

Eurotunnel on Track

October 2011



Letter to Groupe Eurotunnel SA
shareholders



Dear shareholder,

A major development has just occurred impacting **competition in the cross-Channel market** with the **rejection by the European Commission of the €223m recapitalisation plan for SeaFrance**.

Vice-president Joaquin Almunia considered that this plan constituted a form of state aid which was not compatible with the internal market. We welcome this brave decision. SeaFrance has been in administration for 18 months and on 25 October, the Paris Commercial Court considered the possible outcomes, in particular a buy-out by either a group of employees, or a joint proposal by DFDS – operator at Dunkirk – and Louis Dreyfus Armateurs – operator of the subsidised Dieppe-Newhaven service.

These offers are based on a very low valuation of SeaFrance, enabling our competitors to acquire 3 ships with a market value of c.€225m for next to nothing. Is this **another form of indirect state aid?** We will remain on alert.

Whatever happens, our strategy remains unchanged: to strengthen our market shares which give us a **position of leadership on the Dover Strait**.

You will find overleaf the **traffic and revenue figures for the third quarter of 2011**. They show an excellent performance practically across the board. The strong growth in Europorte's revenues results principally from a steadily increasing demand from rail freight users for quality rail freight services, both in France and in the UK. **GBRf's success** – recently recognised by the **National Rail Awards** – provides evident proof, and has done so for several years. It is an eloquent response to those in France who like to claim that the British model does not work, and who wrongly accuse new entrants of "social dumping". The explanation is to be found elsewhere: the reason for Europorte's good performance is threefold: we do not benefit from any special regime, we have a well-motivated and short reporting line and we aim to have a modern, rationalised and innovative locomotive fleet (the use of GPS enabling traffic to be monitored in real time). On the basis of our know-how and as part of the major Rail Conference of this autumn, we have sent to the French authorities our **analysis and proposals for the renewal of rail freight**.

Such new traffic is good for the **Tunnel** as for the first time in a long while, we have experienced a **growth of 16% in the number of freight trains**. This compensates for the slightly disappointing Eurostar traffic in the third quarter (-2%).

We can congratulate ourselves when it comes to the **Shuttle services**, both in terms of volumes and yield. The markets in which we operate are continuing to grow, enabling us to maintain our market shares at their high levels.

However, we approach the fourth quarter with **caution**. First we need to establish whether or not this decline in Eurostar numbers (although over the first 9 months of the year traffic remains up by 1%) is an early sign of an economic downturn. We must also take into account the fact that the car market is evolving in its nature, with more numerous peaks (over one year, 32 days with over 6,000 vehicles per day) and longer slow periods. We must also assess the behaviour of our competitors (in particular P&O and its super-ferries) in the truck market.

The efforts made in past years have enabled us to lower substantially the break-even point for the business, which now gives us **increased flexibility and better adaptability**.

We also have things to look forward to: as we all know 2012 is the year of the **London Olympic Games** and Eurostar, an official sponsor, should bring us an increased contribution to revenue. Deutsche Bahn continues its efforts to obtain authorisation to use the Tunnel. Having submitted its safety case in July, the operator requested on 24 October authorisation to operate in the UK and will initiate the necessary process with the IGC. Having seen for myself the documents produced, I can assure you that I can see no objective reason for them to be rejected.

The final piece of good news is that we have been able to **purchase** on the market some of the instruments issued when our debt was securitised, **for an amount of €110 million, at a discount of c.11%**. I must stress that this has nothing to do with there being any doubt as to our ability to repay it, but more to do with the need for cash on the part of certain holders: our cash position enabled us to seize an opportunity. We shall see if more such opportunities present themselves, and be ready to seize them as such buybacks constitute good value and return for us.

Yours faithfully,

A handwritten signature in black ink, appearing to be "JG", written in a cursive style.

