

# TUI AG FINANCIAL YEAR 2010/11

Interim Report 1 October 2010 – 30 June 2011

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## Reservation concerning future-related statements

The present Interim Report contains various statements relating to TUI's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic they are not guarantees of future performance since our assumptions involve certain risks and uncertainties that may cause actual results to differ materially from expected results. This may be due to market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic environment. TUI does not intend to and does not undertake any obligation to update or revise any forward-looking statements in order to reflect events or developments after the date of this report.

# Q3 2010/11

## TUI Group - Financial Highlights

| € million  | Q3 2010/11 | Q3 2009/10 revised | Var. %  | 9M 2010/11 | 9M 2009/10 revised | Var. %  |
|--|------------|--------------------|---------|------------|--------------------|---------|
| <b>Development of Sectors</b>  |            |                    |         |            |                    |         |
| <b>Sector turnover</b>   |            |                    |         |            |                    |         |
| TUI Travel   | 4,247.3    | 3,899.5            | + 8.9   | 10,331.5   | 9,424.0            | + 9.6   |
| TUI Hotels & Resorts   | 78.9       | 68.7               | + 14.8  | 236.6      | 252.2              | - 6.2   |
| Cruises  | 48.8       | 31.6               | + 54.4  | 145.4      | 132.3              | + 9.9   |
| <b>Sector EBITDA</b>   |            |                    |         |            |                    |         |
| TUI Travel   | 109.8      | 0.3                | n/a     | - 107.3    | - 315.4            | + 66.0  |
| TUI Hotels & Resorts   | 35.3       | 41.0               | - 13.9  | 85.7       | 106.9              | - 19.8  |
| Cruises  | 2.4        | 3.1                | - 22.6  | 3.5        | 3.0                | + 16.7  |
| <b>Underlying sector EBITDA</b>  |            |                    |         |            |                    |         |
| TUI Travel   | 134.7      | 143.4              | - 6.1   | - 149.0    | - 148.9            | - 0.1   |
| TUI Hotels & Resorts   | 35.3       | 44.1               | - 20.0  | 106.5      | 114.1              | - 6.7   |
| Cruises  | 2.4        | 4.3                | - 44.2  | 3.5        | 4.2                | - 16.7  |
| <b>Sector EBITA</b>  |            |                    |         |            |                    |         |
| TUI Travel   | 28.3       | - 75.0             | n/a     | - 328.2    | - 533.0            | + 38.4  |
| TUI Hotels & Resorts   | 16.8       | 23.7               | - 29.1  | 50.9       | 52.2               | - 2.5   |
| Cruises  | 0.2        | 1.0                | - 80.0  | - 2.7      | - 3.1              | + 12.9  |
| <b>Underlying sector EBITA</b>   |            |                    |         |            |                    |         |
| TUI Travel   | 87.5       | 88.4               | - 1.0   | - 297.6    | - 307.3            | + 3.2   |
| TUI Hotels & Resorts   | 16.8       | 26.8               | - 37.3  | 53.6       | 62.6               | - 14.4  |
| Cruises  | 0.2        | 2.2                | - 90.9  | - 2.7      | - 1.9              | - 42.1  |
| <b>Development of Group</b>  |            |                    |         |            |                    |         |
| Sector turnover  | 4,387.5    | 4,015.6            | + 9.3   | 10,751.8   | 9,854.4            | + 9.1   |
| Sector EBITDA  | 140.8      | 63.7               | + 121.0 | - 22.2     | - 200.3            | + 88.9  |
| Underlying sector EBITDA   | 165.7      | 184.3              | - 10.1  | - 67.3     | - 52.2             | - 28.9  |
| Sector EBITA   | 37.0       | - 32.5             | n/a     | - 288.0    | - 486.4            | + 40.8  |
| Underlying sector EBITA  | 96.2       | 108.4              | - 11.3  | - 278.9    | - 275.9            | - 1.1   |
| Net profit for the year  | - 39.6     | - 12.2             | - 224.6 | - 343.2    | - 443.8            | + 22.7  |
| Earnings per share   | € - 0.18   | - 0.01             | n/a     | - 0.99     | - 1.18             | + 16.1  |
| Equity ratio (30 June)   | % -        | -                  | -       | 16.2       | 13.6               | + 2.6*) |
| Investments in other intangible assets and property, plant and equipment | 142.9      | 82.5               | + 73.2  | 338.7      | 238.3              | + 42.1  |
| Net debt (30 June)   | -          | -                  | -       | 1,548.9    | 2,947.6            | - 47.5  |
| Employees (30 June)  | -          | -                  | -       | 72,094     | 70,990             | + 1.6   |

Differences may occur due to rounding

\*) percentage points

→ Overall sound development of operative Tourism business in Q3 2010/11

→ Source market France and TUI Hotels & Resorts remain impacted by North Africa

→ Financial commitment to Container Shipping reduced to €1.5bn

# Management Report

## Economic Situation in Q3 2010/11

### General Economic Situation

Global growth slowed down overall in the second quarter of calendar year 2011. Economic activity in the industrialised countries was curbed above all by the impact of the high oil prices on private households and disruptions of production due to the earthquake in Japan. By contrast, the emerging markets, in particular China and India, increasingly showed signs of overheating.

In June 2011, the International Monetary Fund (IMF, World Economic Outlook Update; June 2011) basically confirmed its forecast for global gross domestic product (GDP) growth for 2011 (+4.3%, previously +4.4%) and 2012 (+4.5%, as before). However, the IMF considers risks for the global economy to have increased with economic recovery in the US falling short of expectations and several countries in the Eurozone showing a difficult financial position.

The performance of the US economy did not meet expectations in the second quarter of calendar year 2011. Capital expenditure and consumer spending were impacted by the persistently tight situation in the labour market, high vacancy rates in residential property and higher commodity prices. The expected development of the Japanese economy was considerably impaired by the strong earthquake in March 2011. The economies in the Eurozone continue to show considerable variation in economic momentum. Among the core economies in Europe, Germany, in particular, continues to record economic growth. The UK, by contrast, has seen further declines in consumer sentiment in recent months. Economic recovery has not yet started in the southern European countries, characterised by higher levels of sovereign debt. The European Central Bank increased its key lending rate from 1.25% to 1.5% on 13 July 2011 to secure price stability in the Eurozone.

### Special Events in the Quarter under Review and after the Closing Date

#### **Overall sound business performance in Q3 2010/11 despite stronger than expected impact of developments in North Africa**

The sound development of Tourism operations continued in the third quarter of 2010/11, with few exceptions. TUI Travel recorded considerable improvements, in particular for the tour operators of the Northern Region. This positive trend was reinforced by the Easter business, which fell into the quarter under review.

At the same time, the business performance in Tourism in the third quarter of 2010/11 was impacted more strongly than expected by the political unrest in Tunisia and Egypt, the bomb attack on a cafe in Marrakesh in April 2011 and the persistent conflicts in Libya. This affected in particular TUI tour operators in France, since the North African countries traditionally constitute popular destinations for French holidaymakers. TUI hotels in Egypt were also affected, recording a considerable decline in occupancy and lower rates. The impact of the crisis in North Africa on the business performance in the other source markets was limited by means of flexible capacity management.

As a result in particular of the impact of events in North Africa, operating earnings (underlying Sector EBITA) by TUI Travel decreased by €0.9m to €87.5m year-on-year. TUI Hotels & Resorts recorded a decline in earnings of €10.0m to €16.8m. The Cruises Sector reported a decrease in earnings of €2.0m to €0.2m due to start-up costs for its fleet expansion.

### Intra-Group sale of Magic Life to TUI Travel

In May 2011, TUI AG and TUI Travel agreed on a changed management of the Magic Life hotel chain. To this end, Magic Life has been transferred to TUI Travel from TUI AG. The voting minority shareholders approved this transaction at the Extraordinary General Meeting of TUI Travel PLC on 22 June 2011 with a large majority. The Magic Life Group, previously managed in the TUI Hotels & Resorts Sector, has therefore been carried as part of the TUI Travel Sector as of the third quarter of 2010/11 with retroactive effect for financial year 2010/11. The previous year's values have been restated accordingly.

### TUI granted outbound licence for Chinese travel market

In May 2011, the China National Tourism Authority (CNTA) granted TUI China Travel Co. Ltd. a licence to organise outbound travel for Chinese holidaymakers. TUI China is the only European tour operator to have been granted this licence to date.

### TUI AG reduces financial commitment to Container Shipping to €1.5bn

In April 2011, Hapag-Lloyd repaid the vendor loan granted by TUI ahead of its due date. In addition, 11.33% of the Hapag-Lloyd stake held by TUI were sold to the Albert Ballin consortium at the end of May 2011, as previously agreed.

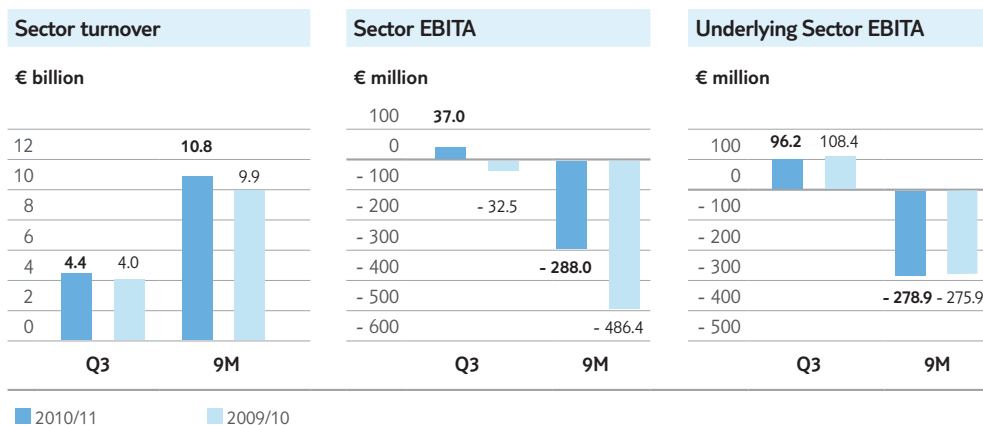
At the end of the third quarter of 2010/11, TUI thus held a share of around 38.4% in Hapag-Lloyd, an investment of around €1.54bn (equity of €1.19bn and hybrid capital of €0.35bn). TUI continues to pursue the goal of optimising its exit from its investment in Hapag-Lloyd and will continue to explore all options for exiting Container Shipping.



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A detailed presentation of TUI's financial involvement in Container Shipping is shown in the section Information on Container Shipping.

## Earnings by the Sectors



The TUI Group operates in tourism with its operating shareholdings. The section below presents the development of business operations in TUI Travel, TUI Hotels & Resorts and the Cruises Sector and the development of Central Operations in the third quarter of 2010/11 and first nine months of financial year 2010/11.



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The stake in Hapag-Lloyd Holding AG of around 38.4% stake (as per June 2011) is measured at equity in TUI's consolidated financial statements. In accordance with their investment nature, the at equity earnings from the stake in Container Shipping are not included in the TUI Group's operating performance indicator EBITA. Information about the development of business operations in Container Shipping in the period under review is presented in the section Information on Container Shipping.

## Development of turnover

### Sector turnover

| € million                 | Q3 2010/11     | Q3 2009/10 revised | Var. %        | 9M 2010/11      | 9M 2009/10 revised | Var. %        |
|---------------------------|----------------|--------------------|---------------|-----------------|--------------------|---------------|
| <b>Tourism</b>            | <b>4,375.0</b> | <b>3,999.8</b>     | <b>+ 9.4</b>  | <b>10,713.5</b> | <b>9,808.5</b>     | <b>+ 9.2</b>  |
| TUI Travel                | 4,247.3        | 3,899.5            | + 8.9         | 10,331.5        | 9,424.0            | + 9.6         |
| TUI Hotels & Resorts      | 78.9           | 68.7               | + 14.8        | 236.6           | 252.2              | - 6.2         |
| Cruises                   | 48.8           | 31.6               | + 54.4        | 145.4           | 132.3              | + 9.9         |
| <b>Central Operations</b> | <b>12.5</b>    | <b>15.8</b>        | <b>- 20.9</b> | <b>38.3</b>     | <b>45.9</b>        | <b>- 16.6</b> |
| <b>Sector turnover</b>    | <b>4,387.5</b> | <b>4,015.6</b>     | <b>+ 9.3</b>  | <b>10,751.8</b> | <b>9,854.4</b>     | <b>+ 9.1</b>  |

In the third quarter of 2010/11, turnover by the TUI Group totalled €4.4bn, up 9.3% year-on-year. This rise in turnover was above all attributable to higher business volumes in TUI Travel.

Accumulated turnover for the first nine months of 2010/11 was €10.8bn, up 9.1% year-on-year. This turnover growth in the first three quarters of the year was driven by higher business volumes in TUI Travel but also the around 2% stronger Sterling.

## Development of earnings

### Underlying sector EBITA

| € million                      | Q3 2010/11   | Q3 2009/10 revised | Var. %        | 9M 2010/11     | 9M 2009/10 revised | Var. %       |
|--------------------------------|--------------|--------------------|---------------|----------------|--------------------|--------------|
| <b>Tourism</b>                 | <b>104.5</b> | <b>117.4</b>       | <b>- 11.0</b> | <b>- 246.7</b> | <b>- 246.6</b>     | <b>- 0.0</b> |
| TUI Travel                     | 87.5         | 88.4               | - 1.0         | - 297.6        | - 307.3            | + 3.2        |
| TUI Hotels & Resorts           | 16.8         | 26.8               | - 37.3        | 53.6           | 62.6               | - 14.4       |
| Cruises                        | 0.2          | 2.2                | - 90.9        | - 2.7          | - 1.9              | - 42.1       |
| <b>Central Operations</b>      | <b>- 8.3</b> | <b>- 9.0</b>       | <b>+ 7.8</b>  | <b>- 32.2</b>  | <b>- 29.3</b>      | <b>- 9.9</b> |
| <b>Underlying sector EBITA</b> | <b>96.2</b>  | <b>108.4</b>       | <b>- 11.3</b> | <b>- 278.9</b> | <b>- 275.9</b>     | <b>- 1.1</b> |

### Sector EBITA

| € million                 | Q3 2010/11   | Q3 2009/10 revised | Var. %     | 9M 2010/11     | 9M 2009/10 revised | Var. %         |
|---------------------------|--------------|--------------------|------------|----------------|--------------------|----------------|
| <b>Tourism</b>            | <b>45.3</b>  | <b>- 50.3</b>      | <b>n/a</b> | <b>- 280.0</b> | <b>- 483.9</b>     | <b>+ 42.1</b>  |
| TUI Travel                | 28.3         | - 75.0             | n/a        | - 328.2        | - 533.0            | + 38.4         |
| TUI Hotels & Resorts      | 16.8         | 23.7               | - 29.1     | 50.9           | 52.2               | - 2.5          |
| Cruises                   | 0.2          | 1.0                | - 80.0     | - 2.7          | - 3.1              | + 12.9         |
| <b>Central Operations</b> | <b>- 8.3</b> | <b>17.8</b>        | <b>n/a</b> | <b>- 8.0</b>   | <b>- 2.5</b>       | <b>- 220.0</b> |
| <b>Sector EBITA</b>       | <b>37.0</b>  | <b>- 32.5</b>      | <b>n/a</b> | <b>- 288.0</b> | <b>- 486.4</b>     | <b>+ 40.8</b>  |

In the third quarter of 2010/11, underlying earnings by the TUI Group, adjusted for one-off effects (underlying Sector EBITA) decreased by €12.2m to €96.2m year-on-year. They mainly reflected the development of underlying earnings by Tourism, which declined by €12.9m to €104.5m in the third quarter of 2010/11. Central Operations reported a slight year-on-year improvement in earnings to €-8.3m.

While Tourism recorded a positive business performance in the third quarter of 2010/11, it posted a decline in earnings, mainly driven by the impact of the political situation in North Africa. Overall, the aftermath of the unrest caused a decline in earnings by Tourism of €32m in the third quarter of 2010/11. This mainly affected TUI tour operators in France, since the North African countries traditionally constitute key travel destinations for French holidaymakers. TUI hotels in Egypt also recorded considerable declines in occupancy and rates versus the prior year.

In the third quarter of 2010/11, TUI Travel posted underlying earnings of €87.5m, down €0.9m year-on-year. The TUI tour operators of the Northern Region, in particular, recorded a considerable



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improvement in their business performance year-on-year. TUI Travel also benefited from the Easter business, which fell into the quarter under review. By contrast, source market France saw substantial earnings impacts resulting from the decline in demand for North African destinations.

The effects of the retroactive reclassification of the Magic Life Group, effected in the third quarter of 2010/11, are presented separately in the comments on the business development of TUI Travel and TUI Hotels & Resorts.

In the third quarter of 2010/11, earnings by the TUI Hotels & Resorts Sector declined by €10.0m to €16.8m year-on-year. This fall in earnings was mainly driven by lower occupancy rates in TUI hotels in Egypt as well as foreign exchange differences.

At €0.2m, earnings by the Cruises Sector were €2.0m down year-on-year. Earnings by Hapag-Lloyd Kreuzfahrten and TUI Cruises in the period under review were impacted by start-up costs in connection with the planned fleet expansion in Hapag-Lloyd Kreuzfahrten and the commissioning of Mein Schiff 2. The development of the operative business, by contrast, was clearly positive in both companies in the third quarter of 2010/11.

Underlying earnings by Central Operations totalled €-8.3m in the third quarter of 2010/11, a slight improvement on the previous year's level.

