



Merrill Lynch Conference

# Bill Hannigan

Chairman, President and CEO

**Sabre**



# Sabre's Compelling Position



**#1 Distributor of  
Travel in the World**

**Leading Internet  
Position**

**Well Positioned to  
Capitalize on  
Industry Trends and  
Growth**

**Unique,  
Industry Specific,  
IT Solutions**

**Deep Industry  
Knowledge and  
Technology  
Leadership**



# 2000 - An Incredible Year at Sabre



- Merged Travelocity and Preview Travel
- Completed full spin from AMR
- Acquired Gradient Solutions and Dillon Communication Systems
- Acquired GetThere - merging with Sabre BTS

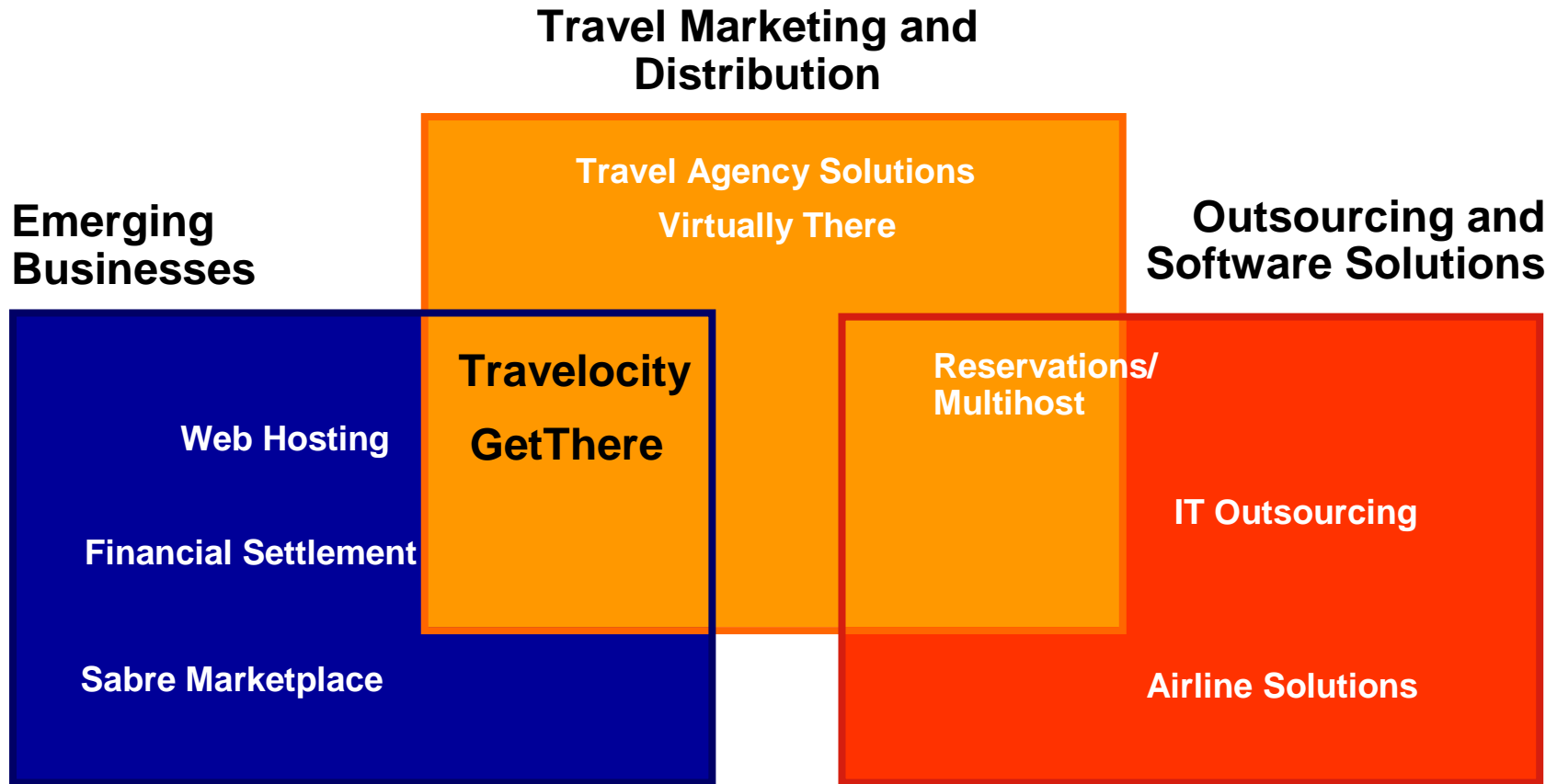


# 2000 - An Incredible Year at Sabre



- Closed venture capital investments in Passkey, WorldRes, Logibro, Encryptix, and EventSource
- Created the Emerging Business Unit
- Redefined market focus in the OSS business
- Key customer wins: Hotwire, Volando, BahamasAir, TVLY / Japan travel portal

# Our Business Portfolio



# Industry Evolution

## travelers

- Empowered
- Multi-channel shopping
- Becoming more savvy

## travel agents

- Consolidating
- Deploying new business models
- Exponential online growth

## technology

- Accelerating pace of change
- Complex system integration
- New technology innovations

## corporations

- Cutting costs
- Challenged to integrate tools

## suppliers

- Forming alliances
- Cutting costs
- Maximizing revenues
- Using one-to-one marketing
- Going direct



