From: "Jones, Wade" <Wade.Jones@sabre.com>
Sent: Wed, 13 Dec 2017 13:59:37 -0600 (CST)
To: "Menke, Sean" <Sean.Menke@sabre.com>
Subject: FW: Materials to guide Jim Compton discussions
Attachments: 20171210 Jim Compton Visit Materials v4.pptx

Attached is the agenda and materials for Jim's visit on Friday, which will be in the board room. Unfortunately, Dave and I already had personal commitments which couldn't be changed, so we won't be able to attend. I thought it was better not to delay the meeting any longer. As you will see, we are well represented across TN, AS, and the NDC team.

I've also spoken with Jorge and Matt with regard to having a full disclosure conversation on American to see if Jim can give us a perspective we are missing.

From: Lane, Matthew
Sent: Tuesday, December 12, 2017 6:13 PM
To: Menke, Sean <Sean.Menke@sabre.com>; Vilches, Jorge <Jorge.Vilches@sabre.com>; Wilding, Chris <Chris.Wilding@sabre.com>; Samuel, John <John.Samuel@sabre.com>; Burgess, Brett <Brett.Burgess@sabre.com>; Doshi, Vinit <Vinit.Doshi@sabre.com>; Thomas, Robbie <Robbie.Thomas@sabre.com>
Cc: Jones, Wade <Wade.Jones@sabre.com>; David Podolsky <Podolsky@ascertain1.com>; Naylor, Rachel <Rachel.Naylor@sabre.com>; Marcus, Rick <Richard.Marcus@sabre.com>
Subject: Materials to guide Jim Compton discussions

Team,

Attached are the materials we will use to guide our discussions with Jim on Friday. The intention of the sessions is to have a discussion on the key questions laid out in each agenda section, we won't walk through these materials slide-by-slide.

Jorge and Chris will be joining us in person for all the sessions. Upon completion of an NDA I will share these documents with Jim so that he can better orient himself to Sabre and the key issues we would like his input on.

Best,

Matt

Matthew Lane
Vice President Strategy & Planning / Travel Network
Office [redacted] / Mobile [redacted]

Sabre.com / Blog / Twitter / Facebook / LinkedIn / YouTube

EXHIBIT
Menke Lit #15
11/21/19
PENGAD 800-631-6989

PLAINTIFF EXHIBIT
PX245

[redacted]

December 15th, 2017 Jim Compton visit agenda

Agenda	Time slot	Sabre attendees	
Breakfast and introductions	8:00 – 8:45AM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding	
State of Sabre and maximizing earnings in the near term	8:45 – 9:45AM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding	
Break	9:45 – 10:00AM		
Expected distribution industry evolution and implications for Sabre	10:00 – 11:45AM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding	
Lunch	11:45AM – 1:00PM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding	• Sean Menke • John Samuel • Vinit Doshi • Brett Burgess
Next generation airline retailing and possible commercial models	1:00 – 3:00PM	• Matt L, Rachel N, Rick M • Jorge Vilches	• John Samuel • Vinit Doshi • Brett Burgess

Sabre participants

Sean Menke
CEO Sabre

Extensive executive airline experience

Jorge Vilches
SVP Air Line of Business

Former CCO Alitalia
Former CEO Grupo Pullmantur
LATAM executive experience

Chris Wilding
SVP Air Distribution

~20 years of Sabre experience

Sabre participants

John Samuel
SVP Product and Technology

Former EVP Orbitz
Former VP AA Customer Tech

Vinit Doshi
Chief Product and Marketing Officer of Sabre Airlines Solutions

Various technology leadership roles at OpenText and Oracle

Brett Burgess
VP Air Product

Former Bain & Company and Bearing Point consulting experience

Sabre participants

Matt Lane
VP Strategy & Planning

Former Bain & Company consulting
Former Fiserv technology experience

Rick Marcus
Director Airline Strategy

Former Era Helicopters
Former AA

Rachel Naylor
Sr. Analyst Strategy

Former BCG consulting

Sabre participants

Robbie Thomas
Director Strategy & Planning

~10 years Sabre experience
Former Exxon sales engineering

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Agenda detail

[redacted]

[redacted]

State of Sabre and maximizing earnings in the near term

- What **drives the value of Sabre** as an asset?
- What **pressure is Sabre** facing in the near-term?
- What is our strategy to **maximize earnings** in the near term?

Expected distribution industry evolution and implications for Sabre

- How will **airline distribution** evolve?
  - **Distribution pathways**
  - Customer **needs/profiles**
  - Airline distribution **strategies**
- What will be the criticality of **data, intelligence, and technology**?

Next generation airline retailing and possible commercial models

- What **will drive the value of Sabre** as an asset?
  - What should be Sabre's **primary** and secondary capabilities to drive competitive advantage?
- How should we **enhance** our product & commercial model?
  - To bring in **non-fully** participating carriers
  - To drive **ancillary value**
  - To participate in **new distribution pathways**

State of Sabre and maximizing earnings in the near term

Key issues we face

- Variables that drove success are under pressure
- [redacted]
- US and European Majors seeking new models
  - And other airlines could follow over time
- [redacted]
- Our product line requires improvement, e.g., ancillaries. And we need to get increasingly relevant with LCCs/ULCCs
- Amadeus strong in IT, and could become particularly aggressive in the Americas

Expected insights from conversation

- Can we hold our competitive position in GDS in the near-term (3-5 years)? How?
- What drives the value of Sabre as an asset today to different airline segments?
  - How can we preserve the value for the longest time
- [redacted]
- How can we preempt or counter Amadeus's potentially aggressive response on incentives?
- What are priority products and services to offer airlines in order to maintain or position?
- What should be other Sabre corporate priorities in the near-term?

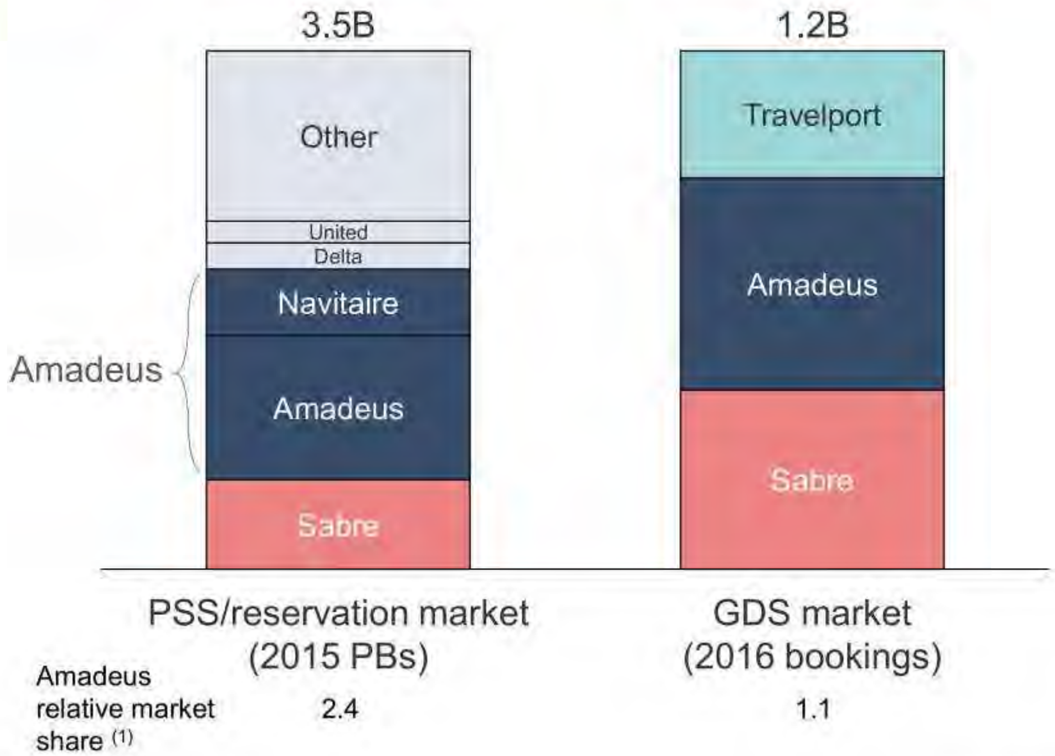
Detail questions

Topic	Key questions
The traditional GDS model	• What is the airline POV on the fundamental elements of the GDS model (full content, home/away booking fee, incentives paid to agencies)? • What do airlines value in the agency channel today? What are their major pain points in the agency channel? • What don't airlines tell the GDSs that they would benefit from knowing / understanding? • How much pressure do you believe the traditional GDS model is under? • If GDSs were to stop distributing for an airline, how would the airline adjust?

~60% of Sabre's gross profit is sourced from our Air GDS distribution business

[redacted]

Sabre's main competitors in our core businesses are Amadeus (GDS + Reservation) and Travelport (GDS)



(1) Relative market share defined as market leader share / next largest player share

Variables which may influence the level of value a carrier derives from Sabre and the carrier's negotiating position

Carrier level value	Likely negotiating position
[redacted]	

Sabre will need to make decision in near-term should carriers migrate to new models

[redacted]

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[redacted]

[redacted]

State of Sabre and maximizing earnings in the near term	Expected distribution industry evolution and implications for Sabre	Next generation airline retailing and possible commercial models

• What **drives the value of Sabre** as an asset?
• What **pressure is Sabre** facing in the near-term?
• What is our strategy to **maximize earnings** in the near term?
	• How will **airline distribution** evolve?
	  – **Distribution pathways**
	  – Customer **needs/profiles**
	  – Airline distribution **strategies**
	• What will be the criticality of **data, intelligence, and technology**?
		• What **will drive the value of Sabre** as an asset?
		  • What should be Sabre's primary and secondary capabilities to drive competitive advantage?
		• How should we **enhance** our product & commercial model?
		  – To bring in **non-fully** participating carriers
		  – To drive **ancillary value**
		  – To participate in **new distribution pathways**

Expected distribution industry evolution and implications for Sabre

Key issues we face

- LLCs will continue to gain share; agencies will continue to consolidate
- Distribution pathways may not evolve favorably, e.g.,
  - Continued growth of LCCs & disintermediated bookings
  - Growth of online customer acquisition, e.g., Metasearch, OTAs, Google/Amazon
- End-users demand more features, but also continue to purchase based on price – unclear what will be new end-user preferences and how to bank on them
- World is moving towards NGR/NGD, but still unclear if GDSs can bank on this trend or suffer from it
- NDC by itself does not suffice as long-term solution
- Long-term (7+ years), technology could fundamentally disrupt our business

Expected insights from conversation

- How will end-user preferences evolve? (Leisure, Business)
- How will distribution pathways and airline distribution strategy evolve? (LCCs, FSCs)
- What will be the criticality of data, intelligence, and analytics (in 3-5 years, in 7+ years)?
- Will NDC help maintain our position? For what types of airlines? Under what assumptions?
- How can Sabre protect from industry trends?
- Can Sabre practically bank on key industry trends such as NGR/NGD? How?

Detail questions

Topic	Key questions
Current and future value drivers for airlines	• What do airlines value in the GDSs today? How have those value drivers been changing? • Will Sabre be seen always as a "cost item"? What is necessary for Sabre to be seen as a "revenue producer"? Is Sabre viewed as a customer acquisition cost for airlines or simply a "toll"? • Can Sabre really aspire to drive higher revenue for airlines in ways which are clear and attributable to Sabre actions? What would be required for this to be true? • As technology evolves, how will airlines view giving credit to the GDS/tech provider versus the agency?
Inside the FSC	• What are the major drivers of success / failure for the FSCs? • Will FSCs continue to add ancillaries and complicate their product? Do airlines have creative ideas on ancillaries to add, if so what are they? What are the opportunities and challenges for pushing ancillary strategy further? • Do you expect additional consolidation in the airline industry? • Where do FSCs believe there are opportunities for industry growth versus "zero sum game" opportunities?

