

January 7, 2002

Dear Sir or Madam,

Address: 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Company name: Global Media Online Inc.

Company representative: Masatoshi Kumagai, Representative Director and President

OTC issues: Code No. 9449

Contact person: Yoshihiro Himeji, Director and General Manager of Management Department

Phone: 03-5456-2555 (switchboard)

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

## Announcement about the exchange of shares that makes Daiichi Tsushin Co., Ltd. a wholly owned subsidiary

We are pleased to inform you as follows that at the board meeting held on January 7, 2002, we have resolved to exchange shares to make Daiichi Tsushin Co., Ltd., a wholly owned subsidiary, as from February 26, 2002.

Notes:

### **1.Object of the exchange of shares to make the company a wholly owned subsidiary**

The GMO Group, with Global Media Online Inc. at its core, develops Internet-provider-related business (IXP-related business) including the access business, the server business, and the domain business, with the Internet advertisement media business including e-mail advertisements, as the mainstay. Above all, in the Internet advertising business, we are focusing on the opt-in mail service. This service allows us to deliver advertisements to our subscribing members via e-mail, with their advance approval, and based on their choices and preferences, we send them advertisements and information on subjects in which they have registered their interest.

Unlike general notice board style e-mail advertisements, this opt-in mail service clearly identifies the target subscribers for advertisements and information. Therefore, this service is a very focused marketing method, providing highly effective advertising for both the advertisers and the subscribers.

Also along these lines, Daiichi Tsushin Co., Ltd. operates a "Point Mail" service in its advertisement delivery business via e-mail. This service offers incentive points for opt-in mail subscribers, and the subscribers can then exchange points with presents. The "Point Mail" is a value-added service under which registered subscribers can choose from among the gifts offered by Daiichi Tsushin, according to the number of points they have collected.

In addition, Daiichi Tsushin Co., Ltd. has an agency contract with NTT Communications, Nippon Telegraph, and Telephone East Corporation, and promotes an agency service for subscribers to the telecommunications service offered by NTT Communications and NTT East.

Under these circumstances, our company and Daiichi Tsushin Co., Ltd. negotiated an agreement for the exchange of shares in order to share management resources, including personnel resources, know-how, technology, planning

ability, and sales ability in both companies, and to develop the opt-in mail business and further enhance sales activities in the GMO Group.

Our company owns 57.7% of Daiichi Tsushin Co., Ltd..

## 2. Conditions for the exchange of shares

(1) Schedule for the exchange of shares

Board meeting to approve a contract for the exchange of shares: January 7, 2002

Conclusion of an agreement for the exchange of shares: January 7, 2002

General shareholders' meeting to approve the exchange of shares agreement

The agreement is executed without obtaining approval in the general shareholders' meeting under the first paragraph of Article 353 of the Commercial Law.

Date for the exchange of shares: February 26, 2002

(2) Shares exchange ratio

	Global Media Online Inc. (100% Parent Company)	Daiichi Tsushin Co., Ltd. (100% subsidiary company)
Share exchange ratio	1	8 0

(Notes)

1. Share allotment ratio

Eighty common stocks issued by Global Media Online Inc. are allotted to one common stock issued by Daiichi Tsushin Co., Ltd.. However, with respect to 6,015 of Daiichi Tsushin's stocks owned by Global Media Online Inc, Global Media Online's stocks are not allotted.

2. Appraisal results, appraisal method, and appraisal basis by a third party institute

In terms of the share exchange ratio, parties interested in the exchange of shares decided the share exchange ratio based on the appraisal results using the DCF method and adjusted book value method by a third party institute, the Maruyama Hiroaki Accountant Office, a CPA, and a licensed tax accountant.

3. New shares issued by the exchange of shares

Common stock: 355,600 shares

(3) Compensation for the exchange of shares

No compensation is paid for the exchange of shares.