DRIVING THE EVOLUTION



# Travel Marketing and Distribution

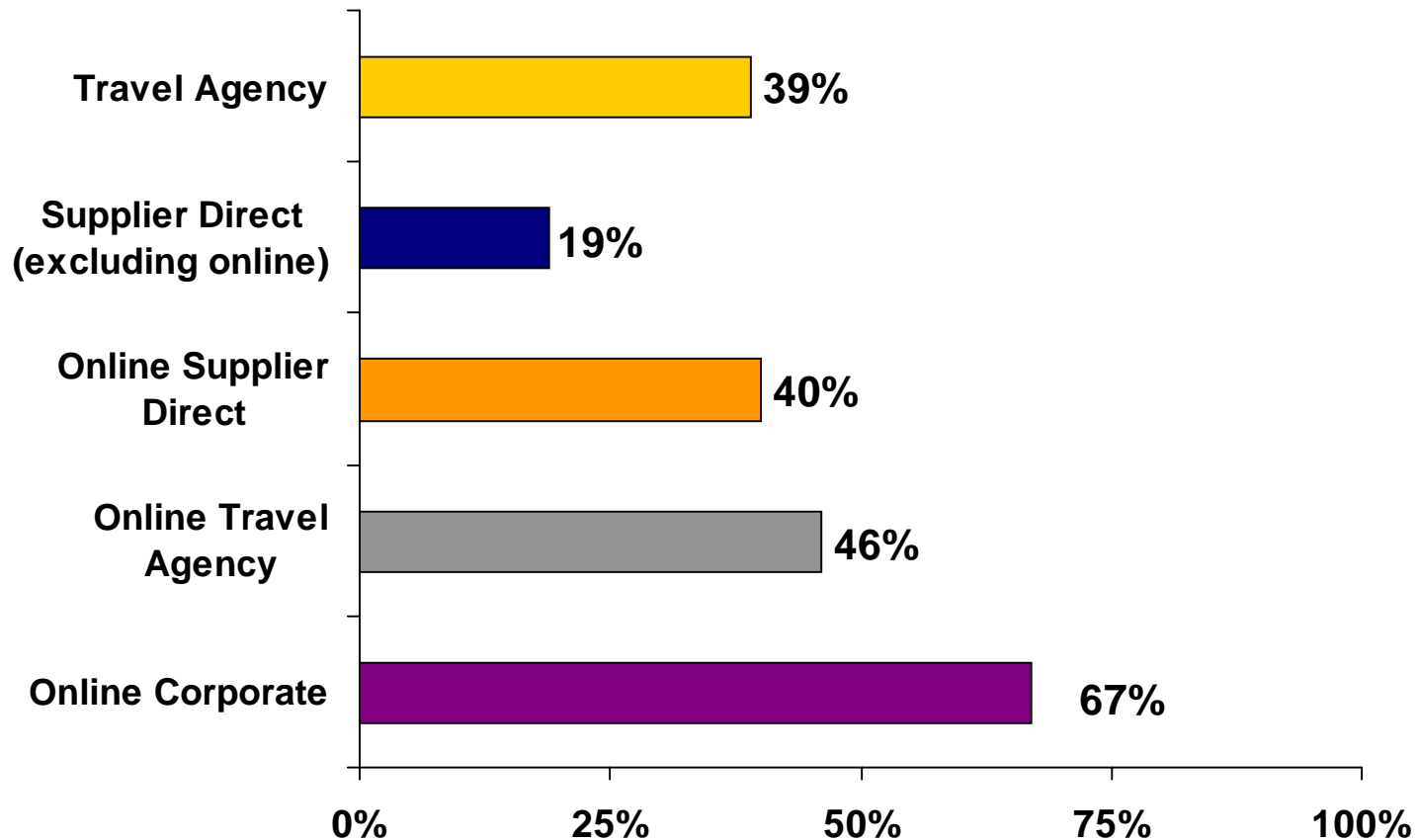
**Sabre**

# Travel Distribution Dynamics

Channel	Estimated % of 1999 Travel Bookings	Estimated % of 2004 Travel Bookings
Travel Agency	60%	40%
Supplier Direct	34%	32%
Online Sup Direct	3%	8%
Online Agency	3%	13%
Online Corporate	<1%	7%

