TAYLOR DEVICES INC
Form S-4/A
January 18, 2008

As filed with the Securities and Exchange Commission on January 17, 2008

Registration No. 333-147878

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 2 to

FORM S-4

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

TAYLOR DEVICES, INC.

(Exact name of Registrant as specified in its charter)

NEW YORK	3569	16-0797789
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**90 Taylor Dr.
P.O. Box 746
North Tonawanda, NY 14126
(716) 694-0800**
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Sandra S. O'Loughlin, Esq.
Hiscock & Barclay, LLP
1100 M&T Center
3 Fountain Plaza
Buffalo, NY 14203-1414
Telephone (716) 566-1563**
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: Upon consummation of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ____

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement number for the same offering. ____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ____

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
Common Stock, par value $0.025 per share	759,611	$6.515	$4,948,866	$151.94

(1) This registration statement relates to common stock, $0.025 par value of Taylor Devices, Inc. ("Taylor") issuable to holders of common stock, $0.05 par value of Tayco Developments, Inc., a New York corporation ("Tayco"), in the proposed merger of Tayco with and into Taylor. The amount of Taylor common stock to be registered has been determined by multiplying (A) the exchange ratio of one share of Taylor common stock for each share of Tayco common stock) issued and outstanding, minus 228,317, the number of Tayco shares owned by Taylor prior to the merger.

(2) Estimated solely for purposes of calculation of the registration fee in accordance with Rules 457(c) and (f) of the Securities Act of 1933, based upon the product of: (A) 759,611, the number of shares of Tayco common stock outstanding but not owned by Taylor prior to the merger, multiplied by (B) $6.515, the average of the high and low sale prices for shares of Taylor common stock as reported on the Nasdaq Small Cap Market on November 30, 2007.

(3) Reflects the product of (a) 759,611 multiplied by (b) the proposed maximum aggregate offering price for shares of Taylor common stock.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

[Taylor Logo] **[Tayco Logo]**

Joint Proxy Statement/Prospectus
759,611 shares offered in the merger

To the shareholders of Taylor Devices, Inc. and the shareholders of Tayco Developments, Inc.:

After careful consideration, the boards of directors of Taylor and Tayco have each approved and adopted the terms of an agreement and plan of merger, and have determined that the proposals to be voted on, as described in the attached joint proxy statement / prospectus, are advisable and in your best interests. The merger agreement provides for the merger of Tayco into Taylor, with Taylor as the surviving corporation. The merger will allow the complementary operations of both companies - Tayco's patents and other intellectual property and the development and manufacture of Taylor's products - to be fully integrated. We expect the merger to result in significant synergies and reduced administrative expenses, especially expenses associated with maintaining each as a separate company which should benefit the shareholders of both companies. We ask for your support in voting for the merger agreement at the respective meetings of our shareholders.

In the merger, each outstanding share of Tayco common stock (other than shares as to which dissenters' rights have been asserted and duly perfected in accordance with New York law) will be converted into the right to receive one share of Taylor common stock. Taylor common stock is traded on the Nasdaq Small Cap Market under the trading symbol "TAYD," and on January 8, 2008, the last trading day before the date of this joint proxy statement/prospectus, the closing price of Taylor common stock was $6.29 per share. Tayco common stock is traded over the counter on Pink Sheets under the trading symbol "TYCO.PK," and on January 8, 2008, the last trading day before the date of this joint proxy statement/prospectus, the closing price of Tayco common stock was $5.11 per share.

The boards of directors of Taylor and Tayco have approved and adopted the merger agreement and they each recommend that their shareholders vote FOR the merger agreement, as described in the attached materials. The attached joint proxy statement/prospectus provides detailed information concerning Taylor, Tayco and the merger. Please give your careful attention to all of the information contained in the attached joint proxy statement/prospectus, including the merger agreement, which is included as APPENDIX A. **In particular, you should carefully consider the discussion in the section entitled "RISK FACTORS" on page 15.**

The boards of directors of Taylor and Tayco are convening special meetings of their shareholders in order to vote on the merger agreement and the merger. As shareholders of Taylor and Tayco, you are cordially invited to attend your respective meetings to vote on the merger:

For Taylor shareholders: February 22, 2008 10:00 A.M.	For Tayco shareholders: February 22, 2008 11:00 A.M.

Only shareholders who hold shares of Taylor and Tayco at the close of business on January 11, 2008 will be entitled to vote at their respective shareholder meeting.

Your vote is very important, regardless of the number of shares you own. Please vote as soon as possible to make sure that your shares are represented at the meeting. To vote your shares, please complete and return the enclosed proxy card or follow the enclosed voting instructions. If you are a holder of record, you may also cast your vote in person at the meeting. If your shares are held in an account at a brokerage firm or bank, you must instruct the brokerage firm or bank how to vote your shares.

We strongly support this merger of our companies and join our boards of directors in enthusiastically recommending that you vote FOR the merger agreement.

Douglas P. Taylor *Chairman of the Board, President and Chief Executive Officer* Taylor Devices, Inc.	Douglas P. Taylor *Chairman of the Board, President and Chief Executive Officer* Tayco Developments, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the issuance of shares of Taylor common stock in the merger or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated January 9, 2008 and is expected to be first mailed to holders of Taylor common stock and Tayco common stock on or about January 17, 2008.

TAYLOR DEVICES, INC.
90 Taylor Drive
P.O. Box 748
North Tonawanda, New York 14120-0748
(716) 694 0800

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF TAYLOR DEVICES, INC.

NOTICE IS HEREBY GIVEN that the Special Meeting of Shareholders of TAYLOR DEVICES, INC. ("Taylor") will be held at the Holiday Inn, 1881 Niagara Falls Boulevard, Amherst, New York on February 22, 2008 at 10:00 A.M. for the following purposes:

1. To consider and vote to approve the Agreement and Plan of Merger dated as of November 30, 2007 between Taylor and Tayco Developments, Inc. ("Tayco") (the "merger agreement"), pursuant to which each outstanding share of common stock, par value $0.05, of Tayco (other than shares as to which dissenters' rights have been asserted and duly perfected in accordance with New York law) shall be converted into the right to receive one share of common stock, par value $0.025, of Taylor; and

2. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

All shareholders are invited to attend the Special Meeting. Shareholders of record at the close of business on January 11, 2008, the record date fixed by the board of directors, are entitled to notice of and to vote at the Special Meeting or any adjournments or postponements thereof.

Approval of the merger agreement requires the affirmative vote of the holders of two-thirds (66 2/3%) of the outstanding shares of common stock of both Taylor and Tayco. A failure to vote or a vote to abstain will have the same effect as a vote against the merger agreement. In the event there are not sufficient votes to approve the proposal for the adoption of the merger agreement at the time of the meeting, the meeting may be adjourned in order to permit further solicitation.

Taylor's board of directors has approved and adopted the merger agreement and recommends that Taylor shareholders vote FOR approval of the merger agreement.

Your vote is important. Whether or not you plan to attend the Special Meeting, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope. A prompt response will greatly facilitate arrangements for the Special Meeting and your cooperation will be appreciated. You may revoke your proxy in the manner described in this document before it has been voted at the Special Meeting. Shareholders of record who attend the Special Meeting may vote their shares personally even if they have previously sent their proxies.

BY ORDER OF THE BOARD OF DIRECTORS

/s/Reginald B. Newman II
Reginald B. Newman II
Secretary

DATED: January 9, 2008
North Tonawanda, New York

TAYCO DEVELOPMENTS, INC.
100 Taylor Drive
P.O. Box 748
North Tonawanda, New York 14120-0748
(716) 694 0877

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF TAYCO DEVELOPMENTS, INC.

NOTICE IS HEREBY GIVEN that the Special Meeting of Shareholders of TAYCO DEVELOPMENTS, INC. ("Tayco") will be held at the Holiday Inn, 1881 Niagara Falls Boulevard, Amherst, New York on February 22, 2008 at 11:00 A.M. for the following purposes:

1. To consider and vote to approve the Agreement and Plan of Merger dated as of November 30, 2007 between Tayco and Taylor Devices, Inc. ("Taylor") (the "merger agreement") pursuant to which each outstanding share of common stock, par value $0.05, of Tayco (other than shares as to which dissenters' rights have been asserted and duly perfected in accordance with New York law) shall be converted into the right to receive one share of common stock, par value $0.025, of Taylor; and

2. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

All shareholders are invited to attend the Special Meeting. Shareholders of record at the close of business on January 11, 2008, the record date fixed by the board of directors, are entitled to notice of and to vote at the Special Meeting or any adjournments or postponements thereof.

Shareholders of Tayco who comply with the requirements of Section 623 of the New York Business Corporation Law will be entitled, if the merger is consummated, to seek an appraisal of their shares of common stock. Approval of the merger agreement requires the affirmative vote of the holders of two-thirds (66 %) of the outstanding shares of common stock of both Taylor and Tayco. A failure to vote or a vote to abstain will have the same effect as a vote against the merger agreement. In the event there are not sufficient votes to approve the proposal for the adoption of the merger agreement at the time of the meeting, the meeting may be adjourned in order to permit further solicitation.

Tayco's board of directors has approved and adopted the merger agreement and recommends that Tayco shareholders vote FOR approval of the merger agreement.

Your vote is important. Whether or not you plan to attend the Special Meeting, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope. A prompt response will greatly facilitate arrangements for the Special Meeting and your cooperation will be appreciated. You may revoke your proxy in the manner described in this document before it has been voted at the Special Meeting. Shareholders of record who attend the Special Meeting may vote their shares personally even if they have previously sent their proxies.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Janice M. Nicely
Janice M. Nicely
Secretary

DATED: January 9, 2008
North Tonawanda, New York

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are Taylor and Tayco proposing the merger?

A: Taylor and Tayco are affiliated companies with complementary operations. With the merger, Tayco's patents and other intellectual property will be fully integrated into the development and manufacture of Taylor's products. The merger should result in significant synergies and reduced administrative expenses, especially expenses associated with maintaining each as a separate company which should benefit the shareholders of both companies. To review the reasons for the merger in greater detail, see "THE MERGER-Reasons for the Merger."

Q: What is the proposed merger?

A: In the proposed merger, Tayco will merge with and into Taylor. Taylor will survive the merger, and Tayco will cease to exist as a separate company. The merger agreement is attached to this joint proxy statement/prospectus as Appendix A. You are encouraged to read it carefully. See "THE MERGER-Structure of the Merger."

Q: What will Tayco shareholders receive in the merger?

A: Tayco shareholders will receive one share of Taylor common stock, referred to in this joint proxy statement/prospectus as the exchange ratio, in exchange for each Tayco share that they own. For example, if a shareholder owns 100 shares of Tayco common stock at the time of the merger, he or she will receive 100 shares of Taylor common stock after the merger. See "THE MERGER-What You Will Receive in the Merger."

Q: When do you expect to complete the merger?

A: If approved, Taylor and Tayco will work to complete the merger as quickly as practicable. Taylor and Tayco expect to complete the merger in the first calendar quarter of 2008. Because the merger is subject to various conditions, however, Taylor and Tayco cannot predict its exact date of completion.

Q: Are there any risks involved in undertaking the merger?

A: Yes. In evaluating the merger, you should carefully consider the factors discussed in the section of this joint proxy statement/ prospectus entitled "RISK FACTORS" beginning on page 15.

Q: Are there conditions to completion of the merger?

A: Yes. Taylor's and Tayco's respective obligations to complete the merger are subject to the satisfaction or waiver of certain specified closing conditions. If either Taylor or Tayco waives any condition, each company will consider the facts and circumstances at that time and make a determination regarding whether a resolicitation of proxies from its respective shareholders is appropriate. See "TERMS OF THE MERGER AGREEMENT-Conditions to the Merger."

Q: Will Taylor shareholders receive any shares as a result of the merger?

A: No. Taylor shareholders will continue to hold the Taylor shares they currently own. However, the issuance of Taylor common stock to Tayco shareholders will have a dilutive effect on the percentage ownership of each Taylor shareholder in the combined company.

Q: Are Taylor or Tayco shareholders entitled to appraisal rights?

A: Only Tayco shareholders are entitled to appraisal rights. Shareholders of Tayco who comply with the requirements of Section 623 of the New York Business Corporation Law will be entitled, if the merger is completed, to seek an appraisal of their shares of common stock. See "THE MERGER-Appraisal Rights," "RIGHTS OF DISSENTING SHAREHOLDERS" and APPENDIX D-Dissenters Rights Statute."

Q: What are the tax consequences to me of the merger?

A: The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to in this joint proxy statement/prospectus as the "Internal Revenue Code." Assuming the merger qualifies as a reorganization for U.S. federal income tax purposes, Tayco shareholders generally will not recognize any gain or loss in the merger, except to the extent of any cash received instead of fractional shares of Taylor common stock. The tax consequences of the merger to you will depend on your own situation. You should consult your tax advisor for a full understanding of the U.S. federal and any state, local and foreign tax consequences of the merger to you. See "CERTAIN FEDERAL INCOME TAX CONSEQUENCES."

Q: Should Taylor shareholders send in their stock certificates?

A: No. Taylor shareholders will continue to own their shares of Taylor common stock after the merger and should not send in their stock certificates.

Q: Should Tayco shareholders send in their stock certificates?

A: No. Once the merger is consummated, instructions will be sent to you regarding the exchange of your Tayco stock certificates for the consideration payable to you in the merger.

Q: What am I being asked to vote on?

A: Both Taylor and Tayco shareholders are being asked to vote FOR the merger agreement.

Q: What vote of Taylor and Tayco shareholders is required to approve the merger agreement?

A: Approval of the merger agreement requires the affirmative vote of the holders of two-thirds (66 %) of the outstanding shares of common stock entitled to vote of both Taylor and Tayco. A failure to vote or a vote to abstain will have the same effect as a vote against the merger agreement. See "THE SPECIAL MEETING OF TAYLOR SHAREHOLDERS-Vote and Quorum Required" and "THE SPECIAL MEETING OF TAYCO SHAREHOLDERS-Vote and Quorum Required."

Q: Do the boards of directors of Taylor and Tayco recommend the adoption of the merger agreement and approval of the merger?

A: Yes. Taylor's board of directors recommends that Taylor shareholders vote FOR the merger agreement; and Tayco's board of directors recommends that Tayco shareholders vote FOR the merger agreement. See "THE SPECIAL MEETING OF TAYLOR SHAREHOLDERS-Recommendation of Taylor's Board of Directors" and "THE SPECIAL MEETING OF TAYCO SHAREHOLDERS-Recommendation of Tayco's Board of Directors."

Q: How do I vote?

A: If you hold Taylor common stock or Tayco common stock directly in your own name, you may vote by mailing a proxy card. The proxy cards contain instructions concerning voting options. Vote or mail your signed proxy card in the enclosed return envelope as soon as possible after carefully reading this joint proxy statement / prospectus, so that your shares may be represented at the Special Meeting of Shareholders. You also may attend the Special Meeting in person instead of submitting a proxy. If your shares are held in "street name" by your broker, see the next question below. Your vote is important regardless of the number of shares that you own. See "THE SPECIAL MEETING OF TAYLOR SHAREHOLDERS-Voting of Proxies at the Special Meeting and Revocation of Proxies" and "THE SPECIAL MEETING OF TAYCO SHAREHOLDERS-Voting of Proxies at the Special Meeting and Revocation of Proxies."

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Q: My broker holds my shares in "street name"-will my broker vote my shares?

A: No, not unless you follow the voting directions that your broker provides to you. If you fail to provide your broker with instructions, it will have the same effect as a vote against approval of the merger agreement and against the merger. See "THE SPECIAL MEETING OF TAYLOR SHAREHOLDERS-Abstentions and Broker Non-Votes" and "THE SPECIAL MEETING OF TAYCO SHAREHOLDERS-Abstentions and Broker Non-Votes."

Q: Can I change my vote after mailing my proxy?

A: Yes. You can change your vote by delivering a signed notice of revocation, or a later-dated, signed proxy card to the Shareholder Relations Manager of Taylor, or to the corporate Secretary of Tayco, as the case may be, before the shareholder meeting, or by attending the Special Meeting and voting in person if you hold your shares in your own name. See "THE SPECIAL MEETING OF TAYLOR SHAREHOLDERS-Voting of Proxies at the Special Meeting and Revocation of Proxies" and "THE SPECIAL MEETING OF TAYCO SHAREHOLDERS-Voting of Proxies at the Special Meeting and Revocation of Proxies."

Q: What if I don't vote?

A: If you do not vote, or if you abstain from voting, it will have the same effect as a vote against the merger and merger agreement.

Q: Whom can I call with questions?

A: If you have any questions about the merger, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy, you should contact:

Taylor shareholders:

Taylor Devices, Inc. 90 Taylor Drive, P.O. Box 748 North Tonawanda, NY 14120-0748 (716) 694-0800	Kathleen A. Nicosia, Shareholder Relations Manager

Tayco shareholders:

Tayco Developments, Inc.
100 Taylor Drive, P.O. Box 748
North Tonawanda, NY 14120-0748
(716) 694-0877

Janice M. Nicely,
Secretary

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or if they prove incorrect, could cause the results of Taylor and Tayco to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements about future financial and operating results (including projections of earnings, revenues, synergies, accretion, margins or other financial items); products and operations; benefits of the transaction to customers, shareholders and employees; potential cost savings resulting from the transaction; the ability of the combined companies to drive growth and expand customer and partner relationships; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans and the anticipated timing of filings, approvals and closings relating to the merger; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "will," "may," "should," "would," "projects," "predicts," "continues," and similar expressions or the negative of these terms help to identify these forward looking statements.

The risks, uncertainties and assumptions referred to above include the challenges of integration associated with the merger and the challenges of achieving anticipated synergies and cost savings; the possibility that the merger may not close; the challenges of maintaining and increasing revenues on a combined company basis following the close of the merger; and other risks more particularly described in "RISK FACTORS," and in the documents that are incorporated by reference into this joint proxy statement/prospectus.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, results of the Taylor and Tayco merger could differ materially from the expectations in these statements. Taylor and Tayco are not under any obligation, and do not intend, to update their respective forward-looking statements.

SUMMARY

This joint proxy statement/prospectus pertains to the merger of Taylor and Tayco, and it is being sent to the holders of common stock of Taylor and to the holders of common stock of Tayco. This summary highlights selected information from this document. It does not contain all of the information that is important to you. Taylor and Tayco urge you to carefully read this joint proxy statement/prospectus, as well as the attached and referenced documents, to fully understand the merger. In particular, you should read the merger agreement, which is attached as APPENDIX A and which, together with the other appendices, is incorporated by reference into this joint proxy statement/prospectus. To learn where you can obtain more information on Taylor and Tayco, see "WHERE YOU CAN FIND MORE INFORMATION." References to "Taylor" and "Tayco" mean Taylor Devices, Inc. and Tayco Developments, Inc., respectively, including in each instance their mutually owned subsidiary, Tayco Realty, Inc. ("Tayco Realty").

The Parties to the Merger

Taylor Devices, Inc

Taylor was incorporated in the State of New York on July 22, 1955 and is engaged in the design, development, manufacture and marketing of shock absorption, rate control, and energy storage devices for use in various types of machinery, equipment and structures. Taylor and Tayco are affiliates which share related management and operations. Most of Taylor's products are manufactured utilizing patents developed by Tayco pursuant a License Agreement between Taylor and Tayco dated December 16, 1955 and revised November 1, 1959 (the "License Agreement"). In addition to manufacturing and selling existing product lines, Taylor continues to develop new and advanced products, often using Tayco intellectual property.

At November 30, 2007, Taylor had consolidated assets of $16 million, liabilities of $5 million and shareholders' equity of $11 million. Taylor's audited consolidated financial statements for the year ended May 31, 2007 are attached to this proxy statement as APPENDIX E.

The executive office of Taylor is located at 90 Taylor Drive, P.O. Box 748, North Tonawanda, New York 14120-0748. Its telephone number at that address is (716) 694 0800.

Tayco Developments, Inc

Tayco was incorporated in the State of New York on July 22, 1955 and is a patent holding company affiliated with Taylor. Tayco engages in research, development and licensing to manufacture shock and vibration isolators, energy storage and shock absorption components for use on various types of vehicles, machinery and equipment. Tayco sells Taylor certain research and development services and, pursuant to the License Agreement, licenses Taylor the rights to manufacture and sell products using Tayco's intellectual property.

At November 30, 2007, Tayco had consolidated assets of $3 million, zero liabilities and shareholders' equity of $3 million. Tayco's audited consolidated financial statements for the year ended May 31, 2007 are attached to this proxy statement as APPENDIX F.

The executive office of Tayco is located at 100 Taylor Drive, P.O. Box 748, North Tonawanda, New York 14120-0748. Its telephone number at that address is (716) 694 0877.

The Special Meeting of Taylor Shareholders

Place, Time and Date

The Special Meeting of Taylor shareholders is scheduled to be held at 10:00 A.M., local time, on February 22, 2008, at the Holiday Inn, 1881 Niagara Falls Boulevard, Amherst, New York .

Matters to Be Considered

At the Special Meeting, or any adjournment or postponement thereof, the shareholders of Taylor will be asked to vote to approve the merger agreement. Shareholders of Taylor also may consider and vote upon such other matters as are properly brought before the Special Meeting. As of the date hereof, we know of no other business that will be presented at the Special Meeting.

Record Date; Vote Required

Only the shareholders of record of Taylor at the close of business on January 11, 2008 (the "Record Date") are entitled to notice of and to vote at the Special Meeting. As of the Record Date, there were 3,156,061 shares of Taylor common stock outstanding and entitled to vote at the Special Meeting.

