Eurotunnel
2004
Summary Annual Report

Moving forward

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It is now ten years since Eurotunnel began transporting people and goods through the Channel Tunnel between England and France.

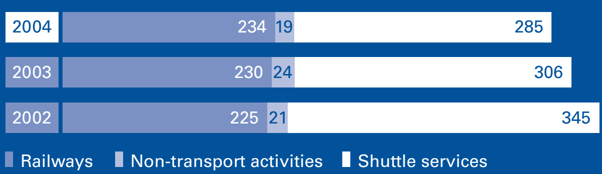
The Group operates a fleet of 25 shuttle trains which carry cars, coaches and trucks using a transportation system unequalled for reliability and frequency.

Eurotunnel manages the infrastructure of the Channel Tunnel and receives toll revenues from other train operating companies whose trains pass through the Tunnel.

The British and French governments have accorded Eurotunnel a concession to operate the Channel Tunnel until 2086.

Key figures

Operating revenue (£m £1=€1.466)



Operating profit (£m £1=€1.466)

Net interest charges (£m £1=€1.466)

Net results £m*

* at exchange rate applicable for each year
** including £395m impairment charge
***including £1,300m impairment charge

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Chairman's letter to shareholders

Jacques Gounon
Chairman of the Joint Board of Eurotunnel, Chairman of Eurotunnel plc and Chairman of Eurotunnel SA

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2. Improve the operating margin

3. Build a viable financial structure

Dear Shareholder

For several years, Eurotunnel has faced serious economic problems. The year 2004 has confirmed this trend and the approach of looming financial deadlines makes the situation even more worrying.

A difficult context

Faced with persistent difficulties in the cross-Channel passenger market and the price war instigated by the competition, Eurotunnel has encountered new constraints in 2004. Traffic and revenue have both declined and operating margins have been eroded.

At the same time, the problems Eurotunnel encountered trying to open negotiations with its many and varied creditors cast a shadow over the Group.

The heavy consequence for the shareholders has been to see the share price continue to fall.

The new Joint Board of Eurotunnel first conducted a review of the strengths and weaknesses of the Group and then launched, during the summer, a search for solutions to improve the operating margin by £70 million to compensaate the anticipated loss of guaranteed payments from the railways in 2006 (MUC). This improvement is a prerequisite for recovery.

As a result of these studies, and with the help of some 150 managers and staff, Project DARE was initiated. This project has brought about a major operational and commercial reorganisation. Its objective is to bring to an end the continuous decline in traffic, in revenue and, above all, in operating margin. It sets out to demonstrate the value of the exceptional advantages of the Eurotunnel service. It adjusts operational capacity to market demand, it will significantly reduce costs associated with subcontracting and administrative functions. As a result there will be social consequences of the plan. These have to be minimised.

The basis of recovery

Even taking into account the problems at the port of Calais, the first months of 2005 appear to validate the strong foundation of this new approach: relations with Freight Shuttle customers have been improved on a sound commercial footing: as a result of the new operational organisation launched on 3 January, the transport capacity has been adapted to demand and our load factors have noticeably increased.

In a market which is more complex, the same method of analysis and proposition has brought a new commercial orientation to the Passenger Shuttle Service. The new approach will be launched in the middle of 2005 and we anticipate an improvement in results.

A process for negotiating with the Staff Representatives has been reached which gives them the opportunity to conduct a profound and independent analysis of the situation of the Group. This same approach sets the framework in which the discussions on the necessary flexibility in working practices in the new operational structure of the Group will be held.

Since 7 April 2004 and throughout the first months of 2005, a new kind of relationship has been developed between the Group and its shareholders. New channels of communication have been opened and the role of the shareholders' committees has been re-established.

Chairman's letter to shareholders

Another example is that, for the first time in Eurotunnel's history, the Joint Board has decided to hold the annual general meeting near to the terminal in Coquelles. This decision will give the opportunity to shareholders to visit Eurotunnel's installations, to take in the magnitude of the Eurotunnel system of transport, and to get close to their company.

Renegotiating the debt

Project DARE is the foundation upon which the recovery of Eurotunnel can begin, its conception and launch have been made possible by the staff of Eurotunnel, but its completion requires, in addition, the support of shareholders.

These efforts and this support will only bear fruit with the completion of a financial restructuring which guarantees the future of the company, of those that bring it to life and of those who still believe in its future.

The Joint Board of Eurotunnel has set itself to the complicated issue of the debt, carrying out detailed studies and seeking innovative solutions, exploring all possible scenarios and strengthening contacts with our major partners and the governments.

When I became Chairman of the Joint Board of your company, in mid-February, I felt that it was essential for me to personally take charge of Eurotunnel's recovery. The Joint Board has given me this particular responsibility.

It is within this framework that I undertook to negotiate the terms of the request for the "waiver" to the Credit Agreement which the Board agreed unanimously and which we sent to the creditors at the beginning of April.

On 20 April 2005 we received from our creditors the agreement to this request. The negotiations will now begin. They will certainly be long and complex but I will conduct them with the support of the Board and with the determination to ensure the future of our company.

Reconstruct together

The Channel Tunnel is a unique work. It is one of the greatest civil engineering projects of the Twentieth Century. Since 1994, Eurotunnel has transported, between France and Great Britain, more than 160 million passengers, more than nine million trucks and more than 23 million tonnes of freight in conditions of reliability, safety, frequency and comfort which are unmatched. It has also given the major European railway networks a safe, high speed link between the two countries.

I hope that all those involved in the future of Eurotunnel: staff, creditors, governments, railways and you, our shareholders, are aware of the real challenge ahead and that each one in their own way, and within the legal framework particular to Eurotunnel, can play their part in providing a future for this emblematic company.

It is now time for us to reconstruct Eurotunnel.

Jacques Gounon
25 April 2005

Social responsibility

One company
Two terminals
3,205 staff
88,000 hours of training

Eurotunnel is a truly bi-national company with staff drawn mainly from the UK and France. Equal and fair treatment for all employees is a priority whilst respecting each country's employment laws as well as EU directives. For Eurotunnel, applying best practice across the Group is paramount.

Staff numbers
Total staff numbers have decreased over the past year from 3,312 (of which 3,285 are permanent) on 1 January 2004 to 3,205 (of which 3,187 are permanent) on 31 December 2004, largely through natural turnover.

Working hours
The weekly working hours are 37 hours in the UK and 35 hours in France.

Staff representation
Staff are represented through national structures, with a Company Council (CCO) in the UK and a Comité d'Entreprise (CE) in France, as well as through a combined European Works Council. The CCO and CE are allocated a budget of 1% of payroll for the management of welfare activities. Collective agreements have been negotiated with one union in the UK (TGWU) and with four unions in France (CFDT, CGT, CFE-CGC, FO).

Training
Eurotunnel allocated 4.2% of its payroll in order to provide 88,430 hours of training to 2,922 staff during 2004. The training strategy is based around the four key areas of safety, job skills, customer service and management.

Employment of people with disabilities
Eurotunnel is an equal opportunities employer and complies with current legislation in the UK under the Disabilities Discrimination Act (1996). In France, the company exceeds its commitments in respect of the employment of personnel with disabilities.

Health and safety
Health and safety in the workplace is co-ordinated by the Safety, Quality, Health and Environment Directorate, which reports to the Chief Executive. A Board committee is also responsible for monitoring performance. Eurotunnel has made significant progress in reducing accident rates in the workplace. The rate of frequency of accidents in 2004 (as measured by a 12-month moving average of lost-time accidents per million hours worked) was 1.05 for Eurotunnel staff and 2.0 for subcontractors. In 1999, the corresponding figures were 10.0 for Eurotunnel staff and 22.7 for subcontractors.

