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If you sell or transfer or have sold or otherwise transferred all of your Shares or DIs (as defined herein) in TUI AG (TUI or the **Company** and, together with its subsidiaries, the **Group**), please send this Circular and any accompanying documents, but not the accompanying personalised Form of Proxy and Form of Direction or Form of Instruction, immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. **However, subject to certain exemptions, this Circular and any accompanying documents should not be forwarded or transmitted in or into the United States, or any other jurisdiction where to do so might constitute a violation of local securities laws or regulations.** If you have sold or transferred part of your holding of Shares or DIs you should immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

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This Circular does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to purchase, acquire, subscribe for, sell, dispose of or issue, any securities in TUI, including in connection with the Rights Issue (as defined below). TUI intends to publish a prospectus that will set out the full terms and conditions of the Rights Issue in due course. Shareholders and DI Holders (as defined herein) are advised to read the Rights Issue Prospectus (as defined herein) in full, once published.

Capitalised terms used in this Circular shall, unless otherwise stated or defined, take their meaning from the Definitions section set out in Part 6 (“*Definitions*”) of this Circular. For a discussion of certain risk factors which should be taken into account when considering whether to vote in favour of the Resolutions, see Part 2 (“*Risk Factors*”) of this Circular. This Circular should be read as a whole.



TUI AG

(Incorporated and registered in the Local Court (Amtsgericht) Hanover under No. HRB 6 580 and in the Local Court (Amtsgericht) Berlin-Charlottenburg under No. HRB 321, Germany)

**Proposed reduction of nominal value and capital increase
Proposed approval of convertible silent participation
and
Notice of General Meeting**

This Circular is a shareholder circular prepared in accordance with the Listing Rules of the UK Financial Conduct Authority (the **FCA**) made under section 73A of the FSMA prepared for the purposes of the General Meeting and LR 9.5.12R and LR 13.8.4R of the Listing Rules. It is being sent to you solely for your information in connection with the Resolutions to be proposed at the General Meeting of the Company. It does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for,

sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security including any New Shares to be issued in connection with the Rights Issue.

Notice of a General Meeting of the Company to be held as a virtual meeting without physical presence of the Shareholders or their proxies at the registered office of TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany at 11.00 a.m. (CET) (10.00 a.m. (GMT)) on 5 January 2021 is set out in Part 5 (“Notice of General Meeting of TUI AG”) of this Circular. A Form of Proxy and a Form of Direction for DI Holders for use with respect to the General Meeting is enclosed which, if you wish to appoint a valid proxy, should be completed and signed in accordance with the instructions printed thereon, and returned by post to the Company’s registrars, Link Market Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham Kent, BR3 4TU, United Kingdom, or deposited by hand (during normal business hours only, being 10.00 a.m to 6.30 p.m. (CET) (9.00 a.m. to 5.30 p.m. (GMT))) to Link Market Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham Kent, BR3 4TU, United Kingdom, in each such case as soon as possible but in any case so as to be received by the Company’s registrars no later than 5.30 p.m. (CET) (4.30 p.m. (GMT)) on 23 December 2020.

Your attention is drawn to the letter from the Chairman of the Supervisory Board (*Aufsichtsrat*) of the Company which is set out on pages 8 to 27 of this Circular and contains the recommendation of the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) to vote in favour of the Resolutions to be proposed at the General Meeting. In addition, your attention is drawn to Part 2 (“*Risk Factors*”) of this Circular which sets out and describes certain risk factors that you should consider carefully when deciding whether or not to vote in favour of the Resolutions. You should read this Circular in its entirety and consider whether or not to vote in favour of the Resolutions in light of the information contained in this Circular.

Sponsors

Each of Deutsche Bank AG, London Branch (**Deutsche Bank**) and Merrill Lynch International (**BofA Securities**) (together the **Sponsors**), authorised by the Prudential Regulation Authority (the **PRA**) and regulated in the United Kingdom by the PRA and the FCA, is acting exclusively for TUI and no one else in connection with certain matters referred to in this Circular, and will not regard any other person (whether or not a recipient of this Circular) as a client in relation to the matters referred to in this Circular, and will not be responsible to anyone other than TUI for providing the protections afforded to their respective clients, nor for providing advice, in relation to any matter referred to in this Circular.

No person has been authorised to give any information or make any representations other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Executive Board (*Vorstand*) or the Supervisory Board (*Aufsichtsrat*) of the Company, Deutsche Bank or BofA Securities. Apart from the responsibilities and liabilities, if any, which may be imposed on Deutsche Bank or BofA Securities by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Deutsche Bank or BofA Securities nor any of their respective affiliates, directors, officers, employees or advisers accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this Circular, including its accuracy or completeness or for any other statement made or purported to be made by it, or on behalf of it, the Company, the Executive Board (*Vorstand*) or the Supervisory Board (*Aufsichtsrat*) of the Company or any other person, in connection with the Company or matters referred to in this Circular, and nothing in this Circular should be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Deutsche Bank and BofA Securities and their respective affiliates, directors, officers, employees and advisers accordingly disclaims to the fullest extent permitted by law all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Circular or any such statement.

The contents of this Circular should not be construed as legal, business, tax, investment or other professional advice. Each Shareholder and DI Holder should consult his, her or its own legal adviser, independent financial adviser, tax adviser or other appropriate professional adviser for legal, business, financial, tax, investment or other professional advice.

Forward-looking statements

The statements contained in this Circular that are not historical facts are “forward-looking” statements. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company’s control and all of which are based on the Company’s current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company.

These forward-looking statements, and other statements contained in this Circular regarding matters that are not historical facts, involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company and its subsidiaries. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Forward-looking statements speak only as of the date they are made and it should not be assumed that they have been revised or updated in light of new information or future events. Save as required by the Listing Rules, the Market Abuse Regulation, the German Securities Trading Act (*Wertpapierhandelsgesetz; WpHG*), the Disclosure Guidance and Transparency Rules or applicable law or regulation, the Company, the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) of the Company, the Sponsors and their respective affiliates undertake no obligation to update these forward-looking statements and will not publicly release any revisions any of them may make to these forward-looking statements that may occur due to any change in the Company’s and/or the Group’s expectations or to reflect events or circumstances after that date on which these forward-looking statements were made.

Shareholders and DI Holders should note that the contents of the paragraphs above relating to forward-looking statements are not intended to qualify the working capital statement in paragraph 2.2 (“*Working capital statement*”) of Part 1 (“*Letter from the Chairman of the Supervisory Board (Aufsichtsrat)*”) of this Circular.

No profit forecasts or estimates

No statement in this document, or incorporated by reference into this document, is intended to be or is to be construed as a profit forecast or estimate for any period and no other statement in this document should be interpreted to mean that earnings or earnings per share for the Company for the current or future financial years, necessarily match or exceed the historical published earnings or earnings per share for the Company.

Currencies

Unless otherwise indicated, all references in this document to “sterling”, “GBP”, “£”, “pence” or “p” are to the lawful currency of the United Kingdom; references to “EUR”, “Euro” or “€” are to the official currency of the Eurozone; and references to “US Dollars”, “USD” or “US\$” are to the lawful currency of the US.

Rounding

Certain figures included in this document have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Notice to Overseas Shareholders and DI Holders

The New Shares that may be issued pursuant to the Rights Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the U.S. Securities Act), or under any securities laws of any state or other jurisdiction of the United States. The New Shares that may be issued pursuant to the Rights Issue may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Shares in the United States or any jurisdiction other than Germany and

the United Kingdom (provided the Rights Issue Prospectus is first approved by BaFin and passported into the United Kingdom) and this Circular does not constitute or form part of any offer to sell or issue or the solicitation of an offer to buy or subscribe for the New Shares in the United States or any jurisdiction.

The distribution of this Circular into a jurisdiction other than the United Kingdom or Germany may be restricted by law and, accordingly, persons into whose possession this Circular and the accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. In particular, subject to certain exceptions, this Circular and the accompanying documents should not be distributed, forwarded or transmitted in or into the United States.

This Circular does not constitute an offer or invitation to the public to subscribe for or purchase securities but is being published for the purposes of the Shareholders approving the Resolutions. This Circular has been prepared in accordance with the Listing Rules and approved by the FCA.

This Circular is dated 14 December 2020.

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EXECUTIVE BOARD, SUPERVISORY BOARD, REGISTERED OFFICE, SPONSORS AND ADVISERS

Executive Board (*Vorstand*)

Friedrich Joussen
David Burling
Birgit Conix
Sebastian Ebel
Dr. Elke Eller
Peter Krüger¹
Frank Rosenberger

Supervisory Board (*Aufsichtsrat*)

Dr. Dieter Zetsche – Chairman
Frank Jakobi – Deputy Chairman
Peter Long – Deputy Chairman
Ingrid-Helen Arnold
Andreas Barczewski
Peter Bremme
María Garaña Corces
Prof. Dr. Edgar Ernst
Wolfgang Flintermann
Angelika Gifford
Stefan Heinemann
Dr. Dierk Hirschel
Vladimir Lukin
Coline Lucille McConville
Alexey Mordashov
Michael Pönipp
Carola Schwirn
Anette Strempel
Joan Trían Riu
Stefan Weinhofer

Registered Office

Karl-Wiechert-Allee 4
30625
Hanover
Germany

Sponsors

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

Merrill Lynch International
2 King Edward Street
London EC1A 1 HQ
United Kingdom

Legal advisers to the Company

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

Legal advisers to the Sponsors

Latham & Watkins (London) LLP
99 Bishopsgate
London EC2M 3XF
United Kingdom

¹ The appointment of Peter Krüger as member of the Executive Board takes effect as of 1 January 2021.

Auditors

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft
Aegidientorplatz 2A
30159 Hannover
Germany

Registrars

For Shareholders:
Link Market Services (Frankfurt)
GmbH
Mergenthalerallee 15-21
65760 Eschborn
Germany

For DI Holders:
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

PART 1

LETTER FROM THE CHAIRMAN OF THE SUPERVISORY BOARD (AUFSICHTSRAT)



(Incorporated and registered in the Local Court (Amtsgericht) Hanover under No. HRB 6 580 and in the Local Court (Amtsgericht) Berlin-Charlottenburg under No. HRB 321, Germany)

Executive Board (Vorstand)

Friedrich Joussen
David Burling
Birgit Conix
Sebastian Ebel
Dr. Elke Eller
Peter Krüger²
Frank Rosenberger

Supervisory Board (Aufsichtsrat)

Dr. Dieter Zetsche – Chairman
Frank Jacobi – Deputy Chairman
Peter Long – Deputy Chairman
Ingrid-Helen Arnold
Andreas Barczewski
Peter Bremme
Prof. Dr. Edgar Ernst
Wolfgang Flintermann
María Garaña Corces
Angelika Gifford
Stefan Heinemann
Dr. Dierk Hirschel
Vladimir Lukin
Coline Lucille McConville
Alexey Mordashov
Michael Pönipp
Carola Schwirn
Anette Stempel
Joan Trían Riu
Mag. Stefan Weinhofer

Registered Office

Karl-Wiechert-Allee 4
30625 Hanover
Germany

14 December 2020

Dear Shareholder

Proposed reduction of nominal value and capital increase

Proposed approval of convertible silent participation

and

Notice of General Meeting

1. INTRODUCTION

On 2 December 2020, TUI AG (TUI or the **Company**) announced a major financing package to enable the Company to improve its liquidity position, repay indebtedness and meet its general capital requirements. The continuing COVID-19 pandemic and the subsequent whole or partial suspension of the Company's operations in a number of jurisdictions have resulted in unprecedented demands on its liquidity and financial position and resulted in the need for this financing package.

The financing package comprises the following measures:

- (a) an increase in the share capital of TUI by way of a fully underwritten rights issue to raise net proceeds of approximately €509 million, as described in more detail in paragraph 3.1 below (the **Rights Issue**);

² The appointment of Peter Krüger as member of the Executive Board takes effect as of 1 January 2021.

- (b) German law 'silent participation' (*stille Beteiligung*) private instruments issued by TUI to the German Federal State's economic support fund (*Wirtschaftsstabilisierungsfond*) (the **WSF**) in an aggregate amount of approximately €691 million, divided into:
 - (i) a €420 million convertible silent participation (the **Convertible Silent Participation**); and
 - (ii) an approximately €271 million non-convertible silent participation, subject to a potential increase in size by up to €400 million to provide the WSF Increased Amount depending on the amount of the Additional Funding Instrument issued and the amount provided by the WSF as guarantees to replace the Additional Funding Instrument as such terms are defined and described in more detail in paragraph 3.2 below (the **Non-Convertible Silent Participation**, and together with the Convertible Silent Participation, the **Silent Participations**);
- (c) a potential further funding instrument in an amount of up to €400 million provided by certain German federal states (*Länder*) which would be provided by way of a full or partial guarantee of a guarantee facility provided by certain commercial banks, as described in more detail in paragraph 3.3 below (the **Additional Funding Instrument**);
- (d) a €200 million revolving credit facility provided by KfW, the German development bank, and potentially certain commercial banks, (the **New Loan Facility**) on a secured basis but otherwise substantially on the same terms as the Syndicated Facilities Agreement (as defined and described in more detail in paragraph 2.2 of Part 4 ("Additional Information") of this Circular) which also includes the €2.85 billion revolving credit facility granted by KfW (the **KfW Facility**), as described in more detail in paragraph 3.4 below; and
- (e) a waiver of the KfW Reduction (which is defined and described in paragraph 2.1(i) below) under the Syndicated Facilities Agreement, such that €500 million of the commitments under the KfW Facility which currently will automatically be cancelled on 1 April 2021 pursuant to the KfW Reduction shall not be cancelled and shall instead have the same maturity date as the remainder of the KfW Facility, as described in more detail in paragraph 3.4 below (the **KfW Reduction Waiver** and together with the Rights Issue, the Silent Participations, the instruments established to provide the WSF Increased Amount, the Additional Funding Instrument and the New Loan Facility, the **Financing Package**).

The purpose of this letter is to:

- (i) explain the background to and reasons for the Financing Package;
- (ii) convene a virtual extraordinary general meeting (the **General Meeting**) of the Company, to take place at 11.00 a.m. (CET) (10.00 a.m. (GMT)) on 5 January 2021, for the purpose of considering and, if thought fit, approving the Resolutions;
- (iii) summarise and explain why Shareholders are being asked to vote on the Resolutions, which are required in order to enable the Company to proceed with the Financing Package, and to provide Shareholders with all information necessary in order for them to make a properly informed decision before voting; and
- (iv) explain why the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) consider the Financing Package to be in the best interests of TUI and its Shareholders as a whole, and to provide their recommendation that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings of Shares.

The Company requires the Resolutions to be passed by Shareholders at the General Meeting in order to proceed with the Financing Package. The General Meeting is scheduled to take place virtually at 11.00 a.m. (CET) (10.00 a.m. (GMT)) on 5 January 2021. The Notice of General Meeting is contained in Part 5 ("Notice of General Meeting of TUI AG") of this Circular.

Please read the entirety of this Circular and, in particular, your attention is drawn to paragraph 7 of this letter for more information on the importance of your vote. In addition, your attention is drawn to Part 2 ("Risk Factors") of this Circular which sets out and describes certain risk factors that you should consider carefully when deciding whether or not to vote in favour of the Resolutions.

The Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings of Shares. Your attention is drawn to paragraph 8 of this letter for more detail on such recommendation.

2. BACKGROUND TO AND REASONS FOR THE FINANCING PACKAGE AND USE OF PROCEEDS

2.1 Background to the current situation

The COVID-19 pandemic and subsequent suspension of TUI's operations have resulted in unprecedented demands on the Company's liquidity and financial position. In the twelve months ended 30 September 2020, the Group recorded revenue of €7,943.70 million, a decrease of €10,985.40 million, or 58%, from €18,928.10 million in the twelve months ended 30 September 2019. In the same period of Fiscal 2020, the Group recorded Underlying EBIT of -€3,032.80 million, a decrease of €3,926.30 million, from €893.50 million in the corresponding period of the prior fiscal year. Before the COVID-19 pandemic began to materially affect the Group's business in late February/early March 2020, its financial results during Fiscal 2020 had generally been better than during the corresponding period of Fiscal 2019. Accordingly, the Company attributes substantially all of this decrease to the direct and indirect effects of the pandemic, and including the period of approximately 13 weeks during which it suspended virtually all of its revenue-generating business operations.

In addition, during the twelve months ended 30 September 2020, TUI incurred significant pandemic-related one-off costs affecting the Group's cash position. These included cash refunds of customer prepayments for cancelled holidays and costs for the repatriation of customers from holiday destinations abroad.

In light of the Group's anticipated cash position and the significant uncertainty about the timing and scope of its anticipated recovery, and in order to meet its resulting liquidity requirements, TUI has already obtained the following funding under state aid programmes:

- (i) in April 2020, KfW provided the KfW Facility with initial commitments of €1.80 billion as an additional facility under TUI's existing Syndicated Facilities Agreement. In August 2020, the KfW Facility was further increased by €1.05 billion to total commitments of €2.85 billion. The KfW Facility has an initial term until 15 October 2021 but will be automatically extended to 20 July 2022 if TUI provides satisfactory evidence to KfW by 31 July 2021 that the €300 million notes issued by the Company on 26 October 2016 and which are due for repayment on 26 October 2021 (the **2016 Notes**) will be fully refinanced on or prior to their maturity. In addition, under the current terms of the Syndicated Facilities Agreement, on 1 April 2021, €500 million of the commitments under the KfW Facility will automatically be cancelled and the Company will be required to repay any amount necessary to ensure that the outstanding amount under the KfW Facility does not exceed the remaining total commitments under the KfW Facility following that cancellation (the **KfW Reduction**); and
- (ii) in September 2020, TUI raised capital by issuing bonds with warrants with a total nominal value of €150 million to the WSF (the **2020 Bonds with Warrants**). The warrants (the **2020 Warrants**) have subsequently been detached from the bonds (the **2020 Bonds**) and are, therefore, now separate instruments.

Despite these measures, the Company is seeking the Financing Package to further improve its liquidity position, repay indebtedness and meet its general capital requirements in light of the continuing COVID-19 pandemic and the subsequent whole or partial suspension of the Company's operations in a number of jurisdictions, which have resulted in unprecedented demands on its liquidity and financial position.

The German Government will require state aid approval from the European Commission before the WSF can enter into the Financing Package. The Company expects the required clearance to be granted on or before the date of the General Meeting.

2.2 Working capital statement

In the opinion of the Company, taking into account available cash balances, the Group does not have sufficient working capital for its present requirements, that is, for the 12 months from the publication of this Circular.

(a) Timing and amount of the expected shortfall in working capital

The Company expects there to be working capital shortfall of up to approximately €4.70 billion in October 2021.

(b) Details of financing elements affecting the working capital shortfall

The working capital shortfall in October 2021 will result from either:

- (i) the Company's inability to comply with one or both of the financial covenants under the Syndicated Facilities Agreement, when compliance with these covenants as at 30 September 2021 is tested. The breach of one or both of the financial covenants, to the extent it is determined in October 2021 prior to the maturity date of the KfW Facility (on 15 October 2021) and the 2016 Notes (on 26 October 2021), would trigger an event of default under the Syndicated Facilities Agreement, and, in turn, a potential acceleration of all or part of the amounts outstanding thereunder. Such acceleration could, in turn, trigger a potential cross-acceleration of all or part of the amounts outstanding under the 2018 Schultschein and the 2016 Notes, aggregating to a total shortfall of up to approximately €4.70 billion in October 2021; or
- (ii) the Company's inability to repay the amounts outstanding under either the KfW Facility, when it matures in October 2021, or the 2016 Notes, when these become due and payable in October 2021. The non-repayment of the KfW Facility upon maturity would trigger an event of default under the Syndicated Facilities Agreement and, in turn, a potential acceleration of all or part of the amounts outstanding under the rest of the Syndicated Facilities and a potential cross-acceleration of all or part of the amounts outstanding under the 2016 Notes and the 2018 Schultschein, aggregating to a total shortfall of up to approximately €4.70 billion in October 2021. The non-repayment or non-refinancing of the 2016 Notes upon maturity would trigger an event of default thereunder and, in turn, a cross-default and potential acceleration of all or part of the amounts outstanding under the Syndicated Facilities and the 2018 Schultschein, aggregating to a total shortfall of up to approximately €4.70 billion in October 2021.

Which of these outcomes would occur will be determined by the timing of the availability of the Company's consolidated financial statements for the period ending 30 September 2021, as explained in further detail below under "*Financial covenant default under the Syndicated Facilities Agreement*".

Financial covenant default under the Syndicated Facilities Agreement

Under the Syndicated Facilities Agreement, the Company is obligated to maintain a maximum ratio of net borrowings to EBITDA as at 31 March and 30 September of each year and a minimum ratio of EBITDAR to net fixed charges for the test period ending on 31 March and 30 September of each year.

The lenders under the Syndicated Facilities Agreement have agreed a Covenant Holiday with the Company lasting through and including 31 March 2021. Under the terms of the Covenant Holiday, the Company is not required to test compliance with the two financial covenants of the Syndicated Facilities Agreement during this period. If the lenders do not extend the Covenant Holiday, however, the Company will be required to next test for compliance as at 30 September 2021. If the Company were not in compliance with one or both of the financial covenants as of that date, an event of default would occur under the Syndicated Facilities Agreement as at 30 September 2021. However, as the financial covenants are to be calculated based on the relevant line items in the yearly or half-yearly (as applicable) consolidated financial statements of the Company, it will probably only be possible to determine at a later point in time whether or not an event of default has occurred. This will be the case the latest when the consolidated financial statements of the Company are finalised, but could also be as early as October 2021.

Although the Company has already initiated relevant discussions with KfW and certain other lenders under the Syndicated Facilities Agreement regarding an extension of the Covenant Holiday, as at the date of this Circular, it has neither formally requested nor received such an extension. On the basis presented above, the Company is confident that, regardless of whether the Financing Package can be implemented, the KfW and the lenders under the Syndicated Facilities Agreement will work towards an alternative solution, including an extension of the maturity of the Syndicated Facilities and the Covenant Holiday or a default waiver. In the absence of an extension of the Covenant Holiday or a default waiver, the Company currently expects that it will breach one or both of the relevant financial covenants as at 30 September 2021.

A breach of one or both of the financial covenants under the Syndicated Facilities Agreement would trigger an event of default thereunder. As a result, the lenders under the Syndicated Facilities Agreement will have the right (to be determined by the required majority of the respective lenders under each of the Syndicated Facilities, and subject to prior consent from the state lender (as such term is defined in the Syndicated Facilities Agreement, i.e., currently, KfW) to accelerate all or part of their respective commitments (see paragraph 2.2 of Part 4 ("*Additional Information*") of this Circular). Such an acceleration, on the basis that it would relate to commitments under the Syndicated Facilities Agreement in excess of €50 million, will

also allow each lender under the 2018 Schultschein to accelerate the part of the 2018 Schultschein such lender holds, and allow the noteholders under the 2016 Notes to accelerate their respective part of the 2016 Notes, as described below.

As at 11 December 2020 (being the latest practicable date prior to publication of this Circular), the amounts drawn under each of the Syndicated Facilities were €2.60 billion drawn under the KfW Facility, €1.53 billion under the Cash Facility and €114.90 million under the Bonding Facility.

The KfW Reduction and the inability to extend the maturity of the remainder of the KfW Facility; potential acceleration of the KfW Facility

Pursuant to the KfW Reduction, €500 million of the commitments under the KfW Facility will automatically be cancelled on 1 April 2021 and the Company will be required to repay any amount necessary to ensure that the outstanding amount under the KfW Facility does not exceed the maximum aggregate commitment of the KfW Facility following the KfW Reduction. As the KfW Facility is expected to be fully drawn in April 2021, such repayment would amount to €500 million, which the Company expects to be able to pay out of cash and cash equivalents then available.

The remainder of the KfW Facility becomes payable on 15 October 2021. However, if the Company has provided satisfactory evidence to KfW by 31 July 2021 that the 2016 Notes will be fully refinanced on or prior to their maturity, the maturity of the KfW Facility will be automatically extended to July 2022, significantly reducing the Company's short-term need for liquidity. Absent the state aid approval from the European Commission for the WSF's entry into the Silent Participations and the WSF Increased Amount being received allowing the Financing Package to proceed, there is no certainty that the Company will be able to fully refinance the 2016 Notes on or prior to their maturity.

If the maturity of the KfW Facility is not extended as set out in paragraph (c)i below, and unless the amounts outstanding under the KfW Facility are accelerated as described below, the Company will be required to repay the full amount outstanding under the remainder of the KfW Facility in October 2021. As at the date of this Circular, the KfW Facility is drawn as to €2.60 billion and is expected to be fully drawn in April 2021. Following the repayment of €500 million of the commitments under the KfW Facility that will automatically be cancelled on 1 April 2021 pursuant to the KfW Reduction, the commitments outstanding under the KfW Facility in October 2021 will amount of €2.35 billion. The non-repayment of the KfW Facility upon maturity would trigger an event of default under the Syndicated Facilities Agreement and, in turn, a potential acceleration of all or part of the amounts outstanding under the rest of the Syndicated Facilities and a potential cross-acceleration of all or part of the amounts outstanding under the 2016 Notes and the 2018 Schultschein.

As described above, a breach of one or both of the financial covenants under the Syndicated Facilities Agreement would trigger an event of default thereunder. As a result, the lenders under the Syndicated Facilities Agreement would have the right (to be determined by the required majority of the respective lenders under each of the Syndicated Facilities, and subject to prior consent from the state lender (as such term is defined in the Syndicated Facilities Agreement), i.e., currently, KfW) to accelerate all or part of their respective commitments. This means that, to the extent the event of default is determined in October 2021 prior to the maturity date of the KfW Facility (on 15 October 2021), KfW, as the sole lender under the KfW Facility, would also have the immediate right to accelerate the part of the KfW Facility that remains outstanding at the time of such event of default.

Inability to repay or refinance the 2016 Notes upon maturity; potential cross-acceleration of the 2016 Notes

As at the date of this Circular, an aggregate €300 million in principal amount is outstanding under the 2016 Notes. The 2016 Notes become due and payable on 26 October 2021, unless accelerated as described below.

As at the date of this Circular, the Company has received no assurance that the German Government will receive state aid approval from the European Commission for the Silent Participations and the WSF Increased Amount, absent which the Financing Package will not proceed. In that case, the Company will not receive the proceeds of the Rights Issue and, as a result, will not be able to repay the 2016 Notes upon maturity. Such repayment would include the €300 million aggregate principal amount of the 2016 Notes, plus accrued and unpaid interest. Assuming repayment of the 2016 Notes upon maturity in October 2021, the Company estimates that the applicable accrued but unpaid interest would in an aggregate amount of approximately €30 million. The non-repayment or non-refinancing of the 2016 Notes upon maturity would trigger an event of default thereunder and, in turn, a cross-default and potential acceleration of all or part of the amounts outstanding under the Syndicated Facilities and the 2018 Schultschein.

In addition, the terms of the 2016 Notes provide that each noteholder under the 2016 Notes may terminate the part of the 2016 Notes held by it and require immediate repayment in the event that any of the Company's other bank debt or capital markets debt exceeding €50 million is accelerated upon default, provided that noteholders representing 10% of the nominal amount under the 2016 Notes give a default notice to the relevant paying agent. As a result, if the Company defaults under the Syndicated Facilities Agreement, to the extent this is determined prior to the maturity date of the 2016 Notes (on 26 October 2021), and the relevant creditors thereunder accelerate commitments in excess of €50 million, then the holders under the 2016 Notes will have the immediate right to give a default notice, provided that the 10% threshold above is met, and, thus, accelerate their share in the 2016 Notes prior to their maturity.

Cross-acceleration of the 2018 Schultschein

The terms of the loans that comprise the 2018 Schultschein provide that each lender may terminate the loans granted by it and require immediate repayment in the event that any of the Company's other bank debt or capital markets debt exceeding €50 million is accelerated upon default.

If the Company defaults under the Syndicated Facilities Agreement, and the relevant creditors thereunder accelerate commitments in excess of €50 million, then each lender under the 2018 Schultschein will also have the immediate right to accelerate the part of the 2018 Schultschein such lender holds and, as a result, all or part of the 2018 Schultschein (plus any losses, damages and costs suffered as a result of such acceleration) will also become due and payable. As at the date of this Circular, the aggregate principal amount outstanding under the 2018 Schultschein is €425 million.

