



theolia

2011

Registration Document



The English version of this report is a free translation from the original which was prepared in French.

All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in matters of interpretation, views or opinion expressed in the original French version of the document take precedence over the translation.



This Registration Document has been filed with the French Financial Markets Authority (AMF) on April 27, 2012, pursuant to Article 212-13 of the General Regulations. It cannot be used to support any financial transaction unless completed by a securities note registered by the French Financial Markets Authority (AMF). This Document is established by the issuer and engages the liability of its signatories.

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Presentation of the Group

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1.1 CORPORATE PROFILE

The THEOLIA Group is an independent producer of wind powered electricity. Evolving in a booming industry, the Group develops, builds and operates wind farms for its own account and on behalf of third parties.

As of December 31, 2011, the Group operated 910 megawatts ("MW") of which 306 MW were for its own account and 604 MW on behalf of third parties. These wind farms are located mainly in four countries: France, Germany, Morocco and Italy.

As of December 31, 2011, the Group's installed capacity broke down as follows:

	MW operated for own account ⁽¹⁾	MW operated for third parties	TOTAL
France	92	103	195
Germany	149	501	650
Morocco	50	-	50
Italy	15	-	15
TOTAL	306	604	910

⁽¹⁾ Net capacity based on THEOLIA's percentage of equity interest.

THEOLIA is an integrated industrial operator that is involved in each stage of development of a wind project. The Group's expertise covers the entire value chain for producing electricity from wind energy: prospecting, development, construction, and operation of wind farms.

As of December 31, 2011 the Group's portfolio of wind projects under development totaled 1,075 MW of which a backlog of 121 MW, including projects having obtained a building permit and wind farms under construction.

The Group is also considering various wind projects that are in the prospecting phase and that may be added to the Group's portfolio of wind projects under development.

The Group is also involved in non-wind businesses (see Section 1.2.2 of this Registration Document), which include a solar business that makes up a very small part of its portfolio as well as various activities in its environmental division which is currently being sold off.

1.2 ACTIVITIES

1.2.1 The Group's activities in the wind sector

THEOLIA is an independent player in the wind energy sector. The market for wind energy is especially dynamic and offers significant prospects for growth.

The Group is convinced that wind provides an excellent source of renewable energy that contributes to the energy mix at the worldwide level and to the independence of the country developing it. It offers many advantages including the principal ones below:

- wind is a free resource that avoids any uncontrolled price fluctuation;
- wind is an abundant and inexhaustible resource that does not pose any problems of supply;
- winds are more frequent in winter when electricity demand is at its highest;
- producing electricity from wind emits no greenhouse gas nor does it produce any waste;
- even when confronted with the worst-case scenario, wind turbines only pose a very limited risk to the surrounding population unlike other methods of electrical generation, in particular nuclear; and
- wind turbine technology is today performing, mature and reliable, while being accessible at an increasingly competitive price.

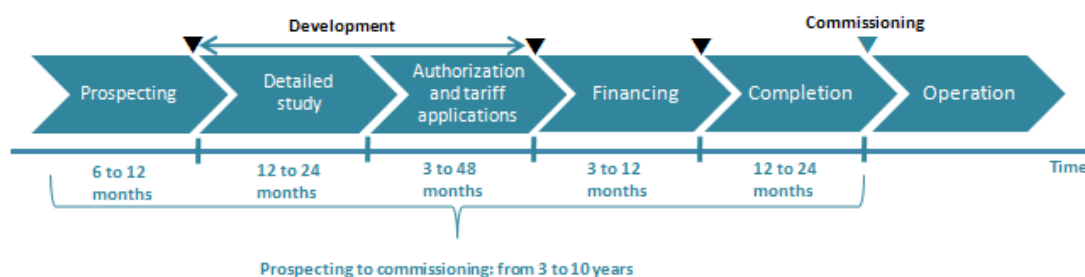
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1.2.1.1 Operational expertise

The Group's expertise consists of developing, building, and operating wind farms for its own account or on behalf of third parties.

The Group is present over the entire value chain of the development of a wind project.

It takes a long time (from three to ten years on average) and numerous phases to commission a wind project.



Prospecting

The initial phase of the process is the prospecting phase. It consists of identifying a site with the qualities required to receive a wind power plant, to approve it and to secure it.

Firstly, the local officials give their authorization to start up a wind project on their territory. Then owners and farmers enter into a lease pledge for a term long enough to complete the development phase. The lease pledges contain an option that will then allow them to be converted into final leases if the project is authorized.

Development

Development takes place in two phases:

- the conduction of detailed studies;
- time elapsed to investigate and obtain approvals.

Detailed studies

- The impact study

This study is to assess the condition of the site and potential impacts from locating a wind plant there. It takes several factors into account and generally includes detailed studies pertaining to the landscape, fauna, archaeology, acoustics, historical monuments and sensitive and protected sites. Depending on the site, additional studies may also be conducted.

- Assessing the wind potential

In order to measure and qualify the site's wind conditions, the Group installs one or more masts that will gather information at various heights over a period of several months. The information gathered concerns both the wind's speed, direction and frequency as well as the intensity of the turbulences which could cause the facilities to age prematurely.

- Site analysis

A site analysis using spreadsheets and digital modeling helps in choosing the windmills best suited in terms of height, rotor diameter, power, etc., as well as their location on the land. This step is essential since it assures the project's economic feasibility while also maximizing the farm's wind potential and estimating its future output.

- Engineering studies

Engineering studies cover access to the site, locating the turbines, soil studies, determining access roads and crane pads, the possibilities for electrical hookups, the inter-windmill network, etc.

During the development phase, many public meetings take place to inform neighbors. The frequency of these meetings varies depending on the project's complexity. Hence, every wind project entails thought and discussions upstream concerning its impact on the environment, particularly on the landscape and the fauna.

Once all of these steps are taken, the optimal location for the windmills is defined and the building permit is applied for.

Time elapsed to investigate and obtain approvals

The building permit application is reviewed by the various governmental agencies. While the investigation is going on, a public survey is conducted. This enables neighbors and citizens to become aware of the final plan and to offer their remarks. When this process has ended, and before entering the financing phase, THEOLIA reserves access to the grid and chooses the manufacturer and model of the wind turbines most suited for the site.

Financing

After having obtained building permits, the Group secures project financing. The Group negotiates with the banks the portion of the investment to be covered by a loan along with the lending terms and conditions such as term, rate, ratios to be maintained and guarantees. The lending banks hire independent specialized audit firms to perform audits.

Completion

The completion phase begins with ordering the turbines. The final leases are also signed with owners and farmers.

Calls for tenders to perform the technical work and detailed operating studies are then made. Construction of the wind farm may then begin. Construction starts from five to eight months before the turbines arrive at the site in order to create access roads, crane pads, foundations and the inter-windmill network. Construction will last a total of one to two years.

Operation

When the wind farm's construction work is completed, the testing period begins. The turbine manufacturer performs optimization adjustments. The contract to purchase the electricity produced by the wind farm starts when the testing period is approved and the plant is connected to the electrical grid.

THEOLIA negotiates a long-term technical maintenance contract for each wind farm with the turbine supplier. The contract will serve to keep the wind farm in perfect condition throughout its operating life.

The THEOLIA Group provides the administrative follow-up, which consists of billing for the electricity produced and the farm's accounting, as well as the technical operation follow-up, i.e. monitoring the turbines, controlling production and managing sub-contractors.

The operating life of a windmill is from 20 to 25 years. When this time is up, there are several alternatives:

- new windmills are brought in to operate the site,
- production is halted and the wind farm is dismantled.

At the end of the operation, the windmills are taken down and the entire site is returned to its initial condition.

1.2.1.2 Wind activities

The Group operates three businesses within the wind energy sector:

- the development, construction and operation of wind farms for its own account ("Sale of electricity for own account" activity);

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- the development - construction of wind farms for third parties and the sale of wind farms to third parties ("Development, construction, sale" activity); and
- the operation of wind farms on behalf of third parties ("Operation" activity).

Sale of electricity for own account

The Group develops, builds and operates wind farms for its own account. Hence, it records the proceeds from the sale of the electricity produced by wind farms held for its own account as revenue. As of December 31, 2011 THEOLIA operated 306 MW for its own account located in four countries: France, Germany, Italy and Morocco. The table below shows the breakdown of net installed capacity by country:

(MW)	Installed capacity held for own account ⁽¹⁾
France	92
Germany	149
Italy	15
Morocco	50
TOTAL	306

⁽¹⁾ The installed capacity held for the Group's own account is expressed in net capacity to reflect THEOLIA's interest in each SPV (Special Purpose Vehicle).

Financing for the wind farms held for own account is ensured by a combination of equity capital from THEOLIA and bank loans in the form of project financing without recourse or with limited recourse against the parent company (see Section 3.1.3.2 of this Registration Document), except in the case of guarantees, sureties or other off-balance sheet commitments described in Section 4.1.6, note 29 of this Registration Document.

The electricity produced from the installed capacity held for own account generates a predictable and recurring income stream over a long period of from 15 to 20 years depending on the country. This income may vary depending on the locally observed weather conditions, but THEOLIA's operational presence in four countries tends to reduce the possible impact from unfavorable weather conditions.

Development, construction, sale

Management may decide to sell a wind project under development or a wind farm already in operation. Then the Group records the proceeds from the sale as revenue.

In 2011, THEOLIA sold a 12 MW wind project in France, as well as a 4 MW operating wind farm in Germany. It is reminded that during 2010, THEOLIA sold a total of 72.3 MW under operation in Germany.

If the project is sold while being developed, the Group offers the buyer to continue with development and construction of the farm until it is commissioned. Management then records the services provided to build a wind farm on behalf of a third party as additional revenue. These services rely on the trust which third parties have in the quality of engineering of the Group's personnel.

In 2011, the Group mainly carried out the construction of a wind farm for a third part in France, which notably led to the commissioning of 18.4 MW for third parties in September 2011.

Thus the Development, construction, sale activity includes developing and building wind farms for third parties as well as selling wind projects or farms to third parties.

Operation

Whether it sold an operating wind farm or completed the construction of one for a third party, the Group automatically proposes to the wind farm's owner to continue operating it for its expected lifespan. In exchange, the Group receives revenue. In the case of contracts without guarantee of margin for the wind farm's new owner, THEOLIA only recognizes the management fees.

This activity of operational management has the following advantages:

- creation of an additional recurring income stream;
- client portfolio management for possible repeat sales;
- providing clients with a service (management and maintenance) without which they would probably not make the acquisition;
- prospect of possible repowering operations led by the Group following several years of operating the wind farm; and
- continuous improvement of the Group's technical know-how of wind turbines based on experience feedback.

Bolstered by its experience of operating 910 MW (for both its own account and for third parties) as of December 31, 2011, the Group is planning to offer the owners of wind farms that THEOLIA had not developed and/or built to take over the operation and maintenance of their wind farms so as to generate economies of scale for the Group's Operation activity.

1.2.1.3 Wind portfolio

As of July 31, 2011, the Group operated 910 MW, of which 306 MW were for its own account and 604 MW for third party account. The Group's installed capacity broke down as follows as of December 31, 2011:

	MW operated for own account ⁽¹⁾	MW managed for third parties	TOTAL
France	92	103	195
Germany	149	501	650
Morocco	50	-	50
Italy	15	-	15
TOTAL	306	604	910

⁽¹⁾ Net capacity based on THEOLIA's percentage of equity interest.

The main changes from December 31, 2010 are as follows:

- commissioning of the Gargouilles wind farm in France for a capacity of 18.4 MW for the Group;
- commissioning of the wind farm for a third part in France for a capacity of 18.4 MW;
- the balance of the changes stems from the Group's trading activity.

In order to feed its wind activities, the Group is developing a significant project portfolio.

In Morocco, the Group signed on May 31, 2011 a protocol agreement with the Moroccan national office of electricity to jointly develop and build a 300 MW wind farm at Tetouan, near Tangiers.

In Brazil, the Group develops several projects which are currently in the initial phase of development (prospecting) considering the particularity of the authorization process by auctions in Brazil. These wind projects are not included in the Group's portfolio of wind projects under development.

In India, management has not included any projects in its portfolio because it intends to end the partnership with its local partner.

As of December 31, 2011, the Group's portfolio of wind projects under development contained 12 MW in the backlog phase of which 105 MW having obtained a building permit and 16 MW under construction.

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As of December 31, 2011, this portfolio of wind projects under development broke down as follows:

(MW)	Development	Permits applied	Backlog		TOTAL	
			Permits obtained	Under construction		
France	173	186	18	6	383	36%
Italy	144	132	87	10	373	35%
Germany	15	4	0	0	19	2%
Morocco	200	100	0	0	300	28%
TOTAL	(MW)	532	422	105	16	1,075
	(in %)	50%	39%	10%	1%	100%

The Group is also considering various wind projects that are in the prospecting phase and that may be added to the Group's portfolio of projects under development.

It is reminded that projects under appeal do not appear in its portfolio of projects under development, but they are liable to be reintroduced should THEOLIA's lawsuit turn out favorably.

See Section 3.4 of this Registration Document for additional details concerning the risks associated with not obtaining building permits and the opposition of people and associations to the wind farms.

1.2.1.4 Geographic locations

THEOLIA is an international player in the wind energy sector.

The Group develops, builds and operates wind farms in four main countries: France, Germany, Italy and Morocco.

The diversity of the Group's geographical locations enables it to gradually reduce the risks associated with temporarily bad weather conditions that could have an unfavorable impact on its operational wind farms or with changes to the regulations that apply to producing electricity from wind power which could impact its projects under development.

THEOLIA wants to strengthen its operational positions in each of the countries where it operates.

The Group is also positioned in certain emerging countries like Brazil, which are potential drivers of future growth. The Group does not yet operate any wind farms there, but is developing projects currently under prospecting.

THEOLIA is an integrated industrial operator. The Group employs operational experts who are specialized in each phase of development. Its employees have expertise throughout the wind power sector value chain: prospecting, development, construction and operation of wind farms. In order to maximize this know-how, the Company encourages the exchange of expertise within the Group according to the needs of the subsidiaries in different countries.

• THEOLIA in France, Germany, Italy and Morocco

THEOLIA in France

In May 2005, THEOLIA acquired VENTURA SA, a developer of wind projects in France. Then, in December 2006, with its acquisition of NATENCO GmbH, the Group acquired NATENCO SAS, which also specializes in developing wind projects in France. On December 31, 2009, the Group transferred all of the assets and liabilities of these two companies to THEOLIA France SAS.

As of December 31, 2011, THEOLIA France operated 195 MW of which 92 MW were for its own account and 103 MW for third parties.

Revenue in France over the year 2011 represented 28% of the Group's total consolidated revenue.

In France, the Group develops, builds and operates wind farms for its own account and for third parties.

The development, construction and operation of wind farms for own account

As of December 31, 2011, THEOLIA France operated 9 wind farms for own account, for a total capacity of 92 MW.

As of December 31, 2011, the Group's portfolio of projects under development in France contained 24 MW in the backlog phase of which 6 MW were under construction and 18 MW had obtained a building permit free of any recourse.

The following table presents the project pipeline developed by THEOLIA France for its own account totaling 383 MW on December 31, 2011:

	Number of projects	MW
Development	9	173
Permits applied	7	186
Permits obtained	2	18
Under construction	1	6
TOTAL	19	383

The development, construction and operation of wind farms for third parties

As of December 31, 2011, THEOLIA France operated 9 wind farms for third parties for a total capacity of 103 MW. The Group is also carrying out the construction works for a 12.5 MW wind project for a third party;

Since 2008, the terms for obtaining building permits have become more stringent. As a result, THEOLIA has had some building permit applications refused. THEOLIA has automatically lodged appeals against the refusal to issue these building permits and hopes to eventually win a case for a significant share of these permits.

THEOLIA in Germany

Germany is the largest wind market in Europe, with the largest cumulative installed capacity.

The Group became a significant player in the German market in December 2006 with the acquisition of NATENCO GmbH (subsequently renamed THEOLIA Naturenergien GmbH on January 1, 2010).

In Germany, the Group develops, builds and operates wind farms for its own account and on behalf of third parties. The Group also regularly commissions and sells operating wind farms as part of its trading activity which is specific to the German market.

As of December 31, 2011, THEOLIA Naturenergien operated 650 MW in Germany of which 149 MW were for its own account and 501 MW for the account of third parties. At this date, THEOLIA Naturenergien has filed applications for building permits for a 4 MW wind project and a 15 MW wind project is under development.

Revenue in Germany over the year 2011 represent 56% of the Group's total consolidated revenue. Management expects that Germany will continue to represent a major share of the Group's activities over the next few years given the political support for and public opinion in favor of wind energy.

Production of electricity for own account

As of December 31, 2011 the Group's installed capacity for its own account in Germany accounted for 149 MW broken down among 25 wind farms of which 1 was held in partnership.

Trading operating wind farms

The Group also conducts a trading business in Germany whereby it acquires wind projects under development, in general advanced, and it completes them, connects them to the electrical grid, and then sells them when they are commissioned or a short time thereafter.

The short cycle of completing the securing of the permits and of the construction which follows the project's acquisition in general takes 12 to 18 months, compared to a development phase which lasts from four to seven years for a project developed from prospecting. This strategy allows for a quick turnover of the invested capital.

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This activity is especially suited to the German market and to the demand from wealthy individual investors receiving tax breaks if they invest in small and medium sized companies, including those that operate in the wind energy sector.

In the framework of this trading activity of operating wind farms, the Group commissioned three wind farms in Germany during the first quarter of 2011, for a cumulative capacity of 8 MW, and sold a 4 MW operating wind farm in December 2011.

Operating for third parties

The main consequence from the trading activity is that the Group continues to operate a large number of wind farms which it sells in Germany. Thus, as of December 31, 2011, the Group operated 501 MW on behalf of third parties divided among 111 wind farms throughout Germany.

Other businesses

With respect to the German market's maturity, management has been discussing starting other businesses in Germany, such as boosting the production capacity of existing wind farms, known as repowering.

THEOLIA in Italy

The Group entered the Italian market for wind energy in November 2007 with its acquisition of Maestrale Green Energy s.r.l., a developer of wind projects.

In Italy, the Group develops, builds and operates wind farms for its own account. However, the Group can decide to sell a minority stake in its wind farms or projects.

In mid-October 2010, the Group commissioned its first wind farm in Italy: the Giunchetto wind farm in Sicily's Enna province. This farm has a total capacity of around 30 MW and was developed by Maestrale Green Energy's teams. The non-recourse financing was set up in January 2010. In April 2010, 39% of this wind farm was sold to Repower Produzione Italia spa. THEOLIA now holds a 51% interest in this operating wind farm for a Group net capacity of 15 MW for its own account.

Revenue in Italy over the year 2011 represent 6% of the Group's total consolidated revenue.

As of December 31, 2011, the Group's portfolio of projects under development in Italy contains 97 MW in the backlog phase, of which 10 MW under construction and 87 MW having obtained a building permit free of any recourse.

The following table presents the project pipeline developed by Maestrale Green Energy, totaling 373 MW on December 31, 2011:

	Number of projects	MW
Development	4	144
Permits applied	4	132
Permits obtained	3	87
Construction	1	10
TOTAL	12	373

This portfolio includes both projects developed by third parties and repurchased by the Group and projects developed by Maestrale Green Energy from the prospecting stage.

In Italy, there is significant opposition to wind farms from local populations, making it difficult to obtain building permits for wind projects and increasing the number of proceedings brought against the Group once the permit is obtained.

Moreover, the difficulties currently faced by the Italian economy have led the Italian Government to publicly announce a future downward revision of the buyback tariffs of the electricity produced from renewable resources. At the publication date of this registration Document, these new tariffs have yet not been published.

THEOLIA in Morocco

In Morocco the Group acquired, on January 4, 2008, the *Compagnie Eolienne du Déroit* ("CED"), which operates a wind farm located at Tetouan comprising 84 wind turbines for a total installed capacity of 50.4 MW. The farm was commissioned in 2000.

In 2011, the revenue from this wind farm in Morocco represented 10% of the Group's consolidated revenue for that year.

On October 2, 1998, CED entered into the following contracts with the Moroccan National Office of Electricity ("ONE"): (a) a transfer of use agreement, transferring to CED the right to use this wind farm until 2019, (b) a supply and sales contract for electricity establishing the terms of repurchase by the ONE of the totality of the electricity produced by the farm, and (c) a construction and commissioning contract.

Since August 30, 2010, the ONE has the right to terminate the supply and sales contract at any time by paying an indemnity. This indemnity would be around USD 18.8 million, an estimate based on the Moroccan dirham's exchange rate with the US dollar as of December 31, 2011, if the ONE exercises its option to rescind before the end of August 2012. This sum will decline over the years in 12-month sliding scales under the contract's terms. The stipulated termination of the supply and sales contract would lead automatically to the termination of the transfer of use agreement and inversely. At the date of this Registration Document, the ONE has not informed the Group of its intent to implement this clause (see Section 3.4.1.12 of this Registration Document).

Moreover, Morocco has a clearly affirmed policy in favor of the environment and renewable energy, thereby providing THEOLIA with a favorable framework for expanding its presence there. On May 31, 2011, the Group signed a protocol agreement with the Moroccan National Office of Electricity to jointly develop and build a 300 MW wind farm at Tetouan near Tangiers. The project, which will be developed in two phases, consists of:

- completing 100 MW on the site located in Koudia Al Baïda, as part of an operation to replace the existing turbines with higher powered turbines (repowering); and
- completing an additional 200 MW on the sites adjacent to this farm.

The start of the completion of the first phase is planned for the end of 2012.

• **THEOLIA in Brazil and India**

THEOLIA in Brazil

Brazil offers great potential for developing wind power.

Since THEOLIA acquired NATENCO GmbH (renamed THEOLIA Naturenergien GmbH) in 2006, it has had a wind power development team working in Brazil.

The initial process of securing the land and obtaining authorizations is similar to other countries. But before authorizing the selling of electricity to the grid, the Brazilian regulations request a three-year wind measurement, which must be certified, before authorizing to take part in the reverse auctions.

As of December 31, 2011, the Group was examining several projects in the prospecting phase, but none of these is included in the Group's portfolio of projects under development.

THEOLIA in India

The Group is present in India through a company that was historically held in equal shares between THEOLIA (50%) and its local partner (50%). This company floated a capital increase on November 10, 2010 which apparently reduced the Group's stake to 12.34%.

The Group contests the validity of this capital increase, as it was not aware of it prior to its completion, in accordance with local law and intends to end this partnership. Nevertheless the terms for leaving this partnership were not fully defined at the date of this Registration Document.

India however remains a potential market for the Group.

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- **Other countries**

The Group may also establish itself in other markets with strong wind energy potential, subject to the criteria of stability, growth and regulatory visibility.

1.2.1.5 **Property, plant and equipment**

Almost all of the Group's assets are made up of the wind farm facilities. The Group does not own the land upon which wind turbines are set up.

The wind farms are installed on land mostly leased by way of long-term occupancy agreements concluded with private individuals. No farm is installed on land leased under the terms of a precarious occupancy permit. Furthermore, none of this land is leased by the Group from persons making up part of its staff or from one of its company representatives.

1.2.2 **Other activities**

Historically, THEOLIA carried out its business in different sectors of energy production (apart from wind energy) and environmental businesses.

At the end of 2008, the Group decided to concentrate on its wind activities and began the disposal or restructuring of all its non-wind assets. Since the beginning of 2009, many assets were disposed of or closed.

The remaining non-wind activities now only make a residual contribution to consolidated revenue.

France environmental division

The France environmental division is currently composed of the structures described below:

Seres Environnement	Seres Environnement was formed in June 2006 following THEOLIA's takeover of Seres SA at the Aix-en-Provence Commercial Court. It is active in the field of measuring instruments for the water and air markets. The company is being restructured in order to make its disposal more favorable for the Group. It reported revenue of €4.8 million in 2011.
Ecoval Technology SAS	Ecoval Technology was formed in December 2004 following THEOLIA's takeover of A+O at the Nanterre Commercial Court. It is in the business of the design, partial or complete realization, turnkey construction and sale of units providing environmental solutions on behalf of local authorities and manufacturers. The company is dormant.
Therbio	Therbio (previously Sodetrex) is the controlling holding company of Ecoval 30.
Ecoval 30 SA	Ecoval 30, a company set up in 2001, is specialized in the treatment of solid waste. Its factory is based in Beaucaire, France and receives waste collected by other companies, separates it and isolates the target fermented matter in order to compost it with a view to its resale. It reported revenue of €4.4 million in 2011.

ecolutions GmbH & Co. KGaA

With a 35.21% equity stake, THEOLIA is the main shareholder of the private German company, ecolutions GmbH & Co. KGaA. In 2009, this company redirected its business to developing renewable energy projects, solar in particular.

Given its particular legal form ("KGaA"), which is similar to a partnership limited by shares managed by a managing partner, the shareholders' rights and their influence in the company's management are very limited.

THEOLIA believes that this structure does not allow for a value creative development for the company's shareholders. In order to remedy this situation, THEOLIA wants the structure to be converted into a German "AG" and to apply rules of good governance to manage the company and develop its projects under a strategy approved by the shareholders. THEOLIA does not exclude disposing of its equity stake depending on how the situation develops and on market conditions.

Solar power station in Germany

The Group operates a solar power station located in Germany with a 2.9 MWc capacity which it entirely developed and built. The sale of this power station was concluded late in 2007 but the buyer did not obtain financing and the power station was taken over by the Group in late 2008. It reported revenue of €1.6 million in 2011.

1.3 HISTORY

June 1999	Creation of PMB Finance which would become THEOLIA in 2002
July 2002	Listing of THEOLIA on the over-the-counter market of the Paris stock exchange
May 2005	Acquisition of Ventura, a French wind project developer, now called THEOLIA France
January 2006	First acquisition outside of France. THEOLIA acquires two operational wind farms in Germany for a total installed capacity of 14 MW
April 2006	Appointment of Jean- Marie Santander as Chairman and CEO of THEOLIA Commissioning of the first wind farm entirely developed and built by the THEOLIA Group in France: the Fonds de Fresnes wind farm in the Somme department with a capacity of 10 MW
July 31, 2006	First day THEOLIA stock is listed on the Eurolist by Euronext Paris
September 2006	Commissioning of the Séglien wind farm in the Morbihan department, with a capacity of 9 MW
December 2006	Acquisition of Natenco, now called THEOLIA Naturenergien GmbH, which has wind activities in Germany, France, India, Brazil, Greece and the Czech Republic. THEOLIA adds to its business activities the sale and management of wind farms for third parties
February 2007	Signing of a partnership agreement with GE Energy Financial Services with a view to acquiring 165 MW in operation in Germany financed by way of shares of the Company
May 2007	Commissioning of the Sablons wind farm in the Calvados department, with a capacity of 10 MW
July 2007	The operations planned under the agreement signed with GE Energy Financial Services in February 2007 completed. The equity owned by GE Energy Financial Services in THEOLIA then amounts to 17.03%
September 2007	Listing of THEOLIA on the SBF 120 index
October 2007	Issuance of bonds convertible to and/or exchangeable for new or existing shares (OCEANEs) in the amount of €240 million
November 2007	Acquisition of Maestrone Green Energy, a wind project developer in Italy, which has a portfolio of 500 MW of projects in Italy A 35.21% interest is acquired in ecolutions GmbH & Co. KGaA, a German company specializing in the issuance and trading of carbon credits
December 2007	Commissioning of five wind farms in France: <ul style="list-style-type: none"> • 12 MW in the Somme department, • 30 MW in the Aveyron department (4 wind farms), of which 11.5 MW for own account
January 2008	Acquisition of the <i>Compagnie Eolienne du Détroit</i> ("CED") which holds the right of use for a 50.4MW operating wind farm in Morocco until the end of 2019 Listing of THEOLIA on the Next 150 index of NYSE Euronext
March 2008	Acquisition of two wind farms in France with a capacity of 6.9 MW each

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September 2008	Resignation of Jean-Marie Santander from the offices of Chairman and CEO. Appointment of Eric Peugeot as Chairman of the Board of directors and Marc van't Noordende as CEO Listing of THEOLIA on the CAC MID100 index of NYSE Euronext
December 2008	Commissioning of the Sallen wind farm, in the Calvados department, with a capacity of 8 MW
January 2009	Announcement of the implementation of a program with a view to sell more than 200 MW of wind projects and farms in France, Germany and Spain and the decision to close or sell the businesses in Spain, Greece, the Czech Republic, Poland, Croatia and Canada
June 2009	Sale of a portfolio of 32 MW of wind projects in France
August 2009	Sale of a portfolio of 100.6 MW of wind farms and projects in Germany
October 2009	Sale of a wind project of 9.2 MW in France
December 2009	Sale of a portfolio of 47 MW of wind farms and projects in France In all, 234 MW of wind projects and farms sold in France and Germany during 2009
February 2010	Appointment of Eric Peugeot, Chairman of the Board of directors, as CEO Approval of the financial restructuring by the bondholders' meeting
March 2010	Approval of the financial restructuring by the shareholders' meeting
April 2010	Sale of a 55.5 MW operating wind farm in Germany Sale of 39% of the Giunchetto project in Italy
May 2010	Appointment of Fady Khallouf as CEO
July 2010	THEOLIA completes a major financial restructuring including renegotiating the terms of its convertible bonds and a capital increase of €60.5 million Appointment of Michel Meeus as Chairman of the Board of directors
October 2010	Commissioning of the Group's first wind farm in Italy: the Giunchetto wind farm with a net installed capacity for the Group of 15 MW. THEOLIA becomes an energy producer in four countries: France, Germany, Morocco and Italy
May 2011	Draft agreement signed between THEOLIA and Morocco's National Office of Electricity to jointly develop and complete a 300 MW wind farm in Tetouan, in Morocco
July/August 2011	Creation of the investment vehicle THEOLIA Utilities Investment Company, dedicated to invest in wind projects in France, Germany and Italy
September 2011	Commissioning of the Gargouilles wind farm in France for a capacity of 18.4 MW

1.4 WIND MARKET AND REGULATORY ENVIRONMENT

1.4.1 Global onshore wind market

The global onshore wind energy market registered strong growth in 2011, with the commissioning of almost 40 GW over the year. After that, the total of onshore wind facilities commissioned over the world reached 227 GW.

The following table shows the annually installed capacity worldwide since 2009:

Year	Capacities installed in the world over course of year (in MW)	Annual growth
2009	32,235	
2010	32,868	2%
2011	39,600	20%

Source: Global Wind Power Market Outlook, Make Consulting, March 2012

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After a moderate growth in 2010, the commissioning of onshore wind farms registered growth of +20% in 2011, back at growth levels similar to those registered between 2005 and 2009.

The 10 countries having most contributed to this growth are presented in the following table (the countries in which THEOLIA is present are highlighted in grey):

Country	MW installed in 2009	MW installed in 2010	MW installed in 2011
China	8,950	13,687	17,292
United states	9,922	5,573	6,653
India	1,270	2,319	2,827
Germany	1,857	1,443	1,977
Canada	950	726	1,273
Spain	2,245	1,240	1,158
Italy	1,119	948	1,090
France	1,036	1,320	1,025
Sweden	462	604	754
United Kingdom	612	539	540
Total	28,423	28,399	34,589
% the worldwide capacity installed over the year	88.17%	86.40%	87.35%

Source: Global Wind Power Market Outlook, Make Consulting, March 2012

1.4.2 Wind market's prospects for growth

The worldwide wind energy market shows attractive growth prospects. The need for various countries to secure their energy supplies and address environmental concerns, together with significant technological improvements, support this expected growth. The potential for development of the onshore wind energy sector in the world for the years 2012 to 2016 is illustrated in the following table (the countries in which THEOLIA is present are highlighted in grey):

(in MW)	Capacities installed in 2010	Capacities installed in 2011	Forecasts 2012-2016				
			2012	2013	2014	2015	2016
United States	5,573	6,653	9,700	2,500	3,370	4,340	5,472
Canada	726	1,273	1,700	2,100	2,500	3,000	2,325
Brazil	328	500	1,255	1,660	1,635	1,500	1,650
Mexico	318	306	555	765	1,010	1,020	1,050
Rest of Americas	121	275	459	1,161	1,962	1,836	1,814
Total Americas	7,066	9,007	13,669	8,186	10,477	11,696	12,311
Germany	1,443	1,977	1,800	1,800	1,800	1,800	1,800
Spain	1,240	1,158	1,200	100	200	500	700
France	1,320	1,025	1,200	1,400	1,500	1,500	1,500
United Kingdom	539	540	1,200	800	600	700	700
Italy	948	1,090	950	800	800	800	800
Turkey	411	421	600	600	700	800	1,000
Sweden	604	754	1,000	1,100	800	800	700
Rest of Europe	2,613	2,803	3,637	4,376	4,441	4,260	4,490
Total Europe	9,118	9,768	11,587	10,976	10,841	11,160	11,690
China	13,687	17,292	18,500	20,200	20,800	20,400	20,000
India	2,139	2,827	2,100	2,400	2,600	2,800	3,000
Rest of Asia – Pacific	531	654	1,310	1,697	1,795	2,222	2,660
Total Asia – Pacific	16,357	20,773	21,910	24,297	25,195	25,422	25,660
Rest of the world (Africa – Middle East)	327	52	945	1,345	1,400	1,360	1,375
New capacity installed per year	32,868	39,600	48,111	44,804	47,913	49,638	51,036

Source: Global Wind Power Market Outlook, Make Consulting, March 2012

The capacity installed annually worldwide is expected to grow at a sustained pace, with differences between regions and countries.

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The main countries that should contribute to this growth are: the United States, Canada, Brazil, Germany, France, China and India.

1.4.3 International framework

Protecting the environment and reducing greenhouse gases have become political issues and several treaties dealing with environmental issues have been ratified. The United Nation's Framework Convention on Climate Change (UNFCCC) was adopted in 1992. It entered into force in 1994 and was ratified by 189 countries. Though not legally binding the treaty encourages developed countries to stabilize their greenhouse gas emissions.

The Kyoto Protocol was adopted in December 1997. The treaty entered into force in 2005. It was ratified at that time by the 184 member countries of the UNFCCC including all of the countries in which the Group is present. This treaty sets binding targets for the reduction of greenhouse gas emissions with respect to 37 industrialized countries and the European Community. The objectives for reductions average 5% over the period 2008-2012 compared with 1990 levels. The Protocol supports promoting electricity generated from renewable energies as one of its priorities.

Neither the Copenhagen conference nor the Cancun conference, which were held in December 2009 and 2010, extended the Kyoto commitments. The international community met at the annual conference of countries that have signed the UNFCCC, in Durban, South Africa, in December 2011. The countries collectively decided to draw up a new binding agreement by 2015, to come into effect in 2020 and applicable to all countries of the world, whose aim would be to cut greenhouse gas emissions.

In June 2012, Rio will be hosting the next Earth Summit, the world's ten-yearly meeting on sustainable development.

1.4.4 European Community regulations

The promotion of electricity from renewable energy sources is among the top priorities of the European Union.

The Kyoto Protocol was ratified by the European Union and its member states in May 2002. The European Union, as a signatory, was assigned an objective to reduce its greenhouse gas emissions by 8% between 2008 and 2012 compared to the 1990 level.

Wishing to affirm itself as the industrialized economy that respects the environment the most, the European Union went further than the international objectives by adopting the Climate and Energy Package in December 2008. The member states are committed to reducing greenhouse gas emissions by 20% from now to 2020 compared to the 1990 level. They are also committed to raising the share of renewable energy sources to 20% of their energy consumption and to increase energy efficiency by 20% (triple 20).

In addition, the Climate and Energy Package includes the European Directive 2009/28/EC dated April 23, 2009, through which the goal of raising the share of energy consumption from renewable sources 20% by 2020 is part of the national binding objectives.

The binding objectives to be achieved for France, Germany and Italy, as set by Directive 2009/28/EC, are as follows:

	Share of energy produced from renewable sources in the consumption of final energy in 2005	Target for the share of energy produced from renewable sources in the final consumption in 2020
Germany	5.8%	18%
France	10.3%	23%
Italy	5.2%	17%

Source: Directive 2009/28/CE, Annex I.

1.4.5 National regulations

1.4.5.1 Legislation in France

The law relating to the modernization and development of the public electricity service dated February 10, 2000 and its related decree dated December 6, 2000 set forth that *Electricité de France* (or other private distributors) are required to purchase electricity generated by power plants using renewable energy sources, at a price fixed by decree (15-year non renewable contract). A decree signed on June 8, 2001 determines the conditions of the purchase agreement.

Law n° 2005—781 dated July 13, 2005, known as "POPE law", sets forth the necessary conditions applicable to Wind Power Development Zones (*Zone de Développement de l'Eolien*) ("ZDE"). Each ZDE is characterized by the minimum and maximum installed capacity of facilities producing electricity from wind turbines. The latter are fixed by the regional commissioner (*Préfet de Région*) pursuant to proposals made by the locality or the community of localities. Power thresholds are fixed for each ZDE, the perimeter of which depend on the wind energy potential, the ease of connection to the electricity grid, environmental concerns and the presence of environmentally sensitive or protected sites.

After a dispensatory period between July 14, 2005 and July 14, 2007, only wind projects located within a ZDE can benefit from the purchase obligation at a preferential price since July 15, 2007.

The repurchase price for onshore facilities operates under two different regimes, specifically:

- the price set out in the by-law dated June 8, 2001 applies a basic rate set at 8.38 cts€/kWh for the first 5 years and for the next ten years ranges from 8.38 cts€/kWh to 3.05 cts€/kWh depending on the number of production hours of the wind farm; and,
- the price set out in the by-law that took effect on July 10, 2006 (with no retroactive effect), which applies a basic tariff set at 8.20 cts€/kWh for the first ten years and ranges from 8.2 cts€/kWh to 2.8 cts€/kWh for the following five years. The State Council canceled this by-law on August 6, 2008. A corrective by-law entered into force on December 29, 2008 (with no retroactive effect). It sets the base rate of 8.36 cts€/kWh for the first 10 years and ranges from 8.36 cts€/kWh to 2.85 cts€/kWh for 5 years depending on the number of production hours on the farm.

The rate is subject to an initial annual indexation in order to set the contract's starting level and corresponds to the year the purchase agreement was requested. The applicable rate for the first ten years has changed since 2008, as follows:

- 2008: 8.36 cts€/kWh
- 2009: 8.61 cts€/kWh
- 2010: 8.16 cts€/kWh (this decline is explained by the plunge of the economic indices as a result of the financial crisis)
- 2011: 8.19 cts€/kWh
- 2012: 8.47 cts€/kWh

The rate is then indexed for the first ten years of the farm's operation. For the following five years, the base rate will be adjusted as a function of the number of production hours on the farm calculated by dividing the production by the installed power.

The administrative authorizations necessary to the operation of and grid connections for wind power plants are the certificate granting the right to a purchase obligation ("CODOA"), the operating authorization and certain administrative authorizations with *Electricité de France* (or other private distributors) as formalized by various contracts (e.g. connection agreement, contract for access to the distribution and injection grid, purchase contract, agreement for drawing electricity).

However, the law providing for "a national commitment for the environment" known as Grenelle 2, which enforces a part of the Grenelle Environmental commitments, promulgated on July 12, 2010, modifies this plan. The new Article 34 creates a group of obligations to follow in building new wind power plants in France. The main changes are the following:

- the location of the windmills will be subject to a permit pursuant to the facilities classified for environmental protection policy ("ICPE");
- regional plans for wind energy will have to be created. These plans will determine which territories have the best zones. This means zones where there are wind sources, zones which are acceptable to the population and lastly those which include areas to be preserved. These plans will be drawn up by the regional councils after consultation with the general counsels and all of the members who make up the economic and social fabric of a territory;

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- production units will have to be determined within the wind power development zones for which a minimal threshold of five windmills per farm has been set. This is to solve the problem of integration into the landscape and the fights against urban sprawl; and
- a minimum distance threshold from the wind facilities to housing has been introduced. From now on, any wind installation must be located at least 500 meters from urban residential areas.

It is noted that at the beginning of 2012, a recourse aiming at the cancellation of the by-law of November 17, 2008 has been introduced to the State Council by an association. It deals with a defect in form that should be due to the absence of notification of the European Commission of the by-law as state aid. At the publication date of this Registration document, the State Council did not release its decision.

1.4.5.2 Legislation in Italy

Building and operating permits

The construction and operation of power plants using renewable energy sources are subject to a unique authorization (*Autorizzazione Unica*), granted on the basis of objective and transparent criteria, issued by the relevant Region (or the Province as delegated by the Region), which supersedes - and incorporates the substance - of any other authorization, concession, license or opinion under the relevant regulations. The *Autorizzazione Unica* is issued on the basis of the applicable environmental authorizations and the approval of the project by a Steering Committee (*Conferenza di Servizi*) composed of representatives of the public bodies involved. The duration of the authorization procedure cannot exceed 90 days, subject to the time necessary for the issuance of the applicable environmental approvals. Nevertheless, in case of unjustified delays by the region, the promoter may file a claim before the competent Administrative Court to obtain a ruling ordering the public entities to release their decision.

The sale of electricity

The producers of wind energy in Italy can choose between three regimes for the sale of the electricity produced:

- sale to third parties on the open market electricity exchange operated by Gestore del Mercato Elettrico S.p.A ("GME"), which is a wholly owned subsidiary of the national electricity grid, known as the Gestore dei Servizi Energetici ("GSE");
- sale to a broker or a wholesaler through a bilateral agreement,
- sale to the GSE under an annual bilateral convention under which the GSE is obliged to repurchase the total produced electricity over the relevant contractual period. In the third case, the purchase price is determined by weighting of market prices established by supply and demand by regional zone, on an hourly basis.

The market is divided into six regional zones and the exchange prices are established by means of the supply and demand existing for each one of these zones. In some regions where the infrastructure is less developed than elsewhere, the relationship between supply and demand favors producers. On February 15, 2012 the price of wind per megawatt hour ranged from €77.37 in the southern region to €95.26 in Sicily.

Green certificates

The Bersani Decree dated March 16, 1999 requires operators who produce or import more than 100 GWh of electrical energy per year from fossil sources, to inject a certain quantity of renewable energy into the grid. Initially equal to 2%, this quota rose to 5.35% in 2010; 6.05% in 2011 and 7505% in 2012. This percentage will be reduced from 2013 to reach zero in 2016.

These operators can discharge of their obligation by directly producing renewable energy or by purchasing green certificates from the producers of renewable energy.

Green certificates are issued by the GSE and awarded to authorized renewable energy electricity production units. Farms with over 0.2 MW capacity have a right to one green certificate for each MWh supplying the grid. Since the enactment of the Finance Law of 2008, facilities commissioned after January 1, 2008 can request that green certificates be awarded for their first 15 years of operation, as compared to 12 years for those commissioned earlier. The term of validity of each green certificate is three years. The transfer or sale of the green certificates can take place by bilateral contracts or by means of the electronic exchange managed by the GME. The prices are freely determined, according to supply and demand.

However, in the event that demand exceeds supply, thus preventing producers or importers of fossil energy from meeting their renewable energy quotas, the GSE can issue green certificates for its own account and sell them to these operators at a price equal to the difference between €180/MWh and the annual average price for electricity the previous year. In a market where supply exceeds demand, the GSE is obligated to buy back the green certificates at the producers' request. Their validity expires the year of the request at a price equal to the 78% of the reference price (i.e. 82.12 €/MWh in 2012).

Legislative decree 28/2011 published on March 28, 2011 stipulates that starting January 1, 2016, fossil energy producers will no longer be held to any obligation with respect to injecting a certain quota of renewable energy into the system or alternatively purchasing green certificates, thereby ending the incentive program for green certificates beginning in 2016.

The decree institutes a different system by which the wind farms are commissioned before or after December 31, 2012.

For those wind farms commissioned before December 31, 2012, the system of green certificates as described above is maintained until December 31, 2015. The energy produced after December 31, 2015 will carry a fixed incentive rate whose amount will be set forth in an application decree. The decree of March 2011 however specifies that henceforth the fixed rate must be such as to guarantee a return on the investments made.

For wind farms commissioned after December 31, 2012, the new decree stipulates instituting (i) the fixed rate for wind farms with a nominal power below a threshold that will be set by an application decree and, for wind farms with higher power, (ii) an incentive rate set by an auction schemes.

The decree specifies that the new auction scheme to be set up under the application decree must meet the following criteria:

- the rate determined by the auction must ensure a fair return on the investment and operating costs;
- the incentive period must equal the average lifespan of the type of wind farms under consideration as a function of the renewable energy source; and
- the rate will be formalized in a contract entered into by the GSE and the producer.

The rate may factor in the economic value of the energy produced.

At the publication date of this Registration Document, the application decree has not been published.

1.4.5.3 *Legislation in Germany*

For a number of years, Germany has benefited from legislation designed to create incentives to develop wind energy and, in particular, from a policy requiring the repurchase of electricity produced from renewable energies for a period of 20 years.

In order to further strengthen its commitment towards renewable energies and to adapt the price levels to market conditions and technological progress, in June 2008 the German parliament revised the legislation in order to further encourage production of wind energy. In particular the law significantly increased the fixed price applicable to the repurchase of electricity produced. Thus, on January 1, 2009, the repurchase price rose from 8.03 c€/kWh to 9.2 c€/kWh for electricity generated by onshore wind farms for a period of 20 years. After the first year, this price decreases by 1% per annum for the new facilities connected to the grid, as opposed to 2% before. Hence the repurchase price as at January 1, 2010 was 9.108 c€/kWh. Since 2010, a SDL-bonus is granted to turbines with special grid technology. This bonus amounted to 0.495 c€/kWh in 2010 and will be effective until the end of 2014 with a decrease by 1% per annum. The repurchase price as at January 1, 2011 was 9.02 c€/kWh, with a potential addition of 0.49 c€/kWh. The repurchase price as at January 1, 2012 is 8.93 c€/kWh, with a potential addition of 0.48 c€/kWh. The repurchase price can thus reach 9.41 c€/kWh in 2012.

Specific provisions also exist in favor of the projects for repowering existing farms or for offshore development.

In addition, electricity produced from renewable sources benefits from priority access to the grid for connection, transport and distribution.

Finally, tax incentives favoring investments in SMEs (in particular those in the wind energy industry) allow individual investors to benefit from income tax relief.

1.4.5.4 *Legislation in Brazil*

Historically, wind power development in Brazil has been supported by the ProInfa program launched in 2002.

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The ProInfa program (Program of Incentives for Alternative Electricity Sources) set the target for renewable energy sources to provide 10% of the country's annual power consumption in 2020. The ProInfa target for wind power was the commissioning, of 1,400 MW for year-end 2008, benefitting from a 20-year price to buy back electricity. After a slow start, the program was extended several times, to finally expire at the end of 2011.

At the end of 2011, 1,434 MW of wind power were commissioned in Brazil, of which 97% was achieved through the ProInfa program.

Since December 2009, the Brazilian government introduced the system of reverse auctions, through which the developer proposing the lower price for electricity buyback wins the auction and benefits from a buyback tariff for 20 years.

The Brazilian territory offers a significant wind energy potential, with many high quality sites. However, the wind energy sector remains limited in Brazil because these first incentives for development are still recent.

