



Mergers of the Two Consolidated Subsidiaries

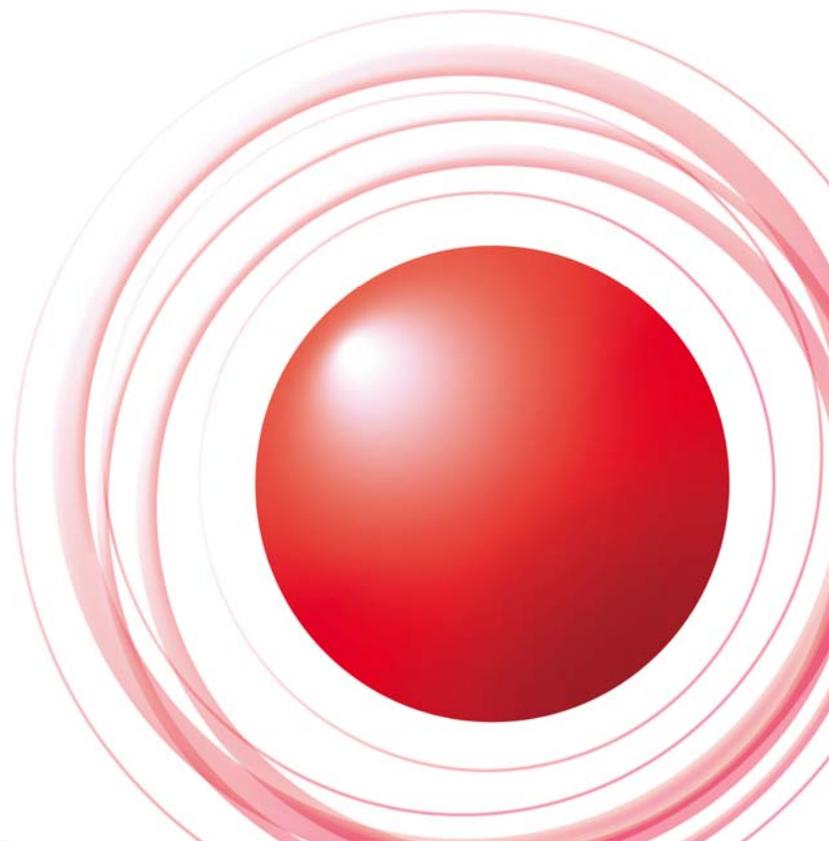
- To Strengthen Group Business Operation -

Internet Initiative Japan Inc.

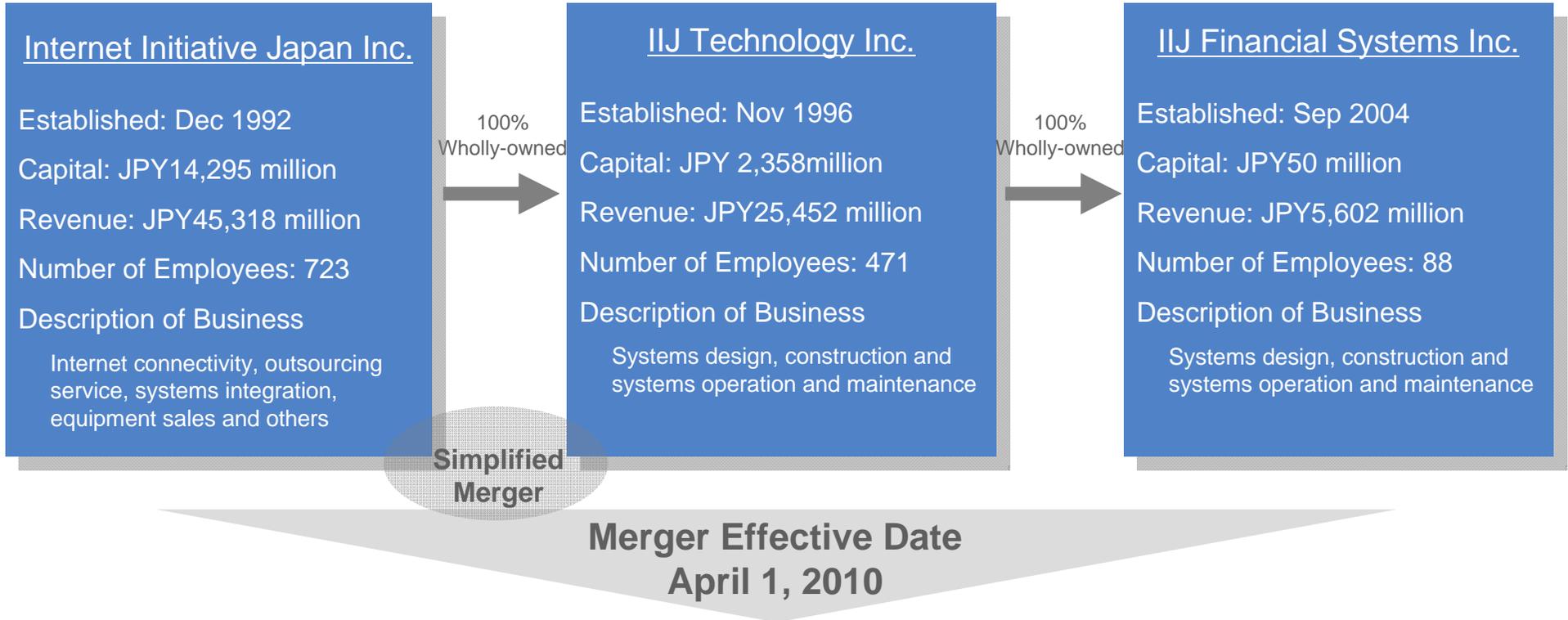
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Ongoing Innovation

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The Merger of IIJ's 100% Owned Consolidate Subsidiaries



Surviving Company: Internet Initiative Japan Inc.

To provide a total network solution that best meets the needs desired by the IT outsourcing market by uniting our network related service and systems integration as one

Because this merger is between IIJ's 100% owned consolidated subsidiaries, there will be no direct impact on the consolidated financial statements.

Figures for the above capital is as of March 31, 2009, revenue is of FY2008, number of employee is as of December 31, 2009. All non-consolidated bases.

Purpose of the Merger

To seize mid-term IT demands, IIJ will united its network related service and SI business to strengthen and establish the foundations for its group management which are necessary for achieving further business growth

(Planned Achievements)

Improve its service quality by combining its network service and SI business

- Further strengthen customer relationships and customer satisfaction, and meet high customer need through the introduction of a industrial based business unit system (Sales & SE in one BU)
- Strengthen service development and sales promotion features through the newly placed product marketing department

Increase competitiveness by uniting its operation platform

- Improve cost effectiveness by uniting the group operation center into one and increase in-housed operations
- Merge the service and SI support into one to improve customer satisfaction

Efficiently Allot group technological resources to concentrating fields

- Merge the network integration (NI) engineers of IIJ and IIJ-Tech to strengthen NI and improve efficiency
- Merge the engineers of network and system to strengthen the development capacity and to improve efficiency
- Establish an organization to seriously promote cloud computing business

Reduce over lapped work for a efficient administrative department

- Improve work and cost efficiency by reducing over lapped work
- Reduce dozen of outsourcing personnel

Forward Looking Statement

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").

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