Sabre Corp
Form S-1/A
February 02, 2015
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As filed with the U.S. Securities and Exchange Commission on February 2, 2015

Registration No. 333-201682

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SABRE CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	**7370**	**20-8647322**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

3150 Sabre Drive

Southlake, TX 76092

Telephone: (682) 605-1000

(Address including zip code, telephone number, including area code, of Registrant s Principal Executive Offices)

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Sabre Corporation

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ¨	Accelerated filer ¨	Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share**	**Proposed Maximum Aggregate Offering Price(2)**	**Amount of Registration Fee(3)**
Common Stock, $0.01 par value per share	23,000,000	$19.76	$454,480,000	$52,810.58

(1) Includes 3,000,000 shares that the underwriters have an option to purchase from the Principal Stockholders.
(2) These figures are estimated solely for the purposes of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, based on the average of the high and low prices of the Registrant s common stock reported as of January 27, 2015, on The NASDAQ Stock Market.
(3) The Registrant previously paid $46,480 of the total registration fee in connection with the previous filing of this Registration Statement. In accordance with Rule 457(a), an additional registration fee of $6,330.58 is being paid in connection with this amendment to the Registration Statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Prospectus (Subject to Completion)

Dated February 2, 2015

20,000,000 Shares

Sabre Corporation

Common Stock

The selling stockholders (as identified in Principal and Selling Stockholders, the Selling Stockholders), which include the beneficial owners of a majority of our shares of common stock, are offering 20,000,000 shares of our common stock. The Selling Stockholders will receive all of the net proceeds from the sale of such shares, and we will not receive any of the proceeds from the sale of such shares being sold by the Selling Stockholders.

Our common stock is listed on The NASDAQ Stock Market (NASDAQ) under the symbol SABR. The last reported closing sale price of our common stock on NASDAQ on January 30, 2015 was $20.43 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 27.

Price $ A Share

	Per Share	***Total***
Public offering price	***$***	***$***
Underwriting discounts and commissions[(1)]	***$***	***$***
Proceeds, before expenses, to the Selling Stockholders	***$***	***$***

(1) *See Underwriting (Conflicts of Interest) on page 272 for additional information regarding underwriter compensation.*

The Principal Stockholders (as defined below) have granted the underwriters an option to purchase up to an additional 3,000,000 shares of common stock at the offering price less the underwriting discount. The underwriters can exercise this right at any time and from time to time, in whole or in part, within 30 days after the offering.

Delivery of the shares of common stock will be made on or about , 2015.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

GOLDMAN, SACHS & CO. *BofA MERRILL LYNCH* *MORGAN STANLEY* *DEUTSCHE BANK SECURITIES*

Evercore ISI *Jefferies* *Foros* *TPG Capital BD, LLC*
Cowen and Company *Bernstein* *William Blair*
Mizuho Securities *Natixis* *The Williams Capital Group, L.P.*

The date of this prospectus is , 2015.

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We are responsible for the information contained in this prospectus and in any related free-writing prospectus we may prepare or authorize to be delivered to you. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. We are not, the Selling Stockholders are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock.

The information contained on our website or that can be accessed through our website will not be deemed to be incorporated into this prospectus or the registration statement of which this prospectus forms a part, and investors should not rely on any such information in deciding whether to purchase our common stock.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. It may not contain all the information that may be important to you. You should read the entire prospectus carefully, including the section entitled Risk Factors and our financial statements and the related notes included elsewhere in this prospectus before making an investment decision to purchase shares of our common stock.

In this prospectus, unless we indicate otherwise or the context requires, references to the company, Sabre, we, our, ours and us refer to Sabre Corporation and its consolidated subsidiaries, references to Sabre GLBL refer to Sabre GLBL Inc., formerly known as Sabre Inc., references to TPG refer to TPG Global, LLC and its affiliates, references to the TPG Funds refer to one or more of TPG Partners IV, L.P. (TPG Partners IV), TPG Partners V, L.P. (TPG Partners V), TPG FOF V-A, L.P. (TPG FOF V-A) and TPG FOF V-B, L.P. (TPG FOF V-B), references to Silver Lake refer to Silver Lake Management Company, L.L.C. and its affiliates and references to Silver Lake Funds refer to either or both of Silver Lake Partners II, L.P. and Silver Lake Technology Investors II, L.P. In the context of our Travel Network business, references to travel buyers refer to buyers of travel, such as online and offline travel agencies, travel management companies (TMCs) and corporate travel departments, and references to travel suppliers refer to suppliers of travel services such as airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators. The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and notes thereto included elsewhere in this prospectus.

Our Company

We are a leading technology solutions provider to the global travel and tourism industry. We span the breadth of a highly complex $7 trillion global travel ecosystem, providing key software and services to a broad range of travel suppliers and travel buyers. Through our Travel Network business, we process hundreds of millions of transactions annually, connecting the world s leading travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators, with travel buyers in a comprehensive travel marketplace. We offer efficient, global distribution of travel content from approximately 125,000 travel suppliers to approximately 400,000 online and offline travel agents. To those agents, we offer a platform to shop, price, book and ticket comprehensive travel content in a transparent and efficient workflow. We also offer value-added solutions that enable our customers to better manage and analyze their businesses. Through our airline solutions business (Airline Solutions) and hospitality solutions business (Hospitality Solutions and, together with Airline Solutions, Airline and Hospitality Solutions), we offer travel suppliers an extensive suite of leading software solutions, ranging from airline and hotel reservations systems to high-value marketing and operations solutions. These solutions include planning airline crew schedules, re-accommodating passengers during irregular flight operations and managing day-to-day hotel operations. These solutions allow our customers to market, distribute and sell their products more efficiently, manage their core operations, and deliver an enhanced travel experience. Through our complementary Travel Network and Airline and Hospitality Solutions businesses, we believe we offer the broadest, end-to-end portfolio of technology solutions to the travel industry.

Our portfolio of technology solutions has enabled us to become the leading end-to-end technology provider in the travel industry. For example, we are one of the largest global distribution systems (GDSs) providers in the world, with a 36% share of GDS-processed air bookings in 2013. More specifically, we are the #1 GDS provider in North America and also in higher growth markets such as Latin America and Asia Pacific (APAC), in each case based on GDS-processed air bookings in 2013. In those three markets, our GDS-processed air bookings share was approximately 50% on a combined basis in 2013. In our Airline and Hospitality Solutions business, we believe we have the most comprehensive portfolio of solutions. In 2013, we had the largest third-party hospitality Central

Reservation System (CRS) room share based on our approximately 27% share of

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third-party hospitality CRS hotel rooms distributed through our GDS, and, according to Travel Technology Research (T2RL) s Market for Airline Passenger Services Systems (T2RL PSS) 2013 data for 2013, we had the second largest airline reservations system globally. We also believe that we have the leading portfolio of airline marketing and operations products across the solutions that we provide.

Through our solutions, which span the breadth of the travel ecosystem, we have developed deep domain expertise. Our success is built on this expertise, combined with our significant technology investment and focus on innovation. This foundation has enabled us to develop highly scalable and technology-rich solutions that directly address the key opportunities and challenges facing our customers. For example, we have invested to scale our GDS platform to meet massive transaction processing requirements. In 2013, our systems processed over $100 billion of estimated travel spending and more than 1.1 trillion system messages, with nearly 100,000 system messages per second at peak times. Our investment in innovation has enabled our Travel Network business to evolve into a dynamic marketplace providing a broad range of highly scalable solutions from distribution to workflow to business intelligence. Our investment in our Airline and Hospitality Solutions offerings has allowed us to create a broad portfolio of value-added products for our travel supplier customers, ranging from reservations platforms to operations solutions typically delivered via highly scalable and flexible software-as-a-service (SaaS) and hosted platforms. We have a long history of engineering innovative travel technology solutions. For example, we believe we were the first GDS to enable airlines to sell ancillary products like premium seats through the GDS, the first third-party provider to automate passenger re-accommodation during large operational disruptions and the first GDS to launch a business-to-business (B2B) app marketplace for our travel agency customers that allows them to customize and augment our Travel Network platform. Our innovation has been consistently recognized in the market, with awards including the Business Traveler Innovation Award from the Global Business Travel Association, an unaffiliated entity, in 2011 and 2012, for which we applied and were one of eight award winners chosen by popular vote. We were also recognized by the InformationWeek 500 in 2013 as one of the Most Innovative Users of Business Technology for the eleventh consecutive year. These 500 companies are invited to apply and are chosen by InformationWeek, an unaffiliated entity, based on their unconventional approaches and new ways of solving complex business problems with IT.

Our SaaS and hosted technology platforms allow us to serve our customers primarily through a recurring, transaction-based revenue model based primarily on travel events such as air segments booked, passengers boarded (PBs) or other relevant metrics. For the year ended December 31, 2013, 91% of our Travel Network and Airline and Hospitality Solutions revenue, on a weighted average basis, was Recurring Revenue. See Method of Calculation for a description of Recurring Revenue. This model has benefits for both our customers and for us. For our customers, our delivery model allows otherwise fixed technology investments to be variable, providing flexibility in their cost base and smoothing investment cycles as they grow, while enabling them to benefit from the continuous evolution of our platform. For us, this recurring, transaction-based revenue model allows us to expand with our customers in the travel industry, a segment of the economy that has grown significantly faster than global GDP over the last 40 years. Since our revenues are primarily linked to our customers transaction volumes, rather than to airline budget cycles or cyclical end-customer pricing, which we believe are more volatile than transaction volumes, this model facilitates greater stability in our business, particularly during negative economic cycles. In addition, as a technology solutions and transaction processing company, we do not take airline, hotel or other inventory risk, nor are we directly exposed to fuel price volatility or labor unions.

Our recurring, transaction-based revenue model, combined with our high-quality products, reinvestment in our technology, multi-year customer contracts and disciplined operational management, has contributed to our strong growth profile, as demonstrated by our Adjusted EBITDA having increased each year since 2008 despite the global economic downturn and resulting travel slowdown. From 2009 through 2013, we grew our revenue and Adjusted EBITDA at 7% and 11% compound annual growth rates (CAGRs), respectively, and increased Adjusted EBITDA margins by 394 basis points (bps), in each case, excluding Travelocity and intersegment

eliminations. During the same period, net loss attributable to Sabre Corporation decreased 37% and net loss margin decreased by 258 bps. See Non-GAAP Financial Measures and Summary Historical and Pro Forma Consolidated Financial and Other Data for additional information regarding Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.

Our Business

We currently operate through two business segments: (i) Travel Network and (ii) Airline and Hospitality Solutions. On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com, and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc., which included the termination of the Expedia SMA. See Recent Developments. We will reclassify and report all of the businesses associated with our Travelocity segment as discontinued operations in our 2014 Annual Report on Form 10-K as the segment was considered held for sale as of December 31, 2014.

Our segments operate with shared infrastructure and technology capabilities, and provide key solutions to our customers. Collectively, our integrated business enables the entire travel lifecycle, from route planning to post-trip business intelligence and analysis. The graphic below provides illustrative examples of the points where Sabre enables the travel lifecycle:

Travel Network is our global B2B travel marketplace and consists primarily of our GDS and a broad set of capabilities that integrate with our GDS to add value for travel suppliers and travel buyers. Our GDS offers content from a broad array of travel suppliers, including approximately 400 airlines, 125,000 hotel properties, 30 car rental brands, 50 rail carriers, 16 cruise lines and 200 tour operators, to tens of thousands of travel buyers, including online and offline travel agencies, TMCs and corporate travel departments. Our Airline and Hospitality Solutions business offers a broad portfolio of software technology products and solutions, primarily through SaaS and hosted models, to approximately 225 airlines, 17,500 hotel properties and 700 other travel suppliers. Our flexible software and systems applications help automate and optimize our customers business processes, including reservations systems, marketing tools, commercial planning solutions and enterprise operations tools. Travelocity was our family of online consumer travel e-commerce businesses through which we provided travel content and booking functionality primarily for leisure travelers. In August 2013, Travelocity entered into an exclusive, long-term strategic marketing agreement with Expedia (as amended from time to time, the Expedia SMA). Under the Expedia SMA, Expedia powered the technology platforms of Travelocity s U.S. and Canadian websites, as well as provided access to Expedia s supply and customer service platforms. Additionally, in the first quarter of 2014, Travelocity sold its Travelocity Partner Network (TPN) business, a B2B loyalty and private label website offering, to Orbitz. Furthermore, on December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc., which included the termination of the Expedia SMA. See Recent Developments.

For the nine months ended September 30, 2014 and 2013, we recorded revenue of $2,229 million and $2,303 million, respectively, net income attributable to Sabre Corporation of $23 million and loss of $127 million respectively, and Adjusted EBITDA of $617 million and $584 million, respectively, reflecting a 1% and (6)% net income (loss) margin and a 28% and 25% Adjusted EBITDA margin, respectively. For the nine months ended September 30, 2014, Travel Network contributed 63%, Airline and Hospitality Solutions contributed 25%, and Travelocity contributed 12% of our revenue (excluding intersegment eliminations). During this period, shares of Adjusted EBITDA for Travel Network, Airline and Hospitality Solutions, and Travelocity were approximately 77%, 25% and (2)%, respectively (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services). See Recent Developments regarding our Travelocity business segment moving to discontinued operations.

For the years ended December 31, 2013 and 2012, we recorded revenue of $3,050 million and $2,974 million, respectively, net loss attributable to Sabre Corporation of $100 million and $611 million respectively, and Adjusted EBITDA of $791 million and $787 million, respectively, reflecting a 3% and 21% net loss margin and a 26% and 26% Adjusted EBITDA margin, respectively. For the year ended December 31, 2013, Travel Network contributed 58%, Airline and Hospitality Solutions contributed 23%, and Travelocity contributed 19% of our revenue (excluding intersegment eliminations). During this period, shares of Adjusted EBITDA for Travel Network, Airline and Hospitality Solutions, and Travelocity were approximately 77%, 21% and 2%, respectively (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services). See Recent Developments regarding our Travelocity business segment moving to discontinued operations.

For additional information regarding Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, see Non-GAAP Financial Measures and Summary Historical and Pro Forma Consolidated Financial and Other Data.

Recent Developments

Travelocity business segment moved to discontinued operations

Consistent with our strategy to focus on the growth opportunities in Airline and Hospitality Solutions and Travel Network, we made significant progress toward exiting the online travel agency business, including the completed sale of Travelocity.com on January 23, 2015 and the receipt of a binding offer from Bravofly Rumbo Group to acquire lastminute.com as announced on December 16, 2014. We will reclassify and report all of the businesses associated with the Travelocity segment as discontinued operations in our 2014 Annual Report on Form 10-K as the segment was considered held for sale as of December 31, 2014. As previously reported for the nine month period ended September 30, 2014, the Travelocity segment contributed $269 million to total Adjusted Revenue and $(18) million to Adjusted EBITDA. Unless otherwise indicated, the historical financial information included in this prospectus does not reflect this reclassification.

Sale of Travelocity.com and Binding offer for lastminute.com

On January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. for $280 million in cash consideration.

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Additionally, on December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com for a total transaction value of approximately $120 million resulting primarily from the transfer of commercial liabilities and an expanded long-term commercial agreement, in which Bravofly Rumbo Group s brands and lastminute.com would continue to use our GDS. The transaction is expected to be completed in the first quarter of 2015. We cannot provide any assurance that this transaction will occur on the terms described herein or at all.

Below is a summary of key pro forma financial metrics for the most recent three years and nine months ended September 30, 2014. The pro forma information reflects the impact of reclassifying the Travelocity business segment to discontinued operations. Travel Network and Airline and Hospitality Solutions historical segment revenue and Adjusted EBITDA results will not be impacted by the reclassification of the Travelocity business segment to discontinued operations. A more complete presentation, as well as reconciliations between GAAP and non-GAAP measures, is available in the sections entitled Unaudited Pro Forma Financial Information and Summary Historical and Pro Forma Consolidated Financial and Other Data.

Summary Results	**Nine Months Ended Sept. 30, 2014**	**FY 2013**	**FY 2012**	**FY 2011**
	(In millions except per share information)			
Revenue (pro forma)	$ 1,985	$ 2,524	$ 2,382	$ 2,252
Operating Income (pro forma)	318	381	(7)	331
Adjusted EBITDA (pro forma)	641	779	731	649
Adjusted Net Income from Continuing Operations (pro forma)	173	182	148	217
Net Income Attributable to Common Shareholders	11	(137)	(646)	(99)
Diluted Net Income Attributable to Common Shareholders per Share	$ 0.05	$ (0.77)	$ (3.65)	$ (0.56)
Adjusted Net Income from Continuing Operations per Share (pro forma)	$ 0.73	$ 0.98	$ 0.81	$ 1.20

Preliminary Fourth Quarter 2014 Results

Based on preliminary unaudited information, we expect to report fourth quarter results for continuing operations (excluding the Travelocity business segment) as follows:

Total revenue is expected to be between $639 million and $654 million, an increase of between $12 million and $27 million, or 1.9% and 4.3%, for the three months ended December 31, 2014 compared to the same period for continuing operations in the prior year;

Fourth quarter revenue in Airline and Hospitality Solutions is expected to be between $213 million and $218 million, an increase of between $24 million and $29 million, or 12.7% and 15.4%, for the three months ended December 31, 2014 compared to the same period in the prior year. Solid growth in the installed base resulted in passengers boarded through the SabreSonic CSS Airline reservation solution increasing 4.5% in the quarter. We also realized solid revenue growth in our broad portfolio of AirCentre and AirVision solutions, and continued strong growth in Sabre Hospitality Solutions;

Fourth quarter revenue in Travel Network is expected to be between $429 million and $439 million, a decrease of between $(11) million and $(1) million, or (2.5)% and (0.2)%, for the three months ended December 31, 2014 compared to the same period in the prior year. The decline in fourth quarter Travel Network revenue is attributable to lower joint venture data processing revenues in the quarter. Stronger 2014 growth in the first three quarters of the year will result in lower revenue recognized in the fourth quarter of 2014 versus 2013 to meet the minimum annual terms of the contract. This decline in the quarter was partially offset by increased direct booking revenue. Direct Billable Bookings increased 1% in the quarter. Strong bookings growth in EMEA, reflecting continued share gains in the region, was offset by a modest decline in Latin America due in large part to the continued decline in travel volumes in Venezuela;

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Operating income is expected to be between $99 million and $109 million, an increase of between $13 million and $23 million, or 15.4% to 27.1%, for the three months ended December 31, 2014 compared to the same period for continuing operations in the prior year;

Adjusted EBITDA is expected to be between $194 million and $204 million, flat to an increase of $10 million, or 0.0% to 5.0%, for the three months ended December 31, 2014 compared to the same period for continuing operations in the prior year, driven by Airline and Hospitality Solutions Adjusted EBITDA growth of over 25%, partially offset by a high-single digit decrease in Travel Network Adjusted EBITDA;

Net Income Attributable to Common Shareholders is expected to be between $41 million and $51 million, an increase of between $24 million and $34 million, or 139.6% to 197.5% for the three months ended December 31, 2014 compared to the same period for continuing operations in the prior year. Adjusted Net Income from Continuing Operations is expected to be between $55 million and $65 million, an increase of between $26 million and $36 million, or 90.6% to 125.3%. for the three months ended December 31, 2014 compared to the same period in the prior year; and

Diluted Net Income Attributable to Common Shareholders per Share for the three months ended December 31, 2014 is expected to be between $0.15 and $0.19. Adjusted Net Income from Continuing Operations per Share (Adjusted EPS) is expected to be between $0.20 and $0.24.

Preliminary Full Year 2014 Results

Based on preliminary unaudited information, we expect to report full year 2014 results for continuing operations (excluding the Travelocity business segment) as follows:

Total revenue is expected to be between $2,624 million and $2,639 million, an increase of between $100 million and $115 million, or 4.0% to 4.6%, for the twelve months ended December 31, 2014 compared to the prior year for continuing operations;

Full year 2014 revenue in Travel Network is expected to be between $1,850 million and $1,860 million, an increase of between $28 million and $38 million, or 1.6% and 2.1%, compared to the prior year. Full year revenue growth was affected by the pricing impact of the merger of American Airlines and US Airways and the decline of travel in Venezuela, which, combined, reduced growth by approximately two percentage points. Full year direct bookings growth totaled 2.2%, reflecting growth in EMEA of over 9% driven by solid share gains, and modest growth in North America that was offset by a slight decline in Latin America driven primarily by the reduction in travel in Venezuela;

Full year 2014 revenue in Airline and Hospitality Solutions is expected to be between $784 million and $789 million, an increase of between $72 million and $77 million, or 10.1% and 10.9%, compared to the prior year. Full year passengers boarded through the SabreSonic CSS airline reservations solution increased 6.8%, driven by solid growth across the installed base. Full year 2014 revenue growth was also fueled by continued strong growth of the broader AirCentre and AirVision portfolio of solutions, as well as by high-teens growth in Sabre Hospitality Solutions;

Operating income is expected to be between $416 million and $426 million, an increase of between $27 million and $37 million, or 6.9% to 9.4%, for the twelve months ended December 31, 2014 compared to the prior year for continuing operations;

Adjusted EBITDA is expected to be between $835 million and $845 million, an increase of between $56 million and $66 million, or 7.2% to 8.5%, for the twelve months ended December 31, 2014 compared to the same period for continuing operations in the prior year, driven by Airline and Hospitality Solutions Adjusted EBITDA growth of over 30% and low single-digit growth in Travel Network Adjusted EBITDA;

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Net Income Attributable to Common Shareholders is expected to be between $53 million and $63 million, an increase of between $190 million and $200 million compared to the prior year. Adjusted Net Income from Continuing Operations is expected to be between $227 million and $237 million, an increase of between $45 million and $55 million, or 24.9% to 30.3%, for the twelve months ended December 31, 2014 compared to the same period in the prior year; and

Diluted Net Income Attributable to Common Shareholders per Share for the twelve months ended December 31, 2014 is expected to be between $0.21 and $0.25. Adjusted Net Income from Continuing Operations per Share is expected to be between $0.92 and $0.96.

The following tables reconcile Net Income/(Loss) Attributable to Common Shareholders to Adjusted Net Income from Continuing Operations and Adjusted EBITDA and presents Adjusted Net Income from Continuing Operations per Share for the ranges presented above:

	Financial Results for the Three Months Ended December 31, 2014 is Expected to be Between		**Financial Results for the Twelve Months Ended December 31, 2014 is Expected to be Between**	
	(In millions except per share information)			
Reconciliation of net income to Adjusted Net Income and to Adjusted EBITDA:				
Net income attributable to common shareholders	$ 41	$ 51	$ 53	$ 63
Preferred stock dividends			11	11
(Income) loss from discontinued operations, net of tax	(6)	(6)	39	39
Net income (loss) attributable to noncontrolling interests(1)	1	1	3	3
Income from continuing operations	36	46	106	116
Adjustments:				
Acquisition related amortization expense(2a)	23	23	99	99
Loss on extinguishment of debt			34	34
Other, net(4)	63	63	64	64
Restructuring and other costs(5)	2	2	10	10
Litigation and taxes, including penalties(6)	3	3	14	14
Stock based compensation	6	6	20	20
Management fees(7)			24	24
Tax impact of net income adjustments(8)	(78)	(78)	(144)	(144)
Adjusted Net Income from continuing operations	$ 55	$ 65	$ 227	$ 237
Adjusted Net Income from continuing operations per share	$ 0.20	$ 0.24	$ 0.92	$ 0.96
Weighted-average shares outstanding adjusted for assumed inclusion of common stock equivalents	274	274	247	247
Adjusted Net Income from continuing operations	$ 55	$ 65	$ 227	$ 237
Adjustments:				

Depreciation and amortization of property and equipment[2b]	38	38	158	158
Amortization of capitalized implementation costs[2c]	9	9	36	36
Amortization of upfront incentive consideration[3]	12	12	45	45
Interest expense, net	52	52	219	219
Remaining provision (benefit) for income taxes	28	28	150	150
Adjusted EBITDA	$ 194	$ 204	$ 835	$ 845

(1) Net income attributable to non-controlling interests represents an adjustment to include earnings allocated to non-controlling interest held in (i) Sabre Travel Network Middle East of 40% for all periods presented and (ii) Sabre Seyahat Dagitim Sistemleri A.S. of 40% beginning in April 2014.

(2) Depreciation and amortization expenses:

a. Acquisition related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date and amortization of the excess basis in our underlying equity in joint ventures.

b. Depreciation and amortization of property and equipment includes software developed for internal use.

c. Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

(3) Our Travel Network business at times provides upfront incentive consideration to travel agency subscribers at the inception or modification of a service contract, which are capitalized and amortized to cost of revenue over an average expected life of the service contract, generally over three to five years. Such consideration is made with the objective of increasing the number of clients or to ensure or improve customer loyalty. Such service contract terms are established such that the supplier and other fees generated over the life of the contract will exceed the cost of the incentive consideration provided upfront. Such service contracts with travel agency subscribers require that the customer commit to achieving certain economic objectives and generally have terms requiring repayment of the upfront incentive consideration if those objectives are not met.

(4) Other, net primarily includes a fourth quarter charge of $66 million as a result of an increase to our TRA liability. The increase in our TRA liability is due to a reduction in a valuation allowance maintained against our deferred tax assets. This charge is fully offset by a benefit recognized in the fourth quarter of 2014 from the reduction in the valuation allowance which is included in tax impacts of net income adjustments. Also includes foreign exchange gains and losses related to the remeasurement of foreign currency denominated balances included in our consolidated balance sheets into the relevant functional currency.

(5) Restructuring and other costs represents charges associated with business restructuring and associated changes implemented which resulted in severance benefits related to employee terminations, integration and facility opening or closing costs and other business reorganization costs.

(6) Litigation settlement and tax payments for certain items represent charges or settlements associated with airline antitrust litigation (see Note 13, Contingencies, to our unaudited consolidated financial statements and Note 20, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus).

(7) We paid an annual management fee to TPG and Silver Lake in an amount between (i) $5 million and (ii) $7 million, the actual amount of which was calculated based upon 1% of Adjusted EBITDA, as defined in the management services agreement (the MSA), earned by the company in such fiscal year up to a maximum of $7 million. In addition, the MSA provided for the reimbursement of certain costs incurred by TPG and Silver Lake, which are included in this line item. In connection with our initial public offering, we paid to TPG and Silver Lake, in the aggregate, a $21 million fee pursuant to the MSA. The MSA was terminated at the completion of our initial public offering.

(8) Includes a $66 million benefit recognized in the fourth quarter of 2014 from the reduction in a valuation allowance maintained against our deferred tax assets.

We have provided a range for the preliminary results for the fourth quarter and fiscal year ended December 31, 2014 because our financial closing procedures for the month and fiscal quarter ended December 31, 2014 are not yet complete. The ranges provided for certain financial measurements are based on estimates derived from the amount of work completed to date on the quarterly closing process, revenue and expense forecasts that have been made by management during the month of December and from monitoring key operating performance metrics throughout the month of December. As a result, there is a possibility that final results will vary from these preliminary estimates. We currently expect that our final results will be within the ranges described above. It is possible, however, that the final results will not be within the ranges we currently estimate. We expect to complete our closing procedures for the fiscal quarter ended December 31, 2014 in February 2015.

As a result of the foregoing considerations and the other limitations on non-GAAP measures described herein, investors are cautioned not to place undue reliance on this preliminary financial information. See Risk Factors Risks Related to Our Business and Industry There are material limitations with making estimates of our results for current or prior periods prior to the completion of our normal review procedures for such periods, Cautionary Note Regarding Forward-Looking Statements, Selected Consolidated Financial and Other Data, Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

These preliminary financial data have been prepared by, and are the responsibility of, management. Ernst & Young LLP has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance on these preliminary financial data.

Possible acquisition

As of the date of the Registration Statement of which this prospectus forms part, it is possible that we will enter into an agreement in the first quarter of 2015, for a proposed acquisition within the Travel Network business segment. If consummated, we anticipate that the acquisition would close in the second quarter of 2015 and require approximately $500 million in funds, including advisory and financing costs. We expect to meet these funding needs through some combination of cash on hand, revolver draw and debt financing. With respect to our consolidated income statement for the year ended December 31, 2014, on a pro forma basis, we expect the acquisition would have resulted in a revenue increase of approximately $0.25 billion and would have resulted in an increase in Adjusted EBITDA. In 2015, we expect the transaction to be approximately neutral to Adjusted EPS, which excludes customary costs such as transaction and restructuring costs and the amortization of intangibles, and to have a positive impact on Adjusted EPS thereafter. We cannot assure you that this acquisition will occur on the terms described herein or at all or that it will have the expected impact on our financial results as described above.

Our Industry

The travel and tourism industry is one of the world s largest industry segments, contributing $7 trillion to global GDP in 2013, according to the World Travel & Tourism Council s Economic Impact of Travel & Tourism 2014 (WTTC). The industry encompasses travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators around the world, as well as travel buyers, including online and offline travel agencies, TMCs and corporate travel departments.

The travel and tourism industry has been a growing area of the broader economy. For example, based on 40 years of data from the IATA Monthly Traffic Analysis Archives (IATA Traffic), air traffic has historically grown at an average rate of approximately 1.5x the rate of global GDP growth. Going forward, Euromonitor International Passport Travel and Tourism Database (Euromonitor Database) expects a 4.5% CAGR in air travel and hotel spending combined between 2014 and 2018. According to Airbus Global Market Forecast 2013-2032 (Airbus), air traffic in developing markets such as APAC, Latin America and the Middle East is expected to grow at even faster rates of 6%, 6% and 7%, respectively, from 2012 to 2032. In addition to growth in emerging geographies, hybrid carriers and low-cost carriers (LCCs , and collectively, LCC/hybrids) have continued to grow, with LCCs share of global air travel volume expected to increase from 17% of revenue passenger kilometers in 2012 to 21% of revenue passenger kilometers by

2032, according to Airbus.

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Technology is integral to that growth, enabling the operation of the modern travel ecosystem by powering the industry lifecycle from distribution to operations. With the increasing complexity created by the large, fragmented and global nature of the travel industry, reliance on technology will only increase. That reliance drove technology spending by the air transportation and hospitality industries to $60 billion in 2013, with expenditures expected to exceed $70 billion in 2017, according to Gartner Enterprise IT Spending by Vertical Industry Market, Worldwide, 2011-2017 (Gartner Enterprise). Some recent trends in the travel industry which we expect to further technology innovation and spending include:

Outsourcing: Historically, technology solutions were built in-house by travel suppliers and travel buyers. As complexity and the pace of innovation have increased, third-party providers have emerged to offer more cost-effective and advanced solutions. Additionally, the travel technology industry has shifted to a more flexible and scalable technology delivery model including SaaS and hosted implementations that allow for shared development, reduced deployment costs, increased scalability and a pay-as-you-go cost model.

Airline Ancillary Revenue: The sale of ancillary products is now a major source of revenue for many airlines worldwide, and has grown to comprise as much as 30% of total revenues for some carriers and more than $31.5 billion in the aggregate across the travel industry in 2013, according to CarTrawler Worldwide Estimate of Ancillary Revenue (IdeaWorks). Enabling the sale of ancillary products is technologically complex and requires coordinated changes to multiple interdependent systems including reservations platforms, inventory systems, point of sale locations, revenue accounting, merchandising, shopping, analytics and other systems. Technology providers such as Sabre have already significantly enhanced their systems to provide these capabilities and we expect these providers to take further advantage of this significant opportunity going forward.

Mobile: Mobile platforms have created new ways for customers to research, book and experience travel, and are expected to account for over 35% of online travel value sales by 2018, according to Euromonitor International World Travel Market Global Trends Report 2014 (Euromonitor Report). Accordingly, travel suppliers, including airlines and hospitality providers, are upgrading their systems to allow for delivery of services via mobile platforms from booking to check-in to travel management. According to SITA s 2013 Air Transport Industry Insights: The Airline IT Trends Survey (SITA Survey), 97% of airlines are investing in mobile channels with the intention of increasing mobile access across the entire travel experience. This mobile trend also extends to the use of tablets and wireless connectivity by the airline workforce, such as automating cabin crew services and providing flight crews with electronic flight bags. Travel technology companies like Sabre are enabling and benefitting from this trend as travel suppliers upgrade their systems and travel buyers look for new sources of client connectivity.

Personalization: Concurrently with the rise of ancillary products and mobile devices as a customer service tool, travel suppliers have an opportunity to provide increased personalization across the customer travel experience, from seat selection and on-board entertainment to loyalty program management and mobile concierge services. Data-driven business intelligence products can help travel companies use available customer data to identify the types of products, add-ons and upgrades customers are more likely to purchase and market these products effectively to various customer segments according to their needs and preferences. In addition to providing the technology platform to facilitate these services, we believe technology providers like Sabre can leverage their data-rich platforms and travel technology domain expertise to offer analytics and business intelligence to support travel suppliers in delivering more personalized service offerings.

Increasing Use of Data and Analytics: The use of data has always been an asset in the travel industry. Airlines were pioneers in the use of data to optimize seat pricing, crew scheduling and flight routing. Similarly, hotels employed data to manage room inventory and optimize pricing. The travel industry was also one of the first to capitalize on the value of customer data by developing products such as customer loyalty programs.

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Historically, this data has largely been transaction-based, such as booking reservations, recording account balances, and tracking points in loyalty programs. Today, analytics-driven business intelligence products are evolving to further and better utilize available data to help travel companies make decisions, serve customers, optimize their operations and analyze their competitive landscape. Technology providers like Sabre have developed and continue to develop large-scale, data-rich platforms that include these business intelligence and data analytics tools that can identify new business opportunities and global, integrated and high-value solutions for travel suppliers.

Our Competitive Strengths

We believe the following attributes differentiate us from our competitors and have enabled us to become a leading technology solutions provider to the global travel industry.

Broadest Portfolio of Leading Technology Solutions in the Travel Industry

We offer the broadest, most comprehensive technology solutions portfolio available to the travel industry from a single provider, and our solutions are key to the operations of many of our travel supplier and travel agency customers. Travel Network, for example, provides a key technology platform that enables efficient shopping, booking and management of travel itineraries for online and offline travel agencies, TMCs and corporate travel departments. In addition to offering these and other advanced functionalities, it is a valuable distribution and merchandising channel for travel suppliers to market to a broad array of customers, particularly outside their home countries and regions. Additionally, we provide SaaS and hosted solutions that run many of the most important operations systems for our travel supplier customers, such as airline and hotel reservations systems, revenue management, crew scheduling and flight operations. We believe that our Travel Network and Airline and Hospitality Solutions offerings address customer needs across the entire travel lifecycle, and that we are the only company that provides such a broad portfolio of technology solutions to the travel industry. This breadth affords us significant competitive advantages including the ability to leverage shared infrastructure, a common technology organization and product development. Beyond scale and efficiency, our position spanning the breadth of the travel ecosystem helps us to develop deep domain expertise and to anticipate the needs of our customers. Taken together, the value, quality, and breadth of our technology, software and related customer services contribute to our strong competitive position.

Global Leadership Across Growing End Markets

We operate in areas of the global travel industry that have large and growing addressable customer bases. Each of our businesses is a leader in its respective area. Sabre is the leading GDS provider in North America, Latin America, and APAC, with 55%, 57%, and 39% share of GDS-processed air bookings, respectively, in 2013. Additionally, Airline Solutions is the second largest provider of reservations systems, with an 18% global share of 2012 PBs, according to T2RL PSS. We believe that we have the leading portfolio of airline marketing and operations products across the solutions that we provide. We also believe our Hospitality Solutions business is the leader in hotel reservations, handling 27% of third-party hospitality CRS hotel rooms through our GDS in 2013. See Method of Calculation for an explanation of the methodology underlying our GDS-processed air bookings share and third-party hospitality CRS hotel room share calculations.

Looking forward, we expect to benefit from attractive growth in our end markets. Euromonitor expects a 4.5% CAGR in air travel and hotel spending combined between 2014 and 2018. Gartner, Inc. (Gartner) expects technology spending by the air transportation and hospitality sectors to grow significantly from $60 billion in 2013 to over $70 billion in 2017. Within our Travel Network business, we also expect our presence in economies with strong GDP growth and regions with faster air traffic growth, such as APAC, Latin America and the Middle East and Africa (MEA), will further contribute to the growth of our businesses. Similarly, our

Airline Solutions reservations products customers are weighted toward faster growing LCC/hybrids, which represented approximately 29% of our 2013 PBs based on T2RL data. In 2012, LCC/hybrids represented approximately 45% of our 2012 PBs. T2RL s LCC/hybrid group included JetBlue and Lion Air in 2012, which we consider LCC/hybrid carriers. T2RL s 2013 calculation excludes these carriers from the LCC/hybrid group. If these two carriers were included as LCC/hybrids in the 2013 calculation, LCC/hybrids would have represented approximately 41% of our 2013 PBs.

Innovative and Scalable Technology

Two pillars underpin our technology strategy: innovation and scalability. To drive innovation in our travel marketplace business, we make significant investments in technology to develop new products and add incremental features and functionality, including advanced algorithms, decision support, data analysis and other valuable intellectual property. This investment is supported by our global technology teams comprising approximately 4,000 employees and contractors. This scale and cross-business technology organization creates efficiency and a flexible environment that allows us to apply knowledge and resources across our broad product portfolio, which in turn fuels innovation. In addition, our investments in technology have created a highly scalable set of solutions across our businesses. For example, we believe our GDS is one of the most heavily utilized Service Oriented Architecture (SOA) environments in the world, processing more than 1.1 trillion system messages in 2013, with nearly 100,000 system messages per second at peak times. Our Airline and Hospitality Solutions business employs highly reliable software technology products and SaaS and hosted infrastructure. Compared to traditional in-house software installations, SaaS and hosted technology offers our customers advantages in terms of cost savings, more robust functionality, increased flexibility and scale, and faster upgrades. As an example of the SaaS and hosted scalability benefit, our delivery model has facilitated an increase in the number of PBs in our Airline Solutions business from 288 million to 478 million from 2009 to 2013. Our investments in technology maintain and extend our technology platform which has supported our industry-leading product innovation. On the scale at which we operate, we believe that the combination of an expanding network and technology investments continues to create a significant competitive advantage for us.

Stable, Resilient, and Diversified Business Models

Travel Network and much of Airline and Hospitality Solutions operate with a transaction-based business model that ties our revenue to a travel supplier s transaction volumes rather than to its unit pricing for an airplane ticket, hotel room or other travel product. Travel-related businesses with volume-based revenue models have generally shown strong visibility, predictability and resilience across economic cycles because travel suppliers have historically sought to maintain traveler volumes by reducing prices in an economic downturn.

Our resilience is also partially attributable to our non-exclusive, multi-year contracts in our Travel Network business. For example, although most of our contracts have terms of one to three years, contracts with our major travel buyer and travel supplier customers, which represent the majority of Travel Network revenue, have five to ten year terms and three to five year terms, respectively. Similarly, our Airline Solutions business has contracts that typically range from three to seven years in length, and our Hospitality Solutions business has contracts that typically range from one to five years in length. Our Travel Network and Airline and Hospitality Solutions businesses also deliver solutions that are integral components of our customers businesses and have historically remained in place once implemented. In our Travel Network business and our Airline and Hospitality Solutions business, 94% and 84% of our revenue was Recurring Revenue, respectively, in 2013.

In addition to being stable, our businesses are also diversified. Travel Network and Airline and Hospitality Solutions generate a broad geographic revenue mix, with a combined 43% of revenue generated outside the United States in 2013. None of our travel buyers or travel suppliers accounted for more than 10% of our revenue for the years ended

December 31, 2013 or 2012.

Strong, Long-Standing Customer Relationships

We have strong, long-standing customer relationships with both travel suppliers and travel buyers. These relationships have allowed us to gain a deep understanding of our customers needs, which positions us well to continue introducing new products and services that add value by helping our customers improve their business performance. In our Travel Network business, for example, by providing efficient and quality services, we have developed and maintained strong customer relationships with TMCs, major corporate travel departments and travel suppliers, with some of these relationships dating back over 20 years.

We believe that our strong value proposition is demonstrated by our ability to retain customers in a highly competitive marketplace. For each of the years ended December 31, 2013, 2012 and 2011, our Customer Retention rate for Travel Network was 99%. For our Airline Solutions business, our Customer Retention rate was 98%, 96% and 96% for the years ended December 31, 2013, 2012 and 2011 respectively, and our Customer Retention rate for our Hospitality Solutions business was 96%, 96% and 98% for the same periods, respectively. See Method of Calculation for a description of Customer Retention.

Deep and Experienced Leadership Team with Informed Insight into the Travel Industry

Our management team is highly experienced, with comprehensive expertise in the travel and technology industries. Many of our leaders have more than 20 years of experience in multiple segments of the travel industry and have held positions in more than one of our businesses, which provides them with a holistic and interdisciplinary perspective on our company and the travel industry.

By investing in training, skills development and rotation programs, we seek to develop leaders with broad knowledge of our company, the industry, technology, and specific customer needs. We also hire externally as needed to bring in new expertise. Our blend of experience and new hires across our team provides a solid foundation on which we develop new capabilities, new business models and new solutions to complex industry problems.

Our Growth Strategy

We believe we are well-positioned for future growth. First, we expect the continued macroeconomic recovery to generate travel growth, compounded by the continuing trend towards the outsourcing of travel technology. In addition, we are well-positioned in market segments which are growing faster than the overall travel industry, with leading market positions in our Travel Network business in Latin America and APAC. In our Airline Solutions reservations systems, LCC/hybrids, which are growing traffic faster than traditional airlines, accounted for approximately 29% of our PBs in 2013 based on T2RL data. In 2012, LCC/hybrids represented approximately 45% of our 2012 PBs. T2RL s LCC/hybrid group included JetBlue and Lion Air in 2012, which we consider LCC/hybrid carriers. T2RL s 2013 calculation excludes these carriers from the LCC/hybrid group. If these two carriers were included as LCC/hybrids in the 2013 calculation, LCC/hybrids would have represented approximately 41% of our 2013 PBs. Supported by these industry trends, we believe both our Travel Network and our Airline and Hospitality Solutions businesses have significant opportunities to expand their customer bases, further penetrate existing customers, extend their geographic footprint and develop new products. By executing on the following strategies and, when appropriate, selective strategically aligned acquisitions, we intend to capitalize on these positive trends:

Leverage our Industry-Leading Technology Platforms

We have made significant investments in our technology platforms and infrastructure to develop robust, scalable software as well as SaaS and hosted solutions. We plan to continue leveraging these investments across our organization, particularly in our Travel Network and Airline and Hospitality Solutions businesses, to catalyze product innovation and speed-to-market. We will also continue to shift toward SaaS and hosted infrastructure and solutions as we further develop our product portfolio.

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Expand our Global Travel Marketplace Leadership

Travel Network intends to remain the global B2B travel marketplace of choice for travel suppliers and travel buyers by executing on the following initiatives:

Targeting Geographic Expansion: From 2009 to 2013, we increased our GDS-processed air bookings share in the Middle East, Russia and Colombia by 744 bps, 327 bps and 990 bps, respectively. We currently have initiatives in place across Europe, APAC and Latin America to further expand in those regions.

Attracting and Enabling New Marketplace Content: We are actively adding new travel supplier content which generates revenue directly through incremental booking volumes associated with the new content and reinforces the virtuous cycle of our Travel Network business: as we add more supplier content to our marketplace, we experience increased participation from travel buyers, which, in turn, encourages travel suppliers to contribute additional content to our marketplace. We have been successful in converting notable carriers that previously only used direct distribution, such as JetBlue and Norwegian, to join our GDS, and we believe there is a similar opportunity to increase the participation of less-penetrated content types like hotel properties, where we estimate that only approximately one-third participate in a GDS. In addition to attracting new supplier content, we aim to expand the content available for sale from existing travel suppliers, including ancillary revenue a category of airline revenue worth more than $31.5 billion in the aggregate across the travel industry in 2013, according to IdeaWorks. We seek additional opportunities to capitalize on this trend, such as by supporting our airline customers branded fare initiatives.

Continuing to Invest in Innovative Products and Capabilities: The development of cutting-edge products and capabilities has been critical to our success. We plan to continue to invest significant resources in solutions that address key customer needs, including mobility (e.g., TripCase), data analytics and business intelligence (e.g., Sabre Dev Studio, Hotel Heatmaps, Contract Optimization Services), and workflow optimization (e.g., Sabre Red App Centre, TruTrip).

Drive Continued Airline and Hospitality Solutions Growth and Innovation

Our Airline and Hospitality Solutions business has been a key growth engine for us with a CAGR of 14% for revenue and 15% for Adjusted EBITDA from 2009 to 2013. We believe Airline and Hospitality Solutions will continue to drive company growth through a combination of underlying customer and market growth, as well as through the following strategic growth initiatives:

Invest in Innovative Airline Products and Capabilities: We have a long history of investment in innovation. For example, we believe we were the first technology solutions provider to provide real-time revenue integrity and the first third-party provider to automate passenger reaccommodation during large operational disruptions. We see a continued opportunity to innovate in areas such as retailing solutions, mobile capabilities, data analytics and business intelligence offerings.

Continue to Add New Airline Reservations Customers: Over the last five years, we have added airline customers representing over 110 million annual PBs from many innovative, fast-growing airlines such as Etihad Airways, Virgin Australia, JetBlue and LAN. Although the number of new reservations opportunities varies materially by year, in 2013 and 2014, T2RL estimated that contracts representing over 1 billion PBs will come up for renewal between 2014 to 2017, of which approximately 0.7 billion PBs are from airlines who do not pay us PB fees today. As of this filing, airlines won but not yet implemented by Sabre boarded over 250 million PBs in 2012, according to T2RL data. This includes a long-term agreement announced in January 2014 with American Airlines for Sabre to be its reservations system provider following its merger with US Airways and other more recent agreements, including Air Berlin announced in May 2014 and Alitalia and Copa Airlines announced in January 2015.

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Further Penetrate Existing Airline Solutions Customers: We believe there is an opportunity to sell more of our extensive solution set to our existing customers. Of our 2013 customers in T2RL s top 100 passenger airlines, 35% had one or two non-reservations solution sets, 36% had three to five and 29% had more than five. Historically, the average revenue would have approximately tripled if a customer moved from the first category to the second, and nearly tripled again if a customer moved to the third category. Leveraging our brand, we intend to continue to promote the adoption of our products within and across our existing customers.

Invest Behind Rapidly Growing Hospitality Solutions Business: Our Hospitality Solutions business has grown rapidly, with 19% revenue CAGR from 2009 to 2013, and we are focused on continuing that growth going forward. We currently have initiatives to grow in our existing footprint and expand our presence in APAC and in Europe, the Middle East and Africa (EMEA), which collectively accounted for only 32% of our Hospitality Solutions business revenue in 2013. We plan to accomplish this organically and through select acquisitions to enhance our product offering, grow our customer base and cross sell additional products to our existing customers. For example, our recently announced acquisition of Genares will build on the foundation of their products and services while introducing Genares customers to a broader suite of products and services to help accelerate their growth.

Continue to Focus on Operational Efficiency Supported by Leading Technology

We have a track record of improving operational efficiency and capitalizing on our scalable technology platform and operating leverage in our business model. We have expanded Adjusted EBITDA margins in our Travel Network business by over 550 bps since 2009 while growing the business and introducing new products. We intend to continue to increase our operational efficiency by following a shared capabilities, technology and insights approach across our businesses. Through a comprehensive labor strategy, we are driving operating efficiencies and cost savings through a proactive approach that focuses on adding and retaining talent and achieving the optimal personnel mix across our global development centers. We expect the outcome of this program to better scale development costs over time.

Summary of Risks

Significant risks that could materially and adversely affect our business, financial condition and results of operations include:

- factors affecting transaction volumes in the global travel industry, particularly air travel transaction volumes, including global and regional economic and political conditions, financial instability or fundamental corporate changes to travel suppliers, natural or man-made disasters, safety concerns or changes to regulations governing the travel industry;

- our ability to renew existing contracts or to enter into new contracts with travel supplier and buyer customers, third-party distributor partners and joint ventures on economically favorable terms or at all;

- our Travel Network business exposure to pricing pressures from travel suppliers and its dependence on relationships with several large travel buyers;

the fact that travel supplier customers may experience financial instability, consolidate with one another, pursue cost reductions, change their distribution model or experience other changes adverse to us;

travel suppliers use of alternative distribution models, such as direct distribution channels, technological incompatibilities between suppliers travel content and our GDS, and the diversion of consumer traffic to other channels;

our reliance on third-party distributors and joint ventures to extend GDS services to certain regions, which exposes us to risks associated with lack of direct management control and potential conflicts of interest;

competition in the travel distribution market from other GDS providers, direct distribution by travel suppliers and new entrants or technologies that could challenge the existing GDS business model; maintaining and growing our Airline and Hospitality Solutions business could be negatively impacted by competition from other third-party solutions providers and from new participants entering the solutions market;

availability and performance of information technology services provided by third parties, such as HP, which manages a significant portion of our systems;

systems and infrastructure failures or other unscheduled shutdowns or disruptions, including those due to natural disasters or cybersecurity attacks;

the fact that we qualify and, upon completion of this offering, will continue to qualify as a controlled company within the meaning of NASDAQ rules and, therefore we also qualify and, upon completion of this offering, will continue to qualify to be exempt from certain corporate governance requirements, which means that our stockholders may not have the same protections afforded to stockholders of companies that are subject to such requirements;

the fact that our Principal Stockholders (as defined below) retain and, following completion of this offering, will retain significant influence over us and key decisions about our business, with approximately 80.3% of our voting power held by our affiliates as of January 15, 2015 and with approximately 72.9% of our voting power held by our affiliates after completion of this offering (assuming no exercise of the underwriters option to purchase additional shares from the Principal Stockholders), which may prevent new investors from influencing significant corporate decisions and result in conflicts of interest; and

our significant amount of long-term indebtedness and the related restrictive covenants in the agreements governing our indebtedness.

See Risk Factors beginning on page 27 for additional risks that could impact our business.

Corporate and Other Information

Sabre Holdings Corporation is a Delaware corporation formed in 1996. It was operated as a division of AMR Corporation, its parent company, until it was spun off completely in 2000. Sabre Corporation is a Delaware corporation formed in December 2006 and is the parent company of Sabre Holdings Corporation and Sabre GLBL. Prior to our acquisition in 2007 by the Principal Stockholders (as defined below), we were previously a publicly-held travel technology company. Our initial public offering occurred on April 17, 2014 and our shares are listed on NASDAQ. We are headquartered in Southlake, Texas, and employ approximately 8,000 people in approximately 60 countries around the world. We serve our customers through cutting-edge technology developed in six facilities located across four continents.

Our principal executive offices are located at 3150 Sabre Drive, Southlake, TX 76092, and our telephone number is (682) 605-1000. Our corporate website address is www.sabre.com. The information contained on our website or that can be accessed through our website will not be deemed to be incorporated into this prospectus or the registration statement of which this prospectus forms a part, and investors should not rely on any such information in deciding whether to purchase our common stock.

Principal Stockholders

Our Relationship with the TPG Funds and Silver Lake Funds

In 2007, we were acquired by the TPG Funds and the Silver Lake Funds. On March 30, 2007, we entered into a Stockholders Agreement by and among the TPG Funds, the Silver Lake Funds, Sovereign Co-Invest, LLC

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(Sovereign Co-Invest, an entity co-managed by TPG and Silver Lake, and together with the TPG Funds and the Silver Lake Funds, the Principal Stockholders), and Sabre Corporation (formerly known as Sovereign Holdings, Inc.), which was amended and restated in connection with our initial public offering (as amended and restated, the Stockholders Agreement). See Certain Relationships and Related Party Transactions Stockholders Agreement.

As of January 15, 2015, the Principal Stockholders owned approximately 79.4% of our common stock. As of January 15, 2015, the TPG Funds, the Silver Lake Funds and Sovereign Co-Invest owned approximately 37.2%, 22.9% and 19.2%, respectively, of our common stock. Following the completion of this offering, the Principal Stockholders will own approximately 71.9% of our common stock or approximately 70.8% if the underwriters option to purchase additional shares from the Principal Stockholders is fully exercised. The TPG Funds, the Silver Lake Funds and Sovereign Co-Invest will own approximately 33.7%, 20.8% and 17.4%, respectively, of our common stock or approximately 33.2%, 20.4% or 17.2%, if the underwriters option to purchase additional shares from the Principal Stockholders is fully exercised. As a result, we are and, upon completion of this offering, will continue to be a controlled company within the meaning of the corporate governance requirements of the NASDAQ. See Risk Factors Risks Related to the Offering and our Common Stock We are and, upon completion of this offering, will continue to be a controlled company within the meaning of the NASDAQ rules and, as a result, we qualify for exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements.

TPG

TPG is a leading global private investment firm founded in 1992 with over $65 billion of assets under management as of September 30, 2014 and offices in San Francisco, Fort Worth, Austin, Beijing, Dallas, Hong Kong, Houston, London, Luxembourg, Melbourne, Moscow, Mumbai, New York, São Paulo, Shanghai, Singapore, Tokyo and Toronto. TPG has extensive experience with global public and private investments executed through leveraged buyouts, recapitalizations, spinouts, growth investments, joint ventures and restructurings. The firm s investments span a variety of industries, including financial services, travel and entertainment, technology, energy, industrials, retail, consumer, real estate, media and communications, and healthcare.

Silver Lake

Silver Lake is a global investment firm focused on the technology, technology-enabled and related growth industries with offices in Silicon Valley, New York, London, Hong Kong, Shanghai and Tokyo. Silver Lake was founded in 1999 and has over $20 billion in combined assets under management and committed capital across its large-cap private equity, middle-market private equity, growth equity and credit investment strategies.

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Summary of Corporate Structure

Going forward, the Travelocity business segment will not be a part of our corporate structure as a result of the divestiture of the businesses in the segment. See Recent Developments.

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THE OFFERING

Common stock offered by the Selling Stockholders	20,000,000 shares of common stock.
Common stock to be outstanding after this offering	267,865,537.
Selling Stockholders	See Principal and Selling Stockholders.
Underwriters option to purchase additional shares	The Principal Stockholders may sell up to additional 3,000,000 shares of common stock if the underwriters exercise their option to purchase additional shares.
Use of proceeds	The Selling Stockholders will receive all of the net proceeds from the sale of shares of our common stock offered by them pursuant to this prospectus. We will not receive any proceeds from the sale of these shares of common stock, including from any exercise by the underwriters of their option to purchase additional shares. We will bear the costs, other than underwriting discounts and commissions and transfer taxes, associated with this offering in accordance with the Management Stockholders Agreement and the Registration Rights Agreement (as defined below), as applicable. See Principal and Selling Stockholders and Underwriting (Conflicts of Interest).
Dividend policy	Our board of directors has declared cash dividends of $0.09 per share of our common stock, which were paid on September 16, 2014 to shareholders of record as of September 1, 2014, and on December 30, 2014 to shareholders of record as of December 15, 2014. We intend to continue to pay quarterly cash dividends on our common stock. We intend to fund any future dividends from distributions made by our operating subsidiaries from their available cash generated from operations.
	The ability of our subsidiaries to pay cash dividends, which could then be further distributed to holders of our common stock, is currently restricted in certain circumstances by the covenants in our Credit Facility (as defined in Description of Certain Indebtedness) and the indenture governing the 2019 Notes and may be further restricted by the terms of future debt or preferred securities.

Risk factors	Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 27 for a discussion of factors you should carefully consider before deciding to invest in our common stock.
NASDAQ symbol	SABR

Conflicts of Interest	Affiliates of TPG Capital BD, LLC, an underwriter of this offering, will own in excess of 10% of our issued and outstanding common stock following this offering. In addition, the TPG Funds are affiliates of TPG Capital BD, LLC and, as selling stockholders, will receive more than 5% of the net proceeds of this offering. As a result of the foregoing relationships, TPG Capital BD, LLC is deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering. In accordance with FINRA Rule 5121(c), no sales of the shares will be made to any discretionary account over which TPG Capital BD, LLC exercises discretion without the prior specific written approval of the account holder. See Use of Proceeds and Underwriting (Conflicts of Interest).

The number of shares of common stock to be outstanding after this offering assumes no issuance of shares of common stock reserved for issuance under our equity incentive plans. As of January 15, 2015, an aggregate of 11,847,105 shares of common stock were reserved for future issuance under the Sabre Corporation 2014 Omnibus Incentive Compensation Plan (the 2014 Omnibus Plan) which includes 2,844,254 shares of common stock that were available for future issuance under our prior equity plans. Additionally, the number of shares of common stock to be outstanding after this offering assumes:

- no exercise of performance-based stock options outstanding under our Sovereign MEIP plan. As of January 15, 2015 there were 724,337 performance-based stock options outstanding under this plan with a weighted average exercise price of $5.00;

- no exercise of time based stock options outstanding under our Sovereign MEIP plan. As of January 15, 2015 there were 11,995,012 time based stock options outstanding under this plan with a weighted average exercise price of $4.81;

- no exercise of time based stock options outstanding under our Sovereign 2012 MEIP plan. As of January 15, 2015 there were 4,059,659 time based stock options outstanding under this plan with a weighted average exercise price of $11.34;

- no exercise of time-based stock options outstanding under our 2014 Omnibus plan. As of January 15, 2015 there were 2,089,949 time-based stock options outstanding under this plan with a weighted average exercise price of $16.86;

- no vesting and settlement of the 923,900 performance-based restricted stock units unvested and outstanding as of January 15, 2015 under our Sovereign 2012 MEIP plan;

- no vesting and settlement of the 110,000 restricted stock unit award, unvested and outstanding as of January 15, 2015 under our Sovereign 2012 MEIP plan;

- no vesting and settlement of the 770,569 performance-based restricted stock units unvested and outstanding as of January 15, 2015 under our 2014 Omnibus plan; and

- no vesting and settlement of the 1,622,226 restricted stock unit awards, unvested and outstanding as of January 15, 2015 under our 2014 Omnibus plan.

In addition, except as otherwise noted, all information in this prospectus assumes the underwriters do not exercise their option to purchase additional shares from the Principal Stockholders.

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SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present summary consolidated historical and pro forma financial data for our business. You should read these tables along with Risk Factors, Use of Proceeds, Capitalization, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business, Unaudited Pro Forma Financial Information, and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The historical consolidated statements of operations data, historical consolidated statements of cash flows data and historical consolidated balance sheet data as of and for the nine months ended September 30, 2014 and 2013 are derived from our unaudited consolidated financial statements and the notes thereto included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data. The historical consolidated statements of operations data and historical consolidated statements of cash flow data for the years ended December 31, 2013, 2012 and 2011 and the historical consolidated balance sheet data as of December 31, 2013 and 2012 are derived from our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus. The historical consolidated balance sheet data as of December 31, 2011 are derived from our unaudited consolidated financial statements and the notes thereto not included in this prospectus. The summary historical financial data include the results of our Travelocity business, which, as of September 30, 2014, was included in continuing operations. The summary consolidated financial data presented below are not necessarily indicative of the results to be expected for any future period, and results for any interim period presented below are not necessarily indicative of the results to be expected for the full year.

The summary pro forma consolidated statement of operations data for the nine months ended September 30, 2014 and the years ended December 31, 2013, 2012 and 2011 are derived from our unaudited pro forma financial statements included elsewhere in this prospectus and gives effect to our divestiture of the Travelocity business as if it occurred on January 1, 2011. The summary pro forma consolidated balance sheet data as of September 30, 2014 are derived from our unaudited pro forma financial information included elsewhere in this prospectus and gives effect to our divestiture of the Travelocity business as if it occurred on September 30, 2014. The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of what our financial performance would have been had the transactions been completed on the dates assumed nor is such unaudited pro forma financial information necessarily indicative of the results to be expected in any future period.

	Pro Forma Nine Months Ended September 30,	Historical Nine Months Ended September 30,	
	2014	2014	2013
	(Amounts in thousands)		
Consolidated Statements of Operations Data[1]:			
Revenue	$ 1,985,275	$ 2,229,286	2,303,399
Cost of revenue	1,315,669	1,399,919	1,423,242
Selling, general and administrative	352,574	575,413	620,226
Impairment			138,435
Restructuring (adjustments) charges	(604)	2,325	15,889
Operating income	317,636	251,629	105,607

Income (loss) from continuing operations	69,643	33,008	(104,224)
Loss from discontinued operations, net of tax	(44,652)	(8,017)	(20,895)
Net income (loss) attributable to Sabre Corporation	22,823	22,823	(127,254)
Net income (loss) attributable to common shareholders	11,442	11,442	(154,473)
Basic and diluted earnings (loss) per share attributable to common shareholders	$ 0.05	$ 0.05	$ (0.87)
Basic weighted average common shares outstanding	229,405	229,405	178,051
Diluted weighted average common shares outstanding	237,994	237,994	178,051
Other Financial Data:			
Adjusted EBITDA	$ 641,354	$ 617,350	$ 583,963
Adjusted Net Income from continuing operations	$ 172,556	$ 158,829	$ 147,697
Adjusted Net Income from continuing operations per share	$ 0.73	$ 0.67	$ 0.80

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	Pro Forma Year Ended December 31, 2013	Pro Forma Year Ended December 31, 2012	Pro Forma Year Ended December 31, 2011	Historical Year Ended December 31, 2013	Historical Year Ended December 31, 2012	Historical Year Ended December 31, 2011
	(Amounts in thousands)					
Consolidated Statements of Operations Data(1):						
Revenue	$ 2,523,546	$ 2,382,148	$ 2,252,446	$ 3,049,525	$ 2,974,364	$ 2,855,961
Cost of revenue	1,705,163	1,575,186	1,529,026	1,904,850	1,819,235	1,736,041
Selling, general and administrative	429,290	793,294	392,308	792,929	1,188,248	806,435
Impairment		20,254		138,435	573,180	185,240
Restructuring charges	8,163			36,551		
Operating income (loss)	380,930	(6,586)	331,112	176,760	(606,299)	128,245
Income (loss) from continuing operations	52,066	(215,427)	113,478	(90,455)	(621,726)	(79,294)
Loss from discontinued operations, net of tax	(149,696)	(394,410)	(193,873)	(7,176)	(48,947)	(23,461)
Net loss attributable to Sabre Corporation	(100,494)	(611,356)	(66,074)	(100,494)	(611,356)	(66,074)
Net loss attributable to common shareholders	(137,198)	(645,939)	(98,653)	(137,198)	(645,939)	(98,653)
Basic and diluted loss per share attributable to common shareholders	$ (0.77)	$ (3.65)	$ (0.56)	$ (0.77)	$ (3.65)	$ (0.56)
Basic weighted average common shares outstanding	178,125	177,206	176,703	178,125	177,206	176,703
Diluted weighted average common shares outstanding	184,978	177,206	181,889	178,125	177,206	176,703
Other Financial Data:						
Adjusted EBITDA	$ 778,754	$ 731,412	$ 649,285	$ 791,323	$ 786,629	$ 720,163
Adjusted Net Income from continuing operations	182,186	147,734	217,482	217,151	150,886	236,166
Adjusted Net Income from continuing operations per share	$ 0.98	$ 0.81	$ 1.20	$ 1.17	$ 0.83	$ 1.30

	Pro Forma As of September 30, 2014	Historical As of September 30, 2014	Historical As of December 31, 2013	Historical As of December 31, 2012	Historical As of December 31, 2011
	(Amounts in thousands)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 437,747	$ 157,747	$ 308,236	$ 126,695	$ 58,350
Total assets	4,778,396	4,672,394	4,755,708	4,711,245	5,252,780
Long-term debt	3,065,440	3,065,440	3,643,548	3,420,927	3,307,905
Working capital deficit	99,252	(246,557)	(273,591)	(428,569)	(411,482)

Redeemable preferred stock			634,843	598,139	563,557
Noncontrolling interest	57	57	508	88	(18,693)
Total stockholders equity (deficit)	242,023	69,048	(952,536)	(876,875)	(196,919)

	Historical				
	Nine Months Ended September 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(Amounts in thousands)				
Key Metrics:					
Travel Network					
Direct Billable Bookings Air	251,145	244,267	314,275	326,175	328,200
Direct Billable Bookings Non-Air	21,275	40,734	53,503	53,669	53,683
Total Direct Billable Bookings	292,419	285,001	367,778	379,844	381,883
Airline Solutions Passengers Boarded	385,611	358,428	478,088	405,420	364,420

(1) Certain historical amounts previously reported in our December 31, 2012 and 2011 financial statements have been reclassified to conform to the December 31, 2013 presentation of Holidays Auto as a discontinued operation. See Note 2, Summary of Significant Accounting Policies Reclassifications, to our audited consolidated financial statements included elsewhere in this prospectus. In June 2013, we sold certain assets of our Holiday Autos operations to a third party and in November 2013, we completed the closing of the remainder of the Holiday Autos operations such that it represented a discontinued operation. See Note 4, Discontinued Operations and Dispositions, to our audited consolidated financial statements included elsewhere in this prospectus. The impact on our revenue was a reduction of $65 million and $76 million for the years ended December 31, 2012 and 2011, respectively. The impact on our operating income was an increase of $12 million for the year ended December 31, 2012 and a reduction of less than $1 million for the year ended December 31, 2011. Pro forma results include the impacts of Holidays Auto as a discontinued operation as well as adjustments described in Unaudited Pro Forma Financial Information.

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Non-GAAP Measures

The following tables set forth the reconciliation of net income (loss) attributable to common shareholders, the most directly comparable GAAP measure, to Adjusted Net Income and Adjusted EBITDA.

For Adjusted EBITDA by segment, see Selected Historical Consolidated Financial Data Non-GAAP Measures.

	Pro Forma Nine Months Ended September 30, 2014	Historical Nine Months Ended September 30, 2014	Historical Nine Months Ended September 30, 2013
	(Amounts in thousands)		
Reconciliation of net income (loss) to Adjusted Net Income and to Adjusted EBITDA:			
Net income (loss) attributable to common shareholders	$ 11,442	$ 11,442	$ (154,473)
Preferred stock dividends	11,381	11,381	27,219
Loss from discontinued operations, net of tax	44,652	8,017	20,895
Net income attributable to noncontrolling interests[(1)]	2,168	2,168	2,135
Income (loss) from continuing operations	69,643	33,008	(104,224)
Adjustments:			
Impairment[(2)]			138,435
Acquisition related amortization expense[(3a)]	76,741	83,344	107,955
Loss on extinguishment of debt	33,538	33,538	12,181
Other, net[(5)]	840	(760)	1,099
Restructuring and other costs[(6)]	8,834	24,056	26,296
Litigation and taxes, including penalties[(7)]	11,370	12,497	31,543
Stock based compensation	13,848	22,434	5,446
Management fees[(8)]	23,701	23,701	7,347
Amortization of Expedia SMA incentive payments		7,625	
Tax impact of net income adjustments	(65,959)	(80,614)	(78,131)
Adjusted Net Income from continuing operations	$ 172,556	$ 158,829	$ 147,697
Adjusted Net Income from continuing operations per share	$ 0.73	$ 0.67	$ 0.80
Weighted-average shares outstanding adjusted for assumed inclusion of common stock equivalents	237,994	237,944	184,893
Adjusted Net Income from continuing operations	$ 172,556	$ 158,829	$ 147,697
Adjustments:			
Depreciation and amortization of property and equipment[(3b)]	119,609	122,409	97,687
Amortization of capitalized implementation costs[(3c)]	27,070	27,111	27,038
Amortization of upfront incentive consideration[(4)]	33,177	33,177	28,736
Interest expense, net	167,332	167,332	209,653
Remaining provision (benefit) for income taxes	121,610	108,492	73,152

Adjusted EBITDA	$ 641,354	$ 617,350	$ 583,963

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	Pro Forma Year Ended December 31,			Historical Year Ended December 31,		
	2013	2012	2011	2013	2012	2011
Reconciliation of net loss to Adjusted Net Income and to Adjusted EBITDA:						
Net loss attributable to common shareholders	$ (137,198)	$ (645,939)	$ (98,653)	$ (137,198)	$ (645,939)	$ (98,653)
Preferred stock dividends	36,704	34,583	32,579	36,704	34,583	32,579
Loss from discontinued operations, net of tax	149,696	394,410	193,873	7,176	48,947	23,461
Net income (loss) attributable to noncontrolling interests(1)	2,863	1,519	(14,322)	2,863	(59,317)	(36,681)
Income (loss) from continuing operations	52,065	(215,427)	113,477	(90,455)	(621,726)	(79,294)
Adjustments:						
Impairment(2)		44,054		138,435	596,980	185,240
Acquisition related amortization expense(3a)	132,685	129,869	129,235	143,765	162,517	162,312
Gain on sale of business and assets		(25,850)			(25,850)	
Loss on extinguishment of debt	12,181			12,181		
Other, net(5)	305	6,635	(65)	6,724	1,385	(1,156)
Restructuring and other costs(6)	27,921	5,408	4,578	59,052	6,776	12,986
Litigation and taxes, including penalties(7)	18,514	396,412	21,601	39,431	418,622	21,601
Stock based compensation	3,387	4,365	4,088	9,086	9,834	7,334
Management fees(8)	8,761	7,769	7,191	8,761	7,769	7,191
Tax impact of net income adjustments	(73,633)	(205,501)	(62,623)	(109,829)	(405,421)	(80,048)
Adjusted Net Income from continuing operations	$ 182,186	$ 147,734	$ 217,482	$ 217,151	$ 150,886	$ 236,166
Adjusted Net Income from continuing operations per share	$ 0.98	$ 0.81	$ 1.20	$ 1.17	$ 0.83	$ 1.30
Weighted-average shares outstanding adjusted for assumed inclusion of common stock equivalents	184,978	182,830	181,889	184,978	182,830	181,889
Adjusted Net Income from continuing operations	$ 182,186	$ 147,734	$ 217,482	$ 217,151	$ 150,886	$ 236,166
Adjustments:						
Depreciation and amortization of property and equipment(3b)	123,414	96,668	78,867	131,483	135,561	122,640
Amortization of capitalized implementation costs(3c)	34,144	19,439	11,365	35,551	20,855	11,365

Amortization of upfront incentive consideration[4]	36,649	36,527	37,748	36,649	36,527	37,748
Interest expense, net	274,689	232,450	174,390	274,689	232,450	174,390
Remaining provision (benefit) for income taxes	127,672	198,594	129,433	95,800	210,350	137,854
Adjusted EBITDA	$ 778,754	$ 731,412	$ 649,285	$ 791,323	$ 786,629	$ 720,163

The following table sets forth the reconciliation of GAAP basic weighted-average common shares outstanding to the adjusted weighted-average shares outstanding for the assumed inclusion of common stock equivalents (in thousands):

	Nine Months Ended September 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(Amounts in thousands)				
GAAP basic weighted-average common shares outstanding	229,405	178,051	178,125	177,206	176,703
Dilutive effect of stock options and restricted stock awards	8,589	6,842	6,853	5,624	5,186
Weighted-average common shares outstanding adjusted for assumed inclusion of common stock equivalents	237,994	184,893	184,978	182,830	181,889

(1) Net income (loss) attributable to non-controlling interests represents an adjustment to include earnings allocated to non-controlling interest held in (i) Sabre Travel Network Middle East of 40% for all periods presented, (ii) Sabre Australia Technologies I Pty Ltd (Sabre Pacific) of 49% through February 24, 2012, the date we sold this business, (iii) Travelocity.com LLC of approximately 9.5% through December 31, 2012, the date we merged this minority interest back into our capital structure and (iv) Sabre Seyahat Dagitim Sistemleri A.S. of 40% beginning in April 2014. See Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus.

(2) Represents impairment charges to assets (see Note 7, Goodwill and Intangible Assets, to our audited consolidated financial statements included elsewhere in this prospectus) as well as $24 million in 2012, representing our share of impairment charges recorded by one of our equity method investments, Abacus.

(3) Depreciation and amortization expenses (see Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus for associated asset lives):
   a. Acquisition related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date and amortization of the excess basis in our underlying equity in joint ventures.
   b. Depreciation and amortization of property and equipment includes software developed for internal use.
   c. Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

(4) Our Travel Network business at times provides upfront incentive consideration to travel agency subscribers at the inception or modification of a service contract, which are capitalized and amortized to cost of revenue over an average expected life of the service contract, generally over three to five years. Such consideration is made with the objective of increasing the number of clients or to ensure or improve customer loyalty. Such service contract terms are established such that the supplier and other fees generated over the life of the contract will exceed the cost of the incentive consideration provided upfront. Such service contracts with travel agency subscribers require that the customer commit to achieving certain economic objectives and generally have terms requiring repayment of the upfront incentive consideration if those objectives are not met.

(5) Other, net primarily represents foreign exchange gains and losses related to the remeasurement of foreign currency denominated balances included in our consolidated balance sheets into the relevant functional currency.

(6) Restructuring and other costs represents charges associated with business restructuring and associated changes implemented which resulted in severance benefits related to employee terminations, integration and facility opening or closing costs and other business reorganization costs.

(7) Litigation settlement and tax payments for certain items represent charges or settlements associated with airline antitrust litigation as well as payments or reserves taken in relation to certain retroactive hotel occupancy and excise tax disputes (see Note 13, Contingencies, to our unaudited consolidated financial statements and Note 20, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus).

(8) We paid an annual management fee to TPG and Silver Lake in an amount between (i) $5 million and (ii) $7 million, the actual amount of which was calculated based upon 1% of Adjusted EBITDA, as defined in the management services agreement (the MSA), earned by the company in such fiscal year up to a maximum of $7 million. In addition, the MSA provided for the reimbursement of certain costs incurred by TPG and Silver Lake, which are included in this line item. In connection with our initial public offering, we paid to TPG and Silver Lake, in the aggregate, a $21 million fee pursuant to the MSA. The MSA was terminated at the completion of our initial public offering.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. We have disclosed all known, material risks associated with an investment in our common stock in the risk factors described below. If any of the risks described below actually occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, the trading price of our common stock could decline and you may lose all or part of your investment. You should carefully consider all the information in this prospectus, including the risks and uncertainties described below, before making an investment decision.

Risks Related to Our Business and Industry

Our revenue is highly dependent on transaction volumes in the global travel industry, particularly air travel transaction volumes.

Although for the year ended December 31, 2013, 94% and 84% of our Travel Network and Airline and Hospitality Solutions revenue, respectively, was Recurring Revenue in that it is largely tied to travel suppliers transaction volumes rather than to their unit pricing for an airplane ticket, hotel room or other travel product (see Method of Calculation), this revenue is generally not contractually committed to recur annually under our agreements with our travel suppliers. As a result, our revenue is highly dependent on the global travel industry, particularly air travel from which we derive a substantial amount of our revenue, and directly correlates with global travel, tourism and transportation transaction volumes. For example, the terrorist attacks of September 11, 2001, the most recent global economic downturn and the U.S. government sequestration that began in 2013 significantly affected and may continue to affect travel volumes worldwide and had a significant impact on our business during the relevant reporting periods. Our revenue is therefore highly susceptible to declines in or disruptions to leisure and business travel that may be caused by factors entirely out of our control, and therefore may not recur if these declines or disruptions occur.

Various factors may cause temporary or sustained disruption to leisure and business travel. The impact such disruptions would have on our business depends on the magnitude and duration of such disruption. These factors include, among others:

- financial instability of travel suppliers and the impact of any fundamental corporate changes to such travel suppliers, such as airline bankruptcies or consolidations, on the cost and availability of travel content;
- factors that affect demand for travel such as outbreaks of contagious diseases, including Ebola, increases in fuel prices, changing attitudes towards the environmental costs of travel and safety concerns;
- inclement weather, natural or man-made disasters or political events like acts or threats of terrorism, hostilities and war;
- factors that affect supply of travel such as changes to regulations governing airlines and the travel industry, like government sanctions that do or would prohibit doing business with certain state-owned travel suppliers, work stoppages or labor unrest at any of the major airlines, hotels or airports; and

general economic conditions.

Our Travel Network business and our Airline and Hospitality Solutions business depend on maintaining and renewing contracts with their customers and other counterparties.

