Sabre Holdings™

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Sabre Holdings Corporation 2002 Summary Annual Report

financial highlights[(1)]

Year Ended December 31,	**2002**	2001	Percent Change
Income Statement Data *in millions, except per share data*			
Revenues			
Sabre Travel Network*	**$1,599.8**	$1,698.0	(5.8)%
Travelocity	**308.3**	301.8	2.2%
GetThere	**50.8**	42.5	19.5%
Sabre Airline Solutions	**205.3**	198.7	3.3%
Elimination of intersegment revenue	**(107.7)**	(96.0)	**
Total revenues	**2,056.5**	2,145.0	(4.1)%
Operating expenses	**1,739.0**	2,153.7	(19.3)%
Operating income (loss)	**317.5**	(8.7)	**
Operating income before special items[(2)]	**414.1**	314.0	31.9%
Income (loss) from continuing operations	**214.1**	(47.0)	555.5%
Income from discontinued operations, net	**–**	75.1	(100.0)%
Cumulative effect of accounting change, net	**–**	3.1	(100.0)%
Net earnings	**$ 214.1**	$ 31.2	586.2%
Net earnings before special items[(3)]	**$ 255.0**	$ 231.8	10.0%
Operating margin	**15.4%**	(0.4)%	15.8pts
Weighted average shares, diluted	**142.6**	132.3	7.8%
Weighted average shares, diluted, before special items	**142.6**	134.9	5.7%
Earnings (loss) per share, diluted			
Income (loss) from continuing operations per share	**$ 1.50**	$ (0.35)	**
Income from discontinued operations, net	**$ –**	$ 0.57	(100.0)%
Cumulative effect of accounting change, net	**$ –**	$ 0.02	(100.0)%
Total earnings per share	**$ 1.50**	$ 0.24	**
Earnings per share before special items, diluted			
Income from continuing operations	**$ 1.79**	$ 1.37	30.7%
Income from discontinued operations, net	**$ –**	$ 0.35	(100.0)%
Total earnings per share	**$ 1.79**	$ 1.72	4.1%
Other Data			
Direct reservations booked using the *Sabre* global distribution system (GDS)[(4)]	**340**	372	(8.6)%
Total reservations booked using the *Sabre* GDS[(5)]	**397**	431	(7.8)%

(1) The selected consolidated financial data included herein should be read in conjunction with the consolidated financial statements of Sabre Holdings Corporation ("Sabre Holdings") and the notes thereto included in our Annual Report on Form 10-K/A for the year ended December 31, 2002, as filed with the Securities and Exchange Commission.

(2) Reconciliation of operating income (GAAP) to operating income before special items:

in millions	**FY2002**	FY2001
Operating Income (GAAP)	**$317.5**	$ (8.7)
Adjustments		
Amortization of goodwill and other intangibles, stock compensation and transaction fees arising from the merger of Travelocity.com, Inc. and Preview Travel, Inc., the acquisition of a 51 percent interest in Dillon Communication Systems GmbH, and the acquisitions of Gradient Solutions Limited, GetThere Inc., Sabre Pacific and Site59	**$ 87.0**	$288.5
Write-off of software licenses	**0.0**	6.0
Severance expenses	**9.6**	28.2
Operating income before special items	**$414.1**	$314.0

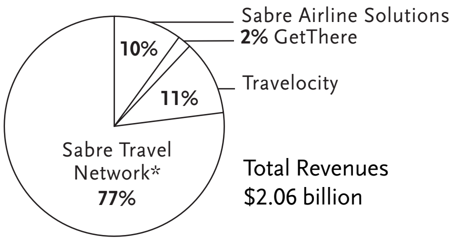
(3) Reconciliation of net earnings (GAAP) to net earnings before special items:

in millions	**FY2002**	FY2001
Net Earnings (GAAP)	**$214.1**	$ 31.2
Adjustments, net of taxes:		
Amortization of goodwill and other intangibles, stock compensation and transaction fees arising from the merger of Travelocity.com, Inc. and Preview Travel, Inc., the acquisition of a 51 percent interest in Dillon Communication Systems GmbH, and the acquisitions of Gradient Solutions Limited, GetThere Inc., Sabre Pacific and Site59	**$ 58.4**	$265.5
Write-off of software licenses	**0.0**	3.7
Severance expenses	**5.9**	17.4
(Gain) loss on Hotels.com warrants	**(0.9)**	2.3
Gain on sale of company building	**(11.3)**	0.0
Gain on sale of France Telecom shares	**(4.5)**	(29.2)
Minority interests	**(6.7)**	(28.1)
Amortization expense related to accounting treatment of options granted to US Airways	**0.0**	10.9
Gain on sale of outsourcing business to EDS	**0.0**	(38.8)
Cumulative effect of change in accounting principle	**0.0**	(3.1)
Net earnings before special items	**$255.0**	$231.8

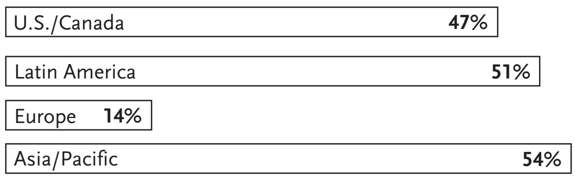
(4) GDS reservations for which Sabre Holdings collects a booking fee – excluding bookings transferred to our joint venture partners.

(5) Includes direct reservations plus GDS reservations processed by joint venture partners using the *Sabre* GDS.

2002 REVENUES BY BUSINESS



TOTAL GLOBAL BOOKINGS SHARE 37%



* Formerly known as Travel Marketing and Distribution

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As a leader in all channels of travel distribution, as an emerging force in travel retailing, and as a proven innovator in travel technology, Sabre Holdings has built a unique position in the travel industry. We are creating opportunities for growth by delivering real value to our customers, at all points across the travel value chain.

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letter from the chairman

William J. Hannigan
Chairman and
Chief Executive Officer

To our shareholders:

The year 2002 was a year that most of us are pleased to have behind us. While it included several significant accomplishments by your company, sustained value creation was not one of them.

When the year started there were reasons to be optimistic. It looked like 2002 was shaping up to be a recovery year for an industry decimated by the terrorist attacks of 9/11. As an industry leader in travel commerce, we expected to garner more than our fair share of growth. However, after several months of steady improvement to begin the year, travel demand stalled. By late spring it was clear we were in for a year in which earnings plans would be achieved through aggressive cost management.

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Even under these demand-challenged conditions, three of our four companies performed well – meeting or exceeding their earnings targets for 2002. Unlike many major players in the travel industry, Sabre Holdings turned a solid profit. Unfortunately, that performance did not drive an increase in the value of your Sabre Holdings shares.

Share Performance

Heading into 2002, the industry and our stock price were both rebounding nicely from post-9/11 lows. As a matter of fact, by the end of March our share price had more than doubled to $46.71 per share, up from the post-9/11 low of $21.22. These gains reflected investors' confidence that Sabre Holdings was well-positioned to benefit from an industry recovery. We shared that confidence. In April, we completed a successful equity offering. We raised approximately $400 million, by selling an additional nine million shares at $44.50 per share, to replenish our balance sheet following the buy-in of the Travelocity shares that we didn't already own.