[redacted]

Detail questions

Topic	Key questions
Routes to market	• What are the major routes to market for airlines? What are the volumes in these routes to market? Which are growing quickly? Which do the airlines see as opportunities versus threats? • Are there any customer shop/book behavior trends that could impact Sabre? (i.e., high increase of travelers shopping on OTA then booking on airline direct website) • Do airlines understand the value of the traveler and cost to acquire across their routes to market? • Which developing routes to market does Sabre have the right to play and ability to win? • What role do airlines believe that OTAs and metas will play moving forward? Do they prefer one segment over another?
Customer segments	• How do FSCs think about the different customer segments they serve? Does the airline believe that the corporate customer is "locked in" but that the leisure customer is "up for grabs"? • How much of an airlines' profitability comes from the highly loyal, loosely loyal, not loyal segments? • What is the airlines' profit maximization strategy for different customer segments? (i.e., maximize price / upsell for corporate customer and maximize conversion / ancillary sales for leisure customer)

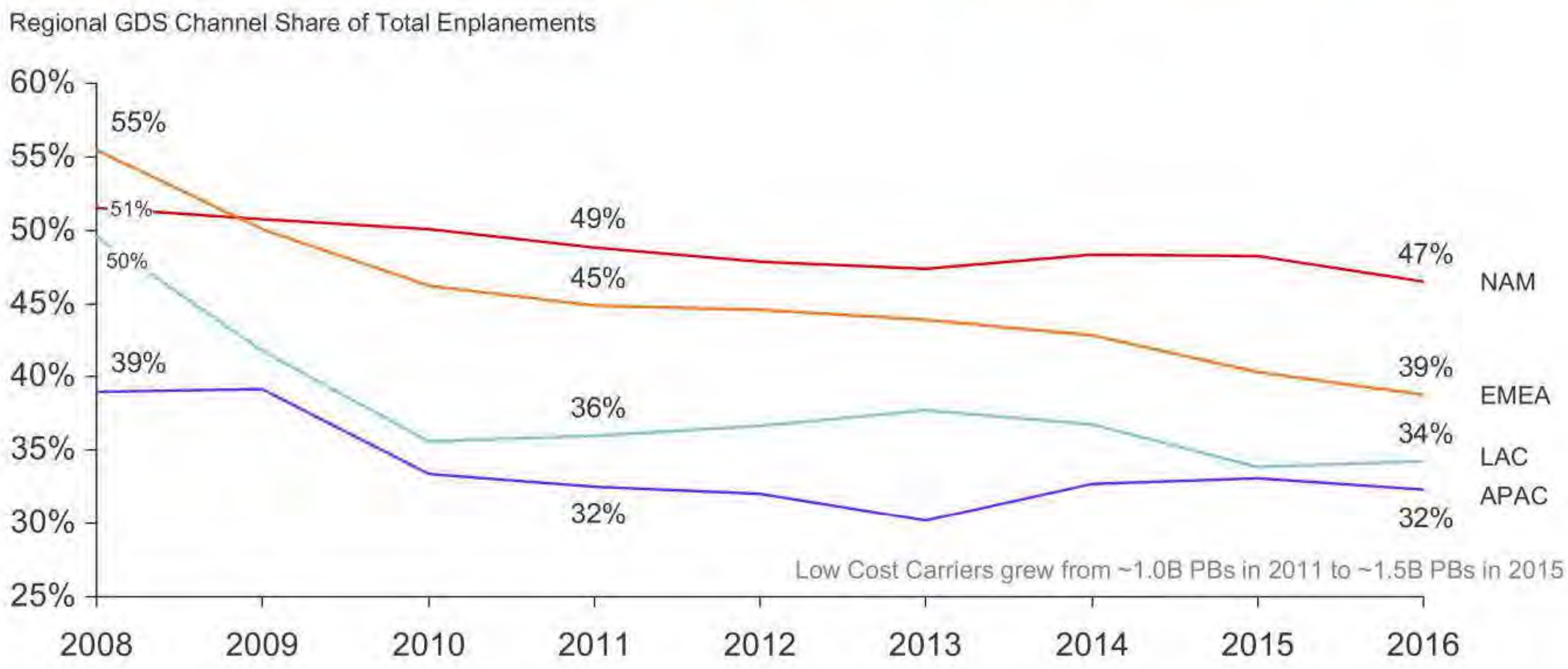
Detail questions

Topic	Key questions
LCCs	• Many LCCs have resisted intermediated GDS distribution, what capabilities and commercials would be required for them to participate more meaningfully in GDS channel? • How would FSCs react to increased LCC competition in the OTA/leisure channel (a channel in which not all LCCs participate today)? • Will LCCs effectively compete in long haul international? What are their limits without interline and codeshare capabilities? How effective could "virtual interlining be"? • How would FSCs react if LCCs had a different GDS commercial model than FSCs? • Could a markup model work for LCCs? If LCC content was marked up in the OTA channel, would significant volume still flow through or
Ancillaries	• What would be the value of having Sabre help airlines drive ancillary revenue? Will airlines pursue non-air sources of revenue aggressively (even non-travel sources of revenue)? • Do airlines think there is significant ancillary upside through better GDS capabilities? • Are airlines prepared to pay GDSs and agencies for better ancillary sell through?

Share of GDS bookings has declined, driven both by LCCs and Full Service Carriers

Note: Excludes China/Travelsky; Assumes LCCs do not participate significantly in GDSs
Source: World Bank – World development indicators; MIDT; OAG via CAPA – LCC Market Share

Channel shift to direct distribution has stabilized; market growth of direct bookings influenced by fast pace of growth of LCCs

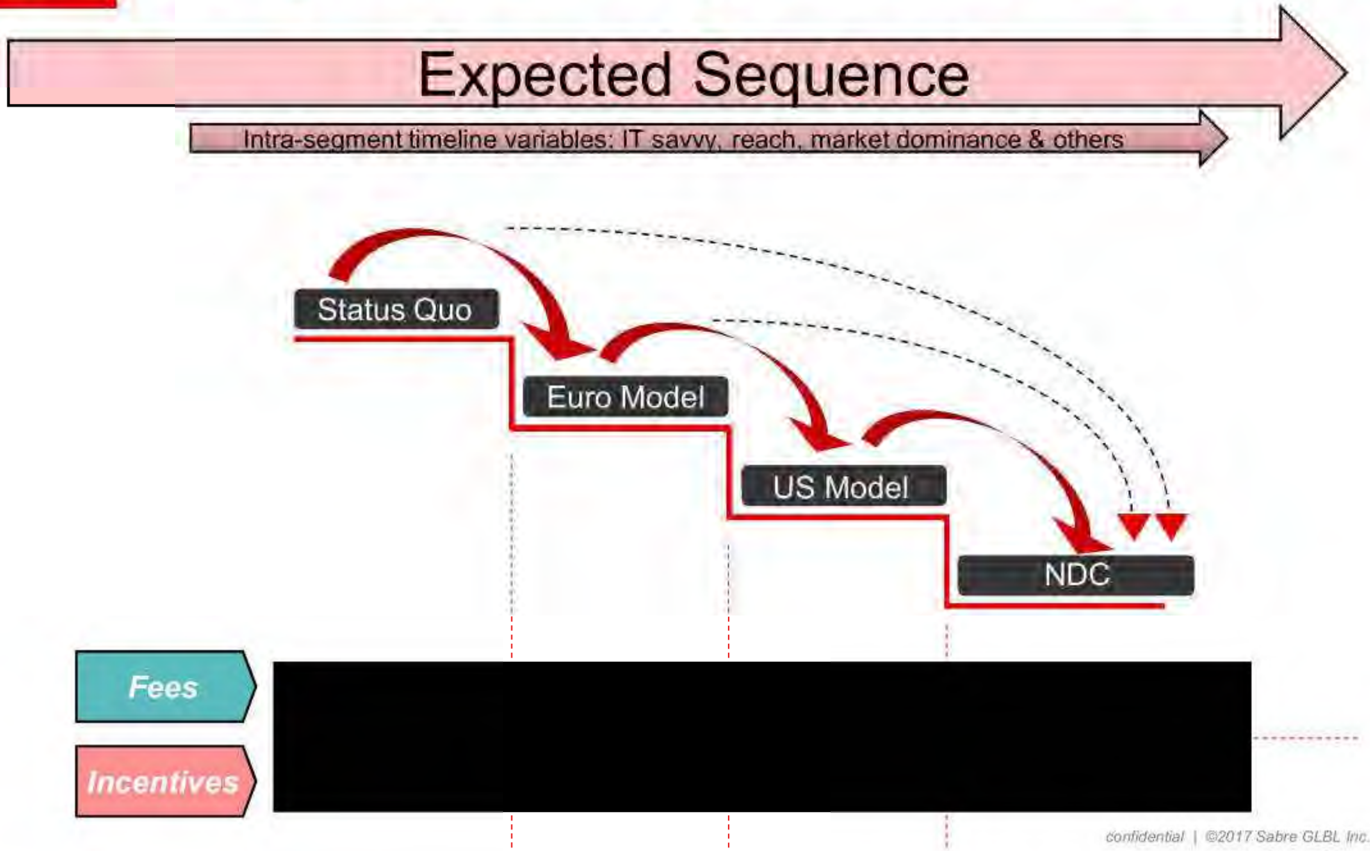


Source: World Bank – World development indicators, GDS MIDT bookings
Notes: Excludes China/Travelsky

Key variables that predicted our past success are under pressure

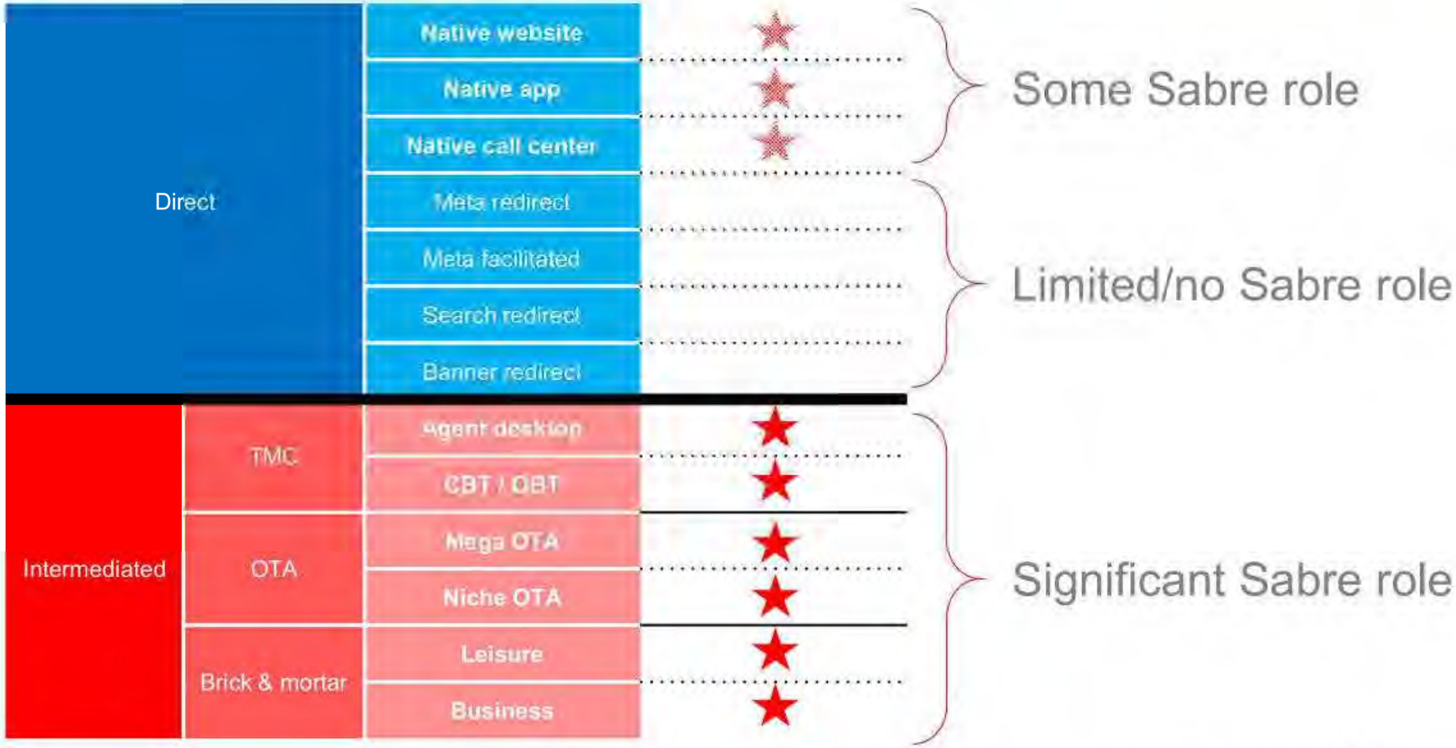
% of fares that must be distributed through GDS	Fragmented bookings (by suppliers, by agencies)	Sabre and Amadeus reservation systems are only credible third-party reservation systems
• **Pressure: HIGH**	• **Pressure: HIGH**	• **Pressure: LOW**
• **Share of direct and disintermediated bookings will continue to increase**	• **Agencies will continue to consolidate**	• **We are likely to retain share**
• **LCCs will continue to gain share**	• **Few, large OTAs will continue to thrive**	• **Some pressure on price but so far margins have been sustainable**
• **In long-term, travel-technology, and even broader technology substitutes will emerge**	• **Meta-search engines will grow**	• **However, growth is limited**
	• **Customer acquisition entrants like Google or Amazon will emerge and likely experience rapid growth**	