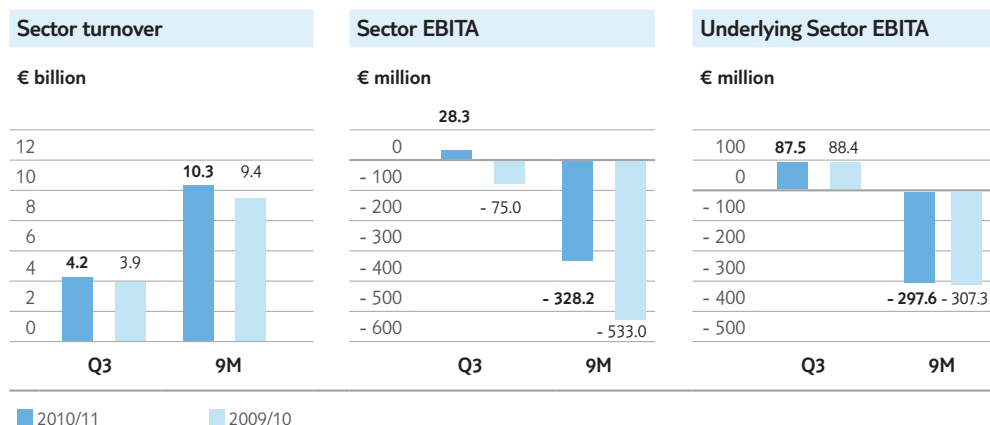
Accumulated underlying earnings by the TUI Group amounted to €-278.9m for the first nine months of 2010/11. They were thus flat year-on-year despite the impact of events in North Africa.

#### Underlying sector EBITA: TUI Group

| € million                      | Q3 2010/11  | Q3 2009/10 revised | Var. %        | 9M 2010/11     | 9M 2009/10 revised | Var. %        |
|--------------------------------|-------------|--------------------|---------------|----------------|--------------------|---------------|
| <b>Sector EBITA</b>            | <b>37.0</b> | <b>- 32.5</b>      | <b>n/a</b>    | <b>- 288.0</b> | <b>- 486.4</b>     | <b>+ 40.8</b> |
| Gains on disposal              | -           | - 9.4              |               | -              | - 11.4             |               |
| Restructuring                  | + 5.3       | + 9.0              |               | + 16.0         | + 22.2             |               |
| Purchase price allocation      | + 26.1      | + 17.8             |               | + 65.6         | + 49.7             |               |
| Other one-off items            | + 27.8      | + 123.5            |               | - 72.5         | + 150.0            |               |
| <b>Underlying sector EBITA</b> | <b>96.2</b> | <b>108.4</b>       | <b>- 11.3</b> | <b>- 278.9</b> | <b>- 275.9</b>     | <b>- 1.1</b>  |

In the third quarter of 2010/11, the balance of adjustments to be carried totalled €59.2m. They mainly related to TUI Travel and comprised expenses for purchase price allocations and expenses for the reorganisation of tour operator activities and group functions in the UK. The Group's reported Sector EBITA was €37.0m in the third quarter of 2010/11, up €69.5m year-on-year. In the first nine months of the year, seasonally negative reported Sector EBITA totalled €-288.0m, up €198.4m year-on-year. The improvements in the quarterly and accumulated results are mainly attributable to the airspace closure following the volcanic eruption in Iceland, which impacted results in the previous year.

## TUI Travel



### TUI Travel - Key figures

| € million  | Q3 2010/11  | Q3 2009/10 revised | Var. %       | 9M 2010/11     | 9M 2009/10 revised | Var. %        |
|--|-------------|--------------------|--------------|----------------|--------------------|---------------|
| Sector turnover  | 4,247.3     | 3,899.5            | + 8.9        | 10,331.5       | 9,424.0            | + 9.6         |
| <b>Sector EBITA</b>  | <b>28.3</b> | <b>- 75.0</b>      | <b>n/a</b>   | <b>- 328.2</b> | <b>- 533.0</b>     | <b>+ 38.4</b> |
| Gains on disposal  | -           | - 9.4              |              | -              | - 11.4             |               |
| Restructuring  | + 5.3       | + 9.0              |              | + 16.0         | + 22.2             |               |
| Purchase price allocation  | + 26.1      | + 17.8             |              | + 65.6         | + 49.7             |               |
| Other one-off items  | + 27.8      | + 146.0            |              | - 51.0         | + 165.2            |               |
| <b>Underlying sector EBITA</b>   | <b>87.5</b> | <b>88.4</b>        | <b>- 1.0</b> | <b>- 297.6</b> | <b>- 307.3</b>     | <b>+ 3.2</b>  |
| Underlying sector EBITDA   | 134.7       | 143.4              | - 6.1        | - 149.0        | - 148.9            | - 0.1         |
| Investments in other intangible assets and property, plant and equipment | 118.0       | 65.0               | + 81.5       | 265.0          | 192.7              | + 37.5        |
| Employees (30 June)  | 57,557      | 56,126             | + 2.5        | 57,557         | 56,126             | + 2.5         |

Following the intra-Group sale of Magic Life to TUI Travel, the Magic Life Group, previously managed as part of the TUI Hotels & Resorts Sector, will retrospectively be carried under the TUI Travel Sector for financial year 2010/11 and the corresponding prior-year period as of the third quarter of 2010/11. Due to the first-time inclusion of the Magic Life Group, TUI Travel's underlying earnings declined by €0.9m (previous year €-8.5m) in the third quarter of 2010/11 and by €26.3m (previous year €-31.6m) for the first nine months of 2010/11.

In the third quarter of 2010/11, turnover by TUI Travel grew by 8.9% year-on-year. This rise was primarily attributable to higher customer numbers in the Mainstream Business.

Underlying earnings by TUI Travel accounted for €87.5m in the third quarter of 2010/11, down €0.9m year-on-year despite a rise in business volumes.

The TUI tour operators in the Northern Region showed a particularly gratifying performance in the third quarter of 2010/11. In the third quarter of 2010/11, TUI UK tour operators grew against the market trend, which was characterised by a substantial slowdown in consumer spending in the UK. TUI UK thus expanded its strong market position vis-à-vis its competition. The business performance in almost all business lines benefited from the Easter business, which fell in the period under review. The scheduled implementation of the turnaround and cost savings programmes in the Mainstream Business also generated additional profit contributions versus the previous year.

On the other hand, earnings by TUI Travel were impacted by the substantially weaker performance of TUI tour operators in France. In the third quarter of 2010/11, the French travel market was impacted more strongly than expected by the effects of the political situation in North Africa. Tunisia and Morocco, in particular, traditionally constitute popular destinations for French holidaymakers so that the considerable slump in demand for these destinations was not offset by alternative offerings.



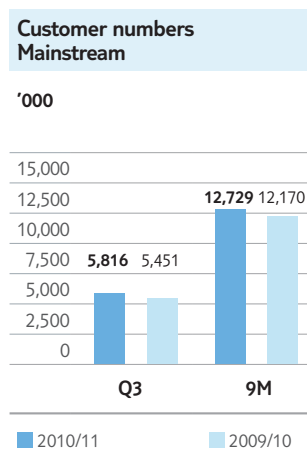
Against the backdrop of the persistently difficult market situation in France, TUI Travel is planning to merge the tour operator brands Nouvelles Frontières and Marmara, previously managed separately, to form a single entity. The integration is to achieve considerable cost savings but also more effective marketing activities. The effects of the crisis in North Africa on the other large source markets was limited thanks to flexible capacity management in the third quarter of 2010/11.

In the third quarter of 2010/11, TUI Travel had to carry net adjustments worth €59.2m:

- restructuring costs of €5.3m, mainly arising in connection with the pooling of administrative functions in the UK,
- effects of purchase price allocations worth €26.1m, and
- one-off expenses of €27.8m, in particular for the reorganisation of tour operator activities in the UK and group functions.

In the third quarter of 2010/11, reported earnings by TUI Travel grew by €103.3m to €28.3m versus the prior-year reference period, which was characterised by the impact of the ash cloud. Accumulated reported earnings for the first nine months of 2010/11 improved by €204.8m to €-328.2m year-on-year. Underlying earnings for the first three quarters of 2010/11 improved by €9.7m to €-297.6m.

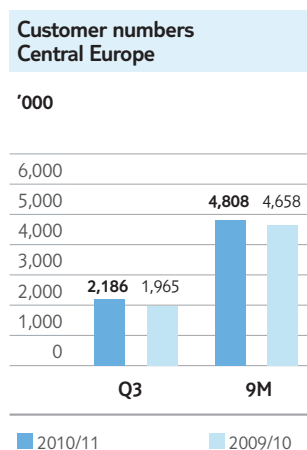
### Mainstream



Mainstream is the largest business line within TUI Travel and comprises sales of flights, accommodation and other tourism services in three divisions: Central Europe, Northern Region and Western Europe.

In the third quarter of 2010/11, the Mainstream Business serviced a total of 5,816 thousand guests, an increase of 6.7% year-on-year.

### Central Europe

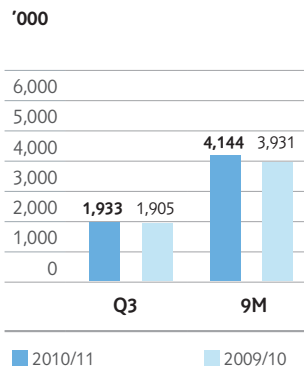


In the Central Europe Division (Germany, Austria, Switzerland, Poland and airline TUIfly), customer numbers rose by 11.2% year-on-year in the third quarter of 2010/11.

German tour operators recorded an overall satisfactory business performance year-on-year in the third quarter of 2010/11. The good economic conditions resulted in an increase in customer numbers and a higher proportion of early bookings. At the same time, late bookings of air tours fell short of expectations, in particular in May, due to the unusually warm weather and the late timing of Whitsun. In addition, rebookings from Egypt to alternative destinations resulted in lower average profit contributions in TUI Deutschland in the third quarter 2010/11. TUI Suisse continued the gratifying development of the previous quarter. Due to the rise in the exchange rate of the Swiss Franc against the Euro, customers increasingly booked tours on a cross-border basis. TUI Austria and TUI Poland also reported higher customer numbers.

### Northern Region

#### Customer numbers Northern Region



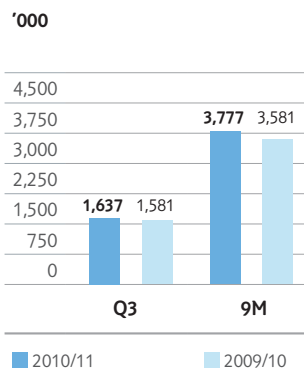
In the Northern Region (UK, Ireland, Canada, Nordics, airlines Thomsonfly and TUIfly Nordic and the hotel business of the Northern Region), customer numbers rose by 4.6% year-on-year in the third quarter of 2010/11.

The TUI UK tour operators posted a very good performance in the quarter under review in spite of the difficult economic environment in the UK. Customer numbers rose year-on-year, above all due to the Easter business, which fell in the period under review, and the favourable timing of public holidays in connection with the Royal Wedding. In a very challenging economic environment, TUI UK also held its own very well against its competition due to its strong brands and differentiated product portfolio. The Canadian tour operator Sunwing continued its turnaround process; however, the main business in Canada traditionally falls in the winter season.

In future, the product portfolio for the summer months is to be considerably improved through the launch of a Trans-Atlantic programme. The TUI tour operators in the Nordics continued the very good performance of the previous year. As of the third quarter of 2010/11, the hotel business of the Northern Region will also include the Magic Life Group. In the third quarter of 2010/11, the hotel business of the Northern Region posted a substantial seasonally positive profit contribution.

### Western Europe

#### Customer numbers Western Europe



The Western Europe Division (France, the Netherlands, Belgium and airlines Corsairfly, Arkefly and Jetairfly) recorded year-on-year growth in volumes of 3.5% in the third quarter of 2010/11.

The political unrest in North Africa impacted the business performance of the French tour operators more strongly than expected in the third quarter of 2010/11. As the North African countries constitute key holiday destinations for the French market, the TUI tour operators were unable to replace hotels in Tunisia and Morocco with alternative travel offerings in the short term. French holidaymakers increasingly switched to ground-based travel to destinations in France. The French Corsairfly airline continued its positive development in the quarter under review. The TUI tour operators in the Netherlands outperformed the market, also benefiting from the sound economic framework in the quarter under review. TUI Belgium also continued the very good development of the previous year with a significant rise in customer volumes.

### Emerging Markets

The Emerging Markets Business comprises activities in growth markets. Earnings in the third quarter of 2010/11 continued to reflect the cost of the launch of the TUI brand in Russia and the CIS countries as well as the costs required to set up the organisation. In the period under review, TUI Russia recorded lower customer numbers for tours to Egypt. Following the lifting of travel warnings by the Russian government at the end of March 2011, demand for Egypt, a key destination for the Russian market, only recovered slowly.

In May 2011, TUI China was the first European tour operator to be granted a licence to organise outbound travel for Chinese holidaymakers.

### Specialist & Activity

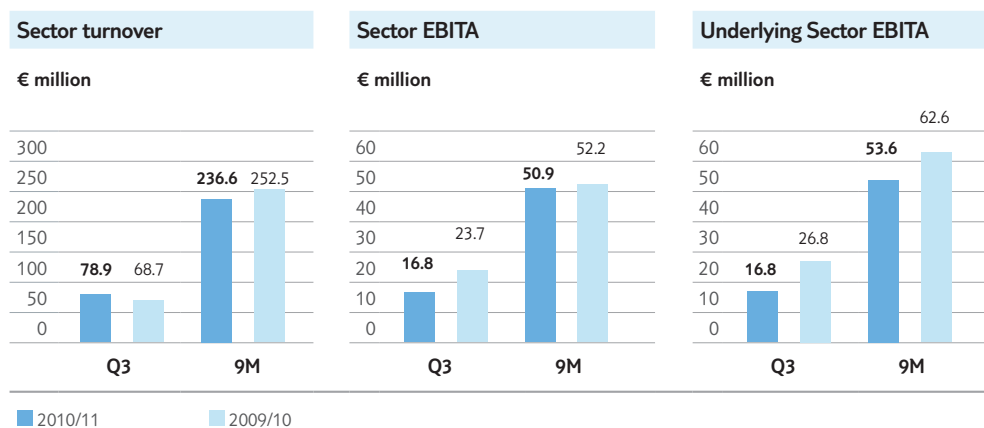
The Specialist & Activity Business comprises tour operators in six divisions: Adventure, North American Specialist, Education, Sport, Marine and Specialist Holidays Group.

In the third quarter of 2010/11, the divisions in the business line showed an overall weaker performance. While the premium tour operators in North America continued to record strong demand for premium tours, the performance of the Adventure tour operators did not meet expectations. The tour operators in the Sport Division also recorded a weaker performance versus the prior-year reference quarter, which was characterised by the Football World Cup.

### Accommodation and Destinations (A&D)

The A&D Business comprises the online services and incoming agencies. Online services again recorded considerable volume growth in the third quarter of 2010/11 following expansion of their portfolio and associated marketing activities. The incoming agencies reported a positive performance, with the exception of agencies in Tunisia and Egypt. Apart from volume growth in individual destinations, the restructuring programmes implemented in the previous year also had a positive effect.

## TUI Hotels & Resorts

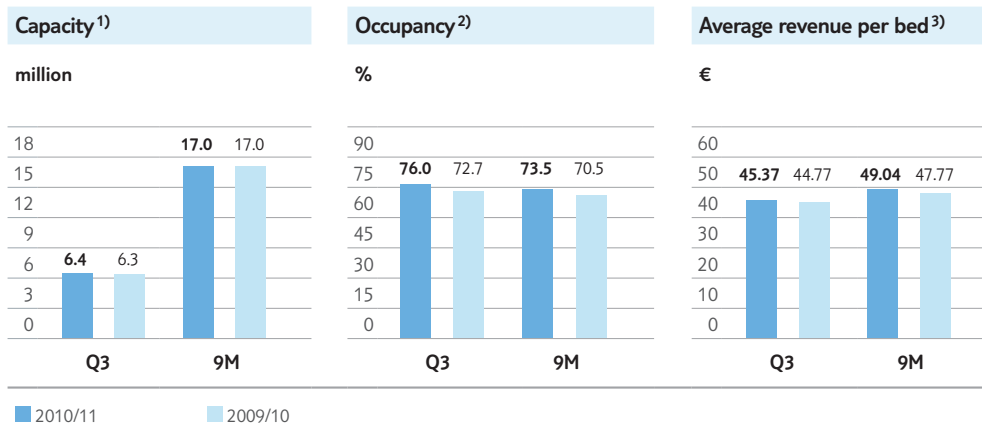


### TUI Hotels & Resorts - Key figures

| € million  | Q3 2010/11  | Q3 2009/10 revised | Var. %        | 9M 2010/11  | 9M 2009/10 revised | Var. %        |
|--|-------------|--------------------|---------------|-------------|--------------------|---------------|
| Total turnover   | 184.8       | 179.1              | + 3.2         | 534.7       | 549.9              | - 2.8         |
| Sector turnover  | 78.9        | 68.7               | + 14.8        | 236.6       | 252.2              | - 6.2         |
| <b>Sector EBITA</b>  | <b>16.8</b> | <b>23.7</b>        | <b>- 29.1</b> | <b>50.9</b> | <b>52.2</b>        | <b>- 2.5</b>  |
| Gains on disposal  | -           | -                  |               | -           | -                  |               |
| Restructuring  | -           | -                  |               | -           | -                  |               |
| Purchase price allocation  | -           | -                  |               | -           | -                  |               |
| Other one-off items  | -           | + 3.1              |               | + 2.7       | + 10.4             |               |
| <b>Underlying sector EBITA</b>   | <b>16.8</b> | <b>26.8</b>        | <b>- 37.3</b> | <b>53.6</b> | <b>62.6</b>        | <b>- 14.4</b> |
| Underlying sector EBITDA   | 35.3        | 44.1               | - 20.0        | 106.5       | 114.1              | - 6.7         |
| Investments in other intangible assets and property, plant and equipment | 21.2        | 15.7               | + 35.0        | 67.1        | 36.9               | + 81.8        |
| Employees (30 June)  | 13,657      | 13,988             | - 2.4         | 13,657      | 13,988             | - 2.4         |

The Group's hotel companies are pooled in TUI Hotels & Resorts.

In the third quarter of 2010/11, the Sector reported a total of 4.9m bednights (previous year 4.6m). Bed occupancy was 76.0% in the third quarter of 2010/11, up 3.3 percentage points on the previous year. The development of business varied for the individual hotel groups and regions.



