



Public Exchange Offer

of

Kuoni Holdings Plc

(incorporated in England & Wales under the Companies Act 1985 with registered number 3656448)

for all

Registered Shares A in Kuoni Reisen Holding AG with a nominal value of CHF 10 each

and

Registered Shares B in Kuoni Reisen Holding AG with a nominal value of CHF 50 each

Offer Period: April 27 to June 1, 1999, 4 p.m. Central European Time (CET)
(subject to extension)

Exchange Ratio: 1 Kuoni Reisen Holding AG registered share A with a nominal value of CHF 10

will be exchanged for

296.545 Kuoni Holdings Plc ordinary shares with a nominal value of GBP 0.10 each

1 Kuoni Reisen Holding AG registered share B with a nominal value of CHF 50

will be exchanged for

1,482.724 Kuoni Holdings Plc ordinary shares with a nominal value of GBP 0.10 each

CREDIT SUISSE FIRST BOSTON

Kuoni Reisen Holding AG

Registered shares A:	(not listed)
Registered shares B:	first line (not notified for exchange)
	second line (notified for exchange in Swiss Certificates)
	third line (notified for exchange in Ordinary Shares)

Security number

261 585
350 485
674 428
674 399

ISIN

CH 000 261 585 1
CH 000 350 485 6
CH 000 674 428 5
CH 000 674 399 8

Kuoni Holdings Plc

Swiss Certificates
Fractions
Ordinary shares

Security number

683 807
683 974
546 321

ISIN

CH 000 683 807 9
CH 000 683 974 7
GB 000 672 636 7

Overseas Shareholders

All persons (including custodians, nominees and trustees) who would, or otherwise intend to, forward this Exchange Offer Prospectus, the Declaration of Acceptance and Assignment or the Listing Particulars to any jurisdiction outside Switzerland should read the further details in this regard set out in the Declaration of Acceptance and Assignment before taking any action. In particular, persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute them in, into or from the United States, Canada, Australia or Japan or use the mails or any telephonic or electronic communications in any such jurisdiction for any purpose, directly or indirectly, in connection with the public exchange offer, and so doing may render invalid any related purported acceptance of the public exchange offer. Except in relation to acceptances by qualified institutional buyers (as defined below) in the United States made with the prior approval of Kuoni Holdings Plc, Declarations of Acceptance and Assignment or other documents of title should not be postmarked in the United States, Canada, Australia or Japan and all acceptors must provide addresses outside the United States, Canada, Australia or Japan for the receipt of the consideration to which they are entitled under the public exchange offer or for the return of Declarations of Acceptance and Assignment and share certificates or other documents of title. A failure to comply with the provisions described in the Declaration of Acceptance and Assignment could render any acceptance of the public exchange offer invalid.

In addition to the Exchange Offer Prospectus, all persons in the United Kingdom should receive the Listing Particulars, and all persons in the United States should receive the Listing Particulars and the Investment Representation Statement. Copies of the Listing Particulars can be obtained from Credit Suisse First Boston. Copies of the Investment Representation Statement can be obtained from Kuoni Holdings Plc. Any person (including custodians, nominees and trustees) wishing to forward the Exchange Offer Prospectus, the Declaration of Acceptance and Assignment or the Listing Particulars to any person in the United States believed to be a qualified institutional buyer should first contact Kuoni Holdings Plc or Credit Suisse First Boston to seek approval to do so, failing which any purported acceptance of the public exchange offer by such person in the United States may be invalid.

United States of America

The public exchange offer referred to in this document is not being made, directly or indirectly, in or into the United States, other than to qualified institutional buyers, as defined in Rule 144A under the US Securities Act of 1933, as amended (the "Securities Act"), and neither this Exchange Offer Prospectus nor the form of Declaration of Acceptance and Assignment nor the Listing Particulars are being or may be mailed or otherwise forwarded, distributed or sent in, into or from the United States and may not be accepted from within the United States, except to or by such qualified institutional buyers, previously approved by Kuoni Holdings Plc. The shares of Kuoni Holdings Plc to be issued to the public exchange offer have not been registered under the Securities Act or under any relevant securities laws of any state of the United States. Accordingly, the shares of Kuoni Holdings Plc may not be offered sold or delivered, directly or indirectly, in or into the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and otherwise in accordance with all applicable legislation. Persons accepting the public exchange offer and any prospective purchasers of shares of Kuoni Holdings Plc from such persons are hereby notified that the sellers of such shares may be relying on the exemption from the provisions of sections of the Securities Act provided by Rule 144A.

Pursuant to relief granted by the staff of the US Securities and Exchange Commission from Rule 10b-13 under the US Securities Exchange Act of 1934, as amended (the "Exchange Act"):

- Credit Suisse First Boston and UBS AG, acting through its division Warburg Dillon Read, may, in accordance with applicable law, make certain purchases of securities of Kuoni Reisen Holding AG outside the United States during the period in which the public exchange offer remains open for acceptance; and
- Credit Suisse First Boston and UBS AG, acting through its division Warburg Dillon Read, may, in accordance with applicable law, continue their market making activities with respect to the B Shares of Kuoni Reisen Holding AG during the period in which the public exchange offer remains open for acceptance and have agreed to comply with the provisions of the UK City Code on Takeovers and Mergers applicable to purchases of shares by connected exempt market makers outside an offer, except that in lieu of disclosing purchases to the London Stock Exchange and the UK Panel on Takeovers and Mergers, they will disclose them to the Swiss Takeover Panel.

Other Jurisdictions

This Exchange Offer Prospectus may not be issued or distributed or passed on to a person resident in a country or jurisdiction where such issuance, publication or distribution would be considered unlawful.

Listing Particulars

This document should be read in conjunction with the terms of the Listing Particulars, copies of which have been sent to banks for delivery to the shareholders.

Financial Advisors

Credit Suisse First Boston (Europe) Limited is acting only as financial advisor to Kuoni Reisen Holding AG and Kuoni Holdings Plc for the purposes of the Merger. No other person is Credit Suisse First Boston (Europe) Limited's customer in relation to the transaction and it neither owes nor undertakes any duties or obligations to, and will not be liable in any respect to, any other person, nor does it owe to any other person the protections afforded to customers under any relevant regulatory system. The recipient should seek its own independent financial advice.

Lazard Brothers & Co., Limited is acting only as financial advisor to First Choice Holidays PLC and Kuoni Holdings Plc for the purposes of the Merger. No other person is Lazard Brothers & Co., Limited's customer in relation to the transaction and it neither owes nor undertakes any duties or obligations to, and will not be liable in any respect to, any other person, nor does it owe to any other person the protections afforded to customers under any relevant regulatory system. The recipient should seek its own independent financial advice.

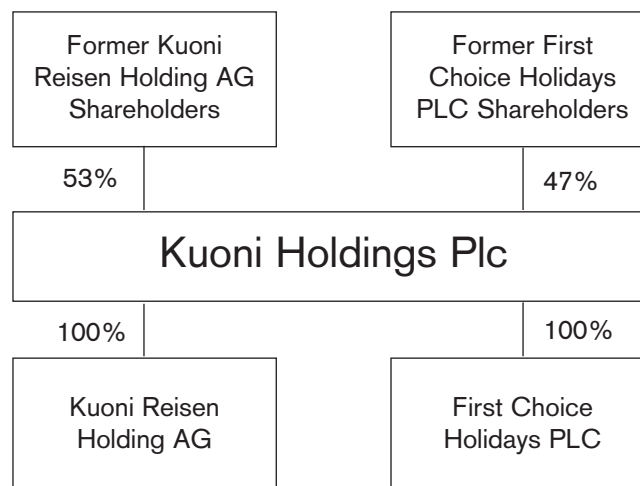
Manager and Listing Agent

Credit Suisse First Boston has been appointed by Kuoni Holdings as manager for the purposes of the exchange offer and listing agent for the listing of the Kuoni Holdings Shares on the Swiss Exchange SWX. No other person is Credit Suisse First Boston's customer in relation to the transaction and it neither owes nor undertakes any duties or obligations to, and will not be liable in any respect to, any other person, nor does it owe to any other person the protections afforded to customers under any relevant regulatory system.

In the case of inconsistencies between the English original and the German and French translation thereof, the English version shall prevail.

A. Kuoni Holdings Plc: The Exchange Offer in the Context of the Merger of Kuoni Reisen Holding AG and First Choice Holidays PLC

The Boards of Directors of Kuoni Reisen Holding AG and First Choice Holidays PLC officially announced on March 15, 1999 the terms of a merger of the two companies by means of the acquisition of the shares in the two companies by exchange offers to be made by a new entity (the "Merger"). The new entity's name is "Kuoni Holdings Plc". Following implementation of the Merger, Kuoni Holdings Plc will be the parent company for Kuoni Reisen Holding AG and First Choice Holidays PLC with their respective subsidiaries and subsidiary undertakings and will hold, assuming full acceptance of the exchange offers, 100% each of Kuoni Reisen Holding AG and First Choice Holidays PLC. Assuming full acceptance of the exchange offers, no First Choice Holidays PLC convertible preference shares being converted into First Choice Holidays PLC ordinary shares, the repurchase and cancellation of the paid-in reserved shares (Vorratsaktien) of Kuoni Reisen Holding AG and exercise of all share options for shares in First Choice Holidays PLC assuming that, to the fullest extent possible, the exercise of options under the First Choice Holidays PLC Share Schemes is satisfied out of the shares held by the First Choice Holidays PLC Employee Benefit Trust, the former shareholders of Kuoni Reisen Holding AG would own 53% of Kuoni Holdings Plc and the former shareholders of First Choice Holidays PLC would own 47% of Kuoni Holdings Plc as set out in the diagram below.



To implement the Merger, Kuoni Holdings Plc is making inter-conditional exchange offers for all issued and outstanding shares of Kuoni Reisen Holding AG and First Choice Holidays PLC (the "Offers"). Following each of these Offers becoming or being declared wholly unconditional, the accepting shareholders of Kuoni Reisen Holding AG and First Choice Holidays PLC will become shareholders in Kuoni Holdings Plc, an English public company. Application has been made to the London Stock Exchange for the Kuoni Holdings Plc shares to be admitted to the Official List and application has been made to the Swiss Exchange SWX for admission to listing. It is expected that admission to listing on the London Stock Exchange will become effective and that dealings will commence on the first business day after the Offers become or are declared unconditional in all respects (save in respect of the conditions relating to admission and the inter-conditionality of the Offers (to be satisfied on admission)). It is expected that listing on the Swiss Exchange SWX will become effective and that dealings will commence as soon as practicable after the Offers become or are declared unconditional in all respects.

Rationale for the Merger

In recent years, the European tour operating sector has grown and customers have required greater quality, efficiency and value for money. As the market has developed, the industry across Europe has begun to consolidate to secure economies of scale and competitive advantage.

The Kuoni Holdings Plc group will be one of the largest pan-European travel groups, serving over 7 million customers per annum and with sales operations spanning 20 countries worldwide. The Merger brings together two substantial tour operators in Europe to create a group (the "Merged Group") with an award winning portfolio of brands. The board of Kuoni Holdings Plc believes that the Merged Group will have the financial and managerial strength to take advantage of the opportunities presented by the continuing industry consolidation taking place in Europe.

The board of Kuoni Holdings Plc believes that, on completion of the Merger, the Merged Group will be one of the largest long haul tour operators in both the UK and Europe as a whole, the largest travel group and one of the largest travel agents in Switzerland and will own Air 2000, one of the UK's major charter airlines. In addition, the Merged Group is expected to have strong positions in tour operating markets in Austria, Canada, Denmark, France, India, Ireland and Italy, as well as an established position in the Far East.

The board of Kuoni Holdings Plc believes that the highly complementary nature of the Kuoni Reisen Holding AG and First Choice Holidays PLC business portfolios means that difficulties in terms of competition regulation are not anticipated.

In recent years, both Kuoni Reisen Holding AG and First Choice Holidays PLC have built strong positions in the principal markets in which they operate, while growing profits significantly. The two companies have a wide range of complementary product offerings available to be developed across Europe and management teams with a proven track record of delivering growth.