In our Travel Network business, we enter into participating carrier distribution and services agreements with airlines. Our contracts with major carriers typically last for three to five year terms and are generally subject to automatic renewal at the end of the term, unless terminated by either party with the required advance notice. Our contracts with smaller airlines generally last for one year and are also subject to automatic renewal at the end of the term, unless terminated by either party with the required advance notice. Airlines are not contractually obligated to distribute exclusively through our GDS during the contract term and may terminate their agreements with us upon providing the required advance notice after the expiration of the initial term. We renewed 24 out of 24 planned renewals in 2013 (representing approximately 25% of our Travel Network revenue for the twelve months ended December 31, 2013). We renewed 28 out of 28 planned renewals in 2014 (representing approximately 22% of our Travel Network revenue for the twelve months ended December 31, 2014). We have 38 planned renewals in 2015 (representing approximately 20% of our Travel Network revenue for the twelve months ended December 31, 2014). Although we renewed 28 out of 28 planned renewals in 2014 (representing approximately 22% of Travel Network revenue for the year ended December 31, 2014), we cannot guarantee that we will be able to renew our airline contracts in the future on favorable economic terms or at all.

We also enter into contracts with travel buyers. Although most of our travel buyer contracts have terms of one to three years, we typically have non-exclusive, five to ten year contracts with our major travel agency customers. We also typically have three to five year contracts with corporate travel departments, which generally renew automatically unless terminated with the required advance notice. A meaningful portion of our travel buyer agreements, typically representing approximately 15% to 20% of our bookings, are up for renewal in any given year. We cannot guarantee that we will be able to renew our travel buyer agreements in the future on favorable economic terms or at all.

Similarly, our Airline and Hospitality Solutions business is based on contracts with travel suppliers for a typical duration of three to seven years for airlines and one to five years for hotels. As of December 31, 2013, we had contracts with approximately 225 airlines for the provision of one or more of our airline solutions. Airline reservations contracts representing less than 5% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2015 and airline reservation contracts representing approximately 2% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2016. Airline reservations contracts representing approximately 9% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2017. Hospitality Solutions contract renewals are relatively evenly spaced, with approximately one-third of contracts representing approximately one-third of Hospitality Solutions 2013 revenue coming up for renewal in any given year. We cannot guarantee that we will be able to renew our solutions contracts in the future on favorable economic terms or at all.

Additionally, we use several third-party distributor partners and joint ventures to extend our GDS services in APAC and EMEA. The termination of our contractual arrangements with any such third-party distributor partners and joint ventures could adversely impact our Travel Network business in the relevant markets. See Business Our Businesses Travel Network Geographic Scope and We rely on third-party distributor partners and joint ventures to extend our GDS services to certain regions, which exposes us to risks associated with lack of direct management control and potential conflicts of interest for more information on our relationships with our third-party distributor partners and joint ventures.

Our failure to renew some or all of these agreements on economically favorable terms or at all, or the early termination of these existing contracts, would adversely affect the value of our Travel Network business as a marketplace due to our limited content and distribution reach, which could cause some of our subscribers to move to a competing GDS or use other travel technology providers for the solutions we provide and would materially harm our business, reputation and brand. Our business therefore relies on our ability to renew our agreements with our travel buyers, travel suppliers, third-party distributor partners and joint ventures or developing relationships with new travel buyers and travel suppliers to offset any customer losses.

We are subject to a certain degree of revenue concentration among a portion of our customer base. The five largest travel buyers of Travel Network were responsible for bookings that represented approximately 32% of our Travel Network revenue for the nine months ended September 30, 2014, and 32% and 36% of our Travel Network revenue for the years ended December 31, 2013 and 2012, respectively. Our top five Airline and Hospitality Solutions customers represented 24% of our Airline and Hospitality Solutions revenue for the nine months ended September 30, 2014, and 22% and 20% of our Airline and Hospitality Solutions revenue for the years ended December 31, 2013 and 2012, respectively. Because of this concentration among a small number of customers, if an event were to adversely affect one of these customers, it would have a material impact on our business.

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Our Travel Network business is exposed to pricing pressure from travel suppliers.

Travel suppliers continue to look for ways to decrease their costs and to increase their control over distribution. For example, the consolidation in the airline industry and the recent economic downturn, among other factors, have driven some airlines to negotiate for lower fees during contract renegotiations, thereby exerting increased pricing pressure on our Travel Network business, which, in turn, negatively affects our revenues and margins. In addition, travel suppliers use of alternative distribution channels, such as direct distribution through supplier-operated websites, may also adversely affect our contract renegotiations with these suppliers and negatively impact our transaction fee revenue. For example, as we attempt to renegotiate new agreements with our travel suppliers, they may withhold some or all of their content (fares and associated economic terms) for distribution exclusively through their direct distribution channels (for example, the relevant airline s website) or offer travelers more attractive terms for content available through those direct channels after their contracts expire. As a result of these sources of negotiating pressure, we may have to decrease our prices to retain their business. If we are unable to renew our contracts with these travel suppliers on similar economic terms or at all, or if our ability to provide such content is similarly impeded, this would also adversely affect the value of our Travel Network business as a marketplace due to our more limited content. See Travel suppliers use of alternative distribution models, such as direct distribution models, could adversely affect our Travel Network and Travelocity businesses.

Our Travel Network business depends on relationships with travel buyers.

Our Travel Network business relies on relationships with several large travel buyers, including TMCs and online travel agencies (OTAs), to generate a large portion of its revenue through bookings made by these travel companies. Although no individual travel buyer accounts for more than 10% of our Travel Network revenue, the five largest travel buyers of Travel Network were responsible for bookings that represented approximately 32% of our Travel Network revenue for the nine months ended September 30, 2014, and 32% and 36% of our Travel Network revenue for the years ended December 31, 2013 and 2012, respectively. Such revenue concentration in a relatively small number of travel buyers makes us particularly dependent on factors affecting those companies. For example, if demand for their services decreases, or if a key supplier pulls its content from us, travel buyers may stop utilizing our services or move all or some of their business to competitors or competing channels. Furthermore, one of our major TMC customers, American Express, closed an agreement at the end of the second quarter of 2014 with an investor group to create a joint venture relating to its global travel division. In 2013, we derived less than 10% of our Travel Network revenue from bookings made by American Express. Our contracts with American Express remain in effect, and we continue to evaluate what effects, if any, this transaction may have on our future relationship with American Express and this new joint venture.

Although our contracts with larger travel agencies often increase the incentive consideration when the travel agency processes a certain volume or percentage of its bookings through our GDS, travel buyers are not contractually required to book exclusively through our GDS during the contract term. Travel buyers may shift bookings to other distribution intermediaries for many reasons, including to avoid becoming overly dependent on a single source of travel content or to increase their bargaining power with GDS providers. For example, Expedia shifted a significant portion of its business from Travel Network to a competitor GDS in late 2012, resulting in a year-over-year decline in our transaction volumes and revenue in 2013. Additionally, some regulations allow travel buyers to terminate their contracts earlier. For example, according to European GDS regulations, small travel buyers may terminate a contract with a GDS vendor on three months notice after the first year of the contract.

These risks are exacerbated by increased consolidation among travel agencies and TMCs, which may ultimately reduce the pool of travel agencies that subscribe to GDSs. We must compete with other GDSs and other competitors for their business by offering competitive upfront incentive consideration, which, due to the strong bargaining power of these large travel buyers, tend to increase in each round of contract renewals. See Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting our Results and Comparability Increasing travel agency incentive consideration for more information about our incentive consideration. However, any reduction in transaction fees from travel suppliers due to supplier consolidation or other market forces could limit our ability to increase incentive consideration to travel agencies in a cost-effective manner or otherwise affect our margins.

Our travel supplier customers may experience financial instability or consolidation, pursue cost reductions, change their distribution model or undergo other changes.

We generate the majority of our revenue and accounts receivable from airlines, with approximately 66% and 65%, respectively, of our revenue for the years ended December 31, 2013 and 2012, and 58% of our trade accounts receivable attributable to these customers as of both December 31, 2013 and December 31, 2012. We also derive revenue from hotels, car rental brands, rail carriers, cruise lines, tour operators and other suppliers in the travel and tourism industries. Adverse changes in any of these relationships or the inability to enter into new relationships could negatively impact the demand for and competitiveness of our travel products and services. For example, a lack of liquidity in the capital markets or weak economic performance may cause our travel suppliers to increase the time they take to pay or to default on their payment obligations, which could lead to a higher level of bad debt expense and negatively affect our results. We regularly monitor the financial condition of the air transportation industry and have noted the financial difficulties faced by several air carriers. Any large-scale bankruptcy or other insolvency proceeding of an airline or hospitality supplier could subject our agreements with that customer to rejection or early termination. Because we generally do not require security or collateral from our customers as a condition of sale, our revenues may be subject to credit risk more generally.

Furthermore, supplier consolidation, particularly in the airline industry, could harm our business. Our Travel Network business depends on a relatively small number of U.S.-based airlines for a substantial portion of its revenue, and all of our businesses are highly dependent on airline ticket volumes. Consolidation among airlines, including the recent consolidation of Southwest Airlines with AirTran Airways and American Airlines with US Airways, could result in the loss of an existing customer and the related fee revenue, decreased airline ticket volumes due to capacity restrictions implemented concurrently with the consolidation, and increased airline concentration and bargaining power to negotiate lower transaction fees. For example, the consolidation of American Airlines with US Airways could adversely affect our business if future contract negotiations with the merged entity result in adverse changes compared to our existing relationships with these two airlines. These adverse changes may include, but are not limited to, renegotiated distribution or solutions contracts that contain less favorable terms to us or the loss of such contracts entirely. In addition, consolidation among travel suppliers may result in one or more suppliers refusing to provide certain content to Sabre but rather making it exclusively available on the suppliers proprietary websites, hurting the competitive position of our GDS relative to those websites. See Travel suppliers use of alternative distribution models, such as direct distribution models, could adversely affect our Travel Network and Travelocity businesses.

Our business could be harmed by adverse global and regional economic and political conditions.

Travel expenditures are sensitive to personal and business discretionary spending levels and grow more slowly or decline during economic downturns. We derive the majority of our revenue from the United States and Europe, approximately 58% and 16%, respectively, for the year ended December 31, 2013, and 62% and 16%, respectively, for the year ended December 31, 2012. Our geographic concentration in the United States and Europe makes our business particularly vulnerable to economic and political conditions that adversely affect business and leisure travel originating in or traveling to these countries.

For example, beginning in December 2007, there was a rapid deterioration of the U.S. economy and several countries in Europe began experiencing worsening credit and economic conditions. The U.S. and certain European governments are still operating at large financial deficits, which has contributed to the challenging macroeconomic conditions and the struggling economic recovery. This resulted in a significant decline in travel to the extent that these challenging macroeconomic conditions affect personal and business discretionary spending on travel. More recently, the shutdown of the U.S. government and the continued U.S. government sequestration affected government and government-related travel throughout the United States. Because a large number of our travel buyer subscribers book travel on behalf of the U.S. government, our Travel Network business has been more negatively impacted than that of our competitors.

Despite signs of gradual recovery, there is still weakness in parts of the global economy, including increased unemployment, reduced financial capacity of both business and leisure travelers, diminished liquidity and credit availability, declines in consumer confidence and discretionary income and general uncertainty about economic stability. We cannot predict the magnitude, length or recurrence of recessionary economic patterns, which have impacted, and may continue to impact, demand for travel and lead to reduced spending on the services we provide.

We derive the remainder of our revenues primarily from APAC, Latin America and MEA, where political instability and regulatory uncertainty is significantly higher than in Europe and the United States. Any unfavorable economic, political or regulatory developments in those regions could negatively affect our business, such as delays in payment or non-payment of contracts, delays in contract implementation or signing, carrier control issues and increased costs from regulatory changes particularly as parts of our growth strategy involve expanding our presence in these emerging markets. For example, the Russian economy has recently been negatively impacted by economic sanctions and the declining price of oil. These adverse economic conditions may negatively impact our business results in that region.

As an additional example, Venezuela has imposed currency controls, including volume restrictions on the conversion of bolivars to U.S. dollars, which impact the ability of certain of our airline customers operating in the country to obtain U.S. dollars to make timely payments to us. Consequently, the collection of accounts receivable due to us can be, and has been, delayed. Due to the nature of this delay, we have recorded specific reserves against all outstanding balances due to us and are deferring the recognition of any future revenues effective January 1, 2014 until cash is collected in accordance with our policies. Accordingly, our accounts receivable are subject to a general collection risk, as there can be no assurance that we will be paid from such customers in a timely manner, if at all. We collected approximately $14 million of accounts receivable due to us during the nine months ended September 30, 2014, and had $9 million of accounts receivable outstanding as of September 30, 2014, which will be recognized as revenue when cash is received. We collected an additional $7 million of accounts receivable due to us from October to December 2014. In January 2014, Venezuela announced a dual-foreign exchange rate system, which has effectively devalued the local currency and subjected airlines to an exchange rate for U.S. dollars available at auctions that has been significantly higher than the official exchange rate. In conjunction with the political and economic uncertainty in Venezuela, demand for travel by local consumers has declined. Certain airlines have scaled back operations in response to the reduced demand as well as the currency controls which has impacted our airline customers in Venezuela. As a result, our revenues derived from our Venezuelan operations in 2014 were reduced as compared to our revenues for 2013. During the year ended December 31, 2013, we derived 1% of our total revenue from our airline customers operating in Venezuela.

Travel suppliers use of alternative distribution models, such as direct distribution models, could adversely affect our Travel Network and Travelocity businesses.

Some travel suppliers that provide content to Travel Network and Travelocity, including some of Travel Network s largest airline customers, have sought to increase usage of direct distribution channels. For example, these travel suppliers are trying to move more consumer traffic to their proprietary websites, and some travel suppliers have explored direct connect initiatives linking their internal reservations systems directly with travel agencies or TMCs, thereby bypassing the GDSs. This direct distribution trend enables them to apply pricing pressure on intermediaries and negotiate travel distribution arrangements that are less favorable to intermediaries.

With travel suppliers adoption of certain technology solutions over the last decade, including those offered by our Airline and Hospitality Solutions business, air travel suppliers have increased the proportion of direct bookings relative to indirect bookings. Although we believe the rate at which bookings are shifting from indirect to direct distribution channels in the United States has stabilized at very low levels in 2012 and 2013, we cannot predict whether this low rate of shift will continue. In the future, airlines may increase their use of direct distribution, which may cause a material decrease in their use of our GDS. Travel suppliers may also offer travelers advantages through their websites such as special fares and bonus miles, which could make their offerings more attractive than those available through our GDS platform. For example, in 2010 American Airlines announced its Boarding and Flexibility package which, according to American Airlines, provided additional benefits to travelers who book their airline tickets directly through their website.

In addition, with respect to ancillary products, travel suppliers may choose not to comply with the technical standards that would allow ancillary products to be immediately distributed via intermediaries, thus resulting in a delay before these products become available through our GDS relative to availability through direct distribution. For example, airlines have been unbundling from base airfares various ancillary products such as food and beverage, checked baggage and pre-reserved seats, and the recent SITA Survey shows that the vast majority of ancillary revenues are earned through direct sales channels, such as the airline website. In addition, if enough travel suppliers choose not to develop ancillary products in a standardized way with respect to technical standards our investment in adapting our various systems to enable the sale of ancillary products may not be successful. Similarly, some airlines have also further limited the type of fare content information that is distributed through OTAs, including Travelocity.

Companies with close relationships with end consumers, like Facebook, as well as new entrants introducing new paradigms into the travel industry, such as metasearch engines, may promote alternative distribution channels to our GDS by diverting consumer traffic away from intermediaries. For example, Google acquired ITA Software, a flight information software company that provides air shopping capabilities, and launched Google Flights and Google Hotel Finder in 2011. If Google Hotel Finder changes its model to bypass GDS and OTA intermediaries by referring consumers to direct hotel distribution channels or if Google Flights, which already refers customers directly to airline websites, becomes a more popular way to shop and book travel, our GDS and OTA businesses may be adversely affected.

Additionally, technological advancements may allow airlines and hotels to facilitate broader connectivity to and integration with large travel buyers, such that certain airline and hotel offerings could be made available directly to such travel buyers without the involvement of intermediaries such as Travel Network and its competitors.

We rely on third-party distributor partners and joint ventures to extend our GDS services to certain regions, which exposes us to risks associated with lack of direct management control and potential conflicts of interest.

Our Travel Network business utilizes third-party distributor partners and joint ventures to extend our GDS services in APAC and EMEA. We work with these partners to establish and maintain commercial and customer service relationships with both travel suppliers and travel buyers. Since we do not exercise management control over their day-to-day operations, the success of their marketing efforts and the quality of the services they provide are beyond our control. If these partners do not meet our standards for distribution, our reputation may suffer materially, and sales in those regions could decline significantly. Any interruption in these third-party services, deterioration in their performance or termination of our contractual arrangements with them could negatively impact our ability to extend our GDS services in the relevant markets.

In addition, our business may be harmed due to potential conflicts of interest with our joint venture partners. Large regional airlines collectively control a majority of the outstanding equity interests in our Abacus joint venture, a

Singapore-based distribution provider that serves the APAC region. As travel suppliers, these airlines interests differ from our Travel Network business interests as a distribution intermediary. For example, the airline owners may not agree to provide incentive consideration to travel agencies at the same rate as our GDS competitors. Subject to some exceptions, we are also prohibited from competing with Abacus by directly or indirectly engaging in the GDS business in Asia, Australia, New Zealand and certain Pacific islands.

The travel distribution market is highly competitive, and we are subject to competition from other GDS providers, direct distribution by travel suppliers and new entrants or technologies that may challenge the GDS business model.

The evolution of the global travel and tourism industry, the introduction of new technologies and standards and the expansion of existing technologies in key markets, among other factors, could contribute to an intensification of competition in the business areas and regions in which we operate. Increased competition could require us to increase spending on marketing activities or product development, to decrease our booking or transaction fees and other charges (or defer planned increases in such fees and charges), to increase incentive consideration or take other actions that could harm our business. A GDS has two broad categories of customers: (i) travel suppliers, such as airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators, and (ii) travel buyers, such as online and offline travel agencies, TMCs and corporate travel departments. The competitive positioning of a GDS depends on the success it achieves with both customer categories. Other factors that may affect the competitive success of a GDS include the comprehensiveness, timeliness and accuracy of the travel content offered, the reliability, ease of use and innovativeness of the technology, the incentive consideration provided to travel agencies, the transaction fees charged to travel suppliers and the range of products and services available to travel suppliers and travel buyers. Our GDS competitors could seek to capture market share by offering more differentiated content, products or services, increasing the incentive consideration to travel agencies, or decreasing the transaction fees charged to travel suppliers, which would harm our business to the extent they gain market share from us or force us to respond by lowering our prices or increasing the incentive consideration we provide.

Our Travel Network business principally faces competition from:

- other GDSs, principally Amadeus, which operates the Amadeus GDS, and Travelport, which owns the Galileo, Apollo and Worldspan GDS platforms;

- local distribution systems and travel marketplace providers that are primarily owned by airlines or government entities and operate primarily in their home countries, including TravelSky in China and Sirena in Russia and the Commonwealth of Independent States;

- direct distribution and other alternative forms of distribution by travel suppliers (see Travel suppliers use of alternative distribution models, such as direct distribution models, could adversely affect our Travel Network and Travelocity businesses);

- third-party providers of corporate travel booking tools; and

- new entrants or technologies such as third-party aggregators or metasearch sites.

We cannot guarantee that we will be able to compete successfully against our current and future competitors in the travel distribution market, some of which may achieve greater brand recognition than us, have greater financial, marketing, personnel and other resources or be able to secure services and products from travel suppliers on more favorable terms. If we fail to overcome these competitive pressures, we may lose market share and our business may otherwise be negatively affected.

Our ability to maintain and grow our Airline and Hospitality Solutions business may be negatively affected by competition from other third-party solutions providers and new participants that seek to enter the solutions market.

Our Airline and Hospitality Solutions business principally faces competition from existing third-party solutions providers. For our Airline Solutions business, these competitors include (i) Amadeus, our closest competitor in terms of size and breadth, (ii) traditional technology companies, such as Hewlett-Packard (HP), Unisys and Navitaire (a division of Accenture), and (iii) airline industry participants, such as Jeppesen (a division of Boeing), Lufthansa Systems, and SITA. We also compete with various point solutions providers, such as PROS, ITA Software, Datalex and Travelport, on a more limited basis in several discrete functional areas. For our Hospitality Solutions business, we face competition across many aspects of our business but our primary competitors are in the hospitality CRS and Property Management Systems (PMSs) fields, including MICROS, TravelClick, Pegasus and Trust, among others. Although new entrants specializing in a particular type of software occasionally enter the solutions market, they typically focus on emerging or evolving business problems, niche solutions or small regional customers.

Factors that may affect the competitive success of our Airline and Hospitality Solutions business include our pricing structure, our ability to keep pace with technological developments, the effectiveness and reliability of our implementation and system migration processes, our ability to meet a variety of customer specifications, the effectiveness and reliability of our systems, the cost and efficiency of our system upgrades and our customer support services. Our failure to compete effectively on these and other factors could decrease our market share and negatively affect our Airline and Hospitality Solutions business.

Our success depends on maintaining the integrity of our systems and infrastructure, which may suffer from failures, capacity constraints, business interruptions and forces outside of our control.

We may be unable to maintain and improve the efficiency, reliability and integrity of our systems. Unexpected increases in the volume of our business could exceed system capacity, resulting in service interruptions, outages and delays. Such constraints can also lead to the deterioration of our services or impair our ability to process transactions. We occasionally experience system interruptions that make certain of our systems unavailable including, but not limited to, our GDS and the services that our Airline and Hospitality Solutions business provides to airlines and hotels. For example, in August 2013, we experienced a significant outage of the Sabre platform due to a failure on the part of one of our service providers. This outage lasted a number of hours and caused significant problems for our customers. System interruptions may prevent us from efficiently providing services to customers or other third parties, which could cause damage to our reputation and result in our losing customers and revenues or cause us to incur litigation and liabilities. Although we have contractually limited our liability for damages caused by outages of our GDS (other than damages caused by our gross negligence or willful misconduct), we cannot guarantee that we will not be subject to lawsuits or other claims for compensation from our customers in connection with such outages for which we may not be indemnified or compensated.

Our systems may also be susceptible to external damage or disruption. Much of the computer and communications hardware upon which we depend is located across multiple data center facilities in a single geographic region. Our systems could be damaged or disrupted by power, hardware, software or telecommunication failures, human errors, natural events including floods, hurricanes, fires, winter storms, earthquakes and tornadoes, terrorism, break-ins, hostilities, war or similar events. Computer viruses, denial of service attacks, physical or electronic break-ins and similar disruptions affecting the Internet, telecommunication services or our systems could cause service interruptions or the loss of critical data, and could prevent us from providing timely services. Failure to efficiently provide services to customers or other third parties could cause damage to our reputation and result in the loss of customers and revenues, significant recovery costs or litigation and liabilities. Moreover, such risks are likely to increase as we expand our business and as the tools and techniques involved become more sophisticated.

Although we have implemented measures intended to protect certain systems and critical data and provide comprehensive disaster recovery and contingency plans for certain customers that purchase this additional protection, these protections and plans are not in place for all systems. Furthermore, several of our existing critical backup systems are located in the same metropolitan area as our primary systems and we may not have sufficient disaster recovery tools or resources available, depending on the type or size of the disruption. Disasters affecting our facilities, systems or personnel might be expensive to remedy and could significantly diminish our reputation and our brands, and we may not have adequate insurance to cover such costs.

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Customers and other end-users who rely on our software products and services, including our SaaS and hosted offerings, for applications that are integral to their businesses may have a greater sensitivity to product errors and security vulnerabilities than customers for software products generally. Additionally, security breaches that affect third parties upon which we rely, such as travel suppliers, may further expose us to negative publicity, possible liability or regulatory penalties. Events outside our control could cause interruptions in our IT systems, which could have a material adverse effect on our business operations and harm our reputation.

Security breaches could expose us to liability and damage our reputation and our business.

We process, store, and transmit large amounts of data, including personal information of our customers, and it is critical to our business strategy that our facilities and infrastructure, including those provided by HP or other vendors, remain secure and are perceived by the marketplace to be secure. Our infrastructure may be vulnerable to physical break-ins, computer viruses, attacks by hackers or nefarious actors or similar disruptive problems. Any physical or electronic break-in or other security breach or compromise of the information handled by us or our service providers may jeopardize the security or integrity of information in our computer systems and networks or those of our customers and cause significant interruptions in our and our customers operations.

Any systems and processes that we have developed that are designed to protect customer information and prevent data loss and other security breaches cannot provide absolute security. In addition, we may not successfully implement remediation plans to address all potential exposures. It is possible that we may have to expend additional financial and other resources to address such problems. Failure to prevent or mitigate data loss or other security breaches could expose us or our customers to a risk of loss or misuse of such information, cause customers to lose confidence in our data protection measures, damage our reputation, adversely affect our operating results or result in litigation or potential liability for us. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all our losses.

Implementation of software solutions often involves a significant commitment of resources, and any failure to deliver as promised on a significant implementation could adversely affect our business.

In our Travel Network business and our Airline and Hospitality Solutions business, the implementation of software solutions often involves a significant commitment of resources and is subject to a number of significant risks over which we may or may not have control. These risks include:

- the features of the implemented software may not meet the expectations or fit the business model of the customer;

- our limited pool of trained experts for implementations cannot quickly and easily be augmented for complex implementation projects, such that resources issues, if not planned and managed effectively, could lead to costly project delays;

- customer-specific factors, such as the stability, functionality, interconnection and scalability of the customer s pre-existing information technology infrastructure, as well as financial or other circumstances could destabilize, delay or prevent the completion of the implementation process, which, for airline reservations systems, typically takes 12 to 18 months; and customers and their partners may not fully or timely perform the actions required to be performed by them to ensure successful implementation, including measures we recommend to safeguard against technical and business risks.

As a result of these and other risks, some of our customers may incur large, unplanned costs in connection with the purchase and installation of our software products. Also, implementation projects could take longer than planned or fail. We may not be able to reduce or eliminate protracted installation or significant additional costs. Significant delays or unsuccessful customer implementation projects could result in claims from customers, harm our reputation and negatively impact our operating results.

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We rely on the availability and performance of information technology services provided by third parties, including HP, which manages a significant portion of our systems.

Our businesses are largely dependent on the computer data centers and network systems operated for us by HP. We also rely on other developers and service providers to maintain and support our global telecommunications infrastructure, including to connect our computer data center and call centers to end-users.

Our success is dependent on our ability to maintain effective relationships with these third-party technology and service providers. Some of our agreements with third-party technology and service providers are terminable for cause on short notice and often provide limited recourse for service interruptions. For example, our agreement with HP provides us with limited indemnification rights. We could face significant additional cost or business disruption if:

- Any such providers fail to enable us to provide our customers and suppliers with reliable, real-time access to our systems. For example, in August 2013, we experienced a significant outage of the Sabre platform due to a failure on the part of one of our service providers. This outage, which affected both our Travel Network business and our Airline Solutions business, lasted several hours and caused significant problems for our customers. Any such future outages could cause damage to our reputation, customer loss and require us to pay compensation to affected customers for which we may not be indemnified or compensated.

- Our arrangements with such providers are terminated or impaired and we cannot find alternative sources of technology or systems support on commercially reasonable terms or on a timely basis. For example, our substantial dependence on HP for many of our systems makes it difficult for us to switch vendors and makes us more sensitive to changes in HP s pricing for its services.

Any inability or failure to adapt to technological developments or the evolving competitive landscape could harm our business operations and competitiveness.

We depend upon the use of sophisticated information technology and systems. See Business Research, Development and Technology. Our competitiveness and future results depend on our ability to maintain and make timely and cost-effective enhancements, upgrades and additions to our products, services, technologies and systems in response to new technological developments, industry standards and trends and customer demands. For example, we currently utilize mainframe infrastructure technology for certain of our enterprise applications and platforms due to its ability to provide the reliability and scalability we require for our complex technological operations. Although we believe that IBM, currently the only provider of this technology, is committed to investing in mainframes, the number of users and programmers able to service this technology is decreasing. We may eventually have to migrate to another business environment, which could cause us to incur substantial costs, result in instability and business interruptions and materially harm our business.

Adapting to new technological and marketplace developments, such as IATA s proposed new distribution capability (NDC), may require substantial expenditures and lead time and we cannot guarantee that projected future increases in business volume will actually materialize. We may experience difficulties that could delay or prevent the successful development, marketing and implementation of enhancements, upgrades and additions. Moreover, we may fail to maintain, upgrade or introduce new products, services, technologies and systems as quickly as our competitors or in a cost-effective manner. For example, we must constantly update our GDS with new capabilities to adapt to the changing technological environment and customer needs. However, this process can be costly and time-consuming, and our efforts may not be successful as compared to our competitors in the travel distribution market. Those that we do develop may not achieve acceptance in the marketplace sufficient to generate material revenue or may be rendered obsolete or non-competitive by our competitors offerings. For example, Microsoft is currently developing Travel 2015, a trip-planning tool that uses predictive modeling to anticipate travelers preferred flight options, which may become a significant competitor to our TripCase mobile app. Also, Concur Technologies TripLink, which captures travel reservations information regardless of the channel on which bookings were made, has the potential to evolve and pose a significant risk to our Travel Network business.

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In addition, our competitors are constantly increasing their product and service offerings through organic research and development or through strategic acquisitions. For example, Amadeus recently acquired Hitit Computer Services, an airline customer relationship management (CRM) and loyalty solutions provider. This allows Amadeus to maintain a relationship with Etihad Airways and Virgin Australia, customers that have recently migrated to our Sabre reservations platform. More recently, Amadeus also acquired Newmarket International, a hotel IT solutions provider, which will allow Amadeus to broaden its portfolio of supplier solutions. In September 2014, SAP announced an agreement to acquire Concur Technologies, a travel and expense management software provider. As a result, we must continue to invest significant resources in research and development in order to continually improve the speed, accuracy and comprehensiveness of our services and we may be required to make changes to our technology platforms or increase our investment in technology, increase marketing, adjust prices or business models and take other actions, which could affect our financial performance and liquidity.

We use open source software in our solutions that may subject our software solutions to general release or require us to re-engineer our solutions.

We use open source software in our solutions and may use more open source software in the future. From time to time, there have been claims by companies claiming ownership of software that was previously thought to be open source and that was incorporated by other companies into their products. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software. Some open source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. If we combine or, in some cases, link our proprietary software solutions with or to open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software solutions or license such proprietary solutions under the terms of a particular open source license or other license granting third parties certain rights of further use. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. In addition, open source license terms may be ambiguous and many of the risks associated with usage of open source cannot be eliminated, and could, if not properly addressed, negatively affect our business. If we were found to have inappropriately used open source software, we may be required to seek licenses from third parties in order to continue offering our software, to re-engineer our solutions, to discontinue the sale of our solutions in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business, operating results and financial condition.

Our ability to recruit, train and retain technical employees is critical to our results of operations and future growth.

Our continued ability to compete effectively depends on our ability to recruit new employees and retain and motivate existing employees, particularly professionals with experience in our industry, information technology and systems. The specialized skills we require can be difficult and time-consuming to acquire and are often in short supply. There is high demand and competition for well-qualified employees, such as software engineers, developers and other technology professionals with specialized knowledge in software development, especially expertise in certain programming languages. This competition affects both our ability to retain key employees and to hire new ones. Any of our employees may choose to terminate their employment with us at any time, and a lengthy period of time is required to hire and train replacement employees when such skilled individuals leave the company. If we fail to attract well-qualified employees or to retain or motivate existing employees, our business could be materially hindered by, for example, a delay in our ability to deliver products and services under contract, bring new products and services to market or respond swiftly to customer demands or new offerings from competitors. Even if we are able to maintain our employee base, the resources needed to recruit and retain such employees may adversely affect our business, financial condition and results of operations.

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We operate a global business that exposes us to risks associated with international activities.

Our international operations involve risks that are not generally encountered when doing business in the United States. These risks include, but are not limited to:

- changes in foreign currency exchange rates and financial risk arising from transactions in multiple currencies;
- difficulty in developing, managing and staffing international operations because of distance, language and cultural differences;
- disruptions to or delays in the development of communication and transportation services and infrastructure;
- business, political and economic instability in foreign locations, including actual or threatened terrorist activities, and military action;
- adverse laws and regulatory requirements, including more comprehensive regulation in the European Union (EU);
- consumer attitudes, including the preference of customers for local providers;
- increasing labor costs due to high wage inflation in foreign locations, differences in general employment conditions and the degree of employee unionization and activism;
- export or trade restrictions or currency controls;
- more restrictive data privacy requirements;
- governmental policies or actions, such as consumer, labor and trade protection measures;
- taxes, restrictions on foreign investment and limits on the repatriation of funds;
- diminished ability to legally enforce our contractual rights; and

decreased protection for intellectual property.

Any of the foregoing risks may adversely affect our ability to conduct and grow our business internationally.

We are exposed to risks associated with acquiring or divesting businesses or business operations.

We have acquired, and, as part of our growth strategy, may in the future acquire, businesses or business operations. Since 2010, we have acquired FlightLine Data Services, Inc., Calidris ehf, f:wz, PRISM Group Inc. and PRISM Technologies LLC (collectively PRISM), SoftHotel, Zenon N.D.C., Limited and Genares. We may not be able to identify suitable candidates for additional business combinations and strategic investments, obtain financing on acceptable terms for such transactions, obtain necessary regulatory approvals or otherwise consummate such transactions on acceptable terms, or at all. Any acquisitions that we are able to identify and complete may also involve a number of risks, including our inability to successfully or profitably integrate, operate, maintain and manage our newly acquired operations or employees; the diversion of our management s attention from our existing business to integrate operations and personnel; possible material adverse effects on our results of operations during the integration process; becoming subject to contingent or other liabilities, including liabilities arising from events or conduct predating the acquisition that were not known to us at the time of the acquisition; and our possible inability to achieve the intended objectives of the transaction, including the inability to achieve cost savings and synergies. Acquisitions may also have unanticipated tax, regulatory and accounting ramifications, including recording goodwill and nonamortizable intangible assets that are subject to impairment testing on a regular basis and potential periodic impairment charges and incurring amortization expenses related to certain intangible assets. To consummate any such transactions, we may need to raise external funds through the sale of equity or debt in the capital markets or through private placements, which may affect our liquidity and may dilute the value of our common stock.

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We have also divested, and may in the future divest, businesses or business operations. In December 2014, we announced that Bravofly Rumbo Group made a binding offer to acquire lastminute.com. Furthermore, on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. See Summary Recent Developments. Since 2012, we have divested D.V. Travels Guru Pvt. Ltd. and Desiya Online Distribution Pvt. Ltd. (collectively TravelGuru), Zuji Properties A.V.V. and Zuji Pte Ltd along with its operating subsidiaries, Travelocity Business (TBiz), Travelocity Nordics, Holiday Autos, Sabre Pacific, TPN and other businesses. Any divestitures may involve a number of risks, including the diversion of management s attention, significant costs and expenses, the loss of customer relationships and cash flow, and the disruption of the affected business or business operations. Failure to timely complete or to consummate a divestiture may negatively affect the valuation of the affected business or business operations or result in restructuring charges.

We rely on the value of our brands, which may be damaged by a number of factors, some of which are out of our control.

We believe that maintaining and expanding our portfolio of product and service brands are important aspects of our efforts to attract and expand our customer base. Our brands may be negatively impacted by, among other things, unreliable service levels from third-party providers, customers inability to properly interface their applications with our technology, the loss or unauthorized disclosure of personal data or other bad publicity due to litigation, regulatory concerns or otherwise relating to our business. Any inability to maintain or enhance awareness of our brands among our existing and target customers could negatively affect our current and future business prospects.

There are material limitations with making estimates of our results for current or prior periods prior to the completion of our normal review procedures for such periods.

The preliminary financial data contained in Summary Recent Developments is not a comprehensive statement of our financial data for the quarter ended and as of December 31, 2014 and has not been reviewed or audited by our independent registered public accounting firm or any other independent auditors. The actual data for the quarter ended December 31, 2014 may vary from our expectations and may be materially different from the preliminary financial estimates we have provided due to completion of quarterly close procedures, final adjustments and other developments that may arise between now and the time the financial data for this period are finalized. Accordingly, investors should not place undue reliance on such preliminary financial information.

Risk Factor Related to Travelocity

Our Travelocity business segment has historically been subject to the risk factor that is listed below. On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. Following the sale of Travelocity.com to Expedia, Inc. the Expedia SMA was terminated. See Summary Recent Developments. As a result, our Travelocity business segment will in the future only remain subject to this risk factor until the sale of lasminute.com has closed.

Our OTAs are subject to a number of risks specific to their activities.

Our OTAs are subject to certain risks inherent in the consumer-facing OTA industry. These risks include, but are not limited to, the following:

Competition. The OTA industry is an increasingly competitive global environment with a number of established and emerging online and traditional sellers of travel-related services, including other OTAs, offline travel agents, travel suppliers, large online portal and search companies, travel metasearch engines and increasingly, mobile platform travel apps and social apps. Recently, we have seen increasing consolidation among our competitors, including Priceline s acquisition of Kayak in November 2012 and Expedia s acquisition of trivago in March 2013. These players compete on price, travel inventory availability and breadth, technological sophistication, ability to meet rapidly evolving consumer trends and demands, brand recognition, search engine rankings, ease of use and accessibility, customer service and reliability. If we cannot adequately address these trends and provide travelers with the content they seek at acceptable prices, our OTAs may not be able to compete successfully against current and future competitors.

Content. OTAs use their website content and ability to comparison shop to attract and convert visitors into booking customers and repeat users. The success of our OTAs in attracting users depends, in part, upon our continued ability to collect, create and distribute high-quality, commercially valuable content that meets customers specific needs in a cost-effective manner. Failing to meet the specific needs of consumers could make our OTAs less competitive. Changes in the cost structure by which our OTAs currently obtain their content, or changes in travelers relative appreciation of that content, could negatively impact our OTAs business and financial performance.

Relationships with travel suppliers and travel distribution partners. OTAs depend on travel suppliers and distribution partners for access to inventory and derive a substantial portion of their revenue from these suppliers and distribution partners in the form of compensation for bookings. Many travel suppliers have reduced or eliminated and may continue to reduce or eliminate, commissions and fees paid to travel agencies, and our OTA business could be harmed if this trend continues. Also, if travel suppliers or GDSs attempt to implement multiple costly direct connections or charge travel agencies for or otherwise restrict access to content, our OTAs ability to offer competitive inventory and pricing may be adversely affected, leading to decreased revenues and margins.

Changes in search engine algorithms and other traffic sources. We increasingly utilize internet search engines to generate traffic to our OTAs, principally through the purchase of travel-related keywords. Search engines, including Google, frequently update and change the algorithm that determines the placement and display of search results such that our links could be placed lower on the page or displayed less prominently. We also depend on pay-per-click and display advertising campaigns on search and shopping providers like Google, Kayak, and TripAdvisor to direct a significant amount of traffic to our OTAs. Our business may be harmed if we cannot keep pace with the rapidly changing pricing and operating dynamics for these traffic sources.

Media. Our OTAs receive fees from companies and organizations, such as those in the travel industry, for display and referral advertising products. If a significant portion of our advertisers feel that our OTAs are no longer attracting or referring relevant customers, and accordingly reduce their advertising with our OTAs, our revenues could decline.

License requirements. In some of the jurisdictions where we provide travel services through our OTAs, we are required to obtain certain licenses and approvals from the relevant regulatory authorities. These regulatory authorities generally have broad discretion to grant, renew and revoke such licenses and approvals. Any of these regulatory authorities could permanently or temporarily suspend the necessary licenses and approvals in respect of some or all of our travel agency and related activities in such jurisdictions, which would adversely impact the activities of the affected OTA.

Regulatory and Other Legal Risks

We are involved in various legal proceedings which may cause us to incur significant fees, costs and expenses and may result in unfavorable outcomes.

We are involved in various legal proceedings that involve claims for substantial amounts of money or which involve how we conduct our business. See Business Legal Proceedings. For example, a number of state and local governments have filed lawsuits against us pertaining to sales or occupancy taxes they claim are due on some or all of our fees relating to hotel content distributed and sold via the merchant revenue model. In the merchant revenue model, the customer pays us an amount at the time of booking that includes (i) service fees,

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which we retain, and (ii) the price of the hotel room and amounts for occupancy or other local taxes, which we pass along to the hotel supplier. The complaints generally allege, among other things, that we have failed to pay to the relevant taxing authority hotel accommodations taxes on the service fees. Even if we are successful in defending these types of lawsuits, state and local governments could adopt new ordinances directly taxing hotel booking fees and we may not be able to successfully challenge such ordinances.

Additionally, we are involved in antitrust litigation with US Airways. If we cannot resolve this matter favorably, we could be subject to (i) monetary damages, including treble damages under the antitrust laws and, depending on the amount of any such judgment, if we do not have sufficient cash on hand, we may be required to seek financing through the issuance of additional equity or from private or public financing or (ii) injunctive relief. Other airlines might likewise seek to benefit from any unfavorable outcome by bringing their own claims against us on the same or similar grounds. We are also subject to a U.S. Department of Justice (DOJ) antitrust investigation relating to the pricing and conduct of the airline distribution industry. We received a civil investigative demand (CID) from the DOJ and we are fully cooperating. The DOJ has also sent CIDs to other companies in the travel industry. Based on its findings in the investigation, the DOJ may (i) close the file, (ii) seek a consent decree to remedy issues it believes violate the antitrust laws, or (iii) file suit against us for violating the antitrust laws, seeking injunctive relief. With respect to both the US Airways and DOJ proceedings, if injunctive relief were to be granted, depending on its scope, it could affect the manner in which our airline distribution business is operated and potentially force changes to the existing airline distribution business model.

The defense of these actions, as well as any of the other actions described under Business Legal Proceedings and any other actions brought against us in the future, is time consuming and diverts management s attention. Even if we are ultimately successful in defending ourselves in such matters, we are likely to incur significant fees, costs and expenses as long as they are ongoing. Any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

Intellectual property infringement actions against us could be costly and time consuming to defend and may result in business harm if we are unsuccessful in our defense.

Third parties may assert, including by means of counterclaims against us as a result of the assertion of our intellectual property rights, that our products, services or technology, or the operation of our business, violate their intellectual property rights. We are currently subject to such assertions, including patent infringement claims, and may be subject to such assertions in the future. Such assertions may also be made against our customers who may seek indemnification from us. In the ordinary course of business, we enter into agreements that contain indemnity obligations whereby we are required to indemnify our customers against such assertions arising from our customers usage of our products, services or technology. As the competition in our industry increases and the functionality of technology offerings further overlaps, such claims and counterclaims could become more common. We cannot be certain that we do not or will not infringe third parties intellectual property rights.

Legal proceedings involving intellectual property rights are highly uncertain, and can involve complex legal and scientific questions. Any intellectual property claim against us, regardless of its merit, could result in significant liabilities to our business, and can be expensive and time consuming to defend. Depending on the nature of such claims, our businesses may be disrupted, our management s attention and other company resources may be diverted and we may be required to redesign, reengineer or rebrand our products and services, if feasible, to stop offering certain products and services or to enter into royalty or licensing agreements in order to obtain the rights to use necessary technologies, which may not be available on terms acceptable to us, if at all, and may result in a decrease of our competitive advantage. Our failure to prevail in such matters could result in loss of intellectual property rights, judgments awarding substantial damages, including possible treble damages and attorneys fees, and injunctive or other equitable relief against us. If we are held liable, we may be unable to exploit some or all of our intellectual property rights or technology. Even if we are not held liable, we may choose to settle claims by making a monetary payment or by granting a license to intellectual property rights that we otherwise would not license. Further, judgments may result in loss of reputation, may force us to take costly

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remediation actions, delay selling our products and offering our services, reduce features or functionality in our services or products, or cease such activities altogether. Insurance may not cover or be insufficient for any such claim.

We may not have sufficient insurance to cover our liability in pending litigation claims and future claims either due to coverage limits or as a result of insurance carriers seeking to deny coverage of such claims, which in either case could expose us to significant liabilities.

We maintain third-party insurance coverage against various liability risks, including securities, shareholder derivative, ERISA, and product liability claims, as well as other claims that form the basis of litigation matters pending against us. We believe these insurance programs are an effective way to protect our assets against liability risks. However, the potential liabilities associated with litigation matters pending against us, or that could arise in the future, could exceed the coverage provided by such programs. In addition, our insurance carriers have sought or may seek to rescind or deny coverage with respect to pending claims or lawsuits, completed investigations or pending or future investigations and other legal actions against us. See Business Legal Proceedings Insurance Carriers for more information on our current litigation with our insurance carriers. If we do not have sufficient coverage under our policies, or if the insurance companies are successful in rescinding or denying coverage, we may be required to make material payments in connection with third-party claims.

We may not be able to protect our intellectual property effectively, which may allow competitors to duplicate our products and services.

Our success and competitiveness depend, in part, upon our technologies and other intellectual property, including our brands. Among our significant assets are our proprietary and licensed software and other proprietary information and intellectual property rights. We rely on a combination of copyright, trademark and patent laws, laws protecting trade secrets, confidentiality procedures and contractual provisions to protect these assets both in the United States and in foreign countries. The laws of some jurisdictions may provide less protection for our technologies and other intellectual property assets than the laws of the United States.

There is no certainty that our intellectual property rights will provide us with substantial protection or commercial benefit. Despite our efforts to protect our intellectual property, some of our innovations may not be protectable, and our intellectual property rights may offer insufficient protection from competition or unauthorized use, lapse or expire, be challenged, narrowed, invalidated, or misappropriated by third parties, or be deemed unenforceable or abandoned, which could have a material adverse effect on our business, financial condition and results of operations and the legal remedies available to us may not adequately compensate us. We cannot be certain that others will not independently develop, design around, or otherwise acquire equivalent or superior technology or intellectual property rights.

While we take reasonable steps to protect our brands and trademarks, we may not be successful in maintaining or defending our brands or preventing third parties from adopting similar brands. If our competitors infringe our principal trademarks, our brands may become diluted or if our competitors introduce brands or products that cause confusion with our brands or products in the marketplace, the value that our consumers associate with our brands may become diminished, which could negatively impact revenue.

Our patent applications may not be granted, and the patents we own could be challenged, invalidated, narrowed or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or commercial advantage. Once our patents expire, or if they are invalidated, narrowed or circumvented, our competitors may be able to utilize the technology protected by our patents which may adversely affect our business.

Although we rely on copyright laws to protect the works of authorship created by us, we do not generally register the copyrights in our copyrightable works where such registration is permitted. Copyrights of U.S. origin must be registered before the copyright owner may bring an infringement suit in the United States. Accordingly, if one of our unregistered copyrights of U.S. origin is infringed by a third party, we will need to register the copyright before we can file an infringement suit in the United States, and our remedies in any such infringement suit may be limited.

We use reasonable efforts to protect our trade secrets. However, protecting trade secrets can be difficult and our efforts may provide inadequate protection to prevent unauthorized use, misappropriation, or disclosure of our trade secrets, know how, or other proprietary information.

We also rely on our domain names to conduct our online businesses. While we use reasonable efforts to protect and maintain our domain names, if we fail to do so the domain names may become available to others. Further, the regulatory bodies that oversee domain name registration may change their regulations in a way that adversely affects our ability to register and use certain domain names.

We license software and other intellectual property from third parties. Such licensors may breach or otherwise fail to perform their obligations, or claim that we have breached or otherwise attempt to terminate their license agreements with us. We also rely on license agreements to allow third parties to use our intellectual property rights, including our software, but there is no guarantee that our licensees will abide by the terms of our license agreements or that the terms of our agreements will always be enforceable.

In addition, policing unauthorized use of and enforcing intellectual property can be difficult and expensive. The fact that we have intellectual property rights, including registered intellectual property rights, may not guarantee success in our attempts to enforce these rights against third parties. Besides general litigation risks, changes in, or interpretations of, intellectual property laws may compromise our ability to enforce our rights. We may not be aware of infringement or misappropriation, or elect not to seek to prevent it. Our decisions may be based on a variety of factors, such as costs and benefits of taking action, and contextual business, legal, and other issues. Any inability to adequately protect our intellectual property on a cost-effective basis could harm our business.

Defects in our products may subject us to significant warranty liabilities or product liability claims and we may have insufficient product liability insurance to pay material uninsured claims.

Our Airline and Hospitality Solutions business exposes us to the risk of product liability claims that are inherent in software development. We may inadvertently create defective software, or supply our customers with defective software or software components that we acquire from third parties, which could result in personal injury or property damage, and may result in warranty or product liability claims brought against us, our travel supplier customers or third parties.

Under our Airline and Hospitality Solutions business agreements, we generally must indemnify our customers for liability arising from intellectual property infringement claims with respect to our software. These indemnification obligations could be significant and we may not have adequate insurance coverage to protect us against all claims. We currently rely on a combination of self-insurance and third-party insurance to cover potential product liability exposure. The combination of our insurance coverage, cash flows and reserves may not be adequate to satisfy product liabilities we may incur in the future. Even meritless claims could subject us to adverse publicity, hinder us from securing insurance coverage in the future, require us to incur significant legal fees, decrease demand for any products that we successfully develop, divert management s attention, and force us to limit or forgo further development and commercialization of these products. The cost of any product liability litigation or other proceedings, even if resolved in our favor, could be substantial.

Any failure to comply with regulations or any changes in such regulations governing our businesses could adversely affect us.

Parts of our business operate in regulated industries and could be adversely affected by unfavorable changes in or the enactment of new laws, rules or regulations applicable to us, which could decrease demand for our products and services, increase costs or subject us to additional liabilities. Moreover, regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement or interpret regulations. Accordingly, such regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us if our practices were found not to comply with the applicable regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority. Our failure to comply with any of these requirements or interpretations could have a material adverse effect on our operations. In particular, after a voluntary disclosure, we received a warning letter from the Bureau of Industry and Security regarding our failure to comply fully with the Export Administration Regulations as to software updates for a few travel agency customers located outside the United States. Although the Bureau of Industry and Security declined to prosecute or sanction us, if we were to violate the Export Administration Regulations again, the matter could be reopened or taken into consideration when investigating future matters and we may be subject to criminal prosecution or administrative sanctions.

Further, the United States has imposed economic sanctions that affect transactions with designated foreign countries, including Cuba, Iran, Sudan and Syria, and nationals and others of those countries, and certain specifically targeted individuals and entities engaged in conduct detrimental to U.S. national security interests. These sanctions are administered by the U.S. Department of the Treasury s Office of Foreign Assets Control (OFAC) and are typically known as the OFAC regulations. For a description of OFAC regulations and additional information on economic sanctions, see Business Government Regulation Office of Foreign Asset Control Regulation. Failure to comply with such regulations could subject us to legal and reputational consequences, including civil and criminal penalties.

We have GDS contracts with carriers that fly to Cuba, Iran, Sudan and Syria but are based outside of those countries and are not owned by those governments or nationals of those governments. With respect to Iran, Sudan and Syria we believe that our activities comply with certain travel-related exemptions. With respect to Cuba, for customers outside the United States we display on the Sabre GDS flight information for, and support booking and ticketing of, services of non-Cuban airlines that offer service to Cuba. Based on advice of counsel, we believe these activities to fall under an exemption from OFAC regulations applicable to the transmission of information and informational materials and transactions related thereto.

We believe that our activities with respect to these countries are known to OFAC. We note, however, that OFAC regulations and related interpretive guidance are complex and subject to varying interpretations. Due to this complexity, OFAC s interpretation of its own regulations and guidance vary on a case to case basis. As a result, we cannot provide any guarantees that OFAC will not challenge any of our activities in the future, which could have a material adverse effect on our results of operations.

In Europe, GDS regulations or interpretations thereof may increase our cost of doing business or lower our revenues, limit our ability to sell marketing data, impact relationships with travel buyers, airlines, rail carriers or others, impair the enforceability of existing agreements with travel buyers and other users of our system, prohibit or limit us from offering services or products, or limit our ability to establish or change fees. Although regulations specifically governing GDSs have been lifted in the United States, they remain subject to general regulation regarding unfair trade practices by the U.S. Department of Transportation (DOT). In addition, continued regulation of GDSs in the EU and elsewhere could also create the operational challenge of supporting different products, services and business practices to conform to the different regulatory regimes. See Business Government Regulation Computer Reservations System

Industry Regulation for additional information. We do not currently maintain a central database of all regulatory requirements affecting our worldwide operations and, as a result, the risk of non-compliance with the laws and regulations described above is heightened. Our failure to comply with these laws and regulations may subject us to fines, penalties and potential criminal violations. Any changes to these laws or regulations or any new laws or regulations may make it more difficult for us to operate our business.

Our collection, processing, storage, use and transmission of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements, differing views on data privacy or security breaches.

In our processing of travel transactions, we collect, process, store, use and transmit large amounts of sensitive personal data. This information is increasingly subject to legal restrictions around the world, which may result in conflicting legal requirements in the United States and other jurisdictions. For example, the U.S. Congress and federal agencies, including the Federal Trade Commission, have started to take a more aggressive stance in drafting and enforcing privacy and data protection laws. The EU is also in the process of proposing reforms to its existing data protection legal framework. These legal restrictions are generally intended to protect the privacy and security of personal information, including credit card information that is collected, processed and transmitted in or from the governing jurisdiction. Companies that handle this type of data have also been subject to investigations, lawsuits and adverse publicity due to allegedly improper disclosure or use of sensitive personal information. As privacy and data protection becomes an increasingly politicized issue, we may also become exposed to potential liabilities as a result of conflicting legal requirements, differing views on the privacy of travel data or failure to comply with applicable requirements. Our business could be materially adversely affected if we are unable or unwilling to comply with legal restrictions on the use of sensitive personal information or if such restrictions are expanded to require changes in our current business practices or are interpreted in ways that conflict with or negatively impact our present or future business practices. Additionally, we are required to indemnify some of our customers for liability arising from data breaches under the terms of our agreements with such customers. These indemnification obligations could be significant and we may not have adequate insurance coverage to protect us against all claims.

We may have higher than anticipated tax liabilities.

We are subject to a variety of taxes in many jurisdictions globally, including income taxes in the United States at the federal, state and local levels, and in many other countries. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We operate in numerous countries where our income tax returns are subject to audit and adjustment by local tax authorities. Because we operate globally, the nature of the uncertain tax positions is often very complex and subject to change, and the amounts at issue can be substantial. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We re-evaluate uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. Although we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. Our effective tax rate may change from year to year based on changes in the mix of activities and income allocated or earned among various jurisdictions, tax laws in these jurisdictions, tax treaties between countries, our eligibility for benefits under those tax treaties, and the estimated values of deferred tax assets and liabilities. Such changes could result in an increase in the effective tax rate applicable to all or a portion of our income which would reduce our profitability.

We establish reserves for our potential liability for U.S. and non-U.S. taxes, including sales, occupancy and value-added taxes (VAT), consistent with applicable accounting principles and in light of all current facts and circumstances. We have also established reserves relating to the collection of refunds related to value-added taxes, which are subject to audit and collection risks in various regions of Europe. Recently our right to recover certain value-added tax receivables associated with our European businesses has been questioned by tax

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authorities. These reserves represent our best estimate of our contingent liability for taxes. The interpretation of tax laws and the determination of any potential liability under those laws are complex, and the amount of our liability may exceed our established reserves.

We consider the undistributed earnings of our foreign subsidiaries as of December 31, 2013 to be indefinitely reinvested and, accordingly, no U.S. income taxes have been provided thereon. As of December 31, 2013, the amount of indefinitely reinvested foreign earnings was approximately $157 million. As of December 31, 2013, $70.8 million of cash, cash equivalents, and marketable securities were held by our foreign subsidiaries. If such cash, cash equivalents and marketable securities are needed for our operations in the United States, we would be required to accrue and pay taxes on up to $44 million of these funds to repatriate all such cash, cash equivalents and marketable securities. We have not, nor do we anticipate the need to, repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements.

New tax laws, statutes, rules, regulations or ordinances could be enacted at any time and existing tax laws, statutes, rules, regulations and ordinances could be interpreted, changed, modified or applied adversely to us. These events could require us to pay additional tax amounts on a prospective or retroactive basis, as well as require us to pay fees, penalties or interest for past amounts deemed to be due. For example, there have been proposals to amend U.S. tax laws that would significantly impact how U.S. companies are taxed on foreign earnings. New, changed, modified or newly interpreted or applied laws could also increase our compliance, operating and other costs, as well as the costs of our products and services.

We are required to pay to stockholders and equity award holders that were stockholders or equity award holders immediately prior to the closing of our initial public offering 85% of certain tax benefits, and could be required to make substantial cash payments in which the stockholders purchasing shares in this offering will not participate.

Immediately prior to the completion of our initial public offering, we entered into a tax receivable agreement (TRA) that provides the right to receive future payments by us to stockholders and equity award holders that were our stockholders and equity award holders, respectively, immediately prior to the closing of our initial public offering (collectively, the Pre-IPO Existing Stockholders) of 85% of the amount of cash savings, if any, in U.S. federal income tax that we and our subsidiaries realize as a result of the utilization of certain tax assets attributable to periods prior to our initial public offering, including federal net operating losses (NOLs), capital losses and the ability to realize tax amortization of certain intangible assets (collectively, the Pre-IPO Tax Assets). Consequently, stockholders purchasing shares in this offering will only be entitled to the economic benefit of the Pre-IPO Tax Assets to the extent of our continuing 15% interest in those assets. See Certain Relationships and Related Party Transactions Tax Receivable Agreement.

These payment obligations are our obligations and not obligations of any of our subsidiaries. The actual utilization of the Pre-IPO Tax Assets, as well as the timing of any payments under the TRA, will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries taxable income in the future.

We expect that the payments we make under this TRA will be material. Based on current tax laws and assuming that we and our subsidiaries earn sufficient taxable income to realize the full tax benefits subject to the TRA, we expect that future payments under the TRA relating to the Pre-IPO Tax Assets could aggregate to between $330 million and $380 million over the next six years (assuming no changes to current limitations on our ability to utilize our NOLs under Section 382 of the Internal Revenue Code (the Code), which we estimate will represent approximately 85% to 95% of total payments we will be required to make under the TRA.

We recognized a liability of $321 million after considering the valuation allowance of $66 million recorded against the Pre-IPO Tax Assets for the payments to be made under the TRA. The TRA liability was recorded as a reduction to additional paid-in capital and an increase to other noncurrent liabilities. No payments have been made under the TRA during the nine months ended September 30, 2014 and we do not expect material payments to occur prior to 2016. Any payments made under the TRA will be classified as a financing activity in our statement of cash flows. Changes in the utility of the Pre-IPO Tax Assets will impact the amount of the liability that will be paid to our Pre-IPO Existing Stockholders. Changes in the utility of these Pre-IPO Tax Assets are recorded in income tax expense (benefit) and any changes in the obligation under the TRA is recorded in other income (expense).

In addition, the TRA provides that upon certain mergers, stock and asset sales, other forms of business combinations or other changes of control, the TRA will terminate and we will be required to make a payment intended to equal to the present value of future payments under the TRA, which payment would be based on certain assumptions, including those relating to our and our subsidiaries future taxable income. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control.

Different timing rules will apply to payments under the TRA to be made to holders that, prior to the completion of the initial public offering, held stock options and restricted stock units (collectively, the Pre-IPO Award Holders). Such payments will generally be deemed invested in a notional account rather than made on the scheduled payment dates, and the account will be distributed on the fifth anniversary of the initial public offering, together with an amount equal to the net present value of such Award Holder s future expected payments, if any, under the TRA. Moreover, payments to holders of stock options that were unvested prior to the completion of the initial public offering are subject to vesting on the same schedule as such holder s unvested stock options.

The TRA contains a Change of Control definition that includes, among other things, a change of a majority of the Board of Directors without approval of a majority of the then existing Board members (the Continuing Directors Provision). Recent Delaware case law has stressed that such Continuing Directors Provisions could have a potential adverse impact on shareholders right to elect a company s directors. In this regard, decisions of the Delaware Chancery Court (not involving us or our securities) have considered change of control provisions and noted that a board of directors may approve a dissident shareholders nominees solely to avoid triggering the change of control provisions, without supporting their election, if the board determines in good faith that the election of the dissident nominees would not be materially adverse to the interests of the corporation or its stockholders. Further, according to these decisions, the directors duty of loyalty to shareholders under Delaware law may, in certain circumstances, require them to give such approval.

Our counterparties under the TRA will not reimburse us for any payments previously made under the TRA if such benefits are subsequently disallowed (although future payments would be adjusted to the extent possible to reflect the result of such disallowance). As a result, in certain circumstances, payments could be made under the TRA in excess of our cash tax savings.

Certain transactions by the company could cause it to recognize taxable income (possibly material amounts of income) without a current receipt of cash. Payments under the TRA with respect to such taxable income would cause a net reduction in our available cash. For example, transactions giving rise to cancellation of debt income, the accrual of income from original issue discount or deferred payments, a triggering event requiring the recapture of dual consolidated losses, or Subpart F income would each produce income with no corresponding increase in cash. In these cases, we may use some of the Pre-IPO Tax Assets to offset income from these transactions and, under the TRA, would be required to make a payment to our Pre-IPO Existing Stockholders even though we receive no cash from such income.

Because we are a holding company with no operations of our own, our ability to make payments under the TRA is dependent on the ability of our subsidiaries to make distributions to us. To the extent that we are unable to make payments under the TRA for specified reasons, such payments will be deferred and will accrue interest at a rate of the London Interbank Offered Rate (LIBOR) plus 1.00% per annum until paid.

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The TRA is designed with the objective of causing our annual cash costs attributable to federal income taxes (without regard to our continuing 15% interest in the Pre-IPO Tax Assets) to be the same as we would have paid had we not had the Pre-IPO Tax Assets available to offset our federal taxable income. As a result, stockholders purchasing shares in this offering will not be entitled to the economic benefit of the Pre-IPO Tax Assets that would have been available if the TRA were not in effect (except to the extent of our continuing 15% interest in the Pre-IPO Tax Assets).

We may recognize impairments on long-lived assets, including goodwill and other intangible assets, or recognize impairments on our equity method investments.

Our consolidated balance sheet at December 31, 2013 contained intangible assets, net, including goodwill, of approximately $2,773 million. Our investments in joint ventures on the consolidated balance sheet as of December 31, 2013 includes $93 million of excess basis over our underlying equity in joint ventures. This differential represents goodwill in addition to identifiable intangible assets which are being amortized to joint venture intangible amortization over their estimated lives. Future acquisitions that result in the recognition of additional goodwill and intangible assets would cause an increase in these types of assets. We do not amortize goodwill and intangible assets that are determined to have indefinite useful lives, but we amortize definite-lived intangible assets on a straight-line basis over their useful economic lives, which range from four to thirty years, depending on classification.

We evaluate goodwill for impairment on an annual basis or earlier if impairment indicators exist and we evaluate definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of definite-lived intangible assets used in combination to generate cash flows largely independent of other assets may not be recoverable. We record an impairment charge whenever the estimated fair value of our reporting units or of such intangible assets is less than its carrying value. We have also recognized a share of impairment charges recorded by one of our equity method investments, Abacus. As of June 30, 2013, our Travelocity reporting unit had no remaining goodwill.

The fair values used in our impairment evaluation are estimated using a combined approach based upon discounted future cash flow projections and observed market multiples for comparable businesses. Changes in estimates based on changes in risk-adjusted discount rates, future booking and transaction volume levels, future price levels, rates of growth in our consumer and corporate direct booking businesses, rates of increase in operating expenses, cost of revenue and taxes could result in material impairment charges.

Our pension plan obligations are currently unfunded, and we may have to make significant cash contributions to our plans, which could reduce the cash available for our business.

Our pension plans in the aggregate are estimated to be unfunded by $90.1 million as of December 31, 2014. With approximately 5,300 participants in our pension plans, we incur substantial costs relating to pension benefits, which can vary substantially as a result of changes in healthcare laws and costs, volatility in investment returns on pension plan assets and changes in discount rates used to calculate related liabilities. Our estimates of liabilities and expenses for pensions and other post-retirement healthcare benefits require the use of assumptions, including assumptions relating to the rate used to discount the future estimated liability, the rate of return on plan assets, inflation and several assumptions relating to the employee workforce (medical costs, retirement age and mortality). Actual results may differ, which may have a material adverse effect on our business, prospects, financial condition or results of operations. Future volatility and disruption in the stock markets could cause a decline in the asset values of our pension plans. In addition, a decrease in the discount rate used to determine minimum funding requirements could result in increased future contributions. If either occurs, we may need to make additional pension contributions above what is currently estimated, which could reduce the cash available for our businesses.

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We are exposed to risks associated with payment card industry (PCI) compliance.

The PCI Data Security Standard (PCI DSS) is a set of comprehensive requirements endorsed by credit card issuers for enhancing payment account data security that includes requirements for security management, policies, procedures, network architecture, software design and other critical protective measures. PCI DSS compliance is required in order to maintain credit card processing facilities. The cost of compliance with the PCI DSS is significant and may increase as the requirements change. We are tested periodically for compliance with the current version and our last assessment completed in June 2014. We were found to be compliant in that assessment and our 2015 assessment is scheduled to be completed in June 2015. Compliance does not guarantee a completely secure environment. Moreover, compliance is an ongoing activity and the formal requirements likely will evolve as new threats and protective measures are identified. In the event that we were to lose PCI DSS compliance (or fail to achieve compliance with a future version of the PCI DSS), we could be exposed to increased operating costs, fines and penalties and, in extreme circumstances, may have our credit card processing privileges revoked, which would have a material adverse effect on our business.

Risks Related to Our Indebtedness and Liquidity

We may require more cash than we generate in our operating activities, and additional funding on reasonable terms or at all may not be available.

We cannot guarantee that our business will generate sufficient cash flow from operations to fund our capital investment requirements or other liquidity needs. Moreover, because we are a holding company with no material direct operations, we depend on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions.

As a result, we may be required to finance our cash needs through public or private equity offerings, bank loans, additional debt financing or otherwise. Our ability to arrange financing and the cost of such financing are dependent on numerous factors, including but not limited to:

- general economic and capital market conditions;
- the availability of credit from banks or other lenders;
- investor confidence in us; and
- our results of operations.

There can be no assurance that financing will be available on terms favorable to us or at all, which could force us to delay, reduce or abandon our growth strategy, increase our financing costs, or both. Additional funding from debt financings may make it more difficult for us to operate our business because a portion of our cash generated from internal operations would be used to make principal and interest payments on the indebtedness and we may be obligated to abide by restrictive covenants contained in the debt financing agreements, which may, among other things, limit our ability to make business decisions and further limit our ability to pay dividends.

In addition, any downgrade of our debt ratings by Standard & Poor s, Moody s Investor Service or similar ratings agencies, increases in general interest rate levels and credit spreads or overall weakening in the credit markets could increase our cost of capital. Furthermore, raising capital through public or private sales of equity to finance acquisitions or expansion could cause earnings or ownership dilution to your shareholding interests in our company.

We have a significant amount of indebtedness, which could adversely affect our cash flow and our ability to operate our business and to fulfill our obligations under our indebtedness.

We have a significant amount of indebtedness. As of September 30, 2014, we had $3,102 million of indebtedness outstanding in addition to $345 million of availability under the revolving portion of our Credit

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Facility (as defined in Description of Certain Indebtedness), after taking into account the availability reduction of $60 million for letters of credit issued under the revolving portion. Of this indebtedness, none will be due on or before the end of 2015. See Description of Certain Indebtedness Senior Secured Credit Facilities for a description of the amendments to the Credit Facility after December 31, 2013. Our substantial level of indebtedness will increase the possibility that we may not generate enough cash flow from operations to pay, when due, the principal of, interest on or other amounts due in respect of, these obligations. Other risks relating to our long-term indebtedness include:

- increased vulnerability to general adverse economic and industry conditions;
- higher interest expense if interest rates increase on our floating rate borrowings and our hedging strategies do not effectively mitigate the effects of these increases;
- need to divert a significant portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of cash to fund working capital, capital expenditures, acquisitions, investments and other general corporate purposes;
- limited ability to obtain additional financing, on terms we find acceptable, if needed, for working capital, capital expenditures, expansion plans and other investments, which may adversely affect our ability to implement our business strategy;
- limited flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate or to take advantage of market opportunities; and
- a competitive disadvantage compared to our competitors that have less debt.

In addition, it is possible that we may need to incur additional indebtedness in the future in the ordinary course of business. The terms of our Credit Facility, the indentures governing the 2016 Notes and the 2019 Notes (each as defined in Description of Certain Indebtedness) allow us to incur additional debt subject to certain limitations. If new debt is added to current debt levels, the risks described above could intensify. In addition, our inability to maintain certain leverage ratios could result in acceleration of a portion of our debt obligations and could cause us to be in default if we are unable to repay the accelerated obligations.

We are exposed to interest rate fluctuations.

Our floating rate indebtedness exposes us to fluctuations in prevailing interest rates. To reduce the impact of large fluctuations in interest rates, we typically hedge a portion of our interest rate risk by entering into derivative agreements with financial institutions. Our exposure to interest rates relates primarily to our borrowings under the Credit Facility. See Description of Certain Indebtedness.

The derivative agreements that we use to manage the risk associated with fluctuations in interest rates may not be able to eliminate the exposure to these changes. Interest rates are sensitive to numerous factors outside of our control, such as government and central bank monetary policy in the jurisdictions in which we operate. Depending on the size of the exposures and the relative movements of interest rates, if we choose not to hedge or fail to effectively hedge our exposure, we could experience a material adverse effect on our results of operations and financial condition. As of December 31, 2014, we have entered into forward starting interest rate swaps with a 1% floor that effectively convert $750 million of floating interest rate senior secured debt into a fixed rate obligation for a three year period starting December 31, 2015. See Management s Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosures about Market Risk Interest Rate Risk.

We are exposed to exchange rate fluctuations.

We conduct various operations outside the United States, primarily in Canada, South America, Europe, Australia and Asia. For the years ended December 31, 2013 and 2012, we incurred $682 million and $708 million in foreign currency operating expenses, representing approximately 25% and 23% of our total

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operating expenses, respectively. Our most significant foreign currency operating expenses are in the Euro, representing approximately 9% and 7% of our operating expenses for the years ended December 31, 2013 and December 31, 2012, respectively. As a result, we face exposure to movements in currency exchange rates. These exposures include but are not limited to:

- re-measurement gains and losses from changes in the value of foreign denominated assets and liabilities;
- translation gains and losses on foreign subsidiary financial results that are translated into U.S. dollars, our functional currency, upon consolidation;
- planning risk related to changes in exchange rates between the time we prepare our annual and quarterly forecasts and when actual results occur; and
- the impact of relative exchange rate movements on cross-border travel, principally travel between Europe and the United States.

Depending on the size of the exposures and the relative movements of exchange rates, if we choose not to hedge or fail to hedge effectively our exposure, we could experience a material adverse effect on our results of operations and financial condition. As we have seen in some recent periods, in the event of severe volatility in exchange rates, these exposures can increase, and the impact on our results of operations and financial condition can be more pronounced. In addition, the current environment and the increasingly global nature of our business have made hedging these exposures more complex and costly.

To reduce the impact of this earnings volatility, we hedge our foreign currency exposure by entering into foreign currency forward contracts on several of our largest foreign currency exposures, including the Euro, the British Pound Sterling, the Polish Zloty and the Indian Rupee. In 2013, we hedged approximately 43% of our foreign currency exposure. The notional amounts of these forward contracts, totaling $151 million at September 30, 2014, represent obligations to purchase foreign currencies at a predetermined exchange rate to fund a portion of our expenses that are denominated in foreign currencies. Such derivative instruments are short-term in nature and not designed to hedge against currency fluctuation that could impact our foreign currency denominated revenue or cost of revenue. See Management s Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosures about Market Risk Foreign Currency Risk and Note 12, Derivatives, to our unaudited consolidated financial statements included elsewhere in this prospectus. Although we have increased and may continue to increase the scope, complexity and duration of our foreign exchange risk management strategy, our current or future hedging activities may not sufficiently protect us from the adverse effects of currency exchange rate movements. Moreover, we make a number of estimates in conducting hedging activities, including in some cases the level of future bookings, cancellations, refunds, customer stay patterns and payments in foreign currencies. In the event those estimates differ significantly from actual results, we could experience greater volatility as a result of our hedging activities.

The terms of our debt covenants could limit our discretion in operating our business and any failure to comply with such covenants could result in the default of all of our debt.

The agreements governing our indebtedness contain and the agreements governing our future indebtedness will likely contain various covenants, including those that restrict our or our subsidiaries ability to, among other things:

incur liens on our property, assets and revenue;

borrow money, and guarantee or provide other support for the indebtedness of third parties;

pay dividends or make other distributions on, redeem or repurchase our capital stock;

prepay, redeem or repurchase certain of our indebtedness;

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- enter into certain change of control transactions;
- make investments in entities that we do not control, including joint ventures;
- enter into certain asset sale transactions, including divestiture of certain company assets and divestiture of capital stock of wholly-owned subsidiaries;
- enter into certain transactions with affiliates;
- enter into secured financing arrangements;
- enter into sale and leaseback transactions;
- change our fiscal year; and
- enter into substantially different lines of business.

These covenants may limit our ability to effectively operate our businesses or maximize stockholder value. In addition, our Credit Facility requires that we meet certain financial tests, including the maintenance of a leverage ratio and a minimum net worth. Our ability to satisfy these tests may be affected by factors and events beyond our control, and we may be unable to meet such tests in the future.

Any failure to comply with the restrictions of our Credit Facility, the indentures governing the 2016 Notes and the 2019 Notes or any agreement governing our other indebtedness may result in an event of default under those agreements. Such default may allow the creditors to accelerate the related debt, which may trigger cross-acceleration or cross-default provisions in other debt. In addition, lenders may be able to terminate any commitments they had made to supply us with further funds.

Risks Related to the Offering and our Common Stock

The market price and trading volume of our common stock may be volatile, which could result in rapid and substantial losses for our stockholders.

Since our initial public offering on April 17, 2014 through January 30, 2015, the price of our common stock has ranged from a low of $14.86 on October 14, 2014 to a high of $20.91 on June 19, 2014. In the future, the market price of our common stock may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to resell your shares at or above the price at which you purchased them, if at all. The market price of our common stock may fluctuate or decline significantly in the future. Factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include, but are not limited to, those listed elsewhere in this Risk Factors section and the following, some of which are beyond our control regardless of our actual operating performance:

actual or anticipated quarterly variations in operational results and reactions to earning releases or other presentations by company executives;

failure to meet the expectations of securities analysts and investors;

rating agency credit rating actions;

the contents of published research reports about us or our industry or the failure of securities analysts to cover our common stock;

any increased indebtedness we may incur in the future;

actions by institutional stockholders;

speculation or reports by the press or the investment community with respect to us or our industry in general;

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increases in market interest rates that may lead purchasers of our shares to demand a higher yield;

changes in our capital structure;

announcements of dividends;

additional future sales of our common stock by us, the Principal Stockholders or members of our management;

announcements of technological innovations or new services by us or our competitors or new entrants into the industry;

announcements by us, our competitors or vendors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;

loss of a major travel supplier or global travel agency subscriber;

changes in the status of intellectual property rights;

third-party claims or proceedings against us or adverse developments in pending proceedings;

additions or departures of key personnel;

changes in applicable laws and regulations;

negative publicity for us, our business or our industry;

changes in expectations or estimates as to our future financial performance or market valuations of competitors, customers or travel suppliers;

results of operations of our competitors; and

general market, political and economic conditions, including any such conditions and local conditions in the markets in which our customers are located.

Volatility in our stock price could also make us less attractive to certain investors, and/or invite speculative trading in our common stock or debt instruments.

