

INVITATION

*We hereby invite our shareholders to the
2019 Annual General Meeting
on Tuesday, 12 February 2019
at 10.00 a.m. (CET) at
TUI Arena
Expo Plaza 7
30539 Hanover.*

**TUI AG
Berlin / Hanover
Karl-Wiechert-Allee 4
30625 Hanover
Germany**

The Company's share capital

is divided, at the time of convocation, into 587,901,304 no-par value shares carrying the same number of votes.

Securities identification numbers

Voting and participating shares:

ISIN-Code	WKN
DE 000 TUA G00 0	TUA G00

AGENDA

*for the Annual General Meeting of TUI AG
on 12 February 2019*

1. Presentation of the approved annual financial statements as of 30 September 2018, the approved consolidated financial statements, the summarised management and group management report with a report explaining the information in accordance with section 289a (1) and section 315a (1) of the German Commercial Code (Handelsgesetzbuch; HGB) and the report of the Supervisory Board

The Supervisory Board approved the annual financial statements for TUI AG as at 30 September 2018, which were presented to it by the Executive Board, on 12 December 2018. The annual financial statements have thus been approved in accordance with section 172 of the German Stock Corporation Act (Aktiengesetz; AktG). No circumstances therefore exist that would necessitate oneoff approval of the annual financial statements by the General Meeting. No resolution will therefore be passed by the General Meeting on the annual financial statements. The consolidated financial statements for the financial year that ended on 30 September 2018 were also approved by the Supervisory Board on 12 December 2018. Pursuant to section 173 AktG, the General Meeting is not required to pass a resolution in this regard either. Likewise, the other documents set out above are, pursuant to section 176 (1) sentence 1 AktG, merely to be made available for inspection at the Annual General Meeting, without any resolution being required in this respect.

2. Resolution on the use of the net profit available for distribution

The Executive Board and the Supervisory Board propose that an amount of € 423,288,720.00 from the reported net profit for the financial year that ended on 30 September 2018 of € 1,797,410,236.47 be applied towards the distribution of a dividend of € 0.72 per participating share and the remaining amount of € 1,374,121,516.47 be carried forward to new account.

Pursuant to section 58 (4) sentence 2 AktG, the shareholders' claim to their dividend will fall due on the third business day after the resolution was passed by the Annual General Meeting. The dividend shall thus be paid on 15 February 2019.

3. Resolution on the approval of the actions of the Executive Board

The Supervisory Board and the Executive Board propose that the actions of the members of the Executive Board in the financial year that ended on 30 September 2018 be approved.

Due to the fact that TUI AG's shares are listed on the London Stock Exchange and in view of the corporate governance standards applicable there, approval is to take place on an individual basis, i.e. a separate resolution is to be passed for each member. The actions of the following members holding office on the Executive Board in the preceding financial year are to be approved: Friedrich Joussen (CEO), Birgit Conix, Horst Baier, David Burling, Sebastian Ebel, Dr Elke Eller and Frank Rosenberger.

4. Resolution on the approval of the actions of the Supervisory Board

The Executive Board and the Supervisory Board propose that the actions of the members of the Supervisory Board in the financial year that ended on 30 September 2018 be approved.

Due to the fact that TUI AG's shares are listed on the London Stock Exchange and in view of the corporate governance standards applicable there, approval is to take place on an individual basis, i.e. a separate resolution is to be passed for each member. The actions of the following members holding office on the Supervisory Board in the preceding financial year are to be approved: Prof. Dr Klaus Mangold (Chairman), Frank Jakobi (Deputy Chairman), Peter Long (Deputy Chairman), Andreas Barczewski, Peter Bremme, Prof. Dr Edgar Ernst, Wolfgang Flintermann, Angelika Gifford, Valerie Frances Gooding, Dr Dierk Hirschel, Sir Michael Hodgkinson, Janis Carol Kong, Coline Lucille McConville, Alexey Mordashov, Michael Pönipp, Carmen Riu Güell, Carola Schwirn, Anette Stempel, Ortwin Strubelt, Mag. Stefan Weinhofer and Dr Dieter Zetsche.

5. Resolution on the appointment of the auditor

Based on the recommendation of the audit committee, the Supervisory Board proposes that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, be appointed as auditor of the annual financial statements and the consolidated financial statements for the financial year that will end on 30 September 2019 and also for the audit review of the half-year financial report for the first half of such financial year. The Supervisory Board further proposes that Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hanover, be

appointed as auditor for a potential review of additional interim financial information within the meaning of section 115 (7) of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG) for the financial years that will end on 30 September 2019 and on 30 September 2020 up to the next General Meeting.

6. Resolution on a new authorisation to acquire and use own shares in accordance with section 71 (1) no. 8 AktG with potential disapplication of pre-emption rights and rights to tender shares and the option to cancel own shares, also while reducing the share capital

In order to acquire own shares, the Company requires a special authorisation from the General Meeting, insofar as this is not expressly permitted by law. Since the authorisation resolved by the Annual General Meeting on 13 February 2018 will lapse on 12 August 2019, it is to be proposed to the Annual General Meeting that it once again grant the Company an authorisation to acquire own shares and that the existing authorisation be cancelled early. The new authorisation to acquire and use own shares is also intended to authorise the Executive Board to use own shares subject to the disapplication of shareholders' pre-emption rights or to cancel them, also while reducing the share capital. At the same time, it is to be ensured that the disposal of own shares acquired on the basis of the new authorisation with pre-emption rights being disapplied is only permitted if and to the extent that, after the granting of the authorisation, this does not result in the disapplication of pre-emption rights in respect of a share volume of more than 10 % of the share capital in aggregate, even when the potential exercise of other authorisations allowing for the disapplication of pre-emption rights is taken into account. The volume for the right to acquire shares shall furthermore be limited to a maximum of 5 % of the share capital.