Each shareholder of Taylor will be entitled to cast one vote per share held at the Special Meeting. Such vote may be exercised in person or by properly executed proxy. The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of common stock entitled to vote at the Special Meeting is necessary to constitute a quorum. Abstentions and broker non-votes will be treated as shares present at the Special Meeting for purposes of determining the presence of a quorum.

The affirmative vote of the holders of at least two-thirds (66 %) of the outstanding shares of common stock entitled to vote at the Special Meeting, or 2,104,041 shares of Taylor, is required for approval of the merger agreement. As a result, abstentions and broker non-votes will have the same effect as votes against the approval of the merger agreement.

Beneficial Ownership of Common Stock

As of the Record Date, the directors and executive officers and other affiliates of Taylor, including Tayco, beneficially owned in the aggregate 810,883 shares of the common stock, or 25.8% of the outstanding shares of common stock entitled to vote at the Special Meeting. The directors and executive officers have each agreed to vote their shares in favor of the merger agreement.

Taylor owns 228,317 shares of Tayco stock, or approximately 23.1% of the Tayco shares issued and outstanding; and Tayco owns 697,567 shares of Taylor stock, or approximately 22.2% of the Taylor shares issued and outstanding. These shares will be voted to approve the merger agreement, and upon completion of the merger will be converted into Taylor shares and held in Taylor's treasury. See "THE MERGER-Structure of the Merger–Table of Cross Ownership and Shares Outstanding."

Proxies

Shares of common stock represented by properly executed proxies received prior to or at the Special Meeting will, unless such proxies have been revoked, be voted at the Special Meeting and any adjournments or postponements thereof in accordance with the instructions indicated in the proxies. If no instructions are indicated on a properly executed proxy, the shares will be voted FOR the merger agreement.

Any proxy given pursuant to this solicitation or otherwise may be revoked by the person giving it at any time before it is voted by delivering to Kathleen A. Nicosia, the Shareholder Relations Manager of Taylor, at 90 Taylor Drive, P.O. Box 748, North Tonawanda, New York 14120-0748, or at the Special Meeting on or before the taking of the vote at the Special Meeting, a written notice of revocation bearing a later date than the proxy, or a later-dated proxy relating to the same shares of common stock, or by attending the Special Meeting and voting in person. Attendance at the Special Meeting will not by itself constitute the revocation of a proxy.

If any other matters are properly presented at the Special Meeting for consideration, the persons named in the proxy or acting thereunder will have discretion to vote on such matters in accordance with their best judgment. As of the date of this proxy statement, we know of no such other matters.

Taylor will bear the cost of solicitation of proxies from its shareholders. Taylor and Tayco have each retained the services of Regan & Associates, Inc. to assist in the solicitation of proxies under a contract providing for payment of $7,000 (total from Taylor and Tayco), plus reimbursement of reasonable out of pocket expenses. In addition to solicitations by mail, Regan & Associates, Inc. and regular employees of Taylor may solicit proxies in person, by mail or by telephone, but no employee of Taylor will receive any compensation for solicitation activities in addition to his or her regular compensation. Taylor will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Taylor's common stock.

You are requested to complete, date and sign the accompanying form of proxy and to return it promptly in the enclosed postage-paid envelope.

The Independent Auditors Will Be Available at the Meeting

The independent auditors of Taylor, Lumsden & McCormick, LLP, will have one or more representatives at the Special Meeting who will have an opportunity to make a statement, if they so desire, and who will be available to respond to appropriate questions.

The Special Meeting of Tayco Shareholders

Place, Time and Date

The Special Meeting of Tayco shareholders is scheduled to be held at 11:00 A.M., local time, on February 22, 2008, at the Holiday Inn, 1881 Niagara Falls Boulevard, Amherst, New York.

Matters to Be Considered

At the Special Meeting, or any adjournment or postponement thereof, the shareholders of Tayco will be asked to vote to approve the merger agreement. Shareholders of Tayco also may consider and vote upon such other matters as are properly brought before such Special Meeting. As of the date hereof, we know of no other business that will be presented at the Special Meeting.

Record Date; Vote Required

Only the shareholders of record of Tayco at the close of business on January 11, 2008 (the "Record Date") are entitled to notice of and to vote at the Special Meeting. As of the Record Date, there were 987,928 shares of Tayco common stock outstanding and entitled to vote at the Special Meeting.

Each shareholder of Tayco will be entitled to cast one vote per share held at the Special Meeting. Such vote may be exercised in person or by properly executed proxy. The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of common stock entitled to vote at the Special Meeting is necessary to constitute a quorum. Abstentions and broker non-votes will be treated as shares present at the Special Meeting for purposes of determining the presence of a quorum.

The affirmative vote of the holders of at least two-thirds (66 %) of the outstanding shares of common stock entitled to vote at the Special Meeting, or 658,619 shares of Tayco, is required for approval of the merger agreement. As a result, abstentions and broker non-votes will have the same effect as votes against the approval of the merger agreement.

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Beneficial Ownership of Common Stock

As of the Record Date, the directors and executive officers and other affiliates of Tayco, including Taylor, beneficially owned in the aggregate 374,898 shares of the common stock, or 38% of the outstanding shares of common stock entitled to vote at the Special Meeting. The directors and executive officers have each agreed to vote their shares in favor of the merger agreement.

Taylor owns 228,317 shares of Tayco stock, or approximately 23.1% of the Tayco shares issued and outstanding. Tayco owns 697,567 shares of Taylor stock, or approximately 22.2% of the Taylor shares issued and outstanding. Tayco's Taylor shares will be voted to approve the merger agreement, and upon completion of the merger will be cancelled without conversion or payment of the merger consideration. See "THE MERGER-Structure of the Merger–Table of Cross Ownership and Shares Outstanding."

Proxies

Shares of common stock represented by properly executed proxies received prior to or at the Special Meeting will, unless such proxies have been revoked, be voted at the Special Meeting and any adjournments or postponements thereof in accordance with the instructions indicated in the proxies. If no instructions are indicated on a properly executed proxy, the shares will be voted FOR the merger agreement.

Any proxy given pursuant to this solicitation or otherwise may be revoked by the person giving it at any time before it is voted by delivering to Janice M. Nicely, the Secretary of Tayco, at 100 Taylor Drive, P.O. Box 748, North Tonawanda, New York 14120-0748, or at the Special Meeting on or before the taking of the vote at the Special Meeting, a written notice of revocation bearing a later date than the proxy, or a later-dated proxy relating to the same shares of common stock, or by attending the Special Meeting and voting in person. Attendance at the Special Meeting will not by itself constitute the revocation of a proxy.

If any other matters are properly presented at the Special Meeting for consideration, the persons named in the proxy or acting thereunder will have discretion to vote on such matters in accordance with their best judgment. As of the date of this proxy statement, we know of no such other matters.

Tayco will bear the cost of solicitation of proxies from its shareholders. Taylor and Tayco have each retained the services of Regan & Associates, Inc. to assist in the solicitation of proxies under a contract providing for payment of $7,000 (total from Taylor and Tayco), plus reimbursement of reasonable out of pocket expenses. In addition to solicitations by mail, Regan & Associates, Inc. and regular employees of the Taylor may solicit proxies in person, by mail or by telephone, but no employee of Taylor will receive any compensation for solicitation activities in addition to his or her regular compensation. Tayco will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Tayco's common stock.

You are requested to complete, date and sign the accompanying form of proxy and to return it promptly in the enclosed postage-paid envelope.

Do not forward Tayco stock certificates with your proxy cards.

The Independent Auditors Will Be Available at the Meeting

The independent auditors of Tayco, Lumsden & McCormick, LLP, will have one or more representatives at the Special Meeting who will have an opportunity to make a statement, if they so desire, and who will be available to respond to appropriate questions.

Opinions of Financial Advisors

Financial Advisor of Taylor

In connection with the merger, Taylor's board of directors considered the opinion dated September 26, 2007 from its financial advisor, Empire Valuation Consultants, LLC ("Empire"), as to the fairness of the exchange ratio, from a financial point of view, to holders of Taylor common stock (other than affiliates). The opinion is based upon and subject to certain qualifications, limitations and other matters described in the opinion. A copy of Empire's opinion is attached and incorporated by reference to this joint proxy statement/prospectus as APPENDIX B. You are encouraged to read the opinion in its entirety and carefully consider the assumptions made, the procedures followed, the matters considered and the limitations on the review undertaken. **Empire's opinion is addressed to Taylor's board of directors and does not constitute a recommendation as to how any shareholder should vote with respect to the merger agreement.** See "THE MERGER-Opinion of Taylor's Financial Advisor."

Financial Advisor of Tayco

In connection with the merger, Tayco's board of directors considered the opinion dated as of May 23, 2007 from its financial advisor, ValuQuest Business Appraisals ("ValuQuest"), as to the fairness of the exchange ratio, from a financial point of view, to holders of Tayco common stock (other than affiliates). The opinion is based upon and subject to certain qualifications, limitations and other matters described in the opinion. A copy of ValuQuest's opinion is attached and incorporated by reference to this joint proxy statement/prospectus as APPENDIX C. You are encouraged to read the opinion in its entirety and carefully consider the assumptions made, the procedures followed, the matters considered and the limitations on the review undertaken. **ValuQuest's opinion is addressed to Tayco's board of directors and does not constitute a recommendation as to how any shareholder should vote with respect to the merger agreement.** See "THE MERGER-Opinion of Tayco's Financial Advisor."

Directors and Executive Officers following the Merger

Following the merger, Tayco will be merged into Taylor, and Tayco will cease to exist as an independent company. Taylor will become the surviving corporation and its directors and executive officers will remain unchanged. Douglas P. Taylor, the president and chief executive officer of both Taylor and Tayco, has served as chairman of both boards of directors since 1991. Following completion of the merger, Douglas P. Taylor will continue to serve as chairman of Taylor's board of directors.

The Merger Agreement

This joint proxy statement/prospectus relates to the proposed acquisition of Tayco by Taylor pursuant to an Agreement and Plan of Merger, dated as of November 30, 2007, by and between Taylor and Tayco. Pursuant to the merger agreement, Tayco will be merged with and into Taylor. See "THE MERGER-Structure of the Merger."

Upon completion of the merger, Tayco shareholders will receive one share of Taylor common stock for each share of Tayco common stock they hold. Only whole shares of Taylor common stock will be issued in the merger. See "THE MERGER-What You Will Receive in the Merger."

The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of New York, or at such other date and time as may be specified in the certificate. Taylor and Tayco intend to file the certificate of merger as soon as practicable after the requisite approvals of Taylor's and Tayco's shareholders have been obtained and the other conditions set forth in the merger agreement have been satisfied or, where permissible, waived. See "TERMS OF THE MERGER AGREEMENT-Effective Time; Closing."

A copy of the merger agreement is attached as Appendix A to this joint proxy statement/prospectus. You are strongly encouraged to read it in its entirety.

Interests of Certain Persons in the Merger

Some of the directors and executive officers of Taylor and Tayco have interests in the merger that are different from, or are in addition to, the interests of their respective company's shareholders. See "THE MERGER-Interests of Certain Persons in the Merger."

Accounting Treatment of the Merger

In accordance with U.S. generally accepted accounting principles, Taylor will account for the merger using the purchase method of accounting. Under this method of accounting, Taylor will record the market value of its common stock issued in connection with the merger and the amount of direct transaction costs associated with the merger as the estimated purchase price of acquiring Tayco. Taylor will allocate the estimated purchase price to the net tangible and amortizable intangible assets acquired (including developed and core technology and patents, customer contracts and lists, and distribution agreements), intangible assets with indefinite lives and in-process research and development, based on their respective fair values at the date of the completion of the merger. Any excess of the estimated purchase price over those fair values will be accounted for as goodwill. See "THE MERGER-Accounting Treatment."

The Exchange Agent

Registrar and Transfer Company will act as the exchange agent in connection with the merger and is hereafter referred as the "Exchange Agent."

Stock Price and Dividend Information

Taylor is traded on the Nasdaq Small Cap Market under trading symbol TAYD. As of January 8, 2008, the stock price is $6.29 per share, the average volume traded is approximately 10,500 shares per day, and the market capitalization is $19.85 million. Taylor has not declared stock or cash dividends since 1988.

Tayco is traded over the counter on the Pink Sheets under the trading symbol TYCO.PK. As of January 8, 2008, the stock price is $5.11 per share, the average volume traded is approximately 1,400 shares per day, and the market capitalization is $5.05 million. Tayco has not declared stock or cash dividends since 1988.

Appraisal Rights

Tayco shareholders who comply with the requirements of Section 623 of the New York Business Corporation Law will be entitled, if the merger is consummated, to seek an appraisal of their shares of common stock. See "RIGHTS OF DISSENTING SHAREHOLDERS" and APPENDIX D.

Taylor shareholders do not have rights of appraisal, otherwise known as "dissenters' rights."

Risk Factors

In evaluating the merger and transactions contemplated in connection with the merger, you should consider certain risks associated with the merger and with Taylor as the surviving corporation, as discussed in the section of this joint proxy statement/prospectus entitled "RISK FACTORS" which begins on page 15.

Summary Selected Financial Data

	Nov-07 Q1	May-07	May-06	May-05	May-04	May-03
Taylor Devices, Inc. Consolidated						
Net Sales	$ 8,685	$ 16,501	$ 14,751	$ 11,216	$ 13,021	$ 13,872
Net Income (Loss)	$ 462	$ 619	$ 486	$ 202	$ (59)	$ 351

Earnings per share	$ 0.15	$ 0.20	$ 0.16	$ 0.07	$ (0.02)	$ 0.12
Total Assets	$ 16,359	$ 16,652	$ 17,385	$ 14,891	$ 13,224	$ 19,447
Long-term debt, (including current portion)	$ 383	$ 521	$ 763	$ 987	$ 1,207	$ 1,415
Book value per share	$ 3.53	$ 3.37	$ 3.13	$ 2.97	$ 2.87	$ 2.90
Cash dividends per share	$ -	$ -	$ -	$ -	$ -	$ -
Tayco Developments, Inc.						
Net Sales	$ 144	$ 253	$ 226	$ 422	$ 624	$ 526
Net Income	$ 118	$ 183	$ 62	$ 114	$ 94	$ 187
Earnings per share	$ 0.12	$ 0.19	$ 0.06	$ 0.12	$ 0.10	$ 0.19
Total Assets	$ 3,933	$ 3,814	$ 3,634	$ 3,564	$ 3,418	$ 3,330
Long-term debt	$ -	$ -	$ -	$ -	$ -	$ -
Book value per share	$ 3.97	$ 3.85	$ 3.67	$ 3.59	$ 3.45	$ 3.36
Cash dividends per share	$ -	$ -	$ -	$ -	$ -	$ -

Summary Selected Pro Forma Financial Data

Pro Forma Taylor Devices, Inc. Consolidated

Net Sales	$ 8,685	$ 16,501	$ 14,751	$ 11,216	$ 13,021	$ 13,872
Extraordinary gain	$ -	$ 410	$ -	$ -	$ -	$ -
Net Income	$ 474	$ 1,066	$ 448	$ 257	$ 30	$ 433
Earnings per share	$ 0.15	$ 0.34	$ 0.14	$ 0.08	$ 0.01	$ 0.15
Total Assets	$ 16,568	$ 16,859	$ 17,515	$ 14,765	$ 12,884	$ 19,260
Long-term debt, (including current portion)	$ 383	$ 521	$ 763	$ 987	$ 1,207	$ 1,415
Book value per share	$ 3.72	$ 3.58	$ 3.34	$ 3.19	$ 3.08	$ 3.12
Cash dividends per share	$ -	$ -	$ -	$ -	$ -	$ -

Note: All amounts are in thousands except per share amounts.
The Pro Forma Taylor Devices, Inc. Consolidated Statement of Income amounts above are presented as if the merger had been consummated on June 1, 2007.
The Pro Forma Taylor Devices, Inc. Consolidated Balance Sheet amounts and Book value per share are presented as if the merger had been consummated on the last day of the fiscal period shown.

Unaudited Pro Forma Condensed Combined Consolidated Financial Information

Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet as of November 30, 2007

The following unaudited Pro Forma Condensed Combined Consolidated Balance Sheet is presented as if the merger had been consummated on November 30, 2007. This Pro Forma Condensed Combined Consolidated Balance Sheet should be read in conjunction with the unaudited Pro Forma Condensed Combined Consolidated Statement of Income and the historical financial statements and notes thereto included in this filing. The Pro Forma Condensed Combined Consolidated Balance Sheet is unaudited and is not necessarily indicative of what the actual financial results would have been had the merger been consummated nor does it purport to represent the future financial position of Devices and Developments on a combined basis.

TAYLOR DEVICES, INC. AND SUBSIDIARY
Unaudited Pro Forma Condensed Combined Consolidated Balance Sheet
November 30, 2007

	Taylor Devices, Inc. Consolidated	Tayco Developments, Inc.	Pro Forma Adjustments	Pro Forma Combined
Assets				
Current assets:				
Cash	$ 135,118	$ 788,194	$ -	$ 923,312
Accounts receivable, net	2,308,317	-		2,308,317
Receivables - affiliates	-	102,764	(102,764)(a)	-
Inventory	6,214,115	-		6,214,115
Costs and estimated earnings in excess of billings	1,442,417	-		1,442,417
Other current assets	504,145	16,338		520,483
Deferred tax assets	669,400	-		669,400
Total current assets	11,273,512	907,296	(102,764)	12,078,044
Property and equipment, net	3,544,953	-	(139,274) (b)	3,405,679
Investment in affiliate, at equity	455,327	2,962,747	(3,418,074) (c)	-
Maintenance and other inventory, net	943,996	-		943,996
Intangible and other assets, net	140,729	63,405	(63,405) (b)	140,729
	$ 16,358,517	**$ 3,933,448**	**$ (3,723,517)**	**$ 16,568,448**
Liabilities And Stockholders' Equity				
Current liabilities:				
Short-term borrowings and current portion of long-term debt	$ 1,115,296	-	$ -	$ 1,115,296
Payables - trade	1,405,387	-		1,405,387
Accrued commissions	573,953	-		573,953
Billings in excess of costs and estimated earnings	130,600	-		130,600
Other current liabilities	952,074	8,950		961,024
Total current liabilities	4,177,310	8,950	-	4,186,260

Long-term debt	158,334	-			158,334
Payables - affiliates	102,764	-	(102,764)	(a)	-
Deferred tax liabilities	281,585	-			281,585
Minority stockholder's interest	540,465	-	(540,465)	(c)	-
Stockholders' equity					
Common stock	85,287	49,696	(42,437)	(d)	92,546
Additional paid-in-capital	4,791,937	714,675	1,310,593	(e)	6,817,205
Retained earnings	7,276,917	3,171,549	(2,761,647)	(f)	7,686,819
	12,154,141	3,935,920	(1,493,491)		14,596,570
Less: Treasury stock, at cost	1,056,082	11,422	1,586,797	(g)	2,654,301
	11,098,059	3,924,498	(3,080,288)		11,942,269
	$ 16,358,517	**$ 3,933,448**	**$ (3,723,517)**		**$ 16,568,448**

Unaudited Pro Forma Condensed Combined Consolidated Statement of Income for the six months ended November 30, 2007

The following unaudited Pro Forma Condensed Combined Consolidated Statement of Income is presented as if the merger had been consummated on June 1, 2006. This Pro Forma Condensed Combined Consolidated Statement of Income should be read in conjunction with the unaudited Pro Forma Condensed Combined Consolidated Balance Sheet and the historical financial statements and notes thereto included in this filing. The Pro Forma Condensed Combined Consolidated Statement of Income is unaudited and is not necessarily indicative of what the actual financial results would have been had the merger been consummated nor does it purport to represent the future financial position of Devices and Developments on a combined basis.

TAYLOR DEVICES, INC. AND SUBSIDIARY
Unaudited Pro Forma Condensed Combined Consolidated Income Statement
For the six months ended
November 30, 2007

	Taylor Devices, Inc.	Tayco Developments, Inc.	Pro Forma Adjustments		Pro Forma Combined
Sales, net	$ 8,684,591	$ 143,895	$ (143,895)	(h)	$ 8,684,591
Cost of sales	5,730,645	42,207	(143,895)	(h)	5,628,957
Gross profit	2,953,946	101,688	-		3,055,634

Selling, general & administrative expenses		2,124,596		122,660		-		2,247,256
Operating income		829,350		(20,972)		-		808,378
Other income / (expense)		(55,957)		20,685		-		(35,272)
Income before provision for income taxes, equity in net income of affiliate and minority stockholder's interest		773,393		(287)		-		773,106
Provision for income taxes		295,700		3,200		-		298,900
Income before equity in net income of affiliate and minority stockholder's interest		477,693		(3,487)		-		474,206
Equity in net income of affiliate		3,807		121,440		(125,247) (c)		-
Income before minority stockholder's interest		481,500		117,953		(125,247)		474,206
Minority stockholder's interest		(19,961)		-		19,961 (c)		-
Net income	$	461,539	$	117,953	$	(105,286)	$	474,206
Basic and diluted earnings per common share	$	0.15					$	0.15

Unaudited Pro Forma Condensed Combined Consolidated Statement of Income for the year ended May 31, 2007

The following unaudited Pro Forma Condensed Combined Consolidated Statement of Income is presented as if the merger had been consummated on June 1, 2006. This Pro Forma Condensed Combined Consolidated Statement of Income should be read in conjunction with the unaudited Pro Forma Condensed Combined Consolidated Balance Sheet and the historical financial statements and notes thereto included in this filing. The Pro Forma Condensed Combined Consolidated Statement of Income is unaudited and is not necessarily indicative of what the actual financial results would have been had the merger been consummated nor does it purport to represent the future financial position of Devices and Developments on a combined basis.

