

Other Notes

Significant transactions after the balance sheet date

In mid-January 2008, TUI AG issued a financing scheme with a nominal volume of € 450.0 million maturing in 2013, which was structured by Deutsche Bank in the framework of an exchangeable bond. To this end, TUI AG sold 10.7% of its shares in TUI Travel PLC to Deutsche Bank, which in turn transferred these shares to Nero Finance. Nero Finance, which TUI AG does not hold a stake in, issued an exchangeable bond with cash compensation option and an annual interest coupon of 4.5%, with a conversion option to convert into TUI Travel PLC shares. At the same time, TUI AG and Deutsche Bank or Nero Finance concluded an agreement according to which Nero Finance committed to exercise the voting rights from the shares held in accordance with the instructions given by TUI AG. TUI AG will also continue to obtain the economic benefit of the dividends of TUI Travel PLC received in connection with the shares held by Nero Finance. If the holders of the exchangeable bonds do not exercise their conversion rights, TUI AG will be obliged to repurchase TUI Travel PLC shares at the nominal value of the bond at the end of the term. If the holders exercise their conversion rights, TUI AG will be entitled to repurchase TUI Travel PLC shares at market value at the end of the term, using the cash compensation option. TUI AG continues to hold control over its subsidiary TUI Travel PLC.

Apart from these transactions, no further material transactions were resolved, initiated or implemented in the post-balance sheet period under review, i.e. the period between balance sheet date and the granting of the unqualified auditing certificate by the auditors (3 March 2008).

Services of the auditors of the consolidated financial statements

Total expenses of € 5.0 million were carried for the professional services provided by the auditors of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft. Of this total, € 2.7 million related to audits, € 2.2 million to other attestation or measurement services and € 0.1 million to other services provided for TUI AG or its subsidiaries. The increase of audit expenses of € 2.2 million is mainly due to additional deligatory audits of the shortened business year caused by the legal restructuring of the German tourism companies in relation to the formation of TUI Travel PLC.

Remuneration of Executive and Supervisory Board members

In the financial year under review, total remuneration paid to Board members totalled € 16,391.7 thousand (previous year: € 7,368.0 thousand).

In the framework of the long-term incentive programme, the Board members received a remuneration of € 1,164.1 thousand (previous year: € 17.0 thousand) for the financial year under review. The amount paid in the previous year was translated into 963 phantom stocks in TUI AG in March 2007. The remuneration granted for 2007 will be translated into phantom stocks at the Supervisory Board meeting in March 2008.

Pension provisions for active Executive Board members totalled € 19,929 thousand as at the balance sheet date (previous year: € 20,663 thousand).

Total remuneration for Supervisory Board members in the financial year under review amounted to € 2,838.5 thousand (previous year: € 1,939.2 thousand). Remuneration for former Executive Board members or their surviving dependants totalled € 7,011 thousand in the financial year under review, including one-off severance pay of € 777 thousand (previous year: € 5,652 thousand). Pension obligations for former Executive Board members and their surviving dependants amounted to € 34,780 thousand (previous year: € 47,811 thousand) in the financial year under review.

Disclosures of the relevant amounts for individual Board members and further details are provided in the remuneration report included in the management report.

Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintained indirect or direct relationships with related parties. Related parties controlled by the TUI Group or over which the TUI Group is able to exercise a significant influence are listed in the list of shareholdings deposited in the electronic Federal Gazette (www.ebanz.de). Apart from pure equity investments, related parties also included companies that supplied goods or provided services for TUI Group companies.

Transactions with related parties (excl. key management)

€ million	2007	2006
Services provided by the Group		
Management and consultancy services	25.3	30.1
Sales of tourism services	0.0	5.4
Distribution services	7.8	8.2
Other services	49.1	–
Total	82.2	43.7
Services received by the Group		
in the framework of lease, rental and leasing agreements	26.6	30.6
Purchase of hotel services	69.9	119.2
Incoming services	123.9	160.7
Distribution services	0.0	4.2
Container handling and terminal services	59.1	43.4
Other services	11.0	12.0
Total	290.5	370.1

Transactions with related parties (excl. key management)

€ million	2007	2006
Services provided by the Group to		
non-consolidated Group companies	7.8	9.8
joint ventures	10.9	17.9
associated companies	50.4	3.6
other shareholdings	–	–
natural persons	13.1	12.4
Total	82.2	43.7
Services received by the Group from		
non-consolidated Group companies	24.8	24.8
joint ventures	153.1	178.6
associated companies	83.3	102.2
other shareholdings	26.1	57.9
natural persons	3.2	6.6
Total	290.5	370.1

Transactions with associated companies in which shareholdings were held and joint ventures were primarily effected in the tourism segment. They related in particular the tourism services of the incoming agencies and hotel companies used by the Group's tour operators.

All transactions with related parties were executed on an arm's length basis, based on international comparable uncontrolled price methods in accordance with IAS 24 as customary with third parties outside the Group.

Liabilities to related parties did not comprise any liabilities from finance leases, as in 2006. Receivables and liabilities existing as at the balance sheet date were comprised in receivables from and liabilities to non-consolidated Group companies and associated companies.

The income and expenses resulting from equity investments and financing were carried under the financial result for all consolidated companies and presented in the segment report for the individual divisions, together with a separate presentation of the earnings of associated companies by divisions.

As at the balance sheet date, the associated company Riu Hotels S.A. held 5.1% of the shares in TUI AG. Ms Carmen Riu Güell and Mr Abel Matutes Juan were members of TUI's Supervisory Board and indirectly held 5.1% or 2.4%, respectively, of the shares in TUI AG.

In accordance with IAS 24, key management functions within the Group, the Executive Board and the Supervisory Board, were related parties whose remuneration had to be listed separately.

€ million	2007	2006
Short-term employee benefits	16.8	8.8
Post-employment benefits	0.5	2.0
Other long-term employee benefits	1.1	0.5
Termination benefits	0.9	5.3
Share-based payment	1.2	–
Total	20.5	16.6

The benefits upon termination of the employment relationship were current pension costs recognised for active Board members in the respective financial year in the framework of the transfers to pension provisions. In accordance with the Corporate Governance Code, these expenses do not represent remuneration of the Executive Board. Termination benefits included an amount of € 0.1 million for the formation of a provision.