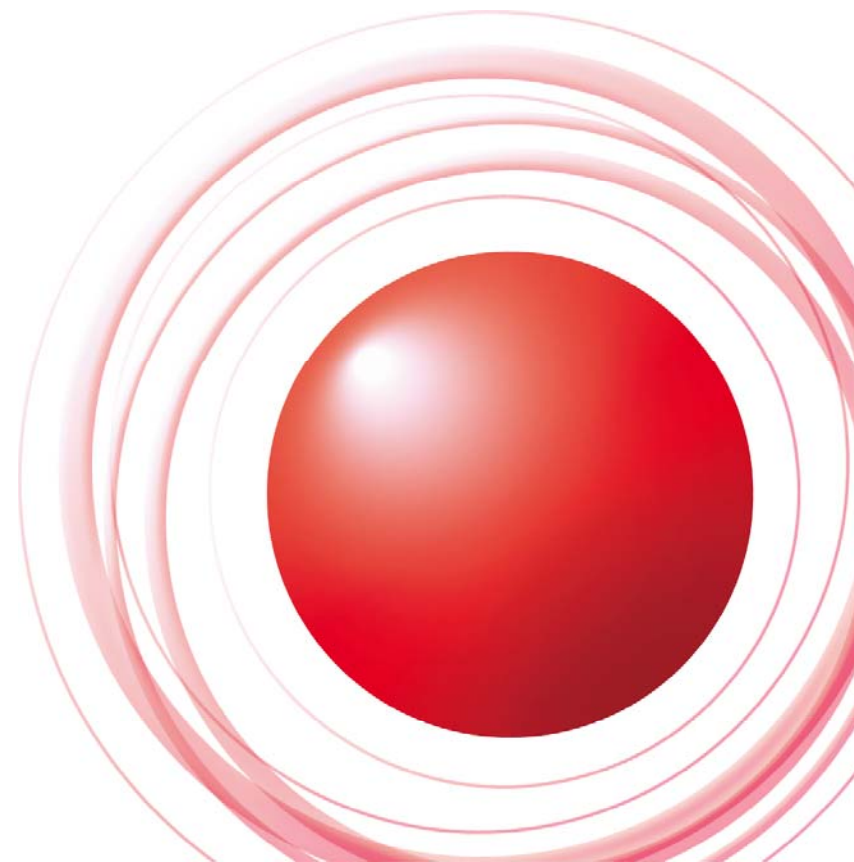


# FY2010 Consolidated Financial Results



Internet Initiative Japan Inc.  
2011.5.13

Ongoing Innovation



# Agenda

---

**I . Summary of FY2010 Financial Results**

**II . Consolidated Financial Results for FY2010**

**III . Reference Materials**

# I. Summary of FY2010 Financial Results

## < FY2010 Results >

•Revenue	JPY82,418 million (up 21.2% YoY)
•Gross margin	JPY16,590 million (up 18.9% YoY)
•Operating income	JPY4,141 million (up 21.4% YoY)
•Income before income tax	JPY3,834 million (up 34.1% YoY)
•Net income attributable to IJ	JPY3,203 million (up 43.4% YoY)
•FY2010 dividend	2,750 yen per share (up 22.2% YoY)

## <FY2011 Target>

•Revenue	JPY100,000 million (up 21.3% YoY)
•Gross margin	
•Operating income	JPY6,300 million (up 52.1% YoY)
•Income before income tax	JPY5,600 million (up 46.1% YoY)
•Net income attributable to IJ	JPY3,400 million (up 6.1% YoY)
•FY2011 dividend	3,000 yen per share (up 9.1% YoY)

**Front runner in cloud computing. Focused on enriching IJ GIO service line-ups and expand cloud service facilities**

- Network service revenues were up 39.7% YoY, SI revenues were down 2.1%
  - Outsourcing service revenue steadily increased by 9.6% YoY
  - Additional revenue from IJ-GS of JPY15.1 billion (7 months)
  - SI revenues were short from target despite the accumulation of projects due to a scale down of a certain large SI contract of JPY5 billion YoY, more smaller SI projects and earthquake affects.
- Operating income was up 21.4% YoY
  - 7 months contribution from IJ-GS (JPY1.2 billion)
  - Network service gross margin was in line with target
  - SI gross margin was below target. A scale down of a certain large SI contract & cloud service initial burden
  - Earthquake affect of approx. JPY0.1 billion, loss on disposal of non-amortized intangible assets and restoration expenses of approx. JPY0.2 billion

**Dramatically scale-up our business by the anticipated increase of cloud computing usage in IT system in Japan in the middle term**

- FY11 Revenue Target: JPY100 billion, up JPY17.6 billion YoY
  - Continuous revenue increase, cloud revenue to grow to over JPY3 billion (FY10 was JPY0.6 billion) and large revenue decrease from SI like we had in FY2010 is not anticipated.
  - Full year contribution from IJ-GS
  - ATM operations business to develop
- FY11 Operating Income Target: JPY6.3 billion, up JPY2.2 billion YoY
  - Continuous increase in network services and SI revenues including IJ GIO:
  - Full year contribution from IJ-GS: approx +JPY0.5 billion
  - ATM operation business development: approx +JPY0.6 billion
- Anticipate a paradigm shift in our market brought by cloud computing. We expect to take this business chance aiming for our business to dramatically scale-up to the level such as doubled in the coming five years, with our every effort.

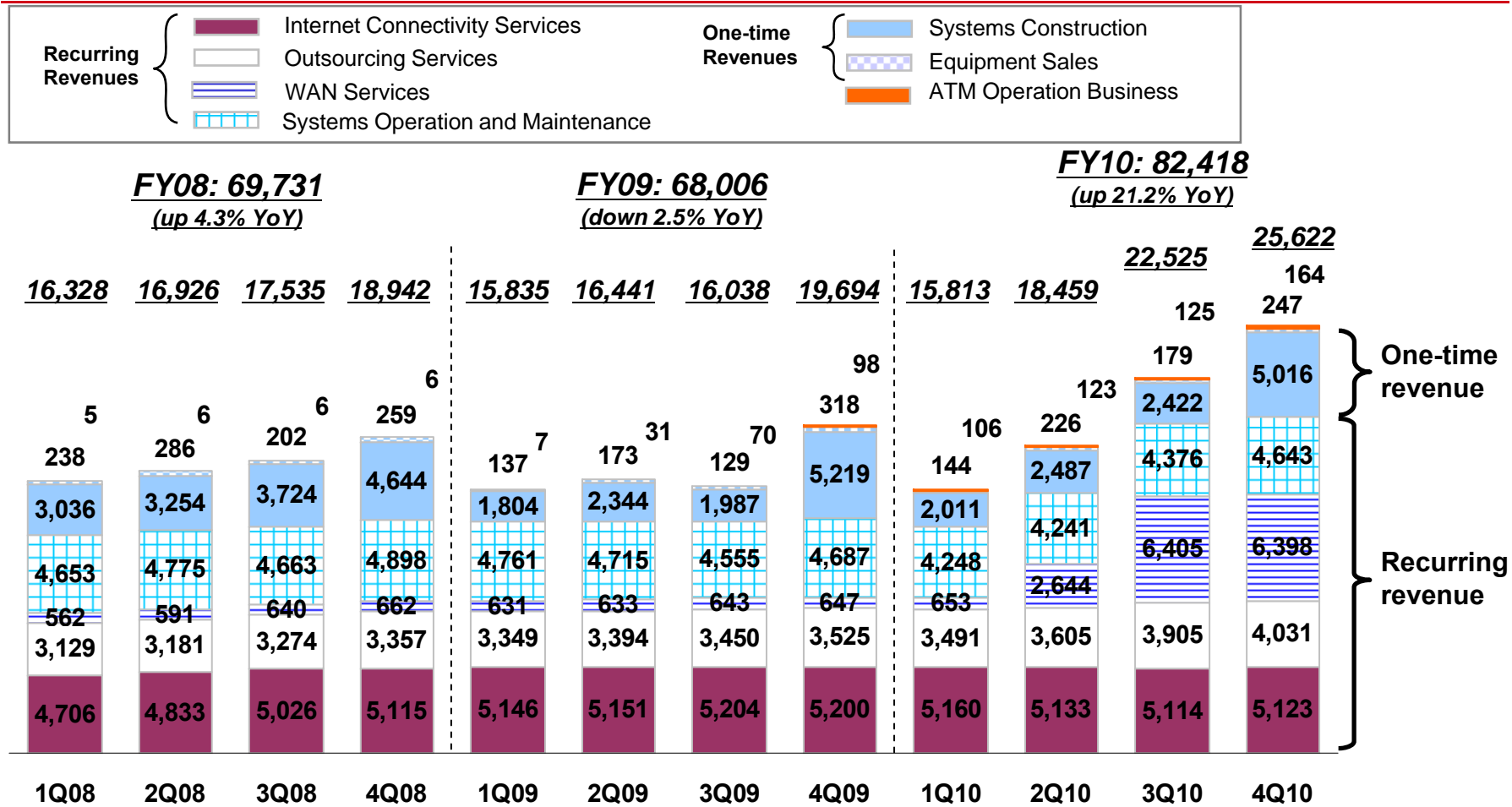
## II-1. Consolidated Results for FY2010

Unit: JPY billion

	<i>% of Revenues</i> <b>FY10</b> (10/4~11/3)	<i>% of Revenues</i> <b>FY09</b> (09/4~10/3)	<b>YoY</b>	<i>% of Revenues</i> <b>FY10 Target</b> (10/4~11/3)
Total Revenues	<b>82.4</b>	<b>68.0</b>	<b>21.2%</b>	<b>84.5</b>
Total Costs	<i>79.9%</i> <b>65.8</b>	<i>79.5%</i> <b>54.1</b>	<b>21.8%</b>	—
Gross Margin	<i>20.1%</i> <b>16.6</b>	<i>20.5%</i> <b>14.0</b>	<b>18.9%</b>	—
SG&A/R&D	<i>15.1%</i> <b>12.4</b>	<i>15.5%</i> <b>10.5</b>	<b>18.1%</b>	—
Operating Income	<i>5.0%</i> <b>4.1</b>	<i>5.0%</i> <b>3.4</b>	<b>21.4%</b>	<i>5.7%</i> <b>4.8</b>
Income before Income Tax Expense	<i>4.7%</i> <b>3.8</b>	<i>4.2%</i> <b>2.9</b>	<b>34.1%</b>	<i>4.9%</i> <b>4.1</b>
Net Income Attributable to IJ	<i>3.9%</i> <b>3.2</b>	<i>3.3%</i> <b>2.2</b>	<b>43.4%</b>	<i>3.6%</i> <b>3.0</b>

