

Hanover, 26 January 2018

2018 Annual General Meeting

Dear Shareholder,

As Chairman of the Supervisory Board of TUI AG, I am writing to ask for your support at our forthcoming Annual General Meeting, which will take place on Tuesday, 13 February 2018. Based on feedback and recently raised concerns on two agenda items from some of our shareholders as well as proxy advisors, I believe it is important to put forward the rationale behind the Board's unanimous recommendation for a vote in favour of these agenda items, but I would also like to draw your attention to some changes to accommodate the concerns raised after the publication of the AGM agenda.

Election of Dr Dieter Zetsche (Agenda Item 9)

The Board would like to reiterate its full and unanimous support of the proposed appointment as a member of the Supervisory Board now and, in particular, also in Dr Zetsche's ability to fulfil all of the obligations as Chairman of TUI AG's Supervisory Board once I will have stepped down from that position.

You may be aware that Dr Zetsche is currently CEO of Daimler AG. The Board discussed this in length and came to the conclusion that Dr Zetsche's exceptional professional reputation, extensive managerial experience and strong international background of building a global power brand such as Daimler by far outweigh any concerns with his current commitments. In addition, Dr Zetsche's time availability for TUI AG has already been secured, in terms of Supervisory Board meetings, induction and for a prolonged handover.

Therefore it was concluded that the current set-up of TUI's Supervisory Board with two Deputy Chairmen and many very experienced and long-standing members of the Board will give full support to Dr Zetsche and his transition.

The discussions and engagement with our shareholders as well as with the proxy agents made us reconsider our rationale. In an effort to try to align the company's and stakeholders interest in the best way possible, I agreed to remain in my current position as Chairman of the Supervisory Board as long as the argument of over boarding of Dr Zetsche might be considered an issue.

Approval of the new Executive Board remuneration system (Agenda Item 10)

During 2017, an extensive review of Executive Board remuneration was conducted, and in December the Supervisory Board unanimously voted in favour of the new remuneration system.

To be clear, German law requires the entire Supervisory Board (not just a committee of the Board), including both shareholder and employee representatives, to approve the Executive Board remuneration. This helps to ensure that a balance of views is fully reflected, by the majority of independent shareholder representatives, those representing employees, as well as non-independent shareholder representatives.

We believe the new system includes significant improvements, which are aligned with appropriate areas of best practice for TUI AG as well as the Executive Board's strategy for sustainable growth.

As in the past the new remuneration system comprises the three elements: base salary, annual variable remuneration and a long term incentive programme. The changes to the system can be summarised as follows.

1) Removal of discretionary bonuses

- The possibility for the Supervisory Board to grant additional discretionary bonuses has been removed.

2) Changes to annual variable remuneration

- Inclusion of the annual financial performance (shift from reported EBITA to earnings before taxes (EBT) as underlying KPI) and additional shareholder oriented performance measures (return on invested capital, cash flow);
- More ambitious pay-out threshold - no pay-out on EBT if less than 90% of profit target is achieved;
- Stricter predefined performance criteria (personal objectives, Executive Board objectives and stakeholder objectives) for individual performance factor applied to bonus.

3) Changes to long term incentive plan

- Introduction of earnings per share as a performance measure in addition to total shareholder return ("TSR");
- Moving from TSR ranking to percentile ranking method (versus STOXX 600 Europe Travel & Leisure);
- Reduction of cap from 300% to 240% and no vesting for below median TSR performance.