<sup>1)</sup> Group hotel beds multiplied by opening days per quarter

<sup>2)</sup> Occupied beds divided by capacity

<sup>3)</sup> Arrangement revenue divided by occupied beds

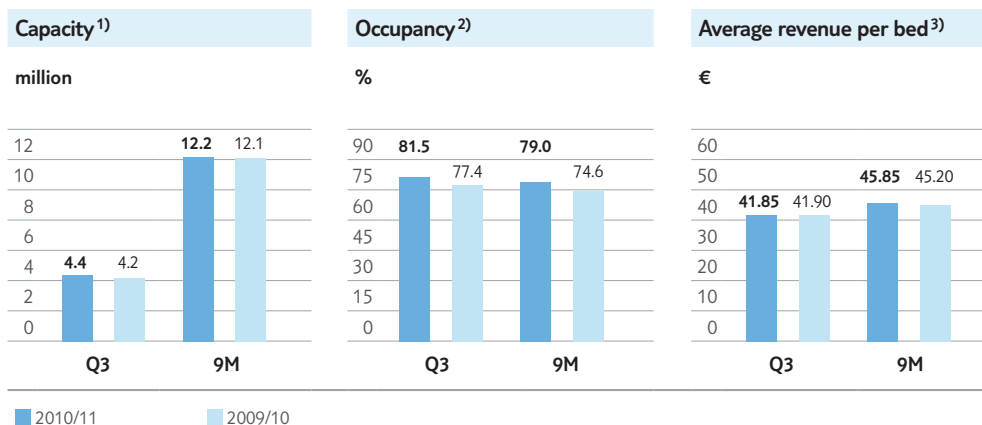
At €184.8m, total turnover by TUI Hotels & Resorts increased year-on-year. Due to overall sound demand on higher capacity, occupancy and average revenues per bed grew slightly year-on-year. At €78.9m, Sector turnover with non-Group third parties increased by 14.8% year-on-year in the third quarter of 2010/11.

Underlying earnings totalled €16.8m in the third quarter of 2010/11, down €10.0m year-on-year. While TUI hotels recorded an overall sound performance, this decline was mainly attributable to lower occupancy and rates in TUI hotels in Egypt as well as foreign exchange differences. Accumulated underlying earnings for the first nine months of 2010/11 totalled €53.6m, down €9.0m year-on-year.

Following the transfer of Magic Life to TUI Travel, underlying earnings by TUI Hotels & Resorts rose by €0.9m (previous year €8.5m) in the third quarter of 2010/11 and by €26.3m (previous year €31.6m) in the first nine months of 2010/11.

In the third quarter of 2010/11, TUI Hotels & Resorts did not have to carry any net adjustments for one-off effects.

### Riu



<sup>1)</sup> Group hotel beds multiplied by opening days per quarter

<sup>2)</sup> Occupied beds divided by capacity

<sup>3)</sup> Arrangement revenue divided by occupied beds

Riu, one of Spain's leading hotel chains, operated 106 hotels in the period under review. Capacity increased by 4.4% year-on-year to 4.4m hotel beds available. Average occupancy of Riu hotels in the third quarter of 2010/11 grew by 4.1 percentage points to 81.5% year-on-year. Average revenues per bed were flat year-on-year.

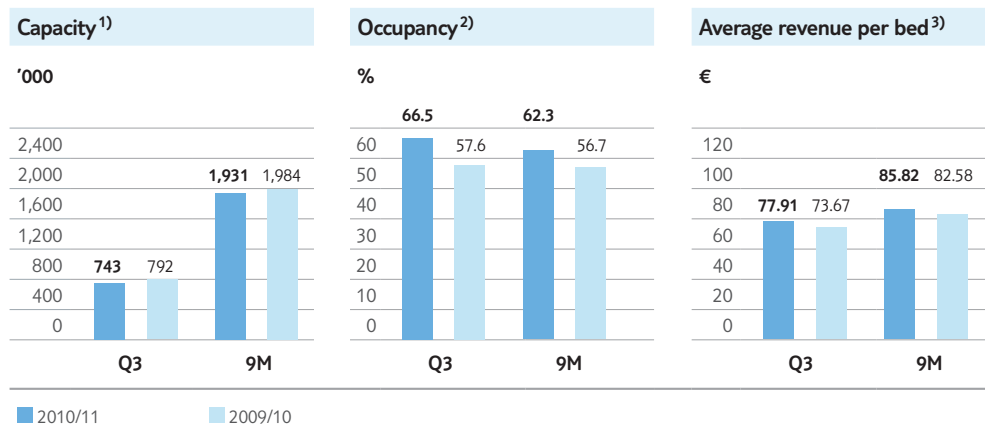
Business developed as follows in the individual regions:

Average occupancy of Riu hotels in the Canaries rose by 9.5 percentage points to 90.9% year-on-year. This considerable improvement reflects the higher demand for the destination. Moreover, Riu hotels in the Canaries benefited from tour operator customers rebooking their holidays, originally planned for Tunisia or Egypt, to the Spanish islands.

At 76.7%, occupancy of Riu hotels in the Balearics was up 0.4 percentage points year-on-year. Average occupancy of Riu hotels in mainland Spain decreased slightly by 0.5 percentage points to 70.8%. Riu hotels in the Balearics and mainland Spain thus did not benefit to the same extent as the Canaries from tour operator customers rebooking their holidays.

In the long-haul segment, Riu hotels recorded an average occupancy rate of 78.5%, up 4.7 percentage points on the previous year's level. The increase was above all due to stronger demand in the US for hotels in Mexico and Jamaica. Average revenues per bed declined slightly due to the exchange rate parities of the respective currencies against the Euro.

### Robinson

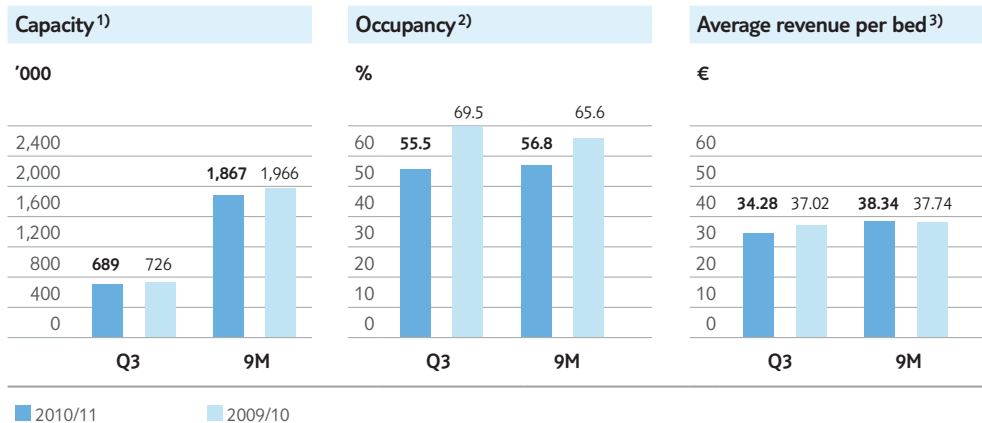


<sup>1)</sup> Group hotel beds multiplied by opening days per quarter

<sup>2)</sup> Occupied beds divided by capacity

<sup>3)</sup> Arrangement revenue divided by occupied beds

In the third quarter of 2010/11, 24 club facilities of Robinson, market leader in the premium club holiday segment, were open. Capacity declined year-on-year due to the renovation of Robinson Club Jandia Playa and the later seasonal opening of several club facilities in the Alps. The Robinson clubs in Portugal, Spain, Turkey and the Robinson Club in the Maldives achieved year-on-year growth in occupancy of more than 10 percentage points in some cases. The resorts in Switzerland and Egypt, by contrast, reported lower occupancy rates. Overall, occupancy thus grew by 8.9 percentage points year-on-year for the entire Robinson Group. Average revenues per bed rose by 5.7%.

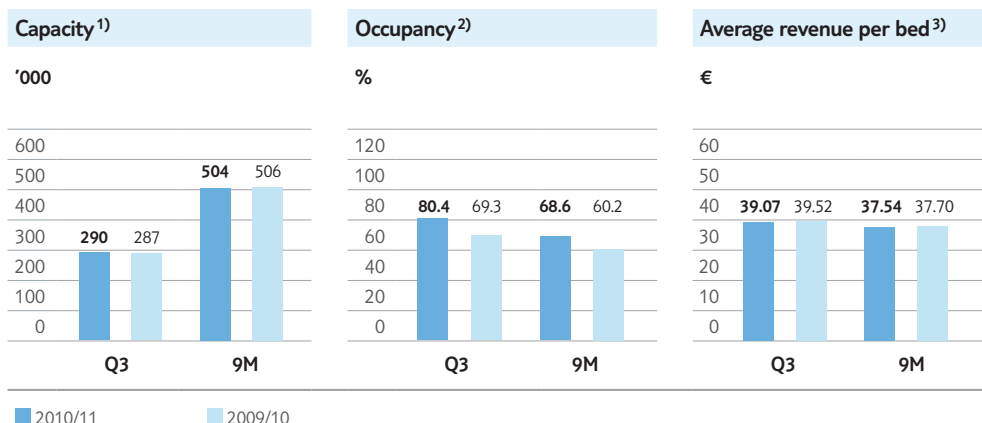
**Iberotel**

<sup>1)</sup> Group hotel beds multiplied by opening days per quarter

<sup>2)</sup> Occupied beds divided by capacity

<sup>3)</sup> Arrangement revenue divided by occupied beds

In the third quarter of 2010/11, 24 facilities in Egypt, Italy, the United Arab Emirates, Turkey and Germany were open. Due to different timing of the seasons, capacity decreased slightly year-on-year. Total occupancy of Iberotels decreased year-on-year to 55.5%, down 14.0 percentage points. Following the political unrest, Iberotels in Egypt, in particular, only recorded low occupancy rates. Since price measures were introduced to stabilise demand for Iberotels in Egypt, average revenues per bed declined by 7.3%.

**Grupotel**

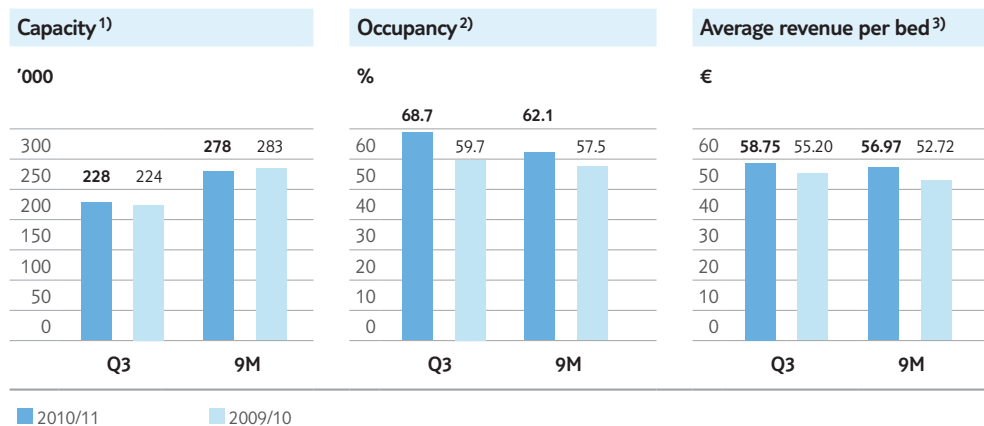
<sup>1)</sup> Group hotel beds multiplied by opening days per quarter

<sup>2)</sup> Occupied beds divided by capacity

<sup>3)</sup> Arrangement revenue divided by occupied beds

At the end of the third quarter of 2010/11, 33 hotels of the Grupotel chain, represented in Majorca, Menorca and Ibiza, were open. Capacity was slightly up year-on-year, with occupancy rising 11.1 percentage points to 80.4%. With this improvement, Grupotel benefited strongly from the shift in demand for destinations in the western Mediterranean. Average revenues per bed reached previous year's level.

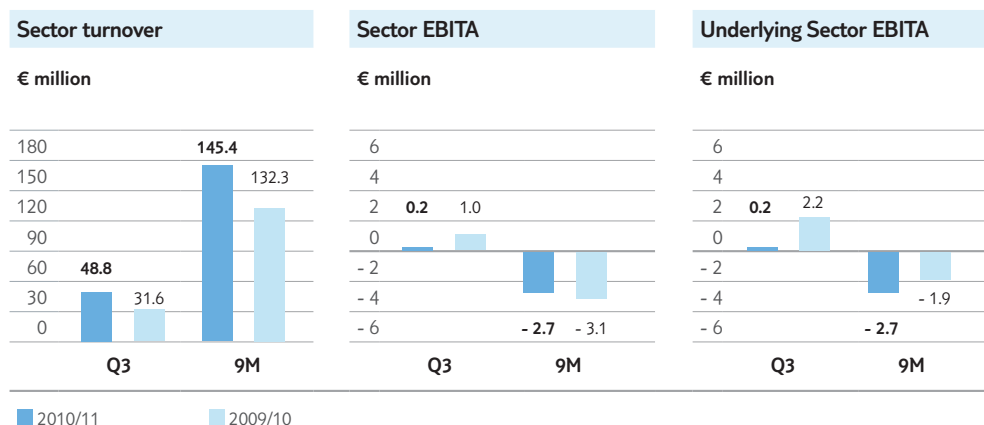
## Grecootel



- <sup>1)</sup> Group hotel beds multiplied by opening days per quarter  
<sup>2)</sup> Occupied beds divided by capacity  
<sup>3)</sup> Arrangement revenue divided by occupied beds

In the third quarter of 2010/11, all 21 resorts operated by Grecootel, the leading Greek hotel company, were open. Occupancy grew by 9.0 percentage points to 68.7% on slightly higher capacity. Average revenues per bed rose by 6.5%.

## Cruises



The Cruises Sector comprises Hapag-Lloyd Kreuzfahrten and the joint venture TUI Cruises. The German-speaking market for cruises was characterised by a continued rise in demand in the third quarter of 2010/11. This affected both the niche market for luxury and expedition cruises of Hapag-Lloyd Kreuzfahrten and the volume market for premium cruises, served by TUI Cruises. While Hapag-Lloyd Kreuzfahrten is planning to expand its fleet in the short to medium term in order to expand its position in a growing market, TUI Cruises commissioned a second cruise ship, Mein Schiff 2, in the quarter under review following a conversion and refurbishment phase.

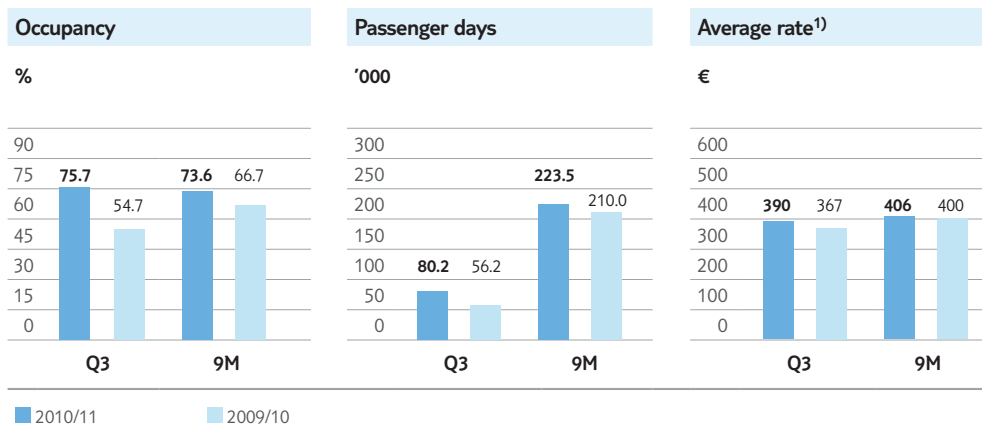
## Cruises - Key figures

| € million  | Q3 2010/11 | Q3 2009/10 | Var. %        | 9M 2010/11   | 9M 2009/10   | Var. %        |
|--|------------|------------|---------------|--------------|--------------|---------------|
| Sector turnover  | 48.8       | 31.6       | + 54.4        | 145.4        | 132.3        | + 9.9         |
| <b>Sector EBITA</b>  | <b>0.2</b> | <b>1.0</b> | <b>- 80.0</b> | <b>- 2.7</b> | <b>- 3.1</b> | <b>+ 12.9</b> |
| Gains on disposal  | -          | -          |               | -            | -            |               |
| Restructuring  | -          | -          |               | -            | -            |               |
| Purchase price allocation  | -          | -          |               | -            | -            |               |
| Other one-off items  | -          | + 1.2      |               | -            | + 1.2        |               |
| <b>Underlying sector EBITA</b>   | <b>0.2</b> | <b>2.2</b> | <b>- 90.9</b> | <b>- 2.7</b> | <b>- 1.9</b> | <b>- 42.1</b> |
| Underlying sector EBITDA   | 2.4        | 4.3        | - 44.2        | 3.5          | 4.2          | - 16.7        |
| Investments in other intangible assets and property, plant and equipment | 3.6        | 1.3        | + 176.9       | 5.9          | 6.1          | - 3.3         |
| Employees (30 June)  | 257        | 225        | + 14.2        | 257          | 225          | + 14.2        |

In the third quarter of 2010/11, turnover by the Cruises Sector totalled €48.8m, up 54.4% year-on-year. A year-on-year comparison of this growth is of limited relevance since turnover posted for the previous year was impacted by an unscheduled dry-dock period of MS Europa. The joint venture TUI Cruises is measured at equity in the consolidated financial statements; the turnover shown here therefore only relates to Hapag-Lloyd Kreuzfahrten.

In the third quarter of 2010/11, underlying earnings by the Cruises Sector stood at €0.2m, down €2.0m year-on-year. While the business performance was very positive, earnings by the two companies were impacted by fleet expansion costs: Hapag-Lloyd Kreuzfahrten incurred start-up costs in connection with MS Europa 2 and MS Columbus 2, whereas TUI Cruises incurred higher one-off costs due to the commissioning of its second cruise ship. Accumulated underlying earnings for the first nine months of the year decreased by €0.8m year-on-year to €-2.7m.