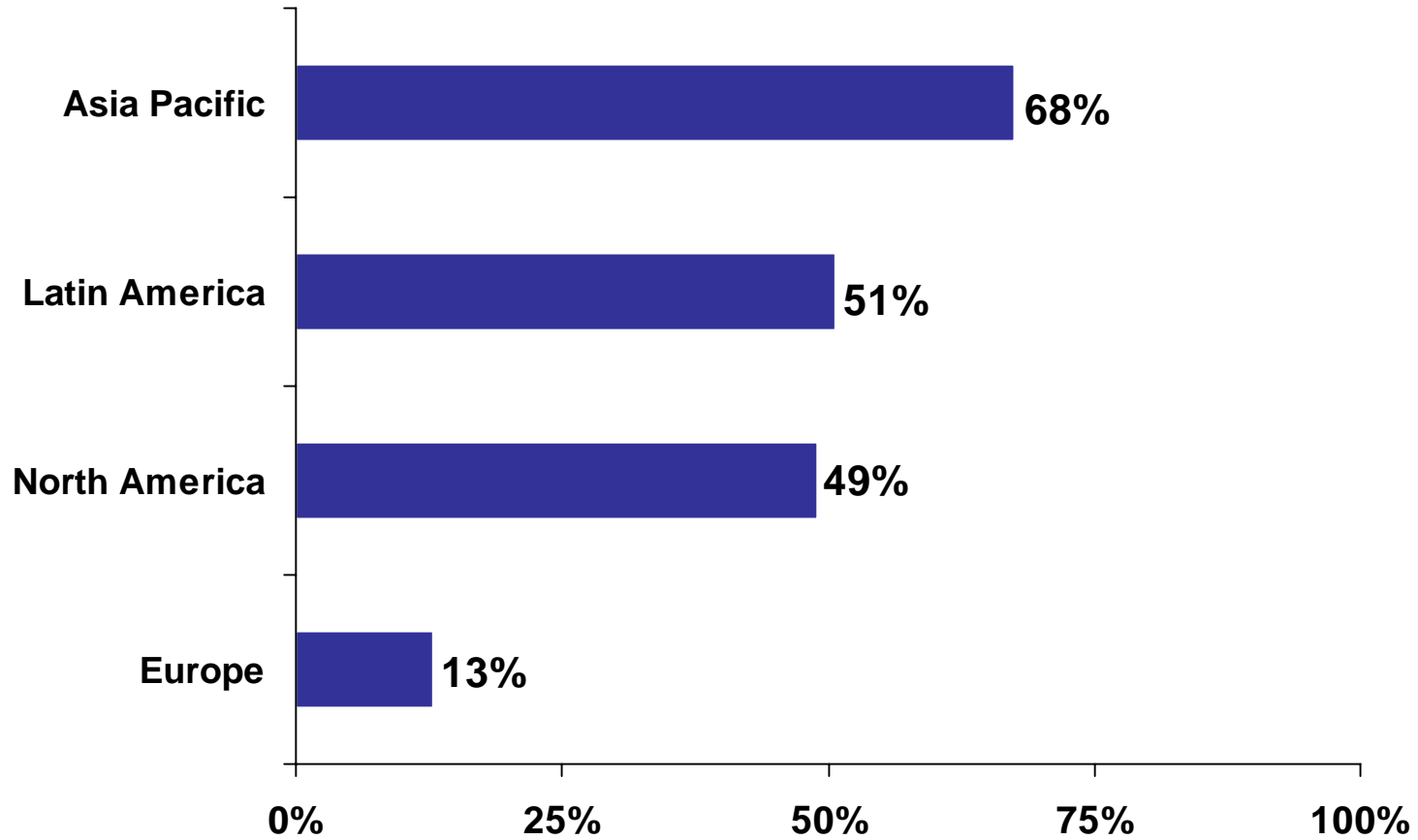
# Market Share

- Market share by channel

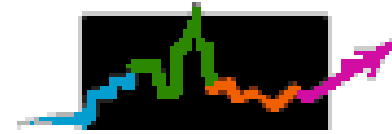


# Market Share

- Regional market share



# Travelocity.com



**Travelocity.com**  
A Sabre Company

- #1 Online Travel Site
- Top 10 US Travel Agent
- 23 million registered members
- 7.2 million unique visitors per month
- Gross Travel Sales - \$649.5 million\*  
- up 95% year over year
- Revenues - \$53.4 million\* - up 110%

# GetThere

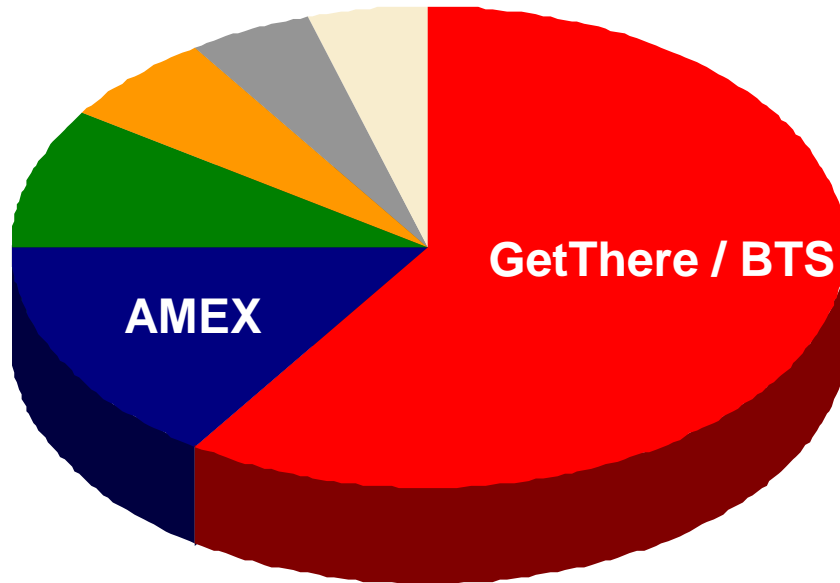


**GetThere**  
A Sabre Company

- Addressing a huge & in-efficient market
- High growth annuity-like revenue model
- Expanding margins
- First mover advantage
- Extraordinary corporate customer list
- Increasing adoption
- Significant barriers to entry
- Important distribution relationships and substantive strategic alliances

# GetThere Market Share

## Corporate Market



The 100 top  
corporations in  
travel spending

67 have selected  
online systems

48 are GetThere,  
BTS and AMEX

# Virtually There



- Reach over 30 million unique travelers
- Very low customer acquisition cost
- 2.5 million site visits per month
- Over 165 thousand unique site visits per day
- 65 thousand e-mails accessed per day
- 93% user satisfaction
- Anticipated to contribute >\$50m in revenue over next three years



