SABRE HOLDINGS CORP
Form DEFM14A
February 21, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities and Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Section 240.14a-12

SABRE HOLDINGS CORPORATION

(Name of Registrant as Specified in Its Charter)

(N/A)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing registration statement number, or the Form or Schedule and date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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3150 Sabre Drive

Southlake, Texas 76092

February 21, 2007

Dear Stockholder:

On December 11, 2006, the board of directors of Sabre Holdings Corporation, a Delaware corporation (the Company) approved an Agreement and Plan of Merger by and among Sovereign Holdings, Inc. (Parent), a Delaware corporation, Sovereign Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Parent (Merger Sub) and the Company, which was subsequently executed on December 12, 2006. Sovereign Holdings, Inc. is owned by investment funds affiliated with the private equity investment firms Texas Pacific Group and Silver Lake Partners. If the merger is completed, you will be entitled to receive $32.75 in cash, without interest, for each share of Class A Common Stock, par value $.01 per share, of the Company (Common Stock) you own.

You will be asked, at a special meeting of the Company s stockholders, to vote to adopt the merger agreement and approve the merger. The board of directors, by a unanimous vote of the directors present (as your Chairman and Chief Executive Officer, I abstained to ensure the independence of the vote), has determined that it is fair to and in the best interests of the Company and its stockholders, and declared it advisable, to enter into the merger agreement and approved the execution, delivery and performance of the merger agreement and the consummation of the transactions contemplated thereby, including the merger. **The board of directors recommends that the Company s stockholders vote FOR the adoption of the merger agreement.**

The date, time and place of the special meeting to consider and vote upon the merger agreement will be as follows:

March 23, 2007

10:00 a.m. Central Daylight Time

Irving Arts Center, Dupree Theater, 3333 North MacArthur Blvd, Irving, Texas 75062

The proxy statement attached to this letter provides you with information about the proposed merger and the special meeting of the Company s stockholders and includes the merger agreement as Annex A. We encourage you to read the entire proxy statement carefully. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your vote is very important. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of a majority of the outstanding shares of Sabre Holdings Corporation Common Stock entitled to vote on it. If you fail to vote on the merger agreement, the effect will be the same as a vote against the adoption of the merger agreement.

Whether or not you plan to attend the meeting, please vote your shares by internet, telephone or mail. If you receive more than one proxy card because you own shares that are registered differently, please vote all of your shares shown on all of your proxy cards.

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If you are a stockholder of record, voting by proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting.

If you have any questions or need assistance voting your shares, please contact our Investor Relations Department at (866) 722-7347, or our proxy solicitation agent, MacKenzie Partners, toll-free at (800) 322-2885. If your broker, bank, trustee or other nominee holds your shares, you should also call your broker, bank, trustee or other nominee for additional information.

Thank you for your cooperation and continued support.

Very truly yours,

Michael S. Gilliland

Chairman of the Board and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement is dated February 21, 2007

and is first being mailed to stockholders on or about February 23, 2007

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3150 Sabre Drive

Southlake, Texas 76092

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD MARCH 23, 2007

To Our Stockholders:

A special meeting of stockholders of Sabre Holdings Corporation, a Delaware corporation (Sabre Holdings or the Company), will be held on March 23, 2007, at 10:00 a.m. Central Daylight Time, at:

Irving Arts Center, Dupree Theater, 3333 North MacArthur Blvd, Irving, Texas 75062

You can find directions and a map to the meeting in the Investors section of our website, www.sabre-holdings.com/investor.

The special meeting is being held for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of December 12, 2006 (as it may be amended from time to time, the merger agreement), among the Company, Sovereign Holdings, Inc. and Sovereign Merger Sub, Inc. and approve the merger;

2. To consider and vote on a proposal to approve the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and

3. To consider any other business as may properly come before the meeting or any postponement or adjournment thereof.

Your board of directors, by a unanimous vote of the directors present (with Mr. Gilliland, our Chairman and Chief Executive Officer, abstaining to ensure the independence of the vote), has approved and recommends that you vote FOR the adoption of the merger agreement and the approval of the merger and FOR the adjournment proposal for the purpose of soliciting additional proxies, which are discussed in more detail in the attached proxy statement.

Only holders of record of Sabre Holdings Class A Common Stock, par value $.01 per share (Common Stock) at the close of regular trading on the New York Stock Exchange on February 20, 2007 are entitled to notice of the special meeting and to vote at the meeting or at any postponement or adjournment thereof. All stockholders of record are cordially invited to attend the special meeting in person. A list of our stockholders will be available at our principal executive offices at 3150 Sabre Drive, Southlake, Texas, during ordinary business hours for 10 days prior to the special meeting.

Your vote is very important, regardless of the number of shares of the Company s Common Stock you own. The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Sabre Holdings Common Stock entitled to vote on it. The proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the votes cast on the proposal. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares will be represented at the special meeting if you are unable to attend.

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You also may vote your shares by proxy using a toll-free telephone number or the internet. We have provided instructions on the proxy card for using these services. If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the adoption of the merger agreement and the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies. If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote against the adoption of the merger agreement, but will not affect the outcome of the vote regarding the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies. If you are a stockholder of record and do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

Sabre Holdings stockholders who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they deliver a written demand for appraisal to Sabre Holdings before the vote is taken on the merger agreement and they comply with the other requirements of Delaware law, which are summarized in the accompanying proxy statement.

By order of the Board of Directors

James F. Brashear

Corporate Secretary

February 21, 2007

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SUMMARY TERM SHEET

The following summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. In this proxy statement, the terms Sabre Holdings , Company , we , our , ours and us refer Sabre Holdings Corporation and its subsidiaries. Each item in this summary term sheet includes a page reference directing you to a more complete description of that item.

The Parties to the Merger (Page 13)

Sabre Holdings Corporation

3150 Sabre Drive

Southlake, Texas 76092

The Company is a world leader in travel commerce. The Company offers a broad portfolio of leading travel marketing, distribution and technology solutions. The Company supports airlines, hotels, cruise lines, car rental agencies and other travel suppliers through a distribution network that enables global marketing through tens of thousands of points of sale, sophisticated data gathering and analysis, and robust business optimization tools. The Company supports online and conventional travel agencies, corporate travel purchasers and consumers by providing an efficient electronic marketplace that consolidates a wealth of travel information and facilitates shopping and purchasing of travel components and packages. The Company participates in travel distribution and marketing to multiple audiences through different methods referred to as channels. These channels include travel agencies, direct to consumers, and corporate or business-direct.

Sovereign Holdings, Inc.

c/o TPG Partners V, L.P.

301 Commerce Street

Suite 3300

Fort Worth, TX 76102

Sovereign Holdings, Inc., a Delaware corporation, which we refer to in this proxy statement from time to time as Parent, was formed on December 11, 2006, solely for the purpose of effecting the merger and the transactions related to the merger.

and

Sovereign Merger Sub, Inc.

c/o TPG Partners V, L.P.

301 Commerce Street

Suite 3300

Fort Worth, TX 76102

Sovereign Merger Sub, Inc., a Delaware corporation and a wholly-owned direct subsidiary of Parent, which we refer to in this proxy statement from time to time as Merger Sub, was formed on December 11, 2006, solely for the purpose of effecting this merger.

Each of Parent and Merger Sub is controlled by investment funds affiliated with the private equity firms of Texas Pacific Group and Silver Lake Partners, which we call TPG and Silver Lake, respectively. We collectively refer to TPG and Silver Lake from time to time in this proxy statement as the Funds.

Both TPG and Silver Lake are engaged in making investments in securities of public and private companies.

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The Special Meeting (Page 14)

The special meeting will be held on March 23, 2007 starting at 10:00 a.m., Central Daylight Time, at the Irving Arts Center, Dupree Theater, 3333 North MacArthur Blvd, Irving, Texas 75062.

You will be asked to consider and vote upon adoption of the Agreement and Plan of Merger, dated as of December 12, 2006, which we call the merger agreement, among the Company, Parent and Merger Sub. The merger agreement provides that Merger Sub will be merged with and into the Company, and each outstanding share of the Company s Class A Common Stock, par value $.01 per share (Common Stock) (other than shares held in the treasury of the Company or owned by Parent, Merger Sub or any direct or indirect wholly-owned subsidiary of Parent, Merger Sub or the Company and other than shares held by stockholders who are entitled to and properly exercise and do not timely withdraw demand for statutory appraisal rights in connection with such shares in compliance with all of the required procedures under Delaware law) will be canceled and converted at the effective time of the merger into the right to receive $32.75 in cash, without interest and less any applicable withholding taxes.

The persons named in the accompanying proxy card will also have discretionary authority to vote upon other business, if any, that properly comes before the special meeting and any adjournments or postponements of the special meeting.

Record Date (Page 14)

You are entitled to vote at the special meeting if you owned shares of the Company s Common Stock at the close of regular trading on the New York Stock Exchange (which we refer to as the NYSE) on February 20, 2007, the record date for the special meeting. You will have one vote for each share of the Company s Common Stock that you owned on the record date. As of the record date, there were 133,799,727 shares of the Company s Common Stock entitled to be voted.

Required Vote For the Merger (Page 14)

For us to complete the merger, stockholders holding a majority of the shares of our Common Stock outstanding at the close of regular trading on the NYSE on the record date must vote FOR the adoption of the merger agreement. A failure to vote your shares of the Company s Common Stock or an abstention will have the same effect as a vote against the merger.

As of the record date, the directors and current executive officers of Sabre Holdings beneficially owned in the aggregate approximately 2.0% of the outstanding shares of the Company s Common Stock.

Proxies; Revocation (Page 14)

Any Sabre Holdings stockholder of record who is entitled to vote may submit a proxy by telephone, via the Internet or by returning the enclosed proxy card by mail, or may vote in person by appearing at the special meeting and presenting proof of their ownership of the shares they intend to vote. If your shares are held in street name by your broker, bank, trustee or other stockholder of record, you should instruct them on how to vote your shares using the instructions provided by them. If you do not provide them with instructions, your shares will not be voted and that will have the same effect as a vote against the merger.

Any Sabre Holdings stockholder of record who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted in any one of the following ways:

- filing with the Company s Corporate Secretary, at or before the special meeting, a written notice of revocation that is dated a later date than the proxy;
- sending to the Company s Corporate Secretary a later-dated proxy relating to the same shares at or before the special meeting;
- submitting a later-dated proxy via the Internet or by telephone, at or before the special meeting; or

attending the special meeting and voting in person by ballot.

Simply attending the special meeting will not constitute revocation of a proxy. If you have instructed your broker or other stockholder of record to vote your shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by them to change these instructions.

The Transaction (Page 17)

If the merger agreement is adopted by the Company s stockholders and the other conditions to closing are satisfied, Merger Sub will be merged with and into the Company, with the Company being the surviving corporation in the merger. Upon completion of the merger, the Company s Common Stock will be converted into the right to receive $32.75 per share in cash, without interest and less any applicable withholding taxes. Following the completion of the merger, our stock will no longer be publicly traded and you will cease to have any ownership interest in the Company and will not participate in any future earnings and growth of the Company.

