



1ST JUNE 2015



Dear Shareholder,

The SCOP SeaFrance, which had continued on its own to challenge the decision taken by the UK competition authorities to ban MyFerryLink access to the Port of Dover, has won its appeal. The **Court of Appeal** ruled that there had been no take over of the activities of SeaFrance after its liquidation in 2012. We had already won the appeal on this point in December 2013.

So should we be claiming a victory? **The Competition and Markets Authority (CMA) can still appeal** to the Supreme Court. The arguments it used before the Court of Appeal were as follows:

- abuse of procedure by the SCOP SeaFrance;
- an error of analysis as to the definition of a merger;
- public interest: the CMA believes

that there is still a significant element of uncertainty in the law which requires clarification by the Supreme Court.

Such an appeal could prolong the threats to the future of our maritime business for a further one or two years. But, above all, the CMA, as the market regulator, can initiate studies of the market as a whole, and apply constraints and sanctions beyond just those of a merger, based purely on the competitive environment.

We fear that the CMA has not given up on this aspect and that we could see it return to issues that have already been raised, but which have not been the object of an appeal judgement: only two maritime competitors can be profitable (the whole North Sea and Channel ferry market are more or less organised as a duopoly) and the Eurotunnel Group could still be accused of abusing a dominant position. Our business is not dealing in court hearings, but in optimising the return from the Group's assets.

This is why, confronted **with the current uncertainty** and future threats, and also taking account of the suicidal disagreements at the heart of our service subcontractor, the SCOP SeaFrance, we have not renewed the operating contracts which would have run until 2 July 2015.

We have therefore reopened the sale process, focussing on solutions that would **ensure very quickly the maximum activity possible on the Short Straits**. The SCOP SeaFrance, which employs around 100 people in Dover and 375 staff on permanent contracts in Calais, has been placed under a safeguard procedure. In this context we are seeking the best possible return on our investment.

The maritime sector is not just supported by the British authorities. On 30 January 2015, the **Nord-Pas-de-Calais regional government** voted for a substantial financial commitment to the Port of Calais and its extension:

- guaranteed subsidies of €270M for the Calais 2015 Delegation of Public Service (DSP), equivalent to a public subsidy of 40% of the value of the works;
- the cancellation of loans granted by the Region to the previous concessionaires, totalling €70M;
- various sums advanced by the Port of Calais, including direct benefits to the Chamber of Commerce and Industry, and €25M directly for the works;
- guarantees given for the repayment of the loans: €523M;
- indemnity for shareholders of the project development company should the DSP be rescinded early: between €231M and €400M.

In summary, **the Nord-Pas-de-Calais regional government is providing Calais 2015 with about €315M of public money and has made off-balance sheet commitments of more than €900M** by way of guarantees given to the projects financiers. It has even gone so far as to forgo the rubbish disposal tax!

On the basis of the standard conditions for such an investment, the contribution from the region represents more than 70% of the current receipts from the Port. This means that the concessionaire, who will carry no risk at all, will be able **to maintain a level of port access charges that will not reflect economic reality, and which will therefore lead to an unacceptable distortion of competition**. On this basis, we have launched an administrative appeal.

Our other activities, which we are able to develop without hindrance, continue to prosper. You will find overleaf a variety of positive information relating in particular to our rail freight subsidiary Europorte.

For the Fixed Link, the **Terminal 2015** developments are progressively being brought into service. They will enable us to offer our road haulage customers more safe truck parking places inside our secure perimeter, thereby avoiding the increasing attempts by migrants seeking to reach the UK to board trucks on the public roads leading to Calais. The hauliers have also alerted the authorities to the problems they are facing on the road network. We are working extremely hard to further enhance the security of our own environment.

Eurostar launched its new services to the South of France on 1st May. We are delighted with this major step towards an increased geographical coverage for high-speed rail.

I would like to finish this letter by thanking you for your indefatigable support: **all the resolutions put to the AGM were hugely, and even massively, approved**. This reassures us that, together with the Board, we can continue to serve you even better in the future.

Yours faithfully,

Jacques Gounon
Chairman and Chief Executive Officer



In brief...



