TUI AG Financial Year 2006

Interim Report 1 January – 30 September 2006

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Q3 2006

TUI Group in Figures

€ million		Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Continuing operations						
Turnover		6,740	6,223	16,242	13,793	+ 17.8
EBITDAR		993	1,052	1,927	1,639	+ 17.6
EBITDA		692	829	1,067	1,065	+ 0.2
EBITA		529	708	548	713	- 23.1
of which tourism		584	583	653	521	+ 25.3
shipping		- 25	95	- 91	218	n. m.
central operations		- 30	30	- 14	- 26	+ 46.2
Discontinuing operations						
EBITA		6	61	29	151	- 80.8
Group						
EBITA		535	769	577	864	- 33.2
Adjusted EBITA		543	715	508	787	- 35.5
Group profit		299	604	247	564	- 56.2
Basic earnings per share	(in €)	+ 1.09	+ 2.98	+ 0.83	+ 2.88	- 71.2
Capital expenditure		145	174	641	611	+ 4.9
Equity ratio (30 Sept)	(in %)	–	–	26.6	28.5	- 5.2
Employees (30 Sept)		–	–	61,840	66,199	- 6.6

→ **Earnings by tourism matching 2005 levels in the third quarter.**

→ **Integration of CP Ships virtually completed.**

→ **Earnings by shipping impacted by persistently difficult market environment and integration costs.**

Economic situation in Q3 2006

General economic situation

In the second half of the year, the world economy ran out of steam. The US saw a decline in overall economic capacity utilisation and a weakening of private consumption. While production growth also slowed down in Japan, the eurozone continued to record strong economic expansion. However, GDP growth rates in the eurozone topped out in mid 2006 since global economic stimuli weakened and economic activity was curbed by the tight monetary policies in almost all industrialised countries. The emerging markets in Asia and Latin America continued their robust growth path but saw a slowdown in expansion from its recently fast pace due to the development in the US.

Consolidated turnover and earnings

First-time application of several compulsory revised IFRS standards in the preparation of the consolidated financial statements for 2005. Q3 and 9M 2005 were restated accordingly in order to enhance comparability.

Turnover by divisions

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Tourism	5,160.8	5,285.8	11,312.9	11,294.3	+ 0.2
Central Europe	2,137.5	2,155.8	4,597.2	4,510.2	+ 1.9
Northern Europe	1,743.4	1,820.9	3,893.3	3,945.6	- 1.3
Western Europe	1,069.9	1,048.1	2,306.3	2,245.3	+ 2.7
Destinations	206.8	196.5	445.2	406.8	+ 9.4
Other tourism	3.2	64.5	70.9	186.4	- 62.0
Shipping	1,511.0	873.3	4,756.4	2,307.3	+ 106.1
Central operations	67.9	63.6	172.5	191.5	- 9.9
Continuing operations	**6,739.7**	**6,222.7**	**16,241.8**	**13,793.1**	**+ 17.8**
Trading	–	252.1	401.0	747.6	- 46.4
Special logistics	–	109.2	–	325.3	–
Discontinuing operations	**–**	**361.3**	**401.0**	**1,072.9**	**- 62.6**
Turnover by divisions	**6,739.7**	**6,584.0**	**16,642.8**	**14,866.0**	**+ 12.0**

Turnover of continuing operations

Consolidated turnover of the TUI Group's continuing operations – tourism, shipping and central operations – was at € 6.74 billion (previous year: € 6.22 billion), 8.3% up year-on-year in the third quarter of 2006. In the first three quarters of 2006, Group turnover totalled € 16.24 billion (previous year: € 13.79 billion), an increase of 17.8%.

The main growth driver in the third quarter and the first three quarters was the additional turnover volume in the shipping division resulting from the acquisition of CP Ships in October 2005. In tourism, turnover declined slightly in the third quarter. In the first three quarters of 2006 it matched 2005 levels.

Turnover of discontinuing operations

Following the divestment of the steel service companies of Preussag North America, Inc. (PNA) in May 2006, the TUI Group no longer holds any discontinuing operations; so the corresponding turnover was no longer generated in the third quarter of 2006. Accumulated turnover for the first nine months of 2006 declined by 62.6% year-on-year.

Turnover TUI Group

Total turnover by the TUI Group's divisions amounted to € 6.74 billion (previous year: € 6.58 billion) in the third quarter of 2006, up 2.4% year-on-year. It rose by 12.0% to € 16.64 billion (previous year: € 14.87 billion) in the first nine months of 2006, essentially due to the consolidation of CP Ships.

Earnings by divisions (EBITA)

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Tourism	584	583	653	521	+ 25.3
Central Europe	173	162	137	115	+ 19.1
Northern Europe	235	229	186	170	+ 9.4
Western Europe	67	82	28	58	- 51.7
Destinations	112	111	156	180	- 13.3
Other tourism	- 3	- 1	146	- 2	n. m.
Shipping	- 25	95	- 91	218	n. m.
of which operating earnings	- 11	95	15	218	- 93.1
of which integration costs	- 14	–	- 106	–	–
Central operations	- 30	30	- 14	- 26	+ 46.2
Continuing operations	**529**	**708**	**548**	**713**	**- 23.1**
Trading	- 1	11	17	39	- 56.4
Special logistics	5	15	5	77	- 93.5
Other divestments	2	35	7	35	- 80.0
Discontinuing operations	**6**	**61**	**29**	**151**	**- 80.8**
Earnings by divisions	**535**	**769**	**577**	**864**	**- 33.2**

Earnings by continuing operations in Q3

In the third quarter of 2006, earnings by the continuing operations, tourism and shipping as well as central operations, declined 25.3%. The individual sectors showed uneven performance trends.

Earnings by tourism matched 2005 levels, growing by € 1 million (+ 0.2%). While Central Europe sector achieved an increase in earnings from flight operations and Northern Europe posted earnings growth, the Western Europe source market recorded a significant drop in earnings due to the persistently difficult market environment in France. Earnings by tourism also included restructuring costs of € 7 million.

The difficult market conditions in container shipping persisted in the third quarter and caused an overall negative profit contribution of the shipping division, down € 120 million year-on-year. Against the backdrop of stagnating volumes and a decrease in average freight rates, this was caused by the persistently high level of bunker costs and charter rates.

Central operations reported a year-on-year decline in earnings of € 60 million. This included positive effects in particular from measurements of conversion options from the 2003 convertible bond as well as currency and fuel hedges of € 46 million.

Earnings by continuing operations in Q1 – Q3

Accumulated earnings by the continuing operations for the first three quarters of 2006 declined by 23.1% year-on-year.

The significant earnings growth of € 132 million (+ 25.3%) in tourism resulted from the book profit (totalling € 149 million) from the divestment of the business travel activities in the first quarter of 2006. Adjusted for this special effect, earnings declined by € 18 million in the first nine months. Besides the drop in the performance of France in the Western Europe sector, another factor impacting earnings were the restructuring expenses of € 27 million in the tourism division.

Overall, earnings by shipping declined substantially by € 309 million year-on-year due to the difficult market environment in container shipping. Adjusted for the accumulated integration costs (restructuring costs: € 64 million and current integration costs: € 42 million) of € 106 million, however, the remaining profit contribution from operating activities totalled € 15 million.

Earnings by central operations rose by € 12 million year-on-year (+ 46.2%) due to one-off effects from a divestment in the real estate segment and the valuation of conversion options from the 2003 convertible bond.

Earnings by discontinuing operations

In the third quarter of 2006, the TUI Group no longer held any discontinuing operations. Earnings of € 6 million primarily resulted from lagging income from the divestment in rail logistics effected in December 2005. In the first nine months of 2006, earnings by the discontinuing operations totalled € 29 million (previous year: € 151 million). The decline resulted from the complete divestment of rail logistics in 2005 and the divestment of the trading sector as at 9 May 2006.

Overall, earnings by the TUI Group's divisions declined by 30.4% to € 535 million (previous year: € 769 million) in the third quarter of 2006. In the first three quarters, earnings by the divisions dropped by 33.2% to € 577 million (previous year: € 864 million).

Adjusted earnings by divisions

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Earnings by divisions (EBITA)	**535**	**769**	**577**	**864**	**- 33.2**
Gains on disposal	+ 6[1]	+ 35[2]	+ 160[3]	+ 72[4]	+ 122.2
CP Ships integration costs	- 14	–	- 106	–	–
Revaluation of conversion options	–	+ 19	+ 15	+ 5	+ 200.0
Adjusted EBITA	**543**	**715**	**508**	**787**	**- 35.5**

[1] Essentially lagging income from the divestment of rail logistics
[2] Purchase price adjustment in connection with the divestment of the Energie Group
[3] Of which book profit TQ3 Group: € + 149 million in the first half of 2006
[4] Of which gain on disposal from the divestment of rail logistics: € + 37 million in the second quarter of 2005

Adjusted earnings

Adjusted for the gains on disposal and the cost of the integration of CP Ships, earnings by the divisions were 24.1% down year-on-year in the third quarter of 2006. For the first three quarters of 2006, they also declined by 35.5% year-on-year.

With effect from 3 April 2006, TUI AG waived its option, to be exercised unilaterally, of delivering cash if conversion options from the convertible bond issued in 2003 were to be converted. Fair value measurement with an effect on results ended as of that date so that the effect of the revaluation of conversion options, required according to IAS 39 in combination with IAS 32, was recorded for the last time in the first quarter of 2006.

Group profit
In the third quarter of 2006, Group profit declined by 50.5% year-on-year to € 299.4 million (previous year: € 604.3 million). Accumulated Group profit for the first nine months of 2006 dropped by 56.2% to € 246.9 million (previous year: € 564.0 million). This was mainly attributable to the decline in earnings by the divisions (EBITA), caused by the drop in the performance of the shipping division and the reduction in the profit contribution by discontinuing operations.

Events after the closing date
With effect from 5 October 2006, TUI AG sold its majority interest in Wolf GmbH, a company operating in the heating, ventilation and air conditioning sector at a selling price of € 62 million. It was purchased by Centrotec Sustainable AG, Brilon. With this transaction, TUI divested its last remaining industrial shareholding.

The Indian software company Sonata Software Limited will hold a 50.1% share in the IT services company TUI InfoTec and will manage it as a joint venture in cooperation with TUI, which still holds 49.9% of the joint venture. The selling price for the share totalled € 18 million. The transaction is expected to be completed in the fourth quarter of 2006.

In the framework of the reorganisation of business in Germany, the tour operator activities of the TUI, 1-2-Fly and Airtours brands and the TUI Leisure Travel Management sales organisation were merged into one company in the summer of 2006. In this context, the production of tours of the Airtours brand and thus around 100 jobs have been transferred from Frankfurt to Hanover. The remaining around 100 jobs are planned to be successively shed.

Development of the divisions

Tourism

Key figures Tourism

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	5,160.8	5,285.8	11,312.9	11,294.3	+ 0.2
Earnings by division (EBITA)	584	583	653	521	+ 25.3
Capital expenditure	129.9	143.0	478.0	393.3	+ 21.5
Employees (30 Sept)	–	–	52,552	58,191	- 9.7
Customer numbers (million)					
Central Europe	3,784	3,669	8,481	8,072	+ 5.1
Northern Europe	2,357	2,493	5,453	5,627	- 3.1
Western Europe	1,619	1,632	3,569	3,642	- 2.0
Total	**7,760**	**7,794**	**17,503**	**17,341**	**+ 0.9**

Turnover tourism

In the third quarter, total turnover by tourism dropped slightly year-on-year by 2.4%, while accumulated turnover rose slightly by 0.2%. The Central Europe sector posted a slight decline in turnover of 0.8% in the quarter under review. Accumulated turnover rose by 1.9%. This was due to an increase in the number of tour operator customers, largely attributable to the low-cost carrier. The Northern Europe sector posted a 4.3% decline in turnover in the third quarter and a 1.3% decline in accumulated turnover for the first three quarters due to declines in customer numbers. In the Western Europe sector, the turnover drop in France and the turnover stagnation in the Netherlands were more than offset by growth in Belgium, both in the third quarter and the first three quarters, so that the sector posted overall growth of 2.1% in the third quarter and 2.7% for the first nine months. The destinations sector reported turnover growth of 5.2% and 9.4% in the periods under review, while Other tourism saw a decline in its performance, particularly due to the divestment of the business travel operations.