(c) Action plan to rectify the shortfall

To rectify the effects of the expected shortfall in working capital, the members of the Executive Board (*Vorstand*) are confident that the Company will be successful in carrying out each of the following measures:

- i. continue to seek implementation of the Financing Package, based on the Company's firm belief that the European Commission will grant its approval for the Silent Participations and the WSF Increased Amount, on either the terms described in this Circular, or revised terms, which may be proposed in response to the initial feedback from the European Commission, once received;
- ii. in addition, seek an extension of the Covenant Holiday under the Syndicated Facilities Agreement or agree with the lenders thereunder on a waiver of a potential default under one or both of the financial covenants of the Syndicated Facilities Agreement. Given KfW's involvement to date in the Group's state aid programmes during Fiscal 2020 and as part of the Financing Package, and noting KfW's approximately 62% participation in the commitments under the Syndicated Facilities Agreement (as compared a total of 66 2/3% of such commitments being required for approval of an extension of the Covenant Holiday, or a waiver of a default thereunder), the Company is confident that, regardless of whether the Financing Package can be implemented, the KfW and the lenders under the Syndicated Facilities Agreement will work towards an alternative solution, including an extension of the maturity of the Syndicated Facilities and the Covenant Holiday or a default waiver. There can be no assurance, however, that any such alternative solution would be on terms as favourable to the Company as those of the Financing Package. Although the Company has made no formal request for an extension of the Covenant Holiday as at the date of this Circular, it has already initiated relevant discussions with KfW and certain other lenders under the Syndicated Facilities Agreement;
- iii. if state aid approval from the European Commission for the WSF's entry into the Silent Participations and the WSF Increased Amount is not received allowing the Financing Package to proceed, immediately seek an extension of the maturity of the 2016 Notes; in case the maturity of the 2016 Notes is not extended and the Company is unable to repay the amounts outstanding under the 2016 Notes upon their maturity in October 2021, immediately seek to agree with the required majority of the noteholders thereunder on a waiver of the event of default that will be triggered by such non-repayment. The Company is confident that, if an extension of the Covenant Holiday or a waiver of a default under one or both of the financial covenants of the Syndicated Facilities Agreement is agreed, then it will be able to achieve an extension of the maturity of the 2016 Notes, or the refinancing thereof, or a waiver of default under the 2016 Notes in case the Company is unable to repay these upon maturity in October 2021. However, given that the proceeds of the Financing Package are intended to be used to repay the 2016 Notes in full, the Company has not yet commenced negotiations either for an extension of the maturity of the 2016 Notes or their refinancing (other than via the Financing Package); and

- iv. if state aid approval from the European Commission for the WSF's entry into the Silent Participations and the WSF Increased Amount is not received allowing the Financing Package to proceed, immediately seek to obtain from KfW a direct extension of the maturity of the KfW Facility, including the €500 million of commitments under the KfW Facility that will automatically be cancelled on 1 April 2021; in case the maturity of the KfW Facility is not extended and the Company is unable to repay the amounts outstanding under the KfW Facility upon its maturity in October 2021, immediately seek to agree with KfW on a waiver of the event of default that will be triggered by such non-repayment. The Company is confident that, if an extension of the Covenant Holiday or a waiver of a default under one or both of the financial covenants of the Syndicated Facilities Agreement is agreed, then it will be able to achieve an extension of the maturity of the KfW Facility, or a waiver of default under the KfW Facility in case the Company is unable to repay the amounts outstanding thereunder upon maturity in October 2021.

It is furthermore noted that, following an event of default under the Syndicated Facilities Agreement (whether caused by a breach under one or both of the financial covenants thereunder or the non-repayment of the KfW Facility upon maturity, as described above), the lenders under the Syndicated Facilities Agreement will have the right to accelerate all or part of their respective commitments only in case the state lender (as such term is defined in the Syndicated Facilities Agreement) consents to such acceleration. The sole state lender currently is KfW. The Company has initiated relevant discussions with KfW and is confident that, in the event of a default under the Syndicated Facilities Agreement, KfW would not exercise its right to accelerate the KfW Facility and would not consent to any action to accelerate payment under the Syndicated Facilities Agreement by any other lender or lenders under the Cash Facility and the Bonding Facility. This would also allow the Company to avoid the potential cross-acceleration of all or part of the 2018 Schultschein and the 2016 Notes, as described above.

(d) Implications of the shortfall

If the Company is unsuccessful in taking the steps described under paragraph (c) above to rectify its working capital shortfall, then such shortfall would be likely to result in the Company's insolvency in October 2021, when all or part of the amounts outstanding under the Syndicated Facilities (including the KfW Facility), the 2018 Schultschein and the 2016 Notes are accelerated or become due and payable, as described above. If the Company becomes insolvent, there is a material risk that Shareholders may lose all of their investment in the Company's shares.

2.3 Use of Proceeds

The principal purpose of the Financing Package is to improve the Company's liquidity position over the short and medium term.

Out of the net proceeds from the Rights Issue, €300 million must be used to repay the outstanding principal amount under the 2016 Notes. Further amounts will be used to also pay the unpaid interest on the principal and the prepayment premium due under the terms of the 2016 Notes. If the Company provides satisfactory evidence to KfW before 31 July 2021 that the 2016 Notes will be fully refinanced on or prior to their maturity date of 26 October 2021, the maturity date of the KfW Facility, under which there is a current outstanding amount of €2.60 billion, will automatically be extended from 15 October 2021 to 20 July 2022, which is critical for the Group's short term liquidity. In addition, the KfW Reduction Waiver will ensure that the commitments under the KfW Facility that would automatically have been cancelled in the amount of €500 million on 1 April 2021 pursuant to the KfW Reduction will remain available to the Company until the maturity date of the overall KfW Facility. See paragraph 2.2 of Part 4 ("*Additional Information*") of this Circular for further detail on the KfW Facility.

Repaying the 2016 Notes would also avoid significantly increased annual rates of interest under the terms and conditions of the notes as amended in September 2020. The 2016 Notes, which become due and payable in October 2021, originally bore interest at an annual rate of 2.125%. Under the terms of an amendment to the terms and conditions of the 2016 Notes resolved by the noteholders on 8 September 2020, with effect from 1 October 2020 the annual interest rate increased to 9.5% per annum. With effect from 1 April 2021, the Company would also be required to make an additional quarterly interest payment on the notes outstanding at that time, if any, at a quarterly rate of 2.0% on the outstanding nominal amounts of the 2016 Notes at such time (the rate will be calculated solely by multiplying the relevant nominal amount with 2.0%). TUI is required to repay the 2016 Notes to the extent that it raises minimum proceeds of €150 million from the Rights Issue or from financial indebtedness (subject to certain

exceptions). See paragraph 2.3 of Part 4 (“*Additional Information*”) of this Circular for further detail on the 2016 Notes.

The remainder of the proceeds of the Rights Issue and the other instruments forming part of the Financing Package will be used for general corporate purposes and to secure ongoing liquidity for the Group.

2.4 Strategy

The Company recorded a strong start to the fiscal year, recording its highest January booking records for the summer 2020 programme since the merger of the Company and TUI Travel in 2014. However, governmental measures taken in March to fight the spread of the COVID-19 pandemic forced an immediate stop of most of its business activities, leading to a sharp increase in booking cancellations and customer refunds, ultimately resulting in a liquidity squeeze for the business. Nevertheless, even during the COVID-19 pandemic, market fundamentals with underlying customer demand remain intact. This was evident due to the strong return of holiday bookings in June and July, after some travel restrictions were lifted.

Due to the emergence of a second COVID-19 wave heading into winter 2020, the number of destinations available for international travel are currently limited once again. Renewed governmental health measures and their corresponding restrictions impede the resumption of business activities in most parts of the international tourism sector, including hotels and cruises, resulting in low revenue potential. At the same time, a recovery of travel is predicted for Fiscal 2021. The Company’s brand advantage, recognized for safety and service quality, as well as its strong presence in European source markets and large international destination coverage should enable it to satisfy the strong underlying consumer demand. Following vaccinations, currently in the latest stage of development, becoming available for administration, travel restrictions are expected to be lifted. This would enable a substantial and fast recovery of the Company’s business. According to the German Federal Ministry of Health, it is expected that first vaccinations will be available to the public towards the end of 2020 or beginning of 2021 and the UK Government approved the Pfizer/BioNTech’s COVID-19 vaccine on 2 December 2020. This should result in restrictions on travel becoming more relaxed and the resumption of normal everyday life in many parts of society.

The Company’s integrated business model continues to be considered a key strength for the long term and remains a core element of its strategy. The Company’s focus on end-to-end delivery of safe holidays across the entire customer journey has been beneficial in the partial recommencement of operations in preparation of summer 2021. This strength has been recognised by various travel destinations in which the Company operates including Greece and the Balearics whose governments selected the Company to implement pilot programs in summer 2020 aimed at restarting tourism in their regions.

(a) Markets & Airlines: Accelerate realignment program to emerge leaner, stronger, more flexible and digital from the crisis

In the Markets & Airlines business segment, the Company is focusing on improving its cost position while driving innovation speed and flexibility. This will be delivered by establishing more centralised processes and technology, these being the core elements of its markets transformation & domaining initiative. This is intended to allow the Company to further expand its product offering beyond traditional packages into attractive growth segments like ‘accommodation-only’ and ‘seat-only’ offerings, as well as dynamic packages. The expansion runs parallel to efforts geared towards remaining competitive and maintaining its leading positions in the traditional packaging market. Another focus point in the Airlines segment is the strengthening of the Company’s competitiveness and positioning via careful management of its airline capacity. The initiative expands the eco-system for the Company as well as its customers and partners.

The Company’s customer relationship management systems are set up to support digital up- and cross-selling and will focus on customer retention within the TUI eco-system. Against the background of the COVID-19 pandemic’s impact, the markets transformation & domaining initiative has increased in terms of relevance and pace. Through the Company’s global realignment programme in response to the COVID-19 pandemic (the **Global Realignment Programme**), it has a target of permanently reducing over €400 million of fixed costs per annum, with a large proportion allocated to the Markets & Airlines business. To achieve this, the Company is now accelerating transformation by merging tasks and functions across the group, as well as consolidating global IT structures. In parallel, the Company is also right-sizing its airlines and aircraft order book. These measures have already commenced across all markets. For example, at TUIfly Germany, the target to reduce the number of aircrafts in the TUIfly Germany fleet by around 50% from 39, as at June 2020, as well as a reduction in bases and headcount in Germany.

(b) Hotels & Cruises: asset-right expansion and transformation, driving returns, benefitting from vertical integration

With 433 hotels and 17 cruise vessels as at 30 September 2020, the Company has built a sizeable leisure hotel and cruise business. The Company's integrated model allows it to leverage the distribution power in the Markets & Airlines business to drive customers into its own hotels and cruises. In the future, the Company's capital intensity will be reduced compared to its investment spending in recent years. It announced an asset-right strategy in December 2019 and is executing on this initiative consistently, as demonstrated by the continual increase in the proportion of assets in its portfolio operated through management contracts or franchises. In its hotels business, combining the rebalancing of the Company's portfolio in favour of management and franchise contracts and leveraging its joint venture structures, gives the Company optionality for asset-right growth. The customer relevant aspects (including sales, brand, hotel concepts and experiences in the travel destination) will still be controlled by the Company, regardless of the type of contract in place. In TUI Cruises, in addition to future proofing its UK cruise business through repositioning, the Company is leveraging its joint venture structures to grow whilst simultaneously reducing capital intensity.

(c) TUI Musement platform: building scale in the “things to do” market and attracting customers to join the TUI eco-system

In the tours and activities market, the Company has built (on the back of the TUI Musement acquisition) a scalable platform with approximately 168,000 products as at 30 September 2020. The Company's business model is based on a two-sided, holidaymaker and provider, open platform. On the distribution side, the Company is focusing on growth in B2B distribution via strategic co-operatives as demonstrated by the agreement with Booking.com as well as a growth offering for its own TUI customer base. On the product side, the Company aims to expand its offering through consolidation of products in the market in order to maintain its position as one of the largest product providers in the sizeable and fast growing tours and activities market.

(d) Global Realignment Programme

In response to the COVID-19 pandemic, in April 2020, the Company initiated the Global Realignment Programme as one of its self-help measures to address group-wide costs with the initial target of permanently saving more than €300 million per annum, with the first benefits expected to be delivered from Fiscal 2020 onwards and full benefits to be achieved by Fiscal 2023. Projects announced and underway across corporate head office, Markets & Airlines and TUI Musement are already expected to deliver close to the €300 million target savings and the Company therefore has upgraded its target for the Global Realignment Programme to €400 million per annum.

The Company has already initiated the main projects under the Global Realignment Programme. These include:

- reducing TUIfly Germany's fleet of 39 aircraft by approximately 50%;
- reducing the number of TUIfly Germany bases to five and reducing headcount;
- repositioning the business of TUI France to focus on high-margin business with a few core brands;
- selling or closing TUI's travel agencies in France, reducing headcount overall by approximately 500-600;
- accelerating the transformation of TUI Musement to a digital platform business;
- closing 166 high street stores in the United Kingdom and Ireland to achieve a future retail network of approximately 350 stores; and
- improving processes and furthering digitalisation and automation in TUI's head offices, targeting a 30% cost reduction.

The Company incurred restructuring costs of €303 million in Fiscal 2020 in connection with the Global Realignment Programme, and expects to incur further restructuring costs of approximately €120 million in Fiscal 2021 and approximately €40 million in Fiscal 2022 with cash expenditures primarily in Fiscal 2021 and Fiscal 2022.

3. DETAILS OF THE FINANCING PACKAGE

3.1 Rights Issue

(a) Overview of the Rights Issue

The Rights Issue will comprise an offering of 508,978,534 new ordinary registered shares with no par value each such share with a notional value (the proportionate amount of the share capital attributable to each share) of €1.00 each (the **New Shares**) of the Company at a subscription price of €1.07 per New Share (the **Subscription Price**) to be created on completion of the Capital Increase (as defined and further described in paragraph 4.1 below), which will be considered and, if thought fit, approved by the Shareholders in the General Meeting through the Capital Increase Resolution (as defined and further described in paragraph 4.3 below). The net proceeds of the Rights Issue is expected to be approximately €509 million.

If the Resolutions are approved, the New Shares will be offered at a subscription ratio of 25 New Shares for every 29 existing no-par value Shares to Shareholders and DI Holders of the Company: (i) in a public offering in Germany and the United Kingdom; (ii) in private placements in the United States to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act); and (iii) in private placements to eligible investors outside of the United States in reliance on Regulation S under the U.S. Securities Act. These offerings (the **Subscription Offer**) will be implemented by issuing subscription rights to subscribe for New Shares (the **Subscription Rights**) at the Subscription Price. The Subscription Offer will set a period during which the Subscription Rights will be exercised (the **Subscription Period**). The Subscription Offer is expected to be replicated for DI Holders by issuing DI Holders with a new and temporary line of depositary interests representing the Subscription Rights of DI Holders (**DI Pre-Emptive Rights**) and arranging for the stock accounts of registered DI Holders to be credited with DI Pre-Emptive Rights that can be exercised.

Any New Shares not subscribed for in the Subscription Offer (the **Rump Shares**) will be offered to eligible or qualified investors in private placements in certain jurisdictions (the **Rump Placement**). Barclays Bank Ireland PLC, BofA Securities Europe S.A., Citigroup Global Markets Europe AG and Deutsche Bank AG (together, the **Managers**) are expected to conduct a bookbuilding process for the sale of any Rump Shares. However, if the number of Rump Shares available is below the size needed to conduct a customary bookbuilding process, the Rump Shares may be allocated to certain investors without a bookbuild being conducted. The allocation of Rump Shares will be determined based on a number of factors, including whether or not the investor is an existing shareholder of the Company prior to the launch of the Rights Issue.

As set out in paragraphs 3.1(b) and 3.1(c) below, Unifirm Ltd. (**Unifirm**) (an existing Shareholder of the Company with an interest of approximately 24.89% of the Company's shares) has irrevocably undertaken to exercise its Subscription Rights and the remainder of the Rights Issue is fully underwritten by a combination of Unifirm and the Managers.

In line with the provisions contained in the German Stock Corporation Act (*Aktiengesetz; AktG*), as is common in the case of German companies with a major shareholder and as set out in the Capital Increase Resolution, the shareholder Unifirm will subscribe and acquire New Shares at the Subscription Price directly with the Company in the amount of the statutory subscription right to which it is entitled (direct subscription right instead of indirect subscription right). The remaining New Shares will be initially offered to the existing Shareholders (other than Unifirm) by way of an indirect subscription right with the Managers offering the New Shares to the existing Shareholders at the Subscription Price. The Rights Issue will therefore be effected by issuing (i) New Shares to Unifirm pursuant to its exercise of its Subscription Rights (such New Shares not to be disposed, sold or transferred until completion of the Rights Issue) and (ii) the remaining New Shares to the Managers which are subscribing for the remaining New Shares pursuant to the terms of the Underwriting Agreement (as defined and further described in paragraph 3.1(c) below). The subscription for the New Shares is expected to occur shortly after the start of the Subscription Period and, as a result, the full proceeds of the Rights Issue (net of expenses) will be received by the Company shortly after the start of the Subscription Period. All existing Shareholders, other than Unifirm, who exercise their Subscription Rights during the Subscription Period will have the relevant New Shares transferred to them by the Managers following the end of the Subscription Period.

It is expected that the Subscription Period will commence on 8 January 2021 and end no later than 26 January 2021. It is expected that the Subscription Rights will begin trading on the Hanover Stock Exchange and the Frankfurt Stock Exchange on 8 January 2021, where they may be traded during a period that is expected to commence on 8 January 2021 and end no later than 26 January 2021. The existing Shares are, and the New Shares will be, in registered form and certified in global bond certificates deposited with Clearstream Banking AG, Eschborn, Germany. In the United Kingdom, Shares of the Company are

traded via depositary interests (**DI**s). Link Market Services Trustees Limited (**Link**) is the registered shareholder of the Shares to which holders of the DIs (**DI Holders**) are entitled. Pursuant to the Rights Issue, Link will receive Subscription Rights to acquire New Shares by virtue of its current shareholding in the Company. It is expected that such rights will be transferred to the account of Link with Clearstream Banking Luxembourg on behalf of DI Holders. In order to allow DI Holders to participate in the Rights Issue, Link, in conjunction with Euroclear UK & Ireland, will create a new and temporary line of depositary interests representing the Subscription Rights of DI Holders (**DI Pre-Emptive Rights**) and arrange for the stock accounts of registered DI Holders to be credited with DI Pre-Emptive Rights. It is expected that the DI Pre-Emptive Rights will be admitted to trading on a multilateral trading facility of the London Stock Exchange on 12 January 2021, where they may be traded during a period that is expected to commence on 12 January 2021 and end no later than 26 January 2021. Persons who acquire Subscription Rights will be entitled to exercise them in the Subscription Offer and persons who acquire DI Pre-Emptive Rights will be able to instruct Link to do so.

In connection with the Rights Issue, applications will be made (i) for admission to listing and trading of the New Shares on the Hanover Stock Exchange and inclusion of the New Shares in the Open Market segment of the Frankfurt Stock Exchange and (ii) to the UK Financial Conduct Authority (the **FCA**) for the New Shares to be admitted to the premium listing segment of the Official List and to London Stock Exchange plc for the New Shares to be admitted to trading on its Main Market for listed securities. It is expected that admission will become effective and that dealings in the New Shares will commence by no later than 29 January 2021.

Entitlements to New Shares will be rounded down to the nearest whole number and fractional entitlements will not be allotted to the shareholders. For the avoidance of doubt, in line with German market practice and German company law: (A) in the event that any Rump Shares are purchased under the Rump Placement any premium over the Subscription Price received from such purchaser will not be distributed to shareholders under LR 9.5.4R of the Listing Rules; and (B) there will be no entitlement to fractional shares or the proceeds of any sale of aggregated fractional entitlements as part of the Rights Issue under LR 9.5.13R of the Listing Rules.

The New Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing Shares with full rights for all dividends and distributions in respect of Shares as from 1 October 2019. No temporary documents of title have been or will be issued in respect of the New Shares. Holdings of existing Shares in certificated form or uncertificated form will each be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

Full details of the Rights Issue, including the Subscription Price, the Subscription Period, the periods during which the Subscription Rights and DI Pre-Emptive Rights may be traded, the dates when the New Shares will be admitted to listing and trading in the New Shares will commence, the underwriting arrangements and other terms and conditions, will be contained in a prospectus prepared in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the **Prospectus Regulation**) and approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (the **BaFin**) as competent authority under the Prospectus Regulation (the **Rights Issue Prospectus**). It is expected that the Rights Issue Prospectus will be published on or around 29 December 2020 and passported into the United Kingdom prior to the end of the Brexit implementation period, to be valid for use in relation to the Rights Issue and admission of the New Shares to the premium listing segment of the Official List and to trading on London Stock Exchange plc's Main Market for listed securities after the end of the Brexit implementation period pursuant to the Prospectus Regulation as it forms part of domestic law by virtue of the UK European Union (Withdrawal) Act 2018. Shareholders are advised to read the Rights Issue Prospectus in full, once published.

(b) Unifirm Commitment and Backstop Agreement

In connection with the Rights Issue and in order to secure WSF's commitment to certain elements of the Financing Package, the Company entered into an agreement with Unifirm on 1 December 2020 (the **Unifirm Commitment and Backstop Agreement**) pursuant to which:

- (i) Unifirm has irrevocably undertaken to exercise all Subscription Rights held by it in full at the Subscription Price within the first three Business Days (for this purpose excluding public holidays in Russia) of the start of the Subscription Period (the **Unifirm Irrevocable Undertaking**); and

- (ii) to the extent that Subscription Rights are not exercised during the Subscription Period and the Managers are unable to procure purchasers for all of the Rump Shares in the Rump Placement such that there are remaining unplaced Rump Shares (the **Unplaced Rump Shares**) after the end of the Subscription Period and the Rump Placement, Unifirm has committed to purchase from the Managers (and the Company has committed to procure that the Managers deliver) Unplaced Rump Shares at the Subscription Price either:
 - (A) up to a maximum aggregate amount that would lead to Unifirm having, after the Rights Issue has been completed, a total shareholding in the Company of 36% of the Company's enlarged issued share capital (i.e. after completion of the Rights Issue) (the **Unifirm Conditional Underwriting Commitment**); or
 - (B) if BaFin has not granted an exemption to Unifirm from the obligation to submit a mandatory offer where Unifirm's total aggregate shareholding in the Company reaches or exceeds 30% pursuant to sections 35, 29 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegericht*; *WpÜG*) (the **BaFin Whitewash**) or the BaFin Whitewash being granted but BaFin having communicated to Unifirm that the conditions pursuant to such exemption have been breached or are reasonably likely to be breached, then up to a maximum aggregate amount that would lead to Unifirm having, after the Rights Issue has been completed, a total shareholding in the Company of 29.9% of the Company's enlarged issued share capital (i.e. after completion of the Rights Issue) (the **Unifirm Unconditional Underwriting Commitment** and, taken together with the Unifirm Conditional Underwriting Commitment, the **Unifirm Underwriting Commitments**).

In order to provide the Managers with security for its commitment, Unifirm has also undertaken pursuant to the Unifirm Commitment and Backstop Agreement to pay the amount of its maximum commitment pursuant to the Unifirm Unconditional Underwriting Commitment to an affiliate bank of one of the Managers as escrow agent, to be held in an escrow account until the end of the Subscription Period and Rump Placement. Some or all of this amount will be transferred to the Managers if the Unifirm Underwriting Commitment is called on. Amounts that are not so used will be returned to Unifirm after the end of the Subscription Period and Rump Placement.

Unifirm has also undertaken not to dispose, sell or transfer any of its existing Shares, Subscription Rights or New Shares issued to it until final settlement of the Subscription Offer, but until 15 February 2021 at the latest.

The Company has agreed to pay Unifirm at final settlement of the Subscription Offer an underwriting fee of 2.75% of the amount of the Unifirm Unconditional Underwriting Commitment and an underwriting fee of 2% of the amount of the Unifirm Conditional Underwriting Commitment, conditional on the BaFin Whitewash having been granted. There is no fee payable for the Unifirm Irrevocable Undertaking.

As set out in the Company's announcement of 2 December 2020, pursuant to the requirements of Listing Rule 11.1.10R, BofA Securities, in its capacity as joint sponsor to the Company in respect of this Circular, has provided written confirmation to the Company that the terms of the Unifirm Underwriting Commitments are, in its opinion, fair and reasonable as far as the shareholders of the Company are concerned.

Further details of the Unifirm Commitment and Backstop Agreement are set out in paragraph 2.9 of Part 4 ("Additional Information") of this Circular.

(c) Standby Underwriting Agreement

In connection with the Rights Issue, the Company and the Managers entered into a standby underwriting agreement (the **Standby Underwriting Agreement**) on 1 December 2020, pursuant to which each of the Managers have (acting severally but not jointly), under certain terms and conditions, undertaken to the Company to, subject to Unifirm complying with its obligations under the Unifirm Commitment and Backstop Agreement:

- (i) offer all New Shares (other than those New Shares subscribed for by Unifirm pursuant to the Unifirm Irrevocable Undertaking) on the terms of the Rights Issue to all existing Shareholders (other than Unifirm);
- (ii) following the end of the Subscription Period, offer any Rump Shares on a best efforts basis pursuant to the Rump Placement at a price at least equivalent to the Subscription Price, with the net proceeds of the placement being retained by the Company (or to allocate Rump Shares directly to investors in lieu of a bookbuild); and

- (iii) if and to the extent that the Managers are unable to procure purchasers for all of the Rump Shares on the basis outlined above, underwrite, on a several basis and in equal proportions, at the Subscription Price such Unplaced Rump Shares (if any) as remain following the purchase by Unifirm of the maximum number of the Unplaced Rump Shares in accordance with its obligations under the Unifirm Underwriting Commitments (as described in paragraph 3.1(b) above).

As consideration for performing their obligations under the Standby Underwriting Agreement, the Managers will receive an aggregate underwriting commission equal to 2.75% plus an additional discretionary underwriting commission of up to 0.5% of the gross proceeds of the Rights Issue less the gross proceeds from the New Shares subscribed for and/or acquired by Unifirm up to an aggregate shareholding of 29.9% (the **Rights Issue Proceeds**). The Company and the Managers will seek to conclude an underwriting agreement by not later than 29 December 2020 (the **Underwriting Agreement**) which will, once in force, replace the Standby Underwriting Agreement and the Standby Underwriting Agreement will terminate.

Further details of the Standby Underwriting Agreement are set out in paragraph 2.10 of Part 4 (“*Additional Information*”) of this Circular and details of the Underwriting Agreement will be included in the Rights Issue Prospectus.

3.2 Silent Participations

The WSF has committed pursuant to the WSF Term Sheet and subject to certain matters described in more detail in paragraph 2.7 of Part 4 (“*Additional Information*”) of this Circular, to acquire silent participations (*stille Beteiligungen*) in the Company in an aggregate amount of approximately €691 million or, in case of such increases as are described below, up to approximately €1.091 billion.

The Silent Participations comprise two different instruments:

- (i) the Convertible Silent Participation which will be issued in a single tranche of €420 million, and which the WSF (or its legal successor, e.g., following an assignment) shall have the right at any time to convert into shares at €1 per share, provided that the WSF’s conversion rights under such Convertible Silent Participation and/or the 2020 Warrants will be subject to a cap of holding of no more than 25% plus one share in the issued share capital of the Company; and
- (ii) the Non-Convertible Silent Participation which may be issued in up to four tranches for an aggregate total of approximately €271 million in the period to 31 March 2022 upon the Company’s request, subject to the following provisions:
 - (A) the total aggregate amount of the Non-Convertible Silent Participation will be increased by up to €400 million (the **WSF Increased Amount**) other than to the extent that:
 - I. the Additional Funding Instrument is issued (as described below in paragraph 3.3); or
 - II. the WSF elects to issue a guarantee for the Guarantee Facility Agreement (as defined below in paragraph 3.3) of up to €400 million to replace the Additional Funding Instrument instead of increasing the Non-Convertible Silent Participation; and
 - (B) separately, a potential increase depending on the size of the proceeds of the Rights Issue which is highly unlikely to be relevant given that the Rights Issue is fully underwritten (as described in more detail in paragraph 2.7 of Part 4 (“*Additional Information*”)).

If the WSF Increased Amount has already been granted when an Additional Funding Instrument is issued, the WSF Increased Amount shall be decreased by the amount issued under the Additional Funding Instrument. For further description of the Additional Funding Instrument, please see paragraph 3.3 below.

The terms of the Non-Convertible Silent Participation will ensure that it can be treated as equity under the applicable accounting principles of the IFRS. Each Silent Participation has a coupon attaching to it with an increasing interest rate per annum which in respect of the Convertible Silent Participation starts at 4% in 2021 increasing to 9.5% in 2028 and thereafter and which in respect of the Non-Convertible Silent Participation starts at 6.1% in 2021 increasing to 11.6% in 2028 and thereafter. TUI will have the option to pay the coupon or to capitalise the increased interest annually. Whilst the value of the Convertible Silent Participation will not be increased or reduced by reference to the losses of the Company, the Non-Convertible Silent Participation will participate in the accumulated losses of the Group under the applicable accounting principles of the German Commercial Code (*Handelsgesetzbuch*) and in accordance with the provisions of the WSF Term Sheet (and any silent participation with WSF). The Silent Participations will rank behind all unsubordinated debt instruments and other unsubordinated obligations of the Company and

ahead of equity on a liquidation of the Company. Neither Silent Participation will confer any voting rights on the WSF.