Jacques Gounon,
Chairman and Chief Executive Officer

Focus on revenues and traffic for the third quarter of 2011

In an economic climate which remains difficult, the Group's overall revenue for the third quarter of 2011 is up by 10% to €231.7 million compared to the third quarter of 2010¹.

Concession for the cross-Channel Fixed Link

- Shuttle revenue increase by 8% to €116.5 million.
- Revenue from the use of the railway network up by 6%.
- Increase of 10% for Truck Shuttle traffic (309,999 trucks), 4% in car traffic (747,543 cars) and a decrease of 2% for Eurostar passenger numbers (2,620,235 passengers).

The Channel Tunnel has maintained its market shares at a high level thereby confirming its leadership of the cross-Channel market, for both the Truck Shuttle and the Passenger Shuttle businesses.

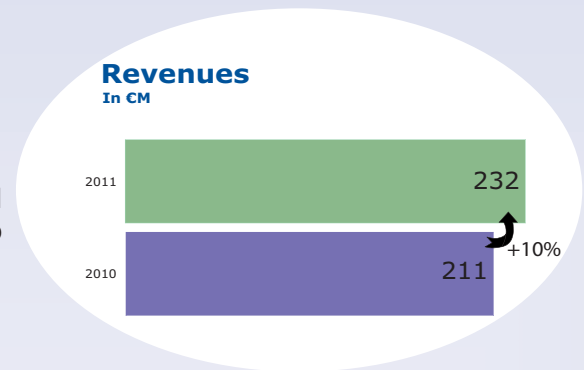
Europorte

- Strong growth in revenue (+30%) to €39.5 million.

Europorte continued to secure new contracts and to develop a modern rail freight service, combining expertise and technological innovation, notably by equipping its locomotives with an intelligent tracking system. In the United Kingdom, Europorte has been recognised for the quality of its services through GB Railfreight receiving the Freight and Logistics award at the 2011 National Rail Awards.

For more information on the Group's traffic and revenue on over the first nine months of 2011, please see the "Traffic and revenue" announcement of 19 October 2011.

¹ Revenue figures are calculated at the average exchange rate for the first nine months of 2011: £1=€1.131



Eurotunnel opens its doors to celebrate European Heritage Days

On Saturday 17 September, over 700 people visited the Coquelles site as part of the European Heritage Days initiative. This first foray into the European Heritage Days scheme has proved a huge success. Whether from Belgium, Lille or the Coquelles area, all the visitors were impressed by the complexity of the structure, the size of the Terminal and the intricacy of the maintenance area, particularly F46, the longest railway workshop in the world (828 m).

Users of the Shuttle were particularly interested in going behind the scenes of this impressive infrastructure and discover the entrance to the tunnels and maintenance areas thanks to staff who had volunteered as guides for these visits.



A sensory feast at Samphire Hoe !

The rangers and volunteers from the White Cliffs Countryside Project (WCCP) who look after Samphire Hoe propose numerous events to promote the site which belongs to Eurotunnel. Thus, on 28 August an extraordinary 'sensory feast' took place at Samphire Hoe during which rangers and volunteers were served edible plants and herbs which grow at the Hoe



and local produce, such as samphire, cheeses, wines, apples, Dexter beef, and chutneys, at banqueting tables at the foot of the cliffs, making a surreal scene for passing dog walkers!

Devised and led by artist Gayle Chong Kwan, who was dressed in a lab coat, visitors were invited on a sensory walk around the Hoe to make paintings with the sea spray, listen to sound recordings of the area's history and visitors' stories, and smell the fragrant plant life and scents associated with produce and industries of the area. The event was such a success that a sensory map and materials are being prepared and will be available to visitors to Samphire Hoe.

Samphire Hoe – a 30-hectare natural site created from the chalk marl excavated during the construction of the Channel Tunnel – has kept its Green Flag Award for the seventh year running in recognition of its high ecological quality: over 200 species of plants, 30 varieties of butterflies and 200 species of birds. The site welcomes over 100,000 visitors yearly with numbers reaching over 1,000 per day at peak times.

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