But then the industry hit a wall in late spring. When the enplanement data for the major airlines in North America leveled off last May, investors quickly lost confidence in a broad travel industry recovery. Our share price dropped sharply – off 15 percent in May, well beyond the decline experienced by major tracking indices such as the Standard & Poor's 500 (down 1 percent in May).

2002 HIGHLIGHTS

- Sabre Holdings completed a cash tender offer for the outstanding publicly held shares of Travelocity common stock that it did not already own
- Sabre Holdings completed the initial migration of its massive air pricing application to an open-system platform as part of the Air Travel Shopping Engine (ATSE) – a multi-year program to migrate air pricing, schedules and availability
- Travelocity acquired Site59, the leading online seller of last-minute merchant model air, hotel and rental car inventory

2002 HIGHLIGHTS

- GetThere achieved strong revenue growth of approximately 100 percent, year over year, from the corporate business
- Sabre Travel Network launched the "Empowering Agenda" for travel agencies
- The Sabre Airline Solutions resource management systems technology was selected by Unisys to assist the Transportation Security Administration (TSA) in managing its newly formed federal screener workforce at airports across the U.S.

Sabre Holdings shares continued to trade in line with that of the major airline index for the remainder of 2002. That's somewhat understandable, given our heritage as a set of businesses built around airline ticket transactions and the sale of technology products to airlines around the world. But in our view, it doesn't reflect our true value and breadth. And it only doubles our resolve to demonstrate how Sabre Holdings is moving beyond that heritage to become the industry's most successful "travel commerce" company. We will review our progress on that front shortly. But first, let's take a closer look at our financial performance in 2002.

Financial Highlights

For the year, Sabre Holdings earned $1.50 per diluted share (on a GAAP basis), compared to $0.24 per diluted share in 2001. Our revenues from continuing operations totaled $2.06 billion in 2002, a decrease of 4.1 percent from $2.15 billion in the prior year. This revenue decline is the direct result of worse-than-expected travel demand. Even so, by aggressively managing costs, we turned in a solid performance in operating earnings. We began the year with a strong balance sheet, and we ended the year with an even stronger balance sheet.

Investing in Travel Commerce

Throughout 2002 we continued to execute on our strategy for long-term growth by taking steps to shift the company more toward the travel commerce business models. We are working to expand our portfolio so that we become less reliant on traditional airline booking fees, and better positioned to grow through the retailing of travel products and through multiple distribution channels. This will enable us to increase our revenue per transaction, while also enhancing our ability to merchandise travel in a way that matches how consumers want to shop for and buy travel today.

A growing percentage of people now shop for travel online. At the same time, those who use travel agents are asking their agents to do more for them, to find great deals, and to make the whole travel experience easier. Travel packages have become more popular, and more people are discovering the appeal of last-minute travel bargains.

To meet these demands, we made significant investments in 2002 in fast-growing market segments such as online leisure travel and online business travel – including our buy-in of Travelocity and our acquisition of Site59 during the second quarter. We accelerated our "merchant model" efforts – taking travel products on consignment (such as hotel rooms) and offering attractive deals to travelers through a variety of distribution channels. At the same time, we invested in technologies that improve our online capabilities. All of these steps will provide critical fuel for future growth.

We've continued to expand our portfolio across the travel value chain. Sabre Holdings has four distinct businesses with strong positions in key market segments of the travel industry. Let's take a closer look at how these businesses performed in 2002.

everywhere

Travelocity

Although our consumer direct travel unit leads the industry in a host of important areas (including total membership), Travelocity had a disappointing 2002. The core issue: Travelocity was too slow in embracing the merchant model and in addressing the packaged travel business more broadly. Clearly we have the capability to do so. Our long-standing leadership position in the online cruise business is proof positive of our ability to leverage our technology to merchandise travel. Since the buy-in was completed in April, we've moved quickly to address these opportunities. The Travelocity company has new leadership, and we're making significant investments to bolster its merchant model product set. Based on Travelocity's fourth quarter progress and new initiatives, we're confident that we have both the strategy and the people in place to take this business – one of the all-time great dot.coms – to the next level.

GetThere

Heading into 2002, we said GetThere would grow revenue from our corporate customers by about 100 percent. We hit that target and maintained our leading share of more than half of the Fortune 200 companies.

Sabre Travel Network

Our global distribution system (GDS) business is the only Sabre Holdings unit that saw its 2002 revenue decline compared to 2001. Even so, Sabre Travel Network (formerly called Travel Marketing and Distribution) made significant contributions to our overall success. The business improved operating margins by several basis points, while maintaining the industry's highest customer satisfaction scores. This business continues to generate a substantial share of the revenues and profits for all of Sabre Holdings. We continue to deliver new capability to improve the business environment for our large base of travel agency customers and travel suppliers.

From left to right

William J. Hannigan
Chairman and Chief Executive Officer

David A. Schwarte
Executive Vice President and General Counsel

Jeffery M. Jackson
Executive Vice President and Chief Financial Officer

Eric J. Speck
Executive Vice President and Chief Marketing Officer

M. Sam Gilliland
Executive Vice President, and President and Chief Executive Officer, Travelocity

Sabre Airline Solutions

Our Sabre Airline Solutions business had a terrific year, considering the fact that commercial airlines are its primary customer base. With so many airlines strapped for cash, we knew it would be a challenge to hit targets for modest revenue growth while improving operating margins. But that's exactly what Sabre Airline Solutions did – by signing more than 300 new contracts in 2002 to provide a variety of airline support products and services.

2003 Outlook

Looking ahead, while we expect more uncertainty in the industry in 2003, we have set aggressive targets for each of our businesses.

We believe world events and economic pressures will continue to dampen travel demand in 2003. Despite these challenges, we are forecasting strong, even enviable, revenue growth for three of our four companies.

Our largest and most profitable business, Sabre Travel Network, will be dealing with the industry pressures discussed earlier and will find it difficult to grow revenue year over year. But we expect it will continue to generate healthy earnings.

The GDS business will also be forced to deal with the prospect of wrong-headed efforts by the government agency responsible for regulating parts of that business in the United States. Late in 2002, the U.S. Department of Transportation proposed new rules that would govern computer reservation systems. This proposed rulemaking is flawed in many areas and won't be resolved any time soon. We are aggressively communicating our position and defending your rights as owners of our company. Our message is simple: Regulate us or deregulate us; either way works. But don't rig the playing field to pick industry winners and losers.

We intend to set a fast pace in the travel marketplace and to continue to pursue our strategic agenda.

Now is not the time to cut back on our investments in emerging technologies and business areas. Instead, we will build on our solid foundation in the travel commerce arena. For instance, we will direct about 60 percent of our product development spending toward new online capabilities – to strengthen Travelocity and GetThere, and to create new or enhanced travel shopping and merchandising technologies across all four of our companies.