Kuoni Reisen Holding AG and First Choice Holidays PLC represent a unique strategic and cultural fit of two companies that share a vision of growing their businesses, building competitive market positions and offering quality products to customers. Kuoni has been awarded "Best Long Haul Tour Operator" every year in the UK for the past 17 years and has been awarded "Best International Tour Operator 1998" in the World Travel Awards. It was also recently awarded by Travel Inside "Swiss Golden Travel Star Awards" in 1999 for its beach holidays, long haul travel to America and "Ticket Shop". In the UK, First Choice Holidays PLC was recently awarded "Best Short Haul Tour Operator 1999" and Air 2000 was awarded "Best Charter Airline 1999".

Kuoni Holdings Plc will continue with a flexible retail strategy in the UK, building on the existing First Choice Holidays PLC structure with selected acquisitions and greenfield developments. Kuoni Holdings Plc intends to seek to develop further Kuoni Reisen Holding AG's and First Choice Holidays PLC's already strong and growing direct sales operations to enhance the distribution of the Merged Group's products.

The board of Kuoni Holdings Plc believes that the Merger will provide the following key benefits:

- the complementary fit between First Choice Holidays PLC's volume product skills and Kuoni Reisen Holding AG's strong geographical spread and premium products is expected to facilitate the sale of an enlarged product offering across Europe;
- improved aircraft utilisation and load factors, through opportunities to expand airline capacity across a larger market and to fly more passengers in the Merged Group's own aircraft rather than those of third parties;
- a highly attractive portfolio of brands for development, including Air 2000, Alletiders, Eclipse, Edelweiss Air, First Choice, Hayes and Jarvis, Helvetic Tours, Kuoni, Privat Safaris, Signature Vacations, SOTC, Sovereign, Twenties, Unijet and Voyages Jules Verne;
- further growth in tour operating markets from enhanced retail distribution in the UK, both through the rapidly expanding First Choice Holidays PLC retail network and through growing direct sales operations;
- efficiencies and risk diversification from managing the Merged Group's seasonal capacity at holiday destinations across different geographical markets;
- increased purchasing power in areas such as securing hotel accommodation and ground handling services in holiday destinations, aircraft maintenance, aviation fuel and airline insurance;
- development opportunities through growing the international operations of the Merged Group including in Asia and India; and
- enhanced financial standing, cost savings and financing efficiencies in the medium term.

The board of Kuoni Holdings Plc believes that the Merger represents a step change in scale and diversity, combining two strong businesses to provide greater international development opportunities for the future.

B. Exchange Offer

- 1. Offer** The exchange offer of Kuoni Holdings Plc extends to all 100,000 Kuoni Reisen Holding AG registered shares A and to all 300,000 Kuoni Reisen Holding AG registered shares B.

- 2. Exchange Ratio** **1 Kuoni Reisen Holding AG registered share A with a nominal value of CHF 10**

will be exchanged (free of charge for all shares which are held in a safekeeping account at banks in Switzerland) for

296.545 Kuoni Holdings Plc ordinary shares with a nominal value of GBP 0.10 each

1 Kuoni Reisen Holding AG registered share B with a nominal value of CHF 50

will be exchanged (free of charge for all shares which are held in a safekeeping account at banks in Switzerland) for

1,482.724 Kuoni Holdings Plc ordinary shares with a nominal value of GBP 0.10 each.

The Board of Directors of Kuoni Reisen Holding AG reserves the right at its own discretion to apply for the delisting of the Kuoni Reisen Holding AG registered shares B once the exchange offer has been completed. Kuoni Reisen Holding AG registered shares A are not listed.

The range of closing prices of Kuoni Reisen Holding AG registered shares B on the Swiss Exchange SWX was as follows during the periods indicated (in CHF, adjusted in line with changes in capital):

Registered shares B	1994	1995	1996	1997	1998	1999*
High	2,375	1,900	3,400	6,225	8,890	6,100
Low	1,600	1,670	1,850	3,200	3,680	5,085

* 01.01. – 21.04.1999

Closing price prior to the official announcement of the Merger on March 15, 1999	CHF 5,500
Closing price as of April 21, 1999	CHF 5,220

Source: annual report/Datastream

Kuoni Reisen Holding AG intends to reduce its capital from CHF 16,000,000 to CHF 14,350,000 by the cancellation of 33,000 registered shares B if this exchange offer is completed. The Board of directors of Kuoni Reisen Holding AG will propose such capital reduction and cancellation at the annual shareholders' meeting which will be held on May 11, 1999. The 33,000 registered shares B which are to be cancelled were held by UBS AG as "Vorratsaktien" (i.e. paid-in reserved shares) pursuant to an agreement between UBS AG and Kuoni Reisen Holding AG. They have been sold by UBS AG to Kuoni UK Limited, a 100% subsidiary of Kuoni Holdings Plc for a price of CHF 50 each per share. Kuoni UK Limited will hold such shares throughout the offer period and has undertaken not to accept the offer for such shares. Kuoni UK Limited has undertaken to sell and deliver such shares to Kuoni Reisen Holding AG for the price of CHF 50 per share when the capital reduction becomes effective. Furthermore Kuoni UK Limited has agreed to sell the shares to Kuoni Reisen Holding AG for a purchase price of CHF 50 per share if this exchange offer is not completed and as a consequence the capital reduction does not take place.

The range of closing prices of First Choice Holidays PLC ordinary shares and preference shares, respectively, on the London Stock Exchange was as follows during the periods indicated (in pence, adjusted in line with the changes in capital):

Ordinary shares	1994	1995	1996	1997	1998	1999*
High	118.68	113.16	80.85	109.72	162.65	192.00
Low	81.88	54.86	49.57	75.55	83.50	113.50

* 01.01. – 21.04.1999

Closing price prior to the official announcement
of the Merger on March 15, 1999 187.50 p
Closing price as of April 21, 1999 191.00 p

Source: Datastream

Preference shares	1994	1995	1996	1997	1998	1999*
High	218.00	200.00	136.50	180.50	252.50	290.00
Low	166.00	116.00	109.50	129.00	148.50	180.50

* 01.01. – 21.04.1999

Closing price prior to the official announcement
of the Merger on March 15, 1999 279.00 p
Closing price as of April 21, 1999 288.00 p

Source: Datastream

For background information on the share capital of First Choice Holidays PLC see section D.

3. Offer Period

The exchange offer will be open from **April 27 to June 1, 1999, 4 p.m. (CET).**

The Board of Directors of Kuoni Holdings Plc reserves the right to extend the offer period one or more times up to a total of 40 trading days. The extension of the offer period to over 40 trading days requires the prior consent of the Swiss Takeover Board.

4. Additional Acceptance Period

If the exchange offer is successful, the offer period will be extended by 10 trading days.

5. Procedure

The exchange of Kuoni Reisen Holding AG registered shares A and B for Kuoni Holdings Plc ordinary shares will be completed within 10 trading days after all the conditions have been fulfilled.

6. Conditions/Right of Withdrawal

This exchange offer for Kuoni Reisen Holding AG is conditional upon:

- a) within the applicable offer period Kuoni Holdings Plc having received valid acceptances in respect of more than 80% of the total number of issued registered shares in Kuoni Reisen Holding AG as registered in the register of commerce. Kuoni Holdings Plc reserves the right to lower the 80% minimum limit to not less than 66⅔%. The Kuoni Reisen Holding AG registered shares B which are held by Kuoni UK Limited (i.e. 33,000 Kuoni Reisen Holding AG registered shares B) will not be tendered.

Condition (a) constitutes a suspensive condition as defined by art. 13 para. 1 of the Ordinance of the Swiss Takeover Board on Public Takeover Offers.

- b) the passing of resolutions at a general meeting to be held on May 11, 1999 or at any adjournments thereof of the shareholders of Kuoni Reisen Holding AG (which resolutions are subject to the condition that the Merger will be completed):

- (i) to reduce the capital of Kuoni Reisen Holding AG from CHF 16,000,000 to CHF 14,350,000 by the cancellation of 33,000 Kuoni Reisen Holding AG registered shares B;

- (ii) to adopt the proposal of the Board of Directors of Kuoni Reisen Holding AG to delete article 4, paragraphs 4 and 5 of article 5 and paragraphs 2 and 3 of article 11 of Kuoni Reisen Holding AG's articles of incorporation (for the elimination of the 3% registration limit and the elimination of the 3% voting limit).

Condition (b) constitutes a suspensive condition as defined by art. 13 para. 1 of the Ordinance of the Swiss Takeover Board on Public Takeover Offers.

- c) the European Commission indicating in terms satisfactory to Kuoni Holdings Plc that it does not intend to commence proceedings under Article 6(1)(c) of Council Regulation (EEC) 4064/89 in respect of the Merger or, following a referral to a competent authority in the United Kingdom under Article 9(1) of such Regulation, that such authority indicates in terms satisfactory to Kuoni Holdings Plc that it is not the intention of the Secretary of State for Trade and Industry to refer the Merger to the Competition Commission.
- d) the public offers for First Choice Holidays PLC having become or being declared unconditional in all respects save for any condition requiring that the exchange offer for Kuoni Reisen Holding AG shall have become unconditional in all respects.¹⁾

Until expiry of the (possibly extended) offer period, conditions (c) and (d) will constitute suspensive conditions according to art. 13 para. 1 of the Ordinance of the Swiss Takeover Board on Public Takeover Offers. Following the expiry of the (possibly extended) offer period, conditions (c) and (d) will constitute resolutive conditions according to art. 13 para. 4 of the said Ordinance.

None of the conditions of this exchange offer, with the exception of conditions (c) and (d) as suspensive conditions, may be waived, however paragraph a) remains reserved.

Should the conditions mentioned under (a), (b), (c) or (d) not have been fulfilled by the end of the (possibly extended) offer period or have not been waived with effect for this exchange offer, the Board of Directors of Kuoni Holdings Plc is entitled to:

- (i) declare that this exchange offer has been successful but postpone the implementation of the exchange offer (not applicable if conditions a) and/or b) have not been fulfilled); or
- (ii) extend the offer period for a specified period; the Board of Directors of Kuoni Holdings Plc must consult with the Swiss Takeover Board on Public Takeover Offers if the offer period should exceed forty trading days; or
- (iii) declare that this exchange offer has failed.

Finally, the exchange offer will lapse if conditions (c) and (d) have not been fulfilled by October 31, 1999.

7. Entry in the Share Register of Kuoni Holdings Plc

The shareholders of Kuoni Reisen Holding AG who validly accept the exchange offers – irrespective of whether or not they have been registered in the share register of Kuoni Reisen Holding AG and irrespective of whether they have been registered in such share register with or without voting rights – will at the time of the exchange of shares automatically be entitled to become shareholders in the share register of Kuoni Holdings Plc pursuant to the rules on the registration of shareholders set forth in section C.1. below either in their own name or in the name of the nominee they are using.

¹⁾ The conditions to which the public offers for First Choice Holidays PLC are subject can be obtained free of charge at the addresses at the end of this Exchange Offer Prospectus.

- 8. Purchases of Shares** Credit Suisse First Boston de Zoete & Bevan Limited and Warburg Dillon Read, a division of UBS AG, are acting as brokers to Kuoni Holdings Plc. Credit Suisse First Boston and Warburg Dillon Read, a division of UBS AG, are active as brokers on the Swiss Exchange SWX for the shares of Kuoni Reisen Holding AG. Each of these brokers will act as market makers in the shares of Kuoni Reisen Holding AG and may purchase Kuoni Reisen Holding AG registered shares B outside this exchange offer. These brokers will disclose information relating to any such purchases as required under Swiss Takeover legislation and have also undertaken to disclose to the Swiss Takeover Board such information as would be required to be disclosed under the UK City Code on Takeovers and Mergers to relevant regulators in the United Kingdom if such market making activities took place in that jurisdiction.

C. Information on the Offeror

Copies of the Memorandum of Association and of the Articles of Association of Kuoni Holdings Plc, which were adopted by a special resolution dated April 23, 1999, can be obtained free of charge at the addresses mentioned at the end of this Exchange Offer Prospectus. Appendix A contains further information about corporate governance.

