

Third Quarter Results Presentation for the 2008 Fiscal Year

November 12, 2008

GMO Internet, Inc.

(TSE First Section: 9449)

◆ **Supplementary Materials** ◆

Internet for Everyone

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

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model &
Growth Strategy

1. GMO Internet Group

TSE Stock Code: 9449



FY2008 3rd Quarter – Scope of Consolidation

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

TSE Stock Code: 9449



Business Segment	2008 Fiscal Year 2nd Quarter		2008 Fiscal Year 3rd Quarter		Notes
	Company Name	Proportion of Voting Rights (%)	Company Name	Proportion of Voting Rights (%)	
Internet Use Support (Infrastructure)	GMO Internet, Inc.	Parent Company	GMO Internet, Inc.	Parent Company	New
	GMO Hosting & Security, Inc	51.3	GMO Hosting & Security, Inc	51.3	
	GlobalSign K.K.	(89.8)	GlobalSign K.K.	(89.8)	
	GlobalSign Ltd. (England)	(100.0)	GlobalSign Ltd. (England)	(100.0)	
	GlobalSign NV (Belgium)	(100.0)	GlobalSign NV (Belgium)	(100.0)	
	GlobalSign, Inc. (US)	(100.0)	GlobalSign, Inc. (US)	(100.0)	
	Hosting & Security, INC. (US)	(51.2)	Toriton, Inc.	(100.0)	
	@YMC Corporation	(100.0)	Hosting & Security, INC. (US)	(51.2)	
	Global Web Co. Ltd.	(70.0)	@YMC Corporation	(100.0)	
	Mighty Server, Inc.	(100.0)	Global Web Co. Ltd.	(70.0)	
	GMO Payment Gateway, Inc.	52.3	Mighty Server, Inc. (now GMO Managed Hosting, Inc.)	(100.0)	
	Epsilon, Inc.	(100.0)	GMO Payment Gateway, Inc.	52.3	
	paperboy & co. Inc.	59.6	Epsilon, Inc.	(100.0)	
	MakeShop, Inc	58.7	paperboy & co. Inc.	59.6	
	GMO System Consulting, Inc.	92.5	GMO MAKESHOP Co., Ltd	58.7	
	GMO DIGITAL DISTRIBUTION, Inc.	(100.0)	GMO System Consulting, Inc.	92.5	
	GMO Solution Partner, Inc.	76.0	GMO DIGITAL DISTRIBUTION, Inc.	(90.9)	
	INTERNET Number Corporation	69.8	GMO Solution Partner, Inc.	76.0	
	GSS Corporation	(100.0)	INTERNET Number Corporation	71.1	
		GSS Corporation.	(100.0)		
Internet Advertising Support (Media)	Magclick, Inc. (now GMO AD Partners Inc.)	48.8	GMO AD Partners Inc.	48.8	New
	GMO San Planning, Inc.	(93.0)	GMO San Planning, Inc.	(90.3)	
	Venture CAREER, Inc.	(100.0)	GMO Mobile, Inc.	(100.0)	
	GMO Mobile, Inc.	(100.0)	NIKKO, Inc.	66.7	
	NIKKO, Inc.	66.7	GMO Research, Inc.	78.2	
	GMO Research, Inc.	78.2	GMO Tea Cup Communication, Inc.	51.0	
	GMO Tea Cup Communication, Inc.	51.0	GMO Media Holdings, Inc.	100.0	
	GMO Media Holdings, Inc.	100.0	GMO Media, Inc.	(86.3)	
	GMO Media, Inc.	(86.3)	GMO Ad Networks, Inc.	(100.0)	
	GMO Ad Networks, Inc.	(100.0)	JWord, Inc.	62.7	
	JWord, Inc.	62.7	BOM, Inc.	100.0	
	BOM, Inc.	100.0	GMO Marketing, Inc.	51.0	
	GMO Marketing, Inc.	51.0	GMO Games, Inc.	100.0	
	GMO Games, Inc.	100.0	GMO Games Korea, Inc.	(100.0)	
	GMO Games Korea, Inc.	(100.0)	and seven (7) other companies	(100.0)	
	and five (5) other companies				
	Other Businesses	GMO Venture Partners, Inc.	100.0	GMO Venture Partners, Inc.	
GMO Venture Partners Investment Limited Partnership		(71.4)	GMO Venture Partners Investment Limited Partnership	(71.4)	
Blog Business Fund Investment Limited Partnership		(19.8)	Blog Business Fund Investment Limited Partnership	(19.8)	

Summary of Sales by Business

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Business	2007/3Q	2007/4Q	2008/1Q	2008/2Q	2008/3Q
◆ Internet Use Support (Infrastructure) ◆					
Internet Provider	472	459	413	374	349
Domain	476	523	617	613	601
Web Hosting	2,102	2,088	2,142	2,176	2,156
EC Solutions & Web Development	741	957	775	715	841
Security	209	223	275	263	255
Payment Processing	449	500	519	535	578
Other	111	135	51	41	30
Segment Total	4,562	4,888	4,797	4,720	4,815
◆ Internet Advertising Support (Media) ◆					
Internet Media & Search Media	1,623	1,731	2,065	2,222	2,429
Internet Advertising Agencies	1,352	1,735	1,510	1,514	2,745
Other	318	371	354	322	364
Adjustment for internal Transactions	-116	-56	-80	-164	-174
Segment Total	3,178	3,783	3,850	3,894	5,365
◆ Other Businesses ◆					
Other	1	2	40	26	8
Adjustment for internal Transactions	1	2	40	26	8
Segment Total	-57	-73	-43	-81	-229
Consolidated Sales	7,685	8,601	8,644	8,560	9,959

(¥millions)

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Changes in Costs and Cost Composition (Consolidated)