The Executive Board and the Supervisory Board therefore propose that the following resolution be passed:

- a) The Executive Board is authorised to acquire own shares up to a maximum of 5 % of the share capital existing at the time of the resolution, but no more than 29,395,065 shares. The shares acquired, together with other own shares held by the Company or attributable to the Company in accordance with sections 71a et seq. AktG, must at no time exceed 10 % of the share capital. In addition, the requirements of section 71 (2) sentences 2 and 3 AktG must be complied

with. The authorisation must not be used for the purposes of trading in own shares.

b) The authorisation may be used in whole or in part, once or several times, and in pursuit of one or several objectives. The acquisition may be effected by the Company, by dependent companies or companies that are majority-owned by the Company, or by third parties acting for their account or for the account of the Company. The authorisation replaces the authorisation to acquire own shares resolved by the Annual General Meeting on 13 February 2018, which will be cancelled once the new authorisation comes into effect, and remains valid until 11 August 2020. However, any contract to purchase own shares based on this authorisation may only be concluded prior to the next Annual General Meeting, i.e. only in the period up and until the 2020 Annual General Meeting. The acquisition will be effected, depending on the preference of the Executive Board, either on the stock exchange or by means of a public offer to buy or a public call to shareholders to submit an offer to sell (together 'public tender offer').

- If the shares are acquired on the stock exchange, the share price paid by the Company (not including incidental acquisition costs) must not be more than 10% above or below the market price determined during the opening auction on the Frankfurt Stock Exchange (Xetra trading) or the depositary interests representing the shares at the London Stock Exchange on the respective stock exchange trading day. In addition, the share price paid by the Company (not including incidental acquisition costs) may in this case not exceed the higher of:
 - 105 % of the average of the middle market quotations of the share or the depositary interest representing the share derived from the London Stock Exchange Daily Official List for the five trading days directly preceding the day on which such share is contracted to be purchased;
 - an amount equal to the higher of the price of the last independent trade of a share or the depositary interest representing the share and the highest current independent bid for a share or the depositary interest representing the share on the trading venue where the purchase is carried out.
- If the shares are acquired by means of a public tender offer to all shareholders, the offer price per share paid by the Company (not

including incidental acquisition costs) must not be more than 10% above or below the price for the Company's shares determined during the closing auction on the Frankfurt Stock Exchange (Xetra trading) or the depositary interests representing the shares at the London Stock Exchange on the last stock exchange trading day before the decision of the Executive Board on the tender offer. If, following the announcement of a public offer to buy or a public call to shareholders to submit an offer to sell, there are significant variations in the relevant price, the offer or the call to shareholders to submit an offer to sell may be adjusted. In this case, the average price during the three stock exchange trading days prior to the decision of the Executive Board on any such adjustment will be used. If the total number of shares tendered in response to a public tender offer exceeds the volume of the latter, the acquisition may be effected in accordance with the ratio of shares tendered (tender ratio); in addition, preference may be given to accepting small quantities (up to 50 shares per shareholder) and rounding in accordance with common business practice may be allowed in order to avoid fractions of shares. Any further-reaching tender right on the part of shareholders is disappplied in this context.

- c) Company shares that have been acquired on the basis of this authorisation (up to 5 % of the share capital existing at the time of the resolution, but no more than 29,395,065 shares) may be sold through the stock exchange or by offering them to the shareholders in accordance with the principle of equal treatment. Furthermore, the Executive Board is authorised to use these shares for the following purposes instead:
- The shares may be cancelled, with the consent of the Supervisory Board, without such cancellation or the execution of such cancellation requiring any further resolution by the General Meeting. They may also be cancelled without a capital reduction by adjusting the calculated pro rata amount of the Company's share capital attributable to the remaining shares. The cancellation may be restricted to only a portion of the shares acquired. If cancellation takes place without a capital reduction, the Executive Board is authorised to modify the number of the shares in the Charter accordingly.
 - The shares may, with the consent of the Supervisory Board, also be sold by means other than a sale on the stock exchange or an

offer to shareholders provided that the shares are sold for cash at a price that is not significantly below the market price (at the time of the sale) of shares of the Company that are subject to the same terms. In this case, the total number of shares to be sold is limited to 5 % of the share capital existing at the time the resolution concerning the authorisation is passed by the General Meeting or – if lower – at the time the authorisation is exercised. The above authorisation volume of 5 % of the share capital is reduced by the portion of the share capital attributable to shares or relating to bonds carrying warrant and /or conversion rights or obligations that were issued or sold after 12 February 2019 subject to the disapplication of pre-emption rights in accordance with section 186 (3) sentence 4 AktG applied directly, analogously or mutatis mutandis; however, this reduction will only be made insofar as the respective amount exceeds 5 % of the share capital.

- The shares may, with the consent of the Supervisory Board, also be sold against contributions in kind, in particular in connection with the acquisition of companies, parts of companies, interests in companies (including an increase of participation) or other assets (including receivables) and within the context of mergers.
- The shares may also be used in connection with the exercise of conversion or warrant conversion or warrant rights or for the purpose of fulfilling conversion or warrant conversion or warrant obligations under convertible bonds, bonds with warrants, profit-sharing rights and /or income bonds (or combinations thereof) issued by the Company or by group companies and carrying conversion or warrant conversion or warrant rights or obligations.

d) The authorisation under c) bullet points 2 to 4 also relates to the use of Company shares acquired on the basis of section 71d sentence 5 AktG.

