

April 20, 2011

For Immediate Release

Company Name: GMO Internet, Inc.
(TSE First Section, Code: 9449)
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GMO Internet, Acrodea to Carve out Smartphone Platform Business into Joint Venture Company (Consolidated Subsidiary) Joint Venture Contract Concluded

A GMO Internet Board of Directors meeting convened today has to establish GMO GameCenter K.K. as a joint venture with Acrodea, Inc. that will merge the two company's smartphone businesses through respective corporate splits (simplified corporate separations). The new joint venture will be accounted for as a consolidated subsidiary in both companies. Also at the same Board of Directors meeting it was agreed to conclude a joint venture contract with Acrodea regarding management of the GMO GameCenter business. GMO Internet and Acrodea will transfer resources required to operate the smartphone business to GMO GameCenter following the joint corporate split.

1. Objectives of the Joint Corporate Split

As stated in the disclosure statement *Joint Venture Company to be Established with Acrodea, Inc. in Smartphone Platform Business* (March 30, 2011), through a partnership with Acrodea, Inc. we have established GMO GameCenter, a game distribution platform for Android devices, and developed a business specializing in game content. However, the smartphone industry is growing rapidly, and the smartphone platform business now needs to be able to move even more quickly and flexibly in order to expand in Japan and foreign markets. In light of this need, the two companies have agreed to bring the necessary resources together to establish a joint venture company by carving out their respective smartphone businesses in order to further strengthen business and expedite growth and development.

2. Overview of the Joint Corporate Split

(1) Schedule of Joint Corporate Split

Conclusion of Memorandum of Understanding agreeing to establish joint venture	March 30, 2011
Board of Directors resolution approves corporate split Joint venture contract concluded	April 20, 2011
Date of establishment for carved-out company	June 1, 2011 (tentative)

(note) The corporate split in both companies is to be executed as a simplified corporate separation (kani kaisha bunkatsu) in accordance with Company law Article 805. As a result approval by a meeting of shareholders is not required.

(2) Method of Joint Corporate Split

Corporate split in both GMO Internet & Acrodea to establish GMO GameCenter.

(3) Allocation of Shares

The carved out company will issue 100 common shares at the time of the corporate split. GMO Internet will be allocated 51 shares (51.0%) and Acrodea 49 shares (49.0%).

(4) Handling of GMO Internet Share Warrants and Bonds with Share Warrants

GMO Internet does not have any outstanding share warrants or bonds with share warrants.

(5) GMO Internet Capital

There will be no change to the company's capital as a result of the corporate split.

(6) Rights and Obligations to be Transferred to the Split off Company

At the time of the corporate split all assets, liabilities and contractual positions etc. relating to the smartphone business in Acrodea and GMO Internet to be transferred to GMO Game Center.

(7) Assumption of Liabilities

Following the respective corporate splits all debt in GMO Internet, Acrodea, and GMO GameCenter is expected to be settled.

However, both GMO Internet and Acrodea will jointly assume liabilities in the company.

3. Calculation Base for Allocation in Joint Corporate Split

(1) Basis and Reasons for Calculation Base

In regard to share allocation ratio in the split off company, in order to maintain fairness and ensure an appropriate result, GMO Internet and Acrodea have both individually sought a calculation base from independent institutions. GMO Internet selected KPMG FAS and Acrodea, Inc. selected law firm, Soga, Uryu & Itoga (SUI).

Based on documents etc. relating to the business to be spun off provided by Acrodea, and using the discounted cash flow method (DCF), KPMG FAS calculated the value of the split off business and presented the results to GMO Internet.

Based on documents etc. relating to the business to be spun off provided by GMO Internet, SUI calculated the value of the split off business and presented the results to Acrodea.

Taking into consideration the calculation bases supplied to GMO Internet and Acrodea by the above independent institutions, and following negotiation and discussions, a 51:49 (GMO Internet/Acordea) share allocation ratio was agreed, and in Board of Directors meetings convened by both companies today the ratio was approved, and a joint venture contract was concluded between the two companies.

(2) Relationship with Advisory Institutions

Both KPMG FAS and SUI are independent of GMO Internet and Acrodea, have no relationship to either company, and no significant conflict of interest exists.

