

# Letter to our Shareholders

**Ladies and Gentlemen,**

in 2007, our tourism and shipping divisions recorded a positive business trend as of the middle of the year. The tourism division substantially exceeded the previous year's operating result despite a difficult market environment in the first half of the year. The positive development of earnings was driven by the TUI Group's 'old' tourism sectors. Due to the seasonal nature of the business, the activities of First Choice, included in consolidation since September 2007, did not yet contribute essentially to operating profits. On the basis of its excellent productivity, the shipping division managed to translate the cyclical upswing commencing in the second half of the year into a significant increase in earnings. Consolidated earnings thus improved substantially, enabling us to resume distribution of a dividend payment of 0.25 euro per share. TUI's performance has thus been heading in the right direction.

With our tourism and shipping businesses, we are operating in markets characterised by above-average growth. Due to the merger with First Choice Holidays and following the completed integration of CP Ships, the Group is occupying a leading market position in both areas and has substantial value enhancement potential for forthcoming financial years. Our aim is therefore to further increase the value of our operations and develop our Group structure and portfolio accordingly. To this end, we already launched a number of crucial steps in 2007.

In the completed 2007 financial year, we merged our Group's tourism business with First Choice and formed the new TUI Travel PLC, strengthening our tourism business in the long term.

With the formation of TUI Travel PLC we created the structural prerequisites enabling us to further enhance the effectiveness of our package tour business and expand the high-margin specialist business. This ideal strategic fit created major growth potential. TUI Travel has defined various sets of measures to be launched in order to achieve a sustainable increase in the profitability of our business. We expect to leverage major synergies with our joint activities. In a consolidated market environment, in particular in the UK, TUI Travel PLC will benefit from sustainable cost and turnover synergies of at least 150 million British Pounds per annum due to the merger. The new constellation has generated further substantial potential since it enables us to offer specialist products on a much broader distribution platform.

TUI Hotels & Resorts will continue to expand its own hotel bed capacity in existing and prospective growth destinations and sharpen its product portfolio by means of stronger yield orientation. Apart from distribution through tour operators, the selective establishment and expansion of additional sales channels will optimise occupancy of Group-owned hotels and secure high earnings levels. One of the key elements of our hotel strategy is the implementation of the 'Tenuta di Castelfalfi' project in Tuscany. Besides holiday apartments and villas, this project is planned to comprise hotels of the Robinson and Iberotel brands.

With the establishment of TUI Cruises, in which both TUI AG and Royal Caribbean Cruises Ltd. will each hold 50 per cent of the shares, we laid the foundation for entry in the fast-growing German volume market for premium cruises in the 2007 financial year. The gratifying development of Hapag-Lloyd's existing cruise business in the completed 2007 financial year underlines the overall positive trend in this market segment.

In container shipping, the completion of the integration of CP Ships brought the significantly enlarged group back to the productivity level already achieved by Hapag-Lloyd in 2005. With markets picking up again, we are benefiting from the new constellation, as illustrated by our regained profitability, although average freight rates in 2007 were still down year-on-year. Container shipping continues to hold substantial growth potential. We intend to develop the sector further so that Hapag-Lloyd will continue to hold a leading position among the world's large container lines.

Following the realignment of our tourism business and the successful integration of CP Ships in Hapag-Lloyd Containerline our efforts over the next few months will focus on reducing Group debt and purposefully allocating investment funds. They will also entail a review of the strategic alignment of our Group portfolio.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Dickau". The signature is written in a cursive, flowing style with a long horizontal stroke extending from the end of the name.