



« 20 years ago Eurotunnel signed the Concession Agreement with the two governments »

Agenda

- **14 March 2006**
Shareholder consultative committee meeting
- **Mid April 2006**
Publication of Annual Results
- **End of June (estimate)**
AGM/EGM

Dear Shareholder,

I would like to thank you for the interest that you are showing in "Eurotunnel On Track". Your letters confirm our decision to favour this direct approach to communication, which we adopted last year to keep you up to date with developments concerning your Group.

Our rail freight subsidiary, Europorte 2 has recently been granted a new Rail Freight Operator's licence, an indication that the French authorities are keen to see Europorte 2 take a role in the development of European rail freight. Europorte 2 has the vocation to become an important vector for growth. Its two main objectives are to bring freight to the Tunnel and to position itself as an independent haulier, to generate extra traffic. A working group has already been established with the historical rail freight operators, SNCF and EWS, with the ambition of rectifying the present low levels of cross-Channel rail freight activity. On another front, Europorte 2 is also building contacts with potential partners across Europe and intends to take advantage of all the opportunities that this potentially enormous market can offer.

The appointment of Laurent Penhouët, as Commercial Director Freight for the Freight Shuttle business, will allow us to accelerate the development of this essential sector. As you know, we had already made the decision to bring our European small account distribution back in-house, as the relationship with our customer is the backbone of our strategy. We have also redefined our pricing policy and have adapted our capacity to match forecast traffic. This straightforward commercial approach has already seen our revenues and margins improve and we intend to continue along this road.

In parallel with these initiatives, we continue to invest in the upkeep of the Tunnel to maintain the high level of safety and reliability of our services. As the Tunnel is one of the most heavily used railways in the world, we are going to re-lay 5 kilometres of track bed. This immense project, a real challenge in both human and material terms, and which must not interrupt commercial services, will take until 2008 to complete. The work will consist of re-profiling the track bed and relaying the sleepers. The work will be carried out at night, in conjunction with the regular routine maintenance and the other major project, to replace more than 35 kilometres of rail, planned for 2006.

As for the restructuring of the debt, we have obtained, with an almost unanimous vote in favour from the creditors concerned, a new period of "waiver", until the end of March 2006. We are keeping to the timetable that we set out and we are now going to present the outline framework for restructuring to the other creditors. The goal is to reach a common view that will allow me to present to you a plan for saving the company.

20 years ago, Eurotunnel signed the Concession Agreement, with the UK and France. I understand that, for some, this anniversary might awaken bad memories, but I think that we should be looking ahead: Eurotunnel is a fantastic company. I firmly believe that, by working together towards a common goal, making the right choices, we can overcome our current difficulties and give a new future to Eurotunnel.

Jacques Gounon
Chairman and Chief Executive

" News on line "

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The Shareholder information service answers your questions

I have heard through the media that there is an issue about Eurotunnel as a going concern. What is this about?

This is an automatic event, triggered by law, which means that the auditors have to start what is called a "procédure d'alerte" (an alert procedure), when they identify facts which could compromise the company's ability to continue to trade. As we have often explained in the past, Eurotunnel will not be able to meet its contractual obligations from early in 2007, when the first major repayments of the principal debt become due, unless there is first an agreement on restructuring the debt. Eurotunnel was not obliged to make this alert public, but has chosen to do so in the interests of transparency. It is important that all parties concerned are aware of the importance of the challenges we face.

What are you doing to improve operations?

The "Focus on Customers" project that we have launched emphasises our commitment to put customers at the heart of our business. This project draws on all our experience and know how by asking our staff, across all departments and grades, to participate in workshops and put forward ideas to help us improve. One simple example: information displayed on signposts around the terminals was not always consistent, leading to confusion for some customers. The "Focus on Customer" group has been able to identify two reasons for this and appropriate measures have been put in place to remedy the situation. It is in this way, by listening to our customers' requirements and reacting to them that we will move forward.

Why not ask for share trading to be suspended until you announce the result of the restructuring?

Suspending the shares should not, in principle, last for more than a few days. A suspension can be invoked when there is a risk of price instability. It is generally requested before a major financial deal to avoid or temporarily interrupt unusual trading circumstances.

In France, the decision to suspend trading is taken by Euronext. It can be requested by the company or, in exceptional circumstances, by the Chairman of the AMF. In the UK, the decision to suspend trading is taken by the UK Listing Authority (UKLA), on its own initiative or at the request of the company, and not by the London Stock Exchange.

Eurotunnel is quoted in both France and the UK, so the rules of the two markets apply. In the case of a hypothetical suspension, it would not be possible, therefore to suspend in one country and not in the other. For the present, none of the parties concerned has felt that a suspension should be sought.

What is the company doing to calm the rumours about the creditors taking control of Eurotunnel?

Opinion and other types of speculation are all part of the business environment of large companies and we must, unfortunately, learn to live with them. The more important the challenge, the more there are likely to be malicious intentions and speculation. They are impossible to avoid and we do not intend to be held hostage by them. We reiterate our advice to treat these, so called, "sources close to..." with the utmost caution. Only a very small number of people are aware of all the details of the negotiations and these people are bound by strict confidentiality agreements. Outside of this small group, no one can give reliable information about the restructuring framework.

14 March 1986 - 14 March 2006 20 years of Concession

The 14 March marks the 20th anniversary of the Concession Agreement accorded to Eurotunnel (France-Manche SA and the Channel Tunnel Group limited) to design, finance, construct, operate and maintain **the Fixed Link across the Channel**. The text sets out, amongst others, the fact that this link between the UK and France will be by rail tunnels and will use a system of shuttles to transport road vehicles and will give space to the passenger and freight trains of other rail operating companies.

20 years later, this Tunnel has radically changed the map of Europe. This major European infrastructure has had **a profound economic and social impact** on the county of Kent and the region of the Nord Pas de Calais. Two recent studies show that 8500 jobs were created in the Nord Pas de Calais in transport, retail, services and administration. In Kent, an estimated 400 foreign companies chose to invest in the region between 1994 and 2002.

Since the start up of operations, beginning in May 1994, some **178 million people** have travelled through the Channel Tunnel, three times the population of each of the two connected countries. This includes passengers on both Eurotunnel Shuttles and Eurostar. On top of these millions of passengers, a further **158 million tonnes of goods**, 84% of which have been carried by trucks on board Eurotunnel Freight Shuttles and 16% on SNCF and EWS freight trains.

20 years - a snapshot...

14 March 1986

Signature of the Concession Agreement with the governments

15 December 1987

Tunnelling begins in UK

6 May 1994

Channel Tunnel Inauguration

19 May 1994

Start of Freight Shuttle Services

1 June 1994

The first freight train goes through the Tunnel

14 November 1994

Start of commercial service for Eurostar

22 December 1994

Start of Passenger Shuttle Services

24 March 1999

Eurotunnel voted the top construction achievement of the 20th Century