In addition, securities exchanges, and in particular the NASDAQ, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

Maintaining and improving our financial controls and the requirements of being a public company may strain our resources, divert management s attention and affect our ability to attract and retain qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934 (the Exchange Act), the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act) and the NASDAQ rules. Following our initial public offering, the requirements of these rules and regulations have increased and will continue to significantly increase our legal and financial compliance costs, including costs associated with the hiring of additional personnel, making some activities more difficult, time-consuming or costly, and may also place undue strain on our personnel, systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition.

The Sarbanes-Oxley Act requires, among other things, that we maintain disclosure controls and procedures and internal control over financial reporting. Ensuring that we have adequate internal financial and accounting controls and procedures in place is a costly and time-consuming effort that needs to be re-evaluated frequently. We have documented our internal controls and are in the process of testing these controls in order to comply with the requirements of Section 404 of the Sarbanes-Oxley Act (Section 404). Section 404 will require that we evaluate our internal control over financial reporting to enable management to report on, and our independent auditors to audit as of the end of our fiscal year ended December 31, 2015, the effectiveness of those controls. Both we and our independent registered public accounting firm will be testing our internal controls in connection with the Section 404 requirements and could, as part of that documentation and testing, identify material weaknesses, significant deficiencies or other areas for further attention or improvement.

Implementing any appropriate changes to our internal controls may require specific compliance training for our directors, officers and employees, require the hiring of additional finance, accounting and other personnel, entail substantial costs to modify our existing accounting systems, and take a significant period of time to complete. Such changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. Moreover, adequate internal controls are necessary for us to produce reliable financial reports and are important to help prevent fraud. As a result, our failure to satisfy the requirements of Section 404 on a timely basis could result in the loss of investor confidence in the reliability of our financial statements, which in turn could cause the market value of our common stock to decline.

Various rules and regulations applicable to public companies make it more difficult and more expensive for us to maintain directors and officers liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to maintain coverage. If we are unable to maintain adequate directors and officers liability insurance, our ability to recruit and retain qualified officers and directors, especially those directors who may be deemed independent for purposes of the NASDAQ rules, will be significantly curtailed.

Concentration of ownership among our Principal Stockholders may prevent new investors from influencing significant corporate decisions and may result in conflicts of interest.

As of January 15, 2015, our Principal Stockholders own, in the aggregate, approximately 79.4% of our outstanding common stock and, upon completion of this offering, the Principal Stockholders will own, in the aggregate, approximately 71.9% of our outstanding common stock, assuming no exercise of the underwriters option to purchase additional shares from the Principal Stockholders. Pursuant to the Stockholders Agreement the Silver Lake Funds and the TPG Funds have the right to designate for nomination two directors and three directors, respectively, which collectively will represent a majority of the members of our board of directors. In addition, the Silver Lake Funds and the TPG Funds also jointly have the right to designate for nomination in the future, in connection with the expansion of our board of directors by one member, one additional director, defined herein as the Joint Designee, who must qualify as independent under the NASDAQ rules and must meet the independence requirements of Rule 10A-3 of the Exchange Act so long as they collectively own at least 10% of their collective Closing Date Shares (as defined in Certain Relationships and Related Party Transactions Stockholders Agreement). As a result, the Principal Stockholders are and, following completion of this offering, will continue to be, able to exercise significant influence over all matters requiring stockholder approval, including: the election of directors; approval of mergers or a sale of all or substantially all of our assets and other significant corporate transactions; and the amendment of our Certificate of Incorporation and our Bylaws (each as defined in Description of Capital Stock). This concentration of influence may delay, deter or prevent acts that would be favored by our other stockholders, who may have interests different from those of our Principal Stockholders. For example, our Principal Stockholders could delay or prevent an acquisition or merger deemed beneficial to other stockholders, or seek to cause us to take courses of action that, in their judgment, could enhance their investment in us, but which might involve risks to our other stockholders or adversely affect us or our other stockholders, including investors in this offering. Our Principal Stockholders may be able to cause or prevent a change in control of us or a change in the composition of our board of directors and could preclude any unsolicited acquisition of us. This may have the effect of delaying, preventing or deterring a change in control. In addition, this significant concentration of share ownership may adversely affect the trading price of our common stock because investors often perceive disadvantages in owning common stock in companies with Principal Stockholders.

We are and, upon completion of this offering, will continue to be a controlled company within the meaning of the NASDAQ rules and, as a result, we qualify for exemptions from certain corporate governance requirements. You may not have the same protections afforded to stockholders of companies that are subject to such requirements.

Because the Principal Stockholders own a majority of our outstanding common stock, we are and, upon completion of this offering, will continue to be a controlled company as that term is set forth in the NASDAQ rules. Under these rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain NASDAQ rules regarding corporate governance, including:

- the requirement that a majority of our board of directors consist of independent directors;
- the requirement that our governance and nominating committee be composed entirely of independent directors; and
- the requirement that our compensation committee be composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities.

As a result, we may not have a majority of independent directors and our governance and nominating committee and compensation committee may not consist entirely of independent directors. See Management and Board of Directors Board Composition and Management and Board of Directors Committees of the Board of Directors for a description of the current composition of our board of directors and each of our committees. As a result, you may not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ rules regarding corporate governance. Our status as a controlled company could make our common stock less attractive to some investors or otherwise harm our stock price.

Future issuances of debt or equity securities by us may adversely affect the market price of our common stock.

As of January 15, 2015, we have an aggregate of 697,554,321 shares of common stock authorized but unissued and not reserved for issuance under our incentive plans. We may issue all of these shares of common stock without any action or approval by our stockholders, subject to certain exceptions.

In the future, we may attempt to obtain financing or to increase further our capital resources by issuing additional shares of our common stock or offering debt or other equity securities, including commercial paper, medium-term notes, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. Future acquisitions could require substantial additional capital in excess of cash from operations. We would expect to finance the capital required for acquisitions through a combination of additional issuances of equity, corporate indebtedness, asset-backed acquisition financing and/or cash from operations. In addition, we also expect to issue additional shares in connection with exercise of our stock options under our incentive plans.

Issuing additional shares of our common stock or other equity securities or securities convertible into equity for financing or in connection with our incentive plans, acquisitions or otherwise may dilute the economic and voting rights of our existing stockholders or reduce the market price of our common stock or both. Upon liquidation, holders of our debt securities and preferred shares, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. Thus, holders of our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their stockholdings in us. See Description of Capital Stock.

The market price of our common stock could decline due to the large number of outstanding shares of our common stock eligible for future sale.

Sales of substantial amounts of our common stock in the public market in future offerings, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future, at a time and price that we deem appropriate. In addition, the additional sale of our common stock by our officers, directors and Principal Stockholders in the public market, or the perception that such sales may occur, could cause the market price of our common stock to decline. All of the shares of common stock sold by the Selling Stockholders in this offering will be freely tradable without restriction or further registration under the Securities Act. See Shares Eligible for Future Sale for a more detailed description of the restrictions on selling shares of our common stock after this offering.

We may issue shares of our common stock or other securities from time to time as consideration for, or to finance, future acquisitions and investments or for other capital needs. We cannot predict the size of future issuances of our shares or the effect, if any, that future sales and issuances of shares would have on the market price of our common stock. If any such acquisition or investment is significant, the number of shares of common stock or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial and may result in additional dilution to our shareholders. We may also grant registration rights covering shares of our common stock or other securities that we may issue in connection with any such acquisitions and investments.

We, each of our executive officers, directors and the Selling Stockholders have agreed with the underwriters not to transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, for a period of 90 days after the date of this prospectus, except for certain limited exceptions. See Underwriting (Conflicts of Interest). Approximately 72.2% of outstanding shares of our common stock or 71.1% of outstanding shares of our common stock if the underwriters option to purchase additional shares from the Principal Stockholders is fully exercised, are subject to these lock-up agreements.

After the expiration of the 90-day lock-up period under the lock-up agreement these shares may be sold in the public market, subject to prior registration or qualification for an exemption from registration, including, in the case of shares held by affiliates, compliance with the volume restrictions and other securities laws. See Shares Eligible for Future Sale for a more detailed description of the restrictions on selling shares of our common stock after this offering. To the extent that any of these stockholders sell, or indicate an intent to sell, substantial amounts of our common stock in the public market after the contractual lock-ups and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our common stock could decline significantly.

Goldman, Sachs & Co., on behalf of the underwriters, may, in its sole discretion, release all or some portion of the shares subject to the 90-day lock-up agreements prior to expiration of such period. However, any such release by Goldman, Sachs & Co. would not impact the transfer restrictions in the Management Stockholders Agreement as described below, to the extent they have not been waived.

Pursuant to the Management Stockholders Agreement (as defined in Certain Relationships and Related Party Transactions Management Stockholders Agreement), certain stockholders, which group of stockholders

excludes our Principal Stockholders, have agreed not to transfer, sell, assign, pledge, hypothecate or encumber any of the shares of common stock then-currently owned by such stockholder (which can be waived by us at our option at any time), subject to certain limited exceptions, at any time prior to the termination of such Management Stockholders Agreement. The restrictions on transfer have been waived with effect from October 14, 2014 for certain of our former employees who are party to the Management Stockholders Agreement holding approximately 3 million shares of common stock and 2 million stock options and with effect from November 21, 2014 for certain of our current and former employees who are party to the Management Stockholders Agreement holding approximately 1.3 million shares of common stock and 4.2 million stock options. In addition, the Management Stockholders Agreement provides these stockholders with piggyback registration rights to participate on a pro rata basis in any registered offering in which the TPG Funds or the Silver Lake Funds are registering shares of common stock. Except with respect to the piggyback registration rights described immediately prior, the Management Stockholders Agreement terminates if our common stock is registered and if at least 20% of our total outstanding common stock trades regularly in, on or through the facilities of a securities exchange and/or inter-dealer quotation system or any designated offshore securities market, which conditions are expected to be met in connection with the completion of this offering, assuming the Selling Stockholders sell at least 5,415,142 shares. If the Management Stockholders Agreement does not terminate, the transfer restrictions contained therein would continue to be applicable except to the extent they are waived.

To the extent that any of these stockholders sell, or indicate an intent to sell, substantial amounts of our common stock in the public market the trading price of our common stock could decline significantly.

Certain provisions of our Stockholders Agreement, our Certificate of Incorporation, our Bylaws and Delaware law could hinder, delay or prevent a change in control of us that you might consider favorable, which could also adversely affect the price of our common stock.

Certain provisions under our Stockholders Agreement, our Certificate of Incorporation, our Bylaws and Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, even if doing so would benefit our stockholders. These provisions include:

- a classified board of directors with three classes so that not all members of our board of directors are elected at one time;

- the sole ability of the then-current member of the board of directors to fill a vacancy created by the expansion of the board of directors;

- a provision permitting stockholders to act by written consent only until such time as the Principal Stockholders cease to beneficially own, collectively, more than 40% of our outstanding shares entitled to vote generally in the election of directors;

- a provision prohibiting stockholders from calling a special meeting, provided, however, at any time when the Principal Stockholders beneficially own, collectively, at least 40% of our outstanding shares entitled to vote generally in the election of directors, special meetings of our stockholders may be called by the board of directors or the chairman of the board of directors at the request of either the Silver Lake Funds or the TPG

Funds;

a provision requiring approval of 75% of all outstanding shares entitled to vote generally in the election of directors in order to amend or repeal certain provisions in the Certificate of Incorporation and the Bylaws;

the requirement that our directors may be removed only for cause by the affirmative vote of at least 75% of our outstanding shares entitled to vote generally in the election of directors; provided, however, at any time when the Principal Stockholders beneficially own, collectively, at least 40% of our outstanding shares entitled to vote generally in the election of directors, directors may be removed with or without cause by a vote of a majority of all outstanding shares entitled to vote generally in the election of directors;

- advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at our stockholder meetings;

- the ability of our board of directors to issue new series of, and designate the terms of, preferred stock, without stockholder approval, which could be used to, among other things, institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors;

- our opting to have the provisions of Section 203 of the DGCL (as defined in Description of Capital Stock), which regulates business combinations with interested stockholders, apply to us after the first date on which each of the Principal Stockholders and their affiliates no longer meets the requirements to be an interested stockholder as defined by Section 203 of the DGCL, but excluding for purposes thereof, clause (ii) of such definition of interested stockholder ;

- certain rights of our Principal Stockholders with respect to the designation of directors for nomination and election to our board of directors, including the ability to appoint members to each board committee; and

- provisions prohibiting cumulative voting.

Anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or change of our management and board of directors and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt to replace current members of our management team. As a result, efforts by stockholders to change the direction or management of the company may be unsuccessful. See Description of Capital Stock for additional information regarding the provisions included in our Certificate of Incorporation and our Bylaws.

Our ability to pay regular dividends to our stockholders is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware law.

We intend to continue to pay quarterly cash dividends on our common stock. However, our board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. In addition, because we are a holding company with no material direct operations, we are dependent on loans, dividends and other payments from our operating subsidiaries to generate the funds necessary to pay dividends on our common stock. We expect to cause our subsidiaries to make distributions to us in an amount sufficient for us to pay dividends. However, their ability to make such distributions will be subject to their operating results, cash requirements and financial condition, the applicable provisions of Delaware law that may limit the amount of funds available for distribution and our ability to pay cash dividends, compliance with covenants and financial ratios related to existing or future indebtedness, including under our Credit Facility and the 2019 Notes, and other agreements with third parties. In addition, each of the companies in our corporate chain must manage its assets, liabilities and working capital in order to meet all of its cash obligations, including the payment of dividends or distributions. As a consequence of these various limitations and restrictions, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock. Any change in the level of our dividends or the suspension of the payment thereof could adversely affect the market price of our common stock.

Certain of our stockholders have the right to engage or invest in the same or similar businesses as us.

Our Principal Stockholders have other investments and business activities in addition to their ownership of us. Under our Certificate of Incorporation, the Principal Stockholders have the right, and have no duty to abstain from exercising such right, to engage or invest in the same or similar businesses as us or which we propose to engage, including those lines of business deemed to be competing with us, do business with any of our clients, customers or suppliers or employ or otherwise engage any of our officers, directors or employees. If the Principal Stockholders or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have, to the fullest extent permitted by applicable law, no duty to offer or communicate such corporate opportunity to us, our stockholders or our affiliates even if it is a corporate opportunity that we might reasonably have pursued. This may cause the strategic interests of our Principal Stockholders to differ from, and conflict with, the interests of our company and of our other shareholders in material respects.

Conflicts of interest may exist with respect to certain underwriters of this offering.

Affiliates of Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., Morgan Stanley & Co. LLC, Mizuho Securities USA Inc. and Natixis Securities Americas LLC, each an underwriter of this offering, are lenders under our $405 million Revolver (as defined in Description of Certain Indebtedness). Furthermore, affiliates of Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Deutsche Bank Securities Inc. and Jefferies LLC, each an underwriter of this offering, are lenders under our $1,775 million Term Loan B (as defined in Description of Certain Indebtedness). In addition, affiliates of Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, are lenders under our $425 million Term Loan C (as defined in Description of Certain Indebtedness). Lastly, affiliates of Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Deutsche Bank Securities Inc., each an underwriter of this offering, are lenders under our $350 Incremental Term Loan Facility (as defined in Description of Certain Indebtedness).

In addition, the TPG Funds are affiliates of TPG Capital BD, LLC, an underwriter in its offering, and they will receive more than 5% of the net proceeds of this offering, based upon an assumed public offering price of $20.43 per share, the last reported closing price of our common stock on NASDAQ on January 30, 2015. As a result, conflicts of interest could exist because affiliates of TPG Capital BD, LLC could receive proceeds in this offering in addition to the underwriting discounts and commission described in this prospectus. See Underwriting (Conflict of Interest).

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this prospectus constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts, such as statements regarding our future financial condition or results of operations, our prospects and strategies for future growth, the development and introduction of new products, and the implementation of our marketing and branding strategies. In many cases, you can identify forward-looking statements by terms such as may, will, should, expects, plans, anticipates, believes, esti predicts, potential or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this prospectus are based on our current expectations and assumptions regarding our business, the economy and other future conditions and are subject to risks, uncertainties and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations. These factors include, without limitation, economic, business, competitive, market and regulatory conditions and the following:

- factors affecting transaction volumes in the global travel industry, particularly air travel transaction volumes, including global and regional economic and political conditions, financial instability or fundamental corporate changes to travel suppliers, natural or man-made disasters, safety concerns or changes to regulations governing the travel industry;

- our ability to renew existing contracts or to enter into new contracts with travel supplier and buyer customers, third-party distributor partners and joint ventures on economically favorable terms or at all;

- our Travel Network business exposure to pricing pressures from travel suppliers and its dependence on relationships with several large travel buyers;

- the fact that travel supplier customers may experience financial instability, consolidate with one another, pursue cost reductions, change their distribution model or experience other changes adverse to us;

- travel suppliers use of alternative distribution models, such as direct distribution channels, technological incompatibilities between suppliers travel content and our GDS, and the diversion of consumer traffic to other channels;

- our reliance on third-party distributors and joint ventures to extend our GDS services to certain regions, which exposes us to risks associated with lack of direct management control and potential conflicts of interest;

competition in the travel distribution market from other GDS providers, direct distribution by travel suppliers and new entrants or technologies that could challenge the existing GDS business model;

potential negative impact of competition from other third-party solutions providers and from new participants entering the solutions market on our ability to maintain and grow our Airline and Hospitality Solutions business;

systems and infrastructure failures or other unscheduled shutdowns or disruptions, including those due to natural disasters or cybersecurity attacks;

security breaches occurring at our facilities or with respect to our infrastructure, resulting from physical break-ins; computer viruses, attacks by hackers or similar distributive problems;

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potential failure to successfully implement software solutions, which could result in damage to our reputation;

availability and performance of information technology services provided by third parties, such as HP, which manages a significant portion of our systems;

our ability to adapt to technological developments or the evolving competitive landscape by introducing relevant new technologies, products and services;

risks associated with our use of open source software, including the possible future need to acquire licenses from third parties or re-engineer our solutions;

the potential failure to recruit, train and retain key technical employees and senior management;

risks associated with operating as a global business in multiple countries and in multiple currencies;

our business being harmed by adverse global and regional economic and political conditions, particularly, given our geographic concentration, those that may adversely affect business and leisure travel originating in, or travel to, the United States and Europe;

risks associated with acquisitions, divestitures, investments and strategic alliances;

risks associated with the value of our brand, which may be damaged by a number of factors, some of which are out of our control;

adverse outcomes in our legal proceedings, including our litigation with US Airways or the antitrust investigation by the U.S. Department of Justice, whether in the form of money damages or injunctive relief that could force changes to the way we operate our GDS;

our ability to protect and maintain our information technology and intellectual property rights, as well as defend against potential infringement claims against us, and the associated costs;

the possibility that we may have insufficient insurance to cover our liability for pending litigation claims or future claims, which could expose us to significant liabilities;

defects in our products resulting in significant warranty liabilities or product liability claims, for which we may have insufficient product liability insurance to pay material uninsured claims;

our failure to comply with regulations that are applicable to us or any unfavorable changes in, or the enactment of, laws, rules or regulations applicable to us;

liabilities arising from our collection, processing, storage, use and transmission of personal data resulting from conflicting legal requirements, governmental regulation or security breaches, including compliance with payment card industry regulations;

the fact that we may have higher than anticipated tax liabilities, our use of federal net operating losses may be subject to limitations on their use in the future and payments under our tax receivable agreement;

the fact that our pension plan is currently underfunded and we may need to make significant cash contributions to our pension plan in the future, which could reduce the cash available for our business;

our significant amount of long-term indebtedness and the related restrictive covenants in the agreements governing our indebtedness;

risks associated with maintaining and improving our financial controls and the requirements of being a public company may strain our resources, divert management s attention and affect our ability to attract and retain qualified board members;

the fact that our Principal Stockholders have and, upon completion of this offering, will continue to have significant influence over us and key decisions about our business, which may prevent new investors from influencing significant corporate decisions and result in conflicts of interest;

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- the fact that we qualify and, upon completion of this offering, will continue to qualify as a controlled company within the meaning of the NASDAQ rules and, therefore we also qualify and, upon completion of this offering, will continue to qualify to be exempt from certain corporate governance requirements; and

- other risks and uncertainties, including those listed in the Risk Factors section.

These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them publicly in light of new information or future events.

You should carefully consider the risks specified in the Risk Factors section of this prospectus and subsequent public statements or reports filed with or furnished to the Securities and Exchange Commission (the SEC), before making any investment decision with respect to our common stock. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or results of operations could be materially adversely affected, the trading prices of our common stock could decline and you could lose all or part of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

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METHOD OF CALCULATION

The GDS-processed air bookings share figures in this prospectus are calculated based on the total number of air bookings processed through the three GDSs, specifically Sabre, Amadeus, and Travelport (including the Worldspan, Galileo and Apollo systems). Measurements of such GDS-processed air bookings are based primarily on Marketing Information Data Tapes and are supplemented with other transaction data and estimates that we believe provide a more accurate measure of GDS-processed air bookings. Because GDSs generally process air bookings for their joint venture partners and/or share in the economics of their joint venture partners travel transactions, we include the GDS-processed air booking volumes of each GDS s joint venture partners in the GDS-processed air bookings share calculations. For example, GDS-processed air bookings from Abacus and INFINI Travel Information, Inc. (Infini) are included in our GDS-processed air bookings volume and our estimate of GDS-processed air bookings from Topas, Amadeus Korean joint venture partner, is included in the Amadeus GDS-processed air bookings volume.

Based on our internal estimates, we believe GDS-processed air bookings comprise approximately 75% of total air bookings processed through third-party distribution systems in 2013, with the remaining 25% comprised of air bookings processed through regional distribution systems that are not joint venture partners of one of the three GDSs. Due to the lack of available industry information on the number of air bookings processed by such regional distribution systems and through direct distribution channels we use the number of GDS-processed air bookings as a proxy for the number of overall industry air bookings. Similarly, we believe industry air bookings share is a good proxy for overall GDS share in our Travel Network business because air bookings comprise the vast majority of the total bookings of the three GDSs.

The GDS-processed air bookings used for GDS-processed air bookings share calculations do not necessarily correspond to the number of bookings billed by each GDS provider because not all processed bookings are billed due to the fact that each GDS provider has a different policy (often varying by region and supplier) as to which transactions processed through its GDS platform are billed.

The regional air bookings share figures in this prospectus are calculated based on the total number of GDS-processed air bookings in each of the following four regions, with key countries or sub-regions identified:

- North America: United States and Canada;
- Latin America: Mexico, South America, Central America and the Caribbean;
- APAC: India, Australia, South Korea, Japan, Taiwan, Hong Kong, Singapore, Thailand, Malaysia, Pakistan, Philippines, and New Zealand; and
- EMEA: Germany, United Kingdom, France, Italy, Spain, Saudi Arabia, Russian Federation, Sweden, Norway, United Arab Emirates, Netherlands, Greece, Switzerland, South Africa, Denmark, Israel, Finland, Ukraine, and Belgium (a subgroup of which is defined as MEA: Saudi Arabia, United Arab Emirates, South Africa and Israel).

The hospitality CRS hotel room share figures in this prospectus are calculated based on data for hotel rooms serviced by third-party CRS providers and processed through our GDS. We estimate that approximately a quarter of global hotel properties are available through our GDS and believe this data to be the best available representation of the hotel market due to the lack of comprehensive industry data. Using this data, we compute CRS hotel room share based on total hotel room capacity hosted by the various third-party hospitality CRS providers. We believe this to be the most reliable measure of market share available to us. However, this metric is one we have only recently begun to measure and represents a snapshot in time, which prevents it from being able to convey a trend in market share over time. Therefore, we also include information in this prospectus regarding third-party hospitality CRS bookings share of our GDS because that data is more consistently available for historical periods. Using our GDS data, we compute third-party hospitality CRS bookings share based on total bookings by the various third-party hospitality CRS providers over time. Though we believe third-party hospitality CRS room share to be a more accurate representation of market share, we believe third-party hospitality CRS bookings share is a reasonable proxy to convey changes in third-party hospitality CRS market share over time.

The Customer Retention rate figures in this prospectus are calculated as the aggregate of prior year revenue associated with customers that did not terminate their contract in the given year, as a percentage of the prior year revenue. Customer Retention for Travel Network is calculated based on travel agency contracts, and is measured based on revenue we earn from bookings made by those travel agencies. Customer Retention for Airline Solutions is calculated based on PBs fee-based revenue for our reservation contracts, our principal Airline Solutions offering. Customer Retention for Hospitality Solutions is based on CRS, digital marketing services and call center revenues, which represent over 90% of revenues of our Hospitality Solutions business in each period from 2011 through December 31, 2013. Customer Retention does not measure whether the revenue from any travel agency or reservations customer has increased in the given year compared to the prior year. For example, if ten travel agencies terminated their Travel Network contracts in 2013, and those travel agencies represented a combined 5% of Travel Network revenue in 2012, the Customer Retention for Travel Network in 2013 would be 95%.

The Recurring Revenue figures for our:

(i) Travel Network business is comprised of transaction, subscription and other revenue that is of a recurring nature from travel suppliers and travel buyers, and excludes revenue of a non-recurring nature, such as set-up fees and shortfall payments;

(ii) Airline Solutions business is comprised of volume-based and subscription fees and other revenue that is of a recurring nature associated with various solutions, and excludes revenue of a non-recurring nature, such as license fees and consulting fees; and

(iii) Hospitality Solutions business is comprised of volume-based and subscription fees and other revenue that is of a recurring nature associated with various solutions, and excludes revenue of a non-recurring nature, such as set-up fees and website development fees.

Revenues in each of (i), (ii) and (iii) are tied to a travel supplier s transaction volumes rather than to its unit pricing for an airplane ticket, hotel room or other travel product. However, this revenue is not generally contractually committed to recur annually under our agreements with our travel suppliers. As a result, our Recurring Revenue is highly dependent on the global travel industry and directly correlates with global travel, tourism and transportation transaction volumes. See Risk Factors Risks Related to Our Business and Industry Our revenue is highly dependent on transaction volumes in the global travel industry, particularly air travel transaction volumes.

TRADEMARKS AND TRADE NAMES

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties trademarks, service marks, trade names or products in this prospectus is not intended to, and does not, imply a relationship with, or endorsement or sponsorship by, us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, ™ or ℠ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

ClientBase, GetThere, lastminute.com, Sabre, Sabre Holdings, the Sabre logo, Sabre AirCentre, Sabre Airline Solutions, Sabre AirVision, Sabre Hospitality Solutions, Sabre Red, Sabre Travel Network, SabreSonic, TripCase, TruTrip and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are the property of Sabre.

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NON-GAAP FINANCIAL MEASURES

We have included financial measures compiled in accordance with GAAP and certain non-GAAP financial measures in this registration statement, of which this prospectus forms a part, including Adjusted Revenue, Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA, Adjusted Capital Expenditures, Free Cash Flow, Adjusted Free Cash Flow and ratios based on these financial measures.

We define Adjusted Revenue as revenue adjusted for the amortization of Expedia SMA incentive payments, which are recorded as a reduction to revenue and are being amortized over the non-cancellable term of the Expedia SMA contract (see Note 3, Restructuring Charges, to our unaudited consolidated financial statements included elsewhere in this prospectus).

We define Adjusted Gross Margin as operating income (loss) adjusted for selling, general and administrative expenses, impairments, depreciation and amortization, amortization of upfront incentive consideration, restructuring and other costs, litigation and taxes, including penalties, stock-based compensation and amortization of Expedia SMA incentive payments. The definition of Adjusted Gross Margin was revised in the first quarter of 2014 to adjust for restructuring and other costs, litigation and taxes, including penalties and stock-based compensation included in cost of revenue which differs from Adjusted Gross Margin presented in our prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act on April 17, 2014. Adjusted Gross Margin for the prior year periods has been recast to conform to our revised definition.

We define Adjusted Net Income as income (loss) from continuing operations adjusted for impairment, acquisition related amortization expense, loss (gain) on sale of business and assets, loss on extinguishment of debt, other expense (income), net, restructuring and other costs, litigation and taxes, including penalties, stock-based compensation, management fees, amortization of Expedia SMA incentive payments and tax impact of net income adjustments.

We define Adjusted EBITDA as Adjusted Net Income adjusted for depreciation and amortization of property and equipment, amortization of capitalized implementation costs, amortization of upfront incentive consideration, interest expense, net, and remaining (benefit) provision for income taxes. This Adjusted EBITDA metric differs from (i) the EBITDA metric referenced in the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Senior Secured Credit Facilities , which is calculated for the purposes of compliance with our debt covenants, and (ii) the Pre-VCP/EIP EBITDA and EBITDA metrics referenced in the section entitled Compensation Discussion and Analysis , which are calculated for the purposes of our annual incentive compensation program and performance-based awards, respectively.

We define Adjusted Capital Expenditures as additions to property and equipment and capitalized implementation costs during the period presented.

We define Free Cash Flow as cash provided by operating activities less cash used in additions to property and equipment. We define Adjusted Free Cash Flow as Free Cash Flow plus the cash flow effect of restructuring and other costs, litigation settlement and tax payments for certain items, other litigation costs, management fees and the Travelocity working capital impact from the Expedia SMA and the sale of TPN (see Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting our Results and Comparability Travelocity).

These non-GAAP financial measures are key metrics used by management and our board of directors to monitor our ongoing core operations because historical results have been significantly impacted by events that are unrelated to our core operations as a result of changes to our business and the regulatory environment. We believe that these non-GAAP financial measures are used by investors, analysts and other interested parties as measures of financial performance and to evaluate our ability to service debt obligations, fund capital

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expenditures and meet working capital requirements. Adjusted Capital Expenditures includes cash flows used in investing activities, for property and equipment, and cash flows used in operating activities, for capitalized implementation costs. Our management uses this combined metric in making product investment decisions and determining development resource requirements. We also believe that Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA and Adjusted Capital Expenditures assist investors in company-to-company and period-to-period comparisons by excluding differences caused by variations in capital structures (affecting interest expense), tax positions and the impact of depreciation and amortization expense. In addition, amounts derived from Adjusted EBITDA are a primary component of certain covenants under our senior secured credit facilities.

Adjusted Revenue, Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA, Adjusted Capital Expenditures, Free Cash Flow, Adjusted Free Cash Flow and ratios based on these financial measures are not recognized terms under GAAP. Adjusted Revenue, Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA, Adjusted Capital Expenditures, Free Cash Flow, Adjusted Free Cash Flow and ratios based on these financial measures have important limitations as analytical tools, and should not be viewed in isolation and do not purport to be alternatives to net income as indicators of operating performance or cash flows from operating activities as measures of liquidity. Adjusted Revenue, Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA, Adjusted Capital Expenditures, Free Cash Flow, Adjusted Free Cash Flow and ratios based on these financial measures exclude some, but not all, items that affect net income or cash flows from operating activities and these measures may vary among companies. Our use of Adjusted Revenue, Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA, Adjusted Capital Expenditures, Free Cash Flow, Adjusted Free Cash Flow has limitations as an analytical tool, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted Gross Margin and Adjusted EBITDA do not reflect cash requirements for such replacements;

- Adjusted Net Income and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;

- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;

- Free Cash Flow and Adjusted Free Cash Flow do not reflect the cash requirements necessary to service the principal payments on our indebtedness;

- Free Cash Flow and Adjusted Free Cash Flow do not reflect payments related to restructuring, litigation, management fees and Travelocity working capital which reduced the cash available to us;

- Free Cash Flow and Adjusted Free Cash Flow remove the impact of accrual-basis accounting on asset accounts and non-debt liability accounts; and

- other companies, including companies in our industry, may calculate Adjusted Revenue, Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA, Adjusted Capital Expenditures, Free Cash Flow or Adjusted Free Cash Flow differently, which reduces their usefulness as comparative measures.

See Summary Historical and Pro Forma Consolidated Financial and Other Data, Selected Historical Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations for definitions of non-GAAP financial measures used in this prospectus and reconciliations thereof to the most directly comparable GAAP measures.

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MARKET AND INDUSTRY DATA AND FORECASTS

This prospectus includes industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Statements as to our ranking, market position and market estimates are based on independent industry publications, government publications, third-party forecasts and management s estimates and assumptions about our markets and our internal research. We have included explanations of certain internal estimates and related methods provided in this prospectus along with these estimates. See Business and Management s Discussion and Analysis of Financial Condition and Results of Operations. While we are not aware of any misstatements regarding our market, industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed in Cautionary Note Regarding Forward-Looking Statements and Risk Factors in this prospectus.

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USE OF PROCEEDS

The Selling Stockholders will receive all of the net proceeds from the sale of shares of our common stock offered by them pursuant to this prospectus. The aggregate proceeds to the Selling Stockholders from the sale of shares of common stock will be the purchase price of the shares of common stock less discounts and commissions, if any. We will not receive any proceeds from the sale of these shares of common stock, including from any exercise by the underwriters of their option to purchase additional shares. We will bear the costs, other than underwriting discounts and commissions and transfer taxes, associated with this offering in accordance with the Management Stockholders Agreement and the Registration Rights Agreement (as defined below), as applicable. See Principal and Selling Stockholders and Underwriting (Conflicts of Interest).

Certain affiliates of TPG Capital BD, LLC, an underwriter in this offering, will own in excess of 10% of our issued and outstanding common stock following this offering. In addition, the TPG Funds are affiliates of TPG Capital BD, LLC and, as selling stockholders, will receive more than 5% of the net proceeds of this offering, based upon an assumed public offering price of $20.43 per share, the last reported closing price of our common stock on NASDAQ on January 30, 2015. See Underwriting (Conflicts of Interest).

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MARKET PRICE OF OUR COMMON STOCK

Our common stock has been listed on The NASDAQ Stock Market under the symbol SABR since it was listed on April 17, 2014 in connection with our initial public offering. Before then, there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low sales prices of our shares of common stock as reported by The NASDAQ Stock Market:

	High	Low
Quarter ended June 30, 2014(1)	$ 20.91	$ 15.00
Quarter ended September 30, 2014	$ 20.26	$ 17.65
Quarter ended December 31, 2014	$ 20.57	$ 14.86

(1) Represents the period from April 17, 2014, the date on which our common stock first began trading on The NASDAQ Stock Market after the pricing of our initial public offering, through June 30, 2014, the end of our second fiscal quarter.

On January 30, 2015, the last reported sale price on The NASDAQ Stock Market of our common stock was $20.43 per share. As of January 15, 2015, we had approximately 291 holders of record of our shares of common stock. A substantially greater number of shareholders are beneficial holders of our shares of common stock in street name through banks, brokers and other financial institutions that are record holders.

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DIVIDEND POLICY

Our board of directors declared cash dividends of $0.09 per share of our common stock, which were paid on September 16, 2014 to shareholders of record as of September 1, 2014, and on December 30, 2014 to shareholders of record as of December 15, 2014. We expect to continue to pay quarterly cash dividends on our common stock, subject to the sole discretion of our board of directors and the considerations discussed below. We intend to fund any future dividends from distributions made by our operating subsidiaries from their available cash generated from operations.

Future cash dividends, if any, will be at the discretion of our board of directors and the amount of cash dividends per share will depend upon, among other things, our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, number of shares of common stock outstanding and other factors the board of directors may deem relevant. The timing and amount of future dividend payments will be at the discretion of our board of directors. See Risk Factors Risks Related to the Offering and our Common Stock Our ability to pay regular dividends to our stockholders is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware law.

Because we are a holding company with no material direct operations, we are dependent on loans, dividends and other payments from our operating subsidiaries to generate the funds necessary to pay dividends on our common stock. Our subsidiaries are currently restricted from paying cash dividends on our common stock in certain circumstances by the covenants in our Credit Facility and in the indenture governing the 2019 Notes and may be further restricted by the terms of future debt or preferred securities.

Our dividend policy has certain risks and limitations, particularly with respect to liquidity. Although we expect to pay dividends according to our dividend policy, we may not pay dividends according to our policy, or at all, if, among other things, we do not have the cash necessary to pay our intended dividends. By paying cash dividends rather than saving or investing that cash, we risk, among other things, slowing the pace of our growth and having insufficient cash to fund our operations or unanticipated capital expenditures.

For a discussion of the application of withholding taxes on dividends, see Material U.S. Federal Income and Estate Tax Considerations to Non-U.S. Holders.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2014 on a historical basis.

You should read the following table in conjunction with the sections titled Summary Historical and Pro Forma Consolidated Financial and Other Data, Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Certain Indebtedness and our financial statements and related notes included elsewhere in this prospectus.

		As of September 30, 2014 (in thousands)
Cash and cash equivalents	$	157,747
Long-term debt, including current portion:		
2019 Notes	$	480,779
2016 Notes		392,767
Credit Facility[(1)]		2,131,681
Mortgage Facility		82,631
Total Long-term debt		3,087,858
Stockholders equity:		
Common Stock: $0.01 par value; 450,000,000 authorized shares; 265,224,958 and 178,633,409 shares issued, 264,787,572 outstanding		2,652
Additional paid in capital		1,911,172
Treasury Stock, at cost, 437,386 shares		(5,297)
Retained deficit		(1,797,944)
Accumulated other comprehensive loss		(41,592)
Non-controlling interest		57
Total stockholders equity[(2)]		69,048
Total capitalization	$	3,156,906

(1) As of September 30, 2014, we had approximately $1,744 million, $49 million and $347 million outstanding under the Term Loan B, Term Loan C and Incremental Term Loan Facility, respectively. As of September 30, 2014, we had no drawn amounts outstanding under the Revolver and $60 million outstanding under the letter of credit sub-facility, which reduces the amount available to be drawn under the Revolver.

(2) The outstanding share information set forth above assumes no issuance of shares of common stock reserved for issuance under our equity incentive plans. As of January 15, 2015, an aggregate of 11,847,105 shares of common stock were reserved for future issuance under the Sabre Corporation 2014 Omnibus Incentive Compensation Plan (the 2014 Omnibus Plan) which includes 2,844,254 shares of common stock that were available for future issuance under our prior equity plans. Additionally, the number of shares of common stock to be outstanding after this offering assumes:

no exercise of performance-based stock options outstanding under our Sovereign MEIP plan. As of January 15, 2015 there were 724,337 performance-based stock options outstanding under this plan with a weighted average exercise price of $5.00;

no exercise of time based stock options outstanding under our Sovereign MEIP plan. As of January 15, 2015 there were 11,995,012 time based stock options outstanding under this plan with a weighted average exercise price of $4.81;

no exercise of time based stock options outstanding under our Sovereign 2012 MEIP plan. As of January 15, 2015 there were 4,059,659 time based stock options outstanding under this plan with a weighted average exercise price of $11.34;

- no exercise of time-based stock options outstanding under our 2014 Omnibus plan. As of January 15, 2015 there were 2,089,949 time-based stock options outstanding under this plan with a weighted average exercise price of $16.86;

- no vesting and settlement of the 923,900 performance-based restricted stock units unvested and outstanding as of January 15, 2015 under our Sovereign 2012 MEIP plan;

- no vesting and settlement of the 110,000 restricted stock unit award, unvested and outstanding as of January 15, 2015 under our Sovereign 2012 MEIP plan;

- no vesting and settlement of the 770,569 performance-based restricted stock units unvested and outstanding as of January 15, 2015 under our 2014 Omnibus plan; and

- no vesting and settlement of the 1,622,226 restricted stock unit awards, unvested and outstanding as of January 15, 2015 under our 2014 Omnibus plan.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

In the fourth quarter of 2014, we committed to a plan to divest of our Travelocity business. On January 23, 2015, we completed the sale of our Travelocity business in the United States and Canada. In addition, on December 16, 2014, we announced that we received a binding offer to acquire lastminute.com, the European portion of our Travelocity business, which is expected to be completed in the first quarter of 2015. Our Travelocity segment will have no remaining operations once the lastminute.com transaction is completed.

The following unaudited pro forma financial information is based on our historical consolidated financial statements after giving effect to the divestiture of our Travelocity business.

The unaudited pro forma consolidated balance sheet as of September 30, 2014, has been prepared to give effect to the divestiture of the assets of the Travelocity business as if it occurred on September 30, 2014. The unaudited pro forma consolidated statement of operations for the nine months ended September 30, 2014 and the years ended December 31, 2013, 2012 and 2011 have been prepared to give effect to the divestiture of the Travelocity business as if it occurred on January 1, 2011.

The unaudited pro forma financial information was prepared utilizing our historical financial data derived from our unaudited consolidated financial statements and the notes thereto and from the audited consolidated financial statements and the notes thereto included elsewhere in this prospectus. The pro forma adjustments are described in the notes to the unaudited pro forma information and are based upon available information and assumptions that we believe are reasonable.

The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of what our financial performance and financial position would have been had the transactions been completed on the dates assumed nor is such unaudited pro forma financial information necessarily indicative of the results to be expected in any future period.

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SABRE CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2014

(in thousands, except share amounts)

	As Reported	(a) Divestiture in Travelocity Business	Pro Forma
Assets			
Current assets			
Cash and cash equivalents	$ 157,747	$ 280,000	$ 437,747
Restricted cash	755		755
Accounts receivable, net	466,753	(45,784)	420,969
Prepaid expenses and other current assets	56,315	(17,966)	38,349
Current deferred income taxes	39,184		39,184
Other receivables, net	28,902		28,902
Assets of discontinued operations	9,364		9,364
Total current assets	759,020	216,250	975,270
Property and equipment, net	526,722	(8,226)	518,496
Investments in joint ventures	142,639		142,639
Goodwill	2,152,590		2,152,590
Trademarks and brandnames, net	307,445	(66,200)	241,245
Other intangible assets, net	261,581		261,581
Other assets, net	522,397	(35,822)	486,575
Total assets	$ 4,672,394	$ 106,002	$ 4,778,396
Liabilities and stockholders equity			
Current liabilities			
Accounts payable	$ 129,555	$ (1,939)	$ 127,616
Travel supplier liabilities and related deferred revenue	107,409	(82,833)	24,576
Accrued compensation and related benefits	91,700	(4,862)	86,838
Accrued subscriber incentives	168,019		168,019
Deferred revenues	176,990	(2,357)	174,633
Litigation settlement liability and related deferred revenue	75,409		75,409
Other accrued liabilities	210,196	(37,568)	172,628
Current portion of debt	22,418		22,418
Liabilities of discontinued operations	23,881		23,881
Total current liabilities	1,005,577	(129,559)	876,018
Deferred income taxes	8,601	63,298	71,899

Other noncurrent liabilities	523,728	(712)	523,016
Long-term debt	3,065,440		3,065,440
Stockholders equity			
Common Stock: $0.01 par value; 450,000,000 authorized shares; 265,224,958 shares issued and 264,787,572 outstanding	2,652		2,652
Additional paid-in capital	1,911,172		1,911,172
Treasury Stock, at cost, 437,386 shares	(5,297)		(5,297)
Retained deficit	(1,797,944)	172,975	(1,624,969)
Accumulated other comprehensive loss	(41,592)		(41,592)
Noncontrolling interest	57		57
Total stockholders equity	69,048	172,975	242,023
Total liabilities and stockholders equity	$ 4,672,394	$ 106,002	$ 4,778,396

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SABRE CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

(in thousands, except per share amounts)

	Nine Months Ended September 30, 2014		
	As Reported	(b) Divestiture in Travelocity Business	Pro Forma
Revenue	$ 2,229,286	$ (244,011)	$ 1,985,275
Cost of revenue	1,399,919	(84,250)	1,315,669
Selling, general and administrative	575,413	(222,839)	352,574
Restructuring charges (adjustments)	2,325	(2,929)	(604)
Operating income	251,629	66,007	317,636
Other income (expense):			
Interest expense, net	(167,332)		(167,332)
Loss on extinguishment of debt	(33,538)		(33,538)
Joint venture equity income	9,367		9,367
Other, net	760	(1,599)	(839)
Total other expense, net	(190,743)	(1,599)	(192,342)
Income from continuing operations before income taxes	60,886	64,408	125,294
Provision for income taxes	27,878	27,773	55,651
Income from continuing operations	33,008	36,635	69,643
Net income attributable to noncontrolling interests	2,168		2,168
Preferred stock dividends	11,381		11,381
Net income from continuing operations available to common shareholders	$ 19,459	$ 36,635	$ 56,094
Net income from continuing operations per share available to common shareholders:			
Basic	$ 0.08	$ 0.16	$ 0.24
Diluted	$ 0.08	$ 0.15	$ 0.24
Weighted-average common shares outstanding:			
Basic	229,405		229,405
Diluted	237,994		237,994

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SABRE CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

(in thousands, except per share amounts)

	Year Ended December 31, 2013		
	As Reported	(b) Divestiture in Travelocity Business	Pro Forma
Revenue	$ 3,049,525	$ (525,979)	$ 2,523,546
Cost of revenue	1,904,850	(199,687)	1,705,163
Selling, general and administrative	792,929	(363,639)	429,290
Impairment	138,435	(138,435)	
Restructuring charges	36,551	(28,388)	8,163
Operating income	176,760	204,170	380,930
Other income (expense):			
Interest expense, net	(274,689)		(274,689)
Loss on extinguishment of debt	(12,181)		(12,181)
Joint venture equity income	12,350		12,350
Other, net	(6,724)	6,419	(305)
Total other expense, net	(281,244)	6,419	(274,825)
(Loss) income from continuing operations before income taxes	(104,484)	210,589	106,105
(Benefit) provision for income taxes	(14,029)	68,068	54,039
(Loss) income from continuing operations	(90,455)	142,521	52,066
Net income attributable to noncontrolling interests	2,863		2,863
Preferred stock dividends	36,704		36,704
Net (loss) income from continuing operations available to common shareholders	$ (130,022)	$ 142,521	$ 12,499
Net (loss) income from continuing operations per share available to common shareholders:			
Basic	$ (0.73)	$ 0.80	$ 0.07
Diluted	$ (0.73)	$ 0.80	$ 0.07
Weighted-average common shares outstanding:			
Basic	178,125		178,125
Diluted	178,125		184,978

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SABRE CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

(in thousands, except per share amounts)

	Year Ended December 31, 2012		
	As Reported	(b) Divestiture in Travelocity Business	Pro Forma
Revenue	$ 2,974,364	$ (592,216)	$ 2,382,148
Cost of revenue	1,819,235	(244,049)	1,575,186
Selling, general and administrative	1,188,248	(394,954)	793,294
Impairment	573,180	(552,926)	20,254
Operating loss	(606,299)	599,713	(6,586)
Other income (expense):			
Interest expense, net	(232,450)		(232,450)
Gain on sale of business	25,850		25,850
Joint venture equity income	(2,513)		(2,513)
Other, net	(1,385)	(5,250)	(6,635)
Total other expense, net	(210,498)	(5,250)	(215,748)
Loss from continuing operations before income taxes	(816,797)	594,463	(222,334)
Benefit for income taxes	(195,071)	188,164	(6,907)
Loss from continuing operations	(621,726)	406,299	(215,427)
Net (loss) income attributable to noncontrolling interests	(59,317)	60,836	1,519
Preferred stock dividends	34,583		34,583
Net loss from continuing operations available to common shareholders	$ (596,992)	$ 345,463	$ (251,529)
Net loss from continuing operations per share available to common shareholders:			
Basic	$ (3.37)	$ 1.95	$ (1.42)
Diluted	$ (3.37)	$ 1.95	$ (1.42)
Weighted-average common shares outstanding:			
Basic	177,206		177,206
Diluted	177,206		177,206

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SABRE CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

(in thousands, except per share amounts)

	Year Ended December 31, 2011		
	As Reported	(b) Divestiture in Travelocity Business	Pro Forma
Revenue	$ 2,855,961	$ (603,515)	$ 2,252,446
Cost of revenue	1,736,041	(207,015)	1,529,026
Selling, general and administrative	806,435	(414,127)	392,308
Impairment	185,240	(185,240)	
Operating income	128,245	202,867	331,112
Other income (expense):			
Interest expense, net	(174,390)		(174,390)
Joint venture equity income	23,501		23,501
Other, net	1,156	(1,091)	65
Total other expense, net	(149,733)	(1,091)	(150,824)
(Loss) income from continuing operations before income taxes	(21,488)	201,776	180,288
Provision for income taxes	57,806	9,004	66,810
(Loss) income from continuing operations	(79,294)	192,772	113,478
Net loss attributable to noncontrolling interests	(36,681)	22,359	(14,322)
Preferred stock dividends	32,579		32,579
Net (loss) income from continuing operations available to common shareholders	$ (75,192)	$ 170,413	$ 95,221
Net (loss) income from continuing operations per share available to common shareholders:			
Basic	$ (0.43)	$ 0.96	$ 0.54
Diluted	$ (0.43)	$ 0.95	$ 0.52
Weighted-average common shares outstanding:			
Basic	176,703		176,703
Diluted	176,703		181,889

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SABRE CORPORATION

NOTES TO UNAUDITED PRO FORMA FINANCIAL INFORMATION

Sale of Travelocity.com

On January 23, 2015, we announced the sale of our global online travel business operated under the Travelocity brand (Travelocity.com) to Expedia, Inc., pursuant to the terms of an asset purchase agreement (the Purchase Agreement), dated January 23, 2015, by and among Sabre GLBL Inc. and Travelocity.com LP, and Expedia. The signing and closing of the Purchase Agreement occurred contemporaneously. Expedia purchased Travelocity.com pursuant to the Purchase Agreement for cash consideration of $280 million. The Purchase Agreement contains customary representations and warranties, covenants and indemnities for a transaction of this nature. We expect to utilize the cash proceeds for general corporate purposes.

As a result of the sale of Travelocity.com pursuant to the Purchase Agreement, the previously disclosed strategic marketing agreement, pursuant to which Expedia powered the technology platforms of Travelocity s existing U.S. and Canadian websites, and the related put/call arrangement, pursuant to which Expedia could have acquired, or we could have sold to Expedia, assets relating to Travelocity.com, have been terminated.

Binding offer for lastminute.com

On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com, the European portion of our Travelocity business. The transaction will be completed through the transfer of net liabilities and is expected to close during first quarter of 2015. We will not receive any cash proceeds or any other significant consideration in the transaction. We cannot provide any assurance that this transaction will occur on the terms described herein or at all.

Continuing Cash Flows

Our Travel Network business earns revenue from airlines for bookings transacted through our GDS. Historically, Travel Network recognized intersegment incentive consideration expense for bookings generated by our Travelocity business. Such costs are representative of costs incurred on a consolidated basis relating to Travel Network s revenue from airlines for bookings transacted through our GDS. The acquirer of Travelocity.com has signed, and the acquirer of lastminute.com has committed to sign as part of its binding offer, a long term agreement with our Travel Network business to continue to utilize our GDS for bookings which will generate incentive consideration to be paid by us to the acquirers.

Pro Forma Adjustments

(a) Represents adjustments to reflect the disposition of the assets and liabilities of the Travelocity segment associated with the transactions described above for $280 million in cash. We expect to use the cash proceeds for general corporate purposes. The net assets of Travelocity.com expected to be disposed of primarily include a tradename asset with a book value of $57 million. The net liabilities of lastminute.com expected to be disposed of primarily consist of negative working capital. The net decrease to retained deficit of $173 million represents the estimated after-tax gains of $143 million and $30 million, respectively, on the disposition of Travelocity.com and lastminute.com as if they occurred on September 30, 2014.

(b) Represents adjustments to eliminate the direct operating results of the Travelocity segment as if the dispositions occurred on January 1, 2011. Selling, general and administrative expense adjustments include amounts historically reported in corporate costs that are directly related to the Travelocity segment and that will be eliminated post-closing of the transactions. Cost of revenue and selling, general and administrative adjustments exclude overhead costs that were previously allocated to the Travelocity segment but that will not be eliminated upon sale of the Travelocity segment. See also above Continuing Cash Flows.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following tables present selected historical consolidated financial data for our business. You should read these tables along with Risk Factors, Use of Proceeds, Capitalization, Management s Discussion and Analysis of Financia Condition and Results of Operations, Business and our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The consolidated statements of operations data, consolidated statements of cash flows data and consolidated balance sheet data as of and for the nine months ended September 30, 2014 and 2013 are derived from our unaudited consolidated financial statements and the notes thereto included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data. The consolidated statements of operations data and consolidated statements of cash flows data for the years ended December 31, 2013, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2013 and 2012 are derived from our audited consolidated financial statements and the notes thereto included elsewhere in this prospectus. The consolidated statements of operations data and consolidated statements of cash flows data for the years ended December 31, 2010 and 2009 and the consolidated balance sheet data as of December 31, 2011, 2010 and 2009 are derived from our unaudited consolidated financial statements and the notes thereto not included in this prospectus. The historical financial data include the results of our Travelocity business, which, as of September 30, 2014, was included in continuing operations.

The historical consolidated results presented below are not necessarily indicative of the results to be expected for any future period, and results for any interim period presented below are not necessarily indicative of the results to be expected for the full year.

	Nine Months Ended September 30,		Year Ended December 31,				
	2014	**2013**	**2013**	**2012**	**2011**	**2010**	**2009**
	(Amounts in thousands)						
Consolidated Statements of Operations Data[1]:							
Revenue	$ 2,229,286	$ 2,303,399	$ 3,049,525	$ 2,974,364	$ 2,855,961	$ 2,758,847	$ 2,577,391
Cost of revenue	1,399,919	1,423,242	1,904,850	1,819,235	1,736,041	1,636,132	1,503,323
Selling, general and administrative	575,413	620,226	792,929	1,188,248	806,435	789,177	805,961
Impairment		138,435	138,435	573,180	185,240	401,400	211,612
Restructuring charges	2,325	15,889	36,551				
Operating income (loss)	251,629	105,607	176,760	(606,299)	128,245	(67,862)	56,495
Net income (loss) attributable to Sabre Corporation	22,823	(127,254)	(100,494)	(611,356)	(66,074)	(268,852)	(158,734)
	11,442	(154,473)	(137,198)	(645,939)	(98,653)	(299,649)	(102,441)

Net income (loss) attributable to common shareholders							
Basic and diluted income (loss) per share attributable to common shareholders	$ 0.05	$ (0.87)	$ (0.77)	$ (3.65)	$ (0.56)	$ (1.71)	$ (0.59)
Basic weighted average common shares outstanding	229,405	178,051	178,125	177,206	176,703	175,655	174,535
Diluted weighted average common shares outstanding	237,994	178,051	178,125	177,206	176,703	175,655	174,535
Consolidated Statements of Cash Flows Data:							
Cash provided by operating activities	$ 121,679	$ 252,062	$ 157,188	$ 312,336	$ 356,444	$ 380,928	$ 284,159
Cash used in investing activities	(191,949)	(189,220)	(246,502)	(236,034)	(176,260)	(184,787)	(108,053)
Cash (used in) provided by financing activities	(59,289)	274,717	262,172	(25,120)	(271,540)	(48,500)	(335,702)
Additions to property and equipment	(160,385)	(168,744)	(226,026)	(193,262)	(164,638)	(130,028)	(106,554)
Cash payments for interest	(157,412)	(181,970)	(255,620)	(264,990)	(184,449)	(195,550)	(251,812)
Other Financial Data:							
Adjusted Gross Margin	$ 1,044,076	$ 1,084,535	$ 1,419,047	$ 1,418,289	$ 1,333,754	$ 1,310,280	$ 1,243,403
Adjusted Net Income from continuing operations	158,829	147,697	217,151	150,886	236,166	205,955	195,320
Adjusted EBITDA	617,350	583,963	791,323	786,629	720,163	691,016	627,179
Adjusted Capital Expenditures	187,987	217,430	284,840	271,805	223,747	163,694	126,955
Adjusted Free Cash Flow	204,101	160,487	160,923	285,221	233,586	276,512	208,657

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	As of September 30, 2014	As of December 31, 2013	2012	2011	2010	2009
	(Amounts in thousands)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 157,747	$ 308,236	$ 126,695	$ 58,350	$ 176,521	$ 61,206
Total assets	4,672,394	4,755,708	4,711,245	5,252,780	5,524,279	5,878,388
Long-term debt	3,065,440	3,643,548	3,420,927	3,307,905	3,350,860	3,696,378
Working capital deficit	(246,557)	(273,591)	(428,569)	(411,482)	(491,864)	(331,197)
Redeemable preferred stock		634,843	598,139	563,557	530,975	500,178
Noncontrolling interest	57	508	88	(18,693)	19,831	88,429
Total stockholders equity (deficit)	69,048	(952,536)	(876,875)	(196,919)	(34,738)	298,251

	Nine Months Ended September 30, 2014	2013	Year Ended December 31, 2013	2012	2011	2010	2009
	(Amounts in thousands)						
Key Metrics:							
Travel Network							
Direct Billable Bookings Air	251,145	244,267	314,275	326,175	328,200	325,370	301,686
Direct Billable Bookings Non-Air	41,274	40,734	53,503	53,669	53,683	49,229	43,084
Total Direct Billable Bookings	292,419	285,001	367,778	379,844	381,883	374,599	344,770
Airline Solutions Passengers Boarded	385,611	358,428	478,088	405,420	364,420	313,959	287,591

(1) Certain amounts previously reported in our December 31, 2012, 2011, 2010 and 2009 financial statements have been reclassified to conform to the December 31, 2013 presentation of Holiday Autos as a discontinued operations. See Note 2, Summary of Significant Accounting Policies Reclassifications, to our audited consolidated financial statements included elsewhere in this prospectus. In June 2013, we sold certain assets of our Holiday Autos operations to a third party and in November 2013, we completed the closing of the remainder of the Holiday Autos operations such that it represented a discontinued operation. See Note 4, Discontinued Operations and Dispositions, to our audited consolidated financial statements included elsewhere in this prospectus. The impact on our revenue was a reduction of $65 million, $76 million, $74 million and $78 million for the years ended December 31, 2012, 2011, 2010 and 2009, respectively. The impact on our operating income was an increase of $12 million for the year ended December 31, 2012, a reduction of less than $1 million and $5 million for the years ended December 31, 2011 and 2010, respectively, and an increase of $44 million for the year ended December 31, 2009.

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Non-GAAP Measures

The following table sets forth the reconciliation of net income (loss) attributable to Sabre Corporation, the most directly comparable GAAP measure, to Adjusted Net Income and Adjusted EBITDA:

	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(Amounts in thousands)						
Reconciliation of net income (loss) to Adjusted Net Income and to Adjusted EBITDA:							
Net income (loss) attributable to Sabre Corporation	$ 22,823	$ (127,254)	$ (100,494)	$ (611,356)	$ (66,074)	$ (268,851)	$ (158,734)
Loss from discontinued operations, net of tax	8,017	20,895	7,176	48,947	23,461	16,949	56,021
Net income (loss) attributable to noncontrolling interests[1]	2,168	2,135	2,863	(59,317)	(36,681)	(64,382)	(7,476)
Income (loss) from continuing operations	33,008	(104,224)	(90,455)	(621,726)	(79,294)	(316,284)	(110,189)
Adjustments:							
Impairment[2]		138,435	138,435	596,980	185,240	401,400	211,612
Acquisition related amortization expense[3a]	83,344	107,955	143,765	162,517	162,312	163,213	183,850
Gain on sale of business and assets				(25,850)			
Loss (gain) on extinguishment of debt	33,538	12,181	12,181				(31,565)
Other (income) expense, net[5]	(760)	1,099	6,724	1,385	(1,156)	(5,871)	(18,070)
Restructuring and other costs[6]	24,056	26,296	59,052	6,776	12,986	17,282	22,387
Litigation and taxes, including penalties[7]	12,497	31,543	39,431	418,622	21,601	1,600	1,405
Stock based compensation	22,434	5,446	9,086	9,834	7,334	5,300	4,108
Management fees[8]	23,701	7,347	8,761	7,769	7,191	6,730	7,260
Amortization of Expedia SMA incentive payments	7,625						

Tax impact of net income adjustments	(80,614)	(78,381)	(109,829)	(405,421)	(80,048)	(67,415)	(75,478)
Adjusted Net Income from continuing operations	158,829	147,697	217,151	150,886	236,166	205,955	195,320
Adjustments:							
Depreciation and amortization of property and equipment(3b)	122,409	97,687	131,483	135,561	122,640	110,748	99,326
Amortization of capitalized implementation costs(3c)	27,111	27,038	35,551	20,855	11,365	8,162	3,035
Amortization of upfront incentive consideration(4)	33,177	28,736	36,649	36,527	37,748	26,572	29,554
Interest expense, net	167,332	209,653	274,689	232,450	174,390	200,945	234,758
Remaining provision for income taxes	108,492	73,152	95,800	210,350	137,854	138,634	65,186
Adjusted EBITDA	$ 617,350	$ 583,963	$ 791,323	$ 786,629	$ 720,163	$ 691,016	$ 627,179

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The following tables set forth the reconciliation of operating income (loss), the most directly comparable GAAP measure, to Adjusted Gross Margin and Adjusted EBITDA by business segment:

	Nine Months Ended September 30, 2014					
	Travel Network	Airline and Hospitality Solutions	Travelocity	Eliminations	Corporate	Total
	(Amounts in thousands)					
Operating income (loss)	$ 515,093	$ 117,957	$ (29,326)	$	$ (352,095)	$ 251,629
Add back:						
Selling, general and administrative	76,810	38,555	202,240	(7,498)	265,306	575,413
Restructuring charges					2,325	2,325
Cost of revenue adjustments:						
Depreciation and amortization(3)	44,943	79,034	3,585		29,584	157,146
Amortization of upfront incentive consideration(4)	33,177					33,177
Restructuring and other costs(6)					10,016	10,016
Litigation and taxes, including penalties(7)					1,127	1,127
Stock-based compensation					5,618	5,618
Amortization of Expedia SMA incentive payments			7,625			7,625
Adjusted Gross Margin	670,023	235,546	184,124	(7,498)	(38,119)	1,044,076
Selling, general and administrative	(76,810)	(38,555)	(202,240)	7,498	(265,306)	(575,413)
Joint venture equity income	9,367					9,367
Joint venture intangible amortization(3a)	2,403					2,403
Selling, general and administrative adjustments:						
Depreciation and amortization(3)	1,654	695			70,966	73,315
Restructuring and other costs(6)					11,715	11,715
Litigation and taxes, including penalties(7)					11,370	11,370
Stock-based compensation					16,816	16,816
Management fees(8)					23,701	23,701
Adjusted EBITDA	$ 606,637	$ 197,686	$ (18,116)	$	$ (168,857)	$ 617,350

Nine Months Ended September 30, 2013

	Travel Network	Airline and Hospitality Solutions	Travelocity	Eliminations	Corporate	Total
			(Amounts in thousands)			
Operating income (loss)	$ 505,446	$ 88,260	$ (1,298)	$	$ (486,801)	$ 105,607
Add back:						
Selling, general and administrative	82,204	39,784	271,839	(514)	226,913	620,226
Impairment					138,435	138,435
Restructuring charges					15,889	15,889
Cost of revenue adjustments:						
Depreciation and amortization(2)	36,182	55,193	7,354		51,712	150,441
Amortization of upfront incentive consideration(3)	28,736					28,736
Restructuring and other costs (5)					4,521	4,521
Litigation and taxes, including penalties(6)					19,864	19,864
Stock-based compensation					816	816
Adjusted Gross Margin	652,568	183,237	277,895	(514)	(28,651)	1,084,535
Selling, general and administrative	(82,204)	(39,784)	(271,839)	514	(226,913)	(620,226)
Joint venture equity income	7,873					7,873
Joint venture intangible amortization(2a)	2,403					2,403
Selling, general and administrative adjustments:						
Depreciation and amortization(2)	1,628	2,032	1,472		74,704	79,836
Restructuring and other costs (5)					5,886	5,886
Litigation and taxes, including penalties(6)					11,679	11,679
Stock-based compensation					4,630	4,630
Management fees(7)					7,347	7,347
Adjusted EBITDA	$ 582,268	$ 145,485	$ 7,528	$	$ (151,318)	$ 583,963

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	Fiscal Year Ended December 31, 2013					
	Travel Network	Airline and Hospitality Solutions	Travelocity	Eliminations	Corporate	Total
	(Amounts in thousands)					
Operating income (loss)	$ 667,498	$ 135,755	$ 14,140	$	$ (640,633)	$ 176,760
Add back:						
Selling, general and administrative	106,392	51,538	331,334	(717)	304,382	792,929
Impairment(2)					138,435	138,435
Restructuring charges(6)					36,551	36,551
Cost of revenue adjustments:						
Depreciation and amortization(3)	50,254	75,093	8,015		69,123	202,485
Amortization of upfront incentive consideration(4)	36,649					36,649
Restructuring and other costs(6)					12,615	12,615
Litigation and taxes, including penalties(7)					20,921	20,921
Stock-based compensation					1,702	1,702
Adjusted Gross Margin	860,793	262,386	353,489	(717)	(56,904)	1,419,047
Selling, general and administrative	(106,392)	(51,538)	(331,334)	717	(304,382)	(792,929)
Joint venture equity income	12,350					12,350
Joint venture intangible amortization(3a)	3,204					3,204
Selling, general and administrative adjustments:						
Depreciation and amortization(3)	2,253	2,227	697		99,933	105,110
Restructuring and other costs(6)					9,886	9,886
Litigation and taxes, including penalties(7)					18,510	18,510
Stock-based compensation					7,384	7,384
Management fees(8)					8,761	8,761
Adjusted EBITDA	$ 772,208	$ 213,075	$ 22,852	$	$ (216,812)	$ 791,323

	Fiscal Year Ended December 31, 2012					
	Travel Network	Airline and Hospitality Solutions	Travelocity	Eliminations	Corporate	Total
	(Amounts in thousands)					

Operating income (loss)	$ 670,778	$ 114,272	$ 21,227	$	$ (1,412,576)	$ (606,299)
Add back:						
Selling, general and administrative	101,934	52,754	355,875	(1,010)	678,695	1,188,248
Impairment(2)					573,180	573,180
Cost of revenue adjustments:						
Depreciation and amortization(3)	34,624	51,395	36,700		75,487	198,206
Amortization of upfront incentive consideration(4)	36,527					36,527
Restructuring and other costs(6)					4,525	4,525
Litigation and taxes, including penalties(7)					22,187	22,187
Stock-based compensation					1,715	1,715
Adjusted Gross Margin	843,863	218,421	413,802	(1,010)	(56,787)	1,418,289
Selling, general and administrative	(101,934)	(52,754)	(355,875)	1,010	(678,695)	(1,188,248)
Joint venture equity income	21,287					21,287
Joint venture intangible amortization(3a)	3,200					3,200
Selling, general and administrative adjustments:						
Depreciation and amortization(3)	2,036	615	3,192		111,684	117,527
Restructuring and other costs(6)					2,251	2,251
Litigation and taxes, including penalties(7)					396,435	396,435
Stock-based compensation					8,119	8,119
Management fees(8)					7,769	7,769
Adjusted EBITDA	$ 768,452	$ 166,282	$ 61,119	$	$ (209,224)	$ 786,629

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	Fiscal Year Ended December 31, 2011					
	Travel Network	Airline and Hospitality Solutions	Travelocity	Eliminations	Corporate	Total
	(Amounts in thousands)					
Operating income (loss)	$ 594,418	$ 103,254	$ 32,971	$	$ (602,398)	$ 128,245
Add back:						
Selling, general and administrative	111,003	50,306	374,801	(1,083)	271,408	806,435
Impairment(2)					185,240	185,240
Cost of revenue adjustments:						
Depreciation and amortization(3)	29,584	31,587	40,018		71,657	172,846
Amortization of upfront incentive consideration(4)	37,748					37,748
Restructuring and other costs(6)					1,786	1,786
Litigation and taxes, including penalties(7)						
Stock-based compensation					1,454	1,454
Adjusted Gross Margin	772,753	185,147	447,790	(1,083)	(70,853)	1,333,754
Selling, general and administrative	(111,003)	(50,306)	(374,801)	1,083	(271,408)	(806,435)
Joint venture equity income	23,501					23,501
Joint venture intangible amortization(3a)	3,200					3,200
Selling, general and administrative adjustments:						
Depreciation and amortization(3)	4,120	343	3,480		112,328	120,271
Restructuring and other costs(6)					11,201	11,201
Litigation and taxes, including penalties(7)					21,600	21,600
Stock-based compensation					5,880	5,880
Management fees(8)					7,191	7,191
Adjusted EBITDA	$ 692,571	$ 135,184	$ 76,469	$	$ (184,061)	$ 720,163

	Fiscal Year Ended December 31, 2010					
	Travel Network	Airline and Hospitality Solutions	Travelocity	Eliminations	Corporate	Total
	(Amounts in thousands)					
Operating income (loss)	$ 545,762	$ 127,103	$ 50,157	$	$ (790,884)	$ (67,862)
Add back:						
	71,495	39,417	406,443	(591)	272,413	789,177

Selling, general and administrative						
Impairment					401,400	401,400
Cost of revenue adjustments:						
Depreciation and amortization(3)	32,349	19,663	31,995		69,411	153,418
Amortization of upfront incentive consideration(4)	26,572					26,572
Restructuring and other costs(6)					4,863	4,863
Litigation and taxes, including penalties(7)					1,600	1,600
Stock-based compensation					1,112	1,112
Adjusted Gross Margin	676,178	186,183	488,595	(591)	(40,085)	1,310,280
Selling, general and administrative	(71,495)	(39,417)	(406,443)	591	(272,413)	(789,177)
Joint venture equity income	17,871					17,871
Joint venture intangible amortization(3a)	3,200					3,200
Selling, general and administrative adjustments:						
Depreciation and amortization(3)	4,172	450	8,207		112,676	125,505
Restructuring and other costs(6)					12,419	12,419
Stock-based compensation					4,188	4,188
Management fees(8)					6,730	6,730
Adjusted EBITDA	$ 629,926	$ 147,216	$ 90,359	$	$ (176,485)	$ 691,016

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	Fiscal Year Ended December 31, 2009					
	Travel Network	Airline and Hospitality Solutions	Travelocity	Eliminations	Corporate	Total
	(Amounts in thousands)					
Operating income (loss)	$ 484,105	$ 112,048	$ 81,012	$	$ (620,670)	$ 56,495
Add back:						
Selling, general and administrative	85,870	41,970	399,005	(527)	279,643	805,961
Impairment					211,612	211,612
Cost of revenue adjustments:						
Depreciation and amortization(3)	29,968	11,038	27,054		56,720	124,780
Amortization of upfront incentive consideration(4)	29,554					29,554
Restructuring and other costs(6)					12,730	12,730
Litigation and taxes, including penalties(7)					1,405	1,405
Stock-based compensation					866	866
Adjusted Gross Margin	629,497	165,056	507,071	(527)	(57,694)	1,243,403
Selling, general and administrative	(85,870)	(41,970)	(399,005)	527	(279,643)	(805,961)
Joint venture equity income	8,156					8,156
Joint venture intangible amortization(3a)	3,200					3,200
Selling, general and administrative adjustments:						
Depreciation and amortization(3)	1,588	729	11,820		144,085	158,222
Restructuring and other costs(6)					9,657	9,657
Stock-based compensation					3,242	3,242
Management fees(8)					7,260	7,260
Adjusted EBITDA	$ 556,571	$ 123,815	$ 119,886	$	$ (173,093)	$ 627,179

The components of Adjusted Capital Expenditures are presented below:

	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(Amounts in thousands)						
Additions to property and equipment	$ 160,385	$ 168,744	$ 226,026	$ 193,262	$ 164,638	$ 130,028	$ 106,554
Capitalized implementation costs	27,602	48,686	58,814	78,543	59,109	33,666	20,401
Adjusted capital expenditures	$ 187,987	$ 217,430	$ 284,840	$ 271,805	$ 223,747	$ 163,694	$ 126,955

The following tables present historical information from our statements of cash flows and set forth the reconciliation of cash provided by operating activities, the most directly comparable GAAP measure, to Adjusted Free Cash Flow:

	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(Amounts in thousands)						
Cash provided by operating activities	$ 121,679	$ 252,062	$ 157,188	$ 312,336	$ 356,444	$ 380,928	$ 284,159
Cash used in investing activities	(191,949)	(189,220)	(246,502)	(236,034)	(176,260)	(184,787)	(108,053)
Cash (used in) provided by financing activities	(59,289)	274,717	262,172	(25,120)	(271,540)	(48,500)	(335,702)

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	Nine Months Ended September 30,		Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(Amounts in thousands)						
Cash provided by operating activities	$ 121,679	$ 252,062	$ 157,188	$ 312,336	$ 356,444	$ 380,928	$ 284,159
Additions to property and equipment	(160,385)	(168,744)	(226,026)	(193,262)	(164,638)	(130,028)	(106,554)
Free Cash Flow	(38,706)	83,318	(68,838)	119,074	191,806	250,900	177,605
Adjustments:							
Restructuring and other costs(6)(10)	38,527	12,933	29,069	6,776	12,988	17,282	22,387
Litigation settlement and tax payments for certain items(7)(11)	69,286	46,221	150,584	100,000			
Other litigation costs(7)(10)	11,148	10,668	17,419	51,602	21,601	1,600	1,405
Management fees(8)(10)	23,701	7,347	8,761	7,769	7,191	6,730	7,260
Travelocity working capital as impacted by the Expedia SMA and the sale of TPN(9)	100,145		23,928				
Adjusted Free Cash Flow	$ 204,101	$ 160,487	$ 160,923	$ 285,221	$ 233,586	$ 276,512	$ 208,657

(1) Net income (loss) attributable to non-controlling interests represents an adjustment to include earnings allocated to non-controlling interest held in (i) Sabre Travel Network Middle East of 40% for all periods presented, (ii) Sabre Australia Technologies I Pty Ltd (Sabre Pacific) of 49% through February 24, 2012, the date we sold this business, (iii) Travelocity.com LLC of approximately 9.5% through December 31, 2012, the date we merged this minority interest back into our capital structure and (iv) Sabre Seyahat Dagitim Sistemleri A.S. of 40% beginning in April 2014. See Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus.

(2) Represents impairment charges to assets (see Note 7, Goodwill and Intangible Assets, to our audited consolidated financial statements included elsewhere in this prospectus) as well as $24 million in 2012, representing our share of impairment charges recorded by one of our equity method investments, Abacus.

(3) Depreciation and amortization expenses (see Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus for associated asset lives):

   a. Acquisition related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date and amortization of the excess basis in our underlying equity in joint ventures.
   b. Depreciation and amortization of property and equipment includes software developed for internal use.
   c. Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

(4)

Our Travel Network business at times provides upfront incentive consideration to travel agency subscribers at the inception or modification of a service contract, which are capitalized and amortized to cost of revenue over an average expected life of the service contract, generally over three to five years. Such consideration is made with the objective of increasing the number of clients or to ensure or improve customer loyalty. Such service contract terms are established such that the supplier and other fees generated over the life of the contract will exceed the cost of the incentive consideration provided upfront. Such service contracts with travel agency subscribers require that the customer commit to achieving certain economic objectives and generally have terms requiring repayment of the upfront incentive consideration if those objectives are not met.

(5) Other, net primarily represents foreign exchange gains and losses related to the remeasurement of foreign currency denominated balances included in our consolidated balance sheets into the relevant functional currency.

(6) Restructuring and other costs represents charges associated with business restructuring and associated changes implemented which resulted in severance benefits related to employee terminations, integration and facility opening or closing costs and other business reorganization costs.

(7) Litigation settlement and tax payments for certain items represent charges or settlements associated with airline antitrust litigation as well as payments or reserves taken in relation to certain retroactive hotel occupancy and excise tax disputes (see Note 13, Contingencies, to our unaudited consolidated financial statements and Note 20, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus).

(8) We paid an annual management fee to TPG and Silver Lake in an amount between (i) $5 million and (ii) $7 million, the actual amount of which was calculated based upon 1% of Adjusted EBITDA, as defined in the management services agreement (the MSA), earned by the company in such fiscal year up to a maximum of $7 million. In addition, the MSA provided for the reimbursement of certain costs incurred by TPG and Silver Lake, which are included in this line item. In connection with our initial public offering, we paid to TPG and Silver Lake, in the aggregate, a $21 million fee pursuant to the MSA. The MSA was terminated at the completion of our initial public offering.

