

TUI Deutschland optimises its distribution and production structures

Hanover, 14 June 2006. TUI aims to enhance the efficiency of its distribution and production structure in order to further boost its competitiveness in Germany and thus expand its market leadership. The key measure involved is the merger of its tour operation and distribution activities into a single powerful marketing entity. In future, all high-volume brands (TUI, 1-2-FLY and Airtours) as well as distribution will be operated under one central organisation. Therefore,, a legal merger of the 1-2-FLY, Airtours International and TUI Leisure Travel Management companies will take place 'Both the planning, production, control and marketing of all brands will then be managed by one single management body. This will enable us to leverage synergies, respond significantly faster to market changes and offer the market even more selective products', says Dr Volker Böttcher, head of TUI Deutschland.

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Up to 400 jobs will be cut in the framework of the new structure. The first stage of the personnel reduction scheme will largely affect the top and middle management levels at TUI Deutschland GmbH. The job losses are intended to be effected in a socially compatible way. As Böttcher points out: 'We will identify further synergy potential following the completion of the merger. At the end of the process, the entire organisation will be considerably leaner and more efficient. This will make us more powerful and will put us in a position to meet the challenges of the future'.

TUI had already started to launch the strategic restructuring of its business in Germany at the beginning of the year. 'The measures now initiated in Germany are part of our Group-wide cost reduction and efficiency enhancement programme in TUI AG's tourism division', emphasizes TUI's CEO Dr Michael Frenzel. Following an optimisation of business processes in the UK market in 2005, TUI now focuses on its business in Germany, as had already been announced at the Annual General Meeting in early May. Frenzel: 'By 2008, the progressive implementation of the entire set of measures will result in total efficiency and cost improvements worth around 210 million euros for the Group, including around 50 million euros generated in the German market'.

In future, the management of TUI Deutschland will comprise three members. Dr Volker Böttcher, the head of TUI Deutschland, will be in charge of the high-volume

business (traditional sun & beach holidays). Henrik Homan, the head of finance TUI Deutschland, will also be in charge of the specialty business (long-haul tours, city breaks, self-drive tours, self-catering holidays). Christoph Müller will continue to be in charge of the airline business in the source market. In addition, the operative business will be managed by four operational heads. The purchasing, product and brochure production operations will be managed by Ralf Horter.

Dr Ingo Burmester will be in charge of pricing, control and marketing, besides his functions at Hapagfly. Hasso von Düring will be in charge of all distribution operations in Germany. These three managers will directly report to Dr Volker Böttcher. The activities in the so-called specialty business will be managed by Kirsten Feld-Türkis, who will directly report to Henrik Homan. TUI AG's two German airlines will continue to be managed by Christoph Müller (Hapagfly) and Roland Keppler (Hapag-Lloyd Express), as before.

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