We will continue to build on our strengths in technology, distribution and retailing, and to leverage our assets across the travel value chain to best serve travelers, corporations, travel agents and travel suppliers. We are in a unique position today, and we are excited about the chance to leverage our strengths – on behalf of our customers and our shareholders – in 2003 and beyond.

William J. Hannigan
Chairman and Chief Executive Officer

sabre holdings corporate profile

As a world leader in travel commerce, Sabre Holdings™ knows the travel industry. From merchandising and distributing travel through online and offline points of sale, to providing a complete software portfolio for hundreds of airlines, to supplying technology solutions across the industry, the companies of Sabre Holdings serve travelers, corporations, travel agents and travel suppliers around the globe.

Because the wants and needs of the travel community continue to evolve, Sabre Holdings never stops improving the way it brings travel buyers and sellers together. Innovation has been a part of the Sabre Holdings culture for decades, from developing the first computer reservation system in the 1960s, to trailblazing online travel in the 1990s, to delivering sophisticated travel solutions that keep our customers on the cutting edge today.

Sabre Holdings is a leader in every area where it does business, through its companies Travelocity®, GetThere®, Sabre Airline Solutions™ and Sabre Travel Network™. It is an S&P 500 company, trading on the New York Stock Exchange under the symbol TSG.

In the Community

Sabre Holdings is committed to improving the quality of life in its communities, primarily by supporting educational initiatives with an emphasis on math, science and technology. The corporation also supports human services and civic initiatives. Sabre Holdings employees volunteer more than 6,000 hours annually and, through fund-raising activities and a dollar-for-dollar corporate match, raised more than $1.2 million for United Way in 2002.

About Our Brands

While best known for the *Sabre* computer reservation system, Sabre Holdings is a portfolio of four distinct companies that are leaders in their space. To bring better clarity to the corporate structure and businesses, Sabre Holdings has rolled out a new branding strategy that includes a new logo for the corporation, and new identities for the Sabre Airline Solutions business and Sabre Travel Network business (formerly known as Travel Marketing and Distribution).

the companies of sabre holdings

Travelocity.com® GetThere® Sabre Airline Solutions™ Sabre Travel Network™

Travelocity

Travelocity pioneered the online travel space and continues to be the most popular travel service on the Web. Travelocity enables travelers to get the most for their money as they design and book trips online, with instant access to valuable information on airlines, hotels, car rental companies and cruise and vacation packages.

GetThere

GetThere is the leading provider of Web-based travel reservation systems for corporations and airlines. Through GetThere, corporations offer employees a convenient way to make travel and meeting arrangements via their company intranets, while significantly reducing costs. GetThere also powers Web-based travel bookings for leading airlines.

Sabre Airline Solutions

Sabre Airline Solutions is the leader in airline decision-support applications, reservations and departure-control systems, and consulting services. Sabre Airline Solutions uses its industry experience and breadth of software products to provide airlines with the tools to optimize operations and maximize revenue.

Sabre Travel Network

Sabre Travel Network connects travel buyers and sellers through the world's largest global distribution system, providing approximately 56,000 travel agency locations with instant access to content from airlines, hotels, car rental companies, cruise lines and more. Sabre Travel Network also offers a broad range of products and services that enhance travel agency operations and their ability to serve the traveler.

"World's Leading Travel Internet Site"
Travelocity won this honor for the sixth consecutive year at the Annual World Travel Awards in 2002.

travelocity

Becoming a wholly owned Sabre Holdings company sets the stage for growth.

In April, Sabre Holdings acquired the 30 percent of Travelocity shares it didn't already own. Now, leveraging the assets of the Sabre Holdings portfolio, Travelocity is moving quickly to address market opportunities and develop technologies that are expected to accelerate revenue and earnings growth rates.

Site59 Acquisition

Travelocity's "merchant model" capabilities were enhanced significantly with the acquisition of Site59.com, Inc., a leading online seller of last-minute travel inventory from airlines, hotels and rental car companies. Site59 brings two key strengths to Travelocity:

- New capabilities in last-minute packaging and access to content, providing Travelocity members more opportunities to take advantage of great travel deals.
- Long-term agreements with numerous hotel chains, providing discounted room inventory that Travelocity can resell as a merchant – and earn margins that are higher than typical commissions on room sales.

Merchant Model Hotel Program

In October, Travelocity launched a revolutionary merchant model hotel program – offering advantages so compelling that more than 2,000 hotels signed agreements to participate during the program's first 10 weeks of availability.

Travelocity's hotel partners are finding many features about the offering attractive:

- Industry-leading technology lets Travelocity pull rates and availability directly from the hotel's central reservations system. This eliminates the time and costs associated with manually allocating blocks of rooms to a separate system for discounted sales. Travelocity can provide a "single view" of room inventory, thereby giving hotel partners much more flexibility in their resale activities than they get from Travelocity's merchant model competitors.
- Travelocity pays the hotels immediately upon check-out – eliminating the 60- or 90-day wait for payment that hotels experience with other merchant model distributors.

New Air Shopping Technology

Already the leader in air shopping and pricing capabilities, Travelocity introduced a new air shopping engine in the fourth quarter of 2002 – called P^3 because of the additional precision, power and price capabilities it offers online travel shoppers. The P^3 technology gives consumers more meaningful choices when they're shopping for airline tickets online – allowing them to consider airport location, departure time, airline and other preferences. It also provides a more comprehensive display – returning up to 31 different fares per search, compared to nine previously. And it enhances Travelocity's "low fare finding" capability by including Web fares and other merchant model options in every search.

Customers include 71 percent of the top 100 companies that spend the most on air travel in the United States

GetThere's customer base exceeds 1,000 corporations worldwide, including more than half of the Fortune 200.

getthere

GetThere's corporate revenue grew by approximately 100 percent in 2002.

GetThere continued to add new customers to its already impressive list of corporate accounts. Corporate transactions grew by more than 80 percent in 2002, resulting in significant revenue growth, year over year, and are expected to continue to be a large growth driver for the GetThere business.

Encouraging Usage

GetThere's corporate technology is designed to help companies reduce their travel expenses and provide a reliable, convenient way for employees to book travel online via their company's intranet. Companies often save 20 percent or more on travel costs by using GetThere's online system. It's a two-step process: After a corporate customer agrees to install GetThere's technology, the company and its travel agent then encourage employees to book online through the GetThere tool. GetThere works closely with corporations and their agencies to boost usage, both by providing consulting services and by customizing site features that better serve the needs of traveling employees. Customers' employees find that GetThere's user-friendly interface and anytime access provide a convenient way to make business travel arrangements.

Expanding to New Markets, Segments

Many small- to medium-sized companies spend a significant amount of their budgets on travel. GetThere serves these customers through distribution agreements with large travel management firms such as American Express, Navigant and Rosenbluth. With several key new contracts signed in 2002, GetThere now has agreements in place with the top six U.S. travel management companies to provide a variety of preferred online offerings. In addition, the company expanded its overall presence in Europe, signing major customers in the United Kingdom, including KPMG and Motorola.