- e) The authorisations under c) may be exercised once or several times, in full or in part, and individually or together, while the authorisations under c) bullet points 2 to 4 may additionally be exercised by dependent companies or companies that are majority-owned by the Company, or by third parties acting for their account or for the account of the Company.
- f) Shareholders' pre-emption rights to own shares are disapplied insofar as these shares are used in accordance with the above-mentioned authorisations under c) bullet points 2 to 4. In the event that the own shares are sold by means of an offer to the shareholders, the Executive Board will be authorised, subject to the consent of the Supervisory Board, to disapply shareholders' pre-emption rights for fractional amounts. However, in addition to the other restrictions under this resolution, the total portion of the share capital attributable to own shares for which pre-emption rights have been disapplied under this authorisation or through the exercise of the authorisations under c) bullet points 2 to 4 must not – together with the portion of share capital attributable to own shares or new shares from authorised capital issued under disapplication of pre-emption rights under section 186 (3) sentence 4 AktG or to own or new shares relating to conversion or warrant conversion or warrant rights or obligations from bonds that were sold or issued after 12 February 2019 subject to the disapplication of pre-emption rights under an analogous application of section 186 (3) sentence 4 AktG – exceed 10 % of the share capital. This threshold is to be calculated on the basis of the amount of share capital existing at the time of the effectiveness of the authorisation or sale of own shares, whichever is lower.

7. Election of a new Supervisory Board member

The Supervisory Board member Ms Carmen Riu Güell has declared her resignation from office with effect as of the close of the Annual General Meeting 2019. As of that time, the term of office of the newly elected Supervisory Board member will begin.

The Supervisory Board of the Company is comprised of ten members representing the shareholders and ten employee representatives in accordance with sections 96 (1), 101 (1) AktG and section 7 (1) sentence 3 and sentence 1 no. 3 of the German Co-Determination Act 1976 (Mitbestimmungsgesetz 1976; MitbestG) in connection

with article 11 (1) sentence 1 of TUI AG's Charter. Pursuant to section 96 (2) sentence 1 AktG, the Supervisory Board is furthermore comprised of at least 30 per cent women and 30 per cent men (minimum quota requirement). The overall compliance in accordance with section 96 (2) sentence 3 AktG, pursuant to which the minimum quota of women and men of 30 per cent in each case is applied in consideration of the Supervisory Board as a whole, has not been objected. Hence, the Supervisory Board positions need to be filled by at least six women and at least six men to comply with the minimum quota requirement.

Not considering Ms Carmen Riu Güell, the Supervisory Board is comprised of six women and thirteen men. The minimum quota requirement is thus satisfied. The open position can therefore be filled either with a woman or a man.

The Supervisory Board proposes that the following resolution be passed:

Mr Joan Trián Riu, Executive Board member of Riu Hotels & Resorts, residing in Palma de Mallorca, Spain, be elected as a member of the Supervisory Board, representing the shareholders, for the period as of the close of the Annual General Meeting 2019 until the close of the Annual General Meeting resolving on the approval of actions for the financial year ending on 30 September 2023.

The nomination takes into account the aims for the composition of the Supervisory Board, the competence profile and the diversity concept of the Supervisory Board.

Information pursuant to section 125 (1) sentence 5 AktG and section 5.4.1 (5) to (8) of the German Corporate Governance Code:

Mr Joan Trián Riu is not a member in any supervisory boards required by law.

He is a member of the following other comparable supervisory bodies in domestic or foreign commercial companies:

- RIUSA II S.A., Spain;
- Riu Hotels S.A., Spain; and
- Productores Hoteleros Reunidos S.A., Spain.

The Supervisory Board is – also after consultation with the candidate – convinced that he will be able to devote the expected amount of time to the Supervisory Board mandate.

With respect to section 5.4.1 (6) to (8) of the German Corporate Governance Code the Supervisory Board declares the following:

Riu Hotels & Resorts Group, where Mr Joan Trián Riu holds the position of a member of the Executive Board, maintains numerous business relations to companies of the TUI Group in the area of accommodation services, including as a joint venture partner in RIUSA II S.A. and in Riu Hotels S.A.

Further information on the candidate, in particular a CV, can be found on the website of the Company at <http://www.tuigroup.com/en-en/investors/agm>.

8. Resolution on the approval of the remuneration arrangements for the Executive Board pursuant to section 120 (4) sentence 1 AktG

The remuneration system for the Executive Board has been amended with effect from 1 October 2017. In adapting the remuneration system renowned, independent external remuneration advisors assisted the Supervisory Board. The new remuneration system meets the requirements of the German Stock Corporation Act, the recommendations of the German Corporate Governance Code and also takes into account framework conditions arising from UK law as well as the UK Corporate Governance Code and market practice. The Annual General Meeting 2018 has approved the new remuneration system with a majority of 92.01 %. The new remuneration system continues to be valid.

In his letter to the shareholders dated 26 January 2018 the Chairman of the Supervisory Board announced to provide for a voluntary, legally non-binding approval of the remuneration system at the upcoming Annual General Meetings in order to particularly

meet the requirements of the international shareholders as far as possible.

The components of the persistent remuneration system for the Executive Board are again described below. The details are set out in the remuneration report (see Annual Report 2018 p. 128)

The new remuneration system for the Executive Board comprises a fixed remuneration and two variable remuneration components. Executive Board members will also receive the same kind of fringe benefits as before and a company car or monthly car allowance to the same extent as before, as well as company pension benefits in line with the previously granted pension commitments.

I. FIXED REMUNERATION

The fixed remuneration is paid in twelve equal instalments at the end of each month. If the service agreement begins or ends in the course of a financial year, the fixed annual remuneration will be paid pro rata for that year.

II. VARIABLE REMUNERATION

The two variable remuneration components are an annual variable remuneration plan (Jahreserfolgsvergütung – JEV) and a multi-annual variable remuneration plan based on virtual shares of TUI AG, with a four-year performance reference period (Long Term Incentive Plan – LTIP).

1. JEV

The JEV is an annual bonus related to the respective financial year with a one-year performance reference period. It is calculated on the basis of a weighted average target achievement for three group performance indicators, an individual performance factor (0.8 to 1.2) and an individual target amount, which is agreed with each Executive Board member in their respective service agreement. The weighted average target achievement from the three group performance indicators is limited to 180 %. Taking into account the individual performance factor, the JEV is limited to 216 % of the individual target amount p.a. If the service agreement begins or ends in the course of the financial year relevant for granting of the JEV, the JEV and the remuneration cap will be calculated pro rata according to the proportion of the overall duration of the service relationship during the relevant financial year to the financial year as a whole.

