

Eurotunnel on Track

March 2010



Letter to Groupe Eurotunnel SA
shareholders



Dear Shareholder,

In 2009, your group successfully navigated its way through the most severe economic crisis in modern times, the aftermath of the fire in September 2008 and the disruption to Eurostar services at the end of the year and **still made a profit**. True, it is a modest profit (€1.4 million), but it is important to point out that it could have been much higher had the railway operators not requested that the Paris Tribunal de Grande Instance (court of first instance) block part of the insurance indemnities we are due by making a claim against our insurers last May.

So far, **the total amount of indemnities received from our insurers comes to €147 million** for damages estimated at c.€250 million as at the end of 2009. Eurostar is claiming €48 million from our insurers and the Court has required that a total of €59 million be frozen whilst a decision on the substance of the claim is pending. Eurostar having refused to change its position and, even though we believe that there is no justification for the claim, on my recommendation, the Board adopted the most conservative approach by only recording €69 million as other income in 2009. Of course, we will take all necessary steps to recover in 2010 what we missed in 2009.

In contrast, the positive outcome of the "Sangatte litigation" means that we **received €8 million from the British government**, which compensated for the residual depreciation of the fire-damaged Shuttle. We must remember that our resolute action has led to the recovery of a total of €32 million in compensation for the expenses incurred to manage illegal immigrants.

In these conditions, temporarily deprived of part of our revenues yet not delaying in recognising costs, it is clear that the 2009 results are not representative of a normal operating year.

On the basis that we have remained in profit, the Board considered that there was no reason to go back on our dividend policy initiated in 2008. It will therefore be proposed that the AGM to be held on 26 May 2010 in Coquelles approves the payment of a **dividend of 4 cents of a € per share**.

The other important aspect of the 2009 annual results is **the management of costs which decreased excluding insurance by 11%** compared to 2008, without sacrificing maintenance and investments which remained at a high level. The launch of the SAFE programme to equip the Tunnel with fire suppression zones, has enabled us to renegotiate downwards our insurance premiums for 2010 (-32%) without changing the level of cover of €900 million. This decrease should continue in 2011 once the SAFE programme is completed.

Another point to note in respect of these 2009 accounts: the French subsidiaries of Veolia Cargo (revenues of €54 million in 2009, 600 staff, now known as Europorte) acquired for €17 million (net of debt, net of cash) on 30 November 2009, are not consolidated in the accounts as at 31 December 2009. This will only take place in 2010.

The **GET share**, now listed in compartment A of the Paris stock exchange, joined **Morgan Stanley indices** in February: MSCI Global Standard and MSCI Growth. It is the only European stock to have been selected as part of this update. This illustrates the market recognition of Eurotunnel's performance and potential and of our capacity to meet the highest international standards in the financial sector. Your Group will also be automatically **reintegrated the Paris Deferred Settlement Service (SRD)** in September 2010 following the conversion of the remaining NRS at the end of July. Our return to normal will then be complete, including the Group's bye-laws as, following the highly successful early conversion of NRS last October, the conditions for the continued existence of the preference share (also known as golden share) held by historic

creditors together through ENHC which gave them certain rights, are no longer met and it has been converted into an ordinary share.

We can therefore now focus on 2010; in the current uncertain economic context, it will be another difficult year.

Recent news is, of course, the findings of the Eurostar-commissioned report on the breakdowns of December last year, made public in February.

None of the recommendations made by the Eurostar-appointed experts seek to correct any possible failing on the part of Eurotunnel.

As early as 22 December, I had informed Eurostar and the British and French authorities that, in order to avoid any recurrence of such incidents, we were ready to share our expertise in protecting locomotives against snow ingress and in training crews to deal with stressful situations. I also suggested that Eurostar make available additional rescue units and a passenger train in case of evacuation. Should it be prepared to finance it, Eurostar may also extend the GSM-R contract signed by Eurotunnel at the end of 2009 with Alcatel-Lucent to digitise the current railway communications systems, so that it includes public communications within the Tunnel.

Even though it is not within the scope of our responsibilities, **Eurotunnel will give every assistance to Eurostar** for the implementation of the recommendations which aim to improve its service to its passengers. It is in our interest that Eurostar, our biggest customer, should bounce back fully and quickly.

On 27 January 2010, we welcomed onboard one of our Shuttles the **15 millionth truck** to use the Tunnel since its opening in 1994. The truck was part of the Geodis fleet, the fourth largest logistics operator in Europe. To promote our strengths, we created a Sustainable Development Club for the Dover Strait bringing together major hauliers who use our services, to help them meet their environmental objectives.

The **wind turbine** project launched as part of our partnership with ADEME in 2007 is now complete. The three turbines installed on the Coquelles terminal generate 800Kw each and produce enough electricity to power 2,000 homes. As you can see, Eurotunnel is taking every opportunity to prove its commitment to sustainable development.

On Saturday 13 February, more than 7 million viewers in France were able to go behind the scenes at the Tunnel via the television programme "Zoom on Calais". The documentary was a real opportunity to show how the business has become well integrated in its local environment and its operation 24 hours-a-day, 365 days-a-year.

Since the fire in 2008, we have regained our place as **leader in the cross-Channel car market**. We are still the world **leader in piggy-back transport**, with an average of one million trucks carried on our environmentally friendly Shuttles every year. Our objective is to regain our traditional market share across the Short Strait by the end of this year. Eurostar is essential and new links are possible. Europorte and the recent contract we have won to maintain the railway tracks at the Port of Dunkirk are growth opportunities in markets full of potential.

