

July 26, 2004

Dear Sir or Madam,

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Company name: Global Media Online Inc.

Code No.9449

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## **GMO Group Announces Reorganization**

Global Media Online Inc. (“the Company”) hereby announces that a meeting of the Board of Directors meeting held on July 26, 2004 resolves to commence a Group reorganization that involves the merger of Power Formation Inc. with Magclick Inc. (Code 4784 in the Hercules market of the Osaka Stock Exchange).

Magclick Inc. has already made an announcement concerning this merger. Please refer to that announcement for further details.

### **1. Objectives of the reorganization of the GMO Group**

Centered on the Company, the GMO Group is Japan’s only corporate group that is a one-stop provider of all of the services needed for Internet business, including access, domain, server rental, website creation and Internet advertising media services. The services are provided based on the Company’s strategic policy, which is to “Become Japan’s Internet Division.”

In the GMO Group, Magclick specializes in sales of email advertisements and plays a central role in the Group’s Internet advertising media business.

Power Formation is the largest shareholder of San Planning Corporation, a recruitment advertising agency that mainly targets small and medium enterprises (SMEs). The Company signed a stock swap agreement with Power Formation on Wednesday, June 23, 2004, with a view to expanding GMO Group’s sales channels to SMEs.

To make better use of the management resources of the GMO Group and to further increase the business effect, the Group will merge Power Formation Corporation into Magclick. This move will significantly expand the network for development and sale of recruitment media in the Internet advertising media business. In so doing, the Group will expand its business through project collaboration between online media and paper-based magazines.

## 2. Summary of the reorganization (merger) in the GMO Group

### (1) Merger timetable

July 26, 2004: Board of Directors meeting for approval of the basic agreement for the merger

July 26, 2004: Basic agreement on the merger signed

August 11, 2004 (scheduled): Board of Directors to approve the merger agreement

August 11, 2004 (scheduled): Merger agreement to be signed

September 28, 2004 (scheduled): Merger to take place

September 28, 2004 (scheduled): Merger to be registered

\*The Company does not plan to hold a General Meeting of Shareholders to approve the merger agreement, pursuant to the provisions in Paragraph 1 of Article 413-3 (Simplified Merger) of the Commercial Code

### (2) Merger method

The merger will take the form of an absorption merger (simplified merger) with Magclick as the surviving company. Power Formation will be dissolved.

### (3) Merger ratio and the amount of cash exchanged with merger

The merger ratio and other details will be announced as soon as the details of the merger agreement are finalized. The details referred to above are merely in accordance with the basic agreement and are subject to change.

## 3. Corporate profiles of the merging company

(1) Name	Magclick Inc. (Surviving) (as of December 31, 2003)	Power Formation Inc. (Dissolving) (as of January 31, 2004)
(2) Principal Businesses	Email advertisement distribution service on the Internet	Advertising agency business
(3) Date of Incorporation	September 8, 1999	March 19, 1991
(4) Location of Headquarters	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	3-24-8 Akabanedai, Kita-ku, Tokyo
(5) Representatives	Hiroyuki Nishiyama, President and Representative Director	Yoshio Yokono, Representative Director
(6) Capital Amount	1,295 million yen (Note 1)	10 million yen (Note 3)
(7) Number of Shares Issued and Outstanding	16,772 shares (Note 2)	200 shares (Note 4)
(8) Shareholders' Equity	4,152,967,000 yen	-16,660,000 yen (Note 3)
(9) Total Assets	4,771,870,000 yen	1,329,000 yen
(10) Fiscal Year End	December 31	January 31
(11) Number of Employees	42	Three directors
(12) Principal Suppliers and Customers	Cyber Agent, Ltd. Septeni Co., Ltd. OPT Inc.	General customers, etc.

(13) Principal Shareholders and Their Shareholding Ratios	Global Media Online Inc.	40.01%	On June 23, 2004, Global Media Online and Power Formation signed a stock swap agreement under which PFC would become wholly owned by GMO on August 10, 2004. (The company was wholly owned by Yukio Yokono as of June 26, 2004.)
	United Digital	20.31%	
	NetIRD Inc.	15.15%	
(14) Principal Banks	The Bank of Tokyo-Mitsubishi	Sumitomo Mitsui Banking Corporation	
(15) Relationships of Parties			
Capital Relationship	N/A		
Human Capital Relationship	N/A		
Business Relationship	N/A		

(Note 1) As of July 26, 2004, Magclick had capital of 1,300,587,000 yen.