Earnings by tourism

In the third quarter of 2006, earnings by the tourism division matched 2005 levels. The drop in the performance of the Western Europe sector caused by the difficult market environment in France was completely offset by the substantial improvement in earnings in Central Europe and the gratifying earnings level in Northern Europe. The destinations sector reproduced 2005 earnings levels. In the first nine months, earnings by tourism rose by 25.3% due to the divestment of the business travel activities in the first quarter of 2006 (total book profit: € 149 million). Adjusted for this effect, they were € 18 million down year-on-year. Earnings in 2005 had benefited from the first-time consolidation of the Toufag Group (three Spanish Robinson Clubs) in the destinations sector. Another reason for the decline was the drop in earnings in Western Europe. Restructuring costs totalled € 27 million, including € 12 million incurred in Central Europe, € 12 million in Western Europe and € 3 million in the Other tourism.

Key figures Central Europe

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	2,137.5	2,155.8	4,597.2	4,510.2	+ 1.9
Earnings by division (EBITA)	173	162	137	115	+ 19.1
Capital expenditure	31.3	5.5	206.0	67.8	+ 203.8
Employees (30 Sept)	–	–	9,872	9,761	- 1.1

Turnover Central Europe

In the Central Europe sector (Germany, Austria, Switzerland and airlines Hapag-Lloyd Flug and Hapag-Lloyd Express), the number of customers rose by 3.2% to 3.78 million (previous year: 3.67 million) in the third quarter of 2006. Accumulated customer numbers for the first three quarters of 2006 totalled 8.48 million (previous year: 8.07 million), up 5.1%. Turnover declined slightly by 0.8% in the third quarter of 2006. Accumulated turnover for the first three quarters of 2006 grew by 1.9%. This was primarily attributable to the development of business in Germany.

Earnings Central Europe

Earnings by the sector grew by 6.8% in the third quarter and by 19.1% in the first three quarters of 2006. This was due to a significant improvement in earnings from flight operations. While income of € 6 million was generated in the third quarter from an aircraft sale-and-lease-back agreement, expenses of € 1 million were incurred in the framework of the restructuring programme launched in Germany to enhance efficiency. Earnings in Austria were impacted by the low booking volumes for Turkey and Egypt; Switzerland, in contrast, reported a slight increase in earnings.

Customer numbers Central Europe

'000	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Germany	3,333	3,226	7,632	7,231	+ 5.5
Switzerland	105	95	212	205	+ 3.1
Austria	347	348	637	636	+ 0.2
Central Europe	**3,784**	**3,669**	**8,481**	**8,072**	**+ 5.1**

Germany

In Germany, the market and competitive environment was difficult in the third quarter of 2006. Nevertheless, TUI tour operators managed to achieve a 3.3% increase in customer numbers year-on-year. While the TUI and 1-2-Fly tour operators reported declines, the special tour operators managed to grow, in some cases significantly. Demand for the Balearic Islands and Italy was very good, while Turkey and North Africa continued to suffer from restrained bookings.

Switzerland

The Swiss tour operation market maintained a steady level in the third quarter of 2006. Against this backdrop, TUI Suisse tour operators managed to achieve 10.7% growth in customer numbers. This trend was mainly supported by the tour operator brands FlexTravel and 1-2-Fly, newly introduced in the summer of 2005. Imholz, which was rebranded TUI in the third quarter, also managed to grow.

Austria

In Austria, the continued restraint in bookings of tours to Turkey and Egypt impacted the market and thus also TUI Austria tour operators. Customer numbers dropped slightly by 0.3%. The Gulet and Magic life brands recorded declines due to their strong focus on Turkey, while the TUI and Terra brands achieved growth.

Key figures Flight operations Central Europe

	Number of Group-owned aircraft			Seat kilometres (million)			Seat load factor (%)		
	Q3 2006	Q3 2005	Var. abs.	Q3 2006	Q3 2005	Var. %	Q3 2006	Q3 2005	Var. % points
Hapag-Lloyd Flug	33	37	- 4	5,703	6,296	- 9.4	91.9	91.8	+ 0.1
Hapag-Lloyd Express	18	15	+ 3	1,448	1,173	+ 23.4	83.4	83.3	+ 0.1

Hapag-Lloyd Flug/ Hapag-Lloyd Express

In the third quarter, the number of aircraft operated by Hapag-Lloyd Flug was four aircraft down year-on-year. Since the fleet structure was also changed so that fewer passengers could be carried, the number of seat kilometres on offer also dropped. Thus, the seat load factor remained constantly high. Hapag-Lloyd Flug's seat-only business recorded a positive trend in the third quarter 2006. In the period under review, a decision was taken to integrate the two German airlines Hapag-Lloyd Flug and Hapag-Lloyd Express. As of the 2007 summer season, they will operate under a joint flight schedule.

Key figures Northern Europe

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	1,743.4	1,820.9	3,893.3	3,945.6	- 1.3
Earnings by division (EBITA)	235	229	186	170	+ 9.4
Capital expenditure	31.8	14.7	60.0	46.5	+ 29.0
Employees (30 Sept)	–	–	15,874	17,180	- 7.6

Turnover Northern Europe

In the Northern Europe sector (UK, Ireland, Nordic countries as well as airlines Thomsonfly (charter and scheduled flights) and TUIfly Nordic), the number of customers dropped by 5.4% to 2.36 million (previous year: 2.49 million) in a difficult market environment in the third quarter of 2006. In the first three quarters of 2006, the number of customers travelling with tour operators of this sector totalled 5.45 million (previous year: 5.63 million), a decline of 3.1% year-on-year. This trend was also reflected by turnover, which dropped year-on-year both in the third quarter and the first three quarters by 4.3% and 1.3%, respectively.

Earnings Northern Europe

Earnings by the Northern Europe sector rose 2.6% in the third quarter and 9.4% in the first three quarters against 2005 levels. Adjusted for non-periodic income of the current year, operating earnings declined. The restructuring measures implemented in 2005, however, had positive effects, improving cost structures due to commission cuts in third-party distribution and process optimisations.

Customer numbers Northern Europe

'000	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
UK	1,822	1,965	4,239	4,403	- 3.7
Ireland	157	160	299	302	- 0.9
Nordic countries	378	368	915	922	- 0.8
Northern Europe	**2,357**	**2,493**	**5,453**	**5,627**	**- 3.1**

UK

In the third quarter, the operative business of TUI UK's tour operators was characterised by a persistently unfavourable market environment. Bookings were restrained due to the unusually good weather and the Football World Cup, so that customer numbers declined by 7.3% against the backdrop of a year-on-year reduction in capacity. In terms of destinations, demand rose for tours to Egypt and Bulgaria while bookings declined slightly for traditional destinations around the Mediterranean. Demand also dropped for tours to Turkey, but rose year-on-year for long-haul destinations.

Ireland

Ireland reported a 1.6% decrease in customer numbers in the third quarter since the Irish tour operation business, too, was affected by difficult market conditions. Eastern European destinations continued to record strong growth, while demand for destinations in Spain and Greece, accounting for a large part of the summer programme, declined year-on-year.

Nordic countries

In the Nordic countries, the number of customers rose by 2.7% year-on-year in the third quarter, with the Swedish and Danish markets showing a better trend than Norway and Finland, which recorded a decline in demand. Bookings of tours to Turkish and Northern African destinations were generally down.

Key figures Flight operations Northern Europe

	Number of Group-owned aircraft			Seat kilometres (million)			Seat load factor (%)		
	Q3 2006	Q3 2005	Var. abs.	Q3 2006	Q3 2005	Var. %	Q3 2006	Q3 2005	Var. % points
Thomsonfly	47	43	+ 4						
Charter				7,996	7,686	+ 4.0	84.8	93.5	- 8.7
Scheduled flights				707	867	- 18.5	88.6	80.6	+ 8.0
TUIfly Nordic	5	4	+ 1	1,032	776	+ 33.0	95.1	97.0	- 1.9

Thomsonfly

The charter airline increased its seat kilometres since it served a larger number of long-haul and medium-haul destinations compared with 2005. The decline in the seat load factor was attributable to the low number of tour operator customers. In the low-cost scheduled flight segment, the number of seat kilometres was reduced. However, utilisation of the capacity on offer was increased as unprofitable routes were cancelled from the flight schedule. The Thomsonfly fleet was extended by four aircraft.

TUIfly Nordic

In the Nordic countries, the number of seat kilometres was up year-on-year due to the enlargement of the aircraft fleet by one aircraft. The seat load factor declined slightly year-on-year.

Key figures Western Europe

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	1,069.9	1,048.1	2,306.3	2,245.3	+ 2.7
Earnings by division (EBITA)	67	82	28	58	- 51.7
Capital expenditure	20.9	94.8	63.0	190.6	- 66.9
Employees (30 Sept)	–	–	6,639	6,912	- 3.9

Turnover Western Europe

In the Western Europe sector (France, the Netherlands, Belgium as well as airlines Corsair, TUI Airlines Nederland and TUI Airlines Belgium), the number of customers totalled 1.62 million in the third quarter of 2006, matching 2005 levels (previous year: 1.63 million). In the first nine months of 2006, a total of 3.57 million (previous year: 3.64 million) customers travelled with tour operators of this sector, a year-on-year decline of 2.0%. Turnover in the third quarter of 2006 rose by 2.1%, with accumulated turnover for the first three quarters growing by 2.7%. In France, turnover declined due to the market trend and fell short of the previous year's levels both in the third quarter and in the first three quarters of 2006. In the Netherlands, turnover matched 2005 levels in the third quarter, although the special tour operator business was divested in the previous quarter. Adjusted for this turnover portion, the sector achieved growth, resulting, inter alia, from improvements in the product mix and an expansion of the flight business. In Belgium, turnover rose due to an increase in customer numbers.

Earnings Western Europe

Earnings by the sector declined by 18.3% year-on-year in the third quarter and by 51.7% in the first nine months of the year. This decline resulted from the deterio-ration in the performance in France. The French market continued to be difficult in the third quarter so that earnings dropped significantly. Margins declined due to overcapacity in flight operations; furthermore, oil price-induced increases in aircraft fuel prices could not fully be rolled over to customers. Nouvelles Frontières and Corsair saw their business additionally impacted by restrained demand. Earnings in the Netherlands – even adjusted for the gain on disposal of € 7 million from the sale of an administrative building – rose year-on-year in the third quarter. Earnings in Belgium were also up year-on-year in the third quarter.

Customer numbers Western Europe

'000	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
France	513	540	1,273	1,381	- 7.8
Netherlands	452	456	984	1,025	- 4.0
Belgium	654	636	1,312	1,236	+ 6.1
Western Europe	**1,619**	**1,632**	**3,569**	**3,642**	**- 2.0**

France

The French travel market continued to suffer from weak demand in the third quarter of 2006, which affected in particular the business of Nouvelles Frontières and Corsair. In the summer, demand in the travel market was impacted by the good performance of the French team in the World Cup. Customer numbers dropped by 5.0% in the quarter under review. As before, the decline was also due to the chikengunya fever in Reunion, an important destination for Nouvelles Frontières and Corsair. The TUI France brand continued to record growth in booking numbers.

Netherlands

In the Netherlands, the number of customers declined by 0.8% in the third quarter. Adjusted for the customer numbers of the special tour operators sold in the second quarter of 2006, customer numbers grew in the third quarter. Demand rose in particular for tours to Mediterranean destinations in the eurozone – Spain, Greece and Portugal – while demand for tours to Turkey declined.

Belgium

In Belgium, customer numbers grew by 2.8% in the third quarter. In terms of air tours, demand grew for the western Mediterranean destinations but declined for tours to Turkey. Concerning land-based tours, the Group's market share grew both in self-drive tours and city trips.

