SABRE HOLDINGS CORP
Form 424B5
March 10, 2006

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FILE PURSUANT TO RULE 424(B)(5)
REGISTRATION NO. 333-99209

PROSPECTUS SUPPLEMENT
(To Prospectus dated April 3, 2003)

$400,000,000

SABRE HOLDINGS CORPORATION

6.350% Senior Notes due 2016

We are offering $400,000,000 aggregate principal amount of our 6.350% Senior Notes due 2016 which are referred to in this prospectus supplement as the notes. The notes will mature on March 15, 2016. Interest on the notes will accrue from March 13, 2006, and we will pay interest on the notes on March 15 and September 15 of each year, beginning September 15, 2006.

We may redeem some or all of the notes at any time at the redemption price described in "Description of Notes Optional Redemption" in this prospectus supplement, plus accrued interest to the date of redemption.

The interest rate payable on the notes will be subject to adjustment from time to time after the occurrence of certain change of control events as described in "Description of Notes Interest Rate Adjustment Upon a Change of Control" in this prospectus supplement.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-6 of this prospectus supplement and page 1 of the accompanying prospectus.

PRICE 99.634% AND ACCRUED INTEREST, IF ANY

	Price to Public	***Underwriting Discounts and Commissions***	***Proceeds to Us Before Expenses***
Per note	*99.634%*	*0.650%*	*98.984%*
Total	*$398,536,000*	*$2,600,000*	*$395,936,000*

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Morgan Stanley & Co. Incorporated expects to deliver the notes to purchasers on March 13, 2006.

Joint Book-Running Managers

MORGAN STANLEY ***BEAR, STEARNS & CO. INC.***

GOLDMAN, SACHS & CO.

BANC OF AMERICA SECURITIES LLC ***CITIGROUP*** ***JPMORGAN***

March 8, 2006

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PROSPECTUS SUPPLEMENT

PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we send to you or file with the SEC. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus supplement and the accompanying prospectus, or the documents incorporated by reference therein, is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which contains more general information, some of which may not apply to the notes we are offering in this prospectus supplement. To the extent there is a conflict between the information contained or incorporated by reference in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference therein, on the other hand, you should rely on the information in this prospectus supplement.

Unless the context other requires, the terms "we," "us" and "our" in this prospectus supplement refer to Sabre Holdings Corporation, a Delaware corporation, and its predecessors and direct and indirect subsidiaries.

FORWARD-LOOKING STATEMENTS

Certain statements in, or incorporated by reference in, this prospectus supplement and the accompanying prospectus are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including statements about trends, uncertainties and our plans and expectations of what may happen in the future, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "could," "project," "potential," "plan," "forecast," "expect," "should," "would," "intend," "estimate," "anticipate," "believe," "continue" or similar terminology. Forward-looking statements are based on a number of assumptions and estimates that are inherently subject to significant risks and uncertainties, and our results could differ materially from the results anticipated by our forward-looking statements as a result of many known or unknown factors. Please see the section entitled "Risk Factors" on page S-6 of this prospectus supplement. We undertake no obligation to update publicly or revise any forward-looking statements after the date of this prospectus supplement.

SUMMARY

This summary may not contain all the information that may be important to you. You should read the entire prospectus supplement and accompanying prospectus, as well as the documents incorporated by reference in them, before making an investment decision. See "Where You Can Find More Information and Incorporation of Certain Documents by Reference" on page S-38 of this prospectus supplement.

Our Company

We are a world leader in travel commerce. We market travel products and provide distribution and technology solutions for the travel industry. We operate in multiple travel distribution areas, which we refer to as "channels": travel agencies, direct to consumers, and the corporate or business-direct area.

We operate our business through three different segments:

Sabre Travel Network Our Sabre Travel Network segment markets and distributes travel-related products and services through the travel agency and corporate channels.

Travelocity® Our Travelocity segment markets and distributes travel-related products and services directly to individuals, including leisure travelers and business travelers, through Travelocity and lastminute.com branded websites and contact centers.

Sabre Airline Solutions Sabre Airline Solutions is a global leader in providing passenger management solutions, software products and related services, and consulting services to help airlines simplify operations and lower costs.

In 2005, approximately 59.7% of our revenue was generated from Sabre Travel Network, 30.7% from Travelocity and 9.6% from Sabre Airline Solutions based on segment results that include intersegment revenues.

We are a holding company incorporated on June 25, 1996. Sabre Inc. is our principal operating subsidiary and sole direct subsidiary. Sabre Inc. and its direct or indirect subsidiaries conduct all of our businesses. Our principal executive offices are currently located at 3150 Sabre Drive, Southlake, Texas 76092, and our telephone number is (682) 605-1000.

The Offering

Issuer	Sabre Holdings Corporation
Notes Offered	$400,000,000 in aggregate principal amount of 6.350% Senior Notes due 2016
Maturity Date	March 15, 2016
Issue Price	99.634% of par plus accrued interest, if any, from the issue date of the notes
Interest Rate	6.350% per year
Interest Payment Dates	March 15 and September 15, beginning on September 15, 2006. Interest will accrue from the issue date of the notes.
Ranking	The notes are unsecured, unsubordinated obligations and will:
	rank equally in right of payment with all of our existing and future unsecured, unsubordinated indebtedness;
	to the extent that we incur subordinated indebtedness in the future, rank senior in right of payment to such subordinated indebtedness;
	be effectively subordinated to any of our existing or future secured indebtedness to the extent of the value of our assets securing such indebtedness; and
	be structurally subordinated to any indebtedness and other liabilities of our subsidiaries.
	As of December 31, 2005, we had (1) no unsecured indebtedness that would rank senior to the notes, (2) approximately $1,226 million of unsecured indebtedness that would rank equally in right of payment with the notes, (3) no indebtedness that would rank junior to the notes, and (4) approximately $159 million of secured indebtedness. As of December 31, 2005, our subsidiaries had approximately $1,503 million of indebtedness and other liabilities outstanding. We will be permitted to incur additional secured indebtedness, subject to the limitations imposed by the terms of the indenture, and the indenture will not contain any limits on the ability of our subsidiaries to incur additional debt or other liabilities.
Optional Redemption	We may redeem some or all of the notes at any time at the redemption price described in "Description of Notes Optional Redemption" in this prospectus supplement, plus accrued interest to the date of redemption.
Interest Rate Adjustment Upon a Change of Control	The interest rate payable on the notes will be subject to adjustment from time to time after the occurrence of certain change of control events as described in "Description of Notes Interest Rate Adjustment Upon a Change of Control" in this prospectus supplement.

Certain Covenants	The indenture governing the notes will contain covenants that limit our ability and our subsidiaries' ability to:
	incur liens on our assets to secure debt;
	enter into certain sale and lease-back transactions;
	merge or consolidate with another company; and
	transfer or sell substantially all of our assets.
Use of Proceeds	We will use the proceeds of this offering to repay a portion of the remaining outstanding borrowings under our bridge credit facility.

Summary Consolidated Financial Data

The following table sets forth our summary consolidated financial data as of and for the years ended December 31, 2005, 2004 and 2003. The information is only a summary and should be read together with the audited consolidated financial statements and related notes incorporated by reference in this prospectus supplement and accompanying prospectus. See "Where You Can Find More Information and Incorporation of Certain Documents by Reference" on page S-38 of this prospectus supplement.

	Year Ended December 31,		
	2005	2004	2003
	(in millions, except per share data and other data where indicated)		
Income Statement Data:			
Revenues	$ 2,521.3	$ 2,131.0	$ 2,045.2
Operating income	260.9	258.7	166.2
Net earnings	172.2	190.4	83.3
Per Share Data:			
Earnings per common share basic	$ 1.33	$ 1.40	$ 0.59
Earnings per common share diluted	$ 1.32	$ 1.38	$ 0.58
Dividends per common share	$ 0.36	$ 0.30	$ 0.21
Balance Sheet Data:			
Cash and cash equivalents	$ 568.8	$ 837.0	$ 922.6
Goodwill and intangible assets	2,333.1	988.6	891.7
Total assets	4,374.1	3,018.0	2,966.5
Current liabilities	1,892.5	608.3	503.4
Long-term capital lease obligation	158.2	161.1	160.7
Public and other notes payable	426.4	439.3	442.5
Total debt	1,385.4	601.3	604.1
Stockholders' equity	1,643.1	1,626.5	1,680.1
Other Data:			
Cash flows from operating activities	$ 225.5	$ 361.4	$ 277.9
Cash flows used for investing activities	(833.9)	(99.0)	(165.2)
Cash flows provided by (used for) financing activities	698.1	(255.4)	(94.4)
Depreciation and amortization	130.6	116.7	127.2
Capital expenditures	91.7	78.0	71.5

Ratio of Earnings to Fixed Charges

Our consolidated ratios of earnings to fixed charges for each of the five fiscal years ended December 31, 2005 are as follows:

	Year Ended December 31,				
	2005	2004	2003	2002	2001
Ratio of Earnings to Fixed Charges(1)	4.91	8.63	5.34	11.69	(2)

(1) 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.

