



FINANCIAL REVIEW

In this annual report, you've read about the many Sabre technologies that are transforming the travel industry today. If you'd like to learn more, we invite you to visit our Web site — www.sabre.com — where you'll find up-to-the-minute news about our products and services. From the Sabre home page, you can also click on "Investor Relations" to get the latest information on financials, current news, events and more.

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SELECTED CONSOLIDATED FINANCIAL DATA

(in millions, except per share data and other data where indicated)

The following table presents historical financial data of Sabre. During 2000, Sabre acquired Preview Travel, Inc.; Gradient Solutions Limited; GetThere, Inc.; and a 51 percent ownership interest in Dillon Communication Systems GmbH. Such acquisitions affect the comparability of the data presented. The consolidated financial data included herein should be read in conjunction with the consolidated financial statements of Sabre Holdings Corporation ("Sabre") and the notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2000, as filed with the Securities and Exchange Commission ("Consolidated Financial Statements").

	2000	Year Ended December 31,			
		1999	1998	1997	1996
Income Statement Data⁽¹⁾⁽²⁾					
Revenues	\$2,617.3	\$2,434.6	\$2,306.4	\$1,788.4	\$1,625.1
Operating expenses	2,366.9	2,062.1	1,956.0	1,475.8	1,295.2
Operating income	250.4	372.5	350.4	312.6	329.9
Other income (expense), net	(13.9)	155.4	21.1	11.0	(24.0)
Minority interests	30.7	—	—	—	—
Income before income taxes	267.2	527.9	371.5	323.6	305.9
Income taxes	123.1	196.0	139.6	123.7	119.3
Net earnings	\$ 144.1	\$ 331.9	\$ 231.9	\$ 199.9	\$ 186.6
Earnings per common share, basic	\$ 1.11	\$ 2.56	\$ 1.78	\$ 1.53	\$ 1.43
Earnings per common share, diluted	\$ 1.11	\$ 2.54	\$ 1.78	\$ 1.53	\$ 1.43
Balance Sheet Data (at end of period)⁽¹⁾⁽²⁾					
Current assets	\$ 693.0	\$ 976.4	\$ 944.4	\$ 877.6	\$ 694.5
Goodwill and intangible assets, net	891.5	—	—	—	—
Total assets	2,650.4	1,951.2	1,926.8	1,504.0	1,287.1
Current liabilities	1,266.4	525.1	400.8	311.5	289.8
Long-term notes payable	149.0	—	317.9	317.9	317.9
Minority interests	239.5	—	—	—	—
Stockholders' equity	\$ 791.0	\$1,262.0	\$ 953.7	\$ 757.3	\$ 569.6
Other Data⁽¹⁾⁽²⁾					
Operating margin ⁽¹⁾	9.6%	15.3%	15.2%	17.5%	20.3%
Direct reservations booked using the Sabre GDS ⁽³⁾	394	370	358	360	349
Total reservations booked using the Sabre GDS ⁽⁴⁾	467	439	409	372	356
Cash flows from operating activities	\$ 310.8	\$ 495.4	\$ 450.8	\$ 372.8	\$ 415.8
Capital expenditures	\$ 190.1	\$ 168.0	\$ 320.0	\$ 218.1	\$ 184.3

(1) 2000 results of operations were impacted by Sabre's merger and acquisition activities and the related goodwill amortization expense associated with those transactions.

(2) Sabre has significant transactions with AMR Corporation and American Airlines, Inc. The terms of many of the agreements with AMR Corporation and its affiliates were revised in connection with AMR Corporation's divestiture of its entire ownership interest in Sabre in the first quarter of 2000.

(3) GDS reservations for which Sabre collects a booking fee — excluding Asia/Pacific bookings transferred to ABACUS International, our joint venture in that region.

