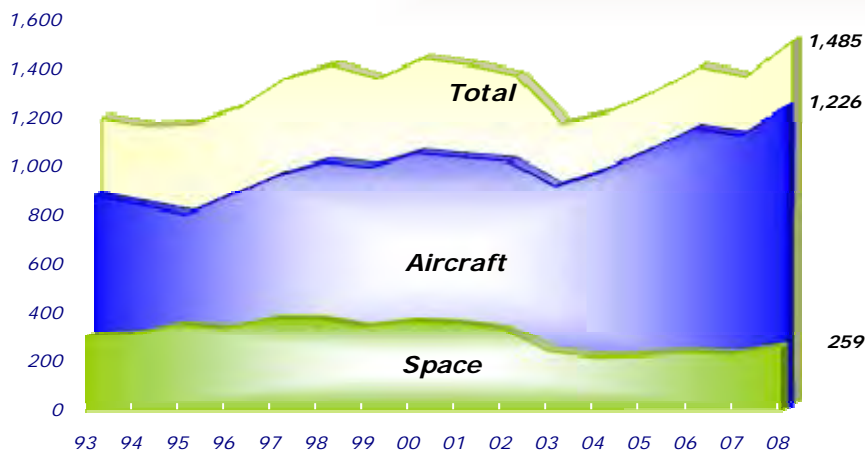
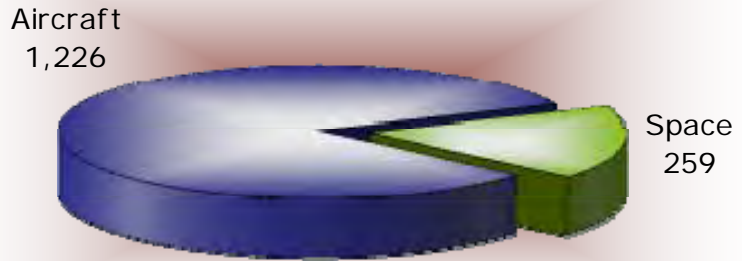


