
IIJ Purchases Additional Crosswave Shares in the form of ADRs

TOKYO, December 27, 2000 - Internet Initiative Japan Inc. ("IIJ", NASDAQ: IIJI) today announced that it has purchased an additional 3.0 million outstanding American Depositary Receipts ("ADRs") of its affiliate, Crosswave Communications Inc. ("Crosswave", NASDAQ: CWCI) at fair market value in a privately negotiated transaction. The 3.0 million ADRs are equivalent to 15,000 shares of Crosswave's common stock. This purchase followed the purchase of 15,000 new shares of Crosswave's common stock at the time of Crosswave's IPO in August 2000. As a result of this purchase, IIJ's ownership in Crosswave has increased from approximately 34.9% to approximately 37.9%.

IIJ believes that Crosswave is an integral part of its ongoing goal of providing superior and comprehensive Internet solutions to its customers. This purchase is also an important demonstration of IIJ's confidence in the value of Crosswave to the telecommunications market in Japan. "Crosswave is Japan's sole national carrier that successfully realized a new generation nationwide network especially optimized for data communications with DWDM and SONET technologies. By leveraging Crosswave's unique position in the market, we can take advantage of the group synergies under our total solutions strategy, and position ourselves to capture a portion of the growing demand in the market as we move toward the broadband era," said Koichi Suzuki, President and CEO of IIJ. "The current stock price of Crosswave presented us with an opportunity to increase our ownership interest in Crosswave at a price which we view as attractive."

About IIJ

Internet Initiative Japan Inc. (IIJ, NASDAQ: IIJI) is Japan's leading Internet-access and comprehensive Internet solution provider mainly targeting high-end corporate customers. Founded in 1992 as a pioneer of commercial Internet services in Japan, IIJ has built one of the largest Internet backbone networks in Japan as well as one of the largest between Japan and the United States. IIJ and its group

companies provide total solutions including: systems integration, new generation network services over optical-fiber infrastructure optimized for data communications, high-quality Internet access, network security, server hosting/housing and content design.

The statements within this release may contain forward-looking statements that involve risk and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to the documents filed by Internet Initiative Japan Inc. with the SEC, specifically the most recent reports on Forms 20-F or 6-K, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements. Important risks and factors that could cause our actual results to be materially different from our expectations include, without limitation: that our large capital investment in Crosswave Communications Inc. may not yield the expected returns in the future or at all, that we may not continue to increase subscribers to our connectivity services, that we may not generate significant revenues from our systems integration services, and that leased line costs may not decrease as rapidly as expected or at all.
