

Third Quarter Financial Results Presentation for the 2006 Fiscal Year

November 17, 2006

GMO Internet Inc.
(TSE First Section: 9449)

■ **Supplementary Data**



Internet for Everyone

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

1

GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

G M O I n t e r n e t G r o u p

TSE Stock Code: 9449



Financial Results for the 2006 Fiscal Year 3rd Quarter – Scope of the Consolidation

GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

TSE Stock Code : 9449



Business Segment	2006 Fiscal Year Interim		2006 Fiscal Year 3 rd 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.	63.8	GMO Hosting & Security Inc.	63.8	
	GMO Research Institute Inc.	100.0	Certification Services Ltd. (England)	100.0	
	GeoTrust Japan Inc.	(97.1)	GeoTrust Japan Inc.	(97.1)	
	Grand Sphere Inc.	92.5	Grand Sphere Inc.	92.5	
	WEBKEEPERS, INC. (USA)	(70.0)	WEBKEEPERS, INC. (USA)	(70.0)	
	INTERNET Number Inc.	69.6	INTERNET Number Inc.	69.6	
	paperboy & co Inc.	50.2	paperboy & co Inc.	50.2	
	GMO Payment Gateway Inc.	52.4	GMO Payment Gateway Inc.	52.4	
	@YMC Inc.	(100.0)	@YMC Inc.	(100.0)	
	Payment One Inc.	100.0	GMO Blog Inc.	(100.0)	
	GMO Blog Inc.	(100.0)	Make Shop Inc.	58.7	
	Make Shop Inc.	58.7	Epsilon Inc.	(100.0)	
Epsilon Inc.	(100.0)	Mighty Server Inc.	(100.0)		
Mighty Server Inc.	(100.0)				
Internet Advertising Support (Media)	MagClick Inc.	43.1	MagClick Inc.	43.1	
	GMO Research Inc.	81.0	GMO Research Inc.	78.1	
	GMO Media Holdings Inc.	100.0	GMO Media Holdings Inc.	100.0	
	GMO Media Inc.	(81.6)	GMO Media Inc.	(81.6)	
	Net Clue Co. Ltd. (Korea)	(100.0)	Net Clue Co. Ltd. (Korea)	(100.0)	
	GMO San Planning Inc.	(75.6)	GMO San Planning Inc.	(75.6)	
	Tea Cup Communication Inc.	51.0	Tea Cup Communication Inc.	51.0	
	JWord Inc.	62.7	JWord Inc.	62.7	
	GMO Ad Networks Inc.	(100.0)	GMO Ad Networks Inc.	(100.0)	
	GMO Games Inc.	100.0	GMO Games Inc.	100.0	
Internet Finance	GMO NetCard	98.3	GMO NetCard	98.3	New New New
	GMO Internet Securities Inc.	87.2	Sanki Shoji Inc.	100.0	
	GMO Venture Partners Inc.	100.0	Jaxon	(100.0)	
	GMO Venture Partners Investment Limited Partnership	(31.7)	Just Inc. (and 12 other companies)	(100.0)	
	Blog Business Fund Investment Limited Partnership	(9.9)	GMO Internet Securities Inc.	88.1	
			GMO Venture Partners Inc.	100.0	
			GMO Venture Partners Investment Limited Partnership	(31.7)	
			Blog Business Fund Investment Limited Partnership	(9.9)	

Sales Breakdown

GMO Internet Group

2. Internet Infrastructure

3. Internet Media

4. Internet Finance

Business	2005/3Q	2005/4Q	2006/1Q	2006/2Q	2006/3Q
Internet Use Support (Infrastructure)					
Internet Provider	696	655	633	595	560
Domain Registration	367	396	457	502	497
Web Hosting	1,795	1,819	1,872	1,956	1,984
Website Construction	190	231	268	214	300
Internet Security	70	67	108	101	147
Credit Card Payment Processing	432	371	384	404	423
E-commerce support	—	—	107	128	262
Corporate Communications	202	209	99	77	104
Other	55	76	94	18	86
Segment Total	3,809	3,827	4,027	3,998	4,366
Internet Advertising Support (Media)					
Internet Media Construction	492	474	442	420	443
Internet Advertising Sales	1,581	1,946	1,837	1,388	1,438
JWord	783	712	834	904	893
Online Games	199	184	192	227	237
Other	37	74	82	66	93
Adjustment for Internal Transactions	(236)	(257)	(146)	(232)	(219)
Segment Total	2,857	3,135	3,243	2,775	2,886
Internet Finance					
Internet Finance	4,759	4,629	4,506	4,633	5,741
Adjustment for Transactions between Segments	-16	-86	-63	-78	(97)
Consolidated Sales	11,409	11,508	11,713	11,329	12,897

(¥millions)

TSE Stock Code : 9449



Changes in Costs and Cost Composition (Consolidated)

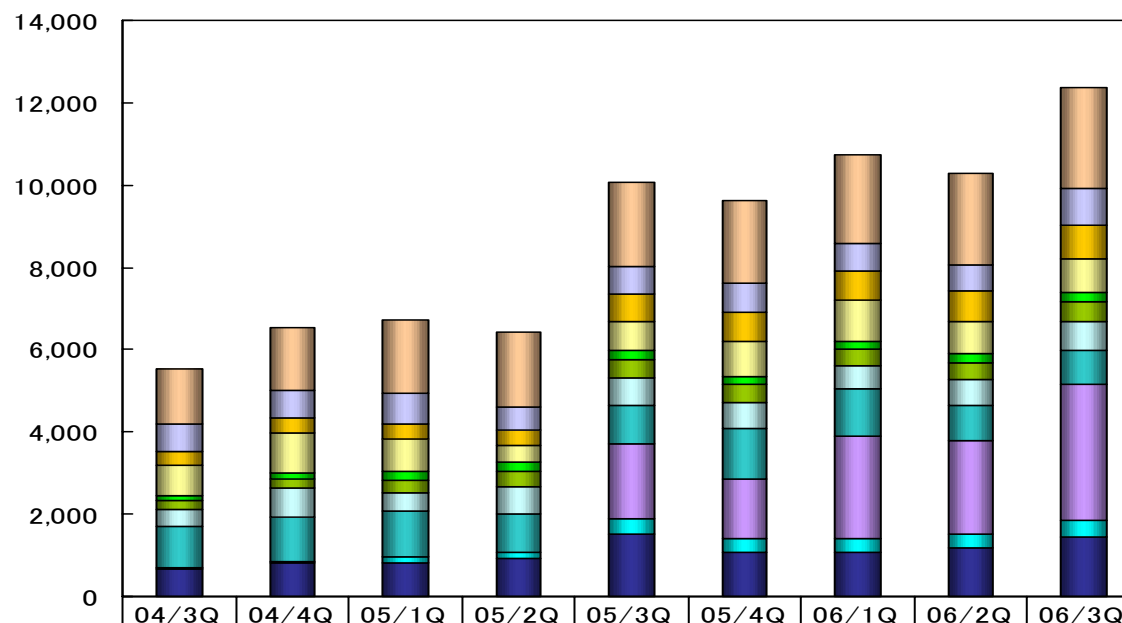
GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

(¥millions)



	04/3Q	04/4Q	05/1Q	05/2Q	05/3Q	05/4Q	06/1Q	06/2Q	06/3Q
Business Expenses + SGA Total	5,555	6,535	6,743	6,438	10,077	9,620	10,732	10,301	12,360
Human Resource Costs	1,337	1,521	1,819	1,827	2,060	2,019	2,138	2,245	2,441
Advertising and Promotion Costs	693	673	708	540	642	688	666	620	897
Depreciation and Rental Costs	321	365	386	379	698	710	731	753	821
Outsourcing and Subcontracting Expenses	734	968	767	437	696	839	977	768	792
Communication Costs	116	145	222	206	234	213	211	221	239
Rent	227	217	305	386	428	421	400	431	465
Payment Handling Fees	408	696	464	657	655	653	541	626	706
Media Costs	989	1,092	1,113	942	944	1,222	1,180	827	849
Financing Costs and Bad Debts					1,839	1,452	2,474	2,283	3,283
Adjustment for Doubtful Debts	49	34	154	137	338	326	333	333	414
Other	675	820	802	922	1,539	1,071	1,076	1,190	1,447

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Number of Employees, Sales Per Employee, Ordinary Profit Per Employee (Consolidated)

