

Eurotunnel on Track

March 2011



*Letter to Groupe Eurotunnel SA
shareholders*



Dear Shareholders,

I must begin with some very sad news: Pierre Bilger, ex chairman of ALSTOM, director of your company, passed away last Friday. He actively supported the Group to the end. Please remember him in your thoughts.

The **2010 results** – a loss of €57 million – must be put in perspective.

First of all, we have made an **exceptional charge** of €4.5 million in respect of the 9th Passenger Shuttle withdrawn from service by a decision taken in 2004 which, in retrospect, was unwise. Our vision today is that we must **renovate this Shuttle and put it back into service** so as to give us more flexibility and a 5th departure in each hour at peak times, in particular in view of the forthcoming 2012 Olympic Games in London. This shows the confidence we have in the development of the passenger market.

More significantly, we have also decided **not to account for any insurance indemnities** even though we are insured for the period 1st January 2010 to 10 September 2010. As a reminder, we accounted for €69 million in 2009.

You will recall that, following the fire in 2008 which led to a service interruption of 30 hours, Eurostar had obtained an order from the French courts that **€59 million be blocked** by our insurers so as to protect its interests.

In order to resolve this matter regarding the fire, it is essential to deal with this issue first. We have already secured the **release of €11 million**: these were paid in February 2011. As I write, I am hopeful that an agreement will be reached with Eurostar and our insurers in respect of the remaining €48 million but of course any positive outcome would only be reflected in the accounts for the current financial year not in those for last year. Should this occur, it should then be possible to negotiate a final settlement with our insurers. We are working towards this.

As far as the **other components of the 2010 results** are concerned, we are reaping the fruits of our labour: revenue has increased substantially, we have regained our leadership of the cross-Channel market, the markets we operate in are growing, costs are controlled and financial charges have returned to 2008 levels after a sharp decrease in 2009 when negative inflation in the UK resulted in lower repayments. They are in line with our forecasts. Finally, a most reliable indicator, the cash flow position following the acquisition of GBRf, increased significantly (€65 million) with €316 million available as at 31 December 2010.

All this leads us to believe that **our Group is essentially healthy and our markets remain buoyant**. That is why the board of directors decided to propose to you at the forthcoming general meeting on 28 April, the **payment of a dividend**. It will be identical to the last two years as even

though we have no issue with cash (this dividend represents a payment of €21 million) the net loss of €57 million does not enable us to do more. We are continuing to work so as to do better in future, provided of course no major geopolitical upheavals occur.

The economic background remains uncertain, but we know that the **increase in fuel prices** is a real hindrance for ferry companies. Already, P&O is demanding for a fuel surcharge of €8 per crossing.

As for **SeaFrance**, if it were not supported by its public shareholder, this competitor - which was recapitalised in the late 90s - would already have gone under. Along with all other operators in the cross-Channel market, we will remain very vigilant in respect of the terms of any potential recapitalisation: the press has hinted at unreasonable amounts representing almost one year's worth of turnover!

But none of this will last. Our advantage is that we are environmentally friendly in an age where **sustainable development** is key. Our teams remain motivated and focused. We continue to generate cash even at a time of economic crisis.

We know we can count on your support and loyalty. The latter will soon be rewarded by the **allocation of free shares** to those of you who have held on to the securities subscribed for in 2008.

In parallel, we will **cancel 8.5 million shares**. After the exercise of the remaining 2007 warrants, due to take place from next July, our capital structure will be definitively set. I conclude by confirming to you the great stability of our shareholder base, with 335,000 holders, with an average holding which has increased to 2,674 shares.

I look forward to seeing you at our **general meeting on 28 April 2011 at 10.15 a.m. (local time) in Coquelles**.

Yours faithfully,

A handwritten signature in black ink, appearing to be "J. Gounon".

Jacques Gounon,
Chairman and Chief Executive

FOCUS ON 2010 ACCOUNTS¹

On 3rd March, the board of directors finalised the Group's consolidated accounts for the 2010 financial year which were certified by the statutory auditors and show the net result for the 2010 financial year to be a loss of €57 million.

