

GENERAL SALES AGENT PROPOSAL

MARKET OVERVIEW

SALES & MARKETING ANALYSIS & ACTION PLAN

Spain & Portugal

CONCEPT and PRE-CONSIDERATIONS

AviaTeam sees the opportunity to extend the actual 4 YEAR commitment with LOT (Portugal Territory) across the border to Spain as unique!

In spite of being a small GSA, AviaTeam was the first Portuguese GSA opening a branch office at Madrid in 2008.

Few months later AVIAREPS AG made a purchase offer and due this proposal AviaTeam ceased to have it's own office in Spain passing all the airline contracts this important territory to AVIAREPS SPAIN.

In February 2010 was agreed from both companies to stop the merge process. Therefore, AviaTeam remained as an independent GSA and acts at Spain market from Portugal offices with a Resident Sales Representative.

This gives AviaTeam the opportunity to offer LOT Polish Airlines what probably no other GSA may offer:

OPERATIONALITY

We are open to receive from LOT the actual office at Juan Ramón Jimenez. Therefore LOT would keep all actual contacts, save on costs and time consuming of transferring reservation system and office stationary plus all equipment.

And as a plus... keeping full dedicated corporate image!

AviaTeam gladly accept all the existing material (if were necessary for the efficient perform by LOT team also is to AviaTeam). Off course AviaTeam is ready to assume the respective applicable price (after due amortization).

DEDICATED STAFF

Concerning LOT Product Management, AviaTeam propose two possibilities:

- 1) LOT maintains the Country Manager position and AviaTeam we offer total cooperation and full work conditions at our premises.
- 2) In case of dismiss of all LOT actual staff, AviaTeam intends to invite the actual LOT Spain GM, Mrs Malgorzata Wieteska, to further join AviaTeam and subsequently be appointed as LOT full dedicated Product Manager for Spain granting not only a smooth transaction of responsibilities but also will give AviaTeam the necessary support to perform efficiently the commercial activity (facilitating all necessary contacts with HO plus Spanish market experience).

>The goal: support over actual know-how our different vision, attitude and skills.

General Manager AVIATEAM dedication to Spain

AviaTeam General Manager will be dedicated, assuming overall responsibility of driving LOT interests in these markets, being directly involved in all management issues and sales initiatives.

In addition, AviaTeam will appoint **2 Sales Support Executives being at least one with full domain of polish language** to handle Reservations & Ticketing, customer care, call-center, commercial and technical support to trade.

All back office activities not depending to be performed physically (Marketing activities preparation, supportive management data gathering and treatment – eSmash/Sales Reports, Finance operations, etc.) will be supported by out team at Portugal Head Office (fluent in Spanish).

Concerning Portugal, AviaTeam will keep actual dedicated structure (Lisbon and Porto offices) with Dedicated Product Manager and Regional Sales Executives (South and North).

OVERALL TARGETS

- ✓ Keep/Reinforce leadership as preferred airline in traffic between Spain and Poland & Central Europe.
- ✓ Be the first option/alternative to TAP in traffic between Portugal and Poland & Central Europe.
- ✓ To stop and possible invert the loosing trend on Sales and Flown Revenue both Spain and Portugal.
- ✓ Focus efforts in Corporate travel and high yield traffic to Poland & Central Europe.
- ✓ Increase consumer awareness and trade knowledge both of LOT as well as Poland as destination (Euro Cup 2012 is arriving...)
- ✓ Build industry relationships within Spain and Portugal and also on countries of influence (ie: Africa and Latin America)
- ✓ Maximize “.com” agencies sales
- ✓ Use efficiently the E-Smash tool to be able to identify potential business, analyze competition and perform pro-active chirurgical actions.
- ✓ Seek business opportunities like charter/charter mix operations/seasonal flights to secondary destinations both in Spain and Portugal.
- ✓ Take advantage of LOT image as Best Central European Airline – from the total of the 140.000 Ukraine immigrants living at Spain and Portugal, near 65% are originals from western part of Ukraine, therefore WAW is preferable to IEV as gateway.
- ✓ Maximize **6th freedom traffic** (ie: TLV, LCA, HAN, RIX, etc.)

