

TUI TRAVEL PLC
("TUI Travel" or the "Group")

TUI TRAVEL - CONVERTIBLE BOND AND ADDITIONAL BANK FACILITIES

NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES (OR TO US PERSONS), CANADA, JAPAN, JERSEY, AUSTRALIA OR IN ANY OTHER JURISDICTION IN WHICH OFFERS OR SALES WOULD BE PROHIBITED BY APPLICABLE LAW

TUI Travel announces that it intends to raise approximately £500 million of new financing through a convertible bond and additional bank facilities to:

- Ensure the Group is well placed to exploit its strong pipeline of attractive acquisition opportunities; and
- Extend and diversify its debt maturity profile and broaden its sources of finance; and
- Take advantage of current favourable convertible bond market conditions and build on the success of its debut convertible bond issue in October 2009 and reduce the need to refinance all of the existing banking facilities in the future (due in June 2012).

The Group confirms that current trading is in line with its previous trading statement issued on 24 March 2010, when it reported strong trading trends and reiterated that the Group remains well positioned to meet the Board's expectations for underlying operating profit for the year ending 30 September 2010.

As announced on 19 April 2010, TUI Travel has been affected by the closure of much of Northern Europe's airspace since 15 April 2010, caused by volcanic dust in the atmosphere. The estimated cumulative cost to the Group, up to and including 19 April 2010, is circa £26 million. Estimated daily costs thereafter are expected to run at approximately £5 million to £6 million. These costs are one-off in nature and will be disclosed accordingly.

In the UK, most customers who were due to go on holiday, and whose flights have been cancelled, are choosing to re-book their holidays for a later date. Also, trading has remained robust despite the closure of UK airspace, with booking volumes since 15 April 2010 well ahead of the same period in the prior year (excluding the impact of re-booking of cancelled flights).

The Group is pleased to note actions being taken by governments to open airspace and many operations will resume today.

Convertible bond issue

Following the successful issue in October 2009, TUI Travel intends to offer approximately £350 million of senior unsecured convertible bonds due 2017 (the "Convertible Bonds") to investors (the "Offering") which will be convertible into fully paid ordinary shares of TUI Travel (the "Shares").

It is TUI Travel's intention that eligible existing institutional shareholders will be given the opportunity to take up their pro rata allocation as part of the bookbuilding process if they so wish.

TUI AG, the Group's majority shareholder which holds or controls 54.9 per cent of the outstanding issued Shares in TUI Travel, will participate in the Offering to prevent potential dilution of its majority shareholding by subscribing for 50 per cent of the Convertible Bonds on offer at the issue price. Furthermore, TUI AG intends subsequently to convert the Bonds it holds at the same time, and in the same proportion as any third party conversions to prevent dilution. On this basis, TUI AG has agreed to waive its right under the Relationship Agreement of June 2007 to be offered new Shares to protect it from the potential dilution of its shareholding through the issue of the Convertible Bonds.

At the target issue size of £350 million, the Convertible Bonds will be convertible into approximately 8 per cent of the outstanding issued share capital of TUI Travel.

Summary of the expected key terms:

Size	c. £350m
Maturity	April 2017
Coupon	4.75 to 5.5 per cent
Conversion Premium	30 to 35 per cent above reference share price
Investor Put Option	5.5 years
Issuer Call Option	After 4 years subject to 130 per cent trigger ¹
Dividend Protection	Partial

¹ of conversion price

Additional bank facilities

TUI Travel has received commitments to provide additional revolving credit facilities of £150 million, maturing in June 2012. The interest cost on the facilities is LIBOR plus 275 basis points on drawn amounts. TUI Travel's available revolving credit facilities now total £1,060 million.

Repayment schedule of the shareholder loan

The repayment of the shareholder loan from TUI AG was re-scheduled on 29 September 2009. The shareholder loan currently amounts to approximately £600 million and is due for repayment in two further instalments, one of approximately £450 million on 1 December 2010 and the final balance on 30 April 2011.

