

Third Quarter Results Presentation for the 2008 Fiscal Year

November 12, 2008

GMO Internet, Inc.

(TSE First Section: 9449)

Internet for Everyone

<http://www.gmo.jp/en>

About the Use of this Document

This document includes projections based on expectations, premises and plans as of November 12, 2008. These projections may differ from actual results due to factors including changes in the global economy, competition, and exchange rates or natural disasters and other unforeseeable events. Some of the figures given, such as market share, are based on our own calculations. These figures may differ from research agency figures.

Information published in this document is provided for information purposes only and does not constitute a solicitation of investors. Further, results forecasts and other forward-looking statements are based on premises that include risks and factors that are largely indeterminable. Please understand that actual results may differ significantly as a result of forces including economic conditions and market environment. No responsibility is accepted for any damage sustained as a result of actions taken based on this information, regardless of the reason.

Agenda

1. **Summary**
2. **Overview of 2008 3rd Quarter Financial Statement**
3. **Business Segments**
4. **Segment Report**
 1. Internet Use Support (Infrastructure)
 2. Internet Advertising Support (Media)
5. **Focus, Challenges & Approach by Segment**

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①Internet Infrastructure

②Internet Media

5. Focus, Challenges &
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1. Summary

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Summary (I)

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①Internet Infrastructure

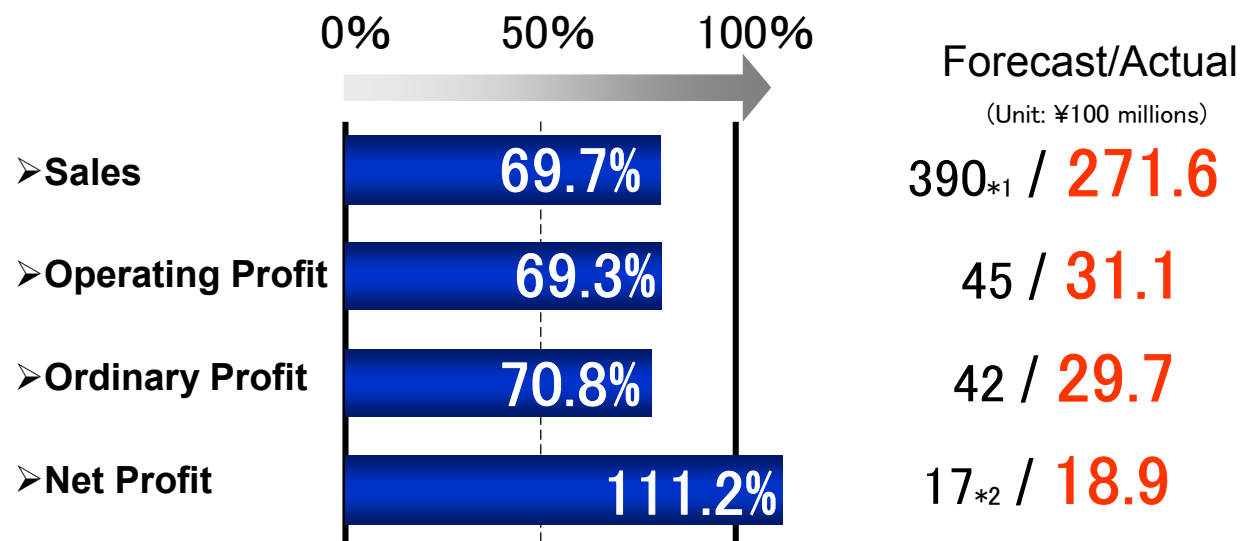
②Internet Media

5. Focus, Challenges &
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Highlights

1. Operating Profit up 53.5%
Ordinary Profit up 121.3%
(YoY in Q3)

2. Net Profit: Upward Revision (Full Year)
Exceeds Initial Forecast in Q3



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*1 Forecast as of the end of September: Revised to ¥37B (11/12)

*2 Forecast as of the end of September: Revised to ¥2.1B (11/12)

Summary (II)

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P/L Highlights: Ordinary Profit up 121.3% (YoY in Q3)

Consolidated P/L (Q1-Q3) 2008				
	1-9/2007	1-9/2007 (ex-Finance)	1-9/2008	YoY Change
➤ Sales	¥37.71B	¥23.55B	¥27.16B	+15.3%
➤ Operating Profit	-¥9.76B	¥2.59B	¥3.11B	+20.0%
➤ Ordinary Profit	-¥10.28B	¥2.09B	¥2.97B	+42.2%
➤ Net Profit	-¥12.02B	-¥19.48B	¥1.89B	-

Consolidated P/L in Q3 2008			
	7-9/2007	7-9/2008	YoY in Q3 Change
➤ Sales	¥7.68B	¥9.95B	+29.6%
➤ Operating Profit	¥0.72B	¥1.11B	+53.5%
➤ Ordinary Profit	¥0.52B	¥1.15B	+121.3%
➤ Net Profit	¥3.67B	¥0.91B	-75.0%

◆ Gain on sale of stock in a subsidiary
◆ Gain on sale of investment securities

*Tax on the above gains: ¥1.3B

Total: ¥3.6B

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Summary (III)

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P/L Highlights by Segment

Internet Infrastructure						
	1-9/2007	1-9/2008	YoY Change	7-9/2007	7-9/2008	YoY Change in Q3
➤ Sales	¥13.98B	¥14.33B	+2.5%	¥4.56B	¥4.81B	+5.5%
➤ Operating Profit	¥1.76B	¥1.94B	+10.6%	¥0.46B	¥0.67B	+44.4%

→44.4% increase (YoY in Q3) in operating profit offsets impact of delay in Security business

Internet Media						
	1-9/2007	1-9/2008	YoY Change	7-9/2007	7-9/2008	YoY Change in Q3
➤ Sales	¥9.81B	¥13.11B	+33.6%	¥3.17B	¥5.36B	+68.8%
➤ Operating Profit	¥0.79B	¥1.13B	+43.0%	¥0.27B	¥0.43B	+67.6%

→Robust performance in SEM Media and Overture businesses. Operating profit up 67.6% (YoY in Q3)

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Summary (IV)

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Condition of listed subsidiaries in Q3

(¥millions)

			
Stock Listing	TSE Mothers (3788)	TSE 1st Section (3769)	OSE Hercules (4784)
Fiscal Term	3rd Quarter Year Ending 12/2008	4th Quarter Year Ending 9/2008	3rd Quarter Year Ending 12/2008
Sales	1,726	598	1,387
Operating Profit	175	233	-39
Ordinary Profit	189	212	-24
Net Profit	80	122	-8

*From the financial statements of each company

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2. Overview of 2008 3rd Quarter Financial Statement

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Consolidated P/L

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Forecast full-year net profit achieved in 3Q

(¥millions)

	1-9/2007 (ex-Finance)	1-9/2008 (Actual)	FYE 2008 (Forecast)	7-9/2007	7-9/2008	YoY Change
Sales	23,557	27,164	39,000 *1	7,685	9,959	+29.6%
Business Expenses	10,318	12,968	—	3,426	5,061	+47.7%
SGA	10,643	11,079	—	3,532	3,782	+7.1%
Operating Profit	2,596	3,116	4,500	726	1,115	+53.5%
Non-operating revenue	150	408	—	11	169	+1,436.4%
Non-operating expenses	655	550	—	214	126	-41.1%
Ordinary Profit	2,091	2,973	4,200	523	1,158	+120.1%
Extraordinary Profit	4,971	484	—	4,918	202	-95.9%
Extraordinary Loss	27,143	168	—	8	12	+45.1%
Minority Equity	-272	-469	—	-24	-74	+200.8%
Corporate Taxes etc.	+871	-928	—	-1,735	-355	—
Net Profit	-19,482 *3	1,891	1,700 *2	3,676	917	-75.0

*1 Forecast as of the end of September. Revised to ¥37B (11/12)

*2 Forecast as of the end of September. Revised to ¥2.1B (11/12)

*3 Including Finance business withdrawal costs

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Sales & Operating Profit (Q1-Q3) by Segment

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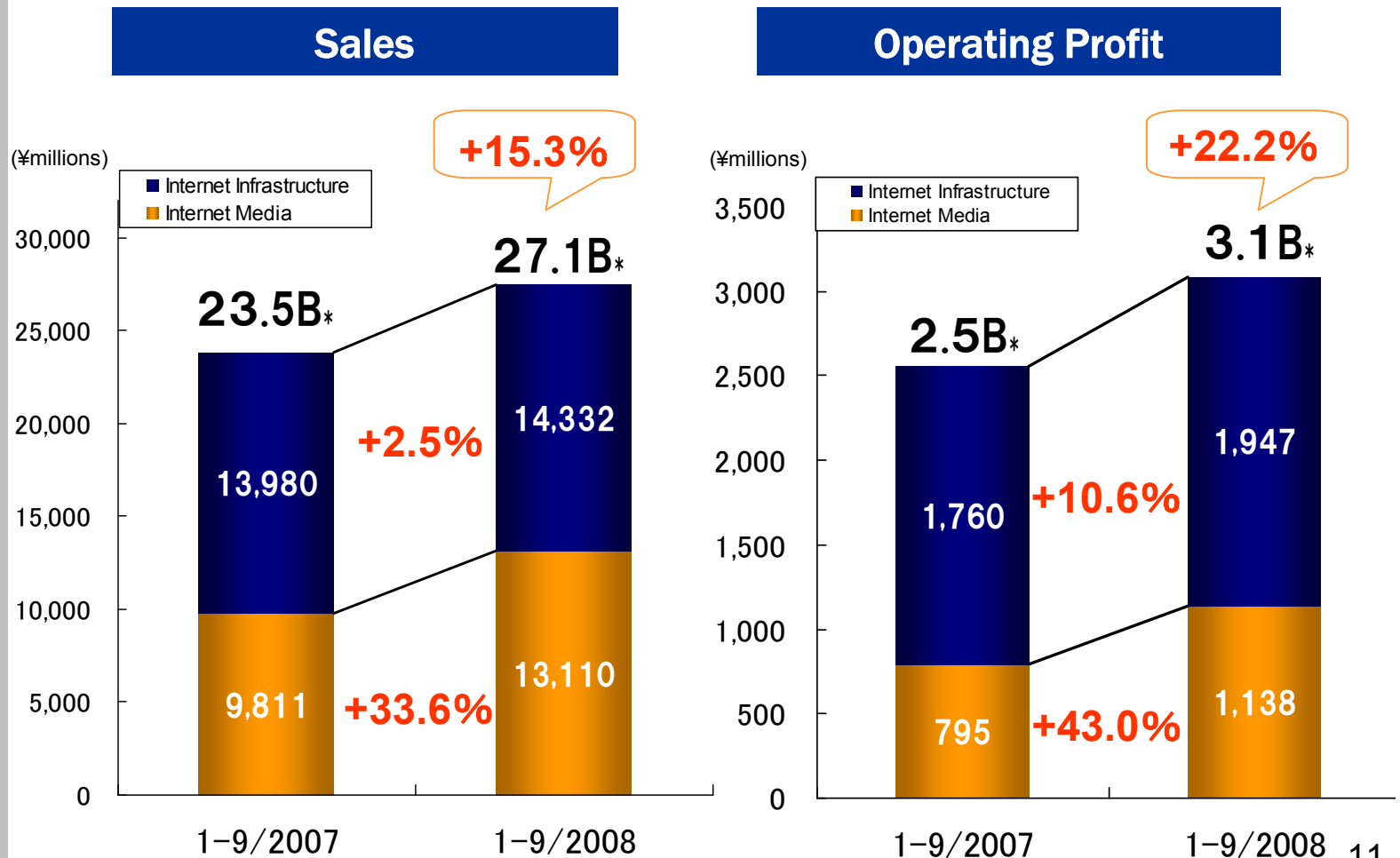
4. Segment Report

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5. Focus, Challenges &
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Major increase in profits on strong SEM and Overture performance



*After adjustment for inter-segment transactions

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Sales & Operating Profit in Q3 by Segment

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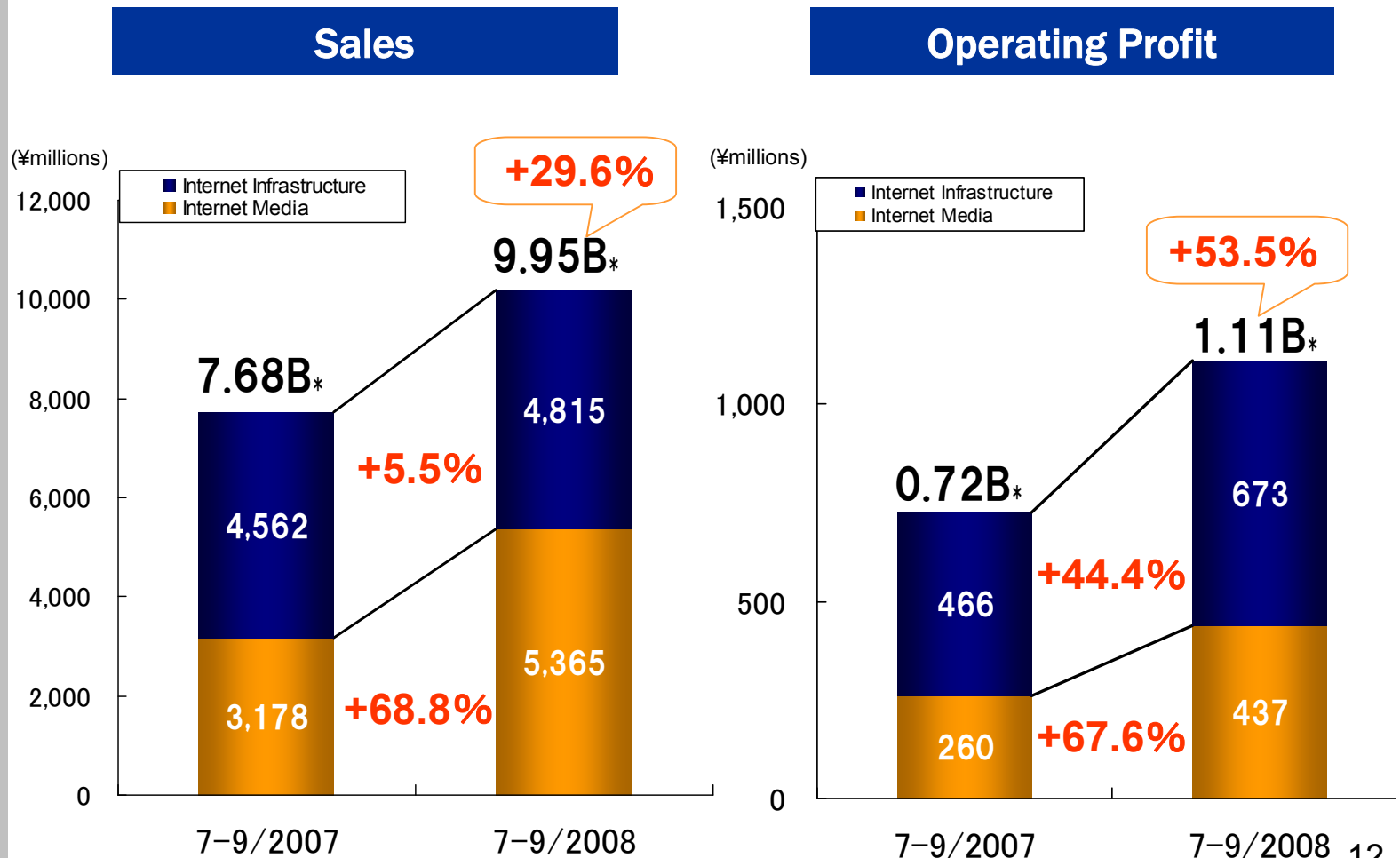
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5. Focus, Challenges & Approach

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Distinct underlying growth in three months to September



*After adjustment for inter-segment transactions

Consolidated Balance Sheet

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5. Focus, Challenges &
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Complete redemption of CBs
Shareholders' equity ratio improved to 16%

	End Jun FY 2008	End Sep FY 2008	Jun-Sep Change	(¥millions)
Current Assets	25,755	25,379	-376	
(Cash & deposits)	18,093	17,301	-792	
Fixed Assets	14,894	14,512	-382	
(Goodwill)	2,438	2,150	-287	
(Software)	2,108	2,177	+69	
(Investment real estate)	4,564	4,563	-0	
(Investment securities)	892	874	-17	
Total Assets	40,650	39,891	-759	
Total Liabilities	28,055	26,406	-1,649	
(Interest bearing liabilities)	16,082	14,951	-1,131	
Net Assets (minority equity portion)	12,594(6,794)	13,484(6,864)	+890(+69)	
Shareholders' equity (earned surplus portion)	5,799(4,499)	6,620(5,416)	+820(+917)	
(Shareholders' equity ratio)	14.3%	16.6%	+2.3%	
Total Liabilities / Net Assets	40,650	39,891	-759	