Extending Our Technology Lead

GetThere made investments in 2002 to improve the shopping and booking capabilities it provides to corporate customers. The company launched a multisource capability that collects and compares travel content from all available sources – multiple GDSs, supplier Web sites, rail providers and more. This new technology encourages customers' employees to stay within the corporate booking tool while searching for the best travel deals. GetThere also invested in the next generation of its product for corporate customers. This new technology, scheduled for launch in 2003, promises to enhance the traveler experience and help companies further realize the cost-saving opportunity of booking online through GetThere.

Wins in the Travel Supplier Segment

GetThere technology powers the Web sites of many major airlines. In 2002, the company completed a new multi-year agreement to continue to provide Web site bookings and other services for United Airlines. GetThere also added Aloha Air, Air Jamaica and Regional Express in Australia as new customers for its Web site technology.

An excellent year: Exceeding both revenue and operating earnings targets
Sabre Airline Solutions grew revenues 3 percent, year over year, to $205 million and improved operating margins, even during a difficult year for its primary customers – the world's airlines.

sabre airline solutions

Airlines turn to Sabre Airline Solutions for proven products and services to solve problems and cut costs.

In a year when many of the world's airlines were slashing spending and scaling back their operations, Sabre Airline Solutions won a significant amount of new business. The company signed more than 300 contracts across all three segments of its solutions portfolio – airline software applications, reservations and departure-control systems, and consulting services.

Airline Products and Services

Sabre Airline Solutions offers airlines and airports a broad range of decision-support tools to help them streamline and simplify their operations. Its portfolio includes solutions for revenue management, scheduling, airport and flight operations, pricing, marketing, crew systems and long-range planning.

In 2002, Sabre Airline Solutions won a multi-year, multi-million-dollar contract to assist the Unisys Corporation in scheduling the federal Transportation Security Administration's passenger and baggage screening operations at airports across the United States. Sabre Airline Solutions grew its business in all regions of the world with airlines such as Air China, British Airways, Cathay Pacific, Delta Air Lines, Gulf Air and Singapore Air.

In addition, 28 new airlines chose to access a variety of mission-critical Sabre Airline Solutions software products through *Sabre® eMergo*™, a Web-enabled application service provider (ASP) product line. *eMergo* eliminates the need for airlines to build and staff their own data center infrastructure, avoiding capital expense by using a monthly subscription pricing structure. Airlines also use *eMergo* to support important applications such as fare management, gate check-in and operations control.

Reservations and Departure Control

Sabre Airline Solutions is the industry's leading provider of outsourced reservations technology – offering inventory control, departure control and similar systems that help airlines keep their operations running smoothly while also reducing overhead and operating costs. Sabre Airline Solutions technology powers the reservation capabilities for more than 70 airlines worldwide.

Sixteen carriers signed first-time contracts in 2002 to use the Sabre Airline Solutions reservations system, and many current customers renewed or extended their agreements. The year's wins included deals with Southwest Airlines, Air Jamaica and Air Malta, among others. In total, reservations systems hosted by Sabre Airline Solutions board more than 300 million passengers annually – more than any other system in the world.

Consulting Services

Through the consulting business, Sabre Airline Solutions works with more than 100 clients around the world to provide expert advice on strategic, commercial and operational issues. In 2002, Sabre Airline Solutions began a number of new engagements – including an agreement with three airlines in Colombia (Avianca, Sam and Aces) to help the carriers improve operational efficiencies and increase revenues; and a contract with Air China to help the airline develop a long-term IT strategy.

Sabre Airline Solutions also took an important step to deepen its penetration of the small- to medium-sized airline market by acquiring the Kiehl Hendrickson Group, a privately held consulting firm specializing in airline planning and scheduling products and airport operations.

"World's Leading Computer Reservation System/Global Distribution System"
For the ninth consecutive year, the *Sabre*® GDS was selected as the "World's Best" by more than 500,000 travel agents who voted in the 2002 World Travel Awards competition.

sabre travel network

Sabre Travel Network is driving change to enhance the industry's most valuable distribution resource.
Changing industry dynamics and weak demand combined to create a difficult environment in 2002 for the Sabre Travel Network business. But the tough times brought out the best in the business. Sabre Travel Network delivered innovative solutions to both airlines and 56,000 travel agency locations that allow them to gain additional value from the *Sabre* global distribution system (GDS). Known for providing the industry's most robust travel content – including bookings for more than 400 airlines, 50 car rental companies, approximately 60,000 hotel properties, nine cruise lines, 232 tour operators, ferries, rail and more – Sabre Travel Network expanded its offerings to include new pricing options, new travel merchandising programs and other enhancements, all while reducing operating expenses by more than $170 million.

Delivering Value to Travel Suppliers

The world's leading airlines count on the *Sabre* system to provide a low-cost, high-yield distribution channel for the millions of trips they sell to travelers each year. In fact, almost half of all air tickets sold in North America through travel agencies are booked through the *Sabre* system, and an estimated $80 billion worth of travel-related products are sold annually through the GDS on a worldwide basis.

Many major airlines are struggling today, due to weak demand and rising operating costs. In response, Sabre Travel Network introduced innovative pricing programs in 2002 as part of its ongoing effort to improve the way the *Sabre* GDS brings travel buyers and sellers together. A case in point: The new *Sabre® Direct Connect Availability*℠ – *Three-Year Option*. It gives airlines the opportunity to lock in a discounted booking fee for a three-year period when they commit to making their inventory available through the *Sabre* GDS. The program is a win-win situation for the participating airlines and Sabre Travel Network. It helps airlines by reducing their costs and by providing a greater degree of price stability, and it provides Sabre Travel Network with a long-term commitment and full access to fares from the participating airlines.

Empowering Agenda

Sabre Travel Network also introduced an aggressive plan in 2002 to help U.S. travel agents compete more effectively in the face of sweeping industry changes – such as the elimination of commissions from airlines on tickets, and growing demand from travelers for access to the lowest fares and prices.

Called the Empowering Agenda, this broad-based plan included the launch of powerful new tools, such as the *Sabre® Magnify*℠ suite – a set of yield-management technologies that help travel agencies use their operating data to enhance profits and increase total revenues. Sabre Travel Network also introduced *Sabre® Trip Shopping*, which allows agents to use the *Sabre* GDS to quickly and easily build entire trips (air, car, hotel) that combine published rates, negotiated fares and merchant content.

