

# **FY2003 Presentation of Q1 Results**

**May 19, 2003  
(JASDAQ:9449)  
Global Media Online Inc.**

# Results Presentation Program

**Part 1: Overview of consolidated results for Q1  
FY2003**

**Part 2: Business conditions by segment**

**Part 3: Results forecasts**

**Part 4: Future growth story**

These presentation materials include future forecasts based on assumptions, predictions and plans valid as of May 19, 2003. Actual results may differ greatly from that forecast herein due to the risks associated with the global economy, competitive conditions, and exchange rate fluctuations, as well as unknown factors such as natural disasters.

# **【Part 1】**

## **Q1 FY2003**

# **Overview of Consolidated Results**

## Highlights in Q1 FY 2003 (1)

**Consolidated sales increased 23.9% from the same period last year, to 3,584 million yen.**

Dramatic increase in revenue from Internet advertising media business, and good performance in the IxP business.

**Consolidated operating profit and ordinary profit saw massive increases on last year of 163.0% and 147.1% respectively to stand at 533 million yen and 468 million yen.**

Increased earnings from affiliates and increased profits through thorough budget control, in addition to increased revenue as detailed above.

**Net profit was 383.9% up on last year, at 192 million yen.**

Improved net profit ratio with a contraction in the losses of affiliate companies.

## Highlights in Q1 FY2003 (2)

### **Strong Opt-in Mail sales (Internet Advertising Media Business)**

Sales power was enhanced with the sourcing of new small and midsize agencies through Magclick, Inc., opt-in mail became more powerful as a medium with increased subscriber numbers, and March seasonal factors were also a contributing element.

### **Healthy Domain renewals ( IxP Business )**

### **iSLE Inc. (Currently: GMO Hosting and Technologies) makes a strong sales transition (IxP Business )**

Steady increase in customers through a multi-channel sales strategy (Direct sales/OEM /agencies) and the introduction of new products.

iSLE Inc. changed its trading name to GMO Hosting and Technologies, Inc. from May 1, 2003.

# Q1 FY2003 – Scope of Consolidated Results

GMO Communications, Inc. (formerly Daiichi-Tsushin, Inc.) moved into different business segments.

Classification	Business segment	Q4 of 2002		Q1 of 2003	
		Name of company	Percentage of voting rights (%)	Name of company	Percentage of voting rights (%)
Parent company and consolidated subsidiaries	I x P	Global media online inc. Isle inc.	Parent company 82.6	Global media online inc. Isle inc. (present GMO hosting and technologies inc. ) GMO communications inc. (former Daiichi-tsushin inc.) GMO research institute inc. Onamae.com inc.	Parent company 82.6 100 100 82.0
		Magclick inc. Kabegami.com. inc Magforce inc. GMO media and solutions inc. GMO magazines inc. E-sumai inc. Daiichi-tsushin inc.	37.0 100.0 (100.0) 81.5 100 (50.9) 100.0	Magclick inc. Kabegami.com. inc Magforce inc. GMO media and solutions inc. GMO magazines inc. E-sumai inc.	40.6 100.0 (100.0) 84.6 100 (50.9)
Affiliated equity method companies		Idea cube Inc. U cast communications Inc. Payment one Inc.	(35.0) 47.6 40.6	Idea cube inc. U cast communications inc. Payment one inc	(35.0) 47.6 40.6

The Point Mail Business was taken over by GMO Media and Solutions, Inc. and therefore from this period, GMO Communications, Inc. (formerly Daiichi-Tsushin, Inc.) will be involved in a different business segment.

For reasons of financial consequence, from this period, GMO Research Institute and Onamae.com Inc. became consolidated subsidiaries.

Note: Proportions of voting rights (shown in parentheses) are for indirect possession.

## Q1 FY2003 Overview of Consolidated Profit & Loss

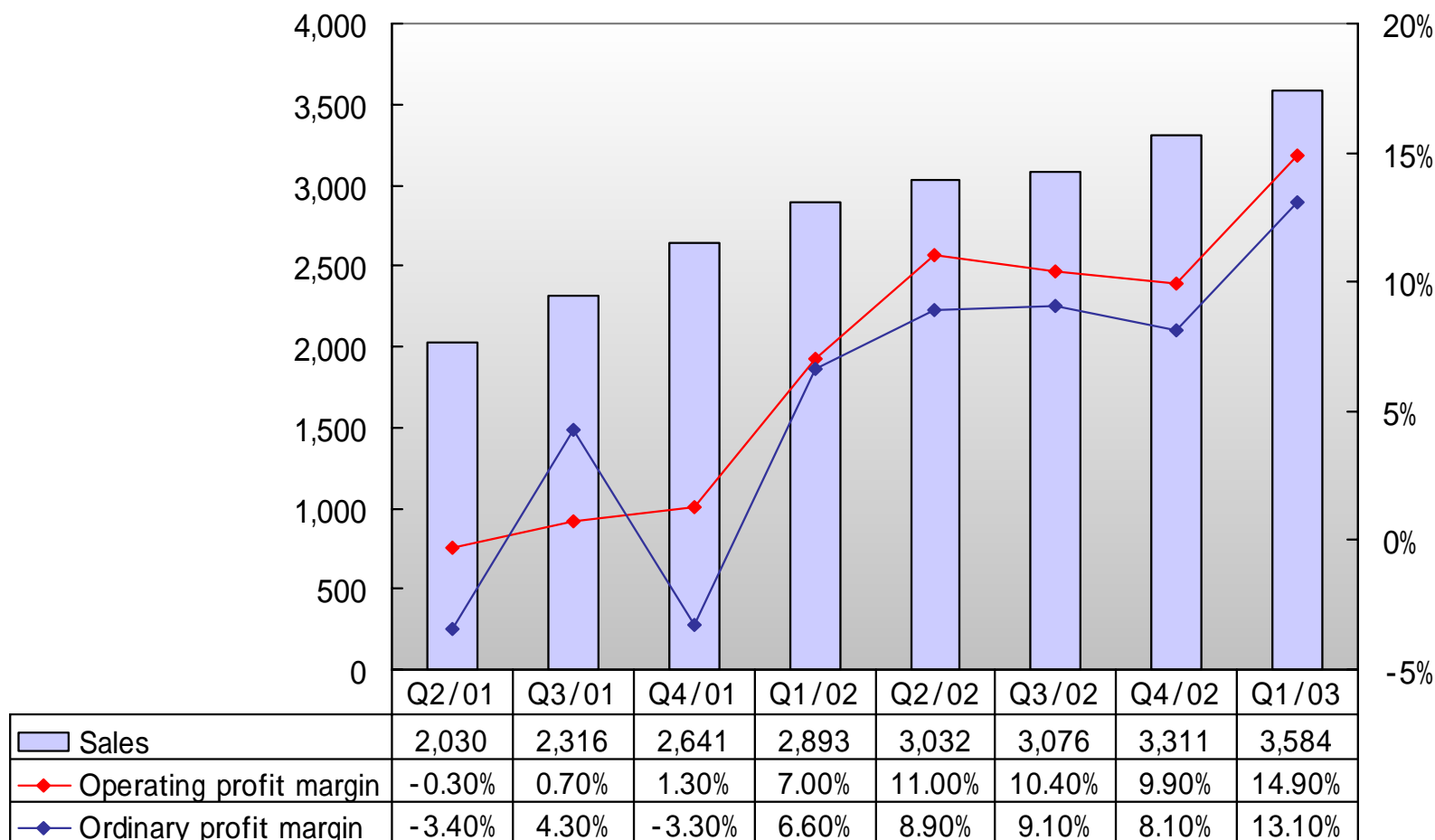
- The Internet Advertising Media Business saw an expansion in Opt-in Mail sales.
- Both the Server Business and Domain Business continued to perform well.

	Q1 of 2002	Q1 of 2003	Year-on-year comparison
	(million yen)	(million yen)	
<b>Sales</b>	<b>2,893</b>	<b>3,584</b>	<b>Up 23.9%</b>
<b>Operating profit</b>	<b>202</b>	<b>533</b>	<b>Up 163.0%</b>
<b>Ordinary profit</b>	<b>189</b>	<b>468</b>	<b>Up 147.1%</b>
<b>Net profit</b>	<b>39</b>	<b>192</b>	<b>Up 383.9%</b>
<b>EPS</b>	<b>1.45</b> (yen)	<b>6.97</b> (yen)	<b>Up 380.6%</b>

# Changes in Sales and Profit Margins (Consolidated)

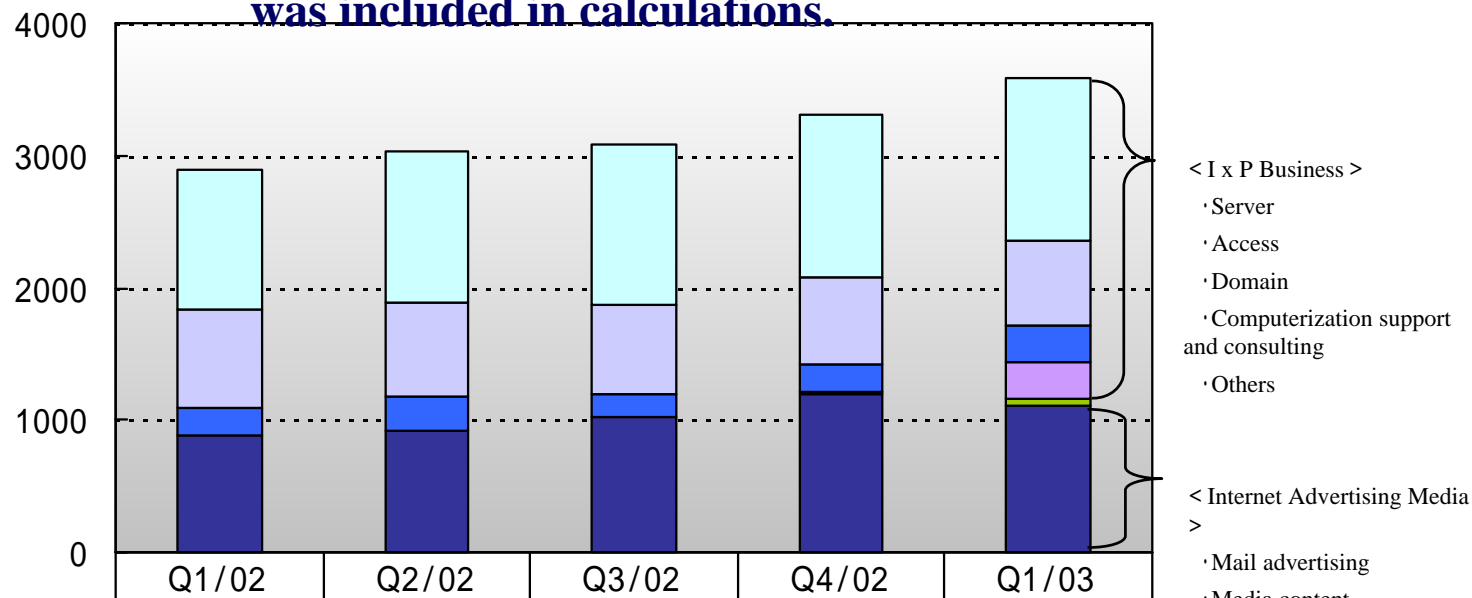
**It is clear that sales are on the increase and profit margins are improving.**

(million yen)



# Changes in Sales by Business (Consolidated)

From this period, the new category, computerization support and consulting, was included in calculations.

