 partners by the end of FY2011.
- ◆ Exemplary IIJ GIO business cases of blue-chip companies
  - NTT Docomo built “Docomo market for i-mode” over IIJ GIO
  - Tokyo Stock Exchange constructed a “Remote Data Backup System” over IIJ GIO
- ◆ IIJ GIO was awarded best services at “the 3<sup>rd</sup> Cloud Ranking” by Nikkei BP

## III-2. IIJ Group: Strengthen Global Business Developments

- ◆ IIJ America (100% consolidated subsidiary of IIJ, established in 1996) operates backbone across the United States and provides network services to Japanese companies in the United States
- ◆ IIJ America is constructing private cloud computing SI project in the United States for our largest Japanese SAP clients (1H11)
- ◆ Plans to establish new offices abroad
  - IIJ-Global to established a representative office in Bangkok and scheduled to establish a subsidiary in Shanghai (4Q11)
- ◆ Strengthen global service and operations
  - Offers managed global Internet VPN service and closed-network International WAN service
  - Offers a multi-lingual help desk (in Japanese, English and Chinese)
  - To offer outsourcing services such as data center services and security related services as a total network solution
  - Plan to offer cloud computing services by tying-up with local carriers and systems integrators with sales and systems operation and maintenance



We have seen increasing demands for global network services from our Japanese clients, especially in the Asian area.

To satisfy our client needs, we plan to make our global business one of our main business in the mid-to long-term by establishing offices in those areas, especially Asia, and by preparing to offer a one-stop service.











### III-3. Reference: FY2011 Financial Target (Remain unchanged)

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

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

## III-4. Reference: IIJ Group Companies

(As of Oct 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%	Operates ATM network systems placed in designated facilities. Receives commission for each withdrawal transaction from a bank account.
Equity Method Investees	 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.
	 Trinity Inc.	45%	Provides operation of reward point management system

## III-5. Reference: IIJ Press Releases

Date			Press Releases
FY11	2Q	8/18	IIJ to Build Infrastructure for docomo market (i-mode)
		9/6	IIJ Global to Develop the IIJ Global Smart WAN Service
		9/14	IIJ Global to Launch SaaS-based Asset Management Service GLASS
		9/16	IIJ Opens the Mitaka Data Center
		9/29	Net Chart, Fuji Electric Cable and Panduit Launch Joint Venture in Narrow-Gauge Patch Cables
	3Q	10/3	IIJ Strengthens VPN Functions on IIJ Routers and Remote Access Solution
		10/14	IIJ Global Launches Net de! World, an Internet VPN Service Connecting 200 Countries Worldwide
		10/14	IIJ Global to Establish Offices in China and Thailand
		10/20	IIJ to Deliver IIJ GIO Cloud Service to Tokyo Stock Exchange for Remote Data Backup System
		10/24	IIJ Revises Its FY2011 First Half Financial Target
		10/31	IIJ GIO Cloud Service to Support Web Infrastructure Integration at Sumitomo Forestry

## ※ 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 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").

## ※ Contact Information

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**Internet Initiative Japan**