Another key component: The first merchant hotel program exclusively for GDS users – the *Sabre® Exclusives*℠ preferred hotels program – provides competitively priced hotel inventory to travel agencies through the *Sabre* GDS. The program got off to a good start: By year-end, about 41,000 room nights had been sold – generating 10 times greater profitability for Sabre Travel Network (on a room night basis) than the traditional booking fee model would have produced. The program also provides a value-add product for travel agency customers looking for great hotel rates.

financial review

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The following table presents selected historical financial data for each of the five years in the period ended December 31, 2002. On April 8, 2002, we completed a $28 per share cash tender offer for all of the approximately 16.7 million outstanding publicly-held common shares of Travelocity.com that we did not own. Prior to the tender offer, we had an approximate 70 percent ownership stake in Travelocity.com. We consolidated Travelocity.com and accounted for the 30 percent outside ownership as minority interest. After the tender offer, we effected a short-form merger, on April 11, 2002, whereby Travelocity.com became our indirect 100 percent owned subsidiary. Effective on July 1, 2001 we completed the sale of our information technology infrastructure outsourcing business ("Outsourcing Business") to Electronic Data Systems Corporation ("EDS"). The results of operations of the Outsourcing Business have been presented as a discontinued operation for the years ended December 31, 2001, 2000, 1999 and 1998. During 2002, we also completed the purchase of Site59, and during 2001 we completed the acquisition of Sabre Pacific. During 2000, we acquired Preview Travel, Inc., Gradient Solutions Limited, GetThere and a 51 percent ownership interest in Dillon Communication Systems GmbH. These transactions affect the comparability of the data presented. We have paid a dividend only once in our history. On February 7, 2000, we declared a cash dividend on all outstanding shares of our Class A common stock. A dividend of approximately $675 million, or $5.20 per share, was paid on February 18, 2000 in connection with our separation from AMR Corporation, which was our majority owner until March 2000. In addition, effective January 1, 2002, we adopted the provisions of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* ("SFAS No. 142"). Under the new rules, intangible assets deemed to have indefinite lives are not amortized, but are subject to impairment tests annually or when changes in circumstances indicate that the carrying value may not be recoverable.

Year Ended December 31,	**2002**[4]	2001[4]	2000[2]	1999[2]	1998[2]
Income Statement Data[1][2][3]					
in millions, except per share data and other data where indicated					
Revenues	**$2,056.5**	$2,145.0	$1,955.5	$1,705.4	$1,560.9
Operating expenses, excluding amortization of goodwill and intangible assets	**1,685.6**	1,876.2	1,673.3	1,399.9	1,264.7
Amortization of goodwill and intangible assets	**53.4**	277.5	109.4	–	–
Operating income (loss)	**317.5**	(8.7)	172.8	305.5	296.2
Other income (expense), net	**21.4**	20.2	(13.9)	155.4	21.1
Minority interests	**.2**	22.5	30.7	–	–
Income from continuing operations before income taxes	**339.1**	34.0	189.6	460.9	317.3
Income taxes	**125.0**	81.0	93.5	170.4	115.4
Income (loss) from continuing operations	**214.1**	(47.0)	96.1	290.5	201.9
Income from discontinued operations, net[1][5]	**–**	75.1	48.0	41.4	30.0
Cumulative effect of accounting change, net[6]	**–**	3.1	–	–	–
Net earnings	**$ 214.1**	$ 31.2	$ 144.1	$ 331.9	$ 231.9
Earnings (loss) per common share – basic:					
Income (loss) from continuing operations[1]	**$ 1.53**	$ (.35)	$ .74	$ 2.24	$ 1.55
Income from discontinued operations, net[1]	**–**	.57	.37	.32	.23
Cumulative effect of accounting change, net	**–**	.02	–	–	–
Net earnings	**$ 1.53**	$ .24	$ 1.11	$ 2.56	$ 1.78
Earnings (loss) per common share – diluted:					
Income (loss) from continuing operations[1]	**$ 1.50**	$ (.35)	$ .74	$ 2.22	$ 1.55
Income from discontinued operations, net[1]	**–**	.57	.37	.32	.23
Cumulative effect of accounting change, net	**–**	.02	–	–	–
Net earnings	**$ 1.50**	$ .24	$ 1.11	$ 2.54	$ 1.78
Balance Sheet Data (at end of period)[1]					
Current assets	**$1,311.6**	$1,092.2	$ 693.0	$ 976.4	$ 944.4
Goodwill and intangible assets, net	**855.7**	672.1	891.5	–	–
Total assets	**2,756.5**	2,376.0	2,650.4	1,951.2	1,926.8
Current liabilities	**499.9**	564.5	1,266.4	525.1	400.8
Long-term notes payable	**435.8**	400.4	149.0	–	317.9
Minority interests	**10.3**	219.7	239.5	–	–
Stockholders' equity	**$1,641.6**	$1,041.8	$ 791.0	$1,262.0	$ 953.7
Other Data[1]					
Direct reservations booked using the *Sabre* system[7]	**340**	372	394	370	358
Total reservations processed using the *Sabre* system[8]	**397**	431	467	439	409
Operating margin	**15.4%**	(0.4)%	8.8%	17.9%	19.0%
EBITDA[9]	**$ 434.7**	$ 402.7	$ 475.5	$ 480.6	$ 455.5
EBITDA margin[9]	**21.1%**	18.8%	24.3%	28.2%	29.2%
Ratio of earnings to fixed charges[10]	**11.69**	0.97	4.75	29.44	15.41
Cash flows from operating activities[1]	**$ 299.4**	$ 390.2	$ 310.8	$ 495.4	$ 450.8
Capital expenditures[1]	**$ 62.7**	$ 158.4	$ 190.1	$ 168.0	$ 320.0

(1) Effective on July 1, 2001, we completed the sale of our Outsourcing Business, and also entered into agreements with EDS for (i) EDS to manage our IT systems for 10 years, and (ii) to jointly market certain IT services and software solutions to the travel and transportation industries. The results of operations of the Outsourcing Business have been reclassified and presented as income from discontinued operations, net, for 2001, 2000, 1999 and 1998. Balance sheet and cash flow data for periods prior to the sale have not been revised for the effects of our sale of the Outsourcing Business.

(2) Historically, we have had significant transactions with AMR and American Airlines. The terms of many of the agreements with AMR and its affiliates were revised in connection with AMR's divestiture of its entire ownership interest in us in the first quarter of 2000.

(3) The results of operations in 2002, 2001 and 2000 were impacted by our merger and acquisition activities and the amortization expense related to the goodwill and intangible assets recorded in those transactions. Amortization of goodwill and certain indefinite lived intangible assets ceased on January 1, 2002, upon our adoption of SFAS No.142, resulting in approximately $212 million, net of tax and minority interest, less amortization expense being recognized in 2002 compared with 2001.

(4) On September 11, 2001, the United States was the target of terrorist attacks of unprecedented scope involving the hijacking and destruction of multiple passenger aircraft operated by commercial air carriers. Since the September 11, 2001 attacks, our revenue continues to be adversely affected by the state of the United States economy, by the possibility of terrorist attacks, government hostilities and military action, by the financial instability of many air carriers, and by delays resulting from added security measures at airports. Bookings have also decreased since September 11, 2001, due to some or all of these conditions. Bookings were down approximately 65 percent immediately after the September 11, 2001 attacks and were down approximately 15 percent at the end of 2001. Our results of operations for the year ended December 31, 2002, were negatively affected by this continued reduction in travel. Our total global bookings, for 2002, were down 7.8 percent and total bookings, for 2002 in the U.S., were approximately 11.9 percent lower than the year ago period.

(5) Income from discontinued operations for the year ended December 31, 2001, includes a gain of approximately $39 million, net of related income taxes of approximately $25 million, recognized upon completion of the sale of our Outsourcing Business to EDS effective July 1, 2001.