1.1 Group performance indicators and target achievement corridors

The JEV takes into account three group performance indicators within ambitious target achievement corridors:

1.1.1 Earnings before taxes (EBT)

The reported group earnings before taxes (EBT) on a constant currency basis is taken into account with a weighting of 50 %. This permits inclusion of the net financial result in the calculation. The adjustment for currency effects makes it possible to measure the actual management performance without distortion from currency-induced translation effects.

The target value in the one-year performance reference period for the EBT is set each year in euro by the Supervisory Board. To measure performance, the EBT reported in the current approved and audited consolidated accounts is compared, after adjustment for currency effects, with the target value for the respective financial year.

The reported EBT (adjusted for foreign exchange effects) must reach a threshold of at least 90 % of the target value (equals target achievement of 50 %), in order to be relevant for bonus purposes. In order to reach maximum target achievement of 180 %, 110 % or more of the earnings target (adjusted for foreign exchange effects) must be achieved. In the event of a quotient between 90 % and 100 %, linear interpolation will be used to determine the target achievement between 50 % and 100 %, and in the event of a quotient between 100 % and 110 %, linear interpolation will be used to determine the target achievement between 100 % and 180 %.

1.1.2 Return on invested capital (ROIC)

As additional JEV parameter the group performance indicator ROIC is included in the JEV with a weighting of 25 %. The Reported Group EBITA and the average invested interest-bearing capital for the financial year will be weighed against each other to establish the ROIC of the TUI Group used to calculate the JEV. By applying the average assessment previously used in the Annual Report, seasonal fluctuations and differences in capital intensity of the business model specific segments of TUI AG can be taken into account and a return on capital target can be included in the annual variable remuneration.

The target value in the one-year performance reference period for the ROIC is set each year in per cent by the Supervisory Board. To measure performance, the TUI Group ROIC reported (in per cent) in the relevant approved and audited consolidated accounts for the purpose of calculating Executive Board remuneration is compared with the target value (in per cent) for the respective financial year.

In order to include the ROIC component in calculation of the JEV, the return on investment may fall no more than 3 percentage points below the defined target value (corresponds to a target achievement of 50 %). In order to reach maximum target achievement of 180 % the target value must be exceeded by 3 percentage points or more. In the event of a deviation between –3 percentage points and 0 percentage points, linear interpolation will be used to determine the target achievement between 50 % and 100 %, and in the event of a deviation between 0 percentage points and 3 percentage points, linear interpolation will be used to determine the target achievement between 100 % and 180 %.

1.1.3 Cash flow

A cash flow component, which is reported in the TUI AG Annual Report, is also included in calculation of the JEV as a third group performance indicator with a weighting of 25 %. For this purpose the cash flow is determined using a simplified method, which is based on the management cash flow calculation and covers the liquidity parameters directly controlled by the Executive Board (depreciation, working capital, income from investments and dividends, net investments) on the basis of Reported Group EBITA, which is also adjusted for foreign exchange effects for this purpose.

The target value in the one-year performance reference period for the cash flow is set each year in euros by the Supervisory Board. To measure performance, the cash flow identified from the relevant approved and audited consolidated accounts of the TUI Group is compared with the target value for the respective financial year.

The cash flow component must reach a threshold of at least 90 % of the liquidity target (corresponds to a target achievement of 50 %), in order to be relevant for bonus purposes. In

order to reach maximum target achievement of 180 %, achievement of 110 % or more of the liquidity target is required. In the event of a quotient between 90 % and 100 %, linear interpolation will be used to determine the target achievement between 50 % and 100 %, and in the event of a quotient between 100 % and 110 %, linear interpolation will be used to determine the target achievement between 100 % and 180 %.

1.2 Individual performance factor

The Supervisory Board shall determine the individual performance factor for each Executive Board member (0.8 to 1.2) based on the achievement of three target categories: In addition to the achievement levels for individual performance targets, this includes performance targets for the overall performance of the Executive Board and achievement levels for stakeholder targets. The Supervisory Board shall establish these criteria and their relative weighting for each Executive Board member and financial year.

2. LTIP

The LTIP is a multi-annual variable remuneration plan based on virtual shares of TUI AG, with a four-year performance reference period that is dependent on the price development of the TUI AG shares. An individual target amount is agreed for each Executive Board member in their service agreement. On the first day of each financial year, a provisional number of virtual shares commensurate with the target amount will be calculated on the basis of the average XETRA price of TUI AG shares over the twenty trading days prior thereto. The final number of virtual shares at the end of the performance reference period, which determines the payout on the basis of the average XETRA price of TUI AG shares over the 20 trading days prior to the end of the performance reference period, is calculated by multiplying the provisional number of virtual shares by the target achievement levels for two group performance indicators. The maximum payout for each tranche is capped at 240 % of the individual target value. If the service agreement begins or ends in the course of the financial year relevant for granting of the LTIP, the LTIP and the remuneration cap will be calculated pro rata according to the proportion of the overall duration of the service relationship during the relevant financial year to the financial year as a whole.

2.1 Group performance indicators and target achievement corridors

The LTIP takes into account two group performance indicators within ambitious target achievement corridors:

2.1.1 Earnings per share (EPS)

The LTIP takes into account average EPS development p.a. as a group performance indicator, which is included with a weighting of 50 %. Average assessment over the four-year performance reference period is based on pro forma underlying earnings per share from continuing operations reported in the approved and audited consolidated accounts of the TUI Group (LTIP-relevant EPS).

Performance is measured on the basis of four equally weighted annual amounts during the performance reference period, each of which expresses the change in LTIP-relevant EPS in per cent compared to the previous year's figure. The first annual amount is based on the LTIP-relevant EPS in the last approved and audited consolidated accounts of the TUI Group prior to the start of the performance reference period.

