

# 2003 Declaration of Compliance

## **Corporate Governance at TUI AG: Executive Board and Supervisory Board issue revised declaration of conformity with Code.**

Corporate governance at TUI conformed already in the past with the majority of principles of proper and responsible corporate governance as set out in the German Corporate Governance Code. This applies to both the recommendations and the suggestions set out in the code. After the code having come into force last year, all then outstanding measures requires for its implementation were prepared and introduced step-by-step. This process was also applied to the revised code (version of 21 May 2003). TUI AG Executive Board and Supervisory Board have discussed the implementation of the code within TUI, and issued the following declaration of conformity:

"In accordance with section 161 of the German Stock Corporation Act, the Executive Board and the Supervisory Board of TUI AG declare:

1. The recommendations of the Governmental Commission on the German Corporate Governance Code in the version of 21 May 2003 as published on 4 July 2003 in the official section of the electronic Federal Gazette by the Federal Ministry of Justice were not and are not complied with in two cases:

Section 4.2.3 of the code: A cap for the long-term incentive system for Executive Board compensation (Phantom Stock) for extraordinary, unforeseeable developments is not provided for. The long-term incentive system adopted by TUI AG provides for Executive Board members to receive a bonus depending upon business results which is expressed on the basis of an average share value in a certain number of phantom shares. The value of the phantom shares corresponds with the quoted price of TUI AG shares. Setting a cap on this parameter is not necessary for the long-term incentive system for the compensation of the Executive Board of TUI AG. The new recommendation has not been and shall not be applied for these reasons.

Section 4.2.4 and section 5.4.5 of the code: The new recommendation to provide details of the compensation of individual members of the Executive Board and the Supervisory Board has not been and shall not be applied. The compensation of Executive Board and Supervisory Board is entered as a lump sum in the financial statements, for the Executive Board with a specification of the fixed and variable components as well as the long-term incentives.

2. The recommendations have not been applied in three cases to date, but will be applied in the future:

Section 4.2.2 of the code: In the future, at the proposal of the committee dealing with Executive Board contracts, the full Supervisory Board shall discuss and regularly review the structure of the Executive Board compensation system.

Section 4.2.3 of the code: At the annual general meeting in 2004, the chairman of the Supervisory Board shall for the first time outline the salient points of the Executive Board compensation system and any changes thereto.

Section 7.1.2 of the code: TUI AG aims to make the audited consolidated financial statements publicly accessible within 90 days following the completion of financial year 2003 on 31 December 2003, the interim reports within 45 days following the end of the report period.

3. Two recommendations not applied in the past, are now applied and shall be complied with in the future:

Section 3.8 of the code: The D&O insurance policy taken out by the TUI AG for the entire Group shall with effect from 2003 onwards include appropriate deductibles for the Executive Board and the Supervisory Board.

Section 4.2.3 of the code: The basic features of the compensation system and the actual details of the system of long-term incentives were itemised for the first time in 2002 financial statements and also published in the internet. The 2003 annual report will also include details of the value of share options/phantom stocks taken up by the Executive Board.

4. All other recommendations of the "Government Commission German Corporate Governance Code" in the version of 21 May 2003 were and are applied in full.

Hanover, November 2003  
TUI AG  
Executive Board and Supervisory Board"

Over and above this, TUI already complies with the majority of additional suggestions as set out in the code. The annual report for financial year 2003 will also provide details of this issue together with corresponding notes on the recommendations.

(The German version of this declaration is legally binding. The Company cannot be held responsible for any misunderstandings or misinterpretations arising from this translation.)