Date for your diary

22 July: Results for the 1st half of 2015



Dividend

The dividend of €0.18 per share (+20%) was paid on 28 May 2015. In total, more than €97M were paid to shareholders in 2015 for the year 2014.

Video of Terminal 2015

The video showing the progress of the works to extend the Eurotunnel terminals is [online](#) on the Eurotunnel Group website.



Eurotunnel Group, job creator

As a major employer in the Nord-Pas-de-Calais region, the Eurotunnel Group is committed to supporting employment.

The Group was present at the "Jeunes d'Avenir" (young people for the future) exhibition in Lille to showcase different jobs available in the railway industry and to offer 50 local employment opportunities in sustainable business areas, including full training for successful candidates. Within its various subsidiaries, the Eurotunnel Group takes on around 100 young people on apprenticeship or professional training contracts each year.

Furthermore, under the regeneration agreement signed with the French State, Eurotunnel Group makes a financial contribution and brings its expertise to Calais Promotion, the Calais business development agency, which helped to create 142 jobs in 2014.

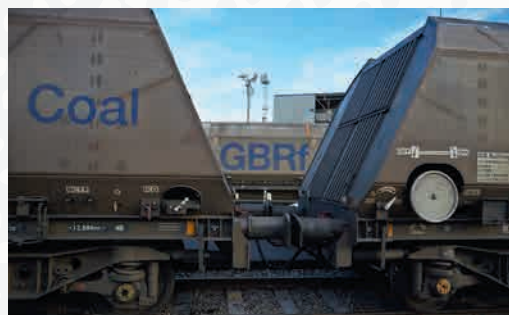
Europorte: new DE 18 locomotives



During spring 2015, Europorte has progressively brought into commercial service 5 of the 7 new Vossloh DE 18 diesel-electric locomotives (1.8MW) following testing across the railway network. For the first commercial launch which took place on 11 May, two DE 18 hauled a convoy of empty glass bottles for O-I between Gironcourt-sur-Vraine (Vosges) and Obernai (Alsace). On 20 May, two other DE 18 locos used for the transport of lime to Germany, for Lhoist, passed with great success a series of tests on the very steep line between Dugny (near Paris) and Forbach (Lorraine region). These locomotives, specifically designed for highly complex manoeuvres, will even be able to haul two extra wagons per journey, excellent news for the customer.

GB Railfreight, the coal transport specialist

Based on its quality of service, GB Railfreight has signed a 3-year extension to its contract with Drax Power Ltd to run coal services until the end of 2017. The British subsidiary of Europorte will continue to transport coal with its 100-tonne coal hopper wagons hauled by Class 66 locomotives from Hunterston Port bulk terminal (Ayrshire - Scotland) and the Port of Blyth (Northumberland) to the power station in Selby (North Yorkshire). Each year, GB Railfreight carries in total more than 30% of the coal transported in the United Kingdom.



Eurostar: new destination, new terminal



Since 1st May, Eurostar connects London to the centre of Marseille in 6h27min, via Lyon (4h30min) and Avignon (6h) with a weekly frequency of up to 5 round trips through the summer. To develop traffic on this new route, Eurostar currently has special offers on tickets for travel between 22 June to 12 December.

The return journey France to England takes one extra hour due to customs and border controls which require a stopover at Lille Europe, where the Eurostar terminal has just been renovated: doubling capacity (550 passengers per hour) and the number of check points, as well as providing a more comfortable waiting room.

Eurotunnel develops the eco-pasture

Over the past few days, Eurotunnel customers have been able to spot a herd of sheep on the grassland area (*Jardins Ordonnés*) along the Le Shuttle exit road in Coquelles. Currently 8 in number and shortly 15, these Solognot breed sheep are protected, hardy and suitable for land clearance and the recovery of rough pastureland or marsh. They contribute to the protection of biodiversity, they maintain the grassland on a 3-hectare site where access is difficult and add to environmental qualities of the Terminal 2015 project. This is a further demonstration of Eurotunnel's efforts to limit the impact of its activities on the environment.



Change of postal or email address?

If you hold your shares in registered form with [BNP Paribas Securities Services](#) or in the form of CDIs via [Computershare Investor Services PLC](#), don't forget to notify them of any change in your personal information.