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For Immediate Release

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**Notice of Issue of Unsecured Convertible Bonds with Equity Warrants
(Unsecured Convertible Bonds with Equity Warrants and
Special Agreement on Limited Equal Priority among Bonds)**

GMO Internet, Inc. is pleased to announce that, at a meeting of the Board of Directors held on August 22, 2005, it was decided to issue the first to third unsecured convertible bonds with equity warrants (unsecured convertible bonds with equity warrants and special agreement on limited equal priority among bonds) through allocation to third parties as follows.

Please refer to the Reference Material for Issue of Unsecured Convertible Bonds with Equity Warrants by GMO Internet, Inc., which provides information on this matter and shows the purpose of the funds being raised, the selection of the means for the fund-raising, and its characteristics. The material is attached at the end of this notice.

NOTE

I. First Unsecured Convertible Bonds with Equity Warrants

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|---|---|
| 1. Name of bond | First unsecured convertible bonds with equity warrants (unsecured convertible bonds with equity warrants and a special agreement on limited equal priority among bonds) of GMO Internet, Inc. (hereinafter referred to as “Bonds with equity warrants.” The bond portion shall hereinafter be referred to as “Bonds,” and the equity warrants portion shall hereinafter be referred to as “Equity Warrants.”) |
| 2. Issue price of bond | 100 yen per 100 yen par value |
| 3. Issue price of equity warrants | Free |
| 4. Reasons for calculation of issue price of equity warrants (reasons for free issue) | The Equity Warrant is attached to unsecured convertible bonds with equity warrants, and cannot be transferred if detached from the Bond. In addition, given that, if the Equity Warrant is exercised, the Bond will be terminated through |

substitutive payment and thus the Bond is closely connected to the Equity Warrant, and in consideration of the economic value to be obtained from the value of the Equity Warrant, and the interest rate, issue price and other conditions for the issue of the Bond, it was decided that the Equity Warrant shall be issued for no consideration.

5. Payment date and the date of issue

September 7, 2005 (Wednesday)

6. Matter about offering

(1) Method for offering

Allocation of the entire sum to Nomura Securities Co., Ltd. through private placement

(2) Issue price (offering price)

100 yen per 100 yen par value

(3) Deadline for application

September 7, 2005 (Wednesday)

(4) Place for receiving applications

Nomura Securities Co., Ltd., Head Office

7. Matters concerning equity warrants

(1) Type and number of shares

shares as the object of equity warrants

The type of shares as the object of the Equity Warrant shall be the common shares of the Company. The number of common shares which the Company will issue in response to a request for the exercise of the Equity Warrant (as defined in Item (6) of this Paragraph) or the number of the common shares held by the Company to be transferred in lieu of the issue of new common shares (the issue or transfer of the common shares of the Company shall hereinafter be referred to as "Delivery") shall be the largest integral number obtained by dividing the total amount of the issue price of the Bond related to the request for exercise by the conversion price set out in (ii) of Item (3) of this Paragraph (however, if changed or adjusted as set out in Item (8) or Item (9) of this Paragraph, this shall be the conversion price after change or adjustment). In this event, any fractional figure of less than one share shall be discarded, and no adjustment in cash shall be made.

(2) Total number of equity warrants

The number of Equity Warrants attached to each Bond shall be one. Thirty Equity Warrants in total shall be issued.

(3) Amount of payment at time of exercise and conversion price

(i) The amount to be paid at the time of exercising one Equity Warrant shall be equivalent to the issue price of the Bond.
(ii) The amount per share to be paid at the time of exercising the Equity Warrant shall be 3,000 yen (hereinafter referred to as "Conversion Price") initially.

(4) Reasons for calculation of amount of payment at time of exercise (Conversion Price)

The Bonds with equity warrants are convertible bonds with equity warrants and, therefore, the amount to be paid at the time of exercising one equity warrant was decided to be equivalent to the issue price of the Bond. The initial Conversion Price was decided to be 3,000 yen, which is equivalent to 140.85% of the

closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on August 22, 2005.

(5) Amount of capitalization of issue price of new shares

In the event of the issue of shares arising from the exercise of the Equity Warrant, the amount of capitalization per common share of the Company shall be the amount obtained by multiplying the issue price of the shares by 0.5. If any fractional figure of less than one yen is created as a result of the calculation, the fractional figure shall be rounded up.

(6) Period for request of exercise

The bondholder of the Bonds with equity warrants may request the exercise of the Equity Warrant (hereinafter referred to as "Request for Exercise") at any time between September 8, 2005 and September 6, 2007 (hereinafter referred to as "Period for Request of Exercise").

(7) Conditions for exercise

In the event of the early redemption of the Bond by the Company or acceleration by the Company related to the Bond based on (ii) or (iii) of Item (6) of Paragraph 8, the Equity Warrant shall not be exercised on or after the date of redemption or the date of acceleration. In the event of the early redemption of the Bond by the Company at the request of the bondholder of the Bonds with equity warrants as set out in (iv) of Item (6) of Paragraph 8, the Equity Warrant shall not be partially exercised after the Bonds with equity warrants are presented to the place of the payment of redemption money.

(8) Change of Conversion Price

- (i) On or after April 1, 2006, the Conversion Price shall be changed to an amount equivalent to 92% of the average of every day's closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange for five consecutive business days from the business day following the third Friday of every month (hereinafter referred to as the "Date of Determination") (A business day without closing price shall be excluded from the five consecutive business days. If the Date of Determination does not fall into a business day, the five consecutive business days shall be five consecutive business days up to a business day immediately preceding the Date of Determination. This shall hereinafter be referred to as the "Period for Calculation of Market Price") to the Date of Determination (inclusive) (calculated down to the first decimal place, with the first decimal place rounded up. Hereinafter referred to as "Price at the Date of Determination). However, in April 2006, two days, namely April 7 and April 21 shall become the Date of Determination, and the Conversion Price shall be changed twice.
- (ii) Irrespective of (i) of this Item, if the Company deems it necessary and notifies the bondholder of the Bonds with equity warrants in advance before March 17, 2006 (inclusive) after the issue of the Bonds with equity warrants (hereinafter referred to as "Prior Notification"), the Conversion Price shall be

changed using a method similar to the method set out in (i) of this Item, until the end of March 2006. In this event, the Conversion Price shall be changed by deeming the Friday of the week that is two weeks' after the week including the date of the Prior Notification as the Date of Determination (if the Friday is a bank holiday, it shall be the immediately preceding bank business day). On or after April 1, 2006, regardless of the Prior Notification, the Conversion Price shall be changed as set out in (i) of this Item.