GMO Internet Group

2.Internet Infrastructure

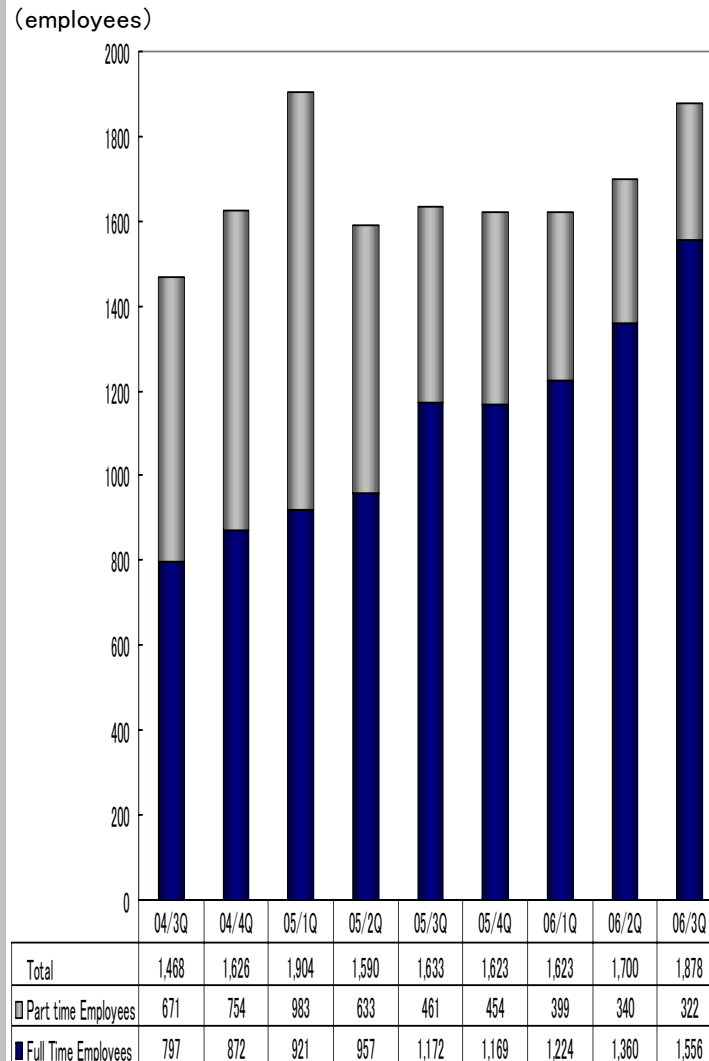
3.Internet Media

4.Internet Finance

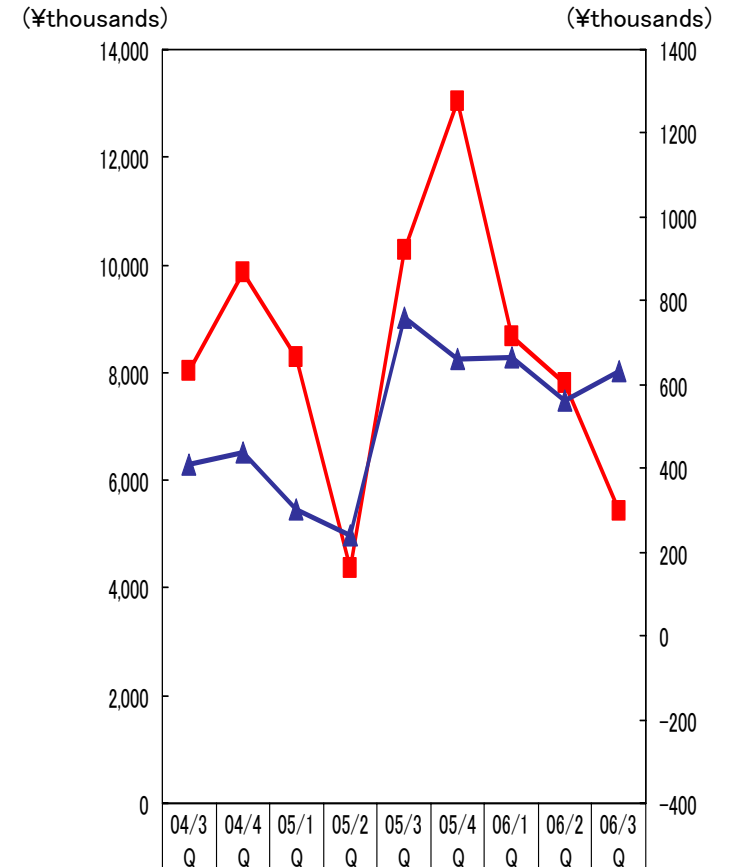
TSE Stock Code : 9449



<Employee Numbers and Composition of Workforce>



<Sales and Ordinary Profit per Employee>



■ Ordinary Profit Per Employee	631	866	667	163	920	1,278	713	605	296
▲ Sales Per Employee	6,291	6,519	5,457	4,986	9,019	8,242	8,278	7,468	8,040
Average No. of Employees in the period	985	1,156	1,403	1,333	1,265	1,396	1,415	1,517	1,604

※Average Number of Employees is calculated as 1 for every full time employee and 0.5 for every part time employee

※No. of employees represents the figures at the end of each period

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FY2006 Objectives and Progress

GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

Building Group Synergy

Objective	3Q Activities
<p>Building Group Synergy</p>	<p>Efforts are underway to increase crossover between business segments, companies etc.</p>
<p>A Common User ID for all services</p> <p>Users only need to sign in once to use all services. We offer a customized user page and reward point system.</p>	<p>Progressing according to plan. Please refer to page 20 for details</p>
<p>One Payment (scheduled to commence from June billing)</p>	<p>This service is partly operational. We plan to offer it to Web Hosting customers by the end of the year.</p>
<p>Building the GMO Brand</p>	<p>Introduction of a common header on all websites is complete. Other initiatives are underway.</p>

TSE Stock Code: 9449



FY2006 Objectives and Progress

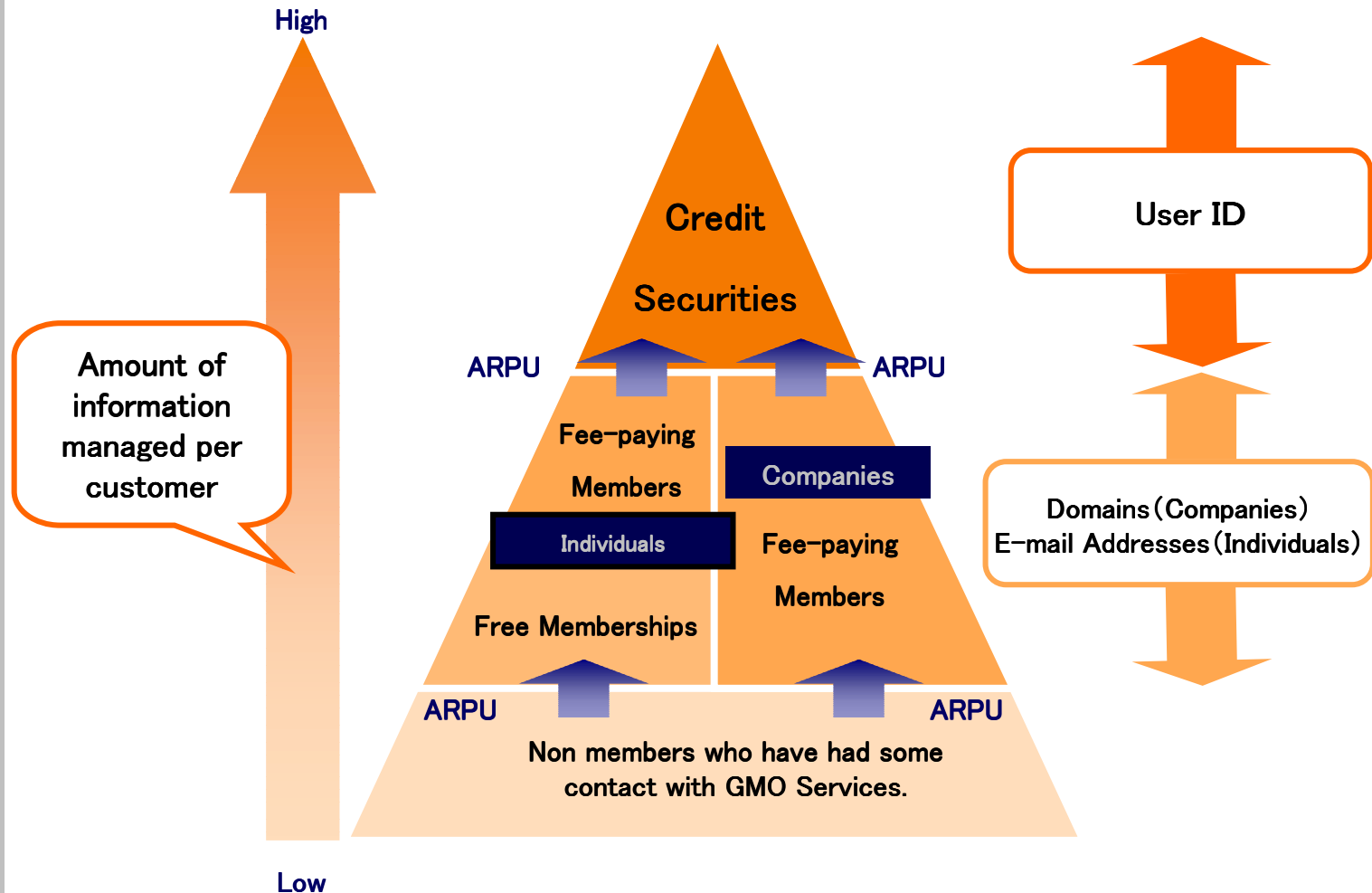
GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

