

TUI TRAVEL PLC
(the "Company")

NOMINATION COMMITTEE
TERMS OF REFERENCE
(the "Terms of Reference")

Constitution

- 1 It was resolved that a committee of the board of directors of the Company (the "Board") be established to be known as the nomination committee (the "Committee").

Membership

- 2 The members of the Committee shall be appointed by the Board from amongst the directors of the Company in accordance with the articles of association of the Company.
- 3 The Committee shall comprise at least three non-executive directors of the Company identified by the Board as independent in accordance with the requirements of the Combined Code (the "Independent Directors", each an "Independent Director") and up to two directors nominated by TUI AG pursuant to the terms of the relationship agreement (the "Relationship Agreement") entered into between the Company and TUI AG (the "Shareholder Directors", each a "Shareholder Director").
- 4 The first members of the Committee shall be Sir Michael Hodgkinson, Clare Chapman, Jeremy Hicks, Dr Michael Frenzel and Rainer Feuerhake.
- 5 The chairman of the Committee shall be appointed by the Board from among the members of the Committee and shall be Sir Michael Hodgkinson at the date of approval of these Terms of Reference. The chairman of the Committee shall be the chairman of the Company or an independent non-executive director of the Company. In the absence of the chairman of the Committee (and/or an appointed deputy), the remaining members present shall elect one of their number to chair the meeting. The chairman of the Company shall not chair the Committee when dealing with the appointment of a successor to the chairmanship.
- 6 The chairman of the Committee and its members shall be listed each year in the Company's annual report.
- 7 Each member shall hold office for a period of up to three years, which may be extended by no more than two additional three-year periods, provided that the majority of the Committee remain independent.
- 8 If any member of the Committee is unable to act for any reason, the chairman of the Committee may appoint any other non-executive director of the Company, approved by the other members of the Committee, to act as that member's alternate.
- 9 In deciding chairmanship and membership of the Committee, the value of ensuring that Committee membership is refreshed, and that reliance is not placed on particular individuals, should be taken into account.
- 10 Each member of the Committee shall disclose to the Committee:
- 10.1 any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
- 10.2 any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the Board) shall resign from the Committee.

Secretary

- 11 The Company secretary or his/her nominee shall act as secretary of the Committee.

Attendance at Meetings

- 12 No one other than the members and chairman of the Committee is entitled to be present at a meeting of the Committee. The members and chairman of the Committee shall, however, have the discretion to decide who else shall be invited to attend and individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as appropriate.

Quorum

- 13 The quorum necessary for the transaction of business shall be two members including one Shareholder Director and one Independent Director. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Notice of Meetings

- 14 Notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate shall be forwarded to each member of the Committee, and to each other person invited to attend, not less than five working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the Committee to all members and to arrange such meetings so that members are able to attend.

Meetings

- 15 The Committee shall meet at least twice per financial year and at such other times as the chairman or the members of the Committee require.
- 16 Unless varied by these Terms of Reference, meetings and proceedings of the Committee shall be governed by the Company's articles of association regulating the meetings and proceedings of directors.
- 17 A member of the Committee may participate in a meeting of the Committee by telephone.
- 18 In the event of equality of votes, the chairman of the Committee shall have a casting vote.

Minutes of Meetings

- 19 The secretary of the Committee shall prepare minutes of the proceedings and resolutions of all Committee meetings, including noting the names of those present and in attendance and any declarations of interest.
- 20 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the chairman of the Company and, once agreed, to all other members of the Board, unless a conflict of interest exists.

Annual General Meeting

- 21 The chairman of the Committee shall attend the annual general meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities. All members of the Committee shall also attend the annual general meeting.

Duties

- 22 The Committee shall, subject to the articles of association of the Company and the Relationship Agreement:
- 22.1 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies when they arise;
 - 22.2 periodically review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
 - 22.3 give full consideration to succession planning for all directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
 - 22.4 before an appointment is made to the Board, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - 22.4.1 use open advertising or the services of external advisers to facilitate the search;
 - 22.4.2 consider candidates from a wide range of backgrounds; and
 - 22.4.3 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - 22.5 review annually the time required for a non-executive director to discharge his duties and assess whether he contributes effectively and demonstrates commitment to the role (including the commitment of time for Board and Committee meetings and other duties). Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
 - 22.6 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
 - 22.7 prepare a job specification for the appointment of a chairman of the Company, including an assessment of time-commitment expected, recognising the need for availability in the event of any crises;
 - 22.8 arrange for non-executive directors to receive a formal letter of appointment to the Board, on their appointment, setting out the expected time commitment, committee service expected of them and their involvement outside Board meetings;
 - 22.9 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and
 - 22.10 prepare a statement for inclusion in the annual report which complies with the requirements of the Combined Code and lists the chairman and members of the Committee, the frequency of meetings and level of attendance by directors and describes the work of the Committee and the process used for Board appointments and gives an explanation if neither an external search agency nor open advertising has been used in the appointment of a chairman of the Company or a non-executive; and

- 22.11 make available these Terms of Reference (by posting on the Company's website) and making them available on request.
- 23 The Committee shall also make recommendations to the Board concerning:
- 23.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive of the Company;
 - 23.2 suitable candidates for the role of senior independent director;
 - 23.3 the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 23.4 the continuation (or not) in service of any director who has reached the age of seventy;
 - 23.5 the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 23.6 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract; and
 - 23.7 the appointment of any director to executive or other office other than to the positions of chairman and chief executive of the Company, the recommendation for which would be considered at a meeting of the full Board.
- 24 In nominating any directors, the Committee must also have regard to the provisions of the Relationship Agreement.

Reporting Responsibilities

- 25 The Committee chairman shall report formally to the Board on its proceedings after each meeting.
- 26 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 27 The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or opening advertising has not been used.
- 28 The Committee shall, at least once a year, rigorously review its own performance, constitution and Terms of Reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

- 29 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 30 The Committee is authorised to obtain, at the Company's expense and, where appropriate, in consultation with the Company secretary or the chairman of the Company, independent legal or other professional advice on any matters within its Terms of Reference.

Revisions & Commencement

- 31 The Committee shall recommend to the Board such revisions of its Terms of Reference as from time to time the Committee considers appropriate.
- 32 These Terms of Reference were approved at a meeting of the Board held on 28 June 2007 and, with effect from this date, any previous Terms of Reference are rescinded.

Dated: 28 June 2007