(6) On January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities.*

(7) CRS reservations for which we collect a booking fee.

(8) Includes direct reservations plus reservations processed by joint venture partners using the *Sabre* system.

(9) EBITDA (as used herein) is defined as net income (loss) from continuing operations before interest income and expense, income taxes, depreciation and amortization, and other income (expense), net. We use both EBITDA, and EBITDA as a percentage of revenue (EBITDA margin), as a supplemental financial measurement in the evaluation of our business and interpret trends in EBITDA in a similar manner as trends in cash flows and liquidity. We believe that EBITDA and EBITDA margin may provide additional information with respect to our ability to meet our future debt service, capital expenditures and working capital requirements. EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States. Accordingly, it should not be considered as a substitute for net income (loss), operating income (loss), cash flow provided by operating activities or other income or cash flow data prepared in accordance with accounting principles generally accepted in the United States. When evaluating EBITDA, investors should consider, among other factors, (i) increasing or decreasing trends in EBITDA, (ii) whether EBITDA has remained at positive levels historically and (iii) how EBITDA compares to levels of interest expense. Because EBITDA excludes some, but not all, items that affect net income and may vary among companies, the EBITDA presented above may not be comparable to similarly titled measures of other companies. While we believe that EBITDA may provide additional information with respect to our ability to meet our future debt service, capital expenditures and working capital requirements, functional or legal requirements of our business may require us to utilize our available funds for other purposes. EBITDA is comprised of the following components for each respective period presented:

Year Ended December 31,	**2002**	2001	2000	1999	1998
Income from continuing operations before provision for income taxes	**$339.1**	$ 34.0	$189.6	$ 460.9	$317.3
Net interest (income) expense	**(4.5)**	16.6	15.5	(17.7)	(6.6)
Other, net	**(16.8)**	(36.8)	(1.5)	(137.8)	(14.5)
Depreciation and amortization from continuing operations	**116.9**	388.9	271.9	175.2	159.3

(10) For purposes of computing the ratio of earnings to fixed charges, earnings consist of the sum of income from continuing operations before income taxes and the cumulative effect of change in accounting method, interest expense, and the portion of rent expense deemed to represent interest. Fixed charges consist of interest incurred, whether expensed or capitalized, including amortization of debt issuance costs, if applicable, and the portion of rent expense deemed to represent interest. Earnings for the year ended December 31, 2001 were inadequate to cover fixed charges by $1.3 million.

consolidated statements of income

Year Ended December 31,	**2002**	2001	2000
Revenues *in thousands, except per share amounts*	**$2,056,466**	$2,144,961	$1,955,510
OPERATING EXPENSES			
Cost of revenues	**1,180,168**	1,335,831	1,301,869
Selling, general and administrative	**505,374**	540,317	371,440
Amortization of goodwill and intangible assets	**53,424**	277,522	109,419
Total operating expenses	**1,738,966**	2,153,670	1,782,728
OPERATING INCOME (LOSS)	**317,500**	(8,709)	172,782
OTHER INCOME (EXPENSE)			
Interest income	**27,903**	24,659	16,248
Interest expense	**(23,350)**	(41,165)	(31,686)
Other, net	**16,801**	36,756	1,490
Total other income (expense)	**21,354**	20,250	(13,948)
MINORITY INTERESTS	**214**	22,469	30,754
INCOME FROM CONTINUING OPERATIONS BEFORE PROVISION FOR INCOME TAXES	**339,068**	34,010	189,588
Provision for income taxes	**124,924**	80,963	93,483
INCOME (LOSS) FROM CONTINUING OPERATIONS	**214,144**	(46,953)	96,105
INCOME FROM DISCONTINUED OPERATIONS, NET	**–**	36,305	47,947
GAIN ON SALE OF DISCONTINUED OPERATIONS, NET	**–**	38,772	–
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	**214,144**	28,124	144,052
CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET	**–**	3,103	–
NET EARNINGS	**$ 214,144**	$ 31,227	$ 144,052
EARNINGS (LOSS) PER COMMON SHARE – BASIC			
Income (loss) from continuing operations	**$ 1.53**	$ (.35)	$ .74
Income from discontinued operations, net	**–**	.57	.37
Cumulative effect of accounting change, net	**–**	.02	–
Net earnings	**$ 1.53**	$ .24	$ 1.11
EARNINGS (LOSS) PER COMMON SHARE – DILUTED			
Income (loss) from continuing operations	**$ 1.50**	$ (.35)	$ .74
Income from discontinued operations, net	**–**	.57	.37
Cumulative effect of accounting change, net	**–**	.02	–
Net earnings	**$ 1.50**	$ .24	$ 1.11

December 31,	**2002**	2001
Assets *in thousands*		
CURRENT ASSETS		
Cash	**$ 21,176**	$ 18,855
Marketable securities	**890,584**	648,032
Accounts receivable, net	**298,498**	327,816
Prepaid expenses	**85,657**	51,565
Deferred income taxes	**15,728**	45,970
Total current assets	**1,311,643**	1,092,238
PROPERTY AND EQUIPMENT		
Buildings and leasehold improvements	**156,034**	254,487
Furniture, fixtures and equipment	**43,578**	49,845
Computer equipment and software	**236,639**	189,298
	436,251	493,630
Less accumulated depreciation and amortization	**(196,179)**	(205,181)
Total property and equipment	**240,072**	288,449
DEFERRED INCOME TAXES	**–**	19,611
INVESTMENTS IN JOINT VENTURES	**196,725**	169,949
GOODWILL AND INTANGIBLE ASSETS, NET	**855,683**	672,145
OTHER ASSETS, NET	**152,408**	133,625
Total assets	**$2,756,531**	$2,376,017
Liabilities and Stockholders' Equity		
CURRENT LIABILITIES		
Accounts payable	**$ 181,934**	$ 158,839
Accrued compensation and related benefits	**54,770**	73,274
Accrued subscriber incentives	**69,132**	89,337
Deferred revenues	**46,252**	42,389
Other accrued liabilities	**147,826**	200,617
Total current liabilities	**499,914**	564,456
DEFERRED INCOME TAXES	**13,755**	–
PENSIONS AND OTHER POSTRETIREMENT BENEFITS	**116,305**	88,756
OTHER LIABILITIES	**38,914**	60,938
MINORITY INTERESTS	**10,300**	219,716
NOTES PAYABLE	**435,765**	400,375
COMMITMENTS AND CONTINGENCIES	**–**	–
STOCKHOLDERS' EQUITY		
Preferred stock: $0.01 par value; 20,000 shares authorized; no shares issued	**–**	–
Common stock:		
Class A: $0.01 par value; 250,000 shares authorized; 145,164 and 133,527 shares issued at December 31, 2002 and 2001, respectively	**1,451**	1,351
Additional paid-in capital	**1,276,662**	818,742
Retained earnings	**442,130**	227,986
Accumulated other comprehensive income (loss)	**(16,024)**	3,176
Less treasury stock at cost; 2,480 and 384 shares, respectively	**(62,641)**	(9,479)
Total stockholders' equity	**1,641,578**	1,041,776
Total liabilities and stockholders' equity	**$2,756,531**	$2,376,017

