

**TUI TRAVEL PLC****TRADING UPDATE**

TUI AG, our listed majority shareholder, is today issuing its third quarter results. The report contains statutory financial information relating to TUI Travel PLC for the nine months ended 30 September 2008 and 30 September 2007, prepared in line with TUI AG's group consolidation accounting policies and formats, which are stated in Euros. Consequently, it is not directly comparable with TUI Travel PLC financial information for the 12 months ending 30 September 2008, which is subject to a full audit review and which will be reported on 27 November.

As previously stated in our pre close trading update on 29 September, we remain confident that we will meet the Board's expectations for the year ended 30 September 2008 and the year ending 30 September 2009.

**Summer 2008**

The Summer 2008 programmes ended in line with our last trading update.

<b>Current Trading <sup>1</sup></b>		<b>Summer 2008</b>		
<b>y-o-y variation%</b>	<b>ASP<sup>3</sup></b>	<b>Sales</b>	<b>Customers</b>	<b>Capacity</b>
<b>MAINSTREAM</b>				
<b>Northern Region</b>				
Short-haul	+10	flat	-9	-10
Medium-haul	+17	+12	-4	-5
Long-haul	+4	+10	+6	+2
<b>UK – Charter</b>	<b>+11</b>	<b>+7</b>	<b>-4</b>	<b>-6</b>
Nordic	+3	+4	+1	+2
Canada	-13	-10	+3	+4
<b>Northern Region – Total</b>	<b>+10</b>	<b>+6</b>	<b>-4</b>	<b>-5</b>
Germany - Charter	+2	-1	-3	
Germany - Scheduled	+14	flat	-12	
<b>Germany - Total</b>	<b>+4</b>	<b>-1</b>	<b>-5</b>	
Austria	+2	-17	-19	
Switzerland	+1	+7	+6	
Poland	+6	+57	+48	
<b>Central Europe – Total</b>	<b>+5</b>	<b>-1</b>	<b>-6</b>	<b>-10</b>
France	+9	-1	-9	
Belgium	+4	+8	+4	
Netherlands	+4	+7	+3	
<b>Western Europe - Total</b>	<b>+5</b>	<b>+4</b>	<b>-2</b>	<b>flat</b>
<b>SPECIALIST</b>	<b>+7</b>	<b>+5</b>	<b>-2</b>	
<b>ACTIVITY</b>	<b>n/a</b>	<b>+1</b>	<b>n/a</b>	
<b>ODS <sup>2</sup></b>	<b>+1</b>	<b>+21</b>	<b>+20</b>	
<i>UK Scheduled - discontinued</i>	<i>+34</i>	<i>-18</i>	<i>-39</i>	<i>-43</i>

<sup>1</sup> These statistics are up to 31 October 2008 <sup>2</sup> These statistics relates to online business only  
<sup>3</sup> Average selling price

**Current Trading**

For all seasons currently on sale, we continue to focus on ensuring that we recover our input costs and achieve our margin targets by leveraging the flexibility we have in our business model. Accordingly, in anticipation of a period of weaker demand, we have implemented significant capacity reductions across our source markets. These reductions have enabled us to maintain and in certain markets (UK and Central Europe) increase the average selling prices we are achieving, reach the necessary load factors and deliver our margin targets.

