

Interim Financial Results Presentation for the Fiscal Year 2007

August 16, 2007

GMO Internet, Inc.

(TSE First Section: 9449)

Internet for Everyone

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

1

About the Use of this Document

This document includes predictions based on expectations, premises and plans for the future that are accurate as of August 16, 2007. These predictions may differ from actual results due to factors including changes in the global economy, competition and exchange rates or unforeseen events such as natural disasters. Some of the figures given such as market share are based on our own calculations. These figures may differ from research agency figures.

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Agenda

1. Summary
2. Strategy Revision
3. Financial Highlights
4. Strengths and Business Domains
5. Segment Report – Current Status and Growth Strategy
 1. Internet Use Support (Infrastructure)
 2. Internet Advertising Support (Media)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths
& Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Summary

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Summary (I)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Strategy Revision – Complete Pullout of Loans and Credit Business

Complete Pullout of Loans and Credit Business

- A decision made in light of uncertainty in the business environment and out of concern for shareholder returns.
- All stock held in GMO LOAN-CREDIT HOLDINGS Inc. (91.1%) is being transferred to its executive team and the company is being excluded from the consolidation from the second half of the term.
- ¥6.4 billion shrinkage loss (withdrawal loss) to be recorded in the consolidation as a result of the transfer.
- Downside risk eliminated - we now hold only share warrants **leaving open the possibility of recovering capital invested.**

Financial Strategy and Sale of GMO Internet Securities and Other Stock

- In order to maintain financial balance all stock held in GMO Internet Securities (95.9%) is being transferred to Mr. Masatoshi Kumagai. A sale gain of ¥2.8 billion will be recorded in the consolidation.
- **As a result we will no longer operate an Internet Finance segment**
- Off-market sale of around 10% of GMO-HS to yield sale gains of around ¥700 million
- Pullout of the loans and credit business to harm shareholders' equity - sale of securities allows us to regain our financial base and dramatically slim down our balance sheet.

Growth Strategy after Pullout of Loans and Credit Business

- To fully utilize our strengths in the stable infrastructure and media segments

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Summary (II)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths
& Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

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Interim Financial Highlights Income and Profits to Rise after Pullout of Finance Business

The Whole Group (including the Finance Segment)

	2007 Interim	2006 Interim	% Change
➤ Sales	¥30,029,000,000	¥23,042,000,000	+30.3%
➤ Operating Profit	-¥10,495,000,000	¥2,009,000,000	-%
➤ Ordinary Profit	-¥10,810,000,000	¥1,927,000,000	-%

→ The group recorded a significant loss resulting from a ¥14 billion increase in credit costs including interest repayment loss reserves

Excluding Finance Business (Infrastructure & Media)

	2007 Interim	2006 Interim	% Change
➤ Sales	¥16,051,000,000	¥14,044,000,000	+14.3%
➤ Operating Profit	¥1,829,000,000	¥1,534,000,000	+19.2%
➤ Ordinary Profit	¥1,550,000,000	¥1,419,000,000	+9.2%

→ Solid income and profits when the finance segment is excluded

Summary (III)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

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Current State by Segment

Internet Infrastructure

	Interim 2007	Interim 2006	% Change
➤ Sales	¥9,418,000,000	¥8,025,000,000	+17.4%
➤ Operating Profit	¥1,294,000,000	¥1,271,000,000	+1.8%

Income and profit both up despite investment in global expansion of security business

Internet Media

	Interim 2007	Interim 2006	% Change
➤ Sales	¥6,632,000,000	¥6,018,000,000	+10.2%
➤ Operating Profit	¥535,000,000	¥262,000,000	+104.0%

Profits double as a result of Overture partnership

Internet Finance

	Interim 2007	Interim 2006	% Change
➤ Sales	¥14,162,000,000	¥9,140,000,000	+54.9%
➤ Operating Profit	-¥12,351,000,000	¥416,000,000	-%

¥14 billion increase in interest repayment expenses. No further such expenses to be incurred. 7

Summary (VI)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths
& Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Growth Strategy and Strengths in the Infrastructure and Media Segments

Strong and Stable Internet and Media Segments

- Being “The Internet Department to Japan”!
- Customer base – 560,000 businesses 530,000 individuals 22.05 million users
- We have the technical strength to develop our own services, the selling power and the no. 1 customer support service in Japan
- All supported by a formidable organizational strength

Growth Strategy – Internet Infrastructure

- To further build market share of each service
- To use group synergy to improve ARPU (Integrated Customer Database Project)
Handling all Japan’s business and individual information transmission needs, net business outsourcing

Growth Strategy – Internet Media

- To register 5.49 million GMO IDs within the year
- Continued strong performance in search ranking (JWord, SEO) services and Overture partnership, build customer base and increase ARPU

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1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Strategy Revision

—Complete Pullout of Loans and Credit Business—

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Revision to Strategy – Complete Pullout of Loans and Credit Business

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Three reasons why we are pulling out of loans and credit

1. Uncertainty in the Business Environment

- A) Extent of interest repayment risk impossible to determine
- B) Hidden Risk – New judicial rulings, new legislation and new interpretations of existing legislation
- C) Instability in profit and loss statement – industry subject to wavering accounting treatment standards

2. Business Value and Growth Potential in Infrastructure and Media Segments Overshadowed by Above Factors

- Major balance sheet risk overshadowing PER and growth expectation in other business segments

3. To Focus Management Resources on the Infrastructure and Media Segments

- Management are freed from focusing on downside risk to concentrate aggressively on a major turnaround

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Revision to Strategy – Complete Pullout of Loans and Credit Business

1. Summary

2. Strategy Revision

3. Financial Highlights

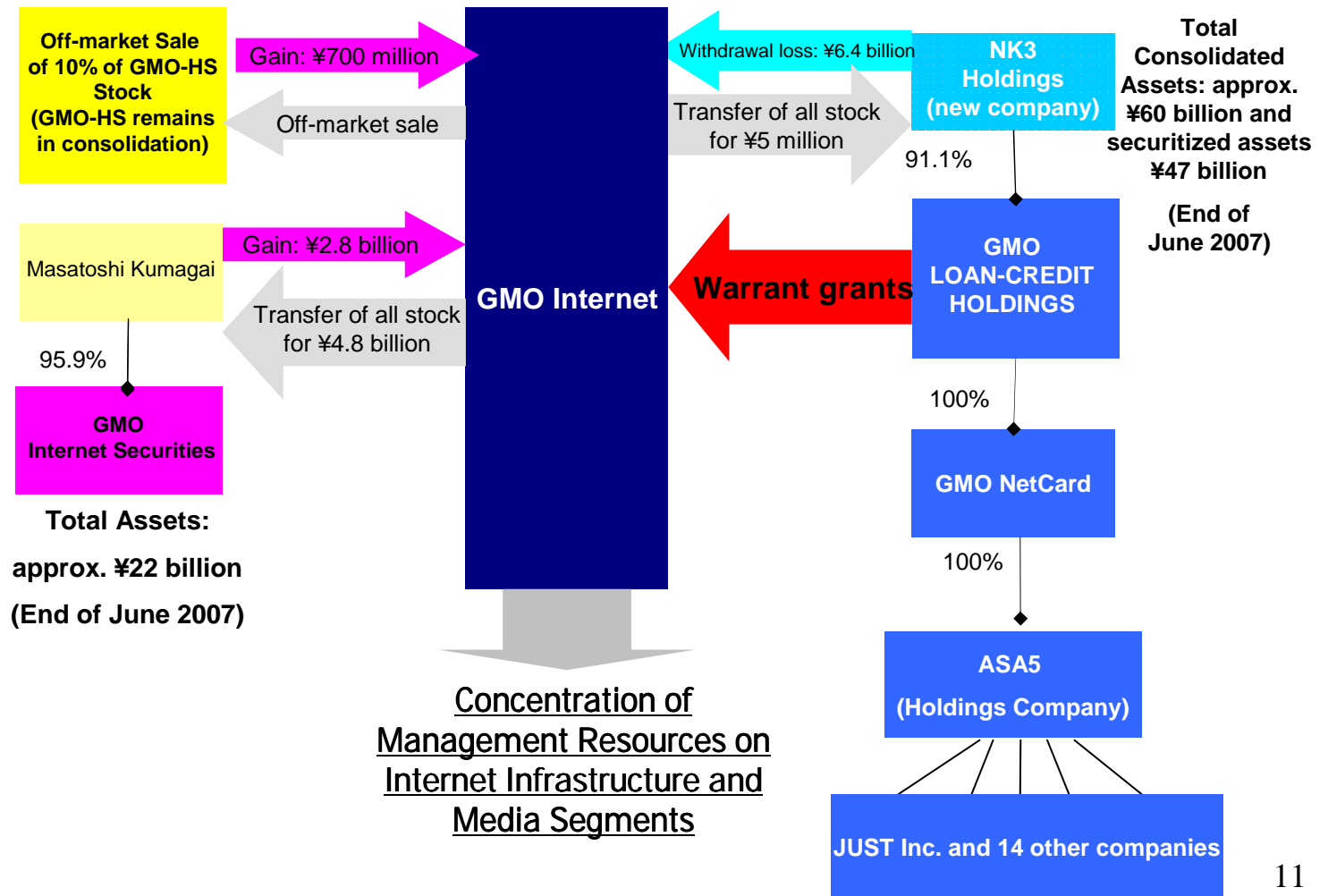
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Loans and credit business withdrawal scheme: Upside potential



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1. Summary

2. Strategy Revision

3. Financial Highlights

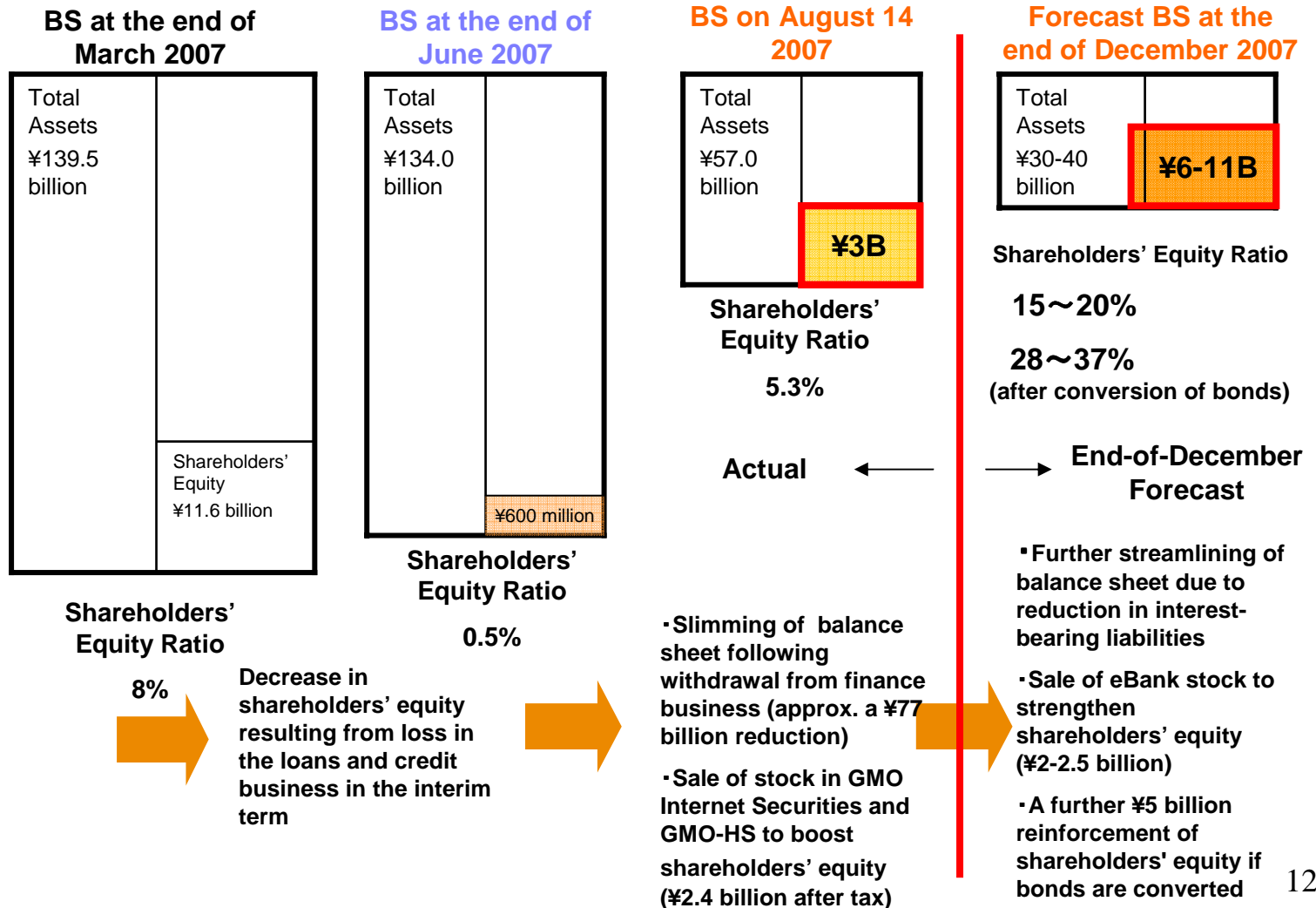
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Summary of balance sheet changes



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Revision to Strategy – Complete Pullout of Loans and Credit Business

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

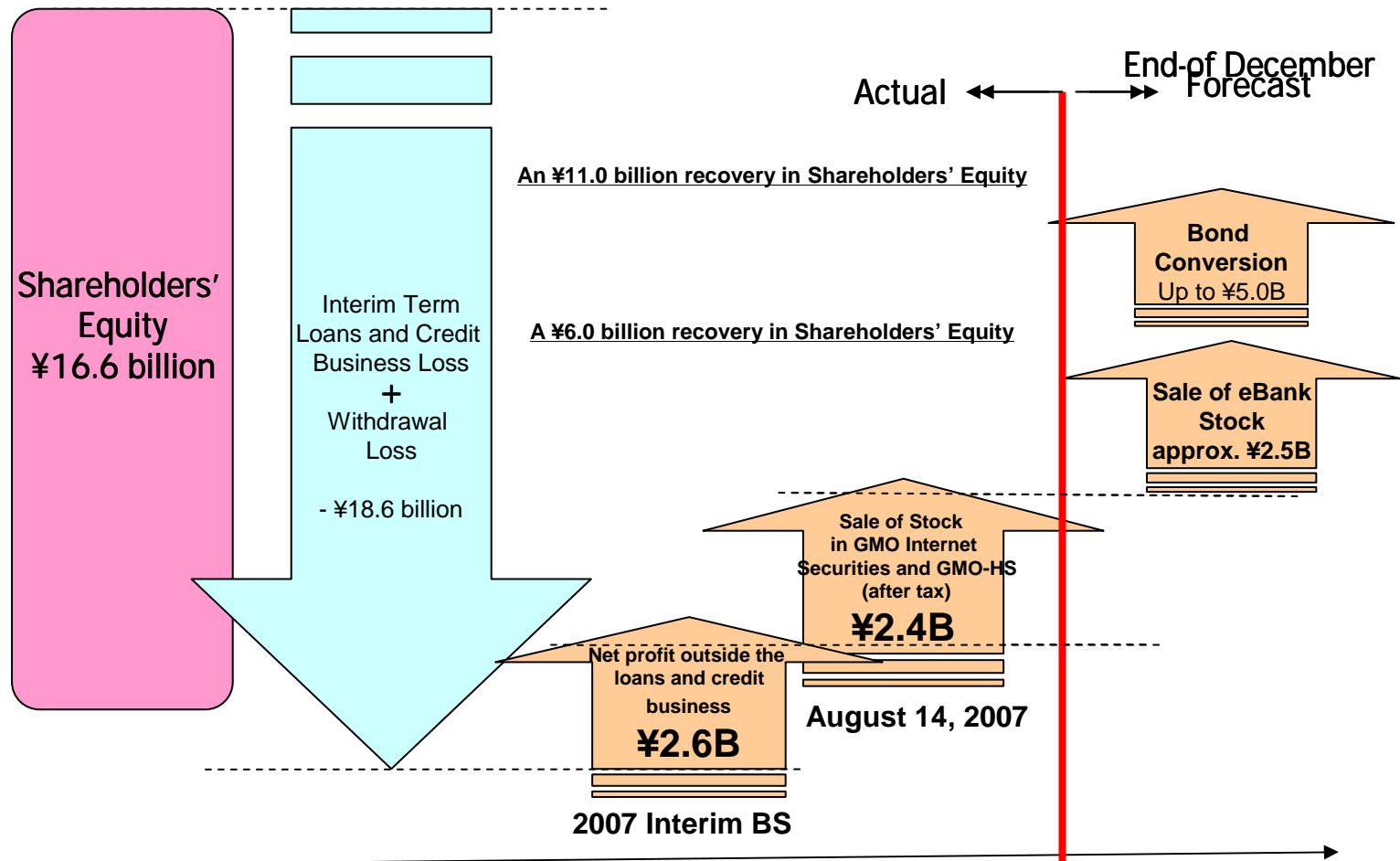
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② Internet Media