Key figures Flight operations Western Europe

	Number of Group-owned aircraft			Seat kilometres (million)			Seat load factor (%)		
	Q3 2006	Q3 2005	Var. abs.	Q3 2006	Q3 2005	Var. %	Q3 2006	Q3 2005	Var. % points
Corsair	8	12	- 4	4,253	4,535	- 6.2	80.2	81.7	- 1.5
TUI Airlines Nederland	3	4	- 1	1,009	695	+ 45.2	90.1	89.5	+ 0.6
TUI Airlines Belgium	8	7	+ 1	1,645	1,472	+ 11.8	92.5	92.1	+ 0.4

Corsair

Corsair's business was impacted by demand behaviour in the French flight market. Corsair managed to partly offset this effect by implementing ad hoc flights for special large events and sports events and leasing out aircraft. Nevertheless, key indicators in flight operations declined in the French market in the 2006 summer season.

TUI Airlines Nederland/Arkefly

In the period under review, the number of aircraft operated by TUI Airlines Nederland was one down year-on-year. In order to meet the increase in demand in the Netherlands in the summer season, additional capacity was chartered in the period under review.

TUI Airlines Belgium/Jetairfly

TUI Airlines Belgium operated one extra aircraft in the summer season compared with the 2005 reference period. While flight capacity was up year-on-year, the seat load factor matched 2005 levels.

Key figures Destinations

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	206.8	196.5	445.2	406.8	+ 9.4
Earnings by division (EBITA)	112	111	156	180	- 13.3
Capital expenditure	41.6	23.4	134.3	73.6	+ 82.5
Employees (30 Sept)	–	–	19,695	19,788	- 0.5

Turnover destinations

The destinations sector (incoming agencies and hotel companies) posted a 5.2% increase in turnover in the third quarter of 2006 and achieved 9.4% turnover growth year-on-year in the first three quarters of 2006.

Earnings destinations

Earnings by the sector rose 0.9% year-on-year in the third quarter of 2006. The significant increase in the profit contribution by the RIU Group compensated for the deterioration in the performance of the Magic Life Group. Accumulated earnings for the first nine months of 2006 were 13.3% down year-on-year. This was due to the comparatively high level of earnings in the 2005 reference period, which had benefited from the first-time consolidation of the Toufag Group (three Spanish Robinson Clubs), and a notable restraint in bookings of tours to Turkey and Egypt. The profit contribution by incoming agencies matched 2005 levels.

Incoming agencies

Incoming agencies recorded varying trends. At 3.99 million, the number of guests catered for in the third quarter of 2006 matched the 2005 level. In the western Mediterranean, agencies reported uneven trends for guest numbers. TUI España recorded a slight decrease in customer numbers in all destinations. TUI Portugal, in contrast, reported a significant increase in customer numbers, in particular from source market Western Europe. In the eastern Mediterranean, bookings continued to decline due to the terror attacks in Turkey in August, causing a drop in overall customer numbers. Customer numbers also decreased in Greece and Tunisia in the third quarter. Long-haul destinations recorded an uneven development. The Dominican Republic saw a decrease in customer numbers, while Mexico reported a year-on-year increase in customer numbers.

Hotel companies

In the third quarter of 2006, hotel companies of the Hotels & Resorts segment managed to maintain the high occupancy rates achieved in 2005. RIU hotels in medium-haul destinations – above all the Balearic and Canary Islands – slightly reduced their capacity and achieved very good occupancy rates. Long-haul destinations were affected by some restraint in bookings due to potential hurricanes, but hotel companies nevertheless achieved very good occupancy rates. With constant capacity, Robinson Clubs maintained 2005 occupancy rates, with declines in Turkey offset by clubs in other regions. Magic Life slightly reduced its capacity and held its own despite difficult conditions in Turkey and Egypt, matching 2005 occupancy rates. Iberotel had increased its capacity and achieved a slight rise in occupancy rates year-on-year. Grecotel and Grupotel recorded very strong bookings in the third quarter.

Key figures Other tourism

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	3.2	64.5	70.9	186.4	- 62.0
Earnings by division (EBITA)	- 3	- 1	146	- 2	n. m.
Capital expenditure	4.3	4.6	14.7	14.8	- 0.7
Employees (30 Sept)	–	–	472	4,550	- 89.6

In the third quarter of 2006, the Other tourism sector only comprised TUI InfoTec's IT services companies. The accumulated turnover by the sector fell considerably year-on-year since the business travel activities were sold in the previous quarter and thus did not contribute to turnover any longer. The significantly increased accumulated earnings comprised restructuring costs of € 3 million as well as the gain on disposal from the divestment of the business travel activities of € 149 million, generated in the first half of 2006. A 50.1% majority in TUI InfoTec was sold to the Indian software company Sonata Software Limited in September 2006. The completion of the transaction is expected in the fourth quarter 2006.

Shipping

Key figures Shipping

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	1,511.0	873.3	4,756.4	2,307.3	+ 106.1
Earnings by division (EBITA)	- 25	95	- 91	218	n. m.
Capital expenditure	10.4	14.3	148.6	180.2	- 17.5
Employees (30 Sept)	–	–	8,335	4,142	+ 101.2

In the third quarter of 2006, the shipping division comprised the container shipping as well as the cruises business of the Hapag-Lloyd Group.

Integration process

The integration of CP Ships, acquired in October 2005, into the Hapag-Lloyd Group progressed faster than originally planned. One year after the announcement of the acquisition, the integration of the operative business of CP Ships container line into Hapag-Lloyd has virtually been completed. The centrepiece was the extension of Hapag-Lloyd's organisational structure and information technology to the new sites. The integration of CP Ships' operative services was carried out in two phases: Phase one related to all services in Transatlantic routes, accounted for around half the CP Ships' total freight volume. Phase two covered all other services. At the end of the third quarter, all services previously operated by CP Ships were integrated into Hapag-Lloyd and have since been operated under the Hapag-Lloyd brand name. Moreover, all vessels and the container stock of CP Ships were transferred to the Hapag-Lloyd fleet. In addition, the optimisation of the service network, which was significantly expanded by the acquisition of CP Ships, was completed according to plan in the period under review.

New reporting structure

From the third quarter of 2006 on, a joint presentation of freight rates and transport volumes for Hapag-Lloyd and CP Ships, broken down according to the geographical structure of the trade lanes, is reported for the first time. To this end, CP Ships' key indicators for 2006 were broken down accordingly, with pro forma indicators determined for the 2005 reference periods in order to obtain reference figures as a basis for a comparison.

Turnover shipping

The significant increase in turnover in the third quarter of 2006 and the first nine months of 2006 primarily resulted from the integration of CP Ships into the Hapag-Lloyd Group and the 2.6% growth in transport volumes in the first three quarters.

Freight rates Hapag-Lloyd (incl. CP Ships)

US dollar/TEU	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Total	**1,431**	**1,494**	**1,442**	**1,453**	**- 0.8**

Average freight rates, determined on the basis of pro forma calculations for the 2005 reference periods, fell both in the third quarter and for the first three quarters of 2006 due to intense competition.

Earnings shipping

The earnings trend did not match the turnover growth. The decline in earnings reflected the cost-induced pressure: In the quarter under review, the oil price-related bunker costs and the charter rates continued to be relatively high in all trade lanes while freight rates showed declining trends in most trade lanes. Transport volumes had grown in previous quarters but stagnated in the third quarter. Earnings include one-off expenses comprising restructuring costs (severance payments and vacancy risks) as well as integration costs (agency termination costs and IT restructuring). For the third quarter they totalled € 14 million and for the first nine months 2006 they accumulated to € 106 million.

Transport volumes Hapag-Lloyd (incl. CP Ships)

'000 TEU	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Far East	302	270	872	755	+ 15.5
Trans-Pacific	242	216	705	601	+ 17.3
Atlantic	327	382	1,047	1,183	- 11.5
Latin America	191	214	591	622	- 5.0
Australasia	179	159	509	467	+ 9.1
Total	**1,241**	**1,241**	**3,724**	**3,628**	**+ 2.6**

Development in the trade lanes

In the first nine months, Hapag-Lloyd in its new, integrated structure achieved volume growth of 2.6% as against the 2005 reference period, determined on the basis of a pro forma calculation. It thus managed to increase its transport volume overall year-on-year in the year of integration. In the third quarter, transport volumes matched the 2005 levels.

In the Far East trade lane, strong volume growth of 12.0% was achieved in the third quarter. This was mainly due to the persistently high export volume in China, which had a positive effect on the routes from Asia to Europe. However, freight rates considerably dropped by 7.2% due to strong competition on these routes.

The Trans-Pacific trade lane also posted strong growth in transport volumes of 12.1% in the third quarter, also attributable to economic growth in China and the associated export activities. The intensification of the competitive pressure in the container transport market caused a 7.1% decline in freight rates.

In the Atlantic trade lane, the transport volume dropped 14.6%. This decline was caused by the expected volume losses due to the integration of CP Ships on the one hand and the intensification of the competitive pressure in the market due to the additional container transport capacity in the market on the other. Average freight rates benefited from an increase in rates, in particular on routes between Northern Europe and North America, growing by 6.8% year-on-year in the quarter under review. However, freight rates grew less strongly than in the first half of the year.

At 10.8%, the transport volume in the Latin America trade lane fell short of the previous year's level since freight volumes from Latin America to Europe contracted significantly in the third quarter. Freight rates dropped by 7.3% year-on-year.

The Australasia trade lane achieved strong growth of 12.6% in the third quarter, generating volume growth that matched the volume growth in the first half of the year. This was partly attributable to the strong growth in inner-Asian container transports. Freight rates declined by 10.0%, mainly due to the increase in the proportion of inner-Asian transports, which imply shorter distances and therefore lower average freight rates.

Hapag-Lloyd Kreuzfahrten

In the third quarter of 2006, Hapag-Lloyd Kreuzfahrten continued to record improvements in booking numbers. Overall, it reported an increase both in booking volumes and rates, in particular for 'Hanseatic' and 'Bremen'.

Central operations

Key figures Central operations

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover	67.9	63.6	172.5	191.5	- 9.9
Earnings by division (EBITA)	- 30	30	- 14	- 26	+ 46.2
Capital expenditure	4.3	3.2	12.5	10.6	+ 17.9
Employees (30 Sept)	–	–	953	2,198	- 56.6

Central operations covered TUI AG's corporate centre functions and intermediate holding companies non-allocatable to the segments as well as other operating areas, comprising the Group's real estate companies and the remaining industrial activities.

Turnover central operations

Turnover by central operations mostly related to other operating sectors.

Earnings central operations

Earnings in the third quarter of 2006 fell significantly short of 2005 levels. This decline was attributable to the positive effects from measurements both of convertible options from the 2003 convertible bond and of currency and fuel hedges, included in 2005 figures. Thus earnings in the first three quarters increased due to one-off effects of a selling transaction in the real estate segment (Schacht Konrad) and the revaluation of the conversion options from the 2003 convertible bond. Earnings by central operations comprised earnings by other operating sectors of € 7 million (previous year: € 7 million) and earnings by the holdings of € - 37 million (previous year: € 23 million).

Earnings Central operations

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Earnings by the holdings	- 37	23	- 72	- 48	- 50.0
Cost of TUI AG's corporate centre functions and the inter-mediate holding companies	- 29	- 29	- 81	- 83	+ 2.4
Other expenses and income	- 8	52	9	35	- 74.3
Other operating sectors	7	7	58	22	+ 163.6
Earnings Central operations	**- 30**	**30**	**- 14**	**- 26**	**+ 46.2**

Discontinuing operations

Following the divestment of the PNA trading activities, effected in the second quarter of 2006, the TUI Group no longer holds any discontinuing operations; however, gains on disposal of € 6 million were posted in the quarter under review, largely resulting from lagging income from the divestment of rail logistics in December 2005. In the first nine months of 2006, earnings by the discontinuing operations totalled € 29 million (previous year: € 151 million), down 80.8%. The decline resulted from the complete divestment of special logistics in 2005 and the divestment of the trading sector as at 9 May 2006.

