



" This memorandum is a milestone on the difficult path to financial restructuring. "



Dear Shareholder,

At the AGM on 17 June 2005, in Coquelles, when I undertook to do everything possible to restructure the debt, I said that I would keep you informed, openly and without delay, of the events important to the future of the Group. That, for me, is the basis of defending your interests.

I first presented the members of the Ad Hoc Committee (1) of creditors with draft proposals on 13 July 2005. Following seven months of intense negotiations, conducted within the framework of the waiver (2), we have just signed a Memorandum of Understanding with this committee, outlining the main principles of the debt restructuring.

This memorandum is a milestone on the difficult path to financial restructuring.

The next step will be to present this outline restructuring of the debt to the other creditors over the coming weeks. In order to do this, Eurotunnel is proposing a new waiver until the end of March 2006.

At this stage the contents of the memorandum must remain strictly confidential. This is, you must understand, an essential prerequisite for the process to continue under the most favourable conditions. To reply to the concerns that some may have, I can tell you that all parties involved in the negotiations sign a confidentiality agreement, forbidding them, amongst other things, from conducting any transactions in relation to our Group.

The closer we get to our goal, the more likely there are to be rumours and "sources" supposedly knowledgeable about events. I would ask you not to pay any attention to them, but to take account only of official statements from Eurotunnel.

Ultimately, it will be up to you, at a General Meeting of shareholders, to vote on the terms of the financial restructuring.

Other important steps towards the future for Eurotunnel have been taken over the past few weeks.

Our 2005 traffic and revenue figures are encouraging: for the first time since 2002, Shuttle revenue, the heart of our business, has increased (+4%). Truck traffic has gone up by 2% and coach traffic is up by 22%. In parallel with these improvements, we have reduced our costs. All together this means that, in line with our new economic model, we can look forward to an increase in operating margin for this company which we all want to become profitable.

More important news: on 28 March, Eurotunnel shares are coming out of the SRD (the deferred payment system operated by Euronext - Paris Stock Exchange). This decision by Euronext should limit the volatility that has been a feature of our share price recently, and is in line with the wishes of many shareholders. Until then, however, the risk of erratic movement in the share price remains.

The 20th anniversary of the Treaty of Canterbury, the starting point for this extraordinary adventure in which you have played such an important role will be celebrated on 12 February. Whatever sufferings there have been in the past, and whatever difficulties remain ahead, the Joint Board and I are convinced that we are on the right track and that we will succeed. Your continuing support will ensure that we do.

Jacques Gounon
Chairman

Agenda

■ 31 January 2006:

Eurotunnel signs a Memorandum of Understanding with Ad Hoc Committee

■ 28 March 2006:

Eurotunnel exits SRD

" News on line "

To receive Eurotunnel news updates, as well as subsequent letters to shareholders by email, register your email address at : www.eurotunnel.com/uk

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Frequently Asked Questions

Q. What exactly is the Memorandum of Understanding between Eurotunnel and its creditors?

A. We have reached a Memorandum of Understanding (MoU) with the principal creditors, who make up the Ad Hoc Committee, on the outline of the restructuring of the debt. This first milestone was achieved within the period of the waiver to the Credit Agreement, which came to an end on 31 January.

We will be able to continue with this complex process by presenting the MoU to the other creditors during a new waiver period, until 31 March 2006. The financial restructuring proposals will then be put to a vote at a General Meeting of shareholders.

The discussions with the creditors are subject to the strictest confidentiality.

We understand the frustration that you may feel, but we hope that you will continue to support us. Seven months ago, you entrusted us with this challenge in your name. Since then, we have put all our energy into the fight. You can be assured that we are totally focused on the outcome of the restructuring plan and consequently, the revival of Eurotunnel.

Q. It seems that the other creditors are not all ready to negotiate and that the struggle is far from over?

A. The milestone that we have just reached with the principal creditors is decisive for the restructuring of Eurotunnel's debt. It is true that some creditors might have no interest in seeing the talks advance rapidly, indeed just the opposite, as Eurotunnel has to continue to reimburse its debt during this period.

We are confident of Eurotunnel's future and ask you to maintain your support throughout this long and complex process.

Q. Will shareholders' interests be preserved? What are the creditors' demands?

A. Protecting the interests of the Group and its shareholders has always been our main objective, throughout the negotiations. Due to the confidentiality agreement, we will make no further statement about the content of the discussions.

We can, however, be encouraged by progress made up until now: the negotiations on debt restructuring have progressed well, the process of reviving the Group has begun and the results for the year 2005 demonstrate that the new commercial policies are bearing fruit. The share price has begun to recover.

Q. Why have Eurotunnel's shares been removed from the SRD?

A. The SRD (the Euronext deferred payment system) is a credit payment system which allows buyers or sellers to pay at the end of the month. This system can, therefore, encourage speculation in some shares. The criteria that Euronext, in agreement with the AMF (Autorité de Marchés Financiers), uses to determine eligibility for the SRD have recently been updated. Today they include only shares that have an average value of 1€ over the past 12 months; Eurotunnel, Eurodisney and Provimi will all therefore exit the SRD on 28 March 2006. We are pleased with this decision, which satisfies the demands of many shareholders and which should limit speculation on our share price.

Q. Why did the share price fluctuate so much in the middle of January?

A. Eurotunnel cannot explain these fluctuations as no event intrinsic to the group took place at that time that could have justified such movements. The confidentiality agreements are there to protect shareholders. Nonetheless, the group is aware that as events unfold there are numerous rumours circulating, which should be treated with caution. Eurotunnel has issued warnings in this regard.

Eurotunnel communicates with its shareholders

Jacques Gounon, Eurotunnel Chairman, has spoken of his determination to open a regular dialogue with the Group's shareholders. To this effect, he has undertaken to strengthen the Group's communications approach.

Meetings

- ▶ Via the **Shareholder Consultative Committees** in UK and France, organised every three months, bringing together a panel of shareholders from a range of backgrounds.
- ▶ **Site visits:** at the 2005 AGM, some 400 shareholders were able to visit our terminal in Coquelles.
- ▶ The **AGM and the Shareholder Information Meeting**, the opportunity for all shareholders to express their opinions.

Financial and legal information

- ▶ A **"shareholder pack"** is sent to all registered shareholders and to bearer shareholders with more than 1000 shares, making almost 350,000 shareholders, before the AGM. Eurotunnel is one of the few Groups to attach the Annual Review to its Notice of Meeting.

Communications support

- ▶ The **Shareholder Information Centre** answers your questions every day in both the UK and in France (see contact details at bottom of page).
- ▶ **"Eurotunnel On Track"**, our monthly newsletter which many of you have welcomed, is sent to more than 300,000 shareholders.
- ▶ **"Inside Eurotunnel"**, our operational news alert and briefing is sent by email, as a complement to "Eurotunnel on Track", to some 21,000 people who have communicated their email addresses.
- ▶ The website, **www.eurotunnel.com** with all the key information about the company, a section specifically for shareholders and all of our press releases.

I N B R I E F

- ▶ **24 January 2006:** Eurotunnel feted the passage of the **10 millionth truck** to cross the channel aboard a Eurotunnel Shuttle.
- ▶ **16 million: the number of passengers** who crossed the Channel via the Channel Tunnel in 2005, 8.2 million on Eurotunnel Shuttles and 7.5 million on Eurostar.
- ▶ **The future of the P&O group** and its ferry subsidiary, remains uncertain. P&O is the object of two rival bids (Dubai Ports World and Singapore PSA International). It is possible that the P&O group will be broken up.