# II-2. Revenues

Unit: JPY million



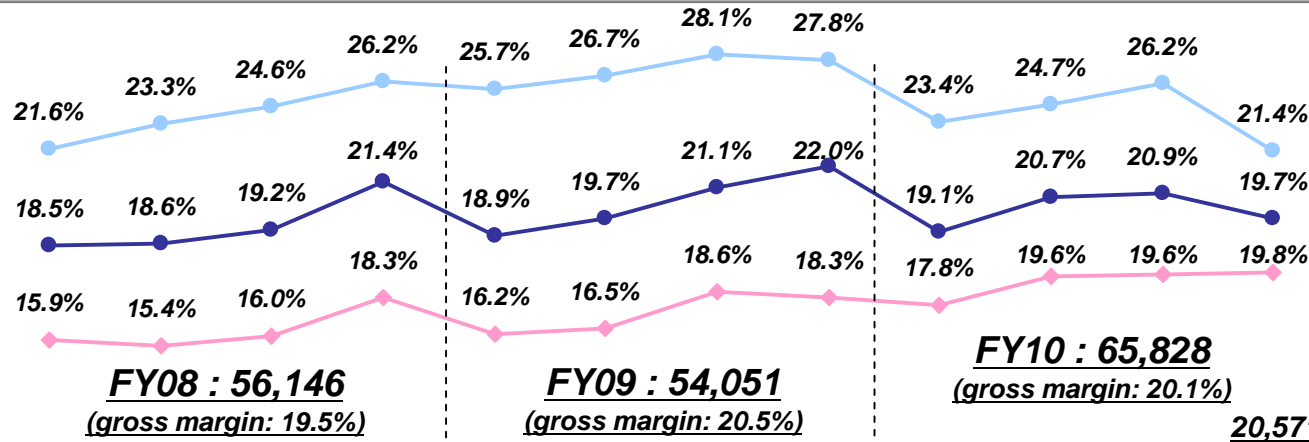
◆ **FY10 Revenues:**

- (Revenue Increase) Stead increase of connectivity service for corporate use/outsourcing service. 7 months additional revenue of IIJ-GS
- (Revenue Decrease) SI revenue decreased largely due to scale down from a single large SI contract, increase of smaller sized SI contracts compared to FY09 and Earthquake affects. Internet connectivity for corporate use decreased due to continued cancellation of old connectivity services and the planned service termination of one of our OEM clients.

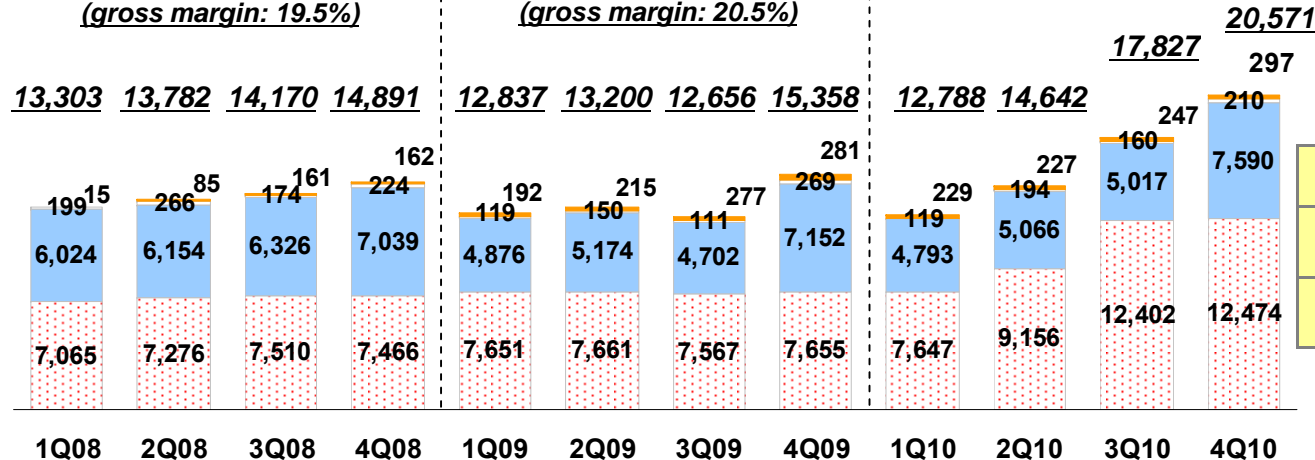
◆ 7 months Additional revenue related to IIJ-GS: JPY15,094 million (4Q10: JPY6,442 million, 3Q10: JPY6,406 million, 2Q10: JPY2,246 million)  
(mostly WAN services, some systems construction and others)

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

Unit: JPY million



Decreased due to decrease in SI gross margin due to decrease in former IIJ-FS revenue, initial cost related to cloud computing, a low margin SI contract in 4Q10



	2Q10	3Q10	4Q10
IIJ-GS			
Cost of Revenue	1,761	5,215	5,160
Gross Margin Ratio	21.6%	18.6%	19.9%

◆ **FY10 Gross Margin:**

- Network services: Decrease in revenue of internet connectivity service for home use was absorbed by cost control. Gross margin ratio was 19.3%, up 1.9% YoY. Cost of Network service excluding IIJ-GS decreased compared to FY09.
- SI: SI gross margin decreased to 23.7% (down 3.5% YoY) due to 5 billion yen revenue decrease by a single large SI contract, total SI revenue decrease, initial cost for cloud computing and a low margin SI contract in 4Q10.
- Gross Loss of ATM Operation Business decreased to JPY484 million (FY09: JPY757 million)

# II -4. Revenue YoY Change

Unit: JPY billion

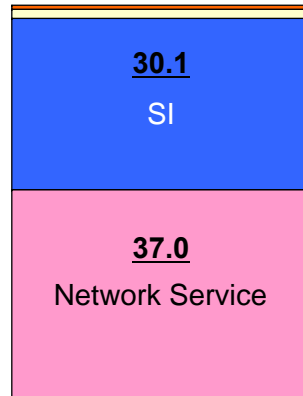
(By Service)

**FY09**

**68.0**

0.2 ATM Operation Business

0.8 Equipment Sales



(0.6)

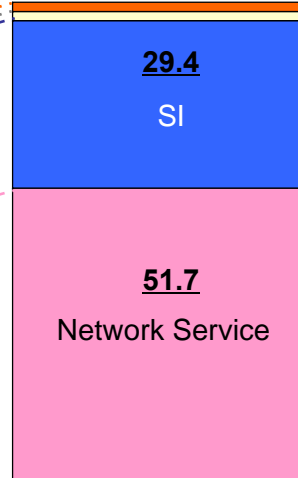
+14.7

**FY10**

**82.4**

ATM Operation Business 0.5

Equipment Sales 0.8



SI revenue was below target  
 - YoY revenue decrease of JPY5 billion from former IJ-FS  
 - more smaller SI projects  
 - Earthquake effected delays

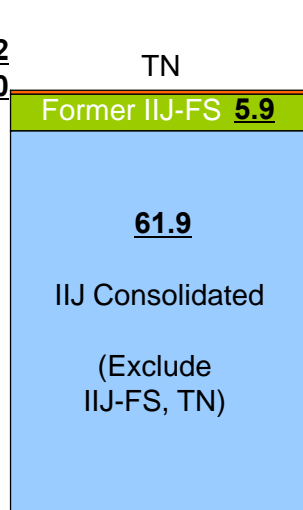
Network service: up JPY14.7 billion YoY  
 - Internet Connectivity for Home Use:  
 -> down JPY0.3 billion  
 - Internet Connectivity for Corporate Use:  
 -> revenue was inline with target

(By Company)

**68.0**

0.2

0.0



+15.1

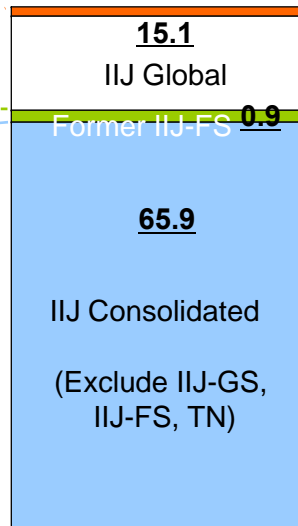
(5.0)

+4.0

**82.4**

TN

0.5



ATM operation business by Trust Networks ("TN") was below target.  
 - ATM placement behind schedule  
 - Earthquake affect

