



THEOLIA

Press release

Aix en Provence, December 29, 2009

THEOLIA announces the signing of agreements with its principal bondholders to strengthen its balance sheet and reduce its debt

- **The principal bondholders, representing 65.5% of the nominal amount of the issue, approve the changes to issue terms of its convertible bond;**
- **The restructuring plan is contingent upon the completion of a capital increase to strengthen THEOLIA's equity, accelerate its debt reduction and to give it the financial means to reignite the development of its pipeline;**
- **The bondholders and shareholders will be summoned in the beginning of 2010 to vote in favor of the plan approved by the Board of Directors.**
- **An independent expert has been appointed by the Board of Directors to render a fairness opinion of the proposed operations;**

THEOLIA ('the Company'), an independent international developer and operator of wind energy projects listed on the NYSE Euronext Paris exchange, announces both the acceptance by its principal bondholders, representing 65.5% of the nominal issue amount, of the restructuring of the convertible bond "OCEANES"¹; and also its intention to launch a capital increase up to a maximum of €100m by the Company's current shareholders in order to support its development program for the coming years.

As announced by the Company on September 1, 2009, THEOLIA expects to have difficulty to amass or to borrow the funds necessary to reimburse the €253 million of its convertible bonds on January 1, 2012 in the event of early redemption requests for the entire loan.

As a precautionary measure, the Company requested and obtained the appointment by the President of the Aix-en-Provence Commercial Court of a *mandataire ad-hoc* (special purpose trustee) on June 22, 2009. Under French law, this confidential procedure is designed to assist companies expecting to face financial difficulties.

¹ The "Obligations Convertibles et/ou Echangeables en Actions Nouvelles ou Existantes" (collectively, the "OCEANES") have been issued by THEOLIA pursuant to a prospectus dated October 23, 2007 approved by the French Autorité des marchés financiers (the "AMF") under visa no. 07-368 (the "Prospectus").

Thereafter THEOLIA approached its principal bondholders to renegotiate the terms of the loan. These negotiations have led to the signing of agreements currently representing 65.5% of the nominal issue amount.

The Board of Directors of THEOLIA has appointed the firm Ricol Lasteyrie in the role of independent financial expert to examine the financial conditions of the proposed restructuring and notably the impact and interest of this restructuring for the Company, its shareholders and its bondholders as well as to assess its fairness from both the shareholders' and bondholders' point of view. The expert will render his conclusive report to the Board of Directors in the beginning of 2010.

Subject to favorable conclusions of this final report, it is agreed that the Board will then convene bondholders to a general meeting to approve the new terms of the convertible bond and subsequently summon shareholders to a General Meeting to also approve the new terms of the convertible bond and to grant powers to the Board of Directors to decide and to launch a capital increase either through a rights issue or issuance of warrants with a ceiling of approximately €100 million. The Board plans to launch the capital increase by spring 2010, as the change in convertible bond terms is contingent upon the realization of this capital increase.

The new terms of the convertible bond will depend on the amount of the capital increase: the closer the capital increase is to €100 million, the more beneficial the impact of this transaction will be on the Company and its shareholders.

Thus, if the plan receives approval from both meetings of bondholders and shareholders and if the capital increase raises the maximum of €100m, the Company will have:

- increased its cash position by €40m
- reduced its remaining convertible bond debt to €127m to be reimbursed on January 1, 2015, at the initiative of bondholders
- increased its equity by approximately €150m, considering the impact on the Group's equity from the restructuring of the convertible bond which is currently under review by the Company's auditors.

Applying the same assumptions in the case of a capital increase for a maximum amount of €100 million and assuming the total conversion of OCEANEs into shares before December 31, 2013, bondholders would have access to 35% of THEOLIA's diluted capital, while with current OCEANEs conversion rate, their stake in the diluted capital would be 22%.

THEOLIA's shareholders should nonetheless consider the risk of potential dilution arising from the completion of the proposed restructuring plan, which may adversely impact the value of their investment in the Company. Material dilution could possibly result from the new conversion ratio of the OCEANEs particularly in the event where the capital increase completed by the restructuring plan would be significantly less than €100m.