(9) Represents the impact of the Expedia SMA and the sale of TPN on working capital for the nine months ended September 30, 2014, which is primarily attributable to the migration of bookings from our technology platform to Expedia s platform and wind down activities associated with TPN. For the year ended December 31, 2013, represents the impact by the Expedia SMA on travel supplier liabilities of $19 million and accounts payable of $5 million for the period November 1, 2013 through December 31, 2013 compared to the period November 1, 2012 through December 31, 2012, which is primarily attributable to the migration of bookings from our technology platform to Expedia s platform during this period in 2013 (see Management s Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting our Results and Comparability Travelocity).

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(10) The adjustments to reconcile cash provided by operating activities to Adjusted Free Cash Flow reflect the amounts expensed in our statements of operations in the respective periods adjusted for cash and non-cash portions in instances where material.

(11) Includes payment credits used by American Airlines to pay for purchases of our technology services during the nine months ended September 30, 2014 and the year ended December 31, 2013. The payment credits were provided by us as part of our litigation settlement with American Airlines (see Note 20, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus). Also includes a $50 million payment to American Airlines made in the third quarter of 2014 in conjunction with the new Airline Solutions contract, which will be amortized as a reduction to revenue over the contract term. This payment reduces payment credits originally offered to American Airlines as a part of the litigation settlement in 2012, contingent upon the signature of a new reservation agreement, which were extended to include the combined American Airlines and US Airways reservation contract. The payment credits would have been utilized for future billings under the new agreement.

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 the sections entitled Risk Factors and Cautionary Note Regarding Forward-Looking Statements and elsewhere in this prospectus.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes and the information contained elsewhere in this prospectus under the captions Risk Factors, Selected Historical Consolidated Financial Data and Business.

Overview

We are a leading technology solutions provider to the global travel and tourism industry. We span the breadth of a highly complex $7 trillion global travel ecosystem currently through two business segments: (i) Travel Network, our global B2B travel marketplace for travel suppliers and travel buyers, and (ii) Airline and Hospitality Solutions, an extensive suite of leading software solutions primarily for airlines and hotel properties. Collectively, these offerings enable travel suppliers to better serve their customers across the entire travel lifecycle, from route planning to post-trip business intelligence and analysis. Items that are not allocated to our business segments are identified as corporate and include primarily certain shared technology costs as well as stock-based compensation expense, litigation costs related to occupancy or other taxes and other items that are not identifiable with one of our segments. On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. See Summary Recent Developments. We will reclassify and report the Travelocity segment, which was comprised of a portfolio of online consumer travel e-commerce businesses through which we provided travel content and booking functionality primarily for leisure travelers, as discontinued operations in our 2014 Annual Report on Form 10-K as the segment was considered held for sale as of December 31, 2014.

Through our Travel Network business, we process hundreds of millions of transactions annually, connecting the world s leading travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators, with travel buyers in a comprehensive travel marketplace. We offer efficient, global distribution of travel content from approximately 125,000 travel suppliers to approximately 400,000 online and offline travel agents. To those agents, we offer a platform to shop, price, book and ticket comprehensive travel content in a transparent and efficient workflow. We also offer value-added solutions that enable our customers to better manage and analyze their businesses. Through our Airline and Hospitality Solutions business, we offer travel suppliers an extensive suite of leading software solutions, ranging from airline and hotel reservations systems to high-value marketing and operations solutions. These solutions include re-accommodating passengers during irregular flight operations and managing day-to-day hotel operations. These solutions allow our customers to market, distribute and sell their products more efficiently, manage their core operations, and deliver an enhanced travel experience. Through our complementary Travel Network and Airline and Hospitality Solutions businesses, we believe we offer the broadest, end-to-end portfolio of technology solutions to the travel industry.

Our portfolio of technology solutions has enabled us to become the leading end-to-end technology provider in the travel industry. For example, we are one of the largest GDS providers in the world, with a 36% share of

GDS-processed air bookings in 2013. More specifically, we are the #1 GDS provider in North America and also in higher growth markets such as Latin America and APAC, in each case based on GDS-processed air bookings in 2013. In those three markets, our GDS-processed air bookings share was approximately 50% on a combined basis in 2013. In Airline and Hospitality Solutions, we believe we have the most comprehensive portfolio of solutions. In 2013, we had the largest third-party hospitality CRS room share based on our approximately 27%

share of third-party hospitality CRS hotel rooms distributed through our GDS, and, according to T2RL PSS data for 2012, we had the second largest airline reservations system globally. We also believe that we have the leading portfolio of airline marketing and operations products across the solutions that we provide

A significant portion of our revenue is generated through transaction based fees that we charge to our customers. For Travel Network, this fee is in the form of a transaction fee for bookings on our GDS; for Airline and Hospitality Solutions, this fee is a recurring usage-based fee for the use of our SaaS and hosted systems, as well as implementation fees and consulting fees.

For the nine months ended September 30, 2014 and 2013, we recorded revenue of $2,229 million and $2,303 million, respectively, net income attributable to Sabre Corporation of $23 million and loss of $127 million respectively, and Adjusted EBITDA of $617 million and $584 million, respectively, reflecting a 1% and (6)% net income (loss) margin and a 28% and 25% Adjusted EBITDA margin, respectively. For the nine months ended September 30, 2014, Travel Network contributed 63%, Airline and Hospitality Solutions contributed 25%, and Travelocity contributed 12% of our revenue (excluding intersegment eliminations). During this period, shares of Adjusted EBITDA for Travel Network, Airline and Hospitality Solutions, and Travelocity were approximately 77%, 25% and (2)%, respectively (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services). See Summary-Recent Developments regarding our Travelocity business segment moving to discontinued operations.

We recorded revenue of $3,050 million and $2,974 million, net loss attributable to Sabre Corporation of $100 million and $611 million and Adjusted EBITDA of $791 million and $787 million, reflecting a 3% and 21% net loss margin and a 26% and 26% Adjusted EBITDA margin, for the years ended December 31, 2013 and 2012, respectively. For the year ended December 31, 2013, Travel Network contributed 58%, Airline and Hospitality Solutions contributed 23%, and Travelocity contributed 19% of our revenue (excluding intersegment eliminations). During this period, shares of Adjusted EBITDA were approximately 77%, 21% and 2% for Travel Network, Airline and Hospitality Solutions and Travelocity, respectively (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services). For the year ended December 31, 2012, Travel Network contributed 59% and 77%, Airline and Hospitality Solutions contributed 20% and 17%, and Travelocity contributed 21% and 6% of our revenue (excluding intersegment eliminations) and Adjusted EBITDA (excluding corporate overhead allocations), respectively. See Summary Recent Developments regarding our Travelocity business segment moving to discontinued operations.

For additional information regarding Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, see Non-GAAP Financial Measures and Summary Historical and Pro Forma Consolidated Financial and Other Data.

Factors Affecting our Results and Comparability

The following is a discussion of trends that we believe are the most significant opportunities and challenges currently impacting our business and industry. The discussion also includes management s assessment of the effects these trends have had and are expected to have on our results of continuing operations. This information is not an exhaustive list of all of the factors that could affect our results and should be read in conjunction with the factors referred to in the sections entitled Risk Factors and Cautionary Note Regarding Forward-Looking Statements included elsewhere in this prospectus.

Travel volumes and the travel industry

Our business and results of operations are dependent upon travel volumes and the overall health of the travel industry, particularly in North America. The travel industry has shown strong and resilient expansion with growth rates typically outperforming general macroeconomic performance. For example, based on 40 years of IATA Traffic data, air traffic has historically grown at an average rate of approximately 1.5x the rate of global GDP growth. Although the global economic downturn significantly impacted the travel industry, conditions have generally improved in the last several years. For example, although hotel sales are still hampered by an economic environment characterized by austerity and consumer caution, other less expensive suppliers, including LCC/hybrids, are benefiting. Tourism flows and travel spending have returned to growth as developed markets, particularly in the United States, Japan and Europe, recover from the global economic downturn. According to the Euromonitor Report, business-related travel by U.S. residents has increased since the global economic downturn, reaching 229 million trips in 2013 compared to 223 million trips in 2010. According to IATA Traffic, global airline passenger volume has grown at a 6% CAGR from 2009 to 2013. However, in recent years, several airlines, especially in the United States, have implemented capacity reductions in response to slowing customer demand following the global economic downturn and in order to improve pricing power. These capacity reductions have resulted in lower inventory and higher ticket prices, amid increased airline industry consolidation.

Geographic mix

We have a leading share of GDS-processed air bookings in the largest travel market, North America (55%), as well as in two large growth markets, Latin America (57%) and APAC (39%) in 2013. See Method of Calculation for an explanation of the methodology underlying our GDS-processed air bookings share calculation. For the year ended December 31, 2013, we derived approximately 58% of our revenue from the United States, 16% from Europe and 26% from the rest of the world. For the year ended December 31, 2012, we derived approximately 62% of our revenue from the United States, 16% from Europe and 22% from the rest of the world.

There are structural differences between the geographies in which we operate. Due to our geographic concentration, our results of operations are particularly sensitive to factors affecting North America. For example, booking fees per transaction in North America have traditionally been lower than those in Europe. By growing internationally with our TMC and OTA customers and expanding the travel content available on our GDS to target regional traveler preferences, we anticipate that we will maintain share in North America and grow share in Europe, APAC and Latin America.

Continued focus by travel suppliers on cost-cutting and exerting influence over distribution

Travel suppliers continue to look for ways to decrease their costs and to increase their control over distribution. Airline consolidations, pricing pressure during contract renegotiations and the use of direct distribution may continue to subject our business to challenges.

The shift from indirect distribution channels, such as our GDS and Travelocity, to direct distribution channels, may result from increased content availability on supplier-operated websites or from increased participation of meta-search engines, such as Kayak and Google, which direct consumers to supplier-operated websites. This trend may adversely affect our Travel Network contract renegotiations with suppliers that use alternative distribution channels. For example, airlines may withhold part of their content for distribution exclusively through their own direct distribution channels or offer more attractive terms for content available through those direct channels. Similarly, some airlines have also limited the fare content information they distribute through OTAs, including Travelocity.

However, since 2010, we believe the rate at which bookings are shifting from indirect to direct distribution channels has slowed for a number of reasons, including the increased participation of LCC/hybrids in indirect channels. Over the last several years, notable carriers that previously only distributed directly, including JetBlue and Norwegian, have adopted our GDS. Other carriers such as EVA Airways and Virgin Australia have further increased their participation in a GDS. In 2012 and 2013, we believe the rate of shift away from GDSs in the United States stabilized at very low levels, although we cannot predict whether this low rate of shift will continue.

These trends have impacted the revenue of Travel Network, which recognizes revenue for airline ticket sales based on transaction volumes, the revenue of Airline and Hospitality Solutions, which recognizes a portion of its revenue based on the number of PBs, and the results of Travelocity, the profitability of which is based on both the volume of sales and the amount spent by the traveler, depending upon the applicable revenue model. Simultaneously, this focus on cost-cutting and direct distribution has also presented opportunities for Airline and Hospitality Solutions. Many airlines have turned to outside providers for key systems, process and industry expertise and other products that assist in their cost cutting initiatives in order to focus on their primary revenue-generating activities.

We renewed 24 out of 24 planned renewals in 2013 (representing approximately 25% of our Travel Network revenue for the twelve months ended December 31, 2013). We renewed 28 out of 28 planned renewals in 2014 (representing approximately 22% of our Travel Network revenue for the twelve months ended December 31, 2014). We have 38 planned renewals in 2015 (representing approximately 20% of our Travel Network revenue for the twelve months ended December 31, 2014). Although we renewed 28 out of 28 planned renewals in 2014 (representing approximately 22% of Travel Network revenue for the year ended December 31, 2014), we cannot guarantee that we will be able to renew our airline contracts in the future on favorable economic terms or at all.

Shift to SaaS and hosted solutions by airlines and hotels to manage their daily operations

Initially, large travel suppliers built custom in-house software and applications for their business process needs. In response to a desire for more flexible systems given increasingly complex and constantly changing technological requirements, reduced IT budgets and increased focus on cost efficiency, many travel suppliers turned to third-party solutions providers for many of their key technologies and began to license software from software providers. We believe that significant revenue opportunity remains in this outsourcing trend, as legacy in-house systems continue to migrate and upgrade to third-party systems. By moving away from one-time license fees to recurring monthly fees associated with our SaaS and hosted solutions, our revenue stream has become more predictable and sustainable. The SaaS and hosted models centralized deployment also allows us to save time and money by reducing maintenance and implementation tasks and lowering operating costs.

Increasing importance of LCC/hybrids in Travel Network and Airline and Hospitality Solutions

Hybrid and LCCs have become a significant segment of the air travel market, stimulating demand for air travel through low fares. LCC/hybrids have traditionally relied on direct distribution for the majority of their bookings. However, as these LCC/hybrids are evolving, many are increasing their distribution through indirect channels to expand their offering into higher-yield markets and to higher-yield customers, such as business and international travelers. Other LCC/hybrids, especially start-up carriers, may choose not to distribute through the GDS until wider distribution is desired.

Over the last five years, we have added airline customers representing over 110 million PBs, including many innovative, fast-growing LCC/hybrids. According to Airbus, LCCs share of global air travel volume is expected to increase from 17% of revenue passenger kilometers in 2012 to 21% of revenue passenger kilometers by 2032. In our airline reservations products, our travel supplier customer base is weighted towards faster-growing LCC/hybrids, which represented approximately 29% of our 2013 PBs based on T2RL data, and we expect to continue to take advantage of this growth opportunity. In 2012, LCC/hybrids represented approximately 45% of our 2012 PBs. T2RL s LCC/hybrid group included JetBlue and Lion Air in 2012, which we consider LCC/hybrid carriers. T2RL s 2013 calculation excludes these carriers from the LCC/hybrid group. If these two carriers were included as LCC/hybrids in the 2013 calculation, LCC/hybrids would have represented approximately 41% of our 2013 PBs. Furthermore, because of the breadth of our solution set and our proportion of LCC/hybrid customers, we expect to be able to sell more of our solutions to our existing customers as they grow. As our growing LCC/hybrid customers demand additional solutions and capabilities, we expect Airline and Hospitality Solutions revenue to continue benefiting from the higher growth in these types of airlines.

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Travel buyers can shift their bookings to or from our Travel Network business

Our Travel Network business relies on relationships with several large travel buyers, including TMCs and OTAs, to drive a large portion of its revenue. Although no individual travel buyer accounts for more than 10% of our Travel Network revenue, the five largest travel buyers of Travel Network were responsible for bookings that represented approximately 32% of our Travel Network revenue for the nine months ended September 30, 2014, and 32% and 36% of our Travel Network revenue for the years ended December 31, 2013 and 2012, respectively. Although our contracts with larger travel agencies often increase the amount of the incentive consideration when the travel agency processes a certain volume or percentage of its bookings through our GDS, travel buyers are not contractually required to book exclusively through our GDS during the contract term. Travel buyers may shift bookings to other distribution intermediaries for many reasons, including to avoid becoming overly dependent on a single source of travel content and increase their bargaining power with the GDS providers. For example, in late 2012, Expedia adopted a dual GDS provider strategy and shifted a sizeable portion of its business from our GDS to a competitor GDS, resulting in a year-over-year decline in our transaction volumes in 2013. Conversely, certain European OTAs including Unister, eTravel and Bravofly that did not previously use our GDS shifted a portion of their business to our GDS.

Increasing travel agency incentive consideration

Travel agency incentive consideration is a large portion of Travel Network expenses. The vast majority of incentive consideration is tied to absolute booking volumes based on transactions such as flight segments booked. Incentive consideration, which often increases once a certain volume or percentage of bookings is met, is provided in two ways, according to the terms of the agreement: (i) on a periodic basis over the term of the contract and (ii) in some instances, up front at the inception or modification of contracts, which is capitalized and amortized over the expected life of the contract. Although this consideration has been increasing in real terms, it has been relatively stable as a percentage of Travel Network revenue over the last four years, partially due to our focus on managing incentive consideration. We believe we have been effective in mitigating the trend towards increasing incentive consideration by offering value-added products and content, such as Sabre Red Workspace, a SaaS product available to our travel buyers that provides an easy to use interface along with many travel agency workflow and productivity tools.

Growing demand for continued technology improvements in the fragmented hotel market

Most of the hotel market is highly fragmented. Independent hotels and small- to medium-sized chains (groups of less than 300 properties) comprise a majority of hotel properties and available hotel rooms, with global and regional chains comprising the balance. Hotels use a number of different technology systems to distribute and market their products and operate efficiently. We offer technology solutions to all segments of the hospitality market, particularly independent hotels and small- to medium-sized chains. As these markets continue to grow, we believe independent hotel owners and operators will continue to seek increased connectivity and integrated solutions to ensure access to global travelers. Gartner estimates that technology spending by the hospitality industry is expected to reach $32 billion in 2017 (Gartner Enterprise), and we believe we will be well-positioned to meet this increased demand by continuing to provide affordable, web-based distribution technology. For example, we believe our innovative PMS, which is used by more than 4,500 properties globally, is one of the leading third-party web-based PMSs. Our PMS platform complements our industry-leading CRS platform and we expect to launch an integrated hospitality management suite that will centralize all distribution, operations and marketing aspects to facilitate increased accuracy, elimination of redundancies, and increased revenue and cost savings. We anticipate that this will contribute to the continued growth of Airline and Hospitality Solutions, which is ultimately dependent upon these hoteliers accepting and utilizing our products and services.

Travelocity

Travelocity s results were adversely impacted by several factors in recent years, including margin pressure from suppliers and reduced bookings on our websites. For the three years ended December 31, 2013, Travelocity experienced an approximately 9% compound annual revenue decline due to intense competition within the travel industry, including from supplier direct websites, online agencies and other suppliers of travel products and services. The increased level of competition led to declines in fees paid to us pursuant to new long-term supplier agreements with several large North American airlines in 2011 as well as lower transaction volumes. In 2012, transaction revenues were impacted by the loss of a key TPN customer late in the third quarter as a result of this customer s contract ending without renewal. This loss was partially offset by the addition of a new TPN customer, which signed a multi-year agreement.

Lower transaction volumes on our websites also impacted our media revenue. Due to the reduction in site traffic associated with lower hotel transaction volumes and the change in customer demographics associated with the loss of a key TPN customer in 2012, Travelocity s relevance as an advertising platform and the media revenues we derived from advertising were negatively affected. In 2012, these challenges contributed to a significant decline year over year. For the year ended December 31, 2013, we experienced a $5 million decline in media revenue compared to 2012.

Intense competition in the travel industry has historically led OTAs and travel suppliers to spend aggressively on online marketing. The amount we spent on online marketing declined in 2011 and was less effective at driving transaction revenue than it was in 2010. In response, we modified our customer acquisition strategy in 2012, refocusing on more efficient marketing channels and refreshing the approach to the brand, while reducing the amount spent on marketing.

As a result of these and other factors, we initiated plans in the third quarter of 2013 to shift our Travelocity business in the United States and Canada away from a high fixed-cost model to a lower-cost, performance-based revenue structure. On August 22, 2013, Travelocity entered into an exclusive, long-term strategic marketing agreement with Expedia. Under the Expedia SMA, Expedia powered the technology platforms for Travelocity s existing U.S. and Canadian websites as well as provided Travelocity with access to Expedia s supply and customer service platforms. In connection with the Expedia SMA we also entered into the Put/Call Agreement. The Expedia SMA represented a strategic decision to reduce direct costs associated with Travelocity and to provide our customers with the benefit of Expedia s long-term investment in its technology platform as well as its supply and customer service platforms, which we expected to increase conversion and operational efficiency and allows us to shift our focus to Travelocity s marketing strengths. See Business Our Businesses Travelocity.

Under the terms of the Expedia SMA and through the date of the sale of Travelocity.com to Expedia, Inc. on January 23, 2015, Expedia paid us a performance-based marketing fee that varied based on the amount of travel booked through Travelocity-branded websites powered by Expedia. The marketing fee we received was recorded as marketing fee revenue and the cost we incurred to promote the Travelocity brand and for marketing was recorded as selling, general and administrative expense in our results of operations. As a result of transactions being processed through Expedia s platform instead of the Travelocity platform, the revenue we derived from the merchant, agency and media revenue models declined. In connection with this migration, we no longer were considered the merchant of record for merchant transactions, and therefore we no longer collected cash from consumers, received transaction fees and commissions directly from travel suppliers, received service fees or insurance related revenue directly from customers or directly market or received media revenue from advertisers on our websites. We instead collected the marketing fee revenue from Expedia, which was net of costs incurred by Expedia in connection with these activities. Additionally, Travelocity no longer received incentive consideration from Travel Network as intersegment revenue, and Expedia was not required to use Travel Network for shopping and booking of non-air travel for Travelocity.com and Travelocity.ca.

In the fourth quarter of 2013, we continued our restructuring of Travelocity by implementing a plan to restructure lastminute.com, the European portion of the Travelocity business, in order to allow lastminute.com to operate independently. During the year ended December 31, 2013, we recorded $6 million in restructuring charges associated with employee termination benefits related to this restructuring plan. We did not record material charges during the nine months ended September 30, 2014 associated with this restructuring plan.

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In February 2014, as a further step in our restructuring plans for Travelocity, we completed a sale of assets associated with Travelocity Partner Network (TPN), a business-to-business private white label website offering. In connection with the sale, Travelocity entered into a Transition Services Agreement (TSA) with the acquirer to provide services to maintain the websites and certain technical and administrative functions for the acquirer until a complete transition occurs or the TSA terminates. The proceeds to be received under the sale agreement and the TSA were allocated across these multiple agreements based on a relative fair value allocation. During the nine months ended September 30, 2014, we recorded a loss on disposition of $3 million which is included in restructuring charges in our consolidated statements of operations.

On August 27, 2014, we announced that we were reviewing strategic options for lastminute.com as part of our strategy to focus on our core business as the world s leading technology provider to the global travel and tourism industry. On December 16, 2014, we announced that Bravofly Rumbo Group made a binding offer to acquire lastminute.com. The transaction is expected to be completed in the first quarter of 2015. We cannot provide any assurance that this transaction will occur on the terms described herein or at all. See Summary Recent Developments.

On January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. Following the sale of Travelocity.com to Expedia, Inc., the Expedia SMA was terminated. See Summary Recent Developments. The acquirer of Travelocity.com has signed, and the acquirer of lastminute.com has committed to sign as part of its binding offer, a long term agreement with our Travel Network business to continue to utilize our GDS for bookings which will generate incentive consideration to be paid by us to the acquirers.

As a result of the change in Travelocity s business model under the Expedia SMA, prior to the sale of Travelocity.com, and the sale of our TPN business, the revenue contribution from the Travelocity segment was in the range of 55% to 65% of 2013 levels after the Expedia SMA was implemented. Due to the elimination of the intersegment revenue between Travelocity and Travel Network, intersegment eliminations substantially decreased in connection with the Expedia SMA. See Components of Revenues and Expenses Intersegment Transactions. Correspondingly, we ceased certain internal processes, including back office functions, associated with our Travelocity-branded technology platforms and TPN business. Through the date of the sale of Travelocity.com to Expedia, Inc. on January 23, 2015, our costs from the Travelocity segment have significantly decreased and are in the range of 45% to 55% of 2013 levels. Ongoing costs in our Travelocity business in the United States and Canada primarily consisted of marketing the Travelocity website, marketing staff and support staff.

As a result, our plan resulted in improved margins and profitability for our Travelocity segment.

The implementation of the Expedia SMA resulted in various restructuring costs, including asset impairments, exit charges including employee termination benefits and contract termination fees, and other related costs such as consulting and legal fees. As a result of this restructuring plan, we recorded $22 million in restructuring charges in our results of operations during the year ended December 31, 2013, which included $4 million of asset impairments, $12 million of employee termination benefits, and $6 million of other related costs. We did not record any material restructuring charges in our results of operations during the nine months ended September 30, 2014 or twelve months ended December 31, 2014 in connection with these transactions. Contract termination costs represent an estimate of costs we may incur as we negotiate with our vendors to terminate contracts and costs for contracts we are unable to renegotiate and receive no future benefit. The actual amount incurred may differ significantly from this estimate.

Travelocity s working capital was impacted by the Expedia SMA and the sale of TPN. As of September 30, 2014 and December 31, 2013, we had approximately $107 million and $214 million, respectively, in total travel supplier liabilities of which $23 million and $129 million, respectively, represents the liability to travel suppliers in connection with Travelocity.com and TPN. This liability is being extinguished as a result of the Expedia SMA and the sale of

TPN as we continue to pay travel suppliers for travel consumed that originated on our technology platforms. We no longer receive cash directly from consumers and do not incur a payable to travel suppliers for new bookings on our balance sheets. Subsequent to the Expedia SMA and the sale of TPN, our Travelocity-related working capital primarily consisted of amounts attributable to lastminute.com balances as well as amounts due from Expedia offset by payables for marketing and labor related costs. As described in Description of Certain Indebtedness Senior Secured Credit Facilities, we have used a portion of the proceeds from our Incremental Term Loan Facility for such working capital purposes.

See Business Our Businesses Travelocity.

Litigation and related costs

We are involved in various claims, legal proceedings and governmental inquiries related to contract disputes, business practices, intellectual property and other commercial, employment and tax matters. We believe we have adequately accrued for such matters, and for the costs of defending against such matters, which have been and may continue to be expensive. However, litigation is inherently unpredictable and although we believe that our accruals are adequate and we have valid defenses in these matters, unfavorable resolutions could occur, which could have a material adverse effect on our results of operations or cash flows in a particular reporting period. See Business Legal Proceedings.

On October 30, 2012, we entered into a settlement agreement to resolve the outstanding state and federal lawsuits with American Airlines filed in 2011 and, as a result of the terms of the settlement, among other things renewed our distribution agreement with American Airlines. The settlement and distribution agreement was approved by the court presiding over the restructuring proceedings for AMR Corporation, American Airlines parent company, pursuant to an order made final on December 20, 2012. We expensed $347 million in 2012 related to this settlement agreement. On April 21, 2011, US Airways sued us in federal court in the Southern District of New York alleging federal antitrust claims. We are also involved in an antitrust investigation by the DOJ relating to pricing and the conduct of our GDS business and in antitrust litigation involving hotel room prices. See Note 20, Commitments and Contingencies Legal Proceedings US Airways Antitrust Litigation, Department of Justice Investigation and Hotel Related Antitrust Proceedings, to our audited consolidated financial statements included elsewhere in this prospectus. See also Note 13, Contingencies Legal Proceedings US Airways Antitrust Litigation and DOJ Investigation, to our unaudited consolidated financial statements included elsewhere in this prospectus.

Customer Mix

We believe we have a broadly diversified customer mix which supports our stable revenue base. We serve two principal types of customers: travel suppliers, which we serve in both our Travel Network business and Airline and Hospitality Solutions business; and travel buyers, which we serve in our Travel Network business and who purchase a wide variety of travel content in our marketplace. Today, our Travel Network marketplace includes a diversified group of travel suppliers, including approximately 400 airlines, 125,000 hotel properties, 30 car rental brands, 50 rail carriers, 16 cruise lines and 200 tour operators. We connect these travel suppliers via our GDS platform to approximately 400,000 travel agents, spread globally across 145 countries. Importantly, none of our travel buyers or travel suppliers represented more than 10% of our total Travel Network revenue for the years ended December 31, 2013 and 2012. Additionally, our Airline and Hospitality Solutions segment represented approximately 225 airlines, 17,500 hotel properties, and more than 700 other customers, including airports, corporate aviation fleets, governments and tourism boards. Within our Airline and Hospitality Solutions business, no single customer represented more than 10% of total Airline and Hospitality Solutions revenues for the years ended December 31, 2013 and 2012.

Due to the quality of our products and services, we have experienced a high level of historical Customer Retention in both our Travel Network and Airline and Hospitality Solutions businesses. In general, our business is characterized by non-exclusive multi-year agency and supplier contracts, with durations that typically range from three to five years for our major airline suppliers and five to ten years for our major travel agency customers in our Travel Network business, and in our Airline and Hospitality Solutions business, three to seven years among our airline customers and one to five years among our hospitality customers. Furthermore, our Travel Network airline supplier contracts expire at different times, with 38 planned renewals for fiscal year 2015. We renewed 24 out of 24 planned renewals in 2013 and 28 out of 28 planned renewals in 2014. A meaningful portion of our travel buyer agreements, typically representing approximately 15% to 20% of our bookings, are up for renewal in any given year. With respect to our Airline and Hospitality Solutions business, airline reservations contracts representing less than 5% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2015 and airline reservation contracts representing approximately 2% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2016. Airline reservations contracts representing approximately 9% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2017. Hospitality Solutions contract renewals are relatively evenly spaced, with approximately one-third of contracts representing approximately one-third of Hospitality Solutions 2013 revenue coming up for renewal in any given year. For the year 2013, our Customer Retention rate was approximately 99% for Travel Network, 98% for Airline Solutions and 96% for Hospitality Solutions. We cannot guarantee that we will be able to renew our travel supplier or travel buyer agreements in the future on favorable economic terms or at all.

Our revenue base is broadly diversified, with no single customer comprising more than 10% of our total revenues for the year ended December 31, 2013 or the year ended December 31, 2012. We are subject to a certain degree of revenue concentration among a portion of our customer base. The five largest travel buyers of Travel Network were responsible for bookings that represented approximately 32% of our Travel Network revenue for the nine months ended September 30, 2014, and 32% and 36% of our Travel Network revenue for the years ended December 31, 2013 and 2012, respectively. Our top five Airline and Hospitality Solutions customers represented 24% of our Airlines and Hospitality Solutions revenue for the nine months ended September 30, 2014, and 22% and 20% of our Airline and Hospitality Solutions revenues, for the years ended December 31, 2013 and 2012, respectively. Historical consolidation in the global airline industry, including the mergers of American Airlines and US Airways, Delta and Northwest Airlines, United Airlines and Continental Airlines, as well as Southwest Airlines and AirTran, have generally increased our revenue concentration. If additional consolidation in the airline industry were to occur in the future, our levels of revenue concentration may further increase.

Revenue Models

We employ several revenue models across our businesses with some revenue models employed in multiple businesses. Travel Network primarily employs the transaction revenue model. Airline and Hospitality Solutions primarily employs the SaaS and hosted and consulting revenue models, as well as the software licensing fee model to a lesser extent. Travelocity primarily employed two revenue models: (i) the merchant revenue model or our Net Rate Program (applicable to a majority of our hotel net rate revenues) and (ii) the agency revenue model (applicable to most of our airline, car and cruise commission revenues and a small portion of hotel commission revenues). In connection with the Expedia SMA, Travelocity employed the marketing fee revenue model (applicable to revenue generated through Travelocity-branded websites operated by Expedia). Travel Network and, historically, Travelocity also, employed the media revenue model (applicable to advertising revenues). We report revenue net of any revenue-based taxes assessed by governmental authorities that are imposed on and concurrent with specific revenue-producing transactions.

Transaction Revenue Model This model accounts for substantially all of Travel Network s revenue. We define a Direct Billable Booking as any booking that generates a fee directly to Travel Network. These include bookings made through our GDS (e.g., air, car and hotel bookings) and through our joint venture partners in cases where we are paid directly by the travel supplier. Under this model, a transaction occurs when a travel agency or corporate travel department books, or reserves, a travel supplier s product on our GDS, for which we receive a fee. Transaction fees include, but are not limited to, transaction fees paid by travel suppliers for selling their inventory through our GDS and transaction fees paid by travel agency subscribers related to their use of our GDS. We receive revenue from the travel supplier and the travel agency according to the commercial arrangement with each.

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Transaction revenue for airline travel reservations is recognized at the time of the booking of the reservation, net of transaction fee reserves for estimated future cancellations. Our transaction fee cancellation reserve was $8 million at December 31, 2013 and December 31, 2012. Transaction revenue for car rental, hotel bookings and other travel services is recognized at the time the reservation is used by the customer.

SaaS and Hosted Revenue Model The SaaS and hosted revenue model is the primary revenue model employed by Airline and Hospitality Solutions. This revenue model applies to situations where we host software solutions on our own secure platforms or deploy it through our SaaS solutions, and we maintain the software as well as the infrastructure it employs. Our customers pay us an implementation fee and a recurring usage-based fee for the use of such software pursuant to contracts with terms that typically range between three and ten years and generally include minimum annual volume requirements. This usage-based fee arrangement allows our customers to pay for software normally on a monthly basis to the extent that it is used. Similar contracts with the same customer which are entered into at or around the same period are analyzed for revenue recognition purposes on a combined basis. Revenue from implementation fees is generally recognized over the term of the agreement. The amount of periodic usage fees is typically based on a metric relevant to the software purchased. We recognize revenue from recurring usage-based fees in the period earned. Over the last several years, our customers have shifted toward the SaaS and hosted revenue model as license fee contracts expire, and we expect to continue to facilitate the shift from license fee contracts to the SaaS and hosted revenue model going forward.

Consulting Revenue Model Airline and Hospitality Solutions offerings that utilize the SaaS and hosted revenue model are sometimes sold as part of multiple-element agreements for which we also provide professional services. Our professional services consist primarily of consulting services focused on helping customers achieve better utilization of and return on their software investment. Often, we provide consulting services during the implementation phase of our SaaS solutions. We account for consulting service revenue separately from implementation and recurring usage-based fees, with value assigned to each element based on its relative selling price to the total selling price. We perform a market analysis on a periodic basis to determine the range of selling prices for each product and service. The revenue for consulting services is generally recognized over the period the consulting services are performed.

Software Licensing Fee Revenue Model The software licensing fee revenue model is also utilized by Airline and Hospitality Solutions. Under this model, we generate revenue by charging customers for the installation and use of our software products. Some contracts under this model generate additional revenue for the maintenance of the software product. When software is sold without associated customization or implementation services, revenue from software licensing fees is recognized when all of the following are met: (i) the software is delivered, (ii) fees are fixed or determinable, (iii) no undelivered elements are essential to the functionality of delivered software, and (iv) collection is probable. When software is sold with customization or implementation services, revenue from software licensing fees is recognized based on the percentage of completion of the customization and implementation services. Fees for software maintenance are recognized ratably over the life of the contract. We are unable to determine vendor-specific objective evidence of fair value for software maintenance fees. Therefore, when fees for software maintenance are included in software license agreements, revenue from the software license, customization, implementation and the maintenance are recognized ratably over the related contract term.

Travelocity Revenue Models

The Marketing Fee, Merchant, Agency and Media Revenue Models are primarily utilized by the Travelocity segment and effective with the dispositions of Travelocity.com and lastminute.com in 2015 will no longer be utilized.

Marketing Fee Revenue Model With the implementation of Expedia s technology for our U.S. and Canadian websites beginning late in 2013, Expedia paid us a performance-based marketing fee that varied based on the amount of travel booked through Travelocity-branded websites powered by Expedia. The marketing fee we received was recorded as revenue and the costs we incurred for marketing and to promote the Travelocity brand were recorded as selling, general and administrative expense in our results of operations. See Factors Affecting our Results and Comparability Travelocity.

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Merchant Revenue Model The merchant revenue model or the Net Rate Program has been used by Travelocity, except to the extent the marketing fee revenue model applies. We primarily use this model for revenue from hotel reservations and dynamically packaged combinations of travel components. Pursuant to this model, we are the merchant of record for credit card processing for travel accommodations. Even though we are the merchant of record for these transactions, we do not purchase and resell travel accommodations, and we do not have any obligations with respect to the travel accommodations we offer online that we do not sell. Instead, we act as an intermediary by entering into agreements with travel suppliers for the right to market their products, services and other offerings at pre-determined net rates. We market net rate offerings to travelers at prices that include an amount sufficient to pay the travel supplier for providing the travel accommodations and any occupancy and other local taxes, as well as additional amounts representing our service fees, which is how we generate revenue under this model. Under this revenue model, we require prepayment by the traveler at the time of booking.

Travelocity has recognized net rate revenue for stand-alone air travel at the time the travel is booked with a reserve for estimated future canceled bookings. Revenues from vacation packages and car rentals as well as hotel net rate revenues are recognized at the time the reservation is used by the consumer.

For net rate and dynamically packaged combinations sold through Travelocity, we record net rate revenues based on the total amount paid by the customer for products and services, net of our payment to the travel supplier. At the time a customer makes and prepays a reservation, we accrue a supplier liability based on the amount we expect to be billed by our travel suppliers. In some cases, a portion of Travelocity s prepaid net rate and travel package transactions goes unused by the traveler. In these circumstances, Travelocity may not be billed the full amount of the accrued supplier liability. Therefore, we reduce the accrued supplier liability for amounts aged more than six months after the reservation goes unused and record the aged amount as revenue if certain conditions are met. Our process for determining when aged amounts may be recognized as revenue includes consideration of key factors such as the age of the supplier liability, historical billing and payment information, among others.

See Factors Affecting our Results and Comparability Travelocity.

Agency Revenue Model This model has been employed by Travelocity, except to the extent the marketing fee revenue model applies, and applies to revenues generated via commissions from travel suppliers for reservations made by travelers through our websites. Under this model, we act as an agent in the transaction by passing reservations booked by travelers to the relevant airline, hotel, car rental company, cruise line or other travel supplier, while the travel supplier serves as merchant of record and processes the payment from the traveler.

Under the agency revenue model, Travelocity has recognized commission revenue for stand-alone air travel at the time the travel is booked with a reserve for estimated future canceled bookings. Commissions from car and hotel travel suppliers are recognized upon the scheduled date of travel consumption. We record car and hotel commission revenue net of an estimated reserve for cancellations, no-shows and uncollectable commissions. As of December 31, 2013 and 2012, our reserve was approximately $2 million and $3 million, respectively.

See Factors Affecting our Results and Comparability Travelocity.

Media Revenue Model The media revenue model has been used to record advertising revenue from entities that advertise products on Travelocity s websites, except to the extent the marketing fee revenue model applies, and, to a lesser extent, on our GDS. Advertisers use two types of advertising metrics: (i) display advertising and (ii) action advertising. In display advertising, advertisers usually pay based on the number of customers who view the advertisement, and are charged based on cost per thousand impressions. In action advertising, advertisers usually pay based on the number of customers who perform a specific action, such as click on the advertisement, and are charged based on the cost per action. Advertising revenues are recognized in the period that the advertising impressions are delivered or the click-through or other specific action occurs.

See Factors Affecting our Results and Comparability Travelocity.

Components of Revenues and Expenses

Revenues

Travel Network

Travel Network primarily generates revenues from the transaction revenue model, as well as revenue from certain services we provide our joint ventures and the sale of aggregated bookings data to carriers. See Revenue Models.

Airline and Hospitality Solutions

Airline and Hospitality Solutions primarily generates revenue from the SaaS and hosted revenue model, the consulting revenue model, as well as the software licensing fee model to a lesser extent. Over the last several years, our customers have shifted toward the SaaS and hosted revenue model as license fee contracts expire, and we expect to continue to facilitate the shift from license fee contracts to the SaaS and hosted revenue model going forward. See Revenue Models.

Travelocity

Travelocity generated transaction revenue through the merchant revenue model and the agency revenue model, and non-transaction revenue, in each case, except to the extent the marketing fee model applied. See Factors Affecting our Results and Comparability Travelocity. Transaction revenue comprised of (i) stand-alone air transaction revenue (i.e., revenue from the sale of air travel without any other products) and (ii) other transaction revenue (i.e., revenue from hotel suppliers, packages which include multiple travel products, lifestyle products such as theatre tickets and services).

Except to the extent the marketing fee model applied, Travelocity also generated revenues from fees from offline (e.g., call center agent transacted) bookings for air and packages and insurance revenues from third-party insurance providers whose air, total trip and cruise insurance we offer on our websites.

Additionally, Travelocity generated intersegment transaction revenue from Travel Network, consisting of incentive consideration earned for Travelocity transactions processed through our GDS and fees paid by Travel Network and Airline and Hospitality Solutions for corporate trips booked through the Travelocity online booking technology. For the nine months ended September 30, 2014, intersegment revenue substantially decreased in connection with the Expedia SMA. Intersegment transaction revenue is eliminated in consolidation.

Non-transaction revenue consisted of advertising revenue from the media revenue model, paper ticket fees and services, and change and reissue fees.

Cost of Revenue

Travel Network

Travel Network cost of revenues consists primarily of:

Incentive Consideration payments or other consideration to travel agencies for reservations made on our GDS which have accrued on a monthly basis. Incentive consideration provided on a periodic basis over the term of the contract, is recorded to cost of revenue. Travel Network provides incentive consideration to Travelocity for Travelocity transactions processed through our GDS. Intersegment revenue substantially decreased in connection with the Expedia SMA. Intersegment expense is eliminated in consolidation. See Components of Revenues and Expenses Intersegment Transactions.

Technology Expenses data processing, data center management, application hosting, applications development and maintenance and related charges.

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Labor Expenses salaries and benefits paid to employees supporting the operations of the business.

Other Expenses includes services purchased, facilities and corporate overhead.

Airline and Hospitality Solutions

Airline and Hospitality Solutions cost of revenues consists primarily of:

Labor Expenses salaries and benefits paid to employees for the development, delivery and implementation of software.

Technology Expenses data processing, data center management, application hosting, applications development and maintenance and related charges resulting from the hosting of our solutions.

Other Expenses includes services purchased, facilities and other costs.

Travelocity

Except as described below, Travelocity cost of revenue has consisted primarily of:

Volume Related Expenses customer service costs; credit card fees and technology fees; charges related to fraudulent bookings and compensation to customers, i.e., for service related issues.

Technology Expenses data processing, data center management, applications development, maintenance and related charges.

Labor Expenses salaries and benefits paid to employees supporting the operations of the business.

Other Expenses includes services purchased, facilities and other costs.

Following the Expedia SMA, Travelocity did not incur significant cost of revenues with respect to Travelocity s existing websites in the United States and Canada.

Corporate

Corporate cost of revenue includes certain shared technology costs as well as stock-based compensation expense, litigation expenses associated with occupancy or other taxes and other items that are not identifiable with one of our segments.

Depreciation and amortization

Cost of revenue includes depreciation and amortization associated with property and equipment; software developed for internal use that supports our revenue, businesses and systems; amortization of contract implementation costs which relates to Airlines and Hospitality Solutions; and intangible assets for technology purchased through acquisitions or established with our take-private transaction.

Amortization of upfront incentive consideration

We provide upfront payments or other consideration to travel agencies for reservations made on our GDS which are capitalized and amortized over the expected life of the contract.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of personnel-related expenses for employees that sell our services to new customers and administratively support the business, commission payments made to travel agency and distribution partners of Travelocity, advertising and promotional costs primarily for Travelocity, certain settlement costs and costs to defend legal disputes, bad debt expense, depreciation and amortization and other costs. In connection with the Expedia SMA, Travelocity no longer incurred significant non-marketing related expenses; instead, the marketing fee we received under the Expedia SMA is net of costs incurred by Expedia in connection with these activities. The marketing costs we incurred to promote the Travelocity brand are recorded as selling, general and administrative expenses.

Intersegment Transactions

We account for significant intersegment transactions as if the transactions were with third parties, that is, at estimated current market prices. The majority of the intersegment revenues and cost of revenues are between Travelocity and Travel Network, consisting mainly of accruals for incentive consideration, net of data processing fees incurred, by Travel Network to Travelocity for transactions processed through our GDS, transaction fees paid by Travelocity to Travel Network for transactions facilitated through our GDS in which the travel supplier pays Travelocity directly, and fees paid by Travel Network to Travelocity for corporate trips booked through the Travelocity online booking technology. During the second quarter of 2014, Travel Network charged Travelocity a fee of approximately $7 million for not meeting certain minimum booking level requirements. This fee was recorded as revenue on Travel Network and expensed on Travelocity in our segment results and is eliminated in consolidation. In addition, Airline and Hospitality Solutions pays fees to Travel Network for airline and hotel segments booked through our GDS. Due to the elimination of the intersegment revenue between Travelocity and Travel Network with the Expedia SMA, intersegment eliminations have substantially decreased for the nine months ended September 30, 2014 compared to the prior year. See Note 14, Segment Information, to our unaudited consolidated financial statements included elsewhere in this prospectus.

Matters Affecting Comparability

Mergers and Acquisitions

Our results of operations have been affected by mergers and acquisitions as summarized below.

Mergers and Acquisitions in 2014

On September 11, 2014, we acquired the assets of Genares, a global, privately-held hospitality technology company, to further strengthen Sabre s position as a leading technology partner to hoteliers worldwide. The acquisition added more than 2,300 independent and chain hotel properties to Sabre s existing Hospitality Solutions portfolio.

Mergers and Acquisitions in 2013

We had no acquisitions in the year ended December 31, 2013.

Mergers and Acquisitions in 2012

In the third quarter of 2012, we acquired all of the outstanding stock and ownership interests of PRISM, a leading provider of end-to-end airline contract business intelligence and decision support software. The acquisition, which adds to our portfolio of products within the Airline and Hospitality Solutions, allows for new relationships with airlines and adds to our existing business intelligence capabilities.

Mergers and Acquisitions in 2011

In the first quarter of 2011, we completed the acquisition of Zenon N.D.C., Limited, a provider of GDS services to travel agents in Cyprus. This acquisition further expands Travel Network within Europe.

In the second quarter of 2011, we completed the acquisition of SoftHotel, Inc., a provider of web-based property management solutions for the hospitality industry. This acquisition brings Airline and Hospitality Solutions closer to a fully integrated web-based solution that combines distribution, marketing and operations into a single platform for hotel customers.

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Dispositions Impacting Results from Continuing Operations

Dispositions in 2014

In February 2014, as a further step in our restructuring plans for Travelocity, we completed a sale of assets associated with TPN. In connection with the sale, Travelocity entered into a TSA with the acquirer to provide services to maintain the websites and certain technical and administrative functions for the acquirer until a complete transition occurs. The proceeds to be received under the sale agreement and the TSA were allocated across these multiple agreements based on a relative fair value allocation which resulted in no gain or loss on the sale.

Dispositions in 2013

On June 18, 2013, we completed the sale of certain assets of TBiz operations to a third-party, which resulted in reduced revenue and expenses for Travelocity in 2013 compared to 2012. TBiz provides managed corporate travel services for corporate customers. We recorded a loss on the sale of $3 million, net of tax, including the write-off of $9 million of goodwill attributed to TBiz based on the relative fair value to the Travelocity North America reporting unit, in our consolidated statement of operations.

Dispositions in 2012

On February 24, 2012, we completed the sale of our 51% stake in Sabre Pacific, an entity jointly owned by a subsidiary of Sabre (51%) and Abacus (49%), to Abacus for $46 million of proceeds, which resulted in reduced revenue and expense for Travel Network in 2013 compared to 2012, and to a greater extent, in 2012 compared to 2011. Of the proceeds received, $9 million was for the sale of stock, $18 million represented the repayment of an intercompany note receivable from Sabre Pacific, which was entered into when the joint venture was originally established, and the remaining $19 million represented the settlement of operational intercompany receivable balances with Sabre Pacific and associated amounts we owed to Abacus. We recorded $25 million as gain on sale of business in our consolidated statements of operations. We have also entered into a license and distribution agreement with Sabre Pacific, under which it will market, sub-license, distribute, provide access to and support for our GDS in Australia, New Zealand and surrounding territories. Sabre Pacific is required to pay us an ongoing transaction fee based on booking volumes under this agreement. As of December 31, 2011, the assets and liabilities of Sabre Pacific were classified as held for sale on our consolidated balance sheet. For the year ended December 31, 2012, joint venture equity income included a $24 million impairment of goodwill recorded by Abacus associated with its acquisition of Sabre Pacific.

Dispositions in 2011

During 2011, we completed no significant dispositions impacting our results of continuing operations.

For a complete list of dispositions, including dispositions classified as discontinued operations, see Note 2, Discontinued Operations and Dispositions to our unaudited consolidated financial statements and Note 4, Discontinued Operations and Dispositions, to our audited consolidated financial statements included elsewhere in this prospectus.

Seasonality

The travel industry is seasonal in nature. Travel bookings for Travel Network, and the revenue we derive from those bookings, decrease significantly each year in the fourth quarter, primarily in December. We recognize air-related revenue at the date of booking and, because customers generally book their November and December holiday leisure-related travel earlier in the year, and business-related travel declines during the holiday season, revenue resulting from bookings is typically lower in the fourth quarter. Travelocity revenues were also impacted by the seasonality of travel bookings, but to a lesser extent since commissions from car and hotel travel suppliers and net rate revenue for hotel stays and vacation packages are recognized at the date of travel. There is a slight increase in Travelocity revenues for the second and third quarters compared to the first and fourth quarters due to European travel patterns. Airline and Hospitality Solutions does not experience any significant seasonality patterns in revenue.

Other Items Impacting Comparability

Travelocity business segment moved to discontinued operations

On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. See Summary Recent Developments. We will reclassify and report all of the businesses associated with the Travelocity segment as discontinued operations in our 2014 Annual Report on Form 10-K as the segment was considered held for sale as of December 31, 2014. Our historical results contained in this prospectus present the Travelocity segment as a continuing operation.

Reduction of insurance sales fees

On January 24, 2012, the U.S. Department of Transportation implemented new regulations that prohibit carriers and ticket agents from including additional optional services in connection with air transportation, a tour or tour component if the optional service is automatically added to the consumer s purchase if the consumer takes no other action (i.e., if the consumer does not opt-out). Prior to the effectiveness of this regulation, we pre-checked the Yes box on Travelocity s websites for certain optional services such as travel insurance, while at the same time providing clear and conspicuous disclosure of the inclusion of such services, itemized pricing thereof and the option to remove such services prior to payment and check-out. The implementation of this regulation resulted in significantly fewer customers electing to purchase such services. For the year ended December 31, 2012, we experienced an $11 million, or 38%, decrease in revenue from insurance sales compared with the year ended December 31, 2011.

Results of Operations

The tables below set forth our consolidated statement of operations data for each of the periods presented. Certain amounts previously reported in our December 31, 2012 and 2011 financial statements have been reclassified to conform to the December 31, 2013 presentation as a result of discontinued operations. In June 2013, we sold certain assets of our Holiday Autos operations to a third party and in November 2013, we completed the closing of the remainder of the Holiday Autos operations such that it represented a discontinued operation. See Note 4, Discontinued Operations and Dispositions, to our audited consolidated financial statements included elsewhere in this prospectus. The impact on our revenue was a reduction of $65 million and $76 million for the years ended December 31, 2012 and 2011, respectively. The impact on our operating income was an increase of $12 million for the year ended December 31, 2012 and a reduction of less than $1 million for the year ended December 31, 2011.

	Nine Months Ended September 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(Amounts in thousands)				
Revenue	$ 2,229,286	$ 2,303,399	$ 3,049,525	$ 2,974,364	$ 2,855,961
Cost of revenue	1,399,919	1,423,242	1,904,850	1,819,235	1,736,041

Selling, general and administrative	575,413	620,226	792,929	1,188,248	806,435
Impairment		138,435	138,435	573,180	185,240
Restructuring charges	2,325	15,889	36,551		
Operating income (loss)	251,629	105,607	176,760	(606,299)	128,245
Interest expense, net	(167,332)	(209,653)	(274,689)	(232,450)	(174,390)
Loss on extinguishment of debt	(33,538)	(12,181)	(12,181)		
Gain on sale of business				25,850	
Joint venture equity income (loss)	9,367	7,873	12,350	(2,513)	23,501
Other, net	760	(1,099)	(6,724)	(1,385)	1,156
Income (loss) from continuing operations before income taxes	60,886	(109,453)	(104,484)	(816,797)	(21,488)
Provision (benefit) for income taxes	27,878	(5,229)	(14,029)	(195,071)	57,806
Income (loss) from continuing operations	$ 33,008	$ (104,224)	$ (90,455)	$ (621,726)	$ (79,294)

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Nine months ended September 30, 2014 and 2013

Revenue

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Change	
	(Amounts in thousands)			
Revenue by Segment				
Travel Network	$ 1,420,341	$ 1,381,105	$ 39,236	3%
Airline and Hospitality Solutions	571,975	522,794	49,181	9%
Travelocity	268,848	457,518	(188,670)	(41)%
Eliminations	(24,253)	(58,018)	33,765	58%
Total Adjusted Revenue	2,236,911	2,303,399	(66,488)	(3)%
Amortization of Expedia SMA incentive payments	(7,625)		(7,625)	**%
Total revenue	$ 2,229,286	$ 2,303,399	$ (74,113)	(3)%

** not meaningful

Revenue decreased $74 million, or 3%, for the nine months ended September 30, 2014 compared to the same period in the prior year.

Travel Network Revenue increased $39 million, or 3%, for the nine months ended September 30, 2014 compared to the same period in the prior year.

The $39 million increase in revenue primarily resulted from:

- a $20 million increase in transaction-based revenue to $1,242 million as a result of a 7 million increase in Direct Billable Bookings, or 3%, to 292 million for the nine months ended September 30, 2014. This increase was offset by a 1% decrease in the average booking fee primarily due to the resolution of a billing dispute with US Airways, the impact on our average booking fee from US Airways merger with American Airlines and the unfavorable political and economic environment in Venezuela. See Liquidity and Capital Resources Political and Economic Environment in Venezuela for a description of the impact of the environment in Venezuela to our business;

- a $12 million increase in other revenue primarily related to media and marketing services and also certain services we provide to our joint ventures; and a $7 million increase due to an intersegment fee charged by Travel Network to Travelocity in the second quarter of 2014 for not meeting certain minimum booking levels, which is a customary fee charged to travel agencies that process bookings through our GDS as a result of not meeting contractual minimum booking levels. This fee, which we do not expect to reoccur in subsequent periods, was recorded as revenue on Travel Network and expensed on Travelocity in our segment results and is eliminated in consolidation.

Airline and Hospitality Solutions Revenue increased $49 million, or 9%, for the nine months ended September 30, 2014 compared to the same period in the prior year.

The $49 million increase in revenue primarily resulted from:

a $22 million increase in Airline Solutions SabreSonic CSS revenue for the nine months ended September 30, 2014 compared to the same period in the prior year. PBs increased 27 million, or 8%, to 386 million for the nine months ended September 30, 2014 which resulted in an increase in revenue of $13 million. The increase in PBs was driven by growth from existing customers. In addition, we recognized $9 million in revenue during the three months ended September 30, 2014 associated with the extension of a services contract with a significant customer. This contract was extended in conjunction with a litigation settlement agreement with that customer in 2012. These increases were partially offset by a decrease in revenue from professional services;

a $15 million increase in Airline Solutions commercial and operations solutions revenue, primarily the result of higher revenue from professional services combined with growth in operations solutions; and

a $12 million increase in Hospitality Solutions revenue for the nine months ended September 30, 2014 compared to the same period in the prior year driven by an increase in CRS transactions.

Travelocity Revenue decreased $189 million, or 41%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The decrease in revenue was primarily due to a $105 million decrease as a result of the restructuring of our Travelocity business discussed above, as well as a decrease of $83 million due to the sale of both Travelocity s TPN business in February of 2014 and TBiz in June of 2013.

Eliminations Intersegment eliminations decreased $34 million, or 58%, for the nine months ended September 30, 2014 compared to the prior year due to a reduction in the amount of incentive consideration payable to Travelocity from Travel Network as a result of the change in Travelocity s business model. Air travel booked through our Travelocity-branded websites powered by Expedia is contractually required to be processed by Travel Network through the beginning of 2019. The reduction in incentive consideration payable was partially offset by the $7 million fee Travel Network charged to Travelocity discussed above.

Cost of revenue

	Nine Months Ended September 30,		Change	
	2014	2013		
	(Amounts in thousands)			
Cost of revenue				
Travel Network	$ 750,318	$ 728,496	$ 21,822	3%
Airline and Hospitality Solutions	336,429	339,554	(3,125)	(1)%
Travelocity	84,722	179,623	(94,901)	(53)%
Eliminations	(16,754)	(57,505)	40,751	71%
Total segment cost of revenue	1,154,715	1,190,168	(35,453)	(3)%
Corporate	54,881	53,897	984	2%
Depreciation and amortization	157,146	150,441	6,705	4%
Amortization of upfront incentive consideration	33,177	28,736	4,441	15%
Total cost of revenue	$ 1,399,919	$ 1,423,242	$ (23,323)	(2)%

Cost of revenue decreased by $23 million, or 2%, for the nine months ended September 30, 2014 compared to the same period in the prior year.

Travel Network Cost of revenue increased $22 million, or 3%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The increase primarily resulted from a $27 million increase in incentive consideration, partially offset by a decrease in labor and other costs.

Airline and Hospitality Solutions Cost of revenue decreased $3 million, or 1%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The decrease is the result of a $11 million decrease in labor costs, partially offset by a $7 million increase in technology and transaction-related expenses driven by higher transaction volumes.

Travelocity Cost of revenue decreased $95 million, or 53%, for the nine months ended September 30, 2014 compared to the same period in the prior year primarily due to the impact of the Expedia SMA and the sale of our TPN and TBiz businesses. The decrease in cost of revenue is primarily driven by reduced labor and call center costs, lower transaction-related expenses including credit card fees and lower data processing costs.

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Eliminations Intersegment eliminations decreased $41 million, or 71%, for the nine months ended September 30, 2014 compared to the prior year due to a reduction in the amount of incentive consideration payable to Travelocity from Travel Network as a result of the change in Travelocity s business model. Air travel booked through our Travelocity-branded websites powered by Expedia is contractually required to be processed by Travel Network through the beginning of 2019.

Corporate Cost of revenue associated with corporate unallocated costs increased $1 million, or 2%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The increase is primarily due to a $13 million increase in unallocated labor and other costs and a $7 million settlement received from a service provider in the same period of the prior year, partially offset by a $19 million decrease in expenses associated with the general excise tax litigation with the State of Hawaii compared to the same period in the prior year.

Depreciation and amortization Depreciation and amortization increased $7 million, or 4%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The increase is primarily due to the completion and amortization of software developed for internal use, partially offset by a decrease in amortization of intangible assets.

Amortization of upfront incentive consideration Amortization of upfront incentive consideration increased $4 million, or 15%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The increase is primarily due to an increase in upfront consideration provided to travel agencies in the nine months ended September 30, 2014 compared to the prior year.

Selling, general and administrative expenses

	Nine Months Ended September 30,		Change	
	2014	2013		
	(Amounts in thousands)			
Personnel	$ 192,942	$ 213,813	$ (20,871)	(10)%
Advertising and promotion	133,795	127,838	5,957	5%
Commission payments to affiliates	21,813	58,759	(36,946)	(63)%
Bad debt	6,372	7,129	(757)	(11)%
Management fees	23,701	5,221	18,480	354%
Other	130,715	127,630	3,085	2%
Depreciation and amortization	73,315	79,836	(6,521)	(8)%
Eliminations	(7,240)		(7,240)	**%
Total selling, general and administrative	$ 575,413	$ 620,226	$ (44,813)	(7)%

** not meaningful

Selling, general and administrative expenses decreased by $45 million, or 7%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The decreases in commission payments to affiliates of $37 million and personnel costs of $21 million are primarily the result of our Travelocity restructuring activities including the sale of our TPN business in February 2014. The decrease in depreciation and amortization of $7 million is driven by decreases in amortization of acquisition-related intangible assets. These decreases were partially offset by an $18 million increase in management fees paid to TPG and Silver Lake related to our initial public offering and a $6 million increase in advertising and promotion primarily in our Travelocity business in the U.S. and Canada in conjunction with the Expedia SMA.

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Impairment

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Change	
	(Amounts in thousands)			
Impairment	$	$ 138,435	$ (138,435)	**%

** not meaningful

In connection with the disposals of TBiz and Holiday Autos in the second quarter of 2013, we initiated an impairment analysis of goodwill and long lived assets in the Travelocity segment which resulted in impairment charges of $96 million associated with Travelocity North America and $42 million associated with Travelocity Europe. As a result of the impairment charges, the Travelocity segment had no remaining goodwill.

Interest expense, net

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Change	
	(Amounts in thousands)			
Interest expense, net	$ 167,332	$ 209,653	$ (42,321)	(20)%

Interest expense, net, decreased $42 million, or 20%, for the nine months ended September 30, 2014 compared to the same period in the prior year. The decrease is primarily due to the prepayments on our 2019 Notes and Term Loan C and a lower effective interest rate as a result of our repricing amendments completed in February 2014. In addition, interest expense decreased due to lower modification expenses and lower imputed interest expense related to payments made in the fourth quarter of 2013 for our litigation settlement payable to American Airlines.

Loss on extinguishment of debt

	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Change	
	(Amounts in thousands)			
Loss on extinguishment of debt	$ 33,538	$ 12,181	$ 21,357	**%

** not meaningful

During the nine months ended September 30, 2014, we recognized losses on extinguishment of debt of $31 million in connection with the prepayments on our 2019 Notes and Term Loan C and $3 million related to the repricing of our Term Loan B completed in February 2014. During the nine months ended September 30, 2013, we recognized a loss on extinguishment of debt of $12 million as a result of our Amended and Restated Credit Agreement (see Liquidity and Capital Resources Senior Secured Credit Facilities).

Joint venture equity income

	Nine Months Ended September 30, 2014	2013	Change	
	(Amounts in thousands)			
Joint venture equity income	$ 9,367	$ 7,873	$ 1,494	19%

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Joint venture equity income increased by $1 million for the nine months ended September 30, 2014 compared to the same period in the prior year.

Other (income) expenses, net

	Nine Months Ended September 30, 2014	2013	Change	
	(Amounts in thousands)			
Other (income) expenses, net	$ (760)	$ 1,099	$ (1,859)	**%

** not meaningful

Other income, net, increased $2 million for the nine months ended September 30, 2014 compared to the prior year. The increase was driven primarily by realized and unrealized foreign currency exchange gains.

Provision (benefit) for income taxes

	Nine Months Ended September 30, 2014	2013	Change	
	(Amounts in thousands)			
Provision (benefit) for income taxes	$ 27,878	$ (5,229)	$ 33,107	**%

** not meaningful

Our effective tax rates for the nine months ended September 30, 2014 and 2013 were 46% and 5%, respectively. The increase in the effective tax rate for the nine months ended September 30, 2014 as compared to the same period in 2013 was primarily due to the impairment of nondeductible goodwill in the prior year, the amount of current year losses for which no tax benefit can be recognized relative to the amount of pre-tax income and the impact of other discrete items, partially offset by the increase in forecasted earnings in lower tax jurisdictions.

The differences between our effective tax rates and the U.S. federal statutory income tax rate primarily result from our geographic mix of taxable income in various tax jurisdictions as well as the discrete tax items referenced above.

Years ended December 31, 2013, 2012 and 2011

Revenue

	Year Ended December 31, 2013	2012	2011	Change 2013 vs. 2012	2012 vs. 2011
	(Amounts in thousands)				

Revenue by Segment							
Travel Network	$ 1,821,498	$ 1,795,127	$ 1,740,007	$ 26,371	1%	$ 55,120	3%
Airline and Hospitality Solutions	711,745	597,649	522,692	114,096	19%	74,957	14%
Travelocity	585,989	659,472	699,604	(73,483)	(11)%	(40,132)	(6)%
Total segment revenue	3,119,232	3,052,248	2,962,303	66,984	2%	89,945	3%
Eliminations	(69,707)	(77,884)	(106,342)	8,177	10%	28,458	27%
Total revenue	$ 3,049,525	$ 2,974,364	$ 2,855,961	$ 75,161	3%	$ 118,403	4%

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2013 compared to 2012

Revenue increased $75 million, or 3%, for the year ended December 31, 2013 compared with the year ended December 31, 2012.

Travel Network Revenue increased $26 million, or 1%, for the year ended December 31, 2013 compared with the year ended December 31, 2012. The increase was driven by a $25 million increase in other revenue primarily from payments in connection with certain services provided to our joint ventures. Transaction-based revenue was flat at $1,590 million for the year ended December 31, 2013 compared to the prior year. We processed 368 million Direct Billable Bookings in 2013, representing a decrease of 12 million Direct Billable Bookings, or 3%, compared to 2012. This decrease was offset by a 3% increase in the average booking fee.

Airline and Hospitality Solutions Revenue increased $114 million, or 19%, for the year ended December 31, 2013 compared with the year ended December 31, 2012.

This $114 million increase in revenue primarily resulted from:

- a $48 million increase in Airline Solutions SabreSonic Customer Sales and Service (SabreSonic CSS) revenue for the year ended December 31, 2013 compared to the prior year. The increase in revenue was due to an increase of 73 million, or 18%, in processed reservations for PBs to 478 million in 2013. The increase in PBs was primarily due to new customers;

- a $54 million increase in Airline Solutions commercial and operations solutions revenue primarily the result of $25 million generated from our 2012 acquisition of PRISM and a $29 million increase in other airline software solutions, consulting and professional services; and

- a $12 million increase in Hospitality Solutions revenue for the year ended December 31, 2013 compared to prior year due to an increase in CRS transactions in 2013.

Travelocity Revenue decreased $73 million, or 11%, for the year ended December 31, 2013 compared with the year ended December 31, 2012. This decrease in revenue primarily resulted from a $59 million decrease resulting from a 5% decline in transaction volumes and a 6% decline in average transaction value, primarily driven by the loss of a large TPN customer in 2012, and an $11 million decrease in revenue related to the disposition of TBiz during 2013. Media and advertising revenues also declined by $5 million in the year ended December 31, 2013 compared to the prior year.

2012 compared to 2011

Revenue increased $118 million, or 4%, for the year ended December 31, 2012 compared with the year ended December 31, 2011.

Travel Network Revenue increased $55 million, or 3%, for the year ended December 31, 2012 compared with the year ended December 31, 2011.

This $55 million increase in revenue primarily resulted from:

a $41 million increase in revenue for certain services provided to our joint ventures; and

an increase of $12 million in transaction-based revenue due to a 1% increase in the average booking fee partially offset by a decrease of 2 million, or less than 1%, on Direct Billable Bookings to 380 million in 2012.

Airline and Hospitality Solutions Revenue increased $75 million, or 14%, for the year ended December 31, 2012 compared with the year ended December 31, 2011.

This $75 million increase in revenue primarily resulted from:

- a $36 million increase in Airline Solutions SabreSonic CSS revenue for the year ended December 31, 2012 compared to the prior year due primarily to an increase of 41 million, or 11%, in PBs to 405 million in 2012. The increase in PB volume was from existing and new customers;

- a $28 million increase in Airline Solutions commercial and operations solutions revenue as a result of $12 million of revenue growth generated from our 2012 acquisition of PRISM and a $16 million increase in other airline software solutions, consulting and professional services; and

- an $11 million increase in Hospitality Solutions revenue for the year ended December 31, 2012 compared to the prior year as a result of an increase in CRS transactions in 2012.

Travelocity Revenue decreased $40 million, or 6%, for the year ended December 31, 2012 compared with the year ended December 31, 2011.

This $40 million decrease in revenue primarily resulted from:

- a decline of $22 million in transaction revenue driven by a 2% decline in transaction volumes and a 13% decline in average transaction value in North America. The decline in transaction volumes was primarily driven by the loss of a large TPN customer in 2012 and the decline in average transaction value was primarily due to the reduction of air insurance revenue as a result of changing the purchase of trip insurance on our website from opt-out to opt-in in early 2012 and the loss of a large TPN customer in 2012. These declines in North America were partially offset by a 6% increase in transaction volumes and an 8% increase in average transaction value in Europe;

- a decline of $11 million in media revenue in North America and Europe; and

- an $8 million decline in intersegment revenue primarily associated with incentive consideration received from Travel Network due to a loss of a large TPN customer during 2012. Intersegment revenue is eliminated in consolidation.

Cost of revenue

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Travel Network	$ 960,705	$ 951,264	$ 967,254	$ 9,441	1%	$ (15,990)	(2)%
Airline and Hospitality Solutions	449,359	379,228	337,545	70,131	18%	41,683	12%

Travelocity	232,500	245,670	251,814	(13,170)	(5)%	(6,144)	(2)%
Eliminations	(68,990)	(76,874)	(105,259)	7,884	10%	28,385	27%
Total segment cost of revenue	1,573,574	1,499,288	1,451,354	74,286	5%	47,934	3%
Corporate	92,142	85,214	74,093	6,928	8%	11,121	15%
Depreciation and amortization	202,485	198,206	172,846	4,279	2%	25,360	15%
Amortization of upfront incentive consideration	36,649	36,527	37,748	122	0%	(1,221)	(3)%
Total cost of revenue	$ 1,904,850	$ 1,819,235	$ 1,736,041	$ 85,615	5%	$ 83,194	5%

2013 compared to 2012

The total cost of revenue increased by $86 million, or 5%, for the year ended December 31, 2013 compared with the year ended December 31, 2012.

Travel Network Cost of revenue increased $9 million, or 1%, for the year ended December 31, 2013 compared with the year ended December 31, 2012, which primarily resulted from:

- a $18 million increase in incentive consideration, in line with higher Direct Billable Bookings in regions with favorable booking fee rates; partially offset by
- a $5 million decrease in other operating expenses primarily related to the disposition of Sabre Pacific in February of 2012; and
- a $2 million decrease in labor costs to $173 million for the year ended December 31, 2013 compared to $175 million in the prior year.

Airline and Hospitality Solutions Cost of revenue increased $70 million, or 18%, for the year ended December 31, 2013 compared with the year ended December 31, 2012, which primarily resulted from:

- a $48 million increase in labor costs to $276 million for the year ended December 31, 2013 compared to $228 million in the prior year. The increase was attributed to increased headcount to support 2013 implementations, increased customer support and maintenance, additional headcount associated with the acquisition of PRISM in August of 2012 and minor enhancements to our SaaS and hosted systems; and
- an increase of $12 million in technology-related expenses, driven by higher transaction volumes.

Travelocity Cost of revenue decreased $13 million, or 5%, for the year ended December 31, 2013 compared with the year ended December 31, 2012, which primarily resulted from:

- a $10 million decline in services purchased due to lower call center costs related to the loss of a large TPN customer;
- a decline of $8 million in transaction-related fees as a result of lower transaction volumes; and
- a decline of $8 million in labor costs due to reductions in headcount; partially offset by
- a $12 million increase in other operating expenses primarily related to other fraud-related expenses and credit card chargebacks.

Corporate Cost of revenue associated with corporate unallocated costs increased $7 million, or 8% for the year ended December 31, 2013 compared with the year ended December 31, 2012, primarily related to labor costs, which increased by $8 million to $20 million in 2013.

Depreciation and amortization Cost of revenue increased $4 million, or 2%, for the year ended December 31, 2013 compared with the year ended December 31, 2012, which primarily resulted from:

- a $40 million increase in depreciation and amortization associated with the completion and amortization of software developed for internal use as well as capitalized implementation costs; and

- a $3 million increase in amortization of intangible assets related to the PRISM acquisition in August 2012; partially offset by

- a $38 million decrease in depreciation and amortization as the result of the impairment of certain property and equipment and intangible assets related to Travelocity at the end of 2012.

Amortization of upfront incentive consideration Amortization of upfront incentive consideration of $37 million for the year ended December 31, 2013 was flat compared to the prior year.

2012 compared to 2011

The total cost of revenue increased by $83 million, or 5%, for the year ended December 31, 2012 compared with the year ended December 31, 2011.

Travel Network Cost of revenue decreased $16 million, or 2%, for the year ended December 31, 2012 compared with the year ended December 31, 2011, which primarily resulted from:

- a $27 million decrease in incentive consideration related to the sale of Sabre Pacific; and
- a decrease in labor costs of $2 million to $175 million for the year ended December 31, 2012 compared to $177 million in the prior year; partially offset by
- an $11 million increase in forward contract expenses.

Airline and Hospitality Solutions Cost of revenue increased $42 million, or 12%, for the year ended December 31, 2012 compared with the year ended December 31, 2011, which primarily resulted from:

- an increase in labor costs of $34 million to $228 million for the year ended December 31, 2012 compared to $194 million in the prior year, attributable to increased headcount to support 2012 customer implementations, pending 2013 implementations, increased customer support, and labor costs for minor enhancement and maintenance to our SaaS and hosted systems;
- technology-related expenses increased $4 million, driven by higher transaction volumes, which were partially offset by lower rates resulting from a renegotiation of our contract with our primary technology provider; and
- a $3 million increase in other expenses driven by increased outside services purchased to support new customer implementations.

Travelocity Cost of revenue decreased $6 million, or 2%, for the year ended December 31, 2012 compared with the year ended December 31, 2011, which primarily resulted from:

- a decrease of $11 million in labor costs to $75 million for the year ended December 31, 2012 compared to $87 million in the prior year, as a result of the completion of a customer implementation in the prior year; and
- $15 million of reduced bank service charges, credit card fees, and service compensation expenses due to lower merchant volumes; partially offset by
- $18 million in increased call center costs to provide overall customer support for new TPN customers added in 2011; and

$5 million in increased data processing charges during the period.

Corporate Cost of revenue associated with corporate unallocated costs increased by $11 million, or 15%, for the year ended December 31, 2012 compared with the year ended December 31, 2011. The increase in cost of revenue was primarily the result of $25 million in back excise taxes, penalties and interest in 2012 mainly in connection with general excise tax litigation with the State of Hawaii (see Note 20, Commitment and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus) and a $9 million increase in shared technology-related expenses. These increases were offset by a $24 million decrease in labor costs to $13 million compared to $37 million in the prior year due to an increase of development labor charges to the segments.

Depreciation and amortization Cost of revenue increased $25 million, or 15%, for the year ended December 31, 2012 compared with the year ended December 31, 2011, which primarily resulted from:

- a $22 million increase in depreciation and amortization primarily associated with the completion and amortization of software developed for internal use as well as capitalized implementation costs; and

- a $4 million increase in amortization of acquisition-related intangible assets.

Amortization of upfront incentive consideration Amortization of upfront incentive consideration decreased by $1 million, or 3%, for the year ended December 31, 2013 compared to the prior year.

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Selling, general and administrative expenses

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Personnel	$ 278,019	$ 261,560	$ 239,267	$ 16,459	6%	$ 22,293	9%
Advertising and promotion	151,589	160,837	187,492	(9,248)	(6)%	(26,655)	(14)%
Commission payments to affiliates	72,002	85,143	97,141	(13,141)	(15)%	(11,998)	(12)%
Litigation charges		346,515		(346,515)	**%	346,515	**%
Bad debt	9,030	4,465	3,670	4,565	102%	795	22%
Other	177,179	212,201	158,595	(35,022)	(17)%	53,606	34%
Depreciation and amortization	105,110	117,527	120,270	(12,417)	(11)%	(2,743)	(2)%
Total selling, general and administrative	$ 792,929	$ 1,188,248	$ 806,435	$ (395,319)	(33)%	$ 381,813	47%

** not meaningful

2013 compared to 2012

Selling, general and administrative expenses decreased $395 million, or 33%, for the year ended December 31, 2013 compared with the year ended December 31, 2012. This decrease in selling, general and administrative expenses was primarily driven by a $347 million litigation charge recorded during the year ended December 31, 2012 for the settlement of the state and federal cases with American Airlines, which did not reoccur in the year ended December 31, 2013. Additionally, legal fees within other expenses decreased $33 million as a result of the settlement of our dispute with American Airlines in 2012. These reductions within other expenses are offset by $7 million of costs incurred by Travelocity to enhance its offering and pursue a new TPN customer, which did not materialize.

During the year ended December 31, 2013, we also had a decline of $13 million in commission payments to affiliates due to the loss of a large TPN partner in 2012. These declines are offset by increases in personnel-related expenses including $16 million in higher salaries and benefits attributed to increased corporate headcount to support the growth of the business and an increase in compensation costs in Travel Network attributed to higher variable compensation awards for employees as a result of improved overall performance.

Depreciation and amortization decreased $12 million, or 11%, for the year ended December 31, 2013 compared to the prior year. The decrease was the result of the impairment of intangible assets related to Travelocity in the fourth quarter of 2012.

