



## TUI AG

(Hanover, Federal Republic of Germany)

### EUR 300,000,000 2.125% Notes due 26 October 2021

**unconditionally and irrevocably guaranteed by  
certain subsidiaries of TUI AG**

TUI AG ("**TUI AG**" or the "**Issuer**", together with its consolidated subsidiaries the "**TUI Group**") will issue EUR 300,000,000 2.125% notes (the "**Notes**") on or about 26 October 2016 (the "**Issue Date**") at an issue price of 99.415% of their aggregate principal amount (the "**Issue Price**"). The Notes are issued in a denomination of EUR 100,000 each (the "**Specified Denomination**"). The Notes will be redeemed at par on 26 October 2021 (the "**Maturity Date**"). They will bear interest from, and including, the Issue Date to, but excluding, the Maturity Date at a rate of 2.125% *per annum*, payable annually in arrears on 26 October in each year, commencing on 26 October 2017.

The obligations under the Notes will constitute unsubordinated and, except for the guarantees described below, unsecured obligations of the Issuer, ranking *pari passu* among themselves and *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law. The Notes will have the benefit of unconditional and irrevocable guarantees (the "**Subsidiary Guarantees**" or the "**Guarantees**") from certain subsidiaries of TUI AG (the "**Subsidiary Guarantors**" or the "**Guarantors**"). The Guarantors have also issued guarantees to secure other indebtedness of the TUI Group.

Standard and Poor's Credit Market Services Europe Limited ("**Standard & Poor's**") has assigned a preliminary rating of BB- to the Notes and Moody's Investors Service Ltd. ("**Moody's**") has assigned a preliminary rating of Ba2 to the Notes. A security rating is not a recommendation to buy, sell or hold securities.

TUI AG is rated BB-, outlook positive, by Standard & Poor's and Ba2, outlook stable, by Moody's. Each of Standard & Poor's and Moody's are established in the European Community and are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.

**For a discussion of certain significant factors affecting an investment in the Notes, see "**Risk Factors**" on pages 5 through 31.**

This Prospectus (the "**Propectus**") constitutes a prospectus for the purpose of the Luxembourg Law of 10 July 2005 on Prospectuses for Securities, as amended. Application has been made for admission of the Notes to the official list of the Luxembourg Stock Exchange and for trading on the Euro MTF market ("**Euro MTF**") operated by the Luxembourg Stock Exchange, which is a multilateral trading facility for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, as amended, and therefore a non-EU-regulated market.

The Notes have been assigned the following securities codes: ISIN XS1504103984, Common Code 150410398, WKN A2BPFK.

*Joint Bookrunners*

**Commerzbank**

**Deutsche Bank**

**HSBC**

**Société Générale  
Corporate & Investment  
Banking**

## RESPONSIBILITY STATEMENT

Each of the Issuer and the Guarantors accepts in respect of itself only responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## NOTICE

This Prospectus should be read and understood in conjunction with any supplement(s) and each of the documents incorporated herein by reference.

The Issuer and Guarantors have confirmed to the joint bookrunners set forth on the cover page (each a "**Manager**" and together, the "**Managers**") that this Prospectus contains all information which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the Guarantors, TUI Group and the rights attaching to the Notes which is material in the context of the issue and offering of the Notes; that the information contained herein with respect to the Issuer, the Guarantors, TUI Group and the Notes is accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts with respect to the Issuer, the Guarantors, TUI Group or the Notes, the omission of which would make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading; that the Issuer and the Guarantors have made all reasonable enquiries to ascertain all facts material for the purposes aforesaid.

No person is authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantors or the Managers. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial situation of the Issuer, the Guarantors or TUI Group since the date of this Prospectus, or that the information herein and in any other document incorporated herein by reference is correct at any time since the date of this Prospectus.

Neither the Managers nor any other person mentioned in this Prospectus, except for the Issuer and the Guarantors, are responsible for the accuracy of the information and statements contained in this Prospectus or any other document incorporated herein by reference. None of the Managers has independently verified this Prospectus, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of them makes any representation, express or implied, or warranty or accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents. The Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Guarantors. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer, the Guarantors or the Managers to the public generally to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer, the Guarantors or the Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions. For a description of the restrictions applicable in the European Economic Area in general, the United States of America and its Territories, the United Kingdom of Great Britain and Northern Ireland and Hong Kong, see "*Selling Restrictions*". In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to tax law requirements of the United States of America; subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to U.S. persons.

The language of this Prospectus is English. The German version of the English language Terms and Conditions of the Notes (the "**Terms and Conditions**") is shown in this Prospectus for additional information. As to form

and content and all rights and obligations of the Issuer under the Notes to be issued, German is the controlling legally binding language.

**This Prospectus may only be used for the purpose for which it has been published.**

**This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.**

**This Prospectus does not constitute an offer or an invitation to subscribe for or purchase any Notes.**

**In connection with the issue of the Notes, Deutsche Bank AG, London Branch as the stabilising manager (the "Stabilisation Manager") (or persons acting on its behalf) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin at any time after the adequate public disclosure of the terms of the offer of the Notes and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on its behalf) in accordance with all applicable laws and rules.**

## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. Forward-looking statements are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*may*", "*plan*", "*predict*", "*project*", "*will*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding TUI Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including TUI Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. TUI Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Risk Factors*" and "*TUI AG and TUI Group*". These sections include more detailed descriptions of factors that might have an impact on TUI Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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## RISK FACTORS

*The following is a disclosure of risk factors that may affect the ability of TUI AG to fulfil its obligations under the Notes and that are material to the Notes in order to assess the market risks associated with the Notes. Prospective investors should consider these risk factors prior to deciding to purchase the Notes.*

*The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or of the extent of their commercial consequences. Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another.*

*Should one or more of the risks described below materialize, this may have a material adverse effect on the cash flows, results of operations and financial condition of TUI AG and/or the TUI Group. Moreover, if certain of these risks occur, the market value of the Notes and the likelihood that the Issuer and the Guarantors will be in a position to fulfill their obligations under the Notes and/or the Guarantees may decrease, in which case prospective investors could lose all or part of their investments.*

*Words and expressions defined in "Terms and Conditions" of the Notes below shall have the same meanings in this section.*

### RISK FACTORS REGARDING THE NOTES

#### **The Notes may not be a suitable investment for all investors**

Each potential investor must make its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment, either alone or with the help of a financial adviser. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of financial markets and of any financial variable which might have an impact on the return on the Notes;
- (v) know that it may not be possible to dispose of the Notes for substantial period of time, if at all; and
- (vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

prospective purchasers should also consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes.

**The Issuer is a holding company dependent upon cash flow from subsidiaries to meet its obligations under the Notes.**

The Issuer is a holding company with no material independent business operations or significant assets other than investments in its subsidiaries. The Issuer will be dependent upon payments made by its subsidiaries as well as upstream loans or distributions to service its payment obligations under the Notes and the Syndicated Facilities Agreement (as defined in § 2(4) of the Terms and Conditions) and to meet its other cash requirements. Accordingly, repayment of the Issuer's indebtedness, including the Notes and the Syndicated Facilities Agreement, depends on the generation of cash flow by the Issuer's operating subsidiaries and their ability to make such cash available to the Issuer, by dividend, debt repayment or otherwise. The Issuer's subsidiaries may not be able to make distributions to enable the Issuer to make payments in respect of the Issuer's indebtedness, including the Notes and the Syndicated Facilities Agreement. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit the Issuer's ability to obtain cash from its subsidiaries. The Issuer cannot assure that its subsidiaries will be able to, or be permitted to, pay to the Issuer the amounts necessary to service the Notes and the Syndicated Facilities Agreement.

**The Issuer's ability to fulfil its obligations under the Notes depends upon TUI Group's future financial and operating performance.**

The Notes will be obligations of the Issuer. The Issuer's ability to pay interest on the Notes and to redeem the Notes at maturity depends upon the future financial and operating performance of TUI Group and upon its ability to renew or refinance borrowings or to raise additional equity capital. Prevailing economic conditions and financial, business and other factors, many of which are beyond the Issuers' control, will have an impact on its ability to generate funds which in turn will affect the Issuer's ability to make the payments on the Notes. A significant drop in operating cash flow resulting from adverse economic conditions, competition or other uncertainties beyond its control would increase the need for alternative sources of liquidity. If the TUI Group is unable to generate sufficient cash flow to meet the Issuer's debt obligations, it will have to pursue one or more alternatives, such as:

- reducing or delaying capital expenditures;
- restructuring or refinancing debt, including the Notes;
- selling assets; or
- obtaining additional debt or raising equity capital.

There is no assurance that any of these alternatives could be accomplished on satisfactory terms, if at all, or that those actions would yield sufficient funds to redeem the Notes.

**The Issuer has substantial further indebtedness and may incur further indebtedness in the future.**

The Issuer is a borrower under the Syndicated Facilities Agreement. The maturity date of the facilities granted under the Syndicated Facilities Agreement will be 21 December 2020. Further, the Issuer issued the EUR 300,000,000 4.50% Senior Notes (the "**Bonds**") which mature on 1 October 2019. If the Issuer is unable to generate sufficient cash flows to meet the debt obligations, it will have to pursue one or more alternatives as described in the preceding paragraphs. There is no assurance that any of these alternatives could be accomplished on satisfactory terms, if at all, or that those actions would yield sufficient funds to redeem the Notes.

Other than the limitation of indebtedness undertaken in the Terms and Conditions, the Bonds and the Syndicated Facilities Agreement and the financial covenants in the Syndicated Facilities Agreement, there is no restriction on the amount of debt which the Issuer may issue which ranks equal to the Notes. Any issuance of further debt – to the extent permitted under the Terms and Conditions, the Bonds and the Syndicated Facilities Agreement – may further reduce the amount recoverable by the Holders upon winding-up, insolvency or liquidation of the Issuer. In addition, under the Notes, the Issuer will not be restricted from issuing or repurchasing its other securities. Holders of Notes will not be protected under the Terms and Conditions in the event of a highly leveraged transaction, a reorganisation or a restructuring, merger or similar transaction that may adversely affect Holders.

**The Notes are effectively subordinated to other obligations to the extent such obligations are secured.**

Although the Notes and the claims under the Guarantees (as defined in the Terms and Conditions) will rank equally with all other obligations of the Issuer and the Guarantors which are not preferred by mandatory law, they will be effectively subordinated to the extent such other obligations are secured by charging or pledging any of its assets to secure such other debt.

**The Notes may be effectively subordinated to the obligations under the Syndicated Facilities Agreement or the Bonds if the lenders of the Syndicated Facilities Agreement or the holders of the Bonds draw under their guarantees prior to the Holders.**

The obligations under the Syndicated Facilities Agreement and the Bonds are also guaranteed by the Guarantors (as defined in the Terms and Conditions) of the Notes. In case of a default or event of default under either or all of the Syndicated Facilities Agreement, the Bonds and the Notes, the lenders of the Syndicated Facilities Agreement or the holders of the Bonds may be faster to draw under the guarantees under the Syndicated Facilities Agreement or the Bonds than the Holder under the Guarantees. This is also because the Guarantees do not constitute guarantees upon first demand (*Garantie auf erstes Anfordern*), but can with respect to principal only be drawn following the acceleration of the principal of the Notes which in some instances requires certain notices by the Holders. In such instance, the Guarantees could prove worthless to the Holders if the relevant Guarantor honoured any guarantee under the Syndicated Facilities Agreement or the Bonds first, also because there is no inter-creditor agreement in place that would provide for a *pro rata* distribution of funds drawn under the guarantees between the various creditor groups. In this case, although the Notes will rank equally to the obligations under the Syndicated Facilities Agreement and the Bonds, they would be effectively subordinated if the lenders of the Syndicated Facilities Agreement or the holders of the Bonds, draw under the guarantees under the Syndicated Facilities Agreement or the Bonds, respectively, prior to the Holders under the Guarantees. Similarly and in addition, the Notes may also rank effectively junior to any other debt guaranteed by the Guarantors.

**If the Issuer fails to meet its obligations under its financing agreements, its creditors could declare all amounts owed to them due and payable, which could lead to liquidity constraints.**

The Issuers' ability to comply with the covenants and restrictions in its financing agreements, in particular the Syndicated Facilities Agreement and the Bonds, may be affected by events beyond its control. These include general economic, financial and industry related factors and conditions. If any of the aforementioned covenants or restrictions is breached, the Issuer could be in default under the Syndicated Facilities Agreement, the Bonds and other relevant financing agreements.

In the event of a default under the Syndicated Facilities Agreement, the Bonds or under any other agreement, the lenders under the respective facilities or financing instruments could take certain actions, including terminating their commitments and declaring all amounts that the Issuer has borrowed under its credit facilities and other indebtedness to be due and payable, together with accrued and unpaid interest. In addition, borrowings under other debt instruments that contain cross-acceleration or cross-default provisions, including the Notes, the Bonds and the Syndicated Facilities Agreement, may as a result also be accelerated and become due and payable. If the debt under the Syndicated Facilities Agreement, the Bonds or the Notes or any other material financing arrangement that the Issuer has entered into or will subsequently enter into were to be accelerated, its assets may be insufficient to repay the Notes in full.

**The Notes will be structurally subordinated to the creditors of non-guarantor subsidiaries.**

Only certain of the subsidiaries of the Issuer will guarantee the Notes. Generally, the subsidiaries will have no obligations to pay amounts due under the Notes or to make funds available for that purpose unless they guarantee the Notes. Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors of such subsidiary, will have priority with respect to the assets and earnings of the non-guarantor subsidiary over the claims of creditors of its parent entity. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding of any of the non-guarantor subsidiaries of the Issuer, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer or the Guarantors. As such, the Notes and the Subsidiary Guarantees will be structurally subordinated to the creditors (including trade creditors) of the non-guarantor subsidiaries of the Issuer.

**An active trading market for the Notes may not develop.**

The Notes constitute a new issue of securities. Prior to this offering, there has been no public market for the Notes. Although application has been made for the Notes to be listed on the official list of and to be admitted to trading on the Euro MTF of the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Notes will develop. Even if such a market were to develop, neither the Issuer nor the Managers are under any obligation to maintain such a market and Notes could trade at prices that may be lower than the issue price, depending on many factors, including the Issuer's operating results and the market for similar securities. In an illiquid market, an investor might not be able to sell his Notes at all or at any time at fair market prices. The possibility to sell the Notes might additionally be restricted due to country-specific reasons. Further, there can be no assurance that a market for the Notes will not be subject to disruptions. Any such disruptions may have an adverse effect on the Holders.

**Risk of change in market value.**

The value of the Notes depends on a number of interacting factors, including, but not limited to, economic and political events in the Federal Republic of Germany ("**Germany**") or elsewhere, factors affecting the capital markets in general and the stock exchanges on which the Notes are traded, the policies of central banks, inflation rates or the lack of or excess demand for the Notes. The price at which a Holder can sell the Notes might be considerably below the issue price or the purchase price paid by such Holder.

**The market value of the Notes could decrease if the Issuer's creditworthiness worsens.**

The market value of the Notes is also influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer.

In the event any of the risks regarding TUI Group's business materialises, the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due will decrease and the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. Furthermore, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the TUI Group could adversely change. If any of these risks occurred, third parties would only be willing to purchase Notes at a lower price than before the materialisation of any such risk. Under these circumstances, the market value of the Notes would decrease.

**The credit rating of the Notes may not reflect all associated risks.**

The credit rating assigned to the Notes may not reflect the potential impact of all risks related to their structure, market, the factors discussed above and other circumstances that may affect the market value of the Notes. If the ratings of the Notes were to be lowered, this may have a negative impact on the trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the relevant rating agency at any time.

**Certain rights of the Holders under the Terms and Conditions may be amended or reduced or even cancelled by Holders' resolutions and any such resolution will be binding for all Holders of the Notes. Any such resolution may effectively be passed with the consent of less than a majority of the Aggregate Principal Amount of the Notes outstanding.**

Since the Terms and Conditions provide for meetings of Holders of the Notes or the taking of votes without a meeting, the Terms and Conditions may be amended by majority resolution of the Holders and a Holder is subject to the risk of being outvoted by a majority resolution of the Holders. The rules pertaining to resolutions of Holders are set out in the German Act on Debt Securities of 2009 (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* – "**SchVG**") and are largely mandatory. Pursuant to the SchVG the relevant majority for Holders' resolutions is generally based on votes cast, rather than on the Aggregate Principal Amount of the Notes outstanding, therefore, any such resolution may effectively be passed with the consent of less than a majority of the Aggregate Principal Amount of the Notes outstanding. As such majority resolution is binding on all Holders, certain rights of a Holder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled.



**If a Holders' representative (the "Holders' Representative") will be appointed for the Notes the Holders may be deprived of their individual right to pursue and enforce their rights under the Terms and Conditions against the Issuer.**

Since the Terms and Conditions provide that the Holders are entitled to appoint a Holders' Representative by a majority resolution of such Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, such right passing to the Holders' Representative who is then exclusively responsible to claim and enforce the rights of all Holders.

**Exchange rate risks and exchange controls.**

The Notes are denominated in euro. Potential investors should bear in mind that an investment in the Notes involves currency risks. This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit (the "**investor's currency**") other than euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. An appreciation in the value of the investor's currency relative to the euro would decrease (i) the investor's currency-equivalent yield on the Notes, (ii) the investor's currency equivalent value of the principal payable on the Notes and (iii) the investor's currency-equivalent market value of the Notes. In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, Holders may receive less interest or principal than expected, or no interest or principal.

**Risk Factors regarding the Guarantees**

***Further liabilities of the Guarantors together with the liabilities under the Guarantees may exceed the Guarantors' assets.***

The Guarantors are also guarantors under the Syndicated Facilities Agreement and the Bonds. These existing liabilities of the Guarantors together with their liabilities under the Guarantees may exceed their assets. If the Guarantors are required to fulfil some or all of these obligations, the Guarantees may prove less valuable or even worthless if the other creditors rank equal to or have priority over the Holders.

***Claims under the Guarantees will be effectively subordinated to obligations of Guarantors which are secured by Guarantors' assets.***

The Guarantees of the Guarantors are not secured by assets of the Guarantors. Therefore, to the extent that the Guarantors have pledged or will pledge their assets to third parties to secure their debts, any claim of the Holder on their Guarantees will be effectively subordinated to the obligations secured by such pledges to the extent of the value of the collateral pledged. In an insolvency of these Guarantors, the Holders face the risk that their claims under the Guarantees will not be satisfied because the remaining assets of the Guarantors may have been pledged as collateral and will be used for satisfying the claims of the secured creditors prior to satisfying the claims of Holders. Thus, secured creditors of the Guarantors, even those who became creditors after the issue of the Notes, would have a priority claim to the assets of the Guarantors in which they have a security interest.

***The Guarantees may be limited or unavailable by applicable laws or be subject to certain limitations or defences.***

The Guarantees provide the Holders with a direct claim against the Guarantors. However, the Guarantees will be limited to the maximum amount that can be guaranteed by the particular Guarantor without rendering the Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective under applicable laws, including the laws of foreign jurisdictions. Guarantees may also be subject to further limitations under such laws, including limitations on the consideration received or the general prohibition of abstract guarantees. Further, the enforcement of any of these Guarantees against any Guarantor would be subject to certain defences available to Guarantors in general or, in some cases, to limitations designed to ensure full compliance with statutory requirements applicable to the relevant Guarantors. These laws and defences include those that relate to fraudulent conveyance or transfer, voidable preference, corporate purpose, financial assistance, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. The Guarantees contain language limiting the enforceability of the amount of debt guaranteed so that applicable local law restrictions will not be violated. As a result, a Guarantor's liability under its Guarantee could be materially

reduced or eliminated, depending upon the amounts of its other obligations and upon applicable laws. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator in the case of the insolvency of a Guarantor, may contest the validity and enforceability of the Guarantor's Guarantee and that the applicable court may determine that the Guarantee should be limited or voided.

***Enforcing rights across multiple jurisdictions may prove difficult or impossible.***

The Notes will be issued by TUI AG, which is organised under the laws of Germany and will be guaranteed by entities organised under the laws of Germany, the United Kingdom, The Netherlands, Belgium and Sweden. In the event of bankruptcy, insolvency, administration or similar, proceedings could be initiated in any of these jurisdictions. The rights under the Notes and the Guarantees are likely to be subject to insolvency and administrative laws of several jurisdictions, including those of the Guarantors, and there can be no assurance that a Holder will be able to effectively enforce its rights in such complex proceedings. The insolvency, administration and other laws of these jurisdictions may be materially different from, or conflict with, each other and with the laws of the jurisdiction of a Holder or the Issuer, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest, duration of proceeding and preference periods. The application of these laws, and any conflict between them, could call into question whether, and to what extent, the laws of any particular jurisdiction should apply, adversely affect the ability to enforce rights of a Holder under the Guarantees in these jurisdictions or limit any amounts that a Holder may receive.

***Insolvency laws and other limitations on the Guarantees may adversely affect their validity and enforceability.***

The Issuer's obligations under the Notes will be guaranteed by the Guarantors. The Guarantors are organised in various jurisdictions in Europe. Although laws differ among jurisdictions, in general, applicable insolvency laws and limitations on the enforceability of judgments would limit the enforceability of judgments against the Issuer and the Guarantors on the Notes and the Guarantees. The following discussion of insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdictions' insolvency statutes.

In an insolvency proceeding, it is possible that creditors of the Guarantors or an appointed insolvency administrator may challenge the Guarantees, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee;
- direct that Holders return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors; and
- take other action that is detrimental to Holders.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor is generally considered insolvent at the time it issued a Guarantee or created any security if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due; or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

It is not certain which standard a court would apply in determining whether a Guarantor was "insolvent" as of the date the Guarantees were issued or that, regardless of the method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to Holders constituted fraudulent transfers on other grounds.

***Any Guarantee may be released or impaired without consent of the Holders.***

The Guarantees will be automatically and unconditionally released and discharged without any consent of the Holders upon (i) the release of all guarantees of such Guarantor granted to secure indebtedness under the Syndicated Facilities Agreement (including any deemed release upon payment in full of all obligations under the Syndicated Facilities Agreement), *provided that* for that purpose a release of all guarantees of such Guarantor granted to secure indebtedness under the Syndicated Facilities Agreement shall be deemed to have occurred if

the only outstanding condition for the release of such guarantees is that the guarantees of such Guarantor granted to secure the Notes will be released; or (ii) on the day on which the Issuer is assigned a rating by at least two of the Rating Agencies (as defined in § 3(1) of the Terms and Conditions) of BBB- or Baa3, respectively, or better.

***Each Holder might have to enforce its claims in respect of the Guarantees directly against the relevant Guarantors.***

Each Guarantee will constitute a contract for the benefit of the Holders as third party beneficiaries in accordance with Section 328 (1) of the German Civil Code (*Bürgerliches Gesetzbuch*). As a consequence, each Holder will have the right to demand payment directly from the relevant Guarantor under the relevant Guarantee and to enforce such Guarantee directly against the relevant Guarantor. In addition, if a Holders' Representative is appointed, such Holders' Representative will be entitled to require performance of the relevant Guarantee from the relevant Guarantor on behalf of the Holder or Holders. Holders, however, should be aware that no assurance can be given that a Holders' Representative will be appointed and that such Holders' Representative will, without a corresponding majority resolution of the Holders, take any enforcement action on behalf of the Holders in respect of any Guarantee. As a result, the Holders should take into account that each Holder might have to enforce the Guarantees on its own. Please see also the risk factor "*If a Holders' Representative will be appointed for the Notes the Holders may be deprived of their individual right to pursue and enforce their rights under the Terms and Conditions against the Issuer.*" and the risk factor "*Enforcing rights across multiple jurisdictions may prove difficult or impossible*".

***Only limited information on the Guarantors is available***

As the Guarantors are part of the TUI Group, the risks described below under "*Risk Factors regarding TUI AG and TUI Group*" also apply to the Guarantors as with regard to their respective businesses. There are no other individual risks particular to the Guarantors.

The individual financial statements of each Guarantor are not published by the TUI Group and are therefore not disclosed or incorporated by reference in this Prospectus. The TUI Group publishes only consolidated financial statements. The individual financial statements of each of the Guarantors do not contain further relevant information compared with the consolidated financial statements of the Issuer. The consolidated financial statements of the Issuer contain financial information of the TUI Group which includes the Guarantors and which present a true and accurate picture of the net assets of the Guarantors. Please refer to the consolidated financial information of the TUI Group which is incorporated by reference in this Prospectus. Please also see "*Selected Financial Information relating to the Issuer and the TUI Group*" for key selected financial information of the TUI Group and "*Description of Certain Financing Arrangements*" for a description of the liabilities of the TUI Group.

## **RISK FACTORS REGARDING TUI AG AND TUI GROUP**

### **A variety of macroeconomic factors may adversely affect TUI Group's tourism business.**

TUI Group's business is exposed to a variety of macroeconomic risks. Changing economic cycles may affect demand for holidays and the tourism industry. Such cycles may be influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence and consumer spending, labor or social unrest and political uncertainty.

Demand for holidays hinges in particular on the macroeconomic development in TUI Group's important source markets, as spending on travel and tourism is discretionary and, as such, price sensitive. Future economic declines such as a possible incidence of a recession, high unemployment rates in TUI Group's relevant source markets, an increase in interest rates, direct or indirect taxes, or the cost of living could therefore lead to lower disposable income and may therefore cause significant reductions in demand for travel and tourism as consumers reduce or eliminate their spending on travel, or opt for lower-cost offers.

The demand for travel may also be essentially affected by the development of the global financial markets which are particularly sensitive to geopolitical events. In particular, negative developments in Europe, where TUI Group generated 92.1% of its consolidated revenue in the financial year ended 30 September 2015 (the "**Financial Year 2014/15**"), could have a material adverse effect on its business and operating results. The deterioration of the sovereign debt and fiscal deficits of several countries of the Eurozone, including Cyprus, Greece, Ireland, Italy, Portugal and Spain, together with the risk of contagion to other, more stable, countries, particularly France and Germany, has raised a number of uncertainties regarding the stability and overall standing of the European Monetary Union. Concerns that the Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone countries or, in particularly dire circumstances, the abandonment of the euro. In July 2015, Greece defaulted on debt it owed to the International Monetary Fund and introduced capital controls to prevent a collapse of its banking system, which in turn led to acute negotiations over a Greek exit from the Eurozone. While Greece and other Eurozone countries reached an agreement on a third bailout program in May 2016, there is still uncertainty whether Greece will be able to implement agreed reforms and remain in the Eurozone. Furthermore, on 23 June 2016, the United Kingdom, one of TUI Group's key source markets, voted to leave the European Union ("**EU**"). Initial market reaction has resulted in significant volatility in currency and equity markets, a downgrade of the United Kingdom's sovereign credit rating by Standard & Poor's Credit Market Services Europe Limited and Fitch Ratings Ltd., and a weaker economic outlook for the United Kingdom. A prolonged lack of clarity on the details of the United Kingdom's exit from the EU, and uncertainty over trade arrangements, market access and legislative and regulatory frameworks, will likely result in continued volatility across the international financial markets. Until the terms and timing of the United Kingdom's exit from the EU are clearer, it is not possible to determine its impact on TUI Group's business. Whilst there has not been any apparent slow-down in bookings in the UK business to date, the outcome of the referendum has led to a greater degree of uncertainty over the future economic performance of the United Kingdom's economy and may adversely impact TUI Group's bookings in this source market. It is possible that the United Kingdom's vote to leave the EU may prompt other countries to reconsider their EU membership, resulting in political uncertainty within the EU, turmoil in international financial markets and reduced economic growth. The resulting political and economic uncertainty could also lead to a departure, or heighten the risk of departure, from the European Monetary Union by one or more Eurozone countries and/or the abandonment of the euro as a currency. In addition, specific risks for TUI Group's business may arise from changes in commodity prices, in particular oil products, or if a credit squeeze restricts access to credit for companies.

These risks may, *inter alia*, result in weaker economic growth rates in countries of importance to TUI Group's activities and may have an adverse effect on demand for services in tourism which in turn could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

### **Political instability, acts or threats of terrorism, natural disasters or outbreaks of diseases or epidemics may adversely affect TUI Group's business.**

Political instability, accidents, terrorist attacks, acts of sabotage and natural catastrophes, climate change, outbreaks of diseases, epidemics, social unrest, civil war, international conflicts and failing governments and travellers' perception of the risk of such conditions and events have a material effect on TUI Group's business.

TUI Group operates in approximately 180 destinations and over 30 source markets worldwide, where both

domestic and international geopolitical events could adversely affect demand for its products and services. For example, political instability and/or terrorist events in recent years in Turkey, Egypt, Tunisia and other North African countries and the related travel warnings and restrictions imposed by various governments has had a significant impact on customer demand for holidays to these destinations as well as in some circumstances requiring the TUI Group to incur substantial additional costs to be able to safely evacuate customers home at short notice. Whilst the TUI Group can mitigate the risk to an extent by being able to offer alternative destinations to customers and to remix the destination portfolio away from the affected areas in future seasons towards destinations which customers perceive to be safer (e.g. Western Mediterranean destinations), these conditions and events have had, and, if prolonged or repeated, will continue to have, a material adverse effect on TUI Group's business, operating results and financial condition. In addition, certain other events in TUI Group's source markets, destination markets or elsewhere, including, but not limited to, aircraft disasters (e.g. the bombing of Metrojet Flight 9268, the crash of Germanwings flight 9525, the disappearance of Malaysian Airlines flight 370 and the shooting down over the Ukraine of Malaysia Airlines flight 17), recent armed conflicts in Syria and Ukraine, ash clouds generated by volcanic eruptions, social unrest due to government austerity measures and epidemics (e.g. the current Zika virus outbreak in South and Central America and the Ebola outbreak in Western African 2014) could generally lead to reduced travel by TUI Group's existing and potential customers, thereby potentially having an adverse effect on TUI Group's business, operating results and financial condition. Moreover, hotels, airlines and cruises have in recent years been the subject of terrorist attacks, notably cruise ship piracy in the Gulf of Aden, India, Spain, Egypt, Russia, Turkey and Sri Lanka. All these factors are outside of TUI Group's control and may lead to a reduction in customer spending on holidays and leisure travel products and to prolonged business interruptions, claims of customers with respect to, *inter alia*, accommodation, alternative travel/evacuation or medical treatment which could adversely impact the performance of TUI Group.

Furthermore, TUI Group may not be fully insured against all expenses that may result from such events, if at all. TUI Group may also be exposed to claims for damages and be held liable for third-party losses if TUI Group's insurers are unable to pay the resulting damages or refuse coverage. In addition, such losses could result in higher insurance premiums and could impose significant costs on TUI Group. Future terrorist attacks or the threat of such attacks could also result in aviation insurance or other insurance becoming unavailable or prohibitively expensive. Such increase in costs may render TUI Group unable to operate in key parts of TUI Group's business in its current form. TUI Group would experience consequential losses throughout TUI Group's tourism business if the TUI Group is unable to fly or otherwise transport TUI Group's customers to or from TUI Group's destinations.

**Accidents or incidents involving TUI Group's travel products and unfavorable media coverage could harm TUI Group's reputation and reduce demand for TUI Group's products and services.**

Any accident or incident involving TUI Group's travel products and services (in particular in connection with TUI Group's aircraft or cruise ships) or in the destinations TUI Group serves, as well as any unfavorable media coverage following such an accident or incident, could give rise to a public perception that TUI Group's products and services or destinations are unsafe or less safe or reliable than those of TUI Group's competitors, which could harm TUI Group's reputation and reduce demand for TUI Group's products and services.

An aircraft accident or incident as well as an accident, incident or sinking of one of TUI Group's cruise ships could involve not only repair or replacement of a damaged aircraft or cruise ship and its consequent temporary or permanent loss from service, but also claims from injured passengers and dependents of deceased passengers. TUI Group's insurance coverage might not be adequate to cover all losses suffered from an aircraft or cruise ship accident or incident. Even if TUI Group's insurance coverage were adequate to cover all these losses in full, TUI Group could be forced to bear substantial losses if, for example, TUI Group's insurers were unwilling or unable to pay the agreed insurance benefits. Moreover, passengers of TUI Group's aircraft or cruise ships could also lose confidence in TUI Group even if an aircraft or cruise ship other than one of TUI Group's suffers a loss or damage.

Each of these aspects could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**Significant competition in the European tourism industry could lead to reduced prices or to a loss of customers.**

TUI Group has numerous competitors in its core European tourism markets. Due to structural market changes, TUI Group and some of TUI Group's competitors have already integrated, or are integrating into, pan-European tourism groups. These groups are able to utilise the synergies generated by integrating the various components of the tourism value chain and to improve their competitiveness by increasing market share. Some of TUI Group's competitors are focusing on offering components (*i.e.* that can be combined by the customer into a package), rather than integrated packages. Other competitors only offer dedicated individual components of holidays, primarily via the internet, such as flights, hotels, accommodation or leisure activities, which customers can combine themselves. While TUI Group is also marketing component packages in addition to integrated holiday packages, TUI Group could lose customers or be forced to reduce its prices due to increased price transparency and the significant competition in this area.

Over recent years, the tourism industry has also experienced a substantial increase in travel and tourism businesses focused on online distribution with lower cost structures than traditional retail travel businesses. This has resulted in increased competition and, in certain cases, overcapacity, which has driven down selling prices and may continue to do so. TUI Group faces increasing competition from online travel agencies, such as Expedia and Priceline, which in some cases may have more favorable offerings for both travelers and suppliers, including pricing, connectivity and supply breadth. TUI Group may also increasingly face competition from large online portal and search companies, such as Google and Yahoo!, as well as online travel metasearch sites, such as Kayak and Trivago, which utilise their search technology to aggregate travel search results across supplier, online travel and other websites. Metasearch companies and search engines may redirect potential customers to competitors' websites. In addition, in certain cases, search engines charge TUI Group each time a user accesses TUI Group's website through their search engine even if such users do not purchase any products or services from TUI Group. If a substantial number of users access TUI Group's websites through such search engines and do not purchase TUI Group's products or services, TUI Group's expenses could increase and negatively impact TUI Group's profit margin. Additionally, search engine companies have shown increasing interest in the online travel channel, as evidenced by recent technological innovations and proposed and actual acquisitions by companies such as Google or Microsoft (for example, Google's recent acquisition of ITA Software). As a result, search engine companies, which have acquired significant brand recognition from their other operations, may begin selling travel products and ultimately become TUI Group's direct competitors.

The pressure to reduce prices is further exacerbated by the rise of low-cost airlines. Low-cost airlines compete on many routes with significant success against charter airlines that offer the flight element of vacation packages, including TUI Group's airlines. If TUI Group is unable to maintain a competitive cost structure for its airlines compared to these low-cost carriers, it may be unable to offer competitive prices to its customers for package holidays that involve flights on TUI Group's own aircraft. Established low-cost airlines, for example, have gained significant market share on certain flight routes servicing TUI Group's destinations over previous years. Availability and the offering of airline routes has also expanded, as the gain in market share of low-cost carriers has led to a significant increase in the online distribution of seats to a wide range of destinations at competitive prices. If TUI Group is unable to maintain a competitive cost structure for its airlines compared to low-cost carriers, utilisation of TUI Group's airline and hotel capacities could be reduced. TUI Group's cruise line business is also exposed to competition. In the luxury cruise market, the customers TUI Group targets can choose from a very wide range of travel and vacation options. Therefore, if customers were to perceive other vacation and travel options as more attractive (for example, luxury hotels), TUI Group's cruise business would suffer. In TUI Group's budget and premium cruise submarkets, TUI Group faces intense competition from newly built ships joining the market and the resulting increased capacity of those submarkets. Increasing competition may also have a negative impact on rates in TUI Group's cruise business.

Increased competition, including as a result of the factors mentioned above, may result in reduced operating margins, as well as loss of industry market share and brand recognition, which could, in turn, have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group's business is subject to changes in customer behavior and preferences.**

TUI Group's success depends on the introduction and expansion of products and services that meet customer demands and preferences. If TUI Group's products and services fail to attract and/or retain customers across markets as anticipated, or if TUI Group is unable to adapt its products and services to rapidly changing customer demands and preferences, which may vary from market to market, this could have a material adverse effect on TUI Group's business, results of operations and financial condition. For example, in recent years, customers have been increasingly booking holidays nearer the time of travel than has traditionally been the

case. This change in booking behavior makes it considerably more difficult for tourism companies to engage in seasonal planning and adjust capacity to react to short-term changes in customer demand. For example, bad weather at any of TUI Group's destinations, or unseasonably warm weather in TUI Group's source markets, could reduce demand for travel to its "sun and beach" destinations, which are very important contributors to TUI Group's turnover. There is also a risk that customers may choose to travel less by aircraft if they believe that aircraft travel is harmful to the environment. Historically, most of TUI Group's business was generated through TUI Group's integrated package tours allowing it to maximise the use of its aircraft, hotel and cruise line capacity efficiently. Nowadays, customers increasingly purchase component travel products, such as flights and hotel accommodation or flights and cruises, separately, particularly via online platforms. Online platforms increase price transparency and could lead to reduced margins throughout the tourism industry.

Each of these aspects could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group may be adversely affected by significant excess capacity in its aircraft, hotels and cruise ships.**

TUI Group's success depends on the optimal utilisation of the aircraft, hotels and cruise ships that TUI Group owns, and aircraft, hotel and cruise ship capacities that TUI Group leases - or is committed to lease - on a long-term basis. TUI Group's aircraft capacity covers a substantial part of its own air carriage needs. With respect to hotels, 64.3% of TUI Hotels & Resorts' hotel customers were provided hotel accommodation through TUI Group's own tour operators in the Financial Year 2014/15. A decline in demand for TUI Group's travel products offered by its tour operators and multi-channel distribution network could therefore lead to excess capacity with respect to TUI Group's aircrafts, hotels and cruise ships. Furthermore, a key aspect of TUI Group's strategy is to increase top-line growth through increasing unique and branded product content in both hotels and cruises, requiring investment in both. Whilst such investment offers the opportunity for enhanced returns, it does heighten the excess capacity risk. In the cruise market new ships were put into service in the year ended 31 December 2015 which helped the European cruises passengers to grow by 3.1% (*source*: CLIA Statistics & Markets 2015, March 2016). TUI Cruises is planning to take advantage of additional growth opportunities with the recent launch of Mein Schiff 5 in July 2016 and by commissioning additional ships, with three further ships ordered and one being delivered in each of the coming three financial years. Thomson Cruises' fleet will also be expanded and modernised over the coming years, which is likely to require significant investment and management resources. While TUI Group anticipates the growth trend in the cruise segment to continue, the expansion of TUI Group's cruise ship fleet could lead to an overcapacity in the market and, in particular, to a cannibalisation of bookings for older ships, which could in turn lead to write-offs and higher than expected restructuring costs.

To the extent that TUI Group purchases additional capacity from third parties, TUI Group is able to make capacity adjustments only to the extent permitted by TUI Group's contracts with those third parties. In order to maximise TUI Group's use of existing aircraft, hotel and cruise capacities, TUI Group must predict demand in each of its source markets and identify recent trends concerning destinations and types of holidays. The forecast periods vary between the different source markets with some forecasts being made several years in advance. There is a risk that these predictions may prove to be wrong in the future. If TUI Group is not able to achieve high utilisation rates in TUI Group's aircraft, hotels and cruise ships, this may have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group's branding strategy creates the risk that damage to its reputation in one part of its business could negatively affect other parts of its business operating under the same or a related brand.**

TUI Group operates its tourism activities under a number of individual brands as well as the group-wide umbrella brand, "World of TUI". Negative events affecting individual components of the tourism value chain, such as bad publicity about individual tour operators, hotel companies, airlines or cruise lines, could damage TUI Group's reputation.

TUI Group's brands, image and reputation constitute a significant part of TUI Group's value proposition. TUI Group's success over the years has largely depended on TUI Group's ability to develop its brands and image as a leading travel group across Europe. Travelers expect high quality travel products and services at competitive prices. Any event, such as the poor quality of products and services provided by TUI Group's travel suppliers and offered by TUI Group that may not meet customers' expectations, or the failure to reimburse for products or services not effectively provided, could lead to customer complaints, damage TUI Group's reputation and brands and may have a material adverse effect on its business, results of operations and financial condition.

TUI Group's reputation could also be damaged if customer complaints or negative reviews or its activities were to be exchanged on social network websites. In addition, in the event of an accident occurring in connection with charter flights which TUI Group has sold, its image could be materially adversely affected.

However, TUI Group's expenditure to maintain the value of its multiple brands has been steadily increasing in recent years due to, among other factors, increased spending from competitors, the increasing costs of supporting multiple brands, expansion into new geographies and products where TUI Group's brands are less well-known, inflation in media pricing including search engine keywords and the relative traffic share growth of search engines and metasearch engines. This influenced the strategic decision announced in 2015 that the Group would capitalise on the strength of the TUI brand on a global scale by migrating the majority of existing tour operator brands to the TUI brand. The brand migration was launched successfully in the Netherlands in October 2015, rebranding in Belgium and Nordics will follow in autumn 2016 and the UK migration from the Thomson brand is due to take place in financial year 2017/18. Whilst this brand migration strategy is believed to ultimately enhance and strengthen the competitive position of TUI Group, expand the customer base and lead to more efficient expenditure to preserve and enhance consumer awareness of the TUI brand, it is acknowledged that there is an inherent short-term risk when executing such a large scale global rebranding strategy, both through the costs involved in supporting the brand change and the risk that existing customers are lost to competitors through a lack of awareness of the change. The TUI Group is planning to continue to invest in, and devote considerable resources to, advertising and marketing, as well as other brand building efforts to preserve and enhance consumer awareness of TUI Group's brands. However, should those initiatives not yield the desired results, this could lead to a decline in customer demand or an inability to maximise on the opportunities facilitated by having one brand on a global scale.

Hamburg-based shipping company Hapag-Lloyd AG ("**Hapag-Lloyd**") owns the trademark "Hapag-Lloyd" for the business field cargo logistics (container and cargo shipping) and any potential related future business areas, excluding air freight, whereas TUI Group owns the trademark for tourism and related businesses. TUI Group's own activities that use the Hapag-Lloyd brand include Hapag-Lloyd Cruises (cruise shipping), travel agencies and a small operation within TUIfly. Any negative publicity related to Hapag-Lloyd's container and cargo shipping business could have a negative impact on TUI Group's reputation.

There is no assurance that TUI Group will be able to successfully maintain or enhance consumer awareness of its brands. Even if TUI Group is successful in its branding efforts, such efforts may not be cost-effective. If TUI Group is unable to maintain or enhance consumer awareness of its brands and generate demand in a cost-effective manner, it would negatively impact TUI Group's ability to compete in the travel industry and would have a material adverse effect on its business. As new media, such as social media and smart phones, continues to evolve rapidly, TUI Group will need to allocate additional funds to the promotion of its brands on such media. If TUI Group is unable to adapt to such new media forms, it may lose market share, which would have a material adverse effect on its business.

Each of these aspects could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group may not be able to protect its intellectual property completely from copying and use by others, including current or potential competitors.**

TUI Group's success and ability to compete depend, in part, on its technology and other intellectual property, including TUI Group's trademarks and brands. TUI Group protects its trademarks, brand names, website domain names and content and proprietary technologies by relying on trademarks, copyrights, trade secret laws and confidentiality agreements. However, not all of TUI Group's intellectual property can be protected by registration. It is possible for someone else to copy or otherwise obtain and use TUI Group's proprietary technology or content without its permission or to develop similar technologies independently. Effective trademark, copyright, patent and trade secret protection may not be available in every country in which TUI Group provides services to clients, and policing unauthorised use of TUI Group's proprietary information is difficult and expensive. Unauthorised use and misuse of TUI Group's intellectual property or disclosure of its proprietary information could have a material adverse effect on TUI Group's business, financial condition and results of operations.

**TUI Group's business depends on IT systems.**

TUI Group's business, especially in its yield management activities and in the provision of central administration, depends heavily on IT systems which are served to a large extent by TUI InfoTec GmbH. In TUI Group's tourism business, reservation systems and administrative operations rely on the continuous functioning



of its IT systems as TUI Group engages in selling through travel agents and direct selling of vacations and travel services to its customers over the internet. In addition, TUI Group is dependent on the continuous functioning of its IT systems for the dynamic customisation of holiday packages. The internet is growing in importance, not only as a distribution channel but also as basic technology for the automation of business processes between business partners. Furthermore, as IT systems are vulnerable to disruptions, damage, power outages, hacking attacks, acts of terrorism or sabotage, computer viruses, fires and other events, and programming errors can never be entirely avoided, there can be no assurance of efficient and uninterrupted operation of systems used by TUI Group. Any disruption of these IT systems could significantly hamper or prevent operations and may have a material adverse effect on TUI Group's business, financial condition and results of operations.

TUI Group is also vulnerable to rapid changes in technology standards. Technology changes rapidly, especially in the customer-oriented tourism business, and TUI Group's business may suffer if it is unable to keep up with the latest IT developments. TUI Group is constantly introducing new IT systems which require it to implement the rollout of such systems across TUI Group. TUI Group may be required to incur expenditures on IT in order to keep up with the technological developments of its competitors.

Each of these aspects could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group's business and results of operations are affected by fluctuations in exchange rates and interest rates.**

TUI Group faces significant financial risks due to the substantial cross-border element of its business operations, which exposes TUI Group's business and results of operations to fluctuations in exchange rates. This is due to the imbalance between the currencies in which turnover is generated and costs are incurred, and also to the fact that certain of TUI Group's subsidiaries operate in functional currencies other than the euro, which is its reporting currency.

For example, certain of TUI Group's costs for materials, including hotel accommodation, destination services and aviation jet fuel and bunker oil, are denominated in currencies other than the currencies in which TUI Group's customers pay for their holidays. This transaction risk is primarily in relation to the euro/U.S. dollar, the euro/British pound sterling and the British pound sterling/U.S. dollar exchange rates.

TUI Group's risk management policy requires it to hedge these foreign currency risks. Certain of its subsidiaries use financial derivatives to hedge their planned foreign exchange requirements. They aim to cover 80% to 100% of the planned currency requirements at the beginning of each tourism season, taking into account the different risk profiles of the TUI Group companies operating in various source markets. The hedged volumes are changed in line with changes in planned requirements on the basis of reporting by the subsidiaries. To the extent that TUI Group has not adequately hedged its currency exposure, a significant negative change in exchange rates could result in a mismatch between TUI Group's costs and turnover which could in turn significantly impact TUI Group's results of operations. Furthermore, the incurrence of hedging transactions creates the general risk that the relevant counterparties may default on their obligations under the hedging instruments which could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

TUI Group prepares its consolidated financial statements in euro, while its subsidiaries outside of the Euro-Zone, particularly in the United Kingdom and the Nordic countries (except for Finland), prepare their accounts in their respective national currencies. Fluctuations in the exchange rates of the respective national currencies could have a material impact on TUI Group's consolidated financial statements after conversion of the results realised by the subsidiaries into euro amounts.

Furthermore, TUI Group is subject to risks from floating-rate primary and derivative financial instruments. An interest rate risk, *i.e.* exposure to potential fluctuations in the value of a financial instrument resulting from changes in market interest rates (market value interest rate risk), arises primarily from medium- and long-term fixed-interest receivables and liabilities. Concerning long-term, fixed-interest financial liabilities, in particular the bonds issued by members of the TUI Group, the fair values may deviate from recognised carrying amounts. Changes in market value interest rates impact floating-rate primary financial instruments and derivative financial instruments entered into in order to reduce interest-induced cash flow fluctuations.

Each of these factors could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group's business is vulnerable to rising fuel costs.**

Fuel costs constitute a significant proportion of the operating costs of TUI Group's aircrafts and cruise ships. Although TUI Group enters into hedges against movements in fuel prices with maturities that are customary in the market, increases in fuel costs usually lead to increases in holiday prices and potentially reduced demand for travel. In response to rising fuel prices, TUI Group may need to impose fuel surcharges on short, medium and long-haul flights, which could reduce demand for TUI Group's travel products. Furthermore, when using hedging instruments, TUI Group is subject to a general credit risk as the counterparties to the hedging transactions may default on obligations. In addition, TUI Group potentially foregoes the benefits of favorable movements in the price of fuel. Both the cost and availability of fuel are subject to economic and political factors that are beyond TUI Group's control. Each of these aspects could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group's profitability and cash flows are subject to seasonal fluctuations.**

Tourism is an inherently seasonal business with the majority of profits earned in the European summer months. Historically, the level of demand for TUI Group's services has fluctuated over the course of a calendar year, which causes TUI Group's results to fluctuate. Demand has historically been highest in the summer season from May through October and lowest in the winter season from November through April (except for the days around Christmas, New Year and Easter). At the same time, a significant proportion of TUI Group's expenses are incurred more evenly throughout the year. Therefore, TUI Group's profitability fluctuates during the year, with the majority of TUI Group's profits being generated in the summer season.

Cash flows are similarly seasonal with the cash high occurring in the summer as advance payments and final balances are received from customers, with the cash low occurring in the winter as liabilities have to be settled with many suppliers after the end of the summer season. There is a risk that if the TUI Group does not adequately manage cash balances through the winter low period this could impact the TUI Group's liquidity and ability to settle its liabilities as they fall due while ensuring that financial covenants in the TUI Group's financing arrangements are maintained.

As a result of this seasonality, should disruptions to TUI Group's business operations occur during the summer season, they may have a particularly strong adverse effect on the business, results of operations and financial condition of the TUI Group.

**The TUI Group's activities in foreign markets involve country-specific risks.**

The TUI Group has existing operations in emerging markets such as Russia and India with plans for expanding operations or entry into selected new markets if attractive opportunities arise. TUI Group is likely therefore to be increasingly active in countries with lower levels of political, legal and economic stability and with different cultural values compared to Western Europe. In addition, operations in emerging markets may increase the difficulties TUI Group faces in developing, managing and staffing global operations as a result of distance, language and cultural differences and in implementing standardised processes and quality management globally. Furthermore, TUI Group is exposed to a series of risks over which it has little influence, but which could adversely affect TUI Group's business activities in these countries, including but not limited to political, social, economic, financial or market instability, insufficient anti-corruption controls, insufficiently developed and differentiated legal and administrative systems, inability to enforce contractual rights and collect receivables through foreign legal systems, foreign investment and loan restrictions, limits on the repatriation of funds, and trade restrictions, economic sanctions, or expropriations. In particular, the recent conflict between Ukraine and Russia, and the imposition by the United States and the European Union of economic sanctions targeting certain Russian individuals and entities, may impact TUI Group's existing operations in Russia. These factors could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group is dependent on third-party service and facility providers.**

TUI Group is dependent on the provision of services by third parties, such as hotel operators, other airlines, suppliers of aircraft services, aircraft manufacturers, and third-party tour operators. There can be no assurance that the services rendered by such third-party contractors will be satisfactory and meet the required quality levels. If any third-party services or facilities on which TUI Group relies in conducting its business are restricted, temporarily halted (for example, as a result of financial difficulties, technical problems or strikes), permanently ceased or are not available on commercially acceptable terms, this could have a material adverse effect on the business, results of operations and financial condition of TUI Group, including a deterioration in customers'

confidence in TUI Group's ability to offer reliable services. These adverse effects could also occur as a result of the loss or expiration of any of TUI Group's contracts with third-party service or facility providers or its inability to negotiate replacement contracts with other service providers at comparable rates or to enter into such contracts in any new markets TUI Group wishes to access. In addition, the efficiency, timeliness and quality of contract performance by third-party providers will be largely beyond TUI Group's direct control.

TUI Group derives part of its turnover from third-party service providers, such as hotel operators, other airlines and third-party tour operators. In the past, TUI Group has experienced attempts by such third-party contractors to reduce commissions paid to the TUI Group, which negatively impacts turnover. TUI Group may not be able to offset such reductions by increasing customer turnover, which could harm its turnover and results of operations.

