

April 22, 2010

To whom it may concern

Listed Company Name	TACHI-S CO., LTD.
Name of Representative	Hiroshi Taguchi, Representative Director & President
Head Office	3-3-7, Matsubara-cho, Akishima, Tokyo 196-8611 (Code: 7239; Tokyo Stock Exchange, 1st Section)
Contact	Yoshiyuki Nogami (TEL: 042-546-8112)

Notice Concerning Capital and Business Alliance and Disposal of its Treasury Stocks through Third-Party Allotment

TACHI-S CO., LTD. announces that it passed a resolution at the Board of Directors' Meeting held on April 22, 2010 to enter into a capital and business alliance with Johnson Controls, Inc. and make a third-party allotment of treasury stocks (hereinafter referred to as the "Third-Party Allotment") to Johnson Controls, K.K. which is a Japanese subsidiary of the said company, as described below:

I. Outline of the capital and business alliance

1. Objective of and rationale for capital and business alliance

The TACHI-S Group of companies is seat system suppliers that steadfastly conducts business from the development of automotive seats, which are automobile interior parts, through to their production. Because of the characteristics of the products, its business operations are conducted by establishing production bases in areas adjacent to automobile manufacturers that are its clients, to run its international and domestic businesses.

With the global upheaval in the automobile market after the collapse of Lehman Brothers, there has been a large change in the way that automobile manufacturers select parts suppliers, where companies with advanced and diversified technological capabilities that enable them to propose good quality and low price are required in terms of development, while provision of global and competitive low-priced products as well as the maintenance of high quality are required in terms of production and provision. Unless companies can meet these requirements, the situation is such that they will inevitably be removed from the suppliers list of clients.

Given such a change in the global environment, to meet these needs going forward and considering that the Company Group itself has limited management resources and it is difficult to enhance its corporate value, it has studied as a management issue as to how to complement the areas of its business that need resources.

In such circumstances, the Company Group has repeatedly held constructive discussions with Johnson Controls, Inc., which boasts the No. 1 scale in the world as an automobile interior parts manufacturer, and the Company Group has had a cooperative partnership with it since the business tie-up in the North American area in the 1980s. The purpose of these discussions is to further shore up the effects from both companies' tie-up. As a result, the Company Group struck a deal with Johnson Controls to establish a cooperative system on the basis of the mutual trust which both companies cultivated over a long time in the global business for Japanese automobile manufacturers.

In particular, in the global business for specific Japanese automobile manufacturers, both companies will unify their contact points for development and sales to make effective use of mutual management resources, promote faster global responses and meet the needs of clients in pursuit of efficiency.

Further, as mentioned in "II. Disposal of treasury stocks through a third-party allotment" later, to ensure an in-depth cooperative system in the negotiations this time around, it has been decided that TACHI-S will transfer some of its treasury stocks to Johnson Controls and that the transferee will be the said company's Japanese subsidiary.

TACHI-S believes this will not only enhance its corporate value but also be in the interest of its shareholders.

2. Details of business alliance

(1) Unification of contact points with clients

To improve efficiency by reducing overlapping businesses

(2) Finding new technology by exchanging development personnel

To launch new businesses by proposing high-quality and low-priced technology

(3) Mutual exploitation of procurement

To reduce costs by utilizing the supply chain on a global basis

(4) Effective utilization of management resources

To establish mutual resources by effectively utilizing assets such as production facilities

3. Details of business alliance

It has been decided that TACHI-S will transfer 1,800,000 shares of treasury stocks (5.14% of the total number of shares outstanding) that it holds to Johnson Controls, and that the transferee will be the said company's Japanese subsidiary.

4. Schedule

(1)	Board resolution	April 22, 2010
(2)	Conclusion of business alliance agreement	April 22, 2010
(3)	Conclusion of capital alliance agreement	May 19, 2010
(4)	Payment date and date of allotment of shares	May 20, 2010

5. Future prospects

We expect the effect on the business performance for the year ending March 2011 and on the short-term performance to be minimal. TACHI-S expects a deepening of the cooperative system of both companies will lead to greater competitiveness and enhanced development of business from a medium- to long-term standpoint.