The Common ID



TSE Stock Code : 9449



FY2006 Objectives and Progress

GMO Internet Group

2.Internet Infrastructure

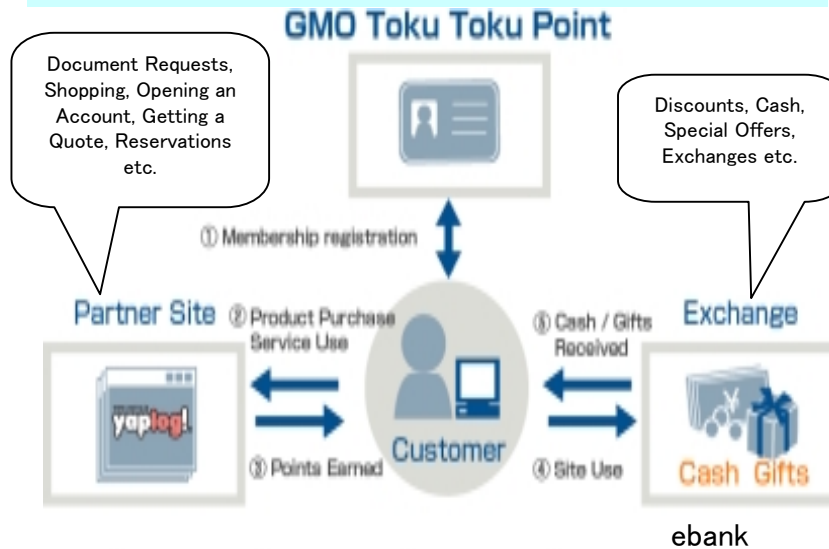
3.Internet Media

4.Internet Finance

The Common ID

Common ID Structure

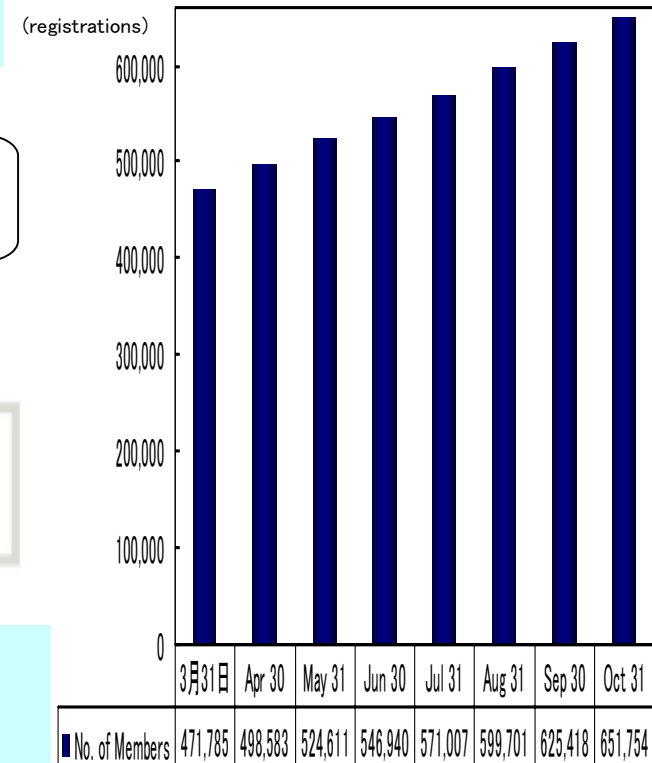
Register to become a GMO Toku Toku Point member and earn points each time you use the services of participating sites. Points can be redeemed for cash or a range of gifts.



Common ID Objectives

- ① To facilitate up selling and cross selling to customers.
- ② To include our 23.3 million users and 530 000 corporate customers.

<No. of Common ID Registrations>



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2.Internet Infrastructure

Internet Media

4.Internet Finance

Internet Use Support (I n f r a s t r u c t u r e)

TSE Stock Code: 9449



Internet Infrastructure – Main Initiatives in FY2006

1.GMO Internet Group

2.Internet Infrastructure

Internet Media

4.Internet Finance

Accelerated Growth through Push-type Sales

Objective	3Q Activities
Strengthen sales of group product package (Marugoto EC Pack) through the Push-sales division.	Progressing according to plan ⇒Please refer to page 12 for details
Establishment of Ecommerce support business (web hosting for ecommerce sites)	Progressing according to plan ⇒Please refer to page 23 of the main presentation materials for details
Improve Customer Satisfaction through group synergy	Efforts are underway to increase crossover between business segments, companies etc.

TSE Stock Code: 9449



FY2006 Objectives and Progress

1.GMO Internet Group

2.Internet Infrastructure

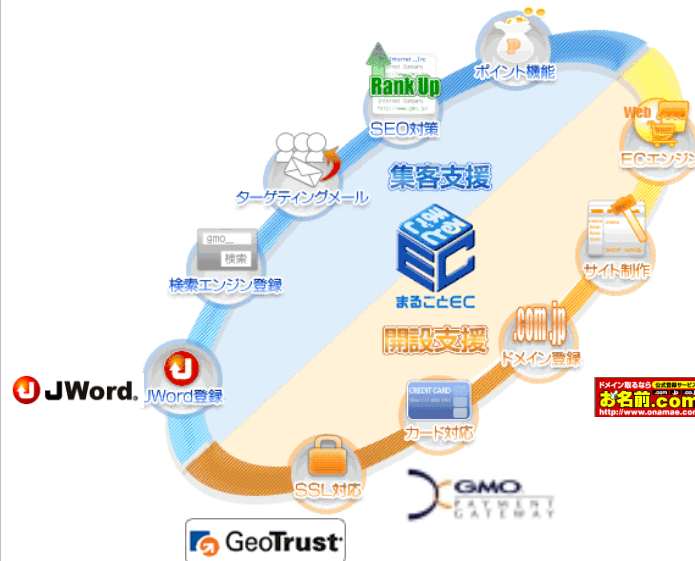
Internet Media

4.Internet Finance

Progress Report: Strengthening Sales of Group Product Packages (Marugoto EC Pack)

■ Marugoto EC Pack

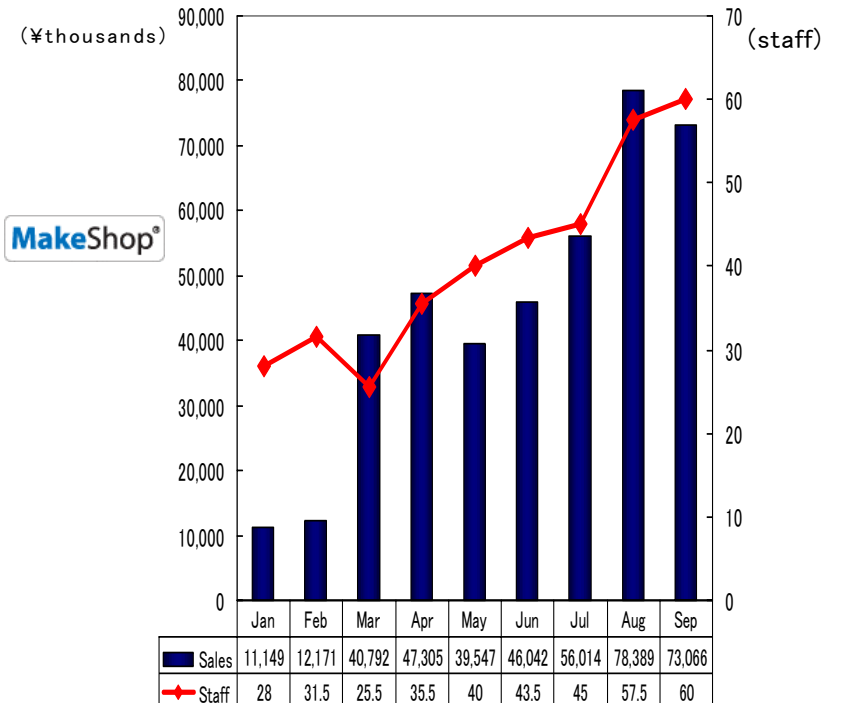
GMO services cover everything from infrastructure to web contents planning. We have expert staff available for consultation.



