



# THEOLIA

Limited liability company with a Board of Directors (*société anonyme*)  
with a share capital of 40,308,707 Euros

Registered office: 75 rue Denis Papin – 13100 Aix-en-Provence

Registered in the Aix-en-Provence Trade and Companies Registry under # 423 127 281

## SECURITIES NOTE

Made available to the public in connection with:

- the issue and listing on Euronext™ Paris of newly issued shares to be subscribed for in cash between June 25, 2010 and July 7, 2010 included, in connection with a capital increase featuring preferential subscription rights for a total gross amount of €60,463,059 through the issuance of 60,463,059 new shares at a price of one (1) euro each on the basis of three (3) new shares for two (2) existing shares, and
- the listing, on Euronext™ Paris, of the new additional shares resulting from the conversion of bonds convertible into and/or exchangeable for new or existing shares (the "OCEANES"), for which a prospectus has received visa number 07-638 dated October 23, 2007 by the French *Autorité des marchés financiers*, as a result of the modification of their conversion/exchange ratio.

### Visa of the *Autorité des marchés financiers* (hereinafter referred to as the "AMF")

Pursuant to articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code (*Code monétaire et financier*) and *inter alia* articles 211-1 to 216-1 of the AMF General Regulations, the original French version of this prospectus was approved under *visa* number 10-198 on June 23, 2010.

This prospectus has been prepared by the issuer and its signatories are responsible for the content thereof. In accordance with article L. 621-8-1 of the Monetary and Financial Code, this prospectus was registered after verification by the AMF "that the document is complete and comprehensible, and that the information contained therein is consistent". It neither implies an approval regarding the merits of the transaction, nor a validation of the accounting and financial documents presented herein.

This prospectus (the "**Prospectus**") consists of:

- the reference document of THEOLIA (the "**Company**"), filed with the AMF on June 4, 2010 under number R.10-0040 (the "**2009 Reference Document**");
- this securities note; and
- the summary of the Prospectus (included in this securities note).

Copies of this Prospectus are available free of charge at the registered address of THEOLIA, 75 rue Denis Papin, 13100 Aix-en-Provence, FRANCE, on the Company's website ([www.theolia.com](http://www.theolia.com)), as well as on the AMF website ([www.amf-france.org](http://www.amf-france.org)) and from the financial institutions below.

### Joint Lead Managers and Joint Bookrunners

Deutsche Bank



LAZARD  NATIXIS

## SUMMARY OF THE PROSPECTUS

Visa n° 10-198 dated June 23, 2010 of the AMF

### Notice to the reader

This summary should be read as an introduction to the prospectus. Any decision to invest in the securities offered hereby should be based on a thorough review of the prospectus. A plaintiff investor who files a claim relating to the information contained in the prospectus, pursuant to the national legislation of the Member States of the European Community or the parties to the European Economic Area Agreement, may have to bear the cost of translating the prospectus prior to the start of such judicial proceedings. Persons responsible for preparing the summary, including, as the case may be, its translation and have asked for its notification within the meaning of article 212-41 of the AMF general regulation shall only be liable if the content of the summary is misleading, inaccurate or contradictory with the other sections of the prospectus.

### A. INFORMATION ON THE ISSUER

#### Corporate name, activity and nationality

THEOLIA is a limited liability company (*société anonyme*) incorporated under the laws of France.

APE code number: 6420Z (holding activities).

#### Industry and activities overview

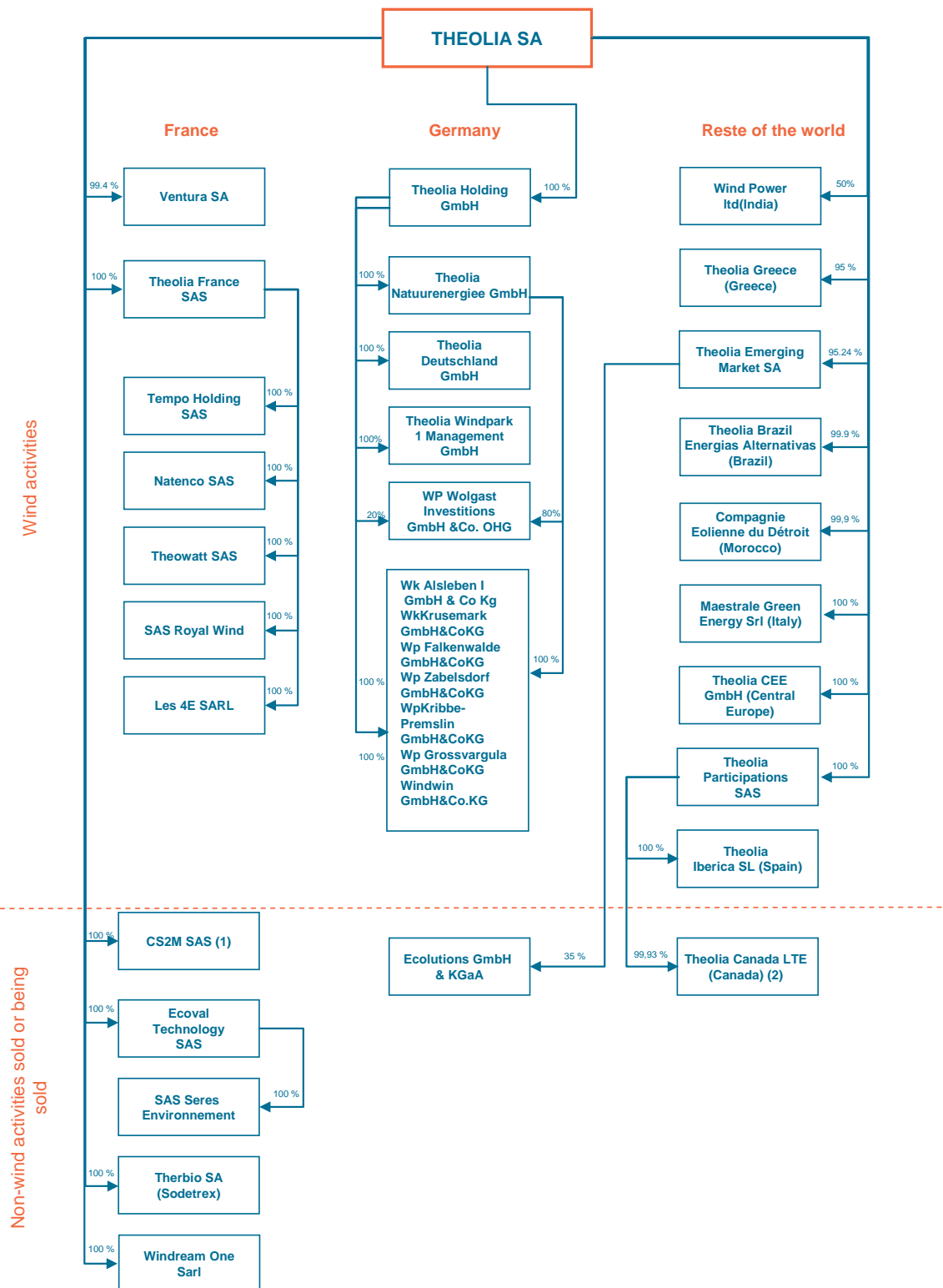
THEOLIA is an independent international developer and operator of wind energy projects.

The activities of the Company and its subsidiaries (together the "**Group**") are mainly focused on:

- the development of wind farm projects and construction of installations that generate electricity from wind power for the Group's own account and for the account of third parties;
- the operation of wind farms for the Group's own account or for third parties; and
- the sale of wind farms after a holding period of 2 to 4 years (except for trading activities).

The Group pursues its business mainly in France, Germany and Italy, as well as in certain targeted emerging countries (Morocco, India and Brazil) considered as potential future growth areas.

### Simplified organizational chart of the Group as of May 31, 2010



## Selected financial information (IFRS)

### *Income statements data*

(in thousands of €)	12/31/2009	12/31/2008 restated <sup>(1)</sup>	12/31/2007 restated <sup>(1)</sup>	12/31/2008 published	12/31/2007 published
<b>Revenues</b>	<b>328,593</b>	<b>69,956</b>	<b>288,134</b>	<b>69,956</b>	<b>306,481</b>
Current operating income	27,811	(68,411)	438	(67,299)	(3,250)
<b>Operating income</b>	<b>32,180</b>	<b>(197,572)</b>	<b>(37,517)</b>	<b>(196,460)</b>	<b>(38,726)</b>
Net income	(21,101)	(245,210)	(48,625)	(244,098)	(48,807)

The aggregate revenues as of the end of May 2010 amount to €111 million, which constitutes a significant increase as compared with the revenue of €29<sup>1</sup> million achieved during the first quarter of 2010, in particular due to the resumption of sales of wind farms. Thus, the Development, construction, and sale activity displays a cumulated revenue over 5 months of €77 million, which is primarily due to sales of wind farms in Germany. As of May 31, 2010, the revenues from the Sale of electricity for own account and from Operation activities, which amount to €17 million, continue to be impaired by adverse weather conditions. The non-wind activity has recorded relatively stable revenues of €0.5 million generated by the solar park located in Germany.

### *Balance sheets data*

(in thousands of €)	12/31/2009	12/31/2008 restated <sup>(1)</sup>	12/31/2007 restated <sup>(1)</sup>	12/31/2008 published	12/31/2007 published
Non-current assets	520,123	555,584	645,865	555,584	645,169
Current assets	206,574	343,302	509,046	343,302	514,824
<b>Total assets</b>	<b>743,769</b>	<b>918,703</b>	<b>1,154,912</b>	<b>918,703</b>	<b>1,159,994</b>
Shareholders' equity	148,652	168,648	404,420	169,760	403,071
Non-current liabilities	406,261	470,192	480,292	469,080	477,707
Current liabilities	177,818	266,742	270,200	266,742	279,216
<b>Total liabilities and shareholders' equity</b>	<b>743,769</b>	<b>918,703</b>	<b>1,154,912</b>	<b>918,703</b>	<b>1,159,994</b>

### *cash flows data*

(in thousands of €)	12/31/2009	12/31/2008 restated <sup>(1)</sup>	12/31/2007 restated <sup>(1)</sup>	12/31/2008 published	12/31/2007 published
Cash from operational activities	109,233	(147,725)	30,093	(147,725)	28,885
Net flows generated by investment activities	(18,139)	(73,727)	(136,663)	(73,727)	(134,658)
Net flows generated by financing activities	(87,724)	(12,184)	369,459	(12,184)	368,663

<sup>1</sup> The sales of wind parks achieved in May 2010 included a retrocession clause with respect to electricity sales. Thus, electricity sales recorded until March 31, i.e. €2 million, were deducted from the revenue initially released and amounting to €31 million.

<b>Changes in cash</b>	<b>3,361</b>	<b>(233,567)</b>	<b>262,778</b>	<b>(233,567)</b>	<b>262,779</b>
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(1) See section 9.2.1.3 of the Reference document 2009 related to restatements which took place by application of IAS 8 for accounting information concerning financial years ending December 31, 2007 and 2008. The detailed presentation of the effects on these restatements on the financial statements as of December 31, 2007 is described in note 2.1 of the notes appearing in the appendix to the consolidated financial statements as of December 31, 2008, which can be found in chapter 19.1 of the Company's 2008 Reference Document officially approved by the AMF on January 25, 2010 under number R-10-0003.

## **Summary table of shareholders' equity and indebtedness (IFRS) as of May 31, 2010**

**(in thousands of €)**

### **I. Shareholder's equity and indebtedness**

Current liabilities	113,648
Non-current liabilities	334,164
Shareholders' equity – Group share (excluding net income for the period)	154,559

### **II. Net financial indebtedness**

Total liquidity	84,307
Current financial receivables	-
Current financial debt	113,648
Current net financial indebtedness	29,341
Non-current net financial indebtedness	334,164
Net financial indebtedness	363,505

## **Summary of the main risk factors relating to the Company and its operations**

Before making any investment decision, it is recommended that investors consider the risks described in sections 4.1 and 4.2 of the 2009 Reference Document. In particular, investors should take note of the following:

- (i) risks relating to the business activities of the Company, in particular risks associated with its indebtedness level, which could lead to the early redemption of its OCEANEs as of January 1, 2012 if the Restructuring (as defined hereunder) is not completed, the weaknesses in its internal control procedures and financial reporting and the risks associated with the difficulties in completing the sale of certain assets;
- (ii) operational risks as well as risks associated with competition and litigation;
- (iii) risks associated with the wind industry, in particular risks associated with weather conditions and with the Company's dependency on support policies for renewable energies (in this respect, in the context of the risk factor described in section 4.2.7 of the 2009 Reference Document, a recent bill in Italy is likely to restrain support policies for renewable energies).

The occurrence of some of these risks may force the Company to apply for an insolvency procedure under French law, or even to cease its activities.

### **Recent developments in the Company's financial position and prospects**

The Company's financial position, which has clearly improved over the course of the 2009 financial year, remains nonetheless fragile, even though the Group is continuing to optimize its cash management and reduce its costs. On the one hand, the Group continues to follow its plan for the divestment of non-strategic business activities and, on the other, with the sale of 234 MW of wind farms and projects, it has reached its sales target of over 200 MW of wind farms and projects, launched in the beginning of 2009.

The Group is currently carrying out the financial restructuring of its corporate debt (see section 9.1.4 of the 2009 Reference Document), which could enable the Company to expand its current activities and to finance its future development.

The successful completion of these disposal plans, the position of the financial markets and the restructuring of the Company's debt are each decisive factors in the future financial position, business and profitability of the Group.

The investors' attention is drawn to section 11.6.2 of the present securities note.

### **Net working capital statement**

As of the date of the present securities note, before the completion of the Capital Increase (as defined hereunder), the Group's consolidated net working capital is sufficient to meet its obligations over the next twelve months.

Indeed, the non-completion of the Capital Increase before the end of August 2010 may force the Company to renegotiate with the main holders of OCEANEs and, as the case may be, to further extend the mission of the special purpose trustee (*mandataire ad hoc*) appointed in June 2009, which constitutes an event of early repayment under certain loan agreements entered into by the Group. The cumulated amount of project financing and revolving credit lines that creditors of the Group could declare payable in case of non-completion of the Capital Increase amounts to approximately €73 million in total as of May 31, 2010.

However, in case of completion of the Capital Increase (even if its amount is limited to subscription undertakings, i.e. €45,347,295), the Group's consolidated net working capital is sufficient to meet its obligations and operating cash needs over the next twelve months as provided for by its business plan.

The investors' attention is more generally drawn to the risk factors in case of non-completion of the Capital Increase described in the 2009 Reference Document as well as risks related to asset sales (referred to in section 4.1.5 of the 2009 Reference Document).

## **B. INFORMATION CONCERNING THE CAPITAL INCREASE**

**Purpose of the Capital Increase and use of proceeds** The issuance of the new shares aims to:

- (i) ensure the financing of the development of the Company's pipeline of projects, up to a total amount of €40 million (the transaction costs being deducted from this amount); and

- (ii) as regards the remaining balance, ensure the partial and early repayment of the nominal value of OCEANES (*Obligations Convertibles ou Echangeables en Actions Nouvelles ou Existantes*, or Bonds Convertible into or Exchangeable for New or Existing Shares, hereinafter referred to as "**OCEANE(s)**") to bondholders, for which a prospectus has received approval number 07-368 dated November 23, 2007 by the AMF.

The issuance is carried out in the context of the financial restructuring of the Group (the "**Restructuring**") which provides for the modification of the terms of the OCEANES issuance contract on the one hand, and the completion of a capital increase reserved for existing shareholders of the Company at the latest on August 31, 2010 on the other (the "**Capital Increase**").

<b>Number of new shares to be issued</b>	Up to 60,463,059 shares.
<b>Subscription price</b>	One (1) Euro per share.
<b>Discount</b>	The subscription price represents a discount of 55.8% in comparison to THEOLIA's share price at close of trading on June 22, 2010, i.e. €2.26.
<b>Gross issue proceeds</b>	Between €45,347,295 and €60,463,059.
<b>Estimated net issue proceeds</b>	Between €41.5 and €56.7 million.
<b>Dividend entitlement of the new shares</b>	The new shares will carry full rights as from the date they are issued ( <i>jouissance courante</i> ).
<b>Preferential subscription rights</b>	<p>Holders of preferential subscription rights will be entitled to subscribe:</p> <ul style="list-style-type: none"> <li>- by irrevocable entitlement (<i>à titre irréductible</i>) in the amount of three (3) new shares for two (2) existing shares. Two (2) preferential subscription rights will entitle their holders to subscribe for three (3) new shares at a price of one (1) Euro per share; and</li> <li>- by entitlement subject to reduction (<i>à titre réductible</i>) for any additional shares above the initial amount subscribed for on the basis of their irrevocable entitlement.</li> </ul>
<b>Theoretical value of the preferential subscription right</b>	On the basis of issue proceeds amounting to €60,463,059 and of the closing share price of the Company on June 22, 2010, i.e. €2.26, the theoretical value of the preferential subscription right is €0.76 and the theoretical value of the share after severance of the preferential subscription right is

€1.50. These values do not impact the market value of the preferential subscription right during the subscription period and the market price of the share after separation of the right as they will be observed.

**Listing of the new shares**

On Euronext Paris, immediately following their issuance date is expected to occur on July 20, 2010 on the same quotation line as the existing shares of the Company (ISIN code FR0000184814).

**Principal shareholders' intention to subscribe**

Michel Meeus (director of the Company), Pierre Salik and Brigitte Salik, members of the concert that was filed with the AMF on March 15, 2010 have agreed to subscribe to the Capital Increase pursuant to irrevocable entitlement (*souscription à titre irréductible*) and pursuant to entitlement subject to reduction (*souscription à titre réductible*) up to a maximum amount of € ten (10) million.

Gama Enerji, which is not a director of the Company, has not made the Company aware of its intention to subscribe to the Capital Increase.

**Officers' intention to subscribe**

Fady Khallouf, Chief Executive Officer of the Company, intends to participate up to €200,000 to the Capital Increase through the purchase and the subsequent exercise of preferential subscription rights, within the frame of its reinvestment undertaking described in section 11.6.3 of the present securities note. Fady Khallouf, who is not a shareholder of the Company, intends to acquire preferential subscription rights and a part of his subscription may be subscribed pursuant to entitlement subject to reduction (*souscription à titre réductible*); he may therefore not be served entirely.

**Subscription undertakings of non-shareholders investors**

Stichting Pensioenfond ABP ("**ABP**"), on the one hand, and Boussard et Gavaudan Asset Management L.P. (acting as delegatee of the *Sark Master Fund Limited* fund) ("**BGAM**"), on the other hand, (the "**Guarantors**") have agreed to subscribe for up to a maximum number of respectively 15,115,765 and 30,231,530 new shares that would not have been subscribed for by the Company's shareholders, pursuant to irrevocable entitlement or pursuant to entitlement subject to reduction, as the case may be, up to 75% of the total amount of the Capital Increase.

ABP which is not a shareholder of the Company, holds 3 626 800 OCEANEs (i.e. approximately 31.4% of the issue). BGAM which currently does not hold any shares of the Company for its own account holds 781,826 OCEANEs (i.e. approximately 6.8% of the issue)

These subscription undertakings may only be implemented up to €45,347,295 (€15,115,765 for ABP and €30.231.530



for BGAM). As a result, if the number of new shares subscribed following the exercise of preferential subscription rights is higher than 45,347,295, these commitments will not be implemented. If, conversely, the number of new shares subscribed following the exercise of preferential subscription rights is lower than 45,347,295, the subscription commitments will be implemented up to €45,347,295, so that the amount of the Capital Increase reaches €45,347,295.

The Capital Increase is not subject to an underwriting (*garantie de bonne fin*) within the meaning of article L. 225-145 of the French Commercial Code.

### **Lock-up of the Company**

The Company has agreed, during a period ending 180 days after the settlement-delivery date of the Capital Increase not to carry out any rights issue, offer, lease, pledge or transfer, whether directly or indirectly, of shares, preference shares, bonds, options or any other securities giving access to the share capital of the Company.

The Company has also agreed to refrain from trading in its securities as from June 23 until July 23, 2010.

### **Main market risk factors associated with the transaction that could potentially significantly affect the securities offered**

- The market for preferential subscription rights may only offer limited liquidity and may be subject to high volatility;
- shareholders who do not exercise their preferential subscription rights would experience a dilution of their equity holdings in the Company – thus, a shareholder holding 1% of the Company's share capital who does not exercise its preferential subscription right will, immediately following the completion of the Capital Increase, see its shareholding decrease to 0.40% of the Company's share capital if its amount reaches €60,463,059 and to 0.47% if this amount is €45,347,295 (without taking into account the potential dilution resulting from the OCEANEs and other equity-linked securities);
- the market price of the shares of the Company could potentially fluctuate and fall below the subscription price of the shares issued upon exercise of the preferential subscription rights;
- the Company's preferential subscription rights may be sold on the market during the subscription period and the Company's shares may be sold on the market during or after the subscription period, and may have an adverse effect on the market price of the Company's shares or on the value of the preferential subscription rights;
- in the event of a decrease in the Company's market share price, the preferential subscription rights may experience a loss in value;
- the market price of the shares may be negatively affected if existing shareholders do not subscribe for the full amount of the entitlements associated with their preferential subscription rights;

- shareholders in certain jurisdictions may not be able to subscribe for newly issued shares in the context of the Capital Increase or in the context of future share issues, and these shareholders' equity holdings and voting rights in the Company could, therefore, potentially experience dilution;
- shareholders may experience a significant dilution of their equity holdings in the share capital of the Company as a result of the conversion of the OCEANES into new shares on the basis of the new conversion/exchange ratio provided for in the Restructuring;
- if the Capital Increase is not completed, the Company may not be able to continue the development of its pipeline of projects, to finance its working capital requirements and may be forced to seek creditor protection under French law or even to cease its activities;
- the subscription undertakings of BGAM is subject to conditions subsequent. As a consequence, investors who have purchased preferential subscription rights may suffer a loss equal to the purchase price of these rights.

### **C. INFORMATION REGARDING THE MODIFICATION OF THE CONVERSION/EXCHANGE RATIO OF THE OCEANES**

**Number of outstanding OCEANES as of the date of this securities note:** 11,538,462

#### **New conversion/exchange ratio**

The conversion/exchange ratio of the OCEANES of the Company, which was initially fixed at one share per OCEANE, will be increased depending on the amount of the Capital Increase, in accordance with the table included in Appendix.

The following table sets out a synthesis of this new ratio depending on the amount of the Capital Increase (minimum and maximum amount):

Amount of the Capital Increase	45,347,295	60,463,059
New conversion/exchange ratio until the seventh business day preceding December 31, 2013 (number of shares per OCEANE) ( $N_1$ )	9.05	8.64
New exchange/conversion ratio as applicable between January 1st, 2014 and until the seventh business day preceding December 31, 2014 (number of shares per OCEANE) ( $N_2$ )	80% of $N_1$ (subject to subsequent adjustments)	

## D. DILUTION AND OWNERSHIP STRUCTURE

### Shareholding

To the knowledge of the Company, the structure of the share capital and voting rights as of March 15, 2010 is the following:

Shareholding	Situation as of 03/15/2010		
	Number of shares	% of share capital	% of voting rights
Gama Enerji	6,462,000	16.03	15.47
Concert(2)	3,658,274	9.08	8.76
Willi Balz(3)	3,614,988	8.97	8.66
Treasury shares	98,569	0.24	-
Floating	26,474,876	65.68	67.11
<b>Total</b>	<b>40,308,707</b>	<b>100</b>	<b>100</b>

(1) On the basis of 41,759,095 voting rights.

(2) Concert declared by letter dated March 12, 2010 comprising: CRC Active Value Fund Ltd with 1,500 shares, Michel Meeus with 1,337,250 shares, Pierre Salik with 1,377,788 shares, and Brigitte Salik with 941,736 shares.

(3) Directly or by way of Windreich GmbH and Financial Consulting GmbH.

### Dilution

To the extent that the Company has received subscription undertakings amounting to €45,347,295 and to the extent that, consequently, the Capital Increase is launched for an amount of €60,463,059, which may be reduced to €45,347,295. The following tables illustrate the impact of the transaction in terms of dilution and shareholders' equity on the basis of these two amounts, but not between €45 million and €100.8 million as in the 2009 Reference Document, in particular as regards section 4.1.8 (as of the date of the 2009 Reference Document, the final amount of the transaction was still unknown and could range between €45 million and €100.8 million).

### **Maximum number of new shares that could potentially be created upon conversion of the OCEANES**

The number of new shares that could potentially be created upon conversion of OCEANES depends on the actual amount of the Capital Increase:

- if this amount is €60,463,059 million and if all OCEANES are exercised on the 7<sup>th</sup> business day before December 31, 2013, the number of new shares that could potentially be created upon conversion of the OCEANES will therefore be 99,692,311;

- if this amount is €45,347,295 million, and if all OCEANEs are exercised on the 7<sup>th</sup> business day before December 31, 2013, the number of new shares that could potentially be created upon conversion of the OCEANEs will therefore be 104,423,081.

The number of shares that could potentially be created upon conversion of the OCEANEs will be increased, as the case may be, by the number of shares required in order to preserve the rights of bondholders in the event of completion of future financial transactions by the Company, as set forth by law and pursuant to the terms of issuance contract of the OCEANEs.

