To Shareholders

Internet Disclosure of the Convocation Notice of the 26th Ordinary General Meeting of Shareholders

Contents

In accordance with the applicable laws and regulations, and the provisions of Article 15 of the Company's Articles of Incorporation, the aforesaid information is deemed to have been provided to the shareholders by being available at the Company's following website: (https://www.iij.ad.jp/en/ir/ir-event/meeting/).

June 6, 2018

Internet Initiatiave Japan Inc.

1. Notes to Consolidated Financial Statements

1. Notes to Basic Significant Matters Regarding Presentation of Consolidated Financial Statements

1-1. Matters regarding scope of consolidation

Number of consolidated subsidiaries and names of consolidated subsidiaries
Number of consolidated subsidiaries: 17
Names of major consolidated subsidiaries: IIJ Innovation Institute Inc., IIJ Engineering Inc. (“IIJ-EG”), IIJ Global Solutions Inc., Trust Networks Inc. (“Trust Networks”), Net Chart Japan, Inc., RYUKOSHA NETWARE Inc., IIJ America Inc., IIJ Europe Limited, IIJ Global Solutions Singapore Pte. Ltd. and IIJ Global Solutions China Inc.

1-2. Matters regarding applying equity method

Number and names of equity method investees
Number of equity method investees: 9
Names of major equity method investees: INTERNET MULTIFEED CO., Internet Revolution Inc., Trinity Inc., and DeCurret Inc.

1-3. Significant accounting policies

(1) Basis of presentation
The consolidated financial statements are prepared in accordance with accounting principles generally accepted in U.S.A (“US GAAP“) pursuant to the provisions of Article 120-3-1 of Company Accounting Regulations. However, certain disclosures required under US GAAP are omitted pursuant to the provisions of the second sentence of Article 120-1 of the Ordinance on Company Accounting as applied mutatis mutandis pursuant to Article 120-3-3 of the said Ordinance on Company Accounting.

(2) Valuation method and policy of assets
1) Securities
Internet Initiative Japan Inc. (“IIJ”) accounts for its securities in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 320, “Investments – Debt and Equity Securities.” In accordance with ASC 320:
- Available-for-sale securities are recorded at fair value as of the end of the fiscal year. Realized gains or losses are determined on the moving-average cost method. Unrealized gains or losses (net of tax) are recorded in accumulated other comprehensive income of shareholders’ equity.
- Nonmarketable equity and debt securities are carried on the cost method. Realized gains or losses are determined on the moving-average cost method.

2) Inventories
Inventories consist mainly of network equipment purchased for resale and work-in-process for construction of network systems.
- Network equipment purchased for resale is stated at the lower of cost, which is determined by the average-cost method, or market.
- Work-in-process for construction of network systems is stated at the lower of actual production costs, including overhead cost, or market.

(3) Depreciation and amortization of property and equipment
Depreciation and amortization of property and equipment are computed principally using the straight-line method. The useful lives for depreciation and amortization by major asset classes are as follows:

Buildings	20 Years
Data communications, office and other equipment	2 to 20 Years
Leasehold improvements	4 to 20 Years
Construction other than buildings	4 to 20 Years
Purchased software	5 to 7 Years
Capitalized leases	4 to 6 Years

(4) Leases
Capital leases which meet specific criteria noted in ASC 840, “Leases,” are capitalized at the inception of the lease at the present value of the minimum lease payments. All other leases are accounted for as operating leases. Lease payments for capital leases are apportioned to interest expense and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(5) Impairment of long-lived assets
In accordance with ASC 360, “Property, Plant, and Equipment”, long-lived assets, other than goodwill and intangible assets that are deemed to have indefinite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(6) Goodwill and other intangible assets

Goodwill is recognized primarily as the excess of the cost of an acquired share of consolidated subsidiaries over the estimated fair value of the subsidiaries' net assets acquired. In accordance with ASC 350, "Intangibles-Goodwill and Other," goodwill (including equity method goodwill) and intangible assets that are deemed to have indefinite useful lives are not amortized, but are subject to impairment testing. Impairment testing is performed annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Intangible assets (total of JPY2,670,959 thousand) that have a finite useful life are amortized over 10 to 19 years, which mainly reflects the pattern of economic benefit over their estimated useful life.