II. Disposal of treasury stocks through a third-party allotment

1. Outline of disposal

(1)	Disposal date	May 20, 2010
(2)	Number of shares to be disposed	1,800,000 common shares
(3)	Disposal price	975 yen per share
(4)	Amount to be procured	1,755,000,000 yen
(5)	Method of placement or disposal	Disposal through a third-party allotment
(6)	To be disposed to	Johnson Controls, K.K.
(7)	Other	Each Item above shall be subject to the coming into force of the notification based on the Financial Instruments and Exchange Act. The number of treasury stocks after the disposal will be 2,179,433 shares (which, however, do not include any purchase or further purchase of less-than-minimum-unit-shares on or after April 1, 2010).

2. Objective of and rationale for the disposal

As stated in “I. Outline of capital and business alliance” above, TACHI-S and Johnson Controls reached an agreement to enter into a capital and business alliance under the judgment that a cooperative system that mutually complements the strength of both companies will be able to be established through effective utilization of the management resources owned by both companies. Thus, to secure this alliance, it has been decided that TACHI-S will transfer some of its treasury stocks to Johnson Controls and that the transferee will be the said company’s Japanese subsidiary.

Funds to be procured through the Third-Party Allotment will be scheduled to be appropriated for the investment for constructing the Monozukuri Center (New Technology Center) of the Company and TACHI-S will bolster its overall strength as a seat system supplier by the said investment.

3. Amount of funds to be procured, intended use of funds and fund payment schedule

(1) Amount of funds to be procured (estimated amount net of expenses)

Total amount of disposal price (yen)	Estimated expenses of issuance (yen)	Estimated net after expenses (yen)
1,755,000,000	2,000,000	1,753,000,000

(2) Specific intended use of funds to be procured

Funds to be procured through the Third-Party Allotment are scheduled to be appropriated for the investment for constructing the Monozukuri Center (New Technology Center). The funds until the time of the fund payment will be invested in stable financial assets.

Specific use of funds	Amount (millions of yen)	Payment schedule
Construction of Monozukuri Center (New Technology Center)	Approximately 1,753	From July 2010 to December 2012

Note: The construction funds of the Monozukuri Center (New Technology Center) are planned to total approximately 2.8 billion yen and the amount of balance will be appropriated by own funds and borrowings.

4. Rationale for use of funds

The Company is trying to improve the quality of its products and its profitability to achieve its long-term vision of “Challenge 15.”

As part of that, the Company will construct the Monozukuri Center (New Technology Center) to give it a central base for new technology on a global basis, covering areas such as standardization of production processes, uniform management of information, and nurturing of craftsmen. It will also centralize each function in relation to new technology, and thereby bolster Q (quality), C (costs), D (delivery time), D (development), S (safety) and M (management) as its overall strength. The Company considers that the use of the procured funds is fair and reasonable because it believes doing so will enhance its corporate value and eventually be in the interest of shareholders.

5. Rationale for terms of disposal, etc.

(1) Rationale and basis for calculation of disposal value and description of details

A price of 975 yen per share to be paid in was determined to represent the average amount of the closing price of the Company’s share price at the Tokyo Stock Exchange (hereinafter, the “TSE”) from April 21, 2010, which is the most recent trade date of the board resolution date on the Third-Party Allotment to the date of two months before. The average closing price for the two months was determined because the share price is that after the amendment to the Company’s business forecast made on February 12, 2010 and the Company considered it a higher objective and more reasonable to adopt an equalized value being the average share price for a certain period.

The said price of 975 yen per share represents a 6.9% discount against 1,047 yen, the closing price of the Company's share on April 21, 2010 which is the most recent trade date of the board resolution date; a 5.9% discount against the simple average closing price of 1,036 yen per share for the one-month period prior to the most recent trade date; a 6.0% premium against the simple average closing price of 920 yen per share for the three-month period prior to the most recent trade date; and a 13.4% premium against the simple average closing price of 860 yen per share for the six-month period prior to the most recent trade date.

