

Corporate Governance Report **Recommendations of the German Corporate Governance Code fully implemented.**

The actions of TUI AG's management and control bodies are determined by the principles of good and responsible corporate governance. In this chapter, the Executive Board – also acting on behalf of the Supervisory Board – provides its report on corporate governance in the Company pursuant to subsection 3.10 of the German Corporate Governance Code.

TUI has consistently based its corporate governance on the recommendations and suggestions of the German Corporate Governance Code. The Executive Board and the Supervisory Board discussed corporate governance issues several times in 2007 and jointly submitted an updated declaration of compliance for 2007 on 8 November 2007, pursuant to section 161 of the German Stock Corporation Act. The declaration was made permanently available to the general public on TUI AG's website.

Declaration of compliance

The declaration of compliance reads as follows:

'In accordance with section 161 of the German Stock Corporation Act, the Executive Board and Supervisory Board of TUI AG hereby declare:

The recommendations of the Government Commission on the German Corporate Governance Code in the version of 12 June 2006, as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette on 24 July 2006, have been and are fully complied with.

TUI AG will additionally fully comply with the recommendations in the currently valid version of 14 June 2007, as published by the Federal Ministry of Justice on 20 July 2007.

In addition, TUI AG also complies with the suggestions set out in the Code, the only exception being the introduction of varying periods of office for the shareholders' representatives in the Supervisory Board, for which no plan exists at present.'

We consider maintenance of uniform periods of office to be useful in order to guarantee the continuity of the work of the Supervisory Board.

Cooperation between the Executive Board and the Supervisory Board

TUI AG is a company under German law, which also forms the basis of the German Corporate Governance Code. One of the fundamental principles of German stock corporation law is the dual management system involving two bodies, the Executive Board and the Supervisory Board, each of which are endowed with independent competences. TUI AG's Executive

The current and all previous declarations of compliance have been made permanently available on the internet at www.tui-group.com

Board and Supervisory Board cooperate closely and in a spirit of trust in managing and controlling the Company.

TUI AG's Executive Board currently comprises six members. They manage the Company's business operations and are jointly accountable for the management of the Company. The allocation of duties and responsibilities to the individual Board members is presented separately in this chapter.

The Supervisory Board advises and supervises the Executive Board in the management of the Company. It is involved in strategic and planning decisions and all decisions of fundamental importance to the Company. In accordance with the terms of reference, decisions taken by the Executive Board on major transactions such as the annual budget, major acquisitions or divestments require the approval of the Supervisory Board. The chairman of the Supervisory Board coordinates the work in the Supervisory Board, chairs its meetings and externally represents the concerns of the body.

The Executive Board provides the Supervisory Board with comprehensive up-to-date information at regular meetings and in writing about the budget, the development of business, the situation of the Group, including risk management, and compliance. An extraordinary Supervisory Board meeting may be convened if required when events of particular relevance occur. The Supervisory Board has adopted terms of reference governing its work. In the run-up to the Supervisory Board meetings, the representatives of shareholders and employees meet separately, when necessary.

In accordance with the German Co-determination Act and the Articles of Association, TUI AG's Supervisory Board comprises twenty members, with ten representatives elected by the shareholders and ten by the employees for an identical period of office. There is no plan at present to introduce different periods of office for the shareholders' representatives. In accordance with the new recommendations of the German Corporate Governance Code, the shareholders' representatives were elected individually in the last elections to the Supervisory Board at the AGM on 10 May 2006. The Supervisory Board does not comprise any former Executive Board members. The body comprises a sufficient number of independent members not maintaining any personal or business relationship with the Company or its Executive Board. The Supervisory Board has been elected for a period of five years that will expire at the end of the 2011 Annual General Meeting.

The Supervisory Board has established three committees from among its members: the Presiding Committee, the Audit Committee and the Nomination Committee, which prepare and complement its work. The Presiding and Audit Committee have six members each, with an equal number of shareholder and employee representatives. Based on his practical professional experience, the chairman of the Audit Committee has special knowledge and experience in the application of accounting principles and internal control methods. The newly formed Nomination Committee exclusively comprises shareholder representatives in accordance with the Corporate Governance Code. Its task is to suggest suitable candidates to the Super-

visory Board for its suggestions to the Annual General Meeting. There is no plan at present to establish any further committees.