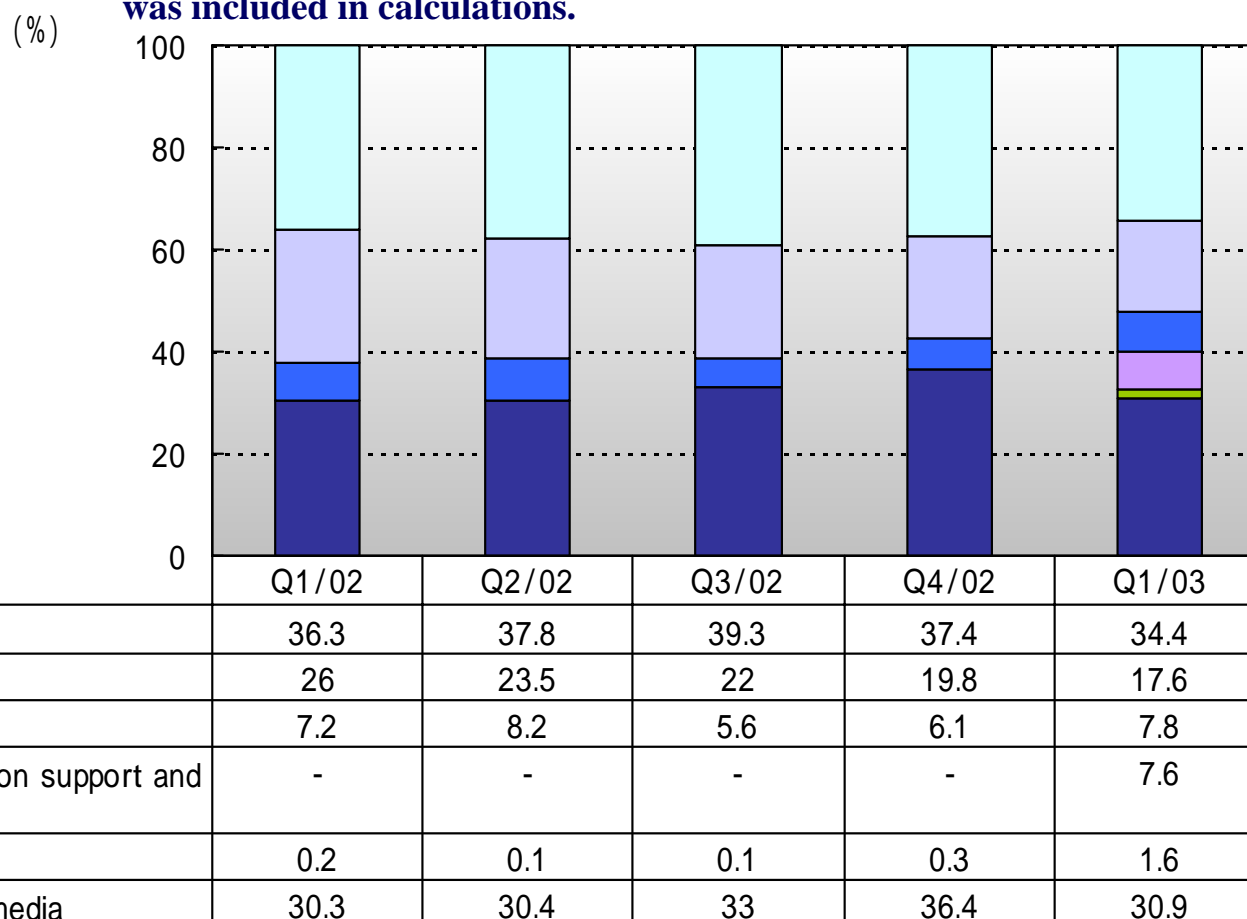


	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03
Total	2,893	3,032	3,076	3,311	3,584
Server	1,050	1,145	1,210	1,239	1,234
Access	753	714	676	657	632
Domain	207	247	171	202	278
Computerization support and consulting	-	-	-	-	274
Others	6	3	3	9	58
Internet ads media	876	921	1,014	1,203	1,108

The change in GMO Communications, Inc.'s business segment and the new addition of the Computerization support and consulting category in the calculations this quarter have had an effect on the breakdown of Server Business sales and Internet Advertising Media Business sales. Sales for the Server business and the Media business based on the original categories would be 1,292 million yen and 1,330 million yen respectively.

# Quarterly Sales Ratios by Business (Consolidated)

From this period, the new category, Computerization support and consulting, was included in calculations.

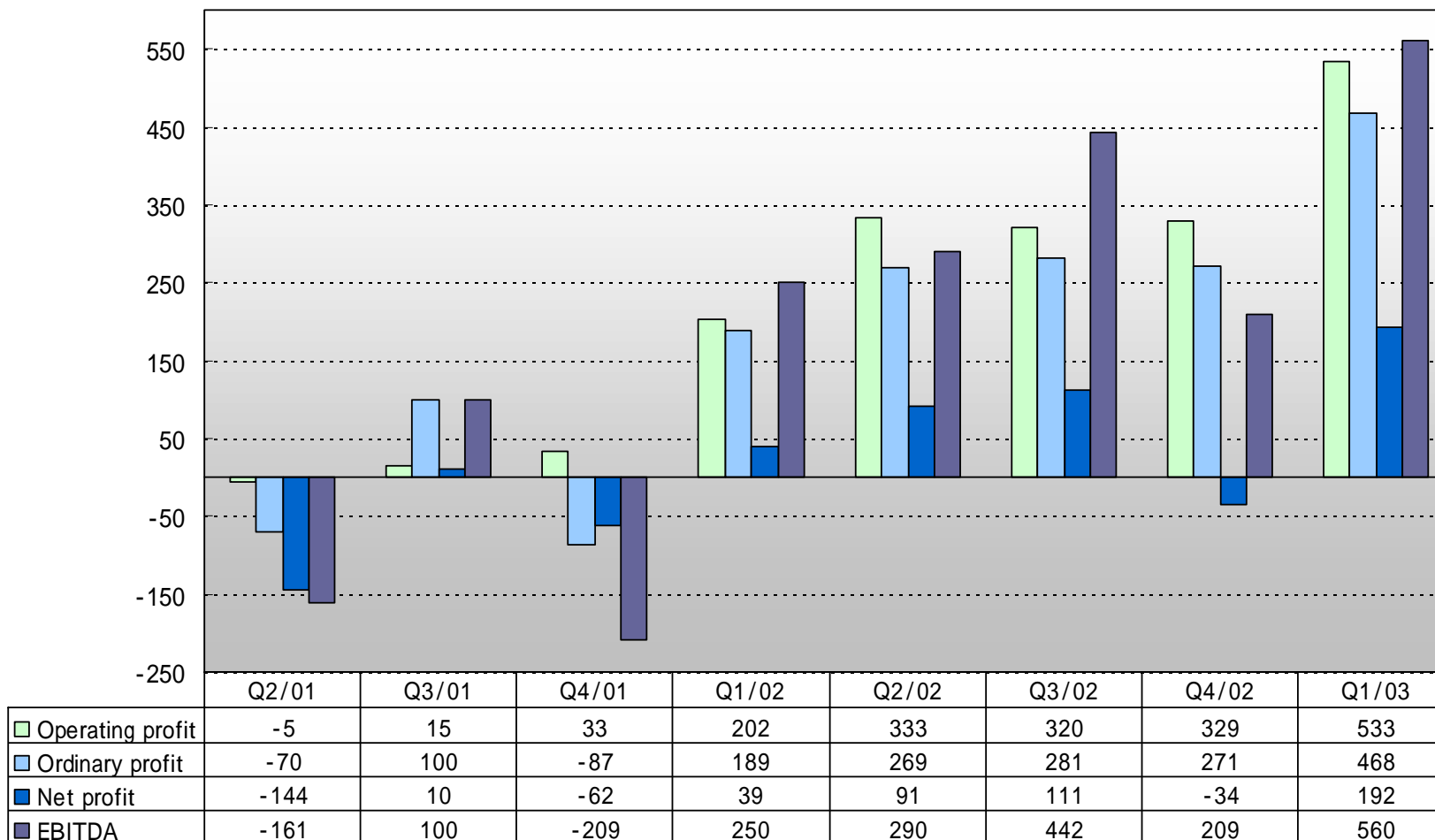


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# Changes in Profits and Earning Capacity (Consolidated)

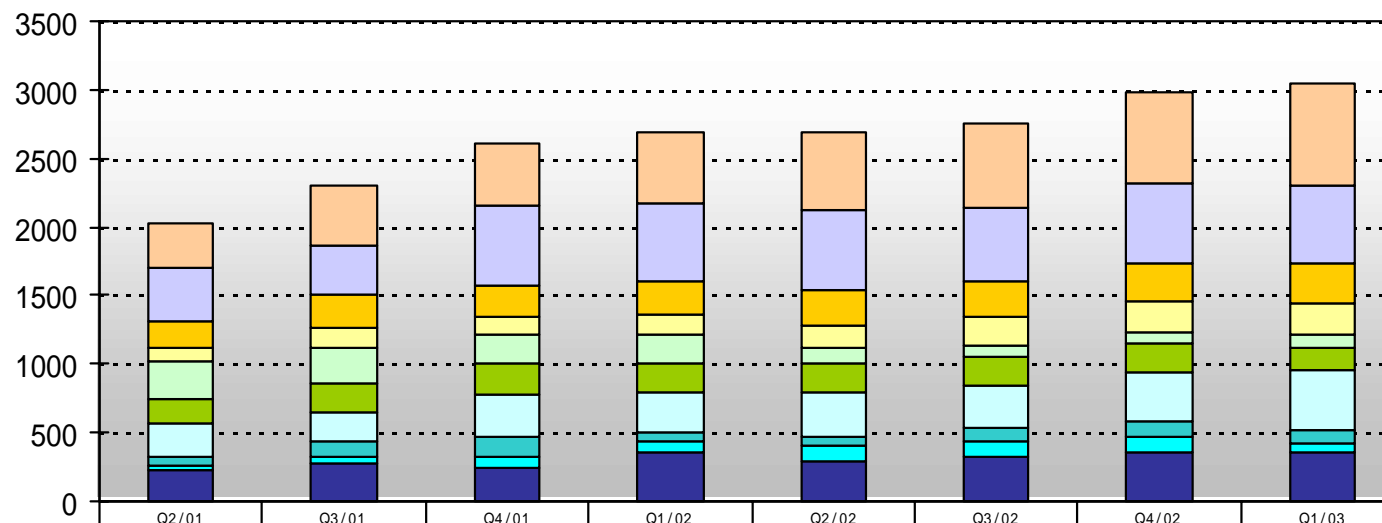
**Rapid recovery due to growth in existing business and improved earnings in new business.**

(million yen)



# Changes in Expenses (Consolidated)

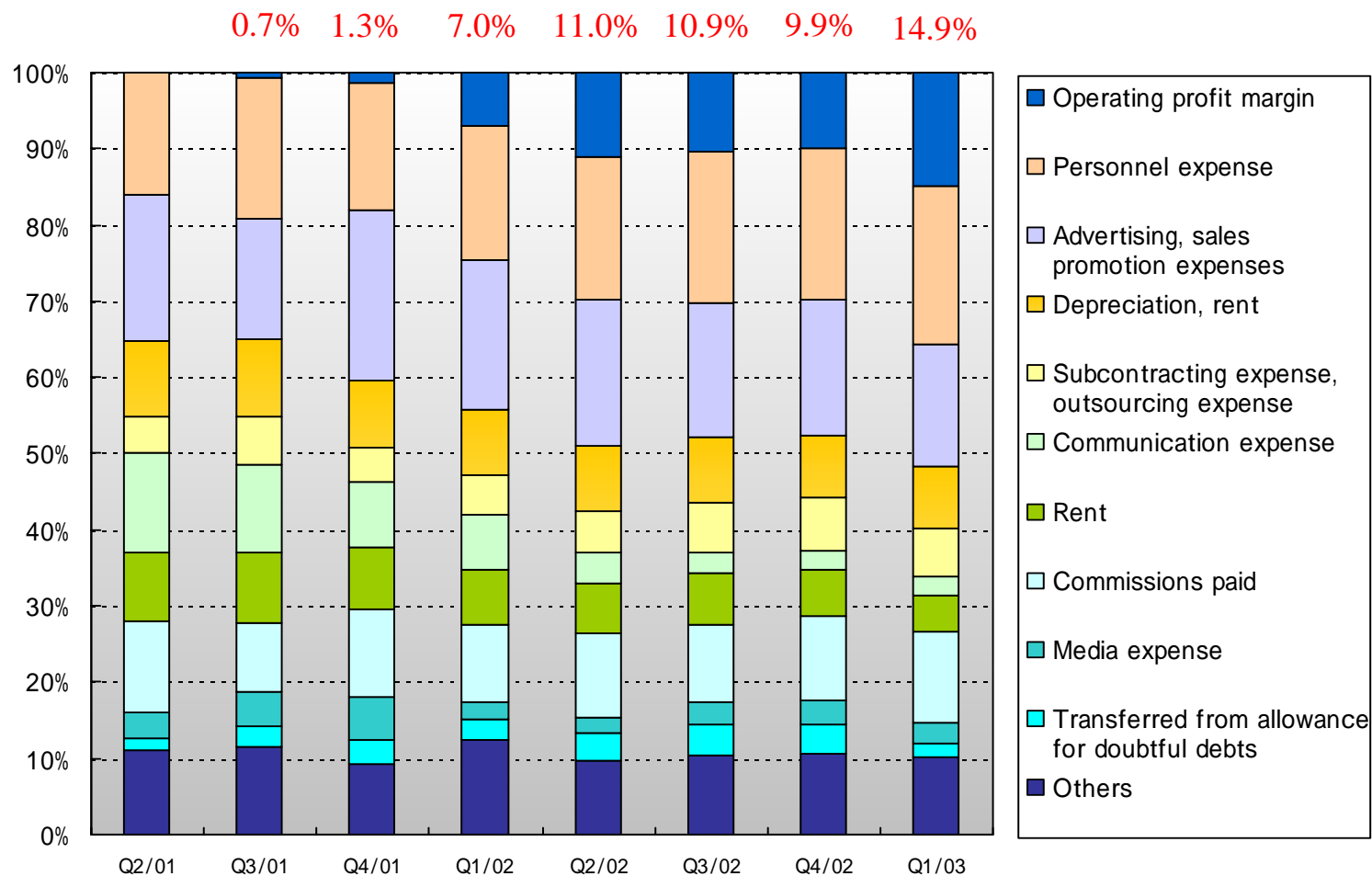
Small increase in personnel expenses due to staff increases in the Internet Advertising Media and Computerization support and consulting businesses.  
 (million yen)