The auditor's opinion about the legality, showing that the determined share price is not particularly better for the company to which the third-party allotment is to be made, is as follows:

Three corporate auditors (of which one was outside corporate auditor) who attended the Board of Directors' Meeting expressed their opinion that the disposal value resolved at the Board Meeting was legitimate.

(2) Rationale and basis for the number of shares to be disposed of and the degree of share dilution

The treasury stocks to be transferred in the planned transaction are 1,800,000 shares out of 3,667,900 shares that TACHI-S acquired from Fuji Kiko Co., Ltd., its affiliate, through a tender offer of treasury stocks made by itself in February 2007.

While the treasury stocks (1,800,000 shares; 18,000 shareholder votes) are intended to be transferred to Johnson Controls, with which the Company has had a cooperative relationship so far, to further strengthen the relationship and will contribute to reinforcing the Company's capital base, the planned transaction will cause a dilution of approximately 5.8% for the total number of shareholder votes (309,897) of the issued and outstanding shares (the total number of shareholder votes for the issued and outstanding shares has been calculated based on the shareholder register as of September 30, 2009).

However, as stated in "I. Outline of capital and business alliance" above, TACHI-S believes the number of shares to be disposed of and the degree of dilution are reasonable because the capital and business alliance concluded concurrently with the Third-Party Allotment is necessary to achieve the objective of enhancement of its corporate value and further will be in the interest of shareholders.

6. Basis for Selection of Transferee, etc.

(1) Outline of Transferee (as of September 30, 2009)

(1)	Company Name	Johnson Controls, K.K.
(2)	Address	Sasazuka NA Building, 1-50-1 Sasazuka, Shibuya-ku, Tokyo
(3)	Position and Name of Representative	Mark Cutler, President & Representative Director
(4)	Main business	Manufacture and sales of automotive parts, sales of automotive batteries, design, manufacture, sales, construction and service of air conditioning control equipment, building management system and automated control equipment
(5)	Amount of capital	8,400 million yen
(6)	Established	June 1, 1971
(7)	Number of outstanding shares	1,351,001 shares
(8)	Fiscal year	September
(9)	Number of staff	2,600 employees (on a consolidated basis)
(10)	Main clients	Nissan Motor Co., Ltd.; Honda Motor Co., Ltd.; and Toyota Motor Corporation
(11)	Main banks	Mizuho Corporate Bank
(12)	Major shareholders and percentage of shares held	Johnson Controls International, Inc. (100%) (a wholly-owned subsidiary of Johnson Controls, Inc. with which TACHI-S has a business alliance)

(13) Relationship between TACHI-S and Johnson Controls, K.K.			
Capital relationship	There is no capital relationship between TACHI-S and Johnson Controls, K.K. Automotive seating business is conducted at a joint venture, Kinryo Kogyo Co., Ltd. (75% is owned by Johnson Controls, K.K. and the remaining 25% held by the Company)		
Personnel relationship	There are no personnel relationships between TACHI-S and Johnson Controls, K.K. Two directors of the Company hold the concurrent post of part-time director at Kinryo Kogyo Co., Ltd. which is a subsidiary of Johnson Controls, K.K.		
Business relationship	There is no business relationship between TACHI-S and Johnson Controls, K.K. The Company purchases automotive seats from Kinryo Kogyo Co., Ltd., a subsidiary of the said company and sells them to its clients.		
Status of related parties	Johnson Controls, K.K. is not an affiliate of TACHI-S. Kinryo Kogyo Co., Ltd., which is a subsidiary of Johnson Controls, K.K., is an affiliate of the Company and corresponds to the related party of the Company.		
(14) Three-year operating results and financial position (in millions of yen unless otherwise specified)			
Fiscal year	September 30, 2007*	September 30, 2008*	September 30, 2009
Shareholder's equity	9,795	11,127	9,624
Total assets	63,944	40,958	50,747
Shareholder's equity per share (yen)	7,250	8,236	7,124
Net sales	102,381	105,131	76,252
Operating income	-465	2,208	-1,666
Ordinary income	1,302	5,368	463
Net income	-227	1,275	-1,161
Net income per share (yen)	-168	944	-859
Dividend per (yen)	—	—	—