We remain determined to rise to all the challenges that 2010 may hold.

Yours faithfully,

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

Jacques Gounon,
Chairman and Chief Executive

Focus on the 2009 results

On 9 March 2010, Groupe Eurotunnel published its consolidated results for 2009¹. In a poor economic environment, despite the impact of the fire in September 2008 which limited traffic at the start of the year, and the suspension of Eurostar services at the end of the year, Eurotunnel has remained in profit in 2009 with a net profit of €1.4 million.

Revenues

Revenues amounted to €571 million (excluding insurance indemnities and Europorte's four new subsidiaries (ex-Veolia Cargo)) are 16% lower compared to 2008.

Shuttle services revenues of €311 million, (25% below to 2008) were affected by the consequences of the fire of 2008 and the contraction of the markets seen in 2009. The cross-Channel truck market was about 20% below 2007. Shuttle revenues increased by 10% in the fourth quarter compared to a period impacted by the fire the preceding year.

Revenues from railways (€250 million) are comparable to that for 2008. The growth in Eurostar traffic during the first two quarters of 2009 led to an overall increase in traffic of 1% for the year compared to 2008 despite the incidents at the end of 2009. The number of rail freight trains using the Tunnel in the second half of 2009 (+2.4% compared to the same period in 2008) reduced the decline in the full-year traffic to 12% in 2009 compared to 2008.

After taking into account insurance indemnities relating to operating losses of €69 million (€44 million in 2008) and operating expenses and depreciation relatively stable despite a substantial increase in insurance premiums, the trading profit is 34% below 2008.

Management of costs

Operating margin (EBITDA²) (€325 million) has decreased by 19% compared to 2008 (€403 million) but is in excess of the analysts' consensus.

Stable staff numbers and a strict operating discipline has led to a significant reduction in operating costs and enabled the absorption of the considerable increase in insurance premiums (€20 million) in 2009 as a result of the fire in September 2008. Managing costs has been done without compromising the quality of service. It has given the Group a competitive edge in the current difficult economic circumstances.

Reduction in financial charges

The net cost of servicing debt has reduced by €47 million representing a sharp fall of 19% as a result of the impact of the low to negative inflation rates on the inflation-linked element of the debt. The transactions to redeem the NRS have led to a reduction in charges relating to the NRS of €7 million in 2009.

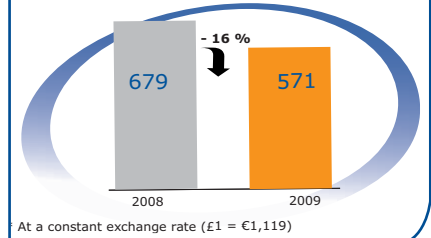
Net result

After taking into account financial income of €32 million, the net consolidated result for the 2009 financial year is a profit of €1.4 million compared to a profit of €34 million (restated at a constant exchange rate) in 2008.

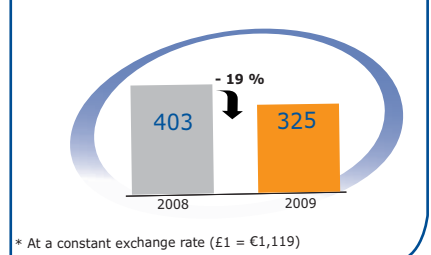
¹ All figures and comparisons with 2008 presented are at a constant exchange rate (£1 = €1,119).

² EBITDA: Earnings before interest, tax depreciation and amortisation.

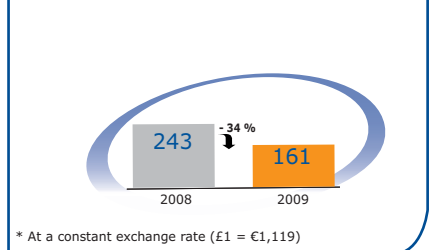
Revenues In CM



EBITDA In CM



Trading profit En CM



Annual General Meeting

Wednesday 26 May 2010 in Coquelles

Take part in the life of your group: Make sure you vote!

Notice of meeting together with voting forms will be sent to registered shareholders as well as CDI holders directly to their registered address, at the beginning of May, without any request being necessary on their part.

We would like to remind you that French banks are under an obligation to provide the documentation relating to this general meeting to bearer shareholders who request it (per article 322-4 of the General Regulations of the French market authority and article R. 225-85 of the French Commercial Code). Do not hesitate to contact your bank so that the notice, voting form and certificate you require be given to you. voting forms must be returned to the registrars by **5 p.m.** (French time) on **Friday 21 May 2010**. Bearer holders must ensure they enclose their participation certificate.

For more information, please go to our AGM page on our website www.eurotunnel.com.

Key parts of the general meeting will be available on our website with a time delay.

Our animal friends prefer Eurotunnel

In March, we celebrated the 10th anniversary of the Pet Travel Scheme, which allows owners and their pets to travel together quickly and easily to the United Kingdom.

Since 2000, almost 500,000 dogs and cats have travelled across the Channel on Eurotunnel Shuttles (the daily record being 752, from the Continent to Great-Britain, on 3 January 2010), representing, according to DEFRA (Department for Environment, Food and Rural Affairs) figures, 48% of all pets coming into the country.

The quality of the service has meant that Eurotunnel has won the Kennel Club's "Best cross-Channel Carrier" and the Winalot Dog Friendly Awards.



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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