

NEWS



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**Eurotunnel Board approves financing for safeguard restructuring plan with enlarged consortium composed of:
Goldman Sachs/Deutsche Bank and Citigroup**

The Eurotunnel Board has studied the two offers of financing for the proposed safeguard restructuring plan, put forward on the one hand by the consortium of Goldman Sachs and Deutsche Bank ("GS/DB") and on the other by Citigroup.

These two offers, as required by the Eurotunnel tender documents, provide for a complete financing of the proposed safeguard restructuring plan:

- A long term loan of £1,500 million and €1,965 million, equivalent to a total of £2.84 billion*, in the form of a classic bank loan, repayable, by tranche, between 35 and 43 years.
- The underwriting of the Obligations Remboursable en Actions (ORAs) [convertible notes] in sterling and Euros, for holders of Tier 3 debt, for an amount of £965 million, allowing for the monetisation of the ORAs.

These two offers also take account of the future operational financing needs of the company and the possibility of an additional debt stream of £225 million for the redemption of ORAs.

The two offers received, both in line with the company's business plan, were very competitive and very close. As a result, the Board has decided that:

- The GS/DB consortium will lead the financing of the safeguard plan; and
- At the request of the company, the GS/DB consortium will propose that Citigroup joins them to assure 30% of the financing.

The new Eurotunnel debt, as it results from the proposed financing, is sustainable by the company through its operational performance and the reduction in annual financial charges.

The financial charges on the new Senior debt should start at around £140 million per annum, repayments of the capital not becoming due until 2012.

This level of financial charges should be compared to the £293 million of interest for 2006 and the estimated £320 million for 2007 (taking into account the forecast increase in European interest rates) which Eurotunnel would have had to pay on the old debt.

* Exchange rate: £1 = 1.46635 €