

November 26, 2004

To whom it may concern:

Corporate Name: Net One Systems Co., Ltd.
Title of the representative: President & CEO Osamu Sawada
(Stock Code Number 7518 First Section of Tokyo Stock Exchange)
Reference: Director Isao Nakamura
Inquiries regarding this news release: IR Room Chief Tomoaki Masuda
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Notice of a Merger

Please be advised that the Board of Directors' meeting held on November 26, 2004 resolved that as of April 1, 2005, the Company would merge with Media Communication Systems K.K. The details of the merger are outlined below.

1. Purpose of Merger

In order to enhance collective strength of the group as a network solution provider and to expand the business, the Company has put effort into optimum arrangement of management resources. As one way of optimizing management resources, the company has resolved to execute this merger. Media Communication Systems K.K. has played a central role in Media Integration Business group and Media Communication Systems K.K.'s business will be integrated into the Company's business to advance the Company as a network solution provider.

2. Summary of Merger

(1) Date of Merger

Board of Directors' meeting to approve Merger Agreement November 26, 2004

Signing of Merger Agreement November 26, 2004

General meeting of shareholders to approve Merger Agreement

The Company Will not be held in accordance with regulations regarding
Commercial Code Section 413, 3-1 (Simple Merger)

Media Communication Systems K.K. December 13, 2004

Date of Merger April 1, 2005 (planned)

Merger Registration April 1, 2005 (planned)

(2) Method of Merger

Media Communication Systems K.K. shall be dissolved through merger by absorption into the Company, which

shall be the surviving company.

(3) Merger Ratio

The Company owns 100% of the Media Communication Systems K.K. and there will be no issuance of new shares or increase of capital.

(4) Delivered money due to merger

There will be no delivered money due to merger.

3. Overview on Merging Companies

September 30, 2004

Name of Company	Net One Systems Co., Ltd (Merging Company)	Media Communications System K.K. (Predecessor Company)
Business Description	Network Solution Provider	Media Integration
Founded Date	February 1, 1988	January 10, 1989
Headquarter	Sphere Tower Tennoz, 2-8, Higashi Shinagawa, 2-Chome, Shinagawa-ku, Tokyo	Sphere Tower Tennoz, 2-8, Higashi Shinagawa, 2-Chome, Shinagawa-ku, Tokyo
President and CEO	Osamu Sawada	Akiyoshi Sasaki
Capital	12.279 Billion Yen	310.28 Million Yen
Issued Stocks	551,900 Shares	5,316 Shares
Shareholders Equity	54.102 Billion Yen	491 Million Yen
Collective Assets	71.408 Billion Yen	1.814 Billion Yen
Fiscal Year	March	March
Number of Employee	861	57
Major Clients	NTT East Corporation KDDI Corporation	Net One Systems Co., Ltd NTT Data Corporation Pioneer Corporation
Major Stock holder and owned percentage	Japan Trustee Services Bank, Ltd. (account in trust) (14.97%) The Master Trust Bank of Japan (account in trust) (9.60%) Mitsubishi Corporation (5.01%) Government of Singapore Investment Corporation P. Ltd. (3.29%) Bank of Tokyo Mitsubishi (3.00%)	Net One Systems Co., Ltd (100%)
Main Financing Bank	Bank of Tokyo Mitsubishi Mizuho Corporate Bank, Ltd UFJ Bank	Bank of Tokyo Mitsubishi Mizuho Corporate Bank, Ltd Mizuho Trust & Banking Co., Ltd
Relation to] the Company	Relation to Capital	100% subsidiary
	Relation to Employee	Dispatch executives and employees
	Business Relations	Outsourcing network design and construction

Business performance for the recent three fiscal years

(unit:1 million yen)

Fiscal Year	Net One Systems Co., Ltd (Merging Company)			Media Communications System K.K. (Non-merging Company)		
	Fiscal Year (ending March 2002)	Fiscal Year (ending March 2003)	Fiscal Year (ending March 2004)	Fiscal Year (ending March 2002)	Fiscal Year (ending March 2003)	Fiscal Year (ending March 2004)
Sales	80,735	92,926	119,287	3,740	3,647	4,748
Operating Income	7,072	7,434	10,187	120	-21	84
Ordinary Income	6,876	7,535	10,234	123	-21	85
Net Profit	3,874	4,383	6,089	63	-28	53
Earnings Per Share (Yen)	31,573.82	15,899.55	21,930.41	15,119	-6,736	12,136
Cash Dividend per Share (yen)	1,000	1,000	1,000	0	0	0
Equity per Share(yen)	306,635.93	167,988.69	188,915.59	84,971	77,450	89,586

Note: Net One Systems Co., Ltd financials are non-consolidated results

4. After Merger

- A) Name of Company Net One Systems Co., Ltd
- B) Business Network Solution Provider
- C) Headquarter Sphere Tower Tennoz, 2-2-8, Higashi Shinagawa, Shinagawa-ku, Tokyo
- D) President & CEO Osamu Sawada
- E) Capital 12.279 Billion Yen (No increase in capital from merger)
- F) Collective Assets Very minimal effect to Collective Assets due to merger
- G) Fiscal Term March 31
- H) Effect to Financials Effect due to merger is extremely minimal to entire business performance