



NEWS RELEASE

No.2003-CP-003
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NHK Sales PN Securitization: R&I Assigns a-1+ prelim

Rating and Investment Information, Inc. (R&I), has assigned the following preliminary rating:

It should be noted that this preliminary rating was generated on the basis of information current as of January 17, 2003. At the time of bond issuance, R&I will conduct a final review of various points, including the content of agreements entered into, and issue its formal rating.

INSTRUMENT CODE: NHK Sales PN Securitization Program
CONSIGNOR: NHK Sales Co., Ltd. (TSE Code: 7563)
TRUSTEE/ISSUER: The Mizuho Trust and Banking Co., Ltd.
BACKING ASSETS: Trust certificates backed individually by Promissory Notes originated by NHK Sales Co., Ltd.

TRANCHE	02-11-01	02-12-01	03-01-01
TRUST EXECUTION DATE:	Nov 29, 2002	Dec 30, 2002	Jan 31, 2003
ADDITIONAL TRUST DATE:	Jan 31, 2003	Jan 31, 2003	--
TRUST EXPIRATION DATE:	Apr 02, 2003	May 02, 2003	Jun 04, 2003
PRINCIPAL AMOUNT:	421 mn yen	787 mn yen	309 mn yen

R&I RATING: a-1+ (preliminary)

REDEMPTION METHOD: Lump-sum redemption
CREDIT ENHANCEMENT: Overcollateralization
COLLECTION BANK: The Mizuho Corporate Bank, Ltd.

OUTLINE OF THE NEW TRUST:

- 1) The rating is a preliminary rating for Senior Trust Certificates issued by the trustee, The Mizuho Trust and Banking Corp. (Mizuho Trust).
- 2) NHK Sales Co., Ltd., transfers promissory notes (PNs) in its possession in trust to Mizuho Trust, and Mizuho Trust issues trust certificates backed individually by the entrusted PNs. NHK Sales entrusts individual trust certificates that fulfill the eligibility criteria to Mizuho Trust on January 31, and Mizuho Trust issues trust certificates backed by the entrusted individual trust certificates, and divides these trust certificates into Senior Trust Certificates and Subordinated Trust Certificates. Of these, the Senior Trust Certificates are sold to investors.
- 3) Regarding tranches 02-11-01 and 02-12-01, total of 956 million yen and 296 million yen of Senior Trust Certificates had been entrusted as at the end of December, 2002. These Senior Trust Certificates will be redeemed pro-rata, together with the new certificates entrusted on this occasion, out of the cash flow from the common backing assets. The a-1+ ratings for the existing tranches of Senior Trust Certificates are unchanged.
- 4) Mizuho Trust consigns the PNs and the collection business to The Mizuho Corporate Bank, Ltd.
- 5) It is possible to make additional entrustments on the condition that the ratings for the existing Senior Trust Certificates are not downgraded.
- 6) NHK Sales is a consolidated subsidiary of NHK Spring Co., Ltd. (TSE Code: 5991). The firm was established in 1959 and first listed on the over-the-counter market in 1997. Some 60% of sales come from precision parts such as industrial machinery, precision springs and fasteners, and 40% from auto parts such as springs.

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SUMMARY OF EVALUATION:

1) There is credit enhancement in the form of overcollateralization

The creditworthiness of the Senior Trust Certificates is raised to the level of a-1+ by a Senior/Subordinated structure, with the subordinated proportion set according to historical data of all of NHK Sales' PNs. R&I has had access to historical data regarding defaults, including rescheduling. Based on this default ratio, a stress test has been conducted to set the credit enhancement in view of factors such as the degree of concentration of the PNs on specific sectors, and the subordinated amount has been set bearing in mind the default risk against major obligors.

2) Avoidance of the commingling risk at the collection bank and deposit bank

The collection money from the PNs will be remitted to an account set up at the Mizuho Corporate Bank in the name of Mizuho Trust. Mizuho Corporate Bank, has an R&I short-term credit rating of a-1, fulfilling R&I's criteria for eligibility.

3) The characteristics of the pool

There is a high degree of concentration on auto parts wholesalers, car dealers and tire dealers, but there is no excessive concentration by region. These are all commercial PNs arising from NHK Sales' business, and fulfill legal requirements for PNs.

4) Perfection of the transfer

The transfer of the PNs is perfected through the endorsed transfer of the PNs. The transfer of the individual trust certificates is perfected through notification on a prescribed date.