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Simulation: Shareholders' Equity Ratio to Increase from 15% to 37% this year



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1. Summary

2. Strategy Revision

3. Financial Highlights

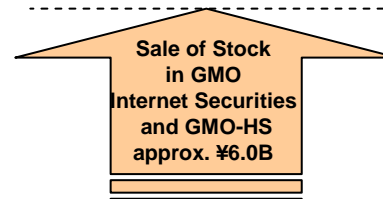
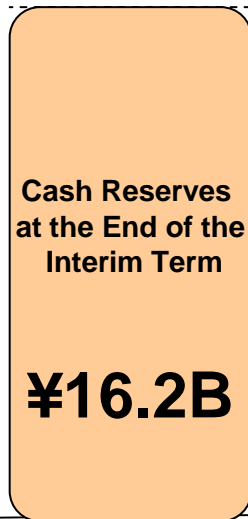
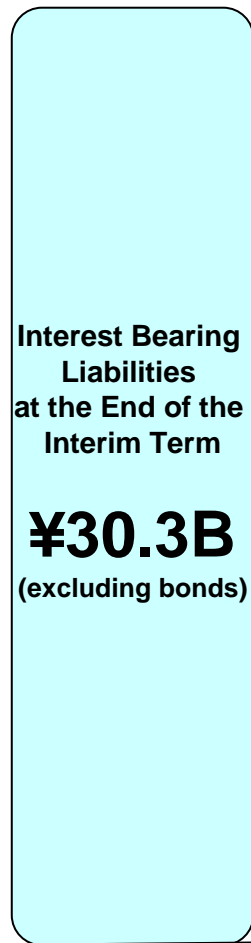
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Simulation: Reduction in GMO Liabilities - major reduction within the year



Major Reduction in Interest Bearing Liabilities by End of Year



Actual ←

→ End-of December Forecast

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Revision to Strategy – Complete Pullout of Loans and Credit Business

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

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Results Forecast Revision: Upward Revision in Infrastructure and Media Segments

The Whole Consolidation (Full Term)

Unit: ¥millions	Initial Forecast	Difference in Loans and Credit Business in First Half of Term (Mainly Interest Repayment Related Expenses)	Impact of Exclusion of Finance Segment in Latter Half of Term (on Initial Forecast)	Increase in Full Term Forecast in Infrastructure and Media Segments	New Forecast
Sales	60,000	-1,800	-14,500	2,800	46,500
Operating Profit	7,000	-13,800	-2,000	200	-8,600
Ordinary Profit	6,300	-13,800	-2,000	200	-9,300

Infrastructure and Media Segment Results Forecast (Excluding Finance Segment) (Full Term)

Unit: ¥millions	Initial Forecast	Increase in Full Term Forecast in Infrastructure and Media Segments	New Forecast
Sales	30,200	2,800	33,000
Operating Profit	3,500	200	3,700
Ordinary Profit	2,800	200	3,000

Infrastructure and Media Business PL Revised Upwards

Revision to Strategy – Complete Pullout of Loans and Credit Business

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Reasons for Improved PL and Profit Growth

1. Reduction of Interest Costs (Non-Operating Expenses)

As a result of a reduction in interest bearing liabilities, interest costs forecast for 2007 (approx. ¥700 million) will be **reduced to almost zero in the next term**

2. Tax Advantage on Net Loss Carried Forward Due to Withdrawal from Loans and Credit Business

A tax advantage of approximately ¥32.0 billion over 7 years beginning in the next term

3. Further Accelerated Growth in the Infrastructure and Media Segments from the Next Term

2005 to 2006: 39% growth in operating profit

2006 to 2007: 16% growth in operating profit

From 2007: management completely focused on profit **growth through synergy!**

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Revision to Strategy – Complete Pullout of Loans and Credit Business

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

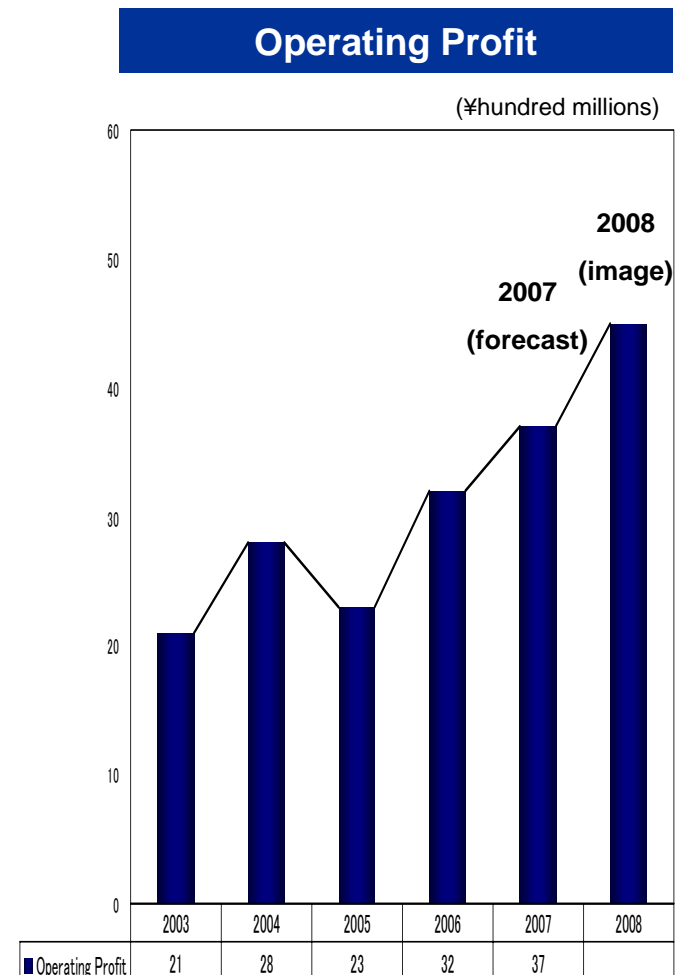
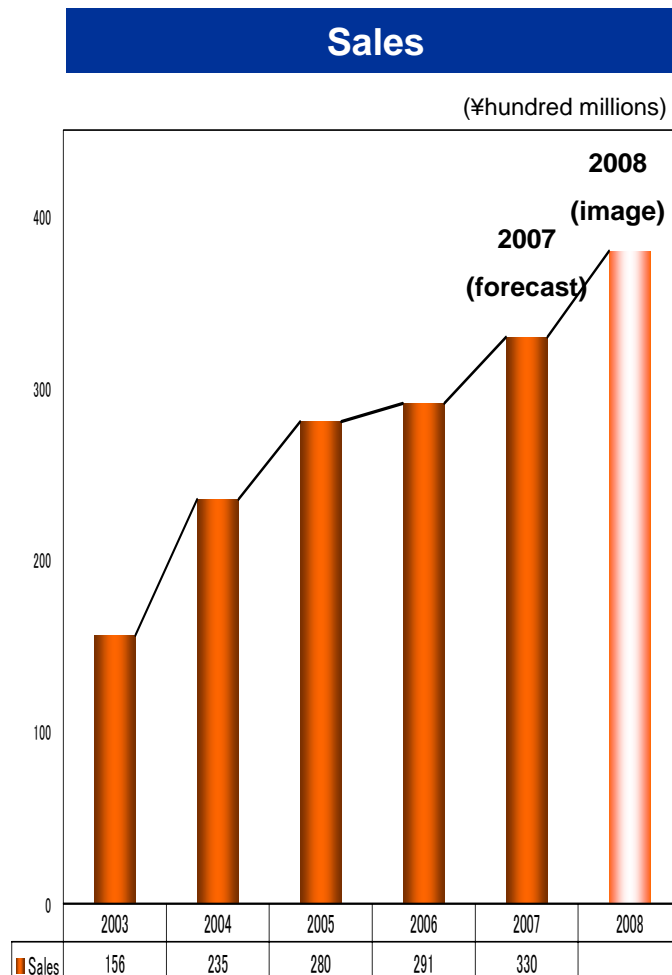
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Strong Performance Revealed when Finance Segment is Excluded



1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Financial Highlights

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FY2007 Interim Consolidated P&L

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Interim Net Loss: ¥15.6 Billion

Causes: Interest Repayment Reserve and Loans and Credit Pullout

(¥millions)

	FY 2007 Interim	FY 2006 Interim	% Change	FY 2007 2 nd Quarter	FY 2006 2 nd Quarter	% Change
Sales	30,029	23,042	+30.3%	14,970	11,329	+32.1%
Business Expenses	7,817	6,674	+17.1%	3,923	3,167	+23.9%
SGA	32,707	14,359	+127.7%	23,485	7,134	+229.2%
Operating Profit	-10,495	2,009	-	-12,438	1,028	-%
Ordinary Profit	-10,810	1,927	-	-12,595	918	-%
Net Loss	-15,699	193	-	-15,944	159	-%

**Shrinkage Loss
in the Loans and Credit Business: -¥5.8 Billion**

**Transfer to Interest Repayment Reserve: -¥7.2 billion
Transfer to Allowance for Doubtful Debt: -¥10.5 billion**

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FY2007 Interim Consolidated P&L – Infrastructure and Media

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Income and Profit Up When Finance Segment Excluded

(¥millions)

	FY 2007 Interim	FY 2006 Interim	% Change	FY 2007 2 nd Quarter	FY 2006 2 nd Quarter	% Change
Sales	16,051	14,044	+2,006	7,860	6,774	+1,085
Business Expenses & SGA	14,221	12,510	+1,711	7,139	6,108	+1,031
Operating Profit	1,829	1,534	+295	721	666	+54
Ordinary Profit	1,550	1,419	+130	605	559	+46

**Major Factors Contributing to Increase since
Previous Interim Term**

- Web Hosting +¥320 million
- Security +¥320 million
- Web Dev. & EC Solutions +¥700 million
- Payment Processing +¥190 million
- Media & Search Media +¥750 million

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FY2007 Interim Consolidated Balance Sheet (I)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Quick recovery of shareholders' equity and slimming of balance sheet after interim closing

	(¥millions)		
	FY 2007 End of June	FY 2007 End of March	% Change
Current Assets	99,355	100,430	-1.1%
Cash and Deposits	27,976	24,622	+13.6%
Fixed Assets	34,975	39,068	-10.5%
Assets Total	134,331	139,498	-3.7%
Current Liabilities	102,309	99,375	+3.0%
Fixed Liabilities	24,210	20,075	+20.6%
Liabilities Total	126,549	119,481	+5.9%
Net Assets (including minority equity)	7,782 (7,095)	20,017 (8,414)	-61.1%

¥1.0 billion decrease since end of March
 Securities business assets: +¥4.7billion
 Allowance for Doubtful Debt Increase: -¥7 billion
 Operating Loans: -¥3.7 billion
 Reduction in loans balance due to loan recovery

¥4.0 billion decrease since end of March
 Goodwill: -¥6.0 billion
 Deferred Tax Asset: +¥1.9 billion
 Shrinkage loss following pullout of loans and credit business

¥7.0 billion increase since end of March
 Interest Repayment Reserve: +¥5.8 billion
 CB (issued 29/6): +¥5.0 billion
 Short and long term loans: -¥7.4 billion

¥12.2 billion decrease since end of March
 Capital increase: (CB 6/29 issue): +¥5.0 billion
 Earned Surplus: -¥16.0 billion
 Impacted by increase in reserves and withdrawal loss in the loans and credit business

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FY2007 Interim Consolidated Balance Sheet (II)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

TSE Stock Code: 9449



Balance Sheet Summary for the Internet and Media Segments

Consolidated Balance Sheet (Infrastructure and Media Segments)	
Cash and Deposits	Interest-bearing Liabilities
¥25,958,000,000	¥36,376,000,000
Marketable Securities	
¥5,948,000,000	
Accounts Receivable	Deposits
¥3,515,000,000	¥3,027,000,000
Short Term Loans	Advance Payments Received
¥2,324,000,000	¥1,951,000,000
Software	Other Liabilities
¥2,296,000,000	
Goodwill	
¥2,971,000,000	
Deferred Tax Asset	
¥3,925,000,000	¥4,858,000,000
Other Assets	Net Assets Total
¥5,231,000,000	¥5,956,000,000
Assets Total	Shareholders' Equity and Liabilities Total
¥52,168,000,000	¥52,168,000,000

(End of June 2007)

About Goodwill

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Goodwill reduced from ¥21.2 billion to ¥2.9 billion following pullout of loans and credit business

Goodwill Balance

- Balance at end of June ¥14,204,000,000
- Major reduction in goodwill following pullout of loans and credit business. Current balance: ¥2,971,000,000

Decrease following withdrawal from finance business without incurring any expenses.

Goodwill by Segment

	Balance before Amortization	Amortization in the Current Term	Shrinkage Loss	Balance at End of June	Loss on Sale	Current
Internet Infrastructure	2,087	292	–	1,795	–	1,795
Internet Media	1,391	215	–	1,175	–	1,175
Internet Finance	17,802	679	5,890	11,233	11,233	-
Total	21,281	1,186	5,890	14,204	11,233	2,971

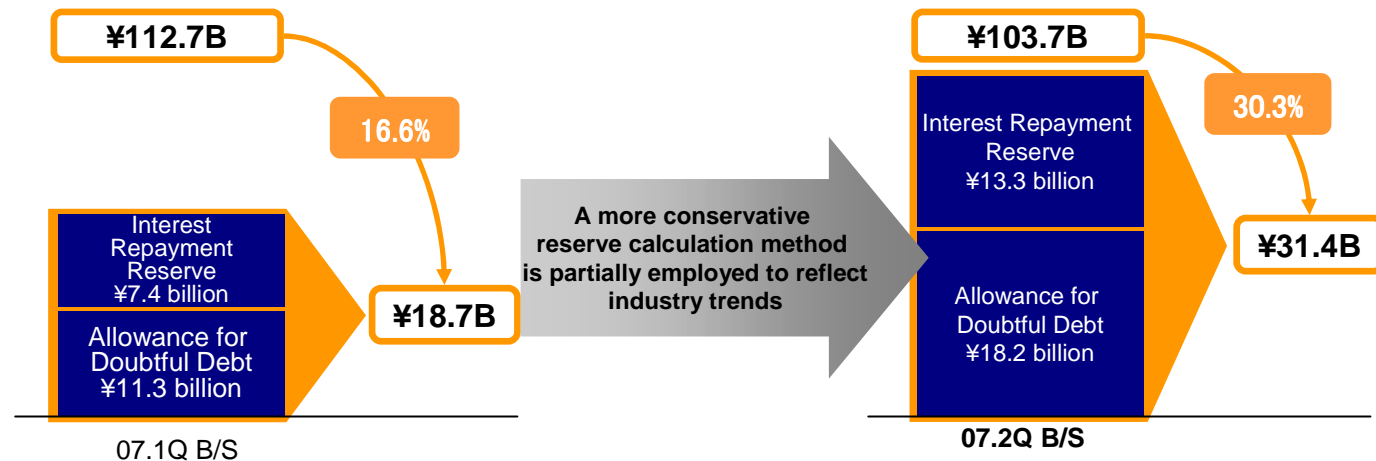
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About the Interest Repayment Reserve

