

September 7, 2004

For Immediate Release

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 Succession of Internet Service Businesses of Zero Inc. through Corporate Spin-Off

Global Media Online INC. (“GMO”) is pleased to announce that a meeting of the Board of Directors on September 7, 2004 approved a Spin-Off Agreement, following the conclusion of a basic agreement on the succession of the Internet service businesses of Zero Inc., which GMO announced on July 9, 2004. The date of the corporate spin-off has been set as November 1, 2004.

1. Purpose of Corporate Spin-Off

The GMO Group, of which GMO is the core member, is the only corporate group in Japan capable of providing “one-stop” services needed for Internet business. These include an access service, a domain service, a rental server service, and an Internet advertising media service, all provided under a strategic theme of “Becoming Japan’s Internet Division.”

For its access business, GMO acquired on April 1, 2004 the trade rights to the Internet connection service and hosting service of Bekkoame Co., Ltd., a pioneer Internet provider for individual users in the domestic market. Moreover, GMO began providing the “GMO everywhere LAN” service for small and midsize companies on May 20, 2004, as another means of enhancing its operations. This service enables users to construct a virtual LAN system, a first for the industry.

Meanwhile, Zero provides Internet-related services based on its corporate philosophy of creating new value and public benefits through the dissemination of the Internet. Zero started the “10 yen mail” service in 1997 as a precedent for the Internet email services and has built a foundation for the present mobile communications. Since then, it has been endeavoring to promote the Internet through such measures as providing the Zero Internet connection service, nationwide at a low rate. This has been welcomed by many Internet users, including beginners.

Zero now plans to merge with Skymark Airlines Co., Ltd., which operates an air transportation business, on November 1, 2004. Skymark Airlines will be the surviving company. After the merger,

Zero will specialize in system development areas such as an electronic commerce settlement service, to make full use of the technologies and management resources it cultivated in the Internet service businesses in a bid to bolster its operations. To coincide with the merger, Zero has been examining the possibility of transferring its Internet service businesses to another company, given expectations that these businesses would be less related to its future line of business.

Under these circumstances, GMO will expand its operations by taking over the Internet service business of Zero through a merger, following a shared expression of interest by both GMO and Zero. After the merger, GMO will inherit the existing brands of Zero and will continue to provide its Internet services.

2. Details of the Corporate Spin-Off

(1) Schedule

Item	Date	The Company	Split company
Spin-Off Agreement approved at a Board meeting	September 7, 2004 (Tue.)		
Spin-Off Agreement signed			
Spin-Off Agreement to be approved at an extraordinary meeting of shareholders	-	1	2
Planned date of spin-off	November 1, 2004 (Mon.)		
Planned date of spin-off registration	Early November 2004		

1 The Company does not plan to receive approval at an extraordinary meeting of shareholders, pursuant to the provision in Article 374 – 23 of the Commercial Code.

2 The company implementing the spin-off (Zero) does not plan to receive the approval of an extraordinary meeting of shareholders, pursuant to the provision of Article 374 – 22 of the Commercial Code.

(2) Method of Spin-Off

1. Type of spin-off

This is an absorption-type acquisition in which GMO's stock will be issued to the company implementing the spin-off, and GMO shall be the surviving company while Zero will be the company implementing the spin-off.

2. Reason for using this type of method

GMO has decided to use the absorption-type acquisition because it is more efficient and smoother compared with a transfer of operations.

(3) Allocation of Shares

1. Share allocation ratio

GMO will issue and allocate 890,100 shares of its common stock to Zero.

2. Calculation result, calculation method and calculation basis by third-party institution

The share allocation ratio was decided by both interested parties based on the results of a calculation made by Attax Business Consulting Co., Ltd., the third-party institution.

3. New shares to be issued by the share split

Common stock 890,100 shares

(4) Subsidy upon split

No subsidy shall be paid upon the split.

(5) Rights and obligations succeeded by GMO

The rights and obligations that GMO will inherit from Zero through the corporate spin-off shall be all assets and liabilities and the status of other rights and obligations related to the Internet service businesses, calculated by adding or subtracting the changes up to the date of the spin-off to their respective amounts based on the balance sheet and other calculations on March 31, 2004, unless otherwise stated in the Spin-Off Agreement. The transfer of debts shall be a debt assumption without recourse unless otherwise stated in the Spin-Off Agreement.

Assets		Liabilities	
Current assets	134,628,000 yen	Current liabilities	85,292,000 yen
Fixed assets	56,852,000 yen	Fixed liabilities	9,050,000 yen
Total assets	191,481,000 yen	Total liabilities	94,342,000 yen

(6) Prospect for redemption of debt

With respect to the amounts of assets and liabilities which GMO will inherit from Zero, the amount of assets is expected to exceed GMO will assume is presently recognized. Even after the spin-off, the debts that GMO will assume are expected to be redeemed on their redemption dates.

