

TUI Travel PLC and S-Group Capital Management sign joint venture and acquisition agreements for Russia and Ukraine

15 April 2009, TUI Travel PLC (TUI Travel) is pleased to announce that further to the statement on 10 April 2008 that it was forming a joint venture with S-Group Capital Management Limited, (S-Group), together with affiliated parties, to develop its Russian and CIS leisure tourism presence, it has today signed a definitive joint venture agreement to this effect. The joint venture can also announce that they have agreed to acquire majority stakes in certain assets of two key tour operators and travel agency groups in Russia and Ukraine. The joint venture has also signed a letter of intent with Mostravel, a Turkey and Egypt destination specialist.

Highlights include:

- Signature of a definitive joint venture agreement between TUI Travel and S-Group
- Signature of an agreement for the subsequent purchase by the joint venture of:
 - a 75% stake in certain assets of VKO Group, a tour operator and travel agency group based in Russia
 - a 75% stake in certain assets of Voyage Kiev, a tour operator and travel agency group based in Ukraine
- Signature of a letter of intent by the joint venture to own a 75% controlling stake in Mostravel, a Turkey and Egypt destination specialist based in Moscow.

The joint venture (to be owned 51% by S-Group and 49% by TUI Travel) will be an investment holding company, financed proportionally by both parties. The joint venture is expected to invest up to \$40m by 31 December 2009, with TUI Travel PLC's share of this investment expected to be up to \$20m, either in cash or the value of existing assets contributed to the joint venture. The formation of the joint venture and its subsequent acquisitions are all subject to competition authority approvals.

The Russian and CIS leisure tourism markets have experienced significant growth in outbound travel in recent years and present strong long-term growth opportunities. In 2008, six million Russians and one million Ukrainians travelled on traditional sun and beach holidays, which combined is equivalent to a third of the size of the UK sun and beach charter market.

Commenting on the agreements Peter Long, Chief Executive of TUI Travel PLC, said:

“TUI Travel will be the first major international tour operator with a significant presence in Russia and CIS. We are delighted with our partnership with S-Group which combines their local business knowledge and expertise with our vast experience in leisure travel. The agreements with VKO, Voyage Kiev and Mostravel will provide us with the scale and expertise to make a large impact on these markets.”

Vladimir Yakushev, Managing Partner, S-Group Capital Management said:

“We are delighted to be a partner of the leading European tour operator and are excited about the growth potential in the tourism markets in Russia and CIS. These deals start consolidating the market and will help to introduce market leading practices which will enable customers in Russia and Ukraine to enjoy high international tourism standards.”

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Further transaction details

Details of the joint venture

The joint venture is an investment holding company with the business being managed on a portfolio basis as it grows. The Board of the joint venture will consist of one member nominated by TUI Travel and one member nominated by S-Group. Any material investments by the joint venture will be subject to approval by the Board of the joint venture and prior approval of the two shareholders. TUI Travel will also comply with Listing Rules 10 and 11 to the extent relevant and/or necessary in respect of investments made by the joint venture.

Company details

VKO Group, which was founded in Moscow in 1994, includes two tour operators VKO Travel and Travelland as well as the network of travel agencies VKO Club which has more than 100 offices across Russia. VKO Group was founded by Ellada Peskova, Kirill Peskov and Natalia Golovlenkova, all of whom will remain with the business and continue with its development.

VKO Group with revenues of \$208m in the year to 31 December 2008, carries over 160k passengers per annum to a wide range of destinations, over 20 of which are the main destinations covered by the group's tour operators, VKO Travel and Travelland. The main destinations of VKO Travel are Spain, Greece, Croatia and Bulgaria. In addition the company also provides leading ski products. Travelland is predominantly a specialist tour operator focusing on the Czech Republic.

The gross assets¹ to be acquired from VKO Group were \$1.3m as at 31 March 2009.

Voyage Kiev is a tour operator and travel agency group based in Kiev. Founded in 1997 it includes the tour operator brand, Voyage Kiev and the travel agency brand Galopom po Evropah. It is managed by Vladimir Shchupak, Tatiana Shchupak and Taras Demura, all of whom will remain with the business and continue with its development.

Voyage Kiev with revenues of \$66m in the year to 31 December 2008, carries circa 70k passengers per annum to a wide range of destinations (20+) including Spain, Egypt, Turkey, France and Croatia. Galopom po Evropah has 60 travel agencies operating across Ukraine.

The gross assets¹ to be acquired from Voyage Kiev were \$102k as at 31 March 2009.

Mostravel with revenues of \$384m in the year to 31 December 2008, is a Turkey & Egypt specialist carrying circa 400k passengers per annum. As part of the agreement TUI Travel PLC's existing 34% shareholding in Mostravel (which TUI AG acquired in 2004) will be transferred into the joint venture. A further 41% of Mostravel will be acquired by the joint venture subsequently giving the joint venture a 75% controlling stake.

¹ Gross assets represent the sum of the fixed and current assets being acquired and is not representative of the transaction consideration.

About TUI Travel PLC:

TUI Travel PLC is a leading international leisure travel group which operates in approximately 180 countries worldwide and serves more than 30 million customers in over 25 source markets. Headquartered in Crawley, near Gatwick airport in the UK, the Group employs approximately 50,000 people and operates a pan-European airline consisting of over 150 aircraft. The company mainly serves the leisure travel customer and is organised and managed through four business Sectors: Mainstream, Specialist & Emerging Markets, Activity and Online Destination Services. In the financial year ended 30 September 2008, TUI Travel had revenues of £13.9 billion and an underlying profit before tax of £320 million. For more information visit www.tuitravelplc.com

About S-Group Capital Management Limited:

S-Group Capital Management is backed by Alexey Mordashov, CEO and major shareholder of Severstal Group. S-Group Capital Management considers a wide variety of investment opportunities ranging from venture capital investments in high technology companies to developing strategic partnerships with international conglomerates in Russia. Geography of investments includes Russia, US and Europe.

Alexey Mordashov is a prominent Russian businessman. Among other positions he is the CEO and major shareholder of OAO Severstal, an international, vertically integrated steel producer with a listing on the Russian Trading System and the London Stock Exchange. Severstal's high-quality assets are located in Russia, Ukraine, Kazakhstan, United Kingdom, France, Italy and the United States. In 2008, Severstal produced 19.2 million tons of steel. Revenues were \$22.4 billion and EBITDA was \$5.4 billion.