Freight Shuttles
Grow revenues and increase margins

For our Freight Shuttle customers it is Eurotunnel priorities of safety and reliability that set our services apart from the competition

Truck volumes (000s)

Eurotunnel carried 1,281,207 trucks in 2004, a similar result to that achieved in 2003. Eurotunnel did not benefit from the return to growth of the truck market in 2004. As a consequence of the analysis carried out during 2004 by the new Board, Eurotunnel launched, on 3 January 2005, a new commercial and operational approach for the Freight Shuttle business. The foundation of this new strategy is the true added value of the Freight Shuttle Service; the quality of service offered to our customers; the optimisation of Freight Shuttle usage and the management of operational costs.

Companies in the logistics sector and their continental European and UK based customers value frequency, punctuality and reliability in the logistics chain and need a cross-Channel service that they can rely on.

Eurotunnel's Freight Shuttles enable trucks to cross the Channel in record time (35 minutes from platform to platform, 1h 10 from motorway to motorway), 365 days per year, 24 hours a day in all weather and in unparalleled safety and security. These advantages are recognised by our customers.

Improvement to service for regular customers

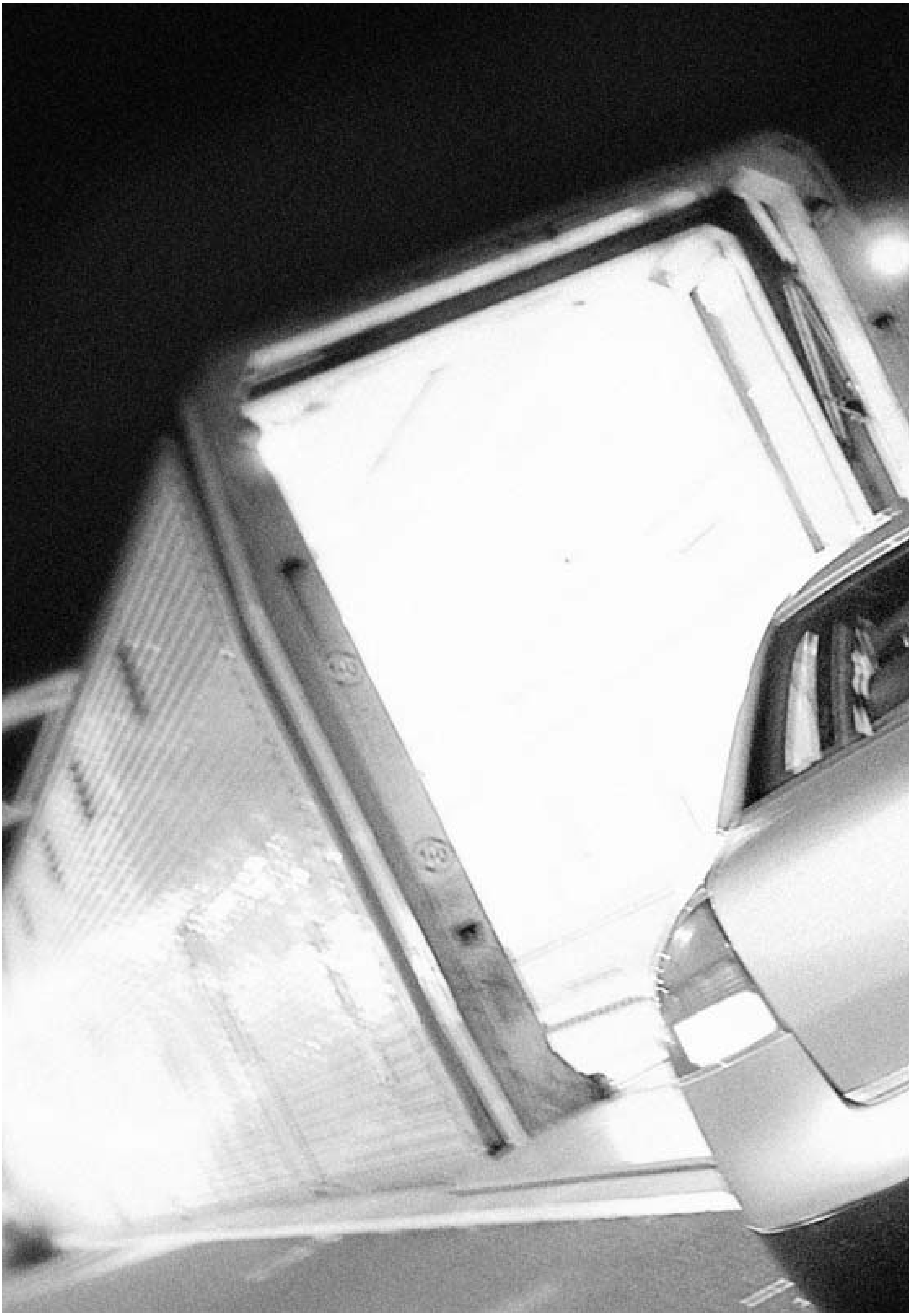
In the past, the benefits provided by Eurotunnel have too often been used only as an "insurance policy" by our competitors, whose clients have used Eurotunnel when they have found themselves delayed on their journey for weather or other reasons affecting sea traffic. Several times each year, the arrival en masse, of this opportunist traffic has penalised our own regular customers, who have had to suffer delays and, as a result, have lost out on the specific benefits of being a loyal Eurotunnel customer.

The new approach improves the service to regular customers. These customers that give us a daily forecast of traffic, have priority access to the service. Price is set according to the contracted volumes and the reliability of forecasts.

The approach also dissuades transporters who use the ferries from viewing Eurotunnel as their insurance when the ports are not operating. Transporters who do not provide forecasts of traffic are required to pay a standard price and to wait for space to become available. This allows Eurotunnel to differentiate the service provided to regular customers by ensuring their vehicles are given priority. For 2005 the standard price for a non contract haulier is based on the costs of providing extra capacity. For non forecast hauliers, there is one departure every six hours.

Freight Shuttle revenue and cost optimisation

This new approach allows customers to evaluate the Eurotunnel product on the basis of criteria other than the price of the crossing. It also allows us to reduce unused capacity. The reduction in capacity offered since the beginning of January 2005 is approximately 15%, meaning that the number of departures is just over 60,000 per year. This matches capacity to demand, and significantly improves load factors whilst also reducing operating costs.



Passenger Shuttles

Customers choose Eurotunnel for speed and reliability

The new approach secures competitive advantage, improves value for money and aligns operational capacity to market demand.

Car volumes (000s)

Coach volumes (000s)

The shorts straits passenger market was the centre of fierce competition during 2004. New operators and increased activity from low cost airlines meant a decline in the car market of 6% and in the coach market of 4%.

The new passenger strategy which will be launched for the second half of 2005 is the result of a detailed review and reflection on the cross-Channel market and the Eurotunnel proposition.

Three key variables have been identified as critical to differentiating the shuttle service from other cross-Channel carriers: the product, the price and the capacity.

Product – Securing Eurotunnel's competitive advantage

Customers are attracted to the simplicity and flexibility of the Passenger Shuttle service. These strengths must be maintained and developed. The goal is to improve the customer experience at all "touch-points", online, onsite and onboard. The website will be re-launched, making it faster, easier and more flexible. A simpler tariff system and a shorter overall journey time from motorway to motorway will complete the package.

Price – Improving Eurotunnel's value for money

A new pricing model is being developed. It will be based on the same supply and demand principles that have proven successful in the airline industry. Competitively priced tickets will be on offer for a range of customer segments including the traditional holiday makers, short breakers and day trippers. The new pricing model will also help to extend Eurotunnel's appeal to a broader range of cross-Channel travellers.

Capacity – Aligning Eurotunnel's operations with market demand

Eurotunnel aims to improve load factors and at the same time reduce costs and increase ticket yields by aligning operational capacity to market demand on an hour by hour basis.