■ Strengthening of Push-type sales

Osaka sales office opened in September. Including the existing Fukuoka office and Tokyo head office we now have sales offices in 3 locations

<Marugoto EC Pack Sales/Staff>



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※ Part time staff are calculated as 0.5 . 12

Internet Access Provider Operations

1.GMO Internet Group

2.Internet Infrastructure

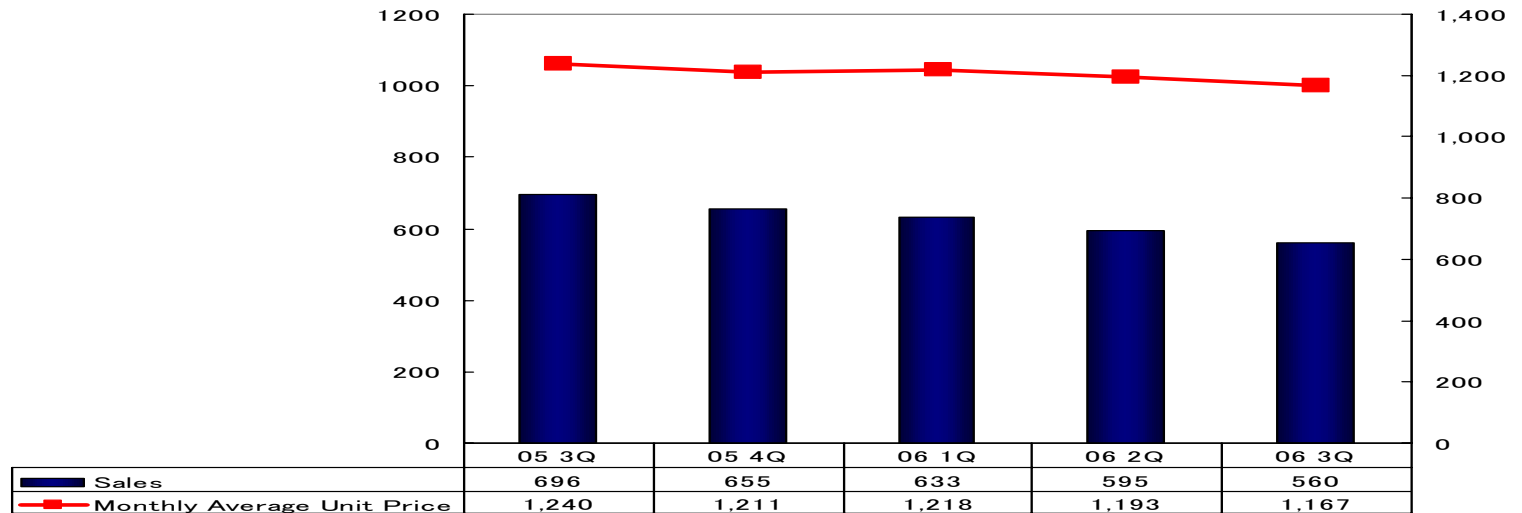
Internet Media

4.Internet Finance

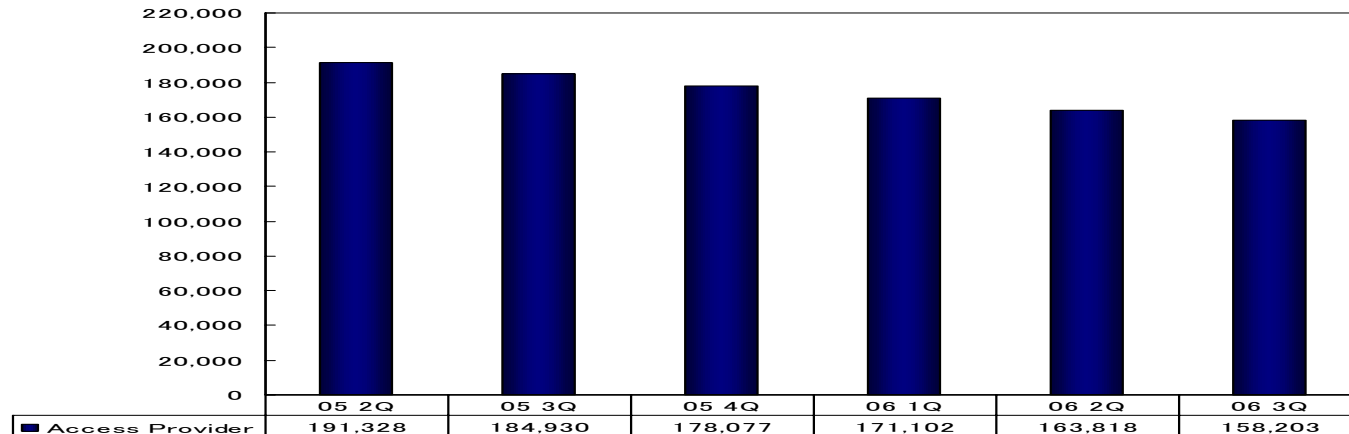
(¥millions)

< S a l e s >

(¥)



