

Eurotunnel on Track

July 2011



Letter to Groupe Eurotunnel SA shareholders



Dear shareholder,

Many matters have progressed well since our last General Meeting.

First of all, Eurostar and its holding company, SNCF, have finally agreed to abandon the claim they had started two years ago, not against your company (as they were unable to) but directly against our insurers. This enabled us to receive €48M in cash although there is less of an impact on our financial statements as part of these indemnities have already been accounted for in preceding financial years on the basis that we never doubted the outcome of this dispute.

Another piece of good news is that the InterGovernmental Commission (IGC) has accepted, after the European Rail Agency supported our analysis, that trains with distributed traction can transit via the Channel Tunnel. The next step is to be taken by railway operators, Eurostar and Deutsche Bahn equally; they will have to submit a safety case to the IGC, covering in particular the evacuation conditions should an incident occur. We therefore revert to a normal process for which a negative outcome is almost impossible to imagine, at least to my mind, even in respect of standard 200m-long Deutsche Bahn trains. Every single evacuation we have managed in the past, be it as part of BINAT exercises or in real circumstances (the last being the simultaneous breakdown of five Eurostar trains in December 2009) demonstrate clearly that the evacuation process for passengers is simply quicker and easier the less passengers are involved whatever the positioning of the train in front of the passageways giving access to the service tunnel.

Insofar as rail freight is concerned, the financing of the upgrade of the Dunkirk-Frethun line by the French railway network operator (Réseau Ferré de France or RFF) and other local authorities we are in partnership with, bolsters our future plan to transfer sea containers from Dunkirk towards the UK.

Your company is also taking part in an important project known as Railenium, which has recently been selected by the French government for funding as part of its *Grand Emprunt* initiative (National Loan): its purpose is to set up a railway testing centre to develop and test new technologies. In this consortium, there are only two railway infrastructure operators: RFF and us. In other words, our knowhow

is recognised at the highest levels in the world of railways.

To complete this overview, I would like to mention ElecLink, a non-rail project (see overleaf) but from which we expect a lot nonetheless. The plan is to install in the service tunnel a 500MW electricity interconnector between France and the United Kingdom representing an increase of 25% in existing capacities. This connection is in direct current; therefore, it does not present any particular technical issues, nor does it present health risks whether to our staff or our passengers. The investment required being c. €250M, we have created a joint venture - of which your Group holds 49% - with an investment fund, Star Capital Partners. The equity input will be kept at reasonable levels.

And now, an update on Europorte and GBRf, which are performing satisfactorily in line with our expectations. We are continuing to rationalise their locomotive fleet so as to have less of a variety of models and reduce the average age, which will generate more productivity and lower the maintenance costs.

As you will note, your company, whilst being focussed on the continuous improvement of its operational performance, is taking a clear stance on real future developments.

I would like to conclude this letter on the final stage of the 2007 restructuring: the opening on 1st July 2011 of the exercise period for the remaining 2007 Warrants. You will find overleaf a reminder of the terms of this transaction.

Finally, for those able to get away this summer, I wish you a very pleasant holiday, whilst assuring you that our staff is fully mobilised and is at the ready so that all will go well.

Yours faithfully,

Jacques Gounon
Chairman & Chief Executive Officer

A handwritten signature in black ink, appearing to be "JG", written in a cursive style.

Infrastructure management: after Dunkirk and Nantes/Saint-Nazaire, the *Grand Port Maritime* of Bordeaux

Groupe Eurotunnel has been chosen by the *Grand Port Maritime* of Bordeaux, which is now an infrastructure manager itself, to prepare its Safety and Operating Regulations (RSE) and port network Reference Document, as required by the French public body responsible for rail safety (*Etablissement Public de Sécurité Ferroviaire* or EPSF).

With its in-depth railway knowhow and unique safety expertise, Groupe Eurotunnel is now present in Dunkirk, Nantes/Saint-Nazaire and Bordeaux.

The ElecLink project: developing an electricity interconnector between Great-Britain and France

Groupe Eurotunnel in association with a European investment fund, Star Capital Partners, has created a joint venture (49/51% respectively) to build and manage a 500MW electricity interconnector comprising two cables carrying direct current. The volatile nature of ever increasing wind turbine energy production means increased requirements to buy and sell electricity between countries. This new interconnector, when authorised by the competent authorities, will be a step towards European energy integration fully in line with European policy in terms of the development of infrastructures between member States.

This project underlines the role the Channel Tunnel as a manager of strategic European connectivity.



The service tunnel

Who is STAR Capital? STAR Capital Partners (www.star-capital.com) is an investment fund with €1 billion under management. The fund was created in 2000 with the goal of acquiring and developing companies and projects with important capital investment needs, either in partnership or independently. STAR invests principally in energy, transport, health, telecommunication and public service sectors.



Colette Lewiner, a new Board member

Mme Colette Lewiner was appointed as an additional Board member on 20 May 2011, following the death of M. Pierre Bilger. Mme Lewiner has extensive industry and energy sector experience which she now brings to the Board. Your Board now comprises three female members out of a total of 11 members, equivalent to 30% of the Board, well ahead of many CAC 40 companies.

RAILENIUM: Eurotunnel fully involved in technology research in rail infrastructure

The RAILENIUM project, the name given to the European Institute for Technological Research in Rail Infrastructure (based near Valenciennes in northern France), is set to become a world leader for excellence and innovation in railways and has been selected by the French government as an "investment programme for the future".

As a founding member of the consortium and only one of two infrastructure operators with RFF (French railway network operator) amongst the 24 partners, Eurotunnel has shown, over the past 17 years that a successful infrastructure is the basis of service quality.

With the €550M funding provided by the French government, RAILENIUM will conduct research in particular into issues relating to safety and railway infrastructure maintenance, the standardisation of equipment, rail life and investment costs, all areas in which Eurotunnel has an established reputation.

Exercise of the 2007 Warrants: between 1st July and 30 December 2011

Groupe Eurotunnel has informed* holders of warrants to subscribe for shares issued during the 2007 financial restructuring** that the 2007 Warrants which were not tendered to the simplified exchange offer in 2009 may now be exercised between 1st July and 30 December 2011 on the basis of 0,034 GET SA share per 2007 Warrant on payment of the nominal value of each share (€0.40). Holders with fractional entitlement may request to round up the number of GET SA shares they are entitled to on payment, in addition to the exercise price, of the value of the share fraction required based on the opening share price on the day before the request to exercise, or to receive the value of its fractional entitlement in cash.

Holders of 2007 Warrants in registered form will be notified of the manner in which they may exercise directly by BNP Paribas Securities Services and 2007 Warrant CDI holders in the programme managed by Computershare Investor Services PLC will be informed directly by Computershare. All other holders are now invited to contact their financial intermediary for more information.

* Press announcement of 29 June 2011, NYSE Euronext Paris notice of 30 June 2011 and French Gazette (*Bulletin des Annonces Légales et Obligatoires*) of 1st July 2011.

** Securities note date 4 April 2007 approved by the French market authority (AMF) under number 2007-113 available on the website of the AMF www.amf-france.org and that of the Group.

- **Exercise ratio:** 1 2007 Warrant = 0.034 GET SA share
- **Exercise price:** 1 2007 Warrant x 0.034 GET SA share x €0.40
- **Rounding up:** required fraction by holder to round up x opening share price on Euronext Paris on the day before the exercise request
- **Rounding down:** fractional entitlement of holder x opening share price on Euronext Paris on the day before the exercise request
- **Unexercised 2007 Warrants will lapse following expiry of the exercise period**
(Opening share price information available on our website www.eurotunnelgroup.com)