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

CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31,	
	2000	1999
Assets		
Current assets		
Cash	\$ 7,778	\$ 6,628
Marketable securities	137,258	604,498
Accounts receivable, net	448,463	295,254
Receivable from related party, net	—	29,093
Prepaid expenses	83,580	22,899
Deferred income taxes	15,889	18,052
Total current assets	692,968	976,424
Property and equipment		
Buildings and leasehold improvements	340,473	337,409
Furniture, fixtures and equipment	49,627	46,485
Service contract equipment	517,886	546,200
Computer equipment	527,085	482,334
	1,435,071	1,412,428
Less accumulated depreciation and amortization	(879,030)	(839,874)
Total property and equipment	556,041	572,554
Investments in joint ventures	159,317	156,158
Goodwill and intangible assets, net	891,497	—
Other assets, net	350,531	246,075
Total assets	\$2,650,354	\$1,951,211
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 173,954	\$ 121,091
Accrued compensation and related benefits	91,196	89,424
Notes payable	710,000	—
Other accrued liabilities	291,238	314,598
Total current liabilities	1,266,388	525,113
Deferred income taxes	47,703	—
Pensions and other postretirement benefits	109,889	119,687
Notes payable	149,000	—
Other liabilities	46,877	44,366
Minority interests	239,480	—
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; 131,632 and 23,995 shares issued, respectively	1,321	240
Class B: \$0.01 par value; 107,374 shares authorized; 0 and 107,374 shares issued and outstanding, respectively	—	1,074
Additional paid-in capital	661,098	607,285
Retained earnings	196,164	727,050
Less treasury stock at cost; 1,625 and 1,573 shares, respectively	(67,566)	(73,604)
Total stockholders' equity	791,017	1,262,045
Total liabilities and stockholders' equity	\$2,650,354	\$1,951,211

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

	Year Ended December 31,		
	2000	1999	1998
Revenues			
Travel Marketing and Distribution	\$1,764,610	\$1,481,200	\$1,324,795
Outsourcing and Software Solutions	852,765	953,419	981,592
Total revenues	2,617,375	2,434,619	2,306,387
Operating expenses			
Cost of revenues			
Travel Marketing and Distribution	1,135,445	1,001,925	915,805
Outsourcing and Software Solutions	703,313	806,635	847,212
Selling, general and administrative	418,767	253,557	192,998
Amortization of goodwill and intangible assets	109,419	—	—
Total operating expenses	2,366,944	2,062,117	1,956,015
Operating income	250,431	372,502	350,372
Other income (expense)			
Interest income	16,248	27,673	26,034
Interest expense	(31,686)	(9,995)	(19,493)
Other, net	1,490	137,765	14,541
Total other income (expense)	(13,948)	155,443	21,082
Minority interests	30,754	—	—
Income before provision for income taxes	267,237	527,945	371,454
Provision for income taxes	123,185	196,038	139,513
Net earnings	\$ 144,052	\$ 331,907	\$ 231,941
Earnings per common share⁽¹⁾			
Basic	\$ 1.11	\$ 2.56	\$ 1.78
Diluted	\$ 1.11	\$ 2.54	\$ 1.78