1.4.5.5 Legislation in Morocco

The electricity sector in Morocco is controlled by a single operator, the ONE (*"Office National de l'Electricité"*). While production can be conferred to private operators, the ONE retains the monopoly for the transport as well as the sale of electricity.

With respect to renewable energy, Morocco aims to achieve an objective for renewable energies of 42% of its energy resources by 2020, of which 2,000 MW are integrated in the Moroccan solar plan and 2,000 MW in the integrated wind program.

The development of wind energy is currently based on two programs:

- calls for tenders: the ONE invites independent producers to tender for the development, financing, conception, engineering, supply, construction and commissioning of wind farms and their subsequent operation and maintenance. The producer that is selected signs a contract for a 20-year term with a guaranteed repurchase price; and
- in addition, law 13-09 was adopted on March 12, 2009 by the government and approved early 2010 by the Parliament. This program's objective is to promote renewable energies, marketing them and exporting them to the European Union through public or private entities. It should be noted that an operator can produce the electricity on behalf of a consumer or a group of consumers hooked into the electrical grid.

It provides for a 25-year authorization program for wind farm facilities with a total power above or equal to 2 MW, which are located in the foreseen development zones provided.

Currently over 2,000 MW of projects are identified, of which 280 MW are in operation.

The 300 MW project that THEOLIA and the ONE are jointly developing (see Section 1.2.1.4 of this Registration Document) is part of this integrated complementary wind program.

1.5 STRATEGIC VISION

1.5.1 Group's strengths

1.5.1.1 Focus on onshore wind energy

Many of the Group's competitors operate in several segments of electricity production from fossil or renewable energies. In the renewable energy sector, businesses concerned are wind energy and photovoltaic solar for the most part as well as hydro, biomass, thermal production, co-generation based on fossil energies, biofuels, biogas, wave energy, etc.

THEOLIA concentrates its activity on onshore wind energy. The Company believes that the wind sector is the most advanced of the renewable energies (excluding hydro). It benefits from a mature and reliable technology, a production price the closest to the electricity market price and a favorable regulatory environment in the countries where the Group operates. Significant technological progress has been made over the past few years to make wind energy equipment more reliable. At the same time, this has enabled it to lower the cost of its equipment.

The other non-wind participations and assets currently held by the Group account for an insignificant share of the Group's activities and are slated to be sold. However, the Group does not exclude diversifying its activities towards other energies, according to the opportunities of market, as the wind expertise of the Group can be easily transposable.

1.5.1.2 A rapidly growing market with attractive prospects

The growth observed in the wind energy market over the last few years has been especially dynamic and the prospects for expansion are considerable (see Sections 1.4.1 and 1.4.2 of this Registration Document).

Wind energy is a resource of effective and reliable energy that contributes greatly to protecting the environment. It contributes to the energy independence of the countries that develop it and will soon have a significant place in the world's energy mix. People and public authorities have in general taken notice of this. The political will to develop renewable energies has led to adopting a legislative and regulatory stance favorable to renewable energy and to wind energy in particular.

1.5.1.3 An organization as integrated industrial operator

The Group's operational expertise covers the entire wind value chain: site prospecting, project development, construction, and operation of wind farms.

This organization is a significant strength and serves as a guarantee of the quality of the commissioned wind farms. THEOLIA is the only contact point for all of the stakeholders involved in every phase of project development. This provides better management of deadlines and guarantees that commitments will be honored. Problems with construction and operation are factored into the wind farms' design. The projects are fine tuned from the time they are identified up to their completion.

THEOLIA's employees have a significant operational expertise, combined with an experienced vision of the wind energy market. These qualities are essential to successfully complete projects within the planned timetables and budgetary constraints and to anticipate technical changes in a constantly changing sector.

In order to optimize its operations, the Group is gradually implementing an organization based on the establishment of cross-management since mid-2010. The goal is to centralize operational expertise within a dedicated team and to make this center of expertise available to all the Group's subsidiaries. The organization is thus simplified and more efficient. Industrial synergies arise.

The Group is prepared for increased activity at constant costs.

1.5.2 Strategic priorities

1.5.2.1 A balanced business model

The Group's business model is based on three major focuses: production of electricity for own account, sale of wind farms and projects, operation of wind farms for third parties.

Since mid-2010, THEOLIA favors the production of electricity for own account which generates a predictable and recurring revenue over the long term, as well as significant margins. In 2011, the sales of electricity for own account represented 70% of the Group's consolidated revenue, compared to 24% in 2010. The reinforcement of this activity enables the Group to generate recurring and secured operating margin, in order to cover development, financial and structure costs. In 2011, the EBITDA of this activity reached 33.5 million euros.

At the same time, the Group continues its disposals of wind farms and projects, but at a more moderate pace. THEOLIA can sell wind farms and projects to third parties depending on market opportunities, but since 2011, the Group can also sell its projects to the investment vehicle, THEOLIA Utilities Investment Company, that it has created in partnership with two European players of the wind sector. The investment vehicle buys certain wind projects from THEOLIA, which carries out the construction and operation of the farm for the account of the vehicle. At the end of December 2011, THEOLIA sold its first wind project to the investment vehicle. The vehicle is a privileged buyer for future disposals of the Group.

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The rebalancing of its business model has already enabled the Group to significantly improve its operational profitability in 2011. The Group intends to pursue the consolidation of its operating asset base in order to reach profitability.

1.5.2.2 *Boosting development*

In 2011, the Group maintained its investments at a sustained pace, but based on a rigorous approach. 26.9 million euros have been invested over the year in wind projects under development and construction. The aim is to boost the Group's development. The Group's portfolio of wind projects is significant and includes two projects under construction, several projects having obtained a building permit and numerous projects for which a building permit application has been filed. At the end of 2011, THEOLIA obtained a new building permit to install a 18 MW wind farm in France.

Moreover, this development may be boosted thanks to the investment vehicle created in 2011. Depending of its cash position, the Group will be able to choose to sell some projects to the investment vehicle in order to accelerate their commissioning and thus improve the Group's income.

On May 31, 2011, the Group also launched the development of a 300 MW project in Morocco, in partnership with the Moroccan *Office National de l'Electricité*. It's a major structuring development for the Group. This project will be developed in two phases: a first 100 MW phase and a second 200 MW phase over several years.

Finally the Group keeps monitoring any additional development opportunity, in its historical core countries or in new countries.

1.5.2.2 *An organization at reduced costs*

In order to optimize its profitability and decrease risks, the Group took several measures in 2011 aiming at reducing costs and improving its operational performance:

- implementation of an organization based on cross-management enabling the development of industrial synergies (see Section 1.5.1.3 of this Registration Document) ;
- reinforcement of management control, notably at project level;
- reinforcement of engineering process in order to increase the number of projects transformed into farms; and
- improvement in maintenance planning in order to increase availability rates of operating wind farms.

The Group is an efficient and well organized platform ready to absorb an increase in activity at constant size.

1.6 KEY FIGURES

Summary of consolidated income statements for the years ended December 31, 2011 and 2010

<i>(in thousands of euros)</i>	12/31/2011	12/31/2010
Revenue	67,480	154,542
Current operating income	10,384	(19,678)
Operating income	(18,204)	(34,483)
Net income (expense)	(39,233)	4,993

In 2011, the Group has significantly improved its operational performance with a very strong growth in its current operating income. The income has nevertheless been penalized by impairment for a total of 28.3 million euros.

In 2010, the net income of the consolidated entity was a profit of 5 million euros, including a net exceptional financial profit of 75 million euros due to the modification of the terms of the convertible bond.

Summary statement of financial position for the years ended December 31, 2011 and 2010

<i>(in thousands of euros)</i>	12/31/2011	12/31/2010
Non-current assets	440,655	491,848
Current assets	164,378	186,690
Total assets	617,324	691,739
Shareholders' equity	194,984	220,007
Non-current liabilities	306,191	325,051
Current liabilities	107,136	136,954
Total liabilities and shareholders' equity	617,324	691,739

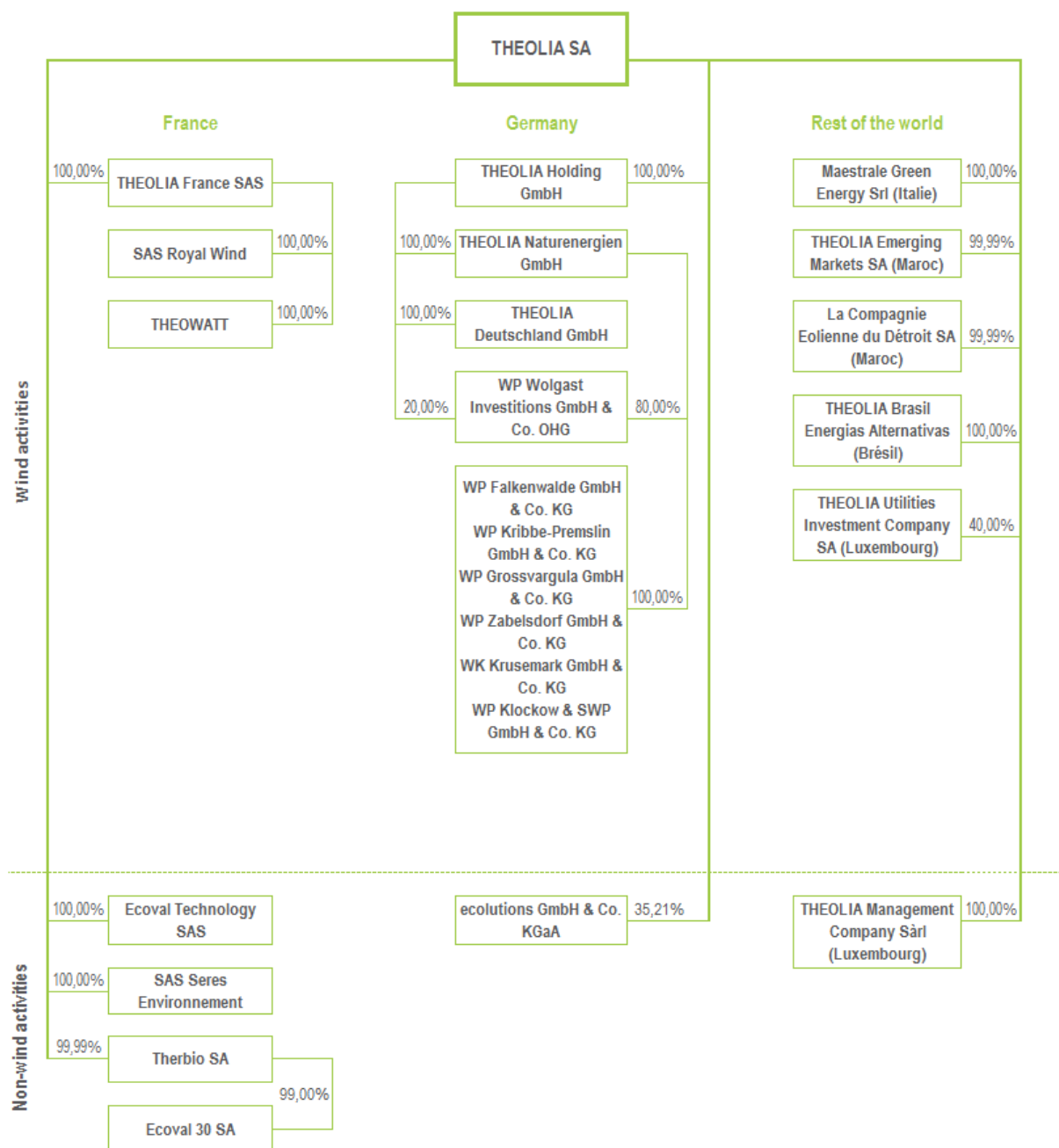
Summary of consolidated cash flow for the years ended December 31, 2011 and 2010

<i>(in thousands of euros)</i>	12/31/2011	12/31/2010
Cash from operational activities	16,768	41,551
Net flows generated by investment activities	(26,950)	(42,250)
Net flows generated by financing activities	(12,322)	16,734
Changes in cash	(22,528)	16,180

1. PRESENTATION OF THE GROUP

ANNEX SIMPLIFIED ORGANIZATIONAL CHART

The organizational chart below is the simplified organizational chart of the main companies comprising the Group as of December 31, 2011. Equity interests are presented as a percentage, rounded off, of capital and voting rights. For each wind farm project, an ad hoc company is set up and held either directly or indirectly through a holding company. However, all of these ad hoc companies do not appear in this organizational chart.



2

Corporate governance

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2. CORPORATE GOVERNANCE

2.1 REPORT OF THE CHAIRMAN OF THE BOARD ON CORPORATE GOVERNANCE, INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT

The procedures undertaken to prepare this 2011 Report of the Chairman of the Board of directors on corporate governance, internal control procedures and risk management (the **"Report"**) is primarily based on the work coordinated by General Management in conjunction with the Legal Department, the main functional and operating departments of THEOLIA SA (the **"Company"**), and the Audit Committee.

Pursuant to Article L. 225-235 of the French Commercial Code, the Statutory auditors have given their opinion on this Report as part of their own auditors' report on the internal control procedures relating to the preparation and processing of accounting and financial information, with a statement attesting to the preparation of other mandatory information.

It was approved by the Board of directors during its meeting of March 28, 2012, in accordance with Article L. 225-37 of the French Commercial Code.

1. OVERVIEW OF MAIN PRINCIPLES

This Report was prepared in accordance with the provisions of the French Commercial Code and pursuant to the MiddleNext Code of Corporate Governance for small- and medium-cap companies (the **"MiddleNext Code"**), approved as a benchmark code by the *Autorité des Marchés Financiers* ("AMF").

1.1 The French Commercial Code

Article L. 225-37 of the French Commercial Code, Section 6, requires the Chairman to prepare an additional report, appended to the Management Report:

"The Chairman of the Board of directors must attach to the report referred to in Articles L. 225-100, L. 225-102, L. 225-102-1 and L. 233-26, a report on the composition, the conditions under which it prepares and organizes its work, the internal control and risk management procedures put in place by the Company, detailing in particular those relating to the preparation and processing of accounting and financial information for the company's financial statements and, where applicable, the consolidated financial statements. Without prejudice to the provisions of Article L. 225-56, the Report also indicates any potential limitations applied by the Board to the powers exercised by the CEO."

In Section 7, this same Article specifies that:

"When a company voluntarily refers to a corporate governance code drawn up by organizations representing business, the report [...] must also specify which provisions have not been applied and the reasons for same."

In accordance with Article L. 225-37, Section 9, of the French Commercial Code, it is specified that the information referred to in Article L. 225-100-3 of this Code is published in the present Registration Document (see Section 6.10.1 "Cross-Reference Table of the Management Report").

1.2 The MiddleNext Code of Corporate Governance for small- and medium-cap companies

Since its December 1, 2010 meeting, the Board of directors has been complying with the MiddleNext Code of Corporate Governance for small-and-medium-cap companies and has been applying the fifteen recommendations of the MiddleNext Code.

The Board states that it has reviewed the points of vigilance presented in the MiddleNext Code.

2. CORPORATE GOVERNANCE

Appointed by the shareholders, the directors control the economic and financial management of the Group and contribute to defining its strategy. They examine and approve the main strategic priorities decided by general management, which implements them.

The Board of directors wishes to point out that its work is collegial, and in compliance with the law, regulations and the recommendations of the MiddleNext Code.

2.1 Internal Rules and Regulations

The Board of directors has drawn up Internal Rules and Regulations ("**Internal Rules**"), the purpose of which is to supplement the legal, regulatory and statutory rules, by which this corporate body as a whole and the directors, in particular, are bound.

These Internal Rules were adopted by the Board of directors at their meeting on April 14, 2006 and were later amended on February 6, 2007, July 2, 2007, December 18, 2008, April 15, 2010 and April 18, 2011.

On April 18, 2011, the Board of directors amended its Internal Rules to recognize, in particular, the cancellation of the Strategy Committee, the updating of the rules in order to mainly comply with the recommendations of the MiddleNext Code regarding the criteria defining independent directors, and the rules for determining compensation for directors, and adopted a Code of Conduct for the prevention of insider misconduct, a copy of which is appended to the company's Internal Rules, in accordance with the principles set forth by AMF Recommendation 2010-07 of November 3, 2010.

The complete text of the Internal Rules and their appendixes can be read in the Registration Document 2010 under Section 2.3.4 (4.) and on the Company website (www.theolia.com, Finance/Corporate governance/Board members).

2.2 Organization and functioning of General Management

2.2.1 *Separating the duties of Chairman and Chief Executive Officer ("CEO")*

The Board of directors decided to separate the positions of Chairman and CEO bringing it into line with best corporate governance practices.

This principle was waived from February 9, 2010 to May 20, 2010 when Eric Peugeot, Chairman of the Board of directors, was also appointed as CEO. On May 20, 2010, the Board of directors voted to separate the positions of Chairman and CEO once again by appointing Fady Khallouf as CEO to replace Eric Peugeot, who would devote his energies on the position of Chairman of the Board of directors.

Since July 26, 2010, Michel Meeus has replaced Eric Peugeot as Chairman of the Board of directors.

The list of positions held within and outside the Group, as well as the principal mandates and corporate offices held over the last five years by the current CEO and the current Chairman of the Board of directors are given in Section 2.4 of the present Registration Document.

2.2.2 *Chief Executive Officer*

Since Fady Khallouf was not a Company employee at the time of his appointment as CEO, his corporate office does not run concurrently with an employment contract, in accordance with current regulatory provisions and recommendation R1 of the MiddleNext Code.

2.2.3 *Limitations of the powers of the General Management*

The powers vested in the General Management are set out in a delegation of authority appended to the Internal Rules. This delegation of authority requires the prior authorization of the Board of directors for any of the following decisions:

- determining the annual budget and strategy;
- signing any commitment to spend or any contractual commitment not approved in the annual budget and/or exceeding 10% of the amount approved in the annual budget;
- any decision to undertake an acquisition or a disposal that is not approved in the annual budget;
- any decision to pursue development in new geographical territories;
- the commitment of any security, co-signature, and guarantee; and
- any settlement or transaction concerning a dispute involving an amount higher than 1 million euros.

2. CORPORATE GOVERNANCE

2.3 Composition of the Board of directors

2.3.1 Role and members

The Board of directors is and must remain a collegial body collectively representing all the shareholders, and bound by the obligation to act in the company's corporate interest in all circumstances.

In exercising its legal prerogatives, the Board of directors fulfils the following chief duties:

- defining the Company's strategy;
- appointing executive corporate officers with responsibility for managing the Company in the light of this strategy;
- selecting the Company's organization (separation or combining the positions of Chairman and CEO); and
- controlling the management and quality of the information provided to shareholders and the markets through the company's financial statements or in the event of major transactions.

In accordance with the Company's Internal Rules, the members of the Board of directors are elected by the General Meeting of Shareholders based on their skills and potential contribution to the Board, while maintaining the standards of independence, ethics and integrity that are expected of them.

The statutory director's term of office is tailored to the Company's specific needs and, consequently, is in compliance with recommendation R10 of the MiddleNext Code.

As of December 31, 2011, THEOLIA's Board of directors was composed of five members:

- Michel Meeus
 - Director since March 19, 2010,
 - Chairman of the Board of directors since July 26, 2010, and
 - Chairman of the Nomination and Remuneration Committee since December 1, 2010;
- Jean-Pierre Mattei ¹
 - Director since September 22, 2009, and
 - Vice-Chairman of the Board of directors since July 26, 2010;
- David Fitoussi
 - Director and Chairman of the Audit Committee since July 26, 2010;
- Georgius J.M. Hersbach
 - Director since April 14, 2006;
- Fady Khallouf
 - Director since March 19, 2010, and
 - Chief Executive Officer since May 20, 2010.

At the date of the present Report, the composition of the Company's Board of directors remains unchanged.

The dates of appointment and expiry of terms of office, the duties performed within and outside the Group, and the main mandates and corporate offices held during the last five years are given in Section 2.4 of the present Registration Document.

The executive, financial and industry-specific abilities of the Company's directors, together with their varied experience, all enhance the quality of the deliberations of the Board of directors.

In accordance with recommendation R9 of the MiddleNext Code, when the appointment or co-optation of a new director is put before the ordinary shareholders' meeting, sufficient information about the director's experience and qualifications is provided to the shareholders, and each appointment is voted on in a separate resolution.

¹ Director who resigned from his corporate office on April 12, 2012, after the Board of directors closed the 2011 financial accounts on March 28, 2012.

2.3.2. *Independence*

A member of the Board of directors is deemed independent if he has no relationship with the Company, its Group or General Management that might compromise his freedom of judgment.

At the date of writing, two of the five members of the Board are independent according to the criteria of the MiddleNext Code. These are Messrs. David Fitoussi and Jean-Pierre Mattei.

They are neither employees nor executive managers of the Company or a Group company, nor have they been within the past three years. These independent members are not major shareholders in the Company, have no family connection to an executive manager or major shareholder, and have not acted as auditors to the Group within the past three years.

Finally, they are not significant customers, suppliers of bankers of the Company or the Group, or customers, suppliers or bankers for which the Company or Group represents a significant part of their business. On this point, at its meeting of April 15, 2010, the Board of directors considered that the existence of a special task agreement entered into by the Company and Jean-Pierre Mattei would not affect his independence insofar as the amounts that were paid to him cannot be considered as compensation, but rather as fees for tasks entrusted to him in an exceptional context which, by their nature, constituted an extension of his roles as director and did not result in conflicts of interest.

With two independent directors out of five, the composition of the Board is in compliance with recommendation R8 of the MiddleNext Code, which recommends that a Board have at least two independent directors. Under these conditions, the tasks of the Board of directors are performed with the necessary independence and objectivity.

The three directors not considered to be independent according to the criteria of the MiddleNext Code are:

- Fady Khallouf, who is an executive manager of the Company;
- Michel Meeus, who is currently the main shareholder of the Company: At the close of fiscal year 2011, he held 7,244,162 shares or about 5.67% of the capital and 5.63% of the voting rights in the Company. In addition, Mr. Meeus is one of a group of shareholders who together owned 17,160,524 shares or about 13.44% of the Company's capital and 13.33% of the voting rights at December 31, 2011 ; and
- Georgius J.M. Hersbach, who was a member of the Supervisory Board of the subsidiary ecolutions GmbH & Co. KGaA, from November 30, 2012 to December 2, 2011.

2.4 **Modus operandi of meetings of the Board of directors**

2.4.1 *Preparation for Board meetings*

In accordance with recommendation R11 of the MiddleNext Code, the directors receive the information and documents concerning items on the agenda of Board of directors meetings several days in advance of the meeting. They thus have the opportunity to gather information regarding the matters to be discussed at the meeting. Particularly sensitive or urgent topics may be discussed without prior distribution of materials or with prior communication closer to the meeting date.

To facilitate the participation of directors in meetings of the Board of directors, they may attend meetings in person, by telephone conference or by video conference. The Board nonetheless prefers that directors attend Board meetings in person to foster discussion (which was the case for 46% of Board meetings during fiscal year 2011), but most often uses telecommunication means to gather its members, who are located in Brussels, London and Paris.

The Board of directors is chaired by Michel Meeus who organizes and manages the Board's work and reports to the ordinary shareholders' meeting of the Company. He ensures that all the items on the agenda are reviewed by the Board of directors. He also ensures the proper functioning of the Company's corporate bodies and ensures, in particular, that the directors are able to perform their duties.

2.4.2 *Activity of the Board of directors during fiscal year 2011*

The Board of directors met 13 times in 2011, i.e. 1.08 times a month on average.

The rate of attendance by directors remains very high (90% on average).

The frequency and duration of meetings are in compliance with recommendation R13 of the MiddleNext Code.

2. CORPORATE GOVERNANCE

During the course of fiscal year 2011, the Board of directors dealt, in particular, with the following matters:

- acquisitions or divestitures decisions;
- amendment to the Internal Rules of the Board of directors and approval of the Code of Good Conduct relating to the prevention of insider trading;
- policy on directors' fees and allotment;
- authorizations to set up sureties, endorsements and guarantees;
- recognition of capital increases made at the end of the vesting period for free share allocations and following the conversion of OCEANE bonds into stock;
- stock option plan for employees;
- review of the operation of the Board;
- review of the annual and half-yearly corporate and consolidated financial statements and of the 2010 Management Report;
- creation of the investment vehicle THEOLIA Utilities Investment Company; and
- review of the 2012 Budget.

2.4.3 *Evaluation of the Board's operation*

The Board of directors undertakes an assessment of its own operation at regular intervals. It conducts an annual review of its work once a year and a formal evaluation is conducted every three years by an independent director with the assistance of an outside consultant. The evaluation of the Board's work is carried out in accordance with recommendation R15 of the MiddleNext Code.

On March 30, 2009, the Board of directors engaged an independent expert to conduct an evaluation of the organization and operation of the Board of directors.

This assessment was done through individual interviews with each director. The questionnaire was prepared according to industry practices and tailored to the Group's specific needs.

The conclusions were presented to the Board of directors in August 2009.

The process resulted in guidelines for improving the way the Board is organized and run, and the majority of these were implemented by the Board. In the main these included:

- strengthening the Board's oversight role;
- standardizing and structuring the agenda;
- reviewing directors' potential conflicts of interest at the start of every Board meeting;
- improving the ongoing information given to Board members through a monthly activity report prepared by General Management;
- distributing the minutes of meetings of the Board of directors within a reasonable period of time after the meeting;
- annual review of the operation of the Board itself and of its Committees;
- improving the directors' charter; and
- enhancing the professional skills of the Board of directors, by researching and specifying the desired profiles of new directors.

At their April 18, 2011 meeting, the directors conducted an annual review of the operation of the Board itself and of its Committees. The organization and run of the Board of directors and the main evolutions and improvements were discussed during that review. Generally, the review has revealed a positive evolution of the operation of the Board since the last evaluation conducted by an outside consultant in 2009:

- improvement of the operation of the Board of directors; and
- improvement of the quality of discussions: debates more focused and free discussions.

The decrease of Board meetings has been mentioned as an improvement base of the operation of the Board.

2.5 Special Committees of the Board of directors

The Company has had an Audit Committee and a Nomination and Remuneration Committee since 2006. From March 19, 2010 to July 26, 2010 the Company also had a Strategy Committee. This organization complies with recommendation R12 of the MiddleNext Code.

2.5.1 Audit Committee

At the date of writing, the Audit Committee is composed of:

- David Fitoussi, Chairman of the Committee since July 26, 2010, independent director with accounting and financial expertise; and
- Jean-Pierre Mattei, independent director, with accounting and financial expertise.

Philippe Dominati, independent director, resigned from his office as Chairman of the Audit Committee on June 6, 2011.

Main tasks

The Audit Committee helps the Board of directors to ensure the accuracy and fairness of the Group's corporate and consolidated financial statements, the quality of its internal control procedures and of the information provided to shareholders and the market.

The Audit Committee's charter was approved by the Board of directors on March 29, 2010. The Audit Committee's main responsibilities include:

- ensuring the effectiveness of internal control and risk management procedures;
- conducting regular reviews, with General Management, of the main risks faced by the Group, through risk mapping;
- supervising the selection and reappointment of the Statutory auditors, advising regarding the fees requested by them, and submitting the results of its work to the Board of directors;
- ensuring that the ancillary assignments given to the Statutory auditors do not compromise their independence;
- reviewing the Statutory auditors' work program, conclusions and recommendations;
- on the basis of interviews with General Management and the Statutory auditors, ensuring that the accounting methods used in preparing the corporate and consolidated financial statements are appropriate and ongoing, reviewing and assessing the consolidation scope, and reviewing and verifying the appropriateness of accounting policies applied in the Group;
- reviewing the corporate and consolidated financial statements before they are presented to the Board of directors; and
- monitoring the process for preparing and communicating financial information and, where necessary, supervising this process.

The Audit Committee meets at least four times a year. It determines the schedule of its meetings. However, the Committee may meet at the request of its Chairman, of two of its members or of the Chairman of the Board of directors.

The Audit Committee's work in 2011

The Audit Committee met four times in 2011, on March 16, April 8, April 15 and August 26, with all members present. The Statutory auditors attended the four meetings.

The necessary accounting and financial documents, particularly in connection with the preparation of the annual financial statements and the review of the semi-annual financial statements, were sent to the Audit Committee prior to the relevant meetings.

2. CORPORATE GOVERNANCE

During the fiscal year, the Audit Committee was mainly involved in the following matters:

- reviewing the annual and half-year corporate and consolidated financial statements;
- reviewing the Statutory auditors' fees ;
- reviewing the risks and the 2009 accounts of the German subsidiary.

The Chairman of the Audit Committee reported to the Board of directors regarding each of the Committees' meetings.

2012 Outlook

In 2012, the Audit Committee shall devote itself to the following items:

- reviewing the risks and the stakes of the Italian subsidiary;
- reviewing the activity Operation for third parties of the German subsidiary;
- reviewing the non-strategic activities within the Group;
- reviewing the Statutory auditors' fees of the Company.

2.5.2 The Nomination and Remuneration Committee

At the date of the present Report, the Nomination and Remuneration Committee consisted of:

- Michel Meeus, shareholder and director, Chairman of the Nomination and Remuneration Committee from June 1, 2010 to July 26, 2010 and again since December 1, 2010; and
- Georgius Hersbach, non-independent director.

Main tasks

The Nomination and Remuneration Committee is chiefly responsible for:

- reviewing all candidates for appointment to a position as member of the Board of directors and formulating an opinion or recommendation on such appointments to the Board of directors;
- reviewing the independence of each director and setting the desired number of independent directors to sit on the Board of directors;
- preparing recommendations to replace executive managers in a timely manner;
- making recommendations on the compensation, retirement and provident plan, benefits in kind and various pecuniary rights including, as applicable, awards of stock purchase or subscription options, and free shares in the Company, for the General Management and any employee members of the Board of directors;
- making recommendations on the compensation of the members of the Board of directors.

The Nomination and Remuneration Committee may also be consulted with respect to the appointment of the Company's executive officers and the terms and conditions of their compensation.

The Nomination and Remuneration Committee appoints its Chairman. It meets at least twice a year, including once before the agenda of the annual shareholders' meeting is approved, to review the draft resolutions to be submitted to the meeting regarding seats on the Board of directors and, where applicable, observers.

The Nomination and Remuneration Committee's work in 2011

During fiscal year 2011, the work of the Nomination and Remuneration Committee concerned:

- reviewing and approving the stock option plan for General Management and employees;
- reviewing the former free allocation of shares plans and their scope of application.

2012 Outlook

The Nomination and Remuneration Committee will ensure that compensation of the Group's employees is harmonized and in line with the Company's strategy. It will also analyze the rules applicable to directors' fees and allotments of free shares and stock options. It will contact potential new Board members and assess their applications.

2.6 Principles of compensation of corporate officers

The executive compensation is fixed by the Board of directors based on a report by the Nomination and Remuneration Committee.

2.6.1 Compensation of non-executive corporate officers

The amount of compensation and honorariums received by directors who are not non-executive corporate officers of the Company is presented in Section 2.3.2 of the present Registration Document (Compensation of the non-executive corporate officers). The information is presented comprehensively, and is substantiated, consistent, legible and transparent.

Directors' fees

The shareholders' meeting of June 1, 2010, ruling under the conditions of quorum and majority required for ordinary shareholders' meetings, having reviewed the report of the Board of directors, decided to set the overall amount of directors' fees allotted to the members of the Board of directors at 510,000 euros for fiscal year 2010 and subsequent years, until otherwise decided by the ordinary shareholders' meeting.

The distribution of directors' fees among the Board members is based on the effective attendance of directors at Board meetings, their work on the Committees and their involvement in the Company, in accordance with recommendation R14 of the MiddleNext Code.

Since the appointment of Fady Khallouf as CEO, the rules of good governance, according to which a director does not receive director's fees for any period during which he or she exercises executive functions in the Company, are once again complied with by the Company.

Accordingly, pursuant to the proposal submitted by the Nomination and Remuneration Committee, the Board of directors has decided on the following distribution of directors' fees in 2010:

- 30,000 euros (on an annual basis) to each director for their duties as director (reduced to 22,500 euros if the rate of attendance at Board meetings is lower than 75%);
- 15,000 euros for the Chairman of the Audit Committee;
- 11,250 euros for each member of the Audit Committee (reduced to 8,500 euros if the rate of attendance at Committee meetings is lower than 75%);
- 12,000 euros for the Chairman of the Nomination and Remuneration Committee; and
- 9,000 euros for each member of the Nomination and Remuneration Committee (reduced to 6,750 euros if the rate of attendance at Committee meetings is lower than 75%).

These guidelines have been applied and have resulted in the payment of an overall gross total of 185,542 euros in directors' fees to the directors for fiscal year 2011.

In view of the Company's cost reduction policy, the Board of directors has decided not to distribute the balance of the directors' fee package approved by the shareholders' meeting (namely 324,458 euros).

2.6.2 Compensation of executive corporate officers

The compensation of the Chairman of the Board of directors only consists of directors' fees, whereas the Chief Executive Officer receives fixed and variable compensation based on the achievement of targets set by the Board of directors.

2. CORPORATE GOVERNANCE

The amounts of his fixed and variable compensation are detailed in Section 2.3.1 of the present Registration Document. The information is presented comprehensively, and is substantiated, consistent, legible and transparent, in line with recommendations R2 and R3 of the MiddleNext Code.

The Chief Executive Officer also benefits from a supplemental pension plan. Details are presented in Section 2.3.1.4 of the present Registration Document. This practice complies with recommendation R4 of the MiddleNext Code.

Pursuant to the decision of the Board of directors dated December 1, 2010, a stock option plan for the Chief Executive Officer and few employees of the Group was implemented. Details are presented in the present Registration Document, in Section 2.3.1.3 (as far as the General Management is concerned) and in Section 3.6.2 (as far the employees of the Group are concerned).

2.7 Terms and conditions for shareholder participation in ordinary shareholders' meetings

All shareholders have the right to participate in ordinary shareholders' meetings, regardless of the number of shares they own:

- by attending in person;
- represented by the person of their choice under the conditions in Articles L. 225-106, I- Section 2 s. of the French Commercial Code pursuant to the Order of December 9, 2010; or
- by proxy vote (postal vote).

To participate in a shareholders' meetings, shareholders must provide justification of their shareholder status by registering their securities in an account in their name or in the name of the intermediary duly registered on their behalf, at the latest three business days before the date of the shareholders' meeting in question, by midnight Paris time (henceforth referred to as "Day-3"), either in registered securities accounts, or in bearer-form securities accounts held by their authorized intermediaries.

For registered shareholders, this account registration by Day-3 in registered securities accounts is sufficient to enable them to participate in the shareholders' meeting.

For bearer-form shareholders, the authorized intermediaries who hold the bearer-form securities accounts must provide direct justification of the shareholder status of their clients to the centralizer of the shareholders' meeting by producing a certificate of participation that they attach to the specific remote voting form (or by proxy), by requesting an admission card made out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary.

3. INTERNAL CONTROL AND RISK MANAGEMENT

The internal control process implemented within the Group by the new General Management includes ongoing controls drawn up according to internal procedures by each of the functional and operational departments. The result of these controls is the submission of reports to General Management and the associated departments on an ongoing basis. Identified risks are thus made known to the Audit Committee and General Management coordinates the internal efforts to remedy them.

At the request of the Chairman of the Board of directors and the Chief Executive Officer, the Legal Department has compiled the items relating to the procedures in place with respect to internal controls and risk management.

The internal control process implemented within the Group takes into account the opinions and recommendations of the AMF. This Report was prepared with the help of the implementation guide for small- and mid-cap companies of the internal control reference framework published by the AMF in February 2008. The Company has applied this referential ever since it was set up.

However, as with any system of control, the Company's internal control mechanism can provide only reasonable assurance, not an absolute guarantee, of the complete elimination of risks.

3.1 Internal control definitions and goals

Internal control is an integral part of the Group's governance strategy. It is implemented to help the Chairman and General Management in their considerations of risk management. Internal control procedures are applicable to all companies included within the scope of consolidation. These procedures differ in certain areas, depending on whether the entity concerned is located in France or in another country.

Internal controls are a management lever for the Group. Their purpose is to guarantee:

- compliance with laws and regulations;
- the securing of decisions made within the Group;
- the application of the instructions and objectives set by General Management;
- the proper functioning of the internal processes of the Company, particularly those that promote the protection of its assets;
- the control of all risks resulting from Company business activity and risks of error and fraud;
- the consistency between Group actions and values;
- the reliability of the financial information; and
- generally, the contribution to the command the Company has over its business activities, the effectiveness of its operations and the efficient use of its resources.

3.2 Internal control components

Internal control and risk management mechanisms are adapted to the characteristics of the Group. They are comprised of an organizational framework that clearly defines the roles and responsibilities of every participant, an effective risk management process and the control of the internal distribution of information.

3.2.1 *An organizational framework that clearly defines the roles and responsibilities of each participant*

The organization of internal controls and risk management implemented by the General Management in 2010 made it possible for the Company to continue its efforts and strengthen the deployment of the cross-departmental procedures that enable greater harmonization of activities within the Group and guarantee feedback on information from the subsidiaries.

Internal controls and risk management involve all actors within the Group. Its major participants, both internal and external, are:

- the Board of directors;
- the Audit Committee;
- the Legal/Human Resources Department;
- the Project Finance, M&A and Treasury Department;
- the Accounting/Consolidation Department;
- The Management Control Department;
- the Project Control Department;
- the Communication and Investors relations Department;
- the IT Department;
- the General Management of the subsidiaries; and
- the various service providers with respect to accounting, tax or legal matters.

2. CORPORATE GOVERNANCE

3.2.2 *An effective risk management process*

In order to ensure the continuity of its development and the achievement of its goals, the Group tries to prepare for and manage the risks to which it is exposed through its business activities.

The principal risk factors are identified and analyzed in the present Registration Document (see Section 3.4 "Principal risk factors"), where the procedures to better anticipate and handle them are also mentioned.

The definition of significant risks is theoretically undertaken by the General Management of the Company, in close collaboration with its Audit Committee, then implemented by the various divisions and departments of the Company.

The risk identification and evaluation process continued throughout 2011. This identification of risks is part of an ongoing process and covers risks that may have a significant effect on the Group's financial and operational position.

3.2.3 *The control of the internal distribution of information*

Relevant information must be identified, collected and distributed internally through a process and within a timeframe that allows everyone to manage and control the operations for which they are responsible.

Accordingly, all Committees (Audit Committee and Nomination and Remuneration Committee) are subject to formal reports based on the decisions made and actions to be taken to guarantee the sharing of relevant information with all Group employees.

Meetings between the General Management, the Company departments, and the General Management of each subsidiary are organized based on Group priorities and strive to take into account each actor's availability.

Meetings are organized with all head office employees and the General Management in order to present the major actions undertaken and the challenges for the upcoming period.

Meetings are also organized with the employees of the major subsidiaries and the Group's General Management.

3.3 **Group procedures regarding internal control**

Throughout 2011, the Group has strengthened its internal control procedures with respect to the preparation and processing of accounting and financial information and the new procedures that enable information feedback and the standardization of practices within the Group.

3.3.1 *Procedures for preparing and processing accounting and financial information*

Group accounting and financial information is prepared and treated in accordance with the procedures for the closing of financial statements and consolidation, the monitoring of cash flow, financial communication, and verification of the application of the laws and regulations in force.

Closing of financial statements and consolidation

The accounts of the Group subsidiaries are prepared under the responsibility of the managers of these subsidiaries. The financial reports are transferred to the holding company and checked by the consolidation team under the direction of the Group Financial Director, position currently and temporarily held by the Chief Executive Officer.

For the preparation of the consolidated accounts, validation procedures are carried out every time the information is transferred upstream and processed. Such procedures are designed to verify in particular, on a half-yearly basis:

- correct adjustment and the elimination of internal transactions;
- verification of consolidation operations;
- proper application of standards; and
- the quality and uniformity of the consolidated and published accounting and financial data and, in particular, the consistency between the accounting data and the management data used to establish financial information.

In the context of preparation of the accounts, the Group was assisted by experts from various fields with respect to, in particular, the application of IFRS standards for financial consolidation.

The consolidation and reporting tool used by all the entities ensures the consistency and reliability of the data through blocking controls before it is transferred upstream to the Group.

The manual of consolidation procedures is revised and updated on a regular basis. It states the accounting principles to apply, the standards in effect and the procedures for using computer software.

Training and awareness programs for financial staff and employees of the main subsidiaries were organized in 2010 and 2011, in order to improve familiarity with computer accounting systems and to improve the quality of the information disclosed.

Moreover, following the restatements made to the 2009 financial statements (which are detailed in Section 2.2.1.4 of the 2010 Management Report), the closing procedures whose purpose is to achieve a greater transparency, were reinforced. Since fiscal year 2011, it has been requested to the management of each subsidiary to draw and execute an intergroup representation letter confirming the compliance of the accounts of the subsidiary with the Group's accounting principles.

Moreover, the organization of the Group, which relies on monthly reporting of the income statement from each subsidiary using IFRS standards and sent by country directly to the parent company in local currency, without any intermediate aggregate, enables optimization of the transmission and the completeness of the information.

The Group possesses a body of accounting and management rules and methods, the application of which is mandatory for all Group subsidiaries. Consolidation instructions are sent to the subsidiaries at the end of each period. These instructions indicate a closing schedule, the team in charge, the scope of consolidation, the Group accounting principles stated in the notes, and the content of the consolidation package.

The accounting standards define the principles necessary for the homogeneous processing of operations. They specify, in particular, the terms and conditions for taking an inventory of and assigning values to off-balance sheet commitments. They comply with IFRS, which has been the comprehensive basis for the consolidated financial statements since 2005. The Group's Financial Department continues to be on the lookout for new IFRS being prepared in order to alert and anticipate as much as possible their impact on the Group financial statements.

The processing and centralization of cash flows and the hedging of interest rate risks are guaranteed by the Head of Project Finance, M&A and Treasury, which ensures the listing of commitments and makes it possible for them to be acknowledged (see Section 3.4.1.1 of the present Registration Document).

Investment plans are approved by the CEO and validated by the Board of directors. Any changes in relation to projections must receive special prior authorization.

The accounting and financial elements prepared by the consolidated subsidiaries are subject to, at the very least, limited examination at the closing of the semi-annual financial statements and an audit at the closing of the annual financial statements by the Statutory auditors. This work also includes the validation of the bridging of the gap between local accounting principles and IFRS standards in the accounts. In accordance with legal requirements, the Company relies on two panels of Statutory auditors to validate accounting information, including restatements of consolidation, through their network of local auditors that consult with various subsidiaries. The remit of these Statutory auditors is to verify that the financial statements provide a true and fair presentation, according to accounting rules and standards, and are a sincere representation of the results of operations for the past year, as well as the Company's financial situation and its assets on the closing date.

At each year end, a file is prepared for each subsidiary (corporate accounts) and for the holding company (corporate and consolidated accounts).

Cash flow monitoring

The Group was aware that improvements in its internal controls were necessary, in particular regarding the monitoring of the Group's cash position, especially in a difficult financial climate.

Since 2010, the Audit Committee and the Group's management have worked to define and implement measures that made it possible to improve the process for preparing forecasts and account statements of the Group's cash position. In-depth work was conducted by the Group to verify and make reliable the information related to cash position. The efforts started in 2010 have been strengthened during 2011 with improvements mainly related to:

2. CORPORATE GOVERNANCE

- a daily monitoring report of the Group's cash position with detailed cash operations on any of the Group's bank accounts;
- a monthly monitoring report with details of any cash flows by budget item and by subsidiary;
- the strengthening of the securing of cash flows thanks to the implementation of an electronic signature platform for bank payment orders;
- the reinforcement of the internal control process through the definition of cash procedures;
- the generalization of the management tool of the Group net debt to all the subsidiaries and the implementation of one management tool for investments; and
- the standardization of a cash forecast monitoring report.

Financial disclosure

As a listed company, the Company must comply with AMF requirements regarding the communication of financial information.

The Head of Financial Communications establishes a precise schedule for the release of updated information pertaining to the Group to the financial markets in a manner compliant with the requirements of market authorities. This schedule is distributed internally and published on the Company website.

The financial disclosure elements are prepared by the Communications Department and disclosed according to the procedures set forth by the AMF. They include:

- periodic information published at regular intervals - publication of the quarterly revenue, an annual financial report and a half-year financial report;
- a Registration document; and
- press releases published upon occurrence of events deemed as significant and/or that could potentially have an impact on the price of the Group's security, reflecting the evolution of the activity of the Company and the implementation of its strategy.

All published financial information is internally documented then validated. The validation process includes the Accounting/Consolidation Department, the Statutory auditors and General Management.

The reliability of financial and accounting information is provided by information systems, which must in particular include securities mechanisms to preserve the reliability of the operational, financial or regulatory data.

Finally, the Company organizes two presentations of the Group results per year under the aegis of the French Society of Financial Analysts (SFAF), as well as a General Meeting.

Application of laws and regulations

As a listed company, the Company is subject to the regulations in force common to all companies as well as the laws and regulations specifically concerning listed companies (especially the AMF General Regulations).

The Legal Department is in charge of implementing and verifying the application of procedures that ensure compliance with all regulations.

3.3.2 New procedures implemented in 2010 and 2011

In order to anticipate and manage as much as possible the risks that it may face, over 2010 and 2011, the Group strengthened the implementation of the information submission procedures and the standardization of intra-Group practices, which are steered by each Company department and division.

Legal Department

Since 2010, the Group has implemented various procedures to standardize some of its practices in order to guarantee the management of legal risks and the compliance of its entities with various applicable laws and regulations:

- monthly monitoring reports for Group legal disputes/litigations;
- the implementation of half-yearly monitoring reports for Group off-balance sheet items; and
- the implementation of quarterly monitoring reports for the Group's scope of consolidation.

Since 2011, the terms for the deployment of a high-performance management system for contractual commitments have been studied and a monitory report shall be implemented in the course of fiscal year 2012.

Internal control

It is the responsibility of the General Management, in close collaboration with the Company's Audit Committee, to guarantee that each department and operating division of the Company and the General Management of the subsidiaries comply with the internal control rules and procedures.

The strengthening of the procedures for submitting information and standardizing practices within the main Group subsidiaries has resulted in the identification of areas where internal controls could be improved and strengthened for 2011, such as:

- a regular monitoring of risk to all areas of activity;
- the constant safeguarding of the project portfolio and project monitoring;
- the deployment of internal controls in all Group subsidiaries; and
- the safeguarding and archiving of professional documentation.

Moreover, this ongoing management of internal controls by General Management makes it possible to set in motion and monitor the internal control procedures in order to better adapt them to the Group's position and activity.

It is the responsibility of General Management to report information related to internal controls to the Board of directors and the Audit Committee. The Board of directors and the Audit Committee may conduct the verifications or take any other initiative that they consider appropriate in order to control any potential dysfunction.

During 2012, the General Management and the Audit Committee shall continue to intensify their control of risks and strengthen inter-departmental cooperation within the Group, so that the technical expertise of each subsidiary is made available to the whole Group in an effective manner.

The evolution of the economic framework of Italy and of the regulatory framework and economic renewable energy in this country in particular, led to the implementation of a specific management activity of the Italian subsidiary.