2012 compared to 2011

Selling, general and administrative expenses increased $382 million, or 47%, for the year ended December 31, 2012 compared with the year ended December 31, 2011. This increase was primarily driven by $347 million of expenses related to the litigation settlement with American Airlines that occurred during the year ended December 31, 2012. Within other expenses is $47 million of increased legal fees and other costs associated with various legal disputes throughout 2012 and $3 million in increased services purchased to facilitate the move of a Travelocity call center to Poland. Personnel-related expenses increased $22 million as a result of $11 million in increased corporate headcount and variable compensation awards as well as $11 million of higher labor costs to support Travelocity. Partially offsetting these increases was a decrease of $12 million in commission payments to affiliates due to the loss of a large TPN partner in 2012 by Travelocity. Advertising and promotional costs declined due to reductions taken by Travelocity. Travelocity had a $27 million reduction in advertising spend driven by fewer purchases of non-brand search engine key words and other promotions.

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Impairment

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Impairment	$ 138,435	$ 573,180	$ 185,240	$ (434,745)	(76)%	$ 387,940	209%

2013 compared to 2012

Impairment expense was $138 million for the year ended December 31, 2013. In the second quarter of 2013, we allocated $9 million and $36 million in goodwill to TBiz and Holiday Autos, which are assets within the Travelocity North America and Travelocity Europe reporting units, respectively. We therefore initiated an impairment analysis on the remainder of the goodwill associated with these reporting units. Further declines in our current projections of the discounted future cash flows of these reporting units and current market participant considerations led to a $96 million impairment in Travelocity North America and a $40 million impairment in Travelocity Europe which have been recorded in our results of operations. As of December 31, 2013, Travelocity had no remaining goodwill.

2012 compared to 2011

Impairment expense was $573 million for the year ended December 31, 2012 compared with $185 million for the year ended December 31, 2011. Travelocity goodwill was impaired by $63 million as a result of one of its competitors announcing plans to move towards offering hotel customers a choice of payment options which could adversely affect hotel margins over time. We therefore initiated an impairment analysis of Travelocity as of September 30, 2012. The expected change in the competitive business environment and the resulting impact on our current projections of the discounted future cash flows led to a $58 million impairment in Travelocity North America and a $5 million impairment in Travelocity Europe. In the fourth quarter of 2012, we continued to see further weakness in Travelocity s business performance resulting in lower projected revenues and declining margins for Travelocity North America and Travelocity Europe thus requiring an impairment assessment of Travelocity as of December 31, 2012. As a result, we recorded impairments on long-lived assets of $281 million for Travelocity North America, of which $30 million pertained to software developed for internal use, $7 million pertained to computer equipment $6 million related to capitalized implementation costs and the remainder related to definite-lived intangible assets. We also recorded impairments of $154 million for Travelocity Europe, of which $11 million pertained to software developed for internal use, $4 million pertained to computer equipment and the remainder related to definite lived intangible assets. We also recorded an additional goodwill impairment charge for Travelocity Europe for $65 million as a result of our updated analysis. In 2012, we further recorded $20 million of impairment related to leasehold improvements associated with a corporate building that is not occupied and for which we no longer anticipate being able to sublease to a third-party before the end of the lease term. During 2011, we recorded $185 million of impairment as Travelocity was impacted by a continuing decline in margins due to pressure from competitive pricing, reduced bookings and the resulting impact on our projections of the discounted future cash flows, as well as a still weak economic environment.

Restructuring charges

	Year Ended December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011

		(Amounts in thousands)				
Restructuring charges	$ 36,551	$	$	$ 36,551	**%	$	**%

** not meaningful

In the third quarter of 2013, we initiated plans to restructure our Travelocity business in connection with which we recorded restructuring charges totaling $28 million for the year ended December 31, 2013, which included $18 million of employee termination benefits, $4 million of asset impairments and $6 million of other related costs. $22 million of these restructuring charges was attributable to the restructuring of our Travelocity businesses in the United States and Canada in connection with the Expedia SMA and the remaining $6 million was attributable to employee termination benefits in connection with the restructuring of lastminute.com, the European portion of our Travelocity business. See Factors Affecting Our Results and Comparability Travelocity.

In the fourth quarter of 2013, we also initiated a restructuring plan to simplify our technology organization, better align costs with our current business, reduce our spend on third-party resources, and to increase focus on product development. The majority of this plan will be completed in 2014. As a part of this restructuring plan, we will reduce our employee base by approximately 350 employees. We recorded a charge of $8 million associated with employee termination benefits in the fourth quarter of 2013 and do not expect to record material charges in 2014 related to this action. See Note 5, Restructuring Charges, to our audited consolidated financial statements included elsewhere in this prospectus.

Interest expense, net

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Interest expense, net	$ 274,689	$ 232,450	$ 174,390	$ 42,239	18%	$ 58,060	33%

2013 compared to 2012

Interest expense, net, increased $42 million, or 18%, for year ended December 31, 2013 compared with the year ended December 31, 2012. We entered into multiple debt transactions during 2012 and 2013 that increased our overall effective interest rate and increased our debt levels which resulted in additional interest expense of $40 million during the year ended December 31, 2013. See Note 11, Debt Senior Secured Credit Facility, to our audited consolidated financial statements included elsewhere in this prospectus. Additionally, debt modification expenses and original issue discount amortization increased by $8 million during the year ended December 31, 2013 compared to the prior year. We also incurred $17 million of imputed interest related to a litigation settlement payable during the year ended December 31, 2013. Offsetting these increases was a $16 million reduction associated with accelerating the amortization of our debt issuance cost in 2012 as well as a $9 million increase in interest savings as a result of the maturity of certain of our interest rates swaps in 2012. See Note 12, Derivatives, to our audited consolidated financial statements included elsewhere in this prospectus.

2012 compared to 2011

Interest expense, net, increased $58 million, or 33%, for the year ended December 31, 2012 compared with the year ended December 31, 2011. The change was due to an increase in the interest rate spread on $2 billion of our term loan as a result of amendments to our credit agreements on February 28, 2012, May 9, 2012 and August 15, 2012, made in connection with the maturity dates of certain loans, as well as the issuance of $800 million of 8.5% senior secured notes due in 2019. In the first half of 2012, we extended the maturity of $284 million, or 57%, of our revolving credit facility to 2016 and also extended the maturity of $1,854 million, or 65%, of our term loan outstanding to 2017, with an increase in interest rate spread from the LIBOR plus 2.00% to LIBOR plus 5.75%. In the second quarter we issued $400 million of 8.5% senior secured notes due in 2019. In the third quarter of 2012, we paid down $773 million of our non-extended term loans maturing 2014 through the issuance of $375 million non-extended term loans maturing in 2017, which bears interest at a rate of LIBOR plus 6.00%, and $400 million of 8.5% senior secured notes due in 2019.

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The increase in interest rates reflected current market pricing for similarly rated debt offerings and resulted in a $49 million increase in interest expense. Additionally, we incurred $22 million of expense due to our issuance of senior secured notes in May and September 2012 at a rate of 8.5%. The increase was partially offset by a $14 million decrease as a result of paying down $324 million of senior secured notes on August 1, 2011.

Loss on extinguishment of debt

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Loss on extinguishment of debt	$ 12,181	$	$	$ 12,181	**%	$	**%

* not meaningful

Loss on extinguishment of debt was $12 million for the year ended December 31, 2013 as a result of our debt restructuring transaction in the first quarter of 2013. See Description of Certain Indebtedness Senior Secured Credit Facilities.

Gain on sale of business

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Gain on sale of business	$	$ 25,850	$	$ (25,850)	**%	$ 25,850	**%

** not meaningful

Gain on sale of business for the year ended December 31, 2012 was $26 million and primarily related to the sale of our 51% stake in Sabre Pacific to Abacus for $46 million of proceeds. See Matters Affecting Comparability Dispositions.

Joint venture equity income (loss)

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Joint venture equity income (loss)	$ 12,350	$ (2,513)	$ 23,501	$ 14,863	**%	$ (26,014)	**%

** not meaningful

2013 compared to 2012

Joint venture equity income increased $15 million for the year ended December 31, 2013 compared with the year ended December 31, 2012. This change was driven by a $24 million impairment of goodwill recognized in the year ended December 31, 2012, partially offset by decreased performance of our joint ventures in 2013 compared with the year ended December 31, 2012.

2012 compared to 2011

Joint venture equity income decreased $26 million for the year ended December 31, 2012 compared with the year ended December 31, 2011. This change was driven by a $24 million impairment of goodwill recognized in the year ended December 31, 2012 and a decreased performance of our joint ventures in 2012 compared with the year ended December 31, 2011.

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Other expenses (income), net

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
Other expenses (income), net	$ 6,724	$ 1,385	$ (1,156)	$ 5,339	**%	$ 2,541	**%

** not meaningful

2013 compared to 2012

Other expenses, net, increased $5 million for the year ended December 31, 2013 compared with the year ended December 31, 2012. The increase was driven primarily by realized and unrealized foreign currency exchange losses.

2012 compared to 2011

Other expenses, net, increased $3 million for the year ended December 31, 2012 compared with the year ended December 31, 2011. The increase was driven primarily by realized and unrealized foreign currency exchange losses.

(Benefit) Provision for income taxes

	Year Ended December 31,			Change			
	2013	2012	2011	2013 vs. 2012		2012 vs. 2011	
	(Amounts in thousands)						
(Benefit) provision for income taxes	$ (14,029)	$ (195,071)	$ 57,806	$ 181,042	**%	$ (252,877)	**%

** not meaningful

2013 compared to 2012

We recognized a benefit for income taxes of $14 million for the year ended December 31, 2013 compared to a benefit of $195 million for the year ended December 31, 2012. The decrease in the benefit for income taxes was primarily the result of the decrease in pre-tax loss from continuing operations. The effective tax rates were 13% and 24% for the years ended December 31, 2013 and 2012, respectively. Excluding the impacts of (i) impairment charges, (ii) acquisition related amortization expense, (iii) restructuring and other costs, (iv) litigation and taxes, including penalties, (v) sales of businesses and assets, (vi) changes in valuation allowances, and (vii) other tax and non-tax adjustments, our effective tax rates would have been 39% and 37% for the years ended December 31, 2013 and 2012, respectively.

2012 compared to 2011

We recognized a benefit for income taxes of $195 million for the year ended December 31, 2012 compared to a provision for income taxes of $58 million in the year ended December 31, 2011. The change was driven primarily by the increase in pre-tax loss from continuing operations. The effective tax rates were 24% and (269)% for the years ended December 31, 2012 and 2011, respectively. Excluding the impacts of (i) impairment charges, (ii) acquisition related amortization expense, (iii) restructuring and other costs, (iv) litigation and taxes, (v) sale of business and assets, (vi) changes in valuation allowances, (vii) increases in tax losses for non-controlling interest, and (viii) other tax and non-tax adjustments, our effective tax rates would have been 37% and 35% for the years ended December 31, 2012 and 2011, respectively.

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Quarterly Results of Operations

The following table presents our historical consolidated financial data for our business for each of the eleven quarters in the period ended September 30, 2014. The unaudited quarterly statement of operations data have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this data. The historical consolidated data presented below are not necessarily indicative of the results expected for any future period. The following quarterly financial data should be read in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this prospectus.

Three Months Ended									
Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 3 2012
(Unaudited, amounts in thousands)									
756,303	$ 717,573	$ 755,410	$ 746,126	$ 775,823	$ 768,232	$ 759,344	$ 699,606	$ 756,740	$ 748,
465,689	444,276	490,723	481,608	474,090	467,365	481,787	477,815	437,024	434,
169,183	205,152	200,309	172,703	208,033	212,364	199,829	292,926	469,278	213,
				2,837	135,598		496,351	76,829	
4,735		(2,410)	20,662	15,889					
116,696	68,145	66,788	71,153	74,974	(47,095)	77,728	(567,486)	(226,391)	100,
36,563	(10,897)	(2,843)	26,760	5,372	(116,862)	(15,764)	(505,613)	(186,647)	21,
36,563	(13,132)	(11,989)	17,275	(3,870)	(125,867)	(24,736)	(514,551)	(195,354)	12,
44,171	$ 5,310	$ 72,198	$ (94,874)	$ 81,007	$ 78,672	$ 92,383	$ (87,238)	$ 118,255	$ 131,

49,802	58,944	51,639	57,282	57,257	58,786	52,701	55,596	50,217	44,9
358,354	$ 343,000	$ 342,722	$ 334,512	$ 369,054	$ 362,920	$ 352,565	$ 287,713	$ 378,978	$ 371,9
39,019	55,381	33,521	69,453	51,737	52,006	43,955	(51,918)	60,247	70,2
229,926	203,707	183,717	207,360	201,349	190,111	192,503	157,176	220,051	213,9
59,807	68,888	59,292	67,410	67,280	75,420	74,730	78,294	70,863	65,2
157,747	$ 252,380	$ 286,356	$ 308,236	$ 491,588	$ 186,012	$ 150,233	$ 126,695	$ 302,383	$ 285,7
3,065,440	3,069,502	3,621,680	3,643,548	3,664,942	3,338,653	3,357,751	3,420,927	3,418,987	3,415,0
(246,557)	(179,111)	(279,646)	(273,590)	(265,601)	(539,295)	(517,591)	(428,568)	(232,419)	(174,0

(a) Cost of revenue, selling, general and administrative, and restructuring charges (adjustments) for the three months ended March 31, 2014 differ from the amounts presented in our Quarterly Report on Form 10-Q for the three months ended March 31, 2014. Restructuring adjustments of $1 million and $1 million were reclassified out of cost of revenue and selling, general and administrative, respectively, and are presented in the restructuring charges (adjustments) line item.

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(b) The following table presents a reconciliation of operating income (loss) to Adjusted Gross Margin:

	Three Months Ended										
	Sep. 30, 2014	**Jun. 30, 2014**	**Mar. 31, 2014**	**Dec. 31, 2013**	**Sep. 30, 2013**	**Jun. 30, 2013**	**Mar. 31, 2013**	**Dec. 31, 2012**	**Sep. 30, 2012**	**Jun. 30, 2012**	**M**
	(Unaudited, amounts in thousands)										
g loss)	$ 116,696	$ 68,145	$ 66,788	$ 71,153	$ 74,974	$ (47,095)	$ 77,728	$ (567,486)	$ (226,391)	$ 100,490	$
k:											
general rative	169,183	205,152	200,309	172,703	208,033	212,364	199,829	292,926	469,278	213,656	2
ent					2,837	135,598		496,351	76,829		
uring)	4,735			20,662	15,889						
evenue nts:											
tion tion[3]	47,252	49,087	60,807	52,044	49,421	48,512	52,512	55,319	49,007	47,436	
ation of e ation[4]	10,388	11,742	11,047	7,913	9,385	9,752	9,599	9,094	8,624	9,496	
uring r ents)[6]	4,865	3,726	(216)	8,094	2,582	1,348	591	950	666	775	
n and cluding [7]	188	333	606	1,057	5,389	2,627	11,848	(23)			
sed ation	2,172	1,940	1,506	886	544	(186)	458	582	965	124	
ation of SMA e s	2,875	2,875	1,875								
Gross	$ 358,354	$ 343,000	$ 342,722	$ 334,512	$ 369,054	$ 362,920	$ 352,565	$ 287,713	$ 378,978	$ 371,977	$ 3

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(c) The following table presents a reconciliation of net loss attributable to Sabre Corporation, the most directly comparable GAAP measure, to Adjusted Net Income and to Adjusted EBITDA:

	Three Months Ended										
	Sep. 30, 2014	**Jun. 30, 2014**	**Mar. 31, 2014**	**Dec. 31, 2013**	**Sep. 30, 2013**	**Jun. 30, 2013**	**Mar. 31, 2013**	**Dec. 31, 2012**	**Sep. 30, 2012**	**Jun. 30, 2012**	**M**
	(Unaudited, amounts in thousands)										
ation ome) to Net o :											
le to on	$ 36,563	$ (10,897)	$ (2,843)	$ 26,760	$ 5,372	$ (116,862)	$ (15,764)	$ (505,613)	$ (186,647)	$ 21,357	$
oss) ops,	1,736	5,183	1,098	(13,719)	(3,015)	12,893	11,017	40,492	(9,282)	6,355	
ne le to olling)	720	702	746	728	714	837	584	(49,842)	(4,673)	(717)	
ome inuing s	39,019	(5,012)	(999)	13,769	3,071	(103,132)	(4,163)	(514,963)	(200,602)	26,995	
nts:											
nt[2]					2,837	135,598		520,151	76,829		
on ion)	23,905	23,961	35,478	35,811	35,794	36,209	35,951	41,749	40,815	39,745	
ale of nd									(785)		
nment		30,558	2,980				12,181				
[5]	(565)	(1,082)	887	5,624	2,429	3,796	(5,125)	1,613	3,535	2,923	
ring	14,482	6,867	2,708	32,756	21,754	2,376	2,166	3,104	952	1,113	

and uding 7)	4,440	2,904	5,152	7,887	8,579	8,327	14,638	122,901	270,923	15,868	
ed tion	5,472	11,383	5,579	3,640	2,686	36	2,724	1,214	1,106	5,184	
ent	193	21,576	1,932	1,414	2,126	2,499	2,722	1,512	2,476	1,905	
tion of SMA	2,875	2,875	1,875								
ct of e nts	(19,894)	(38,649)	(22,071)	(31,448)	(27,539)	(33,703)	(17,139)	(229,199)	(135,002)	(23,494)	
Net	69,927	55,381	33,521	69,453	51,737	52,006	43,955	(51,918)	60,247	70,239	
nts:											
ion on of and t(3)	39,524	41,304	41,581	33,796	32,936	31,404	33,347	36,525	33,976	32,591	
tion of d tation	9,084	8,891	9,136	8,513	8,437	7,720	10,881	6,537	5,325	4,855	
tion of (4)	10,388	11,742	11,047	7,913	9,385	9,752	9,599	9,094	8,624	9,496	
net	50,153	53,235	63,944	65,036	63,454	63,669	82,530	61,191	64,973	58,870	
g for xes	50,850	33,154	24,488	22,649	35,400	25,560	12,191	95,747	46,906	37,937	
	$ 229,926	$ 203,707	$ 183,717	$ 207,360	$ 201,349	$ 190,111	$ 192,503	$ 157,176	$ 220,051	$ 213,988	$

(1) Net income (loss) attributable to non-controlling interests represents an adjustment to include earnings allocated to non-controlling interest held in (i) Sabre Travel Network Middle East of 40% for all periods presented, (ii) Sabre Pacific of 49% through February 24, 2012, the date we sold this business, (iii) Travelocity.com LLC of approximately 9.5% through December 31, 2012, the date we merged this minority interest back into our capital structure and (iv) Sabre Seyahat Dagitim Sistemleri A.S. of 40% beginning in April 2014 for the three months ended September 30, June 30 and March 31, 2014. See Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus.

(2) Represents impairment charges to assets (see Note 7, Goodwill and Intangible Assets, to our audited consolidated financial statements included elsewhere in this prospectus) as well as $24 million in 2012, representing our share of impairment charges recorded by one of our equity method investments, Abacus.

(3) Depreciation and amortization expenses (see Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus for associated asset lives):

a. Acquisition related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date and amortization of the excess basis in our underlying equity in joint ventures.
b. Depreciation and amortization of property and equipment includes software developed for internal use.
c. Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

(4) Our Travel Network business at times provides upfront incentive consideration to travel agency subscribers at the inception or modification of a service contract, which are capitalized and amortized to cost of revenue over an average expected life of the service contract, generally over three to five years. Such consideration is made with the objective of increasing the number of clients or to ensure or improve customer loyalty. Such service contract terms are established such that the supplier and other fees generated over the life of the contract will exceed the cost of the incentive consideration provided upfront. Such service contracts with travel agency subscribers require that the customer commit to achieving certain economic objectives and generally have terms requiring repayment of the upfront incentive consideration if those objectives are not met.

(5) Other, net primarily represents foreign exchange gains and losses related to the remeasurement of foreign currency denominated balances included in our consolidated balance sheets into the relevant functional currency.

(6) Restructuring and other costs represents charges associated with business restructuring and associated changes implemented which resulted in severance benefits related to employee terminations, integration and facility opening or closing costs and other business reorganization costs.

(7) Litigation settlement and tax payments for certain items represents charges or settlements associated with airline antitrust litigation as well as payments or reserves taken in relation to certain retroactive hotel occupancy and excise tax disputes (see Note 13, Contingencies, to our unaudited consolidated financial statements and Note 20, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus).

(8) We paid an annual management fee to TPG and Silver Lake in an amount between (i) $5 million and (ii) $7 million, the actual amount of which was calculated based upon 1% of Adjusted EBITDA, as defined in the MSA, earned by the company in such fiscal year up to a maximum of $7 million. In addition, the MSA provided for the reimbursement of certain costs incurred by TPG and Silver Lake, which are included in this line item. In connection with our initial public offering, we paid to TPG and Silver Lake, in the aggregate, a $21 million fee pursuant to the MSA. The MSA was terminated at the completion of our initial public offering.

(d) Includes capital expenditures and capitalized implementation costs as summarized below:

	Three Months Ended										
	Sep. 30, 2014	**Jun. 30, 2014**	**Mar. 31, 2014**	**Dec. 31, 2013**	**Sep. 30, 2013**	**Jun. 30, 2013**	**Mar. 31, 2013**	**Dec. 31, 2012**	**Sep. 30, 2012**	**Jun. 30, 2012**	**Mar 31, 2012**
	(Unaudited, amounts in thousands)										
Additions to property and equipment	$ 49,802	$ 58,944	$ 51,639	$ 57,282	$ 57,257	$ 58,786	$ 52,701	$ 55,596	$ 50,217	$ 44,989	$ 42,460
Capitalized implementation costs	10,005	9,944	7,653	10,128	10,023	16,634	22,029	22,698	20,646	20,223	14,976
Adjusted capital expenditures	$ 59,807	$ 68,888	$ 59,292	$ 67,410	$ 67,280	$ 75,420	$ 74,730	$ 78,294	$ 70,863	$ 65,212	$ 57,436

Liquidity and Capital Resources

On April 23, 2014, we closed our initial public offering of our common stock in which we sold 39,200,000 shares, and on April 25, 2014, the underwriters exercised in full their option to purchase which resulted in the sale of an additional

5,880,000 shares of our common stock. Our shares of common stock were sold at an initial public offering price of $16.00 per share, which generated $672 million of net proceeds from the offering after deducting underwriting discounts and commissions and offering expenses.

We used the net proceeds from our initial public offering to repay (i) $296 million aggregate principal amount of our Term Loan C (see Senior Secured Credit Facilities) and (ii) $320 million aggregate principal amount of our senior secured notes due 2019 at a redemption price of 108.5% of the principal amount. We also used the net proceeds from our offering to pay the $27 million redemption premium and $13 million in accrued but unpaid interest on the 2019 Notes. We used the remaining portion of the net proceeds from our offering to pay a $21 million fee, in the aggregate, to TPG and Silver Lake pursuant to the MSA, which was thereafter terminated.

Our principal sources of liquidity are: (i) cash flows from operations, (ii) cash and cash equivalents and (iii) borrowings under our $405 million Revolver (see Senior Secured Credit Facilities). Borrowing availability under our Revolver is reduced by our outstanding letters of credit and restricted cash collateral. As of September 30, 2014 and December 31, 2013, our cash and cash equivalents, Revolver, and outstanding letters of credit were as follows (in thousands):

	September 30, 2014	**December 31, 2013**
	(Amounts in thousands)	
Cash and cash equivalents	$ 157,747	$ 308,236
Revolver outstanding balance		
Available balance under the Revolver	345,106	285,671
Outstanding letters of credit	(60,057)	(67,949)

We consider cash equivalents to be highly liquid investments that are readily convertible into cash. Securities with contractual maturities of three months or less, when purchased, are considered cash equivalents. We record changes in a book overdraft position, in which our bank account is not overdrawn but recently issued and outstanding checks result in a negative general ledger balance, as cash flows from financing activities.

We invest in a money market fund which is classified as cash and cash equivalents in our consolidated balance sheets and statements of cash flows.

We held no short-term investments as of September 30, 2014 and December 31, 2013.

Utilization

We utilize cash and cash equivalents primarily to pay our operating expenses, make capital expenditures, invest in our products and offerings, pay quarterly dividends on our common stock and service our debt and other long-term liabilities. In the fourth quarter of 2013, we used a portion of our cash and cash equivalents to make a $100 million litigation settlement payment to American Airlines. In the third quarter of 2014, we made a $50 million payment to American Airlines in conjunction with the new Airline Solutions contract, which will be amortized as a reduction to revenue over the contract term. This payment reduces non-cash payment credits originally offered to American Airlines as a part of the litigation settlement in 2012, contingent upon the signature of a new reservation agreement, which were extended to include the combined American Airlines and US Airways reservation contract. The non-cash payment credits would have been utilized for future billings under the new agreement.

For the nine months ended September 30, 2014, we have used $100 million of our cash and cash equivalents to wind down working capital in Travelocity impacted by the Expedia SMA and the sale of TPN as described under Factors Affecting our Results and Comparability Travelocity Restructuring.

In the third quarter of 2014, we paid $30 million of contingent consideration and contingent employment payments related to the acquisition of PRISM in 2012 and $32 million for the acquisition of certain assets and liabilities of Genares Worldwide Reservation Services, Ltd.

Ability to Generate Cash in the Future

Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could harm our business, financial condition and results of operations. Our ability to make payments on and to refinance our indebtedness, and to fund working capital needs, planned capital expenditures and dividends will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control. See Risk Factors Risks Related to our Indebtedness and Liquidity We may require more cash than we generate in our operating activities, and additional funding on reasonable terms or at all may not be available.

Senior Secured Credit Facilities

On February 19, 2013, Sabre GLBL entered into an agreement that amended and restated its senior secured credit facilities (the Amended and Restated Credit Agreement). The agreement replaced (i) the existing term loans with new classes of term loans of $1,775 million (the Term Loan B) and $425 million (the Term Loan C) and (ii) the existing revolving credit facility with a new revolving credit facility of $352 million (the Revolver). Term Loan B matures on February 19, 2019 and amortizes in equal quarterly installments of 0.25%. Term Loan C matures on December 31, 2017. As a result of the April 2014 prepayment, quarterly principal payments on Term Loan C are no longer required.

We are obligated to pay $17 million on September 30, 2017 and the remaining balance on December 31, 2017. A portion of the Revolver matures on February 19, 2018. On September 30, 2013, Sabre GLBL entered into an agreement to amend its amended and restated credit agreement to add a new class of term loans in the amount of $350 million (the Incremental Term Loan Facility). Sabre

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GLBL has used a portion, and intends to use the remainder, of the proceeds of the Incremental Term Loan Facility for working capital and one-time costs associated with the Expedia SMA and sale of TPN, including the payment of travel suppliers for travel consumed that originated on our technology platforms and for general corporate purposes. The Incremental Term Loan Facility matures on February 19, 2019 and amortizes in equal quarterly installments of 0.25% commencing with the last business day of December 2013. We are scheduled to make $22 million in principal payments on our senior secured credit facilities over the next twelve months. On February 20, 2014, we entered into a series of amendments to our Amended and Restated Credit Agreement (Repricing Amendments) to, among other things, (i) reduce the interest rate margin applicable to the Term Loan B to (x) between 3.00% to 3.25% per annum for Eurocurrency rate loans and (y) between 2.00% to 2.25% per annum for base rate loans and (ii) reduce the Eurocurrency rate floor to 1.00% and the base rate floor to 2.00%. In addition, the Repricing Amendments extended the maturity date of $317 million of the Revolver to February 19, 2019 and (ii) provided for a revolving commitment increase of $53 million under the extended portion of the Revolver, increasing total commitments under the Revolver to $405 million. The extended portion of the Revolver includes an accelerated maturity of November 19, 2018 if on November 19, 2018, the Term Loan B (or permitted refinancings thereof) remains outstanding with a maturity date occurring less than one year after the maturity date of the extended portion of the Revolver.

In April 2014, we made partial prepayments totaling $296 million of our outstanding indebtedness under the Term Loan C portion of our senior secured credit facilities using proceeds from our initial public offering.

Under the Amended and Restated Credit Agreement, the loan parties are subject to certain customary non-financial covenants, including certain restrictions on incurring certain types of indebtedness, creation of liens on certain assets, making of certain investments, and payment of dividends, as well as a maximum senior secured leverage ratio, which applies if our revolver utilization exceeds certain thresholds. This ratio is calculated as senior secured debt (net of cash) to EBITDA, as defined by the credit agreement. This ratio was 5.5 to 1.0 for 2013 and is 5.0 to 1.0 for 2014. The definition of EBITDA is based on a trailing twelve months EBITDA adjusted for certain items including non-recurring expenses and the pro forma impact of cost saving initiatives. This EBITDA is calculated for the purposes of compliance with our debt covenants and differs from the Adjusted EBITDA metric used elsewhere in this prospectus. See Note 11, Debt Senior Secured Credit Facilities, to our audited consolidated financial statements included elsewhere in this prospectus.

We are also required to pay down the term loans by an amount equal to 50% of annual excess cash flow, as defined in the Amended and Restated Credit Agreement. No excess cash flow payment is required in 2014 with respect to our results for the year ended December 31, 2013. This percentage requirement may decrease or be eliminated if certain leverage ratios are achieved. We are further required to pay down the term loan with proceeds from certain asset sales or borrowings as defined in the Amended and Restated Credit Agreement.

Liquidity Outlook

We believe that cash flows from operations, cash and cash equivalents on hand and the Revolver provide adequate liquidity for our operational and capital expenditures, quarterly dividends on our common stock and other obligations over the next twelve months. From time to time, we may supplement our current liquidity through debt or equity offerings to support future strategic investments or to pay down our $400 million of senior unsecured notes due in 2016, if we decide not to refinance this indebtedness. See Risk Factors Risks Related to our Indebtedness and Liquidity We may require more cash than we generate in our operating activities, and additional funding on reasonable terms or at all may not be available.

Litigation Settlement Agreement

As a result of our litigation settlement agreement with American Airlines in 2012, we have accrued a settlement liability which consists of several elements, including cash to be paid directly to American Airlines, payment credits to pay for future technology services that we provide, as defined in the settlement agreements, and the estimated fair value of other service agreements entered into concurrently with the settlement agreement.

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As of September 30, 2014, our remaining settlement liability under the settlement agreement was $112 million, of which the current portion of $75 million is recorded in litigation settlement liability and related deferred revenue and the noncurrent portion of $37 million is recorded in other noncurrent liabilities. In accordance with the settlement agreement, we paid $100 million during the fourth quarter of 2013 and $100 million during the fourth quarter of 2012. We expect to realize cash tax benefits over the next one to four years and payment credits are expected to be used from 2014 through 2017, depending on the level of services we provide to American Airlines. As of December 31, 2012, we recorded the estimated settlement charge of $347 million, or $222 million, net of tax, into our results of operations. See Note 20, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this prospectus.

Dividends

We paid cash dividends on our common stock in the third and fourth quarter of 2014 and expect to continue to pay quarterly cash dividends thereafter. Our board of directors declared cash dividends of $0.09 per share of our common stock, which were paid on September 16, 2014 to shareholders of record as of September 1, 2014, and on December 30, 2014 to shareholders of record as of December 15, 2014. We funded this dividend, and intend to fund any future dividends, from cash generated from our operations. Future cash dividends, if any, will be at the discretion of our board of directors and the amount of cash dividends per share will depend upon, among other things, our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, number of shares of common stock outstanding and other factors the board of directors may deem relevant. The timing and amount of future dividend payments will be at the discretion of our board of directors. See Risk Factors Risks Related to the Offering and our Common Stock Our ability to pay regular dividends to our stockholders is subject to the discretion of our board of directors and may be limited by our holding company structure and applicable provisions of Delaware law.

Redemption of Preferred Stock

Prior to the closing of our initial public offering, we amended our Certificate of Incorporation and exercised our right to redeem all of our Series A Cumulative Preferred Stock. The amendment to our Certificate of Incorporation modified the redemption feature of the Series A Cumulative Preferred Stock to allow for settlement using cash, shares of our common stock or a mix of cash and shares of our common stock. On April 23, 2014, we redeemed all of our outstanding shares of Series A Cumulative Preferred Stock in exchange for 40,343,529 shares of our common stock, which was delivered pro rata to the holders thereof concurrently with the closing of our initial public offering.

Tax Receivable Agreement

Immediately prior to the closing of our initial public offering, we entered into the TRA. Based on current tax laws and assuming that we and our subsidiaries earn sufficient taxable income to realize the full tax benefits subject to the TRA, (i) we expect that future payments under the TRA relating to the Pre-IPO Tax Assets could aggregate to between $330 million and $380 million over the next six years (assuming no changes to current limitations on our ability to utilize our NOLs under Section 382 of the Code), which we estimate will represent approximately 85% to 95% of the total payments we will be required to make under the TRA and (ii) we do not expect material payments to occur before 2016. Payments under the TRA are not conditioned upon the parties continuing ownership of the company.

Political and Economic Environment in Venezuela

Venezuela has imposed currency controls, including volume restrictions on the conversion of bolivars to U.S. dollars, which impact the ability of certain of our airline customers operating in the country to obtain U.S. dollars to make timely payments to us. Consequently, the collection of accounts receivable due to us can be, and has been, delayed. Due to the nature of this delay, we have recorded specific reserves against all outstanding balances due to us and are deferring the recognition of any future revenues effective January 1, 2014 until cash is collected in accordance with our policies. Accordingly, our accounts receivable are subject to a general collection risk, as there can be no assurance that we will be paid from such customers in a timely manner, if at all. We collected approximately $14 million of accounts receivable due to us during the nine months ended September 30, 2014, and had $9 million of accounts receivable outstanding as of September 30, 2014, which will be recognized as revenue when cash is received. We collected an additional $7 million of accounts receivable due to us from October to December 2014. In January 2014, Venezuela announced a dual-foreign exchange rate system, which has effectively devalued the local currency and subjected airlines to an exchange rate for U.S. dollars available at auctions that has been significantly higher than the official exchange rate. In conjunction with the political and economic uncertainty in Venezuela, demand for travel by local consumers has declined. Certain airlines have scaled back operations in response to the reduced demand as well as the currency controls which has impacted our airline customers in Venezuela. As a result, our revenues derived from our Venezuelan operations in 2014 were reduced as compared to our revenues for 2013. During the year ended December 31, 2013, we derived 1% of our total revenue from our airline customers operating in Venezuela.

Working Capital

	As of December 31,			Change	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(Amounts in thousands)				
Current assets					
Cash and cash equivalents	$ 308,236	$ 126,695	$ 58,351	$ 181,541	$ 68,344
Restricted cash	2,359	4,440	8,786	(2,081)	(4,346)
Accounts receivable, net	434,288	417,240	380,729	17,048	36,511
Prepaid expenses and other current assets	53,378	46,020	38,960	7,358	7,060
Current deferred income taxes	41,431	32,938	31,629	8,493	1,309
Other receivables, net	29,511	42,334	77,783	(12,823)	(35,449)
Current assets held for sale			27,624		(27,624)
Assets of discontinued operations	13,624	87,003	144,386	(73,379)	(57,383)
Total current assets	882,827	756,670	768,248	126,157	(11,578)
Current liabilities					
Accounts payable	$ 111,386	$ 124,893	$ 168,307	$ (13,507)	$ (43,414)
Travel supplier liabilities and related deferred revenue	213,504	218,023	203,615	(4,519)	14,408
Accrued compensation and related benefits	117,689	89,439	49,320	28,250	40,119
Accrued incentive consideration	142,767	127,099	114,404	15,668	12,695
Deferred revenues	136,380	137,614	96,936	(1,234)	40,678
Litigation settlement and related deferred revenue	38,920	117,873		(78,953)	117,873
Other accrued liabilities	267,867	245,633	303,018	22,234	(57,385)
Current portion of debt	86,117	23,232	30,150	62,885	(6,918)
Revolving credit facility			82,000		(82,000)
Current liabilities held for sale			34,952		(34,952)
Liabilities of discontinued operations	41,788	101,433	97,028	(59,645)	4,405

Total current liabilities	1,156,418	1,185,239	1,179,730	(28,821)	5,509
Working Capital Deficit	$ (273,591)	$ (428,569)	$ (411,482)	$ 154,978	$ (17,087)

As of December 31, 2013, we had a deficit in our working capital of $274 million, compared to a deficit of $429 million as of December 31, 2012. The decrease in working capital deficit is largely attributable to a $182 million increase in cash as a result of the Incremental Term Loan Facility and a $79 million decrease in other accrued liabilities due to a decrease in litigation settlement payable in connection with our settlement agreement with American Airlines, offset by a $63 million increase in the current portion of debt due to refinancing of our existing senior secured credit facilities in February 2013.

As of December 31, 2012, we had a deficit in our working capital of $429 million, compared to a deficit of $411 million as of December 31, 2011. The increase in working capital deficit is primarily attributable to the recognition of the current portion of litigation charges related to our settlement with American Airlines, partially offset by an increase in cash from bond issuances in May and September 2012 and by the paydown of our Revolver.

Based on the business environment in which we operate, we consider it a normal circumstance for us to operate with a negative working capital. A summary by segment is as follows:

	As of December 31, 2013	
	Accounts Receivable	DSO(1)
	(Amounts in thousands)	
Travel Network	$ 200,454	40
Airline and Hospitality Solutions	153,286	79
Travelocity	79,751	50
Total segment value	433,491	51
Corporate	797	
Total Company	$ 434,288	

(1) Calculated as accounts receivable divided by average daily revenue for the year ended December 31, 2013.

	As of December 31, 2013				
	Accounts Payable	Travel Supplier Liabilities	Accrued Incentive Consideration	Other Accrued Liabilities	Total Operating Liabilities
	(Amounts in thousands)				
Travel Network	$ 59,091	$	$ 142,767	$ 77,587	$ 279,445
Airline and Hospitality Solutions	4,937			49,947	54,884
Travelocity(1)	29,973	213,504		71,647	315,124
Total segments	94,001	213,504	142,767	199,181	649,453
Corporate	17,385			68,686	86,071
Total Company	$ 111,386	$ 213,504	$ 142,767	$ 267,867	$ 735,524

(1) See Travelocity Working Capital below.

Travel Network exhibits seasonal fluctuations in transaction volumes and working capital. Transactions are weighted towards the first nine months of the year, resulting in receivables growth outpacing payables and driving negative cash flows related to working capital. Transactions decrease significantly each year in the fourth quarter, primarily in December. We record a receivable at the date of booking and, because customers generally book their November and December holiday leisure-related travel earlier in the year and business-related travel also declines during the holiday season, receivables are typically lower in the fourth quarter. This results in receivables declining faster than payables and positive cash flows related to working capital during the fourth quarter.

We collect a portion of the receivables from airlines through the Airline Clearing House (ACH) and other similar clearing houses. ACH requires participants to deposit certain balances into their demand deposit accounts by certain deadlines which facilitates a timely settlement process. As of December 31, 2013, 2012 and 2011, approximately 50%, 48% and 46%, respectively, of outstanding receivables for Travel Network were due from customers using ACH. Due in part to the proportion of receivables processed through ACH for Travel Network, such receivables are collected on average in 40 days.

Our Airline and Hospitality Solutions has a lower proportion of its receivables due from customers using ACH. As of December 31, 2013, 2012 and 2011, approximately 20%, 41% and 30%, respectively, of outstanding receivables for Airline and Hospitality Solutions were due from customers who use ACH. Receivables for Airline and Hospitality Solutions are collected on average in 79 days.

Airline and Hospitality Solution days sales outstanding can also be impacted by large upfront billings to new customers which are generally due at the initiation of a contract and result in deferred revenue. The timing of these billings is dependent on individual contractual terms.

Travelocity Working Capital. Travelocity s working capital includes receivables from credit card transactions with customers, which are short in days sales outstanding, and receivables from advertisers on the Travelocity websites which have a longer days sales outstanding. Travelocity s payables primarily include travel supplier liabilities, where we are the merchant of record for credit card processing for travel accommodations. We record the payable to the travel supplier and associated deferred revenue at the time the related travel is booked and paid by the consumer. This liability is not settled until the travel is consumed. See Factors Affecting our Results and Comparability Travelocity.

Travelocity s working capital has been impacted by the Expedia SMA and the sale of TPN. As of September 30, 2014 and December 31, 2013, we had approximately $107 million and $214 million, respectively, in total travel supplier liabilities of which $23 million and $129 million, respectively, represents the liability to travel suppliers in connection with Travelocity.com and TPN. This liability is being extinguished as a result of the Expedia SMA and the sale of TPN as we continue to pay travel suppliers for travel consumed that originated on our technology platforms; however, we will no longer receive cash directly from consumers and will not incur a payable to travel suppliers for new bookings on our balance sheet. Subsequent to the Expedia SMA and the sale of TPN, our Travelocity-related working capital primarily consists of amounts attributable to lastminute.com balances as well as amounts due from Expedia offset by payables for marketing and labor related costs.

On September 30, 2013, Sabre GLBL entered into the Incremental Term Loan Facility in the amount of $350 million. Sabre GLBL has used a portion, and intends to use the remainder, of the proceeds of the Incremental Term Loan Facility for working capital and one-time costs associated with the Expedia SMA and sale of TPN, including the payment of travel suppliers for travel consumed that originated on our technology platforms, and for general corporate purposes. With respect to Travelocity-related working capital, we have used approximately $106 million for the payment of travel suppliers for travel consumed that originated on our technology platforms as described above. In addition, we have used cash of $11 million and $6 million from the Incremental Term Loan Facility during the nine months ended September 30, 2014 and year ended December 31, 2013, respectively, to pay for Travelocity restructuring activities associated with employee termination benefits and other related costs. We did not record any material restructuring charges in our results of operations. See Description of Certain Indebtedness Senior Secured Credit Facilities.

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The table below, which is derived from our consolidated statements of cash flows, shows the changes in our operating assets and liabilities during the years ended December 31, 2013, 2012 and 2011. For a detailed discussion of these changes, see Operating Activities below.

	Year Ended December 31,		
	2013	2012	2011
	(Amounts in thousands)		
Accounts and other receivables	$ (29,150)	$ (2,691)	$ (49,220)
Prepaid expenses and other current assets	(4,480)	(3,374)	8,680
Capitalized implementation costs	(58,814)	(78,543)	(59,109)
Other assets	(64,259)	(8,704)	(52,817)
Accounts payable and other accrued liabilities	(31,064)	13,022	93,735
Pensions and other postretirement benefits	(2,579)	(20,236)	(9,306)
Changes in operating assets and liabilities	$ (190,346)	$ (100,526)	$ (68,037)

We will reclassify and report all of the businesses associated with the Travelocity segment as discontinued operations in our 2014 Annual Report on Form 10-K following the sale of Travelocity.com and the receipt of a binding offer to acquire lastminute.com as the segment was considered held for sale as of December 31, 2014.

Capital Expenditures and Development Projects

Our Adjusted Capital Expenditures for the nine months ended September 30, 2014 and 2013 and the years ended December 31, 2013, 2012 and 2011 were as follows:

	Nine Months Ended September 30,		Year Ended December 31,		
	2014	2013	2013	2012	2011
	(Amounts in thousands)				
Additions to property and equipment	$ 160,385	$ 168,744	$ 226,026	$ 193,262	$ 164,638
Capitalized implementation costs	27,602	48,686	58,814	78,543	59,109
Adjusted Capital Expenditures	$ 187,987	$ 217,430	$ 284,840	$ 271,805	$ 223,747
As a percentage of revenue:					
Additions to property and equipment	7.2%	7.3%	7.4%	6.5%	5.8%
Capitalized implementation costs	1.2%	2.1%	1.9%	2.6%	2.1%
Adjusted Capital Expenditures	8.4%	9.4%	9.3%	9.1%	7.8%

Capitalized costs associated with software developed for internal use represent a significant portion of additions to property and equipment, as we have focused our development resources on developing and enhancing our GDS and our SaaS and hosted systems. Software developed for internal use includes costs incurred to develop or obtain applications, infrastructure and graphics development for our GDS, our SaaS and hosted systems and our websites.

Capitalized implementation costs are upfront costs we incur related to the implementation of new customer contracts under our SaaS and hosted revenue model. In our financial statements, additions to property and equipment are included in Cash flows from investing activities while Capitalized implementation costs are included in Cash flows from operating activities. Development-related costs that were expensed as incurred totaled $284 million, $258 million and $250 million for the years ended December 31, 2013, 2012 and 2011, respectively. Research and development costs approximated $6 million, $4 million and $3 million for the years ended December 31, 2013, 2012 and 2011, respectively. See Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus.

Undistributed Earnings from Foreign Subsidiaries

We consider the undistributed earnings of our foreign subsidiaries as of December 31, 2013 to be indefinitely reinvested and, accordingly, no U.S. income taxes have been provided thereon. As of December 31, 2013, the amount of indefinitely reinvested foreign earnings was approximately $157 million. As of December 31, 2013, $71 million of cash, cash equivalents, and marketable securities were held by our foreign subsidiaries. If such cash, cash equivalents and marketable securities are needed for our operations in the United States, we would be required to accrue and pay taxes on up to $44 million of these funds to repatriate all such cash, cash equivalents and marketable securities. We have not, nor do we anticipate the need to, repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements.

Future Minimum Contractual Obligations

As of December 31, 2013, future minimum payments required under our senior secured credit facilities, senior unsecured notes due 2016 and senior secured notes due 2019 and other indebtedness, the mortgage facility, operating lease agreements with terms in excess of one year for facilities, equipment and software licenses and other significant contractual cash obligations were as follows:

	Payments Due by Period						
Contractual Obligations	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
	(Amounts in thousands)						
Total debt(1)	$ 320,662	$ 315,929	$ 726,845	$ 360,459	$ 244,391	$ 2,855,934	$ 4,824,220
Headquarters mortgage(2)	5,984	5,984	5,984	80,895			98,847
Operating lease obligations(3)	31,450	27,217	23,363	15,435	9,668	25,789	132,922
IT outsourcing agreement(4)	165,983	156,492	135,307	99,305			557,087
Purchase orders(5)	137,456	2,146	1,565				141,167
Letters of credit(6)	65,238	128	1,621			151	67,138
WNS agreement(7)	23,777	24,910					48,687
Other purchase obligations(8)	39,175						39,175
Unrecognized tax benefits(9)							66,620
Total contractual cash obligations(10)	$ 789,725	$ 532,806	$ 894,685	$ 556,094	$ 254,059	$ 2,881,874	$ 5,975,863

(1) Includes all interest and principal related to the 2016 Notes and 2019 Notes. Also included all interest and principal related to borrowings under the term loan facility, the Term Loan C portion of which will mature in 2018 and the Term Loan B portion of which will mature in 2019 and Incremental Term Loan Facility, a portion of which will mature in 2019. Under certain circumstances, we are required to pay a percentage of the excess cash flow, if any, generated each year to our lenders which obligation is not reflected in the table above. Interest on the term loan is based on the LIBOR rate plus a base margin and includes the effect of interest rate swaps. For purposes of this table, we have used projected LIBOR rates for all future periods. See Note 11, Debt, to our audited consolidated financial statements included elsewhere in this prospectus. We used a portion of the net proceeds from our initial public offering to repay $296 million of our outstanding indebtedness under the Term Loan C and to redeem $320 million aggregate principal amount of the 2019 Notes at a redemption price of 108.5% of the principal amount of the 2019 Notes redeemed, plus accrued and unpaid interest to, but excluding,

the date of redemption.

(2) Includes all interest and principal related to our $85 million Mortgage Facility, which matures on March 1, 2017. See Note 11, Debt, to our audited consolidated financial statements included elsewhere in this prospectus.

(3) We lease approximately two million square feet of office space in 97 locations in 47 countries. Lease payment escalations are based on fixed annual increases, local consumer price index changes or market rental reviews. We have renewal options of various term lengths at 65 locations, and we have no purchase options and no restrictions imposed by our leases concerning dividends or additional debt.

(4) Represents minimum amounts due to HP under the terms of an outsourcing agreement through which HP manages a significant portion of our information technology systems.

(5) Purchase obligations represent an estimate of all open purchase orders and contractual obligations in the ordinary course of business for which we have not received the goods or services as of December 31, 2013.

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Although open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule and adjust our requirements based on our business needs prior to the delivery of goods or performance of services.

(6) Our letters of credit consist of stand-by letters of credit, underwritten by a group of lenders, which we primarily issue for certain regulatory purposes as well as to certain hotel properties to secure our payment for hotel room transactions. The contractual expiration dates of these letters of credit are shown in the table above. There were no claims made against any stand-by letters of credit during the years ended December 31, 2013, 2012 and 2011.

(7) Represent expected payments to WNS Global Services, an entity to which we outsource a portion of our Travelocity contact center operations and back-office fulfillment though 2015. The expected payments are based upon current and historical transactions. We anticipate the 2015 volumes will be reduced as a result of our agreement with Expedia.

(8) Consist primarily of minimum payments due under various marketing agreements, management services monitoring fees and media strategy, planning and placement agreements.

(9) Unrecognized tax benefits include associated interest and penalties. The timing of related cash payments for substantially all of these liabilities is inherently uncertain because the ultimate amount and timing of such liabilities is affected by factors which are variable and outside our control.

(10) Excludes pension obligations (see Note 9, Pension and Other Postretirement Benefit Plans, to our audited consolidated financial statements included elsewhere in this prospectus), the Redemption and payments to the Pre-IPO Existing Stockholders under the TRA.

On February 20, 2014, we entered into the Repricing Amendments, one of which reduced the Term Loan B s applicable margin for Eurocurrency and Base rate borrowings to 3.25% and 2.25%, respectively, with a step down to 3.00% and 2.00%, respectively, if the Senior Secured Leverage Ratio is less than or equal to 3.25 to 1.00. It also reduced the Eurocurrency rate floor to 1.00% and the Base rate floor to 2.00%. In the second quarter of 2014, we used the proceeds from our initial public offering to repay (i) $296 million aggregate principal amount of our Term Loan C (see Senior Secured Credit Facilities) and (ii) $320 million aggregate principal amount of our senior secured notes due 2019 at a redemption price of 108.5% of the principal amount. As of September 30, 2014, future minimum payments required under our senior secured credit facilities, senior unsecured notes due 2016 and senior secured notes due 2019 were as follows:

	Total Debt Payments (1)
Three months ending December 31, 2014	$ 47,522
2015	181,840
2016	576,329
2017	228,384
2018	180,253
Thereafter	2,516,077
Total	$ 3,730,405

(1) Excludes all interest and principal related to our mortgage facility. Includes all interest and principal related to the senior unsecured notes due 2016 and the senior secured notes due 2019. Also includes all interest and principal related to borrowings under the senior secured credit facility, the Term Loan C

portion of which will mature in 2017, the Term Loan B portion of which will mature in 2019 and the Incremental Term Loan Facility portion of which will mature in 2019. Under certain circumstances, we may be required to pay a percentage of the excess cash flow, if any, generated each year to our lenders which obligation is not reflected in the table above. Interest on the term loan is based on LIBOR plus an applicable margin and includes the effect of interest rate swaps. For purposes of this table, we have used projected LIBOR rates for all future periods. See Note 7, Debt, to our unaudited consolidated financial statements included elsewhere in this prospectus.

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Immediately prior to the closing of our initial public offering, we entered into the TRA. Based on current tax laws and assuming that we and our subsidiaries earn sufficient taxable income to realize the full tax benefits subject to the TRA, (i) we expect that future payments under the TRA relating to the Pre-IPO Tax Assets could aggregate to between $330 million and $380 million over the next six years (assuming no changes to current limitations on our ability to utilize our NOLs under Section 382 of the Code), which we estimate will represent approximately 85% to 95% of the total payments we will be required to make under the TRA and (ii) we do not expect material payments to occur before 2016. Payments to the recipients under the TRA are not conditioned upon the recipient continuing to be an equity holder in the Company.

As of September 30, 2014, purchase orders for the next twelve months totaled $143 million and were not material in the years thereafter. There were no other material changes to our future minimum contractual obligations as of December 31, 2013.

Cash Flows

	Nine months ended September 30,		Year Ended December 31,		
	2014	**2013**	**2013**	**2012**	**2011**
	(Amounts in thousands)				
Cash provided by operating activities	$ 121,679	$ 252,062	$ 157,188	$ 312,336	$ 356,444
Cash used in investing activities	(191,949)	(189,220)	(246,502)	(236,034)	(176,260)
Cash (used in) provided by financing activities	(59,289)	274,717	262,172	(25,120)	(271,540)
Cash (used in) provided by discontinued operations	(21,664)	26,854	6,400	12,845	(29,791)
Effect of exchange rate changes on cash and cash equivalents	734	480	2,283	4,318	2,976
(Decrease) increase in cash and cash equivalents	$ (150,489)	$ 364,893	$ 181,541	$ 68,345	$ (118,171)

Operating Activities

Cash provided by operating activities for the nine months ended September 30, 2014 was $122 million and consisted of net income of $25 million, adjustments for non-cash and other items of $342 million and a decrease in cash from changes in operating assets and liabilities of $245 million. The adjustments for non-cash and other items consist primarily of $230 million of depreciation and amortization, $34 million loss on extinguishment of debt, $33 million in amortization of upfront incentive consideration, $22 million stock-based compensation expense and $8 million of losses from discontinued operations, partially offset by $9 million of joint venture equity income. The decrease in cash from changes in operating assets and liabilities of $245 million was primarily the result of a $58 million increase in accounts receivable due to seasonality, $58 million increase in other assets primarily due to a $50 million payment made to American Airlines in conjunction with the new Airlines Solutions contract, $32 million used for upfront incentive consideration, $28 million used for capitalized implementation costs, a $32 million decrease in accounts payable and other accrued liabilities and a $23 million decrease in accrued compensation and related benefits. The decrease in accounts payable and other accrued liabilities was due to the payment of travel supplier liabilities for Travelocity North America of $106 million as a result of the change in Travelocity s business model and sale of TPN, partially offset by an increase in deferred revenue and trade payables.

Cash provided by operating activities for the nine months ended September 30, 2013 was $252 million and consisted of net loss of $125 million, adjustments for non-cash and other items of $436 million and a decrease in cash of $58 million from changes in operating assets and liabilities. The adjustments for non-cash and other items consist primarily of $230 million of depreciation and amortization, $138 million of goodwill impairment charges, $29 million in amortization of upfront incentive consideration, $14 million of debt modification costs, $12 million of loss on extinguishment of debt and $21 million of losses from discontinued operations, partially offset by $19 million of deferred taxes. The decrease in cash of $58 million from changes in operating assets and liabilities was primarily the result of an increase in other assets of $63 million due to increases in deferred customer discounts, $49 million used for capitalized implementation costs, an increase of $46 million in accounts receivables in all of our segments due to seasonality and $27 million used for upfront incentive consideration. These decreases were partially offset by an increase of $110 million in accounts payable and other accrued liabilities primarily due to seasonality in travel supplier liabilities.

Cash provided by operating activities for the year ended December 31, 2013 was $157 million and consisted of net loss of $98 million, adjustments for non-cash and other items of $445 million and a decrease in cash from changes in operating assets and liabilities of $190 million. The adjustments for non-cash and other items consist primarily of $308 million of depreciation and amortization, $138 million of impairment charges and $4 million in restructuring charges, partially offset by $65 million of deferred income taxes and $16 million of joint venture equity income. The decrease in cash from changes in operating assets and liabilities of $190 million was primarily the result of a $64 million increase in other assets due to increases in deferred customer discounts and deferred upfront incentive consideration, $59 million used for capitalized implementation costs, a $31 million decrease in accounts payable and accrued liabilities due to a $100 million litigation settlement payment that was partially offset by an increase in restructuring related accruals and other accrued liabilities, and a $29 million increase in accounts receivable due to the timing of collections.

Cash provided by operating activities for the year ended December 31, 2012 was $312 million and consisted of net loss of $671 million, adjustments for non-cash and other items of $1,083 million and a decrease in cash of $101 million from changes in operating assets and liabilities. The adjustments for non-cash and other items consist primarily of $573 million of impairment charges, $345 million of litigation charges, $316 million of depreciation and amortization, and $49 million of losses from discontinued operations, partially offset by $232 million of deferred taxes. The decrease in cash of $101 million from changes in operating assets and liabilities was primarily the result of $79 million used for capitalized implementation costs and $20 million used for pension and other postretirement benefits. These decreases were partially offset by an increase of $13 million in accounts payable and accrued liabilities.

Cash provided by operating activities for the year ended December 31, 2011 was $356 million and consisted of net loss of $103 million, adjustments for non-cash and other items of $527 million and a decrease in cash of $68 million from changes in operating assets and liabilities. The adjustments for non-cash and other items consist primarily of $293 million of depreciation and amortization, $185 million of impairment charges, and $34 million of deferred taxes, partially offset by $27 million of joint venture equity income. The decrease in cash of $68 million from changes in operating assets and liabilities was primarily the result of $59 million used for capitalized implementation costs and a $49 million increase in accounts receivable due to higher revenue and the timing of collections, partially offset by an increase of $94 million in accounts payable and accrued liabilities which was primarily the due to the timing of vendor payments.

Investing Activities

For the nine months ended September 30, 2014, we used cash of $160 million on capital expenditures, including $134 million related to software developed for internal use, $7 million related to software developed for sale and $19 million related to purchases of property, plant and equipment.

For the nine months ended September 30, 2013, we used cash of $169 million on capital expenditures, including $144 million related to software developed for internal use and $24 million related to purchases of property, plant and equipment. In addition, we paid contingent consideration of $27 million related to the acquisition of PRISM in 2012 and we received $10 million in proceeds from the sale of TBiz.

For the year ended December 31, 2013, we used cash of $247 million for investing activities. Significant highlights of our investing activities included:

- we spent $226 million on capital expenditures, including $192 million related to software developed for internal use and $34 million related to purchases of property, plant and equipment;

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- we spent $27 million on contingent consideration related to the 2012 PRISM acquisition; and
- we received $10 million in proceeds on the sale of TBiz

For the year ended December 31, 2012, we used cash of $236 million for investing activities. Significant highlights of our investing activities included:

- we spent $193 million on capital expenditures, including $153 million related to software developed for internal use and $40 million related to purchases of property, plant and equipment;
- we spent $66 million, net of cash acquired, to acquire PRISM for Airline and Hospitality Solutions; and
- we received $27 million in proceeds on the sale of Sabre Pacific.

For the year ended December 31, 2011, we used cash of $176 million for investing activities. Significant highlights of our investing activities included:

- we spent $165 million on capital expenditures, including $118 million related to software developed for internal use and $47 million related to purchases of property, plant and equipment; and
- we spent $11 million, net of cash acquired, to acquire SoftHotel for Airline and Hospitality Solutions and Zenon N.D.C., Limited in Cyprus for Travel Network.

Financing Activities

Immediately prior to the closing of our initial public offering, we entered into the TRA. Based on current tax laws and assuming that we and our subsidiaries earn sufficient taxable income to realize the full tax benefits subject to the TRA, (i) we expect that future payments under the TRA relating to the Pre-IPO Tax Assets could aggregate to between $330 million and $380 million over the next six years (assuming no changes to current limitations on our ability to utilize our NOLs under Section 382 of the Code), which we estimate will represent approximately 85% to 95% of the total payments we will be required to make under the TRA and (ii) we do not expect material payments to occur before 2016. Payments to the recipients under the TRA are not conditioned upon the recipient continuing to be an equity holder in the Company.

Different timing rules will apply to payments under the TRA to be made to Pre-IPO Award Holders. Such payments will generally be deemed invested in a notional account rather than made on the scheduled payment dates, and the account will be distributed on the fifth anniversary of the initial public offering, together with an amount equal to the net present value of such Award Holder s future expected payments, if any, under the TRA. Moreover, payments to holders of stock options that were unvested prior to the completion of our initial public offering are subject to vesting on the same schedule as such holder s unvested stock options.

For the nine months ended September 30, 2014, we used $59 million for financing activities. Significant highlights of our financing activities include:

we entered into the Repricing Amendments which resulted in proceeds of $148 million from new lenders which were utilized to repay prior lenders. There was no net change in our outstanding indebtedness as a result of the Repricing Amendments;

we raised $672 million net proceeds from our initial public offering and utilized the net proceeds to repay $296 million aggregate principal amount of our Term Loan C and $320 million aggregate principal amount of our 2019 Notes;

we paid down $32 million of the term loan outstanding as part of quarterly principal repayments;

we paid $30 million in debt-related costs including a $27 million prepayment fee on our 2019 Notes;

we paid $27 million in contingent consideration associated with our acquisition of PRISM in 2012; and

we paid $24 million in dividends on our common stock.

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For the nine months ended September 30, 2013, we generated $275 million from financing activities. Significant highlights of our financing activities included:

- we raised $2,540 million through the issuance of the Term Loan B and Term Loan C;
- we utilized $2,178 million of the Term Loan B and Term Loan C proceeds to pay down term loans under our prior senior credit facility;
- we incurred $19 million in debt issuance and third-party debt modification costs; and
- we paid down $61 million of the term loan outstanding as part of quarterly principal repayments.

For the year ended December 31, 2013, we had a $262 million cash inflow for financing activities. Significant highlights of our financing activities included:

- we raised $2,190 million through the issuance of the Term Loan B and Term Loan C;
- we raised $350 million through the issuance of the Incremental Term Loan Facility;
- we utilized $2,178 million of the Term Loan B and Term Loan C proceeds to pay down the initial, extended and incremental term loans;
- we incurred $19 million in debt issuance and third-party debt modification costs; and
- we paid down $82 million of the term loan outstanding as part of quarterly mandatory prepayments.

For the year ended December 31, 2012, we used $25 million for financing activities. Significant highlights of our financing activities included:

- on a net basis, we repaid $82 million under the Revolver;
- we raised $400 million through the issuance of 8.5% senior secured notes due in 2019 and utilized $272 million of the proceeds to pay down a portion of the extended term loan;

- we paid off $15 million of the term loan outstanding as part of quarterly mandatory prepayments over the first half of 2012;

- we paid down $773 million of our Initial Term Loan maturing 2014 through the issuance of $375 million Incremental Term Loan maturing 2017 and $400 million of 8.5% senior secured notes due 2019;

- we paid $43 million for debt modification costs; and

- we made a $6 million payment on outstanding term loans.

For the year ended December 31, 2011, we used $272 million for financing activities. We paid down $324 million of principal on our unsecured notes which matured on August 1, 2011, we repaid $30 million under the senior secured notes and on a net basis, and we borrowed $82 million under the Revolver.

Off Balance Sheet Arrangements

We had no off balance sheet arrangements during the nine months ended September 30, 2014 and years ended December 31, 2013, 2012 and 2011.

Recent Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board (FASB) issued guidance on management s responsibility in the evaluation and disclosures of going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of the company s ability to continue as a going concern within one year of the date the financial statements are issued. If substantial doubt exists in the company s ability to continue as a going concern, certain disclosures are required to be provided. The standard is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. We do not believe that the adoption will have a material impact on our consolidated financial statements.

In June 2014, the FASB issued final guidance that a performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition. The guidance was issued to resolve diversity in practice. The standard is effective for annual and interim reporting periods beginning after December 15, 2015. We do not believe that the adoption will have a material impact on our consolidated financial statements.

In May 2014, the FASB issued a comprehensive update to revenue recognition guidance that will replace current standards. Under the updated standard, revenue is recognized when a company transfers promised goods or services to customers in an amount that reflects the consideration that is expected to be received for those goods and services. The updated standard also requires additional disclosures on the nature, timing, and uncertainty of revenue and related cash flows. The standard is effective for annual and interim reporting periods beginning after December 15, 2016. We are currently evaluating the impact this standard will have on our consolidated financial statements.

In April 2014, the FASB issued updated guidance that raises the threshold for disposals to qualify as discontinued operations and allows companies to have significant continuing involvement and continuing cash flows with the discontinued operations. The standard also requires additional disclosures for discontinued operations and new disclosures for individually material disposal transactions that do not meet the definition of a discontinued operation. The standard is effective for annual and interim reporting periods beginning in 2015. Early adoption is permitted in certain circumstances. We do not believe that the adoption will have a material impact on our consolidated financial statements.

In February 2013, the FASB issued guidance regarding the reporting of amounts reclassified out of accumulated other comprehensive income (OCI) to net income. The standard requires companies to disclose the individual income statement line items in which the accumulated other comprehensive income amounts have been reclassified. Additionally, a tabular reconciliation of amounts recorded to other comprehensive income for the period is required. We have incorporated the new disclosure guidance on the reclassification of accumulated other comprehensive income into the footnotes to our consolidated financial statements.

In January 2013, the FASB issued updated guidance on when it is appropriate to reclassify currency translation adjustments (CTA) into earnings. This guidance is intended to reduce the diversity in practice in accounting for CTA when an entity ceases to have a controlling interest in a subsidiary group or group of assets that is a business within a foreign entity and when there is a loss of a controlling financial interest in a foreign entity or a step acquisition. The standard is effective for annual and interim reporting periods for fiscal years beginning after December 15, 2013. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In December 2011, the FASB issued guidance enhancing the disclosure requirements about the nature of an entity s right to offset and related arrangements associated with its financial and derivative instruments. The new guidance requires the disclosure of the gross amounts subject to rights of set-off, amounts offset in accordance with the accounting standards followed, and related net exposure. In January 2013, the FASB issued revised guidance clarifying that the scope of this guidance applies to derivatives, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions that are either offset or subject to an enforceable master netting arrangement, or similar arrangement. Our adoption of this guidance did not have a material impact on our consolidated financial statements.

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Critical Accounting Policies

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect our reported assets and liabilities, revenues and expenses and other financial information. Actual results may differ significantly from these estimates, and our reported financial condition and results of operations could vary under different assumptions and conditions. In addition, our reported financial condition and results of operations could vary due to a change in the application of a particular accounting standard.

Our accounting policies that include significant estimates and assumptions include: (i) estimation of the revenue recognition for software development, (ii) collectability of accounts receivable, (iii) amounts for future cancellations of bookings processed through our GDS, (iv) determination of the fair value of assets and liabilities acquired in a business combination, (v) determination of the fair value of derivatives, (vi) determination of the fair value of our stock and related stock compensation expense, (vii) the evaluation of the recoverability of the carrying value of intangible assets and goodwill, (viii) assumptions utilized in the determination of pension and other postretirement benefit liabilities, (ix) assumptions made in the calculation of restructuring liabilities and (x) the evaluation of uncertainties surrounding the calculation of our tax assets and liabilities. We regard an accounting estimate underlying our financial statements as a critical accounting estimate if the accounting estimate requires us to make assumptions about matters that are uncertain at the time of estimation and if changes in the estimate are reasonably likely to occur and could have a material effect on the presentation of financial condition, changes in financial condition, or results of operations.

We have included below a discussion of the accounting policies involving material estimates and assumptions that we believe are most critical to the preparation of our financial statements, how we apply such policies and how results differing from our estimates and assumptions would affect the amounts presented in our financial statements. We have discussed the development, selection and disclosure of these accounting policies with our audit committee. Although we believe these policies to be the most critical, other accounting policies also have a significant effect on our financial statements and certain of these policies also require the use of estimates and assumptions. For further information about our significant accounting policies, see Note 2, Summary of Significant Accounting Policies, to our audited consolidated financial statements included elsewhere in this prospectus.

SaaS and Hosted Revenue Model

Our revenue recognition for Airline and Hospitality Solutions includes SaaS and hosted transactions which are sometimes sold as part of agreements which also require us to provide consulting and implementation services. Due to the multiple element arrangement, revenue recognition sometimes involves judgment, including estimates of the selling prices of goods and services, assessments of the likelihood of nonpayment and estimates of total costs and costs to complete a project.

The consulting and implementation services are generally performed in the early stages of the agreements. We evaluate revenue recognition for agreements with customers which generally are represented by individual contracts but could include groups of contracts if the contracts are executed at or near the same time. Typically, our consulting services are separated from the implementation and software hosting services. We account for separable elements on an individual basis with value assigned to each element based on its relative selling price. A comprehensive market analysis is performed on an annual basis to determine the range of selling prices for each product and service. In making these judgments we analyze various factors, including competitive landscapes, value differentiators, continuous monitoring of market prices, customer segmentation and overall market and economic conditions. Based on these results, estimated selling prices are set for each product and service delivered to customers. Changes in judgments related to these items, or deterioration in industry or general economic conditions, could materially impact the timing and amount of revenue and costs recognized. The revenue for consulting services is generally recognized as the services are performed, and the revenue for the implementation and the SaaS and hosted services is recognized ratably over the term of the agreement.

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Accounts Receivable and Air Booking Cancellation Reserve

We evaluate the collectability of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer s inability to meet its financial obligations to us (e.g., bankruptcy filings, failure to pay amounts due to us or others), we record a specific reserve for bad debts against amounts due to reduce the net recorded receivable to the amount we reasonably believe will be collected. For all other customers, we record reserves for bad debts based on past write-off history (average percentage of receivables written off historically) and the length of time the receivables are past due.

Transaction revenue for airline travel reservations is recognized by Travel Network at the time of the booking of the reservation, net of estimated future cancellations. Cancellations prior to the day of departure are estimated based on the historical level of cancellations rates, adjusted to take into account any recent factors which could cause a change in those rates. In circumstances where expected cancellation rates or booking behavior changes, our estimates are revised, and in these circumstances, future cancellation rates could vary materially, with a corresponding variation in revenue net of estimated future cancellations. Factors that could have a significant effect on our estimates include global security issues, epidemics or pandemics, natural disasters, general economic conditions, the financial condition of travel suppliers, and travel related accidents.

Business Combinations

Authoritative guidance for business combinations requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and, as a result, actual results may differ from estimates.

Accounting for business combinations requires our management to make significant estimates and assumptions, especially at the acquisition date including our estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies and contingent consideration, where applicable. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Examples of critical estimates in valuing certain of the intangible assets we have acquired include, but are not limited to: future expected cash flows from software sales through the SaaS model, support agreements, consulting contracts, other customer contracts, acquired developed technologies and patents; the acquired company s brand and competitive position, as well as assumptions about the period of time the acquired brand will continue to be used in the combined company s product portfolio; and discount rates. Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

For a given acquisition, we may identify certain pre-acquisition contingencies as of the acquisition date and may extend our review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess whether we include these contingencies as a part of the fair value estimates of assets acquired and liabilities assumed and, if so, to determine their estimated amounts. If we cannot reasonably determine the fair value of a pre-acquisition contingency (non-income tax related) by the end of the measurement period, which is generally the case given the nature of such matters, we will recognize an asset or a liability for such pre-acquisition contingency if: (i) it is probable that an asset existed or a liability had been incurred at the acquisition date and (ii) the amount of the asset or liability can be reasonably estimated. Subsequent to the measurement period, changes in our estimates of such contingencies will affect earnings and could have a material effect on our results of operations and financial position.

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Depending on the circumstances, the fair value of contingent consideration is determined based on management s best estimate of fair value given the specific facts and circumstances of the contractual arrangement, considering the likelihood of payment, payment terms and management s best estimates of future performance results on the acquisition date, if applicable.

In addition, uncertain tax positions and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. We reevaluate these items quarterly based upon facts and circumstances that existed as of the acquisition date with any adjustments to our preliminary estimates being recorded to goodwill if identified within the measurement period. Subsequent to the measurement period or our final determination of the tax allowance s or contingency s estimated value, whichever comes first, changes to these uncertain tax positions and tax-related valuation allowances will affect our provision for income taxes in our consolidated statement of operations and could have a material impact on our results of operations and financial position.

Goodwill and Long-Lived Assets

We evaluate goodwill for impairment on an annual basis or when impairment indicators exist. We begin our evaluation with a qualitative assessment of whether it is more likely than not that a reporting unit s fair value is less than its carrying value before applying the two-step goodwill impairment model described below. If it is determined through the qualitative assessment that a reporting unit s fair value is more likely than not greater than its carrying value, the remaining impairment steps are unnecessary. Otherwise, we perform a comparison of the estimated fair value of the reporting unit to which the goodwill has been assigned to the sum of the carrying value of the assets and liabilities of that unit. If the sum of the carrying value of the assets and liabilities of a reporting unit exceeds the estimated fair value of that reporting unit, the carrying value of the reporting unit s goodwill is reduced to its implied fair value through an adjustment to the goodwill balance, resulting in an impairment charge. Goodwill was assigned to each reporting unit based on that reporting unit s percentage of enterprise value as of the date of the acquisition of Sabre Corporation (formerly known as Sovereign Holdings, Inc.) by TPG and Silver Lake plus goodwill associated with acquisitions since that time. We have identified six reporting units which include Travelocity North America, Travelocity Europe, Travelocity Asia Pacific, Travel Network, Airline Solutions and Hospitality Solutions. The Travelocity Asia Pacific reporting unit was sold in 2012.

The fair values used in our evaluation are estimated using a combined approach based upon discounted future cash flow projections and observed market multiples for comparable businesses. The cash flow projections are based upon a number of assumptions, including risk-adjusted discount rates, future booking and transaction volume levels, future price levels, rates of growth in our consumer and corporate direct booking businesses and rates of increase in operating expenses, cost of revenue and taxes. Additionally, in accordance with authoritative guidance on fair value measurements, we made a number of assumptions, including assumptions related to market participants, the principal markets and highest and best use of the reporting units. We have recognized goodwill impairment charges of $136 million, $129 million, and $185 million for the years ended December 31, 2013, 2012 and 2011, respectively. The goodwill impairment charges were associated with Travelocity which has no remaining goodwill as of December 31, 2013. Goodwill related to our other reporting units was $2,138 million as of December 31, 2013. Changes in the assumptions used in our impairment testing may result in future impairment losses which could have a material impact on our results of operations. A change of 10% in the future cash flow projections, risk-adjusted discount rates, and rates of growth used in our fair value calculations would not result in impairment of the remaining goodwill for any of our reporting units.

Definite-lived intangible assets are assigned depreciable lives of four to thirty years, depending on classification, and are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of definite-lived intangible assets used in combination to generate cash flows largely independent of other assets may not be recoverable. If impairment indicators exist for definite-lived intangible assets, the undiscounted future cash flows associated with the expected service potential of the assets are compared to the carrying value of the assets. If our projection of undiscounted future cash flows is in excess of the carrying value of the intangible assets, no impairment charge is recorded. If our projection of undiscounted cash flows is less than the carrying value of the intangible assets, an impairment charge is recorded to reduce the intangible assets to fair value. We also evaluate the need for additional impairment disclosures based on our Level 3 inputs. For fair value measurements categorized within Level 3 of the fair value hierarchy, we disclose the valuation processes used by the reporting entity.

The most significant assumptions used in the discounted cash flows calculation to determine the fair value of our reporting units in connection with impairment testing include: (i) the discount rate, (ii) the expected long-term growth rate and (iii) annual cash flow projections. See Note 13, Fair Value Measurements, to our audited consolidated financial statements included elsewhere in this prospectus.

Equity-Based Compensation

We account for our stock awards and options by recognizing compensation expense, measured at the grant date based on the fair value of the award net of estimated forfeitures, on a straight-line basis over the award vesting period.

Stock Options

We measure the value of stock-option awards at the grant date fair value as calculated by the Black-Scholes option-pricing model which requires the input of highly subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock prior to our initial public offering, risk-free interest rates, and the expected dividend yield of our common stock. The assumptions used in our option-pricing model represent management s best estimates. These estimates involve inherent uncertainties and the application of management s judgment. If these assumptions change and different factors are used, our stock-based compensation expense could be materially different in the future. These estimates are not necessary to determine the fair value of new awards now that the underlying awards are trading publicly. These assumptions are as follows:

Fair value of our common stock. Prior to our initial public offering, we estimated the fair value of common stock as discussed in Common Stock Valuation below.

Expected term. The expected term is estimated using the simplified method. The simplified method calculates the expected term as the average of the time to vesting and the contractual life of the option.

Volatility. As we did not have a trading history for our common stock prior to our initial public offering, the expected stock price volatility for our common stock was estimated by taking the average of the median historic price volatility and the median implied volatility of traded stock options for industry peers based on daily price observations over a period equivalent to the expected term of the stock option grants. Industry peers consist of several public companies in the technology industry similar in size, stage of life cycle and financial leverage. We intend to continue to consistently apply this process using the same or similar public companies until a sufficient amount of historical information regarding the volatility of our own share price becomes available, or unless circumstances change such that the identified companies are no longer similar to us, in which case, more suitable companies whose share prices are publicly available would be used in the calculation.