The industry could follow a logical sequence affecting aggregated segment earnings towards NDC end state



[redacted]

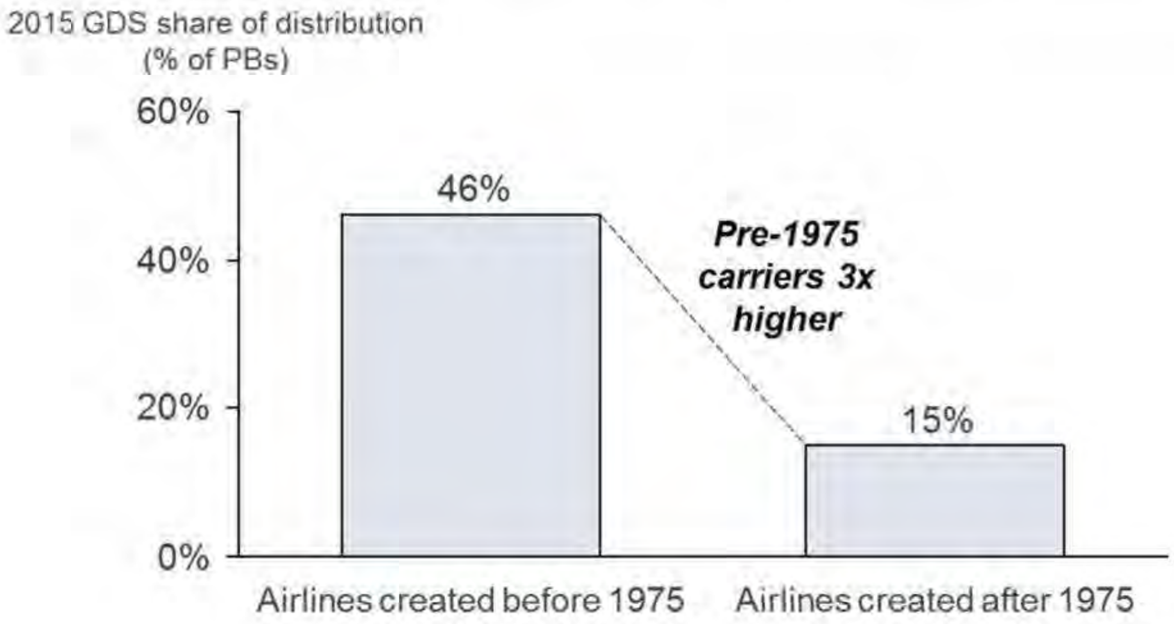
Sabre has a strong presence in select routes to market but has a limited role in other routes to market



Sabre's agency base is consolidating and increasingly weighted more heavily to OTAs

[redacted]

Airline participation in GDSs is highly correlated with when the carrier launched; LCCs lower GDS participants and launched more recently



Pre 1975 Key characteristics:
- Long haul routes
- Major airports
- Large and diverse aircraft fleet
- Loyalty programs

Post 1975 Key characteristics:
- Short haul, point to point, domestic
- Secondary airports
- Emergence of ancillaries & flexible fares

Sabre

Source: 2015 AG Database and 2015 MIDT Bookings
Note: Includes the top 125 Network and top 125 NGCs by passengers boarded; GDS participation shown is 2015 marked by when the carrier was founded; 91 carriers were founded before 1975 and 160 carriers were founded after 1975

LCC GDS participation rates are low in all regions, however NAM & EMEA have the highest participation rates of the regions

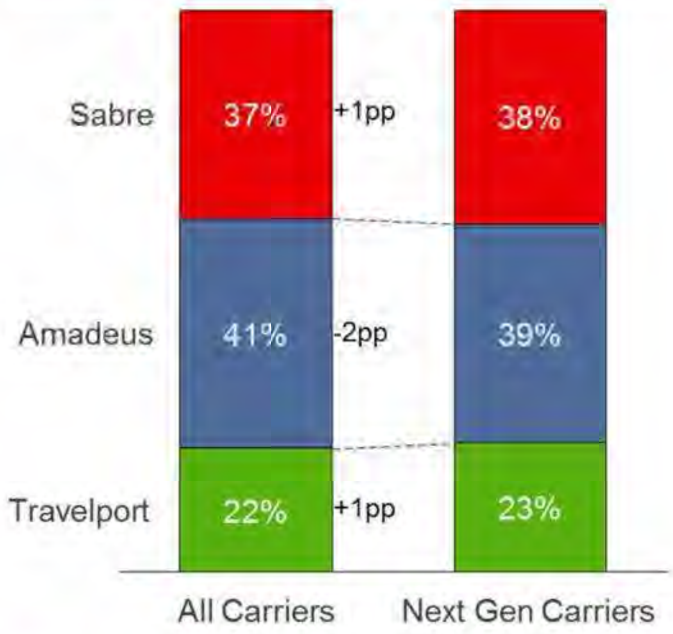
[redacted]

LCC GDS participation rates are low in all regions, with a highly fragmented APAC market not showing any carriers with significant participation

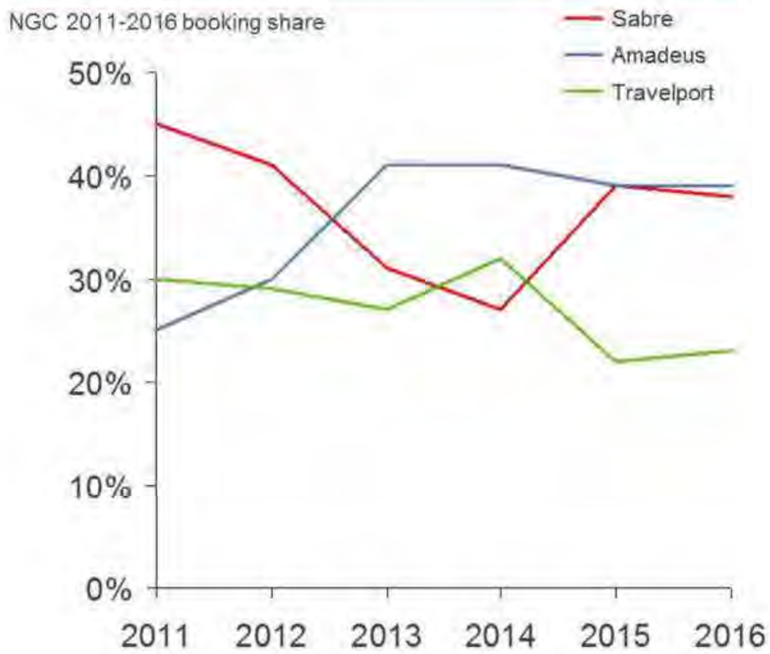
[redacted]

Low participation amongst Next Gen Carriers (i.e. LCCs) is common across all GDSs, however Amadeus has increased their booking share with NGCs

GDS booking share of carrier Next Gen Carrier bookings generally aligns with share of total carrier bookings



However, Amadeus has rapidly gained market share from Sabre and Travelport



Sabre

Source: 2011-2016 MIDT bookings; Note: Measures the top 125 Network and top 125 NGCs

The airline's host reservation system does not appear to be a factor in determining LCC GDS participation rates

[redacted]

Although Next Gen carriers (aka LCCs) have a generally lower GDS participation rate, there are exceptions

[redacted]

For those NGCs with the highest GDS participation rates, a high share of GDS bookings are distributed through OTAs / leisure agencies

[redacted]

Broad adoption of GDS by LCCs is challenged under current GDS commercial model and GDS technology offering / capabilities

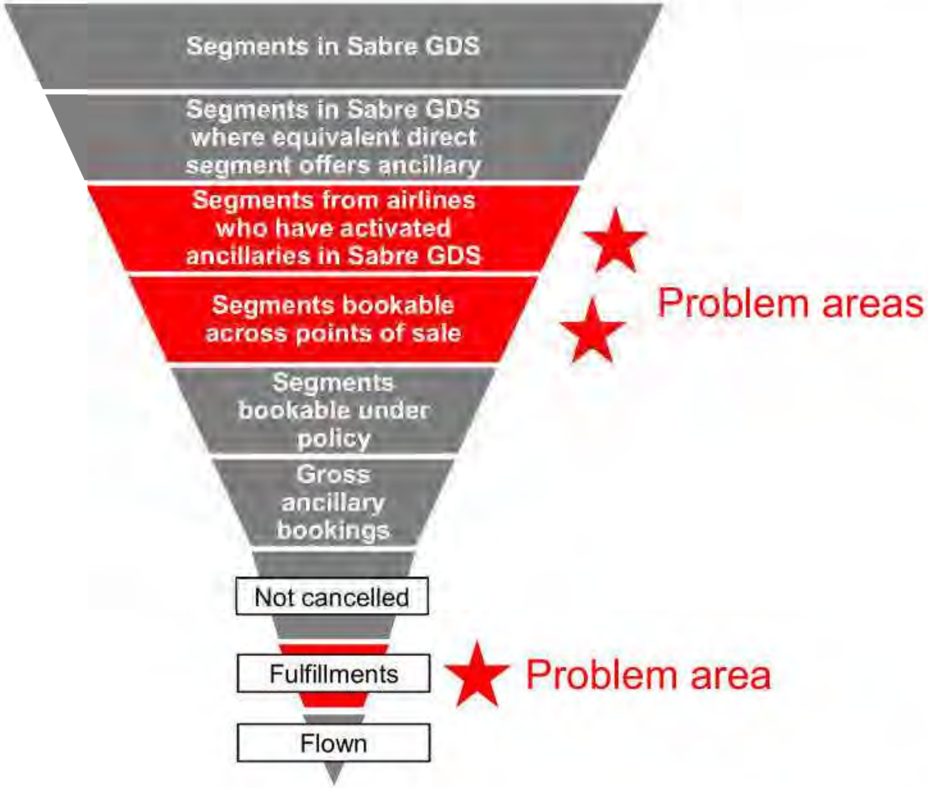
	Priorities	Next Gen Carriers	Sabre GDSs
Channel Shift	→ Move direct channel business to GDS	✗	✓
Mix of GDS bookings	→ Replace Full Service Carrier GDS bookings share with Next Gen Carriers	✓	✗
New Demand	→ Capture net new business	✓	✓

Sabre

Sabre's GDS channel significantly trails the direct channel (website, kiosk, in-airport agent) in terms of ancillary attach

[redacted]

Sabre GDS has limitations at many points in the ancillary funnel



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Agenda detail

[redacted]

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State of Sabre and maximizing earnings in the near term	Expected distribution industry evolution and implications for Sabre	Next generation airline retailing and possible commercial models
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How to reposition our business for long-term success?