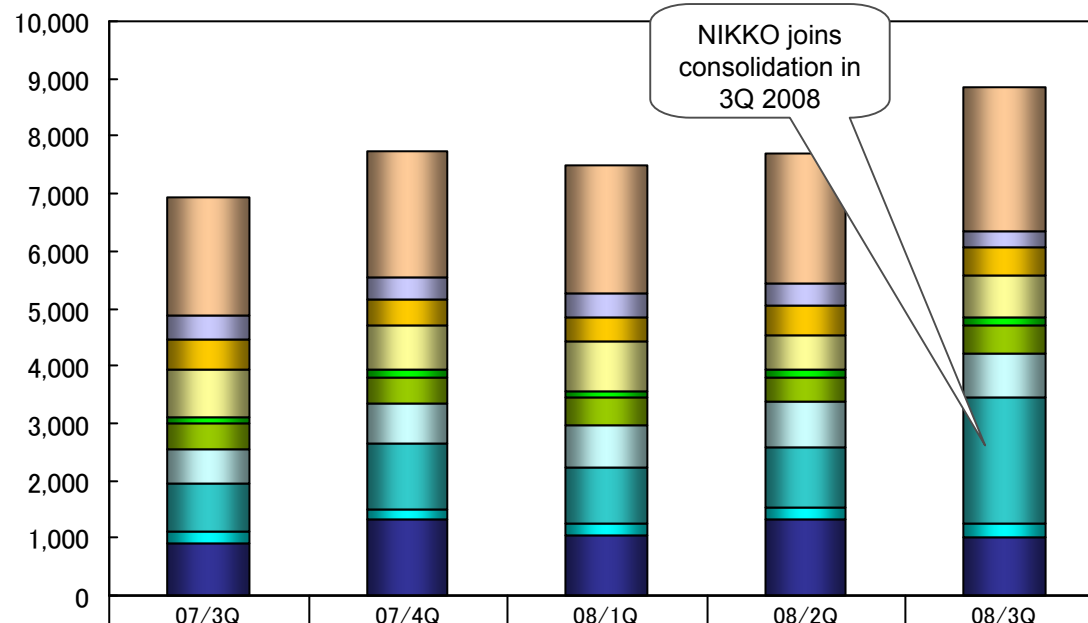
1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

(¥millions)



	07/3Q	07/4Q	08/1Q	08/2Q	08/3Q
Business Expenses + SGA Total	6,958	7,754	7,492	7,710	8,844
Human Resources	2,065	2,203	2,238	2,268	2,488
Advertising and Promotion Costs	427	388	388	389	278
Depreciation and Rental Costs	517	458	430	506	502
Outsourcing / Sub-contracting Expenses	825	770	867	618	740
Communication Costs	133	115	127	115	124
Rent	437	471	473	442	503
Comission Paid	609	698	716	773	758
Media Costs	810	1,141	995	1,072	2,200
Consolidated Adjustment Account Depreciation	208	184	203	202	222
Other	920	1,321	1,049	1,319	1,023

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*08.2Q Human resources costs revised. Business expenses + SGA total revised accordingly.

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3. Internet Media

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2. Internet Use Support (Infrastructure)

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Domain Registration

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2. Internet Infrastructure

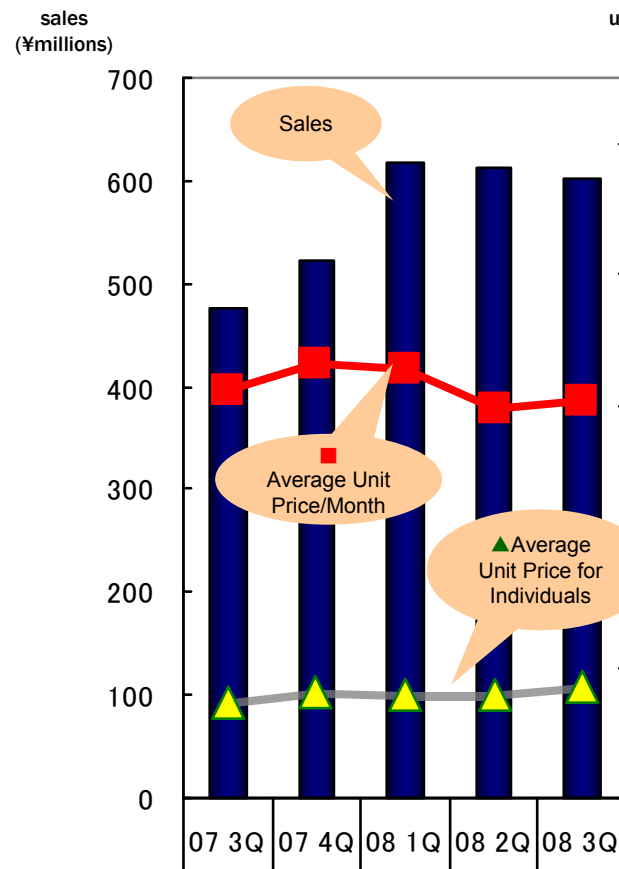
3. Internet Media

4. Business Model & Growth Strategy

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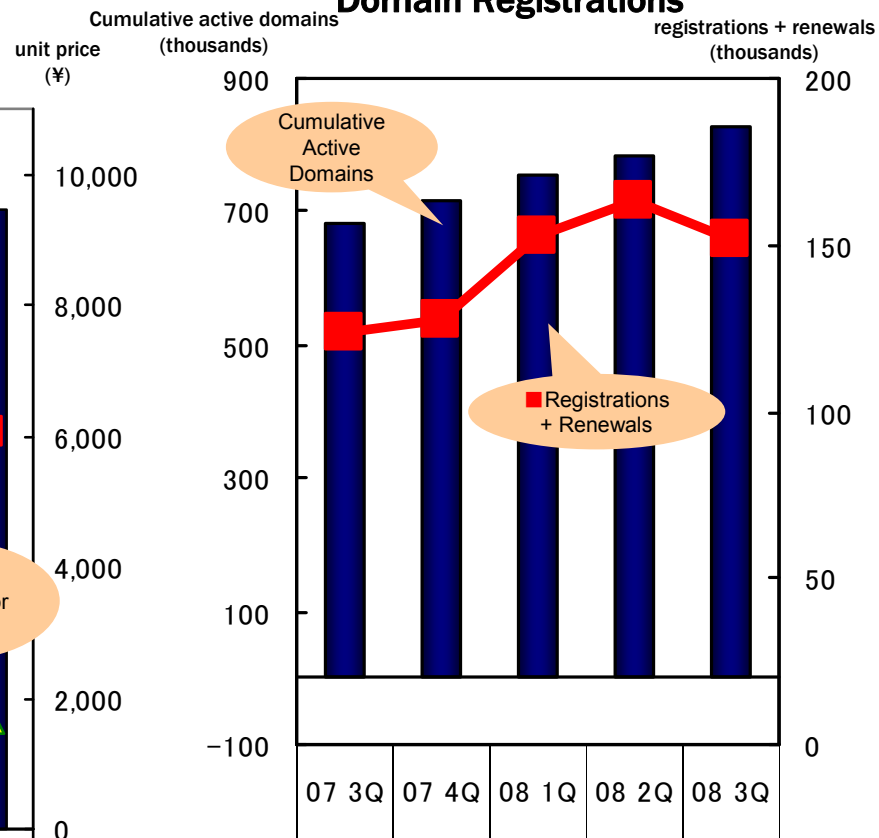


Sales



Sales	476	523	617	613	601
Average Unit Price per Month	6,240	6,640	6,559	5,930	6,086
Average Unit Price for Individuals	1,467	1,637	1,580	1,595	1,716

Domain Registrations



Cumulative Active Domains	685	718	757	784	829
Registrations + Renewals	124	128	153	163	152
Total Cumulative Registrations	1,078	1,136	1,202	1,274	1,340

