

**Remarks for Bill Hannigan
Annual Meeting of Shareholders
May 14, 2002
Fort Worth, TX**

[Slide: Opening]

- And now, I'll update you on our company.

- Before I get started, however: It is not possible to review 2001, or to preview 2002, without establishing context around the attacks of 9/11 -- and their impact to our industry and our company. The financial impact was immediate and unprecedented.

- As you know, the vast majority of our revenues are transaction-based -- and directly linked to the distribution of the products of hundreds of commercial airlines around the world -- whether they be booking fees, passenger boarded fees, or trip fees.

- On Sept 10th of last year, we were delivering revenue growth in the high teens -- and earnings growth of 20% or better for 2001 -- which would have resulted in approximately \$2.39 per share on the earnings side.

- And on Sept. 7th, your Board reviewed a preliminary 2002 budget which would have, once again, delivered 20% EPS growth -- or \$2.85 per share for 2002.

[Slide: Transactions]

- After the attacks, our transaction volumes immediately fell off by more than 70%. While the initial phase of the recovery was fairly robust -- after the airlines were allowed to fly again, you can see that it was also very volatile.

- When we closed the books on the fourth quarter, our transactions were down by approximately 20% year-over-year.

- So instead of finishing 2001 with revenue growth of 18%, we ended with revenue growth of 8.4%; and instead of earnings per share of \$2.39 for the year, we ended with earnings of \$1.72.

- And instead of a 2002 business plan of \$2.85 per share, our current forecast to Wall Street is between \$1.93 and \$2.03 per share.
- Essentially, 18 months of earnings momentum has been lost.
- Of course, the management team didn't sit still and simply track the numbers. We have taken aggressive steps to reshape our company for several years now, and Q4 was no different.
- We took the difficult steps necessary to take more than \$100 million of cost out of our business plan for 2002 in order to establish an earnings target of approximately \$2 per share. If we hadn't taken those painful steps, our earnings target would have been approximately \$1.50 per share instead of the \$2.
- We expect the industry to continue to recover in 2002 -- albeit gradually. We believe that, when it is all said and done, transactions will be down 7% year-over-year.
- But even during this recovery period -- a year with anemic results when compared to Sabre's past and future performance -- we will generate over \$500 million in EBITDA, and over \$220 million in free cash flow, which goes to the strength of our business model.
- It is also important to note that while our financial situation has been altered, our strategy has not been.
- We are a leader in all of our business areas.
- We have taken -- and are taking -- steps to build upon those leadership positions.
- We are cautious, but we are not hunkering down.
- We have the right team, and we have the financial strength to be opportunistic as our industry recovers and evolves, but we don't expect this to be a smooth ride. It's safe to say our stock price has reflected some of that.

[SLIDE: 2001 stock performance vs. indices]

- Even though our businesses participate in the industry hardest hit by 9/11, our stock price for 2001 did finish ahead of the major indices. We ended 2001 down about 1.8 percent -- which beat the New York Stock Exchange, down 7 percent; the S&P 500, down 13 percent; and the NASDAQ, down 21 percent.
- You can see that in the months leading up to 9/11, our stock price had been on a bit of a roll as we continued to quietly post the results and completed the transactions with EDS. You can also see the cliff of 9/17 when our stock price opened at about ½ the value of the previous close.

[SLIDE: YTD stock price chart]

- The state of our industry and the expectations of its recovery are also reflected in our 2002 stock price performance. Just two weeks ago, we were up 12% for the year -- well above all indices for the year. But then the airlines reported April results, and the markets decided the industry's recovery had slowed or stalled -- even though we have raised our earnings estimates for 2002 in the past few weeks.
- Now, for a quick review of our company and our various businesses...

[SLIDE: Definition]

- We are the leading provider of technology solutions across all channels of travel distribution.
- And we're bringing travel marketing to the next level. Our products and services help travel suppliers, travel agents, corporations, and of course, travelers.

[SLIDE: Sabre Fast Facts]

- Sabre is an S&P 500 company, and we had \$2.1 billion in revenues from continuing operations last year.
- We're headquartered in Southlake, Texas, and we have more than 7,000 employees based in over 40 countries around the world.

[SLIDE: Four businesses]

- Four businesses make up Sabre Holdings:
- The largest is **travel marketing and distribution**. It connects travel buyers and sellers through the Sabre system -- which is the industry's leading global distribution system or GDS.
- **Travelocity.com** is the most popular travel site on the Web.
- Our **airline solutions** business is the leading provider of technology products and services to travel suppliers.
- And **GetThere** is the No. 1 provider of Web-based travel reservation systems for corporations and travel suppliers.

[SLIDE: TM&D]

- I'll start with our Travel Marketing and Distribution business:
- TM&D is No. 1 in the marketplace, as demonstrated by our GDS bookings share around the world:
- We have a 48 percent bookings share in North America, the world's largest travel market;
 - 50 percent bookings share in Latin America;
 - 57 percent in Asia Pacific;
 - And 14 percent in Europe/Middle East/Africa -- certainly our biggest growth opportunity.
- It all adds up to market share of 38% worldwide, and a No. 1 position in three of the four regions of the world.
- TM&D serves a vast global network -- including more than 66,000 travel agency locations, in more than 112 countries. Last year, about \$80 billion in travel was booked through the Sabre system.

