

Eurotunnel on Track

January 2010



Letter to Groupe Eurotunnel SA
shareholders



Dear Shareholder,

This customary January edition of On Track gives me the opportunity, on behalf of the Board, to wish you, and for those who are dear to you, all the best for 2010.

2009 will have been a very difficult year for any business. For Eurotunnel it was unusual, to say the least: it started with our capacity being halved as a result of the fire in 2008¹, preventing us from renewing our annual contracts with major hauliers, and it ended with Eurostar being faced with an unprecedented crisis due to the bad weather, with their service suspended completely for three days and a very slow return to normal.

You will find overleaf the **revenue and traffic figures for the past year**. As a result of the exceptional events I have just mentioned, their interpretation is not straightforward and is not facilitated by the fact that, in order to make direct comparisons, it is necessary to take into account insurance indemnities. We will therefore not have the full picture of 2009 until the publication of the financial results on 23 March 2010.

However, we can see that the reduction in revenues, excluding insurance indemnities, is only 16% when the economic crisis has resulted in a contraction in our markets much greater than that.

We have recovered our passenger volumes, proving once again the flexibility and strength of our economic model based on yield management. For our truck Shuttles, where the major customers are less flexible, it is no surprise that the volumes are lower since the fire in September 2008, but the fourth quarter gives an encouraging indication of a return to normal in 2010.

Eurostar continues to be a success, despite the locomotive breakdowns at the end of the year, with **a new record of 9.2 million passengers**.

The crisis that this operator went through at the end of the year shows that high-speed services between the UK and the Continent are essential. Eurostar, having identified its failures, should rapidly regain its customers' confidence. As far as we are concerned, we will do all we can to help them, in the spirit of constructive partnership.

2009 also saw some **significant progress**:

- **The capital structure** was simplified two years ahead of schedule thanks to the great success of the early conversion of the Warrants and NRS I. As a result, our market capitalisation leapt to more than €3.1 billion as at 31 December 2009. We are now listed in Compartment A of the Paris stock exchange and monitored by 12 financial analysts. Quite clearly, we are now a visible, understandable and attractive company to investors.

- Staying with financial affairs, we have now **definitively settled the "Sangatte" litigation with the British government**, which has led to us receiving €8 million in compensation. Added to the €24 million received from the French government in the spring of 2008, this gives a total of €32 million in financial compensation received from the two governments. Given their respective budgetary situations, you can assess for yourselves the outcome of these difficult negotiations with the States who granted us our Concession.

- As for **operational investments**, we entered into two major contracts to improve our infrastructure: the first relates to the **SAFE² stations**, which will take fire safety to a level unequalled anywhere in the world for a railway tunnel; the second will see our analogue communications and signalling system change to digital (**European GSM-R project**), in parallel with investments already, or about to be made, by Network Rail and RFF on the high-speed lines which run to the Tunnel. This constant attention to the maintenance of our infrastructure and equipment at the highest levels is invaluable: when the TGV, Eurostar and road networks were blocked by the extreme weather at the end of the year, our Shuttles continued to run.

- Finally, the acquisition of the French subsidiaries of Veolia Cargo, added to our own activities, gives the new Europorte all the resources to position us well in a sector buoyed by the growth of environmental consciousness in France and abroad.

- 2010 started well with the successful takeover of the management of the railway infrastructure at the port of Dunkirk. This seven-year contract, which could be extended to 10 years, relates to 200km of railway tracks and enables us to "leave" the Concession, on the strength of one of our two core competencies, in another sector with potential for the future.

All these efforts, all these difficulties overcome in the midst of an economic crisis, are intended to strengthen our group and generate value for our shareholders.

We have carried out our customary annual **analysis of our shareholder base**, looking at holders of 100 or more shares in registered, bearer and CDI forms.

This analysis confirms we are once again a "normal" company, in the opinion of the markets: institutional investors represent 40% of the capital and, at the same time we retain a strong body of retail shareholders, admittedly smaller but still comprising approximately 350,000 small investors.

The top 30 shareholders hold more than 50% of the capital, an indicator of stability for our group.

We have come through a particularly difficult 2009 in the best way we could. We remain cautious in 2010: our major customers do not see any signs of real growth in their businesses before the second half of the year. We will therefore continue to focus on our strengths, control our costs, be ready to seize any opportunity and, above all, continue to place our **customers** at the heart of our business.

I therefore wish you, faithful shareholders and customers too, a Happy New Year for 2010.

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

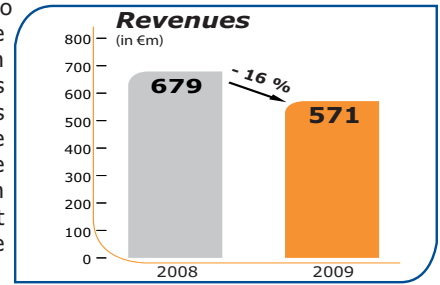
Jacques Gounon,
Chairman and Chief Executive

¹The results of the official enquiries are still not known

²A prototype of the SAFE stations, permanent fire-fighting installations in the tunnel, will be tested in 2010 with the roll-out planned for 2011.

Business in 2009

Despite the difficult economic conditions, Eurotunnel's activities are showing positive signs. Total, non audited, consolidated revenues for Eurotunnel in 2009 amounted to €571.1 million, a reduction of 16% compared to 2008 (based on a constant exchange rate, not including insurance indemnities or Europorte). The fourth quarter shows the beginning of an improvement in market share and demonstrates our customers' confidence in our performance. The advantages of Eurotunnel's transport system, its reliability in all weather, its speed and its respect for the environment have enabled the Group's performance to hold up in the context of the economic crisis and put us in a good position as recovery kicks in. Revenues from the Railways were stable for 2009 as a whole, but grew by 4% at a constant exchange rate in the fourth quarter, and did so despite the severe disruptions to the service due to bad weather at the end of the year.



