PLAINTIFF EXHIBIT
PX174

CONFIDENTIAL

$400,000,000
Sabre Inc.
8.5% Senior Secured Notes due 2019

This is an offering of $400 million aggregate principal amount of 8.5% Senior Secured Notes due 2019 (the "notes") of Sabre Inc., a Delaware corporation (the "Issuer" or "our company"). The initial purchasers of the notes (the "Initial Purchasers") are offering the notes inside the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). In addition, the Initial Purchasers, through their respective selling agents, are offering the notes outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

We will pay interest on the notes on May 15 and November 15 of each year. The first interest payment will be made on November 15, 2012. The notes will mature on May 15, 2019. Prior to May 15, 2015, we may redeem some or all of the notes at a price equal to 100% of the principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to the redemption date and a "make-whole premium," as described in this offering circular. Prior to May 15, 2015, we may redeem up to 40% of the notes with the proceeds of certain equity offerings at the redemption prices set forth in this offering circular, plus accrued and unpaid interest, if any, to the redemption date. On or after May 15, 2015, we may redeem all or a part of the notes at the redemption prices set forth in this offering circular, plus accrued and unpaid interest, if any, to the redemption date. If we experience certain change of control events, each holder of the notes may require us to repurchase all or a part of their notes at the price set forth in this offering circular, plus accrued and unpaid interest, if any, to the date of repurchase. Notes will be issued only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The proceeds of this offering of notes will be used to repay a portion of the outstanding loans under our existing senior secured term and revolving credit facility due September 2014 (the "Credit Facility"), as part of a proposed amendment and extension of the Credit Facility, and for general corporate purposes. See "Use of Proceeds." The Issuer's obligations under the notes will be fully and unconditionally guaranteed, jointly and severally, on a secured basis by Sabre Holdings Corporation, the Issuer's parent company, and each of our existing and subsequently acquired or organized subsidiaries that are borrowers under or that guarantee the Credit Facility or that, in the future, guarantee certain of our indebtedness or of another subsidiary guarantor. The notes and the note guarantees will be secured, subject to permitted liens, by a first-priority security interest in substantially all present and hereafter acquired property and assets of the Issuer and the guarantors (other than the assets described in "Description of Notes—Security"), which also constitutes collateral securing indebtedness under the Credit Facility on a first-priority basis. The collateral agent under the notes will be party to an intercreditor agreement with the representative under the Credit Facility. See "Description of Notes—Security" and "Description of Other Indebtedness."

Notes sold to qualified institutional buyers in reliance on Rule 144A will be evidenced by a global note deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company. Except as described herein, beneficial interests in the global note will be shown on, and transfers thereof will be effected only through, records maintained by The Depository Trust Company and its direct and indirect participants. Any notes sold pursuant to Regulation S will be evidenced by one or more separate global notes.

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system.

See "Risk Factors" beginning on page 28 to read about important factors you should consider before buying the notes.

Offering Price: 100%

The offering price set forth above does not include accrued interest, if any. Interest on the notes will accrue from May 9, 2012. If the notes are delivered after May 9, 2012, accrued interest must be paid by the purchaser until the time of delivery.

The notes have not been and will not be registered under the Securities Act and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to certain non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The notes are not transferable except in accordance with the restrictions described under "Notice to Investors."

The Initial Purchasers expect to deliver the notes through the facilities of The Depository Trust Company against payment in New York, New York on May 9, 2012.

Goldman, Sachs & Co. Morgan Stanley Deutsche Bank Securities BofA Merrill Lynch
Barclays Natixis Mizuho Securities

Offering Circular dated May 2, 2012.

Klein-Lit. Exhibit
11
Alderson Court Reporting
12/3/2019
Christina Diaz, CRC CRR RMR CSR CLR

EXHIBIT 555
WIT:
DATE: 7-10-13
JULIE BRANDT, RMR, CRR

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Prospective investors in the notes offered hereby should rely only on the information contained in this offering circular. We have not, and the Initial Purchasers have not, authorized anyone to provide you with information that is different. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume the information contained in this offering circular is accurate as of any date other than the date on the front of this offering circular, unless the information specifically indicates that another date applies.

We have prepared this offering circular solely for use in connection with the proposed offering of the notes described herein, and solely for use in connection with the offer of the notes to qualified institutional buyers under Rule 144A under the Securities Act and to persons outside the United States under Regulation S under the Securities Act.

This offering circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. We and other sources identified herein have provided the information contained in this offering circular. Distribution of this offering circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and disclosure of its contents, in whole or in part, without our prior written consent, is prohibited. Each prospective investor agrees that if it does not purchase notes or if we terminate the offering, it will return this offering circular, and any other materials we may subsequently provide to such prospective investor, to: Goldman, Sachs & Co., 200 West Street, New York, NY 10282. Each prospective investor, by accepting delivery of this offering circular, agrees to the foregoing and to make no copies or reproductions of any kind of all or any part this offering circular or any documents referred to herein.

By purchasing the notes, you will be deemed to have made the acknowledgments, representations, warranties and agreements as set forth under the heading "Notice to Investors" in this offering circular. You should understand that you will be required to bear the financial risks of investing in the notes for an indefinite period of time.

This offering circular summarizes documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of the information we discuss in this offering circular. All such summaries are qualified in their entirety by such reference. In making an investment decision, you must rely on your own examination of such documents, our business and the terms of the offering and the notes, including the merits and risks involved. Copies of documents referred to herein will be made available to prospective investors upon request to the Initial Purchasers or us.

By accepting delivery of this offering circular, you agree to the foregoing and acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering circular, (2) you have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with the investigation of the accuracy of such information or your investment decision, (3) this offering circular relates to an offering that is exempt from registration under the Securities Act, (4) no person has been authorized to give information or to make any representations concerning us, this offering or the notes described in this offering circular, other than as contained in this offering circular and information given by our duly authorized officers and employees in connection with an investor's examination of us and the terms of the offering of the notes and (5) you may not reproduce or distribute this offering circular, in whole or in part, and you may not disclose any of the contents of this offering circular or use any information herein for any purpose other than considering the purchase of the notes.

We make no representation to you that the notes are a legal investment for you. You should not consider any information in this offering circular to be legal, business, tax or other advice. You should consult your own attorney, business advisor and tax advisor for legal, business, tax or other advice regarding an investment in the notes. Neither the delivery of this offering circular nor any sale made pursuant to this offering circular implies that any information set forth in this offering circular is correct as of any date after the date of this offering circular.

Each prospective purchaser of the notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor. We and the Initial Purchasers are not responsible for your compliance with these legal requirements. We are not making any representation to you regarding the legality of your investment in the notes under any legal investment or similar law or regulation.

In any Member State of the European Economic Area that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

This offering circular has been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to produce a prospectus for offers of notes. Accordingly any person making or intending to make any offer within the European Economic Area of the notes which are the subject of the offering contemplated in this offering circular, may only do so in circumstances in which no obligation arises for the Issuer, Sabre Holdings Corporation, the Subsidiary Guarantors (as defined herein) or any of the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case in relation to such offer. Neither the Issuer, Sabre Holdings, the Subsidiary Guarantors or any of the Initial Purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Issuer, Sabre Holdings Corporation, the Subsidiary Guarantors or any of the Initial Purchasers to publish or supplement a prospectus for such offer.

For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The notes have not been and will not be registered under the Securities Act of 1933, as amended, which we refer to as the Securities Act, or any state securities laws. Accordingly, the notes are being offered and sold only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and certain non-U.S. persons outside the United States in offshore transactions in accordance with Regulation S under the Securities Act. The notes are subject to restrictions on transferability and resale and may not be transferred or resold except in a transaction exempt from or not subject to the registration requirements of the Securities Act or pursuant to an effective registration statement. Each purchaser of notes will be deemed to have made certain acknowledgments, representations and agreements relating to such restrictions on transfer and resale as more fully described under the heading "Notice to Investors."

We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system. The notes will initially be available in book-entry form only. We expect that the notes will be issued in the form of one or more registered global notes. The global notes will be deposited with the trustee as custodian for DTC, as depositary, and registered in the name of Cede & Co. or another nominee of such depositary. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by DTC and its participants. After the initial issuance of the global notes, certificated notes will be issued in exchange for global notes only in the limited circumstances set forth in the indenture governing the notes. See "Book-Entry Settlement."

You should contact the Initial Purchasers with any questions about this offering or if you require additional information to verify the information contained in this offering circular.

We reserve the right to withdraw this offering of the notes at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase the notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of notes sought by such investor.

None of the Securities and Exchange Commission, the state securities commissions or other United States regulatory authorities has approved or disapproved the notes nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering circular. Any representation to the contrary is a criminal offense.

The distribution of this offering circular and the offering and sale of the notes in certain jurisdictions may be restricted by law. The Issuer and the Initial Purchasers require persons in whose possession this offering circular comes to inform themselves about and to observe any such restrictions. This offering circular does not constitute an offer of, or an invitation to purchase, any of the notes in any jurisdiction in which such offer or invitation would be unlawful.

Notwithstanding anything herein to the contrary, except as reasonably necessary to comply with applicable securities laws, prospective investors (and each employee, representative or other agent of a prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to prospective investors relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the offering but does not include information relating to the identity of the issuer.

NOTICE TO INVESTORS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the notes offered hereby.

(A) Each purchaser of the notes offered hereby will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A ("Rule 144A") or Regulation S ("Regulation S") under the Securities Act of 1933, as amended (the "Securities Act") are used herein as defined therein):

(1) You (A) (i) are a qualified institutional buyer, (ii) are aware that the sale of the notes to you is being made in reliance on Rule 144A and (iii) are acquiring such notes for your own account or for the account of a qualified institutional buyer, as the case may be, or (B) are not a U.S. person, as such term is defined in Rule 902 under the Securities Act, and are purchasing the notes in accordance with Regulation S.

(2) You understand that the notes have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person who you reasonably believe is a qualified institutional buyer acquiring for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (iv) pursuant to an effective registration statement under the Securities Act and (B) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

(3) The notes will bear a legend to the following effect, unless the Issuer determines otherwise in compliance with applicable law:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY),] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S) IN RELIANCE ON REGULATION S], ONLY (A) (1) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES

ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

(4) The notes may not be sold or transferred to, and you, by your purchase and holding of the notes (or any interest therein), shall be deemed to have represented and covenanted that you are not acquiring or holding the notes for or on behalf of, and will not transfer the notes to, (A) any "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, that is subject to Title I of ERISA, (B) any "plan" as described in and subject to Section 4975 of the Code, (C) any entity whose assets include, or are deemed to include, assets of such an employee benefit plan or plan pursuant to 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (each of the foregoing, a "Plan") or (D) any employee benefit plan which is subject to any federal, state, local, non-U.S. or other law or regulation that is substantially similar to Section 406 of ERISA or Section 4975 of the Code ("Similar Law"), unless such purchase and holding of the notes (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of another employee benefit plan subject to Similar Law, is not in violation of any Similar Law).

In furtherance of the foregoing, you understand that the certificates evidencing the notes will bear a legend to the following effect:

EACH PURCHASER AND TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) SHALL BE DEEMED TO REPRESENT AND COVENANT THAT EITHER (1) IT IS NOT ACQUIRING OR HOLDING THIS NOTE FOR OR ON BEHALF OF, AND WILL NOT TRANSFER THIS NOTE TO, (A) ANY "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, (B) ANY "PLAN" AS DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (C) ANY ENTITY WHOSE ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, ASSETS OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN PURSUANT TO 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA OR (D) ANY EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (2) ITS PURCHASE AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW).

The notes will be available initially only in book-entry form. The notes will be issued in the form of one or more global notes bearing the legends set forth above.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

The Issuer is not currently subject to the information requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), and for so long as it is not so subject, it will furnish to holders of notes and prospective purchasers thereof the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with resales of such notes.

Prospective investors in the notes offered hereby should rely only on the information contained in this offering circular. We have not, and the Initial Purchasers have not, authorized anyone to provide you with information that is different. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume the information contained in this offering circular is accurate as of any date other than the date on the front of this offering circular, unless the information specifically indicates that another date applies.

NON-GAAP FINANCIAL MEASURES

We have included both financial measures compiled in accordance with generally accepted accounting principles in the United States, or GAAP, and certain non-GAAP financial measures in this offering circular, including, for example, EBITDA, Adjusted EBITDA, Debt Covenant EBITDA and the ratios related thereto.

Our management believes these non-GAAP financial measures provide useful information about our operating performance. However, these measures should not be considered as alternatives to net income or cash flows from operating activities as indicators of operating performance or liquidity. EBITDA, Adjusted EBITDA, Debt Covenant EBITDA and ratios related thereto are not recognized terms under GAAP. EBITDA, Adjusted EBITDA, Debt Covenant EBITDA and the ratios related thereto 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. EBITDA, Adjusted EBITDA, Debt Covenant EBITDA and the ratios related thereto exclude some, but not all, items that affect net income, and these measures may vary among companies. See "Summary Financial and Other Data," "Selected Historical 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 offering circular and reconciliations thereof to the most directly comparable GAAP measures.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering circular includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. You can generally identify forward-looking statements by words such as "expect," "anticipate," "intend," "forecast," "outlook," "will," "may," "might," "potential," "likely," "target," "plan," "contemplate," "seek," "attempt," "should," "could," "would" or expressions of similar meaning.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include economic, business, competitive, market and regulatory conditions and the following:

- factors affecting the level of travel transactions in the worldwide travel industry, particularly air travel transactions, including global economic conditions, security concerns, natural or man-made disasters and other disruptions;
- initiatives by airlines and other travel suppliers to cut costs and increase control over distribution or that affect our ability to obtain inventory from travel suppliers;
- the impact on supplier capacity and inventory resulting from ongoing consolidation of the airline industry;
- our ability to maintain existing relationships with travel agencies or to enter into new relationships on acceptable financial and other terms;
- the effects of intense competition in our industry, including from search engine providers and other new competitors;

- successful integration and future performance of our acquisitions, investments and strategic alliances;
- our ability to improve the performance of our Travelocity business;
- the potential failure to retain key employees of Sabre, including senior management;
- risks associated with doing business in multiple countries and in multiple currencies;
- our ability to adapt to technological developments or industry trends and to develop and implement new products and solutions;
- our ability to protect and maintain our information technology and intellectual property rights, and the associated costs;
- systems and infrastructure failures, or other unscheduled shutdowns or disruptions;
- potential product liability claims and other litigation;
- an adverse outcome to our litigation with American Airlines, 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; and
- general economic and business conditions in the markets in which we operate, including fluctuations in currencies and interest rates.

Any forward-looking statement made by us in this offering circular speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

NOTICE REGARDING PRESENTATION OF FINANCIAL INFORMATION

As described in the financial statements and notes thereto included elsewhere in this offering circular, this offering circular includes financial statements for Sabre Holdings Corporation, or "Sabre Holdings," a Delaware holding company and the parent company of the Issuer. The Issuer is the principal operating subsidiary and sole direct subsidiary of Sabre Holdings. Unless the context otherwise requires, the financial information presented herein is the financial information of Sabre Holdings on a consolidated basis together with the Issuer and the Issuer's subsidiaries. Sabre Holdings is a guarantor of the notes offered hereby, has no material assets other than the stock of the Issuer, and conducts substantially all of its operations through the Issuer and the Issuer's subsidiaries.

We believe that our financial statements and the other financial data included in this offering circular have been prepared in a manner that complies, in all material respects, with GAAP and the regulations published by the SEC, and are consistent with current practice with the exception of (i) the presentation of certain non-GAAP financial measures, (ii) the presentation of certain summarized financial information of subsidiaries not consolidated pursuant to Rule 4-08(g) of Regulation S-X, (iii) the exclusion of consolidating guarantor footnotes pursuant to Rule 3-10 of Regulation S-X, (iv) the exclusion of related party disclosures pursuant to Rule 4-08(k) of Regulation S-X, (v) the exclusion of separate financial information for guarantors or subsidiaries whose securities are pledged to secure the notes pursuant to Rule 3-16 of Regulation S-X, (vi) the exclusion of historical financial statements and pro forma financial information related to the proposed acquisition described in "Summary—Recent Developments—Proposed Acquisition" pursuant to Article 11 of Regulation S-X, (vii) the exclusion of segment information from our audited financial statements and (vii) the exclusion of certain other GAAP disclosures not required for nonpublic entities.

MARKET AND INDUSTRY DATA AND FORECASTS

This offering circular includes industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the included information. 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 offering circular along with these estimates. See "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." We have not independently verified such third party information nor have we ascertained the underlying economic assumptions relied upon in those sources, and neither we nor the Initial Purchasers can assure you of the accuracy or completeness of such information contained in this offering circular. 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 under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" in this offering circular.

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 offering circular 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 offering circular 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 offering circular may appear without the ®, TM or SM 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, f:wz, the f:wz plane logo, Flight Explorer, Flugwerkzeuge Aviation Software, GetThere, GetThere.com, IgoUgo, the IgoUgo design, Sabre, the Sabre logo, Sabre Business Travel Solutions, Sabre Holdings, the Sabre Holdings design, Sabre Red, Sabre Travel Network, SabreSonic, Travelocity, the Travelocity block lettering,Travelocity Business, Travelocity Partner Network, Travelocity.com, TripCase and Virtually There are our registered trademarks.

CERTAIN TERMS USED IN THIS OFFERING CIRCULAR

Unless otherwise noted or indicated by context, the following terms used in this offering circular have the following meanings:

"Abacus" refers to ABACUS International PTE Ltd., a Singapore corporation;

"ADR" refers to average daily rate;

"APAC" refers to the Asia-Pacific region;

"API" refers to application programming interface, a source code-based specification intended to be used as an interface by software components to communicate with each other, or more simply, a structured inbound request;

"Axess" refers to Axess International Network, Inc., a Japanese corporation;

"booking" refers to a reservation related to travel (and with respect to a GDS air booking, related to a person's travel on one flight segment);

"BTN" refers to Business Travel News;

"B2B" refers to business-to-business;

"B2C" refers to business-to-consumer;

"CAGR" refers to compound annual growth rate;

"CPA" refers to cost per action;

"CPC" refers to cost per click, or measurement of cost on a per-click basis for contracts not based on click-throughs;

"CPM" refers to cost per thousand impressions;

"Credit Facility" refers to our senior secured credit facility entered into on March 30, 2007, as amended, or otherwise modified from time to time, in the amount of up to $3,515 million in aggregate principal amount of senior secured financing;

"CRM" refers to customer relationship management;

"CRS" refers to central reservations systems;

"distribution business" refers to our distribution business segment (consisting primarily of the Sabre GDS), also referred to as "Sabre Travel Network" in the consolidated financial statements of Sabre Holdings included in this offering circular.

"EMEA" refers to Europe, the Middle East and Africa;

"EU 27" refers to the European Union member countries as of January 1, 2007;

"flight segment" refers to the operation of a flight with a single flight designator between the point where passengers first board an aircraft and the passengers' final destination (in which a flight designator includes an airline code with two letters or a number and a letter in combination, and a flight number of up to four digits);

"GDS" refers to global distribution system;

"Infini" refers to INFINI Travel Information, Inc., a Japanese corporation;

"Issuer" refers to Sabre Inc.;

"LCC" refers to low cost carrier;

"LTM" refers to last twelve months;

"MEA" refers to the Middle East and Africa;

"MIDT" refers to Marketing Information Data Tapes;

"NAS" refers to Network Attached Storage;

"Notes Collateral" refers to substantially all present and hereinafter acquired property and assets of the Issuer and the Guarantors, which will constitute collateral securing indebtedness under the notes and note guarantees, and under our Credit Facility;

"notes" refers to $400 million aggregate principal amount of 8.5% Secured Notes due 2019 of the Issuer offered hereby;

"OID" refers to original issue discount;

"OTA" refers to online travel agency;

"PCI" refers to payment card industry;

"PCI DSS" refers to PCI Data Security Standard;

"PMS" refers to property management system;

"PPC" refers to pay per click, or the payment based on click-thoughs;

"ROI" refers to return on investment

"SaaS" refers to software-as-a-service;

"**Sabre**," "**our company**," "**we**," "**us**," "**our**," refer to, as the context requires, Sabre Holdings Corporation, Sabre Inc. and its subsidiaries, taken as a whole;

"Sabre Holdings" refers to Sabre Holdings Corporation, a Delaware corporation;

"SabreSonic CSS" refers to SabreSonic Customer Sales and Service;

"Silver Lake" refers to Silver Lake Partners II;

"SAN" refers to storage area network;

"SOA" refers to Service Oriented Architecture;

"solutions business" refers to our software solutions business segment for airlines, hotels and other travel suppliers, also referred to as "Sabre Airline Solutions" in the Sabre Holdings consolidated financial statements included in this offering circular;

"Sovereign Holdings" refers to Sovereign Holdings, Inc., a Delaware corporation, the parent company of Sabre Holdings Corporation;

"**Subsidiary Guarantors**" refers to each subsidiary of the Company, if any, that guarantees the notes in accordance with the terms of the Indenture;

"**T2RL**" refers to Travel Technology Research, a research company that publishes reports on the application of information technology to all aspects of the travel industry;

"**TMC**" refers to travel management company;

"**TPG**" refers to TPG Partners V L.P.;

"**TPN**" refers to Travelocity Partner Network;

"**WTTC**" refers to World Travel and Tourism Council.

SUMMARY

This summary highlights selected information contained elsewhere in this offering circular. You should carefully read the entire offering circular, including the "Risk Factors" and the consolidated financial statements and related notes included elsewhere in this offering circular, before making an investment decision. In the consolidated financial statements included in this offering circular, our distribution business is referred to as "Sabre Travel Network" and our solutions business (itself composed of our airline solutions and hospitality solutions businesses) is referred to as "Sabre Airline Solutions." The following summary is qualified in its entirety by the more detailed information and financial statements and notes thereto included elsewhere in this offering circular. Certain terms and acronyms are defined in the "Certain Terms Used in this Offering Circular" section beginning on page xi.

OUR COMPANY

We are a leading provider of technology, software and services to the global travel industry. We provide comprehensive technology and software solutions to more than 400 airlines, 100,000 hotel properties and 68,000 travel agency outlets in more than 135 countries. For 2011, our consolidated revenue for points of sale outside the United States was approximately $1.2 billion, representing 41% of our 2011 total consolidated revenue. In 2011, Travelocity, our online consumer business, with more than 10 established global brands, had, on average, more than 30 million monthly unique visitors to its websites (including Travelocity's affiliate websites). Our business generates stable, predictable and diversified revenue and is highly cash flow generative, with an Adjusted EBITDA margin of 23% for 2011, and modest capital expenditures. We have more than 10,000 employees in approximately 60 countries around the world.

We operate through three business segments: our distribution business, consisting primarily of the Sabre GDS; our solutions business, which provides a broad range of software solutions for airlines, hotels and other travel suppliers; and Travelocity, our online travel agency, or OTA. We apply our extensive travel industry knowledge and technology expertise to each business and create integrated solutions that address cross-segment needs. In 2011, we generated $3,011 million in consolidated revenue and $693 million in Adjusted EBITDA. Our performance in 2011 represented a two percentage point Adjusted EBITDA margin improvement and a 5% Adjusted EBITDA CAGR relative to 2008, our first full year as a private company, when we generated $592 million in Adjusted EBITDA, representing a 21% Adjusted EBITDA margin.

Subsequent to becoming a private company in March 2007, we have significantly reduced our leverage through a combination of Adjusted EBITDA growth, cash flow generation and debt repayment. As of March 31, 2008, we had net leverage of 6.1x LTM Adjusted EBITDA based on $3,852 million of debt, $113 million of cash and $615 million of LTM Adjusted EBITDA, and as of December 31, 2011, had net leverage of 4.9x LTM Adjusted EBITDA based on $3,456 million of debt, $62 million of cash and $693 million of LTM Adjusted EBITDA.

The Distribution Business

Our distribution business consists primarily of our Sabre GDS. The Sabre GDS is a key technology platform linking travel suppliers, agencies and their customers, enabling key operational functionality ranging from real-time search and pricing for air, hotel, cruise, rail and car products to booking, ticketing and management of complex, integrated itineraries. By efficiently aggregating and distributing travel content, we provide a valuable distribution and marketing channel to our travel suppliers, enabling them to better serve leisure and corporate customers, and to extend their reach to

[redacted]

markets where their brands may not be as well known. For our travel agency and corporate customers, we provide a cost effective and valuable service that allows subscribers to efficiently compare, select and book travel that meets their cost, scheduling and travel policy requirements from a broad range of travel suppliers. At the heart of the offering is a scalable, highly engineered Service Oriented Architecture (SOA) platform capable of accurately and rapidly processing a high volume of bookings. In 2011, for example, we processed more than 700 billion transactions, averaging over 60,000 transactions every second at peak and more than a billion API requests every day. We view this platform, together with our innovative Sabre Red agent point of sale workspace application, as significant competitive advantages, and we are continually investing in our platforms to upgrade and improve our customers' user experience, in response to their evolving needs, while incorporating the latest technology innovations.

We believe this value proposition has helped drive wide adoption of the Sabre GDS, which is used extensively in both the leisure and the corporate customer segments. For example, over 70% of the BTN 100 (corporations with the largest travel expenditures) were our customers as of year-end 2011. Overall, we estimate that nearly $100 billion of travel-related products and services were sold through the Sabre GDS, including sales through our joint ventures, in 2011, and, based on MIDT and other transaction data for the global GDSs, the Sabre GDS had the highest share of GDS air transactions processed in that year, with a share of approximately 38%. In addition to wide adoption, we have also developed deep and long-standing relationships with an attractive, blue-chip customer base. In 2011, our largest agency customers included TMCs and OTAs such as American Express, Carlson Wagonlit, Hogg Robinson Group, BCD Travel, Expedia and Travelocity; however, none of our distribution customers represented more than 10% of distribution revenue. The value that our distribution solutions deliver, as well as our customer satisfaction with our distribution offerings, can be demonstrated by our customer retention rates. In 2008, 2009, 2010 and 2011, the customer retention rates for our distribution business were approximately 98%, 96%, 97% and 99%, respectively. Over time, this high retention rate has allowed us to deepen and expand our relationships with our agency customers, with many of those relationships exceeding 20 years.

In addition to our deep long-standing customer relationships and valuable product offerings, our contracted, transaction-based business model also drives predictable and stable cash flow. In 2011, 80% of our bookings, for example, came through agency contracts with terms of three or more years. Moreover, our revenue stream is primarily based on travel transaction volume rather than value, which limits our exposure to the volatility in our suppliers' ticket and travel product pricing while allowing us to participate in the growth of our customers and the global travel market.

In 2011, our distribution business generated $1,768 million in revenue and $587 million in Adjusted EBITDA, representing a 33% Adjusted EBITDA margin and 7% Adjusted EBITDA CAGR since 2008.

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The Solutions Business

Our solutions business is our on-demand software-as-a-service, or SaaS, business providing advanced technology solutions to travel suppliers globally. We currently serve more than 3,700 hospitality customers, which collectively have approximately 17,000 properties of all sizes and in every region of the world, as well as approximately 250 airlines and more than 800 other customers such as airports, cargo and charter airlines, corporate fleets, governments and tourism boards. We provide our services through our airline solutions and hospitality solutions businesses:

Airline Solutions. Our airline solutions business is a leading global supplier of airline SaaS-based software applications and reservations systems and software solutions. Our solutions help the airline industry better market products, sell through the right channels, serve customers and operate efficiently. We currently offer a broad portfolio of solutions in three main areas:

- Reservation Systems: Our reservations systems provide all the essentials of a passenger service system including dynamic and configurable new capabilities. From reservations, inventory and check-in to e-commerce, merchandising and revenue recognition it delivers powerful capabilities through multiple points of sale and service.
- Marketing & Planning Solutions: We provide an end-to-end strategic airline commercial planning solution that is focused on helping our customers improve profitability and develop their brand. Our offerings address the various aspects of network planning and scheduling; pricing and revenue management; revenue analysis; onboard catering and provisioning; and cargo management solutions.
- Enterprise Solutions: We provide a complete solution spanning airline, airport and customer operations to maximize our customers' operational control. Our offerings include flight operations, crew management, airport operations, maintenance planning, and operations recovery.

We believe our knowledge of the travel industry, our customers' needs and our technical expertise, which we have amassed over decades in both our distribution business and our solutions business, has allowed us to develop industry leading solutions. Those solutions, combined with strong execution and deep customer relationships, have enabled us to become a leader in reservations systems and software solutions. Based on T2RL share data, we estimate that we are the second largest provider of reservation systems globally and, based on internal share estimates, we estimate that we are the leader in a number of our software solutions offerings, including market and data analysis, pricing and revenue management tools, network and fleet management, flight scheduling, in flight, flight planning, load planning, flight operations, airport operations, crew operations, and operations recovery. Moreover, we believe we have the broadest SaaS-based travel solution portfolio in the market, with offerings in more than a dozen different areas of expertise. In turn, we benefit from synergies in the sales process across our offerings, where we are frequently able to offer a comprehensive suite of solutions that can be combined in powerful ways, while many of our competitors can only offer point applications. All of these factors helped grow the number of customers served by our airline solutions business from approximately 446 in 2008 to approximately more than 1,000 in 2011, a 33% CAGR. Our largest customers now include many blue-chip names such as Southwest Airlines, Aeroflot, Jetblue Airways, Westjet Airlines and Alaska Airlines, and in the past 18 months, we have won major new customers including United Airlines, Etihad Airways and Virgin Australia.

Hospitality Solutions. Our hospitality solutions business provides solutions primarily to hotels and hotel chains around the world. We offer SaaS-based reservation, property management, and other technology solutions that help our hospitality customers market and sell their products and services to their customers. Our hospitality solutions business is, like airline solutions, a scale provider in the travel industry operating the largest hotel CRS in the world, with a 28% share according to our internal estimates. See "Business—Our Businesses—Our Solutions Business—Hospitality Solutions—Competitors." These solutions are flexible and scalable serving both smaller independent hotel operators as well as large global hotel chains. In 2011, our largest customers included Preferred Hotel Group, Kimpton Hotels & Restaurants, Destination Hotels and Resorts, Shangri-La Hotels & Resorts and Denihan Hospitality (Formerly Affinia), and we continue to make inroads into the market. In the past 18 months, we have won significant new customers including Vantage, Red Roof and Fontainebleau.

Our solutions offerings are primarily delivered through a SaaS delivery model. By using our SaaS platform, our customers avoid the need for a large upfront investment in on-premise hardware infrastructure and in customized software that is difficult and expensive to implement, upgrade and maintain. The solutions provided to our customers change based on market needs and technology evolution. Whether it is using web services to deliver solutions to our customers through our SaaS web services, access to our 5,000 terabytes of data or our leading mobile solutions, we adapt quickly to ensure we continue to provide value to buyers and sellers of travel.

Both our airline and hospitality solutions businesses benefit from contracted, stable and recurring revenue streams. The majority of our airline solutions customers are served through contracts with terms of three to ten years and the majority of our hospitality solutions customers have contracts ranging from one to five years. Many of the products we offer, including central reservation systems, are critical components of our customers' operations that often require significant cost and effort to implement. These factors, combined with our on-demand SaaS platform and our stable transaction-based revenue model (where the majority of our revenue is driven by volume metrics such as passengers boarded) has allowed us to drive high levels of recurring revenue and customer retention. Our recurring revenue has been increasing consistently from 78% to 82% to 83% in 2009, 2010 and 2011, respectively for airline reservations solutions and 75% to 78% to 80% for hospitality reservations solutions over the same period. Moreover, we estimate our customer retention rates for our airline reservations systems, which is the principal offering of our airline solutions business, to be 97%, 94%, 90% and 95%, respectively, for 2008, 2009, 2010 and 2011 based on passengers-boarded fee-based revenue and the customer retention rates for our hospitality solutions business to be 88%, 89%, 90% and 87%, for the same periods.

In 2011, our solutions business generated $523 million in revenue and $137 million in Adjusted EBITDA, representing a 26% Adjusted EBITDA margin and 13% Adjusted EBITDA CAGR since 2008.

Travelocity

Travelocity is our online travel e-commerce and media business. As a leading global OTA, Travelocity provides consumer-direct travel products and services for leisure and business travelers across a number of recognized and trusted global brands. Travelocity Partner Network, or TPN, expands Travelocity's reach to consumer segments making travel purchases on websites other than ours. TPN currently has approximately 2,000 partners, including blue chip customers from the financial services, e-commerce and travel industries. In 2011, Travelocity was the third largest global OTA based on revenue, powering 23 international websites in 8 languages and generating $9.6 billion in annual gross travel sales. Travelocity was also the first OTA, founded in 1996, and revolutionized how the travel industry sold products to the public and retains to this day a powerful brand with 92% aided brand awareness. However, Travelocity's results have been adversely impacted by several factors in recent years, including margin pressure from suppliers, reduced bookings on its websites and increased costs of customer acquisition, especially through CPC channels, as well as intense competition in the industry. See "Business—Our Businesses—Travelocity Global—Competitors." In 2011, we refocused Travelocity's strategy on leveraging the well-known Travelocity brand, upgrading and optimizing its websites and technology platform, and launching innovative new products such as mobile functionality, with a goal of building a better user experience and driving higher conversion and retention rates on its websites. In February 2012, Travelocity was named the top travel site by the American Consumer Satisfaction Index.

In 2011, Travelocity generated $825 million in revenue and $68 million in Adjusted EBITDA, representing an 8% Adjusted EBITDA margin and 16% Adjusted EBITDA compound annual decline since 2008. Travelocity represented 10% of Adjusted EBITDA (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services) for the consolidated Sabre business in 2011.

Industry Overview

The travel and tourism industry is one of the largest industry segments globally, accounting for an estimated $4.0 trillion of spending in 2011. Of this, more than 25% was generated in North America and 26% was generated in the European Union countries comprising the EU 27. The travel and tourism industry is highly fragmented, encompassing many types of suppliers and outlets where travelers can purchase travel, including more than 220,000 travel agency outlets; approximately 600 airlines serving 2.87 billion passengers; more than 460,000 hotel properties; over 33,000 car rental outlets; and numerous tour, cruise and other operators around the world.

The travel industry has shown strong and relatively resilient expansion over the past 35 years, with growth rates typically outperforming general macroeconomic performance. Air travel is driven primarily by economic growth and is correlated to the economic cycle, expanding and contracting at roughly twice the rate of the overall economy, based on an IATA study of GDP and passenger traffic from 1971 to 2010. However, following the recent economic downturn in 2009, during which scheduled air passenger traffic declined 1%, scheduled air passenger traffic rose 8% in 2010 and 6% in 2011. Air travel is expected to sustain a growth rate approaching the industry's historical 5% growth trend at least through the middle of the decade.

Due to the global nature and continued growth of the travel industry, travel suppliers have historically employed many different technologies in their complex operations and distribution activities, in order to bring their content to as many travelers as possible across multiple channels. The trend to rely on external providers for many of the functions that were initially developed by in-house IT departments has accelerated in the last five to ten years. This trend continues and allows us to offer solutions that provide scale and technical advantages. The combination of industry growth, increasingly complex technological requirements, and travel suppliers' desire for flexible and low cost platforms provides us with significant travel technology opportunities across our three primary lines of business.

Global Distribution Systems. As travel agencies and the travel industry become increasingly global, GDSs are developing deeper global relationships and capabilities, thus further expanding the number of regions and customers they can potentially serve. By using a GDS, travel suppliers benefit from a global reach that is superior to other distribution channels, as well as an attractive return on investment compared with the incremental cost. Our internal estimates indicate approximately 1.2 billion air bookings were processed through GDSs in 2011, representing more than $275 billion in global travel sales. Euromonitor expects travel spending on air and hotel to grow by approximately 7% annually, on average, over the next 5 years. We expect global GDS-processed bookings to grow, particularly as low-cost carriers, or LCCs, increase their distribution through GDS platforms in order to expand their offerings to attract new customers. Although in recent years an increasing portion of travel spending has been generated through direct distribution channels, we believe that travel suppliers and agencies will continue to use GDSs because of the superior efficiencies that GDS platforms offer, which are key to attracting and serving customers.

Travel Supplier Solutions. We are benefiting from the current trend in the travel industry towards the use of on-demand SaaS solutions, which provide travel suppliers with maximum cost savings and technological flexibility. There are only a few SaaS providers who have the required combination of scale, industry knowledge and technology expertise to effectively compete on a large scale. With respect to airlines, we estimate that of the $5 billion spent on airline software and solutions in 2011, over 60% was paid to third-party providers, with the remaining spending attributed to in-house systems. Based on our competitive knowledge of the rate at which airlines are relying on external providers for airline solutions, the number of airlines who have solicited bids for future work and the age of internal systems in use, we believe that airline solutions revenue growth will significantly outpace the revenue growth in the airline industry. Our solutions scale from smaller LCCs and regional carriers to larger hybrid and global network carriers, but we are over-indexed, in our reservations systems in particular, to the LCC and hybrid carrier segments, which have been growing faster than the overall market. T2RL airline data shows that passengers boarded for network carriers grew by only 3%, on average, from 2007 to 2011, whereas LCCs grew by 15% and hybrids grew by 8%. With respect to hotels, there is a growing need for external software and technology providers that can support the reservation systems of large chains, which accounted for 47% of consumer spending on rooms globally in 2011. Most of these chains have historically operated their own in-house central reservation systems (CRS) that are becoming outdated and costly to maintain, and lack the flexibility needed to meet the demands of the changing industry. As global chains migrate to external CRS platforms to renew and refresh their technology, a transformation that is still at an early stage, we expect the opportunities for the top CRS providers are expected to expand significantly. Based on our internal estimates, the addressable revenue for hospitality solutions was $3 billion in 2011. In the hotel reservations space, our hospitality solutions business is driving innovation by combining CRS and property management system (PMS) functionalities to deliver a comprehensive Hospitality Enterprise Solution, a single platform that provides an integrated suite of capabilities as an alternative to traditional solutions with separate, distinct parts.

Online Travel Agencies. According to Euromonitor, the OTA segment represented $156 billion of travel industry spending in 2011, and is forecast to grow at 9% on average for the next five years. This growth is a function of increasing online penetration in high economic growth regions such as APAC, as well as increased traffic to OTAs given the benefits conferred to both travelers and travel suppliers. OTAs enable consumers to conveniently and efficiently compare, shop and book travel options as well as select the best travel deals for their particular needs, and enable suppliers to employ targeted marketing strategies to optimize bookings and revenue.

Our Competitive Strengths

The following competitive strengths help us to achieve our goal of being a leading provider of technology, software and services to the global travel industry, to sustain our leadership position in each of our businesses and to support future growth. These strengths also underscore the inherent resiliency of our business that, despite the challenging macroeconomic environment, especially during the recent, protracted global economic recession, has not experienced a single year in which our Adjusted EBITDA has declined compared to the prior year subsequent to when we were taken private in March 2007.

Global Leadership Across Growing and Diversified End Markets

We operate in segments of the travel industry that have large, growing and addressable customer bases globally. Each of our businesses is a global leader in its respective segment of the travel industry:

- our distribution business is ranked number one in global GDS-processed air bookings with a 38% share of volume (based on MIDT and our GDS regional partners' bookings reports for 2011);
- airline solutions is the second largest provider of reservations systems, according to T2RL, with 16% share of customer passengers boarded and is the leader in marketing & planning and enterprise operations solutions (based on T2RL passenger data and our customer intelligence);
- we believe our hospitality solutions business is the leader in hotel reservations, handling 28% of hotel CRS bookings (based on hotel booking share data from the Sabre GDS); and
- travelocity is the third largest OTA in terms of 2011 revenue (based on 10-K filings of the top three participants in the industry and our financial statements) and is one of the leading global brands, with 92% aided brand awareness.

The travel markets we serve are diverse and growing, with travel and tourism accounting for $4.0 trillion of global spending in 2011, and expanded at roughly twice the rate of the overall economy, according to an IATA study from 1971 to 2010. Euromonitor expects air and hotel spending to grow nearly 7% annually over the next five years, and there are a number of positive market trends that we expect will help drive incremental growth in our target markets, which we believe we are well-positioned to capture:

- increasing use by LCCs and regional carriers in emerging markets of indirect distribution through GDS platforms;
- increased shift to third-party providers for reservations systems and critical software applications;
- travel suppliers' increasing comfort with SaaS-based solutions to manage their day-to-day operations; and
- continued shift to online in the leisure segment given the cost and convenience benefits for non-business customers, particularly in high growth regions such as APAC.

We expect that our foothold in economies with strong GDP growth such as Latin America, MEA and APAC, will allow us to benefit from increased growth rates, while the strength of our businesses in more mature regions, such as North America and Europe, position us for strong growth as the recovery from the recent, protracted global economic recession continues. With our diverse customer mix of LCCs, hybrids and regional airlines in emerging markets, as well as a wide range of small and large hotel chains, we are not only over-indexed to faster growing end markets, but also to faster growing customers within those markets. For example, our share of GDS air bookings in the Middle East, Russia and Brazil grew from approximately 23%, 18% and 63% in 2009 to approximately 28%, 20% and 66% in 2011, respectively.

Differentiated Competitive Position Delivering Key Solutions

Our technology is key to the core day-to-day operations of many of our customers in the industry, including both travel suppliers and travel agencies. Our distribution business, for example, provides a key technology platform enabling efficient shopping, booking and management of travel itineraries for offline and corporate travel agencies as well as OTAs. At the same time, it is a valuable distribution and marketing channel for travel suppliers, giving them access to a broad array of customers, particularly outside their home markets. Similarly, we provide solutions that power many of the most important operations systems for our customers such as airline and hotel reservations systems, crew scheduling and aircraft movement control. The value and quality of our technology and software (and related customer service) have enabled us to achieve a differentiated competitive position delivering reliable and scalable solutions to the travel industry with an unmatched portfolio of integrated but modular solution offerings. We believe that this is demonstrated by our customer retention rates. In 2008, 2009, 2010 and 2011, our customer retention rates for our distribution business were approximately 98%, 96%, 97% and 99%, respectively. For our airline solutions business, we estimate our customer retention rates for our reservations systems, which is the principal offering of our airline solutions business, to be 97%, 94%, 90% and 95%, respectively, for 2008, 2009, 2010 and 2011 based on passengers-boarded fee-based revenue recorded, and the customer retention rates for our hospitality solutions business to be 88%, 89%, 90% and 87%, respectively, for the same periods.

Highly Innovative and Scalable Technology

Our technology enables scalability in our various business models and creates a flexible environment that enables us to adapt knowledge and resources across our global businesses. Three pillars underpin our technology: innovation, scalability and investment in research and development. To drive innovation in our GDS business, we invest in technology teams that are continually developing advanced algorithms, decision support, data analysis and customized intellectual property. We also invest in operations research to develop new features and leverage data in new ways to meet the changing needs of our customers and enable us to serve new customers. To enable scalability in our GDS business, we own and operate a highly secure global distribution platform, which we built on a Service Oriented Architecture, or SOA, platform that provides us with the flexibility to adapt to the changing needs of an evolving industry. Our Sabre GDS system is thought to be one of the most heavily used SOA environments in the world, processing more than 700 billion transactions in 2011, with over 60,000 transactions every second at peak. Significant operating efficiencies result from this scale.

In our solutions business, we have made significant investments to build a highly reliable SaaS infrastructure. SaaS technology offers customers a number of advantages compared to traditional on-premise software installations or homegrown technology solutions: (i) faster deployment at implementation allowing quicker market access and future upgrade phases compared to traditional installations; (ii) lower total ownership costs, which is the sum of acquisition costs and operating costs of a solution, due to reduction of the complexity and costs associated with software and hardware management; and (iii) delivery through a robust, scalable environment, allowing adaptation to changes in our customers' technological systems as they grow. The SaaS approach also benefits our business. By moving away from one-time license fees to recurring monthly fees, our revenue stream has become more predictable, helping us sustain a strong financial position. We save time and money by reducing maintenance and eliminating implementation tasks through our centrally deployed solutions. Because our solutions are offered as on-demand SaaS and deployed centrally, new customers can be added at very low incremental cost to us. We can have lower operating costs by standardizing processes and driving efficiencies, allowing us to better scale as our customer base and demand for our products grows.

Stable, Resilient and Diversified Business Models

Our distribution business operates a global network to aggregate travel content for travel agencies and travel demand for travel suppliers. Both our distribution business and our solutions

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business operate with a transaction-based business model that ties our revenues to a travel supplier's transaction volumes rather than to a travel supplier's unit pricing for an airplane ticket, hotel room or other travel products. Travel-related businesses with revenue models based on volume (rather than, for example, ticket or price) have generally shown strong resilience across economic cycles because travel suppliers typically strive to maintain traveler volumes by reducing prices in an economic downturn. This resilience is also partially attributable to our multi-year agency contracts, which typically have terms of three to five years. Contracts with a term of three years or greater accounted for 80% of our GDS bookings in 2011. Similarly, our solutions business has contracts that range from one to ten years in length and typically deliver solutions that are critical components of our customers' operations, such as reservations systems, that often require significant cost and effort to implement. Moreover, our three businesses also generally serve different customers, creating diversification of revenue across B2B and B2C end segments. None of our agency or supplier customers across all of our businesses in 2007 through 2011 accounted for more than 10% of consolidated revenue.

Predictable and Recurring Revenue with High Cash Flow Generation and Significant Growth Upside

We have a strong track record of cash generation. Despite a challenging macroeconomic environment, we experienced Adjusted EBITDA growth in each year since 2008, with a CAGR of 5% from 2008 to 2011. Cash generated from operating activities rose from $57 million in 2008 to $337 million in 2011, with predictable and modest capital expenditures of less than 8% of revenue in each year. Several factors drove this stability:

- our underlying stable, resilient and diversified business model;
- manageable capital expenditure requirements primarily due to well-developed applications, infrastructure and graphics development for the Sabre systems and our websites, and our ability to predict these capital expenditures primarily due to our stable contracts and customer retention; and
- disciplined operational management which has delivered significant cost savings since we were taken private by our investors in March 2007.

Collectively, these aspects of our business contributed to positive free cash flow from 2008 through 2011, and since the March 2007 take private, we have significantly reduced our leverage through a combination of Adjusted EBITDA growth, cash flow generation and debt repayment. As of March 31, 2008, one year after we were taken private, we had net leverage of 6.1x LTM Adjusted EBITDA based on $3,852 million of debt, $113 million of cash and $615 million of LTM Adjusted EBITDA, and as of December 31, 2011, we had net leverage of 4.9x LTM Adjusted EBITDA based on $3,456 million of debt, $62 million of cash and $693 million of LTM Adjusted EBITDA.

Sabre's management took early, innovative action to invest in a SaaS platform for our solutions business. This decision was founded on the belief that travel suppliers would be replacing their legacy in-house systems with SaaS solutions to avoid the need for a large upfront investment in on-premise hardware infrastructure and in customized software that is difficult and expensive to implement, upgrade and maintain. Our investment was rewarded with rapid growth in customers, which increased from more than 2,800 at year end 2008 to more than 4,700 at year end 2011, a 19% three-year CAGR. The customer retention rate in these businesses is also high, at 95% for our airline solutions CSS business and 87% for hospitality solutions CRS business in 2011. Recurring revenue is also high at 83% for our airline solutions CSS business and 80% for hospitality solutions business in 2011, creating predictable and recurring revenue streams. We have grown our solutions business from $376 million of revenue in 2008 to $523 million of revenue in 2011, a 12% CAGR. We believe our solutions business is positioned for significant revenue growth going forward since it is over-indexed to faster growing regions, customers and products. We have targeted faster growing regions, such as the Middle East, Russia and Brazil, faster growing customers, such as LCCs, hybrids and hoteliers, and faster growing travel technology segments, such as those served by our hospitality solutions business.

Strong, Long-Standing Customer Relationships

Across all of our businesses, we have strong, long-standing customer relationships that provide us with a significant level of stability. As a result of these relationships, we have developed a deep understanding of travel suppliers' needs, which positions us well to develop new products, and to continuously provide more value to our customers, by helping improve their business performance. In our distribution business, for example, our relationships with TMCs have existed for more than 20 years, and are enhanced by our relationships with our top travel suppliers, most of which have also been our customers for 20 years or more. Similarly, our relationships with our major corporate travel department customers have been developing for more than 20 years. Similarly, our relationships with OTAs are also long-term, in existence since the inception of the first OTA in 1996, Travelocity. Through our Travelocity business, we have developed a deep understanding of what online travel agencies need in order to best serve their customers and we can develop products and services to address those needs.

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

Our management team is highly experienced, with comprehensive expertise in all aspects of the travel industry and travel technology in particular. Many of our leaders have more than 20 years experience in the travel sector, having worked in multiple segments of the industry, which provides us with insight and knowledge that we can leverage across segments. Collectively, while at Sabre, our executives have been key innovators in travel industry technology, including through the global expansion of the GDS, the introduction of Travelocity, the first OTA, in 1996, and the industry migration to the SaaS model for travel supplier software applications. Their experience and industry knowledge provide a solid foundation for us to develop strategic solutions to the complex problems of the travel industry, both in developing new capabilities for our customers and creating new business models and technological solutions for the future.

Our Business Strategy

We intend to use our key competitive strengths to achieve our strategic objectives, including expanding our global leadership, enhancing value to our customers and continuing to invest in scalable technology-based businesses.

Expand Global Leadership. We intend to expand our global leadership by increasing our presence in growth areas across our three businesses from geographic, customer and product perspectives. For our distribution business, we will continue to focus on globalizing both our travel supplier base and our travel agency base in order to expand usage of the Sabre GDS in Europe and in emerging high-growth geographies such as Latin America and the MEA. We also intend to focus on expanding use of our GDS among new travel suppliers and travel agencies in our established regions that traditionally have not used GDSs. In more mature regions such as North America, our distribution business aims to continue to compete through strong customer relationships, competitive contracts and working to remain at the forefront in technological innovations. For our solutions business, we will focus on three rapidly-growing areas for air customer development: (i) hybrids and high-growth regional carriers; (ii) regions with rapidly growing consumer air spending, including APAC, Latin America, and MEA; and (iii) functional areas of increasing airline spending or priority, such as shopping and online direct booking. For our hospitality solutions business, where we have a strong foundation to expand geographically and broaden the services in our portfolio, we will utilize a similar strategy of identifying and satisfying the needs of our hotel customers in high growth areas. For Travelocity, where recent performance has been adversely impacted by several factors, we will focus on growing our global footprint by offering new and improved travel products and services to customers. We have also modified our customer acquisition strategy to focus on acquiring visitors who have a greater propensity to book a transaction. We are also focused on improving conversion, yield, cost structure and marketing efficiency, and continuing to build strong relationships with existing and new travel suppliers.

Enhance Value to Customers. We plan to grow our business by increasing our relevance and the value we offer to our customers, both through technological innovation and broadening our portfolio of offerings. Our distribution business aims to maintain technological leadership by providing innovative tools and process improvements that provide differentiation and enhance the value of our products to our customers' business operations. Additionally, we intend to continue broadening the Sabre GDS offerings and improving the travel content of our GDS platform. Our solutions business plans to continue to build a broad and integrated software portfolio that aims to provide a unique value to travel suppliers by offering integrated multi-product solutions and business consulting that is tightly integrated with the product offering. We continue to invest in technology to improve search options by using customer data to provide travelers with more relevant and personalized search results, further increasing brand awareness and loyalty by encouraging consumers to come directly to our websites and book their travel.

Invest in Scalable Business Platforms. We intend to continue investing in scalable technology and using our global teams to ensure future scalability and margin increases associated with such scale. We anticipate our distribution business will continue to provide new tools and technology and increase the functionality, utility, and cost-effectiveness of our existing products and services across our customer base. As airlines and hotels replace their legacy systems, many are choosing to migrate to SaaS business models to deliver better performance and economic benefits for our customers. Travelocity has invested heavily in technology and new product development in the past few years. Given the highly scalable nature of our business, we are now in a position to support a significant increase in demand that would be generated as the global travel industry continues to recover from the recent, protracted global economic recession, and as online penetration increases in key regions. In order to improve its competitive position and reduce exposure to marketplace risks, Travelocity is enhancing its digital marketing expertise and e-commerce sophistication with a focus on product development, site optimization, supplier connectivity and improved inventory access, and investment in new channels such as mobile.

Invest in Transformative Technology. We remain committed to the development of technological innovations across our three business segments. We plan to enhance our core technology platform and supplement development of our current mobile and web offerings with new tools and applications allowing our customers to benefit from on-going technological advances. Our recent offerings include: TripCase, a web and mobile travel services platform capable of managing bookings regardless of GDS or booking origin; the Travelocity iPad application, which allows consumers the ability to book flight, car and hotel transactions without a third-party site; Sabre Red Workspace, a highly flexible program that enables integration of applications, tools and web sites that travel agencies use to service their customers; Sabre Red App Center, the world's first online business-to-business travel app marketplace connecting Red App buyers and sellers from around the world; Next Generation Air Shopping, a system that improves low-fare efficacy and enables new shopping functionality; Hospitality Enterprise Solution, a single web-based platform combining CRS and PMS functionalities with CRM and Revenue Management System functionalities, which provides a unique integrated solution to hotel customers. We plan to continue developing and promoting these offerings as well as new products and service across all of our business segments.

Recent Developments

Preliminary Estimated First Quarter 2012 Results. Although our results of operations for the quarter ended March 31, 2012 are not yet available, based on preliminary figures (and subject to routine adjustments as part of the quarter-end close), we currently expect that for the first quarter of 2012, our revenue will be \$795 million to \$804 million and our operating income will be \$87 million to \$90 million, compared to \$745 million in revenue and \$78 million in operating income for the first quarter of 2011. We currently expect that our Adjusted EBITDA for this period will be \$182 million to \$188 million compared to \$157 million for the first quarter of 2011. Adjusted EBITDA for the first quarter 2012 was prepared on a materially consistent basis as Adjusted EBITDA presented in "—Summary Consolidated Financial and Other Data." We present Adjusted EBITDA as a supplemental measure of our performance and because we believe it provides additional and helpful information to investors and other interested parties evaluating our performance. We prepare Adjusted EBITDA by adjusting EBITDA to eliminate the impact of a number of items we do not consider indicative of our ongoing operating performance. For limitations of Adjusted EBITDA as an analytical tool and other information, see footnote 3 under "—Summary Consolidated Financial and Other Data."

Our performance was driven by strengthening volumes in business and leisure travel, with particular momentum in our distribution and solutions businesses. Our distribution business performed well against prior year, particularly in Europe and Latin America where there was favorable airline and regional mix, and strong volume growth. In Europe, online agency conversions and growth in emerging markets contributed to a record month for GDS bookings in March. Our solutions business continued to show strong year-over-year performance, driven by new airline and hotel implementations and the renewal of several airline contracts. Travelocity benefited from growth in air transactions and higher Average Daily Rates. However, operating performance was negatively impacted by several factors including the United States government's mandated changes to insurance processes for all online travel agencies resulting in a modest year-over-year decline.

Operating results for the three months ended March 31, 2012 are not necessarily indicative of results that may be expected for any other interim period or for the year ended December 31, 2012. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Matters Affecting Comparability—Seasonality."

Set forth below is a reconciliation of non-GAAP measures for our preliminary estimated first quarter 2012 results:

	Three Months Ended March 31, 2012		Three Months Ended March 31, 2011
	Low	High	
	(Amounts in thousands, Unaudited)		
Revenue	$795,000	$804,000	$744,849
Cost of revenue	418,000	420,000	404,916
Selling, general and administrative	215,000	217,000	188,591
Depreciation and amortization	75,000	77,000	73,159
Operating income	$ 87,000	$ 90,000	$ 78,183
Add back: Depreciation and amortization	75,000	77,000	73,159
EBITDA	$162,000	$167,000	$151,342
Adjustments:			
Stock-based compensation	2,400	2,400	1,592
Management fees	1,900	1,900	1,180
Severance	1,700	1,700	838
Other one-time costs including cost initiatives	14,000	15,000	1,770
Adjusted EBITDA	$182,000	$188,000	$156,722

We can give no assurance that our estimates for any of the metrics disclosed above will prove to be correct. Estimates of results are inherently uncertain and subject to change. Actual results remain subject to the completion of management's and the audit committee's review. Important factors that could cause actual results to differ materially from our expectations are set forth under the headings "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" and elsewhere in this offering circular.

Concurrent Amend and Extend Transaction. On April 30, 2012, we received consents from lenders under our Credit Facility to extend the maturity date of $679 million of term loan debt under the Credit Facility to December 29, 2017; effectiveness of this extension is contingent upon repayment of 40% of the extended loans with proceeds from this offering, resulting in a Second Extended Term Loan Tranche commitment of $407 million. The maturities and provisions associated with unextended portions of term and revolving credit facilities remain unchanged under the Amended and Restated Credit Agreement. These transactions are expected to close on or prior to the closing of this offering. See also footnote 6 under "—Summary Financial and Other Data" and "Description of Other Indebtedness." The concurrent amend and extend transaction, the offering of the notes and the use of the proceeds therefrom as described under "—Use of Proceeds" are referred to as the "Financing Transactions."

Proposed Acquisition. As of the date of this offering circular, it is probable that we will enter into a business combination in the second quarter of 2012. We anticipate this acquisition will cost between $90 million and $125 million, payable over a two-year period. On a pro forma basis, we expect that the acquisition would have resulted in an immaterial change to our consolidated balance sheet as of December 31, 2011. With respect to our consolidated income statement for the year ended December 31, 2011, on a pro forma basis, we expect the acquisition would have resulted in a revenue increase of under $30 million and would have been accretive to EBITDA and operating income. We cannot assure you that this acquisition will occur on the terms described herein or at all.

Divestment of Sabre Pacific. On February 24, 2012, we completed the sale of our 51% stake in Sabre Australia Technologies Ltd., or Sabre Pacific, to Abacus for $46 million of proceeds. 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 a gain on the sale of $25 million. 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 the Sabre GDS in Australia, New Zealand and surrounding territories. Sabre Pacific will pay us an ongoing transaction fee based on booking volumes under this agreement. During 2011 our consolidated revenues included Sabre Pacific revenue of $28 million and our consolidated operating income included losses of $32 million for Sabre Pacific. Depreciation and amortization for Sabre Pacific was $1 million for the year ended December 31, 2011 resulting in EBITDA loss of $31 million. Our Adjusted EBITDA for the year ended December 31, 2011 included losses of $31 million for Sabre Pacific, after deducting severance costs of a negligible amount.

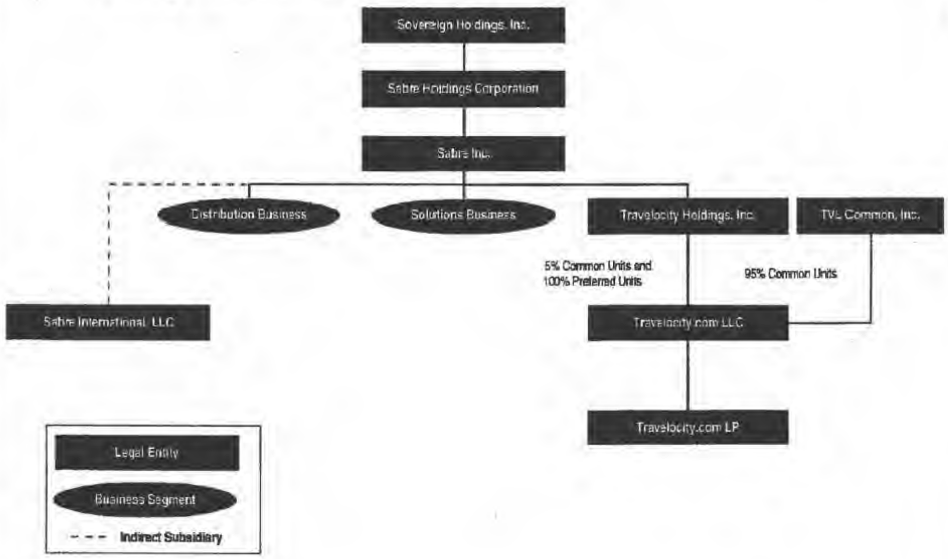
Our Relationship with TPG and Silver Lake

Our equity interests are wholly owned by Sabre Holdings, which is wholly owned by Sovereign Holdings. Sovereign Holdings' equity interests are primarily owned by funds affiliated with TPG and Silver Lake. On March 30, 2007, we entered into a Stockholders Agreement with TPG and Silver Lake. Pursuant to this agreement, TPG and Silver Lake are each entitled to nominate three directors to our board of directors, and one director is our Chief Executive Officer.

[redacted]

Summary of Ownership Structure

The following chart summarizes our ownership structure:



General Corporate Information

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. We do not incorporate the information contained on, or accessible through, our corporate website into this offering circular, and you should not consider it part of this offering circular.

THE OFFERING

The following summary is provided solely for your convenience and is not intended to be complete. Some of the terms and conditions described below are subject to important limitations and exceptions. See "Description of Notes" for a more detailed description of the terms and conditions of the notes.

Issuer	Sabre Inc.
Notes Offered	$400 million aggregate principal amount of 8.5% Senior Secured Notes due 2019.
Maturity Date.......................	The notes will mature on May 15, 2019.
Interest Payment Dates	Interest on the notes will be payable on May 15 and November 15 of each year. The first interest payment on the notes will be made on November 15, 2012.
Collateral	The notes and the note guarantees will be secured, subject to permitted liens, by a first-priority security interest in substantially all present and hereinafter acquired assets of the Company and each of the guarantors (other than certain excluded assets). Some of the Company's and the guarantors' property and assets will be excluded from the collateral, as described in "Description of Notes—Security."
Ranking	The notes and the guarantees will be general senior secured obligations of the Company and each guarantor and will: • rank equally in right of payment to all existing and future unsubordinated indebtedness of the Company (including the Credit Facility and the Company's guarantee of Sabre Holdings' $400 million aggregate principal amount of senior unsecured notes due 2016 (the "2016 Notes")); • rank effectively senior to all unsecured indebtedness of the Company (including the Company's guarantee of the 2016 Notes), to the extent of the value of the collateral securing the notes, which it shares *pari passu* with the Credit Facility; • be structurally subordinated to all existing and future indebtedness, claims of holders of preferred stock and other liabilities of subsidiaries of the Company that do not guarantee the notes; and • be senior in right of payment to all existing and future subordinated indebtedness of the Company. As of December 31, 2011, after giving pro forma effect to the Financing Transactions, the Issuer would also have had approximately $418 million of additional borrowing capacity under the revolving credit facility portion of the Credit Facility

	until March 2013 and which borrowing capacity reduces to $169 million thereafter, which, if borrowed, would be Secured Indebtedness (as defined in the Description of Notes). The additional borrowing capacity under the revolving credit facility is reduced by outstanding letters of credit totaling $120 million as of December 31, 2011, issued under the same facility. In addition, the Issuer has the option to borrow additional incremental Indebtedness under the Credit Facility, subject to compliance with the financial covenants contained in the Credit Facility, which, if borrowed, would be First Lien Obligations (as defined in the Description of Notes). The additional incremental Indebtedness available under the Credit Facility on the Issue Date will be equal to $750 million. Following the issuance of the notes on the Issue Date, this incremental borrowing capacity will be reduced by the principal amount of the notes, but increased by the amount of term loans repaid by the application of proceeds from this offering. The Credit Facility provides that such incremental borrowing capacity will be increased by the amount of term loans thereunder repaid with certain permitted refinancing Indebtedness, including the notes offered hereby and other Additional Notes.
Guarantees	The notes will initially be guaranteed by Sabre Holdings and all of the Company's restricted subsidiaries that guarantee the Credit Facility. On the Issue Date, neither the notes nor the Credit Facility will be guaranteed by any of the Company's foreign subsidiaries or unrestricted subsidiaries. In addition, each future direct and indirect restricted subsidiary of the Company (other than a securitization subsidiary) that guarantees indebtedness under the Credit Facility, any additional first lien obligations, any junior lien obligations or any capital markets debt securities of the Company or a guarantor, will guarantee the notes. As of the Issue Date, the Credit Facility requires, subject to certain exceptions, newly formed or acquired domestic wholly-owned subsidiaries (other than unrestricted subsidiaries) to guarantee the obligations thereunder.
Intercreditor Agreement	The trustee, the Collateral Agent and the administrative agent under the Credit Facility will enter into an intercreditor agreement with respect to the collateral on the Issue Date. The intercreditor agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time without the consent of the holders to add other parties holding first lien obligations permitted to be incurred under the indenture and the Credit Facility. Under the intercreditor agreement, the applicable authorized representative has the right to direct foreclosures and take other actions with respect to the shared collateral, and the authorized representatives of other series of First Lien Obligations have no right to take actions with respect to the

	shared collateral. The applicable authorized representative is currently the administrative agent under the Credit Facility, as authorized representative in respect of the Credit Facility obligations, and the trustee for the holders, as authorized representative in respect of the notes, has no rights to take any action under the intercreditor agreement.
	See "Description of Notes—Intercreditor Agreement"
Optional Redemption	At any time prior to May 15, 2015, the Company may redeem all or part of the notes at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to the redemption date and a "make-whole" premium, as described under "Description of Notes—Optional Redemption."
	On or after May 15, 2015, the Company may redeem all or part of the notes at the redemption prices specified in "Description of Notes—Optional Redemption" plus accrued and unpaid interest to the redemption date.
	At any time prior to May 15, 2015, the Company may redeem up to 40% of the aggregate principal amount of the notes at a redemption price equal to 104.25% of the aggregate principal amount thereof (if the redemption occurs prior to May 15, 2013) or at a redemption price equal to 108.50% of the aggregate principal amount thereof (if the redemption occurs on or after May 15, 2013 and prior to May 15, 2015), in each case plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds received by the Company in one or more equity offerings; provided that the aggregate principal amount of notes that remain outstanding immediately after such redemption is equal to or greater than 50.0%.
Change of Control Offer	Upon the occurrence of specific kinds of changes of control, you will have the right, as holders of the notes, to cause the Company to repurchase some or all of your notes at 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. See "Description of Notes—Repurchase at the Option of Holders—Change of Control."
Asset Sale Offer	If we sell assets following the issue date, under certain circumstances, we will be required to use the net proceeds to make an offer to purchase the notes at an offer price in cash equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. See "Description of Notes—Repurchase at the Option of Holders—Asset Sales."

Certain Covenants . . . . The indenture governing the notes will contain covenants that will, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness or issue disqualified stock or preferred stock;
- pay dividends or make other distributions on, redeem, defease, repurchase or otherwise retire equity interests;
- create liens on certain assets to secure debt;
- make certain investments;
- sell certain assets;
- place restrictions on the ability of restricted subsidiaries to make payments to us;
- consolidate, merge or sell all or substantially all of our assets; and
- enter into certain transactions with affiliates.

These covenants are subject to important exceptions, limitations and qualifications. These covenants may not apply at any time after the notes achieve an investment grade rating. See "Description of Notes—Certain Covenants."

Transfer Restrictions . . . . The notes have not been and will not be registered under the Securities Act or any state securities laws and will not have the benefit of any registration rights. The notes may not be offered or sold except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See the section entitled "Notice to Investors."

Absence of Established Trading Market . . . . The notes will be new securities for which there is currently no market. Although the initial purchasers have informed us that they intend to make a market in the notes, the initial purchasers are not obligated to do so, and they may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.

Use of Proceeds . . . . We intend to use the net proceeds we receive from this offering primarily to repay a portion of our Existing Term Facility, in connection with an offer launched on April 24, 2012 to certain lenders under our Credit Facility to amend and extend a portion of the Credit Facility. See "Description of Other Indebtedness—Senior Secured Credit Facility."

We expect to use any remaining net proceeds for general corporate purposes, including in connection with the proposed acquisition described under "Summary—Recent Developments—Proposed Acquisition."

Risk Factors

You should carefully consider the information included in this offering circular and, in particular, the information set forth under the caption "Risk Factors" beginning on page 28 of this offering circular before deciding to purchase any notes.

[redacted]

SUMMARY FINANCIAL AND OTHER DATA

The following tables present selected historical consolidated financial data for our business. You should read these tables along with "Notice Regarding Presentation of Financial Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and our consolidated financial statements and the notes thereto included elsewhere in this offering circular.

The consolidated statements of operations data and consolidated balance sheet data as of and for the years ended December 31, 2011, 2010, 2009 and 2008 are derived from our audited consolidated financial statements and the notes thereto included elsewhere in this offering circular. The year ended December 31, 2008 represents our first full year as a private company. The estimated consolidated statements of operations data for the three months ended March 31, 2012 are based on preliminary figures and subject to routine adjustments as part of the quarter-end close. See "Summary—Recent Developments—Preliminary Estimated First Quarter 2012 Results." The consolidated statements of operations data for the three months ended March 31, 2011 are unaudited. The other financial data and segment data presented are unaudited.

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

Consolidated Data:

	Fiscal Year Ended December 31,		
	2011	2010	2009
	(Amounts in thousands)		
Consolidated Statements of Operations Data:			
Revenue	$3,010,767	$2,899,584	$2,705,057
Cost of revenue	1,580,950	1,496,737	1,391,721
Selling, general and administrative	798,723	759,875	786,436
Impairment of goodwill and intangible assets	183,100	401,400	211,957
Depreciation and amortization	295,684	280,447	279,422
Operating income (loss)	152,310	(38,875)	35,521
Net loss attributable to common shareholders	(57,216)	(256,104)	(149,049)
Consolidated Statements of Cash Flows Data:			
Cash provided by operating activities	$ 336,539	$ 364,760	$ 299,307
Adjusted capital expenditures[1]	226,255	172,146	127,358
Cash payments for interest	184,449	195,550	251,812
Other Financial Data:			
EBITDA[2]	$ 447,994	$ 241,572	$ 314,943
Adjusted EBITDA[3]	693,397	679,109	623,005
Debt Covenant EBITDA[4]	754,056	745,478	718,400
Net secured debt[5]	2,977,091	2,809,145	2,953,432
Net debt[5]	3,394,684	3,549,623	3,692,696
Adjusted EBITDA less adjusted capital expenditures relative to cash payments for interest	2.5x	2.6x	2.0x
Adjusted EBITDA relative to cash payments for interest	3.8x	3.5x	2.5x
Net debt relative to Adjusted EBITDA	4.9x	5.2x	5.9x

	Fiscal Year Ended December 31, 2011	2010	2009
	(Amounts in thousands)		
Pro Forma Financial Data[6]:			
Pro forma cash payments for interest	$ 271,727	—	—
Pro forma net debt	3,406,684	—	—
Adjusted EBITDA less adjusted capital expenditures relative to pro forma cash payments for interest	1.7x	—	—
Adjusted EBITDA relative to pro forma cash payments for interest	2.6x	—	—
Pro forma net debt relative to Adjusted EBITDA	4.9x	—	—

	As of December 31, 2011	2010	2009
	(Amounts in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 61,697	$ 177,793	$ 61,568
Total assets	5,255,568	5,523,588	5,867,830
Long-term debt	3,307,905	3,350,860	3,696,378
Working capital (deficit)[7]	(480,684)	(563,160)	(349,778)
Noncontrolling interest	(20,267)	18,967	86,704
Total stockholders' equity	373,878	500,302	797,621

Preliminary Estimated First Quarter 2012 Data (Unaudited):

	Three Months Ended March 31, 2012 Low	High	Three Months Ended March 31, 2011
	(Amounts in thousands, Unaudited)		
Revenue	$795,000	$804,000	$744,849
Cost of revenue	418,000	420,000	404,916
Selling, general and administrative	215,000	217,000	188,591
Depreciation and amortization	75,000	77,000	73,159
Operating income	$ 87,000	$ 90,000	$ 78,183
Add back: Depreciation and amortization	75,000	77,000	73,159
EBITDA	$162,000	$167,000	$151,342
Adjustments:			
Stock-based compensation	2,400	2,400	1,592
Management fees	1,900	1,900	1,180
Severance	1,700	1,700	838
Other one-time costs including cost initiatives[8]	14,000	15,000	1,770
Adjusted EBITDA	$182,000	$188,000	$156,722

Segment Data (Unaudited):

	Fiscal Year Ended December 31, 2011				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,768,263	$523,439	$ 825,313	$(106,248)	$3,010,767
Cost of revenue	1,055,669	335,680	294,767	(105,166)	1,580,950
Selling, general and administrative	215,413	71,218	513,174	(1,082)	798,723
Impairment of goodwill and intangible assets	—	—	183,100	—	183,100
Depreciation and amortization	149,362	62,650	83,672	—	295,684
Operating income (loss)	$ 347,819	$ 53,891	$(249,400)	$ —	$ 152,310
Add back: Depreciation and amortization	149,362	62,650	83,672	—	295,684
EBITDA[2]	$ 497,181	$116,541	$(165,728)	$ —	$ 447,994
Adjustments:					
Stock-based compensation	3,392	696	3,246	—	7,334
Management fees	3,761	1,071	2,359	—	7,191
Impairment of goodwill and intangible assets	—	—	183,100	—	183,100
Severance	2,862	1,200	4,668	—	8,730
Other one-time costs including cost initiatives[8]	(633)	11,711	27,970	—	39,048
Corporate overhead allocation	80,692	5,864	12,283	(98,839)	—
Adjusted EBITDA[3]	$ 587,255	$137,083	$ 67,898	$ (98,839)	$ 693,397

	Fiscal Year Ended December 31, 2010				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,660,454	$475,346	$ 871,595	$(107,811)	$2,899,584
Cost of revenue	1,008,531	290,233	305,196	(107,222)	1,496,737
Selling, general and administrative	174,841	57,335	528,287	(589)	759,875
Impairment of goodwill and intangible assets	—	—	401,400	—	401,400
Depreciation and amortization	149,168	49,459	81,820	—	280,447
Operating income (loss)	$ 327,914	$ 78,319	$(445,108)	$ —	$ (38,875)
Add back: Depreciation and amortization	149,168	49,459	81,820	—	280,447
EBITDA[2]	$ 477,082	$127,778	$(363,288)	$ —	$ 241,572
Adjustments:					
Stock-based compensation	2,866	479	1,957	—	5,302
Management fees	3,621	969	2,140	—	6,730
Impairment of goodwill and intangible assets	—	—	401,400	—	401,400
Severance	2,237	486	3,873	—	6,596
Other one-time costs including cost initiatives [8]	(2,126)	4,247	15,388	—	17,509
Corporate overhead allocation	51,803	12,762	27,048	(91,613)	—
Adjusted EBITDA[3]	$ 535,483	$146,721	$ 88,518	$ (91,613)	$ 679,109

	Fiscal Year Ended December 31, 2009				
	Distribution	Solutions	Travelocity	Eliminations	Total
	(Amounts in thousands)				
Revenue	$1,517,041	$415,231	$ 876,132	$(103,347)	$2,705,057
Cost of revenue	934,223	252,002	308,316	(102,820)	1,391,721
Selling, general and administrative	177,189	57,594	552,180	(527)	786,436
Impairment of goodwill and intangible assets	—	—	211,957	—	211,957
Depreciation and amortization	142,135	39,913	97,374	—	279,422
Operating income (loss)	$ 263,494	$ 65,722	$(293,695)	$ —	$ 35,521
Add back: Depreciation and amortization	142,135	39,913	97,374	—	279,422
EBITDA[2]	$ 405,629	$105,635	$(196,321)	$ —	$ 314,943
Adjustments:					
Stock-based compensation	2,234	373	1,501	—	4,108
Management fees	3,826	907	2,527	—	7,260
Impairment of goodwill and intangible assets	—	—	211,957	—	211,957
Severance	6,024	1,863	4,412	—	12,299
Other one-time costs including cost initiatives(8)	10,435	2,648	59,355	—	72,438
Corporate overhead allocation	46,942	11,148	28,352	(86,442)	—
Adjusted EBITDA[3]	$ 475,090	$122,574	$ 111,783	$ (86,442)	$ 623,005

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

	Fiscal Year Ended December 31,		
	2011	2010	2009
	(Amounts in thousands)		
Additions to property and equipment (capital expenditures)	$167,146	$137,658	$106,704
Capitalized implementation costs	59,109	34,488	20,654
Adjusted capital expenditures	$226,255	$172,146	$127,358

(2) We define EBITDA as operating income (loss) adjusted to exclude depreciation and amortization. We believe that EBITDA and similar measures are used by investors, analysts and other interested parties as a measure of financial performance and as a way to evaluate our ability to service debt obligations, fund capital expenditures and meet working capital requirements. Additionally, we believe that EBITDA facilitates company to company and period comparisons by excluding potential differences caused by variations in capital structures (affecting interest expense), tax positions and the impact of depreciation and amortization expense. Amounts derived from EBITDA are a primary component of certain covenants under our senior secured credit facility, and management uses it to monitor the performance of our business.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute 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 EBITDA does not reflect cash requirements for such replacements;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate EBITDA differently, which reduces its usefulness as a comparative measure.

EBITDA does not represent net income or cash flows from operations, as those terms are defined under GAAP. Because of these limitations, you should only consider EBITDA as a supplemental measure in addition to measures of financial performance reported in accordance with GAAP.

(3) We define Adjusted EBITDA as EBITDA adjusted for stock-based compensation, management fees, goodwill and intangible impairments, severance and other one-time costs including costs initiatives.

(4) Debt Covenant EBITDA is the EBITDA measure under our Credit Facility used for calculating our Senior Secured Leverage Ratio. See "Description of Other Indebtedness—Senior Secured Credit Facility." The definition of Debt Covenant EBITDA differs in certain respects from the definition of EBITDA under the notes being offered hereby; however, we believe that these differences are not significant and that Debt Covenant EBITDA for the year ended December 31, 2011 would not differ in any significant respect from the amount of EBITDA calculated using the EBITDA definition under the notes for the same period.

A reconciliation of Adjusted EBITDA to Debt Covenant EBITDA is as follows for the selected periods:

	Fiscal Year Ended December 31,		
	2011	2010	2009
	(Amounts in thousands)		
Reconciliation from Adjusted EBITDA to Debt Covenant EBITDA			
Adjusted EBITDA	$693,397	$679,109	$623,005
Current year run-rate savings[a]	68,926	91,000	120,300
Realized savings[a]	(51,034)	(68,900)	(85,700)
Next year run-rate savings[b]	47,793	19,300	49,900
Unrestricted subsidiaries, equity income and other[c]	(5,026)	24,969	10,895
Debt convenant EBITDA	$754,056	$745,478	$718,400

(a) Current year run-rate savings represents our estimate of the full-year impact of cost saving initiatives implemented in the 12-month period being reported. This is offset by a reduction for our estimate of the current-year realized savings relative to these same cost saving initiatives.

[redacted]

(b) Next year run-rate savings represents our estimate of savings to be realized from cost savings initiatives implemented in the following 12-month period.

(c) Unrestricted subsidiaries, equity income and other primarily represents adjustments to exclude the earnings of unrestricted subsidiaries, removal of a non-cash curtailment gain on a post-employment benefit plan, removal of equity method income, addition of dividends received from equity method investees, addition of Adjusted EBITDA for a full 12-month period for any entities acquired during the year and other adjustments as allowed under the Credit Facility.

(5) Includes outstanding debt (secured and unsecured) less cash as summarized below:

	Fiscal Year Ended December 31,		
	2011	2010	2009
	(Amounts in thousands)		
Senior secured credit facility	$2,871,788	$2,901,938	$2,930,000
Revolving credit facility	82,000	—	—
Mortgage facility	85,000	85,000	85,000
Cash and cash equivalents	(61,697)	(177,793)	(61,568)
Total net secured debt	$2,977,091	$2,809,145	$2,953,432
Publicly issued senior unsecured notes	400,000	724,188	724,188
Note payable to a joint venture partner	17,593	16,290	15,076
Net debt	$3,394,684	$3,549,623	$3,692,696

(6) Pro forma financial data includes pro forma adjustments for incremental interest cash expense as if the following financing transactions occurred on January 1, 2011, in the case of income statement data, and on December 31, 2011, in the case of balance sheet data:

- $1,175 million First Extended Term Loan Tranche priced at LIBOR plus 575 bps;
- Second Extended Term Loan Facility of $679 million offered at similar terms as the First Extended Term Facility (*i.e.*, LIBOR plus 575 bps) and a 40% par paydown (see "Summary—Recent Developments—Concurrent Amend and Extend Transaction");
- $400 million of the notes offered hereby with $116 million of the proceeds retained for general corporate purposes (excluding dividends); and
- $12 million in nonrecurring fees associated with the above transactions have been excluded from the cash balance used in the calculation of pro forma net debt.

Incremental cash interest payments include $44 million related to the First Extended Term Facility, and $43 million related to the Second Extended Term Loan Tranche and the notes offered hereby.

(7) Working capital (deficit) is defined as current assets, net of current liabilities.

(8) Other one-time costs including cost initiatives consist of any non-recurring or unusual expenses; including but not limited to, charges relating to any multi-year strategic cost-saving initiatives, restructuring charges, integration and facilities opening costs, extraordinary legal fees, and business optimization expenses.

Reconciliation of Non-GAAP measures for LTM March 31, 2008

	Twelve Months Ended March 31, 2008 (Amounts in thousands, Unaudited)
Revenue	$2,884,858
Cost of revenue	1,501,701
Selling, general and administrative	895,276
Depreciation and amortization	248,337
Operating income	$ 239,544
Add back: Depreciation and amortization	248,337
EBITDA	$ 487,881
Adjustments:	
Stock-based compensation	4,164
Management fees	7,623
Severance	17,251
Other one-time costs including cost initiatives	98,245
Adjusted EBITDA	$ 615,164

[redacted]

RISK FACTORS

Investing in the notes involves risks. You should carefully consider the risks described below, as well as the other information contained in this offering circular before making an investment decision. The risks described below are not the only ones facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business or results of operations in the future. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment in the notes.

Risks Related to Our Business and Industry

Our revenue is highly dependent on the worldwide travel industry and a prolonged substantial decrease in travel transactions, particularly air travel transactions, could have a material adverse effect on our business, financial condition and results of operations.

Our revenue is highly dependent on the worldwide travel industry, particularly air travel. Our revenue directly correlates with global travel, tourism and transportation activity levels. Our revenue is also highly susceptible to declines in or disruptions to leisure and business travel that may be caused by factors entirely out of our control. For example, in 2010, the eruption of the Eyjafjallajokull volcano in Iceland disrupted travel to and within Europe, the oil spill in the Gulf of Mexico affected travel to portions of the southeastern United States, and in 2011, the tsunami and nuclear incident in Fukushima affected travel to Japan.

The following factors, among others, may adversely affect travel activity:

- the financial instability of travel suppliers;
- rising fuel costs;
- political instability, acts of terrorism, hostilities and war;
- security issues, including increased airport security;
- inclement weather and natural or man-made disasters, including hurricanes, earthquakes, volcanic eruptions or environmental catastrophes;
- changes to regulations governing the airlines and the travel industry;
- changing attitudes towards the environmental costs of air and other travel;
- safety concerns or increased occurrence of travel-related accidents;
- work stoppages or labor unrest at any of the major airlines, hotels and airports; and
- travelers' concerns about exposure to contagious diseases, such as the H1N1 virus, SARS and avian flu.

A prolonged substantial decrease in travel transaction volumes due to these or any other factors could have a material adverse effect on our business, financial condition and results of operations.

Global economic conditions have had and may continue to have a material adverse effect on our business, financial condition and results of operations.

Travel expenditures are sensitive to personal and business discretionary spending levels and tend to grow more slowly or decline during economic downturns. In 2008 – 2009, there was a rapid deterioration of global economic conditions. The slowing of the United States and global economy increased unemployment, reduced the financial capacity of both business and leisure travelers, and reduced spending on the products and services we provide. While business and leisure travel are recovering, the outlook for 2012, and subsequent years, remains uncertain.

We cannot predict the magnitude, length or recurrence of recessionary economic patterns. However, unfavorable economic conditions in the United States or globally, or a lengthy recovery from or worsening of such conditions, could have a material adverse effect on our business, financial condition and results of operations.

Airlines' initiatives to reduce capacity, cut costs and increase control over distribution could have a material adverse effect on our business, financial condition and results of operations.

In recent years several airlines, especially in the United States, have implemented capacity reductions, both in response to slowing customer demand following the recent, protracted global economic recession and to improve pricing power. These capacity reductions have resulted in lower inventory and higher ticket prices, amid increased airline industry consolidation. See "—Consolidation among travel agencies and travel suppliers has increased, which may decrease our revenues and/or require us to increase our costs." This trend has impacted the revenue of our distribution business, which primarily recognizes revenue based on the volume of airline ticket sales and hotel bookings, and the revenue of our airline solutions business, which recognizes a portion of its revenue based on the number of passengers boarded. It has also affected the results of Travelocity, whose profitability is based both on volume of sales and the amount spent or the type of fare purchased by the traveler, depending upon the applicable revenue model. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Revenue Models."

In addition to capacity reductions, airlines continue to look for ways to decrease their vendor costs and to increase their control over distribution, with significant effects on our GDS business and Travelocity. These trends have allowed airlines to apply pricing pressure and negotiate travel distribution arrangements that are less favorable to GDS providers, including the Sabre GDS, and OTAs, including Travelocity. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Results of Operations—Continued Focus on Travel Supplier Cost-Cutting."

Many travel suppliers that provide content to the Sabre GDS and Travelocity are increasingly promoting their own distribution channels to directly market and sell travel services, effectively competing with us, which could significantly reduce our revenue.

Many travel suppliers, including airlines, hotels, car rental companies and cruise and tour operators, are seeking to decrease their use of distribution intermediaries, including GDS providers such as Sabre and third party travel agencies (including OTAs such as Travelocity), by promoting alternative supplier-operated distribution channels, such as supplier-operated travel distribution websites and call centers.

Under increased pressure to reduce external costs, many travel suppliers have focused on increasing online traffic to their own websites to maximize brand loyalty and minimize transaction fees charged to them by GDS providers such as Sabre GDS. For instance, some low cost airlines distribute their online supply exclusively through their own websites. Large airlines, which include the largest customers of the Sabre GDS, have also been looking to increase usage of their proprietary websites to market and sell travel services. For example, in 2010 American Airlines announced a "Boarding and Flexibility" package which provides additional benefits to travelers and is currently only available via its website. In an effort to increase the use of such alternative distribution channels, these travel suppliers have, and may continue to offer, advantages to travelers, such as lower or no transaction fees or discounted prices, increased or exclusive product availability and bonus miles or loyalty points, which could make their offerings more attractive to travelers than are available through our GDS. Airlines have also been "unbundling" from base airfares various services such as food and beverage, baggage, pre-reserved seats, and others. The industry has been slow to adopt technical standards or consistent ways to market and distribute these ancillary services, and the reticence of some airlines to make these services available via global distribution systems may impede our ability to provide such content to our subscriber travel agencies, negatively impacting the value of the Sabre GDS.

To the extent that the trends described above result in travel suppliers limiting our access to their offerings or providing offerings that are not available through the Sabre GDS on similar economic terms or at all, this could significantly reduce our revenues and have a material adverse effect on our business, financial condition and results of operations.

The travel distribution industry continues to evolve rapidly, posing unique risks and difficulties that could have a material adverse effect on our business, financial condition and results of operations.

The rapidly evolving nature of the travel distribution industry may adversely affect our ability to:

- attract and retain travel suppliers and travel agency subscribers on a cost-effective basis;
- expand and enhance our product and service offerings, including securing additional travel content for distribution through the Sabre GDS or Travelocity;
- operate, support, expand and develop our operations, websites, software, data centers, communications and other systems, including through investment in new technologies;
- maintain and diversify our sources of revenue, including entering into agreements that may reflect changes to our revenue models, such as the transaction revenue model, the subscriber revenue model, the software-as-a-service revenue model and the software licensing revenue model; and
- respond to competitive market place conditions.

In addition, technological advancements may allow airlines to facilitate broader connectivity to and integration with large travel agencies, such that certain airline offerings would not be available through the Sabre GDS on similar economic terms, or at all. If we are unsuccessful in addressing these risks or in executing our business strategy, there could be a material adverse effect on our business, financial condition and results of operations.

The intense and increasing competition in the travel industry could have a material adverse effect on our business, financial condition and results of operations.

The marketplace for the services and products we offer is intensely and increasingly competitive, and our broad participation in the travel distribution industry faces significant competition. See "Business—Distribution Business—Competitors", "Business—Our Solutions Business—Competitors" and "Business—Travelocity—Competitors." If our competitors introduce new pricing or offerings with which we cannot compete within a timely or cost-effective manner, our customers may elect to use the competitors' services or other travel distribution channels and our business may be materially adversely affected. Our success also depends on continued innovation in web and mobile products that are useful for travelers. Our competitors are constantly developing new products and innovations in travel-related services. 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.

The introduction of new technologies and the expansion of existing technologies may force us 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. Innovations by existing competitors, existing competitors entering a new marketplace or the emergence of new competitors including, but not limited to, new competitors created through alliances with existing competitors, could decrease our share and have a material adverse effect on our business. For example, search engine providers with substantial resources and expertise in developing online commerce and facilitating Internet traffic are entering the online travel marketplace by aggregating travel search results across travel supplier, travel agency and other travel-related websites. In particular, on July 1, 2010, Google Inc. announced its acquisition of ITA Software, Inc., a flight information software company that operates a GDS and reservations system, and launched Google Flights in September 2011. If able to attract a significant number of travelers, Google Flights could divert potential retail customers from travel agencies, including Travelocity, that utilize the Sabre GDS system to its own retail platform. Moreover, Microsoft acquired Farecast.com in 2008 and re-launched it as Bing Travel, a travel search engine which not only allows users to search for airfare and hotel reservations but also purports to predict the best time to purchase. These initiatives appear to represent a clear intention by Google and Microsoft to appeal more directly to travel consumers and travel suppliers by providing more specific travel-related search results, which could lead to more travelers using services offered by Google or Microsoft instead of those offered on our websites and mobile applications. Similar acquisitions by other search engines could lead those search engines to further divert potential customers to other OTAs or directly to travel supplier websites.

In the software solutions business, ITA, which sells pricing and shopping systems to airlines, has recently launched an airline reservations system with Cape Air and may eventually develop other airline systems. These and other similar products developed by other industry players compete with offerings from our airline solutions business. Increased competition has and may continue to result in reduced margins, customers, transactions and brand recognition.

The intense and increasing competition in the travel industry, including the competitive forces described above, could have a material adverse effect on our business, financial condition and results of operations.

Our Sabre GDS business depends on relationships with several large travel agencies whose bookings represent a substantial portion of our revenue. If we are unable to sufficiently maintain relationships with our existing customers, or develop relationships with new travel agencies to offset any such losses, this could have a material adverse effect on our business, financial condition and results of operations.

Sabre GDS relies on relationships with several large travel agencies, including OTAs such as Expedia, and travel management companies, or TMCs, such as American Express, to generate a large portion of its revenue through bookings made by these travel agencies. Our four largest travel agency subscribers were responsible for bookings that represent approximately 50% of our distribution business revenue for the fiscal year ended December 31, 2011. These agencies, and others, have the contractual ability to shift bookings to competing GDS systems or GDS alternatives. Further consolidation in the travel agency industry could result in fewer subscribers to our Sabre GDS and additional revenue concentration. Additionally, our business relies on our ability to periodically renew our agreements with these large travel agencies. Any failure to renew these agreements on favorable terms, or at all, could have a material adverse effect on our business.

The concentration of our revenue with a relatively small number of travel agencies also makes us particularly dependent on factors affecting those companies. For example, if demand for their services decreases, they may stop utilizing our services, move business to competitors or competiting channels,

[redacted]

and our operating results would suffer. Our future operating results depend on both the success of our largest travel agencies and on our success in diversifying our products and customer base. If we are unable to sufficiently maintain relationships with our existing travel agencies, or develop relationships with new travel agencies to offset any such losses, this could have a material adverse effect on our business, financial condition and results of operations.

We depend on relationships with travel suppliers who represent a substantial portion of our revenue. Adverse changes in these relationships could have a material adverse effect on our business, financial condition and results of operations.

Most of our revenue is derived from airlines, hotel operators, car rental companies, cruise and tour operators and other suppliers in the travel and tourism industries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Components of Revenues and Expenses—Revenues." 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.

Our distribution business depends on a relatively small number of airlines for a significant portion of revenues. See "Business—Our Businesses—Distribution Business—Customers." These airlines and other suppliers may limit our access to their content or the features and benefits that they offer travelers in connection with the sale of their travel services. See "—The intense and increasing competition in the travel industry could have a material adverse effect on our business, financial condition and results of operations." We are also currently involved in antitrust litigation with two airlines regarding our GDS product. See "Business—Legal Proceedings—Antitrust Litigation and Investigation." If our access to supplier-provided content were to be diminished relative to our competitors, if the Sabre GDS proves inadequate in facilitating bookings for one or more major airlines or if the Sabre GDS was significantly disintermediated by travel providers using direct connect programs or other GDS alternatives, our distribution channels would be less attractive to other online and offline travel agencies and travel purchasers, which could reduce our transaction fee revenue and have a material adverse effect on our business, financial condition and results of operations.

Our airline and hospitality businesses also rely on relationships with travel suppliers to generate a large portion of their revenue. Having financially stable and solvent travel suppliers as counterparties, and our ability to periodically renew our agreements with these travel suppliers, are integral to the success of our businesses. A failure to renew these agreements on favorable terms, or at all, could have a material adverse effect on our business. In the event of any large-scale bankruptcy or other insolvency proceeding of a customer in the airline industry, our agreements with that customer could be subject to rejection or early termination, and our revenues may be subject to credit risk more generally.

Consolidation among travel agencies and travel suppliers has increased, which may decrease our revenues and/or require us to increase our costs.

Consolidation among participants in the travel industry may increase their negotiating leverage, providing them with competitive advantages that could decrease our revenues or require us to increase our costs. In particular, consolidation among travel suppliers, such as major airline mergers and alliances, including the consolidation of full service airlines such as Delta and Northwest, Continental and United, and Southwest and AirTran, may increase competition from these travel suppliers' proprietary websites due to additional and diversified content. See "—Many travel suppliers that provide content to the Sabre GDS and Travelocity are increasingly promoting their own distribution channels to directly market and sell travel services, effectively competing with us, which could significantly reduce our revenue."

[redacted]

In addition, consolidation has given and may continue to give travel suppliers additional leverage to negotiate lower transaction fees payable to the Sabre GDS and Travelocity. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Revenue Models—Transaction Revenue Model." Decreased transaction revenues could reduce incentive payments that we are able to pay to our travel agency subscribers, potentially resulting in decreased bookings and, consequently, a loss of revenue.

Many travel suppliers have and may continue to reduce or eliminate commissions and fees paid to travel agencies. In response, some travel agencies have closed down or combined with larger travel agencies. Consolidation among travel agencies may ultimately reduce the pool of travel agencies that subscribe to GDS systems, increasing competition for large travel agencies and enhancing their ability to negotiate higher GDS incentive payments. In order to compete effectively, we may need to increase or pre-pay incentives, increase spending on marketing or product development, or purchase strategic assets. Meanwhile, any reduction in transaction fees from travel suppliers due to consolidation or otherwise could limit our ability to increase incentives to travel agencies in a cost-effective manner. These decreased revenues and/or increased costs could have a material adverse effect on our business, financial condition and results of operations.

Travelocity has experienced several years of operating losses and an inability to improve Travelocity's scale and profitability could adversely affect our business and results of operations.

Travelocity has incurred several years of operating losses and may experience operating losses in the future, particularly since we expect to continue to incur high levels of expenses in order to remain competitive. Travelocity's profitability depends to a large extent on the scale of its operations, its ability to maintain competitive technology and its ability to improve marketing efficiency. If we fail to achieve these goals, we may not be able to effectively compete in the global marketplace and our business and results of operations may be adversely affected. As a result, we have made, and may in the future consider making, significant investments in our operations by using a portion of the cash flow generated from Sabre Holdings or by borrowing under our revolving credit facility. There can be no assurance that Travelocity will be profitable in the future or that any profits generated by Travelocity will be sufficient to recover our investments.