New Domains and Domain Renewals

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2. Internet Infrastructure

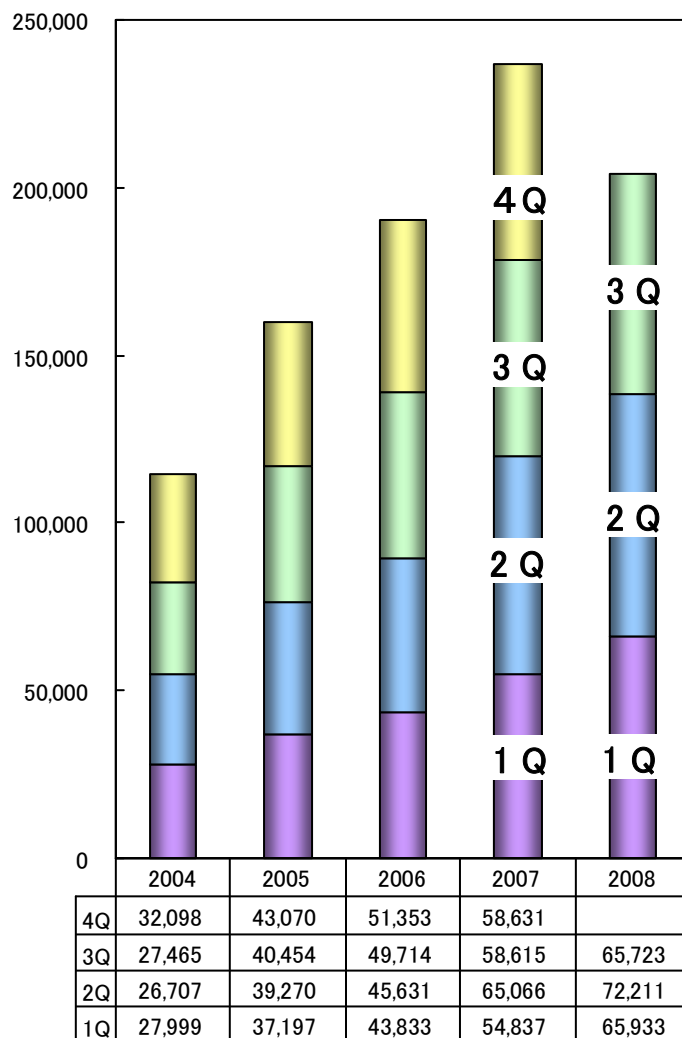
3. Internet Media

4. Business Model & Growth Strategy

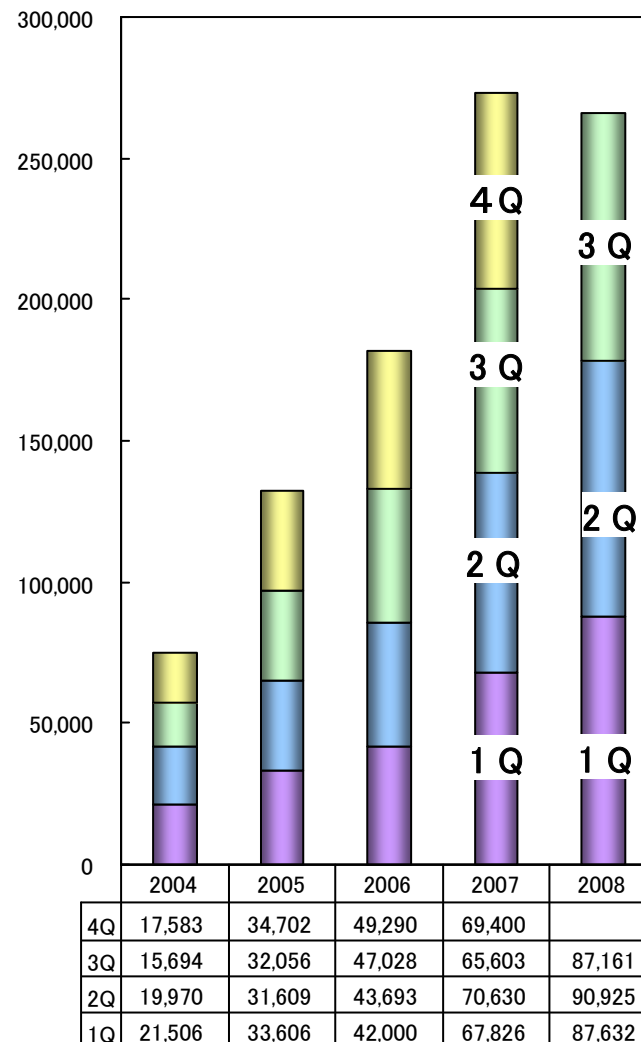
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New Domain Registrations