The following information in relation to Kuoni Holdings Plc and corporate governance should not be construed as being complete and is qualified in its entirety by reference to English common law, statute (in particular, the Companies Acts 1985 and 1989 – the “Act”), the Listing Rules of the London Stock Exchange, the City Code on Takeovers and Mergers and the Memorandum and Articles of Association of Kuoni Holdings Plc.

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| 1. Information on Kuoni Holdings Plc | <p>Name, Domicile and Duration of the Company</p> <p>The name of the company is Kuoni Holdings Plc. It is incorporated in England and Wales under registered number 3656448. The duration of the company is unlimited.</p> <p>Purpose</p> <p>The Memorandum of Association of Kuoni Holdings Plc as amended by a special resolution dated on April 15, 1999, provides that Kuoni Holdings Plc’s principal objects are to carry on the business of a holding company and to co-ordinate and regulate the activities and businesses of subsidiary and associated companies for the time being and the financing of such companies. The objects of Kuoni Holdings Plc are set out in full in clause 4 of the Memorandum of Association of Kuoni Holdings Plc.</p> <p>Share Capital</p> <p>The following table sets out the authorised, issued and fully paid share capital of Kuoni Holdings Plc, as it is at present, and as it will be following completion of the Offers based on the assumptions that</p> <ul style="list-style-type: none"> (a) Kuoni Holdings Plc acquires the entire issued and to be issued share capital of First Choice Holidays PLC under the terms of the Merger Offers for First Choice Holidays PLC; (b) Kuoni Holdings Plc acquires the entire issued and to be issued share capital of Kuoni Reisen Holding AG under the terms of the Merger Offers for Kuoni Reisen Holding AG, with the exception of the Kuoni Cancellation Shares; (c) the Kuoni Cancellation Shares are cancelled; (d) all holders of options under the First Choice Share Schemes and the Kuoni Share Schemes exercise their options and accept the Merger Offers in respect of the First Choice Shares or Kuoni Shares which they thereby acquire and that to the fullest extent possible the exercise of options under the First Choice Share Schemes is satisfied out of the shares held by the Employee Benefit Trust, (described in note 12 of Part 5 of the Listing Particulars) and that the exercise of options under the Kuoni Share Schemes is satisfied out of Kuoni Reisen Holding AG Shares B already in issue; (e) no First Choice Holidays PLC convertible preference shares are converted into First Choice Holidays PLC ordinary shares; and |
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- (f) the existing redeemable preference shares will be redeemed at par and cancelled following completion of the Offers:

	Authorised		Thereof issued and fully paid	
	Number of shares	Nominal amount (in GBP)	Number of shares	Nominal amount (in GBP)
Present	1,070,726,665	107,117,664.70	50,358	50,034
On completion	1,070,726,665	107,117,664.70	802,959,116	80,340,909.80

The authorised share capital of Kuoni Holdings Plc on incorporation was GBP 1,000 divided into 1,000 ordinary shares of GBP 1 each. The two subscribers to the memorandum of association of Kuoni Holdings Plc each agreed to take one ordinary share of GBP 1 each in the Kuoni Holdings Plc. On April 15, 1999, one ordinary share of GBP 1 was transferred to each of Kuoni Reisen Holding AG and First Choice Holidays PLC. On April 15, 1999, 15 Kuoni Holdings Plc ordinary shares of GBP 1 were acquired by First Choice Holidays PLC and 19 Kuoni Holdings Plc ordinary shares of GBP 1 were acquired by Kuoni Reisen Holding AG and such shares were paid up in full. By an ordinary resolution passed on April 15, 1999 each issued and unissued ordinary share of GBP 1 each in Kuoni Holdings Plc was sub-divided into 10 Kuoni Holdings Plc ordinary shares, the authorised share capital of Kuoni Holdings Plc was increased to GBP 50,998 by the creation of 49,998 redeemable preference shares and the Directors were authorised to allot such redeemable preference shares. On April 15, 1999, Kuoni Holdings Plc allotted and issued 24,999 redeemable preference shares fully paid at par to each of Kuoni Reisen Holding AG and First Choice Holidays PLC. It is intended that, when the Merger Offers become or are declared unconditional in all respects, the redeemable preference shares will in due course be redeemed at par by Kuoni Holdings Plc and cancelled.

By an ordinary resolution passed on April 21, 1999, the authorised share capital of Kuoni Holdings Plc was increased to GBP 107,117,664.70 by the creation of 1,070,666,667 Kuoni Holdings Plc shares and the Directors were given general and unconditional authority, for the purpose of section 80 of the Act (with such authority expiring at the conclusion of the next annual general meeting of Kuoni Holdings Plc), to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of GBP 80,300,000 in connection with the Merger Offers and up to an aggregate nominal amount of GBP 26,766,666 otherwise. Following completion of the Merger Offers the Directors will therefore have authority to allot relevant securities of an amount equal to approximately one third of Kuoni Holdings Plc's enlarged issued share capital. The Directors have no present intention to exercise such authorities other than in connection with the Merger Offers.

By a special resolution passed on April 21, 1999, the Directors were authorised, pursuant to section 95 of the Act (such authority expiring at the next annual general meeting of Kuoni Holdings Plc) to allot equity securities (within the meaning of section 94 of the Act) otherwise than in accordance with section 89(1) of that Act, such authority being limited to the allotment of equity securities on a pre-emptive basis and other allotments of equity securities having a nominal amount not exceeding, in aggregate, GBP 4,015,000. Following completion of the Merger Offers the Directors will therefore have authority to allot equity securities of an amount equal to approximately 5% of Kuoni Holdings Plc's enlarged issued share capital otherwise than on a pre-emptive basis. The Directors have no present intention to exercise such authority.

By a special resolution passed on April 21, 1999, the Directors were authorised (such authority expiring at the next annual general meeting of Kuoni Holdings Plc) to make market purchases (within the meaning of section 163 of the Act) up to an aggregate of 80,300,000 Kuoni Holdings Plc shares for a price of not less than 10 p and not more than 5% above the average of the middle market quotations for a Kuoni Holdings Plc share as derived from the Daily Official List of the London Stock Exchange for the 10 business days immediately prior to the purchase. Following completion of the Merger Offers the Directors will therefore have authority, subject to the Act, to make market purchases of up to approximately 10% of Kuoni Holdings Plc's enlarged issued share capital. The Directors have no present intention to exercise such authority.

The nominal value of a Kuoni Holdings Plc ordinary share is 10 p. On the assumptions set out in sub-paragraphs (a) to (f) under the sub-heading "Share Capital" inclusive of this section C.1. approximately 803 million Kuoni Holdings Plc ordinary shares will be issued pursuant to the Merger Offers. The Kuoni Holdings Plc ordinary shares will be issued credited as fully paid as consideration to Kuoni Reisen Holding AG shareholders and First Choice Holidays PLC shareholders who accept the Merger Offers on the terms set out in Part 2 of the Listing Particulars. They will be allotted pursuant to the authority referred to above by a resolution of the Board or a duly authorised committee thereof.

Kuoni Holdings Plc ordinary shares are in registered form and will be capable of being held in uncertificated form.

Kuoni Holdings Plc ordinary shares will be issued solely pursuant to the Merger Offers and will not otherwise be available in whole or in part to the public in conjunction with the application for the Kuoni Holdings Plc ordinary shares to be admitted to the Official List or to the Swiss Exchange SWX.

Admission to listing of the Kuoni Holdings Plc shares on the London Stock Exchange and the Swiss Exchange SWX is being sought. It is intended that the listing on the London Stock Exchange will be the primary listing and the listing on the Swiss Exchange SWX will be a secondary listing.

Share Voting

Subject to disenfranchisement (i) in the event of non-compliance with a disclosure notice requiring disclosure of interests in any shares in certain circumstances, as described below, or, (ii) on receipt of an Affected Share Notice (as described in the Listing Particulars) prohibiting the recipient from attending and voting at general meetings, as described below, and subject to any special terms for voting on which any ordinary shares of Kuoni Holdings Plc may have been issued or may for the time being be held, at a general meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative not being himself a member entitled to vote shall have one vote and, on a poll, every member so present in person or by proxy shall have one vote for every Kuoni Holdings Plc ordinary share of which he is the holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote will be accepted to the exclusion of any votes tendered by the other joint holders.

Dividends

Subject to the Act, Kuoni Holdings Plc may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. Subject to the Act, the Directors may pay interim dividends as appear to them to be justified by the profits of Kuoni Holdings Plc available for distribution. Except as otherwise provided by the Articles or the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the ordinary shares on which the dividend is paid and all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by Kuoni Holdings Plc.

A general meeting declaring a dividend may, upon the recommendation of the Directors, direct that it is satisfied wholly or partly by the distribution of assets. Where any difficulty arises in regard to the distribution, the directors may settle the same as they think fit and in particular may issue fractional certificates (or ignore fractions) and fix the value for distribution of any assets, and may determine that cash shall be paid to any member upon the basis of that value in order to adjust the rights of members, and may vest any assets in trustees. The directors may, with the authority of an ordinary resolution of Kuoni Holdings Plc, offer any holders of Kuoni Holdings Plc ordinary shares the right to elect to receive Kuoni Holdings Plc ordinary shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the directors) of any dividend specified in the ordinary resolution.

Limits on Ownership of Shares

The Board may limit the ownership of any share in Kuoni Holdings Plc by any non-European Union citizen or by any corporate body which is owned or controlled outside the European Union, in order to protect its right and the right of any subsidiary to provide an air service as a European Union airline.

The Board shall maintain a separate register, on which details will be entered of shares which are either acknowledged by the shareholder or deemed by the Board to be held by, *inter alia*, non-European Union citizens or by any body corporate or government or government department or agency or other body formed or established in any country outside the European Union. Each shareholder is obliged to notify Kuoni Holdings Plc as soon as it becomes aware that any of its shares fall within these categories. Insofar as known by the Board, details of the name and nationality of any person having an interest in these shares will also be entered on the separate register.

If Kuoni Holdings Plc is likely to lose, or has lost, its right to provide an air service as a European Union airline because the necessary authority to do so has been or is likely to be revoked by reason of any matter or circumstance relating to the nationality of persons owning or controlling Kuoni Holdings Plc, the Board may remove any Director before the expiration of his term of office, and the Board may also serve notice upon the registered holder of any share, details of which are (or, in the opinion of the Board, should have been) entered on the separate register. The Board may also specify a permitted maximum of shares to be held on the separate register, and may vary that maximum (provided that at no time shall the permitted maximum be less than 25% of the aggregate number of shares). The current permitted maximum is 45% of the aggregate number of shares. If the aggregate number of the shares on the separate register exceeds the permitted maximum specified by the Board, the Board may serve notice upon the holders of such shares it deems to be in excess of the permitted maximum. The terms of the notice may prohibit the shareholder from attending and voting at meetings and/or may require the holder to dispose of the shares within 21 days from the date of receipt of the notice. In the case of a notice requiring the shareholder to sell shares, if after 21 days from the date of service of the notice, the Board is not satisfied that the shares have been disposed of, the Board may arrange for the sale of the shares on behalf of the holder at the best price reasonably obtainable at the relevant time. In deciding which shares should be disposed of first, the Board shall, so far as is practicable, have regard to the chronological order in which shares are acquired save where this approach would be inequitable or ineffective for the purpose of achieving the objective of the relevant article. The powers of the Board as set out in this paragraph may only be exercised with the approval, at a duly convened board meeting of two-thirds of the Directors then in office, including two-thirds of the Directors who are European Union Citizens. Although not required to do so by the articles in the event the Board becomes aware that the 45% maximum permitted of non-EU shareholders is exceeded, Kuoni Holdings Plc will make an announcement.

If the relevant share is held in uncertificated form, notice will be served on the operator (as defined in the Regulations) of the CREST system for the transfer of securities in uncertificated form and, where the Board is not satisfied that arrangements have taken place for the sale of the affected shares, the Board may make such arrangements on behalf of the registered holder as it thinks fit to transfer title to the shares through a relevant system. If the shares are held in certificated form, the Board may effect a transfer, irrespective of whether the registered holder has consented to the transfer. The Board may appoint any person as transferor and may enter the name of the transferee of the share on the register, notwithstanding the absence of any share certificate. Kuoni Holdings Plc shall hold the net proceeds of the sale of any share on trust for the former registered holder and shall pay these over to him when he surrenders the share certificates in respect of the shares formerly held by him.