(members) < M e m b e r s h i p >



TSE Stock Code: 9449



Domain Registration

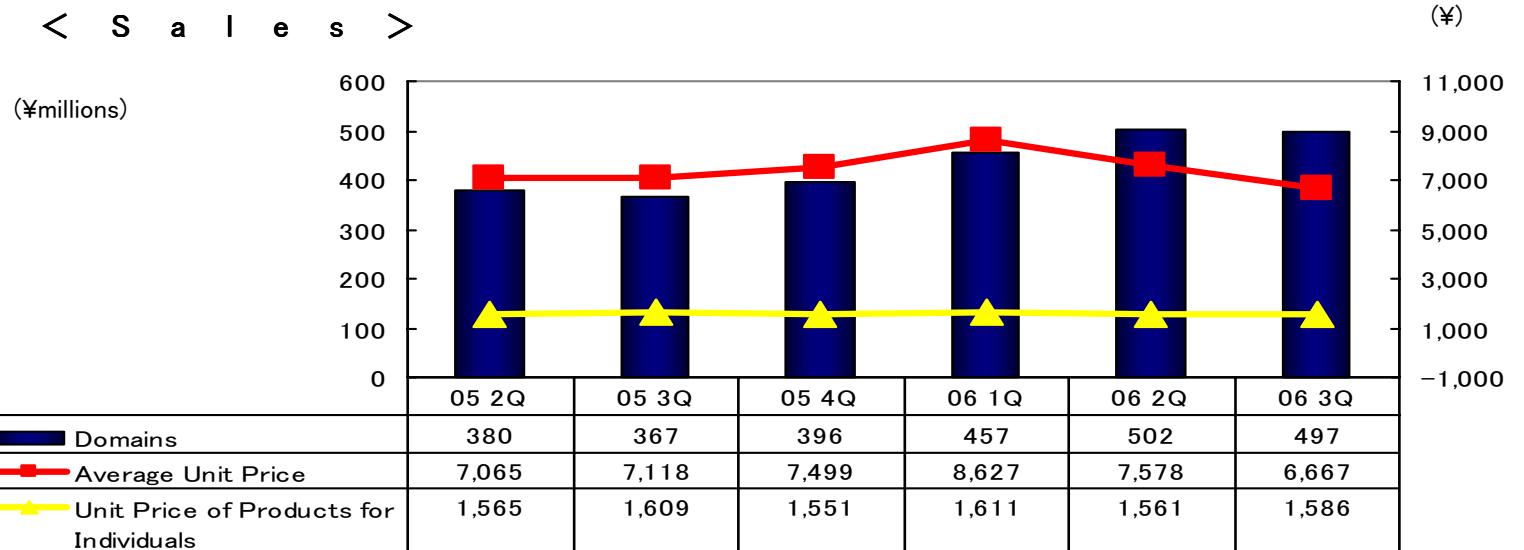
1.GMO Internet Group

2.Internet Infrastructure

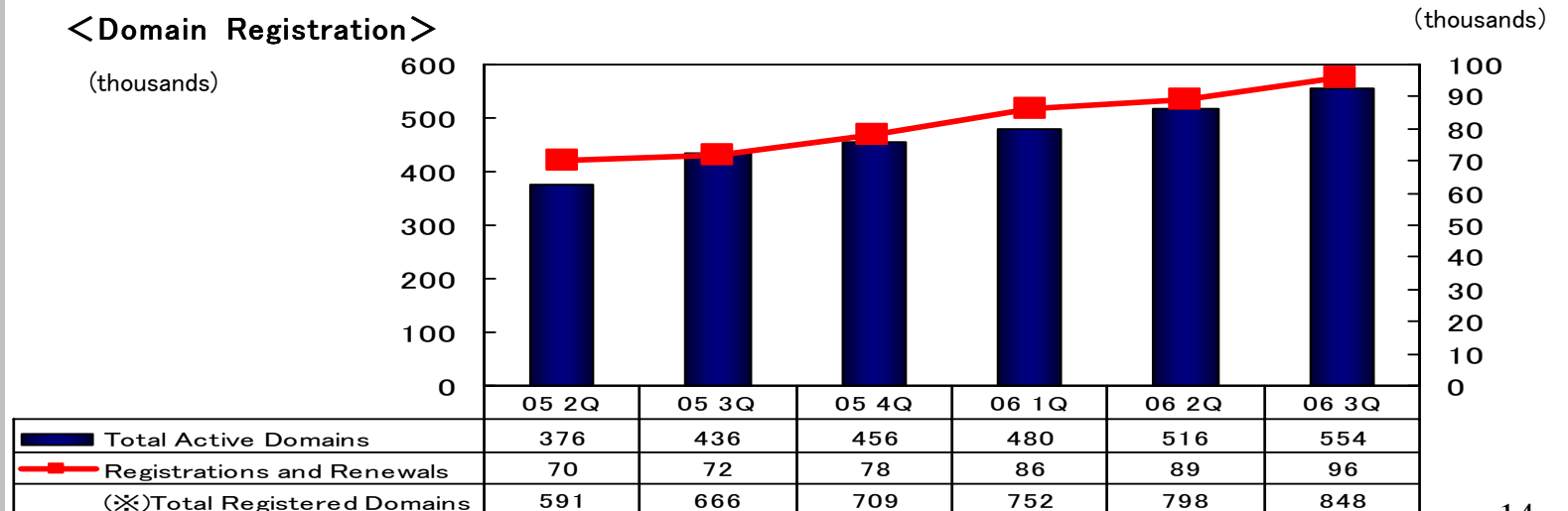
Internet Media

4.Internet Finance

< S a l e s >



< Domain Registration >



TSE Stock Code : 9449



New Domain Registrations and Domain Renewals

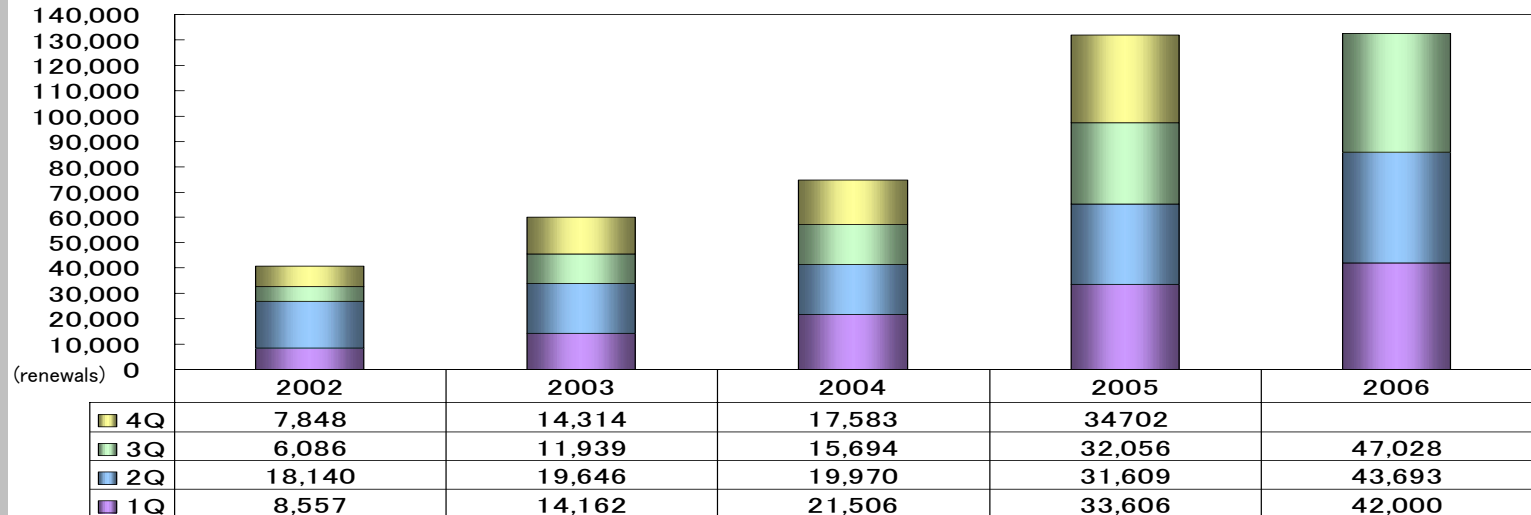
1.GMO Internet Group

2.Internet Infrastructure

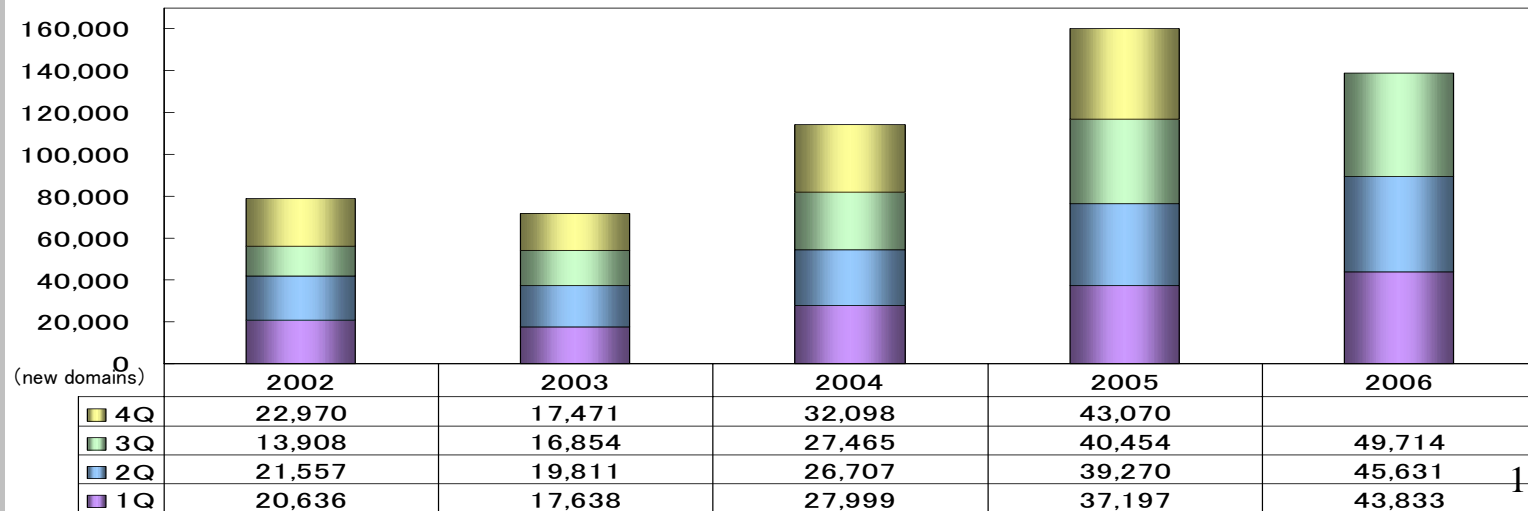
Internet Media

4.Internet Finance

< R e n e w a l s >



<New Domain Registrations>



TSE Stock Code : 9449



Web Hosting Operations

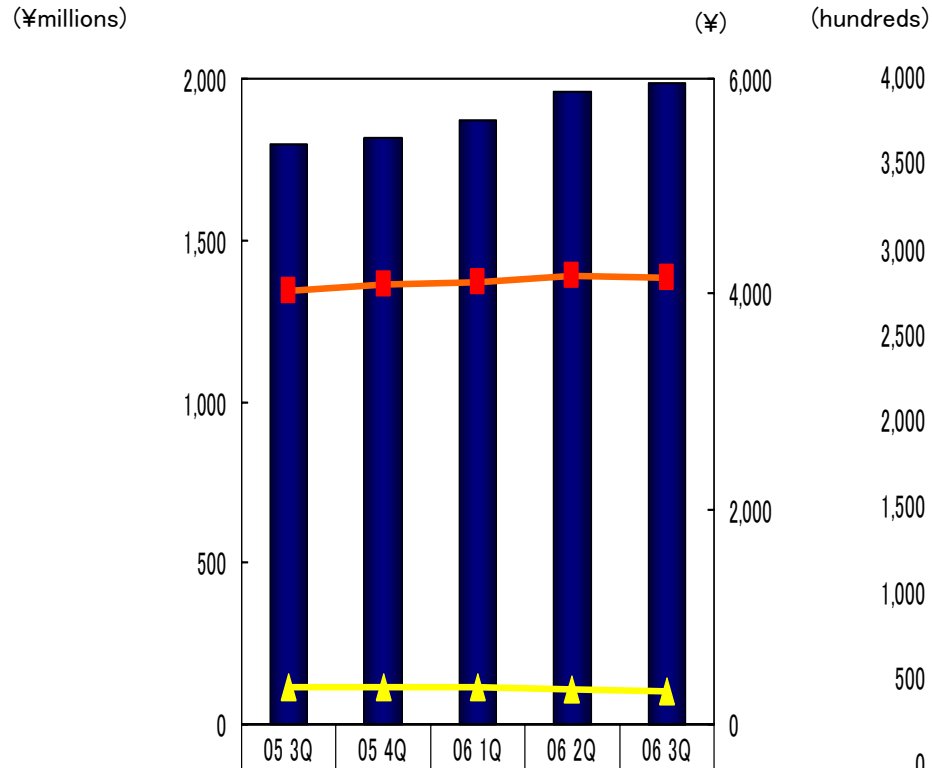
1.GMO Internet Group

2.Internet Infrastructure

Internet Media

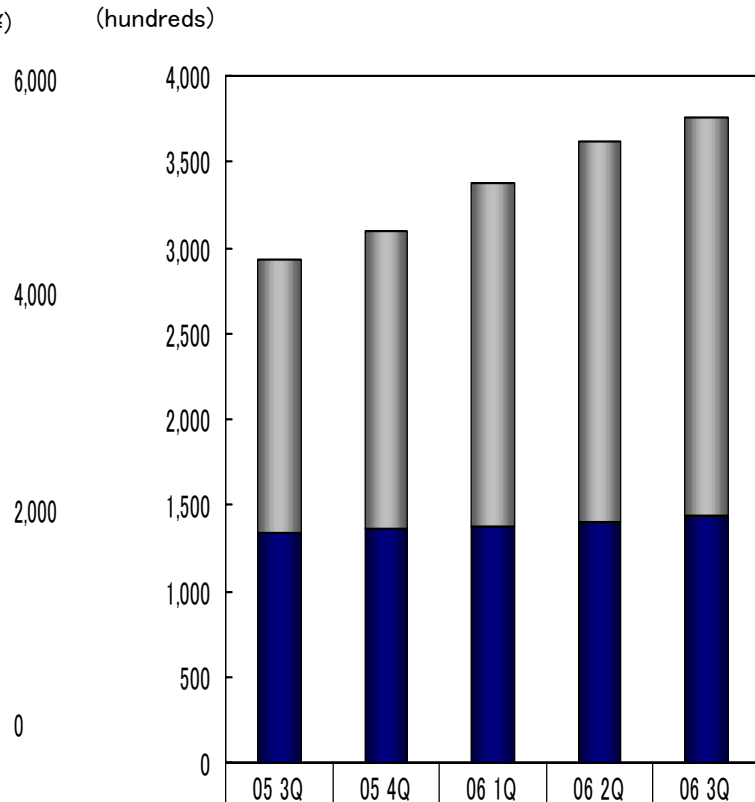
4.Internet Finance

< S a l e s >



■ Web Hosting Sales	1,795	1,819	1,872	1,956	1,984
■ Monthly Average Unit Price	4,032	4,080	4,100	4,176	4,149
▲ Unit Price of Services for Individuals	353	336	336	320	307

