

FINANCIAL HIGHLIGHTS

Pro Forma Results

In millions, except share data

YEAR ENDED DECEMBER 31	1998	1997	1996
Revenues	\$1,480.8	\$1,351.5	\$1,230.8
Electronic global distribution services	1,342.7	1,220.8	1,109.8
Information services	138.1	130.7	121.0
Operating income	331.6	280.1	227.6
Operating margin	22.4%	20.7%	18.5%
Net income	\$ 195.6	\$ 157.5	\$ 117.1
Diluted earnings per common share	1.86	1.50	1.12
Dividends per common share	0.285	0.06	—
Reservations booked using the Company's Apollo and Galileo systems	345.7	336.1	316.1

The table above and the charts on page 3 have been adjusted to reflect the July 30, 1997 merger of Galileo International Partnership into a wholly owned limited liability company subsidiary of Galileo International, Inc., the initial public offering of Common Stock, and the distribution company acquisitions. Income Statement amounts reflect these transactions as if they occurred January 1, 1996 and exclude special charges related to the integration of the acquired entities and the initial set-up of deferred income taxes.

2:00

GALILEO INTERNATIONAL

GALILEO AT A GLANCE

Galileo International

- Represented in 104 countries on six continents
- 3,000 employees
- 65 sales offices
- Operates one of the world's largest commercial data centers
- 195 million information requests daily
- 30 billion transactions per year
- More than 345 million reservations booked in 1998

Galileo Travel Vendors

- 530 airlines
- 41,000 hotel properties
- 41 car rental companies
- 350 tour and cruise operators

Galileo Travel Subscribers

- 39,600 travel agency locations
- 160,500 terminals connected to the Galileo and Apollo systems

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

Overview

Effective July 30, 1997, Galileo International Partnership merged into a wholly owned limited liability company subsidiary of Galileo International, Inc. (the "Merger") and effected an initial public offering of its Common Stock (the "Offering"). References to the Company mean, at all times prior to the time of the Merger, Galileo International Partnership and its consolidated subsidiaries and, at all times thereafter, Galileo International, Inc. and its consolidated subsidiaries. As a result of this Merger, (i) the Company became subject to U.S. federal and state income taxes that were previously borne by the partners of Galileo International Partnership and (ii) the Company recorded a \$15.3 million nonrecurring charge to income tax expense to reflect the establishment of deferred tax assets and liabilities arising at the time of the Merger. Upon the Merger, the airline stockholders' partnership interests were exchanged for the Company's Common Stock in the same proportion as that of their respective partnership interests in Galileo International Partnership.

The Company generates most of its revenues from the provision of electronic global distribution services. Booking fees are the primary source of this revenue and are charged to travel vendors for reservations made through the Company's systems. Booking fees depend on several factors, including the type of reservation booked (primarily air, car rental or hotel), the location of the booking and the level of travel vendor participation in the Company's systems. In addition to booking fees and related premiums paid by travel vendors, subscribers generally pay fees for hardware, software and certain services. Such fees are often discounted or waived for travel agency subscribers, depending upon the level of bookings generated by the travel agency. In highly competitive markets, the Company often makes incentive payments to travel agency subscribers that achieve defined productivity or booking volume growth objectives.

The Company also provides information services to airlines, including certain of its airline stockholders. The Company currently provides fares quotation services, internal reservation services, other internal management services and software development services to such airlines.

The Company's expenses consist primarily of local sales, marketing and customer service costs, commissions paid to national distribution companies ("NDCs"), costs associated with the operation of the Company's Data Centre and wages and benefits payable to employees of the Company. Substantially all of the Company's expenses are denominated and paid in U.S. dollars, with the exception of operating expenses incurred outside of the United States. Costs of operations shown on the Company's statements of income consist primarily of the costs of operating the Data Centre (including wages and benefits of Data Centre and other technical services personnel, and hardware, software and communications costs). Commissions, selling and administrative expenses shown on the Company's statements of income consist primarily of commissions payable to NDCs and other costs of the Company's selling and administrative functions.

