

Concerning Sprayable Asbestos Use and Remedial Countermeasures Undertaken by the Nippon Oil Group

Nippon Oil Corporation (NOC, President: Shinji Nishio) has recently investigated the situation regarding the use of sprayable asbestos within the Nippon Oil Group and herein reports on the results of its investigation thus far and the following remedial countermeasures.

1. Outline of Investigation

After our investigation of 18 Group companies (announced September 2, 2005) in connection with their use of products containing asbestos, NOC turned its focus on sprayable asbestos and conducted a rigorous inspection of locations where it is or has been used. (Nippon Oil, Nippon Petroleum Refining Co., Ltd., Co., Nippon Petrochemicals Company, Limited, Nippon Oil Exploration Limited., Nippon Oil Staging Terminal Co., Ltd., Nippon Oil Tanker Corporation, Nippon Oil Real Estate Co., Ltd., Nippon Oil Trading Corporation, Nippon Petroleum Processing Co., Ltd., Nippon Oil Business Services Co., Ltd, Nippon Oil Research Institute Co., Ltd., Shibushi Oil Storage Co., Ltd., Kamigoto Oil Storage Co., Ltd., Nihonkai Oil Co., Ltd., Okinawa CTS Corporation, NIPPO Corporation, Nippon Oil Information Technology Corporation, Wakayama Petroleum Refining Co., Ltd.)

2. Results of Investigation

(1) Health Hazards

Although we have found no instances of Group employees or former employees being compensated for asbestos-related injuries, the investigation did reveal that there have been two employee deaths thus far from mesothelioma (announced September 2, 2005). Since September, we have provided medical examinations to employees, former employees, and their families at their request. As of November 18, 2005, 404 people have requested medical examinations and 256 people have already completed medical examination. Although some people are undergoing second examinations, the medical examinations performed thus far have not been able to identify anyone, as far as we know, who has contracted lung cancer with mesothelioma or asbestos as the main cause. In addition, we have found no reports of injuries to the health of people living near our facilities.

(2) Situation Concerning the Use of Sprayable Asbestos

We have conducted a rigorous visual inspection and analysis, examining approximately 150 locations where sprayable asbestos is used.

3. Remedial Countermeasures

NOC has implemented measures based on Article 10 of the Asbestos Disability Prevention Law with respect to approximately 150 locations where thorough inspection has confirmed that sprayable asbestos is being used. With the prevention of health hazards our foremost concern, NOC has taken voluntary measures to remove asbestos as soon as possible from locations where it is being used, particularly enclosed spaces that are in constant use as well as from sites where there is no immediate threat of asbestos becoming airborne. In addition, we are also taking steps for the speedy removal of asbestos from locations where no other problems have been discovered.

(1) Countermeasure Implementation Period: December 2005 – March 31, 2007 (planned)

(2) Cost of Countermeasures: Approximately ¥2.8 billion (fiscal 2006–2007)

(3) Main Locations Where Countermeasures are to be Implemented: Refining plant, depot, LP gas terminal, and other Group owned facilities.

In addition, although the asbestos contained in the insulation materials in manufacturing equipment pipes, machinery, and tanks does not normally become airborne, we will replace the insulation materials as soon as possible with asbestos-free materials. However, should we discover that such insulation poses an immediate asbestos health hazard, the removal and replacement of said materials will be immediate. Also, we will deal with packing materials and gaskets in light of whatever progress is made at the "Review Meeting to Investigate Alternatives to Asbestos in Preparation for the Total Prohibition of Asbestos Products" (Sponsored by: Ministry of Health, Labour and Welfare).