Marc van't Noordende, CEO of THEOLIA, commented:

“These agreements are the result of focused and constructive negotiations with certain significant bondholders, and the new terms have been designed in the common interests of bondholders and shareholders. The successful restructuring of the convertible bond and the success of an associated capital increase will enable THEOLIA to pursue the development of its pipeline of projects thereby unlocking value for its shareholders, and also to ensure the viability of its operations beyond the early redemption date. I am confident that the financial restructuring will now provide the key element to assure the Company’s future growth.”

THEOLIA is active in a very dynamic sector and develops an extensive, high quality pipeline in the framework of a clear strategy suitable for an independent player in a strained financial market. We also now see early signs of a recovery in the wider wind sector as credit markets begin to improve, providing the industry with a more benign environment for 2010.”

Appointment of a *mandataire ad-hoc* (special purpose trustee)

Beginning in June 2009, in anticipation of the difficulty to reimburse the convertible bond in 2012, THEOLIA’s management requested in a preventive manner the appointment of a *mandataire ad-hoc*. Maître Laurent Le Guernevé was thus appointed by the President of the Aix-en-Provence Commercial Court on June 22, 2009 as *mandataire ad-hoc* of THEOLIA for an initial period of three months, later renewed for five more months until February 23, 2010. His mission as *mandataire ad hoc* was mainly to assist THEOLIA in the negotiations with its bondholders to restructure its bond debt, along with its financial and legal advisors, Deutsche Bank and Herbert Smith, chosen by the Group for this restructuring.

A *mandat ad-hoc* is a preventive measure in anticipation of difficulties that is strictly confidential; this confidentiality is in accordance with the mandatory provisions of the French Commercial Code.

A failure of the convertible bond restructuring would increase the risk of no access to financing wind projects in development and could force the Company to consider creditor protection available under French law, leading to significant value destruction.

Convertible bond restructuring agreement

THEOLIA has signed an agreement for the restructuring of its OCEANEs with the majority of its significant bondholders, altogether holding more than 65% of the nominal amount of the bond issue. The implementation of this restructuring plan should ensure both the continuity of its operations beyond 2011 and the continuation of its new strategy.

The restructuring plan is based on two pillars:

- ✓ a change in the terms of the OCEANEs leading to an extension of the maturity and a forgiveness of debt repayable by early redemption in 2015, mainly in exchange for an improvement of the conversion ratio that should provide an incentive for bondholders to convert their bonds into shares; and
- ✓ a capital increase implemented either through a rights issue or via the issuance of warrants to all shareholders of THEOLIA.

The capital increase may raise up to a maximum amount of €100m according to the following premises:

- ✓ issuance of new shares with a subscription price of €1 per share;
- ✓ the first €40m to be retained by THEOLIA to fund the development of its pipeline of projects;
- ✓ the remainder (up to €60m, depending on the number of warrants or rights exercised) will be distributed to the bondholders as an early partial repayment of the OCEANEs' nominal value.

The bondholders who have signed the agreements with THEOLIA are committed to vote the following amendments to the terms of the OCEANEs during a bondholders' meeting to be convened by the Board of Directors of THEOLIA in early 2010:

- ✓ The removal of the bondholders' option for early redemption on January 1, 2012,
- ✓ The extension of the maturity from January 1, 2014 to January 1, 2041,
- ✓ A new option for bondholders to redeem their bonds on January 1, 2015, for a buyback price ranging from 50% to 77.4% of the current redemption value (between €10.97 and €16.99 per bond), depending on the amount of the completed capital increase. The formula to determine the buyback price is disclosed in Appendix 1,
- ✓ The early redemption of part of the convertible bond within the limit of €60m of nominal (€5.20 per bond), depending on the amount of the completed capital increase,
- ✓ A slightly modified coupon of 2.7% of new nominal (after repayment of the aforementioned partial early redemption) until January 1, 2015, reduced to 0.1% thereafter until January 1, 2041,
- ✓ An improved conversion ratio, moving from 1 share per bond to N1 shares per bond until December 31, 2013 and N2 shares per bond from January 1, 2014 until December 31, 2014. N1 is defined by the amount of the capital increase actually completed according to the table in Appendix 2; N2 is equal to 80% of N1,
- ✓ The removal of the bondholders' right to convert or exchange their bonds into shares from January 1, 2015,
- ✓ A change of control clause that remains applicable, provided that it will allow every bondholder to request early redemption at a price equal to the buyback price (as described in Appendix 1), and that this clause will not apply in the event where a capital increase linked to the restructuring would trigger a change of control of THEOLIA,
- ✓ The removal of the temporary adjustment mechanism of the conversion ratio in the event of a tender offer on Company's shares (clause 4.16.8.4) and
- ✓ The change of the new shares' issuance date upon OCEANEs' conversion that will from now on apply at the time of such delivery and will be from their issuance entirely assimilated to the existing shares.