The Company's earnings can be significantly impacted by events that affect the travel industry. Such impact is typically caused by economic and other conditions that decrease the number of bookings made through the Company's systems as a result of decreased demand for airline seats and other travel services. Other events, such as increased airline competition from low cost carriers, excess capacity or deterioration of an airline's financial condition, can often cause fare promotions within the airline industry. This may result in an increased number of transactions and bookings for the Company, thereby stimulating the Company's revenue-earning capability.

During 1998, the Company acquired a Florida-based airline information systems company, S. D. Shepherd Systems, Inc. (the “Shepherd Systems Acquisition”) and two national distribution companies: Galileo Nordiska AB (the “Nordiska Acquisition”) and Galileo Canada Distributions Systems, Inc. (“Galileo Canada”), (the “Canada Acquisition”). The Company also recorded a non-recurring charge to operating expenses of \$26.4 million (\$15.9 million after tax) related to a strategic realignment of the Company’s operations in the United Kingdom. This special charge consisted of \$15.0 million in severance-related costs and \$11.4 million in costs related to disposition of the current United Kingdom facilities.

During 1997, the Company acquired three national distribution companies (the “NDC Acquisitions”): Apollo Travel Services Partnership (“ATS”), Traviswiss AG (“Traviswiss”) and Galileo Nederland BV (“Galileo Nederland”). In connection with the NDC Acquisitions, the Company recorded a nonrecurring charge to operating expenses of \$20.1 million (\$12.1 million after tax) related to the integration of the Company and its acquired NDCs. This special charge consisted of \$12.3 million in severance-related costs and \$7.8 million of other integration costs, principally related to duplicate facilities.

In connection with the NDC Acquisitions in 1997 and the Canada Acquisition in 1998, the Company has entered into agreements for the provision of certain marketing services (the “Services Agreements”) with the sellers (or affiliates of such sellers) of ATS, Traviswiss, Galileo Nederland and Galileo Canada whereby such sellers (or such affiliates) will provide services to the Company related to growing the respective business operations of the acquired NDCs.

1998 Compared to 1997

Revenues The Company generates its revenue from the provision of electronic global distribution services and information services. During the year ended December 31, 1998, the Company generated approximately 90.7% of its revenue from electronic global distribution services and approximately 9.3% of its revenue from information services. The following table summarizes 1998 revenues and 1997 pro forma revenues (as if the NDC Acquisitions had occurred on January 1, 1997) for electronic global distribution services by geographic location as a percentage of total revenues and summarizes total booking volumes for each of the periods indicated:

	1998	1997
Percentage of Revenue		
U.S. Market ⁽¹⁾	43.8%	46.2%
All Other Markets ⁽¹⁾	56.2	53.8
	100.0%	100.0%
Worldwide Bookings (in millions)		
U.S. Market: ⁽¹⁾		
Air	131.4	135.8
Car/Hotel/Leisure	22.6	21.4
	154.0	157.2
All Other Markets: ⁽¹⁾		
Air	186.0	173.8
Car/Hotel/Leisure	5.7	5.1
	191.7	178.9
Total Worldwide Bookings	345.7	336.1

⁽¹⁾ The location of the travel agent making the booking determines the geographic region credited with the related revenues and bookings.

Quarterly Comparisons

The following tables set forth an unaudited summary of quarterly financial data. This quarterly information has been prepared on the same basis as the annual consolidated financial statements and, in management's opinion, reflects all adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for a full fiscal year.

The Company experiences a seasonal pattern in its operating results, with the fourth quarter typically having the lowest total revenues and operating income due to early bookings by customers for holiday travel and due to a decrease in business travel during the holiday season. In addition, 1998 fourth quarter operating expenses include special charges of \$26.4 million (\$15.9 million after tax) related to a strategic realignment of the Company's operations in the United Kingdom and 1997 third quarter operating expenses include special charges of \$20.1 million (\$12.1 million after tax) related to the integration of the Company and its acquired NDCs.