- 1. Summary
- 2. Strategy Revision
- 3. Financial Highlights
- 4. Strengths & Business Domains
- 5. Segment Report
- ① Internet Infrastructure
- ② Internet Media

Reserve increased after conservatizing calculation logic to reflect industry trends



Reasons for Increase and Significant Changes to Calculation of Reserve

- ① July Supreme Court ruling: additional 5% repayable
- ② Calculation based on a rate of repayment that reflects the rising number of repayment claims
- ③ Interest repayment loss reserve to reflect the percentage of debt waivers on loan principals

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FY2007 Interim Consolidated Cash Flow

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Decrease in Operating Loans results in increase in Operating Cash Flow

(¥millions)

	FY 2007 Interim	FY 2006 Interim
Cash Flow from Operating Activities	7,557	-353
Cash Flow from Investing Activities	-9,131	-423
Cash Flow from Financing Activities	-3,820	686
Cash Flow Total	-5,374	-88
Increase/Decrease in Cash and Equivalents	-5,343	728
Cash and Equivalents Balance	27,836	23,931

Increase due to decrease in operating loans

Expenses related to the acquisition of subsidiary stock last year

Loan repayments (Net amount): ¥13.6 billion Bond issue: ¥5.0 billion Stock issue: ¥4.9 billion

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Sales and Operating Profit - Quarterly Change by Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

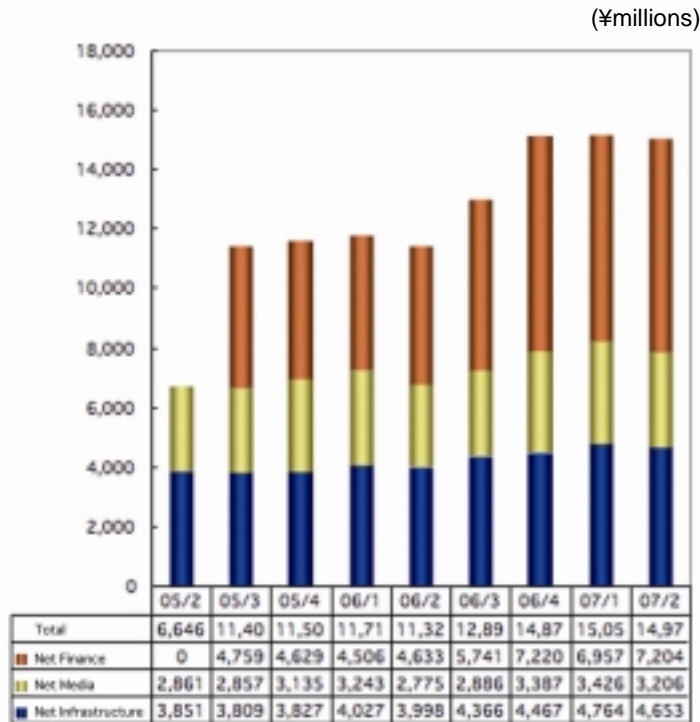
5. Segment Report

① Internet Infrastructure

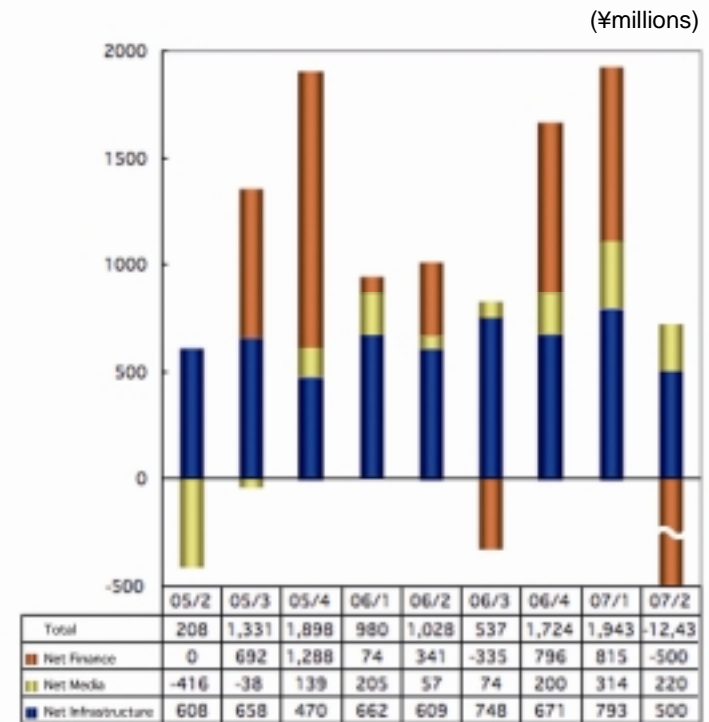
② Internet Media

Sales up 32.1% year-on-year but interest repayment related costs cause operating profit to drop to -¥12,438,000,000

Sales



Operating Profit



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1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Strengths & Business Domains

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GMO Internet Group Business Operations

1. Summary

2. Strategy Revision

3. Financial Highlights

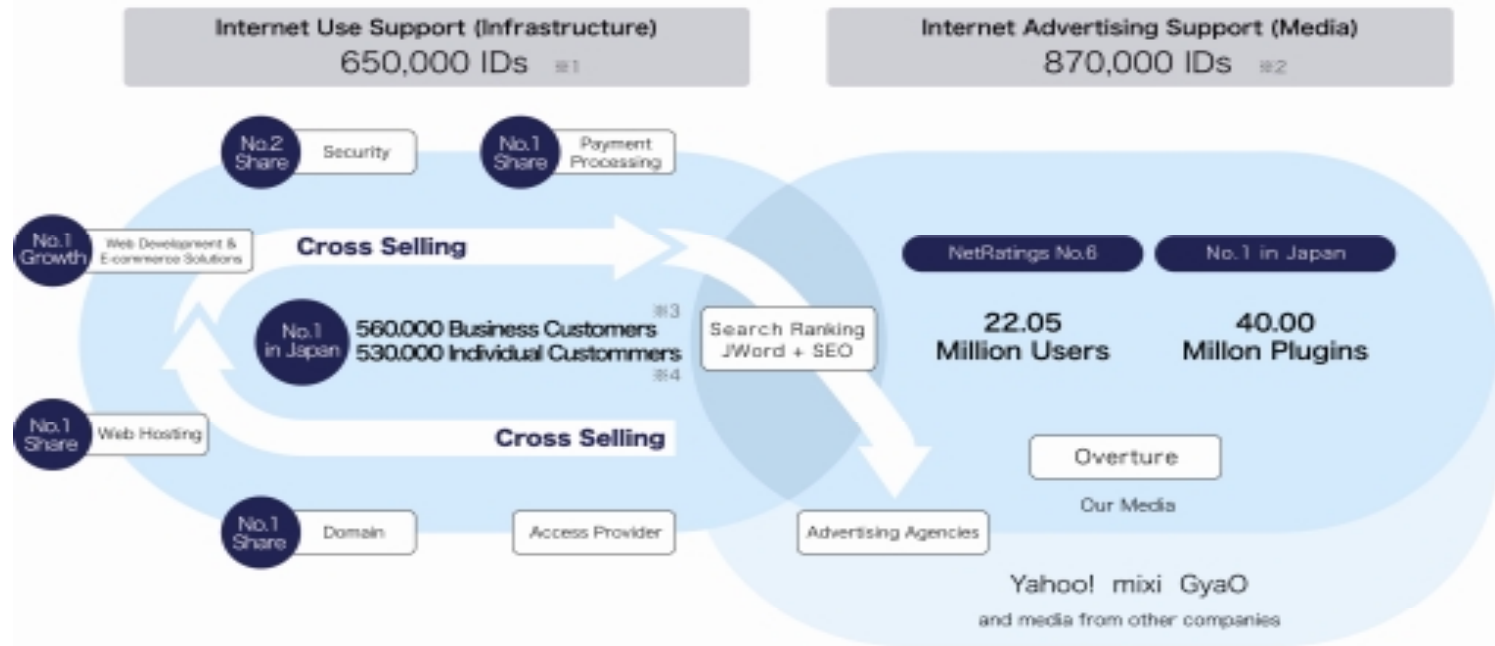
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Management resources concentrated in 2 business areas. Supporting the information transfer and net businesses of 1.09 million*5 customers.



Notes:

1. Business and Individual domain registrations = No. of Integrated Customer Database IDs
2. GMO ID members
3. Total number of business members of domain, web hosting, web development & EC solutions, security and payment processing services.
4. Total number of individual members of domain and web hosting services.
5. Paying members
6. 100,000 access provider business customers not included in the above chart

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Strengths of the GMO Internet Group

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Being the “Internet Department to Japan”!

Stable Customer Base

560,000 businesses
530,000 individuals
650,000 IDs

Customers

NetRatings Japan Ranking: 6

22 million individual users
870,000 IDs

Up-Selling X Cross-Selling

We Develop Our Own
Technology

Overwhelming Domain
& Server Market Shares

Advancing into **Global**
Security Market

E-Commerce / Payment Processing
28,000 stores and rising

Search / CGM
40 million Plugins

Marketing &
Selling Power

Web Marketing
78 Sites

Call Center
300 Booths

On the Road
350 Sales Reps

Sales
3,000 Partners

No. 1 Customer Support
Satisfaction

Support Center Open
24 hours **365** days

Quick Response
Phone **9** secs. Mail **9** mins.

CTI
Customer Management System

Only One in Industry
HDI Japan **3 Stars**

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All supported by a formidable organizational strength!

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Segment Report Current State and Growth Strategy

① Internet Use Support (Infrastructure)

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Internet Infrastructure Segment Sales

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

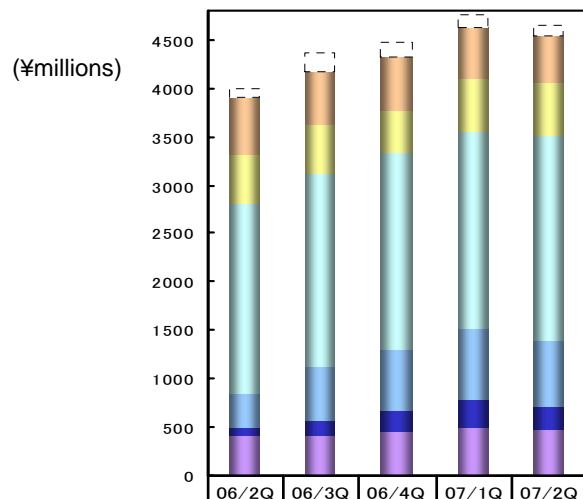
5. Segment Report

① Internet Infrastructure

② Internet Media

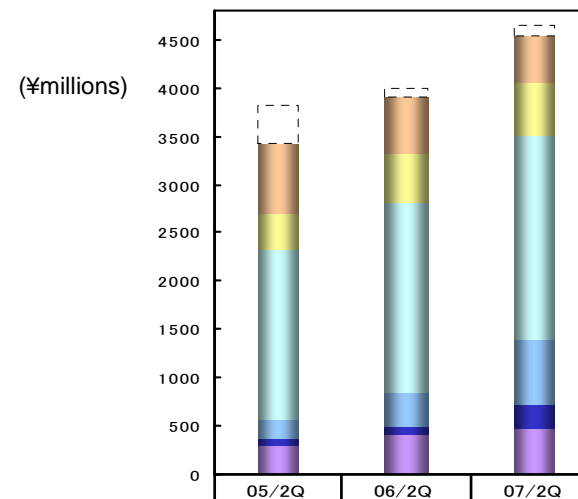
A 16.3% year-on-year increase in revenue. (22.7% increase in five major business areas) Security: Expansion of new brand coupled with strategic hold back on marketing. Payment Processing: Increase in new stores and positive market development despite shift to internal operation by Rakuten.

Internet Infrastructure Sales Quarterly Change



	06/2Q	06/3Q	06/4Q	07/1Q	07/2Q
Other	95	190	145	132	105
Access Provider	595	560	536	521	488
Domain	502	497	437	541	555
Web Hosting	1,956	1,984	2,043	2,049	2,097
Web Dev. & EC	343	562	638	733	688
Security	101	147	216	288	239
Payment Processing	404	423	450	497	479

Internet Infrastructure Sales Year-on-Year



	05/2Q	06/2Q	07/2Q
Other	397	95	105
Access Provider	716	595	488
Domain	380	502	555
Web Hosting	1,763	1,956	2,097
Web Dev. & EC	199	343	688
Security	68	101	239
Payment Processing	303	404	479

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*As of the current consolidated accounting term operations have been reclassified due to changes in the composition of existing businesses and the significance of each business to the group.

Website Development & E-commerce Solutions is composed of the former Website Construction Support business and E-commerce Support business. The Other classification now also includes the former Corporate Communications business.

Internet Infrastructure Segment Operating Profit

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

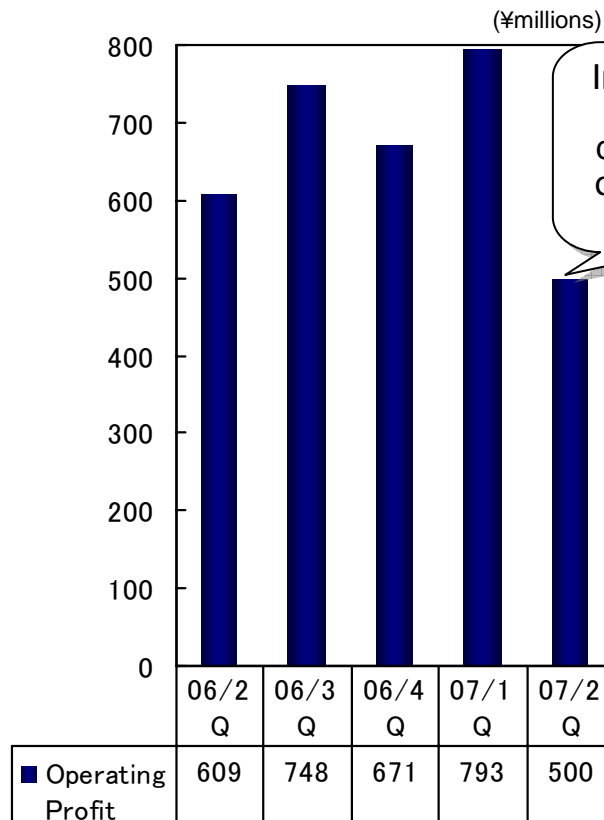
5. Segment Report

① Internet Infrastructure

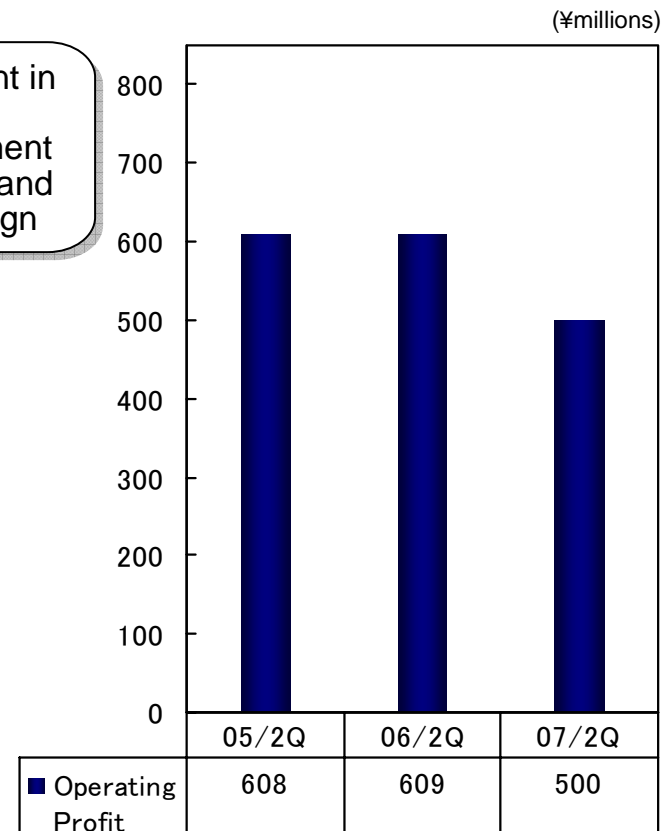
② Internet Media

Investment in the global expansion of new brand GlobalSign resulted in a 17.9% drop in year-on-year profit.