**TUI Group operates in regulated industries, which may limit its operational flexibility, and non-compliance with regulations applicable to TUI Group's businesses could lead to legal or regulatory sanctions.**

The industries in which TUI Group operates, including tourism, airlines, hotels and cruise lines, are heavily regulated at various levels, by UK, German, European, U.S. and other national regulators. Regulated areas include (in addition to the ownership restrictions with respect to TUI Group's airlines and the limitation of emission of greenhouse gases), among others, the provision of tourism services and associated consumer protection, the requirement for TUI Group's airlines to hold operating licenses, compliance with security regulations, the availability of take-off and landing slots for TUI Group's airlines, air travel passenger rights, environmental regulations with respect to TUI Group's airlines, cruise ships and hotels, obtaining necessary permits for the construction and operation of hotels and resorts, cruise ships and hotels. Applicable regulations could be extended to include further environmental, consumer protection or other areas of regulation. Compliance with new or revised regulations, or new or changed interpretations or enforcement of existing regulations may impose significant costs on TUI Group's business and could limit the flexibility of TUI Group's business practices. Should TUI Group not comply with certain regulations, a significant part of its business could be affected which could have a material adverse effect on its business, results of operations and financial condition. On the other hand, the various regulatory regimes to which the TUI Group is subject because of its international operations may conflict so that compliance with the regulatory requirements in one jurisdiction may create regulatory issues in another.

In addition, regulatory authorities have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, such regulatory authorities could prevent or temporarily suspend TUI Group from carrying on some or all of its activities or otherwise penalise TUI Group if its practices were found not to comply with applicable regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority. TUI Group heavily depends on its ability to sell airline tickets for a substantial portion of TUI Group's turnover, in particular in TUI Group's flight-only and package tourism business. Consequently, TUI Group's failure to comply with any of these laws and regulations could have a material adverse effect on its operations.

For example, the U.S. Department of the Treasury's Office of Foreign Assets Control, or OFAC, administers certain laws and regulations that impose restrictions upon U.S. companies and persons, or U.S. persons, and, in some contexts, foreign entities and persons, with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of such sanctions laws and regulations. TUI Group has undertaken, and continues to undertake, business in countries subject to U.S. sanctions laws, including limited operations in Cuba and revenues in immaterial amounts from operations in other countries which are the subject of such OFAC sanction laws and regulations.

Furthermore, in order to carry out flight booking operations, TUI Group is required to obtain accreditation of the International Air Transport Association ("**IATA**") to sell flight tickets of airlines which are IATA members. On an annual basis and upon the occurrence of certain events, IATA reviews TUI Group's financial statements and operations to determine whether TUI Group is in compliance with IATA rules, in particular with respect to IATA financial undertakings (including undertakings pertaining to capital resources, working capital and liquidity). Financial undertakings applied by IATA vary from one jurisdiction to another and in certain jurisdictions the lack of transparency as to applicable financial undertakings may result in additional financial guarantees being required. In addition to guarantee requirements, IATA may impose penalties for non-compliance or, under certain circumstances, take suspension action, or remove TUI Group or any or all of TUI Group's locations from the IATA agency list.

Each of these aspects could have a material adverse effect on TUI Group's business, results of operations and financial condition.

**European and national restrictions on airline ownership could result in the loss of the Group's airline operating and route licenses, force TUI Group to divest its airline businesses or result in other adverse effects on its business.**

European and national restrictions on airline ownership could result in the loss of the Group's airline operating and route licenses and, consequently, force divestment of the Group's airline business or result in other adverse effects on TUI Group's airline business. In the European countries in which TUI Group's airlines operate, an air carrier is permitted to operate airline services only if it is majority owned, and effectively controlled, by member states of the European Economic Area (the "EEA") or their nationals. The carrier must be able to prove this at any time. Failure to do so may result in withdrawal of, or a refusal to issue, the carrier's operating license or route licenses. In addition, there may be national ownership restrictions applicable to the granting of route licenses to TUI Group's airlines.

Based on the Issuer's share register as of 30 June 2016 and notifications to the Issuer pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), over 60% of the shares in the Issuer were held by nationals of EEA member states. The Issuer's charter does not contain provisions, such as for the disenfranchisement of non-EEA shareholders, that operates automatically to ensure compliance with the ownership requirements. No other mechanism is in place to prevent the majority of the Issuer's shares at any time from being held by non-EEA nationals as a result of secondary market trading.

The Issuer's executive board (the "**Executive Board**") has not been authorised by the Issuer's shareholders to request non-EEA shareholders to sell their shares, to disenfranchise non-EEA shareholders or to issue new shares to EEA-nationals for the purpose of maintaining TUI Group's airline operating and route licenses. Such an authorisation of the Issuer's Executive Board could only be given if the Issuer were within the scope of the German Aviation Compliance Documenting Act (*Luftverkehrsnachweissicherungsgesetz*) ("**LuftNaSiG**"). The Issuer is currently not within the scope of the LuftNaSiG as this requires the Issuer to qualify as an "air carrier company" pursuant to the LuftNaSiG and the applicable EU law provisions, i.e. that the Issuer itself possesses operating and route licenses and corresponding air traffic rights. TUI Group does not currently intend to qualify as an air carrier company.

However, TUI Group may be required to put in place contingency plans which would be initiated if 40% or more of the shares in the Issuer became held by nationals of non-EEA member states. It is expected that these contingency plans could include the issue by the Issuer of additional share capital to EEA-nationals only (on a non-preemptive basis) to ensure that at least 60% of the Issuer's shares are held by nationals of EEA member states or the establishment of a new holding structure for the Group's airline businesses which would limit the Group's control of its airline business for so long as at least 40% of the Issuer's shares were held by nationals of non-EEA member states.

The loss of TUI Group's airline operating and route licenses, and/or the consequential forced divestment of the Group's airline business, could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group may be exposed to risks associated with the limitation of greenhouse gas emissions and related trading schemes for allowances.**

Under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, certain contracting states entered into obligations to control and reduce emissions of greenhouse gases. To comply with its obligations under public international law, the EU introduced a scheme in 2003 to limit greenhouse gas emissions and for trading of allowances which applies to certain industrial installations.

In December 2015, parties to the UNFCCC adopted the Paris Agreement to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low carbon future. While the Paris Agreement made no explicit reference to emissions from international aviation, it did put in place an ambitious and legally binding long-term global goal. This requires all the parties to the Agreement to pursue a limit in temperature increase to 1.5°C, which is more ambitious than the 2°C target on which the EU's climate policies have been based to date. The Agreement has not yet entered into force. It will only enter into force provided that 55 countries that produce at least 55% of the world's greenhouse gas emissions ratify, accept, approve or accede to the Agreement. As of September 2016, 180 UNFCCC members have signed the treaty, 27 of which have already ratified it (inter alia China and USA).

Since the start of 2012, emissions from all flights from, to and within the European Economic Area (EEA) are included in the EU emissions trading system (the "**EU ETS**") (Directive 2008/101/EC), which requires businesses operating aircraft routes within, to or from the EU to measure their carbon dioxide emissions and

account for those emissions by surrendering allowances. However, the International Civil Organisation (ICAO) agreed in 2013 to develop a global market-based mechanism to address international aviation emissions by 2016 and apply it by 2020. To allow time for the international negotiations, the EU ETS requirements were therefore suspended for flights in 2012 to and from non-European countries by Regulation (EU) No. 421/2014. In the period from 2013 to 2016, only emissions from flights within the EEA fall under the EU ETS. However, that reduced scope will expire as of 31 December 2016 and international aviation will revert to full scope of the EU ETS unless Regulation EU No. 421/2014 was further amended.

It has been discussed for many years within the EU whether to extend the EU ETS also to the shipping industry. However, in 2015 the EU Parliament and Council enacted Regulation (EU) No. 2015/757 with the objective not to include the shipping industry in the EU ETS but to implement a system for monitoring, reporting and verification (MRV).

However, all of these aforesaid factors (Paris Agreement, EU ETS, future ICAO Agreement) may limit operational flexibility, increase costs and therefore may have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group may face environmental risks from both its divested businesses and the businesses it currently operates.**

TUI Group's divested or abandoned business fields (logistics, trading, energy, mining and other industrial businesses) involved the use, processing, extraction, storage or transportation of substances that are harmful to health and the environment or other activities that may potentially be harmful to health or the environment. As a consequence, TUI Group may be subject to continuing environmental or health and safety liabilities that may arise from these divested or abandoned businesses, many of which are or were active in the heavy industry sector. TUI Group may also be liable for clean-up costs of contaminated sites (*Sanierung von Altlasten*) which might have been caused by TUI Group's former industrial operations (for example, by metallurgical plants) and for potential restoration costs for unstable mine shafts in connection with TUI Group's former mining activities. Environmental, health and safety risks with respect to TUI Group's current tourism business particularly arise in connection with TUI Group's aircraft and cruise shipping operations, but may also occur in connection with its hotel business. TUI Group's insurance coverage may provide cover for certain liabilities resulting from environmental, health and safety risks but will not provide insurance cover for all liabilities arising from these risks. This could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group has significant liabilities in connection with under-funded pension benefit plans, particularly in the United Kingdom.**

TUI Group has significant liabilities in the form of pension commitments arising from defined benefit pension plans most of which are currently under-funded. TUI Group finances its obligations under its defined benefit pension plans in Germany mainly through establishing provisions, and outside of Germany (in particular in the United Kingdom), mainly through investment in independent pension funds. The pension provision recognised for defined benefit plans corresponds to the net present value of the defined benefit obligations as of the balance sheet date less the fair value of the plan assets for underfunded and additionally to the present net value of the defined benefit obligations as of the balance sheet date for unfunded plans. In case of overfunded plans, the fair value of the plan assets less the net present value of the corresponding defined benefit obligations as of the balance sheet date is shown on the balance sheet as other assets unless there is any limitation in the right of refunding or lowering future contributions. Pension fund assets are determined annually on the basis of the fair values of invested funds, whereas pension obligations as reflected in the respective provisions are annually ascertained based on actuarial calculations and assumptions, including discount rate, life expectancies and projected future salary increases, among other factors. Generally, entities are not obliged to have their actuarial reports updated for interim reporting purposes. Only the UK plans are reestimated quarterly by the actuary due to their size. For all other material pension plans throughout TUI Group current service costs and net interest expenses/income are recognised in results *pro rata* based on the forecast given in the actuarial reports at year-end. Additionally, the material plans in Germany are remeasured in respect of changed discount rates. Any changes from such remeasurement are taken directly to equity. Other assumptions are unchanged compared to 30 September 2015. Numbers as per 30 June 2016, as given below therefore represent the best estimate of the development since 30 September 2015. As of 30 June 2016, TUI Group's total pension obligations from funded plans amounted to EUR 2,836.9 million (thereof EUR 2,630.4 million in underfunded plans and EUR 206.5 million in overfunded plans). The corresponding plan assets amounted to EUR 2,431.4 million (thereof EUR 2,173.0 million in underfunded plans and EUR 258.4 million in

overfunded plans). TUI Group's unfunded pension obligations amounted to EUR 844.7 million. As of 30 June 2016, the established provisions based on IFRS accounting standards overall amounted to EUR 1,302.1 million for TUI Group. Overfunded plans amounted to EUR 51.9 million shown in other assets. The contributions to the defined benefit schemes may change as a result of changes in investment performance, mortality, inflation and interest rates and as a result of other actuarial experience factors not matching the assumptions. The Issuer has provided guarantees to the trustees of some of its UK defined benefit schemes in which it guarantees the payment of contributions to those schemes (up to the total deficit on a buy-out basis) by its subsidiary undertakings and has given certain negative pledge commitments to those trustees. Changes to the funding position of the pension schemes may lead to the Issuer being required to contribute additional funding to satisfy pension obligations. Underfunded pension benefit plans could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group may need to write down goodwill from its acquisitions.**

In the course of the restructuring of TUI Group, considerable goodwill has been generated by the growth related thereto and the acquisitions resulting therefrom. As of 30 June 2016, TUI Group carried goodwill of EUR 2,965.9 million on its balance sheet, which represented 18.8% of TUI Group's total assets as of that date. A prolonged economic downturn, particularly in the tourism industry, with lower than expected cash flows, as well as changes in the discount rate, could materially affect TUI Group's future results by requiring it to record impairment charges with respect to some or all of this goodwill. Each of these aspects could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**Changes in accounting standards or in TUI Group's accounting policies and practices (including segment reporting) may have a negative impact on its reported financial position and results.**

TUI Group's consolidated financial statements are prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315a para. 1 of the German Commercial Code (*Handelsgesetzbuch*). These accounting standards are subject to change. For example, IFRS 16 (*Leases*) will replace IAS 17 (*Leases*) as the accounting standard that determines how leases are accounted for. Contrary to the current accounting practice under IAS 17 requiring TUI Group to classify its leases as either finance or operating leases, IFRS 16 will require TUI Group to recognise most leased assets on its balance sheet as lease liabilities with corresponding right-of-use assets. Furthermore, IFRS 15 (*Revenue from contracts with customers*) will change the accounting standard that determines how revenue is recognised in 2018. Contrary to current accounting practices under IAS 18 (*Revenue*) and IAS 11 (*Construction contracts*), IFRS 15 requires TUI Group to recognise revenues when or as it satisfies its performance obligations by transferring the control over the promised goods or services to a customer at the amount to which TUI Group expects to be entitled. TUI Group is currently assessing what effects the application of IFRS 15 and IFRS 16 would have on its accounting policies and there can be no assurance that TUI Group will succeed to suitably adapt its current accounting policies in a timely manner or at all. Moreover, TUI Group could change the way it makes use of options available under applicable accounting standards. Such accounting practices include, for example, the way in which TUI Group reports on its segments. Although TUI Group is not currently contemplating a change of its segment reporting or any other important accounting practice, it may decide to do so in the future and there can be no assurance that such change in accounting practices will not have detrimental effects on TUI Group. Change in accounting standards, accounting policies and practices may require TUI Group to change its financial reporting processes, internal controls over financial reporting and/or reporting requirements and may have material adverse effects on TUI Group's reported financial condition, results of operations and cash flows.

**TUI Group is exposed to risks in connection with joint ventures and other associated companies.**

TUI Group conducts its business in part via joint ventures and associated companies in which TUI Group holds an interest. TUI Group uses joint ventures especially in its hotel business, where its participation in RIU Hotels S.A. has contributed considerably to TUI Hotels & Resorts' underlying EBITA in the past years. Other significant joint ventures are TUI Cruises, which has been a significant growth factor with respect to the share of results of joint ventures and associates in particular due to the commissioning of Mein Schiff 4 and Mein Schiff 5 in June 2015 and July 2016 respectively, and Sunwing Travel Group, TUI Group's Canadian strategic venture, a vertically integrated travel company that encompasses tour operators, an airline and retail travel agencies.

TUI Group's ability to fully exploit the strategic potential in markets in which TUI Group operates through joint ventures or associated companies would be impaired if TUI Group were unable to agree with its joint venture partners or joint shareholders, some of which are also significant shareholders of the Issuer, on a strategy and

its implementation. The interests of TUI Group's joint venture partners or joint shareholders could conflict with TUI Group's interests or the interests of its shareholders. In addition, TUI Group's joint venture partners or joint shareholders could under certain conditions terminate contractual relationships, exercise option rights to acquire or sell interests in TUI Group's joint ventures or otherwise influence the day-to-day business of TUI Group's joint ventures or other associated companies. Moreover, TUI Group could be subjected to fiduciary obligations to TUI Group's joint venture partners or joint shareholders, which could prevent or impede TUI Group's ability to unilaterally expand in a business area in which such a joint venture or associated company operates. In the TUI Hotels & Resorts sector, to a certain extent, TUI Group is also dependent on its local joint venture partners in successfully running the day-to-day business operations of TUI Group's hotels and on their knowledge and expertise in identifying major trends and developments in the relevant local markets in which TUI Group's hotels are operated. Important joint venture partners or key management personnel of TUI Group's joint venture partners (in particular with respect to TUI Group's hotel business) may also become restricted, temporarily or permanently unavailable or may permanently cease to operate (for example, as a result of financial difficulties, technical problems, strikes or personal incidents). While TUI Group has established comprehensive compliance policies, procedures and programs to ensure ethical and compliant joint venture business operations, if one or more of its joint ventures were found to be in violation of applicable laws or regulations, TUI Group could be required to restructure or terminate them and its reputation could suffer. These factors could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**Through its minority participation in Hapag-Lloyd, TUI Group is indirectly exposed to risks relating to the container shipping business.**

As of the date of this Prospectus TUI Group holds an indirect 12.31% stake in Hapag-Lloyd (which will decline to approximately 8.9% following the business combination with United Arab Shipping Company S.A.G (UASC) and the consummation of the planned capital increase in connection therewith), which is recognised as a financial asset available for sale in accordance with IAS 39 in TUI Group's consolidated financial statements. Therefore, TUI Group is indirectly exposed to various risks relating to the container shipping and Hapag-Lloyd's share price, including, among other risks, the highly cyclical nature of the container shipping industry and imbalances of supply and demand; negative effects of current and future market conditions on transport volumes and freight rates; the high level of competition in the container shipping industry, overcapacity and congestion in, or other access restrictions to, container shipping ports; considerable time lags between the ordering and the delivery of vessels, leading to heightened sensitivity to intermittent changes in shipping market conditions; changing trading patterns and sharpening trade imbalances; risks inherent in the operation of ocean-going vessels, the lack of securing sufficient sources of financing for Hapag-Lloyd's future capital needs; and risks inherent to the stock market and listed securities.

Should any one or more of these risks materialise, this could have a material adverse effect on the business, results of operations and financial condition of Hapag-Lloyd and thereby, indirectly, materially adversely affect TUI Group.

**TUI Group faces risks associated with the restructuring of its business and ongoing obligations and liabilities in respect of divestments.**

In the course of the restructuring of its tourism activities, TUI Group has made a number of significant disposals, such as the recent disposal in September 2016 of Hotelbeds Group, an accommodation wholesaler that sells hotel capacity and destination services to travel agencies and tour operators. As a result of these disposals, TUI Group has continuing obligations, liabilities and indemnities (in particular tax indemnities), including as a result of the provision of customary representations and warranties.

Furthermore, TUI Group has contingent liabilities resulting from issued guarantees guaranteeing financial and non-financial obligations of companies that have meanwhile been disposed by TUI Group, or that have been issued as TUI Group's participation in guaranteeing joint venture companies' external financial obligations. Such contingent liabilities amounted to EUR 334.4 million as of 30 June 2016.

TUI Group may assume other similar guarantees in relation to businesses that TUI Group may divest in the future, including in connection with the disposal of the Travelopia Group. The invocation of any of these obligations as well as claims that may arise in connection with such disposals, and any disposals which may be effected in the future, may have a material adverse effect on TUI Group's business, operating results, financial condition or prospects.

**TUI Group's success depends on TUI Group's ability to retain key management and other key personnel.**

The performance and results of TUI Group's business depend upon the efforts and capabilities of the senior management team and other key personnel (including joint venture and other cooperation partners). TUI Group's success also depends on the ability to attract and retain a highly-skilled workforce. There is no guarantee that such employees will remain with TUI Group since competition for talented and qualified personnel is intense and, as such, the loss of key personnel could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**Labor disturbances could disrupt TUI Group's business.**

With over 76,000 employees around the world as of 30 June 2016, TUI Group's relationships with employees, European and local works councils, trade unions and other employee representatives are important to its business. While TUI Group strives to maintain good relationships with its employees and their unions, there can be no assurance that such relationships will continue to be amicable or that TUI Group will not be affected by strikes, work stoppages, unionisation efforts, or other types of conflict with labor unions or TUI Group's employees. TUI Group's operations also depend on stevedores and other workers employed by third parties. Industrial action or other labor unrest with respect to TUI Group's own employees or outside labor providers could prevent TUI Group from carrying out its operations according to TUI Group's plans or needs. This could have material adverse effects on TUI Group's business, financial condition and results of operations.

**TUI Group's processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements, differing views of personal privacy rights or security breaches.**

In the processing of traveler transactions, TUI Group receives and stores a large volume of personally identifiable information. This information is increasingly subject to legislation and regulations in numerous jurisdictions. TUI Group could be adversely affected if domestic or international legislation or regulations are expanded to require changes in TUI Group's business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect TUI Group's business. These initiatives may result in conflicting legal requirements with respect to data handling. Travel businesses have also been subjected to investigations, lawsuits and adverse publicity due to allegedly improper disclosure of passenger information. As privacy and data protection have become more sensitive issues, TUI Group may also become exposed to potential liabilities as a result of differing views on the privacy of travel data. These and other privacy concerns, including security breaches, could have a material adverse effect on TUI Group's business, financial condition and results of operations.

**TUI Group is exposed to risks associated with online commerce security.**

The secure transmission of confidential information over the internet is essential in maintaining customer and supplier confidence in TUI Group's internet-based online platforms and distribution channels. Security breaches, whether instigated internally or externally on TUI Group's system or other internet-based systems, could significantly harm TUI Group's business.

TUI Group incurs substantial expense to protect against and remedy security breaches and their consequences. However, TUI Group's security measures may not prevent security breaches. A party (whether internal, external, an affiliate or unrelated third party) that is able to circumvent the security systems could misappropriate proprietary information or cause significant interruptions in TUI Group's operations. Security breaches also could damage TUI Group's reputation and expose it to a risk of loss or litigation and possible liability. Security breaches could also cause customers and potential customers to lose confidence in TUI Group's security, which would have a negative effect on the demand for TUI Group's products and services.

Moreover, public perception concerning a lack of security and privacy on the internet could adversely affect customers' willingness to use TUI Group's websites. This could have a material adverse effect on TUI Group's business, financial condition and results of operations.

**TUI Group is exposed to risks associated with payment fraud.**

TUI Group may be held liable for accepting fraudulent credit or debit cards or cheques as payment for transactions and are subject to other payment disputes with TUI Group's customers for such sales. Although the



levels of credit or debit card fraud have historically been low, TUI Group may be exposed to increased risks associated with payment fraud in the future, in particular as a result of increasing volumes of online payments, and may be unable to prevent or mitigate such risks. In instances in which TUI Group is unable to combat the use of fraudulent credit or debit cards or cheques, TUI Group could be liable *vis-à-vis* suppliers and TUI Group's revenue from such sales could also be subject to automatic charge backs related to fraudulent transactions from credit or debit card processing companies or demands from the relevant banks, which could have an adverse effect on TUI Group's results of operations and financial condition.

**TUI Group may not be fully protected against damage, losses and certain liabilities under its insurance coverage and its insurance premiums may increase.**

Catastrophic loss, personal injury, sickness and loss of life, mechanical failure, fire, collision, maritime disaster, spills, stranding, sinking and loss of, or damage to, TUI Group's aircraft, cruise ships or hotels caused by human error, accidents, war, terrorist attacks, piracy, political instability, business interruption, strikes or weather events could result in TUI Group experiencing direct losses and liabilities, loss of income, increased costs, damage to TUI Group's reputation or litigation against or by third parties. There can be no certainty that TUI Group's current insurance policies are sufficient to cover all losses and damages that may be suffered from these types of events or that TUI Group will be able to renew or expand TUI Group's current insurance policies on commercially reasonable terms. This could have a material adverse effect on TUI Group's business, financial condition and results of operations.

**TUI Group may incur substantial costs and losses as a result of litigation or other proceedings.**

TUI Group is involved in litigation in the ordinary course of business. Litigation may include, among others, claims related to commercial, labor, employment, antitrust, securities, regulatory, sanctions or environmental matters. Generally, it is not possible to anticipate the outcome of pending or potential legal proceedings with certainty. TUI Group could be ordered to make significant payments in one or more current legal proceedings as well as in potential future legal proceedings. Moreover, the process of litigating cases, even if successful, may be costly, and may approximate the cost of damages sought. These actions could also expose TUI Group to adverse publicity, which might adversely affect its tourism brands and reputation. This could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group may be significantly affected if TUI Deutschland GmbH and its affiliate German tour operators had to discontinue the practice of requiring full or partial prepayment for travel packages well in advance of the date of travel.**

The TUI Group may be significantly affected if TUI Deutschland GmbH and its affiliate German tour operators had to discontinue the practice of requiring, as the case may be, full or partial (25% or 40%, respectively) prepayment for travel packages booked well in advance of the date of travel. Several consumer protection organisations have instituted action for unfair competition against TUI Deutschland (as well as against other German tour operators). The plaintiffs are demanding that TUI Deutschland GmbH should discontinue the practice of collecting from consumers the pre-payment of, respectively, 25% or 40% (depending on the product) of the travel price well in advance before the date of travel, such prepayment to be forfeited in the event of travel cancellation. It is asserted by the plaintiffs that demanding payment of more than 20% of the package price upon booking of a travel package, which may be months in advance of departure, is not in accordance with applicable law. The Group does not share the view taken by the consumer protection organisations and vigorously defends these matters.

The competent regional court has found in favor of the plaintiff in connection with the case concerning the 25% prepayments, however the TUI Group has appealed against the decision. With regard to the 40% case, the Group has lost before the courts of the first and of the second instance. The Group has appealed against the decision and the case is now pending before the Federal Court of Justice (*Bundesgerichtshof*). No date has been set yet for the Federal Court of Justice's decision. The final outcome of these matters cannot be determined at this time. However, in the event that the aforementioned practice in the German travel market would be held by a court, or become (e.g. by way of legislation), unlawful, the results of any such action could have a substantial and material adverse effect on the business, results of operations and financial condition of TUI Group.

**The legal relationships between TUI Group and its customers are generally based on standard contracts and forms; any errors in the documentation could therefore affect a large number of customer relationships.**

TUI Group maintains contractual relationships with a multitude of customers. The administration of these relationships requires the use of general terms and conditions as well as various standard contracts and forms with a large number of individual customers. As a result, ambiguities or errors in the formulation or application thereof may present a significant risk due to the large number of such documents executed. In light of circumstances that are constantly changing due to new laws and judicial decisions, as well as the increasing influence of European law on national law, it is possible that not all of the Group's general terms and conditions, standard contracts and forms will comply at all times with currently applicable legislation in the EU or in other countries. Should problems of application or errors occur, or should individual provisions or entire contracts or agreements become or be held invalid, then, because of TUI Group's use of standardised contracts and forms, this could affect numerous customer relationships and lead to significant adverse consequences. Any such problems could have a material adverse effect on the reputation, business, results of operations and financial condition of TUI Group.

**TUI Group may be affected by increasingly rigorous scrutiny of transactions by tax authorities and could be subject to tax risks attributable to previous tax assessment periods.**

Tax authorities around the world are being increasingly rigorous in their scrutiny of transactions and in the pursuit of tax recoveries which may lead to an increased overall tax rate for the TUI Group as a whole.

The last tax audit for TUI Group in Germany relates to assessment periods up to and including the year 2010 and is complete for most of the Issuer's subsidiaries but is still pending for the Issuer. Additional tax expenses could accrue at the level of the Issuer or its subsidiaries in relation to previous tax assessment periods which have not yet been subject to a tax audit. The realisation of any of these risks could have a material adverse effect on TUI Group's business, financial condition and results of operations.

In (ongoing or future) tax audits, the tax laws and/or relevant facts could be interpreted by the tax authorities in a manner deviating from the Issuer's view. As a result, the tax authorities could revise original tax assessments and substantially increase the tax burden (including interest and penalty payments) of the affected entities of TUI Group.

**TUI Group might be exposed to tax risks regarding the loss of tax losses and tax loss carry-forwards in connection with the possible change of the shareholder structure of the Issuer.**

As of 31 December 2013 the Issuer had unaudited (by the German Tax Authorities (*Finanzamt*)) substantial current losses, loss carry-forwards and interest carry-forwards. Section 8c of the German Corporate Income Tax Act (*Körperschaftsteuergesetz*, "KStG") provides for a *pro rata* elimination of loss carry-forwards and current losses in cases where more than 25% and up to 50% of the shares in a corporation have been acquired while loss carry-forwards and current losses are stated to be eliminated completely where more than 50% of the shares in a corporation have been acquired within a five-year period by one individual shareholder, a group of shareholders acting in concert or if a comparable event occurs. Section 8c KStG applies *mutatis mutandis* to interest carry-forwards. Loss carry-forwards, current losses and interest carry-forwards are hereinafter also referred to as "NOLs".

According to publicly available information the largest shareholder of the Issuer, Alexey Mordashov, already obtained the permission by the Federal Cartel Office (*Bundeskartellamt*) to increase its stake in the Issuer to more than 25% and now (directly and indirectly) holds a total of 15.02% according to his latest notification pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG) as of November 2015. However, this total shareholding comprises share transfers to the shareholder prior to 2011. For purposes of the NOL forfeiture rule, only share transfers to this shareholder (or a group of shareholders with aligned interests) occurring from 1 January 2008 are taken into account. There is a risk that in case this shareholder (directly or indirectly) acquires further shares, to the extent that the 25% (or 50%) threshold for purposes of the NOL forfeiture rule is exceeded within the relevant observation period of five years, the Issuer's NOLs and unused interest carry-forwards could be eliminated at a *pro rata* basis (or in total). This could have a material adverse effect on deferred taxes in the balance sheet, TUI Group's financial condition and results of operations.

**TUI Group may face a risk of tax court proceedings regarding the applicability of German trade tax provisions on the deductibility of expenses for German trade tax purposes.**

In a letter dated 22 May 2013, the German tax authorities have informed TUI AG and the German Travel Association ("**DRV**") that a provision of the German Trade Tax Act (*Gewerbesteuer*gesetz, GewStG), amended with effect from financial year 2008, has to be interpreted such that the proportion of rentals, which may need to be estimated, from "hotel expenses" is not fully deductible in determining the tax base for trade tax payments. TUI does not share that view, in particular as hotel contracting agreements are mixed contracts also covering catering, cleaning, animation and other services characterising the purchased service. Such mixed contracts are fully deductible according to judicial rulings and even according to the interpretation by the German tax authorities issued in 2012 (rental of manned ships). In 2016, a German tax court decided in the first instance in favor of the tax authorities. Should the German Supreme Tax Court share this view, this could according to TUI Group's current estimates give rise to a tax and interest payment for the overall period since 2008 of approximately EUR 42 million. Should this risk materialise, this could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**TUI Group is unable to fully deduct interest on its financial liabilities.**

A certain amount of the Issuer's substantial annual refinancing expenses (interest payments) is not deductible for tax purposes under the German interest barrier rules (*Zinsschranke*). The interest barrier rules generally provide for a limitation on the deduction of a business' net interest expenses equal to 30% of its tax-adjusted EBITDA. For purposes of the interest barrier rules, all businesses belonging to the same German fiscal unity for corporate income and trade tax purposes (*Organschaft*) are treated as one single business. Any non-deductible amount exceeding this threshold can be carried forward and, subject to various restrictions, might be deductible in future years. The interest carry-forward could, for example, be cancelled in connection with certain changes in the shareholder structure of the Issuer in accordance with the same principles outlined above regarding loss carry-forwards. Any limitation of the deductibility of interest expenses or loss of interest carry-forward of non-deductible amounts may have an adverse effect on TUI Group's financial condition and results of operations.

**If TUI Cruises or Hapag-Lloyd should not be able to continue to participate in the tonnage tax regime in Germany, or if the tonnage tax regime as such is discontinued or amended, tax expenses may increase significantly.**

TUI Cruises has elected for the tonnage tax regime in Germany. Comparable tax regimes exist in several other European countries. For example, some of the cruise ships operated by Thomsom Cruises are also subject to the English tonnage tax regime. Under the tonnage tax regime, TUI Cruises corporate income tax is calculated by reference to the tonnage of its ships, independent of the actual income earned. Its income tax liability therefore depends primarily on the tonnage of its fleet, rather than on the profitability of its business. The same principles apply to Hapag-Lloyd in respect of its container shipping activities. In order to remain within the tonnage tax regime, a specified proportion of the vessels TUI Cruises and Hapag-Lloyd operate must be managed in Germany (*inländische Bereederung*), registered in a German register and predominantly operated on the high seas or between non-German harbors. The discontinuance of the tonnage tax regime or any inability on the part of TUI Cruises or Hapag-Lloyd to continue to participate in this regime could increase their tax expenses (particularly in profitable years) and, as such, could have a material adverse effect on TUI Cruises after tax profits, thereby affecting TUI Group's results of operations, and the profitability of Hapag-Lloyd, which may lead to a decrease of the valuation in the Hapag-Lloyd shares held by TUI Group.

**Corporate restructuring projects may not be successful or may take longer and be more expensive than anticipated.**

TUI Group periodically undertakes restructuring projects to make operations more efficient and/or reduce its cost base. There is an inherent risk with any large restructuring program that it requires a significant amount of management time and thus may affect or impair the ability of TUI Group's management team to run TUI Group's business effectively until completion of the restructuring. Any such restructuring program may take longer than expected, or difficulties relating to its implementation may arise and there can be no assurance that the actual cost of a restructuring program will not exceed the cost estimated by TUI Group. Furthermore, TUI Group may not be able to retain personnel with the appropriate skill-set for the tasks associated with the implementation of a restructuring program, which could materially impair the restructuring. Should any one or more of these risks materialise, this could have a material adverse effect on the business, results of operations and financial condition of TUI Group.

**Expected synergies and growth opportunities from the TUI Merger may not be fully realised and the**

**integration may take longer than anticipated.**

Through corporate streamlining, the merger of TUI AG and TUI Travel PLC in 2014 is expected to achieve potential cost savings of approximately EUR 50 million per annum by the end of the financial year ending 30 September 2017 ("**Financial Year 2016/17**"), mainly from the consolidation of overlapping functions. By 30 June 2016 a total savings of EUR 25 million had been realised and TUI Group believes that the EUR 50 million will be achieved by no later than 30 September 2017.

Notwithstanding the aforementioned achievements, there is an inherent risk that if the strategies and business plan following the TUI Merger fail to achieve the anticipated operational and financial synergies in full and other benefits or if the anticipated synergies and other benefits take longer or cost more to achieve, the business, results of operations and financial condition of the TUI Group could be significantly impaired.

The successful integration of TUI Travel required, and is likely to continue to require, a significant amount of management time and thus may affect or impair the ability of the management team of the TUI Group to run the business effectively until completion of the integration. This integration may take longer than expected, or difficulties relating to the integration may arise. In addition, there can be no assurance that the actual cost of the expected savings program will not exceed the cost estimated by TUI Group. Furthermore, TUI Group may not be able to retain personnel with the appropriate skill set for the tasks associated with the implementation program, which could materially impair the integration.

Should any one or more of these risks materialise, this could have a material adverse effect on the business, results of operations and financial condition of the TUI Group.

**TUI Group may not achieve its sustainable development targets.**

TUI Group's intention is to reduce the environmental impact of its holidays. There is a risk that TUI Group is not successful in driving forecast environmental improvements across its operations, or that its suppliers do not uphold sustainability standards and that the TUI Group fails to influence destinations to manage tourism more sustainably. If TUI Group does not maximise its positive impact on destinations and minimise the negative impact on the environment to the extent that its stakeholders expect, this could result in a decline in stakeholder confidence, reputational damage, reduction in demand for its products and services and loss of competitive advantage. Furthermore, if TUI Group falls short of achieving its sustainable development targets and at the same time the objectives of the UN Paris Climate Change Agreement (December 2015) are not met, this could lead to sustained long-term damage to certain of the TUI Group's current and future destinations. Should any one or more of these risks materialise, this could have a material adverse effect on the business, results of operations and financial condition of the TUI Group.

**Risks Relating to TUI Group's Financial Profile**

***TUI Group's substantial leverage and debt service obligations could materially adversely affect its business, financial condition or results of operations.***

TUI Group is highly leveraged and has significant debt service obligations. TUI Group anticipates that its substantial leverage will continue for the foreseeable future, and its strategy to improve its financial risk profile, in particular by reducing its indebtedness, may be unsuccessful. Furthermore, the Issuer, like other entities of the TUI Group with significant debt, is subject to the risk that over the longer term it may be unable to generate sufficient cash flow to make scheduled payments on debt (including incurred under the syndicated multicurrency revolving credit facility consisting of total revolving credit commitments of EUR 1,535,000,000 and a letter of credit facility in the amount of EUR 215,000,000 (the "**Syndicated Loan**") pursuant to a credit facility agreement originally entered into on 15 September 2014 between, among others, the Issuer as borrower, Citigroup Global Markets Limited, J.P. Morgan Limited and UniCredit Bank AG as arrangers, the financial institutions named therein as original lenders and UniCredit Luxembourg S.A. as facility agent and as amended on 26 September 2014 and 17 December 2015 (the "**Syndicated Facilities Agreement**") and the Notes), or may be unable to obtain sufficient funding to satisfy TUI Group's obligations to service or refinance TUI Group's debt.

TUI Group's substantial current level of indebtedness presents the risk that TUI Group might not generate sufficient cash to service its indebtedness or that its leveraged capital structure could limit its ability to finance acquisitions, projects, operations and future business opportunities.

In particular, TUI Group's leverage could have important consequences, including but not limited to:

- making it more difficult for TUI Group to satisfy its debt obligations (including under the Syndicated Facility and the Notes);
- increasing TUI Group's vulnerability to a downturn in TUI Group's business or economic and industry conditions;
- limiting TUI Group's ability to obtain additional financing to fund future operations, capital expenditures, business opportunities, acquisitions and other general corporate purposes and increasing the cost of any future borrowings;
- requiring the dedication of a substantial portion of TUI Group's cash flows from operations to the payment of principal of, and interest on, TUI Group's indebtedness, which means that these cash flows will not be available to fund TUI Group's operations, capital expenditures, acquisitions or other corporate purposes;
- limiting TUI Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and its industry; and
- placing TUI Group at a competitive disadvantage compared to its competitors that are not as highly leveraged.

Moreover, the Issuer, like other entities of the TUI Group with significant debt, is subject to the risk that over the longer term (*i.e.* following the next twelve months after the date of this Prospectus) it may be unable to generate sufficient cash flow to make scheduled payments on debt (including incurred under the Syndicated Facilities Agreement and the Notes), or may be unable to obtain sufficient funding to satisfy TUI Group's obligations to service or refinance TUI Group's debt. A failure to make scheduled payments or otherwise satisfy TUI Group's obligations under its financing arrangements could result in indebtedness of the TUI Group being accelerated. There is also a risk that TUI Group may not, over the longer term, be able to refinance its existing borrowings or obtain additional debt financing on commercially attractive terms, or at all. TUI Group's ability to make payments on, and to refinance, its debt and to fund future operations and capital expenditures will depend on TUI Group's future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond TUI Group's control, as well as the other factors discussed in these "Risk Factors".

***TUI Group's levels of indebtedness may increase its vulnerability to general adverse economic conditions and limit its ability to make investments.***

The terms and conditions of TUI Group's existing debt instruments contain, and any future debt instrument TUI Group may enter into may contain, covenants that significantly restrict TUI Group's ability to, among other things:

- incur or guarantee additional indebtedness or issue certain preferred stock;
- pay dividends or make other distributions or repurchase or redeem TUI Group's stock;
- redeem or repurchase indebtedness junior to TUI Group's existing indebtedness;
- make certain investments or other restricted payments;
- transfer, sell or lease certain assets, including subsidiary stock;
- create or permit to exist certain liens;
- enter into certain transactions with affiliates;
- create encumbrances or restrictions that restrict TUI Group's restricted subsidiaries' ability to pay dividends or other distribution loans or advances;
- engage in any business other than permitted business activities; and
- consolidate, merge or sell all, or substantially all, of TUI Group's assets.

These covenants could limit TUI Group's ability to finance its future operations and capital needs and TUI Group's ability to pursue acquisitions and other business activities that may be in TUI Group's interest.

Certain of TUI Group's existing debt instruments also require TUI Group to maintain specified financial ratios. TUI Group's ability to meet these financial ratios may be affected by events beyond TUI Group's control and, as a result, there is no assurance that TUI Group will be able to meet these ratios and tests. In the event of a default under these facilities or certain other defaults under other agreements, the lenders could terminate their

commitments and declare all amounts owed to them to be due and payable. In addition, a default under any of TUI Group's debt instruments could result in a cross-default or cross-acceleration under its other existing debt facilities. Borrowings under other debt instruments that contain cross-default or cross-acceleration provisions may, as a result, also be accelerated and become due and payable. TUI Group's immediately available liquid funds and short-term cash flows may then not be sufficient to fully repay these debts in such circumstances.

TUI Group may also incur substantial additional indebtedness in the future. The covenants contained in the Issuer's existing financing instruments do not fully prohibit it or its subsidiaries from incurring more indebtedness. If new debt is added to TUI Group's current debt levels, the related risks that TUI Group now faces could intensify. The incurrence of additional indebtedness would increase the leverage-related risks described in these "Risk Factors".

Any of these or other consequences or events could have a material adverse effect on TUI Group's business, results of operations and financial condition.

***TUI Group may not be able to generate sufficient cash to service its indebtedness, including due to factors outside its control, and may be forced to take other actions to satisfy its obligations under its financing arrangements, which may not be successful.***

TUI Group is highly leveraged and has significant debt service obligations. TUI Group's ability to make payments on or to refinance its debt obligations, including under the Syndicated Facility and the Notes, will depend on TUI Group's future operating performance and ability to generate sufficient cash. See also "Risk Relating to TUI Group's Financial Business Profile—TUI Group's substantial leverage and debt service obligations could materially adversely affect TUI Group's business, financial condition or results of operations".

If TUI Group's future cash flows from operations and other capital resources are insufficient to pay TUI Group's obligations as they mature or to fund TUI Group's liquidity needs, TUI Group may be forced to:

- reduce or delay its business activities or capital expenditures;
- sell assets;
- raise additional debt or equity financing in amounts that could be substantial, or
- restructure or refinance all or a portion of its debt, including the Notes, on or before maturity.

The Issuer cannot assure that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all, or that those actions would yield sufficient funds to satisfy its obligations under TUI Group's indebtedness.

In particular, TUI Group's ability to restructure or refinance its debt will depend in part on TUI Group's financial condition at such time as well as on many factors outside of TUI Group's control, including then-prevailing conditions in the international credit and capital markets. Any refinancing of TUI Group's debt could be at higher interest rates than TUI Group's current debt and may require it to comply with more onerous covenants, which could further restrict TUI Group's business operations. The terms of existing or future debt instruments and the terms and conditions governing the Notes may restrict it from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on TUI Group's outstanding indebtedness on a timely basis would likely result in a reduction of the Issuer's credit ratings, which could harm TUI Group's ability to incur additional indebtedness.

In the absence of operating results and resources sufficient to service TUI Group's indebtedness TUI Group could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations. The terms of TUI Group's indebtedness, including the Syndicated Facilities Agreement and the terms and conditions governing the Notes, restrict TUI Group's ability to transfer or sell assets and the use of proceeds from any such disposition. TUI Group may not be able to consummate certain dispositions or to obtain the funds that it could have realised from the proceeds of such dispositions, and any proceeds TUI Group realises from asset dispositions may not be adequate to meet any of TUI Group's debt service obligations then due. These alternative measures may not be successful and may not permit TUI Group to meet its debt service obligations.

***TUI Group's variable rate indebtedness subjects TUI Group to interest rate risk, which could cause its debt service obligations to increase significantly.***

Fluctuations in interest rates may affect TUI Group's interest on existing debt and the cost of new financing. As

of 30 September 2015, TUI Group had financial liabilities of EUR 1,886.4 million, of which most were based on fixed interest rates. The highest in volume exposure to interest rate volatility is the Issuer's indebtedness under its Syndicated Facilities Agreement, which is based on floating interest rates. Due to the seasonality of TUI Group's cash flows, the debt incurrence under the Syndicated Facilities Agreement typically occurs during the fall and winter months, and indebtedness during the summer months until September are quite unlikely. In the time of debt incurrence under the Syndicated Facilities Agreement, TUI Group is exposed to higher interest rate risks. If interest rates increase, TUI Group's debt service obligations on the variable rate indebtedness that is not hedged would increase even though the amount borrowed remained the same, which would require that TUI Group uses more of its available cash to service its indebtedness. While TUI Group strives to manage its exposure to fluctuations in interest rates, TUI Group does not currently have any hedging arrangements or interest rate swaps to adjust interest rate risk exposure. If interest rates increase dramatically, TUI Group could be unable to service its indebtedness, which would exacerbate the risks associated with TUI Group's leveraged capital structure. This could, in turn, have a material adverse effect on TUI Group's business, financial condition, results of operations and cash flows.

## TERMS AND CONDITIONS OF THE NOTES

*The German text of the Terms and Conditions of the Notes is controlling and legally binding. The English translation is for convenience only.*

*Der deutsche Text der Anleihebedingungen der Schuldverschreibungen ist maßgeblich und rechtsverbindlich. Die englische Übersetzung dient lediglich Informationszwecken.*

### Terms and Conditions of the Notes (English Language Version)

### Die Anleihebedingungen der Schuldverschreibungen (Deutsche Fassung)

#### § 1 CURRENCY, DENOMINATION, FORM AND TITLE, CERTAIN DEFINITIONS

#### § 1 WÄHRUNG, STÜCKELUNG, FORM UND EIGENTUMSRECHT, DEFINITIONEN

(1) *Currency and Denomination.* This issue of Notes of TUI AG (the "**Issuer**") is issued in euro ("**EUR**") (the "**Specified Currency**") in the aggregate principal amount of (subject to § 1(4)) EUR 300,000,000 (in words: euro three hundred million) on 26 October 2016 (the "**Issue Date**") in the denomination of EUR 100,000 (the "**Specified Denomination**").

(1) *Währung und Stückelung.* Diese Emission von Schuldverschreibungen der TUI AG (die "**Emittentin**") wird in Euro ("**EUR**") (die "**festgelegte Währung**") im Gesamtnennbetrag von (vorbehaltlich § 1 Absatz 4) EUR 300.000.000 (in Worten: Euro dreihundert Millionen) am 26. Oktober 2016 (der "**Begebungstag**") in einer Stückelung von EUR 100.000 (die "**festgelegte Stückelung**") begeben.

(2) *Form.* The Notes are in bearer form.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(3) *Temporary Global Note – Exchange.*

(3) *Vorläufige Globalurkunde – Austausch.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**") without coupons. The Temporary Global Note and the Permanent Global Note shall each be signed by authorized signatories of the Issuer and shall each be authenticated by the Principal Paying Agent with a control signature. Definitive Notes and coupons will not be issued.

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in der festgelegten Stückelung, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**") ohne Zinsscheine verbrieft sind, ausgetauscht. Die vorläufige Globalurkunde und die Dauerglobalurkunde tragen jeweils die Unterschriften ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note from a date (the "**Exchange Date**") 40 days after the Issue Date. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is not a U.S. person (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or

(b) Die vorläufige Globalurkunde wird frühestens an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde austauschbar, der 40 Tage nach dem Begebungstag liegt. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen gemäß U.S.-Steuerrecht erfolgen, wonach der oder die wirtschaftlichen Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Person(en) ist oder sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieften Schuldverschreibungen erfolgen erst nach



after the 40th day after the Issue Date will be treated as a request to exchange such Temporary Global Note pursuant to this subparagraph (b) of this § 1(3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6).

(4) *Clearing System.* Each global note representing the Notes will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means each of the following: Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**"), (CBL and Euroclear each an "**ICSD**" and together the "**ICSDs**") and any successor in such capacity.

The Notes are issued in new global note ("**NGN**") form and are kept in custody by a common safekeeper on behalf of both ICSDs.

The aggregate principal amount of Notes represented by the global note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the global note and, for these purposes, a statement issued by an ICSD stating the amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the global note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the global note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the global note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer

Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Begebungstag eingeht, wird als ein Ersuchen behandelt werden, die vorläufige Globalurkunde gemäß diesem Absatz (b) dieses § 1 Absatz 3 auszutauschen. Wertpapiere, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 6 definiert) zu liefern.

(4) *Clearing System.* Jede die Schuldverschreibungen verbriefende Globalurkunde wird von einem oder im Namen eines Clearing Systems verwahrt. "**Clearing System**" bedeutet folgendes: Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Großherzogtum Luxemburg ("**CBL**") und Euroclear Bank SA/NV, Boulevard du Roi Albert II, 1210 Brüssel, Belgien ("**Euroclear**") (CBL and Euroclear jeweils ein "**ICSD**" und zusammen die "**ICSDs**") sowie jeder Funktionsnachfolger.

Die Schuldverschreibungen werden in Form einer new global note ("**NGN**") ausgegeben und von einer gemeinsamen Verwahrstelle (*common safekeeper*) im Namen beider ICSDs verwahrt.

Der Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind maßgeblicher Nachweis über den Gesamtnennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen, und eine zu diesen Zwecken von einem ICSD jeweils ausgestellte Bescheinigung mit dem Betrag der so verbrieften Schuldverschreibungen ist ein maßgeblicher Nachweis über den Inhalt des Registers des jeweiligen ICSD zu diesem Zeitpunkt.

Bei Rückzahlung oder einer Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über Rückzahlung und Zahlung bzw. Kauf und Entwertung bezüglich der Globalurkunde *pro rata* in die Unterlagen der ICSDs eingetragen werden, und dass nach dieser Eintragung, vom Gesamtnennbetrag der in die Register der ICSDs aufgenommenen und durch die Globalurkunde verbrieften Schuldverschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird.

Bei Austausch eines Anteils von ausschließlich durch eine vorläufige Globalurkunde verbrieft

shall procure that details of such exchange shall be entered pro rata in the records of the ICSDs.

(5) Holder of Notes. "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Notes.

## § 2

### STATUS, NEGATIVE PLEDGE, GUARANTEES

(1) *Status*. The obligations under the Notes constitute (except for the Guarantees) unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, unless such obligations are accorded priority under mandatory provisions of statutory law.

(2) *Negative Pledge*. The Issuer undertakes and procures that with regard to its Subsidiaries (as defined below), so long as any of the Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Principal Paying Agent, not to create or permit to subsist, and to procure that none of its Subsidiaries will create or permit to subsist, any mortgage, lien, pledge, charge or other security interest *in rem* (each such right a "**Security Interest**") over the whole or any part of their assets to secure any present or future Capital Market Indebtedness (as defined below) or to secure any guarantee or indemnity given by the Issuer or any of its subsidiaries in respect of any Capital Market Indebtedness of any other person, without at the same time providing all amounts payable under the Notes either the same Security Interest or providing all amounts payable under the Notes such other Security Interest as shall be approved by an independent accounting firm of internationally recognized standing as being equivalent security, provided, however, that this undertaking shall not apply with respect to:

(a) any Security Interest incurred in connection with a Productive Asset Financing and any refinancing indebtedness in respect thereof, provided that the Security Interest only covers the types of assets acquired, constructed, improved or redeveloped in connection with such Productive Asset Financing;

(b) any Security Interest on any assets of any entity existing at the time such entity becomes a Subsidiary

Schuldverschreibungen wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Register der ICSDs eingetragen werden.

(5) *Gläubiger von Schuldverschreibungen*. "**Gläubiger**" bedeutet jeder Inhaber eines Miteigentumsanteils oder anderen Rechts an den Schuldverschreibungen.