Indeed, the proposed cuts by the Italian authorities of the incentive tariff through a transformation of the current system (market price + green certificate) in a system of "feed-in-tariff" penalizes the Company compared to its historical investments made in Italy in 2007, 2008 and 2009. A new organization has been implemented to ensure strict control of the activities in order to minimize the impacts of risks for the Company.

Human resources

The quality and expertise of Group employees are important elements of the internal control procedures. Since 2010, the Group's human resources policy has been based on:

- the further improvement of the recruiting process;
- the clarification and updates of the roles of each employee through the implementation of detailed job descriptions;
- the implementation of a career tracking system to complement the annual evaluation of performance for each employee of the holding company and the French subsidiary; and
- investments in training.

Project controls

In addition, as part of the securing of its project portfolio, the Company has implemented:

- monthly reporting on its wind portfolio, thus allowing the continuous updating of the risk levels used to determine the accounting provisions and depreciations to be made;

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- an inter-subsiary “wind” working group. It enables synergy of the Group's experiences and exchanges on key operating matters of the Group. It meets every quarter. Minutes of meetings are drawn up and circulated internally;
- periodic reviews of projects with development managers to exchange on the budget situation, validate projects to enter development and to draw the main directions and prospects for development; and
- a periodic budget monitoring of the development projects being expanded and harmonized.

Management controls

General Management has continued efforts in management control within the Group and improved in 2011 the following:

- the level of detail on the assumptions in the modeling of fiscal data (annual or monthly budgets, budget re-forecasting, medium-term plan);
- the cycle of re-forecast budget that relies on dynamic tools implemented by the Group to improve the sharpness of forecasts. Sales of electricity are mainly concerned;
- the monthly reporting has achieved comparisons budget/re-forecasting in a more regular basis and on almost all of the income statements of the Group companies; and
- the strengthening of cost management in the German and French subsidiaries, and the implementation of a new organization for management control.

Information systems

After the creation of an IT department in 2010, the improvement axis of the Group was to secure sensitive data. To this end, two major projects have been implemented:

- the implementation of a process group to protect the data on sensitive computers of the Group to prevent the partial or total loss of data. This was achieved by the implementation of backup policies and reporting, and
- the creation of a Messaging Infrastructure Group. This ensures comprehensive protection of business messages exchanged within the Group, both in terms of viruses and spam as backup.

The standardization of procedures and software has leaded the Group towards a better data consistency and the improvement of the efficiency of Information systems in the generation of value. The next steps are the establishment of a centralized Information system as well as an intranet, and the harmonization of data storage.

2.2 REPORT OF THE STATUTORY AUDITORS ON THE REPORT BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

To the Shareholders,

In our capacity as Statutory auditors of THEOLIA S.A. and in accordance with Article L.225-235 of French Commercial Code, we hereby report on the report prepared by the Chairman of your company in accordance with Article L.225-37 of French Commercial Code for the year ended December 31, 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-37 of French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L.225-37 of French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consisted mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of French Commercial Code.

Paris and Marseilles, April 2, 2012

The Statutory auditors

DELOITTE & ASSOCIES

CABINET DIDIER KLING & ASSOCIES

Christophe Perrau

Christophe Bonte

Didier KLING

2. CORPORATE GOVERNANCE

2.3 INTERESTS AND COMPENSATION OF CORPORATE OFFICERS OF THE COMPANY

Compensation of the corporate officers of the Company is fixed by the Board of directors upon report of the Nomination and Remuneration Committee.

2.3.1 Compensation of executive corporate officers of the Company

2.3.1.1 Summary table of compensation, options, and shares granted to each executive corporate officers

The following tables are prepared in accordance with the MiddleNext Code of Corporate Governance. They exhaustively detail the Chairman and the CEO's sums of compensation paid and benefits in kind granted by the Company and its subsidiaries during the year ending December 31, 2011, in a reasoned, coherent, readable, and transparent manner.

Chairman of the Board of directors

Michel Meeus, Chairman since July 26, 2010	FY 2010	FY 2011
Compensation owed for the year (see details in Section 2.3.1.2)	30	42
Valuation of options allocated during the year (see details in Section 2.3.1.3)	-	-
Valuation of performance shares granted during the year (see details in Section 2.3.1.3)	-	-
TOTAL	30	42

Chief Executive Officer

Fady Khallouf, CEO since May 20, 2010	FY 2010	FY 2011
Compensation owed for the year (see details in Section 2.3.1.2)	514	469
Valuation of options allocated during the year (see details in Section 2.3.1.3)	359 ⁽¹⁾	-
Valuation of performance shares granted during the year (see details in Section 2.3.1.3)	-	-
TOTAL	873	469

⁽¹⁾ Additional data compared to the Registration Document 2010.

It is noted that the valuations of options (stock options) and performance shares (free shares) allocated during the concerned year do not constitute cash compensation and have no impact on the Group's cash flow, with the exception of the applicable employer contributions at the date free shares or options to subscribe for shares (stock options) are allocated.

2.3.1.2 Summary table of compensation

Chairman of the Board of directors

Michel Meeus Chairman since July 26, 2010	Amounts related to the concerned year		Amounts paid in the course of the concerned year	
	2010	2011	2010	2011
Fixed Compensation	-	-	-	-
Variable Compensation	-	-	-	-
Exceptional Compensation	-	-	-	-
Directors' fees	30	42	21	42
Benefits in kind	-	-	-	-
TOTAL	30	42	21	42

The method of calculation of the Directors' fees due to the Chairman of the Board of directors can be found in the Report of the Chairman of the Board on corporate governance, internal control procedures and risk management (see Section 2.1 of this Reference document).

Chief Executive Officer

Fady Khallouf CEO since May 20, 2010	Amounts related to the concerned year		Amounts paid in the course of the concerned year	
	2010	2011	2010	2011
Fixed Compensation	185	300	185	300
Variable Compensation	100 ⁽¹⁾	150 ⁽⁵⁾	100	-
Exceptional Compensation	228 ^{(2) (3)}	-	228	-
Directors' fees	⁽⁴⁾	16 ⁽⁶⁾	-	-
Benefits in kind	3	1	1	3
TOTAL	514	469	514	303

⁽¹⁾ Variable compensation (lump sum) for fiscal year 2010 approved by the Board of directors of June 15, 2010 and later confirmed by the Board of directors on September 2, 2010.

⁽²⁾ Bonus following the successful completion of the Capital Increase approved by the Board of directors of June 15, 2010.

⁽³⁾ Prior to his appointment as CEO on May 20, 2010, Fady Khallouf received an exceptional compensation on the grounds of the special task of providing special assistance to the Chairman and CEO of the Company. The principle of that special task was authorized by the Board of directors on April 15, 2010, for the period from April 15, 2010 to May 20, 2010 (see details in Section 2.3.2.1 below).

⁽⁴⁾ Prior to his appointment as CEO on May 20, 2010, Fady Khallouf received director's fees in his capacity as director for the period from March 19, 2010 to May 20, 2010 (see details in Section 2.3.2.1 below).

⁽⁵⁾ Amount provided in the annual and consolidated accounts as of December 31, 2011, representing the maximum annual variable compensation awarded to the CEO, i.e. 50% of his annual fixed gross compensation. Amount set by the Board of directors of March 28, 2012, paid in 2012.

⁽⁶⁾ Gross directors' fees due for holding office as member of the Supervisory Board of ecolutions GmbH & Co. KGaA (subsidiary of THEOLIA) for fiscal 2011 and paid in 2012.

The Board of directors wishes to conduce the executive management to enhance the Company's performance and to create value for the shareholders. Therefore, in addition to a fixed compensation, a variable annual gross compensation may be granted to executive directors within the framework of their corporate office.

As of the date of publication of this Registration Document, Fady Khallouf is the sole executive director of the Company. A variable compensation is included in his overall compensation.

The amount of that variable compensation is based on the results obtained with reference to the objectives set by the Board of directors jointly with the Nomination and Remuneration Committee for the period from January 1 to December 31 of the current fiscal year. These objectives are focused on quality and are closely related to the performance of the Company. More specifically, they address strategy consolidation and the general improvement of the Company's fundamentals, including continuation of the Group's restructuring and cost reduction at each subsidiary's level.

The degree to which objectives are reached is estimated by the Nomination and Remuneration Committee before April 1 of the base period.

It is specified that this variable compensation is limited to 50% of the annual fixed gross compensation of this executive director.

2.3.1.3 Detail of other allocations

Stock options

After receiving approval from the Nomination and Remuneration Committee based on the delegation granted by the General Meeting of Shareholders on May 30, 2008, the Board of directors at its meeting on December 1, 2010, decided to allocate 1,500,000 stock options to Fady Khallouf in his capacity as CEO, subject to the following conditions of stock performance:

- 100,000 (approximately 6.67%) will become exercisable if the arithmetic mean of the weighted average prices calculated for 20 consecutive trading days is greater than or equal to €1.80;
- 300,000 (20%) will become exercisable if the arithmetic mean of the weighted average prices calculated for 20 consecutive trading days is greater than or equal to €2.50;

2. CORPORATE GOVERNANCE

- 200,000 (approximately 13.33%) will become exercisable if the arithmetic mean of the weighted average prices calculated for 20 consecutive trading days is greater than or equal to €3.00;
- 400,000 (approximately 26.67%) will become exercisable if the arithmetic mean of the weighted average prices calculated for 20 consecutive trading days is greater than or equal to €3.50; and
- 500,000 (approximately 33.33%) will become exercisable if the arithmetic mean of the weighted average prices calculated for 20 consecutive trading days is greater than or equal to €5.00.

The exercise price will correspond to the lower amount between €1.40 and the undiscounted market price (average of market prices for the 20 days prior to the day of the decision by the Board of directors).

These stock options may be exercised at any time for one year at the end of a four-year period ("Tax Unavailability Period") from the date that the stock options were awarded by the Board of directors, i.e., until December 1, 2015, subject to conditions of performance and the special rules established in the event that the CEO should cease to hold office.

In the event that, for whatever reason, the functions of the CEO of the Company cease, the following principles will apply:

- if termination occurs before the end of the Tax Unavailability Period (for each Option, a lockup period of four years from the allocation date as per Article 163 bis C of the French General Tax Code), the stock options shall:
 - automatically become exercisable from the date of termination, subject to and for the amount of the achievement of performance terms on the exercise date, and
 - remain exercisable until the end of a period of three months from the date of publication of the first annual or semi-annual consolidated financial statements following the date of termination, which is when stock options will become automatically null and void; and
- if termination occurs after the end of the Tax Unavailability Period, the stock options shall remain exercisable:
 - after the date of termination, subject to and for the amount of the achievement of performance terms on the exercise date;
 - until the conclusion of a period of three months from the date of publication of the first annual or semi-annual consolidated financial statements following the date of termination, which is when stock options will become automatically null and void.

Finally, 50% of the shares from the exercise of stock options shall be kept by the CEO and recorded in registered form for the duration of his term.

The valuation of stock options allocated during fiscal year 2010 was carried out at the grant date, using the method of recombinant trees (called "binomial" or "trinomial"), which assumes that the share price shown in the tree recombinant (current estimates at 1 year, 2 years, 3 years, etc. after the issuance of stock options) represent the average of weighted average market price over the 20 stock market sessions preceding the exercise of the stock options.

After discount due to the non-transferability of the shares resulting from the exercise of the options, the valuation of the stock options allocated during fiscal year 2010 totaled 359 thousand euros. This value is indicated at the grant date, i.e. December 1, 2010, but the corresponding expense is recorded in the Group's consolidated accounts, prorated for each of the Plan period.

Free shares

In the course of fiscal year 2011, no free share has been allocated by the Company to executive corporate officers.

Article L. 225-197-6 of the French Commercial Code provides that in a company whose securities are admitted to trading on a regulated market, shares can be granted free of charge only if the company satisfies at least one of the following terms for the year in which such shares are allocated:

- (i) the company allocates free shares to all of its employees and at least 90% of all employees of its subsidiaries,
- (ii) the company processes allocation of options to all of its employees and at least 90% of all employees of its subsidiaries, and
- (iii) an incentive plan is in force in the company and least 90% of all employees of its subsidiaries are eligible.

These stipulations shall be applicable in the event of an allocation of free shares decided by the Board of directors on the basis of the delegation granted by the sixteenth resolution of the General Meeting held on June 17, 2011.

2.3.1.4 Additional information

	Employment contract	Supplemental pension plan	Compensation or benefits that are or may be due to a termination or change of position	Compensation pertaining to a non-compete clause
Michel Meeus , Chairman since July 26, 2010	No	No	No	No
Fady Khallouf , CEO since May 20, 2010	No	Yes ⁽¹⁾	No ⁽²⁾	Yes ⁽³⁾

⁽¹⁾ Fady Khallouf has mandatory supplemental pension and provident plans in force within the Company, namely, as of this date, MEDERIC B2V-CIRICA (supplemental pensions) and ALLIANZ (provident).

⁽²⁾ Fady Khallouf has an unemployment insurance plan underwritten by the Group.

⁽³⁾ The compensation due under the non-compete clause stipulated between the Company and Fady Khallouf equals to 24 months' gross compensation (fixed and variable). This compensation is reimbursable by Fady Khallouf if it is found by the final, un-appealable decision of a court of law that he has committed serious misconduct.

The Group has not made any commitment to its officers relating to indemnities or benefits due or that may potentially become due as a result of their termination or a change in their duties or subsequent thereto.

2.3.2 Compensation of the non-executive corporate officers of the Company**2.3.2.1 Compensation and director's fees paid to each non-executive corporate officer**

The method of calculation of the directors' fees due to the non-executive corporate officers of the Company can be found in the Report of the Chairman of the Board on corporate governance, internal control procedures and risk management (see Section 2.1 of this Reference document).

The distribution of directors' fees among the Board members is based on their effective attendance to the Board meetings, their work on the Committees and their involvement in the Company.

(in thousands of euros)		Fixed compensation	Variable compensation	Exceptional compensation	Benefits in-kind	Directors' fees	TOTAL
Philippe Dominati ⁽¹⁾	2010	-	-	130 ⁽²⁾	-	45	175
	2011	-	-	-	-	18	18
David Fitoussi	2010	-	-	-	-	19	19
	2011	-	-	-	-	45	45
Georgius Hersbach	2010	-	-	-	-	39	39
	2011	-	-	-	-	50 ⁽⁵⁾	50
Fady Khallouf	2010	-	-	40 ⁽³⁾	-	7 ⁽⁶⁾	47
	2011	-	-	-	-	n/a ⁽⁷⁾	n/a
Jean-Pierre Mattei ⁽⁸⁾	2010	-	-	130 ⁽⁴⁾	-	41	171
	2011	-	-	-	-	41	41

⁽¹⁾ Director who resigned from his mandate on June 6, 2011.

⁽²⁾ Compensation on the grounds of the exceptional mission carried out in the particular framework of the financial restructuring plan from March 19, 2010 to August 31, 2010 and authorized by the Board of directors dated March 19, 2010 (see Section 2.3.2.2 below).

⁽³⁾ Compensation on the grounds of the exceptional mission carried out in order to provide special assistance to the CEO of the Company from April 15, 2010 to May 20, 2010 and authorized by the Board of directors dated April 15, 2010 (see Section 2.3.2.2 below).

⁽⁴⁾ Compensation on the grounds of the exceptional mission carried out in the particular framework of the financial restructuring plan from March 19, 2010 to August 31, 2010 and authorized by the Board of directors dated March 19, 2010 (see Section 2.3.2.2 below).

⁽⁵⁾ Fees including gross directors' fees (11 thousand euros) for holding office as member of the Supervisory Board of ecolutions GmbH & Co. KGaA for fiscal year 2011 and paid in 2012.

⁽⁶⁾ For his non-executive corporate term of office for the period from March 19, 2010 to May 20, 2010.

⁽⁷⁾ Fady Khallouf as CEO of the Company does not receive any directors' fee.

⁽⁸⁾ Director who resigned from his mandate on April 12, 2012, after the Board of directors of March 28, 2012 closed the 2011 financial accounts.

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For fiscal year 2011, the overall amount of directors' fees allotted to the members of the Board of directors totals 143 thousand euros for the non-executive corporate officers of the Company and 42 thousand euros for the Chairman of the Board of directors, i.e. an overall amount of 185 thousand euros.

The general shareholders' meeting of June 1, 2010, decided to set the overall amount of directors' fees allotted to the members of the Board of directors at 510 thousand euros. In view of the Company's cost reduction policy, the Board of directors has decided not to distribute the balance of the directors' fee package approved by the shareholders' meeting, i.e. 325 thousand euros.

2.3.2.2 Detail of other allocations

Stock options to non-executive corporate officers

There was no allocation of stock options to non-executive corporate officers during fiscal year 2011.

Free share allocated to non-executive corporate officers

There was no allocation of free share to non-executive corporate officers during fiscal year 2011.

Special tasks

In 2010, three directors of the Company (Philippe Leroy, Jean-Pierre Mattei and Philippe Dominati) accomplished exceptional missions for the Company and therefore received exceptional remunerations.

These special task agreements constituted regulated agreements as defined by Articles L. 225-38 et seq. of the French Commercial Code. They were authorized by the Board of directors on March 19, 2010 and were described in a Statutory auditors' report that was approved by the general shareholders' meeting on June 1, 2010 that approved the financial statements for the year ending December 31, 2009.

In addition, on April 15, 2010, the Board of directors decided in principle to entrust a special task to a director, Fady Khallouf. The purpose of his task is to provide special assistance to the Chairman and CEO, especially with strategic projects, opportunities for acquisitions, disposals, and financial transactions, analysis, and proposals to improve Company profitability in terms of operations and development and reduce its risk factors or reduce its exposure to risk. This special task was ended per a decision by the Board of directors on May 20, 2010.

That special task agreement constituted a regulated agreement as defined by Articles L. 225-38 et seq. of the French Commercial Code. Its principle was authorized by the Board of directors on April 15, 2010 and was described in the report of the Statutory auditors submitted to the general shareholders' meeting of June 17, 2011 convened to approve the financial statements for the year ended December 31, 2010. However, the ordinary and extraordinary general meeting of June 17, 2011 was unable to vote on and approve the regulated agreements mentioned in the special report of the Statutory auditors due to the lack of a quorum (owing to the exclusion of the votes of the persons affected by the resolution relating to regulated agreements and the proxies they represented).

That special task agreement shall be described in the special report of the Statutory auditors to be submitted to the general shareholders' meeting convened to approve the financial statements for the year ended December 31, 2011.

2.3.3 Participation of the corporate officers of the Company in the share capital

	Number of shares	% of share capital	% of voting rights
David Fitoussi	0	-	-
Georgius Hersbach ⁽¹⁾	138 126	0.11%	0.11%
Fady Khallouf	240 000	0.19%	0.19%
Jean-Pierre Mattei ⁽³⁾	25	ns	ns
Michel Meeus	7 244 162 ⁽²⁾	5.68%	6.67%

⁽¹⁾ Direct and indirect holdings.

⁽²⁾ Including 1 337 250 shares having double voting rights as of the publication of this Registration Document.

⁽³⁾ Director who resigned from his office on April 12, 2012, after the Board of directors closed the 2011 financial accounts on March 28, 2012.

2.3.4 Transactions conducted by corporate officers of the Company on THEOLIA securities during fiscal year 2011

The transactions reported to the AMF by the directors on the Company's securities during fiscal year 2011 are as follows:

Person concerned	Date of Transaction	Nature of Transaction	Unit price (in €)	Amount of transaction (in €)
Michel Meeus	07/29/2011	Acquisition	1.12	1 120 000.00
Michel Meeus	09/06/2011	Acquisition	1.06	530 000.00
Michel Meeus	09/07/2011	Acquisition	1.07	214 000.00
Michel Meeus	09/07/2011	Acquisition	1.06	318 000.00
Michel Meeus	09/08/2011	Acquisition	1.08	270 000.00

2. CORPORATE GOVERNANCE

2.4 OFFICES AND FUNCTIONS OF CORPORATE OFFICERS

According to the information provided to the Company by its corporate officers, the latter hold or have held the following offices and functions.

2.4.1 Directors

DAVID FITOUSSI *

Initial Date of Appointment: Board of directors' meeting of July 26, 2010 – ratification by the general meeting of December 17, 2010

Expiration of term: General meeting convened to approve the financial statements for the fiscal year ended December 31, 2011

30 years old

75, rue Denis Papin – BP 80199

13795 Aix-en-Provence Cedex 3

Office held in the Company

- None

Main positions held within the Group

- Director of THEOLIA
- Chairman of the Audit Committee of THEOLIA

Main positions held outside the Group

- Director of Christofferson Robb & Company LLP ⁽¹⁾
- Portfolio Manager of CRC Active Value Fund ⁽¹⁾

Main positions previously held outside the Group over the past five years

- None

* Independent director

⁽¹⁾ Foreign company

GEORGIUS J.M. HERSBACH

Initial Date of Appointment: General meeting of April 14, 2006

Expiration of term: General meeting convened to approve the financial statements for the fiscal year ended December 31, 2011

59 years old

Nieuw Loosdrechtse dijk 227

1231 KV Loosdrecht,

The Netherlands

Office held in the Company

- None

Main positions held within the Group

- Director of THEOLIA
- Member of the Nomination and Remuneration Committee of THEOLIA

Main positions held outside the Group

- Chairman and CEO of Heartstream Group B.V. ⁽¹⁾
- Chairman and CEO of Heartstream Corporate Finance B.V. ⁽¹⁾
- Chairman and CEO of Heartstream Capital B.V. ⁽¹⁾
- Director of NovaRay Medical, Inc. ⁽¹⁾
- Member of the Supervisory Board of NanoCorp B.V. ⁽¹⁾
- Member of the Supervisory Board of Gilbert Technologies B.V. ⁽¹⁾
- Member of the Strategic Committee of UE CIP

Main positions previously held outside the Group over the past five years

- Vice Chairman of the Supervisory Board of Global Interface SA

⁽¹⁾ Foreign company

JEAN-PIERRE MATTEI * ⁽¹⁾

Initial Date of Appointment: Board of directors' meeting of September 22, 2009 – ratification by the general meeting of March 19, 2010
Expiration of term: General meeting convened to approve the financial statements for the fiscal year ended December 31, 2011
 62 years old
 9, rue de la Paix
 75002 Paris

Office held in the Company

- None

Main positions held within the Group

- Director of THEOLIA
- Vice-Chairman of the Board of directors of THEOLIA
- Member of the Audit Committee of THEOLIA

Main positions held outside the Group

- Member of the Paris Bar
- Director of Groupe Floirat SA
- Director of Petites Affiches SA
- Director of La Gazette du Palais

Main positions previously held outside the Group over the past five years

- Director of Banque Palatine
- Director of Eurotunnel Group
- Chairman of SAS Fimopar (Financière Immobilière Participations)

* Independent director

⁽¹⁾ Director who resigned from his office on April 12, 2012, after the Board of directors closed the 2011 financial accounts on March 28, 2012.

MICHEL MEEUS

Initial Date of Appointment: General meeting of March 19, 2010
Expiration of term: General meeting convened to approve the financial statements for the fiscal year ended December 31, 2012
 59 years old
 75, rue Denis Papin – BP 80199
 13795 Aix-en-Provence Cedex 3

Office held in the Company

- Chairman of the Board of directors of THEOLIA

Main positions held within the Group

- Chairman of the Board of directors of THEOLIA
- Director of THEOLIA
- Member of the Nomination and Remuneration Committee of THEOLIA

Main positions held outside the Group

- Director of Alcofinance SA ⁽¹⁾
- Director of Alcogroup SA ⁽¹⁾
- Deputy Director of Alcodis SA ⁽¹⁾

Main positions previously held outside the Group over the past five years

- Director of Alcofina SAM ⁽¹⁾
- Director of S.A.D. SA (Société des Alcools Dénaturés)

⁽¹⁾ Foreign company

2. CORPORATE GOVERNANCE

FADY KHALLOUF

Initial Date of Appointment: General meeting of March 19, 2010

Expiration of term: General meeting convened to approve the financial statements for the fiscal year ending December 31, 2012

51 years old

75, rue Denis Papin – BP 80199

13795 Aix-en-Provence Cedex 3

Office held in the Company

- CEO of THEOLIA

Main positions held within the Group

- CEO of THEOLIA
- Director of THEOLIA
- Chairman and CEO of Therbio SA
- Chairman and CEO of La Compagnie Eolienne du Détroit SA ⁽¹⁾
- Chairman and CEO of THEOLIA Emerging Markets SA ⁽¹⁾
- Chairman and CEO THEOLIA Maroc SA ⁽¹⁾
- Managing Director of Windream One
- Chairman and director of Maestrale Green Energy Srl ⁽¹⁾
- Geschäftsführer of THEOLIA Holding GmbH ⁽¹⁾
- Geschäftsführer of THEOLIA Naturenergien GmbH ⁽¹⁾
- Member of the Supervisory Board of ecolutions GmbH & Co. KGaA ⁽¹⁾
- Chairman and director of THEOLIA Utilities Investment Company SA ⁽¹⁾
- Managing Director of THEOLIA Management Company Sàrl ⁽¹⁾
- Permanent representative of THEOLIA, director of Corseol SA
- Permanent representative of Therbio SA, director of Ecoval 30 SA

Main positions held outside the Group

- None

Main positions previously held outside the Group over the past five years

- Executive Director, Managing Director of Tecnimont Group ⁽¹⁾
- Strategy and Development Manager of the Edison Group ⁽¹⁾
- Director of Edipower ⁽¹⁾
- Director of Edison Trading ⁽¹⁾
- Director of Edison Energia ⁽¹⁾
- Director of International Water Holdings ⁽¹⁾

⁽¹⁾ Foreign company

The following table lists the terms of office and roles occupied over the course of the last five years by the directors of the Company who were appointed as corporate officers over the course of fiscal year 2011, but who were no longer in office as of the date of publication of this Registration Document.

PHILIPPE DOMINATI *

Initial Date of Appointment: General Meeting of June 11, 2009

Term Expiration Date: June 6, 2011

15, rue Vaugirard

75291 Paris Cedex 06

Office held in the Company

- None

Main positions held within the Group

- Director of THEOLIA until June 6, 2011
- Member of the Audit Committee of THEOLIA until June 6, 2011

Main positions held outside the Group

- French Senator
- Vice-Chairman of the Supervisory Board of Téléperformance SA,
- Member of the Compensation Committee of Téléperformance SA
- Chairman of the Supervisory Board of Téléperformance France
- Manager of Isado SARL

Main positions previously held outside the Group over the past five years

- Director of SLE Caisse d'Epargne Ile de France

* Independent director

⁽¹⁾ Foreign company

2.4.2 Chief executive officer

FADY KHALLOUF

- See Section 2.4.1 above.

2. CORPORATE GOVERNANCE

2.5 RELATED-PARTY TRANSACTIONS

2.5.1 Transactions carried out with related parties

The description of related party transactions is included in the notes to the consolidated financial statements as of December 31, 2011.

The following table provides a summary of the transactions that took place with related companies (excluding transactions that took place between Group companies) during the year ended December 31, 2011, as well as during previous years when those transactions had effect in 2011:

<i>Parties</i>	<i>Date</i>
<ul style="list-style-type: none"> Windreich AG (company controlled by Willi Balz); THEOLIA Naturenergien GmbH (formerly NATENCO GmbH); and THEOLIA (in which Willi Balz was a director in 2009 before resigning) 	<ul style="list-style-type: none"> February 2, 2007
<i>Type of Agreement</i>	<i>Financial Compensation</i>
<ul style="list-style-type: none"> Non-exclusive marketing agreement whereby the company Windreich AG is awarded a commission (variable from 2.5 to 5% depending on the origin of the customer contact) in the event of sales negotiated by Windreich AG of wind projects owned by THEOLIA Naturenergien GmbH (formerly NATENCO GmbH). After an amendment dated December 21, 2007, applicable from January 1 to December 31, 2008, Windreich AG's commission percentage was modified. In addition, for this period, Windreich AG was awarded exclusive marketing rights for the first hundred MW sold in German-speaking countries by THEOLIA Naturenergien GmbH (formerly NATENCO GmbH). Since January 1, 2009, this exclusivity is no longer applicable and the stipulations of the original agreement are, again, in force. 	<ul style="list-style-type: none"> All commissions paid by the Group to Windreich AG under this agreement as of the date of this Registration Document amount to €6.3 million for 2007, €2.2 million for 2008 (owed during 2007), and €0.2 million for 2009 (due to a lack of sales in 2008, they are zero for this year).
	<i>Duration / Term</i>
	<ul style="list-style-type: none"> December 31, 2011
<i>Parties</i>	<i>Date</i>
<ul style="list-style-type: none"> VENTURA SA ⁽¹⁾; THEOLIA France SAS; and Vol-V ⁽¹⁾ 	<ul style="list-style-type: none"> September 16, 2009
<i>Type of Agreement</i>	<i>Financial Compensation</i>
<ul style="list-style-type: none"> Joint guarantee granted by the Company for amounts owed by VENTURA SA and THEOLIA France to VOL-V. 	<ul style="list-style-type: none"> Guarantee granted for a sum of 966,083 euros
	<i>Duration / Term</i>
	<ul style="list-style-type: none"> Guarantee expired in January, 2011 (balance of sum owed by THEOLIA France were paid)
⁽¹⁾ Companies in which François Bouffard, Amaud Guyot, and Cédric le Saulnier de Saint Jouan held executive management positions	

<i>Parties</i>	<i>Date</i>
<ul style="list-style-type: none"> • THEOLIA and Fady Khallouf, director and CEO of the Company 	<ul style="list-style-type: none"> • June 15, 2010
<i>Type of Agreement</i>	<i>Financial Compensation</i>
<ul style="list-style-type: none"> • Non-compete compensation, supplemental pension, and unemployment insurance for the CEO ⁽²⁾ 	<ul style="list-style-type: none"> • Benefit of supplemental pension and mandatory provident plans in force within the Company, an unemployment insurance mechanism underwritten by the Group without special terms, and compensation due under the non-compete clause (24 months of gross fixed and variable compensation).
	<i>Duration / Term</i>
	<ul style="list-style-type: none"> • In progress
⁽²⁾ This transaction could not be submitted to the approval of the shareholders' general meeting of June 17, 2011 as the quorum was not reached.	

<i>Parties</i>	<i>Date</i>
THEOLIA, IWB Renewable Power AG and Badenova AG & Co.	<ul style="list-style-type: none"> • October 21, 2011
<i>Type de Agreement</i>	<i>Financial Compensation</i>
Shareholders agreement in the framework of the implementation of a cross-border partnership in wind energy and the creation of the investment vehicle (THEOLIA Utilities Investment Company).	<ul style="list-style-type: none"> • THEOLIA holds 40% of THEOLIA Utilities Investment Company's share capital.
	<i>Duration / Term</i>
	<ul style="list-style-type: none"> • In progress

2.5.2 Statutory auditors' report on regulated agreements and commitments

To the Shareholders,

In our capacity as Statutory auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any.

It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of their approval.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the ended year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

2. CORPORATE GOVERNANCE

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the ended year

We have been informed that no agreement or commitment were approved by the Board of directors of the Company during the year ended December 31, 2011, that should be submitted to the approval of the shareholders' meeting, pursuant to Article L.225-38 of the French Commercial Code.

Agreements and commitments concluded without prior authorization

Pursuant to Articles L.225-42 and L.823-12 of the French Commercial Code, we inform you that the following agreements and commitments were not previously approved by the Board of directors of the Company.

The terms of our engagement require us to communicate to you the circumstances for which the authorization procedure was not followed.

Shareholder loan agreement granted by THEOLIA to THEOLIA Utilities Investment Company

Person concerned: Mr. Fady Khallouf, Chief Executive Officer and Director of THEOLIA and Director A of THEOLIA Utilities Investment Company

Execution date of the agreement: December 22, 2011

Kind, object and terms and conditions of the contract: Pursuant to the commitments taken on October 21, 2011 by the shareholders of THEOLIA Utilities Investment Company, of which THEOLIA holds 40% of the share capital, a loan agreement of €2 million has been granted by THEOLIA to THEOLIA Utilities Investment Company. This interest rate on the shareholder loan is EURIBOR 3 months, increased by a margin of 150 bps. For 2011 the performed interest income amounts to €645.33.

This agreement has not been previously authorized by the Board of directors by omission.

Amendment 1 to the shareholder loan agreement granted by THEOLIA to THEOLIA Utilities Investment Company

Person concerned: Mr. Fady Khallouf, Chief Executive Officer and Director of THEOLIA and Director A of THEOLIA Utilities Investment Company

Execution date of the agreement: March 12, 2012

Kind, object and terms and conditions of the contract: The loan agreement granted by THEOLIA to THEOLIA Utilities Investment Company on December 22, 2011 was reevaluated to € 2.14 million.

This amendment has not been previously authorized by the Board of directors by omission.

Waiver of loan granted by the shareholders of THEOLIA Utilities Investment Company

Person concerned: Mr. Fady Khallouf, Chief Executive Officer and Director of THEOLIA and Director A of THEOLIA Utilities Investment Company

Execution date of the commitment: March 16, 2012

Kind, object and terms and conditions of the contract: the shareholders of THEOLIA Utilities Investment Company committed themselves to jointly waive the receivables they own pursuant to the shareholders loan agreement, in the event THEOLIA Utilities Investment Company does not have the ability to pay back the loans, in accordance with clauses 1.3 and 5.3 of the shareholders loan agreement dated December 22, 2011 modified by an amendment no. 1 of March 12, 2012.

This commitment has not been previously authorized by the Board of directors by omission.

Agreements and commitments concluded during previous fiscal years but not approved the Shareholders' meeting

We hereby inform you of the following agreements and commitments, authorized in the course of the fiscal year 2010 and mentioned in our special report on regulated agreements and commitments for 2010, but not approved by the Shareholders' meeting held to approve the financial statements for the year ended December 31, 2010, as the quorum was not reached for the 4th resolution:

Exceptional assignment contract entrusted to Mr. Fady Khallouf

Person concerned: Mr. Fady Khallouf, Chief Executive Officer and Director of the Company

Date of authorization by the Board of directors: April 15, 2010

Execution date of the agreement: May 7, 2010 with effect as of April 15, 2010

Kind, object and terms and conditions of the contract: Mr. Fady Khallouf conducted an exceptional assignment for the Board of directors. The purpose of which was to provide specific assistance to the Chairman and Chief Executive Officer, in particular, in connection with strategic projects, acquisition opportunities, disposals and financial operations, analyses and proposals aiming to improve the Company's profitability in terms of its operations and development and reduce risk factors and its risk exposure.

Mr. Fady Khallouf carried out his exceptional assignment for the Company until May 20, 2010, date on which the Board of directors decided to end it. In consideration of this assignment, the Company paid Mr. Fady Khallouf a total gross amount of €40,296, i.e., €31,769 net of CSG (general social security contributions) and CRDS (contributions for the repayment of social debt).

Non-compete indemnity, supplementary pension and unemployment insurance scheme for the Chief Executive Officer

Person concerned: Mr. Fady Khallouf, Chief Executive Officer and Director of the Company

Date of authorization by the Board of directors: June 15, 2010

Execution date of the agreement: May 7, 2010 with effect as of April 15, 2010

Kind, object and terms and conditions of the contract: Mr. Fady Khallouf benefits from the mandatory supplementary pension schemes and health and disability insurance set up within the Company for employees, i.e., MEDERIC and B2V-CIRICA (supplementary pension) and ALLIANZ (health and disability), unemployment insurance subscribed to by the Group with no attached performance conditions, as well as the indemnity owed under the non-compete clause. The indemnity owed under the non-compete clause between the Company and Mr. Fady Khallouf amounts to 24 months of gross remuneration (fixed and variable). This indemnity shall be repaid by Mr. Fady Khallouf should a court of law render a final and non-appealable decision stating that he has committed gross negligence.

The effects of this agreement remained in force during the year ended December 31, 2011.

Commitment to subscribe to the share capital increase on June 18, 2010

Person concerned: Mr. Michel Meeus, member of the Board and shareholder holding 3.32% of the Company's share capital (as of date of the commitment).

Date of authorization by the Board of directors: June 15, 2010

Kind, object and terms and conditions of the commitment: Commitment to subscribe to the share capital increase that will take place before August 31, 2010 as part of the financial restructuring of the Company.

This commitment was performed on July 7, 2010 by subscription of 3,656,912 new THEOLIA shares, of a nominal value of 1 euro each.

2. CORPORATE GOVERNANCE

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during previous years

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by shareholders' meetings of prior years, have remained in force during the year.

Surety agreement granted by THEOLIA to VOL-V

THEOLIA agrees to act as guarantor for the amounts owed by Ventura and THEOLIA France to VOL-V pursuant to the accompanying agreement entered into between the parties on September 16, 2009, on the one hand, and the acquisition agreement for the rights held in several "SSP" companies (20% of CEBDP, CECAN, CECHP, CELHV, CEHAB and CESOU) entered into on September 8, 2009, on the other hand, for an amount of €966,083 and for a period which shall expire on January 31, 2012.

The authorized surety ended in January 2011 upon settlement by THEOLIA France of the outstanding commitments owed pursuant to the accompanying agreement and the share purchase agreement aforementioned.

Centralized cash management agreement

A centralized inter-company cash management agreement was entered into between various companies of the THEOLIA Group. Pursuant to this agreement, the Company is responsible for coordinating and centralizing all of the group's cash requirements and surpluses.

In 2011, this agreement still in force, performed interest income amounting to €9,397,514.

Surety in favor of Crédit Industriel d'Alsace-Lorraine

On August 10, 2007, THEOLIA granted in favor of Crédit Industriel d'Alsace-Lorraine a surety in the amount of €250,000 for an open period guaranteeing the repayment of the negative balances on the current accounts of its subsidiary THEOLIA France.

This surety was released on March 22, 2012, further to the closing of the bank account on November 30, 2011.

Debtors agreement

THEOLIA entered into an agreement between the bank The Royal Bank of Scotland Plc and the companies Royal Wind, CEFF and CESAM to enable the financing of the construction of the wind farms. This agreement provides that each party to the loan agreement stands security for the other borrowers.

This agreement is still in force.

Shareholders' loans

Pursuant to wind farms financing agreements, THEOLIA granted several shareholders' loans to its subsidiaries as follows:

Subsidiaries	Loan amount as of 12/31/2011	% interests	Interests amount 2011
Centrale Éolienne de Moulin de Froidure	4 712 024	5%	224 382
Centrale Éolienne de Fonds de Fresnes	0	5%	73 417
Centrale Éolienne de Seglien Ar Trimilin	0	5%	140 750
Centrale Éolienne des Sablons	3 601 721	5%	171 511
Centrale Éolienne des Plos	1 707 468	5%	81 308
Centrale Éolienne de Sallen	3 172 220	5%	151 058

Marseilles and Paris, on April 11, 2012

The Statutory auditors

DELOITTE & ASSOCIES

CABINET DIDIER KLING & ASSOCIES

Christophe PERRAU

Christophe BONTE

Didier KLING

2.6 CONFLICTS OF INTEREST

To the knowledge of the Company, on the filing date of this Registration Document, there are no potential conflicts of interest between the duties in respect of the Company, of the members of the Board of directors and of the CEO and their private interests and/or other duties.

3

Review of fiscal year 2011

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3.1 GROUP ACTIVITY IN 2011

3.1.1 Highlights of the year

Increase in installed capacities managed for own account and on behalf of third parties

During the year 2011, THEOLIA commissioned for own account the Gargouilles wind farm for a capacity of 18.4 MW in France. The commissioning has been progressive between June and September 2011.

At the same time, the Group commissioned on behalf of a third party, in September 2011, a 18.4 MW wind farm on sites next to the Gargouilles one.

In the context of its activity of “trading” of operational wind farms in Germany, the Group commissioned 3 wind farms during the first quarter of 2011, for a cumulative capacity of 8 MW for own account. At the end of December 2011, the Group sold a 4 MW operating wind farm.

In total, THEOLIA commissioned a net capacity of 22.4 MW for own account during 2011. Installed capacities for own account thus reached 306 MW as of December 31, 2011, compared with 283 MW as of December 31, 2010.

Capacities managed for third parties rose from 586 MW as of December 31, 2010 to 604 MW as of December 31, 2011.

Signing of an agreement with the Moroccan Office National de l'Electricité (“ONE”) for the development and construction in common of a 300 MW wind farm in Morocco

Following an initial profitable partnership as part of the concession awarded by the ONE to the *Compagnie Eolienne du Détroit* (“CED”), a subsidiary of THEOLIA Group, for the operation of a 50.4 MW wind farm at Tetouan near Tangier, THEOLIA and the ONE have decided to continue their partnership to develop a 300 MW wind farm.

The agreement, signed on May 31, 2011, includes the development and construction of a wind project on the Tetouan site, which will be developed in two phases:

- the construction of 100 MW on the existing Koudia al Baïda site, through the replacing of the existing turbines with higher capacity turbines (repowering); and
- the construction of an additional 200 MW.

The launch of the first phase of construction is planned for the end of 2012.

THEOLIA will be the majority investor in the entity holding the future wind farm; the ONE will hold 20%.

Creation of the investment vehicle THEOLIA Utilities Investment Company

In order to accelerate its development, THEOLIA has created, in August 2011, an investment vehicle called THEOLIA Utilities Investment Company. Two major European utilities, IWB Industrielle Werke Basel (“IWB”) in Switzerland and Badenova in Germany, entered into partnership with THEOLIA in this vehicle to jointly develop and operate onshore wind farms in France, Germany and Italy.

THEOLIA acts as the operating partner in the vehicle: it sells wind projects, that it has previously developed, to THEOLIA Utilities Investment Company, while pursuing the construction and operation of these wind farms on behalf of the vehicle.

THEOLIA owns a 40% interest in THEOLIA Utilities Investment Company; IWB and Badenova hold each a 30% interest.

The objective of the vehicle is to reach a total wind capacity of 150 to 200 MW. With a final target of 100 million euros of equity invested, combined with project financing, the vehicle will be in a position to invest more than 300 million euros.

At the end of December 2011, THEOLIA sold its first wind project to the investment vehicle. This 15 MW project is located in France, in the towns of Beauval and Naours, in the Somme department. It comprises 6 wind turbines with a nominal capacity of 2.5 MW. The construction works started in September 2011 and the commissioning of the farm is expected for the end of 2012. With this first transaction, THEOLIA Utilities Investment Company becomes operational.

3. REVIEW OF FISCAL YEAR 2011

Pursuing a dynamic development

To maintain a sustained pace in the commissioning of wind farms, THEOLIA started, during the second half of 2011, the construction of a 10 MW wind farm in Italy and a 15 MW wind farm in France. The latter has been sold, in December 2011, to the investment vehicle THEOLIA Utilities Investment Company.

During the second half of 2011, the Group also secured a new building permit to install a wind farm with an estimated capacity of 18 MW in France.

3.1.2 Analysis of the consolidated financial statements

The Group's consolidated financial statements were examined by the Audit Committee and Board of directors, and then approved by the Board of directors at its meeting of March 28, 2012, in the presence of the Statutory auditors.

The following table shows excerpts from the Group's consolidated income statements for fiscal years 2010 and 2011:

Income statement (selected information) (in thousands of euros)	Year ended December 31	
	2011	2010
Revenue	67,480	154,542
EBITDA	25,769	3,438
Current operating income	10,384	(19,678)
Operating income	(18,204)	(34,663)
Financial income	(18,001)	45,626
Net income from continued activities	(37,082)	6,473
Net income	(39,233)	4,993
Of which Group share	(38,520)	5,857
Of which minority share	(714)	(865)

3.1.2.1 Consolidated revenue

Since the second half of 2010, the Group reduced the pace of its wind farm and project disposals in order to favor the Sales of electricity for own account activity which benefits from a predictable and recurrent revenue over the long term, as well as from a significant gross operational margin. Revenue presented for the two periods is thus not comparable for the Development, construction, sale activity.

The Group's consolidated revenue amounted to 67.5 million euros in 2011, derived from the strong increases recorded in the Sales of electricity for own account activity and Operation activity. Its breakdown by activity is as follows:

Consolidated revenue by business segment ⁽¹⁾ (in thousands of euros)	Year ended December 31	
	2011	2010
Sales of electricity for own account	47,109	37,537
Operation	6,243	4,962
Development, construction, sale	12,563	110,640
Non-wind activity	1,564	1,403
Total	67,480	154,542

⁽¹⁾ The Corporate activity does not generate revenue and is therefore not shown in this table.

Sales of electricity for own account

Revenue from the Sale of electricity on own account activity includes revenue from the sale of electricity produced by operating wind farms held by the Group in France, Germany, Morocco and Italy.

The revenue from the Sales of electricity for own account activity reached 47.1 million euros in 2011, an increase of +26% compared to 2010. This strong growth reflects the dynamism of the pace of the Group's wind farm commissioning in 2010 and 2011. The Sales of electricity for own account activity thus benefitted, for the first time, from a full year of operation of the Giunchetto wind farm, with a net capacity of 15 MW for the Group, that has been commissioned in October 2010, as well as from the effect of the commissioning of wind farms carried out in 2011 in France and Germany.

In 2011, the Group's installed capacities for own account grew by +8%. The trend that appeared in the first half of 2011 showing that the revenue from the Sales of electricity for own account grows faster than the installed capacity, is confirmed and speeds up.

Revenue from the Sales of electricity on own account activity, up sharply, represents 70% of total revenue for fiscal year 2011.

Operation

Revenue from the Operation activity includes management fees for certain wind farms operated on behalf of third parties, as well as, for a limited number of farms, proceeds from the sale of electricity produced on behalf of third parties under service-provision agreements.

The revenue from the Operation activity amounted to 6.2 million euros in 2011, up by +26%. As for the Sales of electricity for own account activity, the Operation activity benefitted from the full year operation of wind farms managed on behalf of third parties since 2010, as well as from the effect of the commissioning on behalf of a third party of a 18.4 MW wind farm in September 2011 in France.

Revenue from the Operation activity represents 9% of total revenue for fiscal year 2011.

Development, construction, sale

Revenue from the Development, construction, sale activity includes income from the sale of projects or operating wind farms, as well as the billing of development and construction services carried out on behalf of third parties. Historically high, the revenue from this activity declined sharply over the past two years, in line with the Group's strategy to reduce the pace of disposals of wind farms and projects to favor recurring income from the sale of electricity for own account.

The revenue for the Development, construction, sale activity amounted to 12.6 million euros in 2011. The revenue from this activity over the period mainly includes the sale to a third party of a 12 MW wind project in France, the sale of a 4 MW operating wind farm in Germany, as well as development and construction services for third parties in France. It is reminded that during 2010, THEOLIA sold 72 MW.

It is also noted that the sale of the Magremont project to the investment vehicle THEOLIA Utilities Investment Company, that occurred in December 2011, is not recognized as revenue. The impact of this sale will be recorded in the "Other operating income" item in the 2011 consolidated income statement.

Revenue from the Development, construction, sale activity represents 19% of total revenue for fiscal year 2011.

Non-wind activity

Revenue from the non-wind activity primarily includes income generated by the sale of electricity produced by a solar farm in Germany.

In 2011, the non-wind activity registered revenue of €1.6 million, i.e., 2% of total revenue for fiscal year 2011.