(2) Earnings for the year ended December 31, 2001 were inadequate to cover fixed charges by approximately $1.3 million.

RISK FACTORS

Please refer to "Item 1A. Risk Factors" of our annual report on Form 10-K for the fiscal year ended December 31, 2005, which is incorporated by reference herein, for a description of risks associated with an investment in our securities, including the notes offered by this prospectus supplement.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes will be approximately $395.7 million after deducting underwriting discounts and commissions and other estimated offering expenses payable by us. We intend to use all of the net proceeds of this offering plus additional cash on hand to repay $400 million of the remaining $700 million in principal amount outstanding under the bridge credit facility that we entered into to fund a portion of the purchase price for the acquisition of lastminute.com plc on July 20, 2005, plus accrued interest. We are evaluating various alternatives, including the use of our cash and marketable securities, borrowings under our existing revolving credit facility and other types of financing, to pay the $300 million principal balance and accrued interest on the bridge credit facility that will remain. The bridge credit facility matures on August 12, 2006, and the interest rate on borrowings thereunder is variable, based at our discretion on either the London Interbank Offered Rate, or LIBOR, plus a borrowing spread or the prime rate, and is sensitive to our credit rating. As of December 31, 2005, our borrowings under the bridge credit facility accrued interest at the rate of 5.15% per year.

Affiliates of certain underwriters are lenders and/or agents under the bridge credit facility. Therefore, affiliates of the underwriters will receive their pro rata share of the net proceeds from this offering used to repay the bridge credit facility. See "Underwriters" on page S-35 of this prospectus supplement.

CAPITALIZATION

The following table shows our capitalization as of December 31, 2005 on an actual basis, on a pro forma basis and on a pro forma, as adjusted, basis. The pro forma basis reflects the repayment by us of $100 million of borrowings outstanding under the bridge credit facility on February 16, 2006. The pro forma, as adjusted, basis also reflects the issuance of the notes offered by this prospectus supplement and the application of the net proceeds from the notes and cash on hand as described under "Use of Proceeds." You should read this table together with our consolidated financial statements and related notes and other financial information incorporated by reference in this prospectus supplement. See "Where You Can Find More Information and Incorporation of Certain Documents by Reference" on page S-38 of this prospectus supplement. Unless otherwise noted, all numbers presented are in thousands.

	As of December 31, 2005		
	Actual	**Pro forma**	**Pro forma as Adjusted**
Cash and cash equivalents	$ 568,837	$ 468,837	$ 465,723(1)
Debt:			
Capital lease obligation(2)	$ 159,059	$ 159,059	$ 159,059
Revolving credit facility			
7.35% notes due 2011(net of unamortized discount and swaps)	411,303	411,303	411,303
Bridge credit facility	800,000	700,000	300,000
Notes offered hereby			398,536
Other indebtedness	15,076	15,076	15,076
Total debt	$ 1,385,438	$ 1,285,438	$ 1,283,974
Stockholders' equity			
Preferred stock: $0.01 par value; 20,000 shares authorized; no shares issued	$	$	$
Class A common stock: $0.01 par value; 250,000 shares authorized; 145,856 shares issued	1,459	1,459	1,459
Additional paid-in capital	1,275,836	1,275,836	1,275,836
Retained earnings	769,231	769,231	769,231
Accumulated other comprehensive loss	(77,872)	(77,872)	(77,872)
Less treasury stock at cost: 14,281 shares	(325,542)	(325,542)	(325,542)
Total stockholders' equity	1,643,112	1,643,112	1,643,112
Total capitalization	$ 3,028,550	$ 2,928,550	$ 2,927,086

(1) Reflects a payment of $1,650 for underwriting discounts, commissions and other estimated offering expenses, net of $1,200 in prepaid underwriting discounts.

(2) Approximately $871 of this amount is classified as a current obligation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations with an overview of our business by segment. This is followed by a discussion of various trends that are occurring in our business and how those trends are impacting our business. We follow the discussion on trends with a description of the revenues and expenses by segment which is followed by our period over period results of operations for the described revenues and expenses. Please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the fiscal year ended December 31, 2005 for a discussion of our consolidated balance sheets and consolidated statements of cash flows in the "*Liquidity and Capital Resources*" section, and our critical accounting policies that we believe are important in understanding judgments and assumptions incorporated into our financial results. We refer to our annual report on Form 10-K for the fiscal year ended December 31, 2005 in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus supplement as our 2005 Form 10-K.

The following discussion and analysis contains forward-looking statements about trends, uncertainties and our plans and expectations of what may happen in the future. Forward-looking statements are based on a number of assumptions and estimates that are inherently subject to significant risks and uncertainties, and our results could differ materially from the results anticipated by our forward-looking statements as a result of many known or unknown factors, including, but not limited to, those factors discussed in "Item 1A. Risk Factors" in our 2005 Form 10-K.

The following discussion and analysis should be read in conjunction with "Item 6. Selected Financial Data" and "Item 8. Financial Statements and Supplementary Data" appearing in our 2005 Form 10-K.

Overview of Business

We operate our business through the following business segments:

Sabre Travel Network: Sabre Travel Network markets and distributes travel-related products and services through the travel agency and corporate channels. Travel agencies, both online and brick and mortar, subscribe to our services. Sabre Travel Network primarily generates revenues from transaction fees charged to airlines and non-air travel suppliers who distribute their products and services through the *Sabre* system. A "transaction" is defined as any travel reservation that generates a fee paid directly to us including the following:

- traditional booking fees paid by travel suppliers,
- non-traditional transaction fees paid by travel suppliers,
- transaction fees paid by travel agency subscribers, and
- transaction fees paid by corporations related to our online booking tool, *GetThere*®.

Our services provide travel agency subscribers information about, and the ability to reserve for and purchase travel-related products and services from airlines, hotels, car rental companies, cruise lines and others. We also provide travel agency office automation tools, enable travel agencies to provide services via the Internet and provide reservation management, distribution and technology services to hotel properties.

Travelocity: Our Travelocity segment markets and distributes travel-related products and services directly to individuals, including leisure travelers and business travelers, through Travelocity owned websites and contact centers, and websites and contact centers owned by its supplier, travel agency and distribution partners. Travelocity customers can access offerings, pricing and information about airlines, hotels, car rental companies, cruise lines, vacation and last-minute travel packages. All State Tours, Inc. ("*Showtickets.com*SM*")* and *lastminute.com*SM offer other travel related services such as show tickets and tours. For business travelers, *Travelocity Business*SM provides the integrated online corporate travel technology and full-service offering of our *GetThere* product along with the online expertise of Travelocity. For corporations, *Travelocity Business* offers a full service corporate travel agency and *GetThere* provides a corporate online travel reservation system that works in conjunction with any travel agency a company chooses.

Travelocity facilitates transactions between travel suppliers and consumers to book and pay for travel accommodations. For "net rate" transactions we generate service fee revenue equal to the total amount paid by the customer minus Travelocity's payment to the travel supplier for the travel accommodations. Travelocity also generates revenue from commissions or transaction fees from travel suppliers for the purchase of travel products and services pursuant to reservations made through our system. Other revenue sources include service fees charged to customers, advertising revenues and GDS incentives.

Sabre Airline Solutions: Sabre Airline Solutions is a global leader in providing passenger management solutions, software products and related services, and consulting services to help airlines simplify operations and lower costs. We provide airline reservations, inventory and check-in hosting solutions that help airlines address the challenge of building and retaining customer loyalty while also reducing costs. We also supply the decision-support software and technology necessary for airlines to improve profitability, increase revenue, streamline operations and improve workflow. We offer a complete range of consulting services to the airline industry, ranging from one time to extended engagements. Typical engagements include helping clients achieve the necessary standards to join an alliance, prepare for privatization and optimize current operations. Clients include airlines, airports, manufacturers and governments, as well as individuals, travel agencies and members of the financial community.