- (iii) If there is cause for the adjustment of the Conversion Price as set out in Item (9) of this Paragraph during the Period for Calculation of Market Price, the Conversion Price after the change shall be adjusted to a figure which the Company deems appropriate in accordance with the prospectus of the Bonds with equity warrants. If, however, as a result of the adjustment, the Price at the Date of Determination is lower than 1,278 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no closing price on that date, this shall be the closing price on the immediately preceding day (calculated down to the first decimal place, with the first decimal place rounded up). This shall hereinafter be referred to as the "Minimum Conversion Price," but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion Price after the change shall become the Minimum Conversion Price. If the Price at the Date of Determination is higher than 4,260 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 200% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no closing price on that date, this shall be the closing price on the immediately preceding day. This shall hereinafter be referred to as the "Maximum Conversion Price," but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion Price after the change shall become the Maximum Conversion Price.

(9) Adjustment of the
Conversion Price

If the Company issues or disposes of its common shares at an issue price or a disposal price which is lower than the market price of the common shares of the Company after the issue of the Bonds with equity warrants (however, excluding cases through the conversion or exercise of securities to be converted or be convertible to the common shares of the Company or equity warrants (including equity warrants attached to bonds with equity warrants) based on which the Delivery of the common shares of the Company may be demanded), the Company shall adjust the Conversion Price using the following formula.

$$\frac{\text{Number of newly issued shares or shares disposed of} \times \text{issue or disposal price per share}}{\text{Number of outstanding shares} + \frac{\text{Market price}}{\text{Conversion}}}$$

$$\text{Price after adjustment} = \text{Conversion Price before adjustment} \times \frac{\text{Number of outstanding shares} + \text{Number of newly issued shares or shares disposed of}}{\text{Number of outstanding shares} + \frac{\text{Market price}}{\text{Conversion}}}$$

When the Company conducts a stock split or reverse stock split of the common shares of the Company, or issues securities to be converted or convertible to the common shares of the Company, equity warrants based on which the Delivery of the common shares of the Company may be demanded or bonds with equity warrants, the Company shall adjust the Conversion Price appropriately. For the purposes of the above formula, the “number of outstanding shares” denotes a number obtained by deducting the number of the Company’s common shares held by the Company from the number of common shares of the Company already issued. In the event of the issue of the common shares of the Company through stock split, the “number of newly issued or shares disposed of” shall not include the number of the common shares of the Company which is allocated to the Company’s common shares held by the Company as of the date of allocation to shareholders.

For the purposes of this Item, the “market price” denotes the average of every day’s closing price (excluding the number of days without closing price) for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange for 30 business days starting from the 45th business day before a date when the Conversion Price after adjustment is applied (however, if the Board of Directors resolves that, on the condition that a profit available for dividend is converted into capital, the common shares of the Company will be issued through a stock split using the profit, and a date before the date of the close of shareholders meeting at which the conversion of the profit available for dividend into capital is resolved becomes the date of allocation to shareholders, this shall be the date of allocation to shareholders).

(10) Reasons and conditions for cancellation

Reasons for cancellation shall not be decided.

(11) Method for delivery of Share certificates

The Company shall deliver share certificates without delay after the Request for Exercise takes effect. However, no share certificates shall be issued for shares the number of which is less than one stock trade unit.

(12) Starting date of dividend payment for shares delivered through exercise

The dividend of the common shares of the Company delivered as a result of the Request for Exercise and money to be distributed (interim dividend) as provided in Article 293-5 of the Commercial Code shall be paid deeming that the common shares of the Company were delivered on January 1 if the Request for Exercise was made between January 1 and June 30, and on July 1 if the Request for Exercise was made between July 1 and December 31.

(13) Place for receiving Request for Exercise

Transfer agent: UFJ Trust Bank, Limited, Securities Agency Division

(14) Matters concerning
substitutive payment

When the Equity Warrant is exercised as provided in Items 7 and 8 of Paragraph 1 of Article 341-3 of the Commercial Code, it shall be deemed that it was requested that the whole amount to be paid at the time of the exercise of the Equity Warrant be paid, and the payment based on the request was made.

8. Matters concerning the bonds

(1) Total amount of bonds

15.0 billion yen

(2) Amount of each bond
certificate

500 million yen, only one type

(3) Interest rate of bonds

No interest shall be paid on the Bond.

(4) Date of redemption

September 7, 2007 (Friday)

(5) Amount of redemption

100 yen per 100 yen par value

However, in the event of early redemption, this shall be the amount set out in (ii) to (iv) of Item (6) of this Paragraph.

(6) Method for redemption

(i) The total amount of the Bond shall be redeemed on September 7, 2007.

(ii) If the general shareholders meeting of the Company resolves that the Company will become a wholly-owned subsidiary of another company through the exchange or transfer of stocks, the Company may redeem in advance all of the remaining Bonds (redeeming part of the remaining Bonds shall not be permissible), which are held by the bondholders of the Bonds with equity warrants, at the following price per 100 yen par value with the Prior Notification which is made between 30 days and 60 days before the date of redemption before the exchange or transfer of stocks takes effect.

101 yen for the period from September 8, 2005 to September 7, 2006

100 yen for the period from September 8, 2006 to September 6, 2007

(iii) The Company may redeem in advance at the option of the Company all of the remaining Bonds (redeeming part of the remaining Bonds shall not be permissible), which are held by the bondholders of the Bonds with equity warrants, at a price of 100 yen per 100 yen par value on the third Friday of a month with the Prior Notification before the first Friday (inclusive) of the month (if the first Friday is a bank holiday, it shall be the immediately preceding business day) after the issue of the Bonds with equity warrants.

