

NOTE

- *We have recently fine-tuned our estimate of the incentive rebate paid by Orbitz to its owner airlines and other Charter Associates.*
- *This reduced the rebate from \$3.21 to \$2.78, and means that it is costing Orbitz charter associate airlines \$0.43 more per ticket than we had originally estimated to distribute through Orbitz than through the traditional travel agency.*
- *We also reduced the projected Orbitz growth rate, making this estimate more conservative.*



September 23, 2002

*Empowering the Agency & their Traveller . . .
. . . Transforming the Industry*

Addendum

October 24, 2002

John Stow
President, Travel Marketing & Distribution

Sabre



THE ORBITZ BUSINESS MODEL

**Online
Customer**

Service Fees

\$ 5.00

ORBITZ

Website

Incentives

\$ 5.40

GDS

worldspan.

Incentive Rebate
to Charter Associates

\$ 2.78

Supplier
Transaction Fees

\$ 6.37

**Suppliers
Air/Hotel/Car**

Booking Fees

\$ 9.73

Sabre

AIRLINE DISTRIBUTION COSTS PER TICKET

| Orbitz * | |
|--------------------------|-----------------|
| | Online Booking |
| Booking Fee to Worldspan | \$ 9.73 |
| Supplier Transaction Fee | \$ 7.49 |
| Rebates | (\$ 2.78) |
| Total Cost | \$ 14.44 |

* APR02-JUN02

| Travel Agency | |
|----------------------|------------------|
| | Standard Booking |
| Booking Fee to Sabre | \$ 10.98 |
| Commissions | \$ 0.00 |
| Rebates | \$ 0.00 |
| Total Cost | \$ 10.98 |

Av. savings to airlines APR02-JUN02 @ \$ 7.49 fee **\$ 3.46** per ticket

Av. savings to airlines JUL02-OCT02 @ \$ 6.37 fee **\$ 2.34** per ticket



AIRLINE DISTRIBUTION COSTS PER TICKET

| Orbitz * | |
|--------------------------|-----------------|
| | Online Booking |
| Booking Fee to Worldspan | \$ 9.73 |
| Supplier Transaction Fee | \$ 6.37 |
| Rebates | (\$ 2.78) |
| Total Cost | \$ 13.32 |

* NOV02-JUN03

| Travel Agency | |
|----------------------|---------------------------|
| | DCA 3-Year Option Booking |
| Booking Fee to Sabre | \$ 9.98 |
| Commissions | \$ 0.00 |
| Rebates | \$ 0.00 |
| Total Cost | \$ 9.98 |

Av. savings to airlines NOV02-JUN03 @ \$ 6.37 fee **\$ 3.34** per ticket

Av. savings to airlines JUL03-JUN04 @ \$ 5.34 fee **\$ 2.31** per ticket

Av. savings to airlines JUL04-JUN05 @ \$ 3.88 fee **\$ 0.85** per ticket



AIRLINES' DISTRIBUTION COSTS OVER THREE YEARS



**\$ 82.8
Million**