(Note 2) As of July 26, 2004, the number of shares issued by Magclick and outstanding was 84,230.

(Note 3) As of July 26, 2004, Power Formation had capital of 33,750,000 yen. As of June 30, 2004, its shareholders' equity amounted to 33,075,000 yen.

(Note 4) As of July 26, 2004, the number of shares issued by Power Formation and outstanding was 1,230.

(16) Performance over the past three fiscal years

		Magclick Inc. (Surviving)			Power Formation Inc. (Dissolving)		
Fiscal Year	Unit	Third (Ended Dec. 2001)	Fourth (Ended Dec.2002)	Fifth (Ended Dec. 2003)	Eleventh (Ended Jan. 2002)	Twelfth (Ended Jan. 2003)	Thirteenth (Ended Jan. 2004)
Net sales	(1,000 yen)	1,433,503	3,141,276	4,206,875	38,247	20,072	16,308
Operating Profit (or Loss)	(1,000 yen)	(5,771)	110,264	232,882	3,000	(8,184)	(6,423)
Ordinary Profit (or Loss)	(1,000 yen)	682	116,992	237,049	2,774	(8,203)	(6,655)
Net Income (or Loss)	(1,000 yen)	(42,607)	63,953	220,726	634	(8,203)	(7,701)
Net Income (or Loss) per Share	(yen)	(2,675.51)	3,853.32	13,365.22	3,171.41	(41,018.56)	(38,507.40)
Dividend per Share	(yen)	-	1,500	3,000	-	-	-
Shareholders' Equity per Share	(yen)	231,384.47	219,433.98	251,131.88	(3,777.89)	(44,796.43)	(83,303.83)

#### 4. After the merger

After the merger, San Planning Corporation, the largest shareholder with an equity stake of 67%, will become a special subsidiary, as defined in Article 67-9 of the Special Taxation Measures Law, of Magclik. A corporate profile of San Planning is as follows.

(1) Name	San Planning Corporation (as of March 31, 2004)	
(2) Principal Businesses	Recruitment advertisement agency business	
(3) Date of Incorporation	March 30, 1978	
(4) Location of Headquarters	6-15-9 Shimbashi, Minato-ku, Tokyo	
(5) Representative	Yukio Yokono, Representative Director	
(6) Capital Amount	50,000 thousand yen	
(7) Number of Shares Issued and Outstanding	100,000	
(8) Shareholders' equity	88,895,000 yen	
(9) Total Assets	2,354,186,000 yen	
(10) Fiscal Year End	March 31	
(11) Number of Employees	107	
(12) Principal Suppliers and Customers	Customers: small and midsize enterprises, hospitals, beauty salons, etc.	
(13) Principal Shareholders and Their Shareholding Ratios (as of July 26, 2004)	Power Formation Inc.	67.00%
	Yukio Yokono	11.40%
(14) Principal Bank	Sumitomo Mitsui Banking Corporation	
(15) Relationships of parties		
Capital Relationship	N/A	
Human Capital Relationship	N/A	
Business Relationship	N/A	

#### (16) Performance in the past three fiscal years

Fiscal Year	Unit	Twenty-fifth (Ended April 2002)	Twenty-sixth (Ended March 2003)*	Twenty-seventh (Ended March 2004)
Net sales	(1,000 yen)	4,403,497	3,888,901	4,307,143
Operating Profit (or Loss)	(1,000 yen)	244,550	143,872	253,368
Ordinary Profit (or Loss)	(1,000 yen)	210,830	126,752	259,995
Net Income (or Loss)	(1,000 yen)	15,614	126	2,265
Net Income (or Loss) per Share	(yen)	195.18	1.58	22.66
Dividend per Share	(yen)	100.00	-	-
Shareholders' Equity per Share	(yen)	1,056.30	957.88	889.00

\* Because of the change in the fiscal year end, the 26th fiscal year ended March 2003 covers an 11-month period from May 2002 to March 2003.

The details of Magclick after the merger will be as follows:

- (4) Name : Magclick Inc.
- (5) Location of Headquarters : 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
- (6) Representative : Hiroyuki Nishiyama, President and Representative Director

(7) Capital Amount : 1,300,587,000 (No capital increase or decrease will take place in connection with the merger.)

(8) Fiscal Year End : December 31

(9) Impact on Performance :

The impact of the merger on the business performance in the current fiscal year (ended December 2004) is being estimated at the moment. An announced is scheduled to coincide with the announcement of the interim results of Magclick Inc. in the fiscal year ended December 2004.

End.