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1998				
Total revenues	\$377,010	\$380,637	\$377,461	\$345,710
Operating expenses	270,731	288,695	291,130	298,684
Operating income	106,279	91,942	86,331	47,026
Net income	62,303	53,951	51,131	28,229
Basic earnings per share	0.59	0.51	0.49	0.27
Diluted earnings per share	0.59	0.51	0.49	0.27

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1997 ⁽¹⁾				
Total revenues	\$307,646	\$307,200	\$327,655	\$313,602
Operating expenses	241,335	253,634	276,490	273,114
Operating income	66,311	53,566	51,165	40,488
Pro forma net income ⁽²⁾	39,397	32,386	29,263	22,322
Pro forma basic earnings per share ⁽²⁾	0.44	0.36	0.29	0.21
Pro forma diluted earnings per share ⁽²⁾	0.44	0.36	0.29	0.21

⁽¹⁾ Represents Galileo International Partnership through July 30, 1997 and Galileo International, Inc. subsequent to July 30, 1997.

⁽²⁾ Pro forma net income and basic and diluted earnings per share data for 1997 are calculated as though: (i) the partners' capital was converted in the Merger into 88,000,000 shares of Common Stock as of January 1, 1997 and the 16,799,700 shares issued to the public were outstanding from July 30, 1997, and (ii) the Company had operated in a corporate form effective January 1, 1997 and accordingly was subject to federal and state income taxes.

Effect of Recently Issued Accounting Pronouncements

The Company will implement the provisions of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("Statement 133"), which is required to be adopted for financial statements issued for the fiscal year ending December 31, 2000. Statement 133 standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, by requiring that an entity recognize those items as assets or liabilities in the statement of financial position and measure them at fair value. Management believes that adoption of Statement 133 will not have a material impact on the Company's financial statements.

Consolidated Balance Sheets

Galileo International, Inc. (formerly Galileo International Partnership through July 30, 1997)

In thousands, except share data

DECEMBER 31	1998	1997
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,828	\$ 19,367
Accounts receivable:		
Trade receivables and others	159,225	154,263
Due from affiliates	32,380	33,156
	191,605	187,419
Less allowances	13,747	22,012
Net accounts receivable	177,858	165,407
Deferred tax asset	31,885	19,167
Prepaid expenses	11,711	9,643
Other current assets	12,245	10,691
Total current assets	243,527	224,275
Property and equipment, at cost:		
Land	6,470	6,470
Buildings and improvements	77,210	74,038
Equipment	392,299	330,112
	475,979	410,620
Less accumulated depreciation	281,010	221,439
Net property and equipment	194,969	189,181
Computer software, at cost	413,212	420,458
Less accumulated amortization	223,965	195,883
Net computer software	189,247	224,575
Intangible assets, at cost:		
Customer list	405,600	405,600
Goodwill	197,676	158,446
Other	56,535	56,500
	659,811	620,546
Less accumulated amortization	50,005	14,359
Net intangible assets	609,806	606,187
Other noncurrent assets	53,531	24,279
	\$1,291,080	\$1,268,497

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets (continued)

Galileo International, Inc. (formerly Galileo International Partnership through July 30, 1997)

In thousands, except share data

DECEMBER 31	1998	1997
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable:		
Trade payables and other	\$ 30,876	\$ 49,649
Due to affiliates	16,025	7,305
	46,901	56,954
Accrued commissions	32,424	31,175
Accrued restructuring costs	29,457	13,786
Accrued compensation and benefits	24,584	15,077
Income taxes payable	11,873	1,721
Other accrued taxes	14,580	12,724
Other accrued liabilities	66,031	62,008
Capital lease obligations, current portion	5,976	7,918
Total current liabilities	231,826	201,363
Pension and postretirement benefits	55,982	44,399
Deferred tax liability	25,404	19,618
Other noncurrent liabilities	42,969	41,645
Capital lease obligations, less current portion	22,752	27,776
Long-term debt	69,520	250,000
Total liabilities	448,453	584,801
Stockholders' equity:		
Special voting preferred stock: \$.01 par value; 7 shares authorized; 7 shares issued and outstanding	—	—
Preferred stock: \$.01 par value; 25,000,000 shares authorized; no shares issued	—	—
Common stock: \$.01 par value; 250,000,000 shares authorized; 104,930,750 and 104,799,700 shares issued; 104,761,650 and 104,799,700 shares outstanding	1,049	1,048
Additional paid-in capital	668,466	663,688
Retained earnings	184,575	18,832
Unamortized restricted stock grants	(3,559)	—
Accumulated other comprehensive income	(1,139)	128
Common stock held in treasury, at cost; 169,100 shares in 1998	(6,765)	—
Total stockholders' equity	842,627	683,696
	\$1,291,080	\$1,268,497