If we are unable to maintain and increase Travelocity's brand awareness, and to drive visitors to its websites in a cost-effective manner and convert a sufficient portion of these visitors into booking customers, our operating results could decline.

We rely heavily on the Travelocity brands including travelocity.com, lastminute.com, Holiday Autos, Travelocity Business, Zuji, TravelGuru and our other brands. Awareness, perceived quality and perceived differentiated attributes of our brands are important aspects of our efforts to attract and expand the number of travelers who use our websites and mobile applications. Our marketing investments could fail to attract new or repeat travelers to Travelocity's website or mobile applications. Establishing and maintaining marketing efficiency is crucial to Travelocity's operating performance. Marketing efficiency is impacted by a number of factors, including without limitation, ADRs, costs per click, cancellation rates, foreign exchange rates and the extent to which we are successful in converting paid traffic to booking customers and then causing customers to return to our websites for future bookings. If we are unable to recover these costs through an increase in the number of travelers using our services, or if we discontinue our broad-reach campaign, we will likely experience a decline in our financial results.

We have increased and continue to increase our utilization of internet search engines such as Google, principally through the purchase of travel-related keywords, to generate traffic to our websites.

[redacted]

Search engines, including Google, frequently update and change the logic and search algorithms that determine the placement and display of results of a user's search, which may negatively affect the algorithmic placement of links to our websites. In addition, a significant amount of traffic is directed to our websites through our participation in pay-per-click and display advertising campaigns on internet media properties, including Travelocity, and search engines. The pricing for and operating dynamics of these traffic sources can experience rapid change.

Travelocity uses its website content and organization to attract visitors to its websites, and convert these visitors into booking customers and repeat users. Travelocity's success in attracting users depends, in part, upon our continued ability to collect, create and distribute high-quality, commercially valuable content in a cost-effective manner, which meets the specific needs of consumers. A failure to meet the specific needs of consumers could make Travelocity websites less competitive. Changes in the cost structure by which Travelocity currently obtains its content, or changes in travelers' relative appreciation of that content, could negatively impact Travelocity's business and financial performance.

If advertisers choose not to advertise with Travelocity, or choose to reduce the fees they pay us, Travelocity's financial performance could be materially adversely affected.

Travelocity receives fees from companies and organizations, such as those in the travel industry, for referrals from display and referral advertising products. These advertising fees contribute significantly to operating results for Travelocity. Since advertising contracts are typically not long-term, our advertising customers could choose to modify or discontinue their relationship with us with little to no advanced notice. These changes could include a reduction in or elimination of our media compensation. No single advertiser contributes a material portion of our advertising revenues. However, if a significant portion of our advertisers felt that Travelocity was no longer attracting or referring relevant customers, and, as a result, advertising with Travelocity was materially reduced, our revenues and operating results could experience significant decline.

Our international presence exposes us to additional risks that may adversely affect our ability to conduct and grow our business internationally, and may cause a material adverse effect on our business, financial condition and results of operations.

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;
- consumer attitudes, including the preference of customers for local providers;
- 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 EU;
- export or trade restrictions;
- more restrictive data privacy requirements;
- governmental policies or actions, such as consumer, labor and trade protection measures;

- taxes, restrictions on foreign investment 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, and may cause a material adverse effect on our business, financial condition and results of operations.

We have significant operations in Europe which may be adversely impacted by the eurozone crisis.

We have significant operations in the eurozone. Due to the deterioration of credit and economic conditions in the eurozone, the future of the euro is uncertain. Certain countries have received financial aid packages in the form of loans and restructuring of their sovereign debt and have introduced comprehensive fiscal austerity measures.

It is possible that certain eurozone countries could leave the euro currency in the future, and the resulting macroeconomic impact of this remains unknown. For the year ended December 31, 2011, we recorded revenue of $237 million within the eurozone, representing approximately 8% of our consolidated revenue for the year ended December 31, 2011.

Almost all of our accounts receivable balances resulting from our transaction processing revenue from these countries are settled in U.S. dollars through the International Airline Clearing House and are usually received within four weeks after invoicing.

Our geographic concentration makes our business vulnerable to adverse conditions in the United States and could limit our access to growing markets.

A large portion of our distribution business' revenue is derived from contracts with major U.S. airlines, resulting in a sizeable travel supplier concentration in the United States. Our ten largest travel suppliers, all of which are airlines, were responsible for 38% of our consolidated revenue for the fiscal year ended December 31, 2011, and the top four of these are based in the United States. Our Travelocity business derives 65% of its revenue from customers in North America, and approximately 45% of our global transactions are for stand-alone air tickets that derive revenue from airlines and GDS. Significant events that cause a decline in business and leisure travel originating in or traveling to the United States, such as economic recessions, destructive weather or other natural disasters could cause a loss of revenues from our U.S. operations, and this could have a greater effect on our results of operations than on our competitors.

Conflicting objectives with our joint venture partners, including the majority owners of ABACUS International PTE Ltd., could have a material adverse effect on our business, financial condition and results of operations.

We are a party to certain joint ventures, including ABACUS International PTE Ltd., or Abacus, a Singapore-based joint venture company that provides GDS services in Asia. We own approximately 35% of the outstanding equity interests in Abacus. Our joint venture partners include large regional airlines, which collectively control a majority of the outstanding equity interests in Abacus.

Our airline joint venture partners are the primary beneficiaries of low transaction fees charged by the Abacus GDSs. Because an increase in transaction fees by Abacus would impact their core business of providing air travel, Abacus has been slower to increase the transaction fees it charges to these airlines than some of our global competitors, such as Amadeus and Travelport. Therefore, because competitors with our distribution business receive higher transaction fees from their travel suppliers, they are able to pay higher incentive fees to their travel agency subscribers, including TMCs and corporate travel departments, thereby increasing transaction volumes and revenue. In addition, we have entered into a covenant not to compete with Abacus, pursuant to which we are prohibited from engaging in the GDS business, directly or indirectly, in a large geographic area that includes Asia (excluding most of the Middle East), Australia, New Zealand and certain Pacific islands. A reduced ability to compete in this region could cause a material adverse effect on our business, financial condition and results of operations.

Acquisitions, investments and strategic alliances could result in operating and financial difficulties.

We may endeavor to enhance our future revenue growth and marketplace presence through acquisitions, investments, joint ventures or other strategic alliances. Specifically, our business strategy for our solutions business includes continued growth by selective acquisition, as well as organic growth. See "Business—Strategy—Expand Global Leadership." We may not be able to identify suitable candidates for additional business combinations and strategic investments, obtain financing on acceptable terms for such transactions or otherwise consummate such transactions on acceptable terms, or at all. We may also experience difficulty successfully completing potential acquisitions due to various factors including, but not limited to, receiving necessary regulatory approvals. To consummate any such transactions, we may need to raise external funds through the sale of equity and/or debt in the capital markets or through private placements, which may affect our liquidity. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

We depend on our senior management and the loss of members of our management could have a material adverse effect on our business, financial condition and results of operations.

Our performance is largely dependent on the talents and efforts of our senior management. Specifically, we are highly dependent on the services of Michael S. Gilliland, Thomas Klein, Carl Sparks, Mark Miller and Barry Vandevier. There can be no assurance that we will be able to successfully attract and retain senior leadership necessary to grow our business. There is increasing competition for talented individuals with specialized knowledge in software development, especially expertise in certain programming languages, and this competition affects both our ability to retain key employees and to hire new ones. In addition, we do not have "key person" life insurance policies covering any of our officers or other key employees. The loss of the services of any members of our senior management could disrupt our operations, delay the development and introduction of products and services, impede our growth and could have a material adverse effect on our business, financial condition and results of operations.

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 and in our 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 in certain aspects of our business, including software engineers, developers and other technology professionals. 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 depart 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. 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.

We are controlled by TPG and Silver Lake, and their interests as equity holders may conflict with your interests as a holder of the notes.

TPG and Silver Lake beneficially own a substantial majority of our equity. TPG and Silver Lake control our board of directors, and thus are able to appoint new management and their approval will be required for any action requiring the vote of our outstanding membership interests, including amendments of our constituent documents and mergers and sales of substantially all of our assets. The directors elected by TPG and Silver Lake are able to make decisions affecting our capital structure, including decisions to issue additional equity and incur additional debt. The interests of our equity holders may not in all cases be aligned with your interests as a holder of the notes. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of our equity holders might conflict with your interests as a noteholder. In that situation, for example, the holders of the notes might want us to raise additional equity from our equity holders or other investors to reduce our leverage and pay our debts, while our equity holders might not want to increase their investment in us or have their ownership diluted and instead choose to take other actions, such as selling our assets. In addition, our equity holders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments including acquiring businesses that compete directly or indirectly with us.

Risks Related to Our Technology

Any failure to adapt to technological developments or industry trends could harm our business operations and competitiveness.

We depend upon the use of sophisticated information technology and systems. See "Business–Research, Development and Technology."

New technologies and consumer patterns in our industry are evolving rapidly. Our competitiveness and future results depend on our ability to maintain and make timely and cost-effective enhancements, upgrades and additions to our technologies and systems in response to the ongoing growth of our operations, changes in consumer preferences, industry requirements and rising demand for our products and services. We must also keep pace with rapid advancements in technology, standards and practices while protecting and maintaining our technologies and systems. Adapting to new technological and marketplace developments may require substantial expenditures and lead time with no assurance that projected future increases in business volume will actually materialize. We may fail to maintain our existing technologies and systems, introduce new technologies and systems, or upgrade, replace or develop our technologies and systems as quickly as our competitors or in a cost-effective manner. Any technologies and systems we do develop may not achieve acceptance in the marketplace sufficient to generate material revenue or may be rendered obsolete or non-competitive by products introduced by our competitors. This could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to protect our intellectual property effectively, which would 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, trade secrets, confidentiality procedures and contractual provisions to protect these assets both in the United States and in foreign countries. There is no certainty that our intellectual property rights will provide us substantial protection or commercial benefit, or that they will be broad enough to cover the operation of our business which could have a material adverse effect on our business, results of operations and financial condition. The laws of some jurisdictions may provide less protection for our proprietary rights than the laws of the United States.

As of March 8, 2012, throughout the world we had 112 issued patents, 14 registered copyrights, 638 registered trademarks, 12 pending patent applications and 38 pending trademark applications, and well over 1,000 domain name registrations. We rely heavily on our brands and the trademarks associated with our brands, including Travelocity and lastminute.com, and while we take reasonable steps to protect our brands and trademarks, there can be no assurances that we will be successful in maintaining or defending our brands or that third parties will not adopt similar brands. If our competitors infringe our 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 sales. 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 have applied for patent protection relating to certain existing and proposed products, processes and services. There are no assurances that any of our patent applications will be approved, and the patents we own could be challenged, invalidated 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 or circumvented, our competitors may be able to utilize the technology protected by our patents which may adversely affect our business.

The intellectual property rights in our software and related documentation may be protected by trade secret and copyright laws, which sometimes offer more limited protection than patent laws. We 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. We use reasonable efforts to protect our trade secrets. For example, we endeavor to enter into confidentiality and intellectual property assignment agreements with all of our employees, consultants and others who develop intellectual property or have access to confidential information. However, protecting trade secrets can be difficult and these agreements may provide inadequate protection to prevent unauthorized use, misappropriation, or disclosure of our trade secrets, know how, or other proprietary information. For example, such agreements may be intentionally or unintentionally breached, be deemed unenforceable, not provide adequate remedies, or arise in disputes that may not be resolved in our favor. If we are unable to maintain the proprietary nature of our technologies, our business could be materially adversely affected.

We cannot be certain that others will not independently develop, design around, or otherwise acquire equivalent or superior technology or intellectual property rights. Despite our efforts, 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, as a result, could harm our brands, 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.

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.

In addition, we may, from time to time, seek to take legal action to protect and enforce our intellectual property rights, including to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Policing unauthorized use of 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. Litigation or arbitration may be necessary to enforce, protect, or determine the scope and validity of our intellectual property and proprietary rights.

Enforcement actions could result in the invalidation or other impairment of intellectual property rights we assert and could result in significant expense. When we seek to enforce our rights, we may be subject to claims that our intellectual property rights are invalid, otherwise unenforceable, or are licensed to the party against whom we are asserting the claim. In addition, our assertions of intellectual property rights may result in various counterclaims against us, including claims of infringement, claims of unfair competition, or others. Any inability to adequately protect our intellectual property on a cost-effective basis 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 if we are unsuccessful in our defense, such actions could lead to a material adverse effect on our business, financial condition and results of operations.

Third parties may assert, including by means of counter-claims 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. As the competition in our industry increases and the functionality of technology offerings further overlap, such claims and counter-claims 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 remediation actions, or may cause us to delay selling our products and offering our services, force us to reduce features or functionality in our services or products, or force us to cease such activities altogether. Insurance may not cover or be insufficient for any such claim.

If any infringement or other intellectual property claim is brought against us and is successful, there could be a material adverse effect on our business, financial condition and results of operations. Ultimately, all such efforts may require considerable effort and expense, result in substantial increases in operating costs, delay or inhibit sales, and may preclude our company from effectively competing in the marketplace.

We rely on the availability and performance of information technology services provided by third parties, and the interruption or discontinuation of these services could have a material adverse effect on our business, financial condition and results of operations.

Our businesses are largely dependent on the computer data centers and network systems operated for us by a third-party provider. We also rely on other developers and service providers to maintain and support our global telecommunications infrastructure. We rely on several communications service suppliers and the Internet 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. If our arrangements with such providers were to be terminated or impaired, we may not be able to find alternative sources of technology or systems support on commercially reasonable terms or on a timely basis, which could result in significant additional cost and/or business disruption. If any of our third-party providers fails to enable us to provide our customers and suppliers with reliable, real-time access to our systems, our business may be materially and adversely affected. Similarly, if such providers cease operations, temporarily or permanently, or face financial distress or other business disruption, we could suffer increased costs and delays in our ability to provide services until we procure an equivalent service provider or develop replacement technology and operations. This could have a material adverse impact on our business, financial condition and results of operations.

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

We may be unable to maintain and improve the efficiency, reliability and integrity of our systems. Unexpected increases in our volume of 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, the Sabre GDS and the services that our solutions business provides to airlines and hotels. System interruptions may prevent us from efficiently providing services to customers or other third parties, which could result in our losing customers and revenues or cause us to incur litigation and liabilities.

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 might 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 might cause service interruptions and/or the loss of critical data, and could prevent us from providing timely services. We could be harmed by outages in, or unreliability of, our data center facilities or infrastructure components and such outages or unreliability may prevent us from efficiently providing services to customers or other third parties. Failure to efficiently provide services to customers or other third parties could result in the loss of customers and revenues, significant recovery costs or litigation and liabilities.

Although we have implemented measures 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 and several of our existing critical backup systems are located in the same metropolitan area as our primary systems. 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. Further, there may not be adequate protection available to completely eliminate malicious attacks on the IT systems used in our business.

The occurrence of any of these events could result in a material adverse effect on our business, financial condition and results of operations. Customers and other end-users who rely on our software products and services, including our SaaS offerings, for applications that are critical to their businesses may have a greater sensitivity to product errors and security vulnerabilities than customers for software products generally. 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.

Implementation of software solutions often involves a significant commitment of resources, and any failure to deliver as promised on a significant implementation could damage our reputation and could negatively impact our operating results.

The implementation of software solutions often involves a significant commitment of resources and is subject to a number of significant risks over which we often have no control.

These risks include, for example:

- the features of the implemented software may not meet the expectations or the software may not fit the business model of the customer;
- Sabre has a limited pool of trained experts for implementations that 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 may destabilize the implementation of the software; and
- customers and their partners may not implement the measures offered by Sabre 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 Sabre software products. Also, some customers' implementation projects could take longer than planned. We cannot guarantee that we can reduce or eliminate protracted installation or significant additional costs or that shortages of our trained implementation experts will not occur. Unsuccessful customer implementation projects could result in claims from customers, harm Sabre's reputation and negatively impact our operating results.

Regulatory Risks and other Legal Issues

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 businesses expose us to the risk of product liability claims that are inherent in software development. For example, our Sabre AirCentre product line includes software that manages all aspects of an aircraft's flight, including route planning and recovery of irregular operations, as well as aircraft maintenance schedules.

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.

Our solutions business' agreements with customers generally include indemnification provisions, which indemnify us for liability arising from certain claims related to our software and third-party software, but these indemnification provisions vary by customer and often hinge on a customer's negligence or gross negligence. Therefore, these provisions may not sufficiently protect us against all claims.

Regardless of merit or eventual outcome, product liability lawsuits may expose us to adverse publicity, decrease demand for any products that we successfully develop, divert management's attention, be costly to defend, and force us to limit or forgo further development and commercialization of these products.

Although we maintain product liability insurance, insurance proceeds may not fully compensate us. The cost of any product liability litigation or other proceedings, even if resolved in our favor, could be substantial and could have a material adverse effect on our business, financial condition and results of operations.

We are involved in various legal proceedings and may experience unfavorable outcomes, which could have a material adverse effect on our business, financial condition and results of operations.

We are involved in various legal proceedings that involve claims for substantial amounts of money or which involve how we conduct our business. For example, a number of state and local governments have filed lawsuits against us pertaining to sales or occupancy taxes which they claim are due on some or all of our fees relating to hotel content distributed and sold via the merchant model. We are also involved in significant antitrust litigation with American Airlines and US Airways and a U.S. Department of Justice antitrust investigation relating to the conduct of our GDS business. These lawsuits are in various stages of litigation and have uncertain outcomes. See "Business—Legal Proceedings."

The defense of these actions is time consuming and expensive and diverts management's attention. If these legal proceedings, or any other actions brought against us in the future, were to result in an unfavorable outcome, it could have a material adverse effect on our business, financial condition and results of operations.

We may incur significant fees, costs and expenses in connection with our litigations with American Airlines, US Airways or the antitrust investigation by the U.S. Department of Justice and, an unfavorable outcome could have a material adverse effect on our business, financial condition and results of operations.

We are currently involved in costly and complex litigation with American Airlines and US Airways, as well as an antitrust investigation by the U.S. Department of Justice relating to the pricing and conduct of our GDS business. See "Business—Legal Proceedings." Even if we are ultimately successful in defending ourselves in these matters, we are likely to incur significant fees, costs and expenses for as long as they are ongoing. In addition, if favorable resolutions of the matters are not reached, we could be subject to monetary damages, including treble damages under the antitrust laws,

[redacted]

as well as injunctive relief. If injunctive relief were granted, depending on its scope, it could affect the manner in which our GDS is operated and potentially force changes to the existing GDS business model. Any of these consequences could have a material adverse effect on our business, financial condition and results of operations.

Our business is regulated, and any failure to comply with such regulations or any changes in such regulations could adversely affect us.

We operate in a regulated industry. Our business, financial condition and results of operations could be adversely affected by unfavorable changes in or the enactment of new laws, rules and/or regulations applicable to us, which could decrease demand for 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 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 then current 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 recently 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 handful of travel agents located outside the United States. Although the Bureau declined to prosecute or sanction us, if we were to violate the Export Administration Regulations again, the matter could be reopened and/or taken into consideration when investigating future matters and we may be subject to criminal prosecution or administrative sanctions.

In Europe, CRS regulations or interpretations of them may increase our cost of doing business or lower our revenues, limit our ability to sell marketing data, impact relationships with travel agencies, airlines, rail companies, or others, impair the enforceability of existing agreements with travel agencies and other users of our system, prohibit or limit us from offering services or products, or limit our ability to establish or change fees.

The CRS regulations require GDSs, among other things, to clearly and specifically identify in their displays any flights that are subject to an operating ban within the European Community and to introduce a specific symbol in their displays to identify each so-called blacklisted carrier. We include a link to the European Commission's blacklist on the information pages accessible by travel agents through our CRS facility. We are inhibited from applying a specific symbol to identify a blacklisted carrier in our displays as the European Commission's blacklist does not currently identify blacklisted carriers with an IATA airline code, although work on a technical solution is currently underway. A common solution for all GDSs is being sought through further dialogue with the European Commission.

Annex 1(9) of the CRS regulations requires a GDS to display a rail or rail/air alternative to air travel, on the first screen of their principal displays, in certain circumstances. We currently have few rail participants in our GDS. We can display direct point to point rail services in our GDS principal displays, for those rail operators that participate in our GDS. Given the lack of harmonization in the rail industry, displaying rail connections in a similar way to airline connections is extremely complex, particularly in relation to timetabling, ticketing and booking systems. We are working towards a solution that will include functionality to search and display connected rail alternatives at such time as the rail industry in Europe provides a technically efficient means to do so. We understand that such efficiencies lie at the heart of the European Commission's policy objectives to sustain a high quality level of European rail services in the future.

Although regulations specifically governing GDSs have been lifted in the United States (GDSs remain subject to general regulation by the Department of Transportation), continued regulation of

GDSs in the European Union and elsewhere could also create the operational challenge of supporting different products, services and business practices to conform to the different regulatory regimes. 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 and may have a material adverse effect on our operations. 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.

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 personally identifiable 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. 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 of personally identifiable information. As privacy and data protection become increasingly sensitive issues, we may also become exposed to potential liabilities as a result of conflicting legal requirements or differing views on the privacy of travel data. Additionally, security breaches or alleged security breaches could damage our reputation and expose us to a risk of losses, litigation and liability, and could materially adversely affect our business, financial condition and results of operations.

Our business could be materially adversely affected if we are unable to comply with legal restrictions on the use of personally identifiable 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 business practices. These and other privacy and security concerns and developments, some of which might be difficult to anticipate, could have a material adverse effect on our business, financial condition and results of operations.

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

We incur substantial expense to protect against security breaches and their potential consequences and have obtained formal PCI compliance as of June 2011. However, PCI compliance does not guarantee a completely secure environment. Our security measures still may not prevent all attempted security breaches or we may be unsuccessful in the implementation of remediation plans to address all potential exposures. A party (whether internal, external, an affiliate or unrelated third party) that is able to circumvent our data protection controls could steal proprietary information or cause significant interruptions of our operations. Such security breaches could damage our reputation and expose us to a risk of losses, litigation and liability. Security breaches could also cause customers and potential customers to lose confidence in our data protection measures, which would have a negative effect on the value of our brands and on the demand for our products and services.

The PCI Data Security Standard, or 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. The cost of compliance with the PCI DSS is significant, and compliance is required in order to maintain credit card processing facilities. We made significant efforts, at significant expense, between 2009 and 2011 that resulted in achieving formal PCI compliance in June 2011 with version 2.0 (the current version) of the PCI DSS. Compliance with the PCI DSS is an ongoing activity, since the formal requirements evolve as new threats and protective measures are identified. In the event that PCI DSS compliance were to be lost (or if compliance were not achieved with a future version of the PCI DSS), we could be exposed to 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. An increase in these compliance costs or another material change in the standards could have a material adverse effect on our business, financial condition and results of operations.

Tax issues have the potential to have an adverse effect on our business, financial condition, results of operations and cash flows.

We are subject to a variety of taxes in many jurisdictions globally. We establish reserves for our potential liability for U.S. and non-U.S. taxes, including sales, occupancy and value-added taxes, 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 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. If our reserves are insufficient to cover our tax liabilities or there are unfavorable changes in tax laws in the jurisdictions in which we do business, this could have a material adverse effect on our business, financial condition, results of operations and cash flows.

New tax laws, statutes, rules, regulations or ordinances could be enacted at any time. Such enactments could adversely affect our U.S. and non-U.S. business operations and our business and financial performance. Further, 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 and/or interest for past amounts deemed to be due. 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.

Our effective tax rate is impacted by a number of factors that could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Due to the global nature of our business, we are subject to income taxes in the United States 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 regularly are under audit by tax authorities. 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. The results of an audit could have a material effect on our financial position, results of operations, or cash flows in the period or periods for which that determination is made. 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. In addition, there have been proposals to amend U.S. tax laws that would significantly impact how U.S. companies are taxed on foreign earnings. Although we cannot predict whether or in what form this proposed legislation will pass, if enacted, it could have a material adverse impact on our business, financial condition and results of operations.

Risks Related to our Indebtedness and Liquidity

To service our indebtedness, we will require a significant amount of cash.

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, including the notes, and to fund working capital needs and planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control.

If our business does not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness, including the notes, on or before the maturity thereof, sell assets, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our ability to restructure or refinance our indebtedness, including the notes, will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the indenture governing the notes, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of the notes.

We have significant indebtedness, which could adversely affect our business and financial condition.

We have, and upon consummation of this offering will continue to have, a significant amount of indebtedness. As of December 31, 2011, on a pro forma basis after giving effect to this offering and the application of the net proceeds from this offering to repay a portion of the term loans under our Credit Facility as described under "Use of Proceeds," we would have had $3,585 million indebtedness outstanding in addition to $298 million of availability under the revolving portion of our Credit Facility, after taking into account the availability reduction of $120 million for letters of credit issued under the revolving portion. Of this indebtedness, $1,018 million will be due on or before the end of 2014. We may not generate enough cash flow to pay off these obligations.

Additional risks relating to our 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 are not effective to mitigate the effects of these increases;
- our having 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;
- limiting our ability to obtain additional financing, on terms we find acceptable, if needed, for working capital, capital expenditures, expansion plans and other investments, which may limit our ability to implement our business strategy;

- limiting our 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
- placing us at 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 our outstanding senior notes and the indenture governing the notes offered hereby 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.

The agreements governing our indebtedness, including the indenture governing the notes offered hereby, contain various covenants that limit our discretion in the operation of our business and also require us to meet financial maintenance tests and other covenants. The failure to comply with such tests and covenants could have a material adverse effect on us.

The agreements governing our indebtedness, including the indenture governing the notes offered hereby, contain various covenants, including those that restrict our 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;
- redeem or repurchase, our capital stock;
- prepay, redeem or repurchase, certain of our indebtedness;
- 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;
- make a change to 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 our notes, including the notes offered hereby, 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 acceleration may trigger cross-acceleration or cross-default

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provisions in other debt. In addition, lenders may be able to terminate any commitments they had made to supply us with further funds. If any of these risks were to occur, our business and operations could be materially and adversely affected.

Fluctuations in interest rates may adversely impact our results of operations and financial condition.

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. As of December 31, 2011, our exposure to interest rates relates primarily to our borrowings under the Credit Facility. See "Description of Other Indebtedness." If short-term interest rates average 10% higher than they were during the year ended December 31, 2011, our interest expense on the unhedged portion of our senior secured debt would increase by a negligible amount. This amount was determined by applying the hypothetical interest rate change to our floating rate borrowings balance during the year ended December 31, 2011.

Interest rates are sensitive to numerous factors outside of our control including, but not limited to, 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 hedge effectively our exposure, we could experience a material adverse effect on our results of operations and financial condition. 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 counterparty risk in our hedging arrangements.

We have entered into hedging transactions with counterparties in the financial services industry, which have been adversely impacted by the current economic condition. Defaults by, and even rumors or questions about the solvency of, certain financial institutions and the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by other institutions. The hedging transactions we have entered into expose us to credit risk in the event of default by one of our counterparties. Despite the risk control measures we have in place, a default by one of our counterparties, or liquidity problems in the financial services industry in general, could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in the exchange rate of the U.S. dollar and in foreign currencies may adversely impact our results of operations and financial condition.

We conduct various operations outside the United States, primarily in Canada, South America, Europe, Australia and Asia. For the year ended 2011, we recognized foreign currency operating expenses representing approximately 25% of our total operating expenses. 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.

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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 approximately 60% of our foreign currency exposure by entering into foreign currency forward contracts on our five largest foreign currency exposures. The notional amounts of these forward contracts, totaling $94 million at December 31, 2011, represent obligations to purchase foreign currencies at a predetermined exchange rate to fund a portion of our expenses that are denominated in foreign currencies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk." 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. If any of these risks were to occur, our results of operations and financial condition could be materially and adversely affected.

Risks Related to the Offering and Our Notes

The notes will be structurally subordinated to all obligations of our future subsidiaries that are not and do not become guarantors of the notes.

The notes will be guaranteed by each of our existing and subsequently acquired or organized subsidiaries that are borrowers under or that guarantee the Credit Facility or that, in the future, subject to certain exceptions, guarantee our indebtedness or indebtedness of another subsidiary guarantor. Except for such subsidiary guarantors of the notes, our subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. Further, even if the subsidiary is a guarantor, it may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under such circumstances, legal and contractual restrictions may limit our ability to obtain cash from them. Although the indenture governing the notes and the agreements that govern certain of our other indebtedness will limit the ability of certain subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make the required principal and interest payments on our indebtedness, including the notes. The notes will be structurally subordinated to all indebtedness and other obligations of any non-guarantor subsidiary such that, in the event of insolvency, liquidation, reorganization, dissolution or other winding up of any subsidiary that is not a guarantor, all of such subsidiary's creditors (including trade creditors and preferred stockholders, if any) would be entitled to payment in full out of such subsidiary's assets before we would be entitled to any payment.

In addition, our subsidiaries that provide, or will provide, guarantees of the notes will be automatically released from those guarantees upon the occurrence of certain events, including the following:

- the designation of that subsidiary guarantor as an unrestricted subsidiary;

- the release or discharge of any guarantee or indebtedness that resulted in the creation of the guarantee of the notes by such subsidiary guarantor; or
- the sale or other disposition, including the sale of substantially all the assets, of that subsidiary guarantor.

If any subsidiary guarantee is released, no holder of the notes will have a claim as a creditor against that subsidiary and the indebtedness and other liabilities, including trade payables and preferred stock, if any, whether secured or unsecured, of that subsidiary will be effectively senior to the claim of any holders of the notes. See "Description of Notes—Guarantees."

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our results of operations and our financial condition.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. Upon acceleration of certain of our other indebtedness, holders of the notes could declare all amounts outstanding under the notes immediately due and payable. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments. In addition, counterparties to some of our contracts material to our business may have the right to amend or terminate those contracts if we have an event of default or a declaration of acceleration under certain of our indebtedness, which could adversely affect our business, financial condition or results of operations.

We may not be able to repurchase the notes upon a change of control.

If a change of control (as defined in the indenture governing the notes) occurs in the future, we will be required to make an offer to repurchase all the outstanding notes at a premium, plus any accrued and unpaid interest to the date of repurchase. In such a situation, we may not have enough funds to pay for all of the notes that are tendered under any such offer. In addition, our Credit Facility may prohibit us from repurchasing the notes upon a change of control. The source of funds for any repurchase of the notes and repayment of borrowings under our Credit Facility will be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to repurchase all of the notes that are tendered upon a change of control and repay our other indebtedness that will become due. We may require additional financing from third parties to fund any such repurchases, and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the notes may be limited by law. In order to avoid the obligations to repurchase the notes and events of default and potential breaches of the credit agreement governing our Credit Facility, we may have to avoid certain change of control transactions that would otherwise be beneficial to us. A change of control may also result in an event of default under our Credit Facility and agreements governing any future indebtedness and may result in the acceleration of such indebtedness.

In addition, certain important corporate events, such as leveraged recapitalizations, may not, under the indenture governing the notes, constitute a "change of control" that would require us to repurchase the notes, notwithstanding the fact that such corporate events could increase the level of

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our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the notes. See "Description of Notes—Change of Control."

Holders of the notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased has occurred following a sale of "all or substantially all" of our assets.

The definition of change of control in the indenture governing the notes includes a phrase relating to the sale of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale of less than all our assets to another person may be uncertain.

Certain assets will be excluded from the collateral.

Certain assets are excluded from the collateral securing the notes as described under "Description of Notes—Security," including, without limitation, certain owned real property and all leased real property, certain deposit and securities accounts, certain letters of credit and certain other assets, as well as other typical exclusions, such as capital stock of unrestricted subsidiaries, more than 65% of the voting capital stock of first-tier foreign subsidiaries, capital stock of other foreign subsidiaries, and capital stock if the pledge of such capital stock would violate applicable law or a contractual obligation, securitization assets, motor vehicles and other assets subject to certificates of title or any other asset if the grant of a lien would violate applicable law or contractual obligation with respect to such asset.

If an event of default occurs and the notes are accelerated, the notes and the note guarantees will rank equally with the holders of other unsubordinated and unsecured indebtedness of the relevant entity with respect to such excluded assets. To the extent the claims of the noteholders and the other creditors secured by the collateral exceed the value of the assets securing the notes and the note guarantees and other liabilities, claims related to the excluded assets will rank equally with the claims of the holders of any other unsecured indebtedness. As a result, if the value of the assets pledged as security for the notes is less than the value of the claims of the noteholders and the other creditors secured by the collateral, those claims may not be satisfied in full before the claims of our unsecured creditors are paid.

There may not be sufficient collateral to pay all or any of the notes.

No appraisal of the value of the collateral securing the notes has been made in connection with this offering and the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. Consequently, liquidating the collateral securing the notes may not produce proceeds in an amount sufficient to pay all or any amounts due on the notes.

The fair market value of the collateral securing the notes is subject to fluctuations based on factors that include, among others, the condition of our industry, the ability to sell the collateral in an orderly sale, general economic conditions, the availability of buyers and other factors. The amount to be received upon a sale of the collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the collateral at such time and the timing and the manner of the sale. By its nature, portions of the collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the collateral can be sold in a short period of time or in an orderly manner. In the event of a foreclosure, liquidation, reorganization, bankruptcy or other insolvency proceeding, we cannot assure you that the proceeds from any sale or liquidation of the collateral will be sufficient to pay our obligations under the notes. In addition, in the event of any such proceeding, the ability of the holders of the notes to realize upon any of the collateral may be subject to bankruptcy and insolvency law limitations. See "Description of Notes—Security."

In addition, the security interest of the trustee, as collateral agent for the notes, will be subject to practical problems generally associated with the realization of security interests in collateral. For example, the trustee, as collateral agent for the notes, may need to obtain the consent of a third party to obtain or enforce a security interest in a contract. We cannot assure you that the collateral agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Also, certain items included in the collateral may not be transferable (by their terms or pursuant to applicable law) and therefore the trustee may not be able to realize value from such items in the event of a foreclosure. Accordingly, the trustee, as collateral agent for the notes, may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

The indenture governing the notes permits us, subject to compliance with certain financial tests, to issue additional secured debt, including debt secured equally and ratably by the same assets pledged for the benefit of the holders of the notes. This would reduce amounts payable to holders of the notes from the proceeds of any sale of the collateral.

Even though the holders of the notes benefit from a first-priority lien on the same collateral that secures our Credit Facility, the representative of the lenders under our Credit Facility initially controls actions with respect to that collateral.

The rights of the holders of the notes with respect to the collateral that secures the notes on a first-priority basis are subject to an intercreditor agreement among certain holders of obligations secured by that collateral, including the obligations under our Credit Facility. Under that intercreditor agreement, any actions that may be taken with respect to such collateral, including the ability to cause the commencement of enforcement proceedings against such collateral, to control such proceedings and to approve amendments to releases of such collateral from the lien of, and waive past defaults under, such documents relating to such collateral, are at the direction of the authorized representative of the lenders under our Credit Facility until (i) our obligations under our Credit Facility are discharged (which discharge does not include certain refinancings of our Credit Facility) or (ii) 90 days after the representative of the holders of the notes that represents the largest outstanding principal amount of indebtedness at such time secured by a first-priority lien on the collateral has complied with the applicable notice provisions. In addition, our Credit Facility permits and the indenture governing the notes permits us to incur additional indebtedness, including the issuance of an additional series of notes, that also may have a first-priority lien on the same collateral.

However, even if the authorized representative of the notes gains the right to direct the collateral agent in the circumstances described in clause (ii) above, the authorized representative must stop doing so (and those powers with respect to the collateral would revert to the authorized representative of the lenders under our Credit Facility) if the lenders' authorized representative has commenced and is diligently pursuing enforcement action with respect to the collateral or the grantor of the security interest in that collateral (whether our company or the applicable subsidiary guarantor) is then a debtor under or with respect to (or otherwise subject to) an insolvency or liquidation proceeding.

If we incur additional indebtedness that is secured by the collateral on a first-priority basis, is subject to the intercreditor agreement and has a greater principal amount than the notes, then the authorized representative for that indebtedness would be next in line to exercise rights under the intercreditor agreement, rather than the authorized representative for the notes.

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Under the intercreditor agreement, the authorized representative of the holders of the notes may not object following the filing of a bankruptcy petition to any debtor-in-possession financing or to the use of the shared collateral to secure that financing, subject to conditions and limited exceptions. After such a filing, the value of this collateral could materially deteriorate, and holders of the notes would be unable to raise an objection.

The collateral that secures the notes and guarantees is also subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the authorized representative of the lenders under our Credit Facility during any period that such authorized representative controls actions with respect to the collateral pursuant to the intercreditor agreement. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the notes as well as the ability of the collateral agent to realize or foreclose on such collateral for the benefit of the holders of the notes. The Initial Purchasers have neither analyzed the effect of, nor participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and imperfections, and the existence thereof could adversely affect the value of the collateral that secures the notes as well as the ability of the collateral agent to realize or foreclose on such collateral for the benefit of the holders of the notes.

Additionally, under certain circumstances, the liens securing the notes may be subordinated to liens securing other obligations to the extent that such lien subordination also applies to the liens securing our Credit Facility.

There are circumstances other than repayment or discharge of the notes under which the collateral securing the notes and the note guarantees will be released automatically, without your consent or the consent of the trustee or the collateral agent, and you may not realize any payment upon disposition of such collateral.

Under various circumstances, collateral securing the notes will be released automatically, including:

- a sale, transfer or other disposal of such collateral in a transaction not prohibited under the indenture and the security documents;
- the designation of a subsidiary as an unrestricted subsidiary;
- with respect to collateral held by a subsidiary guarantor, upon the release of the subsidiary guarantor from its guarantee in accordance with the indenture;
- upon satisfaction and discharge of the indenture or upon a legal defeasance or a covenant defeasance as described under "Description of Notes—Legal Defeasance and Covenant Defeasance;"
- with the consent of holders holding two-thirds or more of the principal amount of the notes (including without limitation consents obtained in connection with a tender offer or exchange offer for, or purchase of, the notes) outstanding; and
- with respect to collateral that is capital stock, upon the dissolution of the issuer of that capital stock in accordance with the indenture.

In addition, the note guarantee of a subsidiary guarantor will be automatically released in connection with a sale of that subsidiary guarantor, if the transaction is in accordance with the indenture governing the notes and the obligations of the guarantor under our Credit Facility and any of our other indebtedness also terminate upon that transaction.

The indenture governing the notes also permits us to designate one or more of our restricted subsidiaries that is a guarantor of the notes as an unrestricted subsidiary. If we designate a subsidiary guarantor as an unrestricted subsidiary for purposes of the indenture, all of the liens on any collateral owned by that subsidiary or any of its subsidiaries and any guarantees of the notes by that subsidiary or any of its subsidiaries will be released under the Indenture but not necessarily under our Credit Facility. Designation of an unrestricted subsidiary will reduce the aggregate value of the collateral securing the notes to the extent that liens on the assets of the unrestricted subsidiary and its subsidiaries are released. There will also be various releases in accordance with the provisions of the intercreditor agreement. In addition, the creditors of the unrestricted subsidiary and its subsidiaries will have a senior claim on the assets of such unrestricted subsidiary and its subsidiaries. See "Description of Notes—Security."

We will in most cases have control over the collateral, and the sale of particular assets by us could reduce the pool of assets securing the notes and the note guarantees.

The collateral documents allow us to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral securing the notes and the note guarantees. These rights may adversely affect the value of the collateral at any time. For example, so long as no default or event of default under the indenture governing the notes would result therefrom, we may, among other things, without any release or consent by the indenture trustee, conduct ordinary course activities with respect to the collateral, such as selling, abandoning or otherwise disposing of the collateral and making ordinary course cash payments (including repayments of indebtedness).

The security for the benefit of holders of the notes may be released without such holders' consent.

The liens for the benefit of the holders of the notes may be released without vote or consent of such holders, as summarized below:

- the security documents generally provide for an automatic release of all liens on any asset, including subsidiaries or Guarantors, that is disposed of in compliance with the provisions of our Credit Facility;
- any lien can be released if approved by the requisite number of lenders under our Credit Facility;
- the collateral agent and the issuer may amend the provisions of the security documents with the consent of the requisite number of lenders under our Credit Facility and without consent of the holders of the notes;
- the administrative agent and the lenders under our Credit Facility will have the sole ability to control remedies (including upon sale or liquidation of the collateral after acceleration of the notes or the debt under our Credit Facility) with respect to the collateral; and
- so long as we have our Credit Facility or another senior credit facility, the notes will automatically cease to be secured by those liens if those liens no longer secure our senior secured credit facilities for any other reason.

As a result, we cannot assure holders of the notes that the notes will continue to be secured by a substantial portion of our assets. Holders of the notes will have no recourse if the lenders under our Credit Facility approve the release of any or all of the collateral, even if that action adversely affects any rating of the notes.

The collateral is subject to casualty risks.

We currently maintain and intend to maintain insurance or otherwise insure against hazards in a manner appropriate and customary for our business. There are, however, certain losses that may be either uninsurable or not economically insurable, in whole or in part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any of the pledged collateral, the insurance proceeds may not be sufficient to satisfy all of the secured obligations, including the notes and the guarantees.

Your rights in the collateral may be adversely affected by the failure to perfect security interests in certain collateral acquired in the future.

Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at or after the time such property and rights are acquired and identified. The trustee, as the collateral agent for the notes, has no obligation to monitor, and we may fail to inform the trustee or the collateral agent of, the future acquisition of property and rights that constitute collateral, and the necessary action may not be taken to properly perfect the security interest in such after-acquired collateral. The trustee, as collateral agent for the notes, also has no obligation to monitor the perfection of any security interest in favor of the notes against third parties.

Rights of holders of the notes in the collateral may be adversely affected by the failure to create or perfect security interests in certain collateral on a timely basis, and a failure to create or perfect those security interests on a timely basis or at all may result in a default under the indenture and other agreements governing the notes.

We have agreed to secure the notes and the guarantees by granting first priority liens, subject to permitted liens, on collateral and to take other steps to assist in perfecting the security interests granted in the collateral.

If we or any subsidiary guarantor were to become subject to a bankruptcy proceeding, any liens recorded or perfected after the issue date would face a greater risk of being invalidated than if they had been recorded or perfected on the issue date. Liens recorded or perfected after the issue date may be treated under bankruptcy law as if they were delivered to secure previously existing indebtedness. In bankruptcy proceedings commenced within 90 days of lien perfection, a lien given to secure previously existing debt is materially more likely to be avoided as a preference by the bankruptcy court than if delivered and promptly recorded on the issue date. Accordingly, if we or a subsidiary guarantor were to file for bankruptcy protection after the issue date of the outstanding notes and the liens had been perfected less than 90 days before commencement of such bankruptcy proceeding, the liens securing the notes may be especially subject to challenge as a result of having been perfected after the issue date. To the extent that this challenge succeeded, you would lose the benefit of the security that the collateral was intended to provide.

In addition, a failure, for any reason that is not permitted or contemplated under the security documents, to perfect the security interest in the properties included in the collateral package may result in a default under the indenture and other agreements governing the notes.

The value of the collateral securing the notes may not be sufficient to secure post-petition interest.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, holders of the notes will only be entitled to post-petition interest under the U.S. bankruptcy code to the extent that the value of their security interest in the collateral is greater than their pre-bankruptcy claim. Holders of the notes that have a security interest in the collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the U.S. bankruptcy code. No appraisal of the fair market value of the collateral has been prepared in connection with this offering, and the value of the holders' interest in the collateral may not equal or exceed the principal amount of the notes. See "—There may not be sufficient collateral to pay all or any of the notes."

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The collateral securing the notes may be diluted under certain circumstances.

The collateral that will secure the notes will also secure our obligations under our Credit Facility. The collateral may also secure additional senior indebtedness, including additional note offerings, that we incur in the future, subject to restrictions on our ability to incur debts and liens under our Credit Facility and the indenture governing the notes. Your rights to the collateral would be diluted by any increase in the indebtedness secured by the collateral on a pari passu or priority basis.

Federal and state fraudulent transfer laws may permit a court to void the notes and the note guarantees and/or the grant of collateral under certain circumstances, and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of the guarantees of such notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or the guarantees thereof (or the grant of collateral securing any such obligations) could be voided as a fraudulent transfer or conveyance if the Issuer or any of the subsidiary guarantors, as applicable, (a) issued the notes or incurred the note guarantees with the intent of hindering, delaying or defrauding creditors, or (b) received less than reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the note guarantees and, in the case of (b) only, one of the following is also true at the time thereof:

- the Issuer or any of the subsidiary guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the note guarantees left us or any of the subsidiary guarantors, as applicable, with an unreasonably small amount of capital or assets to carry on the business;
- the Issuer or any of the subsidiary guarantors intended to, or believed that the Issuer or such subsidiary guarantor would, incur debts beyond our or such subsidiary guarantor's ability to pay as they mature; or
- the Issuer or any of the subsidiary guarantors were a defendant in an action for money damages, or had a judgment for money damages docketed against us or the subsidiary guarantor if, in either case, the judgment is unsatisfied after final judgment.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is secured or satisfied. A court would likely find that a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for its note guarantee, to the extent the subsidiary guarantor did not obtain a reasonably equivalent benefit directly or indirectly from the issuance of the notes.

We cannot be certain as to the standards a court would use to determine whether or not we or the subsidiary guarantors were insolvent at the relevant time or, regardless of the standard that a court uses, whether the notes or the note guarantees would be subordinated to our or any of our subsidiary guarantors' other debt. In general, however, a court would deem an entity insolvent if:

- the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they became due.

[redacted]

If a court were to find that the issuance of the notes, the incurrence of a note guarantee or the grant of security was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or that note guarantee or void the grant of collateral or subordinate the notes or that note guarantee to presently existing and future indebtedness of ours or of the related subsidiary guarantor, or require the holders of the notes to repay any amounts received with respect to that note guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of that debt.

Finally, as a court of equity, the bankruptcy court may subordinate the claims in respect of the notes to other claims against us under the principle of equitable subordination, if the court determines that: (a) the holder of notes engaged in some type of inequitable conduct; (b) that inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of notes; and (c) equitable subordination is not inconsistent with the provisions of the U.S. bankruptcy code.

In the event of a bankruptcy of us or any of the subsidiary guarantors, holders of the notes may be deemed to have an unsecured claim to the extent that our obligations in respect of the notes exceed the value of the collateral available to secure the notes.

In any bankruptcy proceeding with respect to the Issuer or any of the subsidiary guarantors, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the value of the collateral with respect to the notes is less than the then-current principal amount outstanding under the notes on the date of the bankruptcy filing. Upon a finding by the bankruptcy court that the notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the notes would be bifurcated between a secured claim up to the value of the collateral and an unsecured claim for any deficiency. As a result, the claim of the holders of the notes could be unsecured in whole or in part.

Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the notes to receive post-petition interest and a lack of entitlement to receive other "adequate protection" under federal bankruptcy laws with respect to the unsecured portion of the notes. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be recharacterized by the bankruptcy court as a reduction of the principal amount of the notes.

Any future pledge of collateral in favor of the holders of the notes might be voidable in bankruptcy.

Any future pledge of collateral in favor of the holders of the notes, including pursuant to security documents delivered after the date of the indenture governing the notes, might be voidable by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, under the U.S. bankruptcy code, if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the notes to receive a greater recovery than what the holders of the notes would receive in a liquidation under Chapter 7 of the U.S. bankruptcy code if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period.

Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the notes.

The notes will be a new issue of securities for which there is no established public market. We have not listed and do not intend to list the notes on any U.S. national securities exchange. We expect the notes to be eligible for trading by "qualified institutional buyers," as defined under Rule 144A, but we do not intend to have the notes listed on any securities exchange. The Initial Purchasers have advised us that they intend to make a market in the notes, as permitted by applicable laws and regulations. However, the Initial Purchasers are not obligated to make a market in the notes, and, if commenced, may discontinue their market-making activities at any time without notice. Therefore, we cannot assure you that an active market for the notes will develop or, if developed, that it will continue. In that case, the holders of the notes may not be able to sell their notes at a particular time or at a favorable price. The liquidity of any market for the notes will depend on a number of factors, including:

- the number of holders of notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the notes; and
- prevailing interest rates.

Even if an active trading market for the notes does develop, there is no guarantee that it will continue. Historically, the market for non-investment grade debt, such as the notes, has been subject to severe disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for the notes may experience similar disruptions and any such disruptions may adversely affect the liquidity in that market or the prices at which you may sell your notes. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial issue price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

Changes in our credit ratings or the financial and credit markets could adversely affect the market price of the notes, and may increase our future borrowing costs and reduce our access to capital.

The market price of the notes will be based on a number of factors, including:

- our ratings with major credit rating agencies;
- the prevailing interest rates being paid by companies similar to us; and
- the overall condition of the financial and credit markets.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price of the notes. In addition, credit rating agencies continually revise their ratings for companies that they follow, including us. Our debt currently has a non-investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes, so warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the notes. Credit ratings are not recommendations to purchase, hold or sell the notes.

Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the notes. Any downgrade by a rating agency could decrease earnings and result in higher borrowing costs. Any future lowering of our rating likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating initially assigned to the notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your notes without a substantial discount.

There are restrictions on resale of the notes.

The notes have not been and will not be registered under the Securities Act and are not transferable except upon satisfaction of the conditions described under "Notice to Investors." The notes will be issued in minimum denominations of $2,000 and multiples of $1,000 in excess thereof. If you are able to resell your notes many other factors may affect the price you receive, which may be lower than you believe to be appropriate. If you are able to resell your notes, the price you receive will depend on many other factors, some of which may vary over time, including:

- the number of potential buyers;
- the level of liquidity of the notes;
- ratings published by major credit rating agencies;
- our financial performance;
- the amount of indebtedness we have outstanding;
- the level, direction and volatility of market interest rates generally; and
- the market for similar securities.

As a result of these factors, you may only be able to sell your notes, if at all, at prices below those you believe to be appropriate, including prices below the price you paid for them.

USE OF PROCEEDS

We intend to use the net proceeds we receive from this offering primarily to repay a portion of our Existing Term Facility, in connection with an offer launched on April 24, 2012 to amend and extend a portion of the Existing Term Facility. Certain of the Initial Purchasers or their affiliates are lenders under our Credit Facility in connection with the proposed amendment and extension and as a result may receive a portion of the proceeds of this offering. See "Summary—Recent Developments—Concurrent Amend and Extend Transaction."

We expect to use any remaining net proceeds for general corporate purposes, including in connection with the proposed acquisition described under "Summary—Recent Developments—Proposed Acquisition."

Source	Amount (in millions)	Uses of Proceeds	Amount (in millions)
Notes offered hereby	$400	Refinance portion of Existing Term Facility due 2014[1]	$272
		General corporate purposes ...	$116
		Estimated fees & expenses	$ 12
Total Sources	$400	**Total Uses**	$400

[1] For a summary of the terms of the Existing Term Facility, see "Description of Other Indebtedness."

CAPITALIZATION

The following table sets forth our cash and cash equivalents and its capitalization as of December 31, 2011:

(i) on an actual basis; and

(ii) on an as adjusted basis, to give effect to:

- the extension of the maturity date of $1,175 million of debt under the Existing Term Facility to September 30, 2017 pursuant to the term facility extension amendment entered into on February 28, 2012;
- the extension of the maturity date of $679 million of debt pursuant to our offer to lenders on April 24, 2012 to enter into a second term loan extension amendment to December 29, 2017; contingent upon repayment of 40% of the resulting new tranche with proceeds from this offering (see "Summary—Recent Developments—Concurrent Amend and Extend Transaction")
- the offering of the notes; and
- the application of the net proceeds from this offering to repay a portion of the term loans under our Credit Facility, as described under "Use of Proceeds."

You should read the following table in conjunction with the sections titled "Use of Proceeds," "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this offering circular.

	December 31, 2011	
	Actual	As Adjusted
	(Amounts in thousands)	
Cash and cash equivalents[1]	$ 61,697	$ 178,147
Long-term debt, including current portion:		
Senior secured credit facility:		
Existing Term Facility due 2014[2]	2,871,788	1,017,956
First Extended Term Loan Tranche due 2017[2]	—	1,174,958
Second Extended Term Loan Tranche due 2017[2]	—	407,324
Revolving credit facility[3]	82,000	82,000
Notes offered hereby[4]	—	400,000
Publicly issued senior unsecured notes:		
8.35% senior unsecured notes due 2016	400,000	400,000
Mortgage facility	85,000	85,000
Note payable to a joint venture partner (held for sale)	17,593	17,593
Total debt	3,456,381	3,584,831
Equity:		
Class A Common Stock: $0.01 par value; 100 shares issued and outstanding at December 31, 2011	—	—
Additional paid-in capital	1,390,381	1,390,381
Retained deficit	(913,509)	(913,509)
Accumulated other comprehensive loss	(82,727)	(82,727)
Noncontrolling interest	(20,267)	(20,267)
Total equity	373,878	373,878
Total Capitalization	$3,830,259	$3,958,709

(1) Cash and cash equivalents on an as adjusted basis includes $116 million that is expected to be used for general corporate purposes, including the possible acquisition described under "Summary—Recent Developments—Potential Acquisition", and excludes $12 million in fees related to the bond offering including initial purchaser, legal, auditor, credit rating agencies and printer fees.

(2) On February 28, 2012, we agreed to the amendment and extension of certain amounts under our Credit Facility until September 30, 2017, and on April 24, 2012, we extended an offer to lenders to extend an additional amount until December 29, 2017. See "Description of Other Indebtedness."

(3) As of December 31, 2011, we had $120 million of letters of credit outstanding under our letter of credit facility, which directly reduces the amounts available under our revolving credit facilities. The revolving credit facilities were undrawn as of April 24, 2012.

(4) Represents aggregate principal amount of the notes and does not reflect any original issue discount on the notes or the Initial Purchasers' discounts and commissions.

[redacted]

SELECTED HISTORICAL FINANCIAL DATA

The following tables present selected historical consolidated financial data for our business. You should read these tables along with "Notice Regarding Presentation of Financial Information," "Risk Factors," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and our consolidated financial statements and the notes thereto included elsewhere in this offering circular.

The consolidated statements of operations data and consolidated balance sheet data as of and for the years ended December 31, 2011, 2010, 2009 and 2008 are derived from our audited consolidated financial statements and the notes thereto included elsewhere in this offering circular. The year ended December 31, 2008 represents our first full year as a private company. The estimated consolidated statements of operations data as of and for the three months ended March 31, 2012 are based on preliminary figures and subject to routine adjustments as part of the quarter-end close. The consolidated statements of operations data as of and for the three months ended March 31, 2011 are unaudited. The other financial data and segment data presented are unaudited.

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

Consolidated Data:

	Fiscal Year Ended December 31,			
	2011	2010	2009	2008
	(Amounts in thousands)			
Consolidated Statements of Operations Data:				
Revenue	$3,010,767	$2,899,584	$2,705,057	$2,861,751
Cost of revenue	1,580,950	1,496,737	1,391,721	1,475,441
Selling, general and administrative	798,723	759,875	786,436	895,837
Impairment of goodwill and intangible assets	183,100	401,400	211,957	321,166
Depreciation and amortization	295,684	280,447	279,422	267,760
Operating income (loss)	152,310	(38,875)	35,521	(98,453)
Net loss attributable to common shareholders	(57,216)	(256,104)	(149,049)	(319,833)
Consolidated Statements of Cash Flows Data:				
Cash provided by operating activities	$ 336,539	$ 364,760	$ 299,307	$ 56,930
Adjusted capital expenditures[1]	226,255	172,146	127,358	145,013
Cash payments for interest	184,449	195,550	251,812	295,669
Other Financial Data:				
EBITDA[2]	$ 447,994	$ 241,572	$ 314,943	$ 169,307
Adjusted EBITDA[3]	693,397	679,109	623,005	591,932
Debt Covenant EBITDA[4]	754,056	745,478	718,400	705,500
Net secured debt[5]	2,977,091	2,809,145	2,953,432	3,107,799
Net debt[5]	3,394,684	3,549,623	3,692,696	3,922,875
Adjusted EBITDA less adjusted capital expenditures relative to cash payments for interest	2.5x	2.6x	2.0x	1.5x
Adjusted EBITDA relative to cash payments for interest	3.8x	3.5x	2.5x	2.0x
Net debt relative to Adjusted EBITDA	4.9x	5.2x	5.9x	6.6x

	Fiscal Year Ended December 31,			
	2011	2010	2009	2008
	(Amounts in thousands)			
Pro Forma Financial Data[6]:				
Pro forma cash payments for interest	$ 271,727	—	—	—
Pro forma net debt	3,406,684	—	—	—
Adjusted EBITDA less adjusted capital expenditures relative to pro forma cash payments for interest	1.7x	—	—	—
Adjusted EBITDA relative to pro forma cash payments for interest	2.6x	—	—	—
Pro forma net debt relative to Adjusted EBITDA	4.9x	—	—	—

	As of December 31,			
	2011	2010	2009	2008
	(Amounts in thousands)			
Consolidated Balance Sheet Data:				
Cash and cash equivalents	$ 61,697	$ 177,793	$ 61,568	$ 204,047
Total assets	5,255,568	5,523,588	5,867,830	6,454,868
Long-term debt	3,307,905	3,350,860	3,696,378	3,795,318
Working capital (deficit)[7]	(480,684)	(563,160)	(349,778)	(113,839)
Noncontrolling interest	(20,267)	18,967	86,704	(22)
Total stockholders' equity	373,878	500,302	797,621	914,006

Preliminary Estimated First Quarter 2012 Data (Unaudited):

	Three Months Ended March 31, 2012		Three Months Ended March 31, 2011
	Low	High	
	(Amounts in thousands, Unaudited)		
Revenue	$795,000	$804,000	$744,849
Cost of revenue	418,000	420,000	404,916
Selling, general and administrative	215,000	217,000	188,591
Depreciation and amortization	75,000	77,000	73,159
Operating income	$ 87,000	$ 90,000	$ 78,183
Add back: Depreciation and amortization	75,000	77,000	73,159
EBITDA	$162,000	$167,000	$151,342
Adjustments:			
Stock-based compensation	2,400	2,400	1,592
Management fees	1,900	1,900	1,180
Severance	1,700	1,700	838
Other one-time costs including cost initiatives[8]	14,000	15,000	1,770
Adjusted EBITDA	$182,000	$188,000	$156,722

Segment Data (Unaudited):

	Fiscal Year Ended December 31, 2011				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,768,263	$523,439	$ 825,313	$(106,248)	$3,010,767
Cost of revenue	1,055,669	335,680	294,767	(105,166)	1,580,950
Selling, general and administrative	215,413	71,218	513,174	(1,082)	798,723
Impairment of goodwill and intangible assets	—	—	183,100	—	183,100
Depreciation and amortization	149,362	62,650	83,672	—	295,684
Operating income (loss)	$ 347,819	$ 53,891	$(249,400)	$ —	$ 152,310
Add back: Depreciation and amortization	149,362	62,650	83,672	—	295,684
EBITDA[2]	$ 497,181	$116,541	$(165,728)	$ —	$ 447,994
Adjustments:					
Stock-based compensation	3,392	696	3,246	—	7,334
Management fees	3,761	1,071	2,359	—	7,191
Impairment of goodwill and intangible assets	—	—	183,100	—	183,100
Severance	2,862	1,200	4,668	—	8,730
Other one-time costs including cost initiatives[8]	(633)	11,711	27,970	—	39,048
Corporate overhead allocation	80,692	5,864	12,283	(98,839)	—
Adjusted EBITDA[3]	$ 587,255	$137,083	$ 67,898	$ (98,839)	$ 693,397

	Fiscal Year Ended December 31, 2010				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,660,454	$475,346	$ 871,595	$(107,811)	$2,899,584
Cost of revenue	1,008,531	290,233	305,196	(107,222)	1,496,737
Selling, general and administrative	174,841	57,335	528,287	(589)	759,875
Impairment of goodwill and intangible assets	—	—	401,400	—	401,400
Depreciation and amortization	149,168	49,459	81,820	—	280,447
Operating income (loss)	$ 327,914	$ 78,319	$(445,108)	$ —	$ (38,875)
Add back: Depreciation and amortization	149,168	49,459	81,820	—	280,447
EBITDA[2]	$ 477,082	$127,778	$(363,288)	$ —	$ 241,572
Adjustments:					
Stock-based compensation	2,866	479	1,957	—	5,302
Management fees	3,621	969	2,140	—	6,730
Impairment of goodwill and intangible assets	—	—	401,400	—	401,400
Severance	2,237	486	3,873	—	6,596
Other one-time costs including cost initiatives[8]	(2,126)	4,247	15,388	—	17,509
Corporate overhead allocation	51,803	12,762	27,048	(91,613)	—
Adjusted EBITDA[3]	$ 535,483	$146,721	$ 88,518	$ (91,613)	$ 679,109

	Fiscal Year Ended December 31, 2009				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,517,041	$415,231	$ 876,132	$(103,347)	$2,705,057
Cost of revenue	934,223	252,002	308,316	(102,820)	1,391,721
Selling, general and administrative	177,189	57,594	552,180	(527)	786,436
Impairment of goodwill and intangible assets	—	—	211,957	—	211,957
Depreciation and amortization	142,135	39,913	97,374	—	279,422
Operating income (loss)	$ 263,494	$ 65,722	$(293,695)	$ —	$ 35,521
Add back: Depreciation and amortization	142,135	39,913	97,374	—	279,422
EBITDA(2)	$ 405,629	$105,635	$(196,321)	$ —	$ 314,943
Adjustments:					
Stock-based compensation	2,234	373	1,501	—	4,108
Management fees	3,826	907	2,527	—	7,260
Impairment of goodwill and intangible assets	—	—	211,957	—	211,957
Severance	6,024	1,863	4,412	—	12,299
Other one-time costs including cost initiatives(8)	10,435	2,648	59,355	—	72,438
Corporate overhead allocation	46,942	11,148	28,352	(86,442)	—
Adjusted EBITDA(3)	$ 475,090	$122,574	$ 111,783	$ (86,442)	$ 623,005

	Fiscal Year Ended December 31, 2008				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,565,146	$375,874	$1,013,686	$(92,955)	$2,861,751
Cost of revenue	988,632	247,216	332,038	(92,445)	1,475,441
Selling, general and administrative	186,238	52,710	657,399	(510)	895,837
Impairment of goodwill and intangible assets	—	—	321,166	—	321,166
Depreciation and amortization	135,688	29,576	102,496	—	267,760
Operating income (loss)	$ 254,588	$ 46,372	$ (399,413)	$ —	$ (98,453)
Add back: Depreciation and amortization	135,688	29,576	102,496	—	267,760
EBITDA(2)	$ 390,276	$ 75,948	$ (296,917)	$ —	$ 169,307
Adjustments:					
Stock-based compensation	2,269	379	1,525	—	4,173
Management fees	2,807	565	1,803	—	5,175
Impairment of goodwill and intangible assets	—	—	321,166	—	321,166
Severance	9,675	2,955	7,747	—	20,377
Other one-time costs including cost initiatives(8)	17,679	5,685	48,370	—	71,734
Corporate overhead allocation	50,282	10,383	30,154	(90,819)	—
Adjusted EBITDA(3)	$ 472,988	$ 95,915	$ 113,848	$(90,819)	$ 591,932

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

	Fiscal Year Ended December 31,			
	2011	2010	2009	2008
	(Amounts in thousands)			
Additions to property and equipment (capital expenditures)	$167,146	$137,658	$106,704	$134,702
Capitalized implementation costs	59,109	34,488	20,654	10,311
Adjusted capital expenditures	$226,255	$172,146	$127,358	$145,013

(2) We define EBITDA as operating income (loss) adjusted to exclude depreciation and amortization. We believe that EBITDA and similar measures are used by investors, analysts and other interested parties as a measure of financial performance and as a way to evaluate our ability to service debt obligations, fund capital expenditures and meet working capital requirements. Additionally, we believe that EBITDA facilitates company to company and period comparisons by excluding potential differences caused by variations in capital structures (affecting interest expense), tax positions and the impact of depreciation and amortization expense. Amounts derived from EBITDA are a primary component of certain covenants under our senior secured credit facility, and management uses it to monitor the performance of our business.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute 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 EBITDA does not reflect cash requirements for such replacements;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate EBITDA differently, which reduces its usefulness as a comparative measure.

EBITDA does not represent net income or cash flows from operations, as those terms are defined under GAAP. Because of these limitations, you should only consider EBITDA as a supplemental measure in addition to measures of financial performance reported in accordance with GAAP.

(3) We define Adjusted EBITDA as EBITDA adjusted for stock-based compensation, management fees, goodwill and intangible impairments, severance and other one-time costs including costs initiatives.

(4) Debt Covenant EBITDA is the EBITDA measure under our Credit Facility used for calculating our Senior Secured Leverage Ratio. See "Description of Other Indebtedness—Senior Secured Credit Facility." The definition of this ratio under our Credit Facility differs from the definition under the notes being offered herein. On a pro forma basis, we do not believe that Debt Covenant EBITDA for 2011 would change significantly under the definitions included in the Notes offered herein. A reconciliation of Adjusted EBITDA to Debt Covenant EBITDA is as follows for the selected periods:

	Fiscal Year Ended December 31,			
	2011	2010	2009	2008
	(Amounts in thousands)			
Reconciliation from Adjusted EBITDA to Debt Covenant EBITDA				
Adjusted EBITDA	$693,397	$679,109	$623,005	$591,932
Current year run-rate savings [a]	68,926	91,000	120,300	155,000
Realized savings [a]	(51,034)	(68,900)	(85,700)	(74,000)
Next year run-rate savings [b]	47,793	19,300	49,900	58,000
Unrestricted subsidiaries, equity income and other [c]	(5,026)	24,969	10,895	(26,632)
	$754,056	$745,478	$718,400	$704,300

(a) Current year run-rate savings represents our estimate of the full-year impact of cost saving initiatives implemented in the 12-month period being reported. This is offset by a reduction for our estimate of the current-year realized savings relative to these same cost saving initiatives.

(b) Next year run-rate savings represents our estimate of savings to be realized from cost savings initiatives implemented in the following 12-month period.

(c) Unrestricted subsidiaries, equity income and other primarily represents adjustments to exclude the earnings of unrestricted subsidiaries, removal of a non-cash curtailment gain on a post-employment benefit plan, removal of equity method income, addition of dividends received from equity method investees, addition of Adjusted EBITDA for a full 12-month period for any entities acquired during the year and other adjustments as allowed under the Credit Facility.

(5) Includes outstanding debt (secured and unsecured) less cash as summarized below:

	Fiscal Year Ended December 31,			
	2011	2010	2009	2008
	(Amounts in thousands)			
Senior secured credit facility	$2,871,788	$2,901,938	$2,930,000	$2,930,000
Revolving credit facility	82,000	—	—	296,846
Mortgage facility	85,000	85,000	85,000	85,000
Cash and cash equivalents	(61,697)	(177,793)	(61,568)	(204,047)
Total net secured debt	$2,977,091	$2,809,145	$2,953,432	$3,107,799
Publicly issued senior unsecured notes	400,000	724,188	724,188	800,000
Note payable to a joint venture partner	17,593	16,290	15,076	15,076
Net debt	$3,394,684	$3,549,623	$3,692,696	$3,922,875

(6) Pro forma financial data includes pro forma adjustments for incremental interest cash expense as if the following financing transactions occurred on January 1, 2011, in the case of income statement data, and on December 31, 2011, in the case of balance sheet data:

- $1,175 million First Extended Term Loan Tranche priced at LIBOR plus 575 bps;

- Second Extended Term Loan Facility of $679 million offered at similar terms as the First Extended Term Facility (*i.e.*, LIBOR plus 575 bps) and a 40% par paydown (see "Summary—Recent Developments—Concurrent Amend and Extend Transaction");
- $400 million of the notes offered hereby with $116 million of the proceeds retained for general corporate purposes (excluding dividends); and
- $12 million in nonrecurring fees associated with the above transactions have been excluded from the cash balance used in the calculation of pro forma net debt.

Incremental cash interest payments include $44 million related to the First Extended Term Facility, and $43 million related to the Second Extended Term Loan Tranche and the notes offered hereby.

(7) Working capital (deficit) is defined as current assets, net of current liabilities.

(8) Other one-time costs including cost initiatives consist of any non-recurring or unusual expenses; including but not limited to, charges relating to any multi-year strategic cost-saving initiatives, restructuring charges, integration and facilities opening costs, extraordinary legal fees, and business optimization expenses.

Reconciliation of Non-GAAP measures for LTM March 31, 2008

	Twelve Months Ended March 31, 2008
	(Amounts in thousands, Unaudited)
Revenue	$2,884,858
Cost of revenue	1,501,701
Selling, general and administrative	895,276
Depreciation and amortization	248,337
Operating income	$ 239,544
Add back: Depreciation and amortization	248,337
EBITDA	$ 487,881
Adjustments:	
Stock-based compensation	4,164
Management fees	7,623
Severance	17,251
Other one-time costs including cost initiatives	98,245
Adjusted EBITDA	$ 615,164

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

You should read the following discussion together with the consolidated financial statements and the notes thereto included elsewhere in this offering circular. This discussion contains forward-looking statements that are based on management's current expectations, estimates and projections about our business and operations. These statements are based on certain assumptions that we consider reasonable. For information about these assumptions and other risks relating to our businesses and our company, you should refer to "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" appearing elsewhere in this offering circular.

Overview

Sabre is a leading provider of technology-based services to the global travel industry. Our businesses and brands offer a broad portfolio of advanced technology solutions addressing different aspects of the travel industry. We serve the travel marketplace through three types of businesses, each serving a different customer segment with unique needs.

- Our distribution business consists primarily of the Sabre GDS, which aggregates travel content for travel agencies and aggregates demand for travel suppliers to improve the efficiency of serving travelers. In 2011, approximately 80% of our GDS bookings were from contracts with North American and global travel agencies that have a term of three years or greater. Our Sabre GDS system is thought to be one of the most heavily used SOA environments in the world, processing more than 700 billion transactions in 2011, with over 60,000 transactions every second at peak.
- Our solutions business provides integrated software technology to create end-to-end solutions for travel suppliers, primarily airlines and hotel companies.
- Travelocity provides consumer-direct travel services for leisure and business travelers and serves as an advertising medium for travel suppliers and other businesses.

For the years ended December 31, 2011, 2010 and 2009, our revenue and Adjusted EBITDA from our distribution business, our solutions business and Travelocity are included in the table below. Eliminations represent the elimination of intersegment revenue between our segments and include corporate overhead allocations such as finance, legal, human resources and certain information technology shared services which are not allocated to the segments for the purpose of Adjusted EBITDA only.

	Fiscal Year Ended December 31,		
	2011	2010	2009
Distribution			
Revenue	$1,768,263	$1,660,454	$1,517,041
Percent of total	*59%*	*57%*	*56%*
Adjusted EBITDA	$ 587,255	$ 535,483	$ 475,090
Percent of total	*85%*	*79%*	*76%*
Solutions			
Revenue	$ 523,439	$ 475,346	$ 415,231
Percent of total	*17%*	*16%*	*15%*
Adjusted EBITDA	$ 137,083	$ 146,721	$ 122,574
Percent of total	*20%*	*22%*	*20%*
Travelocity			
Revenue	$ 825,313	$ 871,595	$ 876,132
Percent of total	*27%*	*30%*	*32%*
Adjusted EBITDA	$ 67,898	$ 88,518	$ 111,783
Percent of total	*10%*	*13%*	*18%*
Eliminations			
Revenue	$ (106,248)	$ (107,811)	$ (103,347)
Percent of total	*-4%*	*-4%*	*-4%*
Adjusted EBITDA	$ (98,839)	$ (91,613)	$ (86,442)
Percent of total	*-14%*	*-13%*	*-14%*
Consolidated Sabre			
Revenue	$3,010,767	$2,899,584	$2,705,057
Adjusted EBITDA	693,397	679,109	623,005

The Distribution Business

Our distribution business provides real-time search, pricing, booking and ticketing capabilities to travel agencies and suppliers. We process complex travel transactions, supporting airlines, hotels, cruise lines, car rental agencies and other travel suppliers through a network that connects them to tens of thousands of online and offline travel agencies serving both leisure and business travelers. We principally generate revenue by charging customers fees on a per-transaction basis. Travel suppliers value the GDS network for marketing and distributing their inventory to travel agencies. Our distribution business provides data and transaction processing services to regional GDSs, including Abacus, Axess and Infini. In addition, our distribution business provides corporate travel management software through our GetThere products, as well as marketing information to travel suppliers.

The Solutions Business

Our solutions business is our on-demand software-as-a-service, or SaaS, segment providing advanced technology solutions to travel suppliers globally through our airline solutions and hospitality solutions units. Through this segment, we provide advanced technology solutions to airlines and hotel companies to help them market and sell their products, maximize revenue and operate more efficiently. We principally generate revenue by charging customers implementation fees and periodic usage fees for the use of our software. Our airline solutions business provides airlines with marketing & planning decision support software to help plan travel routes and ticket pricing, reservations systems to manage inventory and customer information, and enterprise operations decision support software to help manage flight, crew and airport operations. Our hospitality solutions business provides hotels and hotel chains around the world with reservation, property management and other technology solutions that help hotels market and sell their products and services to their customers. We also offer a range of consulting services to the airline and hotel industries, and license certain software products to travel suppliers.

Travelocity

Travelocity is our online travel e-commerce and media business that markets and distributes travel-related products and services directly to individuals and corporations for leisure and business travel. We operate several online travel retail websites that provide travel content as well as customer reviews and ratings for travelers to plan, search, shop and book travel around the globe. We earn media revenue by selling advertising on our retail websites. Additionally, we leverage our travel supply and online retail capabilities to provide travel content, merchandising and booking capabilities for distribution partners. These partners include niche OTAs, travel suppliers and entities with loyalty programs that enable members to exchange points for travel products.

Revenue Models

We employ a number of revenue models across our businesses, depending on the dynamics of the industry segment and the technology on which the revenue is based. Some revenue models are used in multiple businesses. Our distribution business primarily uses the transaction revenue model. Our solutions business primarily employs two revenue models: SaaS and consulting. Travelocity primarily employs two revenue models: the merchant model, which we refer to as our "Net Rate Program," under which we recognize a majority of our hotel revenues, and the agency model, under which we recognize most of our airline, car and cruise revenues and a small portion of hotel revenues. Both our distribution business and Travelocity derive some of their revenues from the media model, earning advertising revenues from travel suppliers and other entities that advertise their products to travelers and travel agencies using our networks. 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 our distribution business' revenues. We define a transaction as any travel reservation that generates a fee directly to our distribution business. Transaction fees include, but are not limited to, the following:

- transaction fees paid by travel suppliers for selling their inventory through the Sabre GDS;
- transaction fees paid by travel agency subscribers related to their use of the Sabre GDS; and
- transaction fees paid by travel agencies and corporations related to GetThere, our online booking tool.

Pursuant to this model, a transaction occurs when a travel agency or corporate travel department books, or reserves, a travel supplier's product on the Sabre GDS. We receive revenue from either a travel supplier or a travel agency, depending upon the commercial arrangement represented in each of their contracts.

Transaction revenue for airline travel reservations is recognized at the time of the booking of the reservation, net of estimated future cancellations based on historical data. In estimating the amount of future cancellations that will require us to refund a booking fee, we assume that a certain percentage of cancellations are followed immediately by a new reservation, without loss of revenue. At December 31, 2011 and 2010, we recorded transaction fee cancellation reserves of approximately $7 million and $6 million, respectively. Transaction revenue for car rental, hotel bookings and other travel providers is recognized at the time the reservation is used by the customer.

Merchant Revenue Model—Pursuant to this model, which we refer to as our "Net Rate Program," we are the merchant of record for credit card processing for travel accommodations. We primarily use this model for revenue from hotel reservations and dynamically packaged combinations. We are the merchant of record for these transactions, but we do not purchase and resell travel accommodations and do not have any obligations with respect to travel accommodations offered 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 content 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. Under this revenue model, we require pre-payment by the traveler at the time of booking.

Through our websites, travelers have the flexibility to assemble multi-component dynamic packages in a single transaction at a lower price when compared to booking each travel component separately. Generally, the packaging model includes a net rate hotel component and an air or car component. Travelers select packages based on the total package price without knowing the pricing of any individual travel component. Thus, we can make certain travel components available at prices lower than those charged on an individual component basis directly by travel suppliers, as these offerings do not impact the travel supplier's established pricing models and brand positioning. This pricing model is referred to as an opaque offering. Our opaque hotel offerings operate under the same model, where customers select the hotels based on pricing, with no knowledge of the hotel brand or exact location prior to paying for the reservation.

Travelocity recognizes net rate revenue for stand-alone air travel at the time the travel is booked with a reserve for estimated future canceled bookings. Vacation packages, car rentals and hotel net rate revenues are recognized at the date of consumption.

For our Travelocity net rate and dynamically packaged combinations, we record net rate revenues based on the total amount paid by the customer for products and services, minus 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 those circumstances, Travelocity may not be billed the full amount of the accrued supplier liability. We reduce the accrued supplier liability for amounts aged more than six months and record it as revenue if certain considerations 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.

Software-as-a-Service Revenue Model—Software-as-a-service is the primary revenue model employed by our solutions business. In this revenue model, we host software solutions on our own secure platforms, and we maintain the software as well as the infrastructure it employs. Our customers, which include airlines, airports and hotel companies, pay us an implementation fee and a periodic usage fee for the use of the software pursuant to contracts with terms that typically range between three and five years. This usage-based revenue model allows our customers to pay for software 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's purpose. We recognize this revenue in the period earned, which typically fluctuates based on a real-time metric, such as the actual number of passengers boarded or the actual number of hotel bookings made in a given month.

Our software-as-a-service offerings can be sold as part of agreements which also require us to provide consulting services. Our consulting revenues are generated primarily from services that help customers achieve better utilization of and return on their software investment. We often provide consulting services as we implement our software-as-a-service solutions. In such cases, we account for consulting services separately from the implementation and software-as-a-service solutions, with value assigned to each element based on its relative selling price. A market analysis is performed on an annual basis to determine the range of selling prices for each product and service. Estimated selling prices are set for each product and service delivered to customers. The revenue for consulting services is generally recognized over the period the services are performed.

Agency Revenue Model—This model is used by our Travelocity business only and generates revenues via transaction fees and 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.

Pursuant to the agency revenue model, Travelocity recognizes 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, non-commissionable bookings and uncollectable commissions. At each of December 31, 2011 and 2010, our reserve was approximately $3 million.

Travelocity also generates revenues from fees for offline bookings for air and packages, which are generally booked through call center agents. These fees, net of tax recovery charges collected, are recognized as revenue at the time the related travel is booked or when the travel is canceled or changed.

Travelocity also charges service fees to its customers for certain types of transactions booked through its consumer-facing websites, including processing service fees on Travelocity.com hotel bookings, as well as miscellaneous service fees including cancellation fees, credit card fees, change fees and delivery fees. These fees, net of tax recovery charges collected, are recognized as revenue at the time the related travel is booked or when the travel is canceled or changed.

Travelocity also generates insurance revenue from third party insurance providers whose air, total trip and cruise insurance we make available on our websites. Insurance revenue is recognized at the time the travel is booked.

Media Revenue Model—The media revenue model is used to record advertising revenue from travel suppliers and other entities that advertise their products to travelers on Travelocity's sites and to a lesser extent, on the Sabre GDS. Advertisers use two types of advertising metrics: display advertising and 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, or CPM. In action advertising, advertisers usually pay based on the number of customers who perform a specific action, such as click on the advertisement, or other meaningful variable, and are charged based on the cost per action, or CPA. Advertising revenues are recognized in the period that the advertising impressions are delivered or the click-through or other specific action occurs.

Factors Affecting Our Results of Operations

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 are having on our results of operations. This information should be read in conjunction with the factors referred to under the captions "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" included elsewhere in this offering circular.

Continued focus on travel supplier cost-cutting

Airlines continue to look for ways to decrease their vendor costs and to increase their control over distribution, with significant effects on our GDS business and Travelocity.

With respect to our GDS business, the revenue our distribution business earns in the form of transaction fees may be negatively impacted as certain supply agreements renew and as airlines renegotiate their agreements over the next several quarters. See "Business—Our Businesses—Distribution Business—Customers—Airlines." In addition, in recent years airlines have been consolidating through mergers and the formation of global alliances. See "—Airline consolidation in the U.S. has impacted capacity and prices." This trend has allowed airlines to apply pricing pressure and negotiate travel distribution arrangements that are less favorable to GDS providers. Additionally, airlines have sought to reduce their external costs through direct distribution of their products, though we believe that the growth of direct distribution may decrease. See "—Slowing growth of direct distribution." We are also currently involved in antitrust litigation with two airlines regarding our GDS products. See "Business—Legal Proceedings—Antitrust Litigation and Investigation."

Airlines have also increasingly sought to reduce the cost of distributing airline tickets through online travel agencies such as Travelocity, including by reducing or in some cases eliminating the incentives they pay. Some airlines have also limited the ways in which fare information is distributed, including on meta-search websites such as Kayak and Google Flights. Airlines' decisions on distribution are driven by several factors including, among others, branding philosophy and the financial impact of utilizing third party distribution. These pressures have had a significant adverse impact on the revenue that Travelocity earns from air travel and other ancillary travel products.

The focus of travel suppliers on cost-cutting has had a positive effect on our airlines solutions business. As competitive pressures drive travel suppliers to seek additional ways to reduce their costs, these suppliers increasingly rely on external providers for IT solutions so that they can focus on their core businesses. As their legacy systems become obsolete and require additional investment for replacement or upgrade, acquiring third party IT solutions, such as the products offered by our solutions business, has become a more attractive option for travel suppliers.

Increasing importance of hybrid and low cost carriers in our distribution and airline solutions businesses

Hybrid and low cost carriers, such as Southwest Airlines, JetBlue, Airtran, WestJet, Frontier Airlines and Virgin America have become a significant segment of the air travel market over the past ten years, stimulating demand for air travel through low fares. Low cost carriers have traditionally relied on direct online distribution for the majority of their bookings; however, as these low cost carriers evolve, several are shifting to a hybrid model that mirrors some of the attributes of full service carriers, including distribution through indirect channels. As a result, we expect low cost carriers to increase their use of indirect distribution through GDS platforms as they expand their offering into higher-yield markets and to higher-yield customers, such as business and international travelers.

The majority of passenger volume for which SabreSonic CSS, our airlines solutions business' reservation systems offerings, receives hosting fee revenue comes from hybrid and low cost carriers, which are generally growing faster than network airlines. Our airlines solutions business customers experienced growth in passengers boarded in 2011 of 12.2% while IATA estimates total airline growth, as measured by passengers boarded, was 5.9%. We expect our airlines solutions business revenues to continue to be impacted by the higher growth in these types of airlines. Additionally, our continued expansion into these faster growing segments increases our collectability risk for our accounts receivable. See "—Critical Accounting Policies—Accounts Receivable."

Labor costs are increasing rapidly in our locations outside the United States

We employ a significant number of programmers and software developers in countries with lower labor costs than the United States. In recent years many of these countries, including Argentina, Poland and India, have experienced high wage inflation which has increased our overall labor costs. We expect this trend to continue in the near term, which could have an impact on our labor expenses and cash flows.

Slowing growth of direct distribution

Many airlines, particularly full service carriers, have historically heavily utilized GDSs for the indirect distribution of their content. Beginning in the late 1990s, carriers began marketing direct distribution to consumers, and bookings began shifting from the GDS to direct distribution. Since 2009, the rate at which bookings are shifting from the indirect channel to direct channel has slowed for a number of reasons, including the recent rebound in corporate travel and the increased participation of low cost carriers in the indirect channel. As corporate travel growth has eclipsed leisure travel growth over the last several years, the overall shift to direct distribution has been reduced because corporate travel is predominantly booked through indirect channels, particularly GDSs such as the Sabre GDS.

Reduction of our travel agency incentive fees

Our distribution business pays incentive fees to travel agencies for bookings made through the Sabre GDS. Because of competition, incentive fees are a large portion of Sabre GDS expenses and are increasing as a percentage of our distribution business' revenue. We are increasingly focused on managing the incentive fees we pay, especially as cost-cutting pressure from airlines remains significant. We believe we have been effective in mitigating the trend towards increasing per unit incentive fees by offering value-added products and content, such as Sabre Red, which is an improved workspace for travel agents offering a number of new and improved options and capabilities. Moreover, by targeting a broad range of travel agencies, we have sought to develop a stronger presence within small- and mid-sized travel agency segments, where incentive fees tend to be lower.

The fragmented hotel market needs continued technology improvements

A significant proportion of hotels worldwide, especially those in developing markets, remain under independent ownership. Our hospitality solutions business is in a position to provide technology solutions to all segments of the market, including independent hotels. Our hospitality solutions business works directly with global chains to provide GDS connectivity and works with smaller chains and independent hotels to provide central reservations systems, or CRSs, booking engines, website and marketing services. Currently, only a portion of independent hotels worldwide participate in the Sabre GDS. However, as these markets continue to grow and as Sabre continues to provide affordable, web-based distribution technology, independent hotel owners and operators will likely continue to seek increased connectivity to ensure access to global travelers. We anticipate that this will contribute to the continued growth of our hospitality solutions business. This revenue growth is dependent upon these hoteliers accepting and utilizing our hospitality solutions business' products and services.

Airline consolidation in the U.S. has impacted capacity and prices

The airline sector has historically experienced significant volatility. Recent years have seen significant air carrier consolidation in the U.S., generally resulting in lower overall capacity and higher fares. In addition to increased pricing pressure by airlines with respect to fees paid to GDSs and OTAs as described above, consolidation has led to significant efforts by air carriers to keep seat capacity relatively low in order to ensure that demand for seats remains high and flights as full as possible. Reduced seating capacity is generally negative for Travelocity and other OTAs as there is less air travel supply available on our websites, and in turn less opportunity to facilitate hotel rooms, car rental and other services on behalf of air travelers. This could also result in reduced sales of advertising and media revenue due to reduced volumes and visits to our websites. Ticket prices on Travelocity sites grew 8.1% and 12.5% in 2011 and 2010, respectively. In part as a result of sharply rising average ticket prices, our ticket volumes decreased by 5.0% in 2011 after having grown by 1.0% in 2010.

Reduction of insurance sales fees

On January 24, 2012, the U.S. Department of Transportation (DOT) implemented new regulations which 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 our web site 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. We believe that the implementation of this regulation will result in significantly fewer customers electing to purchase such services and that this will have a material impact on our revenues. For the year ended December 31, 2012, we anticipate an approximate $12 to $15 million, or 45% to 50%, decrease in revenue from insurance sales.

Travelocity's results have been adversely impacted by competitive and performance factors

Travelocity's results have been adversely impacted by several factors in recent years, including margin pressure from suppliers, reduced bookings on our websites and increased costs of customer acquisition, especially through pay-per-click, or CPC, channels. For the three years ended December 31, 2011, Travelocity has experienced a 6.6% 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. See "Business—Our Businesses—Travelocity Global—Competitors." The increased level of competition has led to declines in rates on new long-term supplier agreements signed with several large North American airlines in 2011 as well as lower transaction volumes. We expect our 2012 and 2013 transaction revenues to be impacted by the loss of a large TPN customer late in the third quarter of 2012 due to a contract ending without renewal. For 2012, we expect this loss to be substantially offset by new TPN customers added during 2011 and ramping up in 2012. Our TPN revenue for the year ended December 31, 2013 could decline as compared to prior periods if we are unable to add new customers or volumes to overcome this loss.

Lower transaction volumes on our websites have also impacted our media revenue. Additionally, in order to remain competitive, in 2009 we eliminated or significantly reduced service fees charged to our customers. We currently do not expect any further reductions to our service fees.

Intense competition in the travel industry has historically led OTAs and travel suppliers to spend aggressively on online marketing. The amount we have spent on online marketing declined in 2011 and has been less effective at driving transaction revenue than it was in 2010. In response, we have modified our customer acquisition strategy, focusing more on acquiring visitors who have a greater propensity to book a transaction. If our online marketing strategy is not successful, it could lead to continued declines in transaction revenue. Another area of intense competition is for search engine key words, as economic conditions improve and certain OTAs and travel suppliers increase their marketing spend in paid search channels. In addition, as meta-search engines enter the online travel market, competition will intensify and could increase traffic acquisition costs. For example, Google recently launched Google Flights, which directs consumers to the websites of suppliers for potential booking of travel, rather than to OTAs' sites.

Travelocity has established plans to improve its earnings while remaining competitive with other OTAs. Our plans include efforts to:

- improve conversion through better site performance and user experience;
- improve yield by shifting product mix and optimizing media revenues;
- improve cost structure by reducing operational complexity;
- improve marketing efficiency by optimizing traffic mix; and
- continue to build strong relationships with existing and new travel suppliers.

We cannot be certain that these plans will be successful. These plans are highly subjective and their success will require further investment in our products, resources and advertising spend to succeed.

Foreign Currency Exposure for International Businesses

Another impact of the growing importance of our international operations is our increased exposure to foreign currency exchange risk. Because we are conducting a significant and growing portion of our business outside the U.S. and are reporting our results in U.S. dollars, we face exposure to adverse movements in currency exchange rates as the financial results of our international operations are translated from local currency (principally the Euro and the British Pound Sterling) into U.S. dollars upon consolidation.

In general, if the U.S. dollar strengthens against a local currency, the translation of our foreign-currency-denominated balances will result in decreased net assets, revenues, operating expenses and net income. From time to time, we enter into derivative instruments to manage the foreign currency exchange rate risk on operational exposure 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 gross profit. See Note 10 to our consolidated financial statements for additional information on our derivative instruments.

Matters Affecting Comparability

Mergers and Acquisitions

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

2011 Mergers and Acquisitions

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

In the second quarter of 2011, we completed the acquisition of SoftHotel, Inc., or SoftHotel, a provider of web-based property management solutions for the hospitality industry. This acquisition brings our hospitality solutions business closer to a Hotel Enterprise Solution, which is a fully integrated web-based solution that combines distribution, marketing and operations into a single platform for customers.

2010 Mergers and Acquisitions

In the first quarter of 2010, we completed the acquisition of Iceland-based Calidris ehf, or Calidris, which provides airlines with revenue integrity, business intelligence and data capabilities. Calidris has been integrated with our airline solutions business' product offerings.

In the second quarter of 2010, we completed the acquisition of FlightLine Data Services, Inc. ("FlightLine"), a leading provider of vital crew scheduling software and services in North America. This acquisition is part of our long-term growth plan and continual investment in our airline solutions business' portfolio of product offerings.

In the third quarter of 2010, we acquired Flugwerkzeuge Aviation Software GmbH, or f:wz, a leading provider of flight planning products and services in Austria. This acquisition is part of our airline solutions business, and will enhance Sabre's suite of flight planning solutions.

2009 Mergers and Acquisitions

During 2009, we completed no material acquisitions.

Seasonality

The travel industry is seasonal in nature. Travel bookings for our distribution business, and the revenue we derive from those bookings, decrease significantly each year in the fourth quarter, primarily in December. We recognize revenue at the date of booking and, because customers generally book their November and December holiday leisure travel earlier in the year, and business travel declines during the holiday season, revenue is typically lower in the fourth quarter. Travelocity revenues are 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 when compared to the first and fourth quarters due to European travel patterns. Our solutions business does not experience any significant seasonality patterns in revenue.

Components of Revenues and Expenses

Revenues

The Distribution Business

Our distribution business primarily generates revenues from the transaction revenue model, earnings (or losses as the case may be) derived from interests in joint ventures and other investments, certain services we provide our joint ventures and the sale of aggregated bookings data to carriers. See "—Revenue Models."

The Solutions Business

Our solutions business primarily generates revenue from the software-as-a-service revenue model. Our Reservations and Decision Support Software products comprise our software-as-a-service revenue. Over the last several years, our customers have shifted toward the software-as-a-service model as license fee contracts expire. See "—Revenue Models."

Travelocity

Travelocity generates revenue from transaction revenue and non-transaction revenue. Transaction revenue is comprised of stand-alone air and other transaction revenue from both the merchant and agency revenue models. Stand-alone air transaction revenue consists of revenue from the sale of air travel without any other products. Other transaction revenue consists of revenue from suppliers for the reservation of hotels, packages which include multiple travel products, lifestyle products such as theatre tickets and services pursuant to reservations made through our system.

Travelocity also collects 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 generates intersegment transaction revenue from our distribution business, consisting of incentives earned for Travelocity transactions processed through the Sabre GDS and fees paid by our distribution and solutions businesses for corporate trips booked through the Travelocity online booking technology.

Non-transaction revenue consists of advertising revenue from the media revenue model, paper ticket fees and services and change and reissue fees. See "—Revenue Models."

Cost of Revenues

The Distribution Business

Our distribution business cost of revenues consists primarily of:

- Incentive Fees—fees paid to travel agencies for reservations made on the Sabre GDS which have accrued on a monthly basis and are paid per the contractual terms. Our distribution business pays incentives to Travelocity for Travelocity transactions processed through the Sabre GDS.
- Technology Expenses—data processing, data center management, application hosting, applications development and maintenance and related charges resulting from the operation of the Sabre GDS.
- Labor Expenses—salaries and benefits paid to employees supporting the operations of the business.
- Other Expenses—includes services purchased, facilities and corporate overhead.

The Solutions Business

Our solutions business cost of revenues consists primarily of:

- Labor Expenses—salaries and benefits paid to employees for the development and delivery of software and consulting services.
- 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 corporate overhead.

Travelocity

Travelocity cost of revenues consists 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.

- Labor Expenses—salaries and benefits paid to employees supporting the operations of the business.
- Other Expenses—includes services purchased, facilities and corporate overhead.

Selling, General and Administrative Expenses

The Distribution Business

Selling, general and administrative, or SG&A, expenses for our distribution business consist primarily of labor expenses including salaries, benefits and employee-related expenses for staff who sell our services to new customers and other staff functions required to support the business.

The Solutions Business

SG&A expenses for our solutions business consist of labor expenses for the sales organization and the staff functions required to support the business.

Travelocity

SG&A expenses for Travelocity consist primarily of advertising and promotion expenses, payments made to our travel agency and distribution partners and labor expenses including salaries, benefits and employee-related expenses for staff functions required to support the business.

Three Years Ended December 31, 2011, 2010 and 2009

Financial Results

The following tables present operating results for the three years ended December 31, 2011, 2010 and 2009.

	Fiscal Year Ended December 31, 2011				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,768,263	$523,439	$ 825,313	$(106,248)	$3,010,767
Cost of revenue	1,055,669	335,680	294,767	(105,166)	1,580,950
Selling, general and administrative	215,413	71,218	513,174	(1,082)	798,723
Depreciation and amortization	149,362	62,650	83,672	—	295,684
Impairment of goodwill and intangible assets	—	—	183,100	—	183,100
Operating income (loss)	$ 347,819	$ 53,891	$(249,400)	$ —	$ 152,310

	Fiscal Year Ended December 31, 2010				
	Distribution	*Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,660,454	$475,346	$ 871,595	$(107,811)	$2,899,584
Cost of revenue	1,008,531	290,233	305,196	(107,222)	1,496,737
Selling, general and administrative	174,841	57,335	528,287	(589)	759,875
Depreciation and amortization	149,168	49,459	81,820	—	280,447
Impairment of goodwill and intangible assets	—	—	401,400	—	401,400
Operating income (loss)	$ 327,914	$ 78,319	$(445,108)	$ —	$ (38,875)

	Fiscal Year Ended December 31, 2009				
	Sabre Travel Network	*Sabre Airline Solutions*	*Travelocity*	*Eliminations*	*Total*
	(Amounts in thousands)				
Revenue	$1,517,041	$415,231	$ 876,132	$(103,347)	$2,705,057
Cost of revenue	934,223	252,002	308,316	(102,820)	1,391,721
Selling, general and administrative	177,189	57,594	552,180	(527)	786,436
Depreciation and amortization	142,135	39,913	97,374	—	279,422
Impairment of goodwill and intangible assets	—	—	211,957	—	211,957
Operating income (loss)	$ 263,494	$ 65,722	$(293,695)	$ —	$ 35,521

The segment revenues, cost of revenues and SG&A expenses are shown including intersegment activity. We have included the elimination of intersegment activity above to agree to the results of operations presented in our consolidated financial statements.