Acquisition strategy

The financing announced today leaves the Group well placed to build on its successful acquisition track record. Our acquisition strategy is focused on 'bolt-on' acquisitions of high growth, high margin businesses in the specialist sectors, strengthening our existing emerging markets presence and on value-added mainstream acquisitions, such as consolidation of fragmented markets. In the specialist sectors, we are currently seeing opportunities to consolidate our position in the UK student segment and in global cruise destination services.

Since the creation of TUI Travel in September 2007 we have spent c.£210 million on 45 acquisitions and joint ventures and we currently have a strong pipeline of attractive opportunities totalling over £100 million.

Enquiries:**TUI Travel**

Paul Bowtell, Chief Financial Officer	+44 (0) 1293 645 713
Andy Jones, Director of Finance & Investor Relations	+44 (0) 1293 645 795
Paul Rushton, Head of Investor Relations	+44 (0) 1293 645 795
Lesley Allan, Corporate Communications Director	+44 (0) 1293 645 773

Deutsche Bank

Simon Roue / Charles Wilkinson / Mumtaz Naseem	+44 (0) 207 545 8000
--	----------------------

RBS Hoare Govett

Julian Hall / Neil Collingridge / Hugo Fisher	+44 (0) 207 678 8000
---	----------------------

Lazard

Nicholas Shott / Cyrus Kapadia / Vasco Litchfield	+44 (0) 207 187 2000
---	----------------------

Barclays Capital

Simon Ollerenshaw / Nick Smith / Axel Huck	+44 (0) 207 623 2323
--	----------------------

Citibank

Ken Robins / Melvin Goergen	+44 (0) 207 986 3366
-----------------------------	----------------------

Commerzbank

Zaheen Osman / Jens Giersberg	+44 (0) 207 475 0520
-------------------------------	----------------------

ING

Kim Balt / Bart Jan Le Noble / Nigel van Putten	+31 20 563 8979
---	-----------------

Hudson Sandler

Michael Sandler / Kate Hough	+44 (0) 207 796 4133
------------------------------	----------------------

Further information on the Convertible Bonds

The Convertible Bonds will be issued at 100 per cent of their principal amount and unless previously redeemed, converted or purchased and cancelled, will mature on the seventh anniversary of the issue of the Convertible Bonds in 2017. TUI Travel will have the option to call the Convertible Bonds after four years from issuance at their principal amount, together with accrued interest, if the market price of the Shares deliverable on conversion of the Convertible Bonds would exceed 130 per cent of the principal amount of the Convertible Bonds over a specified period.

Holder will have the option to require TUI Travel to redeem the Convertible Bonds at their principal amount, together with accrued interest, on the day falling 5½ years from issuance.

The final size and final terms of the Offering will be determined at the time of pricing (expected to be later today), with closing and settlement expected on or about 27 April 2010.

The Convertible Bond issue is subject to an increase option of up to £50 million in line with common market practice and is targeting institutional investors outside, inter alia, the United States.

The Convertible Bonds are expected to carry a coupon of between 4.75 and 5.5 per cent per annum payable semi-annually in arrear, and the conversion price is expected to be set at a premium of between 30 and 35 per cent to the volume weighted average price of the Shares from launch to pricing.

A partial dividend protection schedule will be in place based on a 2010 full year dividend of 11.0 pence per annum plus growth of 5 per cent per annum thereafter for the remainder of the term of the Convertible Bonds.

TUI Travel has appointed Deutsche Bank AG, London Branch, RBS Hoare Govett Limited, Barclays Bank PLC, Citigroup Global Markets Limited, Commerzbank AG and ING Bank N.V. as joint bookrunners (the "Joint Bookrunners").

Deutsche Bank and Lazard acted as TUI Travel's financial advisors on this transaction.

Application will be made for the Convertible Bonds to be admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the Professional Securities Market of the London Stock Exchange.