Disclosure of Interests

Section 198 of the Act provides that a person that acquires an interest of 3% or more of any class of shares that comprise part of a company's "relevant share capital" (i.e., the company's issued share capital carrying the right to vote in all circumstances at a general meeting of the company) is required to notify the company of its interest within two business days following the day on which the notification obligation arises. After the 3% level is exceeded, similar notifications must be made in respect of increases or decreases of 1% or more.

If a member, or any other person appearing to be interested in shares held by that member, has been given a notice under the Articles of Association of Kuoni Holdings Plc and has failed in relation to any shares (the "default shares") to give Kuoni Holdings Plc the information thereby required within 14 days from the date of giving the notice, the Directors may apply sanctions.

The sanctions available are the suspension of voting (either in person or by representative or proxy) and other rights conferred by membership in relation to meetings of Kuoni Holdings Plc and, where the default shares represent at least 0.25% of their class, the withholding of payment of any dividends on, and the restriction on transfer of, the relevant shares.

Transfer of Shares

Shares of Kuoni Holdings Plc in certificated form may be transferred by an instrument of transfer which may be in any usual form or in any other form of which the directors approve. The instrument of transfer must be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee and in every event, so that dealings in such shares take place on an open and proper basis. Shares in uncertificated form may be transferred in accordance with the Uncertificated Securities Regulations 1995 (as amended). Subject to the requirements of the London Stock Exchange and the Articles, the directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is listed on the Official List of the London Stock Exchange, such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The Directors may decline to register any person as a holder of any share in the Kuoni Holdings Plc unless that person has furnished to the Board a signed declaration together with such supporting evidence as the Board may require, stating the name and nationality of any person who has an "Interest" in any such share. A person will be deemed to have an Interest in the share if it would be a notifiable interest under Part VI of the Act or an Interest referred to in Section 209(1)(a),(b),(c),(d) or (h) of the Act, but the holder shall not be deemed to have an Interest in the shares which the holder's spouse, infant child or step child (or in Scotland – pupil or minor) is interested as a result of that relationship or which he holds as a custodian or bare trustee (or its equivalent outside of England and Wales). The Directors may also so refuse to register the transfer of a share in certificated form unless the instrument of transfer is in respect of only one class of share, is in favour of no more than four transferees, is lodged, duly stamped, at the registered office of Kuoni Holdings Plc or such other place as the directors may appoint and is accompanied by the share certificate relative to the share to be transferred and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer. Subject to the requirements of the London Stock Exchange, the directors may refuse to register a transfer of a share in uncertificated form in any circumstance permitted by the Uncertificated Securities Regulations 1995 or a transfer in favour of more than four persons jointly. Subject to the Uncertificated Securities Regulations 1995, the registration of transfers of shares or of any class of shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may determine. Any transfer is subject to the approval of the Board of

Kuoni Holdings Plc if it has determined that such transfer is likely to endanger the right of Kuoni Holdings Plc to provide an air service as a European Union airline because the necessary authority has been or is likely to be, revoked as a result of the nationality of persons owning or controlling Kuoni Holdings Plc. The Board may decline to register any person as a holder of the share in Kuoni Holdings Plc held in uncertificated form, unless the Board receives information relating to nationality through a relevant system.

Variation of Rights

Subject to the Act, if at any time the share capital of Kuoni Holdings Plc is divided into different classes of shares, the rights attached to any class may be varied in such manner (if any) as may be provided by those rights or, in the absence of such provisions, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. To every such separate meeting, the provisions of the Articles relating to general meetings shall apply except that the necessary quorum at any such meeting shall be two persons together holding or representing by proxy at least one third in nominal value of the issued share capital of the class in question. At an adjourned meeting, one person holding shares of the class in question or his proxy is a quorum. The rights attached to any shares shall, unless otherwise expressly provided by the right attached to any class of shares, be deemed not to be varied by the purchase by Kuoni Holdings Plc of any of its shares.

Alteration of Capital

Kuoni Holdings Plc may, by ordinary resolution, increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares, sub-divide (subject to the Act) its shares (or any of them) into shares of smaller amounts, determine that, as between the shares resulting from such a sub-division, any of them may have any preference or advantage as compared with the others, cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. Subject to the Act, Kuoni Holdings Plc may by special resolution reduce its share capital, any capital redemption reserve and any share premium account, in any way. Subject to the Act and the requirements of the London Stock Exchange, Kuoni Holdings Plc may purchase its own shares (including redeemable shares).

Issue of Shares

Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as Kuoni Holdings Plc may by ordinary resolution determine (or, if Kuoni Holdings Plc has not so determined, as the directors may determine). Subject to the Act, any share may be issued which is, or is liable to be, redeemed at the option of Kuoni Holdings Plc or the holder in accordance with the Articles. Subject to the Act and to the Articles, the unissued shares shall be at the disposal of the directors.

The Act confers on shareholders, to the extent not disapplied, rights of pre-emption in respect of the issue of equity securities that are, or are to be, paid up wholly in cash. The term “equity securities” means: (i) shares other than shares which, with respect to dividends and capital, carry a right to participate only up to a specified amount in a distribution and other than shares allotted pursuant to an employees’ shares scheme; and (ii) rights to subscribe for, or to convert securities into, such shares. These provisions may be disapplied by a special resolution of the share-

holders, either generally or specifically, for a maximum period not exceeding five years. The Board of Kuoni Holdings Plc has been given authority by the shareholders to allot shares equal to approximately 5% of the company's capital following completion of the Offers on a non pre-emptive basis.

Untraced Shareholders

Kuoni Holdings Plc may, after advertising its intention in the manner and for such a period as is prescribed in the Articles (and having informed the London Stock Exchange of that intention), sell any shares if the shares have been held by a member for at least 12 years and during that period at least three dividends have become payable on them and no dividends have been claimed or satisfied and Kuoni Holdings Plc has not received any communication during the relevant periods from the holder of the shares or any person entitled to them by transmission.

Takeover Provision

Under the City Code on Takeovers and Mergers, a person who acquires shares which (when taken together with shares held by persons acting in concert with him) carry 30% or more of the voting rights of Kuoni Holdings Plc will be obliged to extend an offer to all of the holders of equity share capital in Kuoni Holdings Plc to acquire their shares in the company.

The Act allows an offeror who makes an offer for all of the shares of a company (or of a particular class) to acquire compulsorily the shares of non-accepting shareholders if the offeror has acquired 90% of the shares to which the offer relates. In addition, a previously non-accepting holder has the right to require the offeror to buy his shares if the offeror has obtained 90% of all the shares of the company or of the class of shares in respect of which the offer was made. In each case, the sale and purchase is made at the same price at which the original offer to shareholders was made.

Board of Directors and Executives of Kuoni Holdings Plc

The Board of Directors of Kuoni Holdings Plc will have overall corporate responsibility for the Merged Group. The Board of Directors will comprise a balance of Kuoni Reisen Holding AG and First Choice Holidays PLC directors.

Since announcement of the merger on March 15, 1999, the Boards of Kuoni Reisen Holding AG and First Choice Holidays PLC have worked together to review and refine the operational framework for the Merged Group. As a result of this process, the two management teams have mutually agreed to a streamlining of the proposed Board to reduce the number of directors to a more manageable number and to allocate lines of responsibility more clearly to individual directors. As a result, the total number of directors of Kuoni Holdings Plc has now been reduced to ten from fourteen of whom six will be executive directors (nine previously).

The Board will comprise the following:

Chairman	Daniel Affolter
Deputy Chairman (Non-Executive)	Ian Clubb
Chief Executive and Managing Director – UK	Peter Long
Deputy Chief Executive and Managing Director – International	Hans Lerch
Finance Director	Max E. Katz
Executive Director	Ken Smith
Executive Director	Dermot Blastland
Non-Executive Director	Riccardo Gullotti
Non-Executive Director	Jan Hall
Non-Executive Director	Tommaso Zanzotto

Peter Diethelm will now not join the group board but will continue in his current role reporting directly to Peter Long, the Chief Executive. The remaining non-executive

directors of Kuoni Reisen Holding AG and First Choice Holidays PLC together with David Howell, the Group Finance Director of First Choice Holidays PLC, will resign on completion of the Merger.

Major Shareholders of Kuoni Reisen Holding AG

On December 31, 1998 or such other date as is indicated below the shareholders of Kuoni Reisen Holding AG known by the company to hold more than 5% of the voting rights or capital of Kuoni Reisen Holding AG were:

- Kuoni and Hugentobler Foundation, Zurich, held 100,000 registered shares A, which corresponds to 25%¹⁾ of the voting rights.
- UBS AG, Zurich, held 38,000 registered shares B as at March 16, 1999, which corresponds to 9.5%¹⁾ of total voting rights. These shares were held as paid-in reserved shares (Vorratsaktien) under a contract with Kuoni Reisen Holding AG. 33,000 of these shares have been transferred to Kuoni UK Limited, a wholly owned subsidiary of Kuoni Holdings Plc, at a price of CHF 50 per share. These 33,000 shares will not be tendered in the present exchange offer but will be cancelled in the capital reduction described in Section B.2. The remaining 5,000 of these 38,000 shares have been used to cover the commitments of Kuoni Reisen Holding AG in relation to its employee participation and option schemes.

Based on independent sources it is estimated that the two following investors hold more than 5% of the voting rights or capital of Kuoni Reisen Holding AG:

- Janus Capital Corporation, held 26,625 registered shares B, which corresponds to 6.7%¹⁾ of the voting rights.
- Templeton Investment Counsel Inc., held 21,583 registered shares B, which corresponds to 5.4%¹⁾ of the voting rights.

Major Shareholders of First Choice Holidays PLC

As at April 20, 1999 Kuoni Holdings Plc was aware of the following holdings in First Choice Holidays PLC of more than 5% of the voting rights of First Choice Holidays PLC:

- Phillips & Drew held 34,896,677 ordinary shares and 9,648,606 convertible preference shares;
- M&G Investment Management Ltd held 43,276,558 ordinary shares and 2,550,000 convertible preference shares;
- Thomas Cook Group Ltd held 33,716,005 ordinary shares;
- Henderson Investors held 18,302,389 ordinary shares.

Persons Acting in Concert

In the context of this exchange offer, the following persons are acting in concert with Kuoni Holdings Plc:

- Kuoni Reisen Holding AG
- All companies under Kuoni Reisen Holding AG's control
- First Choice Holidays PLC
- All companies under First Choice Holidays PLC's control
- Kuoni and Hugentobler Foundation
- Personalvorsorgestiftung der Kuoni Reisen Holding AG und der ihr wirtschaftlich nahestehenden Firmen ("Personalvorsorgestiftung") (the Kuoni Group's Swiss Pension Fund)

¹⁾ Calculation basis for the total number of voting rights: 400,000 shares

Consolidated Annual Financial Statements of Kuoni Reisen Holding AG and First Choice Holidays PLC

The consolidated financial statements of Kuoni Reisen Holding AG for the year ended December 31, 1998 and First Choice Holidays PLC for the year ended October 31, 1998 are published in the Annual Reports. Copies of the Annual Reports can be obtained free of charge at the addresses mentioned at the end of this Exchange Offer Prospectus. Since Kuoni Holdings Plc was incorporated only on October 26, 1998 and has not traded since then, no annual financial statement which contains material information for this exchange offer exists.

Pro Forma Financial Information

The Listing Particulars, which have been sent to nominees for delivery to shareholders and additional copies of which can be obtained free of charge at the addresses at the end of this Exchange Offer Prospectus, contain in Section C of Part 3 the unaudited pro forma combined profit and loss account and the unaudited pro forma combined net asset statement.