The Non-Convertible Silent Participation is not convertible to Shares. However, to enable the WSF to maintain, if applicable, a participation of up to 25% plus one share, the WSF may use, under certain conditions and for the purpose of dilution protection, the Non-Convertible Silent Participation as contribution in kind in the context of the issuance of new Shares.

Once the KfW Facility and the New Loan Facility have been cancelled and repaid in full, the 2020 Bonds have been repaid in full or sold to a third party and the Convertible Silent Participation (to the extent not converted) and the Non-Convertible Silent Participation have been repaid in full, the WSF is obligated to dispose of any Shares it holds in the Company which it has acquired within six months following a conversion under the Convertible Silent Participation subject to a minimum disposal price.

Neither Silent Participation will have a fixed maturity date but instead both Silent Participations will be granted on a perpetual basis without any termination rights in favour of the WSF. TUI will have the right to repay any tranche of the Non-Convertible Silent Participation as soon as the KfW Facility and the New Loan Facility have been cancelled and repaid in full and the 2020 Bonds have been repaid or sold to a third party by the WSF. The Convertible Silent Participation may only be cancelled and repaid if the Non-Convertible Silent Participation has been repaid in full.

Subject to passing the Resolutions, the Convertible Silent Participation is expected to be issued in January 2021 with the Non-Convertible Silent Participation being issued in up to four tranches in the period to 31 March 2022 upon the Company's request.

The representations and undertakings to be given by the Company under a framework agreement entered into with the WSF in relation to the Silent Participations will essentially be based on the terms agreed with the WSF in connection with the issuance of the 2020 Bonds with Warrants which will apply for the term of the 2020 Bonds, which are described in more detail in paragraph 2.5 of Part 4 ("Additional Information") of this Circular.

Any legal successor of WSF (e.g. following an assignment) in respect of the Convertible Silent Participation will have the same rights as set out above under the Convertible Silent Participation.

Further details of the WSF Term Sheet are set out in paragraph 2.7 of Part 4 ("Additional Information") of this Circular.

3.3 Additional Funding Instrument

Due to the ongoing financial difficulties as described in paragraph 2.1 above, a number of business partners (such as card acquirers, credit card companies and suppliers) and governmental agencies have requested the Company to provide collateral for the Company's obligations. The Bonding Facility (as defined and further described in paragraph 2.2 of Part 4 ("Additional Information") of this Circular) that the Company currently has in place under the Syndicated Facilities Agreement is not sufficient to meet all of these requests and, therefore, the Company has had to provide cash collateral in a number of cases (and may need to provide further cash collateral in other cases in the future).

Against this background, the Company may enter into a guarantee facility agreement (the **Guarantee Facility Agreement**) with a number of commercial banks to provide bank guarantees to the relevant counterparties and free the cash collateral. The Guarantee Facility Agreement would substantially be based on the Syndicated Facilities Agreement (excluding, among others, the provisions relating to cash facilities and the KfW Facility and the provision of guarantees by the Company's subsidiaries).

The Guarantee Facility Agreement will only be entered into if it is, in turn, guaranteed in part or in full by a guarantee provided by certain German federal states (*Länder*) (such guarantee being the **Additional Funding Instrument**) or by the WSF (in case the WSF Increased Amount is provided by way of a guarantee). The specific terms of the Additional Funding Instrument (if any) are subject to ongoing discussions.

If the instruments established to provide the WSF Increased Amount have already been granted or the increase of the Non-Convertible Silent Participation has already occurred when an Additional Funding Instrument is issued by the German federal states (*Länder*) (irrespective of whether the WSF Increased Amount is granted by way of guarantee or by way of an increase of the Non-Convertible Silent Participation), the WSF Increased Amount shall be decreased by the amount issued under the Additional Funding Instrument.

3.4 New Loan Facility and KfW Reduction Waiver

Pursuant to the KfW Term Sheet, KfW has agreed that:

- the New Loan Facility will be provided in an aggregate amount of €200 million by KfW potentially together with a consortium of commercial banks on substantially the same terms as the KfW Facility, and on a secured basis. Pursuant to the New Loan Facility, either KfW will commit €160 million with the remaining €40 million committed by the commercial banks or KfW will commit €200 million provided that KfW may choose between the two options in its discretion; and
- the KfW will agree to waive the KfW Reduction so that the €500 million commitments which are currently due to be cancelled on 1 April 2021 pursuant to the KfW Reduction (as described in paragraph 2.1 above) shall have the same maturity date as the remainder of the KfW Facility.

Further details of the KfW Term Sheet relating to the New Loan Facility and the KfW Reduction Waiver are set out in paragraph 2.8 of Part 4 (“*Additional Information*”) of this Circular.

4. SHAREHOLDER APPROVALS

The implementation of the Financing Package as proposed in this Circular requires, and is conditional upon, among other things, certain approvals of the Shareholders at the General Meeting, as set out below.

4.1 Rationale for the Nominal Share Amount Reduction Resolution and Capital Increase Resolution

The registered share capital (*Grundkapital*) of the Company amounts to €1,509,372,235.83. It is divided into 590,415,100 no-par-value shares (*Stückaktien*). This means that each existing Share currently represents a nominal value of approximately €2.56. Under German corporate law, new Shares cannot be issued with a Subscription Price that is less than the nominal value represented by such Share (that is, currently approximately €2.56).

As a condition of the stabilising measures under the Financing Package by the WSF and entry by the WSF into the Silent Participations, it is necessary that the Subscription Price pursuant to the Rights Issue can be set at an amount which is lower than €2.56 in light of the Company’s current share price and market conditions and in order to facilitate the consummation of the Rights Issue and to enable the granting of conversion rights for the WSF under the Convertible Silent Participation.

Therefore, as a first step, it is proposed that TUI reduces its registered share capital (*Grundkapital*) from €1,509,372,235.83 to €590,415,100.00 so that each Share represents a nominal amount of €1.00 (which is the lowest amount possible under the German Stock Corporation Act (*Aktiengesetz; AktG*)) (the **Nominal Share Amount Reduction**) (*Herabsetzung des anteiligen Betrags des Grundkapitals*). The Nominal Share Amount Reduction as such will only result in a rebooking of an amount on the liabilities side of the Company’s single-entity balance sheet (prepared in accordance with the accounting principles of the German Commercial Code (*Handelsgesetzbuch; HGB*) from the “subscribed capital” to the non-distributable “capital reserve” (section 266 (3) A II HGB). As a result, the Nominal Share Amount Reduction as such will not entail any change to the number of existing shares in the Company or the percentage of shares held by the existing shareholders, nor will it change the equity structure or value of the Company. It will merely result in a reduction of the *pro rata* amount of the share capital attributable to each no-par value share from currently approximately €2.56 to exactly €1.00 after the implementation of the resolution.

The Nominal Share Amount Reduction will enable the Rights Issue to proceed with a Subscription Price below €2.56 (but not lower than €1.00). In a second step, immediately following the Nominal Share Amount Reduction, it is proposed that TUI, by way of the Rights Issue, will increase the registered share capital (*Grundkapital*) (where the basis for this increase is the reduced registered share capital (*Grundkapital*) of €590,415,100.00 with a nominal value of €1.00 per Share) by €508,978,534.00 so that the final registered share capital (*Grundkapital*) will be €1,099,393,634.00, being divided into 1,099,393,634 Shares with a *pro rata* nominal amount of €1.00 per Share (the **Capital Increase**).

The Nominal Share Amount Reduction as well as the subsequent Capital Increase requires the approval of the Shareholders at the General Meeting.

4.2 Nominal Share Amount Reduction Resolution

It is proposed that the Nominal Share Amount Reduction will be implemented in accordance with sections 222 *et seqq.* of the German Stock Corporation Act (*Aktiengesetz; AktG*) in conjunction with section 7 para. 6 of the German Act on the Economic Support Fund (*Wirtschaftsstabilisierungs-beschleunigungsgesetz*;

WStBG) (the **WStBG**). According to the applicable law, this requires Shareholders to approve the Nominal Share Amount Reduction by passing a resolution at the General Meeting (the **Nominal Share Amount Reduction Resolution**). A majority of the votes present that are cast in favour of the resolution is sufficient for it to be passed provided that at least 50% of the registered share capital (*Grundkapital*) is present at the General Meeting, whether in person or by proxy, or if presence at the General Meeting is lower, at least two-thirds of the votes present at the General Meeting.

If the Nominal Share Amount Reduction Resolution is passed with the required majority, it will be submitted to the German Federal Gazette and the registration of the Nominal Share Amount Reduction will be filed with the commercial registers, although the registration in the commercial registers is not required for the Nominal Share Amount Reduction to become effective. Instead, the Nominal Share Amount Reduction will take effect once the filed Nominal Share Amount Reduction Resolution has been published on the Company's official website (<https://www.tuigroup.com/en-en>), and, if not so published beforehand, it will become effective once it has been published in the German Federal Gazette.

Subject to it being passed with the required majority, the publication of the Nominal Share Amount Reduction Resolution filed with the commercial registers on the Company's official website is scheduled for 5 January 2021. Therefore, at this point in time the registered share capital of the Company is automatically reduced from €1,509,372,235.83 to €590,415,100.00 being divided into 590,415,100 Shares with a *pro rata* amount (that is, the share capital attributable to each Share) of €1.00 each, and the number of Shares in issue will remain the same.

4.3 Capital Increase Resolution

It is proposed that the Capital Increase will be implemented in accordance with section 7 para. 1 of the WStBG. According to the applicable law, this requires Shareholders to approve the Capital Increase by passing a resolution at the General Meeting (the **Capital Increase Resolution**). A majority of the votes present at the General Meeting, whether in person or by proxy, that are cast in favour of the resolution is sufficient for it to be passed.

If the Capital Increase Resolution is passed with the required majority, it will be submitted to the German Federal Gazette and the registration of the Capital Increase will be filed with the commercial registers, although the registration in the commercial registers is not required for the Capital Increase Resolution to become effective. The Capital Increase Resolution will take effect once the filed resolution has been published on the Company's official website (<https://www.tuigroup.com/en-en>), and, if not so published beforehand, it will become effective once it has been published in the Federal Gazette, although the Capital Increase itself will only become effective once executed.

Subject to it being passed with the required majority, the publication of the Capital Increase Resolution filed with the commercial registers on the Company's official website is scheduled for 5 January 2021. As provided for under applicable German law, the basis for the Capital Increase is the registered share capital (*Grundkapital*) of €590,415,100.00 as it has been reduced pursuant to the Nominal Share Amount Reduction (notwithstanding the fact that the Nominal Share Amount Reduction was not effective at the time that the Capital Increase Resolution was approved by the Shareholders at the General Meeting). Following subscription and issue of the New Shares, the Executive Board (*Vorstand*) and the chairman of the Supervisory Board (*Aufsichtsrat*) shall file the execution of the Capital Increase with the commercial registers pursuant to section 188 of the German Stock Corporation Act (*Aktiengesetz; AktG*). This may be done simultaneously with the filing of the Capital Increase Resolution. The implementation of the Capital Increase will take effect once the application to register the implementation of the Capital Increase with both commercial registers of the Company has been published on the Company's official website (www.tuigroup.com/), and, if not published beforehand, it will become effective once it has been published in the German Federal Gazette.

4.4 Convertible Silent Participation Resolution

It is proposed that:

- (a) the WSF (or its legal successor, e.g., following an assignment) shall be granted the right to convert the Convertible Silent Participation completely or in part to up to 420,000,000 new registered no-par value shares, each representing a *pro rata* amount of the share capital of EUR 1.00, at any time (once or several times) (conversion right within the meaning of section 10 (2), section 7a (1) sentence 1 WStBG). The exchange ratio shall be 1:1, this is to say one new no-par value share will be issued for each EUR 1.00 of the nominal amount of the Convertible Silent Participation to be converted. The

conversion right referred to above is limited in such a way that the WSF (or its legal successor, e.g., following an assignment) may only ever convert the Convertible Silent Participation to new shares to such an extent that the WSF's total participation (including all further Shares held by the WSF) in the Company's increased share capital shall not at any time exceed 25% plus one Share following the conversion;

- (b) the share capital of the Company shall be conditionally increased in accordance with section 7a sentence 1 and 3 of the WStBG by up to €420 million by issuing up to 420,000,000 new registered no-par value Shares, each representing a *pro rata* amount of the share capital of €1.00 (the **Conditional Capital Increase**); and
- (c) the Supervisory Board shall be authorised to amend the wording of Article 4 (1) and (8) of the Charter to reflect the extent of the capital increase from the conditional capital,

(together, the **Convertible Silent Participation Resolution**).

According to the applicable law, this requires Shareholders to approve the Convertible Silent Participation Resolution by passing a resolution at the General Meeting. A majority of the votes present that are cast in favour of the resolution is sufficient for it to be passed provided that at least 50% of the registered share capital (*Grundkapital*) is present at the General Meeting, whether in person or by proxy, or, if presence at the General Meeting is lower, at least two-thirds of the votes present at the General Meeting.

If the Convertible Silent Participation Resolution is passed with the required majority, it will be submitted to the German Federal Gazette and the registration of the Conditional Capital Increase will be filed with the commercial registers, whereby the Executive Board (*Vorstand*) shall be instructed to apply for registration of the Conditional Capital Increase with the proviso that it shall be registered in the commercial registers only after the registration of the Nominal Share Amount Reduction Resolution, and is not required for Convertible Silent Participation Resolution to become effective. The Convertible Silent Participation Resolution will take effect once the filed resolution has been published on the Company's official website (<https://www.tuigroup.com/en-en>), and, if not so published beforehand, it will become effective once it has been published in the German Federal Gazette, although the Conditional Capital Increase itself will only become effective once executed.

Subject to it being passed with the required majority, the publication of the Convertible Silent Participation Resolution filed with the commercial registers on the Company's official website is scheduled for 5 January 2021.

5. GENERAL MEETING AND RESOLUTIONS

The implementation of the Financing Package as proposed in this Circular is conditional upon, among other things, the Shareholders' approval of the Resolutions being proposed at the General Meeting. Accordingly, Shareholders will find set out in Part 5 ("*Notice of General Meeting of TUI AG*") of this Circular a Notice of General Meeting convening a virtual General Meeting to be held at 11.00 a.m. (CET) (10.00 a.m. (GMT)) on 5 January 2021.

In accordance with the German Act for the Mitigation of the Effects of the COVID-19-Pandemic in Civil, Insolvency and Criminal Proceedings Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*), the General Meeting will be held as a virtual meeting. Accordingly, Shareholders will not be present in person but in principle will be entitled to exercise all of their shareholders' rights, including voting (virtually) on all Resolutions and, prior to the General Meeting, asking questions regarding the Resolutions. At the General Meeting, the Resolutions will be proposed to approve the Nominal Share Amount Reduction, the Capital Increase, the Convertible Silent Participation and the Conditional Capital Increase. A summary of the Resolutions is set out below, and the full text of the Resolutions are included in the Notice of General Meeting.

In summary, the Resolutions seek the approval of Shareholders:

- (a) **Resolution 1 – the Nominal Share Amount Reduction Resolution:** to reduce the registered share capital (*Grundkapital*) to €590,415,100.00 and the nominal value notionally allocated to each Share in the capital of the Company to €1.00;

- (b) **Resolution 2 – the Capital Increase Resolution:** to increase the registered share capital (*Grundkapital*) by €508,978,534.00, divided into 508,978,534 Shares with a nominal value notionally allocated to each Share in the capital of the Company of €1.00, to €1,099,393,634.00 divided into 1,099,393,634 Shares with a nominal value notionally allocated to each Share in the capital of the Company of €1.00; and
- (c) **Resolution 3 – the Convertible Silent Participation Resolution:** to authorise the granting of conversion or pre-emption rights in respect of 420,000,000 new Shares to the WSF (or its legal successor, e.g., following an assignment) in connection with the Convertible Silent Participation and to conditionally increase the registered share capital (*Grundkapital*) by up to €420 million, divided into up to 420,000,000 Shares with a nominal value notionally allocated to each Share in the capital of the Company of €1.00 in respect of such conversion rights.

As detailed above, for the Nominal Share Amount Reduction Resolution (Resolution 1) and, the Convertible Silent Participation Resolution (Resolution 3), a majority of the votes present that are cast in favour of the resolution is sufficient for it to be passed provided that at least 50% of the registered share capital (*Grundkapital*) is present at the General Meeting, whether in person or by proxy, or, if presence at the General Meeting is lower, at least two-thirds of the votes present at the General Meeting. For the Capital Increase Resolution (Resolution 2), a majority of the votes present at the General Meeting, whether in person or by proxy, that are cast in favour of the resolution is sufficient for it to be passed.

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Before the General Meeting, within certain time periods set out in detail in the Notice of General Meeting, each Shareholder may file countermotions with respect to the Resolutions proposed. Shareholders – alone or acting together – may also request to extend the agenda of the General Meeting by adding further resolution proposals, provided that (i) their (combined) shareholding (in total) is equal to or more than the nominal amount of at least €500,000.00, (ii) the shareholding met the respective threshold continuously at least 90 days before the request to extend the agenda was received by the Company, and (iii) the shareholders 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.

During the General Meeting, the Shareholders exercising their voting rights may, in accordance with the procedures described in detail in the Notice of General Meeting in Part 5 (“*Notice of General Meeting of TUI AG*”) of this Circular, formally oppose (*widersprechen*) a Resolution.

7. IMPORTANCE OF VOTE

The Resolutions must be passed by Shareholders at the General Meeting in order for the Financing Package to proceed.

If the Resolutions are not passed and the Financing Package does not proceed:

- (a) the Silent Participations and the Rights Issue will not be implemented and no proceeds will be made available to the Company from the Silent Participations or the Rights Issue;
- (b) the WSF Increased Amount, the Additional Funding Instrument, the New Loan Facility and the KfW Reduction Waiver will not be implemented and no proceeds will be made available, or other benefits accrue (as the case may be), to the Company therefrom; and
- (c) the Company will be unable to fund its short and medium term liquidity requirements, in respect of both operational and financial terms, and there is a material risk that the Company will suffer a working capital shortfall in October 2021 (see “*Working Capital Statement*” under paragraph 2.2 of this letter).

The approval and implementation of the Financing Package is required to enable the Company to continue funding its operations and to incur additional capital expenditure necessary to meet its urgent and increased operational costs due to the protracted impact of the COVID-19 pandemic on the Group’s business, as well as to be able to meet its obligations under its financing arrangements as these become due and payable in the short and medium term.

If any of the Resolutions is not passed, then the Rights Issue will not be implemented. As such, the rest of the Financing Package will not proceed and, as a result, KfW will not be obligated to provide the KfW Reduction Waiver. In order to repay the amount of €500 million of the commitments under the KfW

Facility that will automatically be cancelled on 1 April 2021, the Company will be required to utilize available cash and cash equivalents which would place further pressure on the Company's liquidity position.

In addition, if the Rights Issue is not implemented, the Company is unlikely to be able to redeem the 2016 Notes prior to their maturity on 26 October 2021. The Company will not be able to avoid payment of the significantly increased interest under the terms and conditions of the 2016 Notes, as amended in September 2020, including further payment of the increased from 2.125% to 9.5% annual interest payable from 1 October 2020 and payment of the additional quarterly interest of 2.0% payable from 1 April 2021 (the rate will be calculated solely by multiplying the relevant nominal amount with 2.0%). Unless the amounts outstanding thereunder are accelerated as described below, the Company will be required to repay the principal amount of €300 million, plus accrued and unpaid interest, upon maturity of the 2016 Notes on 26 October 2021. Without the proceeds of the Rights Issue, the Company is unlikely to be able to repay the 2016 Notes upon maturity. The non-repayment or non-refinancing of the 2016 Notes upon maturity would trigger an event of default thereunder and, in turn, a cross-default and potential acceleration of all or part of the amounts outstanding under the Syndicated Facilities and the 2018 Schultschein.

Further, if, by 31 July 2021, the Company has not provided satisfactory evidence to KfW that the 2016 Notes will be fully refinanced on or prior to their maturity, it will be unable to unilaterally extend the final maturity of the KfW Facility from 15 October 2021 to 20 July 2022, which would place additional severe strain on its liquidity in October 2021. If the Financing Package is not implemented, there can be no certainty that the Company will be able to fully refinance the 2016 Notes on or prior to their maturity. In case the maturity of the KfW Facility is not extended on the basis described above, the Company is unlikely to be able to repay the amounts outstanding under the KfW Facility when these become due and payable on 15 October 2021. The non-repayment of the KfW Facility upon maturity would trigger an event of default under the Syndicated Facilities Agreement and, in turn, a potential acceleration of all or part of the amounts outstanding under the rest of the Syndicated Facilities and a potential cross-acceleration of all or part of the amounts outstanding under the 2016 Notes and the 2018 Schultschein.

In the absence of an extension of the Covenant Holiday pursuant to the Syndicated Facilities Agreement beyond 31 March 2021 or a default waiver, the Company currently expects that it will be in breach of one or both of the financial covenants under the Syndicated Facilities Agreement when compliance with these covenants as at 30 September 2021 is tested. The breach of one or both of the financial covenants, to the extent it is determined in October 2021 prior to the maturity date of the KfW Facility (on 15 October 2021) and the 2016 Notes (on 26 October 2021), would trigger an event of default under the Syndicated Facilities Agreement and, in turn, a potential acceleration of all or part of the amounts outstanding thereunder. Such acceleration could, in turn, trigger a potential cross-acceleration of all or part of the amounts outstanding under the 2018 Schultschein and the 2016 Notes. Unless the Company is able to secure sufficient alternative funding (if any such alternative funding were available to the Company, it may not be on terms as favourable to the Company as the Financing Package), it will not be able to avoid such default under the Syndicated Facilities Agreement and a potential subsequent acceleration of all or part of the amounts outstanding thereunder and potential cross-acceleration of all or part of the amounts outstanding under the 2018 Schultschein and the 2016 Notes. As at 11 December 2020 (being the latest practicable date prior to publication of this Circular), the amounts drawn under each of the Syndicated Facilities were €2.60 billion drawn under the KfW Facility, €1.53 billion under the Cash Facility and €114.9 million under the Bonding Facility. The aggregate principal amount outstanding under the 2018 Schultschein is €425 million, while the aggregate principal amount of the 2016 Notes is €300 million.

The liquidity position of the Company will further deteriorate if the WSF Increased Amount or the Additional Funding Instrument, the Silent Participations and the New Loan Facility are not implemented. To secure critical liquidity, the Company intends to release cash collateral that it was required to provide to certain business partners and governmental agencies due to the Group's continuing and exacerbated financial difficulties by entering into the Guarantee Facility Agreement. The Company will be able to enter into the Guarantee Facility Agreement only if it is, in turn, guaranteed, in part or in full, by the WSF Increased Amount (in case it is provided by way of a guarantee) or the Additional Funding Instrument. The remainder of the proceeds of the Silent Participations (including the WSF Increased Amount in case it is provided by way of an increase of the Non-Convertible Silent Participation) and the New Loan Facility would be used by the Company for general corporate purposes and to secure ongoing liquidity for the Group.

If the Company is unsuccessful in taking steps to rectify the above working capital shortfall, then it could become insolvent by October 2021. The Executive Board (*Vorstand*) would be required to file for insolvency of the Company and the measures to follow (including the potential liquidation of the Company) would depend on the insolvency court's decision. This could result in Shareholders losing part or all of their

investment in the Company. Even if the Company were able to avoid insolvency, the actions it would be required to take to rectify its working capital shortfall if the Financing Package is not implemented could have a material adverse effect on the Group's business and operations. These effects could include reduction of credit ratings, withdrawal of previously available credit or payment terms, and, more generally, difficulty in implementing the Group's strategy for recovery from the effects of the COVID-19 pandemic as well as strategies for the resumed post-pandemic development of the Group's business.

There can be no assurance that an extension of the Covenant Holiday or a waiver of a default under one or both of the financial covenants under the Syndicated Facilities Agreement will be granted, and, if it is not, that alternative funding options would be available to the Company or would be capable of implementation and, accordingly, the successful completion of the Financing Package is in the best interest of the Company.

As such, it is very important that Shareholders vote in favour of the Resolutions so that the Rights Issue, the Silent Participations, the WSF Increased Amount or the Additional Funding Instrument, the New Loan Facility and the KfW Reduction Waiver can proceed.

8. RECOMMENDATION AND VOTING INTENTIONS

The members of the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) believe the Financing Package and the Resolutions to be in the best interests of the Company and the Shareholders as a whole. Accordingly, the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings of Shares amounting, in aggregate, to 1,092,726 Shares, representing approximately 0.185% of the issued capital of the Company, as at 11 December 2020 (being the latest practicable date prior to publication of this Circular).

Yours faithfully,

Dr. Dieter Zetsche
Chairman of the Supervisory Board

PART 2

RISK FACTORS

Shareholders should consider carefully all of the information set out in this Circular, including, in particular, the risk factors described below, prior to making any decision as to whether or not to vote in favour of the Resolutions. Additional risks and uncertainties not currently known to the Company, or which the Company currently considers to be immaterial, may also have an adverse effect on the Group and/or the Nominal Share Amount Reduction, Capital Increase, Rights Issue and Convertible Silent Participation.

1. The Company will be materially adversely affected and is at risk of becoming insolvent if the Resolutions are not passed, as a result of which the Financing Package does not proceed.

The Company will be materially and adversely affected and is at risk of becoming insolvent if the Financing Package does not proceed. None of the elements of the Financing Package may be implemented if, among other things, the Resolutions are not passed at the General Meeting.

Since the outbreak of the COVID-19 pandemic, countries and regions around the world have implemented, and continue to implement, a variety of measures to contain the pandemic, including border closures, mandated travel restrictions and limited operations of hotels and airlines. Those measures, together with the ensuing economic conditions, have resulted in a material decrease in consumer spending and an unprecedented decline in travel and consumer demand for related activities and services, causing a significant negative impact on the travel sector in which the Group operates.

The effect that the COVID-19 pandemic has had, and continues to have, on the Group's business and the subsequent suspension of the Company's operations have resulted in unprecedented demands on the Company's liquidity and financial position. In the twelve months ended 30 September 2020, the Group recorded revenue of €7,943.70 million, a decrease of €10,985.40 million or 58%, from €18,928.10 million in the twelve months ended 30 September 2019. In the same period of Fiscal 2020, the Group recorded Underlying EBIT of -€3,032.80 million, a decrease of €3,926.30 million from €893.50 million in the corresponding period of the prior fiscal year. In addition, during the twelve months ended 30 September 2020, the Company incurred significant one-off costs directly related to the COVID-19 outbreak that severely affected the Group's cash position. These included cash refunds of customer prepayments for cancelled holidays and costs for the repatriation of customers from holiday destinations abroad.

In light of the Group's anticipated cash position and the significant uncertainty about the timing and scope of anticipated recovery, and in order to meet its ongoing and increased liquidity requirements, the Company has already obtained the following funding under State aid programmes:

- (i) in April 2020, KfW provided the KfW Facility with initial commitments of €1.80 billion, as an additional facility under the Company's existing Syndicated Facilities Agreement. In August 2020, the KfW Facility was further increased by €1.05 billion to a total commitment of €2.85 billion. The KfW Facility has an initial term until 15 October 2021. The term of the KfW Facility will automatically be extended until 20 July 2022 if, by 31 July 2021, the Company has provided satisfactory evidence to KfW that the 2016 Notes will be fully refinanced on or prior to their maturity on 26 October 2021; and
- (ii) in September 2020, the Company issued to the WSF the 2020 Bonds with Warrants of a total nominal value of €150 million.

Despite these measures, and due to the protracted impact of the COVID-19 pandemic on the Group's operations, the Company is still facing immediate liquidity requirements, in respect of both operational and financial terms. In terms of operational costs, the Company expects that such impact of the COVID-19 pandemic, in particular in light of its current "second wave", could be exacerbated by increased requirements of the Group's business partners for cash collateral; by customers who cancel booked holidays as a result of the pandemic demanding cash refunds rather than vouchers; and by a general tightening of credit terms. These factors, taken together and in the absence of additional funding, would have a material adverse effect on the Company's ability to pay its normal business obligations as they fall due.