< No. of Contracts >



■ Individual Customer Contracts	1,585	1,739	2,004	2,217	2,309
■ Corporate Contracts	1,342	1,358	1,371	1,402	1,445

TSE Stock Code : 9449



1.GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

Internet Advertising S u p p o r t (M e d i a)

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Internet Media – Main Initiatives in FY2006

1.GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

Aim to increase profit through rationalization and the advantage of scale.

Objective	3Q Activities
Maximise on the 23.3 million user GMO group media reach	Partnership with Overture KK ⇒ Please refer to pages 29–30 of the main presentation materials for details
Integration of Advertising Products = Streamlining of sales through integration of Ad Servers	Integration of blog media ad servers and JWord advertising operations in progress.
Cost Reduction (Introduction of Open Source)	Shift of Yaplog to Open Source is complete
Growth of WEB 2. 0 Media	Launch of NewsGator sales ⇒ Please refer to page 20 for details

TSE Stock Code : 9449



FY2006 Objectives and Progress

1.GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

Progress Report: WEB 2.0

Launch of the Newsgator Enterprise ASP Service – the first RSS reader for business in Japan.



Business Model: initial set up charge + Monthly fee (accounts)

The 3 merits of NewsGator

- ① Huge reduction in time spent on collecting and reading information on the web.
- ② Share important information with everyone in one click. Ensure everyone is in-the-know!
- ③ Efficient circulation of information that needs to be shared.

RSS Reader Screen Shot



Administration Screen



TSE Stock Code : 9449



J W o r d ①

1.GMO Internet Group

2.Internet Infrastructure

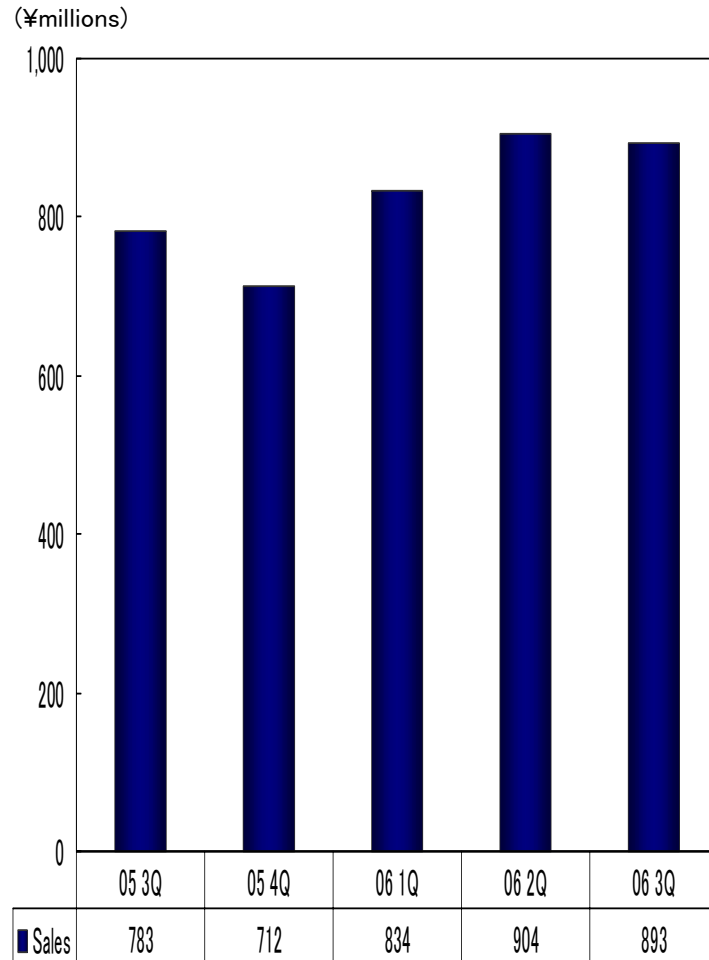
3.Internet Media

4.Internet Finance

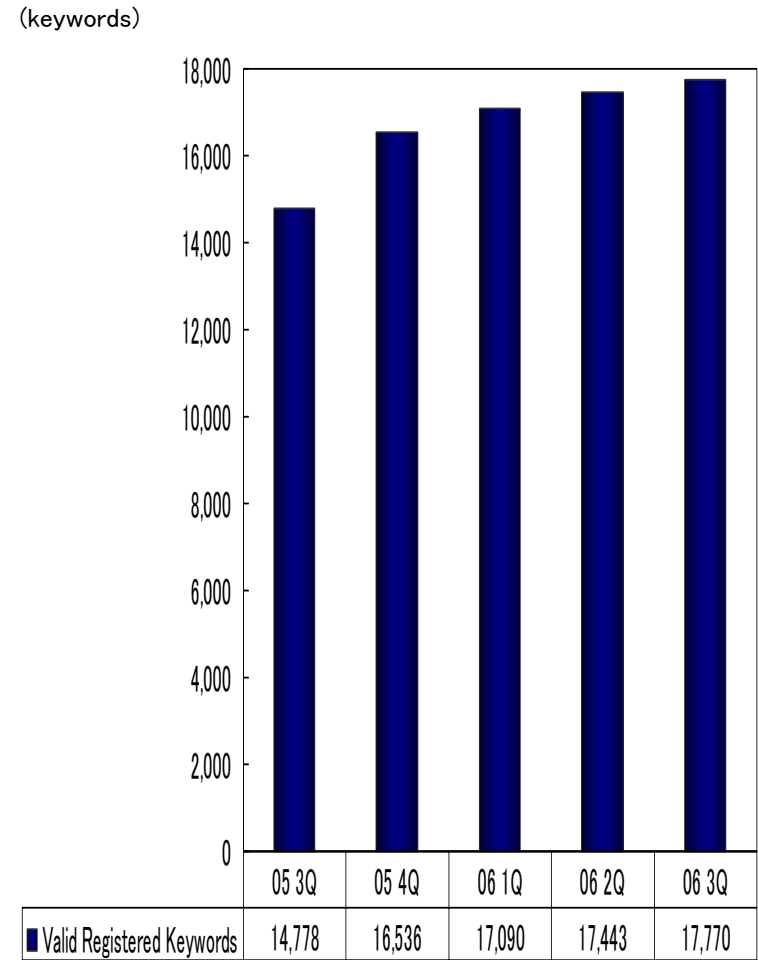
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< S a l e s >



