

June. 23, 2004

Dear Sir or Madam,

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Company name: Global Media Online Inc.

Code No.9449

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Announcing the Conversion of Power Formation Corporation to a Wholly-Owned Subsidiary by Stock Swap

Global Media Online INC. (“the Company”) wishes to announce that a meeting of the Board of Directors held today (June 23, 2004) concerning the conclusion of a basic agreement on the Power Formation Corporation stock swap announced on June 14, 2004 approved the conversion of Power Formation Corporation to a wholly-owned subsidiary through a stock swap with the effective date of August 10, 2004, and concluded a stock swap agreement.

Moreover, as a result of the conversion of Power Formation Corporation. to a wholly-owned subsidiary, San Planning Corporation of which Power Formation Corporation is the largest stockholder, will also join the GMO Group.

1. Aim of conversion to a wholly-owned subsidiary through a stock swap

The GMO Group, in which the Company is the core member, is the only corporate group in Japan capable of providing a sufficient array of services to make it a “one stop” provider for business related to the Internet. These services include access, domain, server rental, homepage construction and Internet advertising businesses, under the slogan “Becoming Japan’s Internet Division.”

Meanwhile, Power Formation Corporation (the company subject to the swap) is the largest shareholder of San Planning Corporation which is engaged in recruitment advertising agency business, mainly targeting small and mid-size firms.

Internet-related business will start to become increasingly important for small and mid-size corporations in the future, and the Company believes that the incorporation of Power Formation Corporation and San Planning Corporation into the GMO Group, in a bid to expand sales channels to small and mid-size corporations, will lead to expansion in sales using the networks of small and mid-sized firms.

2. Terms and conditions of stock swap

(1) Timetable of stock swap

Schedule	Item	The Company	Company subject to stock swap
June 23, 2004 (Wednesday)	Meetings of the Boards of Directors to approve the Stock Swap Agreement		
	Conclusion of the Stock Swap Agreement		
June 24, 2004 (Thursday)	Scheduled date for the public announcement of easy method for stock swap		-
July 8, 2004 (Thursday)	Scheduled date for Extraordinary General Meeting of Shareholders to approve the Stock Swap Agreement	1	
August 10, 2004 (Tuesday)	Scheduled effective date of the stock swap		
Mid-August 2004	Issue of share certificates		-

1. The Company does not plan to get the approval of the General Meeting of Shareholders, pursuant to the provisions of Article 358 (Easy Method for Stock Swap) of the Commercial Code.

(2) Stock swap ratio

	Global Media Online INC. (100% parent company)	Power Formation Corporation (Wholly-owned subsidiary)
Exchange ratio	1	0.003

(NOTE) 1. Ratio of allocation of shares

333.333 Global Media Online shares will be allocated to one Power Formation share. Rounding off decimals, the number of new shares issued in the stock swap will be 410,000 ordinary shares.

2. Results, method and basis of calculation by third party institutions

The parties to the stock swap decided on the exchange ratio between them, with reference to the results of calculations by the third party institutions Nikko Cordial Securities Inc. and Attax Business Consulting Co. Ltd.

3. New shares in stock swap

410,000 ordinary shares ()

Calculated taking into consideration the two-for-one stock split of the Company's shares on the record date of (Wednesday) June 30, 2004.

(3) Cash distribution in stock swap

There will be no cash distribution in the stock swap.

(4) Starting date for the calculation of dividends

The starting date for the calculation of dividends to be paid for new shares issued in the stock swap shall be July 1, 2004.

3. Outline of parties to stock swap

1. Name	Global Media Online INC.	Power Formation Co., Ltd.
2. Principal Businesses	1. Access business 2. Server rental business 3. Domain business 4. Homepage construction business	Advertising agency business (Currently, as largest shareholder of Sunplanning Co., Ltd., not engaged in principal business.)
3. Date of Incorporation	May 24, 1991	March 19, 1991
4. Location of Headquarters	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	3-24-8 Akabane, Kita-ku, Tokyo
5. Representatives	Masatoshi Kumagai	Yoshio Yokono
6. Capital Amount	3,311,130,000 yen	10,000,000 yen
7. Number of Shares Issued and Outstanding	28,364,394 shares	200 shares
8. Shareholders' Equity	9,962,170,000 yen (Fiscal year ended December 2003)	-16,660,000 yen (Fiscal year ended January 2004)?
9. Total Assets	11,803,920,000 yen (Fiscal year ended December 2003)	1,329,000 yen (Fiscal year ended January 2004)
10. Fiscal Year End	December 31	January 31
11. Number of Employees	173 (Fiscal year ended December 2003)	3 Directors (As of June 2004)
12. Principal Suppliers and Customers	Sales target: General customers, etc.	Sales target: General customers, etc.
13. Principal Shareholders and Their Shareholding Ratios (Holding of more than 10%)	Kumagai Masatoshi Jimusho (Ltd.) 41.2% (Fiscal year ended December 2003)	Yukio Yokono (100.0%) (Fiscal year ended June 2004)
14. Principal Banks	The Bank of Tokyo-Mitsubishi	Sumitomo Mitsui Banking Corporation
15. Relationship of Parties		
Capital Relationship	N/A	
Human Capital Relationship	N/A	
Business Relationship	N/A	

