Q4 2015 Earnings Report

Sabre Corporation

February 9, 2016

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Forward-looking Statements

Forward Looking Statements

Certain statements herein are forward-looking statements about trends, future events, uncertainties and our plans and expectations of what may happen in the future. Any statements that are not historical or current facts are forward-looking statements. In many cases, you can identify forward-looking statements by terms such as "guidance," "will," "expect," "look," "goal," "anticipate," "project," "outlook," " "grow," "pipeline," "momentum," "may," "should," "intend," "believe," "potential“ or the negative of these terms or other comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Sabre’s actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. The potential risks and uncertainties include, among others, dependency on transaction volumes in the global travel industry, particularly air travel transaction volumes, the financial and business effects of acquisitions, including integration of these acquisitions, adverse global and regional economic and political conditions, including, but not limited to, economic conditions with traditionally high levels of exports to China or that have commodities-based economies, pricing pressure in the Travel Network business, the implementation and effects of new agreements, dependence on maintaining and renewing contracts with customers and other counterparties, dependence on relationships with travel buyers, changes affecting travel supplier customers, travel suppliers’ usage of alternative distribution models, risks arising from global operations and competition in the travel distribution market and solutions markets. More information about potential risks and uncertainties that could affect our business and results of operations is included in the “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” sections included in our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. Unless required by law, Sabre undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date they are made.

Non-GAAP Financial Measures

This presentation includes unaudited non-GAAP financial measures, including Adjusted Net Income, Adjusted EBITDA, Adjusted EPS, Adjusted Cost of Revenue, Adjusted Gross Profit and Margin, Adjusted SG&A, Adjusted JV Equity Income, Adjusted Capital Expenditures, Free Cash Flow, Adjusted Free Cash Flow and the ratios based on these financial measures. We present non-GAAP measures when our management believes that the additional information provides useful information about our operating performance. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See the appendix for an explanation of the non-GAAP measures and the reconciliation of the non-GAAP financial measures to the comparable GAAP measures included below.

Today's Presenters

Tom Klein
President & CEO

Rick Simonson
EVP & CFO

Continuing momentum

In 2015, we focused the business

and strengthened our market position

Accelerated pace of innovation

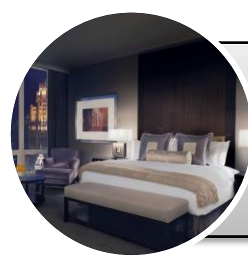
Served as premier technology partner to global travel industry

Invested in our areas of strength

Refinanced debt, repurchased shares, and reduced leverage

Seamless AA technology integration
largest in the industry

Increased global GDS share by 1pt
gains in NAM and +170bps in EMEA



Top and bottom line growth rare for technology company of our scale
and continuing into 2016

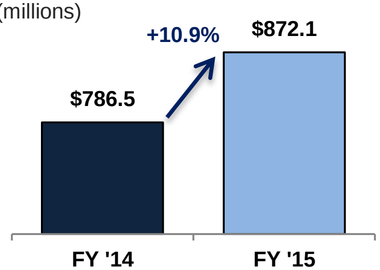
FY 2015 Highlights

Sabre Financial Results

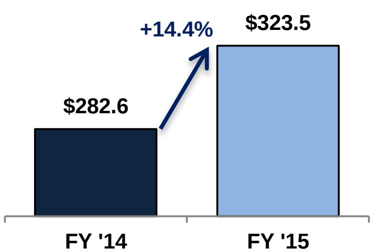
	(Millions, except EPS)	% Change
Total Revenue	**$2,961**	**+12.5%**
Total Adjusted EBITDA	**$942**	**+12.1%**
Adjusted EPS	**$1.10**	**+17.0%**
Free Cash Flow	**$243**	**+51.2%**

Airline & Hospitality Solutions

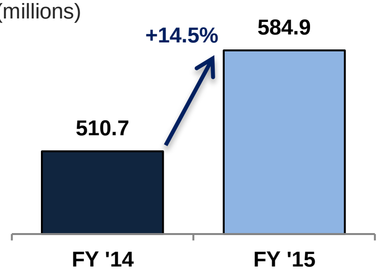
Revenue
(millions)



