

Eurotunnel on Track

July 2012



Letter to Groupe Eurotunnel SA
shareholders



Dear shareholder,

The Diamond Jubilee of HM Queen Elizabeth II met everyone's expectations, first of all in the United Kingdom where, by all accounts, it was considered a defining moment for the British in terms of national identity and, as planned, for Le Shuttle, which set an **historic record** with over 10,000 vehicles, and over 20,000 passengers travelling from Folkestone to Calais over that weekend, and all this with excellent punctuality.

In addition, since 9 June, Passenger Shuttles now travel at the magic 100 mph (160 km/h), **reducing the crossing time to only 30 minutes**. As part of the service improvement we offer our customers, we continue to **modernise our terminal facilities**. Beyond providing state-of-the-art buildings, we have sought to humanise them in particular for families, by personalising them with the names of two historical figures, one French one British; names are under consideration. The start of a journey!

As anticipated, **bookings for the summer** are up, in particular for the Olympic Games, well in excess of this time last year. The Channel Tunnel will take pride of place on 18 July when the **Olympic Torch visits the Channel Tunnel and Samphire Hoe**, the spectacular nature reserve created from the spoil from the Tunnel construction excavation works. It has received the Green Flag Award for the last 7 years running: a strong image for the green Olympic Games, stressing once again our continued efforts in environmental protection.

Protecting the environment also involves **rail freight** and its promotion. **Two major developments** in this area: on the one hand, freight locomotives meeting European interoperability standards are now authorised to travel through the Tunnel and on the other, Europorte Channel achieving a "first" with the crossing of a train transporting unaccompanied trailers (see overleaf) travelling from Belgium to the UK. There is still much to be done to make freight trains going through the Tunnel a routine matter but the fact that it is no longer a requirement to use the special Class 92 locomotives should make it possible in time to avoid the constraints caused by unloading. The final anomaly to be removed is the new safety charge introduced by RFF in Fréthun which has shattered the dynamism we had introduced there. The French regulator has acknowledged, at our request, that this measure was not within the remit of the national rail network but related to access to the Channel Tunnel, leading us to believe in a favourable outcome.

The other **major event in June** was the decision of the Paris commercial court to accept our offer for the **acquisition of SeaFrance assets**, for a total amount of €65m. The transfer of ownership is in progress. We paid the market price for the three ships in question (Berlioz,

Rodin and Nord-Pas-de-Calais) witness the fourth SeaFrance ship (*Molière*) owned by a banking syndicate and sold to a Lithuanian for €30m (leading one to wonder on whose behalf). These ferries will be operated by an independent company created by ex-SeaFrance personnel, thanks in particular to the significant assistance given by SNCF to staff as part of its last restructure (€25,000 per staff member recruited).

We will lease the ferries as a prudent investor to this company which will be managed by an ex-Brittany Ferries executive. It will be the business and responsibility of that company to meet the commitments it is about to make in terms of productivity and service quality, on the basis of three return ferry trips between Dover and Calais. The expected market share within two years is between 8 and 9%. As a comparison, DFDS which has set up with LD Lines in Calais has managed to achieve a (some will say a mere) 4% market share after a few months. All that is required is that **competition is on a level playing field**, which is not always the case. The fact that we will become non-operating ship owners does not mean we will abandon the **claim lodged before the Rouen administrative courts** regarding the public service delegation given to the Dieppe-Newhaven route which has resulted in public subsidies of c. €15m being allocated to this route. This is all the more necessary in the light of press speculation that LDA/DFDS were seeking to transfer to Calais one of their two ships based in Dieppe. If that were to happen, this new service would cannibalise the Dieppe-Newhaven route whilst increasing its need for subsidies! The standardisation of this cross-Channel market of which we only represent a third, is thus far from over.

Eurotunnel fought hard to come into existence and then to survive. These new battles are new challenges, but I know that you, our shareholders, wholly support our long-term strategy. For this, I thank you.

Yours faithfully,

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

Jacques Gounon,
Chairman and Chief Executive Officer

Upgraded facilities for the best quality of service

The improvement programme starting in the UK is well under way. The new World Duty Free flagship store, mirroring the design seen in airports, was launched on 31 March 2012 and is already proving to give this retailer its highest turnover per square metre in its portfolio.

The new toilet facilities are designed with the Group's concerns for the environment in mind (low energy/high efficiency hand dryers, sensor-activated taps). Next month will see the introduction of large information screens for live departure information complimented by video screens streaming news and live coverage of the Olympic Games as well as promotional information and, on 18th July, coverage of the Olympic Torch event. Finally, a new passenger lounge enabling customers arriving early to wait in comfort will also be available shortly. The second phase of the renovation next year will involve the food court. The French terminal will be refurbished later.



The World Duty Free in UK Terminal.

Transporting unaccompanied trailers

Europorte Channel, the Group's cross-Channel rail freight operator, has launched a new unaccompanied trailer transport service between Antwerp and London. This new service which enables the transport of complete trailers – wheels, flatbeds and container loads – is fast, efficient and has a very low carbon footprint. It can operate over



long distances such as from Belgium, Germany or Eastern Europe. A successful test run transporting goods for the Vauxhall group was conducted in May over almost 400 km – the distance between Antwerp in Belgium and Barking in the UK – to the complete satisfaction of Europorte Channel's logistics customers, Ewals Intermodal and Ewals Cargo Care. A set of wagons specially designed for this type of service travelled through the Channel Tunnel and along High Speed 1. Europorte Channel plans to make this a regular service in the future, removing thousands of trucks from the roads. Such a success demonstrates the importance of rolling motorways, starting with the leader: the Channel Tunnel itself. Rolling

motorways are key to developing a new approach to rail freight.

CIFFCO - facts and figures

The Côte d'Opale International Centre for Rail Training (www.ciffco.com) provides mainly from its premises in Coquelles, dedicated training to the rail industry for the French rail network and for other networks.

Since its launch on 2 February 2012:

- 186 trainee freight train drivers have been welcomed by CIFFCO in 15 "waves".
- driver training duration from 7 to 9 months between the training centre and the rail operator's own site.
- 12,768 training days (driving but also maintenance of rolling stock and infrastructure) given to 554 trainees.
- the centre also monitors continuous professional development for certain rail operators: 451 training certificates were delivered by CIFFCO equivalent to 640 training days provided by operators' internal trainers supervised by CIFFCO.
- main rail training client: EPF, VFLI (subsidiary of SNCF), CEF (Alstom), Eurotunnel, Socorail, Colas, ATIF, SNCF and Lamblin.

On 18 July 2012, just a few days before the start of the London 2012 Olympic Games, the Olympic Torch Relay will arrive at the Channel Tunnel in Folkestone.

Eurotunnel are delighted that the organisers of the Olympic Torch Relay have chosen the Channel Tunnel as one of the emblematic locations that the Torch will visit on its 8,000 mile journey around the UK spreading the message of peace, unity and friendship. The Channel Tunnel is recognised as a vital link between people and was nominated as one of the biggest engineering feats of the last century and one of the Seven Wonders of the Modern World. To welcome the Olympic Torch at the iconic Channel Tunnel Terminal in Folkestone during its historic journey is a great honour. The Olympic Torch then continues its journey with Eurotunnel, culminating in the Torch being carried along one of the nature trails at Samphire Hoe, the 30-hectare nature reserve constructed from the spoil extracted from below the Channel during construction, and which is now a haven of biodiversity.



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