Market Overview

Actual Economical Environment

SPAIN

The Spanish economy, the 9th biggest in the world, remains flat on August 2010 nearly closing 3rd quarter. In spite of VAT increase and the salaries Strong reduction on Public services employees accordingly with the recent report from “**BBVA – economical observatory**”.

This non growing trend is foreseeable for the last quarter 2010 leading for a stabilization of the GDP over the 1.3 trillion Euros. This same report, refers that consumption will suffer a decrease, specially concerning long term items. However, the investment on foreign markets will increase (seek for new markets).

Unemployment rate will remain high (near 20%) at least till first quarter 2011 and face possible increase due the strong measures for the fiscal consolidation.

PORTUGAL

The figures of 3rd quarter economic results are optimistic, the GDP increased 1,5%, being over the average grow rate from European Union members. The unemployment rate decreased for the first time in August 2010 not overlapping the 10% line. SME’s shows good intensity and start investments abroad, namely in Brazil and Africa. (Poland is the 7th country where national companies orient their investments).

Market Overview

Actual Airline Business Environment - BSP

SPAIN

2010 Monthly BSP DATA			source: BSPLink + e-Smash	
	TOTAL ES BSP	SALES LOT (080)	Sales w/ origin at ES to PL	LO Market Share
JAN	174.000.000	431.000	830.000	-48%
FEB	206.500.000	490.000	1.000.000	-51%
MAR	247.600.000	660.000	1.275.000	-48%
APR	207.000.000	580.000	1.220.000	-52%
MAY	234.000.000	640.000	1.365.000	-53%
JUN	258.400.000	730.000	1.500.000	-51%
JUL	553.000.000	619.000	1.360.000	-54%
AUG	172.500.000	400.000	890.000	-55%
YTD	2.053.000.000	4.550.000	9.440.000	-52%

On YTD 2010, the overall BSP in ES over through the 2 Billion Euros. The total sales to Poland (only tickets with origin at Spain and final destination at PL) is near 10 million Euros. LOT has 52% of the sales.

PORTUGAL

BSP data 2010 PT			source: BSPLink + e-Smash	
	TOTAL PT BSP	SALES LOT (080)	Sales w/ origin at ES to PL	LO Market Share
JAN	42.452.000	22.481	172.658	13%
FEB	45.074.000	10.826	171.313	6%
MAR	62.745.000	15.765	254.183	6%
APR	63264.000	15.206	254.182	6%
MAY	57.000.000	22.692	251.784	9%
JUN	54.000.000	25.029	296.551	8%
YTD	324.546.000	111.999	1.400.671	8%

BSP Portugal is loosing 27% versus 2009. 080 Sales are being severe prejudice due JUN09 start of 5/7 operation LISWAW by TP.

EUR	2009	2010	Index	target	Exec.	2009	2010	Index
JAN	52699	34094	0,39	51412	0,38	533	379	0,70
FEB	56671	21837	0,73	57724	0,80	443	311	0,85
MAR	56220	41258	0,48	51595	0,52	556	471	0,44
APR	59308	28698	0,84	55324	0,98	727	317	0,76
MAY	53789	45326	0,86	46163	0,95	687	524	0,60
JUN	65444	56457	0,66	59118	0,71	860	514	0,66
YTT	344131	227669	0,66	321336	0,71	3806	2516	0,66

As PT is an offline market, the main goal at PT was since 2007, to keep decent flown revenue. This year the new TP direct operation LISWAW absorbed significant traffic via European gateways where LO was a good option. The new agreement with NetJets to transport crew on central Europe sectors allows to expect a significant increase both in sales but namely in flown revenue (the agreement may worth near 100.000 Euros yearly).

PRODUCT OVERVIEW

MADRID

MADWAW	
AIRLINE	TIMETABLE
LO7 MAD WAW 1515 1850 LO 434 7355.. MAD WAW 1515 1850 LO 434 734 1.34... MAD WAW 1515 1850 LO 434 E75
IB7 MAD WAW 1025 1350 IB3836 319 1.3.5.. MAD WAW 1025 1350 IB3836 3206. MAD WAW 1025 1350 @IB8378 CR9

The 2011 forecast offer from MAD to WAW reveals a possible threat to LO due:

- Earlier flight from IB
- Capacity limitation on days 1, 3 and 4 due Embraer equipment
- Lost great number of connections for points beyond WAW.

