



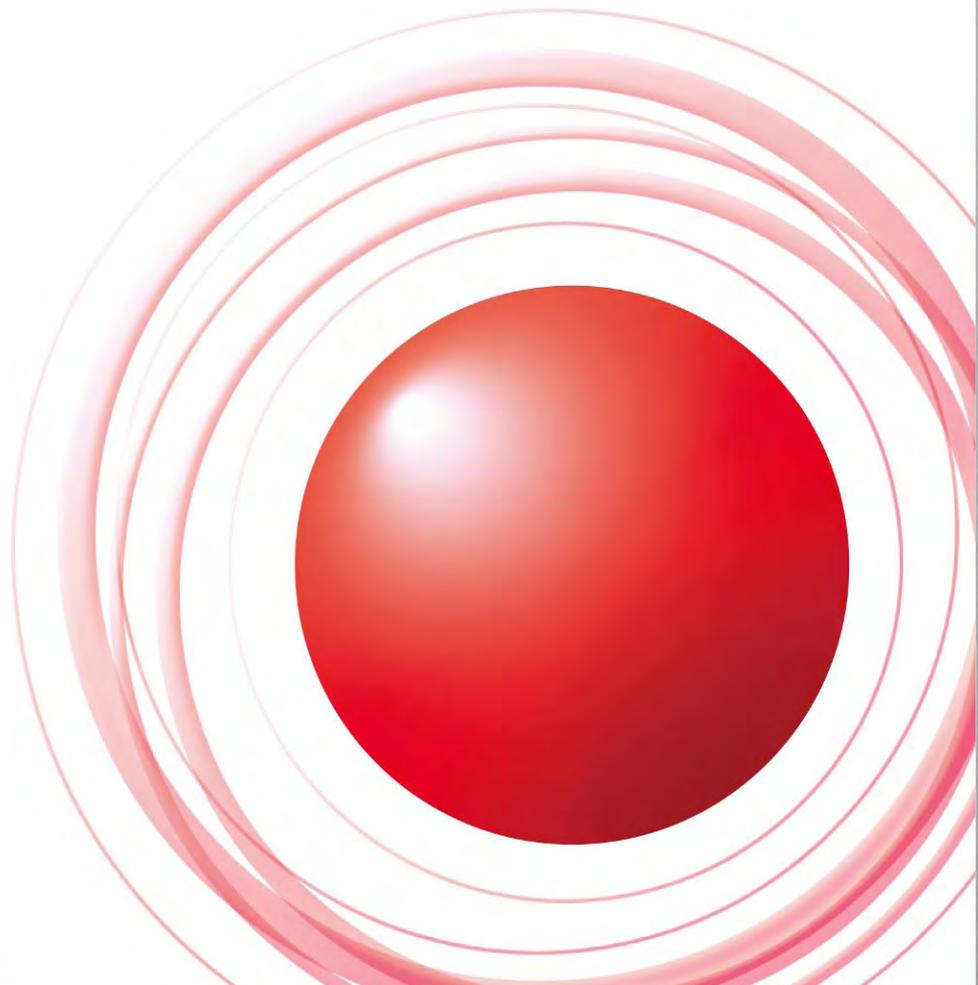
Internet Initiative Japan Inc.

November 2010

<http://www.iij.ad.jp/en/IR>

TSE1:3774 NASDAQ:IIJI

Ongoing Innovation



Key Investment Highlights

- 1 Top IP Engineering Company in Japan**
- 2 Target Blue-chip and Governmental Organizations in Japan with dominant position**
- 3 Best Positioned in the Growing Outsourcing & Cloud Computing Market in Japan**
- 4 Stable revenue growth from the accumulating recurring revenue**
- 5 Solid Growth Strategy**

details to follow

TOP IP Engineering Company in Japan

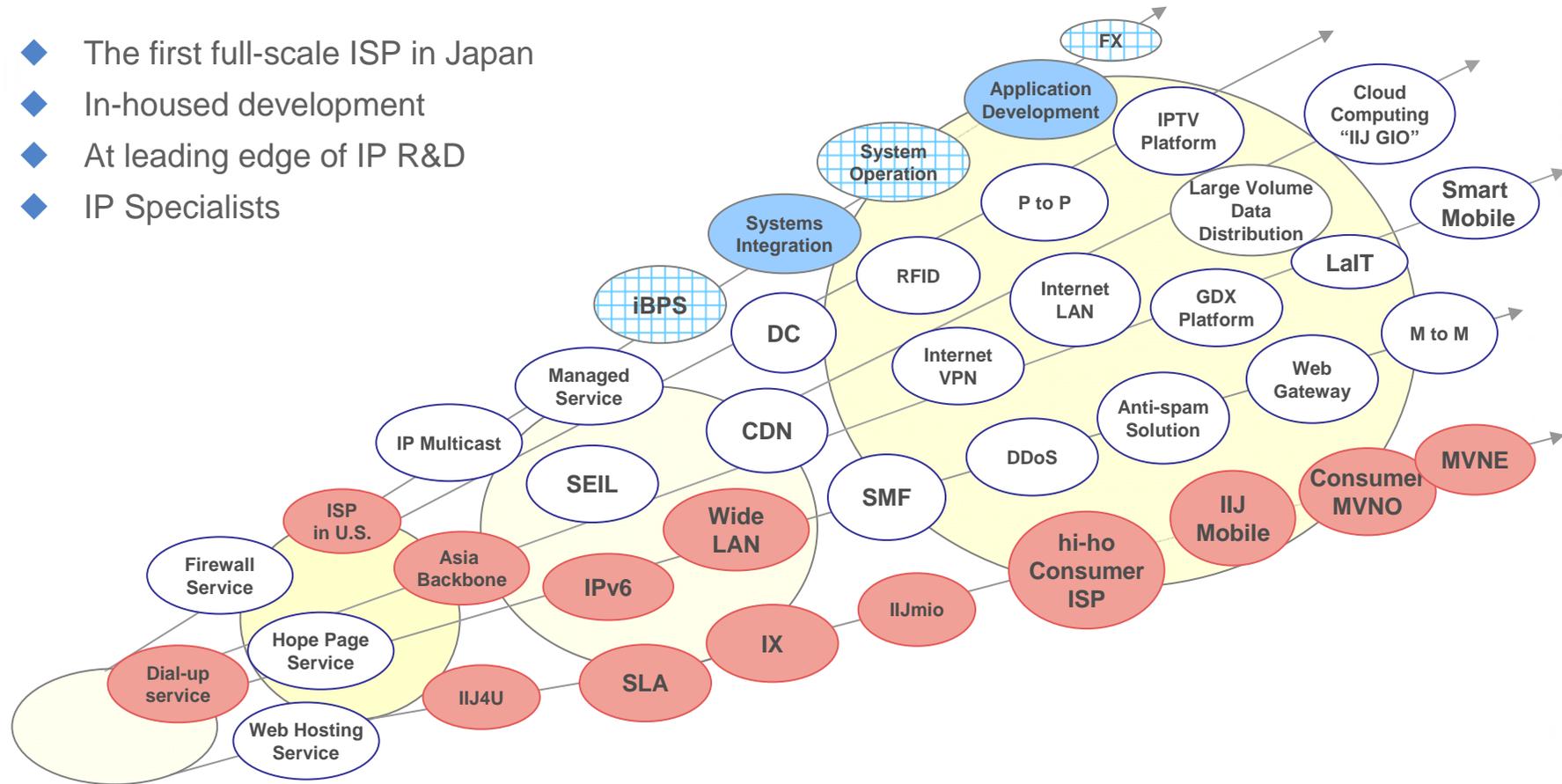
- ◆ The first established full-scale ISP in Japan
 - A group of highly motivated and skilled TOP Level IP Engineers
 - Pioneer of Network Technologies in Japan
- ◆ In-housed development
 - Operate one of the largest Internet Backbone in Japan
 - Fully develop its service and back office facilities
 - Internet Connectivity & Firewall Service, IP Multicast Delivery Service, IPv6 Service
 - NetBSD based Router Product Development (SEIL Series)
- ◆ “IIJ” brand among the Japanese IT market
 - Well known for its high engineering skills and network support skills
 - High customer Satisfaction with long term relationship
 - Around 6,500 clients, mainly governmental and large enterprise
- ◆ At the leading edge of IP R&D
 - IPv6, Mobile IPv6(MIPv6), NetBSD
 - Distributed and Parallel Processing Platform for very large data sets
 - Participation in world-wide research
 - Board Member of “Telecom-ISAC Japan”

Company Profile (as of September 2010)	
Established	December 1992
Number of Employees	Consolidated: 1,968 (approx 70% engineers)
Listed Markets	NASDAQ(IIJI), TSE1(3774)
Large Shareholders	NTT(24.5%), Koichi Suzuki(6.2%), Itochu Corp.(5.1%), NTTCom(4.9%)

Entrepreneur of Network Technologies

Business and Service Development to Initiate the Market

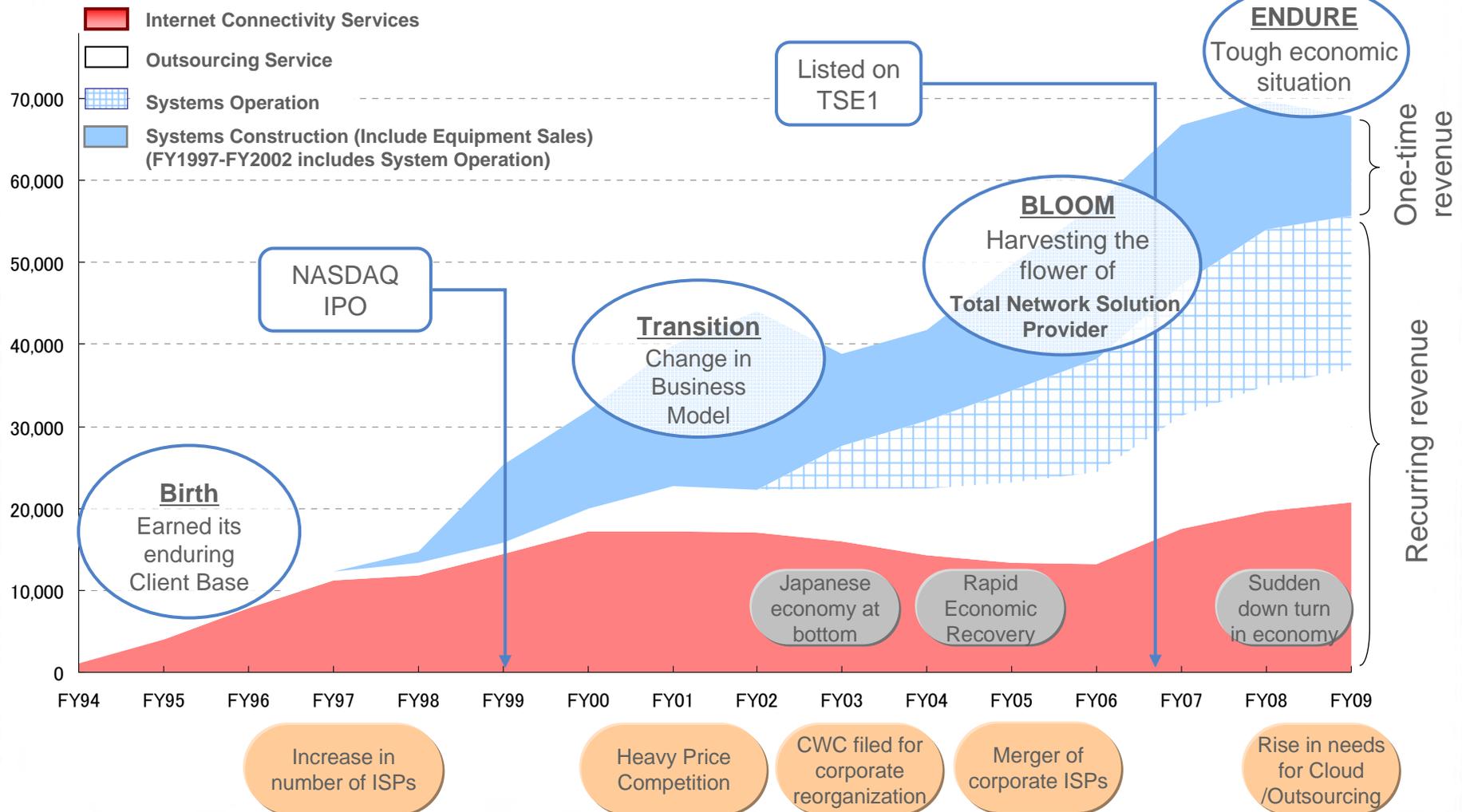
- ◆ The first full-scale ISP in Japan
- ◆ In-housed development
- ◆ At leading edge of IP R&D
- ◆ IP Specialists