Key issues we face

- Unless we want to focus exclusively on sustaining current business, we ought to reposition our business in fundamental ways
- There are multiple options for a repositioning, and we need to reach alignment on exactly the primary and secondary capabilities that will drive our success
- Repositioning is in practice difficult to achieve
  - Most resources today are devoted to "running the business" not "differentiation" or "repositioning"
  - Product complexity may hinder our ability to reposition in an agile way
  - Some required capabilities may be a far extension from our current capabilities

Expected insights from conversation

- What will exactly drive our long-term success?
- What could be our **main** vision / approach to succeed?
- What should be our **primary** and secondary capabilities?
- How can we truly achieve **leadership economics** from the ensuring industry trends?
- How do we prepare for an **effective repositioning/mobilization, that works in practice, not in concept?**
  - **Organizationally**
  - **Financially**
  - **Operationally**

Detail questions

Topic	Key questions
Future profit pools	• What are the options for future earnings engines for Sabre? Which do you believe are most attractive for Sabre? • What are the implications of pursuing certain earnings engines versus others? • What capital and resource allocation actions should Sabre take to pursue future earnings engines?
New Distribution Capabilities (NDC)	• What do you believe airlines' goals are relative to NDC? • How does revenue management view NDC capabilities (versus airlines' distribution groups)? Do you believe airlines' different operating groups are aligned to NDC? • What elements of NDC's solution will airlines find most valuable? (i.e. better pricing, increased sale of ancillaries, higher conversion, etc.) • Will NDC be adopted broadly and on what timeline?

Detail questions

Topic	Key questions
Technology	• What technologies / data / insights would make the CCO more effective in their role? • How effective are current RM technology tools? Is there enough value in new technology tools to justify the disruption form entrenched tools? • How much would capturing uncaptured value mean to the FSCs? • Could new technology tools help to reduce airline costs? • How valuable do airlines find offer management engines such as Farelogix and Sabre's Dynamic Retailer? • Are there limitations in the PNR, PSS system, or broader order management that are prohibiting airlines from reaching their retailing full potential?
Data & analytics	• What data do airlines most value but not have today? • What data does Sabre have that would be most valuable to the airline? • Airlines have been hesitant to cede data rights to Sabre. What would induce them to cede rights? • How critical would rich live shopping, conversion, performance data across all channels be to an airline? Which groups at the airline would most value the data?

Detail questions

Topic	Key questions
Commercial model options	• GDS data services tiers and capabilities • Ancillaries / brand upsell revenue share / booking fees • GDS markup model • Integrated IT / distribution offerings (dealership model)
Blue Ocean opportunities	• Are there new payors outside of travelers / airlines that you believe could be relevant to Sabre? • What other Blue Ocean strategies should we consider?

We need to reach an agreement on **exactly** what will drive our mid-term success

		PRIMARY VISION / DRIVER OF SUCCESS	OTHER COMPONENTS
No regrets	0	Focus commercial strategy on sustaining current business	• Improve product line: more ancillaries, add LCC content, better agent/traveler tools • Focus on most relevant customer segments (corporate travel)
New opportunities	1	Strengthen integrated booking, fulfillment, and order servicing in new channels (i.e. meta) and for more content types (i.e. ancillaries)	• Best-in-class offer delivery management • Best-in-class cross channel order mgmt. • NDC Level 3 and OneOrder
	2	Become best-in-class at decision support around offer creation	• Revenue management / dynamic pricing • Real-time data driven traveler / persona insight • Marketplace data mining / insight • A|B testing and analytics capabilities
	3	Become best-in-class shopping engine across airlines, hotels, and other travel content	• Best-in-class shopping solution • Pervasive solution that produces shopping results regardless of where traveler shops
		Other…	

Sabre has consulted with airlines and hotels from around the world and all of them reiterated the need for next gen retailing and distribution

Provide highly relevant offers to travelers based on the information that suppliers know about them and their trips (next generation retailing)

Provide the ability to display products the way suppliers want to consistently across channels and let suppliers choose which channel to display their content in (next generation distribution)

Ensure simple, seamless booking and service experiences for the traveler and the service provider across the trip (frictionless travel)

Today, airlines are tied to a standardized filing-based system; in the future, airline shopping and retailing will become more dynamic and personalized

Today, travel retailing is tied to legacy processes and systems

- Limited flexibility of offer/display
- Structured
- Filing driven

In the future, travelers are looking for airlines to provide a modern digital experience

- Intelligent
- Dynamic
- Custom/personal

The spectrum of potential retailing strategies extends from simple rules engine based offers to more intelligent retailing paradigms fueled by AI

Increasing sophistication and value

Rules Based

Market Fares

Existing

Rack-rate prices broadly released to the market

- Public Fares
- Public Ancillaries
- Branded Fares

Persona-based Offers

Emerging

- Negotiated Fares
- Negotiated Offers
  - Ancillaries
  - Bundles (base + anclry)
- Loyalty Status-based Offers
- Persona-based Bundle
- Cross-sell
  - Traditional Supplier Cross-sell
  - 3rd Party Content (TSX)
- Targeted promotions
  - Rebate
  - Flash Sale
  - Discount codes

Intelligent & Dynamic

Real-time Pricing

Incubating

- Real-time RM
- Dynamic Pricing
  - Base Fare
  - Ancillaries
- Bidding
  - Traveler-led Bidding
  - Reverse Auction
- Group Bookings

Smart Offers

Conceptualizing

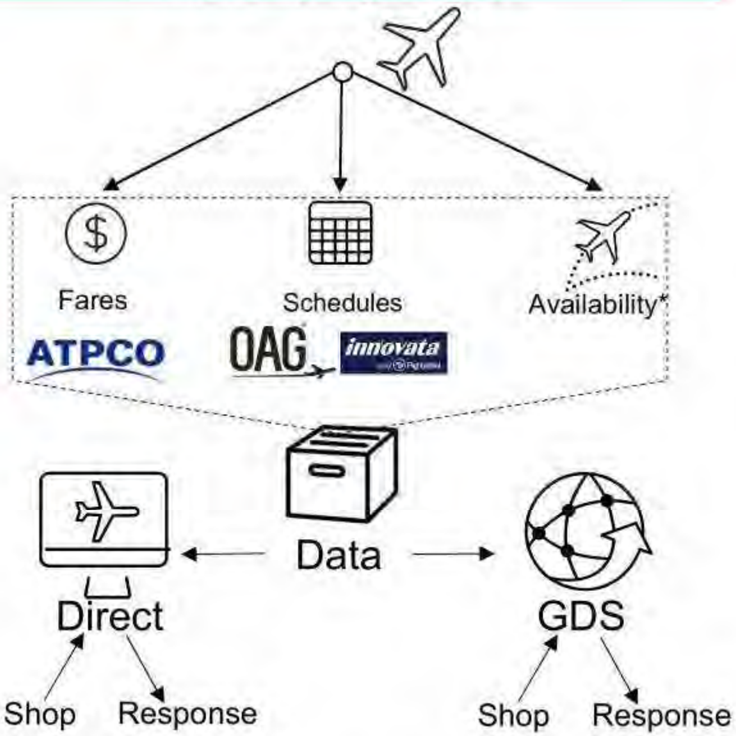
- Affinity Recommendations
- Competitive Offer
- Dynamic Bundle
  - Ancillaries
  - Supplier Cross-sell
  - 3rd Party Content (TSX)
- Bleisure-based Offers
  - Companion Pass
  - Trip Extension Offer
- Push Offers
  - Recurring Trip
  - Calendar-based Shopping
  - Disruption Retailing
  - Post Booking Yield Management

1-to-1 Offers

Full evolution to completely personalized bundles and pricing

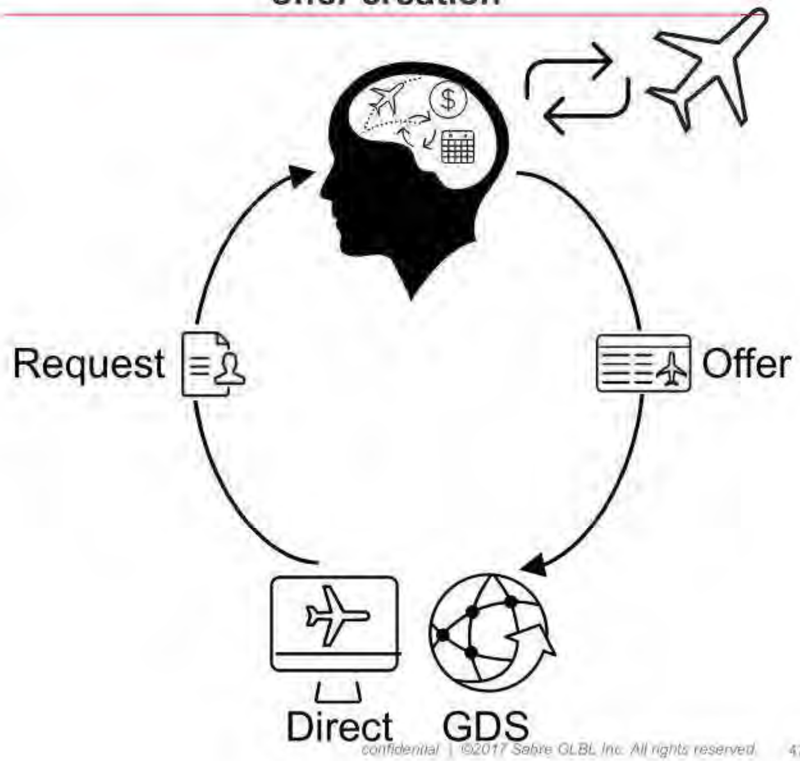
To respond to direct and indirect shopping, airlines have relied on a filing system where fare rules, inventory, and availability are pushed to 3rd parties

Today, itinerary creation requires interaction with 3rd party sources



Note: *Availability may be pulled (cache dependent)

In the future, airlines will control the flow of offer creation



Commercial models under consideration

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Lunch	11:45AM – 1:00PM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding	• Sean Menke • John Samuel • Vinit Doshi • Brett Burgess
Next generation airline retailing and possible commercial models	1:00 – 3:00PM	• Matt L, Rachel N, Rick M • Jorge Vilches	• John Samuel • Vinit Doshi • Brett Burgess

[redacted]

Sabre participants

Sean Menke
CEO Sabre

Extensive executive airline experience

Jorge Vilches
SVP Air Line of Business

Former CCO Alitalia
Former CEO Grupo Pullmantur
LATAM executive experience

Chris Wilding
SVP Air Distribution

~20 years of Sabre experience

[redacted]

Sabre participants

John Samuel
SVP Product and Technology

Former EVP Orbitz
Former VP AA Customer Tech

Vinit Doshi
Chief Product and Marketing Officer of Sabre Airlines Solutions

Various technology leadership roles at OpenText and Oracle

Brett Burgess
VP Air Product

Former Bain & Company and Bearing Point consulting experience

[redacted]

Sabre participants

Matt Lane
VP Strategy & Planning

Former Bain & Company consulting
Former Fiserv technology experience

Rick Marcus
Director Airline Strategy

Former Era Helicopters
Former AA

Rachel Naylor
Sr. Analyst Strategy

Former BCG consulting

[redacted]

Sabre participants

Robbie Thomas
Director Strategy & Planning

~10 years Sabre experience
Former Exxon sales engineering

[redacted]

December 15th, 2017 Jim Compton visit agenda

Agenda	Time slot	Sabre attendees	
Breakfast and introductions	8:00 – 8:45AM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding	
State of Sabre and maximizing earnings in the near term	8:45 – 9:45AM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding	
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[redacted]

Agenda detail

[redacted]

[redacted]

State of Sabre and maximizing earnings in the near term	Expected distribution industry evolution and implications for Sabre	Next generation airline retailing and possible commercial models
• What **drives the value of Sabre** as an asset? • What **pressure is Sabre** facing in the near-term? • What is our strategy to **maximize earnings** in the near term?	• How will **airline distribution** evolve? – **Distribution pathways** – Customer **needs/profiles** – Airline distribution **strategies** • What will be the criticality of **data, intelligence, and technology**?	• What **will drive the value of Sabre** as an asset? – What should be Sabre's **primary** and secondary capabilities to drive competitive advantage? • How should we **enhance** our product & commercial model? – To bring in **non-fully** participating carriers – To drive **ancillary value** – To participate in **new distribution pathways**

[redacted]

State of Sabre and maximizing earnings in the near term

Key issues we face

- Variables that drove success are under pressure
- [redacted]
- US and European Majors seeking new models
  - And other airlines could follow over time
- [redacted]
- Our product line requires improvement, e.g., ancillaries. And we need to get increasingly relevant with LCCs/ULCCs
- Amadeus strong in IT, and could become particularly aggressive in the Americas

Expected insights from conversation

- Can we hold our competitive position in GDS in the near-term (3-5 years)? How?
- What drives the value of Sabre as an asset today to different airline segments?
  - How can we preserve the value for the longest time
- [redacted]
- How can we preempt or counter Amadeus's potentially aggressive response on incentives?
- What are priority products and services to offer airlines in order to maintain or position?
- What should be other Sabre corporate priorities in the near-term?

