

Martin Browne (Chair)
June Knox (Vice Chair)

TCXUnite.com



JCNC UNITE REPRESENTATIVES

13th December 2012

PRIVATE AND CONFIDENTIAL

To: Frank Pullman

(Delivered by hand)

Dear Frank,

Unite Position re: Business Rationale

We would like to clarify Unite's position on the business rationale and the proposed redundancies. Despite meetings with different individuals including yourself we have not been convinced that there is real justification of many of the redundancies. We also believe that there is a lack of transparency from the Company. It's evident that it's not as simple as "*fewer aircraft means less cabin crew*".

When we last met, you said it was also about taking immediate cost out of the business. We believe that the proposal is also about addressing the challenges of the business seasonality and as such an attempt to create a fully flexible workforce (casualisation). We understand the Company motivation to do this but not why you are not being up-front about this. We do not see this business decision as an exceptional circumstance, especially in relation to historic fluctuations in fleet size within the industry. We would like to discuss the real reasons behind the board making the decision to reduce the fleet size, especially when others are increasing capacity. We have not been given the whole picture and based on the discussions that took place on 3rd December and documents we possess, we believe that the 11 aircraft that are going off lease next year will be replaced with 12 A321s.

In addition to the above, around the time that the proposed redundancies are planned to take place the flying programme is beginning to increase, aircraft return to the UK after winter deployments and additional cabin crew heads are required at most bases. We would like to reaffirm our previous offer to the Company that we will continue to engage in consultation at least until such point that the programme and the full utilisation of the aircraft for winter 2013/14 is known. Previously in earlier meetings during the consultation we have been advised that the Company would not even "have sight" of the flying programme for winter 2013/14 until February / April next year. Contrary to this, it has been confirmed by the Director of Operation Control that if flights are on APM and have specific aircraft assigned to those flights, they are on sale and are confirmed to be operating. We requested access to APM back in October to allow us to understand the future flying requirements and so far have been denied access, despite being initially told this was possible. We have evidence that clearly shows flights on APM assigned to aircraft up to the end of April 2014.

You stated in our meeting of the 21st November that the reason the consultation is taking place is that you need to take immediate cost out of the business. You also stated in your letter on 27th November that when the fleet reduction decision was made by the board and it was evident that you would need to reduce your employee numbers you were obliged at that point to notify us and enter into consultation. This appears not to have taken into account an increased requirement of cabin crew for the summer in

most bases. By entering into a 90-day consultation at the point you have, we fail to see how it achieves your aim of taking immediate cost from the business, given that after the legal notice period, redundancy payments would need to be made. It has also become evident that although being told we are over established for Winter 12/13, £34,000 has been paid out in overtime payments in the month of November alone, and we have not yet reached the peak of our Winter flying program in late February / March.

During our meeting yesterday you advised us that in Glasgow and Manchester you are currently over established for summer 2013. This clearly demonstrates our belief that you intend to casualise your workforce as you have failed to include the 7/5 (summer only) crew members in your redundancy proposal. You are being selective of which contracts that you wish to dispose of. Every year during the winter our aircraft go out of the UK for operations overseas. This winter it appears with our basic calculations that the fleet hasn't reduced by the number of aircraft you have stated in your proposal as proportionately less aircraft have been deployed abroad compared to recent years.

We need to be clear; the business rationale in its current unamended form cannot be agreed by Unite.

Given that we cannot agree the business rationale in its current unamended form, and to date we believe that meaningful consultation has not taken place for a significant time, we are again formally requesting an extension to the consultation. The Director of HR has advised us that you will assess timescales on a week by week basis. It is evident, given that where we are at present and the lack of consultation so far, an extension is required to fulfil the legal requirement to 'meaningful' consultation. To date no discussions have taken place on avoiding the dismissals, reducing the number of employees to be dismissed and mitigating the consequences of the dismissals and how individuals may be selected should this situation not be resolved.

We acknowledge that you have been tasked with saving an additional 5% across the airline and would like you to carefully consider Unite's counter proposal which accompanies this letter.

To be clear, based on the above, we will not accept any compulsory redundancies or demotions due to your flawed business rationale.

Yours sincerely,

Martin Browne
Chairman – JCNC Committee
(on behalf of the JCNC representatives)

cc. Sharon Cowell
TCXUnite.com

Counter Proposal:
13th December 2012

Unite would like to, without prejudice, propose the following that may assist the Company achieving their objectives:

1. People may wish to voluntarily leave the business however we do not know if this is a fact. You may choose to explore this possibility and we would not offer any resistance provided we are fully consulted on the entire process including the voluntary package, how it's presented and who will be eligible. We also request that all crew members are issued, without delay, a paper based individual illustration as soon as discussions are concluded.

The above proposal is conditional upon the Company accepting on a 'volunteer only' basis. The rationale behind this condition lies in the fact that Unite have recognised the business motivation to have a more flexible workforce and will assist with this transition, however the Company in turn must also recognise the loyalty, commitment and the consistently huge contribution the cabin crew have made to the success of the airline; both in revenue, customer service and care.

2. We will consult on ways to save money, and any money saved will be offset against any redundancies. We will also consult with a view to assisting the Company achieve the 5% cost saving target (which we believe to be £3m for cabin crew). We will take guidance from our members and consult with our members by way of a ballot on any cost saving proposals before reaching agreement. We will also have the expectation that when the CEO's shares mature from reaching the share price or profit target or if dividends are paid to share-holders, our member's terms and conditions will be returned.

You may have some suggestions other than making people redundant which we would be happy to review and collectively consult upon if your objectives could be met without job losses. Unite wants to contribute to the success of the business and have a stable future with Thomas Cook for our members. Your cabin crew, our members are expected to face a lot of pain and hardship to contribute to the success of the UK turnaround plan. With this in mind it would be wholly unacceptable if this pain was not shared throughout the business especially by those at the top.

Further to our proposals above that will directly affect our members we would like to suggest the following measures that are entirely reasonable and would go a long way towards making a success of the UK turnaround plan:

1. Salary and role review of all managers / directors earning £70,000+ per annum. Remuneration package capping - £100,000 – including pay and all benefits.
2. No performance bonuses to anyone above role level 6. All senior managers / directors should work for a salary / wage only, until the turn-around plan has achieved its objectives.
3. No bonuses should be paid whatsoever that have resulted from achieving cost saving targets, that have led to our members being adversely affected.

4. The CEO and the board of directors should lead by example and accept reductions in pension contributions by Thomas Cook.
5. Company cars / car allowances suspended until the turn-around plan has achieved its objectives.
6. We believe that when individuals are allocated shares that will mature and be paid as a result of our share price achieving a particular level will incentivise further attacks on our member's jobs, terms and conditions. Therefore free share packages to all employees should be suspended. They are an unnecessary cost to the business and add no value to Thomas Cook or the customer.
7. All business class travel should be stopped with immediate effect as this is a significant cost and adds no value to our customers or assists in the UK turnaround plan.

N.B. This list is not exhaustive