(7) Basis for recording allowance

Allowance for doubtful accounts

An allowance for doubtful accounts is established in amounts considered to be appropriate based primarily upon the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

(8) Revenue recognition

Network service revenue is billed and recognized monthly on a straight-line basis. Initial set-up fees received in connection with network services are deferred and recognized over the estimated average period of the subscription for each service.

Systems integration services arrangements can be divided into two major categories: (1) those in which the Company resells third-party off-the-shelf software not essential to the hardware product's functionality and (2) those in which the Company does not resell or license any software products, or those in which the Company resells third-party off-the-shelf software essential to the hardware product's functionality. The deliverables related to software in category (1) are subject to ASC 985-605, "Software – Revenue Recognition". The deliverables in category (1) that are not subject to ASC 985-605 are subject to ASC 605-25, "Revenue Recognition – Multiple Element Arrangements". The deliverables in category (2) are subject to ASC 605-25 to determine the separate units of accounting. In addition, system construction service arrangements in both categories (1) and (2) typically are completed within three months and the revenues are recognized based on the completed-contract method because the Company is unable to bill the customers and the title of constructed network systems is not transferred to the customer unless the customers are satisfied with and accept the completed systems.

Equipment sales revenue is recognized when equipment is delivered and accepted by the customer. The criteria outlined in ASC 605-45, " Principal Agent Considerations", is evaluated in determining whether it is appropriate to record the gross amount of revenues and related costs or the net amount earned in reporting equipment sales.

ATM operation business revenues consist primarily of commissions for each ATM withdrawal transaction. ATM commissions collected from each withdrawal are aggregated each month and recognized as ATM operation revenues.

(9) Income tax

Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes and tax loss carryforwards. These deferred taxes are measured using the currently enacted tax rates in effect for the year in which the temporary differences or tax loss carryforwards are expected to reverse. Valuation allowances are provided against deferred tax assets when it is more likely than not that a tax benefit will not be realized.

ASC 740, "Income Taxes," was adopted for accounting for uncertainty in income taxes. The Company recognizes the financial statement effect of tax positions when it is more likely than not that, based on the technical merits, the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in income tax expense in the consolidated statements of income.

In November 2015, the FASB issued Accounting Standards Update ("ASU") 2015-17 "Balance Sheet Classification of Deferred Taxes." This ASU requires that deferred tax assets and liabilities be classified as noncurrent on the consolidated balance sheet. IIJ adopted this ASU from the fiscal year beginning April 1, 2017, on a prospective basis, and did not retrospectively adjust the consolidated balance sheet as of March 31, 2017.

As of March 31, 2017, the balance of current deferred tax assets and liabilities amounted to JPY1,298,469 thousand and JPY108,994 thousand, respectively.

(10) Other significant accounting policies

1. Retirement and pension plans

In accordance with ASC 715, "Compensation – Retirement Benefits," pension and severance cost is accrued and recognized based on the projected benefit obligations and the fair value of plan assets at the balance sheet date. The unrecognized net obligation at the date of initial application is amortized using the straight-line method over 21 years. The unrecognized net actuarial loss is recognized by amortizing a portion in excess of a corridor (i.e., 10% of the greater of the projected benefit obligations or the fair value of plan assets) using the straight-line method over 14 years.

2. Consumption tax

Consumption tax is separately recorded.

3. Application of consolidated tax declaration

The Company applied the consolidated tax declaration.

2. Changes in Presentation
There is nothing to report on this subject.

3. Notes to Consolidated Balance Sheet
Amount equivalent to accumulated depreciation and amortization of property and equipment: JPY 55,470,955 thousand

4. Notes to Consolidated Statements of Shareholders' Equity
(1) Number of shares issued and outstanding, as of March 31, 2018

Class of stock	Balance at the beginning of current period	Increase	Decrease	Balance at the ending of current period
Common stock	46,711,400	2,400	—	46,713,800

(2) Dividends from surplus
(i) Amount of dividends paid

Resolution	Classes of stock	Total amount of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2017	Common stock	JPY608,317 thousand	JPY13.50	March 31, 2017	June 29, 2017
Board of Directors' meeting held on November 7, 2017	Common stock	JPY608,349 thousand	JPY13.50	September 30, 2017	December 8, 2017