Risk-free rate. The risk-free interest rate is based on the yields of U.S. Treasury securities with maturities appropriate for the term of employee options.

Dividend yield. Prior to the third quarter of 2014, we did not pay cash dividends and we used an expected dividend yield of zero.

If any of the assumptions used in the Black-Scholes option-pricing model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. The fair value of the stock options granted during the year ended December 31, 2013 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

Implied volatility	30.75%
Expected life (in years)	6.11
Risk free interest rate	1.53%
Dividend yield	0.00%

Restricted Stock

Restricted stock is measured based on the fair market value of the underlying stock on the date of the grant. Shares of Sabre Corporation common stock are delivered on the vesting dates with the applicable statutory tax withholding requirements to be satisfied per the terms of the Sovereign Holdings, Inc. Restricted Stock Grant Agreement.

Common Stock Valuation

The fair value of the common stock underlying our stock-based awards was determined by the audit committee of our board of directors, with input from management and contemporaneous third-party valuations. We believe that the audit committee of our board of directors has the relevant experience and expertise to determine the fair value of our common stock. As described below, the exercise price of our share-based awards was determined by the audit committee of our board of directors based on input from management and the most recent contemporaneous third-party valuation as of the grant date. Given the absence of a public trading market of our common stock prior to our initial public offering, and in accordance with the American Institute of Certified Public Accountants Accounting and Valuation Guide: *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, the audit committee of our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- contemporaneous valuations of our common stock performed by an unrelated third-party valuation specialist;
- our historical and projected operating and financial results, including capital expenditures;
- current business conditions and performance, including dispositions and discontinued operations;
- the market performance and financial results of comparable publicly-traded companies;
- amounts of indebtedness;
- the rights, preferences and privileges of our outstanding preferred stock and accumulated dividends;

industry or company-specific considerations;

likelihood of achieving a liquidity event, such as an initial public offering or a sale of the company;

lack of marketability of our common stock; and

the U.S. and global capital market conditions

The nature of the material assumptions and estimates considered, to determine the fair market value of our common stock are highly complex and subjective.

In valuing our common stock through December 31, 2013, the audit committee of our board of directors determined the business enterprise value (BEV) of our business generally using the income approach and the market approach using the market comparable method.

The income approach estimates fair value based on the expectation of future cash flows that a company will generate such as cash earnings, cost savings, tax deductions, and the proceeds from disposition of assets. These future cash flows are discounted to their present values using a discount rate which reflects the risks inherent in our cash flows. This approach requires significant judgment in estimating projected growth rates and cost trends and in determining a discount rate adjusted for the risks associated with our business.

The market comparable method estimates fair value based on a comparison of the subject company to comparable public companies in similar lines of business. From the comparable companies, a representative market value multiple is determined which is applied to the subject company s operating results to estimate the value of the subject company. In our valuations, the multiple of the comparable companies was determined using a ratio of the market value of invested capital to projected revenue and/or earnings before interest, taxes and depreciation and amortization for the current and following year. Our peer group of companies included a number of market leaders in transaction processing, travel distribution, SaaS and software and internet related businesses similar to, or adjacent to our own business. The market comparable method requires judgment in selecting the public companies that are most similar to our business and in the application of the relevant market multiples to our financial performance metrics. We have from time to time updated the set of comparable companies utilized as new or more relevant information became available, including changes in the market and our business models and input from third party market experts.

Once we determine our BEV under each approach, we apply a weighting to the income approach and the market approach primarily based on the relevance of the peer companies chosen for the market approach analysis as well as other relevant factors. We then reduce the BEV by our total net debt and total redeemable preferred stock value to arrive at the estimated fair value of our common stock. Based on this information, the audit committee of our board of directors makes the final determination of the estimated fair value of our equity and common stock.

Pension and Other Postretirement Benefits

We sponsor the Sabre Inc. Legacy Pension Plan (LPP), which is a tax-qualified defined benefit pension plan for employees meeting certain eligibility requirements. The LPP was amended to freeze pension benefit accruals as of December 31, 2005, so that no additional pension benefits are accrued after that date. We also sponsor a defined benefit pension plan for certain employees in Canada.

Pension and other postretirement benefits for defined benefit plans are actuarially determined and affected by assumptions which include, among other factors, the discount rate and the estimated future return on plan assets. In conjunction with outside actuaries, we evaluate the assumptions on a periodic basis and make adjustments as necessary.

The discount rate used in the measurement of our benefit obligations as of December 31, 2013 and December 31, 2012 is as follows:

	Pension Benefits December 31,		**Other Benefits December 31,**	
	2013	**2012**	**2013**	**2012**
Weighted-average discount rate	5.10%	4.19%	0.55%	2.07%

The LPP plan is valued annually as of the beginning of each fiscal year. The principal assumptions used in the measurement of our net benefit costs for the three years ended December 31, 2013, 2012 and 2011 are as follows:

	Pension Benefits			Other Benefits		
	2013	2012	2011	2013	2012	2011
Discount rate	4.19%	5.32%	5.88%	1.16%	2.32%	2.69%
Expected return on plan assets	7.75%	7.75%	7.75%			

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Our discount rate is determined based upon the review of year-end high quality corporate bond rates. Lowering the discount rate by 50 bps as of December 31, 2013 would increase our pension and postretirement benefits obligations by approximately $21 million and a nominal amount, respectively, and decrease 2014 pension expense and estimated postretirement benefits expense by nominal amounts.

The expected return on plan assets is based upon an evaluation of our historical trends and experience taking into account current and expected market conditions and our target asset allocation of 25% U.S. equities, 25% non-U.S. equities, 43% long duration fixed income, 5% real estate and 2% cash equivalents. The expected return on plan assets component of our net periodic benefit cost is calculated based on the fair value of plan assets and our target asset allocation. We monitor our actual asset allocation and believe that our long-term asset allocation will continue to approximate the target allocation. Lowering the expected long-term rate of return on plan assets by 50 bps as of December 31, 2013 would increase 2014 pension expense by approximately $2 million.

Derivative Instruments

We use derivative instruments as part of our overall strategy to manage our exposure to market risks primarily associated with fluctuations in foreign currency and interest rates. As a matter of policy, we do not use derivatives for trading or speculative purposes. We determine the fair value of our derivative instruments using pricing models that use inputs from actively quoted markets for similar instruments and other inputs which require judgment. These amounts include fair value adjustments related to our own credit risk and counterparty credit risk. Subsequent to initial recognition, we adjust the initial fair value position of the derivative instruments for the creditworthiness of the banking counterparty (if the derivative is an asset) or for our own creditworthiness (if the derivative is a liability). This adjustment is calculated based on the default probability of the banking counterparty and on our default probability, as applicable, and is obtained from active credit default swap markets and is then applied to the projected cash flows.

Restructuring Activities

Restructuring charges are typically comprised of employee severance costs, costs of consolidating duplicate facilities and contract termination costs. Restructuring charges are based upon plans that have been committed to by our management, but may be refined in subsequent periods. A liability for costs associated with an exit or disposal activity is recognized and measured at its fair value in our consolidated statement of operations in the period in which the liability is incurred. When estimating the fair value of facility restructuring activities, assumptions are applied regarding estimated sub-lease payments to be received, which can differ materially from actual results. This may require us to revise our initial estimates which may materially affect our results of operations and financial position in the period the revision is made.

Income and Non-Income Taxes

We recognize deferred tax assets and liabilities based on the temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review deferred tax assets by jurisdiction to assess their potential realization and establish a valuation allowance for portions of such assets that we believe will not be ultimately realized. In performing this review, we make estimates and assumptions regarding projected future taxable income, the expected timing of the reversals of existing temporary differences and the implementation of tax planning strategies. A change in these assumptions could cause an increase or decrease to the valuation allowance resulting in an increase or decrease in the effective tax rate, which could materially impact our results of operations. At year end, we had a valuation allowance on certain loss carryforwards based on our assessment that it is more likely than not that the deferred tax asset will not be realized. We believe that our estimates for the valuation allowances against deferred tax assets are appropriate based on current facts and circumstances.

As of December 31, 2013, we had approximately $632 million of NOLs for U.S. federal income tax purposes, approximately $17 million of which are subject to an annual limitation on their ability to be utilized under Section 382 of the Code. These NOLs are Pre-IPO Tax Assets under the TRA, which provides for the payment by us to our Pre-IPO Existing Stockholders of 85% of the amount of cash savings, if any, in U.S. federal income tax that we and our subsidiaries are deemed to realize as a result of the utilization of the Pre-IPO Tax Assets. See Certain Relationships and Related Party Transactions Tax Receivable Agreement.

We believe that it is more likely than not that the benefit from certain U.S. and non-U.S. deferred tax assets will not be realized. As a result, we established a valuation allowance of approximately $86 million against our U.S. deferred tax assets as of December 31, 2013, which includes our U.S. federal income tax NOL. In addition, we have an allowance on the U.S. deferred tax assets of TVL Common, Inc. that was merged into our capital structure on December 31, 2012 of $5 million and on the non-U.S. deferred tax assets of our lastminute.com subsidiaries of $163 million and $177 million as of December 31, 2013 and 2012, respectively. We reassess these assumptions regularly, which could cause an increase or decrease to the valuation allowance resulting in an increase or decrease in the effective tax rate, and could materially impact our results of operations.

We operate in numerous countries where our income tax returns are subject to audit and adjustment by local tax authorities. Because we operate globally, the nature of the uncertain tax positions is often very complex and subject to change, and the amounts at issue can be substantial. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We re-evaluate uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. At December 31, 2013 and December 31, 2012, we had a liability, including interest and penalty, of $67 million and $58 million, respectively, for unrecognized tax benefits, which would affect our effective tax rate if recognized. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

With respect to value-added taxes, we have established reserves regarding the collection of refunds which are subject to audit and collection risks in various regions of Europe. Our reserves are based on factors including, but not limited to, changes in facts or circumstances, changes in law, effectively settled issues under audit, and new audit activity. Changes in any of these factors could significantly impact our reserves and materially impact our results of operations. At December 31, 2013 and December 31, 2012, we carried reserves of approximately $4 million and $37 million, respectively, associated with these risks.

Occupancy Taxes

Over the past ten years, various state and local governments in the United States have filed approximately 70 lawsuits against us pertaining primarily to whether Travelocity (and other OTAs) owes sales or occupancy taxes on some or all of the revenues it earns from facilitating hotel reservations using the merchant revenue model. In addition to the lawsuits, there are a number of administrative proceedings pending against us which could result in an assessment of sales or occupancy taxes on fees. See Business Legal Proceedings Litigation and Administrative Audit Proceedings Relating to Hotel Occupancy Taxes.

Quantitative and Qualitative Disclosures about Market Risk

Market Risk Management

Market risk is the potential loss from adverse changes in: (i) prevailing interest rates, (ii) foreign exchange rates, (iii) credit risk and (iv) inflation. Our exposure to market risk relates to interest payments due on our long-term debt, revolving credit facility, derivative instruments, income on cash and cash equivalents, accounts receivable and payable and travel supplier liabilities and related deferred revenue. We manage our exposure to these risks through established policies and procedures. We do not engage in trading, market making or other speculative activities in the derivatives markets. Our objective is to mitigate potential income statement, cash flow and fair value exposures resulting from possible future adverse fluctuations in interest and foreign exchange rates.

Interest Rate Risk

As of December 31, 2013, our exposure to interest rates relates primarily to our interest rate swaps, our senior secured debt and our borrowings on the revolving credit agreement. Offsetting some of this exposure is interest income received from our money market funds. The objectives of our investment in money market funds are (i) preservation of principal, (ii) liquidity and (iii) yield. If future short-term interest rates averaged 10% lower than they were during the year ended December 31, 2013, our interest income from money market funds would have decreased by a negligible amount. This amount was determined by applying the hypothetical interest rate change to our average money market funds invested.

As of September 30, 2014 and December 31, 2013, the face values of our outstanding financing obligations were as stated below:

	Rate*	Maturity	September 30, 2014	December 31, 2013
			(Amounts in thousands)	
Senior secured credit facilities:				
Term Loan B	L+3.00%	February 2019	$ 1,743,938	$ 1,757,250
Incremental term loan facility	L+3.00%	February 2019	346,500	349,125
Term Loan C	L+2.50%	December 2017	49,313	361,250
Revolver, $370 million	L+2.75%	February 2019		
Revolver, $35 million	L+3.25%	February 2018		
Senior unsecured notes due 2016	8.35%	March 2016	400,000	400,000
Senior secured notes due 2019	8.50%	May 2019	480,000	800,000
Mortgage facility	5.80%	March 2017	82,457	83,286
Face value of total debt outstanding			3,102,208	3,750,911
Less current portion of debt outstanding			(22,418)	(86,117)
Face value of long-term debt outstanding			$ 3,079,790	$ 3,664,794

* L refers to LIBOR.

We enter into interest rate swap agreements to manage interest rate risk exposure. Our interest rate swaps that were outstanding and effective during 2014 matured on September 30, 2014. As of December 31, 2014, we have entered into forward starting interest rate swaps with a 1% floor that effectively convert $750 million of floating interest rate senior secured debt into a fixed rate obligation for a three year period starting December 31, 2015. The terms of our outstanding and matured interest rate swaps are as follows:

	Notional Amount	Interest Rate Received	Interest Rate Paid	Effective Date	Maturity Date
Outstanding:	$ 750 million	1 month LIBOR	1.48%	December 31, 2015	December 31, 2016

	$	750 million	1 month LIBOR	2.19%	December 31, 2016	December 31, 2017
	$	750 million	1 month LIBOR	2.61%	December 31, 2017	December 31, 2018
Matured:	$	400 million	1 month LIBOR	2.03%	July 29, 2011	September 30, 2014
	$	350 million	1 month LIBOR	2.51%	April 30, 2012	September 30, 2014

Since outstanding balances under our senior secured credit facilities incur interest at rates based on LIBOR, subject to a 1.00% floor, increases in short-term interest rates would not impact our interest expense until LIBOR exceeded 1.00%.

Foreign Currency Risk

We have operations outside of the United States, primarily in Canada, South America, Europe, Australia and Asia. We are exposed to foreign currency fluctuations whenever we enter into purchase or sale transactions denominated in a currency other than the functional currency of the operations. The principal foreign currencies involved include the Euro, the British Pound Sterling, the Polish Zloty, the Canadian Dollar, the Indian Rupee, and the Australian Dollar. Our most significant foreign currency denominated operating expenses is in the Euro, which comprised approximately 9%, 7% and 9% of our operating expenses for the years ended December 31, 2013, 2012 and 2011, respectively. In recent years, exchange rates between these currencies and the U.S. dollar have fluctuated significantly and may continue to do so in the future. During times of volatile currency movements, this risk can materially impact our earnings. To reduce the impact of this earnings volatility, we hedge our foreign currency exposure by entering into foreign currency forward contracts on several of our largest foreign currency exposures, including the Euro, the British Pound Sterling, the Polish Zloty and the Indian Rupee. In 2013, we hedged approximately 43% of our foreign currency exposure. The notional amounts of these forward contracts, totaling $151 million at September 30, 2014. The forward contracts represent obligations to purchase foreign currencies at a predetermined exchange rate to fund a portion of our expenses that are denominated in foreign currencies. The fair value of these forward contracts recognized as an asset in our consolidated balance sheets was $5 million and $3 million as of December 31, 2013 and December 31, 2012, respectively.

We are also exposed to foreign currency fluctuations through the translation of the financial condition and results of operations of our foreign operations into U.S. dollars in consolidation. Such gains and losses are recognized as a component of accumulated other comprehensive income (loss) and is included in stockholders equity (deficit). Translation gains (losses) recognized as other comprehensive income (loss) were $13 million, $(2) million and $2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Credit Risk

Our customers are primarily located in the United States, Canada, Europe, Latin America and Asia, and are concentrated in the travel industry.

We generate a significant portion of our revenues and corresponding accounts receivable from services provided to the commercial air travel industry. As of December 31, 2013, and 2012, approximately $178 million or 58% and $189 million or 58%, respectively, of our trade accounts receivable were attributable to commercial air travel industry customers. Our other accounts receivable are generally due from other participants in the travel and transportation industry. We generally do not require security or collateral from our customers as a condition of sale. See Risk Factors Risks Related to Our Business and Industry Our travel supplier customers may experience financial instability or consolidation, pursue cost reductions, change their distribution model or undergo other changes.

We regularly monitor the financial condition of the air transportation industry and have noted the financial difficulties faced by several air carriers. We believe the credit risk related to the air carriers difficulties is mitigated somewhat by the fact that we collect a significant portion of the receivables from these carriers through the ACH and other similar clearing houses.

As of December 31, 2013, 2012 and 2011, approximately 57%, 55%, and 57%, respectively, of our air customers make payments through the ACH which accounts for approximately 94%, 95% and 94%, respectively, of our air billings. ACH requires participants to deposit certain balances into their demand deposit accounts by certain deadlines, which facilitates a timely settlement process. For these carriers, we believe the use of ACH mitigates our credit risk with respect to airline bankruptcies. For those carriers from whom we do not collect payments through the ACH or other similar clearing houses, our credit risk is higher. However, we monitor these carriers and account for the related credit risk through our normal reserve policies.

Inflation

Competitive market conditions and the general economic environment have minimized inflation s impact on our results of operations in recent periods. There can be no assurance, however, that our operating results will not be affected by inflation in the future.

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INDUSTRY

Travel Industry Overview

The travel and tourism industry is one of the world s largest industry segments, contributing $7 trillion to global GDP in 2013, according to the WTTC. The industry encompasses travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators around the world, as well as travel buyers, including online and offline travel agencies, TMCs and corporate travel departments.

The travel and tourism industry has been a growing area of the broader economy. For example, based on 40 years of IATA Traffic data, air traffic has historically grown at an average rate of approximately 1.5x the rate of global GDP growth. According to Euromonitor, outbound travel volumes have benefited and are expected to continue to benefit from GDP growth and corresponding rising income levels in growth markets such as Latin America, APAC and MEA. According to IATA Traffic, global airline passenger volume has grown at a 6% CAGR from 2009 to 2013. Air traffic in developing markets such as APAC, Latin America and the Middle East is expected to grow at even faster rates 6%, 6%, and 7%, respectively, from 2012 to 2032, according to Airbus. This emerging market growth is relevant for all our businesses but especially our Travel Network business, which had leading GDS-processed air bookings shares in both APAC and Latin America in 2013. Certain segments of the travel market are also growing faster than average. For example, LCC/hybrids, which represented approximately 29% of our 2013 PBs based on T2RL data served by our Airline Solutions reservations products, have continued to grow. In 2012, LCC/hybrids represented approximately 45% of our 2012 PBs. T2RL s LCC/hybrid group included JetBlue and Lion Air in 2012, which we consider LCC/hybrid carriers. T2RL s 2013 calculation excludes these carriers from the LCC/hybrid group. If these two carriers were included as LCC/hybrids in the 2013 calculation, LCC/hybrids would have represented approximately 41% of our 2013 PBs. According to Airbus, LCCs share of global air travel volume is expected to increase from 17% of revenue passenger kilometers in 2012 to 21% of revenue passenger kilometers by 2032· Finally, according to Euromonitor Report, business-related travel by U.S. residents, which is primarily served through GDS channels, has increased since the global economic downturn, reaching 229 million trips in 2013 compared to 223 million trips in 2010. According to IATA s Airline Industry Forecast 2013-2017, overall air travel is expected to sustain a growth rate approaching the historical 5% to 6% growth trend at least through 2017, and Boeing s Current Market Outlook projects a 5% CAGR in global passenger traffic growth from 2013 to 2033, measured in revenue passenger kilometers.

Travel Industry Technology

The travel industry is highly fragmented and complex, with approximately 800 airlines serving 3 billion passengers (T2RL), 480,000 hotel properties (Euromonitor Database), over 35,000 car rental outlets (PhoCusWright December 2013 (PhoCusWright)), and numerous rail, cruise, tour and other operators around the world. Each of these types of travel suppliers requires technology to solve their complex and key marketing, sales, service and operational needs. In addition, there are tens of thousands of commercial buyers of travel including online and offline travel agencies, TMCs and corporate travel departments that serve both business and leisure travelers. These travel buyers rely on highly sophisticated shopping technology to filter the universe of travel options to identify desired itineraries that fit travelers personal preferences and comply with corporate policies. For example, there are billions of itinerary and fare options from New York to London on any given day, but only a small subset of those with available seats, on the preferred airline, with the optimal routing and at the desired time. The GDS search technology narrows the options down to the lowest fares that meet the traveler s criteria so the informed agency can help the traveler make the best choice quickly. For these flights, air carriers need to set prices, manage inventory and distribute their seats as well as plan, staff and operate their routes and aircraft, all while carefully analyzing their financial and operational results. Hotels face similar challenges, as millions of customers check in and check out of their properties daily. There is a significant amount of technology required to enable this ecosystem.

To operate successfully, travel suppliers as well as travel buyers must solve this broad range of challenges from planning to distribution to operations. Historically, technology solutions were built in-house by travel suppliers and travel buyers. Over time, third-party providers emerged to offer more cost-effective and advanced solutions, and the market has increasingly shifted to an outsourced model. We believe that significant outsourcing will continue as legacy in-house systems continue to migrate and upgrade to third-party systems.

A broad set of technology solutions has evolved to manage this complex, high-frequency and highly-orchestrated travel lifecycle. In addition, these travel technology solutions must keep pace with constantly evolving customer needs. Travel suppliers and travel buyers leverage technology solutions to optimize how travel products are marketed and sold, how end-customers are served, and how operations are managed. As illustrated by the following graphic, the technology required to enable the travel ecosystem includes comprehensive, global travel marketplaces like our Travel Network business, which processed more than 1.1 trillion system messages in 2013, with nearly 100,000 per second at peak times, as well as advanced reservation, planning, marketing and operations systems provided by solutions providers like our Airline and Hospitality Solutions business, which manages everything from hotel room inventory to crew scheduling on flights. Given the nature of these solutions, they generally represent integral elements of a travel supplier s and travel buyer s day-to-day business. This reliance on technology drove spending by the air transportation and hospitality industries to $60 billion in 2013 with expenditures expected to exceed $70 billion in 2017, according to Gartner.

We believe that technology providers with deep domain expertise have become critical for the industry. As the demands of the industry continue to rapidly evolve, they will be presented with significant additional opportunities. For example, the combination of rapid developments in consumer electronics and the proliferation of customers carrying one or more digital devices is driving innovation ranging from mobile shopping to remote check-in and trip management. Similarly, intense competition has driven suppliers to explore new ways of merchandising their products, including the sale of ancillary products like preferred seating and checked baggage. This requires technology companies to create solutions to facilitate that product lifecycle from selling ancillary products and distribution management to inventory control. Technology providers are also helping travel suppliers and travel buyers to derive increasing value from advanced data analytics and business intelligence solutions, driving better operations, enhanced customer experiences and the personalization of travel products. In addition, the travel industry is focusing on streamlining operations, developing creative solutions such as the fully electronic, mobile flight bag for pilots, which eliminates the need for expensive and cumbersome printed flight manuals and documentation. Some recent trends in the travel industry which we expect to further technology innovation and spending include:

Outsourcing: Historically, technology solutions were built in-house by travel suppliers and travel buyers. As complexity and the pace of innovation have increased, third-party providers have emerged to offer more cost-effective and advanced solutions. Additionally, the travel technology industry has shifted to a more flexible and scalable technology delivery model including SaaS and hosted implementations that allow for shared development, reduced deployment costs, increased scalability and a pay-as-you-go cost model.

Airline Ancillary Revenue: The sale of ancillary products is now a major source of revenue for many airlines worldwide, and has grown to comprise as much as 30% of total revenues for some carriers and more than $31.5 billion in the aggregate across the travel industry in 2013, according to IdeaWorks. Enabling the sale of ancillary products is technologically complex and requires coordinated changes to multiple interdependent systems including reservations platforms, inventory systems, point of sale locations, revenue accounting, merchandising, shopping, analytics and other systems. Technology providers such as Sabre have already significantly enhanced their systems to provide these capabilities and we expect these providers to take further advantage of this significant opportunity going forward.

Mobile: Mobile platforms have created new ways for customers to research, book and experience travel, and are expected to account for over 35% of online travel value sales by 2018, according to the Euromonitor Report. Accordingly, travel suppliers, including airlines and hospitality providers, are upgrading their systems to allow for delivery of services via mobile platforms from booking to check-in to travel management. The recent SITA Survey found that 97% of airlines are investing in mobile channels with the intention of increasing mobile access across the entire travel experience. This mobile trend also extends to the use of tablets and wireless connectivity by the airline workforce, such as automating cabin crew services and providing flight crews with electronic flight bags. Travel technology companies like Sabre are enabling and benefitting from this trend as travel suppliers upgrade their systems and travel buyers look for new sources of client connectivity.

Personalization: Concurrently with the rise of ancillary products and mobile devices as a customer service tool, travel suppliers have an opportunity to provide increased personalization across the customer travel experience, from seat selection and on-board entertainment to loyalty program management and mobile concierge services. Data-driven business intelligence products can help travel companies use available customer data to identify the types of products, add-ons and upgrades customers are more likely to purchase and market these products effectively to various customer segments according to their needs and preferences. In addition to providing the technology platform to facilitate these services, we believe technology providers like Sabre can leverage their data-rich platforms and travel technology domain expertise to offer analytics and business intelligence to support travel suppliers in delivering more personalized service offerings.

Increasing Use of Data and Analytics: The use of data has always been an asset in the travel industry. Airlines were pioneers in the use of data to optimize seat pricing, crew scheduling and flight routing. Similarly, hotels employed data to manage room inventory and optimize pricing. The travel industry was also one of the first to capitalize on the value of customer data by developing products such as customer loyalty programs. Historically, this data has largely been transaction-based, such as booking reservations, recording account balances, and tracking points in loyalty programs. Today, analytics-driven business intelligence products are evolving to further and better utilize available data to help travel companies make decisions, serve customers, optimize their operations and analyze their competitive landscape. Technology providers like Sabre have developed and continue to develop large-scale, data-rich platforms that include these business intelligence and data analytics tools that can identify new business opportunities and global, integrated and high-value solutions for travel suppliers.

With the increasing complexity created by the large, fragmented and global nature of the travel industry, we believe reliance on technology will only increase. Technology spending by the air transportation and hospitality industries totaled $60 billion in 2013, with expenditures expected to exceed $70 billion in 2017, according to Gartner Enterprise.

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We offer a broad portfolio of sophisticated and comprehensive technology solutions and services on scalable platforms to travel suppliers, travel buyers and other industry participants that range from planning to distribution to operations. We currently organize our business in two segments: (i) Travel Network, our global B2B travel marketplace for travel suppliers and travel buyers and (ii) Airline and Hospitality Solutions, an extensive suite of leading software solutions primarily for airlines and hotel properties. Collectively, our integrated business enables the entire travel lifecycle, from route planning to post-trip business intelligence and analysis.

Global Distribution System and Travel Marketplace

Sabre developed the first airline CRS. As the industry and technology evolved and Sabre s and other CRS providers systems expanded globally to accommodate a large variety of travel suppliers and attract a broad set of travel buyers, these systems became known as GDSs, or global distribution systems. In recent years, certain GDS providers, including Sabre, have significantly broadened their product offering and value proposition to include a range of integrated technologies and solutions for travel suppliers and travel buyers. Combinations of the GDSs and these solutions offerings have increasingly become known as global travel marketplaces.

GDS providers facilitate the operation of the travel industry in several ways. First, these travel marketplaces have an extensive network of travel buyers, including online and offline travel agencies, TMCs and corporate travel departments, as well as travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators. GDSs efficiently bring together travel content such as inventory, prices and availability from travel suppliers and allow travel buyers to purchase that content through a transparent, searchable and consistently presented marketplace platform. A fundamental value proposition to the travel buyer is access to comprehensive and competitive travel content, including core content such as inventory and pricing equivalent to that directly available through a travel supplier s own website or sales office. For travel suppliers, these marketplaces provide efficient and cost-effective distribution of the travel supplier s services to a diverse customer base and also provide many OTAs with access to the travel content displayed on their websites. Based on our internal estimates and Marketing Information Data Tapes data, there were over one billion GDS-processed air bookings in 2013, representing more than $250 billion in global travel sales.

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In addition, some GDS providers augment their distribution offering with advanced merchandising and other capabilities. For example, workflow management solutions, like Sabre Red Workspace; automation tools that assist travel agencies in serving their customers before, during and after the trip; and web-based products are integral components of travel agents technology systems that help them market their services effectively and operate more efficiently. The graphic below illustrates the potential value of the GDS and related solutions to both travel suppliers and travel buyers:

Buyers can purchase travel inventory (e.g., booking reservations for air or hotel) in two primary ways. They can purchase directly from the travel supplier, which we refer to as direct distribution, or they can purchase through a travel agency or other intermediary that typically uses a GDS. We refer to this as indirect distribution.

With travel suppliers adoption of certain technology solutions over the last decade, including those offered by our Airline and Hospitality Solutions business, air travel suppliers have increased the proportion of direct bookings relative to indirect bookings. However, we believe that the rate at which bookings are shifting from indirect to direct distribution channels has slowed for a number of reasons, and that the rate of shift in the United States stabilized at very low levels in 2012 and 2013, although we cannot predict whether this low rate of shift will continue. Reasons for this include the increased participation of LCC/hybrids in indirect distribution channels as well as other airlines increasing their participation in GDSs in recent years. We believe this is due to the effectiveness and efficiency of the GDS as a global travel marketplace for travel suppliers to market and sell their travel content, particularly for TMCs, corporate travel departments and OTAs. In addition, travel suppliers using the GDS incur a booking fee which is, on average, only approximately 2% of the value of the booking. Therefore, the revenue generated through the GDS leads to a return on investment that is attractive compared to the incremental cost, in part because many of the tickets sold on the GDS platform are more expensive long-haul and business travel tickets (particularly those originating outside the home country of the airline) as well as tickets with additional booking complexity (e.g., multiple airline itineraries). These platforms also offer a particularly cost-effective means of accessing markets where a travel supplier s brand is less recognized by using local travel agencies to reach end consumers.

As evidence of the value of the GDS platform, we estimate that Representative Airlines have an approximately 90% participation rate in a GDS (weighted by PB volume), as of December 31, 2013. We define Representative Airlines as all IATA member airlines as of December 2013, as well as Air Asia, Allegiant, Lion Air, Ryanair, Tiger Airways and Wizz Air, which, based on T2RL, collectively carried approximately

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three-quarters of PBs globally in 2012. Over the last several years, notable carriers that previously only distributed directly, including JetBlue and Norwegian, have adopted our GDS. Other carriers such as EVA Airways and Virgin Australia have further increased their participation in a GDS. On the hotel side, a recent TravelClick study shows that travel agents use of GDSs for hotel booking is growing faster than their use of any other distribution channel for hotel bookings.

There are other technology initiatives that could impact the use of GDSs. For example, over the past ten years, several travel suppliers have proposed direct distribution initiatives. We believe that the direct distribution initiatives offered to date lack key functionality provided by the GDS, and would require each travel agency to implement a direct connection to each airline or other travel supplier, requiring significant and redundant IT expenditures. To date, we believe that direct distribution initiatives have not and will not have significant adoption by travel agents since their cost and lack of features currently make them less competitive than GDS offerings. In 2012, IATA proposed NDC, a new distribution capability, for adoption by airlines and travel distribution companies. As originally proposed, NDC is a combination of technical standards and business model, similar to some direct distribution initiatives, and we believe it suffers from many of the same problems noted above. We are not aware of any GDS industry participant or major travel agency that has committed the necessary investment for NDC. That said, we are committed to working with IATA to develop uniform technical standards that would incorporate NDC capabilities in a manner that integrates with the GDS for the benefit of travel buyers and travel suppliers.

Travel buyers, such as online and offline travel agencies, TMCs and corporate travel departments continue to utilize GDS platforms to provide travel content to their customers. Such customers continue to demand the broadest possible offerings at the best available prices in a single comparable format that we believe can most effectively be offered by GDSs at present. Additionally, travel buyers demand functionalities that provide near real-time results and allow flexible search parameters. Such enhanced functionalities have not typically been available via direct distribution channels, which have historically had less sophisticated search engines and have been limited to a single travel supplier s inventory. In addition, we believe that travel agencies value other attributes of the GDS, including incentive consideration that supplements their income, tools that facilitate booking data integration within their mid-and back-office systems, and consistent user interfaces across all travel content shopped and sold. In particular, we believe that the wide variety of functionalities provided by GDSs is attractive to corporate travel departments due to their complex travel requirements and corporate travel contracts. For these reasons, we expect that travel buyers will continue to use GDSs to provide travel content in order to meet the needs of their customers and remain competitive.

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Business Model

The distribution platform component of a GDS plays the role of a transaction processor for the travel industry, while the value-added integrated solutions make the GDS a true B2B travel marketplace. Generally, GDSs collect a transaction fee from the travel suppliers for each reservation they process, with no charge to travel suppliers for listing or shopping of their content. These travel marketplaces often implement a revenue sharing arrangement with travel agencies to incentivize them to consolidate demand and use the system efficiently. In such arrangements, GDS providers pay travel agencies a booking incentive for each booking that generates revenue for the GDS provider, sometimes after certain minimum booking levels are met. The following diagram presents an overview of the key financial flows for this two-sided transaction-based business model:

Because GDS revenue is directly dependent upon travel-related transaction activity, GDS revenue growth has historically correlated with growth in the overall travel market. Based on 40 years of IATA Traffic data, air traffic has historically grown at an average rate of approximately 1.5x the rate of global GDP growth. According to Marketing Information Data Tapes data and our internal estimates, GDS-processed bookings, for example, have already surpassed pre-recession levels, growing 3% per year from 2009 through 2013, and is expected to grow over the next four years. In addition to general economic conditions, certain factors, such as the increasing propensity of LCC/hybrids to expand their distribution through these global travel marketplaces in order to attract new customers beyond their home markets, may aid growth, while the U.S. government budget sequestration and shutdown may negatively impact this growth. See Risk Factors Risks Related to our Business and Industry Our business could be harmed by adverse global and regional economic and political conditions and Our revenue is highly dependent on transaction volumes in the global travel industry, particularly air travel transaction volumes.

Competitive Environment

Travel marketplace participants include:

- GDSs such as Sabre, Amadeus and Travelport;
- local distribution systems and travel marketplace providers that are primarily owned by airlines or government entities and operate primarily in their home countries, including Abacus in APAC (100% of Abacus transactions processed by Sabre), TravelSky in China and Sirena in Russia and the Commonwealth of Independent States;
- travel suppliers that use direct distribution to sell their services directly to travelers;
- corporate travel booking tools, including GetThere, Concur Technologies, Deem, KDS, eTravel LLC and Egencia; and

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other market participants in the travel space, including Kayak, TripAdvisor, Yahoo! and Google, which have launched consumer travel search tools that direct shoppers to travel suppliers direct distribution channels and OTAs.

We believe that travel marketplace participants strive to differentiate themselves by providing travel buyers with some or all of the following services and functionality: reliable, easy to use and innovative technology; comprehensive, accurate and timely travel content or services; global coverage or regional expertise; booking incentives to travel agencies; and comprehensive solutions for business productivity, revenue maximization or cost savings. In addition, we believe that travel marketplace participants that serve travel suppliers strive to maintain an extensive network of travel buyer customers to provide a comprehensive global or regional offering of sales channels while offering low transaction fees. Some of these market participants also offer capabilities for travel suppliers to advertise, merchandise and personalize their products and services through the GDS.

Compared to other types of participants, global travel marketplaces such as Travel Network tend to offer more of these attributes to both travel buyers and travel suppliers.

In the United States, full deregulation of the GDS industry occurred in 2004. GDSs and airline carriers in Europe are still subject to rules aimed at preventing anti-competitive behavior and ensuring the supply of neutral information to consumers. Airlines that have decisive influence over a GDS, such as Air France, Iberia and the parent company of Lufthansa, all of which partially own Amadeus, must abide by specific rules prohibiting discrimination by an airline against another GDS that is competing with the airline-owned GDS. The Chinese travel marketplace is heavily regulated to provide the state-controlled GDS, TravelSky, with monopoly control, which has largely kept other GDS providers out of the Chinese market. However, China has recently agreed to a phased, selective easing of some of these regulations, though progress has been slow, according to PhoCusWright. Canada still has some GDS regulations as well, primarily around the display of air carriers services.

Travel Technology Solutions

Travel technology companies provide travel suppliers with solutions that address a myriad of business processes, including commercial planning, revenue management, inventory management, customer acquisition and merchandising, sales and e-commerce, operations planning and management, business intelligence, and market intelligence. These solutions are typically comprised of SaaS solutions, hosted solutions and locally deployed solutions. Some of these solutions are developed by travel suppliers in-house and others are developed by third parties such as travel technology companies.

Historically, large travel suppliers built custom in-house software and applications for their business process needs. In response to a desire for more flexible systems given increasingly complex technological requirements, reduced IT budgets and increased pricing pressure, many travel suppliers turned to third-party solutions providers for many of their key technologies and began to license software from software providers.

Business Model

In addition to the continuing technology outsourcing trend, the industry has also seen a shift to more flexible and scalable technology delivery models. Although traditional software licensing remains an important part of the industry, leading technology providers like Sabre have been at the forefront of a shift to SaaS and hosted implementations that allow for shared development, reduced deployment costs, increased scalability and a pay-as-you-go pricing model. This model also allows customers to benefit from constantly evolving platforms in a highly dynamic environment. By amortizing the cost of the solution over a customer s transactions (e.g., PBs or room reservations made), solutions providers can often help customers reduce upfront technology costs and convert them to variable costs linked to company growth. Given the capital intensive nature of many travel suppliers businesses, we believe that this pricing flexibility is attractive to travel suppliers.

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Competitive Environment

Participants in the travel technology solutions market include both third-party solutions providers and travel suppliers with in-house systems. As the technology outsourcing trend continues, third-party solutions providers compete for business based on a number of factors, including: the breadth of solutions offered, scope and complexity of business needs addressed, ability to meet a variety of customer specifications, proven effectiveness and reliability, implementation and system migration processes, flexibility, scalability and ease of use, pricing, level of integration with customers existing technology, global footprint, industry and technology expertise, cost and efficiency of system upgrades and customer support services. We believe that competitors who offer solutions that meet a range of complex needs and supplement those solutions with reliable support and a deep understanding of industry processes are more attractive to potential customers because they are able to solve more complex problems while reducing the total number of solutions providers that the customer needs.

Developing effective solutions requires complex and specific travel industry expertise. Also, most travel suppliers generally favor solutions providers that already serve other large travel suppliers in a given region. Airlines in particular are focused on the proven reliability of technology that is integral to operational efficiency and passenger safety, and hotels generally desire the technological sophistication and capabilities used by the larger and more prestigious hotel brands. Furthermore, due to the large size of many airline and hotel customers, solutions providers that can provide the scale to accommodate large volumes and deliver a broad portfolio of solutions have a competitive advantage. We believe that currently only a few SaaS and hosted technology solutions providers have the breadth, industry knowledge and technology expertise to effectively compete on a large scale. Although new entrants specializing in a particular type of software occasionally enter the solutions market, they typically focus on emerging or evolving business problems, niche solutions or small regional customers.

Airline Supplier Technology

Gartner estimates that technology spending by the air transportation industry totaled approximately $33 billion in 2013 (Gartner Enterprise). According to our internal estimates and T2RL passenger data, more than 600 airlines, representing over 95% of global passenger volumes, use a variety of software solutions to manage and integrate complex business processes. SITA estimates that airlines currently spend approximately 1.5% of global airline revenue on operational IT (SITA Survey). These systems include functionalities that support core capabilities of the air carrier, including reservations booking and related processes, merchandising and points of sale, CRS, check-in and boarding. According to T2RL PSS, the world market for such passenger sales and service systems is now worth more than $2 billion per year. Although the number of new reservations opportunities varies materially by year, in 2013 and 2014, T2RL estimated that contracts representing over 1 billion PBs will come up for renewal between 2014 and 2017.

In addition to passenger sales and service solutions, certain technology providers, such as Sabre, offer other value-added software solutions. These solutions range in functionality from commercial planning to airline enterprise operations management, including software that manages flight operations, crew scheduling, route planning, pricing optimization, contract management and compliance and a host of other key airline functionalities. Based on our industry experience and internal data, we believe that a similar amount is spent each year on other industry-specific, software-enabled solutions.

Hotel Supplier Technology

Hotels use a number of different technology systems to distribute and market their products and improve their operational efficiency. According to Gartner Enterprise, technology spending by the hospitality industry totaled approximately $27 billion in 2013. Most of the hotel market is highly fragmented. Independent hotels and small- to medium-sized chains (groups of less than 300 properties) comprise a substantial majority of hotel properties and available hotel rooms, while global and regional chains comprise the balance. These independent hotels and small- to medium-sized chains rely heavily on external web-based CRSs to distribute their inventory across a variety of channels. CRS platforms provide GDS access, connectivity to major OTAs, internet booking capabilities, call center booking platforms, channel management and access to other distribution services on a shared platform. CRS providers may also differentiate themselves with value-added services such as digital marketing services, call center outsourcing services, and marketing consulting that help hotels compete. We expect opportunities for the top CRS providers to expand significantly, as hotels migration to external CRS platforms continues, including larger hotel chains now considering outsourcing this service to a third-party platform.

Additionally, hotels are migrating toward web-based PMSs as recent technical advances, availability and lower total cost of ownership are making them increasingly attractive compared to on-site PMSs, which have historically been expensive to maintain. Web-based PMSs also make it possible to create an integrated CRS-PMS web-based solution, which, based on an internal survey that we conducted, is a product that the majority of hotels with ten or more properties would be interested in purchasing when they next upgrade their PMS.

As the hotel industry shifts from offline advertising to online marketing, CRS providers offering marketing capabilities such as website optimization, search engine optimization and online advertising will be more competitive players. We also believe that similar opportunities exist in the areas of revenue management, CRM and other operational functions that integrate with the CRS and PMS.

Online Travel Agencies

An OTA is an e-commerce business that allows travelers to conveniently and efficiently shop, compare and purchase a broad array of travel-related products and services, often sourced in part from GDS platforms.

OTAs compete with traditional offline travel agencies as well as many alternative online travel distribution channels, including travel supplier direct distribution and metasearch companies such as Kayak, trivago and TripAdvisor. These market participants differentiate themselves on the basis of ease of use, price, customer satisfaction, availability of product type or rate, service, amount, accessibility and reliability of information, brand image and breadth of products offered. This requires OTAs to have effective branding and marketing, an efficient website to support shopping and booking capabilities, as well as strong relationships with travel suppliers or third-party aggregators to offer a broad supply of travel content to attract customers and generate transaction and advertising revenue. We believe that customers need to trust the provider to fulfill and service their travel purchase often results in brand loyalty to a single site.

BUSINESS

Overview

We are a leading technology solutions provider to the global travel and tourism industry. We span the breadth of a highly complex $7 trillion global travel ecosystem, providing key software and services to a broad range of travel suppliers and travel buyers. Through our Travel Network business, we process hundreds of millions of transactions annually, connecting the world s leading travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators, with travel buyers in a comprehensive travel marketplace. We offer efficient, global distribution of travel content from approximately 125,000 travel suppliers to approximately 400,000 online and offline travel agents. To those agents, we offer a platform to shop, price, book and ticket comprehensive travel content in a transparent and efficient workflow. We also offer value-added solutions that enable our customers to better manage and analyze their businesses. Through our Airline Hospitality Solutions business, we offer travel suppliers an extensive suite of leading software solutions, ranging from airline and hotel reservations systems to high-value marketing and operations solutions. These solutions include planning airline crew schedules, re-accommodating passengers during irregular flight operations and managing day-to-day hotel operations. These solutions allow our customers to market, distribute and sell their products more efficiently, manage their core operations, and deliver an enhanced travel experience. Through our complementary Travel Network and Airline and Hospitality Solutions businesses, we believe we offer the broadest, end-to-end portfolio of technology solutions to the travel industry.

Our portfolio of technology solutions has enabled us to become the leading end-to-end technology provider in the travel industry. For example, we are one of the largest GDS providers in the world, with a 36% share of GDS-processed air bookings in 2013. More specifically, we are the #1 GDS provider in North America and also in higher growth markets such as Latin America and APAC, in each case based on GDS-processed air bookings in 2013. In those three markets, our GDS-processed air bookings share was approximately 50% on a combined basis in 2013. In our Airline and Hospitality Solutions business, we believe we have the most comprehensive portfolio of solutions. In 2013, we had the largest third-party hospitality CRS room share based on our approximately 27% share of third-party hospitality CRS hotel rooms distributed through our GDS, and, according to T2RL PSS data for 2012, we had the second largest airline reservations system globally. We also believe that we have the leading portfolio of airline marketing and operations products across the solutions that we provide.

Through our solutions, which span the breadth of the travel ecosystem, we have developed deep domain expertise. Our success is built on this expertise, combined with our significant technology investment and focus on innovation. This foundation has enabled us to develop highly scalable and technology-rich solutions that directly address the key opportunities and challenges facing our customers. For example, we have invested to scale our GDS platform to meet massive transaction processing requirements. In 2013, our systems processed over $100 billion of estimated travel spending and more than 1.1 trillion system messages, with nearly 100,000 system messages per second at peak times. Our investment in innovation has enabled our Travel Network business to evolve into a dynamic marketplace providing a broad range of highly scalable solutions from distribution to workflow to business intelligence. Our investment in our Airline and Hospitality Solutions offerings has allowed us to create a broad portfolio of value-added products for our travel supplier customers, ranging from reservations platforms to operations solutions typically delivered via highly scalable and flexible SaaS and hosted platforms. We have a long history of engineering innovative travel technology solutions. For example, we believe we were the first GDS to enable airlines to sell ancillary products like premium seats through the GDS, the first third-party provider to automate passenger reaccommodation during large operational disruptions and the first GDS to launch a B2B app marketplace for our travel agency customers that allows them to customize and augment our Travel Network platform. Our innovation has been consistently recognized in the market, with awards including the Business Traveler Innovation Award from the Global Business Travel Association, an unaffiliated entity, in 2011 and 2012, for which we applied and were one of eight award winners chosen by popular vote. We were also recognized by the InformationWeek 500 in 2013 as one of the Most

Innovative Users of Business Technology for the eleventh consecutive year. These 500 companies are invited to apply and are chosen by InformationWeek, an unaffiliated entity, based on their unconventional approaches and new ways of solving complex business problems with IT.

We continue to improve our existing solutions and expand our offerings to meet the constantly evolving needs of our customers. For example, as demonstrated in the following graphic, we have current or in-development solutions that address five of the six major technology investment priorities highlighted in the recent SITA Survey of major airline carriers:

Our SaaS and hosted technology platforms allow us to serve our customers primarily through a recurring, transaction-based revenue model based primarily on travel events such as air segments booked, PBs or other relevant metrics. For the year ended December 31, 2013, 91% of our Travel Network and Airline and Hospitality Solutions revenue, on a weighted average basis, was Recurring Revenue. See Method of Calculation for a description of Recurring Revenue. This model has benefits for both our customers and for us. For our customers, our delivery model allows otherwise fixed technology investments to be variable, providing flexibility in their cost base and smoothing investment cycles as they grow, while enabling them to benefit from the continuous evolution of our platform. For us, this recurring, transaction-based revenue model allows us to expand with our customers in the travel industry, a segment of the economy that has grown significantly faster than global GDP over the last 40 years. Since our revenues are primarily linked to our customers transaction volumes, rather than to airline budget cycles or cyclical end-customer pricing, which we believe are more volatile than transaction volumes, this model facilitates greater stability in our business, particularly during negative economic cycles. In addition, as a technology solutions and transaction processing company, we do not take airline, hotel or other inventory risk, nor are we directly exposed to fuel price volatility or labor unions.

Our recurring, transaction-based revenue model, combined with our high-quality products, reinvestment in our technology, multi-year customer contracts and disciplined operational management, has contributed to our strong growth profile, as demonstrated by our Adjusted EBITDA having increased each year since 2008 despite the global economic downturn and resulting travel slowdown. From 2009 through 2013, we grew our revenue and Adjusted EBITDA at 7% and 11% CAGRs, respectively, and increased Adjusted EBITDA margins by 394 bps, in each case, excluding Travelocity and intersegment eliminations. During the same period, net loss attributable to Sabre Corporation decreased 37% and net loss margin decreased by 258 bps. See Non-GAAP Financial Measures and Summary Historical and Pro Forma Consolidated Financial and Other Data for additional information regarding Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure.

We currently operate through two business segments: (i) Travel Network and (ii) Airline and Hospitality Solutions. On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. See Summary Recent Developments. We will reclassify and report all of the businesses associated with the Travelocity segment as discontinued operations in our 2014 Annual Report on Form 10-K as the segment was considered held for sale as of December 31, 2014.

Our segments operate with shared infrastructure and technology capabilities, and provide key solutions to our customers. Collectively, our integrated business enables the entire travel lifecycle, from route planning to post-trip business intelligence and analysis. The graphic below provides illustrative examples of the points where Sabre enables the travel lifecycle:

Travel Network is our global B2B travel marketplace and consists primarily of our GDS and a broad set of capabilities that integrate with our GDS to add value for travel suppliers and travel buyers. Our GDS offers content from a broad array of travel suppliers, including approximately 400 airlines, 125,000 hotel properties, 30 car rental brands, 50 rail carriers, 16 cruise lines and 200 tour operators, to tens of thousands of travel buyers, including online and offline travel agencies, TMCs and corporate travel departments. Our Airline and Hospitality Solutions business offers a broad portfolio of software technology products and solutions, primarily through SaaS and hosted models, to approximately 225 airlines, 17,500 hotel properties and 700 other travel suppliers. Our flexible software and systems applications help automate and optimize our customers business processes, including reservations systems, marketing tools, commercial planning solutions and enterprise operations tools. Travelocity was our family of online consumer travel e-commerce businesses through which we provided travel content and booking functionality primarily for leisure travelers. In August 2013, Travelocity entered into an exclusive, long-term strategic marketing agreement with Expedia. Under the Expedia SMA, Expedia powered the technology platforms of Travelocity s existing U.S. and Canadian websites, as well as provide access to Expedia s supply and customer service platforms. Additionally, in the first quarter of 2014, Travelocity sold its TPN business, a B2B loyalty and private label website offering, to Orbitz. Furthermore, on December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. Following our sale of Travelocity.com to Expedia, Inc., the Expedia SMA was terminated. See Summary Recent Developments.

For the nine months ended September 30, 2014 and 2013, we recorded revenue of $2,229 million and $2,303 million, respectively, net income attributable to Sabre Corporation of $23 million and loss of $127 million respectively, and Adjusted EBITDA of $617 million and $584 million, respectively, reflecting a 1% and (6)% net income (loss) margin and a 28% and 25% Adjusted EBITDA margin, respectively. For the nine months ended September 30, 2014, Travel Network contributed 63%, Airline and Hospitality Solutions contributed 25%, and Travelocity contributed 12% of our revenue (excluding intersegment eliminations). During this period, shares of Adjusted EBITDA for Travel Network, Airline and Hospitality Solutions, and Travelocity were approximately 77%, 25% and (2)%, respectively (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services). See Summary Recent Developments regarding our Travelocity business segment moving to discontinued operations.

For the years ended December 31, 2013 and 2012, we recorded revenue of $3,050 million and $2,974 million, respectively, net loss attributable to Sabre Corporation of $100 million and $611 million, respectively, and Adjusted EBITDA of $791 million and $787 million, respectively, reflecting a 3% and 21% net loss margin and a 26% and 26% Adjusted EBITDA margin, respectively. For the year ended December 31, 2013, Travel Network contributed 58%, Airline and Hospitality Solutions contributed 23%, and Travelocity contributed 19% of our revenue (excluding intersegment eliminations). During this period, shares of Adjusted EBITDA for Travel Network, Airline and Hospitality Solutions, and Travelocity were approximately 77%, 21% and 2%, respectively, (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services). See Summary Recent Developments regarding our Travelocity business segment moving to discontinued operations.

For additional information regarding Adjusted EBITDA, including a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, see Non-GAAP Financial Measures and Summary Historical and Pro Forma Consolidated Financial and Other Data.

We are headquartered in Southlake, Texas, and employ approximately 8,000 people in approximately 60 countries around the world. We serve our customers through cutting-edge technology developed in six facilities located across four continents.

Our Competitive Strengths

We believe the following attributes differentiate us from our competitors and have enabled us to become a leading technology solutions provider to the global travel industry.

Broadest Portfolio of Leading Technology Solutions in the Travel Industry

We offer the broadest, most comprehensive technology solutions portfolio available to the travel industry from a single provider, and our solutions are key to the operations of many of our travel supplier and travel agency customers. Travel Network, for example, provides a key technology platform that enables efficient shopping, booking and management of travel itineraries for online and offline travel agencies, TMCs and corporate travel departments. In addition to offering these and other advanced functionalities, it is a valuable distribution and merchandising channel for travel suppliers to market to a broad array of customers, particularly outside their home countries and regions. Additionally, we provide SaaS and hosted solutions that run many of the most important operations systems for our travel supplier customers, such as airline and hotel reservations systems, revenue management, crew scheduling and flight operations. We believe that our Travel Network and Airline and Hospitality Solutions offerings address customer needs across the entire travel lifecycle, and that we are the only company that provides such a broad portfolio of technology solutions to the travel industry. This breadth affords us significant competitive advantages including the ability to leverage shared infrastructure, a common technology organization and product development. Beyond scale and efficiency, our position spanning the breadth of the travel ecosystem helps us to develop deep domain expertise and to anticipate the needs of our customers. Taken together, the value, quality, and breadth of our technology, software and related customer services contribute to our strong competitive position.

Global Leadership Across Growing End Markets

We operate in areas of the global travel industry that have large and growing addressable customer bases. Each of our businesses is a leader in its respective area. Sabre is the leading GDS provider in North America, Latin America, and APAC, with 55%, 57%, and 39% share of GDS-processed air bookings, respectively, in 2013. Additionally, Airline Solutions is the second largest provider of reservations systems, with an 18% global share of 2012 PBs, according to T2RL PSS. We believe that we have the leading portfolio of airline marketing and operations products across the solutions that we provide. We also believe our Hospitality Solutions business is the leader in hotel reservations, handling 27% of third-party hospitality CRS hotel rooms through our GDS in 2013. See Method of Calculation for an explanation of the methodology underlying our GDS-processed air bookings share and third-party hospitality CRS hotel room share calculations.

Looking forward, we expect to benefit from attractive growth in our end markets. Euromonitor expects a 4.5% CAGR in air travel and hotel spending combined between 2014 and 2018 (Euromonitor Database). According to Gartner Enterprise, technology spending by the air transportation and hospitality sectors is expected to grow significantly from $60 billion in 2013 to over $70 billion in 2017. Within our Travel Network business, we also expect our presence in economies with strong GDP growth and regions with faster air traffic growth, such as APAC, Latin America and EMEA, will further contribute to the growth of our businesses. Similarly, our Airline Solutions reservations products, customers are weighted toward faster-growing LCC/hybrids, which represented approximately 29% of our 2013 PBs based on T2RL data. In 2012, LCC/hybrids represented approximately 45% of our 2012 PBs. T2RL s LCC/hybrid group included JetBlue and Lion Air in 2012, which we consider LCC/hybrid carriers. T2RL s 2013 calculation excludes these carriers from the LCC/hybrid group. If these two carriers were included as LCC/hybrids in the 2013 calculation, LCC/hybrids would have represented approximately 41% of our 2013 PBs.

Innovative and Scalable Technology

Two pillars underpin our technology strategy: innovation and scalability. To drive innovation in our travel marketplace business, we make significant investments in technology to develop new products and add incremental features and functionality, including advanced algorithms, decision support, data analysis and other valuable intellectual property. This investment is supported by our global technology teams comprising approximately 4,000 employees and contractors. This scale and cross-business technology organization creates efficiency and a flexible environment that allows us to apply knowledge and resources across our broad product portfolio, which in turn fuels innovation. In addition, our investments in technology have created a highly scalable set of solutions across our businesses. For example, we believe our GDS is one of the most heavily utilized SOA environments in the world, processing more than 1.1 trillion system messages in 2013, with nearly 100,000 system messages per second at peak times. Our Airline and Hospitality Solutions business employs highly reliable software technology products and SaaS and hosted infrastructure. Compared to traditional in-house software installations, SaaS and hosted technology offers our customers advantages in terms of cost savings, more robust functionality, increased flexibility and scale, and faster upgrades. As an example of the SaaS and hosted scalability benefit, our delivery model has facilitated an increase in the number of PBs in our Airline Solutions business from 288 million to 478 million from 2009 to 2013. Our investments in technology maintain and extend our technology platform which has supported our industry-leading product innovation. On the scale at which we operate, we believe that the combination of an expanding network and technology investments continues to create a significant competitive advantage for us.

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Stable, Resilient, and Diversified Business Models

Travel Network and much of Airline and Hospitality Solutions operate with a transaction-based business model that ties our revenue to a travel supplier s transaction volumes rather than to its unit pricing for an airplane ticket, hotel room or other travel product. Travel-related businesses with volume-based revenue models have generally shown strong visibility, predictability and resilience across economic cycles because travel suppliers have historically sought to maintain traveler volumes by reducing prices in an economic downturn.

Our resilience is also partially attributable to our non-exclusive multi-year contracts, in our Travel Network business. For example, although most of our contracts have terms of one to three years, contracts with our major travel buyer and travel supplier customers, which represent the majority of Travel Network revenue, have five to ten year terms and three to five year terms, respectively. Similarly, our Airline Solutions business has contracts that typically range from three to seven years in length, and our Hospitality Solutions business has contracts that typically range from one to five years in length. Our Travel Network and Airline and Hospitality Solutions businesses also deliver solutions that are integral components of our customers businesses, and have historically remained in place once implemented. In our Travel Network business and our Airline and Hospitality Solutions business, 94% and 84% of our revenue was Recurring Revenue, respectively, in 2013.

In addition to being stable, our businesses are also diversified. Travel Network and Airline and Hospitality Solutions generate a broad geographic revenue mix, with a combined 43% of revenue generated outside the United States in 2013. None of our travel buyers or travel suppliers accounted for more than 10% of our revenue for the years ended December 31, 2013 or 2012.

Strong, Long-Standing Customer Relationships

We have strong, long-standing customer relationships with both travel suppliers and travel buyers. These relationships have allowed us to gain a deep understanding of our customers needs, which positions us well to continue introducing new products and services that add value by helping our customers improve their business performance. In our Travel Network business, for example, by providing efficient and quality services, we have developed and maintained strong customer relationships with TMCs, major corporate travel departments and travel suppliers, with some of these relationships dating back over 20 years.

We believe that our strong value proposition is demonstrated by our ability to retain customers in a highly competitive marketplace. For each of the years ended December 31, 2013, 2012 and 2011, our Customer Retention rate for Travel Network was 99%. For our Airline Solutions business, our Customer Retention rate was 98%, 96% and 96% for the years ended December 31, 2013, 2012 and 2011, respectively, and our Customer Retention rate for our Hospitality Solutions business was 96%, 96% and 98% for the same periods, respectively. See Method of Calculation for a description of Customer Retention.

Deep and Experienced Leadership Team with Informed Insight into the Travel Industry

Our management team is highly experienced, with comprehensive expertise in the travel and technology industries. Many of our leaders have more than 20 years of experience in multiple segments of the travel industry and have held positions in more than one of our businesses, which provides them with a holistic and interdisciplinary perspective on our company and the travel industry.

By investing in training, skills development and rotation programs, we seek to develop leaders with broad knowledge of our company, the industry, technology, and specific customer needs. We also hire externally as needed to bring in new expertise. Our blend of experience and new hires across our team provides a solid foundation on which we develop new capabilities, new business models and new solutions to complex industry problems.

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Our Growth Strategy

We believe we are well-positioned for future growth. First, we expect the continued macroeconomic recovery to generate travel growth, compounded by the continuing trend towards the outsourcing of travel technology. In addition, we are well-positioned in market segments which are growing faster than the overall travel industry, with leading market positions in our Travel Network business in Latin America and APAC. In our Airline Solutions reservations systems, LCC/hybrids, which are growing traffic faster than traditional airlines, accounted for approximately 29% of our PBs in 2013 based on T2RL data. In 2012, LCC/hybrids represented approximately 45% of our 2012 PBs. T2RL s LCC/hybrid group included JetBlue and Lion Air in 2012, which we consider LCC/hybrid carriers. T2RL s 2013 calculation excludes these carriers from the LCC/hybrid group. If these two carriers were included as LCC/hybrids in the 2013 calculation, LCC/hybrids would have represented approximately 41% of our 2013 PBs. Supported by these industry trends, we believe both our Travel Network and our Airline and Hospitality Solutions businesses have significant opportunities to expand their customer bases, further penetrate existing customers, extend their geographic footprint and develop new products. By executing on the following strategies and, when appropriate, selective strategically aligned acquisitions, we intend to capitalize on these positive trends:

Leverage our Industry-Leading Technology Platforms

We have made significant investments in our technology platforms and infrastructure to develop robust, scalable software as well as SaaS and hosted solutions. We plan to continue leveraging these investments across our Travel Network and Airline and Hospitality Solutions businesses, to catalyze product innovation and speed-to-market. We will also continue to shift toward SaaS and hosted infrastructure and solutions as we further develop our product portfolio.

Expand our Global Travel Marketplace Leadership

Travel Network intends to remain the global B2B travel marketplace of choice for travel suppliers and travel buyers by executing on the following initiatives:

Targeting Geographic Expansion: From 2009 to 2013, we increased our GDS-processed air bookings share in the Middle East, Russia and Colombia by 744 bps, 327 bps and 990 bps, respectively. We currently have initiatives in place across Europe, APAC and Latin America to further expand in those regions.

Attracting and Enabling New Marketplace Content: We are actively adding new travel supplier content which generates revenue directly through incremental booking volumes associated with the new content and reinforces the virtuous cycle of our Travel Network business: as we add more supplier content to our marketplace, we experience increased participation from travel buyers, which, in turn, encourages travel suppliers to contribute additional content to our marketplace. We have been successful in converting notable carriers that previously only used direct distribution, such as JetBlue and Norwegian, to join our GDS, and we believe there is a similar opportunity to increase the participation of less-penetrated content types like hotel properties, where we estimate that only approximately one-third participate in a GDS. In addition to attracting new supplier content, we aim to expand the content available for sale from existing travel suppliers, including ancillary revenue a category of airline revenue worth more than $31.5 billion in the aggregate across the travel industry in 2013, according to IdeaWorks. We seek additional opportunities to capitalize on this trend, such as by supporting our customers branded fare initiatives.

Continuing to Invest in Innovative Products and Capabilities: The development of cutting-edge products and capabilities has been critical to our success. We plan to continue to invest significant resources in solutions that address key customer needs, including mobility (e.g., TripCase), data analytics and business intelligence (e.g., Sabre Dev Studio, Hotel Heatmaps, Contract Optimization Services), and workflow optimization (e.g., Sabre Red App Centre, TruTrip).

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Drive Continued Airline and Hospitality Solutions Growth and Innovation

Our Airline and Hospitality Solutions business has been a key growth engine for us with a CAGR of 14% for revenue and 15% for Adjusted EBITDA from 2009 to 2013. We believe Airline and Hospitality Solutions will continue to drive company growth through a combination of underlying customer and market growth, as well as through the following strategic growth initiatives.

Invest in Innovative Airline Products and Capabilities: We have a long history of investment in innovation. For example, we believe we were the first technology solutions provider to provide real-time revenue integrity and the first third-party provider to automate passenger reaccommodation during large operational disruptions. We see a continued opportunity to innovate in areas such as retailing solutions, mobile capabilities, data analytics and business intelligence offerings.

Continue to Add New Airline Reservations Customers: Over the last five years, we have added airline customers representing over 110 million annual PBs from many innovative, fast-growing airlines such as Etihad Airways, Virgin Australia, JetBlue and LAN. Although the number of new reservations opportunities varies materially by year, in 2013 and 2014, T2RL estimated that contracts representing over 1 billion PBs will come up for renewal between 2014 to 2017, of which approximately 0.7 billion PBs are from airlines that do not pay us PB fees today. As of this filing, airlines won but not yet implemented by Sabre boarded over 250 million PBs in 2012, according to T2RL data. This includes a long-term agreement announced in January 2014 with American Airlines for Sabre to be its reservations system provider following its merger with US Airways and other more recent agreements, including Air Berlin announced in May 2014 and Alitalia and Copa Airlines announced in January 2015.

Further Penetrate Existing Airline Solutions Customers: We believe there is an opportunity to sell more of our extensive solution set to our existing customers. Of our 2013 customers in T2RL s top 100 passenger airlines, 35% had one or two non-reservations solution sets, 36% had three to five and 29% had more than five. Historically, the average revenue would have approximately tripled if a customer moved from the first category to the second, and nearly tripled again if a customer moved to the third category. Leveraging our brand, we intend to continue to promote the adoption of our products within and across our existing customers.

Invest Behind Rapidly Growing Hospitality Solutions Business: Our Hospitality Solutions business has grown rapidly, with 19% revenue CAGR from 2009 to 2013, and we are focused on continuing that growth going forward. We currently have initiatives to grow in our existing footprint and expand our presence in APAC and EMEA, which collectively accounted for only 32% of our Hospitality Solutions business revenue in 2013. We plan to accomplish this organically and through select acquisitions to enhance our product offering, grow our customer base and cross sell additional products to our existing customers. For example, our recently announced acquisition of Genares will build on the foundation of their products and services while introducing Genares customers to a broader suite of products and services to help accelerate their growth.

Continue to Focus on Operational Efficiency Supported by Leading Technology

As an organization, we have a track record of improving operational efficiency and capitalizing on our scalable technology platform and operating leverage in our business model. We have expanded Adjusted EBITDA margins in our Travel Network business by over 550 bps since 2009 while growing the business and introducing new products. We intend to continue to increase our operational efficiency by following a shared capabilities, technology and insights approach across our businesses. Through a comprehensive labor strategy, we are driving operating efficiencies and cost savings through a proactive approach that focuses on adding and retaining talent and achieving the optimal personnel mix across our global development centers. We expect the outcome of this program to better scale development costs over time.

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Our Businesses

Travel Network

Travel Network is our global B2B travel marketplace and consists primarily of our GDS and a broad set of solutions that integrate with our GDS to add value for travel suppliers and travel buyers. The distribution platform component of a GDS serves the role of a transaction processor for the travel industry, while the value-added integrated solutions make the GDS a true marketplace. Our GDS facilitates travel by efficiently bringing together travel content such as inventory, prices, and availability from a broad array of travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines and tour operators, with a large network of travel buyers, including online and offline travel agencies, TMCs and corporate travel departments. We deliver value to our travel buyer customers by providing them with comprehensive and competitive travel content. Similarly, we bring value to our travel supplier customers by providing efficient and cost-effective distribution and merchandising services reaching approximately 400,000 travel agents. We are one of the largest GDS providers in the world, with a 36% share of GDS-processed air bookings in 2013. More specifically, we are the #1 GDS provider in North America and also in higher growth markets such as Latin America and APAC. In those three markets, our GDS-processed air bookings share was approximately 50% on a combined basis in 2013. See Method of Calculation for an explanation of the methodology underlying our GDS-processed air bookings share calculation. The following chart illustrates our share of GDS-processed air bookings as of December 31, 2013:

Source: internal estimates

We expect Travel Network s market position in economies with robust GDP growth, such as APAC, Latin America and EMEA, will drive continued growth for our businesses, while the strength of our GDS in large, developed regions, such as North America and Europe, positions us for stable growth as the recovery from the global economic downturn continues. In addition, we serve a large portion of APAC through our regional joint venture partners, including Abacus and Infini. 100% of the GDS transactions of these joint venture partners are processed and powered by our GDS.

Travel buyers can shop and book approximately 400 airlines, 125,000 hotel properties, 30 car rental brands, 50 rail carriers, 16 cruise lines and 200 tour operators using our GDS. In 2013, our systems processed over $100 billion of estimated travel spending, including sales from our joint venture partners. In addition, we believe

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that our business benefits from a virtuous cycle. As we add more supplier content to our marketplace, we experience increased participation from travel buyers. This, in turn, encourages travel suppliers to contribute additional content to our marketplace, driving a virtuous cycle.

Our travel marketplace also includes advanced capabilities and automated solutions that, among other things, enable travel suppliers and travel buyers to operate more efficiently, optimize their performance across various metrics and provide insight into customer booking patterns. Through our GetThere products, we offer a suite of tools that tailor these services to corporate travel departments, providing capabilities such as facilitating rate negotiations, simplifying compliance with corporate travel policies and tracking business travel online. We are continually investing to enhance our solutions offering, such as our data analytics and business intelligence capabilities, and to enable emerging travel technologies and innovative apps, including mobile. For example, our product offerings include TripCase, our mobile and web traveler services platform that provides passengers with mobile itinerary management and real-time trip details.

Relative to our competitors, we believe we are the travel marketplace of choice among many global travel buyers, with:

- over 50% of the GDS-processed air bookings of the four largest global TMCs (American Express, Carlson Wagonlit Travel, BCD Travel, and Hogg Robinson Group) in 2013;
- customers including over 80% of the Business Travel News Corporate Travel 100, which are the corporations with the largest travel expenditures as measured by their 2012 U.S. booked air volume;
- 62% GDS-processed air bookings share of Expedia, Priceline and Travelocity in 2013, with bookings from Orbitz anticipated to start in 2015; and
- a Customer Retention rate of 99% in 2013.

Strategy

We are executing on a number of strategies to support our future growth going forward, including:

Targeting Geographic Expansion. We intend to accelerate the growth of our leading technology-enabled solutions by deepening our presence in high-growth geographies. We believe that our strategies will position our solutions to better serve travel suppliers and travel buyers in those geographies as travel consumption grows. With our global content, strength in the corporate segment, and industry-leading search technology, we have a demonstrated ability to rapidly expand our geographic footprint. For example, from 2009 to 2013, we increased our GDS-processed air bookings share in the Middle East, Russia and Colombia by 744 bps, 327 bps and 990 bps, respectively. We are currently pursuing a number of initiatives to continue our geographic expansion, including:

- European growth: Expand our presence in Europe, including high-growth Eastern European markets, by leveraging our global relationships with travel suppliers and travel buyers operating in those markets and by adapting our product capabilities to meet regional needs. For example, we are implementing dynamic schedule updates to additional European airlines to improve scheduling accuracy through the GDS, and we are integrating hotel pricing components in certain markets to improve travel agent workflow.

APAC growth: Secure our leadership position by optimizing our strategic partnerships, leveraging our corporate relationships and continuing to add APAC-focused travel suppliers. For example, we have recently added Jetstar and PAL Express to our GDS.

Latin American growth: Add agency customers and enhance travel content in key Latin American countries with differentiated and innovative products. For example, Total Trip, a graphical module that sells prepaid hotels and is integrated with the Sabre Red Workspace, has gained significant popularity among our Latin American customers.

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Attracting and Enabling New Marketplace Content. We are actively adding content to reinforce the virtuous cycle of Travel Network as well as generate revenue directly through incremental bookings volumes associated with the new content. We believe there are two broad categories of opportunities to do so:

- Add new supplier segments: Historically, we have grown the number and participation levels of travel suppliers. For example, we have increased the utilization of our GDS by airlines such as JetBlue and Virgin Australia. Beyond air content, we believe there is a significant opportunity to add other types of content, such as hotel properties. We estimate that, as of December 31, 2013, only approximately one-third of hotel properties participate in a GDS, compared to approximately 90% of Representative Airlines, weighted by PB volume. We believe this is an attractive opportunity and we are pursuing innovative strategic options, such as working with hotel aggregators, to access this and other segments. We have also leveraged our product innovation to add new supplier segments. App developers, for example, have used the Sabre Red App Centre to add new content types, such as town car service, to the marketplace.

- Add new travel content from existing suppliers: We aim to increase the types of travel content available on our GDS from existing suppliers. Many travel suppliers, especially airlines, are separately monetizing ancillary products that were previously bundled with seat inventory or other core content at no additional charge. Ancillary revenue was worth more than $31.5 billion in the aggregate across the travel industry in 2013, according to IdeaWorks. Sabre was the first travel solutions provider to enable airlines to sell ancillary products such as seat assignments through the GDS. Suppliers are also seeking to create personalized offers based on individual traveler and shopping information. Sabre s Custom Offers gives travel suppliers the ability to create personalized offers such as special rates and room upgrades for hotels and premium seating or check-in for airlines. As airlines and other travel suppliers continue to expand ancillary products, personalized offers, and travel products, we intend to deliver solutions to sell these offerings and differentiate ourselves as an effective marketplace.

Continuing to Invest in Innovative Products and Capabilities. In addition to extending our marketplace and technology leadership with our GDS solution, we strive to develop new products to enhance the value of our Travel Network offering. We have focused our investment efforts on addressing travel suppliers and travel buyers most significant business needs, including:

- Mobile: Mobile platforms have created new ways for customers to research, book and experience travel, and are expected to account for over 35% of online travel value sales by 2018, according to Euromonitor Report. To address this need, we launched TripCase, a mobile travel app, in 2009. TripCase is a mobile tool that allows travel suppliers, agencies, and corporations to anticipate traveler needs (e.g., the ability to manage, revise, and check their journey itinerary and preferences) in real-time. As a result of adding enhanced capabilities, we have been able to rapidly accelerate user adoption. Since the beginning of 2012 through 2013, we multiplied the TripCase consumer user base six-fold from approximately 400,000 to approximately 2.5 million. Over 15,000 agencies and 26 airlines are now using TripCase for itinerary management and document delivery to their customers. Our mobile success has also won industry-wide recognition. For example, TripCase was named the Best Mobile Solution by Eye for Travel, an unaffiliated entity, chosen by a preliminary online vote and an independent panel of judges from a pool of eight applicants based on a number of factors including design, features, usability, technology, innovation, speed and performance. In 2013, Sabre launched TripCase Corporate, the travel industry s first set of integrated corporate features on mobile, which is designed to improve travel programs for corporations while also simplifying business travel for employees. We intend to continue pursuing mobile innovation with TripCase and other solutions, including new mobile offerings for other key point-of-sale and service tools, such as our recently launched and rapidly growing Sabre Red Mobile Workspace.

Data analytics and business intelligence: Travel suppliers and travel buyers are increasingly focused on data analytics to inform and enable better decision-making. In fact, according to the SITA Survey, 100% of surveyed airlines are investing in business intelligence solutions. Our data-rich platform contains significant travel-related data such as shopping and purchasing behavior. Our customers can benefit from tools that allow data-driven insights. We are developing products to satisfy this demand.

For example, Sabre Dev Studio offers travel and non-travel businesses access to the most comprehensive travel data set in the world; over 3,500 companies rely on Sabre s application programming interfaces, travel data streams, and notification services to power their applications and websites. Hotel Heatmaps allow hotel suppliers to analyze shopping and conversion volume by customer segment over time. Contract Optimization Services uses sophisticated analytics around booking trends, origin/destination data and other data to help travel management companies and their corporate customers optimize their travel policies. We believe these and several other business intelligence solutions position us well to capitalize on the positive secular trends around data analytics.

Workflow optimization: We believe that our innovative workflow tools are significant differentiators that encourage TMCs and corporate participants in the travel ecosystem to choose Travel Network. As a result, the development of new and improved workflow tools has long been a tenet of our innovation strategy. For example, with Sabre Red Workspace, we created a pioneering, fully graphical interface that is now used by thousands of travel agents. In 2012, we introduced Sabre Red App Centre, becoming the first GDS to provide an online B2B marketplace to connect travel buyers with application providers. With access to over 150 different applications, travel agencies can service a wide range of business needs, from tracking agent productivity to converting currency to building trip plans for clients. As part of our recognition in the InformationWeek 500 in 2012, InformationWeek also chose to highlight Sabre Red App Centre as one of the Top 20 Great Ideas to Steal of 2012. In 2013, we announced our plans to develop TruTrip, which is designed to help corporate travel managers and TMCs manage and track bookings regardless of the channel through which they were booked.

