TUI AG Financial Year 2008
Corrected Interim Report
1 January – 30 September 2008

Aktiengesellschaft

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3rd Quarter and 9 Months of 2008

Corrected TUI Group in figures

€ million		Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Continuing operations							
Turnover		6,858	5,820	+ 17.8	15,209	12,186	+ 24.8
EBITDAR		887	940	- 5.6	1,060	1,165	- 9.1
EBITDA		690	768	- 10.1	497	691	- 28.1
EBITA		581	658	- 11.7	127	396	- 67.9
of which tourism		603	621	- 2.9	127	368	- 65.5
of which central operations		- 22	36	n/a	0	28	n/a
Underlying EBITA		760	709	+ 7.2	622	497	+ 25.2
of which tourism		782	673	+ 16.2	622	463	+ 34.4
of which central operations		- 22	36	n/a	–	34	n/a
Discontinued operation							
Earnings discontinued operation		111	97	+ 14.4	251	195	+ 28.7
EBITA		66	95	- 30.5	156	245	- 36.3
Underlying EBITA		86	107	- 19.6	219	76	+ 188.2
Group							
EBITA		647	752	- 14.0	283	641	- 55.9
Underlying EBITA		846	816	+ 3.7	842	567	+ 47.0
Goup profit/loss		436	447	- 2.6	7	383	- 98.3
Basic earnings per share	in €	+ 0.97	+ 1.68	- 42.2	- 0.01	+ 1.29	n/a
Capital expenditure		336	217	+ 55.0	810	699	+ 15.9
Equity ratio (30 September)	in %	–	–	n/a	16.0	18.7	- 2.7*)
Employees (30 September)		–	–	n/a	79,192	75,795	+ 4,5

*) percentage points

→ **Increase in underlying earnings in tourism and container shipping in the first nine months of 2008.**

→ **Successful conclusion of the agreement to sell container shipping.**

→ **Strong Group finance and liquidity situation following the completion of the sale of container shipping.**

Economic Situation in Q3 2008

General economic situation
In the course of the year, the cyclical expansion of the world economy slowed down considerably. While the downswing tendencies resulting from the crisis in the property and finance markets manifested themselves most clearly in the US and the world economy was characterised by overall robust expansion in the first half of 2008, an increasing number of regions, including the Eurozone, saw signs of a slowdown in economic activity in the third quarter. As a result, economic momentum in the emerging economies also slowed down, albeit with a certain time lag. In September, the situation was further aggravated by the difficulties experienced by several financial institutions. Subsequently, all major industrialised countries launched programmes comprising sets of measures to cushion the confidence crisis in the financial markets. Due to the aggravation of the crisis investment activity declined. Due to the strong energy intensity of production, growth was increasingly curbed by the rising fuel prices.

Correction of interim financial statements
As described in the corrected consolidated financial statements for the short financial year 2009, TUI AG directly corrected the booking errors identified in TUI Travel PLC in turnover recognition and the reversal of adjustment items shown under trade accounts payable in the respective consolidated financial statements and in the interim reports that might be of relevance for TUI AG's ability to operate in the financial markets.

Against this backdrop, the present Management Report has also been corrected. Further details and the effects, in particular on the consolidated profit and loss statement, are presented in a note on this item on pages 29 and 30 in the consolidated Notes.

Special events in the quarter under review and after the closing date
In the framework of the planned separation of container shipping from the Group, the bidding period within which prospective buyers were able to submit bids for Hapag-Lloyd AG ended on 26 September 2008. Following thorough examination of the bids received, TUI AG's Supervisory Board approved the sale of all shares in Hapag-Lloyd AG to a subsidiary of Albert Ballin KG at an enterprise value of € 4.45 billion at an extraordinary meeting held on 12 October 2008. At the same time, the Supervisory Board approved the acquisition of an entrepreneurial stake of 33.33% in the new company at a purchase price of € 700 million. TUI AG may dispose of its shares in the company. The coshareholders have preemptive rights. In addition, TUI AG has preemptive rights to tender the shares to the other shareholders, which may be exercised as at 1 January 2012 for the

first time. The transaction will be subject to approval by the antitrust authorities. The Supervisory Board also approved payment of an appropriate special dividend to TUI AG shareholders following the completion of the sale. The amount to be distributed will be established in the framework of the preparation of the annual financial statements. The Group's strong liquidity and financial situation resulting from the sale will open up investment opportunities for the further expansion of TUI AG's tourism business.

TUI AG has in accordance with Rule 2.8 of the City Code on Takeovers and Mergers announced that it has currently no intention to acquire the remaining shares in TUI Travel PLC.

In recent months, TUI Travel, Deutsche Lufthansa AG and Albrecht Knauf Industriebeteiligung GmbH discussed the examination of a potential merger of their subsidiaries Hapag-Lloyd Fluggesellschaft mbH, Hapag-Lloyd Express GmbH, Germanwings GmbH and Eurowings Luftverkehrs AG into a joint independent holding. The implementation of this project within the next twelve months has no longer been considered highly probable. Discussions have been concluded in October 2008. Assets and liabilities attributable to the 'TUIfly' companies were therefore reclassified from 'Assets held for sale' and 'Liabilities related to assets held for sale' back to the corresponding balance sheet items in the third quarter. Regardless of the reclassification, TUI Travel will continue to examine other potential alternatives to restructure its German airlines business.

Consolidated turnover and earnings

Development of turnover by divisions

Turnover by divisions

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Tourism	6,825.3	5,829.2	+ 17.1	15,144.4	12,119.3	+ 25.0
TUI Travel	6,631.4	5,650.1	+ 17.4	14,652.2	11,679.4	+ 25.5
TUI Hotels & Resorts	142.9	126.8	+ 12.7	336.7	301.7	+ 11.6
Cruises	51.0	52.3	- 2.5	155.5	138.2	+ 12.5
Central operations	33.0	- 8.8*)	n/a	64.8	66.2	- 2.1
Continuing operations	**6,858.3**	**5,820.4**	**+ 17.8**	**15,209.2**	**12,185.5**	**+ 24.8**
Container shipping	1,672.2	1,564.5	+ 6.9	4,633.5	4,460.7	+ 3.9
Discontinued operation	**1,672.2**	**1,564.5**	**+ 6.9**	**4,633.5**	**4,460.7**	**+ 3.9**
Turnover by divisions	**8,530.5**	**7,384.9**	**+ 15.5**	**19,842.7**	**16,646.2**	**+ 19.2**

*) According to IFRS 5 due to fluctuation of exchange rates

Continuing operations

In the third quarter of 2008, turnover by the TUI Group's continuing operations was 17.8% up year-on-year. Accumulated turnover for the first nine months also grew by 24.8%.

Turnover by tourism rose to € 6.8 billion in the third quarter, up 17.1% year-on-year. This growth in turnover was driven by all tourism segments, with TUI Travel in particular recording a substantial increase due to changes in consolidation. Adjusted for the consolidation of the First Choice activities, which had been included in consolidation in the third quarter of 2007 for the month of September, turnover by TUI Travel declined due to reduced tour operator capacity and weakening of the exchange rate of the British pound sterling against the euro by 4.7% year-on-year. In the first nine months of 2008, turnover was 24.8% up year-on-year. Adjusted for the turnover portion of First Choice, turnover by TUI Travel declined by 3.2%.

Discontinued operation

The discontinued operation, which comprised the reclassified container shipping activities including the interests in container terminals, recorded a 6.9% rise in turnover to € 1.7 billion in the third quarter. In the first nine months of 2008, turnover by the reclassified container shipping operations totalled € 4.6 billion, a 3.9% rise year-on-year. This increase was mainly due to the year-on-year rise in freight rate levels and slight volume growth. On the other hand, turnover was impacted by the 11.7% decline of the US dollar exchange rate against the euro in the third quarter.

Group

Overall, the TUI Group's turnover by divisions climbed 15.5% year-on-year to € 8.5 billion in the third quarter of 2008. In the first three quarters, it totalled € 19.8 billion, up 19.2% year-on-year.

Development of earnings by divisions

Underlying EBITA by divisions

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Tourism	782	673	+ 16.2	622	463	+ 34.4
TUI Travel	676	565	+ 19.7	482	322	+ 49.8
TUI Hotels & Resorts	101	101	-	129	132	- 2.3
Cruises	5	7	- 28.6	11	9	+ 22.2
Central operations	- 22	36	n/a	–	34	n/a
Continuing operations	**760**	**709**	**+ 7.2**	**622**	**497**	**+ 25.2**
Container shipping	86	107	- 19.6	219	76	+ 188.2
Discontinued operation	**86**	**107**	**- 19.6**	**219**	**76**	**+ 188.2**
Underlying EBITA by divisions	**846**	**816**	**+ 3.7**	**841**	**573**	**+ 46.8**

EBITA by divisions

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Tourism	603	621	- 2.9	127	368	- 65.5
TUI Travel	503	513	- 1.9	- 5	227	n/a
TUI Hotels & Resorts	95	101	- 5.9	121	132	- 8.3
Cruises	5	7	- 28.6	11	9	+ 22.2
Central operations	- 22	36	n/a	–	28	n/a
Continuing operations	**581**	**657**	**- 11.6**	**127**	**396**	**- 67.9**
Container shipping	66	95	- 30.5	156	245	- 36.3
Discontinued operation	**66**	**95**	**- 30.5**	**156**	**245**	**- 36.3**
Earnings by divisions (EBITA)	**647**	**752**	**- 14.0**	**283**	**641**	**- 55.8**

Continuing operations

Earnings before adjustment for one-off effects of the continuing operations tourism and central operations (EBITA) declined by € 76 million to € 581 million in the third quarter of 2008. The reasons for the decrease in TUI Travel's earnings included restructuring costs and other one-off effects, and in particular the weakening of the exchange rate of the British pound sterling against other currencies. Earnings by central operations declined year-on-year due to earnings from the valuation of financial instruments included in earnings in the third quarter of 2007 but not in the current year. Accumulated earnings for the first nine months of the year declined in particular due to integration costs and the charges for the strategic realignment of TUI Travel's airline activities of € 269 million booked in the second quarter of 2008. Adjusted for the one-off effects, underlying earnings (underlying EBITA by divisions) increased by 7.2% year-on-year to € 760 million in the third quarter and by 25.0% year-on-year to € 622 million in the first nine months of the year under review.

Underlying EBITA by division: Tourism

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
EBITA by division	**603**	**621**	**- 2.9**	**127**	**368**	**- 65.5**
Gains on disposal	*–*	*–*		*–*	*–*	
Restructuring	*+ 94*	*+ 5*		*+ 311*	*+ 10*	
Purchase price allocation	*- 7*	*+ 15*		*+ 47*	*+ 15*	
Other one-off items	*+ 92*	*+ 31*		*+ 137*	*+ 70*	
Underlying EBITA by division	**782**	**673**	**+ 16.2**	**622**	**463**	**+ 34.3**

At € 603 million, earnings by tourism were € 18 million down year-on-year. While all sectors recorded a sound operating performance, this decline was mainly attributable to restructuring costs and other one-off effects as well as the year-on-year weakening of the British pound sterling. On the other hand, an additional profit contribution was recognised due to the full consolidation of First Choice, which had only been included for the month of September in the third quarter of 2007. Earnings in the third quarter of 2008 included one-off effects of € 179 million, of which € 74 million related to the merger between First Choice and TUI's tourism entities. Earnings in the third quarter of 2007 had comprised one-off effects worth € 51 million, including € 29 million incurred in connection with the merger with First Choice, which had to be eliminated. Adjusted for the one-off effects, underlying earnings grew by 16.2% in the third quarter of 2008 and 34.3% for the first nine months of 2008.

Underlying EBITA by division: Central operations

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
EBITA by division	**- 22**	**34**	**n/a**	**0**	**28**	**n/a**
Gains on disposal	*–*	*–*		*–*	*–*	
Restructuring	*–*	*–*		*–*	*+ 6*	
Purchase price allocation	*–*	*–*		*–*	*–*	
Other one-off items	*–*	*–*		*–*	*–*	
Underlying EBITA by division	**- 22**	**34**	**n/a**	**0**	**34**	**n/a**

Underlying earnings by central operations decreased by € 56 million to € - 22 million year-on-year in the third quarter. The decline in earnings was primarily caused by the positive effects of the valuation of hedges included in 2007 figures, while the third quarter of 2008 reported negative effects from corresponding valuations. Accumulated underlying earnings for the first nine months were down by € 34 million year-on-year.

Underlying EBITA by division: Discontinued operation

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
EBITA by division	**66**	**95**	**- 30.5**	**156**	**245**	**- 36.3**
Gains on disposal	*–*	*- 8*		*–*	*- 201*	
Restructuring	*–*	*–*		*+ 7*	*–*	
Purchase price allocation	*+ 19*	*+ 20*		*+ 57*	*+ 61*	
Other one-off items	*+ 1*	*–*		*- 1*	*- 29*	
Underlying EBITA by division	**86**	**107**	**- 19.6**	**219**	**76**	**+ 188.2**

Discontinued operation

Earnings by container shipping activities, reclassified to discontinued operation, were € 29 million down year-on-year in the third quarter of 2008. As in previous quarters, expenses for the purchase price allocation totalling € 19 million and one-off effects amounting to € 1 million had to be eliminated in the third quarter. In 2007, netted expenses of € 12 million had to be accounted for. Adjusted for the one-off effects, earnings in the third quarter of 2008 totalled € 86 million for the container shipping operations, a year-on-year decline of € 21 million.