consolidated statements of cash flows

Year Ended December 31,	**2002**	2001	2000
Operating Activities *in thousands*			
Net earnings	**$ 214,144**	$ 31,227	$ 144,052
Adjustments to reconcile net earnings to cash provided by operating activities:			
Depreciation and amortization	**116,948**	437,647	345,794
Stock compensation	**31,142**	7,624	–
Deferred income taxes	**53,204**	(87,409)	22,334
Tax benefit from exercise of stock options	**9,687**	31,126	3,125
Minority interests	**(214)**	(22,469)	(30,754)
Gain on sale of former headquarters building	**(18,308)**	–	–
Gain on sale of discontinued operations, net	**–**	(38,772)	–
Gain on sale of France Telecom shares	**–**	(47,303)	–
Cumulative effect of accounting change, net of tax	**–**	(3,103)	–
Loss on disposal of equipment	**–**	8,347	–
Other	**(22,330)**	2,536	16,210
Changes in operating assets and liabilities:			
Accounts receivable	**175**	159,794	(125,038)
Prepaid expenses	**(29,101)**	(2,601)	(88,861)
Other assets	**33,371**	(24,623)	(20,582)
Accrued compensation and related benefits	**(18,505)**	(18,702)	7,042
Accounts payable and other accrued liabilities	**(26,456)**	(723)	125,355
Receivable from and payable to related parties	**–**	–	29,100
Pensions and other postretirement benefits	**(7,493)**	(21,133)	(9,798)
Payment to US Airways	**–**	–	(81,469)
Other liabilities	**(36,869)**	(21,226)	(25,738)
Cash provided by operating activities	**299,395**	390,237	310,772
Investing Activities			
Additions to property and equipment	**(62,650)**	(158,407)	(190,126)
Business combinations, net of cash acquired	**(498,508)**	(55,343)	(711,383)
Proceeds from exercise of Travelocity.com stock options	**33,658**	13,145	3,786
Proceeds from sale of former headquarters building	**80,000**	–	–
Purchase of data center facility from lessor	**(92,092)**	–	–
Proceeds from sale of data center facility	**68,464**	–	–
Proceeds from sale of minority interest in Sabre Pacific	**23,466**	–	–
Proceeds from sale of discontinued operations	**–**	660,763	–
Purchases of marketable securities	**(4,695,307)**	(3,340,225)	(9,987,302)
Sales of marketable securities	**4,453,062**	2,833,914	10,431,229
Proceeds from sales of investments	**8,807**	86,253	–
Purchases of Travelocity.com common stock	**–**	(17,908)	–
Other investing activities, net	**4,354**	(39,942)	(19,183)
Cash used for investing activities	**(676,746)**	(17,750)	(472,979)
Financing Activities			
Proceeds from public offering of common stock	**399,763**	–	–
Proceeds from exercise of stock options and issuance of stock under employee stock purchase plan	**36,609**	109,262	18,198
Purchase of treasury stock	**(56,610)**	(9,064)	(34,472)
Dividends paid	**–**	–	(675,000)
Issuance of notes payable	**–**	397,392	859,000
Repayment of notes payable	**–**	(859,000)	–
Other financing activities, net	**(90)**	–	(4,369)
Cash provided by (used for) financing activities	**379,672**	(361,410)	163,357
Increase in cash	**2,321**	11,077	1,150
Cash at beginning of the period	**18,855**	7,778	6,628
Cash at end of the period	**$ 21,176**	$ 18,855	$ 7,778
Cash payments for income taxes	**$ 44,069**	$ 177,415	$ 117,131
Cash payments for interest	**$ 22,412**	$ 32,612	$ 27,638

consolidated statements of stockholders' equity

in thousands	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance at December 31, 1999	$ 240	$ 1,074	$ 607,285	$ 727,707	$ (657)	$(73,604)	$1,262,045
Net earnings	–	–	–	144,052	–	–	144,052
Exchange of Class B common stock for Class A common stock	1,074	(1,074)	–	–	–	–	–
Dividends paid	–	–	–	(675,000)	–	–	(675,000)
Repurchase of Company stock	–	–	–	–	–	(34,472)	(34,472)
Issuance of 720 shares of Class A common stock pursuant to stock option, restricted stock incentive and stock purchase plans	7	–	(24,583)	–	–	40,510	15,934
Tax benefit from exercise of employee stock options	–	–	3,125	–	–	–	3,125
Options issued in connection with business combinations, net of unearned deferred compensation of $46,855	–	–	75,271	–	–	–	75,271
Unrealized gain on investment	–	–	–	–	768	–	768
Other	–	–	(706)	–	–	–	(706)
Balance at December 31, 2000	1,321	–	660,392	196,759	111	(67,566)	791,017
Issuance of 3,063 shares of Class A common stock pursuant to stock option, restricted stock incentive and stock purchase plans	30	–	42,081	–	–	67,151	109,262
Tax benefit from exercise of employee stock options	–	–	31,126	–	–	–	31,126
Purchase of treasury stock	–	–	–	–	–	(9,064)	(9,064)
Reclassification of US Airways options to equity instruments	–	–	100,447	–	–	–	100,447
Change in fair value of contingent warrants to be issued to customer	–	–	(10,977)	–	–	–	(10,977)
Comprehensive income:							
Net earnings	–	–	–	31,227	–	–	31,227
Unrealized gain on foreign currency forward contracts, net of deferred income taxes	–	–	–	–	802	–	802
Unrealized gain on investments, net of deferred income taxes	–	–	–	–	2,372	–	2,372
Unrealized foreign currency translation loss	–	–	–	–	(109)	–	(109)
Total comprehensive income							34,292
Other	–	–	(4,327)	–	–	–	(4,327)
Balance at December 31, 2001	1,351	–	818,742	227,986	3,176	(9,479)	1,041,776
Issuance of 1,615 shares of Class A common stock pursuant to stock option, restricted stock incentive and stock purchase plans	**16**	**–**	**33,145**	**–**	**–**	**3,448**	**36,609**
Issuance of 9,430 shares of Class A common stock pursuant to equity offering	**94**	**–**	**399,669**	**–**	**–**	**–**	**399,763**
Settlement of warrants issued in connection with business combination	**–**	**–**	**(15,972)**	**–**	**–**	**–**	**(15,972)**
Conversion of vested stock options pursuant to the acquisition of Travelocity.com minority interest	**–**	**–**	**14,209**	**–**	**–**	**–**	**14,209**
Tax benefit from exercise of employee stock options	**–**	**–**	**9,687**	**–**	**–**	**–**	**9,687**
Purchases of treasury stock	**–**	**–**	**–**	**–**	**–**	**(56,610)**	**(56,610)**
Stock based compensation for employees and consultants	**–**	**–**	**16,933**	**–**	**–**	**–**	**16,933**
Comprehensive income:							
Net earnings	**–**	**–**	**–**	**214,144**	**–**	**–**	**214,144**
Minimum pension liability adjustment, net of deferred income taxes	**–**	**–**	**–**	**–**	**(21,638)**	**–**	**(21,638)**
Unrealized gain on foreign currency forward contracts, net of deferred income taxes	**–**	**–**	**–**	**–**	**4,174**	**–**	**4,174**
Unrealized loss on investments, net of deferred income taxes	**–**	**–**	**–**	**–**	**(1,867)**	**–**	**(1,867)**
Unrealized foreign currency translation gain	**–**	**–**	**–**	**–**	**131**	**–**	**131**
Total comprehensive income							**194,944**
Other	**(10)**	**–**	**249**	**–**	**–**	**–**	**239**
Balance at December 31, 2002	**$1,451**	**$ –**	**$1,276,662**	**$ 442,130**	**$(16,024)**	**$(62,641)**	**$1,641,578**

report of ernst & young LLP, independent auditors

The Board of Directors and Stockholders
Sabre Holdings Corporation

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of Sabre Holdings Corporation and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2002 (not presented separately herein), and in our report dated January 13, 2003, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

