



Letter to Groupe Eurotunnel SA shareholders



Dear Shareholder,

After celebrating, on 21 July, the **crossing of the 250 millionth passenger** since the opening of the Channel Tunnel in May 1994, on 14 August **we beat the previous record for the number of vehicles carried on our Shuttles, with 15,000¹ in one day!** This is very satisfying as it was both a commercial success and a real operational achievement. It strengthens our belief in the policies being pursued (in particular check-in fluidity, the joint work with the border control authorities, yield management...). **It also encourages us to continue with investments that will further improve our quality of service.** This chiefly involves:

- the installation of new, state-of-the-art information display panels on both terminals, already in Folkestone and soon in Coquelles;

- changes to traffic flows on the French terminal so that access to the passenger terminal building - known as "B22"- is more logical: it will become accessible after border controls. Our customers will thus be able to relax in comfort once they have been through the controls, prior to boarding their Shuttle;

- and for 2011, the redesign of the commercial website to make it more user-friendly and efficient.

As you can see, this is detailed work that will take time to complete but which will strengthen **our incontestable position as market leader.**

Faced with such success, our competitors are very aggressive but not without their own difficulties. SeaFrance remains in receivership; after its foray in Boulogne, LD Lines is pulling out of the passenger market; P&O is hinting that staff reductions may accompany the introduction of its super ferries.

For us, the priority remains to obtain **full compensation for the operating losses** incurred as a result of the fire in 2008. The total cost at the end of the cover period on 10 September 2010, is in the order of €295 million (of which €57 million for repair works have been fully reimbursed). The litigation initiated by Eurostar against our insurers in May 2009 has the effect of blocking the payment of €48 million in indemnities due to us. This puts us in an artificially difficult position. The half-year results presented overleaf must be read with this very specific context in mind.

A further important event was the **acquisition on 28 May of GBRf, a UK rail freight business.** You will find overleaf a brief presentation of this business, which adds to the capabilities of Europorte and opens up new growth opportunities in cross-Channel traffic.

Finally, **the merger of TNU PLC with Groupe Eurotunnel SA should become legally effective** on 31 October. This is the final chapter in the simplification of the group structure and follows the merger with TNU SA in May 2009.

Outside the current scope of our activities, the **UK government's privatisation of HS1**, the high speed line between the Tunnel and London, is much discussed.

As previously indicated, **on 17 August, we put forward a non-binding offer** to purchase this infrastructure, as part of a powerful consortium called GB Speedrail. Aside from Eurotunnel, the consortium also comprises some of our largest shareholders: Goldman Sachs Infrastructure Partners, M&G Prudential, CDC Infrastructure and a major British pension fund, the Universities Superannuation Scheme.

The management and maintenance of High Speed 1 are of a very high standard but the members of GB Speedrail are convinced that an ambitious and professional approach could bring a growth in traffic on this line, and consequently bring benefits to the Tunnel.

The aim is to seize the opportunities resulting from the liberalisation of international passenger transport. **Deutsche Bahn has announced clearly its intention to open a link between Germany and London.**

As infrastructure manager, we must give Deutsche Bahn access to the Tunnel whilst remaining impartial in any competition they would engage in with Eurostar. Amongst the issues to consider, safety remains our principal concern. We envisage carrying out actual tests in the Tunnel to give Governments the information required to reach a decision which is ultimately theirs to make. It is however obvious that following these tests, should the rules governing access to the Tunnel be updated, the pooling of expertise of the High Speed 1 and Eurotunnel teams would be a determining factor in a new vision for the UK-Continent traffic.

Much progress made or to be achieved, much planned for the future, this all means much more work to be done to make your Group even more efficient. As the summer holidays come to an end, I can promise you that our teams are hard at work and highly motivated.

Yours faithfully,

A handwritten signature in black ink, appearing to be "J. Gounon".

Jacques Gounon,
Chairman and Chief Executive

¹ 14,975 precisely (14,825 cars and 150 coaches)

Focus on half-year results

The first half of 2010 brought a significant increase in all traffic sectors (Eurotunnel Shuttles and Eurostar). The Group's revenues (€331 million), which now include Europorte (€29 million) increased by 22% compared to the first half of 2009.

Despite the still difficult economic context, Shuttle Services revenues increased by 17% and Truck Shuttle traffic grew by 41% compared to the first half of 2009.

Revenues from the use of the railway infrastructure increased by 5%. This increase is due in part to the effects of the ash cloud from the Icelandic volcano last spring.

The Group has maintained its strategy of cost management, with a decrease in operating costs of €14 million, of which €5 million come from the reduction in insurance premiums. EBITDA stands at €143 million, an increase of 3% compared to the first half of 2009.

The consolidated net result for this first half, which does not include the insurance indemnities, is a loss of €45 million.

The result would have been different if payment of €48 million of insurance indemnities for losses related to the fire in September 2008 had not been blocked since May 2009 by the litigation brought by Eurostar.

Eurotunnel celebrates 250 million passengers

At the Folkestone terminal on 21 July 2010, Mrs Marijke Korteweg (below) who works in London and travels home to Belgium weekly, was the 250 millionth person to travel through the Tunnel since opening in 1994.

Since 1994, 43,000 persons on average have travelled each day through the Tunnel.



Marijke Korteweg
and her grand-
daughter Eva

Groupe Eurotunnel, a major European rail freight player

Eurotunnel strengthened its position in freight with the acquisition of GB Railfreight, in May. GB Railfreight is the third largest rail freight operator in the UK.

GBRf has activities across all rail freight sectors both long and short distance: intermodal transport; bulk, including coal and biomass; infrastructure maintenance; industrial railway services; construction material; petrochemicals and metals, general commodities, mail and parcels.

GBRf employs c.300 people driving trains, managing ground operations and developing its business.

Since its creation in 1999, GBRf earned praises for its innovative approach, flexibility, reliability and competitiveness as well as its customer service.

Over the past 10 years, GBRf has regularly received rail industry awards.



Main lines operated
by GBRf

New contract for Europorte

The French cereal cooperative group, Cerevia, has selected Europorte to transport its wheat and barley products from Burgundy to Fos-sur-mer (near Marseille), under a 3-year contract.

Europorte was able to provide a global logistics approach with a high-performance hub at Venarey-Les-Laumes (near Dijon) and a high level of punctuality.

This traffic is significant for Europorte as it is long distance (c.375 miles) and uses both diesel and electric locomotives for different sections of line. Europorte is proud to have been able to put its know-how in both local and long distance services to use for a group such as Cerevia, one of the major cereal groups represented across the Burgundy, Rhone-Alps and Franche-Comté regions, and which produces 3 million tonnes of cereal from 5 cooperatives specialising in responsible and sustainable agriculture.