	Q2/01	Q3/01	Q4/01	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03
Personnel expense	326	427	445	507	572	607	659	741
Advertising, sales promotion expenses	388	369	586	567	576	544	586	577
Depreciation, rent	203	234	236	252	263	261	270	286
Subcontracting expense, outsourcing expense	97	144	115	150	161	204	229	232
Communication expense	265	266	225	206	121	80	83	84
Rent	183	214	215	208	199	210	204	170
Commissions paid	245	208	305	295	336	313	367	434
Media expense	65	106	150	66	61	91	104	97
Transferred from allowance for doubtful debts	36	61	85	78	111	120	124	61
Others	223	268	242	356	293	321	351	364

# Changes in the Operating Profit Margin and Cost Structure (Consolidated)

The operating profit margin is showing an increasing trend.



# Q1 FY2003 Balance Sheet (Consolidated)

**Increases in both the current assets ratio and equity ratio.**

(million yen)

<Assets>	Q1 of 2002	Q1 of 2003	Increase and decrease	Notes
Current Assets	7,948	8,462	513	
Cash and deposits	5,381	5,827	446	Steady sales in the mail advertising business
Accounts receivable – trade	1,961	2,131	170	
Deferred tax asset	442	331	-111	
Other assets	539	649	110	
Allowance for doubtful debts	375	478	-102	
Fixed assets	5,843	4,565	-1,278	Mainly market value evaluation of the stocks
Total of assets	13,792	13,028	-764	
< Liabilities >				
Current liabilities	1,783	1,901	118	
Fixed liabilities	421	14	-407	Repayment of long-term loans
Total of liabilities	2,204	1,916	-287	
< Minority equity >				
Minority equity	2,491	2,388	-103	
< Shareholders' equity >				
Capital stock	3,311	3,311	0	
Capital surplus	4,293	4,432	139	An increase accrued from equity swap
Earned surplus	1,473	1,708	235	
Other gaps in appraisal of securities	127	-364	-491	
Own stocks	-108	-364	-256	Acquisition of GMO's own stocks
Total of shareholders' equity	9,096	8,722	-374	
Total of liabilities, minority equity and shareholders' equity	13,792	13,028	-764	

# Q1 FY2003 Cash Flow Statement

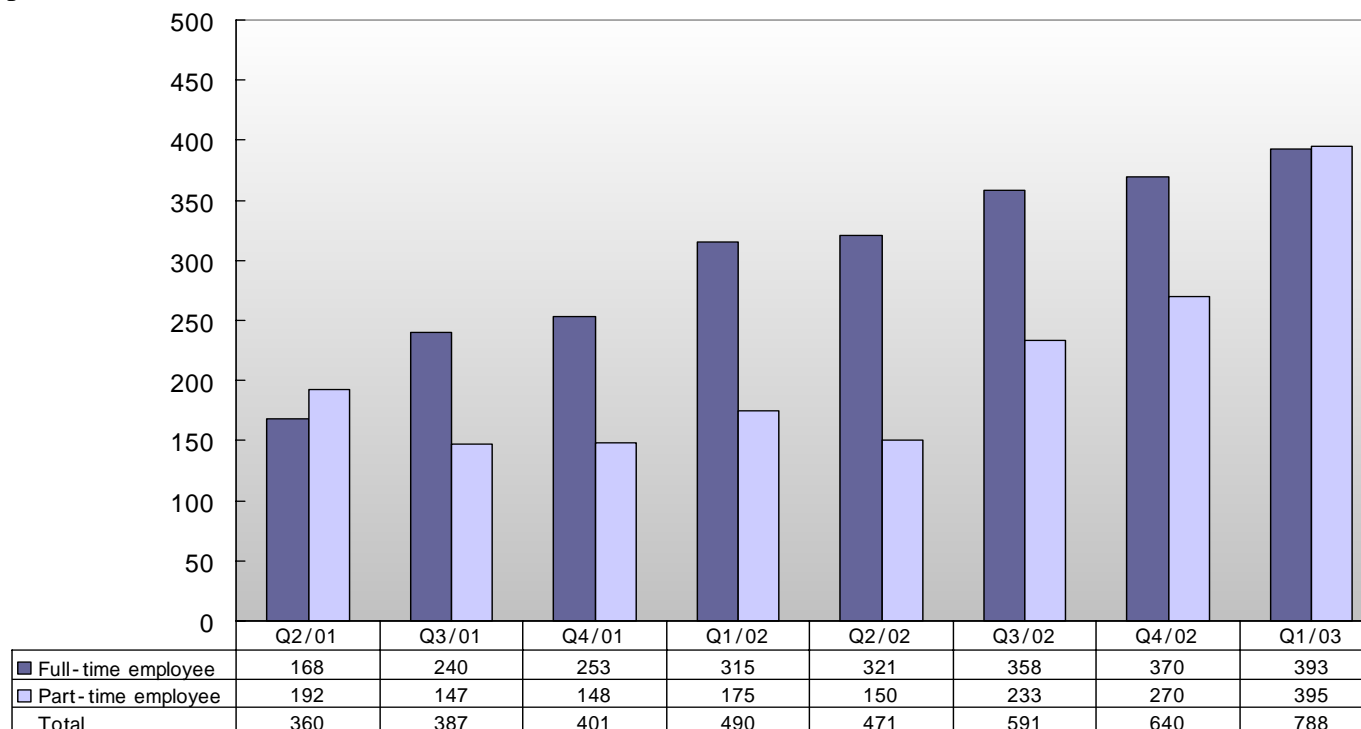
**Cash flow from operating activities 397 million yen after tax.** (million yen)

Cash flow from operating activities	397	
Current net profit before adjustment of taxes, etc.	467	
Depreciation charge	76	
Increase in allowance for doubtful debts	61	
Loss from investments by the equity method	52	
Increase in accounts receivable	-207	
Payment of corporate tax, etc.	-186	Payment of corporate tax, etc.
Other increase and decrease	133	
Cash flow from investing activities	-313	
Expenditure incurred by acquisition of intangible fixed assets	-94	
Expenditure incurred by acquisition of the capital of subsidiaries	-77	Additional acquisition of the stocks of Magclick inc.
Expenditure incurred by loans	-356	
Revenue accrued by collection of loans	152	
Other increase and decrease	62	
Cash flow from financial activities	-96	
Payment of dividends	-85	Payment of dividends
Other increase and decrease	-11	
Total of cash flow	-13	
Balance of cash and cash equivalents at the beginning of the term	5,519	
Increase in cash and cash equivalents with increase in the number of consolidated subsidiaries	184	
Balance of cash and cash equivalents at the end of the term	5,690	

# Changes in the No. of Employees (Consolidated)

**Increases in full-time regular employees in the Internet Advertising Media business and casual staff in GMO Communications, Inc.**

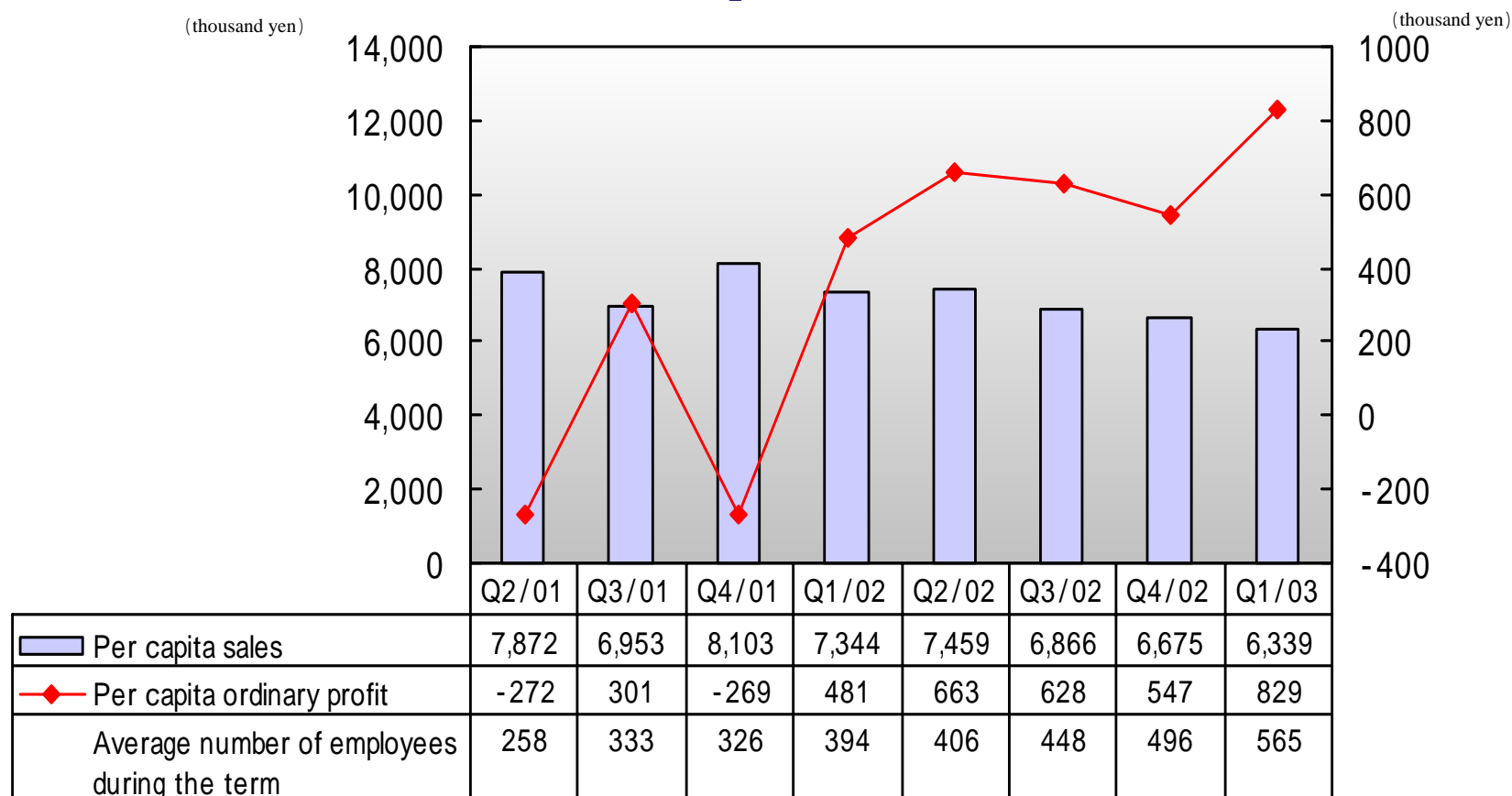
(persons)



The number of employees shown refers to the number of employees at the end of each quarter.

