

Report on Subsequent Events

After the completion of the 2007 financial year, the following transactions of special relevance to the TUI Group occurred.

Launch of an exchangeable bond

In mid-January TUI AG launched an equity-linked financing in shares of TUI Travel PLC using part of its stakes. The issue size of the bond will be € 450 million and has a maturity until 2013. TUI entered into contracts with Deutsche Bank and Nero Finance Limited, a non-Group and a Jersey incorporated company. As part of the bond issue, TUI AG sold shares in TUI Travel representing 10.7% of TUI Travel PLC's share capital to Deutsche Bank, which transferred this share block to Nero Finance. Nero Finance issued exchangeable bonds with a cash settlement option with shares in TUI Travel PLC. The bonds will pay a coupon of 4.50% p. a. If the owner of an exchangeable bond do not exercise its exchange rights TUI is obliged to repurchase upon expiration of the five-year term its TUI Travel PLC shares. In exercising the exchange rights TUI is allowed to repurchase with a cash settlement option the TUI Travel PLC shares. Irrespective of the temporary sale of the share block, TUI AG will be entitled to instruct the purchaser of the TUI Travel PLC shares to exercise the vote according to the instructions given by TUI AG under a corresponding binding voting instructions agreement. Accordingly, TUI AG will continue to manage its stake in TUI Travel PLC as before. TUI Travel PLC will thus continue to be fully comprised in TUI's consolidated financial statements.

The funds raised through the equity-linked financing will be used to strengthen TUI AG's financial profile and for general corporate purposes. In connection with this equity-linked financing TUI has canceled a not utilised credit-facility about € 1.0 billion.

Examination of a merger of Hapag-Lloyd AG with TUI AG

At its meeting on 23 January 2008, the Supervisory Board instructed TUI AG's Executive Board to examine strategic options for the further development of the Group. In this context, a potential merger of Hapag-Lloyd into TUI AG will also be examined. First results of the examination are planned to be presented at the Supervisory Board meeting on 17 March 2008.

Merger of Germanwings, Eurowings and TUIfly

On 29 January 2008, TUI Travel PLC signed a memorandum of understanding with Deutsche Lufthansa AG and Albrecht Knauf Industriebeteiligung GmbH concerning the merger of the subsidiaries Hapag-Lloyd Fluggesellschaft mbH, Hapag-Lloyd Express GmbH, Germanwings GmbH and Eurowings Luftverkehrs AG. Following the completion of an audit of the accounts and corresponding detailed negotiations, the activities are planned to be operated under a joint independent holding. The merger will require approval by the relevant bodies of the companies affected and by the anti-trust authorities.