Eurotunnel will continue to run up to four departures per hour at peak, and will reduce the capacity off peak. The capacity will, therefore, be variable as a function of market demand. Extra capacity will be available to bring into service at short notice when required.

The new strategy has been tested with both existing and potential customers and has been very well received. It will be put in place from mid 2005.

Railways
A sector with growth potential

Eurotunnel manages the infrastructure of the Channel Tunnel and assures the passage of Eurostar (passenger trains), SNCF and EWS (rail freight trains). It receives toll revenues from these railway operators.

Eurostar passengers (000s)

Rail freight tonnage (000 tonnes)

Eurostar

The opening of the first part of the high speed line between Folkestone and London (the Channel Tunnel Rail Link) on 28 September 2003 increased the number of passengers carried through the Channel Tunnel aboard Eurostar trains. This is due to the reduction in the journey time and the increase in reliability of the trains. This improvement, visible since 2003, has continued throughout 2004 with 7,276,675 passengers in 2004, an increase of 15% over the previous year. The opening of the second phase is planned for 2007.

Eurostar has announced that once the new line is open, it intends to close the terminus at Waterloo and concentrate its traffic on St Pancras.

2007 will also see the inauguration of the high speed line between Brussels and Amsterdam, thus giving Eurostar the opportunity to greatly enlarge its market by developing a direct service from London to Amsterdam via Brussels.

Goods trains

The amount of freight transported through the Tunnel on goods trains increased by 8% to reach 1,889,175 tonnes. However, the growth was slow in the first half year and stagnant in the second. Traffic volumes are still only 60% of levels achieved in 1998, before the illegal immigration crisis reached its peak.

The capacity of the Tunnel for the passage of goods trains remains substantially under-utilised and the absence of a serious European policy on rail freight is notable.

Revenues coming from passenger and goods train activity are guaranteed under the Minimum Usage Contract by SNCF, EWS and Eurostar. This agreement remains in place until the end of November 2006.

Europorte 2, Eurotunnel's railway operating subsidiary

Europorte 2 has obtained from the French authorities, a Rail Operators Licence, valid for the international transportation of goods on the tracks of RFF belonging to the Trans-European Rail freight network. Europorte 2 has also obtained the paths and the safety certificates necessary. In the context of the opening of international rail freight traffic to free competition, Europorte 2 can become one of the first independent rail freight operators in France.

Shareholder information, our priority

Shareholder democracy
The construction of the Channel Tunnel was built thanks to funds mobilised by individual shareholders, without any public money.

For our original shareholders, the hopes of making a return on their investment have not been realised. The construction costs were vastly superior to the original cost estimates and the optimistic traffic forecasts were found to be inaccurate. Over the years, the level of debt has reached considerable proportions, and the interest on the debt exceeds the operating profit.

At the same time, the Group's revenues have declined and margins have reduced, without a serious review of the competitive advantages of Eurotunnel's shuttles. This situation led to the removal of the Board of directors by its individual shareholders on 7 April 2004.

As a result of this unprecedented expression of shareholder democracy, the new Board and the new management set three principal objectives: to entirely review the commercial and operating approach in order to fully maximise Eurotunnel's assets, to create the most favourable context for the financial restructuring, pursuing negotiations with the aim of preserving shareholders' interests as much as possible and, finally, to make Eurotunnel a reference for shareholder democracy. That is to say, in the spirit of the changes of 7 April 2004, keep Eurotunnel's hundreds of thousands of individual shareholders more clearly and fully informed on the life and the future prospects of their company.

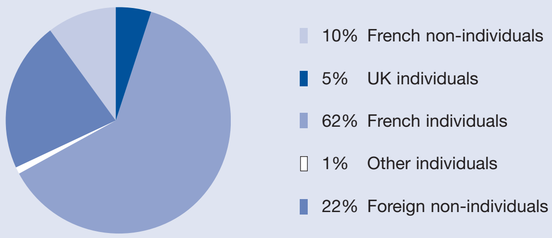
To this end, the information channels available to shareholders have been enhanced in the following areas, in order to better meet expectations:

- the shareholder information centre is available to answer general enquiries by telephone, fax, letter and email from Monday to Friday, 09h00 to 17h30:
  Shareholder Information Centre
  PO Box 302, Folkestone, Kent CT19 4QZ,
  Tel: 08457 697 397
  Email: *shareholder.info@eurotunnel.com*

- a shareholder database has been built, grouping together over 10,000 email addresses. Shareholders who have signed up to the database benefit from regular and inexpensive news updates.

Shareholder consultative committees
The UK and French shareholder consultative committees which advise the company on its communications policy with its individual shareholders have been relaunched. The committees are made up of nine members in the UK and 12 in France. Each member must have held at least 1,000 shares for a minimum of three years. One-third of the members is replaced each year.

Shareholder analysis



Committee meetings are held four times a year, in the presence of the Chairman, to advise on shareholder communications, to review performance in that area and to be the voice of the 800,000 Eurotunnel shareholders.

Shareholder telephone conferences
Telephone conferences have been held to promote a live dialogue between Eurotunnel's management and its individual shareholders.

Eurotunnel website
Eurotunnel's website has a dedicated section for shareholder information. It is planned to renew and improve the website in the second quarter of 2005.

Other developments for 2005
Other shareholder communications developments in 2005 include an electronic shareholder newsletter, a recorded news message via the shareholder information line, and regional information meetings in France.

Annual General Meetings
The Annual General Meeting of Eurotunnel plc and Eurotunnel SA will take place, on first convening on 17 June 2005 in Coquelles, Pas de Calais. If a quorum is not achieved, the meetings will be reconvened to 1 July in Coquelles. Notice of meetings and voting forms will be sent to registered shareholders, *and will also be published in the press and on Eurotunnel's website.* Please visit the "Company information" section at **www.eurotunnel.com** for further information.

UK share register
For information on your shareholding or to register change of details, please contact Computershare Investor Services plc, Registrar for Eurotunnel plc, Po Box 82,
The Pavilions, Bridgwater Road, Bristol, BS99 7NH
Tel: 0870 703 00 39
Fax: 0870 703 6103
Email: *web.queries@computershare.co.uk*
If you wish to view your shareholder details online, this can be done by visiting Computershare's website at the following address: *www.computershare.com/uk/register/eurotunnel*

Travel privileges

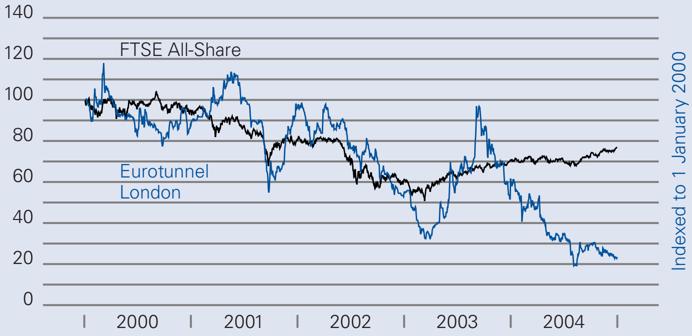
All registered shareholders holding a minimum of 1,000 units, in one account, in certificated form, for at least three months, are entitled to a 30% discount applicable on three return (or six single) journeys per year on the standard car fares. For further information or to apply for the discount, contact the shareholder information centre, or visit Eurotunnel's website.