We are working to complete the merger as soon as possible. We anticipate closing the merger by early in the second quarter of 2007, subject to adoption of the merger agreement by the Company s stockholders and the satisfaction of the other conditions to closing.

Recommendation of the Board of Directors (Page 25)

Our board of directors, by a unanimous vote of the directors present (with Mr. Gilliland, our Chairman and Chief Executive Officer, abstaining to ensure the independence of the vote), has determined that the merger agreement is advisable, fair to and in the best interests of the Company and its stockholders, approved the merger agreement, and recommended that Sabre Holdings stockholders vote FOR the adoption of the merger agreement.

For the factors considered by our board of directors in reaching its decision to approve and adopt the merger agreement and the merger, see The Transaction Reasons for the Merger; Recommendation of the Board of Directors beginning on page 25. See also The Transaction Interests of the Company s Directors and Executive Officers in the Merger beginning on page 47.

Opinions of Financial Advisors (Page 25 and Annex B)

In connection with the proposed merger, Goldman, Sachs & Co., Morgan Stanley & Co. Incorporated, and Bear, Stearns & Co. Inc., the Company s financial advisors, delivered opinions to the board of directors, that as of December 12, 2006, subject to the limitations, qualifications and assumptions set forth therein, the $32.75 in cash per share of our Common Stock to be received by the holders of shares of our Common Stock pursuant to the merger agreement was fair to such holders from a financial point of view.

The full text of the written opinions of Goldman Sachs & Co., Morgan Stanley & Co. Incorporated, and Bear, Stearns & Co. Inc., each dated December 12, 2006, which set forth, among other things, assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, are attached as Annex B-1, B-2 and B-3 to this proxy statement. These opinions were provided to the board of directors solely in connection with and for the purposes of its consideration of the transactions contemplated by the merger agreement. The opinions do not constitute a recommendation as to how any holder of shares of our Common Stock or any other person should vote or act with respect to the transactions contemplated by the merger agreement or any other matter.

Financing (Page 44)

The Company and the Funds estimate that the total amount of funds necessary to consummate the merger and related transactions (including payment of the aggregate merger consideration, the repayment or refinancing of some of the currently outstanding debt of the Company and its subsidiaries and related fees and expenses) will be approximately $5.4 billion. These payments are expected to be funded by a combination of equity contributions by the investors in Parent and debt financing, as well as available cash of the Company.

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In connection with the execution and delivery of the merger agreement, Parent has obtained commitments from certain financial institutions to provide up to approximately $3,600,000,000 in debt financing to Sabre Inc., a wholly owned subsidiary of the Company (Sabre Inc.) and, in the case of the revolving credit facility (as described below), to one or more of its subsidiaries that it may designate in certain circumstances), consisting of:

- a first lien senior secured revolving facility of up to $500,000,000 (a portion of which may be reallocated, at the option of Parent, to a synthetic letter of credit facility and of which only a portion will be available for borrowing at closing),

- a first lien senior secured term loan facility of up to $2,400,000,000, and

- a second lien senior secured term loan facility of up to $700,000,000 in the aggregate

to finance, in part, the payment of the merger consideration, the repayment or refinancing of certain debt of the Company and its subsidiaries outstanding on the closing date of the merger and to pay fees and expenses in connection therewith and, in the case of the revolving facility, for general corporate purposes after the closing date of the merger.

Parent has agreed to use its reasonable best efforts to arrange the debt financing on the terms and conditions described in the commitments. In addition, Parent has obtained an aggregate of $1,386,205,738 in equity commitments from the Funds. The facilities contemplated by the debt financing commitments are subject to certain conditions, as described in further detail under The Transaction Financing Debt Financing Conditions Precedent to Debt Commitments beginning on page 46.

The closing of the merger is not conditioned on the receipt of the debt financing by Parent, however, Parent is not required to consummate the merger until after the completion of the marketing period described below under Marketing Period and in further detail under The Merger Agreement Marketing Period beginning on page 60.

Treatment of Options and Other Awards (Page 55)

The merger agreement provides that, immediately prior to the closing of the merger, all outstanding options to purchase Company stock, including stock appreciation rights and stock purchase rights, held by employees and directors of the Company will become vested and deemed exercised and canceled and each holder of a canceled stock option will receive, in exchange for such cancellation of their stock options, cash equal to the excess of $32.75 over the applicable per share exercise price for each stock option held, less any applicable withholding taxes.

The merger agreement provides that each outstanding share of our restricted stock, deferred stock units and performance share units will, immediately prior to the closing of the merger, become fully vested and will be converted into the right to receive $32.75 in cash, less any applicable withholding taxes.

Interests of the Company s Directors and Executive Officers in the Merger (Page 47)

In considering the recommendation of the board of directors, you should be aware that our directors and executive officers may have interests in the merger and/or prospective relationships with the Funds that are different from, or in addition to, your interests as a stockholder, including the following:

- our directors and executive officers will have their unvested restricted stock, performance share units, deferred stock units and stock options accelerated in connection with the merger and all of those outstanding awards will be cashed out;

our executive officers are covered by executive termination benefits agreements which contain change of control termination protection that would provide certain severance payments and benefits in the case of the executive officer s termination of employment under certain circumstances following the consummation of the merger;

certain of our executive officers participate in the Company s deferred compensation and/or supplemental executive retirement plans, which provide that upon consummation of the merger, the benefits of all participants under the plans will be funded in a Rabbi Trust;

the merger agreement provides for indemnification arrangements for each of the present and former directors and officers of the Company and each Company Subsidiary for a period of six years following the effective time of the merger, as well as insurance coverage for acts or omissions occurring at or prior to the effective time of the merger;

although no agreements have been entered into as of the date of this proxy statement, the Funds have informed us that it is their intention to retain members of our existing management team with the surviving corporation after the merger is completed, and in that connection, certain members of management are engaged in discussions with representatives of Parent which may potentially result in such members of management entering into employment and other arrangements that may include the issuance of shares, or the granting of options to purchase shares, of Parent s common stock at or following consummation of the merger.

Certain Federal Income Tax Consequences (Page 50)

The exchange of the Company s Common Stock for cash pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under applicable state, local, foreign and other tax laws. For U.S. federal income tax purposes, a stockholder who receives cash as a result of the merger will generally recognize gain or loss equal to the difference between the adjusted basis of the shares exchanged and the amount of cash received therefor. Any such recognized gain or loss will be capital gain or loss if the shares are held as capital assets by the stockholder, and will generally be long-term capital gain or loss if the stockholder has held the shares for more than one year. Long-term capital gain of a non-corporate stockholder is generally subject to a maximum U.S. federal income tax rate of 15%.

The income tax discussion set forth above may not be applicable to stockholders in special situations including (but not limited to) stockholders who will own, actually or constructively, an interest in the surviving corporation following the merger, stockholders who received their shares upon the exercise of stock options or otherwise as compensation, stockholders who are traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, stockholders who are not U.S. persons and stockholders who are partnerships or other pass-through entities. Stockholders are urged to consult their own tax advisors with respect to the specific tax consequences to them of the merger, including the application and effect of federal, state, local, foreign or other tax laws.

Regulatory Approvals (Page 53)

The merger is subject to review under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we call the HSR Act. The parties filed their respective notification and report forms with the Federal Trade Commission (which we refer to as the FTC) and the Antitrust Division of the U.S. Department of Justice (which we refer to as the Antitrust Division) on December 27, 2006 under the HSR Act. The waiting period under the HSR Act expired on January 26, 2007. The Company also derives revenues in certain other jurisdictions, including Brazil, Mexico, China, South Korea, and the European Union, where regulatory filings or approvals may be required or advisable in connection with the completion of the merger. The appropriate notification was filed in Brazil on January 4, 2007 under the Competition Law (Law No. 8.884 of June 11, 1995), as amended, with the European Commissions on January 26, 2007 under the Merger Regulation (Council Regulation (EC) No 139/2004), in the People s Republic of China (with both MOFCOM and SAIC) on

January 25, 2007 under the Merger Regulations (Regulations on Merger and Acquisition of Chinese Enterprises by Foreign Investors), and in Mexico on February 2, 2007, under the Competition Law (Federal Economic Competition Law of December 24, 1992) as amended. In addition, a post-closing notification will be filed with the Korean Fair Trade Commission.

Conditions to the Merger (Page 64)

The consummation of the merger depends on the satisfaction or waiver of a number of conditions, including the following:

- the merger agreement must have been adopted by the affirmative vote of the holders of a majority of the outstanding shares of the Company s Common Stock entitled to vote on it;

- all filing and waiting periods applicable to the consummation of the merger under the HSR Act and any other applicable antitrust laws, must have expired or been terminated and any regulatory approvals of any non-U.S. governmental entity required under applicable law to consummate the merger must have been obtained;

- no law or order or other legal restraint or prohibition preventing the consummation of the merger must be in effect;

- the Company s and Parent s and Merger Sub s representations and warranties must be true and correct as of the closing date in a manner described under the caption, The Merger Agreement Conditions to the Merger beginning on page 64;

- the Company and Parent and Merger Sub must have performed and complied in all material respects with all covenants and obligations that each is required to perform under the merger agreement; and

- there must not have occurred since the date of execution of the merger agreement any event, change, effect, development, condition or occurrence that has had, or would reasonably be expected to have, a Company material adverse effect (as described in further detail under the caption The Merger Agreement Representations and Warranties beginning on page 56).

Marketing Period (Page 60)

In addition to the conditions to the merger set forth above and described in further detail under the caption The Merger Agreement Conditions to the Merger beginning on page 64, Parent and Merger Sub are not obligated to close the merger until the expiration of a 30 consecutive calendar day marketing period (ending no earlier than five business days after the stockholders approval) (A) throughout and at the end of which (i) Parent and its financing sources have all financial statements and other information of the type required by Regulation S-X and Regulation S-K under the Securities Act of 1933, as amended (the Securities Act), and customarily included in private placement memoranda for debt financings of the type required to consummate the merger as may reasonably be requested by Parent, (ii) the Company s representations and warranties remain true, except as would not have a material adverse effect on the Company, and the Company has complied in all material respects with all agreements and covenants required to be performed by the Company, and (iii) our accountants, Ernst & Young LLP, have not withdrawn their audit opinion with respect to any financial statements contained in our filings with the Securities and Exchange Commission (the SEC) and the Company has not publicly announced an intention to restate its financial statements or failed to file any report with the SEC by the date required and (B) at the end of which the Company has obtained all regulatory approvals that are required to be obtained by the Company by the closing date pursuant to the merger agreement, and there is no injunction or legal restraint preventing the consummation of the merger.

