

From: "Escobar, Ana Maria" <AnaMaria.Escobar@sabre.com>
Sent: Wed, 16 Jan 2019 07:55:04 -0600 (CST)
To: "Macagno, Tomas" <Tomas.Macagno@sabre.com>; "Shirk, Dave" <Dave.Shirk@sabre.com>; "Gilchrist, Greg" <Greg.Gilchrist@sabre.com>; "Tanyel, Cem" <Cem.Tanyel@sabre.com>; "Barry, Steve" <Steve.Barry@sabre.com>; "Cels, Rodrigo" <Rodrigo.Cels@sabre.com>; "Butler, Dustin" <Dustin.Butler@sabre.com>; "Dieterl, Rick" <Rick.Dieterl@sabre.com>; "Le Norman, Michael" <Michael.Lenorman@sabre.com>; "Herrera Fabara, Dolores" <Dolores.Herrera@sabre.com>
Cc: "Tibor, Chad" <Chad.Tibor@sabre.com>; "Everly, Robin" <Robin.Everly@sabre.com>; "Murillo, Alex" <Alex.Murillo@sabre.com>; "Wilding, Chris" <Chris.Wilding@sabre.com>; "Jones, Wade" <Wade.Jones@sabre.com>; "Amason, Matt" <Mathew.Amason@sabre.com>; "Astin, Emily" <Emily.Astin@sabre.com>; "Petrie, Jennifer" <Jennifer.Petrie@sabre.com>
Subject: RE: [REDACTED] Negotiations touch-point
Attachments: [REDACTED] Update Negotiations Jan 16 2019.pptx

Dear all,

Here is the deck that we will review for [REDACTED] call.

Talk to you in few min.

Ana Maria Escobar
VP and General Manager
Latin America
Sabre Airline Solutions, Sales and Customer Management
Mobile [REDACTED]

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-----Original Appointment-----

From: Macagno, Tomas
Sent: Thursday, January 10, 2019 5:11 AM
To: Macagno, Tomas; Shirk, Dave; Gilchrist, Greg; Tanyel, Cem; Escobar, Ana Maria; Barry, Steve; Cels, Rodrigo; Butler, Dustin; Dieterl, Rick; Le Norman, Michael; Herrera Fabara, Dolores
Cc: Tibor, Chad; Everly, Robin; Murillo, Alex; Wilding, Chris; Jones, Wade; Amason, Matt; Astin, Emily; Petrie, Jennifer
Subject: [REDACTED] Negotiations touch-point
When: Wednesday, January 16, 2019 11:00 AM-11:30 AM (UTC-03:00) City of Buenos Aires.
Where: Webex

Setting up some time ahead of agenda in order to align on progress and next steps of the [REDACTED] Negotiations.

This meeting will occur before stepping into Day 3 where GDS Negotiations will start and Greg will be arriving to [REDACTED] in the afternoon.

Thanks for your time!

Do not delete or change any of the following text.

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[REDACTED]

SABR-000686024

Sabre.

Negotiations

Jan 16 2019

SABR-000686025

Commercial Asks – Negotiations Jan 14 2019

Asks	How Sabre should address?
1. Lower distribution costs and more flexibility in [redacted] to compete with LCCs	<ul style="list-style-type: none">✓ Deploy a Sabre-powered direct connect solution to the agencies in [redacted] at economics that make Sabre whole (or better) from an earnings perspective. Here are the components of the offer we want to present:<ul style="list-style-type: none">• Term: [redacted]• Parity: [redacted]• Solutions:<ul style="list-style-type: none">• [redacted] will renew Sabre PSS• [redacted] will use a Sabre-powered direct connect solution (could be Farelogix, which is [redacted] desire assuming the acquisition closes or DCP)• Pricing<ul style="list-style-type: none">• GDS: [redacted] current GDS pricing• Direct Connect: Floor pricing [redacted] per segment booked via the direct connect (DCP or FLX). Open at [redacted]

Commercial Asks – Negotiations Jan 14 2019

Asks	How Sabre should address?
<p>2. Treatment for FLX as follows: Should Sabre purchase be approved then Sabre has to:</p> <ul style="list-style-type: none">• No change to any of the current terms and conditions at term of existing agreement for any extension.• Any extension or numbers of extensions to be at [redacted] sole discretions	<ul style="list-style-type: none">• Only in the WIN scenario:<ul style="list-style-type: none">• Sabre will not change current terms and conditions of existing agreement except for Direct Connect services. Other fees for other FLX services as per current agreement.<ul style="list-style-type: none">• For Direct Connect Services [redacted] (Floor pricing) per segment booked via the direct connect (DCP or FLX). Open at [redacted]• Direct Connect only for Bookings PoS [redacted]• [redacted]