In the first nine months of 2008, earnings stood at € 156 million, down by 36.3% on the earnings posted in 2007, characterised by one-off income from the divestment of the majority interest in Montreal Gateway Terminals and the divestment of the minority interest of Hapag-Lloyd AG in Germanischer Lloyd AG totalling € 201 million. Underyling earnings in the first nine months of 2008 grew by € 143 million year-on-year due to a significant increase in operating earnings.

Underlying EBITA by division: Group

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
EBITA by division	**647**	**752**	**- 14.0**	**283**	**641**	**- 55.9**
Gains on disposal	*–*	*- 8*		*–*	*- 201*	
Restructuring	*+ 94*	*+ 5*		*+ 318*	*+ 16*	
Purchase price allocation	*+ 12*	*+ 35*		*+ 104*	*+ 76*	
Other one-off items	*+ 93*	*+ 31*		*+ 136*	*+ 41*	
Underlying EBITA by division	**846**	**816**	**+ 3.7**	**842**	**573**	**+ 46.9**

Group

Total earnings by the TUI Group's divisions decreased by € 105 million to € 647 million in the third quarter of 2008. Accumulated earnings for the first nine months amounted to € 283 million, a decline of € 358 million against the 2007 reference period, characterised by gains on disposals. Adjusted for one-off effects, earnings accounted for € 846 million (previous year: € 816 million) in the third quarter and € 842 million (previous year: € 573 million) in the first nine months.

Development of the tourism division

Tourism – Key figures

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Turnover	6,825.3	5,829.2	+ 17.1	15,144.4	12,119.3	+ 25.0
EBITA by division	**603**	**621**	**- 2.9**	**127**	**368**	**- 65.5**
Gains on disposal	–	–		–	–	
Restructuring	*+ 94*	*+ 5*		*+ 311*	*+ 10*	
Purchase price allocation	*- 7*	*+ 15*		*+ 47*	*+ 15*	
Other one-off items	*+ 92*	*+ 31*		*+ 137*	*+ 70*	
Underlying EBITA by division	**782**	**673**	**+ 16.2**	**622**	**463**	**+ 34.3**
Capital expenditure	230.6	109.9	+ 109.8	478.3	300.9	+ 59.0
Headcount (30 September)	–	–	–	70,748	67,076	+ 5.5

Following the formation of TUI Travel through the merger between the TUI Group's former tourism division and First Choice Holidays PLC in September 2007, the tourism division comprises TUI Travel with its tour operator, airline, distribution and incoming agency services and the hotel operations managed under TUI Hotels & Resorts. In addition, the tourism division also includes cruises operating under the Hapag-Lloyd Kreuzfahrten and TUI Cruises brands since the first quarter of 2008.

At € 6.8 billion, turnover by tourism was 17.1% up year-on-year in the third quarter of 2008. For the first nine months, turnover rose by 25.0%. The growth in turnover was driven by all tourism segments, with TUI Travel in particular recording substantial increases in turnover due to consolidation effects. Adjusted for the First Choice operations, which had only been included in the 2007 reference figures for the month of September, turnover declined by 4.3% in the third quarter and by 2.6% in the first nine months. The turnover decrease was attributable to the reduction in flight capacity, above all in Central and Northern Europe, and the weaker exchange rate of the British pound sterling against the euro. While tourism recorded a sound operating performance, its earnings fell by € 18 million year-on-year to € 603 million due to one-off effects as well as the impact of the year-on-year decrease in the exchange rate of the British pound sterling. Adjusted for the one-off effects, earnings grew by 16.2% in the third quarter of 2008. While the division reported a sound development of its operative business and an increase in profit contributions due to the full consolidation of First Choice, which had only been included in 2007 figures for the month of September, its earnings were impacted by a decline in the British pound sterling exchange rate. Accumulated earnings for the first nine months of 2008 declined by € 241 million year-on-year due to charges for the merger of TUI and First Choice and the strategic realignment of the airline activities. Adjusted for the one-off effects, earnings rose by 34.3% in the first nine months of 2008.

TUI Travel – Key figures

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Turnover	6,631.4	5,650.1	+ 17.4	14,652.2	11,679.4	+ 25.5
EBITA by division	**503**	**513**	**- 1.9**	**- 5**	**227**	**n/a**
Gains on disposal	–	–		–	–	
Restructuring	*+ 94*	*+ 5*		*+ 311*	*+ 10*	
Purchase price allocation	*- 7*	*+ 15*		*+ 47*	*+ 15*	
Other one-off items	*+ 86*	*+ 31*		*+ 129*	*+ 70*	
Underlying EBITA by division	**676**	**565**	**+ 19.7**	**482**	**322**	**+ 49.8**
Capital expenditure	174.8	53.6	+ 226.1	325.2	123.0	+ 164.4
Headcount (30 September)	–	–	–	52,920	50,795	+ 4.2

Turnover and earnings

In the third quarter, turnover by TUI Travel grew by 17.4% year-on-year due to the consolidation of the First Choice operations. Adjusted for this effect, the former TUI entities recorded a decrease in turnover of 4.7%. Accumulated turnover for the first nine months climbed 25.5% year-on-year, with underlying turnover down 3.2% year-on-year. Earnings in the third quarter of 2008 declined slightly year-on-year, including an increase in profit contributions resulting from the full consolidation of First Choice, which had only been included in 2007 figures for the month of September. While the key operating indicators showed a positive development, this decline was attributable in particular to one-off effects of the integration of the TUI and First Choice activities, which had to be eliminated, and the decrease in the exchange rate of the British pound sterling.

In contrast, underlying EBITA by TUI Travel rose by € 111 million to € 676 million in the third quarter of 2008. While a sound operating performance was recorded in the third quarter, charges were incurred due to the year-on-year decline of the British pound sterling exchange rate. Accumulated earnings for the first nine months were down € 232 million year-on-year. Underlying earnings rose by 49.9%.

Mainstream

Mainstream, the largest sector within TUI Travel, comprises the sale of package holidays as well as other tourism services in the three source markets Central Europe, Northern Europe and Western Europe.

TUI Travel – Mainstream volumes

'000	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Central Europe	4,099	4,223	- 2.9	8,961	9,333	- 4.0
Northern Europe	2,931	2,432	+ 20.5	7,082	5,630	+ 25.8
of which First Choice Holidays	*(1,081)*	–	*n/a*	*(2,385)*	–	*n/a*
Western Europe	2,155	1,731	+ 24.5	4,689	3,771	+ 24.3
of which First Choice Holidays	*(440)*	–	*n/a*	*(866)*	–	*n/a*
Total	**9,185**	**8,386**	**+ 9.5**	**20,732**	**18 734**	**+ 10.7**

Central Europe

In the Central Europe sector (Germany, Austria, Switzerland, Poland and the airline TUIfly), the customer volume decreased by 2.9% in the third quarter of 2008 and by 4.0% in the first nine months of 2008. This decline was largely attributable to the down-sizing in airline capacity following the reduction in the size of TUIfly's fleet by eight aircraft with effect from the second quarter of 2008. German tour operators recorded a persistently sound demand for tours in the third quarter, reflected in an improvement in average margins and an increase in the load factor on reduced capacity. TUI Suisse continued to show a positive performance. TUI Austria's year-on-year volume reductions were offset by increased sales of high-margin products. TUI Poland continued its positive performance and recorded another significant increase in customer volumes in the third quarter of 2008.

Northern Europe

In the Northern Europe sector (UK, Ireland, Canada, Nordic countries and the airlines First Choice Airways, Thomsonfly and TUIfly Nordic), volumes grew by 20.5% in the third quarter of 2008 and by 25.8% for the first nine months of 2008 due to changes in consolidation. Adjusted for the first-time consolidation of First Choice, customer volumes decreased by 23.9% in the third quarter and by 16.6% in the first nine months of 2008. This decline was primarily due to the substantial reduction in the city link portfolio in Thomsonfly's seat-only business. The down-sizing of airline capacity reduced the proportion of products offered at the lates market and generated better prices in the third quarter of 2008. Earnings also benefited from cost savings resulting from the streamlining of Group distribution already initiated in previous years. TUI Nordic continued to show a positive performance in the third quarter. Activities in Canada only generated low volumes in the third quarter due to seasonality of the business. In the Canadian travel market, the peak travel season is the winter season.

The integration of activities in the UK was continued according to plan in the third quarter. Accordingly, the expected synergies were achieved.

Western Europe

The Western Europe sector (France, the Netherlands, Belgium and the airlines Corsairfly, Arkefly and Jetairfly) recorded an increase in customer volumes of 24.5% in the third quarter and 24.3% in the first nine months of 2008 due to changes in consolidation. Adjusted for the first-time inclusion of the customer volumes of the French tour operator Marmara, the sector posted a decline of 0.9% in the third quarter and an increase of 1.4% in the first nine months of the year. While the French travel market declined slightly in the third quarter, TUI activities in France showed an overall satisfactory development due to the streamlining of the product portfolio and cost savings in Corsair. Tour operators in Belgium and the Netherlands also reported a positive business development in the important summer season.

Specialist

The Specialist sector, comprising various specialty tour operators for the Destination, Premium and Lifestages segments, posted a slight year-on-year increase in volumes to 232 thousand customers in the third quarter and 776 thousand customers in the first nine months of the year. The Destination segment recorded a positive business development in Continental Europe. The Premium segment in the UK continued to show a positive development in the third quarter, with long-haul tours, in particular, posting growth. In the Lifestages segment, the slowdown of the US economy adversely affected demand for student leisure tours in the third quarter.

Activity

In the Activity sector, which comprises travel companies for active holidays in the Marine, Adventure and Experiential segments, business continued to show a positive development in the third quarter. Apart from the positive development of the underlying business, the sound performance was also driven by profit contributions from acquisitions made in 2007 financial year in the Adventure and Experiential segments.

Online Destination Services

The Online Destination Services sector pools online services and traditional incoming agency services. Online Services continued the positive development recorded in the 2007 reference quarter. Earnings by incoming agencies decreased slightly year-on-year due to the declines in volumes for the Morocco destination and in the excursion business in Spain.

TUI Hotels & Resorts

The Group's hotel companies are pooled in TUI Hotels & Resorts. The sector reported a total of 6.8 million bed nights in the third quarter and 16.2 million bed nights in the first nine months of the year. Occupancy rose year-on-year to 91.5% in the third quarter and 83.0% in the first nine months of 2008. The development of business showed variations between the individual hotel groups and regions.

TUI Hotels & Resorts – Key figures

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Turnover	142.9	126.8	+ 12.7	336.7	301.7	+ 11.6
EBITA by division	**95**	**101**	**- 5.9**	**121**	**132**	**- 8.3**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	*+ 6*	–		*+ 8*	–	
Underlying EBITA by division	**101**	**101**	**–**	**129**	**132**	**- 2.3**
Capital expenditure	52.6	55.9	- 5.9	149.1	171.6	- 13.1
Headcount (30 September)	–	–	–	17,621	16,078	+ 9.6

Turnover and earnings

TUI Hotels & Resorts posted consolidated turnover growth of 12.7% in the third quarter of 2008. Accumulated turnover growth for the first nine months totalled 11.6%. With an increase in capacity, both the number of bed nights sold in the third quarter and average revenues per bed rose slightly year-on-year. The Riu Group reported a slight year-on-year increase in average revenues per bed in the third quarter with its activities in its destinations Mexico, Jamaica, the Dominican Republic, Bahamas and the US, while the US dollar remained weak. However, for the first nine months average revenues were still slightly down year-on-year. All other hotel companies, in particular Magic Life and Iberotel, increased their average rates.

In the third quarter of 2008, earnings totalled € 95 million, down 5.9% year-on-year. In the third quarter of 2008, expenses of € 6 million had to be eliminated in the framework of the reorganisation of the Magic Life Group. Underlying earnings thus matched 2007 levels. Accumulated earnings for the first nine months totalled € 121 million, a decline of 8.3% against 2007 earnings. The slight decline of the underlying earnings was mainly due to the currency induced negative trend in destinations in the US dollar currency region. Adjusted for one-off effects, accumulated earnings amounted to € 129 million, down 2.3%.

TUI Hotels & Resorts

Hotel brand	Capacity ('000)[1] Q3 2008	Q3 2007	Var. %	Occupancy rate (%)[2] Q3 2008	Q3 2007	Var. % points	Average revenue per bed (€)[3] Q3 2008	Q3 2007	Var. %
Riu	4,041	3,994	+ 1.2	94.1	95.2	- 1.0	46.26	45.68	+ 1.3
Magic Life	1,010	1,028	- 1.7	97.6	100.0	- 2.4	48.22	42.13	+ 14.4
Grupotel	341	341	+ 0.1	98.3	100.2	- 2.0	48.51	46.70	+ 3.9
Iberotel	754	753	+ 0.1	74.3	68.1	+ 6.3	35.41	30.90	+ 14.6
Robinson	883	746	+ 18.3	82.1	89.2	- 7.2	73.18	70.20	+ 4.2
Grecotel	357	355	+ 0.6	101.7	102.6	- 0.9	79.71	74.61	+ 6.8
Dorfhotel[4]	64	65	- 1.0	71.7	76.4	- 4.7	46.02	41.22	+ 11.6
Total	**7,451**	**7,282**	**+ 2.3**	**91.5**	**92.9**	**- 1.4**	**50.40**	**48.01**	**+ 5.0**

Hotel brand	Capacity ('000)[1] 9M 2008	9M 2007	Var. %	Occupancy rate (%)[2] 9M 2008	9M 2007	Var. % points	Average revenue per bed (€)[3] 9M 2008	9M 2007	Var. %
Riu	11,546	11,367	+ 1.6	88.6	87.5	+ 1.1	45.84	46.44	- 1.3
Magic Life	2,391	2,222	+ 7.6	78.0	84.4	- 6.4	42.91	37.73	+ 13.7
Grupotel	737	723	+ 2.0	82.5	85.8	- 3.2	43.61	41.92	+ 4.0
Iberotel	2,068	2,063	+ 0.2	66.5	61.1	+ 5.4	33.57	29.68	+ 13.1
Robinson	1,996	1,750	+ 14.0	74.4	78.3	- 3.8	76.71	73.97	+ 3.7
Grecotel	623	644	- 3.2	87.0	87.6	- 0.6	72.41	67.07	+ 8.0
Dorfhotel[4]	163	175	- 6.8	64.8	64.2	+ 0.6	35.44	30.49	+ 16.2
Total	**19,524**	**18,944**	**+ 3.1**	**83.0**	**83.1**	**- 0.1**	**48.03**	**46.91**	**+ 2.4**

[1] Number of owned/leased beds multiplied by open days per quarter
[2] Occupied beds divided by capacity
[3] Arrangement turnover divided by occupied beds
[4] The indicators shown above exclusively relate to the two Group-owned facilities in Austria, i.e. they do not relate to the Dorfhotel facilities managed under management agreements.