Company news by email

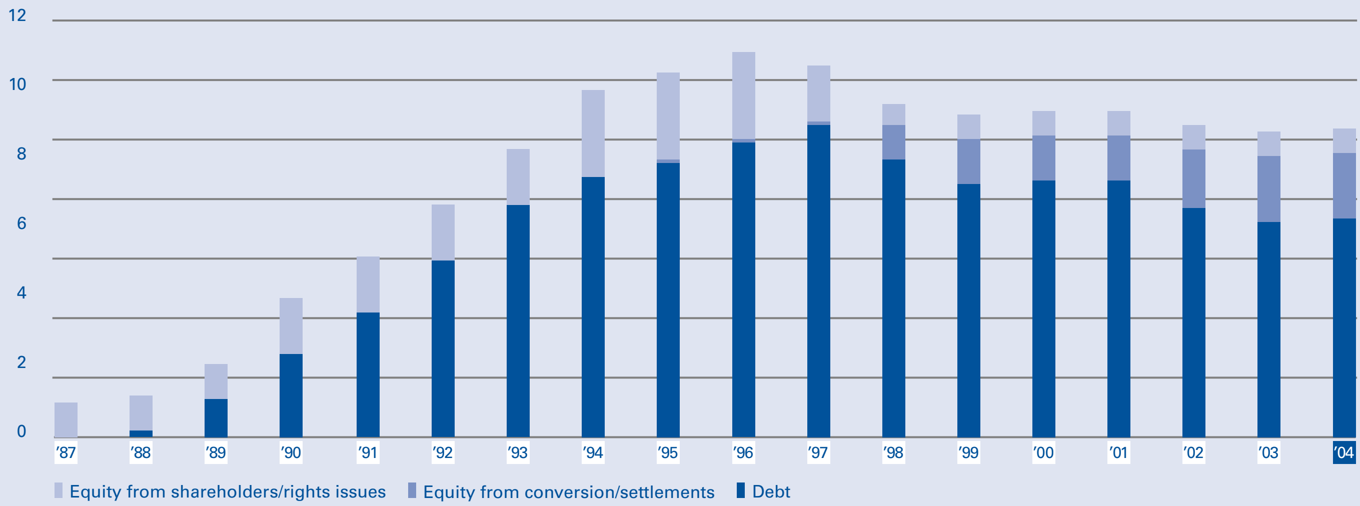
Receive shareholder diary dates – forthcoming results announcements, shareholder telephone conferences, regional information meetings, Annual General Meetings.

To receive company news by email, register your email address by:
Internet: *www.eurotunnelnews.com/uk*
Email: *info@eurotunnelnews.com*
Fax: 01303 28 86 89
Or contact the shareholder information centre.

London share price



Capital structure 1987 – 2004 (£bn)



Above graph shows the evolution of Eurotunnel's capital structure at the end of each financial year from 1987 to 2004.
The debt (which excludes accrued interest) has been restated at a constant exchange rate of €1.418, whilst equity (issued share capital plus share premium account) is stated at the balance sheet exchange rate ruling at each year end.

Corporate governance

The Joint Board supports the principles set out in the Combined Code on Corporate Governance published in the UK in July 2003 following the Higgs Report. The Group complies with the main recommendations of the Viénot and Bouton Committees published in France in 1995, 1999 and 2002. Although the Group has not been in compliance with all the provisions of the Combined Code throughout the year, the Joint Board intends to review the extent of its compliance with the Combined Code during the current financial year.

The members of the Joint Board*

- **Jacques Gounon** (51), member of the Joint Board since 17 December 2004; Chairman of the Joint Board and of ESA, EPLC, FM and CTG since 18 February 2005.
- **Jean-Louis Raymond** (63), member of the Joint Board since 7 April 2004; Chief Executive of the Eurotunnel Group and of ESA and FM; Chief Executive of EPLC and CTG; Permanent representative of FM as *President* of ESGIE; Director of EFL, ESL and ETRL.
- **Hervé Huas** (51), member of the Joint Board since 7 April 2004; Director of Foresight Investment; Chairman and Chief Executive of TravHealth SA; Director of EFL, ESL and ETRL.
- **ADACTE** (Association de la Défense des Actionnaires d'Eurotunnel) represented by Joseph Gouranton, its Chairman (68), member of the Joint Board since 7 April 2004.
- **Robert Rochefort** (49), member of the Joint Board since 7 April 2004; Chief Executive, CREDOC (Centre de Recherche pour l'Etude et l'Observation des Conditions de vie).
- **Henri Rouanet** (72), member of the Joint Board since 4 March 2005; Préfet de Région Honoraire; member of the Interministerial Commission for the Coordination of Controls on operations co-financed by European Structural Funds (CCIC).

*All members of the Joint Board are directors of EPLC, ESA, CTG and FM.

The Joint Board

From 1 January until 7 April 2004, the Joint Board comprised 11 directors. During ESA's Annual General Meeting on 7 April 2004, the shareholders removed the directors and elected six new directors who constituted the new Joint Board. Following Pierre Cardo's resignation, Jacques Gounon was co-opted by the Joint Board on 17 December 2004. Following Jacques Maillot's resignation, Henri Rouanet was co-opted by the Joint Board on 4 March 2005. Both appointments will be subject to ratification during ESA's forthcoming annual general meeting and all the directors will be subject to election by the shareholders during EPLC's forthcoming annual general meeting. Thereafter, each director is subject to re-election at least every three years.

The Joint Board is currently formed of six directors, one of whom has executive functions within the Group. The Joint Board has decided to directly consider the following areas: strategy, debt renegotiation, communications, investor and shareholder relations. It has given to its Chairman the operational responsibility for those areas.

The Board considers that only Robert Rochefort and Henri Rouanet are independent non-executive directors as defined by the Bouton Report and the Combined Code. Jacques Gounon, as Chairman, is not independent and Hervé Huas, having been an executive director is not considered independent. Although non-executive, ADACTE is not considered to be an independent director in view of its object (defence of individual shareholders).

The Joint Board met 16 times in 2004.

The Joint Board as well as each of its committees operate within a structure where the roles and responsibilities of the Chairman of the Joint Board, the Chief Executive of the Group and the non-executive directors are clearly and formally defined, in particular in the Internal Procedures of the Joint Board, applicable to the boards of directors of ESA, EPLC, FM and CTG. The roles of Chairman and Chief Executive are separate as contemplated by the Statuts of ESA and the Articles of Association of EPLC.

Since 7 April 2004, in view of the important issues the Board has to consider, the Board has not devoted time to undertaking an annual evaluation of its own performance, that of its committees nor of individual directors. The Joint Board intends to re-establish such procedures for the current financial year.

Upon nomination, the Board maintained the Audit Committee and the Security, Safety and Environment Committee. Whilst for some time, the Nomination and Remuneration Committees were without members, their missions were assumed by the Joint Board. They were reinstated after 31 December 2004.

Preparation and organisation of the work of the Joint Board

Eurotunnel's management structure operates under the ultimate authority of the Board, which consists at present of the Chairman of the Board, the Chief Executive and four non-executive directors. They are all also directors of the Board of ESA, EPLC, FM and CTG. Jacques Gounon is non-executive Chairman of the Joint Board and of ESA, EPLC, FM and CTG; Jean-Louis Raymond is Chief Executive of the Joint Board, of ESA, EPLC, FM and CTG.

The Joint Board meets at least eight times a year, in France or in the UK, and each committee meets at least three times a year (except for the Nomination and Remuneration Committees which meet whenever the need arises).

Committees of the Board

Committees of the Joint Board, composed entirely of non-executive directors, meet to consider specific areas in more detail, subject always to the Joint Board's overall responsibility. The Board can also give mandates to individual directors.

The Audit Committee

Chaired by Robert Rochefort (independent non-executive director), it also comprises two further non-executive directors, Jacques Gounon and ADACTE.

The Committee monitors the adequacy of the financial information reported to shareholders, monitors the Group's internal controls, reviews the effectiveness of the internal audit function and provides a forum for communication between the Board and the internal and external auditors.

The Remuneration Committee

Chaired by ADACTE, it also comprises two further non-executive directors, Robert Rochefort and Jacques Gounon.