Commercial Asks – Negotiations Jan 14 2019

Needs	How Sabre should address?
<p>3. Sabre to address agency abuse. In addition to [redacted] associated with abuse [redacted] wants Sabre to deploy technology using the PSS and IX to monitor and eventually prevent abuse.</p>	<ul style="list-style-type: none">• Sabre will provide additional [redacted] use cases in Revenue Integrity to help identify abusive bookings (currently [redacted] has [redacted] processes and we will provide [redacted]).• Include [redacted] in SS scope.• For abusive bookings identified in RI or IX, Sabre will [redacted]



Commercial Asks – Negotiations Jan 14 2019

Asks	How Sabre should address?
<p>4. Include in the SS scope new solutions at no additional cost</p> <ul style="list-style-type: none">• Codeshare Through CI• Schedule Manager• Seamless codeshare for [REDACTED]• Travel Data Streaming• Distributed Availability• OAC• Ancillary Inventory• All IX domains• All Revenue Integrity capabilities• PNR footprint• Self Serv Reacc• Delta gaps <p>De-scope existing solutions</p> <ul style="list-style-type: none">• Kiosk Check-in• Web Check-in	<p>We will include in the scope</p> <ul style="list-style-type: none">• [REDACTED]• [REDACTED]• [REDACTED]• [REDACTED]• [REDACTED]• [REDACTED]• [REDACTED] <p>All other asks will have [REDACTED]</p>



SabreSonic: New Proposal

Highlighted in red color changes to latest proposal

Solution	Agreement	Metric	Contract	
			Current Contract	RFP Term
SabreSonic Core*				
Intelligence Exchange**				
EMD-S&A*				
Auto-Timatic*				
PDI Extract / TSA Pre-Check*				
Seamless Codeshare				
Revenue Integrity*				
DigitalConnect*				
NextGen Load Manager				

- Includes System Adoption Reviews starting in year [redacted] per year
- Includes [redacted]
- New scope as per slide 5

*Fees are subject to annual increase based on US Employee Cost Index (ECI)

**Fees applicable to Customer Specific Deliverables (former Gran Plan) Appendix are subject to annual increase based on US Employee Cost Index (ECI)

***Assumes use of current Domains (Booking, Ticketing & Departure Control)

****Revenue Integrity includes 12 Capabilities

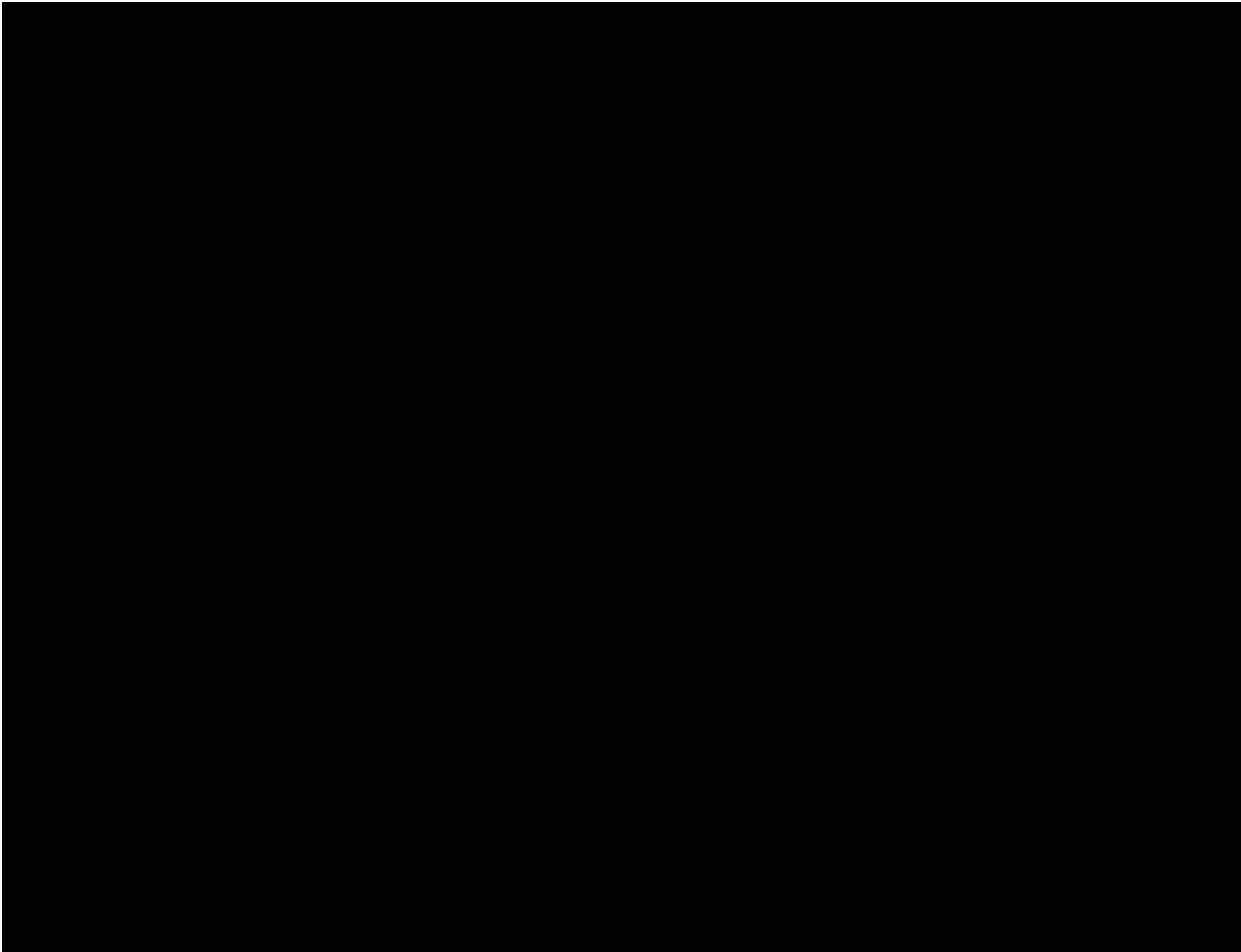
AirVision & AirCentre: Proposal (same as July 2019)