The completion of the restructuring plan is contingent upon the following three conditions:

- ✓ Approval of the amendment of the terms of the convertible bonds by the bondholders' meeting,
- ✓ Approval, by an extraordinary shareholders' meeting, of the amendment of the convertible bond terms and of a delegation of powers granted to the Board of Directors to decide on and implement the capital increase,
- ✓ Completion of a capital increase to be launched for an amount of approximately €100m (this amount may be decreased to a minimum of €60m in some cases).

In order to be duly approved, the resolutions proposed to the bondholders' meeting and to the extraordinary general shareholders' meeting will need to obtain approval by at least two-thirds

of the voting rights holdings present or represented at these meetings. The Company aims to hold these meetings in 2010 as early as possible.

The Company will enter into discussions with investors and banks in early 2010 to underwrite this capital increase. As of today, no third party has signed a binding agreement to underwrite and/or to subscribe in whole or in part to the planned capital increase.

The independent financial expert appointed by the Board of THEOLIA has submitted its preliminary conclusions in assessing the restructuring terms

THEOLIA's Board of Directors, on its own initiative, has appointed the firm Ricol Lasteyrie as independent financial expert, in order to assess the financial terms of the proposed restructuring agreement and notably the impact and interest of this restructuring for the Company, its shareholders and its bondholders, as well as to render an opinion on its fairness from both a shareholder's and bondholder's points of view.

Ricol Lasteyrie submitted its preliminary conclusions to the Board on December 21, 2009, and will deliver his final report to the Board in early 2010. The terms of this report will subsequently be disclosed.

Business Plan

Working within the framework set by the recommendation COB n°2003-01, THEOLIA's management has presented to its principal bondholders during these discussions certain forecasts for the year ending December 31, 2009, as well as some excerpts from its business plan for 2010 to 2012. In order to reestablish investors' equal access to information, the Company presents these elements in Appendix 3.

For more information:

A presentation outlining the terms of the restructuring plan is available on the Company's website www.theolia.com.

The management will hold a conference call in English on January 5, 2010 at 14:30 CET. Details for the conference call will be forthcoming on the website www.theolia.com.

About THEOLIA

THEOLIA is an independent international developer and operator of wind energy projects. THEOLIA is active primarily in France, Germany and Italy, and also in India, Brazil and Morocco. THEOLIA trades on the compartment B of Euronext Paris, regulated market of NYSE Euronext, under the symbol TEO. The THEOLIA stock is part of the CAC Small 90 index.

For more information

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THEOLIA

French *Société Anonyme* (public limited company with Board of Directors) with share capital of €39,895,207

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THEOLIA is listed on the compartment B of Euronext Paris, code: TEO

Appendix 1: New buyback price of the OCEANES

a) Any bondholder may request THEOLIA to buy its OCEANES in cash on January 1, 2015, at a purchase price (the "Buyback Price") equal to, for each OCEANE, the result of the following formula:

$$\text{Buyback Price} = [1 - (p * 50\%)] * 21.9398$$

(i) Where "p" is equal to the result of the following formula:

X_t

X_{tMax}

with " X_t " being equal to the aggregate effective amount of the capital increase and " X_{tMax} " equal to 99,738,017;

and "p" being at least equal to 0,45 and capped at 1;

(ii) provided that the Company will round the purchase price to the nearest hundredth digit.