# Emerging Businesses

**Sabre**



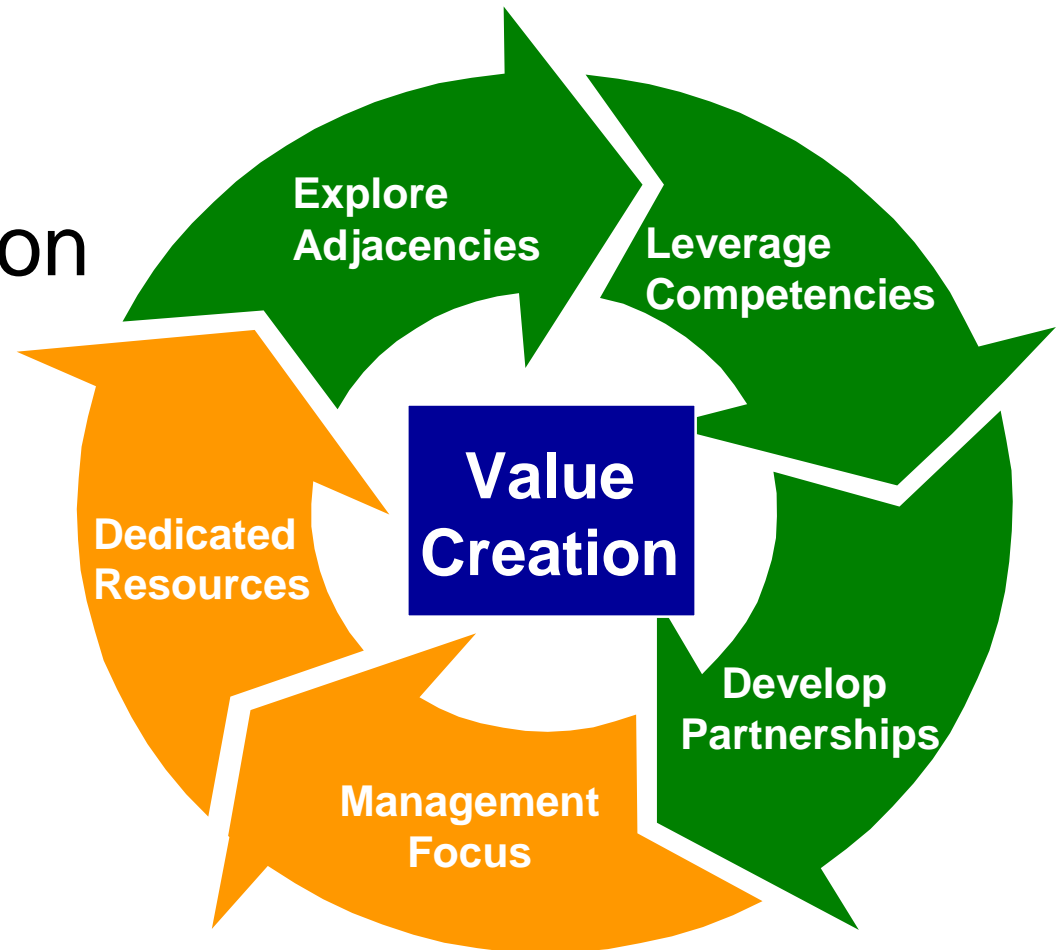
# Emerging Businesses



- Create world class capabilities in idea-to-launch business incubation and business development
- Successfully enter markets of current emerging businesses
- Integrate emerging businesses into existing Sabre business units

# Value Creation

Creates value  
through incubation  
Past experience  
demonstrates  
successful  
incubation