In 2005, approximately 59.7% of our revenue was generated from Sabre Travel Network, 30.7% from Travelocity and 9.6% from Sabre Airline Solutions based on segment results that include intersegment revenues. Compared to the year-ago period, revenues (including intersegment revenue) for the twelve months ended December 31, 2005 increased 4.1% for Sabre Travel Network, 65.1% for Travelocity and 7.1% for Sabre Airline Solutions.

For a more detailed discussion of our business, please refer to "Item 1. Business" of our 2005 Form 10-K.

Business Trends

The following trends represent what management believes are the most significant challenges and opportunities that are currently impacting our business and industry. The discussion also includes management's best assessment of what effects these trends are having on our business. Potential effects of the following trends are discussed in "Item 1A. Risk Factors" of our 2005 Form 10-K.

Transaction Volumes. For the year ended December 31, 2005, Sabre Travel Network experienced transaction growth of 3.7% compared to the year ended 2004 due primarily to an increase in non-traditional transactions. See "Item 1. Business Sabre Travel Network Changing our Sabre Travel Network Revenue Model" in our 2005 Form 10-K.

Sabre Travel Network has performed well in an industry faced with economic downturn, travel security concerns, channel shift and continued pressures on the GDS booking fee. Sabre Travel Network annual transactions and transaction revenue have remained relatively stable since 2002 with a compounded 0.1% decrease in annual transactions processed through the *Sabre* system. Sabre Travel Network has been able to achieve this in part due to long term content agreement with key suppliers in exchange for discounted booking fees. We believe that this has contributed in reducing the rate at which transactions leave the GDS channel for supplier-controlled channels, including individual airline websites and call centers, and other third-party controlled distribution points.

For the three years ended December 31, 2005, Travelocity has experienced 34.8% compounded annual growth in revenues due to our continued growth in North America and expansion into the European market with the acquisitions of lastminute.com and Travelocity Europe which contributed to the growth in bookings made through our websites and contact centers, and increased yields and transaction volumes stimulated by increased net rate activity and improved packaging of offerings. Although Travelocity was negatively affected by the terrorist attacks and the negative factors noted above and by declining internet advertising revenue, the growth in the internet travel business combined with the Travelocity net rate model and packaging initiatives and market expansion into Europe offset the negative impacts.

Sabre Airline Solutions has experienced 6.3% compounded annual growth in revenues for the three years ended December 31, 2005. Although Sabre Airline Solutions and its customers were negatively affected by the terrorist attacks and the negative factors noted above, we were able to grow revenues in each of the past two years. This increase in revenues is the result of increased sales of decision support products and services, consulting and web-enabled solutions that offer cost savings and more efficient operations to our customers. Additionally, this increase was driven by growth in airline reservation hosting revenues.

Supplier Efforts to Control Travel Distribution. Airlines have been working aggressively for several years to divert transactions away from GDS networks and towards alternative travel distribution channels, including websites that they control and online travel agencies that book directly with those airlines. See "Item 1A. Risk Factors Travel Suppliers are Pursuing Distribution Options..." in our 2005 Form 10-K. The efforts of suppliers to divert transactions away from independent distributors (such as online and conventional travel agencies using our *Sabre* GDS) towards supplier-direct channels (such as supplier-controlled websites and call centers) are referred to as "channel shift." Over the last several years we have experienced channel shift in air transactions at an annualized rate of approximately two percentage points.

Alternative Distribution Systems. Travelers are being offered many systems that enable travel shopping, booking and purchasing. Established and start-up search engine companies are attempting to enter the travel marketplace by aggregating travel search results across supplier, travel agent and other websites. Many alternative distribution systems offer lower costs to suppliers, but they are not global and offer travelers a limited subset of transactions from a limited subset of suppliers in one market segment. The systems often must rely on the scale and functionality of a GDS such as our *Sabre* system for a complete travel distribution solution for suppliers and travel agencies. They do not offer comprehensive functionality and do not have the infrastructure to adequately service and support travel management companies or corporations. They require the integration of a new, stand-alone system into most existing agency or corporate booking tool workflows. Many of these alternative travel distribution channels, including limited travel distributors or "LTDs," are well-financed but are in start-up or developing mode, and have yet to fully define their functionality and costs. These alternative travel distribution systems may have the effect of diverting customers from our online sites and our *Sabre* GDS, putting pressure on our revenues, pricing and operating margins. See "Item 1A. Risk Factors Travel Suppliers are Pursuing Distribution Options..." in our 2005 Form 10-K.

Additional Business Trends. For a discussion of additional business trends, please refer to the following sections of "Item 1. Business" in our 2005 Form 10-K:

The Sabre Global Distribution System Travel Supplier Participation and Pricing Options

Sabre Travel Network Changing Our Sabre Travel Network Revenue Model

Travelocity Investments in Travelocity

Travelocity Net Rate Program

Cost Reductions and Expense Savings. As part of our cost leadership strategy, we are, as a standard practice, evaluating efficiency opportunities across the company to ensure that we optimally manage our operational costs. Some of these cost-saving opportunities have involved and may continue to involve globally-sourcing some of our operations (either by contracting with companies that work for us, such as through the opening of call centers we operate abroad, or by expanding our own operations abroad). See note 5 to the consolidated financial statements in our 2005 Form 10-K for the impact of various costs saving initiatives. We are also developing programs to reduce the growth of incentive payments to travel agencies.

Mergers and Acquisitions

Our discussion of the results of operations for the years ended 2003, 2004 and 2005 will be affected by significant mergers and acquisitions that have occurred in those same years as summarized in the following table. For a more detailed discussion of our mergers and acquisitions see note 4 to the consolidated financial statements in our 2005 Form 10-K.

Year acquired	Entity	Segment
2005	SynXis Corporation	Sabre Travel Network
	lastminute.com plc	Travelocity
	Zuji Holdings Limited Primary beneficiary(1)	Travelocity
2004	RM Rocade AB and RM Rocade Assist AB	Sabre Airline Solutions
	All State Tours, Inc.	Travelocity
	Travelocity Europe Remaining 50% of the non-German operations	Travelocity
	Sabre Travel Network Middle East Joint Venture 60% ownership	Sabre Travel Network
2003	Dillon Communications Systems GmbH ("Dillon") remaining 49% interest	Sabre Travel Network
	World Choice Travel, Inc.	Travelocity

(1) Zuji Holdings Limited is consolidated in compliance with Financial Accounting Standards Board Interpretation No. 46R, *Consolidation of Variable Interest Entities (Revised)*. See note 4 to the consolidated financial statements in our 2005 Form 10-K for further discussion.

Components of Revenues and Expenses

Revenues. Sabre Travel Network primarily generates revenues from transaction fees paid directly to us related to a travel reservation including the following: traditional booking fees paid by travel suppliers, non-traditional transaction fees paid by travel suppliers, transaction fees paid by travel agency subscribers, and transaction fees paid by corporations related to our booking tool. Sabre Travel Network earns revenue through equipment service charges paid by subscribers. In addition, Sabre Travel Network earns revenue through the sale of other products and services (including the *Hotel Spotlight*SM program, which offers premium marketing opportunities to hoteliers through the *Sabre* GDS, the *Jurni Network*® consortia, as well as *Nexion*® and *SynXis*® offerings to hoteliers) and the *Sabre*® *Surround*SM program (which bundles the *Hotel Spotlight* services with other advertising products) to

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travel-suppliers, subscribers and other customers. Earnings (or losses as the case may be) derived from interests in joint ventures and other investments are also included in revenues. Sabre Travel Network earns intersegment revenues from data processing fees and transaction fees paid by Travelocity. Travelocity generates revenues from commissions or transaction fees from suppliers for the purchase of travel and lifestyle products and services pursuant to reservations made through our system. Travelocity also generates net rate revenue from providing facilitation services equal to the amount paid by the customer for travel and non-travel products and services, minus Travelocity's payment to the supplier. Additional Travelocity revenues include other fees charged to customers, advertising revenues from our websites and GDS incentives. Travelocity derives intersegment revenues from Sabre Travel Network, consisting of incentives earned for Travelocity transactions processed through the *Sabre* GDS, and fees paid by Sabre Travel Network for corporate trips and Sabre Airline Solutions for airline trips booked through Travelocity's online booking technology. Sabre Airline Solutions generates revenues from the sale of airline reservations hosting services; product revenues including inventory and check-in hosting solutions; decision-support software and technology; and airline consulting services.