Complete
redemption of CBs
Balance: zero

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Consolidated Balance Sheet

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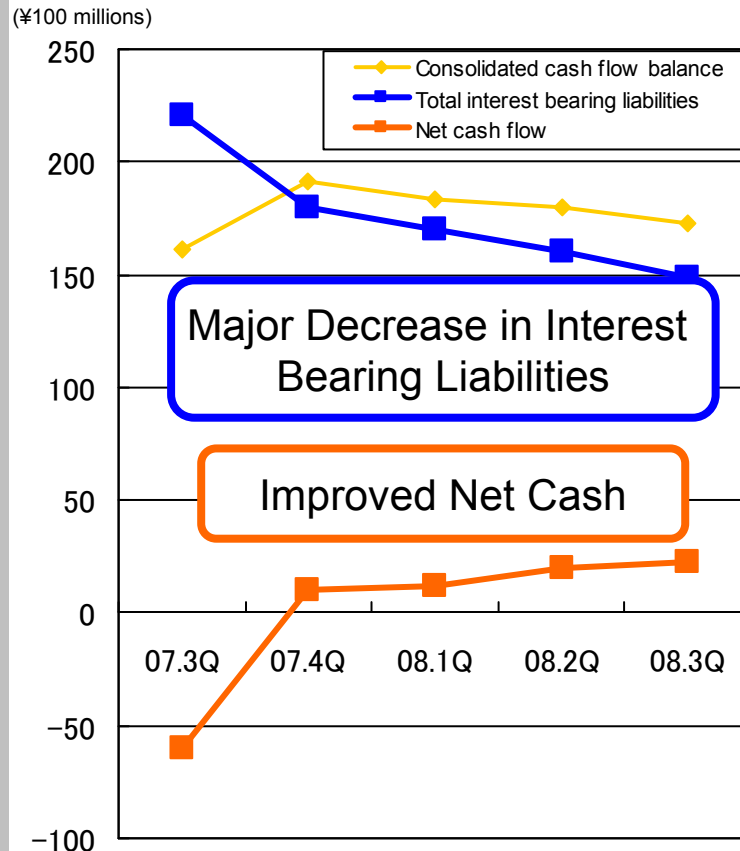
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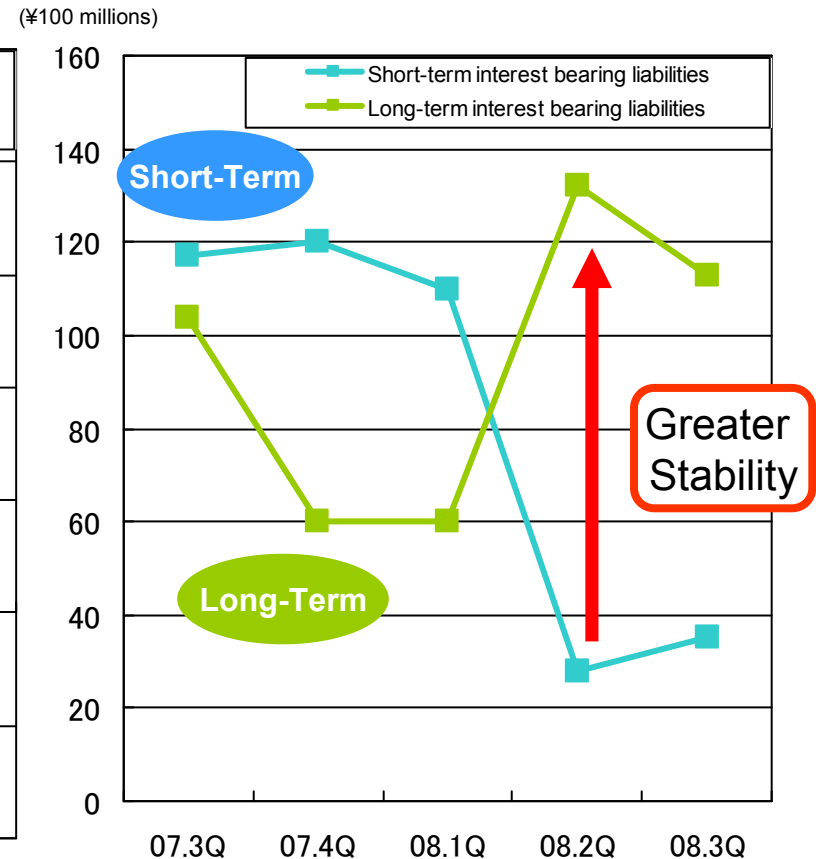
5. Focus, Challenges & Approach

Improved financial stability

Interest Bearing Liabilities and Net Cash



Short-Term and Long-Term Interest Bearing Liabilities



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Consolidated C/F

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Operating cash flow generated: ¥2.8 billion

(¥millions)

	1-9/2008
Cash Flow from Operating Activities	2,896
Cash Flow from Investing Activities	-1,615
Cash Flow from Financing Activities	-3,380
Total Cash Flow	-2,127
Change in Cash and Equivalents	-2,059
Balance of Cash and Equivalents	17,244

Strong Infrastructure and Media segments

Acquisition of intangible fixed assets: ¥0.8B

CB redemption: ¥4.93B

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Business Segments

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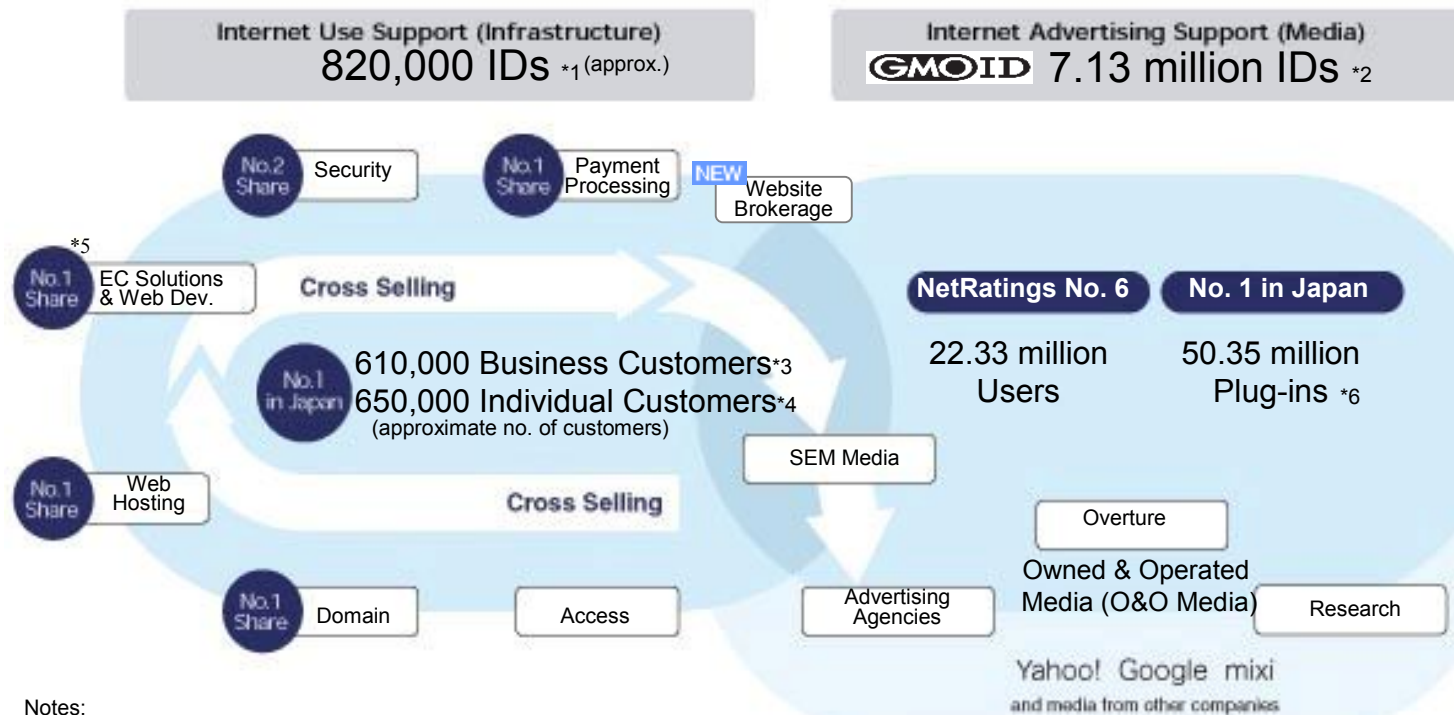
4. Segment Report

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5. Focus, Challenges & Approach

Management resources concentrated in 2 business areas. Our operations support the information delivery and net businesses of 1.26 million customers (*7).



Notes:

- *1. Business and individual domain registrations = no. of integrated customer database IDs
- *2. GMO ID members
- *3. Total business members of five major services
- *4. Total individual members of domain and web hosting services
- *5. Based on total number of E-commerce solutions (MakeShop + Color Me Shop!) contracts
- *6. Cumulative plug-ins
- *7. Paying members only

*80,000 Internet access provider business customers not included in the above figures

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Internet Infrastructure Segment Contracts

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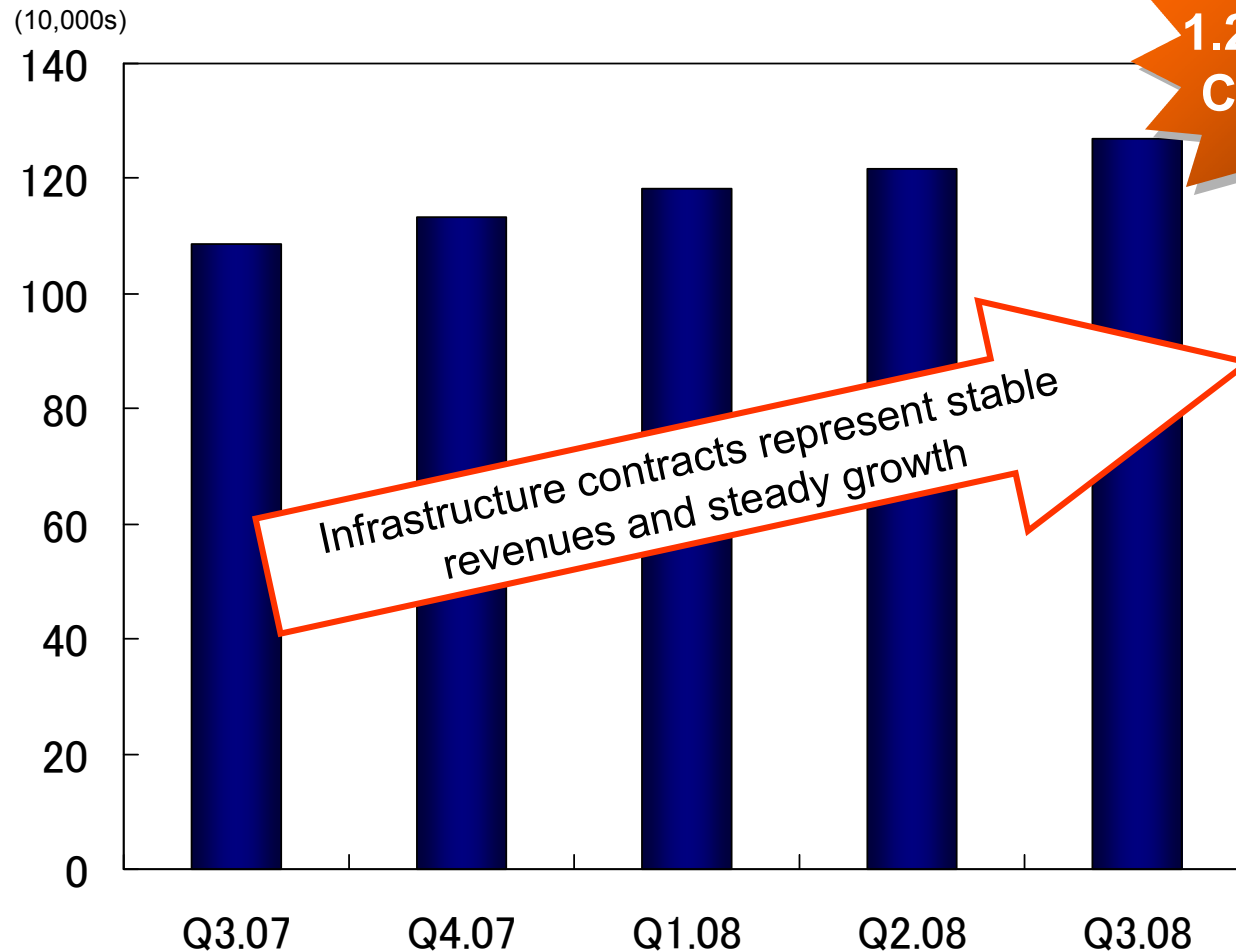
4. Segment Report

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5. Focus, Challenges &
Approach

1.26 million contracts: a leading Japanese Internet infrastructure services provider



1.26 million
Contracts

Infrastructure contracts represent stable revenues and steady growth

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*80,000 Internet access provider business customers not included in the above figures

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Internet Infrastructure Segment Composition

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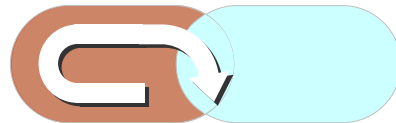
② Internet Media

5. Focus, Challenges & Approach

Five major service* areas driving growth

*Domain registration, Web hosting, E-commerce solutions & Web development, Security, and Payment processing

Internet Infrastructure Segment



No.1 Share Domain Registration



No.1 Share Web Hosting



No.1 Share EC Solutions & Web Development



No.2 Share Security (SSL)



No.1 Share Payment Processing



Internet Provider



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Business Performance – Infrastructure Sales (Q1-Q3)

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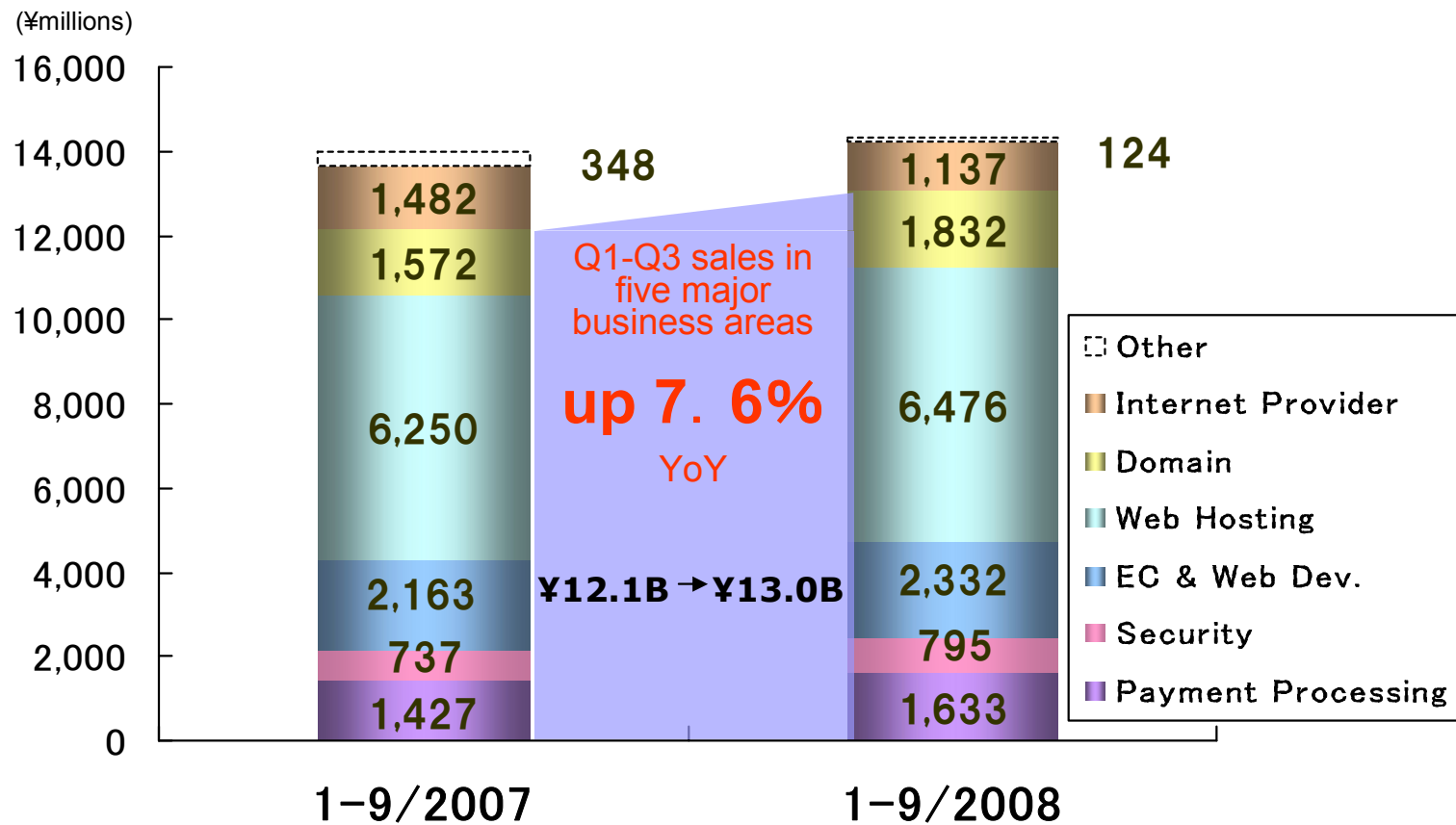
4. Segment Report