Strategic Shift in Business Model

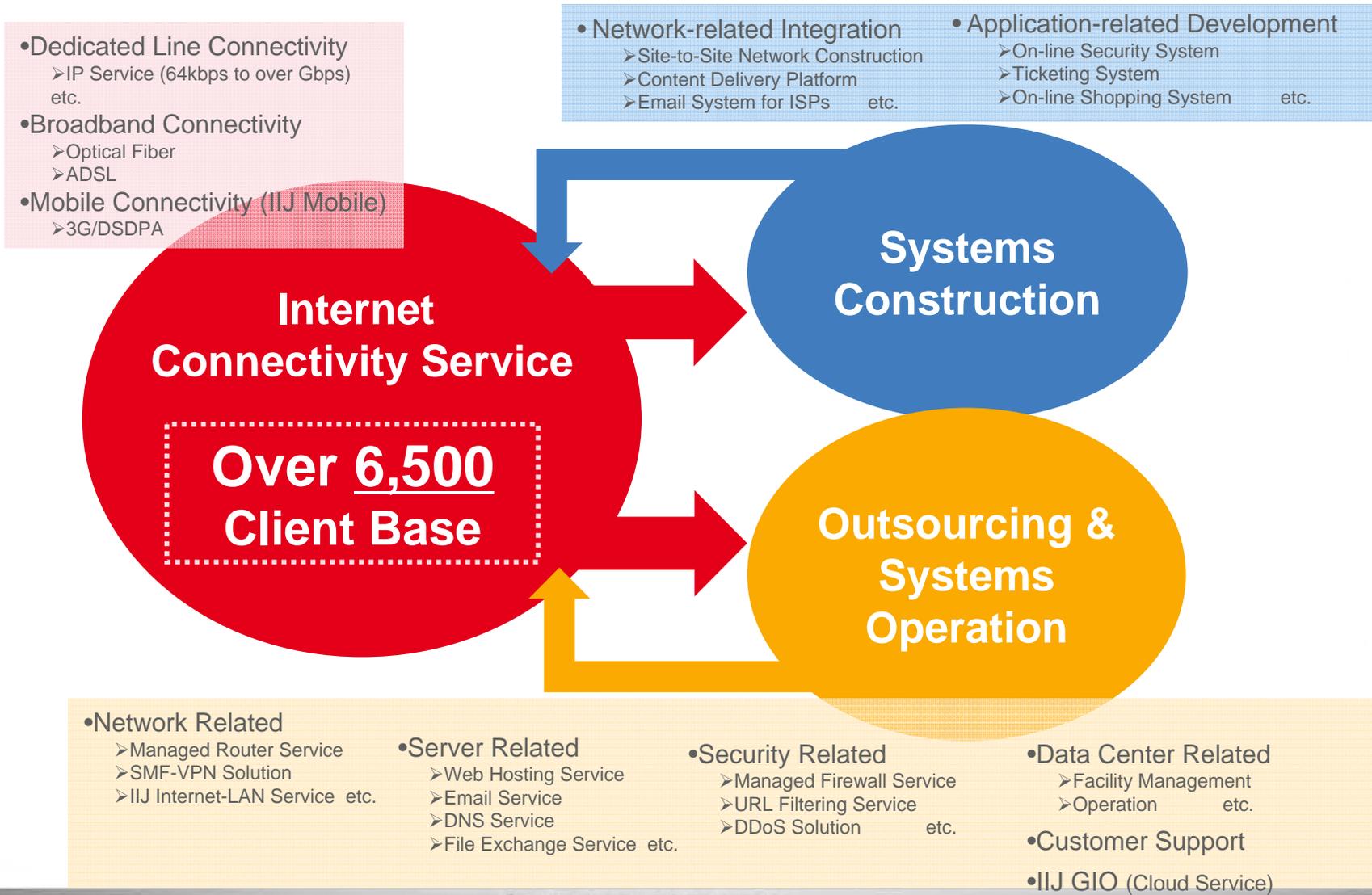
From "ISP" to "Total Network Solution Provider"

(Revenue, JPY million)



Recurring Business Model

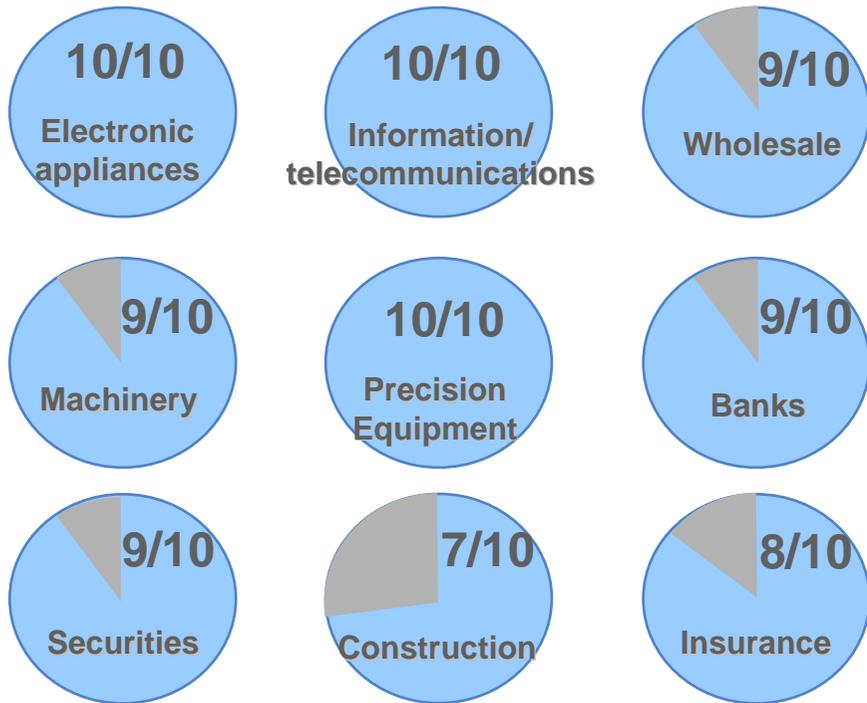
Cross Selling of Total Network Solutions



Excellent Blue-chip Client Base

Top Tiers

Enduring Relationship with leading companies



The Asahi Shimbun
Japan's Leading National Newspaper | English Edition

The Yomiuri Shimbun

Imperial Household Agency

National Police Agency

Ministry of Justice

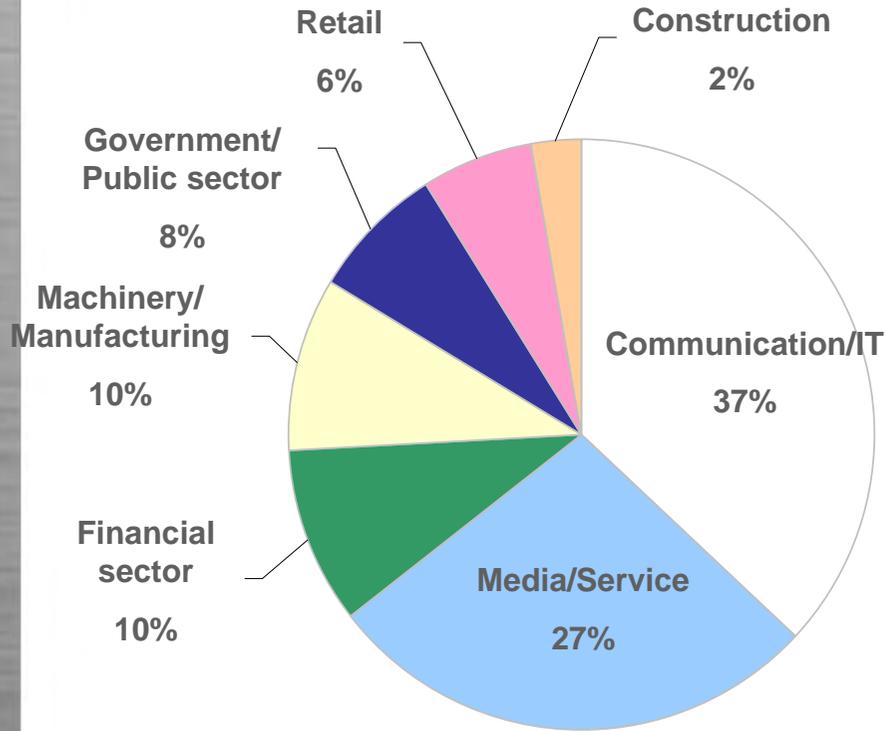
Ministry of Environment

- The number of contracts we have among 10 major companies listed by annual consolidated revenue in each industry.
- Revenue data based on Toyo Keizai Shimpo "Kaisha Shikiho," and Nihon Keizai Shimbun "Nikkei Industry Map"

and more...

Broad Client Base

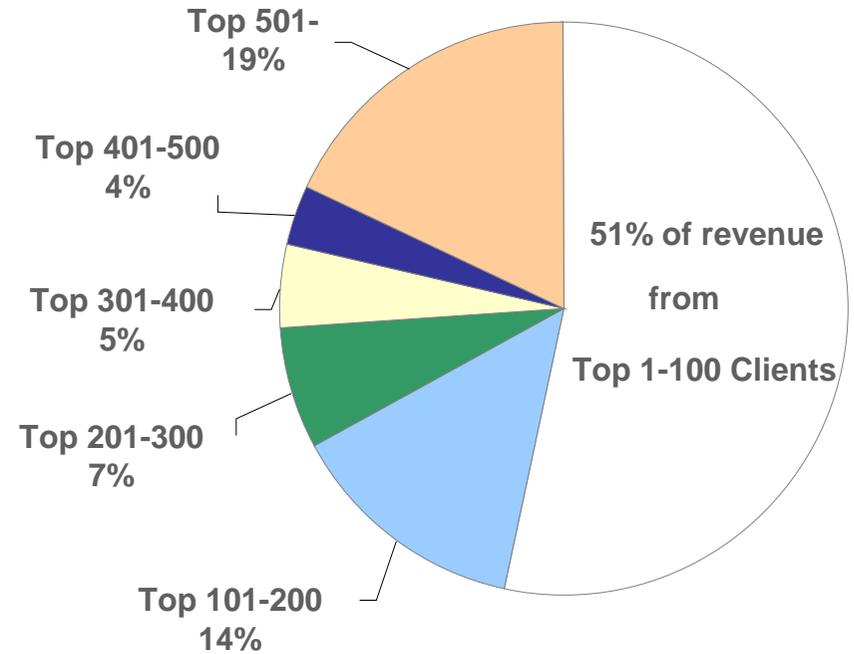
Revenue Distribution by Industry



Source: IIJ's consolidated data for FY2009

• Not dependent on specific industry

Revenue Distribution by Clients



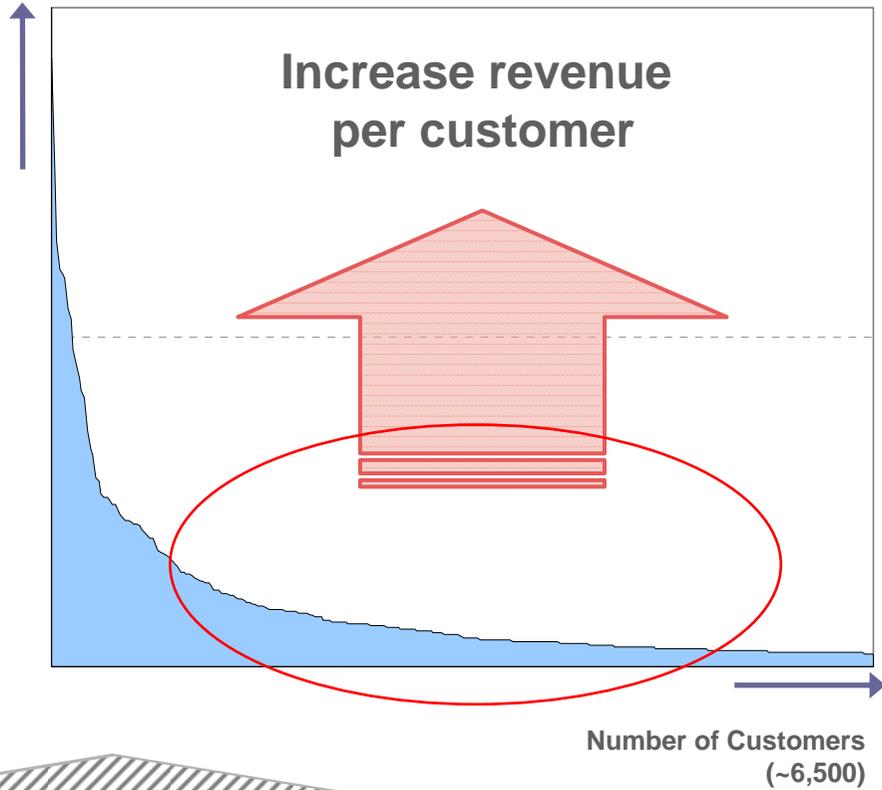
Source: IIJ's non-consolidated data for FY2009