TAYLOR DEVICES, INC. AND SUBSIDIARY
Unaudited Pro Forma Condensed Combined Consolidated Income Statement
For the year ended
May 31, 2007

		Taylor Devices, Inc.		Tayco Developments, Inc.	Pro Forma Adjustments		Pro Forma Combined
Sales, net	$	16,501,400	$	253,350	$ (253,350) (h)	$	16,501,400
Cost of goods sold		10,746,281		81,545	(253,350) (h)		10,574,476
Gross profit		5,755,119		171,805			5,926,924

			-	
Selling, general & administrative expenses	4,411,678	173,189		4,584,867
Operating income	1,343,441	(1,384)	-	1,342,057
Other income / (expense)	(288,701)	21,386		(267,315)
Income before provision for income taxes, equity in net income of affiliate, minority stockholder's interest and extraordinary gain	1,054,740	20,002	-	1,074,742
Provision for income taxes	410,000	8,400		418,400
Income before equity in net income of affiliate, minority stockholder's interest and extraordinary gain	644,740	11,602	-	656,342
Equity in net income of affiliate	11,142	171,545	(182,687) (c)	-
Income before minority stockholder's interest and extraordinary gain	655,882	183,147	(182,687)	656,342
Minority stockholder's interest	(36,609)		36,609 (c)	-
Extraordinary gain			434,414 (b)	434,414
Net income	$ 619,273	$ 183,147	$ 288,336	$ 1,090,756
Basic and diluted earnings per common share	**$** 0.20			$ 0.35

Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

The following adjustments were applied to the historical financial statements of Devices and Developments to arrive at the unaudited pro forma condensed combined financial statements:

(a) Elimination of reciprocal receivables and payables between the two companies.

(b) Allocation of the excess of fair value of acquired net assets over the cost. The fair value of the net assets of Developments exceeded the cost by $612,581. In accordance with FAS 141, this excess was allocated as follows:

a. Property and equipment, net was reduced by $139,274. This represents Developments' 42% equity interest in the $331,604 of property and equipment owned by Realty.

b. Patents, net was reduced by $63,405. This is equal to the unamortized value of patents owned by Tayco Developments.

c. Retained Earnings was increased by $409,902. As there are no other assets of Developments' that may be reduced, this excess must be recognized as an extraordinary gain on the income statement of the merged company, which would then be included in retained earnings.

(c) Elimination of the equity interest that Devices and Developments have in each other as well as Developments' equity interest in Realty.

(d) The elimination of Developments' Common Stock ($49,696) and the cancellation (at the par value of $0.025 per share) of 697,567 shares of Devices' stock previously held by Developments ($17,439) offset by the issuance of 987,928 shares of Devices' stock to Developments' shareholders at the par value of $0.025 per share ($24,698).

(e) The elimination of Developments' Paid-in Capital ($714,675) and the cancellation of 697,567 shares of Devices' stock previously held by Developments, at a value equal to the excess of market value of $7.00 over par value (noted in (d), above), per share ($4,865,530) offset by the issuance of 987,928 shares of Devices' stock to Developments' shareholders at a value equal to the excess of market value of $7.00 over par value (noted in (d), above), per share ($6,890,798).

(f) The elimination of Developments' Retained Earnings ($3,171,549) offset by the extraordinary gain recognized ($409,902) in note (b) c., above.

(g) The elimination of Developments' Treasury Stock ($11,422) offset by the transfer of 228,317 shares of Devices' stock to Treasury Stock at the market value of $7.00 per share ($1,598,219). The 228,317 shares were issued to Devices, as shareholder of Developments, in payment for the shares of Developments held by Devices.

(h) Elimination of reciprocal sales and cost of sales between the two companies.

RISK FACTORS

By voting for the merger agreement at the Tayco Special Meeting, Tayco shareholders will be choosing to invest in Taylor common stock. An investment in Taylor common stock involves a high degree of risk. The discussion of various risks factors below is not intended to be exhaustive, but a summary only, and does not necessarily reflect their relative importance. In addition to the other information contained in this document, Taylor and Tayco shareholders should carefully consider the following risk factors in deciding whether to vote for the merger agreement, and should keep these risk factors in mind when they read forward-looking statements. See "CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS."

Risks Related to the Merger

Tayco shareholders will receive a fixed exchange ratio of Tayco common stock to Taylor common stock despite changes in the market value of Taylor common stock or Tayco common stock.

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Upon completion of the merger, each share of Tayco common stock will be converted into one share of Taylor common stock. There will be no adjustment to the consideration payable to Tayco shareholders in connection with the merger for changes in the market price of Taylor common stock or Tayco common stock. In addition, neither Taylor nor Tayco may terminate the merger agreement solely because of changes in the market price of the other company's common stock. Accordingly, the dollar value of Taylor common stock that Tayco shareholders will receive in the merger may be different from the dollar value of Taylor common stock on the date when Tayco shareholders and Taylor shareholders approve the merger agreement. Historically, share prices of the common stock of both Tayco and Taylor have experienced significant volatility. Taylor cannot predict or give any assurances as to the market price of Taylor common stock at any time before or after the completion of the merger. You should obtain recent market quotations of Taylor and Tayco common stock before you return your proxy card or cast your vote at the applicable Special Meeting of shareholders.

If the merger is not completed, Taylor's and Tayco's stock prices and future businesses and operations could be harmed.

Taylor's and Tayco's obligations to complete the merger are subject to various conditions, a number of which are beyond their control. If the merger is not completed for any reason, each company may be subject to a number of material risks, including the following:

- the price of Taylor common stock and Tayco common stock may decline;
- costs related to the merger, such as financial advisory, legal, accounting and printing fees, must be paid even if the merger is not completed; and
- if the merger is not completed, Taylor and Tayco will fail to derive the benefits expected to result from the merger.

The market price of Taylor common stock may decline as a result of the merger.

At November 30, 2007, there were 2,458,494 shares of Taylor stock issued and outstanding, not counting the 697,567 shares of Taylor stock owned by Tayco. These 2,458,494 Taylor shares, which include shares owned by directors and officers of Taylor, can be traded on the public securities market if the holders so desire. Upon completion of the merger, and despite the large block of Taylor shares owned by Tayco having been cancelled, the number of Taylor shares outstanding will increase by 759,611 or approximately 31.0%. This increase could depress the market price of Taylor common stock, as could Taylor's failure to achieve the perceived benefits of the merger as rapidly or to the extent anticipated by the companies, or their financial or industry analysts. See "THE MERGER-Structure of the Merger–Table of Cross Ownership and Shares Outstanding."

Taylor and Tayco officers and directors have conflicts of interest that may influence them to support or approve the merger.

The directors and officers of Tayco and Taylor have interests in the merger that are different from, or in addition to, those of other Tayco and Taylor shareholders. The directors and officers of Tayco and Taylor are more likely to recommend and approve the merger agreement than shareholders without these interests. Taylor and Tayco shareholders should consider whether such interests might have influenced these directors and officers to support or recommend the merger. These interests include the following:

- Taylor has agreed to indemnify each present and former Tayco officer and director against liabilities arising out of his or her services as an officer or director of Tayco prior to the merger;
- Messrs. Douglas P. Taylor and Richard G. Hill, each a director, officer and shareholder of Taylor, with their families, own or control 96,951 Tayco shares, or 9.8%; and

- If the merger is completed and all Tayco shares are converted into Taylor shares, Messrs. Taylor and Hill and members of the Taylor family, as well as other affiliates of Taylor who own shares of Tayco, will more easily be able to sell their shares.

See "THE MERGER-Interests of Certain Persons in the Merger."

The merger could go forward in certain circumstances, if Taylor or Tayco waive a breach despite a material adverse effect.

In general, either Taylor or Tayco can refuse to complete the merger if breaches by the other company of its representations and warranties rise to the level of a material adverse effect. However, neither Taylor nor Tayco may unilaterally refuse to complete the merger simply because:

- there is a decrease in such entity's stock price or a failure to meet or exceed investment research analysts' earnings or other estimates or projections;
- there is any material adverse effect that directly and primarily results from the public announcement of the merger agreement;
- there is any change in any applicable laws or regulations or applicable generally accepted accounting principles; or
- there is any change, event, or circumstance in the markets in which Taylor or Tayco operates or in U.S. or global economic conditions or financial markets generally, or any change, event or circumstance occurs resulting from an outbreak or escalation of hostilities, or a declaration by the United States of a national emergency or war, or any act of terrorism.

If any of these events, changes, or circumstances occur, Taylor and Tayco may still be required to complete the merger and Taylor's stock price may suffer, and could reduce the value of the merger to Taylor or Tayco shareholders.

Risks Related to Taylor

Investment in Taylor is subject to a number of risks. Some risks are endemic to a high technology industry and are the same or similar to those disclosed in Taylor's previous SEC filings, and new risks could arise in the future. The fact that certain risks are endemic to the industry does not lessen their significance. As a result, Taylor's business, financial condition or results of operations could be materially and adversely affected, causing the trading price of Taylor common stock to decline, and the shareholders to lose some or all of their investment.

If Taylor fails to develop and introduce new products for existing or new markets, or if it fails to meet evolving market needs, or if it is unable to grow revenues, then Taylor's business, financial condition and results of operations could be materially and adversely impacted.

The markets for Taylor's products are characterized by:

- changing technologies;
- evolving and competing industry standards;
- changing customer requirements;
- increasing product development costs;
- long design-to-production cycles;

- competitive solutions;
- fluctuations in capital equipment spending levels and/or deployment;
- rapid adjustments in customer demand and inventory;
- increasing functional integration;
- increasing price pressure;
- moderate to slow growth;
- frequent product enhancements; and
- changing competitive landscape (consolidation, financial viability).

Taylor's growth depends in part on the successful development of new and advanced products for its existing markets. Taylor must: (i) anticipate customer and market requirements and changes in technology and industry standards; (ii) properly define and develop, on a timely basis, new and existing products; (iii) gain access to and use technologies in a cost-effective manner; (iv) continue to expand its technical and design expertise; (v) timely introduce and cost-effectively manufacture products; (vi) differentiate its products from those of its competitors; (vii) gain customer acceptance of its products; and (viii) continue to open and penetrate new markets. In addition, Taylor must continue to have its products designed to satisfy its customers' future needs and it must maintain close working relationships with key customers to develop new products that meet evolving needs. Taylor must also respond to shifts in market demands, the trend towards increasing functional integration and other changes in a rapid and cost-effective manner. Migration from older products to newer products may result in volatility of earnings during periods of transition to new products.

Products are based on continually evolving industry standards and new technologies. Taylor's ability to compete depends in part on its ability to identify and ensure compliance with industry standards, and Taylor could be required to invest significant time, effort and expense to develop and qualify its products to ensure compliance. Although the proposed merger is intended to propel development of advanced products by more efficiently incorporating Tayco's intellectual property and know how into Taylor's manufacturing operations, no assurance can be given that the anticipated synergies will result.

The process of developing and supporting existing and advanced product designs is complex, expensive and uncertain. Taylor may make significant investments to modify new products according to input from its engineers or customers. In the end, customers may still choose another competitor's product, or cancel the project. Taylor may not be readily able to identify new markets or product opportunities successfully, or develop and bring new products to market, or achieve design wins, or ensure when and which designs actually get released to production, or respond effectively to technological changes or product announcements by its competitors. In addition, Taylor may incorrectly anticipate market demand. Pursuit of technological advances often requires substantial time and expense but can ultimately be unsuccessful. Failure in any of these areas may harm Taylor's business, financial condition and results of operations.

Taylor has not paid stock or cash dividends since 1988.

If Taylor is unable to convert a significant portion of its design wins into actual revenue, Taylor's business, financial condition and results of operations could be materially and adversely impacted.

Taylor has secured a significant number of design wins for new and existing products. Such design wins are necessary for revenue growth. However, design wins may not necessarily generate revenues if a customer terminates the project, which may occur for a variety of reasons. Mergers and consolidation among Taylor's customers, budgetary cutbacks, or adverse monetary exchange rates could lead to the reduction or termination of certain projects before they generate revenue. If design wins do generate revenue, the time lag between the design win and meaningful revenue may be in excess of 18 months. If Taylor fails to convert a significant portion of its design wins into substantial revenue, Taylor's business, financial condition and results of operations could be materially and adversely impacted.

Taylor's financial results may fluctuate significantly because of a number of factors, many of which are beyond its control.

Taylor's financial results may fluctuate significantly. Some of the factors that affect Taylor's financial results, many of which are difficult or impossible to control or predict, are:

- the announcement or introduction of products by its competitors;
- competitive pressures on selling prices;
- pressures on selling prices overseas due to foreign currency exchange fluctuations or adverse monetary rates of exchange;
- erosion of average selling prices coupled with the inability to sell newer products with higher average selling prices, resulting in lower overall revenue and margins;
- market and/or customer acceptance of its products;
- changes in its customers' budgetary requirements or their financial or regulatory constraints;
- loss of one or more major customers;
- the difficulties in maintaining and managing appropriate inventory levels;
- the availability and cost of materials and services
- its ability to successfully introduce and move new products into production and/or integrate new technologies;
- increase in manufacturing costs;
- the amount and timing of its investment in research and development;
- increased costs and time associated with compliance with accounting rules or other regulatory requirements;
- fluctuations in interest rates that Taylor must pay for financing; and
- changes in or continuation of certain tax provisions.

As a consequence, operating results for a particular future period are difficult to predict and prior results are not necessarily indicative of future results. Any of the foregoing factors, or any other factors discussed elsewhere in this joint proxy statement/ prospectus or in Taylor's Annual Report on Form 10-KSB for the year ended May 31, 2007 or its Quarterly Report on Form 10-QSB for the quarter ended November 30, 2007, may have a material adverse effect on Taylor's business, financial condition and results of operations.

Corruption in certain foreign markets might reduce Taylor's sales.

A significant portion of Taylor's new business consists of sales in China, Indonesia, Mexico and other markets where enforcement of laws against corruption and illegal payments historically has not been as strong as in the United States. Taylor's policy has been and continues to be to comply with all applicable laws, including the Foreign Corrupt Practices Act of 1977. Taylor's policy may tend to reduce or prevent sales of its products in markets where illegal payments are a widespread business practice.

The general state of the U.S. and global economies may continue to materially and adversely affect Taylor's business, financial condition and results of operations.

Periodic declines or fluctuations in corporate profits, lower capital equipment spending, the impact of conflicts throughout the world, terrorist acts, natural disasters, volatile energy costs, the outbreak of communicable diseases and other geopolitical factors have had, and may continue to have, a negative impact on the U.S. and global economies. These market fluctuations can affect capital spending and the demand for Taylor's products, which in turn can affect revenues and profitability. Uncertainties in anticipated capital spending levels may also adversely affect Taylor's business, financial condition and results of operations.

Utilization of acquired technology.

Taylor has relied and continues to rely on intellectual property for the development of new or advanced products. Much of its product research and development has come from Tayco under the License Agreement. Even if the proposed merger is approved, Tayco's intellectual property must be successfully integrated into new products, and there must be market acceptance of such new products and achievement of planned return on investment. The timely and efficient integration of acquired intellectual property and evolving technology can also be adversely impacted by inherent design deficiencies or application requirements.

Competition in markets where Taylor participates, or may participate, may make it more difficult for Taylor to be successful.

Goodrich Corporation is Taylor's primary competitor in the aerospace market and is a substantially larger and more diversified company. Taylor competes on price, warranty and product performance, but cannot compete in volume due to limited financing and capacity. In the construction market, Taylor competes against two primary manufacturers of seismic damping devices, as well as numerous other firms which supply alternative seismic protection technologies.

Recent revenue growth for Taylor has been driven by higher volumes of dampers to the construction industry. Management believes that the overall level of global construction activity requiring seismic protection has increased from prior years, especially in Asian markets. Because of Taylor's participation in the seismic dampers market, it is not uncommon for the price of Taylor stock to rise on reports of a major earthquake or seismic activity, but such upward volatility is usually temporary.

If Taylor's independent distributors and representatives stop selling or fail to successfully promote Taylor's products, its business, financial condition, and results of operations could be adversely affected.

Taylor sells many of its products through independent representatives and independent distributors in 27 countries who may be exclusive or non exclusive, depending on product line and geographic location. Taylor's non-exclusive representatives and distributors may carry Taylor's competitors' products, which could adversely impact or limit sales of Taylor's products. Additionally, they could reduce or discontinue sales of Taylor's products or may not devote the resources necessary to sell Taylor's products in the volumes and within the time frames that Taylor expects. Taylor believes that its success will continue to depend on these sales representatives. If some or all of Taylor's sales representatives experience financial difficulties, or otherwise become unable or unwilling to promote and sell Taylor's products, Taylor's business, financial condition and results of operations could be adversely affected.

Taylor depends on one key individual and has no formal plan of succession.

Taylor's future success depends on the continued service of Douglas P. Taylor, its chief executive officer, the inventor of many of its patents, and Taylor's key design engineer. While Taylor carries key man insurance policy on three of its executive officers, including Mr. Taylor, there is no formal plan of succession. Should Mr. Taylor be unable to serve, the company could have difficulties finding a replacement with the necessary management and engineering skills.

Taylor depends in part on the continued service of its key engineering and management personnel and its ability to identify, hire, incentivize and retain qualified personnel. If Taylor loses key employees or fails to identify, hire, incentivize and retain these individuals, its business, financial condition and results of operations could be materially and adversely impacted.

Taylor's future success depends, in part, on the continued service of its key design engineering, technical, sales, marketing and executive personnel and its ability to identify, hire, incentivize and retain other qualified personnel.

In the future, Taylor may not be able to attract and retain qualified personnel, including executive officers and other key management and technical personnel necessary for the management of its business. Competition for skilled employees having specialized technical capabilities and industry-specific expertise continues to be a considerable risk inherent in the markets in which Taylor competes. Volatility or lack of positive performance in Taylor's stock price and the ability to offer equity compensation to as many key employees or in amounts consistent with past practices, as a result of regulations regarding the expensing of options, may also adversely affect its ability to retain key employees, all of whom have been granted stock options. The failure to retain and recruit, as necessary, key design engineers, technical, sales, marketing and executive personnel could harm Taylor's business, financial condition and results of operations.

Taylor's acquisition of Tayco's patents may not necessarily insure its competitive position.

A primary reason for the merger is to fully integrate Tayco's patents and other intellectual property into the development and manufacture of Taylor's products. Taylor's ability to compete in its field depends, in large part, upon the efficient and creative utilization of Tayco's intellectual property. All patents, however, have a limited period of enforceability and, prior to expiration, such exclusivity must be vigilantly enforced. Patent litigation is expensive. If Taylor is required to litigate to protect its rights under the patents, the cost of litigation could be greater than Taylor is willing or able to pay. In addition, Tayco's last to expire patent expires in 2022. There is also no guarantee that, having expired, any patent can be replaced by another of equivalent value to Taylor.

Taylor's results of operations could vary as a result of the methods, estimates, and judgments it uses in applying its accounting policies.

The methods, estimates, and judgments Taylor uses in applying its accounting policies have a significant impact on its results of operations. Such methods, estimates, and judgments are, by their nature, subject to substantial risks, uncertainties, assumptions, and changes in rulemaking by the regulatory bodies; and factors may arise over time that lead Taylor to change its methods, estimates, and judgments. Changes in those methods, estimates, and judgments could significantly affect Taylor's results of operations. In particular, the calculation of share-based compensation expense under Statement of Financial Accounting Standards, or SFAS, No. 123R, or SFAS 123R, "Share-Based Payment," which requires Taylor to use valuation methodologies (which were not developed for use in valuing employee stock options and restricted stock units) and a number of assumptions, estimates, and conclusions regarding matters such as expected forfeitures, expected volatility of Taylor's share price, the expected dividend rate with respect to Taylor common stock, and the exercise behavior of Taylor's employees. Furthermore, there are no means, under applicable accounting principles, to compare and adjust Taylor's expense if and when Taylor learns about additional information that may affect the estimates that it previously made, with the exception of changes in expected forfeitures of share-based awards. Factors may arise over time that lead Taylor to change its estimates and assumptions with respect to future share-based compensation arrangements, resulting in variability in Taylor's share-based compensation expense over time. Changes in forecasted share-based compensation expense could impact Taylor's gross margin percentage; research and development expense; selling, general and administrative expense; and Taylor's tax rate.

Changes in Taylor's effective tax rate may have an adverse effect on its results of operations.

Taylor's future effective tax rates may be adversely affected by a number of factors including:

- the jurisdictions in which profits are determined to be earned and taxed;
- the resolution of issues arising from tax audits with various tax authorities;
- changes in the valuation of Taylor's deferred tax assets and liabilities;
- adjustments to estimated taxes upon finalization of various tax returns;
- increases in expenses not deductible for tax purposes, including write-offs of acquired in-process research and development and impairment of goodwill in connection with acquisitions;
- changes in available tax credits; and/or
- changes in tax laws or the interpretation of such tax laws and changes in generally accepted accounting principles.

Any significant increase in Taylor's future effective tax rates could adversely impact net income for future periods. In addition, the U.S. Internal Revenue Service, or the IRS, and other tax authorities regularly examine Taylor's income tax returns. Taylor's results of operations could be adversely impacted if these assessments or any other assessments resulting from the examination of Taylor's income tax returns by the IRS or other taxing authorities are not resolved in Taylor's favor.

Taylor's engagement with foreign customers could cause fluctuations in its operating results, which could materially and adversely impact its business, financial condition and results of operations.