In addition, a number of financing-related events are expected to place severe strain on the Company's liquidity in the short and medium term:

- (i) On 1 April 2021, and unless the KfW Reduction Waiver is implemented, the commitments under the KfW Facility will automatically be cancelled in the amount of €500 million and the Company will be required to repay outstanding amounts in the amount necessary to ensure that the aggregate outstanding amount does not exceed the remaining commitments under the KfW Facility. As the KfW Facility is expected to be fully drawn in April 2021, such repayment would amount to €500 million.
- (ii) On 15 October 2021, the initial term of the KfW Facility will expire. Unless the term of the KfW Facility is automatically extended to 20 July 2022 as described above (i.e. if, by 31 July 2021, the Company has provided satisfactory evidence to KfW that the 2016 Notes will be fully refinanced on or prior to their maturity on 26 October 2021), and unless accelerated as described under (v) below, the Company will be required to repay all amounts outstanding under the remainder of the KfW Facility upon maturity on 15 October 2021. As at 11 December 2020 (being the latest practicable date prior to publication of this Circular), the amounts drawn under the KfW Facility were €2.60 billion. The non-repayment of the KfW Facility upon maturity would trigger an event of default under the Syndicated Facilities Agreement and, in turn, a potential acceleration of all or part of the amounts outstanding under the rest of the Syndicated Facilities and a potential cross-acceleration of all or part of the amounts outstanding under the 2016 Notes and the 2018 Schultschein.
- (iii) On 26 October 2021, the 2016 Notes are due for repayment. Unless otherwise refinanced in full or in part or accelerated as described under (v) below, the Company will be required to repay the 2016 Notes in the principal amount of €300 million, plus accrued and unpaid interest, on the above maturity date. The terms of the 2016 Notes were amended in September 2020 to provide, among others: (a) for an increase of the annual interest rate from 2.125% to 9.5% with effect from 1 October 2020; (b) for an additional quarterly interest payment at a quarterly rate of 2.0% on the outstanding nominal amount of the 2016 Notes (the rate will be calculated solely by multiplying the relevant nominal amount with 2.0%) with effect from 1 April 2021; and (c) that the Company is obligated to make (x) a partial redemption of the 2016 Notes in the event that it generates proceeds from certain additional financings or an increase in its share capital in an aggregate amount of €150 million or more and (y) a full redemption of the 2016 Notes in the event that it generates proceeds from certain additional financings or an increase in its share capital in an aggregate amount of €300 million or more. The redemption price shall comprise the principal amount of the notes, plus the applicable early redemption premium and accrued and unpaid interest, if any, at the date of redemption. The non-repayment or non-refinancing of the 2016 Notes upon maturity would trigger an event of default thereunder and, in turn, a cross-default and potential acceleration of all or part of the amounts outstanding under the Syndicated Facilities and the 2018 Schultschein.
- (iv) Unless the Company obtains an extension of the Covenant Holiday granted through and including 31 March 2021 by the lenders under the Syndicated Facilities Agreement, and unless it improves its liquidity position with additional funding measures, the Company currently expects to default under one or both of the financial covenants of the Syndicated Facilities Agreement, when compliance with these covenants as at 30 September 2021 is tested. Absent any waiver of such default, and subject to KfW's prior consent, the relevant group of lenders under the Syndicated Facilities Agreement would have the right to accelerate all or part of their respective commitments. As at 11 December 2020 (being the latest practicable date prior to publication of this Circular), the amounts drawn under each of the Syndicated Facilities were €2.60 billion drawn under the KfW Facility, €1.53 billion under the Cash Facility and €114.9 million under the Bonding Facility.
- (v) A potential acceleration of amounts outstanding under the Syndicated Facilities Agreement in excess of €50 million could in turn trigger a potential cross-acceleration of all or part of the amounts outstanding under the 2018 Schultschein and the 2016 Notes. As at the date of this Circular, the aggregate principal amount outstanding under the 2018 Schultschein is €425 million, while the aggregate principal amount of the 2016 Notes is €300 million.

The Company needs to implement the Financing Package to be able to provide the liquidity needed to continue to incur capital expenditure necessary to meet its urgent and increased operational costs, as well as its obligations under its financing arrangements, as these will become due and payable in the short and medium term, as indicated above.

Out of the net proceeds from the Rights Issue, the 2016 Notes must be redeemed in a principal amount of €300 million, plus the applicable early redemption premium and accrued and unpaid interest, if any, at the

date of redemption. Assuming an early redemption of the 2016 Notes on or about 26 February 2021, the Company estimates that the applicable early redemption premium and accrued but unpaid interest would in an aggregate amount of approximately €14 million. This would also allow the Company to avoid payment of the significantly increased interest under the terms and conditions of the 2016 Notes, as amended in September 2020. If, by 31 July 2021, the Company has provided satisfactory evidence to KfW that the 2016 Notes will be fully refinanced on or prior to their maturity on 26 October 2021, then the term of the KfW Facility will automatically be extended until 20 July 2022. In addition, as a result of the KfW Reduction Waiver, the Company will be able to defer its repayment obligation of €500 million under the KfW Facility, which is currently due in April 2021, to the same maturity date as the remainder of the KfW Facility. Further, to secure critical liquidity, the Company intends to release cash collateral that it was required to provide to certain business partners and governmental agencies due to the Group's continuing and exacerbated financial difficulties by entering into the Guarantee Facility Agreement. The Company will be able to enter into the Guarantee Facility Agreement, only if it is, in turn, guaranteed, in part or in full, by the WSF Increased Amount (in case it is provided by way of a guarantee) or the Additional Funding Instrument. The remainder of the proceeds from the Rights Issue and the amounts of the Silent Participations (including the WSF Increased Amount in case it is provided by way of an increase of the Non-Convertible Silent Participation) and the New Loan Facility will be used for general corporate purposes and to help secure ongoing liquidity for the Group.

Each of the Financing Package elements may only be implemented if, among other things, the Resolutions are passed at the General Meeting. If the Resolutions are not approved, none of the Financing Package elements will be able to proceed, and the Financing Package will not be available to the Company, in which case the Company would require approximately an additional €4.70 billion in October 2021 to make up the shortfall required for it to have sufficient working capital for at least twelve months from the date of this Circular. In that case, the Company will be required to seek alternative funding. There can be no assurance, however, that the Company will be successful in securing such alternative funding, on commercially reasonable terms or at all, in time to avoid insolvency. If the Company is unsuccessful in taking steps to rectify its working capital shortfall, then it could become insolvent by October 2021. The Executive Board (*Vorstand*) would be required to file for insolvency of the Company and the measures to follow (including the potential liquidation of the Company) would depend on the insolvency court's decision. This could result in Shareholders losing part or all of their investment in the Company.

2. *The Group does not have sufficient working capital for its present requirements, that is, for at least twelve months following the date of this Circular.*

The Company is of the opinion that, taking into account available cash balances, the Group will not have sufficient working capital for its present requirements, that is, for at least twelve months following the date of this Circular. If the Company does not implement the Financing Package, it will require approximately €4.70 billion in October 2021 to make up the shortfall required for it to have sufficient working capital for at least twelve months from the date of this Circular.

If the Financing Package is not implemented, then KfW will not be obligated to provide the KfW Reduction Waiver. In order to repay the amount of €500 million of the commitments under the KfW Facility that will automatically be cancelled on 1 April 2021, the Company will be required to utilize available cash and cash equivalents which would place further pressure on the Company's liquidity position.

In addition, if the Rights Issue is not implemented, the Company is unlikely to be able to redeem the 2016 Notes prior to their maturity on 26 October 2021 and will not be able to avoid payment of the significantly increased interest under the terms and conditions of the 2016 Notes, as amended in September 2020. Unless the amounts outstanding thereunder are accelerated as described below, the Company will be required to repay the principal amount of €300 million, plus accrued and unpaid interest, upon maturity of the 2016 Notes on 26 October 2021. Without the proceeds of the Rights Issue, the Company is unlikely to be able to repay the 2016 Notes upon maturity. The non-repayment or non-refinancing of the 2016 Notes upon maturity would trigger an event of default thereunder and, in turn, a cross-default and potential acceleration of all or part of the amounts outstanding under the Syndicated Facilities and the 2018 Schultschein.

Further, if, by 31 July 2021, the Company has not provided satisfactory evidence to KfW that the 2016 Notes will be fully refinanced on or prior to their maturity, it will be unable to unilaterally extend the final maturity of the KfW Facility from 15 October 2021 to 20 July 2022, which would place additional severe strain on its liquidity in October 2021. If the Financing Package is not implemented, there can be no certainty that the Company will be able to fully refinance the 2016 Notes on or prior to their maturity. In case the maturity of the KfW Facility is not extended on the basis described above, the Company is

unlikely to be able to repay the amounts outstanding under the KfW Facility when these become due and payable on 15 October 2021. The non-repayment of the KfW Facility upon maturity would trigger an event of default under the Syndicated Facilities Agreement and, in turn, a potential acceleration of all or part of the amounts outstanding under the rest of the Syndicated Facilities and a potential cross-acceleration of all or part of the amounts outstanding under the 2016 Notes and the 2018 Schultschein.

Even if the Financing Package is implemented, the Company will still require an extension of the Covenant Holiday pursuant to the Syndicated Facilities Agreement beyond 31 March 2021 or a default waiver, without which the Company currently expects that it will also be in breach of one or both of the financial covenants under the Syndicated Facilities Agreement when compliance with these covenants as at 30 September 2021 is tested. The breach of one or both of the financial covenants, to the extent it is determined in October 2021 prior to the maturity date of the KfW Facility (on 15 October 2021) and the 2016 Notes (on 26 October 2021), would trigger an event of default under the Syndicated Facilities Agreement and, in turn, a potential acceleration of all or part of the amounts outstanding thereunder. Such acceleration could, in turn, trigger a potential cross-acceleration of all or part of the amounts outstanding under the 2018 Schultschein and the 2016 Notes. Unless the Company is able to secure sufficient alternative funding (if any such alternative funding were available to the Company, it may not be on terms as favourable to the Company as the Financing Package), it will not be able to avoid such default under the Syndicated Facilities Agreement, a potential subsequent acceleration of all or part of the amounts outstanding thereunder and potential cross-acceleration of all or part of the amounts outstanding under the 2018 Schultschein and the 2016 Notes. As at 11 December 2020 (being the latest practicable date prior to publication of this Circular), the amounts drawn under each of the Syndicated Facilities were €2.60 billion drawn under the KfW Facility, €1.53 billion under the Cash Facility and €114.9 million under the Bonding Facility. The aggregate principal amount outstanding under the 2018 Schultschein is €425 million, while the aggregate principal amount of the 2016 Notes is €300 million.

The liquidity position of the Company will further deteriorate if the WSF Increased Amount or the Additional Funding Instrument, the Silent Participations and the New Loan Facility are not implemented. To secure critical liquidity, the Company intends to release cash collateral that it was required to provide to certain business partners and governmental agencies due to the Group's continuing and exacerbated financial difficulties by entering into the Guarantee Facility Agreement. The Company will be able to enter into the Guarantee Facility Agreement only if it is, in turn, guaranteed, in part or in full, by the WSF Increased Amount (in case it is provided by way of a guarantee) or the Additional Funding Instrument. The remainder of the proceeds of the Silent Participations (including the WSF Increased Amount in case it is provided by way of an increase of the Non-Convertible Silent Participation) and the New Loan Facility would be used by the Company for general corporate purposes and to secure ongoing liquidity for the Group.

There can be no assurance that an extension of the Covenant Holiday or a waiver of a default under one or both of the financial covenants under the Syndicated Facilities Agreement will be granted, and, if it is not, that alternative funding options would be available to the Company or would be capable of implementation. If the Company is unsuccessful in taking steps to rectify its working capital shortfall in these circumstances, then it could become insolvent by October 2021. The Executive Board (*Vorstand*) would be required to file for insolvency of the Company and the measures to follow (including the potential liquidation of the Company) would depend on the insolvency court's decision. This could result in Shareholders losing part or all of their investment in the Company. Even if the Company were able to avoid insolvency, the actions it would be required to take to rectify its working capital shortfall if the Financing Package is not implemented and/or the extension of the Covenant Holiday or a waiver of a default under one or both of the financial covenants under the Syndicated Facilities Agreement is not granted, could have a material adverse effect on the Group's business, including reduction of credit ratings, withdrawal of previously available credit or payment terms, and, more generally, difficulty in implementing the Group's strategy for recovery from the effects of the COVID-19 pandemic as well as strategies for the resumed post-pandemic development of the Group's business.

3. The Company's substantial leverage and debt service obligations could materially adversely affect the Group's business, financial condition or results of operations.

The Company is highly leveraged and has significant debt service obligations. It expects that its substantial leverage will continue for the foreseeable future. The Company's strategy to improve its financial risk profile, in particular by reducing indebtedness, may be unsuccessful.

As at 30 September 2020, on an IFRS 16 basis, the Group's year-end net debt position was €6,421 million.

The amount increased due to the additional debt taken out as a reaction to the COVID-19 pandemic. In particular, the Company included the KfW Facility as an additional revolving credit facility for cash drawings under the Syndicated Facilities Agreement which previously consisted of:

- the Cash Facility, a €1.535 billion revolving credit facility for cash drawings made available by commercial banks; and
- the Bonding Facility, a €215 million letter of credit facility for issuing bonds, bank guarantees and letters of credit provided by commercial banks.

In April 2020, KfW provided the KfW Facility with initial commitments of €1.80 billion under the Syndicated Facilities Agreement and subsequently increased this revolving credit facility by €1,050 million (the **KfW Increase Amount**) in August 2020 to a size of €2,850 million. The KfW Facility was provided under the KfW Programme 855 – Direct Participation in Syndicated Financings (*Direktbeteiligung für Konsortialfinanzierung*) which forms part of a state aid programme set up in reaction to the COVID-19 pandemic.

Furthermore, the Company 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 or may be unable to obtain sufficient funding to satisfy obligations to service or refinance the Group's debt.

The KfW Facility will mature on 15 October 2021 or, if, by 31 July 2021, the Company has provided satisfactory evidence to KfW that the 2016 Notes will be fully refinanced on or prior to their maturity, on 20 July 2022. The final maturity of the other Syndicated Facilities is 20 July 2022. In each case, the availability period ends one month prior to that date.

The final maturity of the Cash Facility and the Bonding Facility is 20 July 2022.

On 26 October 2016, the Company issued the 2016 Notes in a total nominal amount of €300 million with an initial annual interest rate of 2.125%, a maturity of five years and a denomination of €100,000.00 per note. Beginning in October 2020, the interest rate on the 2016 Notes increased to 9.5%. With effect from 1 April 2021, an additional quarterly interest payment on the notes outstanding at that time, if any, at a quarterly rate of 2.0% on the outstanding nominal amount of the 2016 Notes will become payable (the rate will be calculated solely by multiplying the relevant nominal amount with 2.0%).

The Company agreed to these increased and additional interest payments in order to achieve an amendment of the 2016 Notes removing a covenant limiting the incurrence of additional indebtedness (the **2016 Notes Amendment**). The 2016 Notes Amendment was necessary as it was a condition precedent to the utilisation of the KfW Increase Amount. In a meeting of the holders of the 2016 Notes carried out by means of a consent solicitation that ended on 8 September 2020, the holders of the 2016 Notes resolved to adopt the 2016 Notes Amendment, which then came into effect on 16 October 2020.

Furthermore, the Company issued the 2018 Schultschein in the form of German-law promissory notes on 27 June 2018 in a total nominal amount of €425 million with tenors of 5, 7 and 10 years and a blended interest rate of approximately 1.7% p.a..

In September 2020, the Company issued the 2020 Bonds with Warrants to the WSF in the principal amount of €150 million. The 2020 Bonds bear interest at an annual rate of 9.5% and have an initial term of six years. Issuance of the 2020 Bonds with Warrants was a further condition precedent to the utilisation of the KfW Increase Amount.

The Syndicated Facilities Agreement, the 2016 Notes and the 2018 Schultschein are guaranteed by certain subsidiaries of the Company.

The Company's substantial current level of indebtedness, which will be increased by the Financing Package, presents the risk that it might not generate sufficient cash to service its indebtedness. A failure to make scheduled payments or otherwise satisfy its obligations under financing arrangements could result in indebtedness of the Group being accelerated.

The Company's leveraged capital structure could also limit its ability to finance acquisitions, projects, operations and future business opportunities. In particular, the Company's leverage could:

- make it more difficult for it to satisfy its debt obligations (including under the Syndicated Facilities Agreement, the 2016 Notes, the 2018 Schultschein and the 2020 Bonds);
- increase its vulnerability to a downturn in the Group's business or economic and industry conditions;

- limit its 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;
- require it to dedicate a substantial portion of its cash flows from operations to the payment of principal of, and interest on, its indebtedness, which means that these cash flows will not be available to fund its operations, capital expenditures, acquisitions or other corporate purposes;
- limit its flexibility in planning for, or reacting to, changes in its business, the competitive environment and its industry; and
- place it at a competitive disadvantage compared to competitors that are not as highly leveraged.

There is also a risk that the Company 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. The Company's ability to make payments on, and to refinance, its debt and to fund future operations and capital expenditures will depend on the 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 its control, as well as the other risk factors discussed in this section. In addition, the ongoing trend towards passengers booking vacations on shorter notice can make it more difficult for the Company as a general matter to predict future cash flows.

4. *The Company may be unable 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 obligations under its financing arrangements, which may not be successful. The COVID-19 pandemic has significantly increased this risk, and the resulting credit rating downgrades may make it costlier or more difficult for the Company to obtain additional financing.*

The Company is highly leveraged and has significant debt service obligations. The Company's ability to make payments on or to refinance its debt obligations, including under the Syndicated Facilities Agreement, the 2016 Notes, the 2018 Schuldschein and the 2020 Bonds, will depend on the Group's future operating performance and ability to generate sufficient cash.

The effects of the COVID-19 pandemic through the date of this Circular have significantly reduced the Company's ability to generate cash, exacerbating the risk that the cash it does generate will be insufficient to service its indebtedness. Furthermore, changes in customer behaviour driven by the COVID-19 pandemic, such as the trend for customers to book their holidays with less lead time, also has made it more difficult for it to anticipate the amount of cash it would have available to service its indebtedness. As a consequence of the effects of the pandemic on revenue and liquidity, the Company's credit ratings have been downgraded. Moody's reduced its long-term rating from B2 to Caal in May 2020. In June 2020, Standard & Poor's reduced its long-term rating from B- to CCC+. In both cases, the ratings agency assigned a negative outlook.

As long as its ratings remain at this level, the Company expects that it will be more difficult, or even impossible, for it to obtain additional needed financing. If the Company is able to obtain such financing, it is likely that it will need to pay higher rates of interest than would have been the case under its earlier, higher ratings. Furthermore, the covenants and other conditions attached to such financing may be more onerous. The Company cannot predict whether, when or to what extent it will be able to reverse the impacts of the COVID-19 pandemic on its ability to generate cash or to achieve a ratings upgrade.

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

- reduce or delay 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 on or before maturity.

There can be no assurance that the Company 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 its indebtedness.

In particular, the Company's ability to restructure or refinance its debt will depend in part on its financial condition at such time as well as on many factors outside of its control, including then-prevailing conditions

in the international credit and capital markets. Any refinancing of debt could be at higher interest rates than current debt and may require the Company to comply with more onerous covenants, which could further restrict the Group's business operations. The terms of existing or future debt instruments may restrict the Company from adopting some of these alternatives. In addition, any failure to make payments of interest or principal on its outstanding indebtedness on a timely basis would likely result in a reduction of its credit ratings, which could harm its ability to incur additional indebtedness.

In the absence of operating results and resources sufficient to service its indebtedness, the Company could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations. The terms of the Company's indebtedness, including the Syndicated Facilities Agreement, the 2016 Notes, the 2018 Schultschein, and the 2020 Bonds restrict its ability to transfer or sell assets and the use of proceeds from any such disposition. The Company may not be able to consummate certain dispositions or to obtain the funds that it could have realized from the proceeds of such dispositions, and any proceeds it realises from asset dispositions may not be adequate to meet its debt service obligations then due.

5. *If the Company executes a further capital increase to generate additional working capital, the value of its shares could be diluted. There can be no assurance that the Company would be able to execute a future capital increase on its intended time line, or at all.*

To improve its financial risk profile relating to high leverage or if the Financing is not implemented, the Company may contemplate an additional capital increase during Fiscal 2021 or thereafter. A successful capital increase could dilute the value of the holdings of existing Shareholders. A number of factors could also make it difficult or impossible to execute a further capital increase, or could delay the Company's ability to consummate the transaction.

If it were to seek to implement a capital increase in excess of its authorised capital at the time, the Company would need to obtain a resolution of the Shareholders' meeting increasing its authorized capital. There can be no assurance that a sufficient percentage of Shareholders would approve this resolution.

6. *In connection with the COVID-19 pandemic, the Company has received state aid in the form of the KfW Facility and the 2020 Bonds with Warrants. The terms of the documentation relating to the KfW Facility (included in the Syndicated Facilities Agreement) and the 2020 Bonds with Warrants place significant restrictions on it. The terms of the Financing Package place further significant restrictions on the Company. Any additional government disaster relief assistance related to the COVID-19 pandemic could impose further significant limitations on the Group's corporate activities and may not be on terms favourable to it.*

As part of the Company's response to the effects of the COVID-19 pandemic on the Group's business, and in particular the immediate and severe effect the pandemic had on its operating cash flow and liquidity, in April 2020, KfW provided the KfW Facility in the initial amount of €1.80 billion as an additional facility under the Syndicated Facilities Agreement. Subsequently, in August 2020, KfW agreed to increase the KfW Facility by the KfW Increase Amount of €1.05 billion to a total amount of €2.85 billion.

Any drawdown of the KfW Increase Amount was, among other condition precedents, subject to the conditions precedent that the Company issue the 2020 Bonds with Warrants and obtain the 2016 Notes Amendment.

In September 2020, the Company issued the 2020 Bonds with Warrants to the WSF in the principal amount of €150 million. The 2020 Warrants were subsequently detached from the 2020 Bonds.

Until the WSF has sold all 2020 Bonds to a third party or the Company has satisfied all payment obligations in respect of the 2020 Bonds (or a combination of these two options has occurred in respect of the 2020 Bonds), the terms of the documentation relating to the 2020 Bonds with Warrants, among other things:

- prevent the Company from making dividend payments or (subject to certain exceptions) make other payments to related parties or buy back shares;
- restrict the way it conducts its business;
- restrict its ability to purchase or make investments in other companies or expand its business; and
- limit the way it may remunerate board members.

Under the terms of the Syndicated Facilities Agreement, dividend payments or the adoption of certain share buyback related resolutions would result in a full cancellation of the KfW Facility and an obligation to repay all amounts outstanding under the KfW Facility.

Subject to the Resolutions being passed by the required majority, in January 2021, the Company expects to issue the Silent Participations to the WSF. The Silent Participations will rank junior to all unsubordinated debt instruments and other unsubordinated obligations of the Company but senior to its equity on a liquidation. The Silent Participations will comprise two different instruments: (i) the Convertible Silent Participation, which will be issued in a single tranche of €420 million, and which the WSF (or its legal successor, e.g., following an assignment) shall have the right at any time to convert into shares at €1 per share, provided that the WSF's conversion rights under such Convertible Silent Participation and/or the 2020 Warrants will be subject to a cap of holding of no more than 25% plus one share in the issued share capital of the Company; and (ii) the Non-Convertible Silent Participation, which may be issued in up to four tranches for an aggregate total of approximately €271 million in the period to 31 March 2022 upon the Company's request. The Non-Convertible Silent Participation is subject to (i) a potential increase in size of up to €400 million (i.e. the WSF Increased Amount) and (ii) a potential increase in size depending on the amount of the proceeds of the Rights Issue, although such second potential increase is highly unlikely given that the Rights Issue will be fully underwritten.

The terms of the current Financing Package impose further restrictions on the Company, including, among other things:

- the requirement to obtain the WSF's consent in relation to certain material corporate actions in respect of the Company, including utilising authorised capital and other capital measures, undertaking significant M&A activity or committing to significant financing arrangements (further detail is to be agreed with the WSF when the relevant term sheet with the WSF is converted into full form documentation);
- the requirement that the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) will, to the extent legally permissible, endeavour to procure that two persons nominated by the WSF are appointed to the Supervisory Board (*Aufsichtsrat*), one of whom (provided such person has the requisite professional qualifications) shall also join the audit committee of the Company, and that the Company will further endeavour to procure, to the extent legally permissible, that an observer from the WSF has the right to attend the meetings of the Supervisory Board (*Aufsichtsrat*);
- the prohibition to make dividend payments, repurchase shares, grant other equity instruments, pay coupons or make other profit distributions other than to the WSF and if not otherwise mandatorily obligated; and
- the requirement to present a strategy for terminating the elements of the Financing Package granted by the WSF or the KfW, including a repayment plan twelve months after the Financing Package, and, subsequently, to report annually on such termination strategy and annually or semi-annually on other undertakings;

in each case and unless otherwise noted, for so long as any part of the Silent Participations remain in issue and held by the WSF. The Silent Participations cannot be cancelled until the KfW Facility and the New Loan Facility have been cancelled and repaid in full and the 2020 Bonds have been repaid or sold to a third party by the WSF (and, in the case of the Convertible Silent Participation, until the Non-Convertible Silent Participation has been terminated and repaid in full).

If the German or any other government agrees to provide additional state aid, it may impose further requirements on the Company. These restrictions could include further limitations on executive officer compensation, share buybacks, dividends, prepayment of debt and other similar restrictions until the relief is repaid or redeemed in full and therefore could impose significant limitations on corporate activities.

If it were to become necessary or advisable to seek further government disaster relief assistance, or other governmental assistance due to the impacts of the COVID-19 pandemic, there can be no assurance that this assistance would be available, that the Company would be eligible to receive it, or, if it were to receive it, that it would be sufficient to mitigate the adverse effect of the COVID-19 pandemic on its finances. Even if the Company were to derive benefit from this assistance, it could be required to accept limitations and other unfavourable conditions.

Furthermore, joint ventures operate a substantial portion of the Group's business and have historically generated a significant portion of earnings. Material joint ventures, like the Group itself, operate businesses

that have been seriously and adversely affected by the COVID-19 pandemic. The Company has little or no ability to influence the decision of a joint venture company to seek, or refrain from seeking, emergency state assistance. Joint ventures that obtain such assistance may be bound by provisions similar to those under the Syndicated Facilities Agreement (due to the KfW Facility) and the 2020 Bonds, restricting or prohibiting the payment of dividends or similar distributions while the assistance remains in effect. In these cases, an affected joint venture would not contribute to earnings, even if it otherwise had distributable profits that could have been paid as a dividend.

7. *The WSF will have the option to convert the Convertible Silent Participation and the 2020 Warrants into shares of the Company. Exercise of this right may be dilutive to other Shareholders. If the WSF exercises this right in full, its holding in the Company will give it significant influence on the Shareholders' meeting and will enable it to block certain resolutions.*

As part of the Financing Package, the Company will issue the Convertible Silent Participation to the WSF in the nominal amount of €420 million. The Convertible Silent Participation is convertible by the WSF (or its legal successor, e.g., following an assignment) into shares of the Company at a conversion price of €1.00 per share. In addition, as part of the Financing Package the WSF will obtain the right to exercise the conversion rights under the 2020 Warrants itself (whereas, currently, it may only sell the 2020 Warrants to third parties). The WSF may exercise its conversion right at any time provided that the WSF will only be allowed to convert the Convertible Silent Participation and the 2020 Warrants if and to the extent that the conversion does not result in a participation of the WSF in the Company's issued share capital of more than 25% plus one share. At a price of €1.00 per share (which is the minimum possible price under applicable German law and is also materially below the current market price of shares), any such conversion is likely to have a significantly dilutive effect to other Shareholders.

If the WSF (or its legal successor) converts the Convertible Silent Participation and/or the 2020 Warrants to the fullest extent permissible, its 25% plus one share holding of the Company's shares will give it significant influence on votes of the Shareholders' meeting. In particular, the WSF (or its legal successor) will have a blocking minority (*Sperrminorität*) that will enable it to block certain resolutions of the Shareholders' meeting, including resolutions on amendments of the articles of incorporation (*Satzung*). Even in the case of resolutions not subject to a blocking minority, it may be difficult to attain the needed majority if the WSF (or its legal successor) opposes the resolution. The interests and priorities of the WSF (or its legal successor) may differ from those of other Shareholders, and no assurance can be given that the WSF (or its legal successor) would vote in ways favourable to all Shareholders' interest.

Any such conversion by the WSF (or its legal successor) would have an immediate dilutive effect on Shareholders' interests in the Company and the effect of such dilution would depend on the size of the conversion. At the same time, the WSF is protected against the dilution of its own share holding in the Company. According to the terms of the WSF Term Sheet, although the Non-Convertible Silent Participation is not convertible into shares of the Company, in order to be able to maintain a share holding of up to 25% plus one share after it has exercised all its rights of conversion, the WSF may use, under certain conditions and for the purpose of dilution protection, the Non-Convertible Silent Participation as a contribution in kind in return for the issuance of new Shares in the Company. Finally, the exercise by WSF (or its legal successor) of its conversion rights would increase the number of shares in issue which could also have a negative impact on the market price of the Company's Shares.