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5. Focus, Challenges & Approach

Sales up 7.6% YoY in five major business areas



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Business Performance – Infrastructure Operating Profit (Q1-Q3)

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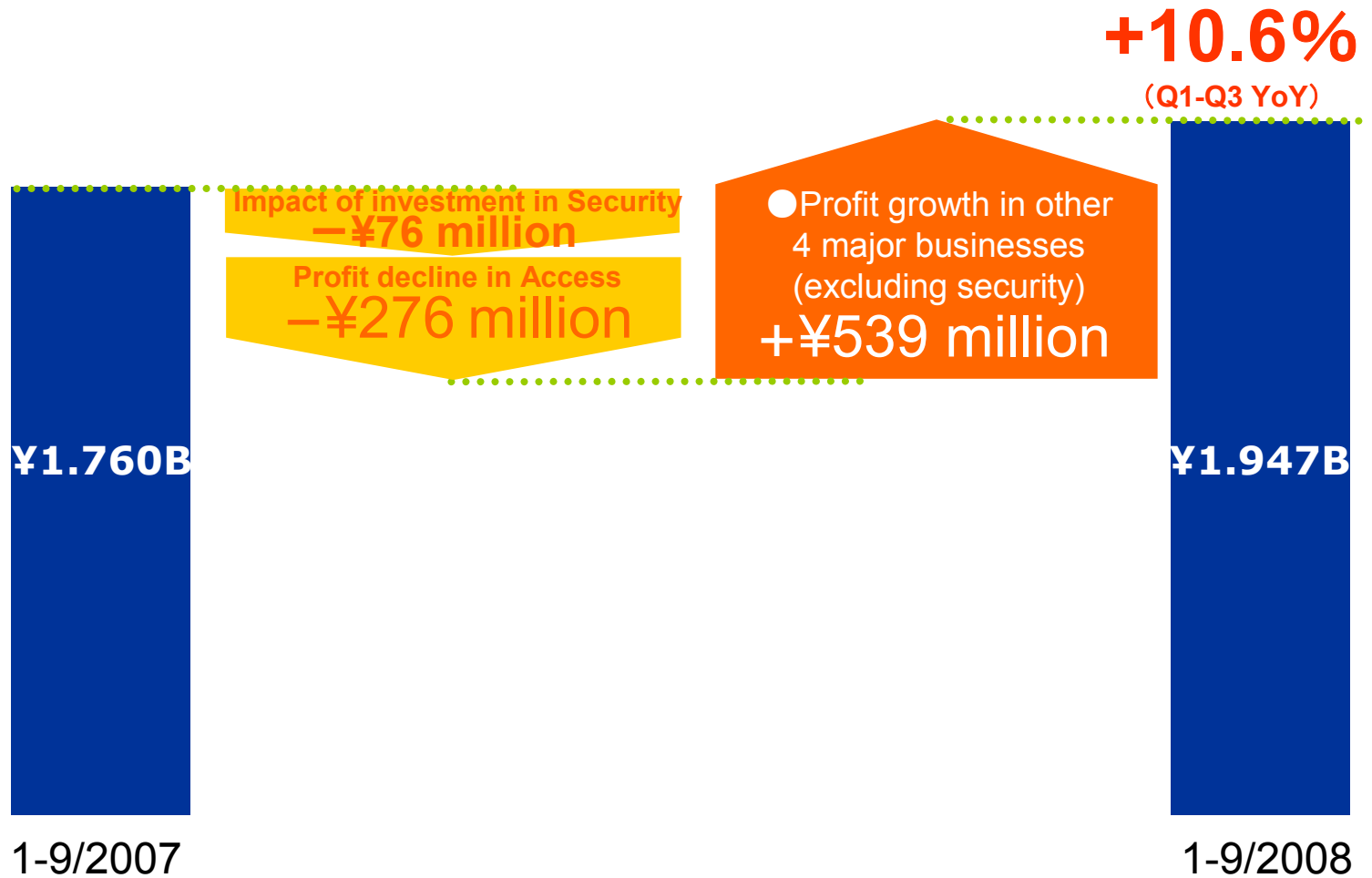
4. Segment Report

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5. Focus, Challenges &
Approach

Strong growth offsets investments in security business and a profit decline in access business



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1-9/2007

1-9/2008

Business Performance – Infrastructure Sales in Q3

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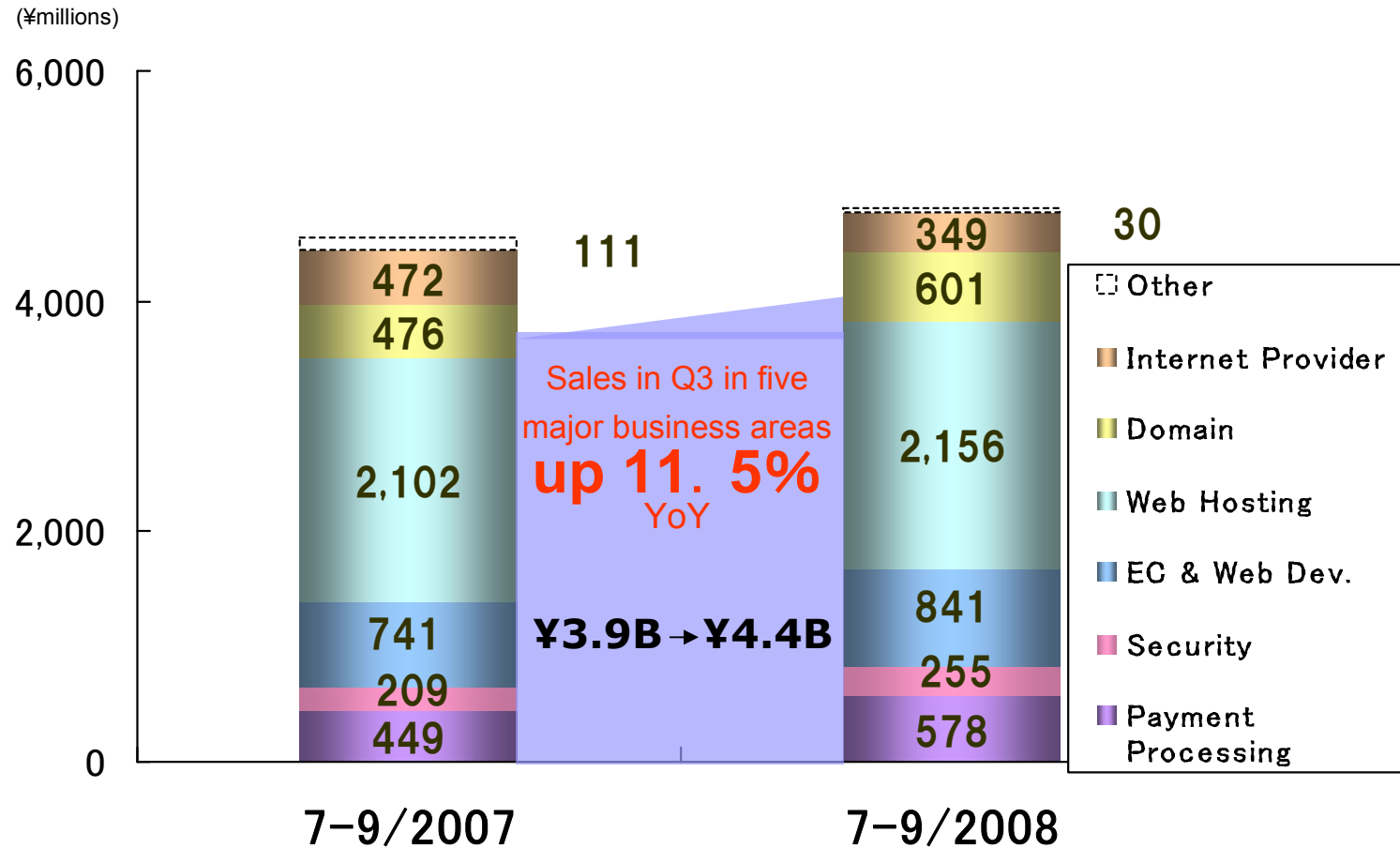
4. Segment Report

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5. Focus, Challenges & Approach

Sales in five major businesses up 11.5% YoY



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Business Performance – Infrastructure Operating Profit in Q3

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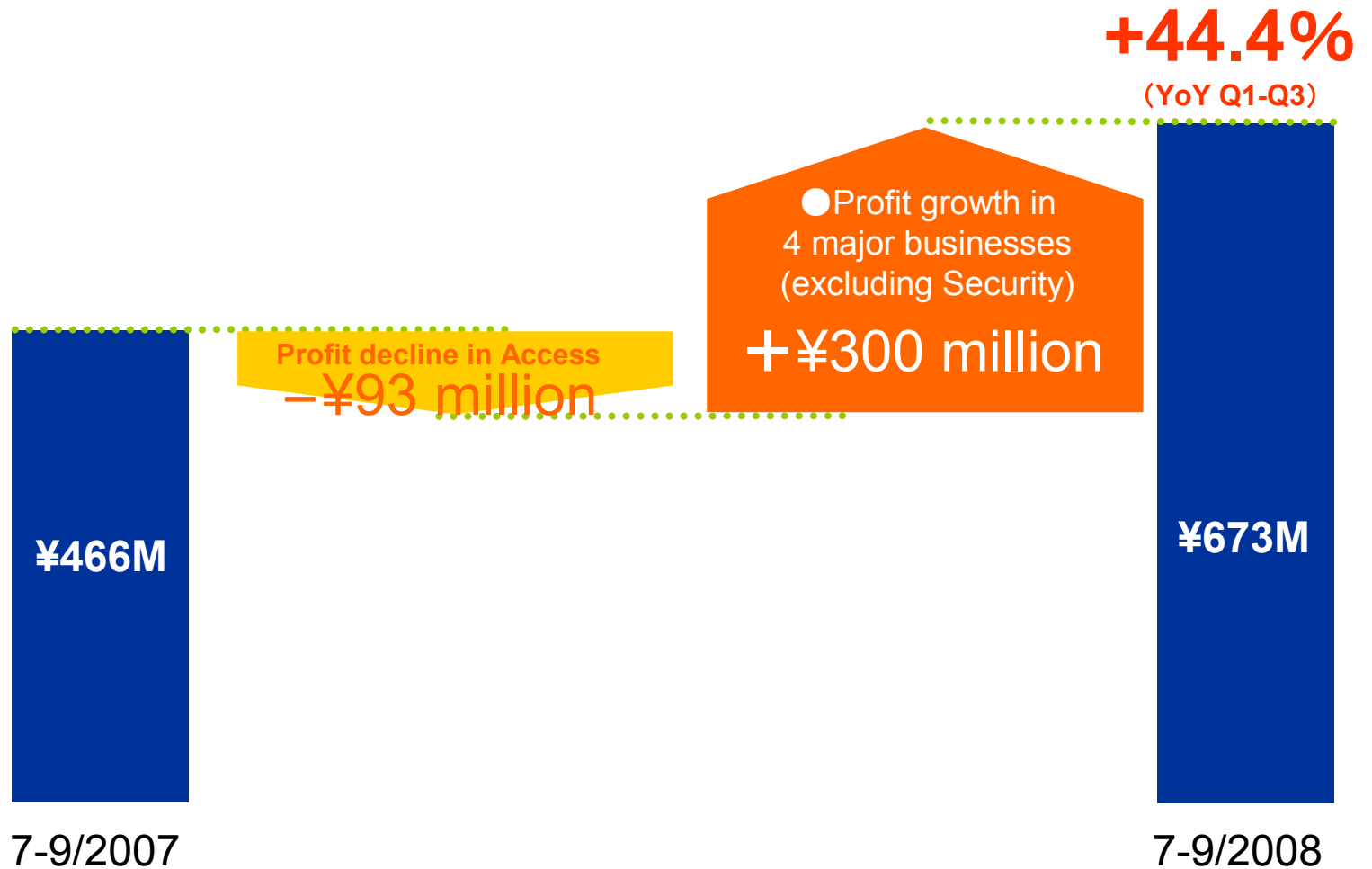
4. Segment Report

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44.4% YoY increase in Q3



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7-9/2007

7-9/2008

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Domain Business – Key Factors

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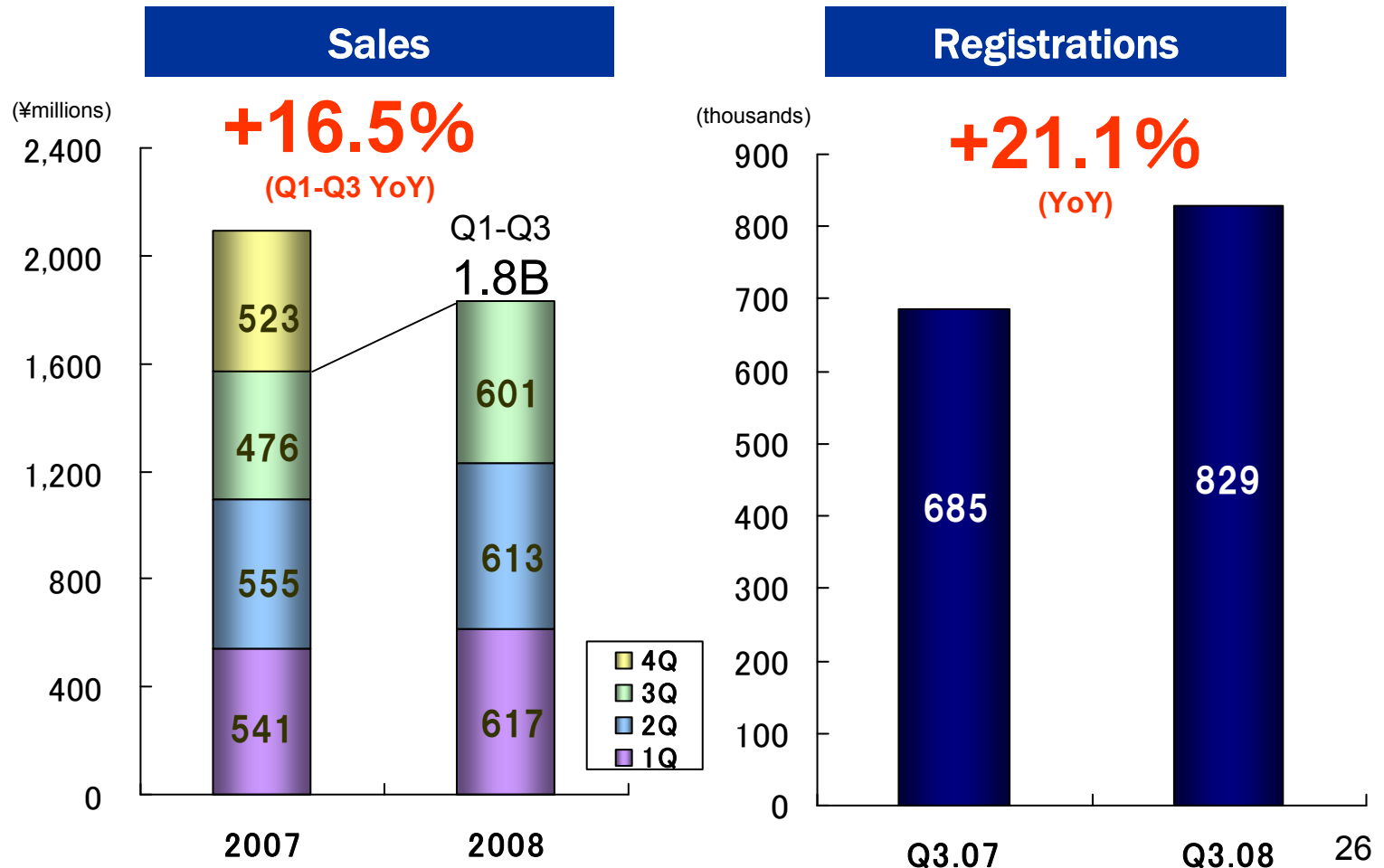
②Internet Media

5. Focus, Challenges &
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2008 Q1-Q3 sales, ¥1.8 billion, registrations 820 thousand



