

EUROTUNNEL

Board rift continues as Huas vows to stay put

**By Robert Wright,
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The boardroom rift at Eurotunnel, the Channel Tunnel operator, looks set to continue after Hervé Huas, a key opponent of Jacques Gounon, the chairman, vowed to remain a director.

On June 20, Mr Gounon said Mr Huas, formerly Eurotunnel's deputy chief executive, and Jean-Louis Raymond, formerly chief executive, should resign from the board by the end of last week if they had any honour.

Mr Raymond had sought, with Mr Huas's backing, to replace Mr Gounon as chairman at the annual meeting on June 17 but failed. The pair were nevertheless re-elected as non-executive directors, leading Mr Gounon to issue his call for their resignation.

However, speaking to the Financial Times, Mr Huas rejected the resignation call, saying that he had the backing of shareholders.

Mr Huas's refusal to resign means that Eurotunnel will enter a crucial phase in its history with a board bitterly

divided over strategy for dealing with its £6.3bn debt.

Mr Raymond and Mr Huas have both said shareholders will need to accept a debt-for-equity swap to avoid insolvency.

Mr Gounon has said such a step would be unacceptable to shareholders and that creditors should simply forgive most of the debt.

The company has to present an initial restructuring plan to creditors by July 15.

"I have been elected to the board with a total of 99.34 per cent [of the votes]," Mr Huas said. "Mr Gounon was elected with 98.72. I think if I have been elected it's not a question of the board but the shareholders. The shareholders have fully explained that they want me to stay."

Mr Raymond is likely to stay, alongside Mr Huas.

Mr Raymond and Mr Huas are key allies of Nicolas Miguet, a populist politician and share tipster who led a campaign to remove Eurotunnel's Franco-British board at an annual meeting

in April 2004 and replace it with a board of mostly inexperienced French businessmen.

Since then, a rift has opened between Mr Miguet and his supporters and Adacte, a French small shareholders' group that also played a key role in last year's coup.

Mr Miguet has switched positions to become more conciliatory towards the creditors, while Adacte remains staunchly opposed to any compromise restructuring.

Without an agreement, the company is likely to default on its debt or interest payments within two years. That would trigger a move by creditors to take over management of the tunnel.

Mr Huas resigned in April after a year as deputy chief executive but remained a non-executive director.

Mr Raymond resigned on June 10 after 16 months as chief executive. However, he also remained a non-executive director.