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Galileo International, Inc. (formerly Galileo International Partnership through July 30, 1997)

In thousands, except share data

YEAR ENDED DECEMBER 31	1998	1997	1996
Revenues:			
Electronic global distribution services	\$1,342,705	\$1,180,114	\$1,050,635
Information services	138,113	75,989	37,624
	1,480,818	1,256,103	1,088,259
Operating expenses:			
Cost of operations	568,271	385,298	254,600
Commissions, selling and administrative	554,509	639,164	658,320
Special charges	26,460	20,111	—
	1,149,240	1,044,573	912,920
Operating income	331,578	211,530	175,339
Other income (expense):			
Interest expense, net	(9,629)	(8,842)	(8,060)
Other, net	3,532	2,925	(181)
Income before income taxes	325,481	205,613	167,098
Income taxes:			
Income taxes	129,867	28,641	1,882
Initial deferred income taxes	—	15,335	—
	129,867	43,976	1,882
Net income	\$ 195,614	\$ 161,637	\$ 165,216
Income before income taxes as reported		\$ 205,613	\$ 167,098
Pro forma income tax expense		82,245	66,839
Pro forma net income		\$ 123,368	\$ 100,259
Weighted average number of shares outstanding (1998), and pro forma weighted average number of shares outstanding (1997 and 1996)	104,796,282	94,999,875	88,000,000
Basic earnings per share (1998), and pro forma basic earnings per share (1997 and 1996)	\$1.87	\$1.30	\$1.14
Diluted weighted average number of shares outstanding (1998), and pro forma diluted weighted average number of shares outstanding (1997 and 1996)	105,186,241	95,024,199	88,000,000
Diluted earnings per share (1998), and pro forma diluted earnings per share (1997 and 1996)	\$1.86	\$1.30	\$1.14

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Galileo International, Inc. (formerly Galileo International Partnership through July 30, 1997)

In thousands

YEAR ENDED DECEMBER 31	1998	1997	1996
Operating activities:			
Net income	\$ 195,614	\$ 161,637	\$ 165,216
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	172,537	134,073	80,369
(Gain) loss on disposal of property and equipment	(419)	728	973
Deferred income taxes, net	(5,167)	15,284	—
Changes in operating assets and liabilities, net of effects from acquisition of businesses:			
(Increase) decrease in accounts receivable, net	(8,149)	6,998	(27,820)
(Increase) decrease in other current assets	(2,826)	1,377	4,763
(Increase) decrease in noncurrent assets	(28,428)	(10,281)	2,260
Increase in accounts payable and accrued commissions	2,903	6,057	4,812
Increase (decrease) in accrued liabilities	30,258	(8,536)	(15,715)
Increase (decrease) in income taxes payable	10,140	(3,973)	(360)
Increase (decrease) in noncurrent liabilities	12,615	21,374	(420)
Net cash provided by operating activities	379,078	324,738	214,078
Investing activities:			
Purchase of property and equipment	(89,442)	(53,696)	(32,572)
Purchase and capitalization of computer software	(23,496)	(33,449)	(28,978)
Proceeds on disposal of property and equipment	3,750	322	408
Acquisition of businesses, net of cash acquired of \$3,576 and \$26,244, respectively	(50,433)	(688,451)	—
Refund of lease deposit	—	—	40,461
Other investing activities	(5,076)	—	—
Net cash used in investing activities	(164,697)	(775,274)	(20,681)
Financing activities:			
Borrowings under credit agreements	49,392	450,000	158,000
Repayments under credit agreements	(230,004)	(320,000)	(239,375)
Dividends paid to stockholders	(29,871)	(6,288)	—
Payments of capital lease obligations	(7,311)	(4,149)	(5,559)
Proceeds from sale of stock, net of fees paid	—	384,288	—
Repurchase of common stock for treasury	(6,765)	—	—
Proceeds from exercise of employee stock options, net	787	—	—
Distributions to partners of Galileo International Partnership	—	(112,150)	(36,599)
Net cash (used in) provided by financing activities	(223,772)	391,701	(123,533)
Effect of exchange rate changes on cash	(148)	6	(35)
(Decrease) increase in cash and cash equivalents	(9,539)	(58,829)	69,829
Cash and cash equivalents at beginning of year	19,367	78,196	8,367
Cash and cash equivalents at end of year	\$ 9,828	\$ 19,367	\$ 78,196