Restrictions on Solicitations of Other Offers (Page 62)

Upon the signing of the merger agreement, the Company immediately ceased any merger or similar discussions or negotiations with all third parties other than Parent, Merger Sub and the representatives of Parent. The Company also agreed not to (i) directly or indirectly solicit, initiate or knowingly encourage any takeover

proposal; (ii) enter into any agreement or agreement in principle with respect to a takeover proposal; or (iii) participate in any way in any negotiations or discussions regarding, or furnish or disclose to any third party any information with respect to, any takeover proposal.

Notwithstanding these restrictions, prior to obtaining stockholder approval, the Company may, under certain circumstances described under The Merger Agreement Restrictions on Solicitation of Other Offers beginning on page 62, respond to a bona fide written takeover proposal if the Company complies with certain terms of the merger agreement described under The Merger Agreement Recommendation Withdrawal/Termination in Connection with a Superior Proposal beginning on page 63.

Termination of the Merger Agreement (Page 65)

The merger agreement may be terminated:

- by mutual written consent of the Company and Parent; or
- by either the Company or Parent, if:
  - stockholder approval is not obtained at the special meeting or any adjournment thereof; or
  - the merger has not been consummated by September 12, 2007, unless the marketing period has not ended on or prior to September 12, 2007, in which case the termination date will be extended to the earlier of October 12, 2007 and the end of the marketing period; or
  - there is any law or final and nonappealable injunction, order, decree or ruling that makes consummation of the merger illegal or otherwise prevents or prohibits the consummation of the merger; or
- by the Company if:
  - (i) Parent or Merger Sub has breached any of its covenants, agreements, representations or warranties under the merger agreement that would give rise to the failure of certain conditions to closing and the breach has not been or cannot be cured by the earlier of September 12, 2007 and thirty business days after Parent or Merger Sub receives written notice of the breach by the Company, or (ii) Parent or Merger Sub fails to obtain sufficient financing to consummate the transactions within three business days of satisfaction or waiver of the conditions to closing; or
  - prior to obtaining stockholder approval (i) the Company s board of directors receives a superior proposal, (ii) the Company s board of directors determines in good faith that termination of the merger agreement is necessary to comply with our fiduciary duties to the stockholders, (iii) the Company has complied in all material respects with the non-solicitation provisions in the merger agreement, and (iv) the Company pays the termination fee to Parent no later than the date of termination; or
- by Parent if:

the Company has breached any of its covenants, agreements, representations and warranties under the merger agreement that would give rise to the failure of certain conditions to closing and the breach has not been or cannot be cured by the earlier of September 12, 2007 and thirty business days after the Company receives written notification of the breach by Parent or Merger Sub; or

prior to obtaining stockholder approval (i) the Company board of directors either withdraws or modifies in a manner adverse to Parent the company recommendation to the holders of Company Common Stock that they vote in favor of adopting the merger agreement, (ii) the Company fails to include such recommendation in the proxy statement or (iii) the Company board of directors approves or recommends a takeover proposal to the Company s stockholders or recommends that they tender their shares of Common Stock in any tender offer or exchange offer that is a takeover proposal.

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Termination Fee; Business Interruption Fee (Page 66)

Under certain circumstances, in connection with the termination of the merger agreement, we will be required to pay a termination fee of $135,000,000 to Parent. See The Merger Agreement Termination Fee; Business Interruption Fee beginning on page 66.

In the event we terminate the merger agreement because Parent or Merger Sub (i) breaches any of the covenants, agreements, representations or warranties in the merger agreement such that certain conditions to the closing of the merger would not be satisfied, (ii) fails to obtain sufficient financing to consummate the transactions within three business days of satisfaction or waiver of the conditions to the closing of the merger or (iii) fails to complete the merger by September 12, 2007 (or, if the marketing period has not ended on or prior to September 12, 2007, the end of the marketing period, but in no event later than October 12, 2007), and certain conditions to the obligations of Parent and Merger Sub to consummate the merger have otherwise been satisfied, then Parent will be required to pay the Company a $175,000,000 business interruption fee. This business interruption fee is not subject to offset or deduction of any kind and is the sole and exclusive remedy of the Company against Parent and/or Merger Sub. Each of the Funds has agreed severally but not jointly to guarantee the obligation of Parent to pay this business interruption fee subject to a cap equal to such Fund s pro-rata share of $175,000,000, which share is proportionate to its equity commitment in Parent as compared to the equity commitment of the other Fund.

Market Price of the Company s Common Stock (Page 68)

Our Common Stock trades on the NYSE under the trading symbol TSG. On December 8, 2006, which was the last public trading date before rumor of the possible business transaction was publicly reported in The New York Times and The Wall Street Journal, our Common Stock closed at $28.32 per share. On February 20, 2007, which was the last trading day before the date of this proxy statement, our Common Stock closed at $32.45 per share.

Rights of Appraisal (Page 72 and Annex C)

Delaware law provides you with appraisal rights in the merger. This means that, if you fully comply with the procedures for perfecting appraisal rights provided for under Delaware law, you are entitled to have the fair value of your shares determined by the Delaware Court of Chancery and to receive payment in cash for your shares based on that valuation in lieu of the merger consideration. The ultimate amount you receive in an appraisal proceeding may be more or less than, or the same as, the amount you would have received under the merger agreement. To exercise your appraisal rights, you must deliver a written demand for appraisal to the Company before the vote on the merger agreement is taken at the special meeting and you must not vote in favor of the adoption of the merger agreement. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. A copy of Section 262 of the General Corporation Law of the State of Delaware (DGCL) is attached to this proxy statement as Annex C.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a stockholder of Sabre Holdings. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement, which you should read carefully.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition pursuant to the merger agreement of the Company by Parent, an entity controlled by investment funds affiliated with TPG and Silver Lake. Once the merger agreement has been adopted by the Company s stockholders and the other conditions to closing under the merger agreement have been satisfied or waived, Merger Sub will merge with and into Sabre Holdings. Sabre Holdings will be the surviving corporation in the merger and will become a wholly-owned subsidiary of Parent.

Q: What will I receive in the merger?

A: Upon completion of the merger, you will be entitled to receive, for each share of our Common Stock that you own, $32.75 in cash, without interest and less any applicable withholding taxes, for each share of our Common Stock that you own. For example, if you own 100 shares of our Common Stock, you will receive $3,275.00 in cash in exchange for your shares of Common Stock, less any applicable withholding taxes. You will not own shares in the surviving corporation.

Q: Where and when is the special meeting?

A: The special meeting will take place at the Irving Arts Center, Dupree Theater, 3333 North MacArthur Blvd, Irving, Texas 75062 on March 23, 2007, at 10:00 a.m. Central Daylight Time.

Q: What matters will be voted on at the special meeting?

A: You will be asked to consider and vote on the following proposals:

- to adopt the merger agreement and approve the merger;
- to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement; and
- to act upon other business that may properly come before the special meeting or any postponement or adjournment thereof.

Q: What vote of our stockholders is required to adopt the merger agreement? What happens if I do not vote?

A: For us to complete the merger, stockholders holding a majority of our Common Stock outstanding at the close of regular trading on the NYSE on the record date must vote FOR the adoption of the merger agreement. Accordingly, the failure to vote or an abstention from voting will have the same effect as a vote against adoption of the merger agreement.

Q: What vote of our stockholders is required to approve the proposal to adjourn the special meeting, if necessary, to solicit additional proxies?

A: The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of the holders of a majority of the votes cast on the proposal. Each share of Common Stock will be entitled to one vote per share.

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Q: How does the Company s board of directors recommend that I vote?

A: Our board of directors recommends that our stockholders vote FOR the adoption of the merger agreement. You should read The Transaction Reasons for the Merger; Recommendation of the Board of Directors beginning on page 25 for a discussion of the factors that our board of directors considered in deciding to recommend the adoption of the merger agreement.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes and the documents referred to or incorporated by reference in this proxy statement, and to consider how the merger affects you and submit your proxy to vote your shares at the special meeting. You can ensure that your shares are voted at the special meeting by submitting your proxy via:

telephone, using the toll-free number listed on each proxy card (if you are a registered stockholder, meaning that your shares are registered in your own name) or voting instruction card (if your shares are held in street name, meaning that your shares are held in the name of a broker, bank, trustee or other nominee and they make telephone voting available);

the Internet, at the address provided on each proxy card (if you are a registered stockholder) or voting instruction card (if your shares are held in street name and your nominee makes Internet voting available); or

mail, by completing, signing, dating and mailing each proxy card or voting instruction card and returning it in the envelope provided.

Q: If my shares are held in street name by my broker, bank, trustee or other nominee will my nominee vote my shares for me?

A: Yes. However, your nominee will only vote if you provide instructions on how to vote. You should follow the directions provided by your broker, bank, trustee or other nominee regarding how to instruct your nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the merger.

Q: Should I send in my stock certificates or other evidence of ownership now?

A: No. After the merger is completed, you will receive a letter of transmittal with detailed written instructions for exchanging your stock certificates for the merger consideration. If your shares of Common Stock are held in street name by your broker, bank, trustee or other nominee you will receive instructions from your nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration. **Please do not send your certificates with your proxy.**

Q: Can I change my vote?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. If you are a registered stockholder, you may revoke your proxy by notifying the Company s Corporate Secretary in writing at Sabre Holdings Corporation, 3150 Sabre Drive, Southlake, Texas 76092, Attn: James Brashear, or by submitting a new proxy by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, as a registered stockholder, your proxy may be revoked by attending the special meeting and voting in person (you must vote in person, simply attending the special meeting will not cause your proxy to be revoked).

Please note that if you hold your shares of Common Stock in street name and you have instructed a broker, bank, trustee or other nominee to vote your shares, the above-described options for changing your vote do not apply, and instead you must follow the instructions received from your broker, bank, trustee or other nominee to change your vote.

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Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares are registered differently or are held in more than one account, you will receive more than one proxy or voting instruction card. Please complete and return all of the proxy cards or voting instruction cards you receive (or submit each of your proxies by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q. What effects will the proposed merger have on Sabre Holdings?

A: As a result of the proposed merger, Sabre Holdings will cease to be a publicly-traded company and will be wholly-owned by Parent, an entity controlled by investment funds affiliated with TPG and Silver Lake. Following consummation of the merger, the registration of our Common Stock under the Securities Exchange Act of 1934, as amended, or the Exchange Act, will be terminated upon application to the SEC. In addition, upon completion of the proposed merger, shares of our Common Stock will no longer be listed on any stock exchange or quotation system, including the NYSE.

Q. What happens if I sell my shares before the special meeting?

A: The record date is earlier than the date of the special meeting. If you transfer Sabre Holdings shares after the record date but before the special meeting, you will retain your right to vote at the special meeting but will have transferred the right to receive $32.75 per share in cash to be received by Sabre Holdings stockholders in the merger. To be entitled to receive the $32.75 per share merger consideration, you must continue to hold your shares through the completion of the merger.

