

ELECTRONIC NAVIGATIONAL CHARTS (ENC)

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THE SYSTEM FOR PROCUREMENT CHANGED

Since 1st April, 2005, the System of Supply has been changed from Purchasing to Licensing

So far, once an Electronic Navigational Chart (ENC) had been sold under the purchasing system, it was difficult for the seller to stay in contact with the user. Consequently, there was no way of ensuring that the most important Electronic Notices to Mariners would reach the user, thus causing problems of navigational safety.

In order to further improve navigational safety, by now it has become common practice world-wide to supply encrypted ENCs in units of Cells under a licensing system. Japan will also follow the world trend and introduce this system, for the sake of international distribution of ENCs among various countries.

Users can freely choose specific sea areas
(Supply by Cell units)

In the past, ENCs were available only on a few CDs. Therefore, in order to access the required ENC data, users had to acquire also such data that were not needed. In the new system, licensing agreements can be concluded for Cells, which are the smallest ENC data unit. Therefore, it will become possible to access the required data only for the sea area of interest.

The user will no longer buy the ENC, but enter into a licensing agreement

Users are requested to enter into an ENC-user agreement with the Japan Hydrographic Association, which is the primary distributor of ENCs. Users who have entered into an agreement can definitely receive Electronic Notices to Mariners once every month. Also, whenever a revised edition of an ENC is released for which the user has entered into a licensing agreement, she/he can obtain an upgrade free of charge. The term of the agreement is for 1 year, to ensure that the Japan Hydrographic Association has correct information on the user at all times.

ENC data will be encrypted

In future data of ENCs and Electronic Notices to Mariners will be encrypted to prevent illegal changes to their contents during the procurement process. Users who have entered into a licensing agreement will receive a key for decoding the encrypted data. The encryption will be different for each ECDIS or other display device. Therefore, the same ENC cannot be read when used in a different device.

With the introduction of the new system, those ENCs under the previous sales system has been discontinued. However, release of Electronic Notices to Mariners concerning such ENCs will continue until March 2007. Thereafter Electronic Notices to Mariners will be no longer released making such ENCs obsolete and it will become impossible to abide by the regulations for equipment in vessels as legally obligated.

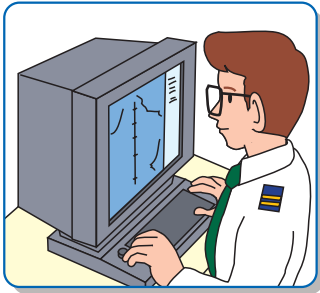
For using ENCs of the new system it will be necessary to adapt ECDIS and other display devices (normally a software upgrade). Users are solicited to enter into the licensing agreement for ENCs of the new system and to upgrade their ECDIS or other display devices before the ENCs of the previous system will become obsolete.



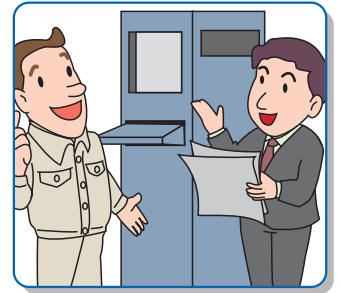
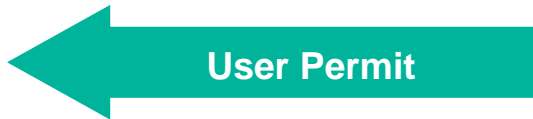
Japan Hydrographic Association

UNDER THE NEW SUPPLY SYSTEM ENCs SHALL BE PROCURED AS FOLLOWS

1 Obtain a User Permit



ENC User

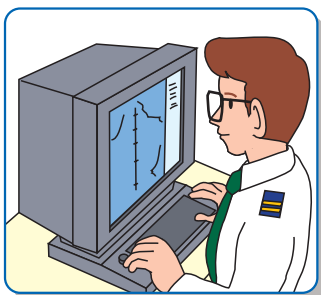


**Manufacturers of
ECDIS and/or
Display Software**

The User Permit is a code to distinguish each individual ECDIS or other display device. The user will obtain the User Permit, when purchasing a new ECDIS device or when upgrading an existing device. For further questions the user is advised to consult with his/her Chart Sales Agent or the ECDIS device or software manufacturer.

Apply for a Licensing Agreement Obtain a User ID

Procedures as per items **2** and **3** can be made simultaneously.