GALILEO INTERNATIONAL

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See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In thousands, except share data

1. Significant Accounting Policies

Nature of Operations

Galileo International, Inc. (the “Company”), formerly Galileo International Partnership, is one of the world’s leading providers of electronic global distribution services for the travel industry utilizing a computerized reservation system (“CRS”). The Company provides travel agencies and other subscribers with the ability to access schedule and fare information, book reservations and issue tickets for airlines. The Company also provides subscribers with information and booking capability covering car rental companies and hotel properties throughout the world. The Company distributes its products in 104 countries on six continents.

Principles of Consolidation and Business Acquisitions

The consolidated financial statements include the accounts of Galileo International, Inc. and all majority-owned subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation.

Effective July 30, 1997, Galileo International Partnership merged into a wholly owned limited liability company subsidiary of Galileo International, Inc. (the “Merger”). References to the Company mean, at all times prior to the time of the Merger, Galileo International Partnership and its consolidated subsidiaries and, at all times thereafter, Galileo International, Inc. and its consolidated subsidiaries. In connection with the Merger, the Company effected an initial public offering of its Common Stock, par value \$.01 per share (the “Common Stock”) at an initial public offering price of \$24.50 per share resulting in net proceeds to the Company, after exercise of the underwriters’ over-allotment option, of \$384,288 after deducting underwriting discounts, commissions and other expenses (the “Offering”).

During 1998, the Company acquired a Florida based airline information systems company, S. D. Shepherd Systems, Inc. (“Shepherd Systems”) and two national distribution companies: Galileo Nordiska AB (“Nordiska”) and Galileo Canada Distributions Systems, Inc. (“Galileo Canada”). Nordiska, Galileo Canada and Shepherd Systems were acquired on January 1, June 1 and November 19, 1998 at purchase prices of \$2,066, \$34,392 and \$16,740, respectively. In connection with the acquisitions, the Company also incurred expenses of \$811, which have been accounted for as part of the purchase prices. The Company accounted for the acquisitions using the purchase method of accounting. Accordingly, the costs of the acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. Goodwill related to the cost of the acquisitions is being amortized over 10 to 25 years and is included in cost of operations expenses. The results of operations and cash flows of the acquired companies have been consolidated with those of the Company from the date of each acquisition. In connection with the acquisition of Galileo Canada, the Company incurred \$34,392 of debt under a five-year term loan agreement. The aggregate impact of the acquisitions in 1998 was immaterial.

During 1997, the Company acquired three national distribution companies (the “NDC Acquisitions”): Apollo Travel Services Partnership (“ATS”), Traviswiss AG (“Traviswiss”) and Galileo Nederland BV (“Galileo Nederland”), (ATS and Traviswiss were acquired on July 30, 1997 and Galileo Nederland on September 17, 1997) at purchase prices of \$700,000, \$8,502 and \$2,000, respectively. In connection with the NDC Acquisitions, the Company also incurred expenses of \$4,193, which have been accounted for as part of the purchase prices. The Company accounted

for the NDC Acquisitions using the purchase method of accounting. Accordingly, the costs of the NDC Acquisitions were allocated to the assets acquired and liabilities assumed based on their respective fair values. Goodwill related to the cost of the NDC Acquisitions is being amortized over 25 years and is included in cost of operations expenses. The results of operations and cash flows of the acquired NDCs have been consolidated with those of the Company from the date of each acquisition. In connection with the NDC Acquisitions, the Company incurred \$340,000, net, of debt under a five-year credit agreement.