Q. When is the merger expected to be completed?

A: We anticipate that the merger will be completed by early in the second quarter of 2007. However, the exact time of the merger cannot be predicted. To complete the merger, we must obtain stockholder approval and the other conditions to closing under the merger agreement must be satisfied or waived.

Q. What is the marketing period ?

A: Parent is not obligated to complete the merger until the expiration of a marketing period that it may use to complete the financing for the merger. Assuming certain other conditions have been met and Parent has received certain financial and other information, we expect the marketing period to be a 30-day period beginning on the later of the date this proxy statement is first mailed to the Company s stockholders and the first business day after the Company files with the SEC its annual report on Form 10-K for the fiscal year ended December 31, 2006.

Q. What happens if the merger is not consummated?

A. If the merger agreement is not adopted by Sabre Holdings stockholders or if the merger is not completed for any other reason, stockholders will not receive any payment for their shares in connection with the merger. Instead, Sabre Holdings will remain an independent public company and Sabre Holdings Common Stock will continue to be listed and traded on the NYSE. See the section captioned Delisting and Deregistration of Sabre Holdings Common Stock; Failure to Consummate the Merger beginning on page 44. Under specified circumstances, Sabre Holdings may receive a business interruption fee from Parent or be required to pay Parent a termination fee as described under the caption The Merger Agreement Termination Fee; Business Interruption Fee beginning on page 66.

Q: Who can help answer my other questions?

A: If you have more questions about the merger, please contact our Investor Relations Department at (866) 722-7347. You may also contact our proxy solicitation agent, MacKenzie Partners, toll-free at (800) 322-2885. If your broker, bank, trustee or other nominee holds your shares, you should also call your broker, bank, trustee or other nominee for additional information.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, include forward-looking statements that reflect our current views as to future events and financial performance with respect to our operations, the expected completion and timing of the merger and other information relating to the merger. These statements can be identified by the fact that they do not relate strictly to historical or current facts. There are forward-looking statements throughout this proxy statement, including, among others, under the headings Summary Term Sheet, The Transaction, The Transaction Opinions of Financial Advisors and in statements containing the words aim, anticipate, are confident, es expect, will be, will continue, will likely result, project, intend, plan, believe and other words and terms of similar meaning. You sh aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company or on the merger and related transactions. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise, except as required by law. In addition to other factors and matters contained in or incorporated by reference in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings that have been or may be instituted against Sabre Holdings and others relating to the merger agreement;
- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger;
- the failure to obtain the necessary debt financing arrangements set forth in commitment letters received in connection with the merger agreement;
- the failure of the merger to close for any other reason;
- the risk that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the pending merger;
- the effect of the announcement of the merger on our client and customer relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the merger;

and other risks detailed in our current filings with the SEC, including our most recent filing on Form 10-K. See Where You Can Find Additional Information on page 77. Many of the factors that will determine our future results or the consummation of the merger are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements.

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THE PARTIES TO THE MERGER

Company

Sabre Holdings Corporation is a world leader in travel commerce. The Company offers a broad portfolio of leading travel marketing, distribution and technology solutions. The Company supports airlines, hotels, cruise lines, car rental agencies and other travel suppliers through a distribution network that enables global marketing through tens of thousands of points of sale, sophisticated data gathering and analysis, and robust business optimization tools. The Company supports online and conventional travel agencies, corporate travel purchasers and consumers by providing an efficient electronic marketplace that consolidates a wealth of travel information and facilitates shopping and purchasing of travel components and packages. The Company participates in travel distribution and marketing to multiple audiences through different methods referred to as channels. These channels include travel agencies, direct to consumers, and corporate or business-direct.

Sabre Holdings Corporation is incorporated in the state of Delaware with its principal executive offices at 3150 Sabre Drive, Southlake, Texas 76092. Sabre Holdings telephone number is (682) 605-1000. Sabre Holdings is publicly traded on the NYSE under the symbol TSG .

Parent

Sovereign Holdings, Inc., which we refer to as Parent, is a Delaware corporation with its principal offices at c/o TPG Partners V, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102. Parent s telephone number is (817) 871-4001. Parent was formed on December 11, 2006, solely for the purpose of effecting the merger agreement and the transactions related to the merger. Parent has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement. Parent is controlled by investment funds affiliated with the private equity investment firms Texas Pacific Group and Silver Lake Partners.

Both TPG and Silver Lake are engaged in making investments in securities of public and private companies.

Merger Sub

Sovereign Merger Sub, Inc., which we refer to as Merger Sub, is a Delaware corporation and a wholly-owned direct subsidiary of Parent, with its principal offices at c/o TPG Partners V, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102. Merger Sub s telephone number is (817) 871-4001. Merger Sub was formed on December 11, 2006, solely for the purpose of effecting the merger agreement and the transactions related to the merger. Merger Sub has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the merger agreement.

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THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held on Friday, March 23, 2007, starting at 10:00 a.m. Central Daylight Time, at the Irving Arts Center, Dupree Theater, 3333 North MacArthur Blvd, Irving, Texas 75062 or at any adjournment or postponement thereof. The purpose of the special meeting is for our stockholders to consider and vote upon the adoption of the merger agreement and the approval of the merger. Our stockholders must adopt the merger agreement and approve the merger and the required vote described below must be obtained for the merger to occur. If our stockholders fail to adopt the merger agreement and approve the merger, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A. This proxy statement and the enclosed form of proxy are first being mailed to our stockholders on or about February 23, 2007.

Record Date and Quorum

The holders of record of the Company s Common Stock as of the close of regular trading on the NYSE on February 20, 2007, the record date for the special meeting, are entitled to receive notice of and to vote at, the special meeting. On the record date, 133,799,727 shares of the Company s Common Stock were entitled to be voted.

The holders of a majority of the outstanding shares of the Company s Common Stock on the record date represented in person or by proxy will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Any shares of the Company s Common Stock held in treasury by the Company or by any of our subsidiaries will not be considered to be outstanding for purposes of determining a quorum. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established.

Required Vote for the Merger

Completion of the merger requires the adoption of the merger agreement and approval of the merger by the affirmative vote of the holders of a majority of the Company s Common Stock outstanding on the record date and entitled to vote thereon. Each holder of record of shares of Common Stock entitled to vote will have the right to one vote for each such share of Common Stock held.

As of February 20, 2007, the record date, the directors and current executive officers of the Company beneficially owned, in the aggregate, 2,660,232 shares of the Company s Common Stock, or approximately 2.0% of the outstanding shares of the Company s Common Stock.

Proxies; Revocation

If you are a stockholder of record and submit a proxy by telephone or the Internet or by returning a signed proxy card by mail, your shares will be voted at the special meeting as you indicate on your proxy card or by such other method. If you sign your proxy card but no voting instructions are indicated, your shares of the Company s Common Stock will be voted FOR the adoption of the merger agreement and FOR any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies.

If your shares are held in street name by your broker, bank, trustee or other nominee, you should instruct your nominee how to vote your shares using the instructions provided by them. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker, bank, trustee or other nominee for directions on how to vote your shares. Under applicable rules, brokers who hold shares in street name for customers may not exercise their voting discretion with respect to the approval of non-routine matters such as the merger proposal and thus, without specific instructions from the beneficial owner of such shares, brokers are not empowered to vote such shares with respect to the adoption of the merger agreement (i.e., broker non-votes). Shares of Company Common Stock held by persons attending the special meeting but not voting, or shares for which the Company has received proxies with respect to which holders have abstained from voting, will be considered abstentions. Abstentions and properly executed broker non-votes, if any, will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists but will have the same effect as a vote AGAINST adoption of the merger agreement.

You may revoke your proxy or change your vote at any time before the vote is taken at the special meeting. To revoke your proxy, you must advise our Corporate Secretary in writing, at Sabre Holdings Corporation, 3150 Sabre Drive, Southlake, Texas 76092, Attn: James Brashear, or submit a proxy by telephone, the Internet or mail dated after the date of the proxy you wish to revoke, or attend the special meeting and vote your shares in person. Attendance at the special meeting will not by itself constitute revocation of a proxy.

Please note that if you have instructed your broker, bank, trustee or other nominee to vote your shares, the options for revoking your proxy or changing your vote described in the paragraph above do not apply and instead you must follow the directions provided by your broker, bank, trustee or other nominee to change these instructions.

Sabre Holdings does not expect that any matter other than the adoption of the merger agreement (and the approval of the adjournment of the meeting, if necessary or appropriate, to solicit additional proxies) will be brought before the special meeting. If, however, any such other matter is properly presented at the special meeting or any adjournment or postponement of the special meeting, the persons appointed as proxies will have discretionary authority to vote the shares represented by duly executed proxies in accordance with their discretion and judgment.

Submitting Proxies Via the Internet or by Telephone

Stockholders of record and many stockholders who hold their shares through a broker, bank, trustee or other nominee will have the option to submit their proxies or voting instructions via the Internet or by telephone. There are separate arrangements for using the Internet and telephone to submit your proxy depending on whether you are a stockholder of record or your shares are held in street name by your broker, bank, trustee or other nominee. If your shares are held in street name, you should check the voting instruction card provided by your nominee to see which options are available and the procedures to be followed.

In addition to submitting the enclosed proxy card by mail, Sabre Holdings stockholders of record may submit their proxies:

- via the Internet by visiting a website established for that purpose at https://www.proxyvotenow.com/tsg and following the instructions on the website; or

- by calling the toll-free number 1-866-257-2285 in the United States, Puerto Rico or Canada on a touch-tone phone and following the recorded instructions.

Please have your proxy card available when voting via the Internet or by telephone.

Adjournments

Although it is not currently expected, the special meeting may be adjourned for the purpose of soliciting additional proxies. Any adjournment may be made without notice (if the adjournment is not for more than 30 days) by an announcement made at the special meeting of the time, date and place of the adjourned meeting. In the event that there is present, in person or by proxy, sufficient favorable voting power to secure the vote of the stockholders of the Company necessary to adopt the merger agreement, the Company does not anticipate that we will adjourn or postpone the meeting unless the Company is advised by counsel that failure to do so could reasonably be expected to result in a violation of U.S. federal securities laws. Any signed proxies received by the Company in which no voting instructions are provided on such matter will be voted in favor of an adjournment in these circumstances. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the Company s stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

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Solicitation of Proxies

The Company will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of the Company may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. The Company will, upon request, reimburse brokers, banks, trustees and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. The Company has retained MacKenzie Partners, a proxy solicitation firm, to assist it in the solicitation of proxies for the special meeting and will pay MacKenzie Partners a fee of approximately $7,500, plus reimbursement of out-of-pocket expenses.

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THE TRANSACTION

Background of the Merger

From our inception as a public company in 1996, our executive team and our board of directors have regularly evaluated our business strategy, strategic alternatives and prospects for growth in order to continually improve our operations and financial performance and assess opportunities to create value for our stockholders. In connection with this evaluation, we have routinely considered organic business opportunities, financial structuring alternatives, dispositions and potential acquisitions, business combinations and other strategic opportunities.