8. *The Company's largest shareholder may increase its holding in the Company in case the Unifirm Unconditional Underwriting Commitment and/or the Unifirm Conditional Underwriting Commitment are implemented. Its interests may be inconsistent with the interests of other Shareholders.*

According to the notices made available to the Company in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz*), the Company's largest shareholder is Unifirm, which holds 24.89% of the issued share capital of the Company as at the date of this Circular. As a result, Unifirm has significant influence over decisions of the Company and may have the power, among other things, depending on the presence levels at the Shareholders' meetings, to veto certain fundamental corporate decisions regarding the Company's legal and capital structure.

Unifirm has committed to exercise all its Subscription Rights in the Rights Issue and, to the extent that other Shareholders do not take up their Subscription Rights during the Subscription Period and the Managers are unable to procure purchasers for all of the Rump Shares pursuant to the Rump Placement, to acquire Unplaced Rump Shares up to a maximum aggregate holding of 36% or, in case the BaFin Whitewash is not granted, 29.9% of the Company's issued share capital immediately following the Rights Issue.

Therefore, if the BaFin Whitewash is granted then, depending on the number of Unplaced Rump Shares, Unifirm could become the holder of 30% or more of the Company's issued share capital without being required to make a mandatory offer (*Pflichtangebot*) under section 35 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*).

Unifirm is expected to remain the Company's largest shareholder and possibly, following the acquisition of additional Shares in the course of the Rights Issue, increase the size of its stake beyond 25%, and, thus, continue to be able to exert significant influence on the Company going forward. In particular, Unifirm may acquire a blocking minority (*Sperrminorität*) that will enable it to block certain resolutions of the Shareholders' meeting, including resolutions on amendments of the articles of incorporation (*Satzung*). Even in the case of resolutions not subject to a blocking minority, it may be difficult to attain the needed majority if Unifirm opposes the resolution.

The interests and priorities of Unifirm could conflict with those of other Shareholders, and no assurance can be given that Unifirm would vote in ways favourable to all Shareholders' interest. In addition, Unifirm may, in the future, own businesses that directly compete with the Group's business in certain respects or do business with the Group.

PART 3

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is subject to the passing of the Resolutions, indicative only and may be subject to change⁽¹⁾⁽²⁾

Announcement of the Financing Package	2 December 2020
Publication and posting of this Circular and the Forms of Proxy	14 December 2020
Approval of the Rights Issue Prospectus and passporting of the Rights Issue Prospectus into the United Kingdom	29 December 2020
Publication of the Rights Issue Prospectus	30 December 2020
Latest time and date for DI Holders or their proxies to exercise the DI Holder's voting rights or for DI Holders to appoint a proxy, recall the appointment of a proxy or change instructions for a proxy	6.30 p.m. (CET) (5.30 p.m. (GMT)) on 23 December 2020
Record date for voting at the General Meeting	12.00 midnight (CET) (11.00 p.m. (GMT)) on 29 December 2020
Latest time and date for registered Shareholders or their proxies to exercise the shareholders' voting rights	5 January 2021 until the Chairman of the General Meeting – after prior announcement – has concluded the voting on the agenda items
General Meeting	11.00 a.m. (CET) (10.00 a.m. (GMT)) on 5 January 2021
Nominal Share Amount Reduction (<i>Herabsetzung des anteiligen Betrags des Grundkapitals</i>) and Capital Increase become effective	5 January 2021
Settlement of Rights Issue with investors	29 January 2021

⁽¹⁾ The times and dates set out in the expected timetable of principal events above and mentioned throughout this Circular are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders via a Regulatory Information Service and will be available at (<https://www.tuigroup.com/en-en>).

⁽²⁾ References to times in this document are to Central European time unless stated otherwise.

PART 4

ADDITIONAL INFORMATION

1. THE COMPANY

The Company was incorporated on 9 October 1923 and is registered in the Local Court (*Amtsgericht*) Hanover under No. HRB 6 580 and in the Local Court (*Amtsgericht*) Berlin-Charlottenburg under No. HRB 321, Germany under German law and is a stock corporation (*Aktiengesellschaft*). The Company's legal name is TUI AG and commercial name is TUI.

The telephone number of the Company's registered office is +49 (511) 566-00. The Company's website is (<https://www.tuigroup.com/en-en>). The information on the Company's website does not form part of this Circular.

The principal legislation under which the Company operates in Germany is the German Stock Corporation Act (*Aktiengesetz; AktG*) and regulations made thereunder.

2. MATERIAL CONTRACTS

2.1 Shareholders' Agreement with KN-Holding Limited Liability Company in relation to Togebi Holdings Limited

As at the date of this Circular, the Company's subsidiary TUI Travel holds 10% and KN-Holding Limited Liability Company (**KN-Holding**) holds 90% of the issued share capital of Togebi Holdings Limited (**Togebi**).

These shareholdings and the governance of Togebi are regulated by a shareholders' agreement between TUI Travel, TUI Travel Holdings Limited, S-Group Direct Investments Limited, Oscrvia Limited dated 15 April 2009, as amended on 23 October 2015 and 2 October 2018 (the **Togebi Holdings Limited Shareholders' Agreement**).

KN-Holdings, as legal successor to Oscrvia Limited, is now party to the Togebi Holdings Limited Shareholders' Agreement in place of Oscrvia Limited. KN-Holding is an associate of Unifirm for the purposes of the Listing Rules. Therefore, as Unifirm is a related party for the purposes of the Listing Rules due to it having the ability to exercise, or to control the exercise of, 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the Company, KN-Holding, as its associate, is also a related party for the purposes of the Listing Rules.

Pursuant to the Togebi Holdings Limited Shareholders' Agreement, the business of Togebi is to develop and operate a tour operator business in the commonwealth of independent states (CIS) (i.e. countries of the former Soviet Union) both through organic growth and acquisitions. Certain important matters (for example business plans) require the unanimous approval of the shareholders. The Togebi Holdings Limited Shareholders' 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. KN-Holding is granted a right to purchase the shares held by TUI Travel if: (i) TUI Travel ceases to be controlled by the Company; 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.

In February 2020, each of KN-Holding and the Group agreed to capitalise an amount of shareholder loans into additional shares in Togebi. This was done on a strictly proportional basis to their current shareholdings in Togebi (90% KN-Holding, 10% TUI Travel). The aggregate amount of loans and interest owed to the Group that was capitalised in this way was approximately US\$11.15 million. This transaction completed in April 2020.

The Group is currently in discussions with KN-Holding in relation to the potential sale of TUI Travel's 10% interest in Togebi to KN-Holding. No agreement has been reached and there can be no certainty that agreement will be reached. However, based on current discussions, if agreement is reached the Company does not expect to receive material cash consideration for the sale of TUI Travel's shares in Togebi (which have previously been written down to zero in the Group's consolidated accounts), but instead it is

anticipated, based on current negotiations, that KN-Holding would put Togebi in funds to repay certain loans due to the Group, with other loans due to the Group being waived. The relevant amounts have not yet been agreed. Any transaction will only be entered into on arm's length terms and in compliance with Chapter 11 of the Listing Rules.

2.2 The Syndicated Facilities Agreement

On 15 September 2014, the Company entered into a syndicated facilities agreement between, among others, the Company as borrower, the financial institutions named therein as original lenders and UniCredit Luxembourg S.A. (which was later replaced by UniCredit Bank AG) as facility agent which was subsequently amended and restated on 26 September 2014, 17 December 2015, 20 July 2017, 4 April 2020 and 13 August 2020 (the **Syndicated Facilities Agreement**) and now consists of the following facilities (together, the **Syndicated Facilities**):

- a €1.535 billion revolving credit facility for cash drawings made available by commercial banks (the **Cash Facility**);
- a €2.85 billion revolving credit facility made available by KfW as state lender (the **KfW Facility**); and
- a €215 million letter of credit facility for issuing bonds, bank guarantees and letters of credit provided by commercial banks (the **Bonding Facility**).

The lenders for each facility as of the last amendment and restatement on 13 August 2020 were as follows:

- Cash Facility:
 - Banco de Sabadell S.A. London Branch
 - Bank of America Merrill Lynch International Designated Activity Company
 - BANK OF CHINA LIMITED, FRANKFURT BRANCH
 - Barclays Bank Ireland PLC
 - BRED Banque Populaire
 - Citibank N.A., London Branch
 - Commerzbank Aktiengesellschaft, Filiale Luxemburg
 - Crédit AGRICOLE CORPORATE AND INVESTMENT BANK DEUTSCHLAND
 - Crédit Industriel et Commercial, London Branch
 - Deutsche Bank Luxembourg S.A.
 - DNB (UK) Limited
 - HSBC Trinkaus & Burkhardt AG
 - Hamburg Commercial Bank AG
 - ING Bank N.V., London Branch
 - Landesbank Baden-Württemberg
 - Landesbank Hessen-Thüringen Girozentrale
 - Lloyds Bank plc
 - Natixis
 - NORD/LB LUXEMBOURG S.A. COVERED BOND BANK
 - Société Générale
 - Société Générale S.A. Frankfurt Branch
 - UniCredit Bank AG
- KfW Facility: KfW

- Bonding Facility:
 - Barclays Bank Ireland PLC
 - Commerzbank Aktiengesellschaft, Filiale Luxemburg
 - DNB Bank ASA
 - HSBC Bank plc
 - Lloyds Bank plc
 - SOCIÉTÉ GÉNÉRALE S.A. FRANKFURT BRANCH
 - UniCredit Bank AG, London Branch

The Syndicated Facilities can be used for general corporate purposes of the Company and its subsidiaries. The KfW Facility was originally made available in an amount of €1.80 billion in April 2020 and subsequently increased by an amount of €1.05 billion (the **KfW Increase Amount**), to its current size in August 2020. The Company's drawing of the KfW Increase Amount was conditional on the issuance of the 2020 Bonds with Warrants (see paragraph 2.5 of this Part 4) and was also subject to a waiver by the holders of the 2016 Notes of the limitation of indebtedness covenant of the terms and conditions of the notes. This waiver was obtained on 9 September 2020 and became legally effective on 16 October 2020.

The Syndicated Facilities benefit from guarantees that certain subsidiaries of the Company (each such subsidiary being a **Syndicated Facility Guarantor**) have provided to the lenders and issuing banks for advances under the Syndicated Facilities Agreement. The group of subsidiaries acting as Syndicated Facility Guarantors is the same as the group of guarantors guaranteeing the 2016 Notes and the 2018 Schultschein (see paragraph 2.4 of this Part 4). In addition, pursuant to the terms of the Syndicated Facilities Agreement, subject to certain exceptions, a subsidiary of the Company shall accede as a Syndicated Facility Guarantor if (i) its gross adjusted assets (excluding goodwill and intangible assets) equals or exceeds 10% of the Group's gross adjusted assets, or (ii) the pre-tax profits of that subsidiary exceeds the higher of €30 million and 10% of the pre-tax profits of the 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 Company. The Syndicated Facilities Agreement also contains a mechanism for subsidiaries to cease to be a Syndicated Facility Guarantor in certain circumstances. On 13 August 2020, TUI Aviation Holding GmbH became an additional guarantor under the Syndicated Facilities Agreement, 2016 Notes and 2018 Schultschein.

Certain guarantees are subject to jurisdiction 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 Facilities 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 KfW Facility will mature on 15 October 2021 or, if the Company fully refinances the 2016 Notes on or prior to their maturity and provides satisfactory evidence to KfW of the refinancing by 31 July 2021, on 20 July 2022. The final maturity of the other Syndicated Facilities is 20 July 2022. In each case, the availability period ends one month prior to that date.

The base interest rate on drawings under the Cash Facility, is IBOR plus margin. The margin is 2.60% per annum subject to the following changes based on the long term credit rating of the Company (provided that no reduction can occur if any Event of Default has occurred and is continuing and change of the margin shall only apply to amounts which are utilised after the date on which a relevant change occurred):

- B/B2 or lower: a margin of 2.60% per annum;
- B+/B1: a margin of 2.10% per annum;
- BB-/Ba3: a margin of 1.70% per annum;
- BB/Ba2: a margin of 1.40% per annum;
- BB+/Ba1: a margin of 1.20% per annum; and
- BBB-/Baa3 or higher: a margin of 0.90% per annum.

While an Event of Default is continuing, the highest rate of margin set out above applies.

The base interest rate on drawings under the KfW Facility which can only be made in Euro is EURIBOR plus margin. The margin is 4.50 per cent. per annum subject to the following changes based on the long term credit rating of the Company (provided that no reduction can occur if any Event of Default has occurred and is continuing and change of the margin shall only apply to amounts which are utilised after the date on which a relevant change occurred):

- B-/B3 or lower: a margin of 4.50% per annum;
- B/B2: a margin of 3.75% per annum; and
- B+/B1 or higher: a margin of 3.00% per annum.

While an Event of Default is continuing, the highest rate of margin set out above applies.

The Company pays a fixed issuance fee for issuances under the Bonding Facility.

In relation to the Cash Facility and the KfW Facility the Company must pay the following utilisation fees on a quarterly basis in arrears:

- Cash Facility:
 - outstanding amount of less than 33% of the total commitments: 0.10% per annum;
 - outstanding amount of between 33% and 66% of the total commitments: 0.20% per annum; and
 - outstanding amount of, or exceeding, 66% of the total commitments: 0.40%.
- KfW Facility:
 - utilisation not exceeding €1.80 billion:
 - utilisation of less than €594 million: 0.10% per annum;
 - utilisation of between €594 million and €1.188 billion: 0.25% per annum; and
 - utilisation of between €1.188 billion and €1.80 billion: 0.5% per annum.
 - utilisation exceeding €1.80 billion:
 - utilisation up to €1.80 billion: 0.5% per annum; and
 - utilisation exceeding €1.80 billion:
 - utilisation between €1.80 billion and €2.325 billion: 4.0% per annum; and
 - utilisation exceeding €2.325 billion: 6.0% per annum.

As at 11 December 2020 (being the latest practicable date prior to publication of this Circular), the Company had drawn:

- an aggregate €1.53 billion, or approximately 99.85%, of the Cash Facility;
- €2.60 billion under the KfW Facility, or approximately 99.22%; and
- €114.9 million, or approximately 53.44%, of the Bonding Facility.

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).

No *in rem* security is granted in favour of the lenders under the Syndicated Facilities Agreement.

The consent of KfW is required for any majority lender decision until the KfW Facility has been repaid and cancelled in full. The Cash Facility and the Bonding Facility may only be accelerated with the consent of KfW unless KfW has cancelled commitments under the KfW Facility and declared all or any amounts outstanding in respect of the KfW Facility to be immediately due and payable. Certain changes of the Syndicated Facilities Agreement may be made with the consent of the Company and KfW only.

Conditions for utilisation of KfW Facility

As most recently amended, the Syndicated Facilities Agreement sets additional conditions for utilisation of the KfW Facility. In addition to the amendments to the conditions of the 2016 Notes and the issuance of the 2020 Bonds with Warrants, in each case as described below, these conditions include:

- a requirement that amounts outstanding under the Cash Facility equal at least 96.8% of commitments under the Cash Facility; and
- ongoing compliance with an obligation to provide updates on developments in the COVID-19 pandemic and the Company's response thereto.

The Syndicated Facilities Agreement and any non-contractual obligations arising out of or in connection with it are governed by German law.

Covenants

The Syndicated Facilities Agreement contains certain covenants, including restrictions on the incurrence of indebtedness and restrictions on disposals and asset sales. In response to the effects of the COVID-19 pandemic on the results of operations and financial condition, in April 2020 a covenant holiday was agreed with the lenders under the Syndicated Facilities Agreement. This holiday suspends the obligation to comply with the financial covenants under the agreement through and including 31 March 2021 (such period, the **Covenant Holiday**).

Financial covenants.

Except during the Covenant Holiday, under the Syndicated Facilities Agreement the Company is obligated to ensure that, in respect of any Test Period:

- the ratio of Net Borrowings on the last day of that Test Period to EBITDA for that Test Period is not more than 3 to 1; and
- the ratio of EBITDAR to Net Fixed Charges is not less than 1.5 to 1.

As used in the Syndicated Facilities Agreement:

- **Accounting Group** means the Company and each other person whose results are consolidated into the consolidated financial statements of the Company from time to time;
- **Borrowings** means, as at any particular time, the aggregate figure for current and non-current financial liabilities of the Accounting Group (*Finanzschulden*) on a consolidated basis as set out in the balance sheet of the relevant consolidated financial statements of the Company at that time;
- **Cash and Cash Equivalents** means the aggregate figure for cash and cash equivalents (*Finanzmittel*) of the Accounting Group set out in the balance sheet of the relevant consolidated financial statements of the Company reduced by cash and cash equivalents that were subject to restraints on disposal (*Verfügungsbeschränkungen unterliegende Finanzmittel*) other than any Security Interest (as defined in the Syndicated Facilities Agreement) over that cash and cash equivalents (i) constituted by a right of set-off or a right to consolidate accounts arising from netting arrangements in place from time to time in respect of the member of the Accounting Group's bank accounts or (ii) in relation to cash collateralisation of any Borrowings;
- **EBITDA** means, in relation to any Test Period, the aggregated figure for "Earnings before interest, taxes, depreciation and amortisation (EBITDA)" (*Ergebnis vor Ertragsteuern, Zinsen und Abschreibungen (EBITDA)*) of the Accounting Group and consolidation effects for that Test Period adjusted for one-off effects (*Sondereinflüsse*) excluding depreciation on purchase price allocation (*Kaufpreisallokation*) as set out in the relevant consolidated financial statements of the Company for that Test Period;
- **EBITDAR** means, in relation to any Test Period:
 - EBITDA for that Test Period;
 - before taking into account the aggregated figure for rental expenses (*Mietaufwendungen*) of the Accounting Group and consolidation effects as set out in the relevant consolidated financial statements of the Company for that Test Period;
- **Net Borrowings** means, at any time the aggregate of the Borrowings of the Accounting Group less the consolidated Cash and Cash Equivalents held at that time by the Accounting Group;
- **Net Fixed Charges** means the aggregate of:
 - the figure for interest expenses (*Zinsaufwendungen*) of the Accounting Group for that Test Period as set out in the notes to the relevant consolidated financial statements of the Company; less

- the figure for interest income (*Zinserträge*) of the Accounting Group for that Test Period as set out in the notes to the relevant consolidated financial statements of the Company; and
- the aggregated figure for rental expenses (*Mietaufwendungen*) of the Accounting Group and consolidation effects as set out in the relevant consolidated financial statements of the Company for that Test Period; and
- **Test Period** means
 - each financial year of the Company; and
 - each period beginning on the first day of the second half of a financial year of the Company and ending on the last day of the first half of its next financial year.

Amendments to reflect IFRS 16

Upon the Company's request, the facility agent (on behalf of the other lenders) will enter into good faith negotiations with a view to agreeing any amendments to the Syndicated Facilities Agreement necessary as a result of the accounting requirements as to financial statements due to the application of IFRS 16. These amendments must not result in any material alteration to the commercial effect of the relevant clauses and obligations under the Syndicated Facilities Agreement. Any such amendment will be binding on all Parties with the consent of the majority lenders and the Company.

If the Company requests an amendment as described above, it must provide to the facility agent a reconciliation presentation setting out possible effects of the application of IFRS 16 on:

- the financial definitions in the Syndicated Facilities Agreement and the provisions of that agreement in which those definitions are relevant; and
- the financial covenants described above and the provisions of the Syndicated Facilities Agreement in which those financial covenants are relevant,

together with an opinion of the auditors.

The Company expects to begin negotiations with the lenders under the Syndicated Facilities on adjustments of the financial covenants on the basis of our consolidated financial statements as at and for the fiscal year ended 30 September 2020, when available. Based on the relevant financial figures for Fiscal 2020, the ratios will be calculated on the basis of both IAS 17 and IFRS 16 and the Company will propose to and discuss with the lenders the adjustment of the two ratios.

Covenants with respect to the KfW Facility

The Syndicated Facilities Agreement includes certain covenants specific to the KfW Facility:

- The Company must use proceeds from the KfW Facility as well as any proceeds from the Cash Facility in excess of €762 million in compliance with the KfW Special Programme for Direct Participation in Syndicated Financing (*Kfw-Sonderprogramm "Direktbeteiligung für Konsortialfinanzierung"*, programme number 855) (the **KfW Programme**).
- In particular, the Company must ensure that commitments under the KfW Facility are at all times no more than 80% of the aggregate of (i) the total commitments under the KfW Facility and (ii) the total commitments under the Cash Facility in excess of €762 million. If necessary, the Company must cancel KfW Facility commitments in amounts necessary to ensure compliance with this ratio.
- As long as any amounts are outstanding under the KfW Facility, the Company must ensure that there are amounts outstanding under the Cash Facility equal to at least 96.8% of total Cash Facility commitments.
- As long as the KfW Facility is not repaid and cancelled in full, the Company may not make equity investments or extend shareholder loans (other than shareholder loans arising in the ordinary course of the joint venture's business conduct) to joint ventures in excess of:
 - €250 million per fiscal year, if the Company has utilised the KfW Facility in excess of 50% of the total commitments under the KfW Facility; or
 - €500 million per year, if the Company has utilised the KfW Facility in amount equal to or below 50% of the total commitments under the KfW Facility.

- As long as the KfW Facility is not repaid and cancelled in full, the Company may not make proceeds from the KfW Facility available to any Group company incorporated, seated or having a branch in any country listed in the European Union's list of non-cooperative jurisdictions for tax purposes (as updated from time to time, the **EU Black List**).
- If the Company incurs new debt financing whose aggregate yield to maturity (as determined in accordance with the terms of the Syndicated Facilities Agreement) exceeds that of the KfW Facility, KfW may require the Company to agree to amend the Syndicated Facilities Agreement to ensure that the aggregate yield (as determined in accordance with the Syndicated Facilities Agreement) on the new debt financing no longer exceeds that of the KfW Facility. This requirement does not apply to capital markets debt, including capital markets instruments issued to refinance the 2016 Notes and equity-like hybrid instrument such as convertible bonds or silent participations and it does not apply if the new debt financing is not comparable to the financing provided under the KfW Facility.

Mandatory prepayments

The Syndicated Facilities Agreement contains customary obligations to cancel commitments and prepay amounts under the Syndicated Facility in the event of illegality or (at the relevant lender's option) upon a change of control or a sale or disposal of the whole or substantially the whole of the Group's assets. For the purposes of the Syndicated Facilities Agreement, a "change of control" occurs if a person, or group of persons acting in concert, acquires and holds, directly or indirectly, control over more than 50% of

- the Company's issued share capital, or
- voting rights in the shares of the Company.

In addition, the Syndicated Facilities Agreement gives KfW the option to require the Company to prepay amounts and cancel commitments under the KfW Facility, in whole or in part, under certain circumstances:

- the Company's general shareholders' meeting resolves payment of a dividend before the KfW Facility is repaid and cancelled in full;
- a share buy-back is proposed or resolved before the KfW Facility is repaid and cancelled in full unless (in the case of a buy-back resolved in 2021 or 2022), the Executive Board publicly declares that it will not make use of the resolution or (in the case of a resolution in 2022), the resolution explicitly states that the buy-back may only occur after the KfW Facility is repaid and cancelled in full;
- in respect of the share buy-back resolution adopted at the general meeting of the Company in February 2020, the supervisory board or management board of the company adopt any resolution to make use or otherwise make use of the authorisation granted pursuant to such share buy-back resolution;
- the management board of the Company proposes at a general meeting of the Company held in 2020 and or 2021 to adopt a share buy-back resolution;
- within four weeks of receiving proceeds from a disposal of TUI's river cruises business operating under the brand TUI River Cruises, the Company will repay amounts and cancel commitments under the KfW Facility in an amount equal to those proceeds. If, following this repayment and cancellation, there are no further KfW Facility commitments, the Company will repay and cancel commitments under the Cash Facility in an amount equal to any remaining proceeds;
- if KfW is of the reasonable opinion that the aggregate amounts of state aid the Company have received, including the KfW Facility, exceeds the maximum amount of state aid permissible for the Group under the European Commission's temporary framework for state aid measures to support the economy in the COVID-19 outbreak subject only to discussions between the Company and KfW during a certain discussion period (during which the Company may not request additional loans under the KfW Facility); or
- if the European Commission has adopted a recovery decision or injunction requiring KfW to withdraw financing under the KfW Facility in full or in part.

The Syndicated Facilities Agreement further includes the KfW Reduction, i.e. a repayment of up to a maximum of €500 million out of the proceeds from the sale of Hapag-Lloyd Cruises to TUI Cruises. On 1 April 2021, commitments under the KfW Facility will be automatically cancelled in that amount, and within three business days thereafter the Company will repay indebtedness outstanding under the KfW

Facility in an amount necessary to ensure that aggregate amounts outstanding under the KfW Facility do not exceed the commitments remaining under the KfW Facility.

Events of default related to the KfW Facility

In addition to events of default customary in agreements of this nature, which include cross-default on other financial indebtedness in an aggregate amount of €50 million or more, it is an event of default under the Syndicated Facilities Agreement:

- if the Company fails to comply with the covenants relating to the KfW Programme, requiring it to ensure that there are amounts outstanding under the Cash Facility equal to at least 96.8% of total Cash Facility commitments, or requiring it not to make proceeds of the KfW Facility available to Group companies on the EU Black List; or
- if representations given by the Company as to its status as an undertaking in difficulties for the purpose of EU regulations on state aid, as to its financial condition, as to the proportion of its financial indebtedness represented by funds provided by KfW, or as to the status of Group companies with respect to the EU Black List are materially incorrect or misleading.

Acceleration of the Syndicated Facilities upon an event of default

In case of an event of default under the Syndicated Facilities Agreement:

- lenders representing 66 2/3% of the commitments under the Cash Facility have the right to accelerate all or part of the Cash Facility and demand immediate repayment of relevant outstanding amounts;
- each issuing bank providing a commitment under the Bonding Facility has the right to accelerate all or part of its commitments under the Bonding Facility and demand immediate repayment of relevant outstanding amounts; and
- lenders representing 66 2/3% of the commitments under the KfW Facility (which is currently solely provided by KfW) have the right to accelerate all or part of the commitments under the KfW Facility and demand immediate repayment of relevant outstanding amounts.

However, as long as the KfW Facility has not been repaid and cancelled in full or (in case of the Cash Facility) accelerated, any acceleration under the Cash Facility or the Bonding Facility will always require the prior approval of the state lender (as such term is defined in the Syndicated Facilities Agreement, i.e. currently KfW).

2.3 The 2016 Notes

On 26 October 2016, the Company issued the 2016 Notes in a principal amount of €300 million under terms and conditions dated 26 October 2016 (the **2016 Notes Terms**).

The 2016 Notes Terms provided that certain subsidiaries of the Company shall execute an initial subsidiary guarantee pursuant to which such subsidiaries shall guarantee all of the Company's obligations under the Notes and the 2016 Notes Terms on the terms and conditions set forth therein as initial guarantors (such initial subsidiary guarantors, the **2016 Notes Initial Subsidiary Guarantors**). On 21 October 2016, the Company and the 2016 Notes Initial Subsidiary Guarantors entered into an initial subsidiary guarantee pursuant to which each 2016 Notes Initial Subsidiary Guarantor agreed to provide a notes guarantee on the terms and subject to the conditions set forth in the 2016 Notes Terms (the **2016 Notes Initial Subsidiary Guarantee**, and together with the 2016 Notes Terms, the **Existing Notes Terms**).

Under the Existing Notes Terms, the Company's obligations under the 2016 Notes (except for the 2016 Notes Initial Subsidiary Guarantee) are purported to rank *pari passu* with all other outstanding unsecured and subordinated indebtedness of the Company unless such obligations are accorded priority under mandatory provisions of statutory law. The 2016 Notes Initial Subsidiary Guarantors are identical to the group of subsidiaries acting as Syndicated Facility Guarantors under the Syndicated Facilities Agreement, and will change from time to time following any changes in the group of Syndicated Facility Guarantors. On 13 August 2020, TUI Aviation Holding GmbH became an additional guarantor under the Syndicated Facilities Agreement, the 2016 Notes and the 2018 Schultschein.

In connection with the bondholders' resolution described below, in September 2020 the Company agreed to the following modifications to the terms and conditions of the 2016 Notes:

- the bond covenant limiting indebtedness was suspended until the maturity date of the 2016 Notes (see below);

- with effect from 1 October 2020, the annual interest rate was increased to 9.5% per annum;
- with effect from 1 April 2021, the Company will make an additional quarterly interest payment at a quarterly rate of 2.0% on the outstanding nominal amount of the 2016 Notes (the rate will be calculated solely by multiplying the relevant nominal amount with 2.0%); and
- the Company is obligated to use the proceeds (after deducting taxes, costs and expenses payable as part of the relevant transaction) of increases of share capital and/or an incurrence of Relevant Financial Indebtedness (as defined below) for a partial repayment (in case the relevant proceeds amount to at least €150 million) or a full repayment (in case the relevant proceeds amount to at least €300 million) of the 2016 Notes. In this context, **Relevant Financial Indebtedness** means all financial indebtedness (as such term is defined in the 2016 Notes) excluding certain financial indebtedness. The exemptions include, in particular, financial indebtedness incurred for operational purposes or to refinance existing indebtedness and excluding financial indebtedness incurred in the context or as a part of state aid or state support (however defined).