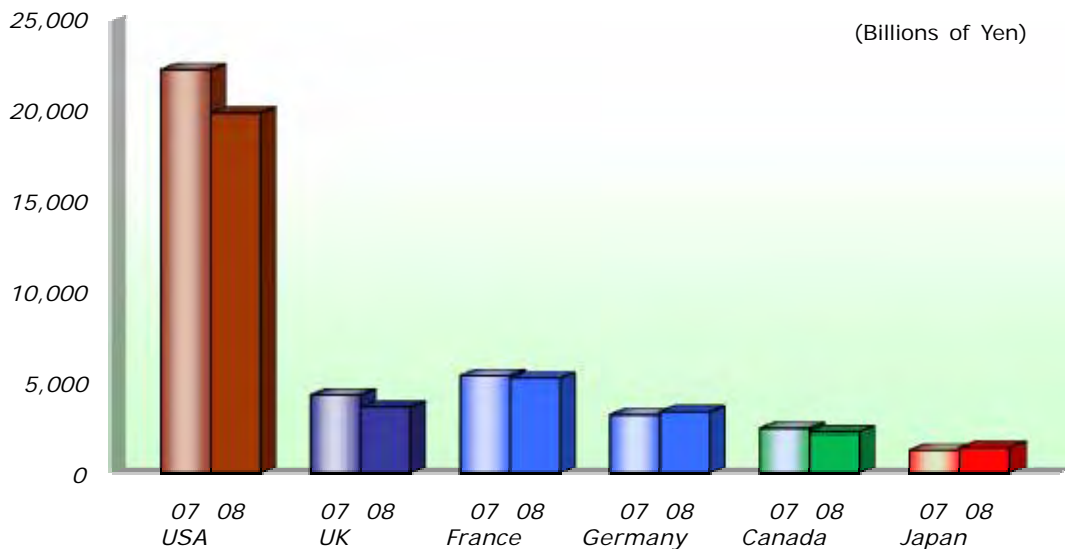
Aerospace Summary

The Japanese aerospace industry turnover in 2008 amounted to ¥1,485 billion, up 10.9% from last year's ¥1,339 billion. The breakdown of the turnover is ¥1,226 billion for the aircraft sector and ¥259 billion for the space sector. Japan's aerospace turnover mainly comes from the production of main components and parts for overseas commercial aircraft and the production of aircraft for defense. As a whole, overall production is now increasing with overseas commercial production. Also, it is expected that future production increase with the first flight success of Boeing 787 last December. The Japanese aerospace industry turnover is relatively small scale in comparison with that of the U.S. and EU. However, we anticipate that the export of airframes and engines for commercial aircraft will expand and that space-related production will grow.

(Billions of Yen) **Turnover in 2008** Total 1,485

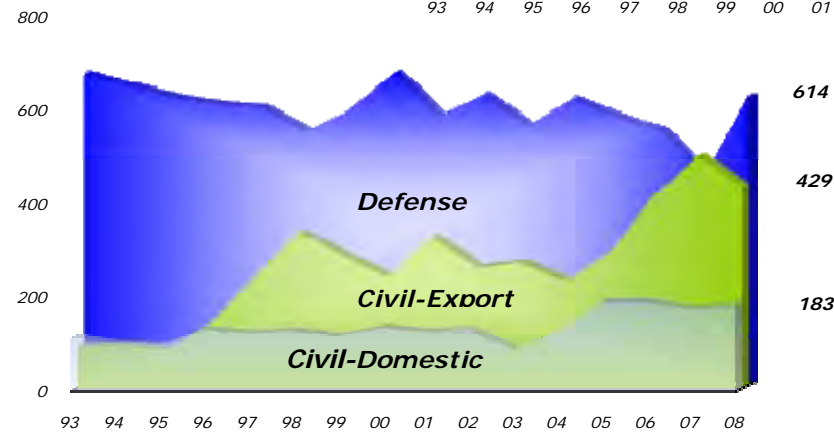
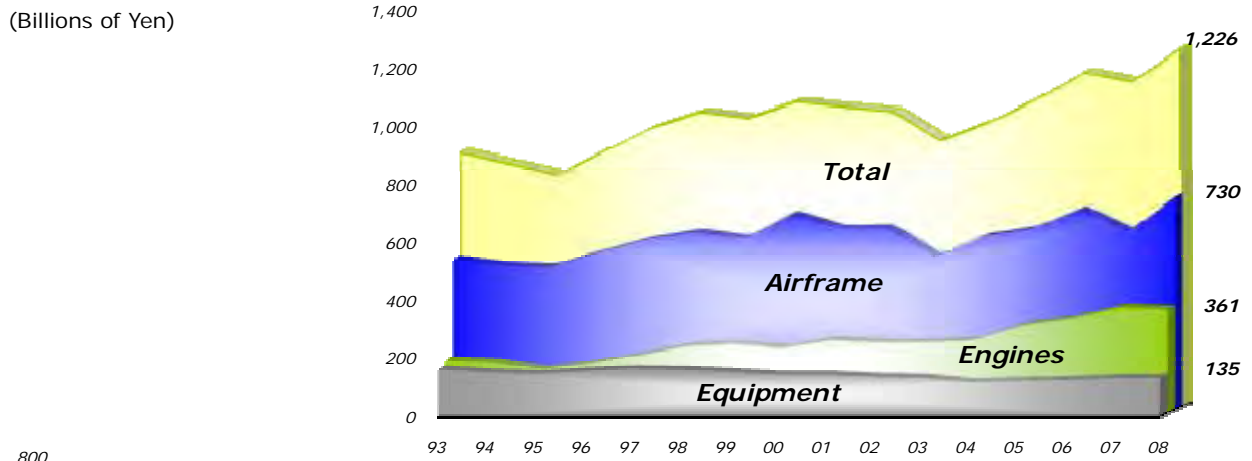