Adjusted EBITDA
(millions)

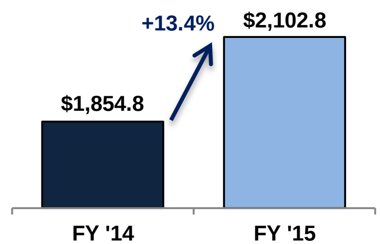


Passengers Boarded
(millions)

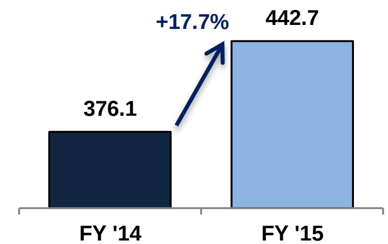


Travel Network

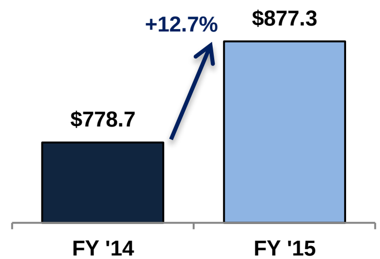
Revenue
(millions)



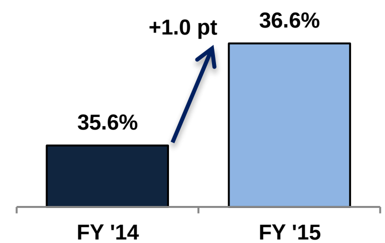
Bookings
(millions)



Adjusted EBITDA
(millions)



Global Booking Share



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Q4 2015 Highlights

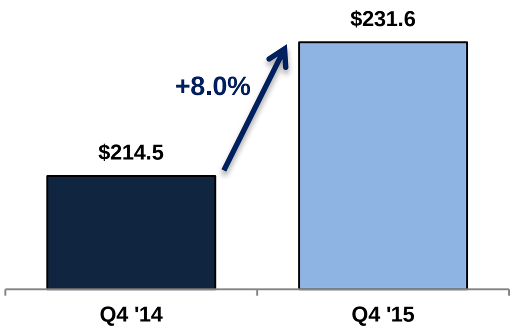
	($ MM)	% Change
Total Revenue	**$758**	**+17.4%**
Total Adjusted EBITDA	**$229**	**+15.1%**
Adjusted EPS	**$0.27**	**+22.7%**
Airline & Hospitality Solutions Revenue	**$232**	**+8.0%**
Airline & Hospitality Solutions Adjusted EBITDA	**$86**	**+0.9%**
Travel Network Revenue	**$531**	**+22.3%**
Travel Network Adjusted EBITDA	**$208**	**+20.9%**

Highlights

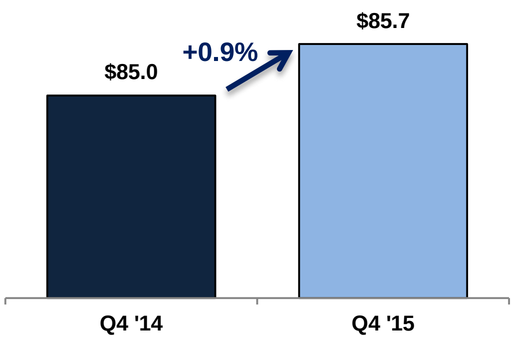
- Solid fourth quarter and strong finish to the year. Well-positioned for momentum into 2016
- 8% Solutions revenue growth
  - *Expect reacceleration of topline growth in 2016*
- 22% Travel Network revenue growth
  - *Continued strength in underlying bookings growth – particularly across North America and EMEA*
  - *Growth driven by Abacus acquisition*
  - *6% revenue growth excluding impact of Abacus acquisition*

Q4 2015 Airline and Hospitality Solutions

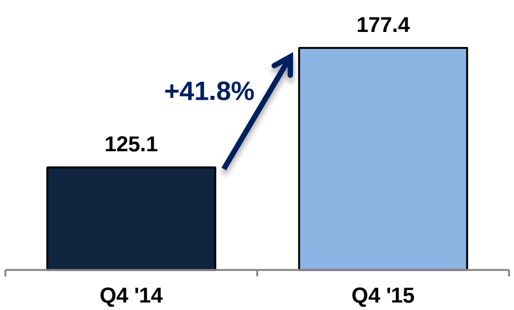
Revenue
(millions)