## Hapag-Lloyd Kreuzfahrten

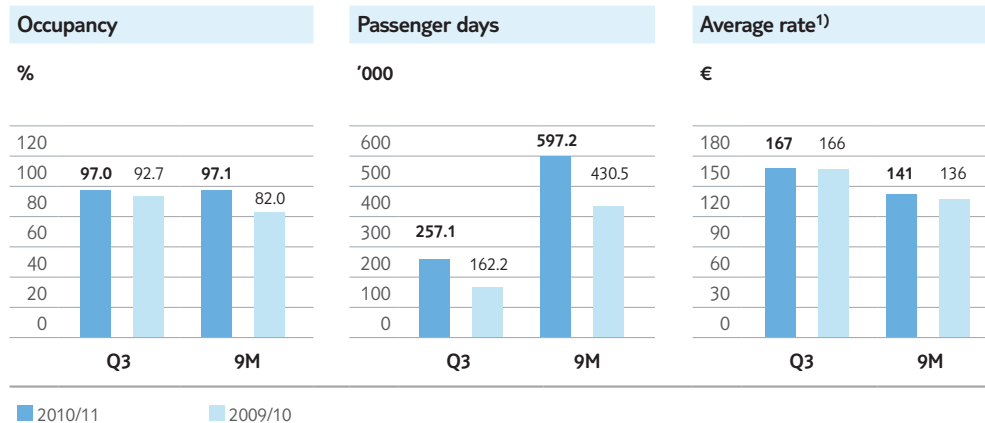


<sup>1)</sup> per day and passenger

In the third quarter of 2010/11, Hapag-Lloyd Kreuzfahrten achieved a considerable increase in the load factor for its four vessels of 21.0 percentage points year-on-year to 75.7%. Passenger days rose to 80,204. The corresponding prior-year numbers reflected lost cruise days caused by the unscheduled dry-dock period of MS Europa. The average rate per passenger per day was €390, up 6.3% year-on-year.



## TUI Cruises

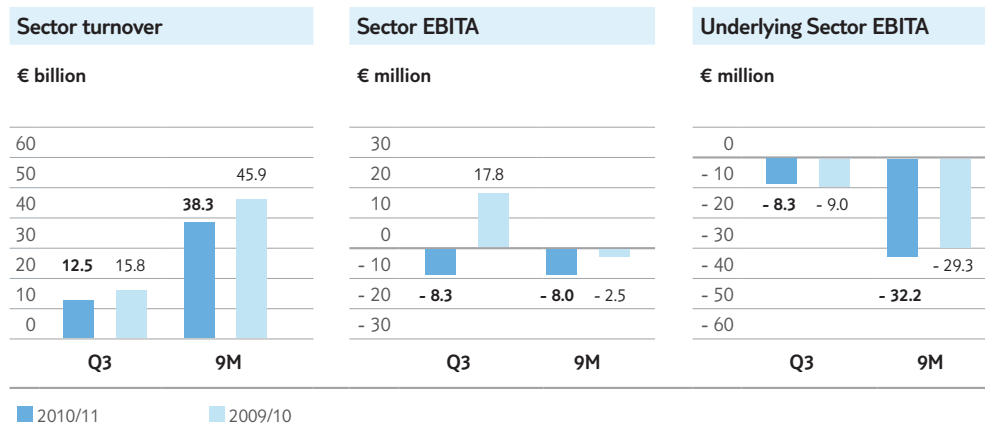


■ 2010/11 ■ 2009/10

<sup>1)</sup> per day and passenger

In the third quarter of 2010/11, TUI Cruises continued to record a very positive development of its key indicators. As of May 2011, they have also included the results of Mein Schiff 2. The load factor grew by 4.3 percentage points year-on-year to 97.0%. This rise was driven by both cruise ships. TUI Cruises adopted the successful concept of the first vessel, including the Premium All-Inclusive concept, for Mein Schiff 2, which thus firmly established itself in the market upon its commissioning. In the third quarter of 2010/11, 257,108 passenger days were recorded. The average rate per passenger per day was €167, up 0.6% year-on-year.

## Central Operations



■ 2010/11 ■ 2009/10

Central Operations comprise the corporate centre functions of TUI AG and the intermediate holdings as well as other operating areas, primarily including the Group's real estate companies.

### Central Operations - Key figures

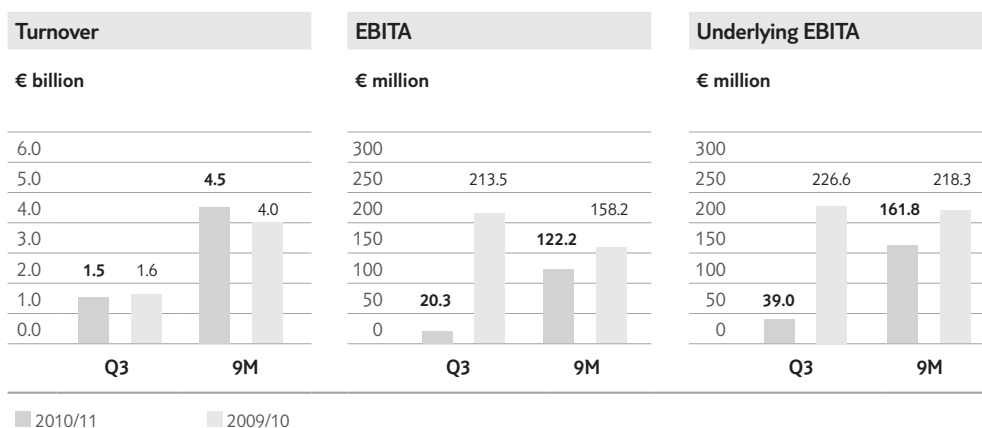
| € million  | Q3 2010/11   | Q3 2009/10 revised | Var. %       | 9M 2010/11    | 9M 2009/10 revised | Var. %         |
|--|--------------|--------------------|--------------|---------------|--------------------|----------------|
| Sector turnover  | 12.5         | 15.8               | - 20.9       | 38.3          | 45.9               | - 16.6         |
| <b>Sector EBITA</b>  | <b>- 8.3</b> | <b>17.8</b>        | <b>n/a</b>   | <b>- 8.0</b>  | <b>- 2.5</b>       | <b>- 220.0</b> |
| Gains on disposal  | -            | -                  |              | -             | -                  |                |
| Restructuring  | -            | -                  |              | -             | -                  |                |
| Purchase price allocation  | -            | -                  |              | -             | -                  |                |
| Other one-off items  | -            | - 26.8             |              | - 24.2        | - 26.8             |                |
| <b>Underlying sector EBITA</b>   | <b>- 8.3</b> | <b>- 9.0</b>       | <b>+ 7.8</b> | <b>- 32.2</b> | <b>- 29.3</b>      | <b>- 9.9</b>   |
| Underlying sector EBITDA   | - 6.7        | - 7.5              | + 10.7       | - 28.3        | - 21.6             | - 31.0         |
| Investments in other intangible assets and property, plant and equipment | 0.1          | 0.5                | - 80.0       | 0.7           | 2.6                | - 73.1         |
| Employees (30 June)  | 623          | 651                | - 4.3        | 623           | 651                | - 4.3          |

In the third quarter of 2010/11, underlying earnings by Central Operations totalled €-8.3, flat on the prior year. Accumulated underlying earnings for the first three quarters of the year totalled €-32.2m, down €2.9m.

In the quarter under review, Central Operations did not have to carry any adjustments.

In the third quarter of 2010/11, reported earnings by Central Operations totalled €-8.3m, down €26.1m versus the previous year's reference quarter, which was characterised by one-off income from capital reduction measures in foreign subsidiaries. Accumulated reported earnings for the first nine months of the year stood at €-8.0m, a year-on-year decline of €5.5m.

## Information on Container Shipping



The 38.4% stake (as per June 2011) in Hapag-Lloyd Holding AG, taken after the sale of Container Shipping, is measured at equity in TUI's consolidated financial statements. Since the stake in Hapag-Lloyd Holding AG constitutes a financial investment from TUI AG's perspective, the proportionate at equity result is not included in the TUI Group's operating performance indicator EBITA. For information purposes, the table below presents Container Shipping from Hapag-Lloyd AG's perspective on a 100 per cent basis.

### Container Shipping - Key figures

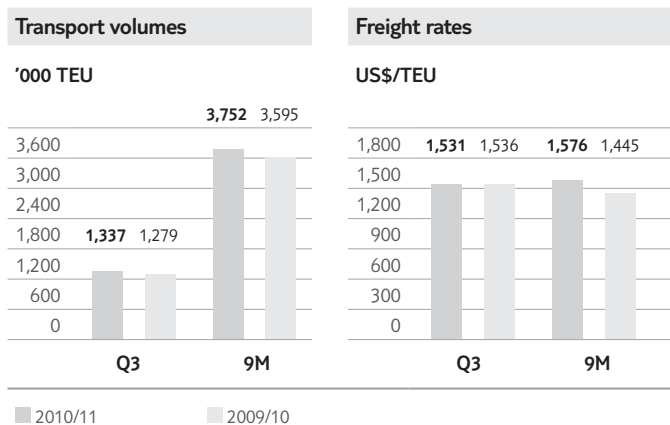
| € million                 | Q3 2010/11  | Q3 2009/10   | Var. %        | 9M 2010/11   | 9M 2009/10   | Var. %        |
|---------------------------|-------------|--------------|---------------|--------------|--------------|---------------|
| Turnover                  | 1,484.7     | 1,630.4      | - 8.9         | 4,503.3      | 4,046.1      | + 11.3        |
| <b>EBITA</b>              | <b>20.3</b> | <b>213.5</b> | <b>- 90.5</b> | <b>122.2</b> | <b>158.2</b> | <b>- 22.8</b> |
| Gains on disposal         | -           | - 2.2        |               | + 1.6        | - 0.8        |               |
| Restructuring             | -           | -            |               | + 0.1        | + 0.4        |               |
| Purchase price allocation | + 11.5      | + 13.5       |               | + 35.9       | + 36.4       |               |
| Other one-off items       | + 7.2       | + 1.4        |               | + 2.0        | + 24.1       |               |
| <b>Underlying EBITA</b>   | <b>39.0</b> | <b>226.2</b> | <b>- 82.8</b> | <b>161.8</b> | <b>218.3</b> | <b>- 25.9</b> |

### Turnover and earnings

Turnover by Container Shipping decreased by -8.9% year-on-year to around €1.5bn in the third quarter of 2010/11. This development was mainly attributable to the 11.5% weakening of the US Dollar exchange rate against the Euro, while transport volumes rose slightly and freight rate levels remained almost flat year-on-year.

Underlying earnings were €39.0m in the third quarter of 2010/11, down €187.2m year-on-year. Adjustments worth €18.7m had to be carried for one-off effects, mainly for purchase price allocations and expenses for ship re-routings in connection with the crisis in Japan. Earnings before adjustment for these effects were €20.3m, down €193.2m year-on-year. This development of earnings was driven by higher bunker costs, which were not fully passed on to customers in a market environment characterised by higher shipping capacity and stronger competitive pressure. The development of earnings was also affected by the weakening of the US Dollar exchange rate against the Euro.

### Transport volumes and freight rates in Container Shipping



In the third quarter of 2010/11 of 2010/2011, Hapag-Lloyd achieved a year-on-year increase in transport volumes of 4.5% to 1,337 thousand standard container units (TEU). This growth was driven by all trade lanes, with the strongest growth achieved in the Latin America and Trans-Pacific trade lanes. The average freight rate stood at 1,531 US\$/TEU in the third quarter of 2010/11, almost flat year-on-year. While the Atlantic and Australasia trade lanes recorded year-on-year growth in freight rates, freight rates declined in the Far East and Trans-Pacific trade lanes so that the average rate level achieved in the previous year was not reproduced.

The accumulated container transport volume for the first nine months of 2010/11 totalled 3,752 thousand TEU, up 4.4% year-on-year. The average freight rate level increased by 9.1% year-on-year to 1,576 US\$/TEU. Freight rates also reflected the higher bunker prices, which were not fully compensated by bunker surcharges.

The accumulated container transport volume for the first nine months of 2010/11 totalled 3,752 thousand TEU, up 4.4% year-on-year. The average freight rate level increased by 9.1% year-on-year to 1,576 US\$/TEU. Freight rates also reflected the higher bunker prices, which were not fully compensated by bunker surcharges.

### Financial commitment to Container Shipping

#### Financial exposure of TUI AG in Container Shipping

| € million                 | 30 Sep 2010  | 31 Mar 2011  | 30 Jun 2011  |
|---------------------------|--------------|--------------|--------------|
| Equity stake              | 1,187        | 1,537        | 1,187        |
| Investment share TUI AG   | 43.2%        | 49.8%        | 38.4%        |
| TUI short-term loan       | 227          | -            | -            |
| TUI vendor loan           | 180          | 180          | -            |
| Loans                     | 407          | 180          | -            |
| Hybrid capital I          | 350          | -            | -            |
| Hybrid capital II         | 350          | 350          | 350          |
| Hybrid capital III        | 215          | -            | -            |
| Hybrid capital            | 915          | 350          | 350          |
| <b>Financial exposure</b> | <b>2,509</b> | <b>2,067</b> | <b>1,537</b> |

TUI AG's financial commitment to Container Shipping accounted for around €1.54bn as per the end of the third quarter of 2010/11 (equity of €1.19bn and hybrid capital of €0.35bn). In April 2011, Hapag-Lloyd repaid the TUI vendor loan ahead of its due date. Moreover, the previously agreed sale of 11.33% of the Hapag-Lloyd stake held by TUI to the Albert Ballin consortium was completed at the end of May 2011. TUI AG's stake in Hapag-Lloyd thus declined from around 49.8% to around 38.4%.

## Consolidated earnings

### Income Statement

| € million  | Q3 2010/11      | Q3 2009/10 revised | Var. %         | 9M 2010/11     | 9M 2009/10 revised | Var. %        |
|--|-----------------|--------------------|----------------|----------------|--------------------|---------------|
| Turnover   | 4,387.5         | 4,015.6            | + 9.3          | 10,751.8       | 9,854.4            | + 9.1         |
| Cost of sales  | 4,013.1         | 3,656.5            | + 9.8          | 10,103.2       | 9,301.7            | + 8.6         |
| <b>Gross profit</b>  | <b>374.4</b>    | <b>359.1</b>       | <b>+ 4.3</b>   | <b>648.6</b>   | <b>552.7</b>       | <b>+ 17.4</b> |
| Administrative expenses  | 355.9           | 422.5              | - 15.8         | 1,026.7        | 1,077.9            | - 4.7         |
| Other income/Other expenses  | + 12.5          | + 30.1             | - 58.5         | + 65.0         | + 37.7             | + 72.4        |
| Impairment of goodwill   | -               | -                  | -              | -              | -                  | -             |
| Financial income   | 32.1            | 39.6               | - 18.9         | 192.0          | 152.0              | + 26.3        |
| Financial expenses   | 91.3            | 108.5              | - 15.9         | 386.7          | 326.5              | + 18.4        |
| Share of result of joint ventures and associates                         | - 2.6           | + 73.0             | n/a            | + 24.7         | + 56.5             | - 56.3        |
| <b>Earnings before income taxes</b>                                      | <b>- 30.8</b>   | <b>- 29.2</b>      | <b>- 5.5</b>   | <b>- 483.1</b> | <b>- 605.5</b>     | <b>+ 20.2</b> |
| <b>Reconciliation to underlying earnings:</b>                            |                 |                    |                |                |                    |               |
| Earnings before income taxes   | - 30.8          | - 29.2             | - 5.5          | - 483.1        | - 605.5            | + 20.2        |
| Result from Container Shipping measured at equity                        | 5.0             | - 74.5             | n/a            | 0.3            | - 65.5             | n/a           |
| Effect of measurement of the financial instruments to Container Shipping | - 10.0          | - 8.2              | - 22.0         | - 50.9         | - 31.1             | - 63.7        |
| Interest result and earnings from the measurement of interest hedges     | 72.8            | 79.4               | - 8.3          | 245.7          | 215.7              | + 13.9        |
| Impairment of goodwill   | -               | -                  | -              | -              | -                  | -             |
| Group EBITA  | 37.0            | - 32.5             | n/a            | - 288.0        | - 486.4            | + 40.8        |
| <b>Adjustments:</b>  |                 |                    |                |                |                    |               |
| Gains on disposals   | -               | - 9.4              |                | -              | - 11.4             |               |
| Restructuring  | + 5.3           | + 9.0              |                | + 16.0         | + 22.2             |               |
| Purchase price allocation  | + 26.1          | + 17.8             |                | + 65.6         | + 49.7             |               |
| Other one-off items  | + 27.8          | + 123.5            |                | - 72.5         | + 150.0            |               |
| <b>Underlying Group EBITA</b>  | <b>96.2</b>     | <b>108.4</b>       | <b>- 11.3</b>  | <b>- 278.9</b> | <b>- 275.9</b>     | <b>- 1.1</b>  |
| <b>Earnings before income taxes</b>                                      | <b>- 30.8</b>   | <b>- 29.2</b>      | <b>- 5.5</b>   | <b>- 483.1</b> | <b>- 605.5</b>     | <b>+ 20.2</b> |
| Income taxes   | 8.8             | - 17.0             | n/a            | - 139.9        | - 161.7            | + 13.5        |
| <b>Group loss for the year</b>   | <b>- 39.6</b>   | <b>- 12.2</b>      | <b>- 224.6</b> | <b>- 343.2</b> | <b>- 443.8</b>     | <b>+ 22.7</b> |
| Group profit/loss for the year attributable to shareholders of TUI AG    | - 40.5          | 4.1                | n/a            | - 230.9        | - 277.5            | + 16.8        |
| Group profit/loss for the year attributable to non-controlling interest  | 0.9             | - 16.3             | n/a            | - 112.3        | - 166.3            | + 32.5        |
| <b>Group loss for the year</b>   | <b>- 39.6</b>   | <b>- 12.2</b>      | <b>- 224.6</b> | <b>- 343.2</b> | <b>- 443.8</b>     | <b>+ 22.7</b> |
| <b>Basic and diluted earnings per share</b>                              | <b>€ - 0.18</b> | <b>- 0.01</b>      | <b>n/a</b>     | <b>- 0.99</b>  | <b>- 1.18</b>      | <b>+ 16.1</b> |

The consolidated profit and loss statement reflects the seasonality in Tourism, as a result of which the accumulated result generated in the period from October to June is negative.



