

ETAG

Current Activities

2nd June 2007

Several matters are receiving attention, viz:

- **The Takeover Panel:** As a result of our representations M Gounon's letter of 5th May (making it clear that to retain Foundation Shareholder travel rights the relevant qualifying shares could not be tendered to the Offer) was to have been sent to *all* shareholders. However, the letter was not sent to those on the register maintained in France, and those with foreign addresses on the English register were sent very late. The Panel is still contemplating what to do about this.
- **The Paris Commercial Court:** Before the Settlement Date, now set for 28th June 2007, the Court has to be satisfied that the Safeguard Plan has been implemented. The Plan includes the honouring of the existing travel rights by the new company, GET SA, and it was not envisaged that shareholders would have to retain their qualifying shares in a subsidiary in order to be able to utilise them.
- Although Eurotunnel continues to make **noises about winding up Eurotunnel PLC** (EPLC), for practical business reasons this cannot be imminent. There are nearly £5bn of tax losses (worth up to £2bn) in this company and its subsidiaries, and these could be in danger of being lost. Also, through its subsidiary, Channel Tunnel Group Ltd, it holds the Concession. Our concern had been that EPLC be wound up insolvent, in which case our travel rights would be worthless, but now that the Offer is about to be successfully concluded this possibility is receding into the distance. However, we will continue to keep a beady eye on developments, particularly any transfer of assets and liabilities, to ensure as far as we can that no transaction is unfairly detrimental to us as minority shareholders.
- A more likely scenario in the current circumstances is that GET SA will endeavour to **acquire the residual minority shareholdings compulsorily**; in France this is possible when 95% of the share capital is already controlled (UK only 90%), and with the proposed exchange of existing debt for share capital this position is about to be reached. S.986 of the 2006 Companies Act allows members to petition the Court against unfair prejudice, and the Court is empowered to impose terms that it thinks fit. Although this new legislation is untried, our legal team is of the view that this gives us protection, and the necessary preparations are in hand should we need to resort to this.
- We have about **1200 members** who have contributed about £130,000, of which about £60,000 has been committed primarily to our solicitors, S J Berwin, for formulating and preparing our legal case. Accordingly, we consider that we have **adequate funds in hand** at the moment, backed up by insurance cover for any continuation of the contractual dispute, and that we will not be calling for the anticipated second similar contribution for the time being.