

TACHI-S CO., LTD.

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Securities code: 7239

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Notice of Business Collaboration

At a meeting of each of the board of directors on November 13, 2006, Tachi-S Co., Ltd. and Kasai Kogyo Co., Ltd., decided to undertake business collaboration with the aims of raising corporate value and strengthening the business platform of both companies as follows:

1. Reasons for the business collaboration:

The core business of both TACHI-S and Kasai Kogyo is auto parts production, with TACHI-S specializing in car seats and Kasai Kogyo in interior door trim. Amid a fierce business environment surrounding intense global competition, it is essential to create attractive, competitive products responding to customer needs in order to further strengthen and expand the business platform. To enable this to happen, we recognize the vital importance of creating an efficient management and development system.

Tachi-S' intrinsic strength and skills lie in frame processing and sewn product processing technologies for seat production, while Kasai Kogyo's lie in resin treatment technology. It is expected that activating these technologies to complement each other will enable better customer service, while the mutual activation of each company's global bases will create a synergy effect.

The judgment that this wide-ranging collaboration would contribute to the development of both companies led steadily to this collaboration.

2. Outline of the collaboration:

The two companies have together established a Head Office for Promoting Business Collaboration and discussions are ongoing. At the present time, the main collaborative areas are as follows.

(1) Joint product development:

Advancing customer proposals for new products by merging each other's core technologies.

(2) Mutual outsourcing of production :

Aiming to complement core technologies and create competitive products by outsourcing each other's structural components and other products.

(3) Joint use of bases (facilities and equipment):

Enhancing business efficiency and rationalization through joint use of facilities and equipment such as overseas bases.

Moreover, at a meeting of the two boards of directors in April 2006, both companies decided to implement capital tie-ups to further strengthen relations. The current holdings and planned acquisition of shares are as follows.

- (1) Tachi-S has already completed its planned acquisition of 1.6 million of Kasai Kogyo's ordinary shares (4.0 percent of the issued total).
- (2) Kasai Kogyo plans to acquire 1.0 million ordinary shares (2.9 percent of the issued total) from Tachi-S. Of these, 277,800 (0.8 percent) have already been acquired.

Note: The number of shares that the two companies plan to acquire is equal to the number planned at the time of the basic agreement on capital tie-up. Tachi-S shares acquired by Kasai Kogyo at a future date may be subject to changed conditions, including acquisition price.

3. Impact on Tachi-S's business prospects::

Although it is anticipated that the basic agreement of this business collaboration will lead to improved management efficiency and other factors, it is currently at an investigative stage, and has not yet reached the stage where the effect on performance can be calculated.