# Per-Capita Sales and Ordinary Profit (Consolidated)

With the launch of the Computerization support and consulting business, per-capita sales fell, but the profit ratio rose.



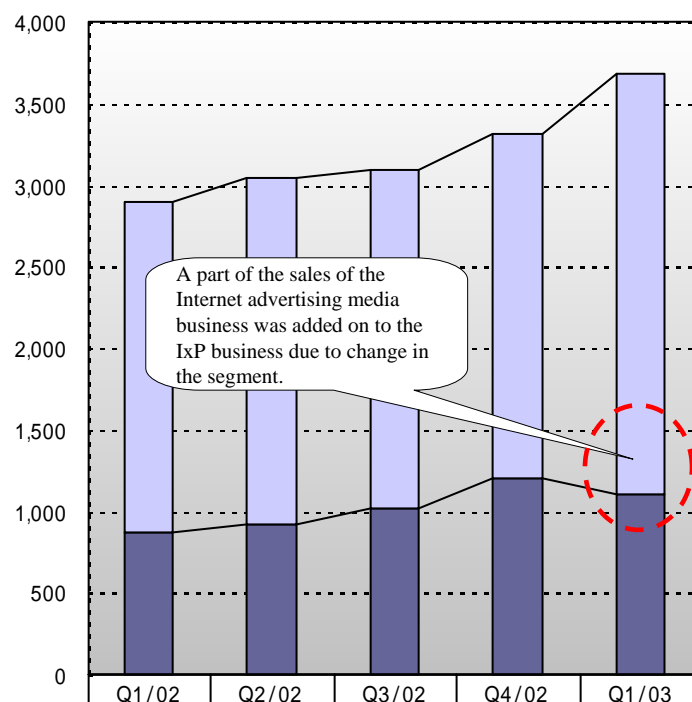
Average number of employees during the term is calculated counting full-time employees as 1 and part-time employees as 0.5.

## Change in Sales and Profit by Business Segment (Consolidated)

While there was a fall in sales for the Internets advertising media business due to segment changes, both segments experienced increases overall in real terms.

(million yen)

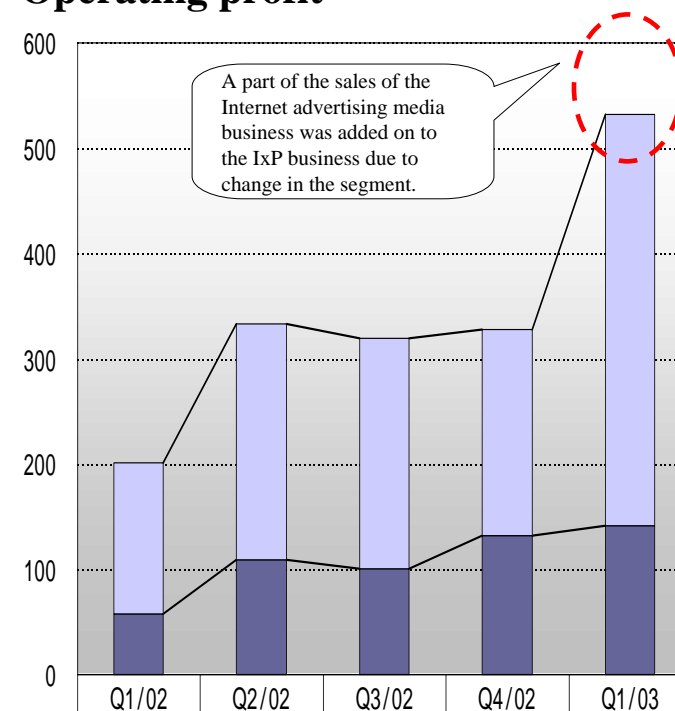
Sales



	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03
IxP business	2,025	2,122	2,074	2,114	2,567
Internet advertising media	876	921	1,014	1,203	1,108

(million yen)

Operating profit



	Q1/02	Q2/02	Q3/02	Q4/02	Q1/03
IxP business	143	224	218	196	391
Internet advertising media	58	109	101	132	141

As GMO Communications, Inc. made the transition from the Internet Advertising Media Business to the IxP Business segment, part of the Mail Advertising Business sales are added into the IxP Business. According to the conventional method, IxP Business sales and operating profit would be 2,274 million yen and 357 million yen respectively, and Internet advertising media sales and operating profit would be 1,330 million yen and 174 million respectively.

## **【Part 2】**

# **Business Conditions by Segment**

## Business Conditions by Segment - Sales Summary

(million yen)

Business	Q1 of 2002	Q2 of 2002	Q3 of 2002	Q4 of 2002	Q1 of 2003
<b>IxP</b>					
Access	753	714	676	657	632
Server	1,050	1,145	1,210	1,239	1,234
Domain	207	247	171	202	278
Computerization support and consulting	-	-	-	-	274
Others	13	15	15	15	147
Segment total	2,025	2,122	2,074	2,114	2,567
<b>Internet advertising media</b>					
Mail advertising, media content, desktop advertising	876	921	1,014	1,203	1,108
Segment total	876	921	1,014	1,203	1,108
<b>Subtotal</b>					
	2,901	3,043	3,088	3,318	3,675
Elimination of inter-segment transaction	-7	-11	-12	-6	-90
<b>Consolidated sales</b>	<b>2,893</b>	<b>3,032</b>	<b>3,076</b>	<b>3,311</b>	<b>3,584</b>

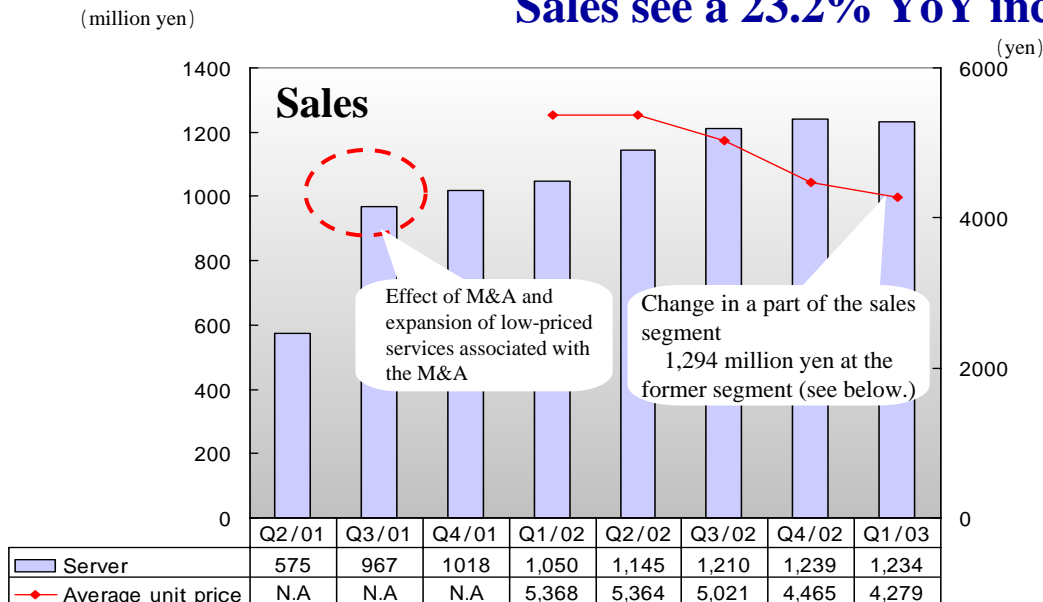
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# Server Business

	Business segment	Name of company / equity position		Business description
Consolidated sales/ consolidated operating profit	I x P business	Global Media Online inc.	Parent company	Access business (Internet connection service)
				Domain business (Domain registration service)
				Computerization support and consulting operations Home page production and management support business
		ILSE inc. (present GMO hosting and technologies, inc. )	82.6%	Server business (Rental server service (hosting service))
		Onamae.com Co., Ltd	82.0%	
		GMO communications Co., Ltd.	100.0%	Computerization support and consulting business
		GMO research institute inc.	100.0%	Information gathering about the Internet
	Internet advertising media business	KabeGami.com, Inc.	100.0%	Desktop advertising business (KabeGami)
		GMO magazines, inc.	100.0%	Media content business
		Magforce Co., Ltd.	100.0%	Other media businesses
		GMO media and solutions inc.	84.6%	Planning and development/management of mail media Opt-in mail
		e-sumai, Inc	50.9%	Management of the site for real estates and advertising
		Magclick inc.	40.6%	Sale of e-mail advertisements
Ordinary profit and loss	Equity method companies	U cast communications inc.	47.6%	Desk top advertising business (second browser)
		Payment-one, inc.	40.6%	Settlement business (credit card billing service)
		Idea cube inc.	35.0%	Other media businesses

## Server Business: Changes in sales and the number of contracts plus future issues.

### Sales see a 23.2% YoY increase.



Compared to Q1 last year...

23.2% jump in sales

#### < Factors behind increased sales >

- Driven by market expansion due to brand penetration and the spread of BB.

#### < Q1 Achievements >

- The capture of cross-over demand, agency policies and pull marketing all worked to keep new contract growth steady.

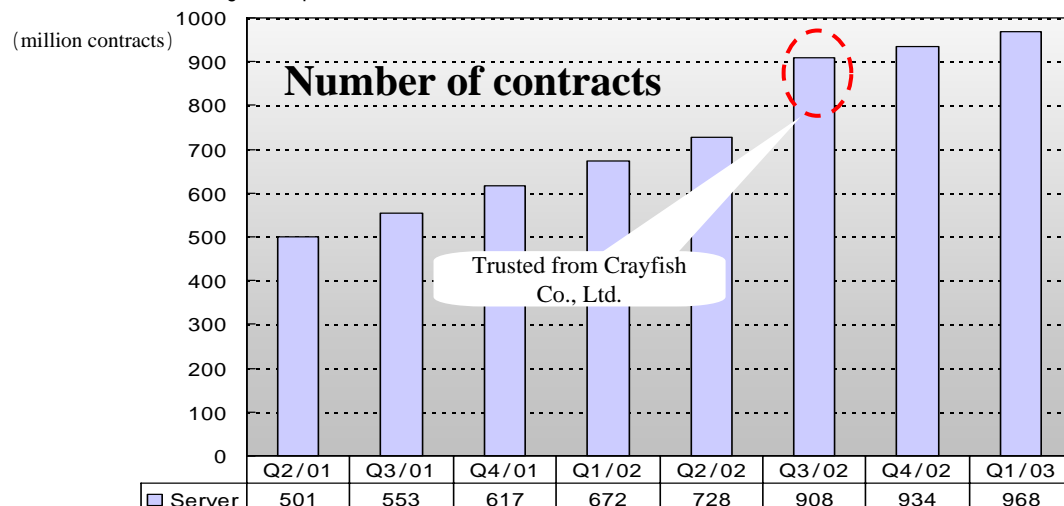
- Strong development of new small-mid sized enterprise and SOHO customer base. Began expansion of solutions sales to major corporations.

#### < Future Issues >

- To further boost sales power and improve services.

- To enhance customer service by upgrading the support system, etc.

- To increase sales unit price by providing value-added services.