• Not dependent on specific company

Solid Growth Model

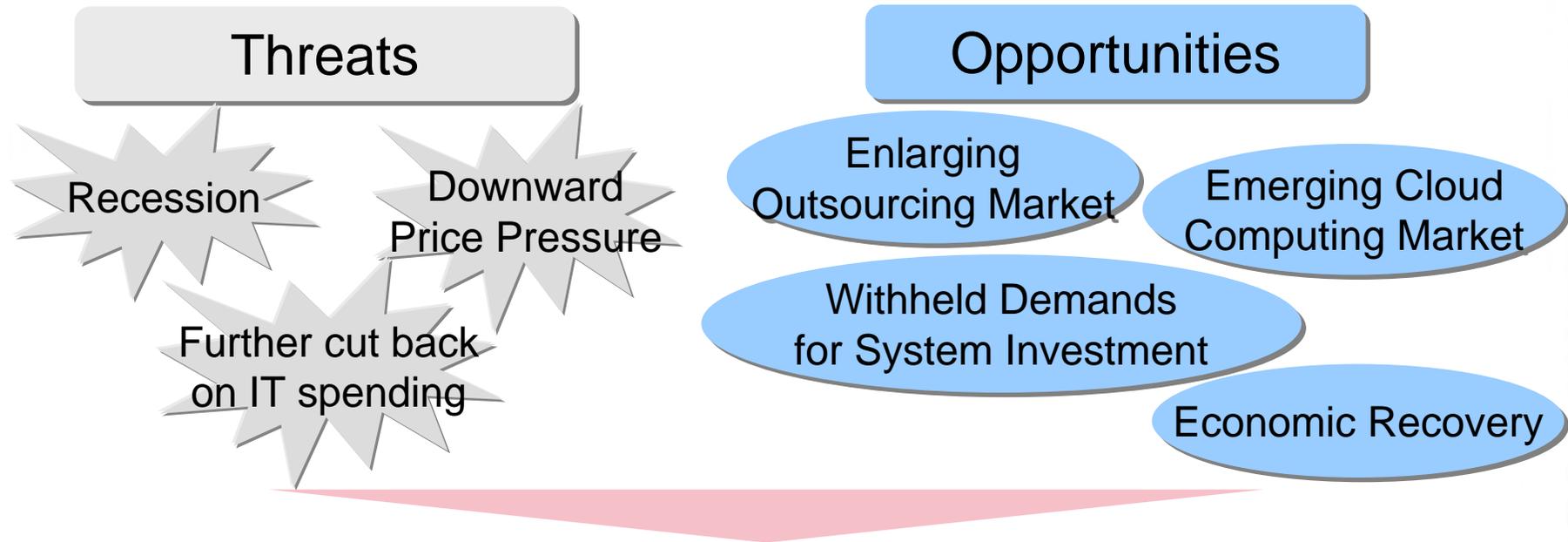
- Customer Retention Strategy
- Cross Selling of Services
- Provide high quality/reliable total network solution
- Introduce new services
- Increase recurring revenues for Stable revenues and profit growth

Revenues by Customer (JPY million)



- IT market growth to continue
- Rise in demands from Outsourcing/Cloud Computing
- IT spending is indispensable in the mid/long term

Current Business Situation



1H FY2010 Summary

- The Japanese economy is currently at a standstill and is expected to continue to be weak
- IIJ's business: Outsourcing service revenues are steadily growing. Cloud computing starting up good. Data center, CDN, email, security related services are accumulating
- SI is still weak
- M&A: Acquisition of IIJ-Global Solutions Inc. ("IIJ-GS") on September 1, 2010
 - Purchase price: JPY9.2 billion
 - Acquired approx. 1,600 corporate customers. Group synergy in progress.
 - Revenue and OP related to IIJ-GS: JPY2.2 billion, JPY0.3 billion
- Full FY2010 financial target remain unchanged

**Future Growth Opportunities
And
Recent Business Developments**

Growth Opportunity Awaits Ahead

Growth Opportunities

Connectivity Service

- Increase in bandwidth (over Gbps)
- Contents Delivery Network
- Mobile data service (emergence of M2M market)
- IPv6

Outsourcing Service

- Security Services (DDoS, Spam, etc)
- Cloud Computing Services
- Data Center Market Growth

Systems Integration

- Return of Mid-sized network integration projects
- “Cloud Computing” related SI
- New strategic IT investments for Japanese companies

**Solid
Growth Model**

Best positioned
with growing IT
demands

IIJ's Strength

- Strong Technical Skills
- High Reputation in Reliability
- Established brand within the IT market
- Enduring relationship with blue-chip companies
- Decentralized Customer Distribution

M&A: IIJ Global Solutions

- Acquired network outsourcing business in Japan from AT&T Japan
- Expand Scale of Group Business
- Acquire 1,600 Corporate Clients
- Strong Relationship with IBM
- Expand Service Scope
- Enforce Sales Force
- Improve Service Range

Total Network Solution Provider

Cross Selling Strategy to over 7,800 Clients (6,500 → 7,800)

Providing new outsourcing service & solution

<Cloud computing service>

- Introduced to all different industries.
- Customers highly value our long experience of over 15 years in the outsourcing market and pioneering technological skills
- Introduced to over 200 projects during the 1H FY2010
- Additional investment for server equipments are needed to meet the growing demands for cloud computing services.

<Enhancing the outsourcing service >

- Introduced **18 new services & solution** in 1H10
- Especially devoting into cloud computing services

New services & solution introduced in 1H10

I I J G I O

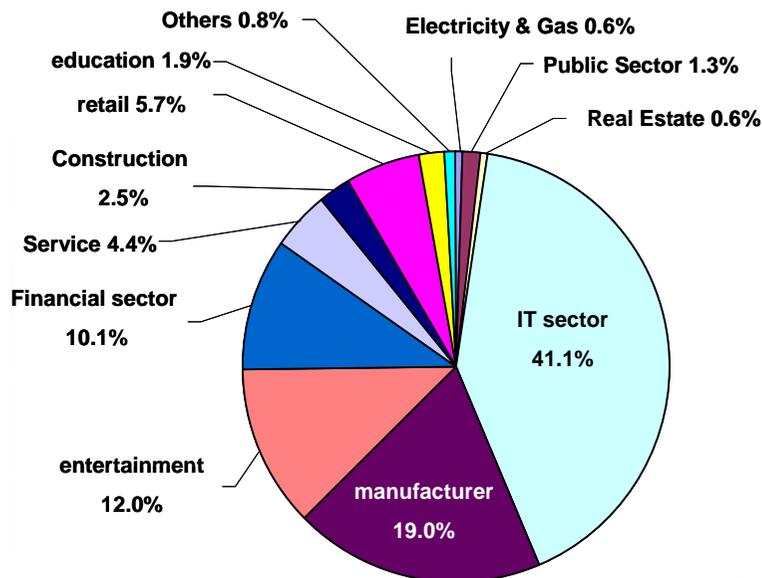
- I I J G I O Hosting Package Service
- Cloud-Based Virtual Desktop Solution: I I J G I O Remote Office
- I I J G I O Storage Services
- Japan's First Commercial Data Center Using Outside-air Cooled Container Units in Matsue-city, Shimane prefecture
- Cloud-based BCP Consulting Services
- Cloud Solution for iPad Business Applications: I I J G I O Smart Mobile Solution
- Many other collaborative solution with business partners

I I J mobile

- I I J Provides I I J Mobile Service for the CWE-640J M2M-capable W-CDMA Module
- Started service: hi-ho mobile course-EM7.2PW

- Added new menu into I I J SSL Certificate Management Service
- Added SSL Inspect Option on I I J Secure Web Gateway Service
- Launches ASP FX trading system, I I J Raptor Service

Usage by Industry



Leading the expanding outsourcing market

Completed acquisition the of IJ-GS (Sept.1 2010.)



<Outline of acquisition>

- On Sept. 1 2010, IJ completed the acquisition of IJ-GS and made it its 100% owned subsidiary
- Acquired mainly the domestic network outsourcing service business such as WAN services from AT&T Japan
- Successfully completed the acquisition of 1,600 corporate clients, and 245 personnel
- Purchase price: JPY9.2 billion (used mainly short-term bank borrowings)
- From Sept. 2010, started IJ & IJ-GS sales cooperation. Already acquired cross selling contracts

<Effects to 1H10 Consolidated Financial Results>

(B/S)※

- Current Assets JPY9,191 million
- Noncurrent Assets JPY7,986 million
- Intangible Assets JPY5,718 million
- Current Liabilities JPY7,767 million
- Noncurrent Liabilities JPY78 million

(P/L)

- Revenues JPY2,246 million
- Costs JPY1,761 million
- SG&A/R&D JPY224 million
- Operating Income JPY261 million

The Feature of IJ Global Solutions

Strong client base

-1,600 blue-chip corporate clients such as in financial or manufacturing industries

Provides network services such as WAN

- Especially strong in providing WAN services
- Long experience in providing network services to blue-chip clients
- Business tie-ups with AT&T to provide global services

Strong Sales Force

- Enhance cross selling WAN services to existing and newly acquired blue-chip companies
- Business tie ups with IBM for sales activities

(※)The measurement of the assets acquired and liabilities assumed related to the acquisition of IJ-GS is to be completed within a year from the acquisition date. The measurement has not yet been completed as of the end of September 2010, and therefore, the preliminary estimates are subject to revisions.

Trust Networks Inc. in Business Start Up



◆ ATM Network Operation Business

- Established July 2007
- Places ATMs in Amusement Parlors
- Receives commission from each withdrawal
- Operates 148 ATMs as of November 15, 2010
- To introduce additional 250 ATMs in around 3 months
- Similar model to “Seven Bank”
 - (ex.) Seven Bank FY09 Revenue; 85.2 billion yen,
Operating Income; 30.1 billion yen with 14,601 ATMs
- Daily usage per ATM is the key to profit growth

Unit: million

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Revenue	7	31	70	98	106	123
Operating Loss	(233)	(234)	(263)	(270)	(161)	(140)



ATM Image

The total number of ATMs placed and the daily usage per ATM is the key to profit growth

FY2010 Target (announced on June 1, 2010)

Unit: JPY billion (except for Net Income and Cash Dividend per Share)

	FY10 Initial Target (10/4~11/3)	Revised FY10 Target (10/4~11/3)	FY09 Actual (09/4~10/3)	YoY (Revised FY10 to FY09 Actual)	
Total Revenues	71.0	84.5	68.0	+16.5	24.3%
Operating Income	4.3	4.8	3.4	+1.4	40.7%
Income before Income Tax Expense (Benefit)	3.7	4.1	2.9	+1.2	43.4%
Net Income attributable to IJ	2.6	3.0	2.2	+0.8	34.3%
Net Income attributable to IJ per Share	JPY12,837	JPY 14,801	JPY 11,030	JPY +3,771	34.2%
Cash Dividend per Share	JPY2,500 (Annual)	JPY 2,500 (Annual)	JPY 2,250 (Annual)	+250	11.1%

- On June 1 2010, IJ's full FY2010 consolidated financial targets were revised accordingly to reflect the effect from the acquisition of mainly the domestic network outsourcing service business such as the WAN services from AT&T Japan.