(1) 2000 results of operations were impacted by Sabre's merger and acquisition activities and the related goodwill amortization expense associated with those transactions.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year Ended December 31,		
	2000	1999	1998
Operating activities			
Net earnings	\$ 144,052	\$ 331,907	\$ 231,941
Adjustments to reconcile net earnings to cash provided by operating activities			
Depreciation and amortization	345,794	258,246	247,734
Deferred income taxes	22,334	(8,088)	(1,021)
Gain on sale of investments	—	(137,657)	—
Minority interests	(30,754)	—	—
Other	19,335	1,544	1,940
Changes in operating assets and liabilities			
Accounts receivable	(125,038)	48,827	(103,237)
Prepaid expenses	(88,861)	(9,810)	(9,744)
Other assets	(20,582)	3,586	(437)
Accrued compensation and related benefits	7,042	(4,284)	24,014
Accounts payable and other accrued liabilities	125,355	(3,308)	53,288
Receivable from and payable to related parties	29,100	(7,491)	(10,780)
Pensions and other postretirement benefits	(9,798)	15,113	15,001
Payment to US Airways	(81,469)	—	—
Other liabilities	(25,738)	6,797	2,104
Cash provided by operating activities	310,772	495,382	450,803
Investing activities			
Additions to property and equipment	(190,126)	(167,963)	(320,031)
Proceeds from sale of equipment	1,517	2,002	30,276
Net decrease (increase) in marketable securities	442,930	(75,129)	43,373
Loan to American	—	(300,000)	—
Proceeds from sale of investments	—	137,657	—
Investments in joint ventures, net	—	5,965	(134,759)
Business combinations, net of cash acquired	(711,383)	—	—
Other investing activities, net	(15,917)	(40,044)	(41,691)
Cash used for investing activities	(472,979)	(437,512)	(422,832)
Financing activities			
Proceeds from issuance of common stock pursuant to employee stock plans	18,198	20,645	10,997
Purchases of treasury stock	(34,472)	(60,454)	(49,321)
Dividends paid	(675,000)	—	—
Proceeds from issuance of notes payable	859,000	—	—
Other financing activities, net	(4,369)	(1,568)	7,075
Payments on debenture payable to AMR	—	(17,873)	—
Cash provided by (used for) financing activities	163,357	(59,250)	(31,249)
Increase (decrease) in cash	1,150	(1,380)	(3,278)
Cash at beginning of the period	6,628	8,008	11,286
Cash at end of the period	\$ 7,778	\$ 6,628	\$ 8,008
Supplemental cash flow information			
Cash payments for income taxes	\$ 117,131	\$ 173,907	\$ 141,784
Cash payments for interest	\$ 27,638	\$ 14,699	\$ 19,818

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

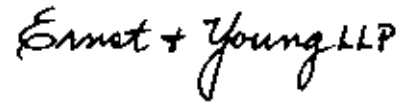
(in thousands)

	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance at December 31, 1997	\$ 235	\$ 1,074	\$593,939	\$164,004	\$ (1,964)	\$ 757,288
Net earnings	—	—	—	231,941	—	231,941
Repurchase of Sabre stock	—	—	—	—	(49,321)	(49,321)
Issuance of 486 shares of Class A common stock pursuant to stock option, restricted stock incentive and stock purchase plans	2	—	2,278	—	8,830	11,110
Tax benefit from exercise of employee stock options	—	—	2,870	—	—	2,870
Unrealized loss on investments	—	—	—	(145)	—	(145)
Balance at December 31, 1998	237	1,074	599,087	395,800	(42,455)	953,743
Net earnings	—	—	—	331,907	—	331,907
Repurchase of Sabre stock	—	—	—	—	(60,454)	(60,454)
Issuance of 289 shares of Class A common stock pursuant to stock option, restricted stock incentive and stock purchase plans	3	—	1,276	—	29,305	30,584
Tax benefit from exercise of employee stock options	—	—	6,922	—	—	6,922
Unrealized loss on investments	—	—	—	(657)	—	(657)
Balance at December 31, 1999	240	1,074	607,285	727,050	(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 Sabre 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
Other	—	—	—	62	—	62
Balance at December 31, 2000	\$1,321	\$ —	\$661,098	\$196,164	\$(67,566)	\$ 791,017

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, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000, (not presented separately herein) and in our report dated January 15, 2001, 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.

The signature of Ernst & Young LLP is written in a cursive, handwritten style. The words "Ernst + Young" are written in a larger, more prominent script, with "LLP" in a smaller, simpler font to the right.