(iv) The bondholder of the Bonds with equity warrants shall have the right to request the Company to redeem in advance all or part of the Bonds held by the bondholder at a price of 100 yen per 100 yen par value on the fourth Friday of the month with the Prior Notification before the second Friday (inclusive) of the month (if the second Friday is a bank holiday, it shall be the immediately preceding business day) by presenting the certificates of the Bonds with equity warrants to the place of the payment of redemption money set out in Item (12) of this Paragraph.

(v) When the date of redemption set out in this Item is a bank holiday, the date

shall be moved up to the immediately preceding business day.

(vi) The Bonds may be purchased or cancelled at any time on or after the day following the date of issue. However, the Equity Warrant alone may not be cancelled. When the Bond is purchased and cancelled, the Company shall relinquish its rights to the Equity Warrant it acquired.

(7) Form of bond certificate

The form of the bond certificate shall be an unregistered bond certificate.

Either the Bond or the Equity Warrant of the Bonds with equity warrants alone shall not be transferred as provided in Paragraph 4 of Article 341-2 of the Commercial Code.

(8) Existence or non-existence of security

Neither mortgage nor guarantee is provided for the Bonds with equity warrants.

There are no assets specially reserved for the Bonds with equity warrants.

(9) Financial special agreement

When the Company establishes a security right for other convertible bonds with equity warrants (including the second and third unsecured convertible bonds with equity warrants, convertible bonds with equity warrants and special agreement on equal priority among bonds) which the Company issues in Japan in the future after the issue of the Bonds with equity warrants, the Company shall establish a security right with equal priority for the Bonds with equity warrants based on the Mortgage Debentures Trust Law as long as the un-redeemed balance of the Bonds with equity warrants exists. The convertible bonds with equity warrants shall denote the convertible bonds with equity warrants provided in Article 341-2 of the Commercial Code, with respect to which the Board of Directors resolved that it shall be deemed that, at the time of exercising equity warrants, the bondholders of bonds with equity warrants requested the payment of the whole amount to be paid at the time of the exercise of equity warrants in lieu of the redemption of the total amount of bond, and the payment was made based on the request in accordance with the provisions of Items 7 and 8 of Paragraph 1 of Article 341-3 of the Commercial Code.

(10) Rating acquired

No rating shall be acquired.

(11) Bond management company

The Bonds with equity warrants satisfies the conditions set out in the proviso of Article 297 of the Commercial Code. Therefore, no bond management company shall be nominated.

(12) Agent for payment of redemption money (Place of payment of redemption money))

Nomura Trust and Banking Co., Ltd., Head Office

9. Whether an application for listing is filed or not Nil

10. The above items are conditioned on the notification's taking effect in accordance with the Securities and Exchange Law.

II. Second Unsecured Convertible Bonds with Equity Warrants

1. Name of bond	Second unsecured convertible bonds with equity warrants (unsecured convertible bonds with equity warrants and special agreement on limited equal priority among bonds) of GMO Internet, Inc. (hereinafter referred to as “Bonds with equity warrants.” The bond portion thereof shall hereinafter be referred to as “Bonds,” and the equity warrants portion thereof shall hereinafter be referred to as “Equity Warrants.”)
2. Issue price of bond	100 yen per 100 yen par value
3. Issue price of equity warrants	Free
4. Reasons for calculation of the issue price of equity warrants (reasons for free issue)	The Equity Warrant is attached to unsecured convertible bonds with equity warrants, and cannot be transferred if detached from the Bond. In addition, considering that, if the Equity Warrant is exercised, the Bond will be terminated through substitutive payment and thus the Bond is closely connected to the Equity Warrant, and in consideration of economic values to be obtained from the value of the Equity Warrant, and the interest rate, issue price and other conditions for issue of the Bond, it was decided that the Equity Warrant shall be issued for no consideration.
5. Payment date and the date of issue	September 7, 2005 (Wednesday)
6. Matter about offering	
(1) Method for offering	Allocation of the whole sum to Nomura Securities Co., Ltd. through private placement
(2) Issue price (offering price)	100 yen per 100 yen par value
(3) Deadline for application	September 7, 2005 (Wednesday)
(4) Place for receiving applications	Nomura Securities Co., Ltd., Head Office
7. Matters concerning equity warrants	
(1) Type and number of shares	The type of shares as the object of the Equity Warrant shall be the common shares of the Company. The number of common shares which the Company will issue in response to a request for the exercise of the Equity Warrant (as defined in Item (6) of this Paragraph) or the number of the common shares held by the Company to be transferred in lieu of the issue of new common shares (the issue or transfer of the common shares of the Company shall hereinafter be referred to as “Delivery”) shall be the largest integral number obtained by dividing the total amount of the issue price of the Bond related to the request for exercise by the conversion price set out in (ii) of Item (3) of this Paragraph (however, if the price is changed or adjusted as set out in Item (8) or Item (9) of this Paragraph, this shall be the conversion price after change or adjustment). In this event, any fractional figure of less than one share shall be discarded, and no adjustment in
shares as the object of equity warrants	