Results of Operations 2009 to 2011

Management's discussion and analysis of revenues, cost of revenues, SG&A, amortization of intangible assets and operating income by business segment are based upon segment results including intersegment revenues and operating expenses of approximately $106 million, $108 million and $103 million for the years ended December 31, 2011, 2010 and 2009, respectively. See "—Components of Revenues and Expenses" above.

[redacted]

Revenues. The CAGR of revenues by segment for the three years ended December 31, 2011 was a growth of 4.2% for our distribution business, 11.7% for our solutions business and a decline of 6.6% for Travelocity. Our business segments have generally benefited from a recovering economy following the recent, protracted global financial crisis and recession, with strengthening demand for travel products and acquisitions. However, our business segments have also been negatively impacted during this period by financial market instability in Europe, continued conflict in the Middle East and weakness in the online booking channel, which have reduced the amount of revenue growth.

Our distribution business has performed well in an industry faced with economic instability, travel security concerns, increasing usage of direct distribution channels and continued pressures from airlines on the GDS booking fee (see "—Factors Affecting Our Results of Operations—Continued focus on travel supplier cost-cutting"). Annual transactions and transaction revenue for our distribution business have remained relatively stable since 2009 with a 2.9% CAGR in annual transactions processed through the Sabre GDS. The CAGR has grown despite the 5% decline in bookings that our distribution business experienced in 2009, however, there was a 3.9% and 2.0% year over year increase in transactions for the years ending December 31, 2010 and 2011, respectively. In addition, revenue derived from our interest in and certain services provided to our joint ventures has had a 22.7% CAGR. This was primarily driven by increases of $15 million in joint venture equity, $5 million in development revenue and $3 million in transactions.

Our solutions business revenue exhibited an 11.7% CAGR for the three years ended December 31, 2011. Although our solutions business and its customers were negatively affected by the macroeconomic factors noted above, we were able to grow revenues in each of the past three years. This increase in revenues is the result of increased sales of our Reservations and Decision Support software products, which offer our customers cost savings, revenue growth opportunities and more efficient operations. Additionally, we have experienced revenue growth through the acquisition of various entities which have increased our product offerings.

For the three years ended December 31, 2011, Travelocity has experienced a 6.6% compound annual revenue decline due to macroeconomic uncertainty and intense competition within the travel industry, including from offline agencies, online agencies, and other suppliers of travel products and services. The increased level of competition has led to declines in rates on new long-term supplier agreements and lower transaction volumes.

Expenses. Our primary operating expenses consist of salaries, benefits, other employee-related costs, data processing costs, communication costs, advertising and subscriber incentives, and of depreciation and amortization. These expenses represented approximately 77.9%, 72.8% and 74.5% of total operating expenses (not including impairment expense), and approximately 74.2%, 74.2% and 74.3% of revenue in the years ended December 31, 2011, 2010 and 2009, respectively. The stability of expenses as a percentage of revenue was a result of cost reduction initiatives across our organization.

Operating expenses of our distribution business have increased as a result of higher transaction volumes and higher subscriber incentive rates paid to customers. In addition, we incurred higher labor expenses related to minor enhancements to our systems. Other increases in expenses have resulted from legal and consulting fees associated with ongoing antitrust litigation and investigations, which are expected to remain at elevated levels until these matters are resolved. For the year ended December 31, 2011, these fees and expenses amounted to $22 million. See "Business—Legal Proceedings."

Operating expenses of our solutions business have generally grown at a rate commensurate with the growth in revenues during the 2009 to 2011 period. In 2011 we incurred additional expenses as a result of increasing headcount to prepare for significant new customer implementations in 2013.

[redacted]

Travelocity cost of revenues and SG&A expenses have decreased as a result of various initiatives to align costs with revenues. These include restructuring and renegotiation of key vendor contracts, as well as initiatives to consolidate sales and customer care operations in Europe. See "—Factors Affecting Our Results of Operations—Travelocity's results have been adversely impacted by competitive and performance factors."

Impairment charges of $183 million, $401 million and $212 million in the years ended December 31, 2011, 2010 and 2009, respectively, represented approximately 6.4%, 13.6% and 7.9% of total operating expenses in the respective years. In each year, the impairment was related to our Travelocity business, primarily in North America. Travelocity has been impacted by pressure from competitive pricing, reduced bookings and elimination of or changes to service fee revenues on air tickets and hotel stays. This has been compounded by a still-weak economic environment. We record an impairment charge with respect to goodwill when, following our review in accordance with our accounting policies, the sum of the carrying value of the assets and liabilities of a reporting unit exceeds the estimated fair value of that reporting unit. In this case, the carrying value of the reporting unit's goodwill is reduced to its implied fair value through an adjustment to the goodwill balance. Goodwill was assigned to our reporting units based on each reporting unit's percentage of enterprise value as of the date of the acquisition of Sabre Holdings by TPG and Silver Lake in March 2007, plus goodwill associated with acquisitions since that time. See Note 2 to our consolidated financial statements.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Consolidated Discussion

	Fiscal Year Ended December 31,			
	2011	2010	change	% change
	(Amounts in thousands)			
Revenue	$3,010,767	$2,899,584	$ 111,183	3.8%
Cost of revenue	1,580,950	1,496,737	84,213	5.6%
Selling, general and administrative	798,723	759,875	38,848	5.1%
Impairment of goodwill and intangible assets	183,100	401,400	(218,300)	-54.4%
Depreciation and amortization	295,684	280,447	15,237	5.4%
Operating income (loss)	152,310	(38,875)	191,185	491.8%
Interest expense, net	(180,705)	(204,163)	23,458	11.5%
Other, net	(822)	(2,560)	1,738	67.9%
Loss from continuing operations before income taxes	(29,217)	(245,598)	216,381	88.1%
Income tax benefit	57,112	63,162	(6,050)	-9.6%
Net loss from continuing operations	$ (86,329)	$ (308,760)	$ 222,431	72.0%

Revenue

Our consolidated revenue for the year ended December 31, 2011 increased $111 million, or 3.8%, compared to the year ended December 31, 2010. The increase was driven in part by a $108 million increase in our distribution business' revenue resulting from an $88 million increase in transaction revenue, primarily due to higher volumes and rates, as well as a $21 million increase in other revenue derived from our interests in and certain services provided to our joint ventures. Additionally, our solutions business' revenues increased by $48 million, primarily driven by increased SaaS revenue of $31 million and $11 million of additional revenue from growth generated through acquisitions during 2010. These increases were partially offset by a $46 million decrease in Travelocity revenue, primarily driven by a $31 million decline in transaction revenue due to increased competitive pressure and a decline in rates from new agreements signed with airlines in 2011, as well as a $15 million decrease in total non-transaction revenues as a result of a reduction in media revenue.

Cost of Revenue

Our consolidated cost of revenue for the year ended December 31, 2011 increased $84 million, or 5.6%, compared to the year ended December 31, 2010. The increase in cost of revenue was driven in part by a $47 million, or 4.7%, increase in cost of revenue at our distribution business, primarily due to increases of $32 million in incentive fees and $16 million in labor costs for minor enhancements to our systems. Our solutions business' cost of revenue increased $45 million, or 15.7%, driven primarily by a $33 million increase in labor costs and a $9 million increase in technology-related expenses due to growth in the business. These increases was partially offset by a $10 million, or 3.4%, decrease in Travelocity cost of revenue resulting primarily from lower infrastructure maintenance costs and off-shoring headcount to low-cost global centers including Bangalore, Buenos Aires, and Krakow.

Selling, General and Administrative Expenses

Our consolidated SG&A expenses for the year ended December 31, 2011 increased $39 million, or 5.1%, compared to the year ended December 31, 2010. This increase was primarily driven by a $41 million, or 23.2%, increase in SG&A expenses of our distribution business primarily attributable to legal and consulting fees in relation to the dispute with American Airlines and US Airways as well as a $4 million increase in labor expenses due to an increase in salaries and benefits at our distribution business, and a $14 million, or 24.2%, increase in SG&A expenses of our solutions business driven by increased labor expenses to support the growth of the business. The increase was partially offset by a $15 million, or 2.9%, decrease in Travelocity expenses, primarily driven by a decrease in marketing expenses, achieved through strategy changes as well as a reduction in restructuring costs and other expenses.

Depreciation and Amortization Expenses

Our consolidated depreciation and amortization expenses for the year ended December 31, 2011 increased $15 million, or 5.4%, compared to the year ended December 31, 2010, primarily driven by our solutions business' completion and amortization of various internal product development projects, new customer implementation projects and the scheduled amortization of intangible assets related to recent acquisitions, which together accounted for $13 million of the increase. The remaining $2 million increase resulted from Travelocity's completion and amortization of internally developed software related to enhanced functionality on the hotel and packaging shopping path and new customer implementation projects.

Impairment of Goodwill and Intangible Assets

During 2011 and 2010, Travelocity was impacted by a continuing decline in margins due to pressure from competitive pricing, reduced bookings and the resulting impact on our current projections of the discounted future cash flows, as well as a still weak economic environment. These factors led to impairment charges of $173 million and $401 million for Travelocity North America for the year ended December 31, 2011 and 2010, respectively, and a $10 million impairment charge for Travelocity Europe for the year ended December 31, 2011.

Interest Expense, Net

Our consolidated interest expense, net, for the year ended December 31, 2011 decreased $23 million, or 11.5%, compared to the year ended December 31, 2010. The lower expenses were driven by a $3 million decrease resulting from lower interest rates on our term loan, a $10 million decrease resulting from the extinguishment of our remaining 2011 Notes, and a $10 million decrease resulting primarily from the expiration of $600 million of our interest rate swaps, which converted floating-rate debt to a fixed rate basis. A swap with a notional value of $350 million expired in April 2010 and two swaps with a total notional value of $250 million expired in April 2011. Before the swaps expired, the fixed rate associated with the swaps was higher than the floating rate resulting in higher interest expense. As a result of the expiration of the swaps, the total interest expense associated with these swaps was lower for the year ended December 31, 2011 as compared to the same period in 2010.

Other, Net

Our consolidated other, net for the year ended December 31, 2011 increased $2 million, or 67.9%, compared to the year ended December 31, 2010. The increase was driven primarily by foreign currency exchange gains of $4 million in 2011, compared to foreign currency exchange gains of $0.4 million in 2010, offset by a $2 million impairment of a loan to a joint venture during 2011.

Income Taxes

Our consolidated income tax expense for the year ended December 31, 2011 decreased $6 million, or 9.6%, compared to the year ended December 31, 2010. The decrease was driven primarily by the effect of recording nonrecurring unrecognized tax benefits in 2010, offset by a slight increase in earnings before income taxes before taking into account nondeductible tax goodwill impairments.

The effective tax rates were -195.5% and -25.7% for the years ended December 31, 2011 and 2010, respectively. Excluding the impact of the impairment of goodwill that is not deductible for U.S. federal income tax purposes, our effective tax rates would have been 39.7% and 50.6% for the years ended December 31, 2011 and 2010, respectively. In addition, the effective tax rate differed from the statutory federal tax rate in 2010 primarily due to the impact of operations in jurisdictions not subject to U.S. taxes, as well as unrecognized tax benefits relating to prior years which are non-recurring in nature.

Segment Discussions

The Distribution Business

	Fiscal Year Ended December 31,			
	2011	2010	change	% change
	(Amounts in thousands)			
Revenue	$1,768,263	$1,660,454	$107,809	6.5%
Cost of revenue	1,055,669	1,008,531	47,138	4.7%
Selling, general and administrative	215,413	174,841	40,572	23.2%
Depreciation & amortization	149,362	149,168	194	0.1%
Operating income	$ 347,819	$ 327,914	$ 19,905	6.1%

Revenue

Our distribution business' revenue for the year ended December 31, 2011 increased $108 million, or 6.5%, compared to the year ended December 31, 2010. The increase was driven primarily by an $88 million increase in transaction revenue due to higher transaction volumes and rates, and a $21 million increase in other revenue derived from our interests in, and certain services provided to, our joint ventures. There were 394 million transactions in the year ended December 31, 2011, an increase of 2.0% compared to 386 million transactions in the year ended December 31, 2010, attributable primarily to an increase of 7.6 million transactions in international markets and partially offset by market weakness in the online travel agency segment. We expect one of our distribution business' online travel agency customers to migrate a minority of their GDS bookings to a third party beginning after the first quarter of 2012. We do not believe that this will have a material impact on the revenue and the earnings of our distribution business.

Cost of Revenue

Our distribution business' cost of revenue for the year ended December 31, 2011 increased $47 million, or 4.7%, compared to the year ended December 31, 2010. The increase was driven by a $32 million increase in incentive fees paid to travel agencies as a result of increased transaction volume and higher average incentive rates, and by $16 million increase in labor expense for minor enhancements to our systems.

Selling, General and Administrative Expenses

SG&A expenses of our distribution business for the year ended December 31, 2011 increased $41 million, or 23.2%, compared to the year ended December 31, 2010. The increase was driven primarily by $29 million of expenses related to legal fees and consulting associated with ongoing dispute with American Airlines and US Airways, and a $4 million increase in labor expense.

Depreciation and Amortization Expenses

Depreciation and amortization expenses of our distribution business for the year ended December 31, 2011 were flat compared to the year ended December 31, 2010, remaining constant at $149 million.

The Solutions Business

	Fiscal Year Ended December 31,			
	2011	2010	change	% change
	(Amounts in thousands)			
Revenue	$523,439	$475,346	$ 48,093	10.1%
Cost of revenue	335,680	290,233	45,447	15.7%
Selling, general and administrative	71,218	57,335	13,883	24.2%
Depreciation & amortization	62,650	49,459	13,191	26.7%
Operating income	$ 53,891	$ 78,319	$(24,428)	-31.2%

Revenue

Our solutions business' revenue for the year ended December 31, 2011 increased $48 million, or 10.1%, compared to the year ended December 31, 2010. The increase was driven primarily by software-as-a-service revenue, which increased $31 million, primarily driven by new customer sales and organic growth from existing customers. An additional $11 million of revenue growth was generated from the 2010 acquisitions of FlightLine, Calidris and f:wz, and the 2011 acquisition of SoftHotel.

Cost of Revenue

Our solutions business' cost of revenue for the year ended December 31, 2011 increased $45 million, or 15.7%, compared to the year ended December 31, 2010. The increase was primarily driven by increased labor costs of $33 million attributable primarily to increased headcount to support 2011 customer implementations, pending 2012 implementations, increased customer support, and labor costs for enhancements to our SAAS systems. Labor expense also increased by $5 million due to the 2010 and 2011 acquisitions noted above.

In 2011, technology related expenses of our solutions business were $9 million higher as compared to 2010, primarily as a result of increased data processing transaction volumes of $4 million, and increased infrastructure expense of $5 million. The increase in technology expenses was driven by growth of existing customers and to support new customer implementations. In addition, other operating expenses increased $3 million because of higher hospitality transaction volumes.

Selling, General and Administrative Expenses

SG&A expenses of our solutions business for the year ended December 31, 2011 increased $14 million, or 24.2%, compared to the year ended December 31, 2010. The increase was primarily driven by increased labor costs of $7 million as a result of growth in the sales and account management organization, and $6 million in general and administration functions to support growth in the business. Labor costs associated with acquisitions made in 2010 accounted for a $1 million increase. Other operating expenses increased $6 million driven by higher bad debt expense of $3 million, service compensation expense of $2 million, and services purchased of $1 million.

Depreciation and Amortization Expenses

Depreciation and amortization expenses of our solutions business for the year ended December 31, 2011 increased $13 million, or 26.7%, compared to the year ended December 31, 2010. The increase was driven by the completion and amortization of various internal product development projects, new customer implementation projects, and the scheduled amortization of intangible assets related to recent acquisitions.

Travelocity

	Fiscal Year Ended December 31,			
	2011	2010	change	% change
	(Amounts in thousands)			
Revenue	$ 825,313	$ 871,595	$ (46,282)	-5.3%
Cost of revenue	294,767	305,196	(10,429)	-3.4%
Selling, general and administrative	513,174	528,287	(15,113)	-2.9%
Impairment of goodwill and intangible assets	183,100	401,400	(218,300)	-54.4%
Depreciation & amortization	83,672	81,820	1,852	2.3%
Operating income	$(249,400)	$(445,108)	$ 195,708	44.0%

Revenue

Travelocity's revenue for the year ended December 31, 2011 decreased $46 million, or 5.3%, compared to the year ended December 31, 2010 primarily because of a $31 million decline in transaction revenue driven by a decline in rates in new long-term supplier agreements signed with several large North American airlines in 2011, and a 5% decrease in volumes due to weaker performance in the consumer market and political unrest in Northern Africa. The performance in the consumer market resulted from reduced effectiveness of marketing expenditures and a reduction in booking conversions year over year. Additionally, total non-transaction revenues decreased $15 million as a result of a reduction in media revenue resulting from fewer visitors to the site due to a change in marketing strategy whereby the objective was shifted away from driving total traffic to the site and instead focused on efforts to attract visitors who have a higher propensity to book a transaction.

In North America, our revenue in the year ended December 31, 2011 included $30 million of fees relating to the sale of trip insurance. As a result of a change to our trip insurance sales model (based on regulatory changes) implemented in January 2012, which requires customers to opt-in to trip insurance products that were previously already included in the sale, we anticipate revenue from fees relating to the sale of trip insurance to decrease between 45% to 50% in the year ended December 31, 2012. See "—Factors Affecting Our Results of Operations—Reduction of insurance sales fee." We expect our 2012 and 2013 transaction revenues to be impacted by the loss of a large TPN customer late in the third quarter of 2012 due to a contract ending without renewal. For 2012, we expect this loss to be substantially offset by new TPN customers added during 2011 and ramping up in 2012. Our TPN revenue for the year ended December 31, 2013 could decline as compared to prior periods if we are unable to add new customers or volumes to overcome this loss.

Cost of Revenue

Travelocity's cost of revenue for the year ended December 31, 2011 decreased $10 million, or 3.4%, compared to the year ended December 31, 2010. The decrease was driven primarily by $13 million of lower infrastructure maintenance costs and offshoring headcount to low-cost global centers, partially offset by a $2 million increase in other expenses, including services purchased, cost of facilities and a $1 million increase in labor costs associated with customer service and care in North America.

Selling, General and Administrative Expenses

Travelocity's SG&A expenses for the year ended December 31, 2011 decreased $15 million, or 2.9%, compared to the year ended December 31, 2010, driven primarily by a $16 million decrease in marketing expenses achieved through changes in our customer acquisition strategy, focusing less on total traffic and more on acquiring visitors who have a greater propensity to book a transaction, as well as a $3 million decrease in bad debt expense due to more focused collection efforts. One-time costs decreased $5 million driven by a reduction in project related expenses in Europe and fraud expense also decreased $1 million. These decreases were offset by a $10 million increase in customer incentives due to growth in the Travelocity Partner Network, or TPN, through the addition of new partners and organic growth within existing accounts.

Depreciation and Amortization Expenses

Travelocity's depreciation and amortization expenses for the year ended December 31, 2011 increased $2 million, or 2.3%, compared to year ended December 31, 2010, primarily driven by the completion and amortization of internally developed software related to enhanced functionality on the hotel and packaging shopping path, as well as new customer implementation projects.

Impairment of Goodwill and Intangible Assets

During 2011 and 2010, Travelocity was impacted by continued weakness in the economic environment and a decline in margins due to pressure in the industry driven by competitive pricing, reduced bookings and the resulting impact on our current projections of the discounted future cash flows. These factors led to impairment charges of $173 million and $401 million for Travelocity North America for the years ended December 31, 2011 and 2010, respectively, and a $10 million impairment charge for Travelocity Europe for the year ended December 31, 2011.

Year ended December 31, 2010 Compared to the Year Ended December 31, 2009

Consolidated Discussion

	Fiscal Year Ended December 31, 2010	2009	change	% change
	(Amounts in thousands)			
Revenue	$2,899,584	$2,705,057	$ 194,527	7.2%
Cost of revenue	1,496,737	1,391,721	105,016	7.5%
Selling, general and administrative	759,875	786,436	(26,561)	-3.4%
Impairment of goodwill and intangible assets	401,400	211,957	189,443	89.4%
Depreciation and amortization	280,447	279,422	1,025	0.4%
Operating (loss) income	(38,875)	35,521	(74,396)	-209.4%
Interest expense, net	(204,163)	(234,719)	30,556	13.0%
Gain on Retirement of Debt	—	31,565	(31,565)	-100.0%
Other, net	(2,560)	9,680	(12,240)	-126.4%
Loss from continuing operations before income taxes	(245,598)	(157,953)	(87,645)	-55.5%
Income tax benefit (provision)	63,162	(13,543)	76,705	566.4%
Net loss from continuing operations	$ (308,760)	$ (144,410)	$(164,350)	-113.8%

Revenue

Our consolidated revenue for the year ended December 31, 2010 increased $195 million, or 7.2%, compared to the year ended December 31, 2009. The increase was driven primarily by a $150 million increase in transaction revenues within our distribution business as a result of higher transaction volumes from new and existing customers, and a $5 million increase in revenue for our solutions business resulting primarily from the acquisitions of Flightline, Calidris and f:wz. These increases were partially offset by a $5 million decrease in Travelocity revenue as a result of the net impact of a $24 million decrease in transaction revenue, primarily driven by a reduction in services fees and booking weaknesses, offset by a $19 million increase in non-transaction revenue primarily resulting from an increase in media revenue.

Cost of Revenue

Our consolidated cost of revenue for the year ended December 31, 2010 increased $105 million, or 7.5%, compared to the year ended December 31, 2009. The increase was driven primarily by an $89 million increase in our distribution business incentive fees and fees paid to travel agencies due to higher transaction volume and a $33 million increase in our solutions business' labor expenses resulting from acquisitions during 2010 and headcount growth to support the business. The increase was partially offset by a $11 million decrease in our distribution business cost of revenue due to gains from the settlement of derivative contracts which were put into place to hedge our foreign currency operating expenses, including incentive fees, labor costs and other operational costs paid in a foreign currency, a $10 million decrease in technology expenses of our distribution business, and a $3 million decrease in Travelocity cost of revenue, primarily driven by a decrease in customer service and labor costs.

Selling, General and Administrative Expenses

Our consolidated SG&A expenses for the year ended December 31, 2010 decreased $27 million, or 3.4%, compared to the year ended December 31, 2009. This decrease resulted primarily from a $24 million decrease in Travelocity's SG&A, driven by a $41 million decrease due to a VAT receivable

[redacted]

provision recorded in 2009 and a $4 million decrease in facilities cost, offset by increases of $17 million in marketing and promotional expenses and $4 million in restructuring costs. Additionally, there was a $2 million decrease in our distribution business related to a $6 million decrease in bad debt expenses, partially offset by a $4 million increase in labor expense in staff and marketing groups.

Depreciation and Amortization Expenses

Our consolidated depreciation and amortization expenses for the year ended December 31, 2010 increased $1 million, or 0.4%, compared to the year ended December 31, 2009, primarily due to higher amortization for internally developed software of $17 million, of which $5 million is driven by depreciation of capitalized labor related to customer contract implementations and $2 million from internal product development across our portfolio. The increase was offset by a decrease of $16 million in Travelocity, primarily driven by $20 million of lower amortization as a result of certain of our intangibles becoming fully amortized in 2009, partially offset by an increase in the amortization of internally developed software in 2010.

Impairment of Goodwill and Intangible Assets

During 2010, Travelocity was impacted by the slow recovery in the macroeconomic environment. We also saw a decline in margins due to pressure in the industry driven by competitive pricing, reduced bookings and the resulting impact on our current projections of the discounted future cash flows. These factors led to an impairment charge of $401 million for Travelocity North America for the year ended December 31, 2010.

During 2009, due to the elimination of the service fees charged on air tickets and the reduction of service fees charged on hotel stays, as well as adverse economic conditions resulting from the global financial crisis and the resulting impact on our projections for discounted future cash flows, we identified and recorded an impairment charge to goodwill in continuing operations related to our Travelocity North America reporting unit of $212 million.

Interest Expense, Net

Our consolidated interest expense, net, for the year ended December 31, 2010 decreased $31 million, or 13.0%, compared to the year ended December 31, 2009. The change was driven primarily by a $19 million decrease resulting from lower interest rates on our term loan, a $5 million decrease resulting from lower draws on our revolving credit facility, and a $6 million decrease resulting primarily from the expiration of an interest rate swap with a notional value of $350 million in April 2010. Our interest rate swap agreements convert floating-rate debt to a fixed rate basis. Before the $350 million swap expired, the fixed rate associated with the swap was higher than the floating rate resulting in interest expense. As a result of the expiration of this swap, the total interest expense associated with the swap was lower for the year ended December 31, 2010 as compared to the same period in 2009.

Gain on Retirement of Debt

In the year ended December 31, 2009, we reduced our debt obligations by $76 million by repurchasing a portion of our outstanding notes. We paid $44 million in open market purchases to extinguish this debt early, resulting in a gain of approximately $32 million. We did not have any similar item in the year ended December 31, 2010.

Other, Net

Our consolidated other, net for the year ended December 31, 2010 decreased $12 million, or 126.4%, compared to the year ended December 31, 2009. The decrease was driven by negligible foreign currency exchange gains in the year ended December 31, 2010, compared to foreign currency exchange gains of $5 million in 2009. In addition, in the year ended December 31, 2010 we recorded a loss of $2 million due to the consolidation of Sabre Sociedad Technologica, S.A. de C.V. and a loss of $3 million in 2010 related to the closure of discontinued operations.

Income Taxes

Our consolidated income tax expense for the year ended December 31, 2010 increased $77 million, or greater than 100%, compared to the year ended December 31, 2009. The increase was driven primarily by a $79 million increase in earnings before income taxes before taking into account nondeductible tax goodwill impairments and recording unrecognized tax benefits in 2010 relating to prior years. In addition, the 2009 tax expense included nonrecurring tax benefits as a result of settling tax disputes with the Internal Revenue Service related to our 1996-2003 corporate income tax returns.

Our effective tax rates were -25.7% and 8.6% for the years ended December 31, 2010 and 2009, respectively. For the year ended December 31, 2010, the effective tax rate differed from the statutory federal tax rate primarily due to the impairment of goodwill, which is not deductible for United States federal income tax purposes, and unrecognized tax benefits relating to prior years. For the year ended December 31, 2009, the effective tax rate differed from the statutory federal tax rate primarily due to the impairment of nondeductible tax goodwill and the recognition of previously unrecognized tax benefits as a result of settling tax disputes with the Internal Revenue Service related to our 1996-2003 corporate income tax returns.

Segment Discussions

The Distribution Business

	Fiscal Year Ended December 31,			
	2010	2009	change	% change
	(Amounts in thousands)			
Revenue	$1,660,454	$1,517,041	$143,413	9.5%
Cost of revenue	1,008,531	934,223	74,308	8.0%
Selling, general and administrative	174,841	177,189	(2,348)	-1.3%
Depreciation & amortization	149,168	142,135	7,033	4.9%
Operating income	$ 327,914	$ 263,494	$ 64,420	24.4%

Revenue

Our distribution business' revenue for the year ended December 31, 2010 increased $143 million, or 9.5%, compared to the year ended December 31, 2009. The increase was driven primarily by a $150 million increase in transaction revenue due to higher transaction volumes in all regions. Total transaction volume was 386 million transactions for the year ended December 31, 2010, an increase of 14 million transactions, or 3.8%, compared to the year ended December 31, 2009, as a result of stronger corporate and leisure travel. In addition, other revenue decreased by $7 million due to an $8 million decline in data processing revenue from our joint venture partner, a $4 million decrease in revenues due to the discontinuation of hardware support for travel agency subscribers, a $3 million decrease in travel marketing data revenue, and a $2 million decrease in revenues related to agencies meeting volume commitments. This other revenue decrease was partially offset by joint venture equity revenue increasing by $10 million.

Cost of Revenue

Our distribution business' cost of revenue for the year ended December 31, 2010 increased $74 million, or 8.0%, compared to the year ended December 31, 2009. The increase was driven primarily

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by a $89 million increase in incentive fees, of which $46 million was due to higher transaction volumes and $43 million was due to higher average incentive fees paid to travel agencies. This increase was partially offset by a $10 million decrease in technology expenses due to the discontinuation of hardware support for travel agency subscribers and re-negotiation of several data processing, maintenance, and communications contracts. Additional expense decreases included $11 million of gains from the settlement of derivative contracts put into place to hedge our foreign currency operating expenses.

Selling, General and Administrative Expenses

SG&A expenses of our distribution business for the year ended December 31, 2010 decreased $2 million, or 1.3%, compared to the year ended December 31, 2009. This decrease was driven primarily by a $6 million decrease in bad debt expenses partially offset by a $4 million increase in labor expenses in staff and marketing groups.

Depreciation and Amortization Expenses

Depreciation and amortization expenses of our distribution business for the year ended December 31, 2010 increased $7 million, or 4.9%, compared to the year ended December 31, 2009. The increase was primarily due to increased amortization of internally developed software.

The Solutions Business

	Fiscal Year Ended December 31,			
	2010	2009	change	% change
	(Amounts in thousands)			
Revenue	$475,346	$415,231	$60,115	14.5%
Cost of revenue	290,233	252,002	38,231	15.2%
Selling, general and administrative	57,335	57,594	(259)	-0.4%
Depreciation & amortization	49,459	39,913	9,546	23.9%
Operating income	$ 78,319	$ 65,722	$12,597	19.2%

Revenue

Our solutions business' revenue for the year ended December 31, 2010 increased $60 million, or 14.5%, compared to the year ended December 31, 2009. The increase was driven primarily by SaaS revenue, which increased $66 million, primarily due to new customer sales and organic growth from existing customers, and partially offset by a $7 million decrease in services revenue. The acquisition of Flightline in July 2010 and f:wz in September 2010 led to the addition of $5 million in revenues in 2010.

Cost of Revenue

Our solutions business' cost of revenue for 2010 increased $38 million, or 15.2%, compared to the fiscal year ended December 31, 2009. The year-over-year increase was primarily driven by increased labor costs of $33 million resulting from our 2010 acquisitions, pending 2011 implementations, increased customer support, and product development for the SabreSonic reservation system and AirCentre/AirVision software applications. Acquisitions accounted for $3 million of the increase in headcount related expense. Technology related expenses accounted for $9 million of the increase driven primarily by increased data processing volumes from existing and new customers. In addition, services purchased for the fiscal year ended December 31, 2010 increased $6 million versus the fiscal year ended December 31, 2009, driven by increased post-implementation support for large software implementations.

Selling, General and Administrative Expenses

SG&A expenses of our solutions business for the year ended December 31, 2010 were flat compared to the year ended December 31, 2009, remaining constant at $57 million.

Depreciation and Amortization Expenses

Depreciation and amortization expenses of our solutions business for the year ended December 31, 2010 increased $10 million, or 23.9%, compared to the year ended December 31, 2009, primarily driven by the completion of external customer-related projects and internal product development. Depreciation of capitalized labor for customer-related implementations, mainly in the SabreSonic solution area, accounted for $5 million of the increase. Depreciation of $2 million resulted from internal product development labor across our portfolio. The remaining increase in depreciation and amortization was due to the amortization of intangibles related to the acquisitions of Calidris, Flightline, and f:wz in the year ended December 31, 2010 and normal hardware, software and facilities depreciation.

Travelocity

	Fiscal Year Ended December 31,			
	2010	2009	change	% change
	(Amounts in thousands)			
Revenue	$ 871,595	$ 876,132	$ (4,537)	-0.5%
Cost of revenue	305,196	308,316	(3,120)	-1.0%
Selling, general and administrative	528,287	552,180	(23,893)	-4.3%
Impairment of goodwill and intangible assets	401,400	211,957	189,443	89.4%
Depreciation & amortization	81,820	97,374	(15,554)	-16.0%
Operating income	$(445,108)	$(293,695)	$(151,413)	-51.6%

Revenue

Travelocity's revenue for the year ended December 31, 2010 decreased $5 million, or 0.5%, compared to the year ended December 31, 2009, as a result of the net effect of a $24 million decrease in transaction revenue and a $19 million increase in non-transaction revenue. The decline in transaction revenue was driven by a $13 million reduction of service fees on our consumer direct site and a reduction in transaction-based revenue due to a change in the sourcing of some air content in Europe which is now classified as other non-transaction revenue. Non-air transaction revenues declined $11 million due to weak economic conditions and a $16 million decline in pre-packaged holiday bookings, offset by $10 million of revenue growth in our Asia points of sale. The increase in non-transaction revenues was primarily due to a $10 million increase in media revenue as a result of better monetization of site traffic, increased sales staffing, and the launch of a new paid search product, RateFinder, internationally, which provides revenue on a cost per click basis.

Cost of Revenue

Travelocity's cost of revenue for the year ended December 31, 2010 decreased $3 million, or 1.0%, compared to the year ended December 31, 2009. The primary driver of this reduction was a $7 million decrease in customer service and care costs related to the renegotiation of key vendor contracts that were signed in 2010, and a $2 million decrease in labor costs due to initiatives to consolidate sales and customer care operations in Europe. The favorable variances were offset by an increase of $6 million in costs due to higher travel and incidental expenditures, higher costs due to new projects focused on increasing revenue, and other expenses.

Selling, General and Administrative Expenses

SG&A expenses of Travelocity for the year ended December 31, 2010 decreased $24 million, or 4.3%, compared to the year ended December 31, 2009. The decrease was driven by a $41 million decrease due to a non-recurring VAT receivable provision booked in 2009, and a $4 million decrease in facilities costs due to vacating and subleasing properties in Europe. The decrease was partially offset by an increase in one-time restructuring costs of $4 million and increased marketing expenses of $17 million to support international growth, the launch of RateFinder, and transition costs from changing advertising agencies.

Depreciation and Amortization Expenses

Depreciation and amortization expenses of Travelocity for the year ended December 31, 2010 decreased $16 million, or 16.0%, compared to the year ended December 31, 2009 primarily driven by $20 million of lower amortization as a result of certain of our intangibles becoming fully amortized in 2009.

Impairment of Goodwill and Intangible Assets

During 2010, Travelocity was impacted by the slow recovery in the macroeconomic environment. We also saw a decline in margins due to pressure in the industry driven by competitive pricing, reduced bookings and the resulting impact on our current projections of the discounted future cash flows. These factors led to an impairment charge of $401 million for Travelocity North America for the year ended December 31, 2010.

During 2009, due to the elimination of the service fees charged on air tickets and the reduction of service fees charged on hotel stays, as well as adverse economic conditions resulting from the global financial crisis and the resulting impact on our projections for discounted future cash flows, we identified and recorded an impairment charge to goodwill in continuing operations related to our Travelocity North America reporting unit of $212 million.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations, cash and cash equivalents and borrowings under a $500 million revolving credit facility. See "Description of Other Indebtedness."

At December 31, 2011 and December 31, 2010, cash and cash equivalents were $62 million and $178 million, respectively, and restricted cash was $9 million and $3 million respectively. As of December 31, 2011 we had an outstanding balance on the revolving credit facility of $82 million and no outstanding balance as of December 31, 2010. However, we had outstanding letters of credit totaling $120 million and $109 million at December 31, 2011 and December 31, 2010, respectively, which reduces our overall credit capacity under the revolving credit facility.

Seasonal fluctuations in our business models affect our annual cash flow profile. Our distribution business exhibits seasonal fluctuations based on transaction volumes. 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 travel earlier in the year and business travel 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. Travelocity's Net Rate Program is also impacted by the seasonality of travel bookings. In the first quarter we generally observe a large build in payables as people book their travel for the rest of

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the year. In the second and third quarter, our payable accounts decrease as travel is consumed. The fourth quarter tends to be higher from a working capital perspective than the second or third quarter as customers book holiday travel, but it is still lower than the first quarter. Changes in the Net Rate Program, economic trends and our business mix can affect the seasonal fluctuations. See "—Seasonality."

We utilize cash and cash equivalents to pay our operating expenses, make capital expenditures, invest in our products and offerings, and service our debt and other long-term liabilities.

As of December 31, 2011, we had a deficit in our working capital of $481 million, compared to a deficit of $563 million as of December 31, 2010, primarily due to a decrease in short term debt as our 2011 Notes were repaid during 2011.

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, including the notes, and to fund working capital needs and planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control.

We believe that cash flows from operations, cash and cash equivalents on hand and the revolving credit facility provide adequate liquidity for our operational and capital expenditures and other obligations over the next twelve months. We recently extended the maturity of $251 million, or 50%, of our revolving credit facility to September 30, 2016, and also extended the maturity of $1,175 million, or 41%, of our currently outstanding term loan to September 30, 2017. On April 24, we extended an offer to term loan lenders under our Credit Facility to extend the maturity of additional amounts under the Credit Facility. See "Summary—Recent Developments—Concurrent Amend and Extend Transactions." As of the date of this offering circular, it is probable that we will enter into a business combination in the second quarter of 2012. We anticipate this acquisition will cost between $90 million and $125 million, payable over a two-year period. See "Summary—Recent Developments—Proposed Acquisition." From a long-term perspective, we may need to supplement our current liquidity through debt or equity offerings to support future strategic investments or pay down the term loan in 2014, if we decide not to refinance this indebtedness. See "Risk Factors—Risks Related to our Indebtedness and Liquidity—To service our indebtedness, we will require a significant amount of cash."

Although our primary source of funds has been from our operations, we have in the past, and may in the future, raise external funds through the sale of stock or debt in the public capital markets or in privately negotiated transactions. In assessing our liquidity, key components include our net earnings adjusted for non-cash and non-operating items, and current assets and liabilities, in particular accounts receivable, accounts payable and accrued expenses. For the longer term, our debt and long-term liabilities are also considered key to assessing our liquidity.

Future Minimum Contractual Obligations

As of December 31, 2011, future minimum payments required under our Credit Facility, 2016 Notes and other indebtedness (as adjusted to reflect the extended terms agreed to in the amendment and extension of our senior secured credit facility that occurred in February and March 2012, but not taking into account the principal amount of notes offered hereby or any potential amendments related to our April 24, 2012 offer to enter into a second term loan extension described in "Summary—Recent Developments—Concurrent Amend and Extend Transaction"), 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 Year For the Years Ending December 31,						
Contractual Obligations	**2012**	**2013**	**2014**	**2015**	**2016**	**Thereafter**	**Total**
	(Amounts in thousands)						
Debt payable (1)	$245,787	$192,662	$1,832,132	$146,238	$523,416	$1,141,695	$4,081,930
Headquarters mortgage (2)	5,734	5,984	5,984	5,984	5,984	80,796	110,466
Operating lease obligations (3)	30,435	21,660	16,292	13,442	11,232	18,797	111,858
IT outsourcing agreement (4)	217,277	190,998	165,983	156,492	135,307	99,305	965,362
Pension and other benefit obligations	23,880	23,705	22,447	23,609	26,480	137,467	257,588
Other purchase obligations (5)	71,425	17,607	—	—	—	—	89,032
Total contractual cash obligations	$594,538	$452,616	$2,042,838	$345,765	$702,419	$1,478,060	$5,616,236

(1) Includes activity under the revolving credit facility, which we plan to pay in 2012, and all interest and principal related to the 2016 Notes. Also includes all interest and principal related to borrowings under our Credit Facility, which will mature in 2014 and 2017. See "Description of Other Indebtedness." We are required to pay a percentage of the excess cash flow generated each year to our lenders which 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 9 to our consolidated financial statements.

(2) Includes all interest and principal related to our $85 million mortgage facility, which matures on March 1, 2017. See Note 9 to our consolidated financial statements.

(3) We lease approximately two million square feet of office space in 98 locations in 48 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 43 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 Hewlett-Packard (HP) under the terms of an outsourcing agreement through which HP manages a significant portion of our information technology systems.

(5) Consists primarily of minimum payments due under various marketing agreements, a note payable and related interest owed to a joint venture partner, management services monitoring fees and media strategy, planning and placement agreements.

There are no change of control provisions that would require us to accelerate any principal repayments due under our 2016 Notes, Credit Facility or mortgage facility.

Cash Investments

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 at December 31, 2011 or 2010.

Financing Arrangements

Our financing arrangements (not including the notes offered hereby) include senior secured debt, unsecured notes and a mortgage facility. See "Description of Other Indebtedness" for further discussion related to this debt. As of December 31, 2011, the outstanding balances for our financing arrangements were as stated in the table below, except that the maturity dates have been updated to reflect the extended terms agreed to in the amendment and extension of our senior secured credit facilities, which was entered into in February and March 2012, but the table below does not reflect any potential amendments related to our April 24, 2012 offer to enter into a second term loan extension described in "Summary—Recent Developments—Concurrent Amend and Extend Transaction."

	Principal Amount	Interest Rate	Maturity Date
Senior Secured Debt:			
	$473 million	3-month LIBOR + 2.00%	September, 2014
	$1,224 million	1-month LIBOR + 2.00%	September, 2014
	$327 million	3-month LIBOR + 5.75%	September, 2017
	$848 million	1-month LIBOR + 5.75%	September, 2017
Mortgage Facility:			
	$85 million	5.80%	March, 2017
Unsecured Notes:			
	$400 million	8.35%	March, 2016

Cash Flows

	Fiscal Year Ended December 31,		
	2011	2010	2009
	(Amounts in thousands)		
Cash provided by operating activities	$ 336,539	$ 364,760	$ 299,307
Cash used in investing activities	(178,768)	(192,418)	(108,203)
Cash used in financing activities	(271,540)	(48,500)	(335,702)
Cash used in discontinued operations	(5,303)	(6,907)	(6,484)
Effect of exchange rate changes on cash and cash equivalents	2,976	(710)	8,603
(Decrease) increase in cash and cash equivalents	$(116,096)	$ 116,225	$(142,479)

Three years ended December 31, 2011, 2010 and 2009 Cash Flows

Operating Activities

Cash flows provided by operating activities for the year ended December 31, 2011 decreased $28 million as compared with the year ended December 31, 2010. This resulted primarily from a $225 million increase in income, a decrease of $236 million of net non-cash and non-operating items, driven primarily by a lower impairment loss compared to a year earlier and $17 million of additional cash used in operating assets and liabilities. The change in cash used in operating assets and liabilities was mainly due to increases in accounts and other receivables and increased spending associated with capitalized implementation costs, offset by cash proceeds as a result of increases in accounts payable.

Cash flows provided by operating activities for the year ended December 31, 2010 increased $65 million as compared with the year ended December 31, 2009. This resulted primarily from a $163 million decrease in income, offset by an increase of $222 million of net non-cash and non-operating items, which consisted primarily of higher impairment loss and deferred income taxes, and $7 million of additional cash provided by changes in operating assets and liabilities. The change in cash provided by operating assets and liabilities was due to increases in accounts and other receivables due to higher cash collections, and an improved VAT receivable position. We also had increased spending associated with capitalized implementation costs. These were offset by an increase in trade accounts payable as well as increases in accrued subscriber incentives.

Investing Activities

In 2011, we used cash of $179 million for investing activities. Significant highlights of our investing activities included:

- we spent $167 million on capital expenditures, including $121 million related to internally developed software and $45 million related to purchases of property, plant and equipment; and
- we spent $11 million, net of cash acquired, to acquire SoftHotel for our hospitality solutions business and Zenon for our distribution business.

In 2010, we used cash of $192 million for investing activities. Significant highlights of our investing activities included:

- we spent $138 million on capital expenditures, including $90 million related to internally developed software and $48 million related to purchases of property, plant and equipment; and
- we used $52 million, net of cash acquired, on acquisitions. Material acquisitions during this period were Calidris, Flightline and f:wz for our airline solutions business.

In 2009, we used cash of $108 million for investing activities. Significant highlights of our investing activities included:

- we spent $107 million on capital expenditures, of which $80 million related to internally developed software and $27 million related to purchases of property, plant and equipment; and
- we used $9 million, net of cash acquired, on acquisitions. Material acquisitions during the period were D.V. Travels Guru Private Limited and M/S Desiya Online Distribution Private Limited (collectively, "Travel Guru") within the Travelocity segment.

Financing Activities

In 2011, we used $272 million for financing activities. Significant highlights of our financing activities included:

- we repaid $324 million on our 2011 Notes which matured on September 30, 2011;

- we repaid $30 million under the term loan; and
- on a net basis, we borrowed $82 million under the revolving credit facility.

In 2010, we used $49 million for financing activities, including the repayment of $28 million under the term loan.

In 2009, we used $336 million for financing activities. Significant highlights of our financing activities included:

- on a net basis, we repaid $301 million under our revolving credit facility; and
- we paid $44 million in open market purchases to extinguish a portion of our senior unsecured notes early, resulting in a gain, net of tax, of approximately $20 million.

Off Balance Sheet Arrangements

We are not a party to any off balance sheet arrangements as of December 31, 2011.

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 U.S. 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 estimation of the collectability of accounts receivable, amounts for future cancellations of bookings processed through the Sabre GDS, revenue recognition for software development, determination of the fair value of assets and liabilities acquired in a business combination, determination of the fair value of derivatives, the evaluation of the recoverability of the carrying value of intangible assets and goodwill, assumptions utilized in the determination of pension and other postretirement benefit liabilities and 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 to our consolidated financial statements.

Software-as-a-Service Revenue Model

Our revenue recognition for our solutions business includes software-as-a-service transactions which are sometimes sold as part of agreements which also require us to provide consulting and

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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 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 the nature and terms of the specific transaction, the nature and terms of comparable transactions, accuracy of prior estimates, the credit-worthiness of our customers 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 SaaS is recognized ratably over the term of the agreement.

Accounts Receivable

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. We maintained an allowance for losses of approximately $34 million and $36 million at December 31, 2011 and 2010, respectively, based upon the amount of accounts receivable expected to prove uncollectible.

Goodwill and Long-Lived Assets

We evaluate goodwill for impairment on an annual basis or if impairment indicators exist. We begin 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 Holdings by TPG and Silver Lake plus goodwill associated with acquisitions since that time. We have identified five reporting units, including Travelocity – North America, Travelocity – Europe, Travelocity – Asia Pacific and our distribution and solutions businesses. Travelocity – North America, Travelocity – Europe and Travelocity – Asia Pacific each constitute a separate reporting unit due primarily to differing gross margins in the regions.

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 market participants, the principal markets and highest and best use of the 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 footnote 6 of our consolidated financial statements.

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.

Our primary form of stock-based compensation is stock option awards. We measure the value of stock option awards on the date of grant at fair value using the Black-Scholes option valuation model. This model requires various highly judgmental assumptions, including volatility, expected forfeiture rates and expected option life, which have a significant impact on the fair value estimates. In addition, as a private company, one of the most subjective inputs into the Black-Scholes option valuation model is the estimated fair value of common stock which is discussed below. Volatility is estimated based on weighted average historical volatilities of similar companies within our industry. We apply an estimated forfeiture rate based on an analysis of our actual forfeitures and will continue to evaluate the adequacy of the forfeiture rate based on actual forfeiture experience, type of award, the employee class and historical experience analysis of employee turnover behavior and other factors. The estimate of stock awards that will ultimately be forfeited requires significant judgment and to the extent that actual results or updated estimates differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period such estimates are revised. If any of the assumptions used in the Black-Scholes model change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

Pension and Other Postretirement Benefits

We sponsor the Sabre Inc. 401(k) Savings Plan ("401(k) Plan"), which is a tax-qualified defined contribution plan that allows tax-deferred savings by eligible employees to provide funds for their retirement. We also sponsor personal pension plans for eligible staff at lastminute.com. lastminute.com contributed 5% of eligible pay on behalf of these employees to the plan. Additionally, 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 the discount rate, the estimated future return on plan assets, the increase in costs of health care benefits and other factors. 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, 2011 and December 31, 2010 is as follows:

	Pension Benefits		Other Benefits	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Weighted average assumptions				
Discount rate	5.32%	5.88%	2.12%	2.17%

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, 2011, 2010 and 2009 are as follows:

	Pension Benefits			Other Benefits		
	2011	2010	2009	2011	2010	2009
Discount Rate	5.88%	6.09%	6.52%	2.69%	2.85%	6.52%
Expected return on plan assets	7.75%	7.75%	7.75%	—	—	—

Our discount rate is determined based upon the review of year-end high quality corporate bond rates. Lowering the discount rate by 50 basis points as of December 31, 2011 would increase our pension and postretirement benefits obligations by approximately $20.6 million and a nominal amount, respectively, and increase estimated 2012 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 basis points as of December 31, 2011 would increase estimated 2012 pension expense by approximately $1.5 million.

Due to a cap on our retiree medical plan cost, a one-percentage point change in the assumed health care cost trend rates would not have a significant impact on service and interest cost or on our postretirement benefit obligation as of December 31, 2011 and December 31, 2010.

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.

We operate in numerous countries where our income tax returns are subject to audit and adjustment by local tax authorities. As 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, 2011, we had a liability of $39 million 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 year end, we carried reserves of approximately $40 million associated with these risks.

Occupancy Taxes

To date, various state and local governments in the United States have filed approximately 65 lawsuits against us pertaining primarily to whether sales or occupancy taxes are due on some or all of our fees relating to hotel content distributed and sold via the merchant model. Additionally, there have been four consumer lawsuits filed relating to taxes and fees (one of which was dismissed and affirmed by the Texas Supreme Court, one of which was voluntarily dismissed by the plaintiff, one of which has been stayed by another court, and one of which is still pending). Of the municipality lawsuits filed, approximately 27 have been dismissed, some for failure to exhaust administrative remedies and some on the basis that our fees are not subject to the sales or occupancy tax at issue. For example, the Fourth and Sixth Circuits of the United States Courts of Appeal have both ruled in our favor on the merits, as has the Supreme Court of Missouri, the Supreme Court of Kentucky, the Supreme Court of Alabama and Texas Court of Appeals. The remaining lawsuits are in various stages of litigation. Additionally, four consumer lawsuits have been filed against us relating to taxes and fees (one of which was dismissed and affirmed by the Texas Supreme Court, one of which was voluntarily dismissed by the plaintiff, one of which has been stayed by another court, and one of which is still pending in Texas state court).

In addition, there are a number of administrative audit proceedings pending against us which could result in an assessment of sales or occupancy taxes on our fees. We will continue to vigorously defend against all of these claims. On March 27, 2012, the State of New Mexico issued a "zero" assessment against Travelocity. As of December 31, 2011, we have recorded an estimated liability of $5 million for the potential resolution of specific issues related to hotel sales or occupancy taxes. Our estimated liability is based on our best estimate at this time and the ultimate resolution of these specific issues may be greater or less than the amount recorded. See "Business—Legal Proceedings."

[redacted]

Quantitative and Qualitative Disclosures about Market Risk

Market Risk Management

Market risk is the potential loss from adverse changes in interest rates, foreign exchange rates and market prices. 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, 2011, 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 money market funds are preservation of principal, liquidity and yield. If short-term interest rates average 10% lower during 2011, our interest income from money market funds would decrease by a negligible amount. This amount was determined by applying the hypothetical interest rate change to our average money market funds invested during 2011.

At December 31, 2011, we had obligations of our $2,872 million LIBOR plus 2% base margin senior secured debt due September 2014, our $400 million aggregate principal amount of 8.35% notes due 2016, and our $85 million 5.8% fixed rate mortgage facility due March 2017. We have entered into floating-to-fixed interest rate swaps that effectively convert $1,200 million of the senior secured debt into a fixed rate obligation. The terms of the interest rate swaps are the following:

	Notional Amount	Interest Rate Received	Interest Rate Paid	Effective Date	Maturity Date
Outstanding:					
	$800 million	3 month LIBOR	5.04%	April 30, 2007	April 30, 2012
	$400 million	1 month LIBOR	2.03%	July 29, 2011	September 30, 2014
	$1,200 million				
Not Yet Effective:					
	$350 million	1 month LIBOR	2.51%	April 30, 2012	September 30, 2014
Matured:					
	$100 million	3 month LIBOR	5.21%	April 30, 2007	April 30, 2008
	$350 million	3 month LIBOR	5.02%	April 30, 2007	April 30, 2010
	$350 million	3 month LIBOR	4.99%	April 30, 2007	April 30, 2011
	$125 million	3 month LIBOR	5.04%	April 30, 2007	April 28, 2011
	$125 million	3 month LIBOR	5.03%	April 30, 2007	April 28, 2011
	$1,050 million				

If short-term interest rates average 10% higher than they were during the year ended December 31, 2011, our interest expense on the unhedged portion of our senior secured debt would increase by a negligible amount. This amount was determined by applying the hypothetical interest rate change to our floating rate borrowings balance during the year ended December 31, 2011. We entered into the above interest rate swaps to hedge our exposure to variable interest rates. If our mix of interest rate-sensitive assets and liabilities changes significantly, we may enter into additional derivative transactions to manage our net interest rate exposure.

Foreign Currency Risk

We have various operations outside of the United States, primarily in Canada, South America, Europe, Australia and Asia. We incur currency transaction risk whenever we enter into either a purchase or sale transaction using a currency other than the local currency of the transacting entity. With respect to foreign currency translation risk, our financial condition and results of operations are measured and recorded in the relevant domestic currency and then translated into U.S. dollars for inclusion in our historical consolidated financial statements. As a result of these business activities, we are exposed to foreign currency risk. The principal foreign currencies involved include the British Pound Sterling, the Euro, the Australian Dollar, the Polish Zloty and the Indian Rupee. Our most significant foreign currency denominated operating expenses is in the Euro, which comprised approximately 8% of our operating expenses for the year ended December 31, 2011. In recent years, exchange rates between these currencies and the U.S. dollar have fluctuated significantly and may 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 hedged approximately 62% of our foreign currency exposure by entering into foreign currency forward contracts on our five largest foreign currency exposures in the year ended December 31, 2011. The notional amounts of these forward contracts, totaling $94 million at December 31, 2011, represent obligations to purchase foreign currencies at a predetermined exchange rate to fund a portion of our expenses that are denominated in foreign currencies.

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, 2011 and 2010, approximately 64% and 63%, respectively, of our trade accounts receivable was attributable to these 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—We depend on relationships with travel suppliers who represent a substantial portion of our revenue. Adverse changes in these relationships could have a material adverse effect on our business, financial condition and results of operations."

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 Airline Clearing House ("ACH") and other similar clearing houses. As of December 31, 2011, approximately 57% of our air customers make payments through the ACH which accounts for approximately 94% of our air revenue. 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.

INDUSTRY

The travel and tourism industry is one of the largest industry segments globally, according to the World Travel and Tourism Council, or WTTC. The WTTC estimates that spending on travel and tourism was $4.0 trillion in 2011, of which more than 25% was generated in North America and 26% was generated in the European Union countries comprising the EU 27. The travel and tourism industry is highly fragmented, encompassing many types of suppliers and outlets through which travelers can purchase travel, including:

- over 220,000 travel agency outlets (Euromonitor, 2012);
- approximately 600 airlines serving 2.87 billion passengers (T2RL, 2012);
- over 460,000 hotel properties (Euromonitor, 2012);
- over 33,000 car rental outlets (PhoCusWright, May 2010); and
- numerous tour, cruise and other operators around the world.

According to Euromonitor, these suppliers generate approximately $770 billion dollars in travel retail sales, with an expected growth rate of nearly 6% annually, on average, over the next five years.

The travel industry has shown strong and relatively resilient expansion over the past 35 years, with growth rates typically outperforming general macroeconomic performance. Air travel is driven primarily by economic growth and is correlated to the economic cycle, expanding and contracting at roughly twice the rate of the overall economy, based on an IATA study of GDP and passenger traffic from 1971 to 2010. We expect this above-GDP growth trend to continue, with travel volumes benefiting from a number of factors:

- *Global and regional GDP growth.* As GDP rises, consumer spending on travel tends to increase. GDP generally rises over time, and we expect to see continuing post-recession growth in the near term, as well as significant international growth, particularly in the Asia Pacific (APAC) market.
- *Rising income levels, particularly in growth markets such as Latin America, APAC and the Middle East and Africa (MEA).* According to Airbus' Global Market Forecast 2011-2030, travel, as measured in trips per capita, increases substantially as GDP per capita increases. In countries with a rapidly growing middle class population, travel is increasing as current travelers embark on more trips and previously non-traveling consumers enter the travel and tourism market.
- *Continuing globalization of businesses.* As businesses globalize, business travel tends to increase as employees travel among offices and visit suppliers and customers. This may also tend to increase leisure travel as business travelers sometimes add leisure travel onto business trips.

The global economy recently experienced a prolonged and severe economic downturn that significantly impacted the travel industry as a result of increased unemployment rates as well as depressed consumer confidence and spending. However, the global economy has shown signs of moderate improvement in 2010 and 2011, including increased revenues and passenger volumes in the travel industry. Following the recent economic downturn, during which scheduled passenger air traffic declined 1.0% in 2009, scheduled air passenger traffic rose 8.0% in 2010 and 6.0% in 2011 (IATA, 2011). Air travel is expected to sustain a growth rate approaching the historical 5.0% growth trend at least through the middle of the decade (Boeing, 2012, Airbus, 2012).

Due to the global nature and continued growth of the industry, travel suppliers have historically employed many different technologies in their complex operations and distribution activities, in order to bring their content to as many travelers as possible across multiple channels. Travel suppliers aim to access a wide customer pool and use technology to bring their content to as many travelers as possible via a number of different channels. Many of the technologies that travel suppliers utilize are interlinked, creating a global network connecting travel suppliers, distributors, retailers and consumers.

Historically, large travel suppliers and travel distributors have built custom in-house technologies to support their growing needs. As the technology requirements in the industry became more complex, some legacy in-house systems lacked the flexibility travel suppliers needed to respond to the changing market. Desire for more flexible systems and increased focus on lowering costs prompted travel suppliers to turn to external providers for some of their key technologies. The importance of the systems maintained by outside providers, combined with the reduced size of travel suppliers' IT departments, created a need for trusted travel industry-specific technology providers who would not only deliver such systems, but also provide full support, IT expertise and industry knowledge. The scalability and flexibility of these external systems allow travel suppliers to decrease costs and remain flexible as conditions change.

Most travel suppliers also leverage software to more efficiently manage their operations. Historically, this software was custom-developed for each travel supplier. More recently, travel suppliers have licensed software from software providers, paying an upfront license fee to use the software. Today, the evolution of software-as-a-service technology allows travel suppliers to pay for software as they use it instead of paying a significant upfront fee or license.

Recent developments have further increased the complexity of the travel industry and the flexibility required of travel technology. Global events such as the September 11th attacks and the recent, protracted global economic recession created a need to collect and analyze passenger data for security reasons and to closely monitor corporate travel budgets. New products and services are constantly emerging, such as messaging and m-commerce on mobile devices, elevating the need for travel technology to adapt to and enable change and innovation. In addition, the increasingly global nature of the industry demands that travel agencies and travel suppliers reach new consumer bases.

As the travel industry grows and changes, the number and scope of opportunities for travel technology also increase. We participate in three distinct segments of the global travel and tourism industry: (i) global distribution systems, which power our distribution business, (ii) travel supplier solutions, which provide software-as-a-service solutions to airlines and hotel companies, and (iii) on-line travel agency through Travelocity, our e-commerce platform which connects travel suppliers with leisure and business customers via the Internet.

Global Distribution Systems

A global distribution system, or GDS, is a complex travel distribution network used in the travel industry to aggregate millions of travel options from hundreds of thousands of travel suppliers, including airlines, hotels, cruise lines, car rental agencies and other travel suppliers, and present them to travel agencies in a format that allows travel agents to select the best options for their customers and book reservations accordingly. In addition, a GDS handles post-booking processes and services, such as fulfillment and processing of the travel transactions, passenger tracking and services, in-trip change services and post-trip reconciliation. For corporate travel agencies, a GDS also provides reservation tracking services and other tools that ensure corporate travel program compliance. The GDS distribution model is referred to as the "indirect distribution" channel, because the traveler purchases travel from a travel agency rather than directly from an airline or other travel supplier via the travel supplier's own website, call center or ticketing office (which is referred to as "direct distribution").

Originally developed by airlines to replace their in-house central reservations systems, GDSs are now operated by independent providers who connect travel suppliers with hundreds of thousands of travel agency locations that sell travel products and services to the traveling public, powering the flow of information and processing large quantities of complex travel transactions. Each GDS provider endeavors to obtain the most comprehensive set of travel content possible by securing agreements with airlines, hotels and other travel suppliers, both locally and globally. GDSs provide technology to distribute the travel suppliers' available travel inventory (*e.g.*, available airline seats and hotel rooms) to travel agencies for display and booking by their traveling customers. Due to their history and the significant size of their domestic markets, the major GDSs still have significant shares of the regional markets of their founding airlines, particularly in North America and Europe. As the travel agency industry goes through consolidation and the travel industry becomes more global, the GDSs are developing deeper global relationships and capabilities, thus further increasing the markets they can potentially service.

Using a GDS allows travel suppliers to benefit from a global reach that is superior to other distribution channels, thereby allowing them to transmit information about their pricing, inventory and availability to hundreds of thousands of GDS-connected travel agencies more efficiently than they could through any other channel. GDSs allow airlines to efficiently participate in global alliances and code sharing agreements by enabling them to market their inventory with their partners' inventory. Travel agencies also have an opportunity to make their processes more efficient by using the supply aggregated by the GDS and by utilizing enhanced functionalities, such as advanced search and booking engines, which allow them to tailor their searches in a more efficient manner. In addition, GDSs have agreements with the travel agencies that display and sell the travel content available on the GDSs. GDSs are also in a position to offer other management solutions for travel agencies' key business processes, such as customizable access, business intelligence and traveler services, advanced shopping and booking, trip servicing and post-trip reconciliation services.

The diagram below shows the flow of information about available travel inventory from travel suppliers to GDSs that distribute to travel agencies and corporate travel departments:

Based on our internal estimates, approximately 1.2 billion air bookings were processed through GDSs in 2011, representing more than $275 billion in global travel sales. As the world continues to emerge from the recent economic crisis, we expect GDS-processed bookings to grow, particularly as low-cost carriers, or LCCs, increase their distribution through GDS platforms in order to expand their offerings to attract new customers. Euromonitor expects travel spending on air and hotel to grow by approximately 7% annually, on average, over the next 5 years.

The traditional GDS revenue model is based on a fee-per-transaction basis, with the GDS collecting a transaction fee from the travel supplier for each travel segment processed through the GDS platform. Although such transactions are initiated and completed through travel agencies, the fee is paid by the travel supplier. Travel agencies are incentivized to aggregate demand and use the

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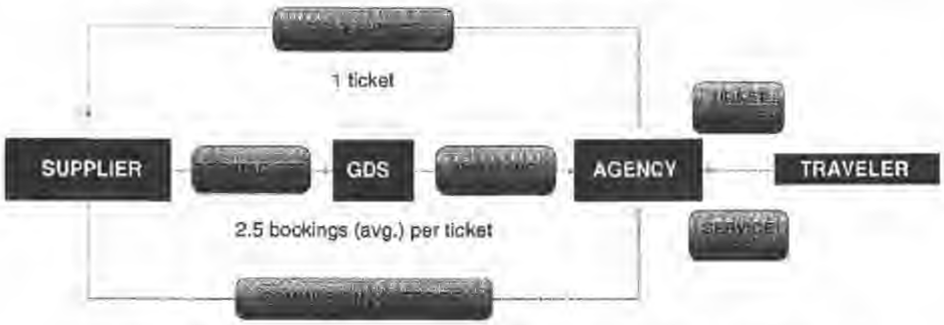
system efficiently by volume-based incentive fees they receive from the GDS. Agencies also help the GDSs maintain and grow the reach of their network. Travel suppliers may also offer economic incentives to the travel agencies who sell their services. The following diagram presents an overview of the key financial flows for this two-sided transaction-based business model:



This traditional model is used with airlines and agencies that account for the majority of air bookings. The remainder are settled using a wholesale model in which airlines incentivize the agency to book a flight, and the agency pays the GDS a transaction fee.

Although in recent years an increasing portion of travel spending has been generated through direct distribution channels (see "Risk Factors— Many travel suppliers that provide content to the Sabre GDS and Travelocity are increasingly promoting their own distribution channels to directly market and sell travel services, effectively competing with us, which could significantly reduce our revenue"), we believe that travel suppliers and agencies will continue to use GDSs because of the superior efficiencies that GDS platforms offer, which are key to attracting and serving customers. In a recent paper, McKinsey & Company stated that "Suppliers [that] are making huge investments to lure customers to their direct channels [are] inadvertently reducing return on investment (ROI) by lifting costs with little immediate increase in revenue." (McKinsey & Company, 2012) According to our internal estimates, GDSs offer a superior value proposition: although total costs can be higher through an agency using a GDS than a consumer using a supplier website, the revenue generated is disproportionately higher. Travel agencies using GDSs are able to attain higher revenues for its airline supplier than supplier websites because higher-yield, or higher priced, 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), are more typically sold through a travel agency using a GDS platform. With very few exceptions, travel agencies and suppliers continue to choose to use GDSs because GDSs provide superior efficiencies and have invested heavily to deliver the systems and technologies needed for agencies to attract and service those high revenue customers. A GDS platform also offers a particularly cost-effective means of accessing markets where a travel supplier's brand is less recognized (*e.g.*, outside its home market) by using local travel agencies to reach end consumers. We also anticipate that LCCs and regional carriers will increase their use of indirect distribution through GDS platforms to the extent they expand their offerings.

The September 11th attacks and the resulting heightened security requirements made the GDS platform even more relevant. Since September 2001, additional security procedures have been enacted by government organizations, including the U.S. Department of Homeland Security, or DHS, and other global government agencies, empowering the government to collect and analyze detailed passenger data. These security measures include procedures such as Secure Flight, whereby additional passenger data must be collected by an airline and sent to the Transportation Security

Administration, or TSA, an agency under the aegis of DHS. GDSs have been better equipped, both technically and financially, to adapt their systems to meet the dynamic changes in security regulations by collecting information about passengers and their travel plans and ensuring that all relevant data is transmitted to the relevant agencies and travel suppliers on a real-time basis.

Travel agencies, including large travel management companies and online travel agencies, or OTAs, continue to utilize GDS platforms to provide competitive offerings to their customers. Such customers, whether business or leisure travelers, continue to demand the broadest possible offerings at the best available prices in a single comparable format that, at present, can most effectively be offered by international GDSs. Additionally, as travelers become more sophisticated, they increasingly demand functionalities that provide instant results based on highly flexible search parameters. Such enhanced functionalities are not typically available via direct distribution channels, which tend to have less sophisticated search engines limited to a single airline's inventory or the combined inventories of the members of an airline alliance.

The wide variety of functionalities provided by the GDSs is very attractive to corporate travel departments. In particular, the GDSs provide services to support the complex reservation requirements of corporate travelers and corporations throughout the reservation lifecycle. According to PhoCusWright, GDSs are the preferred booking method for corporate travel agents who not only need to access and book travel content, but also to utilize GDS technologies and services for efficient application and management of corporate travel contracts. The relevance of the GDS in corporate bookings is particularly important in light of the recent, protracted global economic recession, which prompted companies to tighten their travel budgets and enforce travel policy compliance. The urge to consolidate expenses also intensified the need for end-to-end solutions that link the corporate traveler's desktop with travel-related and non-travel activities and expenses in a transparent way that is easy to monitor. PhoCusWright estimates that the GDSs accounted for 75% of offline travel agency bookings in 2008, or $98.7 billion.

For these reasons, we expect that travel agencies will continue to utilize GDSs to provide travel content to meet the needs of their customers and remain competitive. In addition, we view travel agencies as valuing GDS incentives that supplement their income as well as the interfaces within GDS platforms that help ensure booking data integration within their mid- and back-office systems as well as consistency across all travel content sold.

Factors Affecting Competition

The success of a GDS depends on its ability to attract and retain both travel suppliers and travel agencies. A GDS must offer competitive functionality and terms to travel suppliers to obtain comprehensive travel content that it can provide to travel agencies. At the same time, a GDS must secure a sufficient number of travel agency customers to provide a competitive offering of sales channels to its participating travel suppliers. GDSs therefore seek to differentiate their offerings from those of their competitors and grow their customer base by securing access to broader and more comprehensive travel content from travel suppliers and by maintaining a more extensive network of travel agency customers than their competitors.

GDSs compete based on their industry knowledge and expertise and their ability to reflect this knowledge, in terms of the functionality and flexibility of their system, in addressing the needs of travel suppliers and travel agencies. Other factors that may affect the competitive success of a GDS include the timeliness, accuracy and scope of the travel inventory and related information offered; the reliability and ease of use of the underlying technology; the incentives paid to travel agencies; the transaction fees charged to travel suppliers; the ability to provide end-to-end corporate booking tool technology; and the range of ancillary products and services available to travel suppliers and travel agencies.

In the United States, full deregulation of the GDS industry occurred in 2004. However, the GDS industry remains partially regulated in the European Union, where partial airline ownership of GDSs still exists, namely in the case of Amadeus, which is owned in part by Air France, Iberia and the parent company of Lufthansa. European Union GDS regulation changed in 2009, allowing GDS providers and airlines more flexibility in negotiating their commercial agreements. Nonetheless, GDSs in Europe are still subject to rules aimed at preventing anti-competitive behavior and ensuring the supply of neutral information to consumers. Also, specific rules apply to airlines that have decisive influence (typically through share ownership) over a GDS, in particular prohibiting discrimination by an airline against another GDS that is competing with the airline-owned GDS.

For information on our competitors, see "Business—Our Businesses—Distribution Business—Competitors."

Travel Supplier Solutions

Operation of travel supplier companies involves complex business and operational processes. Travel suppliers rely upon many different types of technology solutions that, while varying greatly, require sophisticated integration with each other and with the travel supplier's reservations system. The technology addressing the processes underlying travel supplier businesses is typically one of three types: custom solutions installed on in-house technology infrastructure, licensed software solutions from external providers installed on in-house technology infrastructure, or software-as-a-service solutions deployed and updated from an external provider.

Historically, travel suppliers utilized custom in-house products to meet their complex needs. As these custom in-house systems aged, they started limiting travel suppliers' flexibility to respond to rapidly changing market requirements. As a result, travel suppliers started migrating to the use of third-party solutions to meet new needs while reducing IT costs, since using third party solutions reduces capital outlay and smoothes profit-loss variability. Based on our competitive knowledge of the rate at which airlines are relying on external providers for airline solutions, the number of airlines who have solicited bids for future work and the age of internal systems in use, we believe that airline solutions revenue growth will significantly outpace the revenue growth in the airline industry. Because these solutions are key to the operations of travel suppliers, vendors not only need to supply cost-effective systems but also need to provide full technology expertise and industry knowledge. With respect to airlines, we estimate that of the $5 billion spent on airline software and solutions in 2011, over 60% was paid to third-party providers, with the remaining spending attributed to in-house systems.

The complexity and specificity of the knowledge required to participate in the travel supplier solutions market assumes the ability to hire and retain highly-trained personnel. Although there are opportunities for start-ups specializing in a particular type of software to enter this market, such companies and typically serve small regional customers. Alternatively, the complexity in servicing the hotel industry is driven by its high level of fragmentation, which calls for solutions with a great degree of flexibility in order to fit the needs of properties of all sizes.

There is a current trend in the industry towards SaaS solutions, which provide maximum cost-savings as they convert fixed costs (capital expense) from license fees and infrastructure to variable costs (operating expense) from software usage fees. There are only a few SaaS providers who have the required combination of scale, industry knowledge and technology expertise to effectively compete on a large scale.

Factors Affecting Competition

Businesses providing travel solutions compete on the basis of proven competence and reliability of solutions offered; implementation and system-migration processes; flexibility, scalability and ease of use of their technology; scope of a solution offered; pricing structures applied; and integration with other technology used by a particular travel supplier.

Most travel suppliers generally favor supplier solutions providers who already serve other large travel suppliers in a given region. Airlines, in particular, are concerned with the proven reliability of technology that is critical to operational efficiency and passenger safety. Hotels desire the technological sophistication and options used by the most prestigious hotel brands. Key customers can drive success in winning contracts, and supplier solutions providers seek to establish relationships with key customers that they can advertise to other potential customers.

The airline industry is fairly concentrated, and the hotel industry, while much more fragmented, has a number of large companies who comprise a significant volume of bookings and are expanding their global presence. Providers of supplier solutions who can scale up to accommodate a new large travel supplier's volumes or a rapidly growing travel supplier's needs over time can achieve better results than those providers who cannot accommodate such scale.

Competitors who offer solutions that meet a range of complex needs and supplement those solutions with reliable support and a deep understanding of processes in the industry are often favored in the awarding of individual contracts. Offering solutions that address a broad range of issues reduces the number of solutions providers with which a travel supplier must coordinate, reduces implementation and integration time and costs, and ensures a more seamless integration among different types of software.

Global competitors can distinguish themselves by the strength of their global footprints. Local markets and regions can be highly nuanced and a competitive player would have its product development, delivery, customer service and account management offices situated as closely to its customers' markets as possible to ensure that market needs are addressed appropriately.

Airline Supplier Solutions

The airline solutions industry originated to remedy the lack of flexibility of in-house airline systems, which prevented legacy airlines from responding to changing market conditions and competing effectively, especially with low cost carriers, or LCCs. At the same time, the LCCs, in-house systems limited their ability to grow, evolve and compete with larger network and regional carriers. In addition, cost-cutting pressures created the need for airlines to focus on their revenue-generating activities, such as serving customers. As a result, many airlines turned to outside providers for their business and operational processes in order to cut costs and increase return on technology investment. As their IT budgets and departments have shrunk, more airlines rely increasingly on their technology providers for not only key operations systems and their implementation, but also for process and industry expertise.

Currently, according to T2RL, there were approximately 600 scheduled airlines in the world in 2011, with approximately 2.87 billion passengers boarded each year. IATA estimates that the operating revenue earned by the airline industry was $596 billion in 2011. According to our internal estimates, more than 350 airlines, representing 90% of global passenger volumes, leverage technology to manage and integrate complex business and operational processes. Most of these processes, such as departure control, flight operations, and revenue (yield) management, are highly specific to the airline industry, with each process being addressed by a different type of software solution.

The airline software solutions industry targets these processes with products that generally fall within two categories: software applications and reservations systems. We estimate that, of the $5.0 billion spent on airline software solutions in 2011, over 60% was paid to third-party providers, with the remaining spending attributed to in-house systems and that roughly 50% is related to software applications, which encompasses all aspects commercial planning and airline enterprise operations management. The remaining spending is related to reservations systems, including inventory management, departure control and web booking engine.

For information on our competitors, see "Business—Our Businesses—Our Solutions Business—Airline Solutions—Competitors."

Hotel Supplier Solutions

Most of the hotel market is highly fragmented, with independent (single-property) hotels comprising the vast majority of total hospitality establishments. There is a growing need for external software and technology providers that can support the reservation systems of large chains, which accounted for 47% of consumer spending on rooms globally in 2011. Euromonitor estimates that there are over 460,000 hotel properties globally, which collectively have more than 29.6 million rooms. Like airlines, hotels use a number of different technology systems that integrate with each other to help hotels market and sell their products and operate efficiently. Due to the high level of fragmentation in the hotel industry, hotels often focus on distribution and marketing to differentiate themselves.

Over the past ten years, many of the larger hotel chains have built and operated their own in-house CRSs. They have used these in-house systems primarily to connect to GDSs and, increasingly, to manage inventory across multiple distribution channels. As those systems age, achieving flexibility to meet the requirements of changing market needs requires costly investments in upgrades or new technologies, such as mobile applications. As hotels aim to reduce costs and increase investment returns, they seek external providers who can support the reservation hosting of these large chains.

There are currently a number of external providers of CRS services that operate globally. CRS platforms were originally built to provide hosting for independent hotels on shared platforms, giving these hotels the benefit of GDS access, direct connections to major OTAs, channel management, and access to other distribution services on a shared platform. They also enable the outsourcing of a hotel's own Internet booking engine and call center. These services have enabled independent hotels to compete with global chains much more efficiently than in the past.

Hotels also spend significant amounts of resources on marketing. While the vast majority of this spending is on offline advertising, there is a significant shift toward online marketing, including website optimization, search engine optimization, online advertising and customer relationship management. This ongoing shift from offline to online advertising will enable online marketing to grow more rapidly than the growth rate of the overall hotel industry. CRS providers are well-positioned to serve hotels with the marketing capabilities that hotels need to market their products appropriately based on their channel management strategies. Similar opportunities exist in the areas of revenue management, customer relationship management and other operational functions that integrate with the CRS.

Based on our internal estimates, the addressable revenue for hospitality solutions was $3 billion in 2011. As global chains migrate to external CRS platforms to renew and refresh their technology, a transformation that is still at an early stage, opportunities for the top CRS providers are expected to expand significantly. For more information, see "Business—Our Businesses—Our Solutions Business—Hospitality Solutions."

For information on our competitors, see "Business—Our Businesses—Our Solutions Business—Hospitality Solutions—Competitors."

Online Travel Agencies

An OTA is an e-commerce business connecting travel suppliers with leisure and business customers by providing travel-related products and services via the Internet. An OTA allows travelers to search for and purchase a broad array of travel products, including airline tickets, lodging, rental cars, cruises and vacation packages without the involvement of a physical travel agent. OTAs usually use GDS platforms to access travel content. Most OTAs allow visitors to their websites to search and compare hotel and flight rates with multiple companies for free, often providing visitors with options to sort travel packages by amenities, price, and proximity to a city or landmark. Many OTAs have applied dynamic packaging tools to provide fully bonded (full financial protection) travel at prices equal to or lower than what a member of the public can otherwise book. Many OTAs allow customers to rate and post reviews about their travel experiences in order to inform future customers' expectations. Certain OTAs also provide content and functionality to market and sell products and services through private-label websites for suppliers, distribution partners and travel agencies, and offer advertising space on their websites.

Travel suppliers benefit from offering their content over the Internet because doing so allows them to employ targeted marketing strategies to optimize bookings and revenues. OTAs enable consumers to conveniently and efficiently compare, shop and book travel options as well as select the best travel deals for their particular needs, and enable suppliers to employ targeted marketing strategies to optimize bookings and revenue.

Euromonitor estimates the 2011 global transportation and accommodation travel market at $1.7 trillion, of which $407 billion, or 24%, was online. According to the same source, the OTA segment represented 39% of the online channel, or $156 billion in 2011, and is forecasted to grow at 9% on average for the next five years. Regionally, North America has the highest online penetration at 45%, and APAC and Latin America (LAM) have the lowest, at 14% and 8% respectively. Given the high economic growth in the APAC region, Euromonitor expects that the APAC online channel will experience the highest growth, estimated at 15% on average for the next five years. For the same time period, LAM is predicted to average growth of 14%.For the region encompassing Europe, the Middle East and Africa, or EMEA, where the online penetration is 25%, it is expected to grow at 10%. Given its higher current online penetration, North America is predicted to experience the slowest average online growth of 5% over the same period.

Factors Affecting Competition

OTAs compete on the basis of ease of use, price, customer satisfaction, availability of product type or rate, service, amount, accessibility and reliability of information, as well as brand image and breadth of products offered. The breadth and availability of affordable travel content determine an OTA's capability to provide a wide variety of reasonably priced products and services to their customers and to successfully compete with other travel providers. Relationships and leverage with travel suppliers are crucial to the ability of an OTA to obtain such content. Successful branding and efficient marketing are key in attracting a large number of potential customers and driving advertising revenues. Ease of use, accessibility and reliability of traveler reviews and recommendations are also important focal points for converting OTA visitors into paying customers. In order to offer customers the best possible travel experience, OTAs need to continuously invest in the development and efficient deployment of innovative technology.

For information on our competitors, see "Business—Our Businesses—Travelocity Global—Competitors."

BUSINESS

Overview

We are a leading provider of technology, software and services to the global travel industry. Our global businesses offer a broad portfolio of advanced technology solutions and services on scalable platforms to travel suppliers and travel agencies. Our business generates stable, predictable and diversified revenue and is highly cash flow generative, with Adjusted EBITDA margins of 23% for 2011, and modest capital expenditures.

We operate through three business segments: our distribution business consisting primarily of the Sabre GDS, our solutions business, which provides a broad range of software solutions for airlines, hotels and other travel suppliers, and Travelocity, our online travel agency. We apply our extensive travel industry knowledge and technology expertise to each business and create integrated solutions that address cross-segment needs.

For the fiscal year ended December 31, 2011, our distribution business represented 59% of our consolidated revenue, our solutions business represented 17% of our consolidated revenue and Travelocity represented 27% of our consolidated revenue (excluding intersegment eliminations). During this period, shares of Adjusted EBITDA were 85%, 20% and 10% for our distribution business, our solutions business and Travelocity, respectively (excluding corporate overhead allocations such as finance, legal, human resources and certain information technology shared services). Our businesses provide sophisticated and comprehensive technology solutions to help travel suppliers and travel agencies improve their profitability by increasing revenues and minimizing costs.

Subsequent to becoming a private company in March 2007, we have significantly reduced our leverage through a combination of Adjusted EBITDA growth, cash flow generation and debt repayment. As of March 31, 2008, we had net leverage of 6.1x LTM Adjusted EBITDA based on $3,852 million of debt, $113 million of cash and $615 million of LTM Adjusted EBITDA, and as of December 31, 2011, we had net leverage of 4.9x LTM Adjusted EBITDA based on $3,456 million of debt, $62 million of cash and $693 million of LTM Adjusted EBITDA.

We serve our customers through centralized technology located in four data centers in the United States and Germany. We have more than 10,000 employees in approximately 60 countries around the world. With our joint venture partners, we provide comprehensive technology and software solutions in many languages to more than 400 airlines, 100,000 hotel properties and 68,000 travel agency outlets in more than 135 countries. In 2011, Travelocity, our online consumer business, with more than 10 established global brands, had, on average, more than 30 million monthly unique visitors to its websites (including Travelocity's affiliate websites).

Key Metrics

The following table sets forth present operating results for Sabre Holdings for each of the years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31,							
	2011			2010			2009	
	Total	% of Revenue	% Change 2010-2011	Total	% of Revenue	% Change 2009-2010	Total	% of Revenue
	($ in millions, except percentages)							
Revenues	$ 3,010.8	100%	4%	$ 2,899.6	100%	7%	$ 2,705.1	100%
Operating Costs	$(2,858.5)	-95%	3%	$(2,938.5)	-101%	-10%	$(2,669.5)	-99%
Operating Income (Loss)	$ 152.3	5%	492%	$ (38.9)	-1%	-209%	$ 35.5	1%

The Distribution Business

Our distribution business consists primarily of our leading Sabre Global Distribution System, or Sabre GDS, which efficiently aggregates travel content and demand for travel suppliers, agencies and their customers. Our distribution business also provides data and transaction processing services to regional GDSs, which are joint venture partners, including Abacus, Axess and Infini. In 2011, and based on MIDT and other transaction data from for the global GDSs, the Sabre GDS had the highest share of GDS air transactions processed in 2011, with a bookings share of approximately 38%. Our GDS system processes millions of complex travel transactions daily for travel suppliers such as airlines, hotels, cruise lines and car rental agencies, through a global network that connects them to tens of thousands of online and offline travel agency locations serving both leisure and business travelers. We provide travel agencies with real-time search, pricing, booking, ticketing, fulfillment services, passenger tracking, in-trip services and post-trip reconciliation capabilities across our portfolio of travel suppliers. We also provide the corporate travel segment with technology that enables travel policy and budget compliance, adherence to negotiated rates, customer notification before and during a trip, and post-trip reconciliation for expense reporting. We also offer GetThere, a web-based corporate reservations system used by travel agencies and travel departments of large corporations. As a result of this functionality, the Sabre GDS is widely used in the corporate segment, with 70% of the Business Travel News Top 100, or BTN 100, (corporations with the largest travel expenditures) among our customers. Contracts with a term of three years or greater accounted for 80% of our GDS bookings in 2011. Our multi-year contracts with customers, including leading travel suppliers and agencies, further our understanding of their needs and help us to continue developing and introducing the comprehensive and broad range of products they seek.

The Solutions Business

Our solutions business is our on-demand software-as-a-service, or SaaS, business providing advanced technology solutions to travel suppliers through our airline solutions and hospitality solutions businesses. We currently serve approximately 250 airlines and more than 17,000 hotel properties of all sizes and in every region, as well as more than 800 other customers such as airports, cargo and charter airlines, corporate fleets, governments and tourism boards. While the supplier travel solutions market is competitive, we are one of only a few SaaS solutions providers on the market. In addition to our broad SaaS portfolio, we also leverage our expertise in the travel industry, which helps us integrate our technology with the business process needs of our customers.

[redacted]

We continue to win business through these offerings, with five reservation system deals contracted and expected to be implemented before the end of 2013. Our software-as-as service model has two main characteristics. First, because our technology software is hosted by us and deployed to our customers from our own infrastructure technology, which we maintain 24 hours a day, 7 days a week, 365 days a year, our customers do not have to provide and manage resources to maintain the infrastructure technology to support the software. Second, because the software is paid for as it is used, our customers can spread their costs over time and avoid the expensive upfront costs associated with a traditional software license model by converting the up-front license fee model into a variable cost "pay-as-the-software-is-used" model. We provide flexible reservations software and systems applications that can be combined to create tailored end-to-end solutions which are designed to facilitate and manage change as a supplier's business and business model evolve. Our solutions business is the premier provider of SaaS solutions to airlines and hotel companies by offering:

- a leading airline solutions portfolio, with a broad range of integrated components that can be combined to create customized solutions;
- expertise across many travel supplier functions, helping us integrate a large number of products into the right solutions to enable our customers to reach their broad business objectives; and
- the leading hotel Central Reservation System, or CRS.

The solutions provided to our customers change based on market needs and technology evolution. Whether it is using web services to deliver solutions to our customers through our SaaS web services, access to our five terabytes of data or our leading mobile solutions, we adapt quickly to ensure we continue to provide value to buyers and sellers of travel.

Travelocity

Travelocity is our online travel e-commerce and media business. As a leading global OTA, Travelocity provides consumer-direct travel products and services for leisure and business travelers across a number of recognized and trusted global brands. Travelocity Partner Network, or TPN, expands Travelocity's reach to consumer segments making travel purchases on websites other than ours. TPN currently has approximately 2,000 partners, including blue chip customers from the financial services, e-commerce and travel industries. In 2011, Travelocity was the third largest global OTA based on revenue, powering 23 international websites in 8 languages and generating $9.6 billion in annual gross travel sales. Travelocity was also the first OTA, founded in 1996, and revolutionized how the travel industry sold products to the public and retains to this day a powerful brand with 92% aided brand awareness.

Our Competitive Strengths

The following competitive strengths help us to achieve our goal of being a leading provider of technology and services to the global travel industry, and to sustain our segment leadership position in each of our businesses. They also enable us to create technology-enabled solutions that address critical customer needs across the travel industry value chain. We expect the following strengths to support our future growth:

Global Leadership Across Growing and Diversified End Markets

We operate in segments of the travel industry that have large, growing and addressable customer bases globally. IATA estimates that airline passenger revenues grew 10% in 2011 to $469 billion. Air bookings compose the vast majority of GDS-processed bookings. T2RL reports that 2.87 billion air

[redacted]

passengers were boarded in 2011. We estimate that 1.2 billion bookings, or 42% of overall global bookings, were processed by GDSs. In addition, we estimate the segment potential for airline software of the kind developed by our airline solutions business exceeds $5 billion and the addressable market for software for hospitality SaaS software exceeds $3 billion. Euromonitor International estimates that there are over 460,000 hotel properties in the world, and that room revenue exceeded $426 billion in 2011, a 5% increase over the prior year. The hospitality market continues to grow as hotels increasingly rely on external providers for their systems and participate in distribution channels, providing new market opportunities. In 2010, over one-third of all hotel room stays in the United States were booked through digital channels, including GDSs, OTAs and hotel websites, up 33% from 2009. Euromonitor also estimates the online travel agency channel exceeded $155 billion in 2011, up 10% from the previous year, and predicts the channel to grow by an average of 9% annually over the next five years.

We are committed to expanding our global footprint and leadership positions through a strong local presence in each region where we do business. In the global travel market, North America, Europe and the Asia-Pacific region, or APAC, are the three largest regions. Euromonitor estimates that in 2011, approximately 34% of transportation and accommodation spending by travelers occurred in Europe, 32% occurred in APAC, 20% occurred in North America, 9% occurred in Latin America, and 5% occurred in the Middle East and Africa, or MEA. Our distribution business' share of GDS air bookings in the Middle East, Russia and Brazil grew from approximately 23%, 18% and 63% in 2009 to approximately 28%, 20% and 66% in 2011, respectively. We expect that our foothold in economies with strong GDP growth such as Latin America, MEA and, for our solutions business and Travelocity, APAC, will allow us to benefit from increased growth rates, while the strength of our businesses in more mature regions, such as North America and Europe, position us for strong growth as the recovery from the recent, global protracted economic recession continues. With our diverse customer mix of LCCs, hybrids and regional airlines in emerging markets, as well as a wide range of small and large hotel chains, we are not only over-indexed to faster growing end markets, but also to faster growing customers within those markets.

Each of our businesses is a global leader in its segment of the travel industry. Based on MIDT and our GDS regional partners' air bookings reports for 2011, at a global level, our distribution business is ranked number one in GDS-processed air bookings. Based on T2RL share and passenger data, and our knowledge of competitor customer lists, our airline solutions business is second largest provider of reservations solutions and is the leader in marketing & planning and enterprise operations solutions. Based on our estimated hotel booking share data, our hospitality solutions business is leading in hotel reservations. We are uniquely positioned to benefit from the trend by travel suppliers, such as airlines and hotels, to rely increasingly on SaaS-based solutions to manage their day-to-day operations. Based on 2011 revenue reported in 10-K filings of the top three participants in the industry and our financial statements, Travelocity is third in terms of revenue. In addition, $9.6 billion of travel spending was booked through the Travelocity website.

Differentiated Competitive Position Delivering Key Solutions

Our technology is key to the core day-to-day operations of many of our customers in the industry, including both travel suppliers and travel agencies. Our distribution business, for example, provides a key technology platform enabling efficient shopping, booking and management of travel itineraries for offline and corporate travel agencies as well as OTAs. At the same time, it is a valuable distribution and marketing channel for travel suppliers giving them access to a broad array of customers, particularly outside their home markets. Similarly, we provide solutions that power many of the most important operations systems for our customers such as airline and hotel reservations systems, crew scheduling and aircraft movement control. The value and quality of our technology and software (and related customer service) have enabled us to achieve a differentiated competitive position delivering reliable and scalable solutions to the travel industry with an unmatched portfolio of integrated but modular solution offerings. We believe that this is demonstrated by our customer retention rates. In 2008, 2009, 2010 and 2011, our customer retention rates for our distribution business were approximately 98%, 96%, 97% and 99%, respectively. For our airline solutions business, we estimate our customer retention rates for our reservations systems, which is the principal offering of our airline solutions business, to be 97%, 94%, 90% and 95%, respectively, for 2008, 2009, 2010 and 2011 based on passengers-boarded fee-based revenue recorded, and the customer retention rates for our hospitality solutions business to be 88%, 89%, 90% and 87%, respectively, for the same periods.

Highly Innovative and Scalable Technology

Our technology enables scalability in our various business models and creates a flexible environment that enables us to adapt knowledge and resources across our global businesses. Three pillars underpin our technology: innovation, scalability and investment in research and development.

Innovation

We use our technology experience to develop customized intellectual property and drive compelling market offerings. We also invest in operations research to develop new products and features that meet the changing needs of our customers as well as enable us to serve new customers. In particular, our innovative thinking on advanced algorithms, decision support and data analysis helps drive the efficiency and performance of our products and services. These steps have resulted in innovations in numerous product areas.

Scalability

To ensure scalability in our GDS business, we own and operate a highly secure global distribution platform. Our Sabre GDS is built on a Service Oriented Architecture, or SOA, platform, a modular approach in which the various system components can be accessed separately or in various combinations by different parties across an enterprise that provides us with the flexibility to adapt to the changing needs of an evolving industry. Our Sabre GDS system is thought to be one of the most heavily used SOA environments in the world, processing more than 700 billion transactions in 2011, with over 60,000 transactions every second at peak and more than a billion API requests every day. Sabre also processes approximately 220 million web services transactions per day on peak days. Significant operating efficiencies result from this scale.

Our SaaS solutions are deployed centrally so new customers can be added at lower incremental cost. Many other software providers in the travel industry offer traditional solutions that require dedicated hardware, usually accompanied by a large upfront investment and ongoing maintenance costs. SaaS technology offers our customers a number of advantages compared to traditional on-premise software installations or homegrown technology solutions, including: (i) faster deployment at implementation allowing quicker market access and future upgrade phases compared to traditional installations; (ii) lower total ownership costs, which is the sum of acquisition costs and operating costs of a solution, due to reduction of the complexity and costs associated with software and hardware management; and (iii) delivery through a robust, scalable environment, allowing adaptation to changes in our customers' technological systems as they grow.

The SaaS approach also benefits our business. By moving away from one-time license fees to recurring monthly fees, our revenue stream becomes more predictable and helps us sustain a strong financial position. We save time and money by reducing maintenance and eliminating implementation tasks through our centrally deployed solutions. Lastly, we can have lower operating costs by standardizing processes and driving efficiencies, allowing us to better scale as our customer base and demand for products grows.

Investment in Research and Development

Our extensive research and development investment enables us to develop advanced technology solutions and invest in meeting the needs of emerging industry trends. We have introduced common systems operations processes and tools across the enterprise as well as consolidated data centers and facilities on maximizing efficient technology sharing across the organization and, in turn, the return on our technology investment. Technology and resource sharing allows us to implement advanced systems and solutions, and introduce upgrades and innovations, across all of our businesses at a reasonable investment cost.

Stable, Resilient and Diversified Business Models

Our distribution business operates a global network to aggregate travel content for travel agencies and travel demand for travel suppliers. Both our distribution business and our solutions business operate with a transaction-based business model that ties our revenues to a travel supplier's transaction volumes rather than to a travel supplier's unit pricing for an airplane ticket, hotel room or other travel products. Travel-related businesses with revenue models based on volume (rather than, for example, ticket or price) have generally shown strong resilience across economic cycles because travel suppliers typically strive to maintain traveler volumes by reducing prices in an economic downturn. This resilience is partially attributable to our multi-year agency contracts, which typically have terms of three to five years. Contracts with a term of three years or greater accounted for 80% of our GDS bookings in 2011. Similarly, our solutions business has contracts that range from one to ten years in length and typically deliver solutions that are critical components of our customers' operations, such as reservations systems, that often require significant cost and effort to implement. Moreover, our three businesses also generally serve different customers, creating diversification of revenue across B2B and B2C end segments. None of our agency or supplier customers across all of our businesses in 2007 through 2011 accounted for more than 10% of consolidated revenue.

Predictable and Recurring Revenue with High Cash Flow Generation and Significant Growth Upside

We have a strong track record of cash generation. Despite a challenging macroeconomic environment, we experienced Adjusted EBITDA growth in each year since 2008, with a CAGR of 5% from 2008 to 2011. Cash generated from operating activities rose from $57 million in 2008 to $337 million in 2011, with predictable and modest capital expenditures of less than 6% of revenue in each year. Several factors drove this stability:

- our underlying stable, resilient and diversified business model;
- manageable capital expenditure requirements primarily due to well-developed applications, infrastructure and graphics development for the Sabre systems and our websites, and our ability to predict these capital expenditures primarily due to our stable contracts and customer retention; and
- disciplined operational management which has delivered significant cost savings since we were taken private by our investors in March 2007.