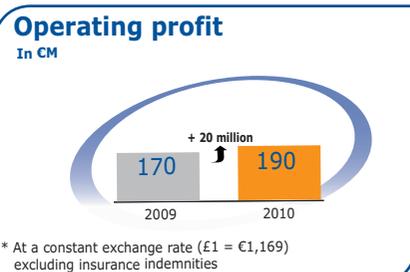
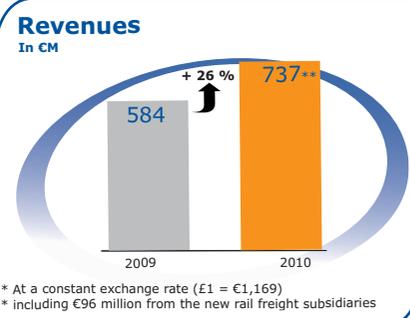
Against an economic backdrop which remains difficult, the Group's results are impacted by the delay in payment of the insurance indemnities relating to the 2008 fire, as well as a charge in respect of the Passenger Shuttle that the Group wishes to put back in service in anticipation of the 2012 Olympic Games (see overleaf).

Revenue for 2010 increased sharply (+26%) to €737 million, including €96 million from the new rail freight subsidiaries which did not contribute to revenue in 2009. Excluding their activity, the increase is still 9%.

Operating margin at €336 million increased slightly compared to 2009 although no additional insurance indemnities have been recorded. **Operating profit** increased by €20 million to €190 million in 2010 largely due to a reduction in depreciation charges and to an increase in net operating income of €10 million principally consisting of an amount of €13 million of negative goodwill arising from the acquisition of the companies acquired in November 2009.

Gross financial charges of €255 million have increased by €56 million returning to levels close to those of 2008, after the decrease in 2009, as a result of the rise in inflation in the UK affecting the index-linked tranche of the debt. This has no impact on cash flow for 2010 as the indexation of the nominal does not give rise to cash payments until its reimbursement.

Eurotunnel continues to generate a significant **operating cash-flow**. In total, the net cash inflow for 2010 was €60 million compared to a net cash outflow of €30 million in 2009.



¹All amounts and comparisons are expressed at a constant exchange rate of £1 = €1.169.

2011 GENERAL MEETING

Thursday 28 April 2011 at 10.15 a.m. (local time) in Coquelles.

Take an active part in the life of the Group: please do VOTE!

Registered shareholders and CDI holders will receive their notice of meeting and voting form at their registered address without having request them.

If you hold your shares in bearer form, please note that banks have a legal obligation to make available to shareholders who so request, all documents relating to the general meeting (per article 322-4 of the French market authority (AMF) Regulations and article R.225-85 of the French commercial code). Contact your bank and request the documentation: notice of meeting, voting form and certificate of holding.

For more information, please go to our dedicated general meeting page on our new corporate website: www.eurotunnelgroup.com.

Recorded highlights of the general meeting will be available on our website.



BONUS SHARES

Shareholders who, as at 6 March 2011, still hold the shares issued to them on exercise of the warrants allocated as part of the share capital increase of 2008 (shares under ISIN code FR0010612176) as well as those issued on redemption of the SDES (shares under ISIN FR0010585513) will receive bonus shares to which they are entitled on 18 March 2011. If you hold any such shares under these ISINs, please note that the transaction is automatic and you do not need to take any action.

2007 WARRANTS

The warrants issued as part of the 2007 ETO and which were not tendered to the simplified ETO in 2009 will soon become exercisable (ISIN FR0010452441, ticker GETBS). The ratio was calculated in 2008 as being 0.03378 GET SA share per warrant exercised. In June 2011, the warrant holders' representative will have 25 days to provide the final exercise ratio. It is anticipated that the exercise period will start to run after the determination of the final exercise ratio, around 1st July 2011 for a 6-month period. Warrant holders will be informed in due course of the steps they need to take, if any.

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