## § 2

### STATUS, NEGATIVVERPFLICHTUNG, GARANTIE

(1) *Status*. Die Schuldverschreibungen begründen (vorbehaltlich der Garantien) nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) *Negativverpflichtung*. Die Emittentin verpflichtet sich und stellt im Hinblick auf ihre Tochtergesellschaften (wie nachstehend definiert) sicher, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Hauptzahlstelle zur Verfügung gestellt worden sind, keine Grundpfandrechte, Pfandrechte, Belastungen oder sonstigen dinglichen Sicherungsrechte (jedes solches Sicherungsrecht ein "**Sicherungsrecht**") an ihrem gesamten Vermögen oder Teilen davon zur Besicherung von gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeiten (wie unten definiert) oder zur Sicherung einer von der Emittentin oder von einer ihrer Tochtergesellschaften gewährten Garantie oder Freistellung bezüglich einer Kapitalmarktverbindlichkeit einer anderen Person zu bestellen oder fortbestehen zu lassen, und ihre Tochtergesellschaften zu veranlassen, keine solchen Sicherungsrechte zu bestellen oder fortbestehen zu lassen, ohne gleichzeitig für alle unter den Schuldverschreibungen zahlbaren Beträge dasselbe Sicherungsrecht zu bestellen oder für alle unter den Schuldverschreibungen zahlbaren Beträge solch ein anderes Sicherungsrecht zu bestellen, das von einer unabhängigen, international anerkannten Wirtschaftsprüfungsgesellschaft als gleichwertig anerkannt wird; diese Verpflichtung gilt jedoch nicht für:

(a) im Zusammenhang mit der Finanzierung von Produktivvermögen oder einer diesbezüglichen Refinanzierungsverbindlichkeit bestellte Sicherungsgegenstände der Art betreffen, wie sie im Zusammenhang mit der Finanzierung von Produktivvermögen erworben, hergestellt, aufgerüstet oder entwickelt werden;

(b) an Vermögensgegenständen eines Rechtsträgers in dem Zeitpunkt, in dem dieser eine Tochter-

of the Issuer, provided that such Security Interest was not created in connection with or in contemplation of such acquisition and that the amount secured by such Security Interest is not increased subsequently to the acquisition of such Subsidiary.

**"Capital Market Indebtedness"** means any indebtedness, in the form of, represented or evidenced by bonds or notes or other securities, which are ordinarily traded or capable of being traded, quoted, dealt in or listed on any stock exchange or similarly organised securities market or obligations arising from certificates of indebtedness (*Schuldscheindarlehen*).

(3) *Initial Subsidiary Guarantees and Negative Pledge of the Initial Subsidiary Guarantors.* Leibniz-Service GmbH, Preussag Beteiligungsverwaltungs GmbH IX, Preussag Immobilien GmbH, TUI Aviation GmbH, TUI Deutschland GmbH, TUIfly GmbH, TUI Belgium N.V., TUI Nederland N.V., Fritidsresor AB, TUI Nordic Holding AB, First Choice Holidays Finance Limited, First Choice Holidays Limited, Thomson Airways Limited, TUI Northern Europe Limited, TUI Travel Aviation Finance Limited, TUI Travel Holdings Limited, TUI Travel Limited, TUI UK Limited, TUI UK Transport Limited, TUI UK Retail Limited as initial subsidiary guarantors (each an **"Initial Subsidiary Guarantor"**) have given unconditional and irrevocable guarantees (each an **"Initial Subsidiary Guarantee"**), for the due and punctual payment of principal of, and interest on, and any other amounts payable under any Notes.

The Initial Subsidiary Guarantors have further undertaken (the **"Negative Pledge of the Initial Subsidiary Guarantors"**), so long as any of the Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Principal Paying Agent, not to provide or maintain any Security Interest over the whole or any part of their assets to secure any present or future Capital Market Indebtedness (as defined above) without at the same time letting the Holders share *pari passu* and rateably in such Security Interest or giving to the Holders an equivalent other Security Interest. This undertaking shall not apply with respect to:

(a) any Security Interest incurred in connection with a Productive Asset Financing and any refinancing indebtedness in respect thereof, provided that the Security Interest only covers the types of assets acquired, constructed, improved or redeveloped in connection with such Productive Asset Financing;

gesellschaft der Emittentin wird, bereits bestehende Sicherungsrechte, sofern das betreffende Sicherungsrecht nicht im Zusammenhang mit dem Erwerb oder in Vorbereitung darauf bestellt wurde und der durch das Sicherungsrecht besicherte Betrag nach dem Erwerb dieser Tochtergesellschaft nicht erhöht wird.

**"Kapitalmarktverbindlichkeit"** bedeutet jede Verbindlichkeit, die in Form von Schuldverschreibungen oder sonstigen Wertpapieren, die üblicherweise an einer Börse oder einem vergleichbaren organisierten Wertpapiermarkt gehandelt werden oder gehandelt werden können, verbrieft, verkörpert oder dokumentiert ist, sowie Verbindlichkeiten, die sich aus Schuldscheindarlehen ergeben.

(3) *Anfängliche Tochter-Garantien und Negativverpflichtung der Anfänglichen Tochter-Garantinnen.* Leibniz-Service GmbH, Preussag Beteiligungsverwaltungs GmbH IX, Preussag Immobilien GmbH, TUI Aviation GmbH, TUI Deutschland GmbH, TUIfly GmbH, TUI Belgium N.V., TUI Nederland N.V., Fritidsresor AB, TUI Nordic Holding AB, First Choice Holidays Finance Limited, First Choice Holidays Limited, Thomson Airways Limited, TUI Northern Europe Limited, TUI Travel Aviation Finance Limited, TUI Travel Holdings Limited, TUI Travel Limited, TUI UK Limited, TUI UK Transport Limited, TUI UK Retail Limited haben als anfängliche Tochter-Garantinnen (jeweils eine **"Anfängliche Tochter-Garantin"**) jeweils eine unbedingte und unwiderrufliche Garantie (jeweils eine **"Anfängliche Tochter-Garantie"**) für die ordnungsgemäße und pünktliche Zahlung von Kapital und Zinsen auf die Schuldverschreibungen sowie von jeglichen sonstigen Beträgen, die auf die Schuldverschreibungen zahlbar sind, übernommen.

Die Anfänglichen Tochter-Garantinnen haben sich außerdem verpflichtet (die **"Negativverpflichtung der Anfänglichen Tochter-Garantinnen"**), solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Hauptzahlstelle zur Verfügung gestellt worden sind, keine Sicherungsrechte in Bezug auf ihr gesamtes Vermögen oder Teile davon zur Besicherung von gegenwärtigen oder zukünftigen Kapitalmarktverbindlichkeiten (wie oben definiert) zu bestellen oder fortbestehen zu lassen, ohne gleichzeitig die Gläubiger gleichrangig an einem solchen Sicherungsrecht zu beteiligen oder ihnen ein gleichwertiges Sicherungsrecht zu gewähren. Diese Verpflichtung gilt jedoch nicht für:

(a) im Zusammenhang mit der Finanzierung von Produktivvermögen oder einer diesbezüglichen Refinanzierungsverbindlichkeit bestellte Sicherungsrechte, sofern diese ausschließlich Vermögensgegenstände der Art betreffen, wie sie im Zusammenhang mit der Finanzierung von Produktiv-

(b) any Security Interest on any assets of any entity existing at the time such entity becomes a subsidiary of the Initial Subsidiary Guarantor, provided that such Security Interest was not created in connection with or in contemplation of such acquisition and that the amount secured by such Security Interest is not increased subsequently to the acquisition of such subsidiary of the Initial Subsidiary Guarantor.

Each Initial Subsidiary Guarantee and Negative Pledge of the Initial Subsidiary Guarantors constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with Section 328 of the German Civil Code (*Bürgerliches Gesetzbuch*), giving rise to the right of each Holder to require performance of the respective Initial Subsidiary Guarantee and Negative Pledge of the Initial Subsidiary Guarantors directly from the respective Initial Subsidiary Guarantor and to enforce the respective Initial Subsidiary Guarantee and Negative Pledge of the Initial Subsidiary Guarantors directly against the respective Initial Subsidiary Guarantor.

(4) *Additional Subsidiary Guarantees.*

(a) The Issuer undertakes, so long as any of the Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Principal Paying Agent, to procure that in the event that any Subsidiary (other than an Initial Subsidiary Guarantor) grants any guarantee with respect to, or otherwise guarantees, any indebtedness of the Issuer or any of its other Subsidiaries under the Syndicated Facilities Agreement, such Subsidiary shall substantially simultaneously provide an unconditional guarantee equally (*gleichrangig*) and, on substantially the same terms as the guarantee under the Syndicated Facilities Agreement, for the benefit of the Holders (an "**Additional Subsidiary Guarantee**" and, together with the Initial Subsidiary Guarantees, the "**Subsidiary Guarantees**" or the "**Guarantees**" and, each, a "**Guarantee**"; and such Subsidiary, an "**Additional Subsidiary Guarantor**" and, together with the Initial Subsidiary Guarantors, the "**Subsidiary Guarantors**" or the "**Guarantors**" and, each, a "**Guarantor**") for all amounts payable under the Notes subject to legally advisable appropriate limitations reflecting the laws applicable to such Subsidiary, *provided that* such Guarantee would not result in (x) any violation of applicable law, (y) any liability for the officers, directors or shareholders of such Subsidiary or (z) additional material tax liabilities for such Subsidiary, any other Subsidiary or the Issuer (for the avoidance of doubt: the obligation to pay any Additional Amounts under § 8 hereof is not considered a material tax liability) *provided further that* an Additional Subsidiary Guarantee required to be issued

vermögen erworben, hergestellt, aufgerüstet oder entwickelt werden;

(b) an Vermögensgegenständen eines Rechtsträgers in dem Zeitpunkt, in dem dieser eine Tochtergesellschaft einer Anfänglichen Tochter-Garantin wird, bereits bestehende Sicherungsrechte, sofern das betreffende Sicherungsrecht nicht im Zusammenhang mit dem Erwerb oder in Vorbereitung darauf bestellt wurde und der durch das Sicherungsrecht besicherte Betrag nach dem Erwerb dieser Tochtergesellschaft der Anfänglichen Tochter-Garantin nicht erhöht wird.

Jede Anfängliche Tochter-Garantie und jede Negativverpflichtung der Anfänglichen Tochter-Garantinnen stellt einen Vertrag zugunsten Dritter im Sinne des § 328 Abs. 1 BGB dar, der jedem Gläubiger das Recht gibt, die Erfüllung der in der Anfänglichen Tochter-Garantie und der Negativverpflichtung der Anfänglichen Tochter-Garantinnen übernommenen Verpflichtungen unmittelbar von der jeweiligen Anfänglichen Tochter-Garantin zu verlangen und unmittelbar gegen die jeweilige Anfänglichen Tochter-Garantin durchzusetzen.

(4) *Zusätzliche Tochter-Garantien.*

(a) Die Emittentin hat sich verpflichtet, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Hauptzahlstelle zur Verfügung gestellt worden sind, für den Fall, dass eine Tochtergesellschaft (außer einer Anfänglichen Tochter-Garantin) eine Garantie für eine Verbindlichkeit der Emittentin oder einer ihrer anderen Tochtergesellschaften unter dem Konsortialkreditvertrag gewährt oder diese in anderer Weise garantiert, sicherzustellen, dass diese Tochtergesellschaft gleichzeitig eine unbedingte Garantie, die mit der Garantie unter dem Konsortialkreditvertrag im gleichen Rang steht, im Wesentlichen den gleichen Bedingungen wie jene Garantie unterliegt, zugunsten der Gläubiger für sämtliche im Rahmen der Schuldverschreibungen zu zahlenden Beträge gewährt (eine "**Zusätzliche Tochter-Garantie**" und zusammen mit den Anfänglichen Tochter-Garantien die "**Tochter-Garantien**" bzw. die "**Garantien**" und jeweils eine "**Garantie**"; und diese Tochtergesellschaft eine "**Zusätzliche TochterGarantin**" und zusammen mit den Anfänglichen Tochter-Garantinnen die "**Tochter-Garantinnen**" bzw. die "**Garantinnen**" und jeweils eine "**Garantin**"), vorbehaltlich rechtlich zu empfehlender angemessener Beschränkungen auf Grund der auf die betreffende Tochtergesellschaft anwendbaren Rechtsvorschriften und *vorausgesetzt*, dass die betreffende Garantie (x) zu keiner Verletzung von anwendbaren Rechtsvorschriften führt, (y) keine Haftung für leitende Angestellte, Organe oder

as a consequence of a guarantee given in respect of subordinated debt shall be senior to such guarantee given in respect of subordinated debt at least to the same extent as the Notes are senior to such subordinated debt. The term "*Additional Subsidiary Guarantee*" shall include any unconditional and unsubordinated guarantee provided by a Subsidiary of the Issuer for the benefit of the Holders for all amounts payable under the Notes that is not required to be given pursuant to the preceding subparagraph §2(3). And the term "*Additional Subsidiary Guarantor*" shall include any Subsidiary of the Issuer who provides such an Additional Subsidiary Guarantee. The terms of each Additional Subsidiary Guarantee shall be documented substantially in accordance with the conditions of an Initial Subsidiary Guarantee, unless provided otherwise above.

Each Additional Subsidiary Guarantee constitutes a contract for the benefit of the Holders from time to time as third party beneficiaries in accordance with Section 328 of the German Civil Code (*Bürgerliches Gesetzbuch*), giving rise to the right of each Holder to require performance of the respective Additional Subsidiary Guarantee directly from the respective Guarantor and to enforce the respective Additional Subsidiary Guarantee directly against the respective Guarantor.

The Issuer shall inform the Holders of such Additional Subsidiary Guarantee in accordance with § 14. The original of the Additional Subsidiary Guarantee will be made available to the Principal Paying Agent. Holders may view the original of the Additional Subsidiary Guarantee during regular business hours at the specified office of the Principal Paying Agent.

"**Subsidiary**" means any subsidiary (*Tochtergesellschaft*) of the Issuer required to be consolidated pursuant to IFRS 10 (with the exception of RIUSA II S.A., Palma de Mallorca, Spain).

"**IFRS**" means the International Financial Reporting Standards, as adopted by the European Union and as in effect from time to time.

"**Syndicated Facilities Agreement**" means the EUR 1,750,000,000 facility agreement dated 15 September 2014 entered into, among others, TUI AG as borrower, as amended from time to time, including any extension, increase or refinancing thereof. For the

Aktionäre der betreffenden Wesentlichen Tochtergesellschaft entsteht und (z) zu keiner zusätzlichen wesentlichen Steuerbelastung für die betreffende Tochtergesellschaft, eine andere Tochtergesellschaft oder die Emittentin führt (zur Klarstellung: eine Verpflichtung zur Zahlung zusätzlicher Beträge gemäß § 8 ist hiervon nicht erfasst). Dabei gilt weiter: Eine Zusätzliche Tochter-Garantie, die aufgrund einer für nachrangige Verbindlichkeiten gewährten Garantie gewährt werden muss, steht gegenüber der für nachrangige Verbindlichkeiten gewährten Garantie mindestens im selben Vorrang, in dem die Schuldverschreibungen gegenüber den betreffenden nachrangigen Verbindlichkeiten stehen. Der Begriff "*Zusätzliche Tochter-Garantie*" beinhaltet jede unbedingte und nicht-nachrangige Garantie, die von einer Tochtergesellschaft der Emittentin zugunsten der Gläubiger für alle auf die Schuldverschreibungen zahlbaren Beträge gewährt wird, auch wenn sie nach dem vorstehenden Satz nicht gewährt werden muss. Der Begriff "*Zusätzliche Tochter-Garantin*" beinhaltet jede Tochtergesellschaft der Emittentin, die eine solche Zusätzliche Tochter-Garantie gewährt. Jede Zusätzliche Tochter-Garantie soll nach ihren Bedingungen im Wesentlichen den Bedingungen einer Anfänglichen Tochter-Garantie entsprechen, soweit vorstehend nichts anderes bestimmt ist.

Jede Zusätzliche Tochter-Garantie stellt einen Vertrag zugunsten Dritter im Sinne des § 328 Abs. 1 BGB dar, der jedem Gläubiger das Recht gibt, die Erfüllung der in der Zusätzlichen Tochter-Garantie übernommenen Verpflichtungen unmittelbar von der jeweiligen Garantin zu verlangen und unmittelbar gegen die jeweilige Garantin durchzusetzen.

Die Emittentin wird die Gläubiger über eine solche Zusätzliche Tochter-Garantie entsprechend § 14 informieren. Sie wird der Hauptzahlstelle das Original der Zusätzlichen Tochter-Garantie zur Verfügung stellen. Gläubiger können das Original der Zusätzlichen Tochter-Garantie während der üblichen Geschäftszeiten bei der bezeichneten Geschäftsstelle der Hauptzahlstelle einsehen.

"**Tochtergesellschaft**" bezeichnet eine Tochtergesellschaft der Emittentin, die nach IFRS 10 zu konsolidieren ist (mit Ausnahme von RIUSA II S.A., Palma de Mallorca, Spanien).

"**IFRS**" bezeichnet die International Financial Reporting Standards in der von der Europäischen Union übernommenen und jeweils geltenden Fassung.

"**Konsortialkreditvertrag**" bezeichnet den EUR 1.750.000.000 Kreditvertrag vom 15. September 2014 zwischen TUI AG als Kreditnehmer und anderen Parteien, in der jeweils gültigen Fassung, einschließlich seiner Verlängerung, Erhöhung oder

purposes of this definition, the term "**refinancing**" shall mean any Financial Indebtedness that is incurred for the purpose of, and the proceeds of which are used to, repay Financial Indebtedness outstanding under the Syndicated Facilities Agreement.

(5) *Release of Guarantees.*

(a) Pursuant to its terms, a Subsidiary Guarantee (but, in case of clauses (ii) and (iii) below, not any payment obligation under any Subsidiary Guarantee which has already become due and payable) will be automatically and unconditionally released (and thereupon shall terminate and be discharged and be of no further force and effect):

- (i) upon discharge in full of the aggregate principal amount of all Notes then outstanding, any interest due thereon, and all other obligations under the Notes then due and owing; or
- (ii) upon or substantially concurrently with the release of any guarantee of such Subsidiary Guarantor granted to secure indebtedness under the Syndicated Facilities Agreement (including any deemed release upon payment in full of all obligations under the Syndicated Facilities Agreement), provided that for the purpose of this subparagraph §2(5)(a)(ii) a release of all guarantees of such Subsidiary Guarantor granted to secure indebtedness under the Syndicated Facilities Agreement shall be deemed to have occurred if the only outstanding condition for the release of such guarantees is that the guarantees of such Subsidiary Guarantor granted to secure the Notes will be released; or
- (iii) on the Investment Grade Status Commencement Date.

**"Investment Grade Status Commencement Date"** means the day on which the Issuer is assigned an Investment Grade Rating.

**"Investment Grade Rating"** with respect to the Issuer shall mean that the Issuer has at least any two of the following ratings: (i) a rating of "BBB-" or higher from Standard & Poor's (as defined in § 3(1)); (ii) a rating of "Baa3" or higher from Moody's (as defined § 3(1)); a rating of "BBB-" or higher from Fitch (as defined in § 3(1)).

(b) The Issuer shall inform the Holders pursuant to § 14 of the termination of any Subsidiary Guarantee.

Refinanzierung. In dieser Definition bezeichnet "**Refinanzierung**" alle Finanzverbindlichkeiten, die zur Rückzahlung der im Rahmen des Konsortialkreditvertrags ausstehenden Finanzverbindlichkeiten eingegangen wurden und verwendet werden.

(5) *Freigabe von Garantien.*

(a) Gemäß ihren Bestimmungen wird eine Tochter-Garantie (aber im Fall der nachstehenden Bestimmungen (ii) und (iii) keine Zahlungsverpflichtung im Rahmen einer Tochter-Garantie, die bereits fällig und zahlbar geworden ist) in folgenden Fällen automatisch und unbedingte freigegeben (und gilt von diesem Zeitpunkt an als erloschen und unwirksam):

- (i) nach vollständiger Zahlung des Gesamtnennbetrages aller zum jeweiligen Zeitpunkt ausstehenden Schuldverschreibungen, der hierauf fälligen Zinsen und aller anderen zum jeweiligen Zeitpunkt fälligen und geschuldeten Verbindlichkeiten aus den Schuldverschreibungen; oder
- (ii) nach oder im Wesentlichen gleichzeitig mit Freigabe der Garantie der betreffenden Tochter-Garantin, die zur Besicherung von Verbindlichkeiten unter dem Konsortialkreditvertrag gewährt wurde (einschließlich einer angenommenen Freigabe nach vollständiger Begleichung aller unter dem Konsortialkreditvertrag bestehenden Verbindlichkeiten), wobei für die Zwecke dieses Absatzes §2(5)(a)(ii) eine Freigabe sämtlicher Garantien der betreffenden Tochter-Garantin, die zur Besicherung von Verbindlichkeiten unter dem Konsortialkreditvertrag gewährt wurden, als eingetreten gilt, wenn die einzige für die Freigabe dieser Garantien noch zu erfüllende Bedingung ist, dass die zur Besicherung der Schuldverschreibungen gewährten Garantien der betreffenden Tochter-Garantin freigegeben werden; oder
- (iii) am Anfangstag des Investment Grade-Status.

**"Anfangstag des Investment Grade-Status"** bezeichnet den Tag, an dem die Emittentin ein Investment Grade-Rating erhält.

**"Investment Grade-Rating"** in Bezug auf die Emittentin bedeutet, dass die Emittentin mindestens zwei der folgenden Ratings erhalten hat: (i) ein Rating von mindestens "BBB-" von Standard & Poor's (wie in § 3(1) definiert), (ii) ein Rating von mindestens "Baa3" von Moody's (wie in § 3(1) definiert), ein Rating von "BBB-" von Fitch (wie in § 3(1) definiert).

(b) Die Emittentin hat die Gläubiger über das Erlöschen einer Tochter-Garantie gemäß § 14 zu

(6) *Suspension of Undertaking to Provide Additional Subsidiary Guarantees.* From the Investment Grade Status Commencement Date to the Investment Grade Status End Date, the Issuer shall not be required to procure that Additional Subsidiary Guarantees be provided.

**"Investment Grade Status End Date"** means the day on which the Issuer ceases to have assigned an Investment Grade Rating.

(7) *Obligation to provide new Subsidiary Guarantees after Loss of Investment Grade Rating.* Promptly after the Investment Grade Status End Date, the Issuer shall procure that all of its Subsidiaries that at that time are Subsidiary Guarantors under the Syndicated Facilities Agreement provide new Subsidiary Guarantees, in form and content as set out in § 2(4).

### § 3

#### LIMITATION OF INDEBTEDNESS

- (1) (a) *Limitation of Indebtedness.* Except for Permitted Financial Indebtedness, the Issuer undertakes that it will not, and will procure that none of its Subsidiaries will, after the Issue Date, incur any additional Financial Indebtedness if on the date of the incurrence of such additional Financial Indebtedness (the **"Incurrence Date"**) the Consolidated Coverage Ratio is not at least 2.0 to 1.0 (the **"Limitation of Indebtedness"**).
- (b) *Suspension of Limitation of Indebtedness.* If on any date following the Issue Date of these Notes:
- (i) the Issuer has an Investment Grade Rating; and
  - (ii) no Event of Default (as defined in § 9) has occurred and is continuing under these Terms and Conditions (the foregoing conditions being referred to collectively as the **"Suspension Condition"**);

then, beginning on that day and subject to the provisions of the following paragraph, § 3 (1)(a) of these Terms and Conditions will be suspended.

**"Rating Agency"** means each rating agency of Moody's Investors Service Ltd. (**"Moody's"**), Standard & Poor's Credit Market Services Europe Limited (**"Standard & Poor's"**) or Fitch, Inc. (**"Fitch"**), as the case may be, provided that references herein to a Rating Agency shall only be to such Rating Agency as shall have been appointed by or on behalf of the Issuer to maintain a rating and shall not extend to any

informieren.

(6) *Aussetzung der Verpflichtung zur Gewährung Zusätzlicher Tochter-Garantien nach Erreichen des Investment Grade-Status.* Vom Anfangstag des Investment Grade-Status bis zum Endtag des Investment Grade-Status ist die Emittentin nicht verpflichtet, die Abgabe Zusätzlicher Tochter-Garantien sicherzustellen.

**"Endtag des Investment Grade-Status"** bezeichnet den Tag, ab dem die Emittentin kein Investment Grade-Rating mehr hat.

(7) *Verpflichtung zur Stellung neuer Tochter-Garantien nach Verlust des Investment Grade Rating.* Die Emittentin wird alle ihre Tochtergesellschaften, die zu dieser Zeit Tochter-Garantinnen unter dem Konsortialkreditvertrag sind, veranlassen, unverzüglich nach dem Endtag des Investment-Grade Status neue, nach Form und Inhalt § 2(4) entsprechende Tochter-Garantien auszustellen.

### § 3

#### BESCHRÄNKUNG DER VERSCHULDUNG

- (1) (a) *Beschränkung der Verschuldung.* Mit Ausnahme in Bezug auf Erlaubte Verbindlichkeiten verpflichtet sich die Emittentin, nach dem Begebungstag keine zusätzlichen Finanzverbindlichkeiten einzugehen und zu veranlassen, dass ihre Tochtergesellschaften keine zusätzlichen Finanzverbindlichkeiten eingehen, wenn der Konsolidierte Deckungsgrad bei Eingehung der zusätzlichen Finanzverbindlichkeit (der **"Eingehungstag"**) nicht mindestens 2,0 zu 1,0 betragen würde (die **"Beschränkung der Verschuldung"**).
- (b) *Aussetzung der Beschränkung der Verschuldung.* Falls an einem Tag nach dem Begebungstag dieser Schuldverschreibungen:
- (i) die Emittentin ein Investment Grade Rating hat; und
  - (ii) kein Kündigungsgrund (wie in § 9 definiert) unter diesen Anleihebedingungen eingetreten ist und andauert (die vorstehenden Bedingungen werden zusammen als die **"Aussetzungsbedingungen"** bezeichnet);

dann, beginnend an diesem Tag und vorbehaltlich der Bestimmungen des folgenden Absatzes, wird § 3 Absatz 1(a) dieser Anleihebedingungen ausgesetzt.

**"Ratingagentur"** bedeutet jede Ratingagentur von Moody's Investors Service Ltd. (**"Moody's"**), Standard and Poor's Credit Market Services Europe Limited (**"Standard & Poor's"**) oder Fitch, Inc. (**"Fitch"**) unter der Voraussetzung, dass Bezugnahmen auf eine Ratingagentur nur eine Ratingagentur meinen, die von oder im Namen der Emittentin beauftragt wird, ein Rating zu erteilen, und nicht eine Ratingagentur, die

such Rating Agency providing ratings on an unsolicited basis.

Notwithstanding the foregoing, if the Issuer is not subject to the Limitation of Indebtedness with respect to the Notes for any period of time as a result of the Suspension Condition having been met and, subsequently, the Issuer ceases to have an Investment Grade Rating, then the Issuer will again be subject to § 3(1)(a).

Notwithstanding the foregoing, in the event of any such reinstatement of § 3(1)(a), no action taken or omitted to be taken by the Issuer or any Subsidiary prior to such reinstatement will give rise to any default or event of default under these Terms and Conditions, and all Financial Indebtedness incurred during the period (the "**Suspension Period**") from an Investment Grade Status Commencement Date to the Investment Grade Status End Date, will be classified to have been incurred pursuant to clause (c) of the definition of "Permitted Financial Indebtedness". In addition, in the event of any such reinstatement, the Issuer and the Subsidiaries will be permitted, without causing a default or event of default under these Terms and Conditions, to honor any contractual commitments or take any actions, as long as the contractual commitments were entered into during the Suspension Period and not in anticipation of the occurrence of an Investment Grade Status End Date.

(2) "**Permitted Financial Indebtedness**" means:

(a) Bank Debt and Capital Market Indebtedness of the Issuer and its Subsidiaries in an aggregate principal amount not to exceed the greater of (A) EUR 1,950,000,000 or (B) 15% of the Issuer's Total Assets at any time outstanding;

"**Total Assets**" means the total assets of the Issuer and its Subsidiaries as shown on the most recent balance sheet of the Issuer, determined on a consolidated basis in accordance with IFRS.

(b) Financial Indebtedness of the Issuer owing to any of its Subsidiaries or Financial Indebtedness of any of its Subsidiaries owing to the Issuer or any Subsidiary of the Issuer;

(c) Financial Indebtedness under these Notes and any Financial Indebtedness (other than the Financial Indebtedness under the Syndicated Facilities Agreement) outstanding on the Issue Date;

(d) Financial Indebtedness in connection with any Productive Asset Financing, whereby "**Productive Asset Financing**" means financings assumed in connection with the

unbeauftragt Ratings erstellt.

Ungeachtet dessen, falls die Emittentin nach Erfüllung der Aussetzungsbedingungen für eine Zeitspanne nicht der Beschränkung der Verschuldung hinsichtlich der Schuldverschreibungen unterliegt und anschließend die Emittentin das Investment Grade Rating verliert, dann unterliegt die Emittentin wieder § 3 Absatz 1(a).

Ungeachtet des Vorstehenden lösen im Falle einer Wiederherstellung nach § 3 Absatz 1(a) keinerlei Handlungen oder Unterlassungen der Emittentin oder einer Tochtergesellschaft vor einer solchen Wiederherstellung einen Verzug oder einen Kündigungsgrund gemäß diesen Anleihebedingungen aus, und alle während des Zeitraums (der "**Aussetzungszeitraum**") ab einem Anfangstag des Investment-Grade-Status bis zum Endtag des Investment-Grade-Status eingegangenen Finanzverbindlichkeiten gelten als gemäß Absatz (c) der Definition von "Erlaubte Finanzverbindlichkeit" eingegangen. Darüber hinaus ist es für die Emittentin und die Tochtergesellschaften im Falle einer solchen Wiederherstellung zulässig, jegliche vertragliche Verpflichtungen zu erfüllen oder Handlungen vorzunehmen, ohne dass dadurch ein Verzug oder ein Kündigungsgrund gemäß diesen Anleihebedingungen ausgelöst wird, insoweit diese vertraglichen Verpflichtungen während des Aussetzungszeitraums und nicht im Vorfeld des Eintritts eines Endtags des Investment-Grade-Status eingegangen wurden.

(2) "**Erlaubte Finanzverbindlichkeit**" bezeichnet:

(a) Bankverbindlichkeiten und Kapitalmarktverbindlichkeiten der Emittentin und ihrer Tochtergesellschaften bis zu einem zu jeder Zeit ausstehenden Betrag von (a) EUR 1.950.000.000 oder (B), falls höher, 15% der Vermögenswerte der Bilanzsumme der Emittentin;

"**Bilanzsumme**" bezeichnet die Bilanzsumme der Emittentin und ihrer Tochtergesellschaften ausweislich der letzten Bilanz der Emittentin, konsolidiert nach IFRS.

(b) Finanzverbindlichkeiten der Emittentin gegenüber einer ihrer Tochtergesellschaften oder Finanzverbindlichkeiten ihrer Tochtergesellschaften gegenüber der Emittentin bzw. einer Tochtergesellschaft der Emittentin;

(c) Finanzverbindlichkeiten unter diesen Schuldverschreibungen und andere Finanzverbindlichkeiten als die unter dem Konsortialkreditvertrag, die zum Begebungstag bestehen;

(d) Finanzverbindlichkeiten in Verbindung mit einer Finanzierung von Produktivvermögen, wobei "**Finanzierung von Produktivvermögen**" Finanzverbindlichkeiten bezeichnet, die im



- acquisition, construction, improvement or development of any aircraft, boat, cruise ship, aircraft engine (or any related parts of any of the foregoing) and any other vehicle, hotel or tourism related property;
- (e) Financial Indebtedness in connection with the acquisition, construction, improvement or development of any asset used in the business of TUI Group other than Productive Asset Financing, in an amount not to exceed (including any permitted refinancing) EUR 30 million at any time outstanding;
- (f) Financial Indebtedness incurred by a Subsidiary that is not part of the Core Mainstream Tourism Business, provided that such Indebtedness is incurred on a non-recourse basis to the Core Mainstream Tourism Business; "**Core Mainstream Tourism Business**" means the leisure tourism business of TUI Group, including the hotel portfolio and cruise ship operations, but excluding the online accommodation business and the specialist & activity sector;
- (g) Financial Indebtedness of a Subsidiary incurred and outstanding on the date on which such Subsidiary was directly or indirectly acquired by the Issuer after the Issue Date or on the date it otherwise becomes a Subsidiary;
- (h) Financial Indebtedness in relation to the provision in the ordinary course of business of bonds or guarantees required by governmental or regulatory agencies;
- (i) Financial Indebtedness of the Issuer and its subsidiaries incurred in respect of worker's compensation claims, self-insurance obligations, performance, surety and similar bonds and completion guarantees provided by the Issuer and its subsidiaries in the ordinary course of business;
- (j) Financial Indebtedness of the Issuer and its Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations in connection with the acquisition or disposition of any business, assets or capital stock of a subsidiary after the Issue Date;
- Zusammenhang mit dem Erwerb, der Herstellung, der Aufrüstung oder der Entwicklung eines Flugzeugs, Schiffes, Kreuzfahrtschiffes, Flugzeugtriebwerks (oder irgendeines Teils der vorstehend aufgeführten Güter) oder eines anderen Fahrzeugs, Hotels oder sonstigen touristischen Grundstücks oder Gebäudes stehen;
- (e) Finanzverbindlichkeiten in Verbindung mit dem Erwerb, der Herstellung, der Aufrüstung oder der Entwicklung irgendeines für den Geschäftsbetrieb der TUI-Gruppe genutzten Vermögensgegenstandes, soweit dies keine Finanzierung von Produktivvermögen darstellt, in einem zu keiner Zeit zu überschreitenden Betrag von höchstens EUR 30 Millionen, einschließlich erlaubter Refinanzierungen;
- (f) Finanzverbindlichkeiten, die von einer Tochtergesellschaft eingegangen werden, die nicht Teil des Touristischen Kerngeschäfts ist, mit der Maßgabe, dass die Verbindlichkeit rückgriffsfrei gegenüber dem Touristischen Kerngeschäft ist; "**Touristisches Kerngeschäft**" bezeichnet das Urlaubstourismus-Geschäft der TUI-Gruppe, einschließlich des Hotel Portfolios und der Kreuzfahrtschiff-Aktivitäten, jedoch ausschließlich des Internet-Übernachtungsgeschäfts und des Specialist & Activity-Sektors;
- (g) Finanzverbindlichkeiten einer Tochtergesellschaft, die zu dem Zeitpunkt eingegangen und ausstehend waren, zu dem die Emittentin diese Tochtergesellschaft nach dem Begebungstag erworben hat oder diese Tochtergesellschaft auf andere Weise eine Tochtergesellschaft geworden ist;
- (h) Finanzverbindlichkeiten im Zusammenhang mit der Ausstellung von Bürgschaften oder Garantien im normalen Geschäftsbetrieb, die von öffentlichen Stellen oder Aufsichtsbehörden verlangt werden;
- (i) Im Rahmen des gewöhnlichen Geschäftsbetriebs begründete Finanzverbindlichkeiten der Emittentin und ihrer Tochtergesellschaften unter Vergütungsansprüchen von Arbeitnehmern, Eigenversicherungen, Erfüllungs-, Sicherungs- und ähnlicher Bürgschaften sowie Garantien und Erfüllungsgarantien;
- (j) Finanzverbindlichkeiten der Emittentin und ihrer Tochtergesellschaften unter Freistellungsverpflichtungen, Kaufpreisanpassungsverpflichtungen oder ähnliche Verpflichtungen im Zusammenhang mit dem Erwerb oder der Veräußerung von Unternehmen, Vermögenswerten oder Kapitalanteilen an Beteiligungsgesellschaften nach dem Begebungstag;

- (k) Financial Indebtedness arising from honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds or credit lines in the ordinary course of business provided that such Financial Indebtedness is disbursed within seven days of incurrence;
- (l) Financial Indebtedness under cash management arrangements and hedging arrangements (currency risks, interest rate risks, commodity price risks) in the ordinary course of business;
- (m) in addition to the aforementioned exceptions, Financial Indebtedness of the Issuer and its Subsidiaries, not to exceed an aggregate amount of EUR 150 million at any time outstanding;
- (n) any Refinancing Indebtedness (as defined below) incurred with respect to the refinancing of any Financial Indebtedness permitted under (a), (c), (d), (e), (f), (g) and this clause (n); and
- (o) the guarantee by the Issuer or any of its Subsidiaries of Financial Indebtedness of the Issuer or any of its Subsidiaries to the extent the guaranteed Financial Indebtedness was permitted to be incurred under § 3.
- (k) Finanzverbindlichkeiten, die dadurch im üblichen Geschäftsbetrieb entstehen, dass eine Bank oder ein sonstiges Finanzinstitut einen nicht durch ausreichende Guthaben oder Kreditlinien gedeckten Scheck, Wechsel oder ein vergleichbares Papier einlöst, vorausgesetzt dass solch eine Finanzverbindlichkeit innerhalb von sieben Tagen nach ihrer Begründung beglichen wird;
- (l) Finanzverbindlichkeiten unter Cash-Management Vereinbarungen und Sicherungsvereinbarungen (Zins- und Währungsrisiken, Rohstoffpreissrisiken) im Rahmen des üblichen Geschäftsbetriebs;
- (m) zusätzlich zu den vorgenannten Ausnahmen, Finanzverbindlichkeiten der Emittentin und ihrer Tochtergesellschaften, die zu keiner Zeit den Gesamtbetrag von EUR 150 Millionen übersteigen;
- (n) jede Refinanzierungsverbindlichkeit (wie nachstehend definiert), die zur Refinanzierung einer unter (a), (c), (d), (e), (f), (g) und dieser Bestimmung (n) erlaubten Finanzverbindlichkeit begründet wird; und
- (o) die Garantie von Finanzverbindlichkeiten der Emittentin oder ihrer Tochtergesellschaften durch die Emittentin oder ihre Tochtergesellschaften, insoweit das Eingehen der garantierten Finanzverbindlichkeiten nach § 3 zulässig war.

#### Whereby

**"Financial Indebtedness"** means, in respect of any specified Person, any present or future indebtedness of such Person (excluding accrued expenses and trade payables) (i) for monies borrowed whether or not certificated, (ii) representing obligations in respect of purchase money payable more than 6 months after delivery and (iii) representing capitalized lease obligations, in each case if and to the extent any of such items would appear as a liability on a balance sheet of such specified Person prepared in accordance with IFRS. In addition, the term "Financial Indebtedness" shall include all indebtedness of the type referred to in clauses (i) to (iii) above of others guaranteed by the specified Person or secured by any Security Interest on any assets of the specified Person (in which case the amount of Financial Indebtedness shall be the lesser of the value of such assets and the amount of indebtedness so secured).

**"Refinancing Indebtedness"** means any Financial Indebtedness that refinances any Financial Indebtedness in compliance with these Terms and Conditions, *provided, however:*

#### Wobei

**"Finanzverbindlichkeit"** bezeichnet in Bezug auf eine bezeichnete Person jede bestehende oder zukünftige Verbindlichkeit dieser Person (ausschließlich aufgelaufener Kosten und Verbindlichkeiten aus Lieferung und Leistung) in Form von (i) aufgenommenen Geldern, unabhängig davon, ob die Verbindlichkeit verbrieft ist oder nicht, (ii) Kaufpreisverbindlichkeiten, die erst mehr als 6 Monate nach Lieferung fällig werden, und (iii) kapitalisierten Verbindlichkeiten aus Leasingverträgen, jeweils wenn und insoweit solche Positionen in einer Bilanz dieser bezeichneten Person nach IFRS als Passiva ausgewiesen würden. Der Begriff "Finanzverbindlichkeit" umfasst des Weiteren alle Verbindlichkeiten der in den vorstehenden Ziffern (i) bis (iii) genannten Art von Dritten, die von der bezeichneten Person garantiert werden oder durch Sicherungsrechte oder Vermögensgegenstände der bezeichneten Person besichert sind (wobei in diesem Falle die Höhe der Finanzverbindlichkeiten dem Wert dieser Vermögenswerte oder der Höhe der besicherten Verbindlichkeiten entspricht, je nachdem, was niedriger ist).

**"Refinanzierungsverbindlichkeit"** bedeutet jede Finanzverbindlichkeit, durch die eine Finanzverbindlichkeit im Einklang mit diesen Anleihebedingungen refinanziert wird, *jedoch*

vorausgesetzt, dass:

- |   |  |
|---|--|
| <p>(i) such Refinancing Indebtedness has a stated maturity no earlier than the stated maturity of the Financial Indebtedness being refinanced;</p> <p>(ii) such Refinancing Indebtedness has an average life at the time such Refinancing Indebtedness is incurred that is equal to or greater than the average life of the Financial Indebtedness being refinanced; and</p> <p>(iii) such Refinancing Indebtedness has an aggregate principal amount (or if issued with an original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if incurred with original issue discount, the aggregate accreted value) then outstanding or committed (plus fees, underwriting discounts and expenses, including any premiums) under the Financial Indebtedness being refinanced; and that</p> <p>(iv) if the Financial Indebtedness being refinanced is subordinated in right of payment to the Notes or any Guarantee, such Refinancing Financial Indebtedness is also subordinated in right of payment to the Notes or such Guarantee, as the case may be, on terms at least as favourable to the Holders as those contained in the documentation governing the Financial Indebtedness being refinanced.</p> | <p>(i) eine solche Refinanzierungsverbindlichkeit nicht früher fällig wird, als die refinanzierte Finanzverbindlichkeit fällig geworden wäre;</p> <p>(ii) eine solche Refinanzierungsverbindlichkeit zum Zeitpunkt ihrer Eingehung eine durchschnittliche Laufzeit hat, die der durchschnittlichen Laufzeit der refinanzierten Finanzverbindlichkeit entspricht oder diese übersteigt; und</p> <p>(iii) eine solche Refinanzierungsverbindlichkeit einen Gesamtnennbetrag (oder falls mit Disagio begeben, einen Gesamtausgabebetrag) hat, der dem ausstehenden oder zugesagten Gesamtnennbetrag (oder falls mit Disagio begeben, dem insgesamt aufgelaufenen Wert) der refinanzierten Finanzverbindlichkeit (zuzüglich Gebühren, Übernahmedisagios und -kosten sowie etwaiger Prämien) entspricht oder diesen unterschreitet; und</p> <p>(iv) falls die zu refinanzierende Finanzverbindlichkeit nachrangig gegenüber den Schuldverschreibungen oder einer Garantie ist, die betreffende Refinanzierungsverbindlichkeit ebenfalls nachrangig gegenüber den Schuldverschreibungen bzw. der betreffenden Garantie ist, und zwar zu Bedingungen, die mindestens genauso vorteilhaft für die Gläubiger sind wie diejenigen, die in der Dokumentation für die zu refinanzierende Finanzverbindlichkeit enthalten sind.</p> |
|---|--|

"**Consolidated Coverage Ratio**" has the meaning given to it in Annex A.

"**Konsolidierter Deckungsgrad**" hat die in Anlage A zugewiesene Bedeutung.

#### § 4 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their aggregate principal amount at the rate of 2.125% *per annum* from (and including) the Issue Date to (but excluding) the Maturity Date (as defined in § 4). Interest shall be payable in arrear on 26 October in each year (each such date, an "**Interest Payment Date**"). The first payment of interest shall be made on 26 October 2017.

(2) *Accrual of Interest.* The Notes shall cease to bear interest from the expiry of the day preceding the day on which they are due for redemption. If the Issuer fails to redeem the Notes when due, interest shall accrue on the outstanding aggregate principal amount of the Notes from (and including) the due date to (but excluding) the date of actual redemption of the Notes at the default rate of interest established by law<sup>(1)</sup>.

#### § 4 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden in Höhe ihres Gesamtnennbetrages verzinst, und zwar vom Begebungstag (einschließlich) bis zum Fälligkeitstag (wie in § 4 definiert) (ausschließlich) mit jährlich 2,125%. Die Zinsen sind nachträglich am 26. Oktober eines jeden Jahres zahlbar (jeweils ein "**Zinszahlungstag**"). Die erste Zinszahlung erfolgt am 26. Oktober 2017.

(2) *Auflaufende Zinsen.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, erfolgt die Verzinsung des ausstehenden Gesamtnennbetrags der Schuldverschreibungen vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung (ausschließlich) der

<sup>(1)</sup> The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§ 288 paragraph 1, 247 paragraph 1 German Civil Code.

<sup>(1)</sup> Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutsche Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.

(3) *Calculation of Interest for Partial Periods.* If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the Day Count Fraction (as defined below).

(4) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (the "**Calculation Period**"): the actual number of days in the Calculation Period divided by the actual number of days in the respective interest period (actual/actual ICMA).

## § 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on 26 October 2021 (the "**Maturity Date**"). The Final Redemption Amount in respect of each Note (the "**Final Redemption Amount**") shall be its principal amount.

(2) *Redemption for Tax Reasons.* If as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Germany or any political subdivision or taxing authority thereto or therein affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date, the Issuer is required to pay Additional Amounts (as defined in § 8 herein) on the next succeeding Interest Payment Date (as defined in § 4(1)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer, the Notes may be redeemed, in whole, but not in part, at the option of the Issuer, upon not more than 60 days', but not less than 30 days' prior notice of redemption given to the Principal Paying Agent and, in accordance with § 14 to the Holders, at their Final Redemption Amount, together with interest accrued to the date fixed for redemption.

However, no such notice of redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay Additional Amounts does

Schuldverschreibungen in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen<sup>(1)</sup>.

(3) *Berechnung der Zinsen für Teile von Zeiträumen.* Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Zinstagequotienten (wie nachstehend definiert).

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**"): die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum, geteilt durch die tatsächliche Anzahl von Tagen in der jeweiligen Zinsperiode (Actual/Actual ICMA).

## § 5 RÜCKZAHLUNG BEI ENDFÄLLIGKEIT

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am 26. Oktober 2021 (der "**Fälligkeitstag**") zurückgezahlt. Der Rückzahlungsbetrag in Bezug auf jede Schuldverschreibung (der "**Rückzahlungsbetrag**") entspricht dem Nennbetrag der Schuldverschreibung.

(2) *Vorzeitige Rückzahlung aus Steuergründen.* Die Schuldverschreibungen können insgesamt, jedoch nicht teilweise, nach Wahl der Emittentin mit einer Kündigungsfrist von nicht weniger als 30 Tagen und nicht mehr als 60 Tagen gegenüber der Hauptzahlstelle und gemäß § 14 gegenüber den Gläubigern vorzeitig gekündigt und zu ihrem Rückzahlungsbetrag zuzüglich bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufener Zinsen zurückgezahlt werden, falls die Emittentin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften der Bundesrepublik Deutschland oder deren politischen Untergliederungen oder Steuerbehörden oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Begebungstag wirksam) am nächstfolgenden Zinszahlungstag (wie in § 4 Absatz (1) definiert) zur Zahlung von zusätzlichen Beträgen (wie in § 8 dieser Anleihebedingungen definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen vernünftiger, der Emittentin zur Verfügung stehender Maßnahmen vermieden werden kann.

Eine solche Kündigung darf allerdings nicht (i) früher als 90 Tage vor dem frühest möglichen Termin erfolgen, an dem die Emittentin verpflichtet wäre, solche zusätzlichen Beträge zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde, oder (ii) erfolgen, wenn zu dem Zeitpunkt,

not remain in effect.

Prior to the publication of any notice of redemption pursuant to this § 5(2), the Issuer shall deliver to the Principal Paying Agent (i) a certificate signed by two members of the Managing Board of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(3) *Early Redemption at the Option of the Issuer.*

- (a) The Issuer may at any time upon not less than 30 days' nor more than 60 days' prior notice of redemption given to the Principal Paying Agent and, in accordance with § 14 to the Holders redeem, at its option, the outstanding Notes in whole but not in part, on a date specified in the call notice (the "**Early Call Redemption Date**") at their Early Call Redemption Amount.

The Issuer may not exercise such option in respect of any Note which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Note under paragraph (5) of this § 5.

The "**Early Call Redemption Amount**" of a Note shall be an amount equal to the sum of:

- (i) the principal amount of the relevant Note to be redeemed; and
- (ii) the Applicable Premium (as defined below); and
- (iii) accrued but unpaid interest, if any, to, the Early Call Redemption Date).

The Early Call Redemption Amount shall be calculated by the Calculation Agent.

"**Applicable Premium**" means the excess, if any, of

- (i) the present value on such Early Call Redemption Date of
  - (A) the principal amount of the relevant Note; plus
  - (B) all remaining scheduled interest

in dem die Kündigungsmitteilung erfolgt, die Verpflichtung zur Zahlung von zusätzlichen Beträgen nicht mehr wirksam ist.

Vor Bekanntmachung der Kündigung gemäß diesem § 5 Absatz 2 hat die Emittentin der Hauptzahlstelle (i) eine Bescheinigung vorzulegen, die von zwei Mitgliedern des Vorstands der Emittentin unterzeichnet ist, und die feststellt, dass die Emittentin zur Kündigung berechtigt ist und die Umstände auflistet, aus denen hervorgeht, dass die Voraussetzungen des Kündigungsrechts der Emittentin vorliegen sowie (ii) ein Gutachten anerkannter, unabhängiger Rechtsberater darüber, dass die Emittentin verpflichtet ist oder sein wird, diese zusätzlichen Beträge als Folge einer solchen Änderung oder Ergänzung zu zahlen.

(3) *Vorzeitige Rückzahlung nach Wahl der Emittentin.*

- (a) Die Emittentin ist berechtigt, alle ausstehenden Schuldverschreibungen insgesamt oder teilweise, mit einer Kündigungsfrist von mindestens 30 Tagen und höchstens 60 Tagen zu einem in der Kündigungserklärung bestimmten Tag (der "**Vorzeitige Wahl-Rückzahlungstag (Call)**") gegenüber der Hauptzahlstelle und gemäß § 14 gegenüber den Gläubigern nach ihrer Wahl jederzeit vorzeitig zu kündigen und diese zum Vorzeitigen Rückzahlungsbetrag (Call) zurück zu zahlen.

Der Emittentin steht dieses Wahlrecht nicht in Bezug auf eine Schuldverschreibung zu, deren Rückzahlung bereits der Gläubiger in Ausübung seines Wahlrechts nach Absatz (5) dieses § 5 verlangt hat.

Der "**Vorzeitige Rückzahlungsbetrag (Call)**" einer Schuldverschreibung entspricht der Summe aus:

- (i) dem Nennbetrag der zurückzuzahlenden Schuldverschreibung; und
- (ii) der Anwendbaren Prämie (wie nachstehend definiert); und
- (iii) etwaigen bis zum Vorzeitigen Wahl-Rückzahlungstag (Call) aufgelaufenen und nicht gezahlten Zinsen.

Der Vorzeitige Rückzahlungsbetrag (Call) wird von der Berechnungsstelle berechnet.

"**Anwendbare Prämie**" bezeichnet die etwaige Differenz zwischen

- (i) dem Barwert zum Vorzeitigen Wahl-Rückzahlungstag (Call)
  - (A) des Nennbetrags der zurückzuzahlenden Schuldverschreibung; zuzüglich
  - (B) aller vom Vorzeitigen Wahl-

payments on such Note from (and including) the Early Call Redemption Date to (but excluding) the Maturity Date (excluding, for the avoidance of doubt, interest accrued until the Early Call Redemption Date)

discounted with the Benchmark Yield plus 0.4% over

- (ii) the principal amount of such Note on the Early Call Redemption Date.

The "**Benchmark Yield**" means the yield of the Pricing Benchmark which appears on the Screen Page on the Redemption Calculation Date at or about 12.00 noon (Frankfurt am Main time). If such yield is not displayed and/or the Screen Page is not available and/or the Pricing Benchmark is no longer outstanding at such time, the Benchmark Yield shall be the yield of a substitute benchmark debt security of the Federal Republic of Germany selected by the Calculation Agent in its reasonable discretion, which has a maturity that is as close as possible to the remaining term of the Notes to the Maturity Date and would be used at the time of its selection by the Calculation Agent in accordance with customary financial practice for pricing new issues of corporate debt securities of comparable maturity to the Maturity Date.

"**Pricing Benchmark**" means the euro denominated benchmark debt security of the Federal Republic of Germany used for pricing the Notes, being the 0.000 per cent. Bund due 8 October 2021 (ISIN DE0001141745).