# Currently Operating

- Sabre Web Hosting
- Sabre Marketplace
- Financial Settlement



# Outsourcing and Software Solutions

**Sabre**

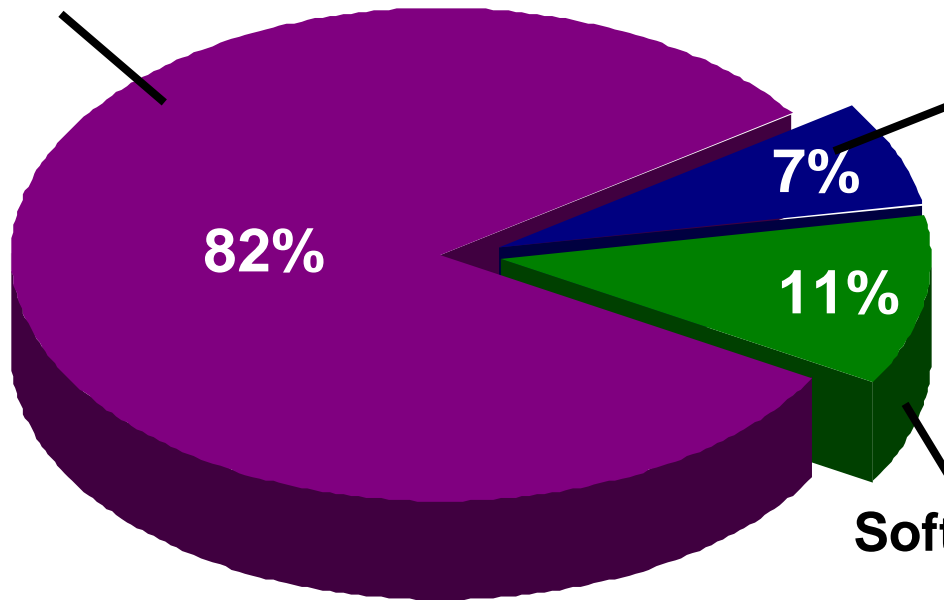
# Revenue Sources

## Outsourcing

- 5 key airline clients
- Refocus direction

## Reservations / ASP

- 56 clients
- Leverage TMD

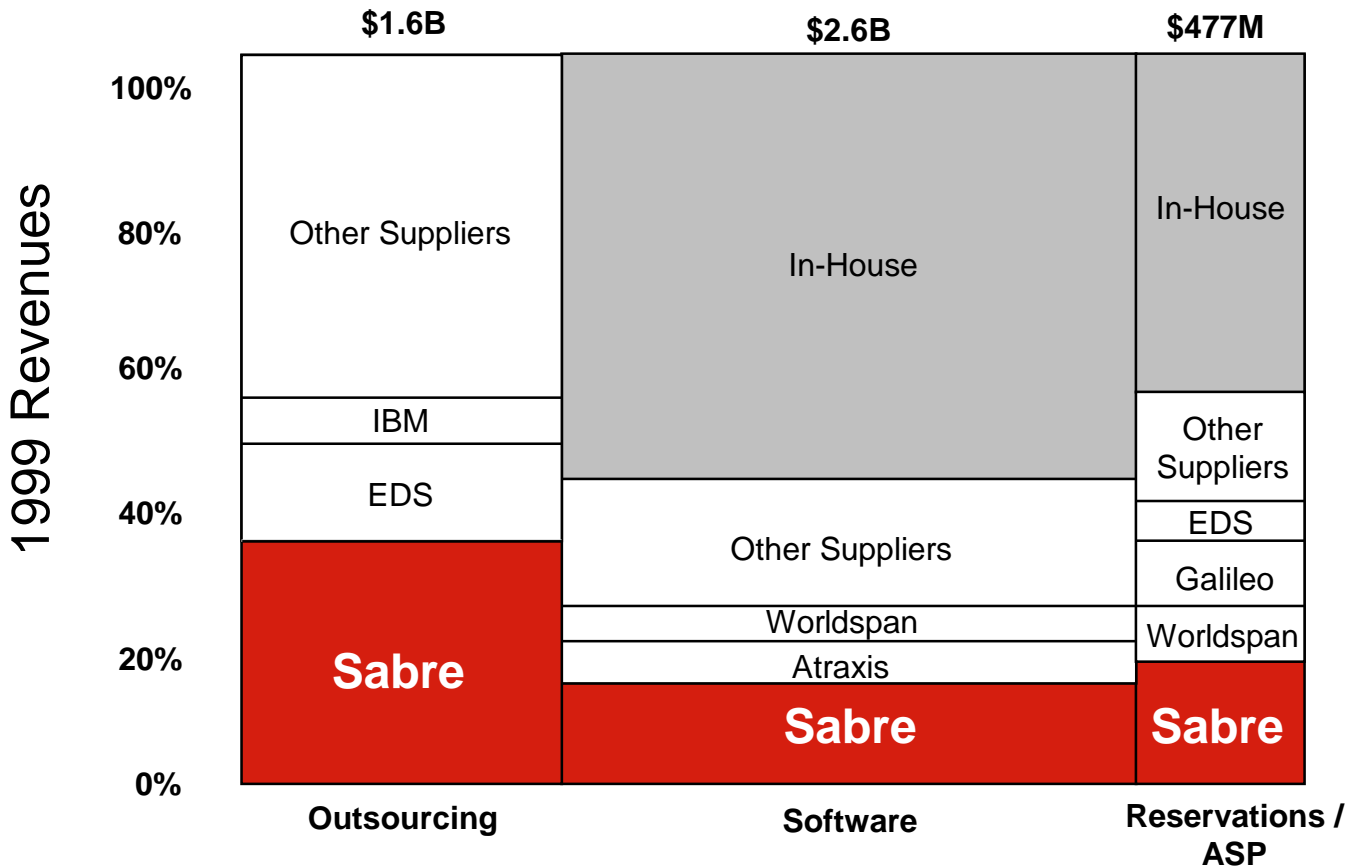


## Software

- 113 clients
- Leading edge solutions

# Market Share by Business

- Strong market position in each line of business



# 2000 Successes

Software Lead Deals

## American Airlines

- \$56m TCV - AA res offices
- Maintenance & engineering
- Airport contracts

## Southwest

- \$2.5m TCV - QIK3

## Cathay Pacific

- \$30m TCV - re-signed of Smartsourcing contract

## US Airways

- \$17m TCV - AirMax 4.0
- USAirways.com booking engine

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Reservations / ASP Lead Deals

## Gulf Air

- \$22m TCV- reservations ASP
- AirCrews
- AirOps
- MIDT

## Grupo Taca & TAM

- \$57m / 10 year - re-signed ASP / Multihost contracts

## Bahamasair

- \$15m / 10 year agreement for ASP / Multihost



# Strategic Initiative



- 2001 will be a year of refocus on our core competencies
- Invest in our product portfolio
- Partner to pursue new outsourcing customers
- Continue to provide excellent service to existing customers
- Deliver revenue and earnings growth