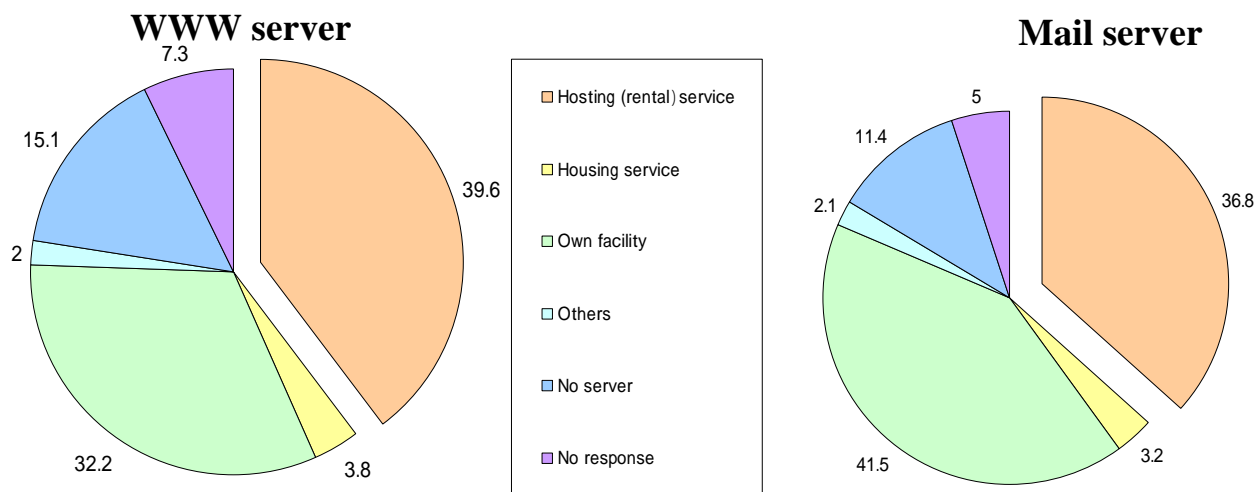
# Trends in the Rental Server Industry

## < Comparison with other major players in the domestic rental server business >

Company Name	No.of Contracts	Vs.3 months ago	Period
<b>Global Media Online Group*</b>	<b>96,881</b>	<b>(+3,436)</b>	<b>2003.3</b>
<b>Firstserver</b>	<b>19,000</b>	<b>(+1,000)</b>	<b>2003.2</b>
<b>Estore</b>	<b>17,886</b>	<b>( 408)</b>	<b>2003.3</b>
<b>Admiral Systems</b>	<b>10,567</b>	<b>(+ 149)</b>	<b>2003.3</b>

\* Our figures include 9,500 contracts consigned from Crayfish Co., Ltd. The figures for other companies were taken from company press releases, etc.

## < Types of Servers Operated in Small-Mid Sized Enterprises (SMEs) >



- Around 40% of SMEs that use the Internet rent servers.
- Development of the SME customer base is important given the potential demand.

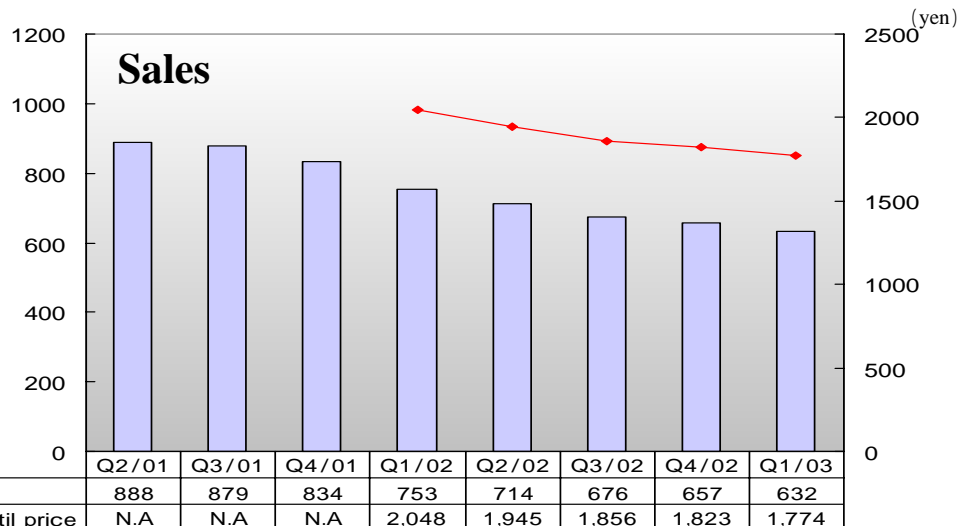
# Access Business

	Business segment	Name of company / equity position		Business description
Consolidated sales/ consolidated operating profit	IXP business	Global Media Online inc.	Parent company	Access business (Internet connection service)
				Domain business (Domain registration service)
				Computerization support and consulting operations Home page production and management support business
		ILSE inc. (present GMO hosting and technologies, inc. )	82.6%	Server business (Rental server service (hosting service))
		Onamae.com Co., Ltd	82.0%	
		GMO communications Co., Ltd.	100.0%	Computerization support and consulting business
	GMO research institute inc.	100.0%	Information gathering about the Internet	
	Internet advertising media business	KabeGami.com, Inc.	100.0%	Desktop advertising business (KabeGami)
		GMO magazines, inc.	100.0%	Media content business
		Magforce Co., Ltd.	100.0%	Other media businesses
		GMO media and solutions inc.	84.6%	Planning and development/management of mail media Opt-in mail
		e-sumai, Inc	50.9%	Management of the site for real estates and advertising
		Magclick inc.	40.6%	Sale of e-mail advertisements
Equity method companies		U cast communications inc.	47.6%	Desk top advertising business (second browser)
	Payment-one, inc.	40.6%	Settlement business (credit card billing service)	
	Idea cube inc.	35.0%	Other media businesses	

## Access Business: Changes in sales and membership plus future issues.

**The fall in revenues on a monthly basis will ease with sales expected to level out from Q1 Q2**

(million yen)



Q1 saw a 16.1% fall in revenues compared to the same time last year.

< Factors behind falling sales >

- Fall in demand for dial-up connections with the spread of BB, and intensified competition in the broadband market.

< Q1 Achievements >

- Introduction of IP telephony service.
- Enhanced mobile option functions.
- Introduction of the new service “BBPlus.”

< Future Issues >

- To increase customer unit prices and attract corporate members through boosting the BBPlus service lineup.

- To differentiate ourselves and attract customers by enhancing services for inter Q members    Strengthen Only One strategy.

- Attract new members and tap into change-over demand by providing speeds compatible with new BB services.

(members)



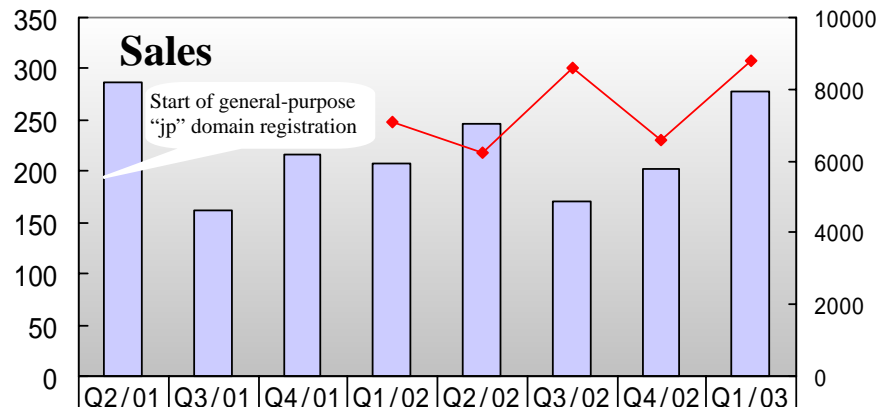
# Domain Business

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Consolidated sales/ consolidated operating profit	IXP business	Global Media Online inc.	Parent company	Access business (Internet connection service)
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		GMO communications Co., Ltd.	100.0%	Computerization support and consulting business
	GMO research institute inc.	100.0%	Information gathering about the Internet	
	Internet advertising media business	KabeGami.com, Inc.	100.0%	Desktop advertising business (KabeGami)
		GMO magazines, inc.	100.0%	Media content business
		Magforce Co., Ltd.	100.0%	Other media businesses
		GMO media and solutions inc.	84.6%	Planning and development/management of mail media Opt-in mail
		e-sumai, Inc	50.9%	Management of the site for real estates and advertising
		Magclick inc.	40.6%	Sale of e-mail advertisements
Ordinary profit and loss	Equity method companies	U cast communications inc.	47.6%	Desk top advertising business (second browser)
		Payment-one, inc.	40.6%	Settlement business (credit card billing service)
		Idea cube inc.	35.0%	Other media businesses

## Domain Business: Changes in sales and registrations, plus future issues.

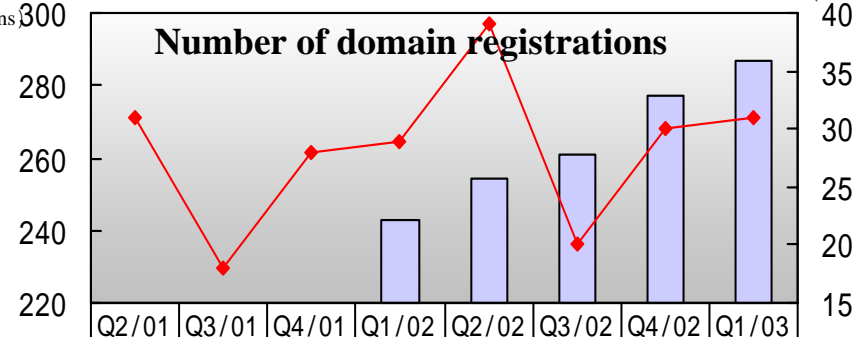
### Domain renewal demand generated steady sales.

(million yen)



■ Domain	287	161	217	207	247	171	202	278
◆ Average unit price	N.A	N.A	N.A	7,108	6,240	8,582	6,569	8,778

(thousand registrations)



■ Cumulative numbers	N.A	N.A	N.A	243	254	261	277	287
◆ Number of registrations/updatings	31	18	28	29	39	20	30	31
(*) Cumulative registration numbers	208	225	249	270	291	305	328	346

Compared to Q1 last year...

34.3% increase in sales

#### < Factors behind increased sales >

- With the total number of domains managed standing at around 290,000, there is robust renewal demand.

- Pull marketing was effective in generating a marginal increase in new registrations.

#### < Q1 Achievements >

- Agency management system commenced operations (Feb. 13) A type of sales promotion tool

- Commencement of one-year registrations for .info and .biz domains.

#### < Future Issues >

- To generate new demand by developing sales channels (agents, etc.) other than Pull sales

- To retain customers by generating synergy effects with server products.

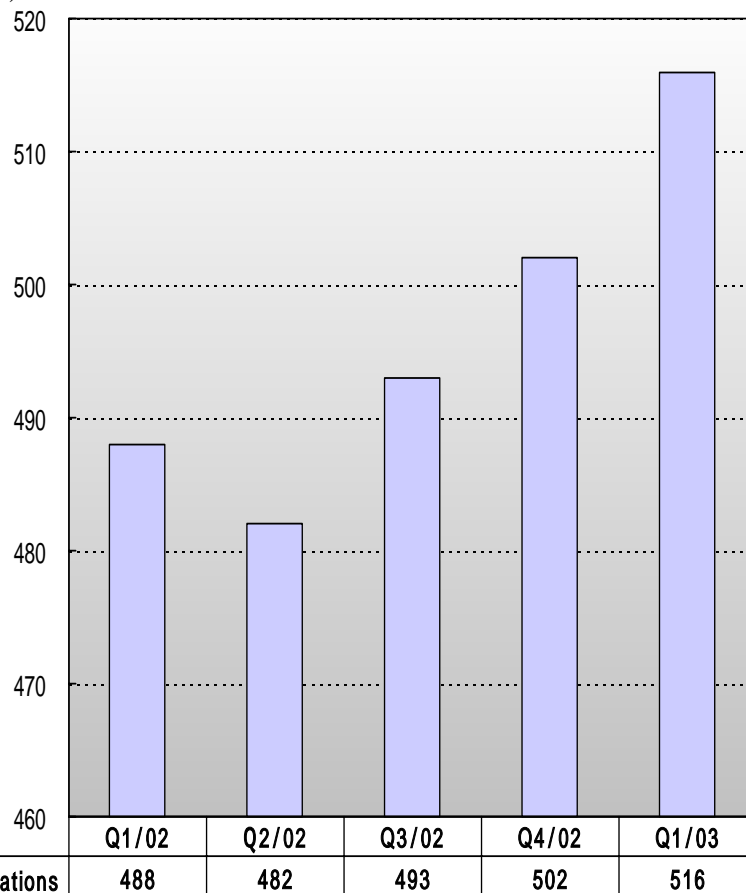
Note: From this period, the number of domains is graphically represented by the cumulative number of domains managed, rather than cumulative registration numbers.

# Trends in the Domain Industry

Steady increase in JP domains with Onamae.com the number-one ranking domain provider.