Cost of Revenues. Sabre Travel Network cost of revenues consist primarily of incentives paid to subscribers, data processing charges resulting from the operation of the *Sabre* system, and salaries and other operating expenses. Sabre Travel Network also incurs intersegment expenses paid to Travelocity for incentives for Travelocity transactions processed through the *Sabre* GDS, as well as fees for corporate trips booked through Travelocity's online booking technology. Travelocity cost of revenues consists primarily of customer service costs, technology costs, salaries, benefits and other employee expenses, data processing fees and transaction fees paid to Sabre Travel Network, credit card fees, charges related to fraudulent bookings, service compensation and depreciation and amortization charges. In addition, Travelocity cost of revenues includes recovery of certain VAT payments which is treated as a contra-expense. Sabre Airline Solutions cost of revenues is comprised of labor cost incurred in the development and delivery of software and consulting services and depreciation and amortization. Sabre Airline Solutions also incurs intersegment expenses paid to Travelocity for airline trips booked through Travelocity's online booking technology.

Operating Expenses. Sabre Travel Network selling, general and administrative expenses and other operating expenses consist primarily of salaries, benefits and employee related expenses for staff who sell our services to new customers and other staff functions required to support the business as well as bad debt expense. Travelocity selling, general and administrative and other operating expenses consist primarily of advertising and promotion expenses, payments made to our travel agency and distribution partners and salaries, benefits and employee related expenses for staff functions required to support the business. Sabre Airline Solutions operating expenses consist of the costs of the sales organization and the staff functions required to support the business and bad debt expense.

Financial Results

The following tables present operating results for the three years ended December 31, 2005, 2004 and 2003 (in thousands of dollars). The segment revenues and cost of revenues are shown including intersegment activity. We have included the elimination of intersegment activity below to agree to the results of operations presented in the consolidated financial statements in our 2005 Form 10-K.

	Year Ended December 31,											
	Sabre Travel Network		**Travelocity**		**Sabre Airline Solutions**		**Corporate**		**Eliminations**		**Total**	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
Segment revenues	$ 1,615,820	$ 1,552,832	$ 829,878	$ 502,549	$ 260,812	$ 243,470	$	$	$ (185,255)	$ (167,880)	$ 2,521,255	$ 2,130,971
Cost of revenues	1,120,071	1,004,236	354,910	224,386	176,713	176,902	1,961	2,536	(185,255)	(167,880)	1,468,400	1,240,180
Amortization of purchased technology	4,835	9,325	13,593	21,077	544	1,651					18,972	32,053
Gross profit	490,914	539,271	461,375	257,086	83,555	64,917	(1,961)	(2,536)			1,033,883	858,738
Selling, general & administrative	254,965	260,083	449,755	273,189	42,330	50,026	(3,295)	1,884			743,755	585,182
Amortization of intangible assets	12,498	9,282	14,463	4,395	2,294	1,149					29,255	14,826
Operating income (loss)	$ 223,451	$ 269,906	$ (2,843)	$ (20,498)	$ 38,931	$ 13,742	$ 1,334	$ (4,420)	$	$	$ 260,873	$ 258,730

	Year Ended December 31,											
	Sabre Travel Network		**Travelocity**		**Sabre Airline Solutions**		**Corporate**		**Eliminations**		**Total**	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**
Segment revenues	$ 1,552,832	$ 1,560,232	$ 502,549	$ 394,508	$ 243,470	$ 232,354	$	$	$ (167,880)	$ (141,931)	$ 2,130,971	$ 2,045,163
Cost of revenues	1,004,236	1,031,735	224,386	203,392	176,902	177,769	2,536	(1,836)	(167,880)	(141,931)	1,240,180	1,269,129
Amortization of purchased technology	9,325	4,950	21,077	25,947	1,651	1,587					32,053	32,484
Gross profit	539,271	523,547	257,086	165,169	64,917	52,998	(2,536)	1,836			858,738	743,550
Selling, general & administrative	260,083	262,029	273,189	249,893	50,026	31,454	1,884	10,127			585,182	553,503
Amortization of intangible assets	9,282	7,838	4,395	15,607	1,149	372					14,826	23,817
Operating income (loss)	$ 269,906	$ 253,680	$ (20,498)	$ (100,331)	$ 13,742	$ 21,172	$ (4,420)	$ (8,291)	$	$	$ 258,730	$ 166,230

Results of Operations 2003-2005

Management's discussion and analysis of revenues, cost of revenues, selling, general and administrative expenses, amortization of intangible assets and operating income by business segment are based upon segment results including intersegment revenues and cost of revenues of approximately $185 million, $168 million and $142 million for the years ended December 31, 2005, 2004 and 2003, respectively. We account for significant intersegment transactions as if the transactions were to third parties, that is, at estimated current market prices. The majority of the intersegment revenues and cost of revenues are between Travelocity and Sabre Travel Network, consisting mainly of incentives paid to Travelocity for Travelocity transactions processed through the *Sabre* GDS, data processing fees and transaction fees paid by Travelocity to Sabre Travel Network (including for transactions processed through the *Sabre* GDS), and fees paid by Sabre Travel Network to Travelocity for corporate trips booked through Travelocity's online booking technology. In addition, Sabre Airline Solutions pays fees to Travelocity for airline trips booked through Travelocity's online booking technology. All intersegment revenues and corresponding cost of revenues have been eliminated in consolidation.

Revenues. The compounded annual growth rate of revenues by segment for the three years ended December 31, 2005 was a reduction of 0.3% for Sabre Travel Network, and growth of 34.8% for Travelocity and 6.3% for Sabre Airline Solutions. Each of our business segments have benefited from generally good economic conditions, stronger demand for travel products and acquisitions. However, each of our business segments have been negatively impacted by macroeconomic factors during this period including the war and continued conflict in Iraq, ongoing travel security concerns, and fear of potential terrorist attacks and infectious diseases such as SARS. These negative impacts to the general economy and the travel industry impacted each of our business segments.

Sabre Travel Network has performed well in an industry faced with economic downturn, travel security concerns, channel shift and continued pressures on the GDS booking fee. Sabre Travel Network annual transactions and transaction revenue have remained relatively stable since 2002 with a compounded 0.1% decrease in annual transactions processed through the *Sabre* system. Sabre Travel Network has been able to achieve this in part due to long-term content agreements with key suppliers in exchange for discounted booking fees. We believe that this has contributed in reducing the rate at which transactions leave the GDS channel for supplier-controlled channels, including individual airline websites and call centers, and other third-party controlled distribution points.

For the three years ended December 31, 2005, Travelocity has experienced 34.8% compounded annual growth in revenues due to our continued growth in North America and expansion into the European market with the acquisitions of lastminute.com and Travelocity Europe which contributed to the growth in bookings made through our websites and contact centers, and increased yields and transaction volumes stimulated by increased net rate activity and improved packaging of offerings. Although Travelocity was negatively affected by the terrorist attacks and the negative factors noted above and by declining internet advertising revenue, the growth in the internet travel business combined with the Travelocity net rate model and packaging initiatives and market expansion into Europe offset the negative impacts.

Sabre Airline Solutions has experienced 6.3% compounded annual growth in revenues for the three years ended December 31, 2005. Although Sabre Airline Solutions and its customers were negatively affected by the terrorist attacks and the negative factors noted above, we were able to grow revenues in each of the past several years. This increase in revenues is the result of increased sales of decision support products and services, consulting and web-enabled solutions that offer cost savings and more efficient operations to our customers. Additionally, this increase was driven by growth in airline reservation hosting revenues.

Expenses. Our primary operating expenses consist of salaries, benefits, other employee-related costs, data processing costs, communication costs, advertising and subscriber incentives, representing approximately 75.6%, 78.7% and 77.8% of total operating expenses in 2005, 2004 and 2003, respectively. We have seen a decline in our expenses as a result of cost reduction initiatives across our organization. However, since 2003, we have realized a compounded increase in our operating expenses of approximately 9.1% due primarily to the acquisition of lastminute.com in July of 2005.

Sabre Travel Network hardware and communications costs have decreased as a result of the migration to lower cost solutions and the adoption of third-party solutions by subscribers. These decreases were partially offset by increases in Sabre Travel Network technology spending due to the phased implementation and continuing expansion of new functionality that requires running legacy systems as well as the new technology, and increases in Sabre Travel Network subscriber incentives. Other increases in expenses have resulted from investments in various new businesses such as our *SynXis* hotel reservations system.