<b>Current Trading <sup>1</sup></b>					
<b>y-o-y variation%</b>	<b>ASP<sup>3</sup></b>	<b>Sales</b>	<b>Winter 2008/09</b>		<b>Left to sell</b>
			<b>Customers</b>	<b>Capacity<sup>5</sup></b>	
<b>MAINSTREAM</b>					
<b>Northern Region</b>					
Short-haul	+6	-9	-14	-16	
Medium-haul	+11	+3	-7	-8	
Long-haul	<u>+8</u>	<u>-1</u>	<u>-8</u>	<u>-4</u>	
<b>UK – Charter</b>	<b>+10</b>	<b>flat</b>	<b>-9</b>	<b>-9</b>	<b>-9</b>
Nordic	+3	-6	-9	-8	-4
Canada	<u>+1</u>	<u>flat</u>	<u>-1</u>	<u>-4</u>	-8
<b>Northern Region – Total</b>	<b>+8</b>	<b>-2</b>	<b>-9</b>	<b>-8</b>	<b>-8</b>
Germany - Charter	+4	flat	-4		
Germany - Scheduled	+24	+3	-17		
<b>Germany - Total</b>	<b>+9</b>	<b>+1</b>	<b>-7</b>	<b>-14</b>	
Austria	+1	-12	-13	-10	
Switzerland	-4	-8	-4	-20	
Poland	<u>+8</u>	<u>+47</u>	<u>+36</u>	<u>+20</u>	
<b>Central Europe – Total</b>	<b>+8</b>	<b>flat</b>	<b>-7</b>	<b>-13</b>	<b>-7</b>
France	+12	-6	-16	-8	
Belgium	+6	+2	-4	-6	
Netherlands	<u>+1</u>	<u>-13</u>	<u>-14</u>	<u>-15</u>	
<b>Western Europe - Total</b>	<b>+7</b>	<b>-6</b>	<b>-12</b>	<b>-8</b>	<b>-10</b>
<b>SPECIALIST<sup>4</sup></b>	<b>+11</b>	<b>+9</b>	<b>-1</b>		
<b>ACTIVITY<sup>4</sup></b>	<b>NA</b>	<b>-5</b>	<b>NA</b>		
<b>ODS<sup>2</sup></b>	<b>+5</b>	<b>+14</b>	<b>+9</b>		
<i>UK Scheduled - discontinued</i>	<i>+36</i>	<i>-66</i>	<i>-75</i>	<i>-88</i>	<i>-98</i>
<sup>1</sup> These statistics are up to 9 November 2008 <sup>2</sup> These statistics relates to online business only <sup>3</sup> Average selling price <sup>4</sup> The trading statistics for these businesses have been affected by the reclassification of certain businesses between these segments <sup>5</sup> Excludes non risk lines of business – primarily in Western and Central Europe (e.g. overland)					

In the UK, we have further reduced charter capacity since our pre-close statement with winter capacity now down 9% versus the prior year. Total UK capacity (including the discontinued scheduled flying programme) is now down 28%. Average selling prices on charter holidays are now up 10% as a result of stronger pricing in the past eight weeks, with prices up 12% over this period primarily as a result of keeping supply tight and having less product left to sell as we entered the season. The charter programme is now 50% sold which is flat versus prior year, and we now have 9% fewer holidays left to sell.

In the Nordics, we have now reduced capacity by 8% (primarily through third party flying rationalisation) to match supply with demand. Average selling prices remain broadly in line with the cost inflation experienced by these businesses, and are up 3% for the season. The programme is now 78% sold which is in line with prior year. The recent failure of Sterling Airways, which provided significant capacity to third party tour operators, represents an opportunity to drive further volumes to our strong tour operator brands, particularly for the forthcoming summer season.

In Central Europe, trading in Germany remains encouraging, with average selling prices up 9% on capacity that is down 14% in total. The load factor for the Central Europe region is now 43%, four percentage points ahead of prior year, and we have 7% fewer holidays left to sell compared to prior year.

In Western Europe, demand in the French source market continues to be weak, with bookings down 16%. However, average selling prices are strong, up 12%, as we continue to realign the business model to focus on profitable holidays and accordingly we have reduced capacity by 8% so far.

Sales are 9% ahead of the prior year in the Specialist & Emerging Markets sector and demand for our European specialist businesses and our North American escorted tours businesses remains strong, as evidenced in trading at both Hayes & Jarvis (our UK long-haul specialist) and Starquest (our private jet tour operator) which is trending ahead of management's expectations.

Within the Activity sector, total sales are down 5% primarily due to weaker demand in our Marine segment for the winter and for skiing holidays; however we are encouraged with trading in our adventure and expedition cruising businesses, which are achieving positive like for like sales growth.

#### Summer 2009

In the UK, we are continuing to focus on managing our capacity in anticipation of a weaker earlier booking environment. Accordingly, we have reduced capacity by 16% to ensure that we achieve strong average selling prices, meet load factor targets and consequently achieve our margin targets. To date volumes have been 17% lower but average selling prices have remained strong and are up 11% versus prior year, which is substantially greater than the expected cost inflation (of circa 6%) in this season. The total programme load factor is flat versus prior year at 18% but as a result of the capacity reductions we have implemented there is already 14% less stock left to sell for the season.

Despite a more challenging trading environment we are satisfied with our current position across all our source markets and businesses. Within our Mainstream source markets, through a combination of reducing fixed capacity, third party flying (which is 30% of all tour operator capacity) and uncommitted bed stock (which accounts for 80% of bed stock), we believe we can manage the current market conditions and continue to improve the profitability of the business.

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