

July 9, 2004

Dear Sir or Madam,

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

Company name: Global Media Online Inc.

Code No.9449

Company representative: Masatoshi Kumagai , Representative Director and President

Contact person: Masashi Yasuda, Executive Director

TEL: 03-5456-2555 (switchboard)

FAX: 03-3780-2611

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

Notice of the Conclusion of a Basic Agreement Concerning the Acquisition and Split Of ZERO Inc.

Global Media Online INC. wishes to announce that at a meeting of the Board of Directors held on July 9, 2004, it was decided that to strengthen the Company's access business, GMO would take over the Internet connection business operated by ZERO Inc. through an acquisition and split, and a basic agreement was concluded between the parties involved.

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, website creation, and Internet advertising media businesses, under the Company's enterprise strategy, "Becoming Japan's Internet Division."

On April 1, 2004 the Company acquired the goodwill for the Internet connection services and hosting services operated by Bekkoame Co., Ltd., a pioneer Internet service provider for individual users in Japan. Also, on May 20, 2004, the Company launched "GMO Dokodemo LAN," the industry's first ASP-type VPN service aimed at small- to medium-sized enterprises, as it continues to expand and enhance its business.

ZERO Inc. is a provider of Internet services, operating under the company philosophy to create new value and public benefits through expanding Internet usage.

In 1997, ZERO Inc. launched the very first Internet mail service, "10 Yen Mail," thereby laying the foundations for mobile communications today. ZERO Inc. then went on to gain the support of a multitude of users, including beginners, through the nationwide release of its low-cost Internet connection service, "ZERO," working all the while towards further expanding Internet use. Today, given the advances made in communications technology, the Internet has become part of the social

infrastructure. The Internet is used in a wide variety of ways and has spawned the rapid growth of secondary business markets such as electronic commerce (EC), etc.

Under these conditions, the Company's aim is to utilize to the fullest extent possible the technology and business resources that ZERO Inc. has developed through its involvement in the Internet service business. In doing so, the Company plans to proactively expand into the system development business in the future, focusing on EC business, payment services and the like.

Therefore given the overlap in the interests of the Company, in its efforts to further expand its involvement in the access business, and ZERO Inc., the Company has decided to take over the Internet connection services and ancillary businesses operated by ZERO Inc. by means of an acquisition and split. Following the acquisition, ZERO Inc. brands will continue to remain and its services provided.

With regards to the acquisition and split, the split is scheduled for November 1, 2004. The common stock in the Company to be allocated and granted under this acquisition and split will be allocated and granted to ZERO Inc. The parties involved will move forward with discussions on the final terms and conditions of the acquisition and split, and notification of such will be provided by September 2004.

End

【Reference】

■Overview of ZERO Inc./(URL) <http://www.zero.ad.jp>

| | |
|--------------------------|---|
| Business details | Operating of Internet services and sales of music data and securities data digital content. |
| Capital | 1.5 billion yen |
| Established | December 1986 |
| Address | Nishi Shinjuku KF Bldg. 7F 8-14-24 Nishi-Shinjuku, Shinjuku-ku, Tokyo |
| No. of employees | 25 |
| Business banks | Sumitomo Mitsui Banking Corporation, Sumitomo Trust and Banking Company, Limited. |
| Turnover | 1,605 million yen (For March 2004 term) |
| Ordinary profit | 536 million yen (For March 2004 term) |
| Total no. of subscribers | ZERO : 99,550 10 yen mail : 362,776 |

| | |
|-------------------------|--|
| | SiNGr and others (Karaoke) : 62,163 Total Subscribers : 524,489 (As of July 2, 2004) |
| Major business partners | NTT DoCoMo, Inc., NTT Communications Corporation, NEC Corporation, NIFTY Corporation, KDDI Corporation |
| Contact | Financial Director, Masakazu Arimori Tel: 03-3367-4110 Fax: 03-3367-4747 |