Adjusted EBITDA
(millions)



Passengers Boarded
(millions)

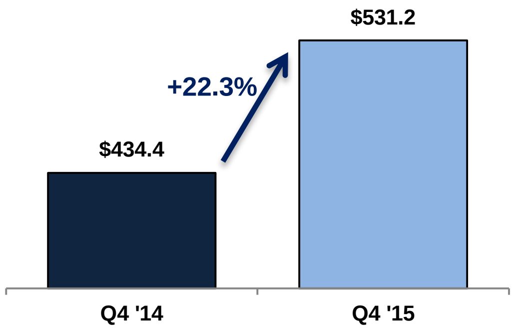


Highlights

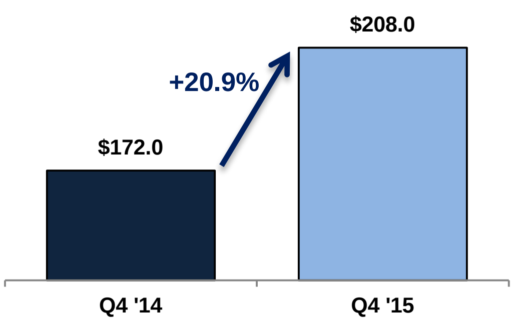
- High single digit revenue growth and modest EBITDA growth
  - *Anniversary of strong Q4 2014 and end of previous AA contract in late September 2015, two weeks ahead of new go-live*
- 42% growth in passengers boarded
  - *Successful American Airlines technology integration on October 17th, 2015*
- Strong Hospitality Solutions growth continues
  - *Closed Trust acquisition on January 14, 2016*
  - *Wyndham implementation underway*
- Adjusted EBITDA margin of 37.0%

Q4 2015 Travel Network

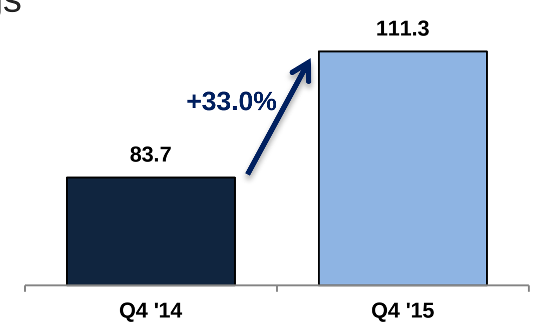
Revenue
(millions)



Adjusted EBITDA
(millions)



Bookings
(millions)



Highlights

- Over 20% revenue and EBITDA growth
- Growth driven by Abacus acquisition
- Total bookings increased 33.0%;
  Q4 global share up 1.5 pts to 37.0%
- Bookings increased 8.4% excluding Abacus
  - *North American bookings increased 9%*
  - *EMEA bookings increased 14%*
  - *Latin America bookings declined 4%*