See page 3

### Turnover and cost of sales

Turnover comprises the turnover generated by Tourism and Central Operations. In the third quarter of 2010/11, turnover climbed by 9.3% year-on-year to €4.4bn. This increase was above all attributable to higher business volumes in TUI Travel. For the first nine months of 2010/11, the year-on-year growth was 9.1%. Turnover is presented alongside the cost of sales, which also rose due to the increased business volumes. A detailed breakdown of turnover and the development of turnover are presented in the section Earnings by the Sectors.

**Gross profit**

At €374.4m, gross profit as the balance of turnover and the cost of sales rose by 4.3% year-on-year in the third quarter of 2010/11. For the first nine months, gross profit amounted to €648.6m, up 17.4% year-on-year.

**Administrative expenses**

Administrative expenses comprise expenses not directly allocable to the turnover transactions, such as expenses for general management functions. In the third quarter of 2010/11, they totalled €355.9m, down 15.8% against the prior-year reference value, which had included expenses incurred in the framework of the aftermath of the closure of European airspace. The value posted for the first nine months declined by 4.7% to €1,026.7m.

**Other income/Other expenses**

Other income and Other expenses primarily comprise profits and losses from the sale of fixed assets. The balance of income and expenses totalled €12.5m in the third quarter of 2010/11, a year-on-year decline of €17.6m. Other income included the gain on disposal from the sale of around 11.33% of the Hapag-Lloyd stake held by TUI to the Albert Ballin consortium and book profits from the disposal of aircraft assets. For the first nine months of 2010/11, the increase amounted to €27.3m year-on-year.

**Impairment of goodwill**

As in the previous year, no goodwill impairment charges were carried for the 2010/11 periods under review.

**Financial income and expenses/Financial result**

The financial result comprises the interest result and the net result from marketable securities as well as the effect of the measurement of the financial instruments to Container Shipping. In the third quarter, it comprised financial income of €32.1m (previous year €39.6m) and financial expenses of €91.3m (previous year €108.5m). The financial result rose by €9.7m in the third quarter of 2010/11, driven by lower interest expenses due to early and scheduled repayments of financial debt. In the first nine months, the financial result decreased by €20.2m.

**Share of results of joint ventures and associates**

The share of results of joint ventures and associates comprises the share in net profit for the year of the associated companies and joint ventures as well as any impairments of the goodwill of these companies. The share of results of joint ventures and associates totalled €-2.6m for the third quarter of 2010/11 and thus decreased substantially year-on-year (€73.0m). The decline was essentially attributable to the development of the at equity result from Container Shipping: The operating result in Container Shipping decreased year-on-year, above all due to the considerable rise in bunker costs, which were not fully passed on to customers in the current competitive environment. In addition, Container Shipping posted considerable measurement losses from the measurement of the Euro-denominated debt of the Container Shipping business, which is managed in US Dollars, due to the weakness of the US Dollar exchange rate against the Euro. In combination with higher interest expenses, this resulted in an overall loss.

In the first nine months of 2010/11, the at equity result totalled €24.7m (previous year €56.5m).

**Underlying Group EBITA**

In the third quarter of 2010/11, underlying Group EBITA was €96.2m, down 11.3% year-on-year. Accumulated underlying Group EBITA for the first nine months was almost flat year-on-year at €-278.9m. EBITA was adjusted for gains on disposal, restructuring expenses, purchase price allocations and one-off items. The adjustments are outlined in detail in the section Earnings by the Sectors.

**Income taxes**

Taxes on income comprise taxes on profits from the business activities. An overall tax expense of €8.8m arose in the third quarter of 2010/11 since not all pre-tax losses incurred in the quarter under review will probably result in future tax savings. For the first nine months, accumulated tax assets of €139.9m arose (previous year tax assets of €161.7m).



Adjustments see page 7

### Group loss

In the third quarter of 2010/11, the Group result was negative at €-39.6m (previous year €-12.2m). For the first nine months of 2010/11, the accumulated Group result improved by €100.6m to €-343.2m, partly due to an increase in Hapag-Lloyd's at equity profit contribution.

### Non-controlling interests

Non-controlling interests accounted for €0.9m for the third quarter of 2010/11 and €-112.3m for the first nine months. They related to the external shareholders of TUI Travel PLC and companies in the TUI Hotels & Resorts Sector.

### Earnings per share

After deduction of non-controlling interests, TUI AG shareholders accounted for €-40.5m (previous year €4.1m) of the Group result in the third quarter of 2010/11. As a result, basic earnings per share amounted to €-0.18 (previous year €-0.01) for the third quarter and €-0.99 (previous year €-1.18) for the first nine months of 2010/11.

## Performance indicators

### Key figures of Income Statement

| € million  | Q3 2010/11    | Q3 2009/10 revised | Var. %         | 9M 2010/11     | 9M 2009/10 revised | Var. %        |
|--|---------------|--------------------|----------------|----------------|--------------------|---------------|
| <b>Earnings before interest, income taxes, depreciation, impairment and rent (EBITDAR)</b> | <b>370.0</b>  | <b>260.3</b>       | <b>+ 42.1</b>  | <b>598.5</b>   | <b>378.4</b>       | <b>+ 58.2</b> |
| Operating rental expenses  | 229.2         | 196.6              | + 16.6         | 620.7          | 578.7              | + 7.3         |
| <b>Earnings before interest, income taxes, depreciation and impairment (EBITDA)</b>        | <b>140.8</b>  | <b>63.7</b>        | <b>+ 121.0</b> | <b>- 22.2</b>  | <b>- 200.3</b>     | <b>+ 88.9</b> |
| Depreciation/amortisation less reversals of depreciation <sup>1)</sup>                     | - 103.8       | - 96.2             | - 7.9          | - 265.8        | - 286.1            | + 7.1         |
| <b>Earnings before interest, income taxes and impairment of goodwill (EBITA)</b>           | <b>37.0</b>   | <b>- 32.5</b>      | <b>n/a</b>     | <b>- 288.0</b> | <b>- 486.4</b>     | <b>+ 40.8</b> |
| Impairment of goodwill   | -             | -                  | -              | -              | -                  | -             |
| <b>Earnings before interest and income taxes (EBIT)</b>                                    | <b>37.0</b>   | <b>- 32.5</b>      | <b>n/a</b>     | <b>- 288.0</b> | <b>- 486.4</b>     | <b>+ 40.8</b> |
| Interest result and earnings from the measurement of interest hedges                       | - 72.8        | - 79.4             | + 8.3          | - 245.7        | - 215.7            | - 13.9        |
| Effect of measurement of the loans to Container Shipping                                   | 10.0          | 8.2                | + 22.0         | 50.9           | 31.1               | + 63.7        |
| Result from Container Shipping measured at equity  | - 5.0         | 74.5               | n/a            | - 0.3          | 65.5               | n/a           |
| <b>Earnings before income taxes (EBT)</b>  | <b>- 30.8</b> | <b>- 29.2</b>      | <b>- 5.5</b>   | <b>- 483.1</b> | <b>- 605.5</b>     | <b>+ 20.2</b> |

<sup>1)</sup> on property, plant and equipment, intangible assets, financial and other assets

## Net assets and financial position

The Group's balance sheet total declined by 7.0% to €13.6bn versus the end of financial year 2009/10. The changes in the consolidated statement of financial position against 30 September 2010 primarily reflect the seasonality in the tourism business.

### Assets and liabilities

| € million             | 30 Jun 2011     | 30 Sep 2010     | Var. %       |
|-----------------------|-----------------|-----------------|--------------|
| Non-current assets    | 8,855.1         | 9,356.7         | - 5.4        |
| Current assets        | 4,733.9         | 5,258.8         | - 10.0       |
| <b>Assets</b>         | <b>13,589.0</b> | <b>14,615.5</b> | <b>- 7.0</b> |
| Equity                | 2,202.6         | 2,434.2         | - 9.5        |
| Provisions            | 2,002.3         | 2,147.5         | - 6.8        |
| Financial liabilities | 3,014.0         | 4,511.9         | - 33.2       |
| Other liabilities     | 6,370.1         | 5,521.9         | + 15.4       |
| <b>Liabilities</b>    | <b>13,589.0</b> | <b>14,615.5</b> | <b>- 7.0</b> |

### Non-current assets

As at 30 June 2011, non-current assets accounted for 65.2% of total assets, compared with 64.0% as at 30 September 2010. In absolute terms, non-current assets decreased from €9.4bn as per 30 September 2010 to €8.9bn as per 30 June 2011.

### Current assets

As at 30 June 2011, current assets accounted for 34.8% of total assets, following 36.0% as at 30 September 2010. Current assets decreased from €5.3bn as at 30 September 2010 to €4.7bn as at 30 June 2011. This decrease was mainly attributable to the seasonality of the tourism business.

### Equity

Equity totalled €2.2bn as at 30 June 2011. At 16.2%, the equity ratio decreased compared to its level on 30 September 2010 of 16.7%. Further information on the changes in equity is provided in the notes on this Interim Report.

### Provisions

Provisions mainly comprise provisions for pension obligations, effective and deferred tax provisions and provisions for typical operating risks. As at 30 June 2011, they totalled €2.0bn, down 6.8% versus their level as at 30 September 2010. The decline was above all driven by lower pension obligations caused by the rise in the interest rate level for the measurement of these provisions in Germany and the UK.

### Financial liabilities

As at 30 June 2011, financial liabilities consisted of non-current financial liabilities of €2.8bn and current financial liabilities of €0.2bn. As at 30 September 2010, non-current financial liabilities stood at €2.8bn, with current financial liabilities of €1.7bn.

At the end of the third quarter (30 June 2011), the TUI Group's net debt including the assets held for sale and the associated liabilities totalled €1.5bn. Net debt was thus reduced by €1.4bn year-on-year. This significant decrease in net debt resulted above all from inflows of funds in connection with the reduction in the commitment to Container Shipping as well as an improved working capital of TUI Travel.

### Other liabilities

As at 30 June 2011, other liabilities amounted to €6.4bn, up 15.4% as against 30 September 2010. This change was mainly driven by the seasonality of the tourism business.



See page 38

## Other segment indicators

### Underlying sector EBITDA

| € million                       | Q3 2010/11   | Q3 2009/10 revised | Var. %        | 9M 2010/11    | 9M 2009/10 revised | Var. %        |
|---------------------------------|--------------|--------------------|---------------|---------------|--------------------|---------------|
| Tourism                         | 172.4        | 191.8              | - 10.1        | - 39.0        | - 30.6             | - 27.5        |
| TUI Travel                      | 134.7        | 143.4              | - 6.1         | - 149.0       | - 148.9            | - 0.1         |
| TUI Hotels & Resorts            | 35.3         | 44.1               | - 20.0        | 106.5         | 114.1              | - 6.7         |
| Cruises                         | 2.4          | 4.3                | - 44.2        | 3.5           | 4.2                | - 16.7        |
| Central Operations              | - 6.7        | - 7.5              | + 10.7        | - 28.3        | - 21.6             | - 31.0        |
| <b>Underlying sector EBITDA</b> | <b>165.7</b> | <b>184.3</b>       | <b>- 10.1</b> | <b>- 67.3</b> | <b>- 52.2</b>      | <b>- 28.9</b> |

### Sector EBITDA

| € million            | Q3 2010/11   | Q3 2009/10 revised | Var. %         | 9M 2010/11    | 9M 2009/10 revised | Var. %        |
|----------------------|--------------|--------------------|----------------|---------------|--------------------|---------------|
| Tourism              | 147.5        | 44.4               | + 232.2        | - 18.1        | - 205.5            | + 91.2        |
| TUI Travel           | 109.8        | 0.3                | n/a            | - 107.3       | - 315.4            | + 66.0        |
| TUI Hotels & Resorts | 35.3         | 41.0               | - 13.9         | 85.7          | 106.9              | - 19.8        |
| Cruises              | 2.4          | 3.1                | - 22.6         | 3.5           | 3.0                | + 16.7        |
| Central Operations   | - 6.7        | 19.3               | n/a            | - 4.1         | 5.2                | n/a           |
| <b>Sector EBITDA</b> | <b>140.8</b> | <b>63.7</b>        | <b>+ 121.0</b> | <b>- 22.2</b> | <b>- 200.3</b>     | <b>+ 88.9</b> |

### Investments in other intangible assets and property, plant and equipment

| € million            | Q3 2010/11   | Q3 2009/10  | Var. %        | 9M 2010/11   | 9M 2009/10   | Var. %        |
|----------------------|--------------|-------------|---------------|--------------|--------------|---------------|
| Tourism              | 142.8        | 82.0        | + 74.1        | 338.0        | 235.7        | + 43.4        |
| TUI Travel           | 118.0        | 65.0        | + 81.5        | 265.0        | 192.7        | + 37.5        |
| TUI Hotels & Resorts | 21.2         | 15.7        | + 35.0        | 67.1         | 36.9         | + 81.8        |
| Cruises              | 3.6          | 1.3         | + 176.9       | 5.9          | 6.1          | - 3.3         |
| Central Operations   | 0.1          | 0.5         | - 80.0        | 0.7          | 2.6          | - 73.1        |
| <b>Total</b>         | <b>142.9</b> | <b>82.5</b> | <b>+ 73.2</b> | <b>338.7</b> | <b>238.3</b> | <b>+ 42.1</b> |

### Amortisation of other intangible assets and depreciation of property, plant and equipment

| € million            | Q3 2010/11   | Q3 2009/10  | Var. %       | 9M 2010/11   | 9M 2009/10   | Var. %       |
|----------------------|--------------|-------------|--------------|--------------|--------------|--------------|
| Tourism              | 101.3        | 94.7        | + 7.0        | 287.2        | 278.4        | + 3.2        |
| TUI Travel           | 81.6         | 75.3        | + 8.4        | 221.1        | 217.6        | + 1.6        |
| TUI Hotels & Resorts | 17.5         | 17.3        | + 1.2        | 59.9         | 54.7         | + 9.5        |
| Cruises              | 2.2          | 2.1         | + 4.8        | 6.2          | 6.1          | + 1.6        |
| Central Operations   | 1.1          | 1.5         | - 26.7       | 3.4          | 6.3          | - 46.0       |
| <b>Total</b>         | <b>102.4</b> | <b>96.2</b> | <b>+ 6.4</b> | <b>290.6</b> | <b>284.7</b> | <b>+ 2.1</b> |

### Employees

|                      | 30 Jun 2011   | 30 Sep 2010   | Var. %       |
|----------------------|---------------|---------------|--------------|
| Tourism              | 71,471        | 70,745        | + 1.0        |
| TUI Travel           | 57,557        | 52,025        | + 10.6       |
| TUI Hotels & Resorts | 13,657        | 18,495        | - 26.2       |
| Cruises              | 257           | 225           | + 14.2       |
| Central Operations*) | 623           | 653           | - 4.6        |
| <b>Total</b>         | <b>72,094</b> | <b>71,398</b> | <b>+ 1.0</b> |

\*) of which Corporate Center: 196 employees as of 30 June 2011; 181 employees as of 30 September 2010.



# Management Report

## Prospects

### Macroeconomic situation

For calendar year 2011, the International Monetary Fund (IMF, World Economic Outlook, Update June 2011) continues to expect global growth of 4.3%, with considerable regional variations.

For calendar year 2012, the IMF expects the global economy to grow by 4.5%. The expected development of the individual economic regions is shown in the table below.

#### Expected development of gross domestic product

| Variation in %                  | 2011       | 2012       |
|---------------------------------|------------|------------|
| <b>World</b>                    | <b>4.3</b> | <b>4.5</b> |
| Eurozone                        | 2.0        | 1.7        |
| Germany                         | 3.2        | 2.0        |
| France                          | 2.1        | 1.9        |
| UK                              | 1.5        | 2.3        |
| US                              | 2.5        | 2.7        |
| Japan                           | - 0.7      | 2.9        |
| China                           | 9.6        | 9.5        |
| India                           | 8.2        | 7.8        |
| Emerging Eastern Asia economies | 5.4        | 5.7        |

Source: International Monetary Fund (IMF), World Economic Outlook, Update June 2011

### Market development in the Sectors

The European Travel Commission has lifted its growth forecast for outbound visitors in Europe in 2011 to 4.3% (European Travel Commission, European Tourism in 2011, Quarterly Report Q2/2011, July 2011). According to the UNWTO (World Tourism Barometer, Interim Update June 2011), international arrivals rose by 4.5% in the first four months of calendar year 2011. For the overall year 2011, the UNWTO continues to expect growth in international arrivals of 4% to 5%.

### Expected development of earnings

In the third quarter of 2010/11, the impact of events in North Africa on source market France was stronger than expected. Thanks to flexible capacity planning and persistently solid current trading for the summer season 2011, however, the overall earnings impact was limited. In TUI Hotels & Resorts, hotels in Spain, Turkey and Greece, in particular, benefited from stronger demand for these destinations. For Tourism overall, we therefore maintain our expectation of being able to offset existing and expected impacts of the events in North Africa in financial year 2010/11.

The considerable increase in oil prices will not materially impact the TUI Group's earnings situation in the short term since the jet fuel and bunker requirements for the 2011 summer season in Tourism have been almost fully hedged or covered by corresponding fuel supplements. Jet fuel costs account for approximately 10% of TUI Travel's cost base.

## TUI Group

### Expected development of Group earnings

| € million               | 2010/11 | 2009/10  |
|-------------------------|---------|----------|
| Sector turnover         | ↗       | 16,350.1 |
| Underlying sector EBITA | →       | 589.2    |
| Sector EBITA            | ↗       | 215.5    |

### Sector turnover

Against the background of the forecast continuation of economic recovery and our current trading performance, we expect Sector turnover to grow in financial year 2010/11 due to higher customer numbers and better average prices in TUI Travel's volume business.