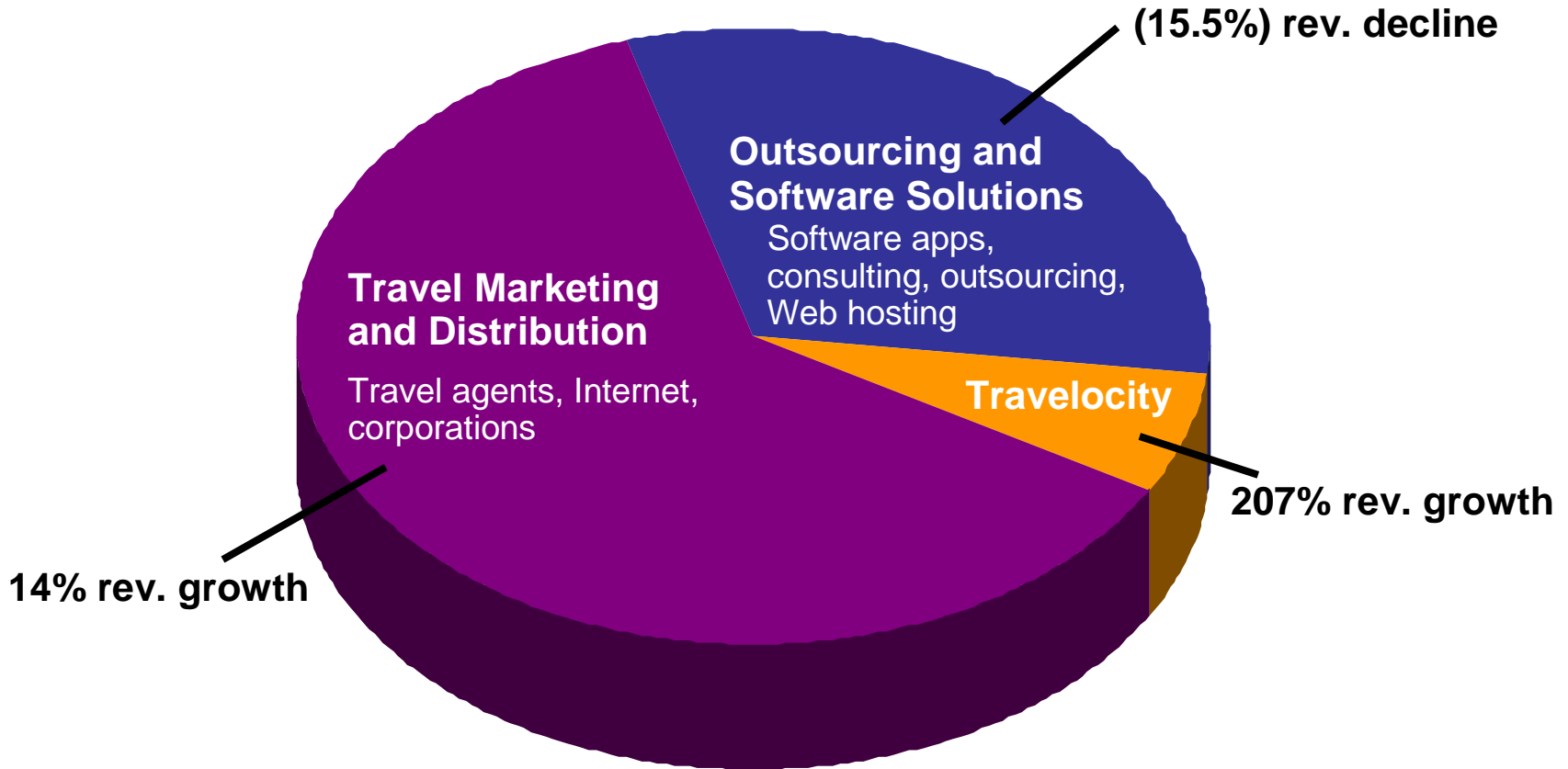
# Financial Performance and Outlook

**Sabre**

# Revenue by Segment

\$2 billion in revenue

YTD 9/30/00



*(All figures exclude special items)*

*\* Travelocity growth rates do not include Preview Travel in the previous year*

# Revenue Improvement

	Q1	Q2	Q3	Q4
Travel Marketing and Distribution *	14%	17%	20%	18%-21%
Outsourcing and Software Solutions	(18%)	(18%)	(10%)	1%-3%
Sabre Overall	1.1%	3.6%	8.1%	12%-15%

# Outlook 2001 & Beyond

2001 Growth    '00-'04 CAGR

## Travel Marketing and Distribution

Revenue	13% - 16%	12% - 14%
Op. Income	> 15%	10% - 12%

## GetThere

Revenue	> 100%	> 100%
Op. Income	Break even during 2002	

## Travelocity

Revenue	50% - 60%	30% - 40%
Op. Income	Break even by end of 2001	



# Outlook 2001 & Beyond



**2001 Growth      '00-'04 CAGR**

## **Outsourcing and Software Solutions**

<b>Revenue</b>	<b>0% - 2%</b>	<b>8% - 12%</b>
<b>Op. Income</b>	<b>&gt; 50%</b>	<b>25% - 35%</b>

## **Emerging Business**

<b>Revenue</b>	<b>&gt; 100%</b>	<b>&gt; 100%</b>
<b>Op. Income</b>	<b>Positive by end of 2001</b>	

## **Total Sabre**

<b>Revenue</b>	<b>15% - 20%</b>	<b>&gt; 15%</b>
<b>EPS</b>	<b>15% - 20%</b>	<b>&gt; 15%</b>



# Summary - Long Term Financial Goals



## Revenue Growth

- **Achieve revenue growth stronger than historical CAGR**
  - Retain strong market share positions
  - Lead in all distribution channels
  - Grow our international presence
  - Focus on key competencies within OSS business
  - Sell to larger sector of airline industry

## Earnings Growth

- **Grow earnings 15% or greater over long-term**
  - Focus on businesses with strongest profit potential
  - Continue to become more cost efficient



# The Difference of Sabre



## Leveraging our strengths

- Intellectual property / technology strength
- Number one position in all key travel channels
- Flexibility to capture opportunities as industry evolves
- Strong, established e-commerce brands
- Financial strength and stability