***Impact of the Capital Increase on the portion of shareholders' equity***

For information purposes, the impact of the issuance on the portion of consolidated shareholders' equity per share attributable to the Group (calculated on the basis of consolidated shareholders' equity attributable to the Group as recorded in the consolidated financial statements as of December 31, 2009, (i.e. €150,475 thousands) of the number of shares comprising the share capital of the Company as of May 31, 2010) in the event of a subscription for the full amount of the Capital Increase or for its minimum amount, would be as follows:

	Portion of shareholders' equity (in Euros) (1)		
	Non-diluted basis	Diluted basis	
		(2)	(3)
Before the issuance of new shares resulting from the Capital Increase (absence of Restructuring)	3.73	7.02	7.30
After the issuance of			
• 60,463,059 new shares resulting from the Capital Increase (maximum).	2.09	2.02	2.23
	2.29	2.13	2.35
• 45,347,295 new shares resulting from the Capital Increase (minimum).			

(1) *The impacts calculations do not take into account the costs related to the transaction and its tax consequences.*

(2) *After conversion of the OCEANEs alone.*

(3) *After conversion of the OCEANEs and other equity-linked securities.*

***Impact of the Capital Increase and of the conversion of the OCEANEs on the equity holdings of a shareholder***

For information purposes, the impact of the issuance on the equity holdings of a shareholder with an interest of 1% in the Company's share capital prior to the issuance and who does not subscribe to this issuance (calculated on the basis of the number of shares comprising the share capital of the

Company as of May 31, 2010), calculated on the basis of a subscription for the full amount of the Capital Increase or for its minimum amount, would be as follows:

	Shareholders' equity holdings (in %)		
	Non-diluted basis	Diluted basis	
		(1)	(2)
Before the issuance of new shares resulting from the Capital Increase (absence of Restructuring)	1%	0.78%	0.69%
After the issuance of :			
• 60,463,059 new shares resulting from the Capital Increase (maximum).	0.4%	0.2%	0.19%
	0.47%	0.21%	0.2%
• 45,347,295 new shares resulting from the Capital Increase (minimum).			

(1) After conversion of the OCEANEs alone.

(2) After conversion of the OCEANEs and other equity-linked securities.

## E. PRACTICAL TERMS AND CONDITIONS OF THE CAPITAL INCREASE

### Tentative timetable

May 24, 2010	Suspension of the conversion right of the OCEANEs
June 18, 22, 23, 2010	Signing of the subscription undertakings
June 23, 2010	AMF approval of the French version of the Prospectus.
June 24, 2010	Publication of a press release describing the main features of the Capital Increase.  Publication by Euronext Paris of the notice of issue.
June 25, 2010	Opening of the subscription period – Detachment and commencement of trading of the preferential subscription rights on Euronext™ Paris.
July 7, 2010	End of the subscription period – End of the listing of the preferential subscription rights.
July 15, 2010	Publication by Euronext™ of the notice of admission of the new shares indicating the final amount of the Capital Increase and the distribution scale for subscriptions subject to reduction.  Resumption of the ability to exercise the warrants and of the ability to exercise the conversion/exchange right attached to the OCEANEs.

Publication of a press release announcing the result of the subscriptions and the new effective terms of the issuance contract of the OCEANES (including the new conversion/exchange ratio of the OCEANES).

July 20, 2010

Issue and listing of the new shares – Settlement-delivery.

Effective date of the new conversion/exchange ratio of the OCEANES, valid until the 7<sup>th</sup> day before December 31, 2013 (N2).

### **Countries in which the offering will be made**

The offering will be made to the public solely in France.

### **Procedure for exercising preferential subscription rights**

To exercise their preferential subscription rights, holders must submit a request to their authorized financial intermediary at any time from June 25, 2010 to July 7, 2010 (included) and pay the corresponding subscription price. Preferential subscription rights that have not been exercised will be rendered null and void by operation of law at the end of the subscription period, i.e. on July 7, 2010 at the closing of the trading day.

### **Financial intermediaries**

Shareholders who hold shares in administered registered form (*nominatif administré*) or in bearer form (*au porteur*): the intermediary financial account managers will receive the subscription orders until July 7, 2010.

Shareholders who hold fully registered shares (*nominatif pur*): CACEIS, 14, rue Rouget Lisle, 92130 Issy les Moulineaux, will receive the subscription until July 7, 2010.

Centralizing institution responsible for establishing the funds deposit certificate acknowledging the completion of the Capital Increase: CACEIS.

### **Joint Lead Managers and Joint Bookrunners of the offering**

Deutsche Bank AG, London Branch and Lazard - Natixis.

### **Investor contact**

#### **THEOLIA**

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### **Availability of the Prospectus**

Copies of this Prospectus are available free of charge at the registered address of THEOLIA, 75 rue Denis Papin, 13100 Aix-en-Provence, FRANCE, on the Company's website ([www.theolia.com](http://www.theolia.com)), as well as on the AMF website ([www.amf-france.org](http://www.amf-france.org)) and from the Joint Lead Managers and Joint Bookrunners.

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## 1. PERSONS RESPONSIBLE

### 1.1 Persons responsible for the Prospectus

Mr. Eric Peugeot, Chairman (*Président*)

Mr. Fady Khallouf, Chief Executive Officer (*Directeur Général*)

### 1.2 Certification of the persons responsible for the Prospectus

*« After having taken all reasonable measures thereto, we certify that the information contained in this Prospectus represents, to the best of our knowledge, a faithful representation of the actual condition and does not contain any omission that could potentially lead to a false representation.*

*We have obtained a completion letter (“lettre de fin de travaux”) from the statutory auditors, indicating that they have checked the information pertaining to the financial position and the accounts provided in this Prospectus have also read the entire Prospectus.*

*The historical financial information presented or incorporated by reference in the Prospectus was reviewed in a report of the statutory auditors appearing in section 20 of the 2009 Reference Document.*

*The statutory auditors' report on the consolidated financial statements as of December 31, 2008 appearing in section 20.2.1 of the Company's Reference Document officially filed with the AMF on January 25, 2010 under Number R.10-003 (the "2008 Reference document") does not contain observations or reservations.*

*The auditors' report on the consolidated financial statements as of December 31, 2008 appearing in section 20.1.1 of the 2008 Reference Document contains the following observations: "Without calling the above expressed opinion into question, we draw your attention to the 'Going-concern principle' section of note 2.1 of the Notes to the Consolidated Financial Statements." This section is set out on page 150 of the 2008 Reference Document.*

*The auditors' report on the consolidated financial statements as of December 31, 2009 appearing in section 20.1 of the 2009 Reference Document contains the following observations: "Without calling the above expressed opinion into question, we draw your attention to:*

- the uncertainty relating to the continuity of operations set out in note 2.1 of the consolidated accounts "General principles – Continuity of operation";*
- the same note 2.1 "General principles – New standards, amendments, interpretations applicable as of January 1st, 2009 – Change in method" which states the changes in accounting methods resulting from the application from January 1st, 2009 of new standards, amendments, interpretations;*
- note 5 of the consolidated accounts "Significant events during the financial year – Sale of non-wind assets and interests" mentioning the reversal on provision for a debt due by the company Hestiun Ltd, following the full payment of this debt during the financial year».*

June 23, 2010

Mr. Eric Peugeot, Chairman (*Président*)

Mr. Fady Khallouf, Chief Executive Officer (*Directeur Général*)

### 1.3 **Persons responsible for the financial information**

Mr. Eric Peugeot, Chairman (*Président*)

Mr. Fady Khallouf, Chief Executive Officer (*Directeur Général*)

## 2. **RISKS LINKED TO THE CAPITAL INCREASE THAT MAY HAVE A MATERIAL EFFECT ON THE SECURITIES OFFERED**

The risk factors that the Company and its business face are described in sections 4.1 and 4.2 of the 2009 Reference Document. In addition to these risk factors, it is recommended that investors refer to the following risk factors associated with the securities to be issued prior to making any investment decision.

### 2.1 **The market for preferential subscription rights may only offer limited liquidity and be subject to high volatility**

No assurance may be given as to the fact that a market for the preferential subscription rights will develop. If such a market does develop, the preferential subscription rights may be subject to higher volatility than the existing shares of the Company. The market price of the preferential subscription rights will depend on the market price of the shares of the Company. In the event of a decrease of the market price of the shares of the Company, the value of the preferential subscription rights may decrease. Holders of preferential subscription rights who do not wish to exercise their preferential subscription rights may be unable to sell them on the market.

### 2.2 **Shareholders who do not exercise their preferential subscription rights will experience dilution of their shareholding in the Company**

To the extent that shareholders do not exercise their preferential subscription rights, their equity holdings in the share capital of the Company and the number of voting rights they hold in the Company will decrease. If shareholders were to elect to sell their preferential subscription rights, the proceeds of this sale may not be sufficient to offset this dilution (see section 9 below). In addition, given the importance of the Capital Increase as regards the Company's current share capital (please refer to the dilution risk mentioned in section 4.1.8 of the Reference Document), the completion of the said Capital Increase could potentially lead to a change of control in the Company if the shareholders do not exercise their preferential subscription rights.

### 2.3 **The market price of the shares of the Company may fluctuate and fall below the subscription price of the shares issued upon the exercise of the preferential subscription rights**

Over the past several years, stock markets have been subject to significant fluctuations unrelated to the results of the companies with shares traded on these markets. Such market fluctuations and the economic conditions may increase the volatility of the shares of the Company. The market price of the shares of the Company may fluctuate significantly as a result of other factors and events, such as the risk factors described in sections 4.1 and 4.2 of the 2009 Reference Document.

**2.4 The Company's preferential subscription rights may be sold on the market during the subscription period or the Company's shares may be sold on the market during or after the subscription period, and may have an adverse effect on the market price of the Company's shares or the value of the preferential subscription rights**

Sales of the Company's preferential subscription rights on the market, or the expectation that such sales may occur during the subscription period, or sales of the Company's shares on the market during or after the subscription period, may have an adverse effect on the price of Company's shares or the value of the preferential subscription rights. The Company cannot predict the possible effects that the sale of such shares or rights by its shareholders will have on the market price of the shares or the value of the preferential subscription rights.

**2.5 In the event of a decrease in the Company's share price, the preferential subscription rights may suffer a loss in value**

The market price of the preferential subscription rights will depend on the market price of the shares of the Company. A decrease in the Company's market share price may have a negative impact on the value of the preferential subscription rights.

**2.6 The subscription undertakings are subject to conditions subsequent**

If the Capital Increase is launched for a total amount of €60,463,059, it is however only guaranteed up to 75% of this amount. Indeed, each new share subscribed as a result of the exercise of preferential subscription rights (including in relation to the subscription undertakings of the concert parties described under section 5.2.2) will be deducted from the amount of subscription commitments of ABP and BGAM, so that, unless the number of new shares subscribed as a result of the exercise of the preferential subscription right is higher than 45,347,295 new shares, the amount of the Capital Increase will be limited to €45,347,295.

In addition, the subscription agreement entered into with BGAM may be terminated if one of the following conditions is met: (a) the shareholders having undertaken to subscribe as referred to under section 5.2.2 do not execute their commitments, (b) the subscription agreement with ABP is terminated, (c) the Chief Executive Officer of the Company is dismissed, (d) any representations and warranties given by the Company is inaccurate, (e) occurrence of a material adverse event affecting the Company and its subsidiaries, (f) the settlement-delivery of the Capital Increase does not occur before July 31, 2010, or (g) the Company carries out a transaction which has a significant impact on its share capital (other than as a result of the Capital Increase or the Restructuring) (see section 5.2.2). Should one of these conditions subsequent be met, the subscription agreement may be terminated by BGAM. In that case, if the Capital Increase is not subscribed for at least €45,347,295 at the end of the subscription period, the Capital Increase may not be completed. Thus, the preferential subscription rights will become null and void, which would lead investors to suffering a loss equal to the acquisition price of said preferential subscription rights (the amount of their subscription would nevertheless be returned them).

**2.7 The market price of the shares may fluctuate due to a number of factors, some of which are outside the Group's control, and may fall below the subscription price**

The market price of the shares at the time of the Capital Increase may not be indicative of the market price for the shares after the Capital Increase is completed. The market price of the new shares and/or the existing shares may fluctuate significantly due to a change in the perception on the market regarding the Group's business activities, its financial position, results of operations or a massive conversion of the OCEANEs into shares of the Company. Such fluctuations may be influenced by the market's perception of the likelihood that the Capital Increase will be successful

and the amount of subscriptions to the Capital Increase, which could potentially vary with expectations of the press or the investment community, and the recommendations of analysts who cover the Group's business activities and industry. In addition, these fluctuations may be affected by a certain number of factors, in particular the actual or expected changes in the Group's performance, the performance of the Group's competitors and other companies in the markets in which the Group operates, expectations of the press or the investment community, strategic measures taken by the Group's competitors (including acquisitions and restructurings), regulatory changes, a significant amounts of sales or acquisitions of shares (or the perception that such transactions may occur), general market and economic conditions.

Stock markets have recently experienced significant price and volume fluctuations in connection with the global financial crisis and economic contraction. Securities listed on Euronext™ Paris have experienced significant volatility, which has had an adverse impact on the market prices for securities, and which may be unrelated to the economic performance or prospects of companies with which the securities are associated. Financial markets are affected by many factors, such as the supply of and demand for securities, general economic and political conditions, movements in or outlook on interest rates and inflation rates, currency fluctuations, the prices of raw materials, changes in investor perception and terrorist activity. Any of these factors could influence the market price of the new shares and/or the existing shares.

There can be no guarantee that the market price of the shares of the Company will not fall below the subscription price. Should this occur after investors have exercised their right to subscribe for shares issued within the framework of the Capital Increase, the exercise of which cannot be revoked or modified, investors will suffer an immediate unrealized loss as a result. Moreover, there can be no guarantee that, following the exercise of preferential subscription rights, investors will be able to sell their shares at a price equal to or greater than the subscription price. Investors may, therefore, not recover their original investment.

Finally, the market price of the shares may fluctuate significantly due to the conversion of OCEANEs. For example, share prices could fall due to possible sales of shares by investors who consider the OCEANEs as a more attractive way to participate in the capital of the Company, to the potential development of hedging or arbitrage transactions involving the OCEANEs or the shares, or even the investors' expectation of a potential sale of large quantities of shares on the conversion date of the OCEANEs (see section 11.1 below).

**2.8 Shareholders may experience a dilution of their equity holdings in the share capital of the Company as a result of the conversion of the OCEANEs into shares on the basis of the new conversion ratio. In addition, if the Company decides to issue additional ordinary shares in the future, this could result in the dilution of the equity interests of shareholders.**

Shareholders' equity holdings in the Company and the number of voting rights they hold in the Company will be reduced as a result of (i) the Capital Increase, if they do not exercise their preferential subscription rights, and/or (ii) the modification of the conversion/exchange ratio of the OCEANEs (see section 11.1 below).

For example, a shareholder holding 1% of the Company's share capital who does not subscribe to the issue will see its shareholding interest decrease to 0.40% of the Company's share capital immediately following the completion of the Capital Increase if its amount reaches €60,463,059 and could decrease to 0.47% if this amount is €45,347,295 (without taking into account the potential dilution of the OCEANEs and other equity-linked securities).

**2.9 The share price of the shares may be negatively affected if existing shareholders do not subscribe for the full amount of their preferential subscription rights.**

If existing shareholders do not subscribe to the issue with respect to a substantial amount of their preferential subscription rights, the price of the shares could potentially be negatively affected.

**2.10 The ability of foreign shareholders to file lawsuits or enforce judgments declared against the Group or its corporate officers (*mandataires sociaux*) may be limited.**

The ability of shareholders located outside of France to file a lawsuit against the Group may be limited by law. The Company is a listed limited liability corporation with a Board of Directors, incorporated under the laws of France. The rights of holders of the shares are governed under French law and by the Company's Articles of Association. These rights differ from the rights of shareholders of companies incorporated under US law as well as certain other jurisdictions. It may be difficult for a shareholder located outside of France file a lawsuit against the Group or its representatives, or to obtain the enforcement of commitments predicated on foreign securities laws.

A shareholder located outside of France may not be able to enforce a judgment declared against some or all of the members of the Board of Directors. The majority of the members of the Board of Directors are residents of France.

**2.11 Shareholders in certain jurisdictions may not be able to subscribe for new shares in the Capital Increase or for future issues of shares, and such shareholders' ownership and voting interests in the Company's share capital may accordingly be diluted.**

In the event of a capital increase, existing shareholders are entitled to preferential subscription rights to the share issued, unless those rights are not upheld by the general shareholders' meeting that decides on the capital increase. However, the securities laws of certain jurisdictions may restrict the Company's ability to allow its shareholders to participate in the Capital Increase and to exercise their preferential subscription rights. In particular, shareholders with a registered address in the United States may not be able to exercise their preferential subscription rights. The newly issued shares will not be registered under the Securities Act or under the securities laws of any other excluded territory and there can be no assurance that the Company will file any such registration statement for future securities issues, or that an exemption to the registration requirements of the Securities Act or of the securities laws of any excluded territory will be available, which would result in foreign shareholders being unable to participate in such an issue. Existing shareholders who have a registered address in, or who are resident or located in (as applicable), countries other than France should consult with their professional advisers in order to determine whether they require any governmental or other authorizations, or need to comply with any other formalities to enable them to subscribe to the Capital Increase or to acquire newly issued shares. As a result, shareholders with a registered address in, or who are resident or located in (as applicable) countries other than France could potentially experience a significant dilution of the securities and voting rights they hold in the share capital of the Company.

**2.12 Shareholders may be exposed to fluctuations in currency exchange rates.**

The value of the existing shares and of the newly issued shares is expressed in Euros, and such new and existing shares will be listed and traded in Euros. In addition, any dividend that the Company may pay out will be declared and paid in Euros. Accordingly, shareholders who reside in jurisdictions located outside of the Euro zone may be subject to risks resulting from negative fluctuations in the value of their national currencies against the Euro, which may reduce the value of both the existing shares and the new shares, as well as the value of any dividends paid out.

### 3. KEY INFORMATION

#### 3.1 Net working capital statement

As of the date of the present securities note, before the completion of the Capital Increase (as defined hereunder), the Group's consolidated net working capital is sufficient to meet its obligations over the next twelve months.

Indeed, the non-completion of the Capital Increase before the end of August 2010 may force the Company to renegotiate with the main holders of OCEANEs and, as the case may be, to further extend the mission of the special purpose trustee (*mandataire ad hoc*) appointed in June 2009, which constitutes an event of early repayment under certain loan agreements entered into by the Group. The cumulated amount of project financing and revolving credit lines that creditors of the Group could declare payable in case of non-completion of the Capital Increase amounts to approximately €73<sup>2</sup> million in total as of May 31, 2010.

However, in case of completion of the Capital Increase (even if the amount of the Capital Increase is limited to subscription undertakings, i.e. €45,347,295), the Group's consolidated net working capital is sufficient to meet its obligations and operating cash needs over the next twelve months as provided for by its business plan.

The investors' attention is drawn to the risk factors in case of non-completion of the Capital Increase described in the 2009 Reference Document as well as risks related to asset sales (referred to in section 4.1.5 of the 2009 Reference Document).

#### 3.2 Shareholders' equity and indebtedness

Pursuant to section 127 of the recommendations of the Committee of European Securities Regulations (CESR), the table below presents the (unaudited) consolidated shareholders' equity position as of May 31, 2010 prepared under IFRS, excluding the net income for the period, and the consolidated net indebtedness as of May 31, 2010. For further details on the accounting consequences of the transaction, please refer to section 10 below.

(in thousands of €)

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<b>Current debt</b>	<b>113,648</b>
- Guaranteed	<b>5,627</b>
- Secured	-
- Neither guaranteed nor secured	<b>108,021</b>
<b>Non current debt</b>	<b>334,164</b>
- Guaranteed	-
- Secured	-
- Neither guaranteed nor secured	<b>334,164</b>

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<sup>2</sup> The difference between this figure of €73 million and the figure of €64.8 million referred to in section 4.1.1 of the 2009 Reference Document is mainly explained by the recognition of the repayment risk of a revolving credit line amounting to approximately €10 million in Germany.

<b>Shareholders' equity – Group share</b>	<b>154,559</b>
- Share Capital	<b>40,309</b>
- Legal reserve	<b>307,132</b>
- Other reserves	<b>(192,882)</b>

**Analysis of net financial indebtedness as of March 31, 2010:**

**(in thousands of €)**

A. Cash	50,116
B. Cash equivalents	34,191
C. Trading securities (liquidation value)	
<b>D. Liquidity (A) + (B) + (C)</b>	<b>84,307</b>
<b>E. Current financial receivables</b>	
F. Current bank debt (including restated long-term debts (1))	93,221
G. Current portion of mid-term and long term-debt	11,954
H. Other short-term financial debt	8,473
<b>I. Short term financial debt (F) + (G) + (H)</b>	<b>113,648</b>
<b>= short term indebtedness &lt; 1 year (3)</b>	
<b>J. Net short-term financial indebtedness (I) – (E) - (D)</b>	<b>29,341</b>
K. Non current bank loans	115,903
L. Bonds issued	218,261
M. Other non current loans	-
<b>N. Mid-term and long-term financial indebtedness (K) + (L) + (M)</b>	<b>334,164</b>
<b>= mid-term and long-term financial indebtedness &gt; 1 year (6)</b>	
<b>O. Net financial indebtedness (J) + (N)</b>	<b>363,505</b>

*(1) Long-term debt restated in short-term debt pursuant to IFRS5 described in note 21 of the consolidated accounts presented in section 20.1.1 of the 2009 Reference Document.*

The Company does not have either indirect or conditional debts.

The consolidated cash of the Company as of May 31, 2010 (line D hereabove) is allocated as follows (in thousands of Euros)

Pledged cash (PSCs)	21,285
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"Reserved" cash (PSCs)	19,557
Available cash (holdings)	43,465
<b>Total</b>	<b>84,307</b>

The search for new lines of financing during the second half of 2010 regards:

- with respect to corporate financing, in case of completion of the Capital Increase, the increase of the maximum aggregate amount of revolving credit lines relating to the working capital financing of the German activity for an amount that has yet to be determined but which may represent up to approximately €7 million. The banks will be approached after the completion of the Capital Increase with respect to revolving lines or borrowings secured by equipments (turbines) or by a parent company guarantee. The Company does not expect any change in the offered loan conditions;
- with respect to project finance, the debt structuring for the Gargouilles (France), Pergola and Bovino (Italy) projects, for a total of approximately €130 million.

### **3.3 Interests of natural and legal persons involved in the Capital Increase**

Messrs. Willi Balz and George Hersbach and/or certain of their affiliates have entered into and may in the future enter into various banking, financial, investment, business and other services agreements with the Company or the companies of the Group, pursuant to which they have received or may receive remuneration. For more information in this respect, please also refer to section 19 of the 2009 Reference Document.

The Joint Lead Managers and Joint Bookrunners have provided and may in the future provide various banking, financial, investment, commercial and other services to the Company or the companies of the Group, in the context of which they have received or will receive remuneration.

### **3.4 Purpose of the rights issue and use of the proceeds**

The issuance of the new shares aims to:

- (i) ensure the financing of the development of the Company's pipeline of projects and to accelerate the development of its wind farm, in particular in countries where THEOLIA wishes to increase its presence (in particular in Italy) for a total amount of €40 million (the transaction costs being deducted from this amount); and
- (ii) as regards the remaining balance, to ensure the partial and early repayment of the nominal value of the OCEANEs to their holders. In this respect, pursuant to an escrow agreement dated June 17, 2010, the Company has instructed the custodian of the Capital Increase to place into an escrow account, on the settlement-delivery date of the new shares issued within the framework of the Capital Increase, the portion of total gross amount of the transaction that is above €40 million (after rounding up) for the purpose of the partial early repayment of the OCEANEs.

The Company held discussions with the principal holders of OCEANEs in order to renegotiate the terms of the OCEANEs' issuance contract. These negotiations led, by the end of December 2009,

to the signature of agreements with holders of OCEANEs enabling the implementation of the Restructuring.

Thereafter, the general meeting of the bondholders dated February 18, 2010 unanimously approved the Restructuring Plan. During the combined general shareholders' meeting held on March 19, 2010, the shareholders also approved, by a very large majority, all resolutions relating to the Restructuring Plan proposed by the Board of Directors.

The Capital Increase shall thus enable the Company to finalize the completion of the Restructuring Plan. It aims at ensuring a significant decrease of the Company's financial indebtedness and a strengthening of its shareholders' equity in order to provide it with the means to return to a schedule that is more suited to the development of its pipeline of projects.

#### **4. INFORMATION ABOUT THE SHARES TO BE OFFERED IN THE CONTEXT OF THE CAPITAL INCREASE AND ADMITTED TO TRADING ON EURONEXT PARIS**

##### **4.1 Type, class and dividend entitlement (*jouissance*) of the securities offered and admitted to trading**

###### **4.1.1 Shares issued in the context of the Capital Increase**

The newly issued shares are ordinary shares of the same class as the existing shares of the Company.

They will be entitled to any distribution(s) carried out by the Company as from the date they are issued.