Dividends

FY2009 Year-end and FY2010 dividends were revised upward along with the income growth

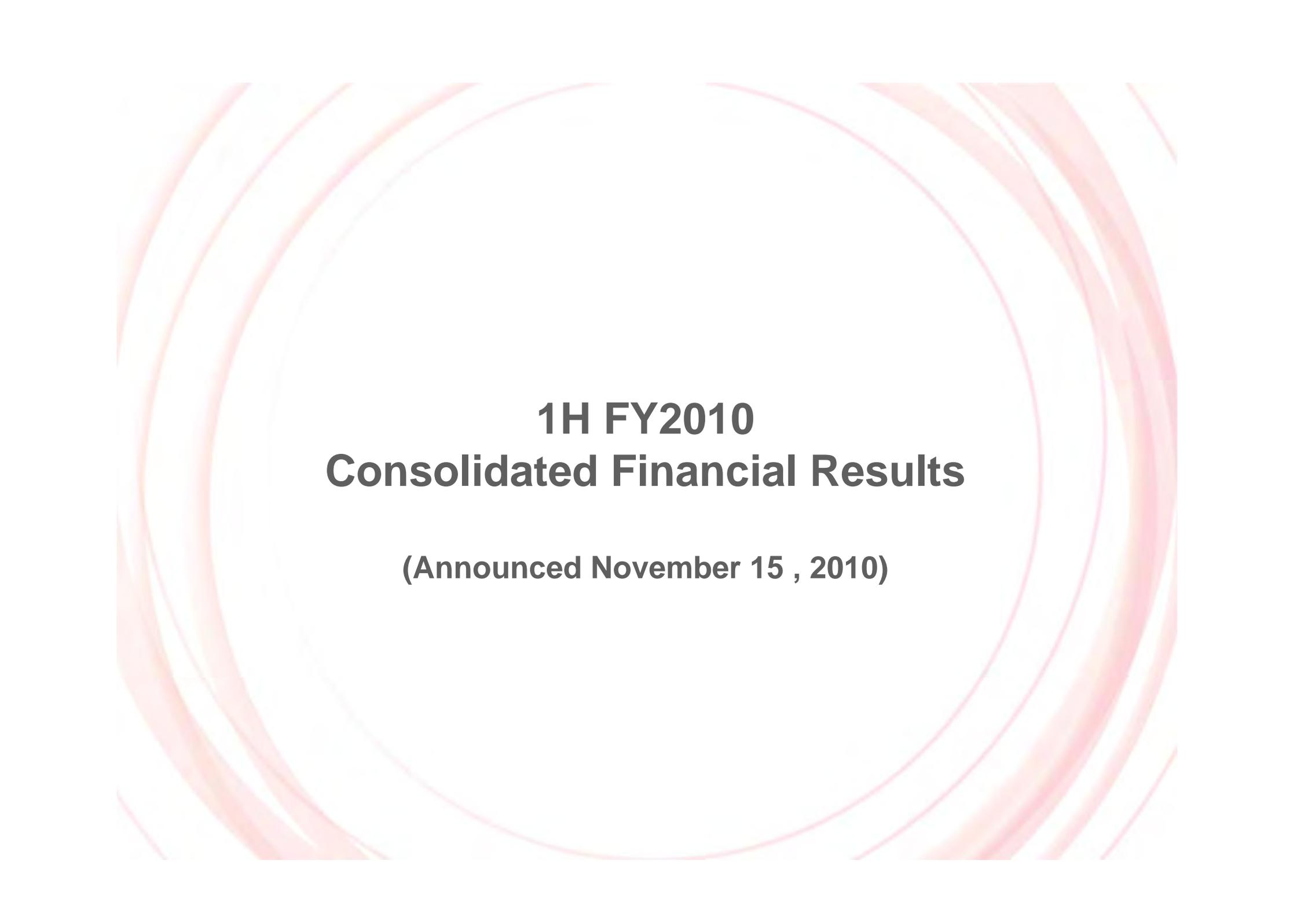
FY2009

	interim	Year-end	Full year
Original Plan	JPY1,000	JPY1,000	JPY2,000
Revised Plan (announced on May 14, 2010)	JPY1,000	JPY1,250	JPY2,250

Per share cash dividend
UP 25%

FY2010 Target Cash Dividend

	interim	Year-end	Full year
Planned (announced on May 14, 2010)	JPY1,250	JPY1,250	JPY2,500



**1H FY2010
Consolidated Financial Results**

(Announced November 15 , 2010)

I. Summary of 1H FY2010 Financial Results

«1H FY2010 Financial Results»

<Original Target>

➤ Revenue	JPY34,272 million (up 6.2 % YoY)	JPY32,300 million
➤ Gross margin	JPY6,842 million (up 9.7 % YoY)	
➤ Operating Income	JPY1,201 million (up 3.0 % YoY)	JPY1,200 million
➤ Income before Income Tax Expense	JPY1,006 million (down 1.9 % YoY)	JPY1,100 million
➤ Net Income Attributable to IIJ	JPY859 million (up 20.1 % YoY)	JPY800 million

● Network services revenues increased 13.0%, SI revenues decreased 4.7% YoY

- Outsourcing service revenue: up 5.2% YoY. Steadily growing with security related, CDN, email related services accumulating. Good start for cloud computing service "IIJ GIO".
- WAN services: revenues increased due to additional revenue of 1 month related to IIJ Global Solutions Inc. ("IIJ-GS")
- Systems construction revenues: up JPY351 million YoY despite the scale-down of a large contract in 1Q10.
Systems operation and maintenance revenues: down JPY987 million YoY affected by the scale-down of a large contract in 1Q10.

● IIJ completed the acquisition of IIJ Global Solutions Inc. ("IIJ-GS") on Sep. 1, 2010

- Successfully acquired approximately 1,600 corporate customers and 245 employees
- IIJ & IIJ-GS, started its sales cooperation. Acquired cross selling contracts
- Revenue and operating income related to IIJ-GS (1 month): Revenue: JPY2.3 billion, Operating income: JPY 0.3 billion

● Full FY2010 Financial targets remain unchanged.

FY2010 interim period cash dividend: JPY1,250 per share, as planned

- Full FY2010 Financial targets: Revenues: JPY84.5 billion, Operating income: JPY4.8 billion, net income attribute to IIJ: JPY3.0 billion
- FY2010 year-end cash dividend forecast: JPY1,250 per share of common stock (planned)

● Providing new outsourcing service & solution.

- Broadening cloud computing service line-ups such as Windows OS compatible service, Storage service and more. Additional investment for server equipments are needed to meet the growing demands for cloud computing services.
- Developed FX (Foreign Exchange) trading platform systems. To be provided to financial institutions as an ASP service (from Nov 2010).
- Announced "GIO Smart Mobile Solution", a cloud computing solution for iPad Business Applications (from Nov 2010)
- Enhanced mobile solutions for corporate use by launching new services such as "MVNE" and "IIJ Mobile Biz+ Service"

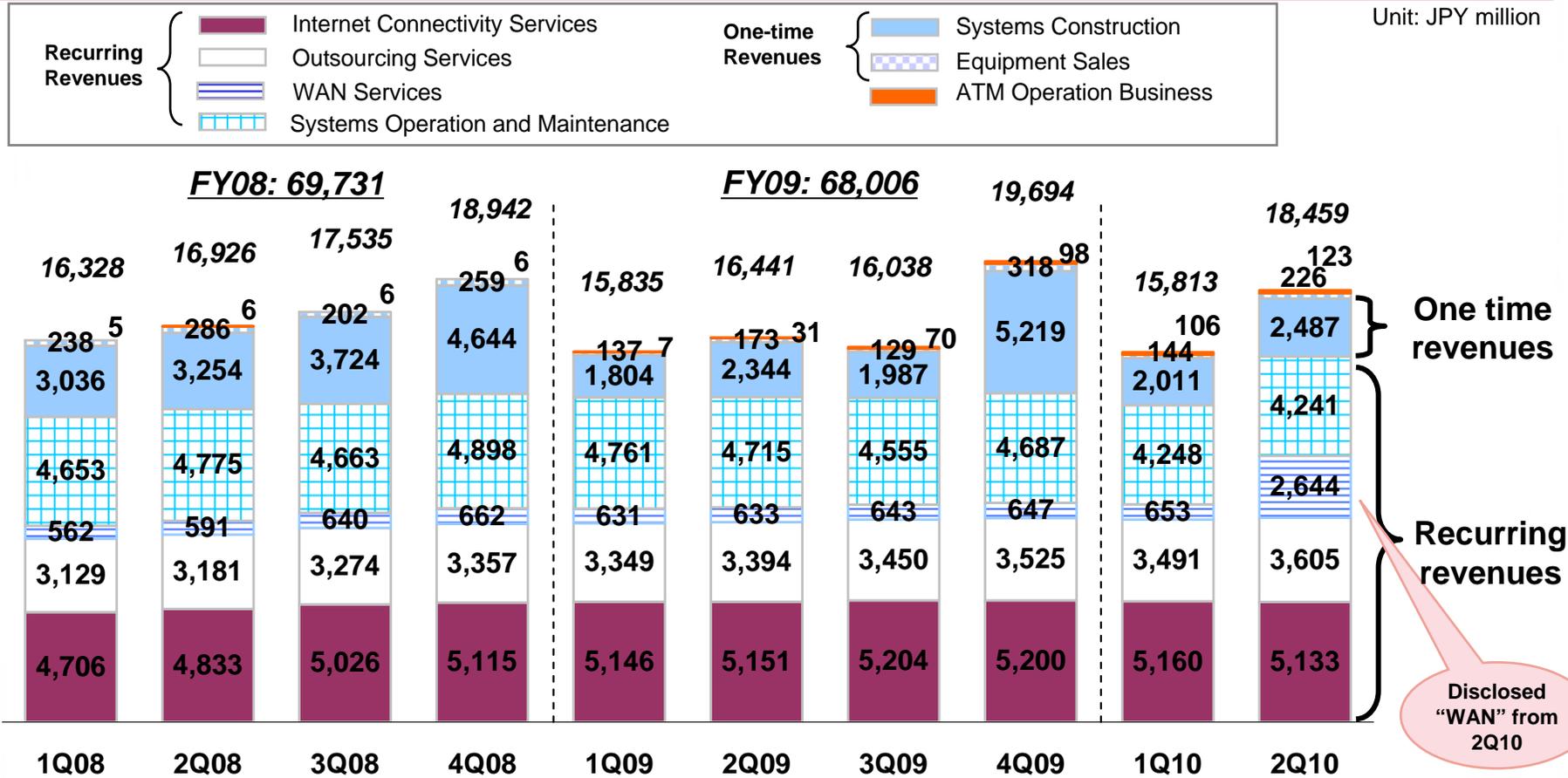
II-1. Consolidated Results for 2Q FY2010

Unit: JPY billion

	% of Revenues 1H10 (10/4~10/9)	% of Revenues 1H09 (09/4~09/9)	YoY	% of Revenues 1H10 Target (10/4~10/9)
Total Revenues	34.3	32.3	6.2%	32.3
Total Costs	80.0% 27.4	80.7% 26.0	5.4%	—
Gross Margin	20.0% 6.8	19.3% 6.2	9.7%	—
SG&A/R&D	16.5% 5.6	15.7% 5.1	11.2%	—
Operating Income	3.5% 1.2	3.6% 1.2	3.0%	3.7% 1.2
Income before Income Tax Expense	2.9% 1.0	3.2% 1.0	(1.9%)	3.4% 1.1
Net Income Attributable to IIJ	2.5% 0.9	2.2% 0.7	20.1%	2.5% 0.8

II-2. Revenues

YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10



◆ 2Q10 Revenues: JPY18,459 million (up 12.3% YoY, up 16.7% QoQ)

- Recurring revenues: JPY15,623 million (up 12.5% YoY, up 15.3% QoQ)
- One-time revenues: JPY2,714 million (up 7.8% YoY, up 25.9% QoQ)
- ATM operation business: JPY123 million (up JPY92 million YoY, up JPY17 million QoQ)

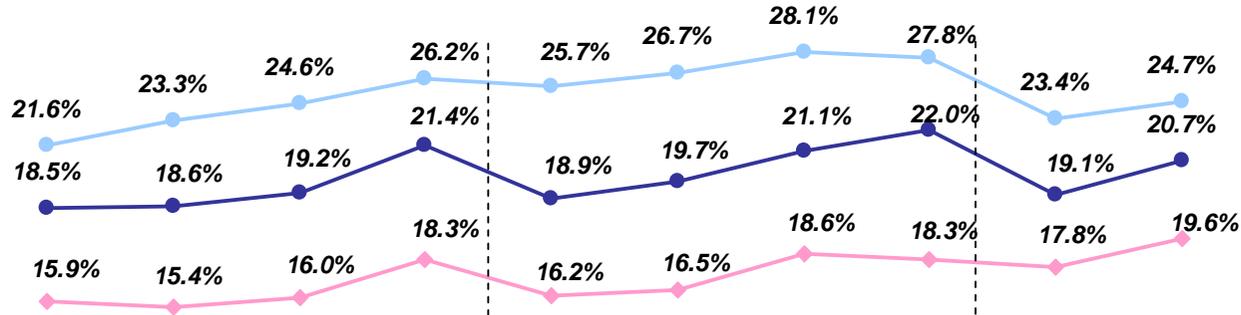
◆ Additional revenue of 1 month from Sep. 2010 related to IJ-GS: JPY2,246 million (mostly WAN services, some systems construction)

(*)From 2Q10, to reflect the acquisition of IJ-GS on Sep.1 2010, "WAN services", which were components of "Outsourcing services" were separately disclosed.