Internet Infrastructure Operating Profit Quarterly Change



Internet Infrastructure Operating Profit Year-on-Year



TSE Stock Code: 9449



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Being the “Internet Department to Japan”!

Goal: To take care of all Japan’s business and individual information transmission needs and net business outsourcing

Strategy: ① To further build market share of each service

② To improve ARPU through group synergy (Integrated Customer Database project)

TSE Stock Code: 9449



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

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5. Segment Report

① Internet Infrastructure

② Internet Media

Stronger cross-selling and up-selling to existing customers through integrated database for improved ARPU

Integrated Customer Database Project

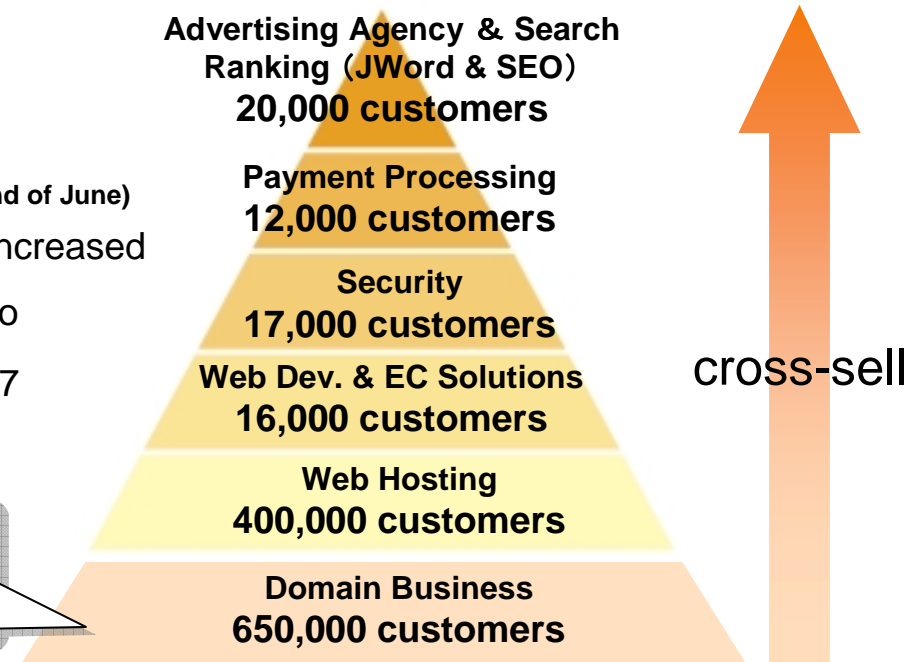
Launched in the first half of 2006

Current Status Report

Customer Coverage: **34.5%**_(end of June)
 Cross-sell department size to be increased from it's original **10** employees to **30** employees by the end of 2007

Domain name becomes customer ID

Domain IDs are integrated into customer database



TSE Stock Code: 9449



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

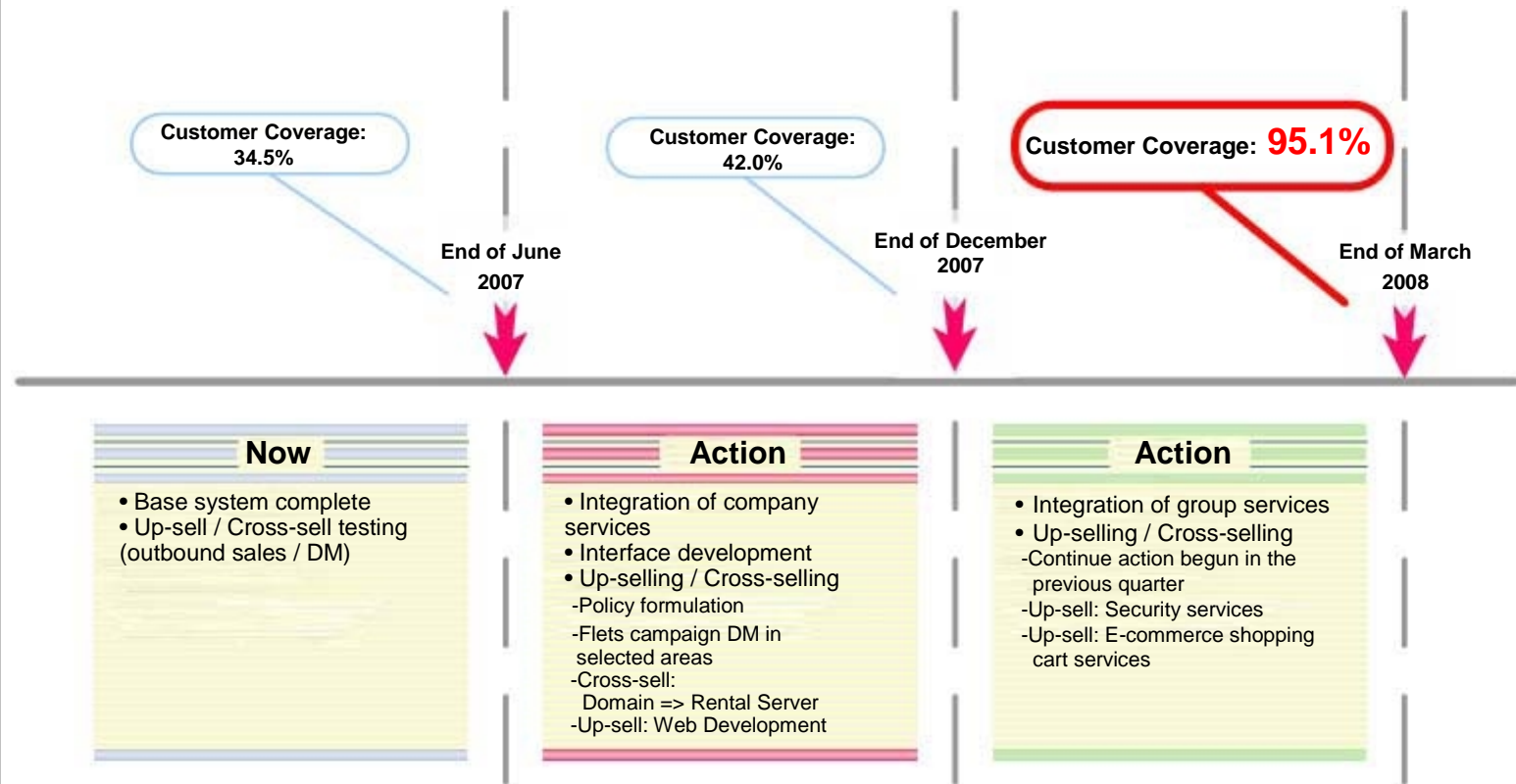
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Integrated Customer Database Project: An Overall Picture



TSE Stock Code: 9449



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

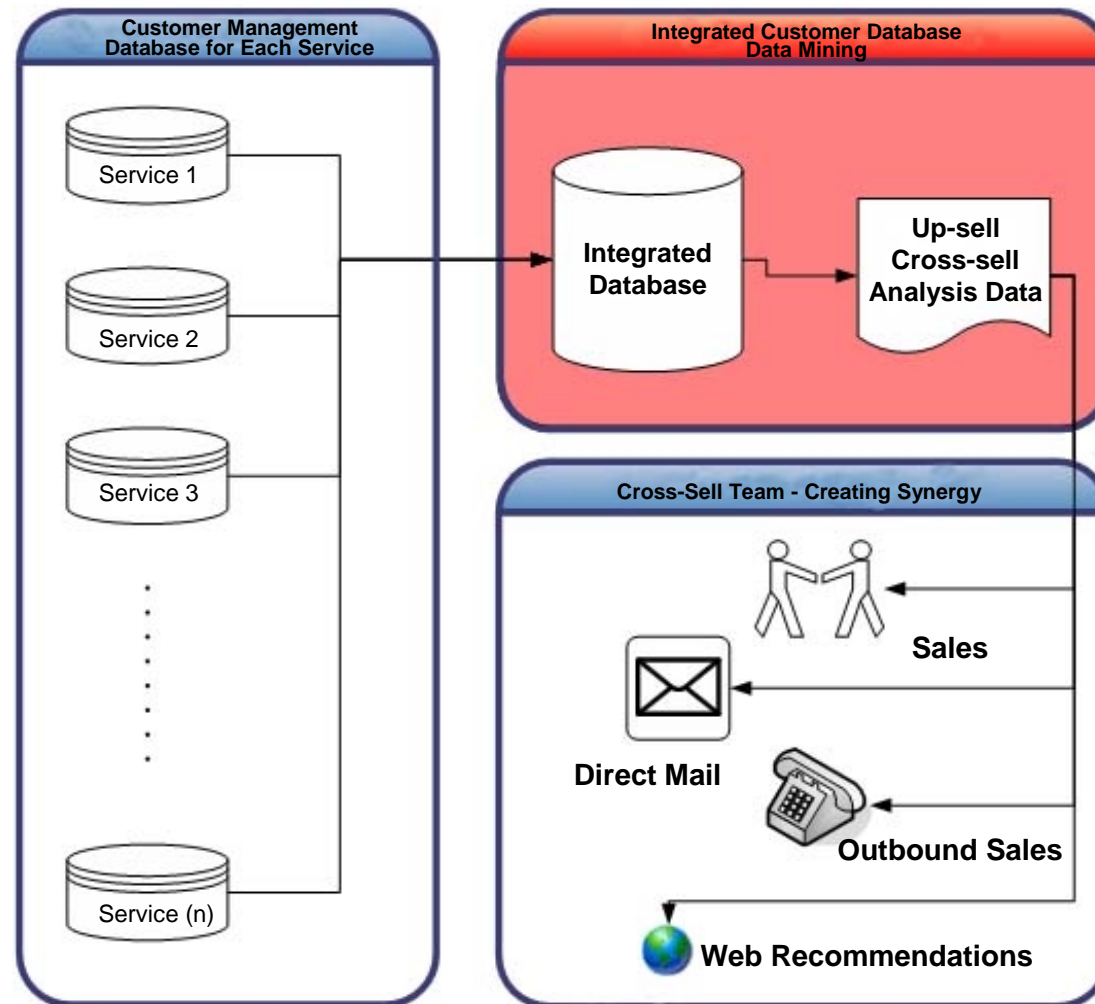
① Internet Infrastructure

② Internet Media

TSE Stock Code: 9449



Integrated Customer Database Project: An Overall Picture



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

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4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Integrated Customer Database Project: Data Mining → Outbound Sales

顧客購買分析(セグメント分析)			ドメイン	サーバー	カート	セキュリティー	決済
*セグメント別顧客項目分析			000	000	000	000	000
○セグメント別顧客項目増加分析			000000	000000	000000	000000	000000
○セグメント別収益分析			00.0%	00.0%	00.0%	00.0%	00.0%
○セグメント別商品サービスクロスセル分析			000	000	000	000	000
顧客成長状況分析		ドメイン	000000 00.0%	000 00.0%	000000 00.0%	000000 00.0%	000000 00.0%
○セグメント別顧客成長状況分析		サーバー	000 00.0%	000000 00.0%	000 00.0%	000000 00.0%	000000 00.0%
○商品サービスセット分析		カート	000 00.0%	000 00.0%	000000 00.0%	000000 00.0%	000000 00.0%
○商品サービスメイン化貢献度分析		セキュリティー	000 00.0%	000 00.0%	000000 00.0%	000000 00.0%	000000 00.0%
顧客販売分析		決済	000 00.0%	000 00.0%	000 00.0%	000 00.0%	000 00.0%
○新約先回り分析							
○セグメント別顧客属性状況分析							
新規顧客アップセル分析							
○属性分析							
○期間分析							
○クロスセル分析							

① Analyze Customer Purchasing Trends through Data Mining

② Push Sales through Contact Center



TSE Stock Code: 9449



The only call center in the industry in Japan to receive the **3-star** HDI JAPAN ranking

Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

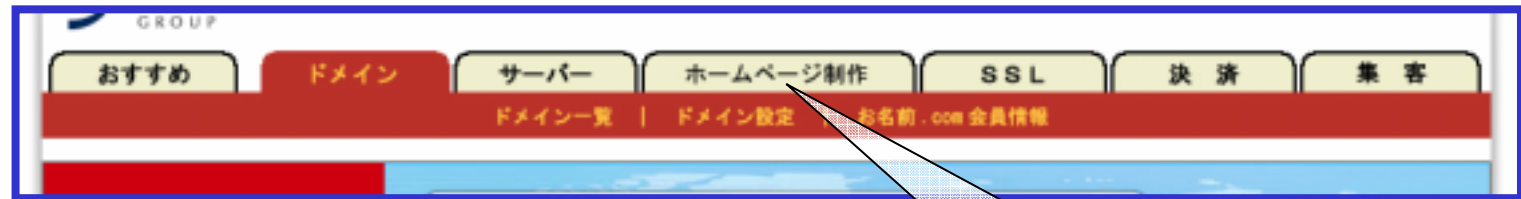
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Integrated Customer Database Project: Introduction of Cross-sell Tab Bar to improve ARPU (for new customers – to be introduced to all service sites)



This is the Web Development tab. The tab bar is displayed on all group sites. Users that want to build a new site click on this tab. And.....

The Introduction of the Integrated Customer Database and Cross-sell Tab Bar creates an IT outsourcing portal for business customers!

TSE Stock Code: 9449



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

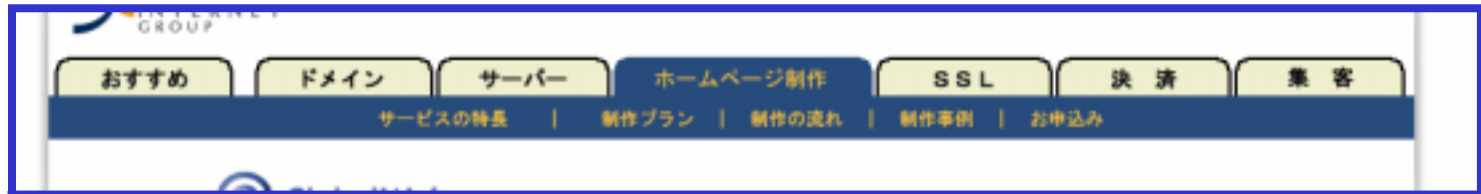
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Integrated Customer Database Project: Introduction of Cross-sell Tab Bar to improve ARPU (for new customers – to be introduced to all service sites)



The web development application form is displayed. The one ID system makes application even faster.

The Introduction of the Integrated Customer Database and Cross-sell Tab Bar creates an IT outsourcing portal for business customers!

