

Eurotunnel on Track

March 2012



*Letter to Groupe Eurotunnel SA
shareholders*



Dear Shareholder,

The Tunnel is much more than the trains and Shuttles which travel through it, it is a vital link between Great Britain and Western Europe; it is **an infrastructure on which we seek to maximise returns**.

I have had the opportunity to present **Eleclink** to you, the 500MW interconnector between the French and British networks which would increase capacity on the existing underwater cable by 25%. The severe cold experienced this winter, which led to France importing large quantities of energy, showed the usefulness of such a connection. The technical aspects of the project have progressed well and we are now in the final stages of the studies requested by the authorities from both countries; the usual prerequisite for the necessary authorisation.

To come back to railways, the **Carex** (Cargo Rail Express) project – in which we play a part – has made significant strides recently with **a very successful trial run**. The aim was to demonstrate that high-speed rail freight transport can fit in with the competitive landscape. Increases in air fuel charges, environmental constraints and the battle against noise pollution which has already led to night closures for certain airports, all make it more likely that the transport of low-value goods – particularly express courier services – will shift from short-haul cargo flights to other modes of transport. With this in mind, Carex high-speed freight trains, with their ability to transport 120 tonnes of goods at 270 km/h, should win a big share of this market.

What was achieved overnight on 20/21 March is proof enough: from the airport in Lyon, the high-speed train picked up parcels at Roissy (Paris) to arrive at St. Pancras station with **Europorte** charged with hauling this train from the entrance to the Tunnel to London.

In due course, i.e. in 2015/2017, the EuroCarex network should link all the main Western European airports (Roissy, Liège, Amsterdam, Cologne, and Frankfurt) to London, where a suitable terminal is yet to be built. **SNCF and Groupe Eurotunnel have joined together to run this project, which falls squarely within our sustainable development goals**. Europorte is today the third largest rail freight operator, in Great Britain and in France. We manage international trains coming from Spain and Italy. Our vision is to make the most of the Tunnel's unique position, which, at the very heart of it, has a real future: a European presence on a European network.

In the shorter term, the implementation of **2G/3G public telephony** will make us all the more attractive to our customers. This technological feat and worldwide "first" – it is important not to lose sight of the incredible challenge that making a phone-call in a 53km tunnel represents, at 100m below sea level! – is made possible thanks to the investments we are currently making in a new GSM-R rail

signalling system to European standards, and to the commitment of network operators to financing their share. In order to avoid calls being cut off half-way through the Tunnel when going from one country to the other, we have obtained a derogation from national regulators so that the whole of the south Tunnel (the France to UK direction) will be given over to French operators and the whole of the north Tunnel (the UK to France direction) to British operators. Work to install the necessary equipment can only be carried out in a small number of slots during occasional night maintenance. Thus, the south Tunnel will be equipped in July, for the London Olympic Games, and the north Tunnel thereafter.

This "revolution" for consumers travelling under the English Channel will be complemented by a vast **renovation and modernisation of our terminals** (see overleaf). Our aim is to provide the best service, with more comfort, and secondarily more retail income, as many airports are doing. And indeed just as they are doing in airports, we are seeking **to make border controls more fluid**, even though they are not within our control. Thanks to excellent cooperation with the authorities of both countries, and the investment in new booths at the entrance to the French site, we hope that the waiting time imposed on our passengers, in particular at peak times, will be reduced: it is not right that crossing the Channel at such times should take less time than showing one's passport!

I return, finally, to the Olympic Games, which we are actively working towards. After securing the rights to install the Rings on the portal in December last year, together with the London Organising Committee, we are now bringing the **Olympic Torch** into the Tunnel on 18 July: it will enter via the service tunnel in Folkestone and meet up with a Shuttle in the rail tunnel to come out again at Samphire Hoe, once again emphasising the sustained efforts to make **the Tunnel a truly green infrastructure**.

All of this demonstrates that we are working actively on all fronts and endeavour to make the most of every opportunity to create value for you.

Yours faithfully,

A handwritten signature in black ink, appearing to be "J. Gounon". The signature is fluid and stylized, with a long, sweeping tail on the final letter.

Jacques Gounon,
Chairman and Chief Executive

High-speed freight train no. 27 274 (capable of carrying the equivalent of 7 articulated lorries or 7 Boeing 737 Cargo planes) left Lyon-Saint Exupéry Airport on Tuesday 20 March at 16:42 for London St. Pancras, using the Channel Tunnel and the British High Speed 1 rail network, picking up extra cargo from Roissy Airport. This feat was made possible by the flawless coordination between the main European airports affiliated with Euro Carex, the infrastructure managers including Eurotunnel, the railway operators including Europorte and cargo and express delivery companies.

