

For Immediate Release

IIJ Group to Strengthen R&D Organization

TOKYO--July 1, 2009--Internet Initiative Japan Inc. (IIJ, NASDAQ: IJJI, TSE1: 3774), one of Japan's leading Internet access and comprehensive network solutions providers, today announced it will transfer control of its Internet technology research division, the IIJ Research Laboratory, to 100%-owned subsidiary IIJ Innovation Institute Inc. (IIJ-II) on July 1, 2009. This move will strengthen our R&D organization for next-generation Internet technology by focusing these activities in IIJ-II, which will allow us to ramp up our R&D efforts for the future and create businesses based on the products of this R&D.

Background

The IIJ Research Laboratory was established as a division of IIJ in 1998, and it was responsible for R&D of network technologies for the next decades, such as IPv6. IIJ-II was established as a corporation in 2008 to recruit technologists who had ideas for new technology from the general public and to assist in the development of these ideas for commercialization with the objective of creating new Internet infrastructure technology originating in Japan.

The purpose of this transfer is to establish a group R&D center and actively apply the new technology acquired through public solicitation, as well as that developed by the research laboratory, to new IIJ Group service and business development. We hope to create a synergy among the group companies through the sharing of the knowledge and elemental technology amassed through various research projects.

IIJ-II Research Perspective

IIJ-II sees the next-generation Internet not simply as a network through which computers can communicate but as a place to produce new value through the dynamic and organic connection and processing of the ubiquitous Internet users, fragmented information and virtual computing resources to meet a variety of purposes. IIJ-II's purpose is to engage in the research and development of infrastructure technology to achieve this goal.

In addition to the messaging, mobile communications, next-generation network management, and network measurement and analysis technology developed by the IIJ Research Laboratory, IIJ-II will approach the development of new network and system architecture, and the development of businesses that use this technology, from both the application and infrastructure side to create the next-generation Internet.

The IIJ Group will continue to show initiative in the network technology sector and work to advance the Internet.

About IIJ-II

IIJ Innovation Institute Inc. (IIJ-II) was established in June 2008 as a subsidiary within the IIJ group. IIJ-II provides business incubation services with the goal of developing technological innovations for the next-generation Internet and new business models. IIJ is leveraging its years of Internet technology and business experience to promote R&D and commercialization support for Internet development. For details, see <http://www.iij-ii.co.jp/>.

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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