(ii) Dividends declared during the year ended March 31, 2018 and to be paid during the next fiscal year

Resolution	Classes of stock	Source of dividends	Total amount of dividends	Dividends per share	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 28, 2018	Common stock	Retained Earnings	JPY608,349 thousand	JPY13.50	March 31, 2018	June 29, 2018

(3) Class and number of common stock to be acquired by exercising stock acquisition rights outstanding as of March 31, 2018

	#1 Stock acquisition rights issued on July 14, 2011	#2 Stock acquisition rights issued on July 13, 2012	#3 Stock acquisition rights issued on July 11, 2013
Class and number of common stock to be acquired	Common stock 21,400 shares	Common stock 20,800 shares	Common stock 15,600 shares
	#4 Stock acquisition rights issued on July 10, 2014	#5 Stock acquisition rights issued on July 13, 2015	#6 Stock acquisition rights issued on July 11, 2016
Class and number of common stock to be acquired	Common stock 22,600 shares	Common stock 29,400 shares	Common stock 31,600 shares
	#7 Stock acquisition rights issued on July 14, 2017		
Class and number of common stock to be acquired	Common stock 33,800 shares		

(4) Other Comprehensive Income
Other comprehensive income includes translation adjustments resulting from the translation of financial statements of foreign subsidiaries, unrealized gains or losses on available-for-sale securities, gains or losses on cash flow hedging derivative instruments and pension liability adjustments.

5. Notes to Financial Instruments

(1) Conditions of financial instruments

(i) The Company's policy for financial instruments

We primarily lease our network equipment under capital lease arrangements. Our fund management strategy is that we invest in highly safe and short-term financial instrument within our cash on hand.

(ii) Nature and risks of financial instruments

- Account receivables are exposed to credit risks of customers.
- Available-for-sale equity securities are exposed to market volatility risks.
- Accounts payable are mostly due within one year.
- Lease obligations are associated with finance lease transactions that intend to finance capital expenditures mainly related to network equipment.

(iii) Risk management for financial instruments

- The Company controls credit risk in accordance with its credit risk guidelines.
- The Company reviews the fair value of available-for-sale equity securities on a regular basis.
- The Company controls liquidity risk by adequately forecasting and managing liquidity needs.

(2) Fair value of financial instruments

Book value, fair value and the differences between them as of March 31, 2018 are as follows. Financial instruments with fair values that are extremely difficult to evaluate their fair value are not included in the table below:

(Unit: JPY thousands)

		Amount Recognized in Consolidated Balance Sheet	Fair Value	Differences
(1)	Cash and cash equivalents	21,402,892	21,402,892	-
(2)	Accounts receivable	31,830,882	31,830,882	-
(3)	OTHER INVESTMENTS Available-for-sale equity securities	9,288,208	9,288,208	-
(4)	Short-term borrowings	9,250,000	9,250,000	-
(5)	Capital lease obligations – current	5,655,875	5,655,875	-
(6)	Accounts payable – trade	14,950,920	14,950,920	-
(7)	Accounts payable – other	1,448,423	1,448,423	-
(8)	LONG-TERM BORROWINGS	15,500,000	15,437,103	62,897
(9)	Capital lease obligations – noncurrent	10,920,726	10,769,331	151,395
(10)	OTHER NONCURRENT LIABILITIES			
	Accounts payable – noncurrent	896,810	895,770	1,040

(Notes)

1. Cash and cash equivalents, accounts receivable, short-term borrowings, capital lease obligations – current, accounts payable – trade, and accounts payable – other are stated at book value because they are short-term and their book values are approximately the same as their fair values.
2. Other investments

The fair values of available-for-sale securities are evaluated using quoted prices in active markets.