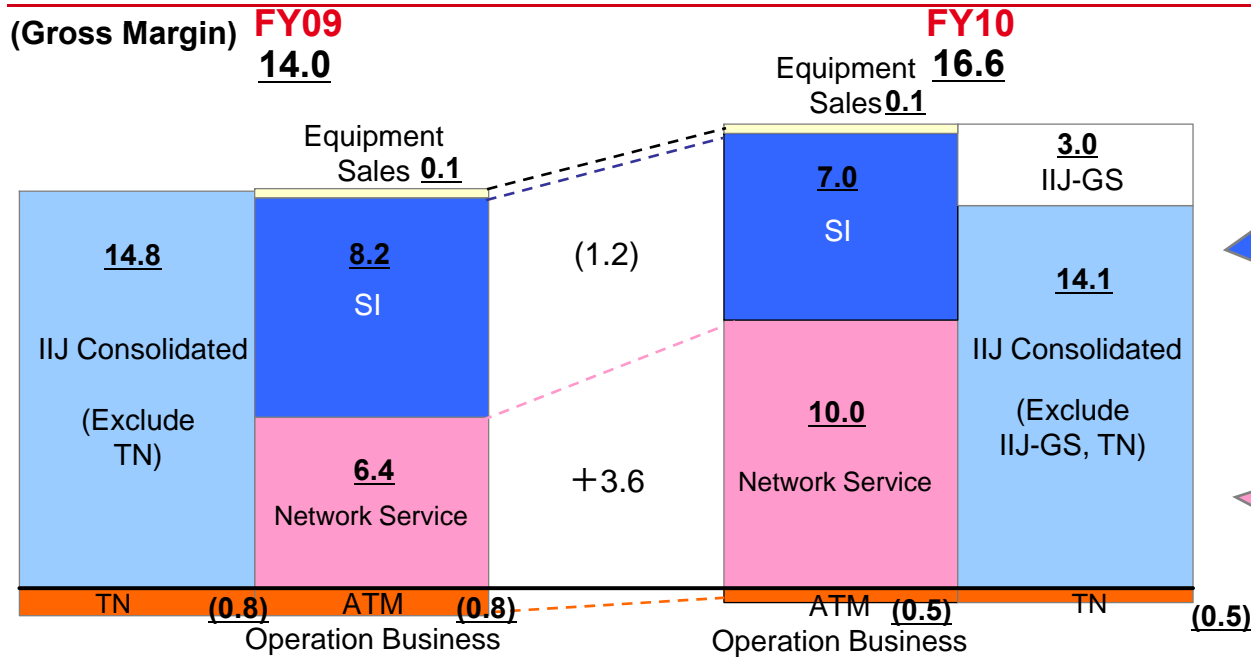
IJ-GS revenue was in line with target despite a slight effect from income deferred.  
 Revenue was JPY15.1 billion including revenue in SI of JPY0.7 billion.

-IJ consolidated revenue excluding IJ-GS, IJ-FS and TN increased by JPY4 billion  
 - FY10 Cloud computing service revenue: approx JPY0.6 billion. Monthly revenue steadily increasing. March 2011 monthly revenue: JPY0.1 billion.



# II -5. Income YoY Change

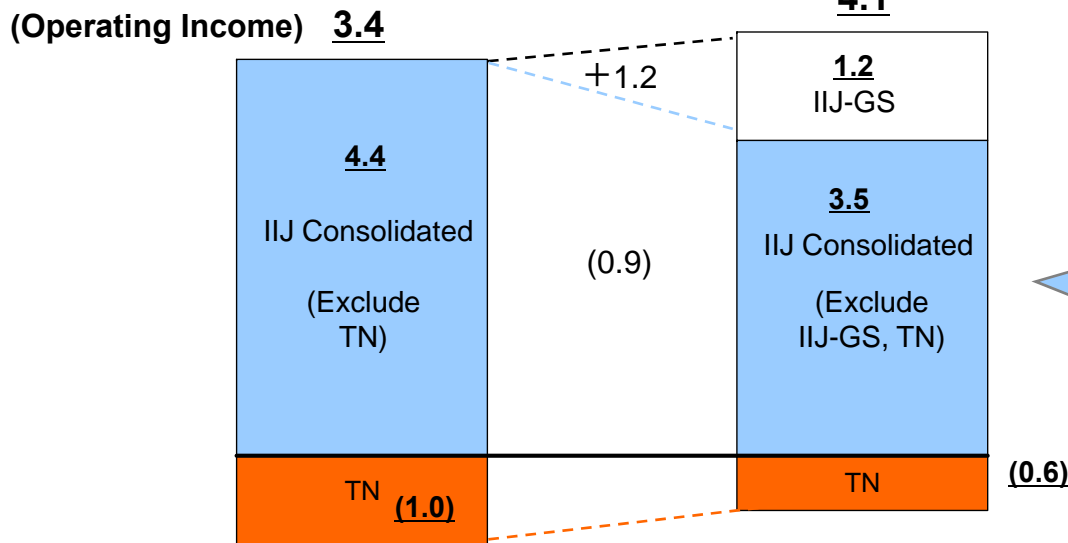
Unit: JPY billion



SI Gross margin was below target of over JPY1 billion.

- revenue decrease of JPY5 billion from IIJ-FS
- SI revenue falling short of target
- Initial burden from commencement of cloud computing
- Low margin SI project in 4Q10

Network service gross margin was up JPY3.6 billion, in line with target. Decrease from connectivity for home use was absorbed by cost control.



SG&A expenses decreased but were unable to fully absorb the decreased SI gross margin.

There were one-time expenses related to loss on disposal of non-amortized intangible assets and restoration expenses of approx. JPY0.2 billion

Earthquake affect was approx. JPY0.1 billion.

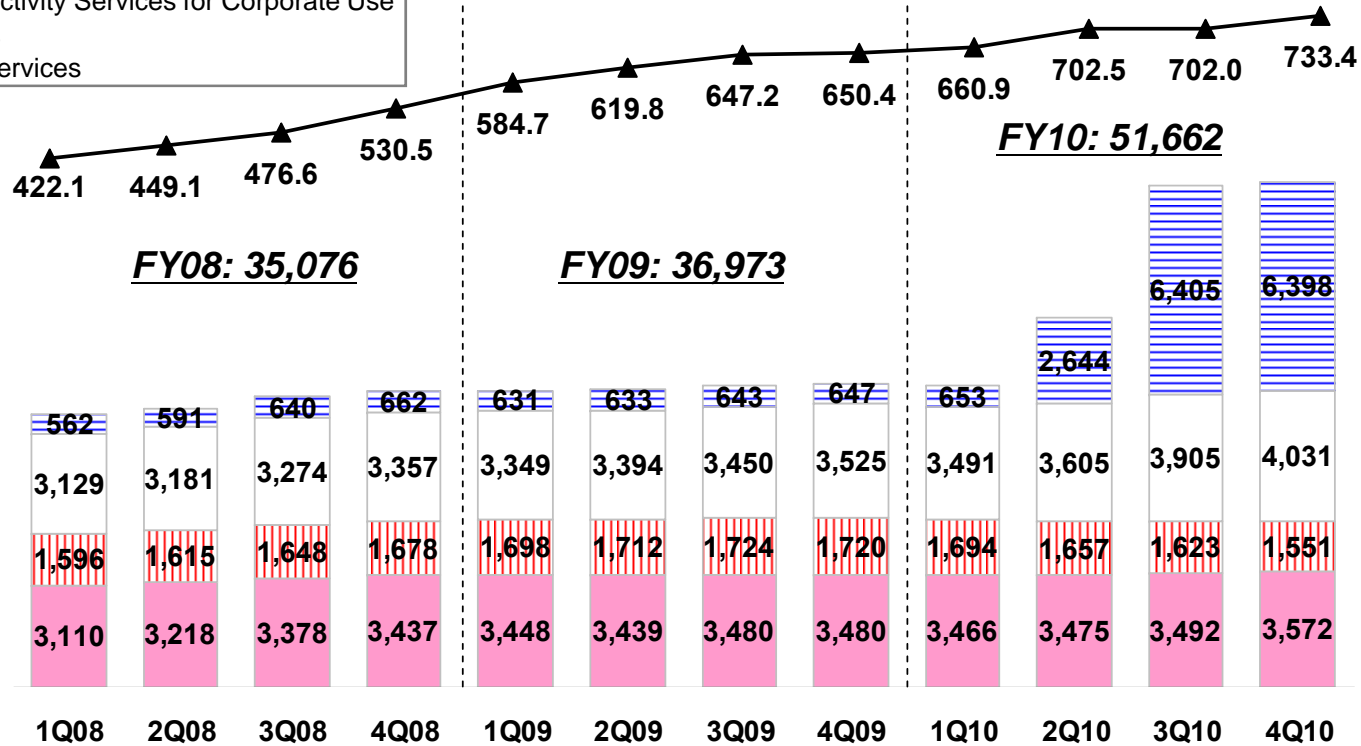
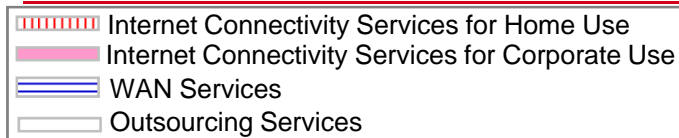
Operating loss of ATM operation business was approx. JPY0.2 billion below target. Revenue was short.



# II-6. Network Services

## (1) Revenues

Unit: JPY million



- ◆ FY10 Internet connectivity services for corporate use: JPY14,005 million (up 1.1% YoY)
  - IP Service revenues were affected by the migration of certain large IP contracts and price down pressure at the beginning of the fiscal year, but continued to increase toward the end of FY10. 4Q10 revenues were up 1.3% compared to 3Q10.
  - IIJ mobile revenues increased to JPY1,738 million (up 24.5% YoY) as there were iPad Solution projects of over 1,000 contracts and M2M projects. Mobile service contracts reached over 50,000 lines.
  - Broadband connectivity increased mainly from sales partners (broadband contracts as of March 2011: 42,851 contracts, +14,188 YoY).
- ◆ FY10 Internet connectivity services for home use decreased due to continued cancellation of old connectivity services and planned termination of one OEM service and exemption of service fees for those individual users affected by the Tohoku Pacific Earthquake.
- ◆ FY10 Outsourcing service:
  - Services such as anti-spam email and web security service, data center related, CDN services and cloud computing service increased, respectively. IIJ GIO monthly revenue for March 2011 (including revenue recognized in Systems operation and maintenance) has reached over JPY120 million.