If, during the four-year performance reference period, the LTIP-relevant EPS increases by less than 3 % on average p.a. in relation to the value of the last financial year before commencement of the performance reference period, this shall correspond to a target achievement of 0 %. An average increase p.a. of 3 % corresponds to a target achievement of 25 %. The maximum target achievement of 175 % is reached in the event of an average increase p.a. of 10 %. In the event of an average increase p.a. between 3 % and 5 %, linear interpolation will be used to determine the target achievement between 25 % and 100 %, and in the event of an average increase p.a. between 5 % and 10 % or more, linear interpolation will be used to determine the target achievement between 100 % and 175 %.

2.1.2 Relative total shareholder return (TSR)

For the relevant TSR (aggregate of all share price increases plus the gross dividends paid over the performance reference period) the relative value is expressed in relation to the comparable companies in the STOXX Europe 600 Travel & Leisure

in a percentile ranking. The relative TSR is included with a weighting of 50 %.

Where the TSR value of TUI AG achieves a percentile below the median value of the relevant benchmark group, the TSR target is factored into the LTIP at 0 %. A percentile on the median is deemed to correspond to a target achievement of 100 %. Where the percentile is equivalent to the maximum value 175 % of the TSR target is deemed to be achieved. In the event of a percentile between the median and the maximum value, linear interpolation will be used to determine the target achievement between 100 % and 175 %.

III. MAXIMUM TOTAL REMUNERATION

The maximum total remuneration of the CEO compared to the previous remuneration system has remained unchanged. The maximum total remuneration of the remaining Executive Board members is currently uniformly set at €3,500,000 gross.

IV. FRINGE BENEFITS AND COMPANY CAR

The type of granted fringe benefits as well as the company car provisions have remained unchanged compared to the previous remuneration system.

V. PENSION BENEFITS

Pension commitments already included in the previous remuneration system continue unchanged.

VI. BENEFITS UPON EARLY EXIT FROM COMPANY

The provisions governing payments to Executive Board members in case of premature termination of Executive Board membership remained unchanged as under the previous remuneration system.

The Executive Board and the Supervisory Board propose the adoption of the following resolution:

The remuneration system for the Executive Board members outlined above is hereby approved.

Executive Board report on agenda item 6

The proposal under agenda item 6 provides for an authorisation to acquire own shares in accordance with section 71 (1) no. 8 AktG representing up to 5 % of the share capital, but no more than 29,395,065 shares, which is restricted to a period of 18 months. However, any contract to purchase own shares based on this authorisation may only be entered into prior to the next Annual General Meeting, i.e. only in the period up and until the 2020 Annual General Meeting.

At the Annual General Meeting on 13 February 2018, TUI AG passed an authorisation resolution for the acquisition of own shares that is limited to a term ending on 12 August 2019. As this authorisation will lapse in the current financial year, this authorisation resolution is to be cancelled once the new authorisation that is to be resolved at this Annual General Meeting comes into effect. In addition to the requirements of the German Stock Corporation Act, the new authorisation is to take into account the requirements to be met by the Company on account of the listing of the TUI AG share on the London Stock Exchange and with a view to the UK corporate governance standards. The disapplication of pre-emption rights on disposal of own shares acquired on the basis of the new authorisation shall only be permitted within strict volume limits, which must not exceed 10 % of the share capital, even when the potential exercise of other authorisations allowing for the disapplication of pre-emption rights is taken into account. These restrictions, together with the reasons for the potential disapplication of pre-emption and tender rights, are explained below.

Under the new authorisation, the Company, in addition to being able to acquire own shares on the stock exchange, is also to be able to acquire own shares by means of a public tender offer to buy or a public call to submit an offer to sell to all shareholders. The principle of equal treatment, as specified under German stock corporation law, must be observed regardless of the manner by which the acquisition is effected. In the case of a public tender offer to buy or a public call to submit an offer to sell, shareholders can decide how many shares they wish to offer to the Company and – where a price range is specified – at what price. In the event that the volume offered at the specified price exceeds the number of shares the Company wishes to acquire, it must be possible for the acquisition to be effected in accordance with the ratio of shares tendered (tender ratios). Only where an acquisition is made according to tender ratios rather than participation ratios will it

be possible to handle the acquisition process effectively in technical terms. It must also be possible for preference to be given to accepting small offers or small parts of offers up to a maximum of 50 shares per shareholder. This makes it possible to avoid small, generally uneconomical residual amounts, thereby preventing the risk of small shareholders being put at a de facto disadvantage. It also serves to simplify the technical handling of the acquisition process. It must be possible, in all cases, to permit rounding in accordance with common business practice in order to avoid fractions of shares. This also serves to simplify the technical handling as it allows to ensure that only whole shares are acquired. In all of these cases, the disapplication of any further-reaching tender rights of shareholders is necessary, and is considered by the Executive Board and the Supervisory Board to be justified and appropriate vis-à-vis the shareholders. The purchase price or the upper and lower limits of the purchase price range offered for each share (not including incidental acquisition costs) must not be more than 10 % above or below the price for the Company's shares determined during the closing auction at the Frankfurt Stock Exchange (Xetra trading) or the depositary interests representing the shares at the London Stock Exchange on the last trading day before the Executive Board's decision on the publication of the tender offer. If, following the announcement of a public tender offer to buy or a public call to submit an offer to sell, there are significant variations in the relevant price, the offer or the call to submit an offer to sell may be adjusted. In this case, the average price during the three trading days prior to the Executive Board's decision on the public announcement of any such adjustment will be used. The authorisation may be used in whole or in part, once or several times, and in pursuit of one or several objectives. The acquisition may be effected by the Company, by dependent companies or companies that are majority-owned by the Company, or by third parties acting for their account or for the account of the Company. The own shares acquired may be sold on the stock exchange. In this case, shareholders have no pre-emption rights. In accordance with section 71 (1) no. 8 AktG, the sale of own shares on the stock exchange – as well as the acquisition of such shares on the stock exchange – complies with the principle of equal treatment as defined in section 53a AktG. However, the acquired own shares may also be sold by way of an offer to shareholders in compliance with the principle of equal treatment. Furthermore, the Executive Board is authorised to sell the acquired own shares in another way or to cancel them. In detail:

The proposed resolution authorises the Executive Board to sell the acquired own shares, subject to the consent of the Supervisory Board, by means other than a sale on the stock exchange or an offer to shareholders for cash. For this to take place, the shares must be sold at a price that is not significantly below the market price (at the time of the sale) of shares of the Company that are subject to the same terms. This authorisation makes use of the option of a simplified disapplication of pre-emption rights permitted under section 71 (1) no. 8 sentence 5 AktG and section 186 (3) sentence 4 AktG, applied analogously. The need to protect shareholders against dilution is accounted for by the fact that the shares may only be sold at a price that is not significantly below the relevant market price. The sales price for the own shares will be finally determined shortly before the sale takes place. The Executive Board will set any discount from the market price as low as possible, taking into account the market conditions at the time of placement. The discount from the market price at the time this authorisation is exercised is not expected to be more than 3 % and will definitely not exceed 5 % of the current market price (closing price for the Company's shares determined on the Frankfurt Stock Exchange (Xetra trading) or the depositary interests at the London Stock Exchange on the trading day before the placement of the shares). The authorisation is granted on the condition that the own shares sold subject to the disapplication of pre-emption rights pursuant to section 186 (3) sentence 4 AktG in aggregate do not exceed 5 % of the share capital, either at the time the resolution on this authorisation is passed or at the time this authorisation is exercised. If the issued share capital at the time the authorisation is exercised is lower than on 12 February 2019, the lower share capital will be relevant. Any exercise of other authorisations to disapply pre-emption rights in accordance with section 186 (3) sentence 4 AktG applied analogously or mutatis mutandis has to be taken into account and will reduce the permitted authorisation volume, to the extent that it exceeds the limit of 5 % of the share capital. Shareholders generally have the option to maintain their proportion of shareholdings by purchasing TUI shares on the stock exchange. This option to disapply pre-emption rights helps the Company to secure the best possible price when selling own shares. It enables the Company to take advantage of any opportunities offered by the relevant stock exchange conditions quickly, flexibly and cost-effectively. The sale proceeds that can be achieved by way of fixing a price that is near market generally result in a substantially higher cash inflow per share sold than in the

case of a share placement with pre-emption rights. Furthermore, by forgoing the lengthy and expensive pre-emption rights process, capital requirements can be met quickly by utilising market opportunities that arise in the short term. Although section 186 (2) sentence 2 AktG allows the purchase price to be published three days before the expiry of the subscription period at the latest, the volatility of the stock markets means that a market risk – namely a pricechange risk – nonetheless exists for a period of several days, resulting in the possibility of haircuts during the determination of the sales price, and thus in terms that are not near-market. In addition, if pre-emption rights are granted, the Company will be unable to react quickly to favourable market conditions owing to the length of the subscription period. Although the authorised capital also serves the above purpose, the Company should be given the option, after a repurchase of the own shares, to achieve this end in suitable cases without having to perform a capital increase, which is a substantially slower and in some cases more expensive process due to the time required to update the commercial register.

Own shares may, subject to the consent of the Supervisory Board, also be sold against contributions in kind subject to the disapplication of shareholders' pre-emption rights. The proposed authorisation is to place the Company in a position to offer own shares directly or indirectly as consideration in connection with mergers or acquisitions of companies, parts of companies, interests in companies or other assets (e.g. hotels, ships/aircrafts or receivables). As the Company is exposed to national and global competition, it must be in a position to act quickly and flexibly on the national and international markets at all times. This also includes the possibility to improve its competitive position by merging with other companies or by acquiring companies, parts of companies, interests in companies or other assets. The ideal way to implement this possibility is to carry out a merger or an acquisition in such a way that shares in the acquiring company are granted. Practical experience also shows that, on both national and international markets, shares in the acquiring company are often demanded in return for attractive acquisition targets. In addition, it can be more advantageous to deliver own shares than to sell these shares in order to generate the funds required for an acquisition, as selling shares can have the effect of pushing down prices. The authorisation proposed here is to create the necessary leeway permitting the Company to quickly and flexibly take advantage of opportunities in terms of mergers or acquisitions of companies, parts of companies, interests in companies or other assets that may arise both nationally and on international markets. For this to be possible, the proposed

disapplication of pre-emption rights is essential. By contrast, if pre-emption rights are granted, it is not possible to deliver own shares as consideration for a merger with other companies or for the acquisition of companies, parts of companies or interests in companies so that the Company would have to forgo the related benefits. Although the authorised capital also serves the above purposes, the Company should be given the option, after a repurchase of own shares, to achieve these ends in suitable cases without having to perform a capital increase, which is a substantially slower and in some cases more expensive process due to the time required to update the commercial register. At present, there are no specific plans to exercise this authorisation. Should the opportunity to merge with other companies or to acquire companies, parts of companies, interests in companies or other assets arise, the Executive Board will examine carefully whether or not to make use of the option to grant own shares. The Executive Board will only do so, however, if it firmly believes that the delivery of TUI AG shares as consideration is in the best interest of the Company. When determining the valuation ratios, the Executive Board will ensure that the interests of the shareholders are suitably accommodated. When assessing the value of the shares granted as compensation, the Executive Board will base its decision-making on the market price of the TUI AG shares. A formal link to a market price is not intended, largely in order to prevent the results of negotiations being put in question by variations in the market price. The Executive Board will report on the details of the exercise of this authorisation at the General Meeting following any merger or acquisition in return for which TUI AG shares were delivered.

The authorisation furthermore allows that own shares be used, subject to the disapplication of shareholders' pre-emption rights, in order to fulfil conversion or pre-emption rights of holders of convertible bonds, bonds with warrants, profit-sharing rights and/or income bonds (or combinations thereof) issued by the Company or other Group companies and carrying conversion or warrant rights or obligations. It can make sense to use own shares, either in whole or in part, instead of new shares from a capital increase in order to fulfil conversion rights as this is a suitable means of countering a dilution of shareholders' capital holdings and voting rights, which can occur to a certain extent if these rights are fulfilled by delivering newly created shares.