Group profit

Condensed consolidated profit and loss statement

€ million		Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Turnover		6,739.7	6,222.7	16,241.8	13,793.1	+ 17.8
Other income		119.5	235.0	581.9	584.2	- 0.4
Change in inventories and other own work capitalised		6.7	4.2	14.0	- 3.8	+ 468.4
Cost of material and purchased services		4,883.6	4,307.5	12,110.1	9,722.8	+ 24.6
Personnel costs		603.2	568.3	1,848.0	1,637.4	+ 12.9
Depreciation and amortisation		159.6	122.1	496.5	347.9	+ 42.7
Impairment of fixed assets		2.8	0.1	19.7	4.6	+ 328.3
Other expenses		717.8	817.1	1,890.4	2,010.1	- 6.0
Financial income		47.4	83.0	159.7	150.3	+ 6.3
Financial expenses		97.5	78.9	296.1	263.5	+ 12.4
Earnings from companies measured at equity		24.2	16.2	40.1	30.1	+ 33.2
Earnings before taxes on income		**473.0**	**667.1**	**376.7**	**567.6**	**- 33.6**
Income taxes		176.8	111.1	146.0	99.1	+ 47.3
Result from continuing operations		**296.2**	**556.0**	**230.7**	**468.5**	**- 50.8**
Result from discontinuing operations		3.2	48.3	16.2	95.5	- 83.0
Group profit		**299.4**	**604.3**	**246.9**	**564.0**	**- 56.2**
- attributable to shareholders of TUI AG		273.0	573.6	207.1	527.0	- 60.7
- attributable to minority interests		26.4	30.7	39.8	37.0	+ 7.6
Group profit		**299.4**	**604.3**	**246.9**	**564.0**	**- 56.2**
Basic earnings per share	(in €)	1.09	2.98	0.83	2.88	- 71.2
Diluted earnings per share	(in €)	1.05	2.74	0.81	2.68	- 69.8

In comparison with previous quarters, the development of the items of the consolidated profit and loss statement and earnings before taxes on income of the continuing operations was primarily determined by the business trend in shipping, in particular the inclusion of CP Ships in consolidation as of October 2005 and its integration into Hapag-Lloyd. Further changes were attributable to the divestment of the business travel operations as at 31 March 2006.

Due to the acquisition of CP Ships, the cost of material and personnel cost ratios and the structures of other operating income and expenses can no longer be compared with the relevant reference figures for 2005. As a matter of principle, shipping has a higher cost of material ratio than tourism.

Turnover

Turnover comprised the turnover of the tourism and shipping divisions and of central operations, which include TUI AG, the Group's real estate companies and the remaining industrial activities. At € 6.7 billion, turnover grew by 8.3% year-on-year in the third quarter of 2006. For the first nine months of 2006, turnover rose by 17.8% to € 16.2 billion. A detailed breakdown of turnover and the turnover trend is presented in the section 'Turnover and earnings'.

Other income

Other income primarily comprised profits from the sale of fixed and current asset items, supplementary transactions, foreign exchange gains, income from cost reimbursements and income from letting and leasing contracts as well as license agreements. At € 120 million, other income declined by € 116 million (49.2%) year-on-year in the third quarter of 2006. For the first nine months of the 2006 financial year, other income reproduced 2005 levels.

Changes in inventories and other own work capitalised

Changes in inventories and other own work capitalised rose year-on-year to € 7 million for the third quarter of 2006 and € 14 million for the first nine months of 2006. This increase was primarily attributable to the real estate companies comprised in other operating areas.

Cost of materials and purchased services

The cost of materials and purchased services comprised the cost of raw materials including fuel, supplies, purchased merchandise and services. In tourism, this item mainly related to the cost of third-party services such as rental and operating lease payments, hotel rental payments, the cost of flight and other transport services as well as aircraft fuel. In the shipping division, the cost of purchased services primarily included the cost of third-party container transport, bunker costs, port and terminal costs as well as charter, rental and operating lease costs for ships and containers. The increase in the cost of material and purchased services of 13.4% to € 4.9 billion in the third quarter of 2006 and of 24.6% to € 12.1 billion in the first three quarters of 2006 mainly resulted from the inclusion of CP Ships in consolidation and from cost increases in shipping.

Personnel costs

Personnel costs included expenses for wages and salaries, social security contributions as well as pension costs (excluding the interest portion) and benefits. They also included expenses for personnel adjustments in the framework of restructuring processes. Personnel costs rose by 6.1% to € 603 million in the third quarter of 2006 and by 12.9% to € 1.85 billion in the first three quarters of the 2006 financial year. This was primarily due to the consolidation of CP Ships and the resulting increase in the headcount in the shipping division as well as expenses for personnel adjustments in the framework of restructuring processes in CP Ships of around € 50 million and in the Central Europe sector of around € 16 million in the period under review.

Depreciation and amortisation

Depreciation and amortisation comprised the amortisation of property, plant and equipment and other intangible assets. At € 160 million, it was 30.7% up year-on-year in the third quarter of 2006; for the first nine months of 2006, it rose by 42.7% to € 497 million. This was mainly due to the investments in ships and containers in connection with the acquisition of CP Ships in the fourth quarter of 2005.

Impairments

Impairments totalled € 3 million for the third quarter of 2006 and € 20 million for the first three quarters of 2006. They mainly related to depreciation on real estate (incl. leasehold improvements) in connection with the integration of CP Ships and the divestment of TQ3.

Other expenses

Other expenses included commissions for tourism services, distribution and advertising expenses, rental and lease expenses, administrative expenses including contributions, charges and fees, expenses for financial and monetary transactions as well as other taxes. Other expenses dropped by 12.1% to € 718 million in the third quarter of 2006 and by 6.0% to € 1.9 billion in the first nine months of 2006. The lower expenses in tourism (including TQ3) more than compensated the increase in other expenses attributable to changes in consolidation due to CP Ships.

Financial result

The financial result comprised the net interest result, the net result from investments and marketable securities and the result from changes in the fair value of derivative financial instruments, which are subject to strong fluctuations as at the measurement dates and may therefore cause strong fluctuations in financial income and expenses over time. At € - 50 million, the financial result declined by € 54 million year-on-year in the third quarter of 2006 and comprised financial income of € 47 million (previous year: € 83 million) as well as financial expenses of € 97 million (previous year: € 79 million). In the first three quarters of 2006, the financial result declined by € 23 million (20.4%) from € - 113 million to € - 136 million and comprised financial income of € 160 million (previous year: € 150 million) and financial expenses of € 296 million (previous year: € 263 million). The change in the financial result included an amount of € 26 million which resulted from a decline in the interest result. In addition, the earnings effects from the measurement of the conversion options of the convertible bond issued in 2003 were offset by the measurement of derivative financial instruments.

Earnings from companies measured at equity

The earnings from companies measured at equity comprised the interest in net profit for the year of the associated companies and joint ventures as well as necessary impairments of goodwill of these companies. At € 24 million for the third quarter of 2006 and € 40 million for the first three quarters of 2006, it grew by 49.4% and 33.2%, respectively. It mainly resulted from the development of earnings in the destinations sector. Impairments of goodwill were not required.

Income taxes

Income taxes comprised taxes on the profits from ordinary business activities of the continuing operations. Income taxes totalled € 176.8 million in the third quarter of 2006 (previous year: € 111.1 million). For the first three quarters of 2006, income taxes totalled € 146.0 million (previous year: € 99.1 million). The increase in the tax rate in the first nine months of the 2006 financial year mainly resulted from the change in the breakdown of earnings between the two divisions, tourism and shipping, since the operative shipping companies were subject to tonnage taxes. Furthermore, due to the uncertainty concerning the future realisability of loss carryforwards in France, further capitalisation of potential tax savings was dispensed with.

Result from discontinuing operations

Result of the operations classified as discontinuing operations in accordance with IFRS 5 totalled € 3 million for the third quarter of 2006 and € 16 million for the first three quarters of 2006. A detailed breakdown of the development of these earnings is provided in the section 'Result from the discontinuance of operations' in the notes.

Group profit

Group profit totalled € 299 million (previous year: € 604 million) in the third quarter of 2006, down 50.5%. In the first three quarters of 2006, they declined by 56.2% to € 247 million (previous year: € 564 million). While a book profit was generated due to the divestment of the business travel operations, expenses were incurred in the framework of restructuring processes and the operative business, in particular in the shipping division.

Minority interests

Minority interests in Group profit totalled € 26 million for the third quarter of 2006 and € 40 million for the first three quarters of 2006, thus matching the previous year's levels. They almost exclusively related to companies in the destinations division.

Earnings per share

After deduction of minority shares, TUI AG shareholders accounted for € 273 million of Group profit in the third quarter of 2006, a decline of 52.4% year-on-year. In the first nine months of 2006, they accounted for € 207 million, down 60.7% year-on-year. Due to the capital increase implemented in September 2005 and the issuance of employee shares, the number of dividend-bearing shares rose to 250,732,575. As a result, basic earnings per share declined to € 1.09 (previous year: € 2.98) in the third quarter and € 0.83 (previous year: € 2.88) in the first three quarters of 2006.

Profit and loss statement indicators of the continuing operations

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Earnings before interest, taxes, depreciation, amortisation and rent (EBITDAR)	**992.8**	**1,052.1**	**1,926.7**	**1,639.1**	**+ 17.6**
Operating rental expenses	300.8	222.7	860.0	573.8	+ 49.9
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**692.0**	**829.4**	**1,066.7**	**1,065.3**	**+ 0.1**
Depreciation/amortisation less reversals of depreciation[1)]	163.0	121.7	519.0	352.6	+ 47.2
Earnings before interest, taxes and amortisation of goodwill (EBITA)	**529.0**	**707.7**	**547.7**	**712.7**	**- 23.2**
Amortisation of goodwill	0.0	0.0	0.0	0.0	–
Earnings before interest and taxes (EBIT)	**529.0**	**707.7**	**547.7**	**712.7**	**- 23.2**
Interest result	- 56.0	- 40.6	- 171.0	- 145.1	- 17.9
Earnings before taxes (EBT)	**473.0**	**667.1**	**376.7**	**567.6**	**- 33.6**

[1)] on property, plant and equipment as well as intangible assets, investments and current assets

Operating rental expenses

In the third quarter of 2006, operating rental expenses of the continuing operations amounted to € 300.8 million (previous year: € 222.7 million). In the first nine months of 2006, operating lease expenses of the continuing operations rose to € 860.0 million (previous year: € 573.8 million), in particular due to the acquisition of CP Ships in the fourth quarter of 2005.

Interest result

In the third quarter of 2006, the interest result of the continuing operations totalled € - 56 million (previous year: € - 41 million). In the first three quarters of 2006, the interest result of the continuing operations totalled € - 171.0 million (previous year: € - 145.1 million). The decline in the interest result was mainly due to the increase in the average interest rate resulting from the restructuring of the financing structure, despite a reduction in net debt arising due to the divestments.

Net assets and financial position

The Group's balance sheet total rose by 1.7% to € 15.6 billion as against the end of 2005. The changes in the consolidated balance sheet essentially resulted from the tourism cycle. In addition, the Group's net assets and financial position were affected by the acquisitions and divestments (see section 'Acquisitions – divestments' in the notes).

Assets and liabilities

€ million	30 Sep 2006	31 Dec 2005
Non-current assets	11,594.4	11,864.8
Current assets	3,991.3	3,463.6
Assets	**15,585.7**	**15,328.4**
Equity	4,138.9	4,375.2
Provisions	2,494.7	2,576.7
Financial liabilities	4,349.6	4,358.2
Other liabilities	4,602.5	4,018.3
Liabilities	**15,585.7**	**15,328.4**

Non-current assets

As at 30 September 2006, non-current assets accounted for 74.4% of total assets, compared with a share of 77.4% as at 31 December 2005. Non-current assets dropped from € 11.9 billion to € 11.6 billion in the period under review. The decline was mainly attributable to the reclassification of the non-current assets of Wolf GmbH and the TUI InfoTec Group, which were classified as disposal groups in accordance with IFRS 5 as at 30 September 2006 due to the planned divestment of these companies in the fourth quarter. The non-current assets of Wolf GmbH and TUI InfoTec were therefore summarized under 'Current assets held for sale' as at 30 September 2006.