# II-6. Network Services

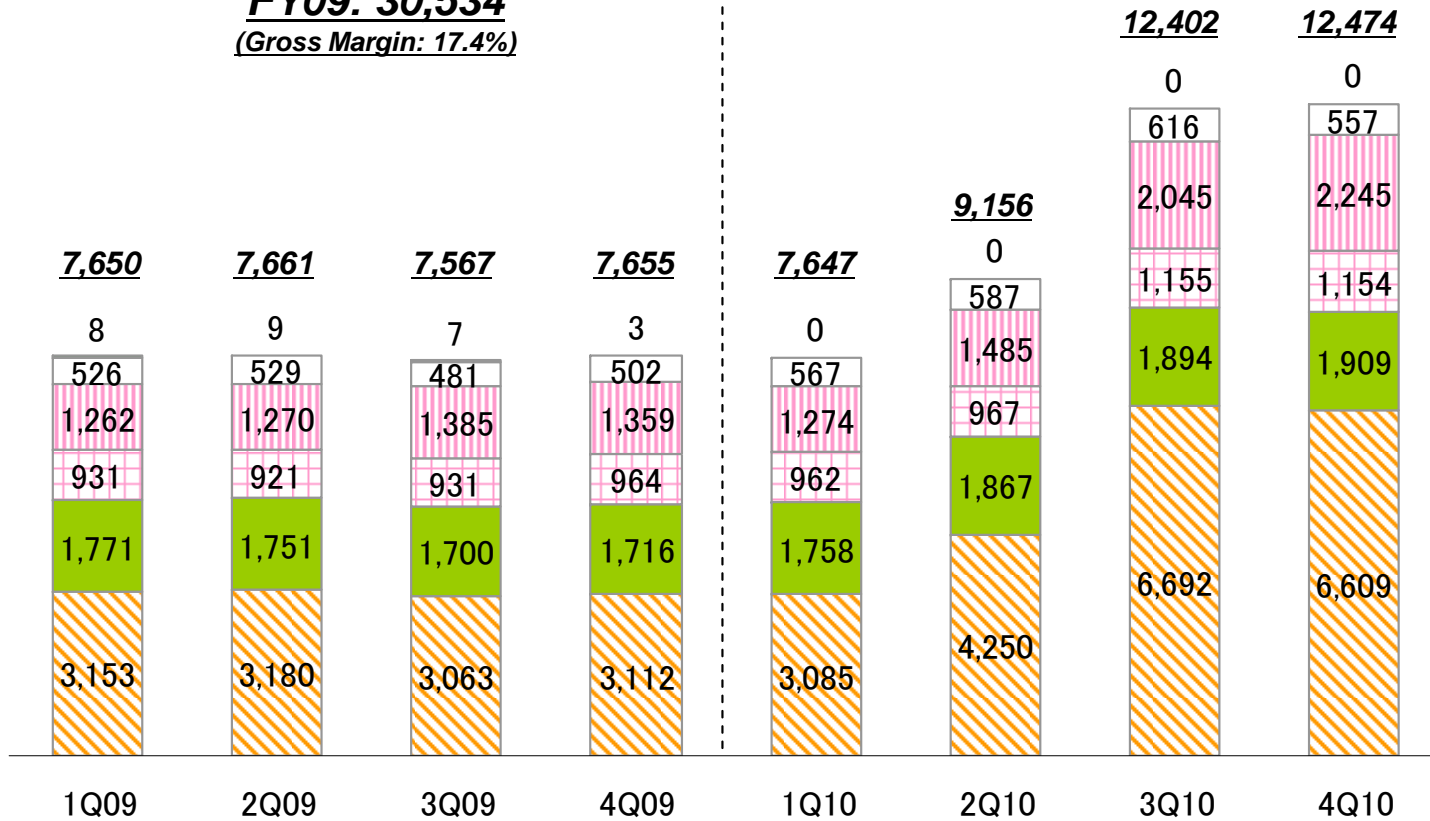
## (2) Cost of Revenues

Unit: JPY million



**FY09: 30,534**  
(Gross Margin: 17.4%)

**FY10: 41,678**  
(Gross Margin: 19.3%)



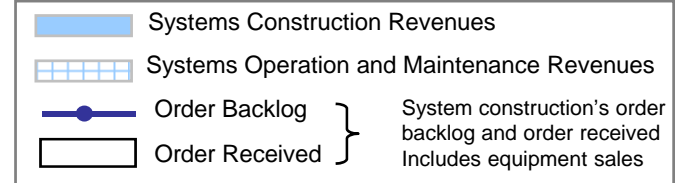
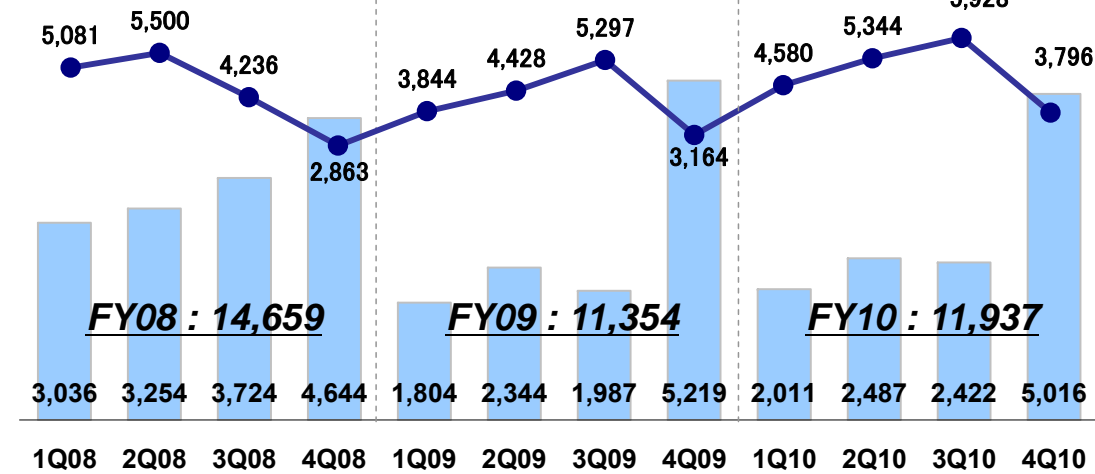
◆ **FY10 Total cost of Network service:**

- Circuit Related and Outsourcing costs increased mainly due to the acquisition of IIJ-GS
- Total costs excluding 7 months costs of IIJ-GS decreased compared to FY09

# II-7. Systems Integration (1) Revenues

Unit: JPY million

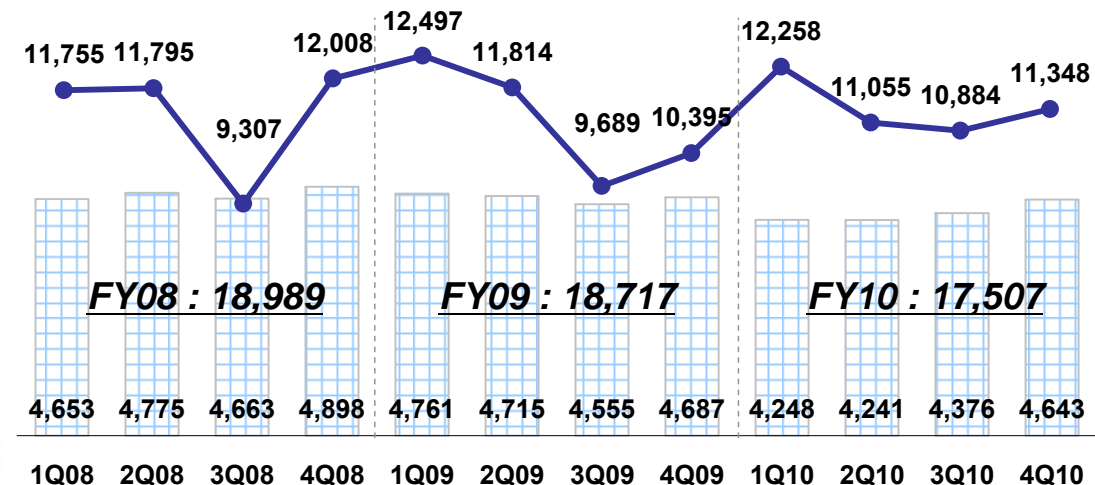
## (Systems construction)



## Systems Construction

- ◆ FY10 Revenues: up 5.1% YoY
- ◆ FY10 Order Backlog: up 20.0% YoY
- Revenues increased YoY due to accumulated mid-small sized projects and SI contracts associated with cloud computing service despite the scale-down of a certain large contract from 1Q10 (revenue decrease by JPY3 billion YoY) and the Tohoku Pacific Earthquake affect.
- Cloud is playing the role as door-opener to new clients
- Orders received: increased by 7.7% YoY