* Johnson Controls Automotive Systems K.K. (automotive parts division) and Johnson Controls, K.K. (building management division) were merged with the surviving company being Johnson Controls, K.K. on August 1, 2008. The operating results and financial position as of September 30, 2007 and September 30, 2008 above are those of Johnson Controls, K.K. on a pro forma basis.

The Company has made a direct query to the management of the company to which shares are to be transferred about the reality of whether the said company, officers of the said company or its major shareholders (principal investors) have no relationship with antisocial forces, and has confirmed that there are no such relationships and has submitted a report confirming this matter to the TSE.

(2) Reasons for selection of the transferee

With the sizable changes in the market after the collapse of Lehman Brothers, the Company has been required by clients to make further responses from a comprehensive and global perspective including improving its development and production. With such evolution of automobile manufacturers' globalization, the Company has been put in an environment where it is difficult to enhance its corporate value with the management resources of the Company Group only. The Company has had a partnership with Johnson Controls since the 1980s and still maintains the cooperative relationship in Japan, the U.S., Canada, Mexico and China. On this occasion, the Company has decided to establish an in-depth cooperative system with Johnson Controls regarding global businesses to try to survive with a system that mutually complements both companies' strengths.

(3) Transferee's policy on holding shares

TACHI-S has been notified by Johnson Controls, K.K. of its intention to continuously and for the long term hold the shares that it is to acquire through the Third-Party Allotment. In addition, TACHI-S and Johnson Controls, K.K. have agreed that (i) in principle, Johnson Controls, K.K. may not increase or decrease its shareholding ratio of TACHI-S, and (ii) if Johnson Controls, K.K. wishes to dispose of its shares of TACHI-S, TACHI-S may repurchase such shares or have a third party designated by it to purchase such shares.

Moreover, TACHI-S intends to request a written commitment from Johnson Controls, K.K. agreeing that (i) if, at any time during a two-year period commencing on the payment and transfer date (the payment and transfer will be made on May 20, 2010), Johnson Controls, K.K. transfers all or part of the shares in TACHI-S acquired through the Third-Party Allotment, Johnson Controls, K.K. will promptly advise TACHI-S in writing of the transferee's name and address, the number of shares transferred, the transfer date, the transfer price, the reason for the transfer, the transfer method and other details, (ii) TACHI-S will report such transfer to the Tokyo Stock Exchange based upon these details and (iii) the content of such report will be made available to the public.

(4) Confirming the sufficiency of transferee's funds

The Company has verified that there is no problem with Johnson Controls, K.K.'s payment for the Third-Party Allotment, by confirming the status of its financial statements and the annexed details thereof for the year ended September 30, 2009.

7. Major shareholders and shareholding ratios after transfer

Before transfer		After transfer	
Hino Motors, Ltd.	4.34%	Johnson Controls, K.K.	5.14%
Saito Co., Ltd	4.32%	Hino Motors, Ltd.	4.34%
The Master Trust Bank of Japan, Ltd. (trust account)	3.86%	Saito Co., Ltd.	4.32%
Japan Trustee Services Bank, Ltd. (trust account)	3.70%	The Master Trust Bank of Japan, Ltd. (trust account)	3.86%
Shizuka Saito	3.33%	Japan Trustee Services Bank, Ltd. (trust account)	3.70%
TACHI-S Co., Ltd. Client Stock Ownership	3.02%	Shizuka Saito	3.33%
Kasai Kogyo Co., Ltd.	2.59%	TACHI-S Co., Ltd. Client Stock Ownership	3.02%
CBNY DFA International Cap Value Portfolio	2.26%	Kasai Kogyo Co., Ltd.	2.59%
Sumitomo Mitsui Banking Corporation	2.14%	CBNY DFA International Cap Value Portfolio	2.26%
Kiyoshi Saito	2.10%	Sumitomo Mitsui Banking Corporation	2.14%