The new shares will be admitted to trading on Euronext™ Paris as from July 20, 2010. They will immediately carry the same rights as existing shares of the Company that are already traded on Euronext™ Paris and will be tradable, as from this date, on the same quotation line as the existing shares under the same ISIN code number FR 0000184814.

###### **4.1.2 Shares to be issued upon conversion of the OCEANEs**

Newly issued shares resulting from the conversion of the OCEANEs will be ordinary shares of the same class as the existing shares of the Company.

They will be entitled to any distribution(s) carried out by the Company as from the date they are issued.

Requests for the admission of the new shares resulting from the conversion of the OCEANEs to trading on Euronext™ Paris will be made on a regular basis following the end of the suspension period referred to in section 4.9 below. They will be subject to all provisions of the articles of association, will be entitled to dividends (*jouissance courante*), and will carry all of the same rights as existing shares of the Company as from the date of their issuance. They will carry the same dividend right as the dividend right attached to other shares carrying the same rights, it being specified that in the event that a dividend payment would take place between the exercise date and the delivery date of the shares, the bondholders will not be entitled to this dividend and will not be entitled to any amount in compensation for it.

## **4.2 Applicable law and jurisdiction**

The new shares are issued under French law and, in the event of a dispute, the competent courts shall be those of the country in which the Company's registered office is located if the Company is the defendant, and are selected according to the nature of the litigation, except as otherwise provided for in the French Civil Procedure Code (*Code de Procédure Civile*).

## **4.3 Form and method of account registration of the shares**

Subscribers may elect to hold the new shares in either registered or bearer form.

Pursuant to the provisions of article L. 211-3 of the French Monetary and Financial Code, the shares will be dematerialized, irrespective of the form in which they are held. Therefore, the new shares must be registered in accounts held by, depending on the case, either the Company or an authorized intermediary.

The rights of shareholders will be evidenced through a registration in an account opened in their name on the books of:

- CACEIS, appointed by the Company, in respect of the securities held in fully registered form (*titres au nominatif pur*);
- an authorized financial intermediary of their choice and CACEIS, appointed by the Company, in respect of the securities held in administered registered form (*titres inscrits au nominatif administré*);
- an authorized financial intermediary of their choice for securities held in bearer-form (*titres au porteur*).

In accordance with the provisions of articles L. 211-15 and 211-17 of the French Monetary and Financial Code, the shares are wired from one account to another and the transfer of ownership of the new shares shall be evidenced by their registration in the subscriber's account.

A request for admission to the financial transactions carried out by Euroclear France, Euroclear Bank, and Clearstream Banking will be made in respect of the newly issued shares resulting from the Capital Increase, and such shares will be registered in the subscribers' accounts as of July 20, 2010, according to the tentative timetable. Likewise, the new shares resulting from the conversion of the OCEANEs will be subject to periodical admission requests to the transactions of Euroclear France, Euroclear Bank and Clearstream Banking.

## **4.4 Currency of the issue**

The issue of the new shares will be made in Euros.

## **4.5 Rights attached to the new shares**

The new shares issued as a result of the Capital Increase or as a result of the conversion of the OCEANEs will be subject to all provisions of the Company's articles of association as from their issuance date. Pursuant to currently applicable French law and the company's articles of association, the main rights attached to the new shares will be as follows:

### ***Dividend rights – Right to share in the Company's profit***

The Company's shareholders shall be entitled to a share in the profits of the Company in accordance with the provisions of articles L. 232-10 *et seq.* of the French Commercial Code.

Newly issued shares will grant rights, with respect to the current financial year and all subsequent financial years, to the same dividend as those that may be distributed with respect to the Company's other shares carrying the same entitlement to dividends.

The general shareholders' meeting approving the financial statements of the financial year may decide to pay out a dividend to all shareholders (article L. 232-12 of the French Commercial Code).

Interim dividends may also be distributed prior to the approval of the financial statements of the relevant financial year (article L. 232-12 of the French Commercial Code).

The general shareholders' meeting called to approve the financial statements of the financial year has the ability to grant each shareholder the option of receiving all or part of their dividends or interim dividends either in cash or in shares issued by the Company in accordance with the terms and conditions prescribed by law.

The payment of dividends must take place within a maximum timeframe of nine months following the end of the relevant financial year. An extension of this timeframe may be granted by court order.

Rights to unclaimed dividends will be transferred to the French State within the statutory five-year period.

Dividends paid to non-residents are generally subject to a withholding tax (see section 4.12 below).

### ***Voting rights***

The number of voting rights attached to the shares is proportionate to the portion of share capital that the shares represent. Each share carries one vote.

A voting right that is equivalent to twice the voting right granted to other shares, while taking into account the portion of the share capital they represent, is granted to all of the fully-paid up shares that have been held in registered form for two years in the name of the same shareholder, whether such shareholder is either a French citizen or a citizen of a Member State of the European Union.

In the event of a capital increase by incorporation of issue reserves, profits or premiums, this double voting right will be assigned, as from the date of their issue, to new shares granted free of charge to a shareholder, in the amount of the existing shares he or she holds and for which he or she already benefits from this right.

Any transfer of ownership of a share that carries a double voting right will result in the loss of this double voting right, subject to exceptions provided for by law.

### ***Restrictions in the articles of association on the exercise of voting rights and transfer of shares***

The articles of association of the Company do not contain any provision restricting the transfer of shares.

Subject to the provisions of Article 7.4 of the articles of association of the Company relating to the loss of voting rights in the event of a failure to comply with the obligation to disclose the crossing of a threshold (upwards or downwards crossing of the threshold of 0.5% of the capital or the voting rights), the articles of association do not contain any restriction on the exercise of voting rights.

### ***Preferential rights to subscribe for shares of the same class***

The Company's shares carry preferential subscription rights in the event of any capital increases. Shareholders have, in proportion to the number of shares they hold, a preferential right to subscribe in cash for shares issued as part of an immediate or future capital increase. Throughout the subscription period, the preferential subscription right may be traded once it is separated from the underlying tradable share. Otherwise, such rights may be sold or transferred under the same conditions as the underlying shares themselves. Shareholders may individually waive their preferential subscription rights. In addition, shareholders benefit from a subscription right subject to reduction if the extraordinary shareholders' meeting so decides or has authorized this expressly.

The general shareholders' meeting deciding on or authorizing an immediate or future capital increase may cancel the preferential subscription rights for the total amount of the capital increase or for one or more portions of such capital increase and may provide for or authorize a priority subscription period for the benefit of shareholders (Article L. 225-135 of the French Commercial Code).

The issuance without preferential subscription rights may be carried out either by way of a public offer or, if the general meeting so decides and within the limit of 20% of the share capital per year, by way of an offer within the meaning of paragraph II of article L. 411-2 of the French Commercial Code (offer to qualified investors, restricted circle of investors acting for own account). The issuance price shall be at least equal to the volume-weighted average of the share prices recorded during the last three trading days preceding the date of its determination, and with a possible discount of no more than 5% (Article L. 225-136 1<sup>o</sup>, 1<sup>st</sup> and 3<sup>rd</sup> paragraphs, and R. 225-119 of the French Commercial Code). However, within the limit of 10% of the share capital per year, the general shareholders' meeting may authorize the Board of Directors to set the issuance price in accordance with terms and conditions that it determines (Article L. 225-136 1<sup>o</sup>, paragraph 2 of the French Commercial Code).

The general shareholders' meeting may cancel the preferential subscription rights when the Company carries out a capital increase:

- (i) reserved for one or more persons designated by name or for classes of persons who meet certain criteria determined by the general shareholders' meeting. The issuance price or the terms for setting this price are determined by the extraordinary shareholders' meeting based on a report prepared by the Board of Directors and on the statutory auditors' special report (Article L. 225-138 of the French Commercial Code);
- (ii) in order to allocate securities contributed to a public exchange offer for securities of a company, the securities of which are admitted to trading on a regulated market. In this case, the statutory auditors must issue an opinion on the terms and conditions and the consequences of the issuance (Article L. 225-148 of the French Commercial Code).

In addition, the general shareholders' meeting may decide to carry out a capital increase:

- (i) in order to remunerate contributions in kind. The value of the contributions must be appraised by one or more statutory auditors (Article L. 225-147 of the French Commercial Code);
- (ii) reserved for members (employees of the Company or the companies related to it within the meaning of Article L. 225-180 of the French Commercial Code) of a company saving plan (*plan d'épargne d'entreprise*) (Article L. 225-138-1 of the French Commercial Code). The subscription price may not be lower, by more than 20%, than the average of the listed share

prices during the twenty trading days preceding the date of the decision setting the opening date of the subscription period (articles L. 3332-19 *et seq.* of the French Labor Code);

- (iii) by way of a grant of free shares to employees of the Company or of Group companies, to certain categories thereof, or to their corporate officers, within the limit of 10% of the Company's share capital (Article L. 225-197-1 *et seq.* of the French Commercial Code).

#### ***Right to share in any liquidation surplus***

The remaining shareholders' equity following the repayment of the par value of the shares will be distributed among the shareholders in proportion to their equity interests in the share capital of the Company (Article L. 237-29 of the French Commercial Code).

#### ***Buyback clauses – Conversion clauses***

The articles of association of the Company do not include any share buyback clause.

Shares held in registered form can be converted into bearer shares, unless otherwise provided for by law.

#### ***Identification of shareholders – Crossing of thresholds***

In addition to the obligation set out under article L. 233-7 of the French Commercial Code to notify the Company and the AMF of the crossing of the thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3, 90% and 95% of the share capital and voting rights held, Article 7.4 of the Company's articles of association sets forth that any physical person who or legal entity that, acting alone or in concert, comes to possess, whether directly or indirectly, a percentage of the share capital, voting rights or securities granting future access to the share capital of the Company, equal to or greater than 0.5% or to a multiple of this percentage, must notify the Company by way of registered letter with acknowledgement of receipt, indicating the number of voting rights and securities granting immediate or future access to the share capital that they hold, as well as the voting rights attached thereto, within a timeframe of five trading days as from the date upon which each legal threshold is crossed.

If such disclosure is not made, the shares exceeding the fraction that ought to have been declared shall be stripped of voting rights at shareholders' meetings, as provided for by law, if at such a meeting, the failure to disclose has been recorded in the minutes and if one or more shareholders together holding an aggregate of at least 5% or more of the share capital or voting rights of the Company so request it at the time of such meeting.

Any physical person or legal entity must also notify the Company in the manner and within the time limits provided above, when its/his or her direct, indirect or combined holding falls below each of the above-mentioned thresholds.

Moreover, in order to identify the holders of bearer shares, the Company may at any time, in accordance with the legal and regulatory provisions in force, request information pertaining to the holders of securities it has issued that grant voting rights either immediately or in the future, as well as information on the securities themselves, from the central custodian that manages the issuance account of the Company's securities. Based on the list sent to the Company by the central custodian responsible for managing the issuance account of its securities, the Company may, in particular, under applicable legal and regulatory provisions, request information concerning the ownership of the securities from the persons whose names appear on this list, and for whom the Company suspects the securities to be registered on behalf of a third party.

If such persons are serving in an intermediary capacity, they must disclose the identity of the owners of such securities. The information shall be provided directly to the authorized intermediary financial account manager, the latter being responsible for notifying, as applicable, the Company or the central custodian.

When it concerns registered securities providing immediate or future access to the share capital, the registered intermediary must reveal the identity of the owners of such securities as well as the quantity of securities held by each of them upon request by the Company or its authorized representative, which can be made at any time.

Insofar as the Company deems that some holders whose identity has been disclosed to it are holding the securities on behalf of third party owners, it shall be entitled to request that such holders reveal the identity of the owners of those securities.

The Company may also require any legal entity holding more than 2.5% of its share capital or its voting rights to identify the persons directly or indirectly holding more than one third of the share capital and voting rights of such legal entity owning shares in the Company.

In the event of a violation of the above-mentioned obligations, the shares or securities granting immediate or future access to the share capital that are held by persons violating such obligations and who have been registered in an account, shall be stripped of voting rights for any shareholders' meeting that would be held until the identity issue is resolved, and the payment of the corresponding dividend will be deferred until such date.

Moreover, should the registered person knowingly ignore these obligations, the court in whose jurisdiction the Company's registered office is located may order, at the request of the Company or of one or more of its shareholders holding at least 5% of its share capital, the total or partial loss of the voting rights attached to the shares having been subject to a request for information by the Company for a total term that cannot exceed five years, and possibly, for the same period, of the right to the payment of the corresponding dividend.

Information relating to the identification of shareholders and threshold crossings are included in Article 7 of the Company's articles of association.

## **4.6 Authorizations**

### **4.6.1 Authorization pertaining to the Capital Increase**

#### **4.6.1.1 Shareholders' Meeting that authorized the Capital Increase**

This issue is carried out within the framework of the second resolution of the Combined Shareholders' Meeting of the Company dated March 19, 2010:

***Second resolution (Delegating its authority to the Board of Directors for the purpose of deciding on a capital increase, through the issue of new shares while upholding the preferential subscription right).***

*“The General Shareholders' Meeting, meeting quorum and majority conditions required at Extraordinary Shareholders' Meetings, after having read the report of the Board of Directors and the special report of the statutory auditors and in accordance with the provisions of articles L. 225-129 to L. 225-129-6 and L. 228-91 and L. 228-92 of the French Commercial Code:*

1. *delegates to the Board of Directors its authority to decide, at its sole discretion, on a share capital increase by issuing ordinary shares of the Company, including via the free allocation, for the benefit of its shareholders, of warrants for the subscription of shares of the Company;*
2. *decides that the total nominal amount of the capital increase that could potentially be achieved immediately and/or over a set period by virtue of this delegation shall not exceed one hundred million eight hundred thousand (100,800,000) Euros;*
3. *decides that in the event of an issuance of ordinary shares decided on by virtue of this resolution:*
  - (a) *the shareholders shall have, in proportion to the number of shares they hold, a preferential right to subscribe, as an irrevocable entitlement, to the new shares thus issued;*
  - (b) *the Board of Directors shall also be able to grant shareholders the right to subscribe to a number of excess shares subject to reduction, beyond what they would be able to subscribe to by irrevocable entitlement, in proportion to the subscription rights they hold and within the limit of their requests;*
  - (c) *if the subscriptions by irrevocable entitlement and, where applicable, subscriptions subject to reduction, have accounted for the full amount of the issue of ordinary shares, the Board of Directors shall be able, at its discretion, to freely redistribute the wholly or partially unsubscribed shares, in order to offer all or some of the unsubscribed shares to the public and/or to limit the capital increase to the amount of subscriptions received subject to the provisions of Article L. 225-134-I-1 of the French Commercial Code;*
  - (d) *the Board of Directors has the option to disregard the treasury shares held by the Company for the purpose of determining the preferential subscription rights attached to the other shares;*
4. *decides that, in the event of an issuance of share subscription warrants approved by virtue of this resolution, the shareholders shall benefit from the free allocation of the said warrants in proportion to the number of shares that they hold;*
5. *decides that the subscription price of the new shares shall be one (1) euro per new share, and that payment of the subscription price shall only be permitted in cash;*
6. *decides that the duration of the subscription period of the capital increase (or, as the case may be, the duration of the exercise period of the share subscription warrants) shall be set at a maximum of one month;*
7. *decides that the Board of Directors shall have all powers, with an option to sub-delegate under the conditions set forth by applicable legal and regulatory provisions, to implement this delegation including, in particular, to:*
  - (a) *establish the terms of the capital increase and, in particular, the date and the amount of the issue;*
  - (b) *determine the form and the characteristics of the securities to be issued, including the date upon which they are entitled to dividends (which could possibly be set retroactively), as well as, where applicable, the terms of free allocation, the duration*



*and the terms and conditions of exercise of the share subscription warrants, the terms applicable to their buyback on the stock market and their possible cancellation;*

- (c) as the case may be, disregard the treasury shares for the purpose of determining the preferential subscription rights attached to the other shares;*
  - (d) where necessary, freely decide on the outcome of fractional shares;*
  - (e) where necessary, identify any legal entity or physical person, shareholder or not, who/that is likely to make an advance commitment to subscribe wholly or in part to the capital increase or to underwrite it, and to conclude any agreement to secure such commitments to subscribe or to underwrite;*
  - (f) and, in general, to take all steps, enter into all agreements and complete all formalities in order to achieve the successful completion of the capital increase, and to arrange for the listing and financial servicing of the issued securities, declare the completion of the resulting capital increase and modify the articles of association accordingly;*
8. *formally acknowledges that this delegation supersedes any previous authorization having the same purpose, namely the delegation of authority to decide on the issue of shares, capital securities, or other various transferable securities while upholding the preferential subscription right of shareholders, granted under the terms of the twelfth resolution of the General Shareholders' Meeting dated May 30, 2008, it being specified that the other delegations granted by the General Shareholders' Meeting dated May 30, 2008 remain unchanged and currently active;*
9. *decides that the ceiling set through this resolution constitutes a ceiling that is independent and distinct from the ceilings imposed by the General Shareholders' Meeting on the Board of Directors under the terms of (a) general delegations of authority granted by the General Shareholders' Meeting dated May 30, 2008, and remaining in force as of the date of publication of this Prospectus and of (b) the first and third resolutions of this General Shareholders' Meeting and that, consequently, the total nominal amount of the capital increase that may be achieved in accordance with this resolution shall not be subject to the said ceilings;*
10. *Decides that this delegation of authority is valid until August 31, 2010 (inclusive)."*

#### **4.6.1.2 Board of directors**

By virtue of the powers granted to it through the second resolution of the Combined Shareholders' Meeting of the Company dated March 19, 2010, the Board of Directors of the Company, at its meeting dated June 15, 2010, decided to use the delegation of authority provided by the Combined Shareholders' meeting of the Company dated March 19, 2010 and has sub-delegated to the Chief Executive Officer of the Company the power to decide and implement the Capital Increase.

#### **4.6.1.3 Chief Executive Officer**

By virtue of the powers attributed by the Board of Directors of the Company dated June 15, 2010, the Chief Executive Officer, Mr. Fady Khallouf, set out on June 23, 2010 the final terms of the Capital Increase as described in the present securities note.

#### **4.6.2 With respect to the conversion of the OCEANES**

The modification of the conversion/exchange ratio is carried out within the framework of the first resolution of the Combined Shareholders' Meeting of the Company dated March 19, 2010:

**"First resolution (Modification of the contract for the issuance of bonds convertible into and/or exchangeable for new or existing shares issued by the Company on October 31, 2007).**

*The General Shareholders' Meeting, meeting the quorum and majority conditions required at Extraordinary Shareholders' Meetings, after having been read the report of the Board of Directors and the special report of the statutory auditors, and after having acknowledged that the General Bondholders' Meeting has approved the amendment of certain terms of the contract for the issue of convertible bonds and/or their conversion into shares issued on October 31, 2007 (the "Bonds"), decides:*

1. *To authorize, subject to the conditions mentioned below, the amendments to the contract for the issue of Bonds as approved by the General Bondholders' Meeting, which comprise in particular:*
  - (a) *the postponement of the normal redemption date for all of the nominal value of the Bonds from January 1, 2014 to January 1, 2041;*
  - (b) *the early redemption of part of the nominal amount of the Bonds depending on the amount of the Capital Increase (as this term is defined below) effectively achieved;*
  - (c) *the modification of the interest rate, currently fixed at 2.0%, which shall be raised to an annual rate of 2.7% on the new nominal value of the Bonds (after partial early redemption) until December 31, 2014 inclusive, then reduced to an annual rate of 0.1% until January 1, 2041;*
  - (d) *the modification of the conversion/exchange ratio of the Bonds, currently fixed at 1 share per Bond, which shall be raised to N1 shares per Bond by December 31, 2013, then to N2 shares per Bond from January 1 to December 31 2014, it being specified that N1 is set within the range of 6.59 to 9.06 depending on the amount of the Capital Increase effectively achieved and that N2 is equal to 80% of N1 (subject to any possible adjustments);*
  - (e) *the cancellation of the right of the bondholders to request the conversion or exchange of their Bonds into or for shares at a date occurring later than December 31, 2014; ;*
  - (f) *Cancellation of the right of bondholders to request the early redemption of their Bonds as of January 1, 2012;*
  - (g) *the creation of an option for early buyback of the Bonds on January 1, 2015 at the discretion of the bondholders, at a buyback price ranging between 50% and 77.4% of the old redemption value as from January 1<sup>st</sup>, 2012 (i.e. between €10.97 and €16.99) depending on the amount of the Capital Increase effectively achieved;*
  - (h) *the upholding of the clause on change of control, subject to the condition that, in the event of a change of control, each bondholder shall be able to request the buyback (and not the redemption) of his/her securities at a price equal to the buyback price of the Bonds as of January 1, 2015 (and not the early redemption price), it being specified that this clause shall not be applicable in the event that the Capital Increase triggers a change of control;*

- (i) *the cancellation of the mechanism for the temporary adjustment of the conversion / exchange ratio of the Bonds in the event of a takeover bid for the shares of the Company; and*
  - (j) *the modification of the date upon which the new shares issued upon conversion of the Bonds are entitled to dividends, which from that point on shall carry current dividend rights and shall be carry the same rights as existing shares as from the date of their issuance, whereas previously they were entitled to dividends on the first day of the fiscal year during which the conversion/exchange right was exercised;*
2. *Consequently, and still subject to the conditions mentioned below, in accordance with the provisions of articles L. 225-129 et seq. of the French Commercial Code, decides to carry out an increase of the Company's share capital by a maximum nominal amount of €104,538,466, in order to enable, on the basis of the new conversion/exchange ratio of the Bonds that may reach a maximum level of 9.06 shares per Bond, the conversion of the 11,538,462 Bonds existing as of the date of this Meeting, an amount to which shall be added the number of shares to be issued in order to preserve the rights of the bondholders under the conditions provided for by law, and the contract for the issue of the Bonds, it being specified that:*
- (a) *this capital increase shall be implemented by the Board of Directors incrementally with the creation of the shares that shall be issued upon conversion of the Bonds;*
  - (b) *the total nominal amount of the capital increase that could potentially be achieved by virtue of this resolution shall not be deducted from the ceiling amounts specified in delegations granted to the Board of Directors by the Extraordinary Shareholders' Meeting dated May 30, 2008 as well as under the terms of the second and third resolutions of this current Shareholders' Meeting. The ceiling fixed by this resolution constitutes a ceiling that is distinct and independent from other ceilings fixed by the General Shareholders' Meeting;*
  - (c) *the new shares issued will carry immediate entitlement to dividends (jouissance courante) and will carry all of the same rights as existing shares as from the date of their issue; and*
  - (d) *the approval of the above-mentioned modifications to the issuance contract entails the cancellation of the shareholders' preferential subscription right to the new shares, which shall be issued upon conversion of the Bonds on the basis of the new conversion/exchange ratio for the benefit of the bondholders.*
3. *that the modifications to the contract for the issuance of Bonds described in this resolution are subject to the fulfillment of the following two cumulative conditions precedent:*
- (a) *Completion, no later than August 31, 2010, of a capital increase presenting the following characteristics (the "**Capital Increase**"):*
    - *Form: The Capital Increase shall be carried out in cash, while upholding the shareholders' preferential subscription right, and may be carried out via the free allocation of share subscription warrants to the shareholders;*
    - *Minimum amount: The gross proceeds of the Capital Increase shall represent a total amount of at least €99.74 million, it being specified, however, that should the Company not be in a position to obtain commitments to subscribe or to underwrite*

*representing least 75% of this sum, the amount of the Capital Increase may be reduced to €60 million provided, however, that the Company has in this case obtained commitments to underwrite or subscribe a minimum total amount of €45 million. Thus, the Capital Increase shall under no circumstances be launched for an overall amount of less than €60 million and/or to be covered by commitments to underwrite and/or to subscribe representing less than a total of €45 million;*

- *Subscription price: the new shares shall be issued at the price of one Euro per new share. Payment of the subscription price shall be made exclusively in cash;*
  - *The length of the subscription period of the Capital Increase or, as the case may be, the length of the period during which share subscription warrants can be exercised shall last for a maximum of one month;*
  - *Escrow: the Company shall instruct the credit institution acting as custodial bank for the Capital Increase, to place into an escrow account, on the settlement delivery date of the new shares issued within the framework of the Capital Increase (the "Completion Date"), the portion of the total gross proceeds of the Capital Increase that is higher than €40 million for the purpose of the partial early redemption of the Bonds provided for by the issuance contract as amended;*
- (b) *The Company's decision not to carry out the following transactions as from December 16, 2009 until the Completion Date:*
- *Financial transactions, other than the Capital Increase, triggering the obligation for the Company to protect the rights of bondholders in accordance with the provisions of articles L. 228-98 and L. 228-99 of the French Commercial Code and/or with the stipulations of the issuance contract;*
  - *Issuance or granting of shares, of securities granting access to the capital or to voting rights (within the meaning of Article L. 228-1 of the French Commercial Code), of options or commitments to issue or grant such securities, and generally, modification or commitment to modify the number of existing shares as of December 16, 2009, i.e. 39,895,207, other than those resulting from (a) the Capital Increase, (b) the exercise of share subscription warrants issued by the Company (the list of which appears in the Company's 2008 financial report) (the "**Existing Warrants**"), (c) the definitive allocation of the 657,333 free shares allocated to the managers and employees of the Company before December 16, 2009, (the "**Existing Free Shares**"), (d) the allocation of additional free shares to the managers and employees within a maximum limit of 1,623,278 shares (the "**Additional Free Shares**") as well as (e) the implementation of mechanisms to protect of the rights of holders of Existing Warrants, of Existing Free Shares and of Additional Free Shares under the conditions provided for by law, the existing corporate officer contracts approved by the Board of Directors and/or the existing employment contracts;*

*it being nonetheless specified that condition (b) shall be deemed to be satisfied provided that the said transaction or the said commitment affects less than 0.5% of the existing share capital as of December 16, 2009, i.e. 199,476 shares; the modifications to the issuance contract provided for in this resolution shall become completely null and void in the event of non-fulfillment of any one of these conditions.*

4. *that the modifications contained in this resolution shall take effect, subject to the fulfillment of the above conditions precedent, on the Completion Date, provided that the modification of the conversion / exchange ratio of the Bonds will become effective as soon as possible following the completion of the Capital Increase and at the latest five (5) trading days after date of the meeting of the Board of Directors of the Company during which the total amount of the subscription is declared and the new conversion/exchange ratio of the Bonds (N1) is set; and*
5. *to grant all powers to the Chief Executive Officer and the Deputy Chief Executive Officer, each having the power to act alone, for the purpose of signing any contract or document, to issue any instruction, to carry out any due diligence and, more generally, to take any measure aimed at putting into effect, subject to the fulfillment of the above-mentioned conditions, the modifications to the Bond issuance contract thus authorized by the General Bondholders' Meeting and by the General Shareholders' Meeting."*

#### **4.7 Planned issue date for the new shares**

##### **4.7.1 Following the Capital Increase**

The new shares are expected to be issued on July 20, 2010.