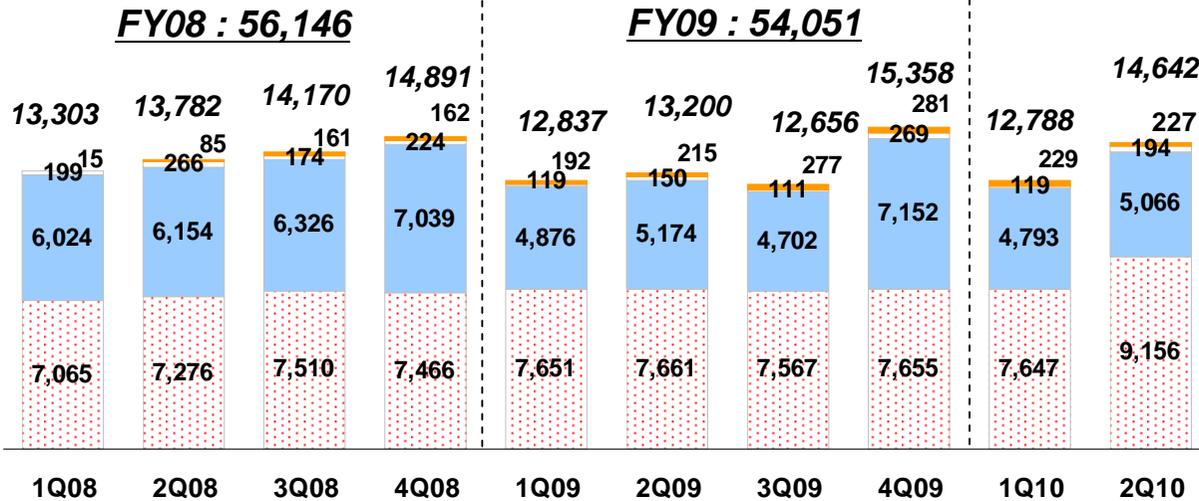
II-3. Cost of Revenues and Gross Margin Ratio

Cost of Revenues Network Services SI Equipment Sales ATM Operation Business
Gross Margin Ratio Network Services SI Total Gross Margin Ratio

Unit: JPY million



IJ-GS (1month)
 Costs: JPY1,761million
 Gross margin: 21.6%



SI
 Personnel related costs, outsourcing costs and purchase etc.

Network Services
 Backbone costs, network equipment costs, network operation related costs, outsourcing related cost and personnel related costs

◆ **2Q10 Gross Margin of Network Services: JPY3,816 million, Gross Margin Ratio: 20.7%(up 1.0 points YoY, up 1.6 points QoQ)**

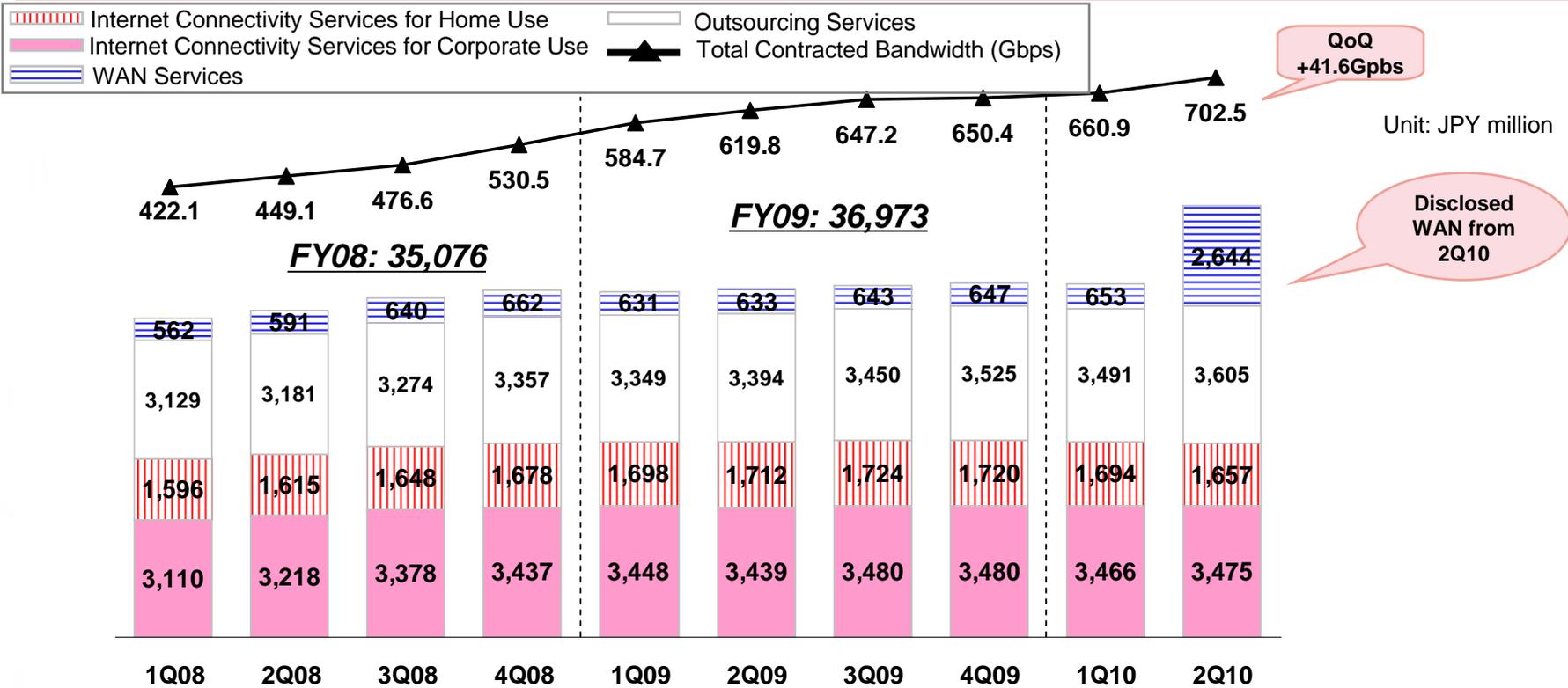
- Gross margin of network services: JPY2,226 million, Gross margin ratio: up 3.1 points YoY, up 1.8 points QoQ
- Gross margin of SI: JPY1,662 million, Gross margin ratio: down 2.0 points YoY, up 1.3 points QoQ
- Operating loss for ATM Operation Business: JPY104 million(2Q09: JPY184 million , 1Q10: JPY123 million)

◆ **Cost of Network Services Revenues excluding costs of IJ-GS decreased QoQ**

YoY = 2Q10 compared to 2Q09
 QoQ = 2Q10 compared to 1Q10

II-4. Network Services (1) Revenues

YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10

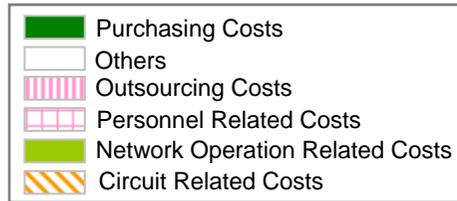


- ◆ 2Q10 Internet connectivity services for corporate use: up 1.1% YoY, up 0.3% QoQ
 - IP service: going well. Despite the affects from cancellation due to corporate merger and migration of contracted lines from certain large clients in 1Q10, we are getting new large contracts and the volume charge revenue which decreased in 4Q09 is recovering. Over 1Gps contracts reaches 128 contracts as of Sep 2010 (2Q09: 106 contracts, 1Q10: 123 contracts)
 - IJ Mobile contracts increased as M2M projects using IJ mobile increased
 - Broadband connectivity increased along with the increase in sales partners
- ◆ 2Q10 Internet connectivity services for home use: down 3.2% YoY, down 2.2% QoQ
- ✓ Mobile service contracts reached over 42,000 lines (up 2,000 lines QoQ)
- ◆ 2Q10 Outsourcing service: up 6.2% YoY, up 3.3% QoQ
 - Services such as data center related, CDN, anti-spam email related services and security services increased, respectively.
 - IJ GIO revenue (including revenue recognized in Systems operation and maintenance) has reached almost JPY50 million per month.

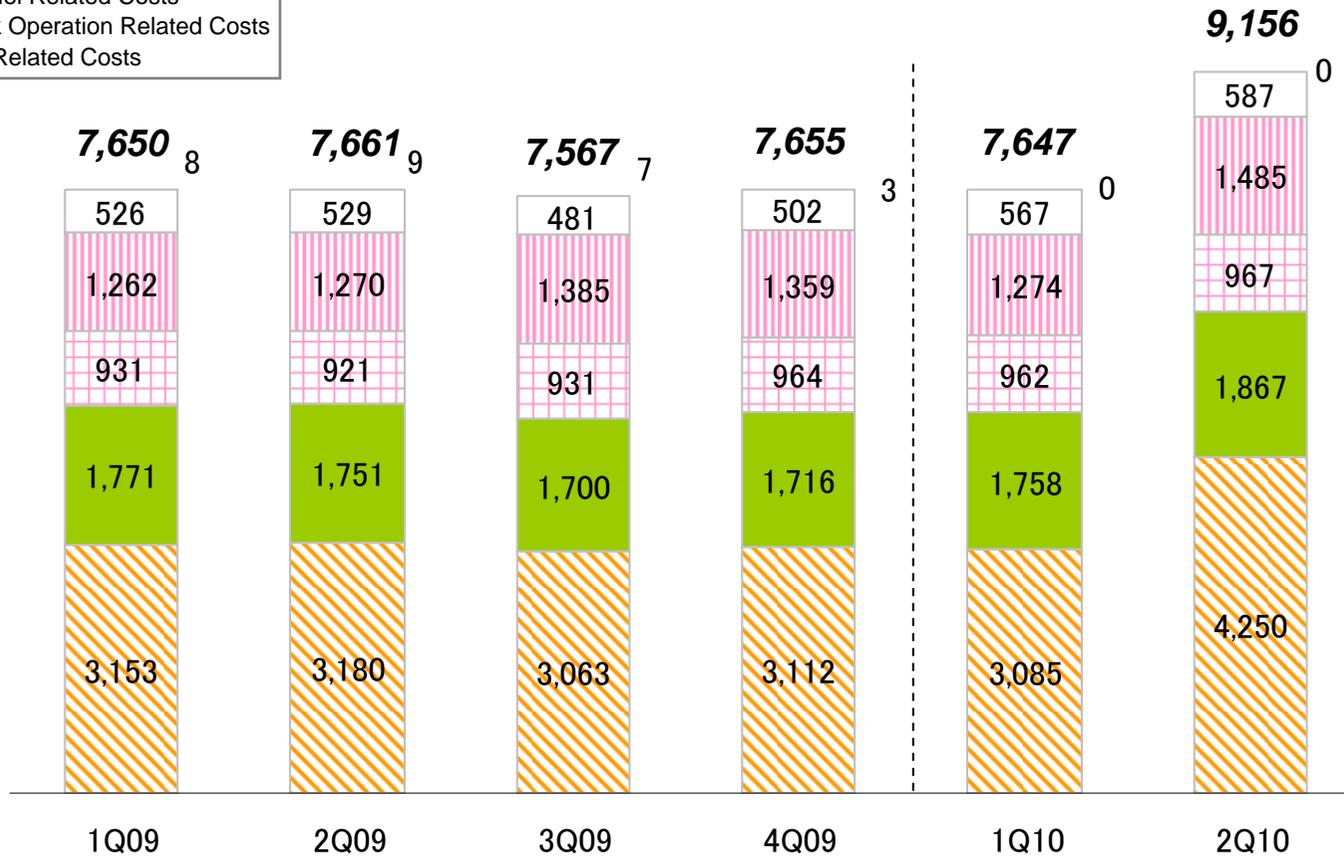
II-4. Network Services

(2) Cost of Revenues

YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10



Unit: JPY million



◆ 2Q10 Total cost of Network service: up 19.5% YoY, up 19.7% QoQ

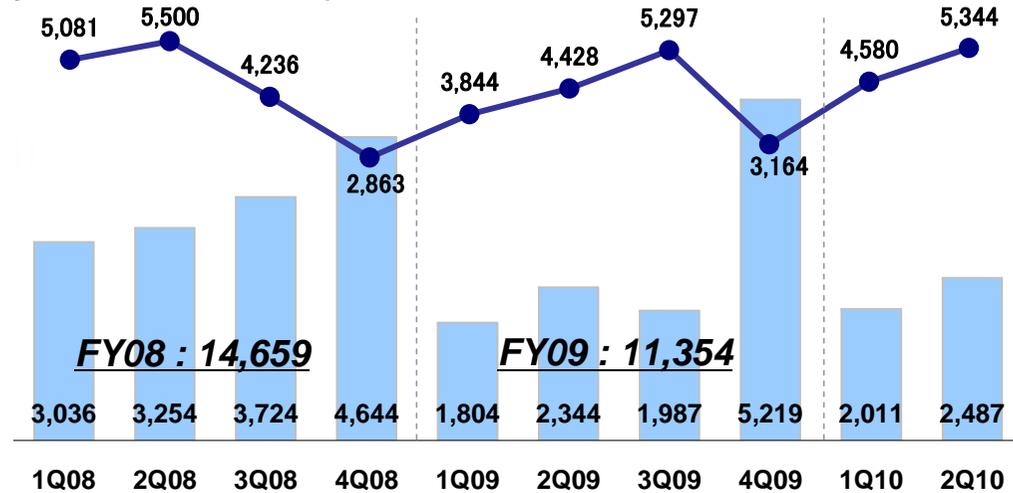
➢ Excluding costs of IIJ-GS: Costs decreased QoQ

