

*For Immediate Release*

**IIJ Establishes IIJ Innovation Institute Inc.**

TOKYO--June 10, 2008--Internet Initiative Japan, Inc., (IIJ, NASDAQ: IJJI, TSE1: 3774), one of Japan's leading Internet access and comprehensive network solutions providers, announced the establishment of IIJ Innovation Institute Inc. (IIJ-II)--a business incubation center for technology development and commercialization of the next generation Internet--as a 100% owned subsidiary.

IIJ-II was established to manage an incubation business and perform R&D which was originally announced in December 2007. The company will broadly recruit personnel with new ideas and technologies and provide them with necessary resources for R&D and commercialization. IIJ-II will pursue technological innovation for the next generation internet from Japan. The effect due to the establishment of IIJ-II is already being accounted for in IIJ's consolidated financial target for FY2008 announced on March 15, 2008.

IIJ will continue to show initiative in the network technology sector and actively contribute to the future of the Internet.

**Company Profile**

Name	IIJ Innovation Institute Inc.
Start of operations	June 10, 2008
Headquarters	Jimbocho Mitsui Bldg, 1-105 Jimbocho, Kanda, Chiyoda-ku, Tokyo
Capital and Capital Reserves	JPY 100,000,000
Shareholders	IIJ 100%
Business fields	<ul style="list-style-type: none"> <li>• Research and development of Internet infrastructure technology</li> <li>• Support for business planning and commercialization of Internet infrastructure technology</li> <li>• Promotion of and education about Internet infrastructure technology</li> <li>• Human resource development related to Internet infrastructure technology</li> </ul>
Officers	President and Representative Director Toshiya Asaba (Executive Vice President of IIJ) Director Koichi Suzuki (President and Representative Director of IIJ) Hiroyuki Hisashima (Director of IIJ) <sup>(*)</sup> Nobuo Saito (Director of Komazawa University Faculty of Global Media Studies) Statutory Auditor Akihisa Watai (Director and CFO of IIJ)

\* Titles in parentheses are current as of June 10, 2008. Hiryuki Hisashima's retirement from IIJ Director will be official at the end of the Sixteenth Annual General Meeting of Shareholders to be held on June 27, 2008.

## **About IIJ**

Founded in 1992, Internet Initiative Japan Inc. (IIJ, NASDAQ: IIJI, Tokyo Stock Exchange TSE1: 3774) is one of Japan's leading Internet-access and comprehensive network solutions providers. IIJ and its group of companies provide total network solutions that mainly cater to high-end corporate customers. The company's services include high-quality systems integration and security services, Internet access, hosting/housing, and content design. Moreover, the company has built one of the largest Internet backbone networks in Japan, and between Japan and the United States. IIJ was listed on NASDAQ in 1999 and on the First Section of the Tokyo Stock Exchange in 2006. For more information about IIJ, visit the IIJ Web site at <http://www.ij.ad.jp/en/>.

*The statements within this release contain forward-looking statements about our future plans that involve risk and uncertainty. These statements may differ materially from actual future events or results. Readers are referred to the documents furnished by Internet Initiative Japan Inc. with the SEC, specifically the most recent reports on Forms 20-F and 6-K, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements.*

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