Example of calculation of the Buyback Price (for illustration purposes):

Amount of the capital increase completed in € millions (X_t)	45.0	60.0	75.0	90.0	99.7
Purchase price in € for each OCEANE	16.99	15.34	13.69	12.04	10.97

Appendix 2: New conversion ratio applicable until December 31, 2013 (N1)

The new conversion ratio for the OCEANEs applicable until December 31, 2013 (N1) will be determined on the basis of the gross issue proceeds of the capital increase according to the table set forth below.

Gross issue proceeds of the capital increase (in € million) ("Xt")

X_t	N1	X_t	N1	X_t	N1	X_t	N1	X_t	N1	X_t	N1
45.00	9.05	54.61	8.87	64.33	8.46	74.06	8.00	83.78	7.50	93.50	6.95
45.13	9.05	54.86	8.86	64.58	8.45	74.30	7.99	84.03	7.48	93.75	6.94
45.38	9.05	55.11	8.85	64.83	8.44	74.55	7.98	84.28	7.47	94.00	6.92
45.63	9.05	55.35	8.84	65.08	8.43	74.80	7.97	84.53	7.46	94.25	6.91
45.88	9.06	55.60	8.83	65.33	8.42	75.05	7.95	84.78	7.44	94.50	6.89
46.13	9.06	55.85	8.82	65.58	8.41	75.30	7.94	85.03	7.43	94.75	6.88
46.38	9.06	56.10	8.81	65.83	8.40	75.55	7.93	85.28	7.42	95.00	6.87
46.63	9.06	56.35	8.80	66.08	8.39	75.80	7.92	85.53	7.40	95.25	6.85
46.88	9.06	56.60	8.79	66.33	8.37	76.05	7.90	85.77	7.39	95.50	6.84
47.13	9.06	56.85	8.78	66.58	8.36	76.30	7.89	86.02	7.37	95.75	6.82
47.38	9.06	57.10	8.77	66.82	8.35	76.55	7.88	86.27	7.36	96.00	6.81
47.62	9.05	57.35	8.76	67.07	8.34	76.80	7.87	86.52	7.35	96.25	6.79
47.87	9.05	57.60	8.75	67.32	8.33	77.05	7.85	86.77	7.33	96.50	6.78
48.12	9.05	57.85	8.74	67.57	8.32	77.30	7.84	87.02	7.32	96.75	6.76
48.37	9.05	58.10	8.73	67.82	8.30	77.55	7.83	87.27	7.31	97.00	6.75
48.62	9.05	58.35	8.72	68.07	8.29	77.80	7.81	87.52	7.29	97.24	6.73
48.87	9.05	58.60	8.71	68.32	8.28	78.04	7.80	87.77	7.28	97.49	6.72
49.12	9.05	58.85	8.70	68.57	8.27	78.29	7.79	88.02	7.26	97.74	6.70
49.37	9.05	59.09	8.69	68.82	8.26	78.54	7.78	88.27	7.25	97.99	6.69
49.62	9.05	59.34	8.68	69.07	8.25	78.79	7.76	88.52	7.24	98.24	6.67
49.87	9.04	59.59	8.67	69.32	8.23	79.04	7.75	88.77	7.22	98.49	6.66
49.87	9.04	59.84	8.66	69.57	8.22	79.29	7.74	89.02	7.21	98.74	6.64
50.12	9.03	59.84	8.66	69.82	8.21	79.54	7.72	89.27	7.19	98.99	6.63
50.37	9.02	60.09	8.65	69.82	8.21	79.79	7.71	89.51	7.18	99.24	6.61
50.62	9.01	60.34	8.64	70.07	8.20	79.79	7.71	89.76	7.17	99.49	6.60
50.87	9.00	60.59	8.63	70.32	8.19	80.04	7.70	89.76	7.17	99.74	6.59
51.12	8.99	60.84	8.62	70.56	8.18	80.29	7.68	90.01	7.15		
51.37	8.98	61.09	8.60	70.81	8.16	80.54	7.67	90.26	7.14		
51.61	8.98	61.34	8.59	71.06	8.15	80.79	7.66	90.51	7.12		
51.86	8.97	61.59	8.58	71.31	8.14	81.04	7.64	90.76	7.11		
52.11	8.96	61.84	8.57	71.56	8.13	81.29	7.63	91.01	7.10		
52.36	8.95	62.09	8.56	71.81	8.11	81.54	7.62	91.26	7.08		
52.61	8.94	62.34	8.55	72.06	8.10	81.79	7.60	91.51	7.07		
52.86	8.93	62.59	8.54	72.31	8.09	82.03	7.59	91.76	7.05		
53.11	8.92	62.83	8.53	72.56	8.08	82.28	7.58	92.01	7.04		
53.36	8.91	63.08	8.52	72.81	8.07	82.53	7.56	92.26	7.02		
53.61	8.90	63.33	8.51	73.06	8.05	82.78	7.55	92.51	7.01		
53.86	8.89	63.58	8.50	73.31	8.04	83.03	7.54	92.76	7.00		
54.11	8.88	63.83	8.49	73.56	8.03	83.28	7.52	93.01	6.98		
54.36	8.88	64.08	8.47	73.81	8.02	83.53	7.51	93.26	6.97		

