

MANDATAIRES JUDICIAIRES ASSOCIES – M.J.A.

SELAFA au capital de 160 050 €
RC Paris : D 440 672 509 – Siret : 440 672 509 000 13
Certifiée AFAQ Norme ISO 9001 : 2000 - n° QUAL/2002/17898

Jean-Claude PIERREL

Paris le 17 novembre 2006

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- Translation for information purposes only -

SAFEGUARD GROUPE EUROTUNNEL

Creditors' representatives :
MJA - Jean-Claude PIERREL
MJA – Valérie LELOUP-THOMAS

Our references :
JCP/VLT/ OBS oblig

OBSERVATIONS OF THE COURT-APPOINTED CREDITORS' REPRESENTATIVES ON THE PROPOSED SAFEGUARD PLAN

By a judgement dated 2 august 2006, the Paris Commercial Court opened a Safeguard Procedure (*Procédure de Sauvegarde*) in relation to certain Eurotunnel companies.

The said judgement appointed us as creditors' representatives.

In that capacity, a general duty to defend the collective interest of creditors is vested in us by law.

Art. L622-20 of the French Commercial Code provides: *"The creditors' representative is the sole person who can act for and on behalf of the collective interest of creditors"*

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According to the law:-

“The safeguard procedure is designed to facilitate the reorganisation of the business in order to allow it to continue as a going concern and to maintain jobs and to settlement of its debts”.

“The proposed plan determines the prospect of recovery according to operational possibilities and realities, the state of the market and the financial means available”.

“It defines the method of settlement of debts and potential guarantees that the managing director must take to ensure its implementation.

This plan sets out and justifies the level and the potential for employment as well as the social conditions envisaged for the continuity of the business...”

To date, we note that EUROTUNNEL has set out realistic and stable conditions to carry on its business, has carried out its social restructuring and has reduced employment levels to those required by its operations:

Eurotunnel's effort has been focused on the means of settling its indebtedness so as to:-

- on the one hand, make the level of indebtedness compatible with its ability to reimburse, and
- on the other hand, seek arrangements with its creditors in line with their respective ranking within the general and contractual set up as set out in the Agreement Among Lenders of 3 March 1998, as modified.

The opinion of the creditors' representatives on this first aspect is positive in so far as the outcome of the restructuring would see the Eurotunnel's debt would be reduced to 4.164 billion euros, which would provide for an annual interest charge compatible with the carefully defined operational forecasts of the group.

On the second aspect, the creditors' representatives note that the proposed methods of settlement together with the financial, economic and legal structure which supports them, whilst not an ideal solution which in any case does not exist, constitute a measured comprehensive series of concessions by all as well as an adjustment to the rights of creditors among themselves.

EUROTUNNEL proposes, as an outcome of its plan, a unique balanced position between various demands.

If such balance should be subject to any modification to better the position of any one party, it would trigger a challenge of each party's rights and the collapse of the plan.

This settlement plan, cornerstone of the safeguard, seems to encompass the whole of the potential and bearable concessions of creditors.

If it is approved by the Court, it would put EUROTUNNEL back within a contractual framework, guaranteeing its stable and safe operational development.

Thus, EUROTUNNEL proposed a clear and precise redefinition of the rights of each creditor, acceptable by them, respecting their collective interest and compatible with Eurotunnel's means.

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This plan avoids the crisis which would be a direct consequence of its rejection.

What would be the consequences of such a rejection by creditors when they voice their opinion within the framework envisaged by the law?

The Commercial Court being unable to impose settlement periods in excess of 10 years, a negative opinion from creditors would result in EUROTUNNEL being placed in a buy out/liquidation process.

One must be fully aware of the effect on EUROTUNNEL's asset sale of the following uncertainties:

- those linked to these assets legal status stemming from French and English public and private law
- the transferability of the Concession and its valorisation
- the impact of the potential exercise of substitution rights
- the necessary intervention of the conceding States
- the ranking order envisaged by the agreements and that specified by mandatory provisions of French law.

The existence of all these uncertainties favours a consensual solution.

The sustained pace led by the management team during the numerous meetings and discussions which have taken place over the last few weeks, with the support of the court-appointed representatives, has led to the presentation of a balanced and realistic plan which meets this necessity of a consensual solution.

The proposed plan presented to you takes into account the efforts made by each category of creditors in accordance with their contractual ranking pursuant to the above-mentioned Agreement Among Lenders.

All these concessions have made it possible to reach a long sought-after balance and now acceptable for all the stakeholders.

Indeed we believe that this proposed plan has reached its maturity and that any attempt to renegotiate or attempt at brinkmanship would jeopardise the efforts made to save the business:

The proposals made to creditors should be accepted in a firm and definitive manner without delay, so as to avoid making space for doubt and letting any new individual demands threaten the collective interest.

These are the observations which lead us, in our capacity as creditors' representatives, to give a favourable opinion on the proposed Safeguard Plan presented to you.

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These observations, as well as the proposed extension of time to pay, do not affect your obligation to submit claims to us before 22 December 2006, for creditors who are not resident in mainland France.

Jean-Claude PIERREL

Valérie LELOUP-THOMAS