"**Screen Page**" means Bloomberg page ISIN DE0001141745 Govt HP (setting "Last Yield To Convention" and using the pricing source "FRNK") or such other display page as may replace such Screen Page on the service provided by Bloomberg, or the display page (if any) of such other service as may be determined by the Calculation Agent in its reasonable discretion as the replacement information vendor for the purpose of displaying the relevant yield.

Rückzahlungstag (Call) (einschließlich) bis zum Fälligkeitstag (ausschließlich) vorgesehenen und noch fällig werdenden Zinszahlungen (zur Klarstellung: ohne Berücksichtigung der bis zum Vorzeitigen Wahl-Rückzahlungstag (Call) aufgelaufenen Zinsen),

abgezinst mit der Benchmark-Rendite zuzüglich 0,4%, und

- (ii) dem Nennbetrag der Schuldverschreibung am Vorzeitigen Wahl-Rückzahlungstag (Call).

"**Benchmark-Rendite**" bezeichnet die auf der Bildschirmseite am Rückzahlungs-Berechnungstag um oder gegen 12.00 Uhr (Ortszeit Frankfurt am Main) angezeigte Rendite der Referenzbenchmark. Wird diese Rendite nicht angezeigt und/oder ist die Bildschirmseite nicht verfügbar und/oder ist die Referenzbenchmark nicht mehr in Umlauf, jeweils zu dem betreffenden Zeitpunkt, so entspricht die Benchmark-Rendite der Rendite eines von der Berechnungsstelle nach billigem Ermessen als Ersatzreferenz herangezogenen Benchmarkschuldtitels der Bundesrepublik Deutschland mit einer der Restlaufzeit der Schuldverschreibungen bis zum Fälligkeitstag am ehesten entsprechenden Laufzeit, der zum Zeitpunkt der Auswahl durch die Berechnungsstelle nach den Gepflogenheiten des Finanzmarkts zur Preisfestsetzung neu zu begebender Unternehmensschuldtitel mit vergleichbarer Laufzeit bis zum Fälligkeitstag herangezogen würde.

"**Referenzbenchmark**" bezeichnet den für die Preisfestsetzung der Schuldverschreibungen herangezogene, auf Euro lautende, Benchmarkschuldtitel der Bundesrepublik Deutschland, d. h. die 0,000 % Bundesanleihe fällig am 8. Oktober 2021 (ISIN DE0001141745).

"**Bildschirmseite**" bezeichnet die Bloomberg-Seite ISIN DE0001141745 Govt HP (mit der Einstellung "Last Yield to Convention" und der Preisquelle "FRNK") oder eine andere Anzeigenseite, welche die Bildschirmseite bei dem von Bloomberg betriebenen Dienst gegebenenfalls ersetzt, oder, falls anwendbar, die Anzeigenseite eines anderen Anbieters, den die Berechnungsstelle für die Zwecke der Anzeige der maßgeblichen Rendite nach billigem Ermessen als Ersatz-Informationsanbieter bestimmt.

**"Redemption Calculation Date"** means the fortieth day prior to the date on which the Notes are redeemed in accordance with this § 5(3) or, in case the fortieth day is not a Payment Business Day, the Payment Business Day immediately prior to the fortieth day.

- (b) Notice of redemption shall be given by the Issuer to the Holders in accordance with § 14 and shall at least specify:
- (i) an exact designation of the Series of Notes subject to redemption;
  - (ii) whether such Notes are to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of;
  - (iii) the Early Call Redemption Date; and
  - (iv) the Early Call Redemption Amount.
- (c) The Notes shall be selected in accordance with the rules of the relevant Clearing System and a possible partial redemption shall be reflected in the records of CBL and Euroclear as either a pool factor or a reduction in aggregate principal amount, at the discretion of CBL and Euroclear.

(4) *Early Redemption at the Option of the Issuer Three Months before the Maturity Date.*

- (a) The Issuer may, upon notice given in accordance with clause (b), redeem all of the Notes but not some of the Notes only within the Call Redemption Period on the Call Redemption Date at the Final Redemption Amount together with accrued interest, if any, to (but excluding) the Call Redemption Date. The Call Redemption Date may not be less than 30 nor more than 60 days after the date on which notice is given by the Issuer to the Holders.

**"Call Redemption Period"** means the period from, and including, the day three months before Maturity Date to, but excluding, the Maturity Date.

- (b) Notice of redemption shall be given by the Issuer to the Holders in accordance with § 14. Such notice shall specify:
- (i) the exact specification of the Notes subject to redemption; and
  - (ii) the date within the Call Redemption Period

**"Rückzahlungs-Berechnungstag"** ist der vierzigste Tag vor dem Tag, an dem die Schuldverschreibungen gemäß diesem § 5 Absatz 3 zurückgezahlt werden oder, sofern der vierzigste Tag kein Zahltag ist, der Zahltag, der unmittelbar vor dem vierzigsten Tag liegt.

- (b) Die Kündigung ist den Gläubigern der Schuldverschreibungen durch die Emittentin gemäß § 14 bekannt zu geben und sollte zumindest Angaben enthalten über:
- (i) eine genaue Bezeichnung der zurückzuzahlenden Serie von Schuldverschreibungen;
  - (ii) ob die Schuldverschreibungen ganz oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen;
  - (iii) den Vorzeitigen Wahl-Rückzahlungstag (Call); sowie
  - (iv) den Vorzeitigen Rückzahlungsbetrag (Call).
- (c) Die Schuldverschreibungen werden in Übereinstimmung mit den Regeln des betreffenden Clearing Systems ausgewählt, und eine etwaige teilweise Rückzahlung wird in den Registern von CBL und Euroclear nach deren Ermessen entweder als Pool-Faktor oder als Reduzierung des Gesamtnennbetrags wiedergegeben.

(4) *Vorzeitige Rückzahlung nach Wahl der Emittentin drei Monate vor dem Fälligkeitstag.*

- (a) Die Emittentin kann, nachdem sie gemäß Absatz (b) gekündigt hat, die Schuldverschreibungen insgesamt aber nicht teilweise innerhalb des Wahl- Rückzahlungszeitraums am Wahl-Rückzahlungstag zum Rückzahlungsbetrag nebst etwaigen bis zum Wahl-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzahlen. Der Wahl-Rückzahlungstag darf nicht weniger als 30 und nicht mehr als 60 Tage auf den Tag der Kündigung durch die Emittentin gegenüber den Gläubigern folgen.

**"Wahl-Rückzahlungszeitraum"** bezeichnet den Zeitraum ab dem Tag drei Monate vor Fälligkeitstag (einschließlich) bis zum Fälligkeitstag (ausschließlich).

- (b) Die Kündigung ist den Gläubigern der Schuldverschreibungen durch die Emittentin gemäß § 14 bekannt zu geben. Sie beinhaltet die folgenden Angaben:
- (i) eine genaue Bezeichnung der zurückzuzahlenden Schuldverschreibungen; und
  - (ii) den Tag innerhalb des Wahl-

on which the redemption will occur (the "**Call Redemption Date**").

- (5) *Early Redemption at the Option of the Holders upon a Change of Control.*
- (a) If a Change of Control occurs, each Holder shall have the right, but not the obligation, to require the Issuer to redeem his Notes at the Early Put Redemption Amount (the "**Put Option**") (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Notes in accordance with this § 5). Such Put Option shall operate as set out in the provisions below.

"**Change of Control**" means the occurrence of any of the following events:

- (i) the Issuer becomes aware that any person or group of persons acting in concert within the meaning of § 2(5) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) (each an "**Acquirer**") has become the legal or beneficial owner of more than 50% of the voting rights or shares of the Issuer; or
- (ii) the merger of the Issuer with or into a third person (as defined below) or the merger of a third person with or into the Issuer, or the sale of all or substantially all of the assets (determined on a consolidated basis) of the Issuer to a third person other than in a transaction following which (A) in the case of a merger holders that represented 100% of the voting rights of the Issuer own directly or indirectly at least a majority of the voting rights of the surviving person immediately after such merger and (B) in the case of a sale of all or substantially all of the assets, each transferee becomes a guarantor in respect of the Notes and is or becomes a subsidiary of the Issuer;

"**third person**" shall for the purpose of this § 5(3) (a) (ii) mean any person other than a subsidiary of the Issuer.

"**Early Put Redemption Amount**" means for

Rückzahlungszeitraums, an dem die Rückzahlung erfolgen wird (der "**Wahl-Rückzahlungstag**").

- (5) *Vorzeitige Rückzahlung nach Wahl der Gläubiger im Falle eines Kontrollwechsels.*
- (a) Wenn ein Kontrollwechsel eintritt, hat jeder Gläubiger das Recht, aber nicht die Verpflichtung, von der Emittentin die Rückzahlung der von ihm gehaltenen Schuldverschreibungen durch die Emittentin (oder auf ihre Veranlassung durch einen Dritten) zum Vorzeitigen Rückzahlungsbetrag (Put) insgesamt oder teilweise zu verlangen (die "**Rückzahlungsoption**") (sofern nicht die Emittentin, bevor die nachstehend beschriebene Rückzahlungsmitteilung gemacht wird, die Rückzahlung der Schuldverschreibungen nach diesem § 5 angezeigt hat). Diese Rückzahlungsoption ist gemäß den nachstehenden Bestimmungen auszuüben.

Ein "**Kontrollwechsel**" liegt vor, wenn eines der folgenden Ereignisse eintritt:

- (i) Die Emittentin erlangt Kenntnis davon, dass eine Person oder gemeinsam handelnde Gruppe von Personen im Sinne von § 2 Absatz 5 Wertpapiererwerbs- und Übernahmegesetz (WpÜG) (jeweils ein "**Erwerber**") der rechtliche oder wirtschaftliche Eigentümer von mehr als 50% der Stimmrechte oder Aktien der Emittentin geworden ist; oder
- (ii) die Verschmelzung der Emittentin mit einer oder auf eine dritte Person (wie nachfolgend definiert) oder die Verschmelzung einer dritten Person mit oder auf die Emittentin, oder der Verkauf aller oder im Wesentlichen aller Vermögensgegenstände (konsolidiert betrachtet) der Emittentin an eine dritte Person, außer im Zusammenhang mit Rechtsgeschäften, infolge von denen (A) im Falle einer Verschmelzung die Inhaber von 100% der Stimmrechte an der Emittentin wenigstens die Mehrheit der Stimmrechte an dem überlebenden Rechtsträger unmittelbar nach einer solchen Verschmelzung halten und (B) im Fall des Verkaufs von allen oder im Wesentlichen allen Vermögensgegenständen der erwerbende Rechtsträger einer Tochtergesellschaft der Emittentin ist oder wird und Garant in bezuglich der Schuldverschreibungen wird;

"**dritte Person**" im Sinne dieses § 5 Absatz 3(a) (ii) ist jede Person außer einer Tochtergesellschaft der Emittentin.

"**Vorzeitiger Rückzahlungsbetrag (Put)**"



each Note 101% of the principal amount of such Note, plus accrued and unpaid interest up to (but excluding) the Put Date (as defined below).

- (b) If a Change of Control occurs, then the Issuer shall, without undue delay, after becoming aware thereof, give notice of the Change of Control (a "**Put Event Notice**") to the Holders in accordance with § 14 specifying the nature of the Change of Control and the procedure for exercising the Put Option contained in this § 5(5).
- (c) To exercise the Put Option, the Holder must send within 30 days, after a Put Event Notice has been published (the "**Put Period**"), to the specified office of the Principal Paying Agent an early redemption notice in text format (*Textform*, e.g. email or fax) or in written form ("**Put Notice**"). In the event that the Put Notice is received after 5:00 p.m. Frankfurt time on the thirtieth day after the Put Event Notice by the Issuer has been published, the option shall not have been validly exercised. The Put Notice must specify (i) the total principal amount of the Notes in respect of which such option is exercised, and (ii) the securities identification numbers of such Notes, if any. The Put Notice may be in the form available from the specified office of the Principal Paying Agent in the German and English language and includes further information. No option so exercised may be revoked or withdrawn. The Issuer shall only be required to redeem Notes in respect of which such option is exercised against delivery of such Notes to the Issuer or to its order.

## § 6 PAYMENTS

- (1) (a) *Payments of Principal.* Payments of principal in respect of the Notes shall be made, subject to paragraph (3) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.
- (b) *Payments of Interest.* Payments of interest on the Notes shall be made, subject to paragraph (2), to the Clearing System or to its order for credit to the relevant accountholders of the Clearing System upon due certification as provided in § 1(3)(b).

bedeutet für jede Schuldverschreibung 101% des Nennbetrags der Schuldverschreibung, zuzüglich aufgelaufener und nicht gezahlter Zinsen bis zum nachfolgend definierten Rückzahlungstag (ausschließlich).

- (b) Wenn ein Kontrollwechsel eintritt, wird die Emittentin unverzüglich, nachdem sie hiervon Kenntnis erlangt, den Gläubigern Mitteilung vom Kontrollwechsel gemäß § 14 machen (eine "**Rückzahlungsmittteilung**"), in der die Umstände des Kontrollwechsels sowie das Verfahren für die Ausübung der in diesem § 5 Absatz 5 genannten Rückzahlungsoption angegeben sind.
- (c) Zur Ausübung der Rückzahlungsoption muss der Gläubiger innerhalb eines Zeitraums von 30 Tagen, nachdem die Rückzahlungsmittteilung veröffentlicht wurde (der "**Rückzahlungszeitraum**"), an die bezeichnete Geschäftsstelle der Hauptzahlstelle eine Mitteilung in Textform (z.B. eMail oder Fax) oder in schriftlicher Form zur vorzeitigen Rückzahlung ("**Ausübungserklärung**") schicken. Falls die Ausübungserklärung nach 17:00 Uhr Frankfurter Zeit am 30. Tag nach Veröffentlichung der Rückzahlungsmittteilung durch die Emittentin eingeht, ist das Wahlrecht nicht wirksam ausgeübt. Die Ausübungserklärung hat anzugeben: (i) den gesamten Nennbetrag der Schuldverschreibungen, für die das Wahlrecht ausgeübt wird und (ii) die Wertpapierkennnummern dieser Schuldverschreibungen (soweit vergeben). Für die Ausübungserklärung kann ein Formblatt, wie es bei der bezeichneten Geschäftsstelle der Hauptzahlstelle in deutscher und englischer Sprache erhältlich ist und das weitere Hinweise enthält, verwendet werden. Die Ausübung des Wahlrechts kann nicht widerrufen werden. Die Rückzahlung der Schuldverschreibungen, für welche das Wahlrecht ausgeübt worden ist, erfolgt nur gegen Lieferung der Schuldverschreibungen an die Emittentin oder deren Order.

## § 6 ZAHLUNGEN

- (1) (a) *Zahlungen auf Kapital.* Zahlungen auf Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 3 an das Clearing System oder dessen Order zur Gutschrift auf die Konten der jeweiligen Kontoinhaber des Clearing Systems.
- (b) *Zahlungen von Zinsen.* Zahlungen von Zinsen auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes 2 an das Clearing System oder dessen Order zur Gutschrift auf die Konten der jeweiligen Kontoinhaber des Clearing Systems und zwar

nach ordnungsgemäßer Bescheinigung gemäß § 1 Absatz 3 (b).

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

(3) *United States.* "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer and the Guarantors shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the date for payment of any amount in respect of any Note is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Business Day**" means a day (other than a Saturday or a Sunday) on which the Clearing System as well as all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET**") are open to effect payments.

(6) *References to Principal and Interest.* Reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount; the Early Call Redemption Amount; the Early Put Redemption Amount; and any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes.

Reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 8.

(7) *Deposit of Principal and Interest.* The Issuer may deposit with the *Amtsgericht* in Frankfurt am Main principal or interest not claimed by Holders within twelve months after the Maturity Date, even though such Holders may not be in default of acceptance. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der festgelegten Währung.

(3) *Vereinigte Staaten.* "**Vereinigte Staaten**" bezeichnet die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin und die Garantinnen werden durch Leistung der Zahlung an das Clearing System oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Gläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Gläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen. Für diese Zwecke bezeichnet "**Zahltag**" einen Tag (außer einem Samstag oder Sonntag) ist, an dem das Clearing System sowie alle betroffenen Bereiche des Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET**") offen sind, um Zahlungen abzuwickeln.

(6) *Bezugnahmen auf Kapital und Zinsen.* Bezugnahmen in diesen Anleihebedingungen auf das Kapital der Schuldverschreibungen sollen, soweit anwendbar, die folgenden Beträge beinhalten: den Rückzahlungsbetrag; den Vorzeitigen Rückzahlungsbetrag (Call); den Vorzeitigen Rückzahlungsbetrag (Put); sowie jeden Aufschlag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbare Beträge (außer Zinsen).

Bezugnahmen in diesen Anleihebedingungen auf Zinsen auf Schuldverschreibungen sollen, soweit anwendbar, sämtliche gemäß § 8 zahlbaren zusätzlichen Beträge einschließen.

(7) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Kapital- oder Zinsbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

**§ 7  
AGENTS**

(1) *Appointment; Specified Offices.* The initial agents and their respective specified offices are:

Principal Paying Agent

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

Fax: +44 207 5413938  
Attn: Global Securities Services

Calculation Agent:

ConvEx  
30 Crown Place  
London EC2A 4EB  
United Kingdom

Fax: +44 207 856 2445  
Attn: Calculation Agency Team

Each agent reserves the right at any time to change its specified office to some other specified office in the same city.

(2) *Termination or Appointment.* The Issuer reserves the right at any time to terminate the appointment of each agent and to appoint another or additional agents. The Issuer will give notice to the Holders in accordance with § 14 of any variation, termination, appointment or any other change 10 days prior to the occurrence of such change. The Issuer shall at all times maintain a Principal Paying Agent.

(3) *Agents of the Issuer.* Each agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for any Holder.

**§ 8  
TAXATION**

All amounts payable in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by

**§ 7  
BEAUFTRAGTE STELLEN**

(1) *Ernennung; bezeichnete Geschäftsstellen.* Die anfänglichen beauftragten Stellen und deren bezeichneten Geschäftsstellen lauten wie folgt:

Hauptzahlstelle:

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
Vereinigtes Königreich

Fax: +44 207 5413938  
zu Hdn.: Global Securities Services

Berechnungsstelle:

ConvEx  
30 Crown Place  
London EC2A 4EB  
Vereinigtes Königreich

Fax: +44 207 856 2445  
zu Hdn.: Calculation Agency Team

Jede beauftragte Stelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch andere bezeichnete Geschäftsstellen in derselben Stadt zu ersetzen.

(2) *Abberufung oder Bestellung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung jeder beauftragten Stelle zu beenden oder zusätzliche oder andere beauftragte Stellen zu bestellen. Die Emittentin wird die Gläubiger von jeder Änderung, Abberufung, Bestellung oder jedem sonstigen Wechsel 10 Tage vor Eintritt der Wirksamkeit einer solchen Veränderung gemäß § 14 informieren. Die Emittentin wird zu jedem Zeitpunkt eine Hauptzahlstelle unterhalten.

(3) *Beauftragte der Emittentin.* Jede beauftragte Stelle handelt ausschließlich als Beauftragte der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern und es wird kein Auftrags- oder Treuhandverhältnis zwischen einer beauftragten Stelle und den Gläubigern begründet.

**§ 8  
STEUERN**

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge sind ohne Einbehalt oder Abzug von oder aufgrund von gegenwärtigen oder zukünftigen Steuern oder sonstigen Abgaben gleich welcher Art zu leisten, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde der oder in der

law. If such withholding is required by law, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction (the "**Additional Amounts**"); except that no such Additional Amounts shall be payable on account of any taxes or duties which:

- (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it; or
- (b) are payable by reason of the Holder having, or having had, some personal or business connection with the relevant tax jurisdiction and not merely, for example, by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the relevant tax jurisdiction; or
- (c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the relevant tax jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or
- (d) are payable by reason of a change in law that becomes effective more than 30 days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 14, whichever occurs later.

### § 9 EVENTS OF DEFAULT

(1) *Events of default.* Each Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Final Redemption Amount plus accrued interest (if any) to the date of repayment, in the event that:

- (a) *Non-Payment of Principal or Interest.* the Issuer fails to pay any amount due under the Notes, or any of the Guarantors fails to pay any amount

Bundesrepublik Deutschland auferlegt oder erhoben werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. Ist ein solcher Einbehalt gesetzlich vorgeschrieben, so wird die Emittentin diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, damit die den Gläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Gläubigern empfangen worden wären (die "**zusätzlichen Beträge**"); die Verpflichtung zur Zahlung solcher zusätzlicher Beträge besteht jedoch nicht im Hinblick auf Steuern und Abgaben, die:

- (a) von einer als Depotbank oder Inkassobeauftragter des Gläubigers handelnden Person oder sonst auf andere Weise zu entrichten sind als dadurch, dass die Emittentin aus den von ihr zu leistenden Zahlungen von Kapital oder Zinsen einen Abzug oder Einbehalt vornimmt; oder
- (b) wegen einer gegenwärtigen oder früheren persönlichen oder geschäftlichen Beziehung des Gläubigers zu der relevanten Steuerjurisdiktion zu zahlen sind, und nicht allein deshalb, weil Zahlungen auf die Schuldverschreibungen aus Quellen, beispielsweise, in der relevanten Steuerjurisdiktion stammen (oder für Zwecke der Besteuerung so behandelt werden) oder dort besichert sind; oder
- (c) aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung über deren Besteuerung, an der die relevante Steuerjurisdiktion oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung oder Vereinbarung umsetzt oder befolgt, abzuziehen oder einzubehalten sind; oder
- (d) wegen einer Rechtsänderung zu zahlen sind, welche später als 30 Tage nach Fälligkeit der betreffenden Zahlung von Kapital oder Zinsen oder, wenn dies später erfolgt, ordnungsgemäßer Bereitstellung aller fälligen Beträge und einer diesbezüglichen Bekanntmachung gemäß § 14 wirksam wird.

### § 9 KÜNDIGUNG

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibung zu kündigen und deren sofortige Rückzahlung zu ihrem Rückzahlungsbetrag zuzüglich (etwaiger) bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) *Nichtzahlung von Kapital oder Zinsen.* die Emittentin oder die Garantinnen, einen auf die Schuldverschreibungen bzw. auf die jeweilige

due under the respective Guarantee (as defined in § 2), within 30 days from the relevant due date; or

- (b) *Breach of other Obligation.* the Issuer fails duly to perform, or is otherwise in breach of, any covenant or undertaking or other agreement of the Issuer in respect of the Notes or any of the Guarantors fails to perform, or is otherwise in breach of, any other obligation arising from the respective Guarantee (other than any obligation for the payment of any amount due in respect of any of the Notes) or the provisions of § 3 hereof are not complied with and such a failure or breach continues unremedied for a period of 30 days after notice thereof has been given to the Issuer or the respective Guarantor; or
- (c) *Cross Default.* any Capital Market Indebtedness (as defined in § 2) or Bank Debt of the Issuer or any of its Subsidiaries in each case in excess of EUR 50,000,000 or the equivalent thereof is declared to be due or otherwise becomes prematurely repayable as a result of a default in respect of the terms thereof, or the Issuer or any of its Subsidiaries fails to fulfil payment obligations in excess of EUR 50,000,000 or the equivalent thereof under any Capital Market Indebtedness or letter of credit or under any guarantee or suretyship given for any Capital Market Indebtedness of others within 30 days from its due date or, in the case of a guarantee or suretyship, within 30 days after the guarantee or suretyship has been invoked, unless or the Issuer or the relevant Subsidiary shall contest in good faith that such payment obligation exists or is due or that such guarantee or suretyship has been validly invoked, or if a security granted therefor is enforced on behalf of or by the creditor(s) entitled thereto; or
- (d) *Liquidation.* the Issuer or any of the Principal Subsidiaries ceases the operation of its business, disposes of all or substantially all of its assets or goes into liquidation (unless this is done in connection with a merger or other form of combination with another company or in connection with a reorganization and such other or new company or, as the case may be, companies effectively assume substantially all of the assets and liabilities of the Issuer, or any of its Principal Subsidiaries); or
- (b) *Verletzung einer sonstigen Verpflichtung.* die Emittentin eine Zusage, Verpflichtung oder sonstige Vereinbarung aus den Schuldverschreibungen nicht erfüllt oder gegen eine solche Verpflichtung (mit Ausnahme der Zahlungsverpflichtungen bezüglich der Schuldverschreibungen) verstößt, oder eine der Garantinnen eine sonstige Verpflichtung aus der betreffenden Garantie nicht erfüllt oder dagegen verstößt, oder die Bestimmungen aus § 3 dieser Anleihebedingungen werden nicht eingehalten, und eine solche Nichterfüllung oder ein solcher Verstoß dauern mehr als 30 Tage nach dem Zeitpunkt fort, nachdem die Emittentin bzw. die betreffende Garantin diesbezüglich gemahnt wurde; oder
- (c) *Drittverzug.* eine Kapitalmarktverbindlichkeit (wie in § 2 definiert) oder Bankverbindlichkeit der Emittentin oder einer ihrer Tochtergesellschaften jeweils in Höhe oder im Gegenwert von mehr als EUR 50.000.000 vorzeitig fällig gestellt oder anderweitig vorzeitig zahlbar wird aufgrund einer Pflichtverletzung der für diese Kapitalmarktverbindlichkeit geltenden Bedingungen, oder die Emittentin oder eine ihrer Tochtergesellschaften kommt Zahlungsverpflichtungen in Höhe oder im Gegenwert von mehr als EUR 50.000.000 aus einer Kapitalmarktverbindlichkeit oder einem Akkreditiv oder aufgrund einer Bürgschaft oder Garantie, die für eine Kapitalmarktverbindlichkeit Dritter gegeben wurde, nicht innerhalb von 30 Tagen nach ihrer Fälligkeit bzw. im Falle einer Bürgschaft oder Garantie nicht innerhalb von 30 Tagen nach Inanspruchnahme aus dieser Bürgschaft oder Garantie nach, es sei denn die Emittentin oder die betreffende Tochtergesellschaft bestreitet in gutem Glauben, dass die Zahlungsverpflichtung besteht oder fällig ist bzw. die Bürgschaft oder Garantie berechtigterweise geltend gemacht wird, oder falls eine für solche Verbindlichkeiten bestellte Sicherheit für die oder von den daraus berechtigten Gläubiger(n) in Anspruch genommen wird; oder
- (d) *Liquidation.* die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften ihren Geschäftsbetrieb einstellt, alle oder im Wesentlichen alle ihre Vermögenswerte veräußert oder in Liquidation geht (es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung, sofern die andere oder neue Gesellschaft oder gegebenenfalls die anderen

- neuen Gesellschaften im Wesentlichen alle Aktiva und Passiva der Emittentin oder ihrer Wesentlichen Tochtergesellschaften übernimmt oder übernehmen); oder
- (e) *Cessation of Payment.* the Issuer or any of the Principal Subsidiaries announces its inability to meet its financial obligations or ceases its payments generally; or (e) *Zahlungseinstellung.* die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften ihre Zahlungsunfähigkeit bekannt gibt oder ihre Zahlungen allgemein einstellt; oder
- (f) *Insolvency etc.* a court opens insolvency proceedings against the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries applies for or institutes such proceedings, or a third party applies for insolvency proceedings against the Issuer or any of its Principal Subsidiaries and such proceedings are not discharged or stayed within 30 days; or (f) *Insolvenz u.ä.* ein Gericht ein Insolvenzverfahren gegen die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften eröffnet, oder die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften ein solches Verfahren einleitet oder beantragt, oder ein Dritter ein Insolvenzverfahren gegen die Emittentin oder eine ihrer Wesentlichen Tochtergesellschaften beantragt und ein solches Verfahren nicht innerhalb einer Frist von 30 Tagen aufgehoben oder ausgesetzt worden ist; oder
- (g) *Breach of obligations vis-à-vis the Holders in the case of a Change of Control.* the Issuer fails to duly perform its obligations under § 5(5) in case of a Change of Control; or (g) *Verletzung der Verpflichtungen gegenüber den Gläubigern bei Kontrollwechsel.* die Emittentin die ordnungsgemäße Erfüllung ihrer Verpflichtungen nach § 5 Absatz 5 im Fall eines Kontrollwechsels unterläßt; oder
- (h) *Adverse Judgments.* a final and enforceable judgment and/or order for the payment of an amount exceeding (individually or when aggregated with other judgment(s) and/or order(s) EUR 50,000,000 (or its equivalent in the applicable currency) is rendered against the Issuer or a Principal Subsidiary and such judgments or orders is not satisfied within a period of 30 days after the rendering of the judgment and/or order or no other steps preventing enforcement have been successfully taken within such 30 days' period; or (h) *Nachteilige Urteile.* ein rechtskräftiges und vollstreckbares Urteil und/oder ein solcher Beschluss zur Zahlung eines Betrags von mehr als (einzeln oder zusammen mit anderen Urteilen/Beschlüssen) EUR 50.000.000 (oder der entsprechende Gegenwert in der jeweils anwendbaren Währung) gegenüber der Emittentin oder einer Wesentlichen Tochtergesellschaft der Emittentin erlassen worden ist und solche Urteile oder Beschlüsse nicht innerhalb von 30 Tagen nach ihrem Erlass erfüllt werden oder keine anderen Schritte zur Abwendung der Zwangsvollstreckung innerhalb dieses Zeitraums von 30 Tagen erfolgreich veranlasst worden sind; oder
- (i) *Expiration of the Subsidiary Guarantees:* one or more of the Subsidiary Guarantees cease(s) to be legally valid and binding (other than (i) as a result of a merger of the relevant Subsidiary Guarantor with the Issuer, with another Guarantor or, provided that the resulting, surviving or transferee entity assumes the relevant Subsidiary Guarantee granted by such merging Subsidiary Guarantor, any other Subsidiary, or (ii) in the events which are expressly set forth in the relevant Subsidiary Guarantee or in these Terms and Conditions). (i) *Erlöschen der Tochter-Garantien:* eine oder mehrere der Tochter-Garantien nicht länger rechtswirksam und bindend sind (ausgenommen (i) als Folge einer Verschmelzung der betreffenden Tochter-Garantin mit der Emittentin, mit einer anderen Garantin oder, sofern der neu gegründete, verbleibende oder übernehmende Rechtsträger die Tochter-Garantie der betreffenden Tochter-Garantin als Garant übernimmt, mit einer anderen Tochtergesellschaft, oder (ii) in den Fällen, die ausdrücklich in der jeweiligen Tochter-Garantie oder in diesen Anleihebedingungen geregelt sind).

No Event of Default shall occur under subparagraph (i) if:

- (i) the relevant Subsidiary Guarantee affected

Der Kündigungsgrund gemäß diesem Unterabsatz (i) tritt nicht ein, wenn:

- (i) die Rechtswirksamkeit und Durchsetzbarkeit der

by the invalidity or unenforceability is reinstated or replaced within 60 days by one or more guarantees of one or more other Subsidiaries whose aggregate earnings before interest, taxes, depreciation and amortisation (calculated on the same basis as EBITDA and based on the data available from the accounting system with respect to such Subsidiary for the most recent four consecutive financial quarters) equals or exceeds the earnings before interest, taxes, depreciation and amortisation (calculated on the same basis as EBITDA) of the Subsidiary Guarantor whose Subsidiary Guarantee is so replaced

- (ii) such invalidity or unenforceability was not caused by acts or events in the control of the Issuer or its Subsidiaries and the reinstatement or replacement of such Subsidiary Guarantee could reasonably be expected to give rise to or result in (y) any violation of applicable law that cannot be avoided or otherwise prevented by the Issuer or the relevant Subsidiary through reasonable (*zumutbare*) measures or (z) any liability for the officers, directors or shareholders of the relevant Subsidiary.

The right to declare Notes due shall terminate if the situation giving rise to it has been cured before the right is exercised.

**"Bank Debt"** means indebtedness incurred under any debt facilities, in each case, with one or more banks or other lenders providing for revolving credit loans, term loans or receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), including the Syndicated Facilities Agreement, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time with indebtedness under debt facilities.

**"Principal Subsidiary"** means any Subsidiary Guarantor and any fully consolidated subsidiary of the Issuer (i) whose net sales as shown by the audited non-consolidated financial statements (or, where the consolidated subsidiary in question itself prepares consolidated financial statements, whose consolidated net sales as shown by the audited consolidated financial statements) (adjusted by intra-group sales

von der Unwirksamkeit oder mangelnden Durchsetzbarkeit betroffenen Tochter-Garantie innerhalb von 60 Tagen wiederhergestellt wird oder die derart betroffene Tochter-Garantie innerhalb von 60 Tagen durch eine oder mehrere Garantien anderer Tochtergesellschaften ersetzt wird, deren aggregierte Erträge vor Zinsen, Steuern und Ab- und Zuschreibungen (berechnet auf derselben Grundlage wie EBITDA und auf der Grundlage der vom Buchungssystem der jeweiligen Tochtergesellschaft für die letzten vier aufeinanderfolgenden Geschäftsquartale verfügbaren Daten) die Erträge vor Zinsen, Steuern und Ab- und Zuschreibungen (berechnet auf derselben Grundlage wie EBITDA) der Tochter-Garantin, deren Tochter-Garantie ersetzt wird, erreicht oder übersteigt, oder

- (ii) die Unwirksamkeit oder mangelnde Durchsetzbarkeit der betroffenen Tochter-Garantie nicht durch zurechenbare Handlungen der Emittentin oder ihrer Tochtergesellschaften verursacht wurde und vernünftigerweise zu erwarten ist, dass die Wiederherstellung oder Ersetzung der betroffenen Tochter-Garantie (y) geltendes Recht verletzen würde und diese Verletzung nicht durch zumutbare Maßnahmen der Emittentin oder der jeweiligen Tochtergesellschaft verhindert werden könnte oder (z) eine Haftung der Geschäftsleiter, leitenden Angestellten oder der Anteilhaber der jeweiligen Tochtergesellschaft begründen könnte.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

**"Bankverbindlichkeiten"** bezeichnet jede Kreditfazilität, bei der jeweils eine oder mehrere Banken oder andere Kreditgeber revolvingende Kredite, Laufzeitkredite oder Forderungsfinanzierungen (einschließlich des Verkaufs von Forderungen an diese Kreditgeber oder an Zweckgesellschaften, die zum Zweck der Mittelaufnahme von diesen Kreditgebern gegen Übertragung solcher Forderungen errichtet wurden) gewähren, einschließlich des Konsortialkreditvertrags, wie jeweils insgesamt oder teilweise geändert, neugefasst, modifiziert, erneuert, umgeschuldet, ersetzt (ob zum Zeitpunkt der Beendigung oder nach der Beendigung oder auf andere Weise) oder durch Kreditfazilitäten refinanziert.

**"Wesentliche Tochtergesellschaft"** bezeichnet jede Tochter-Garantin und jede voll konsolidierte Tochtergesellschaft der Emittentin, (i) deren Nettoumsatz gemäß ihrem geprüften, nicht konsolidierten Jahresabschluss (bzw. wenn die betreffende Tochtergesellschaft selbst konsolidierte Jahresabschlüsse erstellt, deren konsolidierter Umsatz gemäß ihres geprüften, konsolidierten

within the TUI-group) of such consolidated subsidiary used for the purposes of the latest audited consolidated financial statements of the Issuer to have been made up, amount to at least five per cent. of the total net sales of the Issuer and its consolidated subsidiaries as shown by such audited consolidated financial statements of the Issuer or (ii) whose total assets as shown by the audited non-consolidated financial statements (or, where the consolidated subsidiary in question itself prepares consolidated financial statements, whose consolidated total assets as shown by the audited consolidated financial statements) of such consolidated subsidiary used for the purposes of the latest audited consolidated financial statements to have been made up, amount, adjusted by intra-group sales within the TUI group, to at least five per cent. of the total assets of the Issuer and its consolidated subsidiaries as shown by such audited consolidated financial statements of the Issuer. A report by the auditors of the Issuer that in their opinion a consolidated subsidiary is or is not or was or was not at a specified date a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

(2) *Notice.* Any notice, including any notice declaring Notes due in accordance with paragraph (1) ("**Default Notice**"), shall either be made (a) by means of a declaration in text format (*Textform*, e.g. email or fax) or written form in the German or English language sent to the Principal Paying Agent together with a proof that such notifying Holder at the time of such notice is the holder of the Notes by means of a statement of his Custodian (as defined in § 15(3)) or (b) any other appropriate manner.

(3) *Quorum.* In the events specified in subparagraph (1) (b), (c), (g), (h) and/or (i) any Default Notice shall, unless at the time such notice is received any of the events specified in subparagraph (1) (a), (d), (e) or (f) entitling Holders to declare their Notes due has occurred, become effective only when the Principal Paying Agent has received such Default Notices from the Holders representing at least 10% of the aggregate principal amount of Notes then outstanding.

#### § 10

##### AMENDMENT OF THE TERMS AND CONDITIONS, HOLDERS' REPRESENTATIVE, AMENDMENT OF THE GUARANTEE

(1) *Amendment of the Terms and Conditions.* In accordance with the Act on Debt Securities of 2009 (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – "SchVG"*) the Holders may agree with the Issuer on amendments of the Terms

Jahresabschlusses) (bereinigt um Umsätze innerhalb des TUI-Konzerns), der für die Zwecke des letzten geprüften Konzernabschlusses der Emittentin benutzt wurde, mindestens fünf Prozent des Gesamtumsatzes der Emittentin und deren Konzerntochtergesellschaften auf konsolidierter Basis betragen hat, wie aus dem geprüften Konzernabschluss der Emittentin ersichtlich oder (ii) deren Bilanzsumme gemäß ihrem geprüften, nicht konsolidierten Jahresabschluss (oder wenn die betreffende Konzerntochtergesellschaft selbst konsolidierte Abschlüsse erstellt, deren konsolidierte Bilanzsumme gemäß ihrem konsolidierten, geprüften Jahresabschluss) (bereinigt um Umsätze innerhalb des TUI-Konzerns), der für die Zwecke des letzten geprüften, Konzernabschlusses benutzt wurde, mindestens fünf Prozent der konsolidierten Bilanzsumme der Emittentin und ihrer konsolidierten Tochtergesellschaften betragen hat, wie aus dem geprüften Konzernabschluss der Emittentin ersichtlich. Ein Bericht der Wirtschaftsprüfer der Emittentin darüber, ob ihrer Meinung nach eine konsolidierte Tochtergesellschaft zu einem bestimmten Zeitpunkt eine Wesentliche Tochtergesellschaft ist oder war, ist, sofern nicht ein offensichtlicher Irrtum vorliegt, für alle Beteiligten endgültig und bindend.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß Absatz 1 ("**Kündigungserklärung**"), ist entweder (a) in Textform (z.B. eMail oder Fax) oder schriftlich in deutscher oder englischer Sprache und zusammen mit einem Nachweis in Form einer Bescheinigung der Depotbank (wie in § 15 Absatz 3 definiert) oder (b) in einer anderen geeigneten Weise, dass der Benachrichtigende zum Zeitpunkt der Benachrichtigung ein Gläubiger der Schuldverschreibungen ist, an die Hauptzahlstelle zu schicken.

(3) *Quorum.* In den Fällen gemäß Absatz 1 (b), (c), (g), (h) und/oder (i) wird eine Kündigungserklärung, sofern nicht bei deren Eingang zugleich einer der in Absatz 1 (a), (d), (e), oder (f) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Gläubigern im Nennbetrag von mindestens 10% des Gesamtnennbetrages der zu diesem Zeitpunkt noch insgesamt ausstehenden Schuldverschreibungen eingegangen sind.

#### § 10

##### ÄNDERUNG DER ANLEIHEBEDINGUNGEN, GEMEINSAMER VERTRETER, ÄNDERUNG DER GARANTIE

(1) *Änderung der Anleihebedingungen.* Die Gläubiger können entsprechend den Bestimmungen des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (*Gesetz über Schuldverschreibungen aus Gesamtemissionen* -



and Conditions with regard to matters permitted by the SchVG by resolution with the majority specified in paragraph (2). Majority resolutions shall be binding on all Holders. Resolutions which do not provide for identical conditions for all Holders are void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority.* Resolutions shall be passed by a majority of not less than 75% of the votes cast. Resolutions relating to amendments of the Terms and Conditions which are not material and which do not relate to the matters listed in § 5 (3) Nos 1 to 8 of the SchVG require a simple majority of the votes cast.

(3) *Resolution of Holders.* Resolutions of Holders shall be passed at the election of the Issuer by vote taken without a meeting in accordance with § 18 SchVG or in a Holder's meeting in accordance with § 9 SchVG.

(4) *Chair of the vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Holders' Representative (as defined below) has convened the vote, by the Holders' Representative.

(5) *Voting rights.* Each Holder participating in any vote shall cast votes in accordance with the principal amount or the notional share of its entitlement to the outstanding Notes.

(6) *Holders' Representative.* The Holders may by majority resolution appoint a common representative (the "**Holders' Representative**") to exercise the Holders' rights on behalf of each Holder.

The Holders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Holders' Representative shall comply with the instructions of the Holders. To the extent that the Holders' Representative has been authorized to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Holders' Representative shall provide reports to the Holders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the Holders' Representative.

(7) *Amendment of the Guarantees.* The provisions set out above applicable to the Notes shall apply *mutatis mutandis* to the Subsidiary Guarantees.

## § 11 SUBSTITUTION

(1) *Substitution.* The Issuer may, without the consent

"**SchVG**") durch einen Beschluss mit der in Absatz 2 bestimmten Mehrheit über einen im SchVG zugelassenen Gegenstand eine Änderung der Anleihebedingungen mit der Emittentin vereinbaren. Die Mehrheitsbeschlüsse der Gläubiger sind für alle Gläubiger gleichermaßen verbindlich. Ein Mehrheitsbeschluss der Gläubiger, der nicht gleiche Bedingungen für alle Gläubiger vorsieht, ist unwirksam, es sei denn, die benachteiligten Gläubiger stimmen ihrer Benachteiligung ausdrücklich zu.

(2) *Mehrheitserfordernisse.* Die Gläubiger entscheiden mit einer Mehrheit von 75 % der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen nicht geändert wird und die keinen Gegenstand des § 5 (3) Nr. 1 bis Nr. 8 des SchVG betreffen, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte.

(3) *Beschlüsse der Gläubiger.* Beschlüsse der Gläubiger werden nach Wahl der Emittentin im Wege der Abstimmung ohne Versammlung nach § 18 SchVG oder einer Gläubigerversammlung nach § 9 SchVG gefasst.

(4) *Leitung der Abstimmung.* Die Abstimmung wird von einem von der Emittentin beauftragten Notar oder, falls der gemeinsame Vertreter zur Abstimmung aufgefordert hat, vom gemeinsamen Vertreter geleitet.

(5) *Stimmrecht.* An Abstimmungen der Gläubiger nimmt jeder Gläubiger nach Maßgabe des Nennwerts oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

(6) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger bestellen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Gläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Gläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

(7) *Änderung der Garantien.* Die oben aufgeführten auf die Schuldverschreibungen anwendbaren Bestimmungen finden sinngemäß auf die Bestimmungen der Tochter-Garantien Anwendung.

## § 11 ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt,

of the Holders, if no payment of principal or interest on any of the Notes is in default, at any time substitute for the Issuer any Affiliate (as defined below) as principal debtor in respect of all obligations arising from or in connection with this issue (the "**Substitute Debtor**") provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer irrevocably and unconditionally guarantees in favor of each Holder the payment of all sums payable by the Substitute Debtor in respect of the Notes on market standard terms and it is guaranteed that the obligations of the respective Subsidiary Guarantors from the Subsidiary Guarantees (including the Negative Pledge of the Initial Subsidiary Guarantors) apply also to the Notes of the Substitute Debtor (each such guarantee and declaration a "**Substitute Guarantee**") (to each of which the provisions set out above in § 10 applicable to the Notes shall apply *mutatis mutandis*);
- (c) each of the Substitute Debtor and the Issuer have obtained all necessary governmental and regulatory approvals and consents for such substitution and, where relevant, for the issue by the Issuer or, as the case may be, each of the Subsidiary Guarantors of a Substitute Guarantee, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substitute Debtor of its obligations under the Notes and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor in respect of the Notes and the obligations assumed by the Issuer or, as the case may be, each of the Subsidiary Guarantors under the Substitute Guarantees are, in each case, valid and binding in accordance with their respective terms and enforceable by each Holder;
- (d) the Substitute Debtor may transfer to the Principal Paying Agent in the currency required and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor or the Issuer has its domicile or tax residence, all amounts required for the fulfillment of the payment obligations arising under the Notes;

sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger ein mit ihr verbundenes Unternehmen (wie nachfolgend definiert) an ihrer Stelle als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu marktüblichen Standards garantiert, wobei sichergestellt sein muss, dass sich die Verpflichtungen der Tochter-Garantinnen aus der jeweiligen Tochter-Garantie (einschließlich der Negativverpflichtung der anfänglichen Tochter-Garantinnen) auch auf die Schuldverschreibungen der Nachfolgeschuldnerin erstrecken (jede derartige Garantie und Erklärung jeweils eine "**Nachfolgegarantie**") (auf die die oben in § 10 aufgeführten auf die Schuldverschreibungen anwendbaren Bestimmungen sinngemäß Anwendung finden);
- (c) sowohl die Nachfolgeschuldnerin als auch die Emittentin alle staatlichen und behördlichen Genehmigungen und Zustimmungen erhalten haben, die für die Ersetzung und ggf. für die Ausgabe einer Nachfolgegarantie durch die Emittentin bzw. jeder der Tochter-Garantinnen erforderlich sind, und dass die Nachfolgeschuldnerin alle staatlichen und behördlichen Genehmigungen und Zustimmungen erhalten hat, die für die Erfüllung ihrer Verpflichtungen aus den Schuldverschreibungen erforderlich sind, und dass diese Genehmigungen und Zustimmungen rechtskräftig und wirksam sind und dass die von der Nachfolgeschuldnerin in Bezug auf die Schuldverschreibungen und die von der Emittentin bzw. jeder der Tochter-Garantinnen unter den Nachfolgegarantien übernommenen Verpflichtungen jeweils wirksame und gemäß ihren jeweiligen Bedingungen verbindliche Verpflichtungen darstellen, die von jedem Gläubiger durchgesetzt werden können;
- (d) die Nachfolgeschuldnerin berechtigt ist, an die Hauptzahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in der festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben jeder Art abzuziehen oder

- (e) the Substitute Debtor has agreed to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge imposed on such Holder in respect of such substitution; and
- (f) the Issuer shall have made available at an agent appointed for that purpose one opinion for each jurisdiction affected of lawyers of recognized standing to the effect that subparagraphs (a), (b), (c), (d) and (e) above have been satisfied.

For the purposes of this § 11, "**Affiliate**" means any affiliated company (*verbundenes Unternehmen*) within the meaning of § 15 of the German Stock Corporation Act (*Aktiengesetz*).

(2) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor, an alternative reference to the Issuer in its capacity as Guarantor shall be deemed to have been included and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, in the event of such substitution in § 5(2) and § 8 an alternative reference to the Federal Republic of Germany shall be deemed to have been included in addition to the reference according to the preceding sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor. The Issuer is authorised to modify the Global Note representing the Notes and the Terms and Conditions without the consent of the Holders to the extent necessary to reflect the changes resulting from the substitution. Appropriately adjusted global notes representing the Notes together with the Terms and Conditions will be deposited with the Clearing System and will be kept in custody by the common safekeeper on behalf of both ICSDs.

§ 9(1) shall be deemed to be amended to the effect that if any of the Substitution Guarantees ceases to be valid or binding on or enforceable against the Issuer and – subject to the rules of the expiry of the respective Guarantee – the respective Subsidiary Guarantor (provided that the respective Subsidiary Guarantor is not itself the Substitute Debtor) each Holder shall be entitled to declare his Notes due and demand the immediate redemption thereof at their principal amount plus accrued interest thereon (if any) to the date of repayment.

einzubehalten;

- (e) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden; und
- (f) die Emittentin eine Bestätigung bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwältinnen bei einer dafür beauftragten Stelle verfügbar macht, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c), (d) und (e) erfüllt wurden.

Für die Zwecke dieses § 11 bedeutet "**verbundenes Unternehmen**" ein verbundenes Unternehmen im Sinne von § 15 Aktiengesetz.

(2) *Änderung von Bezugnahmen.* Im Fall einer Ersetzung gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin, gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, gilt ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Fall einer Ersetzung Folgendes: In § 5 Absatz (2) und § 8 gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat). Die Emittentin ist berechtigt, die Globalurkunde, die die Schuldverschreibungen verbrieft, und die Anleihebedingungen ohne Einwilligung der Gläubiger in dem Umfang anzupassen, der erforderlich ist, um die aus der Ersetzung resultierenden Änderungen wiederzugeben. Angemessen angepasste Globalurkunden, die die Schuldverschreibungen verbrieften, werden zusammen mit den Anleihebedingungen ins Clearing System eingeliefert und von der gemeinsamen Verwahrstelle (*common safekeeper*) im Namen beider ICSDs verwahrt werden..

§ 9 Absatz (1) gilt dergestalt als ergänzt, dass der Wegfall der Wirksamkeit, Rechtsverbindlichkeit oder Durchsetzbarkeit einer der Nachfolgearantien gegen die Emittentin und - vorbehaltlich der Regelungen der jeweiligen Garantie zu ihrem Erlöschen – gegen die jeweilige Tochter-Garantin (falls die jeweilige Tochter-Garantin nicht selbst die Nachfolgeschuldnerin ist) jeden Gläubiger dazu berechtigt, seine Schuldverschreibungen zu kündigen und deren Rückzahlung zu ihrem Nennbetrag zuzüglich (etwaiger) bis zum Tage der Rückzahlung (ausschließlich) aufgelaufener Zinsen zu verlangen.

(3) *Further Substitution.* At any time after a substitution pursuant to paragraph (1) above, the Substitute Debtor may, without the consent of the Holders, effect a further substitution provided that all the provisions specified in paragraphs (1) and (2) above shall apply, *mutatis mutandis*, and, without limitation, references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute Debtor.

### § 12 PRESENTATION PERIOD

The presentation period provided in § 801 paragraph 1, sentence 1 German Civil Code (*BGB*) is reduced to ten years for the Notes.

### § 13 FURTHER ISSUES AND PURCHASES

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to any Paying Agent for cancellation.

### § 14 NOTICES

(1) *Publication.* If and for so long the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, all notices concerning the Notes shall be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any notice so given shall be deemed to have been validly given on the third day following the date of such publication.

(2) *Notification to Clearing System.* The Issuer may deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Holders. Such notification to the Clearing System will substitute the publication pursuant to paragraph (1) above, provided that the publication of notices pursuant to paragraph (1) is not required by applicable stock exchange rules. Any such notice shall be deemed to have been validly given on

(3) *Weitere Ersetzung.* Nach einer Ersetzung gemäß vorstehendem Absatz 1 ist die Nachfolgeschuldnerin jederzeit berechtigt, ohne Zustimmung der Gläubiger eine weitere Ersetzung durchzuführen, mit der Maßgabe, dass alle in den vorstehenden Absätzen 1 und 2 enthaltenen Bestimmungen entsprechend Anwendung finden und Bezugnahmen in diesen Anleihebedingungen auf die Emittentin, wo der Zusammenhang dies erfordert, ohne Einschränkung als Bezugnahmen auf die weitere Nachfolgeschuldnerin gelten oder diese einschließen.

### § 12 VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt.

### § 13 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN UND ANKAUF

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin behält sich vor, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Begebungstages, des anfänglichen Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Ankauf.* Die Emittentin ist jederzeit berechtigt, Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach ihrer Wahl von ihr gehalten, weiterverkauft oder bei einer Zahlstelle zwecks Entwertung eingereicht werden.