In the event where the proceeds of the capital increase fall between two amounts of capital increase set out in the table above, N1 will be deemed equal to the higher of the two corresponding levels of N1 indicated in the table.

For example, if the proceeds of the capital increase are €90.40m, i.e. between €90.26m (N1 = 7.14) and €90.51m (N1 = 7.12), N1 will be deemed equal to 7.14.

In addition, in the event where the proceeds of the capital increase would exceed €99.74m, N1 will be deemed equal to 6.59.

Appendix 3: Forecasts excerpts developed in July 2009 and presented to bondholders within the framework of negotiations

Acting within the framework set by the recommendation COB n°2003-01 related to “Data Room” procedures, THEOLIA’s management has, during negotiations with bondholders, shared some forecasts for the year ending December 31, 2009, as well as excerpts from its business plan developed for the 2010-12 period.

After the signature of final agreements with principal shareholders and before the general meetings necessary to approve the restructuring, the Company displays below all the non public elements communicated to bondholders, in order to restore investors’ equal access to information.

Nonetheless, the Company makes clear that the forecasts had been developed in July 2009 in order to be provided to the principal bondholders within the framework of the upcoming negotiations. As certain assumptions upon which these details were built are no longer valid as of today and uncertainties still remain on the achievement of some of the transactions before the end of the year, the Group does not wish to maintain the forecasts provided below that it considers outdated, and does not intend to repeat them in the next *Document de Référence*. After the completion of its restructuring plan, THEOLIA’s management, if it deems appropriate, will present new forecasts to the market.

1. Financial forecasts for the fiscal year ending December 31, 2009

For the year ending December 31, 2009, the Group provided the following financial forecasts (in € million):

Revenue	289.6
EBITDA	52.9
Operating profit	18.8
Cash-flow	31.6

These estimates developed in July 2009 were based on the following main assumptions:

- Continued success in realizing expected sales of additional wind assets and projects,
- No depreciation as a result of impairment tests, beyond those already noted in half-year 2009 accounts.

As indicated above, some of these assumptions are no longer valid as of today and uncertainties still remain as to the achievement of some of the transactions before the end of the year.

In addition, the implementation of the new “Develop, Operate and Sell” strategy, made public August 31, 2009, has two major accounting consequences beginning on September 1, 2009:

- any sale of a wind farm and/or wind project is now recorded as revenue, according to the IAS 16 amended standard,
- depreciation of wind farms is now accounted for in a shorter time period, due to their expected sale 2 to 4 years after their commissioning, and no longer over the entire period of the purchase power agreement of electricity produced by the wind farm.

These changes in accounting methods have not been taken into account neither for the forecasts for the year ending December 31, 2009, nor in the business plan developed for the 2010-12 period. As a result, the business plan disclosed below does not record pipeline sales in France and in Italy as revenue, but accounts their impact in “Other current operating income and expenses” in the income statement.