The Executive and Supervisory Board members are obliged to act in TUI AG's best interests. In the completed financial year there were no conflicts of interest requiring immediate disclosure to the Supervisory Board. None of the Executive Board members of TUI AG sat on more than five Supervisory Boards of listed non-Group companies.

*For the Remuneration Report
see the separate chapter
in the Management Report*

TUI AG complies with the recommendations of the German Corporate Governance Code to provide details of the remuneration of each individual member of the Executive Board and Supervisory Board. The principles of the remuneration systems and remuneration amounts are outlined in the 'Remuneration Report' which is part of the management report.

Shareholders and Annual General Meeting

TUI AG shareholders exercise their co-determination and control rights at the Annual General Meeting. The AGM takes decisions on all statutory matters that are binding on all shareholders and the Company. For voting on resolutions, each share confers one vote.

All shareholders registering in due time are entitled to participate in the AGM. Shareholders who are not able to attend the AGM in person are entitled to have their voting rights exercised by a proxy of their own choosing or by a representative provided by TUI AG and acting on their behalf in accordance with their instructions. Since the 2006 Annual General Meeting, shareholders have also had the opportunity of voting per internet in the run-up to the AGM or authorising the representative provided by the Company on the web.

The invitation to the AGM and the reports and documents required for voting are published in accordance with the provisions of the German Stock Corporation Act and provided in German and English on TUI AG's website. During the AGM the presentations given by the chairman of the Supervisory Board and the Executive Board are transmitted live by the internet.

Risk management

Good corporate governance entails the responsible handling of commercial risks. The Executive Board of TUI AG and the management of the TUI Group use comprehensive general and company-specific reporting and monitoring systems to identify, assess and manage these risks. These systems are continually developed, adjusted to match changes in overall conditions and reviewed by the auditors. More detailed information about 'Risk Management' in the TUI Group is presented in the relevant chapter of the management report.

Transparency

TUI provides immediate, regular and up-to-date information about the Group's economic situation and new developments to capital market participants and the interested public. The annual report and the interim

reports are published within the applicable time-frames. The Company publishes press releases and ad hoc releases, if required, on topical events and any new developments. All information is published simultaneously in German and English and is available in print as well as by appropriate electronic media such as e-mail or the internet. Moreover, the company website at www.tui-group.com provides comprehensive information on the TUI Group and the TUI share.

The scheduled dates for the main regular events and publications – such as AGM, annual report and interim reports – are set out in a financial calendar. They are published well in advance and made permanently accessible to the public on TUI AG's website.

Directors' dealings

The Company was informed of notifiable purchase and sales transactions of shares in TUI AG or related financial instruments by two Supervisory Board members in 2007.

At the end of the 2007 financial year, the number of shares in TUI AG directly or indirectly held by members of the Executive Board and Supervisory Board exceeded 1%, the limit fixed for individually notifiable share ownership, for two Supervisory Board members. Executive Board members held a total of 2,715 shares, Supervisory Board members held 18,787,142 shares. Of these shares, Ms Carmen Riu Güell (indirectly) held 12,768,000 shares, Mr Abel Matutes Juan (indirectly) held 6,006,000 shares and the remaining Supervisory Board members held 13,142 shares.

Accounting and auditing

TUI AG prepares its consolidated financial statements in accordance with the provisions of the International Accounting Standards Board (IASB) and regularly publishes interim reports, also in accordance with the relevant provisions of the IASB. The annual financial statements of TUI AG are prepared in accordance with the German Commercial Code (HGB).