Turnover of Major Countries - Aircraft & Space



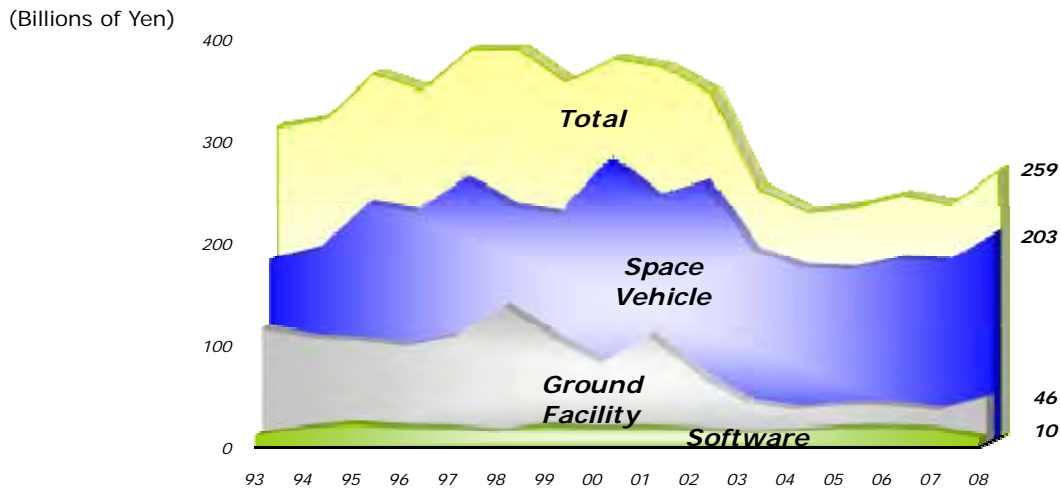
Aircraft Business (Defense and Civil)

Airframes and related parts and accessories increased ¥119 billion, to ¥730 billion (60% of aircraft production). Engines and related parts decreased ¥7 billion, to ¥361 billion (29% of aircraft production), and related equipment rose ¥2 billion, to ¥135 billion (11% of aircraft production). Looking at aircraft production by the type of demand, defense sector demand totaled ¥614 billion (50% of aircraft production). Export of civil aircraft came to ¥429 billion (35% of aircraft production). Previously, Japan's aircraft production relied heavily on demand from the defense sector. This is changing, though, due to considerable sales expansion in civil aircraft production.



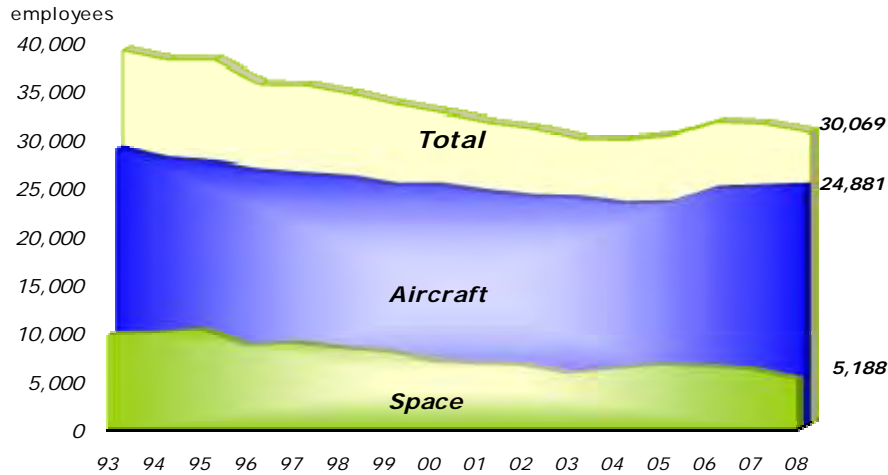
Space Business

Space sector turnover in 2008 increased ¥33 billion, to ¥259 billion, and we expect that the continued success of the H-IIA rocket will help to increase demand in production, including the order from the foreign countries. The vehicle (rocket, satellite) sector became approximately 78% of total space production.