Collectively, these aspects of our business contributed to positive free cash flow from 2006 through 2011, and since the March 2007 take private, we have significantly reduced our leverage through a combination of Adjusted EBITDA growth, cash flow generation and debt repayment. As of March 31, 2008, one year after we were taken private, we had net leverage of 6.1x Adjusted EBITDA based on $3,852 million of debt, $113 million of cash and $615 million of LTM Adjusted EBITDA, and as of December 31, 2011, we had net leverage of 4.9x LTM Adjusted EBITDA based on $3,456 million of debt, $62 million of cash and $693 million of LTM Adjusted EBITDA.

Sabre's management took early, innovative action to invest in a SaaS platform for our solutions business. This decision was founded on the belief that travel suppliers would be replacing their legacy in-house systems with SaaS solutions to avoid the need for a large upfront investment in on-premise hardware infrastructure and in customized software that is difficult and expensive to implement, upgrade and maintain. Our investment was rewarded with rapid growth in customers, which increased from more than 2,800 at year end 2008 to more than 4,750 at year end 2011, a 19% three-year CAGR. The customer retention rate in these businesses is also high, at 95% for our airline solutions CSS business and 87% for hospitality solutions CRS business in 2011. Recurring revenue is also high at 83% for our airline solutions CSS business and 80% for hospitality solutions business in 2011, creating predictable and recurring revenue streams. We have grown our solutions business from $376 million of revenue in 2008 to $523 million of revenue in 2011, a 12% CAGR. We believe our solutions business is positioned for significant revenue growth going forward since it is over-indexed to faster growing regions, customers and products. We have targeted faster growing regions, such as the Middle East, Russia and Brazil, faster growing customers, such as LCCs, hybrids and hoteliers, and faster growing travel technology segments, such as those served by our hospitality solutions business.

Strong, Long-Standing Customer Relationships

Across all of our businesses, we have strong, long-standing customer relationships that provide us with a significant level of stability. As a result of these established relationships, we have developed a deep understanding of travel suppliers' needs, which positions us well to develop new products, and to continuously provide more value to our customers, by helping improve their business performance.

Our distribution business has strong, long-standing relationships with travel agencies and travel suppliers. Through our Travelocity business, we understand what online travel agencies need in order to best serve their customers and we can develop products and services to address those needs. Our relationships with TMCs have existed for more than 20 years, and are enhanced by our relationships with our top travel suppliers, most of which have also been our customers for 20 years or more. Similarly, our relationships with our major corporate travel department customers have been developing for more than 20 years. Our relationships with OTAs are also long-term, in existence since the inception of the first OTA in 1996, Travelocity. Through our Travelocity business, we have developed a deep understanding of what online travel agencies need in order to best serve their customers and we can develop products and services to address those needs.

Additionally, Sabre's reputation and long history in the travel industry help our businesses gain direct access to key decision makers at both travel suppliers and travel agencies, allowing us to develop the in-depth understanding required to tailor our solutions to their changing needs and extend into new customer segments.

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

Our management team is highly experienced, with comprehensive expertise in all aspects of the travel industry and travel technology in particular. Many of our leaders have more than 20 years experience in the travel sector, having worked in multiple segments of the travel industry, which provides us with insight and knowledge that we can leverage across industry segments. Collectively, while at Sabre, our executives have been key innovators in travel industry technology, including through the global expansion of the GDS, the introduction of Travelocity, the first OTA, in 1996, and the industry migration to the SaaS model for travel supplier software applications. Their experience and industry knowledge provide a solid foundation for us to develop strategic solutions to the complex problems of the travel industry, both in developing new capabilities for our customers and creating new business models and technology solutions. We continuously develop strong employee teams across the businesses with insight into our customers' businesses by investing in the training of our employees, developing their skills and knowledge of the travel industry, and encouraging them to rotate throughout the organization. We seek to develop leaders with broad knowledge of our company, the industry, and specific customer needs. Most of our executives have held positions in more than one of our businesses, leveraging knowledge from one business to another. We also hire external talent to bring new expertise to develop innovative solutions for the future. The blend of experience and new talent across our team supports a drive for consistent innovation to improve travel commerce.

Our Business Strategy

We intend to use our key competitive strengths to achieve our strategic objectives, including expanding our global leadership, enhancing value to our customers and continuing to invest in scalable technology-based businesses.

Expand Global Leadership

We intend to expand our global leadership by increasing our presence in growth areas from geographic, customer and product perspectives.

Our distribution business will continue to focus on globalizing both our travel supplier base and our travel agency base in order to expand usage of the Sabre GDS in Europe and in emerging high-growth geographies such as Latin America and the MEA. We also intend to focus on expanding use of our GDS among new travel suppliers and travel agencies in our established regions that traditionally have not used GDSs. In more mature regions such as North America, our distribution business aims to continue to compete through strong customer relationships, competitive contracts and working to remain at the forefront in technological innovations through offerings such as Sabre Red Workspace which is a primary point of sale for our GDS and also integrates other applications, tools and websites used by travel agencies to service their customers. Our efforts across the globe will continue to leverage our strong industry advocacy, deep expertise and consulting efforts.

Our solutions business will focus on three rapidly-growing areas for air customer development: (i) hybrids, which are airlines that incorporate aspects of both low cost carrier and network models, and high-growth regional carriers that tend to grow more rapidly than other types of airlines; (ii) regions with rapidly growing consumer air spending, including APAC, Latin America, and MEA; and (iii) functional areas of increasing airline spending or priority, such as shopping and online direct booking. Recently, we have won new SabreSonic Customer Sales & Service business with Virgin America, Virgin Australia, Etihad, Aeromexico and TRIP. We continue to win new business in Brazil, Russia, India and China (the BRIC countries), where consumer air spending is growing and new air travel infrastructure is currently being built in anticipation of increasing travel demand.

We have identified 923 active sales prospects for our airline solutions business, including new customers, add-ons, renewals and change requests. We currently estimate that these prospects, considering the likelihood of sales and the magnitude of the transactions, will result in approximately $556 million in revenue over the life of the proposed contracts. We will utilize a similar strategy of identifying and satisfying the needs of customers in high growth areas in our hospitality solutions business, where we have a strong foundation to expand geographically and to broaden the services in our portfolio. We have identified 992 active sales prospects for our hospitality solutions business, we currently estimate that these prospects, considering the likelihood of sales and the magnitude of the transactions, will result in approximately $40 million in revenue over the life of the proposed contracts.

Travelocity will focus on growing its profitability by offering travel products and services to new customers and acquiring new content in destination markets, particularly where suppliers are more fragmented. It will also increase its range of product offerings with different business models to appeal to a wider range of travel suppliers around the world. For example, in 2010, we introduced an opaque brand in the United States called Top Secret Hotels that is targeted toward price-sensitive customers, offers suppliers another inventory management option and complements our disclosed-fare transaction model.

In recent years, Travelocity's results have been adversely impacted by several factors, including margin pressure from suppliers, reduced bookings on our websites and increased competition for paid and organic search advertising. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Travelocity's results have been adversely impacted by competitive and performance factors." Travelocity has established plans to improve its earnings while remaining competitive with other OTAs. We have modified our customer acquisition strategy to focus less on total traffic and more on acquiring visitors who have a greater propensity to book a transaction. Our strategies include: (i) improving conversion through better site performance and user experience; (ii) improving yield by shifting product mix and optimizing media revenues; (iii) improving cost structure by reducing front, mid and back office complexity; (iv) improving marketing efficiency by optimizing traffic mix; and (v) continuing to build strong relationships with existing and new travel suppliers.

Enhance Value to Customers

We plan to grow our business by increasing our relevance and the value we offer to our customers, both through technological innovation and broadening our portfolio of offerings.

Our distribution business aims to maintain technological leadership by providing innovative tools and process improvements which provide differentiation and enhance the value of our products to our customers' business operations. We will continue making significant investments in evolving technologies, including mobile applications for travel planning, booking, and trip management; airline merchandising to allow airlines to market and charge for ancillary services such as fees for bags, seats and other related products and services; efficient and flexible air shopping enabling online customers to search and display thousands of travel options on their websites; and off-the-shelf and custom applications that automate many aspects of TMCs and corporate workflow. Additionally, the Sabre GDS strives to broaden its offerings and enhance its value to customers by continuing to improve the travel content of our GDS platform through the use of competitive content agreements and participation level upgrades with travel suppliers.

Our solutions business will continue to build a broad and integrated software portfolio that aims to provide a unique value to travel suppliers by offering integrated multi-product solutions. In addition, we offer business consulting that is tightly integrated with the product offering, and increases return on investment for both us and our customers. In the past few years, we have acquired a number of small companies that help round out strategic and technological areas of our portfolio to create comprehensive solutions. Our hospitality solutions business is developing a SaaS-based enterprise platform that will provide hoteliers with all their guest management, profile management and distribution management needs in one place, providing greater customer value. Addressing new trends and priorities, which keeps the system current, also increases customer retention.

Travelocity is dedicated to continuously adding travel selection at competitive pricing as well as constantly improving content and merchandising on our sites. In addition, we regularly develop new tools and technologies to maximize our visitors' online shopping experience, encouraging them to shop on our sites. We continue to invest in technology to improve search options by using customer data to provide travelers with more relevant search results for individual consumers. This more personalized shopping experience is designed to help us further increase brand awareness and loyalty by encouraging consumers to come directly to our websites and book their travel.

Invest In Scalable Business Platforms

We intend to continue investing in scalable technology and using our global teams to ensure future scalability and margin increases associated with such scale.

Our distribution business will continue to provide new tools and technology and increase the functionality, utility and cost-effectiveness of our existing products and services across our customer base. Sabre's GDS platform is built on open systems and provides efficient processing for high daily and peak transaction volumes. Scalability is also driven by our global development centers, agile development methods, and global operational support. The operating efficiencies that result from the business platforms provide flexibility to quickly customize current offerings and rapidly develop, deploy, and drive adoption of new products and services.

Our solutions business plans to expand the number of software services delivered through the SaaS model and expand the number of customers using our comprehensive suite of software solutions. As airlines and hotels replace their legacy systems, many are choosing to migrate to SaaS business models to deliver solution performance and economic benefits for our customers. This scalable model provides a large recurring revenue base, leverages our global footprint to maintain global development teams, and integrates implementation, customer care, and sales teams across a broad portfolio base.

Travelocity has invested heavily in technology and new product development in the past few years. Given the highly scalable nature of our business, we are now in a position to support a significant increase in demand that would be generated as the global travel industry continues to recover from the recent, global protracted economic recession, and as online penetration increases in key regions. Additionally, we provide other OTAs with supply and private label booking platforms that allow their customers to shop and book on affiliate-branded sites. These platforms support the adoption of new affiliates and allow Travelocity to expand its global footprint as these OTAs succeed with their own expansion efforts. Moreover, in order to improve its competitive position and reduce exposure to marketplace risks, Travelocity is enhancing its digital marketing expertise and e-commerce sophistication with a focus on product development, site optimization, supplier connectivity and improved inventory access, and investment in new channels such as mobile.

Invest in Transformative Technology

We remain committed to the development of technological innovations that provide significant business benefits to our customers and shape the future of the travel industry. We plan to enhance our core technology platform and supplement development of our current mobile and web offerings with new tools and applications that will allow our customers to benefit from on-going technological advances. Our recent offerings include TripCase, a web and mobile travel services platform capable of managing bookings regardless of GDS or booking origin; the Travelocity iPad application, which allows consumers the ability to book flight, car and hotel transactions without a third-party site; and Sabre Red Workspace, a highly flexible program that enables integration of applications, tools and web sites that travel agencies use to service their customers. Mobile innovation is and has been critical our strategic plan and we have been an early innovator in providing mobile web, booking and social media capabilities to its customers. That innovation continues and is core to our strategic plan as we integrate mobile into our core channel management and distribution offerings, as well as expand those capabilities to cover more aspects of social media.

We also launched Sabre Red App Center, the world's first online business-to-business travel app marketplace connecting Red App buyers and sellers from around the world. To provide customers with the most cost effective travel options that resonate with our "better travel, better world credo," we continue to make significant progress on the Next Generation Air Shopping platform to improve low fare efficacy and enable new shopping functionality to our customers. Our hospitality solutions business is driving innovation by combining CRS and PMS functionalities with CRM and Revenue Management System functionalities to deliver a comprehensive Hospitality Enterprise Solution—a single platform that provides an integrated suite of capabilities as an alternative to traditional solutions with separate, distinct parts. We plan to continue developing and promoting these offerings as well as new products and service across all of our business segments.

In addition to the above mentioned technology innovations, we are relentlessly focused on building common platforms and services that improve agility and time to market for our customers. Our investments in private cloud technology with automated provisioning provide an on-demand scalable platform for rapid deployments. We continue to improve the overall customer experience through offerings such as the Next Generation Disaster Recovery platform, which can significantly enhance the stability and availability of customer applications.

Our Businesses

The Distribution Business

Our distribution business consists primarily of our leading global GDS, facilitating travel commerce through the transfer of information between travel suppliers, such as airlines and hotels, and travel agencies, including OTAs, which primarily service leisure travelers, and TMCs, which primarily coordinate business travel. Our global network provides real-time search, pricing, booking and ticketing capabilities for travel agencies across our portfolio of travel suppliers. We aggregate travel options from a vast array of travel suppliers for travel agencies to provide to their customers; travel suppliers similarly benefit from connections to a myriad of domestic and global travel agencies who can sell their inventory. We also provide products and features that assist travel agencies in serving their customers before, during and after their trip, as well as corporate travel management solutions and tools through our GetThere products, a portfolio of technological solutions to help corporations track and manage their business travel online, and marketing information to travel suppliers.

Travel Demand Chain

Travel Supply Chain

Our distribution business has two sets of customers. Our demand-side customers are the online and offline travel agencies and corporations who use the Sabre GDS as a primary source of detailed information about available travel options to service travelers. Our supply-side customers are the travel

[redacted]

suppliers who provide the travel information, or "travel content" (inventory, prices and availability) to the Sabre GDS. These customers include airlines, hotels, car rental companies, rail operators, tour operators, cruise lines and other providers of transportation, accommodation and related travel options. The Sabre GDS benefits from the value of our global network which aggregates supply for travel agencies and aggregates demand for travel suppliers. The more comprehensive and competitive our travel content, the more valuable we are to travel agencies. The more travel agency subscribers we have, the more valuable we are to travel suppliers by offering them enhanced reach within our domestic and global markets. Accordingly, in addition to increasing our relationships among travel agencies and obtaining as wide a range of relevant travel suppliers as possible, securing full content from travel suppliers (*i.e.*, core inventory and pricing equivalent to that available through a travel supplier's own direct distribution channels, such as its website or sales office) improves our competitiveness against other GDS providers and new GDS competitors.

As of March 2012, travel agencies can shop and book approximately 400 airlines, 100,000 hotel properties, 25 car rental companies, 50 rail carriers, 200 tour vendors and 13 cruise lines using the Sabre GDS. We estimate that nearly $100 billion of travel-related products and services were sold through the Sabre GDS, including sales from our joint venture partners, during the year ended December 31, 2011. Also, during 2011, based on MIDT (supplemented regularly with our GDS regional partners' bookings reports) and Hotelligence by TravelClick, more air and hotel bookings were processed by the Sabre GDS than by the GDS of any of our competitors. With the advent of global alliances and codesharing among airlines and other travel suppliers, the Sabre GDS facilitates operation of complex partnerships in a seamless fashion, allowing partners to market their services with their partners, extending their global reach.

Sabre also facilitates cost-effective corporate travel. Corporate travelers are more likely to require flexible scheduling and more complex itineraries and therefore provide significantly higher revenue per trip. As of December 31, 2011, Sabre serves over 70% of the BTN 100, which are the corporations with the largest travel expenditures. Sabre's corporate products facilitate rate negotiations and simplify compliance with corporate travel policies and provide corporate travel departments with end-to-end facilitation of corporate customer journeys, from booking the trip to tracking the traveler to expense reporting.

Our data centers are based on mainframe and open systems architectures that are capable of processing millions of daily transactions and storing enormous amounts of data. Sabre operates the largest data and global distribution system in the travel industry, handling more than 60,000 messages per second at peak. Sabre processes more than 600 million messages per day with over 350,000 global travel agents accessing Sabre travel content. Sabre provides real-time interfaces to hundreds of travel supplier's technology systems that enable continuous, real-time data access. Our distribution business also offers a portfolio of GDS-integrated web-based products to help travel agencies market their services effectively and manage their back-office processes with the GDS. Our distribution business systems were developed through a substantial investment of capital, resources, and technology research and development over several decades.

Sabre, together with its joint venture partners, is the leading GDS in the world. Based on MIDT data (supplemented with our GDS regional partners' bookings reports), our distribution business processed approximately 38% of global GDS-processed air bookings in 2011, compared to Amadeus and Travelport, our two main competitors, which have 36% and 26% of GDS-processed air bookings, respectively. A 2011 North America Competitive Performance Evaluation (NACPE) survey revealed that 83% of Sabre's agency subscribers were likely to renew, which is backed by a customer retention rate exceeding 98.5% (based on 2011 contracted agencies).

We also believe we are the leading GDS among global travel agencies and corporate travel departments, with:

- 52% of the GDS-processed air bookings of global TMCs (American Express, Carlson Wagonlit, Hogg Robinson Group, BCD Travel);
- more than 70 of the BTN 100 corporations, the largest corporate travel spenders as ranked by their 2010 U.S. booked air volume, are among our customers; and
- 61% GDS-processed air bookings share of the top four leading OTAs (Expedia, Priceline, Travelocity, Orbitz).

By growing internationally with our TMCs and OTA subscribers, we anticipate that we will realize significant share gains, including in Europe, APAC, MEA and Latin America.

As of January 2011, travel agencies covering nearly 68,000 locations in 135 countries on six continents subscribed to the GDSs powered by Sabre. For 2011, our distribution business revenue for points of sale outside of the United States were approximately $651 million, representing 37% of our 2011 distribution revenue, and more than half of our distribution business' employees were located outside North America. We have the leading share of GDS-processed air bookings in the largest GDS market, North America (58%), as well as in the two largest growth markets, Latin America (57%) and APAC (42% with our joint venture partners), based on 2011 MIDT data.

Internationally, we market the Sabre GDS both directly and through joint venture and distributorship arrangements. Our marketing partners principally include airlines that have strong relationships with travel agents in APAC and the Middle East, and also include entities that operate regional computer reservations systems or other travel-related network services.

Our distribution business' partnerships allow us to achieve critical mass in key growth regions and gain instant traction in the local market, accelerating our share growth and distribution reach with lower risk. These partnerships are designed to utilize the combined strength of Sabre's technology and content with the local commercial skills and market knowledge of a strong partner, without whom it might be more difficult to enter these new regions. By partnering with local airlines, we are able to form strong relationships with key airlines and other travel suppliers that Sabre can leverage in its other non-GDS businesses.

Our distribution business' joint venture and distributorship partners include:

- ABACUS, a Singapore-based GDS that operates in APAC. We own 35% of the joint venture and Abacus International Holdings, a consortium of eleven Asian airlines, owns the remainder. Our distribution business provides the Abacus GDS with data and transaction processing and product development services.
- Sabre 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%.
- Axess, one of Japan's two largest GDSs. We divested our stake in this joint venture in April 2012, and Axess has announced that it will migrate from Sabre to a third party in the next two to three years. The proceeds of this divestment will be remitted to ABACUS under our joint venture agreement. Our distribution business provides Axess with data and transaction processing and other services, which will continue for the next two to three years.
- Infini, the other of the two largest GDSs 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. Our distribution business provides Infini with data and transaction processing and product development services.

- Non-equity marketing arrangements with Obriy American Express in the Ukraine, Emirates and InterguideAir Ltd., a travel agency in Nigeria, each of which distributes our distribution business' products and services in selected countries in EMEA, and a 40% investment in ESS Electroniczne Systemy Spze dazy Sp. zo. o., a product development business in Poland with tour distribution software developed by Sabre.

Sabre provides services for and processes the GDS-processed air bookings of our joint venture and distributor partners. Consequently, those GDS-processed air booking volumes are included in our calculation of our distribution business' share of global GDS-processed air bookings.

Key Metrics

Our distribution business has been and remains the principal contributor to both revenue and contribution. The following table sets forth certain financial data derived from our accounting records for our distribution business for each of the years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31,							
							2009	
	Total	% of Revenue	% Change 2010-2011	Total	% of Revenue	% Change 2009-2010	Total	% of Revenue
	($ in millions, except percentages)							
Revenues	$ 1,768.3	100%	6%	$ 1,660.5	100%	9%	$ 1,517.0	100%
Recurring Revenue[1]	$ 1,632.1	92%	6%	$ 1,532.7	92%	11%	$ 1,377.4	91%
Non-Recurring Revenue	$ 136.2	8%	6%	$ 127.9	8%	-8%	$ 139.6	9%
Operating Costs	$(1,420.5)	-80%	-7%	$(1,332.6)	-80%	-6%	$(1,253.5)	-83%
Operating Income	$ 347.8	20%	6%	$ 327.9	20%	24%	$ 263.5	17%
Air bookings (in millions)[2]	328.2	—	1%	325.4	—	8%	301.7	—
Non-air bookings (in millions)[2]	53.7	—	8%	49.6	—	15%	43.3	—
Estimated global market share of GDS-processed air bookings	38%	—	—	38%	—	—	38%	—

Notes:

(1) Includes transaction and joint venture revenues.

(2) Number of bookings processed and billed usion our GDS platform during the relevant year.

One of the key drivers of the profitability of our distribution business is the revenue derived from charging for transactions processed through our GDS platform, principally air bookings. Air bookings increased over the years ended December 31, 2009 to 2011 from 301.7 million in 2009 to 328.2 million in 2011, a CAGR of 4.3% for the period. In addition to volume growth, average fee per booking has increased at a CAGR of 3.2% from 2009 through 2011. This increase in average fee per booking has, in large part, resulted from our balanced approach to international expansion and ability to achieve geographic diversity, with over 30% of our air bookings in 2011 having been generated in the high-GDP-growth regions of EMEA, LAD (defined as Mexico, Central America, South America and the Caribbean) and APAC.

Operating costs of our distribution business have increased at a 3% CAGR over the last three years ended December 31, 2011. The key driver of operating costs has been the expense of paying incentives associated with transactions processed through our GDS platform. From 2009 through 2011, average incentives per booking increased as we diversified geographically and renegotiated multi-year contracts with our largest agencies.

Because of our long-standing contracts with customers, we believe the vast majority of our revenue is highly predictable and stable. Our recurring revenue percentage, or the amount of contractual monthly revenue as a percentage of total revenues, for our distribution business was 92%, 92%, 91% and 90% in 2011, 2010, 2009 and 2008, respectively.

Product Offering

The core offering of our distribution business is our technology-driven GDS and our global network that connects online and offline travel agencies and other subscribers with hundreds of thousands of travel suppliers, such as airlines, hotel properties, car rental companies, rail operators, cruise lines and tour groups, and processes large quantities of travel transactions efficiently. Its user-friendly interface offers fast and efficient functionality with highly flexible search parameters. Travel agents and other subscribers can search a broad range of travel suppliers and products, obtain details to compare travel options, and complete sales transactions for their customers, all in a single information source. This, in turn, allows agents to quickly plan and book trip itineraries for their customers. Sabre's post-booking automation provides quality control checks, ensures that travel agencies meet ticket deadlines, provides required documentation, and fully automates the ticket refund and exchange process. For travel suppliers, the Sabre GDS provides efficient, low cost distribution of information regarding their inventory, availability, scheduling, and pricing globally and instantaneously to a broad global network of travel buyers. Travel suppliers tap into the data generated by the reservations, to better manage their inventories and optimize revenues. Through the Sabre GDS, travel suppliers can also market and merchandise their products to online and offline travel agencies through special offers that appear during the sales process.

Additionally, our distribution business provides end-to-end corporate and leisure travel agency workflow automation, as well as customer loyalty and business performance tools. Corporate agents rely on Sabre's customer profile management system to serve up the right offers to the agent and traveler, and ensure that bookings comply with corporate travel policies. GetThere fully automates the travel and collaboration shopping and booking process for businesses by providing a SaaS corporate booking tool, touch-less fulfillment enablement, and support for TMC partners, and integrates information to the corporate customer's expense reporting tools so that they can analyze and manage their travel expenses and also keep traveler records for safety purposes. Thousands of large and mid-size corporations around the world used GetThere to book more than $8.4 billion in corporate travel in 2011. In 2011, GetThere delivered an average adoption rate of 77%, whereas the average adoption rate for all corporate travel programs in the United States was only 52% (based on a GetThere customer survey and PhoCusWright industry data, respectively). In 2011, sixty percent of companies using GetThere reported lower airfares compared to those booked offline, with an average savings of 18% domestically and 24% internationally.

Sabre recently announced a new strategic relationship with Regus to develop Sabre Virtual Meetings, a global reservation system for booking and scheduling public and corporate-owned high-definition video conferencing rooms. The system will offer real-time access to more than 1,200 public video conferencing rooms in more than 550 cities. Once launched, Sabre Virtual Meetings will be available to business travelers and traveler arrangers through GetThere and later to travel agents through the Sabre Red Workspace. When integrated into travel applications such as online booking tools or travel agency systems, travel buyers will be able to reserve and schedule video conferencing rooms at the same time they book flights and hotels.

[redacted]

Sabre's low fare shopping capabilities enable agencies to receive hundreds of low fare worldwide options in a single request and offers a display of up to 19 alternate itinerary options. Applicable travel agency and corporate private negotiated fares are integrated into the process, providing price adjustments according to pre-determined rules. Sabre's automated ticket exchange function uses the low fare shopping tools to search for the best ticket exchange options, saving agents up to 20 minutes per transaction. Sabre also provides a unique ticket exchange feature, which alerts the agent if the price to buy a new ticket is lower than the ticket reissue price. Sabre is the only GDS that owns and offers a full customer relationship management, or CRM, system, ClientBase, which provides complete profile, contact and trip management abilities for developing and maintaining customer relationships and increasing productivity. In addition, ClientBase Marketing Services gives travel agents a way to select primary suppliers, create, track and automatically send targeted, integrated marketing programs, and obtain complete tracking reports to measure success.

Sabre's mobile and self-service customer service tools, such as VirtuallyThere keeps travelers equipped with details of their trips, such as schedule changes, check-in and upgrade capabilities. More than 80 million visitors accessed VirtuallyThere in 2011 through web and mobile devices. Starting in early 2012, TripCase will be broadly deployed as the standard web and mobile traveler services platform. Travel agencies can automatically import all bookings and traveler itineraries into their customers' TripCase accounts, regardless of GDS or booking origin.

Travel agencies can maximize their preferred supplier agreements through Sabre's customized end-to-end contract optimization service, the leading preferred supplier optimization service in the industry. This service combines business intelligence capabilities, Sabre's expertise in revenue management and our industry-leading air shopping technology to help corporations optimize travel savings across their preferred and non-preferred suppliers for online and offline transactions, incremental to other program savings and enables travel agencies to optimize preferred supplier compensation. Contract optimization services feature a business rules engine in which customer-specific business rules are applied in the Sabre air shopping system to filter responses for that specific agency. The data in these responses is then used to populate displays in the Sabre Red Workspace, via the agency's website, a corporate booking tool or the agency's proprietary point of sale software. We also recently released pricing optimization services, which enables travel agencies and leisure operators that sell net and bulk fares to optimize the markup they apply to the fares they sell, for both standalone air travel and packages.

The Sabre Red Workspace, launched in June 2010, is Sabre's primary GDS point of sale software and is used by more than 200,000 offline travel agents in 116 countries. In addition to being Sabre's primary GDS point of sale, Sabre Red Workspace enables integration of valuable applications, tools and web sites travel agencies use to services their customers. Sabre Red Workspace is built on the same open systems technology, Eclipse Rich Client Format, used by eBay to help power its marketplace and by NASA for applications used to command the Mars rover missions. The initial success of Sabre Red Workspace, launched in June 2010, was recently augmented by the Sabre Red Apps program. Sabre Red Apps provides customers an array of applications to meet individual agency requirements built by a community of certified third party developers. These Red Apps are available through the industry's first business-to-business application marketplace, the Sabre Red App Centre.

Other differentiating features of Sabre Red Workspace are aimed at improving agency business performance. Sabre Red Workspace includes the leading fully-integrated preferred supplier solution, which helps agents manage their screen display in order to maximize agency preferred supplier agreements. High volume agencies can also use more advanced customizable process automation features to achieve more than 90% "touch-less" (no manual intervention) ticketing rates.

Sabre's business intelligence tools provide decision support and reporting capabilities for agencies to manage customer, vendor and agency performance. The tools enable agencies to reduce their corporate customers' travel expenses by managing travel programs, policies, and preferred vendor agreements.

While our offline agencies use Sabre Red Workspace, online travel agencies deploy our web services to meet their business needs. Sabre Web Services processes approximately 220 million transactions per day.

For travel suppliers, Sabre provides efficient and cost-effective distribution and merchandising services, reaching nearly 68,000 travel agency locations. Travel suppliers can connect to Sabre through basic connectivity, such as XML, or can package distribution services with robust dynamic pricing, availability and revenue management tools. Sabre's multi-channel merchandising enables travel suppliers to reach leisure and business travelers with new ancillary products, such as branded fares, pay-for-seats and bag fees. Sabre was the first GDS to offer "Pay for Seats" capabilities and is the only GDS to fully integrate airlines' branded fares into the travel agency workflow, including hover-over marketing displays. We expect to offer the ability to shop by total price, including applicable fees, for ancillary items.

Sabre offers travel suppliers extensive data that provides insight into traveler trends, channel performance, and point of sale inventory management. Dynamic yield management tools enable travel suppliers to optimize their revenue on each sale. Travel suppliers can manage inventory, availability, scheduling and pricing globally and instantaneously through the Sabre GDS and service the entire trip with real-time systems.

Our Sabre GDS Advertising Suite allows travel suppliers to promote their content at travel agents' points of sale while the agents shop and book customers' travel itineraries. Targeting capabilities increase the likelihood that messages are displayed to the travel agents who are most likely to book those offers for their customers.

With a focus on environmental sustainability, Sabre created an aviation carbon calculator that was named "the most detailed in existence" by Oxford University's Environmental Change Institute in 2009. In the first quarter of 2012, Sabre launched an Eco-Certified amenity indicator for hotel properties, which enables online and offline travel agents to select from over 4,700 hotels worldwide that adhere to Global Sustainable Tourism Council (GSTC) standards. We believe Sabre is the only GDS to offer this feature.

Customers

Customers of our distribution business include:

- travel suppliers, principally airlines, which are our largest group of customers, as well as hotels, car rental companies, cruise lines, tour groups, and others;
- online and offline travel agencies, including TMCs;
- corporate travel departments; and
- other sellers of travel.

As of January 2011, travel agencies covering nearly 68,000 locations in more than 135 countries on six continents subscribed to the GDSs powered by Sabre, making reservations with more than 100,000 travel suppliers around the world. Our distribution business has long-standing relationships with most of its major agency customers, with many of these relationships exceeding 20 years.

Airlines. More than 400 airlines display and sell their inventory through the Sabre GDS (or GDSs of our joint venture partners) globally. We offer a range of connectivity and functionality options for airlines, ranging from low-cost connections to dynamic pricing, availability and real-time revenue management.

Our distribution business has agreements with both full service and low cost carriers from all regions of the world to display and sell inventory in its GDS. Key customers include Delta, US Airways, United, Lufthansa, Air France/KLM, Frontier, British Airways and Qantas. Airline contracts expire at different times, with 59 deals completed in 2011. There are 61 planned renewals for 2012 (a portion of which have been completed), 29 planned renewals in 2013 and 32 planned renewals in 2014. Our contract with American Airlines was set to expire on August 31, 2011; however, the contract has been extended until the conclusion of the American Airlines litigation. See "—Legal Proceedings—Antitrust Litigation and Investigation." Several airlines have recently upgraded their technical connections and increased their content in the Sabre GDS including Thai Airways and Aegean Airlines.

Other travel suppliers. The Sabre GDS also includes offerings from a broad portfolio of other travel suppliers, with approximately 100,000 hotel properties, 25 car rental companies, 50 railroads, 200 tour vendors and 13 cruise lines. Our leading GDS hotel customers include Hilton, Marriott, Starwood and Intercontinental. Sabre offers hotels a range of connectivity options, along with distribution and marketing services, including a rate assurance program in which hotels can confirm they are offering the same rate through the Sabre GDS as on travel web sites, and total pricing, which delivers a complete summary of room costs, taxes and fees.

Travel agencies. OTAs, which principally serve leisure travelers, and TMCs, which principally serve business travelers, were the two largest global travel agency segments in 2011. Our principal OTA customers are Expedia and Travelocity, who booked 85% and 100%, respectively, of their global 2011 GDS-processed air bookings on the Sabre GDS. Key global TMCs include American Express Travel, Carlson Wagonlit Travel, BCD Travel, and Hogg Robinson Group, each of which has had a business relationship with us for more than 20 years. These four TMCs booked 52% of their 2011 GDS-processed air bookings on the Sabre GDS. Bookings made by these agencies represent almost 42% of revenue booked on the Sabre GDS in 2011. Our current contracts with these customers have five to ten year terms (subject to any voluntary termination rights), with contract renewal dates ranging from 2016 to 2019. We also have thousands of other regional travel agency customers that serve business and leisure travelers, or serve a specific niche. These customers include generalists and travel consolidators, with each segment booking over 55% of their 2011 airline bookings on Sabre. In 2011, our distribution business renewed 98.5% of contracts with agencies due for renewal.

Corporate travel buyers. We offer solutions to corporate travel departments through our GDS and our GetThere products to allow them to manage employee business travel arrangements in-house. We have partnered with relevant industry players, such as SAP AG, to offer seamless integration with non-travel related business software and systems for an end-to-end travel and expense management solution. We also provide consulting services to corporate travel departments and are expanding our offering to business travelers, including enhanced online and mobile access to itinerary information. Sabre and GetThere's relationships with major corporate travel department customers have been established for over a decade. Key customers include GE, Accenture, Oracle, Bank of America, Lockheed Martin, Siemens and Hewlett-Packard. Typical contract terms for major corporate customers are three to five years (subject to any voluntary termination rights).

Competitors

The international GDS marketplace is large, with three global GDS providers. Sabre is headquartered in the United States and 58% of its 2011 bookings were in North America, based on MIDT data. It has significant alliances and joint ventures with other GDSs and distribution companies, some of which include equity investment. In addition to Sabre, other key global GDSs include:

- Amadeus, which is headquartered in Spain and operates the Amadeus GDS system. Based on MIDT data, 9% of its total 2011 GDS-processed air bookings were in North America and 38% were concentrated in Germany, France, Spain, the United Kingdom, Italy, Norway and Sweden. Amadeus owns a minority stake in Topas, a Korean regional GDS.
- Travelport, which is headquartered in the United Kingdom, and includes the Galileo, Apollo and Worldspan GDS systems. Based on MIDT data, 33% of its total 2011 GDS-processed air bookings were concentrated in the North America.

Our distribution business also competes with direct distribution by travel suppliers. See "Risk Factors—Many travel suppliers that provide content to the Sabre GDS and Travelocity are increasingly promoting their own distribution channels to directly market and sell travel services, effectively competing with us, which could significantly reduce our revenue."

In addition to the global GDSs, there are a number of local computer reservations systems, or CRSs, and GDS providers which are primarily owned by airlines and operate exclusively in their home countries, including TravelSky in China and Sirena in Russia and the Commonwealth of Independent States.

New entrants in the travel space, including Google, Bing and Kayak offer metasearch capabilities that direct shoppers to supplier web sites and/or online travel agencies. The impact of these new entrants on the GDS business model remains uncertain. See "Risk Factors—The intense and increasing competition in the travel industry could have a material adverse effect on our business, financial condition and results of operations." Third party aggregators, such as FareLogix, TravelFusion, and AgentWare offer solutions to book travel content from a variety of sources, including options outside of the GDS, though their offerings have not yet been widely adopted.

Our distribution business' GetThere online booking tool competes for revenue from business travelers with similar offerings from travel agencies, airlines, and other travel suppliers, including Concur Technologies, Inc. (doing business as Cliqbook), Rearden Commerce, KDS, eTravel LLC and Egencia.

Based on MIDT air booking share data for 2011, Sabre, together with our joint venture partners, is the global leader with approximately 38% of all GDS-processed air bookings. We believe GDS-processed air booking share is a good proxy for overall share in the GDS business because air bookings comprise the vast majority of the total bookings of major GDSs. In comparing GDS-processed air booking share across competitors, the estimate includes transactions processed by each GDS's joint venture partners and customers since GDSs generally process bookings and/or share in the economics of their partners' travel transactions. For example, Sabre's GDS-processed air booking share includes air bookings by Abacus, Axess, and Infini, and Amadeus's share of the GDS market includes air bookings for Topas.

The table below illustrates the global GDS-processed air booking shares of our company for the fiscal years ended December 31, 2007 through 2011, based on the MIDT air bookings share data:

	2011	2010	2009	2008	2007
Sabre	38%	38%	38%	38%	37%
Competitor 1	26%	27%	28%	29%	31%
Competitor 2	36%	35%	34%	34%	32%

Note: Amounts may not total 100% due to rounding.

The GDS-processed air booking share varies by region. Based on MIDT air booking share data for 2011, Sabre, together with its joint venture partners, is the leader among the three global GDSs in terms of GDS-processed air bookings in the regions of North America, Latin America, and APAC. The table below illustrates the GDS-processed air booking shares of our company and of our primary competitors, for the fiscal year ended December 31, 2011:

	North America*	Latin America*	APAC	EMEA*
Sabre	58%	57%	42%	12%
Competitor 1	33%	5%	24%	25%
Competitor 2	9%	38%	34%	63%

* For the purposes of the table above, North America consists of the United States, Canada and Bermuda. Latin America consists of Mexico, Central America and the Caribbean. EMEA consists of Europe, the Middle East and Africa.

Our Solutions Business

Our solutions business provides integrated software technology to create end-to-end solutions for travel suppliers, primarily airlines and hotel companies. We serve airlines through our airlines solutions business, and we serve hotel companies through our hospitality solutions business. Our solutions are delivered primarily through a SaaS delivery model and provide the flexibility and expertise needed to be the external provider of choice among airlines and hotels.

Our solutions business is a significant contributor to our revenue growth. Revenue growth is associated primarily with the high scalability of the business. SaaS enables economies of scale around multi-solution platforms that can deploy software across a broad customer base. For 2011, our solutions business revenues for points of sale outside of the United States were approximately $291 million, representing 56% of our 2011 solutions revenues. The following table sets forth certain financial data derived from our accounting records for our solutions business for each of the years ended December 31, 2011, 2010 and 2009:

	Year Ended December 31,							
	2011			2010			2009	
	Total	% of Revenue	% Change 2010-2011	Total	% of Revenue	% Change 2009-2010	Total	% of Revenue
	($ in millions, except percentages)							
Revenues	$ 523.4	100%	10%	$ 475.3	100%	14%	$ 415.2	100%
Operating Costs	$(469.5)	-90%	-18%	$(397.0)	-84%	-14%	$(349.5)	-84%
Operating Income	$ 53.9	10%	-31%	$ 78.3	16%	19%	$ 65.7	16%

Our solutions business comprises two businesses, our airline solutions business and hospitality solutions business. For the fiscal year ended December 31, 2011, our airline solutions business represented 83% of or our solutions business revenue and our hospitality business represented 17% of its revenue.

Airline Solutions

Our airline solutions business provides comprehensive technology solutions that help the airline industry better market products, sell through the right channels, serve customers and operate efficiently. Our reservations systems provide all the essentials of a passenger service system including dynamic and configurable new capabilities. From reservations, inventory and check-in to e-commerce, merchandising and revenue recognition it delivers powerful capabilities through multiple points of sale and service. In addition to our reservation system, our other software solutions can be combined in multiple ways to help an airline make critical decisions around marketing & planning and managing operations for its entire network. Over the past 16 years, we have built a broad portfolio of solutions that are distinctive in the industry.

We believe we offer the airline industry the best choice available in the marketplace when it comes to reservations systems, marketing & planning solutions and enterprise operations solutions:

Broadest portfolio of integrated solutions. In a fragmented competitive landscape, where we have identified over 80 competitors, most of whom specialize in either one solution or a limited functionality set, we offer the broadest portfolio in the business, enabling airlines to rely on a single provider for multiple functions. The capabilities we provide can be integrated in many different ways to create solutions that address a particular airline's unique needs. Similarly, we can integrate our solutions with the functionality an airline has developed in-house or has outsourced to other providers. We often find that several competitors will team together to attempt to match our offering in the marketplace, but they cannot match our ability to provide the convenience of a single relationship, and it would be difficult for a team of competitors to integrate their products as seamlessly as a single provider can.

Flexible capabilities. Our solutions are designed to serve any airline, regardless of size or business model, and they are developed to initiate and manage change in an airline's scale or business processes. Not only does our addressable market span all types of airlines, but we are well-positioned to help an LCC or hybrid carrier as it changes its business model and adds new services such as additional cabins, aircraft diversity, international flying and codesharing.

Industry expertise. Our solutions are enhanced by the depth of our industry expertise, with approximately 250 passenger airlines and 800 other customers chosing our software to streamline their processes and generate a strong return on their investment. We understand how our solutions integrate with their technology and business processes. Many of our team members have roots in the airline industry, having used or developed airline systems and processes while employed at airlines. We also hire experts in development, operations research and industrial engineering.

SaaS delivery. We offer all of our reservations systems and software applications as SaaS, wherein we host the solutions in a central location and provide real-time remote access for customers. Doing this helps to significantly lower or eliminate an airline's expenses associated with capital outlay, staffing, data storage, installation and ongoing maintenance of software. It also closely links an airline's software expenses with business growth, as software usage is typically related to passenger volumes. Furthermore, this model allows airlines to concentrate less on maintaining technology and to concentrate more on revenue-generating and customer-facing services. Because we host the software, we are able to consistently release new functionality for our customers, and we can provide software hosting of a quality higher than what a typical airline could afford on its own. In 2011, we estimate that 71.7% of our airline solutions business' revenue was SaaS-related.

Sabre is the second largest provider for passenger reservations systems, with a 16% share of airline customer passengers boarded, according to 2012 T2RL share data. Based on our internal estimates, which combine T2RL's 2010 passenger volumes data and our market intelligence (as no third party industry data is available), the majority of our airline marketing & planning solutions and enterprise operations solutions software product lines hold the leading position.

Because of our long-standing contracts with customers and our use of SaaS delivery, we believe the vast majority of our revenue is highly predictable and stable. Our CSS solutions recurring revenue percentage, or the amount of contractual monthly revenue as a percentage of total revenues, was 83%, 82%, 78% and 78% in 2011, 2010, 2009 and 2008, respectively. Over the past three years, we have entered into contracts with varying terms that we expect will represent a total of approximately $2 billion in revenue.

We grow this business organically through product development to add new capabilities and innovation to our solutions and to our portfolio as we extend into new areas; also, we grow organically by cross-selling our solutions to our existing customers, and leveraging our relationships with a global customer base. We also selectively acquire companies that can add complementary products and capabilities to our portfolio, as well as new customers in targeted markets.

Key Metrics

The table below sets forth financial data for our airlines solutions business based on years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31,							
	2011			2010			2009	
	Total	% of Revenue	% Change 2010-2011	Total	% of Revenue	% Change 2009-2010	Total	% of Revenue
	($ in millions, except percentages)							
Revenues	$ 433.9	100%	9%	$ 399.7	100%	11%	$ 358.9	100%
Recurring Revenue(1)	$ 361.4	83%	10%	$ 327.6	82%	17%	$ 280.5	78%
Non-Recuring revenue	$ 72.5	17%	0%	$ 72.2	18%	-8%	$ 78.4	22%
Operating Costs	$(386.1)	-89%	-17%	$(331.0)	-83%	-11%	$(297.6)	-83%
Operating Income	$ 47.7	11%	-31%	$ 68.7	17%	12%	$ 61.3	17%
Reservations system PBs (in millions)(2)	470.4	—	12%	419.1	—	7%	391.9	—

Notes:

(1) Revenue received from hosting of passenger service systems, as well as other software applications for which we receive ongoing fees. The contracts associated with these revenues are typically for a period of 3 to 10 years (subject to any voluntary termination rights).

(2) Number of passengers boarded by airlines for which Airline Solutions received a fee under its reservations agreements.

Product Offering

We offer solutions in the areas of software applications and reservations systems. Airlines require extensive software to automate key parts of their reservations, planning and operations roles. They require stable, efficient technology backed by extensive expertise in passenger sales and service, decision support, optimization, business processes, and operations management to be competitive. Our software solutions address the various aspects of these customer needs.

We believe that our airline solutions business has the broadest product portfolio of leading solutions to serve a broad set of airline needs. All of our solutions are offered in the SaaS model. Our offerings are modular and fully integrated, allowing customers to customize and bundle components to best suit their needs. These offerings are centrally deployed solutions, allowing us to lower operating costs by standardizing processes and driving efficiencies. The reduced implementation time for centrally deployed solutions also allows faster market penetration.

Airlines typically buy our solutions from within our functional suites, but are increasingly engaging us on cross-portfolio opportunities. To respond to this change, we are offering several new products and services which leverage capabilities from across our SabreSonic Customer Sales & Service, Sabre AirVision Marketing & Planning and Sabre AirCentre Enterprise Operations suites to provide holistic solutions to these challenging business issues. Examples include mobile capabilities that enable airlines to extend capabilities to their customers and staff and provide the ability to leverage data and capabilities across an alliance or partnership, and a business intelligence offering that aggregates data and information from disparate sources to enable airline leaders to make timelier and informed operational decisions.

Reservations Systems: SabreSonic Customer Sales & Service

Our SabreSonic Customer Sales & Service, or SabreSonic CSS, reservations offerings include reservations; inventory management; shopping, pricing and ticketing; Internet booking engine; passenger check-in, or departure control; IROPS Reaccommodation and a host of user experience offerings, product merchandising capabilities and passenger notification services. Our systems can accommodate airlines of any size and are flexible in that they can initiate and manage change in an airline's business processes. For example, an LCC evolving to a hybrid model can incorporate additional cabin classes, codesharing, and other functionality on the SabreSonic CSS system.

The following *SabreSonic Reservations* components address aspects of reservation creation and analysis:

- Shopping & Pricing enables shopping and merchandising of an airline's inventory of seats and ancillary services. Branded Fares Shopping controls the traveler shopping experience on the Internet. Calendar Shopping provides shopping via a calendar on the Internet. Flexible Data Search is a control panel for configuring merchandising offers and Low-Fare Search displays inventory based on fare value.
- Inventory is our control feature that manages inventory in an airline's reservations system.
- Ticketing creates and manages tickets for passengers who have made reservations with the airline. Several Electronic Ticketing capabilities create an electronic ticket for each reservation, regardless of where the reservation was made. The Interline Electronic Ticketing Hub enables an airline to provide electronic ticketing connections on flights where passengers will be traveling on more than one partnering airline. Automated Exchange and Refunds manages the ticket exchange and refund process as changes in a reservation occur.
- Dynamic Schedules creates reservations, and Codeshare Automation enables codeshare management for the many airlines who need the capability to create reservations on or with partner carriers.
- Business Intelligence and Customer Insight have analytics modules that analyze customer and revenue data.
- IROPS (Irregular Operations) Reaccommodation manages the reaccommodation of passengers when flight schedules change. Our solution automatically searches inventory, makes itinerary adjustments, and notifies passengers. It also coordinates other aspects of irregular operations recovery, such as reassigning crew and aircraft and adjusting flight schedules.

SabreSonic Web enables an airline to sell directly online to consumers through its own branded website. Our booking engine can be placed directly on any airline's website and adjusted to suit the airline's branding requirements. The Corporate Portal is designed specifically for travel agent and corporate travel manger customers.

SabreSonic Check-in is a departure control system that helps an airline manage passenger check-in and aircraft boarding. Individual self-service capabilities include Curbside Check-in, Kiosk Check-in, Mobile Check-in, Web Check-in, and Gate Reader.

SabreSonic CSS contains several customer experience solutions that enable airlines to create differentiated service and unique customer experience while growing revenue. Included in the suite are IROPS Reaccommodation, Flight Compensation, Customer Insight, Business Intelligence, Travel Data and Travel Bank.

Our user experience-related offerings include a number of individual capabilities related to user productivity, interface customization, workflow process design, GDS display analysis and customer information analysis.

Additional offerings include reservations and ticketing data analysis, mobility, online itinerary and trip notification, and web services.

Marketing & Planning: Sabre AirVision

Our SabreSonic AirVision Marketing & Planning is an end-to end strategic airline commercial planning solution that focuses on helping our customers improve profitability and develop their brand. Our offerings address the various aspects of network planning and scheduling; pricing and revenue management; revenue analysis; onboard catering and provisioning and cargo management solutions.

Sabre AirVision Network comprises several solutions, including Network Analyzer, which analyzes market data to guide decisions around city pairs and network layout that maximize revenue; Network Manager, which manages the departure and arrival times and makes adjustments as necessary; Schedule Manager, which guides decisions about dates and times of service to and from airports; Fleet Manager, which selects and manages aircraft efficiently based on capacity needs and operating practices; Slot Manager, which helps airlines manage airport gate assignments at each airport; and Codeshare Manager, which manages codeshare agreements among partnering airlines and alliance carriers. Several data and sales analysis components help an airline understand which routes generate the most profit.

Sabre AirVision Revenue solutions help airlines manage different aspects of their revenue flows, including contract management, group sales, and fare setting and management. Revenue Management is a sophisticated yield management tool that helps airlines optimize revenue by managing seats available for sale at various price points, and Revenue Accounting ensures that all revenues are recorded accurately across all of an airline's complex systems. Finally, Revenue Integrity allows airlines to optimize revenue while protecting their inventory from bad bookings.

Sabre AirVision In-Flight encompasses a number of aspects relating to how an airline manages its brand in serving customers onboard an aircraft. In-flight services involve coordinating provisioning for a range of services from pillows to meal service and are important to an airline because they affect how its brand is perceived by customers. Twelve individual capabilities cover all aspects of in-flight services, including provision planning, ordering materials, galley management and business intelligence.

Sabre AirVision Cargo is a complete air cargo management solution that estimates available cargo capacity by flight and then optimizes that flight's revenue, increasing our customers' earnings and profitability.

Enterprise Operations: Sabre AirCentre

Our SabreSonic AirCentre Enterprise Operations is a complete solution that seamlessly spans airline, airport and customer operations. The Sabre AirCentre suite focuses on improving your efficiency, controlling costs and managing change. Through the delivery of integrated flight operations, crew management, airport operations and maintenance planning, our customers maximize operational control. Our offerings include flight operations; crew management; airport operations; maintenance planning; and operations recovery.

Sabre AirCentre Flight manages all aspects of an aircraft's flight operations, from route planning to recovery of irregular operations. Several modules set up and file the flight plan and schedule. Our electronic flight bag puts all the necessary maps and weather information at the pilot's fingertips in real time. Flight Explorer, Movement Control, and Movement Manager solutions track an aircraft on the ground and in the air, ensuring complete control of all aircraft at all times. Recovery Manager works hand-in-hand with our Reaccommodation Manager to adjust aircraft, crew and passenger schedules during irregular operations caused by interference such as weather delays.

Sabre AirCentre Crew includes a wide array of solutions that forecast long-range crew needs, create and optimize schedules for the nearer term, and manage daily crew operations. Crew planning tools forecast overall crew needs and assess which type of crew to hire and train in order to meet the schedule. Crew scheduling tools optimize crew placement while meeting industry and government regulations. Several tools ensure the legality of crews in advance and also on the day of operations as flight schedules change, re-assigning crew as necessary to meet industry and government requirements. Several solutions allow crew to schedule leave and trade shifts while still meeting schedule and planning requirements. Other solutions manage crew movements on the day of operations and report actual schedule to payroll to ensure the crew is paid appropriately.

Sabre AirCentre Airport manages resources an airline uses at the airport, including gates and staff at the airport. Gate management tools plan the gates and manage operations when a gate is in use. A number of staff tools optimize staff schedules, create rosters and manage daily schedules and operations.

Consulting

In addition to software, we also provide consulting to our airline customers, wherein our expertise in airline processes and how they interact is leveraged to create custom solutions or maximize the potential of an airline's existing solutions, whether they are our software, our competitors' software and other business processes.

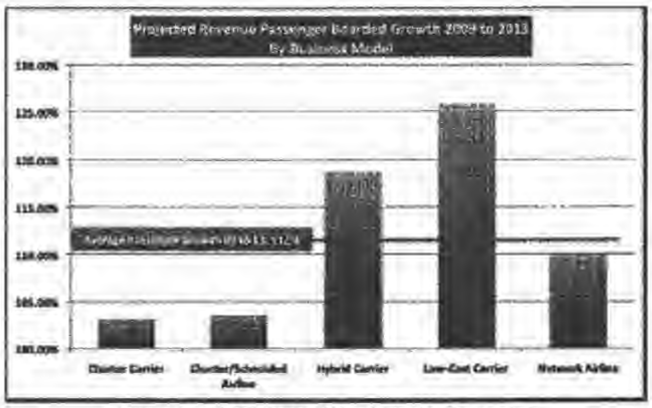
Customers

Our customer base is global, and the vast majority of airlines use one or more of our software solutions. In 2011, we served approximately 250 scheduled passenger airlines of all sizes and in every region of the world, as well as more than 800 other customers such as airports, cargo and charter airlines, corporate fleets, governments and tourism boards. In 2008, we served approximately 200 airlines and 240 other customers, a 33% three-year CAGR. Our customer base is distributed across the world, representing 96% of North America, 77% of Latin America, 62% of Europe, 72% of APAC and 58% of MEA, based on T2RL reporting of passengers boarded in 2010, combined with our own competitive industry insights. The breadth of our customer base provides us with opportunities to cross-sell our many offerings to airlines with which we already have relationships.

[redacted]

Our customers are generally as follows:

1. Low cost carriers, or LCCs, range in size and focus on a low-cost model that simplifies their operations and requires more streamlined processes. They tend to grow quickly, and they often require software that can scale with this rapid growth and provide the additional complexity required as they begin to codeshare, distribute through more indirect channels, add cabin classes, and diversify their fleets.
2. As LCCs evolve, they become hybrid carriers, which are more operationally complex than LCCs but still retaining some critical aspects of their low cost model. Like low cost carriers, hybrids grow rapidly.
3. Global network carriers are very large, full-service airlines that have a global presence and tend to have alliance partnerships. These airlines have complex operations and tend to use complex software that can scale to their extensive operations.
4. Regional carriers are also network carriers that tend to focus primarily on one region of the world; they can range in size from small to very large. They tend to be more price-sensitive and exhibit lower operational complexity than the global carriers. The following table shows T2RL's estimated growth projections in passengers boarded for various types of airlines. For more information, see "Industry—Travel Supplier Solutions."



Source: 2010 T2RL Paper "Airline IT Market Perspective"

Our reservations systems customers span all airline segments. We target hybrid carriers to capture their growth and because our flexible software and deep industry expertise enables these carriers to manage changing business models without changing providers. The scale and functional range of our reservations system solutions also position us to serve very large, full-service airlines that tend to have a global presence and alliance partnerships, as well as mid-size to large regional airlines. We estimate that very large, full-service airlines, each of which serve over 25 million passengers per year and have very complex software requirements, together boarded nearly half of the worldwide passengers reported by T2RL in 2010. According to T2RL, the number of these and other larger airlines that are still running custom reservations systems on in-house infrastructure is shrinking. In fact, in 2010, traditional in-house mainframe systems ceased to be the largest "vendors" in the marketplace. It is expected that the remainder of the in-house passenger systems will migrate to external solutions over the next couple of years. Mid-size to large regional airlines also have complex reservations requirements and are well-suited to our capabilities, particularly as they tend to rely on external providers for reservations functionality more than the large global airlines.

[redacted]

In 2011, we served approximately 250 passenger airlines and more than 800 other customers, such as airports, cargo and charter airlines, corporate fleets, governments and tourism boards. Based on our calculated share using 2010 T2RL passengers boarded data and our internal knowledge base of airlines' solution providers, we are the leading provider of airline marketing & planning and enterprise operations solutions. Our software applications can be combined in many ways to create solutions that address each airline's unique needs. Our software integrates with in-house or other outsourced systems, so we have the ability to serve customers who also use competing software applications or reservations systems. In the fragmented landscape of software applications offerings, we provide flexible end-to-end solutions that are fully integrated, decreasing the risk airlines would have assumed by integrating software from disparate players.

Low cost carriers focus on basic functionality in traditional areas such as scheduling. Products like Sabre AirVision Schedule Manager Base and leg-segment versions of revenue management let low cost carriers operate basic controls. The Sabre AirCentre solution is well-positioned with its Movement Control and Crew Control offerings. We help our customers save costs even further through advanced optimization techniques.

The growing hybrid segment highlights the strength of our modular approach, where tailoring a unique solution to fit an airline's needs is a key differentiator for a segment that seeks to lower costs by minimizing its overall number of software providers. The basic elements of Sabre AirVision Revenue work well within this segment as they look for ways to increase revenue in an increasingly complex environment. Airlines in this segment also tend to be thought leaders, looking for new ways to innovate in the industry, so our investment in innovative solutions such as Network Manager, Group eCommerce, and Competitive Revenue Management adds value for this segment.

Global network carriers are well-suited to many of our solutions. Sabre AirVision provides solutions around network, revenue, in-flight services, and cargo. Carriers in this segment benefit from our advanced capabilities such as origination and destination revenue management, competitive revenue management, and scheduling optimization tools such as Profit Manager and Fleet Manager. In addition, the complexity of these carriers makes them good candidates for our in-flight systems as a way to better manage their service and catering offerings. Sabre AirCentre is strongly positioned in this segment with Sabre AirCentre Flight, Sabre AirCentre Crew, Sabre AirCentre Airport, and the recovery solutions. Our capabilities enable global network carriers to operate at the lowest cost and manage change, as enabled by our continuous investments in flexible rules engine, smart optimization, etc. Typically, this segment exhibits more complex operations and rules and is most likely to use Movement Manager and Crew Manager. Our flexible and adaptable components can be tailored to fit the airline's specific needs, but they are well-integrated and create even more value when they work together.

For regional carriers, the scalability of Sabre AirVision and Sabre AirCentre allows us to provide value to airlines of all sizes. We offer scaled-down, "base" versions of the higher-end functionality that appeal to this segment, and our modular approach enables us to create single, enterprise solutions where needed.

[redacted]

Competitors

The airline software industry is very competitive and highly fragmented. We are currently aware of over 80 competitors providing many types of reservations systems and software applications solutions. There are also a number of airlines which develop their own software applications and reservations systems in-house. Our portfolio scope, flexibility and scale enable us to address a broad spectrum of airline customers.

Sabre is the second largest provide for passenger reservations systems, with a 16% share of airline customer passengers boarded, according to 2012 T2RL share data, which is weighted by airline passengers boarded:

Reservations Provider	2011 PB Share
Competitor 1	23%
Sabre	16%
Competitor 2	11%
Competitor 3	10%
Competitor 4	8%
In House	10%
Other	22%

Based on our internal share estimates, which are calculated based on our market intelligence combined with 2010 T2RL passenger volumes, we are the leader in the following technology software solutions areas:

- Marketing & Planning: market and data analysis, network and fleet management, flight scheduling, pricing and in-flight services.
- Enterprise Operations: flight planning, load planning, flight operations, airport operations, crew management and operations recovery.

Sabre is also one of the top two competitors in the areas of revenue management, revenue integrity and crew planning solutions.

We have the broadest portfolio of solutions on the market today. We currently offer reservations, marketing & planning and enterprise operations systems solutions in more than a dozen different areas of expertise, with significant share in most of those areas. Based on our market intelligence, there are several other competitors who have share in multiple areas including Lufthansa Systems, Amadeus IT Solutions, Navitaire, SITA, TravelSky, HP, and Boeing; however, none of these competitors cover as many solution areas as we do. In competing for a contract with a potential airline customer, often several competitors must team up together to match the breadth of offering we provide. In such a situation, we have a competitive advantage in offering a fully integrated, end-to-end offering through a relationship with a single provider.

As airlines continue to move toward relying on external providers for the technology that they currently host in-house, Sabre's extensive portfolio, SaaS delivery, and strong penetration in the market with a focus on high-growth segments position us well to continue gaining share in airline software applications and reservations systems.

Hospitality Solutions

Our hospitality solutions business provides more than 3,700 customers around the world that, collectively, have over 17,000 properties with reservations systems, marketing services, and consulting services that optimize distribution and marketing. The high fragmentation of the hotel industry, combined with the continued global growth of online marketing and distribution needs, creates an opportunity to utilize our expertise in distribution and channel management, as well as our SaaS delivery of software applications and reservations systems. We also deliver value by providing marketing services through our customers' various distribution channels, leveraging our extensive understanding of hotel distribution to drive more revenue through those channels. Our strength in hotel reservations and distribution provides a solid foundation upon which we are applying the same strategy that underpins our airlines solutions business – a portfolio of integrated SaaS solutions that address complex needs.

We are the leading provider of distribution and marketing solutions to hotel suppliers based on the following:

- *Leading in reservations.* Our CRS platform serves 13,000 properties and 62 chain codes globally. Using the Sabre GDS booking data as a representative reference point, our CRS generates more hotel bookings than any competing third-party CRS globally. The CRS is the lynchpin of a hotel property's distribution needs and online marketing expenditure.
- *Leading web-based property management system.* Our guest management system, also known as property management system, or PMS, is used by more than 4,000 properties globally. As the leading web-based PMS, based on number of installs, our PMS platform complements our industry leading CRS platform and we are poised to converge the systems into a Hospitality Enterprise System. This system will focus on the delivery of an efficient, integrated structure that provides a central view of all distribution, operations and marketing aspects, which will facilitate increasing accuracy, eliminating redundancies, and increasing revenue and cost savings. We expect that this system will change the industry approach to distribution and guest management, as well as drive greater cross-utilization among our own customer base.
- *Industry expertise.* Our solutions are enhanced by the depth of our industry expertise, which helps a hotel effectively manage content across multiple global, regional, and local distribution channels. Our expertise in hotel distribution is driven by relationships with hotels, travel agencies and distribution partners going back to the earliest days of electronic distribution in the early 1980s. Across our leadership team at our hospitality solutions business, the average amount of hospitality industry experience is over 17 years.
- *Scalable SaaS delivery.* We offer all of our reservations, marketing, and other solutions as SaaS, wherein we host the solutions in a central location and provide real-time remote access for customers. In the past, many smaller hotels had previously performed these functions manually, significantly limiting the scope and quality of revenue generation. Our SaaS offerings enable these smaller hotels to utilize technology they would not be able to support without sharing infrastructure costs. For larger hotels, we provide the scale needed to provide technology that was previously created in-house, enabling them to concentrate less on maintaining technology and more on serving travelers. We deliver our SaaS solutions from a platform large enough to accommodate global chains, a scale that is generally greater than that of our competitors and which is difficult for new entrants to match.

We have a strong foundation in the hotel supplier solutions industry with our strengths in CRS and PMS markets. A hotel's CRS stores inventory (available rooms and pricing) that can be marketed through various direct and indirect channels, including the GDS, Internet booking engines, call centers, and direct connections to third party OTAs. A CRS enables a hotel or chain to manage its pricing and inventory across these multiple distribution channels; enact appropriate revenue management strategies; manage new, modified or cancelled bookings; and effectively recognize and communicate to their customers at the point of sale and through targeted and timely marketing messages.

Based on estimated number of hotel bookings via GDS in 2011, which historically have been the primary reason for hotels to use CRS services, we believe we have the leading hospitality CRS share at 28%, with our next closest competitor at 19%. As hotels have become more interested in shifting bookings from offline to online, we have grown our Internet booking engine, direct connect and IDS businesses 32% per year on average from 2008 to 2011.

Our scalable CRS technology handles over 13,000 properties and 62 chain codes globally. We serve strong, stable brands such as Shangri-La Hotels and Resorts, Mandarin Oriental, Peninsula, Rosewood Hotels and Resorts, Harrah's, and Millennium & Copthorne. We also have been successful at extending our sales reach through a strong network of value-added resellers and other hotel representation companies such as Preferred Hotel Group, Luxe and Navarino. Currently, approximately half of our distributed properties come from our reseller relationships.

We aim to substantially increase our presence in these areas as we build up our hospitality solutions business through organic growth, through a convergence of our CRS and PMS platforms, as well as opportunistic acquisitions of smaller companies that provide accretive value when we leverage our global development and sales teams to integrate and cross-sell.

Key Metrics

The table below sets forth financial data for our hospitality solutions business based on years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31,							
	2011			2010			2009	
	Total	% of Revenue	% Change 2010-2011	Total	% of Revenue	% Change 2009-2010	Total	% of Revenue
	($ in millions, except percentages)							
Revenues	$ 89.6	100%	19%	$ 75.6	100%	34%	$ 56.3	100%
Recurring Revenue[1]	$ 71.4	80%	21%	$ 58.8	78%	39%	$ 42.4	75%
Non-Recuring revenue	$ 18.2	20%	8%	$ 16.8	22%	20%	$ 14.0	25%
Operating Costs	$ (83.4)	-93%	-26%	$ (66.0)	-87%	-27%	$(51.9)	-92%
Operating Income	$ 6.2	7%	-36%	$ 9.6	13%	120%	$ 4.4	8%
CRS transactions (in millions)[2]	10.6	—	20%	8.8	—	55%	5.7	—
Average fee per transaction[3]	$ 5.35	—	1%	$ 5.28	—	-7%	$ 5.67	—
Properties contracted to use SHS CRS[4]	12,596	—	8%	11,676	—	18%	9,866	—

Notes:

(1) Revenue received for software applications for which we receive transaction fees.
The contracts associated with these revenues are typically for a period of 1 to 5 years (subject to any voluntary termination rights).

(2) Total number of transaction processed by the Sabre Hospitality Solutions CRS via various channels.

(3) Transaction revenue divided by the total number of transactions.

(4) Number of properties implemented into the CRS as of year end.

Revenue growth is associated primarily with the high scalability of the business. SaaS enables economies of scale around multi-solution platforms that can deploy software across a broad customer base. Our recurring revenue percentages, or transaction-based revenue as a percentage of total revenues, have increased annually for our hospitality solutions business at 80%, 78%, 75% and 73% in 2011, 2010, 2009 and 2008, respectively.

Product Offering

We offer solutions in the areas of distribution, marketing, and consulting. All of our software solutions are offered in the SaaS model. Our software offerings are modular and fully integrated; customers may bundle components to best suit their specifications. Our solutions also integrate with other hotel systems; as an active member of Open Travel 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.

Distribution Solutions

We offer a comprehensive set of solutions to manage distribution across multiple channels.

Central Reservations System (CRS) is at the core of our solutions. The CRS provides unlimited global access to consumers by distributing inventory to all distribution channels, online and offline, including GDSs, OTAs, website and mobile booking engines and reservations call centers. The CRS allows hotels to manage availability, rates, and content across the various channels and has built-in revenue management tools that help optimize revenue. It seamlessly integrates with all properties in a chain and with other critical property systems to provide a holistic view of a hotel's revenue. The CRS is easy to implement because it is completely web-based and requires minimal hardware to operate.

Property Management System (PMS) is our most recent product offering. The Sabre PMS is a result of our 2011 acquisition of SoftHotel, the leading web-based PMS system in the hotel industry. Sabre PMS is the property management system for over 4,000 hotels, including Red Roof Hotels and 9 Wyndham brands. Sabre PMS provides all the functionality a locally installed PMS typically provides, including inventory and reservation management, guest profile management, staffing, cleaning, back office and payment system integration, and a night audit/reporting module.

Booking Engine solutions provide a direct distribution channel with branding and merchandising options for both traditional and mobile websites. Tools include customer notification, image galleries, interactive calendars, search filters, fraud protection and reporting. Our booking engines are seamlessly integrated into our CRS.

Call Center solutions provide a full-service global call center to meet the needs of a single property or chain. We provide a call center booking application for use within a hotel's own call center, or a full-service solution where our skilled associates operate as an extension of a hotel's sales force, trained to improve conversions and revenue per transaction as well as provide excellent customer service. Our call center solutions have a global reach, with locations in the United States, Canada, and Singapore that support multiple languages, including English, Spanish, Italian, French, German, Portuguese, Cantonese, Mandarin and Japanese.

Consortia/RFP Management solutions include Sabre Hotel RFP and Consortia Management Program. Sabre Hotel RFP provides leads to hotels for corporate travel contracts and sends hotels' bids to corporations and agencies. Consortia Management Program helps hotels compete for a share of the global business and leisure travel segments by marketing preferred rates to qualified travel agents. Our dedicated managers couple the right hotels with the right customers and establish strong relationships with the major consortia agents for the corporate direct, leisure consortia, and general travel agency sectors. These programs generate more bookings at higher rates than those generated through the Internet.

Marketing Solutions

Our marketing solutions help hotels gain the maximum exposure through all distribution channels. Our solutions are designed to help a hotel acquire, engage, convert, and retain customers.

[redacted]

E-Marketing Services are developed with an emphasis on driving bookings revenue and return on investment. The planning cycles, strategies, and tactics we devise and execute for each customer are closely monitored, measured, and continually refined. Our solutions include website development, search engine optimization, mobile solutions, pay-per-click and online advertising, social media marketing, online merchandising, and e-marketing tools and technologies such as content management, e-commerce for ancillary sales, trip planning tools, behavioral targeting engine, custom flash development for property maps and interactive proposal services that enable a hotel to respond to RFPs in a highly customized fashion.

Travel Agency Media tools are functions within the Sabre GDS that merchandise hotel offerings to travel agencies at key points in the shopping and booking processes. Campaign planning, placement, and delivery of advertising through the Sabre GDS increase conversion for our customers through this channel.

Customer Relationship Management solutions increase customer loyalty by analyzing customer data to develop customized communication and efficient distribution solutions that are tailored to a hotel's individual needs. Database management and email marketing programs leverage property management system information to further cultivate relationships and capture the preferences and insights of a hotel's customer base.

Consulting

Our team leverages its extensive knowledge of the hotel industry and hotel processes to help its customers maximize the return on investment in our products and services. We partner with our customers to provide education around our tools and services, identify new revenue opportunities, and stay up to date on the latest industry trends. Our marketing consulting offering focuses on helping customer properties improve their internet marketing presence and corresponding bookings by designing comprehensive, integrated campaigns that incorporate all potential online channels: direct to property, pay-per-click advertising, organic search engine optimization, linkage programs, reputation management, and emerging social media channels. We provide ongoing monitoring, tracking, and reporting of performance results and improvements from the campaigns with continuous adjustments if necessary. Our tools help customers manage the process and track results. Our revenue management consulting offering considers many aspects of a hotel's business to determine how to help achieve revenue goals. We consider competitive market positioning, pricing strategy, business mix, decision-making processes, internal communication, e-commerce strategy, benchmark performance trends and distribution channel positioning. Our customer relationship management consulting offering works with customers to maximize the effectiveness of communication by ensuring that all touch-points are personalized, relevant and timely. Training consultants team with hotels to ensure our customers are up-to-date on best practices in the areas of channel management and marketing.

Customers

Our customer base is global, with more than 17,000 hotel properties of all sizes and located in every region of the world. We have grown from approximately 2,400 customers in 2008 to more than 3,700 customers in 2011, a 3-year CAGR of 16%. Our customer base is distributed across the various regions of the world, representing 37% of our 2011 distributed rooms in North America, 9% in Latin America, 29% in Europe, 20% in APAC and 5% in MEA. 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.

Branded Chains. Branded chains have made the decision to promote their brand to travel agencies by acquiring a distinct chain code for their chain. They can vary greatly in size, both in property count and rooms per property; we have chains as small as two properties and larger than 800 properties, and everything in between. They typically need tools that manage a brand and distribution mix across multiple properties in multiple regions.

Independent Hotels. Independents can range from large properties to small properties and are highly focused on gaining scale and functionality through our system and services in order to maximize their distribution reach. The independent hotels we represent fall under our master YX chain code and number greater than 6,000.

Resellers Properties. Our reseller network is vast and global. In every region of the world, we work with value added resellers that sell our distribution or marketing services as a part of their branded offering of services. Approximately half of our distributed properties are via our reseller network.

Gaming. Gaming and casino properties are a unique customer segment because they have very unique profile and integration needs based on the importance of gaming revenue to their overall business model. As such, we treat them as a separate customer segment and support them with account managers familiar with their needs.

Competitors

The top CRS competitors include Pegasus, MICROS, TravelClick and Trust. We estimate that we have moved into the leadership position, providing the most GDS-processed bookings via CRS globally. Our estimated global share for the year ended 2011, as measured by GDS transactions, is as follows:

	Estimated Share
Sabre	28%
Competitor 1	19%
Competitor 2	15%
Competitor 3	13%
Competitor 4	9%
Remaining Competitors (combined)	16%

For our share calculations, we analyze reservations data that was processed through our Sabre GDS, focusing on those reservations that were serviced by external hotel CRS providers (but excluding reservations through in-house CRSs). In 2011, of the third party CRS reservations in the Sabre GDS, 28% were provided by the Sabre hospitality CRS. This methodology for computing share is the best available to us since CRS share information by channel is not publicly available. We believe that our methodology provides a reasonable proxy for all channels: if we have a hotel's Sabre CRS business, it also distributes via our GDS (and others) and, thus, we believe we have the same proportion of its business in other channels (such as call center, booking engine, and OTA) as our competitors.

Based on our GDS data, which includes hotel capacity, we estimate that our 28% share of hotel CRS bookings is based off of approximately 25% share of total rooms served by external CRSs. The following table shows the share of rooms served by the Sabre CRS in 2011, as a percentage of all rooms served by CRS providers, by region:

Region	Total Rooms Served by External CRS Providers	% of Those Rooms Served by Sabre CRS
North America	1.6 million	30%
Europe	1.6 million	24%
Middle East and Africa	0.2 million	30%
Asia Pacific	1.3 million	21%
Latin America	0.5 million	25%
Total	5.1 million	25%

We expect that a significant growth opportunity lies with global chains which currently have in-house CRS platforms that are growing old and will require upgrading or outsourcing in the near to mid-term. Many of these chains (e.g. Carlson, Hyatt, Intercontinental Hotel Group, and Wyndham) are actively looking for external solutions. In addition, many chains are investing in international expansion, which we see as an opportunity to grow and expand our global footprint into rapidly-growing regions such as APAC, Latin America and MEA.

Travelocity Global

Travelocity Global is our online e-commerce and media business. As a leading global online travel agency, or OTA, we provide consumer-direct travel products and services for leisure and business travelers across a number of well-known and trusted global brands. Through our websites, travelers can access offerings, pricing and information about approximately 400 airlines, over 120,000 hotels, all major car rental companies, most major cruise lines, and numerous vacation and last-minute travel packages, traveler reviews, and other travel-related services. Through our media business we offer opportunities to companies wishing to advertise to our customers on our websites. Through our Travelocity Partner Network, we provide travel content and booking functionality to, as well as market and sell products and services, through, private label websites for suppliers, distribution partners and travel agencies. Our Travelocity Business online corporate travel agency provides business travelers the corporate travel technology and full-service offering of Sabre's GetThere corporate online booking tool along with the online travel content of Travelocity.

Founded in 1996, Travelocity.com was the first OTA, and among the first online retailers. Since the U.S. launch, we have significantly expanded our geographic scope and product offerings. In 2011, Travelocity was the third largest global OTA based on revenue, powering 23 international websites in 8 languages and generating $9.6 billion in annual gross travel sales. In 2011, Travelocity had relationships with 123,000 global suppliers and had websites in 18 countries. Based on Euromonitor data, these countries accounted for over 50% of worldwide transportation and accommodation travel spending and approximately 80% of the worldwide transportation and accommodation online travel spend.

In December 2009, our wholly-owned subsidiary Travelocity.com Inc. was converted into Travelocity.com LLC, a Delaware limited liability company, pursuant to Delaware law, and the capital structure of Travelocity.com LLC was split into common and preferred units. On December 31, 2009, 95% of the common units of Travelocity.com LLC were distributed as a dividend to a newly-formed Delaware corporation, TVL Common, Inc., which is owned by the holders of record of Sovereign Holdings' preferred stock. We retained the remaining 5% of the common units and 100% of the preferred units. For so long as any preferred units remain outstanding, the holder(s) of the preferred units will have full voting rights and control of Travelocity.com LLC and the holder(s) of common units will have no voting rights or control. As such, we, as the holder of all of the preferred units, consolidate the results of Travelocity.com LLC and present a noncontrolling interest for the portion of the common units distributed through the dividend. Profits and losses are allocated in accordance with the limited liability company agreement and securities held by each party.

In 2011, we refocused Travelocity's strategy on utilizing the well-known Travelocity brand, upgrading and optimizing its website and technology platform and launching innovative new products such as mobile functionality, with a goal of building a better user experience and driving higher conversion and retention rates on its sites. Our brands such as Travelocity, lastminute.com and Zuji remain well-recognized; for example, in February 2012 Travelocity was named the top travel site by the American Consumer Satisfaction Index. In February 2012, we launched our first iPad app, which has received solid reviews. We are heavily promoting our "Top Secret Hotel" deals and our Travelocity Guarantee, under which we will match any lower price and give the customer $50 off another trip. In addition, our management team has closed Travelocity's offices in New York and San Francisco, consolidating employees at our Southlake headquarters to reduce cost and speed up decision-making. With our strategy of improving marketing efficiency, conversion, cost structure and yield, we expect that Travelocity is poised to regain share and grow profitability.

Key Metrics

The table below sets forth financial data for Travelocity Global based on years ended December 31, 2011, 2010 and 2009.

	Year Ended December 31,							
	2011			2010			2009	
	Total	% of Revenue	% Change 2010-2011	Total	% of Revenue	% Change 2009-2010	Total	% of Revenue
	($ in millions, except percentages)							
Revenues	$ 825.3	100%	-5%	$ 871.6	100%	-1%	$ 876.1	100%
Operating Costs	$ (1,074.7)	-130%	18%	$ (1,316.7)	-151%	-13%	$(1,169.8)	-134%
Operating Loss	$ (249.4)	-30%	44%	$ (445.1)	-51%	-52%	$ (293.7)	-34%
Gross Travel Booked (in millions)	$ 9,628.0	—	4%	$ 9,298.2	—	5%	$ 8,856.9	—
Gross Booked Transactions (in thousands)	18,869.2	—	-5%	19,777.0	—	1%	19,625.9	—
Yield (Total Revenue/ Gross Travel Booked)	9%	—	-9%	9%	—	-5%	10%	—

Travelocity's results, as measured by these metrics from 2009-2011, have been adversely impacted by several factors in recent years, including margin pressure from suppliers, reduced bookings on its websites and increased costs of customer acquisition, especially through CPC channels, as well as intense competition in the industry. For the three years ended December 31, 2011, Travelocity experienced an approximately 7% 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. This increased level of competition has led to declines in rates on new long-term supplier agreements signed with several large North American airlines in 2011 and lower transaction volumes. See "—Competitors." Lower volumes on our websites have also impacted our media revenue. Additionally, in order to remain competitive, in 2009 we eliminated or significantly reduced service fees charged to our customers. We currently do not expect any further reductions to our service fees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Our Results of Operations—Travelocity's results have been adversely impacted by competitive and performance factors."

Product Offerings

Our retail portfolio is comprised of retail brands, including full service OTA brands, as well as category-specific and business-to-business solutions. The following are some of our key retail offerings:

- *Travelocity.com* is our flagship full-service OTA offering for the Americas (operating as Travelocity.com in the United States, Travelocity.ca in Canada, and Travelocity.com.mx, Travelocity.com.ar, and Travelocity.com/la in Latin America). A pioneer in the online travel segment, in 1996 Travelocity.com was the first website to allow consumers not only to access Sabre's GDS fare and schedule information, but also to reserve, book, and purchase tickets without the help of a travel agent. In addition to airfares, the site also permits consumers to book hotel rooms, rental cars, cruises, and packaged vacations. Many of our customers have taken advantage of our traveler review feature by creating millions of qualified reviews of hotel properties, travel destinations, and other travel-related services, which allows us to attract additional customers and also contribute to our websites' desirability to advertisers. We are able to accumulate a large base of reviews due to the high number of online visitors that our website attracts. In 2011, Travelocity.com, our largest brand in terms of revenues, accounted for 45% of Travelocity's global bookings with 5.4 million subscribers, relationships with 123,000 suppliers.

- *lastminute.com* is one of Europe's leading online travel agencies providing online access to airline tickets, hotel rooms, holiday packages, car hire, entertainment tickets, and restaurant reservations. lastminute.com operates directly in 10 European countries, including United Kingdom, Germany, Belgium, Denmark, Spain, France, Ireland, Italy, Sweden, and Norway. lastminute.com provides customers with a choice of 71,000 hotel properties and 386 airlines worldwide, while also operating online brands including holidayautos.com.
- *Holiday Autos* is our car broker business that arranges value-led car rentals for nearly a million global customers every year. As a broker business, holidayautos.com works with over 66 of the leading suppliers in over 5,000 locations within 100 countries worldwide to provide high content availability at competitive prices. Holiday Autos has offices in a number of countries and regions, including Germany, Sweden, France, Belgium, Switzerland, Italy, Spain and Dubai as well as via joint ventures or general sales agents in Australia, China, Brazil and South Africa. Holiday Autos also serves many more locations with local language websites in countries such as Russia, the USA, the Netherlands, Austria, Portugal, Norway, Denmark, Finland, the Middle East and Turkey, among others.
- *Top Secret Hotels* is our opaque hotel offering that allows customers to book hotel rooms for less than they would on a regular website because the hotel's name and address are kept secret until the booking is complete. Top Secret Hotels is targeted towards price sensitive consumers and is a distinct opaque offering on the lastminute.com and Travelocity.com websites that complements our disclosed fare transaction model. Buying opaque travel offerings is best for price-conscious travelers, because their primary aim is the cheapest travel. The opaque model also offers our suppliers an additional inventory management option.
- *zuji.com* is our full service OTA serving the Asia Pacific region. Zuji gives travelers a choice of over 82,000 hotels and 386 airlines as well as offering package tours, cruises, car hire, attractions and other travel products online. Zuji has teams and travel websites in Singapore, Hong Kong, Australia, India and New Zealand.
- *TravelGuru* is our hotel distribution network in India. It offers access to more than 6,900 hotels in India and over 123,000 hotels worldwide. TravelGuru offers customers the opportunity to plan and purchase their travel in a transparent, easy, and customizable manner with instant bookings and confirmations. Strategic partnerships and deep supplier relationships give TravelGuru the edge as an aggregator of travel services. Sorting hotels by user ratings and several other criteria are some of the distinctive value-added services.
- *IgoUgo* is one of the world's leading online travel communities. Built entirely around the concept of travelers sharing honest opinions, IgoUgo has more than 650,000 members who communicate by writing and posting travel journals and photos of their experiences. As of February 2012, the site included more than 530,000 reviews, more than 570,000 photos and more than 62,000 journals, covering more than 10,000 destinations around the globe. Customers use the content on IgoUgo in order to make informed decisions during the trip research and planning phase. In addition, on IgoUgo, travelers can compare trip prices across different websites and gather ideas for activities available at their selected travel destinations. IgoUgo also serves businesses as a medium for advertising their travel-related products and services.

Our business-to-business offerings include:

- *Travelocity Partner Network*, or TPN, expands Travelocity's reach to consumer segments that prefer to make their travel purchases on websites other than ours. TPN operates through agreements with online retailers, internet portals, and supplier websites who either utilize our private label travel solutions, customized to book travel on their own websites, or display a Travelocity link on their websites. We power the travel offerings of internet portals such as Yahoo! and provide non-air travel content to major airline websites such as Southwest Airlines and Virgin America. We also partner with leading credit card providers, such as CapitalOne, US Bank and the Royal Bank of Canada by powering their travel-related loyalty point redemption programs. Currently, TPN has approximately 2,000 partners, including blue chip customers from financial services, e-commerce and travel industries.
- *Travelocity Business* is among the top Travel Management Companies (as measured in domestic ARC sales) that allows companies to plan, buy and manage their travel through its online and offline capabilities. In addition to centralized booking tools, Travelocity Business provides employees of our corporate customers with unique supply targeted at business travelers. In 2010, Travelocity Business expanded its focus to corporations with midsized travel budgets (of less than $5M in ARC spending) and launched the Travelocity Business Express portal for organizations with small, unmanaged travel programs. We expect that a strong brand, innovative technology and a complete full service support model will allow Travelocity Business to attract new business at midlevel markets and above.
- *Rate Finder* offers Travelocity the opportunity to drive revenue through media product innovation. Rate Finder is a travel price comparison tool that enables consumers to quickly and easily identify the travel provider that best meets their needs by comparing prices among participating alternative travel suppliers and retailers. This option enhances the experience of travelers at no cost to them, while at the same time generating advertising revenues for us from the companies who participate in the program and provide deep links to their sites on the RateFinder search engine. Currently in ten countries, Rate Finder has 77 global advertisers consisting of OTAs, metasearch sites, and travel suppliers. Rate Finder is an offering on a number of our websites, including IgoUgo and Travelocity.com.

Marketing and Advertising

Our marketing efforts are aimed at increasing the value of our brands by reaching the broadest possible range of travelers, suppliers, and advertisers with a wide variety of product offerings. We have a unique portfolio of globally recognized brands and products. Our travel offerings provide products spanning the entire travel experience: from the dreaming and planning stage of a trip, through the shopping for and booking of travel, through the journey and related activities, to the sharing of post-trip impressions and reviews. Our multiple touch points with travelers make our websites attractive to corporations for advertising. Our flagship Travelocity brand appeals to the broadest range of travelers with our extensive product offerings ranging from single item bookings of discounted products to dynamic bundling of higher-end travel packages. The rest of our products address customers from a broad range of different demographics with a wide variety of preferences. We also appeal to the value-conscious traveler through our Top Secret Hotels brand. Our dynamic packages allow customers with specific needs and preferences to carefully select all aspects of their travel experience. Our IgoUgo brand provides customers with opportunities to express their opinions and benefit from the opinions of others through social media. In addition, we are making it easier for customers to share their travel experiences through other social media sites, such as Twitter and Facebook. We are also focusing on mobile applications, which represents an opportunity to put shopping where it is most convenient for customers. Travelocity launched its iPad application, which allows consumers the ability to book flight, car, and hotel transactions in one place, in mid-February 2012. Through Travelocity Partner Network, we reach customers who book travel on websites other than ours, such as AAA and Yahoo!, and customers who prefer to book travel through loyalty points programs through providers like Capital One, US Bank and RBC. Through Travelocity Business, we make managed travel products and services available to corporate customers. In addition, our media business offers significant potential to grow with the success of our partners.

Our advertising channels primarily include online advertising, driving traffic through search engine optimization and marketing, offline advertising, and personalized traveler communications via our websites and through direct e-mail correspondence with our travelers. In addition, we create cross-selling opportunities via the review and rating features of our websites. We aim to engage more with customers during the travel planning experience by providing points of interest, thematic mapping, and reviews on our websites. We are also increasing our video assets to allow customers to experience virtually the destinations they are interested in. We offer 24-hours-a-day, seven-days-a-week customer support services by telephone and email to ensure our customers have smooth, enjoyable travel experiences.

Travelocity's aided brand awareness is 92% and based on surveys by Hall and Partners, Travelocity's brand awareness is equivalent to or better than our competitors. This is reflected in the table below which shows spontaneous consideration (unaided, unprompted awareness) and brand consideration (respondents indicate "it's the first and only, or one of the first sites I'd go to").

	Travelocity	Competitor 1	Competitor 2	Competitor 3
Spontaneous Consideration	49%	50%	27%	34%
Brand Consideration	45%	47%	31%	38%

This level of brand awareness is especially notable considering that, based on information from Expedia's financial statements, it spends almost 3 times as much as Travelocity on (non-affiliate) marketing.

Customers

Our travel customers include leisure and corporate travelers and corporate travel departments. Our Travelocity Partner Network customers include supplier websites (e.g., Southwest Airlines and Virgin America), internet portals (e.g., Yahoo!), and major credit card providers (e.g., Capital One, US Bank and the Royal Bank of Canada) who use our content in their travel offerings or loyalty points redemption programs. Our media customers include competitor OTAs (e.g., Expedia, Orbitz, and Priceline) and other travel-related businesses around the world that advertise through our websites. For 2011, our Travelocity revenue for points of sale outside the United States were approximately $292 million, representing 35% of our 2011 Travelocity revenue. None of our Travelocity customers represented more than 10% of our Travelocity revenues for 2011.

Competitors

Travelocity's main competitors include other OTAs, offline agencies, and supplier direct channels.

- The OTA segment is competitive with a number of players of different sizes. There are four principal OTAs, which are based in the United States but operate on a global scale: Travelocity, Expedia, Orbitz, and Priceline. These OTAs represented 96% of OTA gross bookings in the United States in 2010 (PhoCusWright 2010). In 2010, based on PhoCusWright data, internal financials and publicly available information for our competitors, we estimate that globally these four OTAs and their international brands represented approximately 60% of the global OTA segment, leaving room for international growth and consolidation.

The table below illustrates the shares of Travelocity, as a percentage of the top four principal OTAs' global revenues, for the fiscal years ended December 31, 2009 through 2011:

	2011	2010	2009
Competitor 1	42%	46%	49%
Competitor 2	38%	29%	22%
Travelocity	10%	13%	16%
Competitor 3	9%	12%	13%

Note: Historical revenues were adjusted to remove Trip Advisor revenues for Expedia.

- We also compete with suppliers, such as airlines, hotel and rental car companies, many of which have their own branded websites and toll-free numbers through which they generate business. According to PhoCusWright projections, in 2010 supplier websites represented 59% of all online leisure/unmanaged travel sales in the United States, 71% in APAC, and 63% in Europe.
- We compete with search engines, such as Google, and meta-search companies, such as Kayak, who are relatively new entrants to the industry and who are experiencing rapid growth. See "Risk Factors—The intense and increasing competition in the travel industry could have a material adverse effect on our business, financial condition and results of operations." We also compete with niche online travel providers such as Jetsetter and AirfareWatchdog. Search engines and meta-search websites could send our potential travel customers to supplier websites or OTA competitors. In addition, search engines that offer pay-per-click advertising services compete directly with our Internet media business.
- In the offline travel agency category, our largest competitors include companies such as American Express, Inc., Liberty Travel, Inc., Thomas Cook Group PLC, and TUI Travel PLC. Many of these offline travel agencies have started adding online booking capabilities, especially in Europe.
- We compete with travel research companies such as TripAdvisor LLC and Travelzoo Inc., through which consumers can access content such as user-generated travel reviews. These travel research companies compete directly with IgoUgo and can also send out potential customers to the websites of suppliers and our direct OTA competitors.

We compete on the basis of ease of use, price, customer satisfaction, availability of product type or rate, service, amount, accessibility and reliability of information, as well as breadth of products offered and customers reached. Our travel brands stand out based on the quality and breadth of our travel offerings, our competitive pricing and timely promotions, as well as the customer service and quality of our travel planning content and insight. Going forward, as the demand for online travel products increases, especially internationally, the range of companies involved in the online travel products industry, such as traditional travel agencies, travel industry information providers, online portals, and e-commerce providers, could increase their efforts to develop products and offerings that compete with ours.

Research, Development and Technology

We invest heavily in our technology development, delivery and operational support capabilities and strive for a standardized infrastructure in our data center environments across hardware, operating systems, databases, and other key enabling technologies. This minimizes costs on non-differentiators and allows us to focus on getting products to market, developing new features, and ensuring that what we build is scalable and robust. Continuing focus on investment and innovation is evidenced by annual technology spending of more than $500 million.

Our architecture has evolved from a mainframe-centric transaction processing environment to a highly secure and global processing platform that is one of the world's most heavily used and resilient Service Oriented Architecture (SOA) environments. In 2011, we processed more than 700 billion transactions, with more than one billion API requests a day (as of January 2012), peak volumes of 60,000 transactions per second, and an average response time of less than three seconds. Our data centers have more than 8,200 servers/virtual machines and leverage over 4,800 terabytes of storage.

A variety of applications and services run on this technology infrastructure: high-volume air shopping systems processing more than 600 million transactions per day; desktop-access applications used by travel agents in more than 68,000 locations in more than 135 countries; fully-hosted systems that are part of our SaaS model that serve more than 200 customers worldwide; and web-based services that provide an automated interface between us and our travel suppliers and customers and support approximately 220 million XML transactions per day on peak days through more than 300 web services. The flexibility of our standardized and loosely-coupled technology infrastructure allows us to quickly deliver a wide variety of solutions.

Product Development

Sabre's talent resources strategy taps into the best talent pools around the world to deliver the quality and innovation that our customers demand while offering lower unit costs. A technology staff of over 3,700 employees provide varying skill sets and competency levels to suit our changing needs. When multiple major new investments are on similar timelines, established relationships with contract-labor and professional-services firms supplement capacity. This staff is based around the world in development centers located in Dallas-Fort Worth, London, Krakow, Bangalore, Manila and Buenos Aires. This global approach puts us closer to our customers and gives our developers insight into local market needs that benefits our products and services. Staging offices around the world also lets us use a "follow the sun" approach, meaning that our development and testing team is active 24-hours-a-day in order to speed our time to market. We also have the flexibility to adapt quickly and re-allocate work across regions and businesses as needed because we conduct our own research and development rather than outsource it.

Our core product development is complemented by dedicated operations research staff. This team, which comprises 13 individuals with advanced degrees in operations research, computer science, 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.

Our industry leadership and innovative products have garnered many prestigious awards and accolades, including multiple listings in the annual "Information Week 500" ranking, Computerworld Honors Program Laureate selection, Leading Innovations in Business Intelligence & Data Warehousing, Business Travel & Meetings Innovation Awards, Oracle Fusion Middleware Innovation Award, Sustainable Tourism Award, Web Marketing Association's WebAwards, and Ventana Leadership Award for Analytics.

Processing and Storage Capacity

Our business volumes and redundancy in our infrastructure require significant processing and storage capacity in our data centers. Sabre's primary data centers are in Tulsa, Oklahoma, with additional production, certification, integration, and development environment hosting in Lewisville and Allen, Texas.

Our move toward a private cloud environment across our data centers will allow us to make better use of our processing and storage capacity and to increase the efficiency and speed with which we can redeploy capacity to areas of need across our product set. We employ a single HP Blade server as a hardware standard to keep pace with advances in processors within the HP Blade Server product line as well as storage area network, or SAN, and network attached storage, or NAS, solutions that meet common needs across Sabre's businesses, such as higher cost storage for high-volume applications, lower cost storage for back-ups and restore points. The design of our infrastructure enables us to quickly adopt the latest hardware and software-based storage solutions without incurring significant re-engineering efforts, minimizing future expenses.

Operational Reliability and Performance

Sabre's 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 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.

Over the last several years, Sabre has invested in moving to Information Technology Infrastructure Library (ITIL)-based standard operational processes. Core processes and supporting tools addressed include: (i) the ability to change management processes to ensure standardized methods and procedures are used to handle all system changes, which minimize the impact of change-related problems; (ii) incident management processes to restore normal operations as quickly as possible with the least possible impact on businesses and users, which ensures the highest levels of service quality and availability are maintained; and (iii) problem management processes to resolve root causes of incidents, which minimizes any adverse impacts, and prevent recurrences.

We are moving to an automated, private-cloud environment where applications can share server farms and be governed by programmatic policies rather than human operators. This will facilitate greater server capacity utilization and provide us with the ability to dial-up or dial-down capacity to save power and administration by automating responses to various conditions now handled manually.