The consolidated financial statements and the financial statements of TUI AG were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hanover, the auditors elected by the 2007 AGM. The audit was based on German auditing rules, taking account of the generally accepted auditing standards issued by the German Auditors' Institute as well as the International Standards on Auditing. It also covered risk management and compliance with reporting requirements concerning corporate governance pursuant to section 161 of the German Stock Corporation Act. In addition, a contractual agreement was concluded with the auditors to the effect that the auditors will immediately inform the Supervisory Board of any grounds for disqualification or partiality occurring during the audit as well as of all findings or events of importance arising during the performance of the audit. In the course of the audit for the 2007 financial year there was no reason to provide such information.

Supervisory Board

Annex to the Notes

Members of the Supervisory Board

Dr. Jürgen Krumnow

Chairman
ex. Member of the Executive Board
of Deutsche Bank AG
Frankfurt/Main

Jan Kahmann

Deputy Chairman
ex. Member of the Federal Executive Board
of ver.di – Vereinte Dienstleistungs-
gewerkschaft
Berlin

Andreas Barczewski

Aircraft captain
Hanover

Jean-Claude Baumgarten

President of the
World Travel & Tourism Council
London

Jella Susanne Benner-Heinacher

Solicitor
Managing Director of Deutsche
Schutzvereinigung für Wertpapierbesitz e.V.
Düsseldorf

Sepp Dieter Heckmann

Chairman of the Executive Board
of Deutsche Messe AG
Hanover

Frank Jakobi

Travel agent
Hamburg
(since 15 August 2007)

Uwe Klein

Clerk
Hamburg

Christian Kuhn

Travel agent
Hanover
(until 31 December 2007)

Dr. Dietmar Kuhnt

ex. Chairman of the Executive Board
of RWE AG
Essen

Roberto López Abad

Chief Executive of Caja de Ahorros
del Mediterráneo
Alicante

Dieter Lübkemann

Shipping agent
Bremen

Dr. h.c. Abel Matutes Juan

Chairman of Fiesta Hotels & Resorts
Ibiza

Petra Oechtering

Travel agent
Cologne
(until 15 August 2007)

Carmen Riu Güell

Entrepreneur
Playa de Palma

Hans-Dieter Rüter

Aircraft engineer
Langenhagen
(since 17 January 2008)

Dr. Manfred Schneider

Chairman of the Supervisory Board
of Bayer AG
Leverkusen

Roland Schneider

Business Economist
Barsinghausen

Ilona Schulz-Müller

Representative for equality
in the Federal Executive Board
of ver.di – Vereinte Dienstleistungs-
gewerkschaft
Berlin

Olaf Seifert

Head of the Group Controlling Department
of TUI AG
Hanover

Henry Sieb

Federal Group Leader Travel of ver.di
– Vereinte Dienstleistungsgewerkschaft
Berlin

Dr. Franz Vranitzky

Chancellor (retrd.) of the Republic
of Austria
Vienna

as of 29 February 2008

Committees of the Supervisory Board

Members of the Presiding Committee

Dr. Jürgen Krumnow

ex. Member of the Executive Board of Deutsche Bank AG
Frankfurt/Main

Jan Kahmann

ex. Member of the Federal Executive Board of ver.di – Vereinte Dienstleistungsgewerkschaft
Berlin

Uwe Klein

Clerk
Hamburg

Petra Oechtering

Travel agent
Cologne
(until 15 August 2007)

Carmen Riu Güell

Entrepreneur
Playa de Palma

Roland Schneider

Business Economist
Barsinghausen
(since 1 September 2007)

Dr. Franz Vranitzky

Chancellor (retrd.) of the Republic of Austria
Vienna

Members of the Audit Committee

Dr. Dietmar Kuhnt

Chairman
ex. Chairman of the Executive Board of RWE AG
Essen

Dr. Jürgen Krumnow

ex. Member of the Executive Board of Deutsche Bank AG
Frankfurt/Main

Uwe Klein

Clerk
Hamburg

Dr. Manfred Schneider

Chairman of the Supervisory Board of Bayer AG
Leverkusen

Ilona Schulz-Müller

Representative for equality in the Federal Executive Board of ver.di – Vereinte Dienstleistungsgewerkschaft
Berlin

