



UNITE CONSULTATION UPDATE 14

6th January 2013

Dear Colleague,

Following the festive break your reps were back to work this week with two days of meetings with Thomas Cook (2nd and 4th January) and a third day (3rd January) with Unite. The meetings with Thomas Cook took place at the ACAS regional offices in central Manchester. All parties felt that this change of scene to a neutral territory was very helpful in keeping both parties focused on designing a Voluntary Severance (VS) package that was realistic, worthy of our recommendation to you and which would eliminate the need for anyone to have to leave the business who did not wish to.

We know that there are already crew who are interested in leaving the business immediately and Unite have put forward that those requests be honoured. The on-going talks are crucial because if the package is sufficiently generous, many more would also be incentivised to make the decision to leave on a voluntary basis, and there will be no need for anyone to be forced to leave Thomas Cook against their will. The last two consultations (2007/8 and 2011), which many of us lived through, are clear evidence of that.

At the end of the meeting on Friday, Thomas Cook committed to putting their latest VS proposal in writing. We expect to have this document early next week. Following the discussions however, the view of your reps and Unite was extreme disappointment at what the Company came to table with, despite their stated commitment to want to avoid anyone having to leave the business who does not want to. We will communicate with you again once we have received the finalised written proposal. The Company were informed by our Unite Officer that we would need to consider our position over the coming days.

It is certainly fantastic news that the Thomas Cook share price is tipped for an on-going revival during 2013. See 'Six Tips for a Lucky 2013' - Source: The Sun, 2 January 2013—<http://www.thesun.co.uk/sol/homepage/news/money/4721477/Sun-Citys-stock-tips-for-2013.html> — and that Harriet Green, in addition to her £3 million first year salary package has also secured herself a two year notice period should Thomas Cook wish to dispense with her services.

This is contrary to usual corporate governance rules. *"It protects the CEO at the time that she is an unknown quantity for the Company. This serves only to shield the chief executive at the expense of the Company."* Source: The Telegraph, 3 January 2013— <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/9779033/Thomas-Cook-attacked-over-new-chiefs-two-year-contract.html>

This does not seem to fit very well with Harriet's own message of *"lavish with our customers, lean with ourselves."* Your reps are asking for nothing like this type of package for our cabin crew members – just a package that fairly reflects our hard work and commitment to Thomas Cook over many years – however we are told that there is not any spare money. It is clear that there is, but those at the top do not believe that we are worthy of a sum that would properly assist with the life-changing decision of leaving a secure job, and assist the Company with their transition to a new business model and cost base.

Finally, we eventually received a response to our counter-proposal which we submitted to Frank Pullman on December 13th 2012. However we are very disappointed that Frank has refused to discuss the cost-cutting measures that we proposed including: salary review / capping, bonuses, business-class travel and Company cars. From your feedback a huge question mark also hangs over the wisdom of the decision to employ an outside training company on a consultancy basis, at considerable cost, and the true necessity of the CM development Courses, when we are in a period of savage cost-cutting. It is well documented that at times of financial frugality training is one of the first areas to be curtailed. There are so many areas where money could be saved without front line staff being hit, but the Company will not consider any of them. This again does not fit with Christoph Debus' (Group Head of Air Travel) message of *"improving profitability and taking cost out. We need to embed this into our daily working processes.....we must work together to reduce cost."*

Our next meetings will take place outside of the minimum 90-day period laid down for collective consultation – and they will continue until such time as we have exhausted all of the items that are a statutory part of the collective consultation process. These meetings will take place in w/c 14th January but if there is anything we need to update you about before this, we will write to you as usual.

In solidarity,

Your Reps