Disaster Recovery

Our primary data centers in Tulsa have been built to withstand severe natural disasters including earthquakes and tornadoes. Tornado resistance is up to level F5, with rotating winds to at least 215 mph and storm movement up to 70 mph. They also have been built to withstand blast threats to the building of up to 500 pounds of TNT. Both of our primary and disaster recovery data centers, which are maintained and managed by HP, are Tier 3 facilities.

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.

Production systems, application configurations and databases are copied from the primary data center to the disaster recovery site at least every twelve hours. There is a full hot/hot, redundant IP network between the primary and disaster recovery data centers using fiber connectivity. Detailed recovery plans are updated quarterly and maintained at three off-site locations for further assurance of business continuity, and those plans are fully tested at least once a year.

Data Security

Sabre employs many industry-standard data protection measures 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 quarterly, do 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. Encryption capabilities are available for development and application teams to deploy "data at rest" encryption. In addition, our TPF mainframe environment is in the midst of an upgrade to zTPF, which will enhance encryption of data at rest and in transit (with encryption of data stored on the disk and as it moves between systems).

Much of our operational computing environment (including mainframe systems) is managed by a third-party service provider, which allows us to capitalize on the service provider's operational and security expertise while realizing savings over solely in-house management of data security.

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 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 (SDLC) emphasis includes the execution of documented, traceable standards and measures from initiation of a product through sunset. These include specific architectural reviews, code inspections, and pre-release readiness reviews.

Operational Efficiency

We leverage SOA to build a standard infrastructure across the Sabre enterprise, 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 units. Our operational environment has common systems and processes across the enterprise, 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.

Finally, by strategically locating approximately 50% of our development staff in various global centers and closely monitoring and adjusting our technology outsourcing agreements, we are able to introduce increasingly more advanced development and operational practices while reducing unnecessary resources and costs. At the same time, through evolution of technology, a larger amount of processing power is being provided at a lower per unit cost.

Corporate Responsibility

Corporate Responsibility is defined as the management of our business processes to produce a positive impact on our employees, our communities, our industry, and the environment.

Our Corporate Responsibility Commitment

Being a leader brings great responsibilities to innovate and advocate for a healthy and sustainable industry, to support the communities in which we live and do business, and to take care of our people and our planet. We are committed to these responsibilities; it's part of our culture and it's what makes us who we are. We call these commitments "Better Travel, Better World."

Sabre is committed to providing our customers with products and services that help them promote responsible and sustainable travel, advocating for sustainable business practices in travel and tourism, making a positive impact on our people and the communities we touch, and minimizing the environmental impact of our global business operations.

Sabre invests globally in communities through financial contributions, volunteerism, and corporate-sponsored volunteerism (volunteer vacation) grants that make a difference to residents and visitors alike. For over twelve years our employees have actively engaged in charitable contribution and volunteer outreach initiatives to non-profit organizations around the globe.

Corporate Responsibility Policy

Corporate Responsibility is an integral part of our long-term plans to deliver ongoing value to our customers and our business. It is our policy to:

- comply fully with the letter and spirit of all applicable social and environmental laws and regulations;
- drive environmental efficiencies across our business;
- manage a global procurement policy to ensure products and services purchased or contracted for will conform to the goals of our company's Corporate Responsibility Policy and, where feasible, to purchase environmentally-preferable products and services that meet the company's needs;
- advocate for responsible and sustainable travel industry standards and for legislative and regulatory policies in travel that promote environmental and energy efficiencies;
- uphold human rights policies and processes regarding workplace conditions and standards of conduct, equal opportunity in employment, and access for persons with special needs;
- support and advocate for industry policies and practices that will end human trafficking and exploitation of children;
- adhere to existing policies and processes in regards to ethical business practices, customer privacy, and responsible marketing;
- support local communities through extensive employee volunteer programs, economic contributions, and local partnerships;
- conduct regular executive governance reviews of all social and environmental initiatives and impacts to our business; and,
- strive for continual improvement and leadership in social and environmental performance.

We have several initiatives that support our Corporate Responsibility Commitment, which aim to accomplish the following:

- reduction of the environmental impact of our global business operations through energy, carbon, and water reduction goals in our largest global facilities; data center consolidation, energy reduction, and virtualization plans; waste reduction; and establishment of vendor scorecard and global procurement policy procedures.

We also provide opportunities for our employees to be engaged with social and environmental initiatives that support our local communities and our business by providing the following:

- education and awareness programs on applicable social and environmental requirements, the importance of corporate responsibility leadership to achieving our vision, and accountability for the initiatives that support our commitment;
- global employee engagement teams that support environmental efficiency goals and connect with local community partners;
- global annual giving campaign that provides support for local non-profit organizations through a managed process that typically includes a corporate match;
- global, year-round volunteer programs for all employees to volunteer in their local community for company-sponsored activities;
- disaster relief contributions involving employee participation; and
- ethics and data privacy training.

Finally, we work across the industry to promote responsible and sustainable business practices in travel by:

- regularly engaging our customers and stakeholders on social and environmental impact opportunities and cultivate partnerships to develop ongoing opportunities;
- working to foster and inspire the development of innovative solutions for our customers in order to assist them in managing and meeting their sustainability goals;
- working to advance and support global and local industry association engagement; and
- include economic, social, and environmental sustainability in our government advocacy initiatives.

Intellectual Property

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. We may seek patent protection on technology and business processes relating to our business, and our software and related documentation may also protected under trade secret and copyright laws where applicable. We may also benefit from both statutory and common-law protection of our trademarks.

As of March 8, 2012, throughout the world we had 112 patents issued, 14 registered copyrights, 638 registered trademarks, 12 pending patent applications and 38 pending trademark applications and well over 1000 domain name registrations. In addition we both license software and other intellectual property from third parties and license our software and intellectual property to third parties. 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. 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.

Insurance

As of the date of this offering circular, we insure against certain corporate risks in relation to civil liability, including damage to our property and other material assets and business interruption. Our general civil liability and business auto insurances cover us for up to $1 million per incident with additional coverage of $25 million aggregate through an umbrella policy and $50 million aggregate through two excess liability policies. Our property, damages and business interruption policy covers us for up to $1 billion per incident. We also maintain policies covering the liability of our directors and officers with an aggregate coverage of $45 million per year and policies to cover our IT services, in particular a policy for errors and omissions and Internet/cyber liability which provides coverage for up to $30 million, as well as an aviation policy to cover claims for damages in respect of aircraft incidents that have resulted in third parties suffering bodily harm and/or property damage up to an annual aggregate amount of $500 million. We also maintain a workers' compensation policy in line with statutory requirements and carry insurance against employee crime, kidnap and ransom and fiduciary liability. In addition to these global policies, we maintain supplementary coverage 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.

Legal Proceedings

Litigation and Administrative Audit Proceedings Relating to Hotel Occupancy Taxes

Various state and local governments in the United States have filed approximately 65 lawsuits against us pertaining primarily to whether sales or occupancy taxes are due on some or all of our fees relating to hotel content distributed and sold via the merchant model. Approximately 27 of these lawsuits have been dismissed, some for failure to exhaust administrative remedies and some on the basis that we were not subject to the sales or occupancy tax at issue. The Fourth and Sixth Circuits of the United States Courts of Appeal have both ruled in our favor on the merits, as has the Supreme Court of Missouri, the Supreme Court of Kentucky, the Supreme Court of Alabama, and Texas Court of Appeals. The remaining lawsuits are in various stages of litigation. Additionally, four consumer lawsuits have been filed against us relating to taxes and fees (one of which was dismissed and affirmed by the Texas Supreme Court, one of which was voluntarily dismissed by the plaintiff, one of which has been stayed by another court, and one of which is still pending in Texas state court).

In addition, there are a number of administrative audit proceedings pending against us which could result in an assessment of sales or occupancy taxes on our fees. We will continue to vigorously defend against all of these claims. On March 27, 2012, the State of New Mexico issued a "zero" assessment against Travelocity. As of December 31, 2011, we have recorded an estimated liability of $5 million for the potential resolution of specific issues related to hotel sales or occupancy taxes. Our estimated liability is based on our best estimate at that time and the ultimate resolution of these specific issues may be greater or less than the amount recorded.

On January 18, 2011, the Supreme Court of South Carolina affirmed an administrative assessment against one of our competitors, Travelscape LLC. The Supreme Court determined that

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Travelscape was subject to state sales tax because it is engaged "in the business of furnishing accommodations." Although we disagree with the decision, the stated grounds for the decision appear equally applicable to us. Consequently, we have begun remitting state sales tax in South Carolina for those cities where we choose to continue distributing hotel content via the merchant model. We anticipate having to remit local occupancy taxes in those same cities on a going-forward basis, as well as having to satisfy claims for back taxes at the local level.

In addition, on May 16, 2011, the Supreme Court of Georgia ordered that OTAs collect and remit local occupancy taxes going forward from May 16, 2011. We have begun remitting such occupancy taxes in those Georgia cities where we choose to continue distributing hotel content via the merchant model beginning from such date.

On October 30, 2009, a jury in a class action occupancy tax lawsuit in the U.S. District Court for the Western District of Texas ("W.D.T.") returned a mixed verdict. The jury found that online travel agencies "control" hotels for purposes of city hotel occupancy taxes. We disagree with the jury's findings. On July 1, 2011, the W.D.T. concluded that fees charged to customers by the OTAs are subject to city hotel occupancy taxes and that OTAs have a duty to assess, collect and remit these taxes. We intend to appeal the judgment to the U.S. Court of Appeals for the Fifth Circuit. Because the W.D.T.'s findings are still subject to modification, and because there is still no final order setting out the precise amounts for which we could be liable, we are unable to estimate the amount we could have to pay under this verdict if we do not prevail in our appeal. However, the impact to our results of operations could be material.

On October 26, 2011, the Fourteenth Court of Appeals of Texas affirmed a trial court's grant of summary judgment in our favor, and in the favor of other defendants, in a case brought by the City of Houston and the Harris County-Houston Sports Authority. This decision could provide persuasive authority to the W.D.T., which has not yet entered final judgment, and the U.S. Court of Appeals for the Fifth Circuit to the extent any appeal of the decision is necessary.

On April 19, 2012, we won a summary judgment on the merits in a case involving Leon County, Florida and 16 other Florida counties. This decision could provide persuasive authority for similar, outstanding cases in Florida.

Certain jurisdictions require us to pay any assessed taxes, penalties and interest prior to being allowed to contest or litigate the assessment. Such assessments and payments thereof are not final determinations or admissions that a tax is in fact owed. As of December 31, 2011, we have deposited $3 million due to this requirement, amounts which we believe will be refunded.

If our assessment of the outcome of any of these lawsuits were to change, the amount we would be required to accrue could be material to our results of operations.

See "Risk Factors—We are involved in various legal proceedings and may experience unfavorable outcomes, which could have a material adverse effect on our business or financial condition."

Litigation Relating to Value Added Tax Receivables

In the United Kingdom, the Commissioners for Her Majesty's Revenue & Customs ("HMRC") have asserted that our subsidiary, Secret Hotels2 Limited (formerly Med Hotels Limited), failed to account for United Kingdom VAT on margins earned from hotels located within the European Union. HMRC has issued assessments of tax totaling approximately $11 million for the period from October 1, 2004 to September 30, 2007. We appealed the assessment and in March 2010 the VAT and Duties Tribunal denied our appeal holding that the original assessment should stand. We further appealed to the Upper Tribunal (Finance and Tax Chamber) which was successful and the Upper Tribunal overturned HMRC's assessment on July 29, 2011. However, HMRC has sought and obtained leave to appeal the decision which will further delay a final resolution in this matter.

In Italy, our subsidiary Sabre Italia S.R.L has submitted VAT refund claims for the years ended December 31, 2002 through December 31, 2010 and has not received payment for the same totaling approximately $25 million, excluding any interest. The Italian tax authorities raised assessments and demands against Sabre Italia S.R.L for 2003, 2004 and 2005 in excess of these amounts. Sabre Italia S.R.L disputed the assessments and demands. In October 2010, we received a judgment in our favor in respect of the 2003 assessment. In October 2011, we received a judgment in our favor in respect to the 2004 assessments. The assessment and demand for 2005 have now also been withdrawn, and we have now received orders for payments for all referenced refund claims except for the years 2005 and 2006, which we anticipate to receive promptly. Payment is subject to the Italian authorities' availability of funds for VAT refund claims. No provision has been made against these amounts as we believe we will ultimately collect the amounts due, though we continue to monitor the position which could result in a future provision.

Antitrust Litigation and Investigation

American Airlines Litigation (state and federal court claims). We are involved in two separate lawsuits with American Airlines ("American") relating to American's participation in the Sabre GDS, primarily involving breach of contract and antitrust claims. The litigation arose in January 2011. After American undertook certain marketing activities relating to its "Direct Connect" program, a method of providing its information and booking services directly to travel agents without using a GDS, we downgraded the preference status of American's flight information on the GDS and modified certain fees relating to that information. We made these changes in a manner we believe was permitted under the terms of our distribution and services agreement with American.

In response, on January 10, 2011, American filed suit against us in Texas state court asserting causes of action for breach of contract and tortious interference, and seeking injunctive relief. American also obtained a temporary restraining order preventing us from downgrading the preference status of American's flight information in Sabre GDS displays. After settlement negotiations failed to resolve the matter, American filed a second lawsuit in June 2011 asserting claims against us under federal antitrust laws, joining us to a proceeding already underway in the Northern District of Texas federal court against Travelport, another GDS operator, and Orbitz, an online travel agency, and, in July 2011, American amended its state court complaint to add antitrust claims under Texas state law. The parties have agreed to keep the current distribution and services agreement in place until two weeks after the state court litigation ends.

In its antitrust claims, American alleges that the Sabre GDS have taken anticompetitive actions to thwart American's "Direct Connect" program to maintain "supra-competitive" booking fees that result in higher ticket prices, to restrain the manner in which American distributes its flights and fares, and to interfere with American's relationships with travel agencies. It seeks damages and injunctive relief.

Following several months of motion practice that is still ongoing, some but not all of American's antitrust claims in federal court have been dismissed. We have a motion pending to dismiss at least one additional claim by American. No trial date has been set for the federal action. A trial date for the state court action has been set for August 6, 2012. We have also asserted counterclaims against American in both the state and federal proceedings that will be permitted to proceed despite the Chapter 11 filing by American's parent company on November 29, 2011.

We also have engaged in several days of court ordered mediation with American. Those discussions are ongoing but we do not know whether they will result in any type of resolution.

We intend to continue to aggressively defend against these claims and to pursue our own legal rights as warranted. 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. We are unable to estimate a potential loss or range of loss, if any, if a favorable resolution of the matter is not reached. If American were to prevail, we could be subject to monetary damages, including treble damages under the antitrust laws, as well as injunctive relief, any of which could have a material adverse effect on our business, financial condition and results of operations. If injunctive relief were granted, depending on its scope it could affect the manner in which GDSs operate and potentially force GDS operators to make changes to existing business models. For the year ended December 31, 2011, American accounted for less than 5% of our consolidated revenue.

US Airways Litigation (federal court claim). On April 21, 2011, US Airways sued us in the U.S. District Court for the Southern District of New York alleging federal antitrust claims similar to those advanced in the American litigation. The complaint, filed two months after we entered into a new distribution agreement with US Airways, claims that we have employed monopoly power to raise prices and protect an allegedly obsolete business model. The complaint also alleges that we have engaged in exclusionary conduct to protect us from competition and to suppress the ability of airlines to use so-called "direct connections" systems.

On August 11, 2011, we filed a motion to dismiss seeking to have the claim dismissed. On September 12, 2011, we were granted an order dismissing two of the four counts in the claim. The order also required US Airways to amend its two remaining counts to provide further alleged factual support for its allegations, which it did on September 23, 2011. On October 6, 2011, we filed a motion to dismiss seeking to have one of US Airways' amended counts dismissed, which was denied by the court on November 21, 2011 on the grounds that US Airways has met the standard for pleading the relevant claim. This was not a ruling on the substance of the claim. On December 19, 2011, we filed our answer to US Airways' claim. No trial date has been set.

We intend to continue to aggressively defend against the claim and to pursue our own legal rights as warranted. 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. We are unable to estimate a potential loss or range of loss, if any, if a favorable resolution of the matter is not reached. If US Airways were to prevail, we could be subject to monetary damages, including treble damages under the antitrust laws, as well as injunctive relief, any of which could have a material adverse effect on our business, financial condition and results of operations. If injunctive relief were granted, depending on its scope it could affect the manner in which GDSs operate and potentially force GDS operators to make changes to existing business models. For the year ended December 31, 2011, US Airways accounted for less than 5% of our consolidated revenue.

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 our GDS similar to those alleged in both the American and US Airways suits. 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 it has sent CIDs to other companies in the travel industry. Based on its findings in the investigation, the DoJ may close the file, it may seek some type of consent decree to remedy issues it believes violate antitrust laws, or may file suit against us for violating antitrust laws and to seek impose fines and injunctive relief against us.

See "Risk Factors — We may incur significant fees, costs and expenses in connection with our litigations with American Airlines, US Airways or the antitrust investigation by the U.S. Department of Justice and, an unfavorable outcome could have a material adverse effect on our business, financial condition and results of operations."

Patent Litigation

Travelocity, along with several other companies, is a defendant in patent litigation brought in the U.S. District Court for the Eastern District of Texas by DDR Holdings LLC, or DDR, an entity whose sole business is believed by us to consist of holding various patents. DDR alleges that several of its patents are infringed by Travelocity's TPN and World Choice Travel white label services. DDR is seeking unspecified monetary and injunctive relief. DDR filed the action on January 31, 2006. Defendants filed a motion for summary judgment of invalidity based on indefiniteness, which was denied without prejudice (and was not decided on the merits) when the court in December 2006 stayed and administratively closed the action pending the U.S. Patent & Trademark Office's reexamination of the two patents in suit requested by DDR. In July 2010, the PTO issued reexamination certificates for the patents. In October 2010, the court granted DDR's motion to reopen the case. In December 2010, DDR filed an amended complaint adding a third patent to the action. The parties are currently engaged in the discovery phase of the litigation, and trial is set for October 2012.

We have denied infringement of the patents at issue and have asserted counterclaims seeking a declaratory judgment that we do not infringe and that the patents are invalid and/or unenforceable. We intend to continue to aggressively defend against these claims. We are unable to estimate a potential loss or range of loss, if any, if a favorable resolution of the matter is not reached. If DDR were to prevail, we could be subject to monetary damages as well as injunctive relief, any of which could have a material adverse effect on our business, financial condition and results of operations.

Indian Income Tax Litigation

Sabre is currently a defendant in income tax litigation brought by the Indian Director of Income Tax, or the DIT, in the Supreme Court of India. The dispute arose in 1999 when the DIT asserted that Sabre has 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 tax assessment years, or assessment years, ending March 1998 and March 1999, and later issued further tax assessments for assessment years ending March 2000 through March 2006, respectively. Sabre appealed the tax assessments and the Indian Commissioner of Income Tax Appeals returned a mixed verdict. Sabre filed further appeals with the Income Tax Appellate Tribunal, or the ITAT. The ITAT ruled in favor of Sabre 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, respectively. The DIT appealed those decisions to the Delhi High Court, which found in favor of Sabre on July 19, 2010. The DIT has appealed the decision to the Supreme Court of India and no trial 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. We are unable to estimate a potential loss or range of loss, if any, if a favorable resolution of the matter is not reached. If the DIT were to prevail, we could be subject to monetary penalties, which could have a material adverse effect on our business, financial condition and results of operations. We have not made any provisions or recorded any liability for the potential resolution of this matter.

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 global corporation, we operate in many countries with a variety of sales, administrative, product development, and customer service roles provided in these offices.

Corporate Headquarters: Sabre's corporate and business unit headquarters and domestic operations are located in Southlake, Texas, which we own. Travelocity corporate headquarters is also located on the Southlake, Texas campus. There are 15 additional offices across North America and 15 offices across Latin America that serve in various sales, administration, software development and customer service capacities. All of the offices are leased.

European Headquarters: Our distribution business has its European regional headquarters in London, United Kingdom, with a lease that expires in 2013. *lastminute.com* has its regional headquarters in London, UK, with a lease that expires in 2022. There are 29 additional offices across Europe that serve in various sales, administration, software development and customer service capacities. All of the offices are leased.

APAC Headquarters: ZUJI, our distribution business and our solutions business have their APAC regional operations headquartered in Singapore under a lease that expires in 2012. All of our businesses share a single office. There are 13 additional offices across APAC that serve in various sales, administration, software development and customer service capacities. All of the offices are leased.

The table below provides a summary of our key facilities as of December 2011:

Location	Purpose	Employees	Leased or Owned
REGIONAL HDQ's			
Southlake, TX	Sabre Holdings worldwide corporate and domestic headquarters and Travelocity corporate headquarters	3,422	Owned
London, UK	Our distribution business regional headquarters	136 261	Leased Leased
London, UK	Lastminute.com regional headquarters	119	Leased
Singapore	Regional headquarters for ZUJI, our distribution business and airline solutions business		
DEVELOPMENT CENTERS			
Buenos Aires, Argentina	Development Center for Travelocity, Sabre Technology and our distribution business	275 740	Leased Leased
Bangalore, India	Development Center for Sabre Technology, Travelocity, Sabre	983	Leased
Krakow, Poland	Development Center for Sabre Technology and our distribution business		
CUSTOMERCARE CENTERS			
San Antonio, TX	Travelocity Customer Care Center	279	Leased
Wilkes-Barre, PA	Travelocity Customer Care Center	223	Leased
Montevideo, Uruguay	Customer Care Center for our distribution business and our airlines solutions business	915	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 affect on our businesses.

Computer Reservation System Industry Regulation

GDS Regulation in the European Union

GDS operations are regulated in the European Union, or 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, or the Code of Conduct, which become effective on March 29, 2009. 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.

The Code of Conduct is designed to ensure fair competition in the provision of GDS services within the EU. 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 and rail transport operators that control or have decisive influence over a GDS, or 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, or MIDT.

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 vendor has, intentionally or negligently, infringed the Code of Conduct, it may require the GDS vendor 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 U.S.

As of July 31, 2004, all GDS regulations in the United States expired. Nonetheless, the U.S. Department of Transportation, or DOT, has retained the authority to intervene as it considers necessary. To date, the DOT has not intervened in relation to our GDS activities in the United States, but has provided guidance regarding any biasing of GDS displays. To the best of our knowledge, the DOT has also not intervened in relation to the GDS activity of any other provider. The DOT is currently considering enacting rules that would require airlines that choose to distribute via a GDS system provide that 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, or personal data, that has been specifically and voluntarily given. Personal data includes information that can identify a

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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 agencies, including TMCs and corporate travel departments and other travel retailers or buyers with which we have a commercial or business relationship. We collect, use, disclose and transfer personal data only in conformance with applicable privacy laws and regulations, and implement reasonable technical and organizational measures to protect against unauthorized access, use, disclosure, modification, and destruction of personal data that we collect and maintain.

We do not disclose personal data to third parties without the implied or direct consent of the owner except (i) to entities involved in providing requested services via Sabre systems (e.g., airlines, hotels, rental car companies, etc.), (ii) when required by law, (iii) when requested by government or law enforcement authorities, (iv) to Sabre's service providers who have agreed to abide by confidentiality and use restrictions no less stringent than those contained in this policy, or (v) in the event of a sale of all or any portion of the business or transfer of assets.

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. The Directive is currently under review for updating.

Many other countries have adopted data protection regimes. An example is Canada's Personal Information and Protection of Electronic Documents Act, or 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.

Other Regulation

Management is aware of, and is 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 at this point 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 electronic commerce. Any such regulations may vary among jurisdictions. We believe that we are capable of addressing these regulatory issues as they arise.

Employees

As of February 2, 2012, we employed a total of 10,089 people. As a global company with significant operations outside the U.S., our employee composition reflects the global nature of our business. Approximately 43% of our employees are based in the U.S. and 57% are located in Europe, MEA, APAC and Latin America.

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

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contributors among our employees. Our employees are not represented by a labor union in the United States. We have not experienced any work stoppages and consider our relations with our employees to be good.

As of February 6, 2012, we had 990 independent contractors, the majority of whom have been engaged in connection with our technology support, development and customer service functions.

During 2012, we expect headcount to increase by approximately 2%, primarily in our technology development areas.

MANAGEMENT AND BOARD OF DIRECTORS

Executive Officers

The following table sets forth the name, age, position and description of the business experience of individuals who serve as executive officers of our company.

Name	Age	Position
Sam Gilliland	49	Chairman and CEO, Sabre Holdings
Thomas Klein	49	President, Sabre Holdings
Hugh Jones	48	President, Airline Solutions Business
Felix Laboy	49	President, Hospitality Solutions Business
Greg Webb	45	President, Distribution Business
Carl Sparks	44	President and CEO, Travelocity Global
Mark Miller	46	Executive Vice President and Chief Financial Officer
Sterling Miller	49	Executive Vice President, General Counsel and Corporate Secretary
Paul Rostron	50	Executive Vice President, Human Resources
Barry Vandevier	41	Executive Vice President and Chief Information Officer

Sam Gilliland is Chairman and CEO of Sabre Holdings. Before he was appointed to his current position in 2003, Mr. Gilliland served in several senior leadership positions at Sabre including president and CEO of Travelocity, executive vice president and chief marketing officer of Sabre, group president of our solutions business, and senior vice president and general manager of Sabre Business Travel Solutions, a start-up venture within the company. Before joining Sabre in 1988, he worked as an electrical engineer for Lockheed Missiles and Space in Austin, Texas. In March 2011, Mr. Gilliland was appointed to the President's Management Advisory Board by U.S. President, Barack Obama. In 2012, he was appointed to serve as vice chair during a third term on the U.S. Commerce Department's Travel and Tourism Advisory Committee to Secretary of Commerce John Bryson. Also in 2012, he joined the Energy Security Leadership Council (ESLC), a group of prominent business and military leaders who support long-term policies to reduce U.S. oil dependence. Additionally, he serves on the board of directors for Rackspace Hosting, Inc., the service leader in cloud computing. Mr. Gilliland holds an M.B.A. from the University of Texas at Dallas and a bachelor's degree in electrical engineering from the University of Kansas.

Tom Klein is president of Sabre Holdings and has more than 17 years experience managing large scale, international technology businesses. Before being named president in 2010, Mr. Klein served as executive vice president, Sabre Holdings, and group president of our distribution and 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 Tecnologica, a Mexico-based joint venture company owned by Sabre, Aeromexico and Mexicana. Prior to joining Sabre in 1994, Mr. Klein held a variety of sales, marketing and operations positions at American Airlines and Consolidated Freightways, Inc. In 2010, Mr. Klein was appointed to the Board of Directors for Brand USA (formerly Corporation for Travel Promotion) by former U.S. Secretary of Commerce Gary Locke. In 2012, he was appointed to the Board of Directors for Cedar Fair, an entertainment company. Mr. Klein also serves on the executive committee of the World Travel and Tourism Council, the Dean's Board of the Villanova School of Business, the Advisory Board of Southern Methodist University School of Engineering and the Hewlett-Packard global customer advisory board. Mr. Klein holds a bachelor's degree in business administration from Villanova University.

Hugh Jones is president of our airline solutions business and is a 22-year veteran of the travel industry. Immediately prior to his current role, Mr. Jones served as Travelocity Global's president and

CEO and before that, he held a number of executive roles at Sabre including senior vice president and chief operating officer for our distribution and solutions businesses, where he oversaw airline supplier initiatives and global customer support. He also led our distribution business in North America and served as senior vice president and controller for Sabre Holdings. 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 from the University of Wisconsin.

Felix Laboy is president of our hospitality solutions business and is considered a pioneer in many hospitality Internet marketing best practices and solutions that are today replicated and embraced industry-wide. Prior to joining Sabre, Mr. Laboy was co-founder of E-site Marketing, the preeminent hospitality Internet Marketing service company, where he oversaw the company performance and growth for more than 10 years. Sabre acquired E-site Marketing in 2007. Before establishing E-site Marketing, Mr. Laboy dedicated 20 years to an impressive career in hotel and travel marketing. He held numerous executive positions at leading hotel companies including The Ritz-Carlton Hotel Company, L.L.C., Westin Hotels and Resorts, ANA Hotels and The Four Seasons Hotels and Resorts. In addition, he served as executive vice president of the Puerto Rico Convention Bureau. As a graduate of the School of Hotel Administration at Cornell University, Mr. Laboy is an active alumnus and currently serves on the Cornell University Council as well as the Hotel School Marketing Roundtable. Mr. Laboy was named to HSMAI's Top 25 Extraordinary Sales and Marketing Minds of 2008.

Greg Webb is president of our distribution business, and before being named to his current role, he gained experience with all aspects of the business, from leading the marketing organization to managing the company's supplier relationships, the distribution business in Asia and the hospitality solutions business. Since joining Sabre in 1995, Mr. Webb has held several senior leadership positions including chief marketing officer for both our distribution and solutions businesses and senior vice president of global product marketing for Sabre Holdings. 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 for Abacus, Asia's leading GDS, which is 35-percent owned by Sabre and 65-percent owned by 13 Asian carriers.

Carl Sparks is president and chief executive officer of Travelocity Global, and he oversees a worldwide portfolio of travel brands including Travelocity.com, Travelocity Business, lastminute.com in Europe, ZUJI in Asia Pacific and the online travel community IgoUgo in North America. Mr. Sparks brings an extensive background in e-commerce, consumer brands and retailing to his role. Before joining Travelocity in 2011, he served as president of Gilt Groupe, a leading online fashion and travel retailer in the United States and a pioneer in social and mobile commerce. Prior to that, Mr. Sparks held several senior leadership positions at Expedia Inc. including general manager for Hotels.com North America and chief marketing officer for Expedia.com. Earlier in his career, he served as vice president of direct business and brand at Capital One, and held senior marketing and strategy roles at Guinness, PepsiCo and Boston Consulting Group. Mr. Sparks graduated from Princeton University and received his M.B.A. from Harvard University.

Mark Miller is executive vice president and chief financial officer of Sabre Holdings, and he brings more than 20 years of finance and accounting expertise to this role. Before he was named CFO in 2009, Mr. Miller served as senior vice president and corporate controller of Sabre, responsible for all aspects of financial planning and analysis, accounting, and tax. Mr. Miller joined Sabre in 1995 from his previous position as CFO of GetThere, L.P., a wholly owned subsidiary of Sabre. Before joining

GetThere, he served as vice president, financial planning and analysis for the Sabre technology finance operation. He previously served as vice president of finance for Sabre's US Airways technology outsourcing contract, and his career at Sabre also includes posts as director of treasury, principal of corporate finance and senior financial analyst. Prior to joining Sabre, he served as assistant regional controller for the Hertz Corp. Additionally, he has held positions at Ernst and Young and LTV Corp. Mr. Miller holds an M.B.A. in finance from Rice University and is a certified public accountant. He received his bachelor's degree in accounting from Texas Tech University.

Sterling Miller (no relation to Mark Miller) is executive vice president, general counsel and corporate secretary of Sabre Holdings, a position he assumed in 2008. He manages the global legal department and government affairs group that provides legal counsel to all of our lines of business and represents the company before federal and local courts and government agencies. He also serves as the chief compliance officer. Prior to his current role, Mr. Miller served as senior vice president and general counsel for Travelocity. Earlier roles include deputy general counsel for litigation and regulatory affairs for Sabre and an attorney for American Airlines. Before joining American, he was an attorney with the firm of Gallop, Johnson & Neuman in St. Louis, Missouri. Mr. Miller earned his J.D. degree from Washington University in St. Louis and his bachelor's degree in political science from Nebraska Wesleyan University. He is a member of the Texas and Missouri Bar Associations.

Paul Rostron is executive vice president of Human Resources of Sabre Holdings and its 10,000 employees working in approximately 60 countries. Mr. Rostron and his team ensure that Sabre's people enjoy superior opportunities for professional development, rewards and recognition and that the Sabre culture continues to support its impressive tradition of innovation, inclusion and excellence. Mr. Rostron joined Sabre from his previous post at 7-Eleven, where he led the retail giant's global HR teams through several operational challenges including changes in corporate ownership. Prior to 7-Eleven, he served in executive HR roles at FedEx-Kinko's, Gateway Computers and Abbott Laboratories. Mr. Rostron earned his Bachelor of Arts degree in marketing from Illinois State University and his M.B.A. from the University of Illinois.

Barry Vandevier is executive vice president and chief information officer of Sabre Holdings. He oversees the company's complex technology functions across all lines of business, which includes the specific technology solutions for each business as well as the entire enterprise's technology development, delivery, implementation and stability. Since assuming this role in 2006, Sabre has garnered numerous awards for its technology innovation and leadership, including repeated recognition by *InformationWeek* as one of the "Top 100 Most Innovative Users of Technology." Mr. Vandevier began his career as an industrial engineer with American Airlines and then joined Sabre, which was a subsidiary of American at that time, as a software developer. He then went to Travelocity as a lead software developer, and during his tenure at there, he was named Chief Technology Officer, responsible for the site's technical direction and architecture. Mr. Vandevier earned a Bachelor of Science degree in industrial engineering from Oklahoma State University and an M.B.A. from Southern Methodist University. As a recognized leader in technology, he also participates in several industry forums including boards of advisors for HP and Cisco.

Our senior management will serve until their successors have been duly elected and qualified.

Our Board of Directors

Our board of directors is currently comprised of six directors. The number of directors shall be not less than one, nor more than fifteen, as determined by the board of directors or by the stockholders. 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. In accordance with the terms of a Stockholders' Agreement dated as of March 30, 2007 by and among TPG, Silver Lake, Sovereign Co-Invest, and

Sovereign Holdings, Inc., each of TPG and Silver Lake has the right to designate 3 directors of Sovereign Holdings, Inc., and 1 director is the Chief Executive Officer (or equivalent) of Sabre. Each of TPG and Silver Lake has the sole right to remove and replace their respective designees. As a matter of practice, since the acquisition by TPG, Silver Lake and Sovereign Co-Invest, the same individuals designated as directors of Sovereign Holdings, Inc. have been elected as directors of Sabre Holdings Corporation.

The following table sets forth the name, age, position and description of the business experience of individuals who serve as directors of our company

Name	Age	Position
Sam Gilliland	49	Director
Karl Peterson	41	Director
Gary Kusin	60	Director
Tim Dunn	54	Director
Greg Mondre	37	Director
Joe Osnoss	34	Director

Karl Peterson is a managing partner at TPG Capital and head of the firm's European operations. Since joining TPG Capital in 2004, Mr. Peterson has led the firm's global investment activities in the travel, leisure, media and entertainment sectors. Prior to 2004, he was president and CEO of Hotwire Inc., the internet travel portal that he led from its launch in 2000 through its highly successful sale to InterActiveCorp for $680 million in 2003. Before Hotwire, Mr. Peterson was a principal at TPG in San Francisco, where he was involved in a number of successful investments, including Paradyne Networks, Globespan and Oxford Health Plans, and from 1992 to 1995 he was a financial analyst at Goldman, Sachs & Co. Mr. Peterson is currently a director of Saxo Bank and Norwegian Cruise Lines, as well as Caesars Entertainment Corporation. Mr. Peterson graduated with high honors from the University of Notre Dame, where he earned a B.B.A. in finance and business administration.

Gary Kusin is a senior advisor to TPG Capital, focused on the firm's retail operations. Mr. Kusin previously served as president and CEO of FedEx Kinko's, today operating as FedEx Office. He was responsible for the strategic growth and transformation of Kinko's and oversaw the ultimate sale to FedEx. 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 and Fossil Inc. 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.

Timothy Dunn is a partner at TPG Capital. Mr. Dunn joined TPG Capital as director of operations in 2005, after serving as CFO for Hotwire Inc. and before that as senior vice president and CFO at Gap, Inc., where he was responsible for domestic and international finance and real estate for the Gap Brand. From 1986 to 1998, Mr. Dunn served in various domestic and international finance roles, most recently as vice president and controller, for PepsiCo Restaurants Intl. Mr. Dunn graduated magna cum laude from the University of Southern California, where he earned a bachelor's degree in finance with an emphasis in accounting. He is a certified public accountant.

Greg Mondre is a managing partner and managing director with Silver Lake. Mr. Mondre joined the firm in 1999 and has significant experience in private equity investing and expertise in sectors of

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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.; IPC Systems, Inc.; Vantage Data Centers; and is on the operating committee of SunGard Capital Corp. Mr. Mondre graduated from The Wharton School of the University of Pennsylvania with a bachelor's degree in economics.

Joe Osnoss is a managing director and co-head of Europe, Middle East, and Africa for Silver Lake. Prior to joining Silver Lake in 2002, 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 is a director of Interactive Data Corporation, Mercury Payment Systems and Virtu Financial. Mr. Osnoss graduated summa cum laude from Harvard College with an A.B. in applied mathematics-economics and a citation in French language.

Executive and Director Compensation

Members of management are compensated with base salaries and annual cash bonus that are market based and reviewed annually. Additionally, members of management participate in a long term equity incentive plan that is comprised of time and performance vesting stock options.

Our directors are not compensated. Each member of the Board of Directors other than Sam Gilliland is an employee of either TPG or Silver Lake (which are our sponsors), and they do not get any compensation directly from Sabre for their work as board members for Sabre.

PRINCIPAL STOCKHOLDERS

We are wholly owned by our parent company, Sabre Holdings. The following table sets forth information regarding the beneficial ownership of the common and preferred stock of Sovereign Holdings, Inc., which is the parent company for Sabre Holdings:

- each person or group who is known by us to beneficially own more than 5% of our outstanding shares of common or preferred stock;
- each of our named executive officers;
- each of our directors and each director nominee; and
- all of the executive officers, directors and director nominees as a group.

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership of Common Stock(2)	Percent of Class	Amount and Nature of Beneficial Ownership of Preferred Stock(2)	Percent of Class
5% Stockholders:				
TPG Partners V, L.P.	74,318,794	42.0%	37,158,326	42.6%
Silver Lake Partners II, L.P	49,577,282	28.0%	24,787,972	28.4%
Sovereign Co-Invest LLC	41,772,855	23.6%	20,886,428	23.9%
Executive Officers and Directors:				
Sam Gilliland	635,040	*	317,520	*
Thomas Klein	165,109	*	82,554	*
Hugh Jones	88,905	*	44,453	*
Felix Laboy	—	—	—	—
Greg Webb	50,954	*	25,477	*
Carl Sparks	—	—	—	—
Mark Miller	15,902	*	7,951	*
Sterling Miller	9,529	*	4,765	*
Paul Rostron	48,263	*	24,131	*
Barry Vandevier	50,803	*	25,402	*
Karl Peterson	—	—	—	—
Gary Kusin	—	—	—	—
Tim Dunn	—	—	—	—
Greg Mondre	—	—	—	—
Joe Osnoss	—	—	—	—
All Executive Officers and Directors as a group	1,064,505	*	532,253	*

* Represents beneficial ownership of less than 1%

(1) The addresses for the listed beneficial owners are as follows: for TPG Partners V, L.P., 301 Commerce Street Suite 3300, Fort Worth TX, 76102, for Silver Lake Partners II, LP and Sovereign Co-Invest LLC, 2775 Sand Hill Rd, Suite 100, Menlo Park, CA 94025, and for the executive officers and directors, c/o Sabre Holdings, 3150 Sabre Drive, Southlake, TX 76092.

(2) Shares shown in the table above include shares held in the beneficial owner's name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner's account.

For further information regarding material transactions between us and certain of our stockholders, see "Certain Relationships and Related Party Transactions."

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Stockholders Agreement

Our equity interests are wholly owned by Sabre Holdings, which is wholly owned by Sovereign Holdings. Sovereign Holdings' equity interests are primarily owned by funds affiliated with the TPG and Silver Lake. On March 30, 2007, we entered into a Stockholders Agreement with TPG and Silver Lake. Pursuant to this agreement, TPG and Silver Lake are each entitled to nominate three directors to our board of directors, and one director is our Chief Executive Officer.

Management Services Agreement

On March 30, 2007, we entered into a Management Services Agreement (the "MSA") with affiliates of TPG and Silver Lake to provide us with management services. Pursuant to the MSA, we are required to pay monitoring fees of $5 to $7 million each year which are dependent on Adjusted EBITDA, as defined in the MSA, for these services. During the years ended December 31, 2011, 2010 and 2009 the annual monitoring fee requirement was $7 million, $7 million and $6 million, respectively, calculated based upon 1% of Adjusted EBITDA. Additionally, we reimburse affiliates of TPG and Silver Lake for out-of-pocket expenses incurred by them or their affiliates in connection with services provided pursuant to the MSA. For the years ended December 31, 2011, 2010 and 2009 these expenses were not material.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facility

On March 30, 2007, Sabre entered into a senior secured credit agreement allowing Sabre to borrow up to $3,515 million in aggregate principal amount of senior secured financing (which may be increased, subject to certain conditions, by an additional $750 million either in additional term loans and/or increases in commitments under the revolving credit facilities) consisting of: (i) a term facility, or Existing Term Facility, in an aggregate principal amount of $3,015 million; (ii) a revolving credit facility of up to $200 million in aggregate principal amount of revolving loans denominated in U.S. dollars; and (iii) a revolving credit facility of up to $300 million in aggregate principal amount of revolving loans denominated in U.S. dollars or certain other currencies. These revolving credit facilities, or Existing Revolving Credit Facilities, include a sub-limit of up to an aggregate $400 million for the issuance of letters of credit and a sub-limit of up to an aggregate $75 million for swingline loans.

On February 28, 2012, Sabre modified the 2007 Credit Agreement to enter into an Amended and Restated Credit Agreement. Sabre also entered into a term facility extension amendment, or First Extended Term Loan Tranche, to extend the maturity date of $1,175 million of debt under the Existing Term Facility to September 30, 2017. On March 2, 2012, Sabre entered into a revolving credit facility extension amendment, or First Extended Revolving Credit Tranche, together with a subsequent joinder agreement on March 8, 2012, to extend the maturity date of $251 million of Existing Revolving Credit Facility to September 30, 2016. The maturities and provisions associated with unextended portions of term and revolving credit facilities remained unchanged under the Amended and Restated Credit Agreement.

On April 30, 2012, Sabre received consents from lenders to enter into a further amendment of the Amended and Restated Credit Agreement to extend additional term loans, or Second Extended Term Loan Tranche, which will extend the maturity date of $679 million of debt under the Existing Term Facility to December 29, 2017. The effectiveness of the Second Extended Term Loan Tranche is contingent upon repayment of 40% of the aggregate outstanding principal amount of the new tranche with proceeds from this offering. The maturities and provisions associated with unextended portions of term and revolving credit facilities will continue to remain unchanged under the Amended and Restated Credit Agreement. Pursuant to the offer, the Amended and Restated Credit Agreement would be amended in certain respects, including to allow for the voluntary prepayment of a portion of the Second Extended Term Loan Tranche ahead of earlier maturing tranches. These transactions are expected to close on or about the date of the closing of this offering.

As of December 31, 2011, Sabre had $2,872 million and $82 million outstanding under the term facilities and revolving credit facilities, respectively. In addition, we had $120 million of letters of credit outstanding under the Letter of Credit facility. These outstanding letters of credit directly reduce the amounts available under the revolving facilities. On a pro forma basis, taking into account the expected repayment of a portion of outstanding term debt with the proceeds from this offering, Sabre would have had $2,600 million and $82 million outstanding under the term facilities and revolving credit facilities, respectively.

The following is a summary of the material terms of the Amended and Restated Credit Agreement (taking into account any amendment and extension that may occur pursuant to the April 24, 2012 offer described above). The description does not purport to be complete and is qualified in its entirety by reference to the provisions of the Amended and Restated Credit Agreement dated February 28, 2012.

Maturity. The Existing Term Facility and First Extended Term Loan Tranche mature on September 30, 2014 and September 30, 2017, respectively, and commitments under the existing and extended revolving facilities terminate on March 30, 2013 and September 30, 2016, respectively. The Second Extended Term Loan Tranche will mature on December 29, 2017. The First Extended Term Loan Tranche, Second Extended Term Loan Tranche and First Extended Revolving Credit Tranche will mature on December 15, 2015 in the event the 2016 Notes with a maturity date occurring less than one year after the maturity date of the applicable extended tranche remain outstanding as of December 15, 2015 and Sabre's Total Leverage Ratio (as defined in the Amended and Restated Credit Agreement), exceeds 4.50 to 1.00; provided, however, that if there has been a permitted refinancing of the 2016 Notes, the First Extended Term Loan Tranche, Second Extended Term Loan Tranche and First Extended Revolving Credit Tranche will mature on the date that is three months prior to the maturity date of such refinanced 2016 Notes, in the event the refinanced 2016 Notes with a maturity date occurring less than one year after the maturity date of the applicable extended tranche remain outstanding as of such date that is three months prior to the maturity thereof and Sabre's Total Leverage Ratio (as defined in the Amended and Restated Credit Agreement) exceeds 4.50 to 1.00. The First Extended Revolving Credit Tranche would mature on June 30, 2014 (or, in the case of a permitted refinancing of term loans under the Existing Credit Facility, the date that is three months prior to the maturity thereof) if, as of such date more than $750 million of the term loan remains outstanding with a maturity date or scheduled amortization (in excess of 1% per annum) occuring on or prior to December 31, 2016.

Sabre is required to make quarterly repayments in an amount per repayment equal to 0.25% of the original aggregate principal amount outstanding under the term facility as of March 30, 2007. The scheduled quarterly repayments are approximately $30 million annually and are due on the last business day of each March, June, September and December, commencing June 29, 2007.

Guarantee. Sabre's obligations under the Amended and Restated Credit Agreement are guaranteed on a senior secured basis by Sabre Holdings and each of Sabre's existing and future wholly owned material domestic subsidiaries, other than certain excluded subsidiaries as set forth in the Amended and Restated Credit Agreement. We refer to these guarantors, together with Sabre, as the Loan Parties.

Security and Ranking. Sabre's obligations under the Amended and Restated Credit Agreement are secured by a perfected first priority security interest in substantially all of each Loan Party's tangible and intangible assets, including capital stock of Sabre and capital stock of domestic subsidiaries directly held by any Loan Party and 65% of the voting capital stock of material foreign subsidiaries directly held by a Loan Party. For so long as the 2011 Notes and 2016 Notes (each as defined below) remain outstanding, certain properties and capital stock and debt of subsidiaries that own such properties are excluded from the collateral securing Sabre's obligations under the Amended and Restated Credit Agreement.

Interest. The term loans made under the Existing Term Facility bear interest at a rate equal to the adjusted Eurocurrency rate plus 2.00% to 2.25% per annum or, at Sabre's option, the base rate plus 1.00% to 1.25% per annum, based in each case on Sabre Holdings' senior secured leverage ratio as defined under the Amended and Restated Credit Agreement, which we refer to as the Senior Secured Leverage Ratio. This ratio is calculated as senior secured debt (net of cash) to LTM Debt Covenant EBITDA. For a reconciliation of Debt Covenant EBITDA to Adjusted EBITDA, see footnote 5 of "Selected Historical Financial Data." The term loans under the First Extended Term Loan Tranche bear interest at a rate equal to the adjusted Eurocurrency rate plus 5.75% per annum or, at Sabre's option, the base rate plus 4.75%, with a provision for increase in interest rates to maintain a difference of not more than 25 basis points relative to future term loan tranche extensions or refinancing under the Amended and Restated Credit Agreement. The term loans made under the Second Extended Term Loan Tranche would bear interest at a rate equal to the adjusted Eurocurrency rate plus 5.75% per annum or, at Sabre's option, the base rate plus 4.75%, with a provision for increase in interest rates to maintain a difference of not more than 25 basis points relative to future term loan tranche extensions or

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refinancing under the Amended and Restated Credit Agreement. The average effective interest rates on the term loans for the years ended December 31, 2011 and 2010 were 2.72% and 2.80%, respectively. The revolving loans made under the Existing Revolving Credit Facilities bear interest at a rate equal to the adjusted Eurocurrency rate plus 1.75% to 2.25% per annum or, at Sabre's option (in the case of U.S. dollar-denominated revolving loans only), the base rate plus 0.75% to 1.25% per annum, based in each case on the Senior Secured Leverage Ratio. The revolving loans made under the First Extended Revolving Credit Tranche bear interest at a rate equal to the adjusted Eurocurrency rate plus 4.00% to 4.50% per annum or, at Sabre's option (in the case of U.S. dollar-denominated revolving loans only), the base rate plus 3.00% to 3.50% per annum, based in each case on the Senior Secured Leverage Ratio. In addition, a commitment fee ranging from 0.375% to 0.500% per annum, based on the Senior Secured Leverage Ratio applicable for each tranche, on the daily amount of undrawn portion of the revolving commitments is payable quarterly in arrears.

Prepayments. Sabre may, at its option, voluntarily prepay any amounts outstanding under the Amended and Restated Credit Agreement in whole or in part without premium or penalty. In addition, Sabre is required to make mandatory prepayments under the Amended and Restated Credit Agreement in certain situations, depending on the Senior Secured Leverage Ratio, including but not limited to a percentage of excess cash flow; a percentage of proceeds from certain asset dispositions; incurrence of indebtedness other than permitted indebtedness; and borrowings under the revolving credit facilities exceeding the commitments under such facilities.

Extensions, Refinancings and Incremental Credit Extension. Sabre may, under the terms of the Amended and Restated Credit Agreement, (a) extend revolving credit facilities and term loans in one or more tranches without further approval from a majority of lenders, (b) refinance the revolving credit facilities and term loans with one or more new facilities with secured, subordinated or unsecured notes or loans, and (c) issue incremental credit in the form of incremental term loans and revolving facility commitment increases or through secured, subordinated or unsecured notes or loans.

Covenants. The Amended and Restated Credit Agreement contains certain affirmative covenants, including, among others, covenants to furnish the lenders with financial statements and other financial information, to provide the lenders notice of material events and information regarding collateral, to cause newly formed restricted subsidiaries to guarantee and pledge their assets as security for the Amended and Restated Credit Agreement, to comply with environmental laws, to correct documentation with respect to the collateral, to provide the agent with mortgages to secure real property, as necessary, and to maintain title insurance policies with respect to any such mortgaged property, to maintain corporate separateness among restricted subsidiaries and unrestricted subsidiaries, and to only redesignate restricted subsidiaries as unrestricted subsidiaries and vice versa in certain situations specified in the Amended and Restated Credit Agreement.

The Amended and Restated Credit Agreement contains negative covenants that restrict the ability of Sabre and its restricted subsidiaries, subject to certain exceptions, to incur additional indebtedness, grant liens on assets, undergo fundamental changes, make investments, sell assets, make acquisitions, make restricted payments, engage in transactions with its affiliates, amend or modify certain agreements and charter documents and change its fiscal year. The Amended and Restated Credit Agreement also contains negative covenants that restrict the ability of Sabre Holdings to engage in any business or operations other than those incidental to ownership of Sabre and other activities specifically permitted under the Amended and Restated Credit Agreement, including the performance of its obligations with respect to its existing indebtedness, any public offering of equity interests, certain financing activities. Sabre Holdings is also restricted from creating or acquiring any direct subsidiaries, other than Sabre.

In addition, for so long as there is any amount outstanding under either of the revolving facilities, Sabre is required to maintain a fiscal quarter end Senior Secured Leverage Ratio not to exceed 4.25:1

for June 30, 2011; and not to exceed 4.00:1.00 beginning September 30, 2012 and continuing thereafter. If certain material travel event disruptions set forth in the Amended and Restated Credit Agreement occur, the foregoing requirement is suspended from the last date of the quarter in which such disruption occurs until the last date of the second succeeding quarter; however, during such suspension period, Sabre may be subject to additional restrictions on its ability to make restricted payments, acquisitions or investments.

As of December 31, 2011, Sabre and Sabre Holdings were in compliance with all covenants under the Credit Agreement.

8.35% Senior Notes due 2016

On March 13, 2006, Sabre Holdings issued $400 million aggregate principal amount of senior unsecured notes due 2016, or the 2016 Notes, that initially bore interest at a rate of 6.35% per annum.

On March 16, 2007, the interest rate on the 2016 Notes increased to 8.35% per annum, due to a credit rating decline resulting from the increased indebtedness associated with the sale of Sabre Holdings to private investors.

The following is a summary of the material terms of the 2016 Notes. This description does not purport to be complete and is qualified, in its entirety, by reference to the provisions of Base Indenture, as supplemented by a second supplemental indenture by and between Sabre Holdings and SunTrust Bank, dated as of March 13, 2006, governing the 2016 Notes.

Maturity. The 2016 Notes mature on March 15, 2016.

Guarantee. Sabre Holdings' obligations under the 2016 Notes are guaranteed on a senior unsecured basis by Sabre Inc.

Interest. Interest on the 2016 Notes is payable semi-annually on March 15 and September 15 of each year, commencing September 15, 2006. Interest on the 2016 Notes may increase by up to two percentage points per annum to a maximum rate of 8.35% per annum in the event credit ratings of the 2016 Notes decline below certain thresholds after the occurrence of a change of control (as occurred in March 2007); however, upon subsequent improvements to the credit ratings, the interest rate on the 2016 Notes could decrease to a lower rate, with a floor of 6.35% per annum.

Ranking. The 2016 Notes are general unsecured obligations of Sabre Holdings. They rank equally in right of payment with all other existing and future unsecured indebtedness of Sabre Holdings. They are effectively subordinated to all existing and future secured indebtedness, including the Credit Agreement and the notes offered hereby, to the extent of the value of the assets securing such indebtedness. They are structurally subordinated to all existing and future indebtedness and other liabilities of Sabre Holdings' subsidiaries, including Sabre's obligations under the Credit Agreement and the notes offered hereby and its subsidiaries' guarantees of obligations under the Credit Agreement, the mortgage facility and trade payables, and all of the subsidiary guarantors' obligations under their guarantees of the notes offered hereby.

Optional Redemption. The 2016 Notes are redeemable, in whole or in part, at any time and at Sabre Holdings' option. The applicable redemption price is the sum of (i) the greater of (x) 100% of the principal amount outstanding and (y) the sum of the remaining principal and interest payments, reduced to present value based on the adjusted treasury rate plus 30 bps, and (ii) accrued and unpaid interest as of the redemption date.

Covenants. The 2016 Notes include certain non-financial covenants, including restrictions on incurring certain secured indebtedness without ratably securing obligations under the 2016 Notes, subject to certain exceptions; entering into certain sale and leaseback transactions; and entering into mergers, consolidations or a transfer of substantially all its assets.

As of December 31, 2011, we were in compliance with all covenants under the indenture for the 2016 Notes.

Mortgage Facility

On March 29, 2007, we purchased the buildings, land and furniture and fixtures located at our headquarters facilities in Southlake, Texas, which were previously financed under a capital lease facility. The total purchase price of the assets was $104 million. The purchase was financed through $85 million borrowed under the mortgage facility that Sabre Headquarters, LLC, our special purpose subsidiary, entered into and $19 million from cash on hand. The mortgage facility carries an interest rate of 5.7985% per annum. The following is a summary of the material terms of the mortgage facility. This description does not purport to be complete and is qualified, in its entirety, by reference to the provisions of the mortgage facility.

Maturity. The mortgage facility matures on March 1, 2017 and all unpaid principal will be due at that time.

Interest. Payments on the mortgage facility are payable monthly on the first business day of each month. Payments made through April 1, 2012 are applied to accrued interest only. Subsequent to that date, a portion of payments will also be applied to the principal balance of the note.

Security. The mortgage facility is secured by a perfected first priority security interest in the land and improvements located at our headquarters facilities in Southlake, Texas.

Covenants. Sabre Headquarters, LLC is subject to various customary affirmative covenants under the mortgage facility, including, but not limited to: payment of property taxes, granting of lender access to inspect the properties, cooperating in legal proceedings, obtaining insurance awards, providing financial statements, providing estoppel certificates, paying foreclosure costs, lender consent to any leases and lender consent to certain alterations and improvements. The mortgage facility also contains various customary negative covenants, including restrictions on incurring liens other than permitted liens, dissolving the borrower or changing its business, forgiving debt, changing its principal place of business and transferring the property.

As of December 31, 2011, Sabre Headquarters, LLC was in compliance with all covenants under the mortgage facility.

DESCRIPTION OF NOTES

General

Certain terms used in this description are defined under the subheading "Certain Definitions." In this description, (1) the term "Issuer" refers only to Sabre Inc., a Delaware corporation, and not to any of its subsidiaries, (2) the term "Holdings" refers only to Sabre Holdings Corporation, a Delaware corporation and the direct parent of the Issuer, and not to any of its subsidiaries and (3) the terms "we", "our" and "us" each refer to the Issuer and its consolidated Subsidiaries.

The Issuer will issue $400 million aggregate principal amount of 8.5% Senior Secured Notes due 2019 (the "*Notes*") under an Indenture to be dated as of the Issue Date (the "*Indenture*") among the Issuer, Holdings, the Subsidiary Guarantors and Wells Fargo Bank, N.A., as trustee (the "*Trustee*") and as collateral agent (the "*Collateral Agent*"). The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors."

The following description is only a summary of the material provisions of the Indenture and the Security Documents, does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture and the Security Documents, including the definitions therein of certain terms used below. We urge you to read the Indenture and the Security Documents because they, and not this description, will define your rights as Holders of the Notes. You may request copies of the Indenture and the Security Documents at our address set forth under the caption "Our Company—General Corporate Information."

Brief Description of the Notes

The Notes:

- will be general, secured, senior obligations of the Issuer;
- will rank equally in right of payment with all existing and future unsubordinated Indebtedness (including the Senior Credit Facilities and the Issuer's guarantee of the Existing Notes) of the Issuer;
- will be effectively senior to all unsecured Indebtedness of the Issuer (including the Issuer's guarantee of the Existing Notes), to the extent of the value of the collateral securing the Notes, which it shares *pari passu* with the Senior Credit Facilities;
- will be structurally subordinated to all existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of Subsidiaries of the Issuer that do not guarantee the Notes;
- will be senior in right of payment to all future Subordinated Indebtedness of the Issuer; and
- will be Guaranteed on a senior secured basis by the Guarantors.

Guarantees

The Guarantors will initially jointly and severally, irrevocably and unconditionally, Guarantee, on a senior secured basis, the full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Indenture and the Notes, whether for payment of principal of, premium, if any, or interest on the Notes, expenses, indemnification or otherwise, on the terms set forth in the Indenture by executing the Indenture.

The Notes will initially be Guaranteed by Holdings and all of the Issuer's Restricted Subsidiaries that guarantee the Senior Credit Facilities. On the Issue Date, neither the Notes nor the Senior Credit Facilities will be Guaranteed by any of the Issuer's Foreign Subsidiaries or Unrestricted Subsidiaries. In addition, each future direct and indirect Restricted Subsidiary of the Issuer (other than a Securitization Subsidiary) that guarantees Indebtedness under the Senior Credit Facilities, any Additional First Lien Obligations, any Junior Lien Obligations or any capital markets debt securities of the Issuer or a Guarantor, will Guarantee the Notes. As of the Issue Date, the Senior Credit Facilities require, subject to certain exceptions, newly formed or acquired domestic Wholly-Owned Subsidiaries (other than Unrestricted Subsidiaries) to guarantee the obligations thereunder.

Each of the Guarantees of the Notes will be a general, senior secured obligation of each Guarantor, will rank equally in right of payment with all existing and future unsubordinated Indebtedness of such Guarantor (including such Guarantor's guarantee of the Senior Credit Facilities and, in respect of Holdings, the Existing Notes), will be effectively senior to all unsecured Indebtedness of such Guarantor, to the extent of the value of the collateral securing such Guarantee, and will rank senior in right of payment to all future Subordinated Indebtedness of such Guarantor. Each of the Guarantees of the Notes will be structurally subordinated to all existing and future Indebtedness, claims of holders of Preferred Stock and other liabilities of Subsidiaries of each Guarantor that do not Guarantee the Notes.

Not all of the Issuer's Restricted Subsidiaries will Guarantee the Notes. In addition, the Issuer's Unrestricted Subsidiaries will not Guarantee the Notes. On the Issue Date, all of the Unrestricted Subsidiaries (other than Headquarters, LLC, which owns the Headquarters) operate outside the United States and either are or were joint venture entities with third parties. In the event of a bankruptcy, liquidation, reorganization or similar proceeding of any of the Issuer's non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or a Guarantor. As a result, all of the existing and future liabilities of our non-Guarantor Subsidiaries, including any claims of trade creditors, will be effectively senior to the Notes. The Indenture does not limit the amount of liabilities that are not considered Indebtedness which may be incurred by the Issuer or its Restricted Subsidiaries, including the non-Guarantors. For the fiscal year ended December 31, 2011, the non-Guarantor Subsidiaries of the Issuer accounted for approximately $628 million, or 20.9%, of the Issuer's consolidated revenue (without giving effect to intercompany eliminations), and had Adjusted EBITDA of approximately $74 million (without giving effect to intercompany eliminations). As of December 31, 2011, the non-Guarantor Subsidiaries of the Issuer accounted for approximately $1,075 million, or 20.5%, of the Issuer's consolidated total assets (excluding intercompany investment in subsidiary balances which do not eliminate at this level) and had $103 million of debt.

The obligations of each Guarantor under its Guarantee will be limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance or similar limitation under applicable law. This provision may not, however, be effective to protect a Guarantee from being voided under fraudulent transfer law, or may reduce the applicable Guarantor's obligation to an amount that effectively makes its Guarantee worthless. If a Guarantee was rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor's liability on its Guarantee could be reduced to zero. See "Risk Factors—Risks Related to the Offering and Our Notes—Federal and state fraudulent transfer laws may permit a court to void the notes and the note guarantees and/or the grant of collateral under certain circumstances, and, if that occurs, you may not receive any payments on the notes."

Any Guarantor that makes a payment under its Guarantee will be entitled upon payment in full of all guaranteed obligations under the Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's *pro rata* portion of such payment based on the respective net worth of all the Guarantors at the time of such payment determined in accordance with GAAP.

Each Guarantor may consolidate with, amalgamate or merge into or sell all or substantially all its assets to the Issuer or another Guarantor without limitation or any other Person upon the terms and conditions set forth in the Indenture. See "—Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets."

Each Guarantee by a Subsidiary Guarantor will provide by its terms that it will be automatically and unconditionally released and discharged upon:

(1)(a) any sale, exchange or transfer (by merger, amalgamation, consolidation or otherwise) of (i) the Capital Stock of such Subsidiary Guarantor, after which the applicable Subsidiary Guarantor is no longer a Restricted Subsidiary or (ii) all or substantially all the assets of such Subsidiary Guarantor, in each case if such sale, exchange or transfer is made in compliance with the applicable provisions of the Indenture;

(b) the release or discharge by such Subsidiary Guarantor of Indebtedness under (i) the Senior Credit Facilities, except a discharge or release in connection with the repayment in full and termination of commitments under the Senior Credit Facilities without being replaced with another Senior Credit Facility or (ii) in the case of a Guarantee made by a Subsidiary Guarantor (each, an "*Other Guarantee*") as a result of its guarantee of Additional First Lien Obligations, Junior Lien Obligations or capital markets debt securities of the Issuer or a Guarantor pursuant to the covenant under the caption "Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries," the relevant Additional First Lien Obligations, Junior Lien Obligations or capital markets debt securities, except, in the case of clause (i) or (ii), a discharge or release by or as a result of payment by such Subsidiary Guarantor under the Indebtedness specified in such clause (i) or (ii) (it being understood that a release subject to a contingent reinstatement is still a release, and if any such Indebtedness of such Subsidiary Guarantor under the Senior Credit Facilities or any Other Guarantee is so reinstated, such Guarantee shall also be reinstated);

(c) the designation of any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Indenture; or

(d) the exercise by the Issuer of its legal defeasance option or covenant defeasance option as described under the caption "Legal Defeasance and Covenant Defeasance" or the satisfaction and discharge of the Issuer's obligations under the Indenture in accordance with the terms of the Indenture; and

(2) such Subsidiary Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such transaction have been complied with.

The Guarantee by Holdings will provide by its terms that it will be automatically and unconditionally released and discharged upon (1) the exercise by the Issuer of its legal defeasance option or covenant defeasance option as described under "Legal Defeasance and Covenant Defeasance" or the satisfaction and discharge of the Issuer's obligations under the Indenture in accordance with the terms of the Indenture and (2) Holdings delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Indenture relating to such transaction have been complied with.

Security

The Notes will be secured by a lien equally and ratably with all Indebtedness owing under the Senior Credit Facilities pursuant to certain security agreements and pledge agreements, as amended from time to time (collectively, the "*Security Documents*") among Holdings, the Issuer, certain of its Restricted Subsidiaries and the Trustee, as collateral agent (the "*Collateral Agent*").

The liens granted under the Security Documents constitute first-priority liens, subject to certain exceptions and permitted liens described therein, on:

- all Equity Interests of the Issuer, held by Holdings;
- substantially all personal property of the Issuer and the Guarantors, subject to certain exceptions (including, without limitation, exceptions for real property leases and immaterial real property; motor vehicles; with respect to perfection by control, deposit and securities accounts; LC Assets; assets subject to certain categories of Permitted Liens; certain letters of credit; securitization assets; Capital Stock of Unrestricted Subsidiaries; certain Capital Stock of Foreign Subsidiaries; and assets subject to certain legal or contractual restrictions on assignment or granting of security interests);
- substantially all the Equity Interests of any of the Issuer's Restricted Subsidiaries directly owned by the Issuer or any Subsidiary Guarantor (or, in the case of a Foreign Subsidiary, 65% of the Equity Interests directly owned by the Issuer or a Subsidiary Guarantor); and
- mortgages on all material real property owned by the Issuer or any Subsidiary Guarantor, none of which exists on the Issue Date,

except for, so long as such assets are not pledged to secure any other First Lien Obligations, Principal Domestic Properties and Domestic Subsidiaries (each as defined in the Existing Notes Indenture as described below), which include Headquarters and Headquarters SPV (collectively and together with any other assets that may be pledged from time to time, but excluding the LC Assets, the "*Collateral*").

"*Domestic Subsidiary*," for purposes of this description of "Security" only, means a subsidiary of Holdings which owns a Principal Domestic Property (as defined below) and transacts substantially all of its business or maintains substantially all of its property within the United States, excluding its territories, possessions and Puerto Rico. The term does not include any subsidiary which is engaged primarily in financing operations outside of the United States or in leasing personal property or financing inventory receivables or other property.

"*Principal Domestic Property*," for this description of "Security" only, means any building, structure or other facility, together with the land on which it is erected and fixtures comprising a part of it, used primarily for information processing, research or housing hardware or software required for information processing, located in the United States, excluding its territories, possessions and Puerto Rico, owned or leased by Holdings or one of Holdings' subsidiaries and having a net book value in excess of 1% of Holdings' Consolidated Net Assets (as defined below), other than any such building, structure or other facility or a portion which the Issuer's principal executive officer, president and principal financial officer determine in good faith is not of material importance to the total business conducted or assets owned by the company and its subsidiaries as an entirety.

"*Holdings' Consolidated Net Assets*," for this description of "Security" only, means the aggregate amount of assets, less reserves and other deductible items, after deducting current liabilities, as shown on Holdings' most recent consolidated balance sheet and prepared in accordance with generally accepted accounting principles.

In addition, the LC Assets shall be excluded from the Collateral, including the LC Assets securing (i) the Letter of Credit Facility, dated as of January 3, 2012, among the Issuer, Holdings and Citibank, N.A., (ii) the Continuing Agreement for Standby Letters of Credit and Demand Guarantees, dated as of February 3, 2012, between the Issuer and Deutsche Bank AG New York Branch, (iii) the Letter of Credit Facility Agreement, dated as of February 10, 2012, among the Issuer, Holdings, JPMorgan Chase Bank, N.A. and JPMorgan Chase Bank, N.A or (iv) any amendment, extension, refinancing or replacement of the facilities described under clauses (i), (ii) and (iii) (including to increase the aggregate amount of letters of credit, demand guarantees, bankers' acceptances or similar obligations issuable thereunder and to add or change the banks or other financial institutions party thereto); *provided* that the LC Assets do not secure Additional First Lien Obligations (other than the Senior Credit Facilities) or Junior Lien Obligations. The LC Assets will nonetheless secure Indebtedness under the Senior Credit Facilities.

Provisions Governing the Collateral while the Senior Credit Facilities are Outstanding

After-Acquired Property

The Indenture and the Security Documents will require that the Collateral Agent, for the benefit of itself, the Trustee and the Holders, be granted a lien equally and ratably with any lien granted on additional assets (other than LC Assets) to secure the holders of Indebtedness under the Senior Credit Facilities subsequent to the Issue Date. The foregoing will be subject to certain exceptions provided in the Security Documents. These exceptions will provide, among other things, certain grace periods for perfection of collateral and that certain Liens need not be created or perfected where the costs outweigh the benefits of such grant. Furthermore, these exceptions will provide that Liens need not be created or perfected with respect to certain types of assets, including, without limitation, real property leases and immaterial real property; motor vehicles; with respect to perfection by control, deposit and securities accounts; LC Assets; assets subject to certain categories of Permitted Liens; certain letters of credit; securitization assets; Capital Stock of Unrestricted Subsidiaries; certain Capital Stock of Foreign Subsidiaries; and assets subject to certain legal or contractual restrictions on assignment or granting of security interests.

Release of Liens

The Notes will automatically cease to be secured by Liens on the Collateral if and when those liens no longer secure the Senior Credit Facilities (so long as the Senior Credit Facilities have not been repaid and all commitments terminated) as provided below:

- the liens on any particular Collateral (but not all or substantially all of the Collateral) will be released if a release of the liens on such Collateral that secure the Senior Credit Facilities were approved by the requisite lenders under the Senior Credit Facilities (except in the context of the repayment and termination of the Senior Credit Facilities), and the consent of the Holders would not be required for such a release; and
- the liens on any particular Collateral (but not all or substantially all of the Collateral) will be released automatically if the lien on such Collateral that secures the Senior Credit Facilities is released pursuant to the terms of the Senior Credit Facilities (except in the context of the repayment and termination of the Senior Credit Facilities). The Security Documents generally provide that liens will be automatically released if the assets subject to such liens are transferred or otherwise disposed of or a Subsidiary Guarantor ceases to be a Subsidiary or is designated as an Unrestricted Subsidiary in compliance with the provisions of the Senior Credit Facilities.

In addition, all Liens securing the Notes as set forth above will be released upon defeasance or satisfaction and discharge of the Notes.

Enforcement of the Liens

The Collateral Agent and the Issuer may amend the provisions of the Security Documents with the consent of the requisite lenders under the Senior Credit Facilities and without the consent of the Holders. The requisite lenders under the Senior Credit Facilities have the sole ability to control remedies (including upon sale or liquidation after acceleration of the notes or the debt under the Senior

Credit Facilities) with respect to the Collateral. The Indenture will provide that the Issuer and its Restricted Subsidiaries that are parties to any Security Documents will comply with all covenants and agreements contained in such Security Documents, unless such failure to comply is waived by the requisite lenders under the Senior Credit Facilities and, after that waiver, the Issuer is in compliance with the covenant described under the caption "Security."

Provisions Governing the Collateral following Termination of the Senior Credit Facilities

If the Senior Credit Facilities are repaid in full and the related commitments terminated thereunder without being replaced, the Liens on the Collateral in favor of the Collateral Agent, the Trustee and the Holders will not be released at such time, except to the extent the Collateral or any portion thereof was disposed of in order to repay the Obligations under the Senior Credit Facilities secured by the Collateral in compliance with "Repurchase at the Option of Holders—Asset Sales." Thereafter, until any new Senior Credit Facilities are entered into, the following provisions will apply.

After-Acquired Property

The Indenture and the Security Documents will require that the Collateral Agent, for the benefit of itself, the Trustee and the Holders, be granted a lien on assets or property (other than LC Assets) acquired by the Issuer or a Guarantor after the Issue Date, which would have constituted Collateral had such assets and property been owned by the Issuer or such Guarantor on the Issue Date. The foregoing will be subject to certain exceptions consistent with the exceptions set out in the Security Documents as in effect on the Issue Date. These exceptions will provide, among other things, certain grace periods for perfection of collateral and that certain Liens need not be created or perfected where the costs outweigh the benefits of such grant. Furthermore, these exceptions will provide that Liens need not be created or perfected with respect to certain types of assets, including, without limitation, real property leases and immaterial real property; motor vehicles; with respect to perfection by control, deposit and securities accounts; LC Assets; assets subject to certain categories of Permitted Liens; certain letters of credit; securitization assets; Capital Stock of Unrestricted Subsidiaries; certain Capital Stock of Foreign Subsidiaries; and assets subject to certain legal or contractual restrictions on assignment or granting of security interests.

Release of Liens

Liens securing the Notes will be released in certain circumstances as provided for in the Security Documents and upon the receipt, at the reasonable request of the Trustee, of an Officer's Certificate and Opinion of Counsel certifying that all conditions precedent under the Indenture have been met, including under the following circumstances:

(1) upon payment in full of principal, interest and all other Obligations on the Notes issued under the Indenture or satisfaction and discharge or defeasance thereof;

(2) upon release of a Subsidiary Guarantee (with respect to the Liens securing such Guarantee granted by such Guarantor); or

(3) in connection with any disposition of Collateral to any Person other than the Issuer or any of its Restricted Subsidiaries (but excluding any transaction subject to the first paragraph of "Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets") that is not prohibited by the Indenture (with respect to the Lien on such Collateral).

Each of these releases shall be effected by the applicable collateral agent at the direction of the Trustee without the consent of the Holders.

Enforcement of the Liens

The trustee (acting at the direction of the Holders of a majority of outstanding principal amount of Notes) and the representatives of any other holders of Obligations secured by Liens on the Collateral will have the right to direct the Collateral Agent to foreclose upon the Collateral after the occurrence of an Event of Default. The Indenture will provide that the Issuer and its Restricted Subsidiaries that are parties to any Security Documents will comply with all covenants and agreements contained in such Security Documents. Amendments, modifications and waivers of the Security Documents will be effectuated pursuant to the provisions described under the caption "Amendment, Supplement and Waiver" in this "Description of Notes."

No Impairment of the Security Interests

Neither the Issuer nor any of its Restricted Subsidiaries is permitted to assert that any security interest in the Collateral is not a valid and perfected security interest or to take any action, or knowingly or negligently omit to take any action, which action or omission would have the result of impairing the security interest with respect to a material portion of the Collateral for the benefit of the Collateral Agent, Trustee and the Holders.

The Indenture will provide that any release of Collateral in accordance with the provisions of the Indenture and the Security Documents will not be deemed to impair the security under the Security Documents, and that any Person may rely on such provision in delivering a certificate requesting any such release so long as all other provisions of the Indenture with respect to such release have been complied with.

Intercreditor Agreement

The Trustee, the Collateral Agent and the administrative agent under the Senior Credit Facilities will enter into an Intercreditor Agreement with respect to the Collateral on the Issue Date. The Intercreditor Agreement may be amended, restated, amended and restated, supplemented or otherwise modified from time to time without the consent of the Holders to add other parties holding First Lien Obligations permitted to be incurred under the Indenture and the Senior Credit Facilities. For purposes of this description of "Intercreditor Agreement" only, capitalized terms not otherwise defined in this "Description of Notes" shall have the meanings specified in the Intercreditor Agreement.

Under the Intercreditor Agreement, as described below, the Applicable Authorized Representative has the right to direct foreclosures and take other actions with respect to Collateral securing two or more Series of Lien Obligations (which Collateral shall not include any LC Assets) ("Shared Collateral"), and the Authorized Representatives of other Series of First Lien Obligations have no right to take actions with respect to the Shared Collateral. The Applicable Authorized Representative is currently the administrative agent under the Senior Credit Facilities, as Authorized Representative in respect of the Senior Credit Facilities Obligations, and the Trustee for the Holders, as Authorized Representative in respect of the Notes, has no rights to take any action under the Intercreditor Agreement.

The administrative agent under the Senior Credit Facilities remains the Applicable Authorized Representative until the earlier of (1) the Discharge of Credit Facilities Obligations (without replacement of the Senior Credit Facilities) and (2) the Non-Controlling Authorized Representative Enforcement Date (such date, the "Applicable Authorized Agent Date"). After the Applicable Authorized Agent Date, the Applicable Authorized Representative will be the Authorized Representative of the Series of Additional First Lien Obligations that constitutes the largest outstanding principal amount of any then outstanding Series of First Lien Obligations with respect to the Shared Collateral (the "Major Non-Controlling Authorized Representative").

[redacted]

The "*Non-Controlling Authorized Representative Enforcement Date*" is the date that is 90 days after the occurrence of both (a) an acceleration (so long as the same has not been rescinded) of a Series of Additional First-Lien Obligations whose Authorized Representative is not then the Applicable Authorized Representative (a "*Non-Controlling Authorized Representative*") and (b) the delivery of written notice by such Non-Controlling Authorized Representative to each Collateral Agent and each other Authorized Representative certifying that such Non-Controlling Authorized Representative is the Major Non-Controlling Authorized Representative and that an acceleration of that Series of Additional First-Lien Obligations has occurred (and has not been rescinded) in accordance with the indenture or other governing agreement for that Series of Additional First-Lien Obligations; *provided* that the Non-Controlling Authorized Representative Enforcement Date will be stayed and will not occur and will be deemed not to have occurred (1) at any time the administrative agent under the Senior Credit Facilities has commenced and is diligently pursuing any enforcement action with respect to any Shared Collateral or (2) at any time the Issuer or a Guarantor that has granted a security interest in Shared Collateral is then a debtor under or with respect to (or otherwise subject to) any insolvency or liquidation proceeding.

Only the Applicable Collateral Agent may act or refrain from acting with respect to the Shared Collateral. While the Credit Agreement Administrative Agent is the Applicable Collateral Agent, the Trustee for the Holders, as Authorized Representative in respect of the Notes may not, and may not instruct the Collateral Agent to, commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interests in or realize upon, or take any other action available to it in respect of, the Shared Collateral. At any time when an Additional First-Lien Collateral Agent is the Applicable Collateral Agent, the Applicable Authorized Representative has the sole right to instruct the Applicable Collateral Agent to act or refrain from acting with respect to the Shared Collateral, the Applicable Collateral Agent may not follow any instructions with respect to such Shared Collateral from any Non-Controlling Authorized Representative (or any other First Lien Secured Party other than the Applicable Authorized Representative), and no Authorized Representative of any First Lien Secured Party (other than the Applicable Authorized Representative) may, or may instruct the Applicable Collateral Agent to, commence any judicial or non-judicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of, exercise any right, remedy or power with respect to, or otherwise take any action to enforce its interests in or realize upon, or take any other action available to it in respect of, the Shared Collateral.

Notwithstanding the equal priority of the Liens, the Applicable Collateral Agent, acting on the instructions of the Applicable Authorized Representative, may deal with the Shared Collateral as if such Applicable Authorized Representative had a senior Lien on such Collateral. No representative of any First Lien Secured Party (other than the Applicable Authorized Representative) may contest, protest or object to any foreclosure proceeding or action brought by the Applicable Collateral Agent, the Applicable Authorized Representative or the Controlling Secured Party. The Collateral Agent may not accept any Lien on any Collateral for the benefit of the Holders (other than funds deposited for the discharge or defeasance of the Notes) other than Liens on Shared Collateral also granted pursuant to the Credit Agreement Collateral Documents. Each of the First Lien Secured Parties also may not contest or support any other Person in contesting, in any proceeding (including any insolvency or liquidation proceeding), the perfection, priority, validity or enforceability of a Lien held by or on behalf of any of the First Lien Secured Parties on all or any part of the Collateral or the provisions of the Intercreditor Agreement.

Notwithstanding the foregoing, with respect to any Shared Collateral for which a third party (other than a First Lien Secured Party) has a lien or security interest that is junior in priority to the security interest of any Series of First Lien Obligations but senior (as determined by appropriate legal proceedings in the case of any dispute) to the security interest of any other Series of First Lien

Obligations (such third party, an "Intervening Creditor"), the value of any Shared Collateral or proceeds which are allocated to such Intervening Creditor must be deducted on a ratable basis solely from the Shared Collateral or proceeds to be distributed in respect of the Series of First Lien Obligations with respect to which such impairment exists.

None of the First Lien Secured Parties may institute any suit or assert in any suit, bankruptcy, insolvency or other proceeding any claim against the Applicable Collateral Agent or any other First Lien Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise with respect to any Shared Collateral. In addition, none of the First Lien Secured Parties may seek to have any Shared Collateral or any part thereof marshaled upon any foreclosure or other disposition of such Collateral. If any First Lien Secured Party obtains possession of any Shared Collateral or realizes any proceeds or payment in respect thereof, at any time prior to the discharge of each of the First Lien Obligations, then it must hold such Shared Collateral, proceeds or payment segregated and in trust for the other First Lien Secured Parties and promptly transfer such Shared Collateral, proceeds or payment to the Applicable Collateral Agent in the same form as received, together with any necessary endorsement, to be distributed in accordance with the Intercreditor Agreement.

If the Issuer or any Guarantor becomes subject to any bankruptcy case, the Intercreditor Agreement provides that (1) if the Issuer or any Guarantor, as debtor(s)-in-possession, move for approval of financing (the "DIP Financing") to be provided by one or more lenders (the "DIP Lenders") under Section 364 of the Bankruptcy Code or the use of cash collateral under Section 363 of the Bankruptcy Code (or any equivalent proceeding under another bankruptcy law), each First Lien Secured Party (other than any Controlling Secured Party or the Authorized Representative thereof) agrees not to object to any such financing or to the Liens on the Shared Collateral securing the same (the "DIP Financing Liens") or to any use of cash collateral that constitutes Shared Collateral, unless any Controlling Secured Party, or an Authorized Representative of any Controlling Secured Party, then opposes or objects to such DIP Financing or such DIP Financing Liens or use of cash collateral (and (i) to the extent that such DIP Financing Liens are senior to the Liens on any such Shared Collateral for the benefit of the First Lien Secured Parties, each Non-Controlling Secured Party must subordinate its Liens with respect to such Shared Collateral on the same terms as the Liens of the Controlling Secured Parties (other than any Liens of any Senior Secured Parties constituting DIP Financing Liens) are subordinated thereto, and (ii) to the extent that such DIP Financing Liens rank pari passu with the Liens on any such Shared Collateral granted to secure the First Lien Obligations of the First Lien Secured Parties, each Non-Controlling Secured Party must confirm the priorities with respect to such Shared Collateral as set forth in the Intercreditor Agreement), in each case so long as:

(A) the First Lien Secured Parties of each Series retain the benefit of their Liens on all such Shared Collateral pledged to the DIP Lenders, including proceeds thereof arising after the commencement of such proceeding, with the same priority vis-à-vis all the other First Lien Secured Parties (other than any Liens of the First Lien Secured Parties constituting DIP Financing Liens) as existed prior to the commencement of the bankruptcy case;

(B) the First Lien Secured Parties of each Series are granted Liens on any additional collateral pledged to any First Lien Secured Parties as adequate protection or otherwise in connection with such DIP Financing or use of cash collateral, with the same priority vis-à-vis the First Lien Secured Parties as set forth in the Intercreditor Agreement;

(C) if any amount of such DIP Financing or cash collateral is applied to repay any of the Additional First Priority Lien Obligations, such amount is applied pursuant to the Intercreditor Agreement; and

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(D) if any First Lien Secured Parties are granted adequate protection (other than any Liens of any First Lien Secured Parties constituting DIP Financing Liens), including in the form of periodic payments, in connection with such DIP Financing or use of cash collateral, the proceeds of such adequate protection are applied pursuant to the Intercreditor Agreement;

provided that the holders of each Series of First Lien Obligations have a right to object to the grant of a Lien to secure the DIP Financing over any Collateral subject to Liens in favor of the holders of each Series of First Lien Obligations or its representative that does not constitute Shared Collateral; and *provided, further*, that the First Lien Secured Parties receiving adequate protection may not object to any other First Lien Secured Party receiving adequate protection comparable to any adequate protection granted to such First Lien Secured Parties in connection with a DIP Financing or use of cash collateral.

The First Lien Secured Parties acknowledge that the First Lien Obligations of any Series may, subject to the limitations set forth in the other First Lien Documents, be increased, extended, renewed, replaced, restated, supplemented, restructured, repaid, refunded, refinanced or otherwise amended or modified from time to time, all without affecting the priorities set forth in the Intercreditor Agreement defining the relative rights of the First Lien Secured Parties of any Series. The Intercreditor Agreement may also be amended from time to time to add other parties holding Additional First Lien Obligations permitted to be incurred under the Indenture.

Junior Lien Intercreditor Agreement

No Junior Lien Obligations will exist on the Issue Date. Subject to compliance with the covenant described under the caption "Certain Covenants—Liens," Holdings, the Issuer and the Guarantors may incur Indebtedness secured by a Lien on Collateral that is junior to the Liens securing the Notes. On or before any such Indebtedness or other Junior Lien Obligations are incurred and secured, the applicable Junior Lien Secured Parties with respect to such Junior Lien Obligations will enter into a Junior Lien Intercreditor Agreement with the Trustee, the Collateral Agent and the Authorized Representatives for any other First Lien Obligations (including the Senior Credit Facilities). The Applicable Authorized Representative under the Intercreditor Agreement will act on behalf of the holders of the First Lien Obligations pursuant to the Junior Lien Intercreditor Agreement.

No Junior Lien Obligations will be (x) secured by a Lien on any assets of Holdings, the Issuer or any of their subsidiaries unless a First Lien has also been granted on such assets to secure the First Lien Obligations or (y) guaranteed by any Subsidiary other than the Guarantors. A Junior Lien Obligation will not be incurred if the security agreements and guarantees relating to such Junior Lien Obligation have terms that are more favorable to the respective Junior Lien Secured Parties than the terms of the Security Documents and the Guarantee are to the Secured Parties (as defined in the Security Documents).

The Junior Lien Intercreditor Agreement shall provide that, until all First Lien Obligations have been discharged:

(a) the Liens securing the Junior Lien Obligations shall be junior and subordinated in all respects to the Liens securing the First Lien Obligations;

(b) the Junior Lien Secured Parties shall have no right to exercise rights or remedies with respect to the Collateral, institute any action with respect to the Collateral, take or receive any Collateral or any proceeds thereof or object to the exercise by the First Lien Secured Parties of any rights or remedies with respect to the Collateral; *provided* that the Junior Lien Secured Parties may exercise rights and remedies with respect to the Collateral if the First Lien Secured Parties have not commenced the exercise of rights and remedies with respect to any material portion of the Collateral (or attempted to commence such exercise and are stayed by applicable insolvency or liquidation proceeding) within a 180 day standstill period starting from the date on which the Junior Lien Secured Parties have delivered to the First Lien Secured Parties written notice of the acceleration of the Junior Lien Obligations;

(c) the First Lien Secured Parties shall control all decisions related to the exercise of remedies with respect to the Collateral without any consultation with, or the consent of, any of the Junior Lien Secured Parties;

(d) no Junior Lien Secured Party will contest, or support any other person in contesting, the priority, validity or enforceability of a Lien on Collateral held by or on behalf of any of the First Lien Secured Parties; and

(e) any Collateral or proceeds thereof received by any Junior Lien Secured Party shall be segregated and held in trust and shall be paid over to the Applicable Collateral Agent (as defined in the Intercreditor Agreement) for the benefit of the First Lien Secured Parties in the same form as received, with any necessary endorsements.

The Junior Lien Secured Parties will be able to exercise rights and remedies as unsecured creditors against the Issuer and any Guarantor in accordance with the terms of the indenture or other governing agreement for that Series of Junior Lien Obligations and applicable law and subject to the terms of the Junior Lien Intercreditor Agreement.

If the Issuer or any Guarantor becomes subject to any bankruptcy case, the Junior Lien Intercreditor Agreement will provide that:

(a) the Junior Lien Secured Parties will not file any motion, take any position in any proceeding, or take any other action in respect of the Collateral (including any motion seeking relief from the automatic stay) except filing of a proof of claim or responsive or defensive pleadings in opposition to any motion or pleading seeking the disallowance of the claims of the Junior Lien Secured Parties;

(b) if the First Lien Secured Parties (or their respective Authorized Representatives) desire to permit the Issuer or any Grantor to obtain DIP Financing, then the Junior Lien Secured Parties shall: (i) be deemed to accept and will not object or support any objection to, such sale or use or any such DIP Financing, (ii) not request or accept any form of adequate protection or any other relief in connection therewith except as set forth below and (iii) subordinate their Liens to such DIP Financing, any adequate protection provided to the First Lien Secured Parties and any "carve-out" for fees agreed to by the Collateral Agent; provided that nothing shall prohibit the Junior Lien Secured Parties from (a) exercising their rights to vote in favor of or against a plan of reorganization, (b) proposing any post-petition financing so long as the First Lien Secured Parties are receiving post-petition interest in at least the same form being requested by the Junior Lien Secured Parties or (c) other than with respect to a DIP Financing as described above, objecting to any provision in any post-petition financing;

(c) no Junior Lien Secured Party shall (i) contest any request by the First Lien Secured Parties (or their respective Authorized Representatives) for adequate protection, (ii) contest any objection by the First Lien Secured Parties (or their respective Authorized Representatives) to any motion based on the First Lien Secured Parties' (or their respective Authorized Representatives) claiming a lack of adequate protection, (iii) seek or accept any form of adequate protection under any of Sections 362, 363 and/or 364 of the Bankruptcy Code with respect to the Collateral or (iv) contest the payment of interest, fees, expenses or other amounts to any First Lien Secured Party (or their respective Authorized Representatives); provided that (1) if the First Lien Secured Parties are granted adequate protection in the

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form of additional collateral in connection with any DIP Financing, then the Junior Lien Secured Parties may seek adequate protection in the form of a Lien on such additional collateral (subordinated to the Liens securing the First Lien Obligations and such DIP Financing), (2) in the event any Junior Lien Secured Party is granted adequate protection in the form of additional collateral, then the First Lien Secured Parties shall have a senior Lien and claim on such additional collateral and (3) in the event the First Lien Secured Parties are granted adequate protection in the form of a superpriority claim, then the Junior Lien Secured Parties may seek adequate protection in the form of a junior superpriority claim, subordinated to the superpriority claim granted to the First Lien Secured Parties;

(d) if any First Lien Secured Party is required to disgorge or otherwise pay any amount to the estate of the Issuer or any Grantor, as applicable, for any reason (a "*Recovery*"), then the First Lien Obligations shall be reinstated to the extent of such Recovery and the First Lien Obligations shall be deemed not to have been discharged;

(e) no Junior Secured Lien Parties shall (i) oppose or challenge any claim of the First Lien Secured Parties for post-petition interest, fees or expenses, (ii) support or vote in favor of any plan of reorganization that is inconsistent with the terms of the Junior Lien Intercreditor Agreement, and (iii) prior to the discharge of all First Lien Obligations, (1) assert any claim under Section 506(c) of the Bankruptcy Code or seek to recover any amounts that any Loan Party may obtain by virtue of any claim under such Section 506(c) or (2) seek to exercise any rights under Section 1111(b) of the Bankruptcy Code;

(f) no First Lien Secured Party shall be prohibited from objecting to any action taken by the Junior Lien Secured Parties (or any agent on their behalf); and

(j) each Junior Lien Secured Party waives any claim it may have against any First Lien Secured Party arising out of the election by any First Lien Secured Party of the application to the claims of any First Lien Secured Party of Section 1111(b)(2) of the Bankruptcy Code.

The Junior Lien Secured Parties will acknowledge that the terms of the First Lien Obligations may be amended, supplemented or otherwise modified and all or a portion of the First Lien Obligations may be refinanced from time to time and the aggregate amount of the First List Obligations may be increased, all without notice to, or the consent of, any Junior Lien Secured Party and without affecting the provisions of the Junior Lien Intercreditor Agreement. The Junior Lien Secured Parties will also acknowledge that the security agreements and guarantees relating to a Junior Lien Obligations may not be amended, modified or supplemented to the extent such amendment, modification or supplement would be prohibited by, or inconsistent with, the terms of the Junior Lien Intercreditor Agreement or any then-effective First Lien Document.

Ranking

The payment of the principal of, premium, if any, and interest on the Notes and the payment of any Guarantee will rank equally in right of payment to all existing and future unsubordinated Indebtedness of the Issuer or the relevant Guarantor, as the case may be, including the obligations of the Issuer and such Guarantor under the Senior Credit Facilities and the Existing Notes.

The Notes and the Guarantees will be effectively senior in right of payment to all of the Issuer's and the Guarantors' existing and future unsecured Indebtedness to the extent of the value of the collateral securing the Notes. The Notes and the Guarantees will rank equally with Indebtedness under the Senior Credit Facilities. As of December 31, 2011, after giving pro forma effect to the Financing Transactions the Issuer and the Guarantors would have had $3,074 million of Secured Indebtedness in respect of borrowed money outstanding, consisting of term loan and revolving credit facility borrowings under the Senior Credit Facilities and the Notes. As of December 31, 2011, after giving pro forma effect to the Financing

Transactions the Issuer would also have had approximately $418 million of additional borrowing capacity under the revolving credit facility under the Senior Credit Facilities until March 2013 and which borrowing capacity reduces to $169 million thereafter, which, if borrowed, would be Secured Indebtedness. The additional borrowing capacity under the revolving credit facility is reduced by outstanding letters of credit totaling $120 million as of December 31, 2011, issued under the same facility. In addition, the Issuer has the option to borrow additional incremental Indebtedness under the Senior Credit Facilities, subject to compliance with the financial covenants contained in the Senior Credit Facilities, which, if borrowed, would be First Lien Obligations. The additional incremental Indebtedness available under the Senior Credit Facilities on the Issue Date will be equal to $750 million. Following the issuance of the Notes on the Issue Date, this incremental borrowing capacity will be reduced by the principal amount of the Notes, but increased by the amount of term loans repaid by the application of proceeds from this offering. The Senior Credit Facilities provide that such incremental borrowing capacity will be increased by the amount of term loans thereunder repaid with certain permitted refinancing Indebtedness, including the Notes from this offering and other Additional Notes.

Although the Indenture will contain limitations on the amount of additional Indebtedness that the Issuer and the Issuer's Restricted Subsidiaries (including the Subsidiary Guarantors) may incur, under certain circumstances the amount of such Indebtedness could be substantial and a significant portion of such Indebtedness may be secured. The Indenture also does not limit the amount of additional Indebtedness that Holdings may incur. See "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents for the Notes. The initial paying agent for the Notes will be the Trustee.

The Issuer will also maintain one or more registrars and a transfer agent. The initial registrar and transfer agent with respect to the Notes will be the Trustee. The registrar will maintain a register reflecting ownership of the Notes outstanding from time to time. The registered Holder of a Note will be treated as the owner of the Note for all purposes. The transfer agent will make payments on and facilitate transfer of the Notes on behalf of the Issuer.

The Issuer may change the paying agent, the registrar or the transfer agent without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent, registrar or transfer agent.

If any series of Notes are listed on an exchange and the rules of such exchange so require, the Issuer will satisfy any requirement of such exchange as to paying agents, registrars and transfer agents and will comply with any notice requirements required under such exchange in connection with any change of paying agent, registrar or transfer agent.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Note selected for redemption or tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer. Also, the Issuer will not be required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Principal, Maturity and Interest

The Issuer will issue an aggregate principal amount of $400 million of Notes in this offering. The Notes will mature on May 15, 2019. Subject to compliance with the covenant described below under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," the Issuer may issue additional Notes from time to time after this offering under the Indenture ("*Additional Notes*"). The Notes offered by the Issuer and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including security, waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to "Notes" for all purposes of the Indenture and this "Description of Notes" include any Additional Notes that are actually issued. The Notes will be issued in denominations of $2,000 and any integral multiples of $1,000 in excess thereof.