International sales have accounted for, and will likely continue to account for a significant portion of Taylor's revenues, which subjects it to the following risks:

- changes in regulatory requirements;
- tariffs and other barriers;
- timing and availability of export or import licenses;
- disruption of services due to political, civil, labor, and economic instability;
- disruption of services due to natural disasters outside the United States;
- disruptions to customer operations outside the United States due to the outbreak of communicable diseases;
- difficulties in accounts receivable collections;
- difficulties in obtaining governmental approvals for products;
- limited intellectual property protection;
- foreign currency exchange fluctuations;
- the burden of complying with foreign laws and treaties; and
- potentially adverse tax consequences.

In addition, because sales of Taylor's products have been denominated primarily in U.S. dollars, any increase in the value of the U.S. dollar as compared with local currencies could make its products more expensive to customers in the local currency of a particular country resulting in pricing pressures on its products. Increased international activity in the future may result in foreign currency denominated sales. Furthermore, because some of Taylor's customers' purchase orders and agreements are governed by foreign laws, Taylor may be limited in its ability, or it may be too costly for it, to enforce its rights under these agreements and to collect damages, if awarded.

Any error or defect, or perception of an error or defect, in Taylor's products could subject it to significant costs or damages and adversely affect market acceptance of its products.

Many of Taylor's products are intended to limit or eliminate damage from shock and vibration to physical structures, equipment or machinery, or defense-related products. For example, Taylor manufactures and sells dampers to NASA, the United States military, corporations and municipalities to enable structures of all kinds to withstand significant natural or man-made forces, as well as in foreign countries prone to earthquake, such as Mexico, Indonesia, Japan and China. Although Taylor rigorously tests its products, nonetheless, a product might fail in its purpose, with or without any errors, weaknesses, or defects by Taylor. If a structure using Taylor products is damaged by shock and vibration, such as an earthquake or lift off, Taylor's reputation could be damaged and customers may be reluctant to buy its products, regardless of the presence or absence of any fault on Taylor's part.

Taylor's backlog may not result in future revenue.

Due to the possibility of customer changes in delivery schedules and quantities actually purchased, cancellation of orders, distributor returns or price reductions, Taylor's backlog at any particular date is not necessarily indicative of actual sales for any succeeding period. Taylor may not be able to meet its expected revenue levels or results of operations if there is a reduction in its order backlog during any particular period and it is unable to replace those sales during the same period.

Fixed operating expenses and Taylor's practice of ordering materials in anticipation of future customer demand could make it difficult for it to respond effectively to sudden swings in demand and result in higher than expected costs and excess inventory. Sudden swings in demand could have a material adverse impact on Taylor's business, financial condition and results of operations.

Taylor's operating expenses are relatively fixed in the short to medium term, and therefore it has limited ability to reduce expenses quickly and sufficiently in response to any revenue shortfall. In addition, Taylor typically plans its production and inventory levels based on internal forecasts of customer demand, which are highly unpredictable and can fluctuate substantially. From time to time, in response to anticipated long lead times to obtain inventory and materials from its outside suppliers and foundries, Taylor may order materials in advance of anticipated customer demand. This advance ordering may result in excess inventory levels or unanticipated inventory write-downs if expected orders fail to materialize. This incremental cost could have a materially adverse impact on Taylor's business, financial condition and results of operations.

Taylor's stock price is volatile.

Historically, the market price of Taylor common stock fluctuates significantly. In the future, the market price of Taylor common stock is likely to continue to be subject to significant fluctuations due to:

- its anticipated or actual operating results;
- announcements or introductions of new products by it or its competitors;
- technological innovations by it or its competitors;

- product delays or setbacks by it, its customers or its competitors;
- potential supply disruptions;
- concentration of sales among a small number of customers;
- conditions in American or foreign markets;
- the commencement and/or results of litigation;
- changes in estimates of its performance by securities analysts;
- decreases in the value of its investments, thereby requiring an asset impairment charge against earnings;
- repurchasing shares of its common stock;
- the impact of expensing stock options;
- general global economic and market conditions; and/or
- reduction in defense spending.

In the past, securities and class action litigation has been brought against companies following periods of volatility in the market prices of their securities. Although this has not been the case with Taylor, Taylor could be the target of one or more of these class action suits, which could result in significant costs and the diversion of Taylor's management's attention, thereby harming its business, results of operations and financial condition.

At times the stock market experiences extreme price and volume fluctuations that can adversely affect the market prices of many small technology companies, despite their being unrelated or disproportionate to the operating performance of those companies. These fluctuations, when they occur, could harm the market price of Taylor common stock. In addition, Taylor is identified with seismic and vibration damping devices. Reported damage from natural or man made catastrophic events occurring across the globe has occasionally driven up the price of Taylor stock, but the rise has usually been temporary.

New York law, Taylor's certificate of incorporation, by-laws, and shareholder rights plan contain provisions that could delay and discourage takeover attempts that shareholders may consider favorable.

Certain provisions of Taylor's certificate of incorporation and by-laws, shareholder rights plan, and applicable provisions of New York corporate law may make it more difficult for, or prevent a third party from, acquiring control of Taylor or changing its board of directors and management. These provisions include:

- a certificate of incorporation which allows issuance of additional shares of common stock, and shares of preferred stock without action of the shareholders;
- a certificate of incorporation and by-laws which provide for a staggered board of directors, with each director elected for a three-year term;
- employment agreements with Messrs. Douglas P. Taylor and Richard G. Hill which provide for compensation to these individuals in the event of a change of control of Taylor;

- provisions of New York corporate law which impose limitations on persons proposing to acquire a company, such as Taylor, in a transaction not approved by the board of directors; and

- a shareholder rights plan which permits shareholders, other than the acquirer, to purchase Taylor shares at favorable rates in the event of an attempted acquisition.

See "DESCRIPTION OF TAYLOR COMMON STOCK."

Any delay or prevention of a change of control transaction, including changes in Taylor's board of directors or management, could deter or prevent the completion of a transaction in which Taylor's shareholders could receive a substantial premium over the then-current market price for their shares.

THE SPECIAL MEETING OF TAYLOR SHAREHOLDERS

General

Taylor is furnishing this joint proxy statement/ prospectus to all shareholders of record of Taylor common stock in connection with the solicitation of proxies by Taylor's board of directors for use at the Special Meeting of Taylor shareholders to be held on February 22 , 2008, and at any adjournment or postponement thereof. This joint proxy statement/ prospectus is also being furnished to Tayco shareholders as a joint proxy statement/ prospectus of Taylor in connection with the issuance by Taylor of shares of Taylor's common stock, as contemplated by the merger agreement and explained in greater detail in this joint proxy statement/prospectus.

The affirmative vote of the holders of at least two-thirds (66 %) of the outstanding shares of common stock entitled to vote at the Special Meeting, or 2,104,041 shares of Taylor, is required for approval of the merger agreement. As a result, abstentions and broker non-votes will have the same effect as votes against the approval of the merger agreement.

Date, Time and Place

The Special Meeting of Taylor Shareholders will be held on February 22, 2008 at 10:00 am, local time, at the Holiday Inn, 1881 Niagara Falls Boulevard, Amherst, New York.

Purpose of the Special Meeting

At the Special Meeting, and any adjournment or postponement thereof, Taylor shareholders will be asked:

1. To consider and vote to approve the Agreement and Plan of Merger, dated as of November 30, 2007, by and between Taylor and Tayco, pursuant to which each outstanding share of common stock, par value $0.05, of Tayco (other than shares as to which dissenters' rights have been asserted and duly perfected in accordance with New York law) shall be converted into the right to receive one share of common stock, par value $0.025, of Taylor; and

2. To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

A copy of the merger agreement is attached as APPENDIX A. Taylor shareholders are encouraged to read the merger agreement in its entirety and all other information contained in this joint proxy statement/ prospectus carefully before deciding how to vote.

Record Date for the Special Meeting

Taylor's board of directors has fixed the close of business on January 11 , 2008 as the record date for determination of Taylor shareholders entitled to notice of and to vote at the Special Meeting. As of the close of business on the record date, there were 3,156,061 shares of Taylor common stock outstanding and entitled to vote, held of record by approximately 832 shareholders.

Vote and Quorum Required

Each share of Taylor common stock entitles the holder to one vote per share with respect to the matters expected to be submitted to the Taylor shareholders at the Special Meeting. There are no other voting securities of Taylor. Approval of the merger agreement requires the affirmative vote of holders of at least two-thirds (66 %) of the outstanding shares of common stock entitled to vote at the Special Meeting. In order to conduct business at the Special Meeting, a quorum consisting of at least a majority of Taylor's outstanding common stock must be present in person or represented by proxy.

As of the close of business on the record date, the directors and executive officers of Taylor and Tayco collectively owned approximately 3.5 % of the outstanding shares of Taylor common stock and have agreed to vote their Taylor shares in favor of the merger agreement. As of the close of business on the record date, the directors and executive officers of Taylor and Tayco collectively owned approximately 9.8% of the outstanding shares of Tayco common stock and have also agreed to vote their Tayco shares in favor of the merger agreement.

Abstentions and Broker Non-Votes

All votes will be tabulated by the inspectors of election appointed for the Special Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. If the shares present, in person and by proxy, at the Special Meeting do not constitute the required quorum, the Special Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum. Broker non-votes are shares that are not voted by the broker who is the record holder of the shares because the broker does not receive voting instructions from the beneficial owners of those shares or does not vote the shares in other circumstances in which proxy authority is defective or has been withheld with respect to any matter. Abstentions and broker non-votes are counted as present for the purposes of determining the presence or absence of a quorum for the transaction of business. Abstentions and broker non-votes will have the same effect as votes against the approval of the merger agreement.

No Appraisal Rights

Taylor shareholders who dissent from or vote against the merger agreement do not have appraisal rights, otherwise known as dissenters' rights, under New York Law with respect to their Taylor stock.

Voting of Proxies at the Special Meeting and Revocation of Proxies

Whether or not you are able to attend the Taylor Special Meeting, Taylor urges you to submit the proxy, which is solicited by Taylor's board of directors and which, when properly completed, will be voted as you direct. If the proxy does not specify how your shares are to be voted, the proxy will be voted FOR the approval of the merger agreement and for any other proposals brought before the Special Meeting, as Taylor's board of directors recommends. You are urged to give direction as to how to vote your shares. Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with Kathleen A. Nicosia, Taylor's Shareholder Relations Manager, at Taylor's corporate headquarters, 90 Taylor Drive, P.O. Box 748, North Tonawanda, New York 14120-0748, a written notice of revocation or a duly executed proxy bearing a later date. If you vote your proxy pursuant to instructions from your bank or broker, those instructions should inform you how to revoke your proxy. If you are a record holder of Taylor common stock, your proxy may also be revoked by attending the Taylor Special Meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

Other Matters

Taylor is not aware of any business or matter other than those indicated above that may be properly presented at the Special Meeting. If, however, any other matter properly comes before the Special Meeting, the proxy holders will, in their discretion, vote on it in accordance with their best judgment.

Recommendation of Taylor's Board of Directors

After careful consideration, Taylor's board of directors has determined that the merger and the merger agreement are consistent with and in furtherance of the long term business strategy of Taylor, are advisable, and are fair to, and in the best interests of, Taylor and its shareholders. The board of directors has approved the merger agreement and the merger. **Accordingly Taylor's board of directors recommends that Taylor shareholders vote FOR the merger agreement.**

The matters to be considered at the Special Meeting are of great importance to the shareholders of Taylor. Accordingly, you are urged to read and carefully consider the information presented in this joint proxy statement/prospectus, and to complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope or to vote pursuant to instructions received from your bank or broker.

THE SPECIAL MEETING OF TAYCO SHAREHOLDERS

General

Tayco is furnishing this document to all shareholders of record of Tayco common stock in connection with the solicitation of proxies by Tayco's board of directors for use at the Special Meeting of Tayco Shareholders to be held on February 22, 2008, and at any adjournment or postponement thereof. This joint proxy statement/ prospectus is also being furnished to Tayco shareholders by Taylor as a prospectus of Taylor in connection with the issuance by Taylor of shares of Taylor common stock as contemplated by the merger agreement and explained in greater detail in this joint proxy statement/prospectus.

Date, Time and Place

The Special Meeting of Tayco Shareholders will be held on February 22, 2008 at 11:00 am, local time, at the Holiday Inn, 1881 Niagara Falls Boulevard, Amherst, New York.

Purpose of the Special Meeting

At the Special Meeting, and any adjournment or postponement thereof, Tayco shareholders will be asked:

1. To consider and vote to approve the Agreement and Plan of Merger, dated as of November 30, 2007, by and between Taylor and Tayco, pursuant to which each outstanding share of common stock, par value $0.05, of Tayco (other than shares as to which dissenters' rights have been asserted and duly perfected in accordance with New York law) shall be converted into the right to receive one share of common stock, par value $0.025, of Taylor; and

2. To transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

A copy of the merger agreement is attached as Appendix A. Tayco shareholders are encouraged to read the merger agreement in its entirety and the other information contained in this joint proxy statement/prospectus carefully before deciding how to vote.

Record Date for the Special Meeting

Tayco's board of directors has fixed the close of business on January 11 , 2008 as the record date for determination of Tayco shareholders entitled to notice of and to vote at the Special Meeting. As of the close of business on the record date, there were 987,928 shares of Tayco common stock outstanding and entitled to vote, held of record by approximately 318 shareholders.

Vote and Quorum Required

Each share of Tayco common stock entitles the holder to one vote per share with respect to the matters expected to be submitted to the Tayco shareholders at the Special Meeting. There are no other voting securities of Tayco. Approval of the proposal to approve the merger agreement requires the affirmative vote of at least two-thirds (66 %) of the outstanding shares of common stock entitled to vote at the special meeting. In order to conduct business at the Special Meeting, a quorum consisting of at least a majority of Tayco's outstanding common stock must be present in person or represented by proxy.

As of the close of business on the record date, the directors and executive officers of Taylor and Tayco collectively owned approximately 9.8% of the outstanding shares of Tayco common stock and have agreed to vote their Tayco shares in favor of the merger agreement. As of the close of business on the record date, the directors and executive officers of Taylor and Tayco collectively owned approximately 3.5% of the outstanding shares of Taylor common stock and have also agreed to vote their Taylor shares in favor of the merger agreement.

Abstentions and Broker Non-Votes

All votes will be tabulated by the inspectors of election appointed for the Special Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. If the shares present, in person and by proxy, at the Special Meeting do not constitute the required quorum, the Special Meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum. Broker non-votes are shares that are not voted by the broker who is the record holder of the shares because the broker does not receive voting instructions from the beneficial owners of those shares or does not vote the shares in other circumstances in which proxy authority is defective or has been withheld with respect to any matter. Abstentions and broker non-votes are counted as present for the purposes of determining the presence or absence of a quorum for the transaction of business. Abstentions and broker non-votes will have the same effect as votes against the approval of the merger agreement.

Appraisal Rights

Tayco shareholders who comply with the requirements of Section 623 of the New York Business Corporation Law will be entitled, if the merger is consummated, to seek an appraisal of their shares of common stock. See "RIGHTS OF DISSENTING SHAREHOLDERS" and APPENDIX D.

Voting of Proxies at the Special Meeting and Revocation of Proxies

Whether or not you are able to attend the Tayco Special Meeting, Tayco urges you to submit the proxy, which is solicited by Tayco's board of directors and which when properly completed will be voted as you direct. If the proxy does not specify how your shares are to be voted, the proxy will be voted FOR the approval of the merger agreement and for any other proposals properly brought before the Special Meeting, as Tayco's board of directors recommends. You are urged to give direction as to how to vote your shares. Any person giving a proxy pursuant to this solicitation has the power to revoke it at any time before it is voted. It may be revoked by filing with Janice M. Nicely, Tayco's corporate Secretary at Tayco's corporate headquarters, 100 Taylor Drive, P.O. Box 748, North Tonawanda, New York 14120-0748, a written notice of revocation or a duly executed proxy bearing a later date. If you vote your proxy pursuant to instructions from your bank or broker, those instructions should inform you how to revoke your proxy. If you are a record holder of Tayco common stock, you proxy may also be revoked by attending the Tayco Special Meeting and voting in person. Attendance at the meeting will not, by itself, revoke a proxy.

Other Matters

Tayco is not aware of any business or matter other than those indicated above that may be properly presented at the Special Meeting. If, however, any other matter properly comes before the Special Meeting, the proxy holders will, in their discretion, vote on it in accordance with their best judgment.

Recommendation of Tayco's Board of Directors

After careful consideration, Tayco's board of directors has determined that the merger and the merger agreement are consistent with and in furtherance of Tayco's business strategy, are advisable and are fair to, and in the best interests of, Tayco and its shareholders. The board of directors has approved the merger agreement and the merger. **Accordingly, Tayco's board of directors recommends that Tayco shareholders vote FOR the merger agreement.**

The matters to be considered at the Special Meeting are of great importance to the shareholders of Tayco. Accordingly, you are urged to read and carefully consider the information presented in this joint proxy statement/prospectus, and to complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope or to vote pursuant to instructions received from your bank or broker.

THE MERGER

This section of the joint proxy statement/prospectus describes the proposed merger. Although Taylor and Tayco believe this section covers the material terms of the merger agreement and the related transactions, this description may not contain all of the information that is important to you. You should carefully read the entire joint proxy statement/prospectus, including the appendices, for a more complete understanding of the merger.

General

The Taylor and Tayco boards of directors have approved the merger and the terms of the merger agreement between the two companies which will have the effect of combining the governing bodies, operations, shareholder groups and other constituencies of Taylor and Tayco into one organization, with Taylor as the survivor. In order to complete the merger, each company must obtain the approval of its shareholders.

Reasons for the Merger

The boards of directors of Taylor and Tayco believe that the merger and the terms of the merger agreement are in the best interests of the shareholders of each company, and each board unanimously recommends that their shareholders vote "FOR" the approval of the merger agreement.

In the course of reaching their determination, the boards of directors of Taylor and Tayco considered a number of factors, including:

- The businesses of Taylor and Tayco depend upon each other. The patents owned by Tayco are essential for the devices sold by Taylor and Tayco licenses its patents exclusively to Taylor. The merger will fully integrate Tayco's patents and other intellectual property into the development and manufacture of Taylor's products.
- Taylor and Tayco have significant stock ownership in each other. Taylor owns 228,317 shares of Tayco stock, or approximately 23.1% of the Tayco shares issued and outstanding. Tayco owns 697,567 shares of Taylor stock, or approximately 22.2% of the Taylor shares issued and outstanding. These shares will be voted to approve the merger agreement. See "THE MERGER-Structure of the Merger−Table of Cross Ownership and Shares Outstanding." Tayco Realty Corporation, which holds the land where Taylor and Tayco have their principal places of business, is 58% owned by Taylor and 42% owned by Tayco. The merger of Taylor and Tayco is expected to simplify the accounting for the ownership of the combined enterprise.
- The merger of Taylor and Tayco will allow the consolidation of currently overlapping services, such as financial, accounting, legal, human resources, information technology and shareholder relations. The management of Taylor estimates that the combined enterprise will save roughly $35,000 per year in expenses.

- Taylor shares are traded over the Nasdaq Small Cap Market while Tayco shares are quoted on Pink Sheets and traded on the Over-the-Counter Bulletin Board. Taylor files annual, quarterly and current Exchange Act reports with the SEC, while Tayco does not. As a result of the merger, the investment that Tayco shareholders have in the surviving corporation will be in the form of Taylor shares; and the management of both companies expects that the market in Taylor shares as the surviving corporation will be more liquid than the present market in Tayco shares.

In making its determination, the board of directors did not ascribe any relative or specific weights to the factors which it considered.

Structure of the Merger

In accordance with the terms of the merger agreement and New York law, Tayco will merge with and into Taylor, with Taylor as the surviving corporation. In the merger, each share of Tayco common stock issued and outstanding as of the time of the merger will be converted into the right to receive one share of Taylor common stock. Taylor owns 228,317 shares of Tayco stock, or approximately 23.1% of the Tayco shares issued and outstanding; and Tayco owns 697,567 shares of Taylor stock, or approximately 22.2% of the Taylor shares issued and outstanding, all of which will be voted to approve the merger agreement. Upon completion of the merger, Taylor stock owned by Tayco will be cancelled without conversion or payment of the merger consideration; Tayco stock owned by Taylor will be converted into the same number of Taylor shares. The resulting Taylor shares will be held by Taylor in its treasury.

Table of Cross-Ownership and Shares Outstanding

The following table describes how the outstanding shares of Tayco will change as a result of the merger:

Tayco Shares	Tayco Shares Held by All Shareholders EXCEPT Taylor	Tayco Shares Held by Taylor	Total of All Tayco Shares Outstanding
Before the merger	759,611	228,317	987,928
Effect of the merger	759,611 shares converted 1-for-1 into Taylor shares	228,317 shares converted 1-for-1 into Taylor shares	987,928 Taylor shares
After the merger	759,611 Taylor shares	228,317 Taylor shares held in Taylor treasury	-0-

The following table describes how the outstanding shares of Taylor will change as a result of the merger:

Taylor Shares	Outstanding Taylor Shares Held by All Shareholders EXCEPT Tayco	Taylor Shares Held by Tayco	Total of All Taylor Shares Outstanding
Before the merger	2,458,494	697,567	3,156,061
Effect of the merger	759,611 shares issued in place of Tayco shares	697,567 shares cancelled	62,044 additional shares
After the merger	3,218,105	-0-	3,218,105

Upon completion of the merger, there will no longer be any Tayco stock outstanding, except for shares as to which dissenters' rights have been properly exercised. The merger will become effective when a certificate of merger is filed with the Secretary of State of the State of New York or at such other date and time as may be specified in the certificate. Taylor and Tayco expect the merger to occur as soon as practicable following the Special Meetings of the Taylor and Tayco shareholders.