Renewals



Web Hosting

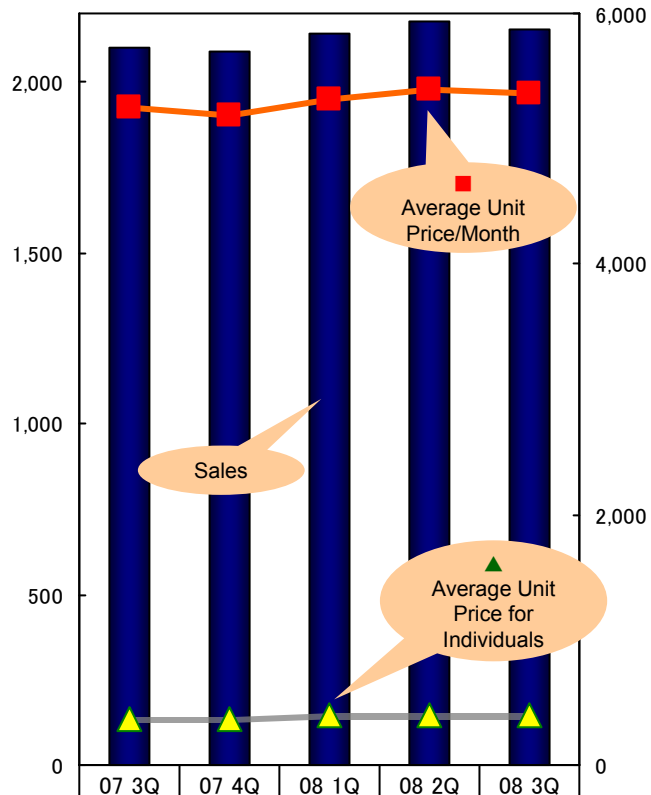
1. GMO Internet Group

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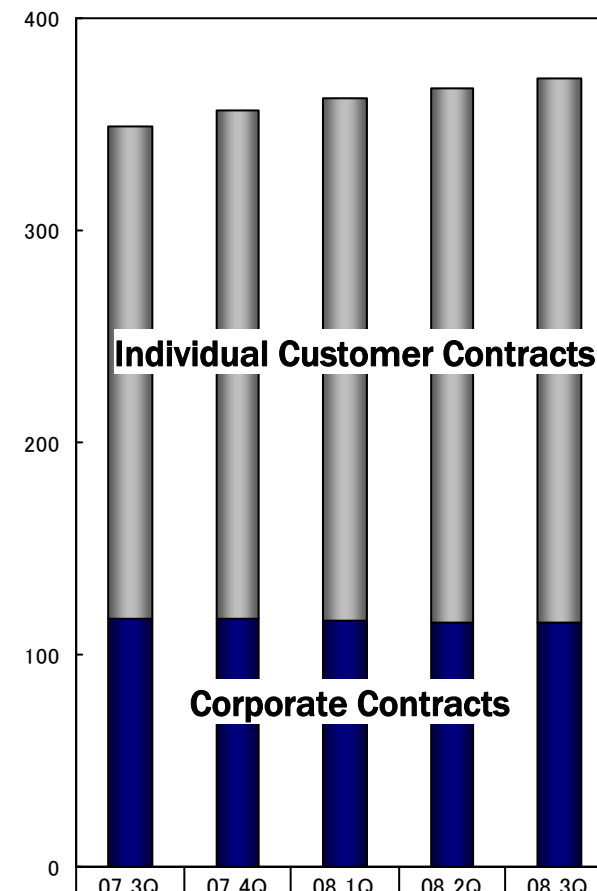
4. Business Model & Growth Strategy

Sales (¥millions) unit price (¥) (thousands)



	07 3Q	07 4Q	08 1Q	08 2Q	08 3Q
Sales	2,102	2,088	2,142	2,176	2,156
Average Unit Price per Month	5,246	5,187	5,313	5,396	5,357
Average Unit Price for Individuals	373	369	395	399	403

Contracts



	07 3Q	07 4Q	08 1Q	08 2Q	08 3Q
Individual Contracts	232	240	246	252	257
Corporate Contracts	117	117	116	115	115

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3. Internet Media

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Growth Strategy

3. Internet Advertising Support (Media)

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Internet Advertising Agencies

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2. Internet Infrastructure

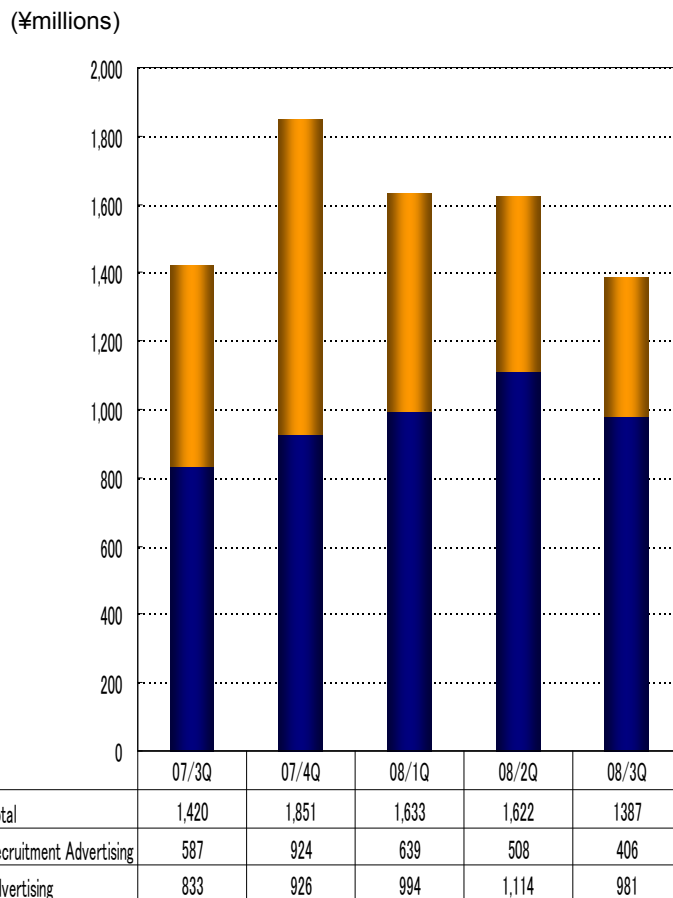
3. Internet Media

4. Business Model & Growth Strategy

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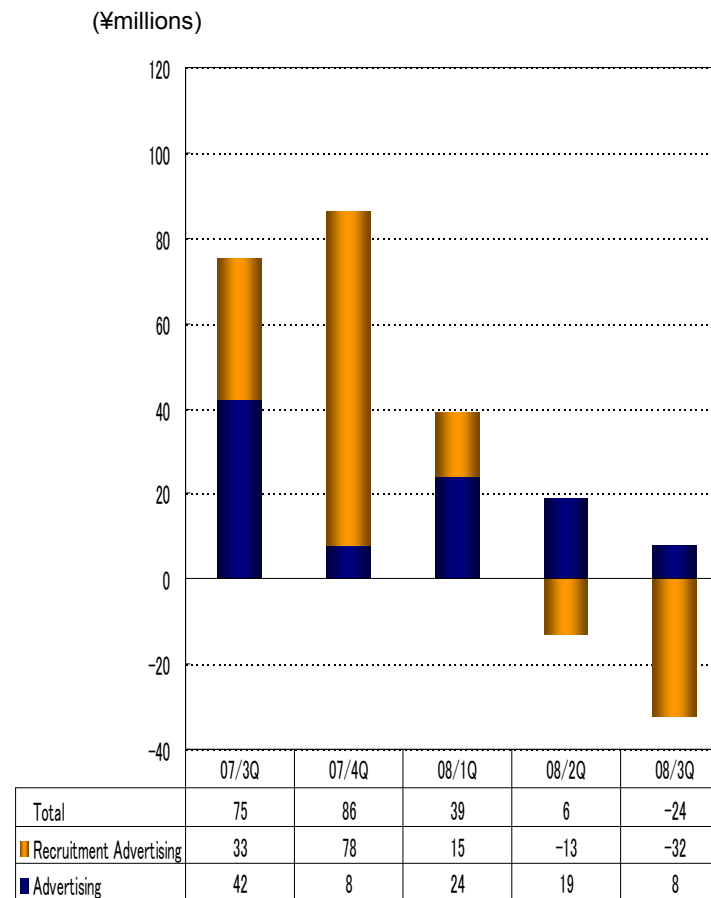


Internet Advertising Agencies Sales



*Figures shown as released by GMO AD Partners, Inc.

Internet Advertising Agencies Ordinary Profit



*Figures shown as released by GMO AD Partners, Inc.