Employment

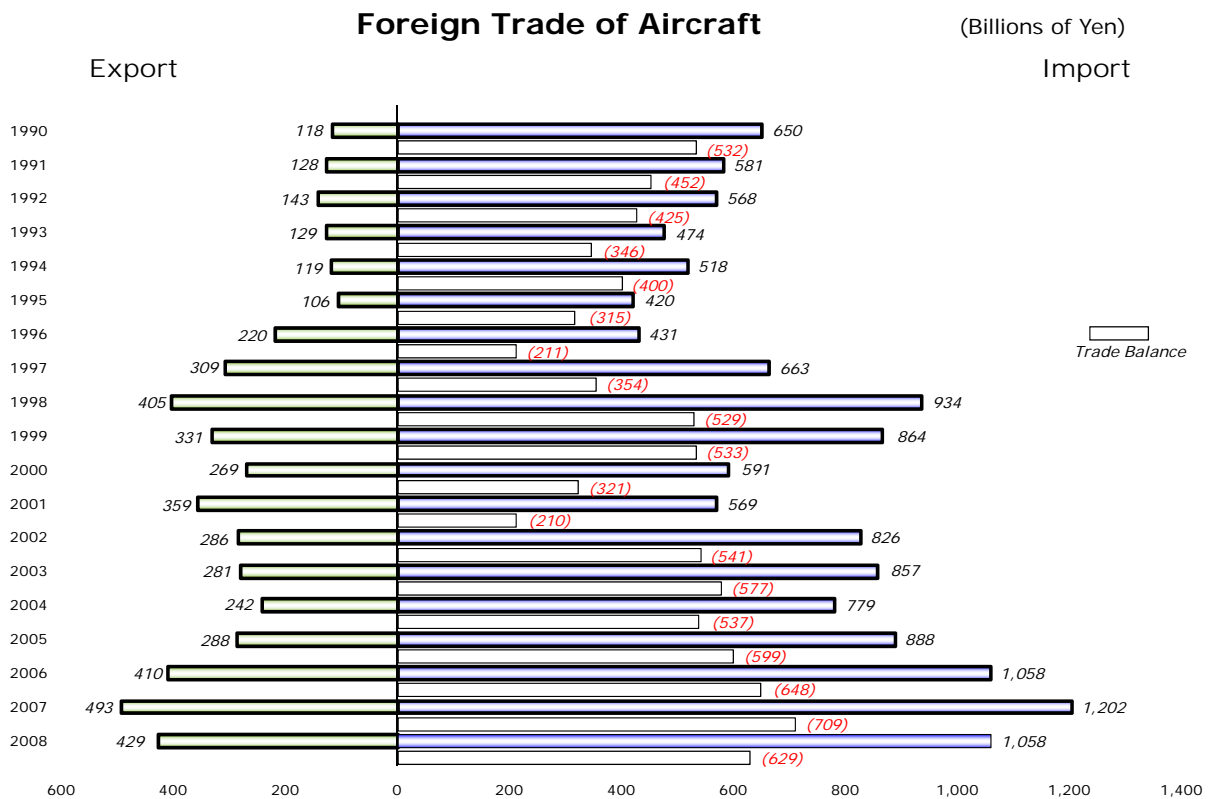
The number of employees in the aerospace industry continued on a downward trend (based on annual long-term averages), however, the number increased in 2006, and 2008 remained at approximately the same level. The aircraft sector increased 162, to 24,881, while the space sector decreased 1,060, to 5,188.



Foreign Trade (Aircraft)

Boeing's production delay had a large effect on export of aerospace parts. Even if combined with other international joint projects such as B777, B787 aircrafts, and V2500, CF34 aircraft engines, the overall exports of parts declined to ¥4,286 million in 2008. We forecast that the amount of exports will improve as production recovery is expected since the Boeing's completion of B787 first flight, as well as additional exports required for the Airbus 380, and their engines (Trent and GEnx).