In connection with their consent to the amendment described below, the Company agreed to pay to the participating bondholders a fee of €3,000.00 for each €100,000.00 in face value of the bonds.

The Existing Notes Terms are governed by the laws of Germany.

Covenants

The 2016 Notes include certain restrictive covenants.

In a noteholders' meeting carried out by means of a consent solicitation that ended on 8 September 2020, the holders of the 2016 Notes resolved to amend the terms and conditions of the notes to suspend a potential future limitation of the Company to incur additional indebtedness until maturity. This amendment enables the Company to draw upon the KfW Facility whilst ensuring at all times the compliance with the 2016 Notes Terms.

Noteholders representing 87% of the outstanding principal amount of the 2016 Notes participated in the vote. The deadline for noteholders who had not participated to file a challenge (*Anfechtung*) against the amendment expired on 14 October 2020. The relevant commercial register courts have confirmed that no challenges had been filed before that deadline expired. The amended terms and conditions of the 2016 Notes became effective when they were attached to the global certificate held by Clearstream Banking AG, Eschborn, Germany.

The amendment of the 2016 Notes Terms does not affect the negative pledge with respect to the Notes. With the exceptions described below, so long as any of the 2016 Notes are outstanding, the Company will not be permitted to create a security interest over any of its assets to secure present or future Capital Markets Indebtedness, without at the same time providing the same or an equivalent security interest to secure the 2016 Notes.

For the purposes of the 2016 Notes, **Capital Markets Indebtedness** means:

- any indebtedness in the form of bonds, notes or other securities that are or can be traded, quoted, dealt in or listed on a securities exchange; and
- obligations arising from certificates of indebtedness (*Schuldscheindarlehen*).

However, the negative pledge does not apply to security interests:

- granted to secure financing of any productive assets; or
- securing indebtedness of subsidiaries that was incurred and outstanding on the date on which they were acquired or they otherwise became subsidiaries.

Change of control

In the event of a change of control, each holder of the 2016 Notes have the option to require the Company to redemmm its notes. For purposes of the 2016 Notes, a "change of control" occurs:

- if a person, or group of persons acting in concert, acquires and holds, directly or indirectly, control over more than 50% of
 - the Company's issued share capital, or
 - voting rights in the shares of the Company;

- if the Company enters into a merger with a third party, unless immediately after the merger holders that represented 100% of the voting rights of the Company own at least a majority of the voting rights of the person surviving the merger; or
- if the Company sell all or substantially all consolidated assets, unless each transferee becomes a guarantor of the 2016 Notes and is, or becomes, a subsidiary of the Company.

Cross-default.

For details on the cross-default in the 2018 Schuldschein, see paragraph 2.2 under “*Cross-acceleration of the 2016 Notes*” in Part 1 (“*Letter from the Chairman of the Supervisory Board (Aufsichtsrat)*”) of this Circular.

2.4 The 2018 Schuldschein Agreements

On 27 June 2018, the Company as borrower entered into Schuldschein loan agreements dated 28 June 2018 (the **2018 Schuldschein Agreements**) with an aggregate nominal amount of €425 million and tenors of five, seven and ten years due on 24 July 2023, 2025 and 2028 including fixed and floating rate tranches (the **2018 Schuldschein**).

The loans that make up the 2018 Schuldschein have an average initial term of 6.4 years and an average annual interest rate of approximately 1.7%, hedging costs included.

The 2018 Schuldschein Agreements provided that certain subsidiaries of the Company shall execute an initial subsidiary guarantee pursuant to which such subsidiaries shall unconditionally guarantee all of the Company’s obligations under the 2018 Schuldschein and the 2018 Schuldschein Agreements on the terms and conditions set forth therein as initial guarantors (such initial subsidiary guarantors, the **2018 Schuldschein Initial Subsidiary Guarantors**). On 28 June 2018, the Company and the 2018 Schuldschein Initial Subsidiary Guarantors entered into an initial subsidiary guarantee pursuant to which each 2018 Schuldschein Initial Subsidiary Guarantor agreed to provide an unconditional notes guarantee on the terms and subject to the conditions set forth in the 2018 Schuldschein Agreements (the **2018 Schuldschein Initial Subsidiary Guarantee**, and together with the 2018 Schuldschein Agreements, the **Existing Schuldschein Agreements**). On 13 August 2020, TUI Aviation Holding GmbH became an additional guarantor under the Syndicated Facilities Agreement, 2016 Notes and 2018 Schuldschein.

Under the Existing Schuldschein Agreements, the Company’s obligations under the 2018 Schuldschein are purported to rank *pari passu* with all other outstanding unsecured and subordinated indebtedness of the Company. The 2018 Schuldschein Initial Subsidiary Guarantors are identical to the group of subsidiaries acting as Syndicated Facility Guarantors under the Syndicated Facilities Agreement, and will change from time to time following any changes in the group of Syndicated Facility Guarantors. On 13 August 2020, TUI Aviation Holding GmbH became an additional guarantor under the 2018 Schuldschein.

Covenants

The 2018 Schuldschein Agreements contain restrictive covenants including those described below.

Financial covenant. Under the 2018 Schuldschein Agreements, the Company is obligated to maintain Net Borrowings in a ratio to EBITDA that does not exceed 3.0 to 1.0.

For the purposes of the 2018 Schuldschein Agreements, as at any date on which the Company measures compliance with the financial covenant:

- **Net Borrowings** means total consolidated financial indebtedness, as shown on the statement of financial position as at the end of the most recently completed fiscal year, less cash and cash equivalents (other than any cash or cash equivalents pledged to secure indebtedness); and
- **EBITDA** means EBITDA for the most recently completed fiscal year, including consolidation effects as shown in the section “*Key figures by segment and sector*” in the annual report for that fiscal year, less one-off costs (other than write-downs on purchase price allocation) as shown in the section “*Management Report*” in the annual report under the heading “*Report on Economic Position*”.

The Company tests for compliance with the financial covenant as at the end of each fiscal year, that is, 30 September of each calendar year. As soon as possible, and in any event not later than 120 days, after the end of each fiscal year, the Company is obligated to provide creditors under the Schuldschein, through the paying agent, with a compliance certificate in which the ratio of net borrowings to EBITDA for the preceding fiscal year are disclosed, showing how the ratio was calculated.

If the ratio exceeds 3.0 to 1.0, interest on the 2018 Schultschein is stepped up by 0.75%, from and including the next interest payment date following failure to comply with the financial covenant, through and including the next interest payment date following submission of a compliance certificate showing that the ratio no longer exceeds 3.0 to 1.0.

If the Company fails to provide the required compliance certificate within the required time and do not provide the certificate within a reasonable period thereafter granted to cure this failure, or if the certificate provided is incorrect, the Company will be deemed to have timely provided a correct certificate showing that the ratio of net borrowings to EBITDA for the preceding fiscal year exceeded 3.0 to 1.0. In that event, interest on the 2018 Schultschein is stepped up by 0.75%, from and including the next interest payment date following the latest date at which the compliance certificate was to have been provided, through and including the next interest payment date following submission of a compliance certificate showing that the ratio does not exceed 3.0 to 1.0.

Cross-default.

For details on the cross-default in the 2018 Schultschein, see paragraph 2.2 under “*Cross-acceleration of the 2018 Schultschein*” in Part 1 (“*Letter from the Chairman of the Supervisory Board (Aufsichtsrat)*”) of this Circular.

Negative pledge.

The 2018 Schultschein is subject to a negative pledge substantially similar to that described above for the 2016 Notes.

Reporting covenant.

In addition to the certificate relating to compliance with the financial covenant described above, the Company is obligated to provide creditors under the 2018 Schultschein, through the paying agent or by publication on our website, with various reports and information.

Except as described below, the Company must provide these reports and information as soon as possible, and in any case not later than 120 days, after the end of each fiscal year.

The reports and information required under this covenant are:

- the audited consolidated financial statements for the fiscal year;
- as soon as possible, and in any case not later than 90 days, after the end of the first half of each fiscal year, the unaudited consolidated financial statements for the fiscal half-year, unless the Company elects to have those financial statements audited, in which case they must be provided no later than 120 days after the end of the fiscal half year;
- standalone financial statements for the subsidiary guarantors of the 2018 Schultschein. In the case of guarantors in the United Kingdom, Denmark, Norway or Sweden, the Company must provide these financial statements no later than 270 days after the end of each fiscal year; and
- a certificate of compliance with the negative pledge.

In addition, to the extent permissible under applicable law, regulation or stock exchange rules, the Company must promptly report any facts or events likely to have a material adverse effect on the 2018 Schultschein Agreements or on the consolidated or standalone results of operations or financial condition, or which give (or would, with the passage of time or giving of notice, give) the creditors the right to terminate the agreement.

Change of control.

In the event of a change of control, the creditors under each of the 2018 Schultschein Agreements may require the Company to prepay the 2018 Schultschein. For purposes of the 2018 Schultschein Agreements, a “change of control” occurs:

- if a person, or group of persons acting in concert, acquires and holds, directly or indirectly, control over more than 50% of
 - the Company’s issued share capital; or
 - voting rights in the shares of the Company;

- if the Company enters into a merger with a third party, unless immediately after the merger holders that represented 100% of the voting rights of the Company own at least a majority of the voting rights of the person surviving the merger; or
- if the Company sell all or substantially all consolidated assets, unless each transferee becomes a guarantor of the 2018 Schultschein and is, or becomes, a subsidiary of the Company.

2.5 The 2020 Bonds with Warrants, 2020 Bonds and 2020 Warrants

In September 2020, the Company issued the 2020 Bonds with Warrants to the WSF in the principal amount of €150 million. The 2020 Warrants have subsequently been detached from the 2020 Bonds and are, therefore, now separate instruments.

The 2020 Bonds are divided into 1,500 bonds and bear interest at an annual rate of 9.5% and have an initial term of six years. The 2020 Bonds are subordinated to the Company's other indebtedness but rank senior to the shares of the Company. That term will be extended annually by one year so long as there are any commitments under the KfW Facility in excess of €1.80 billion. The WSF is free to transfer the 2020 Bonds to third parties at any time after 16 October 2020.

Beginning one year after issuance of the 2020 Bonds, the Company may request the WSF to sell the 2020 Bonds to it for a price equal to the nominal value plus accrued interest upon four months' notice at any time after the KfW Facility in excess of €1.80 billion (i.e. the KfW Increase Amount) has been cancelled and the outstandings under the KfW Facility in excess of €1.80 billion have been repaid in full. However, the WSF is not required to sell the 2020 Bonds to the Company if and to the extent it sells the 2020 Bonds to a third party within the four months following the request. In that case, the Company may terminate the 2020 Bonds with a further notice period of four months. The 2020 Warrants confer the right to receive a maximum of up to 58,674,899 shares of the Company. The initial exercise price per share is approximately €2.56 (which corresponds to the minimum issue price as defined in section 9 para. 1 of the German Stock Corporation Act (*Aktiengesetz; AktG*) at the time of the issuance of the 2020 Bonds with Warrants). The period for the exercise of the 2020 Warrants is 10 years. The Company has exercised its authority to use existing conditional capital, excluding pre-emptive rights of shareholders, to issue shares upon an exercise of the 2020 Warrants. If the 2020 Warrants were as at the date of this Circular fully exercised, the 2020 Warrants would represent a stake in the Company of around 9%. The 2020 Warrants may be freely exercised by its owner provided that the WSF may not exercise the conversion right itself. The WSF is free to sell the 2020 Warrants to third parties at its discretion after 16 October 2020. There are no termination rights in respect of the 2020 Warrants.

The terms and conditions of the 2020 Warrants provide for protections against dilution of the bondholder's interests. In particular, a capital reduction without a share consolidation as proposed under the Nominal Share Amount Reduction Resolution entails a pro rata reduction of the exercise price per share. Thus, if the Nominal Share Amount Reduction Resolution is adopted and becomes effective, then the exercise price per share will be reduced to €1.00. Furthermore, if another capital reduction was to be effected by a consolidation of shares, the exercise price per share would remain unchanged (thus, increasing the proportionate amount of share capital attributable to the shares which may be acquired by exercise of the 2020 Warrants).

In addition, until the WSF has sold all 2020 Bonds to a third party or the Company has satisfied all payment obligations in respect of the 2020 Bonds (or a combination of these two options has occurred in respect of the 2020 Bonds), under an umbrella agreement with the WSF there are a number of restrictive covenants which, among other things:

- forbid the Company to make dividend payments or (subject to certain exceptions) make other payments to related parties or buy back shares;
- restrict the way the Company conducts business;
- restrict the Company's ability to purchase or make investments in other companies or expand its business; and
- limits the way the Company may renumerate board members.

As noted above, the 2020 Bonds are subordinated to the Company's other indebtedness but rank senior to the shares of the Company.

2.6 ECP Programme

On 17 December 2017, the Company established a European Commercial Paper Programme (the **ECP Programme**) which was subsequently amended on 6 March 2020. Under the ECP Programme, a syndicate of banks including ING Bank N.V., Commerzbank AG, Crédit Agricole Corporate and Investment Bank, DNB ASA, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Landesbank Baden-Württemberg and Natixis, as dealers, agreed from time to time to place the issuances of short-term European commercial paper in a maximum aggregate outstanding principal amount of €500 million.

As at the date of this Circular, there are no amounts outstanding under the ECP Programme. In consequence of its current financial position, the Company is currently not able to make issuances under the ECP Programme. The Company does not expect to make use of the ECP Programme over the near to medium term.

2.7 WSF Term Sheet

On 2 December 2020, the Company entered into a binding term sheet with WSF (the **WSF Term Sheet**) regarding its entry into the Silent Participations (*stille Beteiligungen*). Certain substantive details of the Silent Participations are described in paragraph 3.2 of Part 1 (“*Letter from the Chairman of the Supervisory Board (Aufsichtsrat)*”) of this Circular.

In addition, the Company and the WSF have agreed pursuant to the WSF Term Sheet in respect of the Non-Convertible Silent Participation that it shall participate in the accumulated losses of the Company in accordance with the German Commercial Code (*Handelsgesetzbuch* – HGB). The testing of such loss participation shall be made in each case at the end of a financial year in accordance with off-set in the following order: (i) first all other revenue reserves and capital reserves, (ii) second, the Non-Convertible Silent Participation and then (iii) subscribed capital.

Furthermore, the WSF Term Sheet provides for (amongst other things):

- *representation on the Supervisory Board (Aufsichtsrat)*: the Executive Board (*Vorstand*) and the Supervisory Board (*Aufsichtsrat*) will, to the extent legally permissible, endeavour to procure that two persons nominated by the WSF will become members of the Supervisory Board (*Aufsichtsrat*) (one of whom, provided such person has the relevant professional experience, will also join the audit committee of the Company) and the Company will further endeavour to procure, to the extent legally permissible, that the WSF will have the right to send an observer to meetings of the Supervisory Board (*Aufsichtsrat*);
- *WSF consent rights*: the WSF has consent rights in relation to certain material corporate actions in respect of the Company, including utilising authorised capital and other capital measures, undertaking significant M&A activity or committing to significant financing arrangements; further detail is to be agreed with the WSF when the term sheet is converted into full form documentation;
- *dividend policy*: the Company may not make dividend payments, repurchase shares, grant other equity instruments, pay coupons or make other profit distributions other than to the WSF and if not otherwise mandatorily obligated;
- *restructuring plan*: the Company is obligated to submit a restructuring plan in line with the guidelines made by the European Commission in connection with its approval of the Financing Package with the aim that six years following the grant of the Financing Package, the equity stake still existing at that time is not less than 15% of the share capital of the Company; and
- *termination strategy*: the Company shall present a strategy for terminating the elements of the Financing Package granted by the WSF or the KfW, including a repayment plan twelve months after the Financing Package. Subsequently, the Company undertakes to report annually on such termination strategy, and annually or semi-annually on the other undertakings;
- *economic sustainability, green and digital transformation*: certain undertakings to ensure compliance with the EU goals and national obligations regarding economic sustainability, green and digital transformation;
- *avoidance of distortion of competition*: undertakings to avoid distortion of competition, including unless at least 75% of the Silent Participations have been sold or repaid, the Company is obligated not to acquire a stake of more than 10% in any competitor, subject to certain exceptional circumstances;

- *dilution protection*: although the Non-Convertible Silent Participation is not convertible to Shares, in order to enable the WSF to maintain a stake of up to 25% plus one share after it has exercised all its rights of conversion, the WSF may use, under certain conditions and for the purpose of dilution protection, the Non-Convertible Silent Participation as contribution in kind in the context of the issuance of new Shares;
- *rights in relation to significant transactions*: the WSF is granted certain rights prior to significant business transactions to protect its participation on the boards and in meetings that make decisions in relation to these significant transactions; and
- *remuneration*: additional limitations on the Group concerning remuneration of board members, including board members not being granted any bonuses and unless at least 75% of the Silent Participations have been sold or repaid, no board member of the Company or of a material subsidiary having a basic salary which exceeds the basic salary such member enjoys on 31 December 2019,

in each case and unless otherwise noted, for so long as any part of the Silent Participations remain in issue and held by the WSF (which, as noted in paragraph 3.2 of Part 1 (*"Letter from the Chairman of the Supervisory Board (Aufsichtsrat)"*), cannot be cancelled until the KfW Facility and the New Loan Facility have been cancelled and repaid in full and the 2020 Bonds have been repaid or sold to a third party by the WSF (and, in the case of the Convertible Silent Participation, until the Non-Convertible Silent Participation has been terminated and repaid in full).

The WSF Term Sheet is subject to the following conditions:

- positive state aid decision by the EU Commission on the stabilisation measure according to Sec. 22 StFG; and
- any necessary antitrust approvals (if any) where the absence of such approval would prohibit completion.

Further, the obligations of the WSF regarding the Convertible Silent Participation are subject to the following conditions:

- the Resolutions having been passed by Shareholders at the General Meeting to be convened and held on 5 January 2021, as described in more detail in paragraph 5 of Part 1 (*"Letter from the Chairman of the Supervisory Board (Aufsichtsrat)"*) and in Part 5 (*"Notice of General Meeting of TUI AG"*) of this Circular;
- Unifirm agreeing to exercise its Subscription Rights and the entry by Unifirm into the Unifirm Unconditional Underwriting Commitment and (subject to the relevant exemption being granted by BaFin) the Unifirm Conditional Underwriting Commitment;
- banks underwriting the balance of the Rights Issue up to €500 million; and
- commitment of the other elements of the Financing Package.

Only after the Convertible Silent Participation is issued, the Non-Convertible Silent Participation may be utilised.

2.8 KfW Term Sheet

On 2 December 2020, the Company entered into a binding term sheet with KfW, the German development bank (the **KfW Term Sheet**) regarding its entry into the New Loan Facility and the KfW Reduction Waiver. The substantive details of the New Loan Facility and the KfW Reduction Waiver are as described in paragraph 3.4 of Part 1 (*"Letter from the Chairman of the Supervisory Board (Aufsichtsrat)"*) of this Circular.

In addition, the KfW Term Sheet provides:

- *purpose*: that the New Loan Facility can be used for general corporate purposes of the Company and its subsidiaries, noting that partial use for refinancing of 2016 Notes is explicitly excluded;
- *guarantors*: that the New Loan Facility shall benefit from guarantees granted by the same guarantors as guarantee the Syndicated Facilities Agreement;

- *voluntary prepayment or cancellation:* for the Company to undertake (if the New Loan Facility is also provided by commercial banks) to prepay and cancel the New Loan Facility in priority to the facilities under the Syndicated Facilities Agreement or (if the New Loan Facility is provided only by KfW) to prepay and cancel the New Loan Facility in priority to the Cash Facility but after the KfW Facility;
- *utilisation:* that the Company may only utilise the New Loan Facility if the Silent Participations have been issued in full and (if the New Loan Facility is also provided by commercial banks) to utilise the New Loan Facility only after the Cash Facility is utilised in an amount equal to 96,8% of the total commitments and the KfW Facility is utilised in full, or (if the New Loan Facility is provided only by KfW) to utilise the New Loan Facility only after the Cash Facility is utilised in full but before the KfW Facility is utilised;
- *interest:* that the base interest rate on drawings under the New Loan Facility is calculated by reference to EURIBOR in respect of euro-denominated advances, with a 0% floor, plus margins applicable to the long term credit rating assigned to the Company as follows:
 - B-/B3 or lower with a margin of 4.50% per annum;
 - B/B2 with a margin of 3.75% per annum; and
 - B+/B1 or higher with a margin of 3.0% per annum;
- *fees:*
 - for a utilisation fee of 500 basis points per annum;
 - for an availability fee of 35% of the applicable interest margins set out above; and
 - for an upfront fee of 40 basis points on the commitments under the New Facility Loan pursuant to a separate agreement;
- *security:* that reasonable security shall be determined at the latest prior to signing of the New Loan Facility and held by a security agent, in each case determined by the Company and KfW by mutual agreement; such security shall take account of the restrictions regarding the granting of security included in the Syndicated Facilities Agreement and allow for the replacement of security again with the mutual agreement of the Company and KfW; and
- *minimum amount and number of drawdowns:* for reasonable provisions regarding amount and number of drawdowns.

The terms applicable to the Syndicated Facilities under the Syndicated Facilities Agreement relating to:

- repayment;
- covenants;
- reporting (subject to minor amendments);
- maturity; and
- rank of payment obligations,

shall equally apply to the New Loan Facility under the terms of the KfW Term Sheet.

The KfW Term Sheet also sets out applicable terms for the KfW Waiver Reduction as follows:

- *renewal fee:* for a renewal fee of 15 basis points on the renewed amount; and
- *conditions precedent:* conditions precedent in parallel to the conditions set out in the Silent Participations (and, in addition, issuance of the Convertible Silent Participation and the Non-Convertible Silent Participation).

2.9 Uniform Commitment and Backstop Agreement

On 1 December 2020, the Company and Unifirm entered into the Unifirm Commitment and Backstop Agreement. Certain substantive details of the Unifirm Commitment and Backstop Agreement are described in paragraph 3.1(b) of Part 1 (“*Letter from the Chairman of the Supervisory Board (Aufsichtsrat)*”) of this Circular.

The Unifirm Commitment and Backstop Agreement also sets out detailed provisions relating to payment and settlement mechanics.

Unifirm also represents that it has not transferred or assigned any of its Subscription Rights and undertakes not to purchase additional shares in the Company prior to the start of the Subscription Period unless it also exercises all of the Subscription Rights arising in respect of such shares at the same time as the exercise of its other Subscription Rights under the Unifirm Irrevocable Undertaking. Unifirm may purchase Subscription Rights in the market.

Unifirm has a right to submit a bid in any bookbuilding process carried out to implement the Rump Placement. Any such bid will be subject to applicable laws and the allocation principles in that bookbuilding process. In addition, any purchase by Unifirm is subject to compliance with Listing Rule 11.1.10R in relation to smaller related party transactions at the relevant time.

The Unifirm Commitment and Backstop Agreement also contains provisions under which Unifirm's commitments will terminate if the General Meeting has not approved the Capital Increase or the Subscription Period has not commenced by 15 January 2021. Unifirm's commitments are also conditional on (i) the Company and the WSF executing (and not amending or terminating) an agreement in substantially the form of the term sheet seen by Unifirm on 1 December 2020 (without additional material restrictions imposed on the Company, its subsidiaries or their business under such agreement or in connection with it before the date of registration of the Capital Increase); (ii) the Company and the Managers executing a standby underwriting agreement in substantially the form seen by Unifirm on 1 December 2020 (which occurred on 1 December 2020, when the Standby Underwriting Agreement was entered into) and then an underwriting agreement substantially on the terms set out in the Standby Underwriting Agreement (which will occur via the Underwriting Agreement) and not terminating them; (iii) Unifirm not being required to make a mandatory takeover bid for all the shares of the Company; (iv) up until registration of the Capital Increase, its obligations not being in breach of law or regulation (and if after that date, the parties must discuss in good faith an alternative route for complying with the relevant obligations that reflects the agreed risk allocation set out in the agreement); and (v) up until registration of Capital Increase, no material breach of the agreement by the Company arising and being notified to the Company in writing. However, the parties expressly agree that once the registration of the Capital Increase occurs and the New Shares are issued (including to Unifirm as a result of the exercise of its Subscription Rights) the Unifirm Commitment and Backstop Agreement cannot be terminated.

The Unifirm Commitment and Backstop Agreement is subject to the laws of Germany and the non-exclusive jurisdiction of the courts of Frankfurt am Main, Germany.

2.10 Standby Underwriting Agreement

On 2 December 2020, the Company and the Managers entered into the Standby Underwriting Agreement with respect to the Subscription Offer and the Rump Placement. Pursuant to this agreement, the Managers have agreed to pay the Company, within the first three days of the commencement of the Subscription Period, the Subscription Price in respect of all of the New Shares other than those New Shares subscribed for by Unifirm pursuant to the Unifirm Irrevocable Undertaking (the **Offer Shares**) and offering those Offer Shares at the Subscription Price and in accordance with the terms of the Rights Issue to all existing Shareholders (other than Unifirm).

The offering will comprise a public offering in Germany and the United Kingdom. In the United States, the New Shares will be offered in the form of private placements to QIBs as defined in Rule 144A under the U.S. Securities Act and in the form of private placements to eligible investors outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Following the end of the Subscription Period, the Managers will offer any Rump Shares in the Rump Placement at a price at least equivalent to the Subscription Price, with the net proceeds of the placement being retained by the Company. The Rump Placement will take the form of private placements to eligible or qualified investors in certain other jurisdictions.

If the Managers are unable to procure purchasers for all of the Rump Shares, then the Managers are required to purchase, at the Subscription Price, those Unplaced Rump Shares that remain following the purchase by Unifirm of the maximum number of the Unplaced Rump Shares under the Unifirm Underwriting Commitments.

The Managers will receive an aggregate underwriting fee equal to 2.75% of the Rights Issue Proceeds (the **Underwriting Fee**), where the **Rights Issue Proceeds** are the gross proceeds of the Rights Issue other than the gross proceeds arising from the New Shares subscribed for and/or acquired by Unifirm up to an aggregate shareholding of 29.9%. In addition, to the Underwriting Fee, the Company may, in its sole discretion, determine and pay to the Managers a discretionary commission of up to 0.5% of the Rights Issue

Proceeds. The Standby Underwriting Agreement also stipulates that the Company must release the Managers from certain liabilities and that their obligations under the agreements are contingent on the fulfilment of certain conditions.

The Managers may involve one or more selling agents in connection with the offering and, in this context, may share part of the commission with such selling agents.

The Company and the Managers will seek to conclude an underwriting agreement by not later than 29 December 2020 providing for equivalent obligations as in the Standby Underwriting Agreement and when that underwriting agreement comes into force it will replace the Standby Underwriting Agreement and the Standby Underwriting Agreement will terminate.

2.11 Relationship Agreement

As described in paragraph 2.9 of this Part 4, on 1 December 2020, the Company and Unifirm entered into the Unifirm Commitment and Backstop Agreement, as a result of which Unifirm could become the holder of 30% or more of the Company's issued share capital and so a "controlling shareholder" as defined in the Listing Rules. Therefore, the Company and Unifirm have agreed the form of a relationship agreement which will, subject to Unifirm becoming a controlling shareholder (as defined in the Listing Rules), regulate the ongoing relationship between the Company and Unifirm (the **Relationship Agreement**). The principal purpose of the Relationship Agreement is to ensure that the Company and its subsidiaries are capable of carrying on an independent business as its main activity in compliance with applicable Listing Rules.

The Relationship Agreement will be entered into prior to settlement of the Rights Issue and is conditional on and takes effect on Unifirm becoming a controlling shareholder (as defined in the Listing Rules) prior to or on 28 February 2021 and will continue for so long as (a) the Shares are listed on the premium listing segment of the Official List and traded on London Stock Exchange plc's main market for listed securities and (b) Unifirm is a "controlling shareholder" of the Company.

Under the Relationship Agreement, Unifirm undertakes to, and to procure its associates (as defined in the Listing Rules) will:

- (a) conduct all transactions and arrangements with any member of the Group at arm's length and on normal commercial terms;
- (b) not take any action which would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- (c) not propose or procure the proposal of any shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Unifirm also undertakes, amongst other things, to and (insofar as it is legally able) to procure its associates (as defined in the Listing Rules) will:

- (a) not take any action which would affect the ability of any member of the Group to carry on its business independently of Unifirm and/or any of its associates (as defined in the Listing Rules);
- (b) abstain from voting on any resolution required by LR 11.1.7R(3) of the Listing Rules to approve a "related party transaction" with the Unifirm or any of its associates (as defined in the Listing Rules); and
- (c) enforce (and not to amend or terminate without the consent of the Company) an agreement between Unifirm and certain of its ultimate indirect shareholders not to take actions which would result in Unifirm being in breach of the Relationship Agreement.