TSE Stock Code: 9449



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

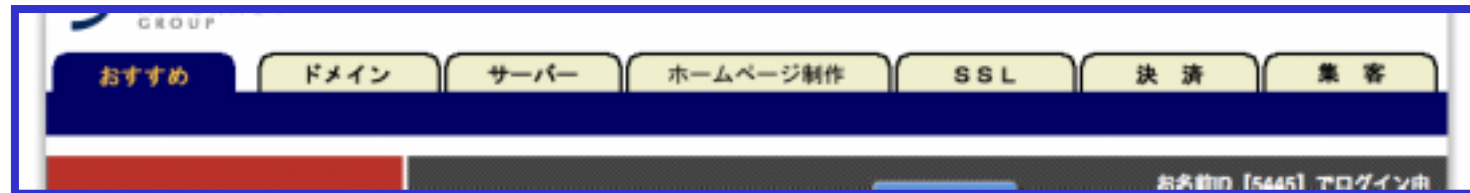
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Integrated Customer Database Project: Introduction of Cross-sell Tab Bar to improve ARPU (control panel for existing customers)



- ① Single Sign In: Sign up for a additional specialized services in one click
- ② Data Mining of the Integrated Customer Database is used to make recommendations under the Web Recommendations tab

TSE Stock Code: 9449



Growth Strategy in the Internet Infrastructure Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

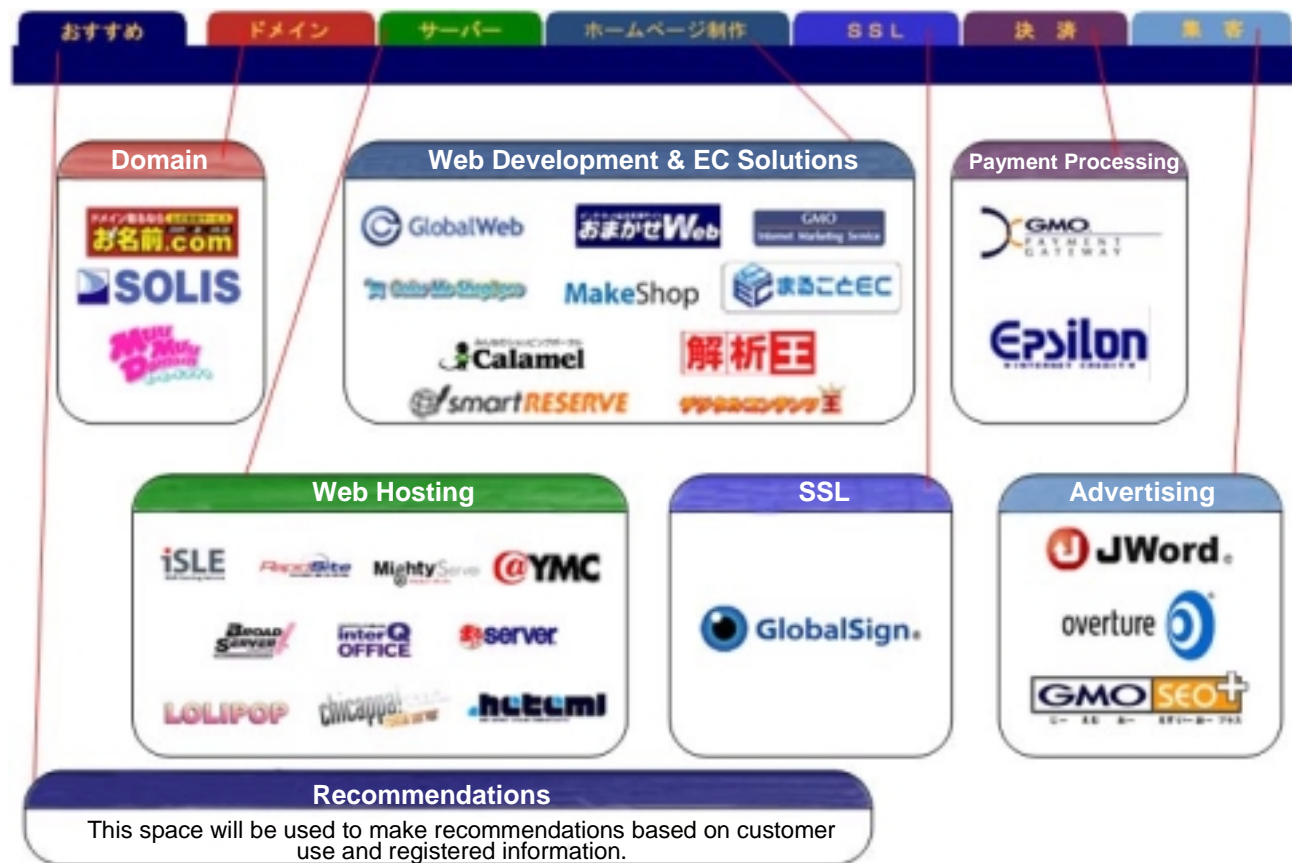
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

The Cross-sell Tab Bar and Domain ID make applying for our services faster and easier. The Cross-sell Tab Bar will appear on all group service sites.



TSE Stock Code: 9449



(This is an image of the tab bar and the group services that will be available under each tab) 41

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Segment Report Current State and Growth Strategy

Infrastructure Segment Products

TSE Stock Code: 9449



Domain Business – Key Factors

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

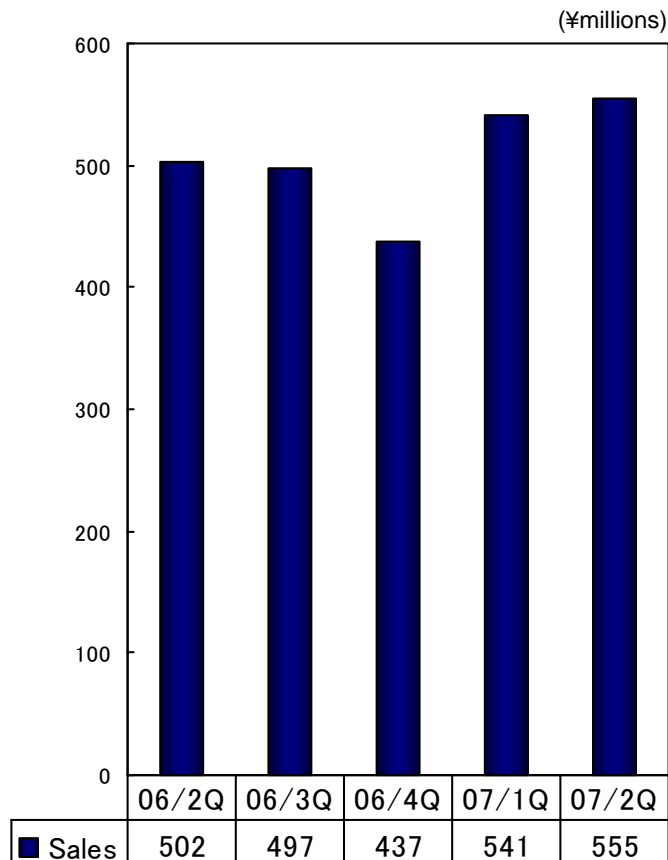
5. Segment Report

① Internet Infrastructure

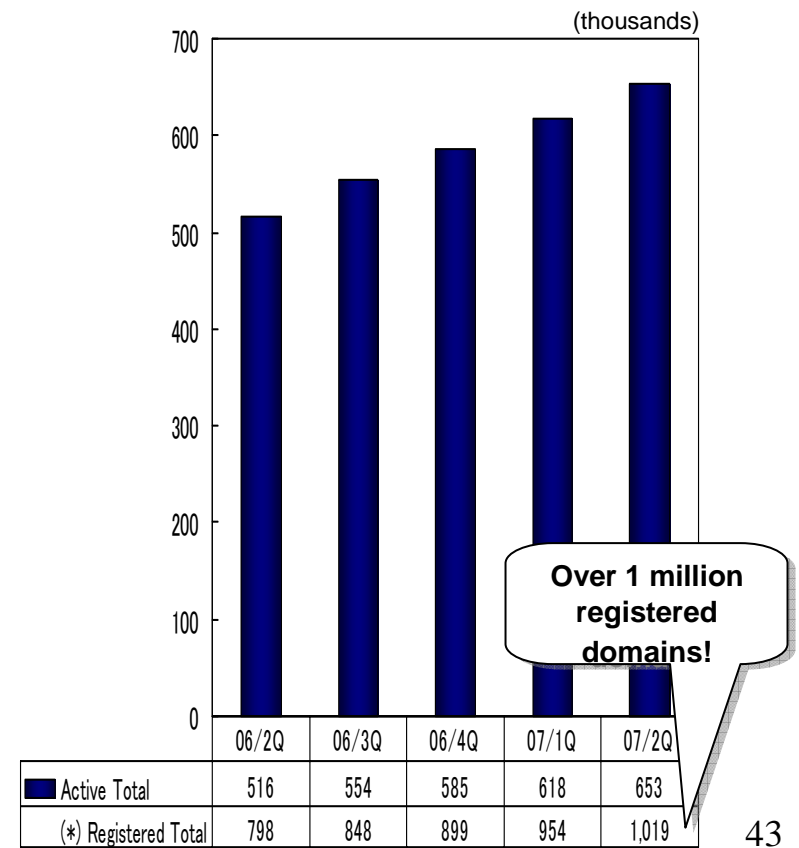
② Internet Media

Sales over ¥500 million in the second quarter (a %10.6 year-on-year increase). The number of domain contracts has risen 26.6% year-on-year to over 650,000!

Domain Business Sales



Domain Registrations



TSE Stock Code: 9449



Web Hosting Business – Key Factors

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

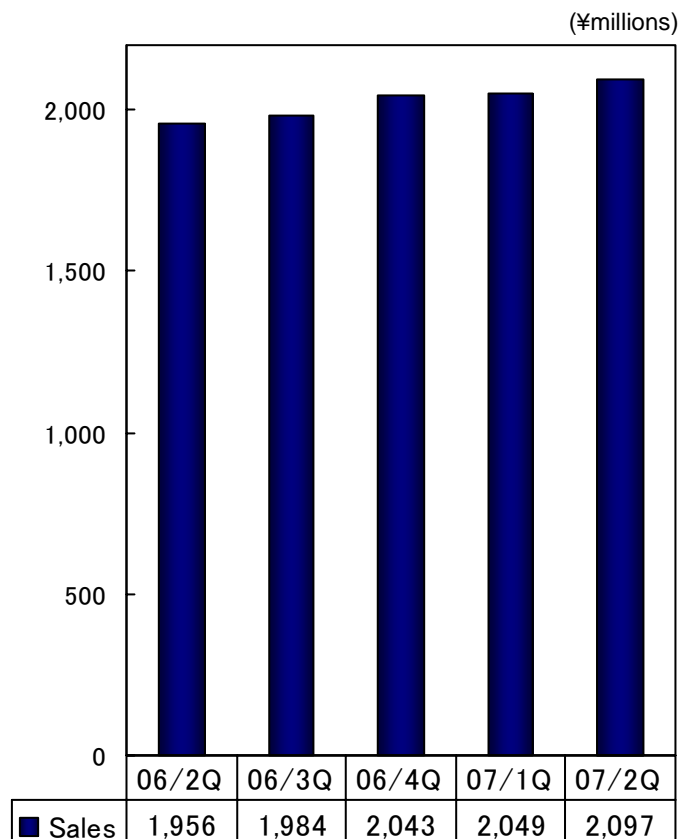
5. Segment Report

① Internet Infrastructure

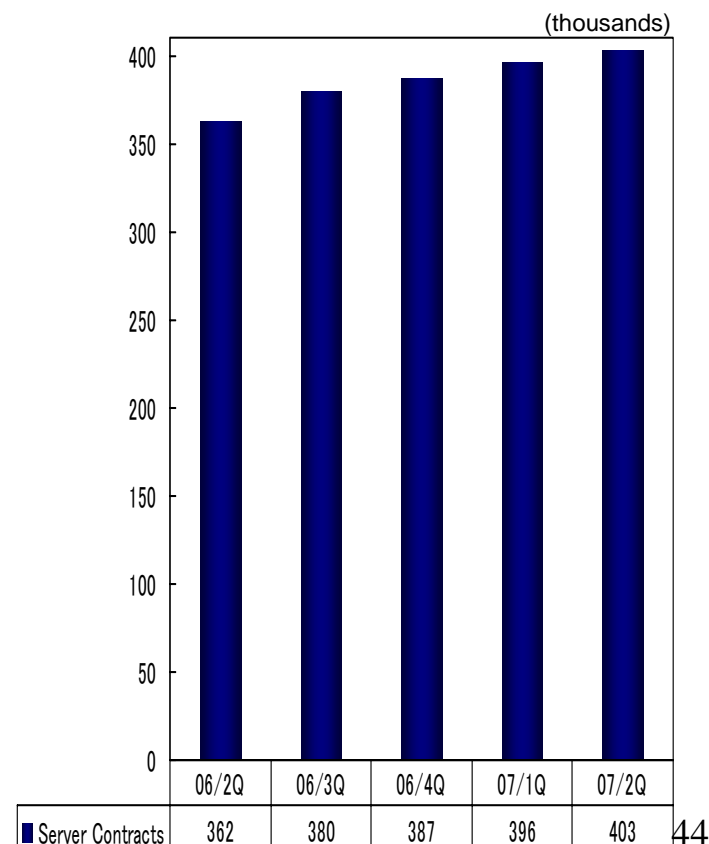
② Internet Media

Sales over **¥2 billion** in the second quarter (a **%7.2** year-on-year increase). The number of server contracts has risen **11.6%** year-on-year to over **400,000!**

Web Hosting Sales



Web Hosting Contracts



TSE Stock Code: 9449



Web Development and EC Solutions Business – Key Factors

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

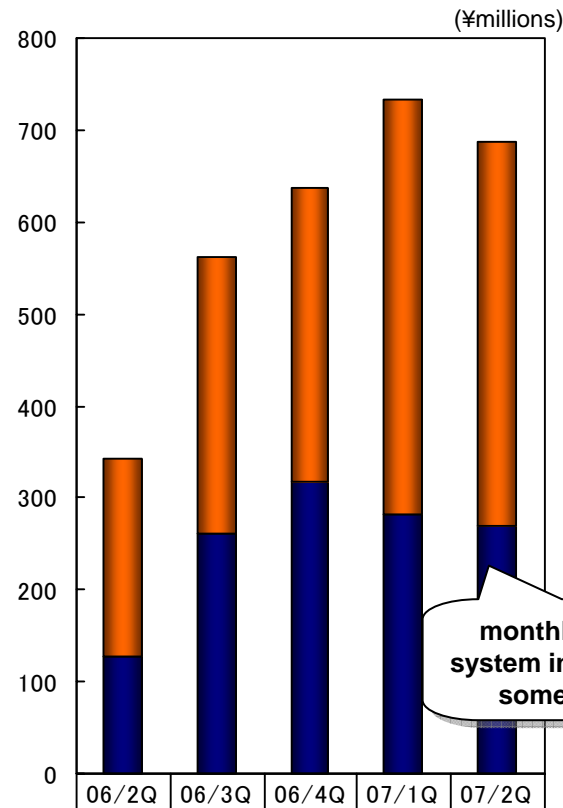
② Internet Media

TSE Stock Code: 9449

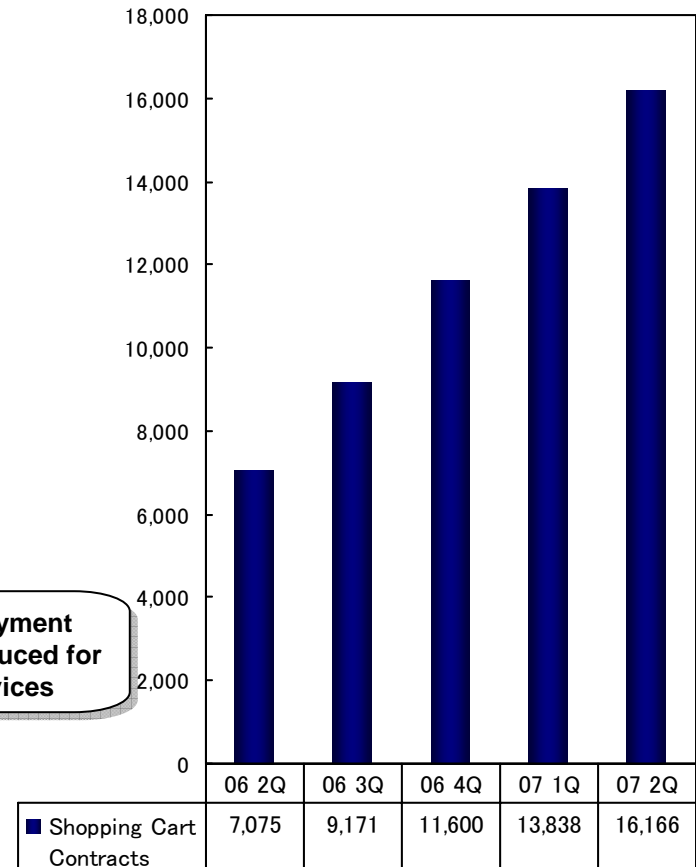


Contracts up 128.5% year-on-year to 16,000!