[redacted]

Detail questions

Topic	Key questions
The traditional GDS model	• What is the airline POV on the fundamental elements of the GDS model (full content, home/away booking fee, incentives paid to agencies)? • What do airlines value in the agency channel today? What are their major pain points in the agency channel? • What don't airlines tell the GDSs that they would benefit from knowing / understanding? • How much pressure do you believe the traditional GDS model is under? • If GDSs were to stop distributing for an airline, how would the airline adjust?

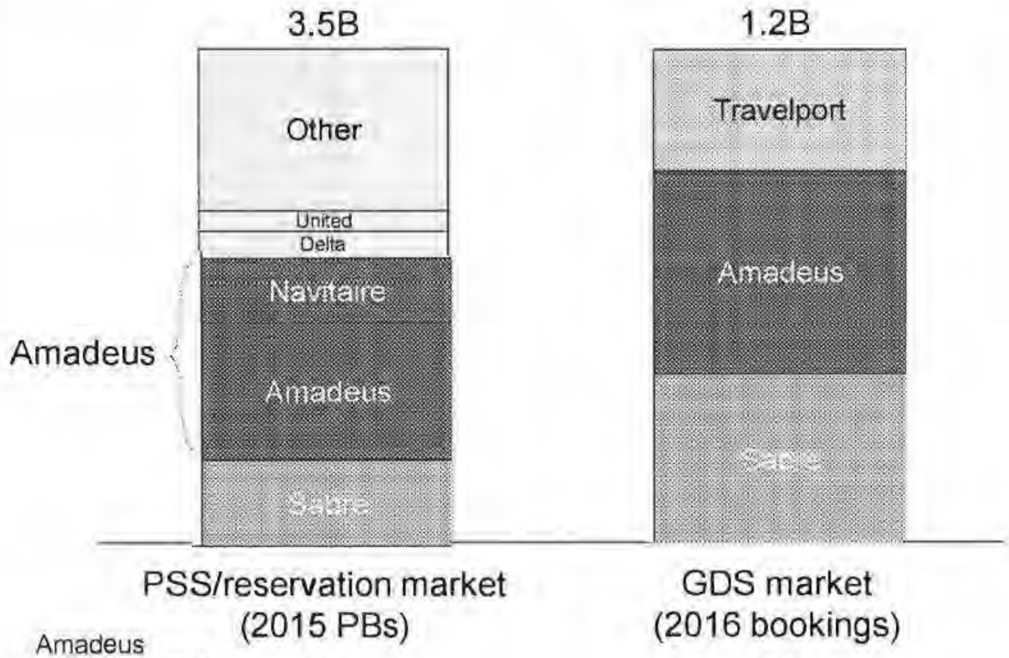
[redacted]

~60% of Sabre's gross profit is sourced from our Air GDS distribution business

[redacted]

[redacted]

Sabre's main competitors in our core businesses are Amadeus (GDS + Reservation) and Travelport (GDS)



Amadeus relative market share [1] 2.4 1.1

[1] Relative market share defined as market leader share / next largest player share

[redacted]

Variables which may influence the level of value a carrier derives from Sabre and the carrier's negotiating position

Carrier level value	Likely negotiating position
[redacted]	

[redacted]

Sabre will need to make decision in near-term should carriers migrate to new models

[redacted]

[redacted]

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[redacted]

Agenda detail

[redacted] [redacted]

State of Sabre and maximizing earnings in the near term	Expected distribution industry evolution and implications for Sabre	Next generation airline retailing and possible commercial models

- What **drives the value of Sabre** as an asset?
- What **pressure is Sabre** facing in the near-term?
- What is our strategy to **maximize earnings** in the near term?

- How will **airline distribution** evolve?
  - **Distribution pathways**
  - Customer **needs/profiles**
  - Airline distribution **strategies**
- What will be the criticality of **data, intelligence, and technology**?

- What **will drive the value of Sabre** as an asset?
  - What should be Sabre's **primary** and secondary capabilities to drive competitive advantage?
- How should we **enhance** our product & commercial model?
  - To bring in **non-fully** participating carriers
  - To drive **ancillary value**
  - To participate in **new distribution pathways**

[redacted]

Expected distribution industry evolution and implications for Sabre

Key issues we face

- LLCs will continue to gain share; agencies will continue to consolidate
- Distribution pathways may not evolve favorably, e.g.,
  - Continued growth of LCCs & disintermediated bookings
  - Growth of online customer acquisition, e.g., Metasearch, OTAs, Google/Amazon
- End-users demand more features, but also continue to purchase based on price – unclear what will be new end-user preferences and how to bank on them
- World is moving towards NGR/NGD, but still unclear if GDSs can bank on this trend or suffer from it
- NDC by itself does not suffice as long-term solution
- Long-term (7+ years), technology could fundamentally disrupt our business

Expected insights from conversation

- How will end-user preferences evolve? (Leisure, Business)
- How will distribution pathways and airline distribution strategy evolve? (LCCs, FSCs)
- What will be the criticality of data, intelligence, and analytics (in 3-5 years, in 7+ years)?
- Will NDC help maintain our position? For what types of airlines? Under what assumptions?
- How can Sabre protect from industry trends?
- Can Sabre practically bank on key industry trends such as NGR/NGD? How?

[redacted]

Detail questions

Topic	Key questions
Current and future value drivers for airlines	• What do airlines value in the GDSs today? How have those value drivers been changing? • Will Sabre be seen always as a "cost item"? What is necessary for Sabre to be seen as a "revenue producer"? Is Sabre viewed as a customer acquisition cost for airlines or simply a "toll"? • Can Sabre really aspire to drive higher revenue for airlines in ways which are clear and attributable to Sabre actions? What would be required for this to be true? • As technology evolves, how will airlines view giving credit to the GDS/tech provider versus the agency?
Inside the FSC	• What are the major drivers of success / failure for the FSCs? • Will FSCs continue to add ancillaries and complicate their product? Do airlines have creative ideas on ancillaries to add, if so what are they? What are the opportunities and challenges for pushing ancillary strategy further? • Do you expect additional consolidation in the airline industry? • Where do FSCs believe there are opportunities for industry growth versus "zero sum game" opportunities?

[redacted]

[redacted]

[redacted]

Detail questions

Topic	Key questions
Routes to market	• What are the major routes to market for airlines? What are the volumes in these routes to market? Which are growing quickly? Which do the airlines see as opportunities versus threats? • Are there any customer shop/book behavior trends that could impact Sabre? (i.e., high increase of travelers shopping on OTA then booking on airline direct website) • Do airlines understand the value of the traveler and cost to acquire across their routes to market? • Which developing routes to market does Sabre have the right to play and ability to win? • What role do airlines believe that OTAs and metas will play moving forward? Do they prefer one segment over another?
Customer segments	• How do FSCs think about the different customer segments they serve? Does the airline believe that the corporate customer is "locked in" but that the leisure customer is "up for grabs"? • How much of an airlines' profitability comes from the highly loyal, loosely loyal, not loyal segments? • What is the airlines' profit maximization strategy for different customer segments? (i.e., maximize price / upsell for corporate customer and maximize conversion / ancillary sales for leisure customer)

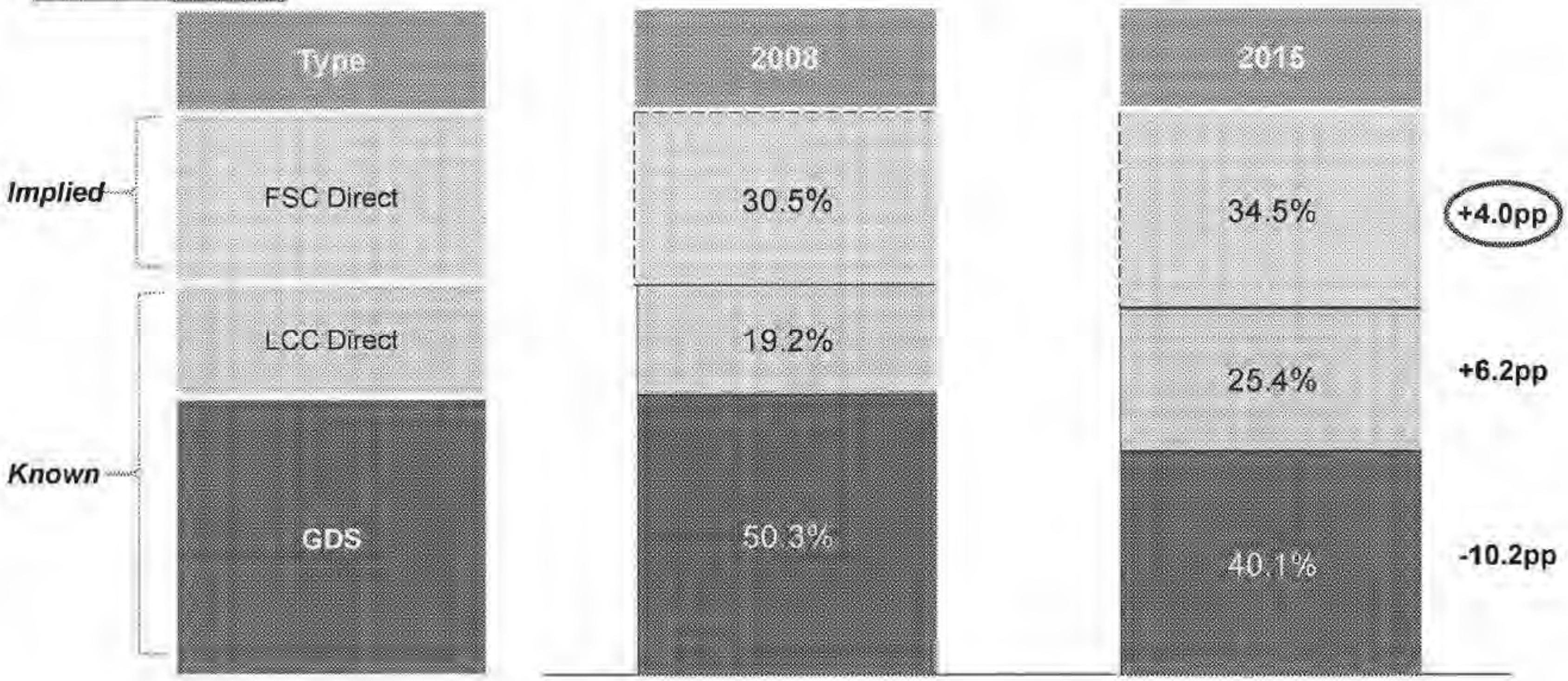
[redacted]

Detail questions

Topic	Key questions
LCCs	• Many LCCs have resisted intermediated GDS distribution, what capabilities and commercials would be required for them to participate more meaningfully in GDS channel? • How would FSCs react to increased LCC competition in the OTA/leisure channel (a channel in which not all LCCs participate today)? • Will LCCs effectively compete in long haul international? What are their limits without interline and codeshare capabilities? How effective could "virtual interlining be"? • How would FSCs react if LCCs had a different GDS commercial model than FSCs? • Could a markup model work for LCCs? If LCC content was marked up in the OTA channel, would significant volume still flow through or
Ancillaries	• What would be the value of having Sabre help airlines drive ancillary revenue? Will airlines pursue non-air sources of revenue aggressively (even non-travel sources of revenue)? • Do airlines think there is significant ancillary upside through better GDS capabilities? • Are airlines prepared to pay GDSs and agencies for better ancillary sell through?