< No. of Registered Keywords >



J W o r d ②

J W o r d P r o d u c t i v i t y U p

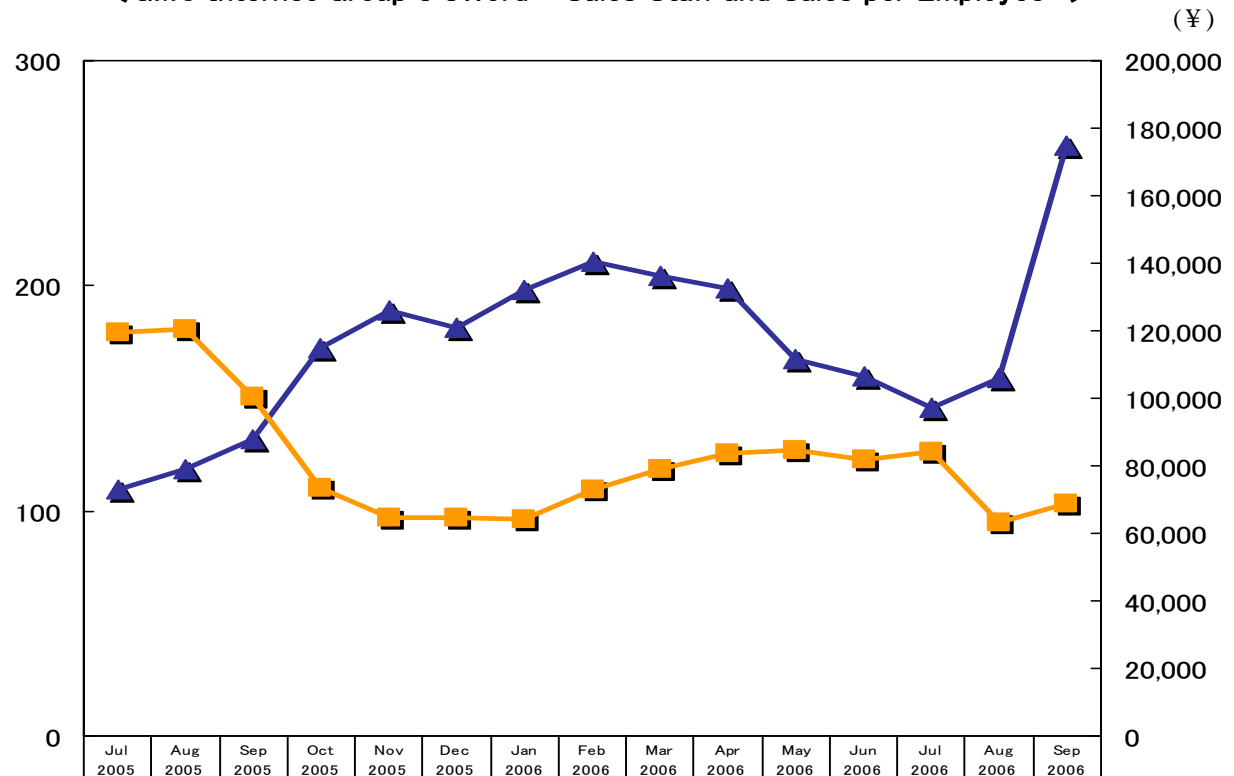
1.GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

<GMO Internet Group's JWord – Sales Staff and Sales per Employee >



—▲— Sales per Employee per Day	73,000	79,000	88,000	114,741	126,000	121,000	131,891	140,547	136,136	132,477	111,625	106,713	97,023	106,198	175,036
—■— Employees	179	181	151	110	97	97	96	109.4	118.4	125.6	127.22	122.95	126.59	94.96	102.94

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JWord New Function ①

1.GMO Internet Group

2.Internet Infrastructure

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4.Internet Finance

10-fold increase in impressions!

	Yahoo! (search.yahoo.co.jp)	Google (Google Site)	MSN (*search.msn.*)	JWord (Tab bar)
	Yahoo Search: No of. Searches (※1)	Google Site (all) (※1)	MSN Search: No of. Searches (※1)	Tab Bar Impression Count and No. of Searches on JWord (※2)
A comparison of the Page Views of sites to which search engine users were attracted				
October 2005 (※3)	approx. 2 billion	approx. 1.2 billion	approx. 400 million	approx 80 million
September 2006	approx. 2.3 billion	approx. 2 billion	approx. 300 million	Approx 880 million

approx 80 million



10x

Approx 880 million

TSE Stock Code : 9449



(※1) Source: Nielsen//NetRatings calculations

(※2) Our own calculations

(※3) Before the introduction of the tab bar

JWord New Function ②

1.GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

5.01 Million JWord Search Users. Ranking No. 4 in Japan

Activity on Major Portal Search Sites in September

Yahoo! Search No. of Users: 29,430 (thousands) Page Views 2,503,886 (thousands)

Google Search No. of Users: 13,754 (thousands) Page Views 1,002,822 (thousands)

MSN Search No. of Users : 9,448 (thousands) Page Views 265,598 (thousands)

JWord Search No. of Users : 5,018 (thousands) Page Views 84,943 (thousands)

BIGLOBE Search No. of Users : 3,144 (thousands) Page Views 122,315 (thousands)

goo Web Search No. of Users : 2,587 (thousands) Page Views 59,337 (thousands)

@nifty Search No. of Users : 1,157 (thousands) Page Views 47,950 (thousands)

livedoor Search No. of Users : 1,628 (thousands) Page Views 20,732 (thousands)

OCN Search No. of Users : 728 (thousands) Page Views 61,479 (thousands)

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Source: Nielsen//NetRatings Portal Contents View – Household Access

Online Games

1.GMO Internet Group

2.Internet Infrastructure

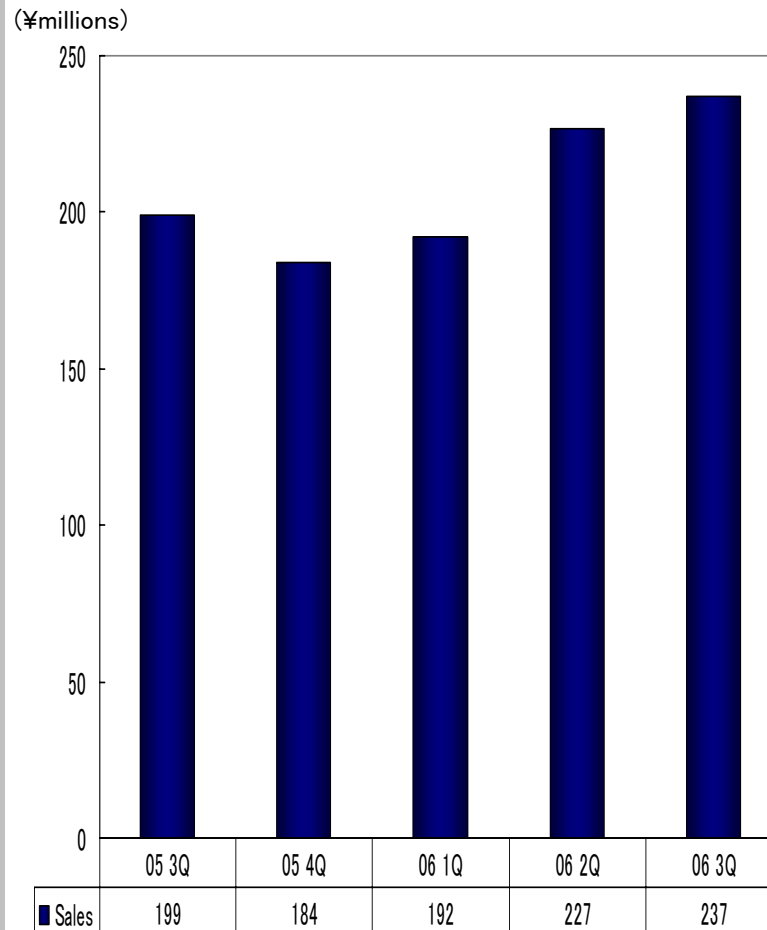
3.Internet Media

4.Internet Finance

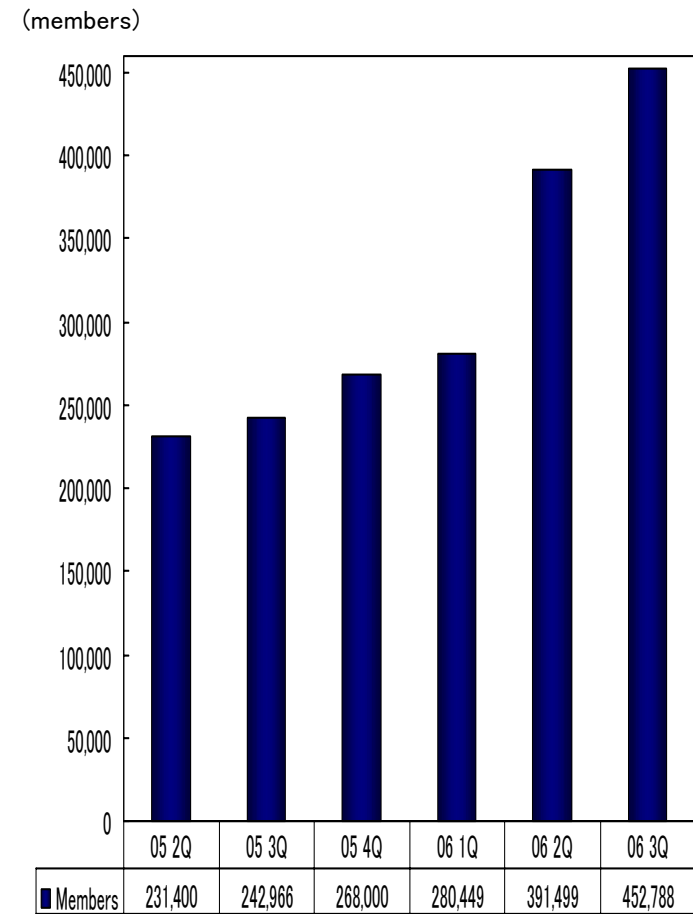
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< S a l e s >



< M e m b e r s >



1.GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

I n t e r n e t F i n a n c e

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Internet Finance – Main Initiatives in FY2006

1.GMO Internet Group

2.Internet Infrastructure

3.Internet Media

4.Internet Finance

Objective	3Q Activity
Accelerated introduction of IT in the loans and credit business.	Progressing well. ⇒Please refer to page 43 of the main presentation materials for details
Create a revenue base that will withstand changes in the loans and credit industry environment.	Please refer to pages 38-42 of the main presentation materials for details
Internet Finance 2.0 (Web 2.0 Open Source, API)	Progressing according to plan. Introduction of API planned during the current fiscal year.
Partnership with eBank	<ol style="list-style-type: none"> 1. One Payment 2. One ID 3. Loans and Credit Business

