

October 25, 2002

To Whom It May Concern:

Trade Name KOA Corporation
Representative Koichi Mukaiyama, President
 (Code Number 6999 Tokyo Nagaya Stock Exchange 1st Section)
Contact Kayoko Fukano, Director
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Notice of Merger

In the meeting of board of directors held on October 24, 2002, the decision was made by KOA Corporation to merge KOA Sefix, on which it has 100% equity stake. The details of the merger are explained in the following:

1 . Objective of Merger

KOA Sefix's has been in the business of producing potentiometers and power coils. But its potentiometer business is now confronting big change in operating environment as represented by the demand decline of potentiometers caused by the digitization of end products and shrinking Japanese market caused by the production shifts of end product customers to Asia. To survive the competition of potentiometers business looking forward, the decision was made to strategically utilize the assets of KOA group on a global basis rather than preserving the operational autonomy of KOA Sefix. Likewise, for the power coil business originally developed by KOA Sefix, it was determined that consolidating it with KOA's inductors business unit would be the best way of enhancing the management efficiency. These are the rationale of merging KOA Sefix into KOA Corporation.

2 . Gist of Merger

(1) Dates of Merger

October 24, 2002	Merger Agreement Approval at Board Meeting
October 24, 2002	Conclusion of Merger Agreement
December 1, 2002	Date of Merger (Plan)
December 2, 2002	Merger Registration (Plan)

(Note) This merger is a merger that can be executed without the approval of merger agreement at the shareholders meeting, as stipulated in 413-3-1 of the commercial code of Japan.

(2) Method of Merger

KOA Sefix is disbanded as its operation is merged into KOA Corporation.

(3) Other

Since this is the merger with wholly-owned subsidiary, no new shares will be issued and no payment for merger grant will be made.

3. Description of Merging Companies

(As of March 31, 2002)

(1) Trade Name	K O A Corporation (Acquirer)	KOA Sefix Corporation (Being acquired)
(2) Business	Manufacture and sale of electronic components	Manufacture and sale of electronic components
(3) Establishment	May 24, 1947	April 1, 1986
(4) Head Office	3672 INA, INA-SHI, NAGANO Japan	767 TAKAGI-MURA, SHIMOINA-GUN, NAGANO JAPAN
(5) Representative	Koichi Mukaiyama, President	Junji Tsuji, President
(6) Share Capital	¥ 6,033 million	¥ 50 million
(7) Total Number of Shares Issued	43,479,724 Shares	1,000 Shares
(8) Shareholders' Equity	¥ 36,643 million	¥ 68 million
(9) Total Assets	¥ 45,224 million	¥ 379 million
(10) Financial Settlement	March 31	March 31
(11) Employees	1,025	48
(12) Major Customers	Hitachi, Sony, NEC, etc.	KOA Corporation
(13) Major Shareholders and Shareholding Percentages	The Mitsubishi Trust and Banking Corporation (Trust Account) 10.19% NIPPONKOA Insurance Co., Ltd. 5.51% Nippon Life Insurance Company 5.28% Japan Trustee Services Bank, Ltd. (Trust Account) 4.93% The Hachijuni Bank, Ltd. 4.83% UFJ Bank Limited 4.11%	KOA Corporation 100.0%
(14) Main Banks	The Hachijuni Bank, Ltd. UFJ Bank Limited The Bank of Tokyo-Mitsubishi, Ltd.	The Hachijuni Bank, Ltd.
(15) Relationship	Equity Status	KOA has 100% equity stake on KOA Sefix.
	Personnel Relationship	Two of KOA Sefix board members are sent from KOA (One is an auditor) .
	Business Relationship	KOA purchases products from Sefix and also provides loans to Sefix

(16) Financial Results of the Recent 3 Years

(Unit : ¥ millions)

End of Fiscal Year	KOA Corporation (Acquirer)			KOA Sefix Corporation (Being acquired)		
	2000.3	2001.3	2002.3	2000.3	2001.3	2002.3
Sales	43,323	51,787	29,208	1,319	1,199	620
Operating Profit (Loss)	5,113	5,559	(913)	31	41	(19)
Ordinary Profit (Loss)	5,508	6,092	(429)	24	34	(24)
Net Profit (Loss)	3,042	3,416	(601)	13	12	(22)
Not Profit (Loss) Per Share (Yen)	72.39	81.31	(13.83)	13,856	12,638	(22,125)
Dividend Per Share (Yen)	17.00	18.00	9.00	0	0	0
Shareholders' Equity Per Share (Yen)	715.51	777.84	842.79	77,969	90,607	68,332

4 . Status After the Merger

- (1) Trade Name KOA Corporation
- (2) Business Manufacture and sale of electronic components
- (3) Location of Head
Office 3672 INA, INA-SHI, NAGANO Japan
- (4) Representative Koichi Mukaiyama, President
- (5) Share Capital ¥ 6,033 million
- (6) Total Assets The impact on total assets from this merger is minimal.
- (7) Date of Financial
Settlement March 31
- (8) Impact on
Operational Results KOA Sefix is a wholly-owned subsidiary of KOA Corporation. Therefore, this merger will have no impact on consolidated results of KOA Corporation. The impact this merger will have on stand-alone operation of KOA Corporation is minimal.