Riu

Riu, one of Spain's leading hotel chains, operated 101 facilities in the period under review. In the third quarter, capacity stood at 4.0 million hotel beds available, roughly matching the capacity available in the 2007 reference quarter. Occupancy of this capacity decreased by 1.0 percentage points year-on-year to 94.1%. Riu hotels in Spain, Portugal and the Canaries recorded the same occupancy level as in 2007, while the facilities in Cape Verde reported a higher occupancy rate. Demand for the hotels in the Caribbean, primarily used by US guests, declined in the light of the financial crisis in the US. Average revenues per bed increased by 1.3%. Overall, the sound development of European destinations offset the currency induced negative trend in destinations in the US dollar currency region. As before, Riu's performance again contributed essentially to the positive earnings situation of the sector.

Magic Life

Magic Life, the all-inclusive club brand, operated all of its 15 facilities in the third quarter. Capacity on offer declined slightly year-on-year since two clubs in Greece were closed down while one new club was opened in Egypt. Occupancy declined by 2.4 percentage points due to the start-up phase of the new complex. Average revenues per bed benefited from a year-on-year reduction in the portion of offerings reduced in price and grew substantially by 14.4%.

Grupotel

In the third quarter of 2008, all 34 hotels of the Grupotel chain in Majorca, Menorca and Ibiza were open. A slight decline in occupancy was offset by an increase in prices.

Iberotel

In the third quarter of 2008, all 23 Iberotels, most of which are located in Egypt and Turkey, were open. Occupancy of the capacity, which rose slightly due to the opening of the new Iberotel Boltenhagen, grew significantly to 74.3% year-on-year in the third quarter. Average revenues per bed also showed a positive development.

Robinson

Robinson, market leader in the premium club holiday segment, operated 19 of its 21 club facilities in the third quarter of 2008. Two facilities were closed for renovation purposes and for seasonal reasons. The new Robinson Club Quinta da Ria in Portugal was opened in early June. Capacity was significantly up year-on-year, with occupancy down 7.2 percentage points due to the start-up phases of the two new facilities in Morocco and Portugal. Average revenues per bed grew by 4.2% year-on-year.

Grecotel

In the third quarter, all 20 holiday facilities of the leading hotel company in Greece were open. Occupancy declined by 0.9 percentage points on slightly increased capacity. This was offset by a rise in average revenues.

Dorfhotel

In the third quarter of 2008, Dorfhotels recorded a slight decline in occupancy and an increase in average revenues due to changes in the guest structure.

Cruises

The cruises sector comprises Hapag-Lloyd Kreuzfahrten and TUI Cruises, the newly formed operation.

Cruises – Key figures

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Turnover	51.0	52.3	- 2.5	155.5	138.2	+ 12.5
EBITA by division	**5**	**7**	**- 28.6**	**11**	**9**	**+ 22.2**
Gains on disposal	–	–		–	–	
Restructuring	–	–		–	–	
Purchase price allocation	–	–		–	–	
Other one-off items	–	–		–	–	
Underlying EBITA by division	**5**	**7**	**- 28.6**	**11**	**9**	**+ 22.2**
Capital expenditure	3.2	0.4	+ 700.0	4.0	6.3	- 36.5
Headcount (30 September)	–	–	–	207	203	+ 2.0
Utilisation (in %)	**84.6**	**85.2**	**- 0.6*)**	**79.8**	**79.5**	**+ 0.3*)**

*) percentage points

Turnover and earnings

In the third quarter of 2008, turnover amounted to € 51 million, down 2.5% year-on-year. Accumulated turnover for the first nine months grew by 12.5%. TUI Cruises has not yet recorded any turnover in the third quarter.

Earnings in the third quarter declined year-on-year to € 5 million (previous year: € 7 million) while in the first nine months the result increased to € 11 million (previous year: € 9 million). In the third quarter, earnings comprised proportionate start-up costs of € 2 million for TUI Cruises for the first time. Despite adverse effects of the oil price-induced rise in operating costs, Hapag-Lloyd Kreuzfahrten reproduced the gratifying earnings level achieved in 2007 in the third quarter.

Business development

In the third quarter of 2008, Hapag-Lloyd Kreuzfahrten continued to record a positive development of bookings. Passenger volumes grew considerably year-on-year. Occupancy rates of the ships remained on a high level. Average rates per day grew again year-on-year.

Discontinued operation

Following the decision to separate container shipping from the Group, announced on 17 March 2008, this sector has been carried as a discontinued operation in accordance with IFRS 5. Apart from container shipping operations, it comprises the strategic interests in the container terminals in Hamburg (Container Terminal Altenwerder) and Montreal, Canada (Montreal Gateway Terminals).

Discontinued operation – Key figures

€ million	**Q3 2008**	**Q3 2007**	**Var. %**	**9M 2008**	**9M 2007**	**Var. %**
Turnover	1,672.2	1,564.5	+ 6.9	4,633.5	4,460.7	+ 3.9
Earnings discontinued operation	111	97	+ 14.4	251	195	+ 28.7
Adjustment according to IFRS 5*)	- 55	–	n/a	- 114	–	n/a
EAT	56	97	- 42.3	137	195	- 29.7
Net interest result/taxes on income	- 28	- 102	+ 72.5	- 19	- 50	+ 62.0
EBITA by division	**66**	**95**	**- 30.5**	**156**	**245**	**- 36.3**
Gains on disposal	*–*	*- 8*		*–*	*- 201*	
Restructuring	*–*	*–*		*+ 7*	*–*	
Purchase price allocation	*+ 19*	*+ 20*		*+ 57*	*+ 61*	
Other one-off items	*+ 1*	*–*		*- 1*	*- 29*	
Underlying EBITA by division	**86**	**107**	**- 19.6**	**219**	**76**	**+ 188.2**
Capital expenditure	104.8	105.0	- 0.2	327.2	390.7	- 16.3
Headcount (30 September)	–	–	–	7,682	7,803	- 1.6

*) Suspension of depreciation (€ 133 million) and equity measurement of participations of container shipping (€ - 19 million) since 31 March 2008.

Turnover and earnings

Turnover by the reclassified container shipping operations rose by 6.9% to around € 1.7 billion in the third quarter of 2008. Turnover also grew by 3.9% to € 4.6 billion in the first nine months. This growth resulted from a significant increase in freight rate levels and volume growth. On the other hand, the US dollar exchange rate decreased substantially against the euro.

Earnings decreased by € 29 million to € 66 million in the third quarter of 2008. The performance in the third quarter comprised one-off effects totalling € 1 million and an expense of € 19 million for the purchase price allocation, which had to be eliminated. In the corresponding reference period in 2007, netted one-off expenses of € 12 million had to be adjusted. Adjusted for the one-off effects, earnings totalled € 86 million in the third quarter, down € 21 million year-on-year. Accumulated EBITA by the divisions declined by 36.3% to € 156 million for the first nine months of 2008, since

EBITA in the 2007 reference period were characterised in particular by the inclusion of the gains on disposals from the divestment of Montreal Gateway Terminals and the minority interest in Germanischer Lloyd AG totalling € 201 million. Adjusted for the one-off effects, underlying earnings stood at € 219 million for the first nine months, a year-on-year increase of € 143 million.

Transport volumes Hapag-Lloyd

'000 TEU	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Far East	371	360	+ 3.1	1,046	1,047	- 0.0
Trans-Pacific	287	272	+ 5.4	832	777	+ 7.0
Atlantic	355	348	+ 2.0	1,060	1,098	- 3.5
Latin America	273	226	+ 20.7	727	668	+ 8.9
Australasia	192	189	+ 1.8	564	501	+ 12.5
Total	**1,478**	**1,394**	**+ 6.0**	**4,229**	**4,091**	**+ 3.4**

Freight rates Hapag-Lloyd

US-$/TEU	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Far East	1,629	1,459	+ 11.7	1,632	1,322	+ 23.4
Trans-Pacific	1,827	1,494	+ 22.3	1,672	1,434	+ 16.6
Atlantic	1,781	1,556	+ 14.5	1,712	1,489	+ 15.0
Latin America	1,540	1,415	+ 8.8	1,517	1,384	+ 9.6
Australasia	1,197	1,174	+ 2.0	1,190	1,177	+ 1.1
Ø for all trade lanes	**1,631**	**1,444**	**+ 12.9**	**1,581**	**1,380**	**+ 14.5**

Development of the trade lanes

In the third quarter, Hapag-Lloyd generated volume growth of 6.0% year-on-year. Accumulated growth in transport volumes for the first nine months of 2008 amounted to 3.4% year-on-year. Average freight rate levels were 12.9% up year-on-year in the third quarter, with accumulated freight levels up 14.5% year-on-year. All trade lanes achieved growth in transport volumes and freight rates in the third quarter. The freight rate level was also substantially influenced by the further rise in bunker prices, which accounted for an average of 622 USD/t in the third quarter.

Far East

In the Far East trade lane, transport volumes grew by 3.1% year-on-year in the third quarter. Accumulated transport volumes thus matched 2007 levels. In the third quarter, transport volumes rose year-on-year on inner-European routes. However, transports on the routes from Asia to Europe and in the opposite direction again declined year-on-year. The reasons for this decrease included in particular a weakening in demand for consumer goods, both in Asia and Europe. Moreover, the Olympic Games in China caused a decline in transport volumes to and from Asia due to operational restrictions. Freight rates continued to rise strongly year-on-year, increasing by 11.7% in the third quarter. Average freight rate levels on the routes from Europe to Asia significantly rose year-on-year. Accumulated freight rate growth totalled 23.4%.

Trans-Pacific

In the Trans-Pacific trade lane, transport volumes rose by 5.4% year-on-year in the third quarter so that accumulated growth of 7.0% was achieved. Accumulated transports from North America to Asia continued to grow year-on-year since the year-on-year weakening of the US dollar exchange rate boosted demand for American products in Asia in the course of the year. In the third quarter, the Trans-Pacific trade lane achieved the highest freight rate growth with 22.3%. This was primarily driven by the rise in freight rates on the routes from North America to Asia.

Atlantic

Transport volumes in the Atlantic trade lane grew by 2.0% in the third quarter. Transport volumes rose year-on-year on the routes from North America to Europe in particular. Accumulated transport volumes, however, dropped by 3.5% year-on-year. This was mainly due to the persistently weak economic situation due to the financial crisis in the US and the related decline in US import volumes. Average freight rate levels grew by 14.5% year-on-year in the third quarter, with accumulated freight rate growth of 15.0%. Freight rates were increased above all on the routes from North America to Europe.

Latin America

In the Latin America trade lane, transport volumes climbed by 20.7% year-on-year in the third quarter. This corresponds to an accumulated growth rate of 8.9%. This positive development was caused in particular by a rise in transport volumes on inner-Latin America routes. Freight rates also rose by 8.8% year-on-year in the third quarter. The strongest increase in freight rates was achieved on the routes from Latin America to North America and in the opposite direction. As a result, accumulated freight rate levels rose by 9.6%.

Australasia

In the Australasia trade lane, volume growth amounted to 1.8% in the third quarter, slightly down on the growth achieved in the first half of the year. This was attributable to the slowdown in growth on inner-Asian routes. However, Hapag-Lloyd achieved the strongest accumulated volume growth in this trade lane with 12.5%. In the third quarter, freight rates were increased by 2.0% year-on-year. This was in particular due to an increase in freight rates on routes within Oceania. Since inner-Asian cargo generating low freight rate levels accounted for a large portion of total volumes, the accumulated freight rate growth was 1.1% year-on-year.

