

# ETAG

## AGMs

### for Eurotunnel PLC & Eurotunnel SA (now TNU PLC & TNU SA)

27<sup>th</sup> July 2007

## Report from the Steering Committee

### Attendance

Two members of ETAG's Steering Committee, Michael Stainer & Paul Fox, attended (who are also members of the English Shareholder Consultative Committee), together with 38 other shareholders, many of whom belong to ETAG, including a member of our legal team.

M Gounon chaired the meeting with his customary skill, accompanied by his principal directors and senior staff, the auditors and registrars. However, the only English director, Tim Yeo MP, was not present.

Neither were any other representatives of either the English or the French Shareholder Consultative Committees.

### Preliminary

The moment M Gounon entered the meeting he engaged your ETAG representatives, and assured them that no controversial matters would be raised – and indeed that there were far more important matters for the future of Eurotunnel that needed his attention; we naturally endorsed this sentiment, but at the same time reinforced the message that ETAG will rigorously deploy its resources to safeguard its members' interests.

M Gounon did comment that the Foundation Shareholders had in any event lost the bulk of the value of their original investment; we demurred – the principal objective for ETAG members was an investment in their travel rights.

## **Agenda Business & Voting**

All agenda items were passed without incident, save for a vociferous French shareholder who claimed that GET SA's shares representing 93% of the equity could not legally be voted. As it happens, all the agenda items would have been passed without GET SA's votes, as on the figures presented the vast majority of the 7% minority voted in favour of all the resolutions, including the change of the companies' names. We would expect replacement share certificates bearing the new TNU name to be sent out in due course.

ETAG thanks all those shareholders who tendered their proxies to us, which reinforced our presence. We did notice a discrepancy in the voting results which we are taking up with the company secretary, but this in no way invalidated the results.

## **Question and Answer Session**

This was the most valuable part of the proceedings, as shareholders were given an unfettered opportunity to pose questions and have the answers minuted.

### **Travel Rights**

M Gounon said he 'would defend the perks as long as possible', and that 'he wanted to do more, but failed'. He reiterated his contention that French law would not allow different categories of shareholder privileges (which we dispute), but that as they were an obligation of the English subsidiary Eurotunnel PLC (now TNU PLC) they would continue. He promised 'transparency' in any future travel rights communications.

### **Minority buy-out?**

Not presently contemplated.

### **Share Quotation**

This would continue on the Paris Bourse 'for the time being'. [This satisfies the listing requirements for keeping shares in a 'PEP'.] The London and Brussels listings have now ceased.

### **Share Price**

M Gounon said he was as mystified as everyone else by the apparent strength of the 'old' Units, but did point out that dealers may be closing short positions, and one needed to take into account the value of the warrants (currently €0.15) which were offered on a one-for-one basis together with the GET SA shares for the 'old' Units.

### **Transfer of holdings to the French register**

M Gounon confirmed that shareholders could transfer their holdings from the English to the French register without loss of travel rights. [This facilitates dealings on the Paris Bourse.]

### **Sangatte immigrant compensation**

M Gounon hoped to receive €50m, which would be credited to the 'old' companies.

### **Tax Losses**

M Gounon confirmed that there were almost £5bn of tax losses in the TNU PLC group, that the forward projections in the Reorganisation prospectus had valued them at £2bn, and that they could only be off-set against future UK profits. [ETAG will be monitoring the utilisation of this asset.]

### **Negative Equity & Recapitalisation**

M Gounon mentioned several times that it was necessary to eliminate the negative equity within the next year, but that the company had 'yet to devise the recapitalisation arrangements'. His fellow director M Gouranton said the proposals were presently confidential, to which we could only offer the observation that we would scrutinise them when they were formally proposed; it was accepted that an Extraordinary General Meeting would be required. [Our comment: Eliminating negative equity only becomes important when wishing to pay dividends; the main trading company is Channel Tunnel Group Ltd, which owns the concession and is a subsidiary of TNU PLC. Although the 'old' companies have funded the reorganisation, M Gounon's press release following the AGMs states, "The recapitalisation of these companies will lead to an almost total dilution of the shareholders who did not tender .....". (See separate link to 'Eurotunnel's AGM press release'.) ETAG will be watching developments.]

### **Overview**

Several French shareholders rambled on at length about previous perceived injustices and maladministration, and one complained about the directors feathering their own nests. [We have seen no evidence of this; on the contrary, the accounts indicate very modest remuneration and 'perks' for such a substantial business.]

We complimented M Gounon for his astute reorganisation of the enterprise, placing it on a sound footing for the future, and thus enabling it to honour its contractual obligation for our travel rights. This was endorsed by common acclaim.

27.7.07

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