The above options for use may be exercised not only in respect of shares that were acquired on the basis of this authorisation resolution. Rather, the authorisation also covers shares acquired pursuant to section 71d sentence 5 AktG. Transferring these own shares in the same way as the shares acquired on the basis of the authorisation resolution is advantageous and can create additional flexibility. Furthermore, it is intended that the aforementioned options for use should be available not only directly to the Company itself but also to dependent companies or companies that are majority-owned by the Company, or to third parties acting for their account or for the account of the Company.

According to the proposal, the own shares acquired on the basis of this authorisation resolution may also be cancelled by the Company, subject to the consent of the Supervisory Board, without a new resolution by the General Meeting being required. According to section 237 (3) no. 3 AktG, the resolution of the General Meeting may provide for the possibility to cancel fully paid-in no par-value shares without a reduction in the Company's share capital being required. In addition to a cancellation of shares with a capital reduction, the proposed authorisation expressly provides for this alternative, although this too is intended to no longer require a new resolution by the General Meeting. If own shares are cancelled without a capital reduction, the calculated pro rata share in the Company's share capital represented by the remaining no par-value shares will be increased automatically. The Executive Board therefore is also to be authorised to make the necessary amendment to the Charter with regard to the change in the number of no par-value shares that will result from any cancellation.

Finally, the Executive Board is to be authorised, subject to the consent of the Supervisory Board, to disapply shareholders' pre-emption rights for fractional amounts if the own shares are sold by offering them to shareholders. The disapplication of pre-emption rights for fractional amounts serves to achieve a technically feasible subscription ratio. The shares that are subject to the disapplication of shareholders' pre-emption rights as unallotted fractional shares will be utilised on the best possible terms for the Company by selling them on the stock exchange or in any other way. Due to the restriction to fractional amounts, the possible dilutive effect will be small.

In all cases where a disapplication of pre-emption rights is envisaged for the options for use contained in the proposed authorisation resolution, the resolution provides for an additional restriction regarding scope which also takes disapplications of those pre-emption rights into account which are provided for in other authorisations. According to this resolution, the total portion of the share capital attributable to own shares for which pre-emption rights have been disappplied under the proposed authorisation resolution must not – together with the portion of the share capital attributable to own shares or new shares from authorised capital or relating to conversion or warrant rights or obligations from bonds that were sold or issued after 12 February 2019 subject to the disapplication of pre-emption rights – exceed 10 % of the share capital, namely either at the time the authorisation is resolved or at the time it is exercised.

Having given due consideration to all the above factors, the Executive Board and the Supervisory Board regard the disapplication of pre-emption rights as justified and appropriate vis-à-vis the shareholders in those cases for the stated reasons, also taking into account the possible dilutive effects suffered by shareholders. The Company will in any event comply with the applicable capital market and stock exchange rules, in particular the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (FCA).

If this authorisation is exercised, the Executive Board will notify the next General Meeting accordingly. The Executive Board does not currently intend to make use of the authorisation to acquire own shares. The Executive Board will review this option from time to time, however, and may then decide to repurchase shares on the basis of this authorisation. In any case, the Executive Board will only exercise the authorisation to repurchase shares if it believes that this will result in an improvement in the earnings per share and is in the interests of all shareholders.

PARTICIPATION

Registration

Pursuant to article 21 (1) of the Charter, all shareholders of the Company who are entered in the Company's share register on the day of the Annual General Meeting and in respect of whose shareholdings the shareholders themselves or their proxies have registered for attendance by the end of the registration period (midnight on 5 February 2019) are entitled to participate and vote in the Annual General Meeting. Pursuant to article 21 (2) of the Charter, no entries will be deleted from and no new entries made in the share register on the day of the Annual General Meeting and in the six days prior to it. We will send the convening notice, together with a personal cover letter, to all shareholders who are entered in the share register by the beginning of 29 January 2019 at the latest and such shareholders may then register themselves or their proxies in the following ways:

In writing to the following postal address:	By fax to:
TUI AG Aktionärservice Postfach 1460 61365 Friedrichsdorf Germany	+49 (0) 69 22 22 34 29 4
Electronically via the following internet address (from 17 January 2019)	
www.tuigroup.com/en-en/investors/agm	

Shareholders of TUI AG will again have the opportunity at this Annual General Meeting to register themselves or a proxy and to order admission tickets for the Annual General Meeting or give authorisation and instructions to Company-appointed proxies electronically via the internet. This service will be available from 17 January 2019 at www.tuigroup.com/en-en/investors/agm. The shareholder number and individual access number required for access to the personal online service are printed on the reverse of the personal cover letter. Shareholders who have registered for e-mail correspondence should use their chosen user ID and password to access the online service. Shareholders whose registration has been received by the Company by midnight on 5 February 2019 may give authorisation and instructions to Company-appointed proxies, change previously issued instructions or revoke an authorisation of Company-appointed proxies using the addresses set out above until midnight on 11 February 2019. This also applies to authorisations and instructions that were given to Company-appointed proxies before 5 February 2019. Admission tickets must have been ordered by midnight on 5 February 2019 at the latest.

Shareholders who have not already been entered in the share register by the beginning of 29 January 2019, but by the end of 5 February 2019 at the latest, can only register themselves or their proxies and order admission tickets in writing or by fax from the postal address or fax number listed above (such orders must be received by midnight on 5 February 2019 at the latest). Registration prior to receipt of the personal cover letter is also only possible in writing or by fax to the postal address or fax number listed above, unless the shareholder has registered for e-mail correspondence.