Olaf Seifert

Head of the Group Controlling Department of TUI AG
Hanover

Member of the Nomination Committee

Dr. Jürgen Krumnow

ex. Member of the Executive Board of Deutsche Bank AG
Frankfurt/Main

Carmen Riu Güell

Entrepreneur
Playa de Palma

Dr. Franz Vranitzky

Chancellor (retrd.) of the Republic of Austria
Vienna

Supervisory Board

Annex to the Notes

Other Board memberships of the Supervisory Board*)

Dr. Jürgen Krumnow

(Chairman)

- a) Deutsche Bahn AG
Hapag-Lloyd AG
Lenze Holding AG²⁾
- b) Peek & Cloppenburg KG

Jan Kahmann

(Deputy Chairman)

- a) Eurogate Beteiligungs-GmbH²⁾

Andreas Barczewski

–

Jean-Claude Baumgarten

–

Jella Susanne Benner-Heinacher

- a) A.S. Création AG
K+S AG

Sepp Dieter Heckmann

- a) Arena Hannover GmbH

Frank Jakobi

–

Uwe Klein

- a) Hapag-Lloyd AG

Christian Kuhn

- a) TUI Deutschland GmbH

Dr. Dietmar Kuhnt

- a) Allianz Versicherungs-AG
BDO Deutsche Warentreuhand AG
Dresdner Bank AG
GEA Group AG
Hapag-Lloyd AG
Hochtief AG
- b) COMSTAR-United TeleSystems

Roberto López Abad

- b) Banco Inversis Net, S.A.
CAM AEGON Holding Financiero S.L.¹⁾
CAMGE Financiera, E.F.C. S.A.,
Unipersonal¹⁾
CAMGE Holdco, S.L.¹⁾
EBN Banco De Negocios, S.A.
Gestión Tributaria Territorial, S.A.¹⁾
Lico Corporación, S.A.²⁾
Lico Leasing S.A. E.F.C.¹⁾
Mediterráneo Vida, S.A. De Seguros Y
Reaseguros, Sociedad Unipersonal¹⁾

Dieter Lübke

- a) Hapag-Lloyd AG

Dr. h.c. Abel Matutes Juan

–

Petra Oechtering

–

Carmen Riu Güell

- b) RIU Hotels, S.A.
RIUSA II, S.A.

Hans-Dieter Rüter

–

Dr. Manfred Schneider

- a) Bayer AG¹⁾
Daimler AG
Linde AG¹⁾
Metro AG
RWE AG

Roland Schneider

–

Ilona Schulz-Müller

–

Olaf Seifert

- a) TUI España Turismo S.A.
TUI Hellas Travel and Tourism A.E.

Henry Sieb

- a) TUI Deutschland GmbH²⁾
TUI Leisure Travel GmbH

Dr. Franz Vranitzky

- b) Magna International Corp.

*) Information refers to 31 December 2007 or date of resignation from the Supervisory Board of TUI AG in 2007

¹⁾ Chairman

²⁾ Deputy Chairman

a) Membership in Supervisory Boards required by law

b) Membership in comparable Boards of domestic and foreign companies

Executive Board

Annex to the Notes

Executive Board of TUI AG

Dr. Michael Frenzel
Chairman

Horst Baier
Controlling
(since 9 November 2007)

Michael Behrendt
Shipping

Dr. Peter Engelen
Human Resources and Legal Affairs

Rainer Feuerhake
Finance

Peter Long
Tourism
(since 3 September 2007)

Christoph R. Mueller
Controlling
(until 3 September 2007)

Peter Rothwell
Tourism
(until 8 November 2007)

Other board memberships of the Executive Board*)

Dr. Michael Frenzel
(Chairman)

a) AWD Holding AG
AXA Konzern AG
Continental AG
E.ON Energie AG
Hapag-Lloyd AG¹⁾
Hapag-Lloyd Fluggesellschaft mbH¹⁾
TUI Deutschland GmbH¹⁾
Volkswagen AG

b) Norddeutsche Landesbank
Preussag North America, Inc.¹⁾
TUI China Travel Co. Ltd.
TUI Travel PLC¹⁾

Horst Baier

a) Hapag-Lloyd AG
TUI Deutschland GmbH
TUI Leisure Travel GmbH

b) Grupotel Dos S.A.
Magic Life Assets AG
RIUSA II S.A.¹⁾
TUI Holding Spain S.L.

