

Eurotunnel on Track

September 2008



Special edition of the Letter to Shareholders of Groupe Eurotunnel SA



Dear shareholders,

On Friday 12 September 2008 at 22:08 (BST), a little over 30 hours after a fire¹ started on a Truck Shuttle in the North Tunnel, seven miles from the French portal, **we resumed our commercial operations**. The first London-to-Paris Eurostar went through at 07:57 (BST) on 13 September, and the full range of services² (Eurostar, Passenger and Truck Shuttles, and rail freight trains) were up and running less than three days after the alarm was raised. In 1996, almost a month was required after the fire before traffic resumed.

This comparison gives the full measure of the feat achieved by our staff who worked tirelessly, night and day, to see train services resume in complete safety. I have offered my deepest thanks and congratulations to them on your behalf.

We must also acknowledge the outstanding work performed by the French and British rescue services³ (fire, ambulance, police...) under the authority of *the Préfet* of the Pas-de-Calais, as well as the quality of the close co-operation with our supervising authorities (IGC, Safety Committee) and *the Procureur de la République* of Boulogne-sur-Mer. The French Home Secretary, Michèle Alliot-Marie, visited the site on the evening of the incident, and the French Secretary of State for Transport, Dominique Bussereau, came to oversee the resumption of traffic. They both publicly stressed the efficiency of the emergency services and of our staff in managing this crisis.

The Channel Tunnel comprises three tubes: two are used for rail traffic, the other is used for maintenance and, should the need arise, as an emergency tunnel. It is shown that this is a particularly safe railway infrastructure: all 32 people involved were quickly led to safety in the service Tunnel and came out safe and sound (see reverse for how events unfolded).

Eurotunnel's absolute priority has always been people's safety, even at the cost of its own infrastructure and equipment.

It is of course not yet possible, at this stage, to quantify the cost and length of time required to restore the damaged part of the north tunnel.

However, I can already assure you that the **financial impact will largely be covered by our insurance**: Eurotunnel is insured for up to €900 million in respect of damages and business interruption. The payment to be received being accounted for instead of revenue, it will be found in the EBITDA: **therefore no significant impact on the calculation of the exercise ratio of the Warrants in 2011.**

Another proof: Moody's and Standard & Poors, the rating agencies, have not changed the investment grade rating of our debt.

Our image is not affected: my thanks go to the many, shareholders or clients, who have demonstrated their attachment to Eurotunnel.

This confidence is illustrated by the surge of freight and passenger traffic as early as last week-end. As I write, our staff await the end of the various assessments needed prior to putting in service once again the two-thirds of the North Tunnel not affected by the fire. This should enable us to minimise as much as possible any impact on traffic.

We have taken the necessary measures to manage this situation, and are fully primed to reinstate the Tunnel as quickly as possible.

Professionalism, reactivity and determination are the essential elements of the 'Eurotunnel culture'.

Albeit for a short time, the total interruption of our services has shown the extent to which **Eurotunnel is a vital and irreplaceable link in economic exchanges** between the United Kingdom and the Continent.

Therefore, we are not apprehensive about the future of our company.

Thank you once again for your support.

Yours faithfully,

A handwritten signature in black ink, appearing to be "J. Gounon". The signature is fluid and cursive, written on a white background.