Web Development & EC Solution Sales



E-Commerce Solution Contracts



Security Business – Key Factors

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

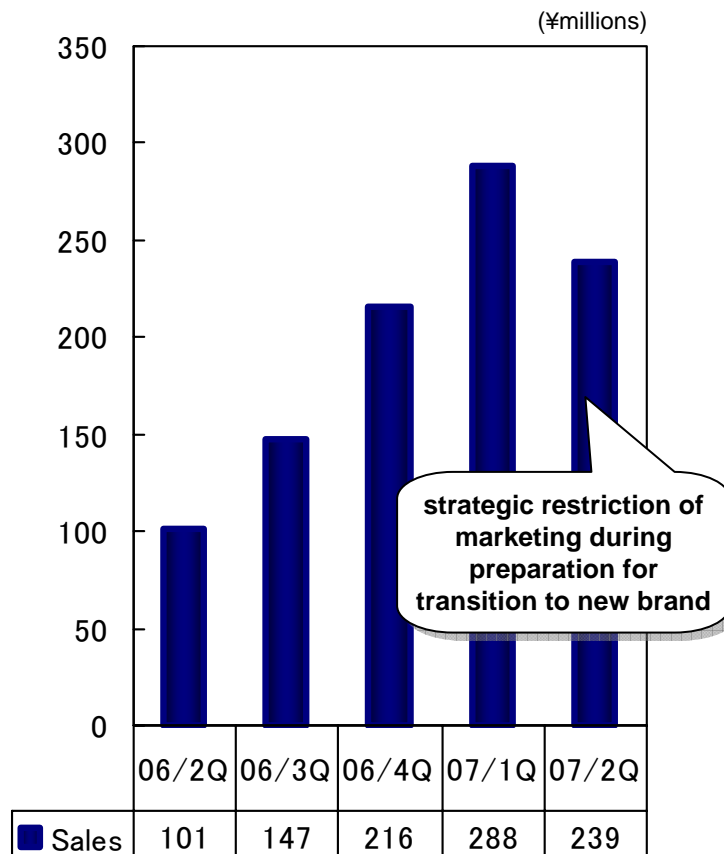
5. Segment Report

① Internet Infrastructure

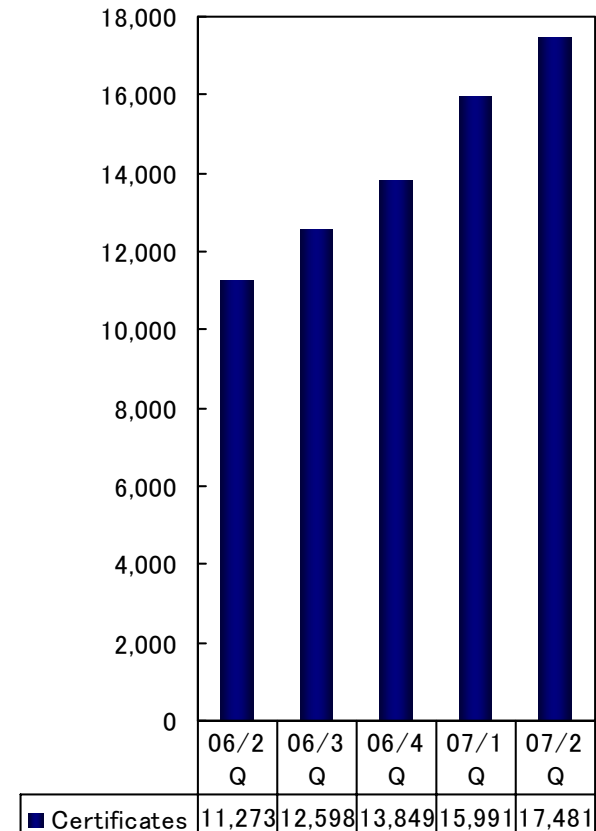
② Internet Media

Contracts up 55.1% year-on-year!

Security Sales



Certificates Issued



TSE Stock Code: 9449



Note: Certification Services Ltd. (now Global Sign Ltd.) included from FY2006 3rd quarter (no. of certificates not included).

Security Business – Global Expansion

1. Summary

2. Strategy Revision

3. Financial Highlights

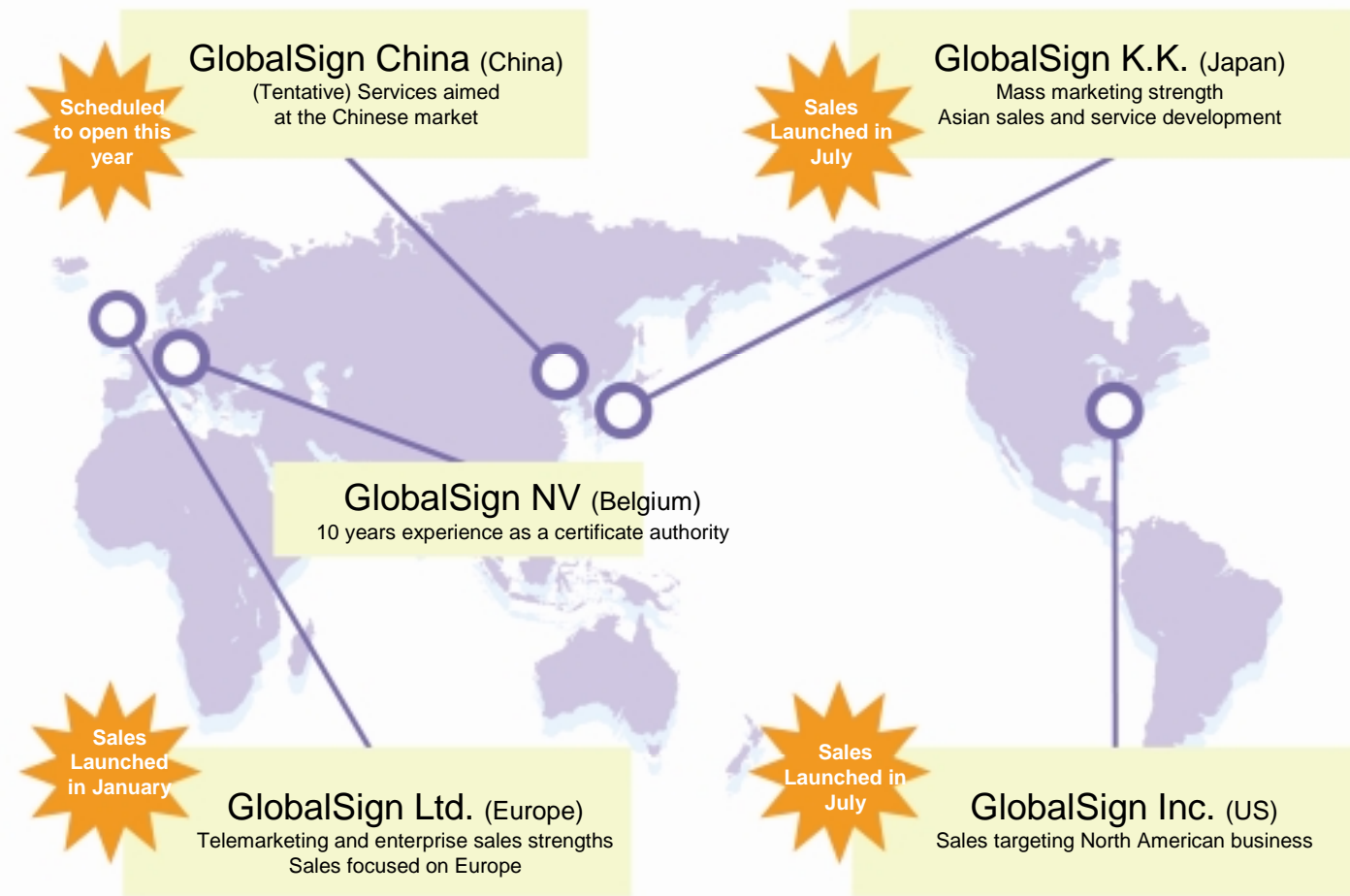
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

From Certificate Authority Distributor to Certificate Authority: On July 2 we established a subsidiary in North America, the world's biggest market. We are pursuing further global expansion.



TSE Stock Code: 9449



Credit Card Payment Processing Business – Key Factors

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

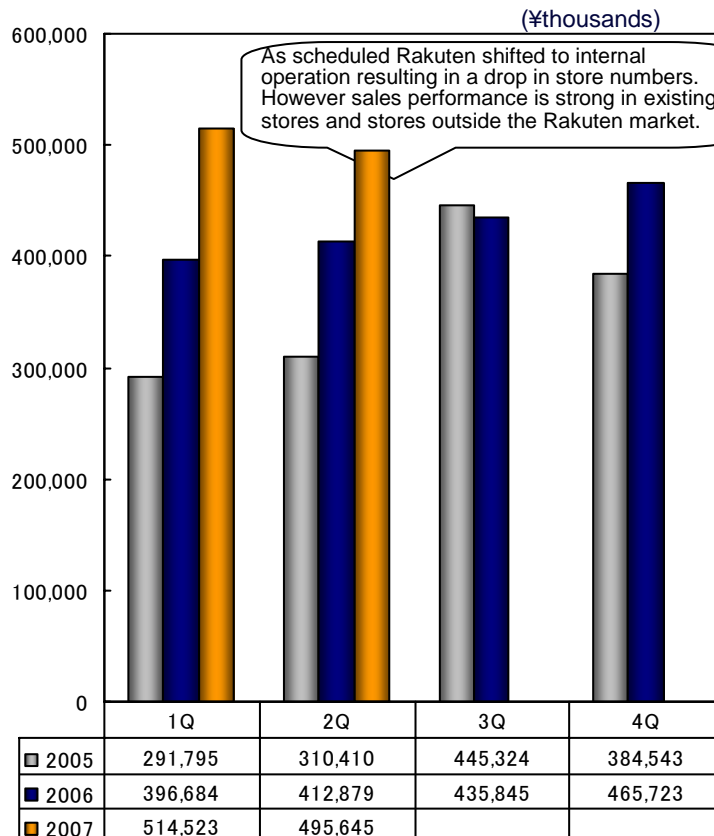
5. Segment Report

① Internet Infrastructure

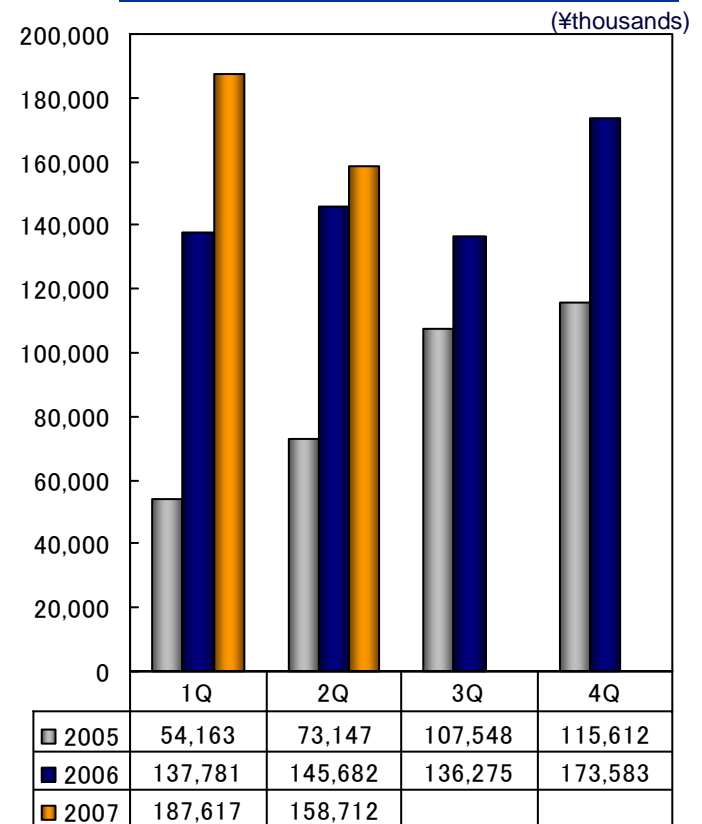
② Internet Media

Consolidated sales up 20% year-on-year, operating profit up 8.9%. Solid new store acquisition despite a drop in store numbers due to Rakuten's shift to internal operation.

Credit Card Payment Processing Sales



Credit Card Payment Processing Operating Profit



TSE Stock Code: 9449



*Based on figures released by GMO Payment Gateway up to the 3rd quarter of 2005, and consolidated figures from the 4th quarter of 2005

*Based on figures released by GMO Payment Gateway up to the 3rd quarter of 2005, and consolidated figures from the 4th quarter of 2005

Credit Card Payment Processing Business - Strategic Progress

1. Summary

2. Strategy Revision

3. Financial Highlights

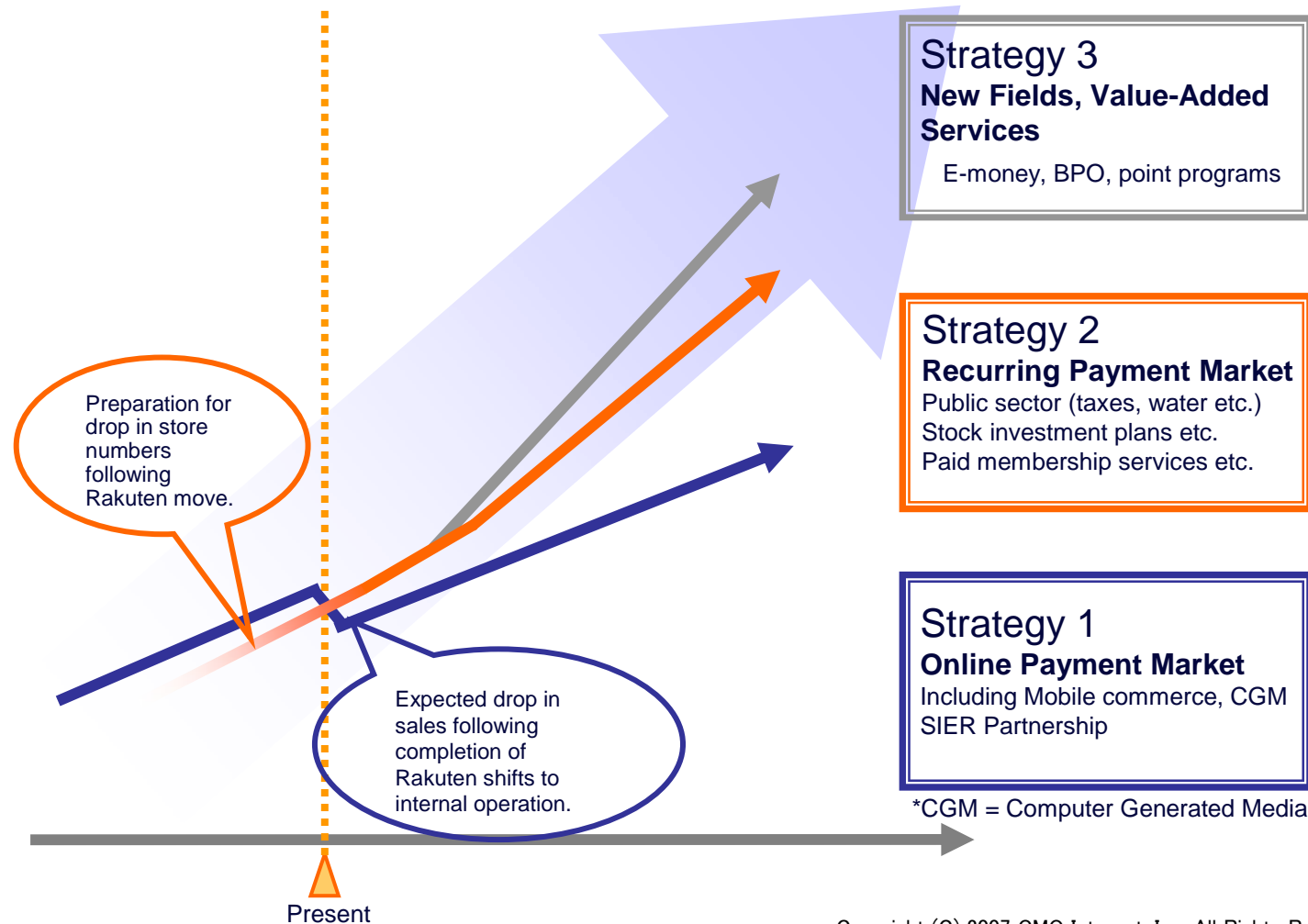
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Online payments have been new growth driver. We aim to further expand recurring payment business and services in new fields.



