



***For Immediate Release***

**IIJ Group Participates in METI's RFID Pilot Project**

*-IIJ provided "IIJ EPC Network Service" and Network Infrastructure for East-Asian RFID Tag Test--*

TOKYO, February 7, 2006 -- Internet Initiative Japan Inc. (IIJ, NASDAQ: IIJI, Tokyo Stock Exchange Mothers: 3774), one of Japan's leading Internet-access and comprehensive network solutions providers, along with IIJ Technology Inc. (IIJ-Tech), its 72.1% owned subsidiary, today announced their participation in the Japan-China-Korea Supply Chain RFID (\*1) Pilot Project, one of the RFID Pilot Projects that has been initiated by the Ministry of Economy, Trade, and Industry (METI).

Fuji Xerox Co., Ltd. was volunteered to be a part of this seminal project in which an RFID platform was built based on the global standard set by EPCglobal Network™, and the effectiveness of the RFID tags were tested in a supply chain that crosses international borders. Fuji Xerox factories and warehouses in Japan, China, and Korea were linked with parts manufacturers—spanning a total of seven locations—to test the use of RFID tags in copier parts procurement, warehouse administration, import and export, production management, and other supply chain components. The tests will be completed by February 2006. The IIJ Group provided its EPCglobal Network-based RFID solution—IIJ EPC Network Service—and network infrastructure.

While overseas production is becoming the norm in the manufacturing industry, many companies are not able to get real-time information on stock-on-hand at locations in Japan, and there is a real need for management to improve production process management and to achieve efficient traceability. As a solution to these problems, many companies are pursuing the effective use of RFID tags. In this test, EPC Network (\*2) in Japan, China, and Korea were linked with the cooperation of the participating companies to build and test an RFID platform that could become the global standard in supply-chain management. This platform enables manufacturers to monitor all points along the supply chain, even across international borders, and thus improve operational efficiency and traceability.

IIJ Group is a member of EPCglobal—an international standards organization for the use of RFID over networks—and through participation in numerous RFID field tests and technological development, IIJ has acquired expertise in building systems based on the EPCglobal Network standard. Leveraging its experience in the RFID sector and the technological savvy acquired as a leading Internet service provider, IIJ broke new ground with the launch of the IIJ EPC Network Service in October 2005. The IIJ Group will continue its pursuit of RFID technology and the development of related services.

(\*1) RFID (Radio Frequency Identification): The general term for information exchange technology that uses electronic tags.

(\*2) EPC Network: A system for recording, referencing, and changing RFID information, such as electronic product codes, product attributes, and product history, over a network.

Note: The names of companies, organizations, and products used in this release are the registered trademarks of their respective companies.

**Ministry of Economy, Trade, and Industry RFID Pilot Project**

Project leader:	Japan Business Machine and Information System Industries Association
Project name:	Japan-China-Korea Supply Chain RFID Pilot Project
Test period:	December 2005 to February 2006

Participants:	Internet Initiative Japan Inc., Mitsubishi Research Institute Inc., Fuji Xerox Co., Ltd., Mitsui Global Strategic Studies Institute, Toppan Printing Co., Ltd., Nihon Unisys, Ltd., VeriSign Japan K.K., and others
Locations:	Japan / Fuji Xerox Co., Ltd. Ebina Office, two locations China / Two parts suppliers, Fuji Xerox of Shenzhen Ltd. Korea / One parts supplier, Fuji Xerox Korea Co., Ltd.
Objective:	Examine a model for the use of RFID tags in the supply chain, and verify the following results <ul style="list-style-type: none"> <li>• Improved effectiveness and efficiency in production process management and stock management in a global supply chain</li> <li>• Improve product traceability</li> </ul>
Description:	Examine a model that effectively uses RFID tags <ul style="list-style-type: none"> <li>• Examine a model that uses RFID tags for product procurement from domestic and foreign suppliers, stock management, import/export, production management, and other operations</li> </ul>
Expected Results:	<ul style="list-style-type: none"> <li>• Optimum production system and more efficient distribution in a global supply chain</li> <li>• Improved traceability (quality assurance)</li> <li>• Quick response to diverse customer requests (improved customer service)</li> <li>• Stimulate trade through the construction of a platform with strict adherence to international standards</li> </ul>

### **About IIJ**

Founded in 1992, Internet Initiative Japan Inc. (IIJ, NASDAQ: IIJI, Tokyo Stock Exchange Mothers: 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 Mothers market of Tokyo Stock Exchange in 2005. For more information about IIJ, visit the IIJ Web site at <http://www.ij.ad.jp/en/>.

### **About IIJ Technology Inc.**

Head Office: Tokyo, Chiyoda Ward; President and COO: Takeshi Kikuchi; Capitalization: JPY 2,261,750,000.

IIJ Technology Inc. (IIJ-Tech) was established in November 1996 to carry on IIJ's superior network technology and forward vision to provide the system building and operation services that customers want. IIJ-Tech builds Internet business systems and corporate information systems, as well as builds and operates many primary business systems and systems for e-commerce, financial transactions, ISP/ICP, extranets, intranets, and ASPs. More information about IIJ-Tech is available at <http://www.ijj-tech.co.jp/>.

*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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