(4) Initial date of reckoning dividend

The initial date of estimating the dividends for new stocks issued by the exchange of shares is January 1, 2002

## 3. Profile of companies that exchange shares

Trade name	Global Media Online Inc.	Daiichi Tsushin Co., Ltd.
Business contents	Comprehensive Internet infrastructure business 1. Access service 2. Server service 3. Domain service	1. Media business (Opt-in mail business) 2. Networking business (a sales agent of NTT Communications)
Date of establishment	May 24, 1991	March 27, 1997
Location of the head office	26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo	26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo
Company representative	Masatoshi Kumagai	Kenichiro Matsubara
Amount of capital	3,311,130 thousand yen	275,400 thousand yen
Outstanding shares	27,308,794 shares	10,460 shares

Shareholders' equity	8,359,393 thousand yen (mid-term for F/Y ended December 2001)	630,937 thousand yen (F/Y ended March 2001)
Gross asset	10,933,423 thousand yen (mid-term for F/Y ended December 2001)	1,224,602 thousand yen (F/Y ended March 2001)
Settlement term	December 31	December 31
Employees	130 people (mid-term for F/Y ended December 2001)	64 people
Main accounts	Clients: personal customers	Clients: advertising agencies, personal customers
Major shareholders and their shareholding ratio (with more than a 10% shareholding ratio)	Shoei Ltd. 44.4% Masatoshi Kumagai 10.12% (mid-term for F/Y ended December 2001)	Global Media Online 57.5%
Main bank	Bank of Tokyo-Mitsubishi	Asahi Bank
Number of shareholders	2,365 (mid-term for F/Y ended December 2001)	22 people

Financial results for the three most recent settlement terms

Settlement term	Global Media Online Inc. (100% parent company)			Daiichi Tsushin Co., Ltd. (100% subsidiary company)		
	F/Y ended December 1999	F/Y ended December 2000	F/Y ending December 2001 *1	F/Y ended September 1999 *2	F/Y ended March 2000	F/Y ending March 2001
Sales (thousand yen)	3,703,421	6,784,578	3,592,492	744,670	38,5310	1,306,390
Operating income (thousand yen)	715,482	1,308,637	345,409			
Ordinary income (thousand yen)	784,297	1,202,370	318,660	5,898	58,701	207,346
Net income (thousand yen)	329,009	562,786	120,441	2,741	2,7144	104,729
Net income per share (yen)	60.62	22.70	4.76	6,853.76	67,128.50	72,355.22
Dividend per share (yen)	-	5.0	-	-	-	-
Shareholders' equity per share	765.23	326.30	325.60	68,406.03	78,756.06	301,595.21

\*1: For F/Y ended December 2001, the financial results of semiannual settlement for January 1, 2001 to June 30, 2001 are recorded.

\*2: For F/Y ended September 1999, due to the change of the settlement term, financial results for six months from October 1, 1999 to March 31, 2000 are recorded.

#### 4. Status after the exchange of shares

Trade name	Global Media Online Inc. (100% parent company)	Daiichi Tsushin Co., Ltd. (100% subsidiary company)
Business contents	Comprehensive Internet infrastructure business 1. Access service 2. Server service 3. Domain service	1. Media business (Opt-in mail business) 2. Networking business (a sales agent of NTT Communications)
Location of the head office	26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo	26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo
Company representative	Masatoshi Kumagai	Kenichiro Matsubara
Amount of capital	3,311,130 thousand yen	275,400 thousand yen

##### (1) Effects on business performance

We believe that the exchange of shares will contribute towards the improvement of the Internet advertisement media business, and the enhancement of the business foundation of our group.

(2) Forecast of consolidated business performance after the exchange of shares

With respect to the effects on our future business performance, we have not announced our latest business forecast, because the business environment surrounding the Internet is very volatile and difficult to project at present. Nevertheless, we will make every effort to disclose our quarterly business results promptly.

