

COMMUNIQUE



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The "Safeguard" restructuring proposals: simple, balanced and realistic

In accordance with the French "Safeguard" law, the Board of Eurotunnel has today, Thursday 26 October 2006, approved proposals for a draft "Safeguard" restructuring plan, put forward by the company with the support of the representatives nominated by the Paris Commercial Court. Following consultation tomorrow, 27 October, with staff representatives, these proposals will be notified to creditors by the court appointed representatives.

The principal elements of the proposals are:

1. The creation of a new company, Groupe Eurotunnel, which will launch an Exchange Tender Offer (ETO) to Eurotunnel's current shareholders. The shareholders will hold a minimum 13% of the equity in Groupe Eurotunnel.
2. Groupe Eurotunnel will subscribe to a new long term loan of £2.840 billion (less than half of the current debt) from an international banking consortium.
3. Groupe Eurotunnel will issue £1.275 billion of convertible hybrid notes. The hybrid notes will be convertible over a maximum of three years and one month. Approximately 61.7% of the hybrids are redeemable by the company.
4. Current Eurotunnel shareholders, who subscribe to the ETO, will hold a minimum of 13% of the equity in Groupe Eurotunnel. They can subscribe directly to the hybrid, up to a value of £60 million (c€87.7m) and will benefit from free warrants. The redemption of hybrid notes by the company would allow them to increase their share of the equity from 13% to 67%.

Jacques Gounon, Chairman and Chief Executive said, *"These proposals represent the best possible equilibrium between the demands of the different stakeholders; they retain an exceptional amount of equity and accretion potential for shareholders in comparison to other restructurings. With the debt write off, Groupe Eurotunnel will be able to re-launch from a solid base, and finally develop and grow."*

Note to editors:

The creditors will have to vote on the proposals before the end of November. If they vote against the proposals, the company will be placed into administration.

If they vote in favour of the proposals, a Draft Plan will be put forward to the Paris Commercial Court which will issue the Safeguard Plan for the company.

ANNEX 1

Draft Restructuring Plan proposals (Outline)

A new company	<ul style="list-style-type: none"> • “Groupe Eurotunnel”, created via Exchange Tender Offer 	Subscribes to a new long term loan Issues hybrid notes and warrants
A new debt	<ul style="list-style-type: none"> • Long term loan “Investment grade” • (no mezzanine or capitalised interest) 	£2.840 billion (€ 4.16 bn) interest at market rates compatible with forecast cash flows Maturity 40 years
	<ul style="list-style-type: none"> • Financing under negotiation 	
Shareholders	<ul style="list-style-type: none"> • An exceptional percentage of equity guaranteed for shareholders for this type of restructuring • Which can be increased 	13 % 13 % minimum guaranteed, could increase up to 67 % through the redemption of hybrid notes
Hybrid notes	<ul style="list-style-type: none"> • Issued by Groupe Eurotunnel • Partially redeemable by Groupe Eurotunnel 	£1.275 billion (€1.87 bn) £787 million (€1.154 bn) redeemable £488 million (€ 716 bn) non redeemable
	<ul style="list-style-type: none"> • Partially accessible to shareholders who subscribe to the ETO 	£60 million of the £1.275 billion (€87.7m sur €1.87bn)
	<ul style="list-style-type: none"> • Conversion spread over 3 years and one month 	No conversion in the first year £67m (€98m) after 13 months £67m (€98m) after 25 months residue after 37 months
	<ul style="list-style-type: none"> • With specific economic conditions 	Interest: Non redeemable hybrid 3% (quasi equity) Redeemable hybrid 6% Hybrid cost of hybrid note + 40 %
	<ul style="list-style-type: none"> • Redemption mechanisms 	Further loan £225 million Rights issue
Warrants	<ul style="list-style-type: none"> • Issued by Groupe Eurotunnel • Distribution of free shares 	As a result of exceptional circumstances 55 % granted to shareholders who subscribe to the ETO

Exchange rate: 1 £ = 1,46635 €

ANNEX 2

THE CURRENT DEBT

Current Debt	£6.2 billion (~9,1 bn€)
Debt written off by current creditors	£3,36 billion (~4,9 bn€) (54 % of debt written off)
New senior debt financed by banking consortium	£2,84 billion (~4,16 bn€)
Senior debt 4 th Tranche, Tier 1 A, Tier 1, Tier 2	Will be offered a complete refinancing of principal and interest.
Tier 3 + bond holders	£240 million (~352 m€) in cash, from the new financing £1,275 billion (~1,820 billion €) of convertible hybrid notes. 62% of these hybrids are redeemable by the company over 3 years and the residue of these hybrids, not redeemed, by the shareholders.

Exchange rate: 1 £ = 1,46635 €