General information

THIS ANNOUNCEMENT IS NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR TO OR FOR THE ACCOUNT OF U.S. PERSONS (EACH AS DEFINED IN REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED ("REGULATION S"). THIS ANNOUNCEMENT IS NOT AN OFFER TO SELL SECURITIES OR THE SOLICITATION OF ANY OFFER TO BUY CONVERTIBLE BONDS, NOR SHALL THERE BE ANY OFFER OF CONVERTIBLE BONDS IN ANY JURISDICTION IN WHICH SUCH OFFER OR SALE WOULD BE UNLAWFUL. THE CONVERTIBLE BONDS OR OTHER SECURITIES MENTIONED IN THIS ANNOUNCEMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED IN THE UNITED STATES UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO OR FOR THE ACCOUNT OF U.S. PERSONS (EACH AS DEFINED IN REGULATION S) ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. THERE WILL BE NO PUBLIC OFFER OF THE CONVERTIBLE BONDS IN THE UNITED STATES. IN ADDITION, THE CONVERTIBLE BONDS ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS AND MAY NOT BE SOLD TO U.S. PERSONS.

THIS ANNOUNCEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY CONVERTIBLE BONDS.

THIS ANNOUNCEMENT IS DIRECTED AT AND IS ONLY BEING DISTRIBUTED IN THE UNITED KINGDOM TO (I) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER"), (II) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED FALLING WITHIN ARTICLE 49 OF THE ORDER, AND (III) PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS ANNOUNCEMENT MUST NOT BE READ, ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH

RELEVANT PERSONS. BY READING THIS ANNOUNCEMENT, THE READER ACKNOWLEDGES THAT IT IS A PERSON EITHER (I) OUTSIDE THE UNITED KINGDOM OR (II) FALLING WITHIN ONE OF THE FOREGOING CATEGORIES.

IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA ("EEA"), THIS ANNOUNCEMENT AND ANY OFFER IF MADE SUBSEQUENTLY IS DIRECTED ONLY AT PERSONS WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE DIRECTIVE 2003/71/EC (THE "PROSPECTUS DIRECTIVE") ("QUALIFIED INVESTORS") AND PURSUANT TO THE RELEVANT IMPLEMENTING RULES AND REGULATIONS ADOPTED BY EACH RELEVANT MEMBER STATE. ANY PERSON IN THE EEA OTHER THAN THE UNITED KINGDOM WHO ACQUIRES THE CONVERTIBLE BONDS IN ANY OFFER (AN "INVESTOR") OR TO WHOM ANY OFFER OF CONVERTIBLE BONDS IS MADE WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A "QUALIFIED INVESTOR", (AS DEFINED ABOVE). ANY INVESTOR WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT (I) ANY CONVERTIBLE BONDS ACQUIRED BY IT IN THE OFFER HAVE NOT BEEN ACQUIRED ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS, OR PERSONS IN THE UK AND OTHER MEMBER STATES (WHERE EQUIVALENT LEGISLATION EXISTS) FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS AND (II) THE CONVERTIBLE BONDS HAVE NOT BEEN ACQUIRED WITH A VIEW TO THEIR OFFER OR RESALE IN THE EEA TO PERSONS WHERE THIS WOULD RESULT IN A REQUIREMENT FOR PUBLICATION BY TUI TRAVEL OR THE JOINT BOOKRUNNERS OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE. TUI TRAVEL, THE JOINT BOOKRUNNERS AND ANY OF THEIR RESPECTIVE AFFILIATES, AND OTHERS, WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS.