### § 14 MITTEILUNGEN

(1) *Bekanntmachung.* Wenn und solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, und soweit die Regeln der Luxemburger Börse dies verlangen, sind alle die Schuldverschreibungen betreffenden Mitteilungen in elektronischer Form auf der Internetseite der Luxemburger Börse ([www.bourse.lu](http://www.bourse.lu)) zu veröffentlichen. Jede Mitteilung gilt am dritten Tag nach dem Tag der Veröffentlichung als wirksam erfolgt.

(2) *Mitteilungen an das Clearing System.* Die Emittentin kann alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearing System zur Weiterleitung an die Gläubiger der Schuldverschreibungen übermitteln. Eine solche Mitteilung an das Clearing System ersetzt die Veröffentlichung nach vorstehendem Absatz (1), sofern die Veröffentlichung von Mitteilungen gemäß Absatz (1) aufgrund anwendbarer Börsenregeln nicht

the seventh day after the day on which the said notice was given to the Clearing System.

(3) *Form of Notice.* Notices to be given by any Holder shall be made by means of a declaration in text format (*Textform*, e.g. email or fax) or written form in the German or English language to be sent together with an evidence of the Holder's entitlement at the time such notice is made in accordance with § 15(3) or any other appropriate manner to the Principal Paying Agent. Such notice may be given through the Clearing System in such manner as the Principal Paying Agent and the Clearing System may approve for such purpose.

### § 15 FINAL PROVISIONS

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by the laws of Germany.

(2) *Submission to Jurisdiction.* Non-exclusive place of jurisdiction for all proceedings arising out of or in connection with the Notes shall be Frankfurt am Main.

(3) *Enforcement.* Any Holder of Notes may in any proceedings against the Issuer or any Guarantor, or to which such Holder and the Issuer or any Guarantor are parties, protect and enforce in his own name his rights arising under such Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the global Note certified by a duly authorized officer of the Clearing System or a depository of the Clearing System as being a true copy, without the need for production in such proceedings of the actual records or the global Note representing the Notes. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the proceedings.

erforderlich ist. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag, an dem diese Mitteilung an das Clearing System erfolgt ist, als wirksam erfolgt.

(3) *Form der Mitteilung.* Mitteilungen, die von einem Gläubiger gemacht werden, müssen in Textform (z.B. eMail oder Fax) oder schriftlich in deutscher oder englischer Sprache erfolgen und zusammen mit dem Nachweis seiner Inhaberschaft gemäß § 15 Absatz 3 oder in einer anderen geeigneten Weise, dass der Mitteilende zum Zeitpunkt der Mitteilung ein Gläubiger der Schuldverschreibung ist, an die Hauptzahlstelle geleitet werden. Eine solche Mitteilung kann über das Clearing System in der von der Hauptzahlstelle und dem Clearing System dafür vorgesehenen Weise erfolgen.

### § 15 SCHLUSSBESTIMMUNGEN

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht.

(2) *Gerichtsstand.* Nicht-ausschliesslicher Gerichtsstand für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit den Schuldverschreibungen ist Frankfurt am Main.

(3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jedem Rechtsstreit gegen die Emittentin bzw. eine Garantin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin bzw. eine Garantin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearing System eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält; und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearing Systems oder des Verwahrers des Clearing Systems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des

Clearing Systems. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land des Rechtsstreits prozessual zulässig ist.

**§ 16  
LANGUAGE**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

**§ 16  
SPRACHE**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

### Annex A to the Terms and Conditions

"**Consolidated Coverage Ratio**" means as of the relevant Incurrence Date the ratio of (x) the aggregate amount of the Consolidated EBITDA of the Issuer for the period of its most recent four consecutive fiscal quarters ending prior to the date of such determination for which financial statements and the related management report are available to (y) the aggregate amount of the Consolidated Interest Expense of the Issuer for such four fiscal quarters.

"**Consolidated EBITDA**" for any period means, earnings before interest, income taxes, depreciation and impairment (EBITDA) for such period, as shown in the Issuer's (interim) management report prepared in accordance with the applicable requirements of the German Securities Trading Act (WpHG).

"**Consolidated Interest Expense**" means the total interest expense of the Issuer and its consolidated subsidiaries, whether paid or accrued, net of interest income (including interest income on loans or advances to joint ventures), plus, to the extent not included in such interest expense:

- (a) interest expenses attributable to rent and lease obligations to be treated under IFRS as a capital lease;
- (b) amortization of debt discount (but not debt issuance cost);
- (c) non-cash interest expenses (but excluding any non-cash interest expense attributable to the movement in the mark-to-market valuation of hedging obligations or other derivative instruments);
- (d) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing in so far as they qualify as borrowing costs under IFRS IAS 23;
- (e) net costs associated with interest rate hedging (but excluding unrealized gains and losses arising with respect to such hedging); and
- (f) the consolidated interest expenses that were capitalized during such period.

### Anlage A zu den Anleihebedingungen

"**Konsolidierter Deckungsgrad**" bedeutet am relevanten Eingehungstag das Verhältnis (x) des Gesamtbetrags des Konsolidierten EBITDA der Emittentin für den Zeitraum ihrer letzten vier aufeinander folgenden Geschäftsquartale, die vor dem Berechnungszeitpunkt enden, für den Abschlüsse und der zugehörige Lagebericht vorliegen, zu (y) dem Gesamtbetrag des Konsolidierten Zinsaufwands der Emittentin für solche vier Geschäftsquartale.

"**Konsolidiertes EBITDA**" für einen Zeitraum bedeutet das Ergebnis vor Zinsen, Ertragsteuern, Abschreibungen auf Sachanlagen und immaterielle Vermögensgegenstände (*earnings before interest, income taxes, depreciation and impairment*; EBITDA) für diesen Zeitraum ausweislich des nach den Vorgaben des Wertpapierhandelsgesetzes (WpHG) erstellten (Zwischen-)Lageberichts der Emittentin.

"**Konsolidierter Zinsaufwand**" bedeutet die gesamten Zinsaufwendungen der Emittentin und ihrer konsolidierten Tochtergesellschaften, seien es gezahlte oder aufgelaufene Zinsen, gekürzt um Zinseinkünfte (einschließlich Zinseinkünfte aus Darlehen oder Vorschüssen an Gemeinschaftsunternehmen), zuzüglich – soweit nicht in den Zinsaufwendungen enthalten:

- (a) Zinsaufwendungen, die sich auf Miet- und Leasingverbindlichkeiten beziehen, die nach IFRS als *Capital Lease* (Finanzierungsleasing) bilanziert werden;
- (b) die Amortisation eines Disagio nicht jedoch Finanzierungskosten;
- (c) nicht liquiditätswirksame Zinsaufwendungen (ausgenommen jedoch nicht liquiditätswirksame Zinsaufwendungen, die auf Schwankungen bei der Mark-to-Market-Bewertung von Hedgingverpflichtungen oder anderen derivativen Instrumenten zurückzuführen sind);
- (d) Kommissionen, Abschläge und andere Gebühren, die für Akzept- und Wechseldiskontkredite geschuldet sind, insofern als diese gemäß IFRS IAS 23 Fremdkapitalkosten sind;
- (e) Nettokosten, die sich auf Zinssicherungsgeschäfte beziehen (ausgenommen aber nicht realisierte Gewinne und Verluste aus und in Bezug auf solche Sicherungsgeschäfte); und
- (f) die konsolidierten Zinsaufwendungen, die während eines solchen Zeitraums kapitalisiert wurden.

## **THE INITIAL SUBSIDIARY GUARANTEE**

*The following is the text of the Initial Subsidiary Guarantee (excluding its Appendix B (Terms and Conditions)).  
The Initial Subsidiary Guarantee is written in the English language.*

### **GUARANTEE**

of

**Leibniz-Service GmbH  
Preussag Beteiligungsverwaltungs GmbH IX  
Preussag Immobilien GmbH  
TUI Aviation GmbH  
TUI Deutschland GmbH  
TUIfly GmbH  
TUI Belgium N.V.  
TUI Nederland N.V.  
Fritidsresor AB  
TUI Nordic Holding AB  
First Choice Holidays Finance Limited  
First Choice Holidays Limited  
Thomson Airways Limited  
TUI Northern Europe Limited  
TUI Travel Aviation Finance Limited  
TUI Travel Holdings Limited  
TUI Travel Limited  
TUI UK Limited  
TUI UK Transport Limited  
TUI UK Retail Limited**

(each an "Initial Subsidiary Guarantor")

for the benefit of the holders of the

**EUR 300,000,000 2.125% Notes due 26 October 2021 (the "Notes")**

issued by

**TUI AG,  
Hannover, Federal Republic of Germany**

(the "Guarantee")

**dated 21 October 2016**



## IT IS AGREED AS FOLLOWS:

1. Each Initial Subsidiary Guarantor unconditionally and irrevocably jointly and severally (*gesamtschuldnerisch*) guarantees (*garantiert*) by way of a separate and independent payment obligation (*selbständiges Zahlungsversprechen*) to each Holder (as defined in the Terms and Conditions) of the Notes issued by TUI AG (the "**Issuer**") the due and punctual payment of the principal of, and interest on, the Notes and any other amounts which may be expressed to be payable under the Notes, as and when the same shall become due (*fällig*), in accordance with the terms and conditions of the Notes (the "**Terms and Conditions**").

For the avoidance of doubt this Guarantee does not constitute a guarantee upon first demand (*Garantie auf erstes Anfordern*) and, in particular, receipt of such written demand shall not preclude any rights and/or defences the Initial Subsidiary Guarantor may have with respect to any payment requested by a Holder under this Guarantee. This Guarantee is to be construed as an abstract guarantee (*abstrakte Garantie*) as opposed to an accessory suretyship (*akzessorische Bürgschaft*) pursuant to § 765 et seq. of the German Civil Code (*BGB*).

2. This Guarantee constitutes an unconditional, irrevocable, unsecured and unsubordinated obligation of each Initial Subsidiary Guarantor and ranks *pari passu* with all other present or future unsecured and unsubordinated obligations of such Initial Subsidiary Guarantor outstanding from time to time, unless such obligations are accorded priority under mandatory provisions of law.
3. All amounts payable in respect of this Guarantee shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by way of withholding or deduction by or on behalf of the Federal Republic of Germany or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. If such withholding is required by law, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders, after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction (the "**Additional Amounts**"); except that no such Additional Amounts shall be payable on account of any taxes or duties which:
  - (a) are payable by any person acting as custodian bank or collecting agent on behalf of a Holder, or otherwise in any manner which does not constitute a deduction or withholding by the Issuer from payments of principal or interest made by it, or
  - (b) are payable by reason of the Holder having, or having had, some personal or business connection with the relevant tax jurisdiction and not merely, for example by reason of the fact that payments in respect of the Notes are, or for purposes of taxation are deemed to be, derived from sources in, or are secured in, the relevant tax jurisdiction, or
  - (c) are deducted or withheld pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the relevant tax jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding, or
  - (d) are payable by reason of a change in law that becomes effective more than thirty (30) days after the relevant payment becomes due, or is duly provided for and notice thereof is published in accordance with § 14 of the Terms and Conditions, whichever occurs later.
4. If any sum due from an Initial Subsidiary Guarantor under the Guarantee of such Initial Subsidiary Guarantor (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:
  - (a) making or filing a claim or proof against that Initial Subsidiary Guarantor,
  - (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Initial Subsidiary Guarantor shall as an independent obligation, within three (3) Business Days of demand, indemnify each Holder to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (i) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (ii) the rate or rates of exchange available to that person at the time of its receipt of that Sum. Each Initial Subsidiary Guarantor waives any right it may have in any jurisdiction to pay any amount under the Guarantee of such Initial Subsidiary Guarantor in a currency or currency unit other than that in which it is expressed to be payable.

5. Each Initial Subsidiary Guarantor undertakes towards each Holder, so long as any of the Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Principal Paying Agent, not to create or permit to subsist any mortgage, lien, pledge, charge or other security interest *in rem* (the "**Security Interest**") over the whole or any part of their assets to secure any present or future Capital Market Indebtedness (as defined in the Terms and Conditions) without at the same time letting the Holders share *pari passu* and rateably in such Security Interest or giving to the Holders an equivalent other Security Interest. This undertaking shall not apply with respect to:
  - (a) any Security Interest incurred in connection with a Productive Asset Financing (as defined in the Terms and Conditions) and any refinancing indebtedness in respect thereof, provided that the Security Interest only covers the types of assets acquired, constructed, improved or redeveloped in connection with such Productive Asset Financing,
  - (b) any Security Interest on any assets of any entity existing at the time such entity becomes a subsidiary of the Initial Subsidiary Guarantor, provided that such Security Interest was not created in connection with or in contemplation of such acquisition and that the amount secured by such Security Interest is not increased subsequently to the acquisition of such subsidiary of the Initial Subsidiary Guarantor.

## 6. Limitation on Guarantees

### 6.1 GERMANY

- (a) To the extent this Guarantee is made by an Initial Subsidiary Guarantor incorporated or established as a limited liability company (*Gesellschaft mit beschränkter Haftung - GmbH*) in Germany (each such Initial Subsidiary Guarantor a "**German Subsidiary Guarantor**") and is securing debt of an affiliated company within the meaning of section 15 of the German Stock Corporation Act (*Aktiengesetz*) other than its own debt or debt of its (direct or indirect) Subsidiaries, the enforcement of this Guarantee shall be limited if and to the extent the payment of such amounts due under this Guarantee by that German Subsidiary Guarantor has the effect of (i) reducing its assets (the calculation of which shall include all items set forth in Section 266(2) A, B, C, D and E of the German Commercial Code (*Handelsgesetzbuch - "HGB"*) less the German Subsidiary Guarantor's liabilities (the calculation of which shall include all items set forth in Section 266(3) B, C, D, and E of the HGB but shall, for the avoidance of doubt, exclude the liabilities under this Guarantee) and amounts which are subject to legal dividend payment constraints (*Ausschüttungssperren*) pursuant to Section 268(8) HGB)(the "**Net Assets**") (*Nettovermögen*) to an amount less than its stated share capital (*Stammkapital*) (*Begründung einer Unterbilanz*), or (ii) (if its Net Assets are already an amount less than its stated share capital), causing such amount to be further reduced (*Vertiefung einer Unterbilanz*), and thereby affects its assets required for the obligatory preservation of its share capital in accordance with applicable court rulings at the German Federal High Court (*Bundesgerichtshof*) according to Sections 30 and 31 of the German Act for Liability Companies (*Gesetz betreffend die Gesellschaft mit beschränkter Haftung - GmbH-Gesetz*) as amended from time to time.
- (b) Each German Subsidiary Guarantor shall procure that, except as otherwise agreed by the Holders or expressly permitted under the Guarantee, the Terms and Conditions or as permitted by the lenders under the Syndicated Facilities Agreement, the shareholders of the German Subsidiary Guarantor shall not increase the stated share capital (*Stammkapital*) by way of capital increase out of retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*).
- (c) The Net Assets shall be adjusted as follows:
  - (i) any amount of the German Subsidiary Guarantor's registered share capital that is not fully paid up (*voll eingezahlt*) shall be deducted from the stated share capital (*Stammkapital*);
  - (ii) the amount of any increase of capital (*Stammkapital*) effected in violation of paragraph (b) above shall be deducted from the capital (*Stammkapital*);

- (iii) loans received by, and other contractual liabilities of, the relevant German Subsidiary Guarantor which are subordinated within the meaning of Section 39 sub-section 1 no 5 or Section 39 sub-section 2 of the German Insolvency Code (*Insolvenzordnung*) (contractually or by law) shall be disregarded unless (A) a waiver of the repayment claim of the relevant member of the TUI Group granting such loan would violate mandatory legal restrictions applicable to that member of the TUI Group or (B) such waiver of the repayment claim by that member of the TUI Group is not permitted under the Terms and Conditions or the Syndicated Facilities Agreement and the related finance documents; and
  - (iv) loans and other contractual liabilities incurred by such German Subsidiary Guarantor in violation of the Terms and Conditions shall be disregarded.
- (d) In addition, the German Subsidiary Guarantor shall upon request of a Holder realise without undue delay, to the extent legally permitted and commercially justifiable with regard to costs involved, in a situation where after the full enforcement of the guarantee the German Subsidiary Guarantor would not have Net Assets in excess of its respective registered share capital, any and all of its assets that are shown in the balance sheet with a book value (*Buchwert*) that is significantly lower than the market value of the asset unless such asset is necessary for the German Subsidiary Guarantor's business (*betriebsnotwendig*).
- (e) The limitation of the enforcement of the Guarantee pursuant to paragraph (a) above shall only apply if no later than fifteen (15) Business Days following a demand by a Holder to the relevant German Subsidiary Guarantor to make a payment under the guarantee (the "**Payment Demand**") (during which up to 15 Business Days' period (but no longer than until the receipt of the Management Determination (as defined below)) the enforcement shall be excluded), the managing directors on behalf of the German Subsidiary Guarantor have confirmed in writing to the Principal Paying Agent for notification of the Holders
- (i) to what extent the Guarantee granted hereunder is an up-stream or cross-stream guarantee as described in paragraph (a) above and that none of the exemptions described in paragraph (j) below applies (or to what extent they do not apply); and
  - (ii) which amounts of such cross-stream and/or up-stream guarantee cannot be enforced as it would cause the Net Assets of the German Subsidiary Guarantor to be less than its respective registered share capital (taking into account the adjustments set out in paragraph (c) above and the realisation duties set out in paragraph (d) above)
- (the "**Management Determination**") and such confirmation is supported by a reasonably detailed calculation, provided that the relevant Holder shall in any event be entitled to enforce the Guarantee for any amounts where such enforcement would, in accordance with the Management Determination, not cause the German Subsidiary Guarantor's Net Assets to be less than (or fall further below) the amount of its respective registered share capital (in each case as calculated and adjusted in accordance with this Clause 6.1, but subject to paragraph (h) below. If the German Subsidiary Guarantor fails to deliver a Management Determination within the above fifteen (15) Business Days after receipt of the Payment Demand, the relevant Holder shall be entitled to enforce the Guarantee without any limitation or restriction.
- (f) Following receipt by the Principal Paying Agent of the Management Determination, the further enforcement of the Guarantee in an amount that is not enforceable pursuant to the Management Determination delivered pursuant to paragraph (e) above shall be limited for a period of no more than twenty (20) Business Days. If the Principal Paying Agent receives within thirty-five (35) Business Days from the Payment Demand (i) an up-to-date balance sheet of the German Subsidiary Guarantor (which shall be prepared in accordance with the relevant principles set out in this Clause 6.1) together with (ii) a reasonably detailed calculation of the amount enforceable under the Guarantee as set forth herein and explaining any deviations from the Management Determination in each case prepared by auditors of international standard and reputation appointed by the relevant German Subsidiary Guarantor either confirming the Management Determination or setting out deviations from the Management Determination (the "**Auditor's Determination**"), the further enforcement of the Guarantee shall be limited, if and to the extent such enforcement would, in accordance with the Auditor's Determination cause the German Subsidiary Guarantor's Net Assets to be less than (or to fall further below) the amount of its respective registered share capital in each case as calculated and adjusted in accordance with this Clause 6.1. If the German Subsidiary Guarantor fails to deliver an Auditor's Determination within the above thirty-five (35) Business Days after receipt of the Payment Demand, the relevant

Holder shall be entitled to enforce the guarantee without any limitation or restriction, but subject to paragraph (h) below.

- (g) The Management Determination and the Auditor's Determination shall be prepared as of the date of the relevant Payment Demand.
- (h) A Holder that has enforced an amount under the Guarantee is herein also referred to as "**Beneficiary**". If and to the extent that (i) the amount enforceable as determined by the Auditor's Determination is lower than the amount enforced in accordance with the Management Determination or (ii) the guarantee has been enforced without regard to the limitations set out in paragraph (a) above because the Auditor's Determination was not delivered within the relevant time frame set forth in paragraph (f) above but was delivered by no later than forty-five (45) Business Days after receipt of the Payment Demand, the relevant German Subsidiary Guarantor may avail itself of any remedy against the relevant Beneficiary to recover an amount equal to the difference between the amount enforced by the Beneficiary and the amount actually enforceable based on the Auditor's Determination.
- (i) In the case of a German Subsidiary Guarantor organised in the form of a limited partnership in which the general partner is a GmbH (*GmbH & Co. KG*), the provisions set out above shall apply *mutatis mutandis* to the guarantor's general partner (*Komplementär*).
- (j) Notwithstanding the above provisions of this Clause 6.1 the enforcement restrictions set out in paragraph (a) above shall not apply if and to the extent that:
- (i) amounts due and payable under this Guarantee which correspond to proceeds under the Notes are, in each case on-lent to the German Subsidiary Guarantor or any of its (direct and indirect) subsidiaries, provided that restrictions in respect of the German Subsidiary Guarantor's recourse claims (if any) arising as a result of the enforcement of the Guarantee have been waived so that it shall be permitted for the German Subsidiary Guarantor to make use of its right to (A) set off its recourse claim (if any) against the loan obligation in respect of the amounts on-lent to it or (B) otherwise use its recourse claim (if any) to settle or discharge this loan obligation; and
  - (ii) a profit and loss sharing agreement (*Gewinnabführungsvertrag*) and/or a domination agreement (*Beherrschungsvertrag*) between the German Subsidiary Guarantor as dominated entity or, as the case may be, the entity being obliged to share its profits with the other party and the direct shareholder of the German Subsidiary Guarantor as dominating entity or, as the case may be, entity being entitled to receive the profits, is in place other than where the existence of such domination agreement (*Beherrschungsvertrag*) and/or profit and loss sharing agreement (*Gewinnabführungsvertrag*) does not result in the inapplicability of sentence 1 of paragraph 1 of section 30 of the German Act for Limited Liability Companies (*Gesetz betreffend die Gesellschaft mit beschränkter Haftung (GmbH-Gesetz)*) (as stipulated by sentence 2 of such paragraph) with respect to the relevant payments under the Guarantee;
  - (iii) the relevant German Subsidiary Guarantor's Guarantee is covered by a fully valuable consideration or recourse claim (*vollwertiger Gegenleistungs- oder Rückgewähranspruch*) against its shareholder; or
  - (iv) if and to the extent for any other reason (including, without limitation, as a result of a change in the relevant rules of law) the unlimited enforcement of this Guarantee does not constitute a breach of the German Subsidiary Guarantor's obligations to maintain its registered share capital pursuant to Sections 30 et seq. of the German Act for Limited Liability Companies (*Gesetz betreffend die Gesellschaft mit beschränkter Haftung (GmbH-Gesetz)*) and thus the personal liability of the managing directors is excluded, each as amended, supplemented and/or replaced from time to time and provided that the German Subsidiary Guarantor has received conclusive evidence, e.g. in form of a legal opinion issued by reputable legal counsel.
- (k) The enforcement restrictions set out in this Clause 6.1 (do not prejudice the rights of the Holders to demand payment of any outstanding amount at any later point in time (subject always to the operation of the limitation set forth above at the time of such payment demand)).

## 6.2 THE NETHERLANDS

In case of an Initial Subsidiary Guarantor incorporated in the Netherlands (a "**Dutch Guarantor**"), the following limitations with respect to this Guarantee shall apply:

The guarantee and any other obligations and liabilities under this Guarantee shall be deemed not to be assumed by such Dutch Guarantor to the extent that the same would constitute unlawful financial

assistance within the meaning of Article 2:98c Dutch Civil Code (*Burgerlijk Wetboek*) or any other applicable financial assistance rules under any relevant jurisdiction (the "**Prohibition**") and the provisions of this Guarantee shall be construed accordingly. For the avoidance of doubt it is expressly acknowledged that the relevant Dutch Guarantor will continue to guarantee all such obligations which, if included, do not constitute a violation of the Prohibition.

For the purposes of this Section 6.2 "subsidiaries" shall have the meaning of "dochtermaatschappij" as provided in Section 2:24a of the Dutch Civil Code.

In addition, the aggregate obligations and liabilities of each Dutch Guarantor under this Guarantee shall in all circumstances be limited to an amount equal to 90 per cent of the Shareholder Equity as defined and certified by the statutory auditor of TUI Nederland N.V. in the latest audited accounts available at the time of the enforcement of the Guarantee.

### 6.3 SWEDEN

In case of an Initial Subsidiary Guarantor incorporated as a limited liability company in Sweden (a "**Swedish Guarantor**"), the following limitations with respect to this Guarantee shall apply:

The guarantee and any other obligations and liabilities of each Swedish Guarantor under this Guarantee shall in relation to the obligations of members of the TUI Group which are not wholly-owned subsidiaries of such Swedish Guarantor be limited if (and only if) required by an application of the provisions of the Swedish Companies Act (*Sw. aktiebolagslagen*) (2005:551) in force from time to time regulating the distribution of assets (*Sw. värdeöverföring*) (Chapter 17, Sections 1-4), and it is understood that the liability of any such Swedish Guarantor under this Guarantee only applies to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

### 6.4 UNITED KINGDOM

To the extent that this Guarantee is given by an Initial Subsidiary Guarantor incorporated in England and Wales, this Guarantee does not apply to any liability to the extent that it would result in this Guarantee constituting unlawful financial assistance within the meaning of sections 678 or 679 of the Companies Act 2006.

### 6.5 BELGIUM

(a) To the extent that this Guarantee is given by an Initial Subsidiary Guarantor incorporated as a public limited liability company (*naamloze vennootschap*) in Belgium (a "**Belgian Guarantor**"), the guarantee and any other obligations and liabilities under this Guarantee do not apply to any liability to the extent that it would result in this Guarantee constituting unlawful financial assistance within the meaning of Article 629 of the Belgian Companies Code.

(b) In addition, the aggregate obligations and liabilities of each Belgian Guarantor under the Guarantee shall in all circumstances be limited to an amount equal to the higher of:

- (i) the aggregate amount of the proceeds received by the Issuer from the offering of the Notes, made available to such Belgian Guarantor (including by way of on-lending by another member of the TUI Group) and which have not yet been repaid by that Belgian Guarantor at the time of the enforcement of the Guarantee against such Belgian Guarantor; and
- (ii) an amount equal to 90 per cent of the net assets (*netto actief*) (within the meaning given to it in article 617 of the Belgian Companies Code) of that Belgian Guarantor certified by its statutory auditor on the basis of the latest audited accounts available at the time of the enforcement of the Guarantee against such Belgian Guarantor.

7. The obligations of an Initial Subsidiary Guarantor under this Guarantee will be automatically and unconditionally released (but, in case of clauses (ii) and (iii) below, not any payment obligation under the Guarantee which has already become due and payable) without any further action on the part of any Holder (and thereupon shall terminate and be discharged and be of no further force and effect)

- (i) upon discharge in full of the aggregate principal amount of all Notes then outstanding, any interest due thereon, and all other obligations under the Notes then due and owing; or
- (ii) upon or substantially concurrently with the release of any guarantee of such Initial Subsidiary Guarantor granted to secure indebtedness under the Syndicated Facilities Agreement (including any deemed release upon payment in full of all obligations under the Syndicated Facilities Agreement), *provided that* for this purpose a release of all guarantees of such Initial Subsidiary

Guarantor granted to secure indebtedness under the Syndicated Facilities Agreement shall be deemed to have occurred if the only outstanding condition for the release of such guarantees is that the guarantees of such Initial Subsidiary Guarantor granted to secure the Notes will be released,

whereby "**Syndicated Facilities Agreement**" means a revolving credit facilities agreement with a total commitment amount of EUR 1,750,000,000 (including a letter of credit tranche in an aggregate amount of EUR 215,000,000) expressed to be governed by English law originally dated 15 September 2014 (as amended on 26 September 2014 and on 17 December 2015 and as further amended and/or restated from time to time) between, amongst others, TUI AG as company, original borrower and original guarantor, Citigroup Global Markets Limited, J.P. Morgan Limited and UniCredit Bank AG as mandated lead arrangers and bookrunners, the financial institutions listed therein as original lenders and UniCredit Luxembourg S.A. as facility agent, including any extension or refinancing thereof; for the purposes of this definition, the term "**refinancing**" shall mean any Financial Indebtedness (as defined in the Terms and Conditions) that is incurred for the purpose of, and the proceeds of which are used to, repay Financial Indebtedness outstanding under the Syndicated Facilities Agreement; or

- (iii) on the Investment Grade Status Commencement Date.

"**Investment Grade Status Commencement**" Date means the day on which the Issuer is assigned an Investment Grade Rating.

"**Investment Grade Rating**" with respect to the Issuer shall mean that the Issuer has at least any two of the following ratings: a rating of "BBB-" or higher from Standard & Poor's and/or a rating of "Baa3" or higher from Moody's and/or a rating of "BBB-" or higher from Fitch.

"**Standard & Poor's**" means each rating agency of Standard and Poor's Credit Market Services Europe Limited.

"**Moody's**" means each rating agency of Moody's Investors Service Ltd.

"**Fitch**" means each rating agency of Fitch, Inc.

8. This Guarantee and all undertakings contained herein constitute a contract for the benefit of the Holders from time to time as third party beneficiaries pursuant to § 328 (1) German Civil Code (*BGB*). They give rise to the right of each such Holder to require performance of the obligations undertaken herein directly from the Initial Subsidiary Guarantors, and to enforce such obligations directly against the Initial Subsidiary Guarantors. Any Holder has the right in case of non-performance of any payments on the Notes to enforce the Guarantee by filing a suit directly against the Initial Subsidiary Guarantors without the need to take prior proceedings against the Issuer.
9. Certain defined terms used herein are set out in Appendix A hereto. Terms used herein and not otherwise defined herein shall have the meaning attributed to them in the Terms and Conditions set out in Appendix B hereto.
10. The provisions regarding the amendment of the Terms and Conditions by majority resolution shall be applicable *mutatis mutandis* also to this Guarantee (in accordance with the Act on Debt Securities 2009 (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*)).
11. This Guarantee and any contractual and non-contractual obligations under or in connection with this Guarantee shall be governed by, and construed in accordance with, German law.
12. This Guarantee is written in the English language only.
13. The original version of this Guarantee shall be delivered to, and kept by, the Principal Paying Agent.
14. Non-exclusive place of jurisdiction for all legal proceedings arising out of or in connection with this Guarantee against the Initial Subsidiary Guarantors shall be Frankfurt am Main.
15. Without prejudice to any other mode of service allowed under any relevant law, each Initial Subsidiary Guarantor (other than those Initial Subsidiary Guarantors incorporated in Germany) hereby irrevocably appoints the Issuer as its agent authorised to receive service of process, notice and demand on its behalf with respect to any matters relating to the Guarantee (in such capacity, the "**Process Agent**") and hereby agrees that any services of process, notice or demand in respect of the Guarantee made or given by a

Holder to the Process Agent shall be deemed to have been validly made or given to such Initial Subsidiary Guarantor.

16. On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Principal Paying Agent, each Holder may protect and enforce in his own name his rights arising under this Guarantee in any legal proceedings against the Initial Subsidiary Guarantors or to which such Holder and the Initial Subsidiary Guarantors are parties, without the need for production of this Guarantee in such proceedings.

Separate signature pages to follow.

**SIGNATURE PAGES**

**Leibniz-Service GmbH**  
*as Initial Subsidiary Guarantor*

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**Preussag Beteiligungsverwaltungs GmbH IX**  
*as Initial Subsidiary Guarantor*

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**Preussag Immobilien GmbH**  
*as Initial Subsidiary Guarantor*

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**TUI Aviation GmbH**  
*as Initial Subsidiary Guarantor*

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**TUI Deutschland GmbH**  
*as Initial Subsidiary Guarantor*

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**TUIfly GmbH**  
*as Initial Subsidiary Guarantor*

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**TUI Belgium N.V.**  
*as Initial Subsidiary Guarantor*

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**TUI Nederland N.V.**  
*as Initial Subsidiary Guarantor*

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**Fritidsresor AB**  
*as Initial Subsidiary Guarantor*

**APPENDIX A****CERTAIN DEFINITIONS**

"**Additional Amounts**" has the meaning assigned to such term in Section 3 hereof.

"**Auditor's Determination**" has the meaning assigned to such term in Section 6.1 (f) hereof.

"**Belgian Guarantor**" has the meaning assigned to such term in Section 6.5 (a) hereof.

"**Beneficiary**" has the meaning assigned to such term in Section 6.1 (h) hereof.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for general business in Frankfurt am Main and London.

"**Dutch Guarantor**" has the meaning assigned to such term in Section 6.2 hereof.

"**First Currency**" has the meaning assigned to such term in Section 4 hereof.

"**Fitch**" has the meaning assigned to such term in Section 7(iii) hereof.

"**German Subsidiary Guarantor**" has the meaning assigned to such term in Section 6.1 (a) hereof.

"**HGB**" has the meaning assigned to such term in Section 6.1 (a) hereof.

"**Investment Grade Status Commencement Date**" has the meaning assigned to such term in Section 7(iii) hereof.

"**Investment Grade Rating**" has the meaning assigned to such term in Section 7(iii) hereof.

"**Issuer**" has the meaning assigned to such term in Section 1 hereof.

"**Management Determination**" has the meaning assigned to such term in Section 6.1 (e) hereof.

"**Moody's**" has the meaning assigned to such term in Section 7(iii) hereof.

"**Net Assets**" has the meaning assigned to such term in Section 6.1 (a) hereof.

"**Payment Demand**" has the meaning assigned to such term in Section 6.1 (e) hereof.

"**Process Agent**" has the meaning assigned to such term in Section 15 hereof.

"**Prohibition**" has the meaning assigned to such term in Section 6.2 hereof.

"**Second Currency**" has the meaning assigned to such term in Section 4 hereof.

"**Security Interest**" has the meaning assigned to such term in Section 5 hereof.

"**Sum**" has the meaning assigned to such term in Section 4 hereof.

"**Standard & Poor's**" has the meaning assigned to such term in Section 7(iii) hereof.

"**Swedish Guarantor**" has the meaning assigned to such term in Section 6.3 hereof.

"**Syndicated Facilities Agreement**" has the meaning assigned to such term in Section 7(ii) hereof.

"**Terms and Conditions**" has the meaning assigned to such term in Section 1 hereof.

## DESCRIPTION OF RULES REGARDING RESOLUTIONS OF HOLDERS

The Terms and Conditions provide that the Holders may agree to amendments or decide on other matters relating to the Notes by way of resolution to be passed in a meeting (*Gläubigerversammlung*) or by taking votes without a meeting. Any such resolution duly adopted by resolution of the Holders shall be binding on each Holder of the respective issue of Notes, irrespective of whether such Holder took part in the vote and whether such Holder voted in favor of or against such resolution.

Since the Notes are for their life represented by Global Notes, the Terms and Conditions fully refer to the rules pertaining to resolutions of Holders under the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – "SchVG"*). These rules are largely mandatory.

Resolutions of the Holders with respect to the Notes can be passed in a meeting (*Gläubigerversammlung*) in accordance with § 5 et seqq. SchVG or by way of a vote without a meeting pursuant to § 18 and § 9 et seqq. SchVG (*Abstimmung ohne Versammlung*).

The following is a brief summary of some of the statutory rules regarding the convening and conduct of meetings of Holders and the taking of votes without meetings, the passing and publication of resolutions as well as their implementation and challenge before German courts.

### *Rules regarding Holders' Meetings*

Meetings of Holders may be convened by the Issuer or the Holders' Representative, if any. Meetings of Holders must be convened if one or more Holders holding 5% or more of the outstanding Notes so require for specified reasons permitted by statute.

Meetings may be convened not less than 14 days prior to the date of the meeting. Attendance and exercise of voting rights at the meeting may be made subject to prior registration of Holders. The convening notice will provide what proof will be required for attendance and voting at the meeting. The place of the meeting in respect of a German issuer shall be the place of the issuer's registered office, provided, however, that where the relevant Notes are listed on a stock exchange within the European Union or the European Economic Area, the meeting may be held at the place of such stock exchange.

The convening notice shall be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each Holder may be represented by proxy. A quorum exists if Holders' representing by value not less than 50% of the outstanding Notes. If the quorum is not reached, a second meeting may be called at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25% of the aggregate principal amount of outstanding Notes.

All resolutions adopted must be properly published. Since the Notes are represented by one or more Global Notes, resolutions which amend or supplement the Terms and Conditions have to be implemented by supplementing or amending the relevant Global Note(s).

In insolvency proceedings instituted in Germany against an Issuer, a Holders' Representative, if appointed, is obliged and exclusively entitled to assert the Holders' rights under the Notes. Any resolutions passed by the Holders are subject to the provisions of the Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the Terms and Conditions, Holders may bring an action to set aside such resolution. Such action must be filed with the competent court within one month following the publication of the resolution.

### *Specific Rules regarding Votes without Meeting*

In the case of resolutions to be passed by Holders without a meeting, the rules applicable to Holders' Meetings apply *mutatis mutandis* to any taking of votes by Holders without a meeting, subject to certain special provisions. The following summarises such special rules.

The voting shall be conducted by the person presiding over the taking of votes. Such person shall be (i) a notary public appointed by the Issuer, (ii) where a common representative of the Holders (the "**Holders' Representative**") has been appointed, the Holders' Representative if the vote was solicited by the Holders' Representative, or (iii) a person appointed by the competent court.

The notice soliciting the Holders' votes shall set out the period within which votes may be cast. During such voting period, the Holders may cast their votes to the person presiding over the taking of votes. Such notice shall also set out in detail the conditions to be met for the votes to be valid.

The person presiding over the taking of votes shall ascertain each Holder's entitlement to cast a vote based on evidence provided by such Holder and shall prepare a list of the Holders entitled to vote. If it is established that no quorum exists, the person presiding over the taking of votes may convene a meeting of the Holders. Within one year following the end of the voting period, each Holder participating in the vote may request a copy of the minutes of such vote and any annexes thereto from the Issuer.

Each Holder participating in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the person presiding over the taking of votes. If he remedies the objection, the person presiding over the taking of votes shall promptly publish the result. If the person presiding over the taking of votes does not remedy the objection, he shall promptly inform the objecting Holder in writing.

The Issuer shall bear the costs of the vote and, if the court has convened a meeting, also the costs of such proceedings.

## TUI AG AND TUI GROUP

### Statutory Auditors

Independent auditors of the Issuer for the financial year ended 30 September 2014 ("**Financial Year 2013/14**") and the financial year ended 30 September 2015 ("**Financial Year 2014/15**") were PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625 Hanover, Federal Republic of Germany ("**Germany**") ("**PwC**").

PwC is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

### Selected Financial Information relating to the Issuer and the TUI Group

The financial information relating to the Issuer and the TUI Group for Financial Year 2013/14 and Financial Year 2014/15 has been taken or derived from the Issuer's audited consolidated financial statements as of and for Financial Year 2014/15 (the "**2015 Audited Consolidated Financial Statements**"). The financial information for the nine-month period ended 30 June 2016 (including comparative figures for the nine-month period ended 30 June 2015) has been taken or derived from the unaudited but reviewed interim condensed consolidated financial statements of the Issuer as of and for the nine-month period ended 30 June 2016 (the "**2016 Unaudited Interim Condensed Consolidated Financial Statements**").

The 2015 Audited Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the additional requirements of Section 315a para. 1 of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**"). The 2016 Unaudited Interim Condensed Consolidated Financial Statements were prepared in accordance with IFRS as applicable to interim financial reporting (IAS 34).

Where financial information in the tables below is labelled "audited", this means that it was taken from the 2015 Audited Consolidated Financial Statements. The label "unaudited" is used in the tables below to indicate financial information that was not taken from these 2015 Audited Consolidated Financial Statements but was either derived from the 2015 Audited Consolidated Financial Statements or taken or derived from the 2016 Unaudited Interim Condensed Consolidated Financial Statements or the accounting records or internal management reporting systems of the Issuer.

All of the financial data presented in the text and tables in this Prospectus is commercially rounded to one decimal point. Because of this rounding, the figures shown in the tables do not in all cases add up exactly to the respective totals given, and the percentages shown do not always add up exactly to 100%. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available.

Where used in this Prospectus, turnover represents external turnover, except as otherwise stated.

In Financial Year 2014/15, the reporting structure of TUI Group was adjusted to reflect the changes in the management structure of TUI Group resulting from the merger of TUI AG and TUI Travel Limited (formerly TUI Travel PLC; "**TUI Travel**"). With effect from 31 March 2015, the previous segments TUI travel (comprising the businesses Mainstream, Specialist & Activity, Accommodation & Destinations and Other), TUI Hotels and Cruises were replaced by the segments Northern Region, Central Region, Western Region, Hotels & Resorts, Cruises, Other Tourism, Specialist Group, Hotelbeds Group and LateRooms Group. Furthermore, the corporate center functions of TUI Travel, previously included in the TUI Travel segment were allocated to All Other Segments which remain to exist. The prior year figures were restated to reflect this new segment reporting structure.

In the periods covered by the 2015 Audited Consolidated Financial Statements and the 2016 Unaudited Interim Condensed Consolidated Financial Statements, the TUI Group disposed of and/or classified as discontinued a number of its segments, which resulted in changes to the TUI Group's financial statements and segment reporting. In the tables below, figures in the consolidated income statement in the Issuer's 2015 Audited Consolidated Financial Statements and the 2016 Unaudited Interim Condensed Consolidated Financial Statements show the disposed LateRooms Group segment (discontinued in the second quarter of Financial

Year 2014/15) as discontinued operations. The corresponding figures as of and for Financial Year 2013/14 were restated accordingly as shown in the Issuer's 2015 Audited Consolidated Financial Statements.

Furthermore, the figures as of and for Financial Year 2013/14 were restated due to the first-time adoption of IFRS 10 (Consolidated Financial Statements) and IFRS 11 (Joint Arrangements), including the transition guidance, as well as the amendments to IAS 28 (Investments in Associates and Joint Ventures).

Moreover, in anticipation of the sale of Hotelbeds Group which was completed in September 2016, the result relating to Destination Services was carved out from the Hotelbeds Group segment and reported within Other Tourism in the Issuer's 2016 Unaudited Interim Condensed Consolidated Financial Statements. The result relating to the Hotelbeds Group segment (discontinued as of 31 March 2016) is shown as discontinued operations in the consolidated income statement in the Issuer's 2016 Unaudited Interim Condensed Consolidated Financial Statements. The corresponding figures as of and for the nine-month period ended 30 June 2015 were restated accordingly as shown in the Issuer's 2016 Unaudited Interim Condensed Consolidated Financial Statements.

Finally, in preparation for the disposal of Travelopia as a large part of the Specialist Group segment, the result relating to the Crystal Ski and Thomson Lakes & Mountains businesses was reclassified from the Specialist Group segment to the Northern Region segment in the Issuer's 2016 Unaudited Interim Condensed Consolidated Financial Statements. In addition, costs relating to IT services have been reclassified from the segment All Other to the segment Other Tourism, as they relate to TUI Group's Tourism businesses. Minor reclassifications have also been made from the Western Region and Central Region segments to All Other Segments. In the case of the Western Region, smaller tour operators have been combined with other entities to form the LTE business, which is based on a shared IT and web platform and operating mainly outside the Northern, Western and Central Regions, while in the case of the Central Region the reallocated business comprises administrative activities which have been combined within All Other Segments. The figures as of and for the nine-month period ended 30 June 2015 were, in each case, restated accordingly as shown in the Issuer's 2016 Unaudited Interim Condensed Consolidated Financial Statements.

The following selected financial information should be read in conjunction with the 2015 Audited Consolidated Financial Statements and the 2016 Unaudited Interim Condensed Consolidated Financial Statements, including the respective notes thereto, which are incorporated into this Prospectus by reference. Results for the nine-month period ended 30 June 2016 are not necessarily indicative of results that may be expected for the entire year.

### Financial Information Relating to the TUI Group

#### Selected Information from the Income Statement

	Financial Year		Nine-month period ended 30 June	
	2013/14 restated	2014/15	2015 restated	2016
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	18,536.8	20,011.6	11,488.1	11,390.0
Cost of sales	16,300.8	17,616.3	10,769.4	10,665.7
Gross profit	2,236.0	2,395.3	718.7	724.3
Administrative expenses	1,533.8	1,715.4	1,091.0	993.6
Other income	35.9	51.2	44.5	31.9
Other expenses	2.1	8.0	6.8	7.5
Financial income	36.8	37.9	15.2	33.1
Financial expenses	300.9	370.1	153.3	244.0

	Financial Year		Nine-month period ended 30 June	
	2013/14	2014/15	2015	2016
	restated		restated	
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Share of result of joint ventures and associates	26.8	144.5	84.9	101.7
Earnings (loss) before income taxes (EBT)	498.7	535.4	(387.8)	(354.1)
Tax expense (tax income)	212.5	87.0	(232.1)	(62.6)
Result from continuing operations	286.2	448.4	(155.7)	(291.5)
Result from discontinued operations	(15.4)	(68.8)	(13.6)	3.5
Group profit (loss) for the period	270.8	379.6	(169.3)	(288.0)
Group profit (loss) for the year attributable to shareholders of TUI AG	90.4	340.4	(172.3)	(362.0)
Group profit (loss) for the period attributable to non-controlling interests	180.4	39.2	3.0	74.0

#### Turnover, EBITDA and Underlying EBITA

	Financial Year		Last twelve-month period ended 30 June
	2013/2014	2014/2015	2016 <sup>(1)</sup>
	restated		
	(in EUR million)		
	(audited)	(audited)	(unaudited)
Turnover.....	18,536.8	20,011.6	18,919.5
EBITDA from continuing operations <sup>(2)</sup> .....	1,163.6	1,362.0	1,416.7
Underlying EBITA from continuing operations <sup>(2)</sup> .....	869.9	1,069.0	1,048.7

<sup>(1)</sup> Calculated based on the amounts taken from the accounting records for the Financial Year 2014/2015 (figure adjusted for the accounting of Hotelbeds Group as discontinued operations) and the 2016 Unaudited Interim Condensed Consolidated Financial Statements by adding the adjusted amounts for the Financial Year 2014/15 and the nine-month period ended 30 June 2016 and subtracting the corresponding amounts for the nine-month period ended 30 June 2015 (restated).

<sup>(2)</sup> "EBITA" and "EBITDA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group "Underlying EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. TUI Group has calculated "EBITDA" by adjusting "EBITA" for amortization of intangible assets and depreciation of property, plant and equipment. "Underlying EBITA" and "EBITDA" are not measures of operating income, operating performance or liquidity under IFRS. "Underlying EBITA" and "EBITDA" should not be considered in isolation or as substitute for earnings (loss) before income taxes as determined by IFRS, or as an indicator of the Issuer's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "Underlying EBITA" and "EBITDA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "Underlying EBITA" and "EBITDA" as

presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

### Selected Information from the Balance Sheet

	As of 30 September		As of 30 June
	2014 restated	2015	2016
	(in EUR million)		
	(audited)	(audited)	(unaudited)
Non-Current Assets	8,992.2	9,614.0	9,803.4
Thereof:			
Goodwill	3,136.2	3,220.4	2,965.9
Other intangible assets	933.4	911.5	704.6
Property, plant and equipment	2,836.0	3,629.6	3,918.2
Investments in joint venture and associates	1,336.4	1,077.8	1,071.9
Current assets	5,015.0	4,472.5	5,941.5
Thereof:			
Assets held for sale	155.9	42.2	1,193.8
Cash and cash equivalents	2,258.0	1,672.7	1,662.8
Financial liabilities			
Convertible bonds	821.7	—	—
Other bonds	292.4	293.7	294.8
Liabilities to banks	260.7	494.1	458.9
Liabilities from finance leases	500.6	982.0	1,257.9
Financial liabilities due to non-consolidated Group companies	5.6	5.2	6.3
Financial liabilities due to affiliates	—	8.0	8.0
Other financial liabilities	84.6	103.4	95.5
Total financial liabilities	1,965.6	1,886.4	2,121.4

### Selected Information from the Statement of Cash Flows

	Financial Year		Nine-month period ended	
	2013/14 restated	2014/15	2015	2016
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)



	Financial Year		Nine-month period ended 30 June	
	2013/14	2014/15	2015	2016
	restated			
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Cash inflow from operating activities	1,074.5	790.5	515.0	1,040.9
Cash inflow / (outflow) from investing activities	(586.3)	(216.8)	(27.4)	(385.3)
Cash outflow from financing activities	(318.8)	(1,116.7)	(1,061.8)	(566.2)
Net change in cash and cash equivalents	169.4	(543.0)	(574.2)	89.4
Development of cash and cash equivalents:				
Cash and cash equivalents at beginning of period	2,674.0	2,258.0	2,258.0	1,682.2
Cash and cash equivalents at end of period	2,258.0	1,682.2	1,618.1	1,850.1

### Selected Segment Information

#### Northern Region segment

	Financial Year		Nine-month period ended 30 June	
	2013/14	2014/15	2015	2016
	restated		restated	
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	6,200.8	7,014.9	4,305.9	4,285.6
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	428.3	505.3	(11.1)	(26.8)
Underlying EBITA <sup>(1)</sup>	398.3	530.3	8.1	(11.3)

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

*Central Region segment*

	Financial Year		Nine-month period ended 30 June	
	2013/14	2014/15	2015	2016
	restated		restated	
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	5,426.0	5,601.8	3,340.3	3,335.2
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	140.3	72.9	(119.8)	(115.0)
Underlying EBITA <sup>(1)</sup>	163.0	103.5	(97.9)	(106.5)

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

*Western Region segment*

	Financial Year		Nine-month period ended 30 June	
	2013/14	2014/15	2015	2016
	restated		restated	
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	2,970.2	2,903.4	1,660.1	1,650.2
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	61.6	56.6	(78.9)	(88.2)
Underlying EBITA <sup>(1)</sup>	81.7	68.8	(71.1)	(82.2)

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

*Hotels & Resorts segment*

	Financial Year		Nine-month period ended 30 June	
	2013/14 restated	2014/15	2015 restated	2016
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Total Turnover <sup>(1)</sup>	1,164.5	1,252.2	816.9	831.2
Turnover	515.9	574.8	381.2	409.2
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(2)</sup>	199.1	195.7	86.3	138.6
Underlying EBITA <sup>(2)</sup>	202.8	234.6	122.9	140.4

<sup>(1)</sup> Includes both external and TUI-Group-internal turnover

<sup>(2)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

*Cruises segment*

	Financial Year		Nine-month period ended 30 June	
	2013/14 restated	2014/15	2015 restated	2016
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	281.0	273.3	200.0	214.4
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	24.2	80.5	37.6	69.5
Underlying EBITA <sup>(1)</sup>	9.7	80.5	37.6	69.5

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's

operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

#### *Other Tourism segment*

	Financial Year		Nine-month period ended 30 June	
	2013/14 restated	2014/15	2015 restated	2016
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	478.4	496.1	449.8	431.9
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	(27.6)	(26.4)	(53.2)	(31.6)
Underlying EBITA <sup>(1)</sup>	(22.3)	(21.1)	(43.5)	(23.9)

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

#### *Specialist Group segment*

	Financial Year		Nine-month period ended 30 June	
	2013/14 restated	2014/15	2015 restated	2016
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	1,625.5	1,835.1	1,058.2	970.6
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	26.6	38.5	(20.1)	(33.6)
Underlying EBITA <sup>(1)</sup>	45.5	56.2	(3.4)	(10.2)

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not

measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

#### *Hotelbeds Group segment\**

	Financial Year		Nine-month period ended 30 June	
	2013/14	2014/15	2015	2016
	restituted			
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	999.7	1,227.1	—	—
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	29.1	82.3	—	—
Underlying EBITA <sup>(1)</sup>	101.7	116.8	—	—

\* Discontinued as of 31 March 2016.