Travelocity cost of revenues and selling, general and administrative expenses have increased due to growth in the business. Significant acquisitions during this period, including lastminute.com in 2005 and Travelocity Europe in 2004, have contributed to the growth in expenses. We increased our expenditures for advertising in order to drive additional travelers to Travelocity's websites, and expenses have increased as a result of increases in transaction volumes for our growing net rate offerings. Our technology infrastructure related expenses have also increased in order to support our growth and new offerings.

Sabre Airline Solutions operating expenses have generally grown at a rate commensurate with the growth in revenues during the 2003 to 2005 period. These expenses have been offset by several cost reduction initiatives that have resulted in reduced headcount-related expenses as well as improvements in our receivable collection activities, particularly in 2005.

Results of Operations: 2005 Compared to 2004

	Year Ended December 31,									
	Total revenues before eliminations				Eliminations		Total consolidated revenues			
	2005	2004	change	% change	2005	2004	2005	2004	change	% change
	(thousands)				(thousands)		(thousands)			
Revenues	$ 2,706,510	$ 2,298,851	$ 407,659	17.7%	$ (185,255)	$ (167,880)	$ 2,521,255	$ 2,130,971	$ 390,284	18.3%
Total cost of revenues	1,672,627	1,440,113	232,514	16.1%	(185,255)	(167,880)	1,487,372	1,272,233	215,139	16.9%

Total revenues for the year ended December 31, 2005 after intercompany eliminations increased approximately $390 million, or 18.3%, compared to the year ended December 31, 2004, from $2,131 million to $2,521 million. Cost of revenues after intercompany eliminations for the year ended December 31, 2005 increased approximately $215 million, or 16.9%, compared to the year ended December 31, 2004, from $1,272 million to $1,487 million.

Management's discussion and analysis of revenues, cost of revenues, selling, general and administrative expenses, amortization of intangible assets and operating income by business segment are based upon segment results including intersegment revenues and cost of revenues of approximately $185 million and $168 million for the years ended December 31, 2005 and 2004, respectively. We account for significant intersegment transactions as if the transactions were to third parties, that is, at estimated current market prices. The majority of the intersegment revenues and cost of revenues are between Travelocity and Sabre Travel Network, consisting mainly of incentives paid to Travelocity for Travelocity transactions processed through the *Sabre* GDS, data processing fees and transaction fees paid by Travelocity to Sabre Travel Network (including for transactions processed through the *Sabre* GDS), and fees paid by Sabre Travel Network to Travelocity for corporate trips booked through Travelocity's online booking technology. In addition, Sabre Airline Solutions pays fees to Travelocity for airline trips booked through Travelocity's online booking technology. All intersegment revenues and corresponding cost of revenues have been eliminated in consolidation.

Total revenues (including intersegment revenues) for the year ended December 31, 2005 increased approximately $408 million, or 17.7%, as compared to the year ended December 31, 2004, from $2,299 million to $2,707 million.

Total cost of revenues (including intersegment cost of revenues) for the year ended December 31, 2005 increased $233 million, or 16.1%, as compared to the year ended December 31, 2004, from $1,440 million to $1,673 million.

Sabre Travel Network

	Year Ended December 31,			
	2005	**2004**	**change**	**% change**
	(thousands)			
Segment revenues	$ 1,615,820	$ 1,552,832	$ 62,988	4.1%
Cost of revenues	1,120,071	1,004,236	115,835	11.5%
Amortization of purchased technology	4,835	9,325	(4,490)	(48.2)%
Gross profit	490,914	539,271	(48,357)	(9.0)%
Selling, general & administrative	254,965	260,083	(5,118)	(2.0)%
Amortization of intangible assets	12,498	9,282	3,216	34.6%
Operating income	$ 223,451	$ 269,906	$ (46,455)	(17.2)%

Revenues

The increase in revenues is due to the following:

Transaction revenue increased by $46 million or 3.5%. The increase includes a $49 million increase resulting from higher transaction volumes and a $3 million decrease driven by a lower average rate per transaction, due to growth in lower-priced, non-traditional transactions. Total transactions were 343 million for the year ended December 31, 2005, an increase of 3.7% from 330 million transactions in 2004.

Subscriber revenue decreased by $18 million, reflecting the trend towards the adoption of third-party equipment.

Other revenues increased by $35 million compared to 2004, driven primarily by a $20 million increase in SynXis hotel reservations revenue (*SynXis* was acquired in 2005) and $7 million increase in equity income and transaction processing revenue from our joint ventures. In addition, other revenue increased approximately $8 million due to the *Sabre®Hotel Spotlight*℠ and introduction of our *Sabre®Surround*℠ program.

Cost of Revenues

The increase in cost of revenues for the twelve months ended December 31, 2005, as compared to the twelve months ended December 31, 2004, includes increases in technology related spending of $26 million as a result of the expiration of contractual credits of $14 million and $12 million as a result of increased transaction volume and the continued implementation of our open system pricing and shopping engine. Subscriber support costs increased $38 million, driven almost entirely by growth in subscriber incentives as a result of the year over year growth in transaction volume and a higher average incentive rate per transaction compared to the prior year. Other cost of revenue increases include $29 million related to continued investment in new businesses and new business models such as

SynXis, Jurni Network and *Hotel Spotlight*, $8 million for fulfillment costs for *GetThere* trips as a result of year over year volume growth, $4 million due to severance related primarily to our second quarter reorganization of our software development group, $3 million due to depreciation and amortization and $8 million of other expenses.

Selling, General and Administrative Expenses

The decrease in selling, general and administrative expenses for the twelve months ended December 31, 2005, as compared to the twelve months ended December 31, 2004, was primarily driven by a $10 million reduction in non-income tax accruals due to events occurring that decreased our potential liabilities for taxes and associated interest. This decrease was offset by an increase in legal and other professional fees of $2 million due to an effort to settle litigation and an increase in other expenses of $3 million.

Amortization of Intangible Assets (Including Amortization of Purchased Technology)

Amortization of intangible assets decreased due to intangibles that fully amortized in 2005 offset partially by increased amortization expense from newly acquired entities.

Operating Income

The decline in operating income was largely the result of increased technology and incentive expenses and continued investments in new businesses and new business models that exceeded our revenue growth.

Travelocity

	Year Ended December 31,			
	2005	**2004**	**change**	**% change**
		(thousands)		
Segment revenues	$ 829,878	$ 502,549	$ 327,329	65.1%
Cost of revenues	354,910	224,386	130,524	58.2%
Amortization of purchased technology	13,593	21,077	(7,484)	(35.5)%
Gross profit	461,375	257,086	204,289	79.5%
Selling, general & administrative	449,755	273,189	176,566	64.6%
Amortization of intangible assets	14,463	4,395	10,068	229.1%
Operating loss	$ (2,843)	$ (20,498)	$ (17,655)	(86.1)%

The following are important to understanding the comparability of the results of operations between 2005 and 2004 for our Travelocity segment:

In October of 2004, we acquired sole control of the non-German operations of Travelocity Europe, purchasing 50% of these entities. The remaining 50% that we already owned indirectly through the Travelocity Europe joint venture was distributed to us by the joint venture so that we now directly own 100% of these entities. Since this acquisition, we have been consolidating the results of Travelocity Europe, whereas prior to October 2004, 50% of these results were recorded as a reduction to other revenues as equity losses.

The results of lastminute.com are included in our financial results from the date of the acquisition on July 20, 2005.

North America, when referred to below, represents all operations in North America and also includes our Zuji joint venture in Asia.

Revenues

Transaction revenue, including Travelocity Europe in 2005 and lastminute.com since the acquisition, increased $295 million, or 69.1%, primarily driven by a $252 million increase in non-air transaction revenue (including revenue resulting from sales of package offerings that include air travel as a component) and a $43 million increase in stand-alone air transaction revenue.

The $252 million increase in non-air transaction revenue consisted primarily of the following:

- $158 million related to the acquisitions of Travelocity Europe and lastminute.com.

- $94 million related to North America driven primarily by a $50 million increase in packaged trip revenue, a $36 million increase in stand-alone hotel revenue, both of which were driven by higher transaction volumes, and a $7 million increase in Showtickets.com revenue which we only owned for part of 2004. All other North American non-air transaction revenue increased $1 million.

The $43 million increase in stand-alone air transaction revenue was primarily due to a $29 million increase resulting from the acquisitions of lastminute.com and Travelocity Europe. North American stand-alone air transaction revenue increased by $14 million driven by strong volume growth.