In connection with the acquisitions of Traviswiss and Galileo Nederland, the Company terminated certain revenue sharing obligations in exchange for agreements to pay SAirGroup and KLM Royal Dutch Airlines ("KLM"), in four annual installments beginning on the acquisition dates, a total of \$22,400 and \$14,800, respectively. The remaining liability was \$21,200 at December 31, 1998. The related intangible asset of \$37,200 is being amortized over 17 years.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation

The Company uses the U.S. dollar for financial reporting purposes as substantially all of the Company's billings are in U.S. dollars. The balance sheets of the Company's foreign subsidiaries are translated into U.S. dollars using the balance sheet date exchange rate, and revenues and expenses are translated using the average exchange rate. The resulting translation gains and losses are recorded as a separate component of stockholders' equity. Foreign currency transaction gains and losses are reflected in the consolidated statements of income.

Cash and Cash Equivalents

Cash in excess of operating requirements is invested daily in liquid, income-producing investments, having maturities of three months or less. The carrying amounts reported on the balance sheet for cash equivalents include cost and accrued interest, which approximate fair value.

Fair Value of Financial Instruments

The Company's financial instruments are valued at their carrying amounts, which, except for derivative financial instruments, are reasonable estimates of fair value due to the relatively short period to maturity of the instruments, or variable interest rates, in the case of long-term debt.

Allowance for Doubtful Accounts Receivable

The allowance for doubtful accounts receivable was \$13,747, \$22,012 and \$14,747 at December 31, 1998, 1997 and 1996, respectively. Provisions for bad debts were \$(3,862), \$4,219 and \$5,671 for the years ended December 31, 1998, 1997 and 1996, respectively. Write-offs of uncollectible accounts, net of recoverables and allowance adjustments, were \$5,124, \$652 and \$2,637 for the years ended December 31, 1998, 1997 and 1996, respectively. The 1998 provision includes a \$7,548 recovery settlement related to a contractual dispute from a prior year.

The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets for the years ending December 31, 1998 and 1997, and a statement of the funded status as of December 31, 1998 and 1997:

	PENSION BENEFITS		OTHER BENEFITS	
	1998	1997	1998	1997
Reconciliation of benefit obligation				
Obligation at January 1	\$ 90,304	\$ 42,707	\$ 40,120	\$ 21,497
Service cost	6,964	4,541	1,910	1,337
Interest cost	7,178	4,654	2,733	2,062
Plan amendments	—	—	(1,613)	—
Actuarial (gain) loss	10,388	1,507	538	(323)
Acquisitions	—	38,017	—	15,767
Benefit payments	(1,404)	(1,122)	(272)	(220)
Obligation at December 31	\$ 113,430	\$ 90,304	\$ 43,416	\$ 40,120
Reconciliation of fair value of plan assets				
Fair value of plan assets at January 1	\$ 79,781	\$ 34,768	\$ —	\$ —
Actual return on plan assets	21,362	9,381	—	—
Acquisitions	—	32,531	—	—
Employer contributions	18	4,223	272	220
Benefit payments	(1,404)	(1,122)	(272)	(220)
Fair value of plan assets at December 31	\$ 99,757	\$ 79,781	\$ —	\$ —
Funded status				
Funded status at December 31	\$ (13,673)	\$ (10,523)	\$ (43,416)	\$ (40,120)
Unrecognized transition obligation	2,239	2,487	—	—
Unrecognized prior-service cost	2,961	3,324	(1,455)	—
Unrecognized (gain) loss	(7,195)	(3,705)	4,776	4,138
Net amount recognized	\$ (15,668)	\$ (8,417)	\$ (40,095)	\$ (35,982)

The following table provides the amounts recognized in the consolidated balance sheets as of December 31, 1998 and 1997:

	PENSION BENEFITS		OTHER BENEFITS	
	1998	1997	1998	1997
Accrued benefit liability	\$(15,668)	\$(8,417)	\$(40,095)	\$(35,982)
Additional minimum liability	(129)	(219)	—	—
Intangible asset	129	219	—	—
Net amount recognized	\$(15,668)	\$(8,417)	\$(40,095)	\$(35,982)