What You Will Receive in the Merger

In the merger, each share of Tayco common stock outstanding at the effective time of the merger will be exchanged for one share of Taylor common stock. No fractional shares of Taylor common stock will be issued in the merger.

Do not submit your Tayco stock certificate for exchange unless and until you receive a letter of transmittal and instructions from the Exchange Agent.

Background of the Merger

Taylor and Tayco were incorporated on the same date, July 22, 1955, under New York law. Taylor was organized to engage in the design, development, manufacture and marketing of shock absorption, rate control and energy storage devices for use in various types of machinery, equipment and structures. Tayco was organized as a patent holding company to research and develop such products primarily for Taylor, and to license to Taylor the rights to manufacture and sell products using Tayco's intellectual property. Paul H. Taylor, father of Douglas P. Taylor, was the largest single shareholder of both Taylor and Tayco.

Under a License Agreement dated December 16, 1955 and revised November 1, 1959 (the "License Agreement"), inventions patented by Paul H. Taylor were owned by Tayco and licensed exclusively to Taylor for the right to manufacture, use and sell in the United States and Canada all apparatuses and devices embodying the inventions in the patents. Since November 1, 1959, Taylor has paid Tayco a royalty on all sales except die springs. The royalty is 5% of the net sales price, less returns and adjustments, sold by Taylor or Taylor's sublicensees. Taylor is permitted by the License Agreement to sublicense the patents but has not done so. The License Agreement can be terminated by Taylor on 30 days notice but may not be terminated by Tayco except for causes specified in the License Agreement.

Paul H. Taylor, now deceased, was the inventor of many of Tayco's patents, some of which have not yet expired. From time to time, Tayco also became the owner of patents on inventions developed by others, including Tayco's president and CEO, Douglas P. Taylor. Pursuant to various patent royalty agreement these patents were assigned to Tayco which pays royalties to its assigning inventors of patentable products. Tayco pays all development and patent application costs on any new invention it accepts in addition to paying a percentage of the royalties it receives on the invention. Upon completion of the merger, these patents will be assigned to Taylor, and Taylor will assume all obligations for payment of any royalties to be paid by Tayco under existing arrangements.

In addition to royalty payments under the License Agreement, Taylor pays Tayco for research and developments expenses charged for services performed by Tayco's research engineer.

Tayco became an SEC-reporting company pursuant to Section 15(d) of the Securities Exchange Act of 1934 when its registration statement under the Securities Act of 1933 was declared effective by the SEC on April 22, 1960. On July 1, 2005, Tayco filed Form 15 with the SEC and suspended filing of its reports under the Exchange Act. Taylor registered its shares under Section 12(g) of the Exchange Act on April 8, 1969 and commenced filing quarterly, annual and current reports with the SEC. Taylor continues to timely file reports under the Exchange Act and anticipates doing so in the future.

The Taylor and Tayco boards of directors have from time to time each considered strategic alternatives for their companies. Taylor's board of directors has been committed to enhancing long-term value for Taylor shareholders and developing a strategic plan to create that value. In the past, committees of Taylor's board have worked with management to identify various operating and market strategies which often included consideration of a merger with Tayco.

To prepare for a possible transaction between the two companies, in March 2007 Tayco engaged Cole, Sorrentino, Hurley, Hewner & Gambino, P.C. to act as separate legal counsel. In June and July, 2007, the board considered whether Tayco might pay a dividend to its shareholders consisting of all of the Taylor shares owned by Tayco or 697,567 shares. The boards rejected this alternative because such a dividend was expected to result in taxable gain being recognized by Tayco and taxable dividend income being recognized by Tayco shareholders, in contrast to a merger of Taylor and Tayco resulting in a tax-free reorganization.

On August 30, 2007, the Taylor board created a merger committee comprised solely of independent directors to evaluate the strategic opportunities presented by such a merger and the apparent benefits to be derived.

The information in this proxy statement concerning the terms of the merger is qualified in its entirety by reference to the full text of the merger agreement, which is attached as APPENDIX A. All shareholders of both companies are urged to carefully read the merger agreement in its entirety.

Unless the merger agreement is terminated, as soon as possible after the conditions to consummation of the merger described below have been satisfied or waived, Taylor and Tayco will file a certificate of merger with the State of New York. The merger will become effective at the time and on the date of the filing of the certificate of merger, or at such other date and time as may be specified in the certificate, and Tayco will be merged with and into Taylor. Upon consummation of the merger, each shareholder of Tayco will be entitled to receive one share of Taylor common stock for each share of Tayco common stock held. Thereupon, each shareholder will cease to be a shareholder of Tayco, and Tayco's independent existence will cease.

Exchange of Certificates

No later than five business days after the completion of the merger, the Exchange Agent will mail or make available to all holders of record of Tayco common stock, a notice and letter of transmittal, together with instructions for the exchange of their Tayco common stock certificates for common stock certificates of Taylor. Until so exchanged, each certificate representing Tayco common stock outstanding immediately prior to the completion of the merger will be deemed for all purposes to evidence the right to receive the merger consideration into which each such share is to be converted. Tayco shareholders should not send in their certificates of Tayco common stock until they have received further instructions. *See* "TERMS OF THE MERGER AGREEMENT–Merger Consideration."

Opinion of Taylor's Financial Advisor

Taylor retained Empire Valuation Consultants, LLC ("Empire") to render its opinion to the board of directors of Taylor as to whether the 1:1 exchange ratio (the "Exchange Ratio") being considered for the exchange by Taylor of 987,928 shares of common stock of Taylor for 987,928 shares of common stock of Tayco in a proposed merger of the two companies is fair to Taylor shareholders from a financial point of view. Based on a per share price of $6.11[1] for Taylor (the "Stock Price"), the Exchange Ratio valued Tayco at $6,036,240. The opinion was reviewed by Taylor's merger committee, comprised solely of independent directors, who recommended the adoption of the Empire opinion to the full board.

Review Process

In connection with its investigation and analysis, Empire researched or reviewed: (i) Taylor, Tayco and Tayco Realty internal financial statements and tax returns for the years ending May 31, 2003 through 2007; (ii) available investment analyst reports for Taylor; (iii) Taylor's website, http://www.taylordevices.com; (iv) Taylor's SEC filings, including its Report on Form 10 KSB filed August 17, 2007 for the fiscal year ending May 31, 2007; (v) trading data for share price, trading volume and pricing multiples of Taylor's publicly traded common stock (Ticker: TAYD) with information available from Yahoo! Finance and the Bloomberg Network; (vi) trading data for share price, trading volume and pricing multiples of Tayco's publicly traded common stock (Ticker: TYCO) with information available from Yahoo! Finance and the Bloomberg Network; (vii) databases and financial information sources, including Compustat and the Bloomberg Network for public companies similar, relevant and comparable to Taylor; (viii) Tayco Realty's real property tax assessment for 90 Taylor Drive and 100 Taylor Drive, both located in North Tonawanda, New York (the "Properties"); (ix) the property assessment methodology applied to the Properties (as defined in the opinion) based on information available from the City of North Tonawanda's website, www.northtonawanda.org, and a discussion with the City Treasurer's office of North Tonawanda; and (x) financial projections for Taylor's projected revenue and net income for 2008 without the effect of the proposed merger with Tayco.

1 Determined based on weighted average rolling 10 day average for September 1, 2007 through September 25, 2007.

Empire held conference calls and discussions with Taylor's management regarding the valuation of Taylor, Tayco and Tayco Realty, the net financial statement impact of the proposed merger with Tayco on Taylor, and the business outlook for Taylor and its subsidiaries. Empire considered such other information, financial studies, and analyses as it deemed relevant, and performed such analyses, studies, and investigations as it deemed appropriate.

Pre-Merger Relationships

Empire considered the following pre-merger common ownership, cross ownership and other relationships: (i) Taylor and Tayco have common shareholders with similar, but not identical, ownership in each company; (ii) Taylor owns 23.1% of Tayco's equity (228,317 shares); (iii) Tayco owns 22.2% of Taylor's equity (697,567 shares); (iv) Taylor owns 58% of Tayco Realty; (v) Tayco owns 42% of Tayco Realty; (vi) Taylor is a licensee of Tayco's intellectual property and pays royalties to Tayco; (vii) there are inter company accounts between Taylor, Tayco and Tayco Realty; (viii) Taylor is an operating company and its common stock trade on Nasdaq under the symbol "TAYD;" (ix) Tayco Realty is a real estate holding company and its tenant is Taylor; and (x) Tayco is an intellectual property holding company and its common stock trades in the Pink Sheets and OTC market under the symbol "TYCO. Tayco stock is thinly traded and does not trade on a daily basis. Tayco's total volume between July 23, 2007 and the date of the Empire fairness opinion was 20,610 shares, of which 6,600 traded on August 2, 2007. Additionally, Tayco has not submitted SEC filings since April 2005.

Effects of the Merger

Empire calculated that, as a result of the proposed merger transaction (the "Exchange Transaction"), Taylor would acquire the following:

- 697,567 shares of Taylor. Based on the Stock Price, Tayco's holding of Taylor was worth $4,262,134. Upon completion of the Exchange Transaction, the acquired Taylor shares would be placed into treasury, resulting in a net increase of 290,361 shares of Taylor common stock outstanding; from 3,145,905 shares to 3,436,266 shares.

- Tayco's cash balance, approximately $775,000 as of August 31, 2007.

- Tayco's 42% equity ownership of Tayco Realty. Based on Tayco Realty's most recent tax assessment as an indication, the market value of real property owned by Tayco Realty was approximately $991,935. Tayco Realty owns two properties: (1) 90 Taylor Drive, North Tonawanda, New York; and (2) 100 Taylor Drive, North Tonawanda, New York. HSBC is the holder of a mortgage from Taylor, Tayco Realty and the Niagara County Industrial Development Agency ("NCIDA") on 90 Taylor Drive. NCIDA is the issuer of the bond for the benefit of Taylor. According to Taylor's most recent SEC 10 KSB filing, the principal balance remaining was $153,334. According to Taylor management the approximate principal balance as of the writing of the Empire fairness opinion was $80,000. The monthly payment to be paid by Taylor on this obligation is $2,222. Further, Tayco Realty had receivables in the amount of $896,838. Therefore, Tayco's 42% pro rata share of equity ownership was $793,285 [($991,935 + $896,838) x 42%]. Upon completion of the Exchange Transaction, Taylor would eliminate from its balance sheet the minority stockholder's interest liability of $520,504 (as of May 31, 2007) attributable to Tayco's ownership interest in Tayco Realty.

- The elimination of "Payables - Due to Affiliate" of $174,609 owed by Taylor to Tayco.
- Synergistic benefits of merging with Tayco resulting in expected increased earnings after consolidation of Tayco and Taylor based on reduced professional fees and the ownership of Tayco patents.

Taylor will assume Tayco's liabilities, which Empire considered were insignificant. The aggregate value of what Taylor would acquire was $6,005,028 ($4,262,134 + $775,000 + $793,285 + $174,609) plus the synergistic benefits of the Exchange Transaction between Taylor and Tayco on an ongoing basis.

Limiting Conditions

Empire's fairness opinion was provided to the board of directors of Taylor in connection with and for the purpose of their evaluation of the Exchange Transaction. It was not intended for, nor should it be relied upon by, any other interested party to the Exchange Transaction.

In connection with its analysis, Empire relied upon and assumed, without independent verification, the accuracy and completeness of all financial or other information provided to it or publicly available. Empire also relied on the assurance of Taylor's management that there have been no material adverse changes in each company's financial conditions since the date of the last financial statements available before the issuance of Empire's opinion.

Empire did not conduct an independent appraisal of any tangible or specific intangible assets of Taylor, Tayco or Tayco Realty. Hazardous substances, if present within the facilities of a business, can introduce an actual or potential liability that will adversely affect the marketability and value of the business or its underlying assets. In the development of Empire's opinion of value, no consideration was given to such liability or its impact on value unless otherwise indicated in the report.

Empire's opinion is focused on the fairness of the Exchange Transaction to Taylor's shareholders other than Tayco. It is Empire's belief that the Exchange Transaction does not constitute a change of control of Taylor. Empire's opinion is necessarily based on business, economic, market, and other conditions, as they existed as of the date of the opinion letter (September 26, 2007); any change in such conditions would require Empire to re-evaluate its opinion. Empire's opinion is limited to the fairness of the Exchange Transaction to Taylor's shareholders as of its date hereof, from a financial point of view. The opinion did not take into consideration any tax consequences related to the Exchange Transaction.

Empire does not have a financial interest in Taylor, Tayco or Tayco Realty. Taylor has, however, agreed to indemnify Empire for any claims asserted against it in connection with the opinion, other than for claims arising out of Empire's gross negligence or willful misconduct.

Fairness Opinion

Based upon the foregoing, and in reliance thereon, Empire issued its opinion dated September 26, 2007, as financial advisor to Taylor's board of directors, that the Exchange Ratio is fair to Taylor's common shareholders from a financial point of view.

Opinion of Tayco's Financial Advisor

Tayco retained ValuQuest Business Appraisals ("ValuQuest"), a financial consulting firm, on the basis of its experience, to evaluate the terms of the merger and render a written opinion to the board of directors of Tayco as to the fairness, from a financial point of view, of the per share consideration to be received for the acquisition of all outstanding common stock of Tayco. Tayco placed no limitations on ValuQuest with respect to the investigation made, or procedures followed by, ValuQuest in rendering its opinion. The board of Tayco acknowledged the accuracy of factual information regarding Tayco relied upon in the ValuQuest opinion.

ValuQuest, and its affiliates, have been in the business of consulting for a wide range of companies for nearly 30 years, including the valuation of businesses and their securities in connection with mergers and acquisitions and other securities transactions. In conducting its analysis and arriving at its expressed opinion, ValuQuest conducted such studies, analyses and investigations, as it deemed appropriate. ValuQuest considered the terms of the merger, and took into account its assessment of the general economic, industry, market, and financial conditions, and its experience in connection with transactions in companies and securities in general.

On May 23, 2007, ValuQuest issued its opinion to the board of directors of Tayco that the proposed per share consideration of 1.0 share of registered common stock of Taylor, in exchange for 1.0 share of common stock of Tayco, (the Common Exchange Ratio"), is fair from a financial perspective, to Tayco and its shareholders. A copy of the written opinion is attached as Appendix C to this proxy statement and should be read in its entirety. ValuQuest's written opinion does not constitute an endorsement of the merger or a recommendation to any shareholder as to how such shareholder should vote at the Special Meeting.

In rendering its opinion, ValuQuest analyzed certain publicly available information concerning Tayco and Taylor, including each party's audited financial statements and annual reports then available. In addition, ValuQuest considered other factors in making its evaluation. In arriving at its opinion regarding the fairness of the consideration, ValuQuest reviewed: (i) audited financial statements for Tayco for the fiscal years ending May 31, 2001 through 2006; (ii) internally prepared interim financial statements for Tayco as of February 28, 2007; (iii) annual reports for Tayco for the fiscal years ending May 31, 2002 through 2004; (iv) Form 10-KSB reports for Tayco filed with the SEC for the fiscal years ending May 31, 2002 through 2004; (v) Tayco's income tax return (Form 1120) for the fiscal year ending May 31, 2005; (vi) the License Agreement between Tayco and Taylor dated November 1, 1959; (vii) the "Shareholder Summary" listing shareholders of Tayco; (viii) asset depreciation short report as of May 31, 2006 provided by Tayco; (ix) Tayco's patent listing; (x) annual reports for Taylor for the fiscal years May 31, 2004 through 2006; (xi) internally prepared annual financial statements for Tayco Realty for the fiscal years ending May 31, 2004 through 2006; (xii) internally prepared interim financial statements of Tayco Realty as of February 28, 2007; and (xiii) property tax assessed value by the City of North Tonawanda, New York for land and building at 90 Taylor Drive.

ValuQuest conducted due diligence on Tayco including meetings at Tayco on December 7 and 8, 2006, with a focus on various aspects of Tayco's business, its operations, finances, prospects, patents and other assets. ValuQuest also conducted discussions regarding Taylor historical performance and financial condition. ValuQuest discussed with the management of Tayco its operating performance and future prospects, primarily with respect to the current level of Tayco's earnings and future expected operating results.

History and Nature of the Business

Tayco was incorporated on July 22, 1955 by the organizers of Taylor to provide research and development and licensing to Taylor. At its peak, Tayco had annual revenue of $624,000, but revenues declined to $224,000 during the trailing 12-month (TTM) period ending February 28, 2007. At the beginning of fiscal 2005, Tayco elected to go private, but its shares have continued to trade and are quoted on OTC Pink Sheets.

Management and Personnel

Douglas P. Taylor has served as president of Tayco since 1991, and Mark McDonough serves as CFO. The services of Mr. Taylor and Mr. McDonough to Tayco are on a part time basis. Beginning in 2005, employment declined from three full-time employees to one full-time employee, a mechanical engineer who conducts research and development. Taylor provides Tayco with administrative functions in exchange for administrative fees.

Capitalization and Ownership

Tayco currently has 987,928 common shares outstanding, has no other class of stock. Tayco has no interest-bearing debt outstanding. Taylor is Tayco's largest single shareholder of record with 228,317 common shares held, or a 23.1% interest held. Over 500,000 shares of Tayco are held in street name. There appears to be no shareholder agreement that restricts the transferability of Tayco's common shares.

Based on historical trading information, closing prices for Tayco have ranged from $3.35 per share to $4.30 per share and averaged $3.74 per share from May 23, 2006 through the closing price as of May 22, 2007. The May 22, 2007 close price was $3.50 per share. Volume for Tayco shares is light. The average daily volume is 1,110 shares since May 23, 2006.

ValuQuest also considered historical closing prices for Taylor to derive implied exchange ratios of Tayco to Taylor. During the same time period, Taylor's share price ranged from $4.79 to $6.84 and averaged $5.58. Based on closing prices for Taylor and Tayco on corresponding dates from May 23, 2006 through May 22, 2007, the implied exchange ratio of one Tayco share to one Taylor share ranged from 0.56 to 0.85 and averaged 0.67. Assuming a proposed exchange ratio of 1.0, the suggested premium has ranged from 17% to 77% and averaged 50%. The ratio on the most recent corresponding closing prices for Tayco and Taylor is 0.64. A one for one exchange ratio represented a premium of 56% as of the date of their report.

OTC transactions for Tayco are at arm's length and may represent market value indicators of minority interests in Tayco. However, since electing not to file periodic reports with the SEC starting in 2005, Tayco does not publicly release financial information or an annual report. A shareholder may have difficulties selling a block of shares in Tayco without a substantial impact on price, because trading volume has historically been limited.

Services

Tayco provides research and development and licensing to advance the products and operations of Taylor. Revenue is generated from research and development fees charged to Taylor and from royalties on patents. Services are at an hourly rate on an as-needed basis. There is currently no backlog. All royalty revenue is generated from Taylor and is determined by the terms of the License Agreement. Royalty revenue is ultimately determined by sales of applicable products by Taylor.

Taylor is engaged in the design, development, manufacture and marketing of shock absorption, rate control and energy storage devices for use in various types of structures and machinery and equipment. Specific products include seismic dampers, Fluidshoks, crane and industrial buffers, self-adjusting shock absorbers, liquid die springs and vibration dampers.

At the date of ValuQuest's opinion, Tayco had 18 active patents covered under the License Agreement with expiration dates ranging from June 8, 2007 to June 18, 2022. The number of active patents had declined significantly in recent years. Twenty-three patents expired in the preceding five years. Under the License Agreement, Tayco is entitled to receive royalties of 5.0% of net sales (invoice price, less freight and trade discounts) of products that utilize patented technologies. Royalty payments to Tayco are required to be made on a quarterly basis. The License Agreement provides Taylor with the-first-option to-license or purchase patents developed and owned by Tayco. Upon waiver by Taylor, Tayco can license its patents to non-related parties but must pay Taylor 10% of royalties received from such non-related parties. Management indicates that no such waiver has occurred.

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ValuQuest analyzed the total deal price on a cash equivalent fair value basis using the standard valuation techniques discussed below based on certain assumptions of projected growth, earnings and dividends.

Property and Equipment and Intangible Assets

Tayco possesses nominal amounts of laboratory equipment, shop equipment and furniture and fixtures. All property and equipment is fully depreciated. Office space and laboratory facilities are leased from Taylor. Total annual lease expenses were $12,000 in fiscal 2006 and 2005.

Tayco holds a 42% ownership interest in Tayco Realty, a related real estate holding corporation. Tayco Realty owns land and a 38,000 square foot building at 90 Taylor Drive in North Tonawanda, New York and leases the property to Taylor. Taylor subleases a portion of the above mentioned office space and laboratory facilities to Tayco.

At the date of ValuQuest's opinion, Tayco held 18 active patents relating to specific designs and manufacturing processes for dampers, shock absorbers and isolators. Related expenditures for legal fees and applications are capitalized and amortized over the estimated economic useful lives of the patents. The average economic useful life is approximately 15 years. A chart of all remaining active patents and their scheduled expiration appears in the opinion.

Tayco made no capital expenditures for property and equipment during fiscal 2002 through the TTM period ending February 28, 2007. Investment in patent development has also been limited during the same time period. The last significant patent investment occurred in 2002, when capitalized expenses totaled over $31,000.