Interest on the Notes will accrue at the rate of 8.5% per annum. Interest on the Notes will be payable semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2012, to the Holders of record on the immediately preceding May 1 and November 1. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payment of Principal, Premium and Interest

Payments of principal of, premium, if any, and interest on the Notes will be payable at the office or agency of the Issuer maintained for such purpose or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their respective addresses set forth in the register of Holders; *provided* that (1) all payments of principal, premium, if any, and interest with respect to the Notes represented by one or more global notes registered in the name of or held by The Depository Trust Company ("*DTC*") or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof and (2) all payments of principal, premium, if any, and interest with respect to certificated Notes will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the paying agent to such effect designating such account no later than 30 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion). Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the Trustee maintained for such purpose.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the caption "Repurchase at the Option of Holders." The Issuer may at any time and from time to time purchase Notes in the open market or otherwise.

Optional Redemption

Except pursuant to the next paragraph and the second to last paragraph of this section, the Notes will not be redeemable at the Issuer's option prior to 2015.

At any time prior to May 15, 2015, the Issuer may redeem all or a part of the Notes, upon notice as described under the caption "—Selection and Notice," at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, plus accrued and unpaid interest, if any, to the redemption date (the "*Redemption Date*"), subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date.

On and after May 15, 2015, the Issuer may redeem the Notes, in whole or in part, upon notice as described under the caption "—Selection and Notice," at the redemption prices (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest, if any, to the Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on May 15 of each of the years indicated below:

Year	Senior Notes Percentage
2015	106.375%
2016	104.250%
2017	102.125%
2018 and thereafter	100.000%

In addition, until May 15, 2015, the Issuer may, at its option, on one or more occasions, redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture at a redemption price equal to 104.250% of the aggregate principal amount thereof (if the redemption occurs prior to May 15, 2013) or at a redemption price equal to 108.500% of the aggregate principal amount thereof (if the redemption occurs on or after May 15, 2013 and prior to May 15, 2015), in each case plus accrued and unpaid interest, if any, to the Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds received by the Issuer from one or more Equity Offerings; *provided* that (a) at least 50% of the sum of the aggregate principal amount of Notes originally issued under the Indenture on the Issue Date and any Additional Notes issued under the Indenture after the Issue Date (other than Notes or Additional Notes held by the Issuer or any of its Affiliates) remains outstanding immediately after the occurrence of each such redemption and (b) each such redemption occurs within 120 days of the date of closing of each such Equity Offering.

Notice of any redemption may, at the Issuer's discretion, be subject to one or more conditions precedent, including, without limitation, the consummation of an incurrence or issuance of debt or equity or a Change of Control. If any Notes are listed on an exchange, and the rules of such exchange so require, the Issuer will notify the exchange of any such notice of redemption. In addition, the Issuer will notify the exchange of the principal amount of any Notes outstanding following any partial redemption of Notes.

Selection and Notice

If the Issuer is redeeming less than all of the Notes issued under the Indenture at any time, the Trustee will select the Notes to be redeemed (1) if the Notes are listed on an exchange, in compliance with the requirements of such exchange or in accordance with customary DTC procedures or (2) on a *pro rata* basis to the extent practicable, or, if the *pro rata* basis is not practicable for any reason, by lot or by such other method as most nearly approximates a *pro rata* basis subject to customary DTC procedures. No Notes of $2,000 or less can be redeemed in part.

Notices of redemption shall be delivered electronically or mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the redemption date to each Holder of Notes at such Holder's registered address or otherwise in accordance with the procedures of DTC, except that redemption notices may be delivered more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. If any Note is to be redeemed in part only, any notice of redemption that relates to such Note shall state the portion of the principal amount thereof that has been or is to be redeemed.

With respect to Notes represented by certificated notes, the Issuer will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the Holder upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the Redemption Date, interest ceases to accrue on Notes or portions of them called for redemption.

Repurchase at the Option of Holders

Change of Control

The Indenture will provide that if a Change of Control occurs, unless the Issuer has previously or concurrently delivered a redemption notice with respect to all the outstanding Notes as described under the caption "Optional Redemption" and all conditions precedent applicable to such redemption notice have been satisfied, the Issuer will make an offer to purchase all of the Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase, subject to the right of Holders of the Notes of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will deliver notice of such Change of Control Offer by electronic transmission or by first-class mail, with a copy to the Trustee, to each Holder of Notes to the address of such Holder appearing in the security register or otherwise in accordance with applicable procedures, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "Change of Control," and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is delivered (the "*Change of Control Payment Date*");

(3) that any Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless the Issuer defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their tendered Notes and their election to require the Issuer to purchase such Notes; *provided* that the paying agent receives, not later than the close of business on the expiration date of the Change of Control Offer, a telegram, facsimile transmission, electronic transmission or letter setting forth the name of the Holder of the Notes, the principal amount of Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Notes and its election to have such Notes purchased;

(7) that Holders whose Notes are being purchased only in part will be issued new Notes and such new Notes will be equal in principal amount to the unpurchased portion of the Notes surrendered. The unpurchased portion of the Notes must be equal to at least \$2,000 or any integral multiple of \$1,000 in excess thereof;

(8) if such notice is delivered prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control; and

(9) the other instructions, as determined by the Issuer, consistent with the covenant described hereunder, that a Holder must follow.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law:

(1) accept for payment all Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officer's Certificate to the Trustee stating that such Notes or portions thereof have been tendered to and purchased by the Issuer.

The Senior Credit Facilities will, and future credit agreements or other agreements relating to Indebtedness to which the Issuer becomes a party may, provide that certain change of control events with respect to the Issuer would constitute a default thereunder (including a Change of Control). If we experience a change of control that triggers a default under the Senior Credit Facilities or other indebtedness, we could seek a waiver of such default or seek to refinance the Senior Credit Facilities or such other indebtedness. In the event we do not obtain such a waiver or refinance the Senior Credit Facilities or such other indebtedness, such default could result in amounts outstanding under the Senior Credit Facilities or such other indebtedness being declared due and payable.

Our ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. See "Risk Factors—Risks Related to the Offering and Our Notes—We may not be able to repurchase the notes upon a change of control."

The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchasers and us. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "Certain Covenants—Liens." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders of the Notes protection in the event of a highly leveraged transaction.

[redacted]

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control, including the definition of Change of Control, may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Asset Sales

The Indenture will provide that the Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (such fair market value to be determined in good faith by the Issuer, including its board of directors if such fair market value is in excess of $100,000,000, at the time of contractually agreeing to such Asset Sale) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto) of the Issuer or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Notes or that are owed to the Issuer or a Restricted Subsidiary, that are assumed by the transferee of any such assets and for which the Issuer and all of its Restricted Subsidiaries have been validly released by all creditors in writing,

(b) any securities, notes or other obligations or assets received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into Cash Equivalents (to the extent of the Cash Equivalents received) within 180 days following the closing of such Asset Sale, and

(c) any (i) Designated Non-Cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (c)(i) that is at that time outstanding, not to exceed 5.0% of Total Assets at the time

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of the receipt of such Designated Non-Cash Consideration, or (ii) any Investment (not constituting a Permitted Asset Swap) received by the Issuer or a Restricted Subsidiary that is treated by the Issuer as a Restricted Payment under the first or second paragraph of the covenant described under the caption "—Limitation on Restricted Payments" or a Permitted Investment under clause (8) or (13) of the definition thereof, with the fair market value of each such item of Designated Non- Cash Consideration, Restricted Payment or Permitted Investment being measured pursuant to this clause (c) at the time received and without giving effect to subsequent changes in value,

shall be deemed to be Cash Equivalents for purposes of this provision and for no other purpose.

Within 450 days after the receipt of any Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary, at its option, may apply the Net Proceeds from such Asset Sale,

(1) to permanently reduce:

(a) Obligations constituting First Lien Obligations (and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto); *provided* that (x) to the extent that the terms of First Lien Obligations (other than Obligations under the Notes) require that such First Lien Obligations be repaid with the Net Proceeds of Asset Sales prior to repayment of other Indebtedness (including the Notes), the Issuer and its Restricted Subsidiaries shall be entitled to repay such other First Lien Obligations prior to repaying the Obligations under the Notes and (y) except as provided in the foregoing clause (x), if the Issuer or any Restricted Subsidiary shall so reduce First Lien Obligations, the Issuer will equally and ratably reduce Obligations under the Notes as provided under the caption "Optional Redemption" through open-market purchases (*provided* that such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth herein for an Asset Sale Offer) to all Holders to purchase their Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest on the principal amount of Notes so purchased;

(b) Obligations ranking *pari passu* with the Notes other than First Lien Obligations so long as the relevant Net Proceeds are received with respect to non-Collateral; *provided* that if the Issuer or any Restricted Subsidiary shall so reduce any such *pari passu* Obligations, the Issuer will equally and ratably reduce Obligations under the Notes in any manner set forth in clause (a) above; or

(c) Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;

(2) to make (a) an Investment in any one or more businesses; *provided* that such Investment in any business is in the form of the acquisition of Capital Stock that results in the Issuer or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary or increases the Issuer's direct or indirect percentage ownership of the Capital Stock of a Restricted Subsidiary, (b) capital expenditures or (c) acquisitions of other assets, in the case of each of (a), (b) and (c), used or useful in a Similar Business; *provided* that the assets (including Capital Stock) acquired with the Net Proceeds of a disposition of Collateral are pledged as Collateral to the extent required under the Security Documents (except to the extent the Lien thereon is released by the lenders under the Senior Credit Facilities); or

(3) to make an Investment in (a) any one or more businesses; *provided* that such Investment in any business is in the form of the acquisition of Capital Stock that results in the Issuer or any of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary or increases the Issuer's

direct or indirect percentage ownership of the Capital Stock of a Restricted Subsidiary, (b) properties or (c) acquisitions of other assets that, in the case of each of (a), (b) and (c), replace the businesses, properties or assets that are the subject of such Asset Sale; *provided* that the assets (including Capital Stock) acquired with the Net Proceeds of a disposition of Collateral are pledged as Collateral to the extent required under the Security Documents (except to the extent the Lien thereon is released by the lenders under the Senior Credit Facilities);

provided that, in the case of clauses (2) and (3) above, a binding commitment entered into not later than such 450th day shall extend the period for such Investment or other payment for an additional 180 days after the end of such 450-day period so long as the Issuer or such other Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an "*Acceptable Commitment*") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a "*Second Commitment*") within such 180-day period; *provided further* that (x) if any Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied or (y) such Net Proceeds are not actually so invested or paid in accordance with clauses (2) or (3) above by the end of such 180-day period, then such Net Proceeds shall constitute Excess Proceeds on the date of such cancellation or termination, or such 180th day, as applicable.

Any Net Proceeds from the Asset Sale that are not invested or applied as provided and within the time period set forth in the preceding paragraph will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $100,000,000, the Issuer shall make an offer to all Holders of the Notes and, if required by the terms of any Indebtedness that is *pari passu* in right of payment with the Notes ("*Pari Passu Indebtedness*"), to the holders of such Pari Passu Indebtedness (an "*Asset Sale Offer*"), to purchase the maximum aggregate principal amount of the Notes and such Pari Passu Indebtedness that is in an amount equal to at least $2,000, that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof (or accreted value thereof, if less), plus accrued and unpaid interest, if any, to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within ten Business Days after the date that Excess Proceeds exceed $100,000,000 by delivering the notice required pursuant to the terms of the Indenture, with a copy to the Trustee. The Issuer may satisfy the foregoing obligations with respect to any Net Proceeds from an Asset Sale by making an Asset Sale Offer with respect to such Net Proceeds prior to the expiration of the relevant 450 days (or such longer period provided above) or with respect to Excess Proceeds of $100,000,000 or less.

To the extent that the aggregate principal amount of Notes and such Pari Passu Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to the other covenants contained in the Indenture. If the aggregate principal amount of Notes or the Pari Passu Indebtedness surrendered by such holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and the Issuer shall select such Pari Passu Indebtedness to be purchased on a *pro rata* basis based on the accreted value or principal amount of the Notes or such Pari Passu Indebtedness tendered. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds that resulted in the Asset Sale Offer shall be reset to zero.

Pending the final application of any Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by the Indenture. The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Sale may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(I) declare or pay any dividend or make any payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger, amalgamation or consolidation other than:

(a) dividends or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer; or

(b) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary of the Issuer, the Issuer or a Restricted Subsidiary receives at least its *pro rata* share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(II) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent company of the Issuer, including in connection with any merger, amalgamation or consolidation;

(III) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than:

(a) Indebtedness permitted under clauses (7) and (8) of the second paragraph of the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or

(b) the purchase, repurchase or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition; or

(IV) make any Restricted Investment;

(all such payments and other actions set forth in clauses (I) through (IV) above being collectively referred to as "*Restricted Payments*"), unless, at the time of such Restricted Payment:

(1) no Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer could incur $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" (the "*Fixed Charge Coverage Test*"); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after April 1, 2007 (including Restricted Payments permitted by clauses (1), (2) (with respect to the payment of dividends on Refunding Capital Stock (as defined below) pursuant to clause (c) thereof only), (6)(c), (9) and (13) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(a) 50% of the Consolidated Net Income of Holdings, the Issuer and its Restricted Subsidiaries for the period (taken as one accounting period) beginning on April 1, 2007 to the end of Holdings' most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Issuer, including its board of directors if such fair market value is in excess of $100,000,000, of marketable securities or other property received by the Issuer since immediately after the Issue Date (other than net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") from the issue or sale of:

(i)(A) Equity Interests of the Issuer, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value, as determined in good faith by the Issuer, including its board of directors if such fair market value is in excess of $100,000,000, of marketable securities or other property received from the sale of:

(x) Equity Interests to any future, present or former employees, directors, officers, managers, distributors or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any direct or indirect parent company of the Issuer or any of the Issuer's Subsidiaries after the Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(y) Designated Preferred Stock; and

(B) to the extent such net cash proceeds or other property are actually contributed to the capital of the Issuer or any Restricted Subsidiary (without the issuance of additional Equity Interests of such Restricted Subsidiary), Equity Interests of any direct or indirect parent company of the Issuer (excluding Contributed Holdings Investments (as defined below) and contributions of the proceeds from the sale of Designated Preferred Stock of such company or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(ii) debt securities of the Issuer or any Restricted Subsidiary that have been converted into or exchanged for such Equity Interests of the Issuer or a direct or indirect parent company of the Issuer;

provided that this clause (b) shall not include the proceeds from

(W) Refunding Capital Stock (as defined below);

(X) Equity Interests or convertible debt securities of the Issuer sold to a Restricted Subsidiary;

(Y) Disqualified Stock or debt securities that have been converted into Disqualified Stock; or

(Z) Excluded Contributions and Contributed Holdings Investments; *plus*

(c) 100% of the aggregate amount of cash and the fair market value, as determined in good faith by the Issuer, including its board of directors if such fair market value is in excess of \$100,000,000, of marketable securities or other property contributed to the capital of the Issuer following the Issue Date (other than net cash proceeds to the extent such net cash proceeds have been used to incur Indebtedness or issue Disqualified Stock or Preferred Stock pursuant to clause (12)(a) of the second paragraph under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") (other than by a Restricted Subsidiary and other than any Excluded Contributions and Contributed Holdings Investments); *plus*

(d) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, including its board of directors if such fair market value is in excess of \$100,000,000, of marketable securities or other property received by the Issuer or a Restricted Subsidiary by means of:

(i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries (other than by the Issuer or a Restricted Subsidiary) and repayments of loans or advances, which constitute Restricted Investments made by the Issuer or its Restricted Subsidiaries, in each case after the Issue Date; or

(ii) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than, in each case, to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) or (11) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary after the Issue Date; *plus*

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (which, if the fair market value of such Investment shall exceed \$100,000,000, shall be determined in good faith by the board of directors of the Issuer whose resolution with respect thereto will be delivered to the Trustee) at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary, other than to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) or (11) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment.

Notwithstanding the foregoing, the maximum amount of Restricted Payments permitted under this clause (3) as of the Issue Date, after reduction for any Restricted Payments covered by this clause (3) made after April 1, 2007 and prior to the Issue Date but before including the Consolidated Net Income of Holdings, the Issuer and its Restricted Subsidiaries for the first quarter of 2012 in the calculation pursuant to this clause (3), is \$525,000,000.

The foregoing provisions will not prohibit:

(1) the payment of any dividend or other distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or other distribution or giving

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of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or other distribution or redemption payment would have complied with the provisions of the Indenture;

(2)(a) the redemption, repurchase, retirement or other acquisition of any (i) Equity Interests ("*Treasury Capital Stock*") of the Issuer or any Restricted Subsidiary or Subordinated Indebtedness of the Issuer or any Guarantor or (ii) Equity Interests of any direct or indirect parent company of the Issuer, in the case of each of clause (i) and (ii), in exchange for, or out of the proceeds of the substantially concurrent sale (other than to the Issuer or a Restricted Subsidiary) of, Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent contributed to the capital of the Issuer or any Restricted Subsidiary (in each case, other than any Disqualified Stock) ("*Refunding Capital Stock*"),

(b) the declaration and payment of dividends on the Treasury Capital Stock out of the proceeds of the substantially concurrent sale (other than to the Issuer or a Restricted Subsidiary) of the Refunding Capital Stock and

(c) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Issuer) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the defeasance, redemption, repurchase, exchange or other acquisition or retirement of (i) Subordinated Indebtedness of the Issuer or a Subsidiary Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, new Subordinated Indebtedness of the Issuer or a Subsidiary Guarantor or (ii) Disqualified Stock of the Issuer or a Subsidiary Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, Disqualified Stock of the Issuer or a Subsidiary Guarantor, that, in each case, is incurred in compliance with the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so long as:

(a) the principal amount (or accreted value, if applicable) of such new Subordinated Indebtedness or the liquidation preference of such new Disqualified Stock does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness or the liquidation preference of, plus any accrued and unpaid dividends on, the Disqualified Stock being so defeased, redeemed, repurchased, exchanged, acquired or retired for value, plus the amount of any premium required to be paid under the terms of the instrument governing the Subordinated Indebtedness or Disqualified Stock being so defeased, redeemed, repurchased, exchanged, acquired or retired, defeasance costs and any fees and expenses incurred in connection with the issuance of such new Subordinated Indebtedness or Disqualified Stock;

(b) such new Subordinated Indebtedness is subordinated to the Notes or the applicable Guarantee at least to the same extent as such Subordinated Indebtedness so defeased, redeemed, repurchased, exchanged, acquired or retired;

(c) such new Subordinated Indebtedness or Disqualified Stock has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness or Disqualified Stock being so defeased, redeemed, repurchased, exchanged, acquired or retired;

(d) such new Subordinated Indebtedness or Disqualified Stock has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness or Disqualified Stock being so defeased, redeemed, repurchased, exchanged, acquired or retired; and (e)(i) if the Subordinated Indebtedness being so defeased, redeemed, repurchased, exchanged, acquired or retired is not secured by any Liens, such new Subordinated Indebtedness is not secured by any Liens, and (ii) if the Subordinated Indebtedness being so defeased, redeemed, repurchased, exchanged, acquired or retired is secured by any Liens, the Liens securing such new Subordinated Indebtedness have the same priority as, and are limited to the same property and assets (including additional future assets and proceeds) subject to, the Liens securing such Subordinated Indebtedness being so defeased, redeemed, repurchased, exchanged, acquired or retired;

(4) the Issuer may pay (or make Restricted Payments to allow any direct or indirect parent thereof to pay) for the repurchase, retirement or other acquisition or retirement for value of Equity Interests of the Issuer (or of any such direct or indirect parent of the Issuer) or its Restricted Subsidiaries held by any future, present or former employee, director or consultant (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) of the Issuer (or any direct or indirect parent of the Issuer) or any of its Subsidiaries so long as such purchase is pursuant to and in accordance with the terms of any employee or director equity plan, employee or director stock option plan or any other employee or director benefit plan or any agreement (including any stock subscription or shareholder agreement and including, for the avoidance of doubt, any principal and interest payable on any notes issued by the Issuer or any direct or indirect parent company of the Issuer in connection with such repurchase, retirement or other acquisition) with any employee, director or consultant of the Issuer (or any direct or indirect parent of the Issuer) or any of its Subsidiaries; *provided* that cancellation of Indebtedness owing to the Issuer from any future, present or former employees, directors, officers, managers or consultants of the Issuer (or their respective Controlled Investment Affiliates or Immediate Family Members), any direct or indirect parent company of the Issuer or any of the Issuer's Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any of the Issuer's direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges";

(6)(a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Issuer or any of its Restricted Subsidiaries after the Issue Date;

(b) the declaration and payment of dividends to any direct or indirect parent company of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such parent company issued after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the capital of the Issuer from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided that, in the case of each of (a), (b) and (c) of this clause (6), for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer could incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio Test;

(7) Investments in Unrestricted Subsidiaries or joint ventures having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (7) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities, not to exceed the greater of (a) $75,000,000 and (b) 1.0% of Total Assets;

(8) payments made or expected to be made by the Issuer or any Restricted Subsidiary in respect of withholding or similar taxes payable upon exercise of Equity Interests by any future, present or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) and any repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants or required withholding or similar taxes;

(9) the declaration and payment of dividends on the Issuer's common stock (or the payment of dividends to any direct or indirect parent company of the Issuer to fund a payment of dividends on such company's common stock), following the first public offering of the Issuer's common stock or the common stock of any direct or indirect parent company of the Issuer after the Issue Date, in an amount up to 6.0% per annum of the net cash proceeds received by or contributed to the Issuer in or from any such public offering, other than public offerings with respect to the Issuer's common stock registered on Form S-4 or Form S-8 and other than any public sale constituting an Excluded Contribution;

(10) Restricted Payments that are made with Excluded Contributions;

(11) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (11) not to exceed the greater of (a) $175,000,000 and (b) so long as at the time of incurrence and after giving *pro forma* effect thereto, the Consolidated Leverage Ratio would be no greater than 6.0 to 1.0, 3.0% of Total Assets;

(12) distributions or payments of Securitization Fees;

(13) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness pursuant to the provisions similar to those described under the captions "Repurchase at the Option of Holders—Change of Control" and "Repurchase at the Option of Holders—Asset Sales"; *provided* that a Change of Control Offer or Asset Sale Offer, as applicable, have been made and all Notes validly tendered by Holders in connection with such Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed, acquired or retired for value;

(14) the declaration and payment of dividends or the payment of other distributions by the Issuer or a Restricted Subsidiary to, or the making of loans or advances to, any of their respective direct or indirect parent companies in amounts required for any direct or indirect parent companies to pay, in each case without duplication,

(a) franchise and excise taxes and other fees, taxes and expenses required to maintain their corporate existence;

(b) tax liability to each foreign, federal, state or local jurisdiction in respect of consolidated, combined, unitary or affiliated returns for such jurisdiction of any direct or indirect parent company of the Issuer attributable to the Issuer or its Subsidiaries determined as if the Issuer and its Subsidiaries filed separately;

(c) customary salary, bonus and other benefits payable to employees, directors, officers and managers of any direct or indirect parent company of the Issuer to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(d) operating costs and expenses incurred in the ordinary course of business and other corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business, attributable to the ownership or operations of the Issuer and its Subsidiaries;

(e) fees and expenses other than to Affiliates of the Issuer related to any equity or debt offering of such parent company (whether or not successful);

(f) amounts payable pursuant to the Management Fee Agreement, (including any amendment thereto so long as any such amendment is not materially disadvantageous in the good faith judgment of the board of directors of the Issuer to the Holders when taken as a whole, as compared to the Management Fee Agreement as in effect on the Issue Date), solely to the extent such amounts are not paid directly by the Issuer or its Subsidiaries;

(g) to finance Investments otherwise permitted to be made pursuant to this covenant if made by the Issuer; *provided* that (A) such Restricted Payment shall be made substantially concurrently with the closing of such Investment and (B) such direct or indirect parent company shall, immediately following the closing thereof, cause (1) all property acquired (whether assets or Equity Interests) to be contributed to the capital of the Issuer or one of its Restricted Subsidiaries or (2) the merger or amalgamation of the Person formed or acquired into the Issuer or one of its Restricted Subsidiaries (to the extent not prohibited by the covenant described under the caption "—Merger, Consolidation or Sale of All or Substantially All Assets" below) in order to consummate such Investment (any such property or assets so contributed, merged or amalgamated shall constitute "Contributed Holdings Investments" and shall be disregarded for purposes of determining any amount calculated under the Indenture with respect to contributions to the capital of the Issuer or any of its Restricted Subsidiaries); and

(h) amounts that would be permitted to be paid by the Issuer under clauses (4), (7), (12) and (13) (but, in the case of clause (13), only in respect of indemnities and expenses) of the covenant described under the caption "—Transactions with Affiliates"; *provided* that the amount of any dividend or distribution under this clause (14)(h) to permit such payment shall reduce Consolidated Net Income of the Issuer to the extent, if any, that such payment would have reduced Consolidated Net Income of the Issuer if such payment had been made directly by the Issuer and increase (or, without duplication of any reduction of Consolidated Net Income, decrease) EBITDA to the extent, if any, that Consolidated Net Income is reduced under this clause (14)(h) and such payment would have been added back to (or, to the extent excluded from Consolidated Net Income, would have been deducted from) EBITDA if such payment had been made directly by the Issuer, in each case, in the period such payment is made;

(15) cash payments (or the declaration and payment of dividends or the payment of other distributions to any direct or indirect parent company of the Issuer to permit cash payments) in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of the Issuer or any direct or indirect parent company of the Issuer;

(16) the distribution, by dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Issuer or a Restricted Subsidiary by, Unrestricted Subsidiaries (other than Unrestricted Subsidiaries, the primary assets of which are Cash Equivalents);

(17) payments or distributions to dissenting stockholders pursuant to applicable law, pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries, taken as a whole, that complies with the covenant described under the caption "—Merger, Consolidation or Sale of All or Substantially All

Assets"; *provided* that as a result of such consolidation, merger or transfer of assets, the Issuer shall have made a Change of Control Offer and that all Notes tendered by Holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value;

(18) the Issuer or any of the Restricted Subsidiaries may (a) pay cash in lieu of fractional Equity Interests in connection with any dividend, split or combination thereof or any Permitted Acquisition and (b) honor any conversion request by a holder of convertible Indebtedness and make cash payments in lieu of fractional shares in connection with any such conversion and may make payments on convertible Indebtedness in accordance with its terms;

(19) dividends or distributions to Holdings to finance the redemption, repurchase or other retirement of the Existing Notes and any regularly scheduled interest and mandatory prepayments, fees and expenses payable in respect of the Existing Notes; and

(20) beginning on the fifth anniversary of the date of issuance of any Qualified Holding Company Debt, the Issuer may pay dividends to Holdings, the proceeds of which are promptly applied by Holdings to fund cash interest payments on Qualified Holding Company Debt, so long as after giving effect to the payment of such dividends (i) the Senior Secured Leverage Ratio would not be greater than 4.5 to 1.0 and (ii) the Fixed Charge Coverage Ratio would not be less than 1.75 to 1.0;

provided that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (11) and (16), no Default shall have occurred and be continuing or would occur as a consequence thereof.

The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the penultimate sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the penultimate sentence of the definition of "Investments." Such designation will be permitted only if a Restricted Payment and/or Permitted Investment in such amount would be permitted at such time, whether pursuant to the first paragraph of this covenant or under clause (7), (10) or (11) of the second paragraph of this covenant, or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Indenture.

For purposes of determining compliance with the provisions set forth above, in the event that a Restricted Payment or Permitted Investment meets the criteria of more than one of the types of Restricted Payments or Permitted Investments described in the above clauses or the definitions thereof, Holdings, in its sole discretion, may order and classify, and from time to time may reorder and reclassify (based on circumstances existing at the time of such reclassification), such Restricted Payment or Permitted Investment if it would have been permitted at the time such Restricted Payment or Permitted Investment was made and at the time of any such reclassification.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "*incur*" and collectively, an "*incurrence*") with respect to any Indebtedness (including Acquired Indebtedness) and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided* that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and, subject to the third paragraph of this covenant, any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio on a consolidated basis for Holdings, the Issuer and its Restricted Subsidiaries for Holdings' most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds there from had occurred at the beginning of such four-quarter period.

The foregoing limitations will not apply to:

(1) the incurrence by the Issuer or any Restricted Subsidiary that is a Guarantor of Indebtedness pursuant to Credit Facilities and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount of $4,265,000,000;

(2) the incurrence by the Issuer and any Subsidiary Guarantor of Indebtedness represented by the Notes issued on the Issue Date and any replacement Notes therefor (including any Guarantee thereof);

(3) Indebtedness of the Issuer and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1) and (2));

(4) Indebtedness (including Capitalized Lease Obligations) and Disqualified Stock incurred or issued by the Issuer or any Restricted Subsidiary and Preferred Stock issued by any Restricted Subsidiary, to finance the purchase, lease or improvement of property (real or personal), equipment or other assets that in each case are used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets in an aggregate principal amount, together with any refinancing Indebtedness in respect thereof and all other Indebtedness, Disqualified Stock or Preferred Stock incurred or issued and outstanding under this clause (4), not to exceed the greater of (a) $150,000,000 and (b) 3.0% of Total Assets (in each case, determined at the date of incurrence) at any time outstanding;

(5) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit, bank guarantees, banker's acceptances, warehouse receipts, or similar instruments issued or created in the ordinary course of business, including letters of credit in respect of workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance; *provided* that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(6) Indebtedness arising from agreements of the Issuer or its Restricted Subsidiaries providing for indemnification, adjustment of purchase price, earn-outs or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(7) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Subsidiary Guarantor is expressly subordinated in right of payment to the Notes; *provided further* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary

ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (7);

(8) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that if a Subsidiary Guarantor incurs such Indebtedness to a Restricted Subsidiary that is not a Subsidiary Guarantor, such Indebtedness is expressly subordinated in right of payment to the Guarantee of the Notes of such Subsidiary Guarantor; *provided further* that any subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary or any pledge of such Indebtedness constituting a Permitted Lien (but not foreclosure thereon)) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or another of its Restricted Subsidiaries) shall be deemed, in each case, to be an issuance of such shares of Preferred Stock not permitted by this clause (9);

(10) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting interest rate risk with respect to any Indebtedness permitted to be incurred under the Indenture, exchange rate risk or commodity pricing risk;

(11) obligations in respect of self-insurance and obligations in respect of performance, bid, appeal and surety bonds and performance and completion guarantees and similar obligations provided by the Issuer or any of its Restricted Subsidiaries or obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case, in the ordinary course of business;

(12)(a) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary that is a Guarantor in an aggregate principal amount or liquidation preference up to 200% of the net cash proceeds received by the Issuer since immediately after the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) as determined in accordance with clauses (3)(b) and (3)(c) of the first paragraph of "—Limitation on Restricted Payments" to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the second paragraph under the caption "—Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof), and

(b) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference which, when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (12)(b), does not at any one time outstanding exceed the greater of (i) $350,000,000 and (ii) 5.0% of Total Assets; *provided* that no more than the greater of (x) $300,000,000 and (y) 4.5% of Total Assets may be incurred by any Restricted Subsidiary that is not a Guarantor pursuant to this clause (12)(b) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (12)(b) shall cease to be deemed incurred or outstanding for purposes of this clause (12)(b) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (12)(b));

(13) the incurrence by the Issuer or any Restricted Subsidiary of Indebtedness, the issuance by the Issuer or any Restricted Subsidiary of Disqualified Stock or the issuance by any Restricted Subsidiary of Preferred Stock which serves to extend, replace, refund, refinance, renew or defease any Indebtedness incurred or Disqualified Stock or Preferred Stock issued as permitted under the first paragraph of this covenant and clauses (2), (3), (4) and (12)(a) above, this clause (13) and clauses (14) and (24) below or any Indebtedness incurred or Disqualified Stock or Preferred Stock issued to so extend, replace, refund, refinance, renew or defease such Indebtedness, Disqualified Stock or Preferred Stock including additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay premiums (including reasonable tender premiums), defeasance costs and fees in connection therewith (the "*Refinancing Indebtedness*") prior to its respective maturity; *provided* that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being extended, replaced, refunded, refinanced, renewed or defeased;

(b) if such Indebtedness is Subordinated Indebtedness or Disqualified Stock, has a final scheduled maturity date equal to or later than the final scheduled maturity date of such Subordinated Indebtedness or Disqualified Stock being so defeased, redeemed, repurchased, exchanged, acquired or retired;

(c) to the extent such Refinancing Indebtedness extends, replaces, refunds, refinances, renews or defeases (i) Indebtedness subordinated or *pari passu* to the Notes or any Guarantee thereof, such Refinancing Indebtedness is subordinated or *pari passu* to the Notes or the Guarantee thereof at least to the same extent as the Indebtedness being extended, replaced, refunded, refinanced, renewed or defeased or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively;

(d) if the Indebtedness extended, replaced, refunded, refinanced, renewed or defeased is secured by any Liens, the Liens securing such Indebtedness have the same priority as, and are limited to the same property and assets (including additional future assets and proceeds) subject to, the Liens securing such Indebtedness being so extended, replaced, refunded, refinanced, renewed or defeased; and

(e) shall not include:

(i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness or Disqualified Stock of the Issuer;

(ii) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary Guarantor; or

(iii) Indebtedness or Disqualified Stock of the Issuer or Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary;

(14)(a) Indebtedness or Disqualified Stock of the Issuer or, subject to the third paragraph of this covenant, Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred or issued to finance an acquisition or (b) Indebtedness, Disqualified Stock or Preferred

Stock of Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into or consolidated with the Issuer or a Restricted Subsidiary in accordance with the terms of the Indenture; *provided* that in the case of clauses (a) and (b), after giving effect to such acquisition, merger, amalgamation or consolidation, either (x) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Test or (y) the Fixed Charge Coverage Ratio for the Issuer is equal to or greater than immediately prior to such acquisition, merger, amalgamation or consolidation;

(15) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business;

(16) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit issued pursuant to the Credit Facilities that is incurred under clause (1) above, in a principal amount not in excess of the stated amount of such letter of credit;

(17)(a) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other obligations of any Restricted Subsidiary so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of the Indenture or (b) any guarantee by a Restricted Subsidiary of Indebtedness of the Issuer; *provided* that such guarantee is incurred in accordance with the covenant described below under the caption "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries";

(18) Indebtedness consisting of Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to future, present or former employees, directors, officers, managers and consultants thereof, their respective Controlled Investment Affiliates or Immediate Family Members, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent described in clause (4) of the second paragraph under the caption "—Limitation on Restricted Payments";

(19) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(20) Indebtedness in respect of Bank Products provided by banks or other financial institutions to the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(21) Indebtedness incurred by a Restricted Subsidiary in connection with bankers' acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(22) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (a) the financing of insurance premiums or (b) take-or-pay obligations contained in supply arrangements in each case, incurred in the ordinary course of business;

(23) the incurrence of Indebtedness by Foreign Subsidiaries of the Issuer in an amount not to exceed at any one time outstanding and together with any other Indebtedness incurred under this clause (23), $100,000,000;

(24) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred or issued to finance or assumed in connection with an acquisition in a principal amount not to exceed the greater of (a) $125,000,000 and (b) 2.5% of Total Assets in the aggregate at any one time outstanding together with all other Indebtedness, Disqualified Stock and Preferred Stock incurred or issued under this clause (24) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (24) shall cease to be deemed incurred, issued or outstanding for purposes of this clause (24) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (24));

(25) Indebtedness of the Issuer or any of its Restricted Subsidiaries incurred in connection with cash management, netting services, automatic clearinghouse payments, overdraft protection, employee credit card programs and similar and related activities in the ordinary course of business; and

(26) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (1) through (25) above.

Restricted Subsidiaries of the Issuer that are not Guarantors may not incur Indebtedness or Disqualified Stock or Preferred Stock pursuant to the Fixed Charge Coverage Test under the first paragraph of this covenant or clause (14)(a) under the second paragraph of this covenant if, after giving *pro forma* effect to such incurrence or issuance (including a *pro forma* application of the net proceeds therefrom), the aggregate amount of Indebtedness and Disqualified Stock and Preferred Stock of Restricted Subsidiaries that are not Guarantors incurred or issued pursuant to the Fixed Charge Coverage Test under the first paragraph of this covenant and clause (14)(a) of the second paragraph of this covenant would exceed $250,000,000.

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (26) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will classify or reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one of the above clauses or under the first paragraph of this covenant; *provided* that all Indebtedness outstanding under the Senior Credit Facilities on the Issue Date after completion of the Refinancing Transactions or any refinancing thereof that is secured by Liens on Collateral will at all times be treated as incurred on the Issue Date under clause (1) of the second paragraph above;

(2) at the time of incurrence or reclassification, the Issuer will be entitled to divide and classify or reclassify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs above; and

(3) in the event that the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility that it elects to incur under the first paragraph of this covenant, the Fixed Charge Coverage Ratio for borrowings and reborrowings (including the issuance of letters of credit) thereunder will be determined on the date of such revolving credit facility or such increase in commitments (assuming that the full amount thereof has been borrowed as of such date), and, if such Fixed Charge Coverage Ratio test is satisfied with respect thereto at such time, any borrowing or reborrowing thereunder will be permitted under the first paragraph of this covenant irrespective of the Fixed Charge Coverage Ratio at the time of any borrowing or reborrowing (the committed amount permitted to be borrowed or reborrowed on a date pursuant to the operation of this paragraph shall be the "Reserved Indebtedness Amount" as of such date for purposes of the Fixed Charge Coverage Ratio).

Accrual of interest or dividends, the accretion of accreted value, the accretion or amortization of original issue discount and the payment of interest or dividends in the form of additional Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, of the same class will not be deemed to be an incurrence or issuance of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated

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in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the principal amount of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

The Indenture will provide that the Issuer will not, and will not permit any Subsidiary Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Issuer or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Subsidiary Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Issuer or such Subsidiary Guarantor, as the case may be. The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) Indebtedness as subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to the same Collateral.

Liens

The Issuer will not, and will not permit any Subsidiary Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) that secures Obligations under any Indebtedness or any related Guarantee of Indebtedness, on any asset or property of the Issuer or any Subsidiary Guarantor, or any income or profits therefrom, or assign or convey any right to receive income therefrom.

Merger, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate or merge with or into or wind up into (whether or not the Issuer is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its consolidated properties or assets taken as a whole, in one or more related transactions, to any Person unless:

(1) the Issuer is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made, is a Person organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the "*Successor Company*"); *provided* that in the case where the surviving Person is not a corporation, a co-obligor of the Notes is a corporation;

(2) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Notes and the Security Documents pursuant to supplemental indentures or other documents or instruments;

(3) immediately after such transaction, no Default exists;

(4) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period,

(a) the Successor Company or the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Test, or

(b) the Fixed Charge Coverage Ratio for the Issuer would be greater than the Fixed Charge Coverage Ratio for the Issuer immediately prior to such transaction;

(5) each Guarantor, unless it is a Subsidiary Guarantor that is the other party to the transactions described above, in which case clause (1)(b) of the second succeeding paragraph shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Indenture, the Notes and the Security Documents; and

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, amalgamation or transfer and such supplemental indentures, if any, comply with the Indenture.

The Successor Company will succeed to, and be substituted for the Issuer under the Indenture and the Notes. Notwithstanding the foregoing,

(1) any Restricted Subsidiary that is not a Subsidiary Guarantor may consolidate or amalgamate with or merge into or transfer all or part of its properties and assets to the Issuer or any Restricted Subsidiary,

(2) any Subsidiary Guarantor may consolidate or amalgamate with or merge into or transfer all or part of its properties and assets to the Issuer or a Subsidiary Guarantor (or to a Restricted Subsidiary if that Restricted Subsidiary becomes a Subsidiary Guarantor); and

(3) the Issuer may transfer all or part of its property or assets to a Subsidiary Guarantor.

Notwithstanding clauses (3) and (4) of the first paragraph of this covenant,

(1) the Issuer may merge with an Affiliate of the Issuer solely for the purpose of reincorporating the Issuer in the United States, the District of Columbia or any territory thereof so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby; and

(2) Holdings may consolidate or amalgamate with or merge into the Issuer; *provided* that if the Issuer has a new direct holding company parent following such consolidation, amalgamation or consolidation that guarantees the Senior Credit Facilities, such parent company will, within 30 days of such guarantee, become a guarantor of the Notes on the same terms as Holdings.

Subject to certain limitations described in the Indenture governing release of a Guarantee upon the sale, disposition or transfer of a Subsidiary Guarantor, no Guarantor will, and the Issuer will not permit any Subsidiary Guarantor to, consolidate, amalgamate or merge with or into or wind up into (whether or not such Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its consolidated properties or assets taken as a whole, in one or more related transactions, to any Person (other than the Issuer or a Guarantor) unless:

(1)(a) such Guarantor is the surviving Person or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a Person organized or existing under the laws of the jurisdiction of organization of such Guarantor, as applicable, or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such surviving Guarantor or such Person, as the case may be, being herein called the "*Successor Person*");

(b) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Indenture and such Guarantor's related Guarantee pursuant to supplemental indentures or other documents or instruments;

(c) immediately after such transaction, no Default exists; and

(d) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, amalgamation or transfer and such supplemental indentures, if any, comply with the Indenture; or

(2) with respect to the Subsidiary Guarantors, the transaction is not prohibited by the first paragraph of the covenant described under the caption "Repurchase at the Option of Holders—Asset Sales."

Subject to certain limitations described in the Indenture, the Successor Person will succeed to, and be substituted for, such Guarantor under the Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Subsidiary Guarantor may (1) merge or consolidate with or into, wind up into or transfer all or part of its properties and assets to another Subsidiary Guarantor or the Issuer, (2) merge with an Affiliate of the Issuer solely for the purpose of reincorporating the Subsidiary Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (3) convert into a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Subsidiary Guarantor.

Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction or series of related transactions, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of $35,000,000, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis; and

(2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $75,000,000, a resolution adopted by the majority of the board of directors of the Issuer approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The foregoing provisions will not apply to the following:

(1) transactions between or among the Issuer or any of its Restricted Subsidiaries or any entity that becomes a Restricted Subsidiary as a result of such transaction;

(2) Restricted Payments permitted by the provisions of the Indenture described above under the caption "—Limitation on Restricted Payments" and Permitted Investments;

(3) the payment of management, consulting, monitoring, advisory and other fees and related expenses (including indemnification and other similar amounts) pursuant to the Management Fee Agreement (plus any unpaid management, consulting, monitoring, advisory and other fees and related expenses (including indemnification and similar amounts) accrued in any prior year) or any amendment thereto or replacement thereof so long as any such amendment or replacement

[redacted]

is not materially disadvantageous in the good faith judgment of the board of directors of the Issuer to the Holders when taken as a whole, as compared to the Management Fee Agreement as in effect on the Issue Date;

(4) the payment of reasonable and customary fees and compensation paid to, and indemnities and reimbursements and employment and severance arrangements provided on behalf of or for the benefit of, current or former employees, directors, officers, managers, distributors or consultants of the Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries (to the extent attributable to the ownership of the Issuer and its Restricted Subsidiaries and related activities);

(5) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis;

(6) any agreement as in effect as of the Issue Date, or any amendment thereto or replacement thereof (so long as any such amendment or replacement is not disadvantageous in any material respect in the good faith judgment of the board of directors of the Issuer to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date) and any agreement with Headquarters SPV similar to the one in effect on the Issue Date entered into in connection with the refinancing or replacement of the Headquarters Financing, as modified to correspond to the terms of such refinancing or replacement.

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date and any similar agreements which it may enter into thereafter; *provided* that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous in any material respect to the Holders or otherwise customary, in the good faith judgment of the board of directors of the Issuer when taken as a whole;

(8) the Refinancing Transactions and the payment of all fees and expenses related to the Refinancing Transactions, including Transaction Expenses;

(9) transactions with customers, clients, suppliers, contractors, joint venture partners or purchasers or sellers of goods or services that are Affiliates, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the board of directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(10) transactions with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Issuer solely because the Issuer owns, directly or indirectly through an Unrestricted Subsidiary, an Equity Interest in or controls such Person;

(11) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any direct or indirect parent company of the Issuer or to any Permitted Holder or to any employee, director, officer, manager, distributor or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries;

[redacted]

(12) transfers of accounts receivable, or participations therein, or Securitization Assets or related assets in connection with any Qualified Securitization Financing;

(13) payments by the Issuer or any of its Restricted Subsidiaries to any of the Investors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures which payments are approved by a majority of the board of directors of the Issuer in good faith;

(14) payments and Indebtedness and Disqualified Stock (and cancellation of any thereof) of the Issuer and its Restricted Subsidiaries and Preferred Stock (and cancellation of any thereof) of any Restricted Subsidiary to any future, current or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates or Immediate Family Members) of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and any employment agreements, stock option plans and other compensatory arrangements (and any successor plans thereto) and any supplemental executive retirement benefit plans or arrangements with any such employees, directors, officers, managers or consultants (or their respective Controlled Investment Affiliates or Immediate Family Members) that are, in each case, approved by the board of directors of the Issuer in good faith;

(15) investments by any of the Investors in securities of the Issuer or any of its Restricted Subsidiaries (and payment of reasonable out-of-pocket expenses incurred by such Investors in connection therewith) so long as (a) the investment is being offered generally to other investors on the same or more favorable terms and (b) the investment constitutes less than 5.0% of the proposed or outstanding issue amount of such class of securities;

(16) payments to or from, and transactions with, any joint venture in the ordinary course of business (including, without limitation, any cash management activities related thereto);

(17) tax sharing agreements among one or more of the Issuer, the Issuer's Subsidiaries, the Issuer's direct or indirect parent and such parent's other Subsidiaries and payments thereunder by the Issuer and its Subsidiaries on customary terms to the extent attributable to the ownership and operations of the Issuer and its Subsidiaries;

(18) any lease or sublease entered into between the Issuer or any Restricted Subsidiary, as lessee or sublessee and any Affiliate of the Issuer, as lessor or sublessor, which is approved by a majority of the disinterested members of the board of directors of the Issuer in good faith; and

(19) intellectual property licenses or sublicenses (including the provision of software under an open source license) in the ordinary course of business.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries that is not a Guarantor to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1)(a) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or

(b) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries that is a Guarantor;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries that is a Guarantor; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries that is not a Guarantor;

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities and the related documentation and Hedging Obligations;

(b) the Indenture, the Security Documents, the Notes and the guarantees thereof;

(c) purchase money obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations that impose restrictions of the nature discussed in clause (3) above on the property so acquired;

(d) applicable law or any applicable rule, regulation or order;

(e) any agreement or other instrument of a Person acquired by or merged or consolidated with or into the Issuer or any of its Restricted Subsidiaries in existence at the time of such acquisition or at the time it merges with or into the Issuer or any of its Restricted Subsidiaries or assumed in connection with the acquisition of assets from such Person (but, in any such case, not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person so acquired and its Subsidiaries, or the property or assets of the Person so acquired and its Subsidiaries or the property or assets so acquired;

(f) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(g) Secured Indebtedness otherwise permitted to be incurred pursuant to the covenants described under the captions "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "—Liens" that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(h) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(i) other Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(j) customary provisions in joint venture agreements and other similar agreements relating solely to such joint venture;

(k) customary provisions contained in leases, sub-leases, licenses, sub-licenses or similar agreements, including with respect to intellectual property and other agreements, in each case, entered into in the ordinary course of business;

(l) restrictions created in connection with any Qualified Securitization Financing that, in the good faith determination of the Issuer are necessary or advisable to effect such Qualified Securitization Financing;

(m) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or other agreement to which the Issuer or any of its Restricted Subsidiaries is a party entered into in the ordinary course of business; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Issuer or such Restricted Subsidiary that are the subject of such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Issuer or such Restricted Subsidiary or the assets or property of another Restricted Subsidiary;

(n) other Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that, in the judgment of the Issuer, such incurrence will not materially impair the Issuer's ability to make payments under the Notes when due;

(o) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (n) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive in any material respect with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing;

(p) restrictions created in connection with any Securitization Financing that, in the good faith determination of the Issuer, are necessary or advisable to effect such Securitization Financing; and

(q) any encumbrance or restriction with respect to a Subsidiary Guarantor or a Foreign Subsidiary or Securitization Subsidiary which was previously an Unrestricted Subsidiary pursuant to or by reason of an agreement that such Subsidiary is a party to or entered into before the date on which such Subsidiary became a Restricted Subsidiary; *provided* that such agreement was not entered into in anticipation of an Unrestricted Subsidiary becoming a Restricted Subsidiary and any such encumbrance or restriction does not extend to any assets or property of the Issuer or any other Restricted Subsidiary other than the assets and property of such Subsidiary.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Issuer will not permit any of its Restricted Subsidiaries, other than a Subsidiary Guarantor, or a Securitization Subsidiary, to guarantee the payment of any Indebtedness of the Issuer or any other Guarantor under the Senior Credit Facilities, any Additional First Lien Obligations, any Junior Lien Obligations or any capital markets debt securities of the Issuer or any Guarantor, unless such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Indenture providing for a Guarantee by such Restricted Subsidiary. The Issuer may elect, in its sole discretion, to cause any Subsidiary that is not otherwise required to be a Guarantor to become a Guarantor, in which case such Subsidiary shall not be required to comply with the 30 day period described above.

Limitation on Holdings

Holdings shall not conduct, transact or otherwise engage in any business or operations other than (i) those incidental to its ownership of the Equity Interests of the Issuer, (ii) the maintenance of its legal existence and general operating (including the ability to incur fees, costs and expenses relating to such maintenance and general operating including professional fees for legal, tax and accounting issues), (iii) the performance of its obligations, including the incurrence of liabilities with respect to the Notes, the Existing Notes, the Senior Credit Facilities, any subordinated notes or any Qualified Holding Company Debt, (iv) any public offering of its common stock or any other issuance of its Equity Interests or any corporate transaction permitted under the indenture, (v) financing activities, including, without limitation, Credit Facilities, the issuance of securities, incurrence of debt, payment of dividends, making contributions to the capital of its Subsidiaries and guaranteeing the obligations of its Subsidiaries or its direct or indirect parent companies, (vi) participating in tax, accounting and other administrative matters as a member of the consolidated group of Holdings and the Issuer or any direct or indirect parent of Holdings and its Subsidiaries, (vii) holding any cash or property received in connection with Restricted Payments made by the Issuer in accordance with under the caption "Certain Covenants—Limitation on Restricted Payments" pending application thereof by Holdings, (viii) providing indemnification to officers and directors and (ix) activities incidental to the businesses or activities described in the foregoing clauses (i) through (viii); *provided* that, notwithstanding the foregoing, Holdings shall not create or acquire (by way of merger, consolidation or otherwise) any direct Subsidiaries, other than the Issuer or any holding company for the Issuer.

Covenant Suspension

If on any date following the Issue Date (i) the Notes have Investment Grade Ratings from two Rating Agencies and (ii) no Default has occurred and is continuing under the Indenture (the occurrence of the events described in the foregoing clauses (i) and (ii) being collectively referred to as a "*Covenant Suspension Event*"), the Issuer and its Restricted Subsidiaries will not be subject to the following covenants (collectively, the "*Suspended Covenants*"):

(1) "Repurchase at the Option of Holders—Asset Sales";

(2) "—Limitation on Restricted Payments";

(3) "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(4) clause (4) of the first paragraph of "—Merger, Consolidation or Sale of All or Substantially All Assets";

(5) "—Transactions with Affiliates";

(6) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries"; and

(7) "—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries."

In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants under the Indenture for any period of time as a result of the foregoing, and on any subsequent date (the "*Reversion Date*") two or more Rating Agencies have withdrawn their Investment Grade Rating or assigned to the Notes a rating below an Investment Grade Rating, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants under the Indenture with respect to future events.

The period of time between the occurrence of a Covenant Suspension Event and the Reversion Date is referred to in this description as the "Suspension Period." Additionally, upon the occurrence of a Covenant Suspension Event, the amount of Excess Proceeds from Net Proceeds shall be reset to zero. In the event of any such reinstatement, no action taken or omitted to be taken by the Issuer or any of its Restricted Subsidiaries prior to such reinstatement will give rise to a Default or Event of Default under the Indenture with respect to Notes; *provided* that (1) with respect to Restricted Payments made after any such reinstatement, the amount of Restricted Payments made will be calculated as though the covenant described under the caption "—Limitation on Restricted Payments" had been in effect prior to, but not during the Suspension Period (*provided* that any Subsidiaries designated as Unrestricted Subsidiaries during the Suspension Period shall automatically become Restricted Subsidiaries on the Reversion Date (subject to the Issuer's right to subsequently designate them as Unrestricted Subsidiaries in compliance with the covenants set forth under "Certain Covenants")) and (2) all Indebtedness incurred, or Disqualified Stock or Preferred Stock issued, during the Suspension Period will be classified as having been incurred or issued pursuant to clause (3) of the second paragraph of "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock."

The Issuer shall provide a written notice to the Trustee upon the occurrence of a Covenant Suspension Event or a Reversion Date.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Ratings.

Reports and Other Information

The Indenture will provide that for so long as any Notes are outstanding, unless Holdings is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise complies with such reporting requirements, Holdings will furnish without cost to the Trustee:

(1) within 90 days after the end of each fiscal year of Holdings:

(w) audited year-end consolidated financial statements of Holdings and its Subsidiaries, including balance sheets, statements of operations and statements of cash flows, prepared in accordance with GAAP;

(x) a discussion and analysis in reasonable detail of Holdings' consolidated results of operations for the period referred to in clause (w) immediately above and the most recent comparable prior period and liquidity and capital resources;

(y) a presentation of EBITDA of Holdings derived from such financial statements referred to in clause (1)(w) above; and

(z) all *pro forma* and historical information in respect of any significant transaction (as determined in accordance with Rule 3-05 of Regulation S-X under the Securities Act) consummated more than 75 days prior to the date such information is furnished to the extent not previously provided and for the time periods for which such financial information would be required (if Holdings were subject to the filing requirements of the Exchange Act) in a filing on Form 8-K with the SEC at such time;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings:

(w) unaudited quarterly consolidated financial statements of Holdings and its Subsidiaries, including balance sheets, statements of operations and statements of cash flows, prepared in accordance with GAAP, subject to normal year-end adjustments;

(x) a discussion and analysis in reasonable detail of the consolidated results of operations of Holdings for the period referred to in clause (w) immediately above and the most recent comparable prior period and liquidity and capital resources;

(y) a presentation of EBITDA of Holdings derived from such financial statements referred to in clause (2)(w) above; and

(z) all *pro forma* and historical financial information in respect of any significant transaction (as determined in accordance with Rule 3-05 of Regulation S-X under the Securities Act) consummated more than 75 days prior to the date such information is furnished to the extent not previously provided and for the time periods such financial information would be required (if Holdings were subject to the filing requirements of the Exchange Act) in a filing on Form 8-K with the SEC at such time; and

[redacted]

(3) within five Business Days following the occurrence of any of the following events, a description in reasonable detail of such event: (i) any change in the executive officers or directors of Holdings, (ii) any incurrence of any material long-term debt obligation or capital lease obligation (each as defined in Item 303 of Regulation S-K under the Securities Act) of or relating to Holdings, the Issuer or any of its Restricted Subsidiaries, (iii) the acceleration of any material Indebtedness of Holdings, the Issuer or any of its Restricted Subsidiaries, (iv) any issuance or sale by Holdings of Equity Interests of Holdings (excluding any issuance or sale pursuant to any stock option or similar compensation plan in the ordinary course of business), (v) the entry into of any agreement by Holdings, the Issuer or any of its Subsidiaries relating to a transaction that has resulted or may result in a Change of Control, (vi) any resignation or termination of the independent accountants of Holdings or any engagement of any new independent accountants of Holdings, (vii) any determination by Holdings or the receipt of advice or notice by Holdings from its independent accountants, in either case, relating to non-reliance on previously issued financial statements, a related audit opinion or a completed interim review and (viii) the completion by Holdings, the Issuer or any of its Restricted Subsidiaries of the acquisition or disposition of a significant amount of assets, otherwise than in the ordinary course of business, in the case of each of clauses (i) through (viii), only to the extent any such event would be required to be reported by a company subject to reporting under Section 13 or 15(d) of the Exchange Act on Form 8-K.

For purposes of the references to Rule 3-05 of Regulation S-X in clauses (1)(z) and (2)(z) above and notwithstanding any contrary provisions of such Rule 3-05, Holdings may elect to determine whether *pro forma* and historical financial information is required, and the time periods, if any, therefor, with reference to the proportion of the total EBITDA of Holdings, the Issuer and its Restricted Subsidiaries attributable to the relevant acquired business or businesses in lieu of using the conditions specified in Rule 1-02(w) of Regulation S-X. For the avoidance of doubt, this covenant shall not require the provision of any information required by Rules 3-09, 3-10 or 3-16 of Regulation S-X under the Securities Act.

Holdings shall provide S&P and Moody's (and their respective successors) with information on a periodic basis as S&P or Moody's, as the case may be, shall reasonably require in order to maintain public ratings of the Notes. In addition, Holdings has agreed that, for so long as any Notes remain outstanding and Holdings is not subject to reporting under Section 13 or 15(d) of the Exchange Act, it will furnish to the Holders and to securities analysts and prospective investors that certify that they are qualified institutional buyers, upon their request, the information, to the extent not previously satisfied, required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Holdings will make the reports and other information required by the first paragraph of this covenant not filed with the SEC available to any Holder or beneficial owner of the Notes, any prospective investor in the Notes that certifies that it is a qualified institutional buyer or non-U.S. person, any securities analyst or any market maker affiliated with any Initial Purchaser by posting them on its website or Intralinks or any comparable password-protected online system; *provided* that Holdings will not be required to make available any password or other login information to any such person unless it establishes its qualification as such to the reasonable satisfaction of Holdings.

Within 15 Business Days of furnishing the information specified in clauses (1) and (2) above to the Trustee, Holdings will hold a conference call for Holders, prospective investors in the Notes that certify that they are qualified institutional buyers, securities analysts and market makers affiliated with an Initial Purchaser to discuss the results of operations for the relevant period, following advance notice to such parties by commercially reasonable means expected to reach them (which may be by posting such notice on its website or Intralinks or any comparable password-protected online system).

In addition, if at any time any direct or indirect parent becomes a Guarantor (there being no obligation of any such parent to do so), the reports, information and other documents required to be furnished to Holders of the Notes pursuant to this covenant may, at the option of Holdings, be furnished by and be those of such parent rather than Holdings.

Notwithstanding anything herein to the contrary, Holdings will not be deemed to have failed to comply with any of its obligations hereunder for purposes of clause (3) under the caption "Events of Default and Remedies" until 90 days after the date any report hereunder is due.

Events of Default and Remedies

The Indenture will provide that each of the following is an Event of Default:

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Notes;

(2) default for 30 days or more in the payment when due of interest on or with respect to the Notes;

(3) failure by Holdings, the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less than 30% in principal amount of the then outstanding Notes to comply with any of its obligations, covenants or agreements (other than a default referred to in clause (1) or (2) above) contained in the Indenture, the Notes or the Security Documents;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by Holdings, the Issuer or any of its Restricted Subsidiaries or the payment of which is guaranteed by Holdings, the Issuer or any of its Restricted Subsidiaries, other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Notes, if both:

(a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and

(b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate $65,000,000 or more at any one time outstanding;

(5) failure by Holdings, the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that together (determined as of the most recent consolidated financial statements of the Issuer for a fiscal quarter end provided as required under the caption "Certain Covenants—Reports and Other Information") would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of $65,000,000 (net of amounts covered by insurance policies issued by reputable insurance companies), which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) certain events of bankruptcy or insolvency with respect to Holdings, the Issuer or any Significant Subsidiary (or any group of Restricted Subsidiaries that together (determined as of the most recent consolidated financial statements of the Issuer for a fiscal quarter end provided as required under the caption "Certain Covenants—Reports and Other Information") would constitute a Significant Subsidiary);

(7) the Guarantee of Holdings or any Significant Subsidiary (or any group of Restricted Subsidiaries that together (determined as of the most recent consolidated financial statements of the Issuer for a fiscal quarter end provided as required under the caption "Certain Covenants—Reports and Other Information") would constitute a Significant Subsidiary) shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer of Holdings or any Subsidiary Guarantor that is a Significant Subsidiary (or the responsible officers of any group of Restricted Subsidiaries that together (as of the most recent consolidated financial statement of the Issuer for a fiscal quarter end) would constitute a Significant Subsidiary), as the case may be, denies in writing that it has any further liability under its Guarantee or gives written notice to such effect, other than by reason of the termination of the Indenture or the release of any such Guarantee in accordance with the Indenture; or

(8) with respect to any Collateral constituting more than $80,000,000 individually or in the aggregate, any of the Security Documents ceases to be in full force and effect, or any of the Security Documents ceases to give the holders of the Notes the Liens purported to be created thereby, or any of the Security Documents is declared null and void or Holdings, the Issuer or any Restricted Subsidiary denies in writing that it has any further liability under any Security Document or gives written notice to such effect (in each case (i) other than in accordance with the terms of the Indenture or the terms of the Senior Credit Facilities or the Security Documents, (ii) except to the extent that any such cessation of the Liens results from the failure of the administrative agent under the Senior Credit Facilities or the Applicable Authorized Representative, as the case may be, to maintain possession of certificates actually delivered to it representing securities pledged under the Security Documents or to file Uniform Commercial Code continuation statements, (iii) except as to Collateral consisting of real property to the extent that such losses are covered by a lender's title insurance policy and such insurer has not denied or failed to acknowledge coverage or (iv) unless waived by the requisite lenders under the Senior Credit Facilities if, after that waiver, the Issuer is in compliance with the covenant described under the caption "Security"); *provided* that if a failure of the sort described in this clause (8) is susceptible of cure, no Event of Default shall arise under this clause (8) with respect thereto until 30 days after notice of such failure shall have been given to the Issuer by the Trustee or the holders of at least 30% in principal amount of the then outstanding Notes issued under the Indenture.

If any Event of Default (other than of a type specified in clause (6) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 30% in principal amount of the then total outstanding Notes may declare the principal, premium, if any, interest and any other monetary obligations on all the then outstanding Notes to be due and payable immediately.

Upon the effectiveness of such declaration, such principal of and premium, if any, and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, all outstanding Notes will become due and payable without further action or notice. The Indenture will provide that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest. In addition, the Trustee will have no obligation to accelerate the Notes if in the best judgment of the Trustee acceleration is not in the best interests of the Holders of the Notes.

The Indenture will provide that the Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default and its consequences under the Indenture (except a continuing Default in the payment of interest on, premium, if any, or the principal of any Note held by a non-consenting Holder) and rescind any acceleration with respect to the Notes and its consequences (except if such rescission would conflict with any judgment of a court of competent jurisdiction). In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

(1) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged; or

(2) holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default; or

(3) the default that is the basis for such Event of Default has been cured.

Subject to the provisions of the Indenture relating to the duties of the Trustee thereunder, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders of the Notes unless the Holders have offered to the Trustee indemnity or security reasonably satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no Holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the total outstanding Notes have requested the Trustee to pursue the remedy;

(3) Holders of the Notes have offered the Trustee security or indemnity reasonably satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and

(5) Holders of a majority in principal amount of the total outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, under the Indenture the Holders of a majority in principal amount of the total outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder of a Note (it being understood that the Trustee does not have an affirmative duty to determine if any action is unduly prejudicial to a Holder) or that would involve the Trustee in personal liability.

The Indenture will provide that the Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Issuer is required to deliver to the Trustee a statement specifying any Default within five Business Days after becoming aware of such Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, employee, incorporator, member, partner or stockholder of the Issuer or any Guarantor or any of their direct or indirect parent companies (other than the Issuer and the Guarantors) shall have any liability, for any obligations of the Issuer or the Guarantors under the Notes, the Guarantees or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The obligations of the Issuer and the Guarantors under the Indenture and the Security Documents will terminate (other than certain obligations) and will be released upon payment in full of all of the Notes. The Issuer may, at its option and at any time, elect to have all of its obligations discharged with respect to the Notes and have each Guarantor's obligation discharged with respect to its Guarantee ("*Legal Defeasance*"), the Collateral released and cure all then existing Events of Default except for:

(1) the rights of Holders to receive payments in respect of the principal of, premium, if any, and interest on the Notes when such payments are due solely out of the trust created pursuant to the Indenture;

(2) the Issuer's obligations with respect to Notes concerning issuing temporary Notes, registration of such Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have its obligations and those of each Guarantor released with respect to substantially all of the restrictive covenants that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with such obligations shall not constitute a Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including bankruptcy, receivership, rehabilitation and insolvency events pertaining to the Issuer) described under the caption "Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance with respect to the Notes:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, U.S. dollar-denominated Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest due on the Notes on the stated maturity date or on the redemption date, as the case may be, of such principal, premium, if any, or interest on such Notes and the Issuer must specify whether such Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions,

(a) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling, or

(b) since the issuance of the Notes, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, subject to customary assumptions and exclusions, the Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes, as applicable, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that, subject to customary assumptions and exclusions, the Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to such tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default (other than that resulting from borrowing funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith) shall have occurred and be continuing on the date of such deposit;

(5) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Senior Credit Facilities, or any other material agreement or instrument (other than the Indenture) to which, the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than that resulting from any borrowing of funds to be applied to make the deposit required to effect such Legal Defeasance or Covenant Defeasance and any similar and simultaneous deposit relating to other Indebtedness, and, in each case, the granting of Liens in connection therewith);

(6) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions following the deposit, the trust funds will not be subject to the effect of Section 547 of Title 11 of the United States Code;

(7) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or any Guarantor or others; and

(8) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes, when either:

(1) all Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Trustee for cancellation; or

(2)(a) all Notes not theretofore delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer and the Issuer or any Guarantor have irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders of the Notes, cash in U.S. dollars, U.S. dollar-denominated Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(b) no Default (other than that resulting from borrowing funds to be applied to make such deposit or any similar and simultaneous deposit relating to other Indebtedness and the

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granting of Liens in connection therewith) with respect to the Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under the Senior Credit Facilities, or any other material agreement or instrument (other than the Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than resulting from any borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of Liens in connection therewith);

(c) the Issuer has paid or caused to be paid all sums payable by it under the Indenture; and

(d) the Issuer has delivered irrevocable instructions to the Trustee to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, any Guarantee, the Notes and the Security Documents may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding, including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes, and any existing Default or compliance with any provision of the Indenture, the Notes or any Security Document issued thereunder may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes, other than Notes beneficially owned by the Issuer or its Affiliates (including consents obtained in connection with a purchase of or tender offer or exchange offer for the Notes).

The Indenture will provide that, without the consent of each affected Holder of Notes, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed final maturity of any such Note or alter or waive the provisions with respect to the redemption of such Notes (other than provisions relating to the covenants described above under the caption "Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) waive a Default in the payment of principal of or premium, if any, or interest on the Notes, except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration, or in respect of a covenant or provision contained in the Indenture or any Guarantee which cannot be amended or modified without the consent of all Holders;

(5) make any Note payable in money other than that stated therein;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of or premium, if any, or interest on the Notes;

(7) make any change in these amendment and waiver provisions;

(8) impair the right of any Holder to receive payment of principal of, or premium, if any, or interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;

(9) make any change to or modify the ranking of the Notes that would adversely affect the Holders; or

(10) except as expressly permitted by the Indenture, modify the Guarantees of Holdings or any Significant Subsidiary in any manner materially adverse to the Holders of the Notes.

In addition, without the consent of at least two-thirds in aggregate principal amount of Notes then outstanding, an amendment, supplement or waiver may not modify any Security Document or the provisions of the Indenture dealing with the Security Documents or application of trust moneys in any manner, in each case, that would subordinate the Lien of the Collateral Agent to the Liens securing any other Obligations (other than as contemplated under clause (13) of the immediately succeeding paragraph) or otherwise release all or substantially all of the Collateral, in each case other than in accordance with the Indenture, the Security Documents and the Intercreditor Agreement.

Notwithstanding the foregoing, the Issuer, any Guarantor (with respect to a Guarantee, the Indenture, the Intercreditor Agreement or the Security Documents to which it is a party) and the Trustee (or the Collateral Agent, as applicable) may amend or supplement the Indenture or any Guarantee, Note, Security Document, the Intercreditor Agreement or the Junior Lien Intercreditor Agreement without the consent of any Holder:

(1) to cure any ambiguity, omission, mistake, defect or inconsistency;

(2) to provide for uncertificated Notes of such series in addition to or in place of certificated Notes;

(3) to comply with the covenant relating to mergers, amalgamations, consolidations and sales of assets;

(4) to provide for the assumption of the Issuer's or any Guarantor's obligations to the Holders;

(5) to make any change that would provide any additional rights or benefits to the Holders or that does not materially and adversely affect the legal rights of any such Holder under the Indenture, the Notes, the Guarantee, the Security Documents, the Intercreditor Agreement or the Junior Lien Intercreditor Agreement;

(6) to add covenants for the benefit of the Holders or to surrender any right or power conferred upon the Issuer or any Guarantor;

(7) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee thereunder pursuant to the requirements thereof;

(8) to provide for the issuance of additional Notes in accordance with the Indenture or exchange notes or private exchange notes with respect thereto;

(9) to add a Guarantor under the Indenture, the Security Documents, the Intercreditor Agreement or the Junior Lien Intercreditor Agreement;

(10) to conform the text of the Indenture, Guarantees, the Intercreditor Agreement, the Junior Lien Intercreditor Agreement, the Security Documents or the Notes to any provision of this "Description of Notes" to the extent that such provision in this "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, Guarantee, the Intercreditor Agreement, the Junior Lien Intercreditor Agreement, the Security Documents or Notes;

(11) to make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes, including, without limitation to facilitate the issuance and administration of the Notes and to comply with applicable securities laws, including in connection with the issuance of additional notes;

(12) to add or release Collateral from, or subordinate, the Lien of the Indenture and the Security Documents when permitted or required by the Security Documents, the Indenture the Intercreditor Agreement or the Junior Lien Intercreditor Agreement;

(13) to mortgage, pledge, hypothecate or grant any other Lien in favor of the Trustee or the Collateral Agent for the benefit of the Holders of the Notes, as additional security for the payment and performance of all or any portion of the Notes Obligations, on any property or assets, including any which are required to be mortgaged, pledged or hypothecated, or on which a Lien is required to be granted to or for the benefit of the Trustee or the Collateral Agent pursuant to the Indenture, any of the Security Documents or otherwise; and

(14) to add Additional First Lien Secured Parties or Junior Lien Secured Parties to any Security Documents, the Intercreditor Agreement or the Junior Lien Intercreditor Agreement.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Notices

Notices given by publication or electronic delivery will be deemed given on the first date on which publication is made, and notices given by first-class mail, postage prepaid, will be deemed given five calendar days after mailing.

Concerning the Trustee

The Indenture will contain certain limitations on the rights of the Trustee thereunder, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign.

The Indenture will provide that the Holders of a majority in principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of the Notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Governing Law

The Indenture, the Notes and any Guarantee will be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. For purposes of the Indenture, unless otherwise specifically indicated, the term "consolidated" with respect to any Person refers to such Person consolidated with its Restricted Subsidiaries, and excludes from such consolidation any Unrestricted Subsidiary as if such Unrestricted Subsidiary were not an Affiliate of such Person.

"*Acquired Indebtedness*" means, with respect to any specified Person,

(1) Indebtedness of any other Person existing at the time such other Person is merged or consolidated with or into or became a Restricted Subsidiary of such specified Person, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging, consolidating or amalgamating with or into or becoming a Restricted Subsidiary of such specified Person, and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional First Lien Secured Party*" means the holders of any Additional First Lien Obligations, including the Holders, and any Authorized Representative with respect thereto, including the Trustee and the Collateral Agent.

"*Additional First Lien Obligations*" means any Notes Obligations and any other First Lien Obligations, in each case, that are incurred after the Issue Date and secured by Collateral on a first-priority basis pursuant to the Security Documents (in the case of Notes Obligations) and the relevant security documents (in the case of any other First Lien Obligations).

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "*control*" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"*Applicable Authorized Representative*" has the meaning assigned to such term in the Intercreditor Agreement.

"*Applicable Premium*" means, with respect to any Note being redeemed on any Redemption Date, the greater of:

(1) 1.0% of the principal amount of such Note, and

(2) the excess, if any, of (a) the present value at such Redemption Date of (i) the redemption price of such Note at May 15, 2015 (such redemption price being set forth in the table appearing above under the caption "*Optional Redemption*"), *plus* (ii) all required remaining scheduled interest payments due on such Note through May 15, 2015 (excluding accrued but unpaid interest to the Redemption Date) computed using a discount rate equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over (b) the then outstanding principal amount of such Note.

"*Asset Sale*" means:

(1) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions (including by way of a Sale and Lease-Back Transaction) of property or assets of the Issuer or any of its Restricted Subsidiaries (each referred to in this definition as a "*disposition*"); or

(2) the issuance or sale of Equity Interests of any Restricted Subsidiary (other than Preferred Stock of Restricted Subsidiaries issued in compliance with the covenant described under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"), whether in a single transaction or a series of related transactions;

in each case, other than:

(a) any disposition of Cash Equivalents or obsolete or worn-out property or equipment in the ordinary course of business or any disposition of inventory or goods (or other assets) held for sale or no longer used in the ordinary course of business;

(b) the disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries in a manner permitted pursuant to the provisions described above under the caption "Certain Covenants—Merger, Consolidation or Sale of All or Substantially All Assets" or any disposition that constitutes a Change of Control pursuant to the Indenture;

(c) the making of any Restricted Payment that is permitted to be made, and is made, under the covenant described above under the caption "Certain Covenants—Limitation on Restricted Payments" including the making of any Permitted Investment;

(d) any disposition of assets or issuance or sale of Equity Interests of any Restricted Subsidiary in any transaction or series of related transactions with an aggregate fair market value of less than $75,000,000;

(e) any disposition of property or assets or issuance of securities by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(f) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(g) the lease, sublease, license or sublicense (including the provision of software under an open source license) of any real or personal property, or intellectual property or other intangible assets, in the ordinary course of business;

(h) any issuance or sale of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(i) foreclosures, condemnation, expropriation or any similar action with respect to assets or the granting of Liens not prohibited by the Indenture;

(j) sales of accounts receivable, or participations therein, or Securitization Assets or related assets in connection with any Qualified Securitization Financing;

(k) any financing transaction with respect to property built or acquired by the Issuer or any Restricted Subsidiary after the Issue Date, including Sale and Lease-Back Transactions and asset securitizations permitted by the Indenture;

(l) sales of accounts receivable, or participations therein, in connection with the collection or compromise thereof;

(m) the sale or discount of inventory, accounts receivable or notes receivable in the ordinary course of business or the conversion of accounts receivable to notes receivable;

(n) any surrender or waiver of contract rights or the settlement, release or surrender of contract rights or other litigation claims in the ordinary course of business;

(o) the unwinding or voluntary termination of any Hedging Obligations;

(p) sales, transfers and other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding arrangements;

(q) failing to pursue or allowing any registrations or any applications for registration of any intellectual property rights to lapse or go abandoned in the ordinary course of business if, in the reasonable determination of the Issuer or a Restricted Subsidiary, such discontinuance is desirable in the conduct of the business of the Issuer and its Restricted Subsidiaries taken as a whole;

(r) the issuance by a Restricted Subsidiary of Preferred Stock or Disqualified Stock that is permitted by the covenant described under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(s) the granting of a Lien that is permitted under the covenant described above under the caption "Certain Covenants—Liens"; and

(t) the issuance of directors' qualifying shares and shares issued to foreign nationals as required by applicable law.

"*Authorized Representative*" means (i) in the case of any Senior Credit Facilities Obligations or the First Lien Secured Parties under the Senior Credit Facilities, the administrative agent under the Senior Credit Facilities, (ii) in the case of the Notes Obligations or the Holders, the Trustee, (iii) in the case of any Series of Additional First Lien Obligations or Additional First Lien Secured Parties that become subject to the Intercreditor Agreement, the Authorized Representative named for such Series in the applicable joinder agreement and (iv) in the case of any Series of Junior Lien Obligations or Junior Lien Secured Parties that become subject to the Junior Lien Intercreditor Agreement, the Authorized Representative named for such Series in the Junior Lien Intercreditor Agreement or the applicable joinder agreement.

"*Bank Products*" means any facilities or services related to cash management, including treasury, depository, overdraft, credit or debit card, purchase card, electronic funds transfer and other cash management arrangements.

"*Business Day*" means each day which is not a Legal Holiday.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock or shares in the capital of such corporation;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Capitalized Lease Obligation*" means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP.

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"*Capitalized Leases*" means all leases that have been or are required to be, in accordance with GAAP, recorded as capitalized leases; *provided* that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP.

"*Capitalized Software Expenditures*" means, with respect to any Person for any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities) of such Person during such period in respect of licensed or purchased software or internally developed software and software enhancements that, in conformity with GAAP, are, or are required to be, reflected as capitalized costs on the consolidated balance sheet of such Person.

"*Cash Equivalents*" means:

(1) United States dollars;

(2)(a) Canadian dollars, Yen, pounds sterling, euros or any national currency of any participating member state of the EMU; or

(b) in the case of any Foreign Subsidiary that is a Restricted Subsidiary, such local currencies held by it from time to time in the ordinary course of business;

(3) securities issued or directly and fully and unconditionally guaranteed or insured by the U.S. government or any agency or instrumentality thereof the securities of which are unconditionally guaranteed as a full faith and credit obligation of such government with maturities of 24 months or less from the date of acquisition;

(4) certificates of deposit, time deposits and eurodollar time deposits with maturities of 24 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 24 months and overnight bank deposits, in each case with any domestic or foreign commercial bank having capital and surplus of not less than $500,000,000 in the case of U.S. banks and $100,000,000 (or the U.S. dollar equivalent as of the date of determination) in the case of non-U.S. banks;

(5) repurchase obligations for underlying securities of the types described in clauses (3), (4) or (7) entered into with any financial institution or recognized securities dealer meeting the qualifications specified in clause (4) above;

(6) commercial paper rated at least P-1 by Moody's or at least A-1 by S&P or at least F2 by Fitch (or, if at any time neither Moody's nor S&P nor Fitch shall be rating such obligations, an equivalent rating from another Rating Agency) and in each case maturing within 24 months after the date of creation thereof and Indebtedness or Preferred Stock issued by Persons with a rating of "A" or higher from S&P or "A2" or higher from Moody's or "A" or higher from Fitch with maturities of 24 months or less from the date of acquisition;

(7) marketable short-term money market and similar securities having a rating of at least P-2, A-2 or F2 from any of Moody's, S&P or Fitch, respectively (or, if at any time neither Moody's nor S&P nor Fitch shall be rating such obligations, an equivalent rating from another Rating Agency);

(8) readily marketable direct obligations issued by any state, commonwealth or territory of the United States or any political subdivision or taxing authority thereof having an Investment Grade Rating from any of Moody's, S&P or Fitch (or, if at any time neither Moody's nor S&P nor Fitch shall be rating such obligations, an equivalent rating from another Rating Agency) with maturities of 24 months or less from the date of acquisition;

(9) readily marketable direct obligations issued by any foreign government or any political subdivision or public instrumentality thereof, in each case having an Investment Grade Rating

from any of Moody's, S&P or Fitch (or, if at any time neither Moody's nor S&P nor Fitch shall be rating such obligations, an equivalent rating from another Rating Agency) with maturities of 24 months or less from the date of acquisition;

(10) Investments with average maturities of 12 months or less from the date of acquisition in money market funds rated AA- (or the equivalent thereof) or better by S&P or Aa3 (or the equivalent thereof) or better by Moody's or AA- (or the equivalent thereof) or better by Fitch (or, if at any time neither Moody's nor S&P nor Fitch shall be rating such obligations, an equivalent rating from another Rating Agency); and

(11) investment funds investing at least 95% of their assets in securities of the types described in clauses (1) through (10) above.

In the case of Investments by any Foreign Subsidiary that is a Restricted Subsidiary or Investments made in a country outside the United States of America, Cash Equivalents shall also include (a) investments of the type and maturity described in clauses (1) through (11) above of foreign obligors, which Investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies and (b) other short-term investments utilized by Foreign Subsidiaries that are Restricted Subsidiaries in accordance with normal investment practices for cash management in investments analogous to the foregoing investments in clauses (1) through (11) and in this paragraph.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than those set forth in clauses (1) or (2) above or the immediately preceding paragraph; *provided* that such amounts are converted into any currency set forth in clauses (1) or (2) above or the immediately preceding paragraph as promptly as practicable and in any event within ten Business Days following the receipt of such amounts.

For purposes of determining the maximum permissible maturity of any investments described in this definition, the maturity of any obligation is deemed to be the shortest of the following: (i) the stated maturity date; (ii) the weighted average life (for amortizing securities); (iii) the next interest rate reset for variable rate and auction-rate obligations; or (iv) the next put exercise date (for obligations with put features).

"*Change of Control*" means the occurrence of any of the following after the Issue Date:

(1) the sale, lease, transfer or other disposition, in one or a series of related transactions (other than by merger, consolidation or amalgamation), of all or substantially all of the consolidated properties and assets of Holdings or the Issuer and their respective subsidiaries, in each case, taken as a whole, to any Person other than one or more Permitted Holders; or

(2) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person (other than a Permitted Holder) or Persons (other than one or more Permitted Holders) that are together a group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act, or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act), in a single transaction or in a related series of transactions, by way of merger, amalgamation, consolidation or other business combination or purchase of "beneficial ownership" (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of more than 50% of the total voting power of the Voting Stock of the Issuer.

"*Co-Investor*" means any Person, other than any Investor, that holds, directly or indirectly, Equity Interests in the Issuer (or any of the direct or indirect parent companies of the Issuer) on the Issue Date.

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"*Consolidated Depreciation and Amortization Expense*" means with respect to any Person for any period, the total amount of depreciation and amortization expense for such period, including the amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and Capitalized Software Expenditures of such Person for such period (including such expense attributable to held-for-sale discontinued operations) determined on a consolidated basis and otherwise determined in accordance with GAAP.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of: (1) cash interest expense (including that attributable to Capitalized Lease Obligations), net of cash interest income, of such Person determined on a consolidated basis in accordance with GAAP, including all commissions, discounts and other fees and charges payable in cash with respect to letters of credit and bankers' acceptance financing, net cash payments made under Hedging Obligations and (2) cash interest expense that is capitalized in accordance with GAAP, but, in the case of each of (1) and (2), excluding:

(a) amortization of deferred financing costs, debt issuance costs and commissions, fees and expenses and any other amounts of non-cash interest;

(b) the accretion or accrual of discounted liabilities during such period;

(c) any interest expense in respect of items excluded from Indebtedness in clause (c), or the proviso at the end, of the definition thereof;

(d) non-cash interest expense attributable to the movement of the mark-to-market valuation of obligations under Hedging Obligations or other derivative instruments pursuant to Accounting Standards Codification Topic 815 "Derivatives and Hedging;"

(e) any one-time costs associated with the unwinding, termination or breakage in respect of Hedging Obligations;

(f) all non-recurring cash interest expense consisting of liquidated damages or additional interest for failure to timely comply with registration rights obligations or financing and commitment fees; and

(g) cash payments made on account of accrued interest with respect to any Qualified Holding Company Debt to the extent such payments are required by the terms of such Indebtedness to be made before the close of any "accrual period" (as defined in Treasury Regulation Section 1.1272-1(b)(1)(ii)) ending after five years from the date of original issuance of such Indebtedness (any such cash payments, "Catch-Up Payments"); *provided* that such Catch-Up Payments will be included in Consolidated Interest Expense solely for purposes of determining compliance with clause (20)(ii) of the second paragraph of the covenant described in "Certain Covenants—Limitation on Restricted Payments" and not for any other purpose.

"*Consolidated Leverage Ratio*" means, as of the date of determination, the ratio of (a) the sum of (i) the Consolidated Total Indebtedness of Holdings, the Issuer and its Restricted Subsidiaries as of such date and (ii) the Reserved Indebtedness Amount applicable at such time to the calculation of the Senior Secured Leverage Ratio to (b) EBITDA of Holdings, the Issuer and its Restricted Subsidiaries for the most recently ended four fiscal quarters ending immediately prior to such date for which internal financial statements are available. The Consolidated Leverage Ratio will be calculated on a *pro forma* basis with the same adjustments applicable to the calculation of the Senior Secured Leverage Ratio.

"*Consolidated Net Income*" means, with respect to any Person for any period, the aggregate of the Net Income of such Person for such period, on a consolidated basis, and otherwise determined in accordance with GAAP; *provided* that, without duplication,

(1) any after-tax effect of extraordinary, non-recurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses (including relating to the Transaction Expenses or any multi-year strategic cost-saving initiatives), severance, relocation costs and curtailments or modifications to pension and post-retirement employee benefit plans shall be excluded;

(2) the cumulative effect of a change in accounting principles and changes as a result of the adoption or modification of accounting policies during such period shall be excluded, in each case in accordance with GAAP;

(3) the Net Income for such period of any Person that is an Unrestricted Subsidiary or any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be excluded; *provided* that Consolidated Net Income of such other Person shall be increased by the amount of dividends or distributions or other payments that are actually paid in cash or Cash Equivalents to such other Person or a Restricted Subsidiary of such other Person by such Person in such period;

(4) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments," the Net Income for such period of any Restricted Subsidiary (other than any Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule, or governmental regulation applicable to that Restricted Subsidiary or its stockholders, unless such restriction with respect to the payment of dividends or similar distributions has been legally waived; *provided* that Consolidated Net Income of such other Person will be increased by the amount of dividends or other distributions or other payments actually paid in cash (or to the extent converted into cash) to such other Person or a Restricted Subsidiary of such other Person thereof in respect of such period, to the extent not already included therein;

(5) effects of adjustments (including the effects of such adjustments pushed down to Holdings, the Issuer and its Restricted Subsidiaries) in the inventory, property and equipment, software, goodwill, other intangible assets, in-process research and development, deferred revenue, debt line items and other non-cash charges in such Person's consolidated financial statements pursuant to GAAP resulting from the application of recapitalization, purchase or acquisition method accounting in relation to any consummated acquisition or the amortization or write-off of any amounts thereof, net of taxes, shall be excluded;

(6) any net after-tax effect of income (loss) from the early extinguishment or conversion of (a) Indebtedness, (b) Hedging Obligations or (c) other derivative instruments shall be excluded;

(7) any impairment charge or asset write-off or write-down, including impairment charges or asset write-offs or write-downs related to goodwill and other intangible assets, long-lived assets, investments in debt and equity securities or as a result of a change in law or regulation, in each case, pursuant to GAAP, and the amortization of intangibles arising pursuant to GAAP shall be excluded;

(8) any non-cash compensation charge or expense, including any such charge or expense arising from the grants of stock appreciation or similar rights, stock options, restricted stock or other rights or equity incentive programs shall be excluded;

(9) any fees, expenses or charges incurred during such period, or any amortization thereof for such period, in connection with any acquisition, Investment, Asset Sale, disposition, incurrence, amendment or repayment of Indebtedness (including such fees, expenses or charges related to the offering of the Notes and the Senior Credit Facilities), issuance of Equity Interests, refinancing transaction or amendment or modification of any debt instrument (including any

amendment or other modification of the Notes and the Senior Credit Facilities) and including, in each case, without limitation, any such transaction consummated prior to the Issue Date and any such transaction undertaken but not completed, and any charges or non-recurring merger costs incurred during such period as a result of any such transaction, in each case whether or not successful, shall be excluded;

(10) accruals and reserves that are established within twelve months after the closing of any acquisition that are required to be established as a result of such acquisition in accordance with GAAP shall be excluded;

(11) any expenses, charges or losses that are covered by indemnification or other reimbursement provisions in connection with any investment, acquisition or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture, to the extent actually reimbursed, or, so long as Holdings has made a determination that a reasonable basis exists for indemnification or reimbursement and only to the extent that such amount is (i) not denied by the applicable carrier (without any right of appeal thereof) within 180 days and (ii) in fact indemnified or reimbursed within 365 days of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so indemnified or reimbursed within such 365 days), shall be excluded;

(12) to the extent covered by insurance and actually reimbursed, or, so long as Holdings has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is in fact reimbursed within 365 days of the date of such determination (with a deduction in the applicable future period for any amount so added back to the extent not so reimbursed within such 365 day period), expenses, charges or losses with respect to liability or casualty events or business interruption shall be excluded;

(13) any net pension costs or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost) existing at the date of initial application of Accounting Standards Codification Topic 712 "Compensation—Nonretirement Postemployment Benefits" and Accounting Standards Codification Topic 715 "Compensation—Retirement Benefits," and any other non-cash items of a similar nature, shall be excluded;

(14) losses or gains on asset sales (other than asset sales made in the ordinary course of business) or in connection with any Qualified Securitization Financing shall be excluded; and

(15) the following items shall be excluded:

(a) any net unrealized gain or loss (after any offset) resulting in such period from obligations under any Hedging Obligations and the application of Accounting Standards Codification Topic 815 "Derivatives and Hedging;" and

(b) any net unrealized gain or loss (after any offset) resulting in such period from currency translation and transaction gains or losses including those related to currency remeasurements of Indebtedness (including any net gain or loss resulting from obligations under Hedging Obligations for currency exchange risk) and any other monetary assets and liabilities.

In addition, to the extent not already included in the Consolidated Net Income of such Person, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall include the amount of proceeds received by such Person and its Restricted Subsidiaries from business interruption insurance and reimbursements of any expenses and charges that are covered by indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture.

Notwithstanding the foregoing, for the purpose of the covenant described under the caption "Certain Covenants—Limitation on Restricted Payments" only (other than clause (3)(d) of the first paragraph thereof), there shall be excluded from Consolidated Net Income any income arising from any sale or other disposition of Restricted Investments made by the Issuer and its Restricted Subsidiaries, any repurchases and redemptions of Restricted Investments from the Issuer and its Restricted Subsidiaries, any repayments of loans and advances which constitute Restricted Investments by the Issuer or any of its Restricted Subsidiaries, any sale of the stock of an Unrestricted Subsidiary or any distribution or dividend from an Unrestricted Subsidiary, in each case only to the extent such amounts increase the amount of Restricted Payments permitted under such covenant pursuant to clause (3)(d) thereof.

"*Consolidated Total Indebtedness*" means, as of any date of determination, (a) the aggregate principal amount of Indebtedness of Holdings, the Issuer and the Restricted Subsidiaries outstanding on such date, determined on a consolidated basis in accordance with GAAP (but excluding the effects of any discounting of Indebtedness resulting from the application of purchase accounting in connection with any acquisition permitted under the Indenture), consisting of Indebtedness for borrowed money, obligations in respect of Capitalized Leases and debt obligations evidenced by promissory notes or similar instruments, *minus* (b) the aggregate amount of cash and Cash Equivalents (in each case, for purposes of the definition of Senior Secured Leverage Ratio only, free and clear of all Liens, other than nonconsensual Liens permitted under the caption "Certain Covenants—Liens," Liens permitted under clause (24), (25), (26)(a) and (b), (36), (39) or (40) of the definition of "Permitted Liens") included in the consolidated balance sheet of Holdings, the Issuer and the Restricted Subsidiaries as of such date; *provided* that Consolidated Total Indebtedness shall not include Indebtedness in respect of (i) any Qualified Securitization Financing, (ii) undrawn amounts under revolving credit facilities (except as otherwise provided in the definition of Senior Secured Leverage Ratio), (iii) all letters of credit, except to the extent of unreimbursed amounts thereunder, (iv) Unrestricted Subsidiaries and (v) obligations under Hedging Obligations.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing any leases, dividends or other obligations that do not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation, or

(b) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Controlled Investment Affiliate*" means, as to any Person, any other Person, other than any Investor, which directly or indirectly is in control of, is controlled by, or is under common control with such Person and is organized by such Person (or any Person controlling such Person) primarily for making direct or indirect equity or debt investments in the Issuer and/or other companies.

"*Credit Facilities*" means one or more debt facilities, including the Senior Credit Facilities, or other financing arrangements (including, without limitation, commercial paper facilities or indentures)

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providing for revolving credit loans, term loans, letters of credit or other long-term indebtedness, including any notes, securities, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements or refundings thereof and any indentures (including Additional Notes under the Indenture) or credit facilities or commercial paper facilities that replace, refund or refinance any part of the loans, notes, securities or other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture that increases the amount permitted to be borrowed thereunder or alters the maturity thereof (*provided* that such increase in borrowings is permitted under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock") or adds additional borrowers or guarantors thereunder and whether by the same or any other agent, lender or group of lenders.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value of non-cash consideration received by the Issuer or a Restricted Subsidiary in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, executed by a financial officer of the Issuer, less the amount of Cash Equivalents received within 180 days in connection with a subsequent sale, redemption or repurchase of or collection or payment on such Designated Non-Cash Consideration.

"*Designated Preferred Stock*" means Preferred Stock of the Issuer or any direct or indirect parent company thereof (in each case other than Disqualified Stock) that is issued for cash (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any of its Subsidiaries) and is so designated as Designated Preferred Stock, pursuant to an Officer's Certificate executed by the principal financial officer of the Issuer or the applicable parent company thereof, as the case may be, on the issuance date thereof, the cash proceeds of which are excluded from the calculation set forth in clause (3) of the first paragraph of "Certain Covenants—Limitation on Restricted Payments."

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which, by its terms, or by the terms of any security into which it is convertible or for which it is putable or exchangeable, or upon the happening of any event, matures or is mandatorily redeemable (other than solely as a result of a change of control or asset sale) pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than solely as a result of a change of control or asset sale), in whole or in part, in each case prior to the date 91 days after the earlier of the maturity date of the Notes or the date the Notes are no longer outstanding; *provided* that any Capital Stock held by any future, current or former employee, director, officer, manager or consultant (or their respective Controlled Investment Affiliates (excluding Texas Pacific Group or Silver Lake Partners or any Co-Investor (but not excluding any future, current or former employee, director, officer, manager or consultant)) or Immediate Family Members), of the Issuer, any of its Subsidiaries, any of its direct or indirect parent companies or any other entity in which the Issuer or a Restricted Subsidiary has an Investment and is designated in good faith as an "affiliate" by the board of directors of the Issuer (or the compensation committee thereof), in each case pursuant to any stock subscription or shareholders' agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or its Subsidiaries or in order to satisfy applicable statutory or regulatory obligations. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the terms of the Indenture. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Indenture will be the maximum amount that the Issuer and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"*EBITDA*" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period:

(1) increased (without duplication) by the following, determined on a consolidated basis for such Person, in each case (other than clauses (h) and (k)) to the extent deducted (and not added back) in determining Consolidated Net Income of such Person for such period:

(a) provision for taxes based on income or profits or capital, including, without limitation, federal, state, franchise, excise and similar taxes and foreign withholding taxes (including any future taxes or other levies which replace or are intended to be in lieu of such taxes and any penalties and interest related to such taxes or arising from tax examinations) and the net tax expense associated with any adjustments made pursuant to clauses (1) through (15) of the definition of "Consolidated Net Income"; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses or Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk, net of interest income and gains with respect to such obligations plus bank fees, (y) costs of surety bonds in connection with financing activities and (z) amounts excluded from Consolidated Interest Expense as set forth in clauses (1)(p) through (z) in the definition thereof); *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period; *plus*

(d) the amount of any restructuring charges, integration and facilities opening costs or other business optimization expenses, one-time restructuring costs incurred in connection with acquisitions made after the Issue Date, project start-up costs and costs related to the closure or consolidation of facilities; *plus*

(e) any other non-cash charges, including, without limitation, any write-offs or write-downs reducing Consolidated Net Income for such period; *provided* that if any such non-cash charges represent an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period shall be subtracted from EBITDA to such extent, and excluding amortization of a prepaid cash item that was paid in a prior period; *plus*

(f) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-Wholly Owned Subsidiary; *plus*

(g) the amount of management, monitoring, consulting and advisory fees (including termination and transaction fees) and related indemnities and expenses paid or accrued in such period under the Management Fee Agreement or otherwise to the Investors to the extent otherwise permitted under the caption "Certain Covenants—Transactions with Affiliates"; *plus*

(h) the amount of "run-rate" cost savings projected by the Issuer in good faith to result from actions either taken or expected to be taken within 12 months of such period (which cost savings shall be (i) added back to EBITDA until realized, (ii) subject only to certification by management of the Issuer and (iii) calculated on a *pro forma* basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized from such actions (it is understood and agreed that "run-rate" means the full recurring benefit that is associated with any action taken or expected to be taken, provided that some portion of such benefit is expected to be realized within 12 months of taking such action) (which adjustments may be incremental to *pro forma* cost savings, operating improvements, synergies and operating expense reductions made pursuant to the definition of "Fixed Charge Coverage Ratio"); *plus*

(i) any costs or expense incurred by Holdings, the Issuer or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of Holdings or the Issuer or net cash proceeds of an issuance of Equity Interest of Holdings or the Issuer (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation set forth in clause (3) of the first paragraph under the caption "Certain Covenants—Limitation on Restricted Payments"; *plus*

(j) any net loss from discontinued operations; *plus*

(k) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of EBITDA pursuant to clause (2) below for any previous period and not added back;

(2) decreased (without duplication) by the following, determined on a consolidated basis for such Person, in each case to the extent included in determining Consolidated Net Income of such Person for such period:

(a) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced EBITDA in any prior period; *plus*

(b) any non-cash gains with respect to cash actually received in a prior period unless such cash did not increase EBITDA in such prior period; *plus*

(c) any net income from discontinued operations (excluding held-for-sale discontinued operations).