##### **4.7.2 With respect to the conversion of the OCEANEs**

The new shares to be issued upon conversion of the OCEANEs will be subject to periodic requests for admission to trading on Euronext™ Paris as from the end of the suspension period referred to in section 4.9 hereunder.

#### **4.8 Restrictions on the sale of the new shares**

No statutory clause limits the free transferability of the shares comprising the share capital of the Company.

#### **4.9 Conversion right of holders of equity-linked securities**

It is indicated that as of the date of this Prospectus, 11,538,462 OCEANEs have not yet been converted, and 3,922,650 share warrants have not been exercised (the "**Existing Warrants**").

It is further specified that the conversion/exchange ratio of the OCEANEs will not be subject to any additional adjustment under the Capital Increase, it being hereby specified that the new conversion/exchange ratio will be calculated solely on the basis of the table appearing in the Appendix, in accordance with the resolutions approved by the General Meeting of Holders of OCEANEs dated February 18, 2010 and by the General Shareholders' Meeting dated March 19, 2010.

The holders of Existing Warrants who did not exercise these warrants before the suspension of the ability to exercise the Existing Warrants on May 24, 2010 at 00:01 A.M. will have their conversion/exchange ratio adjusted as provided for by articles L. 225-181, R. 225-140 *et seq.* and R. 228-91 of the French Commercial Code. The new conversion/exchange ratio adjusted in accordance with the above articles will be communicated to the holders of Existing Warrants by way of registered letter with acknowledgement of receipt.

#### **4.10 French regulations pertaining to public tender offers**

The Company is subject to currently applicable French laws and regulations relating to mandatory public offers (*offres publiques obligatoires*), squeeze-outs (*offres publiques de retrait*) and compulsory buy-outs (*retraits obligatoires*).

##### **4.10.1 Mandatory public tender offer (*offres publiques obligatoires*)**

Article L. 433-3 of the French Monetary and Financial Code and articles 234-1 *et seq.* of the General Regulations of the AMF set forth the conditions for the launch of a mandatory public tender offer bearing on all of the Company's equity securities and securities granting access to the share capital or voting rights of a company, the shares of which are admitted to trading on a regulated market.

##### **4.10.2 Standing market offer (*garantie de cours*)**

Article L. 433-3 of the French Monetary and Financial Code and articles 235-1 *et seq.* of the General Regulations of the AMF set forth conditions under which a standing offer (*garantie de cours*) bearing on the equity securities of a company, the shares of which are admitted to trading on a regulated market, must be made.

##### **4.10.3 Squeeze-out (*offre publique de retrait et retrait obligatoire*)**

Article L. 433-4 of the French Monetary and Financial Code and articles 236-1 *et seq.* (*offre publique de retrait*), articles 237-1 *et seq.* (*retrait obligatoire à l'issue d'une offre publique de retrait*) and articles 237-14 *et seq.* (*retrait obligatoire à l'issue de toute offre publique*) of the General Regulations of the AMF set forth the conditions for initiating a squeeze-out and implementing a procedure for the compulsory buy-out of the minority shareholders of a company, the shares of which are admitted to trading on a regulated market.

#### **4.11 Public tender offers by third parties with respect to the issuer's share capital carried out during the current financial year and the previous financial year**

No public offers for the Company's share capital were initiated during the previous financial year or during the current financial year.

#### **4.12 Withholding tax on dividends paid to non-French residents for tax purposes**

As French legislation currently stands, the following provisions summarize the French tax consequences that could potentially apply to investors who are not residents of France and who will receive dividends with respect to the Company shares they will hold. These investors must however seek advice from their tax advisers regarding their individual tax liability.

Persons who are not residents of France for tax purposes must also comply with the tax legislation in force in their country of residence.

The rate of the withholding tax is set at (i) 18% when the beneficiary is a physical person domiciled in a Member State of the European Union, in Iceland or in Norway, and (ii) 25% in all other cases. Such withholding tax may be reduced, or even eliminated, in accordance, in particular, with Article 119 *ter* of the French General Tax Code, applicable, under certain circumstances, to shareholders that are legal entities established in the European Community, and with international tax treaties.

However, dividends distributed by the Company and paid outside of France in a non-cooperative state or territory within the meaning of Article 238-0 A of the French General Tax Code will be

subject to a withholding tax rate of 50 %, subject to a lower tax rate set out in a tax treaty between France and the State of residency of the actual beneficiary of the dividends. The list of the relevant States and territories has been published by inter-ministerial order dated February 12, 2010. This list will be updated annually. It is hereby recommended to investors who may be affected by this measure to consult their usual tax adviser in order to be informed as to how it applies to their specific situation.

It is the responsibility of the Company shareholders concerned to consult their usual tax adviser in order to determine whether they can benefit from a reduction of or exemption from the withholding tax and in order to the practical terms and conditions of application of these international tax treaties as provided for, in particular, by the guidance note dated February 25, 2005 (BOI 4 J-1-05) relating to the “normal” or “simplified” procedure for the reduction of or the exemption from the withholding tax.

In addition, subject to the fulfillment of the requirement set out in the guidance notes dated May 10, 2007 (BOI 4 C-7-07) and July 12, 2007 (BOI 4 C-8-7), the legal entities with an equity interest of at least 5% of the share capital and voting rights of the Company may benefit from an exemption from withholding tax if their registered office of effective management is located in a Member State of the European Union, in Iceland or in Norway.

Finally, provided the requirements set out in the guidance note dated December 29, 2009 (BOI 4 H-2-10) are complied with, non-profit organizations with a registered office located in a Member State of the European Union, in Iceland or in Norway may benefit from a reduced withholding tax rate of 15% (Article 187.1 of the French General Tax Code).

The income distributed qualifies for a tax credit equal to 50% of the amount of dividends paid, capped at €230 annually for married couples or partners who have concluded a civil solidarity pact (*pacte civil de solidarité, or “PACS”*) that are subject to joint taxation and at €115 for single persons, widows, divorcees, and married couples or partners in a PACS who are subject to separate taxation. The benefit of this tax credit is granted to shareholders who are physical persons benefiting from a tax treaty with France providing for the transfer of the dividend tax credit. These shareholders will be entitled to the reimbursement of the tax credit attached to dividends paid by the Company, subject to complying with the requirements set out in the treaty in order to benefit from this transfer, and subject to respecting the granting procedures relating to such credit. At the time of payment of this dividend tax credit to a non-resident shareholder, a withholding tax will be levied at the rate prescribed by the applicable tax treaty. However, investors are informed that the French tax administration has not yet published any details regarding the terms and conditions of reimbursement of this dividend tax credit.

## **5. TERMS AND CONDITIONS OF THE OFFER**

### **5.1 Capital Increase - Conditions, offer statistics, tentative timetable and terms and conditions applicable to subscription requests**

#### **5.1.1 Conditions of the offer**

The Capital Increase will be completed with the upholding of shareholders’ preferential subscription rights on the basis of three (3) new shares for two (2) existing shares with a nominal value of one (1) Euro each (see section 5.1.3 below).

Each shareholder will receive one preferential subscription right per share registered in the holder’s account at close of the accounting day of June 24, 2010. Two (2) preferential subscription rights

will entitle their holders to subscribe for three (3) new shares each of a nominal value of one (1) Euro.

Preferential subscription rights that are not exercised shall automatically become null and void upon expiry of the subscription period, i.e. July 7, 2010 at close of trading.

### **5.1.2 Amount of the issuance**

The total amount of the issuance is equal to a total nominal value of €60,463,059 corresponding to the number of new shares issued, i.e. 60,463,059 new shares, multiplied by the subscription price of one new share i.e. one (1) Euro. Since the subscription price is equal to the nominal value, there is no issuance premium.

In accordance with the terms of the second resolution approved by the Combined Shareholders' Meeting dated March 19, 2010, if subscriptions by irrevocable entitlement and, where applicable, subscriptions subject to reduction, do not add up to the total amount of the issue of ordinary shares, the Board of Directors shall be entitled, at its discretion, to freely redistribute the unsubscribed shares wholly or in part, in order to offer all or some of the unsubscribed shares to the public and/or to limit the Capital Increase to the amount of subscriptions received subject to the provisions of article L. 225-134-I-1° of the French Commercial Code (see however section 5.4.3 below).

The ability to exercise the Existing Warrants and the ability to exercise the conversion/exchange right attached to the OCEANES have been suspended on May 24, 2010 at 00:01 A.M. in accordance with legal and regulatory provisions and pursuant to the terms and conditions of the issuance contract of the OCEANES.

It is specified that the conversion/exchange ratio of the OCEANES will not be subject to any additional adjustment under the Capital Increase, it being specified that the new conversion/exchange ratio is to be calculated solely on the basis of the table included in the Appendix, in accordance with the resolutions approved by the General Bondholders' Meeting and the General Shareholders' Meeting.

The holders of Existing Warrants who did not exercise their rights before the suspension of the ability to exercise the Existing Warrants on May 24, 2010 at 00:01 A.M. will have their exercise ratio adjusted as provided for by articles L. 225-181, R. 225-140 *et seq.* and R. 228-91 of the French Commercial Code. The new conversion/exchange ratio adjusted in accordance with these articles will be communicated to the holders of Existing Warrants by way of registered letter with acknowledgment of receipt.

### **5.1.3 Subscription period and procedure**

#### **5.1.3.1 Subscription period**

The subscription period for the new shares offered under the Capital Increase will be open from June 25, 2010 to July 7, 2010 inclusive.

#### **5.1.3.2 Preferential subscription right**

##### ***Subscription as an irrevocable entitlement (souscription à titre irréductible)***

The subscription of the new shares is reserved, on a priority basis, for (i) holders of existing shares registered in their account by the close of trading on June 24, 2010, (ii) holders of shares resulting from the exercise of the Existing Warrants no later than May 24, 2010 at 00:01 A.M., (iii) holders of shares resulting from the exercise of the conversion/exchange right attached to the OCEANES no



later than May 24, 2010 at 00:01 A.M., and (iv) transferees of the preferential subscription right, who will be entitled to subscribe by irrevocable entitlement, on the basis of three (3) new shares for two (2) existing shares of nominal value one (1) Euro each (two (2) preferential subscription rights will carry the right to subscribe for three (3) new shares each of a nominal value of one (1) Euro), without taking into account fractional shares.

The preferential subscription rights may only be exercised up to the limit of a number of preferential subscription rights allowing for the subscription of a whole number of shares. The shareholders or transferees of the preferential subscription rights who do not hold, in respect of the subscription as an irrevocable entitlement, a sufficient number of existing shares to obtain a whole number of new shares must purchase, on the market, the number of preferential subscription rights required to enable them to subscribe for a whole number of shares of the Company and/or may exercise their rights together, without however being entitled to a joint ownership, as the Company only acknowledges one owner per share.

Fractional preferential subscription rights may be sold on the market during the subscription period.

#### ***Subscription subject to reduction (souscription à titre réductible)***

When submitting their subscriptions as an irrevocable entitlement, shareholders or the transferees of the shareholders' preferential subscription rights may subscribe, as an entitlement subject to reduction, for additional new shares over and above the number of shares resulting from the exercise of their preferential subscription rights as an irrevocable entitlement.

New shares that are potentially not subscribed for through subscriptions as an irrevocable entitlement will be distributed and allocated to amounts subscribed by shareholders on the basis of an entitlement subject to reduction. Orders for subscriptions subject to reduction will be allocated up to the number of shares requested and pro-rated based on the number of existing shares in respect of which the preferential subscription rights have been exercised as an irrevocable entitlement, it being specified that fractions of new shares cannot be allocated as a result.

In the event that a single subscriber presents several separate subscription orders, the number of shares allocated to him or her as an entitlement subject to reduction shall be calculated based on the total amount of the subscriber's preferential subscription rights only if this is specifically requested in writing no later than the closing date of the subscription period. Such special request should be attached to one of the subscription orders and should provide all necessary information regarding the consolidation of rights, specifying the number of subscription requests made as well as the name of the authorized financial intermediary(ies) with whom such subscription orders have been filed.

Subscription requests made in the name of separate subscribers may not be combined to obtain shares through a subscription subject to reduction.

A notice published by Euronext™ Paris shall announce the allocation scale applying to subscriptions subject to reduction (see section 5.1.9).

#### ***Theoretical value of the preferential subscription right and of the ex-right THEOLIA share***

On the basis of issue proceeds of €60,463,059 and on the basis of the closing share price of the Company on June 22, 2010, i.e. €2.26, the theoretical value of the preferential subscription right is €0.76 and the theoretical value of the share after severance of this right is €1.50. These values do not constitute a prediction of either the market value of the preferential subscription rights during

the subscription period or the value of the shares after separation of the right as they will be observed.

### **5.1.3.3 Procedure for exercising preferential subscription rights**

To exercise their preferential subscription rights, holders must submit a request to their authorized financial intermediary at any time from June 25, 2010 to July 7, 2010 included and pay the corresponding subscription price.

Preferential subscription rights must be exercised by their beneficiaries before the expiration of the subscription period, failing which such rights will be rendered null and void.

In accordance with the law, such preferential subscription rights shall be transferable during the subscription period described in this section, under the same conditions as existing shares.

The transferor of a preferential subscription right will transfer its right for the benefit of the transferee who, for the purpose of the exercise of the preferential subscription right thereby acquired, shall simply be substituted with the holder of the existing share with regard to all rights and obligations attached to it.

Beneficiaries of Existing Warrants having exercised their options no later than May 24, 2010 at 00:01 A.M. and holders of OCEANEs having exercised their conversion/exchange rights no later than May 24, 2010 at 00:01 A.M. will be entitled to exercise or sell the preferential subscription rights that are delivered simultaneously with their shares upon exercise of the warrants or upon exercise of the conversion/exchange right of the OCEANEs until July 7, 2010.

Preferential subscription rights that have not been exercised by the end of the subscription period shall automatically be rendered null and void.

### **5.1.3.4 Preferential subscription rights separated from the Company's treasury shares**

In accordance with article L. 225-206 of the French Commercial Code, the Company may not subscribe for its own shares.

Preferential subscription rights separated from treasury shares held by the Company will be sold on the market before the end of the subscription period in accordance with the provisions of article L. 225-210 of the French Commercial Code. Those shares represent, as of June 16, 2010, 124,971 shares, i.e. 0.3% of the Company's share capital.

### **5.1.3.5 Tentative timetable**

May 24, 2010	Suspension of the conversion right of the OCEANEs
June 18, 22, 23, 2010	Signing of the subscription undertakings
June 23, 2010	AMF approval of the French version of the Prospectus.
June 24, 2010	Publication of a press release describing the main features of the Capital Increase.  Publication by Euronext™ Paris of the notice of issue.
June 25, 2010	Opening of the subscription period – Detachment and commencement of trading of the preferential subscription rights on Euronext™ Paris.

July 7, 2010	End of the subscription period – End of the listing of the preferential subscription rights.
July 15, 2010	<p>Publication by Euronext™ of the notice of admission of the new shares indicating the final amount of the Capital Increase and the distribution scale for subscriptions subject to reduction.</p> <p>Resumption of the ability to exercise the warrants and of the ability to exercise the conversion/exchange right attached to the OCEANEs.</p> <p>Publication of a press release announcing the result of the subscriptions and the new effective terms of the issuance contract of the OCEANEs (including the new conversion/exchange ratio of the OCEANEs).</p>
July 20, 2010	<p>Issue and listing of the new shares – Settlement-delivery.</p> <p>Effective date of the new conversion/exchange ratio of the OCEANEs, valid until the 7<sup>th</sup> day before December 31, 2013 (N2).</p>
7 <sup>th</sup> day before December 31, 2014	Deadline for conversion requests of OCEANEs into shares.

#### **5.1.4 Revocation/Suspension of the offer**

Not applicable.

#### **5.1.5 Reduction of subscriptions**

The issuance is being carried out while upholding the shareholders' preferential subscription rights. Shareholders may subscribe, as an irrevocable entitlement, on the basis of three (3) new shares for two (2) existing shares (see section 5.1.3) and such orders may not be reduced.

Shareholders may also subscribe for additional new shares as an entitlement subject to reduction. The conditions for subscribing shares, as an entitlement subject to reduction, that have not been subscribed as an irrevocable entitlement and the terms and conditions applicable to reduction are described in sections 5.1.3 and 5.3.

#### **5.1.6 Minimum and/or maximum subscription amount**

As the issuance of shares is carried out with preferential subscription rights based on amounts offered as an irrevocable entitlement and as an entitlement subject to reduction, the minimum subscription amount is of three (3) new shares requiring the exercise of two (2) preferential subscription rights. There is no maximum subscription amount (see section 5.1.3).

#### **5.1.7 Revocation of subscription orders**

Subscription orders are irrevocable.

#### **5.1.8 Payment of subscription amounts and delivery of the shares**

Subscriptions for shares and payments of funds by subscribers whose shares are held in administered registered form or bearer form shall be accepted until July 7, 2010 inclusive by their duly authorized financial intermediary acting in their name and on their behalf.

Subscriptions for shares and payments made by subscribers whose shares are held in fully registered form shall be accepted free of charge until July 7, 2010 inclusive by CACEIS, 14, rue Rouget Lisle, 92130 Issy les Moulineaux.

Each subscription order must include the payment of the subscription price.

Subscriptions that are not accompanied by the payment of the subscription price shall be deemed automatically null and void without prior formal notice.

Amounts paid in connection with the subscriptions will be centralized by CACEIS, 14, rue Rouget Lisle, 92130 Issy les Moulineaux, which shall prepare a funds deposit certificate evidencing receipt of the funds and acknowledging the completion of the Capital Increase.

The expected date of issuance of the new shares is July 20, 2010.

#### **5.1.9 Publication of the result of the Capital Increase**

At the end of the subscription period referred to in section 5.1.3 above, and after centralization of the subscriptions, a notice published by Euronext™ relating to the listing of the new shares will specify the final number of shares issued and indicate the distribution scale for subscriptions subject to reduction (see section 5.1.3.2). A press release published by the Company will also announce the result of the subscriptions and the new effective terms of the issuance contract of the OCEANEs (including the new conversion/exchange ratio of the OCEANEs).

#### **5.1.10 Procedure for exercising and trading preferential subscription rights**

See section 5.1.3 above.

### **5.2 Plan of distribution and allocation of the securities**

#### **5.2.1 Category of potential investors – Countries in which the offer will be open to the public -Restrictions applicable to the offer**

##### *Category of potential investors*

As the issuance of shares is carried out with preferential subscription rights based on amounts offered as an irrevocable entitlement and as an entitlement subject to reduction (see section 5.1.3.2), preferential subscription rights are allocated to all shareholders of the Company, including shareholders who have exercised their Existing Warrants no later than May 24, 2010 at 00:01 A.M., and those who have exercised the conversion/exchange right attached to the OCEANEs no later than May 24, 2010 at 00:01 A.M. Therefore, existing holders of preferential subscription rights and transferees of these preferential subscription rights will be entitled to subscribe to the new shares to be issued.

##### *Countries in which the offer will be open to the public*

The offering to the public will be made solely in France.

##### *Restrictions applicable to the offer*

The distribution of this Prospectus, the sale of the shares and preferential subscription rights, and the subscription for new shares are governed by specific regulations in certain countries, including the United States of America. Persons in possession of this Prospectus should familiarize themselves and comply with any local restrictions. Authorized financial intermediaries will not

accept any subscriptions for new shares or any exercise of preferential subscription rights from customers residing in a country where such restrictions exist and their corresponding orders shall be deemed to be null and void.

Any person (including trustees and nominees) who receives this Prospectus may not distribute it in or send it to countries unless it is done in compliance with the laws and regulations applicable in such countries.

Any person who, for any reason whatsoever, sends or facilitates the sending of this Prospectus to such countries must draw the recipient's attention to the provisions of this section.

Generally, any person exercising his or her preferential subscription rights outside of France must ensure that doing so does not violate applicable law. The Prospectus or any other document relating to the Capital Increase may only be distributed outside of France in compliance with local laws and regulations, and do not constitute an offer to subscribe in those countries in which such an offer would violate local applicable law.

#### **5.2.1.1 Restrictions concerning the member States of the European Union in which Directive 2003/71/CE dated November 4, 2003 was transposed**

The new shares of the Company and the preferential subscription rights have not been and will not be offered to the public in any member State of the European Economic Area, other than France, that has transposed Directive 2003/71/CE (the "**Prospectus Directive**").

Consequently, the new shares and preferential subscription rights may only be offered in Member States of the European Economic Area that have transposed the Prospectus Directive:

- (i) to legal entities authorized or regulated to operate in financial markets, as well as legal entities not so authorized or regulated and the sole activity of which is to invest in securities;
- (ii) to any legal entity that meets at least two of the three following criteria : (1) an average workforce of at least 250 employees in the last financial year, (2) a total balance sheet higher than €43 million, and (3) an annual net turnover greater than €50 million, as set out in its most recent corporate accounts or consolidated financial statements; or
- (iii) in other cases where the Company does not need to publish a prospectus as set out in Article 3(2) of the Prospectus Directive.

For the purpose of this restriction, the notion of a "public offer of shares of the Company " is defined, in each of the Member States of the European Economic Area that has transposed the Prospectus Directive, as any communication sent to persons, in any form whatsoever and by any means whatsoever, containing sufficient information about the terms and conditions of the offer and the shares of the Company, so as to enable an investor to decide to buy or subscribe for such shares. For the purposes of this restriction, to notion of an "offer to the public" shall also cover any transposition of this notion into the national law by one of the Member States of the European Economic Area.

A custodial establishment in a Member State in which the offer is not open to the public can inform the clients it represents who are shareholders of the Company, of the allocation of preferential subscription rights insofar as it is required to do so under contractual obligations towards its clients, provided that the communication of this information does not qualify as a "public offer" in the said

Member State. A shareholder of the Company located in a Member State where the offer is not open to the public can exercise his or her preferential subscription rights insofar as he or she did not receive, in said Member State, any communication constituting a “public offer” as defined above.

These restrictions are added to any other selling restrictions applicable in the Member States of the European Economic Area.

### **5.2.1.2 Additional Restrictions relating to other countries**

#### ***Restriction concerning the United States of America***

Neither the new shares nor the preferential subscription rights discussed in this securities note have been or will be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or any other jurisdiction in the United States. The Company does not intend to offer the new shares or any preferential subscription rights in the United States. Consequently, the new shares and the preferential subscription rights described in this securities note may not be re-offered, re-sold, pledged or otherwise transferred or delivered, whether directly or indirectly, in the territory of the United States. Neither the Company nor the authorized intermediaries will be entitled to accept subscriptions for new shares from persons residing or having an address located in the United States or from American citizens. Those subscriptions shall be deemed null and void as soon as the Company receives them.

Neither this document (including all documents distributed in relation with this document) nor any part or copy of this document shall be brought, transmitted or distributed, whether directly or indirectly, in the United States or its territories.

Each purchaser of the new shares and any person purchasing and/or exercising preferential subscription rights shall be deemed to have represented, warranted and agreed, by accepting receipt of this securities note and the delivery of the new shares or the related preferential subscription rights, that he or she is acquiring the new shares and/or exercising the preferential subscription rights in the context of an “offshore transaction” as defined by Regulation S of the Securities Act.

In addition, until the expiration of a period of 40 days following the opening date of the subscription period, a sale, an offer to sell or a transfer of new shares in or into the United States by a service provider or financial intermediary (irrespective of whether it is participating in this offer) may be in violation of the registration requirements as set out in the Securities Act if this sale, offer to sell or transfer is carried out in any other way than in compliance with an exemption from the registration requirements under the Securities Act.

#### ***Restrictions concerning Canada, Australia and Japan***

The new shares and preferential subscription rights may not be offered, sold or acquired in Canada, Japan or Australia.

