

Dear Shareholder,

Firstly, thank you for having participated in the AGM so actively and in such numbers.

A staggering 82,000 of you voted, representing nearly 46% of the share capital; and the resolutions were carried by a large majority. This was a record for Eurotunnel and sends a strong message: *"Eurotunnel must be saved."* In the near future we will contact the 1,000 lucky participants who have won a return crossing on our Passenger Shuttle.

Some 450 of you visited the Coquelles terminal or travelled across the Channel on our passenger service. This was the first opportunity for many of you to see the results of your investment and it is clear from your comments that you were impressed. I hope you will "spread the word" by letting your friends and family know what a fantastic service we offer. After all, filling the shuttles is the best way to make this company successful!

The confidence, determination and support which you expressed at the AGM have brought us a period of stability. We can now take full advantage of this to ensure that our passenger and freight activities develop and prosper. In the freight shuttle sector, a vital part of Eurotunnel's business, we have decided to take back direct responsibility for the entire UK, Irish, French and Benelux freight markets. We must also take forward our project to become a European rail operator. Finally, we must also renew our staff's confidence in Eurotunnel's potential for development.

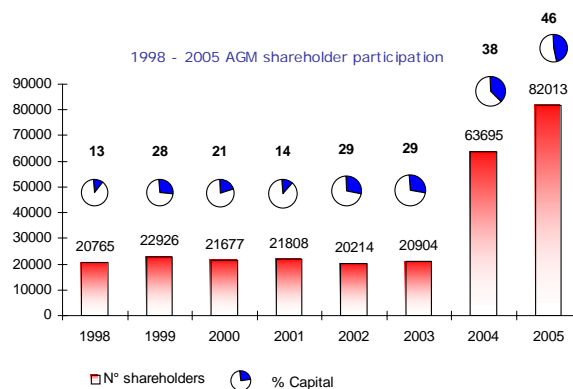
In view of these important challenges, Eurotunnel will soon be recruiting a Chief Operating Officer, who will be responsible for the Infrastructure, Shuttle, Passenger, Freight, Human Resources and Purchasing divisions.

Negotiations with our creditors now start in earnest. The discussions will have to remain confidential but, whenever possible, I will keep you informed as each key decision is made. We have just signed a confidentiality agreement with a new creditor group. This will perhaps delay the initial timetable, but it demonstrates the credibility of our position.

For many years Eurotunnel has faced an uncertain future. The coming months will be amongst the most difficult the company has ever experienced. However, strengthened by your support and reassured by the professionalism and commitment of our staff, the Board is working on building Eurotunnel's future.



Jacques Gounon
Chairman and Chief Executive



Passenger shuttles

Our new fares offer great flexibility. Now you can mix and match crossings to take advantage of the best deals. Why not try our new Day/Overnighter?

Visit www.eurotunnel.com to book

For more information, contact :

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Kent, CT19 4QZ
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Help your company save money

To receive future letters directly by e-mail, register your email address at info@eurotunnelnews.com

Latest News

Trading update: 2005 Interim Revenue & Traffic

Operating revenue was £268 million in the first half of 2005, a 2% increase on the corresponding period in 2004 at constant exchange rates. Furthermore, shuttle services revenue, Eurotunnel's core business, increased by 6%.

Eurotunnel transported 703,363 trucks, an increase of 9% compared to the first half of 2004. In addition, average yields also increased during the first half of 2005 resulting in an increase in revenue from the freight shuttle business.

Eurotunnel also transported 951,561 cars in the first half of 2005, an increase of 1% compared to first half of 2004. Eurotunnel transported 39,831 coaches in the first half of 2005, a 34% increase on the corresponding period in 2005. Coach operators continue to be attracted to Eurotunnel's speed, frequency and quality of service.

Passenger and trade online booking module

Over 60% of Eurotunnel Passenger customers now book online, so getting the right system for them is critical. The new internet booking module provides a range of fare options for customers to choose from on the day they wish to travel. We have taken into account customer feedback and have built a whole set of new features to make it faster and easier to use. It also plays up the qualities of our dynamic and simplified pricing structure.

The new Passenger website also offers a wide range of information and services such as: travel insurance and motor breakdown cover for UK residents, accommodation, things to do, shopping facilities, route planning and restaurant reservation facilities. Make your reservation now on www.eurotunnel.com. If you have travel privileges, use the login box on the booking page to enter your Shareholder number.



relax... we'll drive

"Low cost on the high seas"

The Sunday Times recently carried out an evaluation of the carriers on the Short Straits. Eurotunnel received the best overall rating, following the launch of the new pricing strategy. The Sunday Times editorial was a strong endorsement of our service and quality. The article says of Eurotunnel:

"The arcane fare structure (minimum stays, promotional offers and so on) has been replaced by a transparent, fluid pricing structure. There are no on-board facilities and comfort depends on your car but who cares, it's fast! The staff wave you on, have a quick chat, then wave you off. They smiled!

It used to be the expensive option but now it's joined the battle with value for money fares that are easily available on peak days."



>>> Your questions answered

"What cost savings have you made in regard to administrative functions at Eurotunnel? What savings remain to be made?"

The savings made so far amount to approximately £20m per year. The Group is continuing its efforts to improve efficiency, whilst paying careful attention not to put at risk the safety and reliability of services.

However, saving the company will require more than just cost reductions. We are also working on improving revenues and renegotiating the debt. All three elements are essential for the future of the business.

"When do you expect redundancies to start?"

The reduction in the number of jobs required will be achieved solely through voluntary redundancy. The process began in France on 10 June, and in the UK on 11 July. The management expects that more than 400 staff will volunteer without there being any impact on the safety or quality of services.

Volunteers may leave the company at any time from now on.

"For a company in crisis, what is the point of a letter to shareholders which contains absolutely no interesting information, apart from the announcement of an annual loss of £538m, which I'm sure you will agree is hardly a surprise? For the future, could you please revise the content of this document?"

We are working constantly to improve the quality of our communication and take note of your comments.

Our intention is to communicate more clearly with our shareholders and we hope that you will find this edition of "Eurotunnel on track" to be even more informative.

We have included articles on Trading update for first half of 2005, results of the AGM, our new fare structure and on improvements to our customer service.

In future editions we will continue to develop themes that generate shareholder interest.

Eurotunnel would like to retain your data in order to keep you informed of the latest company news. If you would like to amend any of your details at any time, please contact the Shareholder Information Centre, Eurotunnel plc, P.O. Box 302, Folkestone, Kent CT19 4QZ.