Geographic Scope

As of December 31, 2013, approximately 400,000 travel agents in 145 countries on six continents use our GDS. Additionally, more than half of Travel Network s employees are located outside North America. We are one of the largest GDS providers in the world, with a 36% share of GDS-processed air bookings in 2013. More specifically, we are the #1 GDS provider in North America and also in higher growth markets such as Latin America and APAC. In those three markets, our GDS-processed air bookings share was approximately 50% on a combined basis in 2013. See Method of Calculation for an explanation of the methodology underlying our GDS-processed air bookings share calculation. By growing internationally with our TMC and OTA customers and expanding the travel content available on our GDS to target regional traveler preferences, we anticipate that we will maintain share in key developed markets and grow share in Europe, APAC and Latin America.

Internationally, we market our GDS both directly and through joint venture and distribution arrangements. Our marketing partners principally include airlines that have strong relationships with travel agents in APAC and the Middle East as well as entities that operate regional computer reservations systems or other travel-related network services. With the combined strength of our technology and content as well as our partners local commercial skills and market knowledge, these partnerships allow us to gain traction in local markets and grow our share and distribution reach with lower risk. Through these partnerships, we are able to form strong relationships with key airlines and other travel suppliers that we can utilize in our other businesses.

Travel Network s joint venture and distribution partners include:

Abacus, a B2B travel e-commerce provider that is based in Singapore and operates in APAC. We own 35% of the joint venture and Abacus International Holdings, a consortium of eleven Asian airlines, owns the remainder. Travel Network provides Abacus with data, transaction processing and product development services. See Note 6, Equity Method Investments, to our audited consolidated financial statements included elsewhere in this prospectus.

Travel Network Middle East, which provides technology services, bookable travel products and distribution services for travel agencies, corporations and travel suppliers in the Middle East. We own 60% of the joint venture and Gulf Air Company GSC owns 40%.

Infini, one of the two largest travel e-commerce providers in Japan. Infini is owned 40% by Abacus International Holdings and 60% by All Nippon Airways and provides booking capability for air, hotel and car rental. Travel Network provides Infini with data and transaction processing and product development services.

Non-equity marketing arrangements with: (i) Glodis Travel Technology Ltd in the Ukraine, (ii) InterguideAir Ltd in Nigeria, and (iii) Emirates in the UAE and in a number of countries in Africa. Sabre has a 40% investment in ESS Electroniczne Systemy Sprzedazy Sp.Zo.o, a product development and tour distribution business in Poland. Each of these distributes our products and services in selected countries in EMEA.

Key Metrics

During the year ended December 31, 2013, Travel Network generated 368 million Direct Billable Bookings. During the nine months ended September 30, 2014, Travel Network generated 292 million Direct Billable Bookings. Our Recurring Revenue, as a percentage of total Travel Network revenues, was 94% in each of the years ended December 31, 2013, 2012 and 2011. See Method of Calculation for an explanation of the methodology underlying our GDS-processed air bookings share calculation. For additional segment information, see Note 21, Segment Information, to our audited consolidated financial statements included elsewhere in this prospectus.

Product Offering

In its early years, our B2B travel product offering was comprised of our GDS, which had shopping, booking and fulfillment capabilities for airline seats, and later, hotel and other travel inventory. As our travel buyers and travel suppliers businesses have become increasingly complex, Travel Network adapted its offerings to include a broad set of products and services that bring additional value to our customers and help them use the marketplace more effectively. Today, Travel Network is a global B2B travel marketplace that offers content from a broad array of travel suppliers, including approximately 400 airlines, 125,000 hotel properties, 30 car rental brands, 50 rail carriers, 16 cruise lines and 200 tour operators, to tens of thousands of travel buyers, including online and offline travel agencies, TMCs and corporate travel departments.

In addition to our GDS, which provides shopping, booking and fulfillment services, we provide a wide range of products and services to our four customer segments: (i) travel suppliers, (ii) travel agencies, (iii) corporations and travelers, and (iv) other travel industry participants. The following graphic illustrates the various components of our Travel Network business, including the original capabilities supported by our GDS in addition to the enhanced capabilities now available through our global travel marketplace:

We continue to develop and offer data-driven business intelligence tools that provide all of our customers with decision support and reporting capabilities to manage customer, vendor, agency and competitive performance. For example, we offer customized low fare shopping tools that automate the ticket shopping and exchange process as well as highly differentiated contract and pricing optimization services that allow agencies, TMCs and corporate travel departments to manage the placement of travel content during the shopping process to optimize travel savings and improve compensation from preferred suppliers and fare markups.

We offer solutions for travel suppliers that help them display, promote and differentiate their brands and products globally; generate, maximize and secure revenue; and obtain, analyze and utilize relevant and accurate data for strategic decision-making. Our marketplace supports key travel supplier needs, such as airline codesharing and marketing and optimization capabilities. Our solutions also provide multi-channel merchandising capabilities that allow for distribution of ancillary products as well as dynamic pricing, inventory and revenue management tools. For example, Sabre Custom Offers provides travel suppliers with the ability to create personalized offers such as special rates and room upgrades for hotels and premium seating or check-in for airlines based on known customer characteristics and preferences.

We regularly measure our ability to find low fares, consistently finding that our GDS outperforms competitors in this critical capacity. The most recent third-party evaluation by Fried & Partner found that Sabre finds the lowest fares more often than leading competitors in all regions around the world.

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Travel Network also offers many advanced products and capabilities that add value for travel agencies. Our GDS offers an award-winning user-friendly interface and flexible search parameters, including the option to search for hotels that adhere to Global Sustainable Tourism Council standards. It also offers travel agencies post-booking automation providing quality control checks, ticketing and documentation support. More than 200,000 offline travel agents in 143 countries access our GDS using Sabre Red Workspace. Sabre Red Workspace is our primary travel agency point of sale software and includes features such as customizable screen displays to maximize preferred supplier agreements, customizable process automation, integration with travel agency applications, tools and websites, and new mobile tablet access points. OTAs can access our GDS through Sabre Web Services, our primary point of sale for customers that require access to our global travel marketplace through web services.

We also provide travel agencies with integrated solutions that allow them to improve workflow, maximize revenue, reduce costs and improve customer service. For example, our ClientBase solution includes a CRM system that provides complete profile, contact and trip management abilities for developing and maintaining customer relationships and increasing productivity as well as a marketing tool that allows travel agents to select suppliers, create, track and send targeted marketing programs and obtain tracking reports to measure success.

For corporations and the travel agencies and corporate travel departments that serve them, we offer GetThere, a tool that automates the travel shopping and booking process, facilitates rate negotiations with suppliers, simplifies compliance with corporate travel policies, tracks information to safeguard business traveler security, integrates with the customer s expense reporting system and includes customer loyalty and business performance capabilities.

Our B2B travel business product offerings also reach a variety of other travel customer segments. We serve travelers through TripCase, our mobile and web traveler services platform that keeps travelers informed of their trip itineraries and booking information for all reservations made, regardless of booking origin. For new entrants to the travel industry and Sabre-certified third-party developers, we offer the ability to create and monetize Sabre Red Apps, an array of applications designed to meet travel agency needs made available through the Sabre Red App Centre. Through our Sabre Dev Studio, we provide tools, support and revenue opportunities to these new travel industry players and non-traditional GDS consumers who want access to our travel information and large global network of travel suppliers and travel buyers. Our developer tools include a portfolio of Sabre application programming interfaces travel data streams, software development kits, notification services, documentation and sample code. Travel Network also provides data, transaction processing and product development services to our regional joint venture partners, including Abacus and Infini.

Customers

Customers of Travel Network include:

- travel suppliers, including airlines, hotels, car rental brands, rail carriers, cruise lines, tour operators and others;

- corporate travel departments;

- OTAs, offline travel agencies and TMCs;

travelers; and

other sellers of travel and consumers of travel information.

As of December 31, 2013, approximately 400,000 travel agents in 145 countries on six continents use our GDS, making reservations with approximately 125,000 travel suppliers around the world. We intend to increase our international presence by expanding the travel content available on our GDS to target regional traveler preferences.

Because of strong products and services, the top ten airline and the top ten travel agency customers of our Travel Network business have been customers for more than a decade with their diverse technology needs supported by our broad range of products and services. Our Recurring Revenue percentage for our Travel Network business was approximately 94% in each of the fiscal years ended December 31, 2013, 2012 and 2011.

Airlines. Approximately 400 airlines, including full service carriers and LCC/hybrids from all regions of the world, choose to market and sell their inventory through our GDS. Unlike airline direct distribution, our GDS supports codesharing functionality that allows our airline customers to market their services with partner carriers and creates opportunities for low fare value. Our largest Travel Network suppliers include American Airlines, Delta, US Airways, United, Air Canada, Lufthansa, Air France, British Airways and Emirates, but no customer contributed more than 10% to Travel Network s revenue for the years ended December 31, 2013, 2012, or 2011. Over the last several years, notable carriers that previously only distributed directly, including JetBlue and Norwegian, have adopted our GDS. Other carriers such as EVA Airways and Virgin Australia have recently upgraded their technical connections and increased the level of content they market and sell through our GDS.

Our contracts with major carriers typically last for three to five year terms and are generally subject to automatic renewal at the end of the term, unless terminated by either party with the required advance notice. Our contracts with smaller airlines generally last for one year and are also subject to automatic renewal at the end of the term, unless terminated by either party with the required advance notice. We renewed 24 out of 24 planned renewals in 2013 (representing approximately 25% of our Travel Network revenue for the twelve months ended December 31, 2013). We renewed 28 out of 28 planned renewals in 2014 (representing approximately 22% of our Travel Network revenue for the twelve months ended December 31, 2014). We have 38 planned renewals in 2015 (representing approximately 20% of our Travel Network revenue for the twelve months ended December 31, 2014). Although we renewed 28 out of 28 planned renewals in 2014 (representing approximately 22% of Travel Network revenue for the year ended December 31, 2014), we cannot guarantee that we will be able to renew our airline contracts in the future on favorable economic terms or at all.

Airlines are not contractually required to distribute their content exclusively through our GDS. To provide our travel buyer customers with the widest possible range of travel content, we seek to secure (and generally have been able to secure, with important exceptions) agreements in which the airline agrees to provide most or all of their publicly available fares for distribution through our GDS. However, to ensure competitiveness between the travel agents using our GDS, these agreements also typically require that the airline does not discriminate against travelers that book using our GDS or impose surcharges on such bookings. So long as the airline abides by its content and other commitments, we generally agree to display, load, and process airline data in a non-discriminatory manner on our GDS. We charge transaction-based booking fees for each reservation we process, and pricing depends upon various factors, such as the airline s size, home market, product offering and price, and the length of its relationship with us. These airline contracts contain standard representations and warranties, covenants and indemnification provisions.

Other travel suppliers. A broad portfolio of other travel suppliers also distribute their inventory through our GDS, including approximately 125,000 hotel properties, 30 car rental brands, 50 rail lines, 16 cruise lines and 200 tour operators. We have enjoyed long-term relationships with our travel suppliers, with some relationships exceeding ten years with respect to cruise lines and thirty years with respect to hotels and car rental companies.

Our largest hotel customers include Hilton, Marriott International, Starwood and Intercontinental. Our contracts with our hotel customers are non-exclusive and generally last from three to five years and typically renew automatically unless terminated by either party with the required advance notice. Our leading car rental brands include Hertz, Avis Budget and Enterprise. Our contracts with car rental companies and cruise lines are non-exclusive and generally last from two to seven years, and typically renew automatically unless terminated by either party with the required advance notice. Hotels, car rental companies and cruise lines pay transaction-based booking fees based on the number of rooms booked, the number of bookings for vehicle pickup and the number of sailed cabins, respectively. These hotel, car rental and cruise line contracts contain standard representations and warranties, covenants and indemnification provisions.

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Corporate travel departments. Travel Network serves corporate travel departments through our GDS and other solutions, particularly through our GetThere products. Due to our service and product offerings, we have relationships with corporate travel departments that have been established for over a decade. Illustrative customers include Accenture, Apple, AT&T, BP, GE, Oracle, UBS and UPS. Corporate travelers are more likely to require flexible scheduling and more complex itineraries, with reservations completed much closer to the departure date, and therefore provide significantly higher revenue per trip. As of December 31, 2013, over 80% of the Business Travel News Corporate Travel 100, which are the corporations with the largest travel expenditures, choose to use our global travel marketplace.

Our contracts with major corporate customers typically last three to five years and generally renew automatically for successive one to three year periods unless terminated by either party with the required advance notice. Corporate travel buyers pay a one-time set up fee and monthly fees based on the number of bookings made through the system. These contracts with corporate travel departments contain standard representations and warranties, covenants and indemnification provisions.

Travel agencies. OTAs and TMCs were our two largest global travel agency segments in 2013. Our principal OTA customers are Expedia, Travelocity and Despegar. The four largest global TMCs are American Express Travel, Carlson Wagonlit Travel, BCD Travel, and Hogg Robinson Group, each of which has had a non-exclusive business relationship with us for more than 10 years. We serve large travel agencies and TMCs that process travel for the U.S. government. We also have thousands of other regional travel agency customers that serve business, leisure and/or niche travelers.

We typically have non-exclusive, five to ten year contracts with our major travel agency customers. Our contracts with TMCs and offline travel agencies typically renew automatically, but the vast majority of our contracts with online travel agencies do not automatically renew. Most travel agencies can terminate the contract anytime without cause with the required advance notice. A meaningful portion of our travel agency agreements, typically representing approximately 15% to 20% of our bookings, are up for renewal in any given year.

A travel agency contracts with us for use of our technology, which enables and enhances the agency s business operations by providing efficient access to broad travel supplier content and the ability to book, reserve and manage such content. We typically provide travel agencies with incentive consideration for each booking that generates revenue for us from a travel supplier, sometimes after certain minimum booking levels are met. This revenue-sharing arrangement incentivizes travel agencies to consolidate demand and use our GDS efficiently. Our contracts with larger travel agencies often increase the incentive consideration when the travel agency processes a certain volume or percentage of its bookings through our GDS. Although we generally provide incentive consideration on a periodic basis over the term of the contract, sometimes we provide incentive consideration in advance based on an anticipated level of bookings, and the travel agency must repay or rebate some or all of the incentive consideration if the anticipated level of bookings is not met. Smaller agencies do not typically have volume or share-based incentive consideration of this kind. Our contracts with travel agencies contain standard representations and warranties, covenants and indemnification provisions.

Travelers. Travel Network serves travelers directly through TripCase, our mobile and web traveler services platform, and through GetThere, for business travelers. We are also expanding our offerings to business travelers through initiatives such as enhanced online and mobile access to itinerary and trip planning information.

Other Sellers of Travel and Consumers of Travel Information. We provide travel data, merchandising, transaction processing and product development services to many other customers, including other travel marketplaces, metasearch engines, new entrants to the travel industry, developers and industry analysts.

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Competitors

Travel Network competes with several other travel marketplace providers, including both regional and global players. In addition to Sabre, other key global B2B travel marketplace providers include:

Amadeus, which is headquartered in Spain and operates the Amadeus distribution system. Amadeus is owned in part by Air France, Iberia and the parent company of Lufthansa. Amadeus owns a minority stake in Topas, a Korean regional travel marketplace. Based on Marketing Information Data Tapes data, 33% of its total 2013 GDS-processed air bookings were concentrated in Western Europe, specifically Germany, France, Spain, the United Kingdom, Italy, Norway and Sweden.

Travelport, which is headquartered in the United Kingdom and owns three separately-operated travel marketplace systems, Galileo, Apollo and Worldspan.

Sabre is one of the largest GDS providers in the world, with a 36% share of GDS-processed air bookings in 2013. More specifically, we are the #1 GDS provider in North America and also in higher growth markets such as Latin America and APAC. In those three markets, our GDS-processed air bookings share was approximately 50% on a combined basis in 2013. We believe GDS-processed air bookings share is a good proxy for overall share in the business because air bookings comprise the vast majority of the total bookings of the three GDSs. See Method of Calculation for an explanation of the methodology underlying our GDS-processed air bookings share calculation.

In addition to competing with other GDSs, our GDS competes with local distribution systems and travel marketplace providers primarily owned by airlines or government entities and operate primarily in their home countries, including TravelSky in China and Sirena in Russia and the Commonwealth of Independent States.

Our GDS also competes with direct distribution by travel suppliers, in which travel suppliers bypass travel agencies and sell their services directly through their own websites and distribution channels. See Risk Factors Travel suppliers use of alternative distribution models, such as direct distribution models, could adversely affect our Travel Network and Travelocity businesses. Travel suppliers using the GDS incur a booking fee which is, on average, only approximately 2% of the value of the booking. Therefore, the revenue generated through the GDS leads to a return on investment that is attractive compared to the incremental cost, in part because many of the tickets sold on the GDS platform are more expensive long-haul and business travel tickets (particularly those originating outside the home country of the airline) as well as tickets with additional booking complexity (e.g., multiple airline itineraries). These platforms also offer a particularly cost-effective means of accessing markets where a travel supplier s brand is less recognized by using local travel agencies to reach end consumers.

The value of the GDS platform is further reinforced by both the new content that continues to enter the system and by increasing participation rates we estimate that Representative Airlines have an approximately 90% participation rate in a GDS (weighted by PB volume), as of December 31, 2013. Over the last several years, notable carriers that previously only distributed directly, including JetBlue and Norwegian, have adopted our GDS. Other carriers such as EVA Airways and Virgin Australia have further increased their participation in our GDS. Other studies also underscore the value of the global travel marketplace, including a recent TravelClick study showing that agents use of GDSs for hotel booking is growing faster than their use of any other channel.

In addition to other GDSs and direct distributors, there are a number of other competitors in the travel distribution marketplace. New entrants in the travel space, including Google (through Google Hotel Finder and Flight Search), TripAdvisor and Kayak offer metasearch capabilities that direct shoppers to supplier websites and/or OTAs. The impact of these new entrants on the Travel Network business model remains uncertain. See Risk Factors Travel suppliers use of alternative distribution models, such as direct distribution models, could adversely affect our Travel Network and Travelocity businesses. Third-party aggregators, such as FareLogix, TravelFusion and AgentWare, offer solutions to book travel content from a variety of sources, including options outside of our GDS, though we believe their offerings have not yet been widely adopted by travel agents or travel suppliers due to cost and technology issues. Also, peer-to-peer options for travel services such as accommodations, tours and car sharing that do not distribute through our GDS are becoming increasingly popular among consumers worldwide.

Our corporate travel booking tool, GetThere, competes with similar offerings from travel agencies, airlines and other travel suppliers, including Concur Technologies, Deem, KDS, eTravel and Egencia.

As with other travel marketplace participants, Travel Network strives to provide a variety of attributes to our travel buyer and travel supplier customers. See Industry Global Distribution System and Travel Marketplace Competitive Environment for a discussion of the factors on which such participants compete.

Airline and Hospitality Solutions

Our Airline and Hospitality Solutions business offers a broad portfolio of software technology products and solutions, through SaaS and hosted delivery model, to approximately 225 airlines, 17,500 hotel properties and 700 other travel suppliers. In 2013, our Airline Solutions business represented 84% of Airline and Hospitality Solutions revenue and our Hospitality Solutions business represented the remaining 16%. We believe our flexible software and systems applications, including reservations systems, marketing tools, commercial planning solutions and enterprise operations tools, help automate and optimize our customers business processes and that our deep domain expertise and product capabilities enable our customers to address more complex business problems as they grow.

Compared to traditional in-house software installations, our SaaS and hosted models drive value for our customers in a variety of ways: (i) lower total ownership costs (i.e., acquisition costs and operating costs of a solution) as centralized hosting allows our customers to reduce their in-house software and hardware capital outlay, management and maintenance expenses; (ii) a pay-as-you-go cost structure, which allows our customers to spread their costs over time and link their IT expense with their growth; (iii) more robust functionality than would be cost-effective to develop in-house; (iv) scalable delivery that allows us to adapt our services to changes in our customers technological systems as they grow; and (v) a platform for faster deployment of upgrades compared to traditional installations.

The SaaS and hosted approach also benefits our business. On the revenue side, by moving away from one-time license fees to recurring monthly fees, our revenue stream has become more predictable. On the cost side, the SaaS and hosted models centralized deployment allows us to save time and money by reducing maintenance and implementation tasks and lowering operating costs.

Strategy

We believe the following strategies will help us continue to grow and realize the potential of Airline and Hospitality Solutions:

Invest in Innovative Airline Products and Capabilities. We plan to continue investing in innovative technology products that solve the travel industry s most pressing business problems, as illustrated below:

Retailing: According to IdeaWorks, ancillary airline revenue, such as the sale of checked bags, was worth more than $31.5 billion in the aggregate across the travel industry in 2013. We have invested and continue to invest to enable airlines to distribute and sell these ancillary products, and we continue to focus on delivering additional retailing innovation, including customer-centric merchandising and enhanced ancillary revenue optimization.

Mobile: Mobile platforms have created new ways for customers to research, book and experience travel, and are expected to account for over 35% of online travel value sales by 2018, according to Euromonitor Report. Accordingly, travel suppliers, including airlines and hospitality providers, are upgrading their systems to allow for delivery of services via mobile platforms from booking to check-in to travel management. The recent SITA Survey found that 97% of airlines are investing in mobile channels with the intention of driving mobile across the entire travel experience. This mobile trend also extends to the use of tablets and wireless connectivity by the airline workforce, for example automating cabin crew services and providing flight crews with electronic flight bags, which we are addressing through our eFlight Manager product family. As airlines increasingly leverage mobile workforce solutions, we are investing in mobile capabilities that enable a connected airline, such as electronic flight management solutions that provide real-time connectivity between the cockpit and the airport operations control center.

Data analytics and business intelligence: Business intelligence is one of the top two most important airline IT investment areas, according to the SITA Survey. We recently acquired PRISM, a leading provider of innovative business intelligence and decision support software for airlines to maximize the value of their corporate contracts. Looking forward, we are investing in products such as a platform for applications that can support data analytics across multiple systems. Rules can be applied to this aggregated data to influence decision-making, business processes, and forecasts to create innovative solutions in areas such as customer centricity, revenue management, and airline operations.

Continue to Add New Airline Reservations Customers. Over the last five years, we have added airline customers representing over 110 million in annual PBs from many fast-growing airlines such as Etihad Airways, Virgin Australia, JetBlue and LAN. Although the number of new reservations opportunities varies materially by year, in 2013 and 2014, T2RL estimated that contracts representing over 1 billion PBs will come up for renewal between 2014 to 2017, of which approximately 0.7 billion PBs are from airlines that do not pay us PB fees today. As of this filing, airlines won but not yet implemented by Sabre boarded over 250 million PBs in 2012, according to T2RL data. This includes a long-term agreement announced in January 2014 with American Airlines for Sabre to be its reservations system provider following its merger with US Airways and other more recent agreements, including Air Berlin announced in May 2014 and Alitalia and Copa Airlines announced in January 2015.

Further Penetrate Existing Airline Solutions Customers. We believe our solution set is one of the most extensive in the industry and positions us to address the diverse needs of our customers. We have already established commercial relationships with approximately 225 airlines, including 79 of T2RL s top 100 passenger airlines, which we believe offers the opportunity to sell more of our solutions to our existing customers. For example, of our 2013 customers in T2RL s top 100 passenger airlines, 35% had one or two non-reservations solution sets, 36% had three to five and 29% had more than five. Historically, the average revenue would have approximately tripled if a customer moved from the first category to the second, and nearly tripled again if a customer moved to the third category. Leveraging our brand, we intend to continue to promote the adoption of our products within and across our existing customers.

Invest Behind Rapidly Growing Hospitality Solutions Business. Our Hospitality Solutions business has grown rapidly, with 19% revenue CAGR from 2009 to 2013, and we are focused on continuing to drive that growth going forward. We currently have initiatives to grow in our existing footprint and expand our presence in APAC and EMEA, which collectively accounted for only 32% of our Hospitality Solutions business revenue in 2013. We plan to accomplish this through a combination of strategies, including increasing our share of wallet with customers, expanding our global reseller network and providing more integrated products. For example, we launched in November 2014 the SynXis Enterprise Platform, an integrated hospitality technology solution and SynXis Property Manager, a hotel property management solution that integrates with our CRS.

Airline Solutions

Our Airline Solutions business provides industry-leading and comprehensive software solutions that help our airline customers better market, sell, serve and operate. We offer dynamic and customizable reservations software that supports all the essentials of a passenger service system. Our other software solutions help airlines

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make important decisions around marketing and planning, merchandising offerings and managing network operations. Over the past 25 years, we have built a broad portfolio of solutions that we believe are distinctive in the industry in their ability to collectively solve airlines most complex problems.

We believe we offer the airline industry the broadest choices available in the marketplace across reservations systems, marketing and planning solutions and enterprise operations solutions, due to the following attributes:

Broadest portfolio of integrated solutions. In a fragmented competitive landscape, we offer the broadest portfolio in the business, which enables airlines to leverage a single relationship to address increasingly complex and interconnected business problems. Our competitors, most of which specialize in either one solution or a limited functionality set, cannot easily replicate the comprehensiveness we provide in a single relationship. Our wide range of offerings also equips us with multiple strategies to win new customers and further penetrate our existing customers. For example, we can serve airlines that have already developed in-house functionalities or that use other third-party solutions providers by providing solutions that meet needs outside the capabilities of their existing solutions and build on these relationships over time to cross-sell additional solutions.

Flexible capabilities. Unlike other solutions providers, whose offerings are often optimized to serve airlines of a particular scale, our solutions are designed to serve airlines of various sizes and business models, and are able to accommodate change in an airline s scale and business processes. For example, we believe we are well-positioned to serve LCC/hybrids as they evolve and add new classes of service, aircraft diversity, international flying and codesharing, becoming more complex and requiring more advanced technology solutions. Furthermore, the modular nature of our products allows us to integrate with non-Sabre systems.

Industry expertise. Our deep industry expertise allows us to enhance our solutions, as we understand how our solutions integrate with airlines technology and business processes. Many of our team members have roots in the airline industry, having used or developed airline systems and processes as former airline employees.

Scalable SaaS delivery. We offer many of our reservations systems and software applications through SaaS and hosted delivery. Not only do the SaaS and hosted models allow the airline to refocus its resources on revenue-generating and customer-facing services instead of on maintaining technology, it also closely links an airline s software expenses with business growth, as software usage is typically related to passenger volumes or other relevant operating metrics. Through our SaaS and hosted delivery, we are able to consistently release new functionalities and provide software hosting of higher quality than what a typical airline could afford on its own.

Key Metrics

Our reservations system, offered through our SabreSonic CSS product line, is our core offering, comprising 55% of overall Airline Solutions revenue for the year ended December 31, 2013. We consider the following key metrics for our reservations system to be representative of our overall Airline Solutions business:

Because of our long-standing relationships with customers, the importance and value of our solutions to an airline s ability to generate revenue, and the benefits of incumbency, we believe the vast majority of our revenue is recurring and stable based on transaction volumes. Our Recurring Revenue, as a percentage of total Airline Solutions revenue, was 83% in each of the years ended December 31, 2013, and in 2012 and 2011.

In 2013, our Airline Solutions business processed reservations for 478 million PBs, representing a 14% CAGR from 2009.

For additional segment information, see Note 21, Segment Information, to our audited consolidated financial statements included elsewhere in this prospectus.

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Product Offering

We offer reservations systems and software applications in three functional suites: SabreSonic CSS, Sabre AirVision Marketing & Planning and Sabre AirCentre Enterprise Operations. Our broad portfolio provides a comprehensive solutions offering that automates key airline processes, from planning to reservations to operations. Our solutions are backed by extensive expertise in passenger sales and service, decision support, optimization, business processes, and operations management. Many of our solutions are available through SaaS and hosted delivery and are complementary with one another as well as in-house and other third-party solutions, allowing customers to bundle components that best suit their needs.

Airlines typically buy our solutions from within our functional suites, but we are increasingly engaging with our customers on cross-portfolio opportunities at the executive level. To address this opportunity, we are offering several new products and services which combine competencies from across our functional suites to provide holistic solutions. For example, we are developing our mobile platform to include features that enable airlines to extend capabilities to their customers and staff, like mobile check-in and itinerary management. We are also investing in a platform for applications that can support data analytics across multiple systems.

As with many software solutions providers, we offer a range of professional services and support services that enable customers to optimize the value of our solutions in the context of their individual business strategies. We also offer business consulting services which draw upon the depth and breadth of our industry expertise to craft solutions that best fit our customers specific needs.

Reservations Systems: SabreSonic Customer Sales & Service

Our SabreSonic CSS reservations offerings provide comprehensive capabilities around managing sales and customer service across an airline s diverse touch points. These capabilities are designed to drive airline revenue, operational efficiency, and customer experience. Our core platform and various add-on solutions are designed to serve airlines of various sizes and business models and are able to accommodate change in an airline s scale and business processes. For example, we believe we are well-positioned to serve LCC/hybrids as they evolve and add new services, such as new classes of service, aircraft diversity, international flying and codesharing, becoming more complex and requiring more advanced technology solutions. SabreSonic CSS includes the following solution families:

Solution Family	**Description**
Sales & reservations	Fully integrated core inventory and reservations platform that supports the various steps of an airline s sales process. Enables airlines to manage and shop inventory, configure offerings, book seats and ancillaries, generate and manage tickets and process payments across all points of direct and indirect sales. This fully integrated solution powers an airline s internet booking engine, call center, inventory control, loyalty system, data warehouse, and departure control. Customer profiles ensure customer data availability at all touch points, enabling a consistent customer experience and the ability to provide differentiated service to specific passengers. Supports the various sales and service elements of partnership agreements such as interline, codeshare, and alliance participation, allowing airlines to provide a seamless customer experience across partner carriers. Distributes an airline s merchandising strategy across all channels and enables inventory management through enhanced inventory controls, segmentation, and real-time planning.

Ticketing capabilities deliver a robust automated exchange and refunds processing solution, provide comprehensive reporting and reconciliation for monitoring sales activities, and enable multiple forms of local and international payment options including credit cards, PayPal, Bill Me Later and e-Bank.

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Solution Family	Description
Airport solutions	Departure control system that manages passenger check-in and aircraft boarding; includes passenger self-service capabilities such as mobile check-in, kiosk check-in, web check-in and gate reader. Enables automated merchandising of ancillaries and accurate collection of ancillary fees to support an airline s merchandising strategy, reduces staffing costs with self-service solutions, streamlines agent productivity through an intuitive user interface and ensures efficient flight loading and safety with an integrated weight and balance application.
Airline retailing	E-commerce platform that provides fundamental tools for customer acquisition, merchandising, booking and itinerary management. Accessible to consumers via web, mobile, and kiosk. Capabilities include branded fares and ancillary sales, targeted deal management, and self-service exchange and refund management.
B2B distribution	Agency management tool that integrates with the airline retailing e-commerce solution to track bookings for agencies that do not participate in electronic billing and settlement plans, automates the sales reporting process and allows airlines to assess the credit liability of its agency community.
Platform services	Tool that allows airlines to develop their own user-friendly graphical interfaces and automated processes to quickly solve complex business problems across multiple third-party systems; using this tool, airlines can build their own solutions that are easy to develop, customize, maintain, and deploy in multiple environments. Web services allow airlines to control and differentiate their customer touch points by accessing core sales and service capabilities through a robust, efficient programming interface that focuses on the presentation layer, where differentiation is most critical.
Irregular operations (IROPS) reaccommodation	Integrated add-on solution that manages reaccommodation of passengers when flight schedules change, including automatic inventory search, itinerary adjustment and passenger notification, and coordinates other aspects of irregular operations recovery, such as crew reassignment and flight schedule adjustment.
Customer centricity	Loyalty programs and rules engines for effective CRM, enabling an airline to provide a differentiated customer experience that reflects the airline s unique brand. Enables an airline to leverage data from multiple systems, combined with rules engines, to create a personalized customer experience across different touch points.

Marketing & Planning: Sabre AirVision

Our Sabre AirVision Marketing & Planning is a set of strategic airline commercial planning solutions that focuses on helping our customers improve profitability and develop their brand. Our Sabre AirVision offerings include:

Solution Family	Description
Network planning and scheduling	Solutions that manage and support network planning decisions, such as data analysis to design revenue-maximizing city pairs and network layouts. Includes tools to manage service dates and times, fleet and airport gate assignments and codeshare agreements against different demand levels, operating cost scenarios, and spill/recapture rates. Airlines can optimize departure times in an entire hub to maximize connections and revenue, evaluate potential profitability of different

forecasted routes using what-if scenarios, and perform close-in re-fleeting to optimize capacity against demand right up until boarding time.

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Solution Family	Description
Pricing and revenue management	Solutions that manage different aspects of revenue flows for passenger and cargo airlines, including cross-channel fares management, yield management and revenue integrity to identify and address fraudulent bookings. A pricing decision support solution helps airline analysts examine relevant market data to make optimal pricing decisions. A group management solution manages airline group traffic and optimizes group pricing and availability decisions based on the booking s impact on total network revenue. Revenue management solutions leverage customer choice modeling to more accurately forecast future demand. A revenue integrity solution performs real-time reviews of bookings as they are made to identify unintentional and deliberate booking rule violations, and then returns them to inventory so they can be purchased by paying customers.
Sales and revenue analysis	Solutions that manage corporate contracts and include market intelligence tools that leverage our proprietary data set, which provides a complete, aggregated view of true market demand developed by blending 50 input sources from across the industry. Commercial intelligence tools also incorporate data from across an airline s own network to provide analysis for decision support. A revenue accounting solution ensures fast and accurate settlement by automating the accounting of revenue across multiple airline systems.
Onboard catering and provisioning	Solutions that manage in-flight services to optimize customer experience and brand perception, including provision planning, ordering materials, galley management and business intelligence. This solution reduces labor-intensive tasks with automated planning, decreases overall inventory carrying costs, and integrates with multiple systems to centralize pricing decisions and management of multiple vendors.

Enterprise Operations: Sabre AirCentre

Our Sabre AirCentre Enterprise Operations is a set of strategic solutions that drive operational effectiveness through holistic planning and management of airline, airport and customer operations. The Sabre AirCentre suite focuses on improving efficiency, controlling costs, and managing change through maximizing operational control. Our Sabre AirCentre offerings include:

Solution Family	Description
Flight management	Solutions that manage aircraft flight operations, including developing flight plans and schedules, providing maps and weather information, and tracking aircraft. A flight plan solution determines the optimal route based on airline priorities regarding fuel conservation, time, and revenue, and then it automates the costly routine processes associated with flight plan distribution. An aircraft-to-ground messaging system reduces delays by providing vital information prior to gate arrival and automating data transfer for aircraft initialization at takeoff. A situational display solution provides an integrated display of flight information, weather, and operational data that enables real-time operational decision-making to improve efficiency, productivity, and customer experience. An electronic flight bag transitions the airline from a paperless to an electronic environment for flight operations and it also enhances communications and reduces delays by integrating aircraft into the airline network.

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Solution Family	Description
Operations management	Solutions that forecast and fulfill long-range crew needs, optimize crew placement while complying with industry and government regulations and schedule requirements, manage crew movements, ensure accurate payroll, assign aircraft to flight schedule during regular and irregular operations and track aircraft movements on the ground. Enable adjustment of aircraft and crew schedules in response to interference causing irregular operations; early monitoring of impending operational disruptions allows for more efficient resolution, reduced costs and improved customer experience.
Airport management	Solutions that manage airline usage of airport resources, such as gate operations and usage as well as airport staff scheduling, rosters and operations. A gate management solution optimizes on-time performance through demand-driven resourcing, proactively addresses potential issues to reduce operational disruptions, and reduces tarmac waiting times and associated fuel burn. A ground support equipment planning solution uses scenario modeling to forecast ground equipment needs and optimize resource planning across an airport. A hub management solution provides an integrated view of data needed to efficiently plan and manage every aircraft turnaround. A staff management solution enhances airport handling operations through sophisticated planning models, visual alerts, and streamlined information access to help plan and manage optimal daily staff planning and deployment of the associated handling tasks.

Customers

As of December 31, 2013, we served approximately 225 airlines of all sizes and in every region of the world, including LCC/hybrids, global network carriers and regional network carriers. We also served approximately 700 other customers such as airports, corporate aviation fleets, governments and tourism boards. We have a global customer base, serving 79 of T2RL s top 100 passenger airlines, which represent the majority of PBs worldwide, based on 2012 PBs as reported by T2RL and combined with our own competitive industry insights. We have recently won reservations system contracts from Etihad Airways, LAN, WestJet, Virgin Australia, Virgin America and JetBlue. In January 2014, we reached a long-term agreement with American Airlines to be the provider of the reservations system for the merged American Airlines and US Airways entity.

We serve the following types of airlines:

LCC/hybrids. LCC/hybrids are typically carriers that have become more operationally complex as they evolve away from a model focused on low-cost and simplified operations. LCC/hybrids also tend to be thought leaders in the industry and grow faster, adding codesharing capabilities and new cabin classes, distributing through more indirect channels and diversifying their fleets. Examples of LCC/hybrids include Virgin America, Lion Air and JetBlue. A number of our recent customer acquisitions have been in this customer segment, with approximately 29% of our PBs represented by LCC/hybrids in 2013 based on T2RL data. In 2012, LCC/hybrids represented approximately 45% of our 2012 PBs. T2RL s LCC/hybrid group included JetBlue and Lion Air in 2012, which we consider LCC/hybrid carriers. T2RL s 2013 calculation excludes these carriers from the LCC/hybrid group. If these two carriers were included as LCC/hybrids in the 2013 calculation, LCC/hybrids would have represented approximately 41% of our 2013 PBs. In our airline reservations products, our travel supplier customer base is weighted towards this faster growing customer segment relative to our nearest competitor which has less than 10%. This leading presence among LCC/hybrids provides us with strong organic growth potential, as these carriers have recently grown faster than network carriers. As our growing LCC/hybrid customers demand additional solutions and capabilities, we can take advantage of these built-in opportunities to further increase our penetration of these customers.

Global network carriers. These carriers are typically large full-service airlines with a global presence that tend to participate in major global alliances. Examples of global network carriers include Delta, British Airways and Japan Airlines. We estimate that global network carriers, each of which serves over 25 million PBs per year, together boarded approximately one-third of PBs worldwide, as reported by T2RL in 2012.

Regional network carriers. These network carriers range in size but generally tend to focus primarily on one geographic region. They tend to be more price sensitive and less operationally complex than the global network carriers. Examples of regional network carriers include Virgin Australia and Vietnam Airlines. Mid-size and large regional carriers, which have a moderate level of complexity in their reservations requirements, are more likely than global network carriers to rely on third-party solutions providers for reservations functionality.

Our contracts tend to be non-exclusive multi-year agreements, with our reservations systems contracts generally lasting between five to ten years and software solutions contracts generally lasting between three to five years. We typically price our offerings based on relevant metrics that scale with the customer s business, such as PBs for reservations or number of aircraft for flight planning. In most cases, airlines commit to annual minimum volumes of such relevant metrics. If actual number of units is less than the annual minimum volume commitment, the airline will pay for any shortfall up to the annual minimum volume commitment. Our fees are generally paid on a monthly basis. Depending on the type of software products purchased, we also charge our customers for consulting fees, software licensing fees and other service fees. These contracts contain standard representations and warranties, covenants and indemnification provisions.

Airline reservations contracts representing less than 5% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2015 and airline reservation contracts representing approximately 2% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2016. Airline reservations contracts representing approximately 9% of Airline Solutions expected 2014 revenue are scheduled for renewal in 2017. We cannot guarantee that we will be able to renew our solutions contracts in the future on favorable economic terms or at all.

Competitors

The airline software industry is very competitive and highly fragmented. We are currently aware of over 100 competitors providing many types of reservations systems and software applications solutions.

The closest competitor to us in terms of size and breadth of product offering is Amadeus. We also compete with traditional technology companies such as HP, Unisys and Navitaire (a division of Accenture) and with airline industry participants such as Jeppesen (a division of Boeing), Lufthansa Systems, and SITA. In addition, various point solutions providers such as PROS, ITA Software, Datalex and Travelport compete with us on a more limited basis in several discrete functional areas. We differentiate ourselves by offering the broadest portfolio of software solutions, including reservations, marketing and planning and enterprise operations systems solutions in more than a dozen different areas of expertise. We have a competitive advantage in offering a comprehensive portfolio through a single relationship as compared to our competitors, most of which specialize in either one solution or a limited functionality set.

We are the second largest provider of passenger reservations systems, with an 18% share of airline PBs, according to T2RL PSS data for 2012, following closely behind Amadeus, which accounts for 21% share, and leading Navitaire, which accounts for 12% share. Despite facing significant implementation costs involved in switching passenger sales and service systems providers, a number of airlines have recently migrated from Amadeus and Navitaire systems to our SabreSonic CSS system, including Etihad Airways and Virgin Australia. Navitaire focuses on serving ultra low-cost carriers, as their passenger sales and service system is a simplified version of the traditional model of selling airline seats, while our system can accommodate the increased complexity of LCC/hybrids and network carriers.

We also believe that we have the leading portfolio of airline marketing and operations products across the solutions that we provide, based on our internal share estimates calculated based on our market intelligence combined with 2012 T2RL airline data.

There are also airlines that develop their own software applications and reservations systems in-house, some of which use a third-party mainframe in their data center and outsource the operation to a services vendor such as IBM or HP. Some regional carriers buy the spare capacity in a larger airline s reservations systems, which is often based on a common language or an alliance relationship. As airlines continue to move toward relying on third-party solutions providers for the technology that they currently host in-house, we believe our flexible, scalable and broad portfolio, SaaS and hosted delivery model, strong penetration in the market with a focus on high-growth segments, industry expertise and customer support position us well to continue gaining share in airline software applications and reservations systems.

See Industry Travel Technology Solutions Competitive Environment for a discussion of the factors on which third-party solutions providers compete.

Hospitality Solutions

Our Hospitality Solutions business provides industry-leading distribution, operations and marketing solutions to approximately 17,500 hotel properties around the world. Our offerings include reservations systems, PMSs, marketing services through our customers various distribution channels and consulting services that optimize distribution and marketing. With our comprehensive portfolio of SaaS solutions and value-added services, we believe we are well-positioned to add value in the hotel industry and to address the continued global growth and complexity of operational, distribution and marketing needs.

On September 11, 2014, we acquired the assets of Genares, a global, privately-held hospitality technology company, to further strengthen Sabre s position as a leading technology partner to hoteliers worldwide. The acquisition added more than 2,300 independent and chain hotel properties to Sabre s existing Hospitality Solutions portfolio.

We are a leading provider of hospitality solutions to hotel suppliers based on the following attributes:

Leader in reservations. Our CRS platform serves approximately 13,000 properties and approximately 80 chains globally. Historically, generating GDS hotel bookings has been the primary reason that hotels use CRS services. Based on our estimates, in 2013, we had the largest hospitality CRS solution based on our approximately 27% market share of third-party hospitality CRS hotel rooms distributed through our GDS, with our next closest competitor at 17%. See Method of Calculation for an explanation of the methodology underlying our third-party hospitality CRS hotel room share calculation.

Leading web-based PMS. Our innovative PMS is used by more than 4,500 properties globally and we believe our product is one of the leading third-party web-based PMSs. Our PMS platform complements our industry-leading CRS platform and we expect to launch an integrated hospitality management suite that will centralize all distribution, operations and marketing aspects to facilitate increased accuracy, elimination of redundancies, and increased revenue and cost savings. In a recent internal survey, a majority of hotels with ten or more properties would be interested in purchasing this type of integrated PMS-CRS web-based solution when they next upgrade their PMS. Over time, we expect that this system will change the industry approach to distribution and guest management, as well as drive greater cross-utilization among our customer base.

Industry expertise. Our deep industry expertise in hotel distribution enhances the value of our solutions, which help hotels manage content across multiple global, regional, and local distribution channels more effectively. Our Hospitality Solutions business leadership team has an average of over 16 years of hospitality industry experience, and our industry expertise stems from relationships with hotels, travel agencies and distribution partners going back over 20 years.

Scalable SaaS delivery. The vast majority of our revenue is generated by solutions delivered as SaaS. This delivery model provides hotels, which previously performed these functions manually, with access to our state-of-the-art technology without prohibitive infrastructure costs. Our SaaS solutions platform is sophisticated enough to accommodate any hotel s needs, from an independent hotel to a global chain with multiple brands and thousands of properties. We believe this sets us apart from many of our competitors and provides our customers with the scale needed to replace in-house technology and focus their resources to serve travelers.

Key Metrics

Our revenue growth is associated primarily with the product functionality and the scalability of our business due to the economies of scale realized through our SaaS delivery model. Our Recurring Revenue as a percentage of total Hospitality Solutions revenue has remained high for our Hospitality Solutions business at 93%, 95% and 92% for the years ended December 31, 2013, 2012 and 2011, respectively. For the year ended December 31, 2013, we processed approximately 14 million room reservations. For additional segment information, see Note 21, Segment Information, to our audited consolidated financial statements included elsewhere in this prospectus.

Product Offering

We offer a comprehensive set of SaaS solutions for hoteliers to manage distribution, operations and marketing across multiple channels and segments globally. Customers can bundle components of our modular and integrated software offerings to create a solution that best suits their specifications. Our solutions can also be integrated with other hotel systems; as an active member of Open Travel Alliance and Hotel Technology Next Generation, we work with the most current XML standard interface specifications so that new interfaces can easily and quickly be added as needed.

Product Category	**Description**
Distribution	SynXis CRS: a web-based system that distributes a hotel s inventory to various channels, including the GDS, our proprietary Guest Connect internet booking engine (which includes mobile booking capabilities), call center (which is offered as an outsourced service and/or an agent booking application called Voice Agent) and direct connections to third-party OTAs. Allows hotels to manage availability, rates and content across these channels and send targeted marketing messages to customers at the point of sale. Includes revenue management tools that integrate with other important property systems to provide a holistic view of a hotel s revenue streams and help optimize revenue.
Operations	Sabre PMS: a web-based system that helps a hotel manage all aspects of its operations, with functionalities including inventory and reservations management, guest profile management, staffing, cleaning, back office and payment system integration, and a night audit/reporting module. Serves over 4,500 properties, including Red Roof Hotels and nine Wyndham brands.
Marketing	Include a broad portfolio of solutions including website design and hosting, search engine optimization, pay-per-click and online advertising, mobile solutions, social media marketing, content management systems, behavioral targeting and custom flash development. Also include the sale of Sabre GDS media, integration with CRM and loyalty systems and email marketing campaign management.
Other	Consulting services for revenue management, marketing campaign planning and CRM, partnering with our customers to provide education around and maximize the return on investment in our tools and services, identify new revenue opportunities

and stay up to date on the latest industry trends.

A Consortia/Request for Proposal (RFP) solution targets certain customer segments to generate higher-revenue bookings than those generated through the internet. Comprised of (i) Sabre Hotel RFP which provides hotels with leads for corporate travel contracts and sends hotel bids to corporations and agencies and

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Product Category	Description
	(ii) Consortia Management Program which markets preferred rates to qualified travel agent groups or consortia and helps establish strong relationships with major consortia agents for the corporate direct leisure and general travel agency sectors.

Customers

We have a global customer base with approximately 17,500 hotel properties of all sizes, with 35% of hotel rooms distributed through our GDS for the year ended December 31, 2013 in North America, 9% in Latin America, 34% in EMEA and 22% in APAC. The combination of our functionality, system flexibility, and ease of deployment has enabled significant global growth across all regions and customer segments. We have grown from approximately 10,000 properties in 2008 to approximately 17,500 properties in 2014. The breadth of our customer base provides us with opportunities to cross-sell our many offerings to hotels with which we already have a relationship. The flexibility of our solutions allows us to serve hospitality customers that range from individual hotels to large chains comprised of thousands of properties. For example, we serve strong, stable brands such as Wyndham, Shangri-La Hotels and Resorts, Mandarin Oriental, Peninsula, Rosewood Hotels and Resorts, Preferred Hotel Group, Harrah s, Kimpton and Red Roof Inns. Our tools help these branded chains manage their brand and distribution mix across multiple properties in multiple regions. In total, we represent approximately 80 different hotel chains and over 8,000 independent hotels. A large part of our strength and success in the independent hotel segment is due to our global reseller network of over 30 partners that allows us to extend our sales presence internationally in a cost-effective manner.

Our contracts usually have one to five year terms, and typically renew automatically for one to three year periods until notice of termination is given by either party prior to the end of the current term. Customers whose contracts allow termination at will may have to pay early termination fees or may only terminate after a certain period of time has passed. We receive configuration and monthly subscription fees from our customers. Monthly transaction fees are comprised of reservations fees per room booking, net of cancellations, in that month. Customers have agreed to annual or periodic reservations fee increases in many of our contracts. These contracts contain standard representations and warranties, covenants and indemnification provisions.

Hospitality Solutions contract renewals are relatively evenly spaced, with approximately one-third of contracts representing approximately one-third of Hospitality Solutions 2013 revenue coming up for renewal in any given year. We cannot guarantee that we will be able to renew our solutions contracts in the future on favorable economic terms or at all.

Competitors

We face competition across many aspects of our business but our primary competitors are in the hospitality CRS and PMS fields, including MICROS, TravelClick, Pegasus and Trust, among others. However, in 2013, we had the largest hospitality CRS solution, based on our approximately 27% market share of third-party hospitality CRS hotel rooms distributed through our GDS.

The chart below reflects the long-term trend of our third-party hospitality CRS market share (compared against certain key competitors) as measured by our GDS bookings. This metric is different from the metric we use elsewhere in this prospectus which is based on share of hotel rooms, and we use it because we believe it accurately reflects the direction of the market over time. See Method of Calculation for an explanation of the methodology underlying these two different metrics.

* Sabre acquired Generas on September 11, 2014

There are also hotels that develop their own software applications and CRSs in-house, including global hotel chains. As hotels continue to move toward relying on third-party solutions providers for the technology that they currently host in-house, we believe our flexible, scalable and extensive portfolio, SaaS delivery model, focus on high-growth segments, industry expertise and customer support position us well to continue gaining share in the hospitality solutions industry.

See Industry Travel Technology Solutions Competitive Environment for a discussion of the factors on which third-party solutions providers compete.

Travelocity

On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com and on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. See Summary Recent Developments.

Travelocity was our family of online consumer travel e-commerce businesses that served primarily leisure travelers. We connected these travelers with travel products and services from well-known global brands. Through our websites, travelers could research, shop and book over 400 airlines, over 150,000 hotels, all major car rental companies, most major cruise lines, numerous vacation and last-minute travel packages as well as access traveler reviews and other travel-related services.

Travelocity was comprised primarily of Travelocity.com, an OTA focusing on the United States and Canada and lastminute.com, an OTA focusing on Europe.

Founded in 1996, Travelocity.com was the first OTA and one of the first online retailers. In 2013, Travelocity was the fourth largest global OTA, generating $7 billion in annual gross travel sales. Travelocity s results have been adversely impacted by several factors in recent years, including margin pressure and reduced bookings on its websites. For the three years ended December 31, 2013, Travelocity experienced an approximately 8% compound annual revenue decline due to intense competition within the travel industry. This increased level of competition led to declines in fees on new long-term supplier agreements signed with several large North American airlines in 2012 and lower transaction volumes, which also impacted our media revenue. In order to help improve Travelocity results, we initiated plans in the third quarter of 2013 to shift our Travelocity businesses in the United States and Canada away from a high fixed-cost model to a lower-cost, performance-based revenue structure.

On August 22, 2013, Travelocity entered into an exclusive, long-term strategic marketing agreement with Expedia. Under the Expedia SMA, Expedia powered the technology platforms for Travelocity s existing U.S. and Canadian websites as well as provided Travelocity with access to Expedia s supply and customer service platforms. In connection with the Expedia SMA we also entered into the Put/Call Agreement. The Expedia SMA represented a strategic decision to reduce direct costs associated with Travelocity and to provide our customers with the benefit of Expedia s long-term investment in its technology platform as well as its supply and customer service platforms, which we expected to increase conversion and operational efficiency and allow us to shift our focus to Travelocity s marketing strengths.

Under the terms of the Expedia SMA, Expedia paid us a performance-based marketing fee that varied based on the amount of travel booked through Travelocity-branded websites powered by Expedia. The marketing fee we received was recorded as marketing fee revenue and the cost we incurred to promote the Travelocity brand and for marketing was recorded as selling, general and administrative expense in our results of operations. As a result of transactions being processed through Expedia s platform instead of the Travelocity platform, the revenue we derived from the merchant, agency and media revenue models declined. In connection with this migration, we were no longer considered the merchant of record for merchant transactions, and therefore we no longer collected cash from consumers, received transaction fees and commissions directly from travel suppliers, received service fees or insurance related revenue directly from customers or directly marketed or received media revenue from advertisers on our websites. We instead collected the marketing fee revenue from Expedia, which was net of costs incurred by Expedia in connection with these activities.

Additionally, Travelocity no longer received incentive consideration from Travel Network as intersegment revenue, and Expedia was not required to use Travel Network for shopping and booking of non-air travel for Travelocity.com and Travelocity.ca after the launch of the Expedia SMA.

In the fourth quarter of 2013, we continued our restructuring of Travelocity by implementing a plan to restructure lastminute.com, the European portion of the Travelocity business, in order to allow lastminute.com to operate independently. Additionally, in the first quarter of 2014, Travelocity sold its TPN business to Orbitz. TPN is a B2B offering that provides travel content and booking functionality to, and sells products and services through, loyalty and private label websites for suppliers and distribution partners. On January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc., following which, the Expedia SMA was terminated. Expedia will still be required to use our GDS for booking of air travel booked through Travelocity.com and Travelocity.ca until 2019, at which time it may choose to use another intermediary for a portion or all of such air travel, subject to earlier termination under certain circumstances. Expedia is not using Travel Network for shopping and booking of non-air travel for Travelocity.com and Travelocity.ca.

Key Metrics

For the year ended December 31, 2013, Travelocity gross travel booked was $7 billion. For additional segment information, see Note 21, Segment Information, to our audited consolidated financial statements included elsewhere in this prospectus.

Product Offering

Our product offering included:

- Travelocity.com (including Travelocity.ca and Travelocity.mx), which was our consumer-facing full-service OTA offering for the Americas that serves primarily leisure travelers. Travelocity.com allowed customers to reserve, book, and purchase a variety of airline tickets, hotel rooms, rental cars, cruises, and packaged vacations without the help of a travel agent.

- lastminute.com, which was our European OTA brand that provides online access to over 80,000 hotel properties and approximately 400 airlines worldwide as well as holiday packages, car hire, theater tickets and spa packages.

Competitors

Travelocity s main competitors included:

- other OTAs, of which the largest global businesses are Expedia, Orbitz and Priceline. These competitors continue to evolve by investing in marketing, international expansion, mobile platforms and new comparison models such as metasearch;

- traditional offline travel agencies;

- suppliers, such as airlines, hotels and car rental companies, many of which have their own branded websites;

- search engines that have launched travel-focused initiatives, such as Google Flights and Microsoft Bing Travel. Although these search engines currently do not have the ability to directly fulfill travel bookings, they can direct customer traffic to other sites such as supplier websites where customers can book directly; and

- metasearch companies, which aggregate travel search results from suppliers, OTAs and other travel websites. For example, Kayak may be able to drive new traffic to Priceline, by which it was recently acquired. TripAdvisor, the leading travel research and review website, has recently added metasearch functionality to some of its offerings.

See Risk Factors Risks Related to our Business and Industry Travel suppliers use of alternative distribution models, such as direct distribution models, could adversely affect our Travel Network and Travelocity businesses.

We competed on the basis of ease of use; price; customer satisfaction; availability of product type or rate; service; amount, accessibility and reliability of information; breadth of products offered and customers reached.

Research, Development and Technology

Introduction

We invest heavily in software development, delivery and operational support capabilities and strive for best-in-class products that we can provide for our customers. We operate standardized infrastructure in our data center environments across hardware, operating systems, databases, and other key enabling technologies to minimize costs on non-differentiators.

Our architecture has evolved from a mainframe-centric transaction processing environment to a secure processing platform that we believe is one of the world s most heavily used and resilient SOA environments. In 2013, our platform processed more than 1.1 trillion system messages, with peak volumes of nearly 100,000 system messages per second and an average response time of less than three seconds. This represents approximately a 25% CAGR from the approximately 700 billion system messages processed in 2011. Our data centers have more than 14,000 servers/virtual machines and leverage over 10,000 terabytes of storage.

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A variety of products and services run on this technology infrastructure: high-volume air shopping systems; desktop-access applications providing continuous, real-time data access to travel agents; airline operations and decision support systems; an array of customized applications available through the Sabre Red App Centre; and web-based services that provide an automated interface between us and our travel suppliers and customers. The flexibility and scale of our standardized SOA-based technology infrastructure allow us to quickly deliver a broad variety of SaaS and hosted solutions.

Product Development

A technology staff of approximately 4,000 employees and contractors provides varying skill sets to deliver quality and innovation to our customers. This staff is based around the world in six facilities located in Dallas-Fort Worth, Boston, Krakow, Bangalore, Montevideo and Buenos Aires. This global footprint puts us closer to our customers and gives our developers insight into local market needs that benefits our products and services. Additional offices around the world also let us use a follow the sun approach, meaning that our development teams are active 24-hours-a-day in order to provide rapid time to market. We also have the flexibility to adapt quickly and re-allocate work across regions and businesses as needed.

Our core product development is complemented by dedicated analytics and operations research staff. This team, which includes individuals with advanced degrees in operations research, computer science, mathematics and statistics, applies the latest thinking on advanced algorithms and data analysis to drive continuous improvement in the innovation, efficiency, and performance of our products and services.

Processing and Storage Capacity

Sabre has significant processing and storage capacity to enable efficient processing of business volumes, leveraging multiple data centers around the world for production, certification, integration, and development environments.

The majority of our systems operate in a private cloud environment. This, coupled with a standardized infrastructure stack, enables rapid deployment of capacity and automation across the operational environment. We expect that increasing levels of automation over time will enable us to continue to make better use of our processing and storage capacity and to increase the efficiency and speed with which we can deploy capacity to areas of need across our business.

Operational Reliability and Performance

Our technology strategy is based on achieving company-wide stability and performance at the most efficient price point. Significant investment has gone into building a commoditized, centralized and standardized middleware environment with an emphasis on simplicity, security, and scalability. Teams of developers focus solely on the creation and improvement of core services that are leveraged in product development across our businesses, ensuring consistency and a common foundation for operational stability. In addition, our enterprise technology operations team leverage industry-standard Information Technology Infrastructure Library operational processes.

Disaster Recovery

Our primary data centers are Tier 3 facilities and have been built to provide a high-availability environment. They are designed to withstand most natural events, were placed geographically above flood lines and are in areas with very low probability of earthquakes. This physical design is coupled with operational and site management processes designed to eliminate points of failure and provide availability 24-hours-a-day, 7-days-a-week, 365-days-a-year. They have redundant power, advanced cooling systems, network infrastructure, fire detection, and emergency systems. The data centers are also equipped with comprehensive security systems to mitigate potential physical compromise of the facilities or services. See Risk Factors Risks Related to Our Business and Industry Our success depends on maintaining the integrity of our systems and infrastructure, which may suffer from failures, capacity constraints, business interruptions and forces outside our control.

Data Security

We employ data protection measures in an effort to safeguard both corporate and customer data. Additionally, many initiatives are planned or are already underway to further strengthen our information security position.

We scan our credit card processing environment regularly, run annual internal and external penetration testing to identify vulnerabilities, and conduct annual risk assessments on applications and processes in order to maintain a high degree of data security awareness. See Risk Factors Regulatory and Other Legal Risks Our collection, processing, storage, use and transmission of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements, differing views on data privacy or security breaches and Risk Factors Regulatory and Other Legal Risks We are exposed to risks associated with payment card industry

(PCI) compliance for more information about the data security related risks and requirements to which we are subject.

Much of our operational computing environment, including our mainframe systems, is managed by a third-party service provider, which allows us to capitalize on the service provider s operational and security expertise. See Risk Factors Risks Related to Our Business and Industry We rely on the availability and performance of information technology services provided by third parties, including HP, which manages a significant portion of our systems for more information about our relationship with third-party service providers.

Product and Service Quality

We operate several labs that have primary accountability for validating the functional capabilities of application code, confirming code compatibility and integration, and testing code performance for high volume resiliency. These capabilities support institutionalized application engineering best practices and formalized processes that mandate the implementation and use of specific testing environments for development, integration, and certification before code moves to production. Our software development life-cycle emphasis includes the execution of documented, traceable standards and measures from initiation of a product through retirement. These include specific architectural reviews, code inspections, and pre-release readiness reviews.

Operational Efficiency

We leverage SOA to build a standard infrastructure across our business, which has allowed us to obtain efficient, streamlined operational support of our services and applications through enhanced and standardized deployment, discovery and visibility across business segments. Our operational environment has common systems and processes across the business, standardized hardware and software, multi-core and virtualization technologies for efficiency and sustainability, and a data center footprint that allows for expansion and quick integration of any new data centers resulting from acquisition of other companies.

The focus on standardization during our multi-year move to an agile development approach has allowed teams to increase their throughput and reduce rework. Our product development teams are staying more in synch with internal and external customer needs through more frequent touch points, early demonstration of features and functions, and a continuous focus on quality, ensuring more alignment once products are delivered. In addition, the introduction of supporting tool sets that work well with the methodology and technology architecture for component-level testing have further increased productivity at the team level.

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Finally, by strategically locating approximately half of our technology staff in various facilities and closely monitoring and adjusting our technology investment, we are able to introduce increasingly more advanced development and operational practices while reducing unnecessary resources and costs.

Intellectual Property

Companies in the travel and travel technology industries increasingly rely on patents, copyrights, trademarks, and trade secrets, as well as licenses of the foregoing. Such companies constantly develop new products and innovations, and the travel and travel technology industries are subject to constant and rapid technological change.

We use software, business processes and proprietary information to carry out our business. These assets and related intellectual property rights are significant assets of our business. We rely on a combination of patent, copyright, trade secret and trademark laws, confidentiality procedures, and contractual provisions to protect these assets and we license software and other intellectual property both to and from third parties. We may seek patent protection on technology, software and business processes relating to our business, and our software and related documentation may also be protected under trade secret and copyright laws where applicable. We may also benefit from both statutory and common-law protection of our trademarks. We do not believe that our business is dependent on any single item of intellectual property, or that any single item of intellectual property is material to the operation of our business. Rather, we believe that our intellectual property provides a competitive advantage, and from time to time we have taken steps to enforce our intellectual property rights.

The scope of such intellectual property protection varies depending on the laws of the local jurisdiction, which, in some jurisdictions, may provide less protection than the laws of the United States. Moreover, the duration of protection varies between different types of intellectual property rights. For instance, in the United States patents generally remain in force for 20 years from the filing of the patent application. Our issued United States patents are expected to expire between 2014 and 2033.

Although we rely heavily on our brands, associated trademarks, and domain names, we do not believe that our business is dependent on any single item of intellectual property, or that any single item of intellectual property is material to the operation of our business. However, since we consider trademarks to be a valuable asset of our business, we maintain our trademark portfolio throughout the world by filing trademark applications with the relevant trademark offices, renewing appropriate registrations and regularly monitoring potential infringement of our trademarks in certain key markets. See Risk Factors Regulatory and Other Legal Risks We may not be able to protect our intellectual property effectively, which may allow competitors to duplicate our products and services and Risk Factors Regulatory and Other Legal Risks Intellectual property infringement actions against us could be costly and time consuming to defend and may result in business harm if we are unsuccessful in our defense for more information about our intellectual property.

Insurance

We insure against certain corporate risks, including damage to our property and other material assets and business interruption. Our insurance coverage includes:

- general civil liability and business automobile insurance umbrella and excess liability policies;

property, damages and business interruption policy;

director and officer liability policy;

IT services policies, including a policy for errors and omissions and Internet/cyber liability;

aviation policy covering third party bodily harm and/or property damage resulting from aircraft incidents;

- workers compensation policy;
- employee crime, kidnap and ransom policy;
- fiduciary liability policy; and
- supplemental policies for general liability, automobile liability and workers compensation for certain foreign locations, where required by local law.

While we consider that our insurance coverage is consistent with industry standards in light of the activities we conduct, we can provide no assurance that our insurance coverage will adequately protect us from all the risks that may arise or in amounts sufficient to prevent material loss. See Risk Factors Regulatory and Other Legal Risks We may not have sufficient insurance to cover our liability in pending litigation claims and future claims either due to coverage limits or as a result of insurance carriers seeking to deny coverage of such claims, which in either case could expose us to significant liabilities.

Legal Proceedings

While certain legal proceedings and related indemnification obligations to which we are a party specify the amounts claimed, these claims may not represent reasonably possible losses. Given the inherent uncertainties of litigation, the ultimate outcome of these matters cannot be predicted at this time, nor can the amount of possible loss or range of loss, if any, be reasonably estimated, except in circumstances where an aggregate litigation accrual has been recorded for probable and reasonably estimable loss contingencies. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new information or developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters. See Risk Factors Regulatory and Other Legal Risks We are involved in various legal proceedings which may cause us to incur significant fees, costs and expenses and may result in unfavorable outcomes.

On December 16, 2014, we announced that we had received a binding offer from Bravofly Rumbo Group to acquire lastminute.com. In connection with this binding offer, we expect that certain liabilities will be retained.

Furthermore, on January 23, 2015, we announced the sale of Travelocity.com to Expedia, Inc. Pursuant to the Asset Purchase Agreement entered into with Expedia, we will continue to be liable for pre-closing liabilities of Travelocity, including fees, charges, costs and settlements relating to litigation arising from hotels booked on the Travelocity platform prior to the Expedia SMA. Fees, charges, costs and settlements relating to litigation from hotels booked on Travelocity.com subsequent to the Expedia SMA and prior to the date of the sale of Travelocity.com to Expedia will be shared with Expedia in accordance with the terms that were in the Expedia SMA. We are jointly and severally liable for Travelocity s indemnification obligations under the Asset Purchase Agreement for liabilities that may arise out of such litigation matters, which could adversely affect our cash flow.

Litigation and Administrative Audit Proceedings Relating to Hotel Occupancy Taxes

Over the past ten years, various state and local governments in the United States have filed approximately 70 lawsuits against us and other OTAs pertaining primarily to whether Travelocity and other OTAs owe sales or occupancy taxes on some or all of the revenues they earn from facilitating hotel reservations using the merchant revenue model. In the merchant revenue model, the customer pays us an amount at the time of booking that includes (i) service fees, which we collect, and (ii) the price of the hotel room and amounts for occupancy or other local taxes, which we pass along to the hotel supplier. The complaints generally allege, among other things, that the defendants failed to pay to the relevant taxing authority hotel accommodations taxes on the service fees. Courts have dismissed approximately 30 of these lawsuits, some for failure to exhaust administrative remedies and some on the basis that we are not subject to the sales or occupancy tax at issue based on the construction of the language in the ordinance. The Fourth, Sixth and Eleventh Circuits of the United States Courts of Appeals each have ruled in our favor on the merits, as have state appellate courts in Missouri, Alabama, Texas, California, Kentucky, Florida, Colorado and Pennsylvania, and a number of state and federal trial courts. The remaining

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lawsuits are in various stages of litigation. We have also settled some cases individually, most for nuisance value, and with respect to these settlements, have generally reserved our rights to challenge any effort by the applicable tax authority to impose occupancy taxes in the future.

We have received recent favorable decisions pertaining to cases in North Carolina, California, Montana, Arizona and Colorado. On August 19, 2014, the North Carolina Court of Appeals affirmed a judgment in favor of Travelocity and other OTAs after concluding they are not operators of hotels, motel or similar-type businesses and therefore are not subject to hotel occupancy tax. The plaintiffs have filed a petition for discretionary review with the North Carolina Supreme Court. On May 28, 2014, an administrative hearing officer in Arizona ruled that Travelocity is not responsible for collecting or remitting local hotel taxes and set aside assessments made by twelve municipalities in Arizona, including Phoenix, Scottsdale, Tempe, and Tucson. On March 27, 2014, a California court of appeals upheld a trial court ruling that OTAs, including Travelocity, are not subject to the City of San Diego s transient occupancy tax because they are not hotel operators or managing agents. The City of San Diego has filed a petition asking the Supreme Court of California to review the case. This marked the third time that a California appellate court has ruled in favor of Travelocity on the question of whether OTAs are subject to transient occupancy taxes in California, the prior two cases being brought by the City of Anaheim and City of Santa Monica. Travelocity also has prevailed at the trial court level in cases brought by San Francisco and Los Angeles, both of which are being appealed by the cities. On March 6, 2014, a Montana trial court ruled by summary judgment that Travelocity and other OTAs are not subject to the State of Montana s lodging facility use tax or its sales tax on accommodations and vehicles. The lawsuit had been brought by the Montana Department of Revenue, which has appealed the decision. On July 3, 2014, the Colorado Court of Appeals affirmed a final judgment that Travelocity and OTAs are not liable for lodging taxes as claimed by the City of Denver. The City of Denver has petitioned the Supreme Court of Colorado to review the decision.

Although we have prevailed in the majority of these lawsuits and proceedings, there have been several adverse judgments or decisions on the merits, some of which are subject to appeal. On April 3, 2014, the Supreme Court of Wyoming affirmed a decision by the Wyoming State Board of Equalization that Travelocity and other OTAs are subject to sales tax on lodging. Similarly, on March 4, 2014, a trial court in Washington D.C. entered final judgment in favor of the District of Columbia on its claim that Travelocity and other OTAs are subject to the District s hotel occupancy tax. Travelocity has appealed the trial court s decision. We did not record material charges associated with these cases during the three and nine months ended September 30, 2014 and 2013. As of September 30, 2014, our reserve for these cases totaled $6 million and is included in other accrued liabilities in our consolidated balance sheets.

In late 2012, the Tax Appeal Court of the State of Hawaii granted summary judgment in favor of Travelocity and other OTAs on the issue of whether Hawaii s transient accommodation tax applies to the merchant revenue model. However, in January 2013, the same court granted summary judgment in favor of the State of Hawaii and against Travelocity and other OTAs on the issue of whether the state s general excise tax, which is assessed on all business activity in the state, applies to the merchant revenue model for the period from 2002 to 2011.

We recorded charges of $1 million and $17 million in cost of revenue for the nine months ended September 30, 2014 and 2013, respectively, which represents the amount we would owe to the State of Hawaii, prior to appealing the Tax Appeal Court s ruling, in back excise taxes, penalties and interest based on the court s interpretation of the statute. As of September 30, 2014, we maintained an accrued liability of $9 million for this case and have not made material payments in the nine months ended September 30, 2014. Payment of such amount is not an admission that we believe we are subject to the taxes in question.

The State of Hawaii has appealed the Tax Appeal Court s decision that Travelocity is not subject to transient accommodation tax, and Travelocity has likewise appealed the Tax Appeal Court s determination that we are subject to general excise tax, as we believe the decision is incorrect and inconsistent with the same court s prior rulings. If any excise tax is in fact owed (which we dispute), we believe the correct amount should be under $10 million. The ultimate resolution of these contingencies may differ from the liabilities recorded. To the extent our appeal is successful in reducing or eliminating the assessed excise tax amounts, the State of Hawaii would be required to refund such amounts, plus interest. On May 20, 2013, the State of Hawaii issued additional assessments of general excise tax and hotel occupancy tax for the calendar year 2012. Travelocity has appealed these assessments to the Tax Appeal Court, and these assessments have been stayed pending a final appellate decision on the original assessments.

On December 9, 2013, the State of Hawaii also issued assessments of general excise tax for merchant rental car bookings facilitated by Travelocity and other OTAs for the period 2001 to 2012 for which we recorded a $2 million reserve in the fourth quarter of 2013. Travelocity has appealed the assessment to the Tax Appeal Court, which ordered a stay of the assessment pending a final appellate decision on the original assessments.

On July 18, 2014, the State of Hawaii also issued additional assessments of general excise tax and hotel occupancy tax for the calendar year 2013. Travelocity appealed those assessments to the Tax Appeal Court, which has stayed the assessments pending a final appellate decision on the original assessments.

On November 21, 2013, the New York State Court of Appeals ruled against Travelocity and other OTAs, holding that New York City s hotel occupancy tax, which was amended in 2009 to capture revenue from fees charged to customers by third-party travel companies, is constitutional because such fees constitute rent as they are a condition of occupancy. Travelocity had been collecting and remitting taxes under the statute, so the ruling did not impact its financial results in that regard.

On June 21, 2013, a state trial court in Cook County, Illinois granted summary judgment in favor of the City of Chicago and against Travelocity and other OTAs, ruling that Chicago s hotel tax applies to the fees retained by the OTAs because, according to the trial court, OTAs act as hotel managers when facilitating hotel reservations. Travelocity subsequently settled the lawsuit prior to the entry of final judgment or any ruling on damages for an amount not material to our results of operations.

On April 4, 2013, the United States District Court for the Western District of Texas (W.D.T.) entered a final judgment against Travelocity and other OTAs in a class action lawsuit filed by the City of San Antonio. The final judgment was based on a jury verdict from October 30, 2009 that the OTAs control hotels for purposes of city hotel occupancy taxes. Following that jury verdict, on July 1, 2011, the W.D.T. concluded that fees charged by the OTAs are subject to city hotel occupancy taxes and that the OTAs have a duty to assess, collect and remit these taxes. We disagree with the jury s finding that we control hotels, and with the W.D.T. s conclusions based on the jury finding, and intend to appeal the final judgment to the United States Court of Appeals for the Fifth Circuit. The verdict against us, including penalties and interest, is $4 million which we do not believe we will ultimately pay and therefore have not accrued any loss related to this case.

We believe the Fifth Circuit s resolution of the San Antonio appeal may be affected by a separate Texas state appellate court decision in our favor. On October 26, 2011, the Fourteenth Court of Appeals of Texas affirmed a trial court s summary judgment ruling in favor of the OTAs in a case brought by the City of Houston and the Harris County-Houston Sports Authority on a similarly worded tax ordinance as the one at issue in the San Antonio case. The Texas Supreme Court denied the City of Houston s petition to review the case. We believe this decision should provide persuasive authority to the Fifth Circuit in its review of the San Antonio case.

As of September 30, 2014, we have a reserve of $20 million, included in other accrued liabilities in the consolidated balance sheet, for the potential resolution of issues identified related to litigation involving hotel sales, occupancy or excise taxes, which includes the $11 million liability for the remaining payments to the State of Hawaii. As of December 31, 2013, the reserve for litigation involving hotel sales, occupancy or excise taxes was $18 million. Our estimated liability is based on our current best estimate but the ultimate resolution of these issues may be greater or less than the amount recorded and, if greater, could adversely affect our results of operations.

In addition to the actions by the tax authorities, four consumer class action lawsuits have been filed against us in which the plaintiffs allege that we made misrepresentations concerning the description of the fees received in relation to facilitating hotel reservations. Generally, the consumer claims relate to whether Travelocity provided adequate notice to consumers regarding the nature of our fees and the amount of taxes charged or collected. One of these lawsuits was dismissed by the trial court and this dismissal was subsequently affirmed by the Texas Supreme Court; one was voluntarily dismissed by the plaintiffs; one is pending in Texas state court, where the court is currently considering the plaintiffs motion to certify a class action; and the last is pending in federal court, but has been stayed pending the outcome of the Texas state court action. We believe the notice we provided was appropriate.

In addition to the lawsuits, a number of state and local governments have initiated inquiries, audits and other administrative proceedings that could result in an assessment of sales or occupancy taxes on fees. If we do not prevail at the administrative level, those cases could lead to formal litigation proceedings.