Non-transaction revenue increased $32 million, or 42.5%, consisting primarily of the following:

- $22 million related to the acquisitions of Travelocity Europe and lastminute.com which includes the $13 million favorable impact of reduced joint venture equity method losses that resulted from the Travelocity Europe acquisition, and $9 million of advertising revenue.

- $10 million related to North America driven primarily by corporate revenue of $10 million (fees paid by Sabre Travel Network and Sabre Airline Solutions to Travelocity for trips booked through Travelocity's online booking technology) and an increase in incentive payments from our processing vendor related to volume growth in our net rate hotel product offset by a decline in advertising revenue.

Cost of Revenues

The increase in cost of revenues includes $84 million from the acquisitions of lastminute.com, Travelocity Europe, Showtickets.com and the consolidation of Zuji, which we either did not own or consolidate in 2004 (lastminute.com and Zuji) or we owned for only part of 2004 (Travelocity Europe and Showtickets.com). In addition, $45 million of the increase is associated with the volume growth of our published, net rate hotel and packaged trip programs, as explained above in transaction revenue. The $45 million increase includes a $28 million increase in expenses associated with a rate increase for net rate credit card transactions and an increase in service compensation and a $17 million increase in customer service costs. The remaining $2 million increase in cost of revenues is primarily due to a software write-off associated with upgrading to a new platform at Travelocity Business.

Selling, General and Administrative Expenses

The increase in selling, general and administrative expenses includes $143 million from lastminute.com, Travelocity Europe, Showtickets.com and Zuji and $24 million due to increased advertising and customer acquisition costs to drive additional travelers to our North American websites. Headcount-related expenses increased by $7 million driven by growth in our North American business. Other selling, general and administrative expenses increased $3 million.

Amortization of Intangible Assets (Including Amortization of Purchased Technology)

Amortization of intangible assets increased $3 million in total due to the amortization of intangibles related to the acquisition of lastminute.com partially offset by other intangible assets becoming fully amortized in 2004.

Operating Loss

Operating loss decreased due to strong revenue growth in North America, which offset the incremental losses resulting from our acquisition of lastminute.com and Travelocity Europe.

Sabre Airline Solutions

	Year Ended December 31,			
	2005	**2004**	**change**	**% change**
		(thousands)		
Segment revenues	$ 260,812	$ 243,470	$ 17,342	7.1%
Cost of revenues	176,713	176,902	(189)	(0.1)%
Amortization of purchased technology	544	1,651	(1,107)	(67.1)%
Gross profit	83,555	64,917	18,638	28.7%
Selling, general & administrative	42,330	50,026	(7,696)	(15.4)%
Amortization of intangible assets	2,294	1,149	1,145	99.7%
Operating income	$ 38,931	$ 13,742	$ 25,189	183.3%

Revenues

The increase in revenues was driven primarily by a $16 million increase in airline reservations hosting revenue driven by higher volumes from adding new customers as well as volume growth from our existing customer base. Additionally, consulting revenues increased $7 million due to certain contractual objectives being met and an increase in customer engagements, and product revenue increased $4 million as a result of higher demand for our products. This growth was offset by a $10 million decline in our low-margin, custom-developed software business due to decreased demand.

Cost of Revenues

The slight decrease in cost of revenues is due to a $10 million decrease in development labor expenses caused primarily by a decline in demand in our low-margin, custom-developed software business. Additionally, headcount-related expenses decreased $7 million driven by an increase in capitalized salaries and an increased utilization of global sourcing. These decreases were offset by a $4 million increase in variable compensation due to more favorable performance, a $4 million increase in data processing cost primarily due to transaction volume growth, a $3 million increase in communications expenses caused by an increase in data network rates, a $2 million increase in amortization of internally-developed software and project delivery costs due to higher capitalized balances, and a $1 million increase in services purchased due primarily to the outsourcing of training and other services. Additionally, other expenses increased $2 million.

Selling, General and Administrative Expenses

The decrease in selling, general and administrative expenses was driven by a $10 million decrease in bad debt expense caused by the receipt of payments on accounts that had been previously reserved. This decrease was somewhat offset by increases in other expenses of $2 million.

Amortization of Intangible Assets (Including Amortization of Purchased Technology)

Amortization of intangible assets increased due to amortization associated with the acquisition of Rocade in August 2004, partially offset by other intangible assets becoming fully amortized in 2004.

Operating Income

The increase in operating income was primarily driven by higher revenues and favorable collection results.

The following section describes our results of operations on a consolidated basis for non-operating income and expense items:

	Year Ended December 31,			
	2005	**2004**	**change**	**% change**
	(thousands)			
Operating income	$ 260,873	$ 258,730	$ 2,143	0.8%
Interest income	22,411	15,154	7,257	47.9%
Interest expense	(53,075)	(26,862)	26,213	97.6%
Gain on sale of investments	27,132		27,132	100.0%
Loss on derivative instruments	(8,248)		8,248	100.0%
Other, net	(4,378)	10,039	(14,417)	(143.6)%
Less: Provision for income taxes	72,563	66,642	5,921	8.9%
Net Earnings	$ 172,152	$ 190,419	$ (18,267)	(9.6)%

Interest Income

Interest income increased due primarily to higher interest rates on short-term investments and loans receivable, as well as interest on an $11 million loan receivable from Zuji Holdings Limited issued on January 18, 2005.

Interest Expense

Interest expense increased $26 million, primarily from the bridge credit facility we entered into on May 12, 2005, in order to provide temporary financing in connection with the lastminute.com acquisition and to satisfy legal requirements for certainty of funding for the acquisition.

Gain on Sale of Investments

In March 2005, we sold our interest in Karavel SA, a French tour operator and recorded a $21 million gain. Additionally, we recognized a $7 million gain on the sale of our remaining interest in Travelocity Europe that we did not acquire. These gains were offset by a $1 million loss on the conversion of a note receivable and warrants from TRX.

Loss on Derivative Instruments

When the lastminute.com acquisition was initially announced in May 2005, we purchased currency options for $10 million, which gave us the right to purchase GBP and EUR currencies at a fixed USD rate near the closing date of the transaction. This capped our foreign exchange exposure on the acquisition. Due to the strengthening of the USD against these currencies, the USD acquisition price decreased $67 million from the time we purchased the options. The options therefore expired with no value. As a result, we recorded a $10 million loss on the premium paid for the options. When the acquisition was approved by shareholders and bondholders, the acquisition became highly certain, and we entered into forward contracts obligating us to purchase GBP 578 million and EUR 115 million,

which locked in the lower USD price of the acquisition of lastminute.com. The USD weakened slightly subsequent to the purchase of these forwards resulting in a gain on the forwards of $2 million.

Other, net

Other, net decreased due to a $15 million loss resulting from a litigation settlement with Northwest Airlines offset by minority interest income of $8 million, primarily due to our consolidation of Zuji in the fourth quarter of 2005 and other income of $3 million. In 2004, we had a $6 million gain from settling a contract dispute.

Income Taxes

The provision for income taxes increased primarily due to a $6 million reduction of tax benefits associated with our foreign operations. Other changes include a reduction in income taxes of $4 million related to a decrease in pre-tax income between periods offset by additional state income tax expense of $2 million. Also included in 2005 is a reversal of previously accrued taxes of $21 million related to contingencies that no longer meet the standards for accrual under Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*. In particular, we released $16 million of previously accrued taxes due to the expiration of certain statutes of limitation and $5 million of previously accrued taxes due to the final resolution of certain issues related to a tax audit. In 2004, we had reversed previously accrued taxes of $23 million. Our effective tax rate for 2005 prior to the reversal was 38%. Our effective tax rate for 2004 prior to the reversal was 35%. See note 10 to the consolidated financial statements in our 2005 Form 10-K for additional information regarding income taxes.

Net Earnings

Net earnings decreased by $18 million despite growth in our operating income of $2 million. The decrease was primarily due to $26 million more in interest expense in 2005 due to our bridge credit facility used to provide temporary financing for our acquisition of lastminute.com and our $8 million net loss on derivative instruments also related to our acquisition of lastminute.com. Gains from the sale of our Karavel investment and higher interest income only partially offset these other increases in expenses. In addition, 2004 contains a $6 million gain resulting from a contract dispute.

DESCRIPTION OF NOTES

The following description of the particular terms of the notes offered hereby (referred to in the accompanying prospectus as the "debt securities") supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus. The following summary of the notes is qualified in its entirety by reference to the indenture referred to in the accompanying prospectus.

We will issue the notes under the indenture dated August 3, 2001 and a second supplemental indenture to be dated March 13, 2006, (together, the "indenture") between us and SunTrust Bank, a national banking corporation associated under the laws of the State of Georgia, as trustee.