Consolidated earnings

Consolidated profit and loss statement

€ million		Q3 2008	Q3 2007 2)3) revised	Var. %	9M 2008	9M 2007 2)3) revised	Var. %
Turnover		6,858.3	5,820.4	+ 17.8	15,209.2	12,185.5	+ 24.8
Cost of sales		5,836.2	4,864.7	+ 20.0	13,856.0	11,129.5	+ 24.5
Gross profit/loss		**1,022.1**	**955.7**	**+ 6.9**	**1,353.2**	**1,056.0**	**+ 28.1**
Administrative expenses		460.5	345.6	+ 33.2	1,160.3	743.6	+ 56.0
Other income/other expenses		0.6	22.5	- 97.3	- 81.5	42.4	n/a
Impairment of goodwill		–	33.6	n/a	76.1	33.6	+ 126.5
Financial result		- 54.1	- 70.4	+ 23.2	- 247.7	- 175.9	- 40.8
- Financial income		54.1	60.1	- 10.0	126.5	140.1	- 9.7
- Financial expenses		108.2	130.5	- 17.1	374.2	316.0	+ 18.4
Share of results of joint ventures and associates		+ 27.6	+ 27.1	+ 1.8	+ 40.5	+ 42.5	- 4.7
Earnings before taxes on income		**535.7**	**555.7**	**- 3.6**	**- 171.9**	**187.8**	**n/a**
Reconciliation to uncerlying earnings:							
Earnings before taxes on income		535.7	555.7	- 3.6	- 171.9	187.8	n/a
Interest result and earnings from the valuation of interest hedges		45.6	68.2	- 33.1	222.2	174.7	+ 27.2
Impairment of goodwill		–	33.6	n/a	76.1	33.6	+ 126.5
EBITA from continuing operations1)		581.3	657.5	- 11.6	126.4	396.1	- 68.1
Adjustments							
Gains on disposal		–	–		–	–	
Restructuring		*93.5*	*5.9*		*311.2*	*16.2*	
Purchase price allocation		*- 6.8*	*15.3*		*46.4*	*15.3*	
Other one-off items		*91.9*	*30.3*		*137.5*	*69.6*	
Underlying EBITA from continuing operations		**759.9**	**709.0**	**+ 7.2**	**621.5**	**497.2**	**+ 25.0**
Earnings before taxes on income		**535.7**	**555.7**	**- 3.6**	**- 171.9**	**187.8**	**n/a**
Taxes on income		210.8	205.2	+ 2.7	72.6	- 0.7	n/a
Result from continuing operations		**324.9**	**350.5**	**- 7.3**	**- 244.5**	**188.5**	**n/a**
Result from discontinued operation		110.8	96.7	+ 14.6	251.0	194.6	+ 29.0
Group profit/loss for the year		**435.7**	**447.2**	**- 2.6**	**6.5**	**383.1**	**- 98.3**
- attributable to shareholders of TUI AG of Group profit		249.5	428.7	- 41.8	13.8	341.9	- 96.0
- attributable to minority interest of Group profit		186.2	18.5	906.5	- 7.3	41.2	n/a
Group profit/loss		**435.7**	**447.2**	**- 2.6**	**6.5**	**383.1**	**- 98.3**
Basic earnings per share4)	in €	+ 0.97	+ 1.68	- 42.3	- 0.01	+ 1.29	n/a
Diluted earnings per share4)	in €	+ 0.86	+ 1.46	- 41.1	- 0.01	+ 1.22	n/a

1) EBITA is equivalent to earnings before interest, taxes on income and impairment of goodwill.

2) Since the alternative treatment allowed under IAS 23 to capitalise borrowing costs was exercised in the 2007 financial year, interest expenses declined by € 4.3 million in the previous year's reference period. At the same time, the cost of sales as well as tax expenses rose by € 0.2 million and by € 0.1 million respectively, while other income decreased by € 4.0 million. Earnings by discontinued operation rose overall by € 3.5 million.

3) Originally published previous year's figures were adjusted for purchase price allocations (especially for the First Choice Holidays Group) which in accordance with IFRS 3 have been made within twelve months after the acquisition date of a subsidiary.

4) In calculating earnings per share in accordance with the rules of IAS 33.12, the after-tax amount of the dividend on the hybrid capital was deducted from Group profit attributable to shareholders of TUI AG since the hybrid capital represents equity but does not represent equity attributable to shareholders of TUI AG.

As container shipping has been classified a discontinued operation according to IFRS 5 since March 2008, earnings by this sector are now shown under the item 'Result from discontinued operation'. They are no longer carried under continuing operations. The previous year's figures were restated accordingly in accordance with IFRS 5.

The year-on-year development of the consolidated profit and loss statement for the continuing operations was mainly driven by the inclusion of First Choice acquired in September 2007, in consolidation.

Overall, current earnings by continuing operations reflect the seasonality of the tourism business, with positive earnings primarily generated in the third quarter of any one year.

Turnover and cost of sales

Turnover comprised the turnover of the continuing operations, i.e. tourism and central operations. Turnover grew by 17.8% year-on-year to € 6.9 billion in the third quarter of 2008 and by 24.8% to € 15.2 billion in the first nine months. This increase was mainly caused by the first-time consolidation of First Choice. Turnover was shown on a cost of sales basis, which also rose due to the changes in consolidation. A detailed breakdown of turnover and the development of turnover is presented in the section 'Consolidated turnover and earnings'.

Gross profit

Gross profit as the balance of turnover and cost of sales rose year-on-year to € 1.0 billion (previous year: € 956 million). In the first nine months, gross profit totalled € 1.4 billion, a year-on-year increase of 28.1%. This growth mainly reflected the inclusion of First Choice in the group of consolidated companies.

Administrative expenses

Administrative expenses comprised expenses not directly allocable to the turnover transactions, such as expenses for general management functions. At € 461 million, they were up 33.2% year-on-year. In the first nine months, they rose by 56.0%. The considerable year-on-year increase in administrative costs resulted from the consolidation of First Choice and the restructuring and integration costs included in the quarter under review.

Other income/Other expenses

Other income and other expenses primarily comprised profits and losses from the sale of fixed asset items. They amounted to € 1 million in the third quarter, a decline of 97.3%. The year-on-year increase in netted expenses of € 124 million in the first nine months resulted from expenses related to the strategic realignment of TUI Travel's flight operations in the second quarter 2008.

Impairment of goodwill

In the third quarter of 2008 no impairments of goodwill were effected. For the first nine months, goodwill impairments rose to € 76 million, an increase of 126.5% primarily caused by 'TUIfly' and 'Tarajal Properties, S.L.' in the second quarter of 2008.

Financial result

The financial result comprised the interest result and the net result from marketable securities. At € - 54 million, the financial result grew by 23.2% year-on-year in the third quarter of 2008 and comprised financial income of € 54 million (previous year: € 60 million), which was down by 10.0% year-on-year, and financial expenses of € 108 million (previous year: € 131 million), which were down by 17.1%. The accumulated financial result for the first nine months of 2008 also declined year-on-year to € - 248 million (previous year: € - 176 million).

Share of results of joint ventures and associates

The share of results of joint ventures and associates comprised the share in net profit for the year of the associated companies and joint ventures as well as impairments of the goodwill of these companies. At € 28 million, it grew by 1.8% in the third quarter. On an accumulated basis, a decline of 4.7% to € 41 million was recorded. The year-on-year decrease in the first nine months resulted from a year-on-year decline in profit contributions by the joint ventures and associates in TUI Travel und TUI Hotels & Resorts.

Underlying EBITA of continuing operations

In the third quarter of 2008, underlying earnings of the continuing operations totalled € 760 million and thus increased by 7.2% versus previous year's level. EBITA was adjusted for gains on disposals, restructuring expenses, purchase price allocations and one-off items. The adjustments are outlined in detail in the sections on 'Consolidated turnover and earnings' and 'Development of the divisions'.

Taxes on income

Taxes on income comprised taxes on profits from the business activities of the continuing operations. In the third quarter they amounted to € 211 million, following € 205 million in 2007. Accumulated taxes on income for the first nine months accounted for € 73 million (previous year: tax income of € 1 million).

Result from discontinued operation

The result from the discontinued operation comprised the reclassified container shipping operations. It totalled € 111 million in the third quarter of 2008 and € 251 million for the first nine months. In the 2007 reference periods, the corresponding figures were € 97 million and € 195 million, respectively. In accordance with IFRS 5, scheduled depreciation of fixed assets has had to be suspended since 31 March 2008. As a result, earnings for the current quarter rose by € 133 million. Likewise, at equity measurement of the container shipping participations has had to be discontinued and thus limiting a year-on-year comparison. If equity valuation of the subsidiaries had continued to be used for the period after April 2008, results would have been € 19 million higher. A detailed breakdown is provided in the notes in the section 'Result from discontinued operation'.

Group profit

In the third quarter, Group profit totalled € 436 million (previous year: € 447 million), a decrease of € 11 million. For the first nine months of the year, Group profit accounted for € 7 million, down by € 377 million year-on-year.

Minority interests

Minority interests in Group profit totalled € 186 million for the third quarter of 2008 and € - 7 million for the first nine months of 2008. They related to the outside shareholders of TUI Travel PLC and companies in the TUI Hotels & Resorts sector.

Earnings per share

After deduction of minority interests, TUI AG shareholders accounted for € 250 million (previous year: € 429 million) of Group profit in the third quarter of 2008. As a result, basic earnings per share amounted to € 0.97 in the third quarter (previous year: € 1.68). In the first nine months, TUI AG shareholders accounted for € 14 million after deduction of minority interests. Basic earnings per share thus totalled € - 0.01 (previous year: € + 1.29) in the first three quarters of the year.

Performance indicators

Key figures of the profit and loss statement of the continuing operations

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Earnings before interest, taxes on income, depreciation, impairment and rent (EBITDAR)	**887.3**	**939.5**	**- 5.6**	**1,059.5**	**1,165.3**	**- 9.1**
Operating rental expenses	197.2	172.0	+ 14.7	562.8	474.0	+ 18.7
Earnings before interest, taxes on income, depreciation and impairment (EBITDA)	**690.1**	**767.5**	**- 10.1**	**496.7**	**691.3**	**- 28.1**
Depreciation/amortisation less reversals of depreciation[1)]	108.8	110.0	- 1.1	370.3	295.2	+ 25.4
Earnings before interest, taxes on income and impairment of goodwill (EBITA)	**581.3**	**657.5**	**- 11.6**	**126.4**	**396.1**	**- 68.1**
Impairment of goodwill	–	33.6	n/a	76.1	33.6	+ 126.5
Earnings before interest and taxes on income (EBIT)	**581.3**	**623.9**	**- 6.8**	**50.3**	**362.5**	**- 86.1**
Interest result	- 45.6	- 68.2	+ 33.1	- 222.2	- 174.7	- 27.2
Earnings before taxes on income (EBT)	**535.7**	**555.7**	**- 3.6**	**- 171.9**	**187.8**	**n/a**

1) on property, plant and equipment, intangible assets, financial and other assets

Operating rental expenses

Operating rental expenses of the continuing operations amounted to € 197 million (previous year: € 172 million) in the third quarter and € 563 million (previous year: € 474 million) in the first nine months. The increase in rental and leasing expenses was attributable to the consolidation of First Choice.

Interest result

The interest result of the continuing operations totalled € - 46 million (previous year: € - 68 million) in the third quarter. The accumulated interest result for the first nine months stood at € - 222 million (previous year: € - 175 million).

Net assets and financial position

The Group's balance sheet total grew by 8.9% to € 17.7 billion as against the end of 2007. The changes in the consolidated balance sheet essentially resulted from the business cycle in tourism. The balance sheet total was also affected by the reclassification of container shipping operations to 'Assets available for sale' and the related liabilities according to IFRS 5.

Assets and liabilities

€ million	30 Sep 2008	31 Dec 2007	Var. %
Non-current assets	7,903.9	11,528.2	- 31.4
Current assets	9,789.9	4,719.5	+ 107.4
Assets	**17,693.8**	**16,247.7**	**+ 8.9**
Equity	2,830.4	3,037.6	- 6.8
Provisions	2,125.0	2,445.8	- 13.1
Financial liabilities	5,154.7	5,539.4	- 6.9
Other liabilites	7,583.7	5,224.9	+ 45.1
Liabilities	**17,693.8**	**16,247.7**	**+ 8.9**

Non-current assets

As at 30 September 2008, non-current assets accounted for 44.7% of total assets, compared with a share of 71.0% as at 31 December 2007. Non-current assets declined from € 11.5 billion to € 7.9 billion in the period under review. This decrease was mainly attributable to the reclassification of the container shipping assets held for sale to current assets.

Current assets

As at 30 September 2008, current assets accounted for 55.3% of total assets, up from 29.0% as at 31 December 2007. Current assets rose from € 4.7 billion as at 31 December 2007 to € 9.8 billion as at 30 September 2007. This was mainly due to the increase in trade accounts receivable caused by the tourism business and the increase in cash and cash equivalents from advance payments received in the tourism business.

Equity

Equity totalled € 2.9 billion as at 30 September 2008. The equity ratio stood at 16.4%, compared with 19.0% as at the end of the 2007 financial year. Detailed information on the changes is provided under 'Changes in equity' in the notes to this interim report.

Provisions

Provisions mainly comprised provisions for pension obligations, effective and deferred tax provisions and provisions for typical operating risks. As at 30 September 2008, they totalled € 2.1 billion and were thus 13.1% down on their level as at 31 December 2007. This was mainly due to a significant decrease in pension provisions due to the increase in the long-term interest rate level in the UK and the reclassification of the pension obligations of Hapag-Lloyd AG and Hapag-Lloyd Fluggesellschaft mbH to 'Liabilities related to assets held for sale'.

Financial liabilities

As at 30 September 2008, financial liabilities consisted of non-current financial liabilities of € 4.3 billion and current financial liabilities of € 0.9 billion. As at 31 December 2007, non-current assets stood at € 4.7 billion, with current financial liabilities of € 0.8 billion. At the end of the first nine months of the 2008 financial year, net debt totalled € 2.8 billion, down from € 3.9 billion as at the end of the 2007 financial year. Net debt as at 30 September 2008 included € 0.5 billion of 'Assets held for sale' and 'Liabilities related to assets held for sale'.

Other liabilities

As at 30 September 2008, other liabilities amounted to € 7.6 billion, up by € 2.4 billion or 45.1% as against 31 December 2007. This was primarily due to the increase in advance payments received in tourism.