3. REVIEW OF FISCAL YEAR 2011

The Group has operations in four countries (Germany, France, Italy and Morocco), and is positioned in certain emerging countries, especially Brazil. The breakdown of the Group's consolidated revenue by geographic zone is as follows, for each period in question:

Consolidated income by geographic zone ⁽¹⁾ (in thousands of euros)	Year ended December 31	
	2011	2010
Germany	37,920	130,775
France	18,746	15,461
Italy	4,255	1,104
Morocco	6,558	7,201
Total	67,480	154,542

⁽¹⁾ The "Headquarters" geographic zone does not generate income and is therefore not shown in this table.

Germany

Total revenue registered in Germany is largely the result of sales of electricity produced by the 149 MW held by the Group in the country, fees from management of 501 MW on behalf of third parties, and the sale of a 4 MW operating wind farm in December 2011.

The decline in revenue registered in Germany in 2011 is in line with the Group's strategy of reducing the pace of disposals of wind farms and projects to favor recurring income from the sale of electricity on own account. In 2010, THEOLIA sold 72 MW in Germany, versus 4 MW in 2011.

The Sales of electricity for own account activity and the Operation activity were up 30% and 22%, respectively, in this country.

Revenue registered in Germany represents 56% of total revenue for fiscal year 2011.

France

All activities are up sharply in France

The Sales of electricity for own account activity, up 15%, is drawn from the gradual commissioning of a 18.4 MW wind farm for own account in the Eure-et-Loir department, between June and September 2011.

The Operation activity, up 146%, benefits from the full-year effect of the operation of wind farms commissioned on behalf of third parties at end-2010 and the commissioning on behalf of a third party of a 18.4 MW wind farm in the second half of 2011.

The Development, construction, sale activity, up 36%, primarily includes services involving construction of the 18.4 MW wind farm on behalf of a third party, as well as the sale of a 12 MW wind farm in December 2011.

Revenue registered in France represents 28% of total revenue for fiscal year 2011.

Italy

For the first time, the Group recognized full-year income from the sale of electricity produced by the Group's Italian wind farm, commissioned during the second half of 2010. This scope-of-consolidation effect resulted in a sharp increase in income from the Sales of electricity on own account activity in Italy.

Revenue registered in Italy represents 6% of total revenue for fiscal year 2011.

Morocco

Revenue for Rest of World is comprised solely of the sale of electricity produced by the 50.4 MW wind farm operated by the Group in Morocco. The electricity produced is sold to the national electricity supplier, the purchase rate of which is contractually defined over several fiscal years.

Revenue for Rest of World is declining, mainly due to less favorable weather conditions in Morocco in 2011 than in 2010. It represents 10% of total revenue for fiscal year 2011.

3.1.2.2 Consolidated EBITDA

Consolidated EBITDA, or gross operating surplus, corresponds to current operating income before depreciation and provisions for non-operating risk (see table for the conversion of EBITDA to current operating income in Section 3.1.2.3 below).

Group EBITDA rose by a factor of 7.5 between 2010 and 2011 and amounted to 25.8 million euros in 2011, compared to 3.4 million euros in 2010, an increase of 650%. The two main catalysts of this strong growth are:

- the effect of commissioning of wind farms carried out by the Group in 2010 and 2011, which allowed to significantly improve the EBITDA of the Sales of electricity for own account activity ; and
- the cost reduction led in the other activities.

The following table shows Group EBITDA by business sector for each period in question:

Consolidated EBITDA by business sector (in thousands of euros)	Year ended december 31	
	2011	2010
Sales of electricity for own account	33,531	24,745
Operation	901	(12,939)
Development, construction, sale	(7,494)	(5,787)
Non-wind activity	1,162	1,501
Corporate	(2,331)	(4,081)
Total	25,769	3,438

Sales of electricity for own account

EBITDA from the **Sales of electricity for own account** activity recorded a very strong growth over the year. It amounted to 33.5 million euros in 2011, compared to 24.7 million euros in 2010. As most of the operating expenses for this activity are fixed, the +26% increase in revenue implied a +36% improvement in EBITDA.

We note that the operating performance of wind farms held on own account in 2011 was positively impacted by a reversal of provisions totaling 0.6 million euros.

In total, a continuing trend of net improvement in EBITDA margin on the sales of electricity for own account has been recognized in each of the last four semi-annual periods:

EBITDA margin from the Sales of electricity for own account activity (as a %)	
First half 2010	64.44%
Second half 2010	67.37%
First half 2011	69.49%
Second half 2011	72.62%

The EBITDA/revenue ratio for the Sales of electricity for own account activity totaled 71% in 2011, versus 66% for fiscal year 2010.

Operation

The improvement in EBITDA from the Operation activity registered in the first half of 2011 is confirmed in the second half. Over the year, the Operation activity recorded a positive EBITDA of 0.9 million euros, versus a loss of 12.9 million euros in 2010. It is reminded that in 2010, the operational performance of this activity had been penalized by the accounting of depreciations in old trade receivables in Germany for 9 million euros.

3. REVIEW OF FISCAL YEAR 2011

In 2011, certain client receivables related to this activity, completely depreciated, were abandoned. Reversal of the provisions on these receivables offset the negative effect of abandoning the receivables in the "Other operating expenses" item. This item therefore had no impact on EBITDA.

The increase in managed capacities for third parties over the last years allowed to reach breakeven in 2011.

Development, construction, sale

This activity showed a loss of 6.5 million euros in the first half of 2011.

During the second half of 2011, margins generated by the activities of development-construction for third parties and sales of wind farms and projects allowed to almost offset structure costs of the activity. In total, for 2011, EBITDA from the Development, construction, sale activity is a loss of 7.5 million euros.

As part of a complete review of its pipeline of projects, the Group decreased the value accounted in inventories of some of its projects by a net amount of 2 million euros. These depreciations have partially been offset by operating provision reversals (for a cumulative amount of 0.9 million euros) and by old debt write-off (for an amount of 0.5 million euros).

Non-wind activity

In 2011, the **Non-wind** activity registered an EBITDA of 1.2 million euros, compared to 1.5 million euros in 2010. In 2011, the operational performance of the solar park has been negatively impacted by the accounting of provisions for a net amount of 0.2 million euros.

Corporate

The Corporate activity primarily includes the parent company THEOLIA SA, as well as some sub-holdings with no operational activity.

EBITDA from the **Corporate** activity is negative by 2.3 million euros in 2011, compared to (4.1) million euros in 2010.

In 2011, the Group pursued the reduction in the headquarters' structure costs, notably by decreasing external expenses and personnel costs. Expenses related to share-based payments have also significantly been reduced over the year, dropping from 1 million euros in 2010 to 0.2 million euros in 2011.

The combination of these factors resulted in a net improvement in EBITDA for this activity.

The following table shows Group EBITDA by geographic zone for each period in question:

Consolidated EBITDA by geographic zone (in thousands of euros)	Year ended December 31	
	2011	2010
Germany	15,642	2,465
France	9,246	4,143
Italy	499	(4,826)
Rest of World	2,406	2,850
Headquarters ⁽¹⁾	(2,023)	(1,193)
Total	25,769	3,438

⁽¹⁾ "Headquarters" includes only the parent company THEOLIA SA and therefore differs from the Corporate activity.

3.1.2.3 Current operating income

The table for converting EBITDA to current operating income for the past two years is as follows:

(in thousands of euros)	Year ended December 31	
	2011	2010
EBITDA	25,769	3,438
Depreciation	(13,538)	(17,066)
Provisions for non-operating risks	(1,847)	(6,050)
Current operating income	10,384	(19,678)

The consolidated current operating income is a profit of 10.4 million euros in 2011, whereas it was a loss of 19.7 million euros in 2010.

This significant improvement is the combined result of a strong increase in consolidated EBITDA, a decrease in amortization related to operating wind farms and a drop in allocations to non-operational risk provisions.

Almost all depreciation corresponds to wind farms held and operated by the Group. At each close, the depreciation expense for these farms is calculated with regards to the residual value of the farms (estimated sale price) and the estimated date of disposal by the Group.

Depreciation registered on wind farms in operation is distributed as follows by geographic zone in 2011 (in millions of euros):

- Germany (5.8)
- France (1.9)
- Italy (1.3)
- Morocco (2.7)

The decline in depreciation between 2010 and 2011 is due primarily to the change in assumptions applied in calculating the residual value of the farms.

Provisions for non-operating risks, which fell from 6.1 million euros in 2010 to 1.8 million euros in 2011, also declined sharply.

3.1.2.4 Operating income

The Group's operating income was a loss of 18.2 million euros in 2011, compared to a loss of 34.7 million euros in 2010.

Pursuant to IAS Regulation 36, "Depreciation of assets," each year the Group performs impairment tests specifically to ensure that its non-depreciable assets (goodwill, certain intangible fixed assets and projects under development and construction) are correctly valued. In 2011, the tests were also applied to depreciable assets and inventory due to indications of loss of value resulting from a market capitalization lower than shareholders' equity. The Group primarily uses the discounted cash flow method to determine the recoverable value of its assets.

In 2011, the Group posted the following impairments (and reversals) for a cumulated net total of 28.3 million euros (in millions of euros):

- depreciation of goodwill
 - wind projects in Italy (17.6)
 - wind farms operating in Italy (2.7)
 - wind farms operating in Germany (1.3)
- depreciation of assets
 - wind projects in Italy (6.1)

3. REVIEW OF FISCAL YEAR 2011

- wind farms operating in Germany (0.9)
- wind farms operating in France (0.3)
- solar farm in Germany (0.7)
- wind projects in France (0.5)
- reversal of depreciation on wind farm in operation in Morocco + 1.7

In Italy, given the uncertainty related to the on-going review of the electricity purchase rate, impairment tests carried out have led to the recognition of an impairment of 23.7 million euros on projects under development, applied to depreciation of goodwill totaling 17.6 million euros, and depreciation of intangible fixed assets totaling 6.1 million euros, and an impairment of 2.7 million euros on the operating wind farm.

By contrast, the improvement in the recoverable value of the wind farm in Morocco resulted in a reversal of 1.7 million euros.

Additionally, in 2010, as part of the Operating activity in Germany, the Group recognized a provision totaling 4.7 million euros to cover the Group's estimated future losses on operating agreements for wind farms on behalf of third parties, guaranteeing a margin to the client. In fact, a loss was recognized in 2011 totaling 0.7 million euros, and a reversal of provision was recognized for 0.6 million euros in 2011. As expected, the impact on operating income is thus virtually zero.

3.1.2.5 Financial income

The Group's financial income was a loss of 18 million euros in 2011, compared to a profit of 45.6 million euros in 2010. It is reminded that in 2010, the modification of the terms of the convertible bond led to the accounting of a net exceptional financial profit of 75 million euros

Financial income (in thousands of euros)	Year ended December 31	
	2011	2010
Profit from the deconsolidation of the convertible bond (including expenses related to the financial restructuring)	n/a	74,47
Interest expense related to the convertible bond (effective interest rate)	(8,021)	(13,866)
Net interest expense related to project financing debt held by operating wind farms	(9,071)	(8,172)
Change in the fair value of interest rate risk hedging instruments	n/a	(2,466)
Other	(909)	(4,816)
Total	(18,001)	45,626

The net annual interest expense related to the convertible bond has decreased markedly, notably due to the reduction in the loan amount as a large number of bonds have been converted into shares during the year. In 2011, this expense included payable interests as of December 31, 2011 paid in January 2012 for 4.3 million euros, as well as non-cash additional interests related to the convertible nature of the loan.

The net interest expense related to project financing debt held by operating wind farms, as part of the Group's regular activities, increased as a result of the commissioning of new wind farms carried out during the period. In 2011, the net interest expense related to project financing held on operating wind farms broke down as follows by geographic zone (in millions of euros):

- Germany (4.2)
- France (3.3)
- Italy (1.6)
- Morocco (0.1)

We note that the latest maturity of the loan linked to the wind farm in operation in Morocco occurred in fiscal year 2011.

Finally, changes in the fair value of interest rate risk hedging instruments were, until December 31, 2010, recognized as financial expenses. Since January 1, 2011, the Group has chosen hedge accounting, as allowed under IFRS, and thus recognizes changes in the fair value of interest rate risk hedging instruments directly in shareholders' equity for the part deemed to correspond to the hedge.

3.1.2.6 *Net income*

Income net of tax from activities discontinued or in the process of being sold, covering the companies in question by the application of IFRS 5 (Seres Environnement and its subsidiaries, as well as Ecoval 30 and its parent company), showed a loss of 2.2 million euros in 2011, versus a loss of 1.5 million euros in 2010.

The net income of the consolidated Group for 2011 is a loss of 39.2 million euros, including a loss of 38.5 million euros of net income Group share.

In 2011, the Group significantly improved its operational performance with very strong increases in EBITDA and current operating income. The income, however, was negatively affected by impairment related to projects under development and to the operating wind farm in Italy totaling 26.4 million euros, the purchase rate for electricity produced from wind energy being currently under review in that country.

In 2010, the net income of the consolidated entity was a profit of 5 million euros, including a net exceptional financial profit of 75 million euros due to the modification of the terms of the convertible bond.

3.1.3 Financial structure

In recent years, the Group's main sources of liquidity have been its operating activities, project financing backed by cash flows generated by wind farms in operation, the issuance of convertible bonds, increases in share capital and corporate credit lines in Germany.

In 2011, the Group undertook active management of its cash and capital resources, specifically through:

- the creation of an investment vehicle with two major European partners in the energy sector (see Section 3.1.1 of this Registration Document). This co-investment approach allows the Group to continue its development (through the regular commissioning of wind farms) with a reduced contribution of equity allocated to projects;
- a significant reduction in its corporate debt (convertible bond) following the conversion of 1,996,986 bonds into shares during the fiscal year;
- the implementation in January 2011 of financing for an 18.4 MW wind farm gradually commissioned in France between June and September 2011; and
- the complete repayment of its corporate lines of credit that came due in Germany.

3.1.3.1 *Shareholders' equity - Group share*

The Group share of shareholders' equity totaled 197.8 million euros as of December 31, 2011, versus 222.3 million euros as of December 31, 2010.

The increase in share capital by 17.3 million euros, largely related to the creation of new shares following the conversion of OCEANES during the fiscal year, was offset by:

- the net loss posted for the consolidated Group over fiscal year 2011, totaling 38.5 million euros; and
- the impact of the change in fair value of hedging instruments posted to shareholders' equity for the portion of the hedge deemed effective, totaling 3.6 million euros.

3. REVIEW OF FISCAL YEAR 2011

3.1.3.2 Net financial debt

Net debt is calculated by reference to current and non-current financial liabilities (including the position of derivative instruments for hedging interest rates), less cash and cash equivalents, and other current financial assets.

The following table shows the Group's net debt on the specified dates:

Net debt (in thousands of euros)	As of december 31	
	2011	2010
Bank loans of which:	(214,824)	(222,123)
<i>Project financing</i>	(214,824)	(210,497)
<i>Corporate credit lines in Germany</i>	-	(11,626)
Convertible bond	(103,390)	(117,506)
Other financial liabilities of which:	(13,865)	(8,478)
<i>Fair value of the financial instruments</i>	(10,026)	(5,956)
<i>Other</i>	(3,838)	(2,521)
Financial debt	(332,079)	(348,107)
Cash and cash equivalents	87,831	110,432
Current financial assets	487	106
Total	(243,761)	(237,569)

• FINANCIAL DEBTS

Financial debt amounted to 332.1 million euros as of December 31, 2011, compared to 348.1 million euros as of December 31, 2010, representing a decrease of 16 million euros mainly due to the reduction in the convertible bond following bond conversions carried out over the period and the reimbursement of corporate credit lines in Germany.

Notes 22.3 and 22.4 to the consolidated financial statements for the fiscal year ended December 31, 2011 (see Section 4.1.6 of this Registration Document) show maturities for financial debts ending December 31, 2011.

We note that no item of the Group's debt has been subject to rating by a rating agency.

Project financing

As of December 31, 2011, project financing debt represented 214.8 million euros, i.e., 64.7% of the Group's financial debt, compared to 210.5 million euros as of December 31, 2010, i.e., 60.6% of the Group's financial debt as of that date. The implementation of new project financing (specifically for the Gargouilles wind farms in France and wind farms in Germany) was greater than the loan repayments made during the year (debt maturities and early repayments).

We note that:

- all project financing is directly contracted by the Special Purpose Vehicle (SPV), which holds the assets of the wind farm subject to the financing; the SPV is the debtor of the financing and ensures repayment of the installments through operating cash flows from the wind farm;
- the financing is designed so as not to exceed the guarantee period for the electricity purchase rates or the issuance of green certificates from which the wind farms benefit under the national regulatory frameworks; and
- the financing that is entered into is without recourse or with limited recourse against the parent company.

Project financing is based on fixed or variable rate loans. If the debt is variable rate, it may be subject to rate hedging via an interest rate swap for 75% to 100% of the outstanding amount.

As of December 31, 2011, before including financial hedging instruments, 50% of project financing debt was at a fixed rate and 50% of project financing debt was at a variable rate.

As of December 31, 2011, after including financial hedging instruments, 88% of project financing debt was at a fixed rate and therefore protected against an unfavorable change in interest rates, and 12% of project financing debt was at a variable rate.

Covenants

Project financing contracts contain financial covenants and specifically compliance with financial ratios, such as the coverage ratio for debt service and the debt ratio on shareholders' equity. If the ratios are not kept above an initial threshold, the SPV is prevented from making distributions to its shareholders. If the ratios are not kept above a second (lower) threshold, lenders have the right to demand early repayment of the debt. Cross-default clauses are present in certain agreements and amplify the impact of a default on the Group's debt. In the event of implementation of a cross-default clause, the Company may face a significant liquidity problem (see Section 3.4.1.2 of this Registration Document).

These financial ratios are calculated by the Group and are subject to certification by the Statutory auditors when required by the financial documentation. The Group has a policy of continuously monitoring compliance of the commitments assumed by the SPVs, specifically for financial ratios.

As of December 31, 2011, the Group was not in compliance with certain financial commitments required in the context of the project financing on certain wind farms located in France. The breakdown of the violations of financial covenants is presented in Note 22.2 of the notes to the consolidated financial statements for the fiscal year ended December 31, 2011 (see Section 4.1.6 of this Registration Document). Violations of financial covenants are due solely to the weakness of the wind regime during the past year. These wind farms benefit from operations (operating costs, turbine availability) consistent with projections.

Pursuant to the IAS 1, the Group posts under current financial debts the non-current part of financial debts corresponding to wind farms in operation for which cases of default have been shown on the closing date, even if waivers have been obtained from lenders after the closing date. As of December 31, 2011, the part of non-current financial debts re-classified as current financial debts totaled 36.9 million euros.

Lines of credit

Historically, THEOLIA Naturenergien GmbH (formerly named NATENCO GmbH) had recourse to short-term corporate bank loans or revolving loans to finance its activity of construction-sale of wind farms in Germany. As of December 31, 2010, corporate loans totaled 11.6 million euros. They were completely repaid in fiscal year 2011.

Convertible bond

Convertible bonds totaled 103.4 million euros as of December 31, 2011, versus 117.5 million euros as of December 31, 2010. This reduction derives primarily from the conversion of the 1,996,986 bonds into shares in fiscal year 2011.

Other financial liabilities

As of December 31, 2011, other financial liabilities totaled 13.9 million euros, and include:

- the fair value of interest rate hedging instruments for 10 million euros,
- a current account with the purchaser of the minority interest of the Giunchetto wind farm for 2.4 million euros; and
- a current account for shareholders implemented in 2011 with the THEOLIA Utilities Investment Company investment vehicle for 1.2 million euros.

The change in the fair value of interest rate hedging instruments totaled 4 million euros between the two fiscal years, and is broken down as follows (in millions of euros):

- | | |
|---|-------|
| • implementation of a new hedging instrument in France | + 1.2 |
| • change in the fair value of the instruments already existing at December 31, 2010 | + 2.8 |

3. REVIEW OF FISCAL YEAR 2011

Analysis of financial debts by rate type

The following table shows the share of fixed- and variable-rate debts before and after including financial instruments, as of December 31, 2011:

Financial debt as of December 31, 2011 (in thousands of euros)	Before including financial instruments		After including financial instruments	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Project financing	(106,923)	(107,901)	(188,103)	(26,722)
Convertible bond	(103,390)	-	(103,390)	-
Other financial liabilities, of which:	(3,838)	(10,026)	(3,838)	(10,026)
<i>Fair value of the financial instruments</i>	-	(10,026)	-	(10,026)
<i>Other</i>	(3,838)	-	(3,838)	-
Financial debt by rate type	(214,151)	(117,927)	(295,331)	(36,748)
Percentage of financial debt	64.5%	35.5%	88.9%	11.1%

- CASH AND CASH EQUIVALENTS**

The Group's treasury resources consist of free cash, cash reserved for SPVs and pledged acsh.

- free cash** may be used by the Group at any time;
- cash reserved** may be freely used by SPVs for current operating expenses but may not be transferred to French holding companies (THEOLIA France and THEOLIA SA), to the German holding company (THEOLIA Naturenergien GmbH) and to the Italian holding company (Maestrale Green Energy) due to financing conditions;
- pledged cash** corresponds to treasury items that SPVs cannot, due to financing conventions, either apply to their shareholder nor use freely for their current activities, corresponding most often to sums pledged in favor of lending banks.

The Group's treasury position broke down as follows on the specified dates:

Cash and cash equivalents (thousands of euros)	As of December 31	
	2011	2010
Free cash	48,073	69,184
Cash reserved for SPVs	19,707	17,661
Pledged cash	20,051	23,587
Total cash and cash equivalents	87,831	110,432
Bank overdrafts	-	(72)
Total net cash and cash equivalents	87,831	110,360

3.1.4 Consolidated cash flows

The following table shows extracts from consolidated data on the Group's cash flows for the specified periods:

Consolidated cash flows (extracts) (in thousands of euros)	Year ended December 31	
	2011	2010
Cash flow from operating activities	16,768	41,551
Net flow generated by investment activities	(26,950)	(42,250)
Net flow generated by financing activities	(12,322)	16,734
Impact of changes in cash flow	(25)	146
Change in cash and cash equivalents	(22,528)	16,180

Net cash flow from operating activities

Operating activities registered funds from operations of 24.4 million euros in 2011.

The change in working capital requirements was negative over the year because client receivables and inventory increased by more than supplier debts. Indeed, sales of electricity, which were quite significant given the good wind conditions, invoiced at year-end, were not yet deposited at the close and the Group continued the storage of wind farms in Germany as part of its trading activity.

Overall, operating activities generated cash inflows totaling 16.8 million euros for 2011, versus 41.6 million euros in 2010.

Net cash flow consumed by investment activities

Net cash flow consumed by investment activities totaled 27 million euros in 2011, versus 42.3 million euros in 2010.

In 2011, the Group continued to invest in projects under development and construction, primarily with the completion and commissioning of the Gargouilles wind farm (18.4 MW) in France, the launch of the construction of 10MW in Italy and the launch of the construction of the Magremont wind farm (6 MW net for the Group) in France.

Net cash flow generated by financing activities

Financing activities consumed 12.3 million euros in 2011. Increases in project financing borrowing virtually offset repayments made, including repayment of the entire corporate line of credit in Germany. The Group paid 14.4 million euros in interest on borrowing during the fiscal year.

In 2010, financing activities generated a positive cash flow of €6.7 million euros, drawn by the capital increase of July 2010.

3.1.5 Research and development

The Group develops, builds, operates and sells wind farms. The Group's wind activity involves neither research and development activity nor the holding of patents and specific licenses.

In 2011, no Group subsidiary, whether wind or non-wind, capitalized research and development expenses.

We note that in 2010 the company Seres Environnement, belonging to the THEOLIA Group's environmental division and specializing in the design and marketing of water- and air-quality measurement devices, capitalized 280,000 euros in research and development expenses.

3.2 INVESTMENTS**3.2.1 Main investments made in the last two fiscal years*****3.2.1.1 Commissioning of the Giunchetto farm in Italy***

In October 2010, the Group commissioned the Giunchetto wind farm with a total installed capacity of 30 MW. The wind farm is located in the Enna province in Sicily and comprises 35 wind turbines. THEOLIA set up non-recourse financing for the project in January 2010 after construction had started in the second-half of 2009.

THEOLIA holds 51% of this farm. The net installed capacity for the Group is therefore 15 MW.

3. REVIEW OF FISCAL YEAR 2011

3.2.1.2 Start of construction of the Gargouilles farm in France

Construction of the Gargouilles wind farm, in the Essonne and Eure et Loir departments in France, began in September 2010. This farm includes eight wind turbines of 2.3 MW nominal power, i.e. a capacity of 18.4 MW for own account and eight wind turbines of 2.3 MW nominal power, i.e. a capacity of 18.4 MW, for third parties. The commissioning has been progressive between June and September 2011.

3.2.1.3 Commissioning of 8 MW in Germany

As for trading activity, the Group commissioned 3 wind farms during the first quarter of 2011, for a cumulative capacity of 8 MW.

3.2.1.4 Continuation of investments in wind projects under development

During the fiscal year 2011, the Group continued a sustained pace of investing to push the progress of its portfolio of wind projects. Such investments have mainly been made in the advancement of wind projects under development in Italy and in Germany.

The following table presents the Group's investments during fiscal year 2011:

Investments (in thousands of euros)	Fiscal year ended December 31, 2011
Intangible assets	
Projects under development	1,383
Development costs	1,845
Software and similar rights	56
Other intangible assets	407
SUBTOTAL	3,690
Tangible assets	
Land	27
Fittings and fixtures	29
Projects under construction	2,989
Technical facilities	25,013
Other tangible assets	314
SUBTOTAL	28,372
TOTAL	32,062

More detailed information on the Group's tangible and intangible assets can be found in notes 12 and 13 to the consolidated financial statements for the year ended December 31, 2011.

3.2.2 Main investments in progress

During the second half of 2011, THEOLIA launched the construction works for the Magremont wind farm and for the first part of the Bovino wind farm (10 MW for own account) in Italy. Construction works continue in 2012.

3.2.3 Main planned investments

The Group will maintain its investment policy in fiscal year 2012.

The Group may also pursue carefully selected external growth opportunities that would contribute to the acceleration of its development.

3.3 MATERIAL CONTRACTS

The Group has not entered into a material contract over the two fiscal years preceding the Registration Document other than those concluded within the normal course of business, with the exception of the contracts presented below:

- agreement in April 2010, for the sale of a wind farm of 55.5 MW in Germany: Dortmunder Energie- und Wasserversorgung GmbH and THEOLIA signed an agreement for the sale of an operating wind farm of 55.5 MW located in the region of Saxe-Anhalt in Germany. The wind farm, in operation since early 2006, comprises 37 turbines of 1.5 MW each and a power line. The sale was completed on May 25, 2010 and THEOLIA Naturenergien GmbH will ensure the full technical and commercial management during the lifetime of the wind farm;
- agreement for the disposal of a share of the Group in the Giunchetto Project: Maestrale Green Energy, an Italian subsidiary of THEOLIA, and Repower Produzione Italia spa, a wholly owned entity of Repower, signed an agreement on April 28, 2010 for the sale of a 39% interest in a 30 megawatt (MW) wind project located in the province of Enna (Sicily – Italy). At the end of two years of operating the wind farm, Repower Produzione Italia spa will be able to exercise an option to purchase the remaining 51% held by THEOLIA, for a period of six months. The project comprises 35 Vestas turbines. Financing of the project was announced in January 2010 and the commissioning of the farm was completed in October 2010;
- the January 28, 2011 signing of an agreement between Centrale Eolienne des Gargouilles (Borrower) and a pool of banks for the financing of the Gargouilles wind farm located on the communes of Gommerville, Oysonville and Pussay, in the department of the Eure-et-Loir in France, with a capacity of 18.4 MW. The financing breaks down as follows: a long term loan of €23.2 million and shareholder equity and quasi shareholder-equity of the Borrower;
- the signing by the Company on March 11, 2011, of a transactional agreement protocol with Marc van't Noordende and Olivier Dubois, former CEO and Deputy Managing Director of the Company, that placed a final term to disputes, existing or future, between them and the Company (see Section 1.10.2 of the Registration Document 2010 for further information);
- the signing by the Company on May 31, 2011, of a transactional agreement protocol with the Moroccan Office National de l'Électricité (ONE) to plan and build together a farm of 300 MW at Tétouan, Morocco (see Section 3.1.1 of this Registration Document);
- the signing of an agreement between Centrale Eolienne de Magremont SAS (Borrower) and the bank *Crédit Industriel et Commercial* on December 13, 2011 for the financing of the Magremont wind farm located on the communes of Beauval and Naours, in the Somme department, in France. It comprises 6 wind turbines with a nominal capacity of 2.5 MW, representing a total capacity of 15 MW for the farm. The financing breaks down as follows: a long term loan of €18.2 million and shareholder equity and quasi shareholder-equity of the Borrower;
- the signing on December 22, 2011, of a share purchase agreement under which THEOLIA France SAS sold all the shares it held in Centrale Eolienne de Magremont SAS SAS to THEOLIA Utilities Investment Company SA; and
- the signing on December 29, 2011, of a share purchase agreement under which THEOLIA France SAS sold all the shares it held in Centrale Eolienne Biesles SAS to a third party.

3.4 MAIN GROUP RISK FACTORS

The purpose of the Group's internal control mechanism is to prevent and control risks whose creation would be likely to have a marked adverse effect on the Group, its activities, its financial position, its results or its share price. The Company conducted a review of the Group's risks and it believes that there are no other significant risks apart from those presented below. Other risks not yet identified by the Company could also have a negative effect.

3. REVIEW OF FISCAL YEAR 2011

3.4.1 Risks related to the Group's activities

3.4.1.1 *The Group's financial and operational flexibility has been restricted and may be further restricted in the future by its level of indebtedness. If the Group does not generate sufficient cash flow to honor its financial commitments, it may be forced to call its strategy into question or reduce its investments.*

As of December 31, 2011, the Group's net consolidated financial debt reached €244 million, compared to €238 million as of December 31, 2010, and broke down as follows:

<i>(in thousands of euros)</i>	12/31/2011	12/31/2010
Bank loans	(214,824)	(222,123)
<i>of which project financing</i>	(214,824)	(210,497)
Convertible bond	(103,390)	(117,506)
Other financial liabilities	(13,865)	(8,478)
Cash and cash equivalents	87,831	110,432
Current financial assets	487	106
Net financial debt	(243,761)	(237,570)

As of December 31, 2011, the bank loans were mainly made of project financing, the corporate credit line having been fully paid back in the course of the first half of 2011.

As of December 31, 2011, financial liabilities broke down as follows:

<i>(in thousands of euros)</i>	Less than 1 year		1 to 5 years		More than 5 years		TOTAL	
	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest
Bank loans	21,609	7,816	78,977	26,995	116,488	25,648	217,074	60,459
Convertible bond	-	4,336	129,039 ⁽¹⁾	13,021	-	-	129,039	17,357
Other financial liabilities	205	2,315	3,633	6,319	-	1,952	3,839	10,587
Total financial liabilities	21,814	14,467	211,649	46,335	116,488	27,600	349,952	88,403

⁽¹⁾ To be reimbursed on January 1, 2012 in case of early buyback requests from all bondholders.

The estimate of future interests was obtained by using the yield curve as of December 31, 2011. This presentation of the debt does not take into account the short-term redeployment of the debts related to projects further to the non-compliance with some financial covenants.

The Group is subject to the risk that, in the longer term, it may be unable to generate sufficient cash flow, or to obtain sufficient funding, to satisfy its obligations to service or refinance its indebtedness. In particular, the Group's substantial level of indebtedness may have important consequences, including, but not limited to:

- requiring the Group to devote a significant portion of its cash flow to service its debt obligations;
- limiting the Group's ability over the longer term to obtain additional financing for working capital requirements, investments, acquisitions or its ability to refinance existing indebtedness;
- limiting the Group's flexibility in planning for, or reacting to, changes in market conditions and competitive pressures;
- limiting, through financial and restrictive covenants, the Group's ability to borrow additional funds, issue equity or engage in transactions with subsidiaries;
- placing the Group at a disadvantage compared to its competitors that are subject to fewer financial commitments;
- increasing the Group's vulnerability to general adverse economic conditions;
- subjecting the Group's assets to security or creating liens or guarantees; and
- increasing the cost of servicing the Group's indebtedness in the event that its financial commitments are renegotiated.

These and other factors related to the Group's indebtedness may adversely affect the business, financial condition and results of the Group.

3.4.1.2 The Group's financing agreements contain various covenants which, if not complied with, could require accelerated repayment as well as trigger cross-default provisions. This could have a significant adverse effect on the Group's liquidity, financial position, and results of operations.

Certain financing commitments made in project financing agreements contain debt covenants that require the Group to retain financial ratios, related, among other things, to the leverage and debt service coverage (covenants) of each project support company or group of companies. These covenants are mainly founded on a Debt Service Coverage Ratio (DSCR) (relation of EBITDA to interest charges and amortization of principal) of which the annual minimum value must be greater than a threshold including between 1.0x and 1.25x on a debt ratio control (relation of the capital remaining due on the shareholders' equity) determined according to each finance agreement.

Failure to comply with these and other debt covenants could result in the Group's financing becoming immediately due and repayable.

In addition, cross-default provisions could magnify the effect of a single default.

If the Group does not honor its financial commitments, there can be no assurance the Group will be able to renegotiate or obtain waivers for its shortcomings. Having to repay financing granted to the Group early would have a significant adverse effect on the Group's liquidity, financial position and profit/loss.

As of December 31, 2011, the Group had not honored certain financial commitments which were required for project financing on wind farms located in France (see Section 4.1.6, note 22.2 of this Registration Document).

3.4.1.3 The Group has issued several types of financial instruments (stock warrants, free shares, OCEANE convertible bonds, and stock options) the exercise of which could trigger a dilution for shareholders.

As of December 31, 2011:

- 2,062,106 share subscription warrants ("BSA") are in circulation enabling the maximum issuance of 2,355,504 new Company shares; it is further noted that since December 31, 2011, 1,500,000 BSA have matured on January 2, 2012 without being exercised and have therefore been cancelled;
- 475,000 free shares were allocated during fiscal years 2009 and 2010 enabling in the future the maximum issuance of 475,000 new Company shares;
- 8,439,406 OCEANES are in circulation permitting, in the event of conversion, with a parity of 8.64 shares per OCEANE, the maximum issuance of 72,916,468 new Company shares; it is further noted that between July 21, 2010 and December 31, 2011, 3,099,056 OCEANES were converted resulting in the creation of 26,775,838 new shares; furthermore during January and February 2012, a total of 1,020 OCEANES were converted resulting in the creation of 8,812 new shares; and
- 2,310,000 stock options were allocated under satisfaction of stock market performance criteria, enabling the maximum issuance of 2,310,000 new Company shares.

It is further noted that out of the 562,106 stock warrants in circulation as of the publication date of this Registration Document, 462,106 (or 82%) have an exercise price higher than or equal to €12.174.

The Company expects that significant dilution would come mainly from the conversion of the OCEANES.

As of December 31, 2011, if all securities granting access to capital had been exercised, a shareholder holding 1% of share capital before their exercise would have held 0.62% of THEOLIA capital after their exercise:

3. REVIEW OF FISCAL YEAR 2011

	Number of shares	Investment stake of a shareholder with 1% of capital
Situation at 12/31/2011	127,591,147	1.00%
Situation after exercise of the 2,062,106 stock warrants in circulation (2,355,504 potential new shares)	129,946,651	0.98%
Situation after conversion of the 8,439,406 OCEANES (72,916,468 potential new shares)	202,863,119	0.63%
Situation after issue of the 2,310,000 stock options	205,173,119	0.62%
Situation after effective acquisition of 475,000 allocated free shares	205,648,119	0.62%

As of December 31, 2011, the maximum number of Company shares that can be created is 78,056,972.

It is stated that the Board of directors that closed the 2011 financial statements on March 28, 2012, allotted 441,638 free shares that were definitively acquired.

3.4.1.4 The Group's activities may continue to be markedly affected by the upheaval in international credit markets and market uncertainty.

The recent upheaval of international credit markets, the reevaluation of credit risk and the deterioration in financial and real estate markets in general, particularly in the United States and in Europe, have contributed to the reduction in consumption and global economic growth. Even though it initially affected the housing, finance and insurance sectors, this deterioration has extended into a marked recession affecting, among other things, the European economy and, through other sectors, the wind market. The recession has had negative impacts on the demand for renewable energy sources and consequently on the electricity produced by wind farms developed by the Group.

Moreover, the recent deterioration in the sovereign rating of France by Standard and Poor's may have a negative impact on credit markets and make it more difficult for the Group to access to financing. Any deterioration in economic conditions could have a marked adverse effect on the Group's activity in several ways, in particular through a decrease in income from the sale of electricity or wind farms and a cut in the financing of wind projects, and it could have a marked adverse effect on the Group's liquidity, financial position and results.

3.4.1.5 The restricted number of suppliers of technical equipment necessary for constructing wind farms, in particular turbines and masts, which is closely connected with the rapid growth of the wind industry, could create high demand and a surge in the prices of this equipment.

Constructing a wind farm requires the delivery and assembly of many technical elements, such as towers or wind turbines, which only a limited number of suppliers are in a position to supply to the Group. In 2010, for instance, the ten main suppliers of turbines represented in total 79.1% of world market shares (Source: BTM Consult APS March 2011).

The producers of wind turbines are facing increasing demands from operators. As the Group has no long-term supply contracts, it is exposed to the risks of price increases and supply disruptions. In this case, some suppliers might no longer be in a position to offer contracts to the Group and encourage the supplying of clients with long-term commitments, in particular Group competitors. Finally, taking into consideration the increase in size of wind projects, which are sometimes owned by large electricity distributors, the Group could enter into competition for the supplying of turbines with groups with greater financial resources.

The Group estimates that turbines represent about 75% of the cost of a wind project. Consequently, any price increase in turbines might have a significant direct and adverse effect on the Group's operational costs. The price inflation of turbines would mean a higher basic asset cost, which would require the Group to increase its funding through debt, which could have a marked adverse effect on the Group's business, financial position and operating income. In countries like France or Germany, in which the Group is bound by a system of fixed prices and purchase obligations for farms on one's own account, the Group cannot add the price of turbines to the sale price of electricity. Ultimately, the increase in the price of technical equipment could have marked unfavorable consequences on the Group's operational costs, its level of indebtedness, its capacity to maintain its supply and its development deadlines.

For the development of its wind projects, the Group favors a case-by-case approach. It selects the manufacturer according to specific features of the site most appropriate to the turbine model in order to optimize performance and based on the supplier's capacity to assume the maintenance of the facilities. During 2011, the purchases made with the ten largest suppliers of the Group (in monetary purchase value) amounted to €40 million for the entire Group, representing 65% of all purchases made over the fiscal year. The biggest supplier represents €23 million in purchases and 37% of all purchases made. As for the five largest suppliers of the Group, they represent €35 million of purchases and 57% of all purchases made. The Group has no master supply agreement in force for its turbine supplies and therefore, is not restricted by large long term commercial and financial commitments.

Therefore, the Group has the greatest latitude in selecting its suppliers for each of its wind projects. This approach enables the Group to use a wider range of suppliers and reduces the risk of dependence on a supplier. However, it also exposes the Group to two major risks:

- the risk related to the turbine supply price: even though the price of the equipment necessary for the construction of a wind farm has remained at a low level for two years, a risk of price inflation for these components persists. An increase in the price of turbines could harm the profitability of some developing wind projects. Nevertheless, as of the date of this Registration Document, this risk has not led to an actual significant price increase;
- the risk related to the availability of necessary equipment: based on the market demand observed, certain suppliers might no longer be in a position to respond to the Group's needs or to favor the most financially powerful participants. No guarantees can be given as to whether the main suppliers of the Group will be able to meet their commitments within the time limits agreed or if the Group will not experience delays in delivery.

A price increase in supplies or intensified risk related to the availability of the necessary equipment for constructing wind farms or any inability of a supplier to fulfill its obligations, in particular in terms of maintenance, regarding Group projects and wind farms, might harm the profitability of a project and could have a marked adverse effect on the business, financial position or the operating income of the Group, or on its ability to achieve its goals (in particular regarding financing in place, for which the occurrence of such an event could cause debts to fall due prematurely).

3.4.1.6 The development of the Group's wind projects involves sizeable investments. The Group may have difficulties with financing these investments within acceptable time limits.

The Group's success depends largely on its capacity to develop its portfolio, which requires sizeable investments. The main investments realized during the fiscal year ended on December 31, 2011 are related to continued investments in wind projects underway.

As part of its activities, the Group may be led to commit investments for projects (in particular in terms of turbine purchases) even when the bank financing of these projects is not secured.

Historically, the financing of debt represented up to 90% of the total value of the investment in the project. Recently, the international financial market crisis markedly reduced the amount of debt (about 70% to 80%) and increased the cost of this financing.

The Group has suffered adverse consequences from the European financial crisis: credit contraction, declination of financing conditions, lengthening of structuring deadlines for financing dossiers and necessity of resorting to club deal structures that take longer to implement. In the current global economic environment, considering its financial position, the Group cannot ensure that it will be in a position to raise the necessary funds that will allow it to grow and handle its commitments, in particular in terms of turbine purchases and for its projects in Italy.

This could force the Group to continue its investments for unfunded projects or to suspend or discontinue the development or construction of its projects or to transfer them to third parties or even put its turbines into storage. This could have a marked adverse effect on the business, financial position or operating income of the Group.

For more information on the current Group debt, see Section 3.1.3.2 of this Registration Document.

3. REVIEW OF FISCAL YEAR 2011

3.4.1.7 *The Group's revenue from sales of wind farms could fluctuate due to the pace of disposals to third parties.*

In countries where it is present, the Group's revenue fluctuates from one fiscal year to the next, depending in particular on the wind farms commissioned or sold. It is stated that, as part of its new strategy of co-investment, the Group favors the sale of its wind projects to the investment vehicle, and that these disposals are not considered as revenue in accordance with accounting standards in force.

Thus, the Group realized revenue of €67.5 million in 2011, compared to €154.5 million in 2010 and to €294.4 million in 2009.

Therefore, Group revenue and results can vary markedly from one fiscal year to the next. Consequently, the Group's revenue for a given fiscal year might not necessarily reflect the growth of its business in the longer term or be a relevant indicator of its future results. No guarantee can be given as to whether the future profits of the Group will comply with investors' forecasts.

3.4.1.8 *Various events that occur during the construction phase of wind farms might cause significant delays in their construction and commissioning.*

During the construction phase of wind farms, the Group may encounter various obstacles, in particular adverse weather conditions, problems in connecting to networks, construction faults, delayed deliveries or non-deliveries by suppliers, non foreseen delays in obtaining permits and authorizations, unforeseen technical deadlines or even actions taken by third parties.

These events might lead to significant delays in the construction and commissioning of wind farms, which might have a marked adverse effect on the cash flows, operating income and the financial position of the Group. Moreover, some of these events might lead, depending on the underlying contractual obligations, to the payment of penalties for delays or other additional costs for the Group.

The Group most often uses turnkey contracts, which impute expense and deadline-related costs to the supplier. Accordingly, up to a point, the extra costs are paid by the supplier and delays in commissioning are offset by compensation payments. When a turnkey structure is not possible, the Group is highly experienced in organizing contractual construction plans and seeks to allocate each risk to the party most able control it. However, the Group cannot guarantee that these measures will be sufficient to prevent or compensate for a significant delay.

3.4.1.9 *The installation of a wind farm requires a connection to the national electric grid for the transportation and distribution of the electricity. The Group cannot guarantee that it will obtain enough connections for its future projects within the projected time limits and costs.*

Setting up a wind farm requires a connection to the national transport or electricity distribution grid. Given the sometimes considerable distance between the site of the future wind farm and the transport and distribution network and the waiting lines of developers at the connections points, the Group cannot guarantee that it will obtain sufficient network connections, within the projected time limits and costs. Delays in projects and transmission and distribution from networks could delay the operation start date of new wind farms, which could have a marked adverse effect on the Group's cash flow and operating income.

3.4.1.10 *The Group may make acquisitions or investments as part of its strategy. Several risks arise from such transactions.*

The Group may make acquisitions or investments as part of its growth strategy. Such transactions include certain risks related to the integration of the activities and staff transferred the inability to implement discounted synergies, the difficulty of maintaining uniform standards, controls, policies and procedures, discovery of liabilities or unexpected costs, or regulations applicable to such transactions. More generally, this risk could have a marked adverse effect on the Group's business, operating income or the financial position, or its capacity to achieve its objectives.

Moreover, some of these investments or acquisitions could be remunerated in shares, which could have a diluting effect for the current holders of securities, in particular shareholders.

3.4.1.11 *In several countries, the Group is running its business in cooperation with a local partner. The occurrence of disagreements with one or more partners, which may lead to the challenging of one or more projects, might have a marked adverse effect on the Group's business, financial position or results, or on its capacity to achieve its objectives.*

In some countries, the Group is developing its business activities through partnerships with local partners who know the local wind energy market. More specifically, the partner is responsible for seeking out and completing new projects, in particular in terms of contacts with the local authorities. When these partnerships are implemented by the creation of joint entities, the Group does not always exercise complete control over them, both economically and legally speaking.

In India, the Group is planning to end its partnership. Nevertheless, the conditions for withdrawing from this partnership are not, as of the date of this Registration Document, defined and may have a marked adverse effect on the Group's results if an agreement is not reached with the local partner.

In addition, in Germany and in Italy, the Group might choose to co-develop certain projects in partnership with local developers. The occurrence of disagreements with one or more of the Group's partners could negatively impact the Group's projects and also have an adverse effect on the Group's business, financial position or operating income, or its capacity to achieve its objectives.

3.4.1.12 *As part of a long-term electricity sales agreement of the Compagnie Eolienne du Détroit ("CED") operated by the Group, the co-contractor of the Group (ONE) has the unilateral option to end the long-term electricity sales agreement in exchange for the payment of compensation significantly lower than the farm's purchase price.*

In Morocco, CED entered into a long-term purchase power agreement for the sale of its electricity at a price set with the Office National de l'Electricité ("ONE"), which is the sole distributor of and regulatory authority for electric power in Morocco.

Pursuant to the initial agreements approved, the ONE can, at any time on or after August 30, 2010, end the energy supply and purchasing agreement in return for the payment of compensation. To date, the ONE has shown no intention to implement this clause.

The termination of the contract by the ONE could have a marked adverse effect on the Group's business, financial position or operating income. In view of the signature on May 31, 2011 of an agreement between THEOLIA and ONE to develop and carry out the repowering of the project up to 300 MW in Morocco (see Section 3.1.1 of this Registration Document), the termination risk is reduced.

3.4.1.13 *The Group is dealing with competitors who may have more funding.*

The Group is dealing with competition from other wind sector participants who may have greater financial, human and technical resources and more developed networks in this sector. Some competitors of the Group, who are seeking to grow their presence in the renewable energy sector, including electricity producers established in Europe and large international groups, have a greater financial capacity than THEOLIA, which enables them to purchase new projects and increase their market shares in this sector.