Current assets
As at 30 September 2006, current assets accounted for 25.6% of total assets, up from 22.6% as at 31 December 2005. Current assets rose from € 3.5 billion as at 31 December 2005 to € 4.0 billion as at 30 September 2006, in particular due to the increase in cash and cash equivalents from € 0.6 billion as at 31 December 2005 to € 1.5 billion as at 30 September 2006. This increase primarily resulted from advance payments received in tourism and payments received in the framework of the divestment of the business travel activities at the end of the first quarter and the PNA Group on 9 May 2006. An opposite effect resulted from the development of the item 'Assets held for sale', which declined by € 0.7 billion due to the completion of the divestment of the business travel activities and the PNA Group but rose by € 0.2 billion due to the reclassification of the non-current assets of Wolf GmbH and the TUI InfoTec Group (see section 'Non-current assets').

Equity
Equity totalled € 4.1 billion as at 30 September 2006. The equity ratio stood at 26.6%, compared with 28.5% at the end of the 2005 financial year. Detailed information on the changes is provided under 'Changes in equity' in the notes on this interim report.

Provisions
Provisions mainly included provisions for pension obligations, effective and deferred income tax provisions and provisions for typical operating risks. As at 30 September 2006, they totalled € 2.5 billion and were thus € 82 million or 3.2% down on 31 December 2005. This was essentially due to a reduction in pension provisions, resulting from a change in the UK discount rate for pension provisions caused by the substantial increase in the long-term market interest rate.

Financial liabilities
As at 30 September 2006, financial liabilities comprised non-current financial liabilities of € 3.1 billion and current financial liabilities of € 1.2 billion. As at 31 December 2005, non-current assets stood at € 3.2 billion, with current financial liabilities of € 1.1 billion. Since non-current financing schemes were hedged in 2005, the allocation of assets according to maturity did not show any material changes. At the end of the first nine months of the 2006 financial year, net debt accounted for € 2.9 billion (down from € 3.8 billion at the end of the 2005 financial year).

Other liabilities
As at 30 September 2006, other liabilities stood at € 4.6 billion, up € 584 million or 14.5% as against 31 December 2005. This was mainly due to the increase in trade accounts payable.

Other segment ratios

Capital expenditure

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Tourism	129.9	143.0	478.0	393.3	+ 21.5
Central Europe	31.3	5.5	206.0	67.8	+ 203.8
Northern Europe	31.8	14.7	60.0	46.5	+ 29.0
Western Europe	20.9	94.8	63.0	190.6	- 66.9
Destinations	41.6	23.4	134.3	73.6	+ 82.5
Other tourism	4.3	4.6	14.7	14.8	- 0.7
Shipping	10.4	14.3	148.6	180.2	- 17.5
Central operations	4.3	3.2	12.5	10.6	+ 17.9
Continuing operations	**144.6**	**160.5**	**639.1**	**584.1**	**+ 9.4**
Trading	–	1.7	2.0	3.5	- 42.9
Special logistics	–	11.7	–	23.7	–
Discontinuing operations	**–**	**13.4**	**2.0**	**27.2**	**- 92.6**
Total	**144.6**	**173.9**	**641.1**	**611.3**	**+ 4.9**

Depreciation of property, plant and equipment

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Var. %
Tourism	84.3	93.8	262.8	266.7	- 1.5
Central Europe	13.8	14.8	45.2	47.6	- 5.0
Northern Europe	29.5	30.9	88.7	86.2	+ 2.9
Western Europe	17.3	16.0	51.9	34.8	+ 49.1
Destinations	20.1	21.8	60.8	66.8	- 9.0
Other tourism	3.6	10.3	16.2	31.3	- 48.2
Shipping	75.1	24.7	236.4	73.9	+ 219.9
Central operations	3.0	3.7	17.0	11.9	+ 42.9
Continuing operations	**162.4**	**122.2**	**516.2**	**352.5**	**+ 46.4**
Trading	–	–	–	–	–
Special logistics	–	–	–	–	–
Discontinuing operations	**–**	**–**	**–**	**–**	**–**
Total	**162.4**	**122.2**	**516.2**	**352.5**	**+ 46.4**

Employees

	30 Sep 2006	31 Dec 2005	Var. %
Tourism	52,552	50,498	+ 4.1
Central Europe	9,872	9,691	+ 1.9
Northern Europe	15,874	16,254	- 2.3
Western Europe	6,639	6,904	- 3.8
Destinations	19,695	12,866	+ 53.1
Other tourism	472	4,783	- 90.1
Shipping	8,335	9,077	- 8.2
Central operations	953	2,183	- 56.3
Continuing operations	**61,840**	**61,758**	**+ 0.1**
Trading	–	1,189	–
Special logistics	–	–	–
Discontinuing operations	**–**	**1,189**	**–**
Total	**61,840**	**62,947**	**- 1.8**

Prospects

For the second half of 2006, economic researchers expect the economic recovery to continue, albeit at a slightly slower pace. Despite a slight downturn in economic activity, the development of the economic framework for the TUI Group's activities is expected to continue to be positive. This means that the propensity to consume will continue to rise in European countries and will thus boost the demand for travel, with growth in world trade and hence container transportation continuing as forecast. Nevertheless, individual countries may see below-average market growth in tourism, and container shipping may record an adverse effect on freight rates due to a temporary imbalance of supply and demand in individual trade lanes. As far as external factors are concerned, the development of earnings by the divisions will primarily be impaired by the persistently high crude oil price and its impact on the development of aircraft fuel and ship bunker costs.

Tourism

In tourism, the overall restrained upturn in bookings continued in the 2006 summer season, which ended at the end of October. At Group level, bookings had risen slightly year-on-year by end-October with 2.4% growth in the number of customers, while booked turnover matched 2005 levels at year-on-year growth of 0.1%. In regional terms, growth was strongest in the smaller markets, some of which recorded substantial growth. Bookings for the 2006/2007 winter season, which started on 1 November, saw off to a good start. At Group level, booked turnover is currently 5.8% up year-on-year, with customer numbers up 11.5% on 2005 levels. Besides the large markets Germany and France, growth in booking numbers is recorded in particular by the smaller markets, some of which recorded substantial growth. Booked turnover in the UK and Ireland reflects the currently unfavourable market environment in these countries.

Booking numbers

Year-on-year variation in %	Summer 2006 Turnover	Summer 2006 Customers	Winter 2006/2007 Turnover	Winter 2006/2007 Customers
Germany	- 1.4	+ 4.4	+ 4.3	+ 9.2
Switzerland	+ 7.8	+ 4.4	+ 18.8	+ 18.4
Austria	- 4.3	- 3.6	+ 10.3	- 0.9
Eastern Europe	+ 9.8	+ 4.7	+ 11.7	+ 7.4
Central Europe	**- 0.9**	**+ 3.9**	**+ 5.4**	**+ 9.1**
UK	- 3.3	- 0.4	- 7.0	+ 11.9
Ireland	+ 2.1	- 1.3	- 0.1	- 6.6
Nordic countries	+ 3.3	+ 0,1	+ 42,1	+ 24.5
Northern Europe	**- 2.0**	**- 0.4**	**+ 5.1**	**+ 14.3**
France	- 3.3	- 4.5	+ 5.3	+ 14.7
Netherlands	+ 9.1	+ 2.2	+ 14.0	+ 10.2
Belgium	+ 14.3	+ 12.5	+ 9.5	+ 10.1
Western Europe	**+ 5.6**	**+ 2.9**	**+ 8.3**	**+ 12.5**
Group	**+ 0.1**	**+ 2.4**	**+ 5.8**	**+ 11.5**

As at 27 October 2006

Concerning the development of earnings (earnings before interest, taxes and amortisation of goodwill - EBITA) by the individual sectors of the tourism division, an uneven trend emerges for the 2006 financial year. In the Central Europe sector, programmes to improve production workflows and product innovation have again been reinforced. Despite the resulting one-off expenses, these programmes will generate an improvement in earnings. In the Northern Europe sector, earnings will benefit from the restructuring programmes implemented in the UK in 2005. An opposite effect will be caused by the declining trend in the market observed since the summer months. The Nordic countries are expected to reproduce 2005 earnings levels. The Western Europe sector is not expected to generate a positive accumulated profit contribution due to the market weakness in France, which has persisted longer than expected. As before, the destinations sector is expected to generate a high earnings level again. In addition, Other tourism will substantially benefit from the positive gain on disposal from the divestment of the business travel activities. Earnings by the tourism division will additionally be determined by the efficiency improvement and cost-cutting programmes to be adopted by year-end.

Shipping

In shipping, the integration of CP Ships into Hapag-Lloyd will have a substantial effect on earnings in the 2006 financial year (earnings before interest, taxes and amortisation of goodwill – EBITA). The integration will be fully completed beginning 2007 and will entail costs, quantified as slightly more than € 100 million, most of which will be incurred in the 2006 financial year. In the course of the integration process, synergy effects, resulting among others from efficiency improvements and cost cuts, are expected to be realised. They are expected to already positively affect the earnings situation in 2007 and had originally been expected to initially generate earnings improvements of around € 180 million as of 2008, following the completion of the integration process. The integration process is currently progressing considerably faster than originally expected and has shown additional earnings enhancement potential, so that synergies worth up to € 220 million are now aimed at.

Turnover of the shipping division is characterised by the first-time consolidation of CP Ships for a full financial year. Despite an increase in transport volumes, the shipping division is expected to significantly undercut the high earnings levels achieved in 2005. This assumption is based, among others, on the integration costs, the development of freight rates in individual trade lanes, in particular in Asian transports, the increase in bunker costs and the cost of land-based transport. From today's perspective, given the current external framework the shipping division is expected to generate negative earnings due to the one-off integration costs.

From today's perspective, central operations are expected to show a significant improvement, primarily attributable to income from the real estate segment and the disposal of the heating, ventilation and air conditioning activities.

Overall, turnover by the TUI Group is therefore expected to grow significantly, with relevant earnings (EBITA) expected to decline year-on-year.

Corporate Governance

In the course of the third quarter of 2006, the composition of the Executive Board of TUI AG changed as follows:

With effect from 1 September 2006, the Supervisory Board appointed Mr Christoph R. Mueller as member of the Executive Board of TUI AG. Mr Mueller will be in charge of controlling. He will temporarily also be in charge of the operative management of the two German airlines Hapagfly and Hapag-Lloyd Express. Mr Sebastian Ebel, previously responsible for controlling and tourism platforms, left the Executive Board of TUI AG by mutual consent.