Competitive Market Conditions

All of Tayco's revenue is generated from Taylor and is directly affected by sales of products that contain licensed designs or technologies. Tayco does not face any direct competition due to the nature of its patented products and its subcontracting arrangement with Taylor. Tayco's revenues, however, are indirectly affected by the competition that Taylor faces. Taylor primarily operates in the construction, industrial, aerospace and defense industries. All of the domestic industries that Taylor serves are mature, with foreign markets offering higher growth opportunities.

Goodrich Corporation is Taylor's primary competitor in the aerospace market and is substantially larger and more diversified. Taylor competes on price, warranty and product performance, but cannot compete in volume due to limited financing and capacity. In the construction market, Taylor competes against two primary manufacturers of seismic damping devices, as well as numerous other firms which supply alternative seismic protection technologies.

Recent revenue growth for Taylor has been driven by higher volumes of dampers to the construction industry. Management believes that the overall level of global construction activity requiring seismic protection has increased from prior years, especially in Asian markets. Because of Taylor's participation in the seismic dampers market, it is not uncommon for the price of Taylor stock to jump on reports of a major earthquake or seismic activity.

FINANCIAL STATEMENTS

Tayco's balance sheets for the past five fiscal years ending May 31, 2002 through 2006 and, as of February 28, 2007, are presented in Schedule A of the opinion. Income statements and common size income statements for a similar period, with February 28, 2007 statements reflecting the TTM results are presented in Schedules B and C of the opinion, respectively. Statements of cash flows are presented for fiscal years 2002 through 2006 in Schedule D of the opinion. Financial statements for fiscal years 2002 through 2006 have been audited by Lumsden & McCormick, LLP. Year to date (YTD) and TTM results were obtained from internally prepared statements.

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Balance Sheets

Total assets for Tayco are primarily comprised of cash and cash equivalents (cash), investments in affiliates, a note receivable from Taylor, and intangible assets. The asset base for Tayco is substantial in relation to Tayco revenues. Total assets gradually increased at the end of each period from $3.2 million at the end of fiscal 2002 to $3.8 million at the end of 2007 YTD. The overall increase generally reflects increases in cash and investments in affiliates (on an equity basis).

Cash gradually increased from $56,000 at the end of fiscal 2002 to $106,000 at the end of fiscal 2004. The growth in cash accelerated over the next several years as the cash balance totaled $693,000 at 2007 YTD. Cash increased largely from the reduction in the receivable from Taylor. The receivable from Taylor increased from $540,000 at the end of fiscal 2002 to $776,000 at the end of fiscal 2004, before dropping to $173,000 by 2007 YTD. The receivable from Taylor carries an interest rate of 7.0% per year and any unpaid balance and interest is due at the beginning of July 2007.[2]

Investments in affiliates include Tayco's 42% ownership interest in Tayco Realty and 697,567 (22.2% interest) common shares in Taylor. Investments in affiliates are accounted for under the equity method. The gradual increase during the period is due to higher cumulative equity in net income of the affiliates.

Intangible assets are comprised of patents developed by Tayco. The book value of the patents has declined at the end of each period from $240,000 at the end of fiscal 2002 to $73,000 at 2007 YTD. The decline is due to patents expiring or being amortized and Tayco's limited investment in developing new patents during the period of review.

Total liabilities have been modest throughout the period and were comprised of accrued payroll, accrued income taxes and other accrued expenses. Total liabilities were a nominal $4,000 at 2007 YTD. Liabilities reflect normal period ending expense accruals. Tayco has a lease with Taylor for office and laboratory facilities that requires annual lease payments of $12,000. ValuQuest is not aware of any other contingent or off balance sheet liabilities that place a meaningful claim on Tayco's assets.

Total equity increased gradually at the end of each period from $3.1 million at the end of fiscal 2002 to $3.8 million at 2007 YTD, and was driven by increases in retained earnings. All growth in retained earnings since the end of fiscal 2002 reflects non operating income (interest, equity in net income of affiliates and miscellaneous), as total operating income since the end of fiscal 2002 is modestly negative.

Statements of Income

Tayco's revenue is comprised of royalties from Taylor's use of Tayco's patents and fees for research and development services. Revenue dropped from $622,000 in fiscal 2002 to $526,000 in fiscal 2003 before rebounding to $624,000 in fiscal 2004. The fall-off in revenue continued over the next two years to $226,000 for 2006. Revenue for 2007 TTM is essentially flat at $224,000. The general decline in annual revenue for Tayco has been driven by the reduction in economic benefits to Taylor for outsourcing research and development (R&D) and licensing in government contracts, combined with the costs of developing and protecting patents. Taylor has increased its in-house R&D and its reliance on proprietary data and trade secrets instead of patents to protect its competitive advantage. The temporary increase in fiscal 2004 reflects a spike in royalty revenue that year with several large shipments by Taylor of products utilizing licensed technologies.

[2] Tayco and Taylor have entered into a new promissory note in the principal amount of $144,399.00 with a maturity date of June 1, 2008 and an interest rate of 8% per annum. This note will be cancelled if the merger is consummated.

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Operating income has generally trended with revenue during the period of review. Operating income decreased annually from $250,000 in fiscal 2002 to a loss of $121,000 in fiscal 2006. The operating loss narrowed in 2007 TTM to $43,000. In fiscal 2004, operating income declined from $115,000 to $33,000, despite the increase in revenue, as operating expense jumped by nearly $180,000. Higher R&D and SG&A

expenses drove the increase in overall operating expenses. The declines in operating income in fiscals 2005 and 2006 were due to lower revenue as operating expenses declined at a slower rate. The lower deficit in 2007 TTM is due to lower operating expenses.

Other items primarily consist of interest income and Tayco's equity in net income in Taylor and Tayco Realty. Tayco's equity in net income from affiliates approximated $100,000 in fiscal years 2002 and 2003 before dropping to nearly $0 in fiscal 2004, as Taylor reported a net loss. Equity in net income of affiliates increased the next three periods to $193,000 in 2007 TTM with results at Taylor.

Net income declined annually from $257,000 in fiscal 2002 to $94,000 in fiscal 2004 with the decline in operating income. Net income improved to $114,000 in fiscal 2005 with the increase in equity in net income of affiliates. In fiscal 2006, net income dropped to $62,000, with the reported operating loss and then improved to $163,000 in 2007 TTM with a lower operating loss and higher equity in net income of affiliates. Each year since 2004, the overwhelming majority of net income has come from non-operating income.

VALUATION ANALYSIS

Valuation Approach

To develop an opinion with respect to the fairness of the proposed 1.0 for 1.0 share Exchange Ratio, ValuQuest examined a range for the fair value for a common share of Tayco.

"Fair value" is generally defined as the cash or cash equivalent price agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Based on ValuQuest's understanding of New York law, fair value is determined on a pro rata basis and no adjustment shall be considered for non-controlling interests in the transacted asset(s). When the transacted asset is a business entity, fair value under New York law is determined based on the assumption that the transacted business will continue to operate as a going concern. Additionally, ValuQuest understands that a discount for lack of marketability may be taken into consideration.

There are three basic approaches to valuation: asset, income and market. The asset approach derives the value of a business solely from the value of business assets. The income approach states that the value of the business is directly related to the expected future earnings of the business. The market approach values the business directly from other similar businesses that have sold or trade on public markets.

Asset Approach

Under the asset approach, four methods of valuation may be considered: book value, net asset value, liquidation value and cost to create. These valuation methods focus on the net asset value of a company. These methods are more commonly used to value asset holding companies, smaller firms with unusual risks and at times capital intensive manufacturing firms. Tayco is a holding company with cash and cash equivalents, investments in Tayco Realty and Taylor, and a note receivable from Taylor accounting for nearly all of its assets as of 2007 YTD. Tayco's historical operating results and outlook suggest goodwill or intangible value limited to the value of Tayco patents. Based upon these factors, ValuQuest utilized a net asset value approach to determine a fair value range for Tayco.

Income Approach

The income approach entails present value analysis of anticipated monetary benefits. Under the income approach, three methods of valuation may be considered: capitalization of earnings, capitalization of excess earnings and discounted cash flow. These methods are frequently employed in valuing closely-held businesses. A capitalization method is more suitable when a company's future cash flows are expected to change at a stable rate. The discounted cash flow method is more suitable when a company's future performance may be expected to vary. Based on the Tayco's limited historical earnings and outlook for future earnings relative to its asset base, an income approach does not provide a meaningful indicator of fair value.

Market Approach

Under the market theory, two methods of valuation may be considered: guideline public company and guideline private transaction. Under the guideline public company method, a value of a business is determined based on market values of similar publicly traded companies. Under the guideline private transaction approach, value is determined based on prices at which similar private companies have been bought and sold. The limited historical profitability and prospects suggest the market approach would not provide a meaningful indicator of value. That stated, there is a limited market for minority shares of Tayco which ValuQuest found to be at least relevant to its analysis.

Net Asset Value Method

Under the net asset value (NAV) method, the fair value of each asset and each liability is determined, then the total assets and liabilities are aggregated to indicate a total value of Tayco. The fair value of equity is derived by subtracting the total fair value of liabilities from the total fair value of assets. The resulting value is inherently on a control level basis as control is required to extract liquidity out of corporate assets. Fair value calculations are based upon Tayco's February 28, 2007 balance sheet. The stock price of Taylor is based upon the closing price as of May 22, 2007. ValuQuest states that any material change to the financial condition of Tayco subsequent to the February 28, 2007 financial statements, or the May 22, 2007 closing price for Taylor, could have a material impact on its opinion. The primary assets of the Tayco are cash (and cash equivalents), investment in Taylor stock, investment in Tayco Realty, a receivable from Taylor and patents (intangible assets). The range for the net asset value calculation and related suggested range for the exchange rate is presented on Schedule E to the opinion. ValuQuest's opinion addresses the fair value of specific assets as follows:

Cash and cash equivalents are reflected on the balance sheet of their fair value of $693,136.

Investment in Taylor consists of 697,567 of common shares. Of the shares held, 395,602 shares are not registered. Taylor's registered shares trade on Nasdaq Small Cap Market and the closing price as of May 22, 2007 was $5.46 per share. Based on the May 22, 2007 closing price the value of the Taylor shares held is $3,808,716, before the consideration of marketability of the unregistered shares and the liquidity of the registered block.

An unregistered share does not posses the same marketability as a registered share of a company because it cannot be freely traded in the public market. A holder of an unregistered shares can only liquidate such shares in a private transaction. To account for the potential impairment for marketability, ValuQuest applied a discount for lack of marketability of up to 15% for the block of unregistered shares for the lower end of the range of its calculations. A detailed discussion relating to marketability is presented in the opinion.

The remaining 301,965 registered Taylor shares held by Tayco represent a 9.6% block of Taylor shares outstanding as of March 29, 2007. Creating liquidity for such a block of stock may prove challenging and create a blockage discount.

The concept of "blockage" applies to the liquidity of a block of stock in a publicly-traded company, based upon the market's ability or inability to absorb the block without creating downward pressure on price. If there is a sudden increase in supply, a lower price may be required to stimulate demand to absorb the shares. Based upon the size of the block in relation to the market value, ValuQuest found that a blockage discount of up to 10% is applicable for the block of Taylor stock, and is discussed in detail in the opinion. At the lower end of its fair value range, ValuQuest applied a blockage discount of 10% to the block of registered shares. At the upper end of its range, ValuQuest did not apply a blockage discount.

Investment in Tayco Realty represents a 42.0% ownership interest. To determine the fair value of the investment, the fair value of Tayco Realty's equity was estimated. ValuQuest utilized the net asset value method to determine the fair value of Tayco Realty's equity because it is a real estate holding company. The balance sheets of Tayco Realty from fiscal years 2004 through 2006 are presented in Appendix A and a fair value adjusted balance sheet as of February 28, 2007 is presented in Appendix B to the opinion. ValuQuest outlined adjustments to Tayco Realty's assets and liabilities, as follows:

Cash and prepaid expenses do not require adjustment because their respective book values approximate their fair values due to their short-term nature.

Receivables net include a receivable from Taylor. The receivable bears interest at 7.0% per year. Due to the expectation that the receivable will be fully collectible and bears a market rate, the book value of the receivable proxies its market value.

Land, Building & Building Improvements consists of a 38,000 square foot building located at 90 Taylor Drive. The historical cost of the land and building is $854,636 and the book value as of February 28, 2007 is $335,306. To proxy the fair value of the real property, ValuQuest considered the tax assessed value for property tax purposes. Based on the latest property tax assessment (as of the date of the ValuQuest opinion) by the City of North Tonawanda, the estimated fair value of the real property is $795,000 or an unrealized gain of $459,694 above the book value. However, to realize the estimated gain on the real estate, it is assumed that Tayco Realty would incur a tax liability on the unrealized gain. Estimated taxes on the gain are $183,878 at a 40% tax rate. The net adjustment to the real property is $275,816 and the estimated realizable value is $611,122.

Accrued income taxes and other accrued expenses do not require adjustment due to their short-term nature.

Deducting the fair value of Tayco Realty's liabilities of $4,859 from the fair value of assets of $1,497,012 equals the estimated fair value of equity of $1,492,153. The estimated fair value of Tayco's 42.0% interest before consideration of a discount for lack of marketability is

$626,704, is the upper end of our range for fair value.

However, there is not a readily available market for Tayco's non publicly traded 42% ownership interest in Tayco Realty. To attract potential buyers, Tayco may need to offer a discount for lack of marketability to compensate for the additional risk. As discussed in the Discount for Lack of Marketability (DLOM) section of the opinion, ValuQuest estimated a potential discount at 40.0%. The estimated fair value of the Tayco's interest after a DLOM of 40% is $376,022, which is the lower end of the range for fair value. See Appendix C, "Marketability Discount and Blockage Discount - Investment in Tayco Realty" on pages 33-38 thereof.

Patents - As of the date of the ValuQuest opinion, Tayco had 18 active patents that are licensed to Taylor. Average patent revenue for the preceding six fiscal periods (including 2007 TTM) was $172,765 per year. The active patents, however, are expiring on an ongoing basis, with many having expired within the preceding three years and three more scheduled to expire in 2007. Tayco is not generating significant new patents to replace those expiring. Average patent revenue for the past three fiscal periods has declined to $127,921. Direct expenses related to patents for the last fiscal year total approximately $12,000.

As one proxy for the fair value of the patents, ValuQuest prepared a discounted cash flow analysis based upon potential patent income over the next eight fiscal years. At the end of that period, Tayco will have only a few active patents remaining and various expenses should offset any continuing income.

In its discounted cash flow analysis, ValuQuest projected ongoing royalties based upon the 2007 TTM level of royalties, and adjusted downward by the percentage of patents expiring in subsequent years. Tayco has historically experienced occasional spikes in patent royalties based upon a large project or series of projects for Taylor in a single year. To reflect such a spike year, ValuQuest incorporated one year in its model where royalty revenue will increase by $100,000 over the ongoing average year similar to the jump in royalties in fiscal 2004. Target income is calculated by subtracting the $12,000 in expenses associated with ongoing patent maintenance and a normalized 40% income tax rate. During the period in the discounted cash flow model, net cash flow from patents generally declines with the number of active patents from approximately $45,000 in fiscal 2008 to nominal levels in fiscal 2015 with a temporary spike to $101,000 in fiscal 2011.

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Calculating the present value for the target income from patent royalties at discount rates ranging from 25% to 30% suggests a fair value for the patents in the range of $160,000 to $180,000. See Appendix C to the opinion.

All other assets and liabilities were disregarded as not material to the overall value calculation.

The suggested fair values for Tayco range from $4,722,119 to $5,481,677 or $4.78 to $5.55 per share based upon the 987,928 shares of Tayco common stock currently issued and outstanding. See Appendix C, "Conclusion" on page 38 thereof.

Discount for Investment in Taylor

The existence of a ready market for a security is of definite value to an owner, or to a potential buyer, and a security which possesses such a ready market is worth more than another otherwise similar security which does not have such a market. The well-informed buyer of an interest in a closely-held company or in unregistered shares in a publicly-traded company would obviously be aware that they would be buying securities with limited marketability.

A discount for lack of marketability captures the diminution in value attributable to a non-marketable security relative to its value on a fully marketable basis. Lack of ready marketability makes the interest considerably less attractive than if it could be easily liquidated. This concept was recognized by the Internal Revenue Service in Revenue Ruling 77-287 when, in discussing the value of unregistered shares in public companies, it stated, "The discount from the market price provides the main incentive for a potential buyer to acquire restricted securities."

ValuQuest considered a discount for lack of marketability of an interest in a closely held corporation. ValuQuest considered several studies on the subject and considered trading data of Taylor stock. ValuQuest concluded that the discount applicable to the shares of Taylor stock held by Tayco would be no more than 10%. See Appendix C, "Marketability Discount and Blockage Discount - Investment in Devices" on pages 25-33 thereof.

Discount for Lack of Marketability - Investment in Tayco Realty

To determine a lack of marketability discount for Tayco's investment in Tayco Realty, ValuQuest discussed studies of marketability discounts for restricted stock of publicly traded companies and a study of price-to-value discounts in the limited partnership secondary market. Tayco Realty is smaller and less diverse then nearly all of the companies or partnerships involved in the marketability studies. Tayco Realty has no history of paying distributions to shareholders. Based on these factors, ValuQuest estimated the discount for lack of marketability at up to

40% for Tayco's investment in Tayco Realty. See Appendix C, "Investment in Tayco Realty" on pages 23-24 thereof.

ValuQuest acted as Tayco's financial advisor in connection with the merger and will receive a flat fee for its services. ValuQuest does not have a financial interest in Tayco, Taylor or Tayco Realty. Tayco has, however, agreed to indemnify ValuQuest for any claims asserted against it in connection with the opinion, other than for claims arising out of ValuQuest's gross negligence or willful misconduct.

CONCLUSION

Based on the then available information, the fair value per share for Tayco is within the range of $4.78 to $5.55. The closing price of Taylor stock of $5.46 as of May 22, 2007 suggests an exchange ratio within the range of 0.88 to 1.02. The average closing price for Taylor for the past year of $5.58 per share suggests an exchange ratio of 0.87 to 1.01. The Common Exchange Ratio (as such term is defined in the opinion) for the Transaction is 1.0 and is within the range of fair exchange ratios. Therefore, it is the opinion of ValuQuest that, as of the opinion date, the consideration to be received pursuant to the Transaction is fair from a financial point of view to the shareholders of Tayco. ValuQuest's opinion of fairness is contingent on the most-recent data made available to them.

Interests of Certain Persons in the Merger

Taylor has agreed to indemnify and hold harmless the past and present directors and officers of Tayco for all acts or omissions occurring at or prior to the effective time of the merger to the same extent these persons have the right to be indemnified and held harmless by Tayco, and this right shall continue in full force and effect for so long as it would (but for the merger) otherwise survive and continue in full force and effect.

Douglas P. Taylor, the current chairman of Taylor's and Tayco's board of directors and president and chief executive officer of both companies, will continue to serve as chairman of the surviving corporation's board of directors following the merger. Other executive officers of Taylor are expected to continue in their positions following the merger. Messrs. David A. Lee and Paul L. Tuttobene, and Ms. Janice M. Nicely (who, with Mr. Taylor, currently comprise the board of directors of Tayco), will not be appointed to the board of directors of Taylor after the merger.

Messrs. Douglas P. Taylor and Richard G. Hill, who are directors, officers and shareholders of Taylor, own or control 96,951 Tayco shares, or 9.8%. See also "INFORMATION ABOUT TAYCO–Security Ownership of Certain Beneficial Owners and Management." Upon the conversion of Tayco shares into shares of Taylor, these persons will more easily be able to sell their shares. Paul Tuttobene and Janice Nicely, directors of Tayco, each own 1,000 shares and 72 shares, respectively, of Tayco.

Accounting Treatment

In accordance with U.S. generally accepted accounting principles, Taylor will account for the merger using the purchase method of accounting. Under this method of accounting, Taylor will record the market value of its common stock issued in connection with the merger and the amount of direct transaction costs associated with the merger as the estimated purchase price of acquiring Tayco. Taylor will allocate the estimated purchase price to the net tangible and amortizable intangible assets acquired (including developed and core technology and patents, customer contracts and lists, and distribution agreements), intangible assets with indefinite lives and in-process research and development, based on their respective fair values at the date of the completion of the merger. Any excess of the estimated purchase price over those fair values will be accounted for as goodwill. See "THE MERGER -Accounting Treatment."

Appraisal Rights

Tayco shareholders who comply with the requirements of Section 623 of the New York Business Corporation Law will be entitled, if the merger is consummated, to seek an appraisal of their shares of common stock. See "RIGHTS OF DISSENTING SHAREHOLDERS" and APPENDIX D.

Taylor shareholders do not have rights of appraisal, otherwise known as "dissenters' rights."

TERMS OF THE MERGER AGREEMENT

The following summary describes the material provisions of the merger agreement. The provisions of the merger agreement are complicated and not easily summarized. This summary may not contain all of the information about the merger agreement that is important to you. The merger agreement is attached to and is incorporated by reference into this joint proxy statement/prospectus as APPENDIX A, and we encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.

Merger

The Agreement and Plan of Merger, dated November 30, 2007 by and between Taylor and Tayco contemplates a merger whereby Tayco will be merged with and into Taylor, with Taylor as the surviving corporation. Upon approval of the merger agreement and the filing of the certificate of merger with the New York Department of State, each Tayco shareholder will have the right to receive the merger consideration as described below under "-Merger Consideration."

Effective Time; Closing

The merger will become effective on the date a certificate of merger is filed with the New York Secretary of State, or at such other date and time as may be specified in the certificate. The merger agreement provides that the certificate of merger is to be filed as promptly as practicable after all the conditions to the closing of the merger are satisfied or waived, if permissible. Taylor and Tayco currently expect to consummate the merger in the first quarter of 2008.

