

2007 – A successful year. Positive development in the core businesses. Tourism boosted by the formation of TUI Travel PLC. Significant performance increase in container shipping.

2007 – the year that was

Positive development in the core businesses

Both divisions of the Group, tourism and shipping, developed positive by during the last financial year. Following a slow start in the first half of the year, tourism achieved a year-on-year increase in operating earnings due to a favourable performance in the third and fourth quarters. Business developments in the second half of 2007 reflected the continued recovery of the tourism markets. Following the difficulties experienced in 2006, shipping also recorded a significant improvement in earnings in 2007, benefiting from the realisation of synergies from the completion of the integration of CP Ships, the container line acquired in 2005, and the considerable recovery in freight rates in the second half of the year 2007.

At € 15.6 billion, turnover by the tourism division was 11.0% up year-on-year. Underlying earnings adjusted for one-off effects (underlying EBITA by division) grew by 13.7% to € 449 million. At € 6.2 billion turnover in the shipping division fell slightly short of 2006 levels due to exchange rate movements, while underlying earnings rose by 120.5% to € 197 million.

The turnover by the continuing operations comprises the core businesses tourism and shipping as well as central operations. It increased overall by 6.6% to € 21.9 billion. Underlying earnings adjusted for one-off effects (underlying EBITA by division) climbed 47.2% to € 616 million.

Merger between the TUI Group's tourism division and the British First Choice Holidays PLC

On 19 March 2007, TUI AG announced the merger between TUI's tourism division – excluding the hotel companies pooled under TUI Hotels & Resorts – and First Choice Holidays PLC to form TUI Travel PLC. Following the approval of the merger by the EU Commission on 4 June 2007, the prospectus of TUI Travel PLC was published on 29 June 2007. On 25 July 2007, the shareholders of First Choice Holidays PLC approved the merger, which was therefore completed on 3 September 2007 with the listing and the first trading day of TUI Travel PLC shares at the London Stock Exchange. The new company is based in the UK. At 51 per cent, TUI AG held at the balance sheet date the majority of shares in the company. TUI Travel PLC is fully comprised in TUI AG's consolidated financial statements.

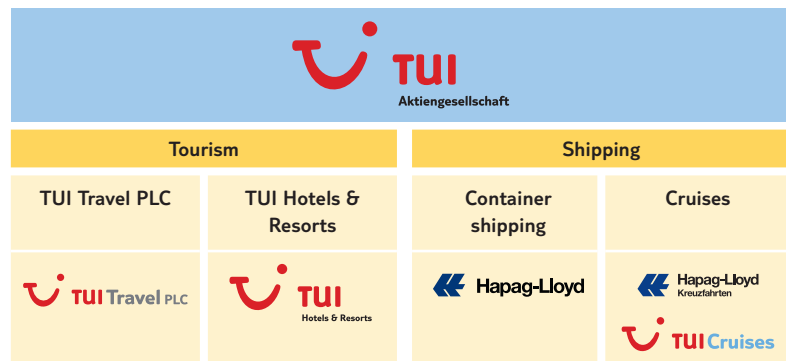
The TUI Group expects the merger to generate sustainable annual synergies worth GBP 150 million. Given the further expansion of the market leading position in the Mainstream Holidays Sector and at the same time the

strengthening of the high-margin specialist business, the new TUI Travel PLC has additionally expanded the Group's tourism division.

Expansion of cruise activities

The Letter of Intent to form TUI Cruises, in which TUI AG and Royal Caribbean Cruises Ltd. will each hold a 50 per cent interest, paved the way for entry into the German volume market for premium cruises in the 2007 financial year. The formation of the new company, TUI Cruises, is still subject to approval by the competent anti-trust authorities. TUI Cruises will begin service with one ship in 2009. With one new build per year planned for 2011 and 2012, the fleet will continue to grow.

Group structure



Following the completion in 2006 of the realignment of TUI as a pure services group embracing the two pillars tourism and shipping, the tourism was further supported in the completed 2007 financial year with the acquisition of First Choice Holidays PLC. The tourism division consists of TUI Travel PLC and TUI Hotels & Resorts. The shipping division consists of container shipping and cruise operations. Tourism and shipping, the core businesses, continue to account for around 70% and 30%, respectively, of Group turnover.

TUI AG

TUI AG is the Group's parent company headquartered in Hanover. Via its affiliates, it holds direct or indirect interests – usually majority-interests – in the main Group companies conducting the Group's operative business in the individual countries. Overall, TUI AG's group of consolidated companies comprised 729 direct and indirect subsidiaries at the balance sheet date, 46 of which were based in Germany and 683 abroad. A further 17 associated companies and 33 joint ventures were included in TUI AG's consolidated financial statements on the basis of at equity measurement.

Group parent company

Organisation and management

TUI AG is a stock corporation under German law, whose basic principle is dual management by two boards, the Executive Board and the Supervisory Board. The Executive and Supervisory Boards cooperate closely on a basis of trust in controlling and monitoring the Company. The Executive Board is responsible for the overall management of the Company.