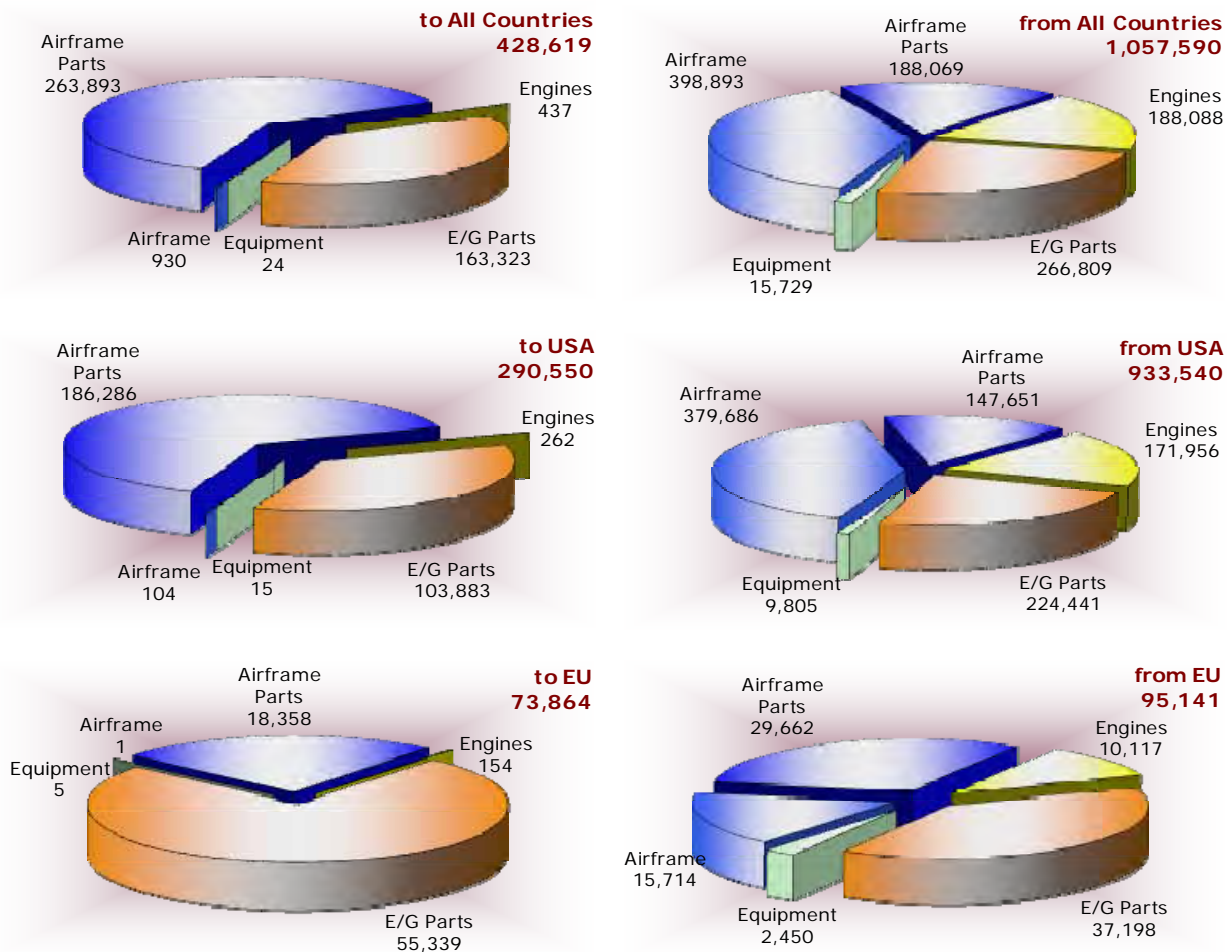
On the other hand, imports of aerospace products, mainly from the U.S., totaled ¥1,058 billion. As the result, aerospace foreign trade in 2008 amounted to negative ¥629 billion.



Export

Import

(Millions of Yen)



Japan USA / EU

(Millions of Yen)