	cash shall be made.
(2) Total number of equity warrants	The number of Equity Warrants attached to each Bond shall be one. Twenty Equity Warrants in total shall be issued.
(3) Amount of payment at the time of exercise and conversion price	(i) The amount to be paid at the time of exercising one Equity Warrant shall be equivalent to the issue price of the Bond. (ii) The amount per share to be paid at the time of exercising the Equity Warrant shall be 3,000 yen (hereinafter referred to as "Conversion Price") initially.
(4) Reasons for calculation of amount of payment at time of exercise (Conversion Price)	The Bonds with equity warrants are convertible bonds with equity warrants and, therefore, the amount to be paid at the time of exercising one equity warrant was decided to be equivalent to the issue price of the Bond. The initial Conversion Price was decided to be 3,000 yen, which is equivalent to 140.85% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on August 22, 2005.
(5) Amount of capitalization of issue price of new shares	In the event of the issue of shares arising from the exercise of the Equity Warrant, the amount of capitalization per common share of the Company shall be the amount obtained by multiplying the issue price of the shares by 0.5. If any fractional figure of less than one yen is created as a result of the calculation, the fractional figure shall be rounded up.
(6) Period for request of exercise	The bondholder of the Bonds with equity warrants may request the exercise of the Equity Warrant (hereinafter referred to as "Request for Exercise") at any time between September 8, 2005 and September 6, 2007 (hereinafter referred to as "Period for Request of Exercise").
(7) Conditions for exercise	In the event of the early redemption of the Bond by the Company or acceleration by the Company related to the Bond based on (ii) or (iii) of Item (6) of Paragraph 8, the Equity Warrant shall not be exercised on or after the date of redemption or the date of acceleration. In the event of the early redemption of the Bond by the Company at the request of the bondholder of the Bonds with equity warrants as set out in (iv) of Item (6) of Paragraph 8, the Equity Warrant shall not be partially exercised after the Bonds with equity warrants are presented to the place of the payment of redemption money.
(8) Change of Conversion Price	(i) On or after April 1, 2006, the Conversion Price shall be changed to an amount equivalent to 92% of the average of every day's closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange for five consecutive business days from the business day following the third Friday of every month (hereinafter referred to as the "Date of Determination") (A business day without a closing price shall be excluded from the five consecutive business days. If the Date of Determination does not fall on a business day, the five consecutive business

days shall be five consecutive business days up to the business day immediately preceding the Date of Determination. This shall hereinafter be referred to as the “Period for Calculation of Market Price”) to the Date of Determination (inclusive) (calculated down to the first decimal place, with the first decimal place rounded up. Hereinafter referred to as “Price at the Date of Determination). However, in April 2006, two days, namely April 7 and April 21 shall become the Date of Determination, and the Conversion Price shall be changed twice.

- (ii) Irrespective of (i) of this Item, if the Company deems it necessary and notifies the bondholder of the Bonds with equity warrants in advance before March 17, 2006 (inclusive) after the issue of the Bonds with equity warrants (hereinafter referred to as “Prior Notification”), the Conversion Price shall be changed using a method similar to the method set out in (i) of this Item, until the end of March 2006. In this event, the Conversion Price shall be changed by deeming the Friday of the week that is two weeks’ after the week including the date of the Prior Notification as the Date of Determination (if the Friday is a bank holiday, it shall be the immediately preceding bank business day). On or after April 1, 2006, regardless of the Prior Notification, the Conversion Price shall be changed as set out in (i) of this Item.
- (iii) If there is cause for the adjustment of the Conversion Price as set out in Item (9) of this Paragraph during the Period for Calculation of Market Price, the Conversion Price after the change shall be adjusted to a figure which the Company deems appropriate in accordance with the prospectus of the Bonds with equity warrants. If, however, as a result of the adjustment, the Price at the Date of Determination is lower than 1,278 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no closing price on that date, this shall be the closing price on the immediately preceding day (calculated down to the first decimal place, with the first decimal place rounded up. This shall hereinafter be referred to as the “Minimum Conversion Price,” but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion Price after the change shall become the Minimum Conversion Price. If the Price at the Date of Determination is higher than 4,260 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 200% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no closing price on that date, this shall be the closing price on the immediately preceding day. This shall hereinafter be referred to as the “Maximum Conversion Price,” but subject to adjustment as set out in

Item (9) of this Paragraph.), the Conversion Price after the change shall become the Maximum Conversion Price.

(9) Adjustment of the Conversion Price

If the Company issues or disposes of its common shares at an issue price or a disposal price which is lower than the market price of the common shares of the Company after the issue of the Bonds with equity warrants (however, excluding cases through the conversion or exercise of securities to be converted or be convertible to the common shares of the Company or equity warrants (including equity warrants attached to bonds with equity warrants) based on which the Delivery of the common shares of the Company may be demanded), the Company shall adjust the Conversion Price using the following formula.

$$\text{Price after adjustment} = \text{Conversion Price before adjustment} \times \frac{\text{Number of newly issued shares or shares disposed of} \times \text{issue or disposal price per share}}{\text{Number of outstanding shares} + \frac{\text{Market price} \times \text{Conversion}}{\text{Number of outstanding shares} + \text{Number of newly issued shares or shares disposed of}}}$$

When the Company conducts a stock split or reverse stock split of the common shares of the Company, or issues securities to be converted or convertible to the common shares of the Company, equity warrants based on which the Delivery of the common shares of the Company may be demanded or bonds with equity warrants, the Company shall adjust the Conversion Price appropriately. For the purposes of the above formula, the “number of outstanding shares” denotes a number obtained by deducting the number of the Company’s common shares held by the Company from the number of common shares of the Company already issued. In the event of the issue of the common shares of the Company through stock split, the “number of newly issued or shares disposed of” shall not include the number of the common shares of the Company which is allocated to the Company’s common shares held by the Company as of the date of allocation to shareholders.

For the purposes of this Item, the “market price” denotes the average of every day’s closing price (excluding the number of days without closing price) for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange for 30 business days starting from the 45th business day before a date when the Conversion Price after adjustment is applied (however, if the Board of Directors resolves that, on the condition that a profit available for dividend is converted into capital, the common shares of the Company will be issued through a stock split using the profit, and a date before the date of the close of the shareholders meeting at which the conversion of the profit available for dividends into capital is resolved becomes the date of allocation to shareholders, this shall be the date of allocation to shareholders).

(10) Reasons and conditions for cancellation

Reasons for cancellation shall not be decided.