Changes in the total number of JP domain registrations (cumulative)\*

(thousand registrations)



No. of JP domain registrations

516,537 (increased by 13,631 within 3 months)

< Breakdown >

Association plus region types (“co.jp,” “ne.jp”)  
298,391

General purpose (“.jp”, “Japanese.jp”)  
218,146

< Source: JPRS. As of Jan. 2003 >

< Rankings of general purpose JP domain name registration service providers >

No. 1 Onamae.com/ Global Media Online

No. 2 O C N/ NTT Communications

No. 3 Domain Name For Use (D4U)/Humeia Registry

< Source: JPRS. As of May 6, 2003 >

\* Prepared by GMO using materials released by JPRS.

Computerization support and consulting operations, Home page production and management support business.

	Business segment	Name of company / equity position		Business description
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		Payment-one, inc.	40.6%	Settlement business (credit card billing service)
		Idea cube inc.	35.0%	Other media businesses

## Computerization Support and Consulting Business: Results and Future Issues (1)

### Homepage production and management support business & Solutions sales for enterprises - GMO



#### Tangible demand development

GMO sales department compiles manuals and theoretical approaches based on successful marketing ventures to be used to source large-scale customers.

#### Q1 Achievements

- Sales of 5,978 million
- Launch of the new service “Web diagnostic tool” (Feb.)
- Launch of SEO Service

#### Future Issues

- To increase sales through synergy effects with domains, servers and other products.
- To focus efforts on marketing proposals for the promotion of new products.

## Computerization Support and Consulting Business: Achievements and future issues (2)

### Marketing of solutions for SOHOs and small-mid sized enterprises – GMO Communications



PUSH marketing for SOHOs and small-mid sized enterprises

Concentrated on building a direct sales team and on conducting MYLINE marketing so as to compile a database of prospective customers, sourcing 49,000 prospective corporate customers for computerization support.

#### Q1 Achievements

- Sales of 180 million yen (excl. media sales)
- Compilation of a new potential customer database
- 95 sales staff
- 150 call-center staff

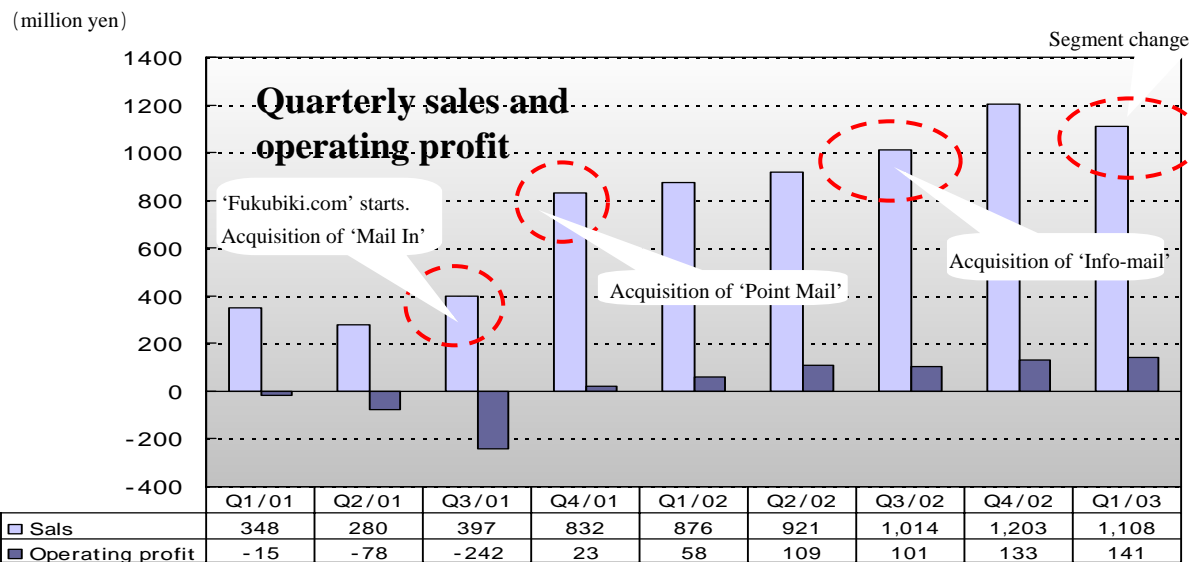
#### Future Issues

- To source more prospective customers
- To prepare for the full-scale July launch of the computerization support business

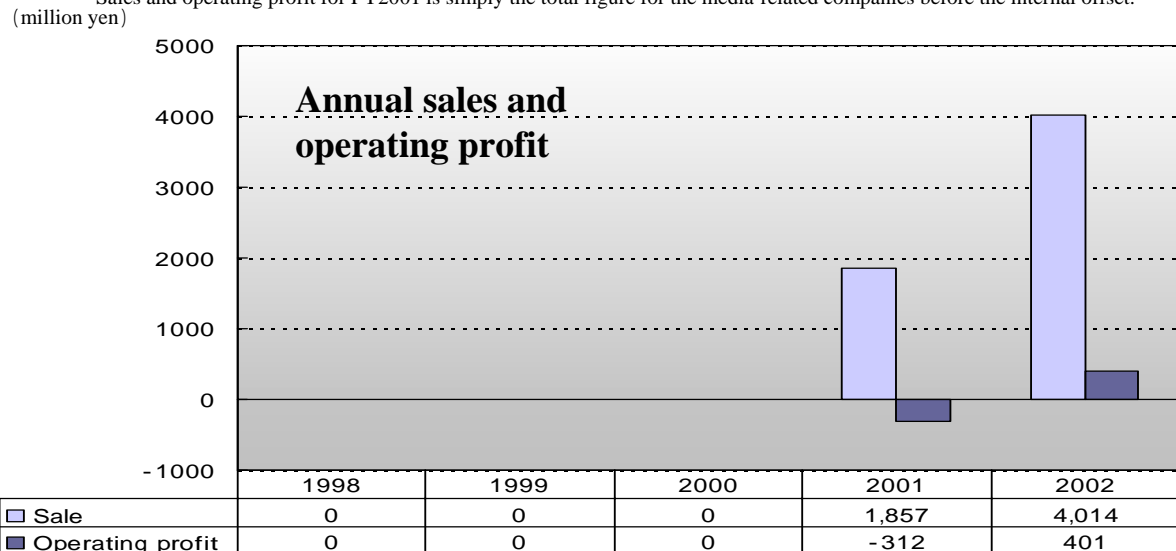
# Internet Advertising Media Business

	Business segment	Name of company / equity position		Business description
Consolidated sales/ consolidated operating profit	I x P business	Global Media Online inc.	Parent company	Access business (Internet connection service)
				Domain business (Domain registration service)
				Computerization support and consulting operations Home page production and management support business
		ILSE inc. (present GMO hosting and technologies, inc. )	82.6%	Server business (Rental server service (hosting service))
		Onamae.com Co., Ltd	82.0%	
		GMO communications Co., Ltd.	100.0%	Computerization support and consulting business
	GMO research institute inc.	100.0%	Information gathering about the Internet	
	Internet advertising media business	KabeGami.com, Inc.	100.0%	Desktop advertising business (KabeGami)
		GMO magazines, inc.	100.0%	Media content business
		Magforce Co., Ltd.	100.0%	Other media businesses
		GMO media and solutions inc.	84.6%	Planning and development/management of mail media Opt-in mail
		e-sumai, Inc	50.9%	Management of the site for real estates and advertising
		Magclick inc.	40.6%	Sale of e-mail advertisements
Ordinary profit and loss	Equity method companies	U cast communications inc.	47.6%	Desk top advertising business (second browser)
		Payment-one, inc.	40.6%	Settlement business (credit card billing service)
		Idea cube inc.	35.0%	Other media businesses

## Internet Advertising Media Business: Changes in sales and profit, plus future issues.



\* Sales and operating profit for FY2001 is simply the total figure for the media-related companies before the internal offset.



\* Sales and operating profit for FY2001 is simply the total figure for the media-related companies before the internal offset.

Q1 2003

### Drastic increase in sales and operating profits in real terms

In March 2003, the Point Mail business previously run by GMO Communications, Inc. was transferred to GMO Media and Solutions, Inc. From Q1, GMO Communications made the transition from the Internet advertising media business segment to the IxP business segment. (Calculations based on the previous arrangement give sales of 1,330 million yen and an operating profit of 176 million yen.)

#### < Factors behind increased sales and operating profit >

- Good performance by Opt-in mail services.
- Healthy sales.
- Reduction in losses of incubation subsidiaries.
- Costs limited by consolidation and integration of business.

#### < Future Issues >

- To further strengthen Opt-in mail services (attract customers and promote rich media advertising)
- To further strengthen marketing (develop new agencies)
- To turn loss-making subsidiaries into profitable ones.
- To cut costs through further business integration.

# The State of the Internet Advertising Media Business

## Conditions in Q1 2003

Driven by powerful Opt-in Mail services, both sales and operating profit increased dramatically.

<b>Mail advertising</b>	<b>Opt-in Mail</b>	Continues to perform well with steady expansion in membership and the network of agencies.
	<b>Mail Magazines</b>	Sales leveled out despite demand for frame-based advertising products being supplemented with planned and managed products.
<b>Desktop advertising</b>	<b>Wall paper</b>	Returned to profitable figures on a monthly non-consolidated basis as planned in March 2003. With increased sales, further improvements in expenditures are expected.
	<b>My Pop</b>	Efforts focused on attracting members. Sales are on the increase along with increased membership.

## Conditions in Q2 2003

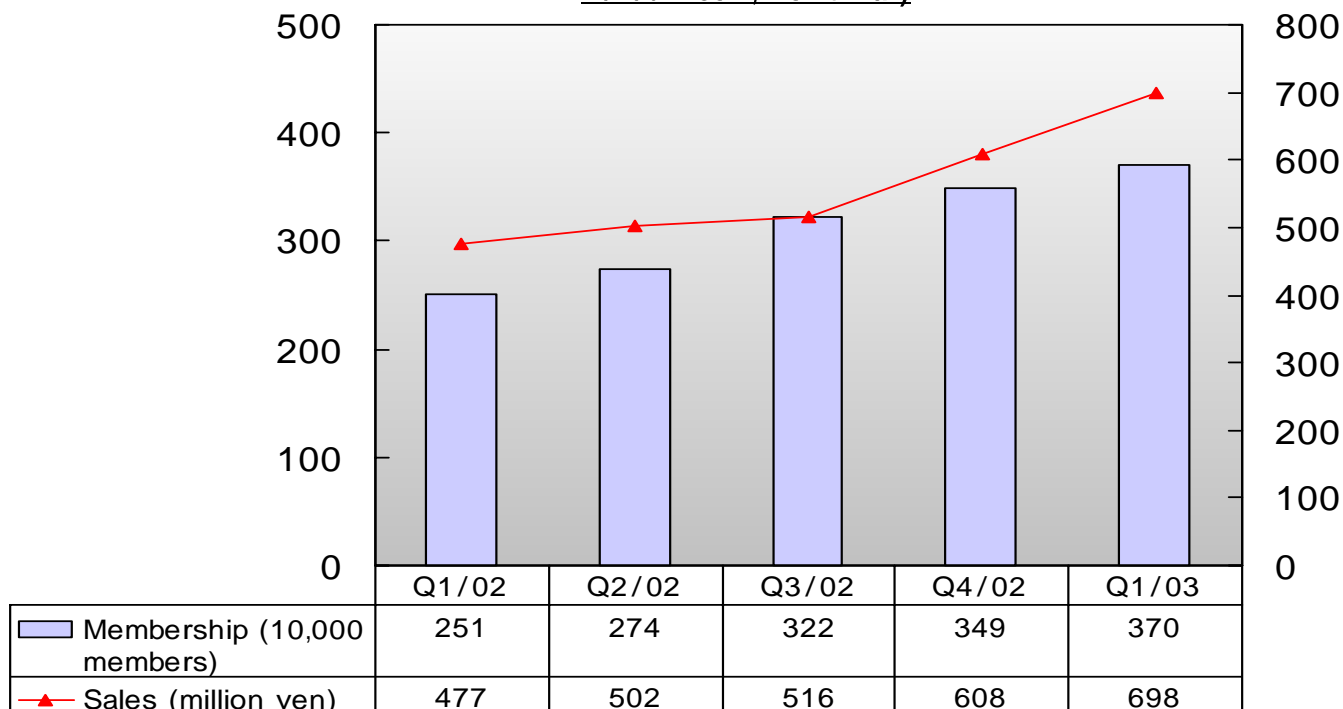
Opt-in Mail Services and marketing to be strengthened with a focus on making unprofitable subsidiaries profitable.