(i) The amount of available-for-sale securities between the book value and the acquisition cost are as follows:

(Unit: JPY thousands)

		Acquisition cost	Book value	Difference
Book value > Acquisition cost	Equity securities	1,631,956	9,157,509	7,525,553
	Bonds	100,300	112,170	11,870
	Other	1,007	1,010	3
	Total	1,733,263	9,270,689	7,537,426
Book value < Acquisition cost	Equity securities	18,218	17,519	(699)
	Bonds	-	-	-
	Other	-	-	-
	Total	18,218	17,519	(699)
Total		1,751,481	9,288,208	7,536,727

(ii) For available-for-sale equity securities, proceeds from sales were JPY1,206,516 thousand, gross realized gain from sales were JPY1,068,303 thousand, and no realized losses from sales were recorded for the fiscal year ended March 31, 2018.

3. Capital lease obligations – noncurrent
Fair value is calculated by discounting to net present value the total amount of lease payments using an expected interest rate when newly undertaking the same lease transaction.
The future lease payments, including interest, as of March 31, 2018 were as follows:

(Unit: JPY thousands)

Class	Less than 1 Year	1 to 2 years	2 to 3 years	3 to 4 years	More than 4 years
Capital lease obligations	5,884,743	4,887,319	3,743,032	2,035,721	504,935

4. Long-term borrowings and Accounts payable – noncurrent
Fair value is calculated by discounting to net present value the total amount of principal and interest using expected interest rates when newly borrowing or undertaking the same transaction.
5. Investment in equity method investee (book value of JPY5,246,313 thousand) is not included in the above because it is extremely difficult to evaluate the fair value as it has no market value and it is difficult to estimate the future cash flows.
6. Nonmarketable equity securities and others included in other investments (book value of JPY2,086,234 thousand) are not included above because it is impractical to evaluate the fair values as they have no observable market value and it is difficult to estimate the future cash flows.
7. Guarantee deposits (book value of JPY3,422,443 thousand) are not included above because it is impractical to evaluate the fair value as the term of contract is uncertain and the timing for refund is not determined.

6. Notes to per Share Information

(1) Total shareholders' equity per share: JPY 1,625.95

(2) Basic net income attributable to IIJ per share: JPY 113.37

7. Subsequent Events
There is nothing to report on this subject.

2. Notes to Non-Consolidated Financial Statements

1. Notes to Significant Matters Regarding Accounting Policies of Non-Consolidated Financial Statements

1-1. Basis for valuation and recording of assets

(1) Valuation and methods for securities

Shares of subsidiaries and affiliates: Stated at cost based on the moving-average method.

Other securities:

Marketable Securities:

Market value method based on the market price as of the end of the fiscal year (all of the changes in the fair value are directly reported in valuation and translation adjustment in shareholders' equity, while the cost of the securities at the time of their sale is calculated using the moving- average method).

Non-Marketable Securities:

Stated at cost based on the moving-average method.

Investments in limited liability investment partnerships and similar partnerships are accounted for by including the Company's net equity in these investments based on the most recent statement of accounts available according to the report on financial accounts stipulated in the investment partnership agreements.

(2) Valuation and methods for inventories

Inventories are stated at cost (the balance is adjusted to reflect declines in profitability).

Merchandise and supplies: moving-average method

Work in process: specific identification method

1-2. Depreciation methods for assets

(1) Property, Plant and Equipment (excluding assets under capital lease)

Straight-line method

Depreciable assets whose acquisition values are JPY100 thousand or more but less than JPY200 thousand are depreciated in equal installments over three years.

The useful lives of major depreciable assets are as specified below:

Buildings:	20 years
Plant and buildings facilities annexed:	4 to 20 years
Construction other than buildings:	4 to 20 years
Tools, machines, instruments and equipment:	2 to 20 years

(2) Intangible fixed assets (excluding assets under capital lease)

Straight-line method

Internal-use software is amortized over the estimated useful lives (5 to 7 years).

Goodwill is amortized over 20 years and customer relationships are amortized over 19 years, which reflects the pattern of economic benefit over their estimated useful lives.

(3) Assets under capital lease

Capital leases other than those deemed to transfer ownership of properties to lessees are amortized over the term of leases on a straight-line basis and the residual values equal zero.

1-3. Basis for recording allowances

(1) Allowance for doubtful accounts

To prepare for possible losses resulting from non-payments of account receivables for trade and loans and others, an allowance is provided from past history in the case of general receivables. In the case of credits for which the relevant debtors are likely to default and other certain credits, such allowance is based on the anticipated uncollectible amount after assessment of likelihood of non-payment of individual customers.