ENC User

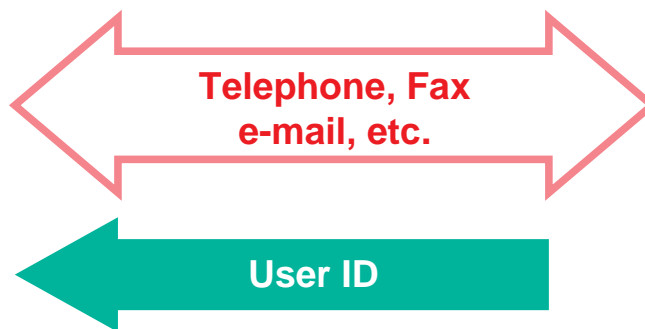


Chart Sales Agent

Upon application for a licensing agreement the user will be assigned a User ID. User Permit is required for application. Orders for individual ENC data will be processed according to this ID.

3

Select the ENC Cell for the targeted sea area, enter into an agreement and obtain the Key for decoding the ENC



ENC User

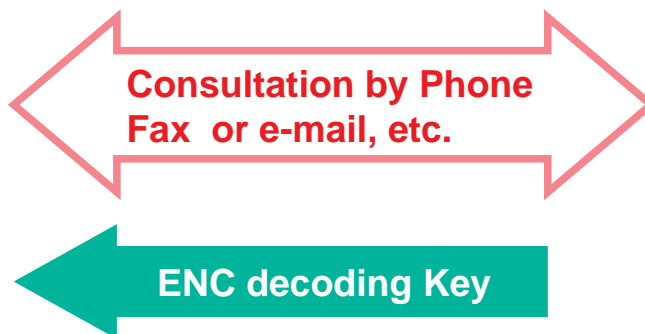
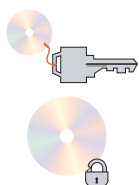


Chart Sales Agent

When placing orders for ENCs the User ID obtained as per item 2 will be required. At the Chart Sales Agent, targeted sea areas can be selected by dialoguing with a computer. Otherwise orders can be placed online by referring to the catalogue on the Homepage of the Japan Hydrographic Association. The user will receive an ENC decoding Key (Cell Permit) upon selecting a targeted sea area and entering into an agreement.

The licensing agreement will be made per Cell Unit and the Key (Cell Permit) will be issued only for the Cell contracted. The term of the licensing agreement will be for 1 year. The fee per Cell is ¥550(without consumption tax).

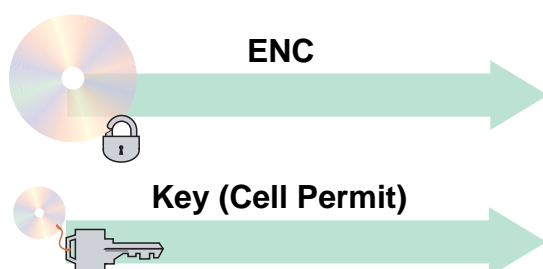


The Key (Cell Permit) is a small file and, in case of urgency, can be received as a FD or as an e-mail attachment. A few days later, the formal Cell Permit stored on a CD will be sent to the user. The CD shall be stored with utmost care.

The user will receive the Key (Cell Permit) together with the CD of the (encrypted) ENC.

4

The ENC can be used with the ECDIS or other display device duly upgraded for the new system



ECDIS or other Display Device

SERVICE PROVIDED DURING THE TERM OF THE LICENSING AGREEMENT

Users will receive regularly once a month Electronic Notices to Mariners for updating.

The information can be downloaded from the Homepage of the Japan Hydrographic Association free of charge. The information will be also available on CDs against payment of the actual cost and postage by the user.

WHAT TO DO WHEN ADDITIONAL ENC DATA WILL BE NEEDED AFTER CONCLUSION OF THE LICENSING AGREEMENT

Orders for additional Cells can be placed.

As in the case of a new licensing agreement, additional Cells can be selected and ordered by designating the targeted sea area at a Chart Sales Agent or by other means.

AFTER EXPIRY OF THE LICENSING AGREEMENT

When the licensing agreement expires, this fact will be shown on the ECDIS or other display device. Electronic Notices to Mariners will no longer be furnished, and the ENC can no longer be used for navigational purposes.

The licensing agreement can be renewed two months prior to expiry.

When the contents of the renewed and the previous licensing agreements are identical, the renewal can be done just by informing the Chart Sales Agent accordingly.

When the contents of the renewed license agreement shall be changed from the previous one, it will be necessary to designate the new targeted sea area at the Chart Sales Agent or by some other means, to select the Cell accordingly and to place an order, just as in the case of a new licensing agreement.

PREFERENTIAL TREATMENT FOR USERS OF PREVIOUS ENCs

As to users of previous ENCs who are switching to the new system before 31st March, 2008, no fees will be collected, for all those Cells of previous ENCs already in their possession for the subsequent one year.

For further details, please contact your Distributor or Japan Hydrographic Association