During the summer of 2005, our board of directors and management considered various possible strategic restructuring options. Our evaluation was conducted with the assistance of our financial co-advisors, Goldman Sachs & Co., which we refer to as Goldman Sachs, and Morgan Stanley & Co. Incorporated, which we refer to as Morgan Stanley, as well as our legal advisors, Latham & Watkins LLP, which we refer to as Latham & Watkins.

During this time, we approached certain companies concerning potential business acquisitions, and certain participants in our industry, including a company which we refer to as Company Z, approached us regarding potential business combinations. Our management and advisors engaged in exploratory discussions with Company Z in late 2005, but ultimately were unable to overcome certain fundamental issues between us and Company Z, including an inability to agree upon per share value and other issues, as well as risks of non-consummation that would be borne by the Company. The board also concluded that none of the other strategic options being considered at that time would be advantageous for our stockholders.

In the past few years, private equity firms have successfully completed acquisitions of companies in the travel industry. Following the announcement in June of 2006 that Travelport, another travel industry company that was then a division of Cendant Corp., would be acquired by private equity firms, we began to receive informal inquiries from several private equity firms about the potential to acquire the Company and we met informally with certain of them in the ensuing months. As a result of those inquiries and informal meetings, in early July of 2006 our management began a re-examination of strategic options available to the Company, with the assistance of our financial co-advisors, Goldman Sachs and Morgan Stanley. Management and our financial co-advisors held discussions with our board regarding the attractiveness and feasibility of potential strategic options ranging from remaining a stand-alone public company to various potential change of control scenarios.

On August 1, 2006, our management reviewed with our board of directors the Travelport transaction and discussed the status of the private equity environment. The board also reviewed the Company s then-current valuation in contrast to potential valuations in various strategic transactions, including an acquisition by private equity firms in a transaction often referred to as a take-private transaction. After discussing and considering the available options, our board authorized management and our financial co-advisors to identify qualified private equity firms that might participate in a transaction to take the Company private.

On September 15, 2006, our board of directors conducted a comprehensive review of the Company s strategic options, which included consideration of various stand-alone, restructuring, sale and merger scenarios. Representatives from Goldman Sachs and Morgan Stanley presented preliminary materials on the current valuation and illustrative future valuations of the Company based on management s financial forecasts. They also provided the board with illustrative valuation ranges for the Company that might be anticipated in a strategic acquisition or a take-private transaction, based on precedent transactions, discounted cash flow analyses and illustrative returns to private equity investors. Latham & Watkins advised the board of legal considerations relating to a potential sale process, including a private equity transaction, and advised the board of its fiduciary obligations. Our management advised the board that they would remain impartial throughout any exploratory sale process and would, in conjunction with the board, establish procedures to ensure that management compensation and retention matters would not impinge on management s effectiveness and neutrality in the

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proposed exploratory sale process. The board also considered illustrative transaction timelines, procedures and financing considerations for a potential take-private transaction.

After consideration and discussion, the board instructed management and our financial co-advisors to begin formal dialogue with a select group of qualified private equity firms as part of an exploratory sale process. The board concluded that a focused, multi-party bidding process would produce the best range of proposals to maximize the value that could reasonably be provided to the Company s shareholders, while at the same time optimizing the efficiency and confidentiality of the process. Additionally, the board considered that a transaction with private equity firms likely would present a significantly lower risk of delay or failure to consummate an announced transaction when compared to any reasonably likely strategic business combination.

During the week of September 18, 2006, Goldman Sachs and Morgan Stanley began placing calls to selected private equity firms, including TPG and Silver Lake. The firms were selected by the board, in consultation with its financial co-advisors, based on a variety of factors, including the firms historical interest and investments in the travel industry, appropriate levels of financial resources and prior success in consummating acquisitions of similarly situated public companies. After execution of appropriate non-disclosure and standstill agreements, the selected firms were invited to engage in preliminary discussions about our business with our management.

In early October of 2006, management, in consultation with its financial co-advisors, decided that the private equity sale process could be facilitated by offering the private equity firms a preliminary debt commitment from affiliates of Goldman Sachs and Morgan Stanley. On October 13, 2006, our board discussed with management and our financial co-advisors the advantages and disadvantages of offering a debt financing commitment, and the board consented to the inclusion of a preliminary debt commitment in the materials to be distributed to all bidders. Our board also concluded, with the advice of its legal counsel and our financial co-advisors, that it would be appropriate to retain an additional financial advisor to provide an opinion as to the fairness of any potential transaction to the Company s stockholders, in the event a transaction were pursued with a firm using financing provided by Goldman Sachs or Morgan Stanley or both.

During the week of October 9, 2006, we sent the selected private equity firms a letter describing the exploratory sale process, and provided them with preliminary financial information about the Company. The process letter specified a preliminary bid date of November 1, 2006, and restricted the extent to which the firms were permitted to retain outside advisors to protect the confidentiality of the process.

In early October of 2006, Company Z contacted us and proposed discussions about a possible business combination between Company Z and the Company. Company Z indicated that it would be capable of conducting diligence in a very prompt manner because of its prior discussions with the Company and its understanding of our businesses. Our board instructed management and our advisors to explore a potential combination with Company Z. On October 10, 2006, Company Z sent us a draft merger agreement that contemplated an all cash acquisition of the Company. On October 11, 2006, our management and our financial co-advisors discussed with Company Z a possible combination of Company Z and Sabre Holdings, including the key benefits and potential issues regarding such a combination.

The board considered Company Z s proposal and draft merger agreement and discussed with our management and advisors a potential combination with Company Z at our board meeting on October 13, 2006. The discussion included a consideration of the relative risks and merits of a combination with Company Z as compared to a possible take-private transaction that would not present any potentially significant regulatory or other non-consummation risk or delay. After a period during which our senior management and advisors discussed with Company Z the potential issues that would be presented in a combination transaction, our board instructed our management to cease discussions with Company Z and inform Company Z that the board was focused on avoiding substantial non-consummation risk for the Company. Our management informed Company Z of this decision.

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During the exploratory sale process, we were also contacted on several occasions by certain other companies, with which we had very preliminary discussions regarding potential strategic transactions. None of these discussions progressed to a significant extent, and no other company made a specific proposal to acquire Sabre Holdings.

During the weeks of October 16 and 23, we held preliminary discussions with each of the prospective acquiror private equity firms. These sessions involved presentations by executives from our business units, as well as our senior management team and finance organization. Our management team also answered diligence questions from the private equity firms prior to the preliminary bid submissions on November 1, 2006.

During the week of October 16, 2006, the financing teams of Goldman Sachs and Morgan Stanley made available to all of the bidders the preliminary debt commitment terms.

On November 1, 2006, we received initial acquisition proposals from each of the prospective acquiror private equity firms we had selected. These non-binding indications of interest were all subject to the private equity firms satisfactorily completing further diligence during the second phase of the exploratory sale process. Over the remainder of that week, Goldman Sachs and Morgan Stanley spoke with the private equity firms to clarify their initial proposals.

Our board of directors met on November 7, 2006, to consider the initial proposals and to discuss whether to proceed with the second phase of the exploratory sale process. Based on the indicative offer prices and other key terms contained in initial proposals from certain of the private equity firms, and on advice from our legal and financial co-advisors, our board invited five private equity firms, including TPG and Silver Lake, to continue the exploratory sale process. The five private equity firms were combined into three bidding groups, based on their preferences, financial resources and other considerations. The groups included (i) one private equity firm that had expressed a preference and had the financial resources to proceed on its own, which we refer to as Firm Y, (ii) a pair of other private equity firms, and (iii) the pair of TPG and Silver Lake. In light of the valuations indicated by the initial bids, the relatively high level of deal certainty and relatively short time period required for closing indicated in the bids, the bidders relatively extensive knowledge about the travel industry and Sabre Holdings, and the bidders strong interest in a transaction, our board directed management to focus on pursuing a private equity transaction, but to remain open to discussions with Company Z or any other strategic purchasers that provided compelling proposals, taking all relevant factors into account, including value, speed and certainty of deal consummation comparable to that described in the initial proposals from the private equity firms.

From November 8 through November 10, 2006, our financial co-advisors contacted each of the selected participants to invite them to continue in the second phase of the exploratory sale process, to schedule diligence sessions with management, and to involve their own advisors, consultants and alternative financing sources in the process. On November 8, 2006, we distributed letters to the selected participants, which specified the procedures for the second phase of the exploratory sale process and a final bid date of December 8, 2006.

During the weeks of November 13 and 20, 2006, our management team held detailed due diligence sessions with each of the bidding groups and their respective advisors and financing sources.

On November 14, 2006, our board of directors discussed with our management, in addition to certain administrative matters, the status of the exploratory sale process. Our management responded to questions from individual directors regarding potential valuations and other discussions with the private equity firms. Our management also reported that our outside advisors were developing a recommendation to the board with respect to ensuring a process designed to assure management s neutrality in the sale process while at the same time addressing the private equity firms desire to discuss management retention and compensation following a take-private transaction. The independent, non-management members of the board then met in executive session.

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On November 16, 2006, we distributed to each of the participant private equity groups the proposed definitive merger documentation. The proposed merger documentation included a merger agreement, and a proposed equity commitment letter and guarantee to be executed by affiliates of the private equity firms with sufficient financial resources to perform the obligations set forth in the equity commitment letter and merger agreement.

On November 21, 2006, our board reviewed and discussed the status of the exploratory sale process and the bidders key areas of diligence focus with our management and financial and legal advisors. The board also reaffirmed December 8, 2006, as the final bid date. Our financial and legal advisors also described to our board of directors procedures to maintain management s neutrality in the exploratory sale process. Under the procedures, management would continue to refrain from discussing with the private equity firms management compensation and post-closing equity arrangements until after the execution of a merger agreement, but our financial advisors and members of our board would be available to discuss general retention approaches with private equity firms, but not specific retention proposals. The independent members of the board (which excluded Mr. Gilliland) then met in private session with our advisors and further discussed issues of management neutrality and an employee retention plan that had been developed by management and reviewed by several of our outside directors. The independent directors thereafter approved the plan recommended by our advisors, and directed our Chairman of the Board and Chief Executive Officer to advise members of senior management about the board s determination and direct them to continue to take appropriate steps to avoid any conflicts of interest (or even the appearance of one) with any private equity firm.

On November 22, 2006, we received a letter from Company Z indicating that Company Z wished to renew discussions of a potential combination of Sabre Holdings and Company Z. On November 24, 2006, Company Z indicated that it might be prepared to pay acquisition consideration primarily in cash but with additional consideration in the form of securities, which had undefined terms. On November 27, 2006, our board discussed the Company Z proposal and the status of the exploratory sale process with the private equity firms. With the concurrence of our board, our management communicated to Company Z our willingness to engage in further discussions about a potential combination.