As used in this "Description of Notes" section, "we," "us" and "our" means Sabre Holdings Corporation and not any of its subsidiaries.

General

The notes will constitute a separate series of debt securities under the indenture, initially limited to $400 million aggregate principal amount. The notes will mature on March 15, 2016, referred to as the "Maturity Date." We will issue the notes in fully registered book-entry form only, without coupons, in minimum aggregate principal amounts of $2,000 and integral multiples of $1,000 for amounts in excess of $2,000. Each note will bear interest at the rate of 6.350% from March 13, 2006 or from the most recent interest payment date to which interest has been paid or provided for, payable semiannually on March 15 and September 15 of each year (each, an "Interest Payment Date"), commencing September 15, 2006 to the persons in whose names such notes are registered at the close of business on the date fifteen days prior to such Interest Payment Date. Payment of principal and interest will be made in U.S. dollars.

If any Interest Payment Date, date of redemption (the "Redemption Date") or Maturity Date of any of the notes is not a business day, then payment of principal and interest will be made on the next succeeding business day. No interest will accrue on the amount so payable for the period from such Interest Payment Date, Redemption Date or Maturity Date, as the case may be, to the date payment is made. Interest on the notes will be computed on the basis of a 360-day year of twelve 30-day months.

The notes will not be entitled to the benefit of any sinking fund.

We may, without the consent of the holders of the notes, issue additional notes having the same ranking and same interest rate, maturity and other terms as the notes. Any additional notes having such similar terms, together with the notes, will constitute a single series of notes under the indenture.

Ranking

The notes will be our unsubordinated, unsecured obligations. Payment of the principal and interest on the notes will rank equally in right of payment with all of our existing and future unsubordinated and unsecured indebtedness, and to the extent that we incur subordinated indebtedness in the future, will rank senior in right of payment to any such subordinated indebtedness. To the extent that we have, or will incur in the future, secured indebtedness, the notes will be effectively subordinated to our secured indebtedness to the extent of the value of our assets securing such indebtedness.

As of December 31, 2005, we had:

- no unsecured indebtedness that would rank senior to the notes;
- approximately $1,226 million of unsecured indebtedness that would rank equally in right of payment with the notes;
- no indebtedness that would rank junior to the notes; and
- approximately $159 million of secured indebtedness.

The approximately $1,226 million of our unsecured indebtedness outstanding as of December 31, 2005 includes the $800 million bridge credit facility to which we made a $100 million repayment on February 16, 2006 and that will additionally be repaid in part from the proceeds of the offering of the notes. See "Capitalization" on page S-7 of this prospectus supplement.

Nearly all of our operations are conducted through our subsidiaries. Accordingly, our cash flow and ability to service debt, including the notes, are entirely dependent on the earnings of our subsidiaries and the distribution of those earnings to us or upon the payment of funds by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes or to make funds available for such payments, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory or contractual restrictions, are contingent upon earnings of our subsidiaries, and are subject to various business considerations.

Our right to receive assets of any of our subsidiaries upon their liquidation or reorganization, and the resulting right of the holders of the notes to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors (including trade creditors), except to the extent that we are recognized as a creditor of such subsidiary, in which case our claims would be effectively subordinated to claims of that subsidiary's creditors having security interest in the assets of such subsidiary and subordinated to any indebtedness of such subsidiary senior to that held by us. As of December 31, 2005, our subsidiaries had approximately $1,503 million of indebtedness and other liabilities outstanding. The indenture contains no limits on the ability of our subsidiaries to incur additional debt or other liabilities.

Optional Redemption

The notes are redeemable, in whole or in part, at any time, and at our option, at a redemption price equal to the greater of:

- 100% of the principal amount of notes then outstanding, or

- the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the Redemption Date) discounted to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate, plus 30 basis points, as calculated by an Independent Investment Banker plus, in either of the above cases, accrued and unpaid interest thereon to the Redemption Date.

"Adjusted Treasury Rate" means, with respect to any Redemption Date:

- the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month); or

- if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the

Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date.

The Adjusted Treasury Rate shall be calculated on the third business day preceding the Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes ("Remaining Life").

"Comparable Treasury Price" means (1) the average of five Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us.

"Reference Treasury Dealer" means:

each of Morgan Stanley & Co. Incorporated, Bear, Stearns & Co. Inc., Goldman, Sachs & Co., Banc of America Securities LLC, Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and their respective successors; provided that, if any of the foregoing ceases to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), we will substitute another Primary Treasury Dealer; and

any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such Redemption Date.

We will mail a notice of redemption not less than 30 nor more than 60 days before the Redemption Date to each holder of notes to be redeemed. If we elect to partially redeem the notes, the trustee will select in a fair and appropriate manner the notes to be redeemed.

Unless we default in payment of the redemption price, on and after the Redemption Date, interest will cease to accrue on the notes or portions thereof called for redemption.

Interest Rate Adjustment Upon a Change of Control

The interest rate payable on the notes will be subject to adjustment from time to time after the occurrence of any Change of Control if the debt rating applicable to the notes (a "rating") by either Moody's Investors Service, Inc., referred to as Moody's, or Standard & Poor's Ratings Services, a division of McGraw-Hill, Inc. referred to as S&P is as set forth below.

If, at any time after a Change of Control occurs, the rating of the notes from Moody's is a rating set forth in the immediately following table, the interest rate on the notes will increase from that set forth on the cover page of this prospectus supplement by the percentage set opposite that rating:

Rating	Percentage
Ba1	.25%
Ba2	.50%
Ba3	.75%
B1 or below	1.00%

If, at any time after a Change of Control occurs, the rating of the notes from S&P is a rating set forth in the immediately following table, the interest rate on the notes will increase from that set forth on the cover page of the prospectus supplement by the percentage set opposite that rating:

Rating	Percentage
BB+	.25%
BB	.50%
BB-	.75%
B+ or below	1.00%

If Moody's or S&P subsequently increases its rating to any of the threshold ratings set forth above, the interest rate on the notes will be decreased such that the interest rate equals the interest rate set forth on the cover page of this prospectus supplement plus the percentages set opposite the ratings from the tables above in effect immediately following the increase. Each adjustment required by any decrease or increase in a rating set forth above, whether occasioned by the action of Moody's or S&P, shall be made independent of any and all other adjustments. In no event shall (1) the interest rate for the notes be reduced to below the interest rate set forth on the cover page of this prospectus supplement, and (2) the total increase in the interest rate exceed 2.00% above the interest rate set forth on the cover page of this prospectus supplement. If, following any Change of Control, Moody's increases its rating to Baa2 and S&P increases its rating to BBB, the interest rate on the notes will remain at, or be decreased to, as the case may be, the interest rate set forth on the cover page of this prospectus supplement and no subsequent downgrades in a rating shall result in an adjustment of the interest rate on the notes as provided herein.

If either Moody's or S&P ceases to provide a rating, any subsequent increase or decrease in the interest rates of the notes necessitated by a reduction or increase in the rating by the agency continuing to provide the rating shall be twice the percentage set forth in the applicable table above. No adjustments in the interest rates of the notes shall be made solely as a result of either Moody's or S&P ceasing to provide a rating. If both Moody's and S&P cease to provide a rating and a Change of Control has occurred, the interest rates on the notes will increase to, or remain at, as the case may be, 2.00% above the interest rate set forth on the cover page of this prospectus supplement.

Any interest rate increase or decrease, as described above, will take effect from the first day of the interest period during which a rating change requires an adjustment in the interest rates.

For purposes of the notes:

"Change of Control" means the occurrence of either of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our properties or assets and those of our subsidiaries, taken as a whole (other than in connection with a spin-off or split-off to the Company's shareholders), to any "person" or "group" (as such term is used in Section 13(d)(3) of the Exchange Act), other than a Public Acquirer and other than our subsidiaries; or

(2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group" (as such term is used in Section 13(d)(3) of the Exchange Act), other than a Public Acquirer, becomes the beneficial owner, directly or indirectly, of more than 50% of our Voting Stock, measured by voting power rather than number of shares.

"Public Acquirer" means any person whose securities (or depositary receipts respect thereof), or the securities of its direct or indirect parent, are listed or quoted on any national securities exchange or The NASDAQ National Market or, in the case of any non-U.S. organized person if such securities are listed on any internationally recognized securities exchange.