On June 14, 2004, Power Formation Co., Ltd. decided to boost its capital by issuing new shares for third party allocations for a cash consideration, and on June 17, 2004 its capital increased 25,750,000 yen to 35,750,000 yen and shareholders' equity grew to 34,839,000 yen. In addition, the number of shares issued and outstanding increased 1,030 to 1,230.

? Performance of Recent Three Fiscal Years (Unconsolidated)

Fiscal Year	Global Media Online INC. (100% parent company)			Power Formation Corporation. (Wholly-owned subsidiary)		
	Ended Dec. 2001	Ended Dec. 2002	Ended Dec. 2003	Ended Jan. 2002	Ended Jan.2003	Ended Jan. 2004
Net Sales (thousand yen)	6,925,122	6,648,037	7,238,375	38,247	20,072	16,308
Operating Profit (or Loss) (thousand yen)	613,644	479,859	854,621	3,000	(8,184)	(6,423)
Ordinary Profit(or Loss) (thousand yen)	568,095	461,644	883,505	2,774	(8,203)	(6,655)
Net Income (or Loss) (thousand yen)	60,043	123,839	576,056	634	(8,203)	(7,701)
Net Income Per Share (yen)	2.31	4.48	20.81	3,171.41	(41,018.56)	(38,507.40)
Dividend per Share (yen)	2	4	6	?	?	?
Shareholders' Equity per Share (or Negative Equity) (yen)	307.96	294.73	360.06	(3,777.89)	(44,796.43)	(83,303.83)

4. Status of the Companies after the Stock Swap

As a result of the conversion of Power Formation Co., Ltd. to a wholly-owned subsidiary, Sunplanning Co., Ltd., of which Power Formation Corporation is the largest shareholder (ratio of investment 67%), will also become an affiliated company. An outline of San Planning Corporation. is as follows.

1.Name	San Planning Corporation.
2.Principal Business	Recruitment advertising agency business
3.Date of Incorporation	March 30, 1978
4.Location of Headquarters	6-15-9, Shinbashi, Minato-ku, Tokyo
5.Representative	Yukio Yokono
6.Capital Amount	50,000,000 (Fiscal year ended March 2004)
7.Number of Shares Issued and Outstanding	100,000 shares
8.Shareholders' Equity	8,895,000 yen (Fiscal year ended March 2004)
9.Total Assets	2,354,186,000 yen (Fiscal year ended March 2004)

10.Fiscal Year End	March 31
11.Number of Employees	107 (Fiscal year ended March 2004)
12.Principal Suppliers and Customers	Sales target: Small and mid-size firms, hospitals, beauty salons, etc.
13.Principal Shareholders and Their Shareholding Ratios (Holding of more than 10%)	Power Formation Corporation (67%) (June 2004)
14.Principal Banks	Sumitomo Mitsui Banking Corporation

15.Relationship with the Company

Capital Relationship	N/A
Human Capital Relationship	N/A
Business Relationship	N/A

16.Performance of Recent 3 Fiscal Years

Fiscal Year	Ended April 2002	Ended March 2003	Ended March 2004
Net Sales (thousand yen)	4,403,497	3,888,901	4,307,143
Operating Profit (thousand yen)	244,550	143,872	253,368
Ordinary Profit (thousand yen)	210,830	126,752	259,995
Net Income (thousand yen)	15,614	126	2,265
Net Income per Share (yen)	195.18	1.58	22.66
Dividend per Share (yen)	100.0	-	-
Shareholders' Equity per Share (yen)	1,056.30	957.88	889.0

Because of a change in the end of the fiscal year, the results for the fiscal year ended March 2003 are for 11 months from May 2002 to March 2003.

The status of the Company after the stock swap will be as follows.

(1) Name	No change
(2) Principal Business	No change
(3) Location of Head Office	No change
(4) Representative	No change
(5) Capital Amount	No change
(6) Effect on Performance	The Company is carefully examining the situation and will announce forecasts for consolidated results after the stock swap as soon as concrete figures are finalized.

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