TSE Stock Code: 9449



1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Segment Report

Current State and Growth Strategy

② Internet Advertising Support (Media)

TSE Stock Code: 9449



Internet Media Segment Sales

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

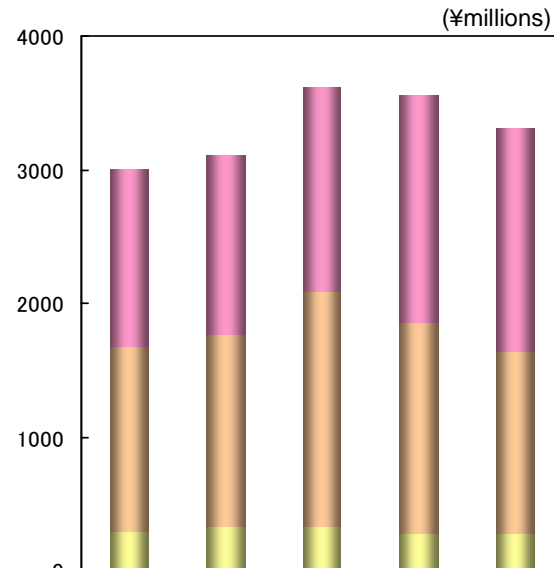
5. Segment Report

① Internet Infrastructure

② Internet Media

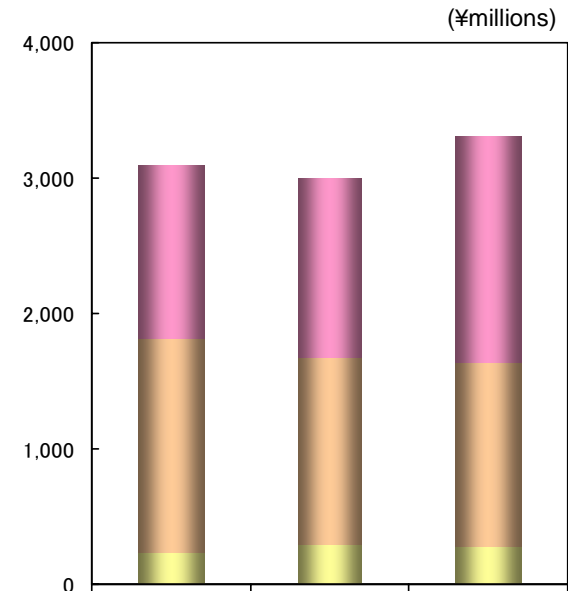
Income up 15.5% year-on-year. Despite seasonal factors continued growth was driven by search ranking services (JWord, SEO) and the Overture business

Internet Media Sales Quarterly Change



	06/2Q	06/3Q	06/4Q	07/1Q	07/2Q
Media & Search Media	1,324	1,336	1,521	1,694	1,662
Advertising Agencies	1,388	1,438	1,764	1,583	1,365
Other	294	330	331	279	283

Internet Media Sales Year-on-Year



	05/2Q	06/2Q	07/2Q
Media & Search Media	1,282	1,324	1,662
Advertising Agencies	1,587	1,388	1,365
Other	230	294	283

TSE Stock Code: 9449



*As of the current consolidated accounting term operations have been reclassified due to changes in the composition of existing businesses and the significance of each business to the group.

The Internet Media & Search Media business is composed of the former Internet Media Construction and JWord businesses. The Other classification now also includes the former Online Games business.

Internet Media Segment Operating Profit

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

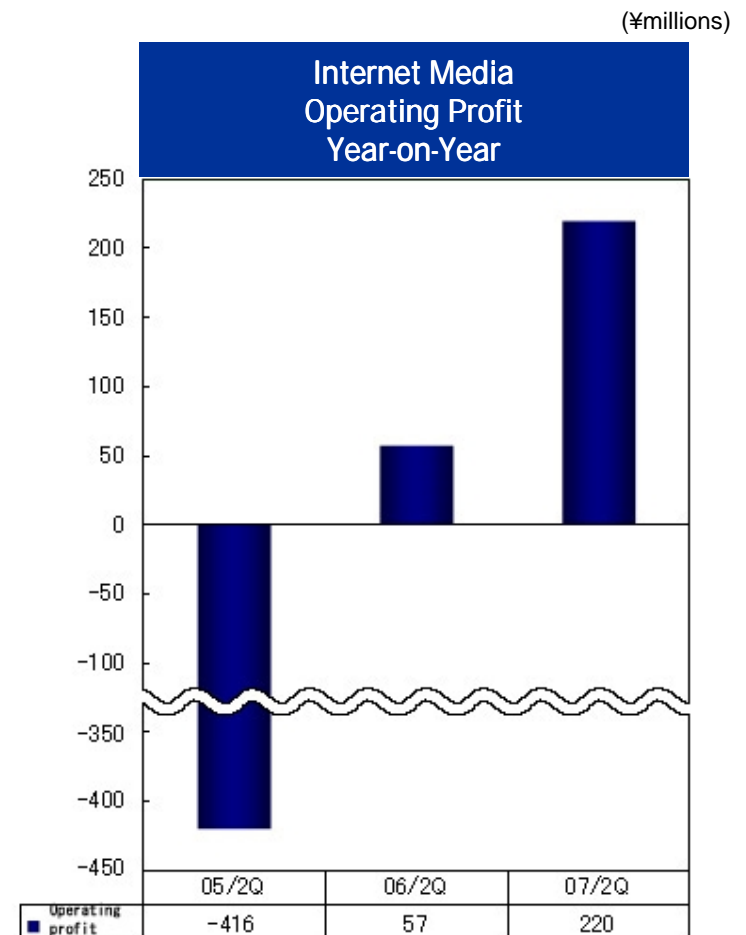
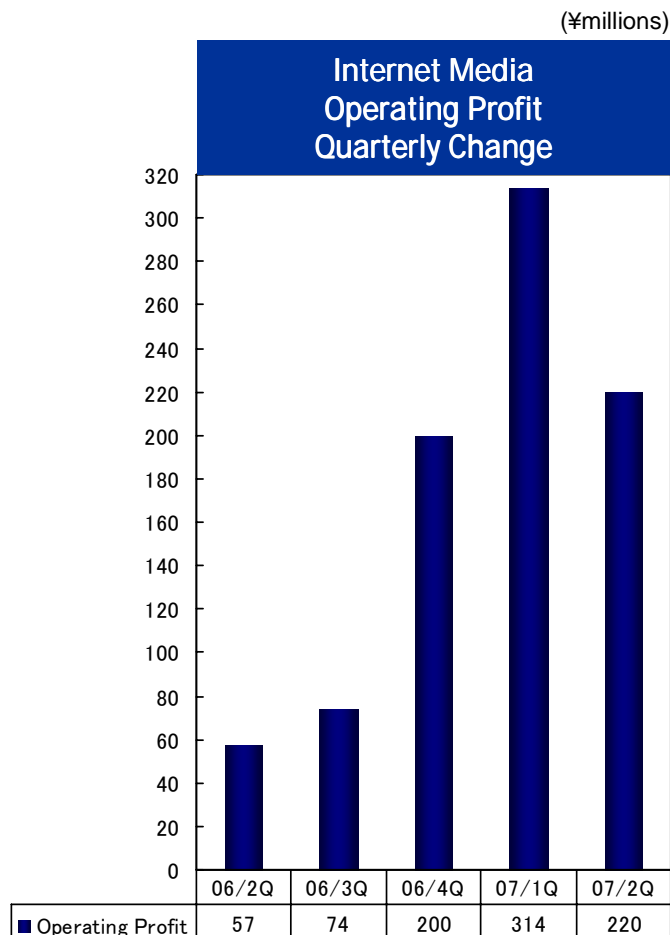
① Internet Infrastructure

② Internet Media

TSE Stock Code: 9449



Profit up 286% year-on-year!



1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths &
Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Segment Report

Current State and Growth Strategy

Media Segment Products

TSE Stock Code: 9449



Internet Media Users

1. Summary

2. Strategy Revision

3. Financial Highlights

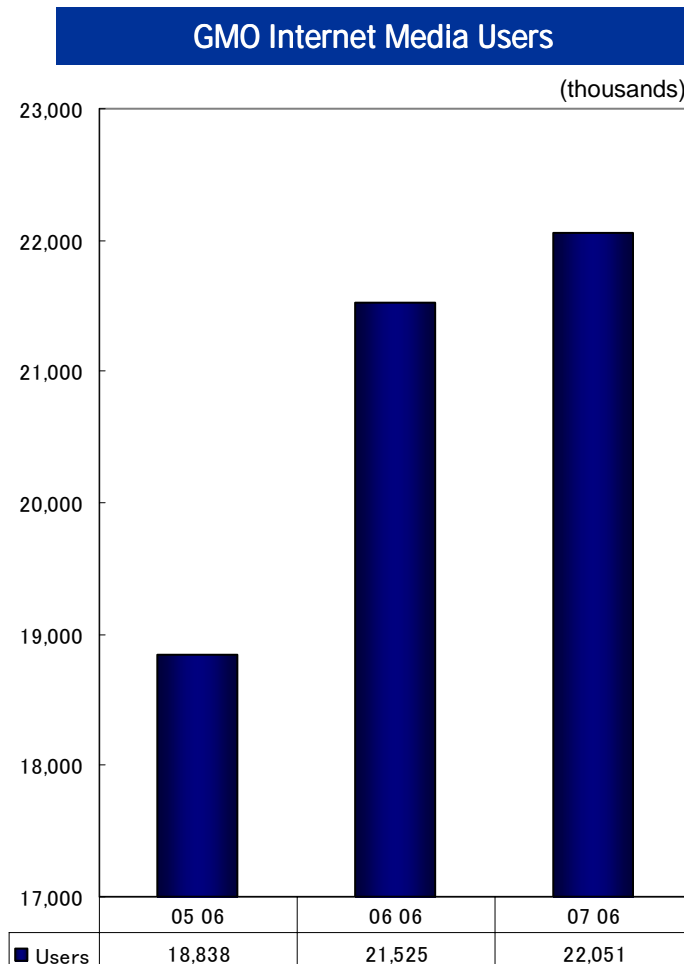
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

22.05 million users! A 2.4% user increase from the previous corresponding month.



Property	Users	Reach (%)	Page View Ranking
Yahoo!	40,564,000	88.44	1
Rakuten	25,781,000	56.21	2
NTT.Com	24,288,000	52.95	5
Microsoft	24,053,000	52.44	6
Google	23,747,000	51.77	4
GMO	22,051,000	48.07	7
Nifty	20,108,000	43.84	11
FC2	19,412,000	42.32	8
NEC	18,925,000	41.26	9
Livedoor	18,620,000	40.6	14

TSE Stock Code: 9449



*NetRatings, 06/2007 54

Some of our Internet Media

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

These services are accessed by over one million users every month

JWord
4.6 million (approx.)



yaplog!
5.6 million (approx.)



JUGEM
8.45 million (approx.)



Teacup
7.7 million (approx.)



kabegami.com
2.11 million (approx.)



freeml
3.2 million (approx.)



FeedBurner
2.6 million (approx.)



TSE Stock Code: 9449



Growth Strategy in the Internet Media Segment

1. Summary

2. Strategy Revision

3. Financial Highlights

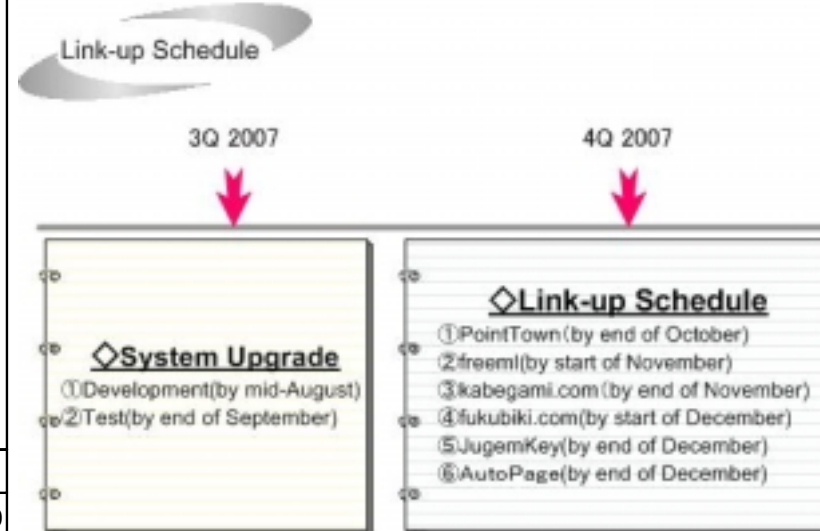
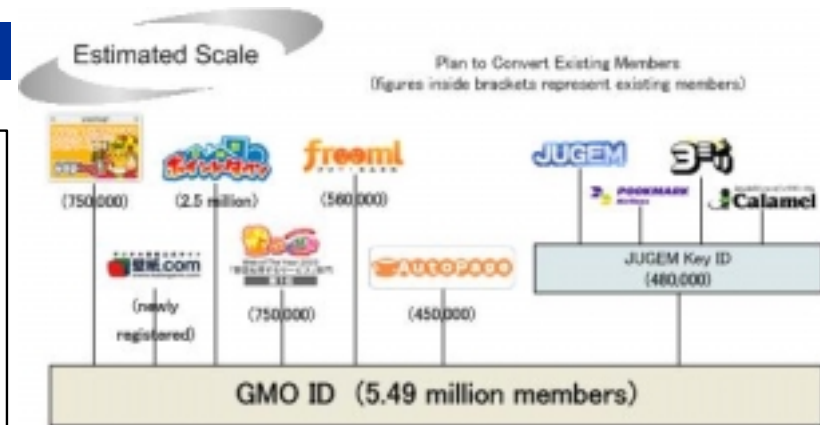
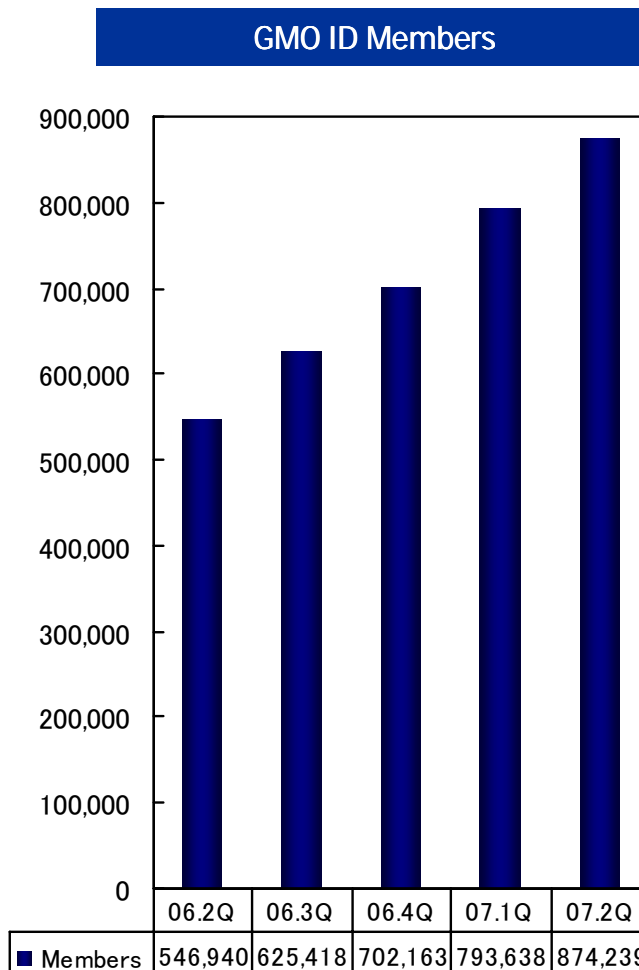
4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Integrated GMO ID Project: Currently has 870,000 (yaplog!) users. By the year end we plan to convert 5.49 million existing members to the single sign-in scheme!



