

Eurotunnel on Track

March 2012



Letter to Groupe Eurotunnel SA
shareholders



Dear Shareholders,

The Board has decided to propose a **doubling of the dividend** for your approval at the forthcoming general meeting of the company of 26 April 2012.

Three years ago, we committed to a dividend policy. The **2011 results**, summarised overleaf, as well as the outlook enable us to maintain our commitment, as part of a long-term sustainable policy, to return value to you.

This is not the only step that has been taken to show our vigilance on your behalf:

- The remaining **warrants** to subscribe for shares, given free of charge to shareholders who had taken part in the 2007 exchange offer, have almost all been exercised. The very clear structure of the capital, a **market capitalisation of €3.6 billion** (as at 29/02/12), the fact that the Group share is now followed by 18 analysts (of whom 14 give a positive recommendation), the inclusion of the GET SA share in 8 of the most important stock market indices all illustrate the changes over the last few years;

- We bought back **€40M worth of our own shares** this year, taking the accretion since 2007 to 8.5%: we withdrew from circulation (or decided not to issue) 52 million shares;

- We bought **€132M worth of notes** issued as part of the securitisation of our debt, with an actual face value of €147M, a discount of around 11%. This discount does not result from holders doubting our ability to repay – quite the opposite! – but rather from the fact that some of them have a real need for cash. If such opportunities arise in the future, we shall continue to seize them.

This leads me to give you an update on our debt in respect of which I have no hesitation in saying that it does not present any issue: its "net" value, i.e. taking into account the loan notes we have bought back, is only €3.61 billion. **The interest payments are stable at €211M** to compare to our EBITDA of €403M. And finally, another positive indicator is our gearing* ratio which is currently 56.4%.

So, **should we refinance this debt?** Again, let us be clear: we have no obligation to do so; unlike some, we are not facing an insurmountable "wall of debt". Thus, to refinance would only make sense if we could obtain better rates. But, what do we notice when we look at infrastructures with a Baa2 rating like ours which have launched into this process because they had no choice? They ended up with worse terms!

Therefore only one conclusion can be reached: to improve our position in any negotiations with lenders, it is essential that we **improve our rating** (precisely the opposite of what is happening to some countries!).

Our current results and, I hope, our future ones, should enable us to seriously contemplate this.

The reasoned development that we have undertaken in rail freight with **Europorte, whose success is tangible**, should help us towards this.

SeaFrance's liquidation and the consolidation taking place amongst ferry operators should inevitably lead to a gradual increase in all cross-Channel crossing prices. This is why we are considering the acquisition of the three SeaFrance **ferries**. The **inter-operability** that we had established with this subsidiary of SNCF was useful to us. Beyond that, the cross-Channel market is not a monolith: it is segmented into sub-markets, some of which, for various reasons (dangerous goods, size, extra-long trucks) cannot or do not want use the Tunnel. It is right that we should be interested and seek to promote competition. The timetable is in the hands of the liquidator and the ship broker he has chosen. We have an investment vehicle created for this purpose which, should it proceed with the acquisition, would then hire out the ferries to a separate operating company. I will of course keep you informed of developments in this matter which has a major impact on the Calais area.

Finally, changes have been made to the composition of your board. **Henri Rouanet** who has been a steadfast support of the transformation of your Group and has chaired with great skills the safety and security committee, considered that, as his term of office was expiring and could not be renewed, his successor should be involved from the start of this new year. The Board has accepted his resignation and expressed its most heartfelt gratitude for his exemplary input. The Board appointed a British foundation shareholder, **Lord Peter Levene** (see overleaf). The safety and security committee will now be chaired by Jean-Pierre Trotignon.

As I have already had the opportunity to say, all systems are "go" despite a still uncertain economic climate. This year should benefit from two exceptional events: **the Diamond Jubilee of HM Queen Elizabeth II** and the **London Olympic Games** at the beginning of June and end of July.

I will no doubt have the opportunity to talk about this again and I hope to see many of you in Coquelles on 26 April to approve the doubling of the dividend.

Yours faithfully,

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

Jacques Gounon,
Chairman and Chief Executive

* this corresponds to the long term debt to tangible asset ratio

FOCUS ON THE 2011 ACCOUNTS*

On 29th February, the board of directors finalised the Group's consolidated accounts for the 2011 financial year which were certified by the statutory auditors and show a net result for the 2011 financial year to be a **profit of €11 million** (2010: loss of €58 million).