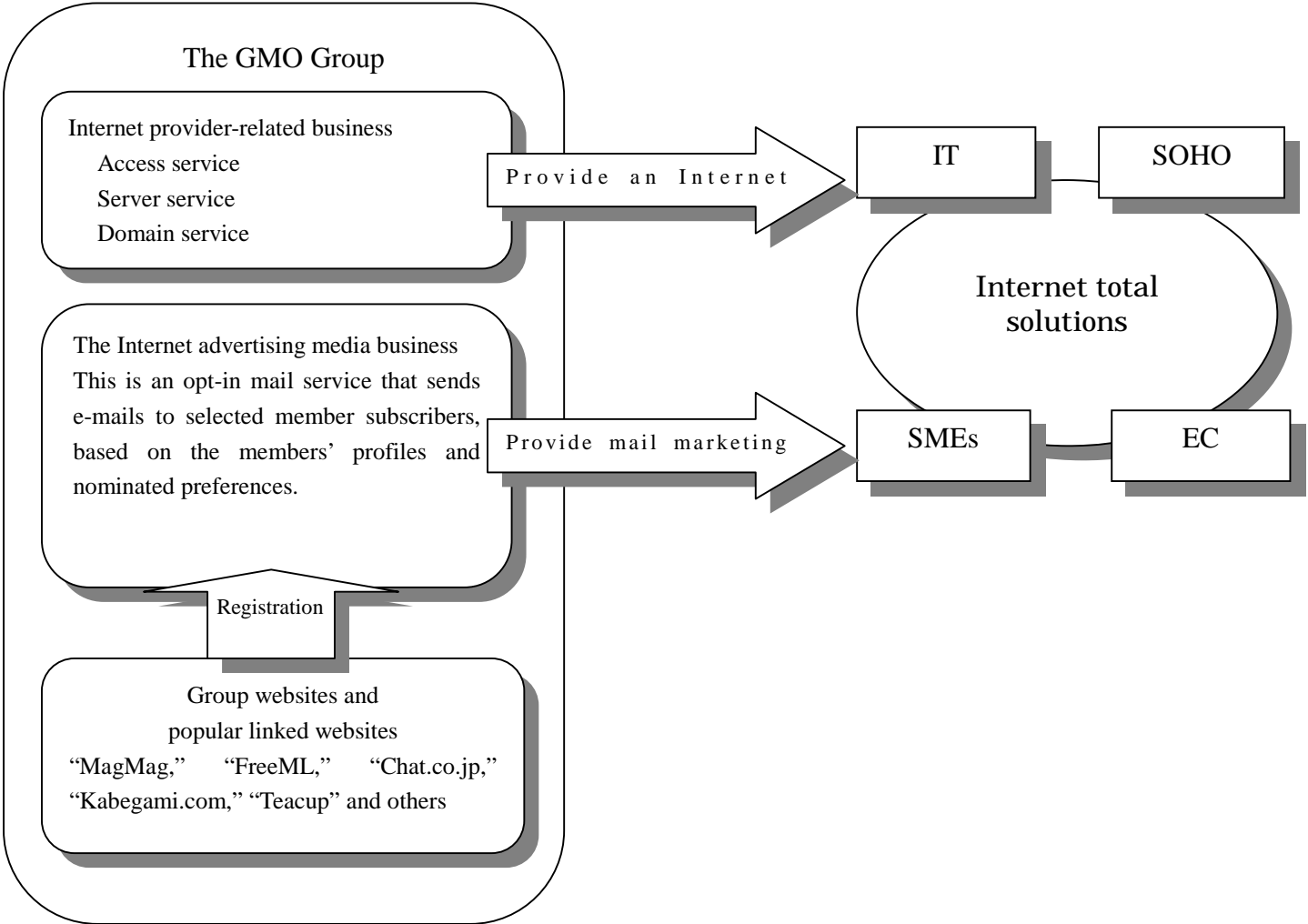
### **5.The GMO Group Strategy**

The GMO Group promotes the “Internet Media Group” strategy utilizing the synergy of the Internet provider-related business, and the Internet advertising media business.

Due to the development of broadband and mobile Internet services, not only large-scale companies but also small-and-medium-sized companies have integrated the Internet into their businesses now. In this current environment, the GMO Group focuses on providing total solutions for Internet-related services for small- and-medium-sized companies and SOHOs.

1. In the Internet provider-related business, we provide comprehensive “access,” “servers” and “domain” services that are indispensable for the Internet environment.
2. Our Internet advertising business allows us to deliver advertisements via e-mail. We especially focus on the opt-in mail service and direct marketing, which is well targeted and effective. This service sends advertisements via e-mail, to members who have given their approval and information about their areas of interest in advance. Based on their profiles and preferences, we deliver carefully selected advertisements and information to our subscribers, to suit their interests. In addition, we have built a wide agency network for mail advertisement sales.
3. The GMO Group opens sites for opt-in mail registration in popular linked websites, as well as in sites operated by our Group, such as “MagMag,” “FreeML,” “Chat.co.jp,” “Kabegami.com” and “Teacup,” in order to attract registered members and to improve the quality of the opt-in mail service.

Although there are many companies that provide their own services themselves, a valuable characteristic of the GMO Group is that we provide total solutions by taking advantage of our group’s integrated Internet-related business fields, ranging from setting up Internet environments, to Internet mail marketing.