TSE Stock Code: 9449



Media & Search Media Business Performance

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

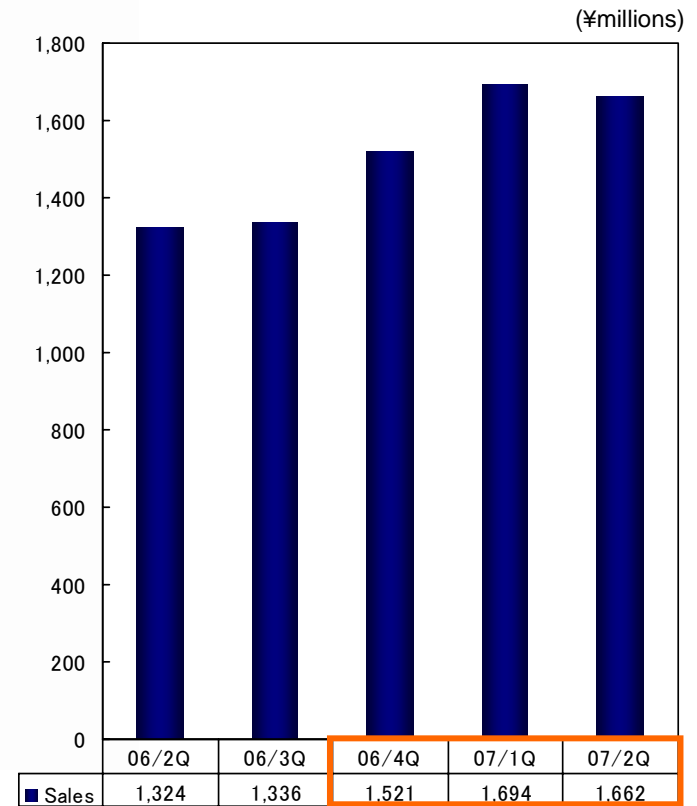
② Internet Media

Sales up 25.5% year-on-year. Overture, media and search media businesses performing well.

Media & Search Media Sales Composition (Main)



Media & Search Media Sales Quarterly Change



TSE Stock Code: 9449



Overture partnership 57

Media & Search Media – Search Ranking Services (JWord & SEO)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

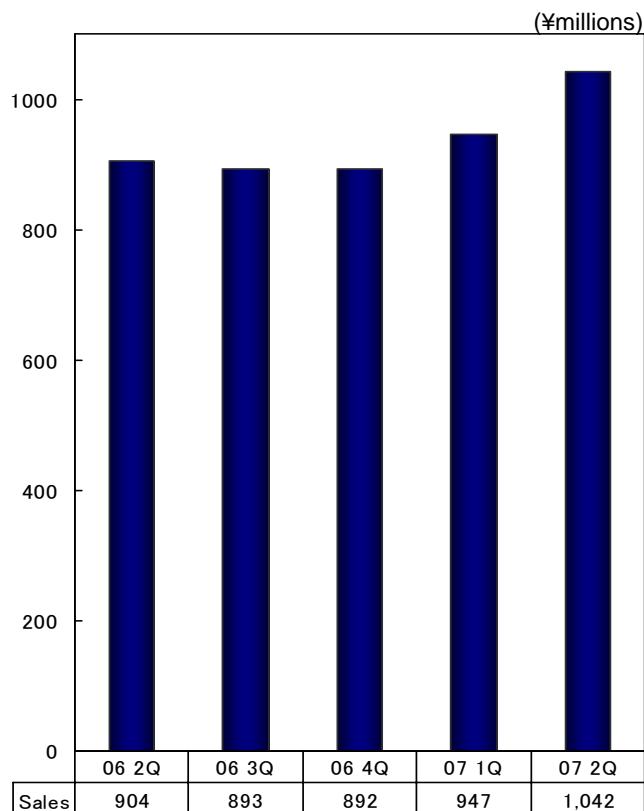
② Internet Media

TSE Stock Code: 9449



Search Engine Ranking Services up 20.8% year-on-year. JWord ranked fourth in user numbers in Japan (4.28 million users)

Search Ranking Service Sales



Major Portal Site Search Engines

Site	Users	Page Views
Yahoo! Search	30,588,000	2,235,470,000
Google Search	16,913,000	1,091,566,000
MSN Search	9,056,000	178,376,000
JWord Search	4,282,000	42,507,000
goo Web Search	2,697,000	67,212,000
BIGLOBE Search	2,601,000	136,523,000
@nifty Search	2,018,000	57,589,000
Infoseek Search	1,525,000	58,627,000
livedoor Search	974,000	13,471,000
OCN Search	744,000	36,839,000

* Nielsen//NetRatings Portal Content Views, Household Access – 06/2007
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Media & Search Media – Search Ranking Services (JWord & SEO)

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

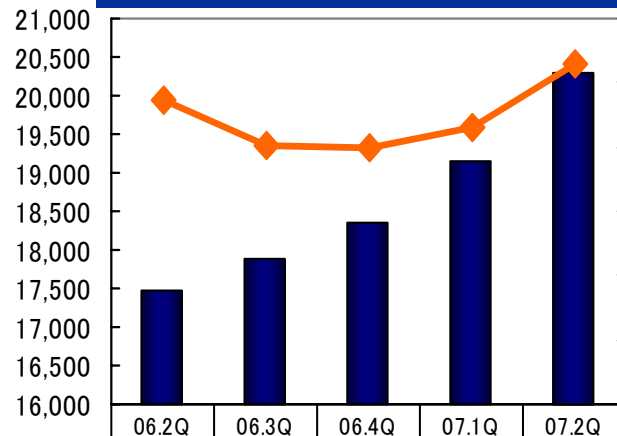
5. Segment Report

① Internet Infrastructure

② Internet Media

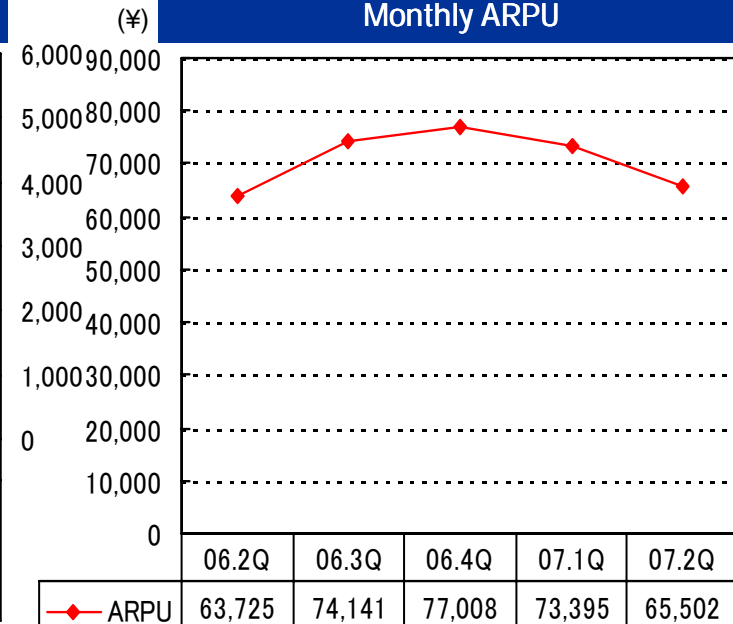
Over 20,000 Search Ranking Service Customers (up 16.1% year-on-year). ARPU is ¥65,000

Search Engine Ranking Service Keywords



Unique Keywords (Cumulative)	17,477	17,892	18,357	19,161	20,297
Unique Keywords (New + Renewals)	4,731	4,015	3,979	4,304	5,300

Search Engine Ranking Services Monthly ARPU



ARPU	63,725	74,141	77,008	73,395	65,502
------	--------	--------	--------	--------	--------

2nd Quarter Results
1) New products for regional customers

2) New low-priced word products for the "Long Tail"

3rd Quarter Plans
1) Increase sales staff

2) Strengthen pull-marketing on the web

2nd Quarter Results
1) Introduced multi-year contract (JWord)

3rd Quarter Plans
1) Sell to customers in each area of the infrastructure segment

TSE Stock Code: 9449



Media & Search Media – Overture

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

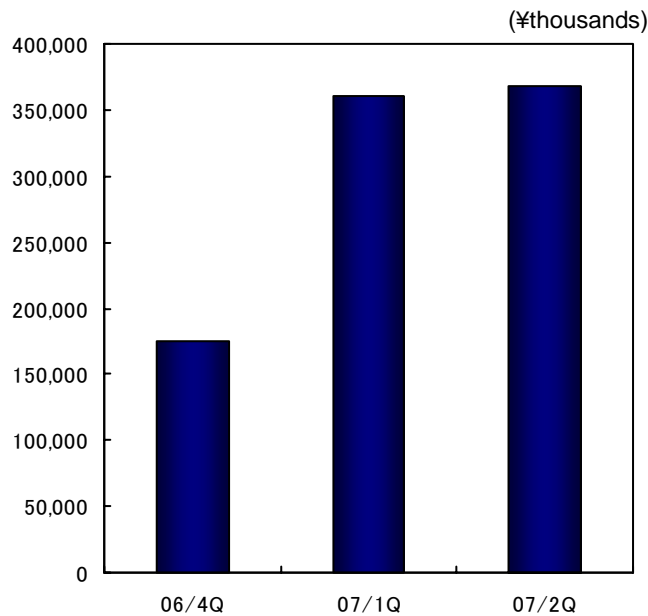
5. Segment Report

① Internet Infrastructure

② Internet Media

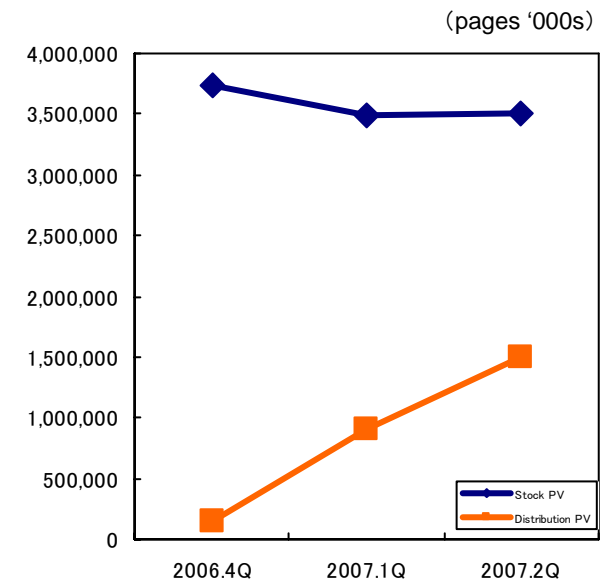
Overture partnership 2nd quarter sales: ¥370 million. Distribution rate now up to 42%

Overture Partnership Sales*



Sales growth temporarily impacted by move to new Yahoo! advertising distribution system, Panama.
⇒ Move to be completed by the end of July and resumed growth is expected.

Stock PV & Distribution PV



2nd Quarter Results
1) Yahoo! toolbar distribution (JWord)
2) Coverage of all group media

3rd Quarter Plans
1) JWord Tab Bar promotion
2) Partner site syndication

TSE Stock Code: 9449



*Net Sales

Media & Search Media – Overture

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

5. Segment Report

① Internet Infrastructure

② Internet Media

Preparation for Panama. Still tuning new distribution pages. Improved cost-per-click after tuning.

Overture CTR



2nd Quarter Results
 1) Landing page improvement
 2) Content Match Engine improvement

3rd Quarter Plans
 1) Development of bidding tools for Panama

Overture Cost Per Click



2nd Quarter Results
 1) Advertising distribution genre setting

3rd Quarter Plans
 1) Development of bidding tools for Panama

TSE Stock Code: 9449



Advertising Agencies – Key Factors

1. Summary

2. Strategy Revision

3. Financial Highlights

4. Strengths & Business Domains

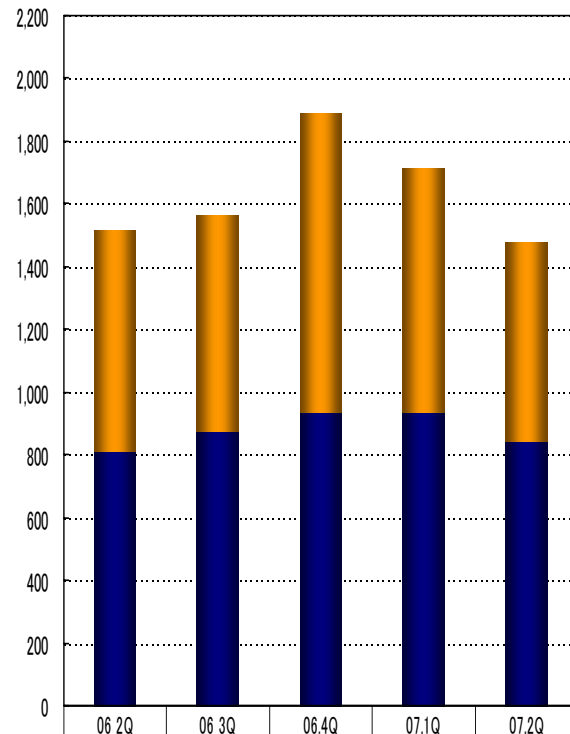
5. Segment Report

① Internet Infrastructure

② Internet Media

Strong performance in the mobile media business despite seasonal influences

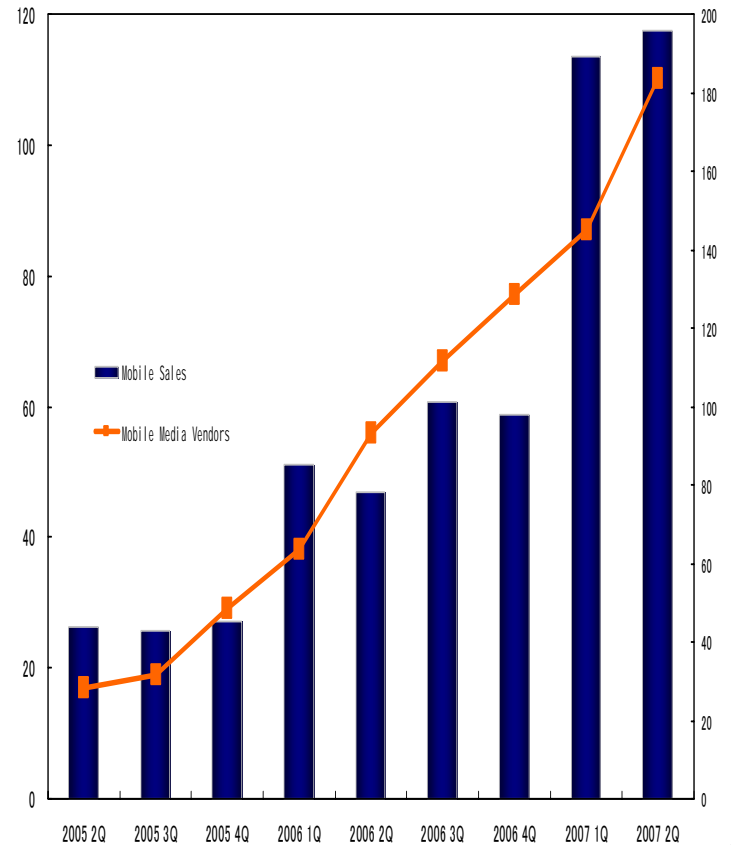
(¥millions)
Advertising Agency Sales



	06 2Q	06 3Q	06 4Q	07 1Q	07 2Q
Total	1,516	1,567	1,893	1,713	1,481
Recruitment	706	689	960	781	636
Advertising / Sales Advertising	809	878	932	932	845

(vendors) (¥millions)

Mobile Media Sales and No. of Vendors



TSE Stock Code: 9449



*Based on figures released by Magclick

*Figures shown represent gross sales
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Internet for Everyone

- Being the "Internet Department" to Japan-