Other segment indicators

Capital expenditure

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Tourism	230.6	109.9	109.8	478.3	300.9	59.0
TUI Travel	174.8	53.6	+ 226.1	325.2	123.0	+ 164.4
TUI Hotels & Resorts	52.6	55.9	- 5.9	149.1	171.6	- 13.1
Cruises	3.2	0.4	+ 700.0	4.0	6.3	- 36.5
Central operations	0.7	1.9	- 63.2	4.6	7.3	- 37.0
Continuing operations	**231.3**	**111.8**	**+ 106.9**	**482.9**	**308.2**	**+ 56.7**
Container shipping	104.8	105.0	- 0.2	327.2	390.7	- 16.3
Discontinued operation	**104.8**	**105.0**	**- 0.2**	**327.2**	**390.7**	**- 16.3**
Total	**336.1**	**216.8**	**+ 55.0**	**810.1**	**698.9**	**+ 15.9**

Depreciation of property, plant and equipment

€ million	Q3 2008	Q3 2007	Var. %	9M 2008	9M 2007	Var. %
Tourism	104.5	107.0	- 2.3	358.5	284.6	+ 26.0
TUI Travel	83.3	85.4	- 2.5	295.7	221.9	+ 33.3
TUI Hotels & Resorts	19.3	19.5	- 1.0	57.3	57.2	+ 0.2
Cruises	1.9	2.1	- 9.5	5.5	5.5	–
Central operations	2.3	2.8	- 17.9	7.1	11.4	- 37.7
Continuing operations	**106.8**	**109.8**	**- 2.7**	**365.6**	**296.0**	**+ 23.5**
Container shipping	–	64.9	n/a	65.1	195.6	- 66.7
Discontinued operation	**–**	**64.9**	**n/a**	**65.1**	**195.6**	**- 66.7**
Total	**106.8**	**174.7**	**- 38.9**	**430.7**	**491.6**	**- 12.4**

Employees

	30 Sep 2008	31 Dec 2007	Var. %
Tourism	70,748	60,044	+ 17.8
TUI Travel	52,920	47,705	+ 10.9
TUI Hotels & Resorts	17,621	12,127	+ 45.3
Cruises	207	212	- 2.4
Central operations	762	821	- 7.2
Continuing operations	**71,510**	**60,865**	**+ 17.5**
Container shipping	7,682	7,656	+ 0.3
Discontinued operation	**7,682**	**7,656**	**+ 0.3**
Total	**79,192**	**68,521**	**+ 15.6**

Prospects

In recent months, prospects for the world economy have continued to deteriorate. However, the scope of the downswing triggered in the individual regions by the ongoing crisis in the property and financial sectors is not yet clear. For the industrialised countries, an overall increase in gross domestic product is still forecast for this year, although it will remain below the long-term trend. In the Eurozone, the persistent curbing effects of the rising commodity prices coincide with a further slowdown in the world economy and the spreading of the crisis in the financial markets. The emerging economies, hitherto recording robust economic momentum, will also record further declines. The slowdown in economic activity in the industrialised countries will have a curbing effect on these countries since it will cause a decrease in exports and thus restrain production growth.

According to UNWTO estimates (World Tourism Barometer, October 2008), international tourism arrivals grew by 4% in the first eight months of the current year. For the overall year 2008, the UNWTO forecasts a slowdown in growth in the overall travel market against the growth rate at the beginning of the year, with regional variations.

Tourism

The effects of the current financial crisis and a potential subsequent economic downswing in the TUI Group's key source markets on consumer demand cannot be predicted. Latest forecast as well as bookings over the last few weeks suggest weakening demand. With the summer season completed and given the current winter booking situation, the effects on the current financial year are expected to be limited.

TUI Travel successfully completed the summer season 2008. Booked turnover in TUI Travel's Mainstream business is 2% up year-on-year, with volumes down 6% year-on-year on an 8% reduction in capacity. In the first nine months of 2008, the capacity reduction in the Mainstream sector and the persistently sound demand for travel products resulted in an increased load factor and a lower proportion of offerings in the lates market. The resulting rise in margins and the improvement of the cost situation benefited the development of earnings. The effects caused by the substantial rise in energy costs in the course of the year were limited by means of hedges and price surcharges. The synergy potential was delivered according to plan. On the other hand, an adverse effect arose from the considerable year-on-year weakening of the British pound sterling exchange rate.

TUI Hotels & Resorts and cruises saw their expectations for the overall year 2008 confirmed by the stable development in the first nine months.

The development of earnings (underlying earnings before interest, taxes and impairment of goodwill [underlying EBITA by the division]) showed the following trend for the 2008 financial year after completion of the first nine months:

Earnings by TUI Travel will rise in 2008, partly due to the first-time consolidation of First Choice for a full financial year. TUI Travel will show operating improvements driven by synergies caused by the merger of TUI and First Choice, margin improvements due to the capacity and product initiatives launched in the Mainstream sector as well as further growth in the Specialist, Activity and Online Destination Services sectors. Negative effects arise from the year-on-year decline in the British pound sterling exchange rate versus last year. This effects in particular the translation of positive pound based results as well as higher input costs for Euro based hotels.

In 2008, TUI Hotels & Resorts recorded persistently sound demand for hotel beds in long-haul destinations, the Canaries and the eastern Mediterranean. The number of bed nights are expected to therefore rise year-on-year. Overall, earnings by TUI Hotels & Resorts are expected to be slightly below the previous year's level, mainly due to the currency induced negative impact in destinations in the US dollar currency region.

In the cruises segment, Hapag-Lloyd Kreuzfahrten benefited from a positive market environment for cruises and stable political conditions in the destinations. Rises in fuel costs were offset by means of higher average tour prices so that earnings are expected to match the previous year's gratifying level. The prorated start-up costs for TUI Cruises also have to be accounted for in the cruises sector in 2008.

Central operations

From today's perspective, central operations will achieve savings but will fall slightly short of the previous year's level since earnings in 2007 had included positive effects of the valuation of foreign currency transactions.

Discontinued operation

The earnings situation in container shipping in the first nine months was characterised by a significant year-on-year increase in freight rate levels. Transport volumes, in contrast, fell short of expectations in the first nine months. In this context, risks for the overall year continue to relate to the effect of the crisis in the financial markets on the development of world trade. A final assessment of this risk is not yet possible at this point. Earnings will also be affected by the development of shipping bunker costs. Bunker prices continued to rise in the third quarter of 2008. An additional factor impacting the development of earnings by container shipping will be the further development of the US dollar exchange rate against the euro. Despite the strains in the economic environment, the Executive Board expects a substantial year-on-year rise in earnings levels in the 2008 financial year.

Continuing operations/Group

Overall, the Executive Board expects a significant increase in turnover for the TUI Group's continuing operations (tourism and central operations) in the 2008 financial year, primarily driven by the first-time consolidation of the First Choice activities for a full financial year. On the basis of the earnings target for TUI's former tourism entities, the future expected earnings contributions by the former First Choice entities and initial synergy effects, the Group expects tourism to continue to achieve substantial growth in earnings in 2008.

On the basis of the operating performance in tourism and container shipping, the Executive Board expects the Group to achieve an overall increase in underlying earnings for the year as a whole. The planned one-off expenses for the merger between First Choice an TUI's tourism division in 2008 will cause significant variation between reported earnings and underlying earnings. While early indicators in tourism are currently still positive, the medium-term effects of the deterioration in the economic framework on demand for holiday tours cannot yet be reliably assessed from today's perspective. In total, the TUI Travel business model is characterised by a high degree of flexibility which enables capacity adjustments to be made should demand reduce.

Corporate Governance

In the period under review, the composition of TUI AG's boards changed as follows:

Mr Olaf Seifert retired as at 30 September 2008 and therefore left the Supervisory Board. Mr Arnd Dunse was appointed new member of the Supervisory Board with effect from 1 October 2008 by order of the local court of Hanover.

After the closing date, Mr Michael Behrendt resigned from the Executive Board with effect from 6 October 2008. The container shipping shareholding will be managed by the CEO as part of his portfolio in future.

The current complete composition of the Executive Board and Supervisory Board is listed on the Company's website (www.tui-group.com) where it has been made permanently accessible to the public.

TUI AG
The Executive Board
November 2008

Interim Financial Statements

Corrected profit and loss statement of the TUI Group for the period from 1 January to 30 September

€ million	Notes	Q3 2008	Q3 2007[2) 3)] revised	9M 2008	9M 2007[2) 3)] revised
Turnover		6,858.3	5,820.4	15,209.2	12,185.5
Cost of sales	(1)	5,836.2	4,864.7	13,856.0	11,129.5
Gross profit/loss		**1,022.1**	**955.7**	**1,353.2**	**1,056.0**
Administrative expenses	(1)	460.5	345.6	1,160.3	743.6
Other income/other expenses	(2)	+ 0.6	+ 22.5	- 81.5	+ 42.4
Impairments of goodwill	(3)	–	33.6	76.1	33.6
Financial income		54.1	60.1	126.5	140.1
Financial expenses		108.2	130.5	374.2	316.0
Share of results of joint ventures and associates		+ 27.6	+ 27.1	+ 40.5	+ 42.5
Earnings before taxes on income		**535.7**	**555.7**	**- 171.9**	**187.8**
Reconciliation to underlying earnings:					
Earnings before taxes on income		535.7	555.7	- 171.9	187.8
Interest result and earnings from the valuation of interest hedges		45.6	68.2	222.2	174.7
Impairments of goodwill		–	33.6	76.1	33.6
EBITA from continuing operations[1)]		581.3	657.5	126.4	396.1
Adjustments:					
Gains on disposals		–	–	–	–
Restructuring		*93.5*	*5.9*	*311.2*	*16.2*
Purchase price allocation		*- 6.8*	*15.3*	*46.4*	*15.3*
Other one-off items	(4)	*91.9*	*30.3*	*137.5*	*69.6*
Underlying EBITA from continuing operations		**759.9**	**709.0**	**621.5**	**497.2**
Earnings before taxes on income		**535.7**	**555.7**	**- 171.9**	**187.8**
Taxes on income		210.8	205.2	72.6	- 0.7
Result from continuing operations		**324.9**	**350.5**	**- 244.5**	**188.5**
Result from discontinued operation		110.8	96.7	251.0	194.6
Group profit/loss		**435.7**	**447.2**	**6.5**	**383.1**
- Group profit attributable to shareholders of TUI AG		249.5	428.7	13.8	341.9
- Group profit attributable to minority interests		186.2	18.5	- 7.3	41.2
Group profit		**435.7**	**447.2**	**6.5**	**383.1**

€	Q3 2008	Q3 2007[2) 3)] revised	9M 2008	9M 2007[2) 3)] revised
Basic earnings per share[4)]	**+ 0.97**	**+ 1.68**	**- 0.01**	**+ 1.29**
from continuing operations	+ 0.53	+ 1.30	- 1.01	+ 0.51
from discontinued operation	+ 0.44	+ 0.38	+ 1.00	+ 0.78
Diluted earnings per share[4)]	**+ 0.86**	**+ 1.46**	**- 0.01**	**+ 1.22**
from continuing operations	+ 0.49	+ 1.13	- 1.01	+ 0.53
from discontinued operation	+ 0.37	+ 0.33	+ 1.00	+ 0.69

1) EBITA is equivalent to earnings before interest, taxes on income and impairments of goodwill.

2) Since the alternative treatment allowed under IAS 23 to capitalise borrowing costs was exercised in the 2007 financial year, interest expenses declined by € 5.9 million in the previous year's reference period. At the same time, the cost of sales as well as tax expenses rose by € 0.3 million and by € 0.7 million respectively, while other income decreased by € 4.0 million. Earnings by discontinued operation rose overall by € 5.3 million.

3) Originally published previous year's figures were adjusted for purchase price allocations (especially for the First Choice Holidays Group) which in accordance with IFRS 3 have been made within twelve months after the aquisition date of a subsidiary.

4) In calculating earnings per share in accordance with the rules of IAS 33.12, the after-tax amount of the dividend on the hybrid capital was deducted from Group profit attributable to shareholders of TUI AG since the hybrid capital represents equity but does not represent equity attributable to shareholders of TUI AG.

Corrected balance sheet of the TUI Group

€ million	30 Sep 2008	31 Dec 2007[1) revised
Assets		
Goodwill	2,854.5	3,059.8
Other intangible assets	887.2	1,387.9
Investment property	87.1	90.5
Property, plant and equipment	2,817.8	5,698.4
Investment in joint ventures and associates	446.3	540.7
Financial assets available for sale	120.8	108.2
Trade and other receivables	426.2	408.8
Derivative financial instruments	78.3	28.8
Deferred tax assets	185.7	205.1
Non-current assets	**7,903.9**	**11,528.2**
Inventories	87.7	208.7
Financial assets available for sale	11.4	13.7
Trade and other receivables	2,050.2	2,419.3
Derivative financial instruments	219.3	413.1
Income tax receivables	42.3	42.0
Cash and cash equivalents	2,810.0	1,613.9
Assets held for sale	4,569.0	8.8
Current assets	**9,789.9**	**4,719.5**
	17,693.8	**16,247.7**

€ million	30 Sep 2008	31 Dec 2007[1) revised
Equity and liabilities		
Subscribed capital	642.3	642.3
Capital reserves	2,471.9	2,471.9
Revenue reserves	- 900.4	- 668.8
Hybrid capital	294.8	294.8
Equity before minority interests	**2,508.6**	**2,740.2**
Minority interests	321.8	297.4
Equity	**2,830.4**	**3,037.8**
Pension provisions and similar obligations	574.8	825.2
Income tax provisions	157.7	256.3
Deferred tax provisions	277.2	245.3
Other provisions	534.4	493.8
Non-current provisions	**1,544.1**	**1,820.6**
Financial liabilities	4,286.3	4,732.8
Derivative financial instruments	95.5	126.4
Other liabilities	92.1	126.9
Non-current liabilities	**4,473.9**	**4,986.1**
Non-current provisions and liabilities	**6,018.0**	**6,806.7**
Pension provisions and similar obligations	34.5	31.7
Income tax provisions	154.1	62.8
Other provisions	392.3	530.7
Current provisions	**580.9**	**625.2**
Financial liabilities	868.4	806.6
Trade accounts payable	2,815.3	2,705.8
Derivative financial instruments	284.2	174.4
Other liabilities	2,437.0	2,091.4
Current liabilities	**6,404.9**	**5,778.2**
Liabilities related to assets held for sale	**1,859.6**	**0.0**
Current provisions and liabilities	**8,845.4**	**6,403.4**
	17,693.8	**16,247.7**

1) Originally published previous year's figures were adjusted for purchase price allocations (especially for the First Choice Holidays Group) which in accordance with IFRS 3 have been made within twelve months after the aquisition date of a subsidiary.