- (11) Method for delivery of Share certificates The Company shall deliver share certificates without delay after the Request for Exercise takes effect. However, no share certificates shall be issued for shares the number of which is less than one stock trade unit.
- (12) Starting date of dividend payment for shares delivered through exercise The dividend of the common shares of the Company delivered as a result of the Request for Exercise and money to be distributed (interim dividend) as provided in Article 293-5 of the Commercial Code shall be paid deeming that the common shares of the Company were delivered on January 1 if the Request for Exercise was made between January 1 and June 30, and on July 1 if the Request for Exercise was made between July 1 and December 31.
- (13) Place for receiving Request for Exercise Transfer agent: UFJ Trust Bank, Limited, Securities Agency Division
- (14) Matters concerning substitutive payment When the Equity Warrant is exercised as provided in Items 7 and 8 of Paragraph 1 of Article 341-3 of the Commercial Code, it shall be deemed that it was requested that the whole amount to be paid at the time of the exercise of the Equity warrants be paid, and that payment based on the request was made.
8. Matters concerning the bondss
- (1) Total amount of bonds 10.0 billion yen
- (2) Amount of each bond certificate 500 million yen, only one type
- (3) Interest rate of bonds No interest shall be paid on the Bond.
- (4) Date of redemption September 7, 2007 (Friday)
- (5) Amount of redemption 100 yen per 100 yen par value
 However, in the event of early redemption, this shall be the amount set out in (ii) to (iv) of Item (6) of this Paragraph.
- (6) Method for redemption (i) The total amount of the Bond shall be redeemed on September 7, 2007.
 (ii) If the general shareholders meeting of the Company resolves that the Company will become a wholly-owned subsidiary of another company through the exchange or transfer of stocks, the Company may redeem in advance all of the remaining Bonds (redeeming part of the remaining Bonds shall not be permissible), which are held by the bondholders of the Bonds with equity warrants, at the following price per 100 yen par value with the Prior Notification which is made between 30 days and 60 days before the date of redemption before the exchange or transfer of stocks takes effect.
 101 yen for the period from September 8, 2005 to September 7, 2006
 100 yen for the period from September 8, 2006 to September 6, 2007
 (iii) The Company may redeem in advance at the option of the Company all of the remaining Bonds (redeeming part of the remaining Bonds shall not be permissible), which are held by the bondholders of the Bonds with equity warrants, at a price of 100 yen per 100 yen par value on the third Friday of a month with the Prior Notification before the first Friday (inclusive) of the

month (if the first Friday is a bank holiday, it shall be the immediately preceding business day) after the issue of the Bonds with equity warrants.

(iv) The bondholder of the Bonds with equity warrants shall have the right to request the Company to redeem in advance all or part of the Bonds held by the bondholder at a price of 100 yen per 100 yen par value on the fourth Friday of the month with the Prior Notification before the second Friday (inclusive) of the month (if the second Friday is a bank holiday, it shall be the immediately preceding business day) by presenting the certificates of the Bonds with equity warrants to the place of the payment of redemption money set out in Item (12) of this Paragraph.

(v) When the date of redemption set out in this Item is a bank holiday, the date shall be moved up to the immediately preceding business day.

(vi) The Bonds may be purchased or cancelled at any time on or after the day following the date of issue. However, the Equity Warrant alone may not be cancelled. When the Bond is purchased and cancelled, the Company shall relinquish its rights to the Equity Warrant it acquired.

(7) Form of bond certificate

The form of bond certificate shall be an unregistered bond certificate.

Either the Bond or the Equity Warrant of the Bonds with equity warrants alone shall not be transferred as provided in Paragraph 4 of Article 341-2 of the Commercial Code.

(8) Existence or non-existence of security

Neither a mortgage nor guarantee is provided for the Bonds with equity warrants.

There are no assets specially reserved for the Bonds with equity warrants.

(9) Financial special agreement

When the Company establishes a security right for other convertible bonds with equity warrants (including the first and third unsecured convertible bonds with equity warrants (convertible bonds with equity warrants and special agreement on equal priority among bonds) which the Company issues in Japan in the future after the issue of the Bonds with equity warrants, the Company shall establish a security right with equal priority for the Bonds with equity warrants based on the Mortgage Debentures Trust Law, provided the un-redeemed balance of the Bonds with equity warrants exists. Convertible bonds with equity warrants shall denote the convertible bonds with equity warrants provided in Article 341-2 of the Commercial Code, with respect to which the Board of Directors resolved that it shall be deemed that, at the time of exercising equity warrants, the bondholders of bonds with equity warrants requested the payment of the whole amount at the time of the exercise of equity warrants in lieu of the redemption of the total amount of bonds, and the payment was made based on the request in accordance with the provisions of Items 7 and 8 of Paragraph 1 of Article 341-3 of the Commercial Code.

(10) Rating acquired

No rating shall be acquired.

(11) Bond management

The Bonds with equity warrants satisfies the conditions set out in the proviso of

- company Article 297 of the Commercial Code. Therefore, no bond management company shall be nominated.
- (12) Agent for payment of redemption money (Place of payment of redemption money) Nomura Trust and Banking Co., Ltd., Head Office
9. Whether an application for listing is filed or not Nil
10. The above items are conditioned on the notification taking effect in accordance with the Securities and Exchange Law.

III. Third Unsecured Convertible Bonds with Equity Warrants

1. Name of bond Third unsecured convertible bonds with equity warrants (unsecured convertible bonds with equity warrants and special agreement on limited equal priority among bonds) of GMO Internet, Inc. (hereinafter referred to as “Bonds with equity warrants.” The bond portion thereof shall hereinafter be referred to as the “Bond,” and the equity warrants portion thereof shall hereinafter be referred to as the “Equity Warrants.”)
2. Issue price of bond 100 yen per 100 yen par value
3. Issue price of equity warrants Free
4. Reasons for calculation of issue price of equity warrants (reasons for free issue) The Equity Warrant is attached to unsecured convertible bonds with equity warrants, and cannot be transferred if detached from the Bond. In addition, considering that, if the Equity Warrant is exercised, the Bond will be terminated through substitutive payment and thus the Bond is closely connected to the Equity Warrant, and in consideration of the economic value to be obtained from the value of the Equity Warrant, and the interest rate, issue price and other conditions for issue of the Bond, it was decided that the Equity Warrant shall be issued for no consideration.
5. Payment date and date of issue September 7, 2005 (Wednesday)
6. Matters concerning the offering
- (1) Method for offering Allocation of the whole sum to Nomura Securities Co., Ltd. through private placement
- (2) Issue price (offering price) 100 yen per 100 yen par value
- (3) Deadline for application September 7, 2005 (Wednesday)
- (4) Place for receiving applications Nomura Securities Co., Ltd., Head Office
7. Matters concerning equity warrants
- (1) Type and number of shares The type of shares as the object of the Equity Warrant shall be the common shares of the Company. The number of common shares which the Company will issue