Web Hosting Business – Key Factors

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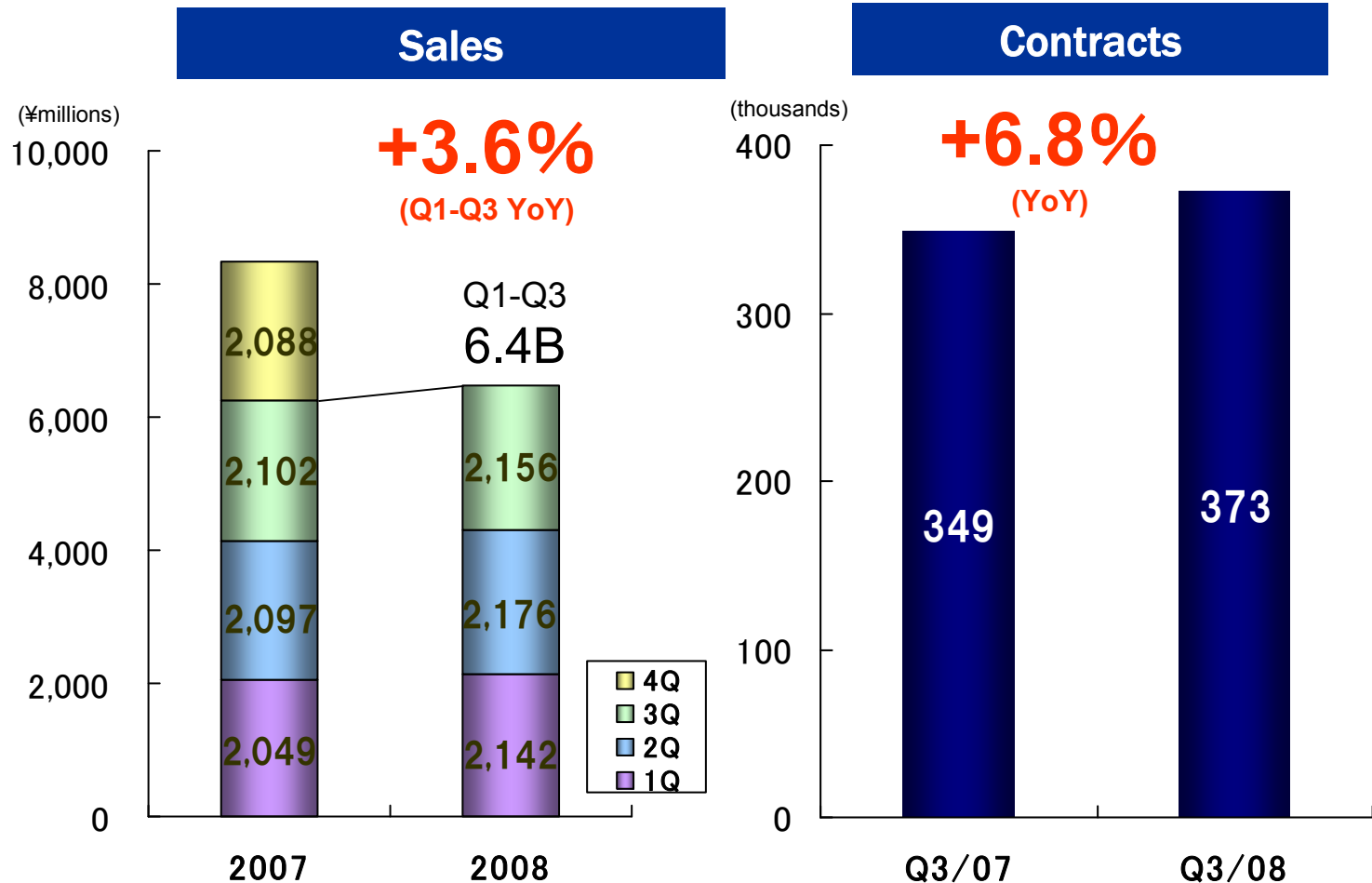
4. Segment Report

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②Internet Media

5. Focus, Challenges & Approach

2008 Q1-Q3 sales ¥6.4 billion, contracts 373 thousand



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EC Solutions and Web Development Business - Key Factors

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①Internet Infrastructure

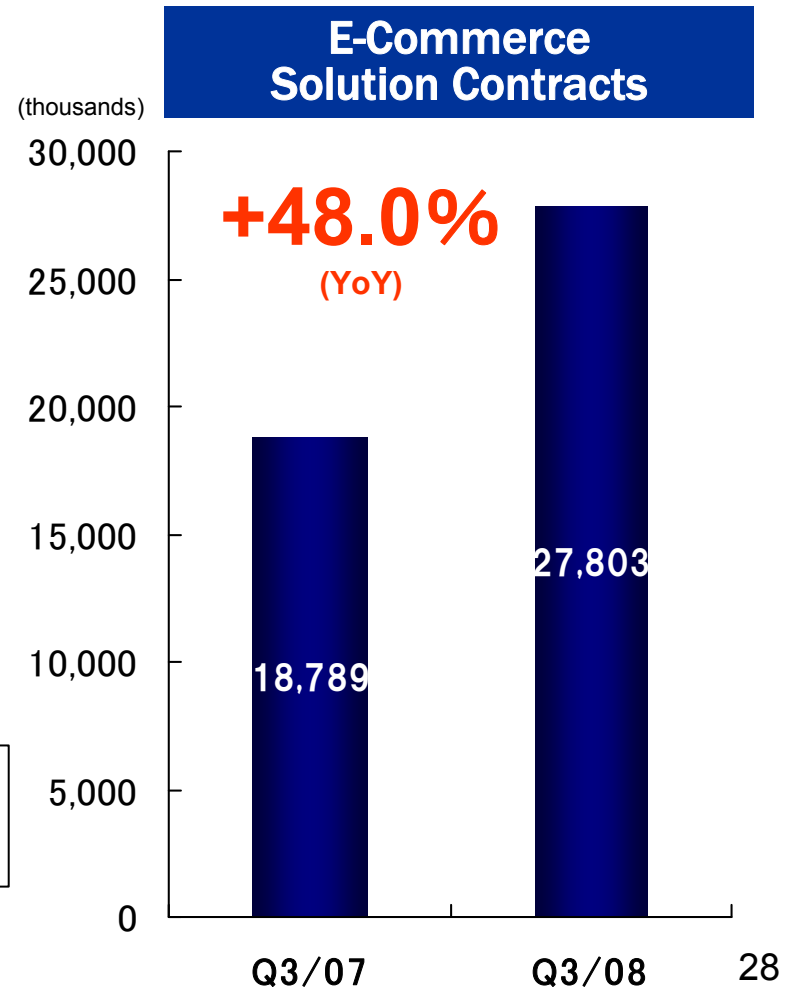
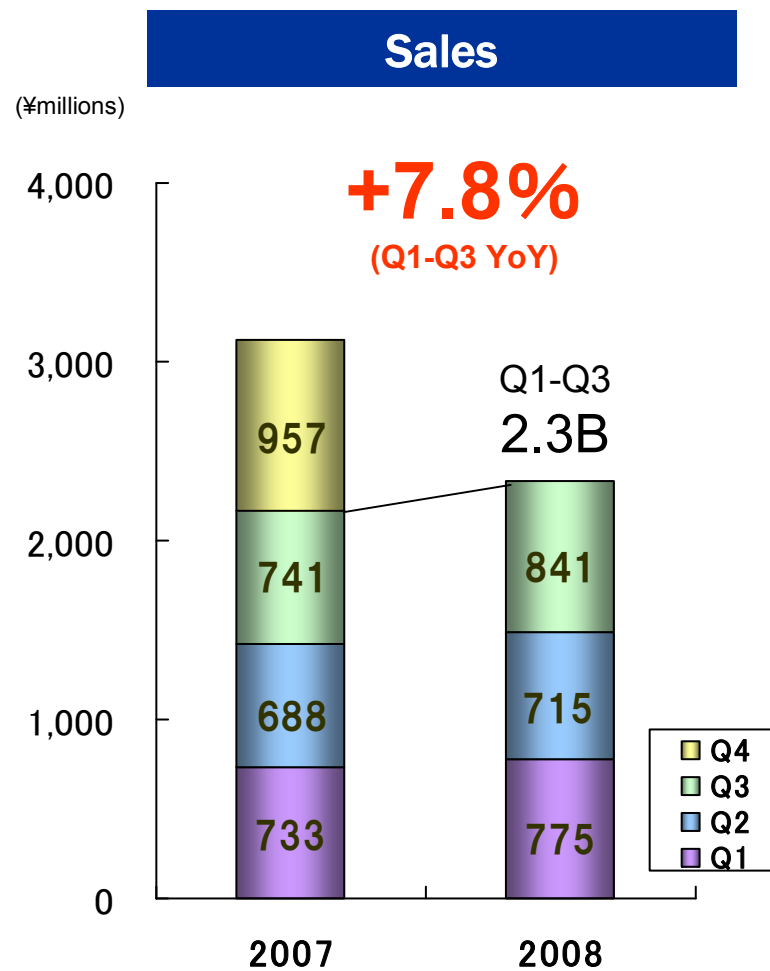
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5. Focus, Challenges & Approach

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2008 Q1-Q3 sales, ¥2.3 billion, contracts 27 thousand



EC Solutions and Web Development Business - Key Factors

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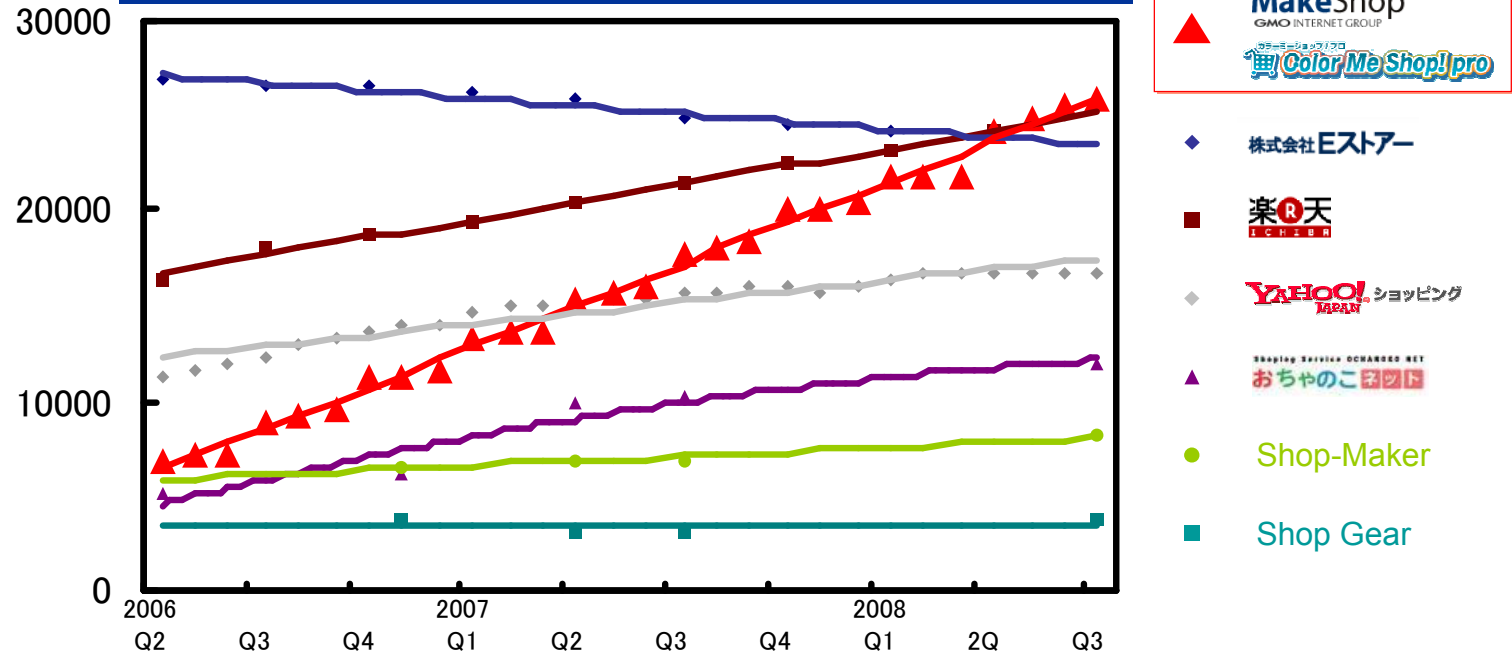
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5. Focus, Challenges & Approach

Emerged as number one in shopping cart services
(Makeshop + Color Me Shop! pro)

**Major E-commerce Service Providers :
No. of Stores Operated**



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*We compiled this chart using documents obtained from each company's website
 10.10.2008 Monthly data chart (<http://i.yimg.jp/images/docs/ir/monthly/2008/monthly1010.pdf>) No. of Yahoo! Shopping stores
 08.08.2008 Financial presentation materials (http://www.rakuten.co.jp/info/ir/releases/pdf/2008/2008_08_29_03.pdf) P.35 No. of stores
 08.06.2008 Financial report (<http://estore.co.jp/pdf/FlashReport2006.pdf>) P.2 Quarterly change in no. of contracts in major services (combined)

The Significance of our Number 1 Market Share in EC Solutions & Web Development

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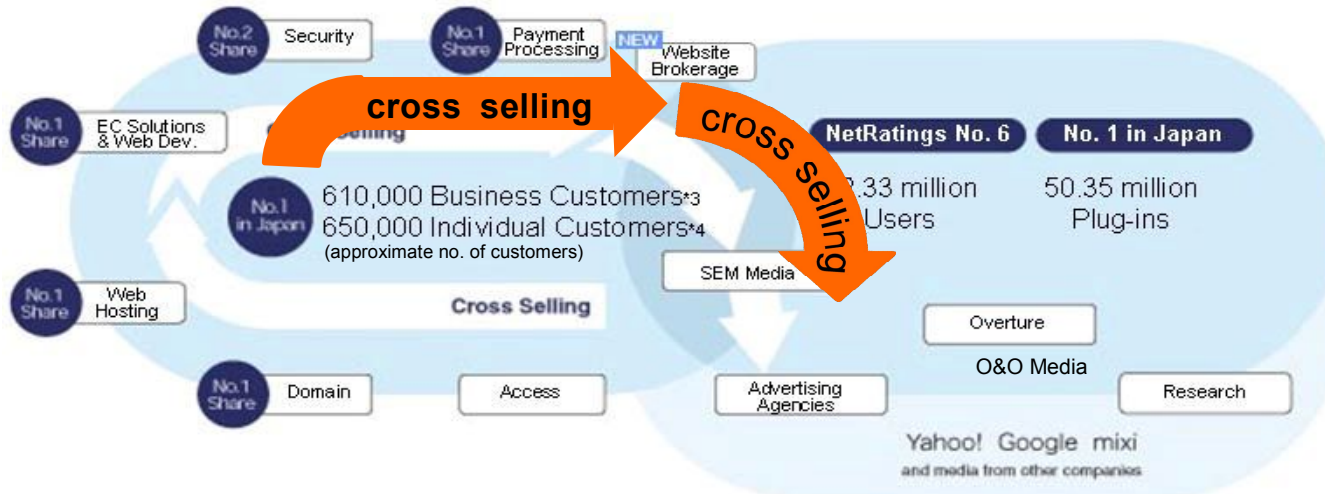
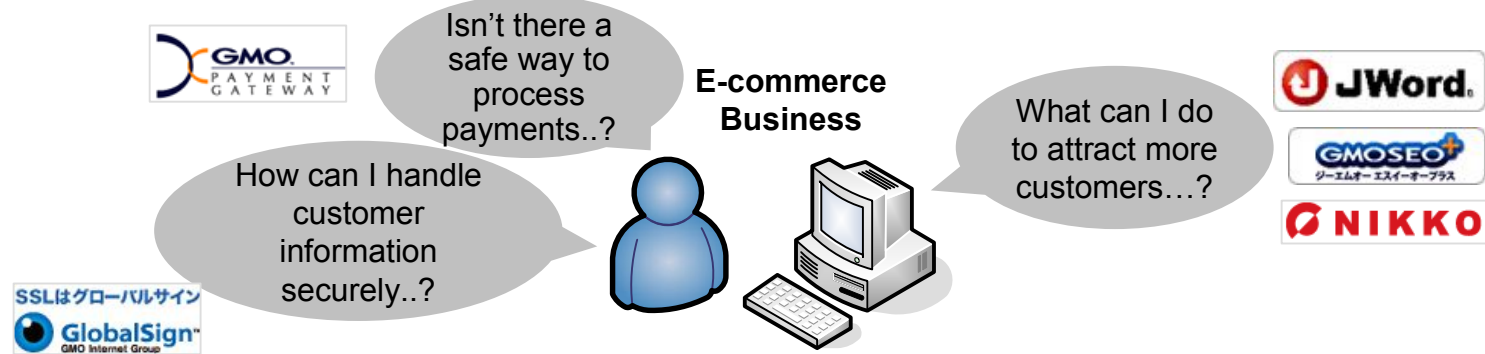
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5. Focus, Challenges & Approach

High potential for cross-selling to e-commerce business customers



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Cross-selling to E-commerce Businesses

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Pull Marketing: Sales center
Push Marketing: Call center

Sales Center

Accessible from the e-commerce shopping cart control panel



Interviews with Prominent Marketing Experts

SEM Service Success Stories

Introduction to SEM Services

Call Center



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Security Business – Key Factors