## (Systems operation and maintenance)

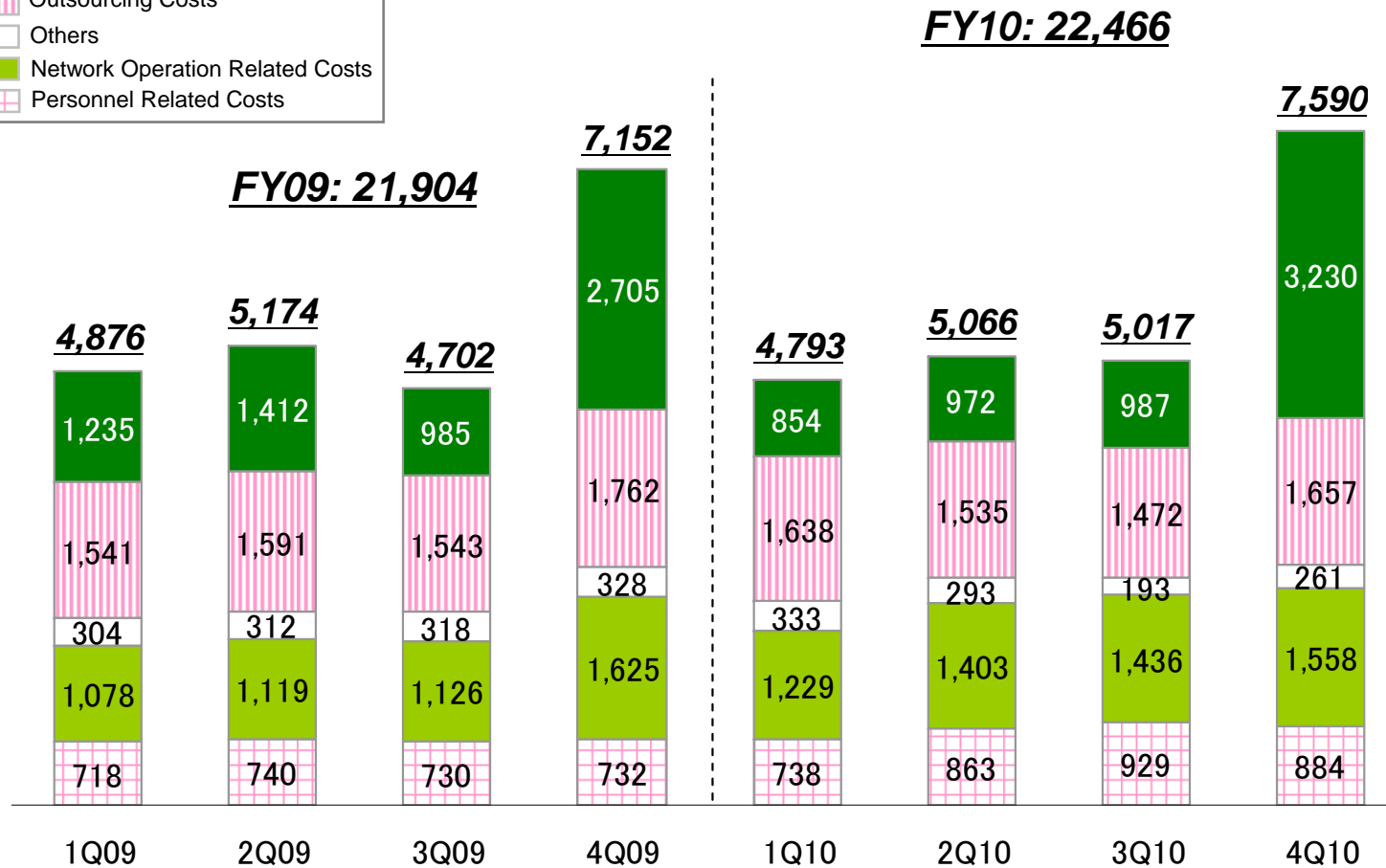
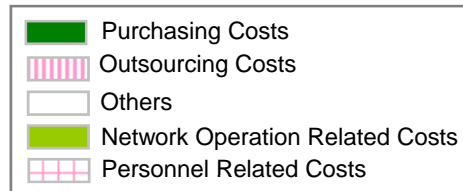


## Systems operation and maintenance

- ◆ FY10 Revenues: down 6.5% YoY
- ◆ FY10 Order Backlog: up 9.2% YoY, up 4.3% QoQ
- Revenues decreased YoY affected by the scale-down of a certain large contract from 1Q10 (revenue decreased by JPY2 billion YoY), despite the accumulation of new operating and maintenance contracts.
- 4Q10 revenues increased by 6.1% QoQ as new operation and maintenance contracts are accumulating. Revenues related to cloud computing increased by JPY0.1 billion QoQ.
- Orders received: decreased by 5.3% YoY

## II-7. Systems Integration (2) Cost of Revenues

Unit: JPY million

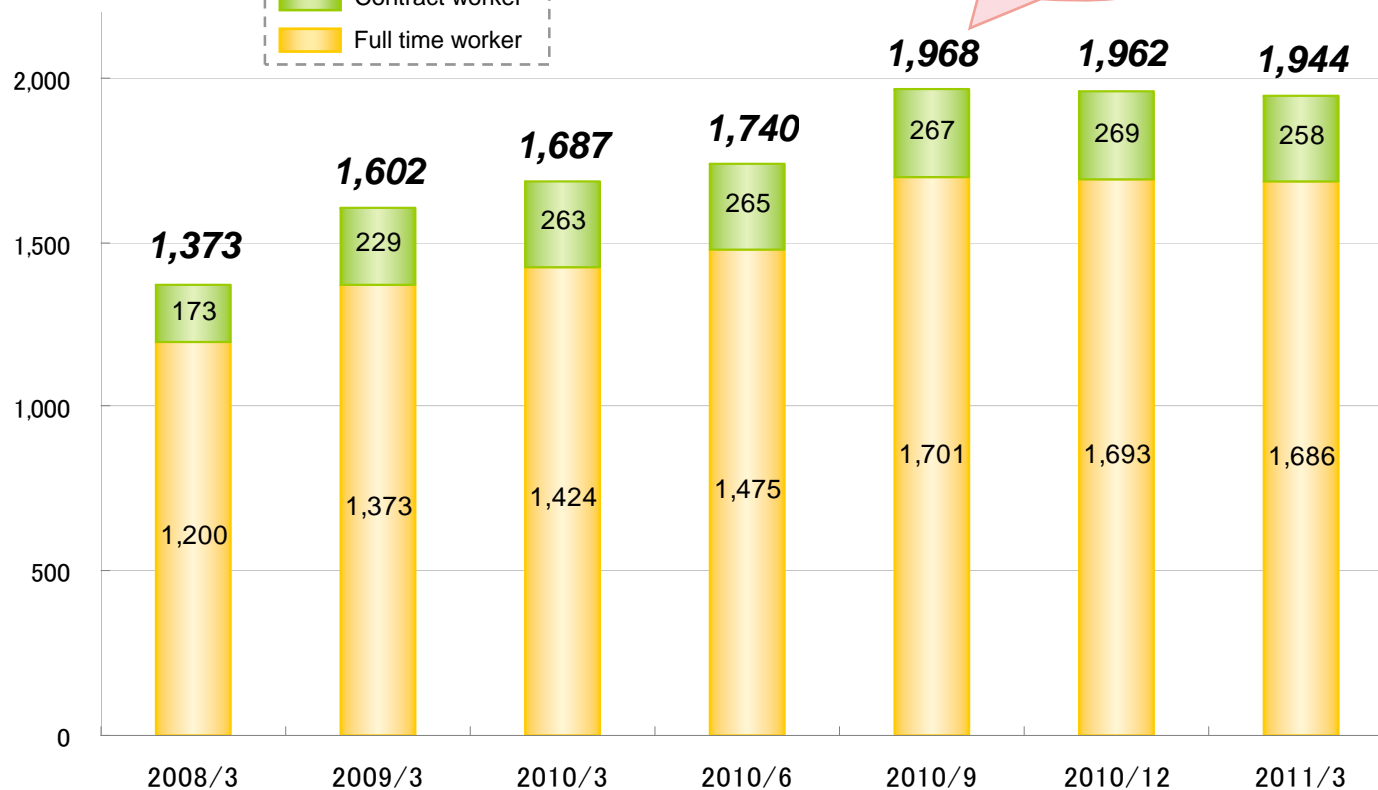
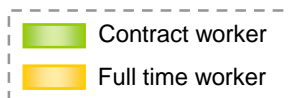


◆FY10 Total cost of systems integration:

- Network operation related costs and personnel related costs increased in relation to the commencement of cloud computing services. Costs excluding purchasing costs increased by 0.9 billion yen YoY.
- The number of full-time outsourcing personnel was 375 personnel as of March 2011 (up 63 personnel YoY and up 30 personnel QoQ)

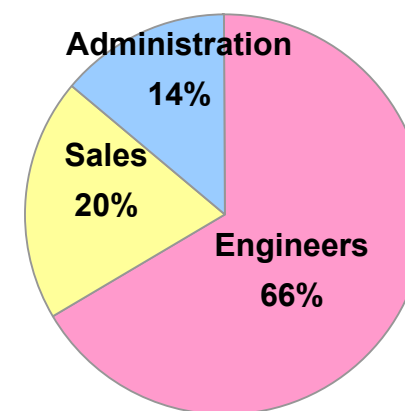
## II-8. Number of Employees

(Personnel)



With the acquisition of IJ-GS +245 employees

[Employee Distribution]



Personnel related costs and expenses(% of revenue)

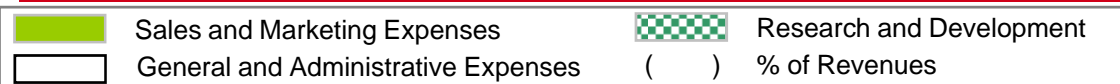
2,925	3,112	3,640	3,554
(18.5%)	(16.9%)	(16.2%)	(13.9%)

Unit: JPY million

- ◆ Number of consolidated employees as of March 2011: up 257 personnel YoY, down 18 personnel QoQ
  - Hired 44 newly graduates in FY2011 (FY10: 60 newly graduates, FY09: 77 newly graduates, FY08: 92 newly graduates)
  - Around 20 personnel related to IJ-FS will be reduced in 1Q11
  - Number of employees during FY11 is expected to increase by around 100 personnel