"*EMU*" means economic and monetary union as contemplated in the Treaty on European Union.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock, but excluding any debt security that is convertible into, or exchangeable for, Capital Stock.

"*Equity Offering*" means any public or private sale of common stock or Preferred Stock of the Issuer or any of its direct or indirect parent companies (excluding Disqualified Stock), other than:

(1) public offerings with respect to the Issuer's or any direct or indirect parent company's common stock registered on Form S-4 or Form S-8;

(2) issuances to any Subsidiary of the Issuer; and

(3) any such public or private sale that constitutes an Excluded Contribution or a Contributed Holdings Investment.

"*euro*" means the single currency of participating member states of the EMU.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Excluded Contribution*" means net cash proceeds, marketable securities or Qualified Proceeds received by the Issuer from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary of the Issuer or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Issuer) of Capital Stock (other than Disqualified Stock and Designated Preferred Stock) of the Issuer;

in each case designated as Excluded Contributions pursuant to an Officer's Certificate executed by a financial officer of the Issuer within 30 days of the date such capital contributions are made or the date such Equity Interests are sold, as the case may be, which are excluded from the calculation set forth in clause (3) of the first paragraph under the caption "Certain Covenants—Limitation on Restricted Payments."

"*Existing Notes*" means Holdings' $400,000,000 of 6.350% Senior Notes due 2016, issued pursuant to the Existing Notes Indenture.

"*Existing Notes Indenture*" means that certain indenture, dated as of August 3, 2001, with SunTrust Bank, as trustee, as modified by the first supplemental indenture, dated August 7, 2001, and the second supplemental indenture, dated March 13, 2006, with SunTrust Bank, as trustee.

"*fair market value*" means, with respect to any asset or liability, the fair market value of such asset or liability as determined by the Issuer in good faith.

"*First Lien Obligations*" means, collectively, (a) all Senior Credit Facilities Obligations, (b) the Notes Obligations and (c) any Series of Additional First Lien Obligations.

"*First Lien Secured Parties*" means (a) the Collateral Agent, (b) the Trustee, (c) the "Secured Parties," as defined in the Senior Credit Facilities, (d) the "Secured Parties," as defined in the Security Documents and (e) any Additional First Lien Secured Parties.

"*Fitch*" means Fitch, Inc., or any successor to its rating agency business.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that Holdings, the Issuer or any Restricted Subsidiary (or such other Person for which the Fixed Charge Coverage Ratio is being calculated (together with its Restricted Subsidiaries, a "*Specified Person*")) incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility, unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

The Fixed Charge Coverage Ratio shall be calculated assuming the Reserved Indebtedness Amount as of the Fixed Charge Coverage Ratio Calculation Date were outstanding throughout the four-quarter reference period and calculated on a *pro forma* basis assuming that each Specified Transaction engaged in by Holdings, the Issuer or any of its Restricted Subsidiaries (or such other Specified Person) during the four-quarter reference period or subsequent to such reference period and

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on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date assuming that each such Specified Transaction (and the change in any associated fixed charge obligations and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into Holdings, the Issuer or any of its Restricted Subsidiaries (or such other Specified Person) since the beginning of such period shall have engaged in any Specified Transaction, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Specified Transaction had occurred at the beginning of the applicable four-quarter period. Notwithstanding the foregoing, at the election of the Issuer, *pro forma* effect need not be given to any Specified Transaction referred to in clause (a), (c), (d) or (e) of the definition thereof involving consideration of $50,000,000 or less or any Specified Transaction referred to in clause (b) or (f) of the definition thereof involving fair value of $50,000,000 or less as determined in good faith by the Issuer.

For purposes of this definition, whenever *pro forma* effect is to be given to a Specified Transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of Holdings or the Issuer (or such other Specified Person) (and may include, for the avoidance of doubt, reasonably identifiable and factually supportable cost savings, operating improvements, synergies and operating expense reductions resulting from such Specified Transaction that have been or are expected to be realized). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of Holdings or the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such optional rate chosen as the Issuer may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum, without duplication, of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all dividends or other distributions paid to any Person other than such Person or any of its Restricted Subsidiaries (excluding items eliminated in consolidation) on any series of Preferred Stock of Holdings, the Issuer or a Restricted Subsidiary (or such other Specified Person or any of its Restricted Subsidiaries) during such period, excluding distributions in the form of additional Preferred Stock of Holdings; and

(3) all dividends or other distributions paid to any Person other than such Person or any of its Restricted Subsidiaries (excluding items eliminated in consolidation) on any series of Disqualified Stock of Holdings, the Issuer or a Restricted Subsidiary (or such other Specified Person or any of its Restricted Subsidiaries) during such period, excluding distributions in the form of additional Preferred Stock of Holdings.

"*Foreign Subsidiary*" means, with respect to any Person, any Restricted Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia and any Restricted Subsidiary of such Foreign Subsidiary.

"*GAAP*" means generally accepted accounting principles in the United States of America, as in effect from time to time, except for any change occurring after the Issue Date in GAAP, in the event the Issuer delivers notice to the Trustee within 30 days of entry into effect of such change that such change will not apply for any determinations under the Indenture.

"*Government Securities*" means securities that are:

(1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged; or

(2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in either case, are not callable or redeemable at the option of the issuers thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"*guarantee*" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness or other obligations.

"*Guarantee*" means the guarantee by any Guarantor of the Issuer's Obligations under the Indenture.

"*Guarantor*" means Holdings and each Subsidiary Guarantor.

"*Headquarters*" means the properties (including buildings and real property) located in Southland, Texas and comprising Holdings' corporate headquarters.

"*Headquarters Financing*" means the financing transactions involving the Headquarters contemplated by the Loan Agreement, dated as of March 29, 2007, by and between Headquarters SPV and JPMorgan Chase Bank, N.A.

"*Headquarters SPV*" means Sabre Headquarters, LLC, a Delaware limited liability company formed in connection with the Headquarters Financing, or any special-purpose entity formed to carry out any refinancing or replacement of the Headquarters Financing.

"*Hedging Obligations*" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by, or subject to, any master agreement, and (b) any and all transactions of any kind, and the related

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confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*Holder*" means the Person in whose name a Note is registered on the registrar's books.

"*Holdings*" means Sabre Holdings Corporation, a Delaware corporation and the direct parent of the Issuer.

"*Immediate Family Members*" means, with respect to any individual, such individual's child, stepchild, grandchild or more remote descendant, parent, stepparent, grandparent, spouse, former spouse, qualified domestic partner, sibling, mother-in-law, father-in-law, son-in-law and daughter-in-law (including adoptive relationships) and any trust, partnership or other bona fide estate-planning vehicle the only beneficiaries of which are any of the foregoing individuals or any private foundation or fund that is controlled by any of the foregoing individuals or any donor-advised fund of which any such individual is the donor.

"*Indebtedness*" means, with respect to any Person, without duplication:

(1) any indebtedness (including principal and premium) of such Person, whether or not contingent:

(a) in respect of borrowed money;

(b) evidenced by bonds, notes, debentures or similar instruments or letters of credit or bankers' acceptances (or, without duplication, reimbursement agreements in respect thereof);

(c) representing the balance deferred and unpaid of the purchase price of any property (including Capitalized Lease Obligations) or services due more than twelve months after such property is acquired or such services are completed, except (i) any such balance that constitutes an obligation in respect of a commercial letter of credit, a trade payable or similar obligation to a trade creditor, in each case accrued in the ordinary course of business and (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and if not paid after becoming due and payable; or

(d) representing net obligations under any Hedging Obligation;

if and to the extent that any of the foregoing Indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP; *provided* that Indebtedness of any direct or indirect parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under GAAP shall be excluded;

(2) to the extent not otherwise included, any obligation by such Person to be liable for, or to pay, as obligor, guarantor or otherwise, on the obligations of the type referred to in clause (1) of a third Person (whether or not such items would appear upon the balance sheet of such obligor or guarantor), other than by endorsement of negotiable instruments for collection in the ordinary course of business; and

(3) to the extent not otherwise included, the obligations of the type referred to in clause (1) of a third Person secured by a Lien on any asset owned by such first Person, whether or not such Indebtedness is assumed by such first Person;

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provided that notwithstanding the foregoing, Indebtedness shall be deemed not to include (a) Contingent Obligations incurred in the ordinary course of business or (b) obligations under or in respect of a Qualified Securitization Financing.

"*Independent Financial Advisor*" means an accounting, appraisal, investment banking firm or consultant to Persons engaged in Similar Businesses of nationally recognized standing that is, in the good faith judgment of Holdings, qualified to perform the task for which it has been engaged.

"*Initial Purchasers*" means the persons named as initial purchasers in the Purchase Agreement, dated as of , 2012, with respect to the initial issuance of the Notes.

"*Intercreditor Agreement*" means the Intercreditor Agreement by and among the Issuer, the administrative agent under the Senior Credit Facilities, the Trustee, the Collateral Agent and the other grantors party thereto, to be dated as of the Issue Date, and as the same may be further amended, amended and restated, modified, renewed or replaced from time to time, including without limitation to add Additional First Lien Secured Parties.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or if the Notes are not then rated by Moody's or S&P, an equivalent rating by any other Rating Agency.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) debt securities or debt instruments with an Investment Grade Rating, but excluding any debt securities or instruments constituting loans or advances among Holdings, the Issuer and its Subsidiaries;

(3) investments in any fund that invests exclusively in investments of the type described in clauses (1) and (2) which fund may also hold immaterial amounts of cash pending investment or distribution; and

(4) corresponding instruments in countries other than the United States customarily utilized for high-quality investments.

"*Investments*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of loans (including guarantees), advances or capital contributions (excluding accounts receivable, credit card and debit card receivables, trade credit, advances to customers and distributors, commission, travel and similar advances to employees, directors, officers, managers, distributors and consultants in each case made in the ordinary course of business and excluding, in the case of the Issuer and its Subsidiaries, intercompany loans, advances, or Indebtedness having a term not exceeding 364 days (inclusive of any roll-over or extensions of terms) and made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities issued by any other Person and investments that are required by GAAP to be classified on the balance sheet (excluding the footnotes) of Holdings in the same manner as the other investments included in this definition to the extent such transactions involve the transfer of cash or other property. For purposes of the definition of "Unrestricted Subsidiary" and the covenant described under the caption "Certain Covenants—Limitation on Restricted Payments":

(1) "*Investments*" shall include the portion (proportionate to the Issuer's direct or indirect equity interest in such Subsidiary) of the fair market value of the net assets of a Subsidiary of the Issuer at the time that such Subsidiary is designated an Unrestricted Subsidiary; *provided* that

upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer or the applicable Restricted Subsidiary shall be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to:

(a) the Issuer's direct or indirect "Investment" in such Subsidiary at the time of such redesignation; *less*

(b) the portion (proportionate to the Issuer's direct or indirect Equity Interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time of such redesignation; and

(2) any property transferred to or from an Unrestricted Subsidiary shall be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Issuer, including its board of directors if such fair market value is in excess of $100,000,000.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced by any dividend, distribution, interest payment, return of capital, repayment or other amount received in cash or other property by the Issuer or a Restricted Subsidiary in respect of such Investment.

"*Investors*" means Texas Pacific Group and Silver Lake Partners and, if applicable, each of their respective Affiliates and funds or partnerships managed by them or each of their respective Affiliates but not including, however, any portfolio companies of any of the foregoing.

"*Issue Date*" means the first date on which Notes are issued under the Indenture.

"*Issuer*" means Sabre Inc., a Delaware corporation, and its successors.

"*Junior Lien Intercreditor Agreement*" means the Junior Lien Intercreditor Agreement substantially in the form attached to the Indenture by and among the Issuer, the other grantors party thereto, the Trustee, the Collateral Agent and the Authorized Representatives for any other First Lien Obligations (including the Senior Credit Facilities) and Junior Lien Obligations outstanding at the time it is executed, as the same may be further amended, amended and restated, modified, renewed or replaced from time to time, including without limitation, to add Additional First Lien Secured Parties and Junior Lien Secured Parties.

"*Junior Lien Obligations*" means any Series of Indebtedness secured by Collateral on a second-priority basis pursuant to the relevant security documents.

"*Junior Lien Secured Parties*" means the holders of any Junior Lien Obligations and any Authorized Representative with respect thereto.

"*LC Assets*" means all deposit and securities accounts (including all funds held in or credited to such accounts, interest, dividends or other property distributed in respect of such accounts and any proceeds thereof) that may be opened from time to time with one or more banks or other financial institutions (including with a foreign branch of such banks or other financial institutions) securing letters of credit, demand guarantees, bankers' acceptances or similar obligations and reimbursement obligations in respect thereof, other than those provided under the Senior Credit Facilities.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which commercial banking institutions are not required to be open in the State of New York or place of payment.

"*Lien*" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge, preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any Capitalized Lease having substantially the same economic effect as any of the foregoing); *provided* that in no event shall an operating lease be deemed to constitute a Lien.

"*Management Fee Agreement*" means the management services agreement between certain of the management companies associated with the Investors or their advisors, if applicable, and Holdings.

"*Management Stockholders*" means the members of management (and their Controlled Investment Affiliates and Immediate Family Members) of Holdings or any of its Subsidiaries who are investors in Holdings or any direct or indirect parent thereof (other than any Management Stockholders (or their Controlled Investment Affiliates or Immediate Family Members) who are not members of management as described in this definition on the Issue Date to the extent their beneficial ownership of Voting Stock (including that of their Controlled Investment Affiliates or Immediate Family Members), individually or collectively, would constitute a Change of Control were they not considered Management Stockholders).

"*Moody's*" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"*Net Income*" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends.

"*Net Proceeds*" means the aggregate cash or Cash Equivalents proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale, including any cash or Cash Equivalents received upon the sale or other disposition of any Designated Non-Cash Consideration received in any Asset Sale, net of the direct costs relating to such Asset Sale and the sale or disposition of such Designated Non-Cash Consideration, including legal, accounting and investment banking fees, payments made in order to obtain a necessary consent or required by applicable law, and brokerage and sales commissions, any relocation expenses incurred as a result thereof, other fees and expenses, including title and recordation expenses, taxes paid or estimated to be payable as a result thereof, amounts required to be applied to the repayment of principal, premium, if any, and interest on Indebtedness secured by a Lien (other than Liens on the Collateral securing the Senior Credit Facilities) on such assets and required (other than required by clause (1) of the second paragraph of "Repurchase at the Option of Holders—Asset Sales") to be paid as a result of such transaction (or in the case of Asset Sales of Collateral, which Senior Indebtedness shall be secured by a Lien on such Collateral that has priority over the Lien securing the Notes Obligations) and any deduction of appropriate amounts to be provided by the Issuer or any of its Restricted Subsidiaries as a reserve in accordance with GAAP against any liabilities associated with the asset disposed of in such transaction and retained by the Issuer or any of its Restricted Subsidiaries after such sale or other disposition thereof, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction and of a pro rata portion of the Net Proceeds attributable to minority interests in a Restricted Subsidiary in connection with a disposition by, or of Capital Stock of, a Restricted Subsidiary that is not a Wholly-Owned Subsidiary to the extent such Net Proceeds are not available for application by the Issuer.

"*Notes Obligations*" means Obligations in respect of the Notes, including for the avoidance of doubt, Obligations in respect of guarantees thereof.

"*Obligations*" means any principal, interest (including any interest accruing on or subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable state, federal or foreign law), premium, penalties, fees, indemnifications, reimbursements (including reimbursement obligations with respect to letters of credit and banker's acceptances), damages and other liabilities, and guarantees of payment of such principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any Indebtedness.

"*Officer*" means the Chairman of the board of directors, the Chief Executive Officer, the Chief Financial Officer, the President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of a Person.

"*Officer's Certificate*" means a certificate signed on behalf of a Person by an Officer of such Person, who must be an executive officer, a financial officer, the treasurer or an accounting officer of such Person that meets the requirements set forth in the Indenture.

"*Opinion of Counsel*" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer.

"*Permitted Asset Swap*" means the substantially concurrent purchase and sale or exchange of Related Business Assets or a combination of Related Business Assets and Cash Equivalents between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any Cash Equivalents received must be applied in accordance with the covenant described under the caption "Repurchase at the Option of Holders—Asset Sales"; *provided further* that the assets received are pledged as Collateral to the extent required by the Security Documents (except to the extent the Lien thereon is released by the lenders under the Senior Credit Facilities) to the extent that the assets disposed of constituted Collateral.

"*Permitted Holders*" means each of (i) the Investors, (ii) the Management Stockholders and (iii) any direct or indirect holding company for Equity Interests of the Issuer, the beneficial owners of whose Voting Stock would not have caused a Change of Control if such beneficial owners had directly held the Voting Stock of the Issuer. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Issuer or any of its Restricted Subsidiaries;

(2) any Investment in Cash Equivalents or Investment Grade Securities;

(3) any Investment by the Issuer or any of its Restricted Subsidiaries in a Person (including, to the extent constituting an Investment, in assets of a Person that represent substantially all of its assets or a division, business unit or product line, including research and development and related assets in respect of any product) that is engaged directly or through entities that will be Restricted Subsidiaries in a Similar Business if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person, in one transaction or a series of related transactions, is amalgamated, merged or consolidated with or into, or transfers or conveys substantially all of its assets (or a division, business unit or product line, including any research and development and related assets in respect of any product), or is liquidated into, the Issuer or a Restricted Subsidiary,

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and, in each case, any Investment held by such Person; *provided* that such Investment was not acquired by such Person in contemplation of such acquisition, merger, amalgamation, consolidation or transfer;

(4) any Investment in securities or other assets not constituting Cash Equivalents or Investment Grade Securities and received in connection with an Asset Sale made pursuant to the first paragraph under the caption "Repurchase at the Option of Holders—Asset Sales" or any other disposition of assets not constituting an Asset Sale;

(5) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any such Investment or binding commitment existing on the Issue Date; *provided* that the amount of any such Investment may be increased in such extension, modification or renewal only (a) as required by the terms of such Investment or binding commitment as in existence on the Issue Date (including as a result of the accrual or accretion of interest or original issue discount or the issuance of pay-in-kind securities) or (b) as otherwise permitted under the Indenture;

(6) any Investment:

(a) consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business;

(b) in exchange for any other Investment or accounts receivable held by the Issuer or any such Restricted Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the Issuer of such other Investment or accounts receivable (including any trade creditor or customer); or

(c) in satisfaction of judgments against other Persons; or

(d) as a result of a foreclosure by the Issuer or any of its Restricted Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(7) Hedging Obligations permitted under clause (10) of the covenant described in "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(8) any Investment in a Similar Business taken together with all other Investments made pursuant to this clause (8) that are at that time outstanding, not to exceed the greater of (a) $200,000,000 and (b) 4.0% of Total Assets;

(9) Investments the payment for which consists of Equity Interests (other than Disqualified Stock) of the Issuer, or any of its direct or indirect parent companies; *provided* that such Equity Interests will not increase the amount available for Restricted Payments under clause (3) of the first paragraph under the covenant described in "Certain Covenants—Limitation on Restricted Payments";

(10) guarantees of Indebtedness permitted under the covenant described under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and the creation of Liens on the assets of the Issuer or any Restricted Subsidiary in compliance with the covenant described under the caption "Certain Covenants—Liens";

(11) any transaction to the extent it constitutes an Investment that is permitted by and made in accordance with the provisions of the second paragraph of the covenant described under the caption "Certain Covenants—Transactions with Affiliates" (except transactions described in clauses (2) and (5) of such paragraph);

(12) Investments consisting of purchases or other acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(13) additional Investments, taken together with all other Investments made pursuant to this clause (13) that are at that time outstanding (without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or have not been subsequently sold or transferred for cash or marketable securities), not to exceed the greater of (a) $400,000,000 and (b) 5.0% of Total Assets;

(14)(a) Investments in or relating to a Securitization Subsidiary that, in the good faith determination of the Issuer, are necessary or advisable to effect any Qualified Securitization Financing or any repurchase obligation in connection therewith and (b) distributions or payments of Securitization Fees and purchases of Securitization Assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing;

(15) advances to, or guarantees of Indebtedness of, employees not in excess of $15,000,000 outstanding at any one time, in the aggregate;

(16) loans and advances to employees, directors, officers, managers, distributors and consultants of the Issuer and the Restricted Subsidiaries for business-related travel, entertainment, moving and analogous ordinary business purposes or payroll advances, in each case incurred in the ordinary course of business or consistent with past practices or to fund such Person's purchase of Equity Interests of the Issuer or any direct or indirect parent company thereof;

(17) advances, loans or extensions of trade credit in the ordinary course of business by the Issuer or any of its Restricted Subsidiaries;

(18) any Investment in any Subsidiary or any joint venture in connection with intercompany cash management arrangements or related activities arising in the ordinary course of business;

(19) Investments consisting of purchases and acquisitions of assets or services in the ordinary course of business;

(20) Investments made in the ordinary course of business in connection with obtaining, maintaining or renewing client contacts and loans or advances made to distributors in the ordinary course of business;

(21) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits entered into as a result of the operations of the business in the ordinary course of business;

(22) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection of deposit and Article 4 customary trade arrangements with customers consistent with past practices;

(23) any Investment in Headquarters SPV, the proceeds of which are applied to repay, redeem or repurchase the Headquarters Financing;

(24) Investments to the extent that payment for such Investments is made solely with Equity Interests of the Issuer or Holdings or any other direct or indirect parent of the Issuer; and

(25) Investments made in the ordinary course of business in connection with obtaining, maintaining or renewing client contracts.

"*Permitted Liens*" means, with respect to any Person:

(1) pledges, deposits or security by such Person under workers' compensation laws, unemployment insurance, employers' health tax, and other social security laws or similar

legislation or other insurance related obligations (including, but not limited to, in respect of deductibles, self-insured retention amounts and premiums and adjustments thereto) or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case incurred in the ordinary course of business;

(2) Liens imposed by law, such as landlords', carriers', warehousemen's, materialmen's, repairmen's, construction contractors', mechanics' Liens or other like Liens, so long as, in each case, such Liens arise in the ordinary course of business;

(3) Liens for taxes, assessments or other governmental charges not yet overdue for a period of more than 30 days or not yet payable or subject to penalties for nonpayment or which are being contested in good faith by appropriate proceedings for which appropriate reserves have been established in accordance with GAAP;

(4) Liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal or similar bonds or with respect to other regulatory requirements or letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case, issued pursuant to the request of and for the account of such Person in the ordinary course of its business or consistent with past practice prior to the Issue Date;

(5) survey exceptions, encumbrances, ground leases, easements, encroachments, protrusions or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph, telephone and cable television lines, gas and oil pipelines and other similar purposes, or zoning, building codes or other restrictions (including defects and irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness and which do not in the aggregate materially impair their use in the operation of the business of such Person;

(6) Liens securing Obligations relating to any Indebtedness permitted to be incurred pursuant to clause (4), (12)(b), (13), (23) or (24) of the second paragraph under the caption "Certain Covenants— Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that (a) Liens securing Obligations relating to any Indebtedness, Disqualified Stock or Preferred Stock permitted to be incurred pursuant to clause (13) relate only to Obligations relating to Refinancing Indebtedness that (x) is secured by Liens on the same assets as the assets securing the Refinancing Indebtedness or (y) extends, replaces, refunds, refinances, renews or defeases Indebtedness incurred or Disqualified Stock or Preferred Stock issued under clause (4) or (12)(b) of the second paragraph under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," (b) Liens securing Obligations relating to Indebtedness permitted to be incurred pursuant to clause (23) extend only to the assets of Foreign Subsidiaries, (c) Liens securing Obligations relating to any Indebtedness permitted to be incurred pursuant to clause (24) are solely on acquired property or the assets of the acquired entity and (d) Liens securing Obligations relating to any Indebtedness, Disqualified Stock or Preferred Stock to be incurred pursuant to clause (4) of the second paragraph under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" extend only to the assets so purchased, leased or improved;

(7) Liens existing on the Issue Date (other than Liens securing the Senior Credit Facilities and Liens securing the Notes);

(8) Liens on property or shares of stock or other assets of a Person at the time such Person becomes a Subsidiary; *provided* that such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming such a Subsidiary; *provided further* that such Liens may not extend to any other property or other assets owned by the Issuer or any of its Restricted Subsidiaries;

(9) Liens on property or other assets at the time the Issuer or a Restricted Subsidiary acquired the property or such other assets, including any acquisition by means of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries; *provided* that such Liens are not created or incurred in connection with, or in contemplation of, such acquisition, amalgamation, merger or consolidation; *provided further* that the Liens may not extend to any other property owned by the Issuer or any of its Restricted Subsidiaries;

(10) Liens securing Obligations relating to any Indebtedness or other obligations of a Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary permitted to be incurred in accordance with the covenant described under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(11) Liens securing Hedging Obligations; *provided* that, with respect to Hedging Obligations relating to Indebtedness, such Indebtedness is, and is permitted to be under the Indenture, secured by a Lien on the same property securing such Hedging Obligations;

(12) Liens on specific items of inventory or other goods and proceeds of any Person securing such Person's accounts payable or similar trade obligations in respect of bankers' acceptances or trade letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(13) leases, subleases, licenses or sublicenses granted to others in the ordinary course of business which do not (a) materially interfere with the operation of the business of the Issuer or any of its Restricted Subsidiaries, taken as a whole, or (b) secure any Indebtedness;

(14) Liens arising from Uniform Commercial Code (or equivalent statute) financing statement filings regarding operating leases or consignments entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(15) Liens in favor of the Issuer or any Guarantor;

(16) Liens on equipment of the Issuer or any of its Restricted Subsidiaries granted in the ordinary course of business to the Issuer's clients;

(17) Liens on accounts receivable, Securitization Assets and related assets incurred in connection with a Qualified Securitization Financing;

(18) Liens to secure any modification, refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by any Lien referred to in the foregoing clauses (7), (8) and (9); *provided* that (a) such new Lien shall be limited to all or part of the same property that secured the original Lien (plus improvements on such property) and proceeds and products thereof and (b) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (i) the outstanding principal amount of the Indebtedness described under clauses (7), (8) and (9) at the time the original Lien became a Permitted Lien under the Indenture and (ii) an amount necessary to pay any fees and expenses, including premiums and accrued and unpaid interest, related to such modification, refinancing, refunding, extension, renewal or replacement;

(19) deposits made or other security provided in the ordinary course of business to secure liability to insurance carriers;

(20) other Liens securing obligations in an aggregate amount at any one time outstanding not to exceed the greater of (a) $200,000,000 and (b) 3.0% of Total Assets determined as of the date of incurrence;

(21) Liens arising from judgments or orders for the payment of money not constituting an Event of Default under clause (5) under the caption "Events of Default and Remedies";

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(23) Liens (a) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (b) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business and (c) in favor of a banking or other financial institution arising as a matter of law or under general terms and conditions encumbering deposits or other funds maintained with a financial institution (including the right of set-off) and which are within the general parameters customary in the banking industry;

(24) Liens deemed to exist in connection with Investments in repurchase agreements permitted under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that such Liens do not extend to any assets other than those that are the subject of such repurchase agreement;

(25) Liens encumbering reasonable customary deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes;

(26) Liens that are contractual rights of set-off (a) relating to the establishment of depository relations with banks or other financial institutions not given in connection with the issuance of Indebtedness, (b) relating to pooled deposit or sweep accounts of the Issuer or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries or (c) relating to purchase orders and other agreements entered into with customers of the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(27) Liens securing obligations owed by the Issuer or any Restricted Subsidiary in respect of any overdraft and related liabilities arising from treasury, depository and cash management services or any automated clearing house transfers of funds;

(28) any encumbrance or restriction (including put and call arrangements) with respect to capital stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(29) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Issuer or any Restricted Subsidiary in the ordinary course of business;

(30) Liens solely on any cash earnest money deposits made by the Issuer or any of its Restricted Subsidiaries in connection with any letter of intent or purchase agreement permitted;

(31) ground leases in respect of real property on which facilities owned or leased by the Issuer or any of its Subsidiaries are located;

(32) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto;

(33) Liens on Capital Stock of an Unrestricted Subsidiary that secure Indebtedness or other obligations of such Unrestricted Subsidiary;

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(34) Liens on the assets of non-Guarantor Subsidiaries securing Indebtedness of such Subsidiaries that were permitted by the terms of the Indenture to be incurred;

(35) Liens arising solely from precautionary UCC financing statements or similar filings;

(36) Liens securing letters of credit in a currency other than dollars permitted under clause (5) of the second paragraph under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" in an aggregate amount at any time outstanding not to exceed $50,000,000;

(37) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by the Issuer or any Restricted Subsidiary thereof or by a statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition to the continuance thereof;

(38) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business;

(39) Liens on LC Assets securing letters of credit, demand guarantees, bankers' acceptances or similar obligations and reimbursement obligations in respect thereof; and

(40) (a) Liens securing (x) Indebtedness and other Obligations permitted to be incurred under Credit Facilities, including any letter of credit facility relating thereto, that was incurred pursuant to clause (1) of the second paragraph under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and (y) obligations of the Issuer or any Subsidiary in respect of any Bank Products provided by any lender party to any Senior Credit Facilities or any Affiliate of such lender (or any Person that was a lender or an Affiliate of a lender at the time the applicable agreements pursuant to which such Bank Products are provided were entered into);

(b) Liens securing the Notes issued on the Issue Date and replacement Notes therefor (and any related guarantee);

(c) Liens securing Additional First Lien Obligations or Junior Lien Obligations permitted to be incurred under the covenant described above under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that, with respect to Liens securing Indebtedness permitted under this subclause (c), at the time of incurrence and after giving *pro forma* effect thereto, the Senior Secured Leverage Ratio would be no greater than 5.0 to 1.0; and

(d) Liens securing Additional First Lien Obligations or Junior Lien Obligations permitted to be incurred under clause (13) of the second paragraph of the covenant described above under the caption "—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", to the extent that such Additional First Lien Obligations or Junior Lien Obligations serve to extend, replace, refund, refinance, renew or defease First Lien Obligations or Junior Lien Obligations secured with a Lien incurred pursuant to subclause (b), (c) or (d) of this clause (40);

provided that, in each case, on or before any such Indebtedness or other Obligations are incurred and secured with a Lien pursuant to this clause (40), such Indebtedness or other Obligations are designated, as the case may be, as "First Lien Obligations" under the Intercreditor Agreement and the applicable First Lien Secured Parties with respect to such First Lien Obligations enter into the Intercreditor Agreement or as "Junior Lien Obligations" and the applicable Junior Lien Secured Parties enter into the Junior Lien Intercreditor Agreement with respect to such Junior Lien Obligations.

For purposes of this definition, the term "Indebtedness" shall be deemed to include interest on such Indebtedness.

"*Person*" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*" means any Equity Interest with preferential rights of payment of dividends or upon liquidation, dissolution, or winding up.

"*Qualified Holding Company Debt*" shall mean unsecured Indebtedness of Holdings (or any direct or indirect parent thereof), (a) the terms of which do not provide for any scheduled repayment, mandatory redemption or sinking fund obligation prior to the final maturity of the Notes (other than customary offers to purchase upon a change of control, asset sale or event of loss and customary acceleration rights after an event of default), (b) that does not require any payments in cash of interest or other amounts in respect of the principal thereof prior to the earlier to occur of (i) the date that is five years from the date of the issuance or incurrence thereof and (ii) the date that is ninety one days after the final maturity of the Notes (it being understood that this clause (b) shall not prohibit Indebtedness, the terms of which permit the issuer thereof to elect, at its option, to make payments in cash of interest or other amounts in respect of the principal thereof prior to the date determined in accordance with clauses (i) and (ii) of this clause (b)) and (c) that is not Guaranteed by the Issuer or any Restricted Subsidiary.

"*Qualified Proceeds*" means the fair market value of assets that are used or useful in, or Capital Stock of any Person engaged in, a Similar Business.

"*Qualified Securitization Financing*" means any Securitization Financing of a Securitization Subsidiary that meets the following conditions: (a) the board of directors of the Issuer shall have determined in good faith that such Qualified Securitization Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Securitization Subsidiary, (b) all sales and/or contributions of Securitization Assets and related assets to the Securitization Subsidiary are made at fair market value (as determined in good faith by the Issuer) and (c) the financing terms, covenants, termination events and other provisions thereof, including any Standard Securitization Undertakings, shall be market terms (as determined in good faith by the Issuer). The grant of a security interest in any Securitization Assets of the Issuer or any of the Restricted Subsidiaries (other than a Securitization Subsidiary) to secure Indebtedness under this Agreement prior to engaging in any Securitization Financing shall not be deemed a Qualified Securitization Financing.

"*Rating Agencies*" means Moody's and S&P or if Moody's and S&P or both shall not make a rating on the Notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuer which shall be substituted for Moody's or S&P or both, as the case may be.

"*Refinancing Transactions*" means the issuance of the Notes on the Issue Date and the transactions contemplated in respect of the Senior Credit Facilities by (i) the Amendment and Restatement Agreement, dated as of February 28, 2012, to the Credit Agreement dated as of March 30, 2007 among the Issuer, Holdings, Deutsche Bank AG New York Branch and the other parties thereto and (ii) the Amendments to such Credit Agreement, dated as of February 28, 2012, March 2, 2012 and a date or dates on or prior to the Issue Date.

"*Related Business Assets*" means assets (other than Cash Equivalents) used or useful in a Similar Business, *provided* that any assets received by the Issuer or a Restricted Subsidiary in

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exchange for assets transferred by the Issuer or a Restricted Subsidiary shall not be deemed to be Related Business Assets if they consist of securities of a Person, unless upon receipt of the securities of such Person, such Person would become a Restricted Subsidiary.

"*Reserved Indebtedness Amount*" has the meaning set forth in the covenant entitled "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" or in the definition of "Senior Secured Leverage Ratio," as applicable.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means, at any time, any direct or indirect Subsidiary of the Issuer (including any Foreign Subsidiary) that is not then an Unrestricted Subsidiary; *provided* that upon an Unrestricted Subsidiary ceasing to be an Unrestricted Subsidiary, such Subsidiary shall be included in the definition of "Restricted Subsidiary."

"*S&P*" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and any successor to its rating agency business.

"*Sale and Lease-Back Transaction*" means any arrangement providing for the leasing by the Issuer or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Issuer or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Secured Indebtedness*" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries secured by a Lien.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Securitization Assets*" means the accounts receivable, royalty or other revenue streams and other rights to payment subject to a Qualified Securitization Financing and the proceeds thereof.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Securitization Subsidiary in connection with any Qualified Securitization Financing.

"*Securitization Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Securitization Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries) or (b) any other Person (in the case of a transfer by a Securitization Subsidiary), or may grant a security interest in, any Securitization Assets of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such Securitization Assets, all contracts and all guarantees or other obligations in respect of such Securitization Assets, proceeds of such Securitization Assets and other assets that are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Securitization Assets.

"*Securitization Repurchase Obligation*" means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a Standard Securitization Undertaking, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Securitization Subsidiary*" means a Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Securitization Financing in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers Securitization Assets and related assets) that engages in no activities other than in connection with the financing of Securitization Assets of the Issuer or its Subsidiaries, all proceeds thereof and all rights (contingent and other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by Holdings, the Issuer or any other Subsidiary of the Issuer, other than another Securitization Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates Holdings, the Issuer or any other Subsidiary of the Issuer, other than another Securitization Subsidiary, in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of Holdings, the Issuer or any other Subsidiary of the Issuer, other than another Securitization Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which none of Holdings, the Issuer or any other Subsidiary of the Issuer, other than another Securitization Subsidiary, has any material contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to Holdings, the Issuer or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer and (c) to which none of Holdings, the Issuer or any other Subsidiary of the Issuer, other than another Securitization Subsidiary, has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"*Senior Credit Facilities*" means the term and revolving credit facilities under the Credit Agreement, dated as of March 30, 2007, as amended and restated as of February 28, 2012, and further amended as of February 28, 2012, March 2, 2012 and a date or dates on or prior to the Issue Date, by and among the Issuer, Holdings, Deutsche Bank AG New York Branch, as Administrative Agent and the lenders party thereto in their capacities as lenders thereunder, including any guarantees, collateral documents, instruments and agreements executed in connection therewith, and any amendments, supplements, modifications, extensions, renewals, restatements, refundings or refinancings thereof and any indentures, guarantees, credit facilities or commercial paper facilities that replace, refund, exchange or refinance (or successively replace, refund, exchange or refinance) any part of the loans, notes, guarantees, other credit facilities or commitments thereunder, including any such replacement, refunding or refinancing facility or indenture (or successive replacement, refunding, exchange or refinancing facility or indenture) that increases the amount borrowable thereunder or alters the maturity thereof; *provided* that such increase in borrowings is permitted under the caption "Certain Covenants—Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" above.

"*Senior Credit Facilities Obligations*" means "Obligations" as defined in the Senior Credit Facilities.

"*Senior Indebtedness*" means Indebtedness of the Issuer or any Subsidiary Guarantor unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Secured Notes or any related Guarantee.

"*Senior Secured Leverage Ratio*" means, as of the date of determination (the "*Senior Secured Leverage Ratio Calculation Date*"), the ratio of (a) the sum of (i) the Consolidated Total Indebtedness of Holdings, the Issuer and its Restricted Subsidiaries as of such date that is secured by Liens (other than Liens permitted under the Indenture on assets not constituting Collateral) and (ii) the Reserved Indebtedness Amount (whether relating to existing revolving commitments or newly created commitments) described below as of such date to (b) EBITDA of Holdings, the Issuer and its Restricted Subsidiaries for the most recently ended four fiscal quarters ending immediately prior to such date for which internal financial statements are available.

In the event that Holdings, the Issuer or any Restricted Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Senior Secured Leverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Senior Secured Leverage Ratio is made, then the Senior Secured Leverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred immediately prior to the end of such most recent fiscal quarter end.

The Senior Secured Leverage Ratio will be calculated on a *pro forma* basis assuming that each Specified Transaction engaged in by Holdings, the Issuer or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Senior Secured Leverage Ratio Calculation Date (and the change in EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged, amalgamated or consolidated with or into Holdings, the Issuer or any of its Restricted Subsidiaries since the beginning of such period shall have engaged in any Specified Transaction that would have required adjustment pursuant to this definition, then the Senior Secured Leverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Specified Transaction had occurred at the beginning of the applicable four-quarter period. For purposes of this definition, whenever *pro forma* effect is to be given to a Specified Transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or accounting officer of Holdings or the Issuer (and may include, for the avoidance of doubt, reasonably identifiable and factually supportable cost savings, operating improvements, synergies and operating expense reductions resulting from such Specified Transaction that have been or are expected to be realized). Notwithstanding the foregoing, at the election of the Issuer, *pro forma* effect need not be given to any Specified Transaction referred to in clause (a), (c), (d) or (e) of the definition thereof involving consideration of $50,000,000 or less or any Specified Transaction referred to in clause (b) or (f) of the definition thereof involving fair value of $50,000,000 or less as determined in good faith by the Issuer.

In the event that Holdings, the Issuer or a Restricted Subsidiary enters into or increases commitments under a revolving credit facility for which it elects to incur the Liens securing such revolving credit facility under clause (40)(c) of the definition of "Permitted Liens," the Senior Secured Leverage Ratio for Liens securing borrowings and reborrowings thereunder (including the issuance of letters of credit) will be determined on the date of such revolving credit facility or such increase in commitments (assuming that the full amount thereof has been borrowed as of such date), and, if such Senior Secured Leverage Ratio test is satisfied with respect thereto at such time, any borrowing or reborrowing thereunder will be permitted irrespective of the Senior Secured Leverage Ratio at the time of any borrowing or reborrowing (the committed amount permitted to be borrowed or reborrowed on a date pursuant to the operation of this paragraph shall be the "Reserved Indebtedness Amount" as of such date for purposes of this definition of Senior Secured Leverage Ratio).

"*Series*" means (a) with respect to the First Lien Secured Parties, each of (i) the Senior Credit Facilities Secured Parties (in their capacities as such), (ii) the Holders and the Trustee (each in their capacity as such) and (iii) the Additional First Lien Secured Parties that become subject to the Intercreditor Agreement after the date hereof that are represented by a common Authorized Representative (in its capacity as such for such Additional First Lien Secured Parties), (b) with respect to any First Lien Obligations, each of (i) the Senior Credit Facilities Obligations, (ii) the Notes Obligations and (iii) the Additional First Lien Obligations incurred pursuant to any applicable agreement, which, pursuant to any joinder agreement, are to be represented under the Intercreditor Agreement by a common Authorized Representative (in its capacity as such for such Additional First Lien Obligations), (c) with respect to the Junior Lien Secured Parties, each Junior Lien Secured Parties that become subject to the Junior Lien Intercreditor Agreement after the date hereof that are represented by a common Authorized Representative (in its capacity as such for such Junior Lien Secured Parties) and (d) with respect to any Junior Lien Obligations, the Junior Lien Obligations incurred pursuant to any applicable agreement, which, pursuant to any joinder agreement, are to be represented under the Junior Lien Intercreditor Agreement by a common Authorized Representative (in its capacity as such for such Junior Lien Obligations).

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

"*Similar Business*" means (1) any business conducted or proposed to be conducted by the Issuer or any of its Subsidiaries on the Issue Date or (2) any business or other activities that are reasonably similar, incidental, ancillary, complementary or related to, or a reasonable extension, development or expansion of, the businesses in which the Issuer and any of its Subsidiaries are engaged on the Issue Date.

"*Specified Transaction*" means, with respect to any Person:

(a) any Investment that results in a Person becoming a Restricted Subsidiary of such Person;

(b) any designation by such Person of any Subsidiary to be an Unrestricted Subsidiary of such Person or of an Unrestricted Subsidiary to be a Restricted Subsidiary of such Person, in each case, in accordance with the Indenture;

(c) any issuance or disposition by such Person or any of its Restricted Subsidiaries of Equity Interests such that any of such Person's Restricted Subsidiaries ceases to be a Restricted Subsidiary;

(d) any acquisition or disposition by such Person or any of its Restricted Subsidiaries of property or assets constituting a business unit, line of business or division from or to any Person other than such Person or any of its Restricted Subsidiaries;

(e) any merger, consolidation or amalgamation involving such Person or any of its Restricted Subsidiaries (other than with or into such Person or any of its Restricted Subsidiaries); or

(f) any closure of a business unit, line of business or division by such Person or any of its Restricted Subsidiaries.

"*Standard Securitization Undertakings*" means representations, warranties, covenants and indemnities entered into by the Issuer or any Subsidiary of the Issuer in a Securitization Financing.

"*Subordinated Indebtedness*" means, with respect to the Notes,

(1) any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Notes; and

(2) any Indebtedness of any Guarantor which is by its terms subordinated in right of payment to the Guarantee of such entity of the Notes.

"*Subsidiary*" means, with respect to any Person, a corporation, partnership, joint venture, limited liability company or other business entity (excluding, for the avoidance of doubt, charitable foundations) of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person.

"*Subsidiary Guarantor*" means each Subsidiary of the Issuer, if any, that Guarantees the Notes in accordance with the terms of the Indenture.

"*Total Assets*" means the total assets of Holdings, the Issuer and its Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, as shown on the most recent balance sheet of Holdings or such other Person as may be expressly stated.

"*Transaction Expenses*" means any fees or expenses incurred or paid by Holdings, the Issuer or any Restricted Subsidiary in connection with the Refinancing Transactions.

"*Treasury Rate*" means, as of any Redemption Date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the Redemption Date to May 15, 2015; *provided* that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer which at the time of determination is an Unrestricted Subsidiary (as designated by the Issuer, as provided below);

(2) any Subsidiary of an Unrestricted Subsidiary; and

(3) Sabre Headquarters, LLC, Sabre Israel Travel Technologies Ltd., Sabre Travel Network Middle East W.L.L., Holiday Autos Middle East Limited and Lastminute.com Theaternow Limited. On the Issue Date, all of the Unrestricted Subsidiaries (other than Headquarters, LLC, which owns the Headquarters) operate outside the United States and either are or were joint venture entities with third parties.

The Issuer may designate any Subsidiary of the Issuer (including any existing Subsidiary and any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary or any of its Subsidiaries owns any Equity Interests or Indebtedness of, or owns or holds any Lien on, any property of, the Issuer or any Subsidiary of the Issuer (other than solely any Subsidiary of the Subsidiary to be so designated); *provided* that:

(1) such designation is not prohibited by the covenants described under the caption "Certain Covenants—Limitation on Restricted Payments"; and

(2) each of (a) the Subsidiary to be so designated and (b) its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender

has recourse to any of the assets of the Issuer or any Restricted Subsidiary except for guarantees by the Issuer or any its Restricted Subsidiaries incurred in accordance with the applicable provisions of the Indenture.

The Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation, no Default shall have occurred and be continuing and either:

(1) the Issuer could incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Test; or

(2) the Fixed Charge Coverage Ratio for the Issuer would be equal to or greater than such ratio for the Issuer immediately prior to such designation, in each case on a *pro forma* basis taking into account such designation.

Any such designation by the Issuer shall be notified by the Issuer to the Trustee by promptly filing with the Trustee a copy of the resolution of the board of directors of the Issuer or any committee thereof giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment; by

(2) the sum of all such payments.

"*Wholly-Owned Subsidiary*" of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors' qualifying shares and shares issued to foreign nationals as required by applicable law) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person or by such Person and one or more Wholly-Owned Subsidiaries of such Person.

BOOK-ENTRY SETTLEMENT

The Global Notes

The notes will be issued in the form of one or more registered notes in global form, without interest coupons (the "global notes"), as follows:

- notes sold to qualified institutional buyers (each a "QIB") under Rule 144A will be represented by the Rule 144A global note; and
- notes sold in offshore transactions to non-U.S. persons in reliance on Regulation S will initially be represented by the temporary Regulation S global note and, after completion of the global note exchange described below, by the permanent Regulation S global note;

Upon issuance, each of the global notes will be deposited with the trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of Cede & Co., as nominee of DTC. Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC ("DTC participants") or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of each global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the Initial Purchasers; and
- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the Regulation S global note will initially be credited within DTC to Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on behalf of the owners of such interests.

Investors may hold their interests in the Regulation S global note directly through Euroclear or Clearstream, if they are participants in those systems, or indirectly through organizations that are participants in those systems. Investors may also hold their interests in the Regulation S global note through organizations other than Euroclear or Clearstream that are DTC participants. Each of Euroclear and Clearstream will appoint a DTC participant to act as its depositary for the interests in the Regulation S global note that are held within DTC for the account of each settlement system on behalf of its participants.

During the Distribution Compliance Period described below, beneficial interests in the temporary Regulation S global note may be transferred only to non-U.S. persons under Regulation S or QIBs under Rule 144A. After the Distribution Compliance Period ends, beneficial interests in the temporary Regulation S global note may be exchanged for beneficial interests in the permanent Regulation S global note upon certification that those interests are owned either by non-U.S. persons or by U.S. persons who purchased those interests pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each global note and beneficial interests in each global note will be subject to restrictions on transfer as described under "Transfer Restrictions."

Exchanges among the Global Notes

The Distribution Compliance Period will begin on the closing date and end 40 days after the closing date. During the Distribution Compliance Period, beneficial interests in the Regulation S global note may be transferred only to non-U.S. persons under Regulation S or qualified institutional buyers under Rule 144A.

Beneficial interests in one global note may generally be exchanged for interests in another global note. Depending on whether the transfer is being made during or after the Distribution Compliance Period, and to which global note the transfer is being made, the trustee may require the seller to provide certain written certifications in the form provided in the indenture.

A beneficial interest in a global note that is transferred to a person who takes delivery through another global note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other global note.

Pursuant to the terms of the indenture under which the notes will be issued, upon our satisfaction that the notes are no longer required to bear a restricted Securities Act legend in order to maintain compliance with the Securities Act, we will take the necessary action such that holders of notes bearing a restricted Securities Act legend may automatically exchange such notes for notes that do not bear a restricted Securities Act legend at any time on or after the 366th calendar day after the issue date of the notes.

Book-entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the Initial Purchasers; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium (if any) and interest with respect to the notes represented by a global note will be made by the trustee to DTC's nominee as the registered holder of the global note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days;
- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes; or
- certain other events provided in the indenture should occur.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax considerations that may be relevant to persons considering the purchase of notes. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, in each case as of the date hereof, changes to any of which subsequent to the date of this offering circular may affect the tax consequences described herein, possibly with retroactive effect. This summary deals only with notes that will be held as capital assets (generally, property held for investment) and, except where otherwise specifically noted, is only addressed to persons who purchase notes in the initial offering at their initial issue price. It does not address tax considerations applicable to investors that may be subject to special tax rules, such as financial institutions, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold notes as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction, persons subject to the alternative minimum tax, certain U.S. expatriates, controlled foreign corporations, passive foreign investment companies, pass-through entities (including partnerships and entities and arrangements classified as partnerships for U.S. federal tax purposes), or "U.S. Holders" (as defined below) that have a "functional currency" other than the U.S. dollar.

If an entity classified as a partnership for U.S. federal income tax purposes holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Persons who are partners in a partnership holding our notes should consult their tax advisors.

Persons considering the purchase of notes should consult their own tax advisors in determining the tax consequences to them of the purchase, ownership and disposition of notes, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

Pursuant to U.S. Treasury Department Circular 230, holders of notes or prospective purchasers are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this offering circular or any document referred to herein is not intended or written to be used, and cannot be used by note holders, for the purpose of avoiding penalties that may be imposed under the Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) note holders should seek advice based on their particular circumstances from an independent tax advisor.

As used under this heading "Certain United States Federal Income Tax Considerations," the term "U.S. Holder" means a beneficial owner of a note that is (i) an individual citizen or resident of the United States; (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) that is organized under the laws of the United States, any State thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (A) a U.S. court is able to exercise primary supervision over the trust's administration and one or more "United States persons" (within the meaning of the Code) have the authority to control all of the trust's substantial decisions, or (B) the trust has a valid election in effect under applicable Treasury regulations to be treated as a "United States person." As used under this heading "Certain United States Federal Income Tax Considerations," the term "Non-U.S. Holder" means a beneficial owner of a note that is neither a U.S. Holder nor a partnership (or other entity or arrangement classified as a partnership). The following summary applies equally to all notes, except where expressly stated otherwise.

Payments of Stated Interest

Payments of stated interest on the notes will constitute "qualified stated interest" and will be taxable to a U.S. Holder as ordinary interest income at the time accrued or received, in accordance with the U.S. Holder's regular method of tax accounting. For this purpose, "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually at a single fixed rate of interest (adjusted to account appropriately for any differing lengths of intervals between payments). All of the stated interest on the notes should be qualified stated interest.

Original Issue Discount

The notes are not expected to be issued with more than a *de minimis* amount of original issue discount ("OID"). However, if the notes are issued with more than a *de minimis* amount of OID, each U.S. Holder generally will be required to include OID in its income as it accrues, regardless of its regular method of tax accounting, using a constant yield method, possibly before such U.S. Holder receives any payment attributable to such income. If the notes are issued with *de minimis* OID, such OID generally must be included in income (ordinarily as capital gain) as principal payments are made on each note in the proportion that each such payment bears to the stated principal amount of such note. It is currently anticipated that any *de minimis* OID will be included in full by a U.S. Holder upon the repayment of the notes' principal at their maturity date.

Disposition of Notes

A U.S. Holder will generally recognize taxable gain or loss upon the sale, exchange, redemption or other taxable disposition of a note in an amount equal to the difference between the amount realized upon such sale, exchange, redemption or other taxable disposition (reduced by any amount attributable to accrued but unpaid interest, which is taxable in the manner described above under "—Payments of Stated Interest") and such U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note will generally equal such U.S. Holder's initial investment in the note, and (ii) reduced by the amount of any payments received with respect to the note that are not payments of qualified stated interest. A U.S. Holder's gain or loss will generally be capital gain or loss and long-term capital gain or loss if the note is held for more than one year. The deductibility of capital losses is subject to limitations under the Code.

Tax Consequences to Non-U.S. Holders

Under U.S. federal income tax law, and subject to the discussion below concerning backup withholding, no withholding of U.S. federal income tax generally will be required with respect to the payment by us or our paying agent on a note owned by a Non-U.S. Holder of interest that qualifies as portfolio interest. Interest on a note owned by a Non-U.S. Holder will qualify as portfolio interest, provided that (i) such interest is not effectively connected with the conduct of such U.S. Holder's trade or business within the United States, (ii) such Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of the Code and applicable U.S. Treasury regulations, (iii) such Non-U.S. Holder is not a controlled foreign corporation that is related to us actually or constructively, and (iv) such Non-U.S. Holder either (a) provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a Non-U.S. Holder in compliance with applicable requirements generally made, under current procedures, on Internal Revenue Service (IRS) Form W-8BEN (or satisfies certain documentary evidence requirements for establishing that it is a Non-U.S. Holder) or (b) holds notes through certain foreign intermediaries and satisfies the certification requirements of applicable U.S. Treasury regulations. Special certification and other rules apply to certain Non-U.S. Holders that are entities rather than individuals.

A Non-U.S. Holder with interest income that does not qualify as portfolio interest will be subject to a 30% U.S. federal withholding tax unless, under current procedures, it delivers a properly completed IRS Form W-8ECI (stating that interest paid on its notes is not subject to withholding tax because it is effectively connected to its conduct of a trade or business in the United States) or IRS Form W-8BEN (claiming an exemption from or reduction in withholding tax under an applicable income tax treaty).

A Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on the sale, exchange or redemption of a note, unless (i) such gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business (and, if required by an applicable income tax treaty, attributable to a "permanent establishment") in the United States, (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or redemption and certain other conditions are met, or (iii) to the extent any such gain represents accrued but unpaid interest, in which case the rules applicable to interest would apply.

Notwithstanding the foregoing, a Non-U.S. Holder generally will be taxed in the same manner as a U.S. Holder with respect to interest income or gain that is effectively connected with its trade or business in the United States and, if required by an applicable income tax treaty, that is attributable to its "permanent establishment" in the United States, unless an applicable income tax treaty provides otherwise. In addition, under certain circumstances, effectively connected earnings and profits of a corporate Non-U.S. Holder may also be subject to "branch profits" tax imposed at a 30% rate or at such lower rate as may be specified by an applicable income tax treaty.

Information Reporting and Backup Withholding

Under current U.S. federal income tax law, information reporting requirements apply with respect to payments made to U.S. Holders of principal and interest on, and the proceeds of dispositions (including retirements and redemptions) of, notes unless such holder is an exempt recipient. In addition, if a U.S. Holder is not exempt, such U.S. Holder will be subject to backup withholding in respect of such payments if, among other things, that U.S. Holder does not provide his or her correct taxpayer identification number to us or the payor, as applicable. Backup withholding is not an additional tax and may be credited against a U.S. Holder's U.S. federal income tax liability (and may entitle you to a refund), provided that correct information is timely provided to the IRS.

Generally, we must report to the IRS and to each Non-U.S. Holder on IRS Form 1042-S the amount of interest paid to a Non-U.S. Holder and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest payments and any withholding may also be made available to the tax authorities of the country in which a Non-U.S. Holder resides under the provisions of an applicable income tax treaty.

A Non-U.S. Holder will not be subject to information reporting on IRS Form 1099 or backup withholding with respect to payments made by us with respect to the notes if the beneficial owner has provided us with an IRS Form W-8BEN and we do not have actual knowledge or reason to know that such Non-U.S. Holder is a U.S. person. In addition, no backup withholding will be required regarding the gross proceeds of the sale of notes made within the United States or conducted through certain U.S. financial intermediaries if the payor receives that statement described above and does not have actual knowledge or reason to know that the Non-U.S. Holder is a U.S. person or the Non-U.S. Holder otherwise establishes an exemption. Backup withholding is not an additional tax. Any amounts so withheld will be allowed as a credit against such Non-U.S. Holder's federal income tax liability (and may entitle you to a refund), provided that correct information is timely provided to the IRS.

PLAN OF DISTRIBUTION

We and the Initial Purchasers named below have entered into a purchase agreement with respect to the notes. Subject to certain conditions, each Initial Purchaser has severally agreed to purchase the principal amount of notes indicated in the following table:

Initial Purchasers	Principal Amount of Notes
Goldman, Sachs & Co.	$110,000,000
Morgan Stanley & Co. LLC	90,000,000
Deutsche Bank Securities Inc.	50,000,000
Merrill, Lynch, Pierce, Fenner & Smith Incorporated	50,000,000
Barclays Capital Inc.	40,000,000
Natixis Securities Americas LLC	40,000,000
Mizuho Securities USA Inc.	20,000,000
Total	$400,000,000

The Initial Purchasers are committed to take and pay for all of the notes being offered, if any are taken. The initial offering price is set forth on the cover page of this offering circular. After the notes are released for sale, the Initial Purchasers may change the offering price and other selling terms. The offering of the notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part.

The notes have not been and will not be registered under the Securities Act. Each Initial Purchaser has agreed that it will only offer or sell the notes (A) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and (B) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above have the meanings given to them by Rule 144A and Regulation S under the Securities Act.

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the notes to, or for the account or benefit of, U.S. persons (i) as part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the notes are originally issued. The Initial Purchasers will send to each dealer to whom it sells such notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, with respect to notes initially sold pursuant to Regulation S, until 40 days after the later of the commencement of this offering or the date the notes are originally issued, an offer or sale of such notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

We have agreed in the purchase agreement, subject to certain exceptions, that for a period of 90 days after the date of this offering circular, neither it, nor any of its subsidiaries or other affiliates over which it exercises management or voting control, nor any person acting on its behalf will, without the prior written consent of Goldman, Sachs & Co., offer, sell, contract to sell or otherwise dispose of any securities that are substantially similar to the notes.

The notes are a new issue of securities with no established trading market. We have been advised by the Initial Purchasers that the Initial Purchasers intend to make a market in the notes but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes.

In connection with the offering, the Initial Purchasers may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater number of notes than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

The Initial Purchasers also may impose a penalty bid. This occurs when a particular Initial Purchaser repays to the Initial Purchasers a portion of the underwriting discount received by it because Goldman, Sachs & Co. or its affiliates have repurchased notes sold by or for the account of such Initial Purchaser in stabilizing or short covering transactions.

These activities by the Initial Purchasers, as well as other purchases by the Initial Purchasers for their own accounts, may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this offering circular to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each Initial Purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer or any guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each Initial Purchaser has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

We have agreed to indemnify the several Initial Purchasers against certain liabilities, including liabilities under the Securities Act.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses. Certain of the Initial Purchasers or their affiliates are lenders and agents under our Credit Facility and receive fees in connection therewith. In addition, in connection with the proposed amendment and extension described under "Recent Developments—Concurrent Amend and Extend Transaction" certain of the Initial Purchasers or their affiliates who are lenders and agents under our Credit Facility may receive a portion of the proceeds of this offering.

It is expected that delivery of the notes will be made against payment therefor on or about May 9, 2012, which will be the fifth business day following the date of pricing of the notes (such settlement cycle being herein referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of this offering circular or the succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of notes who wish to trade notes on the date of this offering circular or the succeeding business day should consult their own advisor.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. Certain of the Initial Purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

LEGAL MATTERS

The validity of the notes and certain other legal matters will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, New York, New York. Certain legal matters will be passed upon for the Initial Purchasers by Latham & Watkins LLP.

INDEPENDENT AUDITORS

The consolidated financial statements for the years ended December 31, 2011, 2010 and 2009 included in this offering circular have been audited by Ernst & Young LLP, independent auditors, as stated in their report included herein.

SABRE HOLDINGS CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Auditors

The Board of Directors and Stockholders of Sabre Holdings Corporation

We have audited the accompanying consolidated balance sheets of Sabre Holdings Corporation and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sabre Holdings Corporation and subsidiaries at December 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Dallas, Texas
March 2, 2012

FINANCIAL INFORMATION

SABRE HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Revenue[1]	$3,010,767	$2,899,584	$2,705,057
Cost of revenue[2][3]	1,580,950	1,496,737	1,391,721
Selling, general and administrative[3]	798,723	759,875	786,436
Impairment of goodwill and intangible assets	183,100	401,400	211,957
Depreciation and amortization	295,684	280,447	279,422
Operating income (loss)	152,310	(38,875)	35,521
Other income (expense):			
Interest expense, net	(180,705)	(204,163)	(234,719)
Gain on retirement of debt	—	—	31,565
Other, net	(822)	(2,560)	9,680
Total other expense, net	(181,527)	(206,723)	(193,474)
Loss from continuing operations before income taxes	(29,217)	(245,598)	(157,953)
Provision (benefit) for income taxes	57,112	63,162	(13,543)
Net loss from continuing operations	(86,329)	(308,760)	(144,410)
Net loss from discontinued operations, net of tax	(8,278)	(10,865)	(12,115)
Net loss	(94,607)	(319,625)	(156,525)
Net loss attributable to noncontrolling interests	(37,391)	(63,521)	(7,476)
Net loss attributable to common shareholders	$ (57,216)	$ (256,104)	$ (149,049)

(1) Includes joint venture equity income as follows:	$ 26,850	$ 25,739	$ 11,504
(2) Includes amortization of capitalized subscriber incentives as follows:	$ 37,748	$ 26,571	$ 29,554
(3) Includes stock-based compensation as follows:			
Cost of revenue	$ 1,448	$ 1,108	$ 862
Selling, general and administrative	5,886	4,194	3,246

See Notes to Consolidated Financial Statements.

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SABRE HOLDINGS CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2011	December 31, 2010
	(Amounts in thousands, except share data)	
Assets		
Current assets		
Cash and cash equivalents	$ 61,697	$ 177,793
Restricted cash	8,786	3,444
Accounts receivable, net	412,485	363,140
Prepaid expenses	48,878	64,364
Deferred income taxes	26,460	23,355
Other receivables, net	88,208	78,876
Current assets held for sale	27,624	—
Assets of discontinued operations	392	6,791
Total current assets	674,530	717,763
Property and equipment		
Buildings & leasehold improvements	170,396	168,451
Furniture, fixtures & equipment	24,858	24,620
Computer equipment	233,335	203,626
Internally developed software	431,048	317,681
	859,637	714,378
Less accumulated depreciation and amortization	(429,492)	(316,365)
Total property and equipment	430,145	398,013
Investments in joint ventures	175,625	159,381
Goodwill and intangible assets, net	3,677,344	4,018,666
Capitalized implementation costs	102,459	55,047
Other assets, net	195,465	174,718
Total assets	$5,255,568	$5,523,588
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 173,808	$ 133,432
Travel supplier liabilities and related deferred revenue	265,962	250,567
Accrued compensation and related benefits	51,530	65,609
Accrued subscriber incentives	118,131	124,649
Deferred revenues	74,294	78,623
Other accrued liabilities	322,281	269,778
Current portion of debt	30,150	352,736
Revolving credit facility	82,000	—
Current liabilities held for sale	34,952	—
Liabilities of discontinued operations	2,106	5,529
Total current liabilities	1,155,214	1,280,923
Deferred income taxes	240,625	222,610
Other liabilities	177,946	168,893
Long-term debt	3,307,905	3,350,860
Stockholders' equity		
Class A Common Stock: $0.01 par value; 100 shares issued at December 31, 2011 and 2010	—	—
Additional paid-in capital	1,390,381	1,381,419
Retained deficit	(913,509)	(856,293)
Accumulated other comprehensive loss	(82,727)	(43,791)
Noncontrolling interest	(20,267)	18,967
Total stockholders' equity	373,878	500,302
Total liabilities and stockholders' equity	$5,255,568	$5,523,588

See Notes to Consolidated Financial Statements.

SABRE HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Operating Activities			
Consolidated net loss	$ (94,607)	$(319,625)	$(156,525)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Depreciation and amortization	295,684	280,447	279,422
Impairment of goodwill and intangible assets	183,100	401,400	211,957
Stock-based compensation for employees	7,334	5,302	4,108
Allowance for doubtful accounts	3,606	3,401	13,068
Provision on value added tax receivables	—	—	43,707
Deferred income taxes	33,300	44,711	(13,318)
Joint venture equity income	(26,850)	(25,739)	(11,504)
Distributions of income from joint venture investments	13,343	21,000	31,396
Amortization of debt issuance costs	12,539	12,539	12,539
Gain on curtailment of retiree medical plan	—	—	(5,139)
Gain on extinguishment of debt	—	—	(31,565)
Other	(11,556)	867	(13,948)
Loss from discontinued operations	8,278	10,865	12,115
Changes in operating assets and liabilities:			
Accounts and other receivables	(57,465)	(22,691)	34,319
Prepaid expenses	7,065	18,346	(18,851)
Capitalized implementation costs	(59,109)	(34,488)	(20,654)
Other assets	(52,040)	(40,250)	(12,542)
Accounts payable and other accrued liabilities	88,192	15,977	(46,940)
Pensions and other postretirement benefits	(14,275)	(7,302)	(12,338)
Cash provided by operating activities	336,539	364,760	299,307
Investing Activities			
Additions to property and equipment	(167,146)	(137,658)	(106,704)
Cash from consolidation of subsidiary	—	—	7,068
Acquisitions (net of cash acquired)	(11,338)	(51,879)	(8,966)
Other investing activities	(284)	(2,881)	399
Cash used in investing activities	(178,768)	(192,418)	(108,203)
Financing Activities			
Payment of borrowings from lenders	(30,150)	(28,063)	—
Proceeds from borrowings on revolving credit facility	1,007,100	242,400	351,500
Payments on borrowings under revolving credit facility	(925,100)	(242,400)	(652,195)
Payments on borrowings under unsecured notes	(324,188)	—	(44,247)
Dividends paid	(1,843)	(1,111)	(1,099)
Costs relating to dividend of noncontrolling interest	—	(2,018)	—
Proceeds from exercise of common stock options	1,201	417	191
(Increase) decrease in restricted cash	(5,342)	(2,369)	3,959
Other financing activities	6,782	(15,356)	6,189
Cash used in financing activities	(271,540)	(48,500)	(335,702)
Cash Flows from Discontinued Operations			
Net cash (used in) provided by operating activities	(3,261)	(10,998)	(4,891)
Net cash (used in) provided by investing activities	(2,042)	4,091	(1,593)
Net cash used in discontinued operations	(5,303)	(6,907)	(6,484)
Effect of exchange rate changes on cash and cash equivalents	2,976	(710)	8,603
(Decrease) increase in cash and cash equivalents	(116,096)	116,225	(142,479)
Cash and cash equivalents at beginning of period	177,793	61,568	204,047
Cash and cash equivalents at end of period	$ 61,697	$ 177,793	$ 61,568
Cash payments for income taxes	$ 32,491	$ 25,412	$ 15,520
Cash payments for interest	$ 184,449	$ 195,550	$ 251,812

See Notes to Consolidated Financial Statements.

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SABRE HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Class A Common Stock	Additional Paid In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (loss)	Noncontrolling Interest	Total
			(Amounts in thousands)			
Balance at December 31, 2008	$ —	$1,373,755	$(360,700)	$(99,027)	$ (22)	$914,006
Issuances pursuant to:						
Amortization of stock-based compensation	—	4,108	—	—	—	4,108
Exercise of stock options	—	191	—	—	—	191
Noncontrolling interest recognized on consolidation of subsidiary	—	—	—	—	4,861	4,861
Dividends paid to noncontrolling interest on subsidiary common stock	—	—	—	—	(1,099)	(1,099)
Dividend of noncontrolling interest	—	—	(90,440)	—	90,440	—
Comprehensive income (loss):						
Net loss	—	—	(149,049)	—	(7,476)	(156,525)
Unrealized gain on Retiree Medical Plan, net of deferred income taxes	—	—	—	29,817	—	29,817
Defined benefit pension & other post retirement benefit plans, net of deferred income taxes	—	—	—	1,655	—	1,655
Unrealized gain on foreign currency forward contracts and interest rate swaps, net of deferred income taxes	—	—	—	14,914	—	14,914
Unrealized gain on investments, net of deferred income taxes	—	—	—	4,523	—	4,523
Unrealized foreign currency translation loss, net of deferred income taxes	—	—	—	(18,413)	—	(18,413)
Total comprehensive loss						(124,029)
Other	—	(417)	—	—	—	(417)
Balance at December 31, 2009	$ —	$1,377,637	$(600,189)	$(66,531)	$ 86,704	$797,621
Issuances pursuant to:						
Amortization of stock-based compensation	—	5,302	—	—	—	5,302
Exercise of stock options	—	417	—	—	—	417
Acquisition of non-controlling interest		81	—	—	(3,105)	(3,024)
Dividends paid to noncontrolling interest on subsidiary common stock	—	—	—	—	(1,111)	(1,111)
Costs relating to dividend of noncontrolling interest	—	(2,018)	—	—	—	(2,018)
Comprehensive income (loss):						
Net loss	—	—	(256,104)	—	(63,521)	(319,625)
Unrealized loss on Retiree Medical Plan, net of deferred income taxes	—	—	—	(7,316)	—	(7,316)
Defined benefit pension & other post retirement benefit plans, net of deferred income taxes	—	—	—	(659)	—	(659)
Unrealized gain on foreign currency forward contracts and interest rate swaps, net of deferred income taxes	—	—	—	22,805	—	22,805
Unrealized gain on investments, net of deferred income taxes	—	—	—	263	—	263
Unrealized foreign currency translation gain, net of deferred income taxes	—	—	—	7,647	—	7,647
Total comprehensive loss						(296,885)
Balance at December 31, 2010	$ —	$1,381,419	$(856,293)	$(43,791)	$ 18,967	$500,302
Issuances pursuant to:						
Amortization of stock-based compensation	—	7,334	—	—	—	7,334
Exercise of stock options	—	1,201	—	—	—	1,201
Dividends paid to noncontrolling interest on subsidiary common stock	—	—	—	—	(1,843)	(1,843)
Comprehensive income (loss):						
Net loss	—	—	(57,216)	—	(37,391)	(94,607)
Unrealized loss on Retiree Medical Plan, net of deferred income taxes	—	—	—	(7,320)	—	(7,320)
Defined benefit pension & other post retirement benefit plans, net of deferred income taxes	—	—	—	(21,046)	—	(21,046)
Unrealized loss on foreign currency forward contracts and interest rate swaps, net of deferred income taxes	—	—	—	(749)	—	(749)
Unrealized loss on investments, net of deferred income taxes	—	—	—	(2,106)	—	(2,106)
Unrealized foreign currency translation loss, net of deferred income taxes	—	—	—	(7,715)	—	(7,715)
Total comprehensive loss						(133,543)
Other	—	427	—	—	—	427
Balance at December 31, 2011	$ —	$1,390,381	$(913,509)	$(82,727)	$(20,267)	$373,878

See Notes to Consolidated Financial Statements.

SABRE HOLDINGS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Sabre Holdings Corporation ("Sabre Holdings") is a Delaware holding company incorporated on June 15, 1996. Sabre Inc. is the principal operating subsidiary and sole direct subsidiary of Sabre Holdings. Sabre Inc. or its direct or indirect subsidiaries conduct all of our businesses. In these Consolidated Financial Statements, references to the "Company", "we", "our", "ours" and "us" refer to Sabre Holdings and its consolidated subsidiaries unless otherwise stated or the context otherwise requires.

Sabre Holdings is a wholly-owned subsidiary of Sovereign Holdings, Inc., a Delaware corporation formed by affiliates of Texas Pacific Group ("TPG") and Silver Lake Partners II, LP ("SLP") for the acquisition of Sabre Holdings in March 2007.

We are a leading provider of technology-based services to the global travel industry. Our businesses and brands offer a broad portfolio of advanced technology solutions serving different aspects of the travel industry. We serve the travel marketplace through three businesses, each serving a different customer segment. Sabre Travel Network and Sabre Airline Solutions provide sophisticated and comprehensive technology solutions to help our customers improve their profitability. Travelocity[1] provides consumer-direct travel services for leisure and business travelers and serves as an advertising medium for travel suppliers and other businesses.

Sabre Travel Network

Sabre Travel Network is our distribution business, primarily the Sabre Global Distribution System (the "Sabre System" or "Sabre GDS"), which provides real-time search, pricing, booking, and ticketing capabilities to travel agencies across the portfolio of travel suppliers. We process complex travel transactions, supporting airlines, hotels, cruise lines, car rental agencies and other travel suppliers through a network that connects them to tens of thousands of online and offline travel agencies serving both leisure and business travelers. We principally generate revenue by charging customers fees on a per-transaction basis. Travel suppliers value the GDS network for marketing and distributing their inventory to travel agencies. Travel Network provides data and transaction processing services to regional GDSs, including ABACUS International PTE Ltd. ("Abacus"), Axess International Network, Inc. ("Axess") and INFINI Travel Information, Inc. ("Infini"). Travel Network also provides corporate travel management software through our GetThere products and marketing information to travel suppliers.

Sabre Airline Solutions

Sabre Airline Solutions comprises our software-as-a-service businesses: Sabre Airline Solutions and Sabre Hospitality Solutions. Through this segment, we provide advanced technology solutions to airlines and hotel companies to help them market and sell their products, maximize revenue and operate more efficiently. Our Sabre Airline Solutions business provides airlines with marketing and planning decision support software to help plan travel routes and ticket pricing, reservations systems to manage inventory and customer information, and enterprise operations decision support software to help manage and operate passenger aircraft. Our Sabre Hospitality Solutions business provides hotels and hotel chains around the world with reservation, property management, and other technology

1 lastminute.com, Sabre, Sabre Airline Solutions, Sabre Holdings, the Sabre Holdings logo, Sabre Travel Network, Travelocity, Travelocity.com, Abacus and Axess are trademarks and/or service marks of affiliates of Sabre Holdings Corporation. All other trademarks, service marks, or trade names are the property of their respective owners.

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solutions that help hotels market and sell their products and services to their customers. These software-as-a-service-delivered solutions allow airlines and hotels to decrease operating costs. We also offer a range of consulting services to the airline industry and the hotel industry, and license certain software products to travel suppliers.

Travelocity

Travelocity is our global e-commerce and internet media business that markets and distributes travel-related products and services directly to individuals and corporations for leisure and business travel. We operate several online travel retail websites that provide travel content as well as customer reviews and ratings for travelers to plan, search, shop, and book travel around the globe. We earn media revenue by selling advertising on our retail websites. Additionally, we leverage our travel supply and online retail capabilities to provide travel content, merchandising, and booking capabilities for distribution partners. These partners include niche online travel agencies, travel suppliers, and entities with loyalty programs that enable members to exchange points for travel products.

2. Summary of Significant Accounting Policies

Basis of Presentation—We consolidate all of our majority-owned subsidiaries and companies over which we exercise control through majority voting rights. Other than as discussed in the following paragraphs, no other entities are currently consolidated due to control through operating agreements, financing agreements, or as the primary beneficiary of a variable interest entity.

In December 2009, our wholly-owned subsidiary Travelocity.com Inc. was converted into Travelocity.com LLC, a Delaware limited liability company, pursuant to Delaware law, and the capital structure of Travelocity.com LLC was split into common and preferred units. On December 31, 2009, 95% of the common units of Travelocity.com LLC were distributed as a dividend to a newly-formed Delaware corporation, TVL Common, Inc., which is owned by the holders of record of Sovereign Holding's preferred stock. We retained the remaining 5% of the common units and 100% of the preferred units. For so long as any preferred units remain outstanding, the holder(s) of the preferred units will have full voting rights and control of Travelocity.com LLC and the holder(s) of common units will have no voting rights or control. As such, we, as the holder of all of the preferred units, consolidate the results of Travelocity.com LLC and present a noncontrolling interest for the portion of the common units distributed through the dividend. Profits and losses are allocated in accordance with the limited liability company agreement and securities held by each party.

In accordance with authoritative guidance issued by the Financial Accounting Standards Board ("FASB") on the consolidation of Variable Interest Entities, we were the primary beneficiary of and consolidated Sabre Sociedad Technologica, S.A. de C.V. ("SST") during 2009. Prior to 2009, we accounted for SST under the equity method of accounting. SST was a joint venture established in 1993 with Aerosys, S.A. de C.V. ("Aerosys") SST, located in Mexico, which markets and distributes the Sabre System to subscribers in Mexico. We owned 48% of the equity interests of SST and controlled 48% of the voting rights. An additional 3% of the equity interests were held in a trust, and we owned the economic benefit of the trust but did not control the voting rights of the trust-owned equity interests. The creditors of the variable interest entity did not have recourse to our general credit. The interest in SST held by third parties (noncontrolling interest) of $3 million was presented in noncontrolling interests as a component of equity on the Consolidated Balance Sheet and the results of operations relative to the noncontrolling interest are presented in net income (loss) attributable to noncontrolling interests on the Consolidated Statements of Operations. In April 2010, we acquired the 49% equity interests in SST owned by Aerosys. This transaction dissolved our joint venture with Aerosys and the

[redacted]

voting trust which held voting rights for 3% of the equity interest in SST leaving us as the sole owner of SST. The difference between the recorded amount of the noncontrolling interest and the consideration paid to Aerosys was accounted for as an adjustment to additional paid in capital.

The Consolidated Financial Statements include our accounts after elimination of all significant intercompany balances and transactions. We utilize the equity method to account for our interests in joint ventures and investments in stock of other companies that we do not control but over which we exert significant influence, with our share of their results classified as revenues in the Consolidated Statements of Operations. Investments in the common stock of other companies over which we do not exert significant influence are accounted for at cost. We periodically evaluate equity and debt investments in entities accounted for at cost for impairment by reviewing updated financial information provided by the investee, including valuation information from new financing transactions by the investee and information relating to competitors of investees when available. If we determine that a cost method investment is other than temporarily impaired, the carrying value of the investment is reduced to its estimated fair value through earnings. For the years ended December 31, 2011, 2010 and 2009, impairments of investments carried at cost have been insignificant to our results of operations.

The following table displays the name of each of those investees that we do not control but over which we exert significant influence, and our voting interest in their stock held at December 31, 2011:

Joint Venture	Voting Interest
Auto Holidays (Pty) Limited (South Africa)	50%
ESS Elektroniczne Systemy Spzedazy Sp. zo.o.	40%
ABACUS International PTE Ltd.	35%
Axess International Network, Inc.	25%

Our investments in joint ventures on the Consolidated Balance Sheets include $109 million of equity method goodwill which represents our excess basis over the underlying equity in joint ventures.

Reclassifications—Certain reclassifications have been made to the prior years' Consolidated Financial Statements to conform to the 2011 presentation. These reclassifications are not material, either individually or in the aggregate, to our Consolidated Financial Statements.

In 2011, certain entities are reported as discontinued operations (see Note 3). Reclassifications were made to the 2010 and 2009 Consolidated Financial Statements to reflect these entities as discontinued operations.

Recent Accounting Pronouncements—In September 2011, the FASB introduced guidance that gives entities the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the entity must proceed to the two-step impairment test. Otherwise, the entity may skip the current-year quantitative analysis. We early adopted this guidance in the third quarter of 2011 (see Note 6).

In June 2011, the FASB issued amended guidance on the presentation of comprehensive income. The amended guidance requires entities to present the total of comprehensive income, the

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components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The current option in US GAAP to present other comprehensive income solely in the statement of changes in stockholders' equity has been eliminated. In December 2011, the FASB issued additional guidance deferring its requirement that companies present reclassification adjustments for each component of accumulated other comprehensive income in both net income and other comprehensive income on the face of the financial statements. Entities continue to be required to present amounts reclassified out of accumulated other comprehensive income on the face of the financial statements or to disclose those amounts in the notes to the financial statements. The FASB is reconsidering the presentation requirements for reclassification adjustments. The adoption of this standard will primarily impact presentation within the Consolidated Financial Statements.

In May 2011, the FASB issued guidance to amend certain measurement and disclosure requirements related to fair value measurements to improve consistency with international reporting standards. The new guidance clarifies the concepts applicable for fair value measurement and requires new disclosures, with a particular focus on Level 3 measurements. This guidance is effective prospectively for interim and annual reporting periods beginning after December 15, 2011, with early adoption prohibited, and is applicable to the quarter beginning January 1, 2012. We do not believe our adoption of the new guidance in the quarter beginning January 1, 2012 will have an impact on our consolidated financial position, results of operations or cash flows. The adoption of this standard primarily impacted disclosures within the footnotes to the Consolidated Financial Statements.

Effective January 1, 2011, we adopted revised authoritative guidance on the disclosure of supplementary pro forma information for business combinations. The revisions require that pro forma information be presented as if the business combination occurred at the beginning of the prior annual reporting period for purposes of calculating both the current reporting period and the prior reporting period pro forma financial information. The revisions also require that this disclosure be accompanied by a narrative description of the amount and nature of material nonrecurring pro forma adjustments. The adoption of this standard primarily impacted disclosures within the footnotes to the Consolidated Financial Statements.

Effective January 1, 2011, we adopted revised authoritative guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. Under this guidance, a vendor can recognize consideration that is contingent upon achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone meets all criteria to be considered substantive. Our adoption of this amendment did not have a material effect on our Consolidated Financial Statements.

Effective January 1, 2011, we adopted revised authoritative guidance on certain disclosures about the credit quality of financing receivables and the related allowance for credit losses. Disclosures are required related to the nature of credit risk inherent in the portfolio of financing receivables, how the credit risk is analyzed and assessed in arriving at the allowance for credit losses, and the changes and reasons for those changes in the allowance for credit losses. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

Effective January 2010, the FASB issued amended guidance regarding fair value measurement disclosures to require disclosure of transfers into and out of Level 1 and Level 2 fair value measurements, and also require more detailed disclosure about the activity within Level 3 fair value measurements. The changes are effective for annual and interim reporting periods beginning after

[redacted]

December 15, 2009, except for requirements related to Level 3 disclosures, which are effective for annual and interim reporting periods beginning after December 15, 2010. This guidance requires new disclosures only, and its adoption did not have a material effect on our Consolidated Financial Statements (see Note 11).

Effective January 1, 2010, we adopted revised authoritative guidance on the consolidation of Variable Interest Entities ("VIE"). The revisions change how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly affect the entity's economic performance. The adoption of this guidance did not have a material impact on our Consolidated Financial Statements.

In October 2009, the FASB issued authoritative guidance on revenue arrangements with multiple deliverables that are outside the scope of software revenue recognition guidance. Under the new guidance, when vendor specific objective evidence or third party evidence of the selling price of deliverables in a multi-element arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. The new guidance includes new disclosure requirements on how the application of the relative selling price method affects the timing and amount of revenue recognition. During 2009, we adopted this guidance with retro-active application beginning January 1, 2007. This adoption did not have a material impact to our Consolidated Financial Statements.

Effective April 1, 2009, we adopted authoritative guidance issued by the FASB on subsequent events, which establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This guidance also requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected (see Note 17). This disclosure should alert all users of financial statements that subsequent events have not been evaluated after the date set in the financial statements being presented. The adoption did not have a material impact on our Consolidated Financial Statements.

Effective January 1, 2009, we adopted revisions to authoritative guidance on consolidations in regards to accounting for and reporting noncontrolling interests in consolidated financial statements. The objective of this revised guidance is to improve the relevance, comparability and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The revised guidance only impacted the classification of noncontrolling interest in our Consolidated Financial Statements and was not material.

Effective January 1, 2009, we adopted revised authoritative guidance on the accounting for business combinations. The revised guidance requires a number of changes to the accounting for business combinations, including a revision to the fair value methodology for recording the fair value of assets and liabilities. Additionally, pre-acquisition assets acquired and liabilities assumed arising from contingencies must be recognized at their acquisition date fair values. The revised guidance requires in process research and development assets to be capitalized and amortized over the useful life of the asset and requires most transaction and restructuring costs to be expensed as incurred. Restructuring costs must meet the requirements of authoritative guidance on accounting for exit or disposal cost obligations, at the date of acquisition to qualify for capitalization. This revised guidance applies

[redacted]

prospectively to business combinations for which the acquisition date is on or after the beginning of the first fiscal year beginning on or after December 15, 2008. However, the accounting for the resolution of any tax uncertainties remaining as of January 1, 2009 related to acquisitions prior to December 31, 2008 are subject to the provisions of this revised guidance and could have a significant impact on our financial results as these resolutions will generally no longer adjust goodwill and will be reflected in income tax expense. Otherwise, the adoption of this revised guidance will only impact our Consolidated Financial Statements to the extent we enter into material new business combinations going forward.

Effective January 1, 2009, we adopted revised authoritative guidance on disclosures about defined benefit pension and other postretirement benefit plans. The additional disclosure requirements include the fair value of major classes of plan assets, the related level of the fair value hierarchy for those plan assets, a reconciliation of the beginning and ending balances for plan assets using significant unobservable inputs (level 3) and the inputs and valuation techniques used to develop the fair value measurements. See Note 7 for the expanded required disclosures.

Use of Estimates—The preparation of these financial statements in conformity with U.S. generally accepted accounting principles requires that certain amounts be recorded based on estimates and assumptions made by management. Actual results could differ from these estimates and assumptions. Our accounting policies, which include significant estimates and assumptions, include, among other things, estimation of the collectability of accounts receivable, amounts for future cancellations of bookings processed through the Sabre System, revenue recognition for software development, determination of the fair value of assets and liabilities acquired in a business combination, determination of the fair value of derivatives, the evaluation of the recoverability of the carrying value of intangible assets and goodwill, assumptions utilized in the determination of pension and other postretirement benefit liabilities and the evaluation of uncertainties surrounding the calculation of our tax assets and liabilities. These policies are discussed in greater detail below.

Revenue Recognition—We employ a number of revenue models across our businesses, depending on the dynamics of the industry segment and the technology on which the revenue is based. Some revenue models are used in multiple businesses. Sabre Travel Network primarily uses the transaction revenue model. Our Sabre Airline Solutions businesses primarily utilize the software-as-a-service and consulting revenue models. Travelocity primarily employs two revenue models: the merchant model, which we refer to as our Net Rate Program under which we recognize a majority of our hotel revenues, and the agency model, under which we recognize most of our airline, car and cruise revenues and a small portion of the hotel revenues. Both Sabre Travel Network and Travelocity derive some of their revenues from the media model, earning advertising revenues from travel suppliers and other entities that advertise their products to travelers and travel agencies using our networks. 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 Sabre Travel Network's revenues. We define a transaction as any travel reservation that generates a fee directly to Sabre Travel Network. Transaction fees include, but are not limited to, the following:

- Transaction fees paid by travel suppliers for selling their inventory through the Sabre System;
- Transaction fees paid by travel agency subscribers related to their use of the Sabre System; and
- Transaction fees paid by travel agencies and corporations related to GetThere, our online booking tool.

[redacted]

Pursuant to this model, a transaction occurs when a travel agency or a corporate travel department books, or reserves, a travel supplier's product on the Sabre System. We receive revenue from either a travel supplier or a travel agency, depending upon the commercial arrangement represented in each of their contracts.

Transaction revenue for airline travel reservations is recognized at the time of the booking of the reservation, net of estimated future cancellations based on historical data. In estimating the amount of future cancellations that will require us to refund a booking fee, we assume that a certain percentage of cancellations are followed immediately by a new reservation, without loss of revenue. At December 31, 2011 and 2010, we have recorded transaction fee cancellation reserves of approximately $7 million and $6 million, respectively. Transaction revenue for car rental, hotel bookings and other travel providers is recognized at the time the reservation is used by the customer.

Merchant Revenue Model—Pursuant to this model, which we refer to as our "Net Rate Program," we are the merchant of record for credit card processing for travel accommodations. We primarily use this model for revenue from hotel reservations and dynamically packaged combinations. We are the merchant of record for these transactions, but we do not purchase and resell travel accommodations and do not have any obligations with respect to travel accommodations offered 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 content offerings at pre-determined net rates. We market net-rate offerings to travelers at a price that includes 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. For this type of revenue model, we require pre-payment for the travel accommodations by the traveler at the time of booking.

Through our websites, travelers have the flexibility to assemble multi-component dynamic packages in a single transaction at a lower price when compared to booking each travel component separately. Generally, the packaging model includes a net rate hotel component and an air or car component. Travelers select packages based on the total package price without knowing the pricing of any individual travel component. Thus, we can make certain travel components available at prices lower than those charged on an individual component basis directly by travel suppliers, as these offerings do not impact the travel supplier's established pricing models and brand positioning. This pricing model is referred to as an opaque offering. The same mechanism is true for our opaque hotel offerings, where customers select the hotels based on pricing, with no knowledge of the hotel brand or exact location prior to paying for the reservation.

Travelocity recognizes net rate revenue for stand-alone air travel at the time the travel is booked. Vacation packages, car rentals and hotel net rate revenues are recognized at the date of consumption.

For our Travelocity net rate and dynamically packaged combinations, we record net rate revenues based on the total amount paid by the customer for products and services, minus 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 those circumstances, and some others, Travelocity may not be billed the full amount of the accrued supplier liability. We reduce the accrued supplier liability for amounts aged more than six months and record it as revenue. Our process for determining when aged amounts may be recognized as revenue includes consideration of key factors, including, but not limited to, the age of the supplier liability, historical billing and payment information.

Software-as-a-Service Revenue Model—Software-as-a-service is the primary revenue model employed in Sabre Airline Solutions. In this revenue model, we host software solutions on our own secure platforms, and we maintain the software as well as the infrastructure it employs. Our customers, which include airlines, airports and hotel companies, pay us an implementation fee and a periodic usage fee for the use of the software pursuant to contracts with terms that typically range between three and five years. Similar contracts entered into at or around the same period are analyzed on a combined basis. Revenue for 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's purpose. We recognize this revenue in the period earned which typically fluctuates based on a real-time metric, such as the actual number of passengers boarded or the actual number of hotel bookings made in a given month, which allows our customers to pay for software to the extent that it is used.

Our software-as-a-service offerings can be sold as part of agreements which also require us to provide consulting services. Our consulting revenues are generated primarily from services that help customers achieve better utilization and return on their software investment. We often provide consulting services as we implement our software-as-a-service solutions. In such cases, we account for consulting services separately from the implementation and software-as-a-service solutions, with value assigned to each element based on its relative selling price. A market analysis is performed on an annual basis to determine the range of selling prices for each product and service. Estimated selling prices are set for each product and service delivered to customers. The revenue for consulting services is generally recognized over the period the services are performed.

In fiscal year 2009, we adopted updated guidance on revenue arrangements with multiple elements not involving the sale or licensing of software with retro-active application beginning January 1, 2007. This adoption resulted in no material change to the amount of revenue allocated to the products and services included in multiple-element arrangements and there was no material change in the pattern or timing of the revenue recognition. The adoption of the guidance did not have a material effect on our Consolidated Financial Statements.

Agency Revenue Model—Pursuant to this model, Travelocity generates revenues via transaction fees and 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. For the agency revenue model, we generally receive a commission after the customer has completed the travel.

Pursuant to the agency revenue model, Travelocity recognizes 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, non-commissionable bookings and uncollectable commissions. At December 31, 2011 and 2010, our reserve was approximately $3 million.

Travelocity also generates revenues from fees for offline bookings for air and packages, which are generally booked through a call center agent. These fees, net of tax recovery charges collected, are recognized as revenue at the time the related travel is booked or when the travel is canceled or changed.

Travelocity also charges service fees to its customers for certain types of transactions booked through its consumer-facing websites, including processing service fees on Travelocity.com hotel bookings, as well as miscellaneous service fees including cancellation fees, credit card fees, change fees and delivery fees. These fees, net of tax recovery charges collected, are recognized as revenue at the time the related travel is booked or when the travel is canceled or changed.

Insurance revenue is also generated by Travelocity from third party insurance providers whose air, total trip and cruise insurance we make available on our websites. Insurance revenue is recognized at the time the travel is booked.

Media Revenue Model—The media revenue model is used to record advertising revenue from travel suppliers and other entities that advertise their products to travelers on Travelocity's sites. Advertisers use two types of advertising metrics: display advertising and 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, or CPM. In action advertising, advertisers usually pay based on the number of customers who perform a specific action, such as click on the advertisement, or other meaningful variable, and are charged based on the Cost per Action, or CPA. Advertising revenues are recognized in the period that the advertising impressions are delivered or the click-through or other specific action occurs.

Seasonality—The travel industry is seasonal in nature. Travel bookings for Sabre Travel Network, and the revenue we derive from those bookings, decrease significantly each year in the fourth quarter, primarily in December. We recognize revenue at the date of booking and, because customers generally book their November and December holiday leisure travel earlier in the year, and business travel declines during the holiday season, revenue is typically lower in the fourth quarter. Travelocity revenues are 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 when compared to the first and fourth quarters due to European travel patterns. Sabre Airline Solutions does not experience any significant seasonality patterns in revenue.

Advertising Costs—Advertising costs are expensed as incurred. Advertising costs expensed in the years ended December 31, 2011, 2010 and 2009 totaled approximately $216 million, $231 million and $210 million, respectively. From time to time, we enter into advertising barter transactions which are recorded based on the fair value of the advertising surrendered. We entered into advertising barter transactions for which $16 million in revenue and $16 million in expense were recorded for the year ended December 31, 2011. For the year ended December 31, 2010, $17 million in revenue and $17 million in expense were recorded for advertising barter transactions. For the year ended December 31, 2009, $17 million in revenue and $16 million in expense were recorded for advertising barter transactions.

Research and Development—We define research and development costs as costs incurred up to the point of technological feasibility for software developed to be sold, leased, or marketed to others. Research and development costs are expensed as incurred. This expense approximated $3 million, $3 million and $4 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Foreign Currency Risk—We are exposed to foreign exchange rate fluctuations as we translate the financial statements of our non-U.S. dollar functional foreign subsidiaries into U.S. dollars in consolidation. If there is a change in foreign currency exchange rates, the conversion of the foreign subsidiaries' financial statements into U.S. dollars will lead to translation gains or losses, which are recorded net as a component of other comprehensive income (loss).

[redacted]

We are also exposed to foreign exchange rate fluctuations as we remeasure foreign currency transactions in the financial statements of our U.S. dollar functional foreign subsidiaries into U.S. dollars in consolidation. If there is a change in foreign currency exchange rates, the conversion of the foreign currency transactions into U.S. dollars will lead to transaction gains or losses, which are recorded in our Consolidated Statements of Operations as a component of Other, net.

Cash and Cash Equivalents—We classify all highly liquid instruments, including money market funds and money market securities with maturities of three months or less, as cash equivalents.