The Relationship Agreement also contains Unifirm's agreement to facilitate separate resolutions and/or the determining of separate majorities where the Listing Rules require separate resolutions and/or separate majorities of all shareholders on the one hand and all shareholders excluding a controlling shareholder and its associates (each as defined in the Listing Rules) on the other hand.

The members of the Executive Board (*Vorstand*) believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of Unifirm and in compliance with the Listing Rules.

3. CONSENTS

Deutsche Bank and BofA Securities have each given and not withdrawn their written consent to the issue of this Circular with the inclusion herein of the references to their name in the form and context in which they appear.

PART 5
NOTICE OF GENERAL MEETING OF TUI AG



TUI AG

(Incorporated and registered in the Local Court (Amtsgericht) Hanover under No. HRB 6 580 and in the Local Court (Amtsgericht) Berlin-Charlottenburg under No. HRB 321, Germany)

We hereby invite our shareholders to the virtual extraordinary General Meeting on Tuesday, 5 January 2021 at 11:00 a.m. (CET) (= 10:00 hours UTC (coordinated universal time)).

Owing to the COVID-19 pandemic and on the basis of the German Act on Measures in Corporate, Cooperative, Association, Foundation and Home Ownership Law to Combat the Effects of the COVID-19 Pandemic (*Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19-Pandemie*; the **COVID-19 Act**)³, published as Article 2 of the Law for the Mitigation of the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) of 27 March 2020 published in the German Federal Law Gazette (*Bundesgesetzblatt*), part I, on 27 March 2020, the General Meeting will be held as a virtual General Meeting. This results in certain modifications to meeting procedures and regarding shareholders' rights.

The General Meeting will be held without physical presence of the shareholders or their proxies at the registered office of TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany. Shareholders may follow the General Meeting via live video and audio transmission on the internet. Shareholders who have duly registered for the General Meeting can exercise their voting rights by way of absentee voting (*Briefwahl*) (in writing or electronically) as well as through proxy authorisation granted and may ask questions in advance of the General Meeting. They must submit their questions in German to the Company electronically via the password-protected GM online-service by Saturday, 2 January 2021, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)), available at www.tuigroup.com/en-en/investors/agm. A participation by way of electronic communication within the meaning of section 118 (1) sentence 2 of the German Stock Corporation Act (*Aktiengesetz*; **AktG**) is excluded. Objections to items on the agenda of the General Meeting must be submitted electronically via the password-protected GM online-service to the notary instructed to keep the record of the General Meeting.

We would like to ask our shareholders to pay particular attention to the information and notices regarding the General Meeting.

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

³ Extended until 31 December 2021 by the Regulation for the Extension of Measures in Corporate, Cooperative, Association and Foundation Law to Combat the Effects of the COVID-19 Pandemic, German Federal Law Gazette (*Bundesgesetzblatt*), part I, no. 48, on 28 October 2020.

The Company's share capital

is divided, at the time of convocation, into 590,415,100 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

I. AGENDA

of the General Meeting of TUI AG on 5 January 2021

On 2 December 2020, the Economic Support Fund Committee (the **WSF Committee**) established under section 20 (1) sentence 2 of the German Support Fund Act (*Stabilisierungsfondgesetz – StFG*) decided that the Economic Support Fund within the meaning of section 15 StFG (*Wirtschaftsstabilisierungsfonds – WSF*) will participate in the recapitalisation of TUI AG (the Company) under certain conditions in order to further stabilise and strengthen the liquidity and capital base of the Company (section 22 (1) sentence 1 StFG). This recapitalisation is an important element of a comprehensive financing package of about EUR 1,800,000,000.00 agreed with the shareholder Unifirm Limited, with its registered seat in Limassol, Cyprus (**Unifirm**), a banking consortium, KfW and the WSF and announced in an ad-hoc notification of 2 December 2020.

The recapitalisation is to take the form of two silent partnerships in the Company by the WSF as a silent partner with a total contribution of EUR 691,021,466.00 pursuant to section 22 (1) sentence 2 variant 4 StFG in conjunction with section 10 of the Economic Stabilisation Acceleration Act (*Wirtschaftsstabilisierungsbeschleunigungsgesetz – WStBG*) (the **Silent Participations**). Essential requirements for the grant of the Silent Participations are cumulatively (i) the capital reduction to be resolved under agenda item 1 (hereinafter (a)), (ii) the capital increase to be resolved under agenda item 2 (hereinafter (b)), and (iii) the WSF's conversion right to be resolved under agenda item 3 (hereinafter (c)). The resolutions on the capital reduction, the capital increase and the conversion right are therefore related to the recapitalisation of the Company within the meaning of sections 7, 7a and 7e WStBG.

The terms and conditions on which the Silent Participations are granted are set out in a binding term sheet concluded between the Company and the WSF (represented by the Bundesrepublik Deutschland – Finanzagentur GmbH) on 2 December 2020.

(a) Agenda item 1: Capital reduction

As a requirement for recapitalisation, it is intended to reduce the share capital of the Company in accordance with sections 222 et seqq. of the German Stock Corporation Act (*Aktiengesetz – AktG*) in conjunction with section 7 (6) WStBG in order to facilitate the implementation of the capital increase immediately thereafter on the basis of the resolution to be passed under agenda item 2 and to enable the grant of the conversion right of the WSF to be resolved under agenda item 3.

The capital reduction will be of a purely accounting nature and, as such, will only result in a transfer of an amount on the liabilities side of the Company's commercial balance sheet from the "subscribed capital" to the non-distributable "capital reserve" (section 266 (3) A II of the German Commercial Code (*Handelsgesetzbuch – HGB*)). It will not result in any change to the number of shares or the percentage of shares held by the existing shareholders, nor will it change the equity structure or value of the Company. It will merely result in a reduction of the *pro rata* amount of the share capital attributable to each no-par value share from currently approximately EUR 2.56 to precisely EUR 1.00 after the implementation of the resolution. This will increase the difference between the stock market price of the existing shares and the lowest *pro rata* amount of the share capital attributable to each no-par value share pursuant to section 9 (1) AktG, i.e. the minimum issue price in a capital increase, and will thus enable the implementation of the capital increase to be resolved under agenda item 2. It will also provide the Company with more flexibility for potential future capital measures.

(b) Agenda item 2: Capital increase against cash contributions with subscription right

It is intended to increase the share capital to be reduced under agenda item 1 by way of a capital increase against cash contributions by EUR 508,978,534.00 by issuing 508,978,534 new shares pursuant to section 7 WStBG as a requirement for the Company's recapitalisation and in order to further strengthen the liquidity and equity base of the Company. The new shares will be initially offered to the existing shareholders by way of a so-called indirect subscription right at a fixed subscription price in the amount of EUR 1.07 (the **Subscription Price**). The shareholder Unifirm, which currently holds approximately 24.89% of the share capital, will be permitted to subscribe and acquire the new shares at the Subscription Price directly with the Company in the amount of the statutory subscription right to which it is entitled (direct subscription right instead of indirect subscription right).

Unifirm has undertaken vis-à-vis the Company, in a contract containing the undertakings and commitments of Unifirm, (the **Unifirm Commitment and Backstop Agreement**) to exercise in full all statutory subscription rights to which it is entitled (the so-called confirmed subscription declaration) (the **Unifirm Irrevocable Undertaking**). In the event that not all other shareholders exercise their subscription rights in full, the corresponding unsubscribed new shares (the **Rump Shares**) are to be sold by way of a private placement. In the event that not all of the Rump Shares are sold in such private placement, Unifirm has undertaken pursuant to the Unifirm Commitment and Backstop Agreement and a syndicate consisting of Barclays Bank Ireland PLC, BofA Securities Europe SA, Citigroup Global Markets Europe AG and Deutsche Bank Aktiengesellschaft (the **Managers**) have each undertaken vis-à-vis the Company to purchase the following volumes of the corresponding Rump Shares not privately placed (the **Unplaced Rump Shares**) at the Subscription Price:

Pursuant to the Unifirm Commitment and Backstop Agreement, Unifirm has undertaken to acquire all Unplaced Rump Shares up to such maximum volume that the resulting aggregated Unifirm shareholdings (including shares already held) will not exceed a maximum of 36% of the Company's increased share capital after the implementation of the capital increase to be resolved under agenda item 2 (the **Unifirm Conditional Underwriting Commitment**). Against this backdrop, Unifirm has filed an application with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) pursuant to section 37 (1) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegericht – WpÜG*) for an exemption from the obligation to make an offer pursuant to section 35 WpÜG in the event that Unifirm reaches or exceeds the control threshold of 30% of the voting rights in the Company (section 29 (2) WpÜG) as a result of acquiring further Unplaced Rump Shares. Should BaFin not approve this application, the Unifirm Conditional Underwriting Commitment and thus the corresponding obligation to acquire Unplaced Rump Shares will decrease to 29.9% of the Company's increased share capital (the **Unifirm Unconditional Underwriting Commitment**).

The Managers have agreed, pursuant to an underwriting agreement, to subscribe or acquire those Unplaced Rump Shares that are not already subscribed or acquired by Unifirm according to the above on the basis of the Unifirm Commitment and Backstop Agreement (the **Managers' Underwriting Commitment**).

Thus, the Unifirm Commitment and Backstop Agreement and the Managers' Underwriting Commitment guarantee the implementation of the capital increase to its full extent (EUR 508,978,534.00) and thus ensure the corresponding liquidity inflow to the Company.

(c) Agenda item 3: Conversion right regarding the Convertible Silent Participation and conditional capital increase

On 2 December 2020, the WSF Committee decided that the WSF will acquire an interest in the Company as a silent partner within the meaning of section 22 (1) sentence 2 variant 4 StFG in conjunction with section 10 WStBG in order to further stabilise and strengthen the liquidity and capital base of the Company. This shall be done by means of the establishment of two silent partnerships with (i) a capital contribution of EUR 420,000,000.00 (the **Convertible Silent Participation**) and (ii) a capital contribution of EUR 271,021,466.00 (the **Non-Convertible Silent Participation**) (with the nominal amount of the Non-Convertible Silent Participation able to increase by up to EUR 400,000,000.00 under certain conditions in order to replace a state guarantee of the same amount which was intended to have priority). The establishment of the two silent partnerships does not require the approval of the General Meeting (section 10 (1) sentences 1 and 2 WStBG). At the time of this convocation notice, the granting of the Silent Participations – and thereby the implementation of the financing package – is, *inter alia*, still subject to the approval of the European Commission under state aid rules.

Pursuant to section 10 (2) WStBG, the WSF as a silent partner may be granted a conversion or subscription right to shares of the Company with regard to the capital contribution made by it. In this regard, the shareholders' subscription right is excluded pursuant to section 10 (2) sentence 2 WStBG. Pursuant to section 10 (2) sentence 3 WStBG, such a conversion right requires the consent of or authorisation by the General Meeting. A special conditional capital can be created to service such conversion rights in accordance with section 7a (1) sentence 1 and 3 WStBG. A prerequisite for the grant of the Silent Participations is the granting of such a conversion right in respect of the

Convertible Silent Participation. This possibility of granting such a conversion or subscription right for the WSF and of creating special conditional capital to service it shall be used by means of passing the resolution proposed under agenda item 3.

Specifically, the WSF is to be given the opportunity to convert the Convertible Silent Participation to up to 420,000,000 new shares in the Company at an exchange ratio of 1:1, this is to say that the WSF will receive one share in the Company for each EUR 1.00 of the nominal amount of the Convertible Silent Participation that is to be converted. The WSF shall be entitled to exercise this conversion right at any time and for part or for the whole of the contribution. However, the conversion right is to be limited in its scope in such a way that the WSF can only ever convert the Convertible Silent Participation to new shares to the extent that the WSF's total participation (including all other shares held by the WSF) in the Company's increased share capital does not at any time exceed 25% plus one share after the conversion has been carried out. The Non-Convertible Silent Participation is not convertible to shares. To enable the WSF to maintain, if applicable, a participation of up to 25% plus one share, the WSF may use, under certain conditions and for the purpose of dilution protection, the Non-Convertible Silent Participation as contribution in kind in the context of the issuance of new shares.

With regard to the WSF exercising the conversion right and shares in the Company being granted to the WSF, it was agreed for the new shares created by the conversion of the Convertible Share Participation that the issue price would amount to EUR 1.00 per share. This price corresponds to the proportion of the Company's share capital held by the shares after the capital reduction agreed in agenda item 1 has been carried out and thus to the minimum issue price pursuant to section 9 (1) AktG. This price is below the current market price of the Company's shares at the time of the resolution by the Executive Board and the Supervisory Board on the proposed resolution to the Company's extraordinary General Meeting of 5 January 2021. From the perspective of the Company's Executive Board, the agreed issue price is nevertheless reasonable.

The current market price of the shares does not accurately reflect the current, intrinsic value of the Company i.e. which exists following deduction of the financing package as announced in the ad-hoc notification of 2 December 2020, since this price already takes the receipt of additional financing, in particular by the WSF, into account. The market price therefore already includes a premium on the intrinsic value of the Company in comparison to the situation without a comparable financing package. This is because, due to COVID-19 pandemic and the associated travel restrictions as well as infection rates increasing again and the associated shorter-term booking behaviour of many customers, the Company has had to again largely suspend a significant part of its business operations (such as package holidays, cruises and hotel operations). This situation means the Company has financing needs which the Company can no longer cover with its own resources.

The Executive Board considers there to be no alternative to the WSF stabilisation measures as an essential component of the financing package necessary for continued financing of the Company's business operations.

As part of negotiating the financing package with the WSF, the Company proposed alternative models with a higher issue price and lower shareholding. However, efforts to push through these alternatives in the negotiations were unsuccessful. Therefore, the alternative to granting a conversion right at the minimum issue price of EUR 1.00 per share would have been the failure of the financing package as a whole and consequently an existential threat to the Company, that is to say a potential total loss for shareholders.

In light of this, the Company's Executive Board deems the issue price of EUR 1.00 per share to be reasonable in terms of the overall interests of the Company. In this regard, the Executive Board also considered that shareholders would be granted the possibility of acquiring new shares in the Company at a similar Subscription Price by virtue of the capital increase to be agreed in agenda item 2. In this regard, the Subscription Price for shareholders was set at EUR 1.07 for legal reasons in order to ensure net inflow of at least EUR 1.00 per new share following the deduction of standard market costs and fees of the capital increase.

1. Resolution on the ordinary reduction of the share capital for the purpose of allocating a portion of the share capital to the capital reserve in accordance with sections 222 et seqq. AktG in conjunction with section 7 (6) WStBG by reduction of the *pro rata* amount of the share capital attributable to each no-par value share, amendment to the Charter

The Executive Board and the Supervisory Board propose to resolve as follows:

(a) The share capital of the Company in the amount of EUR 1,509,372,235.83, divided into 590,415,100 registered no-par value shares, each representing a *pro rata* amount of the share capital of currently approximately EUR 2.56, shall be reduced by EUR 918,957,135.83 to EUR 590,415,100.00 in accordance with the provisions regarding ordinary capital reduction pursuant to sections 222 et seqq. AktG in conjunction with section 7 (6) WStBG for the purpose of allocating a portion of the share capital to the Company's capital reserve. The capital reduction shall be implemented by a corresponding reduction of the nominal share capital as a result of which the *pro rata* amount of the share capital attributable to each no-par value share will be reduced to EUR 1.00. The amount of the reduction, i.e. EUR 918,957,135.83, shall be allocated to the Company's non-distributable capital reserve in accordance with section 7 (6) sentence 5 WStBG. No shares will be consolidated.

The capital reduction shall be implemented in connection with a recapitalisation of the Company by the WSF in accordance with section 22 StFG.

The Executive Board shall be authorised, subject to the approval of the Supervisory Board, to determine the further details of the implementation of the capital reduction.

(b) Section 4 (1) of the Company's Charter is amended to read as follows:

“(1) The share capital of the Company amounts to EUR 590,415,100.00 (in words: Euro five hundred and ninety million, four hundred and fifteen thousand and one hundred).”

2. Resolution on the increase of the share capital pursuant to section 7 WStBG against cash contributions by EUR 508,978,534.00 with subscription rights, amendment to the Charter

The Executive Board and the Supervisory Board propose to resolve as follows:

(a) The share capital of the Company, which will be reduced to EUR 590,415,100.00 when the resolution under agenda item 1 becomes effective, shall be increased in accordance with section 7 WStBG against cash contributions by EUR 508,978,534.00 to EUR 1,099,393,634.00 by issuing 508,978,534 new registered no-par value shares, each presenting a *pro rata* amount of the share capital of EUR 1.00. The issue price corresponds to the minimum issue price (section 9 (1) AktG) of EUR 1.00 per new no-par value share (the **Issue Price**). The new no-par value shares shall be entitled to dividends as from 1 October 2019.

The statutory subscription right shall be granted to all shareholders, except for shareholder Unifirm, in such manner that the new shares will be subscribed to and acquired by one or several credit institution(s) (or one or several enterprises engaged in activities in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (*Gesetz über das Kreditwesen*)) at the Issue Price with the obligation (i) to offer the new shares to the shareholders of the Company for subscription at a fixed subscription price in the amount of EUR 1.07 (the **Subscription Price**), (ii) to deliver the shares in accordance with the exercised subscription rights when the implementation of the capital increase has become effective, and (iii) to pay the difference between the Issue Price and the Subscription Price – after deduction of a reasonable commission as well as the costs and disbursements – to the Company (indirect subscription right within the meaning of section 186 (5) sentence 1 AktG).

Shareholder Unifirm shall be granted the statutory subscription right in such manner that Unifirm will be permitted to subscribe for and acquire – in accordance with the amount of statutory subscription rights it is entitled to – the new shares allotted to said amount of subscription rights at the Subscription Price directly with the Company (direct subscription right in the sense of section 186 (1) sentence 1 AktG).

The (direct or indirect) subscription is to be offered to the shareholders at a subscription ratio of 25:29 (25 new shares offered for every 29 existing shares). The subscription ratio is to be rounded down to two decimal places. Any fractional amount shall be excluded from the subscription right.

Shares which are not subscribed for under the (indirect or direct) subscription right may be sold in accordance with the instructions of the Executive Board of the Company subject to the approval of the Supervisory Board.

The capital increase shall be implemented in connection with a recapitalisation of the Company by the WSF in accordance with section 22 StFG.

The Executive Board is authorised, subject to the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation, in particular the further terms and conditions for the issuance of the new shares.

The costs of the capital increase and its implementation shall be borne by the Company.

- (b) The Supervisory Board is authorised to amend the wording of Article 4 (1) and (2) of the Charter in accordance with the implementation of the capital increase.
- (c) The Executive Board is instructed to apply for registration of the capital increase and of its implementation in the commercial registers with the proviso that it shall be registered in the commercial registers only after registration of the capital reduction to be resolved under agenda item 1. The resolution on the increase of the share capital shall become invalid if an application for registration of the implementation of the capital increase in the commercial registers is not filed within six months after the date of the general meeting.

Report by the Executive Board to the General Meeting regarding agenda item 2 concerning the exclusion of subscription rights pursuant to section 186 (4) sentence 2 AktG:

Fractional amounts can result from a subscription ratio and no longer be equally distributed to all shareholders. The proposed exclusion of subscription rights for fractional amounts enables the capital increase to be implemented at a manageable subscription ratio. This facilitates the execution of the shareholders' subscription rights. Moreover, the partial amounts to be excluded from the subscription rights are only of a less important size. Overall, the proposed – very minor – exclusion of subscription rights is thus suitable, necessary and appropriate for facilitating the practical implementation of the capital increase with subscription rights in the interests of the Company in a substantial manner. The shares not subscribed for on the grounds of indirect subscription rights as well as the shares excluded from the shareholders' subscription rights due to being fractional amounts shall be sold at the Subscription Price.

3. Granting of a conversion right in favour of the WSF for the Convertible Silent Participation and conditional increase of share capital pursuant to section 7a WStBG, amendment of the Charter

The Executive Board and the Supervisory Board propose to resolve as follows:

- (a) Authorisation to grant conversion or subscription rights to the WSF as silent partner of the Company for the Convertible Silent Participation

The WSF (or its legal successor, e.g., following an assignment) shall be granted the right to convert the capital contribution of the WSF in the form of a silent participation in the Company in the amount of EUR 420,000,000.00 granted by the established WSF Committee pursuant to section 20 (1) sentence 2 StFG in its meeting on 2 December 2020 (the Convertible Silent Participation) completely or in part to up to 420,000,000 new registered no-par value shares, each representing a *pro rata* amount of the share capital of EUR 1.00, at any time (once or several times) (conversion right within the meaning of section 10 (2), section 7a (1) sentence 1 WStBG). The new shares shall be issued at the minimum issue price (section 9 (1) AktG) of EUR 1.00. The exchange ratio shall be 1:1, this is to say one new no-par value share will be issued for each EUR 1.00 of the nominal amount of the Convertible Silent Participation to be converted.

The conversion right referred to above is limited in such a way that the WSF (or its legal successor, e.g., following an assignment) may only ever convert the Convertible Silent Participation to new shares to such an extent that the WSF's total participation (including all further shares held by the WSF) in the Company's increased share capital does not at any time exceed 25% plus one share after the conversion has been carried out.

(b) Creation of conditional capital

The share capital of the Company shall be conditionally increased in accordance with section 7a WStBG by up to EUR 420,000,000.00 by issuing up to 420,000,000 new registered no-par value shares, each representing a *pro rata* amount of the share capital of EUR 1.00. The conditional capital increase serves to grant no-par value shares upon the relevant exercise of the conversion right granted to the WSF (or its legal successor, e.g., following an assignment) in accordance with the resolution of the General Meeting of 5 January 2021 under agenda item 3 in respect of the Convertible Silent Participation as described there.

The new shares shall be issued at the minimum issue price (section 9 (1) AktG) of EUR 1.00. The new no-par value shares are entitled to receive dividends from the beginning of the financial year in which they are issued; to the extent permitted by law, the Executive Board may determine the profit participation of new no-par value shares in derogation therefrom and from section 60 (2) AktG, even for a financial year already ended.

The exchange ratio shall be 1:1, this is to say one new no-par value share will be issued for each EUR 1.00 of the nominal amount of Convertible Silent Participation to be converted. The conditional capital increase is only implemented to the extent that the WSF (or its legal successor, e.g., following an assignment) makes use of its conversion right.

With the approval of the Supervisory Board, the Executive Board shall be empowered to stipulate further details of the conditional capital increase and their implementation.

(c) Authorisation to amend the Charter

The Supervisory Board shall be authorised to amend the wording of Article 4 (1) and (8) of the Charter to reflect the extent of the capital increase from the conditional capital.

(d) Amendment to the Charter

The following new paragraph (8) shall be added to Article 4 of the Charter of the Company:

“The share capital of the Company is conditionally increased in accordance with section 7a WStBG by up to EUR 420,000,000.00 by issuing up to 420,000,000 new registered no-par value shares, each presenting a *pro rata* amount of the share capital of EUR 1.00. The conditional capital increase serves to grant no-par value shares upon the relevant exercise of the conversion right granted to the Economic Support Fund within the meaning of section 15 StFG (**WSF**) in accordance with the resolution of the Extraordinary General Meeting of 5 January 2021 under agenda item 3 in respect of the Convertible Silent Participation as described there. The new shares shall be issued at the minimum issue price (section 9 (1) AktG) of EUR 1.00. The new no-par value shares are entitled to receive dividends from the beginning of the financial year in which they are issued; to the extent permitted by law, the Executive Board may determine the profit participation of new no-par value shares in derogation therefrom as well as from section 60 (2) AktG, even for a financial year already ended. The exchange ratio shall be 1:1, this is to say one new no-par value share will be issued for each EUR 1.00 of the nominal amount of the Convertible Silent Participation to be converted. The conditional capital increase is only implemented to the extent that the WSF (or its legal successor, e.g., following an assignment) makes use of its conversion right. With the approval of the Supervisory Board, the Executive Board shall be empowered to stipulate further details of the conditional capital increase and its implementation. The Supervisory Board is authorised to amend the wording of Article 4 (1) and (8) of the Charter in accordance with the implementation of the conditional capital increase.”

(e) Filing with the commercial registers

The Executive Board is instructed to apply for registration of the conditional capital increase in the commercial registers with the proviso that it shall be registered in the commercial registers only after registration of the capital reduction to be resolved under agenda item 1.

II. FURTHER INFORMATION AND INSTRUCTIONS

On the basis of section 1 (2) and (6) of the German Act on Measures in Corporate, Cooperative, Association, Foundation and Home Ownership Law to Combat the Effects of the COVID-19 Pandemic (*Gesetz über Maßnahmen im Gesellschafts-, Genossenschafts-, Vereins-, Stiftungs- und Wohnungseigentumsrecht zur Bekämpfung der Auswirkungen der COVID-19-Pandemie; the COVID-19 Act*)⁴, published as Article 2 of the Law for the Mitigation of the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) of 27 March 2020, published in the German Federal Law Gazette (*Bundesgesetzblatt*), part I, on 27 March 2020, the Executive Board has decided with the consent of the Supervisory Board to hold the General Meeting as a virtual General Meeting without physical presence of the shareholders or their proxies. The General Meeting will be held in the physical presence of the chairman of the meeting, members of the Executive Board and the notary instructed to keep the record of the meeting as well as the Company-appointed proxies at the registered office of TUI AG, Karl-Wiechert-Allee 4, 30625 Hanover, Germany. Upon a resolution passed by the Executive Board with the consent of the Supervisory Board, the members of the Supervisory Board will, if appropriate, participate in the virtual General Meeting only by means of video and audio transmission, in line with the statutory provisions of the COVID-19 Act, with the exception of the Supervisory Board member chairing the meeting.

As holding the General Meeting in the form of a virtual meeting under the COVID-19 Act results in certain modifications to meeting procedures and the rights of shareholders, we would like to ask our shareholders to pay particular attention to the following information.

1. 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 General Meeting and in respect of whose shareholdings the shareholders themselves or their proxies have registered for the exercise of voting rights by the end of the registration period on 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)), are entitled to exercise their voting rights. Pursuant to Article 21 (2) sentence 2 of the Charter, no entries will be deleted from and no new entries made in the share register on the day of the General Meeting and in the six days prior to it. We will send a personal cover letter with reference to the agenda, to all shareholders who are entered in the share register by the beginning of 24 December 2020 (CET) 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 Aktionärsservice Postfach 1460 61365 Friedrichsdorf Germany	+49 (0) 69 22 22 34 29 4
Electronically via the following internet address (from 15 December 2020) (password-protected GM online-service)	
www.tuigroup.com/en-en/investors/agm	

Shareholders of TUI AG will have the opportunity at this General Meeting to register themselves or a proxy, exercise their voting rights by absentee vote or give authorisation and instructions to the Company-appointed proxies electronically via the internet.

⁴ Extended until 31 December 2021 by the Regulation for the Extension of Measures in Corporate, Cooperative, Association and Foundation Law to Combat the Effects of the COVID-19 Pandemic, German Federal Law Gazette (*Bundesgesetzblatt*), part I, no. 48, on 28 October 2020.

This password-protected GM online-service will be available from 15 December 2020 at www.tuigroup.com/en-en/investors/agm. The shareholder number and individual access number required for access to the password-protected GM 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 password-protected GM online-service.

Shareholders who have not already been entered in the share register by the beginning of 24 December 2020 (CET), but by 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)), at the latest, can only register themselves or their proxies for the General Meeting in writing or by fax to the postal address or fax number specified above (such orders must be received by 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)), 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 specified above, unless the shareholder has registered for e-mail correspondence.

If an intermediary is registered in the share register, such intermediary may exercise voting rights attached to shares which it does not own only on the basis of an authorisation of that shareholder.

2. Video and audio transmission of the General Meeting

Shareholders who are registered in the share register can follow the entire General Meeting via video and audio transmission on the internet by using the password-protected GM online-service for shareholders of TUI AG. The password-protected GM online-service for shareholders can be accessed at the following internet address:

www.tuigroup.com/en-en/investors/agm

Shareholders who are registered in the share register will be able to log in on this website by using their access data, consisting of their shareholder number and their individual access number or, for shareholders that have already registered for e-mail correspondence, consisting of their chosen user ID and password, and access the video and audio transmission of the General Meeting on the date of the General Meeting from 11:00 a.m. (CET) (= 10:00 hours UTC (coordinated universal time)).

The virtual General Meeting does not allow for participation in the General Meeting within the meaning of section 118 (1) sentence 2 AktG (participation by way of electronic communication).