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

#### **All Other Segments**

	Financial Year		Nine-month period ended 30 June	
	2013/14	2014/15	2015	2016
	restituted		restituted	
	(in EUR million)			
	(audited)	(audited)	(unaudited)	(unaudited)
Turnover	39.3	85.1	92.6	92.9
Earnings before interest, taxes and impairment of goodwill (EBITA) <sup>(1)</sup>	(104.4)	(140.1)	(88.9)	(51.7)
Underlying EBITA <sup>(1)</sup>	(110.5)	(100.6)	(57.7)	(32.7)

<sup>(1)</sup> "EBITA" and "Underlying EBITA" are non-IFRS financial measures. There are no generally accepted accounting principles governing the calculation of non-IFRS measures. TUI Group defines "EBITA" as earnings before interest, taxes, goodwill

impairment, losses incurred in the Container Shipping investment measured at equity, gains and losses from the sale of investments in Container Shipping, and Net Interest expense and expense from measurement of interest hedges. TUI Group Underlying "EBITA" is derived by adjusting "EBITA" for gains on disposal of investments, expenses in the framework of restructuring measures, effects of purchase price allocations and other one-off items. "EBITA" and "Underlying EBITA" are not measures of operating income, operating performance or liquidity under IFRS. These measures should not be considered in isolation or as substitute for Earnings (loss) before income taxes as determined by IFRS, or as an indicator of the TUI Group's operating performance, or of cash flows from operating activities as determined in accordance with IFRS. The manner in which TUI Group measures "EBITA" and "Underlying EBITA" may not be consistent with the manner in which these measures or other measures with similar names are calculated by other companies. Accordingly, "EBITA" and "Underlying EBITA" as presented by TUI Group may not be comparable to these measures or other measures with similar names as presented by other companies.

### **Auditing of Historical Annual Financial Information**

The Issuer's consolidated financial statements as of and for Financial Year 2014/15 and the Issuer's consolidated financial statements as of and for Financial Year 2013/14 have been audited by PwC in accordance with Section 317 HGB, and PwC issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) on each of the consolidated financial statements as of and for Financial Year 2014/15 and as of and for the Financial Year 2013/14.

The interim condensed consolidated financial statements of the Issuer as of and for the nine-month period ended 30 June 2016 have not been audited but have been reviewed by PwC and PwC issued an unqualified review report in accordance with Section 37w para. 5 of the German Securities Trading Act (*Wertpapierhandelsgesetz*, "**WpHG**") thereon.

### **Information about the Issuer**

The Issuer was originally founded as a state-owned entity by the Prussian state government in 1923 under the name "Preussische Bergwerks- und Hütten-Aktiengesellschaft" to own and operate the Prussian state's coal and non-ferrous metal mines, smelters and salt works. The Issuer was partially privatised in 1959 and fully privatised in 1969. In 1964, the Issuer changed its name to PREUSSAG Aktiengesellschaft. Until the mid-1990s, the Issuer was active predominantly in the areas of industry, transport and natural resources.

In the early 1990s, prospects for the TUI Group's traditional activities became less attractive. For this reason the Issuer made the strategic decision to concentrate on new growth sectors and dispose of most of its industrial activities. Accordingly, the Issuer implemented its strategy to reorient the TUI Group's focus on tourism and logistics from the mid-1990s on. In 2002, the Issuer changed its name to TUI AG. In 2006, the Issuer sold its last industrial holding. In 2007, the Issuer established TUI Travel by merging its distribution, tour operator and airline destination services operations with those of First Choice Holidays PLC. After selling a majority shareholding in its Hapag-Lloyd container shipping business in March 2009, the Issuer now focusses fully on its core tourism business.

The recent major steps of the transformation to TUI Group's current structure were:

- 2007 Establishment of TUI Travel by merging the TUI Group's distribution, tour operator, airline and destination services operations with those of First Choice Holidays PLC
- 2008 Establishment of TUI Cruises GmbH, a joint venture of TUI AG and Royal Caribbean Cruises Ltd.
- 2009 Sale of 56.7% stake in Hapag-Lloyd AG ("Hapag-Lloyd")
- 2009 Divestment of the city route network of TUIfly, which was taken over by Air Berlin plc
- 2010 Increase of stake in Hapag-Lloyd to 49.8% through conversion of a loan into equity
- 2011 Sale of 11.3% stake in Hapag-Lloyd reducing the Issuer's holding in Hapag-Lloyd to 38.4%
- 2012 Sale of indirect stake in Hapag-Lloyd reducing the Issuer's holding in Hapag-Lloyd to 22.04%
- 2014 Merger of TUI AG and TUI Travel

Share capital increase of Hapag-Lloyd against contribution of CSAV container shipping business. dilution of the Issuer's holding in Hapag-Lloyd to 13.99%

- 2015 Hapag-Lloyd IPO, further dilution of the Issuer's holding in Hapag-Lloyd to 12.3%.
- 2016 Divestment of the Hotelbeds Group, which was acquired by funds advised by Cinven Partners LLP and the Canada Pension Plan Investment Board

As a result of the implementation of the TUI Group's reorientation strategy, the Issuer transformed the TUI Group from an industrial conglomerate to a tourism group with a strong focus on tour operating, hotels and resorts and cruises.

As of the date of this Prospectus, the Issuer's legal name is TUI AG. The Issuer's commercial name is "TUI AG" or "TUI". The Issuer's registered offices are in Berlin and Hanover, Germany. The Issuer is registered in the commercial register (*Handelsregister*) of the district court (*Amtsgericht*) of Berlin-Charlottenburg under HRB 321 and the commercial register of the district court (*Amtsgericht*) of Hanover under HRB 6580. Its business address is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany. The Issuer can be reached by telephone at +49 511 566 00.

As a stock corporation (*Aktiengesellschaft*) established under German law, TUI AG is subject to the German Stock Corporation Act (*Aktiengesetz*). The Issuer's financial year ends on 30 September of each calendar year. The Issuer was established for an indefinite term.

As a result of the strategic review of its Specialist Travel segment, TUI Group disposed of Hotelbeds Group, formerly part of this segment, for an enterprise value of EUR 1.2 billion. In connection with the disposal, TUI Group incurred transaction costs and tax effects in an amount of approximately EUR 125 million. Following TUI Group's internal settlements of financial debt and receivable positions (amongst other TUI Group internal transactions), the transaction closed in September 2016. On 30 September 2016, TUI Group used GBP 150.0 million of the disposal proceeds to make an extra ordinary contribution into pension schemes in the United Kingdom to reduce its pension deficit. The remaining proceeds from the disposal (post transaction costs and tax payments relating to the overall transaction) are intended to be used for general corporate purposes and future investments. Apart from the aforementioned sale of Hotelbeds Group, there have been no recent events particular to the TUI Group since 30 September 2015, which are to a material extent relevant to the evaluation of the Issuer's solvency.

## **Business Overview**

### **Organisational Structure**

The Issuer is the holding company of the TUI Group, with no material independent business operations or significant assets other than investments in its subsidiaries.

### **Corporate Purpose of the Issuer**

Pursuant to Article 3 of the Issuer's articles of association (*Satzung*) (the "**Articles of Association**"), the corporate purpose (*Unternehmensgegenstand*) of the Issuer is to engage on a commercial basis in tourism and shipping (including all associated services and project developments), the acquisition of interests in enterprises active in tour operating, commercial air transportation, passenger and freight shipping (in particular container shipping) as well as the container transport business, the hotel industry, the leisure industry, in travel agents as well as other services, namely in its own facilities or in affiliated companies, as well as the bundling of affiliated companies under a centralised management.

The Issuer is entitled to undertake all kinds of business and measures deemed necessary or expedient for achieving the purpose of the Issuer, in particular to establish or acquire other enterprises or to participate therein as well as to transfer its operations in total or in part to such enterprises, or put them into same, to establish branches at home and abroad, and also to conclude joint interest agreements and inter-company agreements.

### **Principal Activities**

#### *Overview*

The Issuer believes that it is the largest integrated leisure travel group in Europe by turnover and the world's leading tourism group. As a vertically integrated leisure travel group, TUI Group's brands offer an end-to-end holiday experience for customers. TUI Group operates a multi-channel distribution network, which is comprised

of its tour operators, TUI Group's own and third-party travel agencies, and its direct sales activities. As of the date of this Prospectus, TUI Group is serving around 20 million customers in over 180 regions.

In Financial Year 2014/15 and in the nine-month period ended 30 June 2016, TUI Group generated turnover of EUR 20,011.6 million and of EUR 11,390.0 million, respectively, as well as Underlying EBITA of EUR 1,060.5 million and of EUR (31.8) million, respectively. As of 30 June 2016, TUI Group had 76,199 employees.

Tourism is the TUI Group's core business, comprising the TUI Group's Northern Region, Central Region and Western Region as well as the Hotels & Resorts, Cruises and Other Tourism segments. Specialist Travel and All Other Segments comprise other, non-core businesses not related to the Group's Tourism business.

The following table sets out the TUI Group's segment structure as of the date of this Prospectus.

Tourism Business				Specialist Travel	All Other Segments
Source Markets	Hotels & Resorts	Cruises	Other Tourism	Specialist Group	
• Northern Region	• Riu	• Hapag-Lloyd Cruises	• Corsair	• Travelopia <sup>(1)</sup>	• Corporate Center
• Central Region	• Robinson	• TUI Cruises	• Central tourism functions		• Real estate
• Western Region	• Other hotel companies		• Destination services		• Hapag-Lloyd <sup>(2)</sup>

<sup>(1)</sup> Disposal of Travelopia in preparation.

<sup>(2)</sup> Classified as a financial asset held for sale which is held indirectly through TUI-Hapag Beteiligungs GmbH.

The Northern Region segment comprises the tour operators, airlines and cruise business in the United Kingdom, Ireland and the Nordics. In addition, the Canadian strategic venture Sunwing and the joint venture TUI Russia are included in this segment. The Central Region segment comprises the tour operators in Germany, Austria, Switzerland and Poland as well as the TUIfly airline. The Western Region segment includes the TUI tour operators and airlines in Belgium and the Netherlands and the tour operators in France.

The Hotels & Resorts segment includes majority participations in hotels, joint ventures with local partners, companies in which TUI Group holds a financial stake and hotels operated under management contracts. Hotels & Resorts is the link between tour operators and hotel partners. TUI Group has structured this segment into three different hotel groups: Riu, Robinson and other hotel companies such as Iberotel, Grupotel and other brands such as Jaz and Magic Life as well as the hotels previously managed in the former TUI Travel segment. Furthermore, in May 2016, TUI Group commenced its new hotel brand TUI Blue with the opening of two new hotels in Turkey, which have been repositioned from existing hotel brands into the TUI Blue brand. Furthermore, TUI Group plans to open new TUI Blue hotels in Tenerife and Austria in November 2016, Germany in December 2016, Italy in spring 2017 and Croatia in summer 2017.

The TUI Group's Cruises segment comprises two companies with distinct offerings and target markets. Hapag-Lloyd Kreuzfahrten GmbH, acting under the commercial name Hapag-Lloyd Cruises ("**Hapag-Lloyd Cruises**") and TUI Cruises GmbH ("TUI Cruises"). Hapag-Lloyd Cruises holds a leading position in the German-speaking market with its fleet in the luxury and expedition cruise segments. TUI Cruises, which TUI Group operates as a joint venture with Royal Caribbean Cruises Ltd., offers a differentiated cruise format targeted at the German premium market.

The Other Tourism segment comprises the French airline Corsair, central tourism functions such as the TUI Group's flight control and information technology departments and destination services. Destination services (previously allocated to the Hotelbeds Group segment) provide incoming services for tour operators, such as airport transfers, excursions and resort services, as well as services for the cruise sector. TUI Group recently implemented its one service team and a single strategic customer platform for all tourism activities within the TUI Group.



Specialist Travel comprises the Specialist Group segment, which combines the specialist and adventure tour operators in Europe, North America and Australia. It includes tour operators offering market-leading travel experience and adventures, tour operators for student trips and language courses, provider of charter yachts, premium tour operators and providers of skiing and other sport tours.

All Other Segments comprises among other miscellaneous activities, the corporate center functions of TUI AG and interim holdings, as well as other operative units, such as the TUI Group's real estate companies. All Other Segments also includes intersegment consolidation effects.

TUI Group continuously monitors and regularly evaluates its business portfolio to focus on growth in key areas. In pursuit of its strategy to focus on its core tourism business, TUI Group has systematically divested non-core businesses not related to the Group's Tourism business. For example, TUI Group disposed of Hotelbeds Group in mid-September 2016, and in May 2016 announced its intention to dispose of its Specialist Group segment comprising Travelopia, and intends to continue to divest other businesses that no longer fit its strategic focus and profitability requirements.

#### *TUI Group's Tourism Business*

As a vertically integrated leisure tourism group, TUI Group offers an end-to-end holiday experience to the customer, from the inspiration and planning stage, through to booking, flights, accommodation (often on an all-inclusive basis), transfers and activities during stay. In Financial Year 2014/15 and in the nine-month period ended 30 June 2016, TUI Group reported a turnover in its Tourism business of EUR 16,864.3 million and EUR 10,326.5 million accounting, in each case, for over 84% of turnover of all of TUI Group's segments. In the same periods, the TUI Group's Tourism segment reported an underlying EBITA of EUR 996.6 million and negative underlying EBITA of EUR 14.0 million, respectively. As of 30 September 2015, TUI Group had 58,090 employees and as of 30 June 2016 60,964 employees in its Tourism business.

TUI Group's tourism business comprises the TUI Group's segments Northern Region, Central Region and Western Region and the segments Hotels & Resorts and Cruises.

#### *Northern Region*

The Northern Region segment comprises the tour operators, airlines and cruise business in the United Kingdom, Ireland and the Nordics. In addition, the Canadian strategic venture Sunwing and the joint venture TUI Russia are included in this segment. In Financial Year 2014/15, the Northern Region segment generated turnover of EUR 7,014.9 million, underlying EBITA of EUR 530.3 million and had 14,102 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, the Northern Region segment generated turnover of EUR 4,285.6 million, negative underlying EBITA of EUR 11.3 million and had 14,634 employees (including 379 employees from Crystal Ski and Thomas Lakes & Mountains).

TUI Group believes it has a number one market position in the highly-consolidated market in the United Kingdom, through its tour operator brands Thomson and First Choice. The business in the United Kingdom is characterised by high levels of unique content and direct distribution, in particular through the online channel. The Thomson website is the most visited travel website in the United Kingdom. TUI Group's most successful unique brands in the United Kingdom and Ireland include Sensatori and Holiday Villages. In the United Kingdom Thomson Cruises operates a five ship fleet, which TUI Group intends to fully modernise in the next few years, starting with the commissioning of a sixth ship, TUI Discovery, in June 2016 and the commissioning of an additional ship, TUI Discovery 2, planned for Summer 2017. Furthermore, with the planned replacement of older vessels by redeploying the ships "Mein Schiff 1" and "Mein Schiff 2" currently operated by TUI Cruises to Thomson Cruises, TUI Group intends to further modernise its fleet and secure its market share in the cruise market in the United Kingdom. Moreover, TUI Group flies over 90% of the package holiday customers in the United Kingdom with its own airline, Thomson Airways. TUI Group's key destinations offered in the United Kingdom and Ireland are the Canary Islands, the Balearic Islands and Greece.

Furthermore, TUI Group believes that it has a number two market position in the Nordics (Norway, Finland, Sweden and Denmark) through its key brands Fritidsresor, StarTour and Finnmatkat. The Nordics business is characterised by high levels of unique content and online distribution, with a small number of retail shops and no printed brochures for the core brands, which has helped to reduce distribution costs significantly. In the Nordics, TUI Group flies approximately 50% of its customers with its own airline, TUIfly Nordic, and uses third parties to fulfill other flight capacity requirements. The key destinations that TUI Group offers in the Nordics are the Canary Islands, Greece and the Balearic Islands.

The following table sets out the key performance indicators of TUI Group's Northern Region segment.

Key Performance Indicators	Financial Year	Financial Year	Nine-month period ended	Nine-month period ended
	2013/14	2014/15	30 June 2016	30 June 2016
Customers ('000) <sup>(1)</sup>	6,781	6,943	4,368	4,437
Direct distribution mix (percentage of holidays directly distributed to the customer (retail and online) of entire holidays offered by TUI Group) (%)	68	70	91	91
Online mix (percentage of holidays distributed by online channels of entire holidays offered by TUI Group) (%)	38	41	58	62

<sup>(1)</sup> Customer numbers include Crystal Ski and Thomson Lakes & Mountains (formerly allocated to the Specialist Group segment). Excluding guest numbers from TUI Group's Canadian joint venture Sunwing and TUI Russia.

### Central Region

The Central Region segment comprises the tour operators in Germany, Austria, Switzerland and Poland as well as the airline TUIfly. In Financial Year 2014/15, the Central Region segment generated turnover of EUR 5,601.8 million, underlying EBITA of EUR 103.5 million and had 12,247 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, the Central Region segment generated turnover of EUR 3,335.2 million, negative underlying EBITA of EUR 106.5 million and had 11,751 employees as of 30 June 2016.

TUI Group provides its services mainly through its key tour operator brands, which include TUI (rated the most trusted travel brand in Germany since 2006 (source: Reader's Digest Trusted Brands 2015), 1-2-FLY, L'tur and Berge & Meer. By turnover, TUI Group was the largest tour operator in the German market in 2014 and 2015 (until 31 October) (source: FVW dossier Deutsche Veranstalter, 2015).

The market in Germany is relatively fragmented, with a large number of smaller tour operators and travel retailers. In addition to package holidays involving air travel, German tour operators also sell a significant volume of overland holidays. The German source-market is characterised by growing volumes of unique holidays and relatively low levels of direct distribution and online penetration, with a large proportion of holidays sold by third-party retailers. The Issuer believes that approximately two-thirds of its German customers booking an overseas holidays depart with TUI Travel's airline, TUIfly, with the remainder (in particular long-haul) through flights operated by non-group chartered and scheduled airlines. In Financial Year 2014/15, TUIfly sold approximately 54% of its seats through its tour operators, with the remaining capacity sold to Air Berlin on a long-term basis for use in scheduled operations.

The key destinations that TUI Group offers in Germany are the Balearic Islands, Turkey and the Canary Islands.

The Issuer believes that it has market-leading positions through its tour operators in its other smaller source markets Austria, Switzerland and Poland.

In Austria, TUI Group focuses on its large portfolio of long- and short-haul destinations with a particular emphasis on the Eastern Mediterranean Sea, especially Turkey and Greece, as well as on its overland products. The tour operating activities are supported by a large own retail network. In Switzerland, TUI Group believes that it is among the top three tour operators targeting four and five stars hotels on mid-haul destinations and focused on the growth of its brands TUI and Airtours. In Poland, TUI operates an extensive online business and offers all key destinations in the Mediterranean and on long-haul flights. In Poland TUI is particularly strong positioned in the overland business, especially with respect to Bulgaria.

The following table sets out the key performance indicators of TUI Group's Central Region segment.

Key Performance Indicators	Financial Year	Financial Year	Nine-month period ended 30 September 2015	Nine-month period ended 30 June 2016
	2013/14	2014/15		
Customers ('000) <sup>(1)</sup>	7,115	7,168	4,251	4,025
Direct distribution mix (percentage of holidays directly distributed to the customer (retail and online) of entire holidays offered by TUI Group) (%)	39	44	48	51
Online mix (percentage of holidays distributed by online channels of entire holidays offered by TUI Group) (%)	12	15	16	17

<sup>(1)</sup> Germany customers restated to include seat only sales distributed by TUIfly.com.

#### Western Region

The Western Region segment includes the TUI tour operators and airlines in Belgium and the Netherlands and the tour operators in France. In Financial Year 2014/15, the Western Region segment generated turnover of EUR 2,903.4 million, underlying EBITA of EUR 68.8 million and had 5,700 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, the Western Region segment generated turnover of EUR 1,650.2 million, negative underlying EBITA of EUR 82.2 million and had 5,521 employees as of 30 June 2016.

The Issuer believes that TUI Group has a strong market position in France through its brands Marmara, Nouvelles Frontières, Passion Des Iles and Aventuria. The French market has been highly fragmented in the past, however, it has recently experienced consolidation with the acquisition of Fram by Promovacances. The Issuer aims to further strengthen its market position in France through the acquisition of Transat France, which will be completed in October 2016. In France, customer demand has been weak for several years as a result of the poor consumer environment, and subdued demand for North African/Turkey destinations following political unrest. TUI Group has therefore significantly reduced capacity in the region and is now refocusing other European destinations. Furthermore, TUI Group has undertaken a wide-ranging restructuring program to streamline its distribution network and reduce back-office overhead. The key destinations TUI Group offers in the Western Region are Spain, Greece and Italy.

The Issuer believes that it has market leading positions in the Dutch and Belgian markets, where TUI Group operates retail, airline and tour operating businesses. In the Netherlands, the Issuer was able to further strengthen its market position through the recent launch of its brand migration in October 2015. Rebranding in Belgium will follow in autumn 2016 (see also "Trademarks and Licences").

The following table sets out the key performance indicators of TUI Group's Western Region segment.

Key Performance Indicators	Financial Year	Financial Year	Nine-month period ended 30 June 2015	Nine-month period ended 30 June 2016
	2013/14	2014/15		
Customers ('000) <sup>(1)</sup>	4,948	5,031	3,050	3,032
Direct distribution mix (percentage of holidays directly distributed to the customer (retail and online) of entire holidays offered by TUI Group) (%)	66	68	68	70
Online mix (percentage of holidays distributed by online channels of entire holidays offered by TUI Group) (%)	45	48	49	52

<b>Key Performance Indicators</b>	<b>Financial Year</b>	<b>Financial Year</b>	<b>Nine-month period ended</b>	<b>Nine-month period ended</b>
	<b>2013/14</b>	<b>2014/15</b>	<b>30 June 2015</b>	<b>30 June 2016</b>

Group) (%)

<sup>(1)</sup> Germany customers restated to include seat only sales distributed by TUIfly.com.

### *Hotels & Resorts Segment*

With 300 hotels and 211,548 beds managed in the Hotels & Resorts segment as of 30 June 2016, the Issuer believes it is globally the largest leisure hotelier based on capacity. In Financial Year 2014/15, the Hotels & Resorts segment generated turnover of EUR 574.8 million, an underlying EBITA of EUR 234.6 million and had 24,373 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, the Hotels & Resorts segment generated turnover of EUR 409.2 million and an underlying EBITA of EUR 140.4 million and had 24,313 employees.

TUI Group operates nineteen hotel brands (including Riu and Robinson) covering a wide range of hotel concepts. As of 30 June 2016, 276 of TUI Group's hotels were in the four or five star categories. As of 30 June 2016, 44% were operated in the framework of management contracts, 38% were owned by the respective hotel company, 15% were leased and 3% of the hotels were managed under franchise agreements. TUI Group's hotels located in the Western Mediterranean account for the largest part in TUI Group's hotel portfolio (31.0%), followed by Eastern Mediterranean (excluding Turkey) (15.3%), Egypt (14.7%), the Caribbean (13.7%), Turkey (9.0%), Germany, Austria, Switzerland, Maldives, Bulgaria and Cape Verde Islands (9.0%), Tunisia (3.7%), Morocco (2.7%), Mauritius (0.7%) and the United Arab Emirates (0.3%).

Hotels & Resorts includes majority participations in hotels, joint ventures with local partners, companies where TUI holds a financial stake enabling it to exert a strong influence, and hotels operated under management contracts. Hotels & Resorts is the link between tour operators and hotel partners, thus ensuring the strong positioning of the hotel brands within the TUI Group and among competitors. Apart from strategic planning, pioneering new hotel formats and providing operative support, it also coordinates the marketing and distribution activities and the environmental and social measures undertaken by the hotel companies.

The Hotels & Resorts segment primarily provides hotel capacity for TUI Group's tour operators in strategically important destinations. The occupancy rate of the hotels managed in TUI Group's Hotels & Resorts segment is therefore largely driven by TUI Group's own tour operators. The quality level provided by TUI Group's hotels also plays an important role in driving occupancy rates. The average occupancy rate in TUI Group's Hotel & Resorts segment was 74% as of 30 June 2016. In the Issuer's experience, the overall customer satisfaction with respect to their holiday package depends to a large extent on the level of customer satisfaction with TUI Group's hotels.

The conditions under which TUI Group's hotels provide room capacity to TUI Group's own and third-party tour operators (for example, in terms of pricing, level of exclusivity, capacity guarantees, quality levels etc.) are negotiated independently by TUI Group's hotels and the tour operators. Pricing, exclusivity levels and capacity guarantees agreed between TUI Group's hotels and the tour operators depend on the categories and the level of product differentiation the relevant hotels offer.

The following table provides an overview of the Hotels & Resorts segment as of 30 June 2016:

<b>Hotel brand</b>	<b>Main Sites</b>	<b>Total Hotels/Clubs</b>	<b>4 or 5 Star Hotels</b>	<b>Total Beds</b>
Riu	Spain, Mexico, Caribbean, Cape Verde	92	88	84,496
Robinson	Austria, Greece, Spain, Switzerland, Turkey	25	25	15,661
Iberotel	Egypt, Spain, Turkey	10	10	4,780
Grupotel	Spain	35	28	14,286

<b>Hotel brand</b>	<b>Main Sites</b>	<b>Total Hotels/Clubs</b>	<b>4 or 5 Star Hotels</b>	<b>Total Beds</b>
Atlantica Hotels & Resorts	Greece, Cyprus	35	34	13,406
TUI Magic Life	Egypt, Greece, Spain, Tunisia, Turkey	13	13	12,576
TT Hotels	Marocco, Tunisia, Turkey	19	15	18,393
Nordotel	Spain, Italy, Portugal	14	9	8,200
Barut Hotels	Turkey	3	3	2,272
Other	—	54	51	31,357
<b>Total</b>		<b>300</b>	<b>276</b>	<b>211,584</b>

### ***Riu***

Most of the Riu hotels (which refers to all hotels mentioned under the Riu hotel brand in the table above) are in the premium and comfort market segments, located, among other sites, in Spain, Mexico and the Caribbean, and have a high proportion of repeat customers. Riu hotels are marketed under several hotel product lines (Riu classic, Riu Clubhotel, Riu Palace and Riu Plaza).

Both in terms of capacity and turnover, Riu branded hotels account for the largest part in the portfolio of the TUI Hotels & Resorts segment. TUI Group has operated the Riu branded hotels through its fully consolidated company RIUSA II, S.A., in which it holds a 50% interest, since 1993 and TUI Group's joint venture Riu Hotels S.A., in which TUI Group holds a 49% interest, since 1976. All of TUI Group's Riu branded hotels are managed through RIUSA II, S.A. The Mallorca-based Riu group is a family-owned hotels and resorts group founded in 1953.

In the Financial Year ended 2014/15, the Riu group operated 104 hotels with 90,187 beds. Capacity, defined as Group-owned or leased hotel beds multiplied by the number of days open per year, was 17.3 million in Financial Year 2014/15 (17.2 million in Financial Year 2013/14). Average occupancy rates in Riu hotels were 85.9% (84.7% in Financial Year 2013/14) and average turnover per bed amounted to EUR 57.1 in the respective year (EUR 50.5 in Financial Year 2013/14).

In the nine-month period ended 30 June 2016, the Riu group operated 92 hotels with 84,496 beds. Capacity, defined as Group-owned or leased hotel beds multiplied by the number of days open per year, was 12.9 million in the nine-month period ended 30 June 2016 (12.7 million in the nine-month period ended 30 June 2015). Average occupancy rates in Riu hotels were 74.0% (75.3% in the nine-month period ended 30 June 2015) and average turnover per bed amounted to EUR 58.4 in the respective year (EUR 54.2 in the nine-month period ended 30 June 2015).

### ***Robinson***

Robinson operates in the premium club holiday market segment for club holidays. The Robinson clubs offer a differentiated product portfolio targeting a variety of customer groups and are characterised by its professional sport, entertainment, and event portfolio. Most of the clubs are located in Austria, Greece, Spain, Switzerland and Turkey.

The Robinson-branded club hotels are mainly operated through TUI Group's wholly owned subsidiary Robinson Club GmbH, which in turn holds majority and minority participations in the various subsidiaries which own Robinson club hotels. As of 30 June 2016 TUI Group does not hold any participation with respect to six club hotels which are operated by the Group on the basis of management contracts.

In Financial Year 2014/15, Robinson operated a total of 24 club facilities with 96,031 beds in eleven countries. Capacity (as defined above) was 2.9 million in Financial Year 2014/15 (2.8 million in Financial Year 2013/14). Average occupancy rates in Robinson hotels were 72.6% (74.1% in Financial Year 2013/14) and average turnover per bed amounted to EUR 90.6 in Financial Year 2014/15 (EUR 88.9 in Financial Year 2013/14).

In the nine-month period ended 30 June 2016, Robinson operated a total of 22 out of 24 club facilities with 15,661 beds in eleven countries. Capacity (as defined above) was 2.0 million in the nine-month period ended

30 June 2016 (1.9 million in the nine-month period ended 30 June 2015). Average occupancy rates in Robinson hotels were 61.9% (67.9% in the nine-month period ended 30 June 2015) and average turnover per bed amounted to EUR 87.0 in the nine-month period ended 30 June 2016 (EUR 87.9 in the nine-month period ended 30 June 2015).

#### ***Other hotel companies***

Other hotel companies include Iberotel, Grupotel, Grupotel, Atlantica Hotels & Resorts, TT Hotels, Nordotel, Barut Hotels and other brands such as Jaz and TUI Magic Life, TUI Group's club brands offering family friendly holiday villages and varied sport and entertainment programmes. Furthermore, in May 2016, TUI Group commenced its new hotel brand TUI Blue offering a premium all-inclusive concept. In addition to new hotels, the TUI Blue brand will include the repositioning of some existing underperforming hotel brands to deliver turnaround. Launch has commenced in May 2016 with the opening of two resorts in Turkey which have been repositioned into the TUI Blue brand. Furthermore, TUI Group plans to open new TUI Blue hotels in Tenerife and Austria in November 2016, Germany in December 2016, Italy in spring 2017 and Croatia in summer 2017. In the nine-month period ended 30 June 2016, other hotel companies operated 183 hotels with a total of 11,427 beds compared to 182 hotels with a total of 109,437 beds in Financial Year 2014/15.

#### ***Cruises***

The Cruises segment comprises Hapag-Lloyd Cruises and the joint venture TUI Cruises. In Financial Year 2014/15, the Cruises segment generated turnover of EUR 273.3 million, an underlying EBITA of EUR 80.5 million and had 232 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, the Cruises segment generated turnover of EUR 214.4 million and an underlying EBITA of EUR 69.5 million and as of 30 June 2016 had 245 employees.

#### ***Hapag-Lloyd Cruises***

Hamburg-based Hapag-Lloyd Cruises is one of the leading cruise operators in the luxury and expedition cruises market in Germany and as of 30 June 2016 operated four cruise ships, each ranked top in the respective category (source: Berlitz Cruise Guide 2016). In the nine-month period ended 30 June 2016 Hapag-Lloyd Cruises had an occupancy rate for its ships of 74.4%, 254.0 thousand passenger cruise days and average daily rates of EUR 556 (74.5% respectively 253.5 thousand and EUR 519 for the nine month period ended 30 June 2015).

Its flagships are the five star plus vessel Europa and the six star plus vessel Europa 2. They were awarded this category by the Berlitz Cruise Guide and Stern's Guide to the Cruise Vacation 2017 and are the world's only ships awarded this category, in the case of Europa for the sixteenth time in succession. The Europa primarily cruises on world tours, while her sister ship Europa 2 takes shorter but combinable routes. The Hanseatic is used, among other things, for expedition cruises to the Arctic and Antarctic. It is the world's only five-star passenger vessel with the highest Arctic class. The Bremen, a four star vessel, also awarded the highest Arctic class, is another expedition ship travelling to similar destinations. The Europa 2, the Europa and the Bremen are owned by Hapag-Lloyd Cruises, while the Hanseatic is chartered. Hapag-Lloyd Cruises plans to commission two new expedition ships in 2019.

The main distribution channels for cruises offered by Hapag-Lloyd Cruises are travel agencies, with direct bookings by customers also accounting for an important share.

#### ***TUI Cruises***

TUI Cruises is a joint venture formed in 2008 between TUI AG and the U.S. shipping company Royal Caribbean Cruises Ltd., in which each partner holds a 50% stake (see "Material Agreements—Joint Venture Agreement with respect to TUI Cruises GmbH"). The Hamburg-based company offers cruises in the German premium cruise market targeted at younger passengers than Hapag-Lloyd Cruises. As of the date of this Prospectus, TUI Cruises served this market with five ships, "Mein Schiff 1", "Mein Schiff 2", "Mein Schiff 3", "Mein Schiff 4" and "Mein Schiff 5" (the latter commissioned in July 2016). The Berlitz Cruise Guide regarded "Mein Schiff 4" as the world's best ship in the category "Large Resort Ships" with "Mein Schiff 3" ranking second best. TUI Cruises is planning to take advantage of additional growth opportunities by commissioning additional ships in 2017, 2018 and 2019, thereby further strengthening its position. It is intended that, with the delivery of "Mein Schiff 7" and "Mein Schiff 8" in 2018 and 2019 to TUI Cruises, "Mein Schiff 1" and "Mein Schiff 2" will be allocated to Thomson Cruises to replace two older ships, leaving TUI Cruises with a six ship fleet and enabling the modernisation of the Thomson Cruise fleet. In the nine-month period ended 30 June 2016 TUI Cruises had an

occupancy rate for its ships of 101.0% (based in double occupancy, as customary in the industry), 2,408.9 thousand passenger cruise days and average daily rates of EUR 158.

#### *Other Tourism*

Other Tourism comprises the French airline Corsair, central tourism functions such as the TUI Group's flight control and information technology departments and destination services. Destination services (previously allocated to the Hotelbeds Group segment) provide incoming services for tour operators, such as airport transfers, excursions and resort services, as well as services for the cruise sector. TUI Group recently implemented its one service team and a single strategic customer platform for all tourism activities within the TUI Group. In Financial Year 2014/15 destination services were provided in more than 100 destinations with over 6,600 employees with access to 11 million customers.

In the same period, the Other Tourism segment generated turnover of EUR 496.1 million, negative underlying EBITA of EUR 21.1 million and had 1,436 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, the Other Tourism segment generated turnover of EUR 431.9 million, negative underlying EBITA of EUR 23.9 million and as of 30 June 2016 had 4,500 employees.

#### *Specialist Travel*

Specialist Travel comprises the Specialist Group segment, which combines the specialist and adventure tour operators in Europe, North America, and Australia. It includes tour operators offering market-leading travel experience and adventures, tour operators for student trips and language courses, provider of charter yachts, premium tour operators and providers of skiing and other sport tours. Following the strategic review of the Specialist Group segment TUI Group decided to dispose of Hotelbeds Group, formerly part of this segment. The transaction closed in September 2016. In addition, in May 2016, TUI Group announced its intention to dispose of Travelopia as a large part of the Specialist Group segment. In anticipation of such sale of Travelopia the tour operators Crystal Ski and Thomson Lakes & Mountains which also formed part of the Specialist Group segment were allocated to the Northern Region segment.

In the same period, the Specialist Group segment generated turnover of EUR 1,835.1 million, underlying EBITA of EUR 56.2 million and had 4,267 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, the Specialist Group segment generated turnover of EUR 970.6 million, negative underlying EBITA of EUR 10.2 million and as of 30 June 2016 had 3,707 employees.

#### *All Other Segments*

All Other Segments comprises among other miscellaneous activities, TUI AG's head office functions and the interim holdings along with the Group's real estate companies. All Other Segments also includes intersegment consolidation effects. In Financial Year 2014/15, All Other Segments generated turnover of EUR 85.1 million, negative underlying EBITA of EUR 100.6 million and had 1,071 employees as of 30 September 2015. In the nine-month period ended 30 June 2016, All Other Segment generated turnover of EUR 92.9 million, negative underlying EBITA of EUR 32.7 million and had 1,744 employees as of 30 June 2016.

#### *Hapag-Lloyd*

As of the date of this Prospectus TUI Group holds an indirect 12.31% stake in Hapag-Lloyd (which will decline to approximately 8.9% following the business combination with United Arab Shipping Company S.A.G ("**UASC**") and the consummation of the planned capital increase against contribution in kind in connection therewith), which is recognised as a financial asset available for sale in accordance with IAS 39 in TUI Group's consolidated financial statements.

#### *Real Estate*

TUI Group owns or leases a number of administrative buildings. The carrying amount of real estate properties, other than hotels, amounted to EUR 163.0 million as of 30 September 2015.

The following most important administrative buildings as of 30 September 2015 were the head offices of TUI AG as well as the buildings of TUI Group's largest tour operators in Germany and the United Kingdom:

Head Office of	Address	Description
TUI AG	Karl-Wiechert-Allee 4, Hanover	55,000 square meters of real estate, space suitable for lease: 43,671 square meters, leased by Preussag Immobilien GmbH, occupied by TUI AG and its subsidiaries
German Tour Operator	Karl-Wiechert-Allee 23, Hanover	39,129 square meters of real estate, 44,496 square meters leased by Preussag Immobilien GmbH, 100% occupied by TUI Deutschland GmbH and its subsidiaries
TUI Travel	TUI Travel House, Crawley Business Quarter, Fleming Way Crawley West Sussex, United Kingdom	2,397 square meters leased by First Choice Holidays Ltd, fully occupied by TUI UK
UK Tour Operator	Wigmore House, Wigmore Lane, Luton, Bedfordshire	15,831 square meters leased by TUI Northern Europe Ltd, fully occupied by TUI UK

All real estate mentioned above is leased.

TUI Group's real estate companies that are part of All Other Segments own agricultural land and numerous commercial properties in Germany.

As of 30 September 2015, owned hotels with a book value of EUR 186.8 million and other owned real estate with a book value of EUR 31.8 million were pledged as security. TUI Group is not aware of any encumbrances on properties leased that could materially affect TUI Group's business.

#### *Other Property*

As of 30 September 2015, TUI Group operated more than 140 aircraft, of which eight are owned and 139 are leased. TUI Group also operates eight cruise ships, of which four are owned and four are leased.

#### **Insurance**

TUI Group has concluded, inter alia, liability and property insurance policies customary in the industry, for example, for Property Damage and Business Interruption and third-Party Liability, combined bodily injury and property damage.

In addition, TUI Group has also concluded insurance policies for its airlines as well as for its maritime operations.

TUI Group also maintains insurance policies to cover certain environmental risks, where necessary. TUI Group's insurance policies are regularly reviewed and adjusted where necessary. The Issuer believes that TUI Group is, on an overall industry basis, adequately insured.

The above mentioned coverage and limit amounts are subject to full policy wording which include, amongst others, further sublimits, deductibles and customary exclusions.

#### **Trademarks and Licenses**

TUI Group has introduced the "World of TUI" umbrella brand across its Tourism segment's source markets to help to guarantee and further develop a clear and consistent brand identity for many of its travel products. TUI Group also operates various brands of local and international tour operators and destination agencies as well of hotels in its source markets many of which have high rates of customer recognition and brand loyalty within



their national markets. All trademarks of TUI Group's master brand concept and other relevant trademarks for the European market are owned by TUI AG.

In addition, TUI Group owns the trademark "Hapag-Lloyd" for tourism and related businesses whereas Hapag-Lloyd owns this trademark for the business field cargo logistics (container and cargo shipping) and any potential related future business areas, excluding air freight. TUI Group's activities that use the Hapag-Lloyd brand include Hapag-Lloyd Cruises and travel agencies.

In 2015, TUI Group announced its intention to capitalise on the strength of the TUI brand on a global scale by migrating the majority of existing tour operator brands to the TUI brand. The brand migration was launched successfully in the Netherlands in October 2015, rebranding in Belgium and Nordics will follow in autumn 2016 and the migration from the Thomson brand in the United Kingdom is due to take place in the financial year ending 30 September 2018. TUI Group believes that this brand migration strategy will ultimately enhance and strengthen the competitive position of TUI Group, expand the customer base and lead to more efficient expenditure to preserve and enhance consumer awareness of the TUI brand.

As is common in the tourism industry, TUI Group or its licensees license and/or franchise to third parties the use of some of TUI Group's travel agency as well as hotel brands. TUI Group believes this is a cost-efficient way to increase TUI Group's marketing impact and sales without incurring significant fixed costs.

TUI Group protects its major brands in the manner it believes is appropriate to best protect and advance its business interests in each jurisdiction, including the prolongation and the defending of TUI Group's trademarks. The TUI Group also monitors the unauthorised registration of TUI Group's trademark and internet domain names (domain grabbing). From time to time TUI Group uses third parties' services to monitor the internet for activity concerning its major trademarks. While TUI Group's internet domain names are an important aspect of its market appearance and the online distribution of its products, TUI Group considers the maintenance and protection of TUI Group's trademark portfolio as key elements of TUI Group's business. TUI Group successfully applied for the registry by ICANN for the own new generic Top Level Domain ".tui." TUI Group monitors TUI and other trademarks as domain names. The monitoring refers to the essential generic TLDs, ccTLDs and new gTLDs.

Apart from occasional trademark oppositions, similarities with existing trademarks in local markets and domain grabbing which TUI Group considers as part of its daily business given the size of its trademark and internet domain name portfolio, there have not been significant violations, disputes or litigation in relation to any of TUI Group's intellectual property rights, including TUI Group's master brands, in recent years.

#### *Information Technology*

Information technology is a major factor in the tourism industry, allowing operators to offer multiple tourism products and services economically and efficiently. Reservation systems and, to a lesser extent, financial accounting systems, need to be capable of securely handling large volumes of data, including holiday offers, all types of bookings and payments and cost numbers for touristic services. TUI InfoTec GmbH, a wholly-owned subsidiary, is the tourism IT service provider for the Group with responsibility for the development and maintenance of the software used by TUI Group's companies as well as the operation of associated computers and networks. Its subsidiary travel-BA.Sys GmbH & Co. KG deals primarily with data management and process optimisation by collecting, processing and evaluating business data, primarily for retail shops.

#### *Investments*

In the financial year ended 30 September 2015/16 ("**Financial Year 2015/16**"), investments include the expansion and refurbishment of our hotel portfolio, introduction of new production and booking systems and the purchase of aircraft spares and yachts. In the nine-month period ended 30 June 2016, cash outflow from investing activities amounted to EUR 385.3 million as compared to EUR 27.4 million in the nine-month period ended 30 June 2015. In Financial Year 2014/15, cash outflow from investing activities amounted to EUR 216.8 million as compared to EUR 586.3 million in Financial Year 2013/14. In Financial Year 2014/15 total capital expenditure mainly related to the development and launch of new booking and reservation systems, down payments of ordered aircraft and the acquisition of MS Europa 2. Within the TUI Hotels & Resorts segment main investments were attributed to the construction of hotels in Jamaica, Mauritius and Tuscany as well as renovation and maintenance of existing hotel facilities.

## Industry and Market Data

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Issuer believes that these industry publications, surveys and forecasts are reliable but the Issuer has not independently verified them and cannot guarantee their accuracy or completeness.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward Looking Statements".

### *Tourism Market*

According to the World Tourism Organisation ("**UNWTO**"), tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes. The key tourism indicators to measure market size are the number of international tourist arrivals, and international tourism receipts. International tourism receipts grew by a compound annual growth rate ("**CAGR**") of 4.4% in real terms (taking into account exchange rate fluctuations and inflation) with total earnings in the destinations estimated at USD 1,260 billion worldwide in 2015 (EUR 1136 billion). With international tourism receipts reaching USD 1.3 trillion in 2015, the tourism industry is one of the most important sectors in the world economy. International tourism (travel and passenger transport) accounts for 30% of the world's exports of services and 7% of overall exports of goods and services. As a worldwide export category, tourism ranks third after fuels and chemicals and ahead of food and automotive products, while ranking first in many developing countries (source: UNWTO, Tourism Highlights, 2016 Edition, July 2016). International tourist arrivals worldwide are expected to increase with a CAGR of 3.3% per annum between 2010 and 2030 to reach 1.8 billion trips by 2030 (source: Euromonitor, September 2017).

Travel for leisure, recreation and holidays accounts for just over half of all international tourist arrivals (53%). Some 14% travel for business and professional purposes and another 27% travel for specific purposes, such as visiting friends and relatives or health, with the remaining 6% travelling for unspecified reasons (source: UNWTO, Tourism Highlights, 2016 Edition, July 2016).

Europe is the largest and most mature tourism market in the world, accounting for 51% of international tourist arrivals and 36% of receipts in 2015. Five European countries (France, Spain, Italy, Germany and the United Kingdom) were part of the top ten international tourism destinations in 2015. TUI Group's three main source markets were in the top five of all source markets worldwide measured by international tourism expenditure (source: UNWTO, Tourism Highlights, 2016 Edition, July 2016).

*Germany.* Germany is the third-largest source market in the world, with international tourism expenditure of approximately USD 77.5 billion in 2015, after China (approximately USD 292.2 billion) and the United States (approximately USD 112.9 billion). In terms of expenditure per capita, Germany is well positioned amongst the high spending countries, with approximately USD 946 spent per German on average in 2015. Within the top ten largest source markets in the world, only citizen from Australia (USD 978) and the United Kingdom (USD 972) spend more per capita on tourism activities (source: UNWTO, Tourism Highlights, 2016 Edition, July 2016). Key operators in the German tourism market are TUI Deutschland, Thomas Cook, DER Touristik, FTI and Alltours (source: FVW, Dossier, Deutsche Veranstalter, 2015, December 2015).

*United Kingdom.* The United Kingdom is the fourth-largest source market in the world, with approximately USD 63.3 billion spent on tourism activities in 2015 and on average USD 972 spent per capita over the same period (source: UNWTO, Tourism Highlights, 2016 Edition, July 2016). The British tourism market is characterised by a high degree of concentration, with two key operators: TUI UK & I and Thomas Cook (source: Euromonitor, Intermediaries in the United Kingdom, August 2016).

*France.* France is the largest destination market in the world, with over 85 million tourists in 2015. However, it was only the fifth-largest source market in that period, with international tourism expenditure of approximately USD 38.4 billion in 2015 (after the fourth-placed United Kingdom (approximately USD 63.3 billion) and the third-placed Germany (approximately USD 77.5 billion)) (source: UNWTO, Tourism Highlights, Edition 2016, July 2016). TUI is among the largest tour operators in France with its two main tour operator brands, Nouvelles Frontières and Marmara. Other key operators are Promovacances which recently merged with Fram, and Thomas Cook which acquired Jet Tours and Club Med (source: Euromonitor, Brand Shares, September 2016).

### *Leisure Hotel Market*

The total worldwide hotel market was EUR 440 billion in 2015 (business and leisure market). It is estimated to grow with a CAGR of 3.1% by 2020 (source: Euromonitor, September 2017). The hotel market is divided between business and leisure travel. A number of characteristics differentiate leisure travel hotels from business hotels, including longer average lengths of stay for guests in leisure hotels, varying location of hotels (e.g. cities or leisure resorts) as well as hotel amenities and service requirements. From a demand perspective, the leisure hotel market in Europe is divided into several smaller submarkets which cater to the individual needs and demands of tourists. These submarkets include premium, comfort, budget, family/apartment, adults-only, and club or resort style hotels. Hotel companies can offer a variety of hotels across different submarkets because they are often defined by price range, star ratings, exclusivity, or available facilities.

Consumers in TUI Group's three main source markets prefer the following destinations:

*Germany.* The most popular leisure hotel destinations for consumers in the German source market are Spain, Italy, Turkey, Austria, France, Croatia, Greece and the Netherlands (source: Mintel, European Leisure Travel Industry, September 2015).

*United Kingdom.* The most popular leisure hotel destinations for consumers in the United Kingdom source market are Spain, France, Italy, the United States, Portugal, Greece and Turkey (source: Mintel, European Leisure Travel Industry, September 2015).

*France.* The most popular leisure hotel destinations for consumers in the French source market are Spain, Italy, United Kingdom, Belgium and Luxembourg (source: Mintel, European Leisure Travel Industry, September 2015).

Hotel operations can generally be divided into; (i) asset owners, whose primary business is to own real estate assets; (ii) brand owners and operators who typically manage hotel assets themselves or enter into franchising arrangements with independent operators who, in turn, manage the hotel property assets; and (iii) independent operators combining the operations of asset owners and brand owners and operators by managing diverse assets under different brands, often through franchise agreements.

The upper end of the leisure hotel market is characterised by a high degree of sophistication and specialisation among large, international companies and investors. There are also a large number of small, often family-run businesses, particularly in Europe, with less sophistication and fewer financial resources. Most family-owned and operated businesses are not branded and customers cannot typically access these hotels through global distribution systems. Given the variety of models under which leisure hotels are owned and operated and the fragmented competitive landscape which, at least in Europe, is not dominated by large hotel chains, the competitive landscape differs in each locations.

### *Cruise Market*

The global cruise industry is estimated at approximately USD 39.6 billion in 2015 (source: Cruise Market Watch website, <http://www.cruisemarketwatch.com/market-share>, September 2016). The North American market is by far the largest and most mature cruise market in the world, with approximately 11.2 million guests in 2015 and a strong penetration rate of 3.8% of the total population taking a cruise in 2015. By contrast, the European cruise markets showed approximately 6.6 million Europeans booking cruises with typically low penetration rates of 2.7% in the United Kingdom, 2.2% in Germany, 1.3% in Italy, 1.0% in Spain and below 1.0% in France (source: Mintel, Cruises – International, June 2016; CLIA Europe Statistics and Markets, 2014).

Germany, the United Kingdom, Ireland and France are among the five largest cruise markets in Europe (source: Mintel, Cruises—International, June 2016).

Germany as the largest cruise market in Europe, reached 1.8 million passengers in 2015 but with 2.2% showed a substantially lower penetration rate than the United Kingdom and Ireland (source: Mintel, Cruises – International, June 2016).

The United Kingdom and Ireland are the second-largest cruise markets in Europe, with approximately 1.8 million cruise passengers in 2015 and the strongest penetration rate (2.7% of the British population took a cruise in 2015, well above the European average) (source: Mintel, Cruises—International, June 2016).

France, the fourth-largest cruise market in Europe, had approximately 0.6 million cruise passengers in 2015. The French cruise market is characterised by an extremely low penetration rate, with only 1.0% of the population boarding a cruise in 2015 (source: Mintel, Cruises–International, June 2016).

The European cruise market is divided into submarkets that cater to a variety of customers: budget, discovery, premium and luxury. Cruise operators utilise different cruise formats to target these submarkets and the unique demands of their customers. For example, Hapag-Lloyd Cruises, Deilmann and Phoenix are all active in the premium cruise submarket, Compagnie du Ponant Cruises is active in the French luxury cruise submarket, and Hapag-Lloyd Cruises is the exclusive operator in the German luxury submarket. In addition to traditional formats, operators offer club ship cruises (such as AIDA) or more contemporary oriented cruises (such as TUI Cruises) in the premium cruise submarket. As a cruise ship is often perceived as a destination in itself, cruise companies compete, in particular within the luxury and premium cruise submarkets, with other destinations such as leading hotels and resorts.

#### *Tourism Value Chain*

The following sets out the primary elements of the "tourism value chain", through which a tourism group markets, distributes, assembles and provides tourism products and services.

*Multi-channel Distribution.* Most tourism companies sell a majority of their travel products and services through travel agencies, online distribution channels, or call centers. Travel agencies may be owned or franchised by the tourism company or by a third party. Travel agencies typically display brochures that provide details and pricing relating to the various travel offerings. They are geographically close to the customer and can assist them by doing much of the searching on their behalf. They are able to cater to the individual requirements of each tourist and can customise a holiday to suit each client. In addition to travel agencies, alternative means of distribution, including direct sales through online platforms, call centers and television advertising, are becoming increasingly important as customers tend to search for and book travel products through a variety of distribution channels.