But also may offer opportunities:

- Gather province clients to feed trunk route
- Gives the chance to use OPO/LIS TP code-share to improve PT contribution
- For corporate travellers, arrive at middle of afternoon means loose time both at ES and PL Flying w/ LO means the chance to work at ES during the morning.

ALTERNATIVE CONNECTIONS	
LH	1234567 MAD MUC 1520 1755 LH1803 320C 1234567 WAW 1835 2010 @LH5738 E75C
	1234567MAD MUC 1810 2045 LH1805 320C 1234567 WAW 2125 2300 @LH5752 ER4C
LH	1234567MAD MUC 0720 0955 LH1807 321C 1234567 WAW 1055 1225 @LH1612 E95C
	1234567MAD FRA 1035 1315 LH1111 320C 1234567 WAW 1410 1600 @LH5746 E70C

Non direct service offer are a threat. LH offers 4 !!! possible daily connections with less than 1h transfer time at DE.

Ryanair is also announcing start operation to KRK from NOV10. Normally, LCC's brings a great visibility of the destination due the aggressive pricing policy generating demand that the regular airlines may take advantage.

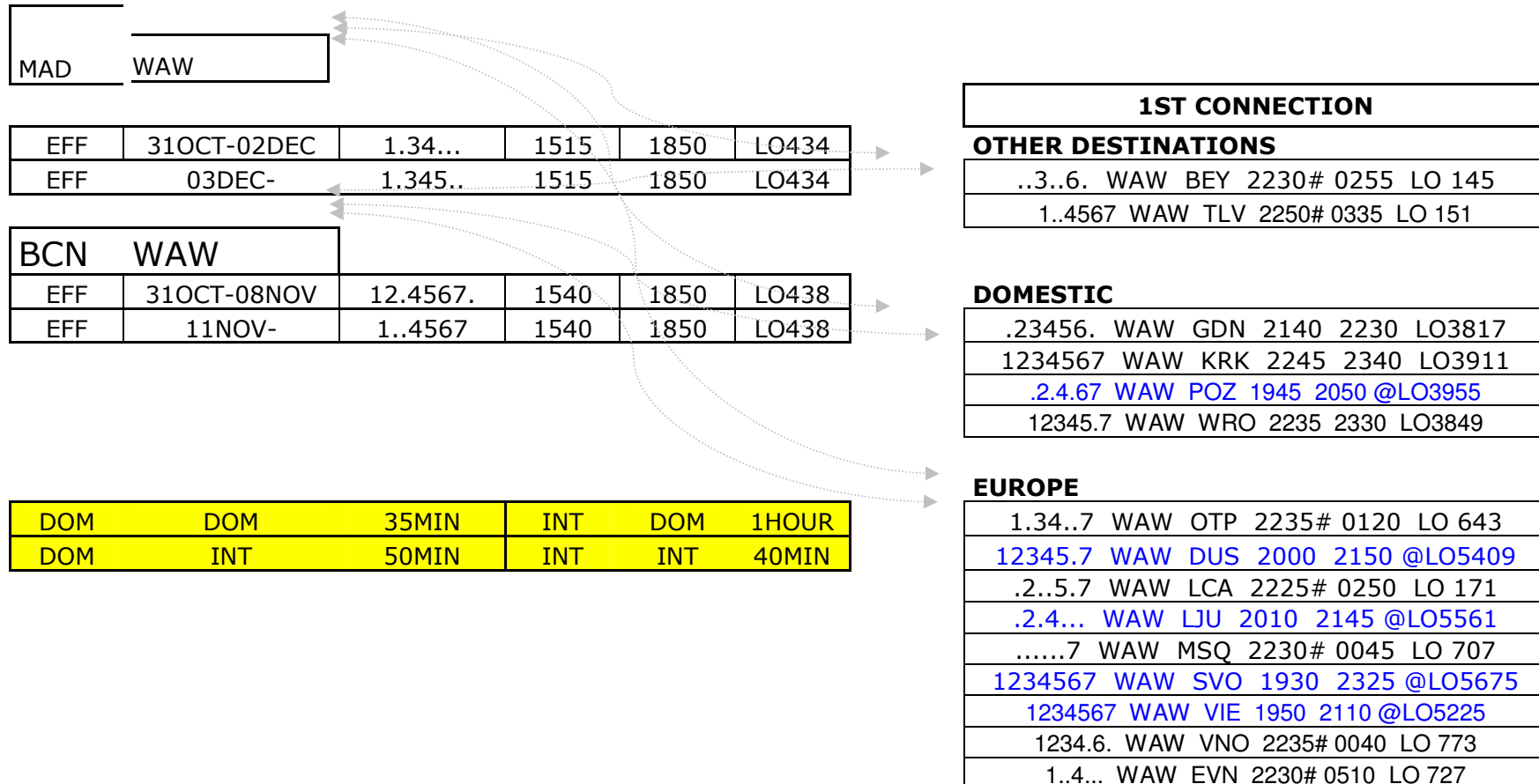
Lo pricing policy must be in line with competition referred (IB/LH). We must realize that for IB and LH (on ES market) this is "one more route" so LO ES shall be pro-active, aggressive and must take the edge using destination know-how and dedication.