Jacques Gounon,
Chairman and Chief Executive

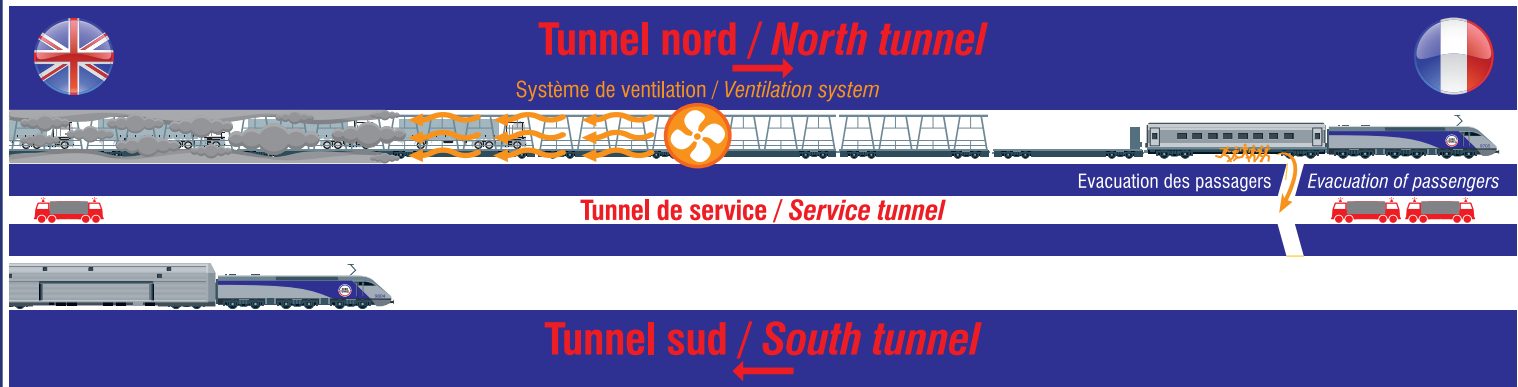
¹ To date, the police investigation is continuing and the cause of the fire remains unknown.

² Per day: 80 Passenger and Truck Shuttles, 24 Eurostar between Paris and London, 12 Eurostar between Brussels and London and, on average, 6 goods trains. To assist in the resumption of operations, new bookings are temporarily suspended.

³ The binational emergency plan was activated less than one hour after the fire broke out (see reverse).

Rescue method

Absolute priority is given to the safety of individuals. As soon as the fire alarm is activated, the Tunnel's ventilation is switched to flow from front to rear of the Shuttle to ensure the protection of the club car.



Representation of the three Tunnels.

Chronology*:

Thursday 11 September

14:55 - Fire alarm onboard a truck Shuttle in the North rail Tunnel. Intervention of the Eurotunnel fire services based near the French portal. Evacuation of the truck drivers and crew to the service Tunnel.

15:20 - Binational plan activated thereby transferring rescue responsibility to British and French public authorities.



Deployment of fire-fighters in the service Tunnel

Friday 12 September

07:00 - The main fire and all residual fire spots are extinguished. Forced ventilation of the Tunnel.

12:00 - Binational plan is lifted. Eurotunnel regains control of the infrastructure and begins to carry out physical checks of the South Tunnel in order to resume operations.

21:30 - Test trains go through.

22:08 - Two freight trains travel from Folkestone to Coquelles.

23:53 - First Truck Shuttle travels from Folkestone to Coquelles.

Saturday 13 September

07:57 - First Eurostar (London to Paris) goes through.



Visit by Mr. Bussereau, French Secretary of State for Transport.

Sunday 14 September

Resumption of Eurotunnel Passenger Shuttle service early in the morning.

* All times BST

Eurotunnel and insurance

The material damage and business interruption insurance policy is made up of two lines:

- the first is placed on the French market and is led by XL Assurance, one of the world's leading insurers, listed on NYSE, with SCOR and AXA as main co-insurers;
- the second line is placed on the London market mainly with a syndicate of Lloyd's members.

The public liability insurance comprises four lines placed on the French and London markets.

The following is covered by these policies:

- material damages and operating losses up to €900 million, i.e. over one year's revenue;
- public liability up to €230 million.

Compensation in relation to infrastructure repair and replacement of rolling stock is calculated on a new for old basis and in relation to operating losses is calculated on the basis of our forecast revenue less actual revenue, taking into account variations in operating costs.

Loading

A Truck Shuttle comprises 30 coaches, a locomotive at each end, three loading coaches and a club car. The club car, situated behind the front locomotive, is a standard air-conditioned railway carriage, in which the drivers of the trucks being transported, the crew and a member of the catering team travel. The affected Shuttle was carrying 27 trucks from various countries (Belgium, Estonia, Germany, France, United-Kingdom, Poland, and The Netherlands) as well as their respective drivers of 11 different nationalities.



To contact the Shareholder Relations Centre

Shareholder Relations Centre - Groupe Eurotunnel
Terminal UK - Ashford Road - Folkestone - Kent CT18 8XX
@ shareholder.info@eurotunnel.com

www.eurotunnel.com

Tel: 08457 697 397
local rate number

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