### **5.2.2 Intention to subscribe expressed by principal shareholders of the Company or by the Members of its administrative, management or supervisory bodies**

Some members of the concert filed with the AMF on March 15, 2010 (i.e., Messrs. Michel Meeus (director of the Company), Pierre Salik and Mrs. Brigitte Salik) have irrevocably and unconditionally agreed to subscribe to the Capital Increase, pursuant to irrevocable entitlement and pursuant to entitlement subject to reduction, up to €10 million allocated as follows:

- Mr. Michel Meeus has agreed to subscribe to the Capital Increase up to an amount of € 3,657 (including an irrevocable entitlement – *souscription à titre irréductible* – of €2,006 millions);
- Mr. Pierre Salik has agreed to subscribe to the Capital Increase up to an amount of € 3,768 (including an irrevocable entitlement – *souscription à titre irréductible* – of €2,067 millions); and
- Mrs. Brigitte Salik has agreed to subscribe to the Capital Increase up to an amount of € 5,575 (including an irrevocable entitlement – *souscription à titre irréductible* – of €1,413 millions).

With the exception of the subscription undertakings described above, other shareholders of the Company (including Gama Enerji, which is not a director of the Company) have not informed the Company of their intention to subscribe to the Capital Increase.

Fady Khallouf, Chief Executive Officer of the Company, intends to participate up to €200,000 to the Capital Increase through the purchase and the subsequent exercise of preferential subscription rights, within the frame of its reinvestment undertaking described in section 11.6.2 of the present securities note. Fady Khallouf, who is not a shareholder of the Company, intends to acquire preferential subscription rights and a part of his subscription may be subscribed pursuant to entitlement subject to reduction (*souscription à titre réductible*); he may therefore not be served entirely.

### **5.2.3 Pre-allocation disclosure**

The subscription of the new shares is reserved, on a priority basis, for (i) holders of existing shares recorded in their account by the close of the accounting day of June 24, 2010 (ii) holders of shares resulting from the exercise of the Existing Warrants no later than May 24, 2010 at 00:01 AM (iii) the holders of shares resulting from the exercise of the conversion/exchange right attached to the OCEANEs no later than May 24, 2010 at 00:01 AM and (iv) transferees of their preferential subscription rights, who may subscribe by irrevocable entitlement, within the conditions described in section 5.1.3.2, to three (3) new shares of nominal value one (1) Euro each for two (2) existing shares held (two (2) preferential subscription rights will carry the right to subscribe for three (3) new shares of one (1) Euro each).

Orders to subscribe for shares as an entitlement subject to reduction will be met in accordance with the allocation scale applying to subscriptions carried out as an entitlement subject to reduction, which will be announced in a notice published by Euronext™ (see sections 5.1.3.2 and 5.1.9).

### **5.2.4 Notice to subscribers**

Subscribers who have placed orders to subscribe for shares as an irrevocable entitlement are guaranteed, subject to the actual completion of the Capital Increase, to receive the number of new shares for which they will have subscribed (see section 5.1.3.2).

The financial intermediary of those subscribers who have placed orders for subscriptions as an entitlement subject to reduction in accordance with the conditions set forth in section 5.1.3.2, shall inform such subscribers of the amount allocated to them.

A notice published by Euronext™ Paris will announce, as the case may be, the allocation scale for subscriptions carried out as an entitlement subject to reduction.

### **5.2.5 Over-allotment and “greenshoe”**

Not applicable.

### **5.3 Subscription Price of the Capital Increase**

The subscription price is one (1) euro per share. This price represents a discount of 55.8% in comparison to THEOLIA's share price at close of trading on June 22, 2010 (€2.26).

At the time of subscription, the price of one (1) euro per share subscribed must be fully paid-up in cash.

Subscriptions that are not fully paid-up shall be automatically null and void without prior formal notice.

Amounts paid for subscriptions as an entitlement subject to reduction (see section 5.1.3.2) and that are available after the allocation shall be reimbursed without interest to the subscribers by the authorized intermediaries who received them.

### **5.4 Placement and underwriting of the Capital Increase**

#### **5.4.1 Contact information of Joint Lead Managers and Joint Bookrunners**

Deutsche Bank AG, London Branch, the registered office of which is located at Winchester House 1 Great Winchester Street, London EC2N 2DB, United Kingdom.

Lazard Frères Banque, the registered office of which is located at 121, boulevard Haussmann, 75008 Paris, FRANCE.

Natixis, the registered office of which is located at 30, avenue Pierre Mendès France, 75013 Paris, FRANCE.

Lazard and Natixis acting jointly but not severally, directly or through their subsidiaries, under the name of Lazard-Natixis.

It is specified that the Joint Lead Managers and Joint Bookrunners will carry out the placement, the coordination and the implementation of the Capital Increase but not its underwriting.

The placement contract was executed on June 23, 2010.

#### **5.4.2 Contact information of the authorized intermediaries responsible for custody of the subscription funds and financial servicing of the shares**

The funds paid for the purposes of subscribing for shares will be centralized by CACEIS, which will draw up the deposit certificate acknowledging the completion of the Capital Increase.

Administration and financial services in respect of the Company's shares are carried out by CACEIS.

#### **5.4.3 Subscription undertakings of non-shareholders**

As mentioned above, the Lead Managers do not act as underwriters of the Capital Increase.



Some investors have agreed, prior to the opening of the subscription period, to subscribe to an aggregate maximum number of 45,347,295 new shares allocated as the case may be pursuant to article L. 225-134 of the French Commercial Code, i.e. 75% of the amount of the issue, in accordance with the following terms and conditions:

- Boussard et Gavaudan Asset Management L.P. (acting as delegatee of the *Sark Master Fund Limited* fund) ("**BGAM**"), which currently does not hold any shares of the Company for its own account but holds 781,826 OCEANEs (i.e. approximately 6.8% of the issue), has agreed pursuant to an agreement dated June 23, 2010 (the "**BGAM Subscription Agreement**") to subscribe, up to a maximum amount of €30,231,530, for 30,231,530 new shares, to two-thirds of the shares that will remain unsubscribed after the centralization period of subscriptions of holders of preferential subscription rights pursuant to irrevocable entitlement and pursuant to entitlement subject to reduction, up to the minimum amount of the Capital Increase (i.e. €45,347,295).

However, BGAM may be released from its commitments at any time until the date of settlement-delivery upon notice delivered to the Company, in particular if any of the following events occurs before the date of settlement-delivery:

- (i) the shareholders having undertaken to subscribe as mentioned in section 5.2.2 do not meet their commitments;
- (ii) Fady Khallouf is dismissed from his position as Chief Executive Officer;
- (iii) the subscription agreement with ABP is terminated;
- (iv) any representations and warranties given by the Company is inaccurate;
- (v) occurrence of a material adverse effect impacting the Company and its subsidiaries;
- (vi) the Company carries out a transaction which has a significant impact on its share capital (other than as a result of the Capital Increase or the Restructuring); or
- (vii) the settlement-delivery of the Capital Increase does not take place before July 30, 2010,

BGAM is not subject to any lock-up commitments with regards to the shares subscribed by it as a result of its subscription undertaking and may, as the case may be, acquire or sell shares of the Company.

- Sticing Pensioenfonds ABP ("**ABP**"), which currently does not hold any shares of the Company for its own account but holds 3,626,800 OCEANEs (around 31.4% of the issue), has irrevocably and unconditionally agreed, pursuant to an agreement dated June 22, 2010 to subscribe, up to a maximum amount of €15,115,765, for 15,115,765 new shares, to a third of the shares that would remain unsubscribed after the centralization period of subscriptions of holders of preferential subscription rights pursuant to irrevocable entitlement and pursuant to entitlement subject to reduction, up to the minimum amount of the Capital Increase (i.e. €45,347,295).

ABP is not subject to any lock-up commitments with regards to the shares subscribed by it where as a result of its subscription undertaking.

The settlement-delivery of shares being subscribed by BGAM and ABP in accordance with the subscription undertakings described above is due to occur by July 20, 2010.

The subscription undertakings of ABP and BGAM may only be implemented up to €45,347,295. Thus, if the number of new shares subscribed as a result of the exercise of preferential subscription rights is higher than 45,347,295, these undertakings will not be implemented. If, conversely, the number of new shares subscribed as a result of the exercise of preferential subscription rights is lower than 45,347,295, the subscription undertakings of ABP and BGAM will be implemented up to €45,347,295, so that the amount of the Capital Increase reaches €45,347,295.

For information purposes only, the following table sets out the allocation of the Company's share capital after completion of the Capital Increase should no shareholder other than the members of the concert subscribe for preferential subscription rights and should the subscription undertakings of ABP and BGAM not be implemented (table created on the basis of the Company's shareholding as of March 15, 2010):

Shareholder	Number of shares	% of share capital	% of voting rights (1)
BGAM	23,564,863	27.5%	27.1%
Concert (2)	13,658,274	15.9%	15.7%
ABP	11,782,432	13.8%	13.5%
Gama Enerji	6,462,000	7.5%	7.4%
Willi Balz (3)	3,614,988	4.2%	4.2%
Treasury shares	98,569	0.1%	0%
Floating	26,474,876	30.9%	32.2%
<b>Total</b>	<b>85,656,002</b>	<b>100%</b>	<b>100%</b>

(1) On the basis of 87,106,390 voting rights (41,759,095 plus 45,347,295).

(2) Concert declared by letter dated March 12, 2010 including to date: CRC Active Value Fund Ltd with 1,500 shares, Michel Meeus with 1,337,250 shares, Pierre Salik with 1,377,788 shares, and Brigitte Salik with 941,736 shares (Michel Meeus, Pierre Salik and Brigitte salik having agreed to subscribe to the Capital Increase up to an amount of €10 million).

(3) Directly or through of Windreich GmbH and Financial Consulting GmbH.

None of the subscription undertakings described above constitutes a "garantie de bonne fin" within the meaning of article L. 225-145 of the French Commercial Code.

The persons contacted in order to declare their intention to participate or not to participate to the issue have not received any additional information regarding the Company other than the information disclosed in the Prospectus.

#### 5.4.4 Lock-up and conservation undertakings of the Company

Except upon prior approval of the Joint Lead Arrangers and Bookrunners, the Company has agreed not to carry out any rights issue, offer, lease, pledge or transfer, whether directly or indirectly, of shares, preference shares, bonds, options or other securities giving access to the share capital of the Company for a period ending 180 calendar days after the date of settlement-delivery of the Capital Increase. This commitment does not apply to:

- the issue of the shares created as a result of the Capital Increase;
- the new shares to be issued or the exiting shares to be allocated upon redemption of the OCEANEs; and
- securities likely to be created, offered or transferred to officers or employees of the Company and the companies of the Group.

The Company has also agreed to refrain, and to prevent any subsidiary of the Group, from interfering in its securities as from June 22, 2010 until August 16, 2010 inclusive, it being specified that the Company will be allowed to sell preferential subscription rights attached to treasury shares on the market.

## **5.5 Additional new shares to be issued upon conversion of the OCEANEs**

### **5.5.1 Amount of the issuance upon conversion of the OCEANEs**

Depending on the amount of subscriptions for the Capital Increase, the total amount of the issuance of new shares resulting from the conversion of the OCEANEs is set to range from €99,692,311 (in the event that the Capital Increase is completed for an amount of €60,463,059) and €104,423,081 (in the event that the Capital Increase is completed for an amount of €45,347,295), corresponding to the number of existing OCEANEs multiplied by the applicable new conversion/exchange ratio of the OCEANEs ( $N_1$ ).

### **5.5.2 Conversion period for the OCEANEs**

Holders of OCEANEs will be entitled to exercise their conversion/exchange right at any time after the end of the suspension period referred to in section 4.9 and until the seventh business day preceding December 31, 2014 (subject to complete redemption or early buyback) in accordance with the conditions set out in the Appendix of this securities note. Holders of OCEANEs will no longer be entitled to exercise their conversion/exchange right as from January 1, 2015.

## **6. LISTING AND TERMS OF TRADING**

### **6.1 Listing**

Preferential subscription rights shall be detached on June 25, 2010 and be traded on Euronext™ Paris until the end of the subscription period, i.e. on July 7, 2010 under ISIN code FR0010907154.

Therefore, existing shares will be traded ex-right as from June 25, 2010.

An application will be made for admission of the new shares issued under the Capital Increase to trading on Euronext™ Paris.

They will be listed on this market as of July 20, 2010. They will immediately carry the same rights as the existing shares of the Company and will be traded on the same quotation line under ISIN code FR0000184814.

The new shares resulting from the conversion of the OCEANEs will periodically be the subject of requests to admission to trading on Euronext™ Paris. They will be subject to all provisions of the articles of association and will carry current dividend rights (*jouissance courante*) and shall be entitled to all the same rights as the existing shares upon their issuance. They will carry the same dividend right as the dividend attached to other shares carrying the same rights, it being understood that if a payment of dividends takes place between the date of exercise and the date of delivery of the shares, the Bondholders shall not be entitled to receive such dividend or any compensation thereof.

## **6.2 Listing market**

The Company's shares are admitted to trading on Euronext™ Paris.

## **6.3 Simultaneous offers of shares of the Company**

Not applicable.

## **6.4 Liquidity agreement**

The Company entered into a liquidity agreement on January 19, 2009 with Oddo Corporate Finance. This liquidity agreement is drafted in accordance with the code of practice of the French association of investment companies ("*Association française des entreprises d'investissement*") and has been concluded for an initial period starting on January 27, 2009 and ending on December 31, 2009, and will thereafter be automatically renewed by successive 12-month periods. This agreement has been renewed for 2010.

Its execution is suspended as of June 23, 2010 until July 23, 2010 inclusive.

## **6.5 Stabilization - Market transactions**

No stabilization or market transactions are planned.

## **7. SALES BY HOLDERS OF SECURITIES**

Not applicable (subject to section 5.1.3.4).

## **8. ISSUANCE - RELATED EXPENSES**

### ***Proceeds and expenses relating to the Capital Increase***

The gross proceeds correspond to the number of shares to be issued multiplied by the subscription price for each new share. The net proceeds correspond to the gross proceeds minus the expenses mentioned below (except for those linked to the financial restructuring).

For information purposes, the gross proceeds and the estimated net proceeds of the issuance would be as follows (in the event of completion of the entire Capital Increase):

- Gross proceeds: €60,463,059;
- Remuneration of the financial intermediaries, legal and administrative fees: approximately €3.8 million;

- Estimated net proceeds: approximately €56.7 million.

## 9. DILUTION

As the Company has received subscription undertakings amounting to €45,347,295 and as the Capital Increase is consequently launched for an amount of €60,463,059, which may be reduced to €45,347,295. The following tables illustrate the impact of the transaction in terms of dilution and shareholders' equity on the basis of these two amounts, but not between €45 million and €100.8 million as in the 2009 Reference Document, in particular as regards section 4.1.8 (as of the date of the 2009 Reference Document, the final amount of the transaction was still unknown and could range between €45 million and €100.8 million).

### 9.1 Impact of the Capital Increase on the shareholders' equity on a per share basis

For information purposes, the impact of the issuance on the portion of consolidated shareholders' equity per share attributable to the Group (calculated on the basis of consolidated shareholders' equity attributable to the Group as recorded in the consolidated financial statements as of December 31, 2009, (i.e. €150,475 thousands) of the number of shares comprising the share capital of the Company as of May 31, 2010) in the event of a subscription for the full amount of the Capital Increase or for its minimum amount, would be as follows:

	Portion of shareholders' equity (in Euros) (1)		
	Non- diluted basis	Diluted basis (2) (3)	
Before the issuance of new shares resulting from the Capital Increase (absence of Restructuring)	3.73	7.02	7.30
After the issuance of			
• 60,463,059 new shares resulting from the Capital Increase (maximum).	2.09	2.02	2.23
	2.29	2.13	2.35
• 45,347,295 new shares resulting from the Capital Increase (minimum).			

(1) The impacts calculations do not take into account the costs associated with the transaction and its tax consequences.

(2) After conversion of the OCEANEs alone.

(3) After conversion of the OCEANEs and other equity-linked securities.

These calculations are theoretical elements which are only indicative and do not constitute predictions of the future development of the Group's consolidated shareholders' equity and/or share price.

These calculations are made on the basis of a purely theoretical impact on equity of:

- the Capital Increase (assuming a full subscription or a subscription up to the minimum amount of the Capital Increase);
- the conversion of 100% of the OCEANEs into shares, either pursuant to the current share attribution ratio (one share for one OCEANE), or the share attribution ratio applicable before December 31, 2013 (N<sub>1</sub>) i.e. 8,64 or 9.05, as the case may be;
- the exercise of all Existing Warrants as of December 31, 2009, despite their exercise price being largely out of the money, and regardless of any possible adjustments that may be carried out following the Capital Increase, pursuant to applicable legal and regulatory provisions;
- the issuance of all shares allocated by the Company as of May 31, 2010, while most of them are subject to performance and presence conditions – that the Company believes, with respect to certain free shares granted to former management, were not met due to the discontinuation of this former management’s duties;
- the implementation of adjustment mechanisms applicable to certain free shares (based on the assumption that no OCEANEs' are converted into shares before April 1<sup>st</sup>, 2011).

These theoretical calculations are made by accounting for OCEANEs at their nominal value in the consolidated accounts (with a restatement of the equity component of OCEANEs in the consolidated shareholders' equity Group share, as of December 31, 2009), and therefore without applying the accounting principles described in section 10 of the present securities note.

Finally, these calculations do not reflect the costs linked to the restructuring operations or the tax impacts.

## 9.2 Impact of the Capital Increase and the conversion of the OCEANEs on existing shareholders

For information purposes, the impact of the issuance on the ownership interest of a shareholder owning 1% of the Company’s share capital prior to the issuance and who does not subscribe to the present issuance (calculation made on the basis of the number of shares making up the share capital of the Company as of May 31, 2010), calculated on the basis of a subscription for the total amount of the Capital Increase or for its minimum amount, would be as follows:

	Shareholders' equity holdings (in %)		
	Non-diluted basis	Diluted basis	
		(1)	(2)
Before the issuance of new shares resulting from the Capital Increase (absence of Restructuring)	1%	0.78%	0.69%

After the issuance of

- |   |       |       |       |
|---|-------|-------|-------|
| • 60,463,059 new shares resulting from the Capital Increase (maximum) | 0.4%  | 0.2%  | 0.19% |
|   | 0.47% | 0.21% | 0.2%  |
| • 45,347,295 new shares resulting from the Capital Increase (minimum) |       |       |       |
- 

(1) *After conversion of the OCEANEs alone.*

(2) *Calculation based on the following assumptions: (i) the exercise of all existing warrants in circulation as of April 30, 2010 (even though the exercise price of such Warrants is much higher than the share price), (ii) the issuance of all the free shares granted as of April 30, 2010 (even though most of these shares are subject to performance and attendance conditions – that the Company believes, with respect to certain free shares granted to former management, were not met due to the discontinuation of this former management’s duties), (iii) the implementation of adjustment mechanisms applicable to certain free shares (based on the assumption that OCEANEs will not be converted into shares before April 1, 2011) but without taking into account the potential adjustments that may be carried out with respect to the existing warrants following the Capital Increase, it being hereby specified that such adjustments will be carried out under the conditions provided for by applicable legal and regulatory provisions and the conversion of the entire OCEANEs into shares.*

(3) *Theoretical calculation made on the basis of the conversion of the entire OCEANEs into new shares, on the basis of the conversion/exchange ratio applicable as until the end of 2013, in the event that the Restructuring is completed.*

## **10. IMPACT OF THE TRANSACTION ON THE ACCOUNTS**

### **10.1 Impact of the transaction on the Group's indebtedness level and equity capital**

#### **10.1.1 Relation between Capital Increase and the Restructuring**

As described in section 9.1.4 of the 2009 Reference Document, the Restructuring provides for, on the one hand, the amendment of the terms of the OCEANEs issuance contract and, on the other, the completion of a Capital Increase reserved for existing shareholders of the Company by August 31, 2010 at the latest, in the total amount of at least €99.74 million (it being specified, however, that in the event that the Company is not be in a position to obtain commitments to subscribe or underwrite representing at least 75% of the €99.74 million, the amount of the Capital Increase may be reduced to €60 million, provided that the Company has in this case obtained commitments to underwrite or subscribe at least a total amount of €45 million). Pursuant to the resolutions of the Combined Shareholders’ Meeting held on March 19, 2010, the new shares are issued at a subscription price of one (1) Euro per new share. Payment of the subscription price shall be made exclusively in cash.

The completion of the Capital Increase renders the Restructuring effective as regards both the amendment of the terms of the OCEANEs issuance contract and the partial early redemption of the holders of OCEANEs. In this respect, the real impact of the transaction on the main accounting aggregates is analyzed in two ways:

- impact of the issuance of the new shares; and
- impact of the Restructuring.

The issuance of the new shares, if it is achieved, shall impact the equity capital (in an amount equal to the number of newly issued shares times their subscription price) and the cash (the unused leveraged portion (*portion levée*) for the partial early redemption of the holders of OCEANEs), and therefore, the net indebtedness.

The Restructuring, should it be achieved, shall impact the net indebtedness, the net income and simultaneously, the shareholders' equity of the Group.

### **10.1.2 Accounting approach applied to the Restructuring**

The accounting approach retained for the Restructuring concerns the remaining debt after the partial repayment scheduled to be carried out following the completion of the Capital Increase.

As regards the impact of the Restructuring on THEOLIA's accounting aggregates, the international accounting standards, used for the Group's consolidated accounts, do not project the occurrence of the specific case that could potentially apply to THEOLIA, namely a case of renegotiation of a composed instrument. Therefore, the Company refers to the principles of derecognition of financial liabilities as defined in the provisions relating to exchange of non-convertible debt (IAS 39).

Pursuant to the IAS 39.40 standard, the renegotiation of a debt that leads to a substantial modification of the agreement is similar to debt extinction. The Company believes that this rule applies to the Restructuring, in respect of the significant amendments made to the OCEANEs issuance contract in the context of the Restructuring. In particular, the amendments made to the maturity of the financial instrument, to the date and the exercise value of the redemption right, to the early buyback at the bondholders' discretion, as well as to the modification of the conversion/exchange ratio, significantly modify the terms of the OCEANEs. Furthermore, the Company has proceeded with the 10% test on the cash flow variation both before and after the renegotiation as set forth "in paragraph 40" of the IAS 39.AG62 standard and this test confirms that there are in fact significant modifications, regardless of the amount of gross proceeds resulting from the Capital Increase. Therefore, the Company should proceed with the derecognition of the convertible bond debt in order to process both the partial early redemption and the modification of the terms of the OCEANEs issuance contract.

Consequently, the impact of the Restructuring on the Group's net income, indebtedness and shareholders' equity could be broken down, from an accounting standpoint, into three steps occurring simultaneously on the date of the settlement-delivery of the Capital Increase:

- partial and early repayment of the nominal amount of the OCEANEs
- Derecognition of the OCEANEs debt under current terms; and
- Recognition of the OCEANEs debt under amended terms.

The Restructuring costs shall be recorded as expenses to the extent that:

- no charges may be directly allocated to the Capital Increase;
- the transaction leads to the derecognition of the full amount of the existing convertible debt (due to the early and partial repayment as well as due to the restructuring of the remaining



portion), fees and commissions paid with respect to the Restructuring of the OCEANES will be recorded as expenses for the relevant period analogously to IAS 39-AG62.

The cost of the underwriting for the completion of the Capital Increase and other costs linked to the Capital Increase shall be allocated to shareholders' equity.

#### **10.1.2.1 Partial early redemption of the nominal amount of the OCEANES**

The partial early repayment of the OCEANES involves the derecognition of the corresponding debt, as well as the recognition of the result that was derecognized since there is a difference between the amount redeemed and the book value of the redeemed debt on the date at which the Capital Increase was achieved.

Furthermore, the partial early repayment involves a cash reduction corresponding to the redeemed amount and a debt reduction on the balance sheet equivalent to the proportion of the amount redeemed.

#### **10.1.2.2 Derecognition of the OCEANE debt under current terms**

The OCEANE debt amount that still appears on the balance sheet after the partial early redemption of the nominal amount is derecognized following the modification of the OCEANES issuance contract as described in section 9.1.4 of the 2009 Reference Document.

This derecognition is carried out on the basis of the market value of the OCEANES' as of the completion date of the Capital Increase. An allocation of the OCEANES' market value after partial redemption (reasoning by analogy with a buyback on the market) is carried out between the debt component and the shareholders' equity component on the basis of the market parameters existing as of the derecognition date (THEOLIA's credit margin and current market rate).

Both income and shareholders' equity impacts are then deduced by comparing the debt component value as recorded in the accounts with the buyback value of the debt component (impact on income) and the value of the shareholders' equity component value as recorded in the accounts with the buyback value of the shareholders' equity component (impact on shareholders' equity).

#### **10.1.2.3 Recognition of the debt associated with the OCEANES under amended terms**

Pursuant to IAS 39.40, a new convertible instrument is registered, thereby triggering a new effective interest rate. The OCEANES under their amended conditions are recorded on the market database prevailing at the date of derecognition (THEOLIA's indebtedness ratio for the same maturity as the new instrument and with respect to a non-convertible instrument).