[redacted]

Share of GDS bookings has declined, driven both by LCCs and Full Service Carriers

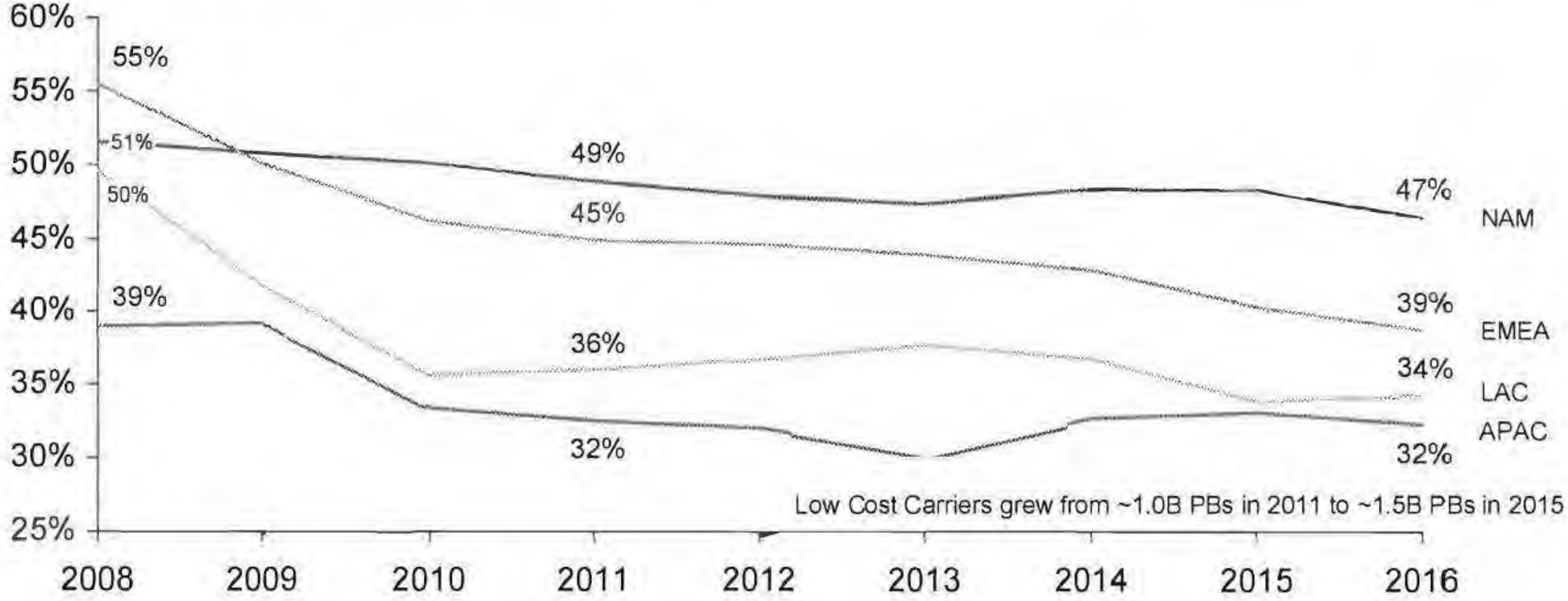


Note: Excludes China/Travelsky. Assumes LCCs do not participate significantly in GDSs
Source: World Bank – World development indicators, MIDT, OAG via CAPA – LCC Market Share

[redacted]

Channel shift to direct distribution has stabilized; market growth of direct bookings influenced by fast pace of growth of LCCs

Regional GDS Channel Share of Total Enplanements



Source: World Bank – World development indicators, GDS MIDT bookings
Notes: Excludes China/Travelsky

[redacted]

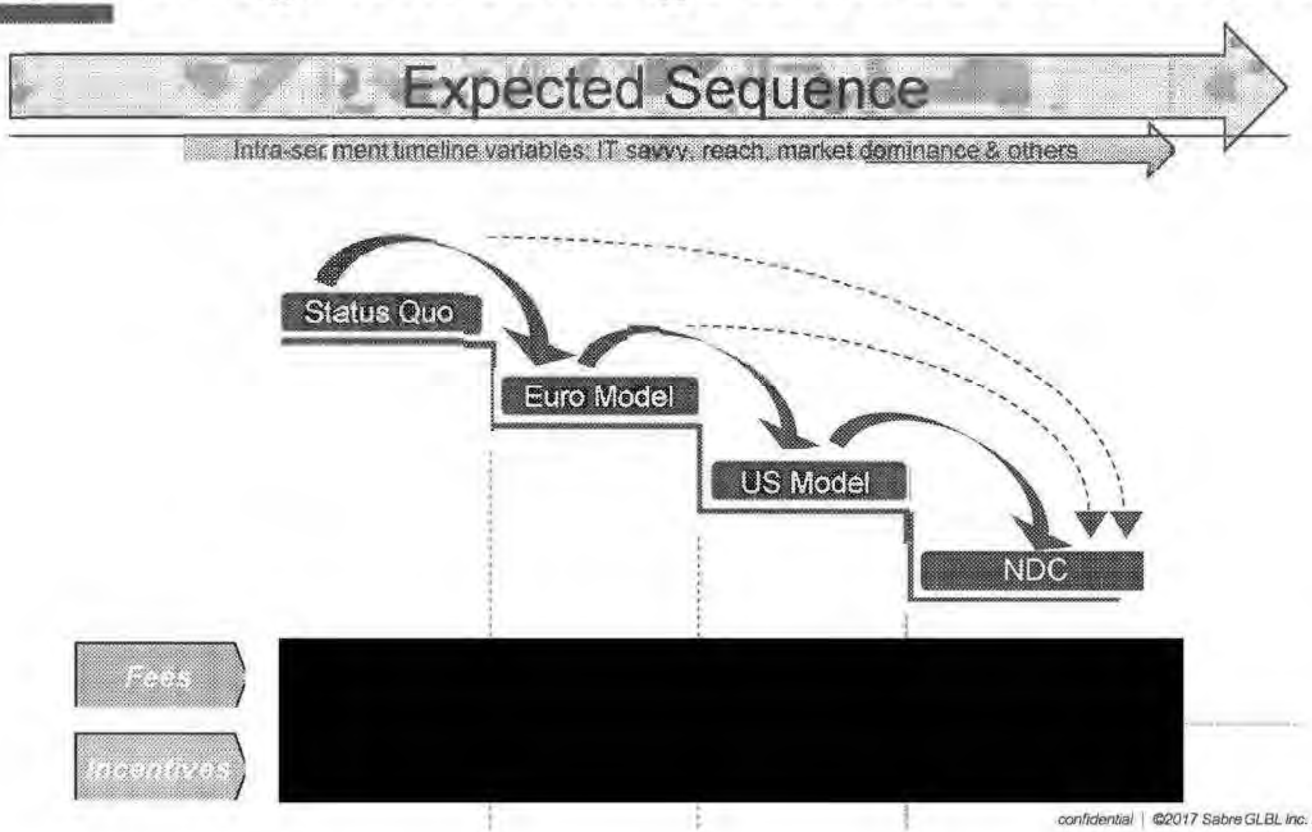
SABR-001029286

Key variables that predicted our past success are under pressure

% of fares that must be distributed through GDS	Fragmented bookings (by suppliers, by agencies)	Sabre and Amadeus reservation systems are only credible third-party reservation systems
• **Pressure: HIGH** • **Share of direct and disintermediated bookings will continue to increase** • **LCCs will continue to gain share** • **In long-term, travel-technology, and even broader technology substitutes will emerge**	• **Pressure: HIGH** • **Agencies will continue to consolidate** • **Few, large OTAs will continue to thrive** • **Meta-search engines will grow** • **Customer acquisition entrants like Google or Amazon will emerge and likely experience rapid growth**	• **Pressure: LOW** • **We are likely to retain share** • **Some pressure on price but so far margins have been sustainable** • **However, growth is limited**

[redacted]

The industry could follow a logical sequence affecting aggregated segment earnings towards NDC end state



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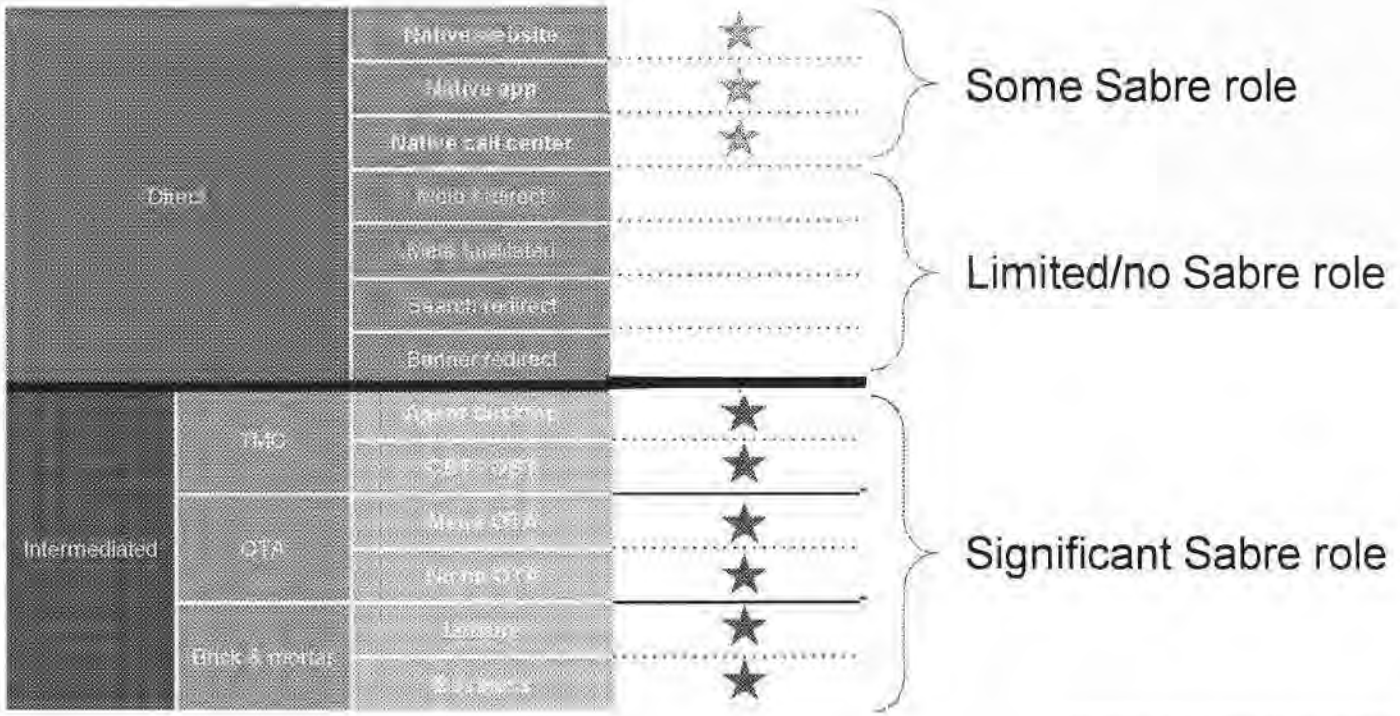
SABR-001029288