**The GMO Group**

**Internet provider-related business**

- Access service
- Server service
- Domain service

Provide an Internet

IT

SOHO

**The Internet advertising media business**  
This is an opt-in mail service that sends e-mails to selected member subscribers, based on the members' profiles and nominated preferences.

Provide mail marketing

SMEs

EC

Registration

**Group websites and popular linked websites**

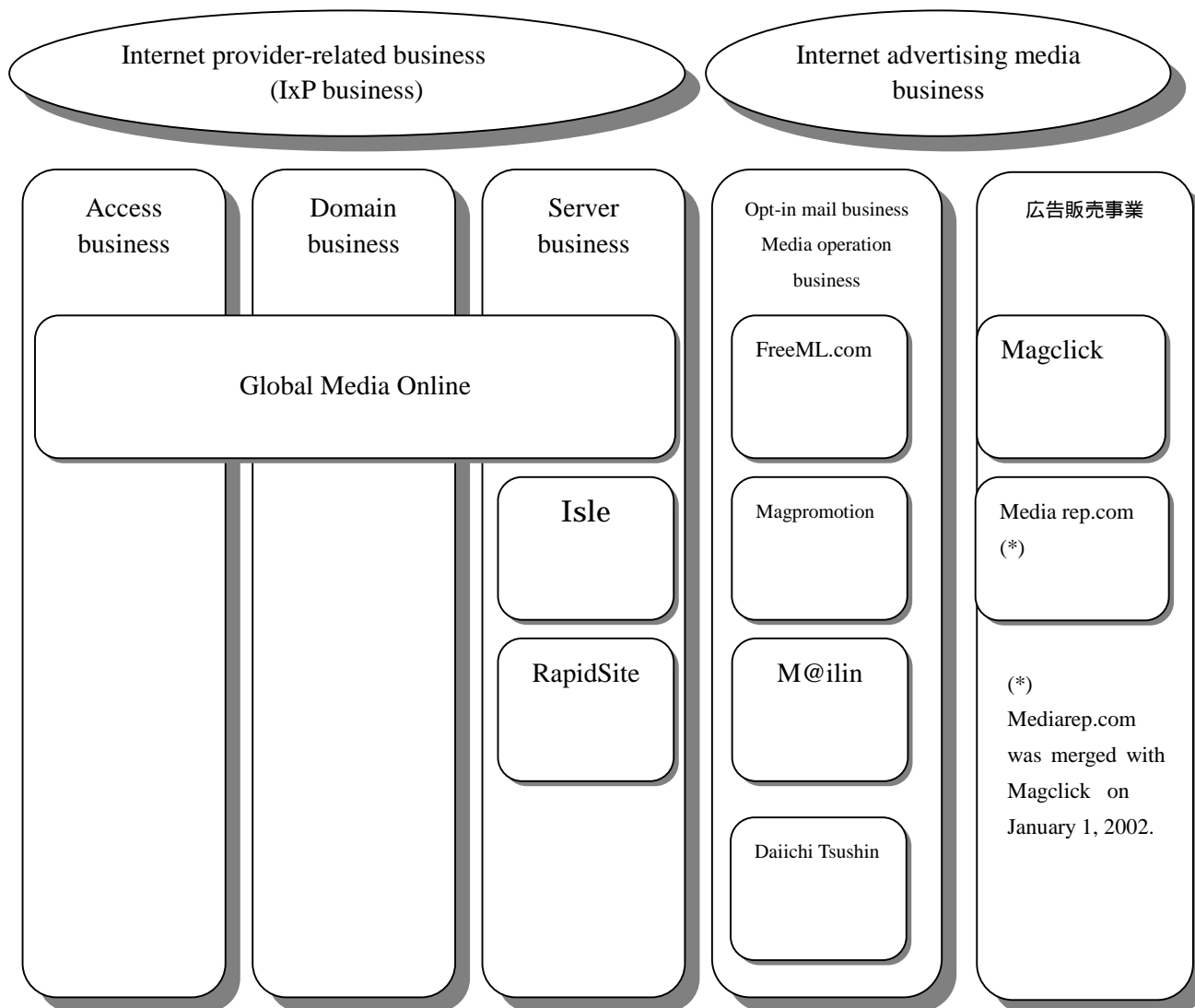
- "MagMag," "FreeML," "Chat.co.jp,"
- "Kabegami.com," "Teacup" and others

Internet total solutions

## 6. Profile of the GMO Group

The GMO Group consists of group companies that focus their management resources on the Internet provider-related business (IxP business) and the Internet advertising media business.