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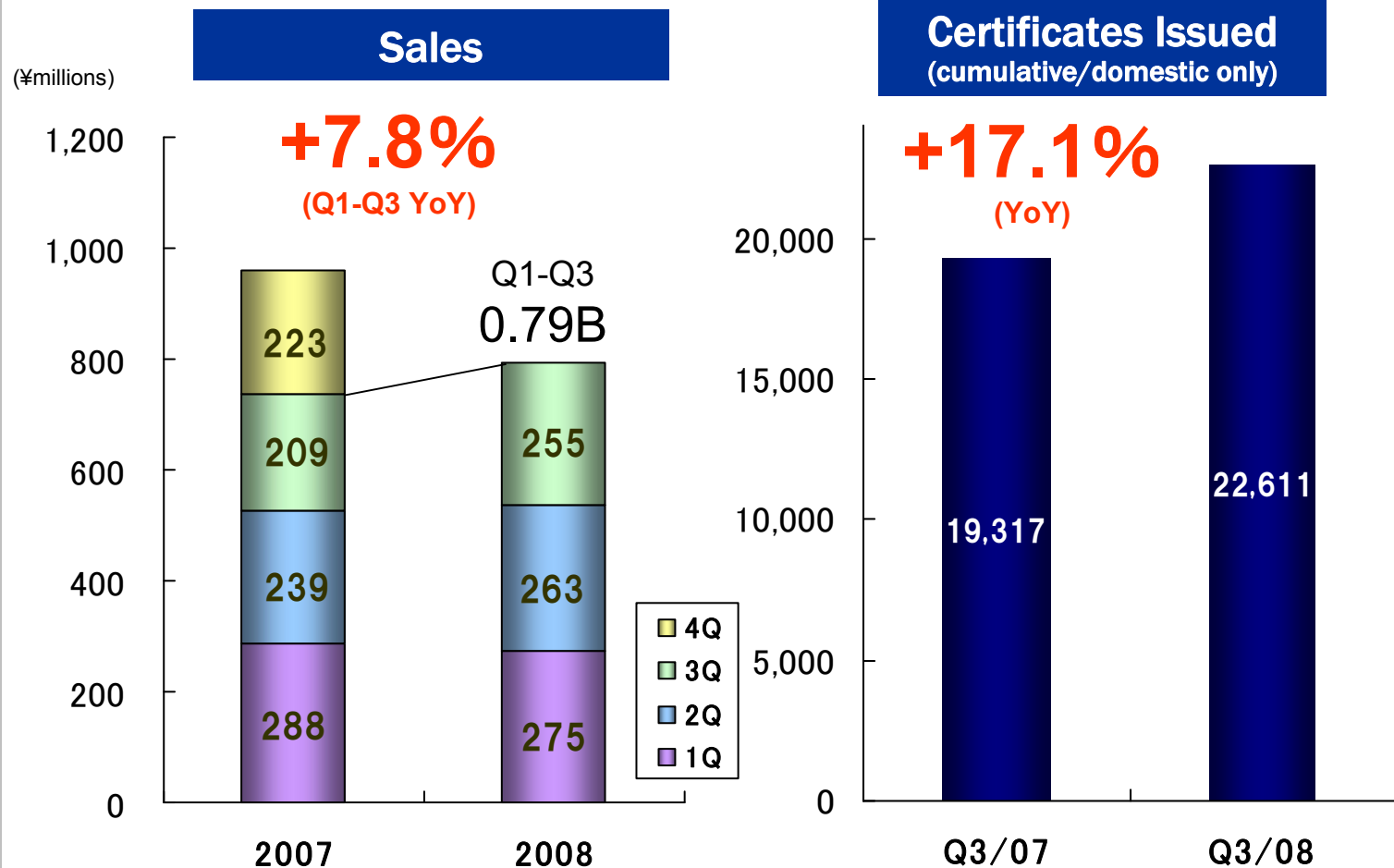
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5. Focus, Challenges & Approach

Sales increase 7.8%, certificate issues increase 17%



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Security Business – Business Performance by Quarter

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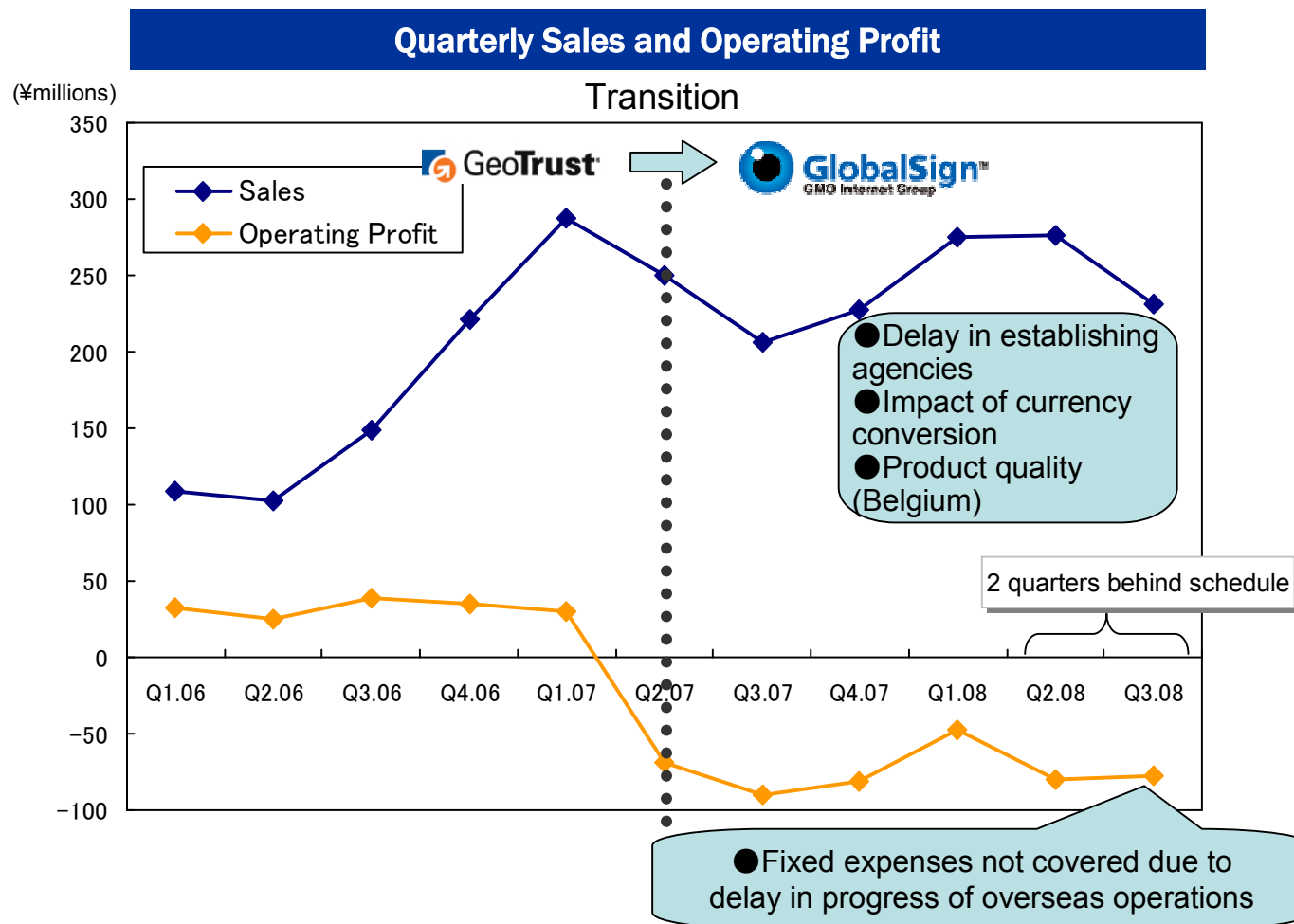
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Sales growth lagging



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Security Business – Initiatives and Current Condition

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Initiatives and current condition by region

Region	Progress on Initiatives <input checked="" type="checkbox"/> Complete <input type="checkbox"/> In progress		Future Initiatives
	Product Strengthening	Sales Distributors	
Japan	<input checked="" type="checkbox"/> Joint development with Yahoo! JAPAN (November release)	<input checked="" type="checkbox"/> One-click SSL (Major hosting companies etc.) <input checked="" type="checkbox"/> Code signing certificates (Marubeni Infotec Corp)	<ul style="list-style-type: none"> Continued development of potential markets Strengthening of relationships with distributors
O/S	<input checked="" type="checkbox"/> Firefox compatibility (end of August) <input type="checkbox"/> Renewal of former GS brand products <input checked="" type="checkbox"/> Adobe Air certificates <input checked="" type="checkbox"/> PDF document signing	<input type="checkbox"/> One-click SSL <input type="checkbox"/> Code signing certificates	<ul style="list-style-type: none"> Service strengthening Continued development of potential markets Strengthening of relationships with distributors

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Security Business – Certificate Issues and Distributors

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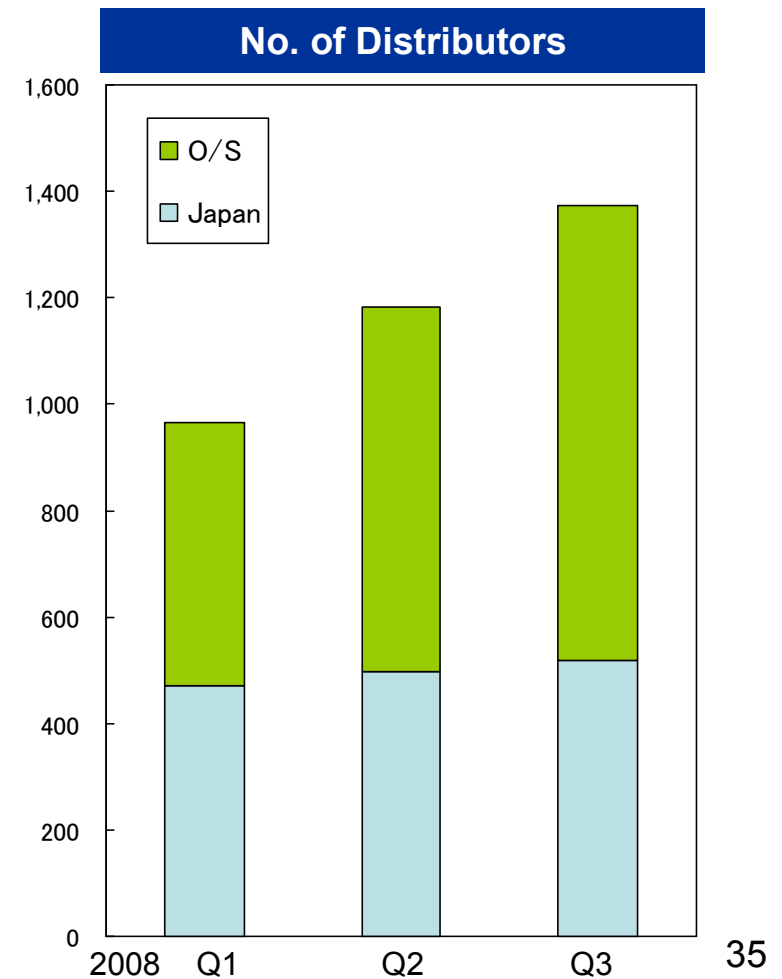
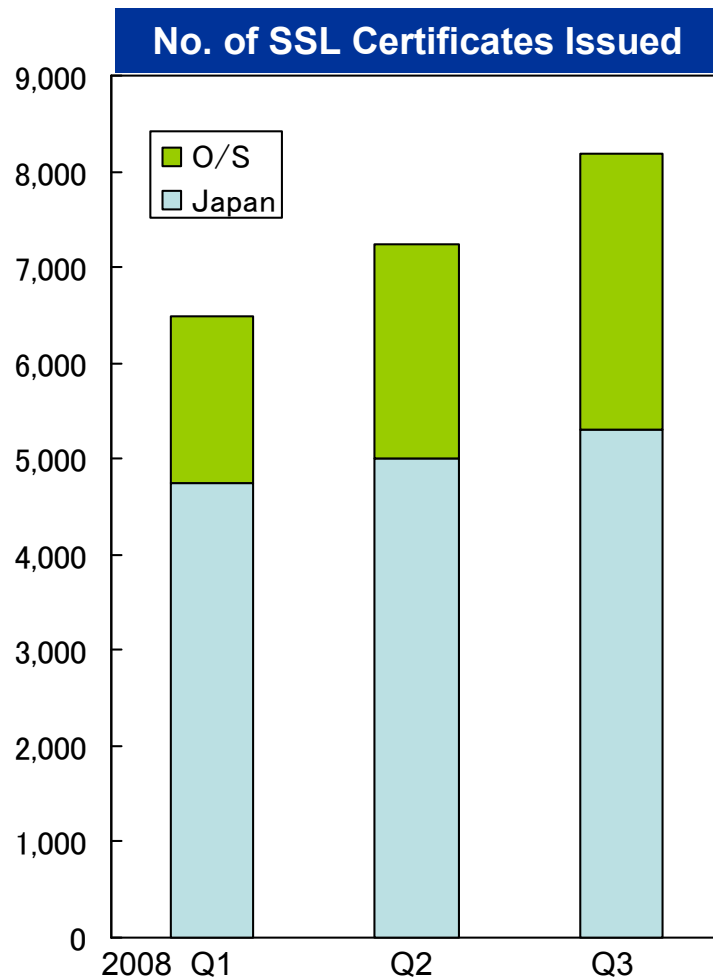
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5. Focus, Challenges & Approach

Steady build up of certificate issues and distributors



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Credit Card Payment Processing Business – Key Factors

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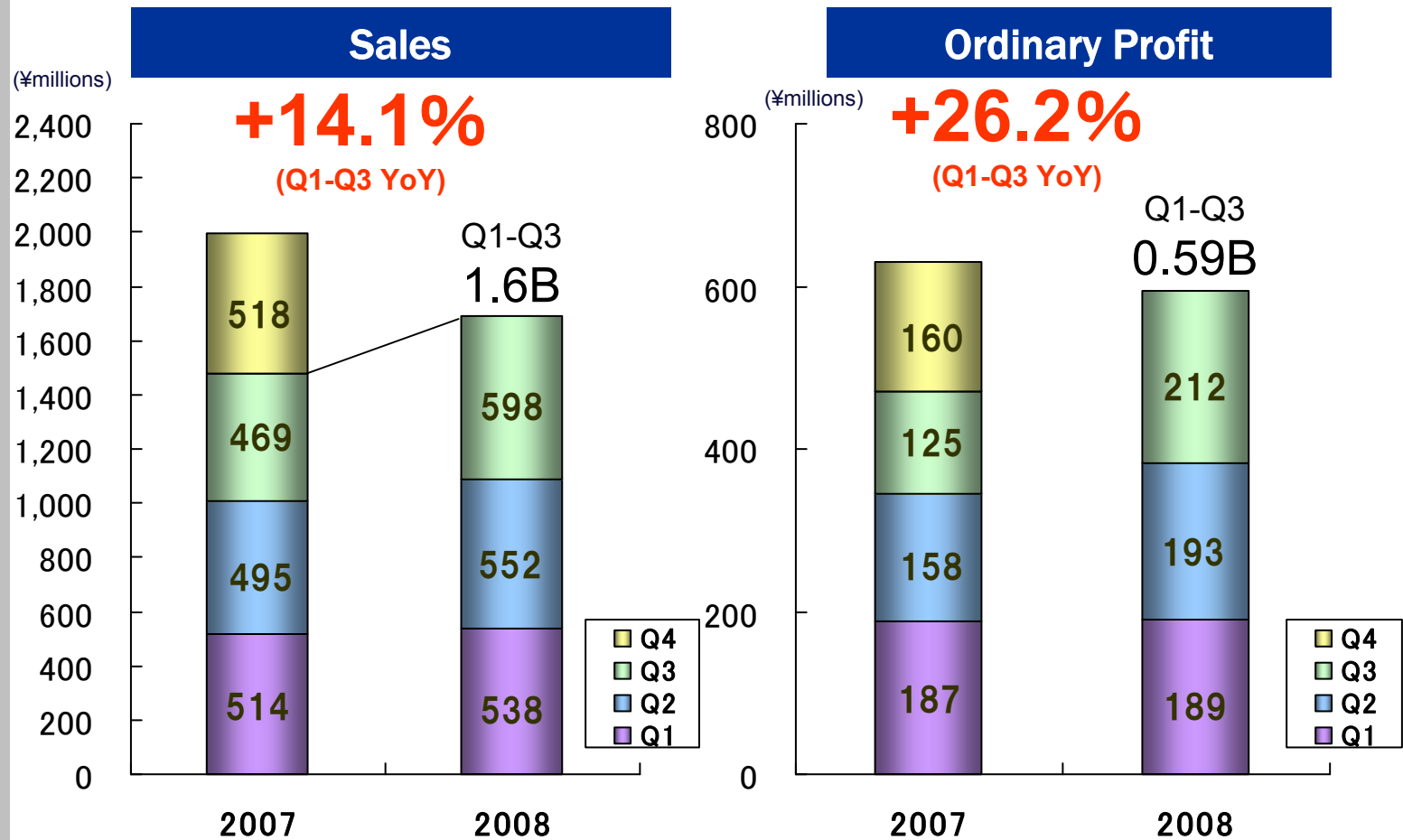
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5. Focus, Challenges & Approach