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4. Business Model & Growth Strategy

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The GMO Internet Group

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Striving to be the "Internet Department" to Japan

The company that has most increased the number of websites (volume of information) on the Internet in Japan



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Services

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Internet Infrastructure Segment


Everything required to publish information on the Internet

Domain Registration
Addresses for the Internet


http://www

ドメイン取るなら 電話でドメイン
お名前.com

Web Hosting
Website and email data storage



Security
Data encryption



SSLはグローバルサイン
GlobalSign
GMO Internet Group



品名	数量	小計	商品税
2008年度版「夢」小説付録	1	7,200円	0円
2008年度版「夢」小説付録	1	1,750円	0円
2008年度版「夢」小説付録	1	1,200円	0円
合計		10,150円	

1. 決済方法を選択する際の注意事項

※お名前.com

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GlobalSign
GMO Internet Group

E-commerce Solutions & Web Dev.
E-commerce systems provider

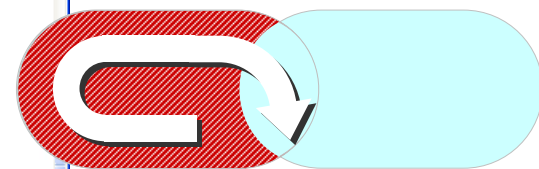


MakeShop
GMO INTERNET GROUP

Payment Processing
Online payment processing



GMO PAYMENT GATEWAY



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Services

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2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Internet Media segment (1)

Helping websites attract customers

SEM Consulting



Internet Advertising Agencies

品名	数量	小計	商品税
hmagiStyle.com 2008年年度版 (全巻) (全12巻)	1	¥7,200	¥0
hmagiStyle.com 2008年年度版 (全巻) (全12巻) (送料別)	1	¥0	¥0
hmagiStyle.com 2008年年度版 (全巻) (全12巻) (送料別)	1	¥0	¥0
合計		¥7,200	¥0

Prominent Positioning in Search Engine Results

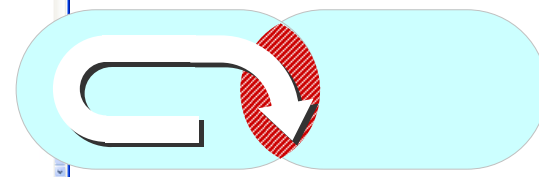
手帳

簡単アクセス方法

JWord. でダイレクトアクセス

アドレス(D)

アドレスバーに「手帳」で検索すると、直接表示されます。



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Services

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Internet Media segment (2)

▪▪▪ Advertising revenue from the provision of free, convenient services

Development & Operation of Free Internet Media

freeml
フリー・エムエル

yaplog!
www.yaplog.jp

JUGEM

teacup.

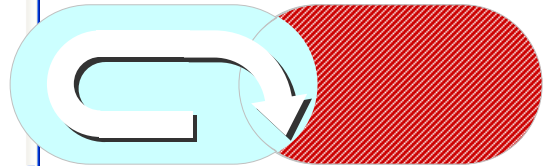
Autopage

壁紙.com



Distribution of Content Relevant Advertising

overture



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Business Segments

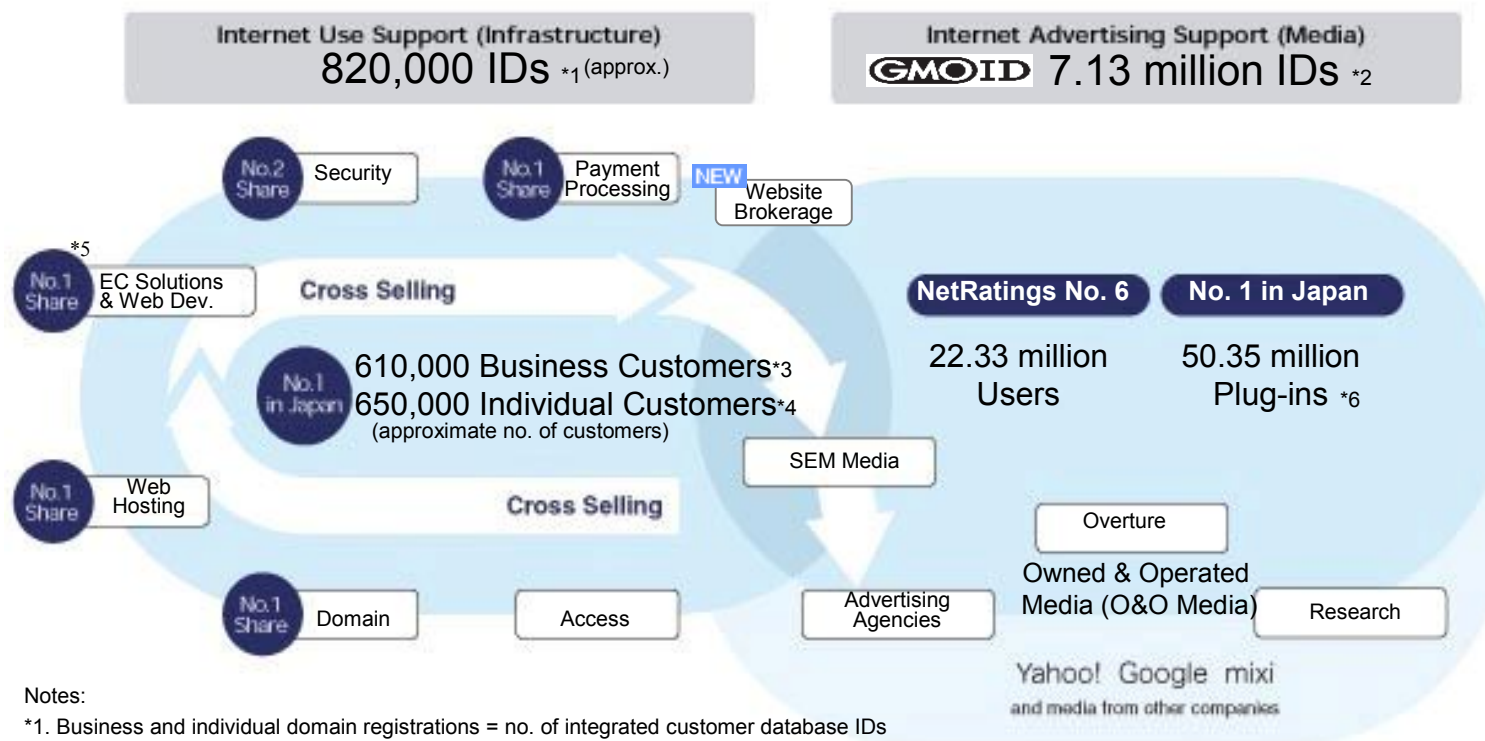
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4. Business Model & Growth Strategy