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Q4 2015 Income Statement

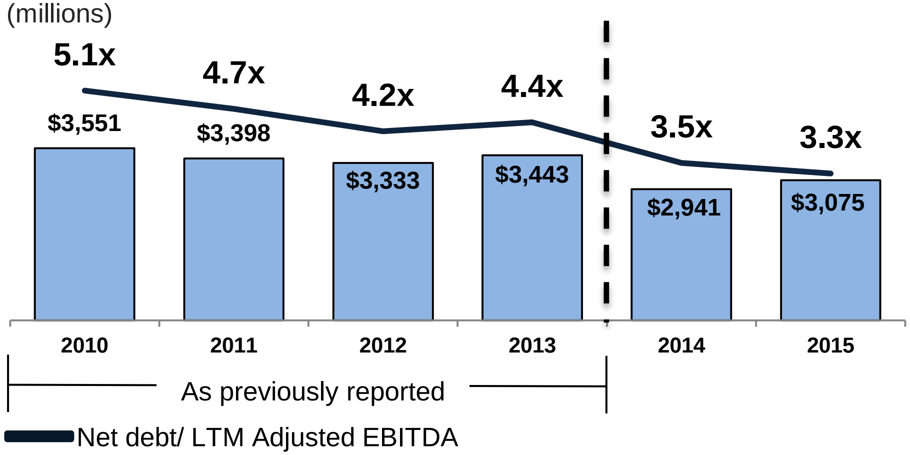
Adjusted Results

In $ millions, except EPS

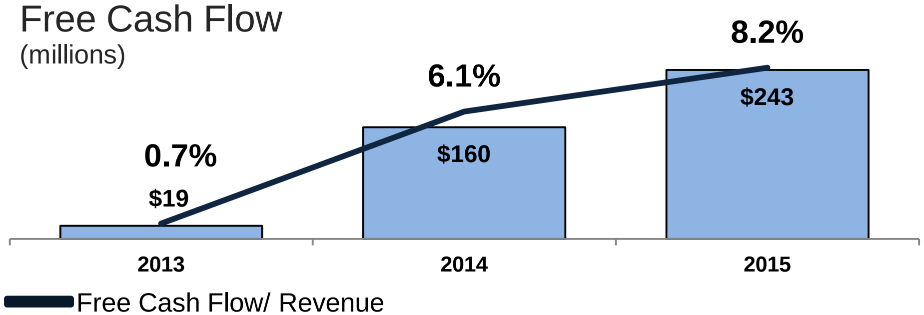
	Q4 '15	B/(W) vs. PY	
		$	%
Revenue	**$758**	**$112**	**17.4%**
Cost of Revenue	($422)	($56)	(15.3%)
Gross profit	**$336**	**$56**	**20.1%**
SG&A	($108)	($23)	(27.5%)
JV Equity Income	$1	($3)	(81.7%)
EBITDA	**$229**	**$30**	**15.1%**
Net income	**$76**	**$16**	**27.2%**
Earnings per share	**$0.27**	**$0.05**	**22.7%**

Net Debt, Leverage, & ROIC

Net Debt & Leverage
(millions)



Free Cash Flow
(millions)



Return on Invested Capital

9.3%

Highlights

- FY Leverage declines to 3.3x from 3.5x
- Q4 Free Cash Flow of $56M
- FY Free Cash Flow of $243M
- FY Adjusted Free Cash Flow of $300M
- Q4 Adjusted CapEx of $97M
- FY Adjusted CapEx of $350M

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Guidance for FY 2016

In $ millions, except EPS	Guidance	% Growth
Revenue	**$3,390 - $3,430**	*14.5% - 15.8%*
Adjusted EBITDA	**$1,080 - $1,100**	*14.7% - 16.8%*
Adjusted Net Income	**$395 - $415**	*28.2% - 34.7%*
Adjusted EPS	**$1.40 - $1.47**	*27.3% - 33.6%*
Free Cash Flow	**Approaching $400M**	*Over 60%*

	Guidance	
Target Dividend Payout Ratio	**35% - 40%** of Adjusted Net Income	*up from 30% - 35%*
GAAP Capital Expenditures	**~$300**	*up $13M from 2015*
Capitalized Implementation Costs	**~$95**	*up $32M from 2015*

The information presented here represents forward-looking statements and reflects expectations as of February 9, 2016. Sabre assumes no obligation to update these statements. Results may be materially different and are affected by many factors detailed in the accompanying release and in Sabre's Form 10-K filed on March 3, 2015, Form 10-Q filed on October 29, 2015 and Form 8-K filed on November 4, 2015.

Summary

Accomplished key competitive, financial, innovative and strategic milestones throughout the full year