During the weeks of November 27 and December 4, 2006, we worked to answer diligence questions from the firms participating in the exploratory sale process. Additionally, we received comments on the draft merger agreement from two of the three private equity groups. Latham & Watkins discussed with legal counsel for the two private equity firms, including Cleary Gottlieb Steen & Hamilton LLP, which we refer to as Cleary Gottlieb, counsel to TPG and Silver Lake, their comments on the draft merger agreement.

On November 30, 2006, our board of directors convened to discuss the status of the dialogue with Company Z. Our management and financial advisors described the financial terms generally proposed by Company Z. Our board of directors discussed with our management and advisors these and the other terms and conditions of the Company Z proposal, and determined that Company Z should be asked to execute a standstill agreement in the same form as the private equity firms. The independent members of the board then met in private session with our advisors and further discussed the status of the sale process.

On December 1, 2006, we contacted Bear, Stearns & Co. Inc., which we refer to as Bear Stearns, to engage it to render an opinion to our board of directors as to the fairness to our stockholders, from a financial point of view, of a potential transaction. On December 6, 2006, we retained Bear Stearns to provide such an opinion.

On December 3, 2006, we sent to Company Z a proposed definitive merger agreement, which was substantially the same as the draft we had sent to the private equity groups on November 16, 2006, and informed it that we were considering acquisition proposals from private equity firms. We also sent to Company Z a proposed standstill agreement containing substantially the same terms that had been accepted by the private equity firms. We asked Company Z to execute the standstill agreement before we would further discuss deal issues or allow Company Z to conduct its requested limited diligence. On December 4, 2006, Company Z said

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it was unwilling to execute the standstill agreement in the form we had proposed, and would not continue discussions if that form was required, but it offered to extend for a limited period of time a non-disclosure and less favorable standstill agreement with us that it had signed in 2005.

On December 5, 2006, our board of directors and financial and legal advisors convened to discuss the status of the exploratory sale process with the private equity groups, as well as the status of our discussions with Company Z. Our board discussed the desirability of engaging further with Company Z in order to gain further visibility into the potential value it might offer our stockholders and to assess Company Z s willingness to consummate a transaction expeditiously. Management also informed the board of directors that Company Z had reiterated that it could complete a diligence review of the Company in a very rapid and efficient manner. In light of the circumstances, our board authorized management to agree to Company Z s proposal to a limited extension of its 2005 non-disclosure and standstill agreement. The independent members of the board then met in a private session with our advisors, and then in executive session without our advisors. On December 6, 2006, we extended the term of our non-disclosure and standstill agreement with Company Z.

On December 7, 2006, Travelport announced that it had agreed to acquire Worldspan. Our management discussed with the private equity groups the potential impact on the Company of the proposed acquisition. We also provided the private equity groups with an updated fourth quarter financial outlook for the Company. Our board of directors discussed with management and our financial and legal advisors the private equity groups outstanding questions and the likelihood of receiving bids, as well as the private equity groups reaction to the announcement of the proposed Worldspan acquisition.

On December 8, 2006, we received formal bids from two of the private equity groups: (i) the pair of TPG and Silver Lake, and (ii) Firm Y. Both groups submitted to us modified drafts of the definitive transaction agreements and provided financing commitment documents from their own separate financing sources. The third private equity group did not submit a bid but it indicated a per share value that would be lower than the bids submitted by the other private equity groups, and it requested three additional weeks to complete diligence and finalize its proposal. Also on December 8, 2006, Company Z delivered a term sheet outlining certain key terms for a potential merger between Sabre Holdings and Company Z. Company Z also delivered a mark-up of certain sections of the merger agreement, which, in the Company s view, did not adequately address our concerns regarding the time frame for and certainty of deal consummation. Company Z did not provide any other comments on the draft merger agreement we had provided to it, and Company Z s oral indications of the value of its proposed offer of cash and securities represented a lower per share value range than the value proposed by TPG and Silver Lake.

On December 9, 2006, we were contacted by The Wall Street Journal concerning rumors we were in discussions for a potential take-private transaction with certain private equity firms. The Company declined to comment on the rumors.

On the morning of December 10, 2006, our board convened to discuss the economic and legal terms of the bids received from TPG and Silver Lake and from Firm Y, as well as the per share value proposed by the other private equity group and the additional conditions precedent to their bid. In advance of this meeting, all members of the board were sent copies of the proposed merger agreements from the two private equity groups, as well as a presentation including summaries of material financial terms of the proposals and valuation analyses prepared by Goldman Sachs and Morgan Stanley and a comparison chart of material legal terms and conditions prepared by Latham & Watkins. The board reviewed the Company s most recent financial performance and considered a broader strategic industry overview. Following a discussion of the proposals from each of the two remaining private equity groups, our board instructed our management and advisors to continue clarifying and negotiating economic and legal terms with each of the private equity groups. The board also determined that it would not be advisable to continue discussions with the third private equity group and that the financial terms and closing certainty proposed by Company Z were less favorable to our shareholders than the private equity proposals. In this regard, our board also noted that Company Z had not provided a full proposal including all material terms

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and conditions, nor had Company Z provided a proposed merger agreement. The independent, non-management members of the board then met in private session with our advisors, and further discussed the relative per share offers from TPG and Silver Lake and from Firm Y. The independent directors also discussed the importance of proceeding quickly with the private equity groups in a competitive process to obtain the best deal terms and to minimize the risks associated with delay. At the conclusion of their meeting, the non-management directors directed management and the Company s advisors to proceed as expeditiously as possible to negotiate final terms with each of the TPG and Silver Lake group and Firm Y.

Throughout the day on December 10, 2006, Latham & Watkins negotiated with legal counsel for each of the private equity groups, including Cleary Gottlieb, counsel to TPG and Silver Lake, the material terms and conditions of each group s proposed transaction documentation. Goldman Sachs and Morgan Stanley also negotiated with each of the private equity groups the financial and other key terms of each private equity group s proposed offer.

On the morning of December 11, 2006, articles were published by The New York Times and The Wall Street Journal speculating that the Company was in advanced discussions for a potential take-private transaction with certain private equity firms, including TPG and Silver Lake.

On December 11, 2006, both private equity groups provided us with updated bids that they characterized as best and final offers. The TPG and Silver Lake group revised its bid upward to $32.75 per share of the Company. Firm Y indicated it was unwilling to increase its per share offer above the range that it had previously indicated in discussions with our financial advisors, which range was near but below the value proposed by TPG and Silver Lake. Our board considered and discussed with its advisors and management the legal and financial terms of the updated proposals, the news articles that had been published that morning regarding the sale process and the recent movement in the Company s share price. Latham & Watkins advised the board of its fiduciary duties, including the obligations to exercise due care, loyalty, and good faith in considering whether to accept an offer for the Company. The board discussed with its legal counsel the revised merger agreements that our management and advisors had negotiated, including the representations and warranties, covenants and conditions to closing contained in each private equity group s revised transaction documents. The board discussed with its financial and legal advisors the equity and debt financing commitments submitted by TPG and Silver Lake. Goldman Sachs, Morgan Stanley and Bear Stearns each explained the financial details of the proposed private equity transactions and the underlying bases for their respective fairness analyses of the TPG and Silver Lake acquisition proposal. Bear Stearns, Goldman Sachs and Morgan Stanley each delivered to the board their oral opinions, which were subsequently confirmed in writing on December 12, 2006, that, as of the date of such opinions, and based upon and subject to the assumptions, qualifications and limitations to be set forth in each of their respective written opinions, the proposed merger consideration of $32.75 per share in cash to be received by the holders of our common shares, pursuant to the proposed TPG and Silver Lake merger agreement, was fair from a financial point of view to our stockholders. The independent members of the board then met in executive session, without advisors.

Following that executive session, and taking into account its prior discussions, including the executive session, the respective fairness opinions delivered orally by Bear Stearns, Goldman Sachs and Morgan Stanley and the other factors described below in greater detail under the heading Reasons for the Merger, our board of directors by a unanimous vote of the directors present (with Mr. Gilliland abstaining to ensure the independence of the vote) determined that the merger agreement proposed by TPG and Silver Lake, and the transactions contemplated by that agreement, are fair to and in the best interests of the Company and its stockholders. Our board by a unanimous vote of the directors present (with Mr. Gilliland abstaining to ensure the independence of the vote) approved the merger agreement and the transactions contemplated by it and recommended that the Company s stockholders vote to adopt the merger agreement. Our board also authorized management to finalize and execute the merger agreement with TPG and Silver Lake.

Following the board meeting, our management and advisors worked with TPG and Silver Lake and their advisors to finalize the definitive merger agreement and ancillary documents, including the financing commitment letters and limited guarantees. On the morning of December 12, 2006, the Company, Parent and Merger Sub executed the merger agreement, and issued a press release announcing the execution of the merger agreement. The terms of the merger agreement are detailed below under The Merger Agreement beginning on page 54 of this proxy statement.

Reasons for the Merger

Our board of directors, acting with the advice and assistance of its legal and financial advisors and our management, evaluated the TPG and Silver Lake merger proposal, including the terms and conditions of the merger agreement with Parent and Merger Sub. After careful deliberation, at a December 11, 2006 meeting described above under Background of the Merger , our board of directors, by a unanimous vote of the directors present (with Mr. Gilliland, our Chairman and Chief Executive Officer, abstaining to ensure the independence of the vote): (i) determined that the merger, the merger agreement and the transactions contemplated thereby, are advisable, fair to and in the best interests of the Company and our stockholders; (ii) approved the merger, the merger agreement and the transactions contemplated thereby; and (iii) recommended that our stockholders adopt the merger agreement and approve the merger. In reaching these determinations, our board considered the following factors and potential benefits of the merger, each of which the board believed supported its decision:

- the board s familiarity with the business, operations, properties and assets, financial condition, business strategy, and prospects of the Company (as well as the risks involved in achieving those prospects), the nature of the industry in which the Company competes, industry trends, and economic and market conditions, both on a historical and a prospective basis;

- the board s belief, after a thorough, independent review, that the value offered to stockholders in the merger was more favorable to stockholders than the potential value that might have resulted from other strategic opportunities reasonably available to the Company, including remaining an independent company and pursuing the current strategic plan, pursuing acquisitions, pursuing a leveraged buyout transaction with private equity firms other than TPG and Silver Lake, or pursuing a sale to or merger with Company Z or another company in the same or a related industry, in each case taking into consideration the potential rewards, risks and uncertainties associated with those other options;

- the board s belief that no other opportunity reasonably available to the Company would provide greater value to its stockholders within a timeframe comparable to that in which the merger is expected to be completed, and the fact that the cash merger price of $32.75 per share allows the Company s stockholders to realize in the near term a value, in cash, for their investment that is fair and provides our stockholders certainty of value for their shares;

- the current and historical market prices of the Company Common Stock relative to those of other industry participants and general market indices, and the fact that the $32.75 merger consideration represents a premium of approximately 30.3% based on the 90-day average closing price of the Company s Common Stock for the period ended December 8, 2006, as well as a premium of 45.4% to the Company s closing stock price on September 15, 2006, the date on which the board granted formal approval to begin engaging with prospective private equity buyers;

