

NEWS



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Results from Operations for the first half of 2006

Shuttle revenue continues to grow: +3% (to £152 million)
Operating costs reduced by 9% (to £116 million)
Operating margin significantly increased: +12% (to £161million)

The radical reorientation of commercial and operating policy undertaken in 2005 has had a very positive effect on Eurotunnel's operating results during the first six months of 2006.

Revenue has continued to progress (£277 million, +2% compared to the first half of 2005) supported by growth in Shuttle Services activity (+3%), the Group's core business. It should be noted that this increase in revenue is continuing, even though Eurotunnel benefited economically from the disruption to services at the port of Calais during the first half of 2005.

The growth is also notable at a time when Eurotunnel no longer pursues traffic volumes: with the number of vehicles carried on Eurotunnel Shuttles stable or diminishing by comparison to 2004 (see annex 2), the increase in revenue demonstrates that the optimisation of load factors, the introduction of a dynamic pricing model (for Passenger) and the re-establishment of direct control over the sales and marketing of our Truck Service, needed to be put in place.

The other notable success is the significant reduction in operating costs seen during the first half of 2006: costs are down by 9%, to £116 million. The increase in revenue and the reduction in costs combine to give a very satisfactory growth in the operating margin (+12%), which has risen to £161 million.

The profitability of our activities, calculated by the relationship of the operating margin to revenue, reached a record level of 58% during the period.

For the second half of 2006, Eurotunnel would like to point out that the situation created by the refusal of certain creditors to approve the proposed financial restructuring and, by consequence, the request for the safeguard procedure in France could have a negative impact on customer reservations or supplier demands which is difficult to predict.

Jacques Gounon, Chairman and Chief Executive of Eurotunnel said, *"Eurotunnel's operating results for the first half of this year are very good. This marked improvement is the tangible result of the considerable efforts made by the staff and shows the potential Eurotunnel has. It would be an injustice if these efforts were reduced to nothing by the refusal of creditors to reach a rapid solution to the question of the debt"*.

Note to editors: we remind you that Eurotunnel's annual accounts at 31 December 2005 are the object of a warning procedure (Procédure d'alerte) initiated by the French auditors on 12 February 2006 and that they have not been approved.

Annex 1. Operating results (in £ millions)*

	1st half 2006 (estimated, un-audited)* 1.441	1st half 2005** (restated) 1.441	2006/2005 (% change)
<i>Exchange rate € / £</i>			
Shuttle Services	152	148	+3%
Railways	***120	118	+2%
Transport activities	272	266	+2%
Non-transport activities	5	5	-
Revenue	277	271	+2%
Operating expenses	(116)	(127)	-9%
Operating margin	161	144	+12%
Operating margin / Revenue	58%	53%	+5pts

* estimated, un-audited figures.

** the figures from the first half of 2005 have been recalculated at an exchange rate of £1=€1.441, in order to allow direct comparison with the figures for the first half of 2006. For the same reason, they have also been recalculated in accordance with the IFRS accounting standard, as adopted by Eurotunnel on 31 December 2005.

*** of which £37 million from the « Minimum Usage Charge » clause in the contract linking Eurotunnel to the railways, which guarantees a minimum level of tolls, independent of variations in traffic levels. This arrangement expires at the end of November 2006.

Annex 2. Shuttle Services and Railways traffic

	1st half 2006	1st half 2005	2006/2005 (%change)	1st half 2004	2006/2004 (%change)
Truck Shuttles	649,596	703,363	-8%	646,468	0%
Passenger Shuttles					
• cars****	887,464	951,561	-7%	944,832	- 6%
• coaches	33,030	39,831	-17%	29, 834	+11%
Eurostar***** (passengers)	3,733,403	3,675,508	+2%	3,406,698	+ 10%
Freight Trains SNCF/EWS (in tonnes)	791, 672	847,716	-7%	978,717	- 19%

**** including, motorcycles, vehicles with trailers, caravans, and camper vans

***** the number of Eurostar passengers in this table includes only those travelling through the Channel Tunnel, and therefore excludes passengers travelling between Paris-Calais and Brussels-Lille