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 Customers

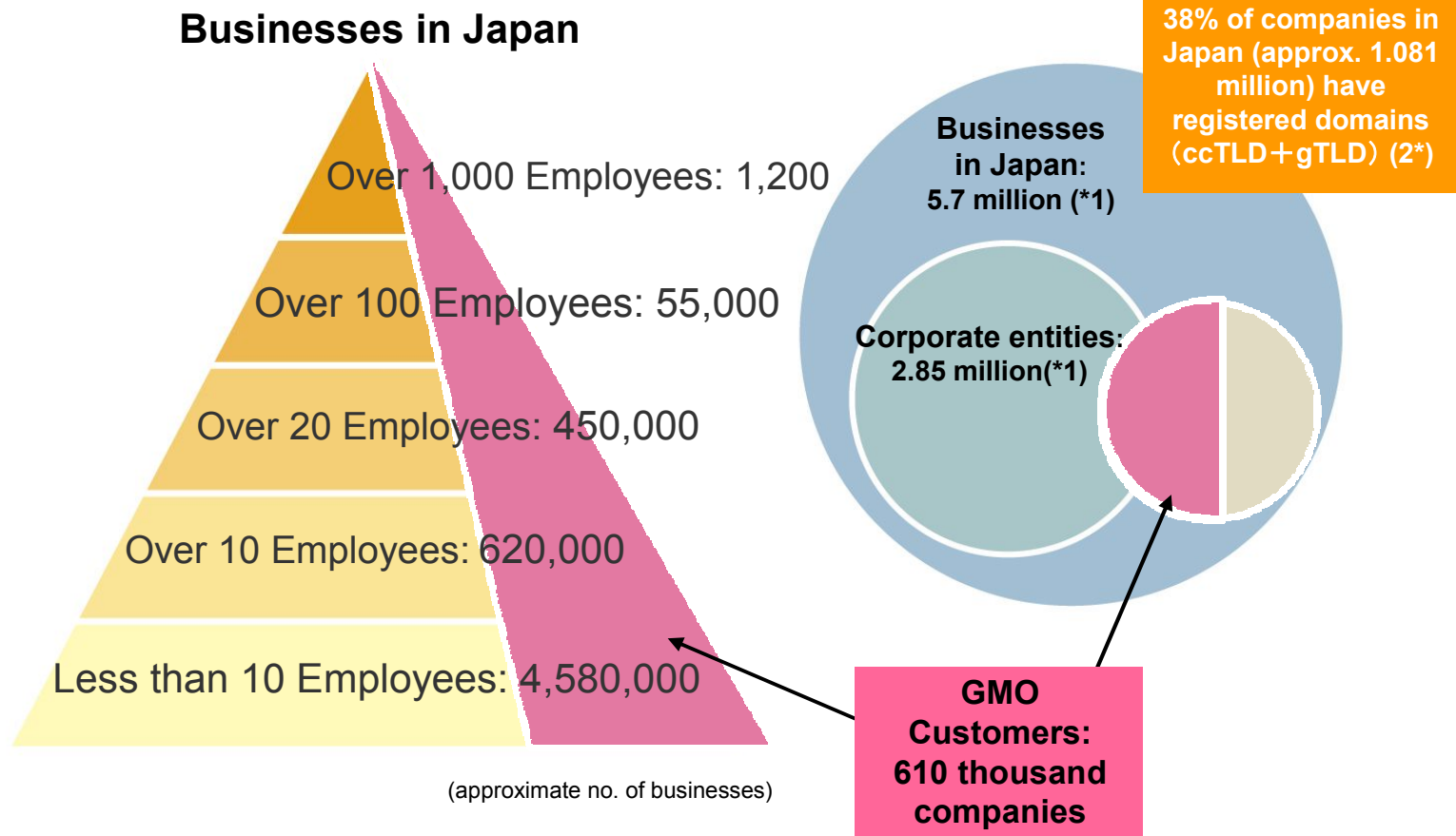
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4. Business Model & Growth Strategy

610 thousand of the 5.7 million businesses in Japan use our Infrastructure segment services



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*1.Ministry of Internal Affairs and Communications Statistics Bureau 2006 statistical report on business and industry (October 1, 2006)

*2.According to our own calculations, JPRS statistics (December, 2006) and the ICANN monthly registry report December 2006.