3.4.1.14 *The Group may not be able to retain senior managers and key associates and to attract new qualified associates.*

The Group's future success depends, to a significant extent, on the total implication of its main executives. The Company leaned in particular on Fady Khallouf, Chief Executive Officer and also Chief Financial Officer of the Company, for its development, as well as for the definition and the implementation of its strategy.

3. REVIEW OF FISCAL YEAR 2011

If the Company came to lose the services of one or several main executives with extensive experience of the sector in which the Group exercises its activity, and in particular Fady Khallouf, or if one or several of them decided to reduce or to end their implication, the Company could meet difficulties to replace them and its activities could be slowed down or its financial situation, its results or its capacity to achieve its objectives could be affected.

Besides, the Group's future success also depends on its capacity to retain, to motivate its key managers and to attract new highly qualified employees. The Group could not be able to do so to maintain its competitiveness and its profitability. This inability could have a significant effect on the activity, the financial situation or the results of the Company or on its capacity to achieve its objectives.

3.4.1.15 Interest rate variations could significantly increase the Group's funding and hedging costs and have adverse consequences on its activities, financial position and results.

As of December 31, 2011, the Group had an indebtedness of €332 million of which 35.5% of the amount was of variable rate, before interest rate hedging and 11% after interest rate hedging. During 2011, the Group paid €14.4 million in loan interest. The Group is subject to interest rate fluctuation risks.

The table below shows the position of the Group's net debt exposed to interest rates as of December 31, 2011 (in thousands of euros). This presentation of the debt takes into account the short-term redeployment of the debts related to projects further to the non-compliance with some financial covenants:

12/31/2011	Financial liabilities ⁽¹⁾		Interest rate hedge instruments		Exposure after hedging ⁽¹⁾	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Under one year	17,822	45,119	-	-	60,633	2,306
Between one and five years	148,017	15,416	-	-	158,175	5,258
Over five years	48,314	47,366	-	10,026	76,523	19,157
TOTAL	214,152	107,901	-	10,026	295,331	26,722

⁽¹⁾ Excluding interest rate hedge instruments.

3.4.1.16 The Group's expansion strategy exposes it to risks, in particular those of a social, economic and political nature intrinsic to emerging markets.

The Group's current operations are focused on the markets in Germany, France, Italy and Morocco. Germany, France and Italy are heavily regulated compared with Morocco and the emerging markets. In Morocco, the Group has been able to manage its exposure to risks. Nevertheless, as the Group wishes to increase its presence in Morocco and Brazil, it would be exposed to a wider range of risks, including in some cases greater political, economic or legal risks.

The emerging economies are more dynamic and generally subject to a greater volatility than the more developed economies. The Group's success in these countries depends partly on its capacity to adapt to their swift economic cultural, social, legal and political changes. If the Group is not in a position to manage the risks related to this expansion into emerging markets, its business, financial position and revenue could be significantly affected.

3.4.1.17 The risk of litigation is intrinsic to the Group's activities.

The Group is exposed to a risk of litigation with its clients, suppliers, employees and any third party claiming damages with respect to health, the environment, safety or operations, hazards, negligence, or non-observance of a contractual, regulatory or legal obligation that may have a marked adverse effect on the Group's business, financial position and revenue. In the consolidated financial statements as of December 31, 2011, the Group set aside an overall amount of approximately €6.4 million for litigations.

In addition, the construction permits and operating authorizations for wind projects are, sometimes, the object of legal action because of opposition from communities to wind farms or other objections to using the land. The Group's consistent success when faced with these claims cannot be guaranteed, and this could have a marked adverse effect on the development of its projects.

These and other related risks could have a marked adverse effect on the Group's business, financial position and revenue.

3.4.1.18 *If the Group's subsidiaries should default on certain obligations guaranteed by the Company under off-balance sheet commitments, counterparties could request that the Company honor these commitments.*

As of December 31, 2011, the total of off-balance sheet commitments calculated came to €52.8 million compared to €77.4 million as of December 31, 2010.

As part of its activities, the Group grants certain off-balance sheet commitments to obtain financing and support its direct and indirect subsidiaries. The main off-balance sheet commitments are described in Section 4.1.6, note 29, of this Registration Document. By granting guarantees to cover certain commitments of its subsidiaries, the Group could be forced to reimburse the lenders of certain financing projects or pay the amounts owed to commercial creditors (such as equipment suppliers) or clients should a wind project not manage to be successful or a wind farm become insolvent. In this case, the creditors could exercise the security or the guarantee granted by the Group. The corresponding payments made by the Group could have a marked adverse effect on its cash flow, financial position or results.

3.4.1.19 *The Group's wind activities are exposed to risks intrinsic to the construction and operation of plants, such as breakdowns, manufacturing defects and natural disasters. The Group cannot guarantee that its insurance policies are or will be adequate to cover any losses that may arise from such events.*

The Group has implemented a coverage policy for the main risks related to its wind activities that may be insured, subject to the usual exemptions or exclusions imposed by the market. In this regard, during 2011, the Group paid €1,295 thousand in insurance premiums and brokerage fees, compared to €1,379 thousand in 2010.

The Group has taken out insurance general public liability insurance to cover the Company and the companies of the wind division in France against the monetary consequences as a result of bodily, material or consequential harm, incurred under their liability in connection with their activities. This coverage is given in the event of harm caused to others because of the companies covered by the insurance policy or on account of the people for which they are responsible of or objects over which they have custody. The other companies of the wind division (outside France) have subscribed to similar local liability insurances.

The Group maintains insurance policies for its wind farms during their construction phase as well as their operating phase.

Accordingly, the Group takes out the following insurance policies for the construction phase of its wind projects:

- an insurance policy that covers various site risks (all-risk construction): for the construction period up to the commissioning of works, this insurance covers all participants in the construction process, including the funding bodies, as needed, and material damage, including fire, machinery breakdown, explosion of works (equipment and civil engineering), theft and the financial losses subsequent to the aforementioned damage;
- "transport" insurance: in some cases, the Group chooses also to take out "transport" insurance that provides coverage for the material harm to goods transported (and related financial losses) that constitute so-called "strategic" transport; and
- an insurance policy that covers civil liability of the project manager against any pecuniary consequences of civil liability that may incur under the construction phase.

Besides, the Group subscribes insurance policies that are in force when the wind farms are commissioned. They cover the machine breakdown (of accidental origin), the damage by fire, lightning, explosion, fall of aircrafts or theft and operating losses consecutive to the guaranteed damage as well as the pecuniary consequences incurred by the developer in conformance with his civil liability.

The Group is also protected by the policy coverage subscribed to by its subcontractors, covering the damaged items and other harm for which they are responsible.

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Moreover, the Group is protected by the policy coverage given by the suppliers of wind turbines, which cover the loss sustained in the event of the defective functioning of these turbines (including in particular operating losses related to malfunctioning of equipment and replacement costs for defective parts).

Nonetheless, this insurance can be subject to sizeable exemptions and no guarantee can be given as to whether the insurance policies of the Group are or shall be adequate to cover any losses from certain events. Moreover, the Group's insurance policies are subject to annual revisions by the Group's insurers and the Group might be not in a position to maintain them or, at least, to maintain them at an acceptable cost. Likewise, the policy coverage underwritten by the subcontractors and suppliers can prove to be inadequate, difficult to implement or even ineffective if the co-contractor refuses or is not in a position to honor them. Should the Group have to sustain a sizeable damage partially or not insured or covered by insurance policies, the corresponding costs could have a marked adverse effect on its cash flows, financial position or results.

3.4.1.20 The Group may not be able to protect its intellectual or industrial property rights.

The Group is holder of or validly has certain rights to use intellectual and industrial property rights, especially for certain trademarks and domain names that it uses as part of its activities. The Group maintains a policy of consistently defending its intellectual and industrial property rights but cannot guarantee that the corporate procedures to protect its rights will be effective or that third parties will not infringe on or misappropriate its intellectual property rights.

Given the importance of recognition for the Group's trademarks, any infringement or misappropriation of this nature could have an adverse effect on the Group's business, operating income, financial position, or capacity to achieve its objectives.

3.4.1.21 The German subsidiary THEOLIA Naturenergien holds a considerable receivable from its clients. The determination of THEOLIA Naturenergien's liability at the time of the sale of wind generators could have a negative effect on the cash flow, financial situation, and the results of the Group.

As part of its operating activity for third parties in Germany, the Company's German subsidiary, THEOLIA Naturenergien, pays a monthly remuneration to its clients based on the estimated production of electricity of each wind turbine. Since several years, this remuneration was greater than the production levels.

THEOLIA Naturenergien is currently pursuing the recovery of the overpayments to certain clients. In certain cases, THEOLIA Naturenergien has been obliged to undertake legal procedures against reticent clients. To date, the courts have confirmed the validity of the actions initiated by the Group.

Nonetheless, within the framework this litigation, certain clients have sought compensation in return for the reimbursement request and claimed entitlement to damages and interests that would be due to them owing to the supposedly fraudulent actions undertaken by a former sole shareholder and the former CEO, as well as by a former associated company which had exclusivity on the turbine sales in question.

These litigations are ongoing and as such it cannot be ruled out that - depending on the facts and circumstances of each case - it may become evident that fraudulent dealings were committed in certain cases under the responsibility of the former sole shareholder and the former CEO of THEOLIA Naturenergien.

The validity of the various demands from these clients depends primarily on the facts and circumstances specific too each wind turbine sale. As a result, insofar as it is impossible to rule out the possibility that fraudulent dealings were committed in the past with regard to certain sales, it is not possible to reasonably measure the risk associated with the clients' claims for damages. THEOLIA Naturenergien is analyzing and closely following these different procedures and is undertaking claims toward the former exclusive partner and the former CEO as well as the former associated companies in order to prepare its eventual demands.

3.4.1.22 *The implementation of IFRS standards related to the valuation of the recoverable value of the Company's assets is complex and could lead to a certain variation in reported income.*

The Company applies the IFRS standards (IAS 36), which require certain of the Group's assets to be tested and/or valued according to their recoverable value, based on profitability assumptions.

The determination of such valuations involves valuation methods that are partially subjective and complex and that could result in significant positive or negative variations in reported income and asset values in the balance sheet.

3.4.2 Risks related to the wind sector

3.4.2.1 *Wind energy is heavily dependent on weather conditions. Adverse weather conditions, especially a drop in wind conditions, could lead to a reduction in the volume of electricity produced and sold by the Group and affect the sale price of wind farms and the profitability of its management on behalf of third parties.*

The Group operates, for itself and third parties, wind farms that produce electricity. For fiscal year 2011, the revenue from the sale of electricity for its own account represented 69.81% of consolidated revenue and revenue from the Operation activity for third parties represented 9.25% of consolidated revenue.

The profitability of a wind farm depends not only on the wind conditions observed onsite, but also the consistency between the wind conditions observed and the forecasts made during the project development phase. Prior to the construction of a wind farm, a wind deposit survey is conducted at the proposed site and an independent research firm prepares a report on probable wind conditions at the site. The core assumptions made by the Group with respect to the selection of sites and positioning of wind turbines are based on the findings of this report. The Group cannot guarantee that the weather conditions observed, in particular the wind conditions, will comply with the assumptions used during the wind project development phase.

The Group has set up daily monitoring and continuous reporting for the performance measurement of its wind farms. This will enable it to assess the development of operational conditions and form a tangible report for budget forecasts. This remote supervision of the operation of facilities also allows the frequency and duration of incidents to be limited, and thus achieve the best levels of availability.

A sustained drop in wind conditions on the Group's wind farms could lead to a reduction in the volume of electricity produced by the Group and a corresponding drop in value of wind farms. Such a decline in the production of electricity could have a marked adverse effect on the Group's cash flows.

A sustained drop in wind conditions would also have an impact on the Group's revenue drawn from its Operation activity (managing wind farms for third parties and sale of electricity sold by wind farms managed for third parties) insofar as this activity is largely dependent on the amount of the volume of electricity produced by the wind farms in question (the commissions collected by the Group from third parties are generally calculated based on a percentage of the revenue from wind farms in question, which, in some cases, apply only beyond a minimum amount).

The Group is particularly exposed to this risk due to the relative lack of geographical diversification of its wind farms compared with other sector participants and due to a greater dependence in relation to the French and German wind markets in particular.

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3.4.2.2 The development of renewable energy sources such as wind power is particularly dependent on national and international policies that support this development. A significant change in these policies could have a markedly adverse impact on the Group's activities, financial position and results, or its capacity to achieve its objectives.

The development of renewable energy sources such as wind power depends to a considerable degree on government incentives that promote wind power. In many countries in which the Group is currently active or intends to be, wind power would not be commercially viable without government incentive policies. Indeed, the production cost of electricity from wind power currently exceeds the production costs from conventional energy sources and will continue to exceed these costs in the short term according to the Group.

In particular, the European Union and its founding member States – the countries in which the Group is most heavily concentrated – have, for several years, been conducting active policies to support renewable energies. These policies include purchase obligations for renewable energy (such as minimum purchase rate in accordance with German legislation on renewable energies) or mandatory quotas imposed by historic producers/distributors (such as EDF in France), favorable purchase prices for electricity (e.g., Wind Farm Development Areas in France), green certificate systems (for example, in Italy) which are marketable on organized or informal markets, as well as fiscal incentive measures to encourage investment in this sector.

Even though a policy to support renewable energies has been constant during recent years and the European Union in particular regularly indicates its wish to pursue and to strengthen this policy, the Group cannot guarantee that it will continue and that the electricity produced by its future production sites will benefit from a legal obligation to purchase by the historic producers/distributors, or other support measures or tax incentives for the production of electricity from renewable energies. No guarantee can be given by the Company that such support will not be reduced in the future, as is the case with solar power.

Should international institutions (in particular the European Union) and national governments (in France and Germany in particular) abandon or reduce their support for the development of renewable energy sources – for instance, because of the costs related to measures supporting them or in order not to affect the market for other renewable energies – these actions could have a marked adverse effect on the Group's cash flows related to the sale of electricity, the profitability of its wind farms, its capacity to obtain financing for the development of wind projects and its cash flows related to the sales of wind farms.

3.4.2.3 The selection of future sites for establishing wind farms is subject to various restrictions. The inability of the Group to find appropriate sites to establish wind projects could have a marked adverse effect on the Group's business, financial position and operating income.

The selection of future sites to construct wind farms of the Group is subject to many criteria. First of all, the site must benefit from favorable wind conditions. Next, the site must meet various restrictions, in particular topographical and environmental restrictions (related in particular to the closeness of dwellings or sensitive or protected sites), various easements (in particular site access easements), and ease of connection to the local electric grid. Consequently, the number of available sites for these projects is of necessity limited.

In particular, concerning the turbines, the growth in the number of wind farms tends to restrict the number of sites available for this type of project, while at the same time the continuous growth of operators in this market for wind energy is intensifying the competition for the available sites. The high level of growth of wind farms established on German territory, where the Group is active, tends to reduce the number of potential sites. In France, also one of the main markets for the Group's activity, a wind farm must be situated in a Wind Farm Development Zones in order to be eligible for the purchasing obligations at favorable prices for the electricity created from wind power.

Should the location restrictions be strengthened or should the Group not be in a position to find available sites for its development, this could have a marked adverse effect on the Group's capacity to develop wind projects. Such a limitation or such a decline could have a marked adverse effect on the Group's business, financial position and results, or its ability to achieve its objectives.

3.4.2.4 The construction of a wind farm requires construction permits and operating authorizations. The Group might not obtain these permits or authorizations for projects in development, and third parties could start legal action against the permits or authorizations already obtained

Obtaining construction permits and authorizations to operate from various national and local authorities is necessary for the construction and operation of a wind farm. Due to the plurality of the administrations involved, the process to obtain construction permits and authorizations to operate is often long and complex. In certain cases, third parties may initiate claims against building permits or authorization applications. The Group cannot guarantee that construction and operation permits will be obtained for the projects under development.

Furthermore, for operational wind farms, maintaining the necessary authorizations in force is likely to be reconsidered, or even cancelled, if the Group does not comply with the terms of said authorizations, to electricity sales contract stipulations, or applicable regulations. Lastly, in certain jurisdictions, especially in Italy, negotiations with nearby residents and local governments for authorizations to operate, or on which the wind farms are located, can be difficult and, in certain cases, lead to the payment of financial compensation to their benefit.

On December 31, 2011, in its project portfolio the Group had 532 MW of projects in development, 422 MW of projects for which a permit or equivalent authorization had been filed and are under review, as well as four projects totaling 105 MW having obtained a permit, one of which in France for 18 MW definitively authorized and purged of all claims, and three in Italy for 87 MW purged of all claims.

In France, since 2008, the wind energy sector has faced a growing number of construction permit rejections and administrative claims from third parties against building permits already granted. As of December 31, 2011, two projects of an estimated total capacity of 18 MW are subject to an administrative claim initiated by third parties in France.

In 2011, a new construction permit authorizing the construction of wind farms was granted to the Group and purged of all claims in France. In Italy, organizations composed of neighboring residents and those against the development of wind farms could continue to dispute the construction permits after they are granted.

However, the Company initiated several appeals against construction permit rejections against the Group. Furthermore, in Italy, a project representing a net capacity of 10 MW for the Group is subject to a claim initiated by third parties and, on the date of publication of this Registration Document, the litigation was ongoing. The difficulty obtaining permits can significantly affect the Group's ability to develop and operate wind power plants in France and in Italy, which could consequently affect its revenue, income, and financial position and could result in increasing the Group's focus on its activities in Germany.

The Group develops its projects with the utmost care, in collaboration with the French State agencies and local governments concerned, as well as the political players and local associations, and makes use of the services of qualified experts.

Failure to obtain construction permits or operating licenses or the introduction of third-party claims could lead to a depreciation of the Group's assets and have an adverse effect on the Group's ability to generate cash flow.

In addition, law 2010-788 of July 12, 2010 regarding national commitment to the environment, also known as "Grenelle 2", was adopted. It provides for the creation of two new planning instruments for onshore wind turbines: the Regional Climate, Air and Energy Plan (Section 68 of the Law) and the Regional Wind Plan (Article 90 I of the Law). This proliferation of actors and planning tools will complicate installation procedures and increase the risk that the development cycle for wind projects will be lengthened. Moreover, under the terms of this law, wind turbines should not only require a construction permit but a permit pursuant to the facilities classified for environmental protection policy (ICPE), which may also extend the development cycle of wind projects and open the possibility of further appeal to the administrative courts as described in Article 90 V, VI and VII of the Law during a period of six months. The law also stipulates that it is prohibited to build a wind farm within 500 meters of all "dwellings or areas intended for habitation"; nonetheless, this restriction should have no impact on the Group's projects as its internal development practices recommend greater distances. Finally, to benefit from the obligation to purchase, it is necessary for the production units to be composed of a minimum of five masts per wind farm which should have no impact on projects in development in the Group insofar as the projects generally include a higher number of masts.

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3.4.2.5 In view of regulatory changes, the Group may face significant expenses linked to a violation of legal and regulatory requirements regarding the environment, health and safety.

The Group pursues its quality based approach to limit as much as possible the impact on the environment and people, in accordance with the regulations in force and which are constantly evolving.

However, the Group operates energy production sites, which are likely to present hindrances or hazards for the surrounding area, fauna and flora and more generally the surrounding natural habitat (e.g., open agricultural, forest and maritime spaces). These sites could also be the source of injuries, industrial accidents and harm to health and the environment. For instance, the blade of a wind turbine could break and fall to the ground.

An act of sabotage or malicious damage committed on the Group's production site could have similar consequences as those described above: injuries and material damages, pollution or disruption of business.

If such events did occur, the Group's liability could be engaged for the reparation of damages or loss caused by its energy production sites, which could have a marked adverse effect on the Group's cash flows, financial position, reputation and public image.

3.4.2.6 Some people, associations and groups of people are opposed to wind projects. The wind energy industry could be less accepted by local populations, and the Group's wind projects could be disputed legally with greater frequency and create adverse consequences.

Some people, associations or groups of people oppose the implementation of wind projects, citing visual pollution of the landscape, noise disturbance, damage to birds and more generally an affront to their environment.

Although the development of a wind farm usually requires an environmental impact study and, in France, a public inquiry before a construction permit is issued, the Group cannot guarantee that a wind farm under construction or in operation will be authorized or accepted by the population in question.

If any part of the population opposes the construction of a wind farm, it could be more difficult to obtain the construction permits required. In France and Italy in particular, a growing number of groups are actively opposed to wind farms. This may have implications on obtaining construction permits and delays in development of wind projects. These actions may also lead to the cancellation of the permit or, in some cases, the decommissioning of an existing wind farm. To date, the Group is the target of third-party claims for two projects in France, two projects in Germany and two projects in Italy.

Moreover, the opposition of the local population can lead to the adoption of new, more restrictive regulations that apply to the installation of wind farms, in particular, their proximity to residential areas.

To limit this risk, the Group engages in many actions throughout the development process: it is present at the representative bodies of the population in the early stages of prospecting and diagnosis to control all these dimensions; while the technical studies are being conducted, it holds regular meetings with the inhabitants and State agencies to inform concerned residents and to promote the acceptability of the project; there are broad reflections and consultations during the development phase concerning the project's impact on the environment; close relationships with local and national politicians are maintained in order to encourage their acceptance of new wind projects in their territory.

Challenges by the local population, the increase in the number of lawsuits, or an unfavorable outcome to the Group from such actions could have a significant negative effect on the costs of compliance with laws and regulations, production of wind power, and the ability to develop and market wind farms. Each of these elements could have a material adverse effect on the Group's business, financial situation and results.

3.4.2.7 *The Group's revenue from the sale of electricity depends significantly on the sale price of wind electricity. The guaranteed rates implemented by the regulation authorities, the market prices and/or the prices of green certificates could prevent the maintenance of adequate levels of remuneration to achieve the projected profit margins for the Group's currently operated wind farms and could also affect the completion of projects underway.*

For fiscal year 2011, the sale of electricity from wind farms operated for own account by the Group represented 69.81% of consolidated revenue and revenue from the Operation activity accounted for 9.25% of gross consolidated revenue. In addition, the revenue from Development, construction, sale activity represented 18.62% of consolidated revenue of fiscal year 2011. Group revenue from the sale of electricity produced by its wind farms, as well as the sale of wind farms, depend in particular on the price at which electricity can be sold. Depending on the country, sale prices are established, either in whole or in part, by regulatory authorities in the form of guaranteed rates, or by the market. When prices are established in the form of guaranteed rates, sales are usually governed by long-term agreements. Fixing rates may result in administrative challenges or judicial proceedings that may delay the application of modified rates or cause them to be cancelled. In France, in 2001 and 2006, the Commission for Energy Regulation published opinions unfavorable to rates for electricity generated from wind, stating that these rates were bringing undue income to producers. These opinions were merely consultative in nature and did not prevent the entry into force of the rates in question.

In France and Germany, where the Group conducts the vast majority of its electricity sales, the Group has entered into long-term electricity sales agreements at a rate set by the regulatory authorities for the farms in operation. Any decision by the authorities to amend the fixed rates could have a material adverse effect on cash flow and the income of the Group's existing wind farms, although the risk of unilateral rate change for already commissioned wind farms seems highly theoretical. In addition, these purchasing rates fluctuate based on determined indices. Accordingly, for example, in France the purchase price in Euros/MWh increased from 81.05 in 2010 to 81.89 in 2011 then to 84.71 in 2012.

No assurance can be given by the Group that the regulated rates and market prices applicable in each country in which it operates or intends to operate will always reach a level that ensures the Group's profitability margins as initially projected when the project is being financed. These fluctuations in electricity prices could have a material adverse effect on the cash and income from the Group's wind farms, the financial position, the Group's ability to complete its projects under development, the sale price of wind farms to third parties, and the Group's ability to meet its financial obligations.

In other countries where the Group is developing wind projects and benefiting from rates set by the local regulatory authority (Italy and Brazil), lower market prices for electricity sales and/or green certificates could change the financial parameters of the Group's wind projects under development.

Thus in Italy a legislative decree on March 7, 2011 established:

- a modification of the method of calculating the price of green certificates for the period 2013 to 2015;
- the substitution of green certificates by a fixed rate beyond that period; and
- a fixed feed-in tariff system set by auction for projects commissioned in 2013 or thereafter.

The fixed tariff will be applicable from January 1, 2016 for wind farms commissioned before December 31, 2012 and the auction terms that will be applicable for those wind farms after that date have not yet been fixed by the Italian government and will be subject to a second decree that has not yet been published as of the date of this Registration Document.

As a result of this legislative uncertainty, most banks have decided not to commit to financing wind farm projects before the completion of the tariff reform.

This lag in securing project financing delays the signature of supplier contracts which subsequently slows down the completion of wind farms. A delay in the construction possibly generates a risk of going beyond the construction permit's expiry date when an extension has not been granted. The Bovino project is an example of this problem.

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3.4.2.8 The demand for electricity power plants that generate electricity from renewable energy sources like wind depends partly on the production cost of the energy from renewable energy compared to the cost of the electricity from conventional energy sources.

The demand for power plants that produce electricity from renewable energies, and in particular wind power, depends, among other things, on the cost of the electricity produced from other energy sources. The cost of wind energy varies mainly depending on the cost of construction, financing and maintenance of the sites concerned and on weather conditions. The conditions of access to an oil, coal, gas and other fossil fuel supply and uranium are key factors determining the interest in finding other energies rather than renewable energies, and in particular wind power. It is for this reason that the production cost of the electricity from wind power currently exceeds the production costs of electricity from conventional energy sources.

Moreover, a decline in the competitiveness of wind electricity in terms of production price or the implementation of technological progress concerning other renewable sources, the discovery of new large deposits of oil, gas or coal or a reduction in prices of oil, gas, coal or other renewable energies, could provoke a slowdown, or even a reduction in the demand for wind power, which could have a marked adverse effect on the Group's business, financial position and results and its capacity to complete its objectives.

3.4.2.9 The Group is subject to strict international, national and local rules relating to the development and operation of wind projects. Under these conditions, the Group faces significant regulatory compliance costs.

The Group runs its business in a highly regulated environment. The Group, its wind farms in operation and its projects being developed must comply with the many laws and regulations which differ from one country to another. In particular, the Group, its wind farms and its projects are subject to strict international, national and local rules relating to:

- the protection of the environment (including landscape conservation and regulations relating to sound pollution);
- the development of wind projects in particular require the obtaining of easements and the granting of construction permits and other authorizations for their operation; and
- the operation of a wind farm that involves the observance of regulations applicable to producers of electricity and to their connection to distribution grids.

Sizeable expenses related to the obtaining and the observance of the various permits and authorization are thus undertaken by the Group. Taking into consideration the increasing importance of the renewable energies sector in the European Union, the legal and regulatory requirements for development of wind farms could be strengthened. Also, the conditions for granting these permits and authorizations could become stricter and the costs for compliance with the legal or regulatory arrangements could increase. Consequently, the Group's operational cash flow could fall and higher levels of profitability could be needed to guarantee a return on investment.

A strengthening of regulations or their implementation could lead to new restrictions on the Group's activities that are likely to increase its investment expenses or its compliance costs (for instance the implementation of procedures or controls and of additional monitoring), or even extend the development deadlines for its projects (see in particular Section 3.4.2.4 as regards the "Grenelle II" bill in France).

Any change in applicable regulations is likely to affect the Group negatively and there cannot be any guarantee regarding the Group's capacity to deal with these new obligations. If the Group or its projects do not comply with its obligations, the Group's construction or connection rights could be challenged. In addition, the regulation authorities could impose fines or other sanctions likely to affect the Group's profitability or harm its reputation. In any case, this could have a marked effect on the Group's business, results or its capacity to achieve its objectives.

3.5 LEGAL AND ARBITRAL PROCEEDINGS

3.5.1 Litigation with Jean-Marie Santander

As part of the Board of directors' review of the Group's business, the Company identified certain management decisions taken by Jean-Marie Santander which the Board considers do not comply with its corporate purpose, in particular certain decisions relating to the Moroccan subsidiary, THEOLIA Emerging Markets ("TEM"). The Company and TEM initiated two civil proceedings against Jean-Marie Santander and certain parties related to him; one in France and the other in Morocco, and criminal proceedings in France, under the conditions described below.

- On March 13, 2009, THEOLIA SA filed a civil claim with the Commercial Court of Marseille against Jean-Marie Santander (as well as the companies Athanor Equities and Global Ecopower). The Company claimed a total of €5.95 million from Jean-Marie Santander and the companies Athanor Equities and Global Ecopower in relation to damages that it considers it has suffered. The claim alleged that Jean-Marie Santander (a) established and operated a group that competed with the Company while he was still managing the Company, (b) used and recruited Company employees, (c) committed parasitic competitive acts to the detriment of the Company, notably through the use of the image and reputation of the Company, (d) committed acts in competition with Global Ecopower as accomplice in the wind sector and (e) the prejudice resulted from the acts committed by Jean-Marie Santander that led to a fine imposed on the Company by the AMF further to their decision of October 1, 2009. Jean-Marie Santander has filed a counterclaim in relation to these proceedings, in which he sought an allocation of 100,000 free shares in the Company. These proceedings led to the Commercial Court of Marseille ruling on February 21, 2011 that Jean-Marie Santander should pay the Company €450,000 for breaching the non-compete clause binding him and the sum of €2,000 on the basis of the provisions in Article 700 of the Code of Civil Procedure (*Code de procédure civile*). In addition, Jean-Marie Santander's counterclaim seeking an allocation of free shares was dismissed. The parties appealed this ruling. The plea hearing before the Appeal Court of Aix-en-Provence is scheduled on June 25, 2012.
- As a reminder, Jean-Marie Santander disputed the complaints mentioned above and, on April 21, 2009, in his capacity as a shareholder of the Company, brought a derivative (*action ut singuli*) claim against certain directors (Eric Peugeot, Stéphane Garino, Georgius Hersbach, Louis Ferran, and the company Sofinan Sprl) and the CEO of the Company from September 2008 to February 2010 (Marc van't Noordende). This claim sought to order these directors jointly and severally:
 - to reimburse the Company for any sums the Commercial Court of Marseille may order it to pay as damages: to Jean-Marie Santander (evaluated at €200,000), Athanor Equities and Global Ecopower (evaluated at €150,000 for each of these companies) as a result of the proceedings engaged by the Company, and to Jean-Marie Santander as a result of the non-allocation by the Board of directors of certain free shares, which are evaluated at €574,714; and
 - to compensate the Company for the alleged damage to have been caused by "the brutal eviction of Jean-Marie Santander and by the catastrophic management of the Company that resulted therefrom", which Mr. Santander alleges to be €520 million—an amount corresponding to the decrease in the Company's market capitalization since September 2008.

These proceedings gave rise to a hearing on February 7, 2011, before the Commercial Court of Marseille. During this hearing, Jean-Marie Santander indicated that he was withdrawing from his proceedings and action. This withdrawal was accepted by the defendant parties and led to a judgment on February 21, 2011 pronouncing the termination of Jean-Marie Santander's action as well as the termination of the proceedings.

- On May 22, 2010, TEM brought on its side an action against Jean-Marie Santander before the Commercial Court of Casablanca for the repayment of MAD 1,300,000 (MAD 1 = €0.08926 as of March 30, 2012, i.e. approximately €116,044), which corresponds to the compensation that the Company considers to have been improperly received by Jean-Marie Santander when he was Chairman and Managing Director of TEM. TEM also requested Jean-Marie Santander to reimburse 2,000,000 MAD (i.e. €178,529) excluding taxes, paid to Faracha (a Luxembourg company of which Jean-Marie Santander is the sole director) in the framework of the promotion agreement, given the absence of a tangible service provided by Faracha to TEM. The Commercial Court of Casablanca ruled that the said court was competent. An order of the Appeal Court of Casablanca confirmed that ruling. The case argued on March 22, 2012 was referred to another hearing scheduled on April 12, 2012 for the opponent to reply then to May 27, 2012 for TEM to counter argue.

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- On December 29, 2009, THEOLIA SA and TEM filed a criminal complaint with the Public Prosecutor of the Court of first instance of Marseille against Jean-Marie Santander. This complaint exposed acts liable to be qualified as misuse of company assets, abuse of power and breach of trust. At the initiative of the Prosecutor, and after preliminary investigation, Jean-Marie Santander was summoned on May 25, 2011 before the Criminal Court of Aix-en-Provence, to be charged with eight counts: three corresponding to offenses of abuse of power, three to offenses of misuse of company assets and two to offenses of breach of trust. At the request of Jean-Marie Santander, the case was referred to a hearing on February 1, 2012, when it was argued. By judgment of March 13, 2012, the Criminal Court of Aix-en-Provence said Jean-Marie Santander guilty of two counts of abuse of power, one count of misuse of company assets and two counts of abuse of trust, and discharged him for the remainder. The Court sentenced Jean-Marie Santander to suspended terms of imprisonment of 8 months and pronounced against him, as a supplementary punishment, a prohibition to manage for a three-year period. In the civil action, the Court received THEOLIA SA and TEM in their civil party and sentenced Jean-Marie Santander to pay (i) to THEOLIA SA the sum of €109,278.76 as damages in compensation for financial loss and €1 as moral damages, and (ii) to TEM the global amount of €299,753.74 as damages in compensation for financial loss. All parties having filed appeal, this ruling is therefore not definitive.

Despite all the due care exercised by the Group prior to the undertaking of legal proceedings, there may exist other cases of potential breaches that may not have been identified and which could be likely to have an unfavorable impact on the Group's business, financial position and its results from operations.

No accrual was made in the framework of this dispute.

3.5.2 City of Cabriès wastewater treatment plant defects

In 2008, the Cabriès City Council instituted legal proceedings against the subsidiary in the Environmental Unit, Ecoval Technology, in relation to alleged defects that have occurred with the city's wastewater treatment plant and late-payment penalties; it requested Ecoval Technology to pay a sum of €1.5 million. An independent expert was appointed by the Marseille Administrative Court (*Tribunal Administratif de Marseille*) in order to determine liability as well as the amount of work to be planned. It submitted its expert report to the Marseille Administrative Court on May 18, 2012. A reconciliation is still in progress with the Cabriès City Council in order to seek an out-of-court settlement.

3.5.3 Administrative and criminal proceedings related to the Martignano wind farm in Italy

Administrative proceedings

On May 23, 2007, a committee composed of eight residents of Martignano lodged an appeal with the Administrative Court of Lecce ("TAR") against the Puglia region, WindService, and NeoAnemos (subsidiary of the Company), requesting the *Autorizzazione Unica* ("Unique Authorization") granted by the Puglia region to build the Martignano wind farm be pronounced null and void. In addition, the plaintiffs requested that the TAR issue a preliminary injunction to suspend construction work on the farm during the entire period of the legal proceedings.

On May 23, 2007, the TAR issued a preliminary injunction to suspend construction work and ordered continuation of legal proceedings on the merits of the case. This preliminary measure was repealed by the State Council of Rome on appeal by NeoAnemos.

On February 5, 2008, the TAR delivered its judgment on the merits declaring the Unique Authorization null and void. The Court, contrary to NeoAnemos' opinion, considered the appeal admissible. On March 27, 2008, NeoAnemos lodged an appeal to the State Council against the TAR's decision. The Council repealed the TAR's judgment, and consequently, administratively speaking, the Unique Authorization must be considered as being fully valid and effective.

No accrual was made in the framework of this dispute.

Criminal proceedings

As part of this administrative proceeding, the Prosecutor of Lecce, approached by the plaintiffs, in turn conducted an investigation against Carlo Durante in his capacity as legal representative of NeoAnemos for having proceeded to build constructions with a view to establishing a wind farm in the city of Martignano without valid authorization.

Per the ordinance of September 21, 2009, the investigating magistrate referred this case on the merits, thereby confirming the prosecutor's petition. The trial started in December, 2010.

The Group considers, given the elements of the investigation, that the unauthorized construction offense will not be proved and an acquittal decision should most likely be pronounced.

The offense against Carlo Durante should have been lapsed since March 6, 2012.

Consequently, an acquittal decision for statute of limitations should occur within the next few months. The wind farm should be surrendered once Carlo Durante and the other participants in the trial are formally acquitted.

No accrual was made in the framework of this dispute.

3.5.4 Disputes opposing the Company and its German subsidiary THEOLIA Naturenergien to Willi Balz

In October 2006, the Group purchased THEOLIA Naturenergien GmbH (formerly named NATENCO GmbH), from a company owned by Willi Balz, FC Holding GmbH, which is now named Windreich AG ("Windreich").

Since 2007, THEOLIA Naturenergien has been party to a non-exclusive service agreement with Windreich for the acquisition and sale of wind farms by THEOLIA Naturenergien (given that this agreement was subject to a clause providing for exclusivity on behalf of Windreich for the 2008 fiscal year). As part of this contract, in the 2007, 2008, and 2009 fiscal years, respectively, Windreich received approximately €6.3 million, €2.2 million (due for the 2007 fiscal year) and €0.2 million in commissions. Moreover, in 2009, Windreich acquired a wind farm located in Germany from the Group for a purchase price of €43.9 million.

On July 27, 2010, Windreich initiated legal action against THEOLIA and THEOLIA Naturenergien, to order these companies to:

- communicate all information, including THEOLIA Naturenergien's financial statements, enabling them to calculate possible commissions due to Windreich following the sale by THEOLIA Naturenergien of the wind farms; ("Claim No. 1");
- contingent upon the information provided as part of Claim No. 1, to pay damages for the non-payment of possible commissions due and not paid following the sales of wind farms ("Claim No. 2");
- pay a sum of approximately €4.3 million (plus interest) as damages following the sale of the "Alsleben" wind farm ("Claim No. 3"); and
- to pay attorney's fees ("Claim No. 4").

In accordance with the judgment rendered on May 16, 2011 by the Landgericht Stuttgart Court:

- The information provided by THEOLIA Naturenergien as part of Claim No. 1 have been ruled satisfactory by Windreich and consequently the Court did not giving a ruling on this Claim; and
- Claim No. 1 being a precondition for Claim No. 2 and Windreich not having declared the termination of its claim, the Court, in accordance with German law court regulations, could not adjudicate on this claim.
- Claim No. 3 and 4 were rejected by the Court.

Windreich appealed this ruling on June 15, 2011.

During the hearing held on November 23, 2011, the Oberlandesgericht Stuttgart (*Appeal Court*) decided that the partial judgment dated May 16, 2011 was not admissible for formal legal reasons and referred the case back to the Landgericht Stuttgart, while indicating that the Appeal Court followed the decision of the Landgericht Court with regard to contents. The next hearing before the Landgericht Stuttgart Court is scheduled on June 25, 2012.

No accrual was made in the framework of this dispute.

3. REVIEW OF FISCAL YEAR 2011

3.5.5 Litigation opposing the German subsidiary THEOLIA Naturenergien to certain of its O&M customers

As part of its operating activity for third parties in Germany, the Company's German subsidiary, THEOLIA Naturenergien, paid a monthly compensation to its O&M clients based on the estimated electricity production of each wind turbine. For several years, this remuneration was greater than the production levels.

THEOLIA Naturenergien is currently pursuing the recovery of the overpayments to certain customers. In certain cases, THEOLIA Naturenergien has been obliged to undertake legal procedures against reticent clients. To date, the courts confirmed the validity of the actions initiated by the Group.

However, as part of the litigation, some clients have sought compensation for the reimbursement request with damages that would have been due for the fraudulent dealings allegedly committed by one former partner and the former Managing Director, as well as a former related company that had exclusivity on the sales process in question.

These disputes are ongoing, and as such, it cannot be ruled out that- depending on the facts and circumstances of each case- it may become evident that fraudulent dealings have been committed in certain cases under the responsibility of the former partner and the former Managing Director of THEOLIA Naturenergien.

The legitimacy of the different requests from these customers depends mainly on the facts and circumstances specific to each sale. As a result, insofar as it is impossible to rule out the possibility that fraudulent dealings have been committed during certain sales, it is also not possible to reasonably measure the risk associated with the clients' claims for damages. THEOLIA Naturenergien is analyzing and closely following these different procedures and is undertaking claims toward the former exclusive partner and the former managing director as well as the former associated companies in order to prepare its eventual demands.

No accrual was made in the framework of this dispute.

3.5.6 Legal actions initiated against ecolutions GmbH & Co. KGaA, represented by its "General Partner", Altira ecolutions Management GmbH

In order to better protect its interests as a shareholder of the company ecolutions GmbH & Co. KGaA and strengthen the rules of good governance within the Supervisory Board of the said company, the Company initiated on December 19, 2011, two legal actions against ecolutions GmbH & Co. KGaA represented by its "General Partner", Altira ecolutions Management GmbH, a subsidiary of Angermayer, Brumm & Lange GmbH Unternehmens gruppe.

3.5.7 Other proceedings

There are no other legal or arbitrage proceedings that the Group is aware of as of this date, either in abeyance or of which it is threatened, likely to have or having had significant impacts on the Group's financial position or profitability during the last twelve months.

3.6 EMPLOYEE INFORMATION

3.6.1 Group employees

The Group headcount includes the employees of all the companies included in the scope of consolidation, with exception of the employees of the companies that are under the equity method and of the executive corporate officers of the Group. On December 31, 2011, the Group had a total of 230 employees.

The Group headcount over the last three years and by geographical area is as follows:

	12/31/2011	12/31/2010	12/31/2009
France	150	155	164
Germany	41	50	55
Morocco	20	20	19
Other countries	19 ⁽¹⁾	30	32
TOTAL	230	255	270

(1) Excluding the headcount of THEOLIA Wind Power Private Limited, company deconsolidated during the first half-year of 2011.

Of the total 230 employees, 67% worked in wind activities and 33% in non-wind activities.

3.6.2 Employee compensation

In each country in which it operates, the Group places a great deal of importance on ensuring that employee compensation is proportional to the employee's expertise, training, level of responsibility and performance and that it complies with local labor laws.

Wages and payroll expenses amounted to €9,303 thousand in 2011 compared to €10,180 thousand in 2010. The calculation method does not factor in compensation of the Company's executive corporate officers (for the compensation of the Company's executive corporate officers, see Section 2 of this Registration Document).

The Group's compensation policy is designed to motivate employees, foster their loyalty and attract new talent.

The loyalty measures currently in force within the Group are:

- *Variable compensation*

For some positions, compensation includes a variable component to reward achievement of targets in line with the strategy of the Group.

- *Profit sharing agreements*

Both the Company and its subsidiary THEOLIA France SAS have implemented profit-sharing agreements. The profit-sharing agreement related to THEOLIA SA was negotiated with the personnel representatives in 2011. Its main themes are economic performance, quality of the processes and respect of deadlines.

- *Free shares*

As of December 31, 2011, 475,000 free shares were outstanding, including 295,000 free shares allotted to several employees of the Group distributed as follow:

- 270,000 free shares allotted by the Board of directors of December 17, 2009 as part of the free shares allocation plan effective for the 2009, 2010 and 2011 fiscal years. These free shares allotted to several employees of the Group are subject to attendance and performance terms associated with the achievement of financial targets. At the close of the 2011 consolidated financial statements, the Board of directors shall rule on the achievement of the financial targets relating to fiscal year 2011 and make the corresponding allotment of free shares; and
- 25,000 free shares that are not subject to attendance and performance terms, allotted by the Board of directors meeting of December 17, 2009 to several employees of the Group.

The remainder, i.e. 180,000 free shares, has been allotted to an executive corporate officer (see Section 5.2.4.3 of this Registration Document).

3. REVIEW OF FISCAL YEAR 2011

On June 17, 2011, the shareholders, at an ordinary and extraordinary shareholders' meeting, approved the sixteenth resolution submitted to their approval which grants the Board of directors the authorization to allot free shares for employees and/or corporate officers of the Company and/or its affiliates. This authorization is valid for 38 months (i.e. set to expire on August 17, 2014).

It is stated that the Board of directors that closed the 2011 financial statements on March 28, 2012, allotted 441,638 free shares that were definitively acquired.

- *Stock options*

Based on the delegation granted by the fifteenth resolution of the ordinary and extraordinary shareholders' meeting held on June 17, 2011, the Board of directors of July 29, 2011 decided to allot 810,000 stock options subject to conditions of stock performance, to few employees of the Group.

These stock options may be exercised at any time for one year at the end of a four-year period ("Tax Unavailability Period") from the date that the stock options were awarded by the Board of directors, i.e. until July 29, 2016, subject to conditions of performance and the special rules established in the event that the concerned employee should cease its functions within the Group. The exercise price will correspond to the lower amount between €1.40 and the undiscounted market price (average of market prices for the 20 days prior to the day of the decision by the Board of directors).

3.6.3 Human resources policy

The Company's ambition in this domain is to apply an integrated human resources policy to promote professional development for all employees and mobility between the Group business lines.

The Group promotes professional equality and non-discrimination in the organization of recruitment, career management and career development, in accordance with applicable regulations of each country in which it operates.

The Group encourages the internal mobility to enable associates to broaden their experience and skills, regardless of the hierarchical level in the various companies of the Group.

3.6.4 Organization of work

As regards the organization of working hours, the legal maximum 35-hour work week applies to all of the French subsidiaries, with a variation in contract terms as follows:

- 35-hour working week contracts;
- 39-hour working week contracts, i.e. 35 hours plus an additional 4 hours per week;
- fixed 218-day contracts with additional rest days as per the *Convention Collective Nationale des Cadres de la Métallurgie* (the national collective agreement for executives in the metallurgical industry) and the *Convention Collective Syntec* (Syntec Collective Agreement); and
- fixed contracts with no limit on the number of working hours applicable to senior executives.

Some employees have opted for part-time contracts where they work four out of five days in the week.

The level of recurrent absenteeism is very low, demonstrating the commitment of the employees. Overtime is available only in the context of the 39-hour working week contract.

3.6.5 Recruitment policy

The Group has had no difficulty recruiting. The recruitment policy in place aims to find people with the technical skills and professional qualities suited for the Group's ambitions and challenges.

No difficulty is encountered in finding new talent. Job opportunities are posted on the Group website and/or on its subsidiaries' websites, and disseminated through external advertising or through recruitment agencies. Each candidate is assessed and their details are stored in a résumé bank. This active recruitment policy means that profile searches can be made even before vacancies are advertised. Recruitment has nevertheless slowed due to the Group's cost cutting policy.

3.6.6 Training

All of the Group companies make use of the legally regulated funds designated for ongoing occupational training. This essentially concerns technical, language and managerial training. In 2011, a particular emphasis was placed on English training so that all of the employees could converse with employees of the foreign subsidiaries, in order to promote horizontal integration and the notion of an integrated Group by removing the language barrier.

3.6.7 Employee relations

In France, employee relations are accorded a high level of importance with open and active dialogue. The Group encourages direct dialogue between the management and its employees.

3.6.8 Occupational safety and health

French subsidiaries that employ more than 50 employees must have a designated Health, Safety and Working Conditions Committee ("CHSCT"). In the other French units, personnel representatives work on tasks assigned to members of the CHSCT. These bodies are consulted under the conditions stipulated by legal provisions and at any other time they are needed.