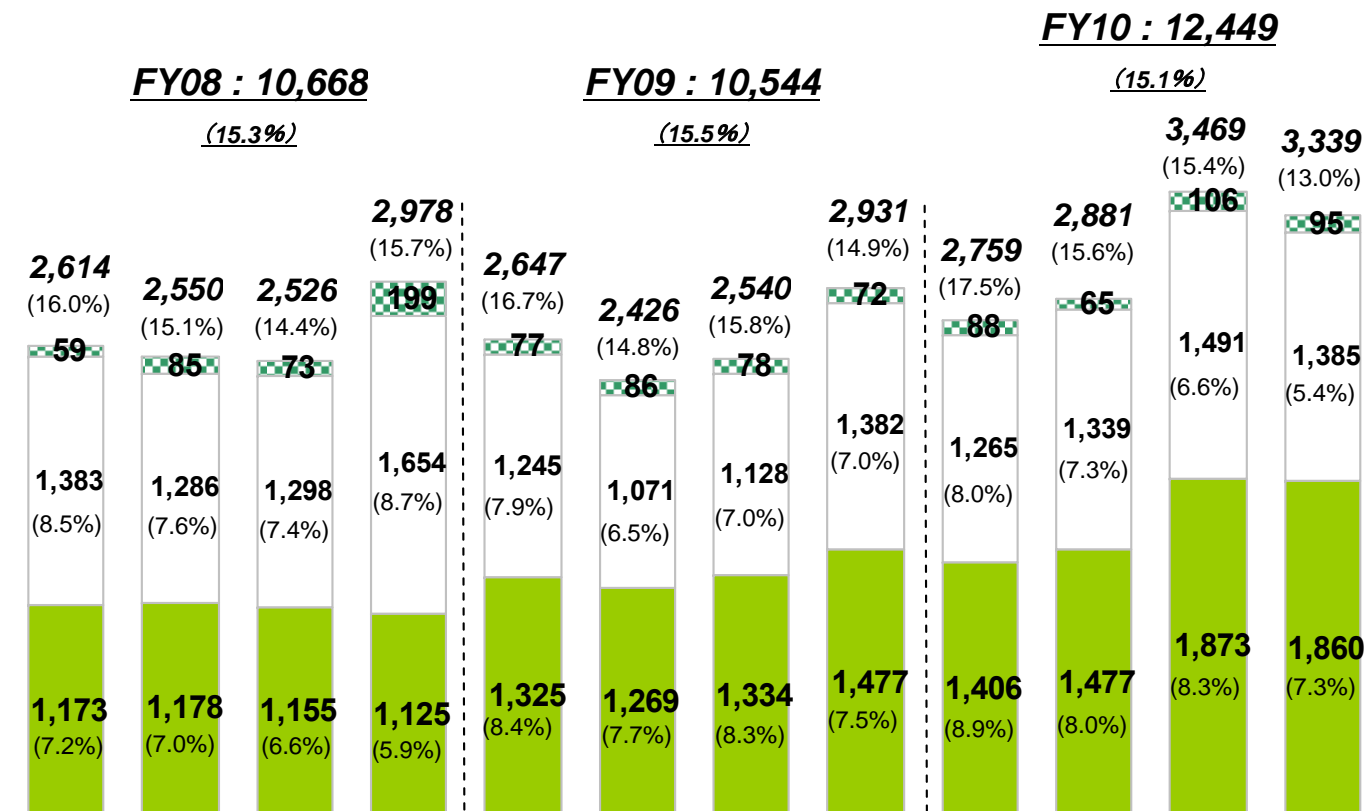
## II-9. SG&A Expenses/R&D

Unit: JPY million



Unit: JPY million

IIJ-GS	2Q10	3Q10	4Q10
SG&A	224	777	767



◆ FY10 SG&A Expenses/R&D: up 18.1% YoY

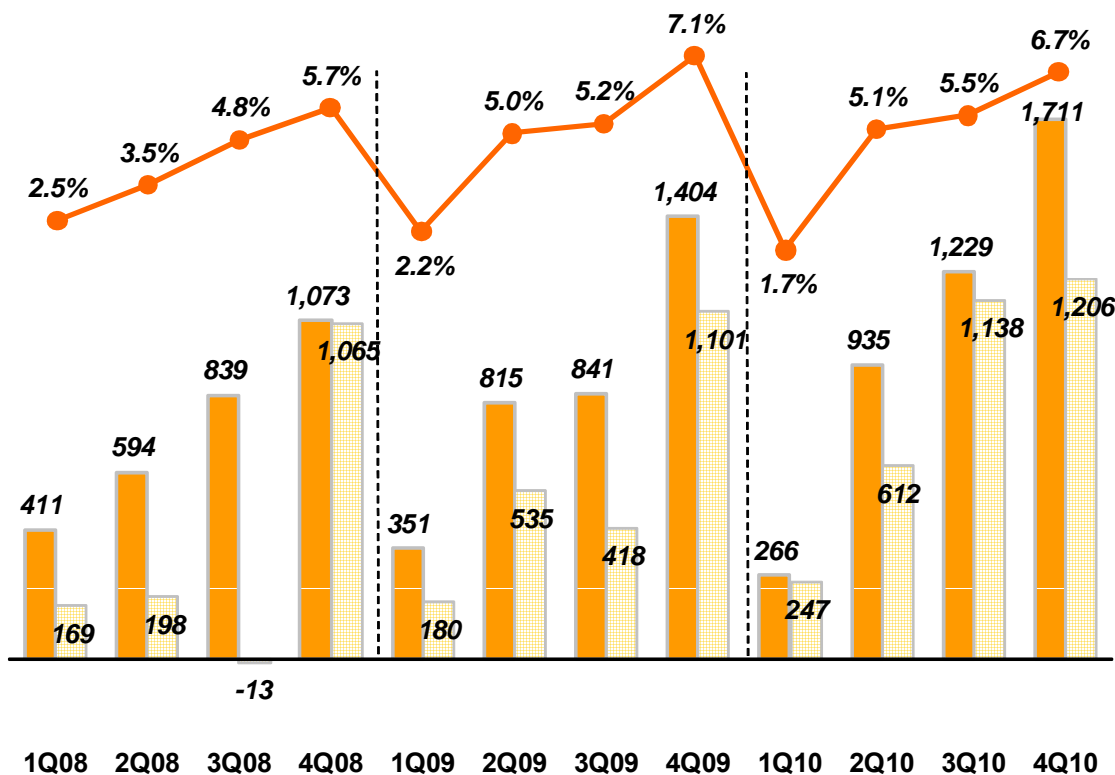
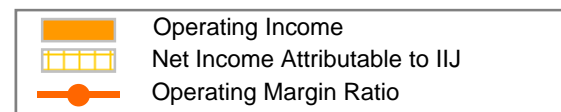
- (Sales and Marketing Expenses) Amortization of customer relationships related to IIJ-GS of JPY255 million, loss on disposal of non-amortized intangible assets of JPY120 million.
- (General and Administrative Expenses) Asset retirement obligations of JPY70 million and restoration expenses, to return the leased office space to its original state of JPY48 million.
- Excluding expenses of IIJ-GS was JPY10,682 million, a slight increase YoY.

◆ FY10 SG&A related to the ATM operation business: JPY159 million (FY09: 243 million)

# II-10. Operating Income and Net Income

Unit: JPY million

**Operating income : 2,917**    **Operating income : 3,412**    **Operating income : 4,141**  
**Net income attributable to IIJ: 1,419**    **Net income attributable to IIJ: 2,234**    **Net income attributable to IIJ: 3,203**



- ◆ **FY10 Operating Income:**
  - Increase in gross margin for network services
  - Operating income related to IIJ-GS (7 month)
  - Decrease in operating loss related to ATM operation business
- ◆ **FY10 Income before income tax expense:**
  - Other expenses: JPY307 million (Fy09: JPY553 million). Losses on write-down of other investments decreased, gains on sale of available-for-sale equity securities increased and interest expenses decreased
- ◆ **FY10 Net income attributable to IIJ:**
  - Net loss attributable to noncontrolling interests related to Trust Networks and GDX Japan Inc.

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Income Tax Expenses	244	284	514	90	120	160	179	496
Deferred tax expense	186	187	418	Δ34	88	75	78	365
Equity in net income(loss) of equity method investees	32	11	85	32	34	Δ3	98	Δ7
Net loss attributable to noncontrolling interests	93	82	90	83	54	48	51	50



## II-11. Consolidated Balance Sheets

Unit: JPY million

	March 31, 2011	March 31, 2010	Changes
Cash and Cash Equivalents	13,314	8,764	+4,549
Accounts Receivable	16,431	11,397	+5,035
Inventories	601	808	(207)
Prepaid Expenses	1,680	1,593	+87
Deferred tax assets (current)	978	1,571	(592)
Other Investments	2,794	2,582	+212
Property and Equipment	16,481	12,970	+3,511
Goodwill and Other Intangible Assets	11,843	6,440	+5,403
Deferred tax assets (non-current)	16	685	(669)
Borrowings (Short-term)	13,430	4,450	+8,980
Accounts payable	13,574	6,968	+6,606
Accumulated Deficit	(14,023)	(16,720)	+2,697
Accumulated Other Comprehensive Income	(85)	169	(254)
Total IIJ Shareholders' Equity	29,652	27,320	+2,333
Total Assets	71,473	52,096	+19,377

➤ Increased mainly due to IIJ-GS

➤ Nonmarketable  
equity securities: JPY1,893 million  
➤ Available for sale  
equity securities: JPY741 million  
➤ Others: JPY160 million

➤ Non-amortized  
intangible assets: JPY5,980 million  
- Goodwill: JPY5,788 million  
(IIJ-GS JPY2,288million)  
- Trademark: JPY192million  
➤ Amortized intangible assets  
(Customer relationships): JPY5,844 million  
(IIJ-GS: JPY3,467 million)

➤ IIJ-GS share acquisition

➤ Increased mainly due to IIJ-GS

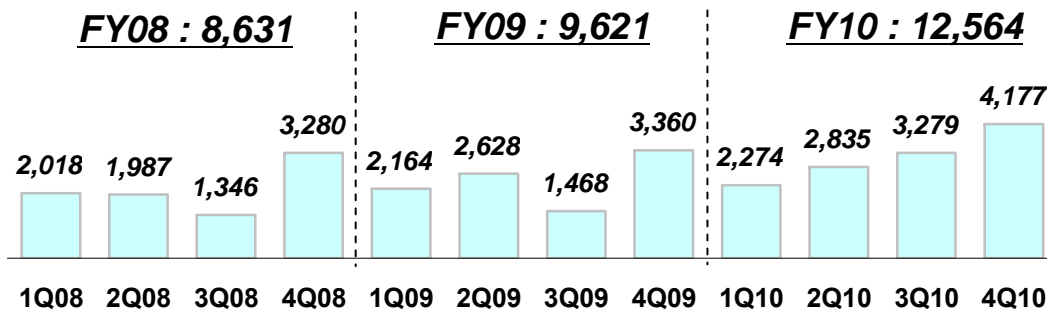
➤ IIJ Shareholder's equity ratio:  
• March 31, 2011: 41.5%  
• March 31, 2010: 52.4%