<b>Mail advertising</b>	<b>Opt-in Mail</b>	Continued expansion in membership numbers and the network of agencies with efforts being focused on promoting products with a high unit price.
	<b>Mail Magazines</b>	Efforts focused on developing demand by introducing segment-specific products, rich media products, and planned and managed products.
<b>Desktop advertising</b>	<b>Wallpaper</b>	Continue to cut expenditure. Aiming to remain profitable throughout the quarter.
	<b>My Pop</b>	Continued efforts to attract members. Aiming to return to profitable figures on a monthly non-consolidate basis by the end of Q3.

## Opt-In Mail Services: Changes in memberships and sales

<b>Memberships</b>	Increasing steadily (Aiming to expand scale, and focus on quality improvements, such as database cleaning.)
<b>Sales</b>	Increasing steadily with increases in membership numbers.

Changes in overall membership and gross sales for the GMO Group's Opt-In Mail Services (M@ilin, Fukubiki.com, Point Mail)



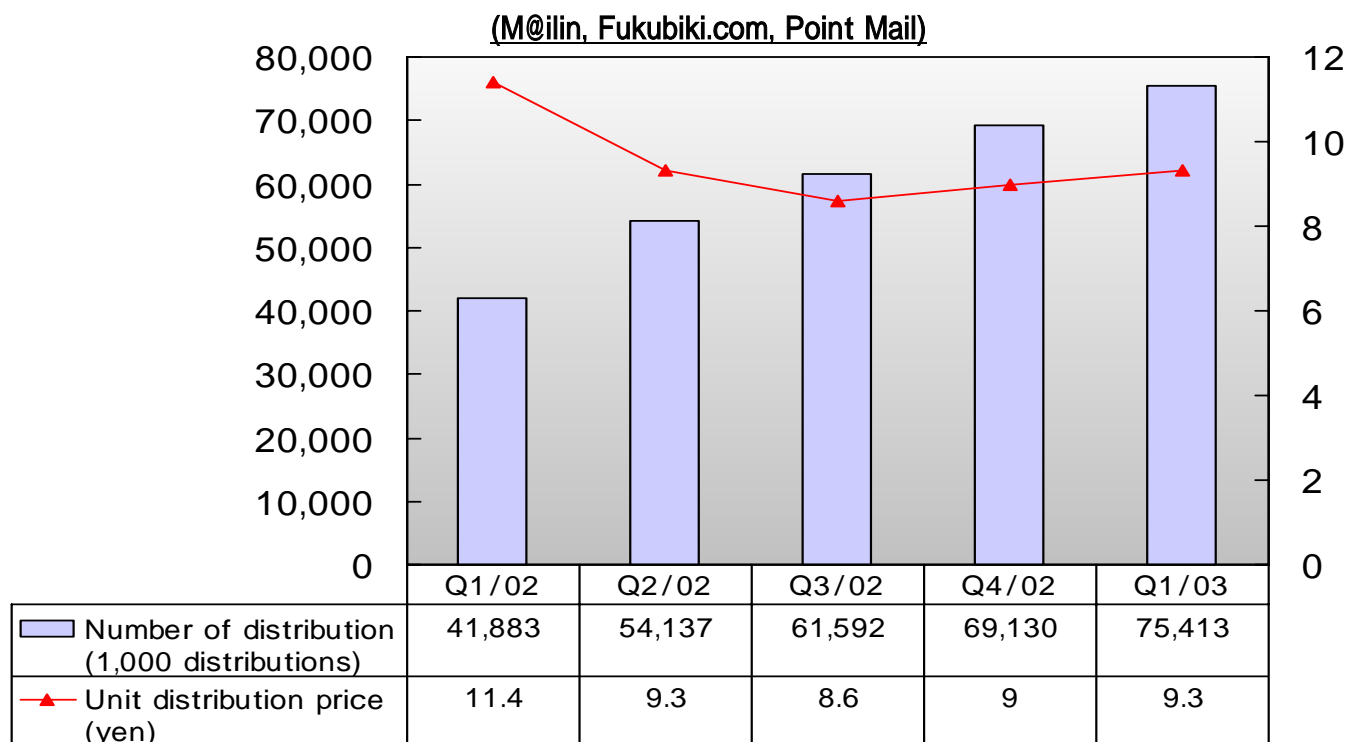
·Sales represent gross sales prior to the deduction of agency commissions.

·These figures represent Opt-In Mail Service products only and exclude Mail Magazines and Web-related sales figures.

## Opt-In Mail Services: No. of distributions and unit price

<b>No. of Distributions</b>	<b>Expanding steadily along with increasing membership.</b>
<b>Unit Distribution Price</b>	<b>Slight increases continuing. (Marginal increase predicted in the future with the spread of rich media advertising.)</b>

Changes in total distributions and unit distribution price for the GMO Group's Opt-in Mail Services

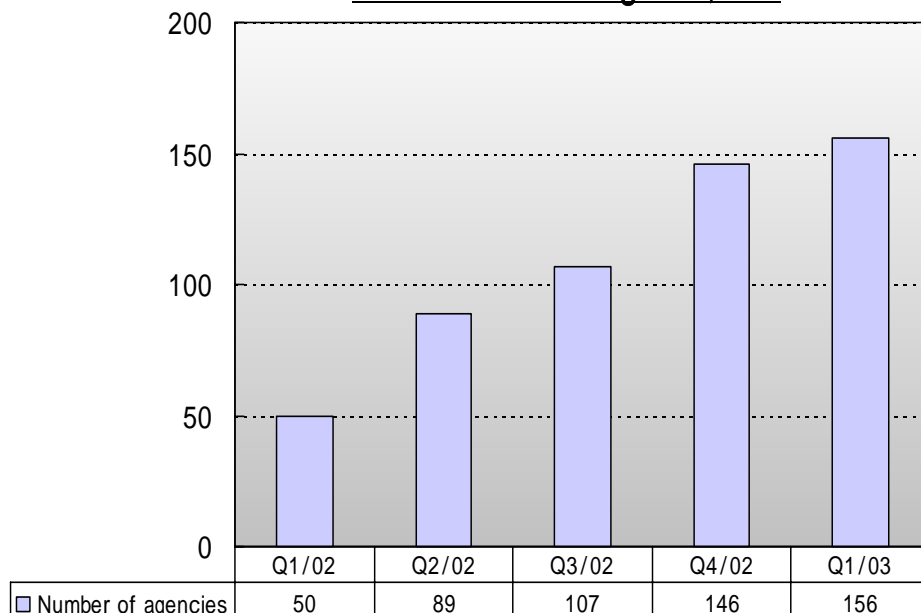


· These figures represent Opt-In Mail Service products only and exclude Mail Magazines and Web-related sales figures.

## Opt-In Mail Services: Sales conditions

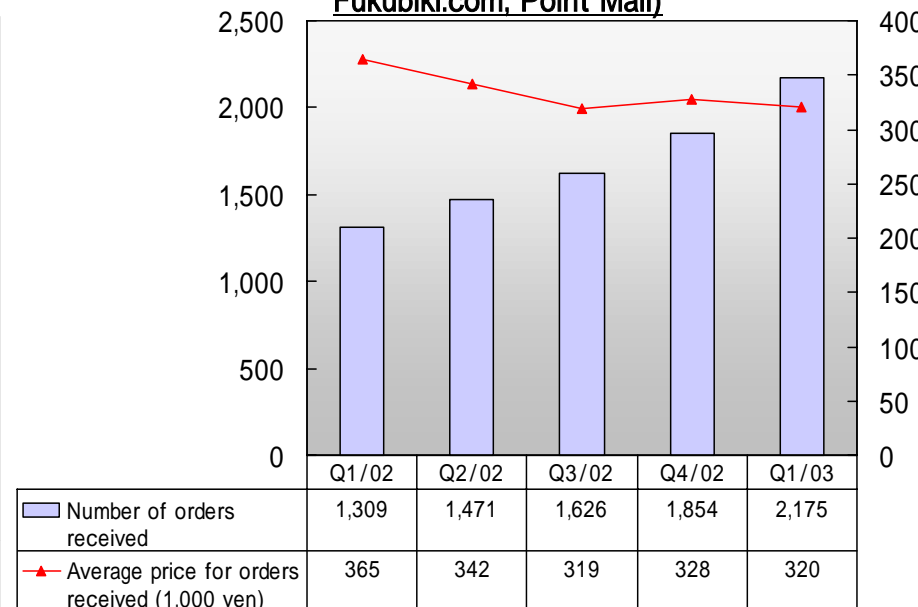
<b>Magclick, Inc. No of agencies Q1</b>	<b>Development of new agencies and expansion of mail advertising customer base.</b>
<b>No. of orders received</b>	<b>Dramatic increase in orders with an increase in the number of new agencies.</b>
<b>Average price for orders received</b>	<b>Slight decrease (Increase predicted with increasing membership numbers and the spread of rich media advertising from now on.)</b>

Change in the no. of agencies doing business with Magclick, Inc.







· The number of agencies includes all agencies dealt with at some stage during the quarter, even if just once.

Change in the total number of orders received and the average price of those orders for the GMO Group's Opt-in Mail Services (M@ilin, Fukubiki.com, Point Mail)



· These figures represent Opt-In Mail Service products only and exclude Mail Magazines and Web-related sales figures.

# Competition in the Opt-in Mail Market

Name of company	Name of the service	Member				Sales Jan. 2003 to Mar. 2003			
		Membership As of March 31, 2003 Unit: 10,000 members		Term-to-term comparison Unit: 10,000 members		Sales Unit: million yen		Term-to-term comparison Unit: %	
 GMO Group	  	<b>370</b>		<b>+ 22</b>		<b>698</b> Gross sales		<b>115</b>	
		PC	320	PC	+ 22	PC	615	PC	118
		Mobile	50	Mobile	+0	Mobile	83	Mobile	96
Ergo-Brains	De Mail	<b>210</b>		<b>+ 9</b>		<b>766</b> Note 1		<b>111</b>	
iBRIDGE	Fruit Mail	<b>104</b> Note 2		<b>+ 10</b>		- Not disclosed		- Not disclosed	

Note 1: The gross sales are estimated from the reported sales of opt-in mail advertisement, by assuming the commissions for agencies of 30%.

Note 2: The figure is prepared by the Company using the Company's official data.

Note 3: The sales of GMO Group is the total of opt-in mail service only and do not include mail magazine, etc. of each company.

【Part 3】

# Results Forecasts

## Revised Consolidated Results Forecast

Upward revision of ordinary profit and net profit this quarter.

	Sales	Ordinary profit	Current net profit
<b>Previous forecast (a)</b>	<b>7,850</b>	<b>650</b>	<b>200</b>
<b>Current forecast (b)</b>	<b>7,850</b>	<b>900</b>	<b>340</b>
<b>Increase or decrease (b-a)</b>	<b>-</b>	<b>250</b>	<b>140</b>
<b>% Increase or decrease</b>	<b>0</b>	<b>38.5%</b>	<b>70.0%</b>

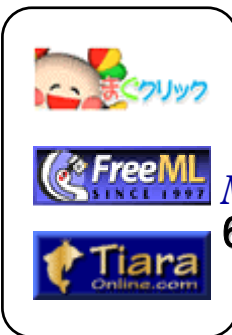
Reason for revision: Increased sales of high-profit-margin products and a downward revision of initial expense forecasts due to the efficient use of administration expenses.