3.6.9 Employment and integration of disabled workers

Employment and integration of disabled workers are encouraged at the Group level. The practices of the French subsidiaries in this regard are as follows:

- THEOLIA SA:
 - As it exceeded the threshold of 20 employees in 2008, the Company was still in 2001 in its three-year compliance period. The recruitment policy favors employment of disabled workers and the Company works with ESAT, a French organization for the social and professional integration of disabled persons.
- Environmental Unit:
 - Seres Environnement fulfilled its obligation to open three vacancies for disabled workers,
 - Ecoval 30 integrates three disabled workers out of a total headcount of 23 (13%), which is well above the legal requirement of 6%. Specific assistance with training and facilities is obtained from the public body AGEFIPH to facilitate the integration of disabled employees;
- THEOLIA France:
 - The Company has until now fulfilled all of its requirements concerning the contribution to the employment of disabled workers. Its recruitment policy also favors employment of disabled workers.

3. REVIEW OF FISCAL YEAR 2011

3.7 ENVIRONMENTAL INFORMATION

THEOLIA is a producer of wind energy. This activity is, by nature, environmentally friendly because it emits no greenhouse gases or pollutants and produces no waste. With total installed capacity of 910 MW at end-2011, the Group's annual production in 2011 prevented the emission of approximately 700,000 metric tons of CO₂.

In most of the countries in which the Group operates, construction of a wind project requires performing an environmental impact study to assess the project's impacts on the natural surroundings and landscape, as well as on the human and economic environment. This study includes an analysis of the initial status of the site and its environment, specifically with regard to natural riches and natural agricultural, forest, maritime or recreational areas, as well as an analysis of the project's direct and indirect effects, both temporary and permanent, on the environment, particularly on flora and fauna, sites and landscapes, soil, water, air, climate, natural surroundings and biological equilibriums, the protection of cultural assets and patrimony and, as applicable, living conditions in the area (noise, vibration, odors, light emissions) or on hygiene, sanitation, safety and public health.

All the Group's wind farms are designed and operated in accordance with the applicable environmental regulations. The Group's internal policies may even extend beyond the regulations, specifically with regard to distances from residential areas or restrictions on noise emissions.

For each wind farm, the Group seeks to best integrate the project into its local environment, in collaboration with the local authorities and populations, minimizing impacts and identifying measures to offset and/or contribute to the implementation.

Finally, from the beginning of each wind project, THEOLIA plans for the dismantlement and restoration of the site at the end of its operating life, in accordance with current regulation.

Impact on the natural surroundings

During the development phase, the impact study is performed by the Group's internal environmental scientists. This study may result in modifications to a wind farm's implementation plan in order to minimize its impact on fauna. Wind facilities may be spaced in order to preserve migratory corridors; a farm's construction may be distanced from selvage in order not to disrupt certain species living there.

During construction, the Group requires that its suppliers conform to strict environmental specifications relating to environmental protection. It defines the measures to be taken during the work in order to best integrate the worksite into its natural and human environment, reduce nuisances, and prevent pollution and waste generation. The requirements specifically prohibit any spilling or discharge of waste water, sludge, hydrocarbons and pollutants of any kind into the soil and into surface or ground water, require the on-site presence of pollution kits for remedying any leaks and decantation tanks for cleaning worksite equipment. The specifications also identify storage areas for rubble and topsoil.

The Group pays close attention to the conservation of avifauna, particularly bats. If the presence of bats is detected in the impact study, the Group performs monitoring of the species' activity after construction of the farm. If a significant mortality rate is detected, the Group applies a management plan, which may result in shutting down the equipment at certain times to reduce this impact. The Group also implements a policy of reducing exterior lighting to limit the farms' impact on avifauna.

The Group's wind facilities are designed to avoid damage to biodiversity. The Group works in collaboration with naturalists to preserve and promote biodiversity. For example, the Group generally plants hedges and trees in the proximity of its farms to promote nesting and offer refuge for small game. The Group also creates wild fauna refuges to preserve the biotopes of certain species, and installs owl houses to preserve a threatened species.

Visual impact

The decision to construct a wind farm on a site is the result of a long process of reflection and collaboration with the local authorities and residents. To optimize the farm's integration into the landscape, the Group applies several rules for designing the landscape plan, such as:

- applying topographical guidelines (bordering a road or ridge);
- promoting distancing from houses;
- avoiding simultaneous visibility with registered monuments; and
- taking existing facilities into account.

Photomontages are prepared during the design phase in order to visualize the implementation plan within the landscape.

THEOLIA generally arranges to connect its wind farms to the electricity network underground, thus avoiding the installation of new aerial lines. Substations are also designed with their appearance to be consistent with local practice, for better integration into the landscape.

For their part, the turbine manufacturers seek to design and color the equipment to limit its visual impact to the greatest possible extent.

Sound impact

A significant acoustic section, which is often subcontracted to outside firms, is included in the impact study performed for each wind project. The goal is to comply with current regulation and limit sound nuisances for local residents. THEOLIA pays particular attention to limiting sound nuisances, and in certain cases may modify the wind farm development plan if a sound impact is detected during the acoustic study, or implement a management plan (such as shutting down a machine at certain times of the day or night, or as a function of wind direction) after commissioning the farm, if disruptions are noted during measurements in the vicinity of an operating site.

Significant technological progress has been achieved with regard to wind-farm equipment in recent years, yielding a significant reduction in sound nuisances.

3. REVIEW OF FISCAL YEAR 2011

3.8 REPORT ON THE FINANCIAL STATEMENTS OF PARENT COMPANY THEOLIA SA

3.8.1 Comments on parent company THEOLIA SA's results

The corporate financial statements of THEOLIA SA were approved by the Board of directors at its meeting of March 28, 2012.

3.8.1.1 *Income statement*

Total revenue

THEOLIA SA's revenue totaled €5.4 million in fiscal year 2011, versus €24.9 million the preceding year.

Business revenue recognized in 2011 includes only the billing of management fees to subsidiaries.

We note that in 2010, total revenue included the billing of management fees to subsidiaries, totaling €5.5 million, as well as the sale of turbines totaling €19.4 million. These sales resulted in a reduction of inventory by €20.1 million.

Operating income

Operating income posted a loss of €1.3 million for fiscal year 2011, versus a loss of €10.8 million in 2010.

In 2011, THEOLIA continued its reduction in headquarters operating costs, primarily by reducing external service expenses and personnel expenses.

We note that in 2010, non-recurring charges totaling a net of €13.1 million had a negative impact on operating income.

Financial income

Financial income for fiscal year 2011 was a negative €43.7 million, versus a negative €79.5 million in 2010. This may be primarily broken down as follows for fiscal year 2011 (in millions of euros):

Financial revenue

- | | |
|--|--------|
| • interest on advances to subsidiaries | + 10.3 |
| • reversals of depreciation of receivables from THEOLIA Participations | + 12.2 |
| • reversals of depreciation of financial assets (excluding THEOLIA Participations) | + 8.3 |
| • other | + 1.9 |

Financial expenses

- | | |
|---|--------|
| • commingling loss following the universal transfer of assets from THEOLIA Participations | (12.2) |
| • depreciation of financial assets | (59.7) |
| • interest on convertible bonds | (4.3) |
| • other | (0.3) |

As a holding company, THEOLIA SA grants advances to its subsidiaries. Interest on these advances totaled €10.3 million in 2011.

THEOLIA SA held completely depreciated receivables from its wholly-owned subsidiary, THEOLIA Participations, totaling €12.2 million. The universal transfer of assets from THEOLIA Participations to THEOLIA SA resulted in the cancellation of these receivables and thus a reversal of the corresponding depreciation. This reversal was offset by a commingling loss of the same amount. This transaction had no impact on financial income.

Each year, the Company performs valuation tests specifically to ensure that securities and receivables held are valued correctly. Depreciation and reversals of depreciation of financial assets recognized in 2011 are broken down as follows:

- | | |
|---|--------|
| • depreciation of Maestrale Green Energy shares | (28.2) |
|---|--------|

- depreciation of THEOLIA France shares (14.2)
- depreciation of receivables from controlled entities (13.2)
- reversal of depreciation on shares of THEOLIA Holding GmbH +5.1

In Italy, given the uncertainty related to the review underway of the electricity purchase tariff, the valuation tests carried out led to recognition of depreciation of the shares of Maestrale Green Energy, Italian subsidiary of THEOLIA SA, totaling €28.2 million and the receivables from that subsidiary, totaling €6.7 million.

The sale to THEOLIA France of partially depreciated receivables held by French project-support companies resulted in the reversal of the corresponding depreciation totaling €2.2 million.

Further, the recapitalization of Maestrale Green Energy resulted in depreciation of that subsidiary's receivables totaling €4 million.

Finally, interest expense on the convertible bond for 2011 totaled €4.3 million.

Extraordinary income

Extraordinary income for fiscal year 2011 consisted of a loss of €0.4 million, versus earnings of €0.7 million in 2010.

Net income

Net income for the year consisted of a loss of 45.7 million, versus a loss of €89.8 million in 2010.

Fiscal year 2011 was especially burdened by the recognition of depreciation on shares and receivables from equity stakes in other companies, totaling €59.7 million.

3.8.1.2 Table of cash flows

The following table provides a summary of the change in cash recognized during the year and the type of cash flows.

Cash flow (extracts) (in thousands of euros)	Fiscal year ending December 31	
	2011	2010
Gross reinvested cash	(778)	(2,496)
Change in working capital requirements (WCR) related to the activity	(1,302)	13,862
Cash flow from operating activities	(2,080)	11,366
Cash flow from investment activities	(11,237)	(16,915)
Cash flow from financing activities	(5,619)	30,431
Change in cash and cash equivalents	(18,935)	24,883
Net cash and cash equivalents at the opening	55,034	30,151
Net cash and cash equivalents at the close	36,098	55,034

Cash flow from operating activities

Gross reinvested cash flow was a negative €0.8 million for fiscal year 2011.

The net increase in intra-group client receivables of €1.6 million during 2011 resulted in a negative change in the working capital requirement related to the activity, totaling (€1.3 million).

Overall, operational activities required cash outflows of €2 million for 2011; they had generated cash inflows totaling €11.4 million in 2010.

Cash flow from investment activities

Cash outflows related to investment totaled €11.2 million in 2011, versus €16.9 million in 2010.

3. REVIEW OF FISCAL YEAR 2011

In 2011, THEOLIA SA granted advances to its subsidiaries as part of the Group treasury agreement for a net total of €10.4 million, and implemented a loan of €2 million in favor of the investment vehicle.

The Company also received €1.2 million in dividends from Compagnie Éolienne du Détroit, a subsidiary that operates a 50.4 MW wind farm in Morocco.

Cash flow from financing activities

Financing activities required cash outflows of €5.6 million in 2011; these same activities had accounted for cash inflows of €30.4 million in 2010.

These cash outflows covered the following principal items:

- payment of annual interest on convertible bonds totaling €4.6 million; and
- the sale of an intra-group debt to THEOLIA France for €1 million.

As of December 31, 2011, the Company's net cash totaled €36.1 million, versus €55 million as of December 31, 2010.

3.8.1.3 Net financial debt

The Company's net financial debt totaled €165.3 million as of December 31, 2011 versus €204.5 million as of December 31, 2010.

This significant decline of €39.2 million was the result of the following:

- bond conversions occurring in 2011, reducing convertible bonds outstanding by €38 million; and
- the sale of an intra-group debt totaling €1 million to THEOLIA France.

3.8.1.4 Information on suppliers

The breakdown at the close of the last two fiscal years of supplier debt balances by maturity date is as follows:

Supplier debts (in thousands of euros)	December 31	
	2011	2010
Supplier debts not due (invoices not received)	429	632
Total supplier debts due	2,018	2,028
Of which:		
• 0 to 3 months	422	503
• 3 to 6 months	35	131
• 6 to 9 months	39	26
• 9 to 12 months	1,522	1,368

3.8.2 Five-year financial summary

Under French accounting standards (in euros)	Fiscal year ended on December 31				
	2007	2008	2009	2010	2011
Total shareholders' equity	350,035,018	189,106,745	226,249,000	214,198,711	207,040,044
Balance sheet total	604,525,432	454,935,459	490,940,000	425,942,835	379,045,758
Share capital at fiscal year end					
Share capital	38,681,671	39,746,992	39,895,207	110,292,782	127,591,147
Number of ordinary shares	38,681,671	39,746,992	39,895,207	110,292,782	127,591,147
Preferred shares without voting right	-	-	-	-	-
Maximum number of shares to be created					
By allotment of shares	575,715	561,715	2,070,611	1,777,111	475,000
By conversion of bonds	11,538,462	11,538,462	11,538,462	90,170,427	72,916,468
By stock options	-	-	-	-	2,310,000
By subscription rights	4,917,447	4,415,450	3,997,450	4,053,504	2,355,504
Operations and results					
Revenue net of taxes	5,968,734	7,414,503	6,118,146	24,918,915	5,431,054
Income (loss) before taxes, employee profit-sharing, amortization and provisions	3,235,425	828,527	20,224,750	(6,003,856)	(5,915,935)
Income tax	(608,719)	(240,050)	(422,000)	(296,945)	(247,182)
Employee profit-sharing	-	-	-	-	-
Income (loss) after taxes, employee profit-sharing, amortization and provisions	(1,151,491)	(163,010,876)	36,668,169	(89,828,723)	(45,664,560)
Income distributed	-	-	-	-	-
Earnings per shares (undiluted)					
Income (loss) before taxes and employee profit-sharing, but before amortization and provisions	0.08	0.02	0.51	(0.05)	(0.05)
Income (loss) after taxes, employee profit-sharing, but before amortization and provisions	(0.03)	(4.10)	0.92	(0.81)	(0.36)
Dividends paid	-	-	-	-	-
Earnings per shares (diluted)					
Income (loss) before taxes and employee profit-sharing, but before amortization and provisions	0.06	0.01	0.36	(0.03)	(0.03)
Income (loss) after taxes, employee profit-sharing, but before amortization and provisions	(0.02)	(2.90)	0.64	(0.44)	(0.22)
Dividends paid	-	-	-	-	-
Employees					
Average number of employees	20	38	30	23	23
Total salary expenses	3,575,161	3,081,088	3,147,000	4,030,393	2,186,020
Employee benefits paid	1,236,154	1,979,021	1,607,000	1,291,694	1,052,110

3. REVIEW OF FISCAL YEAR 2011

3.9 EVENTS AFTER THE CLOSE AND PROSPECTS

3.9.1 Events after the close of fiscal year 2011

On December 29, 2009, the companies THEOLIA SA and THEOLIA Emerging Markets filed a complaint against Jean-Marie Santander with the Federal Prosecuting Attorney for the District Court of Marseille. This complaint included charges of misuse of company property, abuse of authority and breach of trust. In a decision handed down March 13, 2012, the Aix-en-Provence Criminal Court convicted Jean-Marie Santander of two counts of abuse of authority, one count of misuse of company property and two counts of breach of trust, dismissing the other charges.

Thereafter, the Court sentenced Jean-Marie Santander to eight months of prison with suspended sentence, and as an additional penalty, prohibited him from engaging in management activities for three years.

Regarding the civil action, the Court recognized THEOLIA SA and THEOLIA Emerging Markets as civil parties to the suit, and ordered Jean-Marie Santander to pay (i) to THEOLIA SA the sum of €109,278.76 in damages and interest as reparation for the financial loss incurred, and €1 for non-pecuniary losses, and (ii) to THEOLIA Emerging Markets a total of €299,743.74 in damages as reparation for the financial loss incurred.

All parties filed appeals against this decision, which was not a final ruling.

For further information on this litigation, see Paragraph 3.5.1 of this Reference Document.

3.9.2 Future prospects

The Group's growth strategy is based on three principal axes:

- improving operational performance in reducing costs and rationalizing structures and work methods;
- continuing investments at a steady rate in order to strengthen the Group's operating positions in the four countries in which it operates wind farms; and
- accelerating the commissioning rate by creating an investment vehicle.

The Group is continuing its efforts to improve operating efficiency and reduce costs. Specifically, the Group is gradually implementing an organization based on the establishment of cross-management. The goal is to centralize operational expertise within a dedicated team and to make this center of expertise available to all the Group's subsidiaries. The organization will thus be simplified and more efficient. Industrial synergies will arise and the Group is prepared for increased activity at constant costs. The Group is also working to improve the performance of its farms in operation. In particular, the Group is increasing these farms' available capacity, specifically through better planning of maintenance activities.

The Group's efforts remain largely concentrated on promoting its wind projects being developed and under construction. In 2011 the Group commissioned the Gargouilles farm, with capacity of 18.4 MW in France. In the second half of 2011 the Group also began construction of a 10-MW farm in Italy and a farm in France with net capacity of 6 MW for the Group. In the first quarter of 2011, as part of its trading activity, the Group commissioned three wind farms in Germany, with total capacity of 8 MW. The Group will continue its investments, focusing on those projects with the highest profitability.

To accelerate its development, in August 2011 THEOLIA created the investment vehicle THEOLIA Utilities Investment Company. Two major European partners in the energy sector, IWB in Switzerland and Badenova in Germany, entered into partnership with THEOLIA in this vehicle to jointly develop and operate onshore wind farms in France, Germany and Italy.

THEOLIA acts as the operating shareholder of this partnership: it sells wind projects that it has initially developed, to the investment vehicle, and then undertakes the construction and operation of these farms on behalf of the vehicle.

This co-investment strategy allows the Group to continue commissioning farms on its own account, while transferring certain projects to THEOLIA Utilities Investment Company, in which THEOLIA holds 40%, thus accelerating its operational development.

At end-December 2011 THEOLIA sold its first wind project to the investment vehicle. This 15-MW project in France represents the first stage of the goal the partners have set: to achieve total operating wind capacity of 150 to 200 MW in coming years.

Finally, THEOLIA signed an agreement protocol with the Moroccan National Electricity Office to develop and jointly operate a 300-MW farm in Morocco.

The project, to be carried out in two phases, consists of the following:

- production of 100 MW at the current site at Koudia al Baïda, as part of an effort to replace the existing turbines with higher-powered turbines (repowering); and
- production of an additional 200 MW on the sites adjacent to this farm.

The overall objective pursued by the Group is to establish a solid base of operational assets to achieve profitability and create value. The Group expects its situation to continue to gradually improve, as a result of these developments and rigorous management.

3.9.3 Earnings projections or estimates

The Company does not publish projections or estimates.

4

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4.1 CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

4.1.1 Income statement

INCOME STATEMENT (in thousand of euros)	Notes	12/31/2011	12/31/2010
Sales		67,480	154,542
Changes in inventories of finished goods and work in progress		(11,017)	(101,405)
External expenses		(21,999)	(25,360)
Taxes		(1,277)	(1,090)
Employee benefits expense	7.1	(9,938)	(11,690)
Amortization	7.2	(13,538)	(17,066)
Provisions	7.2	(899)	(16,534)
Other operating income and expenses	7.3	1,571	(1,075)
Current operating income		10,384	(19,678)
Other non-current income and expenses	7.4	(127)	(1,807)
Share in income of associates		(161)	(180)
Operating income (before impairment)		10,096	(21,665)
Impairment	7.5	(28,300)	(12,998)
OPERATING INCOME (after impairment)		(18,204)	(34,663)
Net financial debt cost	8.1	(17,786)	(24,095)
Other financial income	8.2	1,033	83,416
Other financial expenses	8.3	(1,248)	(13,695)
Financial income		(18,001)	45,626
Corporate tax expenses	9	(877)	(4,490)
Net income from continuing operations		(37,082)	6,473
Profit (Loss) for the year from discontinued operations		(2,151)	(1,480)
NET INCOME of the consolidated Group		(39,233)	4,993
Attributable to the owners of the company		(38,520)	5,857
Attributable to non-controlling interests		(714)	(865)
Earning per share of the consolidated scope (in euros)	10	(0.44)	0.08
Diluted earning per share of the consolidated scope (in euros)	10	(0.15)	0.08

4.1.2 Comprehensive income

COMPREHENSIVE INCOME (in thousand of euros)	12/31/2011	12/31/2010
NET INCOME of the consolidated Group	(39,233)	4,993
Foreign exchange differences	57	78
Fair value on derivatives instruments	(3,572)	-
Total earnings and expenses posted	(3,515)	78
COMPREHENSIVE INCOME	(42,748)	5,071
Earning per share of the consolidated scope (in euros)	(0.61)	0.07
Diluted earning per share of the consolidated scope (in euros)	(0.21)	0.03

4. FINANCIAL STATEMENTS

4.1.3 Balance sheet

ASSETS (in thousand of euros)	Notes	12/31/2011	12/31/2010
Goodwill	11	40,591	71,138
Intangible assets	12	80,429	90,294
Tangible assets	13	295,704	278,790
Investments in associates	15	9,341	10,466
Non-current financial assets	16	12,418	11,016
Deferred tax assets	25.2	2,172	30,144
NON-CURRENT ASSETS		440,655	491,848
Inventories & works in progress	17.2	14,350	19,805
Trade and other receivables	17.3	35,912	30,833
Other current assets	17.4	19,809	19,827
Tax receivables		5,989	5,687
Current financial assets	16	487	106
Cash & cash equivalents	18	87,831	110,432
CURRENT ASSETS		164,378	186,690
Assets classified as held for sale		12,291	13,201
TOTAL ASSETS		617,324	691,739

EQUITIES & LIABILITIES (in thousand of euros)	Notes	12/31/2011	12/31/2010
Share capital	20	127,591	110,293
Share premiums	20	305,193	304,947
Retained earnings	20	(196,458)	(198,829)
Net Income of the consolidated scope, Group share	20	(38,520)	5,857
Shareholders' equity - Group share	20	197,806	222,268
Non-controlling interests	20.2	(2,822)	(2,261)
SHAREHOLDERS' EQUITY		194,984	220,007
Non-current financial liabilities	22	269,139	255,424
Provisions - non-current share	27	20,231	18,316
Retirement benefit obligation	26	150	129
Deferred tax liabilities	25	13,993	43,122
Other non-current liabilities		2,678	8,060
NON-CURRENT LIABILITIES		306,191	325,051
Current financial liabilities	22	62,940	92,683
Provisions - current share	27	363	597
Trade and other payables	17.5	35,586	35,299
Tax and social liabilities	17.5	6,587	7,313
Current corporate tax liabilities		1,660	1,062
CURRENT LIABILITIES		107,136	136,954
Liabilities directly associated with assets classified as held for sale		9,013	9,727
TOTAL EQUITIES & LIABILITIES		617,324	691,739

4.1.4 Cash flow statement

(in thousand euros)	12/31/2011	12/31/2010
NET INCOME of the consolidated Group	(39,234)	4,993
Profit (Loss) for the year from discontinued operations	2,151	1,480
Elimination of amortization, depreciation and provisions	43,298	36,815
Elimination of change in deferred taxes	897	4,523
Elimination of capital gains/losses from disposals	846	(510)
Elimination of the share of income from equity	161	180
Financial expenses	18,571	23,468
Other income & expenses with no effect on cash	(2,315)	(58,899)
Gross self-financing margin	24,375	12,051
Change in working capital requirements	(4,665)	33,879
Corporation tax paid	(1,122)	(2,575)
Flows related to discontinued activities	(1,819)	(1,804)
CASH FROM OPERATIONAL ACTIVITIES	16,768	41,551
Acquisitions of fixed assets	(26,915)	(38,225)
Disposals of fixed assets	2,347	1,666
Change in loans granted	(2,561)	10,092
Effect of change in scope of consolidation: subsidiary acquisitions net of cash acquired	179	(15,784)
NET FLOW GENERATED BY INVESTMENT ACTIVITIES	(26,950)	(42,250)
Capital increase (decrease)	-	56,284
Increase in loans and other debts	41,299	45,460
Repayments of loans and other debt	(39,200)	(70,630)
Interests paid	(14,421)	(14,448)
Financing transactions with no effect on cash	-	69
NET FLOW GENERATED BY FINANCING ACTIVITIES	(12,322)	16,734
Flows related to discontinued activities		
Effect of variations on exchange rates	(25)	146
CHANGE IN CASH AND CASH EQUIVALENTS	(22,528)	16,180
Net cash and cash equivalents – opening balance	110,360	94,180
Net cash and cash equivalents of discontinued activities – closing balance	-	-
Net cash and cash equivalents – closing balance*	87,831	110,360
CHANGE IN CASH & CASH EQUIVALENTS	(22,529)	16,180
*Cash posted on the balance sheet	87,831	110,432
Bank overdrafts	-	(72)
Net cash and cash equivalents – closing balance	87,831	110,360

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4.1.5 Changes in shareholders' equity

(in thousand euros)	Capital	Premiums	Currency translation	Change in fair value and others	Consolidated reserves and income	Shareholders' equity - Group share	Non-controlling interests	Total Shareholders'
As of 12/31/2009	39,895	307,547	221	-	(202,718)	144,943	(1,823)	143,120
Expenses and income directly recorded under Shareholders' equity			78		(69)	10		10
Net Income of the consolidated scope, Group share					5,857	5,857	(864)	4,993
Comprehensive income	-	-	78		5,788	5,867	(864)	5,003
Capital increase	60,463					60,463		60,463
Expenses engaged for capital increase		(4,179)				(4,179)		(4,179)
Bonds conversion	9,521	1,973			3,159	14,653		14,653
Share-based payments and options	414	(414)			1,026	1,026		1,026
Treasury shares					(129)	(129)		(129)
Transactions between shareholders					(485)	(485)	485	-
Other reclassifications		21			86	109	(59)	50
As of 12/31/2010	110,293	304,948	299	-	(193,272)	222,268	(2,261)	220,007
Expenses and income directly recorded under Shareholders' equity			57	(3,572)		(3,515)		(3,515)
Net Income of the consolidated scope, Group share					(38,520)	(38,520)	(714)	(39,234)
Comprehensive income	-	-	57	(3,572)	(38,520)	(42,034)	(714)	(42,748)
Capital increase						-		-
Expenses engaged for capital increase						-		-
Bonds conversion	17,253	291			-	17,544		17,544
Share-based payments and options	45	(45)			174	174		174
Treasury shares					59	59		59
Transactions between shareholders					(143)	(143)	143	-
Other reclassifications			62		(122)	(60)	10	(50)
As of 12/31/2011	127,591	305,194	419	(3,572)	(231,825)	197,806	(2,822)	194,984

4.1.6 Notes to the consolidated financial statements

NOTE 1 GENERAL INFORMATION

THEOLIA ("the Company") is a French corporation with main offices in Aix-en-Provence, France. The Company and its subsidiaries ("the Group") form an integrated industrial operator involved at each stage of wind projects. The Group participates in the entire value chain for electricity produced from wind energy: prospecting, development, construction and operation of wind farms.

The Group's activities are primarily in Europe.

The fiscal year for which the accounts are submitted began on January 1, 2011 and ended December 31, 2011. The financial statements for the Group were approved by the Board of directors on March 28, 2012.

NOTE 2 ACCOUNTING PRINCIPLES

2.1 General Principles

Compliance statement

In accordance with regulation EC No. 1606/2002 dated July 19, 2002, the consolidated accounts for the period from January 1, 2011 to December 31, 2011 are issued in accordance with IFRS (*International Financial Reporting Standards*) published by the IASB (*International Accounting Standards Board*) as of December 31, 2011 and with adoption of regulations published in the Official Journal of the European Union as of the date the accounts were closed. IFRS include both IFRS and IAS (*International Accounting Standards*) as well as their interpretation (IFRIC and SIC), available at the following address: http://ec.Europa.eu/internal_market/accounting/ias_fr.htm.

The accounting methods applied at December 31, 2011 are consistent with those for the preceding fiscal year.

New standards, amendments and interpretation applicable as of January 1, 2011

The standards, amendments or interpretation shown below were applied permanently to all of the periods shown in the financial statements unless otherwise required by specific transitional provisions.

Standard number	Text	Potential impact on Group financial statements
IAS 24 Revised	Related parties	The standards, amendments and interpretations have no impact on these accounts
IAS 32 Amendment	Classification des rights issues	
IFRIC 14 Amendment	Advance payments of minimal financing requirements	
IFRIC 19	Extinguishment of financial liabilities	
Annual improvements	Annual improvements (2008-2010)	

New standards, amendments and interpretation applicable as of January 1, 2012 not anticipated by the Group:

- IFRS 7 Amendment "Transfer of financial assets"

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Standards, amendments and interpretation not yet applicable because not yet adopted by the European Union:

- IAS 1 Amendments "Presentation of other components of the overall result,"
- IAS 19 Amendments "Defines services regime,"
- IAS 12 Amendment "Deferred taxes: recovering underlying assets,"
- IAS 27, revised, "Individual financial statements,"
- IAS 28 (2011) "Participation in affiliated businesses and joint ventures,"
- IFRS 9 "Financial instruments: classification and evaluation,"
- IFRS 9 supplements "Financial instruments: classification and evaluation,"
- IFRS 10 "Consolidated financial statements,"
- IFRS 11 Joint agreements
- IFRS 12 "Information to provide on participations in the other entities,"
- IFRS 13 "Evaluation of fair value,"
- IFRIC 20 "Surface stripping costs incurred during the production phase of an open pit mine."

In the future, application of standard IFRS 11 may lead to consolidating THEOLIA Utilities Investment Company by the equity method equity method and its operational subsidiaries by the global integration method. These entities are consolidated by proportionate consolidation in the 2011 accounts.

Basis for preparing financial statements

The comparative information provided concerns the fiscal year ended December 31, 2010.

The financial statements are shown in millions of euros, unless otherwise indicated, rounded up to the nearest thousand Euros.

In accordance with IFRS 3, the N-1 accounts (opening and closing) presented comparatively are restated in the event of final allocation of goodwill. The same is true for application of standard IFRS 5 – Non-current assets held in view of abandoned sales and activities.

General evaluation principles

The consolidated accounts of the Group are issued according to the principles of continuity of operation and historical cost, with the exception of certain financial instruments and financial assets available for sale that are evaluated at fair value.

2.2 Consolidation methods

Controlled entities

Subsidiaries are consolidated if they are controlled by the Group, with the latter directing their financial and operational policies. Subsidiaries are consolidated by global integration as of the date on which the effective control is transferred to the Group. They are deconsolidated on the date on which this control ends.

Profit or loss from subsidiaries acquired or assigned during the fiscal year is included in the consolidated profit and loss statement, respectively either as of the date control was acquired or up to the date of loss of control.

Where applicable, restatements are made on financial statements of subsidiaries to harmonize and homogenize the accounting principles used with those of the other businesses within the scope of consolidation.

All intra-group balances and operations are eliminated in the consolidation.

Associated companies

Associated companies are businesses in which the Group exercises a substantial influence over operational and financial policy without holding control. In general, these are companies in which the Group holds at least 20% of voting rights.

The Group's stakes in associated businesses are recorded using the equity method. The financial statements for the associated companies are included in the consolidated accounts as of the beginning date of the substantial influence and until the date on which substantial influence is lost.

The balance sheet value of the securities using the equity method includes the cost of purchasing the securities (including goodwill) plus or minus variations in the Group's share of net assets in the affiliated company as of the purchase date. The profit and loss statement reflects the Group share in the results of the associated business.

As of fiscal 2011, profit or loss from associated businesses is included in operating profit or loss when the activities carried out by these companies are considered close to those of the Group (Renewable energy). The comparative information was restated as a result.

The impact on the consolidated aggregates is shown below:

	12/31/2010		12/31/2010
	PUBLISHED	CORRECTION	RETREATED
Operating income (before impairment)	(21,485)	(180)	(21,665)
Impairment	(12,998)		(12,998)
OPERATING INCOME (after impairment)	(34,483)	(180)	(34,663)

Mergers and acquisitions

Mergers and acquisitions prior to January 1, 2010

Mergers and acquisitions occurring subsequent to July 1, 2004 are recorded using the purchase method. The cost of the mergers and acquisitions is equal to the total of fair values as of the date of the exchange, assets remitted, liabilities incurred or assumed, and treasury instruments issued by the Group, in exchange for control of the business acquired, and of all of the costs directly attributable to the mergers and acquisitions. If determination of the fair value of the assets and liabilities cannot be made on the date the accounts are closed, a provisional allocation is made leading to the determination of provisional goodwill. The final allocation is then made within a maximum period of one year following the date control is transferred.

The favorable variations between the purchase cost and the share at the fair value of the assets, any liabilities and identifiable liabilities on the date of transfer of control are entered under assets as goodwill. Any negative variances are recorded directly to the results for the period.

When the business merger agreement includes an adjustment to the purchase price depending on future events, the amount of this adjustment is included in the cost for mergers and acquisitions as of the purchase date if this adjustment is likely and can be measured reliably.

When there is a divestment of a subsidiary or a jointly-controlled entity, the goodwill attributable to the subsidiary is included in calculation of the profit or loss from the divestment.

Goodwill is not amortized. In accordance with standard IAS 36 "Depreciation of assets", goodwill is tested at least once a year and more frequently if a Impairment is indicated. The test methods seek to ensure that the recoverable value of the unit generating the cash flow to which the goodwill is allocated or attached is at least equal to its net book value. If a Impairment is noted, depreciation is recorded in the operational income statement on a line specifically named "Impairment." This depreciation is irreversible.

When the additional purchases occur after the transfer of control, the transaction is considered as a simple investment operation with the minority shareholders: The identifiable assets and liabilities of the controlled business are not reevaluated; the favorable or unfavorable variance generated between the purchase cost and the additional share acquired in the net assets of the business is recorded under goodwill.

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Mergers and acquisitions subsequent to January 1, 2010

Mergers and acquisitions of companies subsequent to January 1, 2010 are recorded according to the purchase method defined by revised standard IFRS 3. The cost of a purchase corresponds to the fair value of the assets remitted, company treasury instruments issued and liabilities incurred or assumed as of the date of the exchange.

When an exclusively controlled business is first consolidated, to the extent that reliable evaluation is possible, fair value is used to evaluate the acquired company's assets and liabilities and any liabilities due to past events corresponding to existing obligations as of the purchase date, except for those exceptions specifically indicated in revised standard IFRS 3.

The goodwill entered on the consolidated balance sheet represents the difference between:

- The sum of the following components:
 - the transfer of control purchase price,
 - the amount of minority interest in the company acquired, determined either at the fair value on the purchase date (full goodwill method), or on the basis of their share in the fair value of the net identifiable assets and liabilities acquired (partial goodwill method). This option is opened transaction by transaction,
 - and for purchases in stages, at the fair value on the purchase date of the Group's proportional stake before the transfer of control;
- and the net amount of identifiable assets acquired and identifiable liabilities assumed, evaluated at their fair value on the purchase date.

When the purchase cost is lower than the fair value of the Group's proportional share of acquired identifiable assets and identifiable liabilities assumed from the acquired subsidiary, the variance is recorded directly on the profit and loss statement.

Any price supplements are evaluated as the fair value on the purchase date; they are evaluated definitively within 12 months following the purchase date. Any subsequent variation in these price supplements is recorded in profit or loss for the period. The standard provides a period of 12 months to finalize evaluation of these price supplements.

The costs directly attributable to the business merger are recorded as charges against the consolidated profit or loss for the period.

After its original entry, the goodwill undergoes an annual depreciation test. The test is done more often if Impairment indicators appear between the two annual tests.

The identification and evaluation of assets and liabilities acquired are done provisionally on the purchase date.

The identification and evaluation are done definitively within a period of twelve months following the purchase date. When the original entry is modified within twelve months, this modification is recorded retrospectively, as if the definitive values had been recorded directly at the time of the purchase. The impact of the variations in value noted after expiration of the allocation period compared to the values attributed to the assets acquired and liabilities assumed at the time of the first consolidation is noted in a forward-looking manner, under in the profit and loss statement for the fiscal year in which the change is noted and subsequent fiscal years, where applicable, without adjustment for goodwill.

If the modifications of the original entry of the merger are related to correction of an error, then there is a retrospective modification of values attributed to the acquired assets and liabilities as well as non-controlling stakes in companies or purchase price elements, just as if their corrected fair value had been recorded on the purchase date.

For additional purchases of interest in a subsidiary made since January 1, 2010, which do not change control exercised over the entity, the variation between the stock purchase price and the added proportion of consolidated shareholders' equity is recorded as shareholders' equity attributable to the Group's parent company owners, leaving unchanged the consolidated value of the subsidiary's identifiable assets and liabilities including goodwill. The part of these purchases paid in cash, net of the associated purchase expenses, is classified under cash flow related to the financing operations from the table of consolidated cash flows.

For assignments of interest made since January 1, 2010, which do not modify control exercised over the entity, the variation between the fair value of the share transfer price and the proportion of consolidated shareholders' equity that these shares represent on the date of their transfer is noted under shareholders' equity attributable to the Group's parent company owners, leaving unchanged the consolidated value of the subsidiary's identifiable assets and liabilities including goodwill.

The part of these transfers, received as cash, net of the associated transfer costs, is classified under cash flow related to financing operations in the table of consolidated cash flows.

Assignments of interest made since January 1, 2010 involving the loss of exclusive control generally give rise to constitution of a profit (loss) from disposal posted to the profit and loss statement, calculated based on the entire stake on the date of the transaction. Any residual stake retained is thus evaluated at its fair value in the profit and loss statement at the time of loss of exclusive control. When the share transfer operation is analyzed as a contribution of assets in a jointly-controlled entity, the share of the retained assets and liabilities remains recorded at its historic value, without posting the profit (loss) from the disposal pursuant to the SIC 13 interpretation.

2.3 Foreign currency

The consolidated financial statements are presented in Euros, which is the operational and presentation currency of the parent company. The operational currency of the foreign subsidiaries is generally local currency.

Presentation of financial statements

Items in the balance sheet for entities located outside the Euro zone are converted at the closing exchange rate in effect in the operational currency and the items in the profit and loss statement are converted at the average exchange rate in effect in the operational currency.

Operations in foreign currency

Transactions in foreign currency are converted at the exchange rate in effect on the day of the operation.

2.4 Recognizing revenue

Proceeds are recorded when the Group has transferred significant risks and benefits inherent to ownership to a purchaser, and it is neither participating in management nor in active control of the assigned assets, and it is likely that the economic benefits resulting from the sale will benefit the Group, and the cost of the transaction can be evaluated reliably.

Electricity production

Sales recorded at wind generating stations correspond to sale of electricity produced and assigned to the operator pursuant to various contracts, guaranteeing in particular the sales price according to volumes produced and assigned.

Sale of electricity produced from Group-owned farms is recognized based on quantities produced and delivered during the period.

The same is true for sale of electricity on behalf of a third party if the contracts include guaranteed margins for customers.

Sale of electricity on behalf of a third party is not pas recorded as revenue, except for a few cases in which, given a contractual relationship, the Group holds most of the transactional risk.

Purchase of wind farm for resale

The margin is generated upon divestment of the farm, in proportion to the number of MW sold.

Development, construction, sales of wind farms

The development operations and the construction of wind farms to be operated by the Group for the purpose of selling them lead to the recording of revenue only on the date of the effective sale of wind farms previously classified as non-current assets. They are classified as inventory when the client is identified (signature of a sales contract) for sale of the farm. The sale date corresponds then to the date of transfer of risks and benefits related to ownership.

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Financial proceeds

Proceeds from interest are recorded *prorata temporis* according to the effective interest rate method.

Dividends

Dividends are recorded as financial income when the right to receive the dividend is acquired.

2.5 Intangible assets

Intangible assets are recorded at their purchase cost minus total amortization and any loss in value.

Costs related to projects can be generated internally or be acquired through company mergers and acquisitions.

The principal intangible assets recorded by the Group concern development expenses of the various projects related in particular to operation of the wind generating stations. The projects are valued at their production or purchase cost. An identifiable intangible asset generated internally resulting from development of an internal project is recorded on the balance sheet if, and only if, the following conditions are met:

- technical feasibility of the project;
- the intention to complete the intangible asset and to use it or sell it;
- the capacity to use or sell the intangible asset;
- the probability of generating future economic benefits;
- the availability of technical and financial resources to complete the project;
- the capacity to evaluate reliably the expenses attributable to the asset during its development.

When the conditions for the entering an asset generated internally are not met, the development expenses are recorded under charges for the fiscal year during which they are incurred.

When the Group acquires wind projects developed by the companies having been taken over, the latter are valued at their fair value. The value of the intangible asset thus determined therefore includes the fair value of all of the contracts acquired.

The costs related to these projects stop being capitalized as of the date the projects begin industrial operation. They are then amortized according to the following provisions: the amortizable basis corresponds to the difference between the cost and the estimated resale value, with the duration of amortization established as being between 2 and 4 years (operating duration projected by the Group before disposal to a third party).

The cost of loans used to finance the assets over a long startup or manufacturing period is incorporated into the original cost of the assets.

The amortization, calculated as of the startup date of the asset, is recorded under charges to reduce the book value of the assets on their estimated useful lifetime, according to the linear mode and considering the residual value of the assets.

For contracts and licenses, the amortization periods used are 2 to 4 years.

Since September 1, 2009, wind farm development costs have been amortized from commissioning over a 2 to 4 year period based on the projected duration of operations before disposal considering a residual resale value at the end of the period. They were previously amortized over the term of the electricity sales contracts (15 to 20 years).

The amortization expense for fixed assets is recorded under "Amortizations" on the profit and loss statement.

Intangible assets mainly consist of wind projects in development. They appear in "Assets in progress" and thus are not amortized, however their value is tested at least once a year.

2.6 Tangible assets

Evaluation of tangible assets

Tangible assets are recorded at their purchase cost after deduction of amortization and any losses in value.

Assets acquired within the framework of company mergers and acquisitions are evaluated at fair value on the purchase date. At each closing, the purchase cost is decreased by the cumulative amortization and any depreciation.

The amortization, calculated as of the startup date of an asset, is recorded under charges to reduce the book value of the assets on their estimated life, according to the linear mode and on following bases:

• construction	20 years
• wind farms	2-4 years
• equipment and tools	4-10 years
• fixtures and facilities	5-10 years
• office equipment, information technology	3-5 years
• office furniture	5-10 years

Since September 1, 2009, wind farms have amortized over a duration of 2 to 4 years according to the projected duration of operations before the assignment and considering a residual resale value at the end of the period. They were previously amortized over the term of the electricity sales contracts (15 to 20 years).

The amortization expense for the assets is recorded under “Amortizations” on the profit and loss statement.

2.7 Lease agreements

Assets financed using lease agreements – financing, transferring to the Group almost all of the risks and benefits inherent to the ownership of the asset leased, are recorded under assets on the balance sheet at the fair value of the asset leased or at the updated value of the minimum payments for the lease, whichever is lower. The corresponding debt is entered under financial liabilities.

Payments made under the lease are allocated between financial expenses and amortization of debt so as to obtain a periodic rate consisting of the balance of the loan appearing under liabilities.

Assets covered by a lease-financing agreement are amortized over their useful lifetime in accordance with the Group rules. If a Impairment is indicated, they are tested for depreciation in accordance with standard IAS 36 “Depreciation of assets.”

Lease agreements in which the lessor retains almost all of the risks and benefits inherent to the ownership of the asset are simple leases. Payment made under these contracts is recorded under charges linearly over the term of the contract, corresponding to the asset's lifetime.

Assets used within the framework of a lease-financing agreement are not significant.

2.8 Impairment

A depreciation test is conducted:

- at least once a year, for assets having an indefinite lifetime, primarily: goodwill, non-amortizable intangible assets and work in progress;
- in the presence of indications of Impairment at another time.

Except with the Impairment indication, the annual test is done during the process of the annual budget forecast and the medium-term plan.

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For the needs of the depreciation test, goodwill is allocated to each of the Income generating units (IGU) that could benefit from the mergers and acquisitions synergies. The IGUs correspond to homogeneous sets of assets whose continuous use generates an identifiable cash flow independent from the cash flow generated by other assets or groups of assets.

The Group's business lines are classified in the following categories:

- "Electricity sales on own account" corresponds to sale of electricity produced by the wind farms held by the Group;
- Development, construction and sale of wind farms includes the development, construction and the sale of wind projects and farms;
- Operation includes management of wind farms on behalf of third parties as well as the sale of electricity produced by wind farms managed but not held by the Group;
- Non-wind activity is not strategic and the environmental activities are currently being disposed;
- Corporate activity mainly includes the holding company THEOLIA SA.

Development, construction and sale of wind farms is subdivided into as many IGUs as countries involved, France, Germany and Italy.

Electricity sales for own account and **Operations** are subdivided into as many IGUs as farms in operation.

Non-wind activity is itself subdivided into as many IGUs as legal entities.

A depreciation is recorded at the amount of the surplus of the book value over the recoverable value of the asset.

The recoverable value is the higher amount between the fair value of the asset (or group of assets) net of the divestment costs and its going-concern value.

The going-concern value is thus determined exclusively from the discounted future cash flows expected from use of the asset (or group of assets).

The projected cash flows used are consistent with the initial business plans issued by Group management. All non-amortizable and amortizable assets of each IGU were tested on December 31, 2011.

The rate used to discount the associated cash flows is based on the activities that can be attached to each individual goodwill area and considers the risks and activities as well as their geographic location. The rate is determined, according to the assets withheld, from the weighted average cost of capital (WACC) for Production of wind energy, and from the cost of capital for the Development, construction and sale of wind farms.

The discount rates used are between 5.5 and 9% (compared to 5.4 and 9% in 2010).

For the "Development, Construction and Sale" IGU, the recoverable values correspond to the business plans of the entities in question by country:

- Germany: the business plan concerns the wind farm "trading" activity;
- France and Italy: the business plans reflect the capacity of these entities to develop and then construct wind farms for operation over a duration of 2 to 4 years, before transferring them to third parties.

For the "Electricity sales on own account" IGU, the main assumptions used are the following:

- probability rate of effective wind hours: P75, corresponding to the annual production level with a probability of exceeding it over the long term is 75%;
- duration of forecasts: projected duration of operation of the asset, i.e. 20 years as of the date of farm commissioning;
- end value: this value corresponds to the residual value (20% of the original investment net of taxes) after deduction of divestiture expenses. This leads on average to an end value representing 10 to 12% of the valuation of the asset.

This method of valuating farms intended for sale corresponds to that used by the market. In fact, the recoverable value of a farm intended to be assigned corresponds to the discounted sum of its future discounted cash flows.

Any Impairment is allocated to goodwill on a priority basis then, where applicable, to the other IGU assets, on a pro rata basis with their book value. Impairment noted on goodwill is irreversible. It is recorded directly as a charge in the operating income statement on the line "Impairment."

Data on sensitivity to depreciation calculation assumptions appears in note 14 "Impairment."

2.9 Inventory and work in progress

Inventory is evaluated at the lowest cost and at the net realizable value.

The cost for inventory of raw materials, merchandise and other supplies consists of the purchase price excluding taxes for raw materials, direct labor, other direct costs and general production expenses after deduction of discounts, remittances and any rebates obtained, plus accessory expenses for purchases, expenses for unloading, customs charges, commissions on purchases, etc.). The inventory is evaluated according to the "first in/first out" method.

The inventory recorded by the Group represents:

- wind projects purchased for resale (the "trading" activity in Germany);
- projects intended for sale at the end of the 2 to 4 years of operation according to the Group strategy.

Their net realizable value is determined by their level of progress and the latest transactions made in the business line. The Group analyzes, at least annually and more frequently in the presence of indications of Impairment, this net realizable value (see note 2.8 "Impairment"). Depreciations may be recorded on projects with uncertain development and with insufficient probability of operation by the Group as well as by a third party.