➤ Increased mainly due to IIJ-GS

## II-12. Consolidated Cash Flows

Unit: JPY million

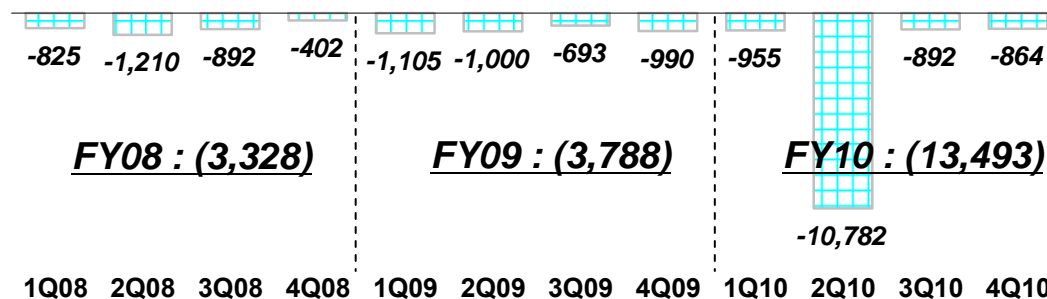
### (Operating Activities)



#### <FY10 Operating Activities>

- Increase in operating income
- Increase in accounts payable: JPY1,995 million
- Decrease in accrued expenses, other current and noncurrent liabilities: JPY1,021 million
- Increase in inventories, prepaid expenses and other current and noncurrent assets: JPY831 million
- Decrease in accounts receivable: JPY430 million etc

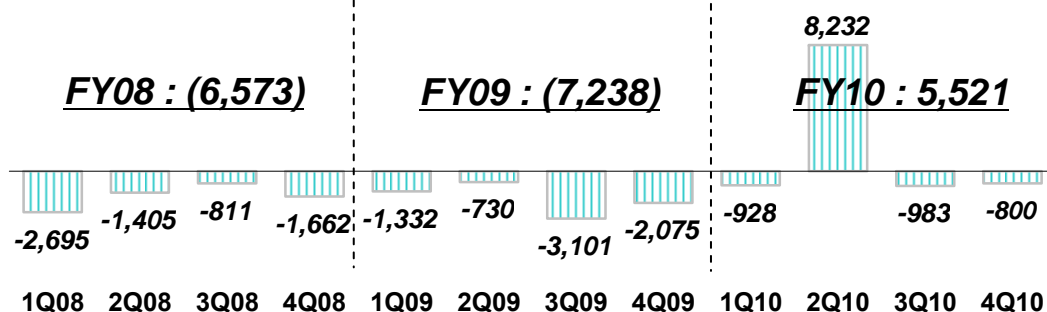
### (Investing Activities)



#### <FY10 Investing Activities>

- Purchase of IIJ-GS: JPY9,170 million
- Purchase of property and equipment: JPY3,839 million
- Payment of guarantee deposits of JPY687 million etc

### (Financing Activities)



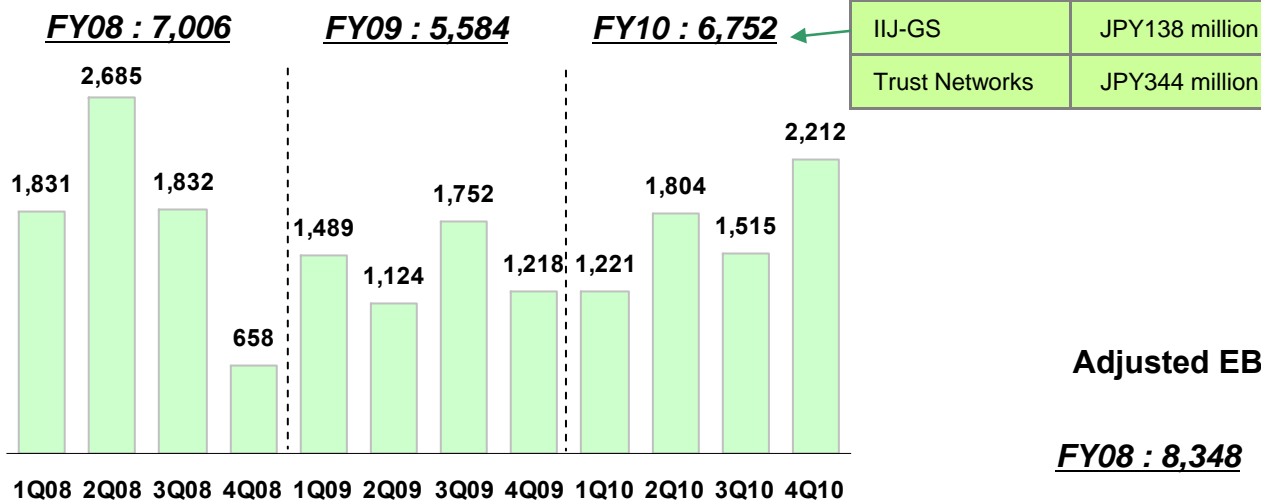
#### <FY10 Financing Activities>

- Increase in short-term borrowings (net) (mainly for the purchase of IIJ-GS): JPY8,980 million
- Principle payments under capital leases: JPY2,989 million
- Payment of dividends (FY09 Year-end / FY10 Interim ): JPY507 million etc

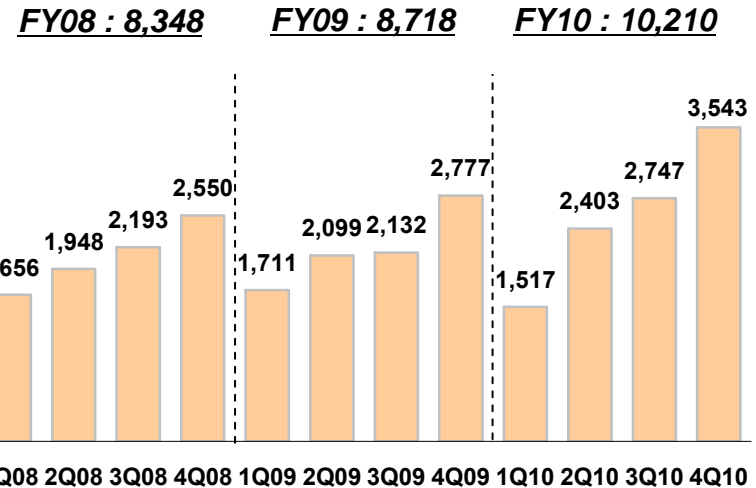
# II-13. Other Financial Data (CAPEX etc.)

Unit: JPY million

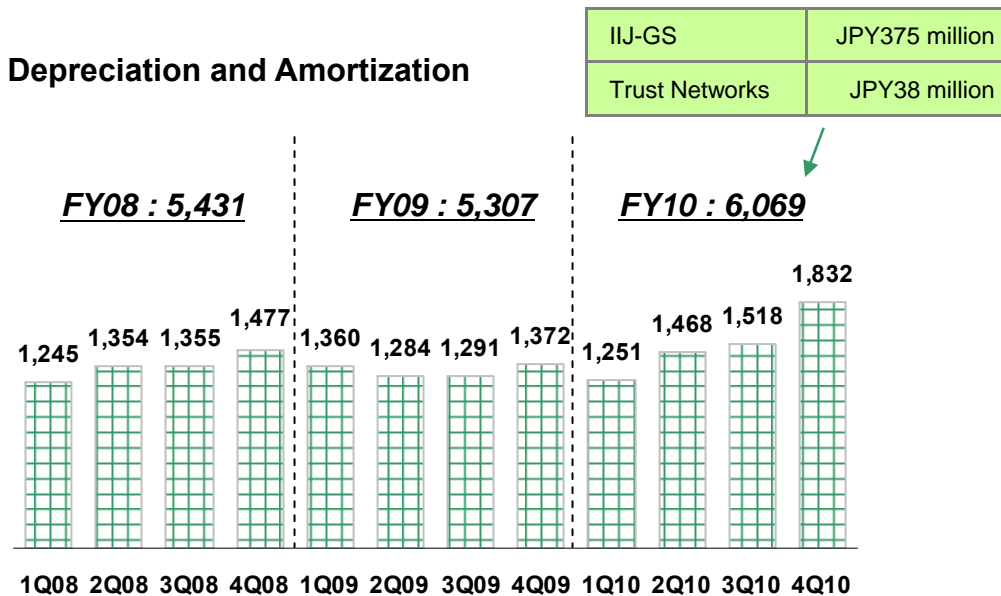
## CAPEX (Include Capital Lease)



## Adjusted EBITDA



## Depreciation and Amortization



## III-1. Cloud Computing Services Developments **I I J G I O**

### <Great start for Cloud Computing Service>

- Components (customized cloud. Revenue recognized in SI operation and maintenance), Hosting package (packaged cloud. Revenue recognized in outsourcing services)
- Head start with our over 10 years of experience in outsourcing related services, high quality and speedy in broadening new cloud related services
- Introduced over 430 projects in FY10
  - Increasing usage fro Social Application Providers (“SAP”)
  - Introduced to all different industries
  - Chosen by governmental organizations
- Working as a door opener to new clients
- Increasing demands for back-up site and BCP after the Earthquake

### <FY10 IJ GIO Business Results>

- IJ GIO Monthly revenue for March 2011: JPY0.1 billion per month (both in SI and outsourcing revenue)
- Total revenue: Approx JPY0.6 billion
- Minus of approx JPY1 billion. Burden increase JPY0.7 billion to JPY0.8 billion
- FY11 Revenue target: over JPY3 billion

### <Cloud related investments>

- 1H FY10: approx 1,000 servers
- 2H FY10: approx 2,000 servers
- April 26, 2011: Matsue Data Center Park Opened
- 1H FY11: approx 3,000 servers (planned)
- 2H FY11: to increase additional servers depending on demands



**Matsue Data Center Park**



### <Partnership and Service Line-ups>

- Co-work with Japan IBM, Japan Microsoft and other service partners
- Business tie-up with F5 Networks and NetApp, Inc for cloud storage services
- Received MS Best Partner Award, Nikkei BP Best Cloud Service Platform Award



## III-2. IIJ Global Solutions Inc.

### <Outline of Acquisition>

- Acquired mainly the domestic network outsourcing service business such as WAN from AT&T Japan
- Acquisition completed on Sep 1, 2010
- Successfully completed acquisition of 1,600 clients and approx 240 personnel
- Purchase price: JPY9.2 billion (mainly short-term bank borrowings)