BARCELONA

BCN WAW	
AIRLINE	TIMETABLE
LO	1..4567 BCN WAW 1540 1850 LO 438 E75
ALTERNATIVE CONNECTIONS	
LH	1234567BCN MUC 1210 1415 LH1811 321 1234567 WAW 1445 1615 @LH1614 E95
	1234567BCN MUC 0750 0955 LH1817 320 1234567 WAW 1055 1225 @LH1612 E95
	1234567BCN MUC 1810 2015 LH1815 321 1234567 WAW 2125 2300 @LH5752 ER4
IB	1.3.5.7BCN MAD 0700 0810 IB2747 319
	1.3.5.7 WAW 1025 1350 IB3836 320

In the case of BCN LO position is more comfortable as LO offers the unique online operation MADWAW and best connections of LH use LO operating flight from DE to PL.

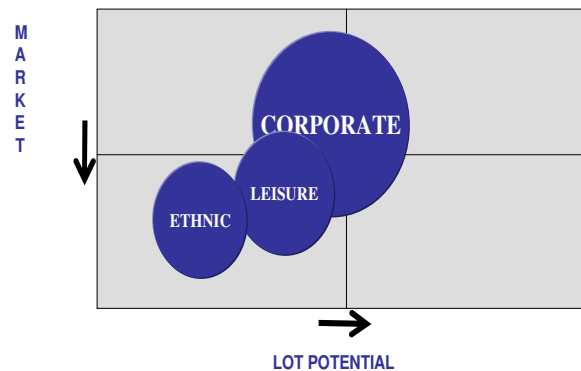
The stronger position at BCN shall be used to potentiate AIP agreements and relations with wholesalers & corporate to drive their contribution to MADWAW operation.



The excellent conditions offered by the recently inaugurate Warsaw Airport shall allow LO ES to make an efficient effort to promote not only the domestic sectors as point beyond WAW but also Central and Eastern Europe & Middle East destinations.

HAN shall be also an interesting and combined destinations PL + YY shall be explored (ie. On religious groups, offer PL + IL).

MARKET SEGMENTATION & SWOT ANALYSIS



STRENGTHS

- Traditional Airline
- Fleet age and image
- Best Eastern & Central Europe Airline
- Diaspora proximity
- Domestic Routes
- Know how about destination
- Poland awareness as leisure destination
- Excels niche product (religious, youth)
- Product ex- BCN

WEAKNESSES

- Capacity offer MAD
- No online at PT
- Geographic (over 4h flights)
- Lack of long haul connectivity
- Fleet limitations (seat capacity)
- Lack of offer to Asia
- Management Instability
- Winter Offer

OPPORTUNITIES

- Euro Cup 2012
- New routes
- Regional Network
- Economic Environment (ES + PT)
- Star Alliance
- Destination Competitiveness
- Diaspora Eastern Europe
- Charter Mix south Spain / Portugal

THREATS

- LH and TP
- Economic Crisis
- One World Alliance
- Sky Team Alliance
- LCC
- Increase alternative leisure products (cruises)
- New technologies
- Growth of near countries airlines (UZ, PS)

TRADE LEISURE SPAIN

✓ TOUR OPERATORS

Objective: Reinforce relationship with Key accounts to strength LOT position as first choice (or first option) on LO destinations, focusing Poland but also third markets based on 6th freedom rights.