II-5. Systems Integration (1) Revenues

Unit: JPY million

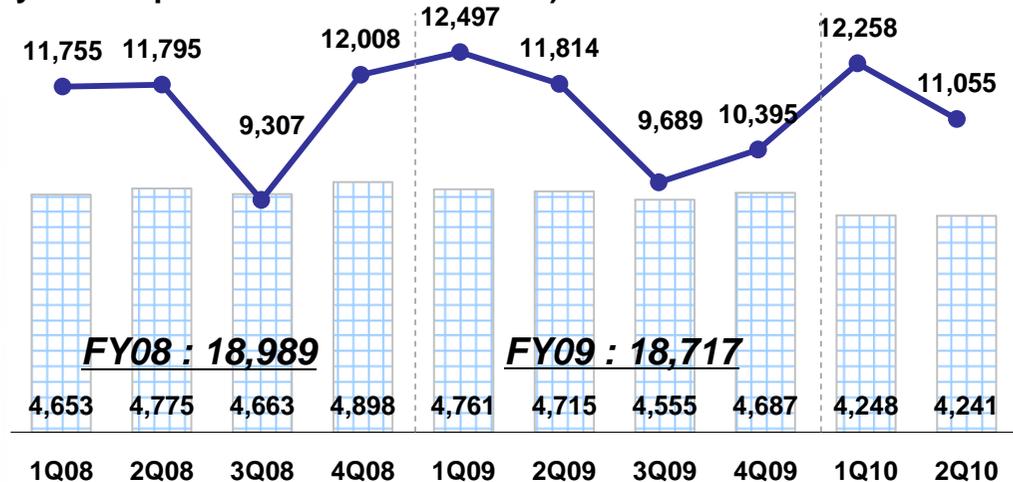
YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10

(Systems construction)

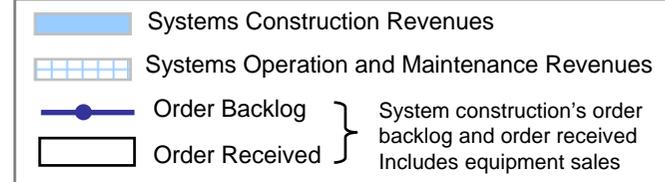


3,592	3,960	2,662	3,530	2,921	3,101	2,985	3,403	3,572	3,478
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(Systems operation and maintenance)



5,262	4,815	2,175	7,598	5,250	4,032	2,430	5,392	6,111	3,037
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Systems Construction

- ◆ 2Q10 Revenues: up 6.1% YoY
up 23.7% QoQ
- ◆ 2Q10 Order Backlog: up 20.7% YoY
up 16.7% QoQ

- YoY: Revenues increased despite the scale-down from a certain large client. There were mid- to small sized network construction projects.
- Orders Received: increased by 12.1% YoY.
- We received several large orders of JPY0.1 billion from public and financial sectors, which are expected to complete in 4Q10.

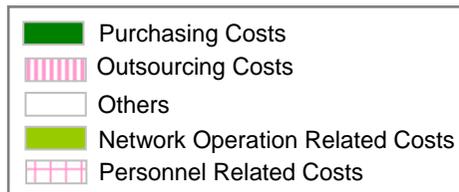
Systems operation and maintenance

- ◆ 2Q10 Revenues: down 10.0% YoY
down 0.2% QoQ
- ◆ 2Q10 Order Backlog: down 6.4% YoY
down 9.8% QoQ

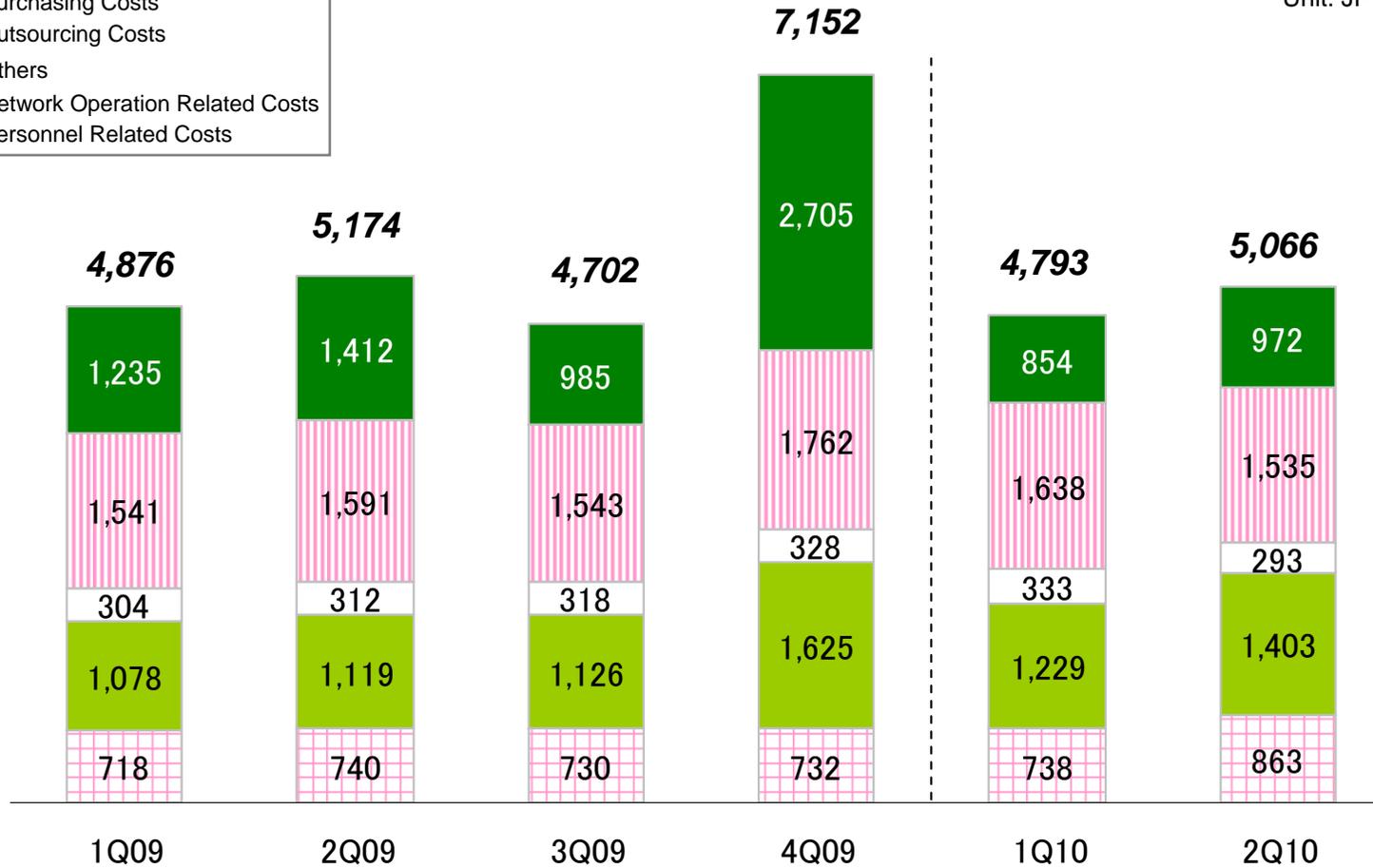
- YoY: Revenues decreased. While there were new operation and maintenance contracts, the scale-down from a certain large client affected its revenues.
- Orders Received: decreased by 24.7% YoY
- Developed FX (Foreign Exchange) trading platform systems to be released as an ASP service for financial institution in Nov. 2010. Received orders from Mizuho Securities and Retela Crea Securities. Expects to receive more orders in the future.

II-5. Systems Integration (2) Cost of Revenues

YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10



Unit: JPY million



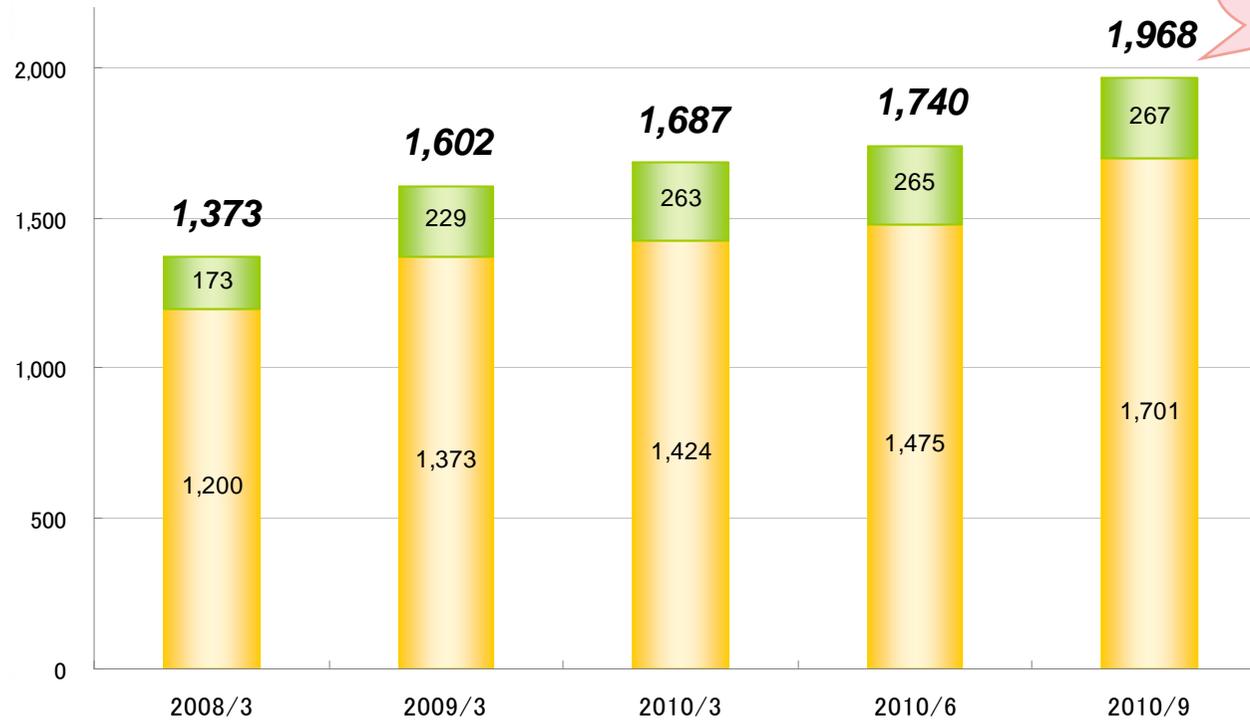
- ◆ 2Q10 Total cost of systems integration: down 2.1% YoY, up 5.7% QoQ
 - YoY: Network operation related costs increased, and purchasing costs decreased
 - QoQ: Purchasing costs increases along with revenues and network operation related costs increased
 - The number of full-time outsourcing personnel was 341 personnel as of Oct.2010 (YoY: up 140 personnel, QoQ: remain unchanged)

II-6. Number of Employees

YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10

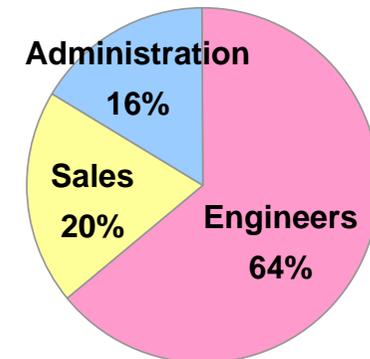


(number of employees)



Including IJ-GS
+245 employees

[Employee Distribution]



Personnel related costs and expenses(% of revenue)

2008/3	2,771 (17.5%)	2,925 (18.5%)	3,112 (16.9%)
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Unit: JPY million