Air, rail and road transport are usually in competition with each other but this innovative and speedy initiative by Euro Carex proves that coordination between all of these transport specialists is more efficient and beneficial for customers and for the planet.

What is Euro Carex?

Euro Carex is an international association bringing together the different national Carex entities whose role it is to implement the project at local, regional and national level. Structures built on the Roissy Carex model have gradually emerged on the various sites of the initial phase of the network. Currently, five Carex entities bring together public and private sector partners: air freight and supply companies, airport managing bodies, rail infrastructure operators, local and regional authorities, chambers of commerce and industry, and public amenities authorities. These five entities are Amsterdam Carex-HST Cargo Schiphol, Liège Carex, London Carex, Lyon Carex and Roissy Carex.



A Carex train.

The Carex project

Airport congestion, inflation of oil prices per barrel, the development of the high-speed rail network and the opening of rail freight transport to competition are all factors which contribute to the development of a rail service enabling the transfer of containers and pallets to high-speed trains. The Carex project is therefore an alternative solution to road and air transport for pick-up and delivery trips in Europe within a distance of 300 to 800km. Its aim is to reconcile environmental protection, quality of life for local communities, economic growth and the creation of jobs on all of the sites.

A sustainable development project

The Carex project meets the requirements of the climate energy plan with its minimal carbon footprint. Thus, future Carex trains will emit, on average, 35 times less carbon than those aircraft and lorries currently in use. For example, the actual high-speed train launched on 20 March, capable of carrying up to 120 tonnes of goods, would effectively take 7 articulated lorries off the roads or 7 Boeing 737 Cargo out of the skies.

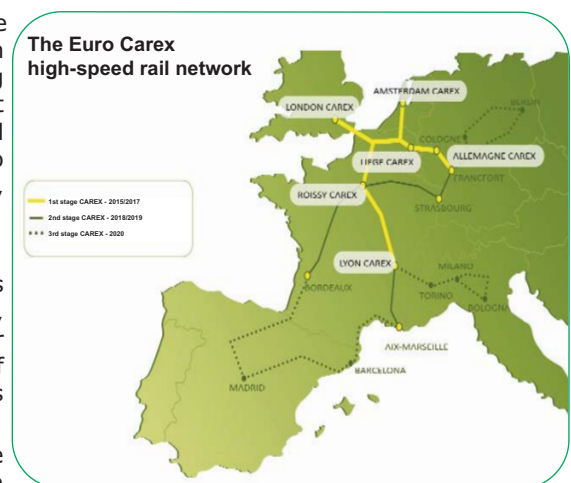
The Carex project is backed by regions and governments in each of the countries concerned, with promises of assistance with investments to be made.

The Euro Carex project is in line with European aspirations, in reference to the new European Commission White Paper which aims to restore a balanced use of different transport means and to revitalise the railways.

London Carex

In order to guarantee a reliable service, the sites of future CAREX Railports have all been chosen for their proximity to high-speed lines, airport infrastructure, logistical zones and road networks. An analysis of each site has been carried out in terms of connection with the railway network. The objective is to enable CAREX trains to join the high-speed lines as quickly as possible.

Unlike the other CAREX sites, the London Carex Railport will not be located on an airport platform, since London airports do not have a direct railway connection to the Continent. The railway terminal will therefore be built to the east of London, along High Speed 1. Located close to a major hub (M20/M25) and to one of the largest logistics area in the United Kingdom, the London Carex terminal will give easy access to the greater London economic basin.



Modernisation and renovation of the terminals.

During the bad weather at the start of the year, Eurotunnel undertook the construction of three additional booths providing six new check points for the UK Border Agency – 14 in total instead of the existing 8 – in order to better manage peak traffic (up to 650 vehicles an hour) during systematic immigration checks by the British authorities. The number of check points for coach passengers has been boosted from 6 to 8, increasing soon to 9 and eventually 10. This has enabled us to offer the best welcome to our customers travelling to Great Britain during February Half Term. This new system will be operational henceforth on peak days, in particular for the London Olympic Games, starting with the Easter holidays which will soon be upon us.

This represents the first concrete step in the Newton project which seeks to improve traffic flows by redesigning the French terminal in Coquelles, incorporating amongst other things new information technologies (use of smartphones and tablets or for example, the eventual electronic payment of eco-tax).



Aerial view of the French terminal.

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