Carrier Status of Air 2000

A requirement of the regulatory regime governing First Choice Holidays PLC's airline, Air 2000, is that it is majority owned and effectively controlled by European Union ("EU") nationals. Failure to meet this requirement may result in the withdrawal of its operating licence. Discussions have taken place with the Civil Aviation Authority of the United Kingdom ("CAA") regarding the continuance of Air 2000's operating licence and the CAA has confirmed that, should majority ownership and effective control of Kuoni Holdings Plc be held by EU nationals, as is the intention, the Merger will not affect Air 2000's operating licence.

Following the Merger the percentage of non-EU shareholdings will be monitored and controlled using procedures contained in the Articles of Association of Kuoni Holdings Plc. These procedures include the right to require nationality declarations from potential shareholders and the maintenance of a separate non-EU shareholders register. Under the Articles of Association of Kuoni Holdings Plc, the Board of Directors will have disenfranchisement and, ultimately, mandatory sale powers over non-EU shareholdings. These will enable them to reduce total non-EU shareholdings to the maximum level specified by the Board Directors to safeguard Air 2000's operating licence. The initial maximum level set by the Board Directors for non-EU shareholdings following the Merger, through their powers under the Articles, will be 45% of the issued share capital of Kuoni Holdings Plc.

Whilst there is believed to be a significant non- EU shareholder base in Kuoni Reisen Holding AG the board of Kuoni Holdings Plc is satisfied that, on the basis of its understanding of the nationalities of the current shareholders of Kuoni Reisen Holding AG and First Choice Holidays PLC, Kuoni Holdings Plc will on completion of the merger be majority owned and controlled by EU nationals. This conclusion of the board is based on the assumption of full acceptance of the exchange offers and cancellation of the paid-in reserved shares.

Under the Treaty between the European Community and Switzerland on Air Transport, any discrimination on grounds of nationality will be prohibited. When such agreement comes into force (which is generally anticipated in approximately 2001–2003), Swiss nationals will be treated on the same basis as EU nationals for the purpose of determining majority ownership and effective control of a company which has an operating license.

A requirement of the regulatory regime governing Kuoni Reisen Holding AG's airline, Edelweiss Air AG, is that it is majority owned and effectively controlled by Swiss nationals. Kuoni Holdings Plc has approached the Swiss Federal Office of Civil Aviation ("FOCA") for an exemption from this requirement, pursuant to article 103 section 1 and 4 of the Swiss Federal Ordinance on Civil Aviation. FOCA has confirmed in writing its willingness to grant such an exemption. A formal submission for such an exemption will be made as soon as possible and in any event immediately upon completion of the Merger.

2. Kuoni Holdings Plc's holding in Kuoni Reisen Holding AG

Kuoni Reisen Holding AG has a fully paid up share capital with a nominal value of CHF 16,000,000 divided into 100,000 registered shares A with a nominal value of CHF 10 each and 300,000 registered shares B with a nominal value of CHF 50 each. The registered shares B are listed on the Swiss Exchange SWX.

Over the period starting from March 17, 1998 to April 8, 1999, the Personalvorsorgestiftung bought and sold the following Kuoni Reisen Holding AG registered shares B under the following conditions:

Personalvorsorgestiftung

November 12, 1998	purchase of 30 shares B	at a price of CHF 5,325
November 16, 1998	sale of 30 shares B	at a price of CHF 5,550
December 30, 1998	purchase of 20 shares B	at a price of CHF 5,462.5
January 4, 1999	sale of 20 shares B	at a price of CHF 5,575

Apart from the Personalvorsorgestiftung, Kuoni Holdings Plc and the persons acting in concert have not traded on the Swiss Exchange SWX over that period.

Over the same period Kuoni Holdings Plc and the persons acting in concert with it did not buy or sell any convertible bonds which can be exchanged into Kuoni Reisen Holding AG registered shares A or B, or call or put options for Kuoni Reisen Holding AG registered shares A or B.

On April 8, 1999, Kuoni Holdings Plc and all persons acting in concert with it held 100,000 Kuoni Reisen Holding AG registered shares A and 4'718 registered shares B, constituting 7.7% of the entire issued capital of CHF 16,000,000 and 26.2%¹⁾ of the votes of Kuoni Reisen Holding AG. Kuoni Holdings Plc and all the companies acting in concert with it do not hold any convertible bonds which can be exchanged into Kuoni Reisen Holding AG registered shares A or B, or call or put options for Kuoni Reisen Holding AG registered shares A or B.

The exchange offer extends over the 100,000 Kuoni Reisen Holding AG registered shares A and the 300,000 listed Kuoni Reisen Holding AG registered shares B.

3. Listings of Kuoni Holdings Plc

Application has been made to the London Stock Exchange for the Kuoni Holdings Plc shares to be admitted to the Official List and application has been made to the Swiss Exchange SWX for admission to listing. It is expected that admission to listing on the London Stock Exchange will become effective and that dealings will commence on the first business day after the Offers become or are declared unconditional in all respect (save in respect of the conditions relating to admission and the inter-conditionality of the Offers (to be satisfied on admission)). It is expected that listing on the Swiss Exchange SWX will become effective and that dealings will commence as soon as practicable after the Offers become or are declared unconditional in all respects.

The joint sponsors to the listing on the London Stock Exchange are Credit Suisse First Boston (Europe) Limited and Lazard Brothers & Co., Limited.

¹⁾ Calculation basis for the total number of voting rights: 400,000 shares

4. Swiss Certificates to be traded on the Swiss Exchange SWX

Shareholders of Kuoni Reisen Holding AG may choose to receive so-called “Swiss Certificates” which will be traded on the Swiss Exchange SWX. Ordinary shares which are not held as Swiss Certificates will only be traded on the London Stock Exchange.

Swiss Certificates represent ordinary shares of Kuoni Holdings Plc, registered in the share register in the United Kingdom in the name of a Swiss nominee. The Swiss nominee will execute the necessary transfer forms in respect of the Swiss Certificates in blank, so that no assignment will be needed when they are traded thereafter on the Swiss Exchange SWX. A holder of a Swiss Certificate is entitled to the rights of one ordinary share as described in the Articles of Association of Kuoni Holdings Plc. Thus, the rights of the Swiss Certificates are governed by UK law and are identical to the rights of the ordinary shares except as described below.

The Swiss Certificates may only be traded on the Swiss Exchange SWX and not on the London Stock Exchange. Holders of Swiss Certificates may only exercise their voting rights through the Swiss nominee. Physical delivery of Swiss Certificates is not possible. The holders of Swiss Certificates may require the Swiss nominee to exchange each Swiss Certificate into an ordinary share of Kuoni Holdings Plc at any time. They may then apply for registration in the Kuoni Holdings Plc share register in England and may after registration exercise all voting rights directly. The exchange of Swiss Certificates into ordinary shares of Kuoni Holdings Plc is expected to take approximately 15 business days; costs associated with such an exchange will be debited to the account of the holder requesting the exchange.

Subsequent trading of Swiss Certificates is subject to Swiss Stamp Duty and it is expected that UK Stamp Duty Reserve Tax will be due.

D. Information on First Choice Holidays PLC

Business Description

Overview

First Choice Holidays PLC is one of the UK's leading tour operators, with a strong portfolio of brands. It is a market leading tour operator in Ireland, through the Falcon and JWT brands, and in Canada, through Signature Vacations. Following the acquisition of Unijet and Hayes and Jarvis in July 1998, the group became a leading UK long haul charter tour operator. Through Air 2000, a major UK charter airline, First Choice operates a fleet of 25 aircraft, while its Viking Aviation business is one of the UK's leading airline seat brokers.

Operating Divisions

First Choice Holidays PLC is managed through seven operating divisions:

First Choice Holidays & Flights – First Choice is the group's main tour operating brand and the division is responsible for the majority of the group's tour operations in the UK and Ireland. The division owns a number of other brands including Sovereign, Eclipse, Twentys, Sunstart, Falcon and JWT. The division's focus is on short haul holidays to the family market, particularly to Spain and other Mediterranean destinations.

Unijet – Unijet is one of the UK's leading seat only and long haul tour operators, with a particular strength in the provision of holidays to Florida and the Caribbean. Its seat only business has a long established reputation for sales of both charter and scheduled airline seats. Unijet also operates a car rental business, Suncars, at a number of the division's principal holiday destinations.

Hayes and Jarvis – Hayes and Jarvis is a specialist UK long haul tour operator that is positioned at the premium end of the market. It offers packages to a wide range of long haul destinations including Africa, the Indian Ocean, the Near and Far East and the Caribbean.

Signature Vacations – Signature Vacations is one of the market leaders in the Canadian tour operating market and has a national presence. The division operates primarily through the Signature Vacations brand, has a specialist cruise business, Encore Cruises, and owns the Sunflight and Royal Vacations names.

Air 2000 – Air 2000 is the group's award winning charter airline, which operates a fleet of 25 aircraft and flies approximately 4.5 million passengers annually. It flies from Gatwick and Manchester airports, as well as other regional airports across the UK.

Viking Aviation – The Viking Aviation division is one of the UK's leading brokers and wholesalers of charter airline seats. The division is responsible for the sale of Air 2000 fleet capacity and for providing the charter seat needs of the groups tour operations in the UK and Ireland.

Retail – In October 1998, First Choice Holidays PLC initiated a retail strategy to develop clusters of retail outlets based around significant charter airports in the UK and Ireland through a combination of acquisitions, development of greenfield sites and strategic alliances. First Choice Holidays PLC has since acquired several businesses and equity interests, including a stake in Holiday Hypermarkets (1998) Limited. Each hypermarket occupies significantly greater floor area than traditional high street retail travel outlets and is anticipated to achieve 15 times the turnover of such outlets. Accordingly, each hypermarket is defined by First Choice as 15 shop equivalents. The strategy has been developing rapidly with the group's retail network now comprising approximately 250 shop equivalents with approximately 650 targeted to be trading by the end of 1999.

Current Trading

Trading in the tour operating business continues to be ahead of the previous year (ended on October 31, 1998) for all seasons on sale. Bookings in the Winter 1998/99 programme are 4% higher than last year across all of the UK businesses, with 97% of the programme now sold. This should lead to improved margins.

For Summer 1999, approximately 60% of the UK and Ireland programme has been sold, placing First Choice Holidays PLC in a strong position with less stock than last year to be sold between now and the end of the Summer season. As always, Summer profitability will be dependent upon the trading performance in the late booking period. However, having increased bookings by 4% year on year against a slight overall market downturn and having managed capacity down, the Board of First Choice Holidays PLC is encouraged by current performance.

Bookings for Winter 1999/2000 are 48% ahead of Winter 1998/1999 with higher margins being achieved, partly as a result of the millennium effect.

Trading conditions in Canada are poor, primarily as a result of over-capacity in the market, the economic downturn in British Columbia and a weak Canadian Dollar.

In summary, the outlook for the year is encouraging and is in line with the expectations of the board of First Choice Holidays PLC.

