



Company profile Lufthansa Cargo AG

as of April 2011

Leading in international air cargo industry

Key data

Lufthansa Cargo AG became an autonomous company within the Lufthansa Group on 30 November 1994, reflecting the growing importance of airfreight as a business area in its own right.

With a transport volume of 1.8 million tonnes of freight and mail, 8.9 billion revenue tonne-kilometres and revenues of around 2.8 billion euros in 2010, Lufthansa Cargo ranks among the world's biggest cargo carriers. The company currently employs around 4,500 staff worldwide. Lufthansa Cargo's core competency is the airport-to-airport business.

Fleet and Route Network

Lufthansa Cargo operates a fleet of 18 of its own MD-11F aircraft. The company also markets the belly capacities of all passenger aircraft operated by Deutsche Lufthansa AG and Austrian Airlines and most of the capacities of its german-sino subsidiary Jade Cargo International.

The route network encompasses over 300 destinations, which are served by cargo and passenger aircraft as well as by trucking services. The bulk of the airfreight is trans-shipped at the Lufthansa Cargo Center at Frankfurt Airport, the company's main hub. Its other hubs are Leipzig and Munich.

Customers and Partners

With the launch of a global and regional top customer program at the end of 1997, the company heralded a new era of cooperation between the airline and freight forwarders. Meantime, twelve prestigious, globally active forwarding companies – known as **"Global Partners"** – and a host of **"Business Partners"** at regional level have interlinked their business processes closely with the services provided by Lufthansa Cargo.

Lufthansa Cargo also works in partnership with other cargo carriers. Lufthansa Cargo and Austrian Cargo are integrating their business activities since July 2010. The fusion will make the entire product and services portfolio offered by Lufthansa Cargo available to joint customers at all airports. Partnership with Austrian Cargo will additionally bring a variety of new destinations, especially in eastern Europe, into the route network. In mid-2005 it entered into a cooperation agreement with **Swiss WorldCargo**. The benefits for the customers of both companies are an improved product and services portfolio and an even more attractive network. The two renowned brands Lufthansa Cargo and Swiss WorldCargo will continue to co-exist side-by-side. Lufthansa Cargo has further cooperations with Japan Airlines Cargo, Air China Cargo, Lan Cargo and DHL, among others.



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Additionally, since April 2002, Lufthansa Cargo and DHL Express have intensified their cooperation. Initially they shared the freight capacities of DHL Express' intra-European overnight express network. In the meantime they have extended their co-operation to five intercontinental routes.

In September 2007 DHL Express und Lufthansa Cargo agreed upon expanding their cooperation on a new level by founding the cargo airline **AeroLogic**. The company based in Schkeuditz near Leipzig has started operations officially on June 19th, 2009, and is operating with eight new Boeing 777-200LRF freighter aircraft. This is the biggest operational tie-up in the logistics industry between an airfreight carrier and a leading operator in the express and courier business.

Lufthansa Cargo actively supports the logistics industry's quality campaign "**Cargo 2000**". Since January 2006, the new Cargo 2000 standards have served as a benchmark for transport quality.

Within the context of the IATA initiative "Simplifying the Business", Lufthansa Cargo manages the project for the introduction of "**e-freight**" in Germany and then as the "Lead Carrier" for Germany officially heralded in the e-freight era of paperless, computer-assisted airfreight shipment with a shipment from Frankfurt to Seoul in 2008. As a result, Lufthansa Cargo will in future be able to offer better data quality, a more effective supply chain, as well as better customer service at lower costs. The extension to further e-freight routes is being planned.

Products

In 1998, the logistics services provider in the Lufthansa Group converted its business system to time-definite services, or **td.Services**. The key feature of these services is that customers select the time frame that specifies the latest acceptance time for their shipment and when it will be available at the destination.

Lufthansa Cargo serves three product types with its service portfolio: the general cargo segment **td.Pro**, the express segment with **td.Flash** and the **Specials**. The latter include six further products: **Care/td** for the transport of dangerous goods, **Cool/td** for temperature-sensitive goods, **Live/td** for the transport of live animals, **Safe/td 1** for valuable items, **Safe/td 2** for theft-endangered goods and finally **cd.Solutions** for the immediate delivery of consignments – an additional logistics service, which fully complements and augments Lufthansa Cargo's core airport-to-airport cargo business.

Four of Lufthansa Cargo's key products are steered in separate "**Competence Centers**": "Airmail", "Animals", "Temperature Control" and "Valuables".

A large part of this range of services can be booked electronically by customers. For this purpose there are four channels at their disposal: **eBooking**, which can be accessed via the new Lufthansa Cargo customer portal "eServices" at <http://eservices.lufthansa-cargo.com> or via the company website www.lufthansa-cargo.com, the internet market place **Global Freight Exchange**



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(GF-X) and **Electronic Data Interchange (EDI)** via TRAXON Europe, an integrated process solution which makes it possible for forwarding agents to make bookings directly from their own IT systems. In addition, since the end of 2009, Lufthansa Cargo offers the possibility of processing electronic bookings via **Cargo Portal Services (CPS)**. In the field of electronic booking channels, Lufthansa Cargo is planning further growth rates.

Spin-offs and shareholdings

Business fields which are not part of the core business and to a special degree require a small and flexible organizational structure have been spun-off by Lufthansa Cargo in recent years. Beside the **Lufthansa Cargo Charter Agency** (100 percent), responsible for the airfreight charter business, they also include **handling counts** (100 percent) as a service provider for the physical handling of freight, **Lufthansa Cargo Servicios Logísticos de Mexico** (100 percent), **Jettainer** (100 percent), the leading specialist worldwide for the management of loading equipment, and **time:matters** (48 percent), a premium express courier service provider. The 100-percent subsidiary company cargo counts was dissolved at the end of the last financial year within the context of a merger with Lufthansa Cargo and thus part of the activities returned to Lufthansa Cargo.

Lufthansa Cargo is not only very active with spin-offs, but also with participations. **LifeConEx** is a 50-50 joint venture together with DHL Global Forwarding, which has specialized in transport solutions for temperature-sensitive goods. Global Logistics Systems Europe GmbH, well-known under the

brand name **TRAXON**, is the leading supplier worldwide for the transmission of messages (among others, also for Cargo 2000) for freight shipments (47 percent).

A further four participations are located in the strategically important market of China. For some time now, Lufthansa Cargo has successfully positioned itself in China with a participation in **Shanghai Pudong International Airport Cargo Terminal (PACTL)**. Lufthansa Cargo is also well-placed in the rapidly-growing economic region on China's Pearl River Delta through its participation in the **International Cargo Center Shenzhen (ICCS)** and with its shares in the freight airline Jade Cargo International. Finally, since January 2008, Lufthansa Cargo is also active on the Yellow River Delta, with a 46-percent holding in the handling company **Tianjin Air Cargo Terminal Ltd.** - and thus involved in the Chinese boom region at the up-and-coming cargo hub of Tianjin, which is served by Jade Cargo International.

Company Management

Karl Ulrich Garnadt is the CEO of Lufthansa Cargo AG. Members of the Executive Board are as follows: Dr. Karl-Rudolf Rupprecht is responsible for Operations, Peter Gerber is heading the Finance and Human Resources division and Dr. Andreas Otto the Product and Sales division.



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