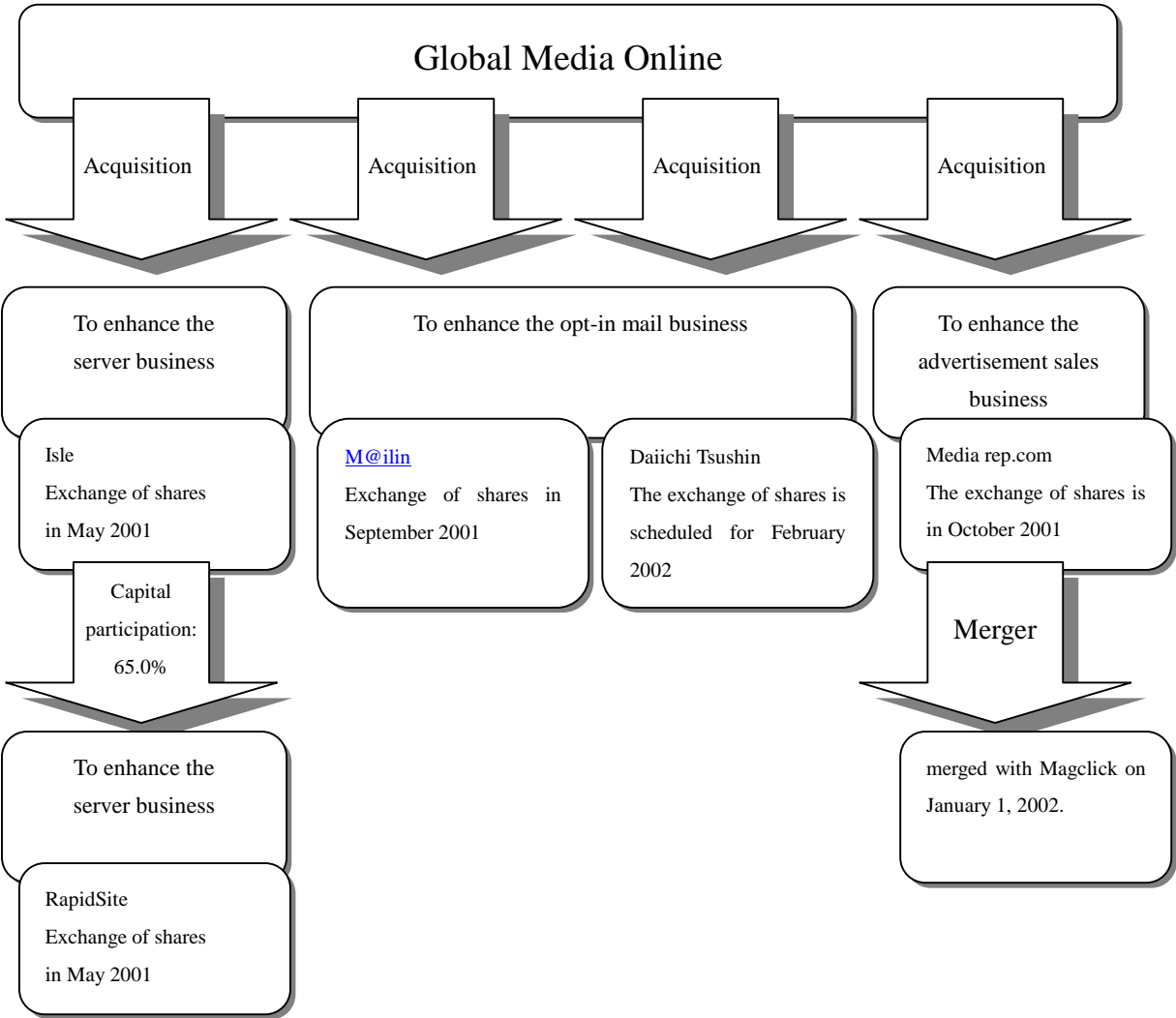
Companies and their business fields



**7. M & A and capital participation of the GMO Group**

With the aim of enhancing its business foundation effectively, the GMO Group has been promoting M & A and capital participation.

By utilizing management resources, including personnel resources, know-how, facilities, and the capital of companies purchased, we are making an effort to build up a strong and efficient company group.



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