### Underlying Sector earnings

Despite the negative impact of the political conflicts in North Africa we expect underlying Sector earnings in financial year 2010/11 to be flat year-on-year.

### Sector earnings

Reported Sector earnings are expected to increase in financial year 2010/11. This growth will be driven by a sound operational development and lower one-off expenses. Adjustments are expected to decline considerably versus financial year 2009/10. In financial year 2010/11, they will include purchase price allocations and in particular one-off costs for the new cost reduction and efficiency enhancement programme in TUI Travel as well as restructuring expenses.

### Group profit for the year

Due to the tight competitive pressure and the resulting development of rates in Container Shipping, the at equity result of Hapag-Lloyd attributable to TUI AG was lower than originally expected in the third quarter of 2010/11. We expect our at equity result from Container Shipping to also fall short of our original expectations for the overall year 2010/11.

The weaker performance of Container Shipping also affects the development of the TUI Group's profit for the year. In spite of the sound development of our Tourism business operations, it will therefore be lower than originally expected.

Overall, we maintain our aim to achieve a positive Group result for financial year 2010/11.

### Expected development of the Sectors

#### Expected development of Sector earnings

| € million            | Sector turnover |                 | Underlying sector EBITA |              |
|----------------------|-----------------|-----------------|-------------------------|--------------|
|                      | 2010/11         | 2009/10         | 2010/11                 | 2009/10      |
| Tourism              | ↗               | 16,286.7        | →                       | 640.2        |
| TUI Travel           | ↗               | 15,754.8        | ↗                       | 484.6        |
| TUI Hotels & Resorts | →               | 353.2           | →                       | 148.0        |
| Kreuzfahrten         | ↗               | 178.7           | ↘                       | 7.6          |
| Central Operations   | ↘               | 63.4            | →                       | - 51.0       |
| <b>Group</b>         | ↗               | <b>16,350.1</b> | →                       | <b>589.2</b> |

**TUI Travel**

For TUI Travel we expect underlying earnings to rise slightly year-on-year in 2010/11. The main earnings drivers in TUI Travel are the expected growth in business volumes and positive effects of the cost reduction and efficiency enhancement programme. On the other hand, there are risks related to economic developments in the key volume markets, which might fall short of expectations and thus curb demand in the travel market, and the further development of the turnaround process in the French market. Trading for these destinations might also be affected more strongly than expected by the future development of the political conflicts in North Africa. In addition, the development of the exchange rate of Sterling against the Euro also affects TUI Travel's result from operations in the UK carried in TUI AG's consolidated financial statements.

**TUI Hotels & Resorts**

Adjusted for the transfer of the Magic Life business operations to TUI Travel, both capacity and bednights as well as hotel occupancy of TUI Hotels & Resorts in financial year 2010/11 are expected to grow slightly. Due to the higher than expected negative impact of the political conflicts in North Africa on the TUI hotels in Egypt, we now expect operating results to remain on last year's level. Risks relate to customer numbers in the major source markets, which might fall short of expectations.

**Cruises**

Due to the start-up and financing costs for the commissioning of Mein Schiff 2 in TUI Cruises, we expect operating results in the Cruises Sector to decline year-on-year.

**Tourism**

Based on the earning estimates for TUI Travel, TUI Hotels & Resorts and Cruises, we for the Tourism Segment expect underlying earnings to be flat year-on-year in financial year 2010/11. The business performance in Tourism will be strongly affected by the development of customer sentiment in the key volume markets.

**Central Operations**

For Central Operations, we expect underlying earnings to be flat year-on-year.

# Management Report

## Corporate Governance

### Composition of the boards

The composition of the boards of TUI AG did not change in the period under review or after the closing date.

At its meeting on 27 June 2011, the Supervisory Board of TUI AG resolved to extend the service contract for Dr Michael Frenzel (64), CEO of TUI AG, set to expire in March 2012, by two years to March 2014. The Supervisory Board also extended the contract for Peter Long (59), originally set to expire in August 2011, to August 2014. Peter Long has been TUI AG Executive Board member in charge of Tourism since 2007 and is Chief Executive Officer of TUI Travel.

The current, complete composition of the Executive Board and Supervisory Board is listed on the Company's website ([www.tui-group.com](http://www.tui-group.com)), where it has been made permanently available to the public.

TUI AG  
The Executive Board

August 2011

# Interim Financial Statements

## Income Statement of the TUI Group for the period from 1 October 2010 to 30 June 2011

| € million  | Notes | Q3 2010/11    | Q3 2009/10 revised | 9M 2010/11     | 9M 2009/10     |
|--|-------|---------------|--------------------|----------------|----------------|
| Turnover   |       | 4,387.5       | 4,015.6            | 10,751.8       | 9,854.4        |
| Cost of sales  | (1)   | 4,013.1       | 3,656.5            | 10,103.2       | 9,301.7        |
| <b>Gross profit</b>  |       | <b>374.4</b>  | <b>359.1</b>       | <b>648.6</b>   | <b>552.7</b>   |
| Administrative expenses  | (1)   | 355.9         | 422.5              | 1,026.7        | 1,077.9        |
| Other income/Other expenses  | (2)   | + 12.5        | + 30.1             | + 65.0         | + 37.7         |
| Impairment of goodwill   |       | -             | -                  | -              | -              |
| Financial income   | (3)   | 32.1          | 39.6               | 192.0          | 152.0          |
| Financial expenses   | (3)   | 91.3          | 108.5              | 386.7          | 326.5          |
| Share of result of joint ventures and associates                         | (4)   | - 2.6         | + 73.0             | + 24.7         | + 56.5         |
| <b>Earnings before income taxes</b>                                      |       | <b>- 30.8</b> | <b>- 29.2</b>      | <b>- 483.1</b> | <b>- 605.5</b> |
| <b>Reconciliation to underlying earnings:</b>                            |       |               |                    |                |                |
| Earnings before income taxes   |       | - 30.8        | - 29.2             | - 483.1        | - 605.5        |
| Result from Container Shipping measured at equity                        |       | 5.0           | - 74.5             | 0.3            | - 65.5         |
| Effect of measurement of the financial instruments to Container Shipping |       | - 10.0        | - 8.2              | - 50.9         | - 31.1         |
| Interest result and earnings from the measurement of interest hedges     |       | 72.8          | 79.4               | 245.7          | 215.7          |
| Impairment of goodwill   |       | -             | -                  | -              | -              |
| Group EBITA  |       | 37.0          | - 32.5             | - 288.0        | - 486.4        |
| <b>Adjustments:</b>  | (5)   |               |                    |                |                |
| Gains on disposals   |       | -             | - 9.4              | -              | - 11.4         |
| Restructuring  |       | + 5.3         | 9.0                | + 16.0         | + 22.2         |
| Purchase price allocation  |       | + 26.1        | 17.8               | + 65.6         | + 49.7         |
| Other one-off items  |       | 27.8          | 123.5              | - 72.5         | + 150.0        |
| <b>Underlying Group EBITA</b>  |       | <b>96.2</b>   | <b>108.4</b>       | <b>- 278.9</b> | <b>- 275.9</b> |
| <b>Earnings before income taxes</b>                                      |       | <b>- 30.8</b> | <b>- 29.2</b>      | <b>- 483.1</b> | <b>- 605.5</b> |
| Income taxes   | (6)   | 8.8           | - 17.0             | - 139.9        | - 161.7        |
| <b>Group loss for the year</b>   |       | <b>- 39.6</b> | <b>- 12.2</b>      | <b>- 343.2</b> | <b>- 443.8</b> |
| Group profit/loss for the year attributable to shareholders of TUI AG    |       | - 40.5        | 4.1                | - 230.9        | - 277.5        |
| Group profit/loss for the year attributable to non-controlling interest  | (7)   | 0.9           | - 16.3             | - 112.3        | - 166.3        |
| <b>Group loss for the year</b>   |       | <b>- 39.6</b> | <b>- 12.2</b>      | <b>- 343.2</b> | <b>- 443.8</b> |

## Earnings per share

| €                                    | Q3 2010/11 | Q3 2009/10 revised | 9M 2010/11 | 9M 2009/10 |
|--------------------------------------|------------|--------------------|------------|------------|
| Basic and diluted earnings per share | - 0.18     | - 0.01             | - 0.99     | - 1.18     |

## Condensed Statement of Comprehensive Income for the period from 1 October 2010 to 30 June 2011

| € million   | Q3 2010/11     | Q3 2009/10<br>revised | 9M 2010/11     | 9M 2009/10<br>revised |
|---|----------------|-----------------------|----------------|-----------------------|
| <b>Group loss</b>   | <b>- 39.6</b>  | <b>- 12.2</b>         | <b>- 343.2</b> | <b>- 443.8</b>        |
| Foreign exchange differences  | - 27.7         | 136.6                 | - 62.5         | 384.0                 |
| Financial instruments available for sale  | - 2.4          | 0.3                   | 77.3           | 4.1                   |
| Cash flow hedges  | - 83.2         | - 169.6               | 145.5          | 44.6                  |
| Actuarial gains and losses from pension provisions and related fund assets        | - 12.1         | - 97.2                | 97.2           | - 132.5               |
| Changes in the measurement of companies measured at equity outside profit or loss | - 39.3         | - 4.6                 | 19.6           | - 2.0                 |
| <b>Tax effects relating to other comprehensive income</b>                         | <b>22.3</b>    | <b>73.8</b>           | <b>- 80.6</b>  | <b>26.9</b>           |
| <b>Other comprehensive income</b>   | <b>- 142.4</b> | <b>- 60.7</b>         | <b>196.5</b>   | <b>325.1</b>          |
| <b>Total comprehensive income</b>   | <b>- 182.0</b> | <b>- 72.9</b>         | <b>- 146.7</b> | <b>- 118.7</b>        |
| attributable to shareholders of TUI AG  | - 115.4        | 94.9                  | - 125.7        | 135.9                 |
| attributable to non-controlling interest  | - 66.6         | - 167.8               | - 21.0         | - 254.6               |
| <b>Total comprehensive income</b>   | <b>- 182.0</b> | <b>- 72.9</b>         | <b>- 146.7</b> | <b>- 118.7</b>        |

## Financial Position of the TUI Group as at 30 June 2011

| € million                                    | 30 Jun 2011     | 30 Sep 2010     | 1 Oct 2009<br>revised |
|--|-----------------|-----------------|-----------------------|
| <b>Assets</b>                                |                 |                 |                       |
| Goodwill                                     | 2,731.4         | 2,862.6         | 2,712.3               |
| Other intangible assets                      | 855.8           | 907.2           | 887.9                 |
| Investment property                          | 63.2            | 66.2            | 76.7                  |
| Property, plant and equipment                | 2,428.9         | 2,499.8         | 2,370.9               |
| Investments in joint ventures and associates | 1,717.0         | 1,775.2         | 1,184.0               |
| Financial assets available for sale          | 394.2           | 612.0           | 105.0                 |
| Trade receivables and other assets           | 409.1           | 334.8           | 1,369.0               |
| Derivative financial instruments             | 45.5            | 165.3           | 111.4                 |
| Deferred tax asset                           | 210.0           | 133.6           | 277.9                 |
| <b>Non-current assets</b>                    | <b>8,855.1</b>  | <b>9,356.7</b>  | <b>9,095.1</b>        |
| Inventories                                  | 108.3           | 89.5            | 81.5                  |
| Trade receivables and other assets           | 2,565.5         | 2,328.2         | 2,066.6               |
| Derivative financial instruments             | 343.5           | 203.3           | 338.1                 |
| Current tax asset                            | 89.1            | 71.1            | 21.2                  |
| Cash and cash equivalents                    | 1,461.0         | 2,274.3         | 1,452.0               |
| Assets held for sale                         | 166.5           | 292.4           | 405.7                 |
| <b>Current assets</b>                        | <b>4,733.9</b>  | <b>5,258.8</b>  | <b>4,365.1</b>        |
|  | <b>13,589.0</b> | <b>14,615.5</b> | <b>13,460.2</b>       |

| € million  | 30 Jun 2011     | 30 Sep 2010     | 1 Oct 2009<br>revised |
|--|-----------------|-----------------|-----------------------|
| <b>Equity and liabilities</b>                      |                 |                 |                       |
| Subscribed capital                                 | 643.4           | 643.1           | 642.8                 |
| Capital reserves                                   | 956.1           | 913.5           | 871.3                 |
| Revenue reserves                                   | 336.3           | 489.5           | 356.7                 |
| Hybrid capital                                     | 294.8           | 294.8           | 294.8                 |
| <b>Equity before non-controlling interest</b>      | <b>2,230.6</b>  | <b>2,340.9</b>  | <b>2,165.6</b>        |
| Non-controlling interest                           | - 28.0          | 93.3            | 75.2                  |
| <b>Equity</b>                                      | <b>2,202.6</b>  | <b>2,434.2</b>  | <b>2,240.8</b>        |
| Pension provisions and similar obligations         | 669.7           | 878.5           | 838.6                 |
| Current tax provisions                             | 109.9           | 114.5           | 169.5                 |
| Deferred tax provisions                            | 137.7           | 80.2            | 181.3                 |
| Other provisions                                   | 521.7           | 520.2           | 482.8                 |
| <b>Non-current provisions</b>                      | <b>1,439.0</b>  | <b>1,593.4</b>  | <b>1,672.2</b>        |
| Financial liabilities                              | 2,820.4         | 2,827.5         | 3,175.1               |
| Derivative financial instruments                   | 25.3            | 47.8            | 78.7                  |
| Other liabilities                                  | 72.9            | 86.4            | 101.2                 |
| <b>Non-current liabilities</b>                     | <b>2,918.6</b>  | <b>2,961.7</b>  | <b>3,355.0</b>        |
| <b>Non-current provisions and liabilities</b>      | <b>4,357.6</b>  | <b>4,555.1</b>  | <b>5,027.2</b>        |
| Pension provisions and similar obligations         | 38.9            | 32.8            | 29.8                  |
| Current tax provisions                             | 95.6            | 137.8           | 85.9                  |
| Other provisions                                   | 428.8           | 383.5           | 287.0                 |
| <b>Current provisions</b>                          | <b>563.3</b>    | <b>554.1</b>    | <b>402.7</b>          |
| Financial liabilities                              | 193.6           | 1,684.4         | 539.7                 |
| Trade payables                                     | 2,331.0         | 2,847.4         | 2,640.8               |
| Derivative financial instruments                   | 145.4           | 147.4           | 363.4                 |
| Other liabilities                                  | 3,785.2         | 2,297.0         | 2,065.4               |
| <b>Current liabilities</b>                         | <b>6,455.2</b>  | <b>6,976.2</b>  | <b>5,609.3</b>        |
| <b>Liabilities related to assets held for sale</b> | <b>10.3</b>     | <b>95.9</b>     | <b>180.2</b>          |
| <b>Current provisions and liabilities</b>          | <b>7,028.8</b>  | <b>7,626.2</b>  | <b>6,192.2</b>        |
|  | <b>13,589.0</b> | <b>14,615.5</b> | <b>13,460.2</b>       |

## Condensed Statement of Changes in Group Equity for the period from 1 October 2010 to 30 June 2011

| € million   | Subscribed capital | Capital reserves | Revenue reserves | Hybrid capital | Equity before non-controlling interest | Non-controlling interest | Total          |
|---|--------------------|------------------|------------------|----------------|--|--------------------------|----------------|
| <b>Balance as at 1 Oct 2010</b>                                       | <b>643.1</b>       | <b>913.5</b>     | <b>489.5</b>     | <b>294.8</b>   | <b>2,340.9</b>                         | <b>93.3</b>              | <b>2,434.2</b> |
| Dividend payments   | -                  | -                | -                | -              | -                                      | - 135.6                  | - 135.6        |
| Hybrid capital dividend   | -                  | -                | - 19.4           | -              | - 19.4                                 | -                        | - 19.4         |
| Share based payment schemes of TUI Travel PLC                         | -                  | -                | 9.8              | -              | 9.8                                    | 7.7                      | 17.5           |
| Issue of employee shares  | 0.3                | 0.7              | -                | -              | 1.0                                    | -                        | 1.0            |
| First-time consolidation  | -                  | 41.9             | -                | -              | 41.9                                   | -                        | 41.9           |
| Effect of step acquisitions   | -                  | -                | 24.0             | -              | 24.0                                   | 20.2                     | 44.2           |
| Effects on the acquisition of non-controlling interests               | -                  | -                | - 29.2           | -              | - 29.2                                 | - 5.3                    | - 34.5         |
| Effect of option writer position form an option on minority interests | -                  | -                | - 12.7           | -              | - 12.7                                 | 12.7                     | -              |
| Other comprehensive income  | -                  | -                | 105.2            | -              | 105.2                                  | 91.3                     | 196.5          |
| Group loss for the year   | -                  | -                | - 230.9          | -              | - 230.9                                | - 112.3                  | - 343.2        |
| Total comprehensive income  | -                  | -                | - 125.7          | -              | - 125.7                                | - 21.0                   | - 146.7        |
| <b>Balance as at 30 June 2011</b>                                     | <b>643.4</b>       | <b>956.1</b>     | <b>336.3</b>     | <b>294.8</b>   | <b>2,230.6</b>                         | <b>- 28.0</b>            | <b>2,202.6</b> |