The total amount of directors' remuneration for the year ended 31 December 2004 was £788,808. Details of the remuneration of each director can be found in the Directors' Remuneration Report included in the 2004 Report and Accounts.

Remuneration policy

The remuneration policy of the Group in respect of the directors, the Chief Executive, the Deputy Chief Executive and senior executives is as follows:

- to put in place a framework of remuneration to attract, motivate and retain the high calibre executive personnel needed by the Group;
- to develop a total remuneration package which is cohesive between the UK and France, whilst taking into account differences in practice, where appropriate;
- to reflect through the remuneration system the importance of sustained improvement in the Group's performance, in both the short and long term; and
- to set salaries in line with competitive market practice and to reward superior performance through performance-related payments. Such performance is assessed against Eurotunnel's four operating principles of total safety, customer service, teamwork and financial performance.

The Nomination Committee

Chaired by ADACTE, it comprises two further non-executive directors, Robert Rochefort and Jacques Gounon. The Committee is responsible for making recommendations to the Board on all new Board appointments.

The Safety, Security and Environment Committee

Chaired by Jacques Maillot up until his departure, it is currently chaired by Henri Rouanet (an independent non-executive director). It comprises two further non-executive directors, Jacques Gounon and ADACTE. The Committee receives monthly reports and monitors the production of safety related documentation, the development of operating rules and the organisation of safety and the safety of operations as well as security and the impact of the Group's activities on the environment. The Safety Director has direct access to the Chairman of the Committee.

The Chairman of the Joint Board (to the extent he is not a member), the Chief Executive of the Group, as well as any employee or person, may attend committee meetings at the request of the Chairman of the relevant committee.

On 18 November 2004, at the request of the members of the Joint Board, in view of the complex situation faced by the Eurotunnel Group and the important issues to be considered, the Paris Commercial Court appointed Me Régis Valliot for a six-month period as mandataire ad hoc.

On 31 March 2005, following the combined request of the Joint Board and Me Valliot, the Paris Commercial Court terminated his appointment.

In addition, the Board has also sought the services of Me Alain Géniteau as external legal adviser to the directors in respect of their duties as directors.

Environmental responsibility

Since the conception of the Channel Tunnel, respect for the environment has been one of the principal preoccupations of Eurotunnel.

Today, the only legacy of the construction period is the modified landscape at Fond Pignon in France and at Shakespeare Cliff in England. These zones, managed respectively by the Conservatoire du Littoral and the White Cliffs Countryside Project have become nature reserves which protect a variety of plant and animal species. The monitoring of the flora and fauna on and near the terminals bears witness to the healthy preservation of the natural habitat and to the ecological balance of the two sites.

In 2004 the Group continued and expanded the environmental policy first laid out more than ten years ago. For Eurotunnel, the respect for the environment is now a well-established value.

Environmental priorities

During the year 2004, Eurotunnel renewed the priorities set in 2003 and continued their implementation: optimisation of energy management, environmental monitoring and the treatment of waste and the prevention of pollution.

Sorting and treatment of waste – preventing pollution

The programme of sorting and treatment of waste materials continued in 2004. A poster campaign about recycling waste allowed us to share with the staff the positive results achieved and to put an emphasis on further improvement opportunities. An information campaign has encouraged staff to use an electronic library to reduce paper consumption.

Actions to reduce or prevent pollution in the air and in water have been maintained. The culmination has been the use of a special "low dust" train for grinding the rails, consequently improving the quality of the air.

Energy management

In 2004 Eurotunnel reinforced the policy of encouraging energy conservation and developed the utilisation of renewable energy by putting in place a specific organisation composed of the following elements

Energy Group: centralises the consumption of water, electricity, gas and fuel and manages all the contracts related to energy usage.

Energy Saving Committee: develops strategy relating to energy saving and is the originator of several new initiatives such as an energy audit, an investment programme, and an Eco-energy website.

The following demonstrate the active role Eurotunnel plays in achieving the objectives of the Ministry of Ecology and Sustainable Development in relation to the reduction of greenhouse gases.

- Installation of remote systems for measuring electrical and hydraulic usage, in order to identify and optimise the main areas of consumption and to evaluate opportunities for economy.

- Reduction in the number of bulbs used in zones requiring low lighting – reducing by half the number of fluorescent tubes and employing automatic switch off of lights in the terminals.

- Optimisation of the use of electrical heating in the maintenance workshops, using presence detection via a centralised technical management system.

The project, by an external company, to develop a wind farm on the Coquelles Terminal is in the process of gaining administrative approval.

Conclusion

Eurotunnel has integrated its transport system and different activities with its surroundings and has continued, during the past 10 years of operations, to respect its environment.

The commitment to the environment via projects and initiatives, and the involvement of the staff, all demonstrate the desire of Eurotunnel to be an eco-friendly company.

For further information consult the 2004 Environmental Report on the Eurotunnel website at www.eurotunnel.com

Financial analysis

Intense competition in the short straits markets and continued contraction of the passenger market in 2004, have led to shuttle revenues 7% below 2003 at constant exchange rates. Operating revenue was 4% below 2003, whilst overall operating costs excluding cost of sales increased slightly. Depreciation charges decreased significantly following the impairment charge at the end of 2003, resulting in an operating profit 2% above 2003. Net interest charges decreased by 5%, resulting in a 14% improvement in the underlying result at constant exchange rates. The underlying loss in 2004 was £127 million compared to £148 million in 2003 at constant exchange rates. After an impairment charge of £395 million and other net exceptional losses of £48 million in 2004, the net result for the year was a loss of £570 million compared to a net loss of £1,334 million after an impairment charge of £1,300 million and exceptional profits of £115 million in 2003.

To make a valid comparison between 2004 and 2003 in both sterling and euros, the underlying loss for 2003 has been restated at the exchange rate used for the 2004 results (£1=€1.466) as set out in the table below.

Analysis of 2004 result

£ million	**2004 actual**	2003 restated	2004/03 % change	2003 reported
Exchange rate €/£	1.466	1.466		1.435
Shuttle Services	285	306	–7%	309
Railways	234	230	+2%	232
Transport activities	519	536	–3%	541
Non-transport activities	19	24	–23%	25
Operating revenue	538	560	–4%	566
Other income	17	18		18
Total turnover	**555**	**578**	**–4%**	**584**
Cost of sales	(3)	(9)		(9)
Operating costs	(258)	(256)	+1%	(259)
Operating margin	294	313	–6%	316
Depreciation and provisions	(123)	(146)		(146)
Operating profit	**171**	**167**	**+2%**	**170**
Net interest	(298)	(315)	–5%	(318)
Underlying loss	(127)	(148)	–14%	(148)
Exchange gains/(losses)	–			(1)
Exceptional (loss)/profit	(48)			115
Net loss before impairment charge	(175)			(34)
Impairment charge	(395)			(1,300)
Net loss after impairment charge	**(570)**			**(1,334)**

Turnover

Shuttle Services revenue decreased by 7% at constant exchange rates to £285 million, principally due to the intense competition in the truck market putting continued pressure on prices and to the further decline in the passenger market reducing Eurotunnel's passenger shuttle volumes.

Railways revenue increased slightly to £234 million as a result of inflation, and remains protected until the end of November 2006 by payments under the provisions of the Minimum Usage Charge (MUC) in the Railway Usage Contract, which amounted to £67 million in 2004.

Revenue of £19 million from non-transport activities in 2004 included revenues from retail, telecoms activities and land sales.

Other income of £17 million largely comprises the release of provisions for large scale maintenance.

Total turnover for 2004 was 4% lower than 2003, at £555 million.