(3) Expectation of Delisting and Reasons

None

4. Outline Companies to Execute Corporate Split

	Company to Execute Split	Company to Execute Split
(1) Name	GMO Internet, Inc.	Acrodea, Inc.
(2) Address	26-1 Sakuragaokacho, Shibuya-ku, 150-8512 Tokyo Japan	2-1-1 Kamimeguro, Meguro-ku, Tokyo 153-0051, Japan
(3) Name and Title of Representative	Representative Director, President and Group CEO Masatoshi Kumagai	Representative Director & President: Junya Tsutsumi
(4) Business Description	Web Infrastructure & Ecommerce Internet Media	Middleware business, Media business, Ecommerce business

	Interne Securities	
(5) Capital	20 billion yen (as of April 2011)	2.532 million yen (as of April 2011)
(6) Date Established	May 24, 1991	July 12, 2004
(7) No of Outstanding Shares	117,806,777 (as of April 2011)	110,345
(8) Close of Fiscal Year	December 31	August 31
(9) No. of Employees in Consolidation	1,740 (as of end of December 2010)	178 (consolidated) (as of end of August 2010)
(10) Major Clients	Business and individual customers	NTT DOCOMO, Inc. KDDI Corporation Softbank Mobile Corporation Samsung Electronics CO., LTD. LG Electronics, Inc.
(11) Major Banks	Aozora Bank Development Bank of Japan Inc. Bank of Tokyo-Mitsubishi UFJ Mitsubishi UFJ Trust and Banking Mizuho Bank Resona Bank Sumitomo Mitsui Banking Corporation	Mizuho Bank Mitsui Sumitomo Bank The Bank of Tokyo Mitsubishi UFJ
(12) Major Shareholders and % Ownership	Kumagai Masatoshi Office, Ltd. (34.1%) Masatoshi Kumagai (12.7%) Yahoo! Japan (5.1%) (as of end of December 2010)	GMO Internet, Inc. 19.93% Junya Tsutsumi 7.61% NTT DOCOMO, Inc. 6.61% KDDI Corporation 3.89% (as of August 2010)
(13) Relationship between the Companies		
Capital Relationship	GMO Internet holds 22,000 shares (19.93%) in Acrodea, and is the company's leading shareholder. Acrodea holds 20 shares (9%) in GMO Internet subsidiary GMO DIGITAL DISTRIBUTION, Inc.	
Personal Relationship	GMO Internet CEO, Masatoshi Kumagai sits as an external Director on Acrodea's Board of Directors.	
Transactional Relationship	GMO Internet and Acrodea jointly operate an Android app market business under a capital partnership agreement formed last year. In addition, an outsourcing contract was formed with GMO Internet consolidated subsidiary, GMO DIGITAL DISTRIBUTION in relation to the ASP service MY Slide Video.	
Current Status of Relationships	Acrodea is an equity method affiliate of GMO Internet	
(13) Operating Results and Financial Condition in the Past 3 Years (Unit: JPY millions except where otherwise indicated)		
Fiscal Term	GMO Internet, Inc.	Acrodea, Inc.

	(Company to Execute Split)			(Company to Execute Split)		
	FYE 12/08	FYE 12/09	FYE 12/10	FYE 12/08	FYE 12/09*	FYE 12/10
Net Assets	13,367	14,145	21,396	3,905	2,772	571
Total Assets	39,752	40,922	165,460	4,535	4,338	1,805
Net Assets per Share (yen)	67.26	70.47	85.37	49,392.82	31,197.91	6,234.92
Revenue	37,247	38,195	44,483	2,813	4,501	2,931
Operating Profit or Loss(-)	4,143	4,649	5,728	315	-888	-850
Ordinary Profit or Loss(-)	4,031	4,797	5,738	267	-913	-914
Net Profit or Loss(-)	2,111	1,354	2,209	-170	-1,644	-2,192
Net Profit per Share (yen)	21.01	13.49	22.09	-2,420.55	-20,141.35	-24,871.65
Dividend per Share (yen)	7.00	6.00	7.00	—	—	—

*Acrodea accounted 17 months in FYE 8/2009. This anomaly is due to changeover to a new fiscal term.

5. Description of Split off Business

(1) Description of Split off Business

Smartphone platform business of GMO Internet and Acrodea

GMO Internet will mainly transfer server software, cash, and contracts with customers / content providers / payment processing services.

Acrodea will mainly transfer software assets to the business.

(2) Operating Results of the Smartphone Business

(Unit: JPY millions)

	GMO Internet, Inc. (Company to Execute Split)			Acrodea, Inc. (Company to Execute Split)		
	Smartphone Business (A) *1	Entire Company (B) *2	% (A)/(B)×100	Smartphone Business (C) *1	Entire Company (D) *2	% (A)/(B)×100
Revenue	1	44,483	0	7	1,049	0
Ordinary Profit	-25	5,738	—	-53	-321	-

*1 End of February 2011

*2 End of December 2010 (consolidated)

*3 September 1 2010 – February 28, 2011 (consolidated)

*4 Gross profit on revenue from the project is listed under ordinary profit as this business is not recognized as an individual business segment.