Key Tour Operator

IBEROJET
NOBELTOURS
POLITOURS
TRANSRUTAS
VIAJES CATAI

Strategy: Arrange meetings with key contacts on a regular basis to establish rapport.

Sales: Develop cross marketing activities to minimize cost and create awareness.
Sales calls, emailing product updates etc
Product presentations to create awareness of LO at TO premises, "department by department"
Regular meetings with product updates in order to monitor booking trend
Encourage trade to publish travel packages to Poland and LO destination markets using the TO fares.

✓ **LEISURE WHOLESALER AND RETAILER TRAVEL AGENCIES**

Objective: Manage relationship, establish rapport and increase awareness at HQ and branch level. Achieve preferred/first option carrier status on programme to LO served markets.

Key accounts:

VIAJES EL CORTE INGLES
VIAJES MARSANS
VIAJES IBERIA
VIAJES BARCELO
VIAJES HALCON
RACC VIATGES
SKIARIAS
TRAVELIDER
DE VIAJE
IA VIAJES
VIAJES EROSKI
VIAJES VINCIT
VIAJES ECUADOR

Strategy: Arrange meetings with key travel agencies to create brand awareness

→ Present AIP and/or Market FIT Fares

Sales, Ongoing communication with price & product updates

Marketing: Product presentations at agents' premises

✓ **LEISURE LUXURY TRAVEL AGENCIES & TOUROPERATORS**

Objective: Manage relationship and increase awareness at HQ and branch level. Achieve preferred carrier status for travel to LOT served markets.

Key accounts: TANDEM LUXURY TRAVEL (TO)
MEDITERRANEO HOLIDAYS
VIAJES TURO
VIAJES SANDRAS
BRU & BRU
NUBA EXPEDICIONES
ENCLAVES DE LUJO
DESCUBRE VIAJES
DESTINO (Luxury brochure of TRAVELIDER)

Strategy: Ongoing basis monitor ESmash stats to identify key luxury agencies who are booking Business Class tickets.

Sales, Sales calls and Visits on a regular basis
Marketing: Product présentations and updates.
LOT Ongoing communication.

✓ **DOT.COM TRAVEL AGENCIES**

Objective: Manage relationship, establish rapport and increase awareness.

Key accounts:

EDREAMS
RUMBO
LASTMINUTE
VIAJAR
ATRAPALO
MUCHOVIAJE
EBOOKERS
EXPEDIA

Strategy: Regular meetings with key contacts responsible for Airline negotiations and contracts.
Participate in their marketing activities and make them aware of LO products and services on an ongoing basis

Sales: Develop Co-marketing initiatives to minimize cost (pair of tickets in exchange for web promotion)

Marketing: Provide a net fare for special promotions via the web
Production of packaged holiday including special fare to Poland posted on their website with LO logo

1.1.2 GROUPS

✓ INCENTIVE & CONGRESS

Objective: Manage relationship, establish rapport and increase awareness amongst those departments booking incentive travel

Key accounts:

VIAJES EL CORTE INGLES
VIAJES IBERIA Incentivos y Congresos
AMERICAN EXPRESS BARCELO
CARLSON WAGON LIT Incentivos y Congresos
BARCELO BUSINESS
HALCON VIAJES Incentives & Congress
PRESSTOUR Viajes

LINKS INCENTIVES
SITTIS INCENTIVE TRAVEL
GRUPO 7 VIAJES
TRAVELBROKERS
ORANGE INCENTIVOS
PRIORITY BUSINESS TRAVEL
ULTRAMAR EXPRESS

Strategy: Arrange meetings with key travel agencies.
Sign incentive override agreements to achieve desired volume
Provide competitive Executive First fares in relation to competition
Flexible Terms & Conditions to be able to adapt to their needs

