
Summary

This summary must be read as an introduction to this Prospectus. Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference. Where a claim relating to the information contained in this Prospectus is brought before a competent court, the plaintiff may, under the national legislation of the country where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated. No civil liability attaches to the Issuer or the Managers solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. The following description of the Bonds, the Issuer and the Group associated therewith does not purport to be complete and is taken from, and qualified in its entirety by, the remainder of the Prospectus and the Conditions, as applicable.

Summary in respect of the Bonds

Issuer	TUI AG
Principal Amount of Bonds and Denomination	The Issuer has issued 2.75% Convertible Bonds due 2012 in an aggregate principal amount of € 694,000,000, divided in Bonds in bearer form in a denomination of € 50,000 each (the Principal Amount).
Underlying Shares	<p>The Shares to be issued and delivered by the Issuer upon conversion will be ordinary registered shares with no par value (<i>Stückaktien</i>) of TUI AG and will either be issued out of conditional capital or be treasury shares held by the Issuer. The Shares to be delivered by the Issuer upon conversion will be entitled to dividends, if any, at least from the beginning of the fiscal year of the Issuer in which such Shares are issued. The Shares may initially carry separate temporary security codes.</p> <p>The Issuer confirms that any Shares to be issued upon conversion of the Bonds will be admitted to trading on the official market of the German stock exchanges where the Issuer's existing share capital is admitted to trading at that time, in any case, however, on the official market of the Frankfurt Stock exchange or any successor thereof, or such other stock exchange constituting the primary trading market for the Shares at the time the conversion right is exercised (i) by virtue of law or (ii) on the basis of generally accepted market practice of the German stock exchanges, and to maintain such listing.</p>
Conversion Price	€27.68
Issue Date	1 June 2007
Maturity Date	1 September 2012
Issue Price	100%
Interest	<p>The Bonds shall bear interest from and including the Issue Date at a rate of 2.75% of their principal amount per annum (i.e. the full year). Interest shall be payable annually in arrears on 1 September of each year (the Interest Payment Date or Coupon Date), with the first payment to be made on 1 September 2007 (short first coupon).</p> <p>The last Coupon Date shall be the Maturity Date, unless the Bonds have been previously redeemed, converted or repurchased and cancelled. Interest shall cease to accrue with the expiration of the day which immediately precedes the day on which the Bonds become due for redemption. In the event of an exercise of the Conversion Right in respect of any Bond, interest shall cease to accrue on the day which immediately precedes the last Interest Payment Date prior to the Conversion Date (as defined in § 7(4) of the Conditions) or, if there was no Interest Payment Date, the Issue Date.</p>

Form and Custody of the Bonds

The Bonds have been issued in bearer form in a denomination of € 50,000. They are represented by a global bearer bond without interest coupons. Such Global Certificate will be kept in custody with Clearstream Banking until all obligations of the Issuer under the Bonds have been satisfied. The Bonds shall be transferable by appropriate entries in securities accounts in accordance with applicable rules of Clearstream Banking and, outside Germany, of Clearstream Luxembourg and Euroclear. A copy of the Global Certificate is available to Bondholders free of charge at the offices of the Principal Paying Agent (as defined in § 15(1) of the Conditions). Definitive certificates representing individual bonds and interest coupons will not be issued.

The Issuer or its agent (which, upon issuance of the Bonds shall be Clearstream Frankfurt) shall at all times until all obligations of the Issuer under the Bonds have been satisfied, maintain the Book-Entry Register showing the aggregate number of Bonds represented by the Global Certificate and in which it will maintain records of the Bonds credited to the accounts of the accountholders of Clearstream Frankfurt for the benefit of the Bondholders. No transfer of any Bond shall be effective unless it is recorded in the Book-Entry Register.

Status of the Bonds and Negative Pledge of the Issuer

The obligations of the Issuer under the Bonds constitute unsubordinated and unsecured obligations of the Issuer, ranking *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by applicable law. See § 12 of the Conditions.

