

December 13, 2006

For Immediate Release

Company Name: GMO Internet Inc.
(TSE First Section, Code: 9449)
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New Stock to be Issued in Allocation of Shares to Third Party

In the Board of Directors meeting held by this company today, December 13, 2006, it was resolved to issue new stock for an allocation of shares to a third party. Details are as follows.

1. New Stock Issuance - Outline

- (1) Number of new shares to be issued: 10,000,000 Common Shares
- (2) Issue Price: ¥763 /per share
- (3) Total Value of Stock Issue: ¥7,630,000,000
- (4) Capital Incorporation: ¥382/ per share
- (5) Aggregate Capital Incorporation: ¥3,820,000,000
- (6) Application Period: December 22, 2006 to December 29, 2006
- (7) Payment Date: December 29, 2006
- (8) Purchaser and Allocated No. of
Shares: All Issued Shares will be allocated to the
CEO of this company, Masatoshi Kumagai
- (9) Each of the points is conditional on notification in accordance with
Securities and Exchange Laws.

No delivery date is listed above as no new share certificates will be issued.

2. Changes in Issued Stock (Changes in Capital)

Current Number of Shares Outstanding: 62,128,378 (December 13, 2006)

(Current Capital: ¥3,328,299,187)

Increase in Number of Shares: 10,000,000

(Increase in Capital: ¥3,820,000,000)

Total Number of Shares after Increase in Capital: 72,128,378

(Capital after increase in capital ¥7,148,299,187)

3. Reasons for Increase in Capital and Application of Funds

(1) Reasons for Increase in Capital

As announced on December 11, 2006, for reasons including delayed initial planning for an increase in excess interest repayment claims in the group's loans and credit business, a ¥3.6 billion decrease is projected in the consolidated adjustments account of the loans and credit company in the consolidation, GMO NetCard Inc. Also, for the same reasons a loss on appraisal of stock in affiliated companies on GMO NetCard stock of ¥5.5 billion is expected. In addition, in the same company, other measures are required including a further ¥8.15 billion increase in the addition to the excess interest repayment reserve after its revision.

In order to accommodate the reduction in net assets as a result of revised accounting procedures, funds will be procured with the objective of strengthening our financial base through an increase in capital.

The method of increasing capital through allocation of shares to a third party with the company CEO Masatoshi Kumagai as guarantor has been chosen to ensure a quick procurement of funds.

(2) Method of Determining the Issue Price

The issue price of ¥763 was determined with reference to the closing price (¥847) on regular transactions of the company's common stock released by the Tokyo Stock Exchange on December 12, 2006, on the day prior to the decision at the Board of Directors meeting (a discount of 9.92% was applied).

The advice of an external consulting organization was also sought, including advice regarding the issue price, prior to the decision concerning an increase in capital through allocation of shares to a third party.

(3) Application of Funds

Total issue costs of the increase in capital through allocation of shares to a third party will be roughly ¥26 million. When this amount is subtracted from the total value of the stock issue (¥7.63 billion) the remainder is ¥7.603

billion. This amount will be allocated to strengthening our financial base through loans and investment in a subsidiary and other reinforcement of capital.

(4) Forecast Results and Dividends

We are currently calculating earnings estimates in consideration of this increase in capital. New figures will be released as soon as they are available.

(5) Standard Policy Regarding Distribution of Profit to Shareholders

In regard to the dividend for the current term, as announced on December 11, 2006, the dividend for the end of December has been adjusted to reflect a consolidated net loss resulting from the extraordinary loss incurred through such measures as the allocation of an excess interest repayment fund.

As previously announced by the company, we place importance on retained earnings for shareholders. It is our standard policy on dividend payouts to aim for a dividend ratio of 33% of consolidated current term net profit. We express our deep regret to shareholders concerning the dividend for the current term. As of the next term we intend to observe the above policy regarding profit allocation and the group will put all its energy into the early resumption of dividend payments.

(6) Application of Internal Reserve

The internal reserve will be used to strengthen our financial base.

4. Outline of Purchaser

(1) Outline of Purchaser

Purchaser Name: Masatoshi Kumagai

Number of Shares Allocated: 10,000,000

Amount to be Paid: ¥7,630,000,000

Relationship to this Company: CEO of this company

Investment in this Company: 2,000,000 shares (3.2%) (December 13, 2006)

When combined with shares owned by the company The Masatoshi Kumagai Office Ltd.

(22,400,000 shares) the total is 24,400,000 shares (39.3%) (December 13, 2006)

(2) The Purchaser's Policy Regarding Ownership of the Company's Stock

The purchaser is a stable shareholder.

(3) Items Regarding Reporting of the Transfer of the Allocation of New Stock

No decision has been made between the company and the purchaser regarding the continuous ownership or deposition of the allocated new shares

However if the purchaser decides transfer all or part of the concerned allocated new shares within two years of the issue date (December 29, 2006), the purchaser consents to immediately report to the company the name and address of the person who will receive the shares, the number of shares to be transferred, the date of transfer, the transfer price and the reason for and method of transfer.

5. Schedule of Increase in Capital

(1) Schedule of Increase in Capital (planned)

December 13, 2006 (Wednesday)	Decision to issue new stock by board of directors
December 13, 2006 (Wednesday)	Securities Registration Statement (Kanto Local Finance Bureau)
December 21, 2006 (Wednesday)	Notification to come into effect
December 22, 2006 (Friday) to December 29, 2006 (Friday)	Application period
December 29, 2006 (Friday)	Payment date
December 29, 2006 (Friday)	Date of receipt of funds

(2) Perspective on Future Increases in Capital

We will closely examine future business expansion and financial requirements based on earnings estimates.

(3) This matter will not influence the condition of equity finance etc. carried out over the past three years.

(4) The Past Three Financial Years and Recent Stock Price Transition

	Year Ended December 2003	Year Ended December 2004		Year Ended December 2005	Year Ending December 2006
		Up to February 26, 2004	After February 27, 2005		
Balance Sheet Month/Year	December 2003	December 2004		December 2005	December 2006
Opening Price (yen)	374	1,340	1,785	2,405	2,905
High (yen)	2,260	1,850	7,300 □3,060	3,400	2,975
Low (yen)	298	1,340	1,675 □1,370	1,862	847
Closing Price (yen)	1,330	1,770	2,390	2,910	847

(notes) 1 The □ denotes highest and lowest ex-rights stock prices after a stock split.

2 In 2004 the price listed for before February 26 is the Japan Securities Dealers Association price and the price from February 27 is the Tokyo Stock Exchange price.

3 In 2006, figures listed are the figures for December 12, 2006.

6. Major Shareholders after the Increase in Capital

Position	Name	No. of Shares Owned	Percentage
1	The Masatoshi Kumagai Office Ltd.	22,400,000	31.1%
2	Masatoshi Kumagai	12,000,000	16.6%
3	HSBC Fund Service J2	2,726,500	3.8%
4	Bayerische Vereinsbank A.G. Customer Account	1,886,600	2.6%
5	HSBC Fund Service J1	1,362,000	1.9%
Total Number of Issued Shares		72,128,378	100%

(notes) This listing shows the impact of the increase in capital through allocation of shares to a third party on the number of shares as of June 30, 2006.

When combined the total shares owned by The Masatoshi Kumagai Office Ltd. and Masatoshi Kumagai is 34,400,000 (47.7%)