Operating profit

The decrease in cost of sales reflects the value of land stocks disposed of in 2004 compared to 2003. Operating costs excluding cost of sales increased slightly compared to 2003 with increased annual general meeting costs, higher electricity costs and maintenance costs for rolling stock (acceleration of mid-life refit of shuttle fleet) and infrastructure, more than offsetting reductions in other areas.

Depreciation decreased by £24 million largely due to the impairment charge of £1,300 million at the end of 2003.

The operating profit improved by 2% at constant exchange rates to £171 million.

Net interest charges

At £298 million in 2004, net interest charges were 5% below 2003 at constant exchange rates. During January 2004 more than £4 billion of debt passed from fixed to variable rates of interest. After taking into account charges of £59 million for the hedging contracts, the interest charge for the year reduced by £4 million at constant exchange rates. Following their conversion at the end of 2003, no interest was incurred in 2004 on the Equity Notes compared to £12 million incurred in 2003, and several small debt repurchases in the second half of 2003 and at the beginning of 2004 also served to reduce net interest charges by £2 million.

The underlying loss of £127 million in 2004 reduced by 14% compared to 2003 at constant exchange rates.

Net result

The exceptional result excluding impairment charge in 2004 was a loss of £48 million. Costs related to the operational restructuring (£6 million), refinancing (£14 million), and a charge of £36 million to cover the consequences of the implementation of the DARE plan. A net profit of £7 million was generated by the sale of fixed assets, and a profit of £2 million was generated by the repurchase of debt at a discount to its face value.

Financial analysis

The net result before impairment in 2004 was a loss of £175 million compared to a net loss before impairment of £34 million in 2003.

Impairment charge

The Group applies the methodology of IAS36 which is equivalent to UK Accounting Standard FRS11 which requires the net book value of assets to be compared to discounted future operating cash flows. The application of this method in 2004 gave rise to an exceptional impairment of £395 million. A charge of £1,300 million was made in 2003.

This impairment charge has no impact on the Group's liquidity position or its loan covenants.

The net result for 2004 was a loss of £570 million compared to a net loss of £1,334 million in 2003.

Cash flow

£ million	**2004 actual**	2003 reported
Exchange rate €/£	1.418	1.419
Net cash flow from operations	283	315
Capital expenditure (net)	(19)	(25)
Cash flow after capital expenditure	**264**	**290**
Net interest paid in cash	(281)	(278)
Other non-operating cash flows & taxation	(13)	20
Financing	(1)	(68)
Decrease in cash balances	**(31)**	**(36)**

Cash flow from operating activities in 2004 was £283 million. The majority of the reduction compared to 2003 was due to lower shuttle revenues.

Net capital expenditure fell from £25 million in 2003 to £19 million in 2004 resulting in net cash flow from operating activities after capital expenditure of £264 million. Interest cover after capital expenditure (which measures cash flow after capital expenditure as a proportion of the net interest charge due and payable) was 96%.

The £13 million net payment in respect of other non-operating cash flows in 2004 relates to expenditure on refinancing and operational restructuring.

Financing

Eurotunnel's funding falls into three main components – Core Debt, a Buffer Zone, and Shareholders' Funds.

The Core Debt totalling £4.9 billion comprises £0.4 billion of Senior and 4th Tranche Debt, £3.3 billion of Junior Debt, £0.7 billion of Tier 1A Debt, and £0.5 billion of Resettable Advances.

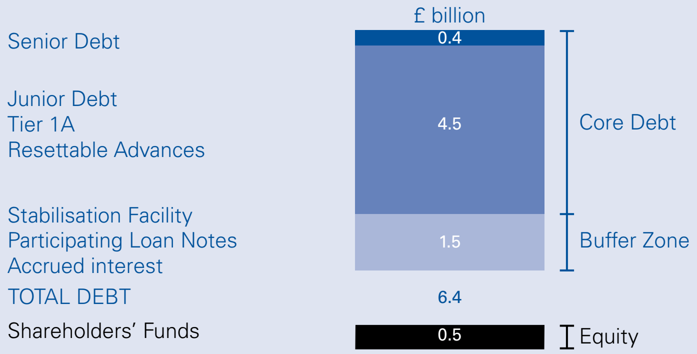
No debt repayments under the Credit Agreement are due before 2006. In the absence of any significant modification to the debt covenants, total debt repayments over the period 2006 to 2009 will total £274 million, starting with £4 million in 2006, increasing to £163 million in 2009.

The Buffer Zone of £1.5 billion includes £0.5 billion drawings under the Stabilisation Facility. The Stabilisation Advances carry 0% interest until 2006. Under the Credit Agreement, Eurotunnel, subject to the agreement of its shareholders, is able to convert the Stabilisation Advances and Notes* outstanding at the end of 2005 into Units. In order to convert the Stabilisation Advances and Notes into Units in accordance with the provisions of the 1998 restructuring, Eurotunnel will have to propose that its shareholders vote on the conversion at an extraordinary general meeting to be held before the end of 2005.

This Buffer Zone also includes £0.9 billion of Participating Loan Notes which carry 1% fixed interest until 2006.

The third component of the financing structure is represented by Shareholders' Funds, which at 31 December 2004 totalled £0.5 billion.

Financing at 31 December 2004



* Based on the £530 million Stabilisation Advances and Notes that were outstanding on 31 December 2004, such conversion would lead to the creation of 444 million new Units at a fixed conversion rate of £1.19 (at a euro/sterling exchange of €1.418). This conversion of the Stabilisation Advances and Notes would represent 15% of the total number of Units in circulation. Fully diluted share capital on this basis would be 2,990 million Units (including the exercise of stock options). In the absence of conversion and on the basis of current interest rates, an additional financial charge of approximately £27 million a year would be payable by the Group from 1 January 2006.

Financial situation

Operational restructuring – project DARE

In June 2004, Eurotunnel commenced an in-depth review of the financial and operational aspects of each of the Group's activities. Project DARE will contribute to the recovery of the company. A key element of this project is to increase margins from the core shuttle businesses by better aligning capacity to demand. The reduction in surplus capacity, additional reductions in administrative costs and a complete review of subcontractor and supplier contracts, will give rise to cost savings. The implementation of project DARE commenced in November 2004; the full benefit of this plan is anticipated to impact from 2006. A provision of £36 million has been made in the 2004 accounts for the consequences of this on staffing levels and for the early termination of certain subcontracts.

Forecast cash position

The financial consequences of the forecasts prepared in the light of the 2004 results and the current outlook for the Group, taking into account the consequences of project DARE, are as follows:

- During 2005 the cash flow position remains protected by the mechanism by which interest that cannot be paid in cash can be settled by way of Stabilisation Advances up to a limit of £60 million. Taking into account the risks, especially those associated with the implementation of DARE, either financial or operational, the cash flow position remains subject to certain uncertainties. On the basis of the latest operating forecasts available at the date of the accounts, the amount of un-used Stabilisation Advances should allow sufficient cash up until the end of 2005, on which date the level of available cash is projected to be equal to the Permitted Float of £25 million (this is the maximum amount of cash that may be held by the Group as defined in the Credit Agreements).
- In 2006 the Group will no longer benefit from the Stabilisation Advances, rendering the cash flow position more vulnerable particularly at the end of January and July 2006 because of the interest payments due under the current Credit Agreements.
- From the first half of 2007 Eurotunnel will not be able to meet its contractual debt repayments.
- The cash flow forecasts are based on assumptions that the Group considers to be both reasonable and realistic. The forecasts assume the conversion of the Stabilisation Advances and Notes into Units by 1 January 2006. In the absence of this conversion and on the basis of current interest rates and the Stabilisation Advances and Notes as at 31 December 2004, an additional financial charge of approximately £27 million a year would be payable by the Group. Furthermore, significant disruptions to the operations of the Group or events that are unforeseeable or unquantifiable at the date of the accounts in conjunction with, amongst other issues, the Railways dispute, could accelerate the date at which the Group would be unable to meet its financial obligations.

