



September 16, 2003

Subscription to a Private Offering of Shares by Internet Initiative Japan Inc.

Nippon Telegraph and Telephone Corporation ("NTT") and NTT Communications ("NTT Com") subscribed for shares of common stock of Internet Initiative Japan Inc. ("IIJ") by third party allotment (purchase price payment date: September 16, 2003) according to the following terms.

1. Details of subscription

	NTT	NTT Com	NTT Group total
Subscription price (billion yen)	9.6	0.75	10.35
Issue price per share (yen)	951,300	951,300	-
Number of shares	10,095	788	10,883

NTT Group owns 12,135 shares in IIJ, 31.6% in total, as a result of this subscription.

2. Fundamental considerations behind subscription

NTT decided to subscribe to this private offering of IIJ's shares by third party allotment after consideration of a management support request from IIJ to subscribe to the offer. NTT believes that the NTT Group can utilize IIJ's sophisticated Internet-related technological capabilities by further enhancing its business collaboration with IIJ as a result of this subscription.

NTT recognizes the amount of this private offering of IIJ's shares by third party allotment corresponds to the amount which IIJ considers necessary to establish its financial management base. In deciding the amount of subscription, NTT also considered the amount of subscription by existing shareholders of IIJ and IIJ's future operational prospects.

(Additional information)

Major items agreed with respect to this subscription

(1) Business Collaboration

NTT and IIJ agreed to cooperate and promote primarily the following in order to effectively achieve synergies:

- Joint development of broadband and information technology and other related businesses.

- Use of NTT Group services in IIJ's new businesses in order to expand businesses of both NTT and IIJ.
- Arrangements for seconding employees to carry out the above.

(2) Board of Directors of IIJ

IIJ agreed that up to three members of its board of directors and the board of corporate auditors will be nominated by NTT in order to achieve efficiently the business collaboration between NTT and IIJ agreed to above and also as a result of IIJ becoming a consolidated subsidiary of NTT under equity method of accounting after the consummation of issuance of shares. Until the time IIJ appoints NTT's officials, NTT will attend the board of directors of IIJ as an observer in order to build up its business collaboration with IIJ without delay.

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