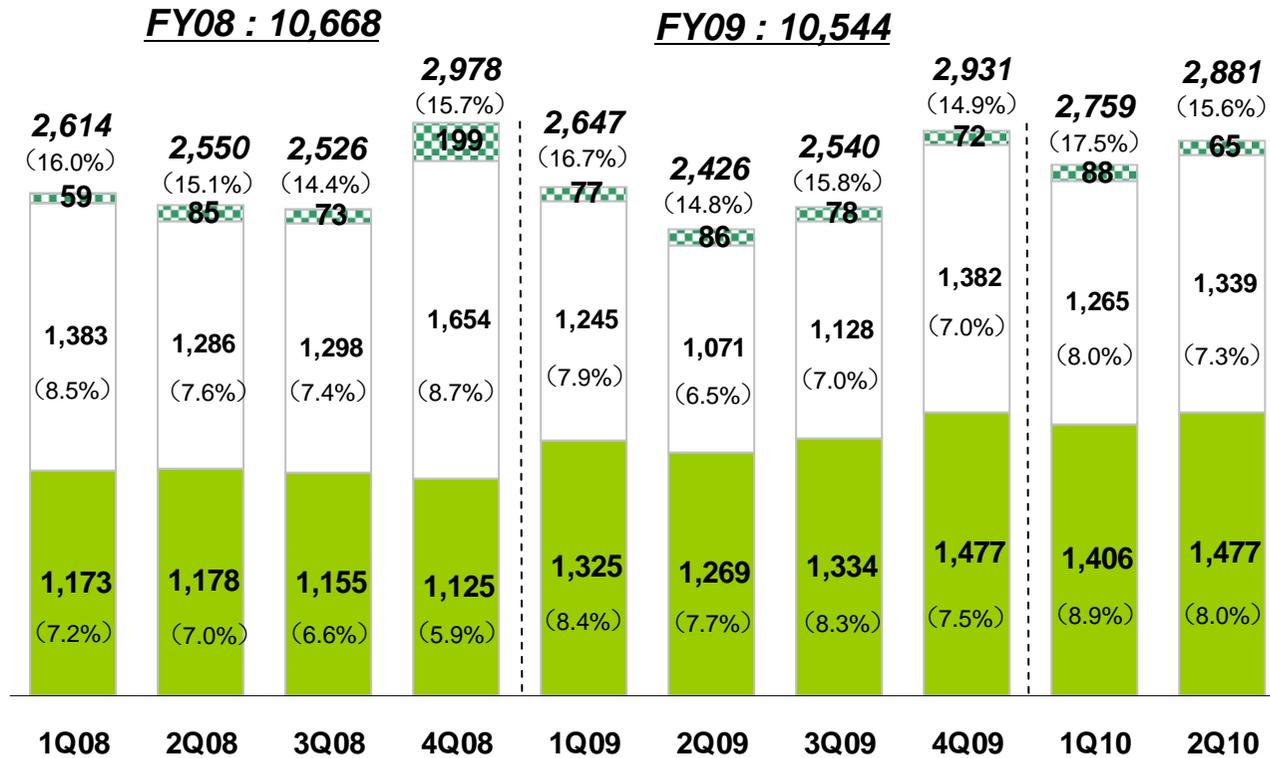
- ◆ End of Sep 2010: Number of consolidated employees as of Sep.2010: up 268 personnel YoY, up 228 personnel QoQ
 - IJ-GS employees: 245 personnel
 - Hired 60 newly graduates in FY2010 (FY2009: 77 newly graduates, FY2008: 92 newly graduates)

II-7. SG&A Expenses/R&D

YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10

Sales and Marketing Expenses
 Research and Development
 General and Administrative Expenses
 () % of Revenues

Unit: JPY million



IIJ-GS (1month)
SG&A: JPY224 million

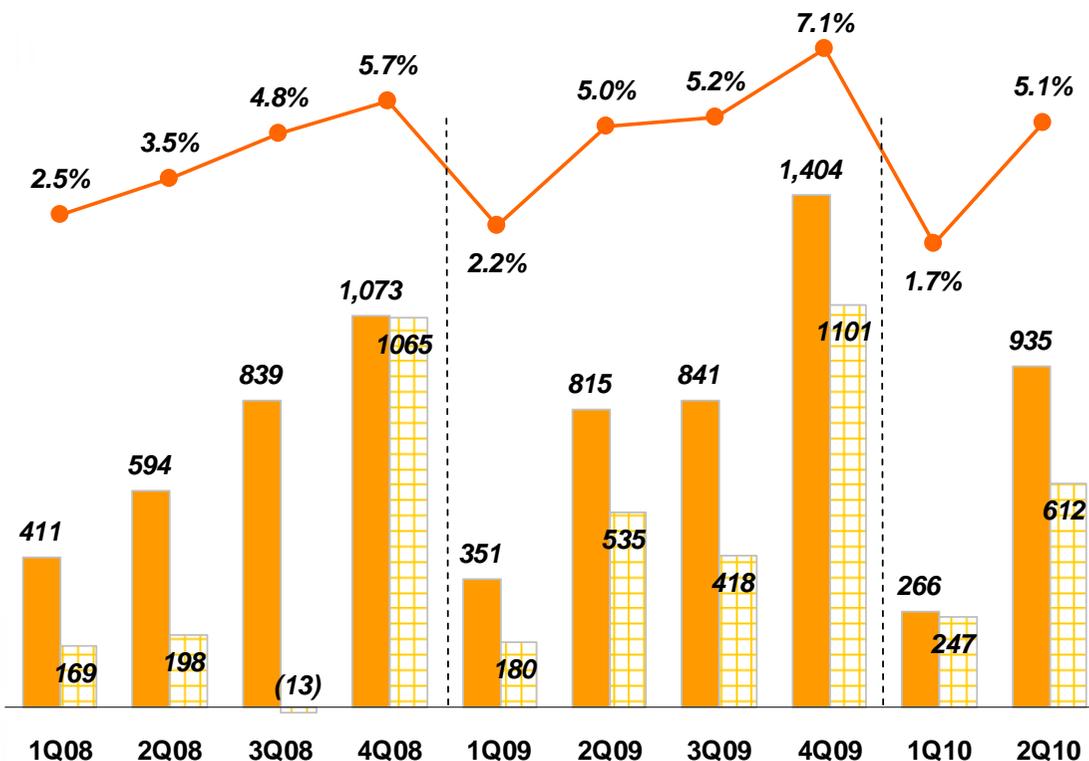
- ◆ 2Q10 SG&A Expenses/R&D: up 18.8% YoY, up 4.4% QoQ
 - <Sales and Marketing expenses>
 - QoQ: Personnel related expenses and office related expenses increased due to the acquisition of IIJ-GS
 - YoY: Expenses related to IIJ-GS, personnel related and depreciation and amortization increased. Advertising expenses decreased
 - <General & administrative expenses>
 - QoQ: M&A expenses related to the acquisition of IIJ-GS of JPY56 million and personnel related expenses increased
 - YoY: Expenses related to IIJ-GS and depreciation and amortization increased
- ◆ 2Q10 SG&A related to the ATM operation business: JPY36 million (2Q09:JPY50 million, 1Q10: JPY37million).
Reduced outsourcing related costs while focusing on business start-up.

II-7. SG&A Expenses/R&D

YoY = 2Q10 compared to 2Q09
QoQ = 2Q10 compared to 1Q10

Sales and Marketing Expenses
 Research and Development
 General and Administrative Expenses
 () % of Revenues

Unit: JPY million



◆2Q10 Operating Income:

- Operating income related to IIJ-GS (1 month): JPY261 million
- Decrease in operating loss related to ATM operation business

◆2Q10 Income before income tax expense:

- JPY727 million (2Q09: JPY726 million)
- Other expenses: JPY209 million (2Q09: JPY89 million). There were losses on write-down of other investments.

◆2Q10 Net income attributable to IIJ:

- Deferred tax expenses decreased YoY
- Net loss attributable to noncontrolling interests related to GDX Japan Inc. and Trust Networks

◆ ATM Operation Business:

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

- Placed 148 ATMs as of Nov.15 2010.
- The preparation to introduce new ATMs are set and we expect to increase around 250 additional ATMs in around 3 months.
- Break even point improved due to reduced outsourcing related expenses
- Ownership in Trust Networks as of Oct. 2010: 75.1%

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Income Tax Expenses	213	326	653	(190)	244	284	514	90	120	160
Deferred tax expense	127	251	594	(335)	186	187	418	(34)	88	75
Equity in net income(loss) of equity method investees	18	(17)	44	(10)	32	11	85	32	34	(3)
Net loss attributable to noncontrolling interests	55	85	120	93	93	82	90	83	54	48

II-9. Consolidated Balance Sheets

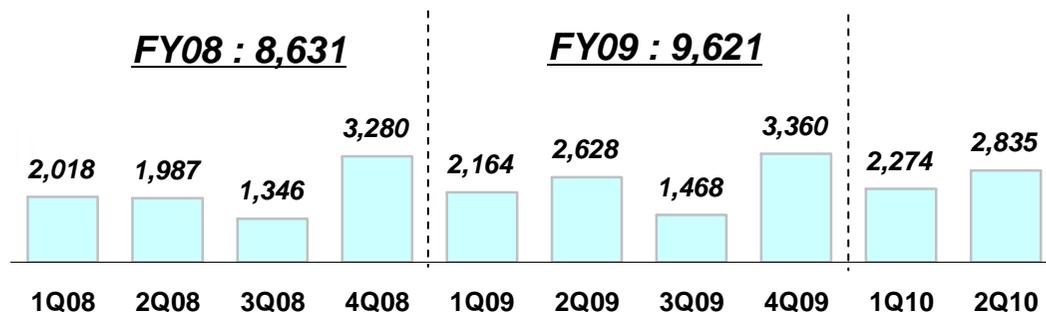
Unit: JPY million

	September 30, 2010	March 31, 2009	Changes	
Cash and Cash Equivalents	9,408	8,764	+644	➤ Increased mainly due to IIJ-GS
Accounts Receivable	17,624	11,397	+6,227	➤ Nonmarketable equity securities: JPY1,796 million ➤ Available for sale equity securities: JPY791 million ➤ Others: JPY209 million
Inventories	521	808	(287)	
Prepaid Expenses	2,283	1,593	+690	
Deferred tax assets (current)	1,248	1,571	(323)	
Other Investments	2,796	2,582	+214	➤ Non-amortized intangible assets: JPY3,589 million - Goodwill: JPY3,397 million (IIJ-GS JPY857million) - Trademark: JPY192million ➤ Amortized intangible assets: JPY7,385 million - Customer relationships: JPY 7,312 million (IIJ-GS: JPY4,856 million) - License: JPY73 million
Property and Equipment	14,806	12,970	+1,836	
Goodwill and Other Intangible Assets	10,987	5,459	+5,529	
Deferred tax assets (non-current)	909	685	+223	
Borrowings (Short-term)	13,450	4,450	+9,000	➤ IIJ-GS share acquisition
Accumulated Deficit	(16,114)	(16,720)	+606	
Accumulated Other Comprehensive Income	30	169	(139)	
Total IIJ Shareholders' Equity	27,765	27,320	+446	➤ IIJ Shareholder's equity ratio: • end of Sep 2010: 42.1% • end of March 2010: 53.4%
Total Assets	65,923	51,115	+14,807	➤ Increased mainly due to IIJ-GS

II-10. Consolidated Cash Flows

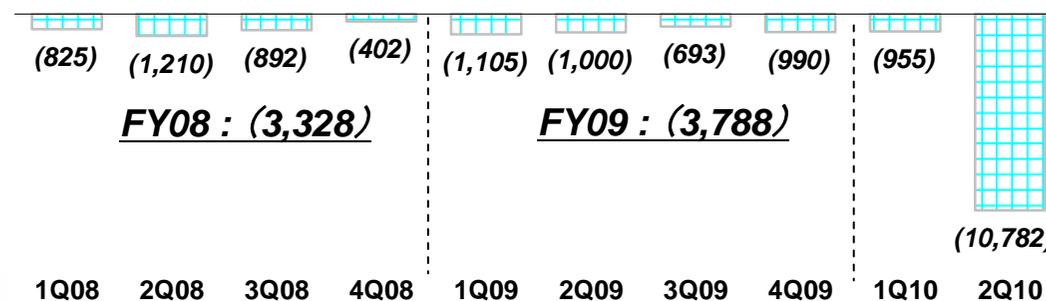
Unit: JPY million

Net cash provided by operating activities



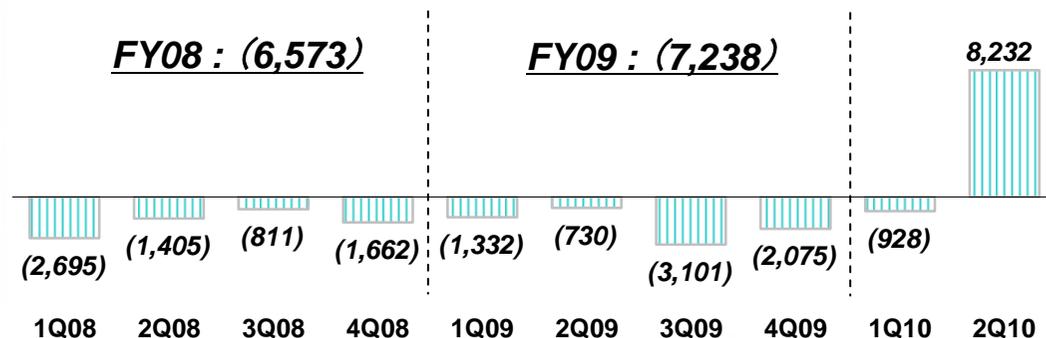
- <2Q10>
- Increase in operating income
 - Increase in accounts receivable: JPY2,522 million
 - Decrease in inventories, prepaid expenses and other current and noncurrent assets: JPY1,151 million
 - Increase in accrued expenses, other current and noncurrent liabilities: JPY1,174 million
- etc

