

July 26, 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 Conclusion of Basic Agreement on Integration of Tea Cup Communication, Ltd. into the GMO Group

Global Media Online INC. announces that a resolution to incorporate Tea Cup Communication, Ltd. into the GMP Group has been adopted at a meeting of its Board of Directors held on July 23, 2004. Tea Cup Communication, Ltd. runs a Website for its free bulletin board rental and chat services. The purpose of incorporating this company into the Group is to strengthen the Group's services for personal users. The Group has signed a basic agreement with Tea Cup Communication, Ltd. and its largest shareholder, I's Factory, Ltd.*¹

*¹ I's Factory, Ltd. is the largest shareholder of Tea Cup Communication, Ltd., owning 1450 shares or 51.0% of its shares.

Centering on Tea Cup Communication, Ltd., the GMO Group has been offering a range of Internet services for personal users as communication tools for creating amusement and excitement under the slogan, "That's Inter-tainment!"*² We have accumulated a total of over 180,000 users thanks to our Free ML mailing list service, the largest service of its kind in Japan, and the JUGEM service, a blog service that promotes the current Internet environment. Other services we offer include yapeus!, yaplog! and the LoveLe avatar service. We also operate the CORUM ONLINE online game service. Our community services have been growing steadily.

*² The term, inter-tainment, has been coined by combining "Internet" with "entertainment."

Tea Cup Communication launched its business focusing on services for personal users in 1997 as a pioneer in the field of free bulletin board rental services. It operates a Website for one of Japan's largest free bulletin board services, recording 10 million page views per day, some five million users and approximately two million bulletin boards. The company also runs a free shop system and the AutoPage blog service, playing an important role in Internet community services.

Future propagation of low-cost ADSL connections and the expansion of optical fiber services are expected to improve the Internet access environment. The Internet will be transformed from a mere tool for conducting searches and sending emails to an entertainment tool for improving life and for pleasure. In this context, community services for personal users will expand.

In view of this situation, the GMO Group has adopted a policy of creating ties with Tea Cup Communication, Ltd., which operates a Website for its free bulletin board rental and chat services, by incorporating it as a new member of our Group to enhance our community services.

To incorporate Tea Cup Communication into the GMO Group, the Group will be wholly acquiring I's Factory, Ltd., its largest shareholder owning 51.0% of the shares, through a stock swap. The stock swap agreement with the stock swap partner of I's Factory, Ltd. is due to be signed in early August 2004. According to the current stock swap ratio, 1,986.5 Global Media Online shares will be allocated to one share of I's Factory, Ltd. We will be issuing a total of 397,300 new shares in this stock swap. Please note that the details of the stock swap referred to above are correct at the time of concluding the basic agreement and may be subject to change. We will inform you of the final conditions as soon as we conclude the stock swap agreement.

Reference

Corporate profile of I's Factory, Ltd. (Stock swap partner)

Trading name	I's Factory, Ltd.
Location of head office	2-8-6 Kuzume, Washimiya-machi, Kita Katsuragi gun, Saitama
Established	February 2001
Capital	10 million yen
Representative	Tomoyuki Ishikawa
Business activities	Planning and design of Internet Websites

I's Factory, Ltd. is the largest shareholder of Tea Cup Communication, Ltd.. When we wholly acquire I's Factory, Ltd., Tea Cup Communication, Ltd. will become part of the GMO Group.

Corporate profile of Tea Cup Communication

Trading name	Tea Cup Communication, Ltd.
Location of head office	2-11-9 Monzen Nakacho, Koto-ku, Tokyo
Established	August 2000
Capital	34.8 million yen
Representative	Tomoyuki Ishikawa
Business activities	Internet community services, including bulletin board service

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