Update on the Benzene Health Effects Consortium Shanghai Health Study

January 31, 2002

The Shanghai Health Study is currently in the startup phase of protocol approvals as well as procurement and installation of laboratory capital equipment . These efforts are currently within budget however the date on which the laboratory is expected to be ready for evaluating cases may be pushed back from May until September due to a delay in initiation of training laboratory technicians.

The draft final protocols were reviewed by the Scientific Review Panel (SRP) in September. Their review resulted in significant expansion of the exposure assessment portion of the case control study for and some changes and additions to the two portions of the study overseen by the University of Colorado researcher, Dr. Irons. Alterations to the protocols have been proposed to the SRP and accepted. These alterations have added significant costs to the study and will be discussed at the end of this report.

The Communication Committee (CC) has selected a public affairs firm to assist in responding to any media interest that may arise during the course of the project. That committee is to present a proposed plan to the consortium Oversight Committee in the next two weeks. Obviously that deadline has been missed. Costs for this activity were incorporated in the original budget. The Shanghai office of the public affairs contractor will assist in planning a kick-off ceremony in Shanghai with Consortium officials, the senior investigators from the US and the PRC and officials of Fudan University and the Shanghai Municipal Government. This is planned for early May 2002. This will probably be somewhat later since the Chinese haven't figured out yet what level of government will sponsor the work.

Progress reports and expenses for the first 6 months of the project have been received from the two principal investigators. With the exception of training of laboratory personnel, activities are within expected goals and expenses for time and equipment are within budget. The Technical Committee (TC) is currently working with the investigators to develop a series of milestones for the project in order to judge research progress versus expenditures. We are also working with the University of Colorado finance department to agree upon the format for future accounting reports. The delay in training of lab staff is the result of a delay on the part of ExxonMobil in paying their initial invoice. Payment of the August invoice was finally received in early January. This created a shortfall of funds which primarily impacted personnel in China and the availability of travel and housing funds for training in Dr. Irons' labs at the U. of Col. The problem has been resolved and no delays in payment of current or future invoices are expected.

The OC met in January of this year. At that meeting the cost implications of the SRP review of the research protocols were reviewed and discussed. The protocol changes necessary to respond to the SRP recommendations are projected to add approximately $2.2MM to the cost of the study. This plus costs estimated for the SRP and two expert panels to review questionable diagnoses and legal review of consortium documents bring the estimated total cost of the study to $22.5MM from the original $19.7MM. After considerable discussion the OC agreed that in order to maintain the original desire to maximize the scientific integrity of the studies and to maintain the credibility of the purpose of the Scientific Review Panel we needed to accept their recommendations. The OC voted unanimously to accept the protocol revisions recommended by the SRP and the resultant costs.

Current funding of 16.5MM is sufficient to carry the project until early 2004. To the extent that the current shortfall is not made up by additional members/funds we would have to redirect or scale back some aspects of the project. Obviously this is undesirable and the OC discussed additional avenues of funding to pursue. In 2002 we will be attempting to expand beyond petroleum industry funding by concentrating on Chemical companies and organizations that have a stake in benzene driven regulations. Additional effort will be directed at Europe, Australia and parts of Asia for funding. Efforts to engage additional US petroleum industry support will continue.