Net cash used in investing activities



- <2Q10>
- Purchase of IIJ-GS: JPY9,170 million
 - Purchase of property and equipment: JPY1,251 million
- etc

Net cash provided by (used in) financing activities

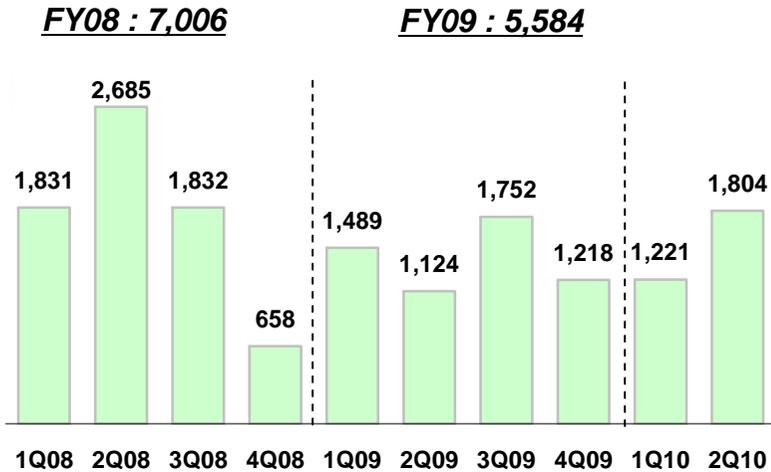


- <2Q10>
- Borrowing of short-term bank borrowings: JPY8,930 million
 - Principle payments under capital leases: JPY735 million
 - Proceeds from sales of treasury stock: JPY37 million
- etc

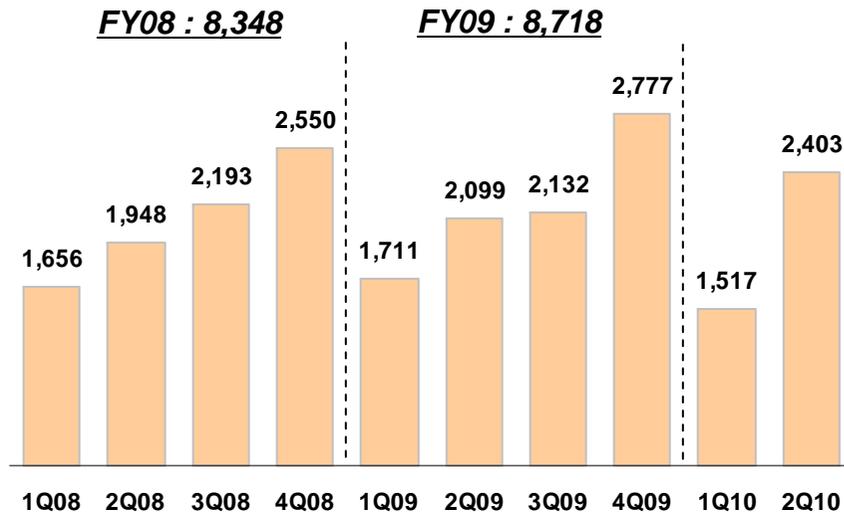
II-11. Other Financial Data (CAPEX etc.)

Unit: JPY million

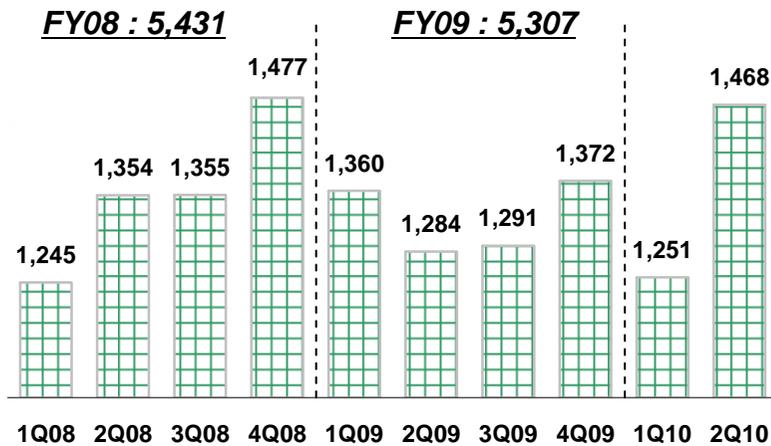
CAPEX (Include Capital Lease)



Adjusted EBITDA



Depreciation and Amortization



Appendix
New service and solution developments

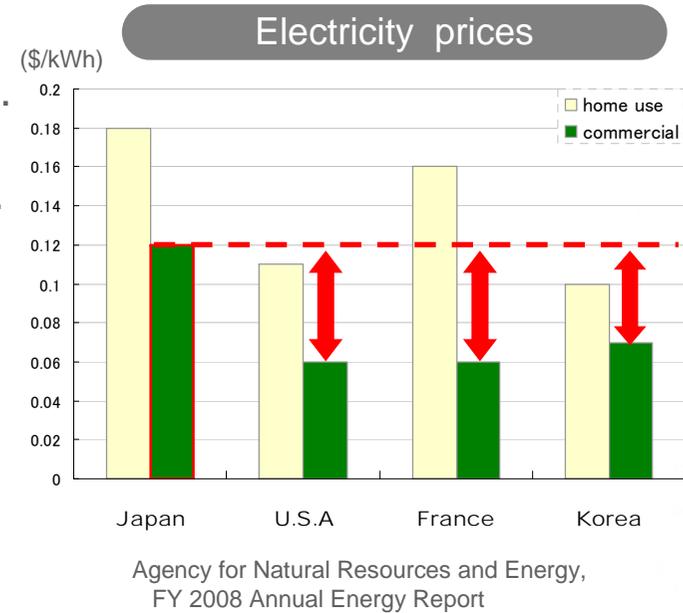
Module Eco-Data Center – Perfect for Cloud Computing Era –

The solution to the tasks we face today

- ➔ The tasks Japanese companies faces when using a data center facility are (1) the high energy cost and (2) the responsibility for CSR, to be an eco-friendly company
- ➔ The risks service providers faces are (1) construction cost and (2) the difficult to predict demands for data center and cloud computing services

◆ Reduces 40% of facility cost by:

- Uses outside air to cool the container. The first in Japan.
- Efficient power usage. Reduces CO2 emission.
 - ⇒ Achieved Partial PUE of under 1.1. => Eco-friendly.



◆ Best suited for cloud computing services because:

- Low construction cost by using a module. JPY1.1 billion for 5 modules (can host 1,600 servers)
- Easy to expand facility. Can gradually increase the necessary module along with the growing demands

“IIJ Raptor Service” an ASP FX system

◆ ASP-based foreign exchange (FX) system for financial service providers

➤ A flexible system, compatible with Click 365, Daisho FX, and OTC

- Conventional FX solutions require infrastructure and application development for each market
- IIJ Raptor enables the user to access multiple markets over a single platform with a minimum investment

➤ Hybrid memory database creates high-speed, high-capacity system

- IIJ Raptor uses Korea's ALTIBASE hybrid-memory database and a parallel-processing system designed to complete a huge number of transactions
- The system can process more than 1,000 orders per second and can take a huge influx of orders in a stride.
- Systematically lowering FX risk and leverage risk.

➤ Providing a more convenient trading channel

- IIJ Raptor provides a Web, mobile device, and rich client software optimized for trading via an intuitive interface.
- Users of any skill level can easily navigate the system.

◆ Adopted by several securities companies

- Mizuho Securities Co., Ltd.,
- Retela Crea Securities Co., Ltd.

◆ Service start in November 2011

- To be recognized in the systems operation and maintenance revenues

Cloud Solution for iPad Business Applications

◆ “Smart Mobile Solution”

IJ GIO Smart Mobile Solution enables a safe and secure use of the iPad and other advanced mobile terminals for enterprises customers to incorporate the iPad, smartphones, and other high-performance devices into their business systems.

(Service Features)

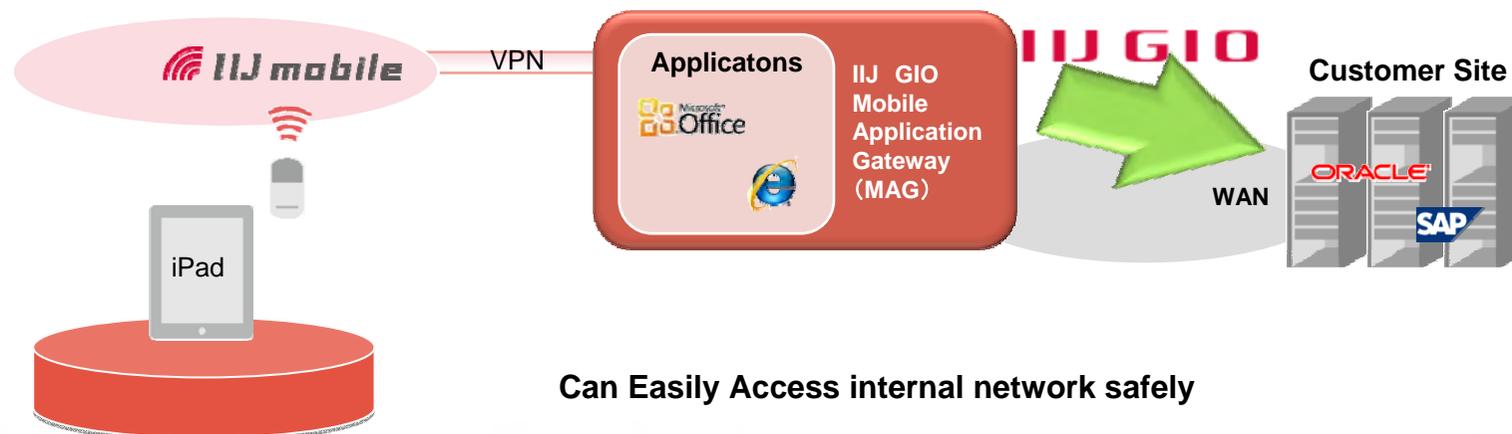
➤ Management service for smartphones and other mobile terminals

- includes functions to remotely manage security measures and administrative actions for the iPad and smartphones
- Device lock or data deletion, software installation and configuration, access restrictions. Features that enables central control.

➤ IJ Mobile Service/Type D compatible "Mobile WiFi Router"

➤ Applications gateway solution "Mobile Application Gateway"

- An IJ GIO-based cloud service that provides a gateway for the iPad to access the business applications used on the Windows computer in the office.
- Enables clients to introduce the iPad as a business terminal without changing the existing equipment.



Can Easily Access internal network safely

Reference: IIJ Press Release

Date		Press Releases
FY10	1Q	4/8 IIJ Obtains US and Japanese Patents for SMFv2
		4/12 IIJ Introduces New Products to the IIJ SSL Certificate Management Service
		5/12 IIJ and EC-One Form Alliance in Cloud Computing
		5/31 IIJ Adds SSL Inspect Option on IIJ Secure Web Gateway Service
		6/1 IIJ Releases the IIJ GIO Hosting Package Service
		6/1 IIJ to Acquire Subsidiary from AT&T Japan LLC to make it IIJ's Wholly Owned Subsidiary
		6/3 IIJ To Launch Cloud-Based Virtual Desktop Solution: IIJ GIO Remote Office
		6/28 IIJ Announces the IIJ GIO Storage Service
	2Q	7/13 IIJ Provides IIJ Mobile Service for the CWE-640J M2M-capable W-CDMA Module
		7/28 IIJ4U and IIJmio Mail Services for Individuals are Now Compatible with IPv6 Networks
		8/4 IIJ to Launch IIJ File Server Remote Backup for NetApp Solution
		8/19 IIJ to Build Housing Industry Cloud Service, Jyutaku HIROBA, with IIJ GIO
		8/24 IIJ and JBS Partner to Provide Microsoft Collaboration Infrastructure Cloud Solution
		8/26 IIJ to Build Japan's First Commercial Data Center Using Outside-air Cooled Container Units
		9/1 IIJ Completes Acquisition of Subsidiary from AT&T Japan
		9/16 IIJ Launches WAF Service on the IIJ GIO Cloud Service
	9/30 IIJ Announces Cloud Solution for iPad Business Applications: IIJ GIO Smart Mobile Solution	
	3Q	10/14 IIJ and IRRIC Begin Cloud-based BCP Consulting Services
		11/01 IIJ Launches ASP FX system, IIJ Raptor Service
		10/10 IIJ to Launch "IIJ Mobile Biz+ Service"
		11/11 IIJ to Provide IIJ Raptor Service to Mizuho Securities

Reference: IIJ Group Companies

(As of Oct. 31, 2010)

	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.	75.1%
	 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.
	 Taihei Computer Co., Ltd.	45%	Provides operation of reward point management system

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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