## Condensed Statement of Changes in Group Equity for the period from 1 October 2009 to 30 June 2010

| € million   | Subscribed capital | Capital reserves | Revenue reserves | Hybrid capital | Equity before non-controlling interest | Non-controlling interest | Total          |
|---|--------------------|------------------|------------------|----------------|--|--------------------------|----------------|
| <b>Balance as at 1 Oct 2009 (revised)</b>               | <b>642.8</b>       | <b>871.3</b>     | <b>356.7</b>     | <b>294.8</b>   | <b>2,165.6</b>                         | <b>75.2</b>              | <b>2,240.8</b> |
| Dividend payments                                       | -                  | -                | -                | -              | -                                      | - 78.6                   | - 78.6         |
| Hybrid capital dividend                                 | -                  | -                | - 19.4           | -              | - 19.4                                 | -                        | - 19.4         |
| Share based payment schemes of TUI Travel PLC           | -                  | -                | 8.7              | -              | 8.7                                    | 7.2                      | 15.9           |
| Issue of employee shares                                | 0.3                | 0.4              | -                | -              | 0.7                                    | -                        | 0.7            |
| Issue of convertible bonds                              | -                  | 41.8             | -                | -              | 41.8                                   | 91.3                     | 133.1          |
| Deconsolidation   | -                  | -                | -                | -              | -                                      | - 2.0                    | - 2.0          |
| Effects on the acquisition of non-controlling interests | -                  | -                | - 91.4           | -              | - 91.4                                 | - 0.9                    | - 92.3         |
| Other comprehensive income                              | -                  | -                | 413.4            | -              | 413.4                                  | - 88.3                   | 325.1          |
| Group loss for the year                                 | -                  | -                | - 277.5          | -              | - 277.5                                | - 166.3                  | - 443.8        |
| Total comprehensive income                              | -                  | -                | 135.9            | -              | 135.9                                  | - 254.6                  | - 118.7        |
| <b>Balance as at 30 June 2010 (revised)</b>             | <b>643.1</b>       | <b>913.5</b>     | <b>390.5</b>     | <b>294.8</b>   | <b>2,241.9</b>                         | <b>- 162.4</b>           | <b>2,079.5</b> |

## Condensed Cash Flow Statement

| € million  | 9M 2010/11       | 9M 2009/10       |
|--|------------------|------------------|
| Cash flow from operating activities                                  | + 376.9          | + 123.6          |
| Cash flow from investing activities                                  | + 849.7          | - 231.1          |
| Cash flow from financing activities                                  | - 1,951.5        | + 298.0          |
| <b>Change in funds with cash effect</b>                              | <b>- 724.9</b>   | <b>+ 190.5</b>   |
| Change in cash and cash equivalents due to exchange rate fluctuation | - 84.3           | + 31.9           |
| <b>Cash and cash equivalents at beginning of period</b>              | <b>+ 2,274.3</b> | <b>+ 1,458.3</b> |
| <b>Cash and cash equivalents at end of period</b>                    | <b>+ 1,465.1</b> | <b>+ 1,680.7</b> |
| of which included in the balance sheet as assets held for sale       | + 4.1            | -                |
| <b>Cash and cash equivalents at end of period</b>                    | <b>+ 1,461.0</b> | <b>+ 1,680.7</b> |



# Interim Financial Statements

## Notes

### Accounting principles

In accordance with IAS 34: Interim Financial Reporting, the Group's interim financial statements as at 30 June 2011 are published in a condensed form compared with the consolidated annual financial statements. As before, they are based on the historical cost principle, the only exception being the accounting method applied in measuring financial instruments.

As a matter of principle, the accounting and measurement methods applied in the preceding consolidated financial statements as per 30 September 2010 were retained in preparing the interim financial statements as per 30 June 2011.

In addition, the following standards and interpretations revised or newly published by the IASB have been mandatory since the beginning of financial year 2010/11:

- Amendment to IFRS 1: First-time Adoption of International Financial Reporting Standards
- Amendment to IFRS 1: Additional Exemptions for First-time Adopters
- Amendment to IFRS 2: Share-based Payment for Group Cash-Settled Share-Based Payment Transactions
- Amendment to IAS 32: Classification of Rights Issues
- Improvements to IFRSs (2009)
- Improvements to IFRSs (2010) concerning clarification of the transition guidance of IAS 21, IAS 28, IAS 31, IFRS 7, IAS 32 and IAS 39 as a result of the amended provisions of IFRS 3, and two other amendments to IFRS 3 itself
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 17: Distribution of Non-Cash Assets to Owners
- IFRIC 18: Transfer of Assets from Customers
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments

The amendments and newly published provisions are currently not relevant for the TUI Group. The mandatory application of these provisions has therefore not had any effects on the net assets, financial position and financial performance in the present interim financial statements.

### Group of consolidated companies

The consolidated financial statements include all major subsidiaries in which TUI AG is able to directly or indirectly govern the financial or operating policies such that the Group obtains benefits from the activities of these companies.

The interim financial statements as at 30 June 2011 included a total of 45 domestic and 722 foreign subsidiaries, besides TUI AG.

Since 1 October 2010, 31 companies have been newly included in consolidation due to acquisitions by TUI Travel, and 13 additional companies have been newly founded. On the other hand, 20 companies have been deconsolidated due to liquidation, four companies due to mergers and one company due to a sale. The number of companies measured at equity has remained unchanged compared with the previous year as one company was newly acquired while another one was sold.

## Acquisitions - divestments

### Summary presentation of acquisition

| Name and headquarters of the acquired company or business | Business activity | Acquirer                                    | Date of acquisition  | Acquired share | Consideration transferred in € million |
|---|-------------------|---|----------------------|----------------|--|
| Top Class - European Cruise Services S.a.r.l., Monaco     | Cruise Handling   | Trina Group Limited                         | 1 Oct 10             | 100%           | 0.5                                    |
| Travel shop in Austria                                    | Travel shop       | TUI Austria Holding GmbH                    | 1 Oct - 31 Dec 10    | n/a            | 2.6                                    |
| Lima Tours S.A.C., Peru                                   | Tour Operator     | Trina Group Limited                         | 21 Jan 11            | 100%           | 6.2                                    |
| Travel & More GmbH, Germany                               | Travel shop       | TUI Leisure Travel GmbH                     | 1 Mar 11             | 100%           | 0.2                                    |
| Intrepid Travel Group Limited (23 companies)              | Tour Operator     | TUI Travel SAS Adventure Limited            | 4 Apr 11             | 60%            | 42.8                                   |
| TMS Gateway (five companies)                              | Cruise Handling   | Intercruises Shoreside & Port Services Inc. | 2 Jun 11             | 100%           | 14.8                                   |
| 27 Travel shops in Germany                                | Travel shop       | TUI Leisure Travel GmbH                     | 1 Oct 10 - 30 Jun 11 | n/a            | 4.3                                    |
| <b>Total</b>  |                   |   |                      |                | <b>71.4</b>                            |

The acquisitions of the travel shops in Germany and Austria were carried out in the form of asset deals.

On 4 April 2011, the TUI Group acquired 60% of the shares in the Intrepid Travel Group Limited, Australia. Following the injection of TUI's adventure travel business and the Intrepid activities into the newly formed PEAK Group, the TUI Group now holds 60% of the shares in the PEAK Group following issuance of 40% of the shares to the previous shareholders of the Intrepid Group.

In accordance with IFRS 3, the transfer of TUI's adventure travel business had to be treated as a common control transaction and was therefore expressly excluded from the scope of IFRS 3 in relation to TUI's adventure travel business. The disposal of 40% of TUI's adventure travel business was carried accordingly as an equity transaction with owners in accordance with IAS 27.

The provisionally determined equity of the Intrepid Group is equivalent to €3.4m. In accordance with IFRS 3, the fair values of the acquired assets, liabilities and contingent liabilities as well as the values of the consideration transferred have only been determined on a provisional basis because of the short period passed since the acquisition of the Intrepid Group. The prorated net assets of TUI's adventure travel business, measured at fair value as at the date of the interest swap, is equivalent to €42.8m. The consideration transferred was offset against the prorated provisionally remeasured assets; as a result, goodwill of €40.6m was capitalised in the consolidated statement of financial position.

In the period from April to June, the Intrepid Group generated an immaterial profit contribution with turnover of €19.8m.

The consideration transferred for the remaining acquisitions in some cases includes the fair value of contingent consideration, i.e. consideration depending on the future development of business (€6.3m in total), apart from the purchase price already paid. Ancillary acquisition costs and the consideration for future services by employees (a maximum of €9.5m) of the acquired companies are expensed in the income statement in line with the amended provisions of IFRS 3. The total expense amounted to €0.9m in the period under review.

The difference arising between the consideration transferred and the remeasured acquired net assets of €16.9m (after foreign exchange differences) as at the acquisition date was temporarily carried as goodwill. This goodwill essentially constitutes part of the future synergy and earnings potential. The goodwill capitalised in the period under review includes an amount of €3.9m expected to be tax-deductible.

## Summary presentation of statements of financial position as at the date of first-time consolidation

| € million                                 | Fair values at date of first-time consolidation |
|---|---|
| Other intangible assets                   | 19.4  |
| Property, plant and equipment             | 1.6   |
| Investments                               | 2.5   |
| <b>Fixed assets</b>                       | <b>23.5</b>                                     |
| Trade receivables                         | 19.6  |
| Other assets (including prepaid expenses) | 1.2   |
| Cash and cash equivalents                 | 12.2  |
| Deferred tax provisions                   | 2.2   |
| Other provisions                          | 0.8   |
| Financial liabilities                     | 1.9   |
| Liabilities and deferred income           | 37.1  |
| <b>Equity</b>                             | <b>14.5</b>                                     |

Based on the information available, it was not possible to finalise measurement of several components of the acquired assets and liabilities by the balance sheet date. The 12-month period permitted under IFRS 3 for finalising purchase price allocations was used; it allows for provisional allocation of the purchase price to the individual assets and liabilities until the end of that period.

Other acquisitions contributed around €41.6m to consolidated turnover in the period under review as from the individual acquisition dates. They did not have a material effect on the Group result. If these companies had already been included in the consolidated financial statements since 1 October 2010, additional turnover of €19.5m would have been generated; the effect on the Group result would still have been immaterial.

In the present interim financial statements, the purchase price allocations of the following companies and groups acquired in the first nine months of 2009/10 were finalised within the 12-month period stipulated by IFRS 3:

- Select-World Pty Ltd., Australia
- Sport Executive Travel Group, UK
- The Hampstead School of English Ltd., UK
- TURKUAZ Insaat Turizm A.S., Turkey
- TUI Travel Hotel Management Services Ltd., Turkey
- Hilario Tours S.A., Dominican Republic
- Wonderholding Group, Sweden
- 19 travel shops in Germany

Comparative information for reporting periods prior to the completion of the first-time accounting for an acquisition transaction has to be presented retrospectively as if the purchase price allocation had already been finalised as at the acquisition date. The table below provides an overview of the combined final purchase price allocations:

**Final presentation of the statements of financial position as at first-time consolidation  
for acquisitions from 1 October 2009 to 30 June 2010**

| € million                                  | Carrying amounts<br>at date of<br>acquisition | Revaluation<br>of assets<br>and liabilities | Fair values at<br>date of first-time<br>consolidation |
|--|---|---|---|
| Other intangible assets                    | 0.1   | 47.3  | 47.4  |
| Property, plant and equipment              | 17.1  | 1.8   | 18.9  |
| <b>Fixed assets</b>                        | <b>17.2</b>                                   | <b>49.1</b>                                 | <b>66.3</b>   |
| Inventories                                | 0.4   | -   | 0.4   |
| Trade receivables                          | 3.8   | - 0.1                                       | 3.7   |
| Other assets including deferred tax assets | 0.2   | -   | 0.2   |
| Cash and cash equivalents                  | 5.3   | -   | 5.3   |
| Income tax provisions                      | 0.2   | 3.5   | 3.7   |
| Other provisions                           | 1.8   | - 0.4                                       | 1.4   |
| Financial liabilities                      | 8.1   | -   | 8.1   |
| Liabilities and deferred income            | 43.5  | -   | 43.5  |
| <b>Equity</b>                              | <b>- 26.7</b>                                 | <b>45.9</b>                                 | <b>19.2</b>   |

The goodwill arising in the consolidated statement of financial position on eliminating the consideration transferred against the acquirer's interest in the remeasured equity rose by €2.4m as against 30 June 2010 due to the changes in the purchase price allocation. The capitalised goodwill essentially represents a part of the expected synergy and earnings potential.

The changed purchase price allocations had the following effects on the consolidated statement of financial position as per 30 June 2010:

**Impact of changes in purchase price allocations and adjustments on the consolidated statement of  
financial position**

| € million                                 | Adjustment<br>30 Jun 2010 |
|---|---------------------------|
| Goodwill                                  | + 2.4                     |
| Other intangible assets                   | + 1.2                     |
| Property, plant and equipment             | + 0.1                     |
| <b>Non-current assets</b>                 | <b>+ 3.7</b>              |
| Trade receivables                         | + 0.8                     |
| Other assets (including prepaid expenses) | + 0.1                     |
| Cash and cash equivalents                 | + 0.1                     |
| <b>Current assets</b>                     | <b>+ 1.0</b>              |
| Income tax provisions                     | + 0.1                     |
| <b>Non-current liabilities</b>            | <b>+ 0.1</b>              |
| Other liabilities                         | + 4.6                     |
| <b>Current liabilities</b>                | <b>+ 4.6</b>              |

These finalised purchase price allocations did not have any material effects on the consolidated statement of financial position as at 30 September 2010 and the consolidated income statement for the prior-year reference period.

The divestments did not have a material impact on the TUI Group's net assets, financial position and financial performance.

## Notes on the income statement of the TUI Group

The consolidated income statement reflects the seasonality of the tourism business, as a result of which the accumulated result generated in the period from October to June is negative.

The year-on-year increase in turnover and the cost of sales in the first nine months of financial year 2010/11 is attributable to the higher business volume in the TUI Travel Sector and the rise in the exchange rate of Sterling.

### (1) Cost of sales and administrative expenses

The cost of sales and administrative expenses comprise the following items:

#### Lease, rental and leasing expenses

| € million                          | Q3 2010/11 | Q3 2009/10<br>revised | 9M 2010/11 | 9M 2009/10 |
|------------------------------------|------------|-----------------------|------------|------------|
| Lease, rental and leasing expenses | 230.1      | 197.3                 | 623.2      | 580.0      |

The increase in lease, rental and leasing expenses mainly results from higher expenses for aircraft leases and the development of the exchange rate of Sterling against the Euro.

#### Staff cost

| € million  | Q3 2010/11 | Q3 2009/10 | 9M 2010/11 | 9M 2009/10 |
|------------|------------|------------|------------|------------|
| Staff cost | 569.5      | 559.2      | 1,568.0    | 1,619.1    |

Staff costs declined for the first nine months of financial year 2010/11, in particular due to the netting of income from changes in the pension plans in the UK. The income resulted from a reduction in the salary increases taken into account in determining pensionable pay. This decline was partly offset by a rise in staff costs caused by exchange rates developments.

#### Depreciation/amortisation/impairments

| € million                                    | Q3 2010/11   | Q3 2009/10<br>revised | 9M 2010/11   | 9M 2009/10   |
|--|--------------|-----------------------|--------------|--------------|
| Depreciation and amortisation                | 87.1         | 96.2                  | 262.6        | 280.0        |
| Impairments of property, plant and equipment | 15.3         | -                     | 28.0         | 4.7          |
| <b>Total</b>                                 | <b>102.4</b> | <b>96.2</b>           | <b>290.6</b> | <b>284.7</b> |

Impairments consisted of an amount of €20.0m for the Island Escape cruise ship (including €4.7m for the first half of 2010/11) and €8.0m for a Turkish hotel complex. The impairment on the cruise ship is attributable to higher refurbishment costs and a deterioration of business. The impairment on the hotel facility reflects an adjustment to the fair value of the hotel complex, expected to be recoverable in the event of a probable sale.

### (2) Other income/Other expenses

#### Other income/other expenses

| € million      | Q3 2010/11    | Q3 2009/10<br>revised | 9M 2010/11    | 9M 2009/10    |
|----------------|---------------|-----------------------|---------------|---------------|
| Other income   | 12.9          | 34.0                  | 70.1          | 46.6          |
| Other expenses | 0.4           | 3.9                   | 5.1           | 8.9           |
| <b>Total</b>   | <b>+ 12.5</b> | <b>+ 30.1</b>         | <b>+ 65.0</b> | <b>+ 37.7</b> |

Other income for the third quarter of 2010/11 includes the gain on disposal from the sale of 11.33% of TUI's stake in Hapag-Lloyd to the Albert Ballin consortium.

For the financial year 2010/11, a total amount of €24.0m was carried for the gains on disposal from the sale of the administrative buildings at Ballindamm and Rosenstrasse in Hamburg. Additional income of €26.1m was carried for the reversal of non-scheduled write-downs on Turkish hotel facilities in the framework of the forthcoming sale of these facilities.

Other income also includes book profits from the disposal of aircraft assets.

### (3) Financial result

The financial result for the first nine months of the financial year 2010/11 includes in particular measurement effects worth €50.9m (previous year's reference quarter €31.1m) from reversals of write-downs on loans and hybrid instruments granted to Albert Ballin Holding AG (previously Albert Ballin GmbH & Co. KG) and Hapag-Lloyd AG. The interest result also includes expenses for the early redemption of parts of the 2007/12 convertible bond and the 2005/12 bond. The interest expenses for the outside capital component of the convertible bond to be recognised until maturity were already expensed in the current financial year due to the buyback.

In the third quarter of 2010/11 the interest expenses declined by €10.0m due to early and scheduled repayments of financial debt.

### (4) Share of result of joint ventures and associates

#### Share of result of joint ventures and associates

| € million          | Q3 2010/11   | Q3 2009/10    | 9M 2010/11    | 9M 2009/10    |
|--------------------|--------------|---------------|---------------|---------------|
| Tourism            | + 2.4        | - 1.5         | + 25.0        | - 9.0         |
| Container Shipping | - 5.0        | + 74.5        | - 0.3         | + 65.5        |
| <b>Total</b>       | <b>- 2.6</b> | <b>+ 73.0</b> | <b>+ 24.7</b> | <b>+ 56.5</b> |

Despite generally stable freight rates and higher transport volumes, Container Shipping recorded a year-on-year decline in its operating results, in particular because of higher fuel prices. In addition, the measurement of Euro-denominated financial debt of the Container Shipping business, which is managed in US Dollars, resulted in considerable measurement losses due to the weakness of the US Dollar against the Euro. In combination with higher interest expenses, this led to an overall loss.