- Notes:
1. The above table has been prepared based on the shareholder register as of September 30, 2009.
 2. The shareholding ratios above are those to the total number of shares outstanding.
 3. Treasury stocks owned by the Company are not included in the above table.

8. Future outlook

The Company considers that the effect on the business results for the fiscal year ending March 31, 2011 and the results in the short-term will be minimal. The Company, however, expects the deepening of the cooperative system by both companies will lead to greater competitiveness and business developments of the Company in the medium to long term.

9. Matters concerning procedures relating to the corporate code of conduct

The Third-Party Allotment (i) involves a dilution ratio of less than 25%, and (ii) does not involve a change in controlling shareholders; therefore, it is not necessary to commence the process for obtaining an opinion from an independent third party or the consent of shareholders, as defined in Article 432 of the TSE Listing Rules.

10. Matters concerning transactions with controlling shareholders

This transaction does not correspond to a transaction, with controlling shareholders.

11. Three-year summary and equity finance overview

(1) Three-year summary (consolidated)

	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Consolidated net sales	216,857 million yen	265,200 million yen	221,498 million yen
Consolidated operating income	-190 million yen	3,605 million yen	623 million yen
Consolidated ordinary income	583 million yen	3,914 million yen	-291 million yen
Consolidated net income	-503 million yen	2,111 million yen	-3,704 million yen
Consolidated net income per share	-15.00 yen	68.01 yen	-119.32 yen
Dividend per share (Interim dividend per share included)	12.00 yen (6.00 yen)	10.00 yen (6.00 yen)	11.00 yen (6.00 yen)
Consolidated net assets per share	1,512.08 yen	1,449.57 yen	1,234.10 yen

(2) Number of outstanding shares and potential shares of common Stock (as of March 31, 2010)

	Number of shares	Ratio to issued shares
Number of outstanding shares	35,022,846	100%
Number of potential shares at current conversion price (exercise price)	—	—
Number of potential shares at minimum conversion price (exercise price)	—	—
Number of potential shares at maximum conversion price (exercise price)	—	—

(3) Recent share price trends

(i) Past Three Years

	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010
Opening	1,220 yen	896 yen	441 yen
High	1,523 yen	1,279 yen	1,073 yen
Low	694 yen	365 yen	431 yen
Closing	906 yen	436 yen	1,018 yen

(ii) Past Six Months

	October	November	December	January	February	March
Opening	750 yen	704 yen	720 yen	920 yen	762 yen	882 yen
High	765 yen	771 yen	938 yen	939 yen	909 yen	1,073 yen
Low	681 yen	682 yen	717 yen	767 yen	723 yen	864 yen
Closing	730 yen	730 yen	917 yen	777 yen	890 yen	1,018 yen

(iii) Business day prior to the board resolution date

	April 21, 2010
Opening	1,054 yen
High	1,060 yen
Low	1,031 yen
Closing	1,047 yen

(4) Past three-year summary of equity finance

Not applicable.

12. Outline of disposal

- (1) Type and number of shares to be disposed: 1,800,000 shares of common stocks
- (2) Disposal price: 975 yen per share
- (3) Total amount of disposal price: 1,755,000,000 yen
- (4) Disposal method: Through a third-party allotment
- (5) Application period: Wednesday, May 19, 2010
- (6) Payment period: Thursday, May 20, 2010
- (7) Transferee and the number of shares to be disposed: 1,800,000 shares to Johnson Controls, K.K.
- (8) The Items above shall be subject to the coming into force of the notification based on the Financial Instruments and Exchange Act.