

February 15, 2001

To Whom It May Concern

Notice on KOA 's Acquisition of TAMA as Wholly-owned Subsidiary
by Exchange of Shares

Please be advised that KOA Corporation (hereafter referred to as "KOA") has resolved to acquire Tama Electric Co., Ltd. (hereafter referred to as "TAMA") as a wholly-owned subsidiary through exchange of shares, effective as of August 1, 2001 at the Meeting of the Board of Directors convened on February 15, 2001. Exchange of shares will be processed in accordance with Securities Law article No. 358, as "simplified share exchange", without the approval from KOA shareholders.

NOTE

1. Purpose

KOA and TAMA agreed on exchange of respective shares for the purpose of efficient implementation of mid- and long-range KOA Group's strategies to cope with ongoing progress in digitalization of electronics equipment and developments in the electronics component industry amid booming telecommunications equipment market.

2. Terms and conditions for exchange of shares, etc.

(1) Schedule

February 15, 2001:	Share Exchange Agreement to be approved by the Board of Directors
February 15, 2001:	Share Exchange Agreement to be executed
June 20, 2001 (projected):	Share Exchange Agreement to be approved by the General Meeting of Shareholders (Note)
July 31, 2001 (projected):	Share certificates of TAMA to be submitted
August 1, 2001 (projected):	Share certificate exchange to be exchanged

Note: Since KOA enacts this program under the simplified share exchange system, only TAMA is slated to pass resolution on approval of exchange of the shares concerned.

(2) Share exchange ratio

	KOA (controlling parent company)	TAMA (wholly-owned subsidiary)
Share exchange ratio	1.000	0.153

Note:

1. Share allotment ratio

One share of TAMA shall be allotted for 0.153 share of KOA.

2. Basis of determining the exchange ratio

KOA requested Nomura Kigyo Joho Co., Ltd. to determine the share exchange ratio, while TAMA requested Daiwa Securities SB Capital Market Co., Ltd. to determine said ratio. Based on the results of joint assessment, KOA and TAMA agreed on the share exchange ratio as follows.

3. Results and basis of third parties' assessment

Nomura Kigyo Joho, the financial advisor of KOA, carried out enterprise evaluation by applying Market Share Price Averaging method in conjunction with Discounted Cash Flow method on both KOA and TAMA shares followed by Similar Transaction Premium Analysis, and determined the share exchange ratio based on the results of evaluation above.

Daiwa Securities SB capital Market, the financial advisor of TAMA, carried out enterprise evaluation by applying Market Share Price Standard method on KOA shares and by mainly applying Market Share Price Standard method in conjunction with Actual Net Asset method and Discounted Cash Flow method on TAMA shares, and determined the share exchange ratio based on the result of evaluation above.

4. Number of new shares to be issued under the share exchange scheme

Ordinary shares with par-value: 1,453,500 shares (par-value=¥50)

(3) Share exchange grants

Not applicable

3. Corporate profiles

(1) Firm name	KOA (controlling parent company)	TAMA (wholly-owned subsidiary)
(2) Scope of businesses	<ol style="list-style-type: none"> 1. Manufacture and sale of electric machinery, equipment and components 2. Manufacture and sale of telecommunications machinery, equipment and components 3. Research, development, manufacture and sale of ion-, magnet- and infrared- applied health goods 4. Research, development, manufacture and sale of medical supplies, quasi- drugs and cosmetics 5. Manufacture and sale of consumer electric products. household supplies, furniture, interior decorations and groceries, clothing, foods, precious metals, other groceries and related goods 6. Running private schools for infant, students of primary, junior-high and senior-high schools and adults; and research, development and sale of computer-aided household audiovisual education systems 7. Planning, construction and management of sports, recreation and lodging facilities 8. Exploration and development of subsoil resources, management of bathing facilities and sale/purchase of hot-spring concessions 9. Business related to water treatment by biotechnology, air cleaning and soil improvement 10. Any other businesses incident to the above 	<ol style="list-style-type: none"> 1. Manufacture and sale of resistors and other electronic components 2. Manufacture and sale of electric machinery, equipment, accessories and parts 3. Manufacture and sale of medical equipment and supplies 4. Any other businesses incident to the above
(3) Incorporation	May 24, 1947	January 31, 1939
(4) Head office	3672, Oaza Ina, Ina City. Nagano Pref.	2-15-12 Nakane, Meguro-ku, Tokyo
(5) Representative	Koichi Mukaiyama President	Kunishiro Saito President