14.1% increase in merchant sales
Solid progress in development of recurring payment market



*Both graphs based on GMO Payment Gateway

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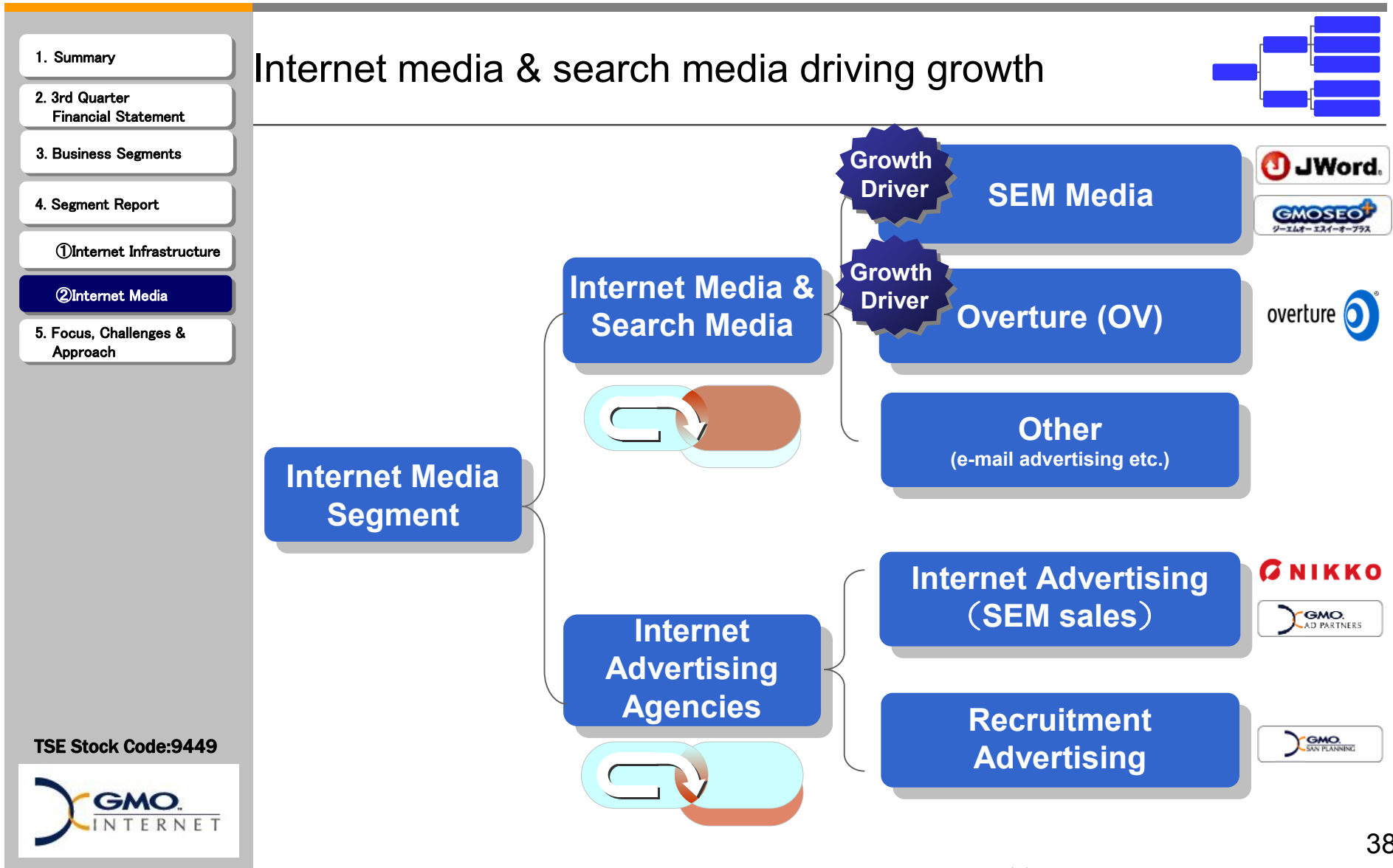
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Internet Media Segment Composition



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Internet Media Segment Composition

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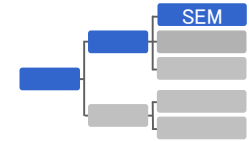
4. Segment Report

①Internet Infrastructure

②Internet Media

5. Focus, Challenges & Approach

Overview of Internet media & search media (SEM media)



①JWord



Displays affiliated sites at top of page. Guides users directly to registered sites from keywords entered into the browser address bar.

②SEO



HTML code, site construction and links optimized to improve ranking in search results listings.

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Internet Media Segment Composition

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

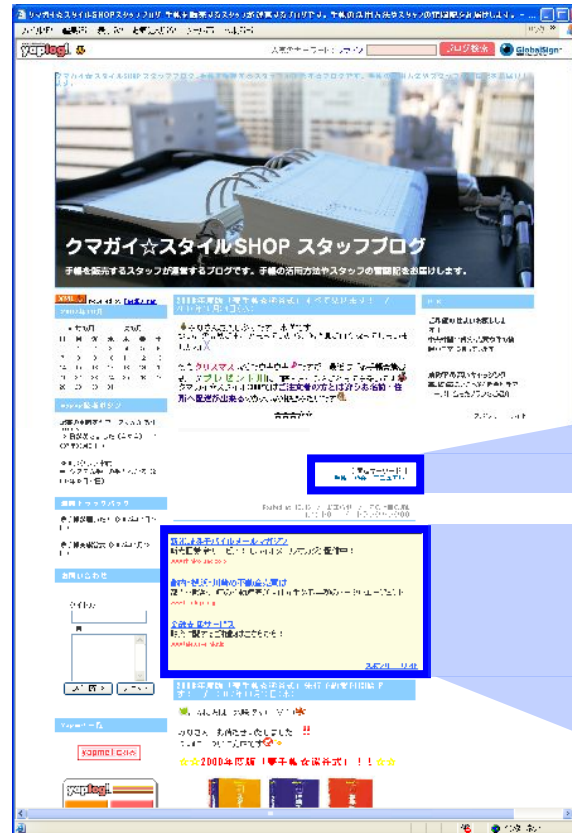
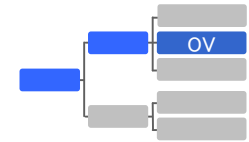
4. Segment Report

①Internet Infrastructure

②Internet Media

5. Focus, Challenges & Approach

Overview of Internet media & search media (OV)



Overture

Display of Overture supplied advertisements on long-tail media (e.g. blogs). Blog entry is analyzed and advertisements relevant to the content are displayed.

[関連キーワード]
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Business Performance – Internet Media Segment Sales (Q1-Q3)

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

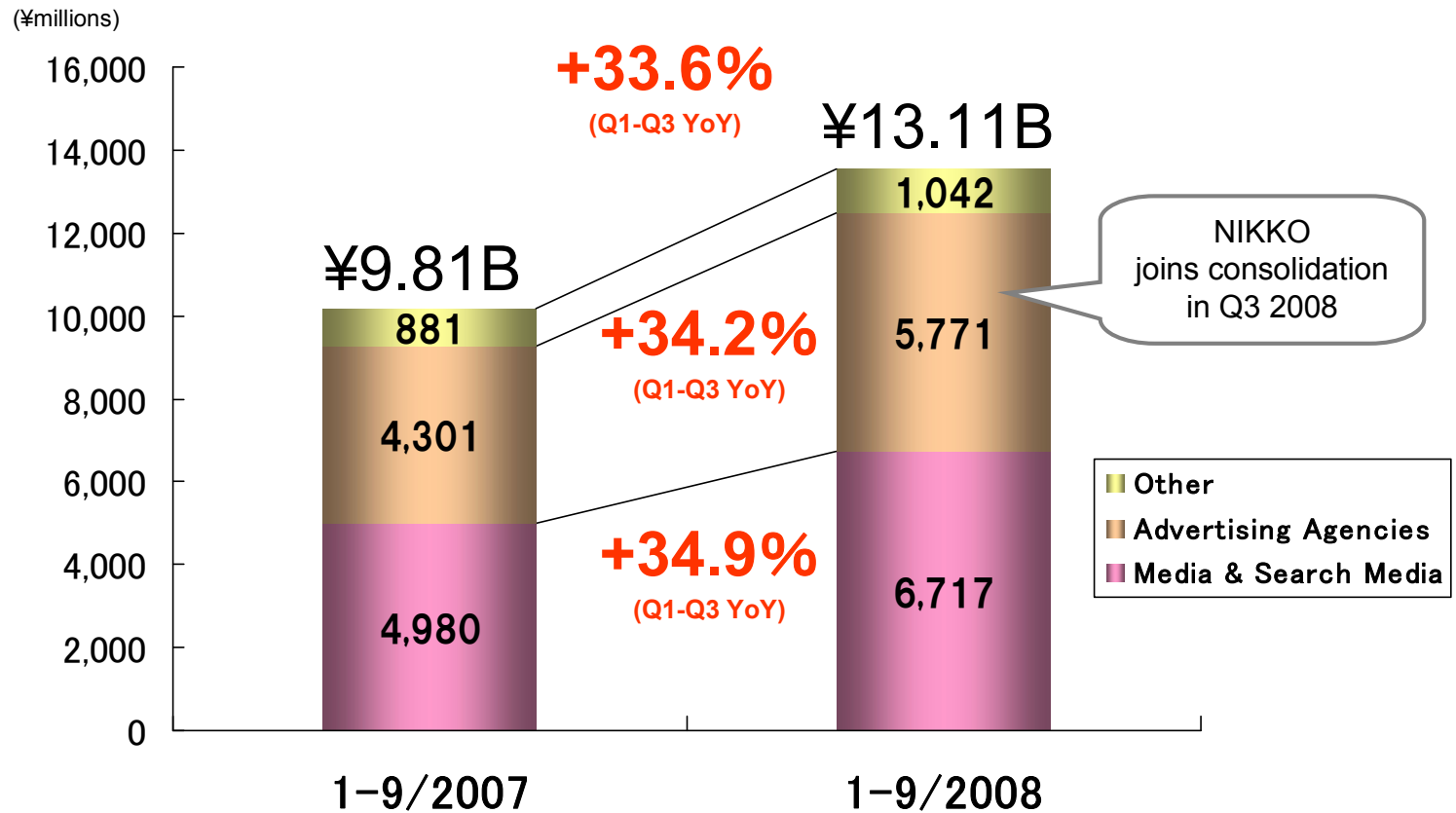
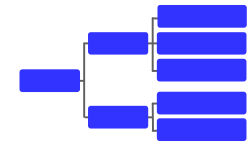
4. Segment Report

①Internet Infrastructure

②Internet Media

5. Focus, Challenges & Approach

Two major businesses further driving growth in Internet media & search media: SEM and OV



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*excluding internal transactions

Business Performance – Internet Media Segment Operating Profit (Q1-Q3)

1. Summary

2. 3rd Quarter
Financial Statement

3. Business Segments

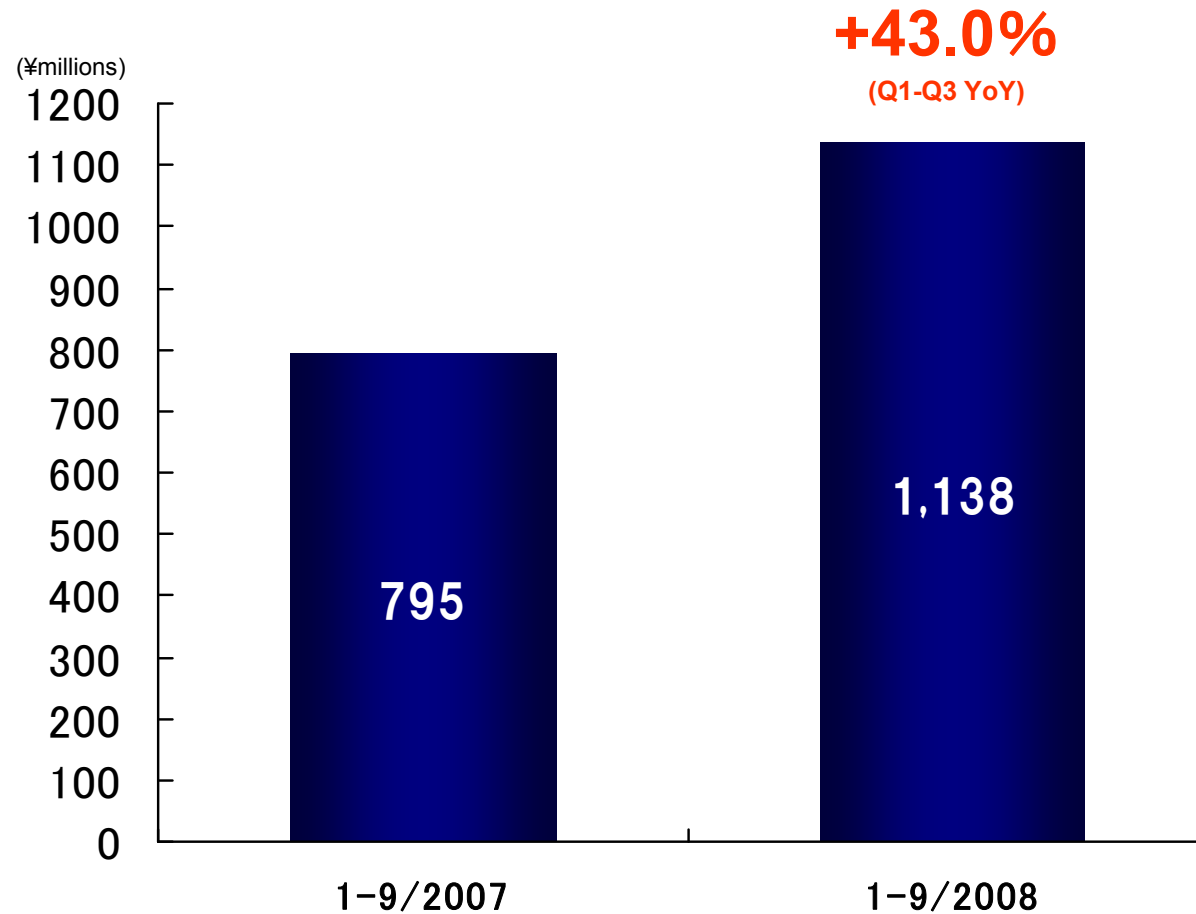
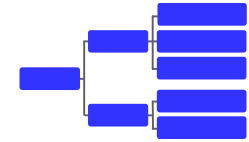
4. Segment Report

①Internet Infrastructure

②Internet Media

5. Focus, Challenges &
Approach

Internet media & search media driving profit



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Business Performance – Internet Media Segment Sales in Q3

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

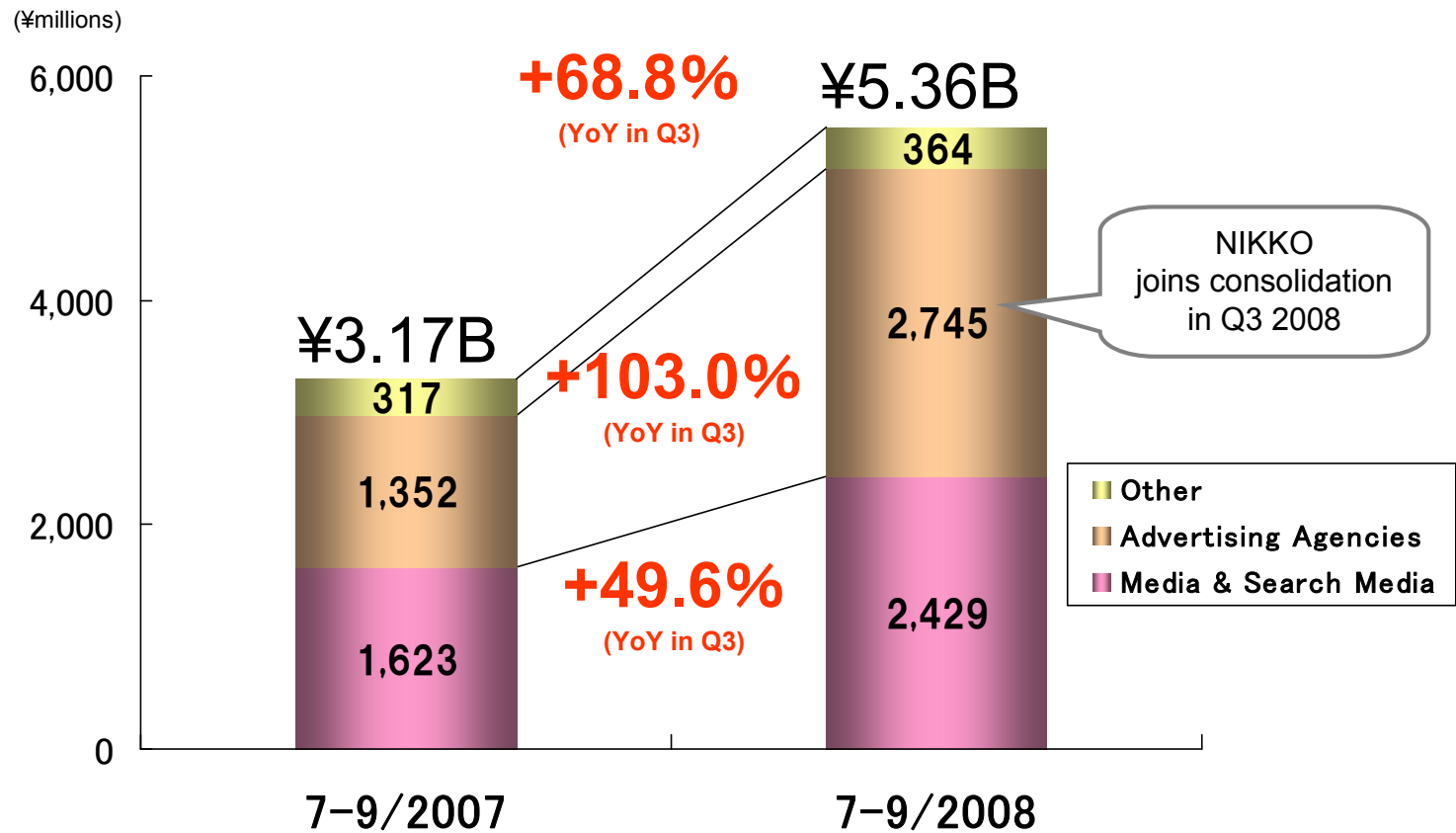
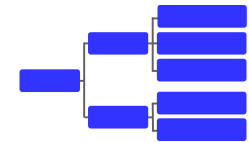
4. Segment Report

