

[Translation]

Hercules Market of Osaka Securities Exchange Co., Ltd.

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To whom it may concern:

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**Regarding Yugen Kaisha Otani Kosan TO's Purchase of
Additional Shares of TOC Co., Ltd.**

We commenced the tender offer for shares of the common stock of TOC Co., Ltd. ("TOC") from May 21, 2007. Mr. Takuo Otani filed Amendment Report No. 5 to the Large Shareholding Report concerning TOC shares with the Director General of the Kanto Local Finance Bureau on June 11, 2007, after the deadline for filing (on June 12 and 15, 2007, Mr. Otani filed amendment reports to Amendment Report No. 5, because Amendment Report No. 5 needed to be corrected), and also filed Amendment Report No. 6 on June 19, 2007. According to Amendment Reports Nos. 5 and 6, Yugen Kaisha Otani Kosan TO ("Otani Kosan TO") purchased 2,821,000 TOC shares in total from the market during the period from May 30 to June 12, 2007, and the shareholding ratio of Mr. Takuo Otani increased to 16.61%, including the shares held by his joint holders. In light of the market price of TOC shares for the same period, it is obvious that the purchase price for each share exceeded 1,100 yen.

Otani Kosan TO is represented by Mr. Takuo Otani and has, at minimum, a joint holder relationship with Mr. Takuo Otani, Yugen Kaisha Otani Kosan and Yugen Kaisha Otani Fund with respect to the TOC shares. Otani Kosan TO's recent purchase of additional shares is nothing other than the purchase of additional shares by Mr. Takuo Otani and his affiliates (Mr. Takuo Otani and his affiliates, Otani Kosan TO, Yugen Kaisha Otani Kosan and Yugen Kaisha Otani Fund are hereinafter referred to as "Mr. Otani and Others").

We consider the recent purchase of additional TOC shares by Mr. Otani and Others to be extremely inappropriate on the following grounds.

1. First, Mr. Otani and Others contemplated making TOC go private through a management buy-out (MBO) and caused Yugen Kaisha Otani Fund TO to commence the tender offer ("Management's Tender Offer") at the purchase price of 800 yen per share. The Tender Offer Registration Statement stated that the purchase price of 800 yen per share was determined to offer the existing shareholders the price with the largest possible premium. TOC's board of directors also supported the tender offer at the purchase price of 800 yen per share. In response to this, we proposed, and are currently conducting, the tender offer for TOC common stock at the purchase price of 1,100 per share (this tender offer is hereinafter referred to as "Our Tender Offer").

Although we repeatedly requested an extension of the period of Management's Tender Offer for the purpose of offering the various options to the shareholders, our request was not accepted. The period of Management's Tender Offer expired on May 11 and Management's Tender Offer failed. Thereafter, contrary to our expectations, TOC's board of directors expressed an objection to Our Tender Offer. Under these circumstances, as revealed by the

Amendment Reports to the Large Shareholding Report, Mr. Otani and Others further purchased the TOC shares at a price 300 yen (37.5%) or more higher than the supposed purchase price with the largest possible premium, and shortly after the failure of Management's Tender Offer, they are purchasing from the market without responding directly to Our Tender Offer. We must surmise that Mr. Otani and Others are purchasing shares with the intention of frustrating Our Tender Offer.

2. Mr. Otani and Others purchased the shares from a very limited number of shareholders at a price of more than 1,100 yen in order to acquire only the shares necessary to foil Our Tender Offer. This behavior will deprive many other shareholders of opportunities to realize the intrinsic value of their shares if Our Tender Offer results in failure. We are very sorry to say that Mr. Otani and Others and TOC management completely disregard the interests of general shareholders by engaging in such buying activity without supporting Our Tender Offer and without presenting any business plan more attractive than Our Tender Offer.

If these buying activities by Mr. Otani and Others are overlooked, Our Tender Offer might fail. The Securities and Exchange Law prescribes that a person who holds shares (together with shares held by persons having special relationship to such person) amounting to not less than a prescribed ratio to total issued shares, shall not purchase shares from the market above a prescribed number during the period of a tender offer (Article 27-2, Paragraph 1, Item 5 of the Securities and Exchange Law). In the Amendment Reports to the Large Shareholding Report, Mr. Otani and Others treat New Otani Co., Ltd. (as of September 30, 2006, holding 17,354 thousand shares of TOC stock; with shareholding ratio of 12.67%) as not being a joint holder, although New Otani Co., Ltd. highly likely exercises its voting right together with Mr. Otani. Thus, it is not necessarily clear that Mr. Otani and Others consider that the shares held by New Otani Co., Ltd. should be included as those of a person having special relationship for the purpose of the above-mentioned regulations.

We believe that the interests of shareholders should not be undermined due to the self-serving reasons of Mr. Otani and Others. Unfortunately, Mr. Otani and Others will not listen to our opinion. We offer the TOC shareholders an opportunity to realize shareholder value, and continue to undertake our best efforts for the successful completion of Our Tender Offer in order to substantially increase shareholder value after we acquire a majority of the voting rights of TOC. We would be very grateful if TOC's shareholders understand our intentions and support us.

End.