*Online Distribution Platforms.* The internet has fuelled a demand for an uncomplicated, reliable and accessible commercial marketplace where customers may easily compare prices and services and make informed choices when booking travel arrangements. Online distribution platforms include both proprietary and third-party websites. Online travel agencies focus on online distribution channels and predominantly follow a merchant business model. Based upon contracts negotiated with direct suppliers such as hotel companies, airlines, car rental companies and tour operators, they provide travel products, especially in the mainstream market, to customer groups driven by a price-oriented approach. In addition, metasearch websites consolidate content of the different online travel agencies and allow the customers a detailed comparison of their different offers. When booking, customers are redirected to the respective online travel agency through which the metasearch website receives a commission.

*Tour Operators.* Tour operators develop travel products ranging from package holidays to single seat flight bookings and other component products or services in order to meet the differing demands of customers. While certain component products such as flights or accommodation may be sold under their original brand names, whether provided by a tour operator or by a third party, more commonly a tour operator sells such products under its own brand name. Therefore, brand identity and a consistent branding strategy are crucial to tour operators' success. The Issuer believes that in most European source markets, customers closely associate tour operators' brand names with the quality of the products booked with the tour operator.

*Air Travel.* The air travel stage in the value chain is comprised of the transportation of customers to their destinations via charter or scheduled air services. Integrated tourism companies own and/or lease aircraft and operate them in selected source markets. Along with tour operators, they may contract with charter and scheduled airlines for the air travel component of holiday packages to the extent that they require additional aircraft capacity. Air travel is increasingly booked on a single seat component basis.

*Destination Services.* This stage of the value chain encompasses all of the services offered by destination agencies and hotels at the destination, including, in addition to hotel accommodation (and the related food and beverage services), transfers between the airport and hotels, local excursions and events, car hire and other services. While some integrated tourism companies own substantial portions of these service providers, the market is generally characterised by numerous local entities operating under contract with tour operators, i.e. tour operators cooperate with local service providers which then operate under the established tour operator's name. Also, given the commoditised nature of destination services, offering differentiated services provides tour

operators with a competitive advantage. As with air travel, accommodation is increasingly booked as a single component.

*Hotels.* As the hotel experience has the highest influence on the customer's satisfaction and recommendation rate on the overall holiday experience, the hotel is a very important element in the tourism value chain. In addition to the accommodation itself, hotel services include entertainment, food and beverages in restaurants and bars, spa and wellness services, fitness centers and many further ancillary services. Hotels can be offered to the customer in direct sales as well as through intermediaries and tour operators. Integrated tourism companies have the advantage to offer hotel and resort packages including flights and airport transfers.

*Cruises.* Cruises are a unique product in the value chain as they offer travel between destinations as well as accommodation for the duration of the cruise. Onboard entertainment, meals, spa services, fitness centers and shopping outlets provide opportunities for additional turnover. In addition, cruise packages are often bundled with excursions at various ports of call and transfer services to and from the departure and arrival ports. An integrated tourism company has the ability to offer customers cruise packages including round-trip transportation to the cruise ship and accommodation in the city of departure or arrival. Cruises can also be offered on a stand-alone basis, allowing customers to combine a cruise with their own broader travel itinerary.

Services at each stage of the value chain may be provided by separate companies as well as by integrated tourism companies as a holiday package or on a component basis.

### **Trend Information**

There has been no material adverse change in the prospects of TUI AG since the date of its last published audited financial statements as of 30 September 2015.

### **Administrative, Management and Supervisory Bodies, Names, Business Addresses and Functions**

The principal administrative, management and supervisory boards of the Issuer are the executive board (Vorstand) (the "**Executive Board**") and the supervisory board (Aufsichtsrat) (the "**Supervisory Board**") and the general shareholders' meeting (Hauptversammlung). In accordance with the German Stock Corporation Act (Aktiengesetz), the Issuer has a two-tier board system consisting of the Executive Board and the Supervisory Board. The two boards are separate, and, subject to a limited exception, no individual may serve concurrently as a member of both boards.

The respective rights and responsibilities of the Executive Board and the Supervisory Board are set forth in the German Stock Corporation Act (Aktiengesetz), the Issuer's Articles of Association and the respective internal rules of procedure (Geschäftsordnung) for the Executive Board and the Supervisory Board.

### **Executive Board**

#### *Overview*

The Executive Board is responsible for managing the business of the Issuer. The Executive Board also represents the Issuer in its dealings with third parties and in court. According to the Articles of Association and the provisions of the German Stock Corporation Act (Aktiengesetz), the Executive Board must consist of a minimum of two members. The Supervisory Board determines the number of members of the Executive Board and appoints such members. It may also appoint the Chairman and Deputy Chairman of the Executive Board. Members of the Executive Board are appointed for a maximum term of five years. The Supervisory Board decided in October 2012 to specify an age limit for future appointments and extensions to the contracts of Executive Board members. They may be repeatedly reappointed or their term of office may be extended, in each instance for a period of up to five years. The Supervisory Board may revoke the appointment of a member of the Executive Board before the end of his or her term of office if an important reason (wichtiger Grund) arises, e.g. generally a gross breach of duty or in case of a vote of no confidence, against a particular Executive Board member by the Issuer's general shareholders' meeting (Hauptversammlung).

#### *Members of the Executive Board*

The following table sets forth the current members of the Issuer's Executive Board and their areas of responsibility and relevant positions within and outside TUI Group.

<b>Name</b>	<b>Responsibility</b>	<b>Relevant positions within TUI Group</b>	<b>Relevant positions outside TUI Group</b>
Friedrich Joussem	Chairman of the Executive Board and Chief Executive Officer	None	None
Horst Baier	Chief Financial Officer	Leibniz-Service GmbH Sunwing Travel Group Inc. TUI Canada Holdings Inc. TUI Deutschland GmbH RIUSA II S.A. <sup>(1)</sup>	None
David Burling	Northern Region, Airlines, Hotel Purchasing	TUI Travel Holdings Ltd. TUI Travel Ltd. First Choice Holidays & Flights Ltd. First Choice Holidays Ltd. Sunwing Travel Group Inc. Thomson Travel Group (Holdings) Ltd. TTG (Jersey) Ltd. TUI Travel Overseas Holdings Ltd. TUI Canada Holdings Inc. TUI Northern Europe Ltd. TUI Travel Group Management Services Ltd. TUI UK Ltd. TUI UK Transport Ltd.	None
Sebastian Ebel	Central Region, Hotels and Resorts, Cruises, TUI Destination Services and IT	TUI Cruises GmbH <sup>(2)</sup> TUIfly GmbH	BRW Beteiligungs AG Eintracht Braunschweig GmbH&Co. KGaA EVES Information Technology AG
Dr. Elke Eller	Human Resources, Labour Director	TUIfly GmbH TUI Deutschland GmbH TUI Nederland Holding N.V.	Norddeutsche Landesbank – Girozentrale – (Nord/LB) German Association of HR Managers e.V.

<sup>(1)</sup> 50% joint venture fully consolidated within TUI Group.

<sup>(2)</sup> 50% joint venture not fully consolidated within TUI Group.

The business address of each member of the Executive Board is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany.

## Supervisory Board

### Overview

The Supervisory Board consists of 20 members. The Issuer's shareholders elect ten members of the Supervisory Board at the general shareholders' meeting. Pursuant to the German Co-Determination Act of 1976 (Mitbestimmungsgesetz), the Group employees or their delegates elect the remaining ten members, including three members of the Supervisory Board proposed by trade unions. The Supervisory Board members elect one of the members as Chairman (Vorsitzender) and according to the Articles of Association up to two members as Vice-Chairman (Stellvertreter) with a majority of two thirds of its total number of members. If the majority of two thirds is not obtained, a second election is held in which the shareholder representatives on the Supervisory Board elect the Chairman and the employee representatives on the Supervisory Board elect the Vice-Chairman.

The term of a member of the Supervisory Board expires at the end of the fifth general shareholders' meeting following the general shareholders' meeting in which the member was elected. If a member of the Supervisory Board retires, or is removed from office prior to the end of its term of office, the substitute member's term of office expires at the end of the term of the resigning or removed board member, unless the general shareholders' meeting decides otherwise.

### Members of the Supervisory Board

The following table sets forth the current members of the Issuer's Supervisory Board and their relevant positions within and outside TUI Group.

<b>Name</b>	<b>Relevant positions within TUI Group</b>	<b>Relevant positions outside TUI Group</b>
Prof. Dr. Klaus Mangold (Chairman)	None	Alstom Deutschland AG Alstom S.A. Baiterek Holding JSC Swarco AG Ernst & Young Global Limited Continental AG Rothschild GmbH (Chairman)
Frank Jakobi (Vice Chairman)	None	None
Sir Michael Hodgkinson (Vice Chairman)	None	Keolis (UK) Limited Keolis Amey Docklands Limited
Andreas Barczewski	TUIfly GmbH	None
Peter Bremme	None	TÜV Nord AG
Prof. Dr. Edgar Ernst	None	Deutsche Postbank AG DMG MORI AG Vonovia SE
Wolfgang Flintermann	TUI Deutschland GmbH	Deutscher Reisepreis-Sicherungsverein VVaG
Angelika Gifford	None	ProSiebenSat1 Media SE Rothschild & Co. TUI BKK
Valerie Frances Gooding	None	Vodafone Group Public Limited Company Premier Farnell PLC

<b>Name</b>	<b>Relevant positions within TUI Group</b>	<b>Relevant positions outside TUI Group</b>
Carmen Riu Güell	RIUSA II, S.A. <sup>(1)</sup>	Hotel San Francisco S.A. Productores Hoteleros Reunidos, S.A. RIU Hotels S.A. <sup>(2)</sup>
Dr. Dierk Hirschel	None	DZ-Bank AG
Janis Carol Kong	None	Copenhagen Airport Network Rail Infrastructure Limited Network Rail Limited Bristol Airport Ltd. Portmeirion Group PLC South West Airports Ltd.
Peter Long	None	Royal Mail Group PLC Countrywide PLC Parques Reunidos Servicios Centrales S.A.
Coline Lucille McConville	None	UTV Media PLC Wembley National Stadium Limited Inchcape PLC
Alexey Mordashov	None	AO "Serverstal Management" OAO "Power Machines" ZAO SVEZA Nordgold N.V.
Michael Poenipp	TUI Deutschland GmbH TUI BKK	MER – Pensionskasse V.V.a.G.
Carola Schwirn	None	None
Anette Stempel	None	None
Ortwin Strubelt	None	None
Stefan Weinhofer	TUI Austria Holding GmbH	None

<sup>(1)</sup> 50% joint venture fully consolidated within TUI Group.

<sup>(2)</sup> 49% joint venture not fully consolidated within TUI Group.

The business address of each member of the Supervisory Board is TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany.

#### **Executive and Supervisory Bodies – Conflict of Interests**

At the date of this Prospectus, the members of the Executive Board and of the Supervisory Board do not have any conflicts of interest or potential conflicts of interests between any duties to the TUI Group and their private interests or their other duties. To avoid potential conflicts of interests controls are in place (i.e. voting bans); furthermore shareholding members of the Executive and the Supervisory Board do not vote with their shares (neither belonging directly to them nor controlled) for their own discharge in the general shareholders' meeting.



## **Financial Information concerning the Issuers's Assets and Liabilities, Financial Position and Profits and Losses**

The English language translations of the binding German language versions of the 2015 Audited Consolidated Financial Statements (including the respective unqualified audit reports thereon) and the English language translations of the binding German language versions of the Unaudited Interim Consolidated Financial Statements (including the unqualified review report issued thereon in accordance with Section 37w para. 5 WpHG) are incorporated by reference into this Prospectus.

### **Governmental, Legal and Arbitration Proceedings**

During the ordinary course of its business activities, the Group is regularly involved in legal proceedings, both as a plaintiff and as a defendant.

Apart from the proceedings described below, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the twelve months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

In 1999, the operator of the container terminal in Zeebrugge in Belgium filed an action for damages amounting to EUR 65 million against CP Ships Ltd., still part of TUI Group, and several of its subsidiaries due to an alleged breach of contract in connection with switching the Belgian port of call from Zeebrugge to Antwerp. Following oral proceedings in September 2013, the court of first instance ruled against two subsidiaries of CP Ships Ltd in October 2013 and dismissed the action against the other defendants (including the United Kingdom-based CP Ships Ltd.). Following the first instance ruling, the only defendants further concerned by the proceedings will be the entities having lost in the first instance as well as the Canadian-based CP Ships Ltd. The proceedings are continuing before the Court of Appeal in Ghent. The oral hearing is scheduled for the end of February 2017. Moreover, the CP Ships companies would have rights of recourse against solvent third parties in the event of a final adverse judgment.

Several consumer protection organisations have instituted action for unfair competition against TUI Deutschland GmbH and its affiliate German tour operators. TUI Deutschland GmbH should discontinue the practice of collecting from consumers the pre-payment of, respectively, 25% or 40% (depending on the product) of the travel price well in advance before the date of travel, such pre-payment to be forfeited in the event of travel cancellation. It is asserted by the plaintiffs that demanding payment of more than 20% of the packaging price upon booking of a travel package, which may be months in advance of departure, is not in accordance with applicable law. The Group does not share the view taken by the consumer protection organisations and vigorously defends these matters. The competent regional court has found in favor of the plaintiff in connection with the case concerning the 25% prepayments, however, TUI Group has appealed against the decision. With regard to the 40% case, the Group has lost before the courts of the first and of the second instance. The Group has appealed against the decision and the case is now once again pending before the Federal Court of Justice (*Bundesgerichtshof*). No date has been set yet for the Federal Court of Justice's decision. The final outcome of these matters cannot be determined at this time. However, in the event that the aforementioned practice in the German travel market would be held by a court, or become (e.g. by way of legislation), unlawful, the results of any such action could have a substantial and material adverse effect on the German business, results of operations and financial condition of TUI Group.

Two Belgian TUI Travel subsidiaries have been accused of participating in unlawful anti-competitive agreements in 2002 and 2003, together with various other members of the Belgian professional association of travel agents. It is alleged that the anti-competitive agreements were entered into at the travel agent level and relate to (i) discounts offered in connection with the sale of leisure travel and (ii) the charges levied for the delivery of tickets to customers. TUI Travel is contesting the validity of these allegations both on a procedural and a substantive basis.

Since 2004, TUI France ("**TUI France**") (or its predecessors Groupe Marmara and Nouvelles Frontières, respectively) had commercial relationships with XL Airways France ("**XL Airways**"). In August 2012, TUI France refused to sign a long-haul charter agreement with XL Airways for the winter 2012/2013 and terminated the framework agreement. In October 2014, XL Airways filed a claim before the French Commercial Court of Paris asserting that (i) the termination of the framework agreement by TUI France was made deliberately with the intention to cause damage to XL Airways. XL Airways claimed for damages amounting to EUR 220 million as a result of such alleged deliberate action. Secondly, if the court considers the termination not to constitute a

deliberate act intended to damage XL Airways, XL Airways claims that TUI France has to compensate XL Airways at least for damages due to the sudden and unfair termination of the framework agreement amounting to EUR 26 million. TUI France is contesting these allegations before the French Court.

In 2011, the Greek subsidiary of Robinson Club GmbH, Clubhotel Management A.E. ("**CMAE**") entered into a hotel management agreement with the Greek hotel owning company Maho A.E. ("**Maho**") regarding the management of the Robinson Club Kalimera Kriti on Crete. In 2013, Maho initiated an arbitration process against CMAE claiming damages amounting to EUR 18.3 million due to an alleged violation of contractual obligations. End of 2014, the arbitration court rendered an award according to which CMAE should pay EUR 6.8 million to Maho. In March 2015, CMAE filed an annulment lawsuit against the award; hearings of this procedure have been made, the judgment is still outstanding. Attempts of mutual settlement were rejected by Maho, so that CMAE as a consequence of the arbitral award filed for bankruptcy in 2015. The court in Athens opened the bankruptcy procedure in January 2016 against which objection and appeal were filed by Maho and the public prosecutor. A first hearing of witnesses took place in September 2016. In parallel, in 2014 Helios S.A. ("**Helios**"), another Greek hotel owning company belonging to the same group of companies as Maho, initiated a further arbitration process against CMAE with respect to a hotel management agreement entered into in 2012 with CMAE regarding the former Robinson Club Elounda Bay Palace on Crete. In this arbitration proceeding Helios claims damages amounting to EUR 27.5 million due to allegedly illicit termination of the management agreement. First hearing of witnesses have been made, the suspension of the arbitration procedure applied for by CMAE due to the opening of the bankruptcy procedure was denied in 2016 by the arbitration court, so that the process is continuing.

The Turkish companies Antalya Pegas Otelcilik Ltd. and PGS International Ltd (collectively "**Pegas**") had claims against the Turkish hotel management company JMG A.S. ("**JMG**") in the amount of approx. USD12.7 million resulting from hotel room allotment contracts regarding hotels of TUI Group's subsidiaries First Choice Turkey Ltd. and TTOHL Otel Hizmetleri ("**TT Hotels**") which were managed by JMG. After JMG entered into insolvency, Pegas filed a lawsuit against TT Hotels before the Antalya 1st Commercial Code of First Instance alleging TT Hotel's liability for JMG's aforementioned debts. In December 2014, the court decided that there was a business transfer between JMG and TT Hotels which gave rise to an "organic relationship" between JMG and TT Hotels making TT Hotels liable for JMG's debts. After TT Hotel's appeal of this judgment, the Appeal Court upheld the lower court decision in its judgment of May 2016. TT Hotels settled the claimed damages amounting to approx. €15 million in June 2016 and simultaneously applied for correction of this decision (which is still outstanding).]

### **Regulatory Matters**

TUI Group's business operations are subject to government regulation in the form of national, local and European Union laws and regulations and international conventions. Because government regulation is subject to continuous revision, TUI Group cannot predict the continuing cost of regulatory compliance or the future impact of government regulation on its business operations. New laws and regulations may be adopted, which could further increase the Group's compliance costs or affect TUI Group's business. See "Risk Factors".

### **Regulation of TUI Group's Airline Operations**

#### *Traffic Rights*

The regulatory system for international air transport is based on principles established by the Convention on International Civil Aviation of 1944 ("Chicago Convention"). The Chicago Convention, which has been adopted by virtually every country worldwide, sets forth the general principle that each country has sovereignty over its airspace and therefore has the right to control the operation of air services over or into its territory. As a result, traffic rights between countries are governed by a large number of bilateral and multilateral air traffic agreements.

These agreements usually designate the airlines, the airports, authorised routes, the capacity to be offered by airlines and procedures for the agreement of tariffs. International air transport has been liberalised to a large extent within the European Union. Since 1997, there is a single European aviation market and all European airlines have been allowed to operate on all routes within the European Union member states. Tariff restrictions have also been relaxed. Certain EU member states have also entered into so-called "open sky agreements" with non-EU countries, reducing restrictions contained in the Chicago Convention on flight routes and airline and airport designations. The European Court of Justice ("**ECJ**") decided in 2002 that certain provisions of these open sky agreements violate EU law. As a consequence, the EU and its member states have concluded a comprehensive Air Transport Agreement ("**ATA**") with the United States, the EU-U.S. Open Skies Agreement,

which became effective in 2008. The European Union's ultimate objective is to create a transatlantic Open Aviation Area, i.e. a single air transport market between the EU and the U.S. with free flows of investment and no restrictions on air services, including access to the domestic markets of both parties. The ATA was amended in 2010. Norway and Iceland joined the ATA in June 2011.

The International Civil Aviation Organisation ("**ICAO**"), a specialised agency of the United Nations, has developed standards and recommended practices covering a wide range of matters, including aircraft operations, personnel licensing, security, accident investigations, navigation services, airport design and operation and environmental protection. Germany is a member of the ICAO.

The International Air Transport Association ("**IATA**") is a global trade organisation of the air transport industry and represents 265 airlines, covering 83% of scheduled traffic. IATA provides a forum for the coordination of tariffs on international routes. IATA also facilitates international cooperation on areas of technical safety, security, navigation and flight operations and the development of communication standards and administrative procedures. IATA regulations are applicable to TUI Group's airline business on two levels.

First, TUI Group must obtain IATA accreditation in order to act as an intermediary and sell tickets for and on behalf of an IATA airline. Second, TUI Group's flight booking operations are required to continuously comply with the IATA Passenger Sales Agency Rules and the terms of the Passenger Sales Agency Agreement.

In order to receive IATA accreditation, the IATA examines the applicant to determine whether it has the necessary qualifications (mainly qualified staff) and financial standing to become an "accredited" intermediary and maintain such status as "accredited" intermediary. Continued reporting obligations mainly involve the reporting of annual audited financial statements and the prior notification of certain changes affecting the IATA-accredited intermediary, some of which may require the entering into of a new Passenger Sales Agency Agreement, such as the acquisition of such IATA-accredited intermediary by a person who is not itself accredited or any change in the legal nature of the IATA-accredited intermediary. IATA-accredited intermediaries may also be subject to reviews initiated by IATA administrators, usually this occurs if the IATA administrator considers that it is likely that the IATA-accredited intermediary no longer has the necessary qualifications for accreditation or fails to meet certain financial requirements. In June 2012, IATA issued a new version of the Passenger Sales Agency Rules, which resulted in certain countries modifying IATA accreditation criteria. TUI Group is required to comply with such changes in the different jurisdictions where TUI Group operates, which may include changes to TUI Group's capital structure or guarantees.

Additionally, under certain circumstances, namely, when operating under the merchant model, IATA may require us to post guarantees in order to minimise TUI Group's airlines' credit risk. Parameters adopted by IATA to assess intermediaries' credit-worthiness may vary from one jurisdiction to another and based on its annual review of TUI Group's financial statements, IATA may modify guarantee requirements applicable to us. The Group entities are materially compliant with IATA requirements in this respect. Upon the occurrence of certain events such as an acquisition, IATA may monitor compliance by intermediaries with its regulations, particularly the financial undertakings, in which case the guarantees posted may be amended or IATA may require additional guarantees.

IATA also regulates the frequency on which settlement (remittance) is due by accredited intermediaries. Such frequency varies between jurisdictions and is subject to amendment. IATA regulations currently provide that frequency of payment may vary from one jurisdiction to another and occurs at least once a month.

#### *Licenses and Certificates*

TUI Group's airlines are regulated by, and must hold operating licenses that are issued by, the aviation authorities in their home countries. For example, TUIfly is regulated and licensed by the German Federal Aviation Authority (Luftfahrt-Bundesamt, LBA) and Thomson Airways is regulated and licensed by the British Civil Aviation Authority. National airline licensing rules have been harmonised across the European Union. As a result, operating licenses are now valid throughout the European Union on the basis of Regulation (EC) No. 1008/2008. In order to receive an operating license, EU airlines must, inter alia, have their principal place of business (i.e. their head office or registered office) in an EU member state, must have air services as their main occupation and must be owned more than 50% and be effectively controlled by EU member states or nationals of EU member states. Violations of these rules may result in the withdrawal of the airline's operating license. According to Regulation (EC) No. 1008/2008 member states may restrict capacity on air traffic routes to respond to sudden unavoidable and unforeseeable problems or for environmental reasons. In addition, airlines require further licenses, for example for the operation of routes outside the European Union and for the use of

certain rights set forth in international aviation agreements. In 1995, by virtue of the European Economic Area Agreement, Norway, Iceland and Liechtenstein, although not members of the European Union, became subject to the air traffic regulation regime set up by the European Union, thus extending this regime to the European Economic Area ("**EEA**").

The national aviation authorities are also responsible for enforcing technical standards and safety rules concerning the operation and maintenance of aircraft. Aircraft may only be flown if they have a certificate of airworthiness and their engines, equipment and maintenance procedures must also be certified. All flight crew and certain maintenance staff must be licensed.

#### *Security*

According to Article 13 of Regulation (EC) No. 300/2008 and Section 9 of the German Air Security Act (Luftsicherheitsgesetz), an air carrier is required to demonstrate specific security measures as set out in and in compliance with a security program (Luftsicherheitsplan) approved by the German air traffic authority.

#### *Slots*

Access to the main international airports is allocated by the allotment of slots. At heavily used and congested airports, slots are a scarce commodity. Within the EU, slots at major airports are allocated according to Council Regulation (EEC) No. 95/93, as amended, among other things, by Regulation (EC) No. 545/2009, while at smaller airports, national law determines slot allocation. Under the EU regulations, slots are allocated twice a year, with priority given to the airline that held the equivalent slot in the preceding period. Airlines may exchange slots among themselves under certain circumstances. Under Regulation (EEC) No. 95/93, the pure trading of slots for payment (i.e. without a corresponding exchange), so-called "secondary trading", is not expressly prohibited. The European Commission is currently exploring the possibilities of market oriented slot allocation schemes and to what extent potential mechanisms could be included in draft legislation.

#### *Rights of Passengers*

Passenger rights are regulated by national and EU law; in addition, international agreements may apply with regard to, for example, liability for accidents. At the European level, Regulation (EC) No. 261/2004 repealed Regulation (EC) No. 295/91 and broadened the rights of air travel passengers in case of the cancellation or substantial delay of flights in terms of compensation, support payments and other benefits. The Sturgeon judgment of the ECJ of 19 November 2009 reinterpreted Regulation (EC) No. 261/2004 so as to read into it an obligation on airlines to pay compensation of between EUR 250 and EUR 600 for flight delays exceeding three hours. Moreover, by judgment of 23 October 2012, for example, the ECJ ruled that Art. 5 to 7 of Regulation (EC) No. 261/2004 must be interpreted as meaning that passengers whose flights are delayed are entitled to compensation under that regulation where they suffer, on account of such flights, a loss of time equal to or in excess of three hours, that is, where they reach their final destination three hours or more after the arrival time originally scheduled by the air carrier. Such a delay does not, however, entitle passengers to compensation if the air carrier can prove that the long delay was caused by extraordinary circumstances which could not have been avoided even if all reasonable measures had been taken, namely circumstances beyond the actual control of the air carrier. The ECJ's jurisdiction, the EU Charter of Fundamental Rights that enshrines certain political, social and economic rights for EU citizens and factual changes were taken into consideration when issuing a proposal to amend Regulation (EC) No. 261/2004. The proposed regulation aims to eliminate grey zones and gaps in the current law and to ensure a better compliance and enforcement of the law. However, the legislative procedure has not been completed yet. The first reading in the EU parliament took place in February 2014; the EU Council discussed that proposal in June 2014.

Moreover, as regards the liability of an airline the Montreal Convention on the Unification of Certain Rules for International Air Carriage was adopted in May 1999. The convention consolidated, updated and replaced all previous agreements on air carrier liability, including the 1929 Warsaw Convention. The Montreal Convention came into force in all EU member states on 28 June 2004, and was implemented into German law in 2004. Passengers may claim up to 1,000 Special Drawing Rights ("**SDRs**") (currently approximately EUR 1,411 as of 12 September 2016) for lost, damaged or delayed luggage. This compares with the previous weight-based compensation system under the 1929 Warsaw Convention, which continues to apply to cargo. Finally, in case of a passenger's death or bodily injury the Montreal Convention establishes strict carrier liability for damages of up to 113,100 SDRs (currently approximately EUR 141,0096 as of 12 September 2016) for each passenger while the carrier's liability for damages caused by delay in the carriage of persons is limited to 4,694 SDRs (currently approximately EUR 5,856 as of 12 September 2016) for each passenger.

### *Ownership Structure and Compliance Documentation*

The granting and maintenance of an operating license for a German air carrier is primarily governed by Regulation (EC) No. 1008/2008 and Section 20 of the German Air Traffic Act (Luftverkehrsgesetz). Regulation (EC) No. 1008/2008 requires that an air carrier must be owned and continue to be owned directly or through majority ownership by EU member states and/or nationals of EU member states and must at all times be effectively controlled by such EU member states or such nationals. It also provides that any entity, which directly or indirectly participates in the controlling shareholding of an air carrier, must meet the requirements set out above. The air carrier must at all times be able to demonstrate to the EU member state responsible for the operating license that it meets these requirements.

In addition to the national and EU regulations, bilateral air transport agreements entered into between Germany and other countries also require a certain ownership structure. These agreements grant air traffic rights (for example the right for scheduled flights over the territory and the right to land) to Germany, which are then passed on to the German air carriers by way of designation. These bilateral agreements typically provide that the air carriers designated by Germany must be owned in a substantial part (i.e. usually majority-owned) by German nationals or companies and effectively be controlled by German nationals. Some air traffic agreements do not require a certain ownership structure or refer to EU nationality rather than to German nationality.

Evidence of a compliant ownership structure has to be provided e.g., in accordance with the German Aviation Compliance Documenting Act (Luftverkehrsnachweissicherungsgesetz; LuftNaSiG) which requires German airlines to be joint stock corporations with registered shares.

### *Environmental Regulation*

TUI Group's airlines are subject to international, national and, in some cases, local environmental regulation standards. Since 1 April 2002, TUI Group's aircraft must comply with the noise requirements set forth in Chapter 3 of Annex 16 to the Chicago Convention. Certain airports in Europe have established local noise restrictions, including limits on the number of hourly or daily operations or the time of such operations. These restrictions may cause curtailment of service or increases in operating costs and could limit TUI Group's ability to expand TUI Group's operations at affected airports. Directive 2002/49/EC sets a general framework for the assessment and management of noise. For airports with more than 50,000 civil aircraft movements per calendar year Regulation (EU) No. 598/2014 establishes rules and procedures with regard to the introduction of noise-related operating restrictions at EU airports within a balanced approach.

Environmental regulation could be tightened further in the future. Pursuant to Directive 2008/101/EC, from 1 January 2012 all flights that arrive or depart from an airport situated in the territory of an EU member state have been included in the EU emissions trading scheme. The emissions trading scheme is a cap and trade system for carbon emissions to encourage industries to reduce their CO<sub>2</sub> emissions. Under the legislation, airlines are granted initial credits based on historical emissions and their shares of the total aviation market. Any shortage of credits will have to be purchased in the open market. The cost and amount of such credits that TUI Group's airlines had to buy in 2012 and 2013 amounted to EUR 4.6 million. This legislation continues to have a substantial negative impact on the European airline industry, including TUIfly.

In February 2013, the ICAO Committee on Aviation Environmental Protection (CAEP) agreed on a new CO<sub>2</sub> certification requirement, as well as new global noise standards that will result in quieter skies and airports. The CO<sub>2</sub> certification requirement will form the basis of future work to complete an Aircraft CO<sub>2</sub> Standard.

It has been discussed for many years within the European Union whether to extend the EU Emission Trading System ("**EU-ETS**") to the shipping industry. In 2015, the EU Parliament and Council enacted Regulation (EU) No. 2015/757 with the objective not to include the shipping industry in the EU-ETS but to implement a system for monitoring, reporting and verification.

Since January 2011 an air travel tax, known as "air traffic surcharge", applies to all flights departing from Germany. According to Sec. 11 of the German Act on Air Travel Tax (Luftverkehrsteuergesetz, LuftVStG), the current tax of either EUR 7.50, EUR 23.43 or EUR 42.18 depends on the flight duration. For airlines, the new tax means considerably higher costs to the extent that such "air traffic surcharge" can be passed on to passengers.

In addition, some EU member states are considering abolishing the tax exemption for aviation gasoline. Directive 2003/96/EC allows EU member states to tax aviation fuel for domestic flights and, by means of bilateral agreements, fuel used for intra-member state flights.

## **Regulation Affecting TUI Group's Tour Operator Business**

### *ATOL Regulations*

An Air Travel Organiser's License ("**ATOL**") granted by the Civil Aviation Authority is required by law in the United Kingdom in certain circumstances, including when a firm sells a flight package which it has organised itself or a flight from the United Kingdom plus overseas accommodation or overseas car hire (or both). ATOL holders generally must post a bond that covers all components of the package holidays they sell, in order to provide security if the tour operator goes out of business. A number of TUI Group's businesses operating in the United Kingdom, including Thomson Holidays, hold ATOLs.

### *Package Travel Directive*

Council Directive 90/314/EEC of 13 June 1990 on package travel, package holidays and package tours (the "Package Travel Directive") imposes liability on companies that sell package holidays for all components of the package holiday, including services to be provided by third parties such as airlines, hotel companies and local tour companies. This directive contains provisions that, inter alia, regulate claims of travel customers regarding the remedy of defects, damages and the withdrawal of customers from package holidays. The scope of the Package Travel Directive is limited to the non-occasional sale of package tours by an "organiser" (person who organises packages and sells or offers them for sale, whether directly or through a retailer) or a "retailer" (person who sells or offers for sale packages put together by an organiser) to a consumer, to the exclusion of individually organised tours or to the delivery of single travel services, such as a scheduled flight or hotel accommodation.

For purposes of the Package Travel Directive, "package" means a combination previously put together by an organiser or a combination of elements tailored by the travel agent at the request of the consumer including not fewer than two of the following elements: transportation, accommodation or other tourist services not ancillary to transportation or accommodation but which account for a significant part of the package. Additionally, in order to be covered under the "package" definition, such combinations are required to be sold or offered for sale at an inclusive price and the services must cover a period of more than 24 hours or include overnight accommodation.

Insofar as TUI Group acts as organisers or retailers, TUI Group's activities are impacted by the Package Travel Directive and implementing national legislations, primarily with respect to (i) minimum standards concerning the information to be provided to consumers, (ii) formal requirements for package travel contracts, including mandatory rules concerning cancellation, modification and the civil liability of package tour organisers or retailers, and (iii) providing effective protection to consumers in the event of the package tour organiser's insolvency, namely repayment of the price and repatriation of consumers. Under the Travel Package Directive, member states were allowed to choose between mandatory joint liability of the organiser and the retailer or to split liabilities in consideration of organisers, and retailers' traditional roles and responsibilities; therefore, we may be subject to different standards of liability depending on the jurisdictions in which we operate.

On 25 November 2015 the new Package Travel Directive (2015/2302/EU) was adopted. This new Directive entered into force on 31 December 2015 and has to be transposed into national by the EU member states by 1 January 2018. It will be applicable from 1 July 2018. The new Directive extends the protection of the 1990 Package Travel Directive to cover not only traditional package holidays, but also give protection to consumers who book other forms of combined travel (e.g. a self-chosen combination on a website of a flight plus hotel or car rental). The 2015 Package Travel Directive broadens the concept of "package" and will apply to (i) pre-arranged packages (ready-made holidays from a tour operator made up of at least 2 elements: transport, accommodation or other services, e.g. car rental); (ii) customised packages (selection of components by the traveller and bought from a single business online or offline) and (iii) linked travel arrangements (if the consumer, after having booked one travel service on one website, is invited to book another service through a targeted link or similar and the second booking is made within 24 hours). This revision of the Package Travel Directive will therefore result in additional and more stringent regulatory requirements applicable to TUI Group's operations.

## **Regulation Affecting TUI Group's Hotels and Destination Agencies**

TUI Group's hotels and destination agencies are subject to a variety of laws and regulations in the countries in which they operate and, on a periodic basis, must obtain licenses and permits, for example those required for the construction and design of buildings and to sell alcoholic beverages. TUI Group is subject to a broad range of labor, environmental and health and safety regulations in each jurisdiction in which TUI Group operates. TUI

Group believes that we it obtained all required licenses and permits and that TUI Group's businesses are conducted in substantial compliance with applicable laws.

### **Regulation Affecting TUI Group's Entire Business**

#### *National Level Regulation*

The laws of certain jurisdictions set forth additional license or other requirements for the operation of TUI Group's travel agency business. For instance, French law requires o TUI Group's travel agencies to be listed in a specific registry, whereas Italian law provides for local permit requirements.

In particular, TUI Group could become subject to the Cuban Assets Control Regulations ("**CACR**"). Travel service providers who are, or are owned or controlled by, U.S. citizens, U.S. residents, or U.S. corporations or their foreign branches or subsidiaries, are subject to the U.S. embargo against Cuba, expressed principally through CACR and administered by the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**"). The CACR also extend to all persons physically located in the United States as well as all persons engaging in transactions that involve property in or otherwise subject to the jurisdiction of the United States. Currently, TUI Group is not subject to the CACR, but TUI Group could become subject to the CACR if U.S. citizens or residents or a U.S. company or its foreign subsidiary obtained control of the Issuer. The CACR provide that companies subject to the CACR must obtain authorisation from OFAC before providing travel-related services in connection with authorised travel to or from Cuba. Criminal penalties for violating the CACR range up to ten years in prison, USD 1,000,000 in corporate fines, and USD 250,000 in individual fines. Civil penalties up to USD 65,000 per violation may also be imposed. The CACR require those dealing with Cuba (including traveling to Cuba) to maintain records for five years and, upon request from OFAC, to furnish information regarding such dealings.

#### *Data Protection and E-commerce Regulations*

TUI Group, like other companies subject to European Union regulations, is subject to increasing regulation relating to customer privacy and data protection. In general terms, applicable data protection regulations limit the uses of data that TUI Group collects about customers, including the circumstances in which TUI Group may communicate with them. In addition, TUI Group is generally required to take reasonable steps to protect customer data while it is in TUI Group's possession. Currently, it is being discussed on the European Union level whether to replace Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data by a regulation on the protection of individuals with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation; COM(2011) 11 final) which aims, in particular, at harmonising the data protection level within the European Union.

Additionally, the online nature of TUI Group's business requires us to comply with European Union regulations and implementing national legislation on electronic commerce, primarily relating to (i) pre-contractual information to be provided to consumers on TUI Group's activities, (ii) the regulation of commercial communications TUI Group sends to consumers, (iii) formal rules for entering into electronic contracts, and (iv) the liability of intermediary service providers.

### **Significant Change in the Issuer's Financial or Trading Position**

There has been no significant change in the financial or trading position of the Issuer which has occurred since 30 June 2016, the end of the last financial period for which financial information has been published.

### **Share Capital**

As of the date of this Prospectus, the Issuer has a share capital of EUR 1,500,739,294.83. The share capital is divided into 587,038,187 ordinary shares without par value (no-par value shares). The share capital has been fully paid up.

### **Major Shareholders**

Under the WpHG, holders of voting securities of a listed German company must notify that company of the level of their holding or voting rights, which are attributed to them, whenever it reaches, exceeds or falls below specified thresholds. The thresholds are 3, 5, 10, 15, 20, 25, 30, 50 and 75% of the Issuer's outstanding voting securities. On the basis of the notifications received by TUI Group as of the date of this Prospectus in accordance with the WpHG and pursuant to information provided by the respective shareholders, the following

shareholders directly or indirectly hold more than 3% of the TUI Group's ordinary shares. The percentage values shown in the table below are based on the amount of voting rights last notified to the TUI Group's with regard to the stated reference date by the respective shareholder pursuant to Sections 21 et seqq. WpHG in relation to the TUI Group's share capital as of the date of this Prospectus. It should be noted that the number of voting rights last notified could have changed since such notifications were submitted to the TUI Group without requiring the relevant shareholder to submit a corresponding voting rights notification if no notifiable thresholds have been reached or crossed:

<b>Name of shareholder</b>	<b>Share of ordinary registered shares (%)</b>
Unifirm Limited (A. Mordashov) <sup>(1)</sup>	15.02
BlackRock Inc. <sup>(5)</sup>	5.29
Standard Life Investments Limited <sup>(2)</sup>	5.01
Artemis Investment Management LLP <sup>(3)</sup>	3.87
Luis Riu / Carmen Riu, Palma de Mallorca <sup>(4)</sup>	3.72

<sup>(1)</sup> Notification pursuant to sec. 21 para. 1 WpHG (20 November 2015 and 23 November 2015, respectively).

<sup>(2)</sup> Notification pursuant to sec. 21 para. 1 WpHG (19 May 2015).

<sup>(3)</sup> Notification pursuant to sec. 21 para. 1 WpHG (22 December 2014).

<sup>(4)</sup> Notification pursuant to sec. 21 para. 1 WpHG (11 December 2014).

<sup>(5)</sup> Notification pursuant to sec. 21 para. 1 WpHG (18 April 2016).

All of the TUI Group's shares confer the same voting rights.

### **Material Contracts**

The following is a summary of TUI Group's material agreements other than those entered into in the ordinary course of business.

#### **K-Sure-Financing Guarantee**

By way of a senior term loan facility agreement originally dated 12 November 2007, as amended from time to time (the "**K-Sure Financing**"), between Hapag-Lloyd, as borrower, and KfW IPEX-Bank GmbH, Citibank N.A., London Branch, BNP Paribas (formerly Fortis Bank S.A./ N.V.), Singapore Branch, HSBC Bank PLC Project and Export Finance, the Royal Bank of Scotland PLC, Nordea Bank, Danmark A/S and Société Générale, as lenders, KfW IPEX-Bank GmbH, as the agent, and Citibank N.A., as security trustee, the lenders have made available term loan facilities of up to USD 660 million to Hapag-Lloyd, as borrower. The facilities under the K-Sure Financing consist of six separate tranches with each such tranche to be used to finance the acquisition cost of one vessel (acquisition costs for six 8,749 TEU container vessels that have been constructed by Hyundai Heavy Industries Co., Ltd. of Korea and delivered to Hapag-Lloyd).

As of 30 June 2016, the amount outstanding under the K-Sure-Financing was USD 232.3 million.

Each delivery tranche under the K-Sure Financing matures on the twelfth anniversary of the actual delivery date of the relevant financed vessel and is to be repaid in twenty four equal consecutive, semi-annual installments. The respective repayment installment becomes due on the date that falls six months after the date of the disbursement of the relevant delivery tranche.

TUI AG has unconditionally and irrevocably guaranteed all of Hapag-Lloyd's obligations under the K-Sure Financing by way of a separate guarantee (the "**K-Sure Guarantee**") (pertaining in particular to all due payments, including interest, under the K-Sure Financing, which are not made by Hapag-Lloyd). The Issuer has agreed that the lenders will not need to commence any legal proceedings under, or enforce any security created by, the K-Sure Financing before claiming or commencing proceedings under the K-Sure-Guarantee and thereby waived all applicable defenses. Furthermore, TUI AG waived its rights to file counterclaims against, set-off, abate, defer or defend the guaranteed payments against the lenders or Hapag-Lloyd. TUI AG has agreed that all claims it may have against Hapag-Lloyd or its assets resulting from TUI AG making payments under the K-Sure Guarantee will be fully subordinated to the rights of the lenders under the K-Sure Financing.



### **Joint Venture Agreement with Respect to TUI Cruises**

On 17 December 2007, the Issuer and Royal Caribbean Cruises Ltd. entered into a joint venture agreement with respect to the development and operation of a cruise line business targeting German-speaking countries through TUI Cruises which currently owns five cruise ships the "Mein Schiff 1", "Mein Schiff 2", "Mein Schiff 3", "Mein Schiff 4" and "Mein Schiff 5" (the latter commissioned in July 2016). This fleet will be expanded by one additional cruise ship "Mein Schiff 6" to be commissioned in 2017 and "Mein Schiff" as well as "Mein Schiff 2" are intended to be replaced by two newbuilds in 2018 and 2019, "Mein Schiff 7" and "Mein Schiff 8". Each of the joint venture partners holds 50% in TUI Cruises. Under the joint venture agreement, the parties have set up a shareholders' committee consisting of four members with two members to be appointed by each party. Certain matters with respect to the business operations of TUI Cruises are made subject to the consent of the shareholders' committee, including the approval of business plans, appointing members of the management, structural changes, capital expenditures, transactions between TUI Cruises and the joint venture partners and financing arrangements. TUI Cruises shall have two or three managing directors who operate through a managing committee consisting of the chief executive officer and the chief financial officer and, potentially, the third managing director and are responsible for the day-to-day business. The joint venture agreement furthermore contains provisions regarding deadlock situations in the shareholders' committee, pursuant to which the parties shall use reasonable efforts to resolve continuing disagreements in good faith. If the parties fail to resolve the deadlock in a certain period of time, the parties have the right to either buy from or sell to the other party all of their shares and proportional shares in shareholder loans. The joint venture agreement also contains a change of control clause pursuant to which each joint venture partner has the right to initiate the procedure set forth for deadlock situations as described above. Change of control with respect to the Issuer is defined as a person acquiring effective control over more than 30% of the Issuer's voting shares.

### **Joint Venture Agreement with Respect to Jaz Hotels & Resorts S.A.E.**

On 1 March 2006, the Issuer acquired a majority participation in the Egyptian hotel management company Egypt Hotels S.A.E. and entered into a respective joint venture agreement with the remaining shareholders which all belong to the HEC Group, a group of companies controlled by the Egyptian citizen Mr. Hamed El Chiaty (the "**HEC Group**"). Previously, starting in May 1996, predecessor-companies of the Issuer had acquired a majority participation in an Egyptian hotel management company called Egyptotel S.A.E. and a 50% participation in an Egyptian hotel management company called SolyMar for Management of Tourist Resorts S.A.E. and entered into respective joint venture agreements with the remaining shareholders of both companies, which all belonged to the HEC Group. In December 2008, the three aforementioned hotel management companies were merged into Egypt Hotels S.A.E. Subsequent to the merger, Egypt Hotels S.A.E. was renamed Jaz Hotels & Resorts S.A.E. As of the date of this Prospectus, the Issuer holds 50.94% of the shares in Jaz Hotels & Resorts S.A.E. and the HEC Group holds the remaining 49.06%.

The purpose of Jaz Hotels & Resorts S.A.E. is to manage or operate specialised and first class hotels, resort hotels and restaurants in Egypt, Oman, Jordan and the United Arab Emirates under the brands Jaz and Iberotel. According to the joint venture agreement, profits are shared equally among the Issuer and the HEC Group. The Issuer is entitled to appoint four members of the board; the HEC Group is entitled to appoint the remaining three board members. Mr. Hamed El Chiaty has been appointed chairman of the board. Certain important matters (for example the appointment of general managers, material borrowings, important agreements, substantial changes to the structure of the company) require a majority of 80% in the board with an affirmative vote of at least one director representing the Issuer and one director representing HEC Group. The joint venture agreement also includes a right of first refusal of the shareholders if another shareholder intends to sell its shares to a third party. If the HEC Group intends to sell any of their current hotel activities to third parties, they must first offer such hotels for sale to Egypt Hotels S.A.E. or to the Issuer.

In addition to the joint venture agreement, the Issuer is party to various shareholders' agreements with the HEC Group with respect to the various joint venture hotel owning; management and marketing companies which own and work with the relevant hotels in Egypt and the United Arab Emirates. The Issuer has granted the HEC Group an option to purchase up to all shares held by the Issuer in Jaz Hotels & Resorts S.A.E. and other hotel owning and management companies if a change of control at the level of the Issuer occurs. Change of control in this context occurs if: (i) a shareholder or a group of shareholders holds or acquires shares or voting rights from shares in the Issuer provided that these shares would grant a de facto majority in the Issuer's shareholders' meetings based on the average presence in the annual general shareholders' meetings of the Issuer over the last three years; (ii) one third of the shareholders' representatives on the Issuer's Supervisory Board can be attributed to one shareholder or a group of shareholders; or (iii) the shareholders' meeting of the

Issuer approves a transaction pursuant to which a shareholder or a group of shareholders of the Issuer would acquire either in the Issuer or in its tourism business shares or voting rights would grant a de facto majority in the Issuer's shareholders' meetings based on the average presence in the annual general shareholders' meetings of the Issuer over the last three years.

#### **Strategic Venture agreements in Canada**

On 14 January 2010, Sunwing Travel Group entered into a partnership with TUI Group. Sunwing Travel Group Inc. ("**STGI**") was formed being a vertically integrated travel company based in Toronto that encompasses tour operations, an airline and retail travel agencies. The company has different classes of shares. TUI Group holds 25% of the voting shares, but a 49% effective economic interest with the majority voting shares and economic interest held ultimately by the Hunter family. The shareholder agreement identifies the board composition, being seven members with three members appointed by TUI Group, and a number of reserved matters requiring approval from both shareholders including capital expenditure, acquisitions, disposals, financing above certain thresholds as well as terms on dividend policy and related party transactions.

Blue Diamond Hotels & Resorts Inc. ("**BD**"), a hotel operation and development group also including Nexus Tours, a Caribbean destination management company, was established in 2011 and incorporated in Barbados. BD operates a chain of luxury beach holiday resorts and hotels in the Caribbean and Mexico. As a result of a corporate reorganization effective 30 September 2016, BD became a wholly owned subsidiary of STGI. The shareholder agreement for BD identifies certain reserved matters specific to BD requiring shareholders' approval including level of capital spend, acquisitions, disposals, related party transactions and dividend policy. The board comprises five members of which two are appointed by TUI Group.

Vacation Express Inc., a U.S. based tour operator, also became a wholly owned subsidiary of STGI as a result of the aforementioned corporate reorganization.

The shareholder agreements furthermore contain provisions regarding (i) a right of first refusal of a shareholder, if the other shareholder obtains a third party offer and (ii) a tag-along right, according to which a shareholder must not transfer shares and proportional shares in shareholder loans to a third party offeror, unless the third party offeror also offers to purchase all the shares and shareholder debt of the other shareholder.

#### **Shareholders' Agreement with S-Group Direct Investments Limited**

On 15 April 2009, TUI Travel, TUI Travel Holdings Limited, S-Group Direct Investments Limited, Oscrivia Limited and Togebe Holdings Limited entered into a shareholders' agreement with respect to Togebe Holdings Limited, as amended on 23 October 2015, in which TUI Travel holds 25% and Oscrivia Limited (a member of the S-Group) holds 75%. The business of Togebe Holdings Limited is to develop the tour operator business in the commonwealth of independent states (CIS), i.e. countries of the former Soviet Union both through organic growth and acquisitions. Each of TUI Travel and Oscrivia Limited is entitled to appoint one member of the board (unless their shareholding (including the shareholding of any of their subsidiaries) falls below 33.3%. Certain important matters (for example business plans, the establishment of subsidiaries, financings and appointment of executive positions) require the unanimous approval of the shareholders. The joint venture agreement also includes rights of first offer, rights of first refusal and tag-along rights of the shareholders if another shareholder intends to sell its shares to a third party. Oscrivia Limited is granted a right to purchase the shares held by TUI Travel if: (i) TUI Travel ceases to be controlled by the Issuer; and if (ii) the person who was Chief Executive Officer (or equivalent) of TUI Travel immediately prior to the date on which such change of control takes effect ceases to be Chief Executive Officer (or equivalent) within 30 days of such change of control taking effect. Control in this context is defined as owning or controlling more than 50% of the voting share capital, being able (indirectly or directly) to direct the casting of more than 50% of the votes exercisable at the shareholders' meeting or having the right to appoint or remove directors holding a majority of the voting rights exercisable at meetings of the board on all or substantially all matters.

#### **Joint Venture Agreement with Respect to RIU Hotels, S.A.**

The Issuer holds through its subsidiary DEFAG Beteiligungsverwaltungs GmbH III ("**DEFAG III**"), 49% of the shares in RIU Hotels S.A. ("**Riu Hotels**"), a hotel development and investment firm, with the remaining 51% held by Saranja SL, a company incorporated in Mallorca, Spain ("**Saranja**").

There exists no dedicated joint venture or shareholder agreement with respect to RIU Hotels. Pursuant to the articles of association of RIU Hotels, if a shareholder wishes to sell its shares in RIU Hotels, there are pre-emption rights in favor of the remaining shareholders who may acquire the shares being disposed of (such

shares to be allocated to the interested shareholders pro rata to their existing shareholdings). If no remaining shareholder wishes to acquire the shares, the shares may be offered to a third party. The selling shareholder has six months to complete the transfer or the pre-emption process described above will restart. Furthermore, any transfer of shares in DEFAG III requires the prior written consent of all shareholders.

Further, the Issuer has assigned in trust a minor partial share in DEFAG III to Saranja pursuant to an agreement between the Issuer, Saranja, Hotel Obelisco S.A., DEFAG III and DEFAG Beteiligungsverwaltungs GmbH I ("**DEFAG I**" dated 14 December 2012 ("**Trust Agreement**"). Pursuant to the terms of the Trust Agreement Saranja is not permitted to dispose of its share without the Issuer's written consent and any rights conferred to it as a shareholder of DEFAG III are to be exercised in accordance with instructions from the Issuer (unless such instructions require the consent of Saranja under the DEFAG III articles of association).