- the fact that the Company s stockholders will be able to decide for themselves at the special meeting whether to approve the adoption of the merger agreement and the merger and accept the merger consideration;

- the course of negotiations between us and TPG and Silver Lake, resulting in a price per share of Common Stock that was higher than the original offer price from TPG and Silver Lake and higher than any other indications of interest received by the Company from any other potential acquiror;

the fact that the merger consideration of $32.75 per share of Common Stock was achieved through a highly competitive, multi-party auction process;

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the financial presentations of each of Goldman Sachs, Morgan Stanley and Bear Stearns and their respective opinions that, as of December 12, 2006, and based upon and subject to the assumptions, qualifications and limitations set forth in each of their respective opinions, the consideration to be received by the stockholders of the Company pursuant to the merger agreement was fair to our stockholders from a financial point of view;

the efforts made by our management and advisors to maintain neutrality of management and to negotiate a merger agreement that is favorable to the Company and its stockholders, and the financial and other terms and conditions of the merger agreement, which were the product of arm s-length negotiations between the parties, including the fact that the merger agreement is not subject to a financing condition;

the level of effort that Parent must use under the merger agreement to obtain the proceeds of the financing on the terms and conditions described in the debt and equity commitment letters;

the board s belief in the high probability that the merger will be completed based on, among other things, TPG s and Silver Lake s proven ability to complete large transactions on the agreed terms, the lack of a financing condition and the lack of significant regulatory impediments;

our ability, under the merger agreement, under certain circumstances, to consider and respond to an unsolicited written bona fide acquisition proposal, and if, after consultation with our financial advisors, the board of directors determines in good faith that such acquisition proposal is a superior proposal, and Parent chooses not to propose improvements to the merger agreement to make the original merger agreement superior, our ability to terminate the merger agreement upon the payment of a termination fee of $135 million, and our belief that this termination fee is reasonable in the context of break-up fees that have been negotiated in other transactions and would not preclude another party from making a competing proposal;

our ability, under the merger agreement, to withdraw, modify or amend our recommendation that stockholders vote to approve the merger agreement and the merger under certain circumstances, subject to our payment of a termination fee of $135 million if Parent elects to terminate the merger agreement;

the fact that, in the event of a failure of the merger to be consummated under certain circumstances, a $175 million business interruption fee would be payable by Parent and Merger Sub, eliminating the need for the Company to have to establish damages, and that TPG and Silver Lake agreed to provide proportionate guarantees of Parent s and Merger Sub s obligation to pay the $175 million business interruption fee under the merger agreement; and

the availability of appraisal rights to holders of the Company s Common Stock who comply with all of the required procedures under Delaware law, which allows such holders to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery.

Our board of directors also considered a variety of risks and other potentially negative factors concerning the merger agreement and the merger, including the following:

the possibility that Parent will be unable to obtain the requisite financing proceeds, including obtaining the debt financing proceeds from its lenders;

the risks and costs to the Company if the merger does not close, including the diversion of management and employee attention, employee attrition and the effect on business and customer relationships;

the fact that the Company s stockholders will not participate in any future earnings or growth of the Company and will not benefit from any appreciation in the value of the Company s Common Stock after the merger, including any value that could be achieved in the event the Company is acquired in the future by a strategic buyer or as a result of improvements to the Company s operations;

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the restrictions on the conduct of the Company s business prior to the consummation of the merger, requiring the Company to conduct its business in the ordinary course, subject to specific limitations, other than with the consent of TPG and Silver Lake, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger;

the fact that some of our directors and executive officers may have interests in the merger that are different from, or in addition to, those of our stockholders (see Interests of the Company s Directors and Executive Officers in the Merger beginning on page 47);

the fact that an all-cash transaction would be taxable to the Company s stockholders that are U.S. persons for federal income tax purposes;

our inability to take action to cause specific performance or require Parent or Merger Sub to complete the merger; and

the fact that the Company is entering into a merger agreement with a newly formed corporation with essentially no assets and, accordingly, that its remedy in connection with a breach of the merger agreement by Parent or Merger Sub, even for a breach that is deliberate or willful, is limited to $175 million, which amount is severally and proportionately guaranteed by TPG and Silver Lake.

The foregoing discussion of the factors considered by our board of directors is not intended to be exhaustive, but rather includes the material factors considered by our board of directors in its consideration of the merger agreement and the merger. After considering these factors, the board of directors concluded that the positive factors relating to the merger agreement and the merger outweighed the potential negative factors. In view of the wide variety of factors considered by the board of directors, and the complexity of these matters, the board of directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of the board of directors may have assigned different weights to various factors. The board of directors by a unanimous vote of the directors present (with Mr. Gilliland, our Chairman and Chief Executive Officer, abstaining to ensure the independence of the vote) approved and recommends the merger agreement and the merger based upon the totality of the information presented to and considered by it. In the event the merger is not completed for any reason, we expect to continue to pursue our strategic plan with the intention of delivering further improvement in our financial results and enhanced shareholder value.

Recommendation of the Board of Directors

Our board of directors, by a unanimous vote of the directors present (with Mr. Gilliland, our Chairman and Chief Executive Officer, abstaining to ensure the independence of the vote) has approved the merger, the merger agreement and the other transactions contemplated by the merger agreement and has declared the merger, the merger agreement and the other transactions contemplated by the merger agreement advisable and in the best interests of Sabre Holdings and our stockholders. Our board of directors recommends that you vote FOR the proposal to adopt the merger agreement and the approval of the merger and FOR the proposal to approve any adjournments of the special meeting for the purpose of soliciting additional proxies.

Opinions of Financial Advisors

Opinion of Goldman Sachs

Goldman Sachs rendered its oral opinion, which was subsequently confirmed in writing, to Sabre Holdings board of directors that, as of December 12, 2006, and based upon and subject to the factors and assumptions set forth therein, the $32.75 per share in cash to be received by the holders of Common Stock (other than the shares of Common Stock held by affiliates of Sabre Holdings who have an understanding, arrangement or other agreements with Parent or any of its affiliates) pursuant to the Merger Agreement was fair from a financial point of view to such holders of Common Stock.

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The full text of the written opinion of Goldman Sachs, dated December 12, 2006, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B-1 to this proxy statement. Goldman Sachs provided its opinion for the information and assistance of our board of directors in connection with its consideration of the transaction. The Goldman Sachs opinion is not a recommendation as to how any holder of our shares of Common Stock should vote with respect to the Merger.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the Merger Agreement;
- annual reports to stockholders and Annual Reports on Form 10-K of Sabre Holdings for the five fiscal years ended December 31, 2005;
- certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Sabre Holdings;
- certain other communications from Sabre Holdings to its stockholders; and
- certain internal financial analyses and forecasts for Sabre Holdings prepared by our management.

Goldman Sachs also held discussions with members of our senior management regarding their assessment of our past and current business operations, financial condition and future prospects. In addition, Goldman Sachs reviewed the reported price and trading activity for our Common Stock, compared certain financial and stock market information for Sabre Holdings with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent prior transactions in the travel and online booking industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as it considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering the opinion described above. In that regard, Goldman Sachs assumed with our consent that the internal financial forecasts prepared by our management have been reasonably prepared in good faith on a basis reflecting the best currently available estimates and judgments of Sabre Holdings. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Sabre Holdings or any of our subsidiaries, nor was any evaluation or appraisal of the assets or liabilities of Sabre Holdings or any of our subsidiaries furnished to Goldman Sachs. The Goldman Sachs opinion does not address the underlying business decision of Sabre Holdings to engage in the transaction. The Goldman Sachs opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion.

The following is a summary of the material financial analyses delivered by Goldman Sachs to our board of directors in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before December 12, 2006 and is not necessarily indicative of current market conditions.

Historical Stock Trading Analysis. Goldman Sachs reviewed the historical trading prices and volumes for our Common Stock for the period beginning at our initial public offering on October 17, 1996 and ended December 8, 2006, the last public trading date before the rumor of the possible business transaction was publicly

reported in The New York Times and The Wall Street Journal. In addition, Goldman Sachs analyzed the consideration to be received by holders of Common Stock pursuant to the Merger Agreement in relation to the closing prices of Common Stock on December 8, 2006, and the average market price over the 10-day, 30-day, 90-day, 180-day and one-year periods, as well as the period starting on September 15, 2006 (the date our board of directors authorized engaging with prospective private equity buyers), in each case ending December 8, 2006.

This analysis indicated that the $32.75 per share in cash to be received by the holders of Common Stock pursuant to the Merger Agreement represented:

- a premium of 15.6%, based on the closing market price of $28.32 per share of Common Stock as of December 8, 2006;
- a premium of 17.6%, based on the average market price of $27.86 per share of Common Stock for the 10-day period ended December 8, 2006;
- a premium of 20.7%, based on the average market price of $27.13 per share of Common Stock for the 30-day period ended December 8, 2006;
- a premium of 30.3%, based on the average market price of $25.14 per share of Common Stock for the 90-day period ended December 8, 2006;
- a premium of 40.6%, based on the average market price of $23.29 per share of Common Stock for the 180-day period ended December 8, 2006;
- a premium of 40.3%, based on the average market price of $23.35 per share of Common Stock for the one-year period ended December 8, 2006; and
- a premium of 45.4%, based on the closing price of $22.53 per share of Common Stock on September 15, 2006 (the date the Company s board of directors authorized engaging with prospective buyers).

Present Value of Future Share Price Analysis. Goldman Sachs performed an analysis of the implied present value of our future per share Common Stock price, which is designed to provide an indication of the present value of a theoretical future value of a company s equity as a function of such company s estimated future earnings and its assumed price to future earnings per share multiple. For this analysis, Goldman Sachs used information and forecasts for Sabre Holdings provided by our management, which we refer to as management estimates, and corresponding variance in earnings per share growth scenarios for each of the fiscal years 2007 to 2009. Goldman Sachs first calculated the implied values per share of Common Stock as of December 8 for each of the fiscal years 2007 to 2009, by applying price to forward earnings per share multiples ranging from 12.6x to 16.6x earnings per share of Common Stock estimates for each of the fiscal years 2007 to 2009, and then discounted 2008 and 2009 values back one year and two years, respectively, using a discount rate of 13.0%. The selected multiples range was further supported by Goldman Sachs analysis of the price to next twelve months estimated earnings multiple over the year-long period from December 8, 2005 to December 8, 2006, which yielded a range of 11.7x to 16.3x. This analysis resulted in a range of implied present values of $23.55 to $36.43 per share of Common Stock.

