

SABRE HOLDINGS CORP
Form 10-Q
August 14, 2002

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended June 30, 2002.

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period From _____ To _____

Commission file number 1-12175.

SABRE HOLDINGS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

75-2662240

(I.R.S. Employer Identification No.)

3150 Sabre Drive Southlake, Texas

(Address of principal executive offices)

76092

(Zip Code)

Registrant's telephone number, including area code **(682) 605-1000**

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Class A Common Stock, \$.01 par value 144,871,129 as of August 8, 2002

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SABRE HOLDINGS CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SABRE HOLDINGS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited) (In thousands)

	<u>June 30,</u> <u>2002</u>	<u>December 31,</u> <u>2001</u>
Assets		
Current assets		
Cash	\$ 20,297	\$ 18,855
Marketable securities	872,533	648,032
Accounts receivable, net	363,089	327,816
Prepaid expenses	78,840	51,565
Deferred income taxes	31,964	45,970

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	June 30, 2002	December 31, 2001
Total current assets	1,366,723	1,092,238
Property and equipment		
Buildings and leasehold improvements	154,803	254,487
Furniture, fixtures and equipment	40,685	49,845
Computer equipment	197,444	189,298
	392,932	493,630
Less accumulated depreciation and amortization	(167,437)	(205,181)
Total property and equipment	225,495	288,449
Deferred income taxes	1,672	19,611
Investments in joint ventures	175,203	169,949
Goodwill and intangible assets, net	871,334	672,145
Other assets, net	153,013	133,625
Total assets	\$ 2,793,440	\$ 2,376,017
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 184,383	\$ 158,839
Accrued compensation and related benefits	54,317	73,274
Accrued subscriber incentives	83,397	89,337
Deferred revenues	45,781	42,389
Other accrued liabilities	218,375	200,617
Total current liabilities	586,253	564,456
Pensions and other postretirement benefits	78,500	88,756
Notes payable	409,703	400,375
Other liabilities	59,187	60,938
Minority interests	10,555	219,716
Commitments and contingencies		
Stockholders' equity		
Preferred stock: \$0.01 par value; 20,000 shares authorized; no shares issued		
Class A common stock, \$0.01 par value; 250,000 shares authorized; 144,690 and 133,911 shares issued at June 30, 2002 and December 31, 2001, respectively	1,447	1,351
Additional paid-in capital	1,267,694	818,742
Retained earnings	383,338	227,986
Accumulated other comprehensive income	6,242	3,176
Less treasury stock at cost: 384 and 384 shares, respectively	(9,479)	(9,479)
Total stockholders' equity	1,649,242	1,041,776
Total liabilities and stockholders' equity	\$ 2,793,440	\$ 2,376,017

See Notes to Consolidated Financial Statements

SABRE HOLDINGS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited) (In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenues	\$ 532,729	\$ 582,035	\$ 1,072,096	\$ 1,155,449
Operating expenses				
Cost of revenues	283,945	342,182	573,732	693,281
Selling, general and administrative	131,216	131,548	247,172	242,574
Amortization of goodwill and intangible assets	13,264	69,857	26,894	136,285
Total operating expenses	428,425	543,587	847,798	1,072,140
Operating income	104,304	38,448	224,298	83,309
Other income (expense)				
Interest income	7,565	3,989	14,567	7,510
Interest expense	(5,580)	(12,408)	(11,264)	(28,601)
Other, net	1,165	1,854	21,053	(7,854)
Total other income (expense)	3,150	(6,565)	24,356	(28,945)
Minority interests	(888)	4,384	(41)	12,171
Income from continuing operations before income taxes	106,566	36,267	248,613	66,535
Provision for income taxes	38,601	31,216	93,261	61,071
Income from continuing operations	67,965	5,051	155,352	5,464
Income from discontinued operations, net		22,673		36,305
Income before cumulative effect of change in accounting method	67,965	27,724	155,352	41,769
Cumulative effect of change in accounting method, net of minority interests and income taxes				3,103
Net earnings	\$ 67,965	\$ 27,724	\$ 155,352	\$ 44,872
Earnings per common share basic				