Financial restructuring

Eurotunnel has obtained a waiver from the Lenders which is valid up to 31 January 2006 and which defines the conditions under which the Group can start debt restructuring negotiations with its creditors. In particular, the waiver requires a proposal of a restructuring plan by no later than 15 July 2005, as well as the establishment of a structured means of communication between Eurotunnel and its creditors. The waiver can be terminated at any time should either party not meet its respective responsibilities.
In order to convert the Stabilisation Advances and Notes into Units in accordance with the provisions of the 1998 restructuring, Eurotunnel will have to propose that its shareholders vote on the conversion at an extraordinary general meeting to be held before the end of 2005. The conditions and consequences of the potential conversion are described in notes 11c and 14c of the full Combined Accounts.

Finally, in the context of the proposed financial restructuring, Eurotunnel could look into, amongst other options and within the terms and conditions of the existing Credit Agreements, the putting into place of an additional line of credit up to a maximum of £50 million. Initial enquiries have confirmed the feasibility of putting this into place should the necessity arise.

Going concern

The going concern basis is dependent on the Group's ability to put in place a refinancing plan or, if not, to obtain an agreement from the Lenders within the existing arrangements in the second half of 2006 at the latest.

The Group believes that measures described above, which are intended to provide a satisfactory solution to the financing requirements of the Group, can be put in place before the date at which the Group will be unable to meet its financial obligations. The application of the going concern assumption in the 31 December 2004 annual accounts has been based on the assumptions described above.

Financial analysis

Impairment

The valuation of the Group's assets has been carried out in accordance with IAS36, which compares the net book value of the assets to the value of the discounted forecast future operating cash flows, and by using the Adjusted Present Value (APV) methodology.

The application of this standard at 31 December 2003 gave rise to a value in use £1.3 billion lower than the net book value of the assets, and led to an impairment charge for this amount in the 2003 accounts.

At 31 December 2004, Eurotunnel updated its impairment calculation, using an implicit discount rate of 7.2% (2003: 7%), which led to an additional impairment charge of £395 million.

Taking into account the increasing uncertainties that the Group is facing, Eurotunnel considered it appropriate at this date to use values in the upper ranges for the market risk premiums and the asset "beta" ratios.

The implicit discount rate was determined in accordance with the standard on the basis of the Group constituting a single income generating unit and using the APV methodology. This methodology requires assumptions to be made for both the forecast cash flows and the future level of the Group's debt over the life of the Concession, as well as for the market interest rate.

The value in use was calculated in the context of the going concern uncertainty and on the basis of operating cash flows which assume no changes to existing operational and financing contracts. In addition, and only for the purposes of this valuation, the Group has assumed, as in the previous year, an interest saving based on a level of debt £1.3 billion lower than the current level of debt.

Within the assumption of no changes to existing contracts, all other things being equal, other foreseeable levels of debt would not lead to an implicit discount rate of greater than 7.7%. Relatively small changes in the assumptions used would lead to material changes in the value in use. By way of example, a variation of 0.10% in the implicit discount rate would correspond to a change in the value in use of the fixed assets of approximately £150 million.

Railways dispute

Under the Railways Usage Contract dated 29 July 1987 (the "RUC") between the Railways and Eurotunnel, the Railways are required to bear a proportion of the operating costs of Eurotunnel in each year.

The Railways commenced arbitration proceedings under the auspices of the International Chamber of Commerce in respect of the amount of their contribution, firstly for financial years ended 31 December 1997 and 1998, and secondly for financial years ended 31 December 1999 to 31 December 2002. The total amount claimed by the Railways is estimated to be a maximum of £100 million.

The Arbitration Tribunal, in an award made on 30 January 2003, rejected the Railways' claim for 1997 and 1998 on the basis that it was time barred. The Tribunal's decision is final. The Arbitration Tribunal will decide on the admissibility and validity of the claim for 1999 to 2002 in a separate phase of proceedings; its decision is expected to follow in 2005.

Eurotunnel remains confident in the outcome of these proceedings and has therefore not changed its position from previous years; consequently a provision has not been made in these accounts or in the Group's financial projections.

Eurotunnel Group
Summary* Combined Accounts

Balance sheet

£'000	31 December 2004	31 December 2003
Assets		
Total fixed assets	6,952,509	7,444,063
Total current assets	423,106	823,022
Prepaid expenses	36,545	52,592
Total assets	**7,412,160**	**8,319,677**
Shareholders' funds and liabilities		
Total shareholders' funds	528,241	1,099,187
Provisions	144,752	99,508
Total creditors	6,725,456	7,098,298
Deferred income	13,711	22,684
Total shareholders' funds and liabilities	**7,412,160**	**8,319,677**
Exchange rate €/£	1.418	1.419

Cash flow statement

£'000	Year ended 31 December 2004	Year ended 31 December 2003
Net cash inflow from operating activities	283,312	314,304
Returns on investments and servicing of finance	(281,241)	(277,878)
Capital expenditure	(18,934)	(24,717)
Other non-operating cash flows and taxation	(13,859)	20,367
Cash (outflow)/inflow before financing	(30,722)	32,076
Financing	(724)	(68,100)
Decrease in cash in the period	**(31,446)**	**(36,024)**
Exchange rate €/£	1.418	1.419

Profit and loss account

£'000	Year ended 31 December 2004	Year ended 31 December 2003
Total turnover	555,173	583,944
Total operating expenditure	383,883	414,160
Operating profit	171,290	169,784
Total financial income	32,964	43,005
Total financial charges	331,158	362,143
Financial result	(298,194)	(319,138)
Exceptional result*	(442,806)	(1,184,847)
Taxation	23	24
Result		
Loss for the year	**(569,733)**	**(1,334,225)**
Units (millions)**	**2,546**	**2,363**
Loss per Unit		
Basic	(22.4)p	(56.5)p
Pre-exceptional result	(5.0)p	(6.3)p
Fully diluted***	(19.1)p	(53.3)p
Exchange rate €/£	1.466	1.435

* Including an exceptional impairment of £395 million (2003: £1,300 million).
** Weighted average number of units in the year.
*** Assuming conversion of Stabilisation Advances and Notes into Units and the exercise of share options, and excluding consequences of future refinancing.

Notes

1. The summary balance sheet, profit and loss account and cash flow statement are extracted from the Annual Report and Accounts of Eurotunnel which were approved by the Board on 25 April 2005.

2. The Group balance sheet, profit and loss account and cash flow statement consist of the combination of the consolidated accounts of Eurotunnel plc together with Eurotunnel SA and its subsidiaries, applying exchange rates as described in the Annual Report and Accounts. The accounts have been prepared in accordance with the accounting principles applicable in France, under the historical cost convention and on the going concern basis (see Note 6 below).

3. The Eurotunnel Group includes leasing companies in the UK which had total outstanding debt at 31 December 2004 of £167 million. This debt is fully secured on lease receivables due to the companies. During the year, the interest receivable and similar income arising in to the leasing companies amounts to £27 million. This is matched by an equivalent amount in interest payable.

4. Loss per Unit The basic loss per Unit for the year is calculated using the weighted average number of Units in issue during the year of 2,546,110,015 (2003: 2,363,089,041) and the loss for the year of £569,733,000 (2003 loss: £1,334,225,000). The pre-exceptional loss per Unit is calculated using the above weighted average number of Units in issue, but using the loss of £126,927,000 (2003 loss: £149,378,000) before crediting the exceptional loss of £442,806,000 (2003 loss: £1,184,847,000). The fully diluted loss per Unit, excluding the consequences of any future refinancing, is calculated using the fully diluted number of Units of 2,990,433,422 (2003: 2,503,070,356) which includes the conversion of Stabilisation Notes, Stabilisation Advances and the exercise of share options based on market conditions at the balance sheet date.