Sabre has a strong presence in select routes to market but has a limited role in other routes to market



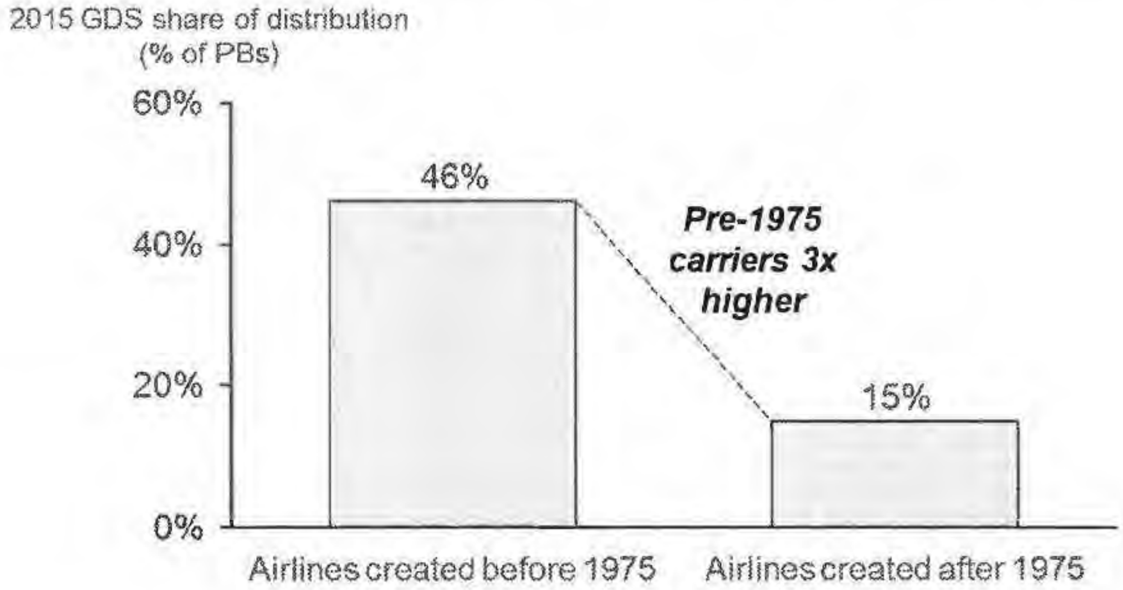
[redacted]

Sabre's agency base is consolidating and increasingly weighted more heavily to OTAs

[redacted]

[redacted]

Airline participation in GDSs is highly correlated with when the carrier launched; LCCs lower GDS participants and launched more recently



Pre 1975 Key characteristics:
- Long haul routes
- Major airports
- Large and diverse aircraft fleet
- Loyalty programs

Post 1975 Key characteristics:
- Short haul, point to point, domestic
- Secondary airports
- Emergence of ancillaries & flexible fares

Source: 2015 AS Database and 2015 MIDT Bookings
Note: Includes the top 125 Network and top 125 NGCs by passengers boarded; GDS participation shown is 2015 marked by when the carrier was founded; 91 carriers were founded before 1975 and 160 carriers were founded after 1975

[redacted]

LCC GDS participation rates are low in all regions, however NAM & EMEA have the highest participation rates of the regions

[redacted]

[redacted]

Speaker Notes for Slide 28

[redacted]

[redacted]

LCC GDS participation rates are low in all regions, with a highly fragmented APAC market not showing any carriers with significant participation

[redacted]

[redacted]

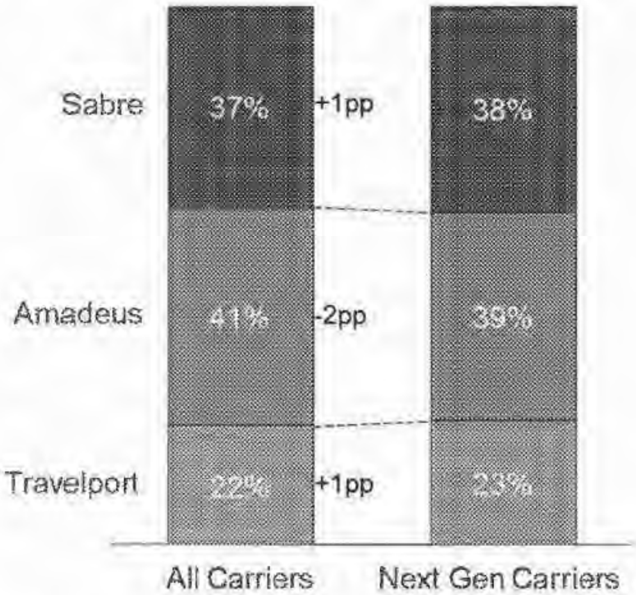
Speaker Notes for Slide 29

[redacted]

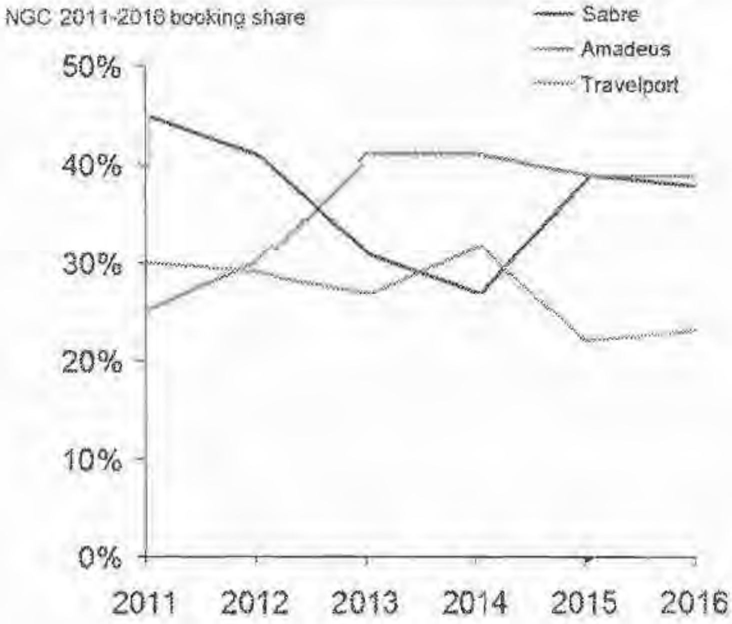
[redacted]

Low participation amongst Next Gen Carriers (i.e. LCCs) is common across all GDSs, however Amadeus has increased their booking share with NGCs

GDS booking share of carrier Next Gen Carrier bookings generally aligns with share of total carrier bookings



However, Amadeus has rapidly gained market share from Sabre and Travelport



Source: 2011-2016 MIDT bookings, Note: Measures the top 125 Network and top 125 NGCs

[redacted]

The airline's host reservation system does not appear to be a factor in determining LCC GDS participation rates

[redacted]

Although Next Gen carriers (aka LCCs) have a generally lower GDS participation rate, there are exceptions

[redacted]

[redacted]

For those NGCs with the highest GDS participation rates, a high share of GDS bookings are distributed through OTAs / leisure agencies

[redacted]

[redacted]

Broad adoption of GDS by LCCs is challenged under current GDS commercial model and GDS technology offering / capabilities

	Priorities	Next Gen Carriers	Sabre GDSs
Channel Shift	→ Move direct channel business to GDS	✗	✓
Mix of GDS bookings	→ Replace Full Service Carrier GDS bookings share with Next Gen Carriers	✓	✗
New Demand	→ Capture net new business	✓	✓

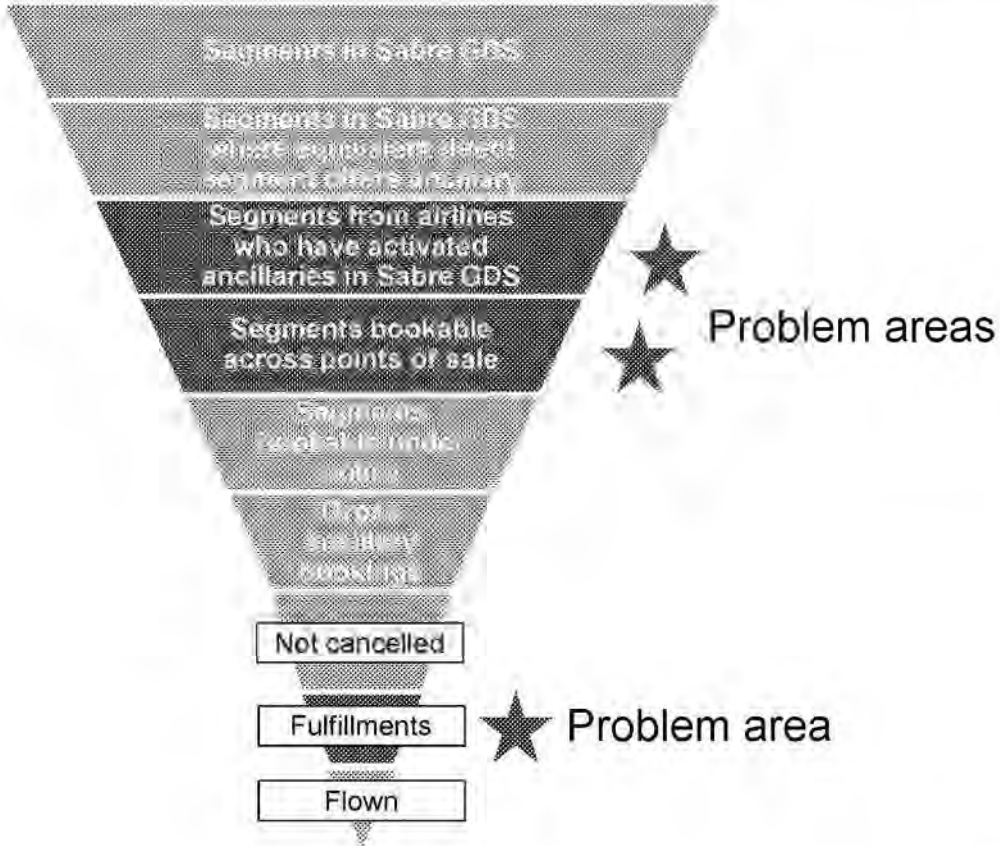
[redacted]

Sabre's GDS channel significantly trails the direct channel (website, kiosk, in-airport agent) in terms of ancillary attach

[redacted]

[redacted]

Sabre GDS has limitations at many points in the ancillary funnel



Sabre

[redacted]

SABR-001029302

December 15th, 2017 Jim Compton visit agenda

Agenda	Time slot	Sabre attendees
Breakfast and introductions	8:00 – 8:45AM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding
State of Sabre and maximizing earnings in the near term	8:45 – 9:45AM	• Matt L, Rachel N, Rick M • Jorge Vilches • Chris Wilding
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Next generation airline retailing and possible commercial models	1:00 – 3:00PM	• Matt L, Rachel N, Rick M • Jorge Vilches • John Samuel • Vinit Doshi • Brett Burgess

[redacted]

Agenda detail

[redacted]

[redacted]

State of Sabre and maximizing earnings in the near term

- What **drives the value of Sabre** as an asset?
- What **pressure is Sabre** facing in the near-term?
- What is our strategy to **maximize earnings** in the near term?