(3) Assets and Liabilities to be Split Off (As of end of February 2011)

GMO Internet Inc. (Company to Execute Split)

(Unit: JPY millions)

Item	Book Value	Item	Book Value
Current Assets	10	Liabilities	—
Fixed Assets	—		
Total	10	Total	—

Acrodea, Inc. (Company to Execute Split)

(Unit: JPY millions)

Item	Book Value	Item	Book Value
Current Assets	—	Liabilities	—
Fixed Assets	276		
Total	276	Total	—

6. Position of Companies after Split

(1) Company Name	GMO Internet, Inc. (Company to Execute Split)	Acrodea, Inc. (Company to Execute Split)
(2) Address	26-1 Sakuragaokacho, Shibuya-ku, 150-8512 Tokyo Japan	2-1-1 Kamimeguro, Meguro-ku, Tokyo 153-0051, Japan

(3) Name and Title of Representative	Representative Director, President and Group CEO Masatoshi Kumagai	Representative Director & President: Junya Tsutsumi
(4) Business Description	Web Infrastructure & Ecommerce, Internet Media, Internet Securities	Middleware business, Media business, Ecommerce business
(5) Capital	JPY 20 billion yen (as of April 2011)	JPY 2.532 billion (as of April 2011)
(6) Fiscal Year	December 31	August 31
(7) Net Assets	JPY 21.396 billion (as of end of December 2010)	JPY 571 million (as of end of August 2010)
(8) Total Assets	JPY 165.46 billion (as of end of December 2010)	JPY 1.805 billion (as of end of August 2010)

7. Outline of Split off Company

(1) Outline of Split off Company

(1) Company Name	GMO GameCenter K.K. (tentative)	
(2) Address	26-1 Sakuragaokacho, Shibuya-ku, Tokyo JAPAN	
(3) CEO	Naoto Hattori	
(4) Business Description	Smartphone game platform business operation	
(5) Capital	JPY 1 billion	
(6) Date of Establishment	June 1, 2011 (tentative)	
(7) No. of Outstanding Shares	100	
(8) Close of Fiscal Year	December 31	
(9) No. of Employees	25	
(10) Major Clients	General customers / content providers etc.	
(11) Major Banks	Bank of Tokyo-Mitsubishi UFJ	
(12) Major Shareholders and % Ownership	GMO Internet	51.0%
	Acrodea	49.0%
(13) Relationship to GMO Internet		
Capital Relationship	GMO Internet to acquire 51% of total outstanding shares in GMO GameCenter. The company will become a consolidated subsidiary.	
Personal Relationship	At the time of establishment GMO GameCenter's Board of Directors will comprise 6 Directors and 2 Auditors of which 4 Directors and 1 Auditor shall be appointed from GMO Internet or GMO Internet Group companies. In addition, 8 employees of the group to transfer to GMO GameCenter	
Transactional Relationship	None	

Current Status of Relationships	Acrodea is an equity method affiliate of GMO Internet

(2) Board of Directors and Auditors in Split off Company

GMO GameCenter Directors and Auditors to be appointed from GMO Internet Group and Acrodea Executives.

CEO	Naoto Hattori (Head of GMO Internet's Smartphone Platform business)
Chairman	Masatoshi Kumagai (CEO of GMO Internet)
Vice Chairman	Junya Tsutsumi (CEO of Acrodea)
Vice President	Tsuguhiro Kimura (Director of Acrodea)
Director	Masafumi Okumura (Director of GMO Digital Contents Distribution)
Director	Shintaro Takahashi (Director of GMO Internet and CEO of GMO AD Partners)
Auditor	Masashi Yasuda (CFO of GMO Internet)
Auditor	Yoshio Kuniyoshi (Executive Vice President of Acrodea)

8. No. of Shares to be Acquired, Acquisition Price, and No. of Shares Held before and after Acquisition

No. of Shares Held before Acquisition	None (company not yet established)
No. of Shares to be Acquired	51 (No. of voting rights: 51) (Percentage ownership: 51.0%)
No. of Shares Held owned Acquisition	51 (No. of voting rights: 51) (Percentage ownership: 51.0%)

9. Summary of Accounting Treatment

The corporate split will be treated as an acquisition.

10. Outlook

At this time, the impact of the corporate split on business results in the current term is undetermined. In the event that the development of GMO GameCenter's business is likely to significantly influence business performance, a separate announcement will be made.

11. Transactions with a Controlling Shareholder

None

(Reference) Consolidated Results Forecast and Actual Results in the Current and Previous Fiscal Years
(As announced on February 8, 2011)

FYE 12/2011 Results Forecast (January 1, 2011 – December 31, 2011)

	Sales	Operating Profit	Ordinary Profit	Net Profit	Net Profit per Share
Full Year	¥57,000 million	¥7,000 million	6,800 million	2,400 million	¥24.00
YoY Change	28.1%	22.2%	18.5%	8.6%	

FYE 12/2011 Results (January 1, 2010 – December 31, 2010)

	Sales	Operating Profit	Ordinary Profit	Net Profit	Net Profit per Share
Full Year	¥44,483 million	¥5,728 million	¥5,738 million	¥2,209 million	¥22.09
YoY Change	16.5%	23.2%	19.6%	63.2%	