as the object of equity warrants

in response to a request for the exercise of the Equity Warrant (as defined in Item (6) of this Paragraph) or the number of the common shares held by the Company to be transferred in lieu of the issue of new common shares (the issue or transfer of the common shares of the Company shall hereinafter be referred to as “Delivery”) shall be the largest integral number obtained by dividing the total amount of the issue price of the Bond related to the request for exercise by the conversion price set out in (ii) of Item (3) of this Paragraph (however, if the price is changed or adjusted as set out in Item (8) or Item (9) of this Paragraph, this shall be the conversion price after change or adjustment). In this event, any fractional figure of less than one share shall be discarded, and no adjustment in cash shall be made.

(2) Total number of equity warrants

The number of Equity Warrants attached to each Bond shall be one. Twelve Equity Warrants in total shall be issued.

(3) Amount of payment at time of exercise and conversion price

(i) The amount to be paid at the time of exercising one Equity Warrant shall be equivalent to the issue price of the Bond.
(ii) The amount per share to be paid at the time of exercising the Equity Warrant shall be 3,000 yen (hereinafter referred to as “Conversion Price”) initially.

(4) Reasons for calculation of amount of payment at time of exercise
(Conversion Price)

The Bonds with equity warrants are convertible bonds with equity warrants and therefore the amount to be paid at the time of exercising one equity warrant was decided to be equivalent to the issue price of the Bond. The initial Conversion Price was decided to be 3,000 yen, which is equivalent to 140.85% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on August 22, 2005.

(5) Amount of capitalization of issue price of new shares

In the event of the issue of shares arising from the exercise of the Equity Warrants, the amount of capitalization per common share of the Company shall be the amount obtained by multiplying the issue price of the shares by 0.5. If any fractional figure of less than one yen is created as a result of the calculation, the fractional figure shall be rounded up.

(6) Period for request of exercise

The bondholder of the Bonds with equity warrants may request the exercise of the Equity Warrant (hereinafter referred to as “Request for Exercise”) at any time between September 8, 2005 and September 6, 2007 (hereinafter referred to as “Period for Request of Exercise”).

(7) Conditions for exercise

In the event of the early redemption of the Bond by the Company or acceleration by the Company related to the Bond based on (ii) or (iii) of Item (6) of Paragraph 8, the Equity Warrant shall not be exercised on or after the date of redemption or the date of acceleration. In the event of the early redemption of the Bond by the Company at the request of the bondholder of the Bonds with equity warrants as set out in (iv) of Item (6) of Paragraph 8, the Equity Warrant

shall not be partially exercised after the Bonds with equity warrants are presented to the place of the payment of redemption money.

(8) Change of Conversion Price

- (i) On or after April 1, 2006, the Conversion Price shall be changed to an amount equivalent to 92% of the average of every day's closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange for five consecutive business days from the business day following the third Friday of every month (hereinafter referred to as the "Date of Determination") (A business day without a closing price shall be excluded from the five consecutive business days. If the Date of Determination does not fall on a business day, the five consecutive business days shall be five consecutive business days up to the business day immediately preceding the Date of Determination. This shall hereinafter be referred to as the "Period for Calculation of Market Price") to the Date of Determination (inclusive) (calculated down to the first decimal place, with the first decimal place rounded up. Hereinafter referred to as "Price at the Date of Determination). However, in April 2006, two days, namely April 7 and April 21 shall become the Date of Determination, and the Conversion Price shall be changed twice.
- (ii) Irrespective of (i) of this Item, if the Company deems it necessary and notifies the bondholder of the Bonds with equity warrants in advance before March 17, 2006 (inclusive) after the issue of the Bonds with equity warrants (hereinafter referred to as "Prior Notification"), the Conversion Price shall be changed using a method similar to the method set out in (i) of this Item, until the end of March 2006. In this event, the Conversion Price shall be changed by deeming the Friday of the week two weeks' after the week that includes the date of the Prior Notification as the Date of Determination (if the Friday is a bank holiday, it shall be the immediately preceding bank business day). On or after April 1, 2006, irrespective of Prior Notification, the Conversion Price shall be changed as set out in (i) of this Item.
- (iii) If there is cause for the adjustment of the Conversion Price as set out in Item (9) of this Paragraph during the Period for the Calculation of the Market Price, the Conversion Price after the change shall be adjusted to a figure deemed appropriate by the Company in accordance with the prospectus of the Bonds with equity warrants. If, however, as a result of this adjustment, the Price at the Date of Determination is lower than 1,278 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 60% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no closing price on that date, it shall be the closing price on a day immediately preceding the date (calculated down to the first decimal place, with the first

decimal place rounded up). This shall hereinafter be referred to as the “Minimum Conversion Price,” but subject to adjustment as set out in Item (9) of this Paragraph.), the Conversion Price after the change shall become the Minimum Conversion Price. If the Price at the Date of Determination is higher than 4,260 yen (however, on or after April 10, 2006 this shall be an amount equivalent to 200% of the closing price for ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange on April 7, 2006 (if there is no closing price on this date, it shall be the closing price on the immediately preceding day. This shall hereinafter be referred to as the “Maximum Conversion Price,” but subject to the adjustment as set out in Item (9) of this Paragraph.), the Conversion Price after the change shall become the Maximum Conversion Price.