The development costs for the wind farms are considered intangible assets.

Wind farms (previously recorded as intangible and tangible assets) intended to be sold receive an inventory reclassification when these assets are going to be transferred and the customer is identified (signed sales contract).

2.10 Financial assets and liabilities

Financial assets include the long-term financial investments (non-consolidated stakes in other companies and other securities), financial debts and loans as well as derivative financial instrument assets.

Financial liabilities include financial loans and debts, advances from banks and derivative instrument liabilities.

Financial assets and liabilities, except for instruments classified as current components, are shown on the balance sheet under current/non-current assets and liabilities according to whether or not their maturity is greater than one year.

This item also includes, where applicable, non-current financial debts:

- with early repayment at the lender's option;
- made payable due to non-compliance with covenants.

Fair value is determined using the following hierarchy:

- prices (not adjusted) quoted on "liquid" markets for identical assets or liabilities (Level 1);
- Directly or indirectly observable data other than the quoted prices indicated in Level 1 (Level 2); and
- data related to the asset or liability not based on observable market data (non-observable data) (Level 3).

Assets and financial liabilities at fair value with variation in results

Assets and financial liabilities evaluated at fair value with variation in results are designated as such when the operation is initiated.

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These assets are recorded at their fair value, and are evaluated at the close of each accounting period. The variation in this fair value is recorded under results as “Other financial income” or “Other financial charges.”

For all intents and purposes, the main assets and liabilities involved are hedging derivatives attached to bank loans and short-term financial investments.

Financial assets held until maturity

This item records fixed maturity assets and interest payments that are fixed or determinable when the Group has the intention and capacity to hold them until maturity. These assets are recorded at their amortized cost, and interest recorded at the effective interest rate is recorded on the profit and loss statement as “Other financial charges.”

Financial debts and loans

Financial debts and loans are evaluated at amortized cost minus depreciation, where applicable. The interest, evaluated at the effective interest rates, is recorded on the profit and loss statement as “Other financial income.”

Financial assets available for sale

Financial assets available for sale include non-consolidated investments as well as debt certificates not classified in the other categories. They are evaluated in each accounting year, at fair value. Potential capital gains or losses are recorded under shareholders' equity except in the event of depreciation.

Financial and supplier debts

Financial and supplier debts are evaluated at amortized cost. The interest calculated at the effective interest rate method is recorded under the item “Gross financial debt cost” on the profit and loss statement.

Swaps

Nature

The Group may use swaps to hedge against interest rate risk resulting from its variable rate financing policy.

Evaluation and recording

Swaps are initially recorded at fair value. They are subsequently evaluated at their fair value. The variation in fair value of derivative instruments is recorded on the profit and loss statement, except when these instruments are designated as cash flow hedging instruments. In this case, variations in fair value are recorded directly in shareholders' equity for the part of the hedge considered effective. The non-effective part remains under financial profit (loss).

2.11 Trade receivables and other receivables

Trade receivables come from sales of assets, wind farms and services performed by the Group within the framework of its management of wind farms on behalf of third parties. The other receivables basically include fiscal (VAT) and corporate receivables.

Trade receivables are recorded at amortized cost.

An impairment is recorded when objective indicators indicate that the amounts owed cannot be partially or fully recovered. Particularly when assessing the recoverable value of trade receivables, any balances owed at closing are examined individually and the necessary provisions are formed if there seems to be a risk of non-recovery.

2.12 Cash and cash equivalents

The item “Cash and cash equivalents” includes liquid assets as well as immediately available monetary investments subject to a negligible risk of change in value used to meet cash flow needs.

Monetary investments are evaluated at their market value on the closing date. Variations in values are recorded as cash and cash equivalent income.

2.13 Share capital

Common shares are classified as shareholders' equity instruments.

Costs directly attributable to the issuance of new options or shares are recorded in shareholders' equity by deducting the income from the issue, net of taxes.

Shares in THEOLIA held by the Group are deducted from shareholders' equity, until cancellation or the disposal of the shares. If these shares are sold, the net income from costs directly attributable to the transaction and the tax impact are included in the attributable Group's share of shareholders' equity.

THEOLIA is not required to meet asset-to-capital ratios except for the obligation to maintain shareholders' equity above half of the share capital.

2.14 Stock warrants (SW), stock options and bonus shares

Stock warrants and stock options

Prior to 2010, the Group had offered stock warrants to members of the Board of directors. During the Board of directors meeting of December 1, 2010, the Group introduced a plan to offer stock options to Upper Management (maximum of 1,500,000 options) and employees (maximum of 2,000,000 options).

These transactions for which payment is based on shares and which are settled using in equity instruments are evaluated at their fair value (excluding the effects of purchasing conditions other than market conditions) on the date of allocation. The fair value determined on the purchase date is recorded as a charge using the linear mode over the rights acquisition period, based on the number of shares that the Group expects it will need to issue, adjusted by the effects of rights acquisition conditions other than market conditions (presence, performance).

The fair value is evaluated using the most appropriate model (Black-Scholes-Merton, recombinate trees or binomial trees). The expected life used in the model was adjusted based on Management estimates, effects of non-transferability, restrictions on exercise conditions and information on employees' exercise behavior.

Bonus shares

The Group may decide to issue bonus shares to some of its employees. The value of these shares is determined using the market price on the day of issue.

Recording

The benefit corresponding to the rights allocated in the form of stock warrants, stock options or bonus shares is recorded based on the beneficiary:

- under personnel costs;
- as other income and operating expenses for non-employees.

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2.15 Personnel benefits

Types of system

In keeping with legal obligations and custom, the Group participates in supplementary retirement or other long-term benefits for employees. The Group offers these benefits through defined contribution plans.

Under the defined contribution plans, the Group has no obligation other than to pay the contributions. The contributions paid to the plans are recorded under charges for the period.

Nature of commitments

Severance pay

Severance pay is based on the applicable Group collective bargaining agreement and concern retirement severance pay or length-of-service awards, paid in the event of an employee's voluntary departure or forced retirement. Severance pay falls under the defined benefits system.

Supplemental pension plans

The Group contributes to no supplemental pension plans above the minimum legal pension for its employees or directors.

Evaluation of commitments

Contributions to defined contribution plans are entered under charges as they become due based on services rendered by the employees.

The commitments resulting from defined benefit plans, as well as their cost, are determined according to the projected unit credit method. Evaluations are performed each year with actuarial calculations provided by outside consultants.

These plans are not funded and their commitment is listed as a liability on the balance sheet. The main plan concerns length-of-service awards (retirement severance pay). The actuarial variances result mainly from changed assumptions and from the difference between the results according to the actuarial assumptions and the actual results of the defined benefit plans. These actuarial variances are recorded directly under earnings for the period. For defined benefit plans, the charge recorded on the profit and loss statement, under operating income, includes the cost of services rendered during the fiscal year, the cost of past services, the actuarial variances and the effects of any reduction or liquidation of the plan, where applicable.

Since the Group was created, the Group defined benefit plans have not had any modifications generating any cost of past services.

2.16 Other provisions

A provision is recorded when, at the close of the period, the Group has an actual obligation (legal or implicit) resulting from any past events and it is likely that an outflow of funds representing future economic benefits will be necessary to extinguish this obligation.

Provisions are made for disputes when a Group obligation to a third party exists at the close. The provision is evaluated according to the best estimate of expenses that can be projected.

Any divestiture costs are not covered by the provision, to the extent the Group believes that the recoverable value of the asset (steel, turbine component, etc.) is equal to the divestiture liability thereof.

Any liabilities corresponding to potential obligations resulting from past events whose existence will be confirmed only by the occurrence of uncertain future events that are not under the control of the entity or current obligations for which an outflow of funds is not likely. Outside of those resulting from mergers and acquisitions, they are not recorded but are addressed in annexed information.

2.17 Loans

Loans are recorded at the original fair value, minus associated transaction costs. These costs (charges and issue premiums for loans) are taken into account when calculating amortized cost using the effective interest rate method.

At each close, financial liabilities are then evaluated at their amortized cost using the effective interest rate method.

Loans are broken down into:

- current liabilities for the part to be repaid within twelve months after closing;
- and non-current liabilities for maturities greater than twelve months.

Convertible bonds are analyzed as hybrid instruments, with a debt component and an equity component, taking into account issue costs:

- the debt component is determined from contractual payment flows, discounted to the rate for a comparable instrument without the conversion option (a pure debt instrument), on the basis of market conditions on the issue date;
- the equity component is evaluated by the difference between the issue value and the value of the debt component, net of deferred tax effects.

2.18 Deferred taxes

The item "Tax charge" includes tax payable for the fiscal year and the deferred tax included in the results for the period.

Deferred taxes are posted, using the variable carry-forward method, for timing differences existing at closing between the taxable value of assets and liabilities and their book value, as well as on tax losses. No deferred tax liability is posted in the original entry for goodwill.

A deferred tax asset is recorded for tax losses and unused tax credits to the extent it is likely that Group will have future taxable profits (using budgets over 3 years) against which these unused tax credits and losses may be allocated.

Deferred tax assets and liabilities are evaluated at the tax rates expected to apply during the fiscal year in progress in which the asset will be realized or the liability settled, on the basis of tax rates (and tax regulations) that have been adopted or practically adopted on the closing date.

Deferred taxes are calculated by tax entity. They are offset when the taxes are taken by the same tax authority and they concern one single tax entity (tax consolidation group) and when their payment deadlines appear close together.

Deferred and payable tax is recorded as income or expenses on the profit and loss statement unless it pertains to a transaction or an event that is recorded directly in the shareholders' equity.

Deferred taxes are included in assets and non-current liabilities and presented in specific items on the balance sheet.

2.19 Determination of recurring operating income

The profit and loss statement is presented by type of charges.

Recurring operating income corresponds to operating income net of any isolated, clearly identified, non-recurring and significant income and charges namely:

- earnings from associated companies;
- impairments from goodwill and permanent assets noted under depreciation tests;
- substantial charges for restructuring or related to downsizing plans in light of major events or decisions;
- substantial charges and income resulting from litigation, major deployment or capital operations (costs for integrating a new business line, etc.).

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2.20 Earnings per share

The diluted earnings per share take into account dilutive instruments and effects of potential dilution on earnings. This indicator is calculated by considering the maximum number of shares that could be in circulation given the probability of using dilutive instruments issued or to be issued.

2.21 Sector information

The Group defines its business lines as follows:

- Electricity sales for own account corresponds to sale of the electricity produced by wind farms held by the Group;
- Development, construction, sale includes development, construction and sale of wind farms and projects;
- Operation includes management of wind farms on behalf of third parties as well as sales of electricity produced by wind farms that are managed but not owned by the Group;
- Non-wind activity;
- Corporate includes mainly the holding company THEOLIA SA.

The note Sector information presents information by business line on income and earnings as well as certain information about assets, liabilities and investments.

Sector assets are operating assets used by a business line within the framework of its operating activities. They include attributable goodwill, intangible and tangible assets, as well as current assets used in the business activities of the sector. They do not include deferred taxes assets, stakes in other companies or receivables and other non-current financial assets.

Sector liabilities correspond to liabilities resulting from activities in a business line that are directly or indirectly attributable to it. They include current and non-current liabilities with the exception of financial debts and deferred tax liabilities.

NOTE 3 JUDGMENTS AND ESTIMATES

The creation of financial statements according to IFRS leads Group Management to make estimates and formulate assumptions that affect the book value of certain asset and liability components, income and charges, as well as information given in certain notes in the appendix.

The key assumptions are:

- likelihood of success and startup of the various wind projects;
- discounting assumptions used in the various valuation models used;
- capacity to obtain financing for the various wind projects.

The accounts and information subject to significant estimates primarily concern intangible assets, tangible assets, goodwill, other non-current assets, swaps, provisions for risks and charges and deferred tax assets.

As these assumptions are uncertain, the actual numbers may vary from these estimates. The Group regularly reviews its estimates and assessments to take into account past experience and to integrate those factors deemed relevant in light of economic conditions.

Certain principles used call for the judgment by Group Management when choosing assumptions adopted to calculate financial estimates, which include, due to their nature, a certain level of uncertainty. These estimates are based on comparable historical data and on various assumptions that, considering the circumstances, are considered more reasonable and more likely.

In the following paragraphs, Management presents those accounting principles used by the Group at the time the consolidated financial statements were prepared, which had a significant impact on the consolidated financial statements and which required Management to exercise judgment and use estimates.

Without revisiting the foregoing, the estimates were made within a context of a rapidly changing environment and markets. With this in mind, new information may be acquired or new events may occur which lead to significant questions about certain assumptions that today are considered reasonable.

3.1 Tangible and intangible assets and goodwill

The Group uses estimates and must use certain assumptions in order to (i) evaluate the expected asset life to determine their amortization period and (ii) note, where applicable, a depreciation on the balance sheet value of any asset.

The estimates used to determine expected asset life are applied by all Group entities (see notes 2.5 and 2.6).

In order to ensure the correct valuation of its assets on the balance sheet, the Group regularly reviews certain indicators that, where applicable, would require a depreciation test.

Group Management believes that estimates and judgment are necessary for the annual depreciation tests because determination of the recoverable values presumes the use of assumptions concerning:

- determination of discounted rate of future cash flow generated by the assets or by the Income generating units; the consequences of a variation in the discount rate are shown in note 14;
- determination of future operating cash flow, and its end value;
- estimate of the increase in sales generated by the tested assets; and
- estimate of the operating margin related to these assets for future the periods in question.

The assumptions used by the Group to calculate the recoverable value of its assets are based on past experience and outside data.

To determine the future growth rate, operating margin rate and operating cash flow generated by a specific asset, the Group uses the budgets from each entity for assets belonging to the Development, construction, and sale IGU. For assets belonging to the Electricity sales for own account IGU, the going-concern value for THEOLIA is representative of the future cash flows from each farm in the 2 to 4 years of operation considering a residual value at the end of this period. These cash flows are determined on the basis of electricity sales contracts.

These estimates concern goodwill and all tangible and intangible assets.

3.2 Deferred tax assets

The recoverable value of deferred tax assets is reviewed on each closing date. This value is reduced to the extent that it is no longer likely that a sufficient taxable profit will be available to allow for use of the benefit related to all or part of these deferred tax assets.

Group Management should therefore identify the deferred tax assets and liabilities and determine the amount of the deferred tax assets recorded at closing of the fiscal year.

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NOTE 4 MAIN EVENTS OF 2011

Increase in installed capacity for own account and for third parties

In 2011, THEOLIA started the Les Gargouilles farm with a capacity of 18.4 MW for own account in France. It was progressively commissioned between June and September 2011.

Parallel to this, in September 2011, the Group commissioned an 18.4 MW farm on behalf of a third party on adjacent land.

Within its wind farm trading business in Germany, the Group commissioned 3 wind farms during the first quarter of 2011, for a cumulative capacity of 8 MW for own account. At the end of December 2011, the Group disposed of an operating 4 MW farm.

In all, THEOLIA commissioned a net capacity of the 22.4 MW for its own account during fiscal 2011. Installed capacities for own account thus reached 306 MW at December 31, 2011, compared to 283 MW at December 31, 2010.

Capacities operated on behalf of third parties increased from 586 MW at December 31, 2010 to 604 MW at December 31, 2011.

Creation of the THEOLIA Utilities Investment Company investment vehicle

To accelerate its development, in August 2011 THEOLIA created the THEOLIA Utilities Investment Company investment vehicle. Two significant European "Stadtwerke" [public utility companies] from the energy sector, IWB Industrielle Werke Basel ("IWB") in Switzerland and Badenova in Germany, partnered with THEOLIA in this vehicle to jointly develop and operate land-based wind farms in France, Germany and Italy.

THEOLIA is the operator shareholder in this partnership: it sells to THEOLIA Utilities Investment Company wind projects that it previously developed, then builds and operates these farms for the vehicle.

THEOLIA holds a 40% stake in THEOLIA Utilities Investment Company; IWB and Badenova hold 30% each.

The goal of the vehicle is to reach total wind capacity of 150 to 200 MW. With a final objective of 100 million Euros shareholders' equity invested and the use of project financing, this vehicle may invest more than 300 million Euros.

At the end of December 2011, THEOLIA sold its first wind project to the investment vehicle. This 15 MW project is located in France, on land in the Beauval and Naours communities, in the department of Somme. It includes 6 wind farms having unit capacities of 2.5 MW. Construction began in September 2011 and commissioning of the farm is planned for the end of 2012.

With this first transaction, THEOLIA Utilities Investment Company became operational.

NOTE 5 CHANGES IN THE SCOPE OF CONSOLIDATION

Scope of consolidation

For fiscal 2011, the scope of consolidation includes, in addition to the parent company:

- 115 companies in which it holds exclusive control directly or indirectly (versus 124 at December 31, 2010);
- 3 companies in which it has joint control (versus 1 at December 31, 2010);
- 7 companies in which it exercises significant influence (versus 7 at December 31, 2010). The full list of these companies is shown in note 30 "List of Group companies."

Purchases/creations

Entities	% interest	% control	Method of consolidation	Country	Business segments
THEOLIA UTILITIES INVESTMENT COMPANY	40.00%	40.00%	Proportionate consolidation	Luxembourg	Corporate
THEOLIA MANAGEMENT COMPANY	100.00%	100.00%	Global integration	Luxembourg	Corporate
CENT EOL DU GOULET (CEGOU)	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL LE COURANT NACHAMPS (CENAC)	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL LE CHAMPDATE (CECHC)	100.00%	100.00%	Global integration	France	Development Construction Sale
TROIA EOLICA Srl	100.00%	100.00%	Global integration	Italy	Development Construction Sale
SIRIBETTA Srl	90.00%	90.00%	Global integration	Italy	Development Construction Sale
PERGOLA EOLICA Srl	100.00%	100.00%	Global integration	Italy	Development Construction Sale

The contribution of TUIC to the main aggregates of the state of the financial position is:

• Non-current assets	n/s
• Current assets	n/s
• Non-current financial liabilities	1 201 K€

Divestments

During the fiscal year, the Group divested two globally integrated project support companies:

- In Germany, divestment of a 4 MW farm to a third party;
- In France, divestment of a 12 MW project to a third party.

These two companies, previously consolidated using the global integration method, were deconsolidated at the end of the year.

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Other variations: merger/liquidations

The main merger and/or liquidation operations during fiscal year 2011 are:

Entities	% interest	% control	Method of consolidation	Country	Business segments
THEOLIA PARTICIPATIONS	100.00%	100.00%	Global integration	France	Corporate
CENT EOL FRUGES PALETTE	99.94%	99.94%	Global integration	France	Development Construction Sale
PERGOLA EOLICA Srl	100.00%	100.00%	Global integration	Italy	Development Construction Sale

These operations took place in an effort to simplify the legal organizational chart. This has no impact on the consolidated aggregates.

Change in consolidation method

Assignment of the Magremont project to the investment vehicle THEOLIA Utilities Investment Company, which occurred at the end of December 2011, led to a change in the consolidation method of this company. This project, formerly wholly owned, is now controlled jointly with a 40% stake. As of a result of the applicable governance rules, the company is consolidated according to the proportional integration method as of this date.

This project is in the construction phase. This company has contributed the following to the main aggregates of the financial statement:

• Non-current assets	869 K€
• Current assets	584 K€
• Liabilities	n/s

Removal from scope of consolidation

At December 31, 2010, the THEOLIA Group owned 23.88% of THEOLIA Sitac Wind Power and THEOLIA Wind Power. During the first half of 2011, following a capital increase, the Group was diluted and only held 12.34%. As a result, these companies were deconsolidated in the accounts closed at December 31, 2011. The Group disputes the validity of this capital increase, however.

NOTE 6 SECTOR INFORMATION

At December 31, 2011

Income statement (in thousand of euros)	Wind activities			Non-wind activity	Corporate	Total
	Sales of electricity for own account	Development Construction Sale	Operation			
Sales						
France	13,361	4,969	415			18,746
Germany	22,934	7,594	5,828	1,564		37,920
Italy	4,255					4,255
Morocco	6,558					6,558
Total	47,109	12,563	6,243	1,564		67,480
Current operating income	21,535	(9,777)	425	844	(2,643)	10,384
Impairment	(3,435)	(24,184)		(682)		(28,300)
Other non-current income and expenses	(32)	(95)	(89)	(89)	178	(127)
Share in income of associates	(9)	0		(160)		(168)
Operating income	18,059	(34,056)	336	(79)	(2,465)	(18,205)

At December 31, 2011

Balance sheet (in thousand of euros)	Wind activities			Non-Wind activitie	Corporate	Total
	Sales of electricity Wind	Development, Construction, Sale	Exploitation			
Goodwill	8,942	31,647			2	40,591
Intangible assets	46,340	34,066	5	(3)	21	80,429
Tangible assets	249,946	32,403	2,158	10,197	1,000	295,704
Other non-courrent assets	2,958	2,955	730	9,620	7,666	23,929
NON-CURRENT ASSETS	308,185	101,071	2,893	19,814	8,690	440,653
Inventories & works in progress	787	13,564			(1)	14,350
Trade and other receivables	13,946	8,629	12,809	201	326	35,912
Other current assets	11,727	(2,257)	6,405	4,027	6,385	26,287
Cash & cash equivalents	29,672	14,015	5,557	1,385	37,201	87,831
CURRENT ASSETS	56,131	33,952	24,772	5,614	43,911	164,380
Assets classified as held for sale	-	-	-	(5,106)	17,396	12,291
TOTAL ASSETS	364,316	135,023	27,664	20,322	69,998	617,324
Non-current financial liabilities	143,733	17,300	-	7,852	100,255	269,139
Current financial liabilities	55,892	2,024	0	685	4,339	62,940
Trade and other payables	12,618	11,337	9,310	721	1,599	35,586
Liabilities directly associated with assets classified as held for sale				9,013		9,013
Other liabilities	24,778	13,447		5,927	1,509	45,661
TOTAL LIABILITIES PRESENTED	237,021	44,108	9,310	24,197	107,702	422,339
Other information						
Tangible and intangible investments	23,789	8,226	0	0	47	40,335

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At December 31, 2010

Income statement (in thousand of euros)	Wind activities			Non-wind activity	Corporate	Total
	Sales of electricity for own account	Development Construction Sale	Operation			
Sales						
France	11,648	3,644	169			15,461
Germany	17,583	106,996	4,793	1,403		130,775
Italy	1,104					1,104
Morocco	7,201					7,201
Total	37,537	110,640	4,962	1,403		154,542
Current operating income	10,335	(8,605)	(17,608)	(1,867)	(1,932)	(19,678)
Impairment	(721)	(12,216)			(61)	(12,998)
Other non-current income and expenses	(207)	(41)	(14)	(0)	(1,546)	(1,807)
Share in income of associates		277	(23)	(434)		(180)
Operating income	9,408	(20,586)	(17,645)	(2,300)	(3,539)	(34,663)

At December 31, 2010

31/12/2010 (en milliers d'euros)		Wind activities				Total
Balance sheet (in thousand of euros)		Sales of electricity Wind	Development, Construction, Sale	Exploitation	Non-Wind activitie	
Goodwill		12,885	58,251			71,138
Intangible assets		48,006	42,258	5		90,294
Tangible assets		234,397	29,416	2,156	11,594	278,790
Other non-current assets		10,118	4,664	10	10,498	51,625
NON-CURRENT ASSETS		305,406	134,589	2,171	22,092	491,847
Inventories & works in progress		867	18,940			19,805
Trade and other receivables		7,077	13,007	10,405	191	30,833
Other current assets		10,623	3,935	147	5,153	25,619
Cash & cash equivalents		32,042	18,764	2,182	1,329	110,432
CURRENT ASSETS		50,609	54,645	12,734	6,673	186,690
Assets classified as held for sale		-	-	-	(701)	13,201
TOTAL ASSETS		356,015	189,234	14,906	28,064	691,737
Non-current financial liabilities		121,947	11,738	-	8,826	255,424
Current financial liabilities		72,772	14,635	(27)	718	92,683
Trade and other payables		8,124	19,397	3,557	728	35,299
Liabilities directly associated with assets classified as held for sale					9,727	9,727
Other liabilities		27,723	20,572		6,012	78,598
TOTAL LIABILITIES PRESENTED		230,567	66,342	3,530	26,010	471,731
Other information						
Tangible and intangible investments		32,382	5,951	0	0	46,096

INFORMATION ON RESULTS

NOTE 7 OPERATING INCOME

The subparagraphs below explain some of the main items in greater detail (staff costs, amortizations and provisions, other operating income and expenses, impairment).

7.1 Staff costs

(in thousands of euros)	12/31/2011	12/31/2010
Employee compensation	(6,969)	(8,448)
Social security and insurance expense	(2,573)	(2,459)
Other staff costs	(48)	(183)
Employee profit sharing	(173)	(126)
Other employee benefits and share-based payments (IFRS 2)	(175)	(474)
Total staff costs	(9,938)	(11,690)

Staff costs are down by 1,752 K€, mainly due to:

- a reduction in staff by 14 positions;
- a reduction in expenses for allocation of bonus shares and stock options.

The workforce (at the end of the period) appears as follows:

Workforce at the end of the year	12/31/2011	12/31/2010
Managers, employees and contributors	230	255
Total	230	255

The Group workforce is 230 employees, 155 of whom are in the wind sector.

7.2 Amortizations and provisions

Amortization

(in thousands of euros)	12/31/2011	12/31/2010
Germany	(6,829)	(12,884)
France	(2,050)	(565)
Italy	(1,391)	(43)
Morocco	(2,773)	(2,769)
Rest of the world	(320)	(595)
Holding	(175)	(210)
Total	(13,538)	(17,066)

The vast majority of amortizations recorded at the close of the fiscal year are associated with operating wind farms. Their amount considers the residual value estimated by the Group at the end of the operating period.

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Provisions

(in thousands of euros)	12/31/2011	12/31/2010
Germany	145	(16,064)
France	(1,392)	(1,002)
Italy	(57)	(31)
Morocco	-	713
Holding	405	(151)
Total	(899)	(16,534)

The 1,392 K€ in provisions recorded in France are partially offset by reversals totaling 550 K€ recorded by the holding company and in Germany.

The previous fiscal year had been marked by significant provisions recorded in Germany on the Operations activity (management of wind farms on behalf of third parties).

7.3 Other operating income and expenses

(in thousands of euros)	12/31/2011	12/31/2010
Share-based payments	-	(553)
Other income	5,802	5,705
Other expenses	(4,232)	(6,228)
Total	1,570	(1,075)

Other income comes to 5,802 K€ broken down as:

• Compensation obtained in 2011 (insurance, availability of turbines, etc.)	1 112 K€
• Supplier debts prescribed in Germany	521 K€
• Other income from Operations in Germany	513 k€
• Other income from Development, construction, and sale in Germany	1 496 K€
• Income from operations involving changes to consolidation in France	1 261 K€
• Other income related to business in France	543 k€
• Other income related to business in Italy	139 K€
• Other income related to business for the rest of the Group	217 K€

The other expenses of (4,231) K€ for the fiscal year are itemized as follows:

• Write off of bad debts from Operations in Germany (100%) depreciated	1 428 K€
• Write off of bad debts from Development, construction, and sale in Germany	530 K€
• Other expenses from activity in Germany	543 K€
• Expenses from operations involving changes to consolidation in France	1 080 K€
• Other charges related to business in France	257 K€
• Other charges related to business in Italy	242 K€
• Other charges related to business by the rest of the Group	151 K€

7.4 Other non-current income and expenses

(in thousands of euros)	12/31/2011	12/31/2010
Other non-current income and expenses	(127)	(1,807)
Total	(127)	(1,807)

In 2010, this item included a provision of 1,373 K€ for the dispute between the Group and its former managers. In March 2011, a settlement was signed ending the dispute between the parties. The amount of the settlement corresponded to the provision recorded at the end of 2010.

7.5 Impairments

Details of the item

Impairments recorded at the close of the fiscal year are shown in the table below:

(in thousands of euros)	12/31/2011	12/31/2010
Impairment of intangible assets	(4,931)	(438)
Impairment of tangible assets	(1,820)	(919)
Impairment of goodwill	(21,550)	(11,641)
Total	(28,300)	(12,998)

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Distribution by geographic zone and by Income generating unit (IGU)

(in thousands of euros)	12/31/2011	Assets depreciation	Goodwill depreciation	12/31/2010
<i>Development, construction, sale of wind farms</i>	(450)	(450)	-	(1,834)
<i>Sales of electricity for own account activity</i>	(301)	(301)	-	179
<i>Non-wind activity</i>	2	2	-	-
<i>Corporate</i>	-	-	-	-
Impairment – France	(749)	(749)	-	(1,655)
<i>Development, construction, sale of wind farms</i>	-	-	-	(10,991)
<i>Sales of electricity for own account activity</i>	(2,164)	(898)	(1,266)	(698)
<i>Non-wind activity</i>	(684)	(684)	-	-
Impairment – Germany	(2,848)	(1,582)	(1,266)	(11,689)
<i>Development, construction, sale of wind farms</i>	-	-	-	198
<i>Sales of electricity for own account activity</i>	-	-	-	-
<i>Non-wind activity</i>	-	-	-	-
Impairment – Spain	-	-	-	198
<i>Development, construction, sale of wind farms</i>	(23,734)	(6,133)	(17,601)	435
<i>Sales of electricity for own account activity</i>	(2,683)	-	(2,683)	(625)
<i>Non-wind activity</i>	-	-	-	-
Impairment – Italy	(26,417)	(6,133)	(20,284)	(190)
<i>Development, construction, sale of wind farms</i>	-	-	-	(61)
<i>Sales of electricity for own account activity</i>	1,713	1,713	-	-
<i>Non-wind activity</i>	-	-	-	-
Impairment – Morocco	1,713	1,713	-	(61)
<i>Development, construction, sale of wind farms</i>	-	-	-	-
<i>Sales of electricity for own account activity</i>	-	-	-	398
<i>Non-wind activity</i>	-	-	-	-
Impairment - Rest of the world	-	-	-	398
Total	(28,300)	(6,751)	(21,550)	(12,998)

Each year the Group conducts impairment tests to ensure in particular that the non-amortizable assets are evaluated properly.

The impairments noted on the Development, construction, sale of wind farms IGU assets reflect risks existing at the close for work in progress on development and construction.

In Italy, considering the uncertainty related to the ongoing revision of electricity purchase tariffs, impairment tests have indicated a loss of 26,417 K€ on goodwill and intangible assets.

A depreciation in goodwill of 1,266 K€ was recorded on certain wind farms in operation in Germany.

On the other hand, improvement in the recoverable value of the wind farm located in Morocco permitted a reversal of 1,713 K€ to be recorded.

Sensitivity analysis of the major assumptions and depreciation by IGU are shown on note 14.

NOTE 8 FINANCIAL INCOME

8.1 Analysis of the item

(in thousand of euros)	12/31/2011	12/31/2010
Interest income generated by cash and cash equivalents	185	173
Changes in fair value of cash equivalents	929	151
Other income	5	1
Income from cash and cash equivalents	1,118	325
(in thousands of euros)	12/31/2011	12/31/2010
Interest expense on financing operations	(18,905)	(24,419)
Cost of gross financial debt	(18,905)	(24,419)
Cost of net financial debt	(17,786)	(24,095)

The cost of net financial debt is itemized as follows:

• convertible bond issue (OCEANES)	(8 021) K€
• wind farms in operation in Germany	(4 165) K€
• wind projects in development in Italy	(686) K€
• wind farms in operation in Italy	(1 587) K€
• solar farm in operation in Germany	(517) K€
• wind farms in operation in France	(3 319) K€
• other	509 K€

The interest expense related to the convertible bond issue in the amount of (8,021) K€ concerns incurred interest payable in January 2012 in the amount of (4,336) K€. The balance is related to the additional interest due to the hybrid nature of the loan (handled according to IFRS reference).

8.2 Details of other financial income

Other financial income (in thousands of euros)	12/31/2011	12/31/2010
Change in the fair value of financial instruments	4	107
Reversals of provisions	323	716
Foreign exchange gains	11	741
Other financial income	-	80,689
Other financial income	695	1,164
Other financial income	1,033	83,416

Reversals of depreciation are tied to forgiven loans that had been negotiated with customers of the main German subsidiary. These negotiations permitted repayment of 312 K€, and the forgiven loans were fully provisioned at the close of the previous fiscal year.

The other financial income comes mainly from Development, construction, and sale in Italy and Germany.

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8.3 Details of other financial expenses

Other financial expense (in thousands of euros)	12/31/2011	12/31/2010
Non-efficient part of hedging derivatives/debts	(0)	(2,466)
Changes in the fair value of short-term securities and other speculative	(70)	(1)
Foreign exchange losses	(247)	(550)
Other financial expenses	(931)	(10,678)
Other financial expenses	(1,248)	(13,695)
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	(215)	69,721

In 2010, hedging derivatives were not handled with hedge accounting. The impact on the profit and loss statement corresponded to the variation in negative fair value.

The currency translation loss of (247) K€ comes mainly from operations with Brazil.

NOTE 9 INCOME TAX

(in thousands of euros)	12/31/2011	12/31/2010
Corporate tax owed	(1,471)	(1,183)
Deferred tax	594	(3,307)
Total	(877)	(4,490)

The evaluation of assets and liabilities from deferred tax depends on how the THEOLIA Group expects to recover or settle the book value of the assets and liabilities, either by using the expected tax rates for the fiscal year in which the asset is realized or the liability settled.

A deferred tax asset is recorded only to the extent it is likely that the THEOLIA Group will have the future taxable profits to which this asset could be allocated.

The analysis of the tax expense is shown in note 25.

NOTE 10 EARNINGS PER SHARE

		12/31/2011	12/31/2010
Weighted average number of shares outstanding (in thousands)	(1)	87,656	70,579
Number of shares outstanding as of the closing date		127,591	110,293
Adjustments related to allocated stock-options		149	-
Adjustments related to conversion of OCEANES		72,916	90,170
Adjustments related to free shares		475	1,777
Number of shares on a diluted basis	(2)	201,131	202,240
(in thousands of euros)		12/31/2011	12/31/2010
Net income, Group share, allocated to shareholders	(3)	(38,520)	5,857
of which:			
- net income from continuing activities, Group share	(4)	(36,376)	7,320
- net income from discontinued activities or those held for sale, Group share		(2,143)	(1,462)
Net income, Group share, allocated to shareholders in case of dilution	(5)	(30,499)	15,211
of which:			
- net income from continuing activities, Group share	(6)	(28,355)	16,674
- net income from discontinued activities or those held for sale, Group share		(2,143)	(1,462)
(in euros)		12/31/2011	12/31/2010
Base income per share, Group share			
- of the consolidated accounts	(3)/(1)	(0.44)	0.08
- of continuing activities	(4)/(1)	(0.41)	0.10
Diluted earnings per share, Group share			
- of the consolidated accounts	(5)/(2)	(0.15)	0.08
- of continuing activities	(6)/(2)	(0.14)	0.08

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INFORMATION ABOUT THE BALANCE SHEET

NOTE 11 GOODWILL

11.1 Changes in the item

(in thousands of euros)	Gross amount	Impairment	Net amount
Amounts as of 01/01/2011	208,105	(136,966)	71,138
Impairment	-	(21,551)	(21,551)
Disposals	(5)	-	(5)
Other changes	(8,992)	-	(8,992)
Amounts as of 12/31/2011	199,108	(158,517)	40,591

The other variations of the gross value of the goodwill correspond to a downward revision in price for certain projects located in Italy. The accounting for these purchases was handled in accordance with the unrevised IFRS 3.

Following impairment tests conducted by the Group for IAS 36 purposes, depreciation of goodwill in the amount of 21,551 K€ was recorded at the close of the fiscal year. The details are shown in note 7.5 above.

(in thousands of euros)	Gross amount	Impairment	Net amount
Amounts as of 01/01/2010	208,383	128,923	79,460
Impairment	-	11,643	(11,643)
Business combinaison	26	-	26
Disposals	(7,804)	(3,600)	(4,204)
Other changes	7,500	-	7,500
Amounts as of 12/31/2010	208,105	136,966	71,139

11.2 Allocation of goodwill by IGU

(in thousands of euros)	Gross amount	Impairment	Net amount 12/31/2011	Net amount 12/31/2010
DCS* of wind farms in France	11,316		11,316	11,319
DCS of wind farms in Germany	75,956	(55,629)	20,327	20,328
DCS of wind farms in Italy	17,599	(17,599)	-	26,599
DCS of wind farms in Spain	1,650	(1,645)	5	5
DCS of wind farms in Morocco	1	(1)	-	-
DCS of wind farms in other countries				1
Sales of electricity for own account activity	90,768	(81,825)	8,943	12,883
Non-wind activity	109	(109)	-	-
Corporate activity	1,709	(1,709)	-	2
Total	199,108	(158,517)	40,591	71,138

Development, construction, and sale is comprises as many IGUs as countries involved.

Production of wind energy for own account comprises as many IGUs as wind farms in operation.

NOTE 12 INTANGIBLE ASSETS

(in thousands of euros)	Projects under development	Development costs	Software and similar rights	Other intangible assets	TOTAL
Gross amounts as of 01/01/2011	52,124	12,457	763	73,670	139,014
Acquisitions and non-current assets generated internally	1,383	1,845	56	407	3,690
Decrease	(1,006)	-	(65)	(187)	(1,258)
Disposals	-	-	-	(924)	(924)
Impact of change in consolidation method	(140)	-	-	-	(140)
Currency translation adjustments	-	-	(1)	(4)	(5)
Other changes	(2,208)	(1,153)	6	37	(3,318)
Gross amounts as of 12/31/2011	50,153	13,149	759	72,999	137,060
Total depreciation and amortization as of 01/01/2011	(12,413)	(1,754)	(663)	(33,890)	(48,720)
Amortization	-	(454)	(76)	(3,129)	(3,659)
Depreciation for impairment	(6,770)	126	-	1,713	(4,931)
Reversals on disposals	564	-	64	-	628
Impact of change in consolidation method	65	-	-	-	65
Currency translation adjustments	-	-	-	2	2
Other changes	(10)	-	(4)	-	(14)
Total depreciation and amortization as of 12/31/2011	(18,564)	(2,082)	(682)	(35,304)	(56,632)
Net amounts as of 01/01/2011	39,711	10,703	100	39,780	90,294
Net amounts as of 12/31/2011	31,589	11,067	77	37,695	80,428

Intangible assets include mainly:

- Development costs incurred to obtain all authorizations necessary for the construction and operation of wind projects currently in development (item “Projects currently in development”);
- Development costs incurred to obtain all authorizations necessary for the construction and operation of wind farms currently in operation (item “Development costs”); and
- The rights to operate the wind farm located in Morocco through a concession granted by the Moroccan administration (item “Other intangible assets”).

The gross value of wind projects in development saw a net growth of 1,971 K€, mainly related to the progress of projects in development in Italy.

The decrease of wind projects in development in totaling (1,006) K€ is explained mainly by the abandonment of the projects in France representing (646) K€. These projects had already been depreciated in the accounts at the close of fiscal 2010.

The divestment of a wind farm in Germany was reflected in a decrease of (924) K€ in the item “Other intangible assets.”

Depreciation for impairment concerns projects in development in France for (637) K€ and in Italy for (4 294) K€. The magnitude of the impairment noted on Italian projects is primarily related to the drop in electricity pricing planned by the Italian Government.

Following impairment tests of assets conducted pursuant to IAS 36, the improved recoverable value of the wind farm located in Morocco allowed a reversal of 1,713 K€ to be recorded.

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NOTE 13 TANGIBLE ASSETS

(in thousands of euros)	Land	Fittings & fixtures	Projects under construction	Technical facilities (1)	Other tangible assets	TOTAL
Gross amounts as of 01/01/2011	6,362	3,697	30,248	323,793	3,765	367,865
Acquisitions and non-current assets generated internally	27	29	2,989	25,013	314	28,372
Disposals	(12)	(67)	(84)	(227)	(25)	(415)
Impact of change in consolidation method	-	-	(117)	-	-	(117)
Currency translation adjustments	-	-	-	-	(13)	(13)
Other changes	-	558	-	237	(19)	776
Gross amounts as of 12/31/2011	6,377	4,217	33,036	348,816	4,022	396,468
Total depreciation and amortization as of 01/01/2011	(1,177)	(1,622)	(2,197)	(81,823)	(2,256)	(89,075)
Amortization	-	(169)	-	(9,428)	(282)	(9,879)
Depreciation for impairment	-	-	60	(1,883)	3	(1,820)
Reversals on disposals	-	-	(42)	-	24	(18)
Impact of change in consolidation method	-	-	30	-	-	30
Currency translation adjustments	-	-	-	-	6	6
Other changes	-	-	-	(9)	(2)	(11)
Total depreciation and amortization as of 12/31/2011	(1,177)	(1,786)	(2,149)	(93,138)	(2,512)	(100,764)
Net amounts as of 01/01/2011	5,185	2,075	28,051	241,970	1,509	278,790
Net amounts as of 12/31/2011	5,200	2,431	30,887	255,678	1,510	295,704

(1) Mainly relating to wind farms under operation.

The Group is continuing its investments in projects under construction. The increase in the item "Technical facilities" corresponds mainly to the Les Gargouilles wind farm started in France in 2011.

In Italy, a transformer at the wind farm in operation was scrapped after it was replaced. The removal of this asset represents (208) K€ out of a total of (227) K€ of disposals.

Amortization of technical facilities for (9,428) K€ concerns, basically:

• The wind farms located in France	(1 892) K€
• The wind farms located in Germany	(5 810) K€
• The wind farm located in Italy	(1 261) K€

NOTE 14 IMPAIRMENTS OF GOODWILL, INTANGIBLE AND TANGIBLE ASSETS

The methodology used for the depreciation tests as well as the assumptions are described in note 2.8 "Impairment." A summary of provisions/reversals by IGU is shown in note 7.5.

Sensitivity analysis

The sensitivity analysis was done by intersecting two axes:

- one for Group activity: the variation in wind hours (P90 to P50) used for each farm in operation;
- one outside the Group: the variation by ± 1 point of the discount rates used.

The amount shown below represents the depreciation recorded at December 31, 2011 in the depreciation tests.

The other amounts indicate the net reversals or (depreciations) that the Group would have recorded if the discount assumptions rate and/or wind hours had varied.

Electricity sales for own account – France IGU

Variation in wind hours		P90	P75	P50
Variation in discount rate				
	1%	(5,327)	(2,757)	(311)
	0%	(3,008)	(301)	
	-1%	(631)		

The threshold for transitioning from depreciation to reversal would have occurred by

- decreasing discount rate by 70 basis points; or
- increasing the wind hours above level P50;

Electricity sales for own account – Germany IGU

Variation in wind hours		P90	P75	P50
Variation in discount rate				
	1%	(10,176)	(7,855)	(224)
	0%	(5,005)	(2,164)	
	-1%	(1,826)	(606)	

The threshold for transitioning from depreciation to reversal would have occurred by

- decreasing discount rate by 70 base points; or
- increasing the wind hours above level P50;

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Electricity sales for own account – Italy IGU

	Variation in wind hours	P90	P75	P50
Variation in discount rate				
	1%	(9,812)	(4,506)	(2,984)
	0%	(8,322)	(2,683)	(1,070)
	-1%	(6,656)	(649)	

Electricity sales for own account – Morocco IGU

The variation in assumptions used in the sensitivity test does not lead to depreciation on the farm in operation located in this country.

Development, construction, sale – France IGU

The variation in assumptions used in the sensitivity test does not lead to depreciation.

Development, construction, sale – Germany IGU

Variation
in discount rate

1%	(8 037)
0%	-
-1%	12 416

The increase in the discount rate leads to noting of an impairment.

Development, construction, sale – Italy IGU

	Variation in wind hours	P90	P75	P50
Variation in discount rate				
	1%	(44,187)	(35,042)	(24,784)
	0%	(33,051)	(23,266)	(12,299)
	-1%	(25,251)	(9,366)	2,391

The threshold for transitioning from depreciation to reversal would have occurred by decreasing the discount rate by 102 basis points.

NOTE 15 ASSOCIATED COMPANIES

At December 31, 2011, the earnings from entities recorded by the equity method correspond to the following companies:

(in thousands of euros)	% held	Share in net assets of associated companies	Share in income of associates
ERNEUERBARE ENERGIE ERNTE VIER GmbH & Co. KG	48.00%	(172)	(9)
SERES ENVIRONNEMENT TECHNOLOGY (Beijing) Co Ltd	51.00%	0	(7)
ECOLUTIONS GMBH & CO KGaA	35.21%	9,513	(145)
TOTAL		9,341	(161)

In 2011, the item changed as follows:

(in thousands of euros)	ECOLUTIONS GMBH & CO KGaA	THEOLIA Wind Power	SERES ENVIRONNEMENT TECHNOLOGY	ERNEUERBARE ENERGIE ERNTE VIER GmbH & Co.	Total
Value of securities at the beginning of the year	9,789	863	(37)	(149)	10,466
Impairment			45		45
Change in consolidation method		(863)			(863)
Group share in the income for the financial year	(145)		(7)	(9)	(161)
Other changes	(131)			(14)	(145)
Value of securities at the end of the year	9,513	-	0	(172)	9,341

The companies Asset Electrica and Seres Environnement Technology (Beijing) Co. Ltd are not pas consolidated by global integration due to the absence of exclusive control. The Group is not present nor has a majority of votes on the Board of directors of these companies. The rules of governance do not include joint control.

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NOTE 16 FINANCIAL ASSETS

Schedule of financial assets at December 31, 2011

12/31/2011 (in thousand of euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Shares available for sale	-	1,193	293	1,486
Other financial assets				-
<i>Related receivables with affiliates</i>	-	-	6,250	6,250
<i>Loans</i>	262	884	1,423	2,569
<i>Other non-current receivables</i>	18	-	1,852	1,870
<i>Deposits and guarantees</i>	7	373	150	530
<i>Various long-term investments</i>	200	-	-	200
Financial assets	487	2,450	9,968	12,905

Schedule of financial assets at December 31, 2010

12/31/2010 (in thousand of euros)	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Shares available for sale	-	407	293	700
Other financial assets				
<i>Related receivables with affiliates</i>	-	-	6,012	6,012
<i>Loans</i>	-	1,635	-	1,635
<i>Other non-current receivables</i>	-	-	2,252	2,252
<i>Deposits and guarantees</i>	106	342	75	523
<i>Various long-term investments</i>	-	-	-	-
Financial assets	106	2,384	8,632	11,122

Non-consolidated investments came to 1,486 K€ at December 31, 2011, and increased by 786 K€ over the fiscal year. This variation is explained by the decision to deconsolidate THEOLIA Sitac Wind Power and THEOLIA Wind Power (see Note 5 of this annex). The shares to these companies are now recorded under non-consolidated investments at their fair value, or 818 K€ at December 31, 2011.

Receivables related to stakes in other companies essentially concern advances made in the following companies:

• THEOLIA Wind Power India	2 000 K€
• Wind farm in Italy (consolidated in 51% proportional integration)	4 250 K€

Variation in loans for the fiscal year, or + 934 K€, is analyzed as follows:

• Loan between THEOLIA SA and TUIC	1 200 K€
• Repayment of loans to clients in Germany	(312) K€
• Forgiveness of loans to clients in Germany (100% covered by provisions)	(330) K€
• Other	376 K€

The item “Loans” includes in particular loans granted to clients of THEOLIA Naturenergien as part of the “sale of wind farms” business line. At the close of the fiscal year, the net value of these loans came to 1,017 K€ versus 1,571 K€ at the previous close.