Corrected condensed statement of recognised income and expenses

€ million	9M 2008	9M 2007 revised
Currency translation	- 78.1	- 113.8
Change in value of joint ventures and associates with no effect on profit or loss	- 32.8	15.0
Reserves for change in value of financial instruments	70.8	19.8
Actuarial gains and losses from pension obligations and related fund assets	76.4	207.8
Tax item directly offset against equity	- 65.2	- 104.8
Income and expenses directly recognised in equity	**- 28.9**	**24.0**
Group profit/loss	6.5	383.1
Total income and expenses recognised in the financial year	**- 22.4**	**407.1**
- attributable to shareholders of TUI AG	- 62.8	369.9
- attributable to minority interests	40.4	37.2

Corrected condensed cash flow statement

€ million	9M 2008	9M 2007
Cash flow from operating activities	+ 2,058.9	+ 1,402.1
Cash flow from investing activities	- 488.5	- 591.5
Cash flow from financing activities	- 197.7	562.3
Change in funds with cash effect	**1,372.9**	**1,372.9**
Change in cash and cash equivalents due to changes in consolidation and exchange rate fluctuation	**- 42.5**	**478.3**
Cash and cash equivalents at the beginning of the period	**1,614.0**	**688.7**
Cash and cash equivalents at the end of the period	**2,944.2**	**2,539.9**
of which included in the balance sheet as assets classified held for sale	134.2	46.4
Cash and cash equivalents at the end of the period for continuing operations	**2,810.0**	**2,493.5**

Notes

Correction of interim financial statements

As described in the corrected consolidated financial statements for the short financial year 2009, TUI AG directly corrected the booking errors identified in TUI Travel PLC in turnover recognition and the reversal of adjustment items shown under trade accounts payable in the respective consolidated financial statements and in the interim reports that might be of relevance for TUI AG's ability to operate in the financial markets.

The following corrections were effected in the profit and loss statement:

Corrected items of the TUI Group's profit and loss statement for the period from 1 July to 30 September

				Q3 2008			Q3 2007
€ million		before revision	revision	revised	before revision	revision	revised
Turnover		6,870.9	- 12.6	6,858.3	5,835.1	- 14.7	5,820.4
Gross profit		1,034.7	- 12.6	1,022.1	970.4	- 14.7	955.7
Earnings before income taxes		548.3	- 12.6	535.7	570.4	- 14.7	555.7
EBITA from continuing operations		**593.9**	**- 12.6**	**581.3**	**672.2**	**- 14.7**	**657.5**
Underlying EBITA from continuing operations		**772.5**	**- 12.6**	**759.9**	**723.7**	**- 14.7**	**709.0**
Result from continuing operations		337.5	- 12.6	324.9	365.2	- 14.7	350.5
Group profit/loss for the year		448.3	- 12.6	435.7	461.9	- 14.7	447.2
Attributable to TUI AG shareholders		256.1	- 6.6	249.5	440.9	- 12.2	428.7
Attributable to minority interests		192.2	- 6.0	186.2	21.0	- 2.5	18.5
Basic earnings per share	€	1.00	- 0.03	0.97	1.73	- 0.05	1.68
Diluted earnings per share	€	0.88	- 0.02	0.86	1.50	- 0.04	1.46

Corrected items of the TUI Group's profit and loss statement for the period from 1 January to 30 September

				9M 2008			9M 2007
€ million		before revision	revision	revised	before revision	revision	revised
Turnover		15,247.6	- 38.4	15,209.2	12,229.8	- 44.3	12,185.5
Gross profit		1,391.6	- 38.4	1,353.2	1,100.3	- 44.3	1,056.0
Earnings before income taxes		- 133.5	- 38.4	-171.9	232.1	- 44.3	187.8
EBITA from continuing operations		**164.8**	**- 38.4**	**126.4**	**440.4**	**- 44.3**	**396.1**
Underlying EBITA from continuing operations		**659.9**	**- 38.4**	**621.5**	**541.5**	**- 44.3**	**497.2**
Result from continuing operations		- 206.1	- 38.4	- 244.5	232.8	- 44.3	188.5
Group profit/loss for the year		44.9	- 38.4	6.5	427.4	- 44.3	383.1
Attributable to TUI AG shareholders		33.7	- 19.9	13.8	383.3	- 41.4	341.9
Attributable to minority interests		11.2	- 18.5	-7.3	44.1	- 2.9	41.2
Basic earnings per share	€	0.07	- 0.08	- 0.01	1.46	- 0.17	1.29
Diluted earnings per share	€	0.07	- 0.08	- 0.01	1.37	- 0.15	1.22

The corrections result in a reduction in trade accounts receivable of €57.9m as at 30 September 2008 (previous year € 35.9m) and an increase in trade accounts payable of €30.0m (previous year €18.6m). Equity (other revenue reserves) is reduced by €87.9m (previous year €54.5m), with an amount of €3.0m relating to prior financial years.

Accounting principles

In accordance with IAS 34 'Interim Financial Reporting', the Group's interim financial statements as at 30 September 2008 were published in a condensed form compared with the consolidated annual financial statements. As before, they were based on the historical cost principle, the only exception being the accounting method applied in measuring financial instruments.

Interpretation IFRIC 11 – 'IFRS 2 - Group and Treasury Share Transactions' –, published by the IASB, has been applicable since the beginning of the 2008 financial year. The application of this interpretation did not have any effects on the interim financial statements as at 30 September 2008. In addition the amendments of IAS 39 and IFRS 7 regarding the reclassification of financial instruments had to be applied since 1 July 2008. Also these amendments did not have any effect on the present interim financial statements.

The interim financial statements as at 30 September 2008 were prepared in accordance with the same accounting and measurement principles as those applied in the preceding consolidated financial statements as at 31 December 2007.

Since the beginning of the third quarter of 2008, the effects of hedges entered into in order to hedge against exposure to currency risks arising from the translation of the functional currency of container shipping into euro have been separately carried in equity under'Currency translation differences' (Hedge of a net investment in a foreign operation).

Basis of consolidation

The consolidated financial statements included all major subsidiaries in which TUI AG was able to directly or indirectly govern the financial or operating policies such that the Group obtained benefits from the activities of these companies.

The interim financial statements as at 30 September 2008 included a total of 44 domestic and 718 foreign subsidiaries, besides TUI AG. Since 1 January 2008, one company has been newly included in consolidation due to an expansion of its business operations. Additions also included two newly established companies and an additional 41 companies newly included in consolidation due to acquisitions. All additions to consolidation related to the tourism division.

Eleven companies were deconsolidated as against 31 December 2007. Five of these companies related to the shipping division. They were deconsolidated due to liquidation (two companies), a reduction in their business operations (two companies) or a merger (one company). An additional five companies were removed from consolidation in the tourism division due to merger, liquidation or accrual (one company each) and divestments (two companies). In addition, one company was deconsolidated in central operations due to a merger.

Acquisitions – divestments

In the first nine months of the 2008 financial year, 41 tourism companies (of which in Q3 2008: 11) were acquired at acquisition costs (including ancillary costs) amounting to the equivalent of € 112.1 million (of which in Q3 2008: € 22.1 million).

Summary presentation of the acquisitions

Name and headquarters of the acquired company	Business activity	Acquirer	Date of acquisition	Acquired share	Acquisition costs[1)] € million
Active Safary Pty. Ltd., West Leederville, Australia, and its interest in one company	Special tour operator for Australia	Trek America Travel Ltd.	21 Jan 08	each 100%	1.1
Destination Florida-New England, Inc., Florida, US and its interest in one company	Provider of services for cruise companies	First Choice Holdings, Inc.	17 Jan 08	each 100%	4.8
Gullivers Group Ltd., Tewkesbury, UK and its interest in one company	Special tour operator	TUI Travel PLC	29 Feb 08	each 100%	20.2
Your Sporting Challenge Ltd., Southampton, UK	Special tour operator	TUI Travel PLC	19 Mar 08	100%	0.3
Real Travel Ltd., Tunbridge Wells, UK and its interest in three companies	Special tour operator	TUI Travel PLC	03 Apr 08	each 100%	14.3
World Challenge Holdings Ltd., London, UK and its interest in seven companies	Special tour operator	TUI Travel PLC	29 Apr 08	each 100%	25.4
Sportsworld Holdings Ltd., Reading, UK and its interest in nine companies	Special tour operator	TUI Travel PLC	13 May 08	each 100%	18.3
Travelmood Ltd., London, UK	Special tour operator	TUI Travel PLC	02 Jun 08	100%	5.6
Société Polynésienne Promotion Hoteliére S.A.S., Tamanu, Polynesia	Hotel company	Touraventure S.A.	01 Jul 08	50%[2)]	1.9
FanFirm Pty Ltd, Sidney, Austrialia and its interest in three companies	Special tour operator	TUI Travel PLC	12 Aug 08	each 100%	15.3
Hotels London Ltd., Hertfordshire, UK	Online Booking Service	Late Rooms Ltd.	01 Sep 08	100%	1.4
Events International Ltd., Hereford, UK and its interest in four companies	Special tour operator	Gullivers Group Ltd.	30 Sep 08	each 100%	3.5
Total					**112.1**

1) The acquisition costs in foreign currencies were translated into € and also comprised the incidental costs.
2) After the aquisition of the remaining 50% the TUI Group now holds all interests in its former joint venture.

In some cases, acquisition costs also comprised the best possible estimates of additional purchase price elements depending on future events, in addition to the purchase prices already paid.

Summary presentation of the first-time consolidation balance sheets

€ million (translated)	Carrying amounts as at acquisition date	Revaluation of assets and liabilities	Revalued carrying amounts at date of first-time consolidation
Other intangible assets	0.1	67.6	67.7
Property, plant and equipment	7.3	–	7.3
Investment property	0.0	–	0.0
Fixed assets	**7.4**	**67.6**	**75.0**
Inventories	1.9	–	1.9
Receivables and other assets including prepaid expenses	38.3	–	38.3
Cash and cash equivalents	27.1	–	27.1
Deferred tax provisions	0.0	19.0	19.0
Other provisions	5.8	–	5.8
Financial liabilities	18.5	–	18.5
Liabilities and deferred income	78.2	–	78.2
Equity	**- 27.8**	**48.6**	**20.8**

The difference of € 86.8 million between the acquisition costs and the acquired revalued net assets as at the acquisition date was temporarily carried as goodwill in each case.

Since the companies were acquired shortly before the present interim financial statements of the TUI Group were prepared, the purchase price allocation to the individual assets and liabilities was only effected on a preliminary basis and no further disclosures in accordance with IFRS 3 are made.

The determination of the fair values of acquired assets and contingent liabilities, prepared on a preliminary basis in connection with the merger between TUI's tourism division and the British travel group First Choice Holidays PLC effected in September 2007, was finalised in the third quarter of 2008 within the period of twelve months from the acquisition date allowed under IFRS 3. Comparative reference information for reporting periods prior to the completion of the first-time recognition of the acquisition transaction must be presented retrospectively as if the purchase price allocation had already been completed as at the acquisition date. The table below provides an overview of the final purchase price allocation.

First Choice Holidays Group

	Carrying amounts as at acquisition date		Revaluation of assets and liabilities		Revalued carrying amounts at date of first-time consolidation	
	£ million	€ million	£ million	€ million	£ million	€ million
Goodwill	697.5	1,030.9	- 697.5	- 1,030.9	–	–
Other intangible assets	109.4	161.7	541.5	800.3	650.9	962.0
Property, plants and equipment	268.0	396.1	- 0.6	- 0.9	267.4	395.2
Investment property	35.2	52.0	–	–	35.2	52.0
Fixed assets	**1,110.1**	**1,640.7**	**- 156.6**	**- 231.5**	**953.5**	**1,409.2**
Inventories	21.6	31.9	–	–	21.6	31.9
Trade receivables	271.9	401.9	–	–	271.9	401.9
Other receivables and other assets including prepaid expenses	388.0	573.4	- 31.3	- 46.3	356.7	527.1
Deferred taxes	1.3	1.9	15.2	22.5	16.5	24.4
Cash and cash equivalents	322.4	476.5	–	–	322.4	476.5
Pension provisions	7.0	10.3	–	–	7.0	10.3
Effective and deferred tax provision	24.4	36.1	164.8	243.5	189.2	279.6
Other provisions	53.1	78.5	20.5	30.3	73.6	108.8
Financial liabilities	559.9	827.5	–	–	559.9	827.5
Trade accounts payable	674.3	996.6	–	–	674.3	996.6
Other liabilities	545.5	806.2	- 12.1	- 17.9	533.4	788.3
Equity	**251.1**	**371.1**	**- 345.9**	**- 511.2**	**- 94.8**	**- 140.1**
thereof minority interests	0.9	1.3	–	–	0.9	1.3

The goodwill arising in the consolidated balance sheet from the elimination of the acquisition costs against the prorated revalued equity, taking account of minority interests, rose by GBP 14.0 million (€ 17.6 million) to GBP 839.6 million (€ 1,054.6 million) due to changes in the purchase price allocation. The goodwill mainly represents a portion of the expected synergy potential. Consolidated earnings in the third quarter of 2007 declined by GBP 0.3 million (€ 0.5 million) due to the adjustments of the purchase price allocation, with € 0.23 million attributable to minority interests.