3. Submitting absentee votes (*Briefwahl*)

Shareholders may exercise their voting rights by way of absentee voting. In this case registration of the registered shares in the share register by 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)) and timely registration to the General Meeting, i.e. by no later than 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)), are required.

Shareholders may exercise their voting rights by absentee voting either in written form (by letter or fax) or by way of electronic communication (by entering their vote in the password-protected GM online-service).

Voting rights must be exercised, if in written form, by using the form provided to the shareholders together with the invitation and by sending it to the postal address or fax number specified in section II.1 above by no later than 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)).

Voting rights must be exercised, if by way of electronic communication, by using the password-protected GM online-service under www.tuigroup.com/en-en/investors/agm.

If shareholders register for the General Meeting via the password-protected GM online-service by way of absentee voting without exercising their voting rights, this will be deemed an abstention as long as and to the extent that such shareholders do not exercise their voting rights. The initial submission and any change of votes via the password-protected GM online-service remain possible after registration and choice of the form of voting in compliance with applicable deadlines at any time on the day of the General Meeting until the chairman of the meeting – after prior announcement – has concluded the voting on the agenda items.

Intermediaries, shareholders' associations, proxy advisors or other persons specified in section 135 (8) AktG that have been authorised by shareholders may also make use of absentee voting in accordance with the rules specified above and in compliance with the deadlines stated.

4. Exercise of voting rights by proxies

Shareholders who are registered in the share register and have registered themselves or a proxy in respect of their shareholdings in time have the option to have their voting rights exercised by an intermediary, a shareholders' association, a proxy advisor, the Company-appointed proxies or another proxy of their choice. Intermediaries, shareholders' associations or proxy advisors, too, may exercise their voting rights exclusively on the basis of proxy authorisations and instructions to the Company-appointed proxies or by way of absentee voting.

The proxy authorisation must be granted or revoked and the proof of authorisation to be provided to the Company must be provided in text form and must be sent to the postal address or fax number specified above in section II.1 by no later than 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)). A change in the form of voting to a personal absentee vote or to the authorisation of the Company-appointed proxies can only be executed by the shareholder by no later than 2 January 2021, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)).

Authorisation forms can be found in the personal cover letter and on the internet 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 exemption that applies to intermediaries, commercial agents and shareholders' 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 intermediaries, commercial agents, shareholders' associations, proxy advisors and equivalent persons or entities.

Those intermediaries, shareholders' associations, proxy advisors or equivalent persons or entities which participate in the password-protected GM online-service of the Company can also be authorised by making use of the procedure specified by the Company at www.tuigroup.com/en-en/investors/agm.

Use of the password-protected GM online-service by a proxy is predicated on the proxy having received the access data from the principal. Use of the personal access data by the proxy simultaneously qualifies as proof of authorisation.

The following special provisions apply to the authorisation of the proxies appointed by the Company.

Shareholders of TUI AG, who timely register for the General Meeting, have the opportunity to have their voting rights represented by employees of the Company who are bound to comply with their instructions. Shareholders may 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 available at www.tuigroup.com/en-en/investors/agm, in writing or by fax using the postal address or fax number specified above (see section II.1). Authorisations and instructions issued in writing or by fax to the Company-appointed proxies must be received by the Company by no later than 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)), at the postal address or fax number specified in section II.1. A change in the form of voting from an authorisation of the Company-appointed proxies to a personal absentee vote or to an authorisation of a third party can only be performed by the shareholder by no later than 2 January 2021, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)).

Authorisations and instructions may be issued after timely registration by no later than 29 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)) to the proxies appointed by the Company via the password-protected GM online-service at www.tuigroup.com/en-en/investors/agm (as described in section II.1). Instructions or changes to instructions to the Company-appointed proxies may be electronically issued both in advance and during the General Meeting on 5 January 2021 at any time until the chairman of the meeting on the day of the General Meeting – after prior announcement – begins with the voting on the agenda items. For this purpose, shareholders must have duly registered for the General Meeting.

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; this will be deemed an abstention. If instructions are not clear, the Company-appointed proxies will abstain from voting on the corresponding agenda items. Should any agenda item require individual voting, any instruction issued in this respect will apply *mutatis mutandis* to each individual sub-item. The Company-appointed proxies will not accept any instructions to address the General Meeting, to object to resolutions passed by the General Meeting, to ask questions or to submit motions.

5. Notes on counter-motions pursuant to section 126 AktG

In view of the fact that the General Meeting is held as a virtual General Meeting without presence of the shareholders and their proxies, without participation of the shareholders by way of electronic communication, the right of shareholders to submit motions in the General Meeting is legally excluded in line with the concept stipulated by the COVID-19 Act. It will therefore not be possible to submit counter-motions within the meaning of section 126 (1) AktG as well as procedural motions during the General Meeting; neither are the Company-appointed proxies able to fulfill this role.

However, shareholders will be given the opportunity to submit counter-motions to the Company prior to the General Meeting in line with section 126 (1) AktG. The Company will publish any counter-motions on the Company's website provided the relevant statutory provisions are met. Submitted counter-motions made available by the Company will be treated as if they had been filed at the General Meeting.

If counter-motions to proposals of the Executive Board and the Supervisory Board to a specific agenda item are to be published in advance by TUI AG in accordance with section 126 AktG, they must be sent exclusively to the following postal address or fax number or e-mail address by no later than Monday, 21 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)):

TUI AG
Board Office
Karl-Wiechert-Allee 4
30625 Hanover
Germany
Fax: + 49 (0)511 566-1996
E-mail: gegenantrage.hv@tui.com

Any motions sent to other addresses will not be published pursuant to section 126 AktG. All motions that are received from shareholders timely and properly that require publication will be published, together with the relevant shareholder's name, the grounds cited and any statement made by the management at www.tuigroup.com/en-en/investors/agm.

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

Shareholders whose combined stakes represent a total *pro rata* amount of EUR 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 in accordance with section 1 (3) sentence 4 COVID-19 Act at least 14 days prior to the General Meeting, that is by Tuesday, 22 December 2020, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)), 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.

Any request to have items added to the agenda is to be sent to the following address:

TUI AG
Executive Board
Karl-Wiechert-Allee 4
30625 Hanover
Germany

Any request to have items added to the agenda which have to be published – to the extent that they have not already been published together with the convening notice of the General Meeting – will be announced in the German Federal Gazette (*Bundesanzeiger*) without undue delay following receipt of such request. In addition, they will be published on the internet at www.tuigroup.com/en-en/investors/agm.

7. Opportunity to ask questions – section 1 (2) sentence 1 no. 3 and sentence 2 COVID-19 Act

Shareholders are given the opportunity to ask questions pursuant to section 1 (2) sentence 1 no. 3 COVID-19 Act. Based on section 1 (2) sentence 1 no. 3 and sentence 2 half-sentence 2 COVID-19 Act, the Executive Board has decided with the consent of the Supervisory Board that shareholders must submit their questions in German via the password-protected GM online-service for shareholders to the Company by no later than Saturday, 2 January 2021, 24:00 hours (CET) (= 23:00 hours UTC (coordinated universal time)).

Only those shareholders who have duly registered for the General Meeting will be able to submit their questions via the password-protected GM online-service in line with the procedure laid down therein by TUI AG at www.tuigroup.com/en-en/investors/agm.

Where questions are answered during the General Meeting, the name of the shareholder submitting the question will be disclosed only (insofar as individual questions are answered) if the shareholder expressed his/her consent to and desire for a disclosure of his/her name when submitting the question. The same applies to any advance publication of questions and, if applicable, answers on the Company's website prior to the General Meeting. In this case, too, the name of the questioner will be disclosed only if he/she expressed his/her consent to and wish for a disclosure of his/her name when submitting the question.

8. Right of objection – section 1 (2) sentence 1 no. 4 COVID-19 Act

Shareholders exercising their voting rights by way of absentee voting (in writing or electronically) or by way of proxy authorisation may object to the resolutions passed by the General Meeting by submitting their objection to the notary instructed to keep the record of the General Meeting via the password-protected GM online-service for shareholders in line with the procedure laid down therein by TUI AG. Corresponding declarations may be submitted from the opening of the General Meeting up to its closing by the chairman of the meeting.

9. Confirmation of the receipt of votes in accordance with section 118 (1) sentence 3 to 5, (2) sentence 2 AktG and/or confirmation of the recording and counting of votes in accordance with section 129 (5) AktG

Pursuant to section 118 (1) sentence 3, (2) sentence 2 AktG, the Company must electronically confirm receipt of the votes cast electronically to the party exercising their right to vote by means of electronic communication in accordance with the requirements set out in Art. 7 (1) and Art. 9 (5) subparagraph 1 of the Implementing Regulation (EU) 2018/1212. If the confirmation is issued to an intermediary, the latter must immediately forward this confirmation to the shareholder in accordance with section 118 (1) sentence 4 AktG. Moreover, within a period of one month commencing the day after the General Meeting, and in line with section 129 (5) sentence 1 AktG, the party casting the vote may request that the Company confirms whether and how his/her vote was recorded and counted. The Company must issue this confirmation pursuant to the requirements set out in Art. 7 (2) and Art. 9 (5) subparagraph 2 of the Implementing Regulation (EU) 2018/1212. If the confirmation is issued to an intermediary, the latter must immediately forward this confirmation to the shareholder in accordance with section 129 (5) sentence 3 AktG.

10. Information pursuant to section 124a AktG and other information on shareholder rights, other information on the financing package of the Company and report by the Executive Board on the utilization of the authorisation to issue a bond with warrant

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 service is available under (0800) 56 00 841 (from within Germany) or + 49 (0) 6196 8870 701 (from abroad) from 14 December 2020 to 5 January 2021 inclusive, Monday to Friday, between 8:00 a.m. and 6:00 p.m. (CET) (= between 07:00 hours and 17:00 hours UTC (coordinated universal time)), except on public holidays.

In addition, other information on the financing package of the Company are available on the website of TUI AG in the ad-hoc notification of the Company of 2 December 2020, available under <https://www.tuigroup.com/en-en/investors/news/2020/ad-hoc-announcements/20201202>, as well as under <https://www.tuigroup.com/en-en/investors/agm>.

Also the report by the Executive Board on the utilization of the authorisation to issue a bond with warrant is available under <https://www.tuigroup.com/en-en/investors/agm>.

11. 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: www.tuigroup.com/en-en/investors/share-data-privacy.

12. Notes for holders of depositary interests

Holders of depositary interests (**DI**s) issued by Link Market Services Trustees Limited relating to TUI AG shares can, subject to certain conditions, themselves or via proxies 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 which holders of DIs (**DI Holders**) will receive from Link Market Services Trustees Limited.

DI Holders wishing to follow the virtual General Meeting via the webcast should contact Link Market Services Trustees Limited via the dedicated virtual meeting telephone number +44 (0) 371 277 1020 (during office hours Monday to Friday 8:30 a.m. to 5:30 p.m. (GMT) (= 08:30 hours to 17:30 hours UTC (coordinated universal time)) or by e-mail to Nominee.Enquiries@linkgroup.co.uk by no later than 5:30 p.m. (GMT) (= 17:30 hours UTC (coordinated universal time)) on Wednesday, 23 December 2020.

DI Holders who wish to submit counter-motions and/or supplementary motions are requested to contact Link Market Services Trustees Limited by post to The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, United Kingdom, or by e-mail to Nominee.Enquiries@Linkgroup.co.uk by 4:30 p.m. (GMT) (= 16:30 hours UTC (coordinated universal time)), Friday, 18 December 2020, at the latest.

DI Holders wishing to submit questions for the General Meeting may do so by sending them directly by e-mail to Link Market Services Trustees Limited at Nominee.Enquiries@linkgroup.co.uk by no later than 4:30 p.m. (GMT) (=16:30 hours UTC (coordinated universal time)) on Wednesday, 23 December 2020.

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, United Kingdom, or by e-mail to Nominee.Enquiries@Linkgroup.co.uk by 4:30 p.m. (GMT) (= 16:30 hours UTC (coordinated universal time)) on Wednesday, 23 December 2020.

Berlin/Hanover, December 2020

The Executive Board

PART 6

DEFINITIONS

2016 Notes Initial Subsidiary Guarantors	the initial subsidiary guarantors to the 2016 Notes Terms, as described in more detail in 2.3 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2016 Notes Initial Subsidiary Guarantee	the initial subsidiary guarantee entered into by the 2016 Notes Initial Subsidiary Guarantors, as described in more detail in 2.3 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2016 Notes	€300 million notes issued by the Company on 26 October 2016 which are due for repayment on 26 October 2021, as described in more detail in paragraph 2.1 of Part 1 and paragraph 2.3 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2016 Notes Terms	the terms and conditions under which the 2016 Notes were issued, as described in more detail in paragraph 2.3 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2018 Schuldschein Initial Subsidiary Guarantors	the initial subsidiary guarantors to the 2018 Schuldschein Agreements, as described in more detail in paragraph 2.4 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2018 Schuldschein Initial Subsidiary Guarantee	the initial subsidiary guarantee entered into by the 2018 Schuldschein Initial Subsidiary Guarantors, as described in more detail in 2.4 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2018 Schuldschein Agreements	the loan agreements dated 28 June 2018 evidencing the terms of the 2018 Schuldschein, as described in more detail in paragraph 2.4 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2018 Schuldschein	€425,000,000.00 Schuldschein loans with tenors of five, seven and ten years due on 24 July 2023, 2025 and 2028 including fixed and floating rate tranches issued by the Company on 27 June 2018, as described in more detail in paragraph 2.4 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2020 Bonds	the bonds issued by the Company to the WSF as part of the 2020 Bonds with Warrants and as subsequently detached from the 2020 Warrants, as described in more detail in paragraph 2.5 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2020 Bonds with Warrants	the bonds with warrants issued by the Company to the WSF with a total nominal value of €150 million and as subsequently amended, as described in more detail in paragraph 2.5 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
2020 Warrants	the warrants issued by the Company to the WSF as part of the 2020 Bonds with Warrants and as subsequently detached from the 2020 Bonds, as described in more detail in paragraph 2.5 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Additional Funding Instrument	the additional funding instrument to be provided by certain German federal states (<i>Länder</i>) and certain commercial banks by means of guarantees or sureties in an amount of up to €400,000,000 pursuant to the WSF Term Sheet, as described in more detail in paragraph 3.3 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
AktG	German Stock Corporation Act (<i>Aktiengesetz</i>)
BaFin	the German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>)

BaFin Whitewash	the grant by BaFin of an exemption to Unifirm from the obligation to submit a mandatory offer where Unifirm's total aggregate shareholding in the Company reaches or exceeds 30% pursuant to sections 35, 29 of the German Securities Acquisition and Takeover Act (<i>Wertpapiererwerbs- und Übernahmegerichtsamt, WpÜG</i>)
BofA Securities	Merrill Lynch International
Bonding Facility	€215,000,000.00 letter of credit facility for issuing bonds, bank guarantees and letters of credit, as described in more detail in paragraph 2.2 of Part 4 ("Additional Information") of this Circular
Business Day	a day (other than Saturday, Sunday or a public holiday) on which banks are generally open for business for the transaction of normal banking business
Cash Facility	the €1,535,000,000.00 revolving credit facility made available by commercial banks as described in more detail in paragraph 2.2 of Part 4 ("Additional Information") of this Circular
Capital Increase	the proposed increase in the registered share capital (<i>Grundkapital</i>) by €508,978,534.00, divided into 508,978,534 Shares with a nominal value notionally allocated to each Share in the capital of the Company of €1.00, as described in more detail in paragraph 4.1 of Part 1 ("Letter from the Chairman of the Supervisory Board (<i>Aufsichtsrat</i>)") of this Circular
Capital Increase Resolution	the resolution to be considered and, if thought fit, approved by Shareholders at the General Meeting to approve the Capital Increase
Capital Markets Indebtedness	any indebtedness in the form of bonds, notes or other securities that are or can be traded, quoted, dealt in or listed on a securities exchange and obligations arising from certificates of indebtedness in the 2016 Notes
Chairman of the Supervisory Board (<i>Aufsichtsrat</i>)	Dr. Dieter Zetsche
Charter	the charter of the Company
Circular	this document
CIS	the Commonwealth of Independent States, also being the countries of the former Soviet Union
Company or TUI	TUI AG
Conditional Capital Increase	the proposed increase in the registered share capital (<i>Grundkapital</i>) by up to €420,000,000.00, divided into up to 420,000,000 Shares with a nominal value notionally allocated to each Share in the capital of the Company of €1.00, in connection with the Convertible Silent Participation as described in more detail in paragraph 4.4 of Part 1 ("Letter from the Chairman of the Supervisory Board (<i>Aufsichtsrat</i>)") of this Circular
Convertible Silent Participation	the convertible silent participation as described in more detail in paragraph 3.2 of Part 1 ("Letter from the Chairman of the Supervisory Board (<i>Aufsichtsrat</i>)") of this Circular
Convertible Silent Participation Resolution	the resolution to be considered and, if thought fit, approved by Shareholders at the General Meeting to approve the Conditional Capital Increase, as described in more detail in paragraph 5(c) of Part 1 ("Letter from the Chairman of the Supervisory Board (<i>Aufsichtsrat</i>)")

Covenant Holiday	the covenant holiday agreed with the lenders under the Syndicated Facilities Agreement which suspends the obligation to comply with the financial covenants under the agreement through and including 31 March 2021, as described in more detail in paragraph 2.2 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Deutsche Bank	Deutsche Bank AG, London Branch
Depository	Link
DIs	depository interests, as described in more detail in paragraph 3.1(a) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) and in Part 5 (“ <i>Notice of General Meeting of TUI AG</i> ”) of this Circular
DI Holders	a holder of DIs from time to time
DI Pre-Emptive Rights	a new and temporary line of depositary interests representing the Subscription Rights of DI Holders in connection with the Rights Issue, as described in more detail in paragraph 3.1(a) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
ECP Programme	the European Commercial Paper Programme established by the Company on 17 December 2017 and subsequently amended on 6 March 2020, as described in more detail in paragraph 2.6 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
EU Black List	the European Union’s list of non-cooperative jurisdictions for tax purposes (as updated from time to time) as described in more detail in paragraph 2.2 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Executive Board (<i>Vorstand</i>)	members of the executive board (<i>Vorstand</i>) of the Company
Existing Notes Terms	the 2016 Notes Initial Subsidiary Guarantee and the 2016 Notes Terms
Existing Schuldschein Agreements	the 2018 Schuldschein Initial Subsidiary Guarantee and the 2018 Schuldschein Agreements
Form of Direction	the form of direction for use by DI Holders at the General Meeting and accompanying this Circular
Form of Instruction	the form of instruction for use by Shareholders at the General Meeting and accompanying this Circular
Form of Proxy	the proxy form for use at the General Meeting and accompanying this Circular
FCA	the UK Financial Conduct Authority
Financing Package	the Silent Participations, the Rights Issue, the WSF Increased Amount, the Additional Funding Instrument, the New Loan Facility and the KfW Reduction Waiver
Fiscal 2019	the financial year comprising the 12 months to 30 September 2019
Fiscal 2020	the financial year comprising the 12 months to 30 September 2020
Fiscal 2021	the financial year comprising the 12 months to 30 September 2021
Fiscal 2022	the financial year comprising the 12 months to 30 September 2022
FSMA	the UK Financial Services and Markets Act 2000, as amended
General Meeting	the extraordinary general meeting of the Company to be held virtually at 11.00 a.m. (CET) (10.00 a.m. (GMT)) on 5 January 2021

Global Realignment Programme	the global realignment programme initiated by the Company in response to the COVID-19 pandemic, as described in more detail in paragraph 2.4(d) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Group	TUI and its subsidiaries
Guarantee Facility Agreement	the guarantee facility agreement to be entered into by the Company with certain commercial banks, as described in more detail in paragraph 3.3 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
IFRS	the international financial reporting standards
Issue Price	the issue price for the New Shares, being €1.00 and equivalent to the minimum issue price in a capital increase pursuant to section 9 (1) AktG, as described in more detail in I.2(a) of Part 5 (“ <i>Notice of General Meeting of TUI AG</i> ”) of this Circular
KfW	KfW Group, a banking group owned by the German Federal State
KfW Facility	a €2,850,000,000.00 revolving credit facility made available by KfW as state lender under the Syndicated Facilities Agreement, as described in more detail in paragraph 2.2 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
KfW Increase Amount	the €1,050,000,000.00 by which the KfW Facility was increased in August 2020, as described in more detail in paragraph 2.2 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
KfW Programme	the KfW Special Programme for Direct Participation in Syndicated Financing (Kfw-Sonderprogramm “ <i>Direktbeteiligung für Konsortialfinanzierung</i> ”, programme number 855) as described in more detail in paragraph 2.2 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
KfW Reduction	the automatic cancellation of commitments in an amount of €500 million under the KfW Facility on 1 April 2021, as described in more detail in paragraph 2.1(i) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
KfW Reduction Waiver	a waiver of the KfW Reduction, as described in more detail in paragraph 3.4 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
KfW Term Sheet	The binding term sheet entered into on 2 December 2020 by the Company and KfW in respect of the New Loan Facility and the KfW Reduction Waiver, as described in more detail in paragraph 2.8 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
KN-Holding	KN-Holding Limited Liability Company
Listing Rules	the Listing Rules made by the FCA pursuant to Part VI of the FSMA
Link	Link Market Services Trustees Limited
Managers	Barclays Bank Ireland PLC, BofA Securities Europe S.A., Citigroup Global Markets Europe AG and Deutsche Bank AG
Managers’ Underwriting Commitment	the commitment by the Managers to underwrite the Unplaced Rump Shares at the Subscription Price, as described in more detail in paragraph I(b) of Part 5 (“ <i>Notice of General Meeting of TUI AG</i> ”) of this Circular
Market Abuse Regulation	Regulation (EU) No. 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse

New Loan Facility	a new revolving credit facility to be provided by the KfW and potentially certain commercial banks, as described in more detail in paragraph 3.4 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
New Shares	the new Shares proposed to be issued and allotted by the Company pursuant to the Rights Issue
Nominal Share Amount Reduction	the proposed reduction in the Company’s registered share capital (<i>Grundkapital</i>) from €1,509,372,235.83 to €590,415,100.00, as described in more detail in paragraph 4.2 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Nominal Share Amount Reduction Resolution	the resolution to be considered and, if thought fit, approved by Shareholders at the General Meeting to approve the Nominal Share Amount Reduction
Non-Convertible Silent Participation	the non-convertible silent participation as described in more detail in paragraph 3.2 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Notice of General Meeting	the notice convening the General Meeting set out in Part 5 (“ <i>Notice of General Meeting of TUI AG</i> ”) of this Circular
Offer Shares	those New Shares subscribed for by Unifirm pursuant to the Unifirm Irrevocable Undertaking, as described in more detail in paragraph 2.9 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
PRA	the UK Prudential Regulation Authority
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017
Regulatory Information Service	a regulatory information service by which any changes to times and/or dates in the expected timetable will be notified to Shareholders
Relevant Financial Indebtedness	all financial indebtedness (as such term is defined in the 2016 Notes) excluding certain financial indebtedness, as described in more detail in paragraph 2.3 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Resolutions	the resolutions to be proposed at the General Meeting as set out in Part 5 (“ <i>Notice of General Meeting of TUI AG</i> ”) of this Circular, being the Nominal Share Amount Reduction Resolution, the Capital Increase Resolution and the Convertible Silent Participation Resolution
Rights Issue	an increase in the share capital of TUI by way of a fully underwritten rights issue to raise net proceeds of approximately €509 million, as described in more detail in paragraph 3.1 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Rights Issue Proceeds	the gross proceeds of the Rights Issue other than the gross proceeds arising from the New Shares subscribed for and/or acquired by Unifirm up to an aggregate shareholding of 29.9%, as described in more detail in paragraph 2.9 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Rights Issue Prospectus	the document to be published by the Company in connection with the Rights Issue for the purposes of Article 3(1) of the Prospectus Regulation and which will be approved by BaFin as competent authority under the Prospectus Regulation and notified to the FCA in the United Kingdom pursuant to Article 25(1) of the Prospectus Regulation
Rump Placement	the private placement of Rump Shares to eligible or qualified investors in certain jurisdictions as part of the Rights Issue
Rump Shares	any New Shares not subscribed for in the Subscription Offer
Shareholder	holders of Shares

Shares	ordinary registered shares (<i>Stückaktien</i>) of no par value in the capital of the Company
Silent Participations	the Convertible Silent Participation and the Non-Convertible Silent Participation, as described in more detail in paragraph 3.2 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) and paragraph 2.7 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Sponsors	Deutsche Bank and BofA Securities
Standby Underwriting Agreement	the standby underwriting agreement entered into between the Company and the Managers on 1 December 2020, as described in more detail in paragraph 3.1(c) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) and paragraph 2.10 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
StFG	German Stabilisation Fund Act (<i>Stabilisierungsfondgesetz</i>)
Subscription Offer	the offer of New Shares to the Shareholders or DI Holders of the Company pursuant to the Rights Issue, as described in more detail in paragraph 3.1 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Subscription Period	the period during which the Subscription Rights will be exercised, as described in more detail in paragraph 3.1(a) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Subscription Price	the agreed subscription price for the offer of New Shares to the existing Shareholders pursuant to the Rights Issue
Subscription Rights	rights to subscribe for New Shares at the Subscription Price pursuant to the Rights Issue
Supervisory Board (<i>Aufsichtsrat</i>)	members of the Supervisory Board (<i>Aufsichtsrat</i>) of the Company
Syndicated Facilities Agreement	the syndicated facilities agreement, as described in more detail in paragraph 2.2 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Syndicated Facilities	the Cash Facility, the KfW Facility and the Bonding Facility, as described in more detail in paragraph 2.2 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Syndicated Facility Guarantor	certain subsidiaries of the Company who have provided guarantees to the lenders and issuing banks under the Syndicated Facilities
Togebi	Togebi Holdings Limited
Togebi Holdings Limited Shareholders’ Agreement	the shareholders’ agreement entered into by TUI Travel, TUI Travel Holdings Limited, S-Group Direct Investments Limited, Oscrvia Limited and Togebi with respect to Togebi dated 15 April 2009, as described in more detail in paragraph 2.1 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
TTAFL	TUI Travel Aviation Finance Limited
TUI Cruises	TUI Cruises GmbH
TUI Travel	TUI Travel PLC
Underwriting Agreement	the underwriting agreement between the Company and the Managers to replace the Standby Underwriting Agreement, as described in more detail in paragraph 3.1(c) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular.
Underwriting Fee	an aggregate underwriting fee equal to 2.75% of the Rights Issue Proceeds
Unifirm	Unifirm Limited

Unifirm Commitment and Backstop Agreement	a commitment and backstop agreement entered into between Unifirm and the Company and the Managers on 1 December 2020, as described in more detail in paragraph 3.1(b) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) and paragraph 2.9 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
Unifirm Conditional Underwriting Commitment	the conditional commitment by Unifirm to purchase the Unplaced Rump Shares at the Subscription Price, as described in more detail in paragraph 3.1(b) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Unifirm Irrevocable Undertaking	the irrevocable undertaking given by Unifirm to the Company to exercise the Subscription Rights which will be issued to it in connection with the Rights Issue, as described in more detail in paragraph 3.1(b) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Unifirm Unconditional Underwriting Commitment	the unconditional commitment by Unifirm to purchase the Unplaced Rump Shares at the Subscription Price, as described in more detail in paragraph 3.1(b) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
Unifirm Underwriting Commitments	the Unifirm Conditional Underwriting Commitment and the Unifirm Unconditional Underwriting Commitment
Unplaced Rump Shares	the remaining Rump Shares, as described in more detail in paragraph 3.1(b) of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or U.S.	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. Securities Act	the U.S. Securities Act of 1933, as amended
WpÜG	German Securities Acquisition and Takeover Act (<i>Wertpapierhandelsgesetz</i>)
WSF or German Economic Support Fund	the economic support fund (<i>Wirtschaftsstabilisierungsfond</i>), established by the German Federal State in light of the economic impact of the COVID-19 pandemic
WSF Term Sheet	the binding term sheet entered into on 2 December 2020 by the Company and WSF in respect of the Silent Participation, as described in more detail in paragraph 2.7 of Part 4 (“ <i>Additional Information</i> ”) of this Circular
WSF Committee	Economic Support Fund Committee
WSF Increased Amount	the potential increase in the Non-Convertible Silent Participation or the issuance by WSF of a guarantee to secure the Guarantee Facility Agreement of the Company in an amount of up to €400,000,000 pursuant to the WSF Term Sheet, as described in more detail in paragraph 3.2 of Part 1 (“ <i>Letter from the Chairman of the Supervisory Board (Aufsichtsrat)</i> ”) of this Circular (and which shall be decreased by the Additional Funding Instrument)
WStBG	German Act on the Economic Stabilisation Fund (<i>Wirtschaftsstabilisierungsbeschleunigungsgesetz</i>)