Merger Consideration

The merger agreement provides that on the effective date and time of the merger, each share of Tayco common stock issued and outstanding immediately prior to the effective time will be converted into the right to receive one share of Taylor common stock. The number of shares of Taylor common stock to be received for each share of Tayco common stock being converted into Taylor stock is sometimes referred to in this joint prospectus/ proxy statement as the "merger consideration."

Surrender of Shares; Stock Transfer Books

Prior to the effective time of the merger, Taylor will deposit with the Exchange Agent, certificates representing Taylor common stock to be issued pursuant to the merger agreement.

Promptly after the effective time of the merger, Taylor will send to each holder of Tayco common stock at the effective time of the merger a letter of transmittal and instructions for use in effecting the exchange of Tayco common stock for the merger consideration the holder is entitled to receive under the merger agreement. Upon surrender of the certificates or book-entry shares for cancellation along with the executed letter of transmittal and other documents, each Tayco shareholder (other than shareholders exercising dissenters' rights) will receive the merger consideration.

At any time following one year after the effective time of the merger, Taylor will have the right to require the Exchange Agent to return any shares of Taylor common stock that remain unclaimed. Any holder of Tayco common stock who has not exchanged his certificates representing such stock prior to that time may thereafter look only to Taylor, as a general creditor, to exchange his stock certificates or to pay amounts to which he is entitled pursuant to the merger agreement. Neither Taylor nor the Exchange Agent will be liable to any holder of Tayco common stock certificates for any merger consideration delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

Representations and Warranties

The merger agreement contains representations and warranties of Tayco and Taylor that are customary in merger transactions, including, but not limited to, representations and warranties concerning:

- the organization, good standing and corporate power and authority of the parties to carry on their respective businesses;
- the merger agreement will not conflict with or violate any applicable law or the certificates of incorporation or bylaws, or conflict with or result in a breach or default under any agreements;
- the due authorization, execution, delivery and enforceability of the merger agreement and related agreements;
- no violation of or default under any agreement, certificate of incorporation or by-laws, or any applicable law;

- the conduct of Tayco's business in the ordinary course and in the absence of material adverse changes;
- the filing by Tayco of all tax returns;
- Tayco's benefit plans and employee relations;
- environmental matters;
- no existing claims against or agreements with Tayco for brokerage commissions, finders fees or similar compensation in connection with the merger agreement, other than ValuQuest;
- the financial statements of the parties;
- no litigation, except in the ordinary course of business;
- good and marketable title to all assets;
- Tayco's intellectual property; and
- full disclosure by Tayco of all material facts related to its business, operations, condition, assets and liabilities.

Except as specifically provided for in the merger agreement, the representations and warranties of Taylor and Tayco will not survive beyond the effective time of the merger if it is consummated. If the merger agreement is terminated without consummation of the merger, and provided that the terminating party is not in material default of its obligations under the merger agreement, there will be no liability on the part of Taylor or Tayco to each other. Taylor and Tayco shall each bear their respective costs and expenses incurred in connection with the merger, including legal, accounting and other fees. If and when the merger is consummated, Taylor agrees to include on its balance sheet as a liability, the reasonable costs, expenses and fees incurred by Tayco in connection with the merger.

Conditions to the Merger

The respective obligations of the parties to consummate the merger are subject to the satisfaction or waiver of the following conditions specified in the merger agreement:

- the compliance with or satisfaction of all representations, warranties, covenants and conditions set forth in the merger agreement;
- no order, decree or injunction of a court or agency of competent jurisdiction has been filed or brought which enjoins or prohibits consummation of the merger;
- the merger agreement has been approved by the requisite vote of the shareholders of Taylor and Tayco;
- neither financial advisor shall have withdrawn its opinion, to the effect that the terms of the merger are fair to the shareholders of Taylor and Tayco from a financial point of view, prior to the Special Meeting;
- there are no material adverse changes in Tayco;
- Tayco shall have assigned all patents to Taylor and amended all patent royalty agreements with inventors; and
- all required documents shall have been provided by Tayco.

There can be no assurance that the conditions to consummation of the merger will be satisfied or waived.

Conduct of Business Prior to the Closing Date

Under the terms of the merger agreement, Tayco will conduct its business and engage in transactions only in the ordinary course and consistent with past practice or to the extent otherwise contemplated under the merger agreement, except with the prior written consent of Taylor. Tayco also will use its best efforts to:

- conduct its business diligently, and substantially in the manner conducted, and only in the ordinary course;
- experience no material adverse change;
- maintain present relationships with its customers, suppliers, consultants, employees and other persons with whom business relationships exist; and
- preserve all assets in customary repair and condition.

Tayco also agreed that, except as contemplated by the merger agreement or unless Taylor provides its express written consent, Tayco will not, among other things:

- pay any dividend or distribution with respect to its common stock; or
- issue any shares of its capital stock, or any options, warrants, or other rights to purchase capital stock; or
- redeem, purchase or otherwise acquire any of its capital stock; or
- amend its certificate of incorporation or bylaws; or

- increase the compensation of any of officers or employees or agree to pay any bonus, severance payment or other new benefit to such persons; or
- sell or transfer any intellectual property; or
- enter into any agreement which may have a material adverse effect on its business and operations; or
- make any capital expenditures in excess of $5,000 in the aggregate; or
- commit or omit to do any act, or engage in any activity or transaction, which reasonably could have a material adverse effect on its business or assets; or
- make any loan or advance to any Tayco shareholder, officer or director or other third party, except for reasonable advances for employee expenses or for consumer credit consistent with past practice; or
- deviate in any material way from the warranties and representations in the merger agreement.

Other Agreements

Taylor and Tayco have agreed to certain other actions that are customary in merger agreements. For example, Taylor and Tayco have agreed to cooperate with each other in preparing and filing, as soon as practical, all required regulatory documents and to use their best efforts in good faith to take all action necessary to permit completion of the merger. Tayco and Taylor have each provided the other, and their respective representatives, reasonable access to their respective proprietary information, including Tayco's patents and other intellectual property, as well as the books and records relating to its business. Such access has been conditioned upon the agreement that each company's respective proprietary information will be kept confidential by the other party. Taylor has agreed to continue the employ of Tayco's sole employee at a base salary equal to or greater than the base salary in effect prior to the merger. The employee currently participates in Taylor's 401(k) plan, and will be entitled to receive and participate in other benefit plans available to Taylor employees after consummation of the merger.

Waiver and Amendment

Prior to the completion of the merger, Taylor and Tayco may extend the time for performance of any obligations under the merger agreement, waive any inaccuracies in the representations and warranties contained in the merger agreement and waive compliance with any covenant, agreement or, to the extent permitted by law, any condition of the merger agreement. However, after the shareholders of Taylor and Tayco have adopted the merger agreement, no waiver can modify the amount or form of consideration to be provided to the shareholders or otherwise materially adversely affect the shareholders without the approval of the affected shareholders to the extent required by applicable law.

The merger agreement may be amended or supplemented at any time by mutual agreement of Taylor and Tayco, provided that any such amendment or supplement after the shareholders have adopted the merger agreement is subject to the same condition in the last sentence of the preceding paragraph.

Termination

The merger agreement may be terminated at any time prior to the closing date:

- by mutual written consent of Taylor and Tayco;
- by either Taylor or Tayco, if the other of them has materially breached representations, warranties, covenants or other agreements as set forth in the merger agreement, such that the any condition precedent to either party's going forward would not be satisfied, or if such breach is incapable of being cured within 15 days after written notice;

- by either Taylor or Tayco, if its shareholders do not approve the merger agreement; or
- by either Taylor or Tayco if the merger is not completed by June 30, 2008, *provided that* the terminating party is not in material default of any of its obligations under the merger agreement.

In the event the merger agreement is terminated, the merger agreement shall become void and have no effect, except that:

- certain provisions regarding confidential information and payment of fees and expenses will survive and remain in full force and effect; and
- the breaching party shall not be relieved of liability or damages for any breach of the merger agreement that gives rise to such termination, including without limitation, failure to keep confidential certain proprietary information.

INFORMATION ABOUT TAYLOR

Taylor was incorporated in the State of New York on July 22, 1955 and is engaged in the design, development, manufacture and marketing of shock absorption, rate control, and energy storage devices for use in various types of machinery, equipment and structures. In addition to manufacturing and selling existing product lines, Taylor continues to develop new and advanced technology products.

Additional information about Taylor is included in documents incorporated by reference into this proxy statement/prospectus. See the section titled "WHERE YOU CAN FIND MORE INFORMATION" beginning on page 62.

INFORMATION ABOUT TAYCO

Description of Business

Tayco was incorporated in the State of New York on July 22, 1955, and is a patent holding company engaged in research, development and licensing to manufacture shock and vibration isolators, energy storage and shock absorption components for use on various types of vehicles, machinery and equipment. Tayco sells research and development engineering services to Taylor, and pursuant to the License Agreement has licensed Taylor to manufacture and sell certain of Tayco's patented products. The products sold are used in the defense, aerospace and commercial industries. See "*Patents, Trademarks and Licenses*" below.

Tayco continues to research and develop new and advanced technology products.

Principal Products

Tayco's primary products include a wide spectrum of components utilized for the absorption and/or attenuation of transient and/or steady state motion of mechanical elements. Specific components include shock absorbers, vibration dampers, seismic shock arresters, vehicle suspension Taylor and recoil absorbers. These components may utilize either hydraulic, elastomer, or electronic means to obtain their required output.

A correlative component of these products is the analysis and development of design specifications for various types of energy absorption Taylor. Tayco maintains an extensive computer database of shock pulses, combined with its own proprietary structural analysis computer codes. Tayco markets analytical services utilizing these assets.

Distribution

Tayco does not use sales representatives or distributors because the majority of its work is performed under contract with Taylor.

Competition

Tayco faces no significant competition due to the nature of its patented products and the subcontracting arrangement with Taylor.

Raw Materials and Supplies

No raw materials are used in Tayco's business, and supplies are readily available.

Patents, Trademarks and Licenses

Tayco holds approximately 18 patents expiring at different times until the year 2021. In fiscal 2007, royalty income from the patents accounted for 367% of Tayco's revenues.

Under the License Agreement, Tayco granted Taylor preferential rights to market in the United States and Canada all existing and future inventions and patents owned by Tayco. The term of the License Agreement is the life of the last-to-expire patent on which Taylor is paying royalties, the date of which is October 23, 2021. Taylor pays a 5% royalty to Tayco on sales of items sold and shipped. During fiscal 2007, Tayco recorded $91,740 in royalties revenue from Taylor. Under the License Agreement, payments of royalties are required to be made quarterly.

In addition, the License Agreement provides for Tayco to pay Taylor 10% of the gross royalties received from third parties who are permitted to make, use and sell machinery and equipment under patents not subject to the License Agreement. These royalties also apply to certain apparatus and equipment subject to the License Agreement which has been modified by Taylor, with the rights to the modification assigned to Tayco. No royalties were paid to Taylor in 2007.

Under Patent Agreements with Douglas P. Taylor, David A. Lee and three other inventors, Tayco pays $36,000 in royalties per year to Mr. Taylor, and $3,600 per year to each of the others, for so long as any of their respective patents assigned to Tayco remains in effect.

Dependence Upon Customers/Terms of Sale/Sales Backlog

Tayco's current business is almost totally dependent on Taylor. In fiscal 2007, 100% of sales were to Taylor in the form of both direct and subcontracted project engineering. Terms of sale are normally net 30 days, with purchase orders issued on a "cost plus" basis. Work is subcontracted from Taylor as needed, and consequently there is no backlog.

Government Contracts

Tayco has proposals pending with the federal government, but no assurances can be given that any contracts will be forthcoming.

Research and Development

Tayco engages in Research and Development ("R&D") in connection with the design of products that are sold by Taylor. See "*Patents, Trademarks and Licenses*" above. Tayco's income from R&D was $161,610 and $128,820 for fiscal years 2007 and 2006, respectively.

Government Regulation

Compliance with federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment have had no material effect on Tayco, and Tayco believes that it is in substantial compliance with such provisions.

Tayco is subject to the Occupational Safety and Health Act ("OSHA") and the rules and regulations promulgated thereunder, which establishes strict standards for the protection of employees, and imposes fines for violations of such standards. Tayco believes that it is in substantial compliance with OSHA provisions and does not anticipate any material corrective expenditures in the near future. There have been no significant costs or efforts in conjunction with compliance with environmental standards.

Employees

As of May 31, 2007, Tayco had one full time employee and no part time employees, and does not count executive officers as employees.

Description of Property

Pursuant to the Lease Agreement dated July 1, 2000 between Tayco and Taylor, Taylor leases approximately 800 square feet of office and research and development space located at 100 Taylor Drive, North Tonawanda, New York to Tayco at a base annual rental of $12,000. The rate of any rental increase may not exceed 10% annually and may be waived by both parties in writing. The lease will automatically renew on each anniversary of its commencement date unless either party gives three months' written notice to the other of termination. The lease provides that on April 1 of each year, management of both companies will review the lease to determine possible increases for expenses due to increased taxes, maintenance costs, or for additional space utilized by Tayco. For the twelve months ended May 31, 2007, Tayco paid Taylor rental payments totaling $12,000. The real property utilized by Tayco is in good condition, adequate for present operations and adequately covered by insurance.

Legal Proceedings

None.

Submission of Matters to A Vote of Security Holders

None.

Market for Common Equity and Related Shareholder Matters

Tayco's Common Stock is traded over the counter on the Pink Sheets under the trading symbol TYCO.PK.

The market prices noted below for fiscal years 2008, 2007 and 2006 were obtained from the Pink Sheets and represent estimated prices between dealers, without retail mark-up, mark-down or commission.

	Fiscal 2008		Fiscal 2007		Fiscal 2006	
	High	Low	High	Low	High	Low
First Quarter	4.25	3.77	4.00	3.70	2.10	1.80
Second Quarter	5.50	4.30	3.80	3.45	2.20	1.95
Third Quarter			3.75	3.30	3.55	2.60
Fourth Quarter			3.75	3.35	4.35	3.11

Holders

As of January 8, 2008, the approximate number of holders of record of common stock of Tayco was 318. Even though a significant number of shares of Tayco's common stock are held in street name, Tayco does not believe that the total number of beneficial owners of its common stock exceeds 1,000.

Because Tayco has fewer than 500 shareholders of record and its total assets have been less than $10,000,000 on the last day of each of its three most recent fiscal years, Tayco terminated its reporting obligations under the Securities Exchange Act of 1934 on July 1, 2005.

Dividends

There are no restrictions on the payment of either cash or stock dividends, but no dividends were declared in fiscal years 2007 or 2006. Tayco does not anticipate the issuance of dividends in the future.

Management's Discussion and Analysis of Financial Condition and Results of Operations

A summary of the period to period changes in the principal items included in the consolidated statements of income is shown below:

	Comparison of the years ended May 31, 2007 and 2006 Increase / (Decrease)	
Royalties revenue	$	(5,000)
Research & development revenue	$	33,000
Research & development expense	$	1,000
Selling, general and administrative expense	$	(94,000)
Other income	$	(10,000)
Equity in net income of affiliates	$	27,000
Net income	$	122,000

For the year ended May 31, 2007 (All figures being discussed are for the year ended May 31, 2007 as compared to the year ended May 31, 2006.)

The Company's results of operations showed a 12% increase in net revenues with an increase in net income of 198%. The increase in revenue is attributable to research and development revenue recorded as a result of higher levels of billable engineering hours on projects for Taylor.

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Selling, general and administrative expenses decreased by 37% to $159,000 primarily because of a reduction of personnel and related expenses.

Included in interest income for the year ended May 31, 2007, is interest of $13,000 earned from Devices for an unsecured promissory note payable to the Company. The outstanding balance on the promissory note at May 31, 2007 is $144,000. Interest, at 8% per year, is receivable monthly through June, 2008 when any unpaid principal is due to be received.

Equity in the net income of affiliates was $172,000. This compares to income of $144,000 for the prior year. This income is generated from the Company's investments in Taylor and Tayco Realty.

Net income was $173,000 or $0.19 per share. This is up from the prior year's level of $62,000 or $0.06 per share. This is a result of the aforementioned items.

The balance sheet as of May 31, 2007 is comparable to that of the prior year-end.

Management believes that the Company's internally generated cash will be sufficient to fund ongoing operations for the fiscal year ending May 31, 2008.

As of August 31, 2007, Taylor owed Tayco $106,000 for unpaid royalties from prior years. The indebtedness is unsecured and is evidenced by Taylor's Promissory Note bearing interest at 8% per annum and having a maturity date of June 1, 2008.

Financial Statements

For information concerning this Item, see Tayco's balance sheet and related financial statements and notes at Appendix F.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

There have been no disagreements between Tayco and its accountants as to matters which require disclosure.

Directors, Executive Officers, Promoters and Control Persons

Douglas P. Taylor (59) has been Chairman, President and Chief Executive Officer of Tayco since April 1991, an executive officer since 1979 and a director since 1972. Since 1976 and 1977, he has served as director of Taylor and Tayco Realty, respectively. Mr. Taylor is inventor/co-inventor on numerous U.S. patents assigned to Tayco, and is widely published within the fluid power, aerospace/defense, and structural engineering communities.

David A. Lee (76) has served as Vice President of Tayco since April 1991 and as a director since November 1991. Dr. Lee has also served as a consultant to Taylor since 1974. He has a Ph.D. and M.E. degree in mechanical engineering from the University of Southern California at Los Angeles and a B.S. degree in mechanical engineering from the California Institute of Technology. Dr. Lee is the co-inventor on five U.S. patents assigned to Tayco.

Paul L. Tuttobene Jr. (44), President of PLT Associates, a firm which has served as a manufacturer's representative and consultant to Taylor since 1989, has served as a director of Tayco since November 1991. Mr. Tuttobene has a B.S. degree in marketing from St. John Fisher College.

Janice M. Nicely (67) is semi-retired and until November 1, 2001 served as Manager of Shareholder Relations for Tayco and Taylor. Ms. Nicely has been an employee of Tayco and Taylor since 1980 and has served as a director of Tayco since November 1992.

Mark V. McDonough (47) is the Treasurer and Chief Financial Officer of Tayco and Taylor. Before he joined Tayco in June 2003, Mr. McDonough served as Director of Finance at Saint-Gobain Technical Fabrics, Inc. in Niagara Falls, NY. Prior to that, he had been employed as Corporate Controller with International Motion Control, Inc. in Buffalo, NY.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of January 8, 2008 as to persons known by Tayco to be the beneficial owners of more than five percent (5%) of Tayco's common stock, as well as shares owned by the named Executive Officer, each director and all directors and executive officers as a group.

Name and Address of Beneficial Owner	Direct/Indirect Ownership (4)	Amount of Percent of Ownership (4)
Taylor Devices, Inc. 90 Taylor Drive North Tonawanda, NY 14120	228,317 (1)	23.1%
Douglas P. Taylor 90 Taylor Drive North Tonawanda, NY 14120	97,809 (2)(3)	9.9%
David A. Lee 1819 Wilshire Blvd. Santa Monica, CA 90403	-	-
Paul L. Tuttobene, Jr. 84 Benedict Road Pittsford, NY 14534	1,000	*
Janice M. Nicely 100 Taylor Drive North Tonawanda, NY 14120	72	*

Mark V. McDonough 90 Taylor Drive North Tonawanda, NY 14120	-	-
All Directors and officers as a group	98,881	10.0%

* less than 1%

(1) These shares were purchased in January 1992 in a private sale at their fair market value, in consideration of Taylor' partially discharging certain of Tayco's obligations as a guarantor of the indebtedness of a former affiliate.

(2) Douglas P. Taylor is a shareholder, a director, the President and CEO of both Tayco and Taylor. The Taylor family owns or controls 160,134 shares in Tayco, or approximately 16.2% of its common stock, including shares held by Mr. Taylor. Also included in this number are the shares held by Mr. Taylor's sister, Joyce Taylor Hill, who owns 24,351 shares in her name and 33,174 shares as custodian for her children. Richard G. Hill, her husband and the brother-in-law of Mr. Taylor, beneficially owns 4,800 shares. Mr. Hill is also a shareholder, director, and Vice President of Taylor. Including shares beneficially owned by Messrs. Taylor and Hill in Taylor, the Taylor family owns or controls 116,857 shares or 3.9% of the common stock of Taylor.

(3) Includes 6,000 shares held by Sandra Taylor, wife of Mr. Douglas P. Taylor, as well as 25,295 shares held by Sandra Taylor in custodial accounts for their children Erin and David, and 4,714 shares held by their son Alan. Mr. Taylor disclaims any beneficial ownership of these shares.

(4) Information presented in this table has been supplied by the respective shareholders or by Tayco, as transfer agent.

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DESCRIPTION OF TAYLOR COMMON STOCK

Taylor's certificate of incorporation authorizes Taylor to issue up to 8,000,000 shares of common stock, of which, as of the date of this proxy statement/ prospectus, 3,156,061 shares are issued and outstanding; 264,853 shares are held in Taylor's treasury; 67,750 shares are reserved for issuance under the 2005 Taylor Devices, Inc. Stock Option Plan; no shares are reserved for issuance under the 2004 Taylor Devices, Inc. Employee Stock Purchase Plan; 25,000 shares are reserved under the 2001 Taylor Devices, Inc. Stock Option Plan; 1,000 shares are reserved under the 1998 Taylor Devices, Inc. Stock Option Plan; no shares are reserved under the 1994 Taylor Devices, Inc. Stock Option Plan, and 140,000 shares of common stock are reserved for issuance under the Plan.