(9) Adjustment of the Conversion Price

If the Company issues or disposes of the common shares of the Company at an issue price or a disposal price that is lower than the market price of the common shares of the Company after the issue of the Bonds with equity warrants (however, excluding cases through the conversion or exercise of securities to be converted or be convertible to common shares of the Company or equity warrants (including equity warrants attached to bonds with equity warrants) based on which the Delivery of the common shares of the Company may be demanded), the Company shall adjust the Conversion Price using the following formula.

$$\text{Price after adjustment} = \text{Conversion Price before adjustment} \times \frac{\text{Number of newly issued shares or shares disposed of} \times \text{issue or disposal price per share}}{\text{Number of outstanding shares} + \frac{\text{Market price} \times \text{Conversion}}{\text{Number of outstanding shares} + \text{Number of newly issued shares or shares disposed of}}}$$

When the Company conducts a stock split or reverse stock split of the common shares of the Company, or issues securities to be converted or convertible to common shares of the Company, equity warrants based on which the Delivery of the common shares of the Company may be demanded or bonds with equity warrants, the Company shall adjust the Conversion Price appropriately. For the purposes of the above formula, the “number of outstanding shares” denotes a number obtained by deducting the number of the Company’s common shares held by the Company from the number of common shares of the Company already issued. In the event of the issue of the common shares of the Company through a stock split, the “number of newly issued or shares disposed of” shall not include the number of the common shares of the Company which is allocated to the Company’s common shares held by the Company as of the date of allocation to shareholders.

For the purposes of this Item, the “market price” denotes the average of every day’s closing price (excluding the number of days without a closing price) for

ordinary transactions of the common shares of the Company on the Tokyo Stock Exchange for 30 business days starting from the 45th business day before the day when the Conversion Price after adjustment applies (however, if the Board of Directors resolves that, on the condition that a profit available for dividend is converted into capital, the common shares of the Company will be issued through a stock split using profit, and a day before the day of the close of the shareholders meeting at which the conversion of the profit available for dividend into capital is resolved becomes the date of allocation to shareholders, this shall be the date of allocation to shareholders).

(10) Reasons and conditions for cancellation

Reasons for cancellation shall not be decided.

(11) Method for delivery of Share certificates

The Company shall deliver share certificates without delay after the Request for Exercise takes effect. However, no share certificates shall be issued for shares the number of which is less than one stock trade unit.

(12) Starting date of dividend payment for shares delivered through exercise

The dividend on the common shares of the Company delivered as a result of the Request for Exercise and money to be distributed (interim dividend) as provided in Article 293-5 of the Commercial Code shall be paid deeming that the common shares of the Company were delivered on January 1 if the Request for Exercise was made between January 1 and June 30, and on July 1 if the Request for Exercise was made between July 1 and December 31.

(13) Place for receiving Request for Exercise

Transfer agent: UFJ Trust Bank, Limited, Securities Agency Division

(14) Matters concerning substitutive payment

When the Equity Warrant is exercised as provided in Items 7 and 8 of Paragraph 1 of Article 341-3 of the Commercial Code, it shall be deemed that it was requested that the whole amount be paid at the time of the exercise of the Equity warrants be paid, and that payment based on this request was made.

8. Matters concerning the bondss

(1) Total amount of bonds

6.0 billion yen

(2) Amount of each bond certificate

500 million yen, only one type

(3) Interest rate of bonds

No interest shall be paid on the Bond.

(4) Date of redemption

September 7, 2007 (Friday)

(5) Amount of redemption

100 yen per 100 yen par value

However, in the event of early redemption, this shall be the amount set out in (ii) to (iv) of Item (6) of this Paragraph.

(6) Method of redemption

(i) The total amount of the Bond shall be redeemed on September 7, 2007.

(ii) If a general shareholders meeting of the Company resolves that the Company will become a wholly-owned subsidiary of another company through the exchange or transfer of stocks, the Company may redeem in advance all of the remaining Bonds (redeeming part of the remaining Bonds shall not be

permissible), held by the bondholders of the Bonds with equity warrants, at the following price per 100 yen par value with the Prior Notification made between 30 days and 60 days before the date of redemption, before the exchange or transfer of stocks takes effect.

101 yen for the period from September 8, 2005 to September 7, 2006

100 yen for the period from September 8, 2006 to September 6, 2007

- (iii) The Company may redeem in advance at the option of the Company all of the remaining Bonds (redeeming part of the remaining Bonds shall not be permissible), which are held by the bondholders of the Bonds with equity warrants, at a price of 100 yen per 100 yen par value on the third Friday of the month with Prior Notification before the first Friday (inclusive) of the month (if the first Friday is a bank holiday, it shall be the immediately preceding business day) after the issue of the Bonds with equity warrants.
- (iv) The bondholder of the Bonds with equity warrants shall have the right to request the Company to redeem in advance all or part of the Bonds held by the bondholder at a price of 100 yen per 100 yen par value on the fourth Friday of the month with the Prior Notification before the second Friday (inclusive) of the month (if the second Friday is a bank holiday, it shall be the immediately preceding business day) by presenting certificates of the Bonds with equity warrants to the place of payment of the redemption money set out in Item (12) of this Paragraph.
- (v) When the date of redemption set out in this Item is a bank holiday, the date shall be moved up to an immediately preceding business day.
- (vi) The Bonds may be purchased or cancelled at any time on or after the day following the date of issue. However, the Equity Warrant alone may not be cancelled. When the Bond is purchased and cancelled, the Company shall relinquish its rights to the Equity Warrant it acquired.

(7) Form of bond certificate

The form of bond certificate shall be an unregistered bond certificate.

Either the Bond or the Equity Warrant of the Bonds with equity warrants alone shall not be transferred as provided in Paragraph 4 of Article 341-2 of the Commercial Code.

(8) Existence or non-existence of security

Neither mortgage nor guarantee is provided for the Bonds with equity warrants.

There are no assets specially reserved for the Bonds with equity warrants.