Marketing: Attendance at EIBTM MICE international travel fair.
Constant review meetings with product updates, info etc
Regular Newsflashes to create awareness of the destination and product updates with promotional fares in Executive First
Encourage them to publish to suggest LO and Poland to their clients

✓ **STUDENTS**

Objective: Establish and manage a good and long-lasting relationship with key agencies selling summer study programmes to Poland
Make LO their preference when booking students to Poland and destinations served by LO

Key accounts:

READ LEAF
VIAJES ZEPELIN
INTERWAY
EMY BIDAIK
VIAJES TEMA
SHE TRAVELLING CONSULTANTS

Strategy: Provide flexible Terms & conditions (Name changes, issuing deadlines)
To make LO their first choice when requesting group quotations (specially to KRK)
Where possible (high season) offer higher fares to increase yield

Sales, Arrange quarterly review meetings with key contacts
Marketing: Approach schools, universities and students associations to inform them about possibilities to travel to Poland
Quarterly e-mailings with product updates, info etc

CORPORATE

✓ CORPORATE BUSINESS

Objective: Establish good and long-lasting relationships with key Corporates
Achieve preferred carrier status on their travel to Poland.

Key accounts:

REPSOL YPF
CEPSA
ASTURIANA DE ZINC
GRUPO ELECNOR
INDITEX
ACCIONA
FERROVIAL / CINTRA
TELVENT

EBRO PULEVA
FREIXENET
ACERINOX
MANGO
ENDESA
INDRA
QUEBECOR
NORTEL

Strategy: Sign Corporate airline agreements with top revenue producing accounts
Liaise with HQ pricing YUL to ensure fare filing and agreements in place

Sales, Arrange meetings with key travel managers and identify their travel policies and main destinations not only in PL but also served by LOT.
Breakfast to meet key travel managers
Fam trips to travel managers
Invitation to attend a corporate event in cooperation with Embassy, Chamber of Commerce, Tourism of Poland.

✓ **CORPORATE TRAVEL AGENCIES**

Objective: Establish contact with key corporate agencies and identify which of their corporate accounts are traveling to destinations served by LO.
Build a good relationship with key accounts

Key accounts:

AMERICAN EXPRESS
CARLSON WAGONLIT TRAVEL
VIAJES EL CORTE INGLES
VIAJES MARSANS
VIAJES IBERIA
BCD TRAVEL
BARCELO BUSINESS

Strategy: Arrange meetings, try and get as much info on their top corporate traveling to LOT destinations.

Sales, Trade product presentations to create brand awareness of LO Executive Class and corporate services (lounge at Frédéric Chopin Airport...)

Marketing: Review meetings with product updates
Workshops at hotel venue, chance to network and present LO and its services
Co-Marketing ideas with leading travel agents
Travel Managers corporate presentation

PR ACTIVITIES

Objectives

- Keep media contacts updated and well informed about news, offers and product updates
- Publication of media articles that would motivate final consumers to travel Poland
- Increase awareness and knowledge of Poland as a destination for final consumers (always including LOT logo / image).
- Update the media with new and relevant information about LOT online route and main beyond markets.
- Approach different media in order to reach different target markets, e.g. adventure, skiing, students, corporate, etc.
- Announce and promote the direct flight from Madrid and Barcelona to Warsaw.
- **Update media databases:** ongoing and developing of our tailored media database for LO. Send outs of press releases, newsletters and special events invitations. The database will be updated on a regular basis throughout the year.
- **Media enquiries:** answering all media emails and calls asking for information about the flight, destination or requesting photos for their publications.
- **Press releases:** preparation of press releases to be send out through the media database in order to motivate the media to write about LOT Polish Airlines. Press releases will be sent out every month.
- **Press kit:** production of a press kit containing general information about LOT, photos and info. Press kits will be distributed at press conferences, special events, and breakfasts with media or personal meetings with the journalists. An online version of the same will be also available for email send outs.
- **Quarterly Newsletter:** newsletter for media, database contacts every three – four months containing a summary of the most important news, product updates, and information about LOT Polish Airlines.
- **Media clippings:** every month Head Office will receive a sales report with all the news generated in the Spanish media about the destinations or LOT. The news will be scanned and the circulation number and advertisement value of each of them will be given.

