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Sabre Holdings CEO Gilliland Calls for Immediate Action on Fuel

LOS ANGELES, July 28, 2008 – Saying that the airline industry “is the infrastructure that drives so much of the travel industry and really, our entire economy” and noting that U.S. airlines are “fighting every day for their very survival” because of high fuel prices, Sabre Holdings CEO Sam Gilliland urged Washington to take immediate action to tackle the issue of continued high fuel prices.

Speaking today at the annual convention of the National Business Travel Association, Gilliland said crippling fuel prices can best be attacked by:

- Strengthening the U.S. dollar relative to other currencies. He called on the Federal Reserve to implement policies, such as increasing interest rates, to do that. “When the dollar is weak, oil prices are naturally going to be higher,” he said. “We need interest rates to go back up just as quickly now” as they fell late last year and early this year. He said economists estimate that “about \$40 of the price of a barrel of oil today is attributable to the weak dollar.”
- Increasing oversight of commodities futures trading. “This is an issue that has gained the attention of the U.S. major airline CEOs recently,” Gilliland said.
- New energy sources. Using “American ingenuity and incentives from government to both exploit and develop new, alternative energy sources – renewable and sustainable energy,” he said.
- More production. “We also need increased, yet environmentally responsible production from currently available sources in the near term to meet our country’s needs and decrease our dependence on foreign oil.”
- Fixing the U.S. air traffic control system. “We’ve been talking about this for years, and the time is long overdue for the government to start the process of fixing our air traffic control system.” He said that while this is a longer-term solution, it would reduce consumption by up to 400,000 barrels of oil per day by 2030.

Gilliland noted that Sabre has already been active in Washington on the fuel issue, and he called on others in the travel industry to join in pressing Congress and the Bush Administration to work together “to set aside partisanship and election-year politics and deliver solutions now.”

“Let’s not be lulled into thinking things are going to be okay with the price of oil dropping \$20 to \$25 during the past few weeks,” he said. “With oil anywhere above \$100 per barrel, it will be very difficult for airlines to make money at current fare levels.”

He also made a strong case that the financial hardship the airlines face today is largely due to conditions beyond their control. “People have grown accustomed to criticizing the airlines, but with few exceptions, they are well managed companies under extreme pressure from forces over which they have little, if any, control.” He noted that commercial airlines are 110 percent more fuel efficient today than 30 years ago, but that these gains are at risk because of today’s unnecessarily high fuel prices and long-overdue air traffic control reform.

“Oil prices have gone from about 15 percent of an airline’s operating expenses in the year 2000 to 40 percent now, and yet fares have remained relatively flat over that time,” he said. “The truth is that air travel is half the price it was 30 years ago if you adjust for inflation. Air fares could rise 20 to 25 percent and still remain in line with typical inflation levels.”

A copy of Mr. Gilliland’s speech will be posted later today at www.sabre-holdings.com/newsroom/speeches.

About Sabre Holdings

Sabre Holdings connects people with the world’s greatest travel possibilities by retailing travel products and providing distribution and technology solutions for the travel industry. Sabre Holdings supports travelers, travel agents, corporations, government agencies and travel suppliers through its companies: Travelocity, Sabre Travel Network and Sabre Airline Solutions. Headquartered in Southlake, Texas, the company has approximately 9,000 employees in 59 countries and is owned by private equity firms Silver Lake Partners and TPG. More information is available at <http://www.sabre-holdings.com>.

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