Michael Behrendt

a) Barmenia Allgemeine Versicherungs-AG
Barmenia Krankenversicherung a.G.²⁾
Barmenia Lebensversicherung a.G.²⁾
ESSO Deutschland GmbH
ExxonMobil Central Europe Holding GmbH
Hamburgische Staatsoper GmbH
MAN AG

b) CP Ships Ltd.¹⁾

Dr. Peter Engelen

a) Hapag-Lloyd Fluggesellschaft mbH
TUI Deutschland GmbH
TUI Leisure Travel GmbH

b) TUI China Travel Co. Ltd.

Rainer Feuerhake

a) Hapag-Lloyd AG
Hapag-Lloyd Fluggesellschaft mbH
TUI Deutschland GmbH

b) Amalgamated Metal Corporation PLC
Preussag North America, Inc.
TUI España Turismo S.A.
TUI InfoTec GmbH
TUI Travel PLC

Peter Long

a) –

b) Debenhams PLC
First Choice Airways Ltd.¹⁾
First Choice Holidays&Flights Ltd.
First Choice Holidays PLC
Rentokil Initial PLC
StudentCity.com, Inc.
Sunshine Cruises Ltd.

Christoph R. Mueller

a) Hapag-Lloyd AG
Hapag-Lloyd Fluggesellschaft mbH
TUI Deutschland GmbH

b) Jetair N.V.
Sonata Software Ltd.
TUI Belgium N.V.

Peter Rothwell

a) TUI Deutschland GmbH

b) TUI Belgium N.V.
TUI España Turismo S.A.

*) Information refers to 31 December 2007 or date of resignation from the Executive Board of TUI AG in 2007

¹⁾ Chairman
²⁾ Deputy Chairman

a) Membership in Supervisory Boards required by law
b) Membership in comparable Boards of domestic and foreign companies

Report of the Supervisory Board

In the following, the Supervisory Board reports on its activities in the 2007 financial year, in particular the plenary discussions, the work done by the committees, compliance with the Corporate Governance Code, the audit of the financial statements of TUI AG and the Group as well as changes in the membership of the boards of the Company.

Cooperation between the Supervisory Board and the Executive Board

In the 2007 financial year, the Supervisory Board performed its duties in accordance with the law and the Articles of Association. It monitored the work of the Executive Board and regularly advised the Board on the management of the Company.

In written and verbal reports, the Executive Board provided regular, timely and comprehensive information to the Supervisory Board, encompassing all relevant information on the planning, the development of business and the position of the Group, including the risk situation, risk management and compliance. Deviations in the development of business from the approved plans were presented, explained and discussed. The Executive Board discussed the strategic focus of the Group and all key transactions of relevance to the Company – in particular the further development of the Group – with the Supervisory Board. The Supervisory Board was involved in all decisions of fundamental relevance to the Company.

Transactions requiring the approval of the Supervisory Board and decisions of fundamental importance were discussed in depth with the Executive Board at Supervisory Board committee meetings prior to a decision being taken. The Supervisory Board was fully informed about specific and particularly urgent plans and projects arising between the regular meetings and, where necessary, submitted its approval in writing. The chairman of the Supervisory Board was regularly informed about current business developments and key transactions in the Company in between Supervisory Board meetings.

Supervisory Board and committees

The Supervisory Board has set up three committees to support its work: the Presiding Committee, the Audit Committee and the Nomination Committee. The Presiding Committee prepares the resolutions and issues to be dealt with by the Supervisory Board. It also fixes the terms and conditions, including the remuneration of the contracts of employment for Executive Board members.

In the 2007 financial year, four regular Supervisory Board meetings were held. The Presiding Committee met four times; the Audit Committee also held four meetings. The Nomination Committee did not meet.