(9) Financial special agreement

When the Company establishes a security right for other convertible bonds with equity warrants (including the first and second unsecured convertible bonds with equity warrants (convertible bonds with equity warrants and a special agreement on equal priority among bonds) which the Company issues in Japan in the future after the issue of the Bonds with equity warrants, the Company shall establish a security right with equal priority for the Bonds with equity warrants based on the Mortgage Debentures Trust Law, as long as the un-redeemed balance of the

Bonds with equity warrants exists. Convertible bonds with equity warrants shall denote the convertible bonds with equity warrants provided in Article 341-2 of the Commercial Code, with respect to which the Board of Directors resolved that it shall be deemed that, at the time of exercising equity warrants, the bondholders of bonds with equity warrants requested the payment of the whole amount at the time of the exercise of equity warrants in lieu of the redemption of the total amount of the bonds, and payment was made based on the request in accordance with the provisions of Items 7 and 8 of Paragraph 1 of Article 341-3 of the Commercial Code.

(10) Rating acquired

No rating shall be acquired.

(11) Bond management company

The Bonds with equity warrants satisfies the conditions set out in the proviso of Article 297 of the Commercial Code. Therefore, no bond management company shall be nominated.

(12) Agent for payment of redemption money (Place of payment of redemption money)

Nomura Trust and Banking Co., Ltd., Head Office

9. Whether an application for listing is filed or not

Nil

10. The above items are conditioned on the notification taking effect in accordance with the Securities and Exchange Law.

End

1. Purpose of use of funds raised

(1) Purpose of use of funds raised this time

The approximate net amount of funds raised of 30,800,000,000 yen is planned to be appropriated for the redemption of unsecured bonds of 28,000,000,000 yen, the repayment of short-term borrowings of 2,178,000,000 yen and the expansion of new business in the future requiring funds of 622,000,000 yen.

(2) Change in purpose of use of funds raised previously

There is no applicable item.

(3) Outlook for effect on business results

There is no change in the projected results (on a consolidated and non-consolidated basis) announced on August 15, 2005. We believe that shareholders' equity will be built up through the conversion into shares in the future, thereby strengthening the financial position of the Company.

2. Distribution of profits to shareholders, etc.

(1) Basic policy on the distribution of profits and the policy for dividends

The basic policy of the Company is to attach importance to the ongoing payment of stable dividends over the long term, returning profits based on profitability, and distributing profits while giving consideration to improving retained earnings to make preparations for the strengthening of the Company's financial position and the development of future business.

(2) Dividends paid in the past three accounting terms, etc.

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Net profit per share	4.48 yen	20.81 yen	38.75 yen
Annual dividend per share	4.00 yen	6.00 yen	5.00 yen
P a y o u t r a t i o	89.4%	28.8%	12.9%
Ratio of net profit to shareholders' equity	1.5%	6.4%	19.9%
Ratio of dividend to shareholders' equity	1.3%	1.8%	2.7%

(Note)1. The ratio of net profit to shareholders' equity is a figure obtained by dividing net profit by shareholders' equity (an average of opening total shareholders' equity and closing total shareholders' equity).

2. The ratio of dividend to shareholders' equity is a figure obtained by dividing the total amount of annual dividends by shareholders' equity (an average of opening total shareholders' equity and closing total shareholders' equity).

3. The Company conducted a 2-to-1 stock split on June 30, 2004.

3. Others

(1) Information on dilution due to latent shares, etc.

The ratio of the number of latent shares to the total number of outstanding shares will become 17.3% as a result of this financing, assuming rights are exercised using the initial conversion price. If rights are exercised using the maximum conversion price or the minimum conversion price, the ratio would be 39.9% or 12.4%, respectively.

(Note) The ratio of the number of latent shares is a figure obtained by dividing the number of shares to be issued if all of the equity warrants already issued are exercised and the number of shares to be issued if all of the equity warrants of the unsecured convertible bonds with equity warrants to be issued this time are exercised by the latest total number of outstanding shares.

(2) Past equity financing, etc.

Equity financing arranged during the past three years

There is no applicable item.

Stock price trends during the past three accounting terms and latest stock price

	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005
Opening price	486 yen	6774 yen	1,340 yen [2,740 yen]	2,405 yen
Highest price	714 yen	2,260 yen	7,300 yen [3,200 yen]	3,400 yen
Lowest price	300 yen	298 yen	1,340 yen [1,370 yen]	2,020 yen
Closing price	350 yen	1,330 yen	5,080 yen [2,390 yen]	2,130 yen

(Note) 1.

The stock price for fiscal 2005 is the stock price as of August 22, 2005.

2. The Company conducted a 2-to-1 stock split on June 30, 2004. The figures in parenthesis show the stock price after the stock split.

Trends in the price earnings ratio and return on equity during the past three accounting terms

	Fiscal 2002	Fiscal 2003	Fiscal 2004
Price earnings ratio	78.13	63.91	61.67
Return on equity	1.5%	6.4%	19.9%

(Note) The price earnings ratio denotes a figure obtained by dividing the stock price (closing) at the end of the accounting term by net profit per share for that accounting term.

(3) Others

Restrictions on transfer are expected to be imposed on the bonds with equity warrants in question.

Nomura Securities Co., Ltd., to which the bonds with equity warrants in question will be allocated, will not borrow shares for the purpose of short selling related to this purchase, with the exception of the sale of shares of the same issue as the shares to will be acquired as a result of the exercise of equity warrants attached to these bonds with equity warrants, up to the limit of the volume of the shares to be acquired.

4. Parties to which convertible bonds with equity warrants will be allocated and planned amount of allocation

Name of party to be allocated		Nomura Securities Co., Ltd.
Allocated convertible bonds with equity warrants (par value)		31,000,000,000 yen in total
Amount of payment		31,000,000,000 yen in total
Party for allocation	Address	1-9-1, Nihonbashi, Chuo-ku Tokyo
	Name of representative	Nobuyuki Koga, President
	Capital stock	10,000,000,000 yen
	Business	Securities business
	Large shareholder	Nomura Holdings, Inc. (100%)
with the	Equity Relation	Number of shares of the party for allocation which are held by the Company Nil (as of June 30, 2005)

	Number of shares of the Company which are held for the party for allocation	Nil (as of June 30, 2005)
	Trading relationship, etc.	Lead manager securities company
	Personnel relationships, etc.	There is no applicable item.

End