In the present consolidated financial statements the purchase price allocations for the acquisitions of Holidays Services S.A. (Morocco), Starquest Expeditions Inc. (US), New Horizons Tour & Travel Inc. (US), Travel Turf Inc. (US) and Asiarooms PTE. Ltd. (Singapore), effected in the 2007 financial year, were also completed within the mandatory period of twelve months stipulated by IFRS 3. The translated summary first-time consolidation balance sheet arising from these acquisitions is presented below:

Summary presentation of the final first-time consolidation balance sheets

€ million (translated)	Carrying amounts as at acquisition date	Revaluation of assets and liabilities	Revalued carrying amounts at date of first-time consolidation
Other intangible assets	0.4	38.0	38.4
Property, plant and equipment	6.8	- 1.8	5.0
Investment property	1.2	–	1.2
Fixed assets	**8.4**	**36.2**	**44.6**
Inventories	0.2	–	0.2
Receivables and other assets including prepaid expenses	13.9	- 1.7	12.2
Cash and cash equivalents	22.0	- 0.1	21.9
Deferred tax provisions	–	3.6	3.6
Other provisions	3.0	- 1.1	1.9
Financial liabilities	4.7	- 0.9	3.8
Liabilities and deferred income	44.0	6.8	50.8
Equity	**- 7.2**	**26.0**	**18.8**

The goodwill arising in the consolidated balance sheet from the elimination of the purchase price for the acquisition of around 40.2% of the shares in Holidays Services S.A. against the prorated revalued equity rose by € 0.3 million to € 3.1 million due to changes in the purchase price allocation and after elimination of minority interests.

Other purchase price allocations completed in the third quarter of 2008 resulted in a reduction in goodwill in the consolidated balance sheet of € 13.4 million due to the elimination of the acquisition costs against the prorated revalued equity.

Discontinued operation

On 17 March 2008, TUI AG announced the decision by the Executive Board and the Supervisory Board to separate container shipping from the Group. In line with that decision and the provisions of IFRS 5, the container shipping sector has been carried as a discontinued operation since 31 March 2008.

Following the approval by TUI AG's Supervisory Board on 12 October 2008, the contractual agreements on the sale of all shares in Hapag Lloyd AG and the administrative buildings in Hamburg have been concluded. The sale of the Hapag Lloyd shares is expected to be implemented in January 2009, in particular following approval by the antitrust authorities.

The discontinued operation comprised the container shipping activities and the interests in the container terminals in Altenwerder and Montreal, Canada. The two administrative buildings (Ballindamm and Rosenstrasse in Hamburg) were also carried here in accordance with the IFRS 5 provisions. In contrast, the cruises sector, previously managed in the shipping division, will be retained by the TUI Group. It has been allocated to tourism since the beginning of the financial year 2008.

Following the sale of container shipping, the TUI Group will exclusively operate in tourism. In addition, the TUI Group will hold a 33.3% stake in the container shipping business and thus exert a significant influence.

Result from the discontinued operation container shipping

Items of the profit and loss statement of the discontinued operation

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
				Container shipping
Turnover	1,672.2	1,564.5	4,633.5	4,460.7
Cost of sales	1,526.8	1,433.5	4,288.9	4,321.7
Administrative expenses	24.8	43.7	89.0	132.5
Other income/other expenses	+ 0.5	+ 4.4	+ 8.5	+ 229.9
Financial income	5.1	2.1	12.8	8.2
Financial expenses	14.9	6.1	28.5	14.7
Share of results of joint ventures and associates	–	+ 3.3	+ 5.6	+ 8.4
Earnings before taxes on income	**111.3**	**91.0**	**254.0**	**238.3**
Taxes on income	0.5	- 5.7	3.0	43.7
of which deferred taxes	0.1	- 7.3	0.7	37.7
Earnings after taxes on income (Earnings from discontinued operation)	**110.8**	**96.7**	**251.0**	**194.6**

In the first nine months of the 2008 financial year, turnover by the discontinued container shipping operation grew by € 172.8 million year-on-year due to a significant increase in US dollar freight rates and transport volumes despite the weakening of the US dollar exchange rate against the euro.

In accordance with IFRS 5, depreciation of fixed assets (carried as cost of sales) has had to be suspended since 31 March 2008. As a result, earnings rose by € 66.7 million in the current quarter (by € 132.5 million since 1 April 2008). At the same time, the results of joint ventures and associates of container shipping were no longer included in earnings. If the participations had been measured at equity, earnings would have been € 11.6 million higher in the third quarter (€ 18.9 million since 1 April 2008).

Earnings for the first nine months of 2007 comprised one-off gains from the divestment of the assets and liabilities of the Canadian Montreal Gateway Terminals and the minority interest in Germanischer Lloyd AG totalling € 200.7 million, carried in Other income. Due to purchase price adjustments, this resulted in a total gain of € 200.5 million in the 2007 financial year.

Operating earnings, adjusted in particular for the one-off income from divestments made in 2007 but also the follow-up effects caused by IFRS 5 rose year-on-year in the first nine months of 2008 due to turnover growth and cost reductions.

Assets and liabilities of the discontinued operation

€ million	30 Sep 2008	30 Jun 2008	31 Mar 2008
			Container shipping
Non-current assets	3,278.2	2,927.8	2,833.9
Current assets	1,084.4	958.2	919.5
Assets held for sale	**4,362.6**	**3,886.0**	**3,753.4**
Non-current provisions and liabilities	707.6	844.5	665.2
Current provisions and liabilities	1,143.5	953.1	894.7
Liabilities related to assets held for sale	**1,851.1**	**1,797.6**	**1,559.9**

Current assets held for sale included the cash and cash equivalents of container shipping of € 132.6 million as at 30 September 2008. The financial liabilities allocable to container shipping totalled € 580.2 million (including current financial liabilities of € 11.7 million) as at 30 September 2008.

Cash flows from operating, investing and financing activities of the discontinued operation

			Container shipping	
€ million	**Q3 2008**	**Q3 2007**	**9M 2008**	**9M 2007**
Cash flow from operating activities	- 13.0	+ 77.5	+ 248.7	+ 180.3
Cash flow from investing activities	- 90.8	- 94.9	- 279.8	- 93.7
Cash flow from financing activities	+ 123.5	+ 13.7	+ 32.5	- 90.0
Change in cash and cash equivalents due to exchange rate fluctuations	+ 11.6	- 4.9	+ 3.4	- 6.9
Change of cash and cash equivalents	**+ 31.3**	**- 8.6**	**+ 4.8**	**- 10.3**

Notes on the consolidated profit and loss statement

Since container shipping has been classified as a discontinued operation according to IFRS 5 since March 2008, earnings by this sector are now shown under the item 'Result from discontinued operation' instead of 'Continuing operations'. In accordance with IFRS 5, the previous year's figures were restated accordingly.

The year-on-year development of the consolidated profit and loss statement of the continuing operations continued to be essentially characterised by the consolidation of the First Choice Holidays Group acquired in September 2007. In the 2008 financial year, earnings of the First Choice Holidays Group have been included since the beginning of the financial year, whereas the 2007 reference periods only included earnings for the month of September.

At turnover of € 3,825.9 million, the First Choice Holidays Group posted (underlying) EBITA of € 184 million in the first nine months of the 2008 financial year.

Overall, the earnings situation of the continuing operations was characterised by one-off expenses for restructuring measures within the TUI Travel Group and the seasonality of the tourism business, as a result of which positive operating earnings are primarily generated in the second and third quarters of any one year and a cumulative operating profit is posted as of the third quarter.

In the first nine months of the 2008 financial year, turnover by the TUI Travel sector rose substantially overall due to the turnover of € 3,825.9 million posted by the First Choice Holidays Group, acquired in the late summer of 2007. Adjusted for the increase attributable to the changes in the basis of consolidation, turnover by the TUI Travel Group declined slightly. This was due to a reduction in flight capacity, above all in Central Europe and Northern Europe, and the weakness of the British pound sterling exchange rate against the euro for the Northern Europe source market. TUI Hotels & Resorts and Cruises recorded turnover growth of € 35.0 million and € 17.3 million, respectively.

(1) Cost of sales and administrative expenses

The cost of sales rose year-on-year, even adjusted for the contribution by the First Choice Holidays Group in the current financial year. Besides increases in aircraft fuel and energy prices, this development was in particular also due to expenses incurred in connection with the measurement of hedges, partly offset by the effects of cost containment programmes and the weak British pound sterling exchange rate affecting the companies in the UK.

Administrative expenses rose by € 416.7 million overall. This increase was mainly attributable to the inclusion of the First Choice Holidays Group in consolidation and the restructuring and integration costs for the TUI Travel Group, to a large extent carried under this item. The cost of sales and administrative expenses comprised the following items:

Rental and lease expenses

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
Rental and lease expenses	197.2	172.0	562.8	474.0

The increase in rental and lease expenses in the first nine months of the financial year was attributable to the consolidation of the First Choice Holidays Group and the sale-and-lease-back agreements concluded in the previous quarter in the framework of the strategic realignment of the flight operations of the TUI Travel Group. This increase was mitigated by capacity reductions in flight operations.

Personnel costs

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
Personnel costs	637.9	523.0	1,785.7	1,390.8

The increase in personnel costs caused by the inclusion of the First Choice Holidays Group in consolidation was limited by the effects of the restructuring measures implemented in previous years, above all in TUI UK and TUI AG.

Depreciation/amortisation/impairments

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
Depreciation and amortisation	106.3	109.6	364.3	295.9
Impairments of property, plant and equipment	0.5	0.0	1.3	0.1
Total	**106.8**	**109.6**	**365.6**	**296.0**

The increase in depreciation due to the integration of the First Choice Holidays Group was partly offset by a decline in depreciation due to restructuring activities in the source market Northern Europe and the strategic realignment of airline operations (sale-and-lease-back agreements).

(2) Other income/ Other expenses

Other income/Other expenses

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
Other income	10.5	34.5	34.1	57.7
Other expenses	9.9	12.0	115.6	15.3
Total	**+ 0.6**	**+ 22.5**	**- 81.5**	**+ 42.4**

Other income in the first three quarters of 2008 primarily resulted from book profits in connection with sale-and-lease-back agreements in flight operations and the sale of aircraft spare parts (€ 14.4 million in total) as well as gains on disposals in the real estate sector (€ 4.2 million). The income shown in the previous year's reference period mainly resulted from the sale of property.

Other expenses in the 9-months reporting period mainly comprised book losses from the conclusion of sale-and-lease-back agreements of € 101.3 million. These sale-and-lease-back agreements were concluded with leasing company AerCap Holdings NV and investment company Deucalion Aviation Funds for 19 aircraft previously owned by TUI Travel in the framework of the strategic realignment of the airline operations of the TUI Travel Group.

(3) Impairments of goodwill

Impairments of goodwill

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
'TUIfly'	–	–	72.7	–
Tarajal Properties, S.L.	–	–	3.4	–
Budget Travel	–	33.6	–	33.6
Total	**–**	**33.6**	**76.1**	**33.6**

The impairments of goodwill shown related to 'TUIfly' and Tarajal Properties, S.L. as in the first half of 2008. The impairment of goodwill carried for the third quarter of 2007 related to the goodwill of the Irish Budget Travel, which had to be fully impaired in 2007 in the framework of the divestment of the company.

The change in the financial result resulted from an increase in interest expenses due to the inclusion of the financial liabilities of the First Choice Holidays Group in consolidation and a bank loan taken up (total amount: € 450.0 million) on the basis of an exchangeable bond by TUI AG and the year-on-year rise in interest rate levels.

A year-on-year comparison of the tax expense for the first nine months of the 2008 financial year is of limited use only since the amount shown for the 2007 reference period included the effects of the corporate reorganisation of the German companies in connection with the formation of TUI Travel PLC and the effects of the issue of a convertible bond.

The tax expense for the continuing operations in the first nine months of 2008 mainly resulted from earnings in connection with the transfer of the maritim assets of TUI AG to Hapag Lloyd AG in order to prepare the sale of container shipping.

(4) Other one-off items according to sectors

In addition to the disclosures required according to IFRS, a reconciliation to underlying earnings is provided in the consolidated profit and loss statement. The adjustments show deconsolidation income as gains on disposals, events according to IAS 37 as restructuring measures and any resulting effects on EBITA as purchase price allocations. This reconciliation also includes the following one-off effects:

One-off effects according to sectors

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
Tourism	**91.9**	**30.3**	**137.5**	**69.6**
TUI Travel	85.9	30.3	129.2	69.6
of which First Choice Holidays	*29.0*	*10.1*	*61.7*	*10.1*
TUI Hotels & Resorts	6.0	–	8.3	–
Cruises	–	–		–
Central operations	**–**	**–**		**–**
Total	**91.9**	**30.3**	**137.5**	**69.6**

One-off expenses incurred in the tourism division in the third quarter, included an amount of € 15.0 million mainly resulting from one-off hedging effects and foreign exchange losses in flight operations and an amount of € 24.0 million for impairments of assets in flight operations and TUI Northern Europe. For the first nine months of 2008, additional major one-off expenses of € 47.6 million (of which in Q3 2008: € 33.6 million) arose from the merger of the British activities of TUI Travel PLC.