Prior to regular Supervisory Board meetings, the shareholder representatives in the Supervisory Board met three times, and the employees' representatives eight times in separate meetings. No Supervisory Board member attended fewer than half of the Supervisory Board meetings in the completed financial year.

Work of the Presiding Committee

At the meeting on 17 March 2007, convened to adopt the annual financial statements, deliberations mainly focused on the preparation of the items on the agenda for the forthcoming Supervisory Board meeting. The meetings of 11 July 2007 and 9 October 2007 mainly dealt with issues relating to the Executive Board. At the latter meeting, discussions also related to the updated declaration on the German Corporate Governance Code and corporate governance issues concerning the investment in TUI Travel PLC. At the meeting of 8 November 2007, issues relating to the Executive Board were discussed and the forthcoming Supervisory Board meeting was prepared.

Work of the Audit Committee

At its meeting on 17 March 2007, the Audit Committee focused its deliberations on the annual financial statements of TUI AG and the consolidated financial statements for 2006. The committee also discussed its recommendation to the Supervisory Board on the election of the auditors for the 2007 financial year.

At its meeting on 10 May 2007, the Audit Committee dealt with the interim financial statements as per 31 March 2007, the report on the Group's risk situation, policies for the employees of TUI AG and the status of the integration of CP Ships.

One of the key items discussed at the meeting of 8 August 2007 were the interim financial statements for the first half of 2007. In addition, the Audit Committee discussed the main areas to be audited in the annual audit for the 2007 financial year and the establishment of TUI Travel PLC. Moreover, the Audit Committee resolved to invite new tenders for the audit of the financial statements of TUI AG and the Group as per 31 December 2008.

The meeting of 7 November 2007 mainly focused on the interim financial statements as per 30 September 2007. The agenda also covered other issues including the internal control system, in particular Group Internal Auditing activities in the 2007 financial year, the audit plan for 2008 and the report on the organisation of compliance. Discussions also related to the effects of the corporate tax reform on the Group.

Auditor representatives attended all four meetings of the Audit Committee and presented reports on their activities.

Deliberations in the Supervisory Board

The Executive Board's reports and the discussions at Supervisory Board meetings regularly focused on the development of turnover, earnings and employment of the Group and the individual divisions as well as the financial situation and structural development of the Group.

The central issue in the meeting on 18 March 2007, was the debate concerning the acquisition of the First Choice Group and its merger with the tourism entities of the TUI Group. Other major subjects were the reports and deliberations on the annual financial statements as per 31 December 2006, the comparison between budgeted and actual figures for 2006 and the HR and social situation in 2006. The discussions on the annual financial statements were also attended by representatives of the auditors who were available to answer questions. Other items on the agenda for that meeting were the resolution concerning the issue of employee shares and the extension of the authorisation to acquire own shares as well as various amendments to the Articles of Association. The Supervisory Board also dealt with shareholding issues.

The meeting of 16 May 2007 mainly served to prepare for the forthcoming Annual General Meeting and the issuance of a convertible bond.

Deliberations at the meeting of 11 July 2007 focused on matters relating to the Executive Board. In addition, the Executive Board reported on the status of the merger between the tourism division and First Choice Holidays PLC to form TUI Travel PLC. The Supervisory Board also dealt with shareholding issues.

At the meeting of 8 November 2007, deliberations focused on corporate governance issues. In this context, the Supervisory Board adopted the declaration of compliance with the German Corporate Governance Code, resolved necessary amendments to the terms of reference of the Supervisory Board and discussed the efficiency review report. As part of its regular reporting activities, the Executive Board informed the Supervisory Board about shareholding and financing issues. The Supervisory Board also dealt with the future business development of the new TUI Travel PLC in 2008.

Corporate Governance

At the meeting of 8 November 2007, the Executive Board and Supervisory Board discussed an update of the declaration of compliance with the German Corporate Governance Code and issued the joint declaration of compliance pursuant to section 161 of the German Stock Corporation Act. It was made permanently accessible to the public on TUI AG's website. Accordingly, TUI AG complies with all recommendations of the German Corporate Governance Code in its currently applicable version dated 14 June 2007. In accordance with section 3.10 of the Code and also on behalf of the Supervisory Board, the Executive Board reports about corporate governance in a separate section (corporate governance report) of this chapter.