Eurotunnel Shuttles

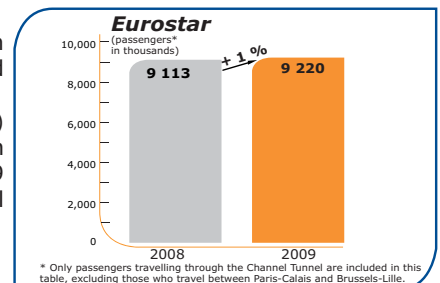
Full year car traffic increased slightly (+0.5%), the decrease seen over the first half having been compensated by strong growth in the second six months. The fourth quarter of 2009 saw Eurotunnel regain market share for cross-Channel traffic. Coach traffic declined slightly over the year (-2%).

Truck Traffic was doubly impacted during the year by the consequences of the fire in September 2008 and by the reduction in economic activity, but traffic increased in the fourth quarter compared to the same period in 2008 (+12%). Overall, even though the fourth quarter is compared to a low base, affected by the fire in September 2008, the growth of activity in the fourth quarter is marked, demonstrating the return of customers attracted by the high frequency of Shuttle departures and their punctuality. The reduced waiting time associated with crossing the Channel via the Tunnel is a major competitive advantage – particularly for trucks – and contributes to the recovery in market share.

Railways

The strong growth of Eurostar traffic (9.2 million passengers for the year) seen in the third quarter continued into the fourth, despite the disruption due to bad weather at the end of the year.

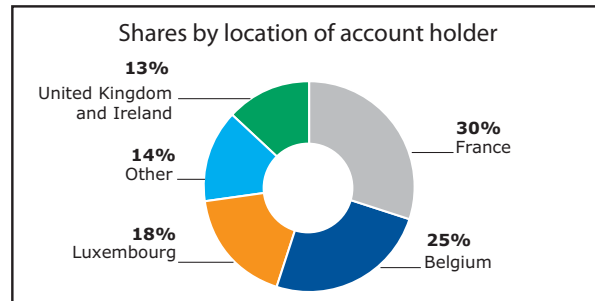
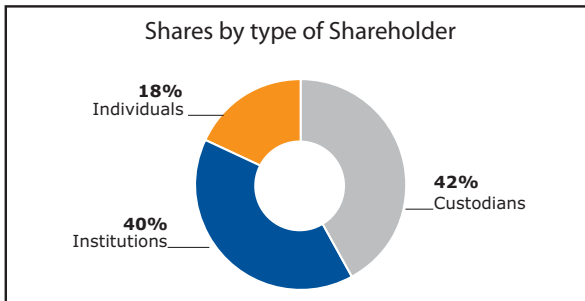
Rail freight saw an increase in the number of trains in the second half year (+2.4%) which kept the reduction in traffic to 12% for the year, in a sector which has seen its market collapse. Tonnage transported also increased in the fourth quarter of 2009 (+8%). The re-launch of freight initiated by the French government and Eurotunnel initiatives should create the conditions for the renewal of growth in this sector.



* Only passengers travelling through the Channel Tunnel are included in this table, excluding those who travel between Paris-Calais and Brussels-Lille.

*At a constant exchange rate: average exchange rate for the year 2009 : £1 = €1,119

Groupe Eurotunnel SA shareholder structure



Eurotunnel wins contract

The Port of Dunkirk, the third largest port and the biggest rail freight zone in France with 15 million tonnes of goods, has chosen Eurotunnel for the operations and maintenance of its railway infrastructure.

Starting in 2011, Eurotunnel will take control of 200km of track, 7 marshalling areas and 5 signal boxes. At a time when rail freight transport is recognised as one of the sustainable modes of transport, our group has been retained for this €24.8 million contract based on the quality of its performance which will enable the port to see annual gains in productivity coupled with efficient maintenance.

Our 2009 awards

> **"Best relations with investors within the framework of a financial operation"** Award received by Eurotunnel in December 2009 by the Investor relations and Financial Communications Forum for the quality of its information (accuracy and transparency), its quick release, availability and responsiveness.

> **"Trophée de l'économie responsable"** (trophy in recognition of a responsible attitude to economic growth) awarded in December 2009 by the Alliances network based in the Nord-Pas-de-Calais region and in Belgium. Eurotunnel was commended for its environmental commitment.

> **"Communication strategies"** mention Award presented to Eurotunnel by the "Strategies" magazine (weekly reference magazine for marketing and communication) in December 2009 in the Company book category for the originality of the publication of "Eurotunnel: 24 hours under the Channel"

> **Trophy for the Best Web site of large companies** presented to Eurotunnel in December 2009 by the Chamber of Commerce and Industry of the Côte d'Opale (Boulogne-sur-Mer, Calais, Dunkirk) during the 2009 edition of the Côte d'Opale web trophies.

If you have less than 500 GET shares, register for our email alerts to receive your copy of On Track!

In order to reduce costs, On Track will from now on only be sent to holders of 500 or more GET shares. To receive the electronic version of On Track and other Eurotunnel information, register your email address at shareholder.info@eurotunnel.com, including your name, postal address and shareholder reference number.

This service is available to all GET shareholders, regardless of the number of shares held.

Be environmentally responsible and help us to protect the planet and save money. We are counting on you!

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