The distribution between debt and shareholders' equity components of the OCEANES under the new amended conditions is made on the basis of the market value of the derecognized OCEANES (see previous step) in the absence of premium paid/received between counterparties. The debt component is equal to the current value of new future contractual cash flows (post restructuring) discounted at the rate of THEOLIA's current indebtedness ratio as of the date of derecognition. The "shareholders' equity" component is determined by write-off (difference between the fair value of the new instrument and the value assigned to the debt component).

#### **Summary of the impact of the various steps of the Restructuring:**

The table below summarizes the impacts of each step described above on the main accounting aggregates as of the restructuring date:

Steps	Impact of assumptions retained on		
	Net debt (1)	Net income (2)	Shareholders' equity excluding net income
Partial and early repayment  <i>Key parameters in determining the accounting impact:</i> - Size of the Capital Increase	Yes	Yes	Yes (3)
Derecognition of the OCEANE  <i>Key parameters in determining the accounting impact:</i> - Size of the Capital Increase - Market price of the OCEANE as of the buyback date - Credit margin (4)	Yes	Yes	Yes (3)
Recognition of the OCEANE  <i>Key parameters in determining the accounting impact:</i> - Size of the Capital Increase - Market price of the OCEANE as of the buyback date - Credit margin (4)	Yes	No	Yes

(1) *Net debt = Amount of the debt component of OCEANES + cash generated by the Capital Increase - partial payment - transaction costs.*

(2) *Impacts on income as of the restructuring date.*

(3) *At the end of valuation studies and on the basis of the assumptions retained, the impact on shareholders' equity excluding net income would be equal to zero.*

(4) *Additional compensation on the basis of the base rate that a lender would require from the Company for financing as of the restructuring date.*

### 10.1.3 Numerical impact of the transaction

Simulations described in this section and calculated under the assumption of a completed Restructuring as of June 30, 2010, are for information purposes only and are highly dependent on a number of assumptions detailed below. Indeed, the exact impact depends on market factors existing at the date of completion of the Capital Increase, which cannot be known as of the date this chapter of the securities note is drafted. It should be noted that if the assumptions that have been made are not partly or entirely verified, the impact on the accounts would then be different from the impacts described herein. Therefore, the impacts referred to herein shall not constitute forecasts.

	<b>Gross proceeds of the Capital Increase of:</b>	
<b>Assumptions</b>	<b>€45.3 million</b>	<b>€60.5 million</b>
Market price of the OCEANE as of the derecognition date <sup>(1)</sup>	€13.66	€13.66
Risk-free rate	2.0%	2.0%
THEOLIA's credit margin <sup>(2)</sup>	1,200 bps	1,000 bps
Transaction costs	€8 million	€8 million

(1) For the simulations of the estimated impact of the transaction, an average share price since the announcement of the Capital Increase has been used, it being specified that the derecognition will be made on the basis of the last known share price of the OCEANES as at the completion date of the Capital Increase.

(2) Due to the current restructuring, the current market price of the OCEANE does not allow to determine the credit margin actually applied by investors to THEOLIA. As a consequence, the credit margin which will be applied for the recognition of the OCEANES may significantly vary from the margin assumptions described herein.

#### **10.1.3.1 Impact of the transaction on net indebtedness**

(In millions of €)	<b>Gross proceeds of the Capital Increase of:</b>	
	<b>€45.3 million</b>	<b>€60.5 million</b>
Capital Increase	-45	-60
1.1.2.1 Partial and early repayment	+0	+2
1.1.2.2 Derecognition <sup>(1)</sup>	+214	-200
1.1.2.3 Recognition	+132	+129
Transaction costs	+8	+8
<b>Net impact</b>	<b>-120</b>	<b>-123</b>

(1) Given (i) the current parity of the OCEANES (one OCEANE for one share), and (ii) the market price of THEOLIA's shares (ranging between €2.15 and €3.50 per share since January 1<sup>st</sup>, 2010, as compared with a market price for OCEANES ranging between €11.50 and €15.49 for the same period), the Company believes that the value of the option given to bondholders to convert their OCEANES into THEOLIA shares is near to nil. Consequently, the market value of the debt associated with the OCEANES is estimated to be equal to the market price of the OCEANES.

(2) It is reminded that the early redemption price as of January 1<sup>st</sup>, 2015 amounts respectively to €16.95 and €15.29, representing a total amount to be repaid by THEOLIA of €196 and €176 million, for gross proceeds of Capital Increase of €45.3 and €60.5 million.

#### **Impact assessment of the transaction on the net debt based on the retained credit margin**

**Gross proceeds of the Capital Increase of:**

**€45.3 million**

**€60.5 million**

	<b>Impact on net indebtedness</b> (in millions of €)			<b>Impact on net indebtedness</b> (in millions of €)	
	800	-99		600	-102
	1,000	-110		800	-113
<b>Credit margin</b>	1,200	120	<b>Credit margin</b>	1,000	-123
	1,400	129		1,200	-132
	1,600	-137		1,400	-140
	2,000	-152		1,800	-155

**10.1.3.2 Impact of the transaction on the net income as of the restructuring date**

(in millions of €)	<b>Gross proceeds of the Capital Increase of:</b>	
	<b>€45.3 million</b>	<b>€60.5 million</b>
Capital Increase	-	-
Partial and early repayment	-0	-2
Derecognition <sup>(1) (2)</sup>	+69	+70
Recognition	-	-
Transaction costs	-4	-4
<b>Net impact</b>	<b>+64</b>	<b>+64</b>

(1) Given the assumptions retained for the purpose of these simulations regarding the market data prevailing on the derecognition date that are associated with the level of the price of the THEOLIA share (ranging between €2.15 and €3.50 per share since January 1<sup>st</sup>, 2010, as compared with a market price for OCEANEs ranging between €11.50 and €15.49 for the same period), the Company believes that the value of the option given to bondholders to convert their OCEANEs into THEOLIA shares is near to nil. Consequently, the market value of the debt associated with the OCEANEs is estimated to be equal to the market price of the OCEANEs.

(2) Includes a €7 million deferred tax liability recorded in the balance sheet established as of June 30, 2010, corresponding to the stock of residual tax as of June 30, 2010 resulting from the tax recorded at the time of the accounting of the convertible debt in 2007. The positive effect on the income does not include any deferred tax impact given the existence of deferrable tax deficits for an amount of approximately €81 million as of December 31, 2009.

Impact assessment of the transaction on the net income based on the reference price of the OCEANEs

**Gross proceeds of the Capital Increase of:**

<b>€45.3 million</b>			<b>€60.5 million</b>		
		<b>Impact on net income (in millions of €)</b>			<b>Impact on net income (in millions of €)</b>
<b>Reference Price (Euros)</b>	12.0	+84	<b>Reference Price (Euros)</b>	12.0	+84
	13.66	+64		13.66	+64
	15.0	+49		15.0	+49

**10.1.3.3 Impact of the transaction on shareholders' equity (excluding income as of the Restructuring date)**

(in millions of €)	<b>Gross proceeds of the Capital Increase of:</b>	
	<b>€45.3 million</b>	<b>€60.5 million</b>
Capital Increase	+45	+60
Partial and early repayment	-	-
Derecognition <sup>(1) (2)</sup>	-	-
Recognition	+14	+6
Transaction costs	-4	-4
<b>Net impact</b>	<b>+55</b>	<b>+62</b>

Impact assessment of the transaction on shareholders' equity (excluding net income as of the date of the Restructuring) based on the retained credit margin and the reference price of the OCEANEs

**Gross proceeds resulting from the Capital Increase:**

<b>€45.3 million</b>			<b>€60.5 million</b>		
<b>Reference price of the OCEANE (in €)</b>			<b>Reference price of the OCEANE (in €)</b>		
12.0	13.66	15.0	12.0	13.66	15.0

Credit margin	800	n.p.	n.p.	+52	Credit margin	600	n.p.	n.p.	n.p.
	1,000	n.p.	+49	+59		800	n.p.	n.p.	+66
	1,200	n.p.	+55	+65		1,000	n.p.	+62	+73
	1,400	+48	+61	+72		1,200	n.p.	+68	+79
	1,600	+54	+67	+77		1,400	+61	+74	+84
	2,000	+64	+76	+87		1,800	+71	+83	+94

## 11. ADDITIONAL INFORMATION

### 11.1 Modification of the terms of the issuance contract of the OCEANES

The amendments to the terms of the OCEANES' issuance contract were approved by the General Bondholders' Meeting held on February 18, 2010 and by the shareholders' General Meeting dated March 19, 2010. They are presented in a new version of Section 4 of the issuance contract included in the Appendix of the present securities note.

The following table sets out a summary of the main terms of the operation on the basis of the different possible amounts of the Capital Increase:

Amount of the Capital Increase	45,347,295	60,463,059
Total amount to be redeemed as of January 1 <sup>st</sup> , 2015 (in the event where all bondholders exercise their buyback rights)	195,576,931	176,423,084
Total amount of the debt waiver borne by bondholders (in the event that all bondholders exercise their buyback rights) (*)	52,227,323	56,265,406
New conversion/exchange ratio until the seventh business day preceding December 31, 2013 (number of shares per OCEANE) (N <sub>1</sub> )	9.05	8.64
New conversion/exchange ratio between January 1 <sup>st</sup> , 2014 and until the seventh business day preceding December 31, 2014 (number of shares per OCEANE) (N <sub>2</sub> )	80% of N <sub>1</sub> (subject to subsequent adjustments)	
Buyback price per OCEANE	16.95	15.29
Anticipated redeemable amount per OCEANE	0.46	1.77

(\*) Calculated as the difference between the aggregate redemption price for all OCEANES as of January 1<sup>st</sup>, 2012 (before the amendment of the terms and conditions of the OCEANES) and the aggregate redemption price for all OCEANES as of January 1<sup>st</sup>, 2015 after the transaction (after the amendment of the terms and conditions of the OCEANES), increased by the amount of the anticipated redeemable amount for all OCEANES.

### 11.2 Advisors involved in the offer

Not applicable.

### 11.3 Persons responsible for auditing the financial statements

#### 11.3.1 Statutory Auditors

## 1. DELOITTE & ASSOCIES

10, place de la Joliette – Les Docks Atrium 10.

13357 Marseille Cedex 02, FRANCE

Represented by Mrs. Anne-Marie Martini

Date first appointed: Combined Shareholders' Meeting held on November 28, 2005 for the duration of the remaining term of her predecessor, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2007.

Date of the last mandate renewal: Combined Shareholders' Meeting held on May 30, 2008 for a term of six fiscal years, expiring at the close of the Ordinary Shareholders' Meeting to be held in 2014 and called to approve the financial statements for the fiscal year ending December 31, 2013.

Deloitte & Associés is a Member of the *Compagnie régionale des Commissaires aux Comptes of Versailles*.

## **2. SARL COEXCOM**

40, avenue Hoche

75008 Paris, FRANCE

Represented by Mr. Frédéric Duchemin

Date first appointed: appointed as substitute auditor at the Combined Shareholders' Meeting held on November 28, 2005 for a term of six fiscal years, expiring at the close of the Ordinary Shareholders' Meeting to be held in 2012 and called to approve the financial statements for the fiscal year ending December 31, 2011.

Appointed permanent statutory auditor on August 31, 2009, on the effective date of the resignation of Mr. Jean Jouve who was statutory auditor at the time, for the remaining term of the latter's mandate, i.e. until the Ordinary Shareholders' Meeting to be held on 2012, called to approve the financial statements for the fiscal year ending December 31, 2011.

The company SARL Coexcom is a Member of the *Compagnie régionale des Commissaires aux Comptes of Paris*.

### **11.3.2 Substitute Auditors(s)**

#### **1. SARL BEAS**

7-9, Villa Houssay

92200 Neuilly-Sur-Seine, FRANCE

Date first appointed: Combined Shareholders' Meeting held on November 28, 2005 for the duration of the remaining term of its predecessor, i.e. until the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2007.

Date upon which the mandate is up for renewal: Combined Shareholders' Meeting held on May 30, 2008 for a term of six fiscal years, expiring at the close of the Ordinary Shareholders' Meeting to be held in 2014 and called to approve the financial statements for the fiscal year ending December 31, 2013.

The SARL BEAS is a Member of the *Compagnie régionale des Commissaires aux Comptes of Versailles*.

## **2. ERNST & YOUNG ET AUTRES**

41, rue Ybry

92576 Neuilly-sur-Seine

Date first appointed: Sahreholders' general meeting dated June 1<sup>st</sup>, 2010. Appointed for the remaining term of SARL Coexcom's mandate, i.e. until the close of the Ordinary Shareholders' Meeting to be held in 2012 and called to approve the financial statements for the fiscal year ending December 31, 2011.

### **11.4 Expert reports**

The Company has retained Ricol Lasteyrie to act as an independent financial expert with the task of reviewing the financial terms and conditions of the proposed restructuring plan and, in particular, the impact and benefit of the Restructuring for the Company, its shareholders and bondholders, and also to assess its fairness from the shareholders' and bondholders' point of view. Ricol Lasteyrie submitted its definitive report to the Board of Directors on January 18, 2010.

This report confirms that the proposed Restructuring is in the interest of all the parties concerned, including THEOLIA, its shareholders and bondholders and concludes that this Restructuring is of a fair nature, both from the point of view of the shareholders and from that of the bondholders. This report is available on the internet site of the Company.

### **11.5 Information contained in the Prospectus and originating from third parties**

Not applicable.

### **11.6 Update of the information relating to the Company**

#### **11.6.1 Prospects**

The financial situation of THEOLIA, although substantially improved over financial year 2009, still remains fragile despite the fact that the Group continues to optimize its cash management and reduce costs. On the one hand, the Group continues to follow its plan for the divestment of non-strategic business activities and, on the other, with the sale of 234 MW of wind farms and projects, it has reached its sales target of over 200 MW of wind farms and projects, launched in the beginning of 2009. According to statements made by its Chief Executive Officer, Mr. Fady Khallouf, on June 9, 2010, the Group believes that the year 2011 "*will mainly be a consolidation of the development [...]. The effects of the measures taken will be not be fully felt before approximately 2012. By the end of 2012, we will arrive at a time where the projects in development will be completed or nearing completion [...], and we will have improved the profitability of the company and we will begin to be in the ascending curve.*" The year "*2013 will start to produce full-year results of the model.*" In this respect, the Group should be able to provide new targets for the fall of 2010.

#### **11.6.2 General management**

As indicated in section 12.1.1 of the 2009 Reference Document, the Board of Directors which appointed, on February 9, 2010, Eric Peugeot as Chief Executive Officer, also appointed, with his approval, two deputy chief executive officers to assist him, i.e. Jean-François Azam, in charge of Operations and François Rivière, in charge of Finance.

Fady Khallouf was appointed Chief Executive Officer of the Company on May 20, 2010 (thereby replacing Eric Peugeot, who resumed his functions as Chairman of the Board), the deputy chief



executive officers remaining in office. After this appointment, members of the concert declared to the AMF on March 15, 2010 their intention to subscribe to the Capital Increase for an aggregate amount of €10 million.

Discussions are ongoing with respect to allocation of responsibilities and limitations of powers within the management between the Chief Executive Officer, on the one hand, and the deputy chief executive officers, on the other hand. It cannot be excluded that these discussions lead to a reorganization of the management (*direction générale*).

### **11.6.3 Compensations**

#### ***Exceptional missions***

As indicated in section 15 of the 2009 Reference Document, before his appointment as Chief Executive Officer on May 20, 2010, Mr. Fady Khallouf carried out exceptional missions for the Company. These missions aimed at providing special assistance to the Chief Executive Officer, in particular in the context of strategic projects, acquisitions opportunities, divestitures and financial transactions, analysis and proposals aiming at improving the profitability of the Company, its functioning and its development, to reduce its risk factors or reduce its risk exposure.

In consideration of these missions, the Company has agreed to pay to Mr. Khallouf an aggregate gross amount of €40,296.

These missions have led to the conclusion of an exceptional mission agreement, which constitutes a related party agreement, as defined in articles L. 225-38 *et seq.* of the French Commercial Code. The agreement was approved by the Board of Directors and will be part of a report of the statutory auditors and will be submitted to the ordinary general meeting due to approve the accounts for the financial year ending December 31, 2010.

#### ***Chief Executive Officer***

Mr. Fady Khallouf was appointed Chief Executive Officer by the Board of Directors dated May 20, 2010 and receives as such a gross annual compensation of €300,000 as well as a variable compensation which may represent up to 50% of his annual fixed gross compensation and varies depending on the set annual objectives.

Exceptionally, for the year 2010, given the work accomplished by Mr. Khallouf since his appointment, the Company has committed to grant him a sum of €100,000 as an advance on its variable compensation for the financial year 2010. Mr Khallouf will also receive a success premium, from €200,000 to €227,723, depending on the actual amount raised following the Capital Increase. Mr Khallouf has undertaken to invest these amounts in shares of the Company on October 31, 2010 at the latest.

Mr. Khallouf will not receive any compensations or benefits due or likely to be due in respect of the termination or change of his functions, except for a non-compete indemnity amounting to 24 months of gross remuneration (fixed and variable) due in the event of dismissal as a result of a change of control or strategy of the Company.

Finally, the Company has agreed that, following the completion of the Capital Increase, it will implement an incentive mechanism benefiting the employees and officers (including Mr. Khallouf) who will be more incentivized to the Group's performance and the value generated for shareholders, including the increase of the market price of the Company's shares. This mechanism will be developed by the Nominations and Remuneration Committee and will then be decided upon

by the Board of Directors of the Company.

#### **11.6.4 Extension of the mission of the special purpose trustee**

The mission of the special purpose trustee described in section 9.1.4 of the 2009 Reference Document has been extended by the President of the Commercial Court of Aix-en-Provence, at the request of the Company. The special purpose trustee thus remains in office until the end of the financial Restructuring plan. His mission is thus extended by order dated June 1<sup>st</sup>, 2010 for an additional period of two months, until July 22, 2010 inclusive.

#### **11.6.5 Non-compliance with ratios / covenants**

This section provides an update of section "*Non compliance with ratios / covenants*" contained in section 10.3.2 of the 2009 Reference Document, following the granting of waivers by relevant banks since the filing of the 2009 Document Reference.

As of the day of this securities note, existing events of default identified by the Company are as follows:

##### **1). Events of default related to the non-compliance with financial ratios as of June 30, 2009**

As of June 30, 2009, the Group breached the following required financial covenants within the framework of the financing of two wind farms located in France and in Morocco:

- In France, the operational wind farm operated by Centrale Eolienne des Sablons ("CESA"), which had a debt of approximately €9.2 million as of May 31, 2010, did not maintain its minimum debt service coverage ratio in the first half of 2009, due to exceptionally weak wind conditions during this period. The Company carefully monitors that ratio. The project financing bank has furthermore agreed in writing, since the filing of the 2009 Reference Document, to waive its right to claim the non-compliance of this financial ratio as of June 30, 2009.
- In Morocco, the wind farm in operation, which had a debt of approximately €4.2 million as of May 31, 2010, did not maintain their minimum half-year debt service coverage ratio in the first half of 2009, due in particular to a discrepancy in cash flows between the first and second half-year. This ratio is now complied with for the second half of the year. For this project, no formal waiver has been obtained from the lending bank (which has the faculty, under the terms of the loan agreement, to invoke an event of default resulting from a breach of this ratio). It is to be noted however that the borrower (CED, the Moroccan subsidiary of the Company) has an available cash of approximately €4.1 million as of May 31, 2010 and would thus be able to meet any early repayment requested under this loan. In addition, to the Company's knowledge, such a repayment request would not trigger cross-default under other financing agreements entered into by the companies of the Group.

##### **2). Events of default related to the Restructuring**

The terms of certain project financing agreements provide that the measures recently implemented by the Company in connection with the Restructuring constitute events of default, i.e. the appointment of a special purpose trustee and conduct of negotiations with bondholders for the restructuring of the OCEANEs. The Company has obtained temporary waivers to address these events of default from the relevant lenders. Thus, for the following wind farms, the outstanding debt of which amounts to €58.7 million as of May 31, 2010, the temporary waivers obtained by the Company are as follows:

- pursuant to the financing agreement for *Centrale Eolienne des Sablons* ("CESA"), *Centrale Éolienne des Plos* ("CEPLO"), the *Centrale Éolienne du Moulin de Froidure* ("CEMDF") and the *Centrale Éolienne de Sallen* ("CESAL"), the Company obtained a waiver which is effective until the earliest of the following four dates: (i) July 30, 2010 (ii) the date on which the Company does not comply with the announced timeline for the Restructuring (iii) 15 days following the payment-delivery of the capital increase to be completed in respect of the Restructuring and (iv) the end of the mandate of the special purpose trustee described in paragraph 9.1.4 of the 2009 Reference Document; and
- pursuant to the financing agreement for *Centrale Eolienne de Seglien Ar Tri Milin* ("CESAM") and for *Centrale Eolienne de Fonds de Fresnes* ("CEFF"), the Company obtained a waiver which is effective until July 31, 2010.

The waivers will thus expire between July 22, 2010 (date of the end of the special purpose trust – see section 11.6.4 above) and July 31, 2010.

Thus, in case of completion of the Capital Increase, events related to the Restructuring and constituting events of default under the relevant loan agreements (appointment of a special purpose trustee and conduct of negotiations with bondholders for the restructuring of the OCEANEs) will no longer exist after this date and the Group will no longer be in default under in this respect.

However, in case of non completion of the Capital Increase by the end of August 2010, the Company may be forced to renegotiate with the principal holders of OCEANEs and, as the case may be, to further extend the mission of the special purpose trustee appointed in June 2009, which would lead to new events of acceleration under the loan agreements referred to above. The relevant banks would then be entitled to ask for the early repayment of the loans, which could have an adverse effect on the Group (in this respect, see section 4.1.3 of the 2009 Reference Document).

### **3). Events of default related to the reorganization of the Group's French activities**

Finally, on December 31, 2009, the Company reorganized its activities in France. The Company sold 100% of the Ventura shares it held to THEOLIA France and, following this sale, Ventura and Natenco SAS were wound up triggering a universal transfer of their assets to THEOLIA France, without liquidation of these entities. Certain financing documents underline that this transaction constitutes an event of default.

The Company has obtained waivers from relevant lenders for all financing of its wind farms in France. Pursuant to these waivers, the Company has agreed to provide different documents and to update the financing documentation in accordance with the new legal structure of the Group in France. These waivers are all in force as of today. However, regarding the financing of *Centrale Eolienne Sallen* ("CESAL") (which has a bank debt of approximately €8.2 million as of May 31, 2010) the waiver granted will be automatically null and void if a turbine supply agreement and guarantees attached hereto are not transferred by THEOLIA France to CESAL, before September 20, 2010. As of the date of this securities note, the Company has obtained the turbine manufacturer's informal agreement for the transfer of this contract; the amendment enabling the transfer of the contract was entered into by THEOLIA France and CESAL and will be signed by the turbine supplier in the near future.

As of the date of this securities note, no company of the Group was subject to any request for the early repayment due to a default declared by the lenders in question.

#### **11.6.6 German banks**

In addition to the items described in section 10.3.3 of the 2009 Reference Document, it is specified that since the date of the 2009 Reference Document, the Vorarlberger bank, which provides corporate financing to the German subsidiary of the Company (THEOLIA Naturenergien GmbH), has informed the latter that it wished to terminate, as from December 31, 2010, the credit line that it had granted and which represents an outstanding amount of €3,000,000, pursuant to the terms of the agreement (this credit line is open-ended and the bank has the option to terminate it at any time with a six-month notice). The bank declared that it did not wish to pursue the corporate funding but was willing to consider applications for projects' finance of the Group in Germany. This request does not trigger any cross-default under other financing agreements entered into by the companies of the Group.

#### **11.6.7 Erratum regarding the 2009 Reference Document**

The corrections below are made to the 2009 Reference Document:

- on page 39 it should be read: "*As of December 31, 2009, sales of electricity generated from wind farms operated for the Group's own account represented 15.8% (not 15.5%) of consolidated revenue, and revenue generated from operating activities carried out on behalf of third parties represented 11.7 (not 11.6)% of consolidated revenue;*"
- on page 67 it should be read: "*THEOLIA, a shareholder in Thenergo since 2006, sold the full amount of its equity stake in Thenergo (24.02%) (and not 27.21%) at the end of December 2008 for €15 million;*"
- on page 94: the 2008 depreciation tests led to the recognition of a loss in value of €106.5 (not €105.6) million;
- on page 100: the evolution of taxes between 2007 and 2008 represented an increase of 26 (not 22)%;
- on page 114: the amount of "*Current financial assets*" with respect to the 2007 accounts and included in the net debt table is (1,128) thousands of Euros and not (798) thousands of Euros;
- on page 114: the amount of "*Cash and cash equivalents*" for the 2007 accounts in the net debt table is €(326,197) and not €(65,509);
- on page 114: the total net debt amount for 2007 accounts included in the net debt table is €(222,070) and not €(222,069); and
- on page 122: the amount of interest paid amounted to €14.9 (and not €15.3) million.

## Appendix

### **Modifications of the issuance contract voted on by the General Bondholders' Meeting dated February 18, 2010**

#### **4. INFORMATION RELATING TO THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING ON THE EUROLIST MARKET OF EURONEXT™ PARIS**

##### **4.1. Nature and class of the bonds offered and for which the admission to trading is requested**

The Bonds to be issued by the Company constitute securities granting access to the share capital within the meaning of articles L. 228-91 *et seq.* of the French Commercial Code.