Discounted Cash Flow Analysis. Goldman Sachs performed a discounted cash flow analysis to determine a range of implied present values per share of Common Stock based on the management estimates. All cash flows were discounted to year-end 2006, and terminal values were based on one-year forward enterprise value to the estimated earnings before interest, taxes, depreciation and amortization (EBITDA) multiples applied to the forecasted 2012 EBITDA. In performing the illustrative discounted cash flow analysis, Goldman Sachs applied discount rates ranging from 9.0% to 13.0% to projected unlevered free cash flows of Sabre Holdings for calendar years 2007 through 2011 and calculated the terminal value by applying one-year forward enterprise value to EBITDA multiples ranging from 5.5x to 7.5x . The terminal value, based on applying the multiple range to the forecasted 2012 EBITDA as of year-end 2011, was then discounted to year-end 2006 at the aforementioned range of discount rates. Using the management estimates, this analysis resulted in a range of implied present values of $24.55 to $36.87 per share of

Common Stock.

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Using a discount rate of 11.0% (the midpoint of the aforementioned discount rate range), Goldman Sachs performed an illustrative sensitivity analysis to determine a range of implied present values per share of Common Stock based on a range of operating margins and revenue growth rates and a range of terminal value one-year forward enterprise value to EBITDA multiples. In performing the illustrative cash flow sensitivity analysis using the management estimates, Goldman Sachs varied forecasted operating margins incrementally down 4%, or (4.0)%, to incrementally up 2.0% from the management estimates for calendar years 2010 through 2012. Goldman Sachs also varied the terminal value one-year forward enterprise value to EBITDA multiple from 5.5x to 7.5x. Using the management estimates, this analysis resulted in a range of implied present values of $22.52 to $36.55 per share of Common Stock. Goldman Sachs likewise performed a sensitivity analysis that varied the operating margins as stated above relative to a range of 2009 to 2011 revenue growth rates, which varied from incrementally down 4%, or (4.0)%, to incrementally up 2.0% from the management estimates. Using management estimates, this analysis resulted in a range of implied present values of $22.99 to $34.34 per share of Common Stock.

Selected Precedent Transactions Analysis. Goldman Sachs reviewed publicly available information for the following announced leveraged buy-out transactions involving companies in the travel and online booking industry. While none of the companies that participated in the selected transactions are directly comparable to us, the companies that participated in the selected transactions are companies with operations that, for the purposes of analysis, may be considered similar to certain of our results, market segments and product profiles. Goldman Sachs calculated and compared the (i) total enterprise values as a multiple of the target company s publicly reported latest twelve months (LTM) EBITDA and (ii) total publicly reported pro forma transaction debt as a multiple of the target company s publicly reported LTM EBITDA prior to the announcement of the applicable transaction. The following table sets forth each of the transactions reviewed (listed by acquiror/target and month and year announced) and the respective enterprise value multiple of LTM EBITDA and total pro forma transaction debt multiple of LTM EBITDA.

Acquiror/Target	Enterprise Value Multiple of LTM EBITDA	Total Debt Multiple of LTM EBITDA
Citicorp Venture Capital Equity Partners L.P. and Teachers Merchant Bank/Worldspan, L.P. (March 2003)	5.0x	3.1x
BC Partners and Cinven Funds/Amadeus Global Travel Distribution, S.A. (January 2005)	7.8x	5.4x
The Blackstone Group /Travelport Ltd. (June 2006)	7.6x	6.3x
Travelport Ltd. (a portfolio company of The Blackstone Group) / Worldspan, L.P. (December 2006)	5.5x	4.5x
Sabre Holdings Corporation (based on management estimates for LTM as of December 2006)	10.2x	7.8x

Leveraged Buyout Analysis. Goldman Sachs performed an illustrative leveraged buyout analysis using our management estimates and publicly available historical information. In performing the illustrative leveraged buyout analysis, Goldman Sachs assumed hypothetical financial buyer purchase prices per share of Common Stock ranging from $28.75 to $36.75. Based on an illustrative LTM EBITDA exit multiple of 7.0x for the assumed exit at the end of 2011, which reflects an illustrative implied price at which a hypothetical financial buyer might exit its investment through a sale transaction, and forecasted 2010 and 2011 EBITDA margins of 22.0%, this analysis resulted in illustrative internal rate of equity returns to a hypothetical financial buyer ranging from 8.3% to 25.9%.

Using the management estimates, Goldman Sachs also performed three sensitivity analyses on the illustrative leveraged buyout analysis. In the first sensitivity analysis, Goldman Sachs assumed a 2011 exit year and used a range of forecasted 2010 and 2011 EBITDA margins from 16.0% to 24.0% and a range of LTM

EBITDA exit multiples of 5.0x to 9.0x. Based on the foregoing ranges of EBITDA margin estimates and LTM EBITDA exit multiples, an assumed purchase price of $32.75 and assumed revenue growth of 6.0% in 2010 and 2011, the sensitivity analysis resulted in illustrative internal rate of equity returns to a hypothetical financial buyer ranging from (25.9)% to 28.1%. In the second sensitivity analysis, Goldman Sachs assumed a 2011 exit year and used a range of purchase prices from $28.75 to $36.75 and a range of forecasted 2010 and 2011 EBITDA margins from 16.0% to 24.0%. Based on the foregoing ranges of purchase prices and EBITDA margin estimates, assumed revenue growth of 6.0% in 2010 and 2011 and a 7.0x LTM EBITDA exit multiple, the sensitivity analysis resulted in illustrative internal rate of equity returns to a hypothetical financial buyer ranging from (7.4)% to 30.1%. In the third sensitivity analysis, Goldman Sachs assumed a 2011 exit year and used a range of forecasted 2010 and 2011 EBITDA margins from 16% to 24% and a range of 2009 to 2011 forecasted revenue growth rates of 4.0% to 8.0%. Based on the foregoing ranges of EBITDA margin estimates and revenue growth rates, an illustrative purchase price of $32.75 per share of Common Stock and a 7.0x LTM EBITDA exit multiple, the sensitivity analysis resulted in illustrative internal rate of equity returns to a hypothetical financial buyer ranging from (3.8)% to 20.6%.

Recapitalization Analyses. Goldman Sachs analyzed an illustrative recapitalization transaction involving Sabre Holdings and the theoretical value that our stockholders could receive in such a transaction. In this illustrative recapitalization analysis, Sabre Holdings used excess cash and the proceeds from new debt issuances to finance a Common Stock share repurchase program as of December 31, 2006, at a 15.0% premium to the closing market price as of December 8, 2006. The theoretical post-recapitalization trading value of our shares of Common Stock was based upon estimated one-year forward price to earnings ratios of 12.6x to 16.6x for fiscal year 2007 and two-year forward price to earnings ratios of 9.7x to 13.7x for fiscal year 2008. For this analysis, Goldman Sachs also assumed a minimum cash balance of $300 million and projections for Sabre Holdings earnings per share provided by management after giving effect to the rollover of existing debt, the issuance of new debt and the repurchase of shares. The number of shares repurchased as part of the recapitalization was based on the assumed total pro forma leverage level from 3.5x to 4.5x total debt to LTM EBITDA based upon management s forecast for 2006. The pro forma leverage levels resulted in the corresponding repurchase range of approximately 21.0% to 33.0% of our outstanding diluted shares. Using the management estimates, this analysis resulted in a range of implied present values of $26.12 to $32.23 per share of Common Stock based on 2007 pro forma earnings per share and a range of implied present values of $26.89 to $35.63 per share of Common Stock based on 2008 pro forma earnings per share.

Restructuring Followed by Recapitalization Analysis. Goldman Sachs also analyzed an illustrative restructuring and recapitalization that would separately value Travelocity and the remaining businesses of Sabre Holdings. Goldman Sachs valued Travelocity using selected public comparables and valued the remaining businesses of Sabre Holdings assuming a recapitalization of the capital structure of Sabre Holdings excluding Travelocity. Using the management estimates, this analysis resulted in a range of illustrative implied present values in the range of $23.00 to $24.00 at the low end and $31.00 to $32.00 at the high end.

The theoretical total value was composed of two components:

(i) the theoretical value of Travelocity. In this analysis, the illustrative valuation of Travelocity assumed that Travelocity raised $400 million in public equity before underwriting fees of 7.0%. Goldman Sachs assumed baseline dis-synergies if the two businesses were operated independently of approximately $30 million on an EBITDA basis based upon management guidance and the even distribution of pro rata Travelocity shares to current Sabre stockholders. The analysis further assumed the liquidity of Travelocity stock for existing stockholders at the end of fiscal year 2007 and share dilution to existing stockholders based on the $400 million offering size issued at an illustrative 15.0% IPO discount. Based on comparable company multiples analysis, the fully-distributed pro forma total equity value for Travelocity was estimated to be in the range of $2.5 billion to $3.0 billion at the end of fiscal year 2007 using the management estimates, which in turn led to a range of illustrative implied present values of $13.83 to $17.12 per share based on a discount rate of 13.8% as calculated for Travelocity.

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(ii) the theoretical value of Sabre Holdings excluding Travelocity. In the illustrative recapitalization analysis, Sabre Holdings, excluding the Travelocity business, used cash in excess of the assumed $150 million minimum balance and the proceeds from new debt issuances to finance a Common Stock share repurchase program as of December 31, 2007 at a 15.0% premium to the illustrative Sabre Holdings, excluding Travelocity, forecasted closing market price as of December 2007. Goldman Sachs calculated the value of the pro forma share price based on an illustrative one-year forward price to earnings ratio of 7.0x to 11.0x, a range which reflected the lower growth profile of the Sabre Holdings entity without Travelocity. Based on total pro forma leverage levels of 3.0x to 4.0x relative to LTM EBITDA based upon management estimates as of year-end 2007, approximately 18.0% to 38.0% of shares, respectively, were repurchased as part of the recapitalization. Based on the pro forma 2008 earnings per share figures post-recapitalization to account for the repurchased shares and revised capital structure, Goldman Sachs calculated the implied Sabre Holdings, excluding Travelocity, future stock price as of year-end 2007 based on the 7.0x to 11.0x one-year forward price to earnings ratio previously referenced. These year-end 2007 share prices were then discounted to year-end 2006 at a discount rate of approximately 14.0%. This illustrative recapitalization analysis of Sabre Holdings, excluding Travelocity, yielded illustrative implied present values of $9.63 to $14.93 per share.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the Goldman Sachs opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Sabre Holdings or the contemplated transaction.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to our board of directors as to the fairness, from a financial point of view, to the holders of the outstanding shares of our Common Stock (other than the shares of Common Stock held by affiliates of Sabre Holdings who have an understanding, arrangement or other agreements with Parent or any of its affiliates) of the merger consideration to be received by such holders pursuant to the Merger Agreement. These analyses do not purport to be appraisals, nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Sabre Holdings, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The merger consideration was determined through arms-length negotiations between Sabre Holdings and Parent and was approved by our board of directors. Goldman Sachs provided advice to our board of directors during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to Sabre Holdings or our board or that any specific amount of consideration constituted the only appropriate consideration for the transaction.

As described above, the Goldman Sachs opinion to our board of directors was one of many factors taken into consideration by Sabre Holdings board of directors in making its determination to approve the Merger Agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as Annex B-1 to this proxy statement.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted

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