①Internet Infrastructure

②Internet Media

5. Focus, Challenges & Approach

Distinct underlying sales growth in Q3 a reflection of high growth in SEM media



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*excluding internal transactions

Business Performance – Internet Media Segment Operating Profit in Q3

1. Summary

2. 3rd Quarter
Financial Statement

3. Business Segments

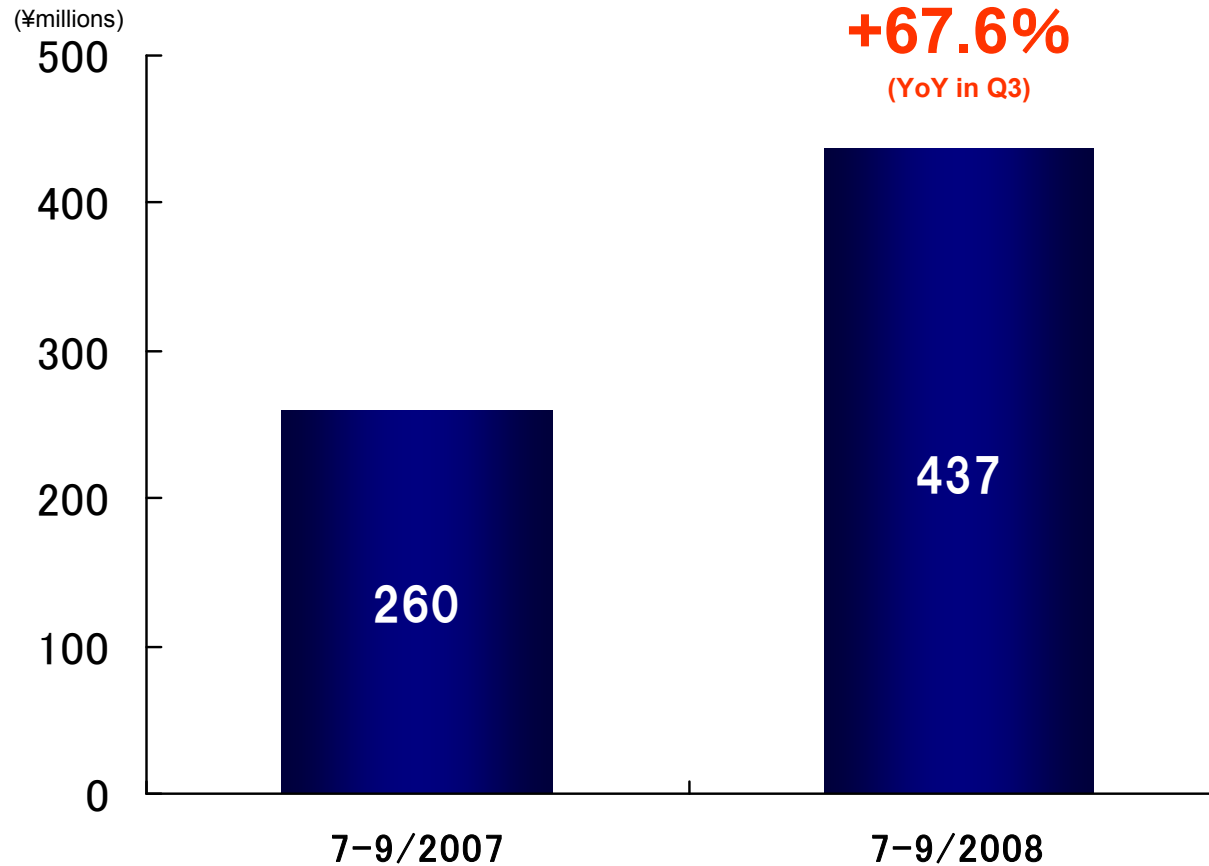
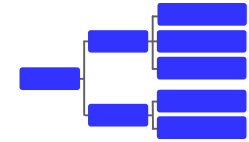
4. Segment Report

① Internet Infrastructure

② Internet Media

5. Focus, Challenges &
Approach

Record quarterly operating profit



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Business Performance – Internet Media Segment Operating Profit by Product

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

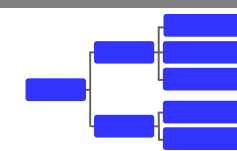
4. Segment Report

①Internet Infrastructure

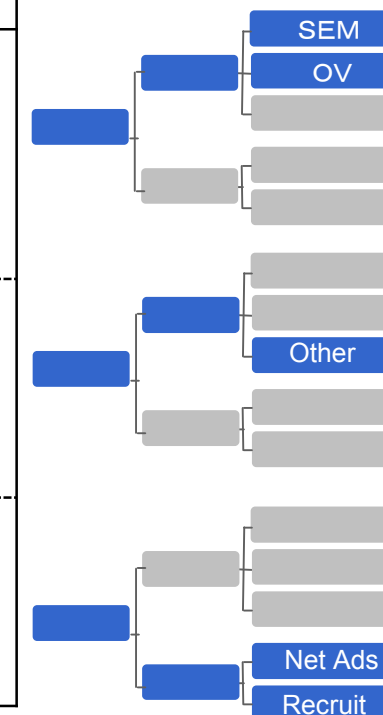
②Internet Media

5. Focus, Challenges & Approach

O&O media (SEM media) driving profit



	Operating Profit (¥millions) & Operating Profit Ratio (%)		
	2008 Q1	2008 Q2	2008 Q3
Internet Media & Search Media	283 (13.7%)	289 (13.0%)	419 (15.3%)
Other	138 (39.1%)	29 (9.0%)	62 (17.2%)
Advertising Agencies	-1 (-0.1%)	-38 (-2.5%)	-45 (-1.9%)



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*Operating profit by product in accordance with group business segments

Business Performance – Internet Media Segment Profit by Product

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

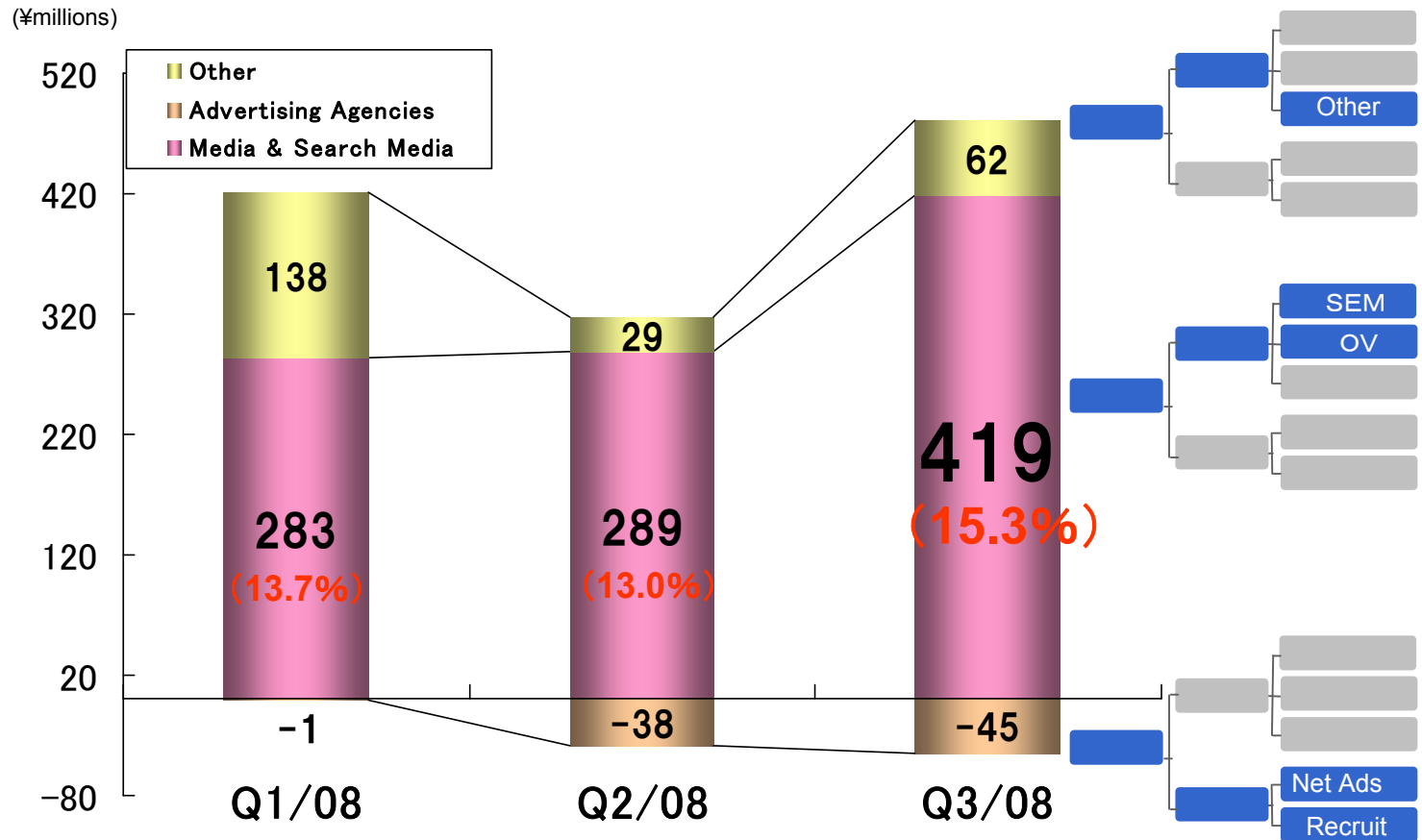
4. Segment Report

① Internet Infrastructure

② Internet Media

5. Focus, Challenges & Approach

Profit margin up 2.3% on stronger O&O media (SEM media) Sales



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1. Summary

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①Internet Infrastructure

②Internet Media

5. Focus, Challenges &
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4. Segment Report

①Internet Infrastructure
General Report · Product Report

②Internet Media
General Report · Product Report

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Media & Search Media - Business Performance

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

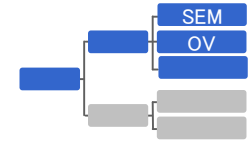
4. Segment Report

① Internet Infrastructure

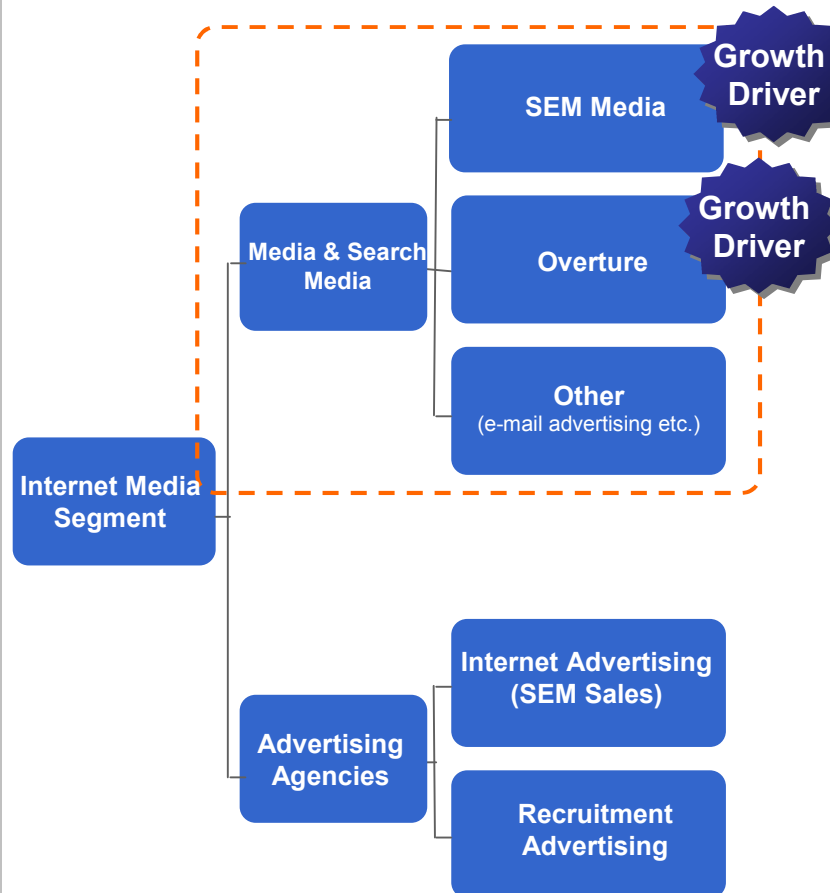
② Internet Media

5. Focus, Challenges & Approach

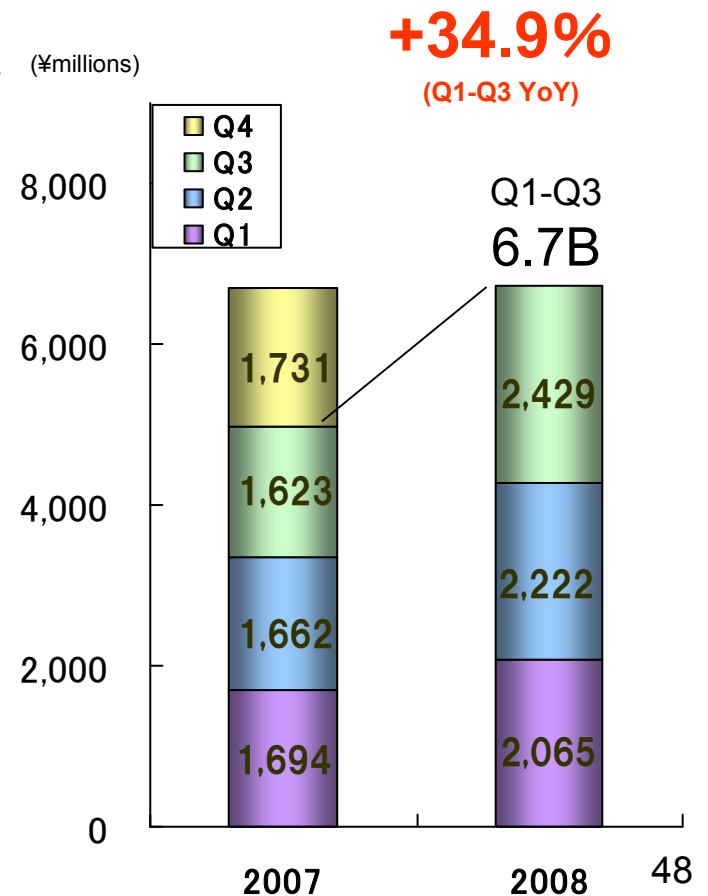
Sales up 34.9% over previous corresponding nine months



Media Segment Composition



Sales



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Overture Business – Key Factors