Dallas, Texas
January 15, 2001

EXECUTIVE OFFICERS

William J. Hannigan

Chairman, President and Chief Executive Officer

M. Sam Gilliland

Executive Vice President
and Chief Marketing Officer

Jeffery M. Jackson

Executive Vice President
and Chief Financial Officer

Gadi Maier

Executive Vice President
and President, GetThere

David A. Schwarte

Executive Vice President and General Counsel

Eric J. Speck

Executive Vice President and President,
Travel Marketing and Distribution

James F. Brashear

Senior Vice President, Deputy General Counsel
and Corporate Secretary

Bruce J. Charendoff

Senior Vice President, Government Affairs

Steve M. Clampett

Senior Vice President, Software Solutions

Andrew A. Cuomo

Senior Vice President and Chief of Staff

Michael E. Haefner

Senior Vice President, Human Resources

Hugh W. Jones

Senior Vice President and Controller

Carol A. Kelly

Senior Vice President
and Chief Information Officer

Ellen L. Keszler

Senior Vice President, Travel Agency Solutions
North America Sales and Service

Thomas Klein

Senior Vice President and President,
Emerging Businesses

Joan C. Kuehl

Senior Vice President, Software Technology

James E. Murphy

Senior Vice President, Corporate Development
and Treasurer

R. Craig Murphy

Senior Vice President
and Chief Technology Officer

Mike W. Nelson

Senior Vice President and General Manager,
Global Infrastructure

Leslie A. Price

Senior Vice President,
Corporate Communications

Joe I. Saliba

Senior Vice President, Sales, Account
Management and Customer Care

Barry C. Smith

Senior Vice President and Chief Scientist

John S. Stow

Senior Vice President and President,
Travel Agency Solutions

BOARD OF DIRECTORS

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Sabre Holdings Corporation

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President
AT&T Corporation

Paul C. Ely, Jr.

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Santa Cruz Yachts

Glenn W. Marschel, Jr.

President and Chief Executive Officer
NetNumber.com Inc.

Bob L. Martin

Retired Chief Executive Officer
Wal-Mart International Inc.

Pamela B. Strobel

President
Exelon Energy Delivery Company
Commonwealth Edison Company

Mary Alice Taylor

Former Chairman, President
and Chief Executive Officer
HomeGrocer.com Inc.

Richard L. Thomas

Retired Chairman
First Chicago NBD Corporation

CORPORATE INFORMATION

Shareholder Information

We welcome inquiries from shareholders, security analysts and other members of the professional financial community. Please contact the Investor Relations Department at Sabre headquarters or by telephone at 1 866 SABRE IR.

Common Stock

The Class A Common Stock of Sabre Holdings Corporation is listed on the New York Stock exchange with the symbol "TSG."

Quarterly Per Share Market Price of Common Stock

	Trading		Close
	High	Low	
Fiscal 2000			
First Quarter	\$53.5000	\$34.1875	\$36.9375
Second Quarter	38.6250	25.5625	28.5000
Third Quarter	30.5625	22.3125	28.9375
Fourth Quarter	43.8125	26.3750	43.1250
Fiscal 1999			
First Quarter	\$47.7500	\$38.2500	\$45.3750
Second Quarter	70.6250	44.9370	68.7500
Third Quarter	72.0000	39.5000	43.0000
Fourth Quarter	56.1250	39.7500	51.2500

Sabre on the Internet

Additional information on Sabre, including a summary of the latest financial results, is available at www.sabre.com.

Form 10-K

A copy of Sabre Holdings Corporation's 2000 annual report (Form 10-K) to the Securities and Exchange Commission will be furnished without charge by logging on to www.sabre.com/investor and clicking on *mail requests*, or by calling 1 866 SABRE IR.

Annual Meeting

The Annual Meeting of Shareholders will be held on Tuesday, May 15, 2001 at 10:00 am Central Daylight Saving Time:

Dallas/Fort Worth Airport Marriott South
Trinity Ballroom
4151 Centreport Drive
Fort Worth, Texas 76155
Tel: 817 358 1700

Transfer Agent and Registrar

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

First Chicago Trust Company of New York, Inc.
P.O. Box 2500
Jersey City, New Jersey 07303-2500
201 324 1225
Tel: 1 888 756 1854

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