Either the Issuer or Saranja may generally terminate the Trust Agreement upon providing one year's prior notice, for the first time with effect as of 31 December 2027. Additionally, the Issuer and Saranja have agreed to enter into negotiations after 31 December 2024, in order to renew the Trust Agreement. If no agreement is reached by 31 December 2027, or if at any time the agreement is terminated for cause, DEFAG III will be obliged to offer its shares in RIU Hotels to Saranja without delay. If Saranja does not accept the offer within three months, DEFAG III will be free to dispose of the shares in accordance with RIU Hotel's articles of association. It is further noted that the Issuer may, at any time, transfer to itself the shares in RIU Hotels from DEFAG III at which point the Trust Agreement will cease to be valid.

In accordance with the articles of association of DEFAG III, Saranja has the right to appoint one of the two members of the DEFAG III advisory board with the remaining member being appointed by the Issuer. The role of the advisory board is to supervise DEFAG III's management board. The advisory board must also unanimously approve certain reserved matters in circumstances where the management board or either Saranja or the Issuer have an influence on such matters including any transfer of the shares in DEFAG III or a change of control of DEFAG III such that a party, which is not wholly-owned either directly or indirectly by the Issuer, acquires a legal or factual majority in the shareholders' meeting or designates at least one third of the members of the advisory board or a managing director of DEFAG III ("**DEFAG III Change of Control**"). In addition, DEFAG III's articles of association provide that:

any transfer of the shares in DEFAG III requires the prior written consent of all shareholders;

Saranja possesses a right of pre-emption if the Issuer wants to sell its shares in DEFAG III to a third party (unless, in either case, the transfer is to the Issuer); and

Saranja must approve, among other things, any actual or potential DEFAG III Change of Control or a merger of DEFAG III with a third party or measures for a transformation (Umwandlung) of DEFAG III.

Saranja and the Issuer have furthermore agreed that the shares in RIU Hotels can only be disposed or transferred to a 100% subsidiary of the Issuer so long as the articles of association of that recipient subsidiary mirror those of DEFAG III (as described above and including the right of Saranja to appoint a member of the advisory board) and the subsidiary accedes to, and accepts joint and several liability for, all obligations of the Issuer and/or DEFAG III under the shareholder agreement entered into by, among others, the Issuer, DEFAG III and Saranja dated 14 December 2012 and in relation to the holding of the shares in RIU Hotels.

#### **Joint Venture Agreement with Respect to RIUSA II, S.A.**

RIUSA II S.A. ("**RIUSA II**") is a fully consolidated company through which the Issuer operates the RIU branded hotels. The Issuer holds, through its subsidiary DEFAG Beteiligungsverwaltungs GmbH I ("**DEFAG I**") 50% of the shares in RIUSA II with the remaining 50% being held by Hotel Obelisco S.A., a company wholly owned by the Riu family and incorporated in Mallorca, Spain ("**Obelisco**").

Pursuant to the articles of association of RIUSA II, if either of the shareholders wish to sell their shares in RIUSA II, there are pre-emption rights in favor of the remaining shareholders who may acquire the shares being disposed (such shares to be allocated to the interested shareholders) pro rata to their existing shareholdings in RIUSA II. If no shareholders wish to acquire the shares, the company itself shall have 30 days to acquire the shares and redeem them afterwards. The pre-emption rights outlined above will not apply in circumstances where the proposed transfer is in favor of a company in which the selling shareholder holds 100% of the share capital. Pursuant to the RIUSA II JV Agreement (as defined below) any limitations on the transfer of shares in RIUSA II contained in the articles of association do not apply to any transfer of the shares held by the Issuer in favor of: (i) a wholly owned company; or (ii) a company whose shareholders are the same individuals.

The Issuer entered into a joint venture agreement with Obelisco in respect of RIUSA II on 28 September 1993 ("**RIUSA II JV Agreement**"). The RIUSA II JV Agreement contains provisions pursuant to which the Issuer undertakes that any incorporation of any new hotel or touristic complex will have to be approved by the board of directors of RIUSA II and that all hotels and touristic complexes (except for those in Greece, Turkey, Tunisia, Austria and Germany) managed by either party to the joint venture agreement will be operated by RIUSA II. Obelisco undertakes not to compete with the Issuer in countries such as Austria or Greece where the Issuer already has established hotels and touristic complexes. In addition, upon the incorporation of any new hotel by RIUSA II, the Issuer will have the option to enter into an exclusivity, semi-exclusive or non-exclusive commercial arrangement with respect to that hotel (subject to certain occupancy thresholds being reached).

Pursuant to a purchase option agreement entered into by the Issuer and Obelisco on 27 June 2007, the Issuer granted Obelisco the right to acquire a minimum of 20% and a maximum of 50% of the RIUSA II share capital from the Issuer (i.e. up to 100% of the Issuer's interest in RIUSA II) if:

any shareholder, or group of shareholders, obtains shares in the Issuer which allows such shareholder(s) to control the Issuer's general shareholders' meetings (to be calculated using the average majorities of shareholders in the Issuer's general shareholders' meetings over the last three years);

a third of the members of the Issuer's supervisory board is controlled or appointed by a new shareholder or group of shareholders; or

the Issuer's shareholders approve a merger or demerger causing a situation in which a shareholder, or group of shareholders, obtains a majority of the voting rights at a general shareholders' meeting of the Issuer's shareholders;

(each such event a "**RIUSA II Change of Control Event**").

The Issuer must promptly notify RIUSA II of the occurrence of a RIUSA II Change of Control Event. RIUSA II shall exercise its option within one month after the occurrence of such event. Should RIUSA II not make use of this right, it may do so in the same month of the following two years.

An amendment to the RIUSA II JV Agreement was entered into on 27 June 2007, and contains an additional purchase option in favor of Obelisco should the Issuer reduce the number of hosts it allocates to hotels managed by RIUSA II by 20% provided that the Issuer cannot prove that such reduction was not a result of the Issuer's performance. Should Obelisco acquire any additional shares in RIUSA II from the Issuer (irrespective of whether based on this amendment or following a RIUSA II Change of Control Event), the provisions of the RIUSA II JV Agreement will cease to have effect.

It is noted that the Issuer has assigned in trust a minor partial share in DEFAG I to Obelisco pursuant to the Trust Agreement. DEFAG I has acceded to all of the joint venture agreements as well as all other agreements entered into by the Issuer in respect of RIUSA II. On that basis, each of the provisions described above that relate to the Issuer will also apply to DEFAG I.

In accordance with the terms of the Trust Agreement, Obelisco is not permitted to dispose of its share in DEFAG I without the written consent of the Issuer and any rights conferred to it as a shareholder of DEFAG I will be exercised in accordance with instructions from the Issuer (unless such instructions require the consent of Obelisco under the DEFAG I articles of association).

Either the Issuer or Obelisco may generally terminate the Trust Agreement upon providing one year's notice, for the first time with effect 31 December 2027. But, additionally, the Issuer and Obelisco have agreed to enter into negotiations after 31 December 2024, in order to renew the Trust Agreement. If no agreement is reached by 31 December 2027, or if at any time the agreement is terminated for cause DEFAG I will be obliged to offer its shares in RIUSA II to Obelisco without delay. If Obelisco does not accept the offer within three months DEFAG I will be free to dispose of the shares in accordance with RIUSA II's articles of association. In accordance with the articles of association of DEFAG I, Obelisco has the right to appoint one of the two members of the DEFAG I advisory board with the remaining member being appointed by the Issuer. The role of the advisory board supervises DEFAG I's management board. The advisory board must also unanimously approve certain reserved matters in circumstances where the management board or either Obelisco or the Issuer have an influence on such matters including any transfer of the shares in DEFAG I or a change of control of DEFAG I such that a party, which is not wholly-owned either directly or indirectly by the Issuer, acquires a legal or factual majority in the shareholders' meeting or designates at least one third of the members of the advisory board or a

managing director of DEFAG I (a "**DEFAG I Change of Control**"). In addition, DEFAG I's articles of association provide that:

any transfer of the shares in DEFAG I requires the prior written consent of all shareholders;

Obelisco possesses a right of pre-emption if the Issuer wants to sell its shares in DEFAG I to a third party (unless, in either case, the transfer is to the Issuer); and

Obelisco must approve, among other things, any actual or potential DEFAG I Change of Control or a merger of DEFAG I with a third party or measures for a transformation (Umwandlung) of DEFAG I.

Obelisco and the Issuer have also agreed that the shares in RIUSA II can only be disposed or transferred to a 100% subsidiary of the Issuer so long as the articles of association of that recipient subsidiary mirror those of DEFAG I (as described above and including the right of Obelisco to appoint a member of the advisory board) and the subsidiary accedes to, and accepts joint and several liability for all obligations of the Issuer and/or DEFAG I under, the shareholder agreement entered into by, among others, the Issuer, DEFAG I and Obelisco dated 14 December 2012 and in relation to the holding of the shares in RIUSA II.

It is further noted that the Issuer may, at any time, transfer to itself the shares in RIUSA II from DEFAG I at which point the arrangements Trust Agreement will cease to be valid.

### **Boeing Contract for the Purchase of seventy Boeing 737 MAX Aircraft**

On 30 May 2013, TUI Travel Aviation Finance Limited ("**TTAFL**"), a wholly owned subsidiary of TUI Travel, entered into an agreement with The Boeing Company ("**Boeing**") in connection with the purchase of Boeing 737MAX aircraft (the "**Boeing Contract**"). Under the terms of the Boeing Contract, TTAFL agreed to purchase sixty Boeing 737 MAX aircraft comprising forty 737MAX-8 variant and twenty 737MAX-9 variant (the "**Aircraft**"), each with certain substitution rights which allow TTAFL to change the variant of a particular Aircraft (subject to certain limitations and notice periods). The Aircraft are for delivery commencing in 2018 and ending in 2023, although TTAFL has the flexibility to defer delivery dates subject to appropriate notice and certain other conditions. As at July 2012, the aircraft list price for the sixty Boeing 737MAX Aircraft was approximately USD 6.09 billion (being USD 97,779,300 for each 737MAX-8 aircraft and USD 104,925,300 for each 737MAX-9 aircraft). The aircraft basic price for each Aircraft is increased by: (i) an escalation factor; and (ii) certain "buyer-furnished" or "seller purchased" equipment which TTAFL may request Boeing to install. The escalation factor is designed to increase the aircraft basic price, to account for economic fluctuations, of any individual Aircraft by applying a formula which reflects increases in certain published U.S. employment cost and consumer price indices between the time the aircraft basic price was set and the month of delivery of the relevant Aircraft. The final aircraft basic price is also subject to increases or decreases resulting from changes to the relevant specifications of the Aircraft. Boeing granted to TTAFL certain price concessions, allowances and other support items as part of the Boeing Contract. These price concessions take the form of credit memoranda issued to TTAFL which TTAFL may apply towards the final balance of the purchase price at delivery of the Aircraft or the purchase of goods and services from Boeing. The various credit memoranda, allowances and support will reduce the effective price of the Aircraft to TTAFL.

The Boeing Contract requires that periodic advance payments be made in respect of each Aircraft. These advance payments secure the delivery positions and contribute to the costs incurred by Boeing in the construction of each Aircraft. Boeing's standard advance payment schedule requires Boeing customers to have paid 30% of the aircraft basic price, adjusted by the addition of escalation until delivery. TTAFL agreed certain variations to the standard schedule which provides benefits to TTAFL. On delivery of each Aircraft, TTAFL is required to pay the outstanding balance of the Aircraft price.

Pursuant to the Boeing Contract, Boeing will provide TTAFL with warranties on the Aircraft, including certain warranties against defects in design, materials or workmanship and a warranty that the Aircraft conform to the agreed specifications, and agreed to indemnify TTAFL against certain intellectual property infringement claims that may be brought in respect of the Aircraft and any other claims in connection with any demonstration or test flights of the Aircraft. Boeing also provided certain guarantees, relating to matters of the performance of the Aircraft. TTAFL provided Boeing with certain indemnities with respect to equipment furnished by TTAFL for installation in the Aircraft.

In addition to the Aircraft, TTAFL was granted, subject to certain conditions, the right to purchase up to a further sixty Boeing 737 MAX aircraft, comprising fifty 737MAX-8 variant and ten 737MAX-9 variant (the "**Option Aircraft**"). The Option Aircraft are available at the same terms and conditions as apply to the Aircraft and have

been allocated specific delivery positions which run largely concurrently with the Aircraft. The Option Aircraft require a deposit to be placed by TTAFL and if TTAFL wishes to exercise any of its rights in relation to Option Aircraft, it will be required to provide a minimum period of notice to Boeing. On 7 July 2016, TTAFL entered into an agreement with Boeing to exercise its right to purchase ten Option Aircraft with scheduled delivery dates commencing in 2019 and ending in 2020.

Either party may terminate the Boeing Contract if the other party becomes subject to insolvency proceedings or otherwise ceases trading or disposes of all or substantially all of its business. TTAFL has the right to terminate the Boeing Contract with respect to a particular Aircraft if the delivery of the relevant Aircraft is delayed for more than twelve months. TTAFL also entered into an agreement with CFM International S.A. ("**CFM**" and the "**CFM Agreement**") on 30 May 2013, under which CFM will provide support for the LEAP-1B Engines installed on the Aircraft purchased direct from Boeing under the Boeing Contract and, in addition, TTAFL agreed to purchase eight spare LEAP-1B Engines at an aggregate escalated list price of approximately USD 104 million. The CFM Agreement provides TTAFL with the benefit of credits, concessions and special guarantees from CFM in respect of the LEAP-1B Engines for the Aircraft, spare LEAP-1B Engines and also for LEAP-1B Engines installed on any of the Option Aircraft purchased by TTAFL as well as spare LEAP-1B Engines for any such Option Aircraft. Under the CFM Agreement, CFM additionally provided certain concessions, guarantees and warranties, relating to both the installed engines purchased via Boeing and the spare engines purchased from CFM, in a direct agreement which is related to the Boeing Contract.

#### **Boeing Contract for the Purchase of up to five Boeing 787-9 Aircraft.**

On 17 April 2015, Thomson Airways Limited ("**Thomson**") entered into contract with Boeing in relation to the substitution of the purchase of two B787-8 aircraft with deliveries in 2016 to two B787-9 aircraft with deliveries in 2016 and 2017. In addition to this substitution, Thomson also agreed to purchase one additional B787-9 aircraft with a delivery in 2018 and was granted the option to acquire one B787-9 aircraft with a delivery in 2019. As at 2012, the list price for the three B787-9 aircraft and one Option Aircraft was approximately USD 754 million (USD 251.5 million for each of the three firm aircraft). Furthermore, on 1 June 2016, Thomson entered into a contract with Boeing in relation to a further B787-9 aircraft for delivery in 2018. The aircraft basic price for this further B787-9 Aircraft for delivery in 2018, as at July 2015, is USD 272.5 million. Boeing granted to Thomson certain price concessions, allowances and other support items as part of the aircraft purchase agreements. These price concessions take the form of credit memoranda issued to Thomson which Thomson may apply towards the final balance of the purchase price at delivery of the Aircraft or the purchase of goods and services from Boeing. The various credit memoranda, allowances and support will reduce the effective price of the Aircraft to Thomson. The first of the four committed B787-9 aircraft delivered in June 2016, leaving remaining commitments for three B787-9 aircraft.

#### **Description of Certain Financing Arrangements**

The following summary of the material terms of certain financing arrangements to which TUI Group and certain of TUI Group's subsidiaries are a party does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

#### **The EUR 1,750,000,000 Revolving Credit Facility**

On 15 September 2014, the Issuer entered into a credit facility agreement with Citigroup Global Markets Limited, J.P. Morgan Limited and UniCredit Bank AG as arrangers, the financial institutions named therein as original lenders and UniCredit Luxembourg S.A. as facility agent and as amended on 26 September 2014 and 17 December 2015, (the "**Syndicated Facilities Agreement**") relating to a syndicated multicurrency revolving credit facility consisting of total revolving credit commitments of EUR 1,535,000,000 and a letter of credit facility in the amount of EUR 215,000,000 (the "**Syndicated Facility**"). The Syndicated Facility, having been applied to refinance the existing RCF agreement or existing instruments, as applicable, can be used for general corporate purposes of the Issuer and its subsidiaries. The Syndicated Facility comprises (i) a EUR 1,535,000,000 tranche for cash drawings and (ii) a EUR 215,000,000 tranche for issuing bonds, bank guarantees and letters of credit. The Syndicated Facility benefits from guarantees that certain subsidiaries of the Issuer (each such subsidiary being a "**Syndicated Facility Guarantor**") have provided to the lenders for advances under the Syndicated Agreement. The group of subsidiaries acting as Syndicated Facility Guarantors is broadly the same as the group of Guarantors guaranteeing the Notes and the Existing Notes Guarantors (as defined below). In addition, pursuant to the terms of the Syndicated Facilities Agreement, subject to certain exceptions, a subsidiary of the Issuer shall accede as a Syndicated Facility Guarantor if (i) its gross adjusted assets (as defined in the Syndicated Facilities Agreement) equals or exceeds 5% of TUI Group's gross adjusted assets, or (ii) the pre-tax

profits of that subsidiary exceeds the higher of EUR 15,000,000 and 5% of the pre-tax profits the TUI Group, with gross adjusted assets and pre-tax profits being determined from the subsidiaries' financial statements which were consolidated into the latest audited consolidated financial statements of the Issuer. The Syndicated Facilities Agreement also contains a mechanism for subsidiaries to cease to be a Syndicated Facility Guarantor in certain circumstances. Certain guarantees are subject to jurisdictions specific limitation language and there are exceptions where certain subsidiaries which would otherwise meet the threshold are not required to provide guarantees. Any voluntary prepayment of the Syndicated Facility may be re-borrowed on the terms of the Syndicated Facilities Agreement, but mandatory or involuntary prepayments or cancellations may not be re-borrowed. The final maturity of the Syndicated Facilities Agreement is 22 December 2020 and the availability period ends one month prior to this. The interest rate on cash drawings under the Syndicated Facilities Agreement is calculated by reference to EURIBOR in respect of euro-denominated advances, or LIBOR in respect of advances denominated in other currencies plus a margin, subject to a margin ratchet based on the long-term credit rating of the Issuer. Under the terms of the Syndicated Facilities Agreement, each obligor must ensure that its payment obligations thereunder rank at least *pari passu* with all its other unsecured and unsubordinated indebtedness (except for obligations mandatorily preferred by law and not by contract). The Syndicated Facilities Agreement contains certain covenants, including restrictions on the incurrence of indebtedness and restrictions on disposals and asset sales. No security is granted in favour of the lenders under the Syndicated Facilities Agreement. The Syndicated Facilities Agreement is governed by English law and the English courts have non-exclusive jurisdiction.

#### **The EUR 300,000,000 Senior Notes due 2019**

On 26 September 2014, the Issuer issued EUR 300,000,000 4.5% senior bonds due on 1 October 2019 (the "**Existing Notes**") under an indenture dated 26 September 2014 (the "**2014 Notes Indenture**") among the Issuer and Citibank, N.A., London Branch ("**Citibank**") as trustee, paying agent, transfer agent and registrar. The 2014 Notes Indenture provided that under certain circumstances certain subsidiaries of the Issuer shall execute and deliver to the Trustee a supplemental indenture and notation of guarantee pursuant to which such subsidiaries shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the 2014 Notes Indenture on the terms and conditions set forth therein as subsequent guarantors (such subsequent subsidiary guarantors, the "**Existing Notes Guarantors**"). On 23 January 2015, the Issuer, the Existing Notes Guarantors and Citibank entered into a supplemental indenture pursuant to which each Existing Notes Guarantor agreed to provide an unconditional notes guarantee on the terms and subject to the conditions set forth in the 2014 Notes Indenture (the "**Supplemental Indenture**", and the Supplemental Indenture together with the 2014 Notes Indenture, the "**Existing Notes Indentures**"). Under the Existing Notes Indentures, the Issuer's obligations under the Existing Notes are unsecured and rank *pari passu* with all other outstanding unsecured and subordinated indebtedness of the Issuer. The Issuer is entitled to call all or a part of the Existing Notes as per 1 October 2016 and any time thereafter upon not less than 30 nor more than 60 days' notice, at a redemption price to 100% of the principle amount plus accrued and unpaid interest plus an early redemption premium as described in the 2014 Notes Indenture. The Existing Notes Guarantors are substantially identical to the group of subsidiaries acting as Syndicated Facility Guarantors under the Syndicated Facilities Agreement, and will be changed from time to time following any changes in the group of Syndicated Facility Guarantors. The Existing Notes contain covenants (e.g., limitation on indebtedness, limitation on restricted payments, limitation on sales of assets, limitation on mergers and acquisitions), certain of which will be suspended in case the Existing Notes are rated investment grade by both Standard & Poor's and Moody's. The Existing Notes Indentures are governed by the laws of the State of New York, United States of America. It is intended to redeem the Existing Notes with the Notes proceeds (please see "Use of Proceeds").

#### **Rating**

The Issuer has received the following long-term ratings from Moody's Investors Service Ltd. ("**Moody's**") and Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"):

- Moody's: Ba2, outlook stable; and
- Standard & Poor's: BB-, outlook positive.

For the purposes of Moody's ratings, a Ba2 rating means that an issuer's obligations are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 2 indicates a mid-range of that generic rating category. A Moody's rating outlook is an opinion regarding the

likely direction of an issuer's rating over the medium term. Where assigned, rating outlooks fall into the following four categories: Positive, Negative, Stable, and Developing.

For the purposes of Standard & Poor's ratings, obligors rated "BB", "B", "CCC", "CC", and "C" are regarded as having significant speculative characteristics. BB indicates the least degree of speculation. An obligor rated BB is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. A Standard & Poor's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. Positive means that a rating may be raised.

The Notes to be issued by TUI AG will be rated Ba2 by Moody's and BB- by Standard & Poor's.

Moody's has been established in the European Union and has been registered (pursuant to the list of registered and certified credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu](http://www.esma.europa.eu))) pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009, as amended, with the German Federal Financial Supervisory Authority.

Standard & Poor's has been established in the European Union and has been registered (pursuant to the list of registered and certified credit rating agencies published on the website of the European Securities and Markets Authority ([www.esma.europa.eu](http://www.esma.europa.eu))) pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009, as amended, with the Financial Conduct Authority in England.

### Recent Developments

The Issuer entered into negotiations with Etihad Aviation Group PJSC ("**Etihad**") and Air Berlin PLC & Co. Luftverkehrs KG, the parent company of the airberlin group ("**Air Berlin**"), to create a European leisure airline group, serving a broad network of key tourist destinations from Germany, Austria and Switzerland. Under the currently envisaged transaction structure it is proposed to contribute the Issuer's airline TUIfly GmbH, including the aircraft currently operated by TUIfly GmbH for Air Berlin under a so-called wet lease agreement, pursuant to which TUIfly GmbH provides aircraft, the complete crew, maintenance and insurance to Air Berlin, as well as the touristic operations of Air Berlin into a new airline group to be established by TUI AG and Etihad. Following news coverage of rumours regarding the proposed joint venture and before TUI Group had officially announced its plans, including certain assurances towards TUIfly GmbH's employees, a significant portion of TUIfly GmbH's flight personnel reported sick which led to delays and cancellations of flights in the beginning of October; TUI Group expects the associated adverse financial impact to amount to a low to medium two-digit million EUR sum.

Although at the time of this Prospectus, it would be premature to accurately predict the effects on TUI Group's profitability as well as on its financial condition as a result of the deconsolidation of TUIfly GmbH, TUI Group expects to benefit from cost savings and a more flexible supply relationship with the new airline group in a challenging market environment. The Issuer, Etihad and Air Berlin intend to finalise in-principle agreements in the coming weeks. The prospective transaction will be subject to the finalization of the negotiations and the necessary corporate and regulatory approvals.

### Outlook

TUI Group intends to pursue its strategy as a content centric, vertically integrated tourism group. Based on the results in the nine-month period ended 30 June 2016 and the current operating performance, TUI Group expects, subject to closing effects in the consolidation and assuming constant foreign exchange rates are applied to the result in the current and prior period and including Hotelbeds Group for Financial Year 2014/15, to deliver approximately 2% of growth in turnover and between 12% and 13% growth in underlying EBITA in the Financial Year 2015/16, demonstrating the strength of TUI Group's integrated business model and content centric strategy as well as the delivery of merger synergies. Due to further reorganization measures initiated, corporate streamlining is expected to deliver merger synergies of EUR 100 million in Financial Year 2016/17, mainly from the consolidation of overlapping functions. TUI Group intends to focus on balance sheet simplicity and flexibility. In addition, TUI Group intends to further improve its ability for free cash flow generation after having generated free cash flow of EUR 0.7 billion (before capital expenditures and dividends) in Financial Year 2014/15. For Financial Year 2015/16, TUI Group set targets for the leverage ratio (defined as gross financial



liabilities plus fair value of financial commitments from lease, rental and leasing agreements plus pension provisions and similar obligations divided by reported EBITDA plus long-term leasing and rental expenses) of 2.75x-3.0x and for the interest cover (defined as reported EBITDA plus long-term leasing and rental expenses divided by net interest expenses plus one-third of the total long-term leasing and rental expenses) of 4.5x-5.5x.

Based on the results recorded in Financial Year 2015/16 and against the background of the industry outlook, the recent developments concerning TUI Group's operations, its current trading and projections for the Financial Year 2016/2017 and the financial year ending 30 September 2018 ("**Financial Year 2017/18**"), TUI Group aims to achieve an underlying EBITA CAGR of at least 10% (on a constant currency basis) over the three years until the end of Financial Year 2017/18. Dividends are expected to grow in line with the growth in underlying EBITA at constant currency, with an additional 10% in Financial Year 2014/15 and in Financial Year 2015/16 as outlined at the time of the TUI Merger. TUI Group intends to improve its competitive position by offering unique content and further increase controlled distribution in source markets, in particular in online distribution. Furthermore, TUI Group aims to further expand long haul destinations, with the additional Boeing 787 fleet opening up new destinations. Moreover, TUI Group continues its strategy of capacity growth in its Hotels & Resorts and Cruises segments with further hotel openings planned for Winter 2016/17 and Summer 2017 and six more ships to come across TUI Group's fleets in the coming years. Until 2018/19, TUI Group targets to expand its hotel portfolio by approximately 60 additional hotels under its core brands Riu, Robinson, Magic Life and its new hotel brand TUI Blue.

#### **Third Party Information and Statement by Experts and Declaration of any Interest**

With respect to any information included in this Prospectus and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof.

## INFORMATION ON THE SUBSIDIARY GUARANTORS

### Summary information of the Subsidiary Guarantors

#### TUI Belgium N.V.

TUI Belgium N.V. (formerly named TUI Travel Belgium N.V.) is a limited liability company incorporated under the laws of Belgium on 19 July 1971. It is registered with the commercial register of Bruges (division Ostend) under company number 0408.479.965 and its registered office is at Gistelsesteenweg 1, 8400 Oostende, Belgium. As of the date of this Prospectus, the share capital of TUI Belgium N.V. amounts to EUR 24,830,000 divided into 471 shares. The principal activities of TUI Belgium N.V. are the sale of travel packages and accommodation, mainly in the Belgian market.

#### TUI Nederland N.V.

TUI Nederland N.V. is a limited liability company incorporated under the laws of the Netherlands on 21 March 1973. It is registered with the commercial register of Rotterdam under registration number 27148888 and its registered office is at Volmerlaan 3, 2288 GC, Rijswijk, The Netherlands. As of the date of this Prospectus, the share capital of TUI Nederland N.V. amounts to EUR 10,000,000 divided into 200,000 shares. The principal activities of TUI Nederland N.V. are organising and selling of (package) holidays and other tourism related activities in The Netherlands and on Curaçao (Dutch Antilles).

#### Leibniz-Service GmbH

Leibniz-Service GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany on 3 November 1966. It is registered with the commercial register of the local court of Hannover under registration number HRB 6100 and its registered office is at Karl-Wiechert-Allee 4, 30625 Hannover, Germany. As of the date of this Prospectus, the share capital of Leibniz-Service GmbH amounts to EUR 27,000 divided into 2 shares. The principal activities of Leibniz-Service GmbH is the holding of participations in enterprises active in tourism or providing services relating thereto, such as tour operators, travel agencies, airlines, and incoming agencies (destination services) mainly in the German source market as well as in the touristic destinations.

#### Preussag Beteiligungsverwaltungs GmbH IX

Preussag Beteiligungsverwaltungs GmbH IX is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany on 9 August 1999. It is registered with the commercial register of the local court of Hannover under registration number HRB 58050 and its registered office is at Karl-Wiechert-Allee 4, 30625 Hannover, Germany. As of the date of this Prospectus, the share capital of Preussag Beteiligungsverwaltungs GmbH IX amounts to EUR 25,000 divided into 1 share. The principal activity of Preussag Beteiligungsverwaltungs GmbH IX is to act as a holding company for TUI Group subsidiaries.

#### Preussag Immobilien GmbH

Preussag Immobilien GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany on 17 January 1941. It is registered with the commercial register of the local court of Braunschweig under registration number HRB 6256 and its registered office is at Karl-Wiechert-Allee 4, 30625 Hannover, Germany. As of the date of this Prospectus, the share capital of Preussag Immobilien GmbH is divided into 2 shares and amounts to 139,700,000 Deutsche Mark (which translates into approximately EUR 71,427,500). The principal activities of Preussag Immobilien GmbH are the maintenance and administration of real estate owned by TUI Group in Germany.

#### TUI Aviation GmbH

TUI Aviation GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany on 19 February 2004. It is registered with the commercial register of the local court of Hannover under registration number HRB 61602 and its registered office is at Karl-Wiechert-Allee 4, 30625 Hannover, Germany. As of the date of this Prospectus, the share capital of TUI Aviation GmbH amounts to EUR 25,000 divided into 1 share. The principal activities of TUI Aviation GmbH are the sale and purchase as well as the lease of aircraft and parts of aircraft, as well as activities in any business field relating to air traffic.

### **TUI Deutschland GmbH**

TUI Deutschland GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany on 8 March 2006. It is registered with the commercial register of the local court of Hannover under registration number HRB 62522 and its registered office is at Karl-Wiechert-Allee 4, 30625 Hannover, Germany. As of the date of this Prospectus, the share capital of TUI Deutschland GmbH amounts to EUR 50,000,000 divided into 2 shares. The principal activities of TUI Deutschland GmbH are to conduct the tourism business, especially the operation and distribution of tours via own and third party travel agencies as well as online, and the operation of any business relating thereto mainly in or from the German source market.

### **TUIfly GmbH**

TUIfly GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany on 26 April 1979. It is registered with the commercial register of the local court of Hannover under registration number HRB 50615 and its registered office is at Flughafenstraße 10, 30855 Langenhagen, Germany. As of the date of this Prospectus, the share capital of TUIfly GmbH amounts to EUR 45,000,000 divided into 1 share. The principal activities of TUIfly GmbH comprise commercial air traffic, as well as the sale and purchase, repair and maintenance of aircraft, aircraft spare parts and tools, the provision of services with regard to third party aircraft as well as the lease of aircraft.

### **First Choice Holidays Limited**

First Choice Holidays Limited is a limited company incorporated under the laws of England & Wales on 28 July 1896. It is registered at the Companies House under registration number 48967 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of First Choice Holidays Limited amounts to GBP 26,335,935.87 divided into 877,864,529 shares of GBP 0.03 each. The principal activity of First Choice Holidays Limited is to act as an intermediate holding company within TUI Group.

### **First Choice Holidays Finance Limited**

First Choice Holidays Finance Limited is a limited company incorporated under the laws of England & Wales on 23 October 2000. It is registered at the Companies House under registration number 4094619 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of First Choice Holidays Finance Limited amounts to GBP 26,335,935.87. It is divided into 887,864,529 shares of GBP 0,03 each. The principal activity of First Choice Holidays Finance Limited is to act as the treasury management company for the TUI Group and to support the business activities and financial risks for the TUI Group.

### **Thomson Airways Limited**

Thomson Airways Limited is a limited company incorporated under the laws of England & Wales on 28 October 1947. It is registered at the Companies House under registration number 444359 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of Thomson Airways Limited amounts to GBP 100,000. It is divided into 100,000 shares of GBP 1 each. The principal activity of Thomson Airways Limited is the operation of charter airline services.

### **TUI Northern Europe Limited**

TUI Northern Europe Limited is a limited company incorporated under the laws of England & Wales on 2 January 1998. It is registered at the Companies House under registration number 3490138 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of TUI Northern Europe Limited amounts to GBP 0.25 i.e. 1 share of GBP 0.25. The principal activity of TUI Northern Europe Limited is to act as a holding company for a group of companies within the TUI Group operating within the leisure travel industry in the UK and the Republic of Ireland.

### **TUI Travel Aviation Finance Limited**

TUI Travel Aviation Finance Limited is a limited company incorporated under the laws of England & Wales on 10 August 2009. It is registered at the Companies House under registration number 6986537 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As

of the date of this Prospectus, the share capital of TUI Travel Aviation Finance Limited amounts to GBP 2,187,501. It is divided into 2,187,501 shares of GBP 1 each. The principal activity of TUI Travel Aviation Finance Limited is to act as intermediary, leasing aircraft from external parties and sub-leasing them to subsidiaries within the TUI Group.

#### **TUI Travel Holdings Limited**

TUI Travel Holdings Limited is a limited company incorporated under the laws of England & Wales on 4 July 2008. It is registered at the Companies House under registration number 6638818 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of TUI Travel Holdings Limited amounts to GBP 131,414,631.40. It is divided into 1,314,146,314 shares of GB P0.10 each. The principal activity of TUI Travel Holdings Limited is to act as an intermediate holding company within the TUI Group.

#### **TUI Travel Limited**

TUI Travel Limited is a limited company incorporated under the laws of England & Wales on 29 January 2007. It is registered at the Companies House under registration number 6072876 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of TUI Travel Limited amounts to GBP 0.10 i.e. 1 share of GBP 0. The principal activity of TUI Travel Limited is to act as an intermediate holding company within the TUI Group.

#### **TUI UK Limited**

TUI UK Limited is a limited company incorporated under the laws of England & Wales on 24 June 1993. It is registered at the Companies House under registration number 2830117 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of TUI UK Limited amounts to GBP 274,000,000. It is divided into 274,000,000 shares of GBP 1 each. The principal activities of TUI UK Limited are the provision of package holidays and the sale of other related travel services. It also provides corporate services for the TUI Group as a subsidiary undertaking within the group.

#### **TUI UK Transport Limited**

TUI UK Transport Limited is a limited company incorporated under the laws of England & Wales on 16 June 1971. It is registered at the Companies House under registration number 1014599 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of TUI UK Transport Limited amounts to GBP 20,000. It is divided into 20,000 shares of GBP 1 each. The principal activity of TUI UK Transport Limited is to act as a transport broker to its immediate parent company TUI UK Limited and other companies within the TUI Group.

#### **TUI UK Retail Limited**

TUI UK Retail Limited is a limited company incorporated under the laws of England & Wales on 23 October 1979. It is registered at the Companies House under registration number 1456086 and its registered office is at TUI Travel House, Crawley Business Quarter, Fleming Way, Crawley, West Sussex, RH10 9QL. As of the date of this Prospectus, the share capital of TUI UK Retail Limited amounts to GBP 141,000,000. It is divided into 141,000,000 shares of GBP 1 each. The principal activity of TUI UK Retail Limited is the travel agency business.

#### **Fritidsresor AB**

Fritidsresor AB was incorporated under the laws of Sweden on 24 August 1981. It is registered at the Swedish Companies Registration Office under registration number 556211-6615 and its registered office is at Söder Mälarstrand 27, 117 85 Stockholm, Sweden. As of the date of this Prospectus, the share capital of Fritidsresor AB amounts to SEK 358,750,000. It is divided into 3,587,500 shares. The principal activities of Fritidsresor AB are to conduct tour operator business in the Swedish market and to provide centralised functions directly (flight and hotel costs) and indirectly (IT, Finance, HR) for the TUI Nordic division (i.e. Sweden, Norway, Finland, Denmark).

**TUI Nordic Holding AB**

TUI Nordic Holding AB was incorporated under the laws of Sweden on 2 December 1997. It is registered at the Swedish Companies Registration Office under registration number 556549-5511 and its registered office is at Söder Mälarstrand 27, 117 85 Stockholm, Sweden. As of the date of this Prospectus, the share capital of TUI Nordic Holding AB amounts to SEK 1,663,734,600. It is divided into 16,637,346 shares. The principal activity of TUI Nordic Holding AB is to act as an intermediate holding company for the TUI Nordic division (i.e. (indirect) subsidiaries of the Issuer in Sweden, Norway, Finland, and Denmark).

**Subsidiary Guarantee Coverage**

For the twelve months ended 30 June 2016, the Subsidiary Guarantors represented the following percentages of the consolidated TUI Group, in each case adjusted to eliminate intra-group transactions:

Consolidated Turnover .....	77.1%
Consolidated EBITDA.....	54.9%

## TAXATION

*The following is a general discussion of certain German, Luxembourg, U.S. and financial transactions tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws currently in force and as applied on the date of this Prospectus, in the Federal Republic of Germany, the Grand Duchy of Luxembourg and the USA which are subject to change, possibly with retroactive or retrospective effect.*

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS APPLICABLE IN THE FEDERAL REPUBLIC OF GERMANY, THE GRAND DUCHY OF LUXEMBOURG AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.

### 1. Federal Republic of Germany ("Germany")

#### Income tax

*Notes held by tax residents as private assets*

##### - Taxation of interest

Payments of interest on the Notes to Holders who are tax residents of Germany (*i.e.*, persons whose residence or habitual abode is located in Germany) are subject to German income tax. In each case where German income tax arises, a solidarity surcharge (*Solidaritätszuschlag*) is levied in addition. Furthermore, church tax may be levied, where applicable. If interest claims are disposed of separately (*i.e.* without the Notes), the proceeds from the disposition are subject to income tax. The same applies to proceeds from the redemption of coupons or interest claims if the Note is disposed of separately.

On payments of interest on the Notes to individual tax residents of Germany income tax is generally levied as a flat income tax at a rate of 25% (plus solidarity surcharge in an amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax). Church tax is generally levied by way of withholding unless the Holder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office (*Bundeszentralamt für Steuern*). The total investment income of an individual will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples and registered partners filing jointly), not by a deduction of expenses actually incurred.

If the Notes are held in a custodial account which the Holder maintains with a German branch of a German or non-German bank or financial services institution or with a securities trading company or a securities trading bank in Germany (each a "**Disbursing Agent**") the flat income tax will be levied by way of withholding at the aforementioned rate from the gross interest payment to be made by the Disbursing Agent.

In general, no withholding tax will be levied if the Holder is an individual (i) whose Note does not form part of the property of a trade or business and (ii) who filed a withholding exemption instruction (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption instruction. Similarly, no withholding tax will be deducted if the Holder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

If no Disbursing Agent (as defined above) is involved in the payment process the Holder will have to include its income on the Notes in its tax return and the flat income tax of 25% plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax liability is lower than the tax liability calculated on the basis of the 25% flat income tax. In this case as well income-related expenses cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

##### - Taxation of capital gains

Capital gains realised by individual tax residents of Germany from the disposition or redemption of the Notes will be subject to the flat income tax on investment income at a rate of 25% (plus solidarity surcharge in an

amount of 5.5% of such tax, resulting in a total tax charge of 26.375%, plus, if applicable, church tax), irrespective of any holding period. Church tax is generally levied by way of withholding unless the Holder has filed a blocking notice with the German Federal Tax Office. This will also apply to Notes on which the principal is effectively repaid in whole or in part although the repayment was not guaranteed.

If the Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) the flat income tax will be levied by way of withholding from the difference between the redemption amount (or the proceeds from the disposition) after deduction of expenses directly related to the redemption or disposition and the issue price (or the purchase price) of the Notes. If Notes held in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale date and the acquisition date respectively with the result that any currency gains or losses are part of the capital gains. Losses incurred with respect to the Notes can only be offset against investment income of the private Holder realised in the same or the following years.

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated 18 January 2016 a bad debt-loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden capital contribution, shall not be treated like a disposal. Accordingly, losses suffered upon such bad debt-loss or waiver shall not be tax-deductible. The same rules should be applicable according to the said tax decree, if the Notes expire worthless so that losses may not be tax-deductible at all. A disposal of the Notes will only be recognised according to the view of the tax authorities, if the received proceeds exceed the respective transaction costs.

If the Notes have been transferred into the custodial account of the Disbursing Agent only after their acquisition, and no evidence on the acquisition data has been provided to the Disbursing Agent, withholding tax will be levied on 30% of the proceeds from the disposition or redemption of the Notes plus interest accrued, if any.

In computing any German tax to be withheld, the Disbursing Agent generally deducts from the basis of the withholding tax negative investment income realised by a private Holder of the Notes via the Disbursing Agent (e.g. losses from the sale of other securities with the exception of shares). The Disbursing Agent also deducts accrued interest on the Notes or other securities paid separately upon the acquisition of the respective security by a private Noteholder via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent credits foreign withholding taxes levied on investment income in a given year regarding securities held by a private Holder in the custodial account with the Disbursing Agent.

If no Disbursing Agent is involved in the payment process the Holder will have to include capital gains from the disposition or redemption of the Notes in its tax return and the flat income tax of 25% plus solidarity surcharge and, if applicable, church tax will be collected by way of assessment.

Payment of the flat income tax will generally satisfy any income tax liability (including solidarity surcharge and, if applicable, church tax) of the Holder in respect of such investment income. Holders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax liability is lower than the tax liability calculated on the basis of the 25% flat income tax. In this case as well income-related expenses (other than transaction costs) cannot be deducted from the investment income, except for the aforementioned annual lump sum deduction.

#### *Notes held by tax residents as business assets*

This section refers to persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany.

Payments of interest on Notes and capital gains from the disposition or redemption of Notes held as business assets by German tax resident individuals or corporations (including via a partnership, as the case may be), are generally subject to German income tax or corporate income tax (in each case plus solidarity surcharge and, if applicable, church tax). The interest and capital gain will also be subject to trade tax if the Notes form part of the property of a German trade or business.

If the Notes are held in a custodial account which the Holder maintains with a Disbursing Agent (as defined above) tax at a rate of 25% (plus a solidarity surcharge of 5.5% of such tax and, if applicable, church tax) will also be withheld from interest payments on Notes. In these cases the withholding tax does not satisfy the income tax liability of the Holder, as in the case of the flat income tax, but will be credited as advance payment against the personal income or corporate income tax liability and the solidarity surcharge (and, if applicable, against the church tax) of the Holder.

With regard to capital gains no withholding will generally be required in the case of Notes held by corporations resident in Germany, provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office, and upon application in the case of Notes held by individuals or partnerships as business assets.

#### *Notes held by non-residents*

Interest and capital gains are not subject to German taxation in the case of non-residents, *i.e.* persons having neither their residence nor their habitual abode nor legal domicile nor place of effective management in Germany, unless the Notes form part of the business property of a permanent establishment maintained in Germany. Interest may, however, also be subject to German income tax if it otherwise constitutes income taxable in Germany.

Non-residents of Germany are in general exempt from German withholding tax on interest and capital gains and from solidarity surcharge thereon. However, if the interest or capital gain is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent (as defined above), withholding tax will be levied as explained above at "*Notes held by tax residents as business assets*" or at "*Notes held by tax residents as private assets*", respectively.

#### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Note will generally arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

#### **Other Taxes**

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

## **2. Grand Duchy of Luxembourg ("Luxembourg")**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

#### *Notes held by non-residents*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes..

#### *Notes held by residents*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of currently 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of currently 10 %.



### 3. The proposed financial transactions tax

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transaction Tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has in the meanwhile stated that it will no longer participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective Holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION, OFFER AND SALE OF THE NOTES

### General

The Issuer has agreed in an agreement to be signed on or about 21 October 2016 to sell to Commerzbank Aktiengesellschaft, Deutsche Bank AG, London Branch, HSBC Bank plc and Société Générale (together, the "**Managers**"), and the Managers have agreed, subject to certain customary closing conditions, to purchase, the Notes on 26 October 2016 (the "**Issue Date**") at a price of 99.415% of their aggregate principal amount (the "**Issue Price**"). Proceeds to the Issuer will be net of commissions of up to 0.85% (including a base fee of 0.60%) of the aggregate principal amount of the Notes payable to the Managers. The Issuer has furthermore agreed to reimburse the Managers for certain expenses incurred in connection with the issue of the Notes.

The Managers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, which are material to the issue.

## SELLING RESTRICTIONS

### 1. General

Each Manager has represented and agreed that it will (to the best of its knowledge) comply with all applicable securities laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers the Notes or possesses or distributes this Prospectus and that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Managers shall have any responsibility therefor.

### 2. European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

### 3. United States of America and its Territories

Each Manager has acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States of America (the "**United States**") or to, or for the account or benefit of, United States persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager represents and agrees that neither it nor any persons acting on its behalf has offered, sold or delivered and will offer, sell or deliver any Notes except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Manager represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this subparagraph have the meaning given to them by Regulation S.

The Notes will be issued in accordance with the provisions of United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**" or "**TEFRA D**").

- (a) Except to the extent permitted under TEFRA D, each Manager represents that (i) it has not offered or sold, and agrees that during the restricted period it will not offer or sell, such Notes to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and agrees that it will not deliver within the United States or its possessions such Notes that are sold during the restricted period;

- (b) Each Manager represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (c) If it is a United States person, each Manager represents that it is acquiring such Notes for purposes of resale in connection with their original issuance and if it retains such Notes for its own account, it will only do so in accordance with the requirements of the TEFRA D Rules; and
- (d) With respect to each affiliate that acquires such Notes from a Manager for the purpose of offering or selling such Notes during the restricted period, such Manager repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's behalf.

Terms used in this subparagraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

#### **4. United Kingdom of Great Britain and Northern Ireland**

Each Manager has represented and agreed that,

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### **5. Hong Kong**

The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made under that Ordinance.

## GENERAL INFORMATION

### Authorisation

The creation and issue of the Notes has been authorised by resolutions of the Executive Board of the Issuer dated 25 August 2016 and by a resolution of the Supervisory Board of the Issuer dated 15 September 2016.

### Use of proceeds

In connection with the offering of the Notes, the Issuer expects to receive net proceeds of EUR 296,445,000 (after deduction of the base fee of 0.6% of the aggregate principal amount of the Notes payable to the Managers) which are intended to be used to redeem the Existing Notes and for general corporate purposes.

Further expenses of the issue are expected to amount to approximately EUR 0.7 million plus a discretionary fee of up to 0.25% of the aggregate principal amount of the Notes payable to the Managers.

### Yield

The yield of the Notes is 2.250% *per annum*. Such yield is calculated in accordance with the ICMA (International Capital Market Association) method.

### Listing and admission to trading

Application has been made to list the Notes on the official list of and to admit them to trading on the Euro MTF market of the Luxembourg Stock Exchange.

### Clearance and settlement

The Notes have been accepted for clearance through Clearstream Banking S.A., Luxembourg and Euroclear Bank SA/NV. The Notes have been assigned the following securities codes: ISIN XS1504103984, Common Code 150410398, WKN A2BPFK.

### Credit ratings

The Notes are expected to be rated BB<sup>-1</sup> by Standard and Poor's Credit Market Services Europe Limited ("**Standard & Poor's**")<sup>2</sup> and Ba2<sup>3</sup> by Moody's Investors Service Ltd. ("**Moody's**")<sup>2</sup> upon issuance.

### Documents on display

For so long as any Note is outstanding, copies of the following documents will, when published, be available free of charge during normal business hours at the registered office of the Issuer and may be inspected free of charge during normal business hours at the specified office of the Principal Paying Agent:

- (i) the constitutional documents (with an English translation where applicable) of the Issuer;
- (ii) the published audited consolidated financial statements of TUI Group for the financial years ended on 30 September 2014 and on 30 September 2015;

<sup>1</sup> Obligations rated "BB", "B", "CCC", "CC" and "C" are regarded as having significant speculative characteristics. "BB" indicates the least degree of speculation and "C" the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions. An obligation rated "BB" is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

<sup>2</sup> Each of Standard & Poor's and Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended, (the "**CRA Regulation**"). The European Securities and Markets Authority publishes on its website ([www.esma.europa.eu](http://www.esma.europa.eu)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

<sup>3</sup> Obligations rated Ba2 are regarded to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 2 indicates a mid-range of that generic rating category. A Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term. Where assigned, rating outlooks fall into the following four categories: Positive, Negative, Stable, and Developing.

- (iii) a copy of this Prospectus;
- (iv) any supplement to this Prospectus;
- (v) the Initial Subsidiary Guarantee;

## DOCUMENTS INCORPORATED BY REFERENCE

### Documents incorporated by reference

the published audited consolidated financial statements of TUI Group for the financial years ended on 30 September 2014 and 30 September 2015, in each case including the auditors' report thereon;

the published unaudited but reviewed interim condensed consolidated financial statements of TUI Group as of and for the nine-month period ended 30 June 2016;

### Comparative table of documents incorporated by reference

Page	Section of Prospectus	Document incorporated by reference
77	TUI AG as Issuer, Financial Information	<p>Audited consolidated financial statements 2014 of TUI Group (p. 150 – p. 282; p. 284 - 285)</p> <p>Consolidated statement of financial position (p. 152 – p. 153),            Consolidated income statement (p. 150),            Consolidated Statement of comprehensive income (p. 151),            Consolidated Statement of changes in shareholders' equity (p. 154 – p. 155),            Consolidated statement of cash flows (p. 156),            Notes (p. 157 – p. 282),            Independent auditors' report (p. 284 – p. 285).</p> <p>Audited consolidated financial statements 2015 of TUI Group (p. 162 – p. 302; p. 304 – p. 312)</p> <p>Consolidated statement of financial position (p. 164 – p. 165),            Consolidated income statement (p. 162),            Consolidated Statement of comprehensive income (p. 163),            Consolidated Statement of changes in shareholders' equity (p. 166 – p. 167),            Consolidated statement of Cash flows (p. 168),            Notes (p. 169 – p. 302),            Independent auditors' report (p. 304 – p. 312).</p> <p>Unaudited interim condensed consolidated financial statements 2016 of TUI Group (p. 32 – p. 64)</p> <p>Consolidated income statement (p. 32),            Condensed consolidated statement of comprehensive income (p. 33),            Consolidated statement of financial position (p. 34 – p. 35),</p>

Condensed consolidated statements of changes in shareholders' equity (p. 36 – p. 37),  
Condensed consolidated statement of cash flows (p. 37),  
Notes (p. 38 – p. 63),  
Review Report (p. 64).

**Availability of incorporated documents**

For so long as any Note is outstanding, copies of any document incorporated herein by reference will be available free of charge during normal business hours at the registered office of the Issuer as set out at the end of this Prospectus. In addition, such documents may be inspected free of charge at the specified office of the Principal Paying Agent as set out at the end of this Prospectus and will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).



## **NAMES AND ADDRESSES**

### **THE ISSUER**

**TUI AG**  
Karl-Wiechert-Allee 4  
30625 Hanover  
Federal Republic of Germany

### **JOINT BOOKRUNNERS**

#### **Commerzbank Aktiengesellschaft**

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60311 Frankfurt am Main  
Germany

#### **Deutsche Bank AG, London Branch**

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1 Great Winchester street  
London EC2N 2DB  
United Kingdom

#### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

#### **Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

### **AUDITORS TO THE ISSUER**

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**Aktiengesellschaft Wirtschaftsprüfungsgesellschaft**  
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Federal Republic of Germany

### **PRINCIPAL PAYING AGENT**

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*To the Managers as to German law*

**Hengeler Mueller**

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