(2) Accrued pension cost

To prepare for payments of retirement benefits to employees, a reserve is provided based on the projected retirement benefits obligations and pension assets as of the end of the current fiscal term. Accounting methods used are as follows:

1) Method of attributing the estimated benefit obligation to periods
Upon calculating the retirement benefit obligation, the estimated benefit obligation is attributed to periods up until the fiscal year under review on a benefit formula basis.

2) Amortization method of actuarial calculation differences
The difference arising from actuarial computations is amortized and expensed in the subsequent fiscal term using the straight-line method over a certain number of years not exceeding the average number of remaining service years of the employees at the time of accrual of such payment (14 years).

(3) Accrued directors' and company auditors' retirement benefits

To prepare for payment of retirement benefits to Standing Directors and Company Auditors, IIJ calculates the required amount based on regulation of Directors' and Company Auditors' retirement benefits.

On May 26, 2011, IIJ's Board of Directors resolved to abolish the retirement allowance plan for Standing Directors. In connection with this decision, IIJ proposed to grant a retirement allowance to incumbent Directors in line with the abolished Directors' retirement allowance plan, in order to reward the aforementioned persons for their services during their respective terms of office up to the closing of the Ordinary General Meeting of Shareholders on June 28, 2011 and it was resolved accordingly at the Ordinary General Meeting of Shareholders on June 28, 2011. The payment of each of the retirement allowances will be made for a reasonable amount in accordance with the Company's established rules at the time of retirement of each Director. Accordingly, the allowance for retirement payment was included in "Accrued directors' and company auditors' retirement benefits".

On May 25, 2016, IIJ's Board of Directors resolved to abolish the retirement allowance plan for Standing Company Auditors. In connection with this decision, IIJ proposed to grant a retirement allowance to incumbent Company Auditors in line with the abolished Auditors' retirement allowance plan in order to reward the aforementioned persons for their services during their respective terms of office up to the closing of the Ordinary General Meeting of Shareholders on June 24, 2016 and it was resolved accordingly at the Ordinary General Meeting of Shareholders on June 24, 2016. The payment of each of the retirement allowances will be made for a reasonable amount in accordance with the Company's established rules at the time of retirement of each Company Auditor. Accordingly, the allowance for retirement payment was included in "Accrued directors' and company auditors' retirement benefits."

1-4. Basis for recording sales and costs

(1) Basis for recording sales and costs for financial lease transactions

Revenue and costs are recognized when lease receivable are received.

(2) Basis for recording sales and costs for systems construction

1) Construction that commenced during the fiscal year ended March 31, 2018, provided that the outcome of the construction activity is deemed certain percentage-of-completion method (estimation of percentage-of-completion is calculated under the direct labor hour method.)

2) Other construction
Completed-contract method

1-5. Other significant accounting policies

(1) Consumption tax

Consumption tax is separately recorded.

(2) Application of consolidated tax declaration

The Company applied the consolidated tax declaration.

2. Change in Presentation

There is nothing to report on this subject.

3. Notes to Non-Consolidated Balance Sheet

Monetary claims and liabilities to affiliated companies (excluding monetary claims or liabilities presented separately)

Short-term monetary claims:	JPY	1,022,386	thousand
Short-term monetary liabilities:	JPY	1,807,729	thousand

4. Notes to Non-Consolidated Statement of Income

Transactions with affiliated companies (other than accounts separately presented in financial statements)

Revenues:	JPY	4,809,322	thousand
Purchases:	JPY	18,277,175	thousand
Turnover from non-operating transactions:	JPY	43,570	thousand

5. Notes to Non-Consolidated Statement of Shareholders' Equity

Number of treasury stock as of March 31, 2018

Common stock:	1,650,909	shares

6. Asset Retirement Obligations

(1) The Company recorded asset retirement obligations for restoration expenses of office premises and land for a data center in order to comply with the lease agreement.

(2) Calculation method for asset retirement obligations

The asset retirement obligations were calculated using the estimated use period for leasehold of 20 years based on the contract period, headquarter office space of 15 years and branch offices of 20 years based on the current office plan and with the discount rate estimated to be from 0.5% to 3.0%, calculated based on the distribution yield of Japanese government bonds for the corresponding period.