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

TUI AG
The Executive Board
November 2006

Condensed profit and loss statement of the TUI Group for the period from 1 July to 30 September

€ million	Q3 2006	Q3 2005 restated	Restatement	Q3 2005 original
Turnover	6,739.7	6,222.7	–	6,222.7
Other income	119.5	235.0	–	235.0
Change in inventories and other own work capitalised	+ 6.7	+ 4.2	–	+ 4.2
Cost of materials and purchased services	4,883.6	4,307.5	+ 0.5	4,307.0
Personnel costs	603.2	568.3	- 15.9	584.2
Depreciation and amortisation	159.6	122.1	–	122.1
Impairment of fixed assets	2.8	0.1	–	0.1
Other expenses	717.8	817.1	- 1.9	819.0
Financial income	47.4	83.0	+ 18.6	64.4
Financial expenses	97.5	78.9	+ 26.4	52.5
Earnings from companies measured at equity	+ 24.2	+ 16.2	–	+ 16.2
Earnings before taxes on income	**+ 473.0**	**+ 667.1**	**+ 9.5**	**+ 657.6**
Income taxes	+ 176.8	+ 111.1	+ 2.9	+ 108.2
Result from continuing operations	**+ 296.2**	**+ 556.0**	**+ 6.6**	**+ 549.4**
Result from discontinuing operations	+ 3.2	+ 48.3	+ 0.1	+ 48.2
Group profit	**+ 299.4**	**+ 604.3**	**+ 6.7**	**+ 597.6**
Attributable to shareholders of TUI AG	+ 273.0	+ 573.6	+ 6.7	+ 566.9
Attributable to minority interest	+ 26.4	+ 30.7	–	+ 30.7
Group profit for the year	**+ 299.4**	**+ 604.3**	**+ 6.7**	**+ 597.6**

€	Q3 2006	Q3 2005 restated	Restatement	Q3 2005 original
Basic earnings per share	**+ 1.09**	**+ 2.98**	**+ 0.03**	**+ 2.95**
from continuing operations	+ 1.08	+ 2.75	+ 0.03	+ 2.72
from discontinuing operations	+ 0.01	+ 0.23	–	+ 0.23
Diluted earnings per share	**+ 1.05**	**+ 2.74**	**+ 0.02**	**+ 2.72**
from continuing operations	+ 1.04	+ 2.53	+ 0.02	+ 2.51
from discontinuing operations	+ 0.01	+ 0.21	–	+ 0.21

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

€ million	9M 2006	9M 2005 restated	Restatement	9M 2005 original
Turnover	16,241.8	13,793.1	–	13,793.1
Other income	581.9	584.2	–	584.2
Change in inventories and other own work capitalised	+ 14.0	- 3.8	–	- 3.8
Cost of materials and purchased services	12,110.1	9,722.8	- 3.0	9,725.8
Personnel costs	1,848.0	1,637.4	- 47.8	1,685.2
Depreciation and amortisation	496.5	347.9	–	347.9
Impairment of fixed assets	19.7	4.6	–	4.6
Other expenses	1,890.4	2,010.1	- 11.7	2,021.8
Financial income	159.7	150.3	+ 55.7	94.6
Financial expenses	296.1	263.5	+ 79.1	184.4
Earnings from companies measured at equity	+ 40.1	+ 30.1	–	+ 30.1
Earnings before taxes on income	**+ 376.7**	**+ 567.6**	**+ 39.1**	**+ 528.5**
Income taxes	+ 146.0	+ 99.1	+ 12.6	+ 86.5
Result from continuing operations	**+ 230.7**	**+ 468.5**	**+ 26.5**	**+ 442.0**
Result from discontinuing operations	+ 16.2	+ 95.5	+ 0.2	+ 95.3
Group profit	**+ 246.9**	**+ 564.0**	**+ 26.7**	**+ 537.3**
Attributable to shareholders of TUI AG	+ 207.1	+ 527.0	+ 26.7	+ 500.3
Attributable to minority interest	+ 39.8	+ 37.0	–	+ 37.0
Group profit for the year	**+ 246.9**	**+ 564.0**	**+ 26.7**	**+ 537.3**

€	9M 2006	9M 2005 restated	Restatement	9M 2005 original
Basic earnings per share	**+ 0.83**	**+ 2.88**	**+ 0.15**	**+ 2.73**
from continuing operations	+ 0.77	+ 2.37	+ 0.15	+ 2.22
from discontinuing operations	+ 0.06	+ 0.51	–	+ 0.51
Diluted earnings per share	**+ 0.81**	**+ 2.68**	**+ 0.13**	**+ 2.55**
from continuing operations	+ 0.75	+ 2.22	+ 0.13	+ 2.09
from discontinuing operations	+ 0.06	+ 0.46	0.00	+ 0.46

Condensed consolidated balance sheet of the TUI Group

€ million		30 Sep 2006	31 Dec 2005
Assets			
Goodwill	3,801.9		3,756.4
Other intangible assets	758.2		898.5
Investment property	87.9		90.2
Other property, plant and equipment	5,750.3		5,881.0
Companies measured at equity	392.0		372.7
Other investments	335.6		322.7
Fixed assets		**11,125.9**	**11,321.5**
Receivables from derivative financial instruments	27.4		51.1
Other receivables and assets	169.6		192.8
Deferred income tax assets	271.5		299.4
Non-current receivables		**468.5**	**543.3**
Non-current assets		**11,594.4**	**11,864.8**
Inventories		**136.8**	**150.4**
Trade accounts receivable	1,129.6		965.3
Receivables from derivative financial instruments	79.5		149.1
Other receivables and assets	920.2		869.3
Current income tax assets	18.8		15.6
Current receivables		**2,148.1**	**1,999.3**
Assets classified as held for sale		**209.5**	**714.7**
Cash and cash equivalents		**1,496.9**	**599.2**
Current assets		**3,991.3**	**3,463.6**
		15,585.7	**15,328.4**

€ million		30 Sep 2006	31 Dec 2005
Group equity and liabilities			
Subscribed capital	641.0		641.0
Reserves	2,931.8		3,172.6
Amounts recognised directly in equity relating to non-current assets held for sale	0.0		4.6
Hybrid capital	294.8		294.8
Equity before minority interests		**3,867.6**	**4,113.0**
Minority interests		**271.3**	**262.2**
Group equity		**4,138.9**	**4,375.2**
Provisions for pensions and similar obligations	1,170.5		1,260.8
Deferred and current income tax provisions	235.1		293.4
Other provisions	393.6		401.9
Non-current provisions		**1,799.2**	**1,956.1**
Financial liabilities	3,146.8		3,213.9
Liabilities from derivative financial instruments	19.1		32.1
Other liabilities	28.7		39.4
Non-current liabilities		**3,194.6**	**3,285.4**
Non-current provisions and liabilities		**4,993.8**	**5,241.5**
Provisions for pensions and similar obligations	33.7		32.8
Current income tax provisions	86.4		19.8
Other provisions	575.4		568.0
Current provisions		**695.5**	**620.6**
Financial liabilities	1,202.8		1,144.3
Trade accounts payable	2,642.3		2,103.7
Liabilities from derivative financial instruments	120.0		41.0
Other liabilities	1,692.1		1,513.6
Current liabilities		**5,657.2**	**4,802.6**
Liabilities from assets classified as held for sale		**100.3**	**288.5**
Current provisions and liabilities		**6,453.0**	**5,711.7**
		15,585.7	**15,328.4**

Statement of Recognised Income and Expenses

€ million	9 M 2006	9 M 2005
Currency translation	- 162.5	138.5
Reserves for change in value of financial instruments	- 213.0	271.9
Change in value with no effect on net income from companies measured at equity	- 4.1	0.0
Actuarial gains and losses from pension provisions and associated fund assets	58.9	0.0
Tax item directly offset against equity	58.2	- 111.9
Income and expenses directly recognised in equity	**- 262.5**	**298.5**
Group profit	246.9	564.0
Total income and expenses recognised in the financial year	**- 15.6**	**862.5**
- attributable to shareholders of TUI AG	- 46.2	817.4
- attributable to minority interests	30.6	45.1

Condensed cash flow statement for the period from 1 January to 30 September

€ million	2006	2005
Cash flow from operating activities	1,136.1	1,453.7
Cash flow from investing activities	170.6	- 461.9
Cash flow from financing activities	- 415.1	246.8
Change in funds with cash effect	**891.6**	**1,238.6**
Change in cash and cash equival. due to changes in consolidation and exchange rate fluctuations	**- 1.6**	**9.4**
Cash and cash equivalents at the beginning of the period	**607.5**	**481.1**
Cash and cash equivalents at the end of the period	**1,497.5**	**1,729.1**
of which included in the balance sheet item assets classified held for sale	0.6	0.0
Cash and cash equivalents at the end of the period for continuing operations	**1,496.9**	**1,729.1**

Notes

Accounting principles

The Group's interim financial statements as at 30 September 2006 were prepared in a condensed form compared with the consolidated annual financial statements in accordance with IAS 34 'Interim Financial Reporting'. The only deviation from the historical cost principle was the accounting method applied in measuring financial instruments.

As of the beginning of the 2006 financial year, the following standards revised or newly issued by the IASB were applicable:

IAS 21 The Effects of Changes in Foreign Exchange Rates (amendment concerning net investments in a foreign operation),
IAS 39 Financial Instruments: Recognition and Measurement (amendment on hedges of forecast intra-Group transactions),
IAS 39 Financial Instruments: Recognition and Measurement (amendment on fair value option),
IAS 39 Financial Instruments: Recognition and Measurement (amendment on financial guarantee contracts),
IFRS 4 Insurance Contracts (amendment on financial guarantee contracts),
IFRS 6 Exploration for and Evaluation of Mineral Resources,
IFRIC 4 Determining whether an Agreement contains a Lease,
IFRIC 5 Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds,
IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

The application of these standards did not have any material effects on the TUI Group's accounting and measurement methods.

In addition, the revised IAS 19 Employee Benefits has been compulsory since 1 January 2006. This standard had already been applied voluntarily since 1 January 2005, and the option provided under this standard of offsetting actuarial gains and losses against equity with no effect on results when they occur had been exercised since that date.

With the exception of the changes outlined above, the interim financial statements as at 30 September 2006 were prepared in accordance with the same accounting and measurement principles as those applied in the preceding consolidated financial statements as at 31 December 2005.

The 2005 profit and loss statement was restated retrospectively in order to account for the effects of the changes in accounting and measurement methods only implemented with the consolidated financial statements for 2005. The reversal of the amortisation of actuarial gains and losses in the recognition of pension obligations resulted in a decline in personnel costs of € 24.4 million while deferred income tax expenses rose by € 7.5 million and earnings from discontinuing operations increased by € 0.2 million. The interest portion of the measurement of pension obligations was no longer carried under personnel expenses but was shown under financial expenses. Accordingly, the expected return from the related fund assets was recognised as financial income. As a result, personnel costs declined by € 23.4 million, with an increase in financial expenses of € 79.1 million and financial income of € 55.7 million.

Due to changes in the treatment of costs for the production of holiday brochures, the cost of material and purchased services declined by € 3.0 million and other expenses dropped by € 11.7 million, while deferred income tax expenses rose by € 5.1 million.

In order to enhance the comparability of figures, the restated figures for 2005 are presented alongside the originally published figures. The accounting and measurement methods hitherto applied are outlined in detail in the notes on the consolidated financial statements as at 31 December 2005.

Group of consolidated companies

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 2006 included a total of 41 domestic and 349 foreign subsidiaries, besides TUI AG.

Since 31 December 2005, eleven companies were newly included in the group of consolidated companies. Five companies were included in consolidation for the first time due to acquisitions. One further company was included due to an expansion of its business activities. In addition, five newly founded companies were included in consolidation for the first time. Ten additions related to the tourism division, with one company added to the shipping division.

Since 31 December 2005, a total of 64 companies were removed from consolidation. Fourty-four companies related to the tourism division. Besides the divestment of the TQ3 Group (twelve companies), the liquidation of subsidiaries (20 companies) was the main reason for the reduction in the group of consolidated companies. A further twelve companies were removed from consolidation due to mergers. Fifteen deconsolidated companies related to the trading division. All of these were companies operating in the US steel trading business of PNA Group Inc. Five further companies operated in the shipping division.

Acquisitions – divestments

As at 31 March 2006, TUI AG completed the sale of the business travel activities pooled under TQ3 Travel Solutions Management Holding GmbH to the Dutch BCD Holdings N.V. By 31 March 2006, the TQ3 Group generated turnover of € 62.3 million and earnings after income tax of € - 3.1 million. In the first three quarters of 2005, it posted turnover of € 175.5 million and earnings of € - 12.3 million. A total of twelve subsidiaries were divested at a selling price of € 232.9 million. Following the deduction of the expenses associated with the divestment of € 18.0 million, the divestment resulted in overall positive earnings before income taxes of € 149.2

million in the first nine months of 2006, carried under Other tourism. In the framework of the divestment, liabilities to TUI AG totalling around € 98 million were offset.