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

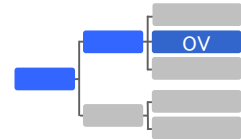
4. Segment Report

①Internet Infrastructure

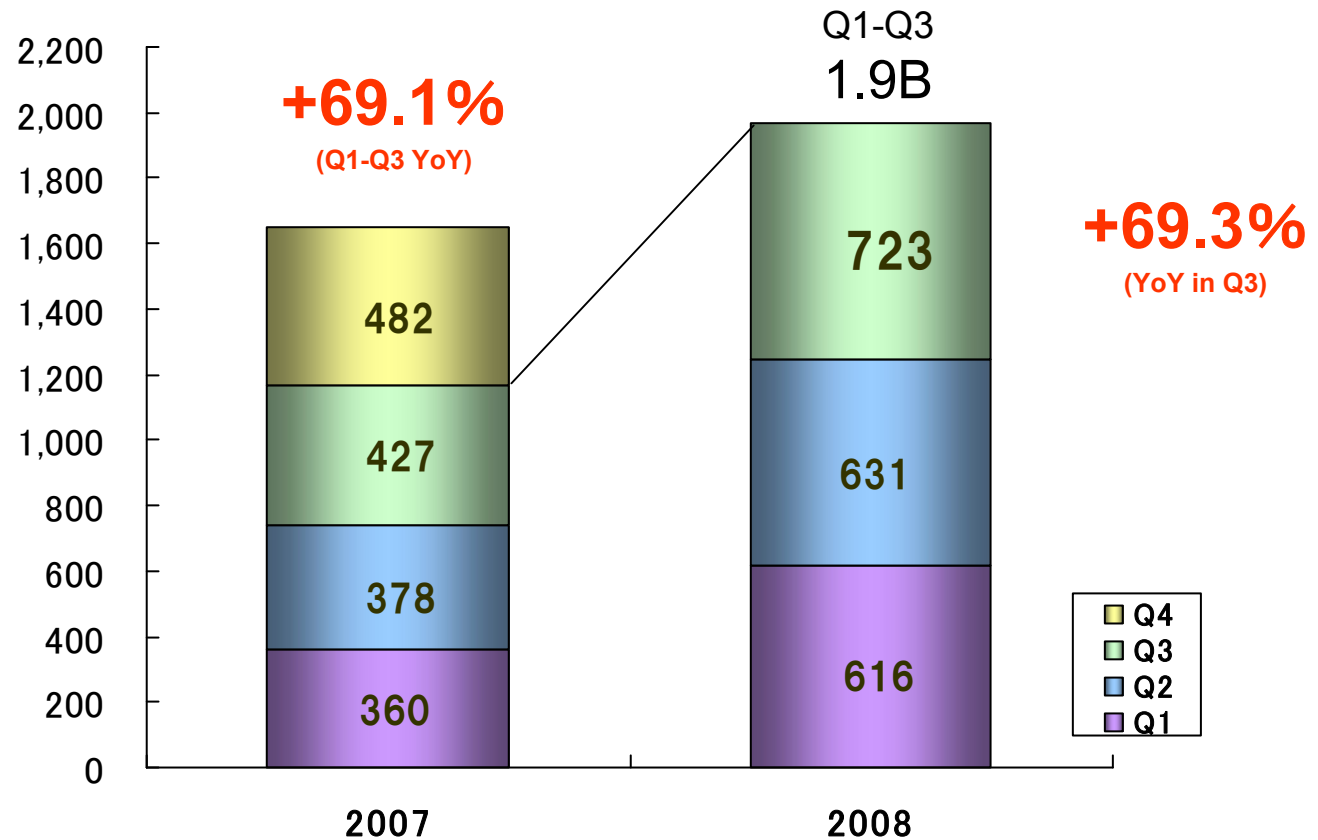
②Internet Media

5. Focus, Challenges & Approach

Continued growth: +69.3% revenue increase in Q3



Overture Sales



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Overture Business – Key Factors

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

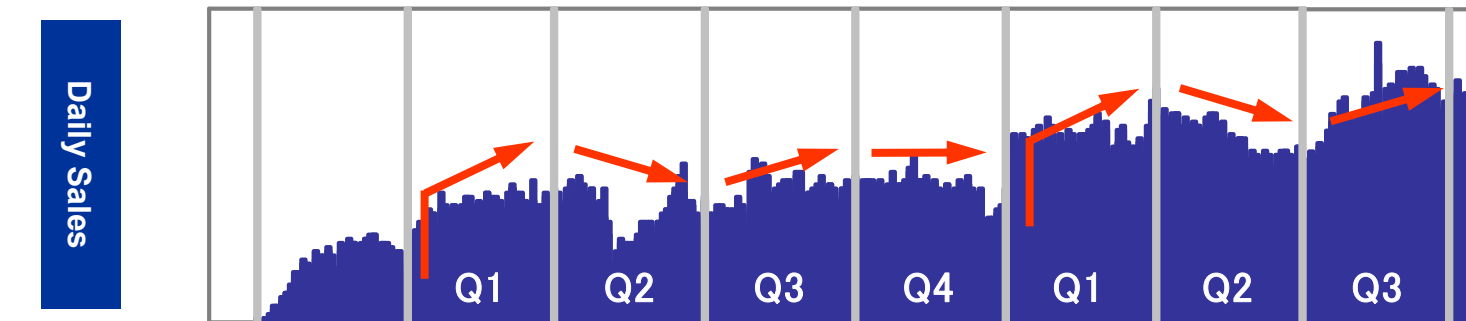
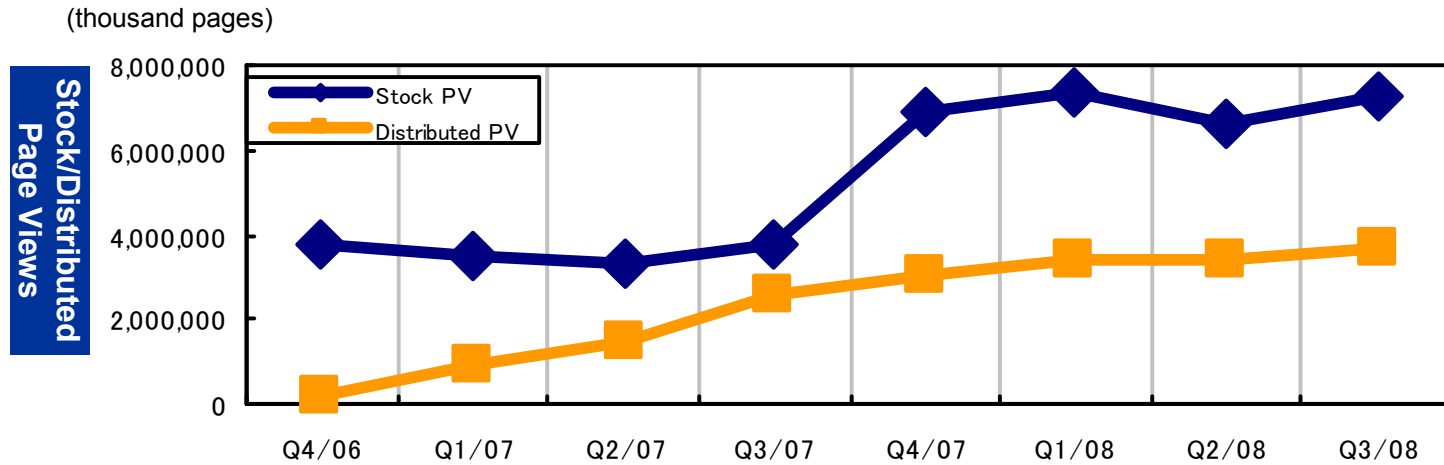
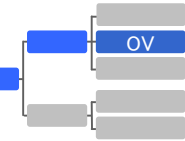
4. Segment Report

① Internet Infrastructure

② Internet Media

5. Focus, Challenges & Approach

Impact of seasonal factors overridden by strong growth



→ Continued growth overrides impact of seasonal changes

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SEM Media – Key Factors

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

4. Segment Report

①Internet Infrastructure

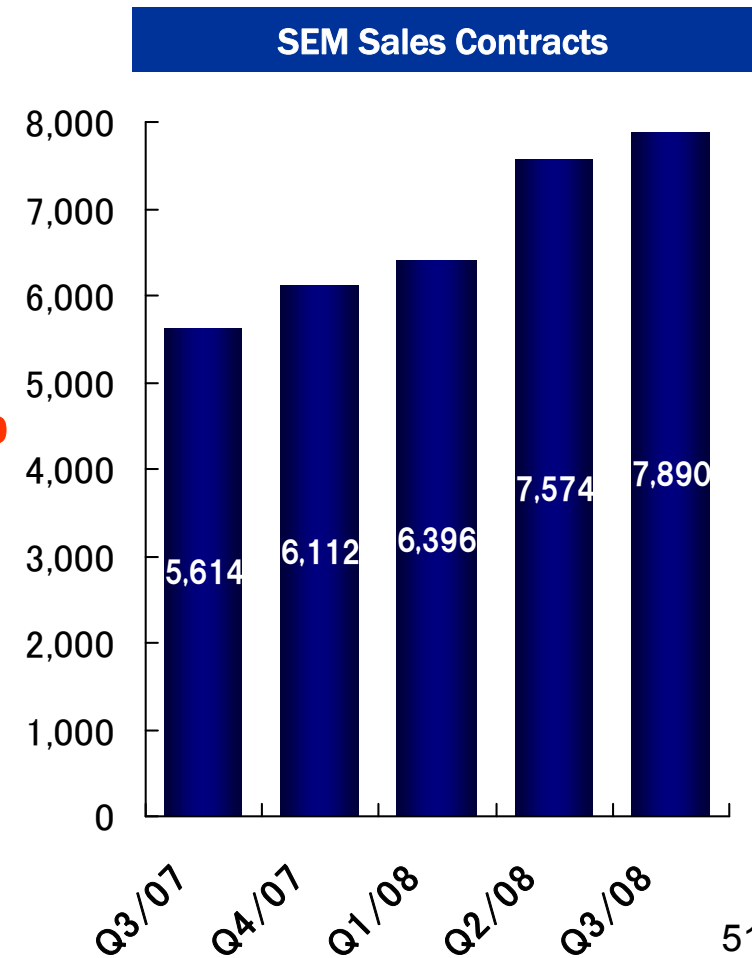
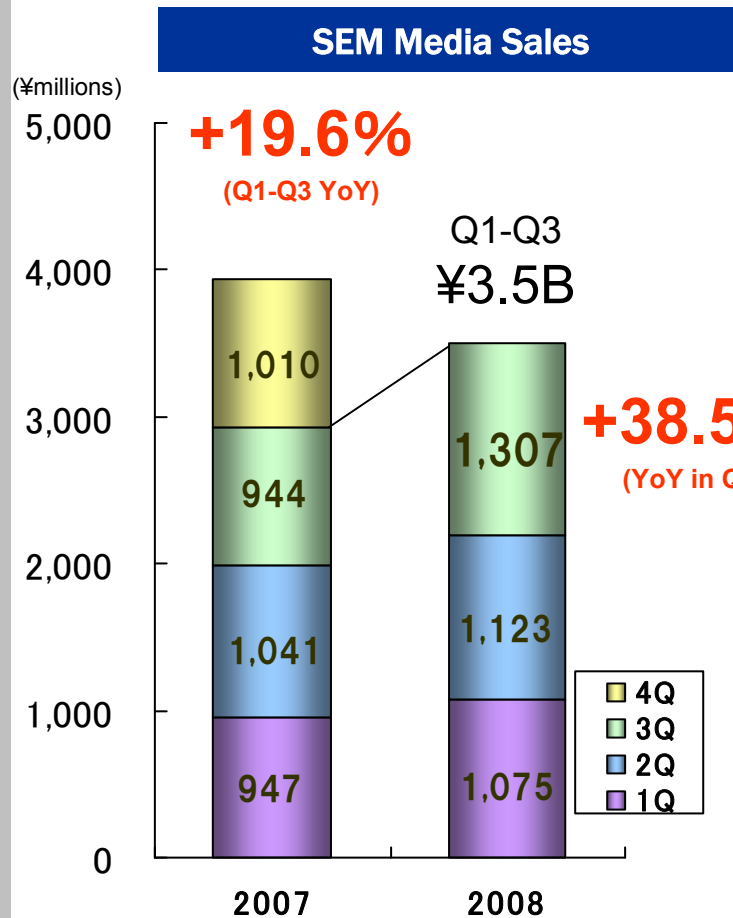
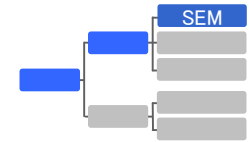
②Internet Media

5. Focus, Challenges & Approach

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Strong growth & increased sales from Q3 2008



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①Internet Infrastructure

②Internet Media

5. Focus, Challenges &
Approach

5. Focus, Challenges & Approach by Segment

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Focus, Challenges & Approach by Segment

1. Summary

2. 3rd Quarter Financial Statement

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4. Segment Report

①Internet Infrastructure

②Internet Media

5. Focus, Challenges & Approach

Firm progress on initiatives that address defined focuses and challenges

	Focus	Initiatives	Progress
Group	• Brand building	<ul style="list-style-type: none"> • Standardization of infrastructure segment company names • Development of leading products 	<ul style="list-style-type: none"> • The prefix GMO added to 90% of company names (remaining 2 companies to change name this year) • Rental server SD
	• Improving technology	<ul style="list-style-type: none"> • Establishment of an environment in which technical resources are valued 	<ul style="list-style-type: none"> • Group System Support Section • Innovation and Technology System Office • Web Promotion Research Office
Infrastructure & Media	• Cross-selling	<ul style="list-style-type: none"> • Customer database integration • Strengthened SEM service sales for shopping cart customers 	<ul style="list-style-type: none"> • On schedule • Sales Center (for pull marketing) opened
	• Development of mobile business	<ul style="list-style-type: none"> • Development of free mobile hosting service • Media development 	<ul style="list-style-type: none"> • Free mobile hosting from September
Media	<ul style="list-style-type: none"> • Development of high profit margin advertising products • Increase stock page views 	<ul style="list-style-type: none"> • Establishment of development team • Strengthening of existing media • GMO ID 	<ul style="list-style-type: none"> • Sales launched, already contributing to profit • Commitment to media research • 7.1 million IDs
	• Increased profitability in advertising agencies business	<ul style="list-style-type: none"> • Bolstering of SEM Media sales 	<ul style="list-style-type: none"> • Shift part of sales team to media sales



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Focus, Challenges & Approach by Segment

1. Summary

2. 3rd Quarter Financial Statement

3. Business Segments

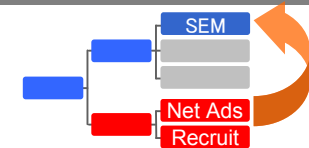
4. Segment Report

① Internet Infrastructure

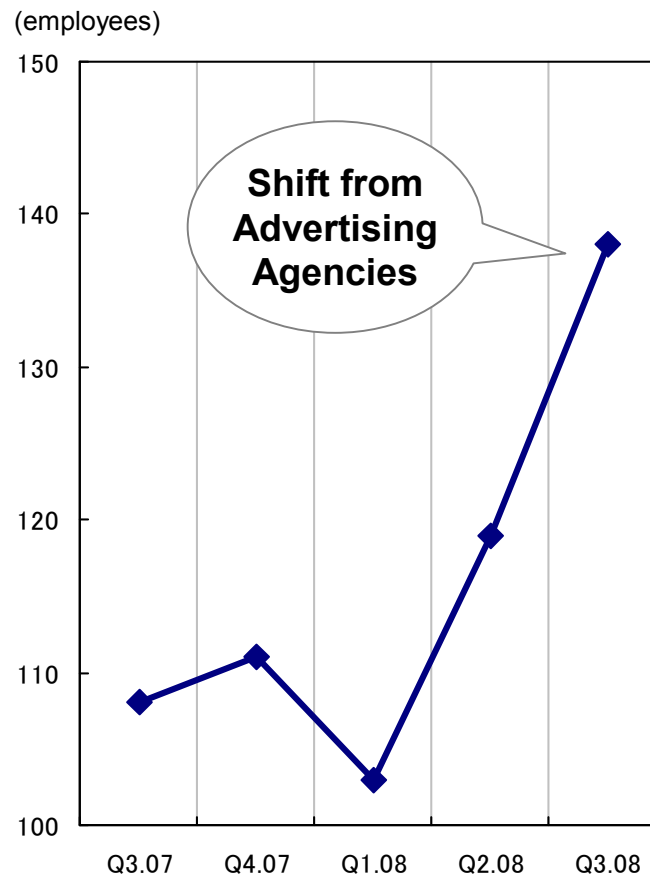
② Internet Media

5. Focus, Challenges & Approach

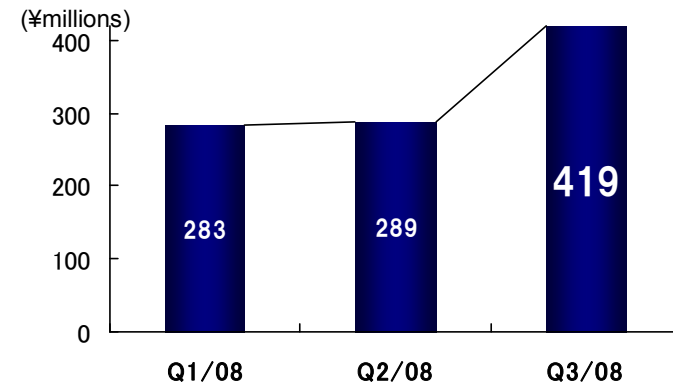
Improved cross-selling and profitability realized



SEM Media: Sales Operation Staff



SEM Media Operating Profit



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Internet for Everyone

- The “Internet Department” to Japan! -

