

## **IIJ 2Q Revenue to be Above Expectations; Foreign Exchange Loss Also Expected**

Tokyo and New York, October 14th, 1999 - Internet Initiative Japan Inc. (NASDAQ: IIJI) ("IIJ"), one of Japan's leading Internet-access and Internet-related services provider, today announced that it expects revenues to exceed its expectations for the second quarter ending September 30, 1999. Due to an unfavorable effect caused by an unexpected appreciation of Japanese Yen, however, IIJ expects to report a foreign exchange loss of approximately JPY1 billion for the second quarter.

Prior to its scheduled announcement of its 2Q results on November 15th, IIJ today announced that it expects revenues for 2Q99 to exceed its expectations due primarily to revenues generated by the early completion of one of IIJ's major systems integration projects for 1999. In its total revenues for 2Q99, IIJ now expects that quarter-over-quarter (from 1Q99 to 2Q99) growth to be approximately 20%, and year-over-year (from 2Q98 to 2Q99) growth to be approximately 100% as compared to previously expected year-over-year growth of approximately 50%. IIJ believes this is a one-time effect, and expects revenue for 3Q99 to be lower than 2Q99.

IIJ also expects to report a foreign exchange loss of approximately JPY1 billion for 2Q99. Such loss is attributable to an unfavorable effect caused by an unexpected appreciation of Japanese Yen to US dollar denominated monetary assets, which represents proceeds from IIJ's initial public offering in August 1999.

### **Company Description**

Founded in 1992, IIJ offers a comprehensive range of Internet access services and Internet-related services to customers, including corporations and other Internet service providers in Japan. IIJ offers its services via one of the largest Internet network backbones in Japan as well as between Japan and the United States. Corporate Headquarters: Takebashi Yasuda Bldg., 3-13, Kanda Nishiki-cho, Chiyoda-ku, Tokyo 101-0054, Japan. <http://www.ij.ad.jp/>

*The Statements included in this press release that are not historical in nature, are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The Company cautions readers that forward-looking statements are based on IIJ's current expectations and involve a number of risks and uncertainties. Actual results may differ materially from those contained in such forward-looking statements. Information as to those factors that could cause actual results to vary can be found in IIJ's Initial Public Offering Registration Statement filed with the United States Securities and Exchange Commission on July 13, 1999, as amended, or Risk Factors section of the Offering Prospectus.*

**CONTACT IN JAPAN**

Internet Initiative Japan Inc

Junko Higasa

Investor Relations/Media Relations

ir@ij.ad.jp

**CONTACT IN UNITED STATES**

Thomson Financial Investor Relations

Mami Ogawa, Investor Relations, 212-701-1824

mami.ogawa@thomsonir.com

Jacqueline Franchetti, Media Relations, 212-701-1949

jacqueline.franchetti@thomsonir.com

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