So long as the Bonds remain outstanding, but only up to the time all amounts payable to Bondholders under the Bonds in accordance with the Conditions have been placed at the disposal of the Principal Paying Agent and all obligations pursuant to § 6 of the Conditions have been fulfilled, the Issuer undertakes that it will not grant any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its assets to secure any Capital Market Indebtedness (as defined below), including any guarantee or indemnity in respect thereof, without at the same time letting the Bondholders share *pari passu* and *pro rata* in such security interest or unless a security interest in other assets, or a guarantee or indemnity, of at least equal value has been made available to the Bondholders. This undertaking shall not apply to any security interest to secure any Capital Market Indebtedness (as defined below) (i) existing on the Issue Date and (ii) existing on assets at the time of the acquisition thereof by the Issuer or on assets of an entity acquired by the Issuer or in which the Issuer acquires an interest at the time of the acquisition thereof by the Issuer, provided that such security interest was not created in connection with or in contemplation of such acquisition and that the amount secured by such security interest is not increased after the acquisition of the relevant assets.

For the purposes of the above undertaking, **Capital Market Indebtedness** means any present or future indebtedness of the Issuer or of any third party for the payment of borrowed money in the form of, or represented by, bonds, Bonds, debentures or similar instruments which are capable of being, quoted, listed or traded on a stock exchange or over-the-counter market, provided, however, that indebtedness which is secured by a security interest over any of the Issuer's or any of the Issuer's subsidiaries' aircraft or aircraft equipment shall not constitute Capital Market Indebtedness.

See § 12 of the Conditions.

Redemption at Maturity

The Issuer shall redeem the Bonds at the Principal Amount together with interest accrued thereon until (but not including) the date of such redemption on 1 September 2012 (the *Maturity Date*) unless they have been previously redeemed, converted or repurchased and cancelled.

See § 3 of the Conditions.

Repurchase

The Issuer and any of its affiliates shall be entitled at any time to purchase Bonds in the market or otherwise. Such purchased Bonds shall be cancelled, held or resold.

See § 3(2) of the Conditions.

Early Redemption at the Option of the Issuer for Reasons of Minimal Outstanding Principal Amount

If at any time the aggregate of the Principal Amounts of Bonds outstanding (including any Bonds issued pursuant to § 17 of the Conditions) falls below 15% of the aggregate of the Principal Amounts of the Bonds that were initially issued (including any Bonds issued pursuant to § 17 of the Conditions), the Issuer shall be entitled, by giving not less than 30 nor more than 60 days' notice by publication in accordance with § 16 of the Conditions, to redeem the outstanding Bonds in whole, but not in part, at their Principal Amount together with interest accrued on the Principal Amount until (but excluding) the date of redemption. Such notice shall be irrevocable and shall state the date of early redemption. For further information and conditions attaching to Early Redemption at the Option of the Issuer, see § 3(3) of the Conditions.

Conversion Right

Unless previously redeemed, or purchased and cancelled, the Issuer has undertaken to grant each Bondholder the right, in accordance with § 6 of the Conditions, to convert each Bond, in whole but not in part, at a conversion price of € 27.68 for each share (subject to an adjustment pursuant to §§ 11 or 14(1)(d) of the Conditions) into ordinary registered no par value shares of the Issuer with a notional nominal amount as of the Issue Date of approximately € 2.56 per share. The conversion ratio shall be calculated by dividing the Principal Amount of a Bond (€ 50,000) by the conversion price applicable on the conversion date.

To the extent not otherwise provided for in the Conditions, the conversion right may be exercised by a Bondholder during the period commencing on 12 July 2007 and ending on the seventh Business Day (as defined in § 4(3) of the Conditions) prior to the Maturity Date (both dates inclusive), i.e. on 23 August 2012 (the *Conversion Period*). If the last day of the Conversion Period falls in an Excluded Period (as defined below), the Conversion Period shall terminate on the last Business Day prior to the commencement of such Excluded Period.