Shares of Taylor common stock are entitled (a) to dividends when and as declared by the board of directors, subject to any rights of preferred stock of Taylor that may be hereafter issued; (b) to one vote per share on each matter properly submitted to shareholders for their vote; and (c) to participate ratably in the net assets of Taylor in the event of liquidation, subject to any prior rights of preferred stock of Taylor that may hereafter be issued. Taylor is currently restricted from issuing dividends under credit arrangements with its lender. Outstanding shares of Taylor common stock are fully paid and are not subject to further calls or assessments. Holders of Taylor common stock do not have preemptive rights.

The certificate of incorporation of Taylor authorizes the board of directors to issue up to 2,000,000 shares of preferred stock, $.05 par value, with such rights and privileges, including voting rights, as it may deem appropriate. Five thousand (5,000) preferred shares have been designated by the board of directors as "Series A Junior Participating Preferred Stock" ("Series A Stock") in connection with the issuance by Taylor of certain shareholder rights ("Rights"), as more particularly described in the Rights Agreement between Taylor and Regan & Associates, Inc., as Rights Agent, dated October 5, 1998, attached as Exhibit 4 to Taylor's Registration Statement on Form 8-A filed with the SEC on or about October 6, 1998 ("Rights Agreement"). The certificate of amendment to Taylor's certificate of incorporation designating the Series A Stock was filed by the New York Secretary of State on October 9, 1998 (the "Amendment").

In accordance with the Amendment and the Rights Agreement, Taylor declared a dividend of one Right for each outstanding share of Taylor's common stock, to shareholders of record at the close of business on October 19, 1998. Each Right entitles the registered holder to purchase from Taylor a unit consisting of one two thousandths (1/2000th) of a share of Series A Stock, at a purchase price of $5.00 per unit of 1/2000th of a share, subject to adjustment.

Initially, the Rights were attached to all Taylor common stock certificates representing shares then outstanding, and no separate Rights Certificates were or will be distributed. A distribution date will occur and the Rights will separate from the common stock upon the earliest of (1) 10 days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 30% or more of the Taylor common stock then outstanding; (2) 10 business days following the commencement of a tender offer or exchange offer that would result in a person or group beneficially owning 24% or more of such outstanding shares of Taylor common stock (unless such tender offer or exchange offer is an offer for all outstanding shares of Taylor common stock which a majority of the unaffiliated directors who are not officers of Taylor determine to be fair to and otherwise in the best interests of Taylor and its shareholders); and (3) the date the board of directors declares a person to be an "Adverse Person," upon a determination by the board that such person, together with his affiliates or associates, is or has become the beneficial owner of 24% or more of the shares of Taylor common stock outstanding, and upon a determination by at least a majority of the continuing directors who are not officers of Taylor, after reasonable inquiry and investigation, that (a) such beneficial ownership by such person is intended to cause Taylor to repurchase the Taylor common stock beneficially owned by such person or to cause pressure on Taylor to take action or enter into a transaction or series of transactions intended to provide such person with short term financial gain under circumstances where such continuing directors determine that the best long term interests of Taylor and its shareholders would not be served by taking such action or entering into such transactions or series of transactions at that time; or (b) such beneficial ownership is causing or reasonably likely to cause a material adverse impact (including, but not limited to, impairment of relationships with customers, impairment of Taylor's ability to maintain its competitive position or impairment of Taylor's business reputation or ability to deal with governmental agencies) on the business or prospects of Taylor.

The power of the Taylor board of directors to issue preferred shares, such as Series A Stock, may enable the board of directors to prevent a change in control despite a shift in ownership of the Taylor common stock. In addition, the Taylor board's power to issue additional common stock may delay or deter a change in control by increasing the number of common stock needed to gain control.

In addition, under New York law, Taylor cannot enter into certain business combinations involving persons beneficially owning 20% or more of the shares of Taylor common stock, unless the board of directors has approved the business combination or the stock acquisition by which the person's interest reached 20% ("Stock Acquisition") prior to the date of the Stock Acquisition. This restriction applies for 5 years after the date of the Stock Acquisition. Thereafter Taylor may enter into a business combination with the interested person (a) if the combination is approved by vote of the holders of a majority of the Taylor common stock beneficially owned by disinterested shareholders or (b) if, as part of the business combination, the disinterested shareholders receive a price for their common stock equal to or greater than the price determined in accordance with a statutory formula intended to assure that the shareholder will receive an equitable price in the business combination.
New York law also prevents Taylor from purchasing more than 10% of the shares of Taylor common stock for more than their market value unless the purchase is approved by the board of directors and by a majority vote of all outstanding common stock, unless the offer to purchase is extended to all shareholders, or unless the offer is for common stock the holder has held for more than two years. The restrictions described in this paragraph apply also to Tayco and Tayco common stock.

COMPARISON OF SHAREHOLDER RIGHTS

The rights of Taylor shareholders are governed by Taylor's certificate of incorporation and bylaws, each as amended, and the laws of the State of New York; and the rights of Tayco shareholders are governed by Tayco's certificate of incorporation and bylaws, each as amended, and the laws of the State of New York. After the merger, all Tayco shareholders will become shareholders of Taylor and their rights will be governed by Taylor' certificate of incorporation and bylaws, each as amended, and New York. While the rights and privileges of Tayco shareholders are comparable to those of the shareholders of Taylor, such as voting rights, there are differences. Below is a summary of material differences as of the date of this joint proxy statement/ prospectus between the rights of Taylor shareholders and the rights of Tayco shareholders. These differences arise from differences between the respective certificates of incorporation and bylaws of Taylor and Tayco.

The following is a summary only and does not purport to be a complete description of all differences. Shareholders should consult the respective certificates of incorporation and bylaws, as amended, restated, supplemented or otherwise modified, of Taylor and Tayco for a more complete understanding of these differences.

TAYLOR		**TAYCO**
	***Capital Stock*:**	
Pre-Merger:		*Pre-Merger:*
Taylor is authorized to issue:		Tayco is authorized to issue:

- 8,000,000 shares of common stock, of which 3,156,061 are issued and outstanding as of January 8, 2008, 2008.	- 1,000,000 shares of common stock, of which 987,928 are issued and outstanding as of January 8, 2008.
- 2,000,000 preferred shares in series, including 5,000 shares of class A junior participating preferred shares in connection with Taylor's rights plan (see below), but no preferred shares (including the class A shares) have been issued or are outstanding.	- No preferred stock
Post-Merger:	
Assuming approval the merger agreement, Taylor will issue 759,611 shares of common stock.	Assuming approval the merger agreement, no Tayco stock will remain outstanding

Rights Plans:

Pre-Merger:	*Pre-Merger:*
- Taylor is a party to a rights plan entered into on October 5, 1998. Unless extended or replaced, the rights plan will expire by its terms on October 5, 2008.	Tayco has no rights plan.
Post-Merger:	
- The completion of the merger will not cause the rights under the rights plan to become exercisable.	

Number and Term of Directors:

Pre-Merger and Post-Merger:	*Pre-Merger:*
- The number of directors must be at least three, but not more than ten, and comprise a staggered board of three directors classes, all of whom are elected to a three-year term.	- The number of directors is not specified. All directors are elected for a one-year term.
Currently, there are five directors on the board and this number will remain unchanged post merger.	Currently, there are four directors on the board, none of whom will become a member of the Taylor board.

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Removal of Directors:

Pre-Merger and Post-Merger:	*Pre-Merger:*
- Directors may be removed for cause by shareholder vote.	- Removal of directors is referred to, but neither grounds nor procedure are specifically addressed.

Director Nominations:

Pre-Merger and Post-Merger:

- The bylaws provide for the written nomination of directors by shareholders pursuant to notice in writing not less than 30 days prior to the date of the meeting called for the election of directors; but if less than 40 days' notice of meeting was given by Taylor , then written notice from the shareholder must be presented not later than the close of business on the 10th day following the day Taylor's notice of meeting was mailed, or public disclosure was made, whichever first occurs.

Taylor's nominating committee charter sets forth criteria for candidates for director, including those proposed by shareholders. If qualified, the nominating committee charter requires the committee to consider such candidates for appointment.

Pre-Merger:

- The bylaws provide for the written nomination of directors by shareholders pursuant to notice in writing not less than 30 days prior to the date of the meeting called for the election of directors; but if less than 40 days' notice of meeting was given by Tayco , then written notice from the shareholder must be presented not later than the close of business on the 10th day following the day Tayco's notice of meeting was mailed, or public disclosure was made, whichever first occurs.

Tayco has no nominating committee or charter.

Special Meeting of Shareholders:

Pre-Merger and Post-Merger:

- May be called by the board of directors or by the president at the written request of holders of a majority of the shares outstanding and entitled to vote at the meeting.

Pre-Merger:

- May be called by the board of directors, or at the written request of holders of 51% of the shares then outstanding and entitled to vote.

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RIGHTS OF DISSENTING SHAREHOLDERS

Section 623 of the New York Business Corporation Law provides that if the merger is consummated, Tayco shareholders who object to the merger and who follow the procedures will have the right to receive cash payment of the fair value of their shares. A copy of Section 623 of the Business Corporation Law is attached to this proxy statement as APPENDIX D.

THE PROCEDURES OF NEW YORK LAW MUST BE FOLLOWED PRECISELY; IF THEY ARE NOT, SHAREHOLDERS MAY LOSE THEIR RIGHT TO DISSENT. SHAREHOLDERS WISHING TO EXERCISE THEIR DISSENTERS' RIGHTS SHOULD CONSULT THEIR OWN LEGAL ADVISORS.

Any Tayco shareholder who is entitled to vote on the merger will have the right to receive cash payment of the fair value of his shares and the other rights and benefits provided in Section 623 if such shareholder does not vote in favor of the merger and, before the vote of shareholders on the merger, files with Tayco written objection to the merger, including in that written objection a notice of election to dissent, his name and residence address, the number of shares as to which he dissents, and a demand for payment of the fair value of such shares if the merger is consummated.

A VOTE AGAINST THE MERGER WILL NOT SATISFY THE REQUIREMENT OF FILING A WRITTEN OBJECTION.

Failure to vote against the merger will not waive a shareholder's right to payment if the shareholder has filed a written objection and has not voted in favor of the merger. If a shareholder abstains from voting on the merger, this will not waive dissenter's rights so long as the appropriate written objection to the merger is properly and timely filed.

All notices of election to dissent should be sent to Janice M. Nicely, Secretary, Tayco Developments, Inc. at 100 Taylor Drive, P.O. Box 748, North Tonawanda, New York 14120-0748.

If an executed proxy is received but no direction is indicated as to how such proxy is to be voted, the shares represented by such proxy will be voted in favor of the merger. Accordingly, the submission of such an unmarked proxy, unless revoked prior to its being voted, will serve to waive dissenter's rights.

Within 10 days after the date the merger is approved by the shareholders, Tayco will give written notice of such approval by registered mail to each shareholder who filed written objection, except for any shareholder who voted in favor of the merger. A shareholder may not dissent as to fewer than all of his shares, held by him of record, that he owns beneficially. A nominee or fiduciary may not dissent on behalf of any beneficial owner of shares as to fewer than all of the shares of such owner held of record by such nominee or fiduciary.

Upon consummation of the merger, a dissenting shareholder will cease to have any rights of a shareholder, except the right to be paid the fair value of his dissenting shares. A shareholder's notice of election may be withdrawn at any time prior to his acceptance in writing of an offer to purchase his dissenting shares by Tayco, but in no case may such notice of election be withdrawn later than 60 days after the effective date (unless Tayco does not make a timely offer) without the consent of Tayco. Within one month after the filing of the notice of election to dissent, a dissenting shareholder must submit the certificates representing his dissenting shares to Tayco or its transfer agent, which shall note conspicuously on the certificates that such notice of election has been filed, and Tayco will then return the certificates to the shareholder. Any shareholder who fails to submit his certificates for the notation within forty-five days from the date of filing the notice of election to dissent will lose his dissenter's rights unless a court, for good cause shown, otherwise directs.

Within 15 days after the expiration of the period within which shareholders may file their notices of election to dissent, or within 15 days after the effective date, whichever is later (but in no case later than 90 days after the date of the Special Meeting), Tayco must make a written offer by registered mail to each shareholder who has filed the notice of election to pay for his dissenting shares at a specified price which Tayco considers to be the fair value and if the merger has been consummated, must accompany such offer by advance payment to each shareholder who has submitted his certificates representing his dissenting shares to Tayco of an amount equal to 80% of the amount of the offer. The offer must be made at the same price per share to all the dissenting shareholders. If within 30 days after the making of the offer Tayco and any dissenting shareholder agree on the price to be paid for his dissenting shares, the balance of payment therefore must be made within 60 days after the making of such offer, or the effective date, whichever is later, and upon the surrender of the certificates representing the shares.

If Tayco fails to make such offer within the 15-day period described above, or if it makes the offer and any dissenting shareholder fails to agree with Tayco within the period of 30 days thereafter upon the price to be paid for his shares, Tayco is required within 20 days after the expiration of whichever is the applicable of the two periods to institute a special proceeding in the Supreme Court of the State of New York, County of Erie, to determine the rights of dissenting shareholders and to fix the fair value of their dissenting shares. If Tayco fails to institute the proceeding within the 20-day period, any dissenting shareholder may institute the proceeding for the same purpose not later than 30 days after the expiration of the 20-day period. If the dissenting shareholder does not institute the proceeding within the 30-day period, his dissenter's rights are lost unless the court, for good cause shown, otherwise directs. During the proceeding, the court will determine whether each dissenting shareholder is entitled to receive payment for his shares and, if so, will fix the value of the shares as of the close of business on the day prior to the Special Meeting, taking into consideration the nature of the merger transaction giving rise to the shareholder's right to receive payment for his dissenting shares and other relevant factors. The court will also award interest on such amount to be paid from the effective date to the date of payment unless the court finds that the shareholder's refusal to accept an offer for payment was arbitrary, vexatious, or otherwise not in good faith, in which case Tayco's costs will be assessed against the shareholder. The court, in its discretion, may also apportion or assess any part of the dissenting shareholder's costs against Tayco if it finds that the fair value of the shares materially exceeds the amount which Tayco offered to pay, or that no offer or advance payment was made by Tayco, or that Tayco failed to institute such special proceeding, or that the action of Tayco is complying with its obligations under Section 623 was arbitrary, vexatious, or otherwise not in good faith.

A dissenting shareholder will not be paid at any time when Tayco is insolvent or when payment would make it insolvent. The dissenting shareholder has the option, which must be exercised within 30 days after Tayco has given the dissenting shareholder written notice that payment for his shares cannot be made because Tayco is insolvent or such payment would make it insolvent, to file written notice with Tayco choosing (1) to withdraw his election or dissent or (2) to retain his status as a claimant of dissenter's rights. If the dissenting shareholder fails to exercise his option within such 30-day period, Tayco shall exercise such option as it chooses. If the dissenting shareholder chooses to remain a claimant of dissenter's rights, Tayco must pay him when it is no longer insolvent and will not be made insolvent by such payment, or if Tayco is liquidated, the dissenting shareholder's claim shall be subordinated to the rights of Tayco's creditors, but superior to the rights of non-dissenting shareholders.

The enforcement by a shareholder of his right to receive payment for his shares in accordance with Section 623 excludes the enforcement of such shareholder of any other right to which he might otherwise be entitled by virtue of his ownership of shares (unless he withdraws his notice of election as provided in Section 623 or the merger is abandoned), except that the shareholder will retain the right to bring or maintain an appropriate action to obtain relief on the grounds that the merger will be or is unlawful or fraudulent to him.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The exchange of each share of Tayco common stock for 1 share of common stock of Taylor pursuant to the terms of the merger agreement will not be a taxable transaction for federal income tax purposes under the Internal Revenue Code. In contrast, any shareholders of Tayco who exercise their dissenters' appraisal rights and receive cash in exchange for their shares of Tayco common stock will recognize income for federal tax purposes and may recognize income under state, local and other tax laws. A shareholder of Tayco will recognize gain or loss equal to the difference between the amount of cash received by the shareholder pursuant to the merger and the tax basis in the Tayco common stock exchanged by such shareholder pursuant to the merger.

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Gain or loss must be determined separately for each block of Tayco common stock (i.e., shares of Tayco common stock acquired by the shareholder at the same time and price) exchanged pursuant to the merger. Gain or loss recognized by the shareholder exchanging his or her Tayco common stock pursuant to the merger or pursuant to the exercise of dissenters' rights will be capital gain or loss if such Tayco common stock is a capital asset in the hands of the shareholder. If the Tayco common stock is a capital asset and has been held for more than twelve months, the gain or loss will be long-term.

The federal income tax discussion set forth above is based upon current law and is intended for general information only. Each Tayco shareholder is urged to consult his tax advisor concerning the specific tax consequences of the merger to such shareholder, including the applicability and effect of state, local or other tax laws and of any proposed changes in the Internal Revenue Code.

EXPENSES OF THE MERGER

All out-of-pocket costs and expenses incurred in connection with the merger (including, but not limited to, counsel fees) shall be paid by the party incurring such costs and expenses.

STOCK PRICES AND DIVIDEND INFORMATION

Recent Closing Prices

The following table sets forth the closing price per share of Taylor common stock and Tayco common stock as reported on the Nasdaq Small Cap Market and over the counter Pink Sheets, respectively, on (i) December 5, 2007, the last trading day preceding public announcement of the merger and (ii) January 8, 2008, the last trading day prior to the date of this joint proxy statement/prospectus. The equivalent Tayco per share price at each specified date represents the closing price of a share of Taylor common stock on the applicable date multiplied byone.

Closing Price on:	**Tayco Common Stock**	**Taylor Common Stock**	**Equivalent Tayco Per Share Price**
December 5, 2007	$4.75	$6.33	$6.33
January 8, 2008	$5.11	$6.29	$6.29

Because the market prices of Taylor common stock and Tayco common stock fluctuate, the market value of the shares of Taylor common stock that Tayco shareholders will receive in the merger may increase or decrease prior to the merger. Shareholders of Taylor and Tayco are urged to obtain current market quotations for Taylor common stock.

Dividend Policy

Since at least 1988, neither Taylor nor Tayco has declared or paid a cash or stock dividend on its common stock and neither company anticipates paying any cash dividends in the foreseeable future. Except as set forth below, Taylor is prohibited from issuing cash dividends under credit arrangements with its major lender. In addition, the merger agreement prohibits Tayco from declaring or paying dividends on its capital stock until the completion of the merger or the termination of the merger agreement.

OTHER MATTERS

The boards of directors of Taylor and Tayco are not aware of any business to come before the Special Meetings other than those matters described in this proxy statement. However, if any other matter should properly come before the Special Meeting, it is intended that holders of the proxies will act in accordance with their best judgment.

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LEGAL MATTERS

The validity of the Taylor common stock being offered by this joint proxy statement/prospectus, and certain federal income tax matters relating to the merger, will be passed upon for Taylor by Hiscock & Barclay, LLP.

EXPERTS

The consolidated financial statements of Taylor as of May 31, 2007 and 2006, and for each of the years in the two-year period ended May 31, 2007, included in Taylor's Annual Report on Form 10-KSB for the year ended May 31, 2007 have been incorporated by reference herein, and the financial statements of Tayco as of the same dates and for each of the years in the same two-year period have been included in this Registration Statement, in reliance on the reports of Lumsden & McCormick, LLP, an independent registered public accounting firm, and upon the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Taylor files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information Taylor files at the SEC's public reference room located at 100 F Street N.E., Room 1024, Washington, D.C. 20549. Please call the SEC at 1 800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public at the web site maintained by the SEC at http://www.sec.gov and by Taylor at http://www.taylordevices.com.

Taylor filed a registration statement on Form S-4 to register with the SEC, the Taylor common stock that Taylor will issue to Tayco shareholders in the merger. This document is part of that registration statement and constitutes a prospectus of Taylor in addition to its being a proxy statement for use by Taylor at its Special Meeting and a proxy statement for Tayco for Tayco's Special Meeting. As allowed by SEC rules, this document does not contain all of the information you can find in the registration statement or the exhibits to the registration statement.

The SEC allows Taylor to "incorporate by reference" information into this document. This means that Taylor can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference into this document is considered to be a part of this document, except for any information that is superseded by information that is included directly in this document. This document incorporates by reference the documents listed below that Taylor previously filed with the SEC. They contain important information about Taylor and its financial condition.

Document	Period and Date Filed
Annual Report on Form 10-KSB	Year ended May 31, 2007-filed August 28, 2007
Quarterly Report on Form 10-QSB	Quarters ended August 31, 2007 and November 30, 2007 -filed October 11, 2007 and January 9, 2008, respectively

This proxy statement/prospectus also incorporates by reference additional documents that Taylor may file with the SEC, between the date of this document and the date of the Special Meeting (other than the portions of those documents not deemed to be filed). These documents include periodic reports, such as Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB and Current Reports on Form 8-K, as well as proxy statements. To the extent that any information contained in any such Current Report on Form 8 K, or any exhibit thereto, was furnished to, rather than filed with, the SEC, such information or exhibit is specifically not incorporated by reference into this proxy/statement prospectus.

If you are a shareholder of Taylor or Tayco, you can obtain copies of Taylor's annual and quarterly reports from us or the SEC. These documents are available without charge, excluding all exhibits. You may request them in writing or by telephone from Taylor at the following address:

Taylor Devices, Inc.
90 Taylor Dr., P.O. Box 748
North Tonawanda, NY 14120-0748
Attention: Kathleen A. Nicosia, Shareholder Relations Manager
Telephone Number: (716) 694-0800

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