

For Immediate Release

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An Explanation of Today's Series of Disclosures

GMO Internet Inc. has today released disclosure statements concerning the matters listed below. Due to the extensive nature of the disclosures we are providing the following summary explanation.

Please also refer to the Strategy Regarding Pullout of Loans and Credit Business – Presentation Materials. http://ir.gmo.jp/irlibrary/pdf/20070813_en_01.pdf

- 1 . Announcement of a Complete Pullout of Loans and Credit Business, Transfer of Stock in a Subsidiary (Transfer of a Subsidiary) and Change of Subsidiary Name
- 2 . Transfer of GMO Internet Securities Inc. Stock
- 3 . Partial Sale of GMO Hosting & Security Inc.
- 4 . Revision to Results and Dividend Forecast

Complete Pullout of the Loans and Credit Business

- 1 . Announcement of a Complete Pullout of Loans and Credit Business, Transfer of Stock in a Subsidiary (Transfer of a Subsidiary) and Change of Subsidiary Name

The GMO Internet Group is comprised of the Internet Use Support (Infrastructure) segment, Internet Advertising Support (Media) segment and the Internet Finance segment.

The Internet Finance Segment is divided into the Loans and Credit business, the Internet Securities business and the Venture Capital business.

There have recently been dramatic changes in the environment surrounding the Loans and Credit business including interest repayment issues and reforms to moneylending laws. In the current interim period interest repayment related losses were recorded of approximately ¥14 billion over initial forecasts. This was largely a result of recent interest repayments and the maximum risk expected in relation to future interest repayment demand taking into account changes in the industry in the loans and credit business.

The outlook for the credit and consumer finance industry is uncertain and as a result of a strategic

decision by GMO Internet Inc. after careful consultation we have decided to completely withdraw from the loans and credit business by transferring stock of loans and credit holdings company, GMO LOAN-CREDIT HOLDINGS Inc. (GMOLCH) to its executives. This allows us to focus management resources on the Internet Use Support (Infrastructure) and Internet Advertising Support segments.

As a result of the stock transfer subsidiaries in the loans and credit business will be excluded from the consolidation from the latter part of the term. A total of 18 companies will be excluded from the consolidation resulting in a ¥60 billion reduction in consolidated total assets, and an impact of approximately ¥13 billion on operating income. In regard to impact on operating profit and ordinary profit we expect a reduction of around ¥2.15 billion over initial forecasts.

In addition we will record an extraordinary loss of ¥6.4 billion yen (withdrawal costs).

A Strong and Stable Financial Base

- 2 . Transfer of GMO Internet Securities Inc. Stock
- 3 . Partial Sale of GMO Hosting & Security Inc.

The pullout of the loans and credit business will temporarily damage consolidated shareholders' equity however we plan to quickly strengthen our financial base through the sale of stock held in subsidiaries.

We expect to record an extraordinary profit of ¥3.5 billion as a result of these sales. GMO Internet Securities will be excluded from the consolidation in the latter part of the term as a result of the sale. The impact of this will be a reduction in consolidated total assets of ¥22 billion and ¥1.5 billion in operating income in the latter half of the term. The impact on operating profit and ordinary profit will be minor.

In regard to the partial sale of stock held in GMO Hosting & Security Inc, GMO Internet Inc. will retain majority voting rights after the sale so there will be no change to the company's status as a consolidated subsidiary of GMO Internet Inc.

Currently there are no plans at all for any further sale of stock in consolidated subsidiaries.

GMO Internet Inc. will make every effort to improve consolidated shareholders' equity ratio in the 2007 fiscal year including considering the sale of other investments in securities.

Revision to Results and Dividend Forecast

- 4 . Revision to Results and Dividend Forecast

Results have been revised due to additions to the interest repayment reserve in the loans and credit business and losses incurred as a result of the complete withdrawal from the loans and credit industry. We have also reluctantly revised our dividend forecast.