Delivered on commitments for solid finish to the year

Expect even better 2016

Thank you

Appendix

Tabular Reconciliations for Non-GAAP Measures

Reconciliation of net income (loss) attributable to common shareholders to Adjusted Net Income and Adjusted EBITDA (in thousands, except per share amounts; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Net income attributable to common stockholders	$ 129,441	$ 46,400	$ 545,482	$ 57,842
(Income) loss from discontinued operations, net of tax	(100,909)	(5,734)	(314,408)	38,918
Net income attributable to noncontrolling interests(1)	980	564	3,481	2,732
Preferred stock dividends	—	—	—	11,381
Income from continuing operations	29,512	41,230	234,555	110,873
Adjustments:				
Acquisition-related amortization(2a)	31,851	22,639	108,121	99,383
Loss on extinguishment of debt	5,548	—	38,783	33,538
Other, net(4)	(3,057)	63,021	(91,377)	63,860
Restructuring and other costs(5)	368	1,636	9,256	10,470
Acquisition-related costs(6)	1,223	—	14,437	—
Litigation costs(7)	1,912	2,775	16,709	14,144
Stock-based compensation	6,643	6,245	29,971	20,094
Management fees(8)	—	—	—	23,701
Tax impact of net income adjustments(9)	2,190	(77,626)	(52,383)	(143,586)
Adjusted Net Income from continuing operations	$ 76,190	$ 59,920	$ 308,072	$ 232,477
Adjusted Net Income from continuing operations per share	$ 0.27	$ 0.22	$ 1.10	$ 0.94
Diluted weighted-average common shares outstanding	281,150	274,064	280,067	246,747
Adjusted Net Income from continuing operations	$ 76,190	$ 59,920	$ 308,072	$ 232,477
Adjustments:				
Depreciation and amortization of property and equipment(2b)	56,366	37,983	213,520	157,592
Amortization of capitalized implementation costs(2c)	8,409	8,790	31,441	35,859
Amortization of upfront incentive consideration(3)	11,946	12,181	43,521	45,358
Interest expense, net	43,655	51,545	173,298	218,877
Remaining provision for income taxes	32,196	28,255	171,735	149,865
Adjusted EBITDA	$ 228,762	$ 198,674	$ 941,587	$ 840,028

Reconciliation of Adjusted Capitalized Expenditures and Adjusted Free Cash Flow:

(in thousands; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Additions to property and equipment	$ 83,626	$ 73,015	$ 286,697	$ 227,227
Capitalized implementation costs	13,740	10,209	63,382	37,811
Adjusted Capital Expenditures	$ 97,366	$ 83,224	$ 350,079	$ 265,038

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Cash provided by operating activities	139,497	100,855	529,207	387,659
Cash used in investing activities	(84,536)	(73,015)	(729,041)	(258,791)
Cash used in financing activities	132,399	(12,656)	93,144	(71,945)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Cash provided by operating activities	$ 139,497	$ 100,855	$ 529,207	$ 387,659
Additions to property and equipment	(83,626)	(73,015)	(286,697)	(227,227)
Free Cash Flow	55,871	27,840	242,510	160,432
Adjustments:				
Restructuring and other costs [5][10]	758	1,727	1,676	18,353
Acquisition-related costs [6][10]	622	—	13,836	—
Litigation settlement[11]	7,478	7,562	30,770	76,745
Other litigation costs[4][10]	1,816	2,774	10,713	14,144
Management fees[8]	—	—	—	23,701
Adjusted Free Cash Flow	$ 66,545	$ 39,903	$ 299,505	$ 293,375

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Reconciliation of Adjusted Gross Margin and Adjusted EBITDA by Segment:

(in thousands; unaudited)

	Three Months Ended December 31, 2015			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 175,218	$ 49,970	$ (115,788)	$ 109,400
Add back:				
Selling, general and administrative	33,769	14,945	96,321	145,035
Cost of revenue adjustments:				
Depreciation and amortization(2)	19,204	35,535	12,716	67,455
Amortization of upfront incentive consideration(3)	11,946	—	—	11,946
Stock-based compensation	—	—	2,630	2,630
Adjusted Gross Margin	240,137	100,450	(4,121)	336,466
Selling, general and administrative	(33,769)	(14,945)	(96,321)	(145,035)
Joint venture equity income	644	—	—	644
Joint venture intangible amortization(2a)	—	—	—	—
Selling, general and administrative adjustments:				
Depreciation and amortization(2)	990	208	27,973	29,171
Restructuring and other costs(5)	—	—	368	368
Acquisition-related costs(6)	—	—	1,223	1,223
Litigation costs(7)	—	—	1,912	1,912
Stock-based compensation	—	—	4,013	4,013
Adjusted EBITDA	$ 208,002	$ 85,713	$ (64,953)	$ 228,762

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Reconciliation of Adjusted Gross Margin and Adjusted EBITDA by Segment:

(in thousands; unaudited)

	Three Months Ended December 31, 2014			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 142,233	$ 58,773	$ (97,298)	$ 103,708
Add back:				
Selling, general and administrative	25,249	17,640	72,736	115,625
Cost of revenue adjustments:				
Depreciation and amortization(2)	13,590	25,892	5,873	45,355
Amortization of upfront incentive consideration(3)	12,181	—	—	12,181
Restructuring and other costs(5)	—	—	769	769
Stock-based compensation	—	—	2,521	2,521
Adjusted Gross Margin	193,253	102,305	(15,399)	280,159
Selling, general and administrative	(25,249)	(17,640)	(72,736)	(115,625)
Joint venture equity income	2,715	—	—	2,715
Joint venture intangible amortization(2a)	801	—	—	801
Selling, general and administrative adjustments:				
Depreciation and amortization(2)	520	296	22,442	23,258
Restructuring and other costs(5)	—	—	867	867
Litigation costs(7)	—	—	2,775	2,775
Stock-based compensation	—	—	3,724	3,724
Management fees(8)	—	—	—	—
Adjusted EBITDA	$ 172,040	$ 84,961	$ (58,327)	$ 198,674

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Reconciliation of Adjusted Gross Margin and Adjusted EBITDA by Segment:

(in thousands; unaudited)

	Year Ended December 31, 2015			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 751,546	$ 180,448	$ (472,225)	$ 459,769
Add back:				
Selling, general and administrative	116,511	62,247	378,319	557,077
Cost of revenue adjustments:				
Depreciation and amortization[2]	62,337	142,109	40,089	244,535
Amortization of upfront incentive consideration[3]	43,521	—	—	43,521
Stock-based compensation	—	—	11,918	11,918
Adjusted Gross Margin	973,915	384,804	(41,899)	1,316,820
Selling, general and administrative	(116,511)	(62,247)	(378,319)	(557,077)
Joint venture equity income	14,842	—	—	14,842
Joint venture intangible amortization[2a]	1,602	—	—	1,602
Selling, general and administrative adjustments:				
Depreciation and amortization[2]	3,428	904	102,613	106,945
Restructuring and other costs[5]	—	—	9,256	9,256
Acquisition-related costs[6]	—	—	14,437	14,437
Litigation costs[7]	—	—	16,709	16,709
Stock-based compensation	—	—	18,053	18,053
Adjusted EBITDA	$ 877,276	$ 323,461	$ (259,150)	$ 941,587

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Reconciliation of Adjusted Gross Margin and Adjusted EBITDA by Segment:

(in thousands; unaudited)

	Year Ended December 31, 2014			
	Travel Network	Airline and Hospitality Solutions	Corporate	Total
Operating income (loss)	$ 657,326	$ 176,730	$ (412,711)	$ 421,345
Add back:				
Selling, general and administrative	102,059	56,195	309,340	467,594
Cost of revenue adjustments:				
Depreciation and amortization(2)	58,533	104,926	34,950	198,409
Amortization of upfront incentive consideration(3)	45,358	—	—	45,358
Restructuring and other costs(5)	—	—	6,042	6,042
Stock-based compensation	—	—	8,044	8,044
Adjusted Gross Margin	863,276	337,851	(54,335)	1,146,792
Selling, general and administrative	(102,059)	(56,195)	(309,340)	(467,594)
Joint venture equity income	12,082	—	—	12,082
Joint venture intangible amortization(2a)	3,204	—	—	3,204
Selling, general and administrative adjustments:				
Depreciation and amortization(2)	2,174	992	88,055	91,221
Restructuring and other costs(5)	—	—	4,428	4,428
Litigation costs(7)	—	—	14,144	14,144
Stock-based compensation	—	—	12,050	12,050
Management fees(8)	—	—	23,701	23,701
Adjusted EBITDA	$ 778,677	$ 282,648	$ (221,297)	$ 840,028

Reconciliation of Adjusted Cost of Revenue, Adjusted SG&A, and Adjusted JV Equity Income:

