

From: [redacted under FOI Act s 40]
Sent: 13 July 2011 17:18
To: Kate Jennings; [redacted under FOI Act s 40]
Cc: [redacted under FOI Act s 40]
Subject: Tour operators: How bad could it get? Note by Morgan Stanley

Kate, [redacted under FOI Act s 40]

Cc [redacted under FOI Act s 40]

http://www.e-tid.com/getdoc/05708bbe-76c2-4254-86c0-804092779cc9/MS_TourOperators_July11.aspx

For info, quite interesting article by Morgan Stanley on prospects for Thomas Cook and Tui following TC's profit warning yesterday.

There is no mention of prospect of Thomas Cook failing, although it does suggest merger with TUI as an option as well as TC changing its UK business model - which I think is to do with where they sell holidays rather than de-packaging. ATOL is only mentioned in passing and not as a contributory factor to the profits warning

I think the talk of a 'tipping point' away from package holidays to independent travel & on-line travel agents is a bit wide of the mark but we know this is the long term trend.

We should probably ask CAA for their take on Thomas Cook next time we see them

Regards

[redacted under FOI Act s 40]

From: [redacted under FOI Act s 40]

Sent: 22 November 2011 14:01

To: [redacted under FOI Act s 40]

Subject: Thomas Cook

[redacted under FOI Act s 40]

Is there anything we need to worry about re Thomas Cook and the future of the ATOL scheme?

[redacted under FOI Act s 40]

[redacted under FOI Act s 40], *Private Secretary to Rt Hon Theresa Villiers MP,
Minister of State for Transport*

Department for Transport | 5th Floor | 33 Horseferry Road | London | SW1P 4DR |

[redacted under FOI Act s 40]

From: [redacted under FOI Act s 40]

Sent: 22 November 2011 16:34

To: [redacted under FOI Act s 40]

[redacted under FOI Act s 40] Kate Jennings; [redacted under FOI Act s 40]

Subject: RE: Thomas Cook

[redacted under FOI Act s 40]

I spoke to CAA about Thomas Cook (TC) in light of all the press reports today about their finances.

[Information redacted under FOI Act s 44 and s43]

[Paragraphs removed as not relevant to request]

Hope this helps, happy to discuss

[redacted under FOI Act s 40]

Department for Transport

Aviation Policy Implementation Division

[redacted under FOI Act s 40]

From [redacted under FOI Act s 40]

Sent: 28 November 2011 10:26

To: [redacted under FOI Act s 40]

Subject: RE: Thomas Cook

[redacted under FOI Act s 40]

Thanks, looks like this has been resolved for the short term at least. The press

notice says the interest rate on the new facility is LIBOR plus 5%, increasing by 0.5% each quarter. Is that particularly high do you think??

regds

[redacted under FOI Act s 40]

Department for Transport
Aviation Policy Implementation Division
[redacted under FOI Act s 40]

From [redacted under FOI Act s 40]
Sent: 30 November 2011 10:32
To: [redacted under FOI Act s 40]
Subject: FW: Thomas Cook Group

[redacted under FOI Act s 40]

Please see below from [redacted under FOI Act s 40] at BIS. The meeting he is referring to is a catch up with Thos Cooks govt affairs manager on Thursday at 1 pm

Don't know if you have any thoughts on the points he makes about the timing of the postponed announcement?? I'll also forward to CAA, so we can pick it up when we discuss tomorrow.

Regards

[redacted under FOI Act s 40]
Department for Transport
Aviation Policy Implementation Division
[redacted under FOI Act s 40]

Briefing note for the Secretary of State 2 December 2011

THOMAS COOK AND THE ATTF

1. The Secretary of State asked for advice on whether the Air Travel Trust Fund (ATTF) could withstand the failure of Thomas Cook (TC), should that happen.

Update on Thomas Cook (TC)

[Information redacted under FOI Act s 44 and s43]

Implications for the ATTF

6 The ATTF meets repatriation and refund costs from an ATOL business failure. For historic reasons, it has operated at a deficit for many years, currently estimated at £37m. Its main income is the £2.50 per booking ATOL Protection Contribution (APC), of which TC provides around 25%.

[Paragraphs removed as not relevant to request]

[Information redacted under FOI Act s 44 and s43]

Next steps

[Information redacted under FOI Act s 43]

[Paragraphs removed as not relevant to request]

13 CAA are in regular contact with senior managers at TC, and have a good flow of information. We in turn are in regular contact with CAA for updates on developments, which we are sharing with BIS colleagues.

[Information redacted under FOI Act s 43]

16 We will of course keep Ministers fully up to date with developments.

API

December 2011

From: [redacted under FOI Act s 40]
Sent: 14 December 2011 11:10
To: Kate Jennings
Subject: RE [] - Branch network

The list includes 2 stores for closure in Justine Greening's constituency. I've told Private office

[redacted under FOI Act s 40]

Department for Transport
Aviation Policy Implementation Division
[redacted under FOI Act s 40]

Extract from email, Nick Joyce (DfT official) to Secretary of State, 19 December 2011

You should be aware that we have just received a parallel request from Thomas Cook to consent to the granting of security over their shares in The Airline Group as part of their debt financing process. They are seeking agreement by Thursday 22nd. We are currently taking appropriate legal advice and are discussing with Airline Group tomorrow (Tuesday). Whilst not wanting to hinder the Thomas Cook financing exercise, this raises more difficult issues in relation to non-airlines potentially owning shares in Airline Group. [Redacted] We will provide advice to the Minister of State later this week.

Extract from Email - Nick Joyce to Jonathan Moor (DfT officials) 19 December 2011

Thomas Cook/Airline Group

As part of their refinancing TC wish to grant security over their shares in AG to their lenders. This requires SoS consent. TC expect to make the formal request today and hope for a response by Thursday. Whilst wanting to be helpful if possible, I have warned that we may not be able to deliver this timetable and may not necessarily agree to the request in any event.

We are confirming the necessary external legal input and have TV's office on standby to consider.

To: **Minister of State**

From: Nick Joyce
Commercial & Technical
Services

Location: GMH 4/21

Tel: [Redacted under FOI Act s 40]

Date: 21 December 2011

Copies: PS/Secretary of State
PS/Other Ministers
PS/Lin Homer
Special Advisers
Others as per list at end

NATS: Thomas Cook Shares in Airline Group (Grant of Security)

Summary

1. Secretary of State consent is required for Thomas Cook to grant security over its shares in the Airline Group in favour of its lenders.

Timing

2. **Urgent.** [Redacted under FOI Act s 43]

Recommendation

3. [Redacted under FOI Act s 35]

Background

4. Thomas Cook is one of the seven airline shareholders in Airline Group Limited. Airline Group is the strategic investor in NATS, holding 42% of the shares and appointing the majority of the Directors to the NATS board.
5. Each Airline Group shareholder entered into an individual agreement with the Secretary of State, placing some obligations on them with regard to the operation of their shareholding, covering such matters as managing conflicts of interest, confidentiality of information, and supporting the role of Airline Group as Strategic Partner. These are set out in a Deed of Covenant between each Airline Group shareholder and the Secretary of State.
6. Under the terms of the Deed of Covenant, Thomas Cook needs Secretary of State's consent to transfer, or to grant security over, its shareholding, such consent not to be unreasonably withheld or delayed. In the event of a transfer, any new shareholder must enter into a new Deed of Covenant no less favourable to Secretary of State.
7. On 25 November, Thomas Cook announced that it had reached agreement with its banking group for a new £200m bank facility available until April 2013. [Redacted under FOI Act s 43].

8. On 19 December Thomas Cook has formally sought Secretary of State consent and provided a proposed form of consent. In parallel Thomas Cook is also seeking the consent of the other shareholders in Airline Group, as required under the terms of the Airline Group shareholders' agreement. Both consents have been requested by 22 December. Secretary of State's consent is required for the security over the shares but not the loan notes.
9. [Redacted under FOI Act s 43 and also considered out of scope of original request.]

Considerations

10. [Redacted under FOI Act s 35]
11. [Redacted under FOI Act s 35]
12. [Redacted under FOI Act s 35]
13. [Redacted under FOI Act s 35]
14. [Redacted under FOI Act s 35]
15. [Redacted under FOI Act s 35]
16. [Redacted under FOI Act s 35]
17. [Redacted under FOI Act s 35]
18. [Redacted under FOI Act s 35]
19. [Redacted under FOI Act s 35]
20. [Redacted under FOI Act s 35]
21. [Redacted under FOI Act s 35]
22. [Redacted under FOI Act s 35]

Clearances

23. This submission has been cleared by the General Counsel's Office.

Nick

Joyce

Commercial and Technical Services

Copy List:

Richard Hatfield
Kate Mingay
Jonathan Moor

Giles Buckenham
Nick Joyce
[Redacted under FOI Act s 40]

[Redacted under FOI Act s 40]
[Redacted under FOI Act s 40]
Roger Lowe (Shareholder Executive)

From: Theresa Villiers_MP

Sent: 22 December 2011 11:43

To: Nick Joyce; Theresa Villiers_MP

Cc: _Submissions; [redacted under FOI s 40] Richard Hatfield; Kate Mingay; Jonathan Moor; Giles Buckenham; [Redacted under FOI s 40]

Subject: RE: Submission: Thomas Cook and Airline Group limited

Nick

The Minister and the Secretary of State considered your submission and both accepted the recommendations [redacted under FOI section 35]

[Redacted FOI s40]

| *Head of Minister of State's Office* | *Private Secretary to Theresa Villiers MP* | Department for Transport | Zone 5/21+ [Redacted under FOI s 40]

ATOL Reform Q and A

Announcement on ATOL Reform final decisions

Minister of State oral evidence TSC ATOL Reform inquiry 22 February
Civil Aviation Bill Briefing

Thomas Cook

7.5 Do the financial difficulties facing Thomas Cook have any impact on the reforms? Will the reforms help Thomas Cook's?

Clearly the reforms can't be based around the circumstances of any one business. Like other ATOL licensed businesses, Thomas Cook will have to comply with the new regulations when they come into force, for example by providing ATOL certificates when they sell an ATOL protected holiday or flight.

7.6 What if Thomas Cook goes insolvent?

We can't comment on the position of individual businesses. As would be expected in its role as ATOL regulator, the CAA monitors closely the finances of all major ATOL businesses including Thomas Cook.