The Bonds are expected to be listed on October 31, 2007 under the ISIN Code: FR0010532739. No other listing on any other market is expected.

##### **4.2. Principal Amount of the Bonds – Issuance price of the Bonds**

The nominal value of each Bond is fixed at €20.80, which corresponds to a premium of approximately 30% over the €16 reference price of the Company's shares, corresponding to the volume-weighted average share price of the Company on Compartment B of Eurolist by Euronext™ from the opening of the market on October 23, 2007 until the determination of the final terms and conditions of the issue, that same day.

After early partial repayment of the Bonds under the conditions set out in Section 4.9.9, the nominal unit value of the Bonds, initially amounting to €20.80 (the "Initial Nominal Value"), shall be reduced to the difference between the Initial Nominal Value and the Early Repayment Amount per Bond (such as this term is defined in Section 4.9.9 "Early Repayment of the Bonds" in the contract of issuance) (the "New Nominal Value").

##### **4.3. Applicable Law and Relevant Courts in the Event of a Dispute**

The Bonds are governed by French law.

The courts having jurisdiction in the event of a dispute are those where the head office of the Company is located when the Company is the defendant, and, in other cases, are designated according to the nature of the dispute, unless otherwise provided by the French New Civil Procedure Code (*Nouveau Code de procédure civile*).

##### **4.4. Form and account registration method of the Bonds**

The Bonds will be in either registered or bearer form, at the option of the Bondholders. They will be held, on a mandatory basis, in accounts managed by, depending on the case:

- CACEIS, 14 rue Rouget de Lisle, 92130 Issy les Moulineaux, France acting on behalf of the Company in respect of fully registered Bonds (*nominatif pur*);
- An authorised financial intermediary of the Bondholders' choice and CACEIS, 14 rue Rouget de Lisle, 92130 Issy les Moulineaux, France, acting on behalf of the Company, in respect of Bonds in administered registered form (*nominatif administré*);

- An authorized financial intermediary of the Bondholders' choice in respect of Bonds in bearer form (*au porteur*).

The Bonds will be accepted for clearance through Euroclear France, which will ensure the settlement of the Bonds between account holders. The Bonds will also be accepted for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking S.A. Luxembourg.

The Bonds will be credited to the accounts of their holders and will become tradable on October 31, 2007, which corresponds to the issue date of the Bonds.

#### **4.5. Currency of Issuance**

The Bonds will be issued in Euros.

#### **4.6. Ranking of the Bonds**

##### **4.6.1. Ranking**

The Bonds and the interest thereon constitute direct, general, unconditional, unsubordinated and unsecured obligations, and rank equally amongst themselves and *pari passu* with all other unsubordinated and unsecured debts and guarantees of the Company, present and future (except for those which have a preference provided by law).

The Company's obligation to pay interest, principal, taxes, costs and other amounts in respect of the Bonds is not guaranteed or secured.

##### **4.6.2. Negative Pledge**

So long as any of the Bonds remain outstanding, the Company shall not grant any lien or mortgage (*hypothèque*) over its present or future assets or real property interests, nor any pledge (*nantissement, gage*) or any other security (*sûreté réelle*) over its assets or income, present or future, in each case for the benefit of holders of other bonds issued or guaranteed by the Company, listed or capable of being listed on a regulated market, unregulated market or any other securities market, without granting prior or concurrent similar security to the Bondholders and ensuring that the Bonds have the same ranking.

This undertaking is given only in relation to security interests granted in relation to bonds that are listed or that have the potential of being listed on a regulated market, unregulated market or any other securities market, and does not affect in any way the right of the Company to otherwise dispose of its assets or to grant any security in respect of such assets in any other circumstances.

##### **4.6.3. Further Issues**

If the Company subsequently issues new bonds carrying the same rights as the Bonds in all respects, the Company may, without the consent of Bondholders and provided that the terms and conditions of such bonds so permit, consolidate the Bonds with those of any such subsequent issuance, thereby treating such bonds as the same issuance for the purposes of trading and administrative services.

#### **4.7. Rights and Restrictions Attached to the Bonds and Terms of Exercise of the Rights**

At any time as from October 31, 2007 until the 7th business day prior to December 31, 2014, the Bonds may be converted into new shares of the Company or exchanged for existing shares of the Company, subject to the conditions set forth in Section 4.16 ("Conversion and/or exchange of Bonds for shares") of the issuance contract.

So long as the Bonds have not been converted, bought back, exchanged or redeemed, they will bear interest, paid annually in arrears in accordance with the provisions of Section 4.8.2 ("*Interest*") of the contract of

issuance. In the case of redemption upon maturity or at an earlier date (but not in the case of buyback), the Bonds also grant rights, to the payment of a redemption premium to be paid at maturity or at the early repayment date in accordance with the provisions of Section 4.9 (“Redemption Date and Terms of Redemption of the Bonds”) of the contract of issuance.

The Bonds that have not been converted into new shares or exchanged for existing shares of the Company will be repaid in accordance with the conditions set forth in Section 4.9 (“Redemption Date and Terms of Redemption of the Bonds”) of the contract of issuance.

There are no restrictions attached to the Bonds.

#### **4.8. Nominal Interest Rate and Provisions Relating to Interest Owed**

##### **4.8.1. Benefit entitlement date (*date de jouissance*) of the Bonds**

October 31, 2007.

##### **4.8.2. Interest**

For the period that runs from January 1, 2010 to December 31, 2010 inclusive, the Bonds shall bear interest:

- (i) At an annual rate of 2.0% for the period between January 1, 2010, and the day preceding the Date of Completion of the Capital Increase (as this term is defined in Section 4.9.9 of the contract of issuance, “Early Repayment of the Bonds”); then
- (ii) From the Date of Completion of the Capital Increase:
  - With regard to the Early Repayment Amount per Bond (as this term is defined in Section 4.9.9 of the contract of issuance, “Early Repayment of the Bonds”), at the annual rate of 2.0% until the date of payment of this sum to the Bondholders, and
  - With regard to the New Nominal Value, at an annual rate of 2.7% until December 31, 2010 inclusive, applied to the New Nominal Value.

For the period that runs from January 1, 2011 to December 31, 2014 inclusive, the Bonds shall bear interest at an annual rate of 2.7% of the New Nominal Value.

For any period from January 1, 2015 onwards, the Bonds shall bear interest at an annual rate of 0.1% of the New Nominal Value.

Interest is payable in arrears on January 1 of each year (or the following business day if such date is not a business day) (each such date being designated an “Interest Payment Date”) with the exception of interest relating to the Aggregate Early repayment Amount which shall be paid in accordance with the manner indicated in Section 4.9.9 (“Early Repayment of the Bonds”).

All interest payments relating to an interest period of less than one full year will be calculated on the basis of the aforementioned interest rate on a daily basis multiplied by the number of days that have elapsed in the relevant period on the basis of a 365-day year (or 366 days in a leap year).

Subject to the provisions of Section 4.16.5 (“Rights of Bondholders to Interest on Bonds and to Dividends with Respect to Shares Delivered”), interest will cease to accrue on the redemption date of the Bonds.

Claims in respect of interest will be time-barred at the expiration of a period of five years from the due date for payment.

#### **4.9. Redemption Date and Terms of Redemption of the Bonds**

##### **4.9.1. Duration**

33 years and 61 days (from October 31, 2007 to January 1, 2041).

#### **4.9.2. Redemption at maturity**

Unless the Bonds have been redeemed early, bought back, exchanged or converted under the conditions set out below, they will be redeemed on January 1, 2041 (or the following business day if such date is not a business day) at the price of €22.5430 per Bond, i.e. 108.38% of the Initial Nominal Value of the Bonds, reduced by the Early Repayment Amount per Bond.

Claims in respect of principal will be time-barred at the expiration of a period of thirty years from the date of redemption.

#### **4.9.3. Early Redemption by Repurchase or Public Tender Offers**

The Company reserves the right to redeem the Bonds at any time, without limitations as to price or quantity, through on or off-market purchases or by means of public tender offers or public exchange offers.

Subject to Section 4.9.4 (“Early Redemption at the Company’s Option”), these transactions shall not affect the maturity date for the redemption of any Bond.

Any Bonds so acquired will be cancelled.

#### **4.9.4. Early Redemption at the Company’s Option**

1. The Company may, at its sole option, at any time from January 1, 2012 and until December 31, 2014, subject to a prior notice of 30 calendar days provided for in Section 4.9.7 (“Publication of Information in the Event of Redemption at Maturity or Early Redemption of Bonds”), carry out the early redemption of all of the outstanding Bonds under the following conditions:

- 1.1. The early redemption price will be equal to the price of €21.9398 (i.e. 105.48% of the Initial Nominal Value of the Bonds) minus the Early Repayment amount per Bond. This redemption price will be referred to as the “Early Redemption Price”.
- 1.2. Such early redemption will only be possible if the product of:
  - The arithmetic average of the opening prices of an ordinary share of the Company on Eurolist by Euronext™ calculated over a period of 20 consecutive trading days during which the shares are traded, and selected by the Company from among the 45 consecutive trading days immediately preceding the date of publication of the notice relating to such early redemption (as set forth in Section 4.9.7 (“Publication of Information in the Event of Redemption at Maturity or Early Redemption of Bonds”)); and
  - The Conversion/Exchange Ratio in force on such date (as defined in Section 4.16.3 (“Exercise Period and Conversion/Exchange Ratio”)).exceeds 135% of the New Nominal Value of the Bonds.

A “trading day” shall mean any business day on which shares are traded on Eurolist by Euronext™, other than a day on which such trading ceases prior to the usual closing time.

A “business day” shall mean any day (other than a Saturday or Sunday) on which banks are open in Paris and on which Euroclear France operates.

The Early Redemption Price paid to the Bondholders will include accrued interest from the Interest Payment Date immediately preceding the effective redemption date.

2. The Company may, at its sole option, subject to 30 calendar days’ notice as set forth in Section 4.9.7 (“Publication of Information in the Event of Redemption at Maturity or Early Redemption of Bonds”), redeem all of the Bonds outstanding at any time, at the Early Redemption Price plus any interest accrued



from the last Interest Payment Date preceding the early redemption date to the effective redemption date, if the number of outstanding Bonds remaining is less than 10% of the number of Bonds issued.

3. In the cases described in the sections above, the Bondholders will retain the ability to exercise their right to convert/exchange their Bonds in accordance with the terms set forth in Section 4.16.3 (“Exercise Period and Conversion/Exchange Ratio”) of the issuance contract.

#### **4.9.5. Early Buyback at the discretion of Bondholders**

##### **4.9.5.1. Early Buyback on January 1, 2015**

Any Bondholder may, at its sole option, request on January 1, 2015 (or the following business day if such date is not a business day) the early buyback in cash by the Company of all or some of the Bonds it holds. The decision to request such early buyback is irrevocable.

The Bonds will then be bought back at a buyback price (the "Buyback Price") determined as follows for each Bond:

Buyback price =  $[1 - (p * 50\%)] * 21.9398$  Euros

Where "p" represents the fraction of which:

- the numerator is the Total Proceeds of the Capital Increase (as this term is defined in Section 4.9.9 "Early Repayment of the Bonds", of the contract of issuance), and
- the denominator is 99,738,017

the maximum value of "p" being equal to 1 and the minimum equal to 0.45.

The Buyback Price shall be rounded up or down by the Company to two decimal places to the nearest 100th (0.005 being rounded up to the 100th above, i.e. to 0.01).

The Company shall pay to the Bondholders, at the same time as the Buyback Price, the accrued and unpaid interest (calculated on the basis of the New Nominal Value) between the last Interest Payment Date preceding the buyback date and the effective payment date of the Buyback Price.

The Company will have to remind the Bondholders of their right to request the early buyback, via a notice published in the BALO, a notice in a financial journal distributed throughout France as well as a notice published by Euronext Paris S.A., 45 to 30 days before the right of the Bondholders to request the early buyback becomes exercisable.

Bondholders deciding to exercise this buyback right shall notify their decision to the establishment holding the Bonds, which shall inform the administrative agent, no earlier than the twentieth day preceding the date of buyback and no later than seven days prior to the buyback.

##### **4.9.5.2. Early redemption in Case of a Change of Control**

In the event that a transaction has the effect of conferring control of the Company (as defined in Article L. 233-3 of the French Commercial Code) to one or more individuals or legal entities (other than a legal entity in which the shareholders that held the majority of the voting rights of the Company before the transaction hold the majority of voting rights), acting alone or in concert and that did not control the Company prior to such transaction, including through a merger, consolidation, regrouping (*regroupement*), or any other similar transaction (a "Change of Control"), the Company shall inform the Bondholders as soon as practicable after gaining knowledge of the occurrence of such event, by publishing a notice in the BALO. This information will also be subject to a notice in a financial newspaper with national circulation in France and in a notice to be issued by Euronext Paris S.A. These notices shall indicate the period during which the Bondholders may exercise their right to request early buyback of the Bond. This time frame, which is determined by the Company, will include at least ten consecutive business days, between the tenth and the fortieth day following the date of publication of the notice in the BALO. A Bondholder wishing to buyback its Bonds, in whole or in part, shall notify the financial intermediary at which its Bonds are held no later than on the last day of such period, which shall transmit such notification to the administrative agent.

Bonds for which a buyback request has been validly submitted will be bought back in accordance with this section at the Buyback Price (as defined in Section 4.9.5.1 "Early Buyback on January 1, 2015") plus interest accrued between the last Interest Payment Date (or, if applicable, from the date of Bonds' Payment) preceding the buyback date and the effective payment date of the Buyback Price.

Notwithstanding any clause to the contrary contained in the issuance contract, including the foregoing stipulation, the Bondholders shall not be permitted to request the buyback of some or all of their Bonds in the event where the Capital Increase would trigger a Change of Control.

#### **4.9.6. Early Redemption upon an Event of Default**

The representatives of the Conglomerate of Bondholders (as defined below in Section 4.11 entitled “Representation of Bondholders”) may, pursuant to a decision taken by the General Bondholders’ Meeting, in accordance with the applicable quorum and majority requirements provided for by law by written notice sent to the Company with a copy to the paying agent, require that all the Bonds be redeemed at a price equal to the Early Redemption Price plus interest accrued between the last Interest Payment Date (or, if applicable, from the date of payment of the Bonds) preceding the early redemption date and the effective redemption date, in the following cases:

- a) In the event that the Company defaults on the payment of interest due on the date of payment in respect of any Bond and such default continues for a period of seven (7) business days from the due date;
- b) In the event that the Company fails to perform or comply with any of its other obligations under the terms of the Bonds and such failure is not remedied within 30 days following receipt by the Company of a written notice of such default from the representatives of the Conglomerate of Bondholders;
- c) In the event that the Company or any Principal Subsidiary (as such term is defined below) defaults on the payment of any financial indebtedness or guarantee of financial indebtedness, on their due date or, as the case may be, after the expiry of any applicable grace period, in a total amount of at least €1 million, unless the Company or the Principal Subsidiary is disputing its obligation to pay in good faith before a competent court, in which case the acceleration of the Bonds may not be declared unless the relevant court renders a decision on the merits finding that a default of payment has occurred and that the Company has not complied with the terms of such court decision;
- d) In the event of acceleration following a default by the Company of any Principal Subsidiary (as such term is defined below) relating to other financial indebtedness in an amount of at least €1 million (including breach of financial ratios if provided for by the agreements relating to such indebtedness) unless the Company or the Principal Subsidiary is disputing its obligation to pay in good faith before a competent court, in which case the acceleration of the Bonds may not be declared unless the relevant court renders a decision on the merits finding that a payment in default has occurred and that the Company has not complied with the terms of such court decision;
- e) In the event that the Company or one of its Principal Subsidiaries (as such term is defined below) becomes subject to a conciliation proceeding (*procédure de conciliation*) in accordance with articles L.611-4 *et seq.* of the French Commercial Code, becomes subject to an administrative order (*procédure de sauvegarde*) in accordance with articles L.620-1 *et seq.* of the French Commercial Code, becomes insolvent (*en état de cessation des paiements*) or becomes subject to a judicial liquidation or judicial sale of its business or any other equivalent measure or procedure; or
- f) In the event that the shares of the Company cease to be listed either on Eurolist by Euronext™ or on a regulated market within the European Union.

For the purposes of the above stipulations, a “Principal Subsidiary” means a company in which the Company holds, either directly or indirectly, more than 50% of the share capital or voting rights and which represents more than 10% (i) of the Company’s consolidated revenues, or (ii) of the Company’s consolidated assets, calculated on the basis of the Company’s most recent audited consolidated financial statements.

#### **4.9.7. Publication of Information in the Event of Redemption at Maturity or Early Redemption of Bonds**

The information relating to the number of Bonds redeemed, converted or exchanged and to the number of outstanding Bonds remaining shall be provided each year to Euronext Paris S.A. for publication, and may be obtained from the Company or the establishment responsible for servicing the securities mentioned in section 5.4.2 (“Contact information of the authorized intermediaries responsible for custody of the subscription funds and financial servicing of the shares”) of the contract of issuance.

In the event that the Company decides to redeem all the Bonds upon or prior to maturity, a notice to that effect shall be published in the *Journal Officiel* (for so long as required by French regulations), in a financial newspaper with national circulation in France and in a notice issued by Euronext Paris S.A., no later than 30 calendar days prior to the effective or potential redemption date, mentioning the date of reimbursement, the amount of reimbursement and the amount of accrued interest.

#### **4.9.8. Cancellation of the Bonds**

Bonds redeemed at or prior to maturity, Bonds repurchased through on or off-market transactions or by way of public tender offers, as well as converted or exchanged Bonds, shall cease to be considered outstanding and shall be cancelled in accordance with French law.

#### **4.9.9. Partial Early Repayment of the Bonds**

The “Capital Increase” shall refer to the Capital Increase in cash, with retention of the preferential subscription right of the shareholders, at the price of one Euro per share, which must be completed by the Company no later than August 31, 2010, by way of an issue of new shares, and as the case may be through a free allocation of share subscription warrants (“Warrants”) to the shareholders, according to the terms and conditions detailed in the minutes of the General Bondholders’ Meeting held on February 18, 2010.

The “Date of Completion of the Capital Increase” shall refer to the date of settlement and delivery of the new shares issued in the framework of the Capital Increase.

The Company shall proceed with the early redemption of part of the nominal value of each Bond (the “Early Repayment Amount per Bond”) equal to the result of the fraction, of which:

- The numerator is the portion of the total gross proceeds of the Capital Increase in Euros (the “Total Proceeds of the Capital Increase”) in excess of €(40) million (the “Aggregate Early Repayment Amount”), and
- The denominator is the number of Bonds existing at the date of this early repayment.

The Aggregate Early Repayment Amount shall be at least equal to €(5) million.

The Company shall pay out to the Bondholders, at the same time as the Aggregate Early Repayment Amount, the sum of the interest accrued and not paid on this amount, calculated on the basis of an annual interest rate of 2.0% per year starting from January 1, 2010 until the date of the partial early repayment.

The Early Repayment Amount per Bond, as well as accrued and unpaid interest on such amount, shall be rounded up or down to two decimal places by the Company, to the nearest 100th (0.005 being rounded up to the 100th above, i.e. to 0.01).

The Aggregate Early Repayment Amount (with accrued and unpaid interest) shall be paid out to the Bondholders no later than ten (10) trading days after the date of completion of the Capital Increase. In order to guarantee payment of the Aggregate Early Repayment Amount to the Bondholders, the Company shall, as soon as the Capital Increase is completed, place this sum into an escrow account, which shall only be unblocked in order to permit the payment of the said sum to the Bondholders.

#### **4.10. Annual Gross Yield to Maturity**

Initially 3.25% as of the settlement date of the Bonds (in the absence of conversion into and/or exchange for shares and in the absence of early redemption). In the French bond market, the yield-to-maturity of a bond is

the annual rate which, at a given date, at such rate and on a compound interest basis, equals the current value of all amount payable and all amounts receivable under the specified bond (as defined by the Bond Standardization Committee (*Comité de normalisation bancaire*)).

#### **4.11. Representation of Bondholders**

In accordance with Article L. 228-103 of the French Commercial Code, Bondholders will be grouped together in a collective group (the “Conglomerate”), which shall have the status of a legal entity. A General Bondholders’ Meeting shall be called to authorize all modifications of the terms and conditions of the Bonds and to vote on all decisions that must be submitted to its approval by law. The Company may not modify its corporate form or its corporate purpose without consulting a General Bondholders’ Meeting. Should the Bondholders attending a general meeting vote against the proposal, the Company may redeem the Bonds in accordance with Article L. 228-72 of the French Commercial Code at a price equal to the Early Redemption Price, plus interest accrued between the Interest Payment Date preceding the early redemption date and the effective redemption date.

##### **4.11.1. Representation of the conglomerate of Bondholders**

In accordance with Article L. 228-47 of the French Commercial Code, the representative of the Conglomerate will be:

Mrs. Béatrice Collot  
109 avenue des Champs Elysées  
75008 Paris, FRANCE

The representative will have the power to take, in the absence of any resolution to the contrary released by the General Bondholders’ Meeting, on behalf of the Conglomerate, any actions of an administrative nature that may be necessary to protect the common interests of the Bondholders.

It will exercise its duties until dissolution, resignation, or termination of its duties by a General Bondholders’ Meeting or until it becomes unable to act due to an instance of incompatibility. Its appointment shall automatically cease on the date of final or total redemption of the Bonds, whether at or prior to maturity. This term will be automatically extended, where applicable, until the final resolution of any legal proceedings in which the representative is involved and the enforcement of any judgments rendered or settlements made pursuant thereto.

The representative of the Conglomerate shall be entitled to compensation of €400 per year, payable by the Company on January 1<sup>st</sup> of each year (or the following business day if such date is not a business day) for each of the years from 2008 to 2041 inclusive, insofar as there are still Bonds outstanding at such dates.

##### **4.11.2. General Information**

The Company will bear the cost of the remuneration of the representative of the Conglomerate and the expenses of calling and holding General Bondholders’ Meetings, publishing the decisions thereof, any fees related to the appointment of the representatives of the Conglomerate under Article L. 228-50 of the French Commercial Code and, more generally, all duly incurred and documented costs of the administration and management of the Conglomerate.

The General Bondholders’ Meetings shall be held at the registered office of the Company or such other place specified in the notice convening the meeting. Each Bondholder shall have the right, during the 15-day period preceding the general meeting of the Conglomerate, to review or to make copies of the text of the resolutions to be proposed, as well as any reports to be presented to the meeting, at the registered office or administrative headquarters of the Company or at such other place as may be specified in the notice calling for such meeting, or to cause an agent to do the foregoing on its behalf.

In the event that any subsequent issuances of bonds grant subscribers identical rights as those granted with respect to the Bonds, and if the terms and conditions of such future bonds so permit, the holders of all of such bonds shall be grouped together in a single conglomerate.

#### **4.12. Resolutions and decisions under which the Bonds are Issued**

[...]

#### **4.13. Expected Settlement Date**

The Bonds shall be issued on October 31, 2007.

#### **4.14. Restrictions on the transfer of the Bonds**

There is no restriction imposed by the terms and conditions of the Bonds on their transfer.

#### **4.15. Withholding tax applicable to the Bonds**

[...]

#### **4.16. Conversion into and/or Exchange of Bonds for Shares**

##### **4.16.1. Nature of the Conversion and/or Exchange Right**

The Bondholders shall have the right, at any time as from October 31, 2007, the issue date of the Bonds, until the seventh business day preceding December 31, 2014, to receive, at the Company's option, new and/or existing shares of the Company (the "**Conversion/Exchange Right**") which will be delivered and/or paid up by way of amounts owed under the Bonds, under the terms and conditions described below, subject to the provisions of Section 4.16.9 ("Treatment of Fractional Entitlements").

The Company may, at its option, deliver new and/or existing shares.

By way of a decision taken by the Combined Shareholders' Meeting held on June 29, 2007, the Company was authorized, pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code to repurchase its own securities during an 18-month period as from June 29, 2007 in an amount of up to 10% of its share capital.

As of September 30, 2007, the Company held 39,637 of its shares. As a result, the maximum number of shares that could be acquired by the Company, pursuant to the authorization granted by the aforementioned shareholders' meeting held on June 29, 2007 and in accordance with the liquidity agreement entered into with EXANE BNP PARIBAS described in Section 6.3 ("Liquidity Undertakings") of the issuance contract, amounts to 43,478 shares as of October 22, 2007.

##### **4.16.2. Suspension of Conversion/Exchange Right**

In the event of a share capital increase, an issuance of new capital stock or securities granting rights to receive shares of the Company, a merger (*fusion*) or spin-off (*scission*), or other financial transactions granting a preferential subscription right or reserving a priority subscription period for the Company's shareholders, the Company shall be entitled to suspend the Conversion/Exchange Right for a period not to exceed three months or any other period as potentially set forth by applicable regulations. Any such suspension cannot cause Bondholders subject to redemption to lose their Conversion/Exchange Right or the exercise period outlined in Section 4.16.3 ("Exercise Period and Conversion/Exchange Ratio") of the issuance contract.

