



Internet Initiative Japan



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For Immediate Release

IIJ Group and PoweredCom Discontinue Business Integration Discussions

TOKYO, March 28, 2003 -- Internet Initiative Japan Inc. (IIJ, NASDAQ: IJJI), Crosswave Communications Inc. (Crosswave, NASDAQ: CWCI), and PoweredCom Inc. (PoweredCom) today announced that they did not reach an agreement on the potential integration of their businesses.

In July 2002, the parties announced that they were exploring the possibility of integrating their business operations. This notice confirms that the parties have ended their formal discussions regarding such integration. The parties are, however, considering opportunities to work together in a number of areas going forward.

“Since last year, PoweredCom has been focused on a variety of actions including the merger plan with our group company, Tokyo Telecommunications Network, which is due to take place in April 2003. For the time being, we have mutually agreed to discontinue our discussions regarding business integration. However, I strongly believe that there are still numerous future synergies that may be realized through our cooperation, including areas such as sales, technology and network solutions,” said Takeshi Taneichi, President of PoweredCom.

“In order to more quickly implement our business strategy for a rapidly growing and fast changing Japanese broadband market, we decided not to prolong our formal discussions further. We expect the termination of the discussions to have minimal impact on our overall strategy. The IIJ Group has been continuing to develop new growth areas and we are confident in our ability to continue to achieve our targets,” said Koichi Suzuki, President and CEO of IIJ and Chairman of Crosswave.

About IIJ

Founded in 1992, Internet Initiative Japan Inc. (IIJ, NASDAQ: IJJI) is Japan's leading Internet-access and comprehensive network solutions provider. The company has built one of the largest Internet backbone networks in Japan, and between Japan and the United States. IIJ and its group of companies provide total network solutions that mainly cater to high-end corporate customers. Services range from the delivery of new generation network services over an optical-fiber infrastructure that is optimized for data communications, to the construction of pan-Asian IP backbone networks. The company also offers high-quality systems integration and security services, Internet access, hosting/housing, and content design.

About Crosswave

Crosswave Communications Inc. (NASDAQ: CWCI) offers broadband data communication services on Japan's first nationwide fiber-optic network specifically designed and dedicated to data traffic. Crosswave was established in October 1998 by Internet Initiative Japan Inc. (IIJ, NASDAQ: IJJI), Sony Corporation and Toyota Motor Corporation with the goal of providing advanced, high-speed, cost-effective, end-to-end data communications services to customers in Japan and to take advantage of market growth and demand for broadband data communications networks.

About PoweredCom

PoweredCom is a 32.06% owned affiliate of Tokyo Electric Power Company, Incorporated. PoweredCom provides data communications services utilizing a nationwide optical fiber network owned and operated by PNJ Group, a consortium of PoweredCom and telecom business subsidiaries of ten regional electric power companies. PNJ Group has one of Japan's largest optical fiber networks stretching over 200,000 kilometers nationwide. PoweredCom offers one-stop solutions for data communication services and leased-line services to business clients, including WAN Ethernet service, point-to-point Ethernet service, IP-VPN (virtual private network) service, and Internet access and data center services.

The statements within this release about IJJ's and Crosswave's future plans and expectations contain forward-looking statements that involve risk and uncertainties. These statements may differ materially from actual future events or results. Important risk factors that could cause actual results to differ from those contained in the forward-looking statements include changes in the competitive environment, changes in the strategy, results of operations or financial condition of any of the companies involved and other factors, including those in their respective annual reports on Form 20-F and other filings with the U.S. Security and Exchange Commission.

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