

## **IIJ-Tech to Absorb Wholly-Owned Subsidiary**

TOKYO-- February 4, 2010 - Internet Initiative Japan Inc. ("IIJ", NASDAQ: IIJI, TSE1: 3774) announced that its wholly-owned subsidiary, IIJ Technology Inc. ("IIJ-Tech") has resolved today at the meeting of its Board of Directors to absorb IIJ Financial Systems Inc. ("IIJ-FS"), a wholly-owned subsidiary of IIJ-Tech. Details of the merger are outlined below.

### **1. Purpose of merger**

Announced on February 4, 2010 in the press release "IIJ to Absorb Wholly-Owned Subsidiary", IIJ has resolved to absorb its wholly-owned subsidiary IIJ Technology Inc. ("IIJ-Tech"). Accompanied with this merger, IIJ-tech has resolved to absorb IIJ-FS as a consistent part of the IIJ's Group reorganization.

### **2. Details of merger**

#### **(1) Merger schedule**

Board meeting for approval of the merger agreement (IIJ-Tech and IIJ-FS):	February 4, 2010
Signing of the merger agreement (IIJ-Tech and IIJ-FS):	February 4, 2010
Effective date of the merger (IIJ-Tech and IIJ-FS):	April 1, 2010 (Scheduled)

(\*) This merger was resolved by the board of IIJ-Tech in accordance with the rules defined under Article 796.3 of the Corporation Act in Japan (the simplified merger) and by the board of IIJ-FS in accordance with the rules defined under Article 784.1 of the Corporation Act in Japan (the short form merger).

#### **(2) Merger procedure**

IIJ-Tech, as the surviving company, will absorb IIJ-FS, which will be subsequently dissolved.

#### **(3) Details of allocation related to the mergers**

Because IIJ-FS is a wholly-owned consolidated subsidiary of IIJ-Tech, there will be no issue of new stocks, no increase in capital and no distribution of merger consideration in this merger.

#### **(4) Handling of share warrants and bonds with share warrants of the defunct companies**

None

### 3. Basic information of IIJ-Tech and IIJ-FS (as of March 31, 2009)

(1) Company Name	IIJ Technology Inc. (Surviving company)	IIJ Financial Systems Inc. (Dissolving company)
(2) Address	1-105 Kanda Jinbo-cho, Chiyoda-ku, Tokyo	1-105 Kanda Jinbo-cho, Chiyoda-ku, Tokyo
(3) Representative	President Takeshi Kikuchi	President Senji Yamamoto
(4) Business Description	Systems design, construction and systems operation and maintenance	Systems design, construction and systems operation and maintenance
(5) Capital	JPY2,358 million	JPY50 million
(6) Incorporated	November 26, 1996	September 14, 2004
(7) Number of Shares Issued	46,005	1,000
(8) Fiscal Year-end	March 31	March 31
(9) Number of Employee	449	87
(10) Shareholders' Equity	JPY3,692 million	JPY694 million
(11) Total Assets	JPY10,565 million	JPY2,738 million
(12) Major Shareholders and shareholding ratio	Internet Initiative Japan Inc. 100.00%	IIJ Technology Inc. 100.00%

### 4. Future Outlook

Because this merger is between IIJ's two wholly-owned consolidated subsidiaries, there will be no direct impact on the consolidated financial statement.

*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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