(3) Increase and decrease of asset retirement obligations as of March 31, 2018

Balance at beginning of the fiscal year:	JPY	589,559	thousand
Increase in relation to the acquisition of assets:	JPY	42,001	thousand
Other increases:	JPY	11,587	thousand
Balance at end of the fiscal year:	JPY	643,147	thousand

7. Deferred Tax Accounting
Major components of deferred tax assets and liabilities:

	(Unit: JPY thousands)
Deferred tax assets	
Impairment loss on investment securities	142,139
Accrued directors' and company auditors' retirement benefits	73,103
Accrued pension and severance cost	811,483
Allowance for doubtful accounts	64,442
Impairment loss on investments in affiliated companies	1,000,261
Loss on disposal of telephone rights	47,477
Impairment loss of telephone rights	19,094
Accrued enterprise taxes	118,779
Deferred revenue	27,670
Research and development cost	2,481
Asset retirement obligations	196,803
Depreciation	433,081
Stock-based compensation	95,776
Accrued rent payable	18,979
Others	468,064
Subtotal of deferred tax assets	3,519,632
Valuation allowance	(1,609,226)
Total of deferred tax assets	1,910,406
Deferred tax liabilities	
Unrealized gain on other securities	2,433,452
Customer relationships	326,272
Reserve for advanced depreciations of fixed assets	118,046
Asset retirement obligations	136,102
Total of deferred tax liabilities	3,013,872
Net amount of deferred tax liabilities	1,103,466

8. Notes Regarding Related Party Transactions

(1) Transactions with subsidiaries

Type of related company	Name	Business	Ownership	Relation with related parties		Nature of transaction	Amount of transaction (Thousands of JPY)	Account	Balance as of March 31, 2018 (Thousands of JPY)
				Collateral offices of directors	Business Relation				
Subsidiary	Trust Networks	ATM operation Business	80.6% (Direct owning)	Yes	Customer	Borrowings of funds	2,000,000 (Note 2-1)	Short-term borrowings from affiliated companies	2,000,000
Subsidiary	IIJ-EG	Operation and monitoring of network systems, customer service support, and call centers	100.0% (Direct owning)	Yes	Customer and supplier	Purchase related to construction work for network systems, operation, and maintenance	8,946,979 (Note 2-2)	Accounts payable Accounts payable - other	125,464 982,167

(2) Transactions with other related companies' subsidiaries

Type of related company	Name	Business	Ownership	Relation with related parties		Nature of transaction	Amount of transaction (Thousands of JPY)	Account	Balance as of March 31, 2018 (Thousands of JPY)
				Collateral offices of directors	Business Relation				
Other related company's subsidiary	NTT DOCOMO,INC	Telecommu-nications services	No	No	Customer and supplier	Mobile infra-structure service, operation, and maintenance related to mobile services	21,571,294 (Note 2-3)	Accounts payable Accounts payable - other	866 2,464,067
Other related company's subsidiary	NTT FINANCE CORPOTATION	Leasing services	No	No	Customer and lease equipment seller	Purchase of lease equipment	1,288,698 (Note 2-4)	Capital lease obligations Accounts payable - other	3,088,795 544

(Notes)
1. Consumption tax is excluded from the amounts of transaction and included in the amounts of balance as of March 31, 2018.
2. Terms and conditions of the above transactions:
   1) Short-term borrowings with Trust Networks Inc. are based on the policy to use group finance efficiently. The interest is based on the external financing.
   2) The purchase price is determined based on an estimate obtained for each project, taking into consideration the market price."
   3) Data connection charge is calculated and determined based on the cost and communication bandwidth under the "Telecommunications Business Law" and the "Guidelines related to Operation of the Institution for Category II Designated Telecommunications Facilities.
   4) The purchase price is determined based on an estimate obtained for each transaction, taking into consideration the market price.

9. Notes to Per Share Information

(1) Shareholders' equity per share: JPY 1,459.68

(2) Net income per share: JPY 78.04

10. Subsequent Events
There is nothing to report on this subject.