### (5) Adjustments

In addition to the disclosures required under IFRS, the consolidated income statement comprises a reconciliation to underlying earnings. The adjustments show deconsolidation income as gains on disposal, events according to IAS 37 as restructuring measures and all effects of purchase price allocations on EBITA as purchase price allocations. This reconciliation also includes one-off expenses.

#### One-off items by sector

| € million            | Q3 2010/11  | Q3 2009/10 revised | 9M 2010/11    | 9M 2009/10 revised |
|----------------------|-------------|--------------------|---------------|--------------------|
| Tourism              | 27.8        | 150.3              | - 48.3        | 176.8              |
| TUI Travel           | 27.8        | 146.0              | - 51.0        | 165.2              |
| TUI Hotels & Resorts | -           | 3.1                | 2.7           | 10.4               |
| Cruises              | -           | 1.2                | -             | 1.2                |
| All other segments   | -           | - 26.8             | - 24.2        | - 26.8             |
| <b>Total</b>         | <b>27.8</b> | <b>123.5</b>       | <b>- 72.5</b> | <b>150.0</b>       |

The one-off items carried for TUI Travel for the first nine months of financial year 2010/11 include an amount of €73.5m for adjustments of income from changes in the pension plans in the UK. The main offsetting items were adjustments for expenses for the reorganisation of tour operator activities in the UK as well as group functions.

In the first nine months of financial year 2010/11, reversals of write-downs on fixed assets of Turkish hotel facilities and adjustments for write-downs required on receivables and hotel complexes were carried for TUI Hotels & Resorts.

For the first nine months of 2010/11, one-off items carried under Other segments primarily show the gains on disposal from the sale of the administrative buildings in Hamburg (€24.0m).

#### (6) Income taxes

Since not all pre-tax losses which arose in the quarter under review will probably result in future tax savings, an overall tax expense arose for the third quarter of 2010/11.

The tax asset for the first nine months of 2010/11 is largely attributable to the seasonality of the tourism business.

#### (7) Group loss for the year attributable to non-controlling interest

##### Group loss attributable to non-controlling interest

| € million            | Q3 2010/11   | Q3 2009/10    | 9M 2010/11     | 9M 2009/10     |
|----------------------|--------------|---------------|----------------|----------------|
| TUI Travel           | - 4.4        | - 24.0        | - 136.1        | - 188.7        |
| TUI Hotels & Resorts | + 5.3        | + 7.7         | + 23.8         | + 22.4         |
| <b>Total</b>         | <b>+ 0.9</b> | <b>- 16.3</b> | <b>- 112.3</b> | <b>- 166.3</b> |

### Notes on the financial position of the TUI Group

The changes in the consolidated statement of financial position as against 30 September 2010 primarily reflect the seasonality of the tourism business.

The item Investments in joint ventures and associates in the statement of financial position declined by €58.2m to €1,717.0m, primarily due to the translation of US Dollar-denominated Container Shipping activities.

Following the sale of 11.33% of TUI's stake in Hapag-Lloyd to the Albert Ballin consortium at the end of May, TUI now holds a stake of around 38.4% in Container Shipping.

##### Assets held for sale

| € million   | 30 Jun 2011  | 30 Sep 2010  |
|---|--------------|--------------|
| Disposal Group Turcotel (30 Sep 2010 including also other property) | 110.1        | 225.0        |
| Dorfhotel   | 7.9          | -            |
| Jet4You   | -            | 35.0         |
| Other assets  | 48.5         | 32.4         |
| <b>Total</b>  | <b>166.5</b> | <b>292.4</b> |

The decline in assets held for sale was driven by the completion of the sale of administrative buildings and a Turkish hotel complex. The carrying amount shown for the remaining Turkish hotel facilities increased due to the reversal of the write-down on the sales price. Furthermore, the sales negotiations to divest Jet4You were concluded so that the assets and liabilities of this disposal group were reclassified from the corresponding balance sheet items.

Other assets primarily comprise aircraft assets available for sale.

##### Liabilities held for sale

| € million               | 30 Jun 2011 | 30 Sep 2010 |
|-------------------------|-------------|-------------|
| Disposal group Turcotel | 7.9         | 60.0        |
| Dorfhotel               | 2.4         | -           |
| Jet4You                 | -           | 35.9        |
| <b>Total</b>            | <b>10.3</b> | <b>95.9</b> |

Pension provisions declined by €202.7m to €708.6m, above all due to higher interest rate levels in Germany and the UK. These provisions also decreased due to changes in pension plans in the UK.

In March 2011, TUI AG issued a convertible bond due 2016 with a principal value of €339.0m. TUI AG used the issue proceeds from the new convertible bond to partially buy back outstanding long-term bonds including accrued interest.

Current financial liabilities declined by €1,490.8m to €193.6m. This was mainly due to the scheduled repayment of the bonds due in December 2010 and May 2011 (€1,060.0m in total) and several loans by TUI AG (€150.0m) as well as the repayment of current financial liabilities in TUI Hotels & Resorts.

Other liabilities rose in line with the seasonality in the tourism business due to the advance payments received from customers.

## Changes in equity

Since 30 September 2010, equity decreased by €231.6m overall to €2,202.6m.

The decline in equity was attributable to the payment of dividends to non-Group shareholders, above all dividends paid by TUI Travel PLC and RIUSA II SA. Moreover, the interest on the hybrid capital issued by TUI AG also has to be carried as a dividend in accordance with IFRS rules.

In the framework of long-term incentive programmes, TUI Travel PLC compensates its employees in the form of stock option plans serviced with shares. These stock option plans resulted in an increase in pre-tax equity of €17.5m outside profit and loss in the period under review.

In March 2011, TUI AG issued a convertible bond. In accordance with IFRS rules, the bond components related to the conversion rights had to be classified as equity instruments and carried under equity. Overall, equity increased by €41.9m due to the convertible bond.

The acquisition of 60% of the shares in the Intrepid Travel Group Limited, Australia, gave rise to non-controlling interests of €20.2m.

TUI AG acquired additional shares in TUI Travel PLC. The statutory elimination of these costs and other acquisition costs against revenue reserves caused a decline in equity of €34.5m.

In June 2011, the Magic Life hotel company was sold to TUI Travel PLC in an intra-Group transaction. The non-controlling interests of TUI Travel PLC thus also hold interests in the Magic Life hotel company. A corresponding portion of the revenue reserves therefore had to be reclassified to non-controlling interests. In addition, 40% of the shares in the PEAK Group were issued to the former shareholders of Intrepid in connection with the acquisition of the Intrepid Travel Group Limited, Australia, which was fully transferred to the newly formed PEAK Group so that additional non-controlling interests arose.

The Group result is negative due to the seasonality of the tourism business.

Equity also declined due to the strengthening of Euro, in particular against Sterling and US Dollar, as compared with 30 September 2010.

The measurement of hybrid instruments in Container Shipping classified as financial assets available for sale caused an increase in after-tax revenue reserves outside profit and loss of €64.1m as at the closing date.

The (after-tax) results directly to be eliminated against equity from higher fair values of hedges resulting from the effective hedging of future cash flows totalled €+111.0m.

In the period under review, pension obligations fell, primarily due to the rise in the long-term interest rate level in Germany and the UK. This resulted in an after-tax increase in the reserves in accordance with IAS 19, included in revenue reserves, of €63.6m.



## Contingent liabilities

As at 30 June 2011, contingent liabilities totalled around €482.9m (as at 30 September 2010 around €453.7m). Contingent liabilities are carried at the level of estimated settlement as at the balance sheet date. They mainly relate to the assumption of liability for the benefit of Hapag-Lloyd AG and TUI Cruises GmbH for ship financing schemes.

## Other financial commitments

### Financial commitments from operating lease, rental and charter contracts

| € million     | 30 Jun 2011 | 30 Sep 2010 |
|---------------|-------------|-------------|
| Nominal value | 3,096.1     | 2,907.3     |
| Fair value    | 2,622.3     | 2,540.3     |

As per 30 June 2011, the financial commitments from operating lease, rental and charter contracts rose by €188.8m to €3,096.1m as against 30 September 2010. As compared with 30 September 2010, additional financial commitments resulted amongst others from the leasing of aircraft by TUI Travel as well as from an extension of the contract terms for cruise ships already operated by TUI Travel and charter commitments for an additional cruise ship operated by Hapag-Lloyd Kreuzfahrten. The increase was also driven by the long-term lease of a sold administrative building.

### Remaining Other financial commitments

| € million   | 30 Jun 2011    | 30 Sep 2010    |
|---|----------------|----------------|
| Order commitments in respect of capital expenditure | 2,180.5        | 1,857.7        |
| Other financial commitments                         | 110.5          | 199.8          |
| <b>Total (Nominal value)</b>                        | <b>2,291.0</b> | <b>2,057.5</b> |
| <b>Fair value</b>                                   | <b>2,007.6</b> | <b>1,849.9</b> |

As per 30 June 2011, order commitments in respect of capital expenditure, almost exclusively relating to Tourism, increased by €322.8m as against 30 September 2010, above all due to the ordering of five additional B737-800s and two A330 aircraft, while seven B737-800 aircraft have been delivered since 30 September 2010.

Order commitments also rose due to a planned hotel project by the RIUSA II Group.

Moreover, Hapag-Lloyd Kreuzfahrten placed an order with a French shipyard for a new cruise ship, the MS Europa 2, as part of its plans to expand its fleet. The new vessel is to enter service in the spring of 2013.

## Notes on the cash flow statement of the TUI Group

Based on the after-tax Group result, the cash flow from operating activities is determined using the indirect method. In the period under review, cash and cash equivalents declined by €809.2m to €1,465.1m.

The inflow of cash from operating activities was €376.9m (previous year €123.6m) in the period under review, amongst others driven by changed progress payment conditions for TUI UK customers. An inflow of €91.4m from the involvement in Container Shipping was carried in the period under review.

The inflow of cash from investing activities totalling €849.7m was mainly driven by the repayment of loans granted to Container Shipping and the sale of shares in Container Shipping. The payments include payments made for investments in property, plant and equipment of the TUI Travel Group of €279.0m and the hotel companies of €67.2m as well as payments received for the sale of real estate in Central Operations of €174.0m. The TUI Travel Group spent €45.6m for company acquisitions.

The outflow of cash from financing activities totalled €1,951.5m.

In March 2011, TUI AG received an inflow of €334.8m (after deduction of capital procurement costs) for the issue of a new convertible bond. TUI AG redeemed a bond worth €440.0m due in December 2010 and a further bond worth €620.0m due in May 2011 according to schedule. A further outflow of €770.2m related to the redemption of bonds and the repayment of loans. In order to cover the payments due in the period under review due to the seasonality of the tourism business, TUI Travel PLC primarily drew on long-term credit lines. Loans worth €288.1m were taken out, liabilities worth €169.0m from finance leases were repaid, and bank loans worth €131.8m were redeemed. The hotel companies recorded an inflow of cash and cash equivalents worth €136.6m from new financing schemes and spent €133.5m on redemption.

Interest payments amounted to €239.9m. Further payments related to the dividend on TUI AG's hybrid bond (€25.9m), the dividends for the minority shareholders of TUI Travel PLC and the hotel companies (€112.6m) and the increase in the stake in TUI Travel PLC (€34.3m).

Cash and cash equivalents also decreased by €84.3m due to changes in exchange rates.

The net debt defined as financial liabilities less cash and cash equivalents amounted to €1,548.9m as at 30 June 2011. Against its level as at 30 June 2010 (€2,947.6m) the net debt thus improved by €1,345.5m.

## Segment indicators

Due to the intra-Group sale of the Magic Life hotel group to TUI Travel PLC in June 2011 and the associated changes in the internal organisational and reporting structure, segment reporting was adjusted accordingly. The turnover and earnings of the Magic Life Group are therefore no longer carried under TUI Hotels & Resorts but rather under TUI Travel. In order to enhance comparability, the previous year's numbers were adjusted accordingly.

### Turnover by divisions and sectors for the period from 1 October 2010 to 30 June 2011

| € million            | External revised | Group    | Q3 2010/11 Total | External        | Group    | 9M 2010/11 Total |
|----------------------|------------------|----------|------------------|-----------------|----------|------------------|
| Tourism              | 4,375.0          | 3.6      | 4,378.6          | 10,713.5        | 11.4     | 10,724.9         |
| TUI Travel           | 4,247.3          | 10.3     | 4,257.6          | 10,331.5        | 25.4     | 10,356.9         |
| TUI Hotels & Resorts | 78.9             | 105.9    | 184.8            | 236.6           | 298.1    | 534.7            |
| Cruises              | 48.8             | -        | 48.8             | 145.4           | -        | 145.4            |
| Consolidation        | -                | - 112.6  | - 112.6          | -               | - 312.1  | - 312.1          |
| All other segments   | 12.5             | 9.4      | 21.9             | 38.3            | 26.7     | 65.0             |
| Consolidation        | -                | - 13.0   | - 13.0           | -               | - 38.1   | - 38.1           |
| <b>Total</b>         | <b>4,387.5</b>   | <b>-</b> | <b>4,387.5</b>   | <b>10,751.8</b> | <b>-</b> | <b>10,751.8</b>  |

### Turnover by divisions and sectors for the period from 1 October 2009 to 30 June 2010

| € million            | External revised | Group    | Q3 2009/10 Total | External revised | Group    | 9M 2009/10 Total |
|----------------------|------------------|----------|------------------|------------------|----------|------------------|
| Tourism              | 3,999.8          | 3.7      | 4,003.5          | 9,808.5          | 12.0     | 9,820.5          |
| TUI Travel           | 3,899.5          | 22.2     | 3,921.7          | 9,424.0          | 48.0     | 9,472.0          |
| TUI Hotels & Resorts | 68.7             | 110.4    | 179.1            | 252.2            | 297.7    | 549.9            |
| Cruises              | 31.6             | -        | 31.6             | 132.3            | -        | 132.3            |
| Consolidation        | -                | - 128.9  | - 128.9          | -                | - 333.7  | - 333.7          |
| All other segments   | 15.8             | 43.5     | 59.3             | 45.9             | 88.1     | 134.0            |
| Consolidation        | -                | - 47.2   | - 47.2           | -                | - 100.1  | - 100.1          |
| <b>Total</b>         | <b>4,015.6</b>   | <b>-</b> | <b>4,015.6</b>   | <b>9,854.4</b>   | <b>-</b> | <b>9,854.4</b>   |

### Earnings before interest, taxes and impairments of goodwill by divisions and sectors

| € million            | Q3 2010/11  | Q3 2009/10 revised | 9M 2010/11     | 9M 2009/10 revised |
|----------------------|-------------|--------------------|----------------|--------------------|
| Tourism              | 45.3        | - 50.3             | - 280.0        | - 483.9            |
| TUI Travel           | 28.3        | - 75.0             | - 328.2        | - 533.0            |
| TUI Hotels & Resorts | 16.8        | 23.7               | 50.9           | 52.2               |
| Cruises              | 0.2         | 1.0                | - 2.7          | - 3.1              |
| All other segments   | - 8.3       | 17.8               | - 8.0          | - 2.5              |
| <b>Total</b>         | <b>37.0</b> | <b>- 32.5</b>      | <b>- 288.0</b> | <b>- 486.4</b>     |

In the first nine months of financial year 2010/11, earnings before interest, taxes and amortisation of goodwill (EBITA) include an amount of €+25.0m (previous year €-9.0m) of results from joint ventures and associates, fully generated in Tourism.

### Underlying earnings before interest, taxes and impairments of goodwill by divisions and sectors

| € million            | Q3 2010/11  | Q3 2009/10 revised | 9M 2010/11     | 9M 2009/10 revised |
|----------------------|-------------|--------------------|----------------|--------------------|
| Tourism              | 104.5       | 117.4              | - 246.7        | - 246.6            |
| TUI Travel           | 87.5        | 88.4               | - 297.6        | - 307.3            |
| TUI Hotels & Resorts | 16.8        | 26.8               | 53.6           | 62.6               |
| Cruises              | 0.2         | 2.2                | - 2.7          | - 1.9              |
| All other segments   | - 8.3       | - 9.0              | - 32.2         | - 29.3             |
| <b>Total</b>         | <b>96.2</b> | <b>108.4</b>       | <b>- 278.9</b> | <b>- 275.9</b>     |

## Reconciliation to earnings before taxes of the TUI Group

| € million  | Q3 2010/11    | Q3 2009/10<br>revised | 9M 2010/11     | 9M 2009/10<br>revised |
|--|---------------|-----------------------|----------------|-----------------------|
| <b>Group EBITA</b>   | <b>37.0</b>   | <b>- 32.5</b>         | <b>- 288.0</b> | <b>- 486.4</b>        |
| Result from Container Shipping measured at equity                  | - 5.0         | 74.5                  | - 0.3          | 65.5                  |
| Effect from the measurement of loans to Container Shipping         | 10.0          | 8.2                   | 50.9           | 31.1                  |
| Interest result and earnings from the valuation of interest hedges | - 72.8        | - 79.4                | - 245.7        | - 215.7               |
| Impairment of Goodwill   | -             | -                     | -              | -                     |
| <b>Total</b>   | <b>- 30.8</b> | <b>- 29.2</b>         | <b>- 483.1</b> | <b>- 605.5</b>        |

### Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintains direct or indirect relationships with related parties. All transactions with related parties are carried out at arm's length on the basis of international comparable uncontrolled price methods in accordance with IAS 24, as before. The equity stake held by Riu Hotels S.A., listed in the notes on the consolidated financial statements as at 30 September 2010, was retained unamended at the closing date for the interim financial statements. More detailed information on related parties is provided under "Other notes" in the notes on the consolidated financial statements for 2009/10.

## Financial Calendar

|  | Calendar         |
|--|------------------|
| Annual Report 2010/11 – Press Conference & Analysts' Meeting | 14 December 2011 |
| Annual General Meeting                                       | 15 February 2012 |

## Imprint

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MARCH APRIL MAY JUNE Q3 2010/11 OCTOBER NOVEMBER  
11 OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY  
BER JANUARY FEBRUARY MARCH APRIL MAY JUNE Q3 2010  
MARCH APRIL MAY JUNE Q3 2010/11 OCTOBER NOVEMBER