[SLIDE: Travelocity]

- Travelocity.com is our award-winning consumer travel Web site.
- \$3.1 billion in travel was booked through it last year. In six short years, Travelocity has become the 5th or 6th largest travel agency in North America.
- Reported revenues were just over \$300 million in 2001, and we reported profits at the operating income level in early 2001, well ahead of schedule.
- In the first quarter of this year, Travelocity's membership reached 33.8 million -- the highest in the industry. It's also No. 1 in cruise, and No. 1 in air.
- From a financial perspective, the 2002 headline is: Travelocity will grow revenues between 20 and 30% -- and will double cash earnings.

[SLIDE: Airline Solutions]

- Our Airline Solutions business actually leads the industry in a couple of important categories.
- This business unit includes a broad portfolio of industry leading decision support software -- for yield management, scheduling, cargo, operations management, and so on.
- Airline Solutions also includes a consulting arm.
- And it includes a reservations hosting line of business. We host the reservations systems of 70 airlines around the world and have added several this year alone.
- A significant turnaround has taken place in this business over the last year. Both revenue growth and margins are up, despite a very difficult environment for our airline customers.

[SLIDE: GetThere]

- Last but certainly not least, we have GetThere. This business is the leading provider of Web-based travel reservation systems to corporations and suppliers.
- And corporate travel systems are the fastest-growing segment in the travel industry.
- We are far and away the leader – with a 70-plus percent bookings share. In 2001, 5.9 million trips were booked through GetThere – an increase of 66 percent over 2000.
- And GetThere’s customers include 71 of the 100 largest traveling corporations based in North America.
- This business will grow between 40 and 45% this year, including both the corporate and supplier site businesses. In the highly strategic corporate arena, we expect growth to exceed 100%. We will cut our cash losses in half during 2002 -- and we expect to cross over into profitability during the first half of 2003.

[SLIDE: Other leadership actions]

- Since last year’s shareholder meeting, we have strengthened this solid core of four businesses -- by taking several important steps:
- In July, we divested our airline infrastructure outsourcing business to EDS. And we signed a 10-year outsourcing services agreement with EDS to manage our IT systems. We also entered a marketing agreement to jointly sell Sabre travel industry software products -- and EDS technology services.
- These moves allowed us to sharpen our focus on higher growth, higher margin opportunities -- while at the same time significantly reducing our data-processing costs.
- Beyond the EDS transaction, we made several investments to strengthen our hand going forward.

- We expanded our presence in the European market by investing in Karavel.com, a new high-end consumer travel Web site based in France.
- We acquired control of Sabre Pacific, strengthening our ties with travel agencies in Australia and New Zealand -- the world's eighth-largest travel market.
- And more recently, Travelocity purchased Site59 -- a leading online seller of last-minute merchant model air, hotel, and rental car travel. This increases Travelocity's merchant sales capabilities, and lays the groundwork for more revenue growth.
- In April, Sabre completed a tender offer process to purchase the shares of Travelocity.com we did not already own. We took this action to combine strengths, pursue new revenue opportunities, and optimize investment decisions.
- Also in April, we sold approximately 9.4 million shares of our stock in an equity offering. We plan to use the proceeds to replenish capital for general corporate purposes. We have always felt it is important to have a strong balance sheet, and we believe it is especially important now.

[SLIDE: Community Leadership]

- Sabre's leadership also extends to improving the quality of life in the communities where we operate.
- We mainly support *educational initiatives*, with an emphasis on *technology*.
- Last year, Sabre raised more than \$1.2 million for the United Way. And Sabre employees volunteered more than 6,000 hours of service.

[SLIDE: Long-term Growth]

- In summary, we at Sabre are focused on top-line growth, as well as managing the bottom line.

- Key growth drivers for us are:
 - Our ability to expand globally;
 - our ability to invest into newer, higher-growth business models;
 - our flexibility in adapting pricing structures to the changing marketplace;
 - and the overall growth of the travel market -- one of the world's largest industries.
- We are also leveraging our technology platforms in new ways to diversify revenue and profit streams.

- On the expense front, we're managing costs aggressively: Over the past two years we have taken significant costs out of the business...
 - First, we implemented \$100 million in cost reduction programs in the fall of 2000.
 - Then, we closed the EDS deal in mid-2001.
 - And as I stated earlier, we took an additional \$100 million in costs out of the business after the attacks of 9/11.

- This fiscal discipline helps to keep our cash flow strong, and gives us the flexibility to make strategic investments – without losing EPS growth.

[SLIDE: Financial strength]

- Sabre's financial strength reflects this discipline and our leadership position in the markets where we compete.
- We have a conservative capital structure and strong earnings power, over \$800 million in cash on the balance sheet, and under \$400 million in balance sheet debt.
- We will generate -- even in a lousy year for our industry -- over \$500 million in EBITDA and over \$220 million in free cash. And, we will improve operating margins by over 400 basis points in 2002.
- This all positions us quite nicely for the industry's recovery -- and for a return to the kind of robust revenue and earnings growth we had become accustomed to at Sabre -- prior to 9/11.
- Our financial strength gives us the opportunity to not only weather this storm -- but to emerge even stronger. And I know we have the team to do just that.
- Thank you.