- **Media Breakfasts:** Perform breakfasts at Madrid and Barcelona with journalists at a high category restaurant/ hotel. Around 6-8 journalists will be invited and we will provide them with an informal information session about LOT and the destination. A press kit will also be handed out.
- **Proactive media calls:** During the year, we plan to hold individual meetings with journalists. With these one-to-one meetings we plan to talk more in depth about certain topics we would like for journalists to cover. Depending on the type of media they are writing for, we would suggest the most interesting topics for them.
- **Individual press trips:** We would support and coordinate individual press trips Poland for qualified journalists.
- **Group Press trips:** We suggest we organize 1 group press trip (max 6 journalists) beginning of Mar 2011.

MAILINGS

- 1) ALL the communications will be send with LO layout and dedicated e-mail address "LOT Polish Airlines Spain" using our mailing diffusion web tool.
- 2) LO newflash emails to 7200 travel trade agents, 3000 Embassy contacts, Key accounts and corporate.

We have a database of 600 + media contacts and list of 15.200 IATA agents in Spain & Portugal

Objective: To get media coverage and brand awareness. No cost involved

PRESENTATIONS / WORKSHOPS / FAIRS / EXHIBITIONS/ ROADSHOWS

1) EIBTM INCENTIVE & CONGRESS FAIR BCN

LO will be present, meetings with key contacts have been arranged.

Objective: Networking, strengthen relationship and create awareness amongst key players. Establish contacts with Key Incentive and Congress organizations.

2) FITUR TRAVEL FAIR January – February

LO will be present at the Star Alliance booth? Own stand? Meetings with key travel contacts will be arranged

Objective: Networking, strengthen relationship and create awareness amongst travel trade.

3) SEMINARS TO TRADE AND BRANCH MANAGERS (SPAIN)

Work together with the key travel agents and TO to hold monthly product presentations to travel agents in key locations (BCN, MAD etc) and meetings with main Branch Managers.

Objective: Networking, brand awareness, strengthen relationship, increase database contacts, increase loyalty. Minimum cost

6) TRAVEL MANAGERS CORPORATE PRESENTATION COCKTAIL MAD

Hold 1 introduction / presentation cocktail or breakfast for key accounts to give product update and networking.

Objective: CORPORATE, establish rapport, networking, brand awareness, strengthen relationship, increase database contacts.

MARKETING INITIATIVES

All Marketing activities will be tailored at women / men between 25-60 years of age with high income.

1) ONLINE TRAVEL AGENCY PROMOTION – aimed at final consumers

Promotion of LOT Polish Airlines via a travel agent website (total duration 21 days) in return for a 2 trip to Poland to raffle amongst their users.

1. 1 advert 120x600 px. Image of LO including a text box with info about the lead-in fare, schedule etc. Combination of advert with information about Poland as destination.
2. 1 advert 206x82px. on home page. People able to click on the icon and go straight to the exclusive page of Poland with all its possibilities. Period duration 10days
3. 1 advert 206x82px. on the flights home page with the lead-in fare of to Poland, click on the icon and goes straight to the LOT web page. Period duration 10days
4. Presence in the section (last offers) with the lead in fare to Poland throughout the 20 days

DOT.coms can also use the tickets to carry out a prize draw amongst their users, with questions about Poland and LOT. The prize draw is carried out via their website and sent to all their database of FITS.

Number of tickets to be discussed depending on the number of visits and the importance and the duration of the campaign.

3) TRAVEL AGENT SPECIAL INCENTIVE - staff trade

Offer 5 Euros per Y class ticket or 15 Euros on Business. This amount shall be deposit on El Corte Inglés or other distribution surface company gift voucher. In alternative fuel voucher is a possibility.

EVENTS

**1) INVITATION TO KEY TRADE TO ATTEND A POLISH RELATED EVENT TAKING PLACE IN SPAIN.
We would seek sponsorship from Poland Embassy**

2) JOINT EVENTS WITH SPANISH – POLAND CHAMBER OF COMMERCE

Example: Breakfasts, meetings, member gatherings

Objective: To create brand awareness, strengthen our position in the market and increase the number of contacts in our database.