Internet Media Segment Users

1. GMO Internet Group

2. Internet Infrastructure

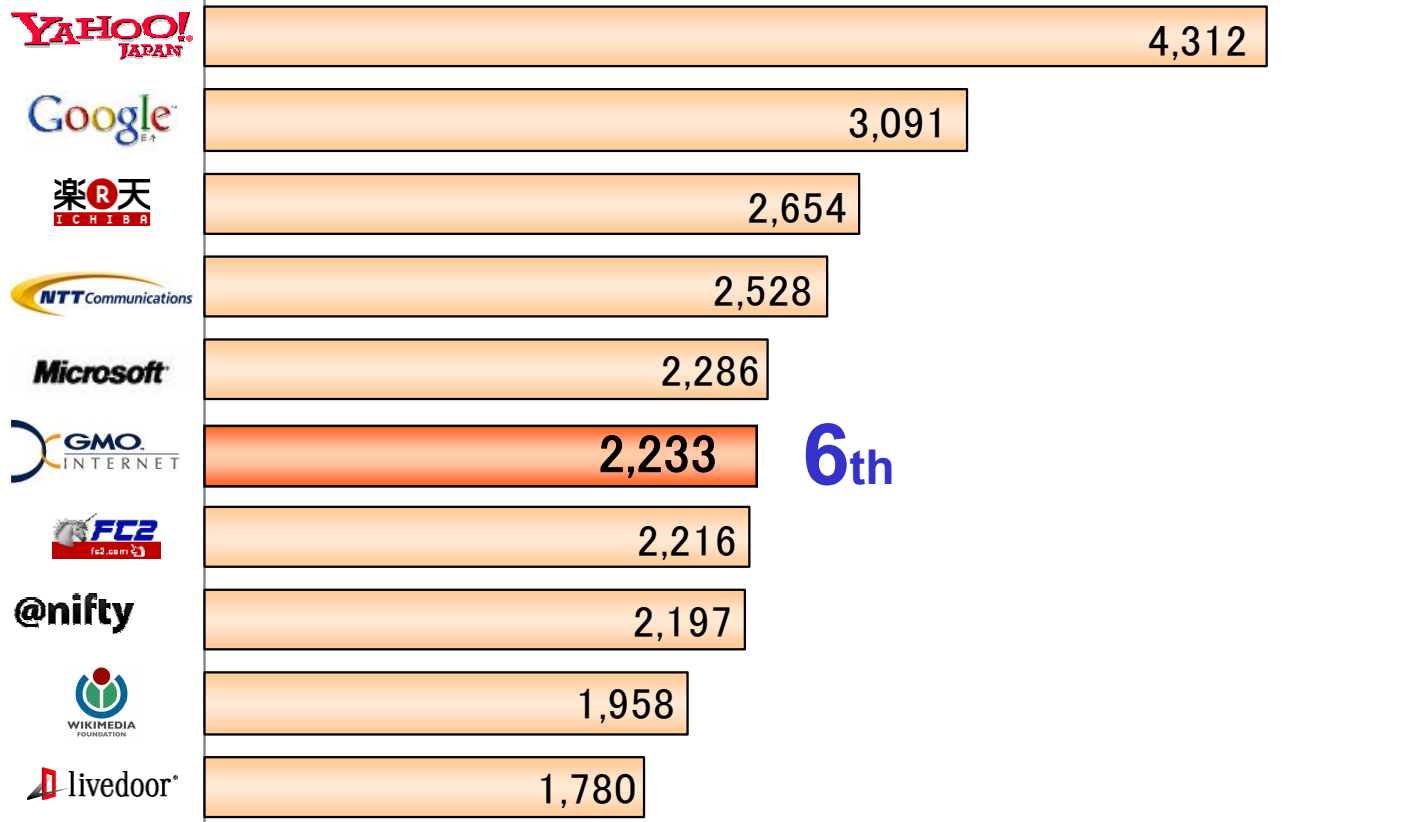
3. Internet Media

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22.33 million users

Visitors per month Ranking

(10,000's)



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Internet Media Segment - Major Internet Media Sites

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We are not a portal site or an online shopping mall; we operate a vast line-up of services (major services popular with many of our 22.33 million users)

JWord approx. 5.26 million users



yaplog! approx. 5.82 million users



JUGEM approx. 7.95 million users



tsacup. approx. 6.89 million users



壁紙.com approx. 1.61 million users



freeml approx. 4.90 million users



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Nielsen//NetRatings, (9/2008)

GMO Internet Group Strengths

1. GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Business Model & Growth Strategy

Sophisticated technology, organizational strength & a broad customer base

Stable Customer Base 610,000* businesses 650,000* individuals 820,000* IDs	<h2>Customer Base</h2>	NetRatings Japan Ranking: 6 22.33 million individual users 7.13 million IDs
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*approximate figures

Up-Sell **X** Cross-Sell

<h3>We Develop Our Own Technology</h3> <ul style="list-style-type: none"> Overwhelming Domain & Server Market Shares Advancing into the Global Security Market E-Commerce Payment Processing operating 47 thousand stores Search / CGM 50.35 million Plugins 	<h3>Marketing & Selling Power</h3> <ul style="list-style-type: none"> Web Marketing 78 Sites Call Center 300 Booths On the Road 350 Sales Reps Sales Approx. 6,000 Partners 	<h3>No. 1 Customer Satisfaction Support</h3> <ul style="list-style-type: none"> Support Center Open 24 hours 365 days Quick Response Phone 9 secs Mail 9 mins CTI Customer Management System HDI Japan 2 Stars 	<h3>Latest Industry Trends Research</h3> <ul style="list-style-type: none"> Venture Capital Securing the latest business innovations Pay-per-Click Advertising On top of industry marketing trends Net Professionals 1,800 Research Panel 1.01 million members
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All supported by a formidable organizational strength!

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Main Group Companies

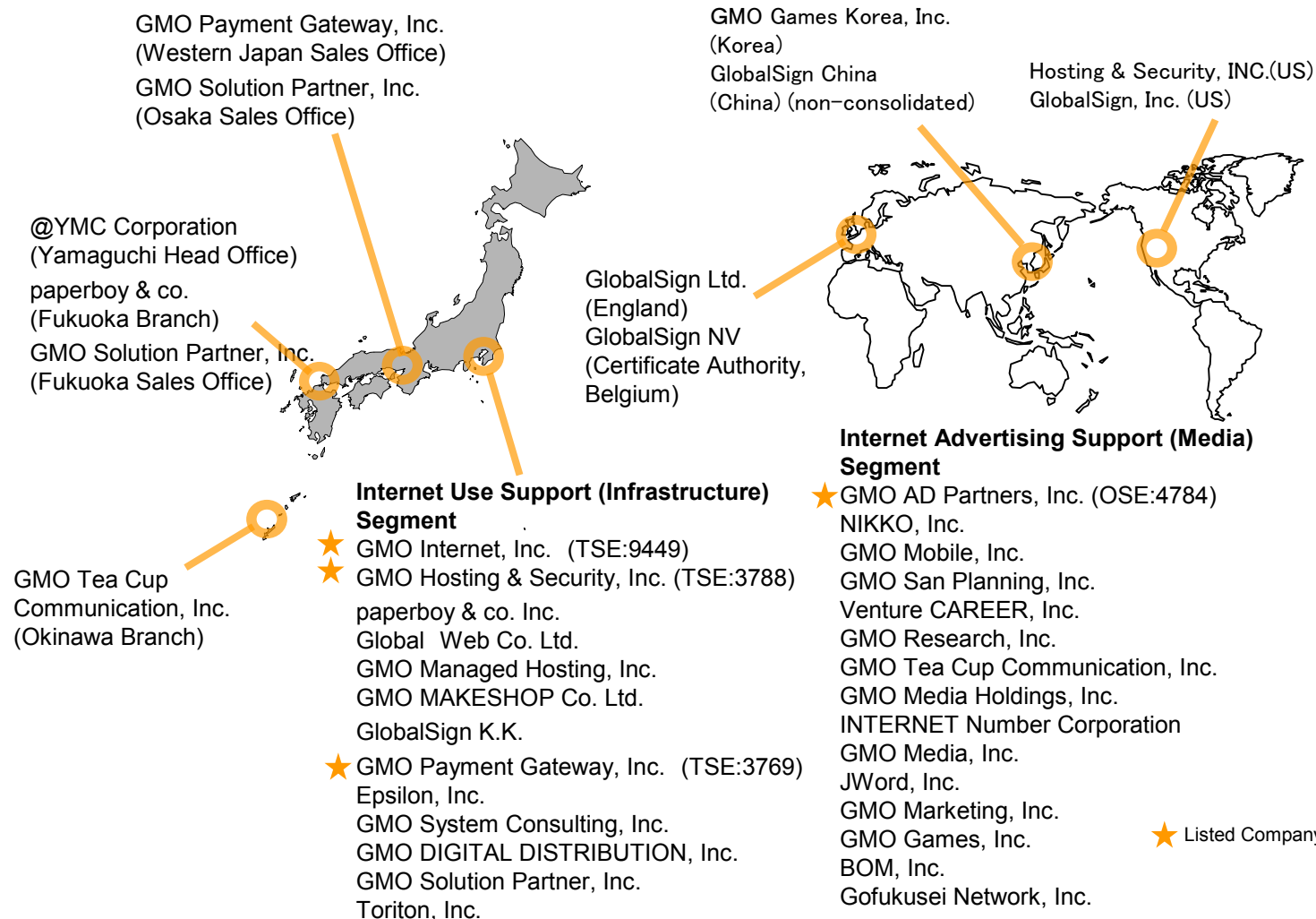
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4. Business Model & Growth Strategy