Board of Directors

Executive Directors

Ian Clubb, Chairman

Peter Long, Group Managing Director

David Howell, Group Finance Director

Ken Smith, Managing Director of Air 2000

Non-Executive Directors

Jan Hall, Senior Non-Executive Director

Tony Campbell, Non-Executive Director

Terry Green, Non-Executive Director

Company Secretary

Rebecca Starling

Management

Peter Long, Group Managing Director

Ken Smith, Managing Director Air 2000

David Howell, Group Finance Director

Dermot Blastland, Managing Director First Choice Holidays & Flights

Terry Brown and Nigel Jenkins, Joint Managing Directors Unijet

Matthew Whalley, Managing Director Hayes and Jarvis

John MacNeill, President Signature Vacations

Philip Ovenden, Managing Director Viking Aviation

Five Year Historical Record

(Years ended October 31)

	1998		1997		1996		1995		1994	
	GBP m	CHF m	GBP m	CHF m	GBP m	CHF m	GBP m	CHF m	GBP m	CHF m
Profit and loss account										
Turnover	1,244.3	3,006.2	1,021.0	2,388.1	1,013.1	1,891.5	933.6	1,784.1	821.8	1,736.5
Operating profit before exceptional items	41.0	99.1	17.4	40.7	4.7	8.8	-7.2	-13.8	19.1	40.4
Profit before exceptional items	50.0	120.8	22.0	51.5	9.3	17.4	-3.4	-6.5	23.3	49.2
Profit before taxation	50.0	120.8	15.4	36.0	10.0	18.7	1.3	2.5	16.3	34.4
Profit after taxation	36.4	87.9	11.2	26.2	7.1	13.3	1.3	2.5	10.8	22.8
<i>Average exchange rate from 1.11.-31.10.</i>		<i>2.416</i>		<i>2.339</i>		<i>1.867</i>		<i>1.911</i>		<i>2.113</i>

Balance Sheet

Current assets	380.4	862.4	264.4	621.6	238.5	487.0	386.5	693.4	328.7	672.5
Fixed assets	58.3	132.2	51.3	120.6	58.9	120.3	107.3	192.5	102.3	209.3
<i>Total assets</i>	<i>438.7</i>	<i>994.6</i>	<i>315.7</i>	<i>742.2</i>	<i>297.4</i>	<i>607.3</i>	<i>493.8</i>	<i>885.9</i>	<i>431.0</i>	<i>881.8</i>
Short term liabilities	325.4	737.7	227.2	534.1	206.2	421.1	373.1	669.4	295.3	604.2
Long term liabilities	8.5	19.3	5.9	13.9	9.9	20.2	28.7	51.5	33.6	68.7
Provisions for liabilities and charges	36.7	83.2	22.2	52.2	20.9	42.7	33.4	59.9	45.5	93.1
Shareholders' funds	68.1	154.4	60.4	142.0	60.4	123.3	58.6	105.1	56.1	114.8
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	1.0
<i>Total liabilities</i>	<i>438.7</i>	<i>994.6</i>	<i>315.7</i>	<i>742.2</i>	<i>297.4</i>	<i>607.3</i>	<i>493.8</i>	<i>885.9</i>	<i>431.0</i>	<i>881.8</i>
<i>Exchange rate as of 31.10.</i>		<i>2.267</i>		<i>2.351</i>		<i>2.042</i>		<i>1.794</i>		<i>2.046</i>

(all figures consolidated as of financial years ended October 31 and prepared to UK GAAP; source: Annual Reports of First Choice Holidays PLC; exchange rates source: Datastream)

Share capital (as at March 31, 1999)

Authorised Capital	GBP m
460,000,000 ordinary shares of 3 p each	13.8
29,000,000 preference shares of 10 p each*	2.9
Thereof allotted and fully paid capital	GBP m
337,511,815 ordinary shares of 3 p each	10.1
21,631,226 preference shares of 10 p each*	2.2

* 9.75 p (net) convertible cumulative redeemable preference shares of 10 p each.

Pursuant to the articles of association of First Choice Holidays PLC, First Choice Holidays PLC must, within 14 days of the date on which the public offers for the ordinary shares of First Choice Holidays PLC becomes or is declared unconditional in all respects, give written notice to all convertible preference shareholders that they are entitled to convert some or all of their convertible preference shares into ordinary shares. Up to and including the conversion date (being the date falling 42 days after the date of such notice) convertible preference shareholders will be able to convert their convertible preference shares to ordinary shares at the special conversion rate. If the public offer for the ordinary shares of First Choice Holidays PLC becomes or is declared wholly unconditional on or before May 31, 1999, the special conversion rate would be approximately 159.87 ordinary shares for every 100 convertible preference shares. This compares to an exchange ratio, under the terms of the convertible preference offer, of 160 Kuoni Holdings Plc shares for every 100 convertible preference shares.

The convertible preference shares rank ahead of the ordinary shares in the event of a winding up or arrears of dividends, but do not carry the right to vote at any general meeting apart from in special circumstances.

Copies of the Annual Report of First Choice Holidays PLC, showing the consolidated Profit and Loss Account, Balance Sheet and Cash Flow Statement prepared under UK GAAP for the two years ended October 31, 1997 and 1998 may be obtained free of charge at the addresses mentioned at the end of this section.

RJG Starling
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Crawley, West Sussex, RH10 2GX
United Kingdom

Kuoni Reisen Holding AG
Investor Relations
Neue Hard 7
CH-8010 Zurich
Switzerland

Phone +44 1 293 560 777
Fax +44 1 293 588 680

Phone + 41 1 277 45 67
Fax + 41 1 277 40 31

E. Financing

The Kuoni Holdings Plc ordinary shares to be issued pursuant to the Exchange Offers will be created by means of a capital increase, the consideration for which will be satisfied by contribution in kind of the shares in Kuoni Reisen Holding AG and the shares in First Choice Holidays PLC.

F. Information on the Target Company

Intentions of Kuoni Holdings Plc with regard to Kuoni Reisen Holding AG

It is the intention that Kuoni Holdings Plc, upon completion of the Merger, and assuming full acceptance of the exchange offers and repurchase and cancellation of the paid-in reserved shares (Vorratsaktien), will continue to hold 100% of Kuoni Reisen Holding AG and First Choice Holidays PLC. No merger of subsidiaries is planned in the near future.

Agreements between Kuoni Holdings Plc and Kuoni Reisen Holding AG, its Governing Bodies and Shareholders

Save as noted below, there are no agreements in place between Kuoni Holdings Plc and Kuoni Reisen Holding AG, its governing bodies and shareholders.

An agreement exists between Kuoni Reisen Holding AG, UBS AG and Kuoni UK Limited, a wholly owned subsidiary of Kuoni Holdings Plc, according to which the subsidiary of Kuoni Holdings Plc has agreed to purchase from UBS AG 33,000 Kuoni Reisen Holding AG registered shares B. An agreement exists between Kuoni Reisen Holding AG, Kuoni Holdings Plc and Kuoni UK Limited, whereby Kuoni UK Limited irrevocably agreed:

- Not to accept the exchange offer made by Kuoni Holdings Plc.
- To sell the 33,000 Kuoni Reisen Holding AG registered shares B to Kuoni Reisen Holding AG at a price of CHF 50 for cancellation in the capital reduction described in Section B.2.
- To sell such shares to Kuoni Reisen Holding AG at a price of CHF 50 per share if this exchange offer is not completed and as a consequence the capital reduction does not take place.

Confidential Information

Kuoni Holdings Plc confirms that neither it nor the persons acting in concert with it have directly or indirectly received confidential information on Kuoni Reisen Holding AG from the company itself or from the companies under its control which could cast a significantly different light on this exchange offer from the point of view of the public shareholders.

Swiss Withholding Tax on Distributions by Kuoni Reisen Holding AG

A non-refundable Swiss withholding tax of 5% is triggered on all distributions from Kuoni Reisen Holding AG to Kuoni Holdings Plc.

Consolidated Annual Financial Statements of Kuoni Reisen Holding AG

Kuoni Reisen Holding AG's annual financial statements for the year ended December 31, 1998 and the consolidated financial statements of Kuoni Reisen Holding AG for the year ended December 31, 1998 are published in its Annual Report. Copies of the Annual Report can be obtained free of charge at the address mentioned at the end of this Exchange Offer Prospectus. Since Kuoni Holdings Plc was incorporated only on October 26, 1998, and has not traded since then, no annual financial statement which contains material information for this exchange offer exists.

G. Publication

A summary of this Exchange Offer Prospectus will be published in German in the *Neue Zürcher Zeitung*, *Schweizerisches Handelsamtsblatt*, *Finanz und Wirtschaft* and *Handelszeitung* and in French in *Le Temps* and *l'AGEFI*. This summary information will also be supplied to Telekurs, Bloomberg and Reuters.

H. Letter from Credit Suisse First Boston (Europe) Limited

A copy of a letter from Credit Suisse First Boston (Europe) Limited to the Board recording its advice is attached as Appendix B.

I. Report of the Board of Directors of Kuoni Reisen Holding AG

The Board of Directors of Kuoni Reisen Holding AG (the “Board”) has examined the exchange offer of Kuoni Holdings Plc to the shareholders of Kuoni Reisen Holding AG as well as its terms. According to the agreement among the parties related to the merger between Kuoni Reisen Holding AG and First Choice Holidays PLC Daniel Affolter (as Chairman) and Riccardo Gullotti (as Non-Executive Director) have joined the Board of Directors of Kuoni Holdings Plc once the Merger has been completed. These two persons were also involved in the decisions taken by the Board. The exact terms of employment of these Board members have been varied to reflect the terms of the merger as set out in the Listing Particulars. The remuneration of Daniel Affolter will be considerably higher, in line with his increased responsibilities, while Riccardo Gullotti will receive the normal board member fee for Non-Executive Directors. In addition, Riccardo Gullotti will receive, on the basis of his contractual entitlements, the sum of CHF 10,145,836 (plus CHF 580,000 as contributions of the employer to the pension fund) in full and final settlement of all claims arising from and in connection with the early termination as of April 15, 1999, of his employment contract with Kuoni Reisen Holding AG.

The Board considers the exchange offer to be fair and reasonable and in the best interests of Kuoni Reisen Holding AG’s shareholders as a whole. The Board, including those Board Members of Kuoni Reisen Holding AG who will not be appointed to the Board of Directors of Kuoni Holdings Plc, unanimously recommends that Kuoni Reisen Holding AG’s shareholders accept the exchange offer. One Kuoni Reisen Holding AG registered share A with a nominal value of CHF 10 will be exchanged for 296.545 Kuoni Holdings Plc ordinary shares with a nominal value of GBP 0.10 each and one Kuoni Reisen Holding AG registered share B with a nominal value of CHF 50 will be exchanged for 1,482.724 Kuoni Holdings Plc ordinary shares with a nominal value of GBP 0.10 each. Based on the aforementioned exchange ratios former shareholders of Kuoni Reisen Holding AG will hold 53% of the share capital of Kuoni Holdings Plc, once the exchange offers have become final assuming that all shares (with the exception of the 33,000 B registered shares B to be cancelled) have been exchanged and on the basis of the other assumptions set-out in the subparagraph (a) to (f) under the sub-heading “Share Capital” inclusive of section C.1. of the Exchange Offer Prospectus.

Credit Suisse First Boston (Europe) Limited has advised that in its opinion and subject to certain qualifications and assumptions, the above mentioned split of 53% to 47% in favour of the Kuoni Reisen Holding AG’s shareholders is fair and reasonable. Based on this advice, the Board recommends to the shareholders of Kuoni Reisen Holding AG acceptance of the exchange offers. A copy of a letter from Credit Suisse First Boston (Europe) Limited to the Board recording this advice is attached as Appendix B.

Taking the strong strategic rationale for the Merger into consideration as well as the fact that holders of Kuoni Reisen Holding AG A Shares will receive listed shares upon acceptance of the exchange offer, the Board believes that an exchange on the basis of nominal values is justified.

The Board is not aware of any contractual agreements or other arrangements between its members or members of the senior management of Kuoni Reisen Holding AG and Kuoni Holdings Plc, which might result in a conflict of interest. Furthermore, the Board has received indications that the Kuoni and Hugentobler Foundation supports this Exchange Offer.

Zurich, April 21, 1999

Board of Directors

Daniel Affolter
Chairman

Heinz Müller
Board Member

J. Report of the Review Body pursuant to Article 25 of the Federal Act on Stock Exchanges and Securities Trading

As auditors recognised by the supervisory authority to review public takeover offers in accordance with the Federal Act on Stock Exchanges and Securities Trading (hereinafter “SESTA”), we have reviewed the Exchange Offer Prospectus and the summary provided for in Art. 18 para. 3 of the Ordinance of the Swiss Takeover Board on Public Takeover Offers (hereinafter ‘O-TB’) pursuant to Article 25 of the SESTA and Article 26 of the O-TB taking into consideration the exceptions granted by the Swiss Takeover Board.

The Exchange Offer Prospectus and the summary are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these two documents based on our review.

Our review was conducted in accordance with the standards promulgated by the profession, which require that a review be planned and performed to verify the formal completeness in conformity with the SESTA and the O-TB and to obtain reasonable assurance about whether the Exchange Offer Prospectus and the summary are free from material misstatements. We have checked some of the material information thoroughly, some on a test basis. Furthermore, we have verified the compliance with SESTA and O-TB. We believe that our review provides a reasonable basis for our opinion.