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(1) Firm name	KOA (controlling parent company)	TAMA (wholly-owned subsidiary)
(6) Capitalization (as of September 30, 2000)	¥5,960 million	¥1,283 million
(7) Total outstanding shares(par-value)	42,026,224 (par-value ¥50)	9,500,000 (par-value ¥50)
(8) Shareholders' equities (as of September 30, 2000)	¥31,386 million	¥5,012 million
(9) Gross assets (as of September 30, 2000)	¥49,027 million	¥10,773 million
(10) Closing date (annual)	March 31	March 31
(11) Employees (as of September 30, 2000)	1,017	364
(12) Major trading partners	Suppliers Fonon Meiwa Du Pont Kyocera Corporation Clients Sony Corporation Hitachi, Ltd. Toshiba Corporation	Suppliers Harrison Toshiba Lighting ITM Taiho Kogyo Clients NEC Corporation Canon, Inc. Mitsubishi Electric Corp.
(13) Major shareholders and equities (as of September 20, 2000)	1. Mitsubishi Trust & Banking Corporation 7.4% 2. Koa Fire & Marine Insurance Co., Ltd. 6.6% 3. Nihon Mutual Life Insurance Co, Ltd. 5.5% 4. Hachijuni Bank, Ltd. 5.0% 5. Tokai Bank, Ltd. 4.2%	1. NEC Corporation 59.74% 2. Chuo Trading 4.11% 3. Setsuro Suzuki 2.38% 4. Tama Denki Employees' Holding Association 2.31% 5. Yokohama Bank, Ltd. 2.11%
(14) Major banks	Hachijuni Bank, Ltd. Tokai Bank, Ltd. Tokyo Mitsubishi Bank, Ltd.	Yokohama Bank, Ltd. Sumitomo Trust & Banking Corporation Chuo-Mitsui Trust & Banking Corporation Sanwa Bank, Ltd. Sumitomo Bank, Ltd.

(15) Business performance during the latest three fiscal years

(unit:¥millions)

Accounting period	KOA (controlling parent company)			TAMA (wholly-owned subsidiary)		
	March 1998	March 1999	March 2000	March 1998	March 1999	March 2000
Sales	40,741	35,310	43,323	11,857	11,893	13,983
Operating profits	5,340	3,444	5,113	101	406	156
Ordinary profits	5,842	4,022	5,508	61	454	128
Net profits for the FY	3,274	2,248	3,042	13	490	26
Net profits per share for the FY (¥)	77.91	53.51	72.39	1.43	51.64	2.82
Annual dividends per share (¥)	16.00	16.00	17.00	-	-	-
Shareholders' equity per share (¥)	631.84	668.37	715.51	551.68	500.05	515.50

4. Developments after exchange of shares

- (1) Decision of firm name, scope of business, head office and representative
Subject to future consultation

- (2) Capitalization

KOA	TAMA
¥6,033 million	¥1,283 million

KOA's new capitalization is derived from addition of ¥72 million (covered by share exchange) to total paid-up capital as of September 30, 2000.

Fractions of less than one million yen were truncated.

- (3) Probable effects on the share exchange scheme

We are convinced that KOA's acquisition of TAMA as wholly-owned subsidiary will help KOA steadily reform its group management and improve its business performance on a consolidated basis.

Respectfully,

KOA Corporation
Koichi Mukaiyama
President