(in thousands; unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Cost of revenue	$ 504,020	$ 426,809	$ 1,944,050	$ 1,742,478
Depreciation and amortization(2)	(67,455)	(45,355)	(244,535)	(198,409)
Amortization of upfront incentive consideration(3)	(11,946)	(12,181)	(43,521)	(45,358)
Restructuring and other costs(5)	—	(769)	—	(6,042)
Stock-based compensation	(2,630)	(2,521)	(11,918)	(8,044)
Adjusted Cost of Revenue	$ 421,989	$ 365,983	$ 1,644,076	$ 1,484,625

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
SG&A	$ 145,035	$ 115,624	$ 557,077	$ 467,594
Depreciation and amortization(2)	(29,171)	(23,258)	(106,945)	(91,221)
Restructuring and other costs(5)	(368)	(821)	(9,256)	(4,986)
Acquisition-related costs(6)	(1,223)	—	(14,437)	—
Litigation costs(7)	(1,912)	(2,775)	(16,709)	(14,144)
Stock-based compensation	(4,013)	(3,724)	(18,053)	(12,050)
Management fees(8)	—	—	—	(23,701)
Adjusted SG&A	$ 108,348	$ 85,046	$ 391,677	$ 321,492

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Joint venture equity income	$ 644	$ 2,715	$ 14,842	$ 12,082
Joint venture intangible amortization(2a)	—	801	1,602	3,204
Adjusted Joint Venture Equity Income	$ 644	$ 3,516	$ 16,444	$ 15,286

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Non-GAAP Financial Measures

We have included both financial measures compiled in accordance with GAAP and certain non-GAAP financial measures, including Adjusted Gross Margin, Adjusted Net Income, Adjusted EBITDA, Adjusted Net Income from continuing measures (Adjusted EPS), Adjusted Cost of Revenue, Adjusted SG&A, Adjusted JV Equity Income, Adjusted Capital Expenditures, Free Cash Flow, Adjusted Free Cash Flow and ratios based on these financial measures.

We define Adjusted Gross Margin as operating income adjusted for selling, general and administrative expenses, amortization of upfront incentive consideration, and the cost of revenue portion of depreciation and amortization, restructuring and other costs, and stock-based compensation.

We define Adjusted Cost of Revenue as cost of revenue adjusted for restructuring and other costs, litigation costs, stock-based compensation, amortization of upfront incentive consideration and depreciation and amortization.

We define Adjusted SG&A as SG&A adjusted for restructuring and other costs, litigation costs, stock-based compensation, management fees and depreciation and amortization.

We define Adjusted JV Equity Income as JV Equity income adjusted for JV intangible amortization.

Adjustments to cost of revenue, SG&A, and JV Equity Income are shown in the 'Reconciliation of Adjusted Gross Margin and Adjusted EBITDA by Segment' Reconciliation table.

We define Adjusted Net Income as income from continuing operations adjusted for acquisition-related amortization, loss on extinguishment of debt, other, net, restructuring and other costs, acquisition-related costs, litigation costs, stock-based compensation, management fees and the tax impact of net income adjustments.

We define Adjusted EBITDA as Adjusted Net Income adjusted for depreciation and amortization of property and equipment, amortization of capitalized implementation costs, amortization of upfront incentive consideration, interest expense, net, and remaining provision for income taxes.

We define Adjusted EPS as Adjusted Net Income divided by the applicable share count.

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

We define Free Cash Flow as cash provided by operating activities less cash used in additions to property and equipment. We define Adjusted Free Cash Flow as Free Cash Flow plus the cash flow effect of restructuring and other costs, acquisition-related costs, litigation settlement, other litigation costs and management fees.

These non-GAAP financial measures are key metrics used by management and our board of directors to monitor our ongoing core operations because historical results have been significantly impacted by events that are unrelated to our core operations as a result of changes to our business and the regulatory environment. We believe that these non-GAAP financial measures are used by investors, analysts and other interested parties as measures of financial performance and to evaluate our ability to service debt obligations, fund capital expenditures and meet working capital requirements. Adjusted Capital Expenditures includes cash flows used in investing activities, for property and equipment, and cash flows used in operating activities, for capitalized implementation costs. Our management uses this combined metric in making product investment decisions and determining development resource requirements. We also believe that calculate these non-GAAP financial measures assist investors in company-to-company and period-to-period comparisons by excluding differences caused by variations in capital structures (affecting interest expense), tax positions and the impact of depreciation and amortization expense. In addition, amounts derived from Adjusted EBITDA are a primary component of certain covenants under our senior secured credit facilities.