In the event the Bonds are declared due for early redemption by the Issuer pursuant to § 3(3) of the Conditions, the Conversion Right may, subject to § 6(2) of the Conditions, be exercised until the end of the fifth business day prior to the date fixed for early redemption.

The exercise of the Conversion Right shall be excluded during any of the following periods (each an *Excluded Period*):

(a) in connection with any shareholders' meeting of the Issuer, a period commencing on but excluding the eighth day prior to the shareholders' meeting and ending on but excluding the first Business Day following such

shareholders' meeting;

(b) a period of fourteen days before the end of the fiscal year of the Issuer; and

(c) a period commencing on the date on which an offer by the Issuer to its shareholders by way of a rights offering to subscribe to (new or existing) shares, debt securities with warrants or bonds with option or conversion rights or conversion obligations, profit-linked bonds or profit participation certificates is published in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*), and ending on the last day of the subscription period (both dates inclusive).

See § 6 of the Conditions.

Fractions

Upon any exercise of the Conversion Right only full Shares shall be delivered. Fractions of Shares may not be claimed. To the extent that the respective Conversion Agent (as defined in § 15(2) of the Conditions) has ascertained (without any obligation to do so) that several Bonds have been converted at the same time for the same Bondholder and to the extent that any conversion of one or several Bonds results in fractions of Shares, the fractions of Shares resulting from the conversion of such Bonds shall be aggregated and any full Shares resulting from such aggregation of fractions of Shares shall be delivered to the respective Bondholder. Remaining fractions of Shares shall not be delivered and shall be compensated in cash proportional to the respective fraction of the arithmetic mean of the XETRA-Quotation on the 10 trading days on the Frankfurt Stock Exchange or any legal successor thereof immediately preceding the Conversion Date, rounded down to the nearest full cent.

See § 8 of the Conditions.

Termination by Bondholders

In case of the occurrence of certain events with respect to the Issuer, each Bondholder shall be entitled to declare its Bonds due and payable and demand payment of their Principal Amount, plus interest accrued on the Principal Amount until (but excluding) the day of actual redemption.

See § 13 of the Conditions.

Cash Payment in Lieu of Delivery of Shares under Certain Circumstances

The Issuer shall subject to notification be entitled to pay to a Bondholder upon exercise of the Conversion Right a cash amount in euro (the *Cash Payment*) in lieu of the delivery of the Shares to which the Bondholder is otherwise entitled pursuant to § 6(1) of the Conditions, if due to legal reasons the Issuer is unable to issue Shares from conditional capital.

See § 9 of the Conditions.

Adjustment of the Conversion Price

§ 11 of the Conditions provides for dilution adjustments, including for any cash dividends, which are standard in the German convertible bond market.

See § 11 of the Conditions.

Taxation

All payments by the Issuer on the Bonds will be made without deduction or withholding of any present or future taxes, duties or governmental charges of any nature whatsoever imposed, levied or collected by way of deduction or withholding at source by, in or on behalf of the Federal Republic of Germany or by or on behalf of any political subdivision or authority thereof

or therein having power to tax, unless such deduction or withholding is required by law. The Issuer shall not be required to make any additional payments to the Bondholders in respect of such deduction or withholding.

See § 5 of the Conditions.

Net Proceeds

The net proceeds of the issue were approximately € 680 million.

Use of Proceeds

The net proceeds of the issue and sale of the Bonds are used for general corporate purposes, including the possible refinancing of a portion of its existing indebtedness.

Underwriting Arrangements

Bayerische Hypo- und Vereinsbank AG, Citigroup Global Markets Limited and Deutsche Bank AG acted as joint lead managers and joint bookrunners in connection with the issue of the Bonds. See "*Underwriting and Sale*".

Bayerische Hypo- und Vereinsbank AG's address is: Am Tucherpark 1, 80538 Munich, Germany.

Citigroup Global Market Limited's address is: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

Deutsche Bank AG's address is: Taunusanlage 12, 60425 Frankfurt am Main, Germany.