5. The Eurotunnel Group accounts comply with French generally accepted accounting principles ("GAAP") which differ in certain aspects from UK GAAP. The significant differences, which affect the loss before taxation and shareholders' funds and are described in detail in Note 23 of the Group's full accounts for the year ended 31 December 2004, arise in the treatment of the consolidation of quasi-subsidiaries and of equity issue costs. Had the Combined Accounts been prepared under UK GAAP, loss before tax would have increased by £3 million (2003: decrease of £170 million) and shareholders' funds at 31 December 2004 would have increased by £247 million (2003: increase of £250 million).

6. As previously indicated in the financial analysis on page 17, the going concern basis is dependent on the Group's ability to put in place a refinancing plan or if not to obtain an agreement from the Lenders within the existing arrangements in the second half of 2006 at the latest. If such plans were not successful and the Group's ability to trade as a going concern was not assured, certain adjustments would need to be made to the accounts. Those adjustments would relate to the impairment of assets to their net realisable value and the recognition of contingent liabilities. Such amounts cannot be measured at present. Within the French and British legal frameworks, the Lenders may seek to exercise the right to substitution included in the Concession Agreement and the securities over assets set out in the Credit Agreements.

7. An impairment charge on the fixed assets has been recorded in the accounts at 31 December 2004. This is described in detail in the financial analysis.

8. The auditors and commissaires aux comptes have reported on the Combined Accounts. Their report contained two matters of emphasis, one on going concern in the absence of a refinancing plan in the second half of 2006 at the latest (see Note 6 above) and one on asset valuation (see Note 7 above and the financial analysis).

*The full Annual Accounts are available on the internet site www.eurotunnel.com or by request to the Shareholders Information Centre: 08457 697 397.

Eurotunnel plc Group
Summary* Consolidated Accounts

Consolidated balance sheet as at 31 December 2004

£'000	2004	2003
Fixed assets		
Tangible assets	3,369,303	3,624,816
Investment in Eurotunnel Services G.I.E. (ESGIE)	1	1
	3,369,304	3,624,817
Current assets		
Stocks	4,671	6,265
Debtors		
Debtors due after more than one year	164,393	526,340
Debtors due within one year	72,442	89,793
	236,835	616,133
Investments	137,095	146,451
Cash at bank and in hand	11,468	11,741
	390,069	780,590
Creditors –		
Amounts falling due within one year	(202,846)	(265,113)
Net current assets	187,223	515,477
Total assets less current liabilities	3,556,527	4,140,294
Creditors –		
Amounts falling due after more than one year	(3,265,971)	(3,584,212)
Provisions for liabilities and charges	(70,592)	(47,525)
Net assets	**219,964**	**508,557**
Capital and reserves		
Called up share capital	25,461	25,461
Share premium account	1,140,767	1,140,765
Profit and loss account	(946,264)	(657,669)
Equity shareholders' funds	**219,964**	**508,557**

Profit and loss account for the year ended 31 December 2004

£'000	2004	2003
Turnover	275,070	288,641
Other operating income	21,739	22,726
Staff costs	(76,595)	(78,793)
Depreciation and amounts written off tangible fixed assets	(50,167)	(61,618)
Exceptional impairment of fixed assets	(197,500)	(650,000)
Exceptional write-offs	(55)	(602)
	(247,722)	(712,220)
Other operating charges excluding exceptionals	(81,894)	(85,004)
Exceptional operational restructuring and refinancing	(28,370)	–
Other operating charges	(110,264)	(85,004)
Operating loss	(137,772)	(564,650)
Profit on sale of assets and subsidiary undertakings	4,391	25,789
Loss on ordinary activities before interest and taxation	(133,381)	(538,861)
Interest receivable and similar income	29,861	51,833
Interest payable and similar charges	(185,867)	(215,559)
Exceptional profit on financial operations	792	45,613
Loss on ordinary activities before and after taxation and for the financial year	**(288,595)**	**(656,974)**

Notes

1. This summary financial statement on page 20, which is a summary of information extracted from the Report and Accounts of Eurotunnel plc which were approved by the Board of Directors on 25 April 2005, and was signed on its behalf by Jacques Gounon does not contain sufficient information to allow for as full an understanding of the results of the Group and the state of affairs of the Group or of the Company, as would be provided by the full Annual Report and Accounts. For further information, the full annual accounts which include policies and arrangements concerning directors' remuneration in the Directors' Remuneration Report, the auditors' report on those accounts and the Directors' Report should be consulted. Shareholders have the right to request a copy of the full Report and Accounts free of charge. If you wish to receive copies of the full Report this year and in future years, please write to Eurotunnel's registrars, Computershare Investor Services plc, PO Box 82, The Pavilions, Bridgwater Road, Bristol, BS99 7NH.

2. Summary Directors' Report Eurotunnel's activities, a review of its operations, the progress it has made in the financial year under review and likely future developments are summarised in this document. The financial review is set out on pages 15 to 18. Aggregate directors' emoluments for the year were £788,808 (2003: £815,012) before pensions contributions. FRS 14 ("Earnings per Share") applies to companies whose shares are publicly traded. As the EPLC shares cannot be publicly traded in themselves but only as part of a Unit, the disclosure requirements only apply to the combined earnings per Unit, which is disclosed on page 19.

3. Directors The directors of Eurotunnel at the date of this report are listed on page 12 of the Summary Annual Report.

4. Auditors
The Auditors' Report did not contain a statement under either section 237(2) of the Companies Act 1985 (accounting records or returns inadequate or accounts not agreeing with records or returns) or section 273 (3) (failure to obtain necessary information and explanations).

5. Statement of the Auditors to the Shareholders of Eurotunnel plc pursuant to section 251 of the Companies Act 1985. We have examined the summary financial statement set out on page 20.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the summarised annual report in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the summarised annual report with the full annual accounts, the Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement. This statement is made solely to the company's members, as a body, in accordance with section 251 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Basis of opinion
We conducted our work in accordance with Bulletin 1999/6 "The auditor's statement on the summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's full annual accounts describes the basis of our audit opinion on those accounts and refers to two significant uncertainties, firstly in relation to the ability of the Group to continue as a going concern and secondly in relation to asset valuation. These uncertainties are described on pages 17 and 18 of this Summary Annual Report.

Opinion
In our opinion the summary financial statement is consistent with the full accounts, the Directors' Report and the Directors' Remuneration Report of Eurotunnel plc for the year ended 31 December 2004 and complies with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London, 26 April 2005

*The full Annual Accounts are available on the internet site www.eurotunnel.com or by request to the Shareholders Information Centre: 08457 697 397.

Key dates 2004

12 February: Europorte 2, obtains licence as a rail operator in France.

7 April: New Joint Board.

6 May: Eurotunnel celebrates ten years of operations.

10 May: Eurotunnel feted as Best Rail Transport company in Europe.

29 October: The Joint Board adopts plan DARE.

Key dates 2005

3 January: New organisation in Freight.

15 February: Eurotunnel transports 9 millionth truck.

18 February: Jacques Gounon Chairman.

5 April: "Waiver" request is sent to the creditors.

21 April: "Waiver" is accepted by more than 90% of the creditors.

17 June: annual general meeting in Coquelles.

Contacts

The annual report by email:
You may opt to receive your next annual report and other shareholder documents electronically. This can be done by registering your email address with Computershare Investor Services plc. The web address to register is:
www.computershare.com/uk/eurotunnel/ecomms

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www.eurotunnel.com

Eurotunnel reservations:
To make a booking with Eurotunnel or for further travel information on Eurotunnel shuttles, please contact
Tel: 08705 35 35 35 or www.eurotunnel.com

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