



# Cargo Operations

The Company's cargo operations have recorded strong growth along with development of aviation logistics, and the JALCARGO brand is used by customers in 64 cities in 24 countries throughout the world. Air cargo transport will continue to be a key factor in global logistics amid the increasing globalization of business. The Company will upgrade transport services across the board to make a greater contribution to customer logistics.

### ■ Results for the Term

The slowdown of the U.S. economy and sluggish IT demand produced a steep decline in overall demand during the term. Additionally, there was an impact on shipments immediately after the terrorist attacks on the United States, creating extremely difficult circumstances for the air cargo industry. International air cargo volume declined 10.6 percent for the term to 4,102 million ton-kilometers. Revenues fell 8.8 percent from the previous term to ¥141.9 billion (US\$1,067 million). Cargo volume on domestic routes dropped 8.3 percent for the term to 295 million ton-kilometers. Revenues fell 8.2 percent from the previous term to ¥25.9 billion (US\$194 million).

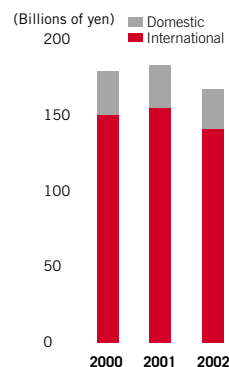
### ■ Specific Measures

In cargo operations on international routes, the first nonstop cargo flights from Kansai International Airport to North America were commenced in September 2001 (\*1). Three flights from Kansai International Airport are flown per week to New York, Los Angeles, Atlanta, and Anchorage. In air cargo operations on domestic routes, special flights and charter flights were flown from Tokyo (Haneda and Narita) to Okinawa to handle the surge in demand during the New Year holidays (\*2).

Additionally, new services utilizing IT were introduced during the term. In sales, J SPEED Internet reservation (J-PRODUCTS 2001) services were upgraded again to allow 24-hour service and reservations until just before departure. Thus, upgraded services are meeting the needs of the international air cargo market. Additionally, JAL introduced e-BOND.INFO, the industry's first service for Narita import cargo information to provide real-time information services to

ensure swift, accurate delivery of cargo. Cargo handling capacity was increased 10 percent in the Narita airport area compared to the previous term in order to deal with expected increases in cargo volumes in the future. A website exclusively for domestic cargo services was also established in August 2001 to substantially expand information services concerning domestic air cargo and improve customer convenience.

Consolidated cargo revenues



**\*1 Nonstop cargo flights to North America**

Establishment of these nonstop cargo flights to North America has expanded the JALCARGO transport network originating at Kansai International Airport, and the convenience of customers using international cargo services in Western Japan and Asia has been substantially upgraded.



**\*2 Special flights during the New Year's holiday season**

\*B777-300 passenger planes were used in special flights to comply with limits on late night and early morning slots at Haneda, and market needs were successfully met by supplementing with B747 special cargo flights and charter flights.



## Other Operations

In affiliated business, the shares of two subsidiaries that can expect rapid growth through expansion of trade with non-group companies, AGP Corporation and JALUX Inc. were listed. On the other hand, the Company proceeded with acquisition of all of the shares of subsidiaries deemed strategically important to operations, and conducted a review of the capital structures of group companies.

### ■ Air transportation operations

In air transportation operations, there were declines in revenues from in-flight food & goods and airport shop sales. However, credit card and leasing operations expanded sharply, as JAL Card members increased 12 percent compared to March 2001. Sales of the air transportation operations segment totaled ¥425.9 billion (US\$3,202 million) for the term, and operating income amounted to ¥7.1 billion (US\$53 million).

### ■ Travel service operations

JALPAK was impacted by the September 11 terrorist attacks, as the number of tourists embarking for the United States and Europe declined markedly. Total bookings fell 28 percent from the previous year. Revenues from the travel service operations segment totaled ¥359.9 billion (US\$2,706 million) for the term, and operating loss amounted to ¥5.0 billion (US\$38 million).

### ■ Hotel and resort operations

JAL Hotels suffered from sluggish overseas hotel operations, but domestic operations continued to perform well. Revenues from the hotel and resort business segment totaled ¥38.3 billion (US\$288 million), and operating income was ¥0.1 billion (US\$1 million).



AGP Corporation was listed in December 2001.



JALUX Inc. was listed in February 2002.