Principal Paying Agent, Principal Conversion Agent

The Issuer has appointed Citibank N.A., London, as Principal Paying Agent and as Principal Conversion Agent.

See § 15 of the Conditions.

Luxembourg Paying Agent, Luxembourg Conversion Agent

The Issuer has appointed Dexia Banque Internationale à Luxembourg, Luxembourg, as Luxembourg Paying Agent and as Luxembourg Conversion Agent.

See § 15 of the Conditions.

Substitution of the Agents, Agents act as agent of the Issuer

The Issuer may at any time, by giving not less than 30 days' notice by publication in accordance with § 16 of the Conditions, appoint another bank maintaining its head office or a branch in Germany or Luxembourg as paying agent or conversion agent. Each of the Paying Agents or the Conversion Agents may at any time resign from their respective offices. Such resignation shall become effective only upon the appointment by the Issuer of a bank maintaining its head office or a branch in Germany and Luxembourg, as the case may be, as the new Paying Agent and/or Conversion Agent and the giving of not less than 30 days' notice of any such appointment by publication in accordance with § 16 of the Conditions. So long as the Bonds are listed on the official list of the Luxembourg Stock Exchange and traded on the Euro MTF market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will maintain a Paying and Conversion Agent in Luxembourg.

See § 15(3) of the Conditions.

The Paying Agents and the Conversion Agents (except as provided for in § 7(2) of the Conditions with respect to the conversion of the Bonds) in such capacities are acting exclusively as agents of the Issuer and in such capacities do not have any relationship of agency or trust or other contract

with the Bondholders.

See § 15(4) of the Conditions.

Notices

All notices regarding the Bonds shall be published (so long as the Bonds are listed on the official list of the Luxembourg Stock Exchange and traded on the Euro MTF market of the Luxembourg Stock Exchange and the rules of that exchange so require) in a leading newspaper having general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange on www.bourse.lu. It is expected that such notices will be published in the *d'Wort*. Any notice will become effective for all purposes on the date of such publication (or, if published more than once, on the day of the first such publication).

See § 16 of the Conditions.

Notices relating to general meetings of the shareholders of the Issuer are published in accordance with the provisions of the German Stock Corporation Act in the German electronic federal gazette (*elektronischer Bundesanzeiger*) and provided in German and English on the website of the Issuer (<http://www.tui-group.com>)

Issue of Additional Bonds

The Issuer reserves the right from time to time without the consent of the Bondholders to issue additional bonds with identical terms, so that the same shall be consolidated, form a single issue with and increase the aggregate principal amount of the Bonds. The term "Bonds" shall, in the event of such increase, also comprise such additionally issued bonds.

See § 17 of the Conditions.

Governing Law and Jurisdiction

The Bonds, with regard to both form and content, as well as all rights and obligations arising from the Conditions for the Bondholders and the Issuer shall in all respects be governed by German law. The place of jurisdiction for all proceedings arising from matters provided for in the Conditions shall, to the extent legally permitted, be Frankfurt am Main, Germany.

Listing and Admission to Trading

Application has been made to list the Bonds on the Luxembourg Stock Exchange and to admit the Bonds to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

Clearing of the Bonds

Clearstream Banking AG, Frankfurt am Main

ISIN

DE000TUAG091

Security Code (WKN)

TUAG09

Common Code

030354451

Summary in Respect of the Issuer

TUI AG, based in Hanover, Karl-Wiechert-Allee 4, is the TUI Group's parent company and a listed stock corporation under German law. The Company has been registered in the commercial registers of the district courts of Berlin-Charlottenburg (HRB 321) and Hanover (HRB 6580). Pursuant to its articles of association, TUI AG's object is to engage on a commercial basis in tourism and shipping (including all associated services and project developments), the acquisition of interests in enterprises active in tour operating, commercial air transportation, passenger and freight shipping (in particular container shipping) as well as the container transport business, the hotel industry, the leisure industry, in travel agents as well as other services, namely in its own facilities or in