In our opinion:

- the Exchange Offer Prospectus and the summary comply with the SESTA and the O-TB;
- the present Exchange Offer Prospectus and the summary are complete and accurate;
- the recipients of the offer are treated equally;
- the ratio between the different classes of shares (registered shares A and B of Kuoni Reisen Holding AG) has been fixed appropriately;
- the minimal offer price rule in accordance with Art. 32 para. 4 SESTA and Art. 37 para. 2 SESTA-FBC is complied with; and
- Kuoni Holdings Plc has taken reasonable measures to have the Kuoni Holdings Plc ordinary shares required for the exchange at its disposal and to make these available on the date of completion of the exchange offer.

Zurich, April 23, 1999

KPMG Fides Peat

Peter Hanimann
Certified
Accountant

Rudolf Züger
Certified
Accountant

K. Recommendation of the Swiss Takeover Board

The exchange offer was submitted to the Swiss Takeover Board prior to its publication. In the recommendation dated April 23, 1999, the Swiss Takeover Board found as follows:

The exchange offer of Kuoni Holdings Plc complies with the Stock Exchange Act.

The Swiss Takeover Board grants the following exemptions from the Takeover Ordinance (Art. 4): resolutive conditions (Art. 13.4); waiver of the cooling-off period (Art. 14.1).

L. Execution of the Exchange Offer

1. Information/ Submission of Applications

Shareholders whose Shares are held in a Safekeeping Account

Shareholders whose Kuoni Reisen Holding AG registered shares A or B are held in a safekeeping account will be informed of the exchange offer by the custodian bank and are asked to proceed according to its instructions.

Shareholders who keep their Shares at Home

Shareholders who keep their Kuoni Reisen Holding AG registered shares A or B at home or in a bank safe will be informed of the exchange offer by the share register of Kuoni Reisen Holding AG. They are asked to complete and sign the form of "Declaration of Acceptance and Assignment" and to submit it, along with the corresponding share certificate(s), **not invalidated**, directly to their bank or an exchange agent by 4 p.m. (CET) on June 1, 1999 at the latest.

2. Offer Manager

Kuoni Holdings Plc has commissioned Credit Suisse First Boston, Zurich, to handle the execution of the exchange offer.

3. Exchange Agents

Credit Suisse First Boston, Zurich
All Swiss branches of Credit Suisse in Switzerland

4. Registered Shares Notified for Exchange

Kuoni Reisen Holding AG registered shares A with a nominal value of CHF 10 each will not receive a new security number because they are not listed and will not be traded.

Kuoni Reisen Holding AG registered shares B with a nominal value of CHF 50 each which have been notified for exchange will be assigned the following security numbers by the custodian banks:

Registered shares B notified for exchange in Swiss Certificates:
security number 674 428

Registered shares B notified for exchange in Ordinary Shares:
security number 674 399

These security numbers must be used for safekeeping accounts and in dealings with the Swiss Securities Clearing Corporation (SEGA) until such time as the Kuoni Reisen Holding AG registered shares B notified for exchange are actually exchanged for Kuoni Holdings Plc Swiss Certificates or ordinary shares.

5. Exchange Trading

Trading in Kuoni Reisen Holding AG registered shares B on the Swiss Exchange SWX during the offer period will be organised as follows:

Kuoni Reisen Holding AG registered shares B with a nominal value of CHF 50 each

- First line: Shares not notified for exchange
Security number: 350 485
- Second line: Shares notified for exchange in Swiss Certificates
Security number: 674 428
- Third line: Shares notified for exchange in Ordinary Shares
Security number: 674 399

Trading on the first line will continue. Trading on the second and third line commences on the start of the exchange period on April 27, 1999 and will continue up to four business days before the share certificates are available to Kuoni Reisen Holding AG shareholders who tender their shares during the offer period. There will be no trade on the second and third line during the additional acceptance period.

6. Exchange

The share capital of Kuoni Holdings Plc will be increased according to section C.1. "Share Capital". Registered shares B of Kuoni Reisen Holding AG notified for exchange will be exchanged for Swiss Certificates of Kuoni Holdings Plc, changing its security number from 674 428 (registered shares B notified for exchange in Swiss Certificates) to 683 807 or will be exchanged for Ordinary Shares of Kuoni Holdings Plc, changing its security number from 674 399 (registered shares B notified for exchange in Ordinary Shares) to 546 321, respectively.

Subject to section B.6. "Conditions/Right of Withdrawal" (including an extension of the offer), the exchange will take place on 15 June 1999 for registered shares B which were notified for exchange during the Offer Period and on 5 July 1999 for registered shares B which were notified for exchange during the Additional Acceptance Period.

7. Rounding down of fractional shares

Given the exchange ratio, if shareholders do not submit for exchange

- 200 Kuoni Reisen Holding AG registered shares A or a multiple thereof,
- 250 Kuoni Reisen Holding AG registered shares B or a multiple thereof,

a fraction of a Kuoni Holdings Plc ordinary share will arise. No fractions of Kuoni Holdings Plc ordinary shares will be issued pursuant to the exchange offer.

Fractional entitlements will be aggregated and sold in the market at the best price reasonably obtainable and the net proceeds will be distributed to shareholders of Kuoni Reisen Holding AG, as appropriate, provided that any individual entitlements of less than GBP 3.00 will not be distributed but will be retained for the benefit of Kuoni Holdings Plc. At the present level of share prices it can be expected that no payments will be made to the shareholders of Kuoni Reisen Holding AG.

- 8. Charges and Taxes** Kuoni Reisen Holding AG registered shares A and B held in safekeeping at banks in Switzerland will be exchanged during the offer period and the additional acceptance period free of cost and charges. Taxation will be governed by the following principles:

 - The exchange of registered shares A or B in the context of the exchange offer is expected to be tax-free for *individual shareholders domiciled in Switzerland holding their shares as part of their private property*.
 - In the case of registered shares A or B *held as business assets by shareholders domiciled in Switzerland*, current taxation practice – and prevailing opinion – indicates that the exchange will also be tax-free provided that the book values remain unchanged.
 - The taxation of *shareholders domiciled abroad* will be subject to the relevant foreign tax legislation. Shareholders are recommended to have their personal tax situation examined.
 - Subsequent trading of Swiss Certificates is subject to Swiss Stamp Duty and it is expected that UK Stamp Duty Reserve Tax will be due.
- 9. Dividend Rights** The newly issued ordinary shares of Kuoni Holdings Plc resulting from the public exchange offer will rank for dividends from the issue date and will be entitled to equal treatment to the existing Kuoni Holdings Plc ordinary shares.

No tax will be withheld by Kuoni Holdings Plc when it pays dividends. From April 6, 1999, no advance corporation tax is levied on dividends paid by Kuoni Holdings Plc. Swiss resident shareholders with a shareholding below 10% in Kuoni Holdings Plc do not receive any tax credit payable by the United Kingdom Inland Revenue in respect of dividends paid by Kuoni Holdings Plc. However, Swiss resident corporate shareholders with a shareholding of a least 10% in Kuoni Holdings Plc qualify for a tax credit payable by the United Kingdom Inland Revenue under the Switzerland-United Kingdom double tax treaty in respect of dividends paid by Kuoni Holdings Plc. For dividends paid after April 5, 1999, the tax credit payable to such Swiss resident corporate shareholders amounts to 0.278% of the net amount of the dividend paid.
- 10. Invalidation of Kuoni Reisen Holding AG registered shares A and B and Delisting** The Board of Directors of Kuoni Reisen Holding AG reserves the right at its own discretion to apply for the delisting of the Kuoni Reisen Holding AG registered shares B once this exchange offer has been completed.

If Kuoni Holdings Plc holds more than 98% of the votes of Kuoni Reisen Holding AG after this exchange offer, Kuoni Holdings Plc will request the cancellation of the remaining share certificates in accordance with Art. 33 of the Federal Act on Stock Exchanges and Securities Trading.
- 11. Applicable Law and Place of Jurisdiction** The exchange offer and all reciprocal rights and obligations resulting therefrom shall be subject to **Swiss law**. The exclusive place of jurisdiction shall be Zurich 3.

M. Illustrative Timetable*

April 27, 1999	Start of the offer period
May 11, 1999	Annual General Meeting of Kuoni Reisen Holding AG which will be requested to adopt a resolution for the reduction of capital through the cancellation of the reserved shares and to lift share registration restrictions and voting restrictions
May 17, 1999	Dividend Payment of Kuoni Reisen Holding AG
June 1, 1999 (4 p.m.)	End of the offer period**
June 8, 1999	Start of the additional acceptance period**
June 15, 1999	Settlement for the shares tendered during the acceptance period**
June 21, 1999 (4 p.m.)	End of the additional acceptance period**
July 5, 1999	Settlement for the shares tendered during the additional acceptance period**

* This timetable is provided for illustrative purposes only and may be subject to change.

** The Board of Directors of Kuoni Holdings Plc reserves the right to extend the offer period one or more times as provided for in section B.3. "Offer period" and section B.6. "Conditions/Right of Withdrawal". Subsequent dates in such case will be changed accordingly.

* * * * *

The following documents can be obtained free of charge from the address below:

- 1998 Annual Report of Kuoni Reisen Holding AG for the year ended December 31, 1998
- 1998 Annual Report of First Choice Holidays PLC for the year ended October 31, 1998
- Conditions of the public exchange offers for First Choice Holidays PLC
- Memorandum and Articles of Association of Kuoni Holdings Plc
- Listing particulars of Kuoni Holdings Plc

Kuoni Reisen Holding AG
Investor Relations
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Fax: + 41 1 277 40 31

Credit Suisse First Boston
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Uetlibergstrasse 231
CH-8070 Zurich
Switzerland
+ 41 1 333 29 87
+ 41 1 333 23 88

Bank responsible for handling the exchange offer:

Credit Suisse First Boston

Appendix A

Corporate Governance

Shareholders' Meetings

An annual general meeting of shareholders must be held once in every year (within a period of not more than 15 months after the holding of the last preceding annual general meeting). The Board may convene an extraordinary general meeting of shareholders whenever they think fit. General meetings may be held at such time and place as may be determined by the Board. An annual general meeting may be convened on at least 21 days' written notice to shareholders entitled to receive notices. Most extraordinary general meetings may be convened on at least 14 days' written notice, but extraordinary general meetings at which it is proposed to pass certain types of special resolutions must be convened on at least 21 days' written notice. Three shareholders must be present in person or by proxy to constitute a quorum for all purposes at general meetings.

Unless a special or extraordinary resolution is required by law or the Articles of Association (see below), voting in a general meeting is by ordinary resolution. An ordinary resolution (e.g., a resolution for the election of directors, the approval of financial statements, the declaration of a final dividend, the appointment of auditors, the increase of authorised share capital or the grant of authority to allot shares) requires the affirmative vote of a majority of the shareholders present in person, in the case of a vote by show of hands, or present in person or by proxy and holding shares conferring in the aggregate a majority of the votes actually cast on the ordinary resolution, in the case of a vote by poll. A special resolution (e.g., a resolution amending the Memorandum or Articles of Association, changing the name of Kuoni Holdings Plc or waiving the statutory pre-emption rights) or an extraordinary resolution (e.g., modifying the rights of any class of shares at a meeting of the holders of such class or relating to certain matters concerning the liquidation of Kuoni Holdings Plc) requires the affirmative vote of not less than three-fourths of the shareholders present in person, in the case of a vote by show of hands, or present in person or by proxy and holding shares conferring in the aggregate at least three-fourths of the votes actually cast on the resolution, in the case of a vote by poll.

Appointment of Directors

The members of the Board may be appointed and removed by ordinary resolution of the shareholders. Unless otherwise determined by Kuoni Holdings Plc by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than two. The directors need not be shareholders. In addition, the Board may at any time appoint any person to be a director either to fill a casual vacancy or as an additional director. Any person so appointed by the Board shall hold office only until the next annual general meeting of shareholders and shall then be eligible for election but shall not be taken into account in determining the number of directors who are to retire by rotation at such a meeting, as set out below.

At each annual general meeting of Kuoni Holdings Plc one-third (or, if their number is not three or a multiple of three, the number nearest to one-third) of the directors who are subject to retirement by rotation (excluding alternates) shall retire from office. If there is only one director who is subject to retirement by rotation, he shall retire.