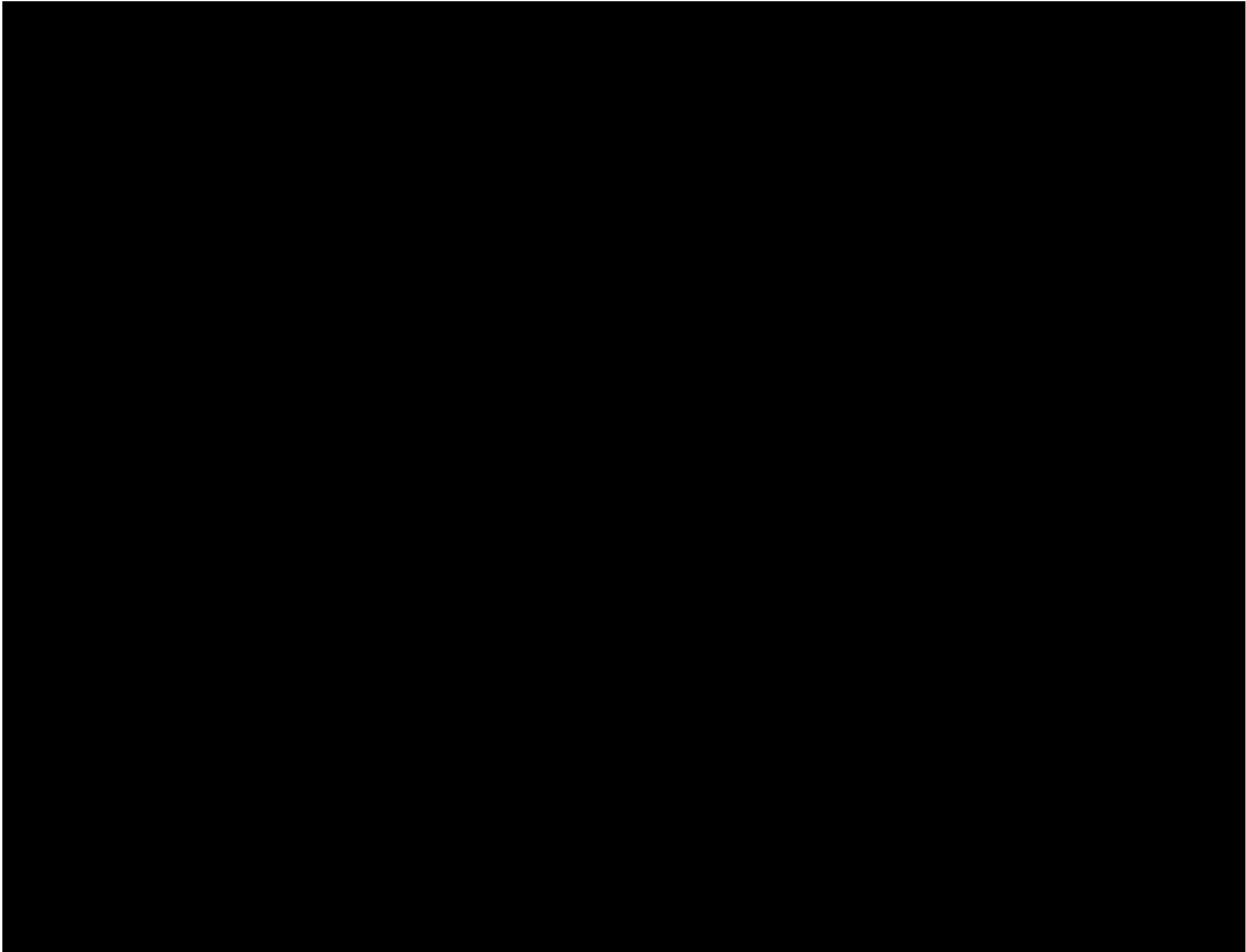
			Current Contract	RFP Term
Solution	Agreement	Metric		
AV Network Planning Solutions**				
AV AirPrice/Fares Manager				
AV PRISM*				
AC Movement Manager*				

*Fees are subject to annual increase based on US Employee Cost Index (ECI)

** Includes Schedule Manager, Profit Manager, Fleet Manager, Slot Manager and Codeshare Manager. ECI is applicable after the commencement of New Term. Confidential | ©2017 Sabre GLEBL, Inc. All rights reserved







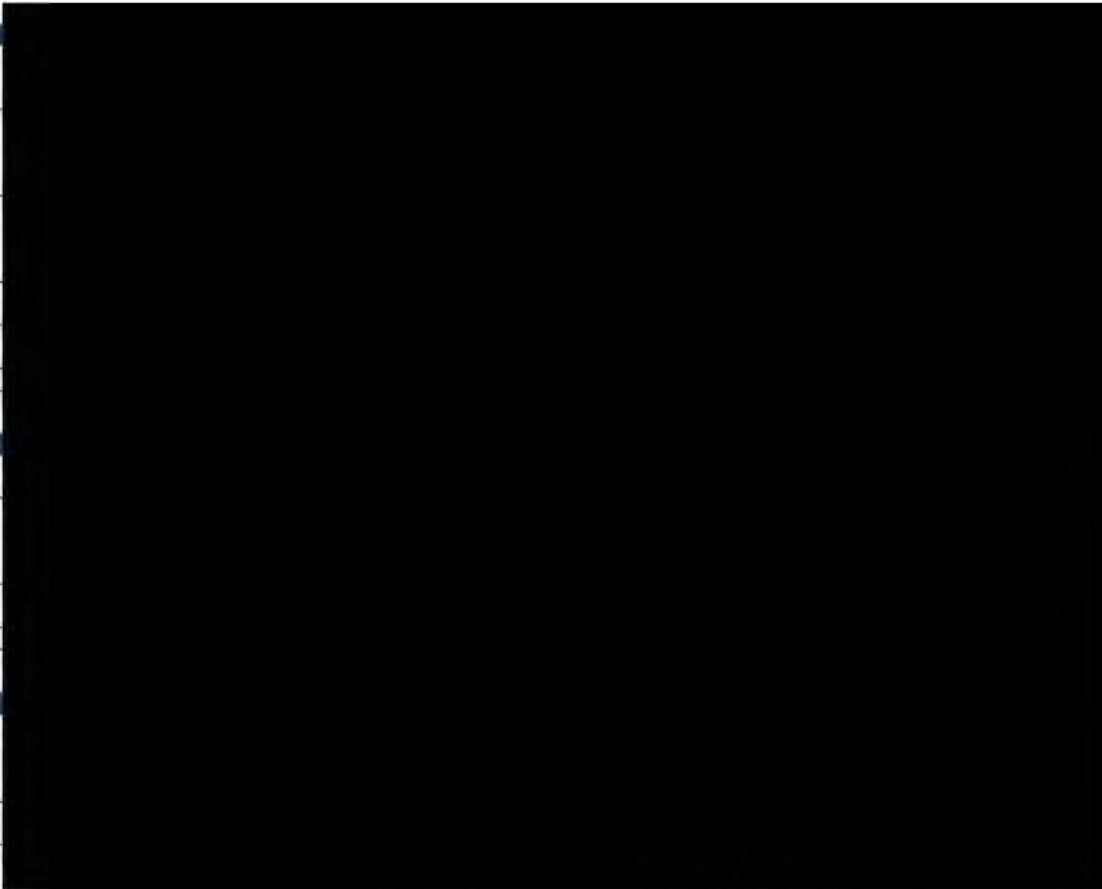
TN P&L

Assumptions

█ GNEF
increases
through █

█ DCP Fee

TN P&L
Home Country (Domestic)
Home Country (Int'l)
HR & ROW
Total Bkgs
GDS Fees (Home Country)
GDS Fees (HR & ROW)
GDS Revenue
IPB (for GDS Bkgs only)
Data Processing (DP)
Incentives Expense
DP Expense
Total Expense
TN EBITDA
Margin
DCP P&L
DCP Bookings
DCP Fee
DCP Revenue
DCP DP Rate
DCP Maintenance Expense
DCP Expense
DCP EBITDA
Margin
TN + DCP Summary
TN EBITDA
GDS Revenue Loss
GDS Expense Upside (IPB)
GDS Expense Upside (GDS DP)
TN EBITDA Net of DCP
TN EBITDA + DCP EBITDA
Net Improvement to EBITDA



Sabre Travel Solutions P&L (incl. DCP)

Current Contract Term

Contract Extension Term

Volumes
TN Bookings
DCP Bookings
PBs (Minimum)
Online Segments (30% of PB)
PNRs (10% of PB)
PRISM Tickets
Revenues
Sabresonic Recurring
eCommerce
Network Planning
Movement Manager
PRISM
TN Fees (Net of DCP)
AS DCP Fees
Total Revenue
Expenses
Ongoing DSA (prior renewal)
New Product Impl (cap)
New Product Impl (exp)
Delta Customizations (Cap)
Delta Customizations (Exp)
Sabresonic DP Expenses
Annual Health Checks (200hrs/yr)
CR Bucket (1,000 hrs/yr)
PRISM Hosting
Fares Manager
Network Planning
MM Addons (Cap Labor)
MM Addons (Exp Labor)
MM Addons - Hardware
Movement Manager Ongoing Exp
Intelligence Exchange Maintenance
AS DCP Expenses
TN Expenses (Net of DCP)
Other
Total Expenses
Variable Income
Variable Margin
Variable EBITDA
EBITDA Margin
FCF
Variable Income
Taxes at 25%