At their meetings, both the Audit Committee and the Supervisory Board dealt with corporate governance issues within the Company, also in particular several times with regard to the investment in TUI Travel PLC. They also

examined the efficiency of their actions. This review was carried out on the basis of a questionnaire. The results of the efficiency review were discussed at the Supervisory Board meeting of 8 November 2007.

Audit of the annual financial statements of TUI AG and the Group

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Hanover, were appointed as the auditors by the Annual General Meeting held on 16 May 2007 and were commissioned by the Supervisory Board. The audit covered the annual financial statements of TUI AG as at 31 December 2007, submitted by the Executive Board and prepared in accordance with the provisions of the German Commercial Code (HGB), as well as the joint management report of TUI AG and the Group and the consolidated financial statements for the 2007 financial year, prepared in accordance with the provisions of the International Accounting Standards Board (IASB) and complemented by the commercial law provisions additionally required pursuant to section 315a subsection 1. The auditors issued their unqualified audit certificate for the annual financial statements of TUI AG and the consolidated financial statements.

The annual financial statements, the management report and the auditors' reports were submitted to all members of the Supervisory Board. They were discussed at the Audit Committee meeting of 14 March 2008 and the Supervisory Board meeting on 17 March 2008, at which representatives of the auditors were present and were available to answer questions. On the basis of its own audit of the annual financial statements of TUI AG and the Group, the joint management report as per 31 December 2007 and the results of the audit, the Supervisory Board approved the annual financial statements prepared by TUI AG, which were thereby adopted, the consolidated financial statements and the Group management report. The Supervisory Board also examined and approved the proposal for the appropriation of the profits for the 2007 financial year submitted by the Executive Board.

Supervisory Board and committee memberships

With effect from 15 August 2007, Ms Petra Oechtering resigned from her office on the Presiding Committee and Supervisory Board of TUI AG. As from that date she has been replaced by Mr Frank Jakobi, elected in person as her substitute on the Supervisory Board. With effect from 1 September 2007, the Supervisory Board elected Mr Roland Schneider as a member of the Presiding Committee. Mr Christian Kuhn resigned from the Supervisory Board of TUI AG as per 31 December 2007. By resolution of the district court of Hanover of 17 January 2008, Mr Hans-Dieter Rüter was appointed to the Supervisory Board. The Supervisory Board thanks the retired members for their commitment over many years.

Composition of the Executive Board and the Executive Committee

With effect from 3 September 2007, the Supervisory Board appointed Mr Peter Long (Tourism) as ordinary member of the Executive Board. In addition to his function as a Board member for TUI AG, Mr Peter Long is the Chief Executive of TUI Travel PLC.

Also effective 3 September 2007, Mr Christoph R. Mueller resigned from the Executive Board of TUI AG. He changed to the Board of TUI Travel PLC as Aviation Director. The Supervisory Board thanks Mr Mueller for his work as a Board member of TUI AG.

At its meeting on 8 November 2007, the Supervisory Board extended the contracts of CEO Dr Michael Frenzel (until 31 March 2012), CFO Rainer Feuerhake (until 31 March 2011) and HR director Dr Peter Engelen (until 31 August 2013).

At its meeting of 8 November 2007, the Supervisory Board also appointed Mr Horst Baier as Board member of TUI AG with effect from 9 November 2007. He is in charge of Controlling.

On 8 November 2007, Mr Peter Rothwell resigned from the Executive Board with immediate effect. He had been in charge of Tourism with Mr Peter Long. The Supervisory Board thanks Mr Rothwell for his work as a Board member of TUI AG.

The Executive Committee was dissolved in the wake of the reorganisation of the Group structure. Messrs Karl J. Pojer (TUI Hotels & Resorts) and Adolf Adrion (Shipping) will continue to be divisional directors and regularly participate in the Board meetings of the TUI AG in that function.

The Supervisory Board
Hanover, 17 March 2008

Dr. Jürgen Krumnow
Chairman