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

- these non-GAAP financial measures exclude certain recurring, non-cash charges such as stock-based compensation expense and amortization of acquired intangible assets;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted Gross Margin and Adjusted EBITDA do not reflect cash requirements for such replacements;
- Adjusted Net Income and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us;
- Free Cash Flow and Adjusted Free Cash Flow do not reflect the cash requirements necessary to service the principal payments on our indebtedness;
- Free Cash Flow and Adjusted Free Cash Flow do not reflect payments related to restructuring, litigation, acquisition-related and management fees;
- Free Cash Flow and Adjusted Free Cash Flow remove the impact of accrual-basis accounting on asset accounts and non-debt liability accounts; and
- other companies, including companies in our industry, may calculate these non-GAAP financial measures differently, which reduces their usefulness as comparative measures.

Non-GAAP Footnotes

1) Net income attributable to noncontrolling interests represents an adjustment to include earnings allocated to noncontrolling interests held in Sabre Travel Network Middle East of 40% for all periods presented and in Sabre Seyahat Dagitim Sistemleri A.S. of 40% beginning in April 2014 and Abacus International Lanka Pte Ltd of 40% beginning in July 2015.

2) Depreciation and amortization expenses:
   a. Acquisition-related amortization represents amortization of intangible assets from the take-private transaction in 2007 as well as intangibles associated with acquisitions since that date and amortization of the excess basis in the underlying equity interest in the net assets of Abacus International Pte Ltd prior to our acquisition of Abacus International Pte Ltd in July 2015.
   b. Depreciation and amortization of property and equipment includes software developed for internal use.
   c. Amortization of capitalized implementation costs represents amortization of upfront costs to implement new customer contracts under our SaaS and hosted revenue model.

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

4) In 2015, we recognized a gain of $78 million associated with the remeasurement of our previously-held 35% investment in AIPL to its fair value and a gain of $12 million related to the settlement of pre-existing agreements between us and AIPL. In 2014, other, net primarily includes a fourth quarter charge of $66 million as a result of an increase to our tax receivable agreement (“TRA”) liability. The increase in our TRA liability is due to a reduction in a valuation allowance maintained against our deferred tax assets. This charge is fully offset by an income tax benefit recognized in the fourth quarter of 2014 from the reduction in the valuation allowance which is included in tax impacts of net income adjustments. In addition, all periods presented include foreign exchange gains and losses related to the remeasurement of foreign currency denominated balances included in our consolidated balance sheets into the relevant functional currency.

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

6) Acquisition-related costs represent fees and expenses incurred associated with the acquisition of Abacus and the Trust Group.

7) Litigation costs represent charges associated with antitrust litigation.

8) We paid an annual management fee, pursuant to a Management Services Agreement (“MSA”), to TPG Global, LLC (“TPG”) and Silver Lake Management Company (“Silver Lake”) in an amount between (i) $5 million and (ii) $7 million, the actual amount of which is calculated based upon 1% of Adjusted EBITDA, as defined in the MSA, earned by the company in such fiscal year up to a maximum of $7 million. In addition, we paid a $21 million fee, in the aggregate, to TPG and Silver Lake at the closing of our initial public offering in April of 2014. The MSA was terminated thereafter.

Non-GAAP Footnotes (continued)

9) In 2014, the tax impact on net income adjustments includes a $66 million benefit recognized in the fourth quarter of 2014 from the reduction in a valuation allowance maintained against our deferred tax assets.

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

11) Includes payment credits used by American Airlines to pay for purchases of our technology services. The payment credits were provided by us as part of our litigation settlement with American Airlines. The year 2014 also includes a $50 million payment to American Airlines in conjunction with the new Airline Solutions contract, which is being amortized as a reduction to revenue over the contract term. This payment reduced payment credits originally offered to American Airlines as a part of the litigation settlement in 2012, contingent upon the signature of a new reservation agreement, which were extended to include the combined American Airlines and US Airways reservation contract. The payment credits would have been utilized for future billings under the new agreement.

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