THIS ANNOUNCEMENT IS NOT A SUMMARY OF THE OFFERING AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE OFFERING CIRCULAR TO BE PREPARED IN CONNECTION WITH THE OFFERING (THE "OFFERING CIRCULAR"). THIS ANNOUNCEMENT DOES NOT PURPORT TO IDENTIFY OR SUGGEST THE RISKS (DIRECT OR INDIRECT) WHICH MAY BE ASSOCIATED WITH AN INVESTMENT IN THE CONVERTIBLE BONDS. EACH INVESTOR SHOULD READ THE OFFERING CIRCULAR FOR MORE COMPLETE INFORMATION REGARDING THE CONVERTIBLE BONDS BEFORE MAKING AN INVESTMENT DECISION.

THE JOINT BOOKRUNNERS ARE ACTING ON BEHALF OF TUI TRAVEL AND NO ONE ELSE IN CONNECTION WITH THE CONVERTIBLE BONDS AND WILL NOT BE RESPONSIBLE TO ANY OTHER PERSON FOR PROVIDING THE PROTECTIONS AFFORDED TO CLIENTS OF THE JOINTBOOKRUNNERS, OR FOR PROVIDING ADVICE IN RELATION TO THE CONVERTIBLE BONDS.

NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IS OR WILL BE MADE AS TO, OR IN RELATION TO, AND NO RESPONSIBILITY OR LIABILITY IS OR WILL BE ACCEPTED BY THE JOINT BOOKRUNNERS, OR BY ANY OF THEIR AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS AS TO OR IN RELATION TO THE ACCURACY, COMPLETENESS OR VERIFICATION OF THIS ANNOUNCEMENT, THE OFFERING CIRCULAR, PUBLICLY AVAILABLE INFORMATION ON TUI TRAVEL OR ANY OTHER WRITTEN OR ORAL INFORMATION MADE AVAILABLE TO ANY INTERESTED PARTY OR ITS ADVISERS AND ANY LIABILITY THEREFOR IS HEREBY EXPRESSLY DISCLAIMED.

IN CONNECTION WITH THE OFFERING, THE JOINT BOOKRUNNERS AND THEIR RESPECTIVE AFFILIATES MAY, FOR THEIR OWN ACCOUNT, ENTER INTO ASSET SWAPS, CREDIT DERIVATIVES OR OTHER DERIVATIVE TRANSACTIONS RELATING TO THE CONVERTIBLE BONDS AND/OR THE UNDERLYING ORDINARY SHARES AT THE SAME TIME AS THE OFFER AND SALE OF THE CONVERTIBLE BONDS OR IN SECONDARY MARKET TRANSACTIONS. THE JOINT BOOKRUNNERS AND ANY OF THEIR RESPECTIVE AFFILIATES MAY FROM TIME TO TIME HOLD LONG OR SHORT POSITIONS IN OR BUY AND SELL SUCH SECURITIES OR DERIVATIVES OR THE

UNDERLYING ORDINARY SHARES. NO DISCLOSURE WILL BE MADE OF ANY SUCH POSITIONS OTHER THAN AS REQUIRED BY APPLICABLE LAWS AND DIRECTIVES.

IN CONNECTION WITH THE OFFERING, THE JOINT BOOKRUNNERS AND ANY OF THEIR RESPECTIVE AFFILIATES ACTING AS AN INVESTOR FOR THEIR OWN ACCOUNT MAY TAKE UP CONVERTIBLE BONDS OR THE UNDERLYING ORDINARY SHARES AND IN THAT CAPACITY MAY RETAIN, PURCHASE OR SELL FOR THEIR OWN ACCOUNT SUCH SECURITIES AND ANY SECURITIES OF TUI TRAVEL OR ANY RELATED INVESTMENTS AND MAY OFFER OR SELL SUCH SECURITIES OR OTHER INVESTMENTS OTHERWISE THAN IN CONNECTION WITH THE OFFERING. THE JOINT BOOKRUNNERS DO NOT INTEND TO DISCLOSE THE EXTENT OF ANY SUCH INVESTMENT OR TRANSACTIONS OTHERWISE THAN IN ACCORDANCE WITH ANY LEGAL OR REGULATORY OBLIGATION TO DO SO.