Zero Inc. (the year ended March 31, 2004)

The Company (the year ended December 31, 2003)

	Name	Assets	Liabilities	Net assets
Before the succession	Zero Inc.	4,943,686 thousand yen	179,407 thousand yen	4,764,278 thousand yen
	The Company	11,803,920 thousand yen	1,841,749 thousand yen	9,962,170 thousand yen
After the succession	Zero Inc.	4,752,205 thousand yen	85,064 thousand yen	4,667,140 thousand yen
	The Company	11,995,401 thousand yen	1,936,091 thousand yen	10,059,310 thousand yen

3 . Profile of Interested Parties

(1)Company name	Global Media Online Inc.	Zero Inc.
(2)Type(s) of business	1. Access business 2. Rental server business 3. Domain business 4. Web site production business	Management of Internet related services and the sale of digital contents of music and securities data
(3)Date of establishment	May 24, 1991	December 12, 1986
(4)Location of head office	Cerulean Tower, 26-1, Sakuragaoka-cho, Shibuya-ku, Tokyo	8-14-24, Nishi-shinjuku, Shinjuku-ku, Tokyo
(5)Representative Director	Masatoshi Kumagai	Yoshio Fuwa
(6)Capital	3,311,130,000 yen	1,500,000,000 yen
(7)No. of shares issued	28,364,394 *	47,400
(8)Shareholder capital	9,962,170,000 yen(Dec.2003)	4,764,278,000 yen(Mar.2004)
(9)Total assets	11,803,920,000 yen(Dec.2003)	4,943,686,000 yen(Mar.2004)
(10)End of fiscal year	December 31	March 31
(11)No. of employees	173 (Dec.2003)	25 (Mar.2004)
(12)Major clients	Sales customers: general clients et al.	Sales customers: general clients et al.
(13)Major shareholders and their investment ratio (10% or more)	Kumagai Masatoshi Office Ltd. 41.2% (Dec.2003)	Shinichi Nishikubo 46.4% (Mar.2004)
(14)Main bank	Bank of Tokyo-Mitsubishi	Sumitomo Mitsui Banking Corporation, The Sumitomo Trust & Banking Co., Ltd.
(15)Relationship of companies involved	Capital relationship	n/a
	Personnel relationship	n/a
	Business relationship	n/a

(16) Performance Over Past 3 Fiscal Years (of Each Company)

Period	Global Media Online Inc. (Acquiring company)			Zero Inc. (Company Implementing Spin-Off)		
	2001 ("Dec.)	2002 ("Dec.)	2003 ("Dec.)	2002 (Mar.)	2003 (Mar.)	2004 (Mar.)
Sales (thousand yen)	6,925,122	6,648,037	7,238,375	3,750,947	2,252,282	1,605,790
Operating profit (thousand yen) (loss)	613,644	479,859	854,621	319,548	219,104	424,389
Ordinary profit (thousand yen) (loss)	568,095	461,644	883,505	307,504	177,456	536,536
Net profit (thousand yen) (loss)	60,043	123,839	576,056	781,535	1,315,451	517,386
Net Profit per share (yen) (loss)	2.31	4.48	20.81	15,324.23	26,340.63	11,312.71
Annual dividend per share (yen)	2	4	6	-	-	5,000
Shareholder capital per share (yen)	307.96	294.73	360.06	115,535.03	92,815.86	104,665.72

* The total number of shares outstanding of the Company will increase 29,001,494 shares, to 57,365,888 shares, from the end of the interim period on June 30, 2004 to September 7, 2004 through the stock split and stock swap.

4. Details of Businesses to Be Inherited

(1) Content of Internet Service Business Division

Internet email service "10 yen mail"

Internet connection service "Zero"

Delivery service of music data/securities data

(2) Business performance of the Internet Service Business Division in the year ended March 31, 2004

	Internet Service Business Division (a)	Results of the Company in the year ended December 31, 2003 (b)	Ratio (a/b)
Sales (million yen)	1,576	7,238	21.77%
Operating profit (million yen)	424	854	49.65%
Ordinary profit (million yen)	424	883	48.02%

5. Status of GMO after the Succession

Situation of the Company after the stock swap is as follows.

- | | |
|------------------------------------|--|
| (1) Company name | Location of head office |
| (2) Business activities | 1. Access business
2. Rental server business
3. Domain business |
| (3) Location of head office | Cerulean Tower, 26-1,
Sakuragaoka-cho, Shibuya-ku, Tokyo |
| (4) Representative | Masatoshi Kumagai |
| (5) Capital | 3,311,130,000 yen. The capital will not change after the stock split swap. |
| (6) Effect on business performance | The earnings forecast will not change with the stock split. |

End