2. Main operating assumptions from the 2010-2012 business plan

The main assumptions retained for the 2010-12 period are as follows:

- ✓ Continuity of THEOLIA’s operations as a going concern and access to the financing needed for the planned pipeline development,
- ✓ Operating hours based on P90 assumptions: 90% probability to reach estimated load factor, based on historical data and on-site measurements,
- ✓ Disposal and/or closure of the remaining non-wind activities by the end of 2009,
- ✓ Monetization by the end of 2010 of the current installed base owned by the Group in France and Germany,
- ✓ Development and commissioning of 140 MW in France and 280 MW in Italy between 2010 and 2012 under the new “Develop, Operate and Sell” strategy,
- ✓ Sale of 100 MW per year in Germany to third parties under THEOLIA’s trading model.

It should be noted that development of wind farms in emerging markets such as Brazil and India is seen as a potential upside for THEOLIA not factored in the business plan.

Forecasts presented below are based on data, assumptions and assessments deemed reasonable by the management of THEOLIA. Such data, assumptions and assessments involve known and unknown risks and uncertainties notably attributable to the economic, financial, accounting, competitive and regulatory environment that may cause actual results, performance or achievements of THEOLIA to be different from those expressed or implied in those forecasts. In particular, there are a number of specific risk factors attached to the achievement of the financial objectives of THEOLIA (which are briefly summarized in paragraph 5 below).

THEOLIA does not give any commitments or guarantees on the achievement of the forecasts presented below.

3. Forecasts for the fiscal years 2010 to 2012, pre financing assumptions

The restructuring plan aims to assure the viability and funding of the Group's pipeline, leading to an installed capacity for own account of 420 MW in 2012.

Projected portfolio at end of year	2010	2011	2012
In MW			
Operational capacity for own account	93.8	255.7	420.2
<i>Germany</i>	-	-	-
<i>France</i>	18.0	58.4	140.4
<i>Italy</i>	75.8	197.3	279.8
<i>Morocco</i>	-	-	-
Newly installed capacity sold to third parties during the year	119.2	100.0	128.8
<i>Germany</i>	100.0	100.0	100.0
<i>France</i>	19.2	-	28.8
Operational capacity managed for third parties	547.5	647.5	776.3

Revenue from Sale of electricity for own account is projected to decrease in 2010 and 2011, as a result of the program to sell wind projects and assets. This trend will be reversed when a large element of the Italian pipeline becomes operational in 2012. Revenue from Operation increases proportionately to the growth of the number of wind farms sold to and then managed for third parties.

Forecasted revenue	2010	2011	2012
In € million			
Sale of electricity (operational capacity)	31.8	27.2	76.3
<i>Germany</i>	10.6	-	-
<i>France</i>	8.4	3.3	11.0
<i>Italy</i>	6.5	23.9	65.3
<i>Morocco</i>	6.3		
Development, Construction, Sale * (newly installed capacity sold to third parties)	158.5	157.8	163.7
<i>Germany</i>	154.4	155.0	155.0
<i>France**</i>	4.0	2.8	8.7
Operation (capacity managed for third parties)	85.4	110.4	125.2
Total Revenue	275.7	295.4	365.2

* 'Sale' includes only the trading activity in Germany, which is recorded as revenue. Sales of wind farms in France and Italy are not recorded as revenue, but are recorded as 'Other operating income and expenses'

** Third party construction

The main contributors to THEOLIA's EBITDA are the activity of Sale of electricity for own account and the income from asset sales.

- ✓ The monetization of the current installed base fully owned by the Group will provide significant EBITDA in 2010. Within the "Develop, Operate and Sell" strategy, the first commissioning of new wind farms is planned for the end of 2010 and the first sales are assumed after 2012.
- ✓ 2010 and 2011 appear as transition years, with a lower EBITDA level in 2011 as a consequence of a reduced installed base.
- ✓ THEOLIA expects to generate an EBITDA in excess of €60 million in 2012, comprised of roughly €65 million from the sale of electricity for own accounts, €20-25 million from the sale and operation for third parties, offset by €25-30 million of structure costs.