€ million	31 March 2006	31 Dec 2005
Goodwill	104.7	104.9
Other intangible assets	2.9	2.5
Property, plant and equipment	15.9	23.0
Investments	13.5	13.9
Trade accounts receivable	84.6	64.8
Other receivables and assets	51.4	49.2
Deferred income tax claims	4.5	2.3
Cash and cash equivalents	30.6	7.3
Pension provisions	14.2	13.7
Provisions for income taxes	2.5	1.8
Other provisions	16.1	14.6
Financial liabilities	5.5	6.2
Trade accounts payable	60.6	39.7
Other liabilities	143.5	118.5
Share of TUI AG shareholders in equity	**65.7**	**73.4**

Since the sales negotiations entered an increasingly specific stage, the business travel activities were already classified as a disposal group in accordance with IFRS 5 as at 20 December 2005. The assets and liabilities of the TQ3 Group therefore already had to be summarized in separate balance sheet items in the annual financial statements for 2005.

As at 9 May 2006, TUI AG sold its wholly-owned indirect subsidiary PNA Group Inc. to US financial investor Platinum Equity. By 9 May 2006, the PNA Group generated turnover of € 401.0 million and posted earnings after income taxes of € 19.8 million. In the first three quarters of 2005, turnover had totalled € 747.6 million, with earnings of € 22.4 million. The sale of a total of 15 subsidiaries was effected at a selling price of € 210.8 million. Including the expenses of € 6.9 million associated with the divestment, the sale generated overall negative earnings before income taxes of € 12.6 million for the trading division in the first nine months of 2006.

€ million	9 May 2006	31 Dec 2005
Property, plant and equipment	59.6	63.7
Investments	7.0	6.8
Trade accounts receivable	137.8	125.1
Other receivables and assets	226.9	190.9
Deferred income tax claims	10.2	4.2
Cash and cash equivalents	0.8	1.7
Pension provisions	7.4	7.9
Provisions for income taxes	14.4	2.6
Other provisions	10.0	13.8
Financial liabilities	67.7	50.4
Trade accounts payable	120.0	94.0
Other liabilities	3.7	5.8
Equity	**219.1**	**217.9**
Minority interests	**2.6**	**2.4**
Share of TUI AG shareholders in equity	**216.5**	**215.5**

With the application of IFRS 5, the US steel service companies were classified as discontinuing operations as at 1 January 2005. The assets and liabilities of the PNA Group already had to be summarized in separate balance sheet items in the 2005 consolidated financial statements.

As at the end of the first half of the year, the special travel activities of TUI Nederland were sold with effect from 1 January 2006 in the framework of a management buy-out. TUI Nederland N.V. sold all assets and liabilities of the special travel company to De Reisspezialisten Groep B.V. at a selling price of € 17.5 million. In the first three quarters of 2006, the divestment resulted in positive earnings before income taxes of € 12.4 million. The turnover and profit contribution of the divested group of special travel companies had to be classified as immaterial in relation to the TUI Group's consolidated turnover and earnings.

With effect from 5 October 2006, TUI AG sold its 80% share in Wolf GmbH at a selling price of € 61.8 million to CENTROTEC Sustainable AG. By 30 September 2006, Wolf GmbH posted turnover of € 154.1 million with earnings after income taxes of € 3.6 million. In the first nine months of 2005, turnover had totalled € 138.6 million, with earnings of € 1.3 million. Due to the divestment, the business operations of Wolf GmbH were classified as a disposal group as at 30 September 2006 in accordance with IFRS 5. The assets and liabilities of Wolf GmbH were therefore summarized in separate balance sheet items as at 30 September 2006.

On 27 September 2006, TUI AG sold 50.1% of its shares in TUI InfoTec GmbH to Sonata Software Limited, Bangalore, at a selling price of € 18.0 million. The transfer of stock ownership will only be effective once several suspensive conditions will have been met, but not before 31 October 2006. By 30 September 2006, the TUI InfoTec Group posted turnover of € 95.9 million, with balanced earnings after income taxes. In the first nine months of 2005, turnover had totalled € 96.8 million, with earnings of € 4.4 million. Due to the divestment, the business operations of the TUI InfoTec Group were classified as a disposal group as at 30 September 2006 in accordance with IFRS 5. The assets and liabilities of the TUI InfoTec Group were therefore summarized in separate balance sheet items as at 30 September 2006.

As at 24 August 2006, TUI UK Limited, London, acquired 100% of the shares in Explorers Travel Club Ltd., Camberley (UK) a provider of individual and organised diving tours. The purchase price (including incidental acquisition costs) totalled around € 13.5 million, while net assets amounted to € 3.9 million. The resulting goodwill of € 9.6 million was initially carried as goodwill since the revaluation of assets and liabilities was not yet completed.

€ million	Carrying amounts at acquisition date	Revaluation of assets and liabilities	Carrying amounts at date of first-time consolidation
Property, plant and equipment	3.1	–	3.1
Inventories	0.2	–	0.2
Other receivables and assets	0.8	–	0.8
Cash and cash equivalents	1.2	–	1.2
Provisions for income taxes	0.1	–	0.1
Other liabilities	1.3	–	1.3
Group equity	**3.9**	**–**	**3.9**

Discontinuing operations

At the beginning of the 2005 financial year, both the US steel service companies and the then remaining special logistics activities were classified as discontinuing operations in the framework of the first-time application of IFRS 5. The divestment of the rail logistics business unit of VTG (UB I) to the Luxembourg-based company Compagnie Européene de Wagons was already successfully completed in December 2005. In February 2006, TUI sold its indirect 100% share in the US steel trading business of PNA Group Inc. to financial investor Platinum Equity subject to a suspensive condition. The sale was completed on 9 May 2006.

Result from the discontinuing operations

Besides the operating income and expenses of these operations, the result from the discontinuing operations also included effects of the deconsolidation of operations already divested.

Result from the discontinuing operations (after income tax)

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005
Special logistics	–	7.5	–	18.8
Trading	–	6.6	19.8	22.4
Energy	–	–	–	–
Sub-total – Result after income tax	**–**	**14.1**	**19.8**	**41.2**
Special logistics	3.0	- 0.1	3.0	20.0
Trading	- 0.5	–	- 12.6	–
Other divestments	0.7	34.3	6.0	34.3
Sub-total – Result from divestment/deconsolidation	**3.2**	**34.2**	**- 3.6**	**54.3**
Special logistics	3.0	7.4	3.0	38.8
Trading	- 0.5	6.6	7.2	22.4
Other divestments	0.7	34.3	6.0	34.3
Total – Result from the discontinuing operations	**3.2**	**48.3**	**16.2**	**95.5**

Material items of the profit and loss statement of the discontinuing operations

				Special logistics				Trading
€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Q3 2006	Q3 2005	9M 2006	9M 2005
Turnover	–	109.2	–	325.3	–	252.1	401.0	747.6
Operating income	–	3.3	–	10.5	–	0.4	0.3	0.6
Depreciation/amortisation	–	–	–	–	–	–	–	–
Other operating expenses	–	98.1	–	298.1	–	242.6	372.1	711.0
Financial income	–	0.4	–	2.4	–	0.3	0.4	1.0
Financial expenses	–	2.5	–	7.6	–	1.4	1.4	4.8
Result from companies measured at equity	–	0.5	–	0.8	–	0.4	0.6	1.1
Earnings before taxes on income	–	12.8	–	33.3	–	9.2	28.8	34.5
Income taxes	–	5.3	–	14.5	–	2.6	9.0	12.1
Earnings after taxes on income	**–**	**7.5**	**–**	**18.8**	**–**	**6.6**	**19.8**	**22.4**

Material assets and liabilities of the discontinuing operations

		Trading
€ million	30 Sept 2006	31 Dec 2005
Non-current assets	–	74.7
Current assets	–	317.7
Non-current provisions and liabilities	–	50.3
Current provisions and liabilities	–	124.2

Cash flows from the operating activities as well as the investing and financing activities of the discontinuing operations

			Special logistics					Trading
€ million	Q3 2006	Q3 2005	9M 2006	9M 2005	Q3 2006	Q3 2005	9M 2006	9M 2005
Cash flow from operating activities	–	14.6	–	30.5	–	47.2	- 17.4	101.2
Cash flow from investing activities	–	- 11.1	–	- 23.3	–	- 2.1	- 2.0	- 3.4
Cash flow from financing activities	–	- 2.8	–	- 4.9	–	- 46.1	18.4	- 95.7
Change in cash and cash equivalents due to exchange rate fluctuations	–	–	–	–	–	0.1	0.1	- 0.3
Development of cash and cash equivalents	**–**	**0.7**	**–**	**2.3**	**–**	**- 0.9**	**- 0.9**	**1.8**

Notes on the consolidated profit and loss statement

The year-on-year development of the consolidated profit and loss statement was essentially characterised by changes in the group of consolidated companies. On the one hand, the TQ3 Group was only included in continuing operations until 31 March 2006. On the other hand, the first-time consolidation of the CP Ships Group was not effected until the fourth quarter of 2005. A year-on-year comparison of the performance of the continuing operations for the first nine months of 2006 is therefore of limited use only.

As at 30 September 2006, the operative business of CP Ships' container line was almost completely integrated into Hapag-Lloyd. In the period under review, earnings by the shipping division were impacted by the restructuring of CP Ships of € 64 million, comprising in particular the cost of personnel layoffs and of rental agreements for administrative buildings. Overall, earnings by the shipping division declined due to the development of freight rates and an increase in short-term charter rates and bunker oil costs.

The year-on-year development of earnings by the tourism division was essentially characterised by the income of around € 149 million from the divestment of the TQ3 Group, carried under Other tourism.

Earnings by the tourism division for the first nine months of 2006, adjusted for the income from the divestment of the TQ3 Group, fell short of 2005 levels although source markets Central Europe and Northern Europe recorded a year-on-year increase in earnings. The main reason for this decline was the persistently difficult market environment in France. While the destinations sector reported an increase in operating earnings in parts of its operations, its overall performance declined year-on-year due to one-off effects in 2005. In the first three quarters of 2005, the destinations sector had posted income of € 12.0 million from the reversal of the negative goodwill resulting from the acquisition of the shares in Touristik Finanz AG.

In the first nine months the Western Europe sector generated income of € 12 million from the divestment of the special travel activities of TUI Nederland, € 7 million from the sale of an administrative building and € 5 million from two aircraft sale-and-lease-back agreements. In addition, restructuring expenses of € 12 million were incurred for staffing level adjustment measures initiated and implemented in France. In the Central Europe sector, earnings in the period under review were impacted by restructuring expenses of € 12 million resulting from staffing level adjustment measures, but at the same time benefited from income of € 25 million from four aircraft sale-and-lease-back agreements. In the Other tourism sector, provisions of € 3 million were formed for social plan expenses in connection with the divestment of the TUI InfoTec Group.

In the Other operative companies sector, the Group's real estate companies posted one-off income of € 40.8 million from the selling agreement for the 'Schacht Konrad', already concluded at the end of the 1980s. Due to suspensive conditions, these earnings had not yet been realized.

The 2005 reference period benefited from valuation earnings of around € 5 million from the fair value measurement of the conversion options from the convertible bond issued in October 2003. In the first quarter of the period under review, in contrast, fair value measurement generated income of € 15 million. Since, with effect from 3 April 2006, TUI AG irrevocably waived its option, to be exercised unilaterally, of being able to deliver cash if a conversion option is exercised, the conversion options were treated as equity instruments again as of the date of the waiver. Thus, fair value measurement with an effect on results ceased to be effected as of 3 April 2006.

Overall, the earnings situation was characterised by the seasonal nature of the tourism business. Due to the business cycles, profit contributions in the tourism division predominantly arise in the second and third quarter of any one year.

In the first three quarters of the 2006 financial year, net unusual expenses after income tax of around € 4 million were carried under 'Result from the discontinuing operations'. These expenses mainly resulted from the cost of deconsolidation of the PNA Group of around € 13 million as well as income of € 5 million from the payment of previously disputed dividend claims on a company of the Preussag Energie Group and income from a reimbursement of pension payments, associated with the disposal of the special logistics activities (UB I). In 2005, earnings from discontinuing operations comprised unusual income after income tax of around € 54 million from the reversal of provisions no longer required (around € 20 million) and from purchase price adjustments in connection with the divestment of the Preussag Energie Group (around € 34 million).