## 【Part 4】

# Future Growth Story

# Provision of a comprehensive range of corporate Internet solutions.

120,000 users



Mail advertising  
6,000,000 users

Opt-in Mail  
3,700,000 users Desktop advertising



Around 300,000 registrations



4,000 produced



Used by around 100,000 companies



# Entry into the Security Business (1)

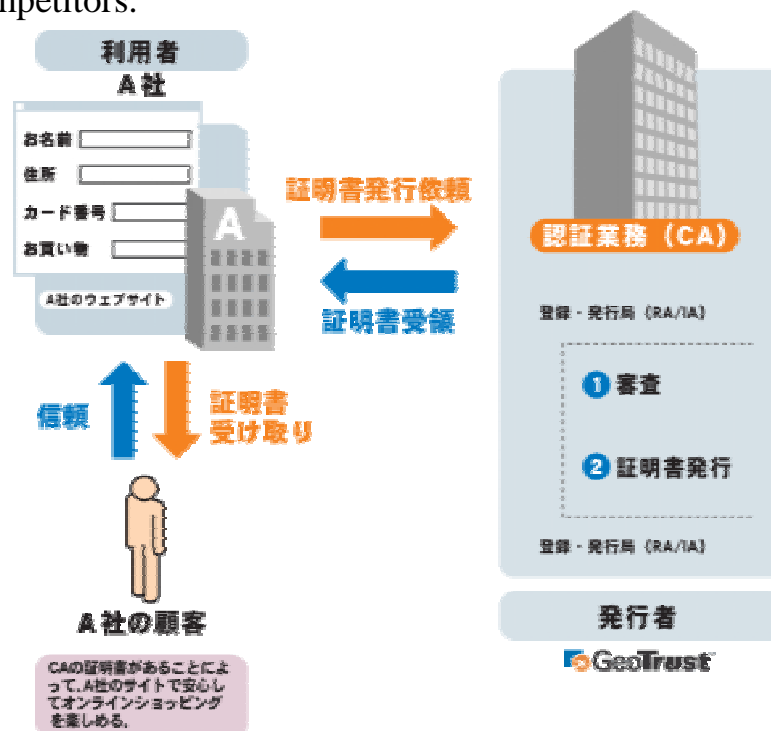
GeoTrust Japan, Inc. established to develop security and electronic certification business (server certification, corporate authentication, personal authentication, etc.)

## < Ownership Structure >

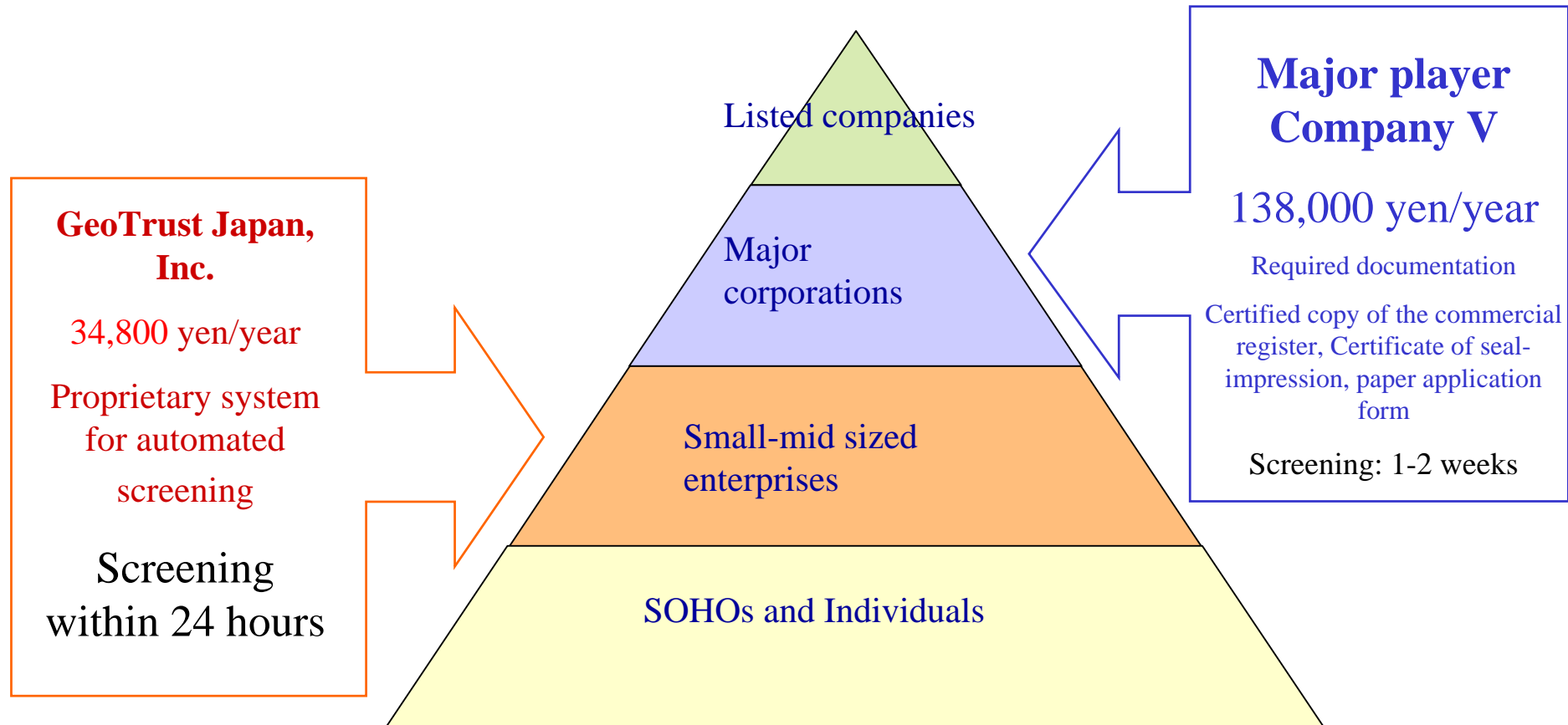


## < GeoTrust Services >

Digital certification screening and issuance. Price and speed are factors differentiating GeoTrust from its competitors.



## Entry into the Security Business (2)



## Entry into the Security Business (3)

< Comparison of SSL server certification issuing services >

		GeoTrust Japan, Inc.	Industry Leader Company V
Price		34,800 yen	138,000 yen
Encryption		128bit	128bit
Certificate duration		1 year	1 year
Browser support		Over 98%	Over 98%
Certificate issue time-frame		Within 24 hours	At least 1 week
Authentication system		Uses domain information	Users Certified copy of register, Certificate of seal impression
Tools			
Tool specifics	Server information		
	Company name		
	Address		×
	Telephone number		×
	Fax number		×
	E-mail address		×
	Anti-copy features		×
	Rejection list		×
	SSL/Authentication	Independent	Cannot be broken down

### GeoTrust's Strengths

Efficient electronic certificate issuing system.

Authentication system with patent pending.

Automation makes for a reasonable pricing schedule.

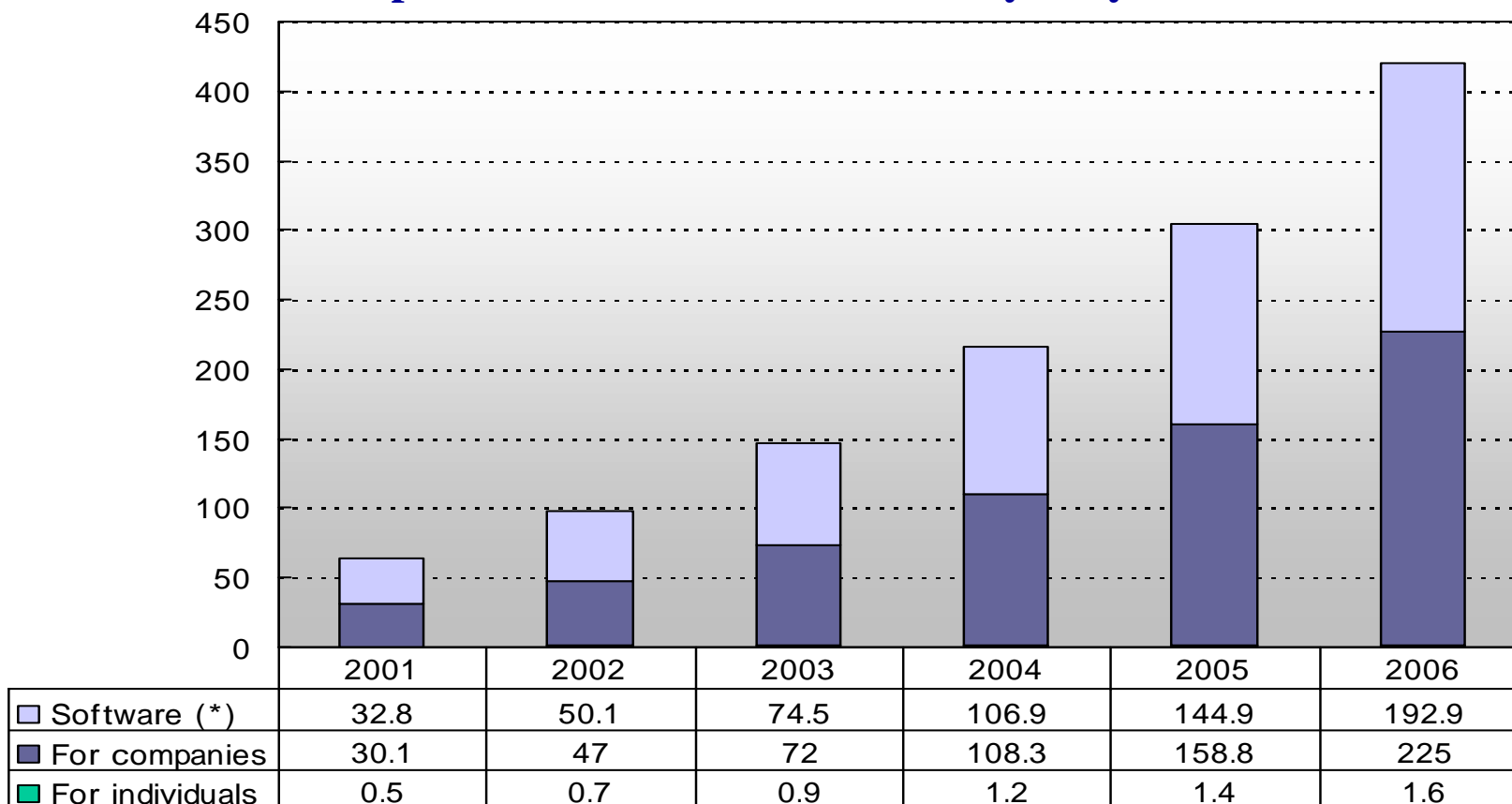
Certificates are supported by over 98% of browsers.

# Entry into the Security Business (4)

< Forecasts on the scale of the electronic certification business market >

(100 million yen)

**Expected to be worth 41.95 billion yen by FY2006.**



(\*) Route key, etc.

[Source:Ministry of Public Management, Home Affairs, Posts and Telecommunications & Accenture data]

## Establishment of a Direct-Sell Marketing (Push marketing) System (1)

**From the second half of the quarter (July) GMO Communications will work on building a system for the full-scale implementation of direct-sell (Push) marketing.**

### 1 . Compilation of a prospective customer database



Around 49,000 corporate customers sourced through MYLINE marketing. Visits will be conducted to survey and database the IT status of companies. (Domain ownership, server usage, type of Internet connection, etc.)

Number of sales staff (as of May 31)

Sales staff: 95

Call-center staff: 150

2. Establishing GMO brand – “GMO for Internet Solutions”

3 . Thorough promotion of “9199 quick response 2003”

## Establishment of a Direct-Sell Marketing (Push marketing) System (2)

Aiming to enhance customer satisfaction levels

### “9199 quick response 2003”

携帯・PHS  
からもOK **お気軽にお問合せ下さい!**

インターネット導入  
無料ご相談ダイヤル **0120-86-9199**

9199~クイック宣言とは? \_\_\_\_\_



**9分** 以内にお返事します。

お問い合わせのメールには、9分以内にお返事します。



**0.9秒** 以内にお取りします。

お客様からのお電話は、0.9秒以内にお取りします。



**91分** 以内にご訪問します。

お問い合わせを頂いてから、91分以内にご訪問します。

This is the GMO Group's motto for the year, adopted to show our commitment to responding quickly to the needs of our customers, whether by responding to inquiries via telephone and email or visiting customer's homes.

We are constantly working to respond quickly to our customer's needs through our “9199 quick response” system to enable our customers to get the most out of using our services.



# The Internet for Everyone

Thank you.