The Company's decision to suspend the exercise of the Conversion/Exchange Right will be published in a notice in the BALO. This notice will be published at least seven (7) days before the date on which such suspension comes into force and will mention both the date on which the suspension comes into force and the date on which the suspension will end. This information will also be published in a financial newspaper with national circulation in France and in a notice to be issued by Euronext Paris S.A.

##### **4.16.3. Exercise Period and Conversion/Exchange Ratio**

The Bondholders may request the conversion into and/or exchange of the Bonds for shares at any time until the seventh business day preceding December 31, 2014 (subject to total redemption or early buyback) under the conditions specified below. The Bondholders shall no longer benefit from the Conversion/Exchange Right as from January 1, 2015.

With respect to Bonds redeemed at or prior to maturity, the Conversion/Exchange Right shall expire at the end of the seventh business day prior to the date of early redemption.

Any Bondholder who has not exercised his or her Conversion/Exchange Right prior to such date will receive on the date of early redemption an amount equal to the redemption price calculated in accordance with the provisions of section 4.9.4 ("Early Redemption at the Company's discretion") of the issuance contract.

#### 4.16.3.1. Conversion/Exchange Ratio until December 31, 2013

The Bondholders may exercise their Conversion/Exchange Right at any time up to the seventh business day prior to December 31, 2013 (subject to total redemption or early buyback), at the rate of "N<sub>1</sub>" shares per Bond (the "Conversion/Exchange Ratio"), subject to section 4.16.8 of the issuance contract entitled "Upholding of Bondholders' Rights", where N<sub>1</sub> is determined as indicated below.

N<sub>1</sub> shall be determined on the basis of the Total Proceeds of the Capital Increase (as this term is defined in Section 4.9.9 "Early Repayment of the Bonds") in accordance with the table shown below.

#### **Total Proceeds of the Capital Increase (in millions of €) ("X<sub>t</sub>")**

<i>X<sub>t</sub></i>	<i>N<sub>1</sub></i>	<i>X<sub>t</sub></i>	<i>N<sub>1</sub></i>	<i>X<sub>t</sub></i>	<i>N<sub>1</sub></i>	<i>X<sub>t</sub></i>	<i>N<sub>1</sub></i>	<i>X<sub>t</sub></i>	<i>N<sub>1</sub></i>	<i>X<sub>t</sub></i>	<i>N<sub>1</sub></i>
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

<b>49.87</b>	9.04	<b>59.84</b>	8.66	<b>69.57</b>	8.22	<b>79.29</b>	7.74	<b>89.02</b>	7.21	<b>98.74</b>	6.64
<b>50.12</b>	9.03	<b>59.84</b>	8.66	<b>69.82</b>	8.21	<b>79.54</b>	7.72	<b>89.27</b>	7.19	<b>98.99</b>	6.63
<b>50.37</b>	9.02	<b>60.09</b>	8.65	<b>69.82</b>	8.21	<b>79.79</b>	7.71	<b>89.51</b>	7.18	<b>99.24</b>	6.61
<b>50.62</b>	9.01	<b>60.34</b>	8.64	<b>70.07</b>	8.20	<b>79.79</b>	7.71	<b>89.76</b>	7.17	<b>99.49</b>	6.60
<b>50.87</b>	9.00	<b>60.59</b>	8.63	<b>70.32</b>	8.19	<b>80.04</b>	7.70	<b>89.76</b>	7.17	<b>99.74</b>	6.59
<b>51.12</b>	8.99	<b>60.84</b>	8.62	<b>70.56</b>	8.18	<b>80.29</b>	7.68	<b>90.01</b>	7.15		
<b>51.37</b>	8.98	<b>61.09</b>	8.60	<b>70.81</b>	8.16	<b>80.54</b>	7.67	<b>90.26</b>	7.14		
<b>51.61</b>	8.98	<b>61.34</b>	8.59	<b>71.06</b>	8.15	<b>80.79</b>	7.66	<b>90.51</b>	7.12		
<b>51.86</b>	8.97	<b>61.59</b>	8.58	<b>71.31</b>	8.14	<b>81.04</b>	7.64	<b>90.76</b>	7.11		
<b>52.11</b>	8.96	<b>61.84</b>	8.57	<b>71.56</b>	8.13	<b>81.29</b>	7.63	<b>91.01</b>	7.10		
<b>52.36</b>	8.95	<b>62.09</b>	8.56	<b>71.81</b>	8.11	<b>81.54</b>	7.62	<b>91.26</b>	7.08		
<b>52.61</b>	8.94	<b>62.34</b>	8.55	<b>72.06</b>	8.10	<b>81.79</b>	7.60	<b>91.51</b>	7.07		
<b>52.86</b>	8.93	<b>62.59</b>	8.54	<b>72.31</b>	8.09	<b>82.03</b>	7.59	<b>91.76</b>	7.05		
<b>53.11</b>	8.92	<b>62.83</b>	8.53	<b>72.56</b>	8.08	<b>82.28</b>	7.58	<b>92.01</b>	7.04		
<b>53.36</b>	8.91	<b>63.08</b>	8.52	<b>72.81</b>	8.07	<b>82.53</b>	7.56	<b>92.26</b>	7.02		
<b>53.61</b>	8.90	<b>63.33</b>	8.51	<b>73.06</b>	8.05	<b>82.78</b>	7.55	<b>92.51</b>	7.01		
<b>53.86</b>	8.89	<b>63.58</b>	8.50	<b>73.31</b>	8.04	<b>83.03</b>	7.54	<b>92.76</b>	7.00		
<b>54.11</b>	8.88	<b>63.83</b>	8.49	<b>73.56</b>	8.03	<b>83.28</b>	7.52	<b>93.01</b>	6.98		
<b>54.36</b>	8.88	<b>64.08</b>	8.47	<b>73.81</b>	8.02	<b>83.53</b>	7.51	<b>93.26</b>	6.97		

If the Total Proceeds of the Capital Increase falls between two amounts shown in the table above,  $N_1$  shall be deemed to be equal to the higher of the “ $N_1$ ” values. For example, if the Total Proceeds of the Capital Increase is €90.40 million, that is to say it lies between €90.26 million ( $N_1 = 7.14$ ) and €90.51 million ( $N_1 = 7.12$ ),  $N_1$  shall be deemed equal to 7.14.

Furthermore, should the Total Proceeds of the Capital Increase be greater than €99.74 million,  $N_1$  shall be deemed to be equal to 6.59.

The Bonds may only give rise to the delivery of a whole number of shares, the treatment of fractional entitlements will be dealt with as specified in Section 4.16.9 “Treatment of Fractional Entitlements.”

$N_1$  shall be determined by the Board of Directors of the Company as soon as possible following the completion of the Capital Increase, and shall be made known to the Bondholders by means of a notice published in a financial newspaper with national circulation as well as by a notice on Euronext Paris SA. The Conversion/Exchange Ratio shall come into effect as from the date of publication of this notice, and no later than five (5) business days after the date on which the Board of Directors officially acknowledges the total amount subscribed to the Capital Increase and determines  $N_1$  as prescribed above.

Notwithstanding any clause to the contrary, it is specified that the Conversion/Exchange Ratio defined above ( $N_1$ ) shall not be subject to any additional adjustment as a result of the Capital Increase, the issue of share subscription warrants and/or payment of the Aggregate Early Repayment Amount to the Bondholders, it being specified that this ratio is calculated solely on the basis of the table shown above.

#### 4.16.3.1. Conversion/Exchange Ratio from January 1, 2014 to December 31, 2014

The Bondholders will be able to exercise their Conversion/Exchange Right at any time from January 1, 2014 and until the seventh business day preceding December 31, 2014 (subject to total redemption or early



buyback), at the rate of "N<sub>2</sub>" shares per Bond (the "Conversion/Exchange Ratio"), subject to section 4.16.8 of the issuance contract entitled "Upholding of Bondholders' Rights," where N<sub>2</sub> is calculated as indicated below.

N<sub>2</sub> shall be equal to 80% of the value of the Conversion/Exchange Ratio in force on December 31, 2014, it being specified that N<sub>2</sub> shall be determined by the Company by rounding up or down to two decimal places to the nearest 100th (0.005 is rounded up to the nearest 100th, i.e. to 0.01).

The Bonds may only give rise to the delivery of a whole number of shares, and the treatment of fractional entitlements is dealt with as specified in section 4.16.9 "Treatment of Fractional Entitlements".

#### **4.16.4. Terms of Exercise of the Conversion/Exchange Right**

To exercise the Conversion/Exchange Right, the Bondholders must make a request to the intermediary party through which their Bonds are held. The Bank of New York will coordinate all such requests.

Any request for the exercise the Conversion/Exchange Right received by The Bank of New York in its capacity as paying agent during a calendar month (an "Exercise Period") will come into force at the earlier of the following two dates (each an "Exercise Date"):

- The last business day of such calendar month; or
  
- The seventh business day preceding the date set for redemption.

To be deemed as received on a business day, any written request must reach The Bank of New York by 5:00 p.m. on such day. All requests received after 5:00 p.m. will be deemed received on the following business day.

With respect to Bonds sharing the same Exercise Date, the Company shall be entitled, at its own discretion, to choose between:

- The conversion of Bonds into new shares;
- The exchange of Bonds for existing shares;
- The delivery of a combination of new and existing shares.

All Bondholders sharing same Exercise Date will be treated equally and will have their Bonds converted and/or exchanged, as applicable, in the same proportion, subject to rounding up or down.

The Bondholders will receive delivery of shares on the seventh business day following the Exercise Date.

#### **4.16.5. Rights of Bondholders to Interest on the Bonds and to Dividends with respect to Shares Delivered**

In the event of the exercise of any Conversion/Exchange Right, no interest will be payable to the Bondholders in respect of the period between the Interest Payment Date preceding the Exercise Date and the date on which the shares are delivered.

The rights attached to the new shares issued upon conversion are set out in section 4.17.1(a) ("New shares to be Issued upon Conversion") of the issuance contract.

The rights attached to the existing shares delivered upon exchange of the Bonds are set out in section 4.17.1(b) ("Existing Shares Delivered upon Exchange") of the issuance contract.

#### **4.16.6. Tax treatment of Bonds**

[...]

#### **4.16.7. Tax treatment with respect to the Conversion or Exchange of Shares**

[...]

#### **4.16.8. Upholding of Bondholders' Rights**

##### 4.16.8.1. Consequences of the Issuance and Undertakings of the Company

In accordance with the provisions of Article L. 228-98 of the French Commercial Code, the Company may, without consulting any General Bondholders' Meeting, redeem its share capital, change its profit distribution and issue preferred shares, provided that as long as any Bonds are outstanding, it will take the necessary measures to preserve the Bondholders' rights.

##### 4.16.8.2. In the Event of a Capital Reduction Resulting from Losses

In the event of a reduction of the Company's share capital resulting from losses and carried out through a decrease of the nominal value or of the number of shares comprising its share capital, the Bondholders' rights will be reduced accordingly, as if they had exercised their Conversion/Exchange Right before the date on which such share capital reduction occurred.

##### 4.16.8.3. In the event of financial transactions carried out by the Company

Following the successful completion of the following transactions:

- 1) Financial transactions with listed preferential subscription rights;
- 2) Free distribution of shares to the shareholders, subdivision or consolidation of shares;
- 3) Increase in the nominal value of the shares;
- 4) Distribution of reserves, in cash or in kind, or premiums;
- 5) Free distribution to the Company's shareholders of any financial instrument other than the Company's shares;
- 6) Merger (*absorption* or *fusion*), spin-off (*scission*);
- 7) Repurchase by the Company of its own shares at a price higher than the market price;
- 8) Redemption of share capital;
- 9) Change in profit distribution through the creation of preferred shares;
- 10) Distribution of any dividend;

that the Company may carry out after the issuance of the Bonds, the bondholders' rights will be upheld up to the maturity date or early redemption date by means of an adjustment to the Conversion/Exchange Ratio, in accordance with the terms and conditions set out below.

Such adjustment will be carried out to the nearest 1/100th of a share so that the value of the share that would have been delivered if the Conversion/Exchange Right had been exercised immediately before the completion of any of the transactions mentioned above, is equal to the value of the shares to be delivered upon the exercise of the Conversion/Exchange Right immediately following the completion of such a transaction.

In the event of adjustments carried out in accordance with sections 1 to 10 below, the new Conversion/Exchange Ratio will be calculated to two decimal places by rounding to the nearest one-hundredth (with 0.005 being rounded upwards, i.e. 0.01). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Conversion/Exchange Ratio. However, because the Conversion/Exchange Ratio may only result in the delivery of a whole number of shares, fractional entitlements will be settled as specified in Section 4.16.9 ("Treatment of Fractional Entitlements").

1. In the event of a financial transaction granting listed preferential subscription rights, the new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the relevant transaction by the following ratio:

$$\frac{\text{Value of the shares ex-rights} + \text{Value of the preferential subscription rights}}{\text{Value of the shares ex-rights}}$$

For the calculation of this ratio, the values of the share ex-rights and of the preferential subscription rights will be determined on the basis of the weighted average of the opening prices quoted on Eurolist by Euronext™ (or, in the absence of a listing by Euronext Paris, on any other regulated or similar market on which the shares and preferential subscription rights are both listed) on each stock exchange trading day falling within the subscription period.

2. In the event of the allocation of free shares to shareholders, or the subdivision or consolidation of shares, the new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the relevant transaction by the following ratio:

$$\frac{\text{Number of shares included in share capital outstanding after the transaction}}{\text{Number of shares included in share capital outstanding before the transaction}}$$

3. In the event of an increase in the nominal value of the shares, the nominal value of the shares that may be delivered to Bondholders by exercising their conversion/Exchange Right will be increased accordingly.

4. In the event of a distribution of reserves in cash or in kind, or of premiums, the new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the relevant transaction by the following ratio:

$$\frac{\text{Share price before distribution}}{\text{Share price before distribution} - \text{Amount distributed per share or the value of the securities or assets distributed with respect to each share}}$$

For the calculation of this ratio:

–The share price before the distribution will be calculated on the basis of the volume-weighted average share price on Eurolist by Euronext™ during the three stock exchange trading days preceding the distribution date;

–if the distribution is in kind:

- The value of securities distributed will be calculated as shown above if the securities are quoted on a regulated or similar market.

- If such securities are not quoted on a regulated or similar market before the date of distribution, the value of such securities will be equal to (i) the average of the volume-weighted average share price quoted on the regulated or similar market for the first three stock exchange trading days following the date of distribution and during which the securities are quoted, if such securities are quoted during the 20 stock exchange trading days following their distribution, and (ii) in any other case (securities not quoted or other assets), as determined by an internationally recognized independent expert selected by the Company.

5. In the event of a free distribution of financial instrument(s) other than shares of the Company, the new Conversion/Exchange Ratio will be determined as follows:

- (a) If the right to free distribution of financial instrument(s) is listed on Euronext Paris S.A., by multiplying the Conversion/Exchange Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

$$\begin{array}{r} \text{Price of the share without right to free distribution} \\ + \text{Price of the free distribution right} \end{array}$$


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$$\text{Price of the share without right to free distribution}$$

For the calculation of this ratio, the prices of the share no longer benefiting from the right to a free allocation and of the right to free allocation will be determined on the basis of the volume-weighted average of the prices quoted on Euronext Paris of the share no longer benefiting from the right to free allocation and of the right to free allocation on the first three stock exchange trading days following the date of allocation on which the share no longer benefiting from the right to free allocation and the right to free allocation are simultaneously listed.

- (b) if the right to free allocation of financial instrument(s) is not listed on Euronext Paris S.A., by multiplying the Conversion/Exchange Ratio in effect prior to the commencement of the relevant transaction by the following ratio:

$$\begin{array}{r} \text{Price of the share no longer benefiting from the right to a free allocation} \\ + \text{Value of the financial instrument(s) allocated with respect to each share} \end{array}$$


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$$\text{Price of the share no longer benefiting from the right to a free allocation}$$

For the calculation of this ratio, the prices of the shares no longer benefiting from the right to a free allocation and of financial instrument(s) attached to each share, if the latter are quoted on a regulated or similar market, will be determined on the basis of the volume-weighted average of the prices quoted on the first three stock exchange trading days following the date of allocation during which the shares no longer benefiting from the right to a free allocation and the allocated financial instrument(s) are simultaneously listed. If the financial instrument(s) are not listed on a regulated or similar market, their value will be determined by an expert chosen by the Company.

6. In the event that the Company is merged into another company (*absorption*) or is merged with one or more companies forming a new company (*fusion*) or is spun-off (*scission*), the Bonds will be

convertible and/or exchangeable into shares of the merged or new company or of the beneficiary companies of such spin-off.

The new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the commencement of the relevant transaction by the exchange ratio of shares in the Company to the shares of the acquiring or new company or the beneficiary companies of a spin-off. These companies will be substituted for the Company for the purpose of the above provisions aimed at preserving the rights of Bondholders, where applicable, in the case of financial transactions or transactions in securities, and, in general, to ensure that the applicable legal, regulatory and contractual rights of Bondholders are preserved.

7. In the event of a repurchase by the Company of its own shares at a price higher than the market price, the new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the repurchase by the following ratio (hereinafter “R”), calculated to the nearest one-hundredth of a share:

$$\frac{\text{Share price before the transaction} \times (1 - Pc\%)}{\text{Share price before the transaction} - (Pc\% \times \text{Repurchase price})}$$

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Share price before the transaction – (Pc% x Repurchase price)

For the calculation of this ratio:

- “Share price before the transaction” means the average of the volume-weighted average share price quoted for the Company’s shares during the three stock exchange trading days preceding the repurchase;
- “Pc%” means the percentage of capital repurchased; and
- “Repurchase price” means the actual price at which any shares are repurchased.

In the event of successive adjustments, the new Conversion/Exchange Ratio will be equal to the product of the immediately preceding Conversion/Exchange Ratio, rounded to the nearest one-hundredth of a share, multiplied by ratio R calculated to the nearest one-hundredth of a share.

8. In the event of a redemption of share capital, the new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the relevant transaction by the following ratio:

$$\frac{1}{1 - \frac{\text{Redemption amount per share}}{\text{Value of the share prior to redemption}}}$$

For the calculation of this ratio, the “Share price before the redemption” will be calculated on the basis of the volume-weighted average share price quoted on Eurolist by Euronext™ during the three stock exchange trading days preceding the redemption.

9. In the event the Company changes its profit distribution through the creation of preferred shares, the new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the relevant transaction by the following ratio:

1

$$\frac{\text{Absolute value of the reduced profit distribution per share}}{1 - \frac{\text{Share price before the modification}}{\text{Share price before the modification}}}$$

For the calculation of this ratio, (i) the share price before the change in the Company's profit distribution will be determined on the basis of the volume-weighted average share price of the shares quoted on Eurolist by Euronext™ during the last three stock exchange trading days preceding the date of the modification and (ii) the value of the reduced profit distribution per share will be determined by an internationally recognized independent expert selected by the Company.

10. In the event of payment by the Company of any dividend or any distribution paid in cash or in kind to the shareholders during a given financial year, hereinafter the “**Dividend**”, the new Conversion/Exchange Ratio of shares will be calculated as indicated below.

$$\text{NRAA} = \text{RAA} \times [1 + \text{MTDD}/\text{CA}]$$

Where:

NRAA means the new Conversion/Exchange Ratio;

RAA means the last Conversion/Exchange Ratio in effect before the distribution of the Dividend;

MTDD means the Total Amount of Dividends Distributed; and

CA means the stock market capitalization of the Company, defined as the product of (i) the volume-weighted average share price of the Company on Eurolist by Euronext™ during the five trading days following the date of distribution of the Dividend (namely, the trading date on which the Dividend is paid) by (ii) the number of shares of the Company existing at the closing of the trading date on which payment of the Dividend is made.

Any dividend or fraction of a dividend, giving rise to any adjustment of the Conversion/Exchange Ratio by virtue of sections 1 to 9 above, shall not be taken into account for the application of this clause.

#### 4.16.8.4 Public Offers

Under current French law and regulations, any public tender or exchange offer by a third party in respect of the Company's shares would also be required to be made in respect of all securities granting access to the shareholders' equity or voting rights of the Company and therefore the Bonds described herein. Any such tender or exchange offer proposal would be subject to prior review by the AMF, which would determine whether it is admissible based on the elements presented to it, including the valuation of the offer. In addition, it would also be required that a *note d'information* detailing the terms of the offer be filed with the AMF for approval (*visa*) prior to its publication.

**[Following paragraphs deleted]**

#### 4.16.8.5 Transactions carried out by the Company

The Company may not modify its corporate structure or purpose without consulting a General Bondholders' Meeting. Should the Bondholders assembled in a general meeting vote against the proposal, the Company may decide to redeem the Bonds in accordance with the provisions of Article L. 228-72 of the French Commercial Code at a price equal to the Early Redemption Price, plus interest accrued for the period between the last Interest Payment Date (or, as the case may be, as of the issue date of the Bonds) preceding the early redemption date and the effective redemption date.

#### **4.16.9. Treatment of Fractional Entitlements**

Each Bondholder exercising the Conversion/Exchange Right he or she is entitled to with respect to the Bonds will have the right to receive a number of the Company shares calculated by multiplying the total number of Bonds its brings forth on a given Exercise Date by the Conversion/Exchange Ratio in effect.

If the number of shares thus calculated is not a whole number, the Bondholder may request delivery of either:

- The nearest whole number of shares immediately below this fractional number, in which case the Bondholder will receive a cash payment equal to the product of the remaining fractional share, multiplied by the value of a share, equal to the opening price on Euronext Paris on the last trading day preceding the delivery of the exercise notice for the Conversion/Exchange Right; or
- The nearest whole number of shares immediately above this fractional number, provided that in such case the Bondholder pays the Company an amount equal to the value of the additional fraction of the share thus requested, calculated on the basis set out in the preceding bullet point.

If the Bondholder does not state which choice it wishes to make, it shall receive a number of the Company shares rounded down to the nearest whole number, and the remainder will be paid to him or her in cash as described above.

#### **4.16.10. Notice to Bondholders in case of adjustment**

In the case of an adjustment, the Company must notify the Bondholders by means of a notice published in the BALO pursuant to Article R. 228-92 of the French Commercial Code and in a financial newspaper with national circulation in France in addition to a notice from Euronext Paris S.A..

Moreover, the Company's Board of directors will report the calculation methods and results of any adjustment in the annual report following that adjustment.

#### **4.16.11. Effect of the Conversion or Exchange on the equity holdings of holders of securities granting access to the share capital**

[...]

#### **4.17. Shares delivered upon Exercise of the Conversion/Exchange Right**

##### **4.17.1. Rights attached to the Shares to be Issued/Delivered**

- (a) New shares to be issued upon conversion

The new shares issued upon conversion shall be ordinary shares of the Company in the same class as the existing shares, subject to all the provisions of the articles of association of the Company and will carry dividend rights as from their issue date and shall be immediately classified *pari passu* with the existing

shares from the moment of their issue. They shall confer a right to the same dividend (on the basis of the same nominal value) as that paid in respect of other shares with equivalent dividend rights, it being understood that, in the situation where a dividend payment takes place between the exercise date and the date of delivery of the shares, the Bondholders shall not have a right to this dividend nor to any compensation thereof.

(b) Existing Shares Delivered upon Exchange

The existing shares delivered upon the exchange of Bonds shall be existing ordinary shares carrying dividend rights and conferring upon their holders, from their date of delivery, all the rights attached to shares, provided that in the event that rights to a dividend are paid from the shares between the exercise and the delivery date, Bondholders shall not be entitled to receive such dividend or any compensation thereof.

(c) General Provisions

Each new or existing share grants a right of ownership over the Company's assets, a right to a share in the distribution of the Company's profits and to liquidation dividends in proportion to an existing interest in the Company's share capital, while taking into account, as the case may be, whether or not any shares have been redeemed, whether or not they have been fully paid up, the nominal value of the shares and the rights of shares of different class.

These shares are also subject to all the provisions of the articles of association. Dividends that have not been claimed five years after their payment are forfeited and become the property of the French State.

#### **4.17.2. Transferability of the Shares**

No provision of the articles of association limits the transferability of the ordinary shares comprising the Company's share capital.

#### **4.17.3. Nature and form of shares**

The shares shall be held either in registered or bearer form, at the discretion of the shareholder.

Shares held in either form must be registered in accounts managed, depending on the case, by the Company or its officer and/or an authorized intermediary. The shares must be held in accounts managed, depending on the case, by:

- CACEIS mandated by the Company, in respect of fully registered shares;
- An authorized financial intermediary selected by the shareholder, and by CACEIS acting on behalf of the Company, in respect of shares in administered registered form; and
- An authorized financial intermediary selected by the shareholder in respect of shares held in bearer form.

#### **4.17.4. Tax treatment of the shares**

[...]

#### **4.17.5. Listing of the allocated shares**

Application will be made periodically to list the new shares issued as a result of conversion on Eurolist by Euronext™. Existing shares that have been delivered upon exchange will be immediately tradable.

(a) Assimilation of New Shares

Application will be made to request the admission of the new shares issued upon conversion to trading on Compartment B of Eurolist by Euronext™ directly on the same quotation line as the existing shares of the Company (ISIN Code: FR0000184814).



(b) Other Markets and Listing

The existing shares are only listed on Eurolist by Euronext™.