The one-off effects of € 6.0 million carried for TUI Hotels & Resorts for the third quarter of 2008 related to the reorganisation of the Magic Life Group. For the first three quarters, these effects included the provision for maintenance expenses formed in the first half of 2008 for a leased complex in the framework of the extension and renegotiation of the lease agreement.

In the third quarter of 2007, one-off expenses above all related to the additional expenditure resulting from the merger between TUI's tourism division and First Choice Holidays PLC. In the first nine months of 2008, the tourism division was primarily impacted by one-off expenses for the rebranding of the new TUIfly.com brand, one-off costs of changes in the air passenger duty in the UK which could not be passed on to passengers and one-off expenses for the revaluation of maintenance provisions for leased aircraft in the framework of the merger with the First Choice Holidays Group.

Notes on the consolidated balance sheet

The changes in the consolidated balance sheet as against 31 December 2007 were mainly characterised by the classification of container shipping as a discontinued operation according to IFRS 5 and the corresponding recognition of the assets and liabilities of this sector as separate balance sheet items.

The notes provided below will therefore only concern the changes in balance sheet items unrelated to the above effect. The changes in the balance sheet items were primarily attributable to the seasonality of the tourism business, manifesting itself more strongly since the acquisition of the First Choice Holidays Group. Both trade accounts receivable and other receivables from advance payments in tourism as well as trade accounts payable rose as a result. The seasonal increase in advance payments in tourism caused an increase in particular in other liabilities as against 31 December 2007.

Goodwill declined due to the impairments of the goodwill of 'TUIfly' and Tarajal Properties S.L. in the first half of 2008 and the weakening of the British pound sterling against the euro. The addition of goodwill (totalling the equivalent of € 82.1 million) related to aquisitions of the TUI Travel Group.

Assets held for sale as at 30 September 2008 and the related liabilities comprised the discontinued container shipping operation, disposal group Tarajal Properties S.L. and other non-current assets.

Assets held for sale

€ million	30 Sep 2008	31 Dec 2007
Container shipping	4,362.6	–
'TUIfly'	–	–
Tarajal Properties, S.L.	38.5	–
Other non-current assets	167.9	8.8
Total	**4,569.0**	**8.8**

Liabilities related to assets held for sale

€ million	30 Sep 2008	31 Dec 2007
Container shipping	1,851.1	–
'TUIfly'	–	–
Tarajal Properties, S.L.	8.5	–
Total	**1,859.6**	**–**

The negotiations between Deutsche Lufthansa AG, Albrecht Knauf Industriebeteiligung GmbH and TUI Travel concerning a merger between the 'TUIfly' companies, Germanwings GmbH and Eurowings GmbH were terminated in October 2008. TUI Travel continues to explore other potential alternatives for the realignment of its German flight operations. The conditions required to classify this business as a disposal group in accordance with IFRS 5 are not currently met with regard to the high probability of a disposal and its expected implementation within the forthcoming twelve months.

As at 30 September 2008, other non-current assets included aircraft and aircraft spare parts held for sale (€ 157.3 million), mobile homes (€ 3,5 million), yachts (€ 1.8 million), property and buildings but also apartments of a hotel complex (as at 31 December 2007: € 8.8 million).

Due to the increase in the interest rate level in the first nine months of 2008 and the deterioration in the market value of plan assets (in particular in the UK), the measurement of pension obligations according to IAS 19 resulted in a corresponding decline in these provisions. Moreover, the reclassification of the pension obligations of the discontinued container shipping operation to the balance sheet item 'Liabilities related to assets held for sale' caused a further decline in the pension provisions carried.

The development of interest rates, in particular since September 2008, was appropriately taken into account in determining the parameters for the measurement of pension obligations and derivative financial instruments.

The substantial improvement in the net financial position (€ + 1.6 billion) as against 31 December 2007 mainly resulted from the seasonality of current business operations and the redemption of current financial liabilities of TUI Travel PLC. The reclassifications to the corresponding balance sheet items required under IFRS 5 caused a further increase of € 0.5 billion.

Changes in equity

Equity increased by € 44.9 million as a result of the positive consolidated earnings.

The dividend for the 2007 financial year, resolved by the Annual General Meeting on 7 May 2008, led to a reduction in equity of € 62.8 million. Other dividend payments, in particular by TUI Travel PLC, to minority interests totalled € 58.0 million. Furthermore, a dividend was paid for the hybrid capital issued by TUI AG in December 2005.

Equity also declined as against 31 December 2007 due to the weakness of the US dollar and British pound sterling in the period under review.

TUI AG directly offset the difference between the acquisition costs for minority interests and the prorated carrying amount of net assets of the subsidiary against other revenue reserves. Due to acquisitions of minority interests in tourism, equity declined by € 56.3 million.

In the framework of long-term incentive programmes, TUI Travel PLC compensates its employees by equity-settled share-based payments. These share-based payments resulted in an increase in equity of € 15.0 million outside profit or loss in the financial year under review.

The cumulative income and expenses of the discontinued container shipping operation directly recognised in equity totalled € - 160.4 million, in particular due to the weak US dollar exchange rate.

Contingent liabilities

As at 30 September 2008, the TUI Group's contingent liabilities totalled around € 76.9 million (as at 31 December 2007: around € 70.7 million). Contingent liabilities were carried at the level of potential availment as at the balance sheet date. They mainly related to the assumption of liability for hotel companies in framework of the reorganisation of credits to fund projects.

Other financial commitments

Financial commitments from operating lease, rental and charter contracts

€ billion	30 Sep 2008	31 Dec 2007
Total (nominal values)	5.2	5.3
Fair value	4.1	4.3

At as 30 September 2008, container shipping accounted for € 1.8 billion (fair value) or € 2.2 billion (nominal value).

Remaining Other financial commitments

€ billion	30 Sep 2008	31 Dec 2007
Order commitments in respect of capital expenditure	3.6	3.4
Other financial commitments	0.6	0.7
Total (nominal values)	**4.2**	**4.1**
Fair value	**3.4**	**3.6**

The nominal value of the remaining Other financial commitments rose slightly overall as against 31 December 2007. While order commitments in respect of capital expenditure increased by € 0.2 billion to € 3.6 billion, mainly due to the ordering of six new container ship builds with a capacity of 8,750 TEU each, less the ships delivered in the 2008 financial year, other financial commitments only declined slightly. As at 30 September 2008, order commitments in respect of capital expenditure in container shipping had a nominal value of € 0.8 billion (fair value: € 0.7 billion), while order commitments in respect of capital expenditure in flight operations amounted to € 2.7 billion (fair value: € 2.1 billion).

Notes on the cash flow statement

Based on after-tax Group profit, the cash flow from operating activities was established using the indirect method. Cash and cash equivalents of the continuing operations declined by € 134.2 million (of which cash and cash equivalents of container shipping as at 30 September 2008: € 132.6 million) due to the classification of discontinued operation. In total it rose by € 1,196.1 million to € 2,810.0 million in the period under review.

The inflow of cash from operating activities rose considerably by € 656.8 million to € 2,058.9 million year-on-year. This increase was mainly attributable to the first-time consolidation of the First Choice operations and the sound performance in shipping and tourism.

The outflow of cash from investing activities totalled € 488.5 million in the current financial year. The outflow of cash in the current financial year was mainly attributable to payments made for investments in property, plant and equipment (essentially container ships and hotel complexes) and investments (above all the acquisition of companies by the TUI Travel Group). On the other hand, an inflow of cash was generated, mainly due to the sale of aircraft to AerCap Holdings NV and the redemption of loans in connection with the disposal of the AMC Group in previous years. In 2007, a total inflow of cash of € 389.3 million had been generated from the divestment of fixed assets and intangible assets, above all the sale of Montreal Gateway Terminals.

The outflow of cash from financing activities, including interest payments (€ 308.3 million), totalled € 197.7 million. While several long-term bank loans were taken up, including a credit based on an exchangeable bond by TUI AG, short-term bank loans were repaid by TUI Travel PLC.

Cash and cash equivalents decreased by a further € 42.5 million, primarily due to changes in exchange rates, i.e. the weakening of the British pound sterling.

Condensed statements of changes in equity

For the period from 1 January to 30 September 2008

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2008 (revised)	**642.3**	**2,471.9**	**- 668.8**	**294.8**	**2,740.2**	**297.4**	**3,037.6**
Dividend payments	–	–	- 110.8	–	- 110.8	- 10.0	- 120.8
Dividend hybrid capital	–	–	- 19.4	–	- 19.4	–	- 19.4
First-time consolidation	–	–	- 3.7	–	- 3.7	–	- 3.7
Effect of acquisition of minority interest	–	–	- 50.3	–	- 50.3	- 6.0	- 56.3
Share-based payments of TUI Travel PLC	–	–	15.3	–	15.3	–	15.3
Income and expenses directly recognised in equity	–	–	33.6	–	33.6	2.8	36.4
Tax items directly offset against equity	–	–	- 65.3	–	- 65.3	0.1	- 65.2
Group profit/loss	–	–	- 31.0	–	- 31.0	37.5	6.5
Balance as at 30 September 2008	**642.3**	**2,471.9**	**- 900.4**	**294.8**	**2,508.6**	**321.8**	**2,830.4**

For the period from 1 January to 30 September 2007

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2007 (revised)	**641.7**	**2,396.2**	**- 607.4**	**294.8**	**2,725.3**	**279.1**	**3,004.4**
Dividend payments	–	–	- 19.0	–	- 19.0	- 15.4	- 34.4
Dividend hybrid capital	–	–	- 19.4	–	- 19.4	–	- 19.4
Issue of convertible bond	–	119.7	–	–	119.7	–	119.7
First-time consolidation	–	–	- 198.4	–	- 198.4	7.1	- 191.3
Effect of acquisition of minority interest	–	–	- 22.6	–	- 22.6	- 0.9	- 23.5
Income and expenses directly recognised in equity	–	–	135.7	–	135.7	- 6.9	128.8
Tax items directly offset against equity	–	- 47.9	- 56.9	–	- 104.8	0.0	- 104.8
Group profit/loss	–	–	339.0	–	339.0	44.1	383.1
Balance as at 30 September 2007 (revised)	**641.7**	**2,468.0**	**- 449.0**	**294.8**	**2,955.5**	**307.1**	**3,262.8**

Segment indicators

External turnover with non-Group third parties according to divisions and sectors

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
Tourism	6,825.3	5,829.2	15,144.4	12,119.3
TUI Travel	6,631.4	5,650.1	14,652.2	11,679.4
of which First Choice Holidays	*1,721.4*	*497.2*	*3,825.9*	*497.2*
TUI Hotels & Resorts	142.9	126.8	336.7	301.7
Cruises	51.0	52.3	155.5	138.2
Central operations	33.0	- 8.8*)	64.8	66.2
Continuing operations	**6,858.3**	**5,820.4**	**15,209.2**	**12,185.5**
Discontinued operation - Container shipping	**1,672.2**	**1,564.5**	**4,633.5**	**4,460.7**

*) According to IFRS 5 due to fluctuation of exchange rates

Earnings before interest, taxes and impairment of goodwill by divisions and sectors (EBITA)

€ million	Q3 2008	Q3 2007 revised	9M 2008	9M 2007 revised
Tourism	603	621	127	368
TUI Travel	503	513	- 5	227
of which First Choice Holidays	*146*	*10*	*- 25*	*10*
TUI Hotels & Resorts	95	101	121	132
Cruises	5	7	11	9
Central operations	- 22	36	0	28
Continuing operations	**581**	**657**	**127**	**396**
Discontinued operation - Container shipping	**121*)**	**95**	**270*)**	**245**

*) including follow-up effects of IFRS 5 (nine months period and third quarter 2008 respectively): suspension of depreciation (€ 132.5 million and € 66.7 million) and measurement of participations at equity (€ 18.9 million and € 11.6 million)

In the first nine months of the 2008 financial year, earnings before interest, taxes and impairments of goodwill (EBITA) comprised the following results from joint ventures and associates: tourism € 40.5 million (previous year: € 42.5 million) and shipping (for the first quarter of 2008) € 5.6 million (previous year € 8.4 million).

Related parties

Apart from the subsidiaries included in the consolidated financial statements, TUI AG, in carrying out its ordinary business activities, maintained indirect or direct relationships with related parties. All transactions with related parties were carried out at arm's length on the basis of international comparable uncontrolled price methods in accordance with IAS 24, as before. More detailed information on related parties is provided under 'Other notes' in the notes on the consolidated financial statements for 2007.

Reservation concerning future-related statements

The present interim report contains various statements relating to TUI's future development. These statements are based on assumptions and estimates. Although we are convinced that these forward-looking statements are realistic they are not guarantees of future performance since our assumptions involve certain risks and uncertainties that may cause actual results to differ materially from expected results. This may be due to market fluctuations, the development of world market prices for commodities and exchange rates or fundamental changes in the economic environment. TUI does not intend to and does not undertake any obligation to update or revise any forward-looking statements in order to reflect events or developments after the date of this report.

Financial Calendar 2009

Annual Press Conference 2009	25 March 2009
Annual General Meeting 2009	13 May 2009

Imprint

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