### < Effects to FY10 Consolidated Financial Results>

(B/S) \*As of March 31, 2011

• Current Assets	JPY11,021 million
• Noncurrent Assets	JPY8,922 million
Intangible Assets	JPY5,763 million
• Current Liabilities	JPY8,198 million
• Noncurrent Liabilities	JPY1,937 million

(P/L) \*7 months from Sep 2010 to March 2011

• Revenues	JPY15,094 million
• Costs	JPY12,137 million
• SG&A/R&D	JPY1,767 million
• Operating Income	JPY1,190 million
• Operating Margin Ratio	7.9%
– Amortization of Customer relationship	JPY255 million

### < IIJ Global Solutions Area of Expertise>

- 1,600 blue-chip corporate clients such as in financial or manufacturing industries
  - For example, closed network for mega banks and large scale site-to site network system
- Especially strong in providing WAN services
  - Long experience in providing network services to blue-chip clients
  - Carrier free network integration
  - Business tie-ups with AT&T and other foreign carriers to provide global services
- Strong Sales Force and business tie ups with IBM for sales activities

### <Future business developments and synergies>

- Started IIJ & IIJ-GS sales cooperation. Already acquired cross selling contracts
- Strengthen Global Network Outsourcing Service from March 2011 in Asia and European countries for Japanese customers working abroad
- From Summer 2011, develop a network management service using IIJ's proprietary network management platform "SACM"
- To further enhance group synergy and reduce costs and expenses, moved to the same building as IIJ.

# III-3. ATM Operation Business Developments

## < ATM Operation Business Results >

- FY10 Revenue: JPY0.5 billion, operating loss: JPY0.6 billion
- Number of ATM places as of today: 280 ATMs
- Break even point improved after the reduced outsourcing related expenses from 1Q10

(JPY millions)

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Revenue	7	31	70	98	106	123	125	164
Cost	192	215	277	281	229	227	247	297
Expenses	49	50	56	88	37	36	42	44
Sum	240	265	333	369	266	263	289	341
Operating Loss	(233)	(234)	(263)	(270)	(161)	(140)	(165)	(177)

## < Earthquake Effect >

- Placements were stopped during March 2011
- Number of daily transaction was falling due to the scheduled blackouts
- Placing of ATMs have again begun and have placed about 50 ATMs after the Earthquake
- Number of daily transactions are increasing from April and as of today, the numbers have returned to the level before the earthquake

## < FY11 Plan >

- Plan to place 425 ATMs
- Expect operating income to improve by over JPY0.6 billion YoY

## < Number of ATMs >

- FY08: Completed field test in Kanto Area (10 ATMs)
- FY09: Begun placing ATMs in Kanto and Kansai Region
- FY10: Begun placing ATMs again from 2H10. Begun placing in Kyushu area
- FY11: Planned to place ATMs in Kanto, Kansai and Kyushu area

## < About Trust Networks >

- Operates ATM operation business
- Established July 2007 (77.8% ownership)
- Receives commission from each withdrawal
- ATM machines are leased



## III-4. Reference: FY2011 Financial Target

Unit: JPY billion

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

### (Revenue Increase Factors)

- Continuous increase from Network Service and SI with revenues from IIJ GIO  
IIJ GIO Revenue: FY10 approx JPY0.6 billion -> FY11 approx JPY3 billion
- Full contribution from IIJ-GS
- ATM operation business developments

### (Operating Income Increase Factors)

- Network Service and SI increase and the plus factors of IIJ GIO
- Full contribution from IIJ-GS: +JPY0.5 billion
- Decrease in operating loss related to ATM operation business: approx +JPY0.6 billion

- Interest expenses and others

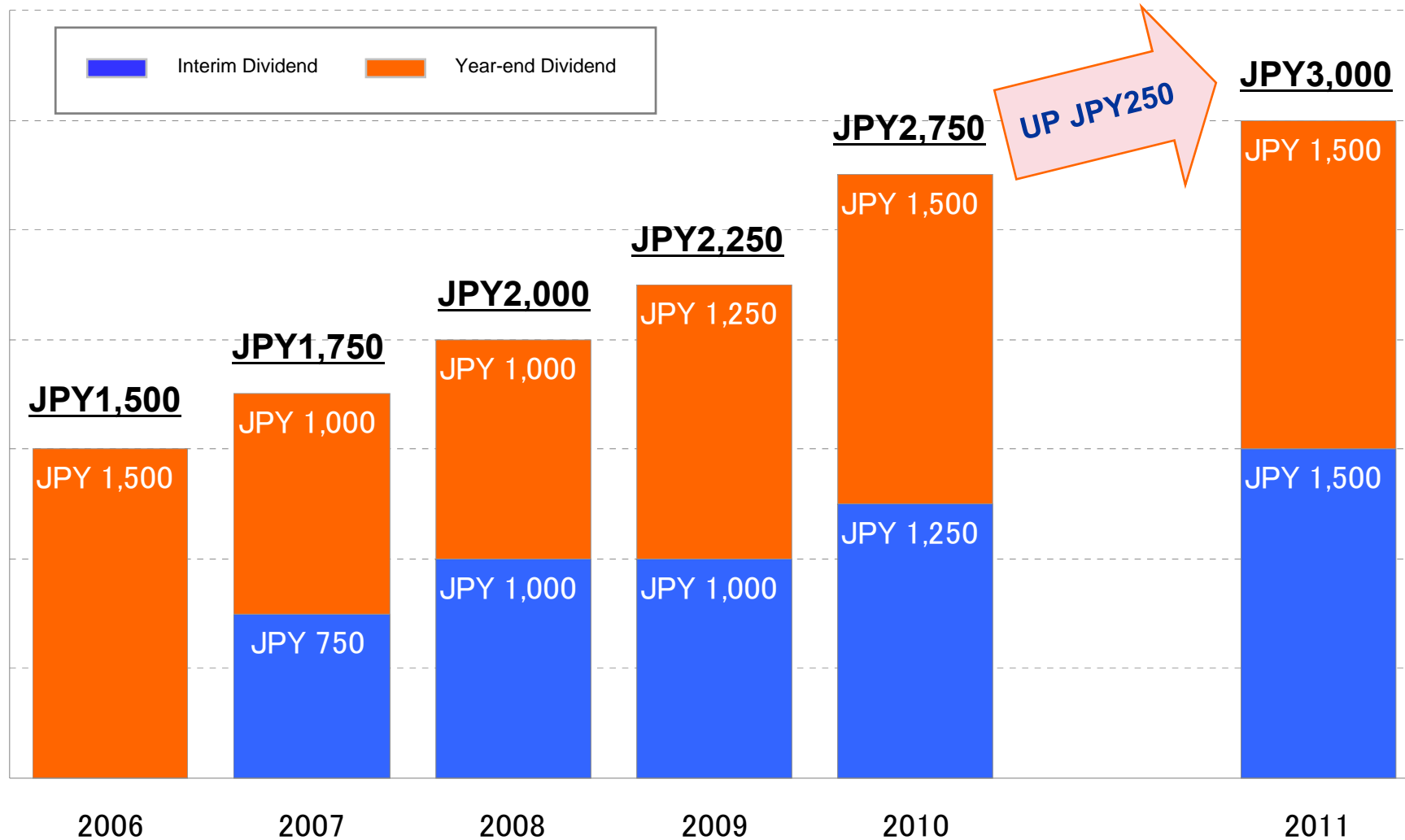
- Back to normal tax rate from FY11

The usage of cloud computing in Japan which is expected to increase within 3 to 5 years will be a great business opportunity for us. We have 15 years of experience providing outsourcing services, pioneering technological skills to develop network services with our own operated network -facilities throughout Japan and strong relationships with over 6,500 blue chip customers.

We would like to further accelerate our business developments aiming for our business to scale-up to the level such as doubled in the coming five years with our every effort.














### Ⅲ-5. FY2011 Dividend Forecast



## III-6. Reference: IIJ Group Companies

(As of April 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%
	 GDX Japan Inc.	62.3%	Building safe, reliable corporate messaging networks and providing message exchange services.
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-7. Reference: IIJ Press Releases

Date		Press Releases
FY10	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
		02/09 IIJ and V-cube Form Cloud Tie-up to Provide New Visual Communications Service
		02/21 IIJ Introduces FS810WR Mobile Wireless LAN Router
		02/23 IIJ Offers Free Trial of REST API-Based IIJ GIO Storage Service FV/S
		02/28 IIJ-Global to Launch New Global Network Outsourcing Solution
		03/08 IIJ to Build Website Infrastructure for Japanese Ministry Using IIJ GIO Cloud Service
		03/09 IIJ to Introduce Three-tier Pricing Plan L for IIJ Mobile Service/Type D
		03/17 Affects to IIJ Services by the Tohoku Pacific Earthquake
		03/18 Regarding the Service fee for Home Use Internet Connectivity Services to our individual customers affected by the Tohoku Pacific Earthquake
03/25 IIJ Appoints New Executive Officer		
FY11	1Q	04/05 IIJ to Release IIJ Wide Area Load Balancing Service
		04/07 IIJ Partners with Ooyala to Re-sell its Video Services in Japan
		04/12 IIJ to Introduce iPad to 1,000 PARIS MIKI Stores Countrywide with Remote Management via IIJ Smart Mobile Manager
		04/13 IIJ Launches SACM as an OEM Platform to Provide SMFv2 Management Features
		04/26 IIJ to Open Matsue Data Center Park and Introduce IIJ GIO Private HaaS
		04/27 IIJ and Microsoft Japan Cooperate on Cloud Service to Improve Business Continuity

## ※ 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

Internet Initiative Japan Inc. (Finance Department)

Jinbocho Mitsui Bldg., 1-105 Kanda Jinbo-cho, Chiyoda-ku, Tokyo, 101-0051, Japan

TEL: 03-5259-6500 FAX: 03-5259-6311 URL: <http://www.ij.ad.jp/IR> E-Mail: [ir@ij.ad.jp](mailto:ir@ij.ad.jp)