Statements of Cash Flows—We use the "cumulative earnings" approach for determining the cash flow presentation of distributions from our joint ventures. Distributions received on the investments are included in our Consolidated Statements of Cash Flows in operating activities, unless the cumulative distributions exceed our portion of cumulative equity in earnings of the joint venture, in which case the excess distributions are deemed to be returns of the investment and are included in our Consolidated Statements of Cash Flows in investing activities. During the periods presented, there were no distributions from joint ventures classified as investing cash flows.

Financial Instruments—The carrying value of our financial instruments including cash and cash equivalents, accounts receivable and short-term and long-term debt instruments approximate their fair values. Our derivative instruments are carried at their estimated fair values. The fair value of our senior unsecured notes issued in August 2001 ("2011 Notes"), senior unsecured notes issued in March 2006 ("2016 Notes"), and term loan were determined based on quoted market prices for the identical liability when traded as an asset in an active market.

Restricted Cash—We held approximately $9 million and $3 million in cash that was restricted at December 31, 2011 and 2010, respectively. These balances relate to securing bank guarantees for certain subsidiaries in Europe and Asia Pacific within the Travelocity segment.

Other receivables, net—Other receivables include value added tax ("VAT") and other tax refund claims. We record VAT receivables net of VAT payables due and net of any estimated reserve for uncollectability. As of December 31, 2011 and 2010, our other receivables included $61 million and $55 million of net VAT receivables, respectively. The reserve for uncollectability recorded as of December 31, 2011 and 2010 was $40 million and $43 million, respectively. In addition, included in our other receivables balance at December 31, 2011 and 2010 was $27 million and $24 million, respectively, of United States federal income taxes receivable, foreign income taxes receivable and other miscellaneous receivables.

Assets Held for Sale—We classify assets as held for sale when we have committed to a plan to sell the assets. This includes the initiation of a plan to locate a buyer, the assets are made available for immediate sale, and it is probable that the assets will be sold within one year based on the current condition and sales price. Upon classifying the assets as held for sale, the assets are recorded at the lower of historical cost or fair value less selling costs and depreciation is discontinued. See Note 4 for further information.

Derivatives—We recognize all derivatives on the Consolidated Balance Sheets at fair value. If the derivative is designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are offset against the change in fair value of the hedged item through earnings (a "fair value hedge") or recognized in other comprehensive income until the hedged item is recognized in earnings (a "cash flow hedge"). The ineffective portion of the change in fair value of a derivative

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designated as a hedge is immediately recognized in earnings. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings during the period of change. No hedging ineffectiveness was recorded in earnings during the periods presented.

Income Taxes—Deferred income tax assets and liabilities are determined based on differences between financial reporting and income tax basis of assets and liabilities and are measured using the tax rates and laws in effect at the time of such determination. The measurement of deferred tax assets is adjusted by a valuation allowance, if necessary, to recognize the extent to which, based on available evidence, the future tax benefits more likely than not will not be realized.

Interest and penalties related to income taxes are included as a component of income tax expense. The calculation of our tax liabilities involves significant judgment and evaluation of uncertainties in the interpretation of complex tax laws. See Note 8 for additional information on income taxes.

Property and Equipment—Property and equipment are stated at cost less accumulated depreciation, which is calculated on the straight-line basis. Our depreciation and amortization policies are as follows:

Property and equipment:	
Buildings, including buildings under capital lease	Lesser of lease term or 35 years
Leasehold improvements	Lesser of lease term or useful life
Furniture and fixtures	5 to 15 years
Computer/service contract equipment	3 to 5 years
Computer software	3 to 7 years

Depreciation of property, capital lease assets and equipment from continuing operations totaled approximately \$125 million, \$112 million and \$97 million in the years ended December 31, 2011, 2010 and 2009, respectively.

Computer Software Developed or Purchased for Internal Use—Certain costs related to applications, infrastructure and graphics development for the Sabre System and our websites are capitalizable under authoritative guidance on internal-use software intangibles and are included in Property and equipment on the Consolidated Balance Sheets. Capitalizable costs consist of (a) certain external direct costs of materials and services incurred in developing or obtaining internal-use computer software and (b) payroll and payroll-related costs for employees who are directly associated with and who devote time to the Sabre System and web-related development projects. Costs incurred during the preliminary project stage or costs incurred for data conversion activities and training, maintenance and general and administrative or overhead costs are expensed as incurred. Costs that cannot be separated between maintenance of, and relatively minor upgrades and enhancements to, internal-use software are also expensed as incurred.

We amortize internal-use computer software using the straight-line method over the estimated useful life of the software, approximately three to seven years. At December 31, 2011 and 2010, unamortized computer software costs for internal use approximated \$235 million and \$193 million, respectively. For the years ended December 31, 2011, 2010 and 2009, amortization expense from continuing operations for computer software developed or purchased for internal use was \$74 million, \$58 million and \$41 million, respectively.

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Goodwill and Long-Lived Assets—We evaluate goodwill for impairment on an annual basis or if impairment indicators exist. We begin 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 Holdings by TPG and SLP plus goodwill associated with acquisitions since that time. We have identified five reporting units, including Travelocity—North America, Travelocity—Europe, Travelocity—Asia Pacific, Sabre Travel Network and Sabre Airline Solutions. Travelocity—North America, Travelocity—Europe and Travelocity—Asia Pacific each constitute a separate reporting unit due primarily to differing gross margins in the regions.

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, 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 market participants, the principal markets and highest and best use of the reporting units.

Definite-lived intangible assets are amortized on a straight-line basis and 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.

Capitalized Implementation Costs—We incur up-front costs to implement new customer contracts under our software-as-a-service revenue model. We capitalize these costs, including (a) certain external direct costs of materials and services incurred to implement a customer contract and (b) payroll and payroll related costs for employees who are directly associated with and devote time to implementation activities.

Capitalized costs are amortized on a straight-line basis over the related contract term, ranging from five to ten years, as they are recoverable through deferred or future revenues associated with the relevant contract. At December 31, 2011 and 2010, unamortized implementation costs approximated

$102 million and $55 million, respectively. For the years ended December 31, 2011, 2010 and 2009, amortization expense included in income from continuing operations for capitalized implementation costs was $11 million, $8 million and $3 million, respectively.

Other Assets—

Computer Software Developed for Third Parties—All costs incurred in the development of software which is licensed to third parties that have the option to take possession of the software are classified as research and development costs and are expensed as incurred until technological feasibility has been established. Once technological feasibility has been established, such costs are capitalized until the product is ready for service. Technological feasibility is achieved upon completion of all planning, designing, coding and testing activities that are necessary to establish that a product can be produced according to its design specifications.

We amortize capitalized software development costs using the straight-line method over the estimated economic life of the software, typically three to seven years. At December 31, 2011 and 2010, unamortized software development costs, which represent products developed for licensing from our Sabre Airline Solutions segment, approximated $1 million and $2 million, respectively. For the years ended December 31, 2011, 2010 and 2009, amortization expense for capitalized software development costs was $1 million in each year.

Deferred Charges—Other assets as of December 31, 2011 also includes $50 million in deferred charges related to customer discounts to be amortized in future periods as revenue is earned. A related current liability for $50 million is recorded in Other accrued liabilities and will be paid beginning in 2012. The asset will be reviewed for recoverability based on future revenues. Contracts are priced to generate revenues over the life of the contract that are expected to exceed any discounts provided and any upfront costs incurred to implement a customer.

Travel Supplier Liabilities and Related Deferred Revenue—Our travel suppliers provide content, including air travel, hotel stays, car rentals and dynamically packaged combinations of these components, on either a fee-based or a net-rate basis. Under our fee-based arrangements, we collect the full price of the travel from the consumer and remit the payment to the travel supplier, after withholding our service fee. Under our net-rate agreements, suppliers provide content to us at pre-determined net rates. We market net-rate offerings to travelers at a price that includes 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. We record amounts due to travel suppliers and our service fees in Travel supplier liabilities and related deferred revenue on the Consolidated Balance Sheets until these amounts are paid to the suppliers or recognized as revenue upon consumption of the travel.

Subscriber Incentives—Certain service contracts with significant travel agency subscribers contain booking productivity clauses and other provisions that allow subscribers to receive cash payments or other consideration. We establish liabilities for these commitments and recognize the related expense as the subscribers earn incentives based on the applicable contractual terms. Accrued incentives liabilities at December 31, 2011 and 2010 were approximately $118 million and $125 million, respectively. Periodically, we make cash payments to subscribers at inception or modification of a service contract which are capitalized and amortized over the expected life of the service contract, which is generally three to five years. At December 31, 2011 and 2010, we had $72 million and $74 million, respectively, in deferred charges related to such contracts recorded in Other assets, net on the

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Consolidated Balance Sheets. The service contracts are priced so that the additional airline and other booking fees generated over the life of the contract will exceed the cost of the incentives provided. For the years ended December 31, 2011, 2010 and 2009, amortization of capitalized subscriber incentives included in cost of revenue was $38 million, $27 million and $30 million, respectively.

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, on a straight-line basis over the award vesting period. The following table details stock-based compensation expense from continuing operations recorded for the years ended December 31, 2011, 2010 and 2009:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Stock options	$ 7,334	$ 5,302	$ 4,108

Concentration of 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, 2011 and 2010, approximately 64% and 63%, respectively, of our trade accounts receivable was attributable to these 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.

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 Airline Clearing House ("ACH") and other similar clearing houses. As of December 31, 2011, approximately 57% of our air customers make payments through the ACH which accounts for approximately 94% of our air revenue. 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.

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. We maintained an allowance for losses of approximately $34 million and $36 million at December 31, 2011 and 2010, respectively, based upon the amount of accounts receivable expected to prove uncollectible. The decrease in the allowance for losses is primarily due to the write-off of aged balances that were fully reserved and for which collection is no longer being pursued through legal or other efforts.

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Our revenues and long-lived assets, excluding goodwill and intangible assets, by geographic region are summarized below. Revenues are attributed to countries based on the location of the customer.

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Revenues:			
United States	$ 1,785,033	$ 1,741,231	$ 1,640,934
Europe	541,780	541,959	540,295
Other foreign	683,954	616,394	523,828
Total	$ 3,010,767	$ 2,899,584	$ 2,705,057

	December 31, 2011	December 31, 2010
	(Amounts in thousands)	
Long-lived assets (excluding goodwill and intangible assets):		
United States	$ 665,175	$ 546,762
Singapore (primarily investment in joint venture)	175,606	158,680
Europe	45,880	55,484
Other foreign	17,033	26,233
Total	$ 903,694	$ 787,159

3. Discontinued Operations

AllHotels—In July 2011, we discontinued the AllHotels line of business, a Travelocity business in the United States, which exclusively marketed hotels directly to consumers through the AllHotels.com website. In order to reduce the number of supported business platforms and processes, we no longer plan to provide a website with only hotel content directly to consumers in the United States. Management has impaired the AllHotels assets and the results of this business have been reclassified to discontinued operations in our Consolidated Financial Statements. The impact was not significant to our Consolidated Financial Statements.

Zuji Korea—Effective December 2010, we liquidated our Travelocity operations in Korea and sold certain intangible assets to a third party. The decision was made to discontinue operating in this market in order to focus our efforts on other strategic markets in Asia where we have a greater foothold and are more closely aligned with our strategy. The impact was not significant to our Consolidated Financial Statements.

Travelocity on Location—Effective November 2009, we sold certain assets and liabilities of Travelocity.com LP and All State Tours, Inc. constituting the Travelocity on Location business to a third party. Travelocity on Location marketed and distributed Las Vegas show tickets, tours and VIP access to night clubs through ticket booths located in Las Vegas and through its websites. The impact was not significant to our Consolidated Financial Statements.

Corporate Travel Management—Effective September 2009, we sold the business operations of two entities located in the United Kingdom, Joint Venture Travel Limited ("Joint Venture Travel") and Travelstore Limited ("Travelstore"), Travelocity.com entities, to a third party. Combined, these entities operated travel management services for corporate businesses in the European market. The impact was not significant to our Consolidated Financial Statements.

[redacted]

Med Hotels—Effective February 2009, we sold certain assets and liabilities related to Med Hotels Limited ("Med Hotels") to a third party. The Med Hotels business provided, on behalf of its customers who were primarily travel agents, hotel content in the Mediterranean. We do not plan to continue providing such services to travel agencies in the future. The assets sold consisted primarily of non-departed bookings, contractual arrangements with hotels and handling agents, intellectual property including domain names, the eRes booking system, business goodwill and certain other assets. We recorded a loss before income taxes on the sale of approximately $4 million, and wrote-off approximately $3 million of goodwill associated with this business.

The decision to sell or abandon all of these operations was made to further align Travelocity with its core strategies of focusing on product and customer experience excellence, and displaying and promoting highly relevant content. This decision allows us to lessen our complexity and support our initiative to reduce our technology complexity by reducing the number of supported business platforms.

Results of Discontinued Operations—We have reported the results of operations of AllHotels, Zuji Korea, Travelocity on Location, Joint Venture Travel, Travelstore, and Med Hotels as discontinued operations, which consist of the following summarized financial information:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Revenues	$ 152	$ 3,417	$ 7,359
Impairments associated with discontinued operations	5,281	—	2,643
Net loss from discontinued operations, before income taxes	(12,320)	(13,402)	(13,382)
Income tax benefit	(4,042)	(2,537)	(4,128)
Net loss from discontinued operations	(8,278)	(10,865)	(9,254)
Loss on disposition before income taxes	—	—	(4,626)
Income tax benefit	—	—	(1,765)
Net loss on disposition	—	—	(2,861)
Net loss from discontinued operations, net of taxes	$ (8,278)	$ (10,865)	$ (12,115)

4. Significant Transactions

2011 Assets Held for Sale

Sabre Pacific—In the second quarter of 2011, we designated Sabre Australia Technologies I Pty Ltd ("Sabre Pacific"), an entity jointly owned by a subsidiary of Sabre (51%) and ABACUS International PTE Ltd ("Abacus") (49%), as held for sale. This designation was made after we received a notice from Abacus exercising its option to purchase the remaining 51% stake in Sabre Pacific. Sabre Pacific, based in Sydney, Australia, provides technology, distribution, and marketing services for the travel industry in the Australia and New Zealand regions. Assets held for sale are reported at the lower of the carrying amount or fair value less cost to sell and are presented on the face of the Consolidated Balance Sheets. On February 24, 2012, we completed the sale of our share of Sabre Pacific. See Note 17 for additional information on this transaction.

[redacted]

2011 Mergers and Acquisitions

During 2011, we completed two acquisitions which individually were not material to our Consolidated Financial Statements. 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 Sabre 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 moves Sabre Hospitality Solutions closer to a Hotel Enterprise Solution, a fully integrated web-based solution that combines distribution, marketing and operations into a single platform for customers. The results of operations of these 2011 acquisitions have been included in our Consolidated Statements of Operations from the dates of the acquisitions. The total purchase price for these acquisitions was $11 million.

Pro forma adjustments related to acquisitions occurring during 2011 have not been included, as the effect would be immaterial.

2010 Mergers and Acquisitions

Acquisition of FlightLine—In July 2010, we completed the acquisition of FlightLine Data Services, Inc. ("FlightLine"), a leading provider of vital crew scheduling software and services in North America, for approximately $17 million in cash. This acquisition is part of our long-term growth plan and continual investment in the Company's Sabre Airline Solutions portfolio of product offerings. The acquired goodwill is deductible for tax purposes. The results of operations of the FlightLine business have been included in our Consolidated Statements of Operations from the date of acquisition.

The final allocation of the assets acquired and liabilities assumed have been recorded on our Consolidated Balance Sheets based on an evaluation of the fair value of the assets and liabilities of FlightLine as determined by management. The following table summarizes the allocation of the purchase price and the amounts allocated to goodwill (in thousands):

Customer and contractual relationships (14 year useful life)	$ 3,270
Technology (10 year useful life)	3,974
Non-compete agreement (4 year useful life)	396
Goodwill	8,760
Other net assets acquired	478
Total purchase price	$ 16,878

Acquisition of Calidris—In March 2010, we completed the acquisition of Calidris ehf ("Calidris") for approximately $17 million in cash and an estimated $3 million in contingent consideration. The contingent consideration was recorded at the acquisition-date fair value of the contingent consideration which is based on contractually determined performance measures to be met over four successive one year periods starting from January 1, 2010 and utilizes management's best estimate of future results. During 2011, the contingent consideration was reduced by $2 million to $1 million based on management's current best estimate of future results. The $2 million reduction is recorded to Other, net in the Consolidated Statement of Operations. Calidris provides a revenue integrity product and service to airlines which we integrated with our Sabre Airline Solutions segment product offerings. The acquired goodwill is not deductible for tax purposes. The results of operations of the Calidris business have been included in our Consolidated Statements of Operations from the date of acquisition.

The final allocation of the assets acquired and liabilities assumed have been recorded on our Consolidated Balance Sheets based on an evaluation of the fair value of the assets and liabilities of Calidris as determined by management. The following table summarizes the allocation of the purchase price and the amounts allocated to goodwill (in thousands):

Customer and contractual relationships (12 year useful life)	$ 4,727
Technology (7 year useful life)	6,298
Non-compete agreement (3 year useful life)	1,191
Goodwill	7,143
Other net assets acquired	641
Total purchase price	$ 20,000

Other Acquisitions—During 2010, we completed two other acquisitions which individually were not material to our financial statements. The total purchase price for our other acquisitions was $19 million.

In the third quarter of 2010, we acquired Flugwerkzeuge Aviation Software GmbH ("f:wz"), a leading provider of flight planning products and services in Austria. This acquisition is part of Sabre's Airline Solutions business, and will enhance Sabre's suite of flight planning solutions.

In the second quarter of 2010, we acquired the remaining 49% equity interests in SST, leaving us the sole owner of SST. See Note 2 for additional information on this transaction.

Pro forma adjustments related to acquisitions occurring during 2010 have not been included, as the effect would be immaterial.

2009 Mergers and Acquisitions

During 2009, we completed no material acquisitions.

5. Available-for-sale Equity Securities

We hold investments in available-for-sale equity securities having a fair value of $6 million and $8 million as of December 31, 2011 and 2010, respectively, which are recorded in Other assets on our Consolidated Balance Sheets. Related to these investments, we have a negligible loss as of December 31, 2011 in other comprehensive income. As of December 31, 2010, the unrealized gain in Accumulated comprehensive income was $2 million.

6. Goodwill and Long-Lived Assets

Impairment Assessments—We perform our annual assessment of possible impairment of goodwill and indefinite-lived intangible assets as of October 1, or more frequently if events and circumstances indicate that impairment may have occurred.

During 2011 and 2010, Travelocity was impacted by continued weakness in the macroeconomic environment. We saw a decline in margins due to pressure in the industry driven by competitive pricing, reduced bookings and its resulting impact on our current projections of the discounted future cash flows. These factors led to an impairment charge of $173 million and $401 million for Travelocity

[redacted]

North America for the year ended December 31, 2011 and 2010, respectively and $10 million impairment charge for Travelocity Europe for the year ended December 31, 2011.

During 2009, due to the elimination of the service fees charged on air tickets and the reduction of service fees charged on hotel stays purchased through our Travelocity.com website and current economic conditions and the resulting impact on our current projections for discounted future cash flows, we identified and recorded an impairment charge to goodwill in continuing operations related to our Travelocity—North America reporting unit of $212 million during the year ended December 31, 2009. An additional $3 million of goodwill related to discontinued operations was expensed as part of the loss from discontinued operations during the year ended December 31, 2009.

We believe the assumptions used to project future cash flows for the evaluations described above were reasonable. However, if future actual results do not meet our expectations, we may be required to record an additional impairment charge, the amount of which could be material to our results of operations.

There was no impairment charge on definitive-lived intangible assets in 2011, 2010 or 2009. See Note 3 for additional information on impairments of intangible assets related to discontinued operations.

Impairments related to continuing operations are recorded in "Impairment of goodwill and intangible assets" in the Consolidated Statements of Operations. Impairments related to discontinued operations are included in Net loss from discontinued operations" in the Consolidated Statements of Operations.

The following table presents our goodwill and intangible assets at December 31, 2011 and 2010 (in thousands). The impairments discussed above have been reflected in the gross carrying amounts and accumulated amortization as of December 31, 2011 and 2010.

	Weighted-Average Useful Lives	December 31, 2011		December 31, 2010	
		Gross Carrying Amount, at Cost	Accumulated Amortization	Gross Carrying Amount, at Cost	Accumulated Amortization
		(Amounts in thousands)			
Not subject to amortization:					
Goodwill		$ 2,426,276	$ —	$ 2,624,955	$ —
		2,426,276	—	2,624,955	—
Subject to amortization:					
Acquired customer relationships	10 years	679,963	(340,388)	669,099	(275,530)
Purchased technology	5 years	394,975	(259,667)	390,800	(203,342)
Non-compete agreements	4 years	13,108	(10,930)	12,445	(7,797)
Acquired contracts, supplier and distributor agreements	14 years	25,601	(8,791)	25,600	(7,009)
Trademarks and brandnames	28 years	907,999	(150,802)	907,950	(118,505)
		2,021,646	(770,578)	2,005,894	(612,183)
Total continuing operations		$ 4,447,922	$ (770,578)	$ 4,630,849	$ (612,183)

[redacted]

Changes in the carrying amount of goodwill during the year ended December 31, 2011 and December 31, 2010 are as follows:

	Continuing Operations[1]			
	Travelocity	Sabre Travel Network	Sabre Airline Solutions	Total
	(Amounts in thousands)			
Goodwill Balance at 12/31/09 (net of accumulated impairment of $538,300)	$ 913,051	$ 1,835,582	$ 249,801	$ 2,998,434
Acquired	—	—	29,651	29,651
Adjustments	895	76	—	971
Impairment	(401,400)	—	—	(401,400)
Disposals	—	(2,701)	—	(2,701)
Goodwill Balance at 12/31/10 (net of accumulated impairment of $939,700)	$ 512,546	$ 1,832,957	$ 279,452	$ 2,624,955
Acquired	3	4,017	3,747	7,767
Adjustments	(1,064)	(10,313)	2,555	(8,822)
Impairment	(183,100)	—	—	(183,100)
Disposals	—	—	—	—
Held for Sale	—	(14,524)	—	(14,524)
Goodwill Balance at 12/31/11 (net of accumulated impairment of $1,122,800)	$ 328,385	$ 1,812,137	$ 285,754	$ 2,426,276

(1) Goodwill at December 31, 2009 for discontinued operations was a gross balance of $33,196 and $33,196 in accumulated impairment. There was no activity in discontinued operations for the years ended December 31, 2011 and 2010.

Amortization expense relating to intangible assets subject to amortization totaled $159 million for the years ended December 31, 2011 and 2010 and $178 million for the year ended December 31, 2009. Estimated amortization expense relating to intangible assets subject to amortization for each of the five succeeding years and beyond is as follows (in thousands):

2012	$ 154,000
2013	152,728
2014	110,295
2015	96,310
2016	96,355
2017 and thereafter	641,380
Total	$1,251,068

7. Pension and Other Postretirement Benefit Plans

We sponsor the Sabre Inc. 401(k) Savings Plan ("401(k) Plan"), which is a tax-qualified defined contribution plan that allows tax-deferred savings by eligible employees to provide funds for their retirement. We make a matching contribution equal to 100% of each pre-tax dollar contributed by the participant on the first 6% of eligible compensation. We have recorded expenses related to the

[redacted]

401(k) Plan of approximately $17 million, $17 million and $15 million for the years ended December 31, 2011, 2010 and 2009, respectively.

We also sponsor personal pension plans for eligible staff at lastminute.com, a Travelocity entity. lastminute.com contributed 5% of eligible pay on behalf of these employees to the plan. We contributed and expensed approximately $1 million for each of the years ended December 31, 2011, 2010 and 2009.

Additionally, 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. In April 2008, we amended the LPP to add a lump sum optional form of payment which participants may elect when their plan benefits commence. The effect of the amendment was to decrease the projected benefit obligation by $34 million, which is being amortized over 23.5 years, representing the weighted average of the lump sum benefit period and the life expectancy of all plan participants. We also sponsor a defined benefit pension plan for certain employees in Canada.

We provide retiree life insurance benefits to certain employees who retired prior to January 1, 2001, and we subsidize a portion of the cost of retiree medical benefits for certain retirees and eligible employees hired prior to October 1, 2000. In February 2009, we amended our retiree medical plan to reduce the subsidies received by participants by 20% per year over the next 5 years, with no further subsidies beginning January 1, 2014. The retiree medical plan will still be available to eligible employees with no further subsidies. This amendment resulted in a curtailment gain of approximately $5 million that was recognized in operating expenses during the first quarter of 2009 and $57 million of negative prior service cost recorded in other comprehensive income that is being amortized to operating expense over the remaining term through December 2013.

Pursuant to a Travel Privileges Agreement with American Airlines ("AMR"), we are entitled to purchase personal travel for certain retirees. Eligible employees were required to retire from the Company on or before June 30, 2008 to receive this benefit, unless they met the requirements to dual-retire from AMR and Sabre Holdings. These dual-retirees will receive these benefits upon retiring from Sabre Holdings. To pay for the provision of flight privileges for eligible retired employees, we make a lump-sum payment to American Airlines in the year the employees retire.

The following tables provide a reconciliation of the changes in the plans' benefit obligations, fair value of assets and the funded status as of December 31, 2011 and December 31, 2010:

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
	(Amounts in thousands)			
Change in benefit obligation:				
Benefit obligation at January 1	$ (357,151)	$ (349,725)	$ (10,151)	$ (14,937)
Service cost	—	—	(1)	(3)
Interest cost	(20,447)	(20,539)	(176)	(311)
Participant contributions	—	—	(2,352)	(2,157)
Actuarial gains (losses), net	(25,078)	(7,942)	1,973	1,890
Benefits paid	21,170	21,055	4,984	5,367
Benefit obligation at December 31	$ (381,506)	$ (357,151)	$ (5,723)	$ (10,151)

	Pension Benefits		Other Benefits	
	2011	2010	2011	2010
	(Amounts in thousands)			
Change in plan assets:				
Fair value of assets at January 1	$ 289,771	$ 279,187	$ —	$ —
Actual return on plan assets	15,348	31,639	—	—
Employer contributions	9,306	—	2,632	3,210
Participant contributions	—	—	2,352	2,157
Benefits paid	(21,170)	(21,055)	(4,984)	(5,367)
Fair value of assets at December 31	$ 293,255	$ 289,771	$ —	$ —
Funded status at December 31	$ (88,251)	$ (67,380)	$ (5,723)	$ (10,151)

The cumulative amounts recognized in the Consolidated Balance Sheets as of December 31, 2011 and December 31, 2010, net of deferred taxes, consist of:

	Pension Benefits		Other Benefits		Total	
	December 31,		December 31,		December 31,	
	2011	2010	2011	2010	2011	2010
	(Amounts in thousands)					
Current liabilities	$ —	$ —	$ (2,738)	$ (4,128)	$ (2,738)	$ (4,128)
Non current liabilities	(88,251)	(67,380)	(2,985)	(6,023)	(91,236)	(73,403)
Total	$ (88,251)	$ (67,380)	$ (5,723)	$ (10,151)	$ (93,974)	$ (77,531)

The current and noncurrent liabilities are presented in Other accrued liabilities and Other liabilities, respectively, in the Consolidated Balance Sheets.

The amounts recognized in Accumulated other comprehensive income (loss) as of December 31, 2011 and December 31, 2010 consists of:

	Pension Benefits		Other Benefits		Total	
	December 31,		December 31,		December 31,	
	2011	2010	2011	2010	2011	2010
	(Amounts in thousands)					
Net actuarial loss (gain)	$ 88,909	$ 68,109	$ (3,107)	$ (2,421)	$ 85,802	$ 65,688
Prior service cost	(17,926)	(18,861)	(15,238)	(22,555)	(33,164)	(41,416)
Accumulated other comprehensive income (loss)	$ 70,983	$ 49,248	$ (18,345)	$ (24,976)	$ 52,638	$ 24,272

The discount rate used in the measurement of our benefit obligations as of December 31, 2011 and December 31, 2010 is as follows:

	Pension Benefits		Other Benefits	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Weighted-average assumptions				
Discount rate	5.32%	5.88%	2.12%	2.17%

Due to the freeze of pension benefit accruals under the LPP as of December 31, 2005, no assumption for future rate of compensation increase is necessary.

[redacted]

The following table provides the components of net periodic benefit costs associated with our pension and other postretirement benefit plans for the years ended December 31, 2011, 2010 and 2009:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Pension Benefits			
Components of net periodic benefit cost:			
Interest cost	$ 20,447	$ 20,539	$ 21,362
Expected return on plan assets	(23,820)	(24,942)	(26,504)
Amortization of prior service credit	(1,432)	(1,432)	(1,432)
Amortization of actuarial loss	2,195	711	—
Net periodic benefit	(2,610)	(5,124)	(6,574)
Settlement loss	—	—	—
Net (benefit) cost	$ (2,610)	$ (5,124)	$ (6,574)

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Other Benefits			
Components of net periodic benefit cost:			
Service cost	$ 1	$ 3	$ 53
Interest cost	176	311	1,582
Amortization of prior service credit	(11,397)	(11,397)	(10,447)
Amortization of actuarial gain	(745)	(222)	(335)
Curtailment gain	—	—	(5,139)
Net (benefit) cost	$ (11,965)	$ (11,305)	$ (14,286)

	Pension Benefits		Other Benefits	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
		(Amounts in thousands)		
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income				
Net actuarial (gain) loss	$ 33,550	$ 1,246	$ (1,964)	$ (1,890)
Amortization of actuarial gain (loss)	(2,195)	(711)	745	222
Prior service credit	—	—	—	—
Amortization of prior service credit	1,432	1,432	11,397	11,397
Total recognized in other comprehensive income	32,787	1,967	10,178	9,729
Total recognized in net periodic benefit cost and other comprehensive income	$ 30,177	$ (3,157)	$ (1,787)	$ (1,576)

We estimate that $1 million of prior service credit and actuarial loss for the defined benefit pension plans will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in 2012. Additionally, we estimate that $13 million of prior service credit and actuarial gain for the other postretirement benefit plans will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in 2012.

Income related to pensions and other postretirement benefits totaled approximately $15 million, $16 million and $21 million for the years ended December 31, 2011, 2010 and 2009, respectively.

[redacted]

The principal assumptions used in the measurement of our net benefit costs for the three years ended December 31, 2011, 2010 and 2009 are as follows:

	Pension Benefits			Other Benefits		
	2011	2010	2009	2011	2010	2009
Discount rate	5.88%	6.09%	6.52%	2.69%	2.85%	6.52%
Expected return on plan assets	7.75%	7.75%	7.75%	—	—	—

Due to a cap on our retiree medical plan cost, a one-percentage point change in the assumed health care cost trend rates would not have a significant impact on service and interest cost or on our postretirement benefit obligation as of December 31, 2011 and December 31, 2010.

Our overall investment strategy for the LPP is to provide and maintain sufficient assets to meet pension obligations both as an ongoing business, as well as in the event of termination, at the lowest cost consistent with prudent investment management, actuarial circumstances, and economic risk, while minimizing the earnings impact. Diversification is provided by using an asset allocation primarily between equity and debt securities in proportions expected to provide opportunities for reasonable long-term returns with acceptable levels of investment risk. Fair values of the applicable assets are determined as follows:

Mutual Fund – The fair value of our mutual funds was estimated by using market quotes as of the last day of the period.

Common Collective Trusts – The fair value of our common collective trusts was estimated by using market quotes as of the last day of the period, quoted prices for similar securities and quoted prices in non-active markets.

Real Estate – The fair value of real estate was estimated by using property appraisals conducted annually by independent appraisal firms. The annual appraisals are adjusted as necessary for interim capital expenditures.

[redacted]

The basis for the selected target asset allocation included consideration of the demographic profile of plan participants, expected future benefit obligations and payments, projected funded status of the plan and other factors. The target allocations for LPP assets are 25% U.S. equities, 25% non-U.S. equities, 43% long duration fixed income, 5% real estate and 2% cash equivalents. It is recognized that the investment management of the LPP assets has a direct effect on the achievement of its goal. As defined in Note 11, the following table presents the fair value of the LPP assets:

	Fair Value Measurements at December 31, 2011 (in thousands)			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds:				
Foreign large value	$ 35,475	$ —	$ —	$ 35,475
Large blend	36,704	—	—	36,704
Large growth	18,242	—	—	18,242
Money market	4,865	—	—	4,865
Common collective trusts:				
Fixed income securities	—	125,569	—	125,569
Foreign equity securities	—	36,381	—	36,381
U.S. equity securities	—	18,264	—	18,264
Real estate	—	—	17,755	17,755
Total assets at fair value	$ 95,286	$ 180,214	$ 17,755	$ 293,255

	Fair Value Measurements at December 31, 2010 (in thousands)			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Mutual funds:				
Foreign large value	$ 36,596	$ —	$ —	$ 36,596
Large blend	38,645	—	—	38,645
Large growth	19,285	—	—	19,285
Money market	4,053	—	—	4,053
Common collective trusts:				
Fixed income securities	—	119,744	—	119,744
Foreign equity securities	—	36,494	—	36,494
U.S. equity securities	—	19,460	—	19,460
Real estate	—	—	15,494	15,494
Total assets at fair value	$ 98,579	$ 175,698	$ 15,494	$ 289,771

The following table provides a rollforward of fair value measurements using significant unobservable inputs (level 3), in thousands:

	Real Estate
Beginning balance at December 31, 2009	**$13,929**
Contributions	648
Net distributions	(193)
Advisory fee	(120)
Net investment income	382
Change in unrealized gain (loss)	1,067
Net realized gain (loss)	(219)
Beginning balance at December 31, 2010	**$15,494**
Contributions	694
Net distributions	(254)
Advisory fee	(170)
Net investment income	470
Change in unrealized gain (loss)	1,539
Net realized gain (loss)	(18)
Ending balance at December 31, 2011	**$17,755**

We contributed $9 million to fund our defined benefit pension plan during the year ended December 31, 2011 and made no contributions to fund our defined benefit pension plan during the year ended December 31, 2010. Annual contributions to our defined benefit pension plans are based on several factors that may vary from year to year. Our funding policy is to contribute the minimum required contribution as defined by law while also maintaining an 80% funded status as defined by the Pension Protection Act of 2006. Thus, past contributions are not always indicative of future contributions. Based on current assumptions, we expect to make $28 million in contributions to our defined benefit pension plans in 2012.

The expected long-term rate of return on plan assets for each measurement date was selected after giving consideration to historical returns on plan assets, assessments of expected long-term inflation and market returns for each asset class and the target asset allocation strategy. We do not anticipate the return of any plan assets to us in 2012.

We expect to make the following estimated future benefit payments under the plans as follows (in thousands):

	Pension	Other Benefits
2012	21,000	3,000
2013	22,000	2,000
2014	22,000	1,000
2015	24,000	—
2016	26,000	—
2017-2019	137,000	—

8. Income Taxes

The provision for income taxes relating to continuing operations consists of the following:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
	(Amounts in thousands)		
Current portion:			
Federal	$ 816	$ 10,803	$ (28,738)
State and Local	2,803	2,361	3,480
Non U.S.	20,193	5,287	25,033
Total current	23,812	18,451	(225)
Deferred portion:			
Federal	29,570	46,514	(12,630)
State and Local	990	(2,435)	(688)
Non U.S.	2,740	632	—
Total deferred	33,300	44,711	(13,318)
Total provision (benefit) for income taxes	$ 57,112	$ 63,162	$ (13,543)

The provision for income taxes relating to continuing operations differs from amounts computed at the statutory federal income tax rate as follows:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
	(Amounts in thousands)		
Income tax provision at statutory federal income tax rate	$(10,226)	$ (85,959)	$(55,283)
State income taxes, net of federal benefit	2,466	(49)	1,815
Impact of non U.S. taxing jurisdictions, net	(1,871)	13,062	8,898
Goodwill impairment	64,205	129,694	71,301
Accrual adjustment and settlement of prior year tax matters	—	—	(15,506)
Recognition of previously unrecognized tax benefits	—	—	(24,433)
Tax loss attributable to non controlling interest	2,570	4,917	—
Other, net	(32)	1,477	(335)
Total provision (benefit) for income taxes	$ 57,112	$ 63,162	$(13,543)

In August of 2009, we received a signed closing agreement from the Internal Revenue Service settling tax disputes in our 1996-2003 corporate income tax returns which resulted in the recognition of approximately $17 million of unrecognized tax benefits and $3 million of accrued interest in the third quarter of 2009. We received a cash refund of approximately $20 million, including interest, in December 2009 as a result of settling our 1996-2003 tax disputes.

[redacted]

The components of our deferred tax assets and liabilities were as follows:

	December 31, 2011	December 31, 2010
Deferred tax assets:		
Accrued expenses	$ 32,741	$ 27,770
Employee benefits other than pension	2,059	3,652
Deferred revenue	762	(5,540)
Pension obligations	25,201	24,240
Net operating loss carry forwards	341,872	357,201
Non-compensatory options	2,059	4,208
Unrealized gains and losses	17,189	19,350
Subscriber incentives	1,573	(2,511)
Tax credit carryforwards	10,771	10,214
Other	15,234	11,205
Total deferred tax assets	$ 449,461	$ 449,789
Deferred tax liabilities:		
Non U.S. operations	(1,055)	2,985
Depreciation and amortization	(21,211)	(15,722)
Internally developed software	(117,558)	(82,844)
Intangible assets	(288,139)	(307,952)
Currency translation adjustment	(8,222)	(9,098)
Total deferred tax liabilities	$ (436,165)	$ (412,631)
Valuation allowance	(227,441)	(236,413)
Net deferred tax liability	$ (214,165)	$ (199,255)

We pay United States ("U.S.") income taxes on the earnings of non-U.S. subsidiaries unless the subsidiaries' earnings are considered permanently reinvested outside the U.S. To the extent that the non-U.S. earnings previously treated as permanently reinvested are repatriated, the related U.S. tax liability may be reduced by any non-U.S. income taxes paid on these earnings. As of December 31, 2011, the cumulative amount of unrepatriated earnings upon which U.S. income taxes have not been provided is approximately $125 million. It is not practical to estimate the unrecognized deferred tax liability for these earnings, as this liability is dependent upon future tax planning strategies.

As of December 31, 2011, we had U.S. federal net operating loss carryforwards ("NOLs") of approximately $325 million, which will expire between 2020 and 2029. We also had research tax credit carryforwards of approximately $9 million, which will expire between 2019 and 2031. Additionally, we have a $2 million Alternative Minimum Tax ("AMT") credit carryforward that does not expire. $73 million of NOLs and $1 million of research tax credit carryforwards are subject to an annual limitation on their ability to be utilized under Section 382 of the Internal Revenue Code, but are expected to be fully realized.

In addition, we had $227 million of deferred tax assets for NOL carryforwards related to certain non-U.S. taxing jurisdictions that are primarily from countries with indefinite carryforward periods. With few exceptions, a valuation allowance has been recorded against these carryforwards as the recovery of the carryforward is uncertain. We also have other NOL carryforwards in non-U.S. jurisdictions that have not been included in the amounts above because we believe the likelihood of utilization is remote.

It is the Company's policy to recognize penalties and interest accrued related to income taxes as a component of the provision (benefit) for income taxes. During the years ended December 31, 2011, 2010, and 2009, we recognized a benefit of $1 million, a benefit of $2 million, and a provision of $2 million of interest and penalties, respectively. As of December 31, 2011 and 2010, we had cumulative accrued interest and penalties of a negligible amount and $2 million, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

Balance at January 1, 2010	$ 32,425
Additions for tax positions taken in the current year	6,059
Additions for tax positions of prior years	6,776
Reductions for tax positions of prior years	(429)
Reductions for tax positions of expired statute of limitations	(560)
Settlements	(6,199)
Balance at December 31, 2010	$ 38,072
Additions for tax positions taken in the current year	3,016
Additions for tax positions of prior years	1,050
Reductions for tax positions of prior years	(1,691)
Reductions for tax positions of expired statute of limitations	(1,367)
Balance at December 31, 2011	$ 39,080

All of our unrecognized tax benefits at both December 31, 2011 and 2010, would affect the effective tax rate, if recognized.

We are subject to U.S. federal income tax as well as income tax of multiple state, local, and non-U.S. jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. During 2010, the Internal Revenue Service ("IRS") completed its audit of the 2004-2006 U.S. federal income tax returns. All matters were effectively settled with the exception of a matter relating to our claimed research tax credit, which we will appeal. This matter is included in the unrecognized tax benefits balance above. The IRS settlement, along with the settlement of various tax matters in non-U.S. jurisdictions, resulted in a $6 million reduction of unrecognized tax benefits in 2010 which were recorded as a reduction of income tax expense.

The U.S. federal statute of limitations is closed for years prior to 2007. With few exceptions, we are no longer subject to state, local, or non-U.S. income tax examinations by tax authorities for years prior to 2006.

It is reasonably possible that a reduction of approximately $8 million of unrecognized tax benefits may occur within the next 12 months as a result of resolutions of worldwide tax disputes and the expiration of statutes of limitations.

9. Debt

The following table sets forth our outstanding debt:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010
	(Amounts in thousands)	
Senior secured credit facility:		
Senior secured financing	$ 2,871,788	$ 2,901,938
Revolving credit facility	82,000	—
Publicly issued senior unsecured notes:		
2011 Notes	—	322,586
2016 Notes	381,267	377,782
Mortgage facility	85,000	85,000
Note payable to a joint venture partner	—	16,290
Total debt	$ 3,420,055	$ 3,703,596
Current portion of debt	112,150	352,736
Long-term debt	3,307,905	3,350,860
Total debt	$ 3,420,055	$ 3,703,596

Publicly Issued Senior Unsecured Notes

In March 2006, we issued $400 million in 2016 Notes, bearing interest at a rate of 6.35% and maturing March 15, 2016, in an underwritten public offering resulting in net cash proceeds after expenses of approximately $397 million. The 2016 Notes include certain non-financial covenants, including restrictions on incurring certain types of debt or entering into certain sale and leaseback transactions. We used all of the net proceeds plus available cash and cash equivalents and marketable securities to prepay $400 million of a bridge facility used to finance the acquisition of our subsidiary lastminute.com. Under the terms of the 2016 Notes, we paid $29 million in interest charges in 2007 and are obligated to pay $34 million per year afterwards until 2016. Interest payments are due in March and September each year. The interest rate payable on the 2016 Notes increased to 8.35% effective March 16, 2007 due to a credit rating decline resulting from the acquisition of Sabre Holdings. As of December 31, 2011, we are in compliance with all covenants under the indenture for the 2016 Notes.

In August 2001, we issued $400 million in 2011 Notes, bearing interest at a rate of 7.35% and maturing August 1, 2011, in an underwritten public offering resulting in net cash proceeds to us of approximately $397 million. The interest payments were due in February and August each year. The 2011 Notes included certain non-financial covenants, including restrictions on incurring certain types of debt or entering into certain sale and leaseback transactions. In April 2009, we reduced our debt obligations by $76 million for the 2011 Notes. We paid $44 million in open market purchases to extinguish this debt early resulting in a gain, net of tax, of approximately $20 million. This gain is recorded in the Consolidated Statements of Operations as gain on retirement of debt. During the quarter ended September 30, 2011, we paid down the remaining $324 million of principal and $12 million of accrued interest on our unsecured notes which matured on August 1, 2011.

On March 31, 2007, in connection with the acquisition of Sabre Holdings, we terminated the registrations of our 2011 Notes and 2016 Notes under Section 12(g) of the Securities Exchange Act of 1934, as amended.

Senior Secured Credit Facility

On March 30, 2007, Sabre Inc. entered into a senior secured credit facility. The Credit Agreement is comprised of an aggregate of $3,515 million of senior secured financing consisting of: (i) $3,015 million in aggregate principal amount of term loans; (ii) a revolving credit facility denominated in U.S. dollars with a maximum borrowing limit of $200 million; and (iii) a revolving credit facility denominated in currencies other than U.S. dollars with a maximum borrowing limit of $300 million. The Credit Agreement includes up to $400 million of letter of credit financings under the revolving credit facility that is denominated in U.S. dollars. The term loan expires in September 2014 and the revolving credit facilities expire in March 2013.

Sabre Inc.'s obligations under the Credit Agreement are guaranteed by Sabre Holdings and each of Sabre Inc.'s wholly-owned material domestic subsidiaries, except unrestricted subsidiaries. We refer to these guarantors together with Sabre Inc., as the Loan Parties. The Credit Agreement is secured by (i) a first priority security interest on the equity interests in Sabre Inc. and each other Loan Party that is a direct subsidiary of Sabre Inc. or another Loan Party, (ii) 65% of the issued and outstanding voting (and 100% of the non-voting) equity interests of each wholly-owned material foreign subsidiary of Sabre Inc. that is a direct subsidiary of Sabre Inc. or another Loan Party, and (iii) a blanket lien on substantially all of the tangible and intangible assets of the Loan Parties.

We are required to pay down 0.25% of the $3,015 million borrowing under the term loan at the end of each fiscal quarter, which is approximately $30 million annually, commencing September 30, 2007. During 2007, we exceeded this requirement by paying down $85 million, thus no further payments were due under this obligation through 2009. Scheduled installments of principal on the term loan totaling $30 million and $28 million were paid in 2011 and 2010, respectively.

Beginning with the year ended December 31, 2008, we are also required to pay down the term loan by an amount equal to 50% of excess cash flow, as defined by the Credit Agreement, each fiscal year end after our annual Consolidated Financial Statements are delivered. This percentage may decrease if certain leverage ratios are achieved. For the fiscal year ended December 31, 2009, we were required to pay down the term loan by an amount equal to 50% of excess cash flow, as defined by the Credit Agreement, which resulted in a payment of $27 million for 2009 which was paid in the first quarter of 2010. This payment was also applied against the required $28 million pay-down for 2010. The remaining $1 million was paid in December 2010. For the year ended December 31, 2010, we were required to pay down the term loan by an amount equal to 25% of excess cash flow, as defined by the Credit Agreement, which resulted in a prepayment of $30 million, which was made in the first quarter of 2011. This prepayment is also applied toward the quarterly scheduled installments of principal on the term loan discussed above, which aggregate to $30 million for 2011. Additionally, we are required to pay down the term loan with proceeds from certain asset sales or borrowings as defined by the Credit Agreement. We may repay the indebtedness under the Credit Agreement at any time prior to the maturity dates without penalty.

[redacted]

The interest rate on this indebtedness is based on LIBOR plus a base margin. The base margin was 2.25% for the year ended December 31, 2009 and for the period of January 1, 2010 through March 10, 2010. As of March 11, 2010, the margin lowered to 2.00%, as we achieved lower leverage ratios. We have elected the one-month LIBOR as the floating interest rate on $2,072 million of our outstanding term loan and three-month LIBOR for the remaining term loan balance. The interest rates as of December 31, 2011 and 2010 were as follows:

Loan Amount	Interest Rate as of December 31, 2011	Loan Amount	Interest Rate as of December 31, 2010
$800 million	3-month LIBOR + 2.00%	$1,050 million	3-month LIBOR + 2.00%
$2,072 million	1-month LIBOR + 2.00%	$1,852 million	1-month LIBOR + 2.00%
$2,872 million		$2,902 million	

For the portion of the loan set at three-month LIBOR, interest payments are due on the last day of January, April, July and October. For the portion of the loan set at one-month LIBOR, interest payments are due on the last day of each month. Interest on the outstanding loan is subject to interest rate swaps (see Note 10).

In addition, we capitalized $94 million in costs relating to the issuance of the Credit Agreement that is being amortized to interest expense over 7.5 years which resulted in the following effective interest rates:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
Including the impact of interest rate swaps	4.31%	4.70%	5.51%
Excluding the impact of interest rate swaps	2.72%	2.80%	3.42%

As of December 31, 2011 we had an outstanding balance on the revolving credit facility of $82 million and no outstanding balance as of December 31, 2010. We had outstanding letters of credit totaling $120 million as of December 31, 2011 which reduces our overall credit capacity under the revolving credit facility.

Under the Credit Agreement, the revolver is subject to certain covenants including a maximum Senior Secured Leverage Ratio. This ratio is calculated as Senior Secured Debt (net of cash) to EBITDA as defined by the Credit Agreement. 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. As of December 31, 2011, we are in compliance with all covenants under the Credit Agreement.

Sale and Leaseback of a Portion of our Southlake, Texas Headquarters Facilities

In December 2006, we exercised our option under a capital lease facility and sold a headquarters facility located near our main campus in Southlake, Texas ("Solana building"), associated improvements and certain undeveloped land and other property rights at our Southlake, Texas headquarters (together with the Solana building, the "Property") to affiliates of Maguire Partners—Dallas, LTD ("Maguire"), and began a five-year leaseback of the Solana building from Maguire. Under the leaseback, we were responsible for rent of approximately $6 million annually for a term of 5 years and for operational expenses such as maintenance and property taxes. We used the proceeds from the sale to repay a portion of the capital lease facility. The sale resulted in a $4 million deferred loss that was to be amortized to expense over the leaseback term. However, due to plans to fully vacate the Solana building, in conjunction with recording the acquisition of Sabre Holdings by TPG and SLP in 2007, we recorded a $27 million liability related to the present value of future obligations, net of the previously deferred loss, under the leaseback, $6 million of which remained at December 31, 2010 and was fully amortized by December 31, 2011. We re-accommodated all employees from the Solana building into two other headquarters buildings in Southlake, Texas in 2009.

Mortgage Facility

On March 29, 2007, we purchased the buildings, land and furniture and fixtures located at our headquarter facilities in Southlake, Texas, which were previously financed under a capital lease facility. The total purchase price of the assets was $104 million. The purchase was financed through $85 million raised by a mortgage facility that we entered into and $19 million from cash on hand. The $85 million mortgage facility carries an interest rate of 5.8%. Payments made through March 1, 2012 are applied to accrued interest only. Subsequent to that date, payments will also be applied to the principal balance of the facility. Payments are due on the first business day of each month. The facility matures on March 1, 2017 and all unpaid principal will be due at that time. As of December 31, 2011, we are in compliance with all covenants set forth in the facility agreement.

Note Payable to a Joint Venture Partner

On March 31, 2002 we entered into a promissory note with one of our joint venture partners. The note carries an interest rate of 8.0% and matures on March 31, 2012. As of December 31, 2011 the carrying value of this note was $18 million and was classified as a Current liability held for sale on our Consolidated Balance Sheet. As of December 31, 2010 the carrying value of this note was $16 million and was classified as Long-term debt on our Consolidated Balance Sheet.

10. Derivatives

Hedging Objectives—We are exposed to certain risks relating to ongoing business operations. The primary risks managed by using derivative instruments are foreign currency exchange rate risk and interest rate risk. Forward contracts on various foreign currencies are entered into to manage the foreign currency exchange rate risk on operational exposure denominated in foreign currencies. Interest rate swaps are entered into to manage interest rate risk associated with our floating-rate borrowings. In accordance with authoritative guidance on accounting for derivatives and hedging, we designate foreign currency forward contracts as cash flow hedges on operational exposure and interest rate swaps as cash flow hedges of floating-rate borrowings.

Cash Flow Hedging Strategy—For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any (ineffective portion) or hedge components excluded from the assessment of effectiveness, are recognized in the Consolidated Statements of Operations during the current period.

[redacted]

To protect against the reduction in value of forecasted foreign currency cash flows resulting from export sales over the next year, we have instituted a foreign currency cash flow hedging program. We hedge portions of our expenses denominated in foreign currencies with forward contracts. When the dollar strengthens significantly against the foreign currencies, the decline in present value of future foreign currency revenue is offset by gains in the fair value of the forward contracts designated as hedges. Conversely, when the dollar weakens, the increase in the present value of future foreign currency cash flows is offset by losses in the fair value of the forward contracts.

We have entered into interest rate swap agreements to manage interest rate risk exposure. The interest rate swap agreements utilized effectively modify our exposure to interest rate risk by converting floating-rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense and net earnings. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amount.

Forward Contracts—In order to hedge our operational exposure to foreign currency movements, we are a party to certain foreign currency forward contracts that extend until December 3, 2012. We have designated these instruments as cash flow hedges. No hedging ineffectiveness was recorded in earnings relating to the forwards during the years ended December 31, 2011, 2010, or 2009. As the outstanding contracts settle, it is estimated that $5 million in losses will be reclassified from other comprehensive income (loss) to earnings. We have also entered into short-term forward contracts to hedge a portion of our foreign currency exposure related to travel supplier liability payments. As part of our risk management strategy, these derivatives were not designated for hedge accounting at inception; therefore, the change in fair value of these contracts is recorded in our Consolidated Statements of Operations.

As of December 31, 2011 and 2010, we had the following unsettled purchased foreign currency forward contracts that were entered into to hedge our operational exposure to foreign currency movements (in thousands):

	December 31, 2011 Outstanding Notional Amount			
Foreign Currency	Currency Denomination	Foreign Amount	USD Amount	Weighted-Average Contract Rate
Australian Dollar	AUD	3,900	$ 3,854	0.9883
Euro	EUR	14,025	19,589	1.3967
British Pound Sterling	GBP	11,650	18,513	1.5891
Indian Rupee	INR	800,100	16,335	0.0204
Polish Zloty	PLN	113,392	35,366	0.3119

	December 31, 2010 Outstanding Notional Amount			
Foreign Currency	Currency Denomination	Foreign Amount	USD Amount	Weighted-Average Contract Rate
Australian Dollar	AUD	35,750	$ 32,515	0.9095
Euro	EUR	11,100	14,309	1.2891
British Pound Sterling	GBP	14,400	22,335	1.5511
Indian Rupee	INR	778,000	16,420	0.0211
Polish Zloty	PLN	130,750	41,989	0.3211

Interest Rate Swap Contracts—During April 2007, in connection with our Senior Secured Debt (see Note 9) with a three-month LIBOR as the floating interest rate, we entered into six interest rate

[redacted]

swaps. Under the terms of the swaps, the interest rate payments and receipts are quarterly on the last day of January, April, July and October. The reset dates on the swaps are also the last day of January, April, July and October each year until maturity.

In February, 2011, in connection with our Senior Secured Debt with a one-month LIBOR as the floating interest rate, we entered into two interest rate swaps with the effective dates as shown below. Under the terms of the swaps, the interest rate payments and receipts are monthly on the last day of the month until maturity. The reset dates on the swaps are also on the last day of each month. The terms of these interest rate swaps are shown below:

	Notional Amount	Interest Rate Received	Interest Rate Paid	Effective Date	Maturity Date
Outstanding:					
	$800 million	3 month LIBOR	5.04%	April 30, 2007	April 30, 2012
	$400 million	1 month LIBOR	2.03%	July 29, 2011	September 30, 2014
	$1,200 million				
Not Yet Effective:					
	$350 million	1 month LIBOR	2.51%	April 30, 2012	September 30, 2014
Matured:					
	$100 million	3 month LIBOR	5.21%	April 30, 2007	April 30, 2008
	$350 million	3 month LIBOR	5.02%	April 30, 2007	April 30, 2010
	$350 million	3 month LIBOR	4.99%	April 30, 2007	April 30, 2011
	$125 million	3 month LIBOR	5.04%	April 30, 2007	April 28, 2011
	$125 million	3 month LIBOR	5.03%	April 30, 2007	April 28, 2011
	$1,050 million				

The objective of the swaps is to hedge the interest payments associated with floating-rate liabilities on the notional amounts of our Senior Secured Debt as summarized above. The effectiveness of the swaps is periodically assessed throughout the life of the swaps using the "hypothetical derivative method." The hypothetical swap has terms that identically match the terms of the floating rate liability, and is therefore presumed to perfectly offset the hedged cash flows. We review the critical terms of the swaps and the hedged instrument quarterly to validate that the terms continue to match and that there has been no deterioration in the creditworthiness of the counterparties. Hedge ineffectiveness is calculated quarterly based upon the excess of the cumulative change in the fair value of the actual swap over the cumulative change in the fair value of the "perfect" hypothetical swap. The amount of ineffectiveness, if any, is recorded in earnings. For the year ended December 31, 2011, no hedge ineffectiveness has been incurred. Because these interest rate swaps are cash flow hedges, changes in the fair value of the swaps are recognized as an asset or liability and a component of other comprehensive income (loss) in each reporting period. As the outstanding contracts settle, it is estimated that $18 million in losses will be reclassified from other comprehensive income (loss) to earnings over the next twelve months.

The estimated fair values of our derivatives as of December 31, 2011 and 2010 are provided below:

	Derivative Assets (Liabilities)		
	Balance Sheet Location	Fair Value	
		12/31/2011	12/31/2010
		(Amounts in thousands)	
Derivatives designated as hedging instruments			
Foreign exchange contracts	Prepaid expenses	$ —	$ 4,861
	Other accrued liabilities	(7,095)	—
Interest rate swaps	Other accrued liabilities	(28,313)	(35,035)
	Other liabilities	(15,909)	(17,111)
Total derivatives designated as hedging instruments		$ (51,317)	$ (47,285)

The estimated fair value of our foreign exchange contracts not designated as hedging instruments are negligible assets recorded in Other assets as of December 31, 2011 and negligible liabilities recorded in Other accrued liabilities as of December 31, 2010 on the Consolidated Balance Sheets. See Forward Contracts for additional information on our purpose for entering into derivatives not designated as hedging instruments and our overall risk management strategies.

The effects of derivative instruments, net of taxes, on other comprehensive income (loss) ("OCI") for the years ended December 31, 2011, 2010 and 2009 are provided below:

	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		
	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)	
Derivatives in Cash Flow Hedging Relationships			
Foreign exchange contracts	$ (2,601)	$ 5,888	$ 29,334
Interest rate swaps	24,092	54,284	38,220
Total	$ 21,491	$ 60,172	$ 67,554

Derivatives in Cash Flow Hedging Relationships	Location	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)		
Foreign exchange contracts	Cost of revenues	$ 8,508	$ (2,038)	$ (13,401)
Interest rate swaps	Interest expense	(29,250)	(35,329)	(39,239)
Total		$ (20,742)	$ (37,367)	$ (52,640)

Derivatives Not Designated as Hedging Instruments[a]	Location	Amount of Gain (Loss) Recognized in Income on Derivative Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(Amounts in thousands)		
Foreign exchange contracts	Cost of revenue	$ 301	$ (799)	$ (636)
Total		$ 301	$ (799)	$ (636)

[a] See Forward Contracts for additional information on our purpose for entering into derivatives not designated as hedging instruments and our overall risk management strategies.

11. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for that asset or liability. Guidance on fair value measurements and disclosures establishes a valuation hierarchy for disclosure of inputs used in measuring fair value defined as follows:

Level 1 – inputs are unadjusted quoted prices that are available in active markets for identical assets or liabilities.

Level 2 – inputs include quoted prices for similar assets and liabilities in active markets and quoted prices in non-active markets, inputs other than quoted prices that are observable, and inputs that are not directly observable, but are corroborated by observable market data.

Level 3 – inputs that are unobservable and are supported by little or no market activity and reflect the use of significant management judgment.

A financial asset's or liability's classification within the hierarchy is determined based on the least reliable level of input that is significant to the fair value measurement. In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. We also consider the counterparty and our own non-performance risk in our assessment of fair value.

Fair values of applicable assets and liabilities are estimated as follows:

Available-for-sale securities – The fair value of our available-for-sale securities were estimated by using market quotes as of the last day of the period.

Foreign currency forward contracts – The fair value of the foreign currency forward contracts were estimated based upon pricing models that use inputs derived from or corroborated by observable market data such as currency spot and forward rates.

Interest rate swaps – The fair value of our interest rate swaps were estimated using a combined income and market-based valuation methodology based upon credit ratings and forward interest rate yield curves obtained from independent pricing services reflecting broker market quotes.

Notes payable – The fair value of our 2011 Notes, 2016 Notes and term loan are determined based on quoted market prices for the identical liability when traded as an asset in an active market, a Level 1 input.

The following tables present the fair value of our financial assets and (liabilities) that are required to be measured at fair value on a recurring basis as of December 31, 2011 and 2010 (in thousands):

		Fair Value at Reporting Date Using		
	December 31, 2011	Level 1	Level 2	Level 3
Available-for-sale equity securities	$ 6,150	$ 6,150	$ —	$—
Derivatives				
Foreign currency forward contracts (see Note 10)	(6,711)	—	(6,711)	—
Interest rate swap contracts (see Note 10)	(44,222)	—	(44,222)	—
Total derivatives	$ (50,933)	$ —	$ (50,933)	$—
Total	$ (44,783)	$ 6,150	$ (50,933)	$—

		Fair Value at Reporting Date Using		
	December 31, 2010	Level 1	Level 2	Level 3
Available-for-sale equity securities	$ 8,255	$ 8,255	$ —	$—
Derivatives				
Foreign currency forward contracts (see Note 10)	4,857	—	4,857	—
Interest rate swap contracts (see Note 10)	(52,146)	—	(52,146)	—
Total derivatives	$ (47,289)	$ —	$ (47,289)	$—
Total	$ (39,034)	$ 8,255	$ (47,289)	$—

The following table presents the fair value and carrying value of our 2011 Notes, 2016 Notes and term loans as of December 31, 2011 and 2010:

Financial Instrument	Fair Value at December 31, 2011	Carrying Value at December 31, 2011
$400 million 2016 Notes	$289 million	$381 million
$2,872 million term loan	$2,380 million	$2,872 million

Financial Instrument	Fair Value at December 31, 2010	Carrying Value at December 31, 2010
$324 million 2011 Notes	$328 million	$323 million
$400 million 2016 Notes	$371 million	$378 million
$2,903 million term loan	$2,721 million	$2,902 million

[redacted]

Goodwill and Intangible assets—As described in Note 6, our assessment of financial assets that are required to be measured at fair value on a non-recurring basis is performed annually, as of October 1, or more frequently if events and circumstances indicate that impairment may have occurred. At the end of June 2011, we identified circumstances within Travelocity—North America and Travelocity—Europe which may reduce the fair value of the reporting unit below its carrying amount. The fair value of these reporting unit's goodwill and intangible assets were estimated using discounted future cash flow projections in 2011 and a combined approach based upon discounted future cash flow projections and observed market multiples for comparable businesses in 2010. Both of these approaches are Level 3 inputs. The goodwill for Travelocity North America was written down by $173 million to its implied fair value of $163 million during 2011 based on analysis performed in June 30, 2011 and by $401 million to its implied fair value of $336 million during 2010 based on analysis performed as of October 1, 2010. Additionally we measured the goodwill associated with the Travelocity—North America and Europe reporting units as of October 1, 2011 in connection with the impairment tests we performed on our goodwill in the fourth quarter of each year. As a result of the annual testing performed as of October 1, 2011, goodwill for our Travelocity—Europe reporting unit was written down by $10 million to its implied fair value of $151 million during 2011. The 2010 assessment for Travelocity Europe did not lead to an impairment charge.

12. Comprehensive Income (Loss)

Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources.

At December 31, 2011, 2010 and 2009, the components of accumulated other comprehensive income (loss), net of related deferred income taxes were as follows:

	Unrealized Gains on Retiree Medical Plan Amendment	Defined Benefit Pension & Other Post Retirement Benefit Plans	Unrealized Gains (Losses) on Foreign Currency Forward Contracts and Interest Rate Swaps	Unrealized Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Investments	Total Accumulated Other Comprehensive Income (Loss)
	(Amounts in thousands)					
Balance at December 31, 2008	$ —	$ (47,769)	$ (70,656)	$ 22,541	$ (3,143)	$ (99,027)
2009 other comprehensive income (loss), net of deferred taxes	29,817	1,655	14,914	(18,413)	4,523	32,496
Balance at December 31, 2009	29,817	(46,114)	(55,742)	4,128	1,380	(66,531)
2010 other comprehensive income (loss), net of deferred taxes	(7,316)	(659)	22,805	7,647	263	22,740
Balance at December 31, 2010	22,501	(46,773)	(32,937)	11,775	1,643	(43,791)
2011 other comprehensive income (loss), net of deferred taxes	(7,320)	(21,046)	(749)	(7,715)	(2,106)	(38,936)
Balance at December 31, 2011	$ 15,181	$ (67,819)	$ (33,686)	$ 4,060	$ (463)	$ (82,727)

Unrealized gains and losses on the retiree medical plan are a result of an amendment to our retiree medical plan. These gains and losses are net of deferred tax effects of $4 million for each of the years ended December 31, 2011 and 2010, and $17 million for the year ended December 31, 2009.

[redacted]

The change in defined benefit pension and other postretirement benefit plans are net of deferred tax effects of approximately $12 million and $1 million for the years ended December 31, 2011 and 2009, respectively. The tax effect for the year ended December 31, 2010 was not significant.

The change in unrealized gains and losses on foreign currency forward contracts and interest rate swaps are net of deferred tax effects of approximately $1 million, $12 million and $6 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The change in unrealized foreign currency translation gains and losses are net of deferred tax effects of approximately $1 million, $6 million and $7 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The tax effects allocated to unrealized gains (losses) on investments during the years ended December 31, 2011, 2010 and 2009 were not significant.

Unrealized gains and losses reclassified from other comprehensive income into income, net of tax, were as follows:

	Fiscal Year Ended December 31, 2011	Fiscal Year Ended December 31, 2010	Fiscal Year Ended December 31, 2009
		(amounts in thousands)	
Components of Other Comprehensive Income			
Foreign Exchange Contracts	$ 8,508	$ (2,038)	$ (13,401)
Interest Rate Swaps	(29,250)	(35,329)	(39,239)
Prior Service Costs & Actuarial Loss (Gain)	(7,285)	(7,901)	(7,840)
Total	$ (28,027)	$ (45,268)	$ (60,480)

Reclassifications from other comprehensive income into income for all other components were not significant.

13. Options and Other Stock-Based Awards

The Sovereign Holdings, Inc. Management Equity Incentive Plan—Under the Sovereign Holdings, Inc. Management Equity Incentive Plan ("Sovereign MEIP"), adopted June 11, 2007, key employees and, in certain circumstances, the directors, service providers and consultants, of the Company and its affiliates may be granted non-qualified stock options. Under the Sovereign MEIP:

- the total number of shares of Common Stock of Sovereign Holdings, Inc. reserved and available for distribution is currently limited to an aggregate of 22,318,298;
- the exercise price must be at least equal to the fair market value of a share of Common Stock of Sovereign Holdings, on the grant date and must be the minimum price otherwise required by applicable law, including Section 409A of the Internal Revenue Code of 1986, as amended; and
- time-based and performance-based stock options may be granted; time-based options primarily vest over five years (25% after the first year, then quarterly thereafter); performance-based options will vest based on achievement of certain performance levels and events as defined in the Sovereign MEIP.

At December 31, 2011, 1,513,944 shares remained available for future grants of stock option awards under the Sovereign MEIP.

[redacted]

TVL Common, Inc. Restricted Stock Agreement—In 2010, we adopted the TVL Common, Inc. Restricted Stock Agreement ("TVL Common RSA"). Under the TVL Common RSA, any employee who had an outstanding grant under the Sovereign MEIP as of December 31, 2009 received a grant of restricted shares under the TVL Common RSA. Under the TVL Common RSA:

- the total number of restricted shares of TVL Common, Inc. reserved and available for distribution is limited to 17,828,085;
- the restricted shares vest at the time of a liquidity event, or earlier if an employee terminates and exercises vested Sovereign options; and
- a liquidity event is defined as the occurrence of (i) a transaction or series of transactions that results, directly or indirectly, in the sale, transfer or other disposition of (a) the shares of TVL Common, Inc. Common Stock held by the Majority Stockholder (a "Stock Sale"), or (b) the assets of TVL Common, Inc. (an "Asset Sale") or (ii) any other transaction or series of transactions determined by the Board, in its sole discretion, to constitute a liquidity event.

In connection with the dividend of the noncontrolling interest in Travelocity.com LLC (see Note 2) in December 2009, each holder of outstanding time-based and performance-based options under the Sovereign MEIP were granted restricted shares in TVL Common, Inc. The original outstanding options under the Sovereign MEIP remained in place; however, the dividend of the noncontrolling interest in Travelocity.com LLC potentially impacts the future value of each option. The terms of the original options under the Sovereign MEIP state that the board is authorized to make equitable adjustments for a transaction of this type for the holders of options under the Sovereign MEIP. As such, restricted shares in TVL Common, Inc. were granted under the TVL Common Restricted Stock Agreement as described below to compensate for the potential impact to the future value of the options outstanding under the Sovereign MEIP. As this was contemplated in the terms of the original options under the Sovereign MEIP, this is not treated as a modification of the original awards; therefore, we will continue to account for the options as they were originally granted and recognize no incremental expense.

At December 31, 2011, 1,453,242 shares remained available for future grants of restricted shares under the TVL Common RSA.

Travelocity.com LLC Stock Option Grant Agreement—In 2010, we adopted the Travelocity.com LLC Stock Option Grant Agreement ("TVL.com SOA"). Under the TVL.com SOA, key employees and, in certain circumstances, the directors, service providers and consultants, of the Company and its affiliates may be granted non-qualified stock options to purchase common units of Travelocity.com LLC. Under the TVL.com SOA:

- the total number of common units of Travelocity.com LLC reserved and available for distribution is currently limited to an aggregate of 4,286,418;
- the exercise price must be consistent with Section 409A of the Internal Revenue Code of 1986, as amended, and may not be less than the fair market value of a common unit of Travelocity.com LLC on December 28, 2009;
- the exercise price will increase quarterly at 6.00% per annum until the date of exercise; and
- the options vest over five years (25% after the first year, then quarterly thereafter).

At December 31, 2011, 1,727,482 options remained available for future grants.

The Sovereign Holdings, Inc. Stock Incentive Plan—In 2011, we adopted the Sovereign Holdings, Inc. Stock Incentive Plan—Stock-Settled SARs with Respect to Travelocity Equity. Under this

[redacted]

plan, key employees and, in certain circumstances, directors, service providers and consultants, of Sovereign and its affiliates may be provided an incentive to improve the growth and profitability of Travelocity.

- The plan provides for the award of stock-settled stock appreciation rights ("SARs") relating to Travelocity Holdings, Inc. ("THI") common stock and Travelocity.com LLC common units.
- SARs with respect to THI common stock and Travelocity.com LLC common units must be exercised in tandem in the same proportion of SARs granted, and may be settled in shares of the underlying stock and units, interests in Sovereign or any successor to Sovereign, THI or Travelocity.com LLC, or in cash.
- The SARs vest over five years (25% after the first year, then quarterly thereafter).
- Vested SARs shall only be exercisable in connection with a liquidity event as defined in the plan and at any time thereafter prior to their expiration.

Sovereign Holdings Restricted Stock Agreement—In 2011 we granted shares of Sovereign Holdings, Inc. restricted stock pursuant to a Restricted Stock Agreement as incentive to improve the growth and profitability of Travelocity.

- Under the Agreement, the grantee has the right to vote the shares of restricted stock, if any, and the right to receive dividends and other distributions thereon, but may not transfer, sell, pledge, hypothecate or assign any portion of the shares of restricted stock.
- The shares of Sovereign restricted stock vest and are no longer forfeitable evenly over three years, 1/3 on the first anniversary of the grant, 1/3 on the second anniversary and 1/3 on the third anniversary.
- In the event of a dissolution or liquidation, sale of all or substantially all of Sovereign's assets, or merger of Sovereign, the board may exchange shares of Sovereign's restricted stock for shares of restricted stock in the new or surviving entity or settle in cash.

Exercise Price—All grants of stock options have an exercise price equal to the estimated fair market value of our common stock on the date of grant. Because we are privately held and there is no public market for our common stock, the fair market value of our common stock is determined utilizing factors such as our actual and projected financial results, valuations of the Company performed by third parties and other information obtained from public, financial and industry sources.

Performance-based stock options—We issue performance-based stock options under the Sovereign MEIP. The granted options shall vest and become exercisable upon the occurrence of a liquidity event which triggers certain performance measures. Because the performance condition is contingent on a liquidity event, no expense will be recognized in connection with these options until such an event occurs.

The fair value of the performance-based stock options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31, 2008
Exercise price	$ 5.00
Average risk-free interest rate	4.15%
Expected life (in years)	6.85
Sabre Holdings implied volatility	36.40%
Fair value	$ 1.81

[redacted]

As of December 31, 2011, there was approximately $2 million unrecognized compensation expense that will be recognized at the time the criteria for recognition are met. Performance-based share activities for the year ended December 31, 2011 were as follows:

		Weighted-Average	
Sovereign MEIP Performance-based Stock Options	Options	Exercise Price	Remaining Contractual Term (years)
Outstanding and Nonvested at December 31, 2010	966,473	$ 5.00	6.51
Cancelled	(11,950)	5.00	—
Outstanding and Nonvested at December 31, 2011	954,523	$ 5.00	5.51

Time-based stock options—We issue time-based stock options under the TVL.com SOA and the Sovereign MEIP which primarily vest over five years, or immediately following a qualifying termination as a result of a change in control, and are not exercisable more than ten years after the date of grant. The fair value of the stock options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31, 2011			
	Sovereign MEIP	TVL.com SOA	THI SARs	TVLY.com SARs
Exercise price	$ 8.59	$ 0.16	$ 3.29	$ 0.18
Average risk-free interest rate	1.88%	2.07%	2.57%	2.57%
Expected life (in years)	6.44	6.44	6.44	6.44
Implied volatility	35.90%	42.82%	42.50%	42.50%
Fair Value	$ 3.36	$ 0.06	$ 1.15	$ 0.06

	Year Ended		
	December 31, 2010		December 31, 2009
	Sovereign MEIP	TVL.com SOA	Sovereign MEIP
Exercise price	$ 5.58	$ 0.50	$ 3.02
Average risk-free interest rate	2.64%	2.76%	1.67%
Expected life (in years)	6.44	6.44	6.44
Implied volatility	35.57%	44.63%	43.02%
Fair Value	$ 2.26	$ 0.18	$ 1.33

For the years ended December 31, 2011, 2010 and 2009, we recorded approximately $7 million, $5 million and $4 million in compensation expense related to the time-based stock options, respectively. As of December 31, 2011, we have approximately $11 million in unrecognized compensation expense that will be recognized over the associated vesting periods. Time-based share activities for the year ended December 31, 2011 were as follows:

		Weighted-Average	
TVL.com SOA Time-based Stock Options	Options	Exercise Price	Remaining Contractual Term (years)
Outstanding at December 31, 2010	1,973,000	$ .50	9.34
Granted	735,000	0.16	—
Cancelled	(149,064)	0.42	—
Outstanding at December 31, 2011	2,558,936	0.41	8.65
Exercisable at December 31, 2011	771,042	$ 0.54	8.32

[redacted]

Sovereign MEIP Time-based Stock Options	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)
Outstanding at December 31, 2010	19,291,009	$ 4.50	7.56
Granted	1,110,000	8.59	—
Exercised	(255,686)	4.70	—
Cancelled	(721,426)	4.77	—
Outstanding at December 31, 2011	19,423,897	4.72	6.56
Exercisable at December 31, 2011	13,470,168	$ 4.55	6.20

THI Common Stock SARs	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)
Outstanding at December 31, 2010	—	—	—
Granted	2,449,568	$ 3.29	—
Outstanding at December 31, 2011	2,449,568	$ 3.29	9.32
Exercisable at December 31, 2011	—	—	—

Travelocity.com LLC Common Unit SARs	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)
Outstanding at December 31, 2010	—	—	—
Granted	2,449,568	$ 0.18	—
Outstanding at December 31, 2011	2,449,568	$ 0.18	9.32
Exercisable at December 31, 2011	—	—	—

Restricted Stock—We issue restricted shares of Sovereign Holdings, Inc.'s common stock which primarily vest and are no longer forfeitable evenly over three years. In the event of a dissolution or liquidation, sale of all or substantially all of Sovereign's assets, or merger of Sovereign, the board may exchange shares of Sovereign's restricted stock for shares of restricted stock in the new or surviving entity or settle in cash.

Restricted stock is measured based on the fair market value of the underlying stock on the date of the grant. Shares are delivered on the vesting dates with the minimum statutory tax withholding requirements to be satisfied per the Sovereign Holdings Restricted Stock Agreement.

[redacted]

For the year ended December 31, 2011, we recorded approximately $1 million in compensation expense related to the issuance of restricted stock. As of December 31, 2011, we have approximately $2 million in unrecognized compensation expense that will be recognized over the associated vesting periods. Restricted stock activities for the year ended December 31, 2011 were as follows:

		Weighted-Average	
Sovereign Holdings Restricted Stock	**Options**	**Exercise Price**	**Remaining Contractual Term (years)**
Outstanding at December 31, 2010	—	—	—
Granted	354,191	$ 8.47	—
Outstanding at December 31, 2011	354,191	$ 8.47	7.25
Exercisable at December 31, 2011	—	—	—

Offer to Exchange Modification—In March 2009, we completed an offer to exchange Sovereign MEIP performance-based stock options for Sovereign MEIP time-based stock options at a ratio of two to one. This transaction was accounted for as a modification of the original grant in accordance with authoritative guidance on stock compensation. The fair value of the new Sovereign MEIP time-based stock options was measured as of the date of the exchange and is being recognized over a five year vesting period.

14. Capital Stock

We are authorized by the certificate of incorporation of Sabre Holdings Corporation to issue up to one thousand shares of Class A Common Stock each with a par value of $0.01. As of December 31, 2011 and 2010, 100 shares were issued and outstanding.

15. Related Party Transactions

On March 30, 2007, we entered into a Management Services Agreement (the "MSA") with affiliates of TPG and SLP to provide us with management services. Pursuant to the agreement, we are required to pay monitoring fees of $5 to $7 million each year which are dependent on consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA"), for these services. We recognized $7 million, $7 million and $6 million in expense related to the annual monitoring fee for the years ended December 31, 2011, 2010 and 2009, respectively, in our Consolidated Statements of Income. Additionally, we reimburse affiliates of TPG and SLP for out-of-pocket expenses incurred by them or their affiliates in connection with services provided pursuant to the MSA. For the years ended December 31, 2011, 2010 and 2009, these expenses were not material.

[redacted]

16. Commitments and Contingencies

Future Minimum Payments Under Contractual Obligations

At December 31, 2011, future minimum payments required under the 2016 Notes, 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:

Contractual Obligations	2012	2013	2014	2015	2016	Thereafter	Total
	Payments Due by Year For the Years Ending December 31, (amounts in thousands)						
Notes payable[1]	$ 240,537	$ 151,162	$ 2,913,558	$ 33,400	$ 405,567	$ —	$ 3,744,224
Headquarters mortgage[2]	5,734	5,984	5,984	5,984	5,984	80,796	110,466
Operating lease obligations[3]	30,435	21,660	16,292	13,442	11,232	18,797	111,858
IT outsourcing agreement[4]	217,277	190,998	165,983	156,492	135,307	99,305	965,362
Pension and other benefit obligations	23,880	23,705	22,447	23,609	26,480	137,467	257,588
Other purchase obligations[5]	71,425	17,607	—	—	—	—	89,032
Total contractual cash obligations	$ 589,288	$ 411,116	$ 3,124,264	$ 232,927	$ 584,570	$ 336,365	$ 5,278,530

(1) Includes activity under the revolving credit facility, which we plan to pay in 2012, and all interest and principal related to the 2016 Notes. Also includes all interest and principal related to borrowings under the Credit Agreement, which will mature in September 2014. We are required to pay a percentage of the excess cash flow generated each year to our lenders which 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 9).

(2) Includes all interest and principal related to $85 million mortgage facility, which matures on March 1, 2017 (see Note 9).

(3) We lease approximately two million square feet of office space in 98 locations in 48 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 43 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 Hewlett-Packard (HP) under the terms of an outsourcing agreement through which HP manages a significant portion of our information technology systems.

(5) Consists primarily of minimum payments due under various marketing agreements, a note payable and related interest owed to a joint venture partner, management services monitoring fees and media strategy, planning and placement agreements.

There are no changes in control provisions that would require us to accelerate any principal repayments due under our 2016 Notes, Credit Agreement or mortgage facility.

[redacted]

The following table presents rent expense for continuing operations for the year ended December 31, 2011, 2010, and 2009:

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
	(amounts in thousands)		
Rent expense	$ 42,776	$ 43,952	$ 49,439
Less:			
Sublease rent	(3,574)	(7,237)	(7,132)
Total rent expense	$ 39,202	$ 36,715	$ 42,307

Value Added Tax Receivables—We generate Value Added Tax ("VAT") refund claims, recorded as receivables, in multiple jurisdictions through the normal course of our business. Audits related to these claims are in various stages of investigation. If the results of certain audits or litigation were to become unfavorable or if some of the countries owing a VAT refund default on their obligation due to deterioration in their credit, the uncollectible amounts could be material to our results of operations. Recently, the right to recover certain VAT receivables associated with our European businesses has been questioned by tax authorities. We believe that our claims are valid under applicable law and as such we will continue to pursue collection, possibly through litigation; however, due to significant delays and other factors impacting our settlement of these claims we recorded an allowance for losses relating to such amounts, included in Other receivables in the Consolidated Balance Sheet. The allowances recorded as of December 31, 2011 and December 31, 2010 were $40 million and $43 million, respectively. Other Receivables includes net VAT receivables totaling $61 million and $55 million as of December 31, 2011 and December 31, 2010, respectively. Although we believe these amounts are collectable, several European countries have recently experienced significantly weakening credit which could impact our future collections from these countries. We continue to assess VAT receivables for collectability and may be required to record an estimated liability in the future.

Legal Proceedings—

Litigation Relating to Hotel Occupancy Taxes

Some state and local taxing authorities impose taxes on the sale, use or occupancy of hotel room accommodations, which are generally called transient, occupancy, accommodation, or hotel room taxes. Hotel operators generally collect and remit these occupancy taxes. Consistent with that practice, when a customer books a hotel room under our net rate hotel program, the hotel operator will charge us for the net rate as well as the applicable occupancy taxes. Accordingly, under the program, we collect from the customer an amount sufficient to pay the hotel operator its room charge and, in the form of a tax recovery charge, the occupancy taxes on that charge, as well as additional amounts that represent our fees that we retain. With several exceptions, we do not collect or remit occupancy taxes. The exceptions are Atlanta, Georgia; New York City; New York State; Baltimore, Maryland; South Carolina State; and certain local jurisdictions in South Carolina. Some tax authorities claim that sales or occupancy taxes should be collected on some or all of our fees. We believe there are strong arguments that our fees are not subject to such taxes and we intend to vigorously defend against all of these claims.

To date, various state and local governments have filed approximately 65 lawsuits against us pertaining to sales or occupancy taxes which they claim are due on some or all of our fees.

[redacted]

Additionally, there have been four consumer lawsuits filed relating to taxes and fees (one of which has been dismissed by the Texas Supreme Court, one of which was voluntarily dismissed by the plaintiff, one of which has been stayed by another court, and one of which is still pending). Of the municipality lawsuits filed, approximately 27 have been dismissed, some for failure to exhaust administrative remedies and some on the basis that we were not subject to the sales or occupancy tax at issue. The Fourth and Sixth Circuits of the United States Courts of Appeal have both ruled in our favor on the merits, as has the Supreme Court of Missouri. The remaining lawsuits are in various stages of litigation.

There are also a number of administrative audit proceedings pending against us which could result in an assessment of sales or occupancy taxes. We will continue to vigorously defend against all of these claims. As of December 31, 2011, we have recorded an estimated liability of $5 million for the potential resolution of specific issues related to hotel sales or occupancy taxes. Our estimated liability is based on our best estimate at this time and the ultimate resolution of these specific issues may be greater or less than the amount recorded. On January 18, 2011, the Supreme Court of South Carolina affirmed an administrative assessment against one our competitors, Travelscape LLC. The Supreme Court determined that Travelscape was subject to state sales tax because it is engaged "in the business of furnishing accommodations." Although we disagree with the decision, the stated grounds for the decision appear equally applicable to us. Consequently, we are now remitting state sales tax in South Carolina for those cities where we choose to continue distributing hotel content via the merchant model. We anticipate having to remit local occupancy taxes in those same cities on a going-forward basis, as well as having to satisfy claims for back taxes at the local level. In addition, on May 16, 2011, the Supreme Court of Georgia ordered that Online Travel Companies ("OTCs") collect and remit local occupancy taxes going forward from May 16, 2011. We began remitting such occupancy taxes in those cities where we choose to continue distributing hotel content via the merchant model going forward from May 16, 2011.

On October 30, 2009, a jury in a class action occupancy tax lawsuit in San Antonio returned a mixed verdict. The jury found that online travel companies "control" hotels for purposes of city hotel occupancy taxes. We disagree with the jury's findings. On July 1, 2011, the US District Court for the Western District of Texas issued Findings of Fact and Conclusions of Law based on the jury's verdict in which it concluded that fees charged to customers by the OTCs are subject to city hotel occupancy taxes and that OTCs have a duty to assess, collect and remit these taxes. Once the judge renders his final judgment in the case, we expect to appeal the judgment to the Fifth Circuit Court of Appeals. Because the findings of fact and conclusions of law are still subject to modification, and because there is still no final order setting out the precise amounts for which we could be liable, we are unable to estimate the amount we might possibly have to pay under this verdict if we do not prevail in our appeal; however, the impact to our results of operations could be material.

On October 26, 2011, the Houston Court of Appeals affirmed a trial court's grant of summary judgment in our favor and other defendants in a case brought by the City of Houston and the Harris County-Houston Sports Authority. This judgment is now the highest court in Texas to rule on the issue. This decision should carry weight with the District Court in San Antonio which has not yet entered final judgment and with the Fifth Circuit Court of Appeals to the extent an appeal of the San Antonio decision is necessary.

Additionally, certain jurisdictions may require us to pay any assessed taxes, penalties and interest prior to being allowed to contest or litigate the assessment. Such assessments and payments thereof are not final determinations or admissions that a tax is in fact owed. As of December 31, 2011, we

[redacted]

have recorded $3 million of deposits due to this requirement, which we believe will be refunded. If our assessment of the outcome of any of these lawsuits were to change, the amount we would be required to accrue could be material to our results of operations.

Litigation Relating to Value Added Tax Receivables

In the United Kingdom, the Commissioners for Her Majesty's Revenue & Customs ("HMRC") have asserted that our subsidiary, Secret Hotels2 Limited (formerly Med Hotels Limited) has failed to account for United Kingdom VAT on margins earned from hotels located within the European Union. HMRC has issued assessments of tax totaling approximately $11 million for the period October 1, 2004 to September 30, 2007. We appealed the assessment and in March 2010 the VAT and Duties Tribunal denied the appeal holding the original assessment should stand. We further appealed to the Upper Tribunal (Finance and Tax Chamber) which was successful. The Upper Tribunal overturned HMRC's assessment on July 29, 2011; however, HMRC has sought and obtained leave to appeal the decision which will further delay a final resolution in this matter.

In Italy, Sabre Italia S.R.L has submitted VAT refund claims for the years ended December 31, 2002 through December 31, 2009 which have not been approved by the Italian authorities and assessments and demands have been raised against Sabre Italia S.R.L by the Italian tax authorities for 2003, 2004 and 2005. In October 2010 we received a judgment in our favor in respect of the 2003 assessment and in October 2011 we received a judgment in our favor in respect to the 2004 assessments. Whereas we believe under the applicable law our claims are valid, the ultimate resolution of this matter cannot be determined at this time.

Litigation related to patent infringement between CEATS and JetBlue

On April 5, 2010, CEATS, Inc. ("CEATS") filed a patent infringement lawsuit against several ticketing companies and airlines, including JetBlue, in the Eastern District of Texas. CEATS alleges that the mouse-over seat map that appears on the defendants' websites infringes certain of its patents. JetBlue's website is provided by Airline Solutions under its SabreSonic Web service pursuant to the parties' Master Agreement, effective February 12, 2009. On June 11, 2010, JetBlue requested that we indemnify and defend it for and against the CEATS lawsuit based on the Master Agreement's indemnification provision, and we agreed to a conditional indemnification. CEATS is claiming damages of $0.30 per segment sold on JetBlue's website during the relevant time period (totaling $10 million). Jury trial in this case is scheduled to begin on March 12, 2012. We will continue to aggressively defend the case and intend to proceed to trial if a reasonable settlement cannot be reached. We believe that there are strong arguments in our favor relative to this case, and do not believe the damages claimed are a reasonable estimation of potential loss. We have recorded $0.3 million as our estimated liability as of December 31, 2011.

Antitrust Litigation and Investigation

American Airlines Litigation (state and federal court claims)—We are involved in two separate lawsuits with American Airlines ("American") relating to American's participation in the Sabre GDS, primarily involving breach of contract and antitrust claims. The litigation arose in January 2011. After American undertook certain marketing activities relating to its "Direct Connect" program, a method of providing its information and booking services directly to travel agents without using a GDS, we downgraded the preference status of American's flight information on the GDS and modified certain fees relating to that information. We made these changes in a manner we believe was permitted under the terms of our distribution and services agreement with American.

[redacted]

In response, on January 10, 2011, American filed suit against us in Texas state court asserting causes of action for breach of contract and tortious interference, and seeking injunctive relief. American also obtained a temporary restraining order to keep the distribution and services agreement in place. After settlement negotiations failed to resolve the matter, American filed a second lawsuit in June 2011 asserting claims under the federal antitrust laws, joining us to a proceeding already underway in the Northern District of Texas federal court against Travelport, another GDS operator, and Orbitz, an online travel agency, and, in July 2011, amended its state court complaint to add antitrust claims under Texas state law. The parties have agreed to maintain the distribution and services agreement in place until two weeks after the state court litigation has ended.

In its antitrust claims, American alleges that the Sabre GDS (and, in the federal action, the other defendants' systems) have taken anticompetitive actions to thwart American's "Direct Connect" program to maintain "supra-competitive" booking fees that result in higher ticket prices, to restrain the manner in which American distributes its flights and fares, and to interfere with American's relationships with travel agencies. It seeks damages and injunctive relief.

Following several months of motion practice that is still ongoing, some but not all of American's antitrust claims in federal court have been dismissed. No trial date has yet been set for the federal action. A trial date for the state court action has been set for August 6, 2012. We have also asserted counterclaims against American in both the state and federal proceedings that will be permitted to proceed despite the Chapter 11 filing by American's parent company on November 29, 2011.

We intend to continue to aggressively defend against these claims as well as pursue our own legal rights as warranted. 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. We are unable to estimate a potential loss or range of loss, if any, if a favorable resolution of the matter is not reached. If American were to prevail, we could be subject to monetary damages, including treble damages under the antitrust laws, as well as injunctive relief, any of which could have a material adverse effect on our business. For the year ended December 31, 2011, American accounted for less than 5% of our consolidated revenue.

US Airways Litigation (federal court claim)—On April 21, 2011, US Airways sued us in federal court in the Southern District of New York alleging federal antitrust claims similar to those advanced in the American litigation. The complaint, filed two months after we entered into a new distribution agreement with US Airways, claims that we have employed monopoly power to raise prices and protect an allegedly obsolete business model. The complaint also alleges that we have engaged in exclusionary conduct to protect us from competition and to suppress the ability of airlines to use so-called "direct connections" systems.

On August 11, 2011 we filed a motion to dismiss seeking to have the claim dismissed. On September 12, 2011, we were granted an order dismissing two of the four counts in the claim. The order also required US Airways to amend its two remaining counts to provide further alleged factual support for its allegations, which it did on September 23, 2011. On October 6, 2011, we filed a motion to dismiss seeking to have one of US Airways' amended counts dismissed which was denied by the court on November 21, 2011 on the grounds that US Airways has met the standard for pleading the relevant claim. This was not a ruling on the substance of the claim. On December 19, 2011, we filed our answer to US Airways' claim.

We intend to continue to aggressively defend against the claim as well as pursue our own legal rights as warranted. 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. We are unable to estimate a potential loss or range of loss, if any, if a favorable resolution of the matter is not reached. If US Airways were to prevail, we could be subject to monetary damages, including treble damages under the antitrust laws, as well as injunctive relief, any of which could have a material adverse effect on our business. For the year ended December 31, 2011, US Airways accounted for less than 5% of our consolidated revenue.

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 our GDS similar to those alleged in both the American and US Airways suits. 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 it has sent CIDs to other companies in the travel industry. Based on its findings in the investigation, the DoJ may close the file, it may seek some type of consent decree to remedy issues it believes violate antitrust laws, or may file suit against us for violating antitrust laws and to seek injunctive relief against us.

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.

17. Subsequent Events

We have evaluated subsequent events through March 2, 2012, the issuance date of our Consolidated Financial Statements. We evaluate events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the following events were identified. There were no additional recognized or non-recognized subsequent events that would have required adjustment or disclosure in the financial statements.

Sale of Sabre Pacific

On February 24, 2012, we completed the sale of our share of Sabre Pacific. As of December 31, 2011, the assets and liabilities of Sabre Pacific were classified as held for sale on our Consolidated Balance Sheet. Cash received for this transaction included the purchase price of $27 million and a settlement of outstanding data processing fees for $19 million. We have also entered into a license and distribution agreement with Sabre Pacific under which it will market, sub-license, distribute, provide access and support the Sabre GDS in Australia, New Zealand and surrounding territories. Sabre Pacific will pay us an ongoing transaction fee based on booking volumes under this agreement.

Pending Sale of Joint Venture Investment

In December 2011 we entered into a potential sale agreement with Japan Airlines Co., Ltd in regards to the 25% interest that we own in Axess, which required us to sell our shares to a third party if an agreement was reached by February 15, 2012. In February 2012 we received notice that an agreement has been reached with a third party and our ownership interest in Axess will be sold effective March 2012.

Amendment of Senior Secured Credit Facilities

On February 28, 2012, we entered into an agreement to amend and extend our senior secured credit facilities, which currently include a $500 million revolving credit facility maturing on March 30, 2013 and a $2.9 billion term loan maturing on September 30, 2014. Holders of an aggregate $1,175 million, or 41%, of the term loan agreed to extend the maturity date from September 30, 2014 to September 30, 2017 with an increase in the interest rate on these borrowings from LIBOR + 2.00% to LIBOR + 5.75%. On March 2, 2012 we entered into an agreement with certain revolving credit facility lenders to extend the maturity of their commitments from March 30, 2013 to September 30, 2016, at a new interest rate of LIBOR + 4.50%. We obtained revolver facility commitment extensions from lenders holding $215 million, or 43%, of the current facility. Lenders who did not extend will continue to be paid interest based on the margin spreads in place prior to the amendment. The transaction is not considered an early extinguishment of debt and will be accounted for prospectively. Debt issuance costs incurred will be capitalized and amortized over the term of the new agreements.

The lenders also approved amendments to the senior secured credit facilities agreement, which include:

(a) Permission to extend the revolving credit facility and the term loan in one or more tranches without further approval from a majority of lenders,

(b) the ability to refinance the revolving credit facility and the term loan with one or more new facilities under the amended and restated credit facilities agreement or with secured, subordinated or unsecured notes or loans,

(c) the ability to issue secured, subordinated or unsecured notes or loans in lieu of issuance of incremental term loans and revolving facility commitment increases, both permitted under the previous credit facilities agreement,

(d) an accelerated maturity of December 15, 2015 for the revolving credit facility and the term loan in the event that Sabre's leverage ratio exceeds 4.50 and Sabre does not refinance, extend or pay in full the 2016 Notes on or prior to December 15, 2015,

(e) an accelerated maturity of June 30, 2014 for the revolving credit facility in the event that more than $750 million of the term loan remains outstanding with a maturity date prior to December 31, 2016, and

(f) an increase in interest rates to maintain a difference of not more than 25 basis points relative to future revolving credit facility and term loan tranche extensions or refinancing under the amended credit facilities agreement.

[redacted]

$400,000,000

Sabre Inc.

8.5% Senior Secured Notes
Due 2019

Offering Circular

Goldman, Sachs & Co.
Morgan Stanley
Deutsche Bank Securities
BofA Merrill Lynch
Barclays
Natixis
Mizuho Securities