Expected distribution industry evolution and implications for Sabre

- How will **airline distribution** evolve?
  - **Distribution pathways**
  - Customer **needs/profiles**
  - Airline distribution **strategies**
- What will be the criticality of **data, intelligence, and technology**?

Next generation airline retailing and possible commercial models

- What **will drive the value of Sabre** as an asset?
  - What should be Sabre's **primary** and secondary capabilities to drive competitive advantage?
- How should we **enhance** our product & commercial model?
  - To bring in **non-fully** participating carriers
  - To drive **ancillary value**
  - To participate in **new distribution pathways**

[redacted]

How to reposition our business for long-term success?

Key issues we face

- Unless we want to focus exclusively on sustaining current business, we ought to reposition our business in fundamental ways
- There are multiple options for a repositioning, and we need to reach alignment on exactly the primary and secondary capabilities that will drive our success
- Repositioning is in practice difficult to achieve
  - Most resources today are devoted to "running the business" not "differentiation" or "repositioning"
  - Product complexity may hinder our ability to reposition in an agile way
  - Some required capabilities may be a far extension from our current capabilities

Expected insights from conversation

- What will exactly drive our long-term success?
- What could be our **main** vision / approach to succeed?
- What should be our **primary** and secondary capabilities?
- How can we truly achieve **leadership economics** from the ensuring industry trends?
- How do we prepare for an **effective repositioning/mobilization, that works in practice, not in concept?**
  - **Organizationally**
  - **Financially**
  - **Operationally**

[redacted]

Detail questions

Topic	Key questions
Future profit pools	• What are the options for future earnings engines for Sabre? Which do you believe are most attractive for Sabre? • What are the implications of pursuing certain earnings engines versus others? • What capital and resource allocation actions should Sabre take to pursue future earnings engines?
New Distribution Capabilities (NDC)	• What do you believe airlines' goals are relative to NDC? • How does revenue management view NDC capabilities (versus airlines' distribution groups)? Do you believe airlines' different operating groups are aligned to NDC? • What elements of NDC's solution will airlines find most valuable? (i.e. better pricing, increased sale of ancillaries, higher conversion, etc.) • Will NDC be adopted broadly and on what timeline?

Detail questions

Topic	Key questions
Technology	• What technologies / data / insights would make the CCO more effective in their role? • How effective are current RM technology tools? Is there enough value in new technology tools to justify the disruption form entrenched tools? • How much would capturing uncaptured value mean to the FSCs? • Could new technology tools help to reduce airline costs? • How valuable do airlines find offer management engines such as Farelogix and Sabre's Dynamic Retailer? • Are there limitations in the PNR, PSS system, or broader order management that are prohibiting airlines from reaching their retailing full potential?
Data & analytics	• What data do airlines most value but not have today? • What data does Sabre have that would be most valuable to the airline? • Airlines have been hesitant to cede data rights to Sabre. What would induce them to cede rights? • How critical would rich live shopping, conversion, performance data across all channels be to an airline? Which groups at the airline would most value the data?

Detail questions

Topic	Key questions
Commercial model options	• GDS data services tiers and capabilities • Ancillaries / brand upsell revenue share / booking fees • GDS markup model • Integrated IT / distribution offenngs (dealership model)
Blue Ocean opportunities	• Are there new payors outside of travelers / airlines that you believe could be relevant to Sabre? • What other Blue Ocean strategies should we consider?

[redacted]

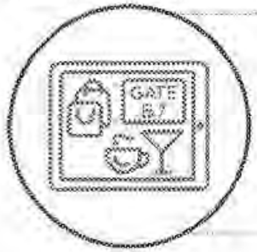
SABR-001029308

We need to reach an agreement on **exactly** what will drive our mid-term success

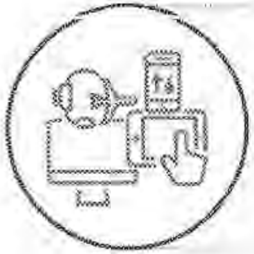
		PRIMARY VISION / DRIVER OF SUCCESS	OTHER COMPONENTS
No regrets	0		• Improve product line: more ancillaries, add LCC content, better agent/traveler tools • Focus on most relevant customer segments (corporate travel)
New opportunities	1	ervicing in new channels (i.e. meta) and for more content types (i.e. ancillaries)	• Best-in-class offer delivery management • Best-in-class cross channel order mgmt. • NDC Level 3 and OneOrder
	2	Become best-in-class at decision support around offer creation	• Revenue management / dynamic pricing • Real-time data driven traveler / persona insight • Marketplace data mining / insight • A|B testing and analytics capabilities
	3	Become best-in-class shopping engine across airlines, hotels, and other travel content	• Best-in-class shopping solution • Pervasive solution that produces shopping results regardless of where traveler shops
		Other…	

[redacted]

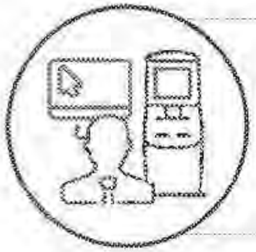
Sabre has consulted with airlines and hotels from around the world and all of them reiterated the need for next gen retailing and distribution



Provide highly relevant offers to travelers based on the information that suppliers know about them and their trips (next generation retailing)



Provide the ability to display products the way suppliers want to consistently across channels and let suppliers choose which channel to display their content in (next generation distribution)



Ensure simple, seamless booking and service experiences for the traveler and the service provider across the trip (frictionless travel)

[redacted]

SABR-001029310

Today, airlines are tied to a standardized filing-based system; in the future, airline shopping and retailing will become more dynamic and personalized

Today, travel retailing is tied to legacy processes and systems

- Limited flexibility of offer/display
- Structured
- Filing driven

In the future, travelers are looking for airlines to provide a modern digital experience

- Intelligent
- Dynamic
- Custom/personal

[redacted]

SABR-001029311

The spectrum of potential retailing strategies extends from simple rules engine based offers to more intelligent retailing paradigms fueled by AI

Increasing sophistication and value

Rules Based

Market Fares

Existing

Rack-rate prices broadly released to the market

- Public Fares
- Public Ancillaries
- Branded Fares

Persona-based Offers

Emerging

- Negotiated Fares
- Negotiated Offers
  - Ancillaries
  - Bundles (base + anclry)
- Loyalty Status-based Offers
- Persona-based Bundle
- Cross-sell
  - Traditional Supplier Cross-sell
  - 3rd Party Content (TSX)
- Targeted promotions
  - Rebate
  - Flash Sale
  - Discount codes

Intelligent & Dynamic

Real-time Pricing

Incubating

- Real-time RM
- Dynamic Pricing
  - Base Fare
  - Ancillaries
- Bidding
  - Traveler-led Bidding
  - Reverse Auction
- Group Bookings

Smart Offers

Conceptualizing

- Affinity Recommendations
- Competitive Offer
- Dynamic Bundle
  - Ancillaries
  - Supplier Cross-sell
  - 3rd Party Content (TSX)
- Bleisure-based Offers
  - Companion Pass
  - Trip Extension Offer
- Push Offers
  - Recurring Trip
  - Calendar-based Shopping
  - Disruption Retailing
  - Post Booking Yield Management

1-to-1 Offers

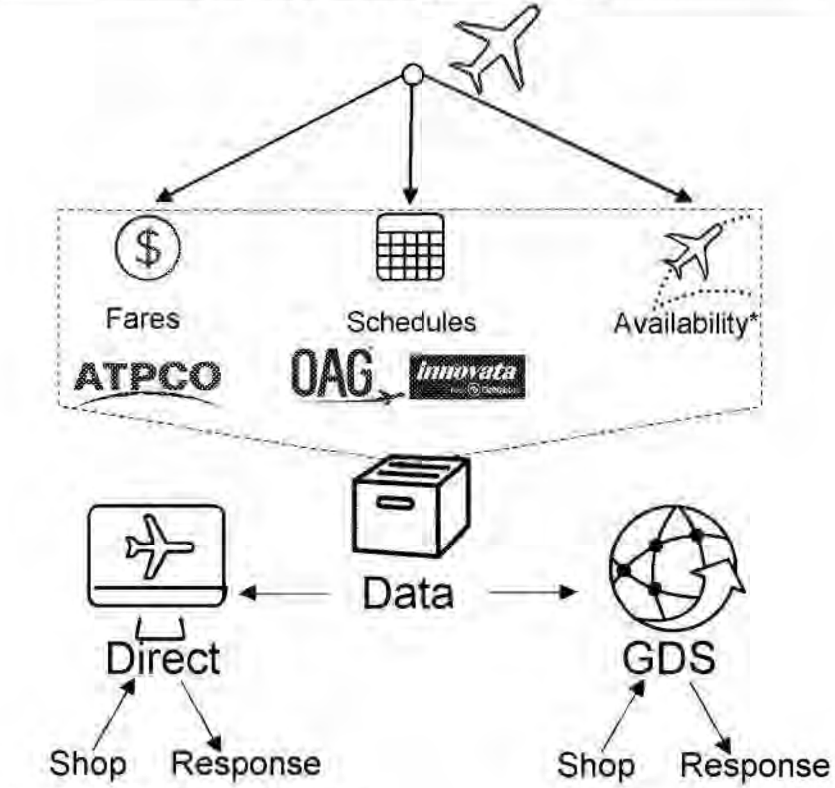
Full evolution to completely personalized bundles and pricing

[redacted]

SABR-001029312

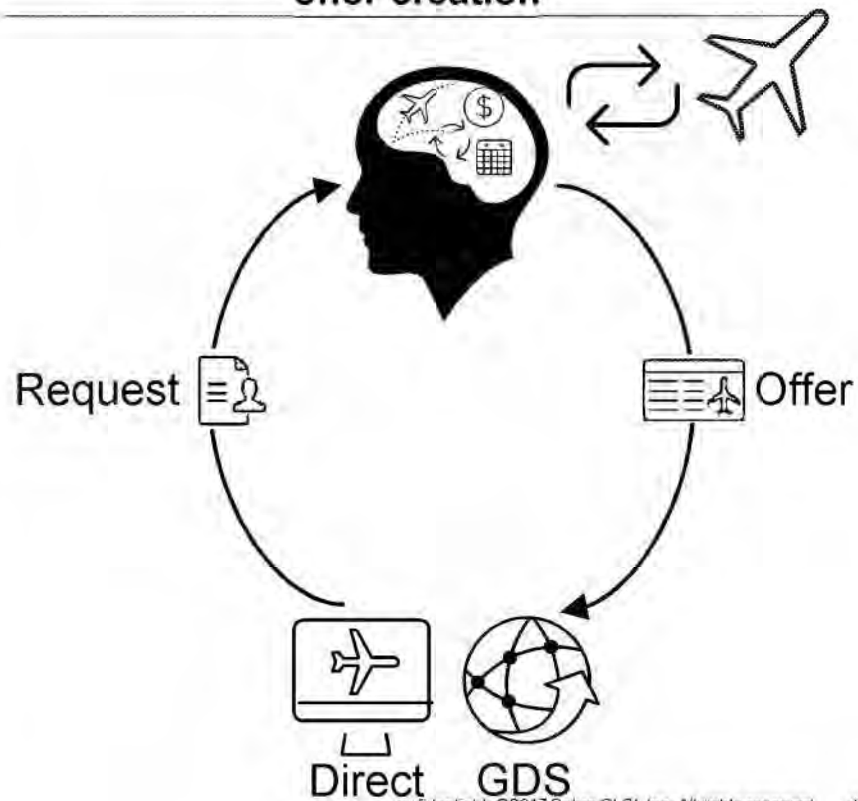
To respond to direct and indirect shopping, airlines have relied on a filing system where fare rules, inventory, and availability are pushed to 3rd parties

Today, itinerary creation requires interaction with 3rd party sources



Note: *Availability may be pulled (cache dependent)

In the future, airlines will control the flow of offer creation



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Commercial models under consideration

[redacted]