53 Companies (consolidated: 43 non consolidated:10) 1,799 Employees



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Internet Infrastructure Segment Growth Strategy

1. GMO Internet Group

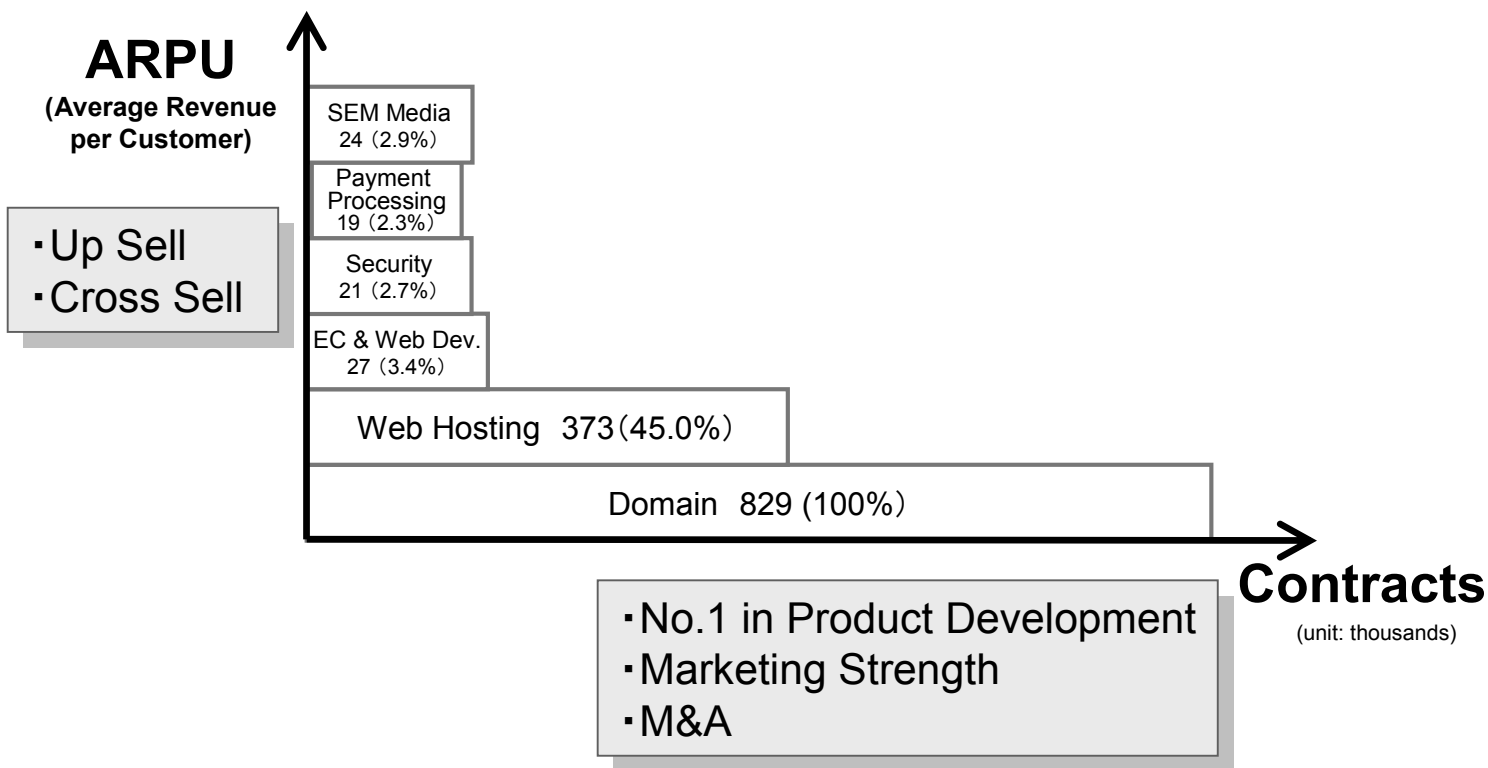
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4. Business Model & Growth Strategy

Two strategies to accelerate growth

$$\text{No. of Contracts} \times \text{ARPU} = \text{Sales}$$



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Internet Infrastructure Segment Growth Strategy

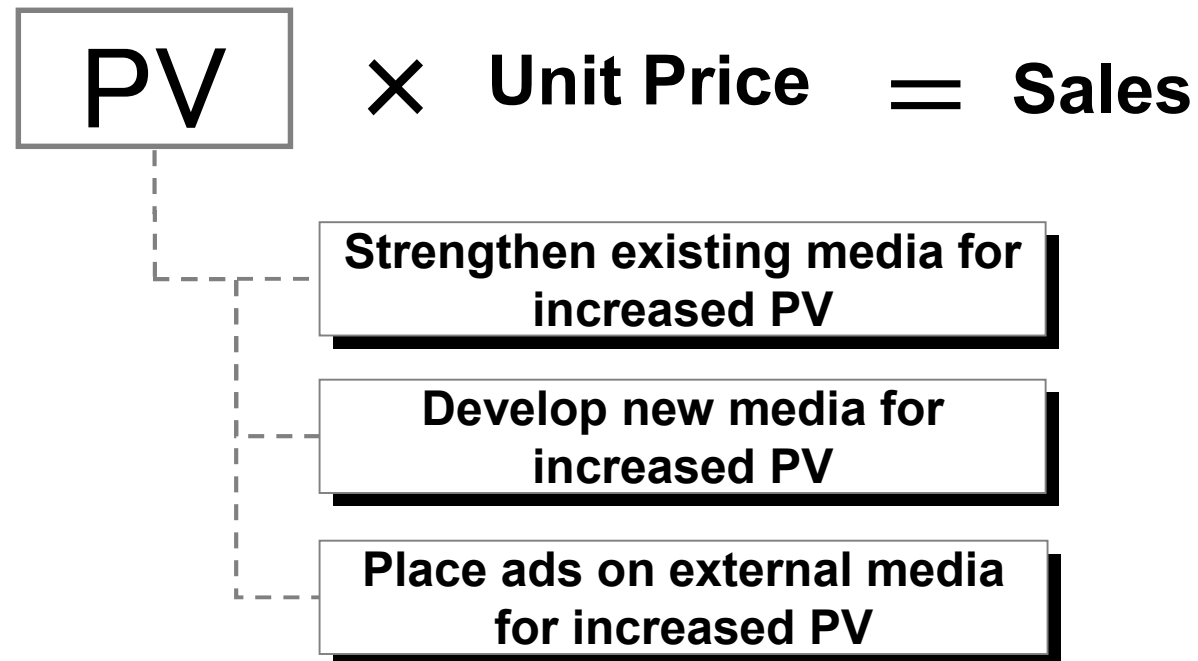
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Boosting page views



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