Subject to the Act and the Articles of Association, the directors to retire by rotation are those who have been longest in office since their last appointment or reappointment, but, as between persons who became or were last reappointed directors on the same day, those to retire shall (unless otherwise agreed) be determined by lot.

A director shall not be required to retire by reason of his age, nor shall this be a bar to his appointment or reappointment.

Powers of the Directors

The power to run a company is vested in the board of directors as a whole. The Board is permitted to delegate powers to committees of directors or to any director holding an executive office. Certain functions may also be delegated to individuals who are not directors who may be authorised to act on behalf of the company.

Board responsibility is collective and shared equally by all Board members, both executive and non-executive. To enable efficient management, however, the responsibilities of the Board of Kuoni Holdings Plc for the executive management of the business are vested formally in the Chief Executive. In addition, Kuoni Holdings Plc has appointed an Executive Committee which, under the direction of the Chief Executive, will be responsible for the execution of all operating issues including the formulation of strategy and the development of management plans and budgets for submission to the Board.

Kuoni Holdings Plc does not currently comply in full with the applicable provisions of the Principles of Good Governance and the Combined Code prepared by the Committee on Corporate Governance appended to the Listing Rules of the London Stock Exchange (the "Combined Code") (which requires that a majority of the non-executive directors should be independent of management) as two of its four non-executive directors were formerly executive directors of Kuoni Reisen Holding AG and First Choice Holidays PLC (respectively). Kuoni Holdings Plc has no present intention to change the composition of its Board of Directors. In all other respects, Kuoni Holdings Plc intends to comply in full with applicable provisions of the Combined Code. Remuneration and Audit Committees, each which comprise only non-executive directors have also been appointed. A Nominations Committee, chaired by the Chairman, and a majority of whose members are non-executive directors has been appointed. The Remuneration Committee will determine the remuneration and benefits packages for the executive directors. The Nominations Committee will make recommendations on the appointment of further directors to the Board. The Audit Committee will, among other matters, review Kuoni Holdings Plc's internal financial control environment, its financial statements and the scope of work undertaken by external auditors.

Duties of Directors

The directors of an English company owe fiduciary duties to the company which they serve. These duties fall into three main categories: first, to act in good faith in what they consider to be in the interests of the company; secondly, not to put themselves in the position where the interests of the company conflict with their personal interests or duties to a third party; and, thirdly, not to make a profit out of their position as a director unless the company permits them to do so.

Conflicts of Interest

Subject to certain provisions of the Act designed to enforce fair dealing by directors and prevent their taking financial advantage, and provided that a director has disclosed to the Board the nature and extent of any interest, a director (i) may be interested in any contract with Kuoni Holdings Plc or in which it is otherwise interested, (ii) may be a director or other officer of, or employed by a party to any contract with, or otherwise interested in, any body corporate promoted by Kuoni Holdings Plc or in which it is in any way interested and (iii) he (or any firm of which he is a partner, employee or member) may act in a professional capacity for Kuoni Holdings Plc (other than as auditor) and be remunerated therefor and shall not (save as otherwise agreed by him) be accountable to Kuoni Holdings Plc for any benefit which he derives therefrom.

However, a director shall not vote or be counted in the quorum present on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, Kuoni Holdings Plc), unless his interest arises only because the case falls within one of a limited number of circumstances set out in the Articles of Association.

Appendix B

Letter of Credit Suisse First Boston (Europe) Limited

**CREDIT
SUISSE** | **FIRST
BOSTON**

CREDIT SUISSE FIRST BOSTON (EUROPE) LIMITED

One Cabot Square
London
E14 4QJ

Telephone 0171 888 8888
Telex 892131 CSFB G

19 April 1999

Board of Directors
Kuoni Reisen Holding AG
7 Neue Hard
8010 Zürich
Switzerland

Dear Sirs

You have asked us to advise you with respect to the fairness to Kuoni Reisen Holding AG ("Kuoni"), from a financial point of view, of the terms of the exchange ratio set out in the merger agreement dated 15 March 1999 detailing the proposed merger between Kuoni and First Choice Holidays PLC ("First Choice") ("Merger Agreement"). Terms defined in Annex "C" to the formal offer document containing the exchange offers by Kuoni Holdings Plc ("Kuoni Holdings") for the Kuoni Shares (the "Swiss Offer Document"), unless otherwise defined or the context otherwise requires, bear the same meaning where used in this letter (including Schedule 1 hereto).

The terms of the Merger Offers made by Kuoni Holdings for the Kuoni Shares provide for the exchange of all of the Kuoni Shares for, in aggregate, 425.5m new Kuoni Holdings Shares (based on the assumptions set out in Schedule 1 to this letter), equivalent to approximately 53 per cent of the issued share capital of Kuoni Holdings immediately following the Merger ("Exchange Ratio").

In arriving at our opinion, we have reviewed certain publicly available business and financial information relating to both Kuoni and First Choice (together the "Companies"), including the Merger Agreement. We have met with Kuoni management to discuss and have relied upon their views on the business and prospects of the Companies (including the strategic importance of the Merger) and their views on the value expected to be generated from the combination of the respective operations of the Companies. We also met with First Choice management to discuss their expectations of the benefits likely to be generated from the Merger; however, our analysis of First Choice is otherwise based upon publicly available information.

The Ordinary Shares, First Choice Holidays Convertible Preference Shares and the Kuoni B Shares are listed and traded on the London Stock Exchange and the Swiss

1 (4)

Registered Office as above
Registered in England No. 891554
Regulated by The Securities and Futures Authority

Exchange SWX respectively. We have considered reasonably available and relevant financial and stock market data relating to the Companies and compared that information with similar information for other publicly traded companies in businesses similar to those of the Companies and we have considered the financial terms of reasonably available and relevant other business combinations and other transactions which have recently been effected. We have also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which we deemed relevant. In arriving at our opinion, we have assumed that the merger, if completed, will qualify for merger accounting treatment.

In connection with our review, we have not assumed any responsibility for independent verification of any of the foregoing information and have relied on its being complete and accurate in all material respects. In addition, we have not made an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of Kuoni or First Choice, nor have we been furnished with any such evaluations or appraisals. Our opinion is necessarily based upon financial, economic, market and other conditions as they exist and can be evaluated on the date hereof. We are not expressing any opinion as to the value of the Kuoni Holdings Shares when issued to holders of Kuoni Shares ("Kuoni Shareholders") pursuant to the Merger Agreement or the prices at which such new shares might trade subsequent to the completion of the Merger. We were not requested to, and did not, solicit third party indications of interest in acquiring all or any part of Kuoni or First Choice. We have not been requested to opine as to, and our opinion does not in any manner address, Kuoni's underlying business decision to effect the Merger.

We have acted solely as financial adviser to Kuoni and (together with Lazard Brothers & Co., Limited) to Kuoni Holdings in connection with the Merger and will receive a fee upon a successful completion of the Merger. In particular, we have not acted as financial advisor to First Choice in connection with the Merger.

Credit Suisse First Boston (Europe) Limited has also been appointed joint sponsor and joint stockbroker for the proposed listing of the Kuoni Holdings Shares on the London Stock Exchange and Credit Suisse First Boston has been appointed offer manager for the Mergers Offers for Kuoni. In respect of the management of the Merger Offers for Kuoni, Credit Suisse First Boston will receive additional fees.

In the ordinary course of our business, Credit Suisse First Boston (Europe) Limited and its affiliates may actively trade the debt and equity securities of the Companies for their own accounts and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Except for its publication in and attachment to the Swiss Offer Document, it is understood that this letter is for the information of the board of directors of Kuoni only (and no other persons) in connection with its consideration of the Merger and is not to be quoted or referred to, in whole or in part, in any offer document, registration statement, prospectus or proxy statement or like document or related public announcement, document or advertisement, or in any other document used in connection with the offering exchange or sale of securities, nor shall this letter be used for any other purpose, without Credit Suisse First Boston (Europe) Limited's prior written consent.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Exchange Ratio is fair to Kuoni from a financial point of view.

Very truly yours,

CREDIT SUISSE FIRST BOSTON (EUROPE) LIMITED

By:

A handwritten signature in black ink, appearing to read "Susan Saltzbart Kilsby". The signature is fluid and cursive, with the first name "Susan" being more prominent.

Susan Saltzbart Kilsby
Managing Director

Schedule 1: Assumptions

Details of shareholdings following the completion of the Merger Offers for Kuoni are based on the following assumptions:

1. that Kuoni Holdings acquires the entire issued and to be issued share capital of Kuoni under the terms of the Merger Offers for Kuoni, with the exception of the Kuoni Cancellation Shares;
2. that Kuoni Holdings acquires the entire issued and to be issued share capital of First Choice under the terms of the Merger Offers for First Choice;
3. that the Kuoni Cancellation Shares have been cancelled;
4. that all holders of options under the First Choice Share Schemes and the Kuoni Share Schemes exercise their options and accept the Merger Offers in respect of the First Choice and Kuoni Shares which they thereby acquire and that, to the fullest extent possible, exercises of options under the First Choice Share Schemes are satisfied out of the shares held by the First Choice Employee Benefit Trust and that exercises of options under the Kuoni Share Schemes are satisfied out of Kuoni B shares already in issue; and
5. that no First Choice Holidays Convertible Preference Shares are converted into Ordinary Shares.

Appendix C

Definitions

Act	The Companies Act 1985 (as amended)
CAA	The UK's Civil Aviation Authority
Companies	Kuoni Reisen Holding AG and First Choice Holidays PLC
CREST	the relevant system in respect of which CRESTCo is the operator; CREST is the equivalent system of SEGA in Switzerland.
First Choice Holidays Convertible Preference Shares	9.75 pence (net) convertible redeemable preference shares of 10 pence each in First Choice
First Choice Share Schemes	the First Choice Holidays PLC 1986 Executive Share Option Scheme, the First Choice Holidays PLC 1994 Senior Executive Plan, the First Choice Holidays PLC Savings Related Share Option Scheme and the First Choice Holidays PLC Restricted Share Plan
First Choice Shares	the First Choice Holidays Convertible Preference Shares and the Ordinary Shares
Kuoni Cancellation Shares	the 33,000 Kuoni Reisen Holding AG registered B shares formerly held by UBS AG to be cancelled in connection with the merger
Kuoni Holdings or Company	Kuoni Holdings Plc
Kuoni Holdings Shares	ordinary shares of GBP 0.10 each in Kuoni Holdings Plc
Kuoni Reisen Holding AG shares A	A registered shares of CHF 10 nominal value in Kuoni Reisen Holding AG
Kuoni Reisen Holding AG shares B	B registered shares of CHF 50 nominal value in Kuoni Reisen Holding AG
Kuoni Share Schemes	the Kuoni Reisen Holding AG Management Share Plan, the Kuoni Reisen Holding AG Senior Management Share and Option Plan and the Kuoni Reisen Holding AG Directors Compensation Plan
Kuoni Shares	Kuoni Reisen Holding AG registered shares A and B
Listing Particulars	the listing particulars relating to Kuoni Holdings Plc
Merger	the proposed merger of Kuoni Reisen Holding AG and First Choice Holidays PLC to be implemented pursuant to the Merger Offers
Merger Agreement	the agreement dated March 15, 1999, as amended by the supplementary agreement dated April 15, 1999, both between Kuoni Reisen Holding AG and First Choice Holidays PLC setting out, inter alia, the terms and conditions of the Merger
Merger Offers or Exchange Offers	the exchange offer for Kuoni Shares and the public offers for the First Choice Holidays PLC Shares
Ordinary Shares	ordinary shares of 3 p each in First Choice Holidays PLC
p	pence (GBP 0.01)
redeemable preference shares	Redeemable non-voting preference shares of GBP 1 in Kuoni Holdings Plc
Regulations	the Uncertificated Securities Regulations of 1995
Swiss Certificates	Swiss Certificates are ordinary shares of Kuoni Holdings Plc registered in the share register in the United Kingdom in the name of a Swiss nominee and traded on the Swiss Exchange SWX
uncertificated	recorded in the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST

