

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)

**IN THE MATTER OF BLUE SEAS OVERSEAS INVESTMENT LIMITED, AND IN THE
MATTER OF THOMAS COOK MONEY LIMITED, AND IN THE MATTER OF THOMAS COOK
GROUP UK LIMITED, AND IN THE MATTER OF THOMAS COOK TOUR OPERATIONS
LIMITED, AND IN THE MATTER OF THOMAS COOK RETAIL LIMITED, AND IN THE
MATTER OF THOMAS COOK UK LIMITED, AND IN THE MATTER OF TCCT RETAIL
LIMITED, AND IN THE MATTER OF THOMAS COOK INVESTMENTS (2) LIMITED, AND IN
THE MATTER OF THOMAS COOK CONTINENTAL HOLDINGS LIMITED, AND IN THE
MATTER OF THE FREEDOM TRAVEL GROUP LIMITED, AND IN THE MATTER OF
MYTRAVEL GROUP LIMITED, AND IN THE MATTER OF FUTURE TRAVEL LIMITED**

AND IN THE MATTER OF THE INSOLVENCY ACT 1986

FIRST WITNESS STATEMENT OF JUSTIN LEE RUSSELL

I, Justin Lee Russell, of Westpoint Peterborough Business Park, Lynch Wood, Peterborough,
United Kingdom, PE2 6FZ WILL SAY AS FOLLOWS:

Introduction

1. As at the date of this witness statement, I am a director of the following companies:
 - (A) Blue Seas Overseas Investment Limited ("**BSOI**");
 - (B) Thomas Cook Money Limited ("**TC Money**");
 - (C) Thomas Cook Group UK Limited ("**TC Group UK**");

- (D) Thomas Cook Tour Operations Limited ("**TC Tour Operations**");
- (E) Thomas Cook Retail Limited ("**TC Retail**");
- (F) Thomas Cook UK Limited ("**TC UK**");
- (G) TCCT Retail Limited ("**TCCT Retail**");
- (H) Thomas Cook Investments (2) Limited ("**TC Investments (2)**");
- (I) Thomas Cook Continental Holdings Limited ("**TC Continental Holdings**");
- (J) The Freedom Travel Group Limited ("**TFTG**");
- (K) MyTravel Group Limited ("**MyTravel Group**");
- (L) Future Travel Limited ("**Future Travel**"),

(each, a "**Company**" and together, the "**Companies**").

2. I have been a director of BSOI since 14 June 2019, a director of TC Money since 14 June 2019, a director of TC Group UK since 14 June 2019, a director of TC Tour Operations since 14 June 2019, a director of TC Retail since 14 June 2019, a director of TC UK since 14 June 2019, a director of TCCT Retail since 14 June 2019, a director of TC Investments (2) since 14 June 2019, a director of TC Continental Holdings since 14 June 2019, a director of TFTG since 14 June 2019, a director of MyTravel Group since 14 June 2019 and a director of Future Travel since 14 June 2019.
3. As set out in detail in this witness statement, the directors of each Company have, with regret, and notwithstanding their efforts to the contrary, reached the decision that they have no option but to present a winding up petition under section 124 of the Insolvency Act 1986 (the "**IA 1986**") and to seek the immediate appointment of a liquidator (the petition in respect of each Company, collectively, the "**Petitions**").
4. I understand that the Official Receiver is willing to accept the appointment as liquidator of each Company on an expedited basis and in turn intends to make an immediate application to appoint insolvency practitioners at:
 - (A) AlixPartners UK LLP ("**AlixPartners**") as special managers of BSOI, TC Money, TC Group UK, TC Tour Operations, TC UK, TC Investments (2), TC Continental Holdings and MyTravel Group; and

(B) KPMG LLP ("**KPMG**") as special managers of TC Retail, TCCT Retail, TFTG and Future Travel.

5. I understand that the relevant individuals at AlixPartners and KPMG have agreed to accept those appointments.
6. I am duly authorised to make this witness statement on behalf of the Petitioners of each Company.
7. Unless I say otherwise, the facts and matters set out in this witness statement are within my own knowledge and are true to the best of my knowledge and belief. Where I refer to information supplied by others, I identify the source and the information is true to the best of my knowledge, information and belief.
8. Nothing in this witness statement is intended to waive any rights of privilege.
9. There is now produced and shown to me, and exhibited hereto marked "**JLR1**", a bundle of documents to which I refer in this witness statement using the format "**JLR1/Tab**".
10. There is now produced and shown to me the witness statement of Dr. Peter Fankhauser in relation to the proposed liquidation of Thomas Cook Group plc, the ultimate parent company of each Company (the "**Parent Company**") dated 22 September 2019 (the "**Parent Company Witness Statement**"). I note that much of the information contained in the Parent Company Witness Statement also applies to the Companies, in particular information relating to (i) the structure and business of the Group, (ii) the deterioration of the Group's financial condition, and (iii) the efforts of the Parent Company to implement a viable restructuring of the Group, which would include the Companies.
11. On 22 September 2019, the board of directors of each Company (the "**Boards**") passed resolutions resolving that the relevant Company was insolvent and that it would be appropriate to present a petition for the compulsory winding up of the Company at Court. A copy of the resolutions is exhibited hereto marked "**JLR1/62A**", "**JLR1/62B**", "**JLR1/62C**", "**JLR1/62D**", "**JLR1/62E**", "**JLR1/62F**", "**JLR1/62G**", "**JLR1/62H**", "**JLR1/62I**", "**JLR1/62J**", "**JLR1/62K**" and "**JLR1/62L**".
12. Unless otherwise stated, all defined terms used in this witness statement shall have the meaning given to them in the Parent Company Witness Statement.

The Companies

13. The Companies are part of the Group which, together with the Parent Company, operates the Thomas Cook leisure travel business across the world. For further background details in respect of the Group, I refer to the Parent Company Witness Statement.
14. As described in the Parent Company Witness Statement, I understand that the CAA requires, among other things, the use of certain assets of Group Companies and assistance by certain of the Group's employees, including those of TC Tour Operations, TC Retail and TC UK, in order to carry out the repatriation of Thomas Cook customers who live in the UK.

BSOI

15. BSOI was incorporated in England and Wales on 19 July 1994 under the name Inhoco 348 Limited which was subsequently changed to Going Abroad Limited on 8 August 1994 and finally to its current name, BSOI, on 26 April 1995. BSOI's registered number is 02950050 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62M). A copy of BSOI's Articles of Association is now produced at JLR1/62Y.
16. BSOI's business and its principal activity is to act as a holding company.

TC Money

17. TC Money was incorporated in England and Wales on 24 August 2016 under its current name. TC Money's registered number is 10344118 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62N). A copy of TC Money's Articles of Association is now produced at JLR1/62Z.
18. TC Money's business and its principal activity is to act as a holding company.

TC Group UK

19. TC Group UK was incorporated in England and Wales on 21 November 1988 under the name Lopmit Limited. TC Group UK's registered number is 02319744 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62O). A copy of TC Group UK's Articles of Association is now produced at JLR1/62AA.
20. TC Group UK's business and its principal activity is to act as a holding company.

TC Tour Operations

21. TC Tour Operations was incorporated in England and Wales on 18 May 1999 under the name Inhoco 930 Limited. TC Tour Operation's registered number is 03772199 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62P). A copy of TC Tour Operations' Articles of Association is now produced at JLR1/62BB.
22. TC Tour Operation's business and its principal activity is as an operating company.

TC Retail

23. TC Retail was incorporated in England and Wales on 22 April 1909 under the name Pickfords, Limited. TC Retail's registered number is 00102630 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62Q). A copy of TC Retail's Articles of Association is now produced at JLR1/62CC.
24. TC Retail's business and its principal activity is as an operating company.

TC UK

25. TC UK was incorporated in England and Wales on 22 July 1991 under the name Trushelfco (No.1728) Limited. TC UK's registered number is 02631252 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62R). A copy of TC UK's Articles of Association is now produced at JLR1/62DD.
26. TC UK's business and its principal activity is as an operating company.

TCCT Retail

27. TCCT Retail was incorporated in England and Wales on 5 October 2010 under the name Thomas Cook Travel Limited which was subsequently changed to its current name, TCCT Retail Limited, on 31 August 2012. TCCT Retail's registered number is 07397858 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62S). A copy of TCCT Retail's Articles of Association is now produced at JLR1/62EE.
28. TCCT's business and its principal activity is as an operating company.

TC Investments (2)

29. TC Investments (2) was incorporated in England and Wales on 23 January 2007 under the name Exhibitions One Limited which was subsequently changed to its current name,

Thomas Cook Investments (2) Limited, on 7 January 2008. TC Investments (2)'s registered number is 06062179 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62T). A copy of TC Investments (2)'s Articles of Association is now produced at JLR1/62FF.

30. TC Investments (2)'s business and its principal activity is to act as a holding company.

TC Continental Holdings

31. TC Continental Holdings was incorporated in England and Wales on 9 June 2008 under its current name. TC Continental Holdings' registered number is 06614883 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62U). A copy of TC Continental Holdings' Articles of Association is now produced at JLR1/62GG.

32. TC Continental Holdings' business and its principal activity is to act as a holding company.

TFTG

33. TFTG was incorporated in England and Wales on 30 July 1999 under the name Ever 1185 Limited. TFTG's registered number is 07397858 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62V). A copy of TFTG's Articles of Association is now produced at JLR1/62HH.

34. TFTG'S business and its principal activity is as an operating company.

MyTravel Group

35. MyTravel Group was incorporated in England and Wales on 3 December 1962 under the name Pendle Travel Services Limited. MyTravel Group's registered number is 00742748 and its registered office is at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ (JLR1/62W). A copy of MyTravel Group's Articles of Association is now produced at JLR1/62II.

36. MyTravel Group's business and its principal activity is to act as a holding company.

Future Travel

37. Future Travel was incorporated in England and Wales on 25 November 1996 under the name Personal Travel Advisors Limited which was subsequently changed to its current name, Future Travel Limited, on 11 March 1997. Future Travel's registered number is 03283092 and its registered office is at Westpoint Peterborough Business Park, Lynch

Wood, Peterborough PE2 6FZ (JLR1/62X). A copy of Future Travel's Articles of Association is now produced at JLR1/62JJ.

38. Future Travel's business and its principal activity is as an operating company.

Grounds for the Petitions

The financial position of each Company

BSOI

39. BSOI is balance sheet and cash flow insolvent.
40. As to cash flow insolvency:
- (A) As I describe in further detail in paragraph 44 below, BSOI guarantees certain of the Group's financing and/or other arrangements. For the reasons described below, certain of these liabilities are liable to be called imminently.
- (B) BSOI has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that BSOI will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.
41. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. BSOI will therefore be unable to meet these liabilities when called.
42. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
43. Thus, in simple terms, BSOI will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that BSOI is unable to pay its debts as they fall due.
44. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62LL", a copy of the balance sheet of BSOI as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). BSOI is faced with the imminent prospect of its contingent liabilities becoming due and payable.

45. BSOI is a guarantor in respect of liabilities owed to the CAA by specified holders of Air Travel Organiser's Licences in the Group. The insolvency of any such holder and publication of its "failure" by the CAA will crystallise the BSOI's guarantee in respect of payments by such holder to the CAA or Air Travel Trust. I understand that certain of the holders have filed petitions for winding up at the same time as this Petition. As such, BSOI is faced with the imminent prospect of this liability becoming due and payable.
46. Accordingly, BSOI's liabilities exceed the value of its assets and I understand that this means BSOI is balance sheet insolvent.

TC Money

47. TC Money is balance sheet and cash flow insolvent.
48. As to cash flow insolvency:
- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. TC Money participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. TC Money will not therefore have access to sufficient funding to service its day-to-day operations.
 - (B) TC Money is an employer of around 22 employees, the salaries of whom are paid monthly in arrears on the last working day of each month. As such, TC Money is liable to pay the salaries of its employees in respect of September 2019 by the end of this month. TC Money has insufficient cash available to make these payments and so will be unable to pay the salaries of its employees.
 - (C) TC Money has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TC Money will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.
 - (D) TC Money participates in certain of the Group's credit card arrangements and merchant facilities. Upon the insolvency of one or more participants, certain of these arrangements permit the provider to withhold payments, require the delivery of third party guarantees or collateral and/or terminate the arrangement. TC Money will likely be unable to meet any such collateral request and its cash

flow will be adversely impacted by a suspension of payments or termination of these arrangements.

- 49. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TC Money will therefore be unable to meet these liabilities when called.
- 50. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
- 51. Thus, in simple terms, TC Money will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TC Money is unable to pay its debts as they fall due.
- 52. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62MM", a copy of the balance sheet of TC Money as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). As set out above, TC Money has material intercompany liabilities owing to other Group entities and current liabilities in respect of employee salaries. Accordingly, TC Money's liabilities exceed the value of its assets and I understand that this means TC Money is balance sheet insolvent.

TC Group UK

- 53. TC Group UK is balance sheet and cash flow insolvent.
- 54. As to cash flow insolvency, TC Group UK has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TC Group UK will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.
- 55. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TC Group UK will therefore be unable to meet the liabilities set out above when due
- 56. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.

57. Thus, in simple terms, TC Group UK will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TC Group UK is unable to pay its debts as they fall due.
58. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62NN", a copy of the balance sheet of TC Group UK as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). As set out above, TC Group UK has material intercompany liabilities owing to other Group entities. Accordingly, TC Group UK's liabilities exceed the value of its assets and I understand that this means TC Group UK is balance sheet insolvent.

TC Tour Operations

59. TC Tour Operations is balance sheet and cash flow insolvent.
60. As to cash flow insolvency:
- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. TC Tour Operations participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. TC Tour Operations will not therefore have access to sufficient funding to service its day-to-day operations.
 - (B) TC Tour Operations operates the payroll in respect of around 172 employees, the salaries of whom are paid monthly in arrears on the last working day of each month. As such, the payment in respect of September 2019 payroll falls due imminently. TC Tour Operations has insufficient cash available to make these payments.
 - (C) As I describe in further detail in paragraph 64 below, TC Tour Operations guarantees certain of the Group's financing and/or other arrangements. TC Tour Operations also provides indemnities in respect of certain of the Group's bonding lines. For the reasons described below, certain of these liabilities are liable to be called imminently.
 - (D) TC Tour Operations has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is

expected that TC Tour Operations will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.

- (E) TC Tour Operations participates in certain of the Group's credit card arrangements and merchant facilities. Upon the insolvency of one or more participants, certain of these arrangements permit the provider to withhold payments, require the delivery of third party guarantees or collateral and/or terminate the arrangement. TC Tour Operations will likely be unable to meet any such collateral request and its cash flow will be adversely impacted by a suspension of payments or termination of these arrangements.
61. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TC Tour Operations will therefore be unable to meet these liabilities when called.
62. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
63. Thus, in simple terms, TC Tour Operations will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TC Tour Operations is unable to pay its debts as they fall due.
64. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62OO", a copy of the balance sheet of TC Tour Operations as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). TC Tour Operations is faced with the imminent prospect of its contingent liabilities becoming due and payable:
- (A) TC Tour Operations is a guarantor in respect of the Existing Financing Arrangements. For the reasons set out in the Parent Company Witness Statement, these guarantee liabilities (in an amount of approximately £1.896 billion as at 22 September 2019) are liable to be called upon imminently.
- (B) In addition, TC Tour Operations is an indemnitor in respect of certain bonding lines pursuant to which bonds issued on behalf of certain Group Companies remain outstanding. I understand that certain of those Group Companies and other indemnitors have presented petitions for winding up at the same time as the Petitions. This will trigger a requirement under certain bonding lines to provide cash collateral in an amount equal to the aggregate amount of any outstanding bonds. Even where this is not the case, a call on the bonds issued on behalf of

those Group Companies which have issued winding up petitions is likely, in which case TC Tour Operations would become liable for the full amount of such bonds. As such, TC Tour Operations is faced with the imminent prospect of this liability becoming due and payable.

- (C) TC Tour Operations is a guarantor in respect of liabilities owed to the CAA by specified holders of Air Travel Organiser's Licences in the Group. The insolvency of any such holder and publication of its "failure" by the CAA will crystallise the TC Tour Operation's guarantee in respect of payments by such holder to the CAA or Air Travel Trust. I understand that certain of the holders have filed petitions for winding up at the same time as this Petition. As such, TC Tour Operations is faced with the imminent prospect of this liability becoming due and payable.

65. Accordingly, TC Tour Operation's liabilities exceed the value of its assets and I understand that this means TC Tour Operations is balance sheet insolvent.

TC Retail

66. TC Retail is balance sheet and cash flow insolvent.

67. As to cash flow insolvency:

- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. TC Retail participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. TC Retail will not therefore have access to sufficient funding to service its day-to-day operations.
- (B) TC Retail operates the payroll in respect of around 25 employees, the salaries of whom are paid monthly in arrears on the last working day of each month. As such, the payment in respect of September 2019 payroll falls due imminently. TC Retail has insufficient cash available to make these payments.
- (C) As I describe in further detail in paragraph 71 below, TC Retail guarantees certain of the Group's financing and/or other arrangements. TC Retail also provides indemnities in respect of certain of the Group's bonding lines. For the reasons described below, certain of these liabilities are liable to be called imminently.

- (D) TC Retail has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TC Retail will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.
- (E) TC Retail participates in certain of the Group's credit card arrangements and merchant facilities. Upon the insolvency of one or more participants, certain of these arrangements permit the provider to withhold payments, require the delivery of third party guarantees or collateral and/or terminate the arrangement. TC Retail will likely be unable to meet any such collateral request and its cash flow will be adversely impacted by a suspension of payments or termination of these arrangements.
68. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TC Retail will therefore be unable to meet these liabilities when called.
69. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
70. Thus, in simple terms, TC Retail will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TC Retail is unable to pay its debts as they fall due.
71. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62PP", a copy of the balance sheet of TC Retail as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). TC Retail is faced with the imminent prospect of its contingent liabilities becoming due and payable:
- (A) TC Retail is an indemnitor in respect of certain bonding lines pursuant to which bonds issued on behalf of certain Group Companies remain outstanding. I understand that certain of those Group Companies and other indemnitors have presented petitions for winding up at the same time as the Petitions. This will trigger a requirement under certain bonding lines to provide cash collateral in an amount equal to the aggregate amount of any outstanding bonds. Even where this is not the case, a call on the bonds issued on behalf of those Group Companies which have issued winding up petitions is likely, in which case TC Retail would become liable for the full amount of such bonds. As such, TC Retail is faced with the imminent prospect of this liability becoming due and payable.

- (B) TC Retail is a guarantor in respect of liabilities owed to the CAA by specified holders of Air Travel Organiser's Licences in the Group. The insolvency of any such holder and publication of its "failure" by the CAA will crystallise the TC Retail's guarantee in respect of payments by such holder to the CAA or Air Travel Trust. I understand that certain of the holders have filed petitions for winding up at the same time as this Petition. As such, TC Retail is faced with the imminent prospect of this liability becoming due and payable.

72. Accordingly, TC Retail's liabilities exceed the value of its assets and I understand that this means TC Retail is balance sheet insolvent.

TC UK

73. TC UK is balance sheet and cash flow insolvent.

74. As to cash flow insolvency:

- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. TC UK participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. TC UK will not therefore have access to sufficient funding to service its day-to-day operations.
- (B) TC UK operates the payroll in respect of around 842 employees, the salaries of whom are paid monthly in arrears on the last working day of each month. As such, the payment in respect of September 2019 payroll falls due imminently. TC UK has insufficient cash available to make these payments.
- (C) As I describe in further detail in paragraph 78 below, TC UK guarantees certain of the Group's financing and/or other arrangements. TC UK also provides indemnities in respect of certain of the Group's bonding lines. For the reasons described below, certain of these liabilities are liable to be called imminently.
- (D) TC UK has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TC UK will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.

- (E) TC UK participates in certain of the Group's credit card arrangements and merchant facilities. Upon the insolvency of one or more participants, certain of these arrangements permit the provider to withhold payments, require the delivery of third party guarantees or collateral and/or terminate the arrangement. TC UK will likely be unable to meet any such collateral request and its cash flow will be adversely impacted by a suspension of payments or termination of these arrangements.
75. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TC UK will therefore be unable to meet these liabilities when called.
76. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
77. Thus, in simple terms, TC UK will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TC UK is unable to pay its debts as they fall due.
78. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/QQ", a copy of the balance sheet of TC UK as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). TC UK is faced with the imminent prospect of its contingent liabilities becoming due and payable:
- (A) TC UK is a guarantor in respect of the Existing Financing Arrangements. For the reasons set out in the Parent Company Witness Statement, these guarantee liabilities (in an amount of approximately £1.896 billion as at 22 September 2019) are liable to be called upon imminently.
- (B) In addition, TC UK is an indemnitor in respect of certain bonding lines pursuant to which bonds issued on behalf of certain Group Companies remain outstanding. I understand that certain of those Group Companies and other indemnitors have presented petitions for winding up at the same time as the Petitions. This will trigger a requirement under certain bonding lines to provide cash collateral in an amount equal to the aggregate amount of any outstanding bonds. Even where this is not the case, a call on the bonds issued on behalf of those Group Companies which have issued winding up petitions is likely, in which case TC UK would become liable for the full amount of such bonds. As such, TC UK is faced with the imminent prospect of this liability becoming due and payable.

- (C) TC UK is a guarantor in respect of liabilities owed to the CAA by specified holders of Air Travel Organiser's Licences in the Group. The insolvency of any such holder and publication of its "failure" by the CAA will crystallise TC UK's guarantee in respect of payments by such holder to the CAA or Air Travel Trust. I understand that certain of the holders have filed petitions for winding up at the same time as this Petition. As such, TC UK is faced with the imminent prospect of this liability becoming due and payable.

79. Accordingly, TC UK's liabilities exceed the value of its assets and I understand that this means TC UK is balance sheet insolvent.

TCCT Retail

80. TCCT Retail is balance sheet and cash flow insolvent.

81. As to cash flow insolvency:

- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. TCCT Retail participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. TCCT Retail will not therefore have access to sufficient funding to service its day-to-day operations.
- (B) TCCT Retail operates the payroll in respect of around 3377 employees, the salaries of whom are paid monthly in arrears on the last working day of each month. As such, the payment in respect of September 2019 payroll falls due imminently. TCCT Retail has insufficient cash available to make these payments.
- (C) As I describe in further detail in paragraph 85 below, TCCT Retail guarantees certain of the Group's financing and/or other arrangements. TCCT Retail also provides indemnities in respect of certain of the Group's bonding lines. For the reasons described below, certain of these liabilities are liable to be called imminently.
- (D) TCCT Retail has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TCCT Retail will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.

- (E) TCCT Retail participates in certain of the Group's credit card arrangements and merchant facilities. Upon the insolvency of one or more participants, certain of these arrangements permit the provider to withhold payments, require the delivery of third party guarantees or collateral and/or terminate the arrangement. TCCT Retail will likely be unable to meet any such collateral request and its cash flow will be adversely impacted by a suspension of payments or termination of these arrangements.
82. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TCCT Retail will therefore be unable to meet these liabilities when called.
83. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
84. Thus, in simple terms, TCCT Retail will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TCCT Retail is unable to pay its debts as they fall due.
85. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62RR", a copy of the balance sheet of TCCT Retail's as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). TCCT Retail is faced with the imminent prospect of its contingent liabilities becoming due and payable:
- (A) TCCT Retail is a guarantor in respect of the Existing Financing Arrangements. For the reasons set out in the Parent Company Witness Statement, these guarantee liabilities (in an amount of approximately £1.896 billion as at 22 September 2019) are liable to be called upon imminently.
- (B) In addition, TCCT Retail is an indemnitor in respect of certain bonding lines pursuant to which bonds issued on behalf of certain Group Companies remain outstanding. I understand that certain of those Group Companies and other indemnitors have presented petitions for winding up at the same time as the Petitions. This will trigger a requirement under certain bonding lines to provide cash collateral in an amount equal to the aggregate amount of any outstanding bonds. Even where this is not the case, a call on the bonds issued on behalf of those Group Companies which have issued winding up petitions is likely, in which case TCCT Retail would become liable for the full amount of such bonds. As such, TCCT Retail is faced with the imminent prospect of this liability becoming due and payable.

- (C) TCCT Retail is a guarantor in respect of liabilities owed to the CAA by specified holders of Air Travel Organiser's Licences in the Group. The insolvency of any such holder and publication of its "failure" by the CAA will crystallise TCCT Retail's guarantee in respect of payments by such holder to the CAA or Air Travel Trust. I understand that certain of the holders have filed petitions for winding up at the same time as this Petition. As such, TCCT Retail is faced with the imminent prospect of this liability becoming due and payable.

86. Accordingly, TCCT Retail's liabilities exceed the value of its assets and I understand that this means TCCT Retail is balance sheet insolvent.

TC Investments (2)

87. TC Investments (2) is balance sheet and cash flow insolvent.

88. As to cash flow insolvency:

- (A) As I describe in further detail in paragraph 93 below, TC Investments (2) provides indemnities in respect of certain of the Group's bonding lines. For the reasons described below, certain of these liabilities are liable to be called imminently.

- (B) TC Investments (2) has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TC Investments (2) will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.

89. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TC Investments (2) will therefore be unable to meet the liabilities set out above when due.

90. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.

91. Thus, in simple terms, TC Investments (2) will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TC Investments (2) is unable to pay its debts as they fall due.

92. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62SS", a copy of the balance sheet of TC Investments (2) as at 31

July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). As set out above, TC Investments (2) has material intercompany liabilities owing to other Group entities.

93. In addition, TC Investments (2) is an indemnitor in respect of certain bonding lines pursuant to which bonds issued on behalf of certain Group Companies remain outstanding. I understand that certain of those Group Companies and other indemnitors have presented petitions for winding up at the same time as the Petitions. This will trigger a requirement under certain bonding lines to provide cash collateral in an amount equal to the aggregate amount of any outstanding bonds. Even where this is not the case, a call on the bonds issued on behalf of those Group Companies which have issued winding up petitions is likely, in which case TC Investments (2) would become liable for the full amount of such bonds. As such, TC Investments (2) is faced with the imminent prospect of this liability becoming due and payable.
94. Accordingly, TC Investments (2) liabilities exceed the value of its assets and I understand that this means TC Investments (2) is balance sheet insolvent.

TC Continental Holdings

95. TC Continental Holdings is balance sheet and cash flow insolvent.
96. As to cash flow insolvency:
- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. TC Continental Holdings participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. TC Continental Holdings will not therefore have access to sufficient funding to service its day-to-day operations.
 - (B) As I describe in further detail in paragraph 101 below, TC Continental Holdings guarantees certain of the Group's financing and/or other arrangements. For the reasons described below, certain of these liabilities are liable to be called imminently.
 - (C) TC Continental Holdings has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TC Continental Holdings will become liable to repay such

liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.

97. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TC Continental Holdings will therefore be unable to meet these liabilities when called.
98. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
99. Thus, in simple terms, TC Continental Holdings will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TC Continental Holdings is unable to pay its debts as they fall due.
100. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62TT", a copy of the balance sheet of TC Continental Holdings as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). As set out above, TC Continental Holdings has material intercompany liabilities owing to other Group entities.
101. TC Continental Holdings is also a guarantor in respect of liabilities owed to the CAA by specified holders of Air Travel Organiser's Licences in the Group. The insolvency of any such holder and publication of its "failure" by the CAA will crystallise the TC Continental Holdings guarantee in respect of payments by such holder to the CAA or Air Travel Trust. I understand that certain of the holders have filed petitions for winding up at the same time as this Petition. As such, TC Continental Holdings is faced with the imminent prospect of this liability becoming due and payable.
102. Accordingly, TC Continental Holdings' liabilities exceed the value of its assets and I understand that this means TC Continental Holdings is balance sheet insolvent.

TFTG

103. TFTG is balance sheet and cash flow insolvent.
104. As to cash flow insolvency:
- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. TFTG participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this

Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. TFTG will not therefore have access to sufficient funding to service its day-to-day operations.

- (B) TFTG operates the payroll in respect of around 14 employees, the salaries of whom are paid monthly in arrears on the last working day of each month. As such, the payment in respect of September 2019 payroll falls due imminently. TFTG has insufficient cash available to make these payments.
 - (C) As I describe in further detail in paragraph 109 below, TFTG provides indemnities in respect of certain of the Group's bonding lines. For the reasons described below, certain of these liabilities are liable to be called imminently.
 - (D) TFTG has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that TFTG will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.
 - (E) TFTG participates in certain of the Group's credit card arrangements and merchant facilities. Upon the insolvency of one or more participants, certain of these arrangements permit the provider to withhold payments, require the delivery of third party guarantees or collateral and/or terminate the arrangement. TFTG will likely be unable to meet any such collateral request and its cash flow will be adversely impacted by a suspension of payments or termination of these arrangements.
105. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. TFTG will therefore be unable to meet these liabilities when called.
106. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
107. Thus, in simple terms, TFTG will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that TFTG is unable to pay its debts as they fall due.
108. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62UU", a copy of the balance sheet of TFTG as at 31 July 2019

(which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). As set out above, TFTG has material intercompany liabilities owing to other Group entities.

109. In addition, TFTG is an indemnitor in respect of certain bonding lines pursuant to which bonds issued on behalf of certain Group Companies remain outstanding. I understand that certain of those Group Companies and other indemnitors have presented petitions for winding up at the same time as the Petitions. This will trigger a requirement under certain bonding lines to provide cash collateral in an amount equal to the aggregate amount of any outstanding bonds. Even where this is not the case, a call on the bonds issued on behalf of those Group Companies which have issued winding up petitions is likely, in which case TFTG would become liable for the full amount of such bonds. As such, TFTG is faced with the imminent prospect of this liability becoming due and payable.
110. Accordingly, TFTG's liabilities exceed the value of its assets and I understand that this means TFTG is balance sheet insolvent.

MyTravel Group

111. MyTravel Group is balance sheet and cash flow insolvent.
112. As to cash flow insolvency, as I describe in further detail in paragraph 116 below, MyTravel Group guarantees certain of the Group's financing and/or other arrangements. For the reasons described below, these are liable to be called imminently.
113. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. MyTravel Group will therefore be unable to meet these liabilities when called.
114. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
115. Thus, in simple terms, MyTravel Group will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that MyTravel Group is unable to pay its debts as they fall due.
116. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62VV", a copy of the balance sheet of MyTravel Group as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). MyTravel Group is faced with the imminent prospect of its contingent liabilities becoming due and payable:

- (A) MyTravel Group is a guarantor of the Group's main pension scheme in the UK, the Thomas Cook Pension Plan (the "Pension Scheme"). I understand that the statutory employers in respect of the Pension Scheme have filed a petition for winding up at the same time as this Petition; this will crystallise the Pension Scheme's section 75 liabilities. MyTravel Group will therefore be liable on demand for the full amount of the section 75 liabilities which, I understand, is estimated to be approximately £275 million. MyTravel Group also guarantees the AT Mays Pension & Life Assurance Scheme and the Inspirations Group Pension Scheme. I understand that one of the statutory employers in respect of these schemes has filed a petition for winding up at the same time as this Petition such that liability in respect of such guarantee is imminent.
- (B) MyTravel Group is a guarantor in respect of liabilities owed to the CAA by specified holders of Air Travel Organiser's Licences in the Group. The insolvency of any such holder and publication of its "failure" by the CAA will crystallise MyTravel Group's guarantee in respect of payments by such holder to the CAA or Air Travel Trust. I understand that certain of the holders have filed petitions for winding up at the same time as this Petition. As such, MyTravel Group is faced with the imminent prospect of this liability becoming due and payable.

117. Accordingly, MyTravel Group's liabilities exceed the value of its assets and I understand that this means MyTravel Group is balance sheet insolvent.

Future Travel

118. Future Travel is balance sheet and cash flow insolvent.

119. As to cash flow insolvency:

- (A) I refer to the Parent Company Witness Statement which refers to the Group's cash pooling arrangements. Future Travel participates in one of these cash pooling arrangements. I understand that some or all of the entities which participate in this arrangement have filed petitions for winding up at the same time as this Petition. It is expected that, as a result, the withdrawal of amounts from the cash pool accounts will be restricted and set-off rights under the arrangement exercised such that limited or no amounts will stand to the credit of those accounts. Future Travel will not therefore have access to sufficient funding to service its day-to-day operations.
- (B) Future Travel operates the payroll in respect of around 14 employees, the salaries of whom are paid monthly in arrears on the last working day of each month. As such, the payment in respect of September 2019 payroll falls due imminently. Future Travel has insufficient cash available to make these payments.

- (C) Future Travel has material intercompany liabilities owing to other Group entities. I understand that some or all of the entities to which such liabilities are owed have filed petitions for winding up at the same time as this Petition. It is expected that Future Travel will become liable to repay such liabilities imminently which, in light of the factors to which I refer in this witness statement, it will not be able to do.
- (D) Future Travel participates in certain of the Group's credit card arrangements and merchant facilities. Upon the insolvency of one or more participants, certain of these arrangements permit the provider to withhold payments, require the delivery of third party guarantees or collateral and/or terminate the arrangement. Future Travel will likely be unable to meet any such collateral request and its cash flow will be adversely impacted by a suspension of payments or termination of these arrangements.
120. As set out in the Parent Company Witness Statement, the Group's short term cash flow forecast for the period from the week ending 13 September 2019 to the week ending 4 October 2019 (with a reporting date of the actual on 6 September 2019) (JLR1/62KK) shows a deficit of below £250 million in the week ending 4 October 2019. Future Travel will therefore be unable to meet these liabilities when called.
121. As explained in the Parent Company Witness Statement, there is no longer any realistic prospect that any additional funding will be provided.
122. Thus, in simple terms, Future Travel will run out of cash by 4 October 2019 and probably earlier. I am advised that this means that Future Travel is unable to pay its debts as they fall due.
123. As to balance sheet insolvency, there is now produced and shown to me, and exhibited hereto marked "JLR1/62WW", a copy of the balance sheet of Future Travel as at 31 July 2019 (which, I understand, is adjusted to reflect the impairment of intercompany receivables and investments in subsidiaries). As set out above, Future Travel has material intercompany liabilities owing to other Group entities.
124. In addition, Future Travel is an indemnitor in respect of certain bonding lines pursuant to which bonds issued on behalf of certain Group Companies remain outstanding. I understand that certain of those Group Companies and other indemnitors have presented petitions for winding up at the same time as the Petitions. This will trigger a requirement under certain bonding lines to provide cash collateral in an amount equal to the aggregate amount of any outstanding bonds. Even where this is not the case, a call on the bonds issued on behalf of those Group Companies which have issued winding up petitions is likely, in which case Future Travel would become liable for the full amount of such bonds. As such, Future Travel is faced with the imminent prospect of this liability becoming due and payable.

125. Accordingly, Future Travel's liabilities exceed the value of its assets and I understand that this means Future Travel is balance sheet insolvent.

Entry into insolvency process

126. Therefore, absent further new funding, which, for the reasons set out in the Parent Company Witness Statement, the directors of each Company have no expectation of receiving, each Company is unable to pay its debts as they fall due. It is the view of the directors of each Company that there are no further options open to the relevant Company to avoid this position
127. Accordingly, each Company has no option other than to seek its entry into an insolvency process.

Administration

128. The directors of each Company have considered whether it would be possible to appoint administrators to seek to rescue the Company as a going concern or to seek to achieve a better realisation of the Company's assets for the benefits of their creditors. However, as outlined in the Parent Company Witness Statement, any attempt to achieve the purposes of administration (and in particular to deliver a better result over liquidation) would depend on the Group, including the Companies, continuing trading for a period of time. There is not sufficient funding available to support an administration of the Parent Company and neither is there sufficient funding available to support an administration of each Company.
129. In the absence of funding for an administration and the lack of any basis for concluding that any of the objectives of administration would be achievable, administration is not an available option.

Liquidation

130. The only alternative to an administration is liquidation. As I note above, each Company is unable to pay its debts as they fall due. A winding up order in respect of each Company is therefore sought on the grounds specified in section 122(1)(f) of the Insolvency Act 1986, namely that the company is unable to pay its debts.
131. In the circumstances, given that the creditors of each Company have had many opportunities to support a recapitalisation of the Group and have refused to do so, and given that both the Official Receiver and AlixPartners and KPMG are willing to act with immediate effect as Liquidator and Special Managers respectively, and each Company is unable to avoid the position whereby it is unable to pay its debts as they fall due, the

directors of each Company are of the firm view that it is the most appropriate route in the interest of the Company's creditors and other stakeholders for the Company to be wound up. I understand it is intended that TC Tour Operations, TC Retail and TC UK will provide transitional services to the Civil Aviation Authority for a period of time in connection with the repatriation exercise, and will receive funding for related costs (and any incremental liquidation expenses), as more fully described in the Parent Company Witness Statement.

132. I understand that similarly to the Parent Company, it proposed that the Official Receiver will take office immediately as liquidator of each Company and the Official Receiver has arranged for either AlixPartners or KPMG to accept an appointment as special manager of each Company, as outlined in paragraph 4 above, (with the benefit of funding from HMG as described in the Parent Company Witness Statement) in order to assist the Official Receiver. Given that each Company is insolvent and lacks the funding in order to continue to trade, the Board of each Company considers that it is difficult to see what purpose there would be to appointing a liquidator provisionally in the present case and is therefore not seeking the appointment of a provisional liquidator in respect of any of the Companies. Further, it is understood that the preference of the Official Receiver is for the Official Receiver to be appointed as liquidator of each Company.

Payment to the Official Receiver

133. I am advised that the Rules provide that upon making a winding up petition, a deposit should be paid to the Official Receiver, or the Secretary of State must give notice to the Court that alternative arrangements for the payment of the deposit have been made. Given the out of hours and urgent nature of this Petition, it has not been possible for the deposit to be paid. I understand that the Secretary of State intends to notify the Court that alternative arrangements for the payment of the deposit have been made.

EU Regulation

134. The registered office of each Company is located at Westpoint Peterborough Business Park, Lynch Wood, Peterborough PE2 6FZ and the main administrative functions of each Company are located at its registered office. Accordingly, I believe that the centre of main interests of each Company is within England and Wales and I am advised by the Parent Company's directors' legal advisers that, therefore, Regulation (EU) 2015/848 of the European Parliament on insolvency proceedings (recast) ("**Recast Insolvency Regulation**") applies to these winding-up proceedings and that these proceedings will be "main proceedings" within Article 3 of the Recast Insolvency Regulation.

Urgency and request for expedition

135. As each Company has not been able – in the time available to it – to obtain financing in respect of its imminent liabilities, it will be in default of its obligations and is unable to pay its debts when they fall due within the meaning of the Insolvency Act 1986. As a result, the directors of each Company have concluded that there is no reasonable prospect that the Company will avoid an insolvent liquidation.
136. The relief requested of the Court by the Petitions is to, among other things, grant a compulsory winding up order in respect of each Company on an urgent and expedited basis. I am advised that although it is unusual for the Court to make a final winding up order on an expedited basis, the Court has taken this approach in two recent high-profile insolvencies (namely Carillion and British Steel), in which HMG took a similar position and funded the appointment of special managers rather than administrators.
137. However, the Board of each Company considers that it is clear that the grounds for winding up are made out as the Company is very clearly insolvent and unable to pay its debts as they fall due. Further, a final winding up order in respect of each Company would allow the CAA to immediately commence the repatriation of the Group's customers based in the UK. The financial position of each Company is well known to all stakeholders (and indeed the public at large). As a result, no purpose would be served by the usual requirement to advertise the Petitions. Accordingly, I request that the Court waives the notice requirements under rule 7.10 of the Insolvency Rules 2016.
138. Further, I request that the hearing of the Petitions be held on an out of hours basis. This request is made on the basis that there is expected to be the fewest number of aircraft of the Group's UK fleet in the air at 2.a.m. (BST) on Monday and therefore a winding up order made at, or around, this time would, to some extent, minimise disruption to customers and airports. I understand that 2 a.m. (BST) on Monday is also the preferred time of the CAA given that it would allow as many Thomas Cook flights as possible to return to the UK before the appointment of the Official Receiver as liquidator of each Company, which would reduce the number of UK customers requiring support and assistance as part of the CAA's repatriation exercise.
139. Having made enquiries of the Court, I am advised by the Parent Company's directors' legal advisers that the Court will be in a position to hold a substantive hearing of this

petition at short notice and on an out of hours basis. I am grateful to the Court for accommodating this hearing.

STATEMENT OF TRUTH

I believe that the facts stated in this witness statement are true.

.....

JUSTIN LEE RUSSELL