Forecasted consolidated income statement	2010	2011	2012
In € million			
Total Revenue	275.7	295.4	365.2
EBITDA (including proceeds from asset sales)	51.5	20.3	60.7
Operating income	33.6	9.0	30.7

In 2010 and 2011, most of the capex spending will be attributable to the Italian pipeline. Capex spending on the French pipeline will grow over the business plan period to reach €131 million in 2012.

The combination of sale of electricity and sale of assets enables a positive change in cash, except in 2011/2012 when there are no significant sales of assets expected.

Forecasted consolidated cash flows	2010	2011	2012
In € million			
EBITDA excluding income from asset sales	18.1	17.1	60.7
- Non-recurring result (cash)	-	-	-
+ Share-based payment	3.0	3.0	3.0
+ Decrease in working capital	23.2	-	-
Operating cash flow pre-financing, pre-tax	44.3	20.1	63.7
- Payment to third parties*	(5.5)	(0.5)	(0.5)
- Net capex	(190.4)	(231.7)	(226.2)
+ Total proceeds from disposals (before debt repayment)**	299.2	12.8	-
Total cash flow pre-financing, pre-tax	147.6	(199.2)	(163.0)

* Includes estimated earn-outs in Italy and dividends paid to minorities

** Before debt repayment

4. THEOLIA forecasts for 2010-12 for cash flows, post financing assumptions

The main financing assumptions retained for the 2010-12 forecasts are as follows:

- ✓ No repayment nor conversion/exchange of the OCEANEs over the business plan period,
- ✓ The capital increase of up to €40 million of the restructuring plan has not been taken into account,

- ✓ No dividends paid to THEOLIA's shareholders.

Based on these assumptions, the forecasted cash flows in 2010-2012 are also driven by:

- ✓ The proceeds from disposals, partially offset by the repayment (or transfer) of the corresponding project finance debt,
- ✓ New project financing debt raised to finance the capex generated by wind farms in development for own account,
- ✓ Other movements, which include in particular the debt raised and repaid to finance development of wind farms for third parties (trading model). In 2010, 2011 and 2012, the net movement attributable to the trading model in Germany is nil as that debt raising and debt repayment following the sale of the assets occur during the same year.

Forecasted consolidated cash flows	2010	2011	2012
In € million			
Total cash flow pre-financing, pre-tax	147.6	(199.2)	(163.0)
- Net cash financial interest	(14.7)	(12.6)	(26.4)
- Income tax	(4.8)	(0.8)	(4.7)
+ Equity issue	-	-	-
+ Debt raised for new own account capacity	147.4	189.0	163.1
- Debt repaid after sale of own capacity	(150.1)	(7.7)	-
+ Other net debt raised/repaid*	(34.2)	(4.6)	(20.6)
Total cash flow post-financing, post-tax	91.3	(35.9)	(51.6)
Cash at end of period	211.6	175.7	124.0
o/w Free cash at holding level**	163.4	123.0	62.1

* Notably includes the scheduled reimbursement on own account project finance debt, and the debt raised and repaid net balance on the capacity developed for third parties

** Cash available, neither trapped in project support companies nor pledged

5. Risk factors

Besides the fact that some assumptions upon which these forecasts were built are no longer valid as of today, important risk factors that could cause actual results, developments and business decisions of THEOLIA to differ materially from the forecast disclosed in this communication include:

- ✓ THEOLIA's inability to carry out the financial restructuring plan, resulting from a rejection by the bondholders' and/or the shareholders' general meeting of the restructuring plan or by the non completion of the capital increase. In the event of failure of the restructuring plan, THEOLIA does not believe that it will be in a position to fully reimburse the convertible bonds on January 1, 2012 in case of early redemption requests from the bondholders,
- ✓ THEOLIA's inability to raise the appropriate level of debt financing in connection with wind projects currently under construction in France to which the Company is committed. This risk would likely result in the Company facing a severe liquidity crisis in the course of 2010 and would be substantially aggravated by an eventual failure of the proposed financial restructuring plan,
- ✓ THEOLIA's inability to achieve the level of cash generation anticipated by management in connection with asset disposals,
- ✓ The other business risk factors standard in THEOLIA's industry, as summarized in Section 5 of THEOLIA's 2008 annual management report.