Upfront Fees / Amort of Upfront
Capex / Amortization
FCF
FCF Margin
Simple Payback
NPV
NPV
NPV at 12%
Upfront Labor Summary
Implementation / customization / impl con
DCP
Total



MYO Impacts

Pending Final Update – below model assumes [REDACTED] GNEF increases in [REDACTED]
 [REDACTED] It also assumes no re-opening of WO3 which will create a [REDACTED]
 revenue.

\$M

	MYO Financials	Deal Impact	DCP Impact	REVISED PLAN / MYO
<i>(\$ millions) unless specified otherwise</i>				
Travel Network				
TN Revenue				
<i>TN Revenue Growth %</i>				
TN EBITDA				
<i>TN EBITDA Margin %</i>				
Airline Solutions				
Solutions Revenue				
<i>Solutions Revenue Growth %</i>				
Solutions EBITDA				
<i>Solutions EBITDA Margin %</i>				
Travel Solutions				
Revenues				
<i>Sabre Revenue Growth %</i>				
EBITDA				
<i>Sabre EBITDA Margin %</i>				

APPENDIX

Currently in Use

New Scope in Proposal

Scope

Current Core SabreSonic

- Core Reservations/Ticketing
- Fares & Pricing
- Check-In
- TripCase
- SabreSonic Inventory (O&D)
- Kiosk Check-In
- Gate Reader
- Web Services
- Qik Developer Tools
- Smart Flow
- 3rd Pary Ground Handling
- TSA Pre-Check
- IROPS Reacomm
- GDS Elite Connectivity
- Exchange Shop
- Interline Ancillaries
- EMD S&A
- Dynamic Retailer
- Payments
- Digital Connect
- SSW
- Dynamic Retailer
- Seamless CodeShare
- Interline Branded Fares
- Codeshares
- Alliance Bundle
- Interlines (IETs)
- EDIFACT Thru Check-in

- Load Manager (Upgrde)
- Revenue Integrity
- Intelligence Exchange

New Solutions SabreSonic

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

Current AirVision/AirCentre

- Schedule Manager
- Profit Manager
- Fleet Manager
- Slot Manager
- Codeshare Manager
- Fares Manager
- PRISM
- Movement Manager
- Flight Explorer