Notes on voting by proxy

Shareholders who are registered in the share register and have registered themselves or a proxy in respect of their shareholdings for the Annual General Meeting in time have the option to have their voting right exercised by a credit institution, a shareholder association, the Company-appointed proxies or another proxy of their choice at the Annual General Meeting. The proxy authorisation must be granted or revoked and proof of authorisation to be provided to the Company must be provided in text form. Authorisation forms can be found in the personal cover letter as well as at www.tuigroup.com/en-en/investors/agm. If shareholders' proxies are required to prove their authorisation to the

Company, i.e. if they do not fall under the exception that applies to credit institutions, commercial agents and shareholder associations pursuant to section 135 AktG, the proof of a proxy's appointment may also be provided to the Company electronically by sending an e-mail to tui.hv@linkmarketservices.de. The special rules contained in section 135 AktG apply, in derogation from the above sentences, to the authorisation of and exercise of voting rights by credit institutions, commercial agents, shareholder associations and equivalent persons or entities. The following special provisions apply to the authorisation of proxies appointed by the Company.

Shareholders of TUI AG have the opportunity to have their voting rights represented at the Annual General Meeting by employees of the Company who are bound to comply with their instructions. Shareholders can grant authorisation and issue instructions to the Company-appointed proxies in writing using the response form included in the personal cover letter or alternatively using the authorisation and instruction form to be found under www.tuigroup.com/en-en/investors/agm, in writing, by fax or via the internet (as described in the section entitled 'Registration') using the above addresses or fax number. The Company-appointed proxies are obliged to vote in accordance with the instructions issued. If no instructions have been issued, the authorisation will not be exercised. If instructions are not clear, the Company-appointed proxies will abstain from voting on the corresponding agenda items. This always applies in the case of unforeseen motions.

Notes on counter-motions and nominations pursuant to sections 126 and 127 AktG

Counter-motions relating to proposals made by the Executive Board and the Supervisory Board on a particular agenda item and nominations may be addressed to:

TUI AG
Board Office
Karl-Wiechert-Allee 4
30625 Hanover
Germany
Telefax: +49 (0)511 566-1996
Email: gegenantraege.hv@tui.com

Any motions and nominations sent to other addresses will not be published pursuant to sections 126 and 127 AktG. All motions and election proposals that are received from shareholders by midnight on Monday, 28 January 2019 at the latest and that require publication will be published, together with the relevant shareholder's name, the grounds cited (only required in the case of counter-motions) and any statement made by the management, at www.tuigroup.com/en-en/investors/agm.

Holders of depositary interests ('DIs') issued by Link Market Services Trustees Limited relating to TUI AG shares who wish to submit counter-motions or nominations are requested to contact Link Market Services Trustees Limited at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England, or by e-mail to CAGtrustees@linkgroup.co.uk by Monday, 28 January 2019, 5:30 p.m. (GMT) at the latest.

Notes on supplementary motions pursuant to section 122 (2) AktG

Shareholders whose combined stakes represent a total pro rata amount of €500,000 of the Company's share capital may request, analogous to section 122 (1) AktG, that items are included in the agenda and published. Each new item must be accompanied by the pertinent grounds or a resolution proposal. The request for an addition to the agenda must be addressed to the Executive Board and must have been received in writing by the Company by midnight on Saturday, 12 January 2019 at the latest. The applicants must prove that they have held the relevant shares for at least 90 days prior to the date on which the request was received by the Company and that they will continue to hold these shares until a decision on the request for an addition to the agenda has been taken by the Executive Board. If the request is denied, applicants may have recourse to the courts pursuant to section 122 (3) AktG.

Notes on the shareholder's right to information

Pursuant to section 131 AktG, any shareholder must, on request, be given information by the Executive Board on the Company's affairs at the Annual General Meeting, provided such information is necessary in order to make an informed judgement on an agenda item. This right to information also extends to TUI AG's legal and commercial relations with affiliated companies, as well as the situation of the group as a whole and the companies included in the consolidated financial statements. Pursuant to article 22 (2) sentence 2 of the Company's Charter, the chairman may apply reasonable time limits to the question and answer rights of shareholders at the Annual General Meeting. The Executive Board may refuse to disclose information citing the grounds set out in section 131 (3) AktG, in particular if the information was continuously available on the Company's website for at least seven days prior to the beginning of the Annual General Meeting and is available at the Annual General Meeting. If a shareholder is refused information, that shareholder may, pursuant to section 131 (5) AktG, request that the question and the reason for such refusal be included in the notarial record of the Annual General Meeting and, if appropriate, apply to a court to rule on the right to information pursuant to section 132 AktG.

Information pursuant to section 124a AktG and other information on shareholder rights

The website of TUI AG via which information pursuant to section 124a AktG and further explanations relating to shareholder rights can be accessed is: www.tuigroup.com/en-en/investors/agm. For further information, the TUI shareholder AGM hotline is available under (0800) 56 00 841 (from within Germany) or +49 (0) 6196 8870 701 (from abroad) from Monday to Friday between 8 a. m. and 6 p. m. (CET).

Data privacy information for shareholders pursuant to the EU GDPR

Pursuant to the EU General Data Protection Regulation, new data privacy rules apply since 25 May 2018. Detailed information on how TUI AG processes your personal data and what your rights are under the applicable data privacy laws can be accessed here: <https://www.tuigroup.com/en-en/investors/share/data-privacy>.

Further notes for holders of depositary interests

Holders of depositary interests ('DIs') issued by Link Market Services Trustees Limited relating to TUI AG shares can, subject to certain conditions, participate in the Annual General Meeting themselves or via proxies and exercise the voting rights corresponding to the number of TUI AG shares underlying their DIs. Detailed information, including the relevant conditions, is included in a Form of Direction/Form of Instruction which holders of DIs will receive together with this invitation from Link Market Services Trustees Limited.

Should you have any questions relating to your DIs, please contact the Depositary, Link Market Services Trustees Limited at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, England, or by e-mail to CAGtrustees@linkgroup.co.uk.

Berlin/Hanover, January 2019
The Executive Board