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**IIJ Announces Forecasts for the Interim Period Ended September 30, 2005 and  
 Targets for the Fiscal Year Ending March 31, 2006**

Internet Initiative Japan Inc. ("IIJ") today announced that the forecasts for consolidated and non-consolidated financial results for the interim period ended September 30, 2005 (from April 1, 2005 to September 30, 2005) and the targets for consolidated and non-consolidated financial results for the fiscal year ending March 31, 2006 (from April 1, 2005 to March 31, 2006) are as follows:

<Consolidated (Under U.S. GAAP)>

For the fiscal year or period ending or ended (Expressed in millions of Japanese Yen ("JPY") except per share, amounts less than JPY one million is omitted)									
	March 31, 2006 (Annual target)			September 30, 2005 (Semi-annual forecast)			March 31, 2005 (Actual)		
	JPY	% of Total Revenues	YoY %	JPY	% of Total Revenues	YoY %	JPY	% of Total Revenues	YoY %
Revenues	46,330	100.0	111.1	21,808	100.0	113.7	41,702	100.0	107.5
Operating income	2,320	5.0	185.9	753	3.5	415.0	1,247	3.0	-
Income before income tax expense, minority interests and equity in net income of equity method investees	3,990	8.6	126.7	1,778	8.2	8,547.1	3,148	7.6	-
Net income	3,700	8.0	127.3	1,623	7.4	-	2,906	7.0	-
Basic and diluted net income per share	18,111			42,380			75,858		

<Non-consolidated (Under Japanese GAAP)>

For the fiscal year or period ending or ended (Expressed in million of JPY except per share, amounts less than JPY one million is omitted)									
	March 31, 2006 (Annual target)			September 30, 2005 (Semi-annual forecast)			March 31, 2005 (Actual)		
	JPY	% of Total Revenues	YoY %	JPY	% of Total Revenues	YoY %	JPY	% of Total Revenues	YoY %
Revenues	37,000	100.0	109.8	17,274	100.0	111.7	33,711	100.0	108.1
Operating income	1,300	3.5	203.7	180	1.0	-	638	1.9	-

Ordinary income	1,260	3.4	294.7	158	0.9	-	427	1.3	-
Net income	3,210	8.7	119.1	1,246	7.2	-	2,695	8.0	-
Basic and diluted net income per share	15,712.19			32,495.72			70,270.65		
Annual dividend per share	-			-			-		

Notes:

1. Basic and diluted net income per share in the consolidated financial results for the fiscal year ended March 31, 2005 and the interim period ended September 30, 2005 (under U.S. GAAP) are computed using the weighted-average number of shares of common stock outstanding during the fiscal year or period. Basic and diluted net income per share in the non-consolidated financial results for the fiscal year ended March 31, 2005 and the interim period ended September 30, 2005 (under Japanese GAAP) are computed using the weighted-average number of shares of common stock in issuance during the fiscal year or period.
2. Consolidated (under U.S. GAAP) and non-consolidated (under Japanese GAAP) basic and diluted net income per share for the fiscal year ending March 31, 2006 is calculated assuming that 204,300 shares are issued as of period end, after the 1 to 5 stock split that III made with the payable date of October 11, 2005 and including the 12,500 shares proposed to be issued in connection with the contemplated listing.
3. For reference, the figures per share when the stock split on October 11, 2005 is reflected are the following:  
Figures when the stock split is reflected

<Consolidated (Under U.S. GAAP)>

For the fiscal year or period ending or ended (Expressed in JPY)			
	March 31, 2006 (Annual target)	September 30, 2005 (Semi-annual forecast)	March 31, 2005 (Actual)
Basic and diluted net income per share	18,111	8,476	15,172

<Non-consolidated (Under Japanese GAAP)>

For the fiscal year or period ending or ended (Expressed in JPY)			
	March 31, 2006 (Annual target)	September 30, 2005 (Semi-annual forecast)	March 31, 2005 (Actual)
Basic and diluted net income per share	15,712.19	6,499.14	14,054.13
Annual dividend per share	-	-	-

4. Statements made in this press release regarding III's or management's intentions, beliefs, expectations, or predictions for the future are forward-looking statements that are based on III's and managements' current expectations, assumptions, estimates and projections about its business and the industry. These forward-looking statements, such as targeted financial results, are subject to various risks, uncertainties and other factors that could cause III's actual results to differ materially from those contained in any forward-looking statement. These risks, uncertainties and other factors include: III's ability to maintain and increase revenues from higher margin services such as systems integration and value-added services; the possibility that revenues from connectivity services may decline substantially as a result of competition and other factors; the ability to compete in a rapidly evolving and competitive marketplace; the impact on III's profits of fluctuations in costs such as backbone costs and subcontractor costs; the impact on III's profits of fluctuations in the price of available-for-sale securities; the impact of technological changes in its industry; III's ability to raise additional capital to cover its indebtedness; the possibility that NTT, III's largest shareholder, may decide to exercise substantial influence over III; and other risks referred to from time to time in III's filings on Form 20-F of its annual report and other filings with the United States Securities and Exchange Commission.

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