Revenue for 2011 **increased markedly (+16%)** to €845 million. After restatement for inclusion of GBRf's revenues of €28 million for the first five months of 2010 – this subsidiary having joined the Group at the end of May that year - the consolidated revenue for the Group for 2011 nevertheless increased by 11% (€87 million), as a result of **growth in activity** for both the **Fixed Link** and **Europorte** (€54 million and €33 million respectively).

Operating costs have been closely managed. At €159 million for Europorte, they include the costs of recruiting and training around a hundred drivers. As for the Fixed Link, savings on insurance premium following the launch of the SAFE stations and load factor improvements have led to another reduction of 2% to €292 million.

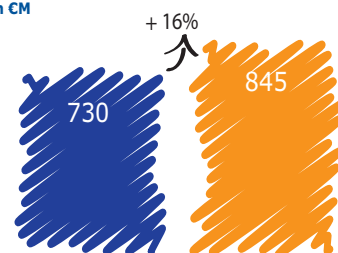
The **operating margin** and the **trading profit increased** by €70 million to €403 million and €247 million respectively. The amount of **interest paid** remained relatively **stable** at €211 million. The Group continues to generate **significant free cash flow** (€132 million).

After the purchase of the loan notes at a discount (€128 million), share buyback (€40 million), payment of 2011 dividend (€21 million), investments (€98 million), there remains €276 million as at 31 December 2011.

For more information, please refer to our announcement of 1st March 2012 available on the Group's website www.eurotunnelgroup.com.

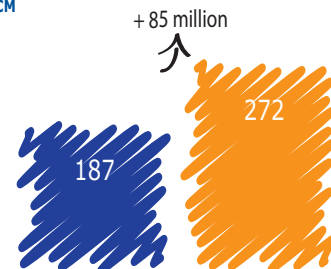
Revenues

In €M



Operating profit

In €M



*All amounts and comparisons are expressed at a constant exchange rate of £1 = €1.148.



2012 GENERAL MEETING

Thursday 26 April 2012 at 10 a.m. (local time) in Coquelles.

Take an active part in the life of the Group: please VOTE!

If you are a **registered shareholder**, you will receive the notice of meeting and personalised voting form at your home address without having to request them.

If you are a **CDI holder** and have signed up for **electronic communications**, you will receive a notice of availability giving you **all the information** you require to take part.

If you have opted to receive **hard copy documents**, you will receive the notice of meeting and personalised voting form at your home address without having to request them.

If you hold your **shares in bearer form**, please note that banks have a legal obligation to make available to shareholders who so request, all documents relating to the general meeting (per article 322-4 of the French market authority (AMF) Regulations and article R.225-85 of the French commercial code). Contact your bank and request the notice of meeting, voting form and certificate of holding.

For more information, please go to our **dedicated general meeting page on our corporate website**: www.eurotunnelgroup.com.

Recorded highlights of the general meeting will be available on our website.



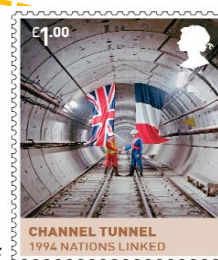
Lord Levene becomes a Board member

Lord Peter Levene was appointed by the Board as director on 29 February 2012 following the resignation of Henri Rouanet. Mr. Rouanet has been appointed honorary chairman of the Safety and Security Committee of the Board of which he was chairman until his resignation.

Lord Levene has supported Eurotunnel from the start, being a Foundation Shareholder. He brings to the Board his extensive experience in banking, business and government.

Diversity on the Board is also strengthened by this appointment: now over a third of board members are not French nationals.

The Channel Tunnel is honoured by being selected as one of four milestones during the reign of the House of Windsor in a first-day cover issued by Royal Mail on 2 February 2012 in the Diamond Jubilee year of HM Queen Elizabeth II.



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To further help our economy drive and to protect the environment, On Track is now only sent electronically to shareholders who subscribe to our email alert service. It remains available on the Group's website. If you have not yet registered to receive email alerts, please do so without delay so as to continue to receive all information regarding the business of Groupe Eurotunnel.