TSE Stock Code: 9449



Loans and Credit Business – Key Factors①

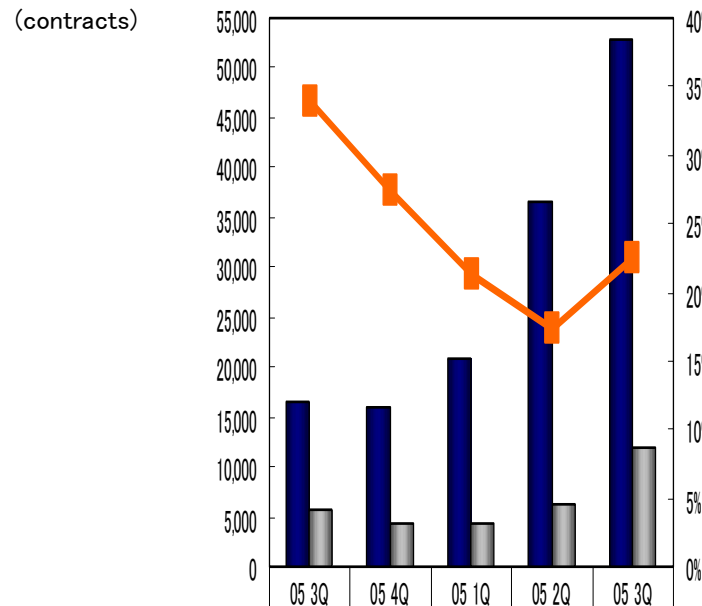
1.GMO Internet Group

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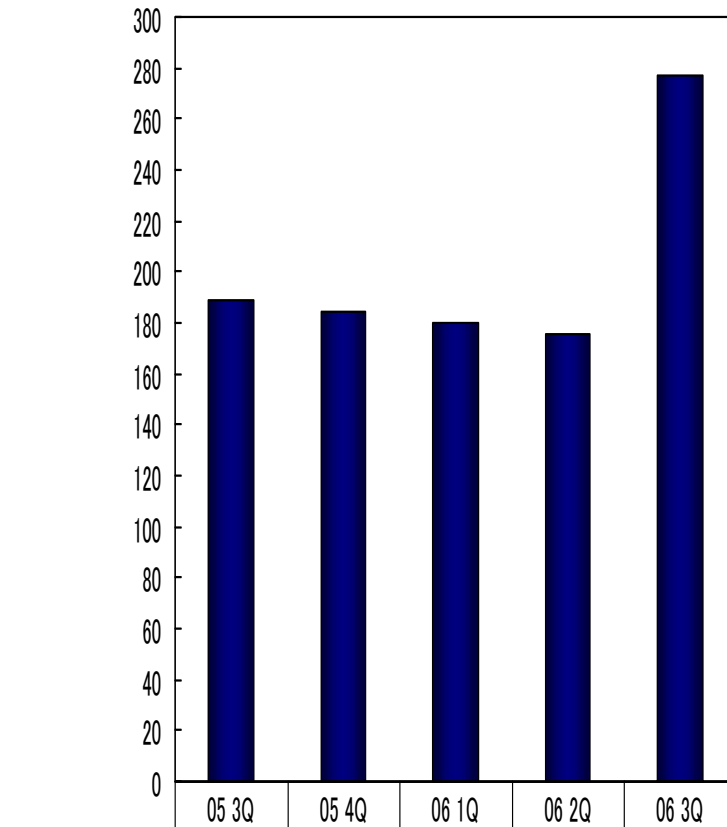
<Number of New / Established Contracts and Proportion of Established Contracts >



No. of new applications	16,544	15,900	20,743	36,447	52,925
No. of established contracts	5,610	4,363	4,384	6,325	11,892
Percentage of established contracts	33.90%	27.40%	21.20%	17.40%	22.50%

< No. of Accounts >

(thousands)



No. of Accounts	189	184	180	176	277
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Loans and Credit Business – Key Factors ②

1.GMO Internet Group

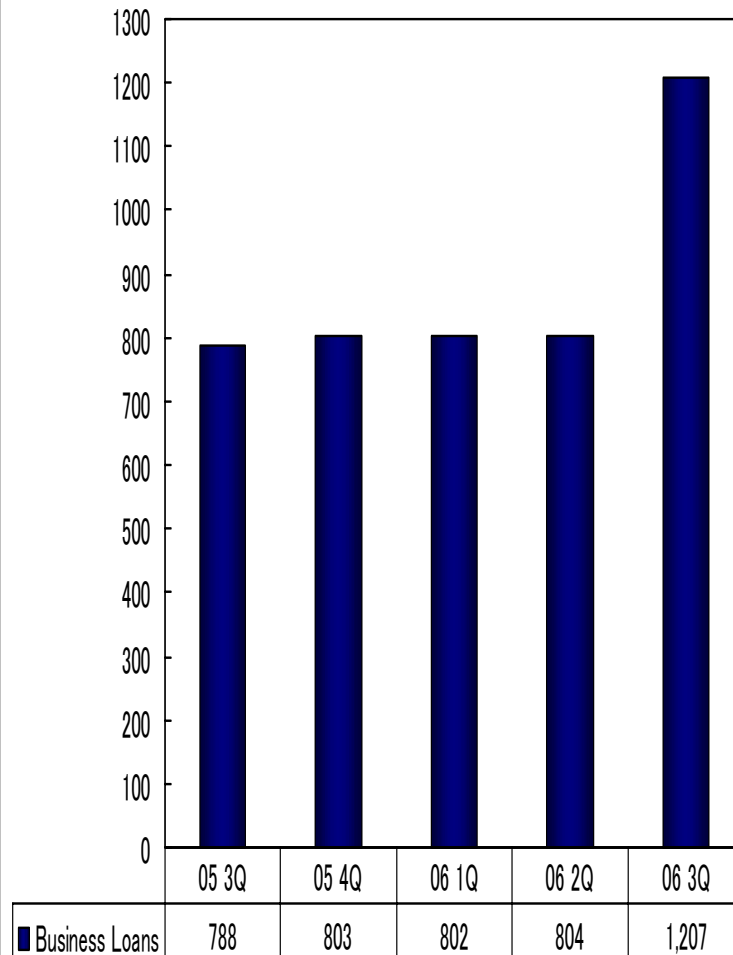
2.Internet Infrastructure

3.Internet Media

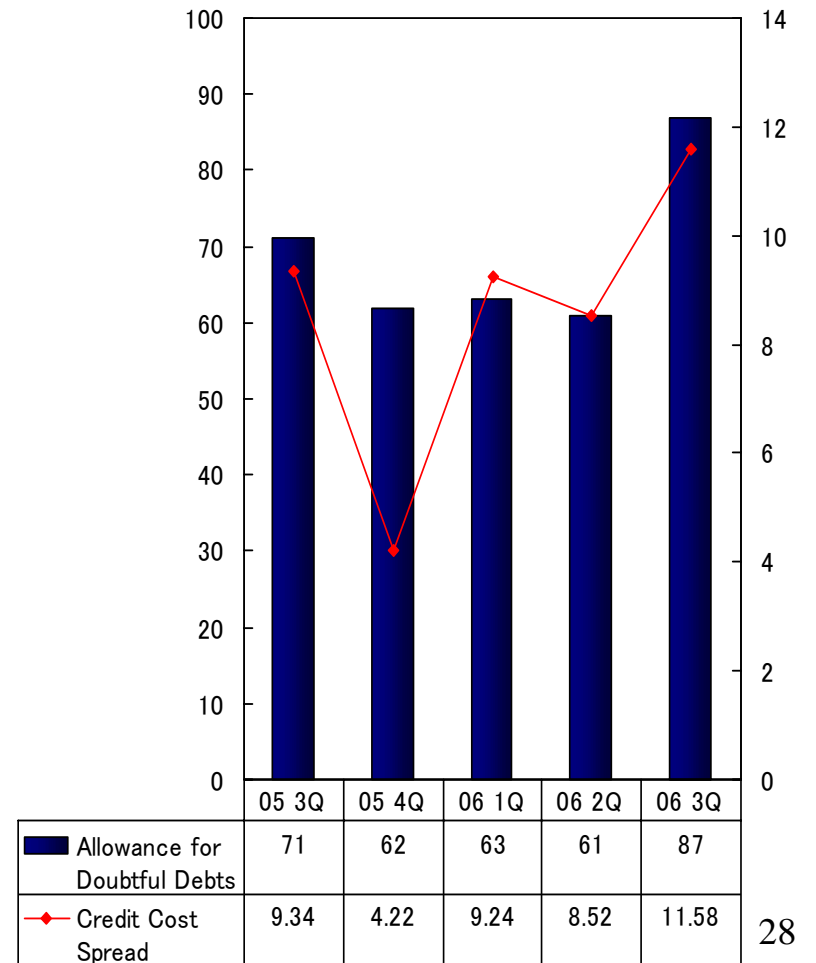
4.Internet Finance

< Business Loans > < Allowance for Doubtful Accounts and Credit Cost Spread >

(¥hundreds of million)



(¥hundreds of million)



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