"Voting Stock" as applied to stock of any person, means shares, interests, participations or other equivalents in the equity interest (however designated) in such person having ordinary voting power for the election of a majority of the directors (or the equivalent) of such person, other than shares, interests, participations or other equivalents having such power only by reason of the occurrence of a contingency.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of our properties or assets and those of our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase our notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries taken as a whole to another person or group may be uncertain.

Certain Covenants

Restrictions on secured debt

If we or any of our domestic subsidiaries incurs, issues, assumes or guarantees any indebtedness for borrowed money represented by notes, bonds, debentures or other similar evidences of indebtedness, secured by a mortgage, pledge or other lien on any principal domestic property or on any shares of stock or debt of any domestic subsidiary, we will secure, or cause such domestic subsidiary to secure, the notes equally and ratably with, or prior to, that indebtedness, so long as that indebtedness is to be secured, unless after giving effect to it the aggregate amount of all secured indebtedness, together with all attributable debt in respect of sale and leaseback transactions involving principal domestic properties, would not exceed 15% of our consolidated net assets. This restriction will not apply to, and there shall be excluded in computing secured indebtedness for the purpose of this restriction, indebtedness secured by:

- mortgages on property of, or on any shares of stock or debt of, any corporation existing at the time that corporation becomes a domestic subsidiary; *provided* that such mortgages or liens are not incurred in anticipation of such corporation becoming a domestic subsidiary;

- mortgages in favor of us or any of our domestic subsidiaries;

- mortgages in favor of U.S. or foreign governmental bodies to secure partial, progress, advance or other payments;

- mortgages on property, shares of stock or debt existing at the time of acquisition, including acquisition through merger or consolidation, purchase money mortgages and construction cost mortgages existing at or incurred within 120 days of the time of acquisition;

- mortgages existing on the first date on which the notes are authenticated by the trustee;

- mortgages incurred in connection with pollution control, industrial revenue or similar financings; and

- any extension, renewal or replacement of any debt secured by any mortgage referred to in the foregoing list, inclusive; provided that the principal amount of debt secured by such mortgage shall not be increased.

Restrictions on sales and leasebacks

Neither we nor any of our domestic subsidiaries may enter into any sale and leaseback transaction involving any principal domestic property, the acquisition or completion of construction and commencement of full operation of which has occurred more than 120 days prior thereto, unless:

- We or the domestic subsidiary could incur a mortgage on the property under the restrictions described above under "Restrictions on Secured Debt" in an amount equal to the attributable debt with respect to the sale and leaseback transaction without equally and ratably securing the notes; or

- We, within 120 days after the sale or transfer by us or any domestic subsidiary, applies to the purchase of other property that constitutes a principal domestic property or the retirement of our or any domestic subsidiary's funded debt, which is defined as indebtedness for borrowed money having a maturity of, or by its terms extendible or renewable for, a period of more than 12 months after the date of determination of the amount, an amount equal to the greater of:

  (1) the net proceeds of the sale of the principal domestic property sold and leased under such arrangement; or

  (2) the attributable debt with respect to such sale and leaseback transaction.

The following are the meanings of terms that are important in understanding the restrictive covenants previously described:

"Attributable debt" means, in connection with a sale and leaseback transaction involving a lease with an original term of more than 12 months, (1) the present value of the total net amount of rent required to be paid under such lease during the remaining term of the lease (including any renewal term or period for which such lease has been extended), discounted at the rate of interest set forth or implicit in the terms of such lease or, if not practicable to determine such a rate, the weighted average interest rate per year borne by the notes compounded semi-annually, or (2) if the obligation with respect to such sale and leaseback transaction is required to be classified and accounted for as a capitalized lease for financial reporting purposes in accordance with generally accepted accounting principles, the amount equal to the capitalized amount of such obligation determined in accordance with generally accepted accounting principles and included in the financial statements of the lessee.

"Consolidated net assets" means the aggregate amount of assets, less reserves and other deductible items, after deducting current liabilities, as shown on our most recent consolidated balance sheet and prepared in accordance with generally accepted accounting principles.

"Domestic subsidiary" means a subsidiary of ours which owns a principal domestic property and transacts substantially all of its business or maintains substantially all of its property within the United States, excluding its territories, possessions and Puerto Rico. The term does not include any subsidiary which is engaged primarily in financing operations outside of the United States or in leasing personal property or financing inventory, receivables or other property.

"Principal domestic property" means any building, structure or other facility, together with the land on which it is erected and fixtures comprising a part of it, used primarily for information processing, research or housing hardware or software required for information processing, located in the United States, excluding its territories, possessions and Puerto Rico, owned or leased by us or one of our subsidiaries and having a net book value in excess of 1% of our consolidated net assets, other than any such building, structure or other facility or a portion which our principal executive officer, president and principal financial officer determine in good faith is not of material importance to the total business conducted or assets owned by us and our subsidiaries as an entirety.

"Subsidiary" means any corporation, association or other business entity of which more than 50% of the outstanding voting interests is owned directly or indirectly by us or by one or more other subsidiaries or by us and one or more subsidiaries.

"Voting interests" means, with respect to any corporation, association or other business entity (each, a "person"), any and all shares, interests, participations or other equivalents in equity of such person, ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

Events of Default

The events of default for the notes are specified beginning on page 11 of the accompanying prospectus.

Consolidation, Merger and Sale of Assets

We will not consolidate with or merge into any other person or convey, transfer or lease our properties and assets substantially as an entirety to any person unless:

- the successor is a corporation organized under the laws of any U.S. jurisdiction;
- the successor corporation assumes our obligations on the notes and under the indenture; and
- after giving effect to the transaction no event of default, and no event which, after notice or lapse of time, would become an event of default, shall have occurred and be continuing.

Book-Entry System, Form and Delivery

The notes will be represented by one or more global securities registered in the name of Cede & Co., the nominee of the Depository Trust Company ("DTC").

Investors may elect to hold interests in the notes represented by the registered global securities held by DTC through Clearstream Banking, *société anonyme* ("Clearstream"), or Euroclear Bank S.A./N.V., as operator of the Euroclear System (the "Euroclear operator"), if they are participants in those systems, or indirectly through organizations which are participants in those systems. Clearstream and the Euroclear operator will hold interests on behalf of their participants through customers' securities accounts in Clearstream's and the Euroclear operator's names on the books of their respective depositaries, which in turn will hold interests in the registered global securities in customers' securities accounts in the depositaries' names on the books of DTC.

DTC is a limited-purpose trust company organized under New York banking law, a "banking organization" within the meaning of New York banking law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among its participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by The New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to DTC's system is also available to indirect participants in DTC such as securities brokers and dealers, banks and trust companies that clear through, or maintain a custodial relationship with, a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the Securities and Exchange Commission (the "SEC").

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Purchases of the notes under DTC's system must be made by or through direct participants, which will receive a credit for the notes on DTC's records. The beneficial ownership interest of each actual purchaser of each note is in turn to be recorded on the direct and indirect participants' respective records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interest in the notes are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in the notes except in the event that use of the book-entry system for the notes is discontinued.

To facilitate subsequent transfers, all notes deposited with DTC by participants in DTC will be registered in the name of Cede & Co. The deposit of the notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the notes. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Payments of principal and interest on the notes will be made to Cede & Co. DTC's practice is to credit direct participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such payment date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities for the accounts of customers in bearer form or registered in "street-name," and will be the responsibility of each participant and not of DTC, the underwriters, the trustee, or our company, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. is our responsibility or the responsibility of the trustee. Disbursement of such payments to direct participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the notes is the responsibility of direct and indirect participants in DTC.

DTC may discontinue providing its services as securities depository with respect to the notes at any time by giving reasonable notice to us. Under such circumstances and in the event that a successor securities depository is not obtained, certificates for the notes are required to be printed and delivered. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.

We will not have any responsibility or obligation to participants in DTC or the persons for whom they act as nominees with respect to the accuracy of the records of DTC, its nominee or any direct or indirect participant with respect to any ownership interest in the notes, or with respect to payments to or providing of notice for the direct participants, the indirect participants or the beneficial owners of the notes.

The information contained herein under the caption "Description of Notes Book-Entry System, Form and Delivery" concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable. Neither we, the trustee nor the underwriters, dealers or agents take responsibility for the accuracy or completeness thereof.

Global Clearance and Settlement Procedures

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC's participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and the Euroclear System and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected through DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, these cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the clearing system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving the notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of the notes received in Clearstream or the Euroclear System as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Credits or any transactions in the notes received in Clearstream or the Euroclear System as a result of a transaction