

July 15, 2008

Accident at the Shin-Oumi Natural Gas Pipeline construction site, Niigata Prefecture

At the construction site of the Shin-Oumi natural gas pipeline currently being constructed at Joetsu City in Niigata Prefecture by our subsidiary Teikoku Oil Co., Ltd. a fatal accident occurred on 15<sup>th</sup> July at around 1:30 a.m., within a tunnel currently being excavated, with the tragic consequence that 2 male workers were killed.

The accident occurred in the Utsuo Tunnel (a tunnel dedicated to the laying of the Shin-Oumi pipeline) currently being excavated at Nakajima (Aza), Utsuo (Oaza), Joetsu City and it has been confirmed that 2 employees of Midori Kaihatsu a subcontractor (primary subcontractor: Shimizu Corporation, secondary subcontractor: Midori Kaihatsu) of Sumitomo Metal Pipeline and Piping, Ltd., lost their lives.

Sumitomo Metal Pipeline and Piping, Ltd. has a contract with Teikoku Oil Co., Ltd. for the construction of the Shin-Oumi pipeline.

In response to the accident, Teikoku Oil Co., Ltd. set up emergency operations headquarters at Tokyo at 8:00 a.m. this morning. Additionally, the Teikoku Oil Co., Ltd. senior executive officer was dispatched to the accident site to gather information and to deal with related parties.

Our corporate group would like to express our deepest sympathy and prayers to the families of the 2 individuals who lost their lives.

We will work with Sumitomo Metal Pipeline and Piping, Ltd. and its subcontractors to investigate the cause of the accident in order to establish ways to prevent any reoccurrence.

Outline of the Shin-Oumi pipeline

Starting point: Joetsu City, Niigata Prefecture

Ending point: Itoigawa City, Niigata Prefecture

Length: approximately 67 km (pipe diameter 20 in.)

Construction period: from March 2007 to September 2009

## Outline of the Utsuo Tunnel

Location: Nakajima, Utsuo-ji (Oaza), Joetsu City, Niigata Prefecture

Planned extension: 1,600 m

State of current excavation: 860 m