As discussed in Note 2 to the consolidated financial statements, filed as part of Form 10-K/A, effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*.

Ernst & Young LLP

Dallas, Texas
January 13, 2003

board of directors

Front, from left to right
Glenn W. Marschel, Jr.,
Richard L. Thomas,
William J. Hannigan,
Bob L. Martin,
Pamela B. Strobel
Back, from left to right
Royce S. Caldwell,
Mary Alice Taylor,
Paul C. Ely, Jr.,
Richard G. Lindner

Royce S. Caldwell
Retired Vice Chairman
SBC Communications Inc.

Paul C. Ely, Jr.
Retired Chairman
Santa Cruz Yachts

William J. Hannigan
Chairman and
Chief Executive Officer
Sabre Holdings Corporation

Richard G. Lindner
Chief Financial Officer
Cingular Wireless

Glenn W. Marschel, Jr.
Chief Executive Officer
NetNumber Inc.

Bob L. Martin
Retired President and
Chief Executive Officer
Wal-Mart International Inc.

Pamela B. Strobel
Executive Vice President
Exelon Corporation;
Chairman and Chief
Executive Officer
Exelon Energy Delivery

Mary Alice Taylor
Former Chairman and
Chief Executive Officer
HomeGrocer.com Inc.

Richard L. Thomas
Retired Chairman
First Chicago NBD
Corporation and
The First National
Bank of Chicago

corporate executive officers

William J. Hannigan
Chairman and
Chief Executive Officer

M. Sam Gilliland
Executive Vice
President, and
President and Chief
Executive Officer,
Travelocity

Jeffery M. Jackson
Executive Vice
President and
Chief Financial Officer

Eric J. Speck
Executive Vice
President and
Chief Marketing Officer

David A. Schwarte
Executive Vice
President and
General Counsel

principal business leaders

M. Sam Gilliland
Executive Vice
President, and
President and Chief
Executive Officer,
Travelocity

Thomas Klein
Senior Vice President and
Group President,
Sabre Airline Solutions

Jeffrey H. Palmer
Senior Vice President and
President, GetThere

John S. Stow
Senior Vice President and
President, Sabre Travel
Network

investor information

We welcome inquiries from investors, prospective investors, security analysts and other members of the professional financial community. Please contact Sabre Holdings investor relations at 1 866 SABRE IR, or visit www.sabre-holdings.com and click on "Investors."

Common Stock

The Class A Common Stock of Sabre Holdings Corporation is listed on the New York Stock Exchange under the symbol TSG.

Quarterly per Share Market Price of Common Stock

	TRADING		
	High	Low	Close
FISCAL 2002			
First Quarter	$49.98	$36.85	$46.71
Second Quarter	49.35	33.26	35.80
Third Quarter	35.80	18.42	19.35
Fourth Quarter	22.25	14.85	18.11
FISCAL 2001			
First Quarter	$47.85	$35.88	$46.17
Second Quarter	54.98	43.34	50.00
Third Quarter	53.85	21.22	26.74
Fourth Quarter	43.02	25.70	42.35

Sabre Holdings on the Internet

Additional information about Sabre Holdings, including a summary of its latest financial results, is available at www.sabre-holdings.com.

Form 10-K/A

A copy of Sabre Holdings Corporation's 2002 annual report (Form 10-K/A) to the Securities and Exchange Commission will be furnished without charge. To obtain the 10-K/A, visit www.sabre-holdings.com, click on "Investors," and click on "SEC Filings" or "Annual Reports," or call 1 866 SABRE IR.

Annual Meeting

The Annual Meeting of Shareholders will be held at 10 a.m. CDT on Tuesday, May 13, 2003, at The Creeks at Beechwood Hotel and Conference Center in Fort Worth, Texas.

The Creeks at Beechwood Hotel and Conference Center
Trinity Ballroom
3300 Championship Parkway
Fort Worth, TX 76177
817 961 0800

Transfer Agent and Registrar

Investors who wish to change the name, address or ownership of their stock or to report lost certificates should contact:

The Bank of New York
1 866 857 2220
E-mail: Shareowner-svcs@bankofny.com
Web site: http://www.stockbny.com

Address general investor inquiries to:
The Bank of New York
Shareholder Relations Department
P.O. Box 11258
Church Street Station
New York, NY 10286

Send certificates for transfer and address changes to:
The Bank of New York
Receive and Deliver Department
P.O. Box 11002
Church Street Station
New York, NY 10286

Trademarks and Service Marks

Sabre Holdings, the Sabre Holdings logo, Sabre Airline Solutions, the Sabre Airline Solutions logo, Sabre Travel Network, the Sabre Travel Network logo, and Exclusives are trademarks, and Sabre, Travelocity, GetThere, eMergo, Direct Connect Availability, and Magnify are registered trademarks of an affiliate of Sabre Holdings Corporation. All other trademarks are the property of their respective owners.

Worldwide Headquarters

Sabre Holdings Corporation
3150 Sabre Drive
Southlake, TX 76092 USA
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CAUTIONARY NOTICE ABOUT FORWARD-LOOKING STATEMENTS

Statements in this report which are not purely historical facts, including statements about forecasted revenue or earnings growth, cost estimates, and future bookings outlook, or other statements about anticipations, beliefs, expectations, hopes, intentions or strategies for the future, may be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Readers are cautioned not to place undue reliance on forward-looking statements. All forward-looking statements are based upon information available to Sabre Holdings on the date this release was issued. Sabre Holdings undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including risks or uncertainties related to: the computer reservation system rules recently proposed by the Department of Transportation; airlines limiting their participation in travel marketing and distribution services; our revenues being highly dependent on the travel and transportation industries; decrease in travel related to any potential increase in hostilities around the world; structural changes within the travel industry, such as airline suppliers in bankruptcy; or possible merger and acquisition activity by us. Sabre Holdings may not succeed in addressing these and other risks. Further information regarding factors that could affect our financial and other results can be found in the risk factors section of our most recent filing on Form 10-K/A with the Securities and Exchange Commission.

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