

Speech by
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- Check against delivery -

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Implementation of the merger by way of the resolutions passed at today's EGM

As already explained, the merger with TUI Travel is to be implemented by way of an exchange of shares. This means that the TUI Travel shareholders will receive new TUI AG shares, created by means of the capital increases proposed for resolution today, in exchange for the TUI Travel shares held by them. As a result, existing TUI Travel shareholders will become shareholders of TUI AG. At the same time, TUI AG will become the sole shareholder of TUI Travel.

To this end, resolutions on three different capital measures, which I will briefly outline shortly, are to be adopted today. We, i.e. the Executive Board, have already published our comprehensive written report regarding these three proposals for resolutions with the invitation to the EGM. However, let me briefly comment on these capital measures once again and explain why there will be three different capital measures in the first place.

1. Resolution on agenda item 1

Under agenda item 1 we, i.e. the Executive Board and Supervisory Board, propose to adopt a resolution on a so-called "direct capital increase". This is the centrepiece of the exchange of the TUI Travel shares into TUI AG shares, as it will serve to create the new TUI AG shares issued to the TUI Travel shareholders "directly" upon registration – and hence upon the capital increase taking effect – in exchange for the TUI Travel shares that they hold.

The new TUI AG shares will be issued at the exchange ratio indicated in the resolution proposal. TUI AG "pays" one new TUI AG share for the acquisition of around 2.506 TUI Travel shares. I will comment on the adequacy of this exchange ratio in greater detail shortly.

2. Resolution on agenda item 2

Under agenda item 2 we propose a "conditional capital increase" to you. The conditional capital increase will be effected only to the extent that after the implementation of the direct capital increase following the resolution to be passed under agenda item 1, additional TUI Travel shares will be created in future, which will have to be exchanged into TUI Travel shares at an exchange ratio equal to that stipulated under agenda item 1. This is due to the convertible bonds issued by TUI Travel in the past. If the bondholders exercise their conversion rights, additional TUI Travel shares will be created, possibly by 2017. TUI AG will also have to acquire these shares in order to continue to hold all shares in TUI Travel.

3. Resolution on agenda item 3

The third planned capital measure is the creation of new "authorised capital", as TUI Travel's employee share award schemes may give rise to entitlements to shares in TUI Travel in the next few years. The authorised capital can then be used to serve these share entitlements.

4. Exchange ratio

Let me now once again comment on the exchange ratio established for the exchange of TUI Travel shares into TUI AG shares. As you know, an exchange ratio of 0.399:1.000 is envisaged. Arithmetically, 0.399 new shares in TUI AG will be issued for each share in TUI Travel acquired by TUI AG on the basis of the EGM resolutions. This means that TUI AG pays 0.399 new TUI AG shares for each TUI Travel share. To put it differently: TUI AG pays one new TUI AG share for approx. 2.506 TUI Travel shares.

This exchange ratio is the result of intense negotiations between TUI AG and TUI Travel. I consider it important to emphasise the fact that these negotiations were conducted between two equally strong, independent negotiating partners. All parties involved have taken care, in particular, to ensure that the result of the negotiations has not been influenced by any conflicts of interests. That is why Peter Long did not participate in any decisions by TUI AG relating to the merger, and the TUI AG Executive Board members did not participate in any decisions taken in this regard by TUI Travel, either, being at the same time Non-Executive Directors of TUI Travel.

In our view, the TUI AG shareholders will gain substantial economic benefits from the merger:

- The valuation report by Wirtschaftsprüfungsgesellschaft Ernst & Young, commissioned by the Executive Board and Supervisory Board, has shown enterprise values that confirm that the enterprise value of the shares held by the TUI AG shareholders will be considerably higher following completion of the merger than prior to the merger and that the exchange ratio for TUI AG shareholders is adequate.

Of course, we have checked whether any material changes in the valuation have occurred since the valuation report was prepared. That is not the case.

However, since the preparation of the valuation report the base interest rate and beta factors underlying the valuation by Ernst & Young have changed. The reduction of the base interest rate is set against an increased volatility of the stock markets. These changes do not undermine the conclusion that the exchange ratio is adequate and that TUI AG shareholders will economically benefit from the merger.

- An analysis of the historical share prices not influenced by the planned merger also demonstrates that the exchange ratio is reasonable and will give rise to significant financial benefits both for TUI AG shareholders and for TUI Travel PLC shareholders.
- The merger also happens at a point in time at which the value of the TUI AG share has increased, reflecting the strength of the business, its financial performance and leading market positions.
- This result is also underpinned by a Fairness Opinion prepared by the investment bank JP Morgan. The additional expert opinion was commissioned separately by the Supervisory Board, and Professor Mangold has already given you a separate report on the opinion in his speech.

So far for my comments regarding the resolution proposals related to the capital measures.

By way of conclusion, let me make a few comments regarding the financing of the Group:

One of the prerequisites in order to be able to submit the takeover bid to the TUI Travel shareholders, presented on 15 September 2014, in the first place was evidence of sufficient financing for the Combined Group. The largest financing component is the replacement of TUI Travel PLC's existing revolving credit facility, which TUI Travel PLC

will no longer hold following completion of the merger. To that end, we have already entered into a new revolving credit facility agreement, primarily with the banks that already formed part of TUI Travel's bank syndicate, following a tender process resulting in oversubscription, which formed the basis for us to agree a revolving credit facility of €1.75bn for the new company. Alongside the creation of a new revolving credit facility, TUI AG has issued a high yield bond, i.e. a corporate bond. It comprises a volume of €300m and carries an interest coupon of 4.5%. Following the start of the marketing phase in mid-September, this high yield bond was issued on 26 September 2014 and met strong demand by investors.

One of the crucial drivers of the successful refinancing was the upgrade in TUI AG's rating. Based on the rating classification used by Standard and Poor's, TUI now has a "Single B+ positive outlook" rating and has thus achieved a significant upgrade of its rating in the past few years. Upon completion of the merger, both rating agencies – S&P and Moody's – have indicated that they will consider upgrading the corporate rating of the new TUI to "BB-". This shows, in particular, that the rating quality of the combined TUI will be further enhanced, following the successful debt reduction of the past few years which has already resulted in an improved rating.

Thank you very much for your attention.