Notes on the consolidated balance sheet

The changes in the consolidated balance sheet in comparison with 31 December 2005 mainly resulted from the cycle of the tourism business. Both trade accounts receivable and the corresponding trade accounts payable in the tourism division rose due to the development of the tourism season. Due to the increase in advance tourism payments, other liabilities as well as liquid funds also rose within that period.

Goodwill rose as against its level on 31 December 2005, mainly due to changes in exchange rate parities – in particular against the British pound sterling – of the goodwill recognised in the functional currencies of the respective subsidiaries. In addition, goodwill of € 9.6 million arose from the acquisition of Explorers Travel Club Ltd., Camberley (UK).

Assets held for sale and related liabilities

€ million	30 Sept 2006	31 Dec 2005
Trading	–	392.4
TQ3 Group	–	263.9
Wolf GmbH	112.9	–
TUI InfoTec Group	60.2	–
Other non-current assets	36.4	58.4
Assets held for sale	**209.5**	**714.7**
Trading	–	171.7
TQ3 Group	–	114.4
Wolf GmbH	62.1	–
TUI InfoTec Group	38.2	–
Liabilities related to other non-current assets	–	2.4
Liabilities from assets classified as held for sale	**100.3**	**288.5**

The reduction in assets held for sale and the related liabilities mainly resulted from the divestment of the TQ3 Group to the Dutch company BCD Holdings N.V. as at 31 March 2006 and the sale of PNA Group Inc. to US financial investor Platinum Equity as at 9 May 2006. Since Wolf GmbH and the TUI InfoTec Group will be divested in the fourth quarter of 2006, the business activities of these companies were classified as disposal groups in accordance with IFRS 5 as at 30 September 2006. The assets and liabilities of Wolf GmbH and TUI InfoTec Group were therefore pooled under 'Assets held for sale and related liabilities' as at 30 September 2006.

Changes in equity

The TUI Group exercises the option offered by IAS 19 of offsetting actuarial gains and losses against equity with no effect on results when they occur. In this context, provisions for pensions were reduced by € 58.9 million in the period under review, primarily due to the increase in the long-term interest rate level observed in the UK since the beginning of the year. Taking account of deferred taxes of € 17.7 million to be carried, equity rose accordingly by € 41.2 million with no effect on results.

Group equity rose by a further € 7.2 million due to the reclassification of the conversion options from the convertible bond issued in 2003, previously carried as derivative liabilities, to capital reserves with no effect on results. Reclassification with no effect on results was possible since TUI AG irrevocably waived its option of delivering cash should a conversion option be exercised with effect from 3 April 2006. Conversion options have therefore had to be treated as equity instruments again since the waiver date and will no longer create any earnings effects as a result of fair value measurement with an effect on results.

Group equity also rose due to positive consolidated earnings of € 246.9 million.

Group equity declined due to differences in the currency translation of financial statements of foreign subsidiaries.

A further reason for the year-on-year decline in equity was the resolution, adopted by the Annual General Meeting of TUI AG on 10 May 2006, to pay a dividend totalling € 193.1 million for the 2005 financial year.

Equity also declined due to changes in the value of financial instruments, used to hedge against exposure to payment flow risks, carried with no effect on results.

Contingent liabilities

As at 30 September 2006, the TUI Group's contingent liabilities totalled around € 251 million (31 December 2005: around € 306 million). Contingent liabilities were carried at the level of potential availment as at the balance sheet date. They mainly related to remaining guarantees and warranties from the former plant engineering and shipbuilding activities, which serve to settle ongoing business transactions and were reduced in the first nine months of 2006.

Other financial liabilities

Financial liabilities from operating rental, lease and charter agreements declined slightly at the end of the third quarter of 2006 to € 4.0 billion, down from € 4.4 billion as at 31 December 2005. The fair value dropped accordingly from € 3.8 billion to € 3.5 billion.

The remaining other financial liabilities dropped to € 3.4 billion as at the end of the third quarter of 2006, down from € 4.2 billion as at the end of the 2005 financial year. At € 3.0 billion, the fair value declined year-on-year from € 3.7 billion. While order commitments for tourism services declined slightly by € 0.9 billion to € 2.1 billion for seasonal reasons, order commitments for investments stayed on previous year's level by € 1.1 billion.

Notes on the cash flow statement

In the period under review, cash and cash equivalents rose by € 890.0 million to € 1,497.5 million.

The inflow of cash from operating activities declined by € 317.6 million to € 1,136.1 million year-on-year, primarily due to the divestment of the PNA Group and the rail logistics of VTG and also to the earnings in the shipping division.

The inflow of cash from investing activities totalled € 170.6 million (previous year: outflow of € 461.9 million) in the current financial year. The inflow of cash in the current financial year mainly resulted from the divestment of the TQ3 Group to the Dutch company BCD Holdings N.V. and of PNA Group Inc. to US financial investor Platinum Equity. On the other hand, payments of around € 565 million were made for capital expenditure and investments in intangible assets, primarily for aircraft and hotels in the tourism division and for ships and containers in the shipping division.

The outflow of cash from financing activities totalled € 415.1 million (previous year: inflow of € 246.8 million). The high inflow of cash in 2005 was mainly attributable to the capital increase of € 1.0 billion implemented in the third quarter of 2005.

Cash and cash equivalents decreased by € 1.6 million due to changes in exchange rates and changes in the group of consolidated companies.

Statements of changes in equity

Condensed statement of changes in equity for the period from 1 January to 30 September 2006

€ million	Subscribed capital	Capital reserves	Revenue reserves	Hybrid capital	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2006	**641.0**	**2,385.0**	**792.3**	**294.8**	**4,113.1**	**262.2**	**4,375.3**
Dividend payments	**0.0**	**0.0**	**- 209.9**	**0.0**	**- 209.9**	**- 18.9**	**- 228.8**
Changes without effect on net income	**0.0**	**7.2**	**- 249.9**	**0.0**	**- 242.7**	**- 11.8**	**- 254.5**
Reclassification convertible bond	0.0	7.2	0.0	0.0	7.2	0.0	7.2
Final consolidation	0.0	0.0	3.4	0.0	3.4	- 2.6	0.8
Differences from currency translation	0.0	0.0	- 154.6	0.0	- 154.6	- 7.9	- 162.5
Measurement changes with no effect on results	0.0	0.0	- 156.3	0.0	- 156.3	- 1.9	- 158.2
Tax items directly offset against equity	0.0	0.0	57.6	0.0	57.6	0.6	58.2
Group profit	**0.0**	**0.0**	**207.1**	**0.0**	**207.1**	**39.8**	**246.9**
Balance as at 30 September 2006	**641.0**	**2,392.2**	**539.6**	**294.8**	**3,867.6**	**271.3**	**4,138.9**

Condensed statement of changes in equity for the period from 1 January to 30 September 2005

€ million	Subscribed capital	Capital reserves	Revenue reserves	Equity before minority interests	Minority interests	Equity
Balance as at 1 January 2005	**457.0**	**1,566.3**	**400.0**	**2,423.3**	**236.4**	**2,659.7**
Dividend payments	**0.0**	**0.0**	**- 134.8**	**- 134.8**	**- 8.4**	**- 143.2**
Changes without effect on net income	**0.0**	**0.0**	**292.0**	**292.0**	**- 6.8**	**285.2**
Differences from currency translation	0.0	0.0	130.4	130.4	8.1	138.5
Measurement changes with no effect on results	0.0	0.0	271.9	271.9	0.0	271.9
Tax items directly offset against equity	0.0	0.0	- 111.9	- 111.9	0.0	- 111.9
First time consolidation	0.0	0.0	0.0	0.0	- 7.3	- 7.3
Final consolidation	0.0	0.0	0.0	0.0	- 7.6	- 7.6
Offsetting difference from the acquisition of minority interest	0.0	0.0	- 9.7	- 9.7	0.0	- 9.7
Effect from business combination achieved in stages	0.0	0.0	11.3	11.3	0.0	11.3
Capital Increase	182.8	813.3	0.0	996.1	0.0	996.1
Group profit	**0.0**	**0.0**	**527.0**	**527.0**	**37.0**	**564.0**
Balance as at 30 September 2005	**639.8**	**2,379.6**	**1,084.2**	**4,103.6**	**258.2**	**4,361.8**

Segment ratios

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

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005
Tourism	5,160.8	5,285.8	11,312.9	11,294.3
Shipping	1,511.0	873.3	4,756.4	2,307.3
Other operative sectors	67.5	62.7	171.5	189.4
Holding companies	0.4	0.9	1.0	2.1
Continuing operations	**6,739.7**	**6,222.7**	**16,241.8**	**13,793.1**
Special logistics	–	109.2	–	325.3
Trading	–	252.1	401.0	747.6
Discontinuing operations	**–**	**361.3**	**401.0**	**1,072.9**
Total	**6,739.7**	**6,584.0**	**16,642.8**	**14,866.0**

Earnings before interest, taxes and amortisation of goodwill according to divisions and sectors (EBITA)

€ million	Q3 2006	Q3 2005	9M 2006	9M 2005
Tourism	584	583	653	521
Shipping	- 25	95	- 91	218
Other operative sectors	7	7	58	22
Holding companies	14	81	- 18	39
Consolidation	- 51	- 58	- 54	- 87
Continuing operations	**529**	**708**	**548**	**713**
Special logistics	5	15	5	77
Trading	- 1	11	17	39
Other divestments	2	35	7	35
Discontinuing operations	**6**	**61**	**29**	**151**
Consolidation	–	–	–	–
Total	**535**	**769**	**577**	**864**

In the first three quarters of 2006, earnings before interest, taxes and amortisation of goodwill (EBITA) comprised the following results from the companies measured at equity: tourism € 35.2 million (previous year: € 28.0 million), shipping € 4.9 million (previous year € 2.1 million), other operative sectors € 0.0 million (previous year: € 0.0 million), holding companies € 0.0 million (previous year: € 0.0 million), special logistics € 0.0 million (previous year: 0.9 million) and trading € 0.6 million (previous year: € 1.1 million).

Events after the closing date

With effect from 5 October 2006, TUI AG sold its majority interest in Wolf GmbH, a company operating in the heating, ventilation and air conditioning sector at a selling price of € 62 million. It was purchased by Centrotec Sustainable AG, Brilon. With this transaction, TUI divested its last remaining industrial shareholding.

The Indian software company Sonata Software Limited will hold a 50.1% share in the IT services company TUI InfoTec and will manage it as a joint venture in cooperation with TUI, which still holds 49.9% of the joint venture. The selling price for the share totalled € 18 million. The transaction is expected to be completed in the fourth quarter of 2006.

In the framework of the reorganisation of business in Germany, the tour operator activities of the TUI, 1-2-Fly and Airtours brands and the TUI Leisure Travel Management sales organisation were merged into one company in the summer of 2006. In this context, the production of tours of the Airtours brand and thus around 100 jobs have been transferred from Frankfurt to Hanover. The remaining around 100 jobs are planned to be successively shed.

Reservation concerning future-related statements

This interim report contains a number of statements related to the future development of TUI. These statements are based both on assumptions and estimates. Although we are convinced that these future-related statements are realistic, we cannot guarantee them, for our assumptions involve risks and uncertainties which may give rise to situations in which the actual results differ substantially from the expected ones. The potential reasons for such differences include market fluctuations, the development of world market commodity prices, the development of exchange rates or fundamental changes in the economic environment. TUI does not intend or assume any obligation to update any forward-looking statement to reflect events or circumstances after the date of these materials.

Financial calendar 2007

Annual Press Conference 2007	21 March 2007
Annual General Meeting 2007	16 May 2007

Imprint

TUI AG
Karl-Wiechert-Allee 4
30625 Hanover
Germany

Phone +49.511.566-00
Fax +49.511.566-1901
E-Mail investor.relations@tui.com
Internet www.tui-group.com

TUI AG
Karl-Wiechert-Allee 4
30625 Hanover
Germany