US Airways Antitrust Litigation and DOJ Investigation

US Airways Antitrust Litigation

In April 2011, US Airways sued us in federal court in the Southern District of New York, alleging violations of the Sherman Act Section 1 (anticompetitive agreements) and Section 2 (monopolization). The complaint was filed two months after we entered into a new distribution agreement with US Airways. In September 2011, the court dismissed all claims relating to Section 2. The claims that were not dismissed are claims brought under Section 1 of the Sherman Act that relate to our contracts with airlines, especially US Airways itself, which US Airways says contain anticompetitive content-related provisions, and an alleged conspiracy with the other GDSs, allegedly to maintain the industry structure and not to implement US Airways preferred system of distributing its Choice Seats product. We strongly deny all of the allegations made by US Airways. US Airways initially quantified its damages at either $317 million or $482 million (before trebling), depending on certain assumptions. We believe both estimates are based on faulty assumptions and analysis and therefore are highly overstated. In the event US Airways were to prevail on the merits of its claim, we believe any monetary damages awarded (before trebling) would be significantly less than either of US Airways proposed damage amounts.

Document, fact and expert witness discovery are complete. Summary judgment motions were filed in April 2014 and in January 2015, the court issued a summary judgment opinion, which has not yet been published in full in order to preserve some of the confidential information of the parties and other parties. Based on the ruling, the judge eliminated the claims related to a majority of the alleged damages as well as rejected a request that would require us to modify language in our customer contracts. Based on the ruling, the potential remaining range of single damages has been significantly reduced. In respect of all of the remaining claims, US Airways claims damages (before trebling) of either $45 million or $73 million. US Airways has filed a motion for reconsideration on two issues decided in our favor. If the motion for reconsideration is granted in full, US Airways damages claim would, per US Airways calculations, be either $184 million or $274 million. With respect to all of the remaining claims in this case, we believe that our business practices and contract terms are lawful and fair, and we will continue to vigorously defend against the remaining claims. The claims that have been dismissed to date are subject to appeal.

We have and will incur significant fees, costs and expenses for as long as the litigation is ongoing. In addition, litigation by its nature is highly uncertain and fraught with risk, and it is therefore difficult to predict the outcome of any particular matter. If favorable resolution of the matter is not reached, any monetary damages are subject to trebling under the antitrust laws and US Airways would be eligible to be reimbursed by us for its costs and attorneys fees. Depending on the amount of any such judgment, if we do not have sufficient cash on hand, we may be required to seek financing through the issuance of additional equity or from private or public financing. As noted, US Airways had sought injunctive relief, which the Court in its recent summary judgment ruling dismissed. (US Airways has not sought reconsideration of this aspect of the Court s ruling.) If injunctive relief were granted, depending on its scope, it could affect the manner in which our airline distribution business is operated and potentially force changes to the existing airline distribution business model. Any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

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Department of Justice Investigation

On May 19, 2011, we received a civil investigative demand (CID) from the U.S. Department of Justice (DOJ) investigating alleged anticompetitive acts related to the airline distribution component of our business. We are fully cooperating with the DOJ investigation and are unable to make any prediction regarding its outcome. The DOJ is also investigating other companies that own GDSs, and has sent CIDs to other companies in the travel industry. Based on its findings in the investigation, the DOJ may (i) close the file, (ii) seek a consent decree to remedy issues it believes violate the antitrust laws, or (iii) file suit against us for violating the antitrust laws, seeking injunctive relief. If injunctive relief were granted, depending on its scope, it could affect the manner in which our airline distribution business is operated and potentially force changes to the existing airline distribution business model. Any of these consequences would have a material adverse effect on our business, financial condition and results of operations.

Indian Income Tax Litigation

We are currently a defendant in income tax litigation brought by the Indian Director of Income Tax (DIT) in the Supreme Court of India. The dispute arose in 1999 when the DIT asserted that we have a permanent establishment within the meaning of the Income Tax Treaty between the United States and the Republic of India and accordingly issued tax assessments for assessment years ending March 1998 and March 1999, and later issued further tax assessments for assessment years ending March 2000 through March 2006. We appealed the tax assessments and the Indian Commissioner of Income Tax Appeals returned a mixed verdict. We filed further appeals with the Income Tax Appellate Tribunal , or the ITAT. The ITAT ruled in our favor on June 19, 2009 and July 10, 2009, stating that no income would be chargeable to tax for assessment years ending March 1998 and March 1999, and from March 2000 through March 2006. The DIT appealed those decisions to the Delhi High Court, which found in our favor on July 19, 2010. The DIT has appealed the decision to the Supreme Court of India and no hearing date has been set.

We intend to continue to aggressively defend against these claims. Although we do not believe that the outcome of the proceedings will result in a material impact on our business or financial condition, litigation is by its nature uncertain. If the DIT were to fully prevail on every claim, we could be subject to taxes, interest and penalties of approximately $26 million as of September 30, 2014, which could have a material adverse effect on our business, financial condition and results of operations. We do not believe this outcome is probable and therefore have not made any provisions or recorded any liability for the potential resolution of this matter.

Litigation Relating to Patent Infringement

In April 2010, CEATS, Inc. (CEATS) filed a patent infringement lawsuit against several ticketing companies and airlines, including JetBlue, in the Eastern District of Texas. CEATS alleged that the mouse-over seat map that appears on the defendants websites infringes certain of its patents. JetBlue s website is provided by our Airline Solutions business under the SabreSonic Web service. On June 11, 2010, JetBlue requested that we indemnify and defend it for and against the CEATS lawsuit based on the indemnification provision in our agreement with JetBlue, and we agreed to a conditional indemnification. CEATS claimed damages of $0.30 per segment sold on JetBlue s website during the relevant time period which totaled $10 million. A jury trial began on March 12, 2012, which resulted in a jury verdict invalidating the CEATS patents. Final judgment was entered and the plaintiff appealed. The Federal Circuit affirmed the jury s decision in our favor on April 26, 2013. CEATS did not appeal the Federal Circuit s decision, and its deadline to do so has passed. On June 28, 2013, the Eastern District denied CEATS previously filed motion to vacate the judgment based on an alleged conflict of interest with a mediator. CEATS appealed that decision and the Federal Circuit heard the appeal on May 5, 2014, and subsequently denied the appeal. On July 22, 2014, CEATS filed a motion for rehearing en banc before the Federal Circuit which was denied on September 5, 2014. On December 4, 2014, CEATS filed a petition seeking a review with the Supreme Court. Defendants are expected to file their response to the petition opposing review in February 2015.

Insurance Carriers

We have disputes against some of our insurance carriers for failing to reimburse defense costs incurred in our American Airlines antitrust litigation, which we settled in October 2012. For a description of the American Airlines antitrust litigation, see Note 20, Commitments and Contingencies Legal Proceedings Airline Antitrust Litigation, US Airways Antitrust Litigation, and DOJ Investigation to our audited consolidated financial statements included elsewhere in this prospectus. Both carriers admitted there is coverage, but reserved their rights not to pay should we be found liable for certain of American Airlines allegations. Despite their admission of coverage, the insurers have only reimbursed us for a small portion of our significant defense costs. We filed suit against the entities in New York state court alleging breach of contract and a statutory cause of action for failure to promptly pay claims. If we prevail, we may recover some or all amounts already tendered to the insurance companies for payment within the limits of the policies and may be entitled to 18% interest on such amounts. To date, settlement discussions have been unsuccessful. We are currently in the discovery process. The court has not yet scheduled a trial date though we anticipate trial to begin in the second half of 2015.

Hotel Related Antitrust Proceedings

On August 20, 2012, two individuals alleging to represent a putative class of bookers of online hotel reservations filed a complaint against Sabre Holdings, Travelocity.com LP, and several other online travel companies and hotel chains in the U.S. District Court for the Northern District of California, alleging federal and state antitrust and related claims. The complaint alleges generally that the defendants conspired to enter into illegal agreements relating to the price of hotel rooms. Over 30 copycat suits were filed in various courts in the United States. In December 2012, the Judicial Panel on Multi-District Litigation centralized these cases in the U.S. District Court in the Northern District of Texas, which subsequently consolidated them. The proposed class period was January 1, 2003 through May 1, 2013. Together with the other defendants, Travelocity and Sabre filed a motion to dismiss. On February 18, 2014, the court granted the motion and dismissed the plaintiff s claims without prejudice. The plaintiffs had moved for leave to file an amended complaint but the judge denied the motion on October 27, 2014 and dismissed the claims with prejudice. The plaintiffs did not appeal and their opportunity to appeal has expired. The Court closed the case on January 17, 2015 and we regard this matter as fully and finally resolved.

Litigation Relating to Routine Proceedings

We are also engaged from time to time in other routine legal and tax proceedings incidental to our business. We do not believe that any of these routine proceedings will have a material impact on the business or our financial condition.

Property

As a company with global operations, we operate in many countries with a variety of sales, administrative, product development, and customer service roles provided in these offices.

Americas: Our corporate and business unit headquarters and domestic operations are located in a property which we own in Southlake, Texas. Travelocity corporate headquarters is located in Westlake, Texas, with a lease that expires in 2017. There are 15 additional offices across North America and 13 offices across Latin America that serve in various sales, administration, software development and customer service capacities. All of these additional offices are leased.

Europe: Travel Network has its European regional headquarters in London, United Kingdom, with a lease that expires in 2027. lastminute.com also has its regional headquarters in London, with a lease that expires in 2022. There are 30 additional offices across Europe that serve in various sales, administration, software development and customer service capacities. All of these additional offices are leased.

APAC: Travel Network and Airline and Hospitality Solutions have the APAC regional operations headquartered in Singapore under a lease that expires in 2017. All of our businesses share a single office. There are 10 additional offices across APAC that serve in various sales, administration, software development and customer service capacities. All of these additional offices are leased.

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The table below provides a summary of our key facilities as of September 30, 2014:

Location	Purpose	Employees	Leased or Owned
HEADQUARTERS			
Southlake, Texas, USA	Sabre worldwide corporate and domestic headquarters	2,484	Owned
Westlake, Texas, USA	Travelocity corporate headquarters	320	Leased
London, United Kingdom	Travel Network regional headquarters	139	Leased
London, United Kingdom	lastminute.com regional headquarters	232	Leased
Singapore	Travel Network and Airline and Hospitality Solutions regional headquarters	52	Leased
DEVELOPMENT CENTERS			
Buenos Aires, Argentina	Development Center for Travelocity, Sabre Technology and Travel Network	111	Leased
Bangalore, India	Development Center for Sabre Technology, Travelocity, Sabre	570	Leased
Krakow, Poland	Development Center for Sabre technology and Travel Network	1,246	Leased
CUSTOMER CARE CENTERS			
Montevideo, Uruguay	Travel Network and Airline Solutions Customer Care Center	773	Leased

Government Regulation

We are subject to or affected by international, federal, state and local laws, regulations and policies, which are constantly subject to change. The descriptions of the laws, regulations and policies that follow are summaries and should be read in conjunction with the texts of the laws and regulations. The descriptions set out below do not purport to describe all present and proposed laws, regulations and policies that affect our businesses.

To the best of our knowledge and belief, we are in material compliance with these laws, regulations and policies. We cannot, however, predict the effect of changes to the existing laws, regulations and policies or of the proposed laws, regulations and policies that are described below. We are not aware of proposed changes or proposed new laws, regulations and policies that will have a material adverse effect on our businesses. See Risk Factors Regulatory and Other Legal Risks Any failure to comply with regulations or any changes in such regulations governing our businesses could adversely affect us.

Computer Reservations System Industry Regulation

GDS Regulation in the EU

GDS operations are regulated in the EU by Council Regulation (EC) No. 80/2009 of the European Parliament and of the Council of January 14, 2009 on a Code of Conduct for computerized reservations systems and repealing Council

Regulation (EEC) No. 2299/89 (Code of Conduct). The previous legislative framework essentially obliged GDS providers to charge the same booking fee for the same service provided to any airline, where the costs associated with the services was the same, and airlines to provide the same fare content to all the GDS providers in which they participated. The revised Code of Conduct substantially simplifies this regime and gives GDS operators, airlines, and other travel suppliers more flexibility in negotiating their commercial arrangements.

Under the Code of Conduct, particular rules apply to dealings between each GDS, air carriers, and rail transport operators, or participating carriers, and subscribers, which are typically offline or online travel agents. Additional rules apply to air carriers that control or have decisive influence over a GDS (parent carriers). As described in an explanatory note of the European Commission, published alongside the Code of Conduct, a participating carrier becomes a parent carrier if it controls a GDS or has sufficient capital or board representation rights to have decisive influence over the GDS. Parent carriers are subject to specific rules, in particular prohibiting discrimination against a GDS competing with the GDS in which they participate, for example, by withholding booking capability or linking incentives or disincentives to the use of a specific GDS. We do not have a parent carrier for purposes of the current EU regulation. The Code of Conduct also seeks to ensure that travel agents displays provide a full and neutral selection of the relevant travel information processed by a GDS and that the privacy of end consumers is respected.

Under the Code of Conduct, a GDS may not attach unfair conditions to a contract with a participating carrier or with a subscriber. Additionally, a GDS may not reserve any processing procedure or other distribution facility for one or more participating carriers, including parent carriers, and must keep all participating carriers informed of any changes.

The Code of Conduct provides that small subscribers (employing fewer than 50 persons and with an annual turnover of up to 10 million) may terminate a contract with a GDS vendor on three months notice after the first year of the contract.

GDS providers may commercialize marketing, booking and sales data provided that such data is offered with equal timeliness and on a non-discriminatory basis to all participating carriers, including parent carriers. This data is typically provided through Marketing Information Data Tapes.

With regard to the interface with subscribers and end consumers, the GDS must ensure that the principal display of fares corresponding to a particular search is presented to subscribers in a neutral and comprehensive manner, without discrimination for or against any particular participating carrier and without misleading the viewer. From this principal display, the system may thereafter include biased screens; however, the information provided to a consumer must be unbiased unless the consumer specifically requests another display. Also, personal data collected by a GDS in the course of its activities must be processed in a manner compatible with its responsibilities as a data controller under Article 2(d) of Directive 1995/46/EU.

The European Commission monitors the ownership structure and governance model of each GDS, in particular through independent audited reports prepared by each GDS at least every four years.

If the European Commission finds that a GDS provider has, intentionally or negligently, infringed the Code of Conduct, it may require the GDS provider to bring the infringement to an end and impose fines not exceeding 10% of the GDS provider s total gross turnover in the preceding business year. The Commission may also impose fines for not responding to information requests. These sanctions are civil, not criminal, and may be appealed to the Court of Justice of the European Communities.

We believe that we comply in all aspects with the Code of Conduct. We have no parent carriers and so are not subject to the specific rules in that regard.

GDS Regulation in Canada

There are GDS regulations in Canada issued under the regulatory authority of the Canadian Department of Transportation. On April 27, 2004, a significant number of these regulations were lifted, including the elimination of the obligated carrier rule, which required larger airlines in Canada to participate equally in all GDSs, and elimination of the requirement that transaction fees charged by GDSs to airlines be non-discriminatory. Due to the elimination of the obligated carrier rule in Canada, Air Canada, the dominant Canadian airline, could choose distribution channels that it owns and controls or distribution through another GDS rather than through our GDS.

GDS Regulation in the United States

As of July 31, 2004, all GDS regulations in the United States (which only covered airline distribution) expired. Nonetheless, the DOT has retained the authority to intervene as it considers necessary under 49 U.S.C. § 41712. To date, the DOT has not intervened in relation to our GDS activities in the United States, but has provided guidance regarding, among other things, any biasing of air carrier GDS displays. This guidance largely tracks our process with respect to any carrier specific bias we may choose to implement in our primary display. To the best of our knowledge, the DOT has not intervened in relation to the GDS activity of any other provider, with the exception of the display of air carrier codeshares by Amadeus. The DOT is currently considering enacting rules that would require airlines choosing to distribute via a GDS to provide the GDS with any core ancillary fares (seats, bags, etc.). No rule has yet been proposed.

GDS Regulation Elsewhere

GDS services have been regulated in Peru since 2000. In July 2010, India enacted GDS regulations. Both sets of regulations are similar to GDS regulation in the EU. The regulations in Peru and India have not caused any material issues for our business.

Data Protection and Privacy Regulation

We are subject to the application of data protection and privacy regulations in many of the countries in which we operate and any breach of such regulations could result in economic sanctions, which could be material and/or harm our reputation.

In our businesses, customers provide us with personally identifiable information (personal data) that has been specifically and voluntarily given. Personal data includes information that can identify a customer or a specific individual, such as name, phone number, or e-mail address. We obtain personal data from airlines, hotels, and other travel suppliers and from travel buyers and other travel retailers with which we have a commercial or business relationship. We collect, use, disclose and transfer personal data in conformance with applicable privacy laws and regulations, and implement technical and organizational measures designed to protect against unauthorized access, use, disclosure, modification, and destruction of personal data that we collect and maintain.

A primary source of privacy regulations to which our operations are subject is the EU Data Protection Directive 1995/46/EC of the European Parliament and Council (October 24, 1995). Pursuant to this directive, individual countries within the EU have specific regulations related to the transborder flow of personal information (i.e., sending personal information from one country to another). The EU Data Protection Directive requires companies doing business in EU Member States to comply with its standards. It provides for, among other things, specific regulations requiring all non-EU countries doing business with EU Member States to provide adequate data privacy protection when processing personal data from any of the EU Member States. Sabre s GetThere subsidiary and PRISM subsidiary have self-certified compliance with the U.S.-E.U. Safe Harbor and the U.S.-Swiss Safe Harbor frameworks. Our GDS business is covered by the EU GDS Code of Conduct.

Many other countries have adopted data protection regimes. An example is Canada s Personal Information and Protection of Electronic Documents Act (PIPEDA). PIPEDA provides Canadian residents with privacy protections with regard to transactions with businesses and organizations in the private sector.

We believe we are in compliance with all applicable laws in this area.

Office of Foreign Assets Control Regulation

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. The United States prohibits U.S. persons from engaging with individuals and

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entities identified as Specially Designated Nationals, such as terrorists and narcotics traffickers. These prohibitions are administered by the U.S. Department of the Treasury s Office of Foreign Assets Control and are typically known as the OFAC rules. The OFAC rules prohibit U.S. persons from engaging in financial transactions with or relating to the prohibited individual, entity or country, require the blocking of assets in which the individual, entity or country has an interest, and prohibit transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons) to such individual, entity or country. Blocked assets (e.g., property or bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. We maintain a global sanctions program designed to ensure compliance with OFAC requirements. Failure to comply with such requirements could subject us to legal and reputational consequences, including criminal penalties. See Risk Factors Any failure to comply with regulations or any changes in such regulations governing our business could adversely affect us.

Other Regulation

We are actively monitoring the status of certain proposed U.S. federal and state legislation related to privacy that may be enacted in the future. It is unclear what effect, if any, the passage of any such U.S. federal or state legislation would have on our businesses.

Our businesses may also be subject to regulations affecting issues such as: trade sanctions, exports of technology, telecommunications, and e-commerce. Any such regulations may vary among jurisdictions. We do not currently maintain a central database of regulatory requirements affecting our worldwide operations and, as a result, the risk of non-compliance with the laws and regulations described above is heightened. However, we believe that we are capable of addressing these regulatory issues as they arise.

Employees

As of September 30, 2014, we employed approximately 8,000 people. As a global company with significant operations outside the United States, our employee composition reflects the global nature of our business. Approximately 46% of our employees are based in the United States and 54% in the rest of the world.

Our ability to attract and retain highly qualified employees is important to our success in maintaining leadership in our businesses. Competition for qualified personnel in our industry is intense. We have a policy of using equity-based compensation programs to reward and motivate significant contributors among our employees. Our employees are not represented by a labor union in the United States.

We have a Works Council covering some of our operations in several European countries, as required by law. A Works Council is a representative body of the employees of a company elected by the employees. Management of the subsidiary must seek the non-binding advice of the Works Council before taking certain decisions, such as a major restructuring, a change of control or the appointment or dismissal of a member of the board of management. Certain other decisions that directly involve employment matters applicable either to all employees or certain groups of employees require the Works Council s approval unless approved by the appropriate judicial body.

We have not experienced any work stoppages and consider our relations with our employees to be good.

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MANAGEMENT AND BOARD OF DIRECTORS

The following table sets forth the name, age, position and description of the business experience as of January 15, 2015 of individuals who serve as executive officers and directors of our company and brief statements of those aspects of our directors backgrounds that led us to conclude that they should serve as directors.

Name	Age	Position
Tom Klein	52	Chief Executive Officer, President and Director, Sabre
Richard A. Simonson	56	Executive Vice President and Chief Financial Officer, Sabre
Alexander S. Alt	40	President and General Manager, Sabre Hospitality Solutions
Rachel A. Gonzalez	45	Executive Vice President and General Counsel, Sabre
Hugh W. Jones	51	Executive Vice President, Sabre and President, Sabre Airline Solutions
Deborah Kerr	42	Executive Vice President and Chief Product and Technology Officer, Sabre
William G. Robinson, Jr.	50	Executive Vice President and Chief Human Resources Officer, Sabre
Gregory T. Webb	48	Executive Vice President, Sabre and President, Travel Network
Lawrence W. Kellner	55	Chairman of the Board of Directors
George R. Bravante, Jr.	56	Director
Gary Kusin	63	Director
Greg Mondre	40	Director
Judy Odom	62	Director
Joseph Osnoss	37	Director
Karl Peterson	44	Director

Executive Officers

Tom Klein is CEO and president of Sabre and has more than 17 years of experience managing large scale, international technology businesses. Before being named CEO in August 2013, Mr. Klein served as company president since January 2010. His role prior to that was executive vice president, Sabre, and group president of Sabre Travel Network and Sabre Airline Solutions businesses. Earlier roles included various senior leadership positions within Sabre, both in the United States and in Latin America, and he served as the first director general of Sabre Sociedad Tecnológica, a Mexico-based joint venture company owned by Sabre, Aeromexico and Mexicana. Prior to joining Sabre in 1994, he held a variety of sales, marketing and operations positions at American Airlines and Consolidated Freightways, Inc. Mr. Klein serves on the Board of Directors and chairs the compensation committee for Cedar Fair Entertainment. In 2010, he was appointed to the Board of Directors for Brand USA by the U.S. Secretary of Commerce and now serves as vice chairman. He also serves on the executive committee of the World Travel and Tourism Council and the Dean s Board of the Villanova School of Business. Mr. Klein holds a bachelor s degree in business administration from Villanova University.

Richard A. Simonson is executive vice president and chief financial officer. He leads the company s global finance organization and is responsible for all finance and controls, reporting, investor relations and corporate development activities. He brings a combination of experiences with global finance, operations and capital markets focused on technology sectors. Before joining Sabre in March 2013, Mr. Simonson most recently served as CFO and president for business operations at Rearden Commerce, an e-commerce company from March 2011

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to May 2012 and as an independent advisor to companies in the telecom, media and technology industry from May 2012 to March 2013 and from July 2010 to May 2011. From September 2001 to July 2010 he worked at Nokia Corporation in several global roles based in locations around the world in Helsinki, Zurich and New York including executive vice president and general manager of Nokia s mobile phones unit and more than five years as executive vice president and CFO. Mr. Simonson s career includes time with Barclays Capital as managing director in the telecom and media investment banking group. He also spent 16 years with Bank of America Securities, where he held various finance and investment banking positions in San Francisco and Chicago. Mr. Simonson currently serves on the board of directors of Electronic Arts, where he is lead Director and chairs the audit committee, and Silver Spring Networks, where he chairs the audit committee. He graduated from the Colorado School of Mines and holds an M.B.A. from Wharton School of Business at the University of Pennsylvania.

Alexander S. Alt is president and general manager of Sabre Hospitality Solutions, and oversees one of Sabre s two SaaS businesses. Prior to being named president, Mr. Alt served in an expanded chief operating officer role at Sabre Hospitality Solutions, where he oversaw customer care, data services, implementations, call center and similar services. As part of the Sabre Hospitality Solutions management team, he also helped drive overall business strategy. Before joining Sabre in 2012, Mr. Alt served as senior vice president of global development and strategy at Rosewood Hotels & Resorts, where he played a key role in the global growth and expansion of the business. Prior to joining Rosewood Hotels in 2006, he was a senior engagement manager at McKinsey & Company. Earlier in his career, he worked in the finance department of Sabre as a manager and senior analyst in the financial planning and analysis group. Mr. Alt is a member of the Dallas Development Board of The Nature Conservancy and is on the Advisory Board of the School of Undergraduate Studies at the University of Texas in Austin. He graduated from the University of Texas in Austin and received his M.B.A. from Harvard University.

Rachel A. Gonzalez is executive vice president and general counsel of Sabre, a position she assumed in September 2014. She manages the global legal department responsible for legal strategy, regulatory affairs, corporate compliance and government affairs. Prior to joining Sabre, Ms. Gonzalez served as executive vice president, general counsel and corporate secretary with Dean Foods in Dallas, Texas from March 2013 to September 2014, as executive vice president, general counsel designate from November 2012 to March 2013. Ms. Gonzalez joined Dean Foods in 2008 as chief counsel, corporate & securities and served as the deputy general counsel prior to her promotion in November 2012. Previously, Ms. Gonzalez was senior vice president and group counsel with Affiliated Computer Services. Ms. Gonzalez was a partner with the law firm of Morgan, Lewis & Bockius, where she focused on corporate finance, mergers & acquisitions, SEC compliance and corporate governance. Ms. Gonzalez serves on the Board of Directors of Girl Scouts of Northeast Texas and their Audit and Board Development Committees. Ms. Gonzalez earned her J.D. degree from Boalt Hall School of Law the University of California, Berkeley and her bachelor s degree in comparative literature from the University of California, Berkeley.

Hugh W. Jones is executive vice president and president of Sabre Airline Solutions and is a 26-year veteran of the travel industry. Immediately prior to being named to his current role in April 2011, Mr. Jones served as Travelocity s president and CEO beginning in February 2009 and before that, he held a number of executive roles at Sabre including senior vice president and chief operating officer for our Travel Network and Airline and Hospitality Solutions businesses, where he oversaw airline supplier initiatives and global customer support. He also led Travel Network in North America and served as senior vice president and controller for Sabre. Mr. Jones began his career with American Airlines in 1988 and held a variety of finance positions including financial controller for the airline s European and Pacific airport, sales and reservations operations. He earned a master s degree in business administration from Southern Methodist University and a bachelor s degree in geology and geophysics from the University of Wisconsin.

Deborah Kerr is executive vice president and chief product and technology officer at Sabre, and is responsible for leading the global product and technology organization. Prior to her appointment at Sabre in

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March 2013, she served as executive vice president, chief product and technology officer at FICO from 2009 to April 2012, a leader in predictive analytics and decision management technology. Prior experience includes senior leadership roles with HP, Peregrine Systems and NASA s Jet Propulsion Laboratory. Ms. Kerr is a director of the Davis and Henderson Corporation and EXLService Holdings, Inc. She was previously a director of Mitchell International from January 2010 until October 2013. Ms. Kerr holds a master s degree in Computer Science and a bachelor s degree in Psychology.

William G. Robinson, Jr. is executive vice president and chief human resources officer. He is responsible for leading Sabre s global human resources organization, including talent management, organizational leadership and culture. Prior to joining Sabre in December 2013, Mr. Robinson served as the senior vice president and chief human resources officer at Coventry Health Care, a diversified managed health care company with 14,000 employees, from 2012 to 2013. From 2010 to 2011, Mr. Robinson served as senior vice president for human resources at Outcomes Health Information Solutions, a healthcare analytics and information company specializing in the optimization and acquisition of medical records. Prior to that, from 1990 to 2010, he worked for General Electric, where he held several human resources leadership roles in diverse industries including information technology, healthcare, energy and industrial. Most recently, he was the human resources leader within the GE Enterprise Solutions division where he led a global team in an organization of 20,000 employees in 200 locations worldwide. He holds a M.A. in Human Resources Development from Bowie State University and a B.S. in Communications from Wake Forest University.

Gregory T. Webb is executive vice president and president of Travel Network, and before being named to his current role, gained experience with all aspects of the business, from leading the marketing organization to managing our supplier relationships, Travel Network business in Asia and Hospitality Solutions business. Since joining Sabre in 1995, Mr. Webb has held several senior leadership positions including chief marketing officer for both our Travel Network and Airline and Hospitality Solutions businesses and senior vice president of global product marketing for Sabre. Early in his career, he served as director of project consulting and risk assessment for American Airlines and Sabre. Prior to joining the company, Mr. Webb was vice president and chief information officer for BellSouth Telecommunications and also served as a senior consultant at Andersen Consulting. Mr. Webb earned a master s degree in business administration with an emphasis in marketing from Louisiana Tech University and a bachelor s degree in advertising from Southern Methodist University. He serves on the board of directors of Abacus.

Our executive officers will serve until their successors have been duly elected and qualified.

Our Board of Directors

Our business and affairs are managed under the direction of our board of directors. Our Certificate of Incorporation provides that our board of directors shall consist of at least five directors but no more than eleven directors; provided, however, prior to the time when the Principal Stockholders beneficially own, collectively, less than 40% of the outstanding shares of our common stock, the board of directors shall not consist of more than nine directors. Our board of directors is currently comprised of eight directors. The directors are elected at the annual meeting of the stockholders and each director serves until the election and qualification of his or her successor.

The board of directors met five times in 2014. All of the directors attended in excess of 75 percent of the total number of meetings of the board and the committees on which they served.

Our Corporate Governance Guidelines provide that directors are expected to attend all or substantially all board meetings and meetings of the committees of the board on which they serve, as well as our Annual Meeting of Stockholders. Our 2014 Annual Meeting was held prior to our initial public offering, and no directors attended that meeting.

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Tom Klein. See Mr. Klein s biographical information above under Executive Officers. Mr. Klein s long service at our company, travel technology industry experience and leadership experience make him a valuable asset to our management and our board of directors.

Lawrence W. Kellner joined the company as non-executive Chairman of our Board of Directors in August 2013. He has served as President of Emerald Creek Group, LLC, a private equity firm, since 2010. He served as Chairman and Chief Executive Officer of Continental Airlines, Inc., an international airline company, from December 2004 through December 2009. He served as President and Chief Operating Officer of Continental Airlines from March 2003 to December 2004, as President from May 2001 to March 2003 and was a member of Continental Airlines board of directors from May 2001 to December 2009. Mr. Kellner serves on the board of directors of The Boeing Company, The Chubb Corporation and Marriott International, Inc. We believe that Mr. Kellner is a valuable asset and well qualified to sit on our board of directors as a result of his significant travel industry experience, significant corporate governance experience and financial expertise.

George R. Bravante, Jr. has served on our board of directors since December 2014. He is the co-founder and the managing member of the general partner of Bravante-Curci Investors, LP, an investment firm focusing on real estate investments in California. He has held this position since 1996. Since 2005, he has also been the owner of Bravante Produce, a grower, packer and shipper of premium California table grapes and citrus. Previously, Mr. Bravante served as chairman of the board of ExpressJet Holdings, Inc. from 2005 to 2010 and was a member of its board from 2004 to 2010. From 1994 to 1996, Mr. Bravante was President and Chief Operating Officer of Colony Advisors, Inc., a real estate asset management company, and President and Chief Operating Officer of America Real Estate Group, Inc., where he led strategic management, restructuring and disposition of assets. We believe that Mr. Bravante should serve on the board because of his travel industry experience, as well as his investment experience and financial and strategic business knowledge.

Gary Kusin is an independent consultant focused on assisting companies on strategic and operational matters. He has served on our board of directors since March 2007. Among other engagements, Mr. Kusin acts as a TPG senior advisor, pursuant to which he provides his expertise to selected TPG portfolio companies as well as to selected TPG potential investment opportunities. Mr. Kusin previously served as president and CEO of FedEx Kinko s, today operating as FedEx Office from 2001 to 2006. Prior to joining Kinko s in 2001, Mr. Kusin served as CEO of HQ Global Workplaces (now part of Regus), which provides offices, meeting rooms and network access at locations around the world. In 1995 he co-founded Laura Mercier Cosmetics, which sold to Neiman Marcus in 1998. He also co-founded Babbage s Inc. (now GameStop), a leading consumer software specialty chain, in 1983 and served as its president. Earlier in his career, he was vice president and general merchandise manager for the Sanger-Harris division of the Federated Department Store (now Macy s). An Inc. magazine Entrepreneur of the Year, Mr. Kusin serves on the board of directors of Petco, Fleetpride, American Tire Distributor, and Savers. Mr. Kusin earned his Bachelor of Arts degree from The University of Texas at Austin and his M.B.A. from the Harvard Business School. We believe that Mr. Kusin should serve on our board of directors because of his substantial expertise in executive management and corporate governance as a result of his extensive experience both as an investor and an executive officer of major corporations.

Greg Mondre is a Managing Partner and Managing Director with Silver Lake and has served on our board of directors since March 2007. Mr. Mondre joined the firm in 1999 and has significant experience in private equity investing and expertise in sectors of the technology and technology-enabled industries. Prior to joining Silver Lake, Mr. Mondre was a principal at TPG, where he focused on private equity investments across a wide range of industries, with a particular focus on technology. Earlier in his career, Mr. Mondre worked as an investment banker in the Communications, Media and Entertainment Group of Goldman, Sachs & Co. He currently serves as a director of Avaya, Inc., Go Daddy Operating Company, LLC, IPC Systems, Inc. and Vantage Data Centers, and is on the operating committee of SunGard Capital Corp. Mr. Mondre graduated from The Wharton School at the University of Pennsylvania with a bachelor s degree in economics. Because Mr. Mondre has over seventeen years of private equity investing and banking experience focused on technology companies and tech-enabled businesses, we believe that he would bring to our board of directors specialized knowledge and experience in portfolio management, analyzing potential acquisitions, raising equity, and setting corporate strategy.

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Judy Odom joined the company as a director in March 2014. From 1985 until her retirement in 2002, Ms. Odom held numerous positions, most recently chief executive officer and chairman of the board, at Software Spectrum, Inc., a global business to business software services company, which she co-founded in 1983. Prior to founding Software Spectrum, Ms. Odom was a partner with the international accounting firm, Grant Thornton. Ms. Odom currently serves on the board of directors of Harte-Hanks, Inc., a marketing services company, and Leggett & Platt, Inc., a diversified manufacturing company. She previously served on the board of Storage Technology Corporation, a provider of data storage hardware and software products and services, from November 2003 to August 2005. Ms. Odom graduated from Texas Tech University, where she earned a B.B.A. in accounting. We believe that Ms. Odom s qualifications to serve on our board include her board service with several companies allowing her to offer a broad leadership perspective on strategic and operating issues facing companies today. Ms. Odom s experience co-founding Software Spectrum, growing it to a large public company before selling it to another public company and serving as board chair provides the insight and perspective of a successful entrepreneur and long-serving chief executive officer with international operating experience.

Joseph Osnoss is a Managing Director of Silver Lake, which he joined in 2002. He has served on our board of directors since March 2007. From 2010 to 2014, before returning to the U.S., Mr. Osnoss was based in Silver Lake s London office, where he helped oversee the firm s activities in Europe, the Middle East, and Africa. Mr. Osnoss also is a director of Global Blue, Interactive Data Corporation, and Virtu Financial, and previously served on the boards of Instinet Incorporated and Mercury Payment Systems. Prior to joining Silver Lake, Mr. Osnoss worked in investment banking at Goldman, Sachs & Co., where he focused on mergers and financings in the technology and telecommunications industries. He previously held positions at Coopers & Lybrand Consulting in France and at Bracebridge Capital, a fixed income arbitrage hedge fund. Mr. Osnoss graduated summa cum laude from Harvard College with an A.B. in Applied Mathematics-Economics and a citation in French language. He currently is a Visiting Professor at the London School of Economics, where he participates in teaching and research activities within the Department of Finance. Mr. Osnoss extensive experience investing in private equity and serving on the boards of directors of other companies, both domestically and internationally, positions him to contribute meaningfully to our board of directors.

Karl Peterson is a Senior Partner of TPG and Managing Partner of TPG Capital LLP, the firm s European operations. He has served on our board of directors since March 2007. Since joining TPG in 2004, Mr. Peterson has led investments for the firm in technology, media, financial services and travel sectors. Prior to 2004, he was a co-founder and the president and CEO of Hotwire.com, the internet travel portal. He led the business from its launch in 2000 through its sale to InterActiveCorp in 2003. Before Hotwire, Mr. Peterson was a principal at TPG in San Francisco, and from 1992 to 1995 he was a financial analyst at Goldman, Sachs & Co. Mr. Peterson is currently a director of TES Global, Saxo Bank and Norwegian Cruise Lines, as well as Caesars Acquisition Company. Mr. Peterson graduated with high honors from the University of Notre Dame, where he earned a B.B.A. in finance and business administration. We believe that as a result of his experience as a director of several travel and technology companies, as a former executive of an online travel company, and as a private equity investor, Mr. Peterson will bring a keen strategic understanding of our industry and of the competitive landscape for our company.

Controlled Company

As of January 15, 2015, the Principal Stockholders control a majority of our outstanding common stock. The TPG Funds, the Silver Lake Funds and Sovereign Co-Invest own approximately 37.2%, 22.9% and 19.2%, respectively, of our common stock. Following the completion of this offering, the Principal Stockholders will own approximately 71.9% of our common stock or approximately 70.8% if the underwriters option to purchase additional shares from the Principal Stockholders is fully exercised. The TPG Funds, the Silver Lake Funds and Sovereign Co-Invest will own approximately 33.7%, 20.8% and 17.4%, respectively, of our common stock or approximately 33.2%, 20.4% and

17.2%, if the underwriters option to purchase additional shares from the Principal Stockholders is fully exercised. As a result, we are and, upon completion of this offering, will continue to be a controlled company within the meaning of the NASDAQ rules. Under the NASDAQ rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a controlled company and may elect not to comply with certain NASDAQ corporate governance standards, including: the requirement that a majority of the board of directors consist of independent directors; the requirement that our governance and nominating committee is composed entirely of independent directors; and the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee s responsibilities. As a result, we may not have a majority of independent directors and our governance and nominating committee and compensation committee may not consist entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the NASDAQ rules regarding corporate governance.

The controlled company exception does not modify the independence requirements for the audit committee. We are in compliance, and intend to continue to comply, with the audit committee requirements of Rule 10A-3 under the Exchange Act and the NASDAQ rules. Pursuant to such rules, we were required to have at least one independent director on our audit committee during the 90-day period beginning on the date of effectiveness of the registration statement filed with the SEC in connection with our initial public offering. After such 90-day period and until one year from the date of effectiveness of the registration statement, we are required to have a majority of independent directors on our audit committee. Thereafter, our audit committee is required to be comprised entirely of independent directors.

Board Composition

Our board of directors is currently comprised of eight directors. Our Certificate of Incorporation provides that the number of directors on our board of directors shall be not less than five directors nor more than eleven directors, as determined by the affirmative vote of the majority of the board of directors then in office. However, prior to the time when the Principal Stockholders beneficially own, collectively, less than 40% of the outstanding shares of our common stock, the board of directors shall not consist of more than nine directors. At any meeting of the board of directors, the attendance of a majority of the total number of authorized directors and, if the Silver Lake Funds or the TPG Funds, as applicable, then-currently has designated, solely and not jointly, for nomination pursuant to the Stockholders Agreement at least one director who is serving on the board of directors, one director designated by the Silver Lake Funds or the TPG Funds, as applicable, will constitute a quorum; provided that the Silver Lake Funds or the TPG Funds, as applicable, may, in its sole discretion, agree to waive the requirement that at least one director designated for nomination by such entity must be present to constitute a quorum.

Our board of directors has determined that George R. Bravante, Jr., Lawrence Kellner, Gary Kusin, Greg Mondre, Joseph Osnoss, Judy Odom and Karl Peterson are independent as defined under the corporate governance rules of the NASDAQ. In making these determinations, the board of directors considered the applicable legal standards and any relevant transactions, relationships or arrangements, including (i) the fees paid to TPG and Silver Lake under the MSA, which was terminated at the completion of our initial public offering, and (ii) that we do business with other companies affiliated with the Principal Stockholders. See Certain Relationships and Related Party Transactions.

Our board of directors is divided into three classes, with each director serving a 3-year term and one class being elected at each year s annual meeting of stockholders. Karl Peterson, Judy Odom and Lawrence Kellner are serving as Class I directors with an initial term expiring in 2015. Joseph Osnoss, Tom Klein and George Bravante are serving as Class II directors with an initial term expiring in 2016. Greg Mondre and Gary Kusin are serving as Class III directors with an initial term expiring in 2017. Upon the expiration of the initial term of office for each class of directors, each director in such class shall be elected for a term of three years and serve until a successor is duly elected and qualified or until his or her earlier death, resignation or removal. Any additional directorships resulting from an increase in the number of directors or a vacancy may be filled by the directors then in office.

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Committees of the Board of Directors

The board of directors has established five standing committees to assist it in carrying out its responsibilities: the audit committee, the governance and nominating committee, the compensation committee, the technology committee and the executive committee. Each of the committees operates under its own written charter adopted by the board of directors, each of which is available on our corporate website at www.sabre.com. In addition, ad hoc committees may be designated under the direction of our board of directors when necessary to address specific issues.

Because we are a controlled company under the NASDAQ rules, our compensation committee and our governance and nominating committee are not required to be fully independent, though they currently are. If such rules change in the future or we no longer meet the definition of a controlled company under the current rules, we will adjust the composition of these committees accordingly in order to comply with these rules. Following the completing of this offering, we will however, continue to be a controlled company .

Audit Committee

The audit committee is responsible for, among other things:

- reviewing the audit plans and findings of our independent auditor and our internal audit staff, as well as the results of regulatory examinations and compliance with accounting rules, and tracking management s corrective action plans where necessary;

- reviewing with our management and our independent auditor our overall system of internal control over financial reporting;

- reviewing with our management and independent auditor our financial statements, including any significant financial reporting issues and changes in accounting policies;

- reviewing with our management and independent auditor our major risk exposures, and the steps management has taken to monitor and control such exposures;

- overseeing the implementation and effectiveness of our compliance and ethics program, including our whistleblowing procedures;

- reviewing related party transactions; and

- appointing annually our independent auditor, evaluating its independence and performance, and pre-approving all audit and non-audit services provided by any independent auditor to the company.

The members of the audit committee are Judy Odom (Chairman), George Bravante, Gary Kusin and Joseph Osnoss. Judy Odom, George Bravante and Gary Kusin are independent, as defined under the NASDAQ rules and Rule 10A-3 of the Exchange Act. Our board of directors has determined that each director appointed to the audit committee is financially literate, and the board of directors has determined that each director appointed to the audit committee meets the criteria of the rules and regulations set forth by the SEC for an audit committee financial expert.

The audit committee met ten times in 2014.

Governance and Nominating Committee

The governance and nominating committee is responsible for, among other things:

- reviewing the performance of our board of directors and making recommendations to the board of directors regarding the selection of candidates, qualification and competency requirements for service on the board of directors and the suitability of proposed nominees as directors;

- advising the board of directors with respect to the corporate governance principles applicable to us; and

- reviewing management s short- and long-term leadership development and succession plans and processes.

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The members of the governance and nominating committee are Lawrence Kellner (Chairman), Gary Kusin, Greg Mondre and Karl Peterson, each of whom is independent, as defined under the NASDAQ rules.

The governance and nominating committee met three times in 2014.

Compensation Committee

The compensation committee is responsible for, among other things:

- reviewing the operation of our compensation program;
- reviewing and approving corporate goals and objectives relevant to the compensation of our CEO, evaluating his or her performance in light of those goals and objectives, and determining and approving his or her compensation based on that evaluation;
- establishing and reviewing annually any stock ownership guidelines applicable to our directors and management;
- determining and approving the compensation level (including base and incentive compensation) and direct and indirect benefits of executive officers; and
- recommending to the board of directors the establishment and terms of incentive-compensation and equity-based plans, and administering such plans.

The members of the compensation committee are Gary Kusin (Chairman), Lawrence Kellner, Greg Mondre and Karl Peterson, each of whom is independent, as defined under the NASDAQ rules.

The compensation committee met four times in 2014.

Technology Committee

The technology committee is responsible for, among other things:

- appraising major technology-related projects and making recommendations to our board regarding the company s technology strategies;
- monitoring and discussing with management the quality and effectiveness of the company s data security, data privacy and disaster recovery capabilities; and

advising our senior technology management team with respect to existing trends in information technology and new technologies, applications and systems.

The members of the technology committee are Joseph Osnoss (Chairman), Tom Klein and Greg Mondre.

The technology committee met three times in 2014.

Executive Committee

The executive committee s principal function is to exercise, when necessary between board meetings, the board s powers and authority in the management of our business and affairs and to act on behalf of the board.

The members of the executive committee are Lawrence Kellner (Chairman), Tom Klein, Greg Mondre and Karl Peterson.

The executive committee met two times in 2014.

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Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Business Ethics Policy and Senior Officer Code of Ethics

We maintain a Business Ethics Policy, which is the code of conduct applicable to all of our directors, officers and employees. We have also adopted a Code of Ethics applicable to our CEO and senior financial officers (the Senior Officers Code), which sets forth the principles and responsibilities specifically applicable to those officers. The Senior Officers Code is designed to be read and applied in conjunction with our Business Ethics Policy. Both the Senior Officers Code and the Business Ethics Policy are available in the investors section on our website at www.sabre.com. Any change or amendment to the Senior Officers Code, and any waivers of the Senior Officers Code or the Business Ethics Policy for our directors, CEO or senior financial officers, will be posted to our website at the above location.

Corporate Governance Guidelines

The board of directors has adopted Corporate Governance Guidelines, which govern the structure and proceedings of the board and contain the board s position on many governance issues. These Guidelines are available in the investors section of our website at www.sabre.com.

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COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis addresses the principles underlying our executive compensation program and the policies and practices that contributed to our executive compensation actions and decisions for the year ended December 31, 2014 for the following individuals who served as (i) our principal executive officer at any time during 2014, (ii) our principal financial officer at any time during 2014, and (iii) the three other most highly-compensated executive officers who were serving as our executive officers as of December 31, 2014. For 2014, these individuals were:

- Tom Klein, our President and CEO,
- Richard Simonson, our Executive Vice President and CFO,
- Rachel Gonzalez, our Executive Vice President and General Counsel,
- Deborah Kerr, our Executive Vice President and Chief Product and Technology Officer, and
- Gregory Webb, our Executive Vice President and President, Sabre Travel Network.

We refer to these executive officers collectively in this Compensation Discussion and Analysis and the related compensation tables as the Named Executive Officers.

In addition, we provide certain compensation information regarding Carl Sparks, our former Executive Vice President and President and CEO, Travelocity, whose employment terminated on April 28, 2014. References in the following discussion to the Named Executive Officers do not include Mr. Sparks unless we specify otherwise.

This Compensation Discussion and Analysis provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each material element of compensation that we provided to our executive officers, including the Named Executive Officers, in 2014. In addition, we explain how and why the compensation committee arrived at the specific compensation actions and decisions involving the Named Executive Officers during 2014.

Our overall corporate rewards strategy, which is embodied in our executive compensation program, is designed to advance four principal objectives:

- ***Pay for performance***: Link a significant portion of the target total direct compensation opportunities of our executive officers to our annual and long-term business performance and each individual s contribution to that performance,

Attract, motivate, and retain: Set compensation at market competitive levels that enable us to hire, incentivize, and retain high-caliber executive officers and that reinforce our robust succession planning process,

Long-term equity participation: Provide opportunities, consistent with the interests of our stockholders, for executive officers to accumulate and hold a significant equity stake in the organization, including through performance-based equity awards, if we achieve our strategic and growth objectives, and

Transparency: Ensure an efficient, simple, and transparent process for designing our compensation arrangements, setting performance objectives for annual and long-term incentive compensation opportunities, and making compensation decisions.

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Executive Summary

Business Overview

We are a leading technology solutions provider to the global travel and tourism industry. We currently operate through two business segments:

- ***Travel Network***, our global B2B travel marketplace for travel suppliers and travel buyers; and
- ***Airline and Hospitality Solutions***, an extensive suite of leading software solutions primarily for airlines and hotel properties.

In March 2007, we were acquired by investment funds affiliated with or managed by the Principal Stockholders (the 2007 Acquisition). Prior to that time, we were an independent, publicly-traded company with our common stock listed on the New York Stock Exchange.

In connection with the 2007 Acquisition, we entered into employment agreements and other arrangements with the members of our-then senior management. Of the Named Executive Officers who are currently employees, only Messrs. Klein and Webb were employed with us at that time. In negotiating the initial employment agreements with Messrs. Klein and Webb, our board of directors, whose members then consisted of representatives of the Principal Stockholders, placed significant emphasis on aligning management s interests with those of the Principal Stockholders. In particular, Messrs. Klein and Webb made a significant equity investment in our common stock in connection with the 2007 Acquisition and received equity awards that included performance-based stock options that would vest upon the Principal Stockholders receiving certain rates of return on their invested capital.

The Principal Stockholders directed our senior management to lead an aggressive plan to eliminate organizational inefficiencies, expand the scope of our various businesses and to secure our position as the leading technology provider for the travel and tourism industries. To date, we have been successful in strengthening our business, developing into a global brand, and increasing revenue growth and sustained profitability, in part, through the design of our executive compensation program.

Given our recent history, our executive compensation program has been designed by the compensation committee consistent with the Principal Stockholders objective of incentivizing our executive officers to stabilize and strengthen us as a company, including in the areas of technology consolidation, product quality, and geographic expansion, in an effort to drive sustained financial performance and further our business objectives. Accordingly, our current executive compensation program has been designed to advance three principal objectives:

- To reward our executive officers for achieving short-term operational objectives, realizing long-term strategic goals, and enhancing stockholder value.
- To reflect our focus on high standards of ethics, quality, and integrity, which we apply to all aspects of our business.

To enhance the quality and continuity of our executive management team.

2014 Compensation Highlights

Consistent with these objectives, we took the following actions with respect to the 2014 compensation of the Named Executive Officers:

Will pay in February 2015 annual cash bonuses under our Executive Incentive Program (the EIP) consistent with our 2014 financial results, as described in more detail under Compensation Elements Annual Incentive Compensation below,

Granted equity awards, including performance-based awards, to each of the Named Executive Officers, other than Ms. Gonzalez, in connection with our initial public offering in April 2014. Ms. Gonzalez received an initial equity award in October 2014 in connection with her joining Sabre in September 2014,

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Adopted the Sabre Corporation 2014 Omnibus Incentive Compensation Plan (the 2014 Omnibus Plan), our new equity incentive compensation plan, which is similar to the equity incentive compensation plans used by other newly-public companies,

Adopted a stock ownership policy that includes an exercise-and-hold feature requiring executive officers to retain 50% of net shares received as the result of the exercise, vesting, or payment of any equity awards granted to him or her, until meeting the specified ownership level,

Adopted an equity award grant policy for our executive officers and the non-employee members of the board of directors, and

Entered into an employment agreement with Ms. Gonzalez, our new Executive Vice President and General Counsel.

Pay-for-Performance

Our executive compensation philosophy, which is embodied in the design and operation of our short-term and long-term incentive compensation plans, ensures that a substantial portion of the compensation for our executive officers, including the Named Executive Officers, is contingent on our ability to meet and exceed our annual and long-term financial plan objectives. Consequently, we believe that our executive compensation program creates commonality of interest between our executive officers and stockholders for long-term value creation. Our commitment to a pay-for-performance compensation philosophy includes:

A substantial portion of our executive officers target cash compensation opportunity is performance-based. For 2014, approximately 57% of the target cash compensation opportunity of our CEO, and approximately 44%, on average, of the target cash compensation opportunities of the other Named Executive Officers was contingent on our executive team meeting and exceeding the financial objectives set forth in our annual operating plan.

The grant of performance-based restricted stock unit awards to our executive officers. For 2014, the shares of our common stock subject to these performance-based restricted stock unit awards will be earned if we achieve a pre-established revenue target level for 2014.

While we strive to offer fully-competitive target total direct compensation opportunities to each of our executive officers to recognize the experience, industry expertise, and leadership that he or she brings to us, the actual amounts received or realized by each executive officer from his or her incentive compensation opportunities is highly dependent on the ability of our executive team to achieve strong financial results and meet key operational milestones over an extended period of time.

The compensation committee monitors our executive compensation program on a continuous basis, and updates and refines our executive compensation policies and practices as appropriate to enhance our compensation philosophy.

Executive Compensation Policies and Practices

We endeavor to maintain sound governance standards consistent with our executive compensation policies and practices. The compensation committee evaluates our executive compensation program on an ongoing basis to ensure that it is consistent with our short-term and long-term business objectives given the dynamic nature of the global economy and the market in which we compete for executive talent. Our executive compensation program includes the following policies and practices:

Independent Compensation Committee Advisors. The compensation committee has engaged its own compensation consultant to assist with the review and enhancement of our executive compensation program in connection with our transition to a public reporting company. This consultant performs no other consulting or other services for us.

Annual Executive Compensation Review. The compensation committee conducts an annual review of our executive compensation program, including a review of the competitive market for executive talent, and has developed a compensation peer group for use during its deliberations when evaluating the competitive market.

Executive Compensation Policies and Practices. Our compensation philosophy and related corporate governance policies and practices are complemented by several specific compensation practices that are designed to align our executive compensation with long-term stockholder interests, including:

Compensation At-Risk. Our executive compensation program is designed so that a significant portion of compensation is at risk based on corporate performance, as well as equity-based to align the interests of our executive officers and stockholders,

No Retirement Plans. Except for the Sabre, Inc. Legacy Pension Plan (which was frozen to further benefit accruals as of December 31, 2005), we do not currently offer, nor do we have plans to provide, pension arrangements, defined benefit retirement plans, or nonqualified deferred compensation plans or arrangements to our executive officers,

Nominal Perquisites. We provide only limited perquisites and other personal benefits, which consist of financial planning and executive physical examinations, to certain of our executive officers,

No Special Health or Welfare Benefits. Our executive officers participate in broad-based company-sponsored health and welfare benefits programs on the same basis as our other full-time, salaried employees,

No Tax Reimbursements. We do not provide any tax reimbursement payments (including gross-ups) on any perquisites or other personal benefits, other than standard relocation benefits, or on any severance or change-in-control payments or benefits,

Double-Trigger Change-in-Control Arrangements. All change-in-control payments and benefits are based on a double-trigger arrangement (that is, they require both a change-in-control ***plus*** a qualifying termination of employment before payments and benefits are paid),

Performance-Based Incentives. We use performance-based short-term and long-term incentives,

Multi-Year Vesting Requirements. The equity awards granted to our executive officers vest or are earned over multi-year periods, consistent with current market practice and our retention objectives,

No Stock Option Repricings. We prohibit the repricing of outstanding options to purchase our common stock without prior stockholder approval, and

Succession Planning. We review the risks associated with key executive officer positions to ensure adequate succession plans are in place.

This Compensation Discussion and Analysis describes the material elements of compensation for the Named Executive Officers for 2014 as determined by the compensation committee.

2014 Management Changes

In connection with changes to our Travelocity business, Mr. Sparks employment with us terminated on April 28, 2014. In connection with his resignation, Mr. Sparks received a separation package, including certain payments and benefits pursuant to the terms and conditions of his employment agreement, accelerated vesting and settlement of certain outstanding incentive awards, and a cash retention payment. See Potential Payments upon Termination or Change in Control Post-Employment Compensation Mr. Sparks Post-Employment Compensation. Mr. Sparks did not participate in our 2014 annual cash incentive program or receive an equity award in 2014.

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On September 22, 2014, Ms. Gonzalez joined us as our Executive Vice President and General Counsel and we entered into an employment agreement with her in connection with the commencement of employment.

Compensation Philosophy and Objectives

The philosophy underlying our executive compensation program is to provide an attractive, flexible, and effective total compensation opportunity to our executive officers, including the Named Executive Officers, tied to our corporate performance and aligned with the interests of our stockholders. Our objective is to recruit, motivate, and retain the caliber of executive officers necessary to deliver sustained high performance to our stockholders, customers, and other stakeholders.

Equally important, we view our compensation policies and practices as a means for communicating our goals and standards of conduct and performance and for motivating and rewarding employees in relation to their achievements. Overall, the same principles that govern the compensation of our executive officers also apply to the compensation of all our salaried employees. Within this framework, we observe the following principles:

Retain and hire top-caliber executive officers: Executive officers should have base salaries and employee benefits that are market competitive and that permit us to hire and retain high-caliber individuals at all levels,

Pay for performance: A significant portion of the target total direct compensation opportunities of our executive officers should vary with annual and long-term business performance and each individual s contribution to that performance, while the level of at-risk compensation should increase as the scope of the executive officer s responsibility increases,

Reward long-term growth and profitability: Executive officers should be rewarded for achieving long-term results, and these rewards should be aligned with the interests of our stockholders,

***Tie compensation to performance of our core business*es**: A significant portion of each executive officer s compensation should be tied to measures of performance of the business or businesses over which he or she has the greatest influence,

Align compensation with stockholder interests: The interests of our executive officers should be linked with those of our stockholders through the risks and rewards of the ownership of shares of our common stock,

Provide limited personal benefits: Perquisites and other personal benefits for our executive officers should be minimal and limited to items that serve a reasonable business purpose, and

Reinforce succession planning process: The overall compensation program for our executive officers should reinforce our robust succession planning process.

We believe that our compensation philosophy, as reinforced by these principles, has been very effective in aligning our executive compensation with the creation of sustainable long-term stockholder value.

Compensation Mix

Our executive compensation program has been designed to reward strong performance. The program seeks to focus a significant portion of each executive officer s total direct compensation opportunity on annual and long-term incentives that depend upon our performance as a whole, as well as the performance of our individual businesses. Each executive officer, at either the time of the 2007 Acquisition by the Principal Stockholders, his or her initial employment, or his promotion to a more senior position, has been granted a significant stake in us in the form of an equity award to closely link his or her interests to those of our stockholders. These equity awards also seek to focus his or her efforts on the successful execution of our long-term strategic and financial objectives. Consequently, whether viewed on an annual basis or over their entire tenure with us, fixed compensation (in the form of base salary and benefits) has represented less than half of the target total direct

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compensation opportunity of each current executive officer, including each Named Executive Officer, with the remainder delivered in the form of annual and long-term incentive compensation and performance bonuses.

Compensation-Setting Process

Role of the Compensation Committee

The compensation committee is responsible for overseeing our executive compensation program (including our executive compensation policies and practices), approving the compensation of our executive officers, including the Named Executive Officers, and administering our various employee stock plans.

Pursuant to its charter, the compensation committee has sole responsibility for reviewing and determining the compensation of our CEO at least annually, as well as for evaluating our CEO s performance in light of the corporate goals and objectives applicable to him. In reviewing our CEO s compensation each year and considering any potential adjustments, the compensation committee exercises its business judgment after taking into consideration several factors, including our financial results, his individual performance and strategic leadership, its understanding of competitive market data and practices, and his current total compensation and pay history.

In addition, each year the compensation committee reviews and determines the compensation of our other executive officers, including the other Named Executive Officers, as well as any employment agreements with our executive officers. In doing so, the compensation committee is responsible for ensuring that the compensation of our executive officers, including the Named Executive Officers, is consistent with our executive compensation philosophy and objectives.

Role of Executive Officers

The compensation committee receives support from our Human Resources Department in designing our executive compensation program and analyzing competitive market practices. Our CEO and CFO regularly participate in compensation committee meetings, providing management input on organizational structure, executive development, and financial analysis.

Our CEO evaluates the performance of each of our executive officers, including the other Named Executive Officers, against the annual objectives established by the compensation committee for the business or functional area for which such executive officer is responsible. Our CEO then reviews each executive officer s target total direct compensation opportunity, and based upon his or her target total direct compensation opportunity and his or her performance, proposes compensation adjustments for him or her, subject to review and approval by the compensation committee. Our CEO presents the details of each executive officer s target total direct compensation opportunity and performance to the compensation committee for its consideration and approval of the recommendations. Our CEO does not participate in the evaluation of his own performance.

In making executive compensation decisions, the compensation committee reviews a variety of information for each executive officer, including his or her current total compensation and pay history, his or her equity holdings, individual performance, and its understanding of competitive market data and practices for comparable positions. Neither our CEO nor our other executive officers are present when their specific compensation arrangements are discussed.

Role of Compensation Consultant

In fulfilling its duties and responsibilities, the compensation committee has the authority to engage the services of outside advisers, including compensation consultants. In 2014, the compensation committee engaged Compensia, Inc., a national compensation consulting firm, to assist it with compensation matters. A representative of Compensia attends regularly scheduled meetings of the compensation committee, responds to inquiries from members of the compensation committee, and provides his or her analysis with respect to these inquiries.

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The nature and scope of services provided to the compensation committee by Compensia in 2014 were as follows:

- Assisted in the review and updating of our compensation peer group,
- Analyzed the executive compensation levels and practices of the companies in our compensation peer group,
- Provided advice with respect to compensation best practices and market trends for our executive officers and the members of our board of directors,
- Assessed our executive compensation risk profile and reported on this assessment,
- Analyzed the director compensation levels and practices of the companies in our compensation peer group, and
- Provided *ad hoc* advice and support following its engagement.

Compensia does not provide any services to us, other than the services provided to the compensation committee. The compensation committee has assessed the independence of Compensia taking into account, among other things, the factors set forth in Exchange Act Rule 10C-1 and the listing standards of NASDAQ, and has concluded that no conflict of interest exists with respect to the work that Compensia performs for the compensation committee.

Competitive Positioning

Periodically, the compensation committee reviews competitive market data for comparable executive positions in the market as one factor for determining the structure of our executive compensation program and establishing target compensation levels for our executive officers, including the Named Executive Officers.

The compensation committee, with the assistance of Compensia, has developed a compensation peer group based on an evaluation of companies that it believed were comparable to us with respect to operations, industry segment, revenue level, and enterprise value as a reference source in its executive compensation deliberations. This compensation peer group, which is used by the compensation committee as a reference in the course of its executive compensation deliberations, consists of the following companies:

Akamai Technologies, Inc.	Global Payments, Inc.
Alliance Data Systems Corp.	Nuance Communications, Inc.
Broadridge Financial Solutions, Inc.	Synopsys, Inc.
Citrix Systems, Inc.	Total System Services, Inc.
Equinix, Inc.	Vantiv, Inc.
Fiserv, Inc.	Verisk Analytics, Inc.
Gartner, Inc.	

The companies in the compensation peer group are U.S.-based global companies in the technology sector, and, therefore, are representative of the companies with which we compete for executive talent. In addition, these companies have similar revenue levels (generally, 0.5x to 2.0x our revenue level), enterprise values (generally, 0.5x to 3.0x our enterprise value), and revenue and operating profitability growth rates. Compensation peer group comparison data are collected from publicly-available information contained in the SEC filings of the compensation peer group companies, as well as from the Radford Global Technology Survey. The Radford survey provides market data and other information related to trends and competitive practices in executive compensation.

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The competitive market data described above have not been and will not be used by the compensation committee in isolation but rather serve as one point of reference in its deliberations on executive compensation. The compensation committee uses the competitive market data as a guide when making decisions about total direct compensation, as well as individual elements of compensation; however, the compensation committee does not formally benchmark our executive officers compensation against this data. While market competitiveness is important, it is not the only factor we consider when establishing compensation opportunities of our executive officers. Actual compensation decisions also depend upon the consideration of other factors that the compensation committee considers relevant, such as the financial and operational performance of our businesses, individual performance, specific retention concerns, and internal equity.

Compensation-Related Risk Assessment

The compensation committee considers potential risks when reviewing and approving the various elements of our executive compensation program. In evaluating each element of our executive compensation program, the compensation committee assesses the element to ensure that it does not encourage our executive officers to take excessive or unnecessary risks or to engage in decision-making that promotes short-term results at the expense of our long-term interests. In addition, we have designed our executive compensation program, including our incentive compensation plans, with specific features to address potential risks while rewarding our executive officers for achieving financial and strategic objectives through prudent business judgment and appropriate risk taking. Further, the following policies and practices have been incorporated into our executive compensation program:

Balanced Mix of Compensation Components: The target compensation mix for our executive officers is composed of base salary, annual cash incentive compensation, and long-term incentive compensation in the form of equity awards, including performance-based awards, which provides a compensation mix that is not overly weighted toward short-term cash incentives.

Minimum Performance Measure Threshold: Our annual cash incentive compensation plan, which encourages focus on the achievement of corporate and individual performance objectives for our overall benefit, does not pay out unless pre-established target levels for one or more financial measures are met.

Long-Term Incentive Compensation Vesting: Our long-term incentives are equity-based, with four-year or five-year vesting to complement our annual cash incentive compensation plan, and include restricted stock unit awards that vest only upon meeting certain performance goals.

Capped Incentive Awards: Awards under the annual cash incentive compensation plan are capped at 200% of the target award level.

Compensation Elements

Our executive compensation program is designed around the concept of total direct compensation, and consists of the following principal elements:

- Base salary,
- Annual incentive compensation in the form of cash bonuses,
- Long-term incentive compensation in the form of equity awards,
- Health, welfare, and other employee benefits, and
- Post-employment compensation.

In setting the appropriate level of total direct compensation, the compensation committee seeks to establish each compensation element at a level that is both competitive and attractive for motivating top executive talent, while also keeping the overall compensation levels aligned with stockholder interests and job responsibilities. These compensation elements are structured to motivate our executive officers and to align their financial interests with those of our stockholders.

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Base Salary

We believe that a competitive base salary is essential in attracting and retaining key executive talent. Historically, the compensation committee has reviewed the base salaries of our executive officers, including the Named Executive Officers, on an annual basis or as needed to address changes in job title, a promotion, assumption of additional job responsibilities, or other unique circumstances.

In evaluating the base salaries of our executive officers, the compensation committee considers several factors, including our financial performance, his or her contribution towards meeting our financial objectives, his or her qualifications, knowledge, experience, tenure, and scope of responsibilities, his or her past performance as against individual goals, his or her future potential, competitive market practices, our desired compensation position with respect to the competitive market, and internal equity.

2014 Base Salary Decisions

In January 2014, the compensation committee reviewed the base salaries of the Named Executive Officers and increased Mr. Webb s base salary effective in February 2014, based upon a review of his position, duties and competitive market data. Other than this change, the compensation committee made no changes to the Named Executive Officers base salaries at that time. Following our initial public offering, the compensation committee reviewed the base salaries again in June 2014, and increased Messrs. Klein s and Simonson s and Ms. Kerr s base salaries, based upon a review of their positions, duties and competitive market data, effective August 2014.

The base salaries paid to the Named Executive Officers during 2014 are set forth in the 2014 Summary Compensation Table below.

Annual Incentive Compensation

We use annual incentive compensation to support and encourage the achievement of our specific annual corporate and business segment goals as reflected in our annual operating plan. Each year, our executive officers at the level of senior vice president or above are eligible to receive annual cash bonuses under our EIP.

Typically, at the beginning of the fiscal year the compensation committee approves the terms and conditions of the EIP for the year, including the selection of one or more performance measures as the basis for determining the funding of annual cash bonuses for the year. Subject to available funding, the EIP provides cash bonuses based upon our achievement as measured against the pre-established target levels for these performance measures.

Target Annual Cash Bonus Opportunities

For purposes of the 2014 EIP, the target annual cash bonus opportunity for each of our eligible executive officers, including the Named Executive Officers, was expressed as a percentage of his or her base salary paid during 2014, subject to a maximum annual cash bonus opportunity as specified for each executive officer (which was 200% of his or her target annual cash bonus opportunity). The target annual cash bonus opportunities of the current Named Executive Officers for 2014 were as follows:

Named Executive Officer[(1)]	**2014 Target Cash**

	Bonus Opportunity (as a percentage of base salary)
Mr. Klein	125%/150%(2)
Mr. Simonson	80%
Ms. Gonzalez	80%
Ms. Kerr	80%
Mr. Webb	80%

(1) Mr. Sparks did not participate in the 2014 EIP.
(2) Through August 10, 2014, Mr. Klein s target annual cash bonus opportunity was equal to 125% of his then-current base salary. Effective as of August 11, 2014, his target annual cash bonus opportunity was increased to 150% of his adjusted annual base salary for the remainder of 2014, based on a review of market data. As a result, on a blended basis, his target annual cash bonus opportunity for 2014 was 135% of his actual base salary for the year.

The target annual cash bonus opportunities were established by the compensation committee based on its consideration of several factors, including each eligible executive officer s qualifications, knowledge, experience, tenure, and scope of responsibilities, his or her past performance, his or her future potential, competitive market practices, our desired compensation position with respect to the competitive market, and internal equity.

Corporate Performance Measure

For purposes of the 2014 EIP, the compensation committee selected EBITDA as the sole performance measure. The compensation committee believed this measure continued to be the best indicator of both corporate and business segment profitability and that overall profitability would best position us for a successful re-entry into the public marketplace.

For purposes of the 2014 EIP, EBITDA was adjusted to exclude the following items: goodwill impairments, prior period non-cash adjustments, and one-time costs associated with specific business enhancement initiatives. Our board of directors approved these adjustments to better reflect the efforts and performance of our executive officers in relation to the current year s business performance, as well as to encourage them to make decisions that improve the potential for future growth without being penalized for the short-term investment required to achieve that growth. In addition to these adjustments, for purposes of the 2014 EIP, EBITDA was calculated before making allowance for the amounts payable pursuant to our annual incentive compensation plan for employees at the level below senior vice president, the Sabre Corporation Variable Compensation Plan (Adjusted Pre-VCP/EIP EBITDA).

Bonus Formula

For our executive officers with company-wide responsibility, the Adjusted Pre-VCP/EIP EBITDA performance measure was based entirely on consolidated Adjusted Pre-VCP/EIP EBITDA. For our executive officers with business segment responsibilities, the Adjusted Pre-VCP/EIP EBITDA performance measure was based in part on business segment Adjusted Pre-VCP/EIP EBITDA (weighted 50%) and in part on consolidated Adjusted Pre-VCP/EIP EBITDA (weighted 50%). The compensation committee determined that these weightings provided an appropriate balance to foster company teamwork while at the same time providing line-of-sight accountability for business segment results.

Our Adjusted Pre-VCP/EIP EBITDA target level for Sabre as a whole for purposes of the 2014 EIP was $900 million.

The actual cash bonus payments for the Named Executive Officers (other than Mr. Webb) were to be based on our consolidated financial results and, in the case of Mr. Webb, were to be based on our consolidated financial results and those of his individual business unit.

The funding of the annual bonus pool with respect to the Adjusted Pre-VCP/EIP EBITDA performance measure varied according to each Named Executive Officer s area of responsibility as follows:

Corporate: For Messrs. Klein and Simonson and Ms. Gonzalez and Ms. Kerr, the Named Executive Officers with company-wide responsibility, funding began upon achievement of 90% of the target

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performance level with maximum funding (200% of target funding) upon the achievement of 123% of the target performance level. Funding levels decreased at a more moderate rate between 100% to 95% of target performance achievement and at a more severe rate between 95% to 90% of target performance achievement. If 90% or less of the target performance level is achieved, the annual bonus pool will not be funded.

Business Unit: For Mr. Webb, who is responsible for our Travel Network business, 50% of the funding is the same as the company-wide responsibility funding formula, and 50% of the funding began upon achieving 90% of the target performance level with a maximum funding (200% of target funding) upon achievement of 123% of the target Travel Network performance level. Funding levels decreased at a more moderate rate between 100% to 95% of target performance achievement and at a more severe rate between 95% to 90% of target performance achievement. If 90% or less of the target performance level is achieved, the annual bonus pool will not be funded.

The compensation committee believed that these formulas provided a fair value sharing between our stockholders and the Named Executive Officers.

For purposes of the 2014 EIP, the compensation committee reserved the discretion to adjust the amount of the actual cash bonus payments to be received by any Named Executive Officer.

2014 Annual Cash Bonus Decisions

The compensation committee will approve the cash bonus payments under the 2014 EIP at its meeting in February 2015. The estimated ranges for the cash bonus payments under the 2014 EIP for the Named Executive Officers are set forth below.

Named Executive Officer	**2014 EIP Bonus Estimated Ranges**
Mr. Klein	$800,000 to $1,200,000
Mr. Simonson	$340,000 to $500,000
Ms. Gonzalez	$70,000 to $120,000
Ms. Kerr	$280,000 to $440,000
Mr. Webb	$250,000 to $370,000

While the amounts payable to our Named Executive Officers pursuant to the EIP for 2014 are expected to fall within these estimated ranges, they may fall outside these estimated ranges.

Long-Term Incentive Compensation

We use long-term incentive compensation in the form of equity awards as the principal element of our executive compensation program to align the financial interests of our executive officers, including the Named Executive Officers, with those of our stockholders. Upon the 2007 Acquisition, we sought to retain top executive talent and drive long-term stockholder value creation through the use of equity-based long-term incentive compensation.

In determining the value of the long-term incentive compensation opportunities for our executive officers, the compensation committee considers several factors, including our financial performance, the executive officer s contribution towards meeting our financial objectives, his or her qualifications, knowledge, experience, tenure, and scope of responsibilities, his or her past performance as against individual goals, his or her future potential, his or her current equity position (including the value of any unvested equity awards), competitive market practices, our desired compensation position with respect to the competitive market, and internal equity.

The compensation committee makes annual long-term incentive compensation awards to our executive officers, including the Named Executive Officers, using a portfolio mix of time-based and performance-based equity awards. We believe this approach aligns the interests of our executive officers and stockholders, aids in attracting and retaining talent by conforming more closely to the practices among members of our peer group, and further mitigates excessive risk incentives by ensuring that we provide incentive compensation with diversified performance measures.

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2014 Equity Awards

During 2014, the compensation committee granted equity awards to each of the Named Executive Officers, other than Ms. Gonzalez, in connection with our initial public offering in April 2014. For 2014, the compensation committee set the long-term equity incentive compensation award value for each Named Executive Officer (other than Ms. Gonzalez) after reviewing their position, duties, performance, competitive market data, and the recommendations of our CEO (except with respect to his own award). This award value was then divided into two separate grants, consisting of:

- performance-based restricted stock units (75% of the target grant date value for long-term equity incentive compensation), and

- stock options (25% of the target grant date value for long-term equity incentive compensation).

Ms. Gonzalez was granted an equity award in connection with her initial employment with us. For Ms. Gonzalez s initial equity award, the award value was divided into two separate grants consisting of time-based restricted stock units and stock options, each of which constituted 50% of her target grant date value for long-term incentive compensation.

For a description of these equity awards, see Employment Agreements and the 2014 Summary Compensation Table and the 2014 Grants of Plan-Based Awards Table below.

Travelocity Equity Awards

On March 23, 2010, our board of directors granted Mr. Klein an option to purchase 350,000 common units of Travelocity.com LLC with an exercise price equal to the fair market value of such units on the date of grant.

On April 25, 2011 our board of directors granted Mr. Sparks a restricted stock award, which was fully vested at the time of his departure, and tandem stock appreciation rights (SARs), which were cancelled in May 2012. On May 15, 2012, our board of directors granted Mr. Sparks 2,931,035 tandem SARs each in units of Travelocity.com LLC and Travelocity Holdings, Inc., which could be settled in cash or shares of our common stock, in the good faith discretion of our board of directors. On November 1, 2012, our board of directors granted Mr. Sparks a restricted stock unit award based on an aggregate value of up to $3,000,000, to vest over six tranches in increasing amounts by tranche, with final vesting on June 15, 2015. For each of the first three tranches, Mr. Sparks agreed to surrender a portion of his SARs granted during 2012. Mr. Sparks received the first four tranches, cash value of $1,840,000, settled in shares of our common stock, and the remaining two tranches were forfeited by Mr. Sparks upon his departure. The remaining Travelocity SARs that had not been surrendered by Mr. Sparks were cancelled at the time of our initial public offering in April 2014, when we cancelled these equity grants. At the time the grants were cancelled, there was no value associated with the awards or the underlying equity.

In April 2014, we cancelled,