In 2011, THEOLIA SA approved a loan of 1,200 K€ (share not eliminated due to consolidation of the company through proportionate consolidation) to the investment vehicle THEOLIA Utilities Investment Company to finance its activity, with THEOLIA SA holding a 40% stake in this subsidiary.

The other long-term receivables include shares in investment funds subscribed by a subsidiary in Germany for its own financing. Valuation of these shares is attributed at closing according to (financial) profit or loss. The variation in this item is due to a drop in long-term receivables of (1,859) K€, offset by an increase of 1,477 K€.

NOTE 17 WORKING CAPITAL REQUIREMENTS

17.1 Variation in working capital requirements

	Balance sheet as of 12/31/2010	Balance sheet as of 12/31/2011	Change in working capital requirements (Balance sheet)	Presentation reclassifications on operations	Consolidated scope changes	Exchange rates	Others reclassification s	Change in working capital requirements (TFT)
Net Inventories, goods & services in process	19,805	14,350	5,456	(563)	(5,974)	(97)	363	(816)
Trade receivables and other operating receiv	30,833	35,912	(5,078)	0	(457)	()	130	(5,405)
Trade payables & Other operating payables	(23,344)	(23,668)	325	2,397	377	3	()	3,103
Other receivables	16,380	17,316	(936)	75	(416)	5	(5)	(1,277)
Other liabilities	(10,989)	(9,954)	(1,035)	(114)	26	3	()	(1,120)
Assets - adjustment accounts	3,378	2,331	1,048	(575)	1	(1)	0	473
Liabilities - adjustment accounts	(57)	(370)	313	0	0	()	65	378
TOTAL	36,007	35,916	93	1,220	(6,443)	(87)	553	(4,665)

With an unchanged scope, working capital requirements decreased by (4,665) K€ in fiscal year 2011. This change is explained mainly by the following:

- Increased inventories amounting to 816 K€ (generating a cash flow requirement) which reflected continued wind project development ;
- Good wind farm performance in December leading to:
 - Increased client debts; and
 - Increases in suppliers and other operating debts, including to a very large extent, amounts to be returned to certain Operations clients in Germany.

In addition, variations in scope of consolidation related to the sale of wind farms and projects outside the Group have led to a drop in inventories of (5,974) K€.

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17.2 Inventory

(in thousands of euros)	12/31/2011	12/31/2010
Wind projects and farms	18,472	19,083
Turbine components and other parts	1,575	4,799
Depreciation	(5,697)	(4,077)
Net amount	14,350	19,805

Inventories include mainly:

- Development costs incurred prior to applying for building permits;
- Wind farms held as part of the *trading* business in Germany; and
- Components and parts.

The increased wind project inventory, associated with continued development, is offset by a drop in the inventory of farms in operation in Germany following the transfer to assets of a 4 MW wind farm for 5,116 K€.

During fiscal year 2011, changes in the level of risk in the portfolio of projects led to increased depreciation of 1,620 K€ over the prior fiscal year.

Inventories are listed below by geographic zone:

(in thousands of euros)			12/31/2011	12/31/2010
	Valeur brute	Dépréciations	Valeur nette	Valeur nette
Germany	12,831	(1,326)	11,505	15,765
France	2,376	(1,284)	1,091	1,847
Italy	585	(198)	386	148
Morocco	787		787	866
Rest of the world	2,079	(1,498)	581	1,179
Corporate	1,391	(1,391)	-	
TOTAL	20,048	(5,697)	14,350	19,805

17.3 Trade receivables

Variation

(in thousands of euros)	Gross amount	Depreciations	Net amount	Net amount
	12/31/2011	12/31/2011	12/31/2011	12/31/2010
Trade receivables	47,498	(11,586)	35,912	30,834
Total	47,498	(11,586)	35,912	30,834

Trade receivables (gross), or 47,498 K€, are mainly divided among:

• France	6 704 K€
• Germany (with 20,999 K€ for the Operations business and 7,817 K€ for the <i>trading business</i>)	35 830 K€
• Italy	2 904 K€
• Other countries	2 060 K€

The recorded depreciation primarily concerns *receivables* related to the Operations business in Germany. Depreciation for accounting purposes is calculated receivable by receivable according to seniority and the level of risk estimated by Group management.

Schedule at December 31, 2011

(in thousands of euros)	Outstanding not accrued	Outstanding accrued			TOTAL
		From 0 to 6 months	From 6 to 12	> 12 month	
Trade and other receivables	24,892	6,681	1,501	13,771	46,845
Doubtful receivables	-	-	-	653	653
Trade and other receivables depreciation	(535)	(403)	(961)	(9,687)	(11,586)
Total trade and related receivables	24,357	6,278	540	4,737	35,912

Receivables considered outstanding mainly comprise amounts not yet billed at the close of the fiscal year. They are:

• Electricity sales for own account	6 657 K€
• Development, construction, sale in France	948 K€
• Trading and Operations in Germany	14 033 K€
• Development, construction, sale in Italy	2 538 K€
• Other	716 K€

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17.4 Other current assets

(in thousands of euros)	Gross amount 12/31/2011	Depreciations 12/31/2011	Net amount 12/31/2011	Net amount 12/31/2010
Supplier advances and installments	4,366	-	4,366	5,675
Receivables on asset disposals	158	-	158	
Tax receivables (excluding corp. tax)	10,592		10,592	8,390
Soc. security receivables	98		98	69
Current accounts	4	-	4	57
Various receivables	3,124	(864)	2,260	2,257
Prepaid expenses	2,331		2,331	3,379
Conversion losses/gains - assets	-		-	
Total	20,673	(864)	19,809	19,827

Advances and installments are mainly payments made for reserving turbines by THEOLIA SA for a wind project.

Tax receivables of 10,592 K€ are mainly the deductible VAT not yet settled for purchases and/or progress on wind projects or equipment, in particular:

• progress of wind projects in Italy (mainly farm started up)	4 074 K€
• progress of wind projects in France	4 801 K€
• other perimeter entities	1 132 K€

Prepaid expenses are mostly related to Electricity sales for own account in the amounts of 1,029 K€ (maintenance, rent, etc.) and 856 K€ for Development, construction, sale.

17.5 Suppliers and other creditors

(in thousands of euros)	12/31/2011	12/31/2010
Advances and installments received	#N/A	1,335
Suppliers	23,668	23,344
Non-current assets suppliers	8,120	2,852
Other	#N/A	7,768
Total	#N/A	35,299

Group suppliers break down as follows:

• France	1 692 K€
• Germany (with 15,236 K€ for THEOLIA Naturenergien)	18 787 K€
• Italy	938 K€
• Corporate	1 183 K€
• Morocco	918 K€
• Other countries	150 K€

Asset suppliers mainly concern services not yet paid related to construction in France.

(in thousands of euros)	12/31/2011	12/31/2010
Social security liabilities	1,593	2,718
Tax liabilities	4,994	4,595
Total	6,587	7,313

The tax liabilities are mostly for VAT collected but not yet forwarded.

(in thousands of euros)	Invoices not received	From 0 to 3 month	From 3 to 6 months	From 6 to 9 months	From 9 to 12 months	TOTAL
Suppliers and related payables	13,321	4,420	1,357	504	4,066	23,668
Social security and employee-related	98	1,495	-	-	-	1,593
Tax debts excluding corp. tax	1,473	3,430	3	-	88	4,994
Income tax	844	816	-	-	-	1,660
Total suppliers and other debts	15,736	10,161	1,360	504	4,154	31,915

Invoices not received are mainly from Germany amounting to 12,463 K€.

Suppliers with deadlines between 0 and 3 months are directly related to the Group's operations activity.

Old supplier payables (9-12 months) are basically in Germany. These debts will be settled when the Group considers these suppliers have met all of their obligations.

NOTE 18 CASH AND CASH EQUIVALENTS

Position

(in thousands of euros)	12/31/2011	12/31/2010
Marketable securities (net)	41,536	64,977
Cash	46,295	45,455
Total cash and cash equivalents	87,831	110,432
Bank overdrafts	-	(71)
Net cash	87,831	110,361

Cash is covered by a day-to-day investment policy in money market SICAV mutual funds (denominated in Euros) as well as in the form of guaranteed capital term deposit.

At December 31, 2011, marketable securities were 41,536 K€, with 35 784 K€ for THEOLIA SA. They correspond to investments in money market SICAV mutual funds.

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Details of free/restricted cash

(in thousands of euros)	12/31/2011	12/31/2010
Free cash	48,073	69,184
Reserved cash for SPVs	19,707	17,661
Pledged cash	20,051	23,587
Bank overdrafts	-	(71)
Total cash and cash equivalents	87,831	110,361

Group cash consists of a free part, a reserved part and of a pledged part as discussed below.

Free cash **48,073 K€ (or 54.8% of total cash)**

This cash is allocated directly to the operations of the parent company and to the operation of the subsidiaries with, for Germany, a limited possibility of being transferred to the parent company level.

It is distributed as follows:

• France (except parent company)	660 K€
• Germany	5 227 K€
• Italy	192 K€
• THEOLIA SA	36 159 K€
• Other countries	5 835 K€

PSC Reserved cash **19,707 K€ (or 22.4% of total cash)**

Reserved cash corresponds to cash that the project support companies (PSC) cannot freely and entirely transfer by virtue of the financing conditions but that remains fully available for their current operations.

It is distributed as follows:

• France (except parent company)	8 935 K€
• Germany	9 995 K€
• Italy	777 K€

Pledged cash **20,051 K€ (or 22.8% of total cash)**

Pledged cash is not freely available for current operations. It corresponds mainly to pledged accounts constituting guarantees for lenders (debt service reserve accounts, maintenance reserve account or deposit allowing issue of divestiture bank guarantees).

It is distributed as follows:

• France (except parent company)	4 612 K€
• Germany	13 781 K€
• Italy	1 536 K€
• THEOLIA SA	87 K€
• Other countries	35 K€

NOTE 19 ASSETS AND LIABILITIES HELD FOR SALE

Under its reorganization, the Group decided to divest or discontinue its operations considered to be non-strategic: mainly assets in non-wind activities. This decision was reflected in a decision by THEOLIA's Board of directors in November 2008 and reconfirmed by the Board of directors' meetings of April 18, 2011 and August 31, 2011.

As of December 31, 2011, particularly in light of the economic context, the Group had not finalized divestment of all its non-wind activities. The Group is actively pursuing the plan to dispose of these activities.

The assets and liabilities involved, representing the Environment division, are recorded in the companies SERES Environnement (and its subsidiaries) and Ecoval 30.

Since December 31, 2008 these assets have been recorded pursuant to IFRS 5 "Non-current assets held for sale and abandoned activities." As of December 31, 2011, this accounting approach was maintained and reconfirmed by the Board of directors on March 28, 2012.

Thus, all transactions for the fiscal year pertaining to the Environment division were grouped on the profit and loss statement line entitled "Net income from discontinued operations." Assets and liabilities were grouped together in a line on the asset and liability of the balance sheet "Profit (loss) for the year from discontinued operations."

Asset values were depreciated based on the probable sales prices. A depreciation of (3,474) K€ appeared accordingly at the close of fiscal year 2010. At December 31, 2011, this provision was readjusted to take into account changes in net assets: a reversal of 196 K€ was recorded.

19.1 Information on the profit and loss statement

At December 31, 2011

(in thousand euros)	THEOLIA Group pre- IFRS 5 12/31/2011	IFRS 5 restatements	THEOLIA Group restated for IFRS 5 12/31/2011
Sales	76,709	(9,229)	67,480
Current operating income	7,656	2,728	10,384
Impairment	(28,310)	9	(28,300)
Operating income	(20,867)	2,662	(18,205)
Financial income	(18,200)	199	(18,001)
Net income from continuing operations	(39,233)	2,150	(37,083)
Profit (Loss) for the year from discontinued operations		(2,151)	(2,151)
NET INCOME of the consolidated Group	(39,233)	(0)	(39,233)
Attributable to the owners of the company	(38,520)	(0)	(38,520)
Attributable to non-controlling interests	(714)		(714)

4. FINANCIAL STATEMENTS

At December 31, 2010

(in thousand euros)	THEOLIA Group pre- IFRS 5 12/31/2010	IFRS 5 restatments	THEOLIA Group restated for IFRS 5 12/31/2010
Sales	164,685	(10,143)	154,542
Current operating income	(22,354)	2,676	(19,678)
Impairment	(11,925)	(1,073)	(12,998)
Operating income	(36,210)	1,547	(34,663)
Financial income	45,531	95	45,626
Net income from continuing operations	4,993	1,480	6,473
Profit (Loss) for the year from discontinued operations	0	(1,480)	(1,480)
NET INCOME of the consolidated Group	4,993	(0)	4,992
Attributable to the owners of the company	5,858	(0)	5,857
Attributable to non-controlling interests	(865)		(865)

19.2 Information on the financial position statement

At December 31, 2011

(in thousand euros)	THEOLIA Group pre-IFRS 5 12/31/2011	IFRS 5 restatments	THEOLIA Group restated for IFRS 5 12/31/2011
NON-CURRENT ASSETS	447,261	(6,609)	440,653
CURRENT ASSETS	170,077	(5,696)	164,381
Assets classified as held for sale		12,291	12,291
TOTAL ASSETS	617,338	(14)	617,324
SHAREHOLDERS' EQUITY	194,984		194,984
NON-CURRENT LIABILITIES	311,615	(5,425)	306,191
CURRENT LIABILITIES	110,934	(3,797)	107,137
Liabilities directly associated with assets classified as held for sale		9,013	9,013
TOTAL EQUITIES & LIABILITIES	617,338	(14)	617,324

At December 31, 2010

(in thousand euros)	THEOLIA Group pre-IFRS 5 12/31/2011	IFRS 5 restatements	THEOLIA Group restated for IFRS 5 12/31/2011
NON-CURRENT ASSETS	498,571	(6,722)	491,848
CURRENT ASSETS	193,168	(6,478)	186,690
Assets classified as held for sale		13,201	13,201
TOTAL ASSETS	691,738	-	691,738
SHAREHOLDERS' EQUITY	220,007		220,007
NON-CURRENT LIABILITIES	330,293	(5,241)	325,051
CURRENT LIABILITIES	141,438	(4,485)	136,953
Liabilities directly associated with assets classified as held for sale		9,727	9,727
TOTAL EQUITIES & LIABILITIES	691,738	0	691,738

NOTE 20 SHAREHOLDERS' EQUITY**20.1 Number of shares in circulation**

	01/01/2011	Free shares	Creation of shares by conversion of OCEANE bonds	12/31/2011
Number of shares	110,292,782	44,407	17,253,958	127,591,147 *
Number of securities	110,292,782	44,407	17,253,958	127,591,147
Share capital	110,292,782	44,407	17,253,958	127,591,147

*including 176,638 treasury shares.

At December 31, 2011, the share capital comprised 127,591,147 shares with a face value of 1 €.

A double voting right is attributed to all fully paid shares for which registration by a named party can be demonstrated dating back at least two years in the name of the same shareholder, either of French nationality or from a member state of the European Economic Community.

No dividend was paid before or after the close.

20.2 Minority interests

Essentially, the minority interests correspond to rights held by a partner bank which has been partnering with the Italian group Maestrale Green Energy developing a wind project in Italy since its creation, in particular by granting a loan. This partner is involved in the program support company in the amount of the sums paid.

At the close of the fiscal year, the share on balance sheet for this shareholder, or (2,900) K€, is lower than the loan granted.

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NOTE 21 SHARE-BASED PAYMENTS

21.1 Summary of stock warrant activity

Warrants exercisable as of December 31, 2010	3,562,106
Warrants canceled during the year	(1,500,000)
Warrants as of December 31, 2011	5,062,106

During the fiscal year, 1,500,000 stock warrants expired before being exercised. They have therefore been cancelled and the Group did not allocate the stock warrants in 2011.

WARRANTS	CS4	CS5	DA 06	EP 06
Subscription price	0.000485	0.000485	0.0001	0.0001
Exercise price	4.85	4.85	15.28	15.28
Duration	11/2/2010 then 12/31/2013	11/2/2010 then 12/31/2014	17-May-12	24-May-12
Parity	1.344	1.344	1.132	1.132
Balance at December 31, 2010	50,000	50,000	7,000	29,093
Allocated during the fiscal year				
Exercised during the fiscal year				
Expired during the fiscal year				
Balance-warrants at December 31, 2011	50,000	50,000	7,000	29,093
Balance -shares at December 31, 2011 (in case of exercise)	67,200	67,200	7,924	32,933

WARRANTS	JMS PC06	LF06	SG06	SO06	BSA EP07
Subscription price	0.0001	0.0001	0.0001	0.0001	0.0001
Exercise price	15.28	15.28	15.28	15.28	15.28
Final date for exercise	11-Jun-12	19-May-12	16-May-12	19-May-12	01-Jan-13
Parity	1.132	1.132	1.132	1.132	1.132
Balance at December 31, 2010	64,000	29,093	31,451	7,000	29,093
Allocated during the fiscal year					
Exercised during the fiscal year					
Expired during the fiscal year					
Balance -warrant at December 31, 2011	64,000	29,093	31,451	7,000	29,093
Balance-shares at December 31, 2011 (in case of exercise)	72,448	32,933	35,603	7,924	32,933

WARRANTS	LF07	SO07	SG07	JMS PC 800M	BSA PC 880 M 2008
Subscription price	0.0001	0.0001	0.0001	0.0001	0.0001
Exercise price	15.28	15.28	15.28	12.174	15.64
Final date for exercise	01-Jan-13	01-Jan-13	01-Jan-13	31-Dec-12	31-Dec-12
Parity	1.132	1.132	1.132	1.132	1.132
Balance at December 31, 2010	29,093	29,093	31,451	80,460	37,093
Allocated during the fiscal year					
Exercised during the fiscal year					
Expired during the fiscal year					
Balance - warrants at December 31, 2011	29,093	29,093	31,451	80,460	37,093
Balance shares at December 31, 2011 (in case of exercise)	32,933	32,933	35,603	91,081	41,989

WARRANTS	GE1	GE2	EP 08	LF 08
Subscription price	0.001	0.001	0.0001	0.0001
Exercise price	16.5	17.5	12.95	12.95
Final date for exercise	03-Jan-11	02-Jan-12	02-Jul-13	02-Jul-13
Parity	1.132	1.132	1.132	1.132
Balance at December 31, 2010	1,500,000	1,500,000	29,093	29,093
Allocated during the fiscal year				
Exercised during the fiscal year				
Expired during the fiscal year	1,500,000			
Balance – warrants at December 31, 2011		1,500,000	29,093	29,093
Balance shares at December 31, 2011 (in case of exercise)		1,698,000	32,933	32,933

List of stock warrant beneficiaries:

- company controlled by George Hersbach, Company director;
- company shareholder of THENERGO;
- former shareholder of the Company.
- former Company directors;

No warrant was exercised during 2011.

21.2 Bonus shares

At the opening of the fiscal year, there were 579,407 bonus shares in circulation.

During the fiscal year, 60,000 shares issued from the bonus allocation of shares plan for fiscal years 2009, 2010 and 2011 were cancelled due to non-compliance with the presence test by the beneficiary.

44,407 shares having reached maturity were definitively allocated and were created.

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At December 31, 2011, 475,000 bonus shares remain in circulation, distributed as follows:

- 270,000 shares freely allocated by the Board of directors on December 17, 2009 under the plan of allocating bonus shares for fiscal years 2009, 2010 and 2011. These shares were allocated to Group employees under the conditions of presence and performance related to the achievement of financial objectives. At the end of the closing of the 2011 consolidated accounts, the Board of directors will decide on achievement of the financial objectives for this fiscal year and make the corresponding allocations;
- 25,000 bonus shares allocated by the Board of directors on December 17, 2009 to Group employees with no presence and performance conditions;
- 180,000 bonus shares allocated by the Board of directors of February 22, 2010 to a company officer under conditions of presence and/or performance. Since then, the conditions of presence and performance have been removed.

Bonus share allocations are evaluated by considering the quoted market price on the day of allocation.

The charge recorded for the fiscal year, or (50) K€, corresponds to shares allocated in 2009.

21.3 Stock options

After notice from the Nominating and Compensation Committee, the Board of directors decided on December 1, 2010 to allocate 1,500,000 stock options to Fady Khallouf as CEO under conditions of performance.

These options may be exercised at the lower of the following two amounts: 1.40 € or the arithmetic mean of the weighted average market price calculated over the 20 stock exchange sessions preceding the Board of directors meeting having allocated these options.

The performance conditions are a function of changes in the THEOLIA share price, namely:

- 100,000 options (or approximately 6.67%) may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 1.80 €;
- 300,000 options (or 20%) that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 2.50 €;
- 200,000 options (or approximately 13.33%) that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 3.00 €;
- 400,000 options (or approximately 26.67%) that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 3.50 €; et
- 500,000 options (or approximately 33.33%) that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 5.00 €.

If the Company CEO leaves the company for any reason, the following principles apply:

- If the separation occurs before the end of the tax restricted period (for each option, a tax restricted period of 4 years as of the allocation date indicated in Article 163 bis C of the General Tax Code), the options:
 - become automatically exercisable as of the day of separation, subject to the performance conditions on the exercise date having been achieved to the requisite degree, and
 - remain exercisable for three months starting on the publication date of the first annual or half-year consolidated accounts following the separation date, on which date the stock options automatically lapse by law; and
- if the separation occurs after the end of the tax restricted period, they remain exercisable:
 - after the separation, subject to the performance conditions on the exercise date having been achieved to the requisite degree,
 - for three months starting on the publication date of the first annual or half-year consolidated accounts following the separation date, on which date the options automatically lapse by law.

Fifty percent of shares from exercising these options are to be kept by the CEO and registered in his name for the entire duration of his duties. Concerning all of the provisions submitted above, valuation was conducted using a trinomial method (probability-driven mathematical model based on a recombining tree supported by restrictive assumptions). The working assumptions are shown below:

• date granted	December 1, 2010
• purchase period	5 years
• final purchase date	December 1, 2015
• retention period (restricted shares)	2 years
• share price on the allocation date	1.16 €
• expected dividend rate	0%
• exercise price	1.24 €
• rate without risk withheld	1.60%
• cost of restriction and approach used	57 K€
• fair value of the plan (excluding cost of restriction)	416.2 K€

The value of the stock options by “tranche,” before the discount due to restrictions on shares following exercise of the options is shown below:

• tranche value > 5 €	108.5 K€
• tranche value > 3.5 €	86.8 K€
• tranche value > 3 €	70.5 K€
• tranche value > 2.5 €	105.7 K€
• tranche value > 1.8 €	44.7 K€

This represents totals of 416.2 K€ and 359.1 K€ after deduction. This charge is distributed *pro rata temporis* by tranche over the duration of the plan. The charge recorded in the accounts ended December 31, 2011 is 90 K€.

The Board of directors’ meeting of July 29, 2011, on the basis of the new delegation approved by the general shareholders meeting of June 17, Jun 2011 in its fifteenth resolution, allocated 810,000 stock options to certain employees of the Group, on conditions of stock market performance and presence.

The performance conditions are a function of the evolution of the THEOLIA share rate, namely:

- 6% that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 1.80 €;
- 20% that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 2.50 €;
- 12% that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 3.00 €;
- 25% that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 3.50 €; and
- 37% that may be exercised if the arithmetic mean of the weighted average market price calculated over 20 successive stock exchange sessions is greater than or equal to 5.00 €.

These options were valued according to the same methodology as for the options allocated to the CEO. The plan value is 226.6 K€.

The charge noted for fiscal year 2011 for all of the plans in effect is 122.2 K€.

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NOTE 22 FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

22.1 Variation in financial liabilities

(in thousands of euros)	Bank loans	Convertible bond	Debt on financial lease	Bank overdrafts and equivalents	Other financial liabilities	TOTAL
Amounts as of 01/01/2011	222,123	117,506	-	72	8,406	348,107
Increase	41,140	12,083	-	-	5,904	59,127
Repayments	(42,940)	(26,199)	-	(72)	3,120	(66,091)
Change ins consolidated scope - leaving the perimeter	(5,499)	-	-	-	(3,577)	(9,076)
Currency translation adjustments	-	-	-	-	(9)	(9)
Other changes	-	-	-	-	21	21
Amounts as of 12/31/2011	214,824	103,390	-	-	13,865	332,079

Highlights of 2011:

- Conversion of 1,996,986 bonds to shares during the fiscal year;
- Repayment of all corporate financing related to THEOLIA Naturenergien's business totaling 11,626 K€;
- Draw-down in debt for financing of the Les Gargouilles wind farm project and introduction of an associated hedging instrument;
- Payment of the final installment of the loan for the wind farm in Morocco;
- Following the disposal of a farm in Germany, elimination of corresponding debt in the amount of 5,500 K€;

At December 31, 2011, financial debt represented 332,079 K€, or a decrease of (16,028) K€ over December 31, 2010.

This variation is related to the following events:

Variation in loans from credit institutions (7,299) K€

The increase in loans from credit institutions of 41,140 K€ corresponds to:

- draw-downs on financing for projects in France and Germany 40,096 K€
- other (capitalization of interest, interest incurred) 1 044 K€

Repayment of loans in the amount of (42,940) K€ concerns:

- normal installments for project debt (France, Italy, Germany) (15 472) K€
- all corporate credit lines in Germany (11 626) K€
- project financing in Morocco (last installment) (2 092) K€
- early repayment of project financing in Germany (13 094) K€
- adjustment of loans to amortized cost (585) K€
- other (71) K€

Variations in the scope of consolidation amounting to (5,500) K€ concern the disposal of a farm in Germany.

Variation of the convertible bond issue (14,116) K€

The bond shows a net drop of (14,116) K€ as a result:

• of interest payment incurred as of December 31, 2010 in January 2011	(4 593) K€
• of conversion requests from OCEANEs in 2011	(21 606) K€
• of interest incurred at December 31, 2011	4 336 K€
• of noting additional interest due to the hybrid nature of the loan	7 747 K€

At December 31, 2011, the Group did not have a corporate line of credit opened and not drawn down.

Variation in other financial liabilities + 5,459 K€

Variation in other financial liabilities is due to:

• variation in evaluation of the rate hedge instruments	4 070 K€
• variation in current accounts (TUIC)	1 248 K€
• other (capitalization)	141 K€

Convertible bond issue

Modifications of the terms of the OCEANEs took effect on July 20, 2010. The modification of the share allocation ratio took effect July 21, 2010.

At closing date, the major characteristics of the bond issue are:

• type of financial instrument	OCEANEs
• number of bonds in circulation	8 439 406
• original face value	240,000 K€
• new face value since July 21, 2010	219 577 K€
• maximum amount to repay if early repayment is requested on January 1, 2015	129 039 K€
• maturity of the loan	January 1, 2041
• annual interest until December 31, 2014	2.70%
• annual interest as of January 1, 2015	0.10%
• <u>conversion ratio until:</u>	
• 7 th business day before December 31, 2013	8.64 shares per OCEANE
• 7 th business day before December 31, 2014	6.91 shares per OCEANE
• redemption price of OCEANEs at January 1, 2015	15.29 € per OCEANE
• redemption price of OCEANEs at January 1, 2041	20.77 € per OCEANE

The effective interest rate ("EIR") is 13.3%. On this basis, the shareholders' equity component of the debt is zero. The entire convertible debt is therefore allocated to financial debts.

The definitive assumptions used in the "split accounting" calculations are the following:

• Rate spread	1 134 PDB
• Bond rate	10.43 €

The schedule of interest on the basis of the debt appearing in the closing balance sheet is itemized below (assumption without considering any future conversions):

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Year	Interest at rate of 2.70%	Interest at EIR	Additional interest
2011	4 336	8 021	7 747
2012	4 348	13 144	8 796
2013	4 336	14 272	9 936
2014	4 336	15 589	11 253
	17 356	51 026	37 732

22.2 Covenants

There are two types of Group financing:

- Corporate Group debt: OCEANE;
- Project debt: this financing, related to construction of wind farms (France, Germany, Italy, Morocco), is accompanied by financial covenants relating particularly to compliance with cash flow ratios of project support companies (cash generated by the activity/debt service) and the financial structure (financial debt/shareholders' equity).

At December 31, 2011, the Group was not meeting certain financial commitments required for project financing of certain wind generating stations located in France:

- for farms operated in France by Centrale Éolienne de Seglien Ar Tri Milin (CESAM) and the Centrale Éolienne de Fonds de Fresnes (CEFF) representing total bank debt of approximately 14.5 million euros, the minimum debt service hedge ratio was not respected due to the exceptionally weak sale conditions in 2011. This breach of the financing documents led to an adjustment in the financing structure by partial early repayment, currently being approved by the lender's credit committee;
- for the farm operated in France by Centrale Éolienne des Sablons (CESA) representing a bank debt of approximately 8 million euros, the minimum debt service hedge ratio was not respected due to the exceptionally weak sale conditions in 2011. This breach of the financing documents led to an adjustment in the financing structure by partial early repayment, currently being approved by the lender's credit committee; and
- for the farms operated in France by Centrale Éolienne de Moulin de Froidure (CEMDF) and Centrale Éolienne de Sallen (CESA) representing a bank debt of approximately 17.6 million euros, the minimum debt service hedge ratio was not respected due to the exceptionally weak sale conditions in 2011. This case of default, like that related to the ratio at December 31, 2010, was not waived and led to a restructuring of financing for the 3 projects in agreement with the two lenders which is still being defined to date.

The reason for the breaches of the financial covenants presented above is solely the weakness of the wind system during the past year. These farms enjoy operation (operating costs, availability of turbines) in line with projections.

On the date of the closing of accounts, no project support company in the Group had a request for early repayment due to a default pronounced by the lenders in question.

For all cases in which a waiver was not obtained prior to December 31, 2011, there was an accounting declassification of the current part of the liabilities in question in an amount representing 36.9 million euros.

22.3 Analysis of loans by maturity date

(in thousand of euros)	< 3 months	> 3 months < 6 months	> 6 months < 9 months	> 9 months < 1 year	< 1 year	> 1 year < 5 years	> 5 years	Total 12/31/2011	Total 12/31/2010
Convertible bond	4,336	-	-	-	4,336	99,054	-	103,390	117,506
. Holding	4,336	-	-	-	4,336	99,054	-	103,390	117,506
Corporate credit lines	-	-	-	-	-	-	-	-	11,626
Project financing	47,311	2,582	5,711	2,795	58,399	60,746	95,679	214,824	210,497
. France	40,644	1,337	400	1,351	43,732	11,835	26,344	81,911	63,997
. Germany	6,078	1,244	4,575	1,255	13,153	44,702	39,335	97,191	110,046
. Italy	589	-	736	188	1,514	4,209	30,000	35,722	34,362
. Morocco	-	-	-	-	-	-	-	-	2,092
Derivatives financial instruments	-	-	-	-	-	-	10,026	10,026	5,956
. France	-	-	-	-	-	-	8,324	8,324	5,206
. Italy	-	-	-	-	-	-	1,702	1,702	750
Bank overdrafts	-	-	-	-	-	-	-	-	72
Other financial debts	205	-	-	-	205	3,633	-	3,838	2,449
. Holding	205	-	-	-	205	1,201	-	1,406	156
. Italy	-	-	-	-	-	2,433	-	2,433	2,293
TOTAL FINANCIAL DEBT	51,853	2,582	5,711	2,795	62,940	163,433	105,706	332,079	348,107

The total Group debt at December 31, 2011 was 332,079 K€, down (16,028 K€) over December 31, 2010. The debt is broken down as follows:

• France	195 032 K€	(58.7% of the total debt)
• Germany	97 191 K€	(29.3% of the total debt)
• Italy	39 857 K€	(12.0% of the total debt)

The current part of the debt is 62,940 K€ and breaks down as:

- 36,907 K€ of debt related to financing the projects of several French wind generating stations not meeting certain financial covenants at December 31, 2011. This accounting reclassification was conducted in application of IAS 1R.69, although no request for early repayment was made.
- 21,492 K€ corresponding to the current part of the long-term project debts;
- 4,336 K€ of interest on the convertible bond issue payable in January 2012;
- 205 K€ representing current accounts.

22.4 Analysis of loan disbursements by maturity date (capital + interest)

The table below shows financial debt according to projected disbursements (capital and interest) on a short-term and medium/long-term basis. The convertible bond issue is shown here as a function of the projected disbursements according to the new OCEANE terms, assuming no conversion.

Future interest was projected using the interest rate curve at December 31, 2011. The debt shown below does not take into account short-term accounting reclassifications due to breaches of financial covenants on project debts.

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(in thousand of euros)	< 1 year	>1 year < 5 years	> 5 years	Total payment 12/31/2011	Total payment 12/31/2010
Convertible bond	4,336	142,059	-	146,395	185,629
. Holding	4,336	142,059	-	146,395	185,629
Corporate credit lines	-	-	-	-	11,824
Project financing	29,426	105,972	142,136	277,534	281,241
. France	9,146	35,023	57,399	101,567	79,826
. Germany	17,155	55,546	45,183	117,884	138,353
. Italy	3,125	15,403	39,554	58,083	60,868
. Morocco	-	-	-	-	2,194
Derivatives financial instruments	2,315	6,319	1,952	10,587	5,818
. France	1,937	5,229	1,624	8,790	5,385
. Italy	378	1,091	328	1,797	431
Bank overdrafts	-	-	-	-	72
Other financial debts	205	3,633	-	3,838	2,449
. Holding	205	1,201	-	1,406	156
. Italy	-	2,433	-	2,433	2,293
TOTAL FINANCIAL DEBT	36,282	257,984	144,088	438,354	487,034

The total debt to be paid represents 438,354 K€, and the current part is 36,282 K€ with 4,336 K€ of interest on the convertible bond issue payable in January 2012.

22.5 Analysis by type of rate

At December 31, 2011, the fixed rate part of the debt is 214,152 K€ compared to 229,314 K€ at December 31, 2010, or 64.5% total debt (excluding hedging instruments), and it breaks down as follows:

- Convertible bond issue 103,390 K€
- Financing for projects in France 5,600 K€
- Financing for projects in Germany 90,420 K€
- Financing for projects in Italy 13,336 K€
- Current accounts 1,406 K€

Variable rate debt (excluding hedging instruments) represents 117,927 K€ versus 118,793 K€ at December 31, 2010, or 35.5% of total debt (excluding hedging instruments) and concerns:

- Financing for projects in France 8,635 K€
- Financing for projects in Germany 6,71 K€
- Financing for projects in Italy 26,521 K€

After accounting for derivative hedging instruments, the distribution of debts at December 31, 2011 is:

- Fixed rate debt 295,331 K€, or 89% of total debt;
- Variable rate debt 36,748 K€, or 11% of total debt.

22.6 Swaps

The Group swaps concern only interest rate risk hedge tools; they have the variable rate loans as underlying loans. These derivative instruments are recorded at their fair value at December 31, 2011. The hedge ratio used is the cash flow hedge allowing the effective part to be recorded directly under shareholders' equity and the ineffective part on the profit and loss statement.

Valuation of swaps liabilities at December 31, 2011 was 10,026 K€, an increase of 4,070 K€ over December 31, 2010. This increase breaks down as follows:

- Introduction of a new hedge instrument in France + 1,234 K€
- Changes in fair value of instruments present at December 31, 2010 + 2,836 K€

NOTE 23 INFORMATION ON THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the book value on the balance sheet of the assets and liabilities by accounting category defined according to IAS 39, as well as their fair value:

4. FINANCIAL STATEMENTS

12/31/2011	Accounting categories				Fair value			
(in thousands of euros)	Assets (liabilities) valued at fair value through profit and loss	Assets held for sale	Loans and borrowings	Liabilities at amortized cost	Total of the net book value on the balance sheet	Listed price	Internal model with mesurable parameters	Liabilities at amortized cost
Shares available for sale		1,486			1,486			
Other non-current financial assets			10,409		10,409			
Deposits and guarantees			523		523			
Non-current financial assets	-	1,486	10,932	-	12,418	-	-	-
Trade receivables			35,912		35,912			
Cash equivalents	41,536				41,536	41,536		
Cash			46,295		46,295			
Current share of financial assets			487		487			
Current financial assets	41,536	-	82,694	-	124,230	41,536	-	-
TOTAL ASSETS	41,536	1,486	93,626	-	136,648	41,536	-	-
Convertible bond				142,059	142,059			
Other bank borrowings and financial debt				127,080	127,080			
Non-current financial debts	-	-	-	269,139	269,139	-	-	-
Derivative instruments - negative	10,026				10,026		10,026	
Convertible bond				4,336	4,336			
Other bank borrowings and financial debt				22,922	22,922			
Supplier liabilities				23,668	23,668			
Other current financial liabilities				#N/A	#N/A			
Financial current accounts - liabilities				198	198			
Current financial liabilities	10,026	-	-	#N/A	#N/A	-	10,026	-
TOTAL LIABILITIES	10,026	-	-	#N/A	#N/A	-	10,026	-

12/31/2010	Accounting categories				Fair value			
(in thousands of euros)	Assets (liabilities) valued at fair value through profit and loss	Assets held for sale	Loans and borrowings	Liabilities at amortized cost	Total of the net book value on the balance sheet	Listed price	Internal model with mesurable parameters	Liabilities at amortized cost
Shares available for sale		700			700			
Other non-current financial assets			9,899		9,899			
Deposits and guarantees			417		417			
Non-current financial assets	-	700	10,316	-	11,016	-	-	-
Derivative instruments - positive								
Trade receivables			30,834		30,834			
Financial current accounts - assets					-			
Cash equivalents	64,977				64,977	64,977		
Cash			45,455		45,455			
Current share of financial assets			106		106			
Current financial assets	64,977		76,395	-	141,372	64,977		-
TOTAL ASSETS	64,977	700	86,711	-	152,388	64,977		-
Convertible bond				112,913	112,913			
Other bank borrowings and financial debt				142,511	142,511			
Borrowings related to restatements of financial leases				-	-			-
Non-current financial debts	-	-	-	255,424	255,424	-	-	-
Derivative instruments - negative	5,956				5,956		5,956	
Convertible bond				4,593	4,593			
Other bank borrowings and financial debt				81,904	81,904			
Supplier liabilities				23,344	23,344			
Other current financial liabilities				11,955	11,955			
Financial current accounts - liabilities				158	158			
Bank overdrafts				72	72			
Current financial liabilities	5,956	-	-	122,026	127,982	-	5,956	-
TOTAL LIABILITIES	5,956	-	-	377,450	383,406	-	5,956	-

NOTE 24 RISK MANAGEMENT RELATED TO FINANCIAL INSTRUMENTS

24.1 Credit risk

Credit risk corresponds to the risk of default on a financial asset.

Within the framework of its wind-generated electricity production business, the Group sells its electricity produced to distributors (such as EDF in France), generally through long-term contracts (around 15 years or more). Although the Group believes that the risk of loss or of insolvency of one of these distributor clients is limited to the extent that most of the distributors have historically been solidly established, if such an event occurred, it could have a significant negative impact on the Groups business, financial position or earnings, or even its ability to achieve its objectives.

Within the framework of its business selling wind farms in operation, the Group has a broad client base, consisting of private or public buyers, who are individuals, industrial or financial in nature. The Group ensures that it is not creating or maintaining a dependency on any one of them. This allows it to best identify and manage the exposure inherent to this activity. The sale of a farm could also be subject to a condition precedent of the buyer obtaining financing or keeping financing in place.

The Group's major clients are buyers of electricity produced by the Group in France, Germany, Italy and Morocco as well as buyers of wind farms.

24.2 Liquidity risk

The Group liquidity risk corresponds to commitments to repay the convertible bond and to financing for its future needs (projects resulting from development activity and general needs of the Group).

The liquidity risk is thus the risk that the Group cannot meet its obligations at maturity or under normal conditions. The Group Financial Management is responsible for liquidity, financing and management of maturity dates. The Group manages the liquidity risk on a consolidated basis considering operational needs.

Financial debt details are shown in note 22. Certain loan agreements include early repayment clauses in the event of breach of financial covenants (see note 22.2).

There are two types of Group financing:

- Corporate Group debt: this corresponds to the convertible bond issue which specifically provides for maintenance of control and the listing of THEOLIA SA stock (on Euronext's Eurolist market) ;
- project debt: financing related to wind farm construction (France, Germany, Italy, Morocco) has financial covenants related especially to compliance with cash flow ratios (cash generated by the business line/debt service) and financial structure (financial debt/shareholders' equity).

The information on compliance with bank covenants at December 31, 2011 is shown in note 22.2.

24.3 Foreign exchange risk

The Group is currently very slightly exposed to foreign exchange risk to the extent the majority of its operations are carried out in the eurozone (namely France, Germany and Italy). Nonetheless, the Group is developing and making investments in certain countries where it is thus exposed to foreign exchange risk (Morocco, Brazil).

At December 31, 2011, this risk remains very low. It is partly handled by management of expenditures and receipts in the currency of the entity in question.

To date, the Group sensitivity to the exchange risk is insignificant and does not require hedging instruments for this risk.

At December 31, 2011:

- 4.93% of the assets were denominated in a currency other than the euro;
- all financial debt was in euros;
- 9.72% of sales were denominated in a currency other than the euro.

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24.4 Interest rate and margin risk

Financing for wind projects implemented by the Group involves a significant use of indebtedness (between 70% and 90%) at fixed or variable interest rate. A significant increase in interest rates and/or bank margins could have an impact on the feasibility of future Group projects and/or the development of its wind portfolio.

To limit interest rate risk for existing loan agreements, the Group implemented an interest rate risk hedging policy with contracts designed to swap interest terms (interest rate swaps). From an economic point of view, the introduction of these interest rate swaps allows conversion of variable rate loans to fixed rate loans and hedging against fluctuation in the amount of interest. In general, the banking institutions are demanding a hedge of 70% to 100% of financing amount throughout its duration.

In the event of a positive 1% variation in interest rates, the financial charge for loans not covered would increase by 1,759 K€ and would be distributed as follows:

• Loans-France	+636 K€
• Loans-Germany	+589 K€
• Loans-Italy	+534 K€

To limit the risk of bank margins, the Group has an active policy of managing its existing debt and, to introduce new financing, it organizes competitions between different banking institutions.

NOTE 25 DEFERRED TAXES

25.1 Proof of tax

Name (in thousands of euros)	12/31/2011	12/31/2010
Net income of the consolidated scope	(39,233)	4,993
Tax expense recognized	877	4,490
Share in income of associates	161	180
Taxes related to discontinued activities	(151)	(115)
Net income of the consolidated scope before tax	(38,346)	9,548
Applicable assumed tax rate	33.33%	33.33%
Assumed tax expense	12,781	(3,182)
Tax expense recognized (including discontinued activities)	(726)	(4,375)
Tax difference	(13,507)	(1,192)
Items of comparison:		
Permanent differences	(371)	213
Share based payments	(58)	(342)
Dilution profit/Deconsolidation income		
Tax credits	192	165
Withholding tax	(235)	(331)
Currency translation adjustments		
Rate difference France /Foreign	(2,123)	(3,463)
Use of former tax losses		
Impairment	(5,958)	(3,669)
Deferred tax (assets) impairment & and non-activated tax losses	(4,385)	6,750
Others	(569)	(516)
Total	(13,507)	(1,192)

4. FINANCIAL STATEMENTS

25.2 Nature of the deferred taxes

ASSETS (in thousand of euros)	31/12/2011	31/12/2010
Intangible assets	472	261
Tangible assets	3,032	2,107
Inventories & works in progress	171	-
Elimination internal margins	1,695	1,250
Elimination internal disposals	3,038	3,129
Derogatory depreciation	-	(167)
Provisions for retirement commitments	29	30
Financial instruments	3,239	1,943
Deferred tax on losses	36,028	41,070
Other assets	528	4,390
Deferred tax asset/liability compensation	(46,060)	(23,867)
TOTAL	2,172	30,144

Liabilities

LIABILITIES (in thousand of euros)	31/12/2011	31/12/2010
Intangible assets	10,001	13,552
Tangible assets	14,385	7,121
Elimination internal margins	19	19
Derogatory depreciation	15,002	15,998
Financial instruments	20,794	28,821
Other liabilities	(148)	1,478
Deferred tax asset/liability compensation	(46,060)	(23,867)
TOTAL	13,993	43,122

25.3 Variation in deferred taxes

(in thousand of euros)	Deferred tax assets	Deferred tax liabilities	Net deferred tax
Amounts as of 01/01/2011	30,145	43,122	(12,977)
Income / expenses	(21,656)	(22,250)	594
Changes in consolidated scope	(56)	(52)	(4)
Impact on reserves	(6,261)	(6,827)	566
Currency translation adjustments	-	-	-
Amounts as of 12/31/2011	2,172	13,993	(11,821)

25.4 Use of deficits

(in thousands of euros)	12/31/2010	New losses generated	Changes in tax rate	Other (of which impairment)	12/31/2011
Recognizable deferred tax on fiscal losses	41,070	14,602	(2,123)	(17,619)	35,930
Deferred tax recognized	41,070	14,602	(2,123)	(17,619)	35,930

The active deferred taxes on deficits are covered by deferred taxes on liabilities for each of the tax entities involved.

NOTE 26 PROVISIONS FOR EMPLOYEE BENEFITS**26.1 Main actuarial assumptions**

	12/31/2011	12/31/2010
Discount rate	4.60%	4.68%
Changes in Executive salaries	1.00%	1.00%
Changes in Non-executive salaries	1.00%	1.00%
Mortality table	INSEE 2010	INSEE 2009
Age of departure	65 years	65 years

The actuarial variances are not significant.

26.2 Components of expenses for the fiscal year

(in thousands of euros)	12/31/2011	12/31/2010
Retirement expenses	45	53

26.3 Variation of the provision

(in thousands of euros)	12/31/2011	12/31/2010
Provision at opening	129	79
Annual expense	45	53
Provision at closing	150	129

4. FINANCIAL STATEMENTS

NOTE 27 OTHER PROVISIONS

(in thousands of euros)	Provisions for litigation	Provisions for subsidiaries risks	Other provisions	TOTAL
Amounts as of 01/01/2011	3,843	7,666	7,404	18,913
Increases	3,108	-	40	3,148
Reversals	(694)	(196)	(708)	(1,598)
Other changes	131	-	-	131
Amounts as of 12/31/2011	6,388	7,470	6,736	20,594
of which current part	363			363
of which non-current part	6,024	7,470	6,736	20,230

Litigation in which the Group is involved comes in great part from operations concluded in past years. These disputes, provisioned at 3,843 K€ in the accounts closed December 31, 2010, have evolved over fiscal 2011. In 2011, contributions to provisions for litigation increased by 3,108 K€ and concerned primarily:

• litigation related to wind activity (mainly in France)	2,047 K€
• litigation over labor law	363 K€

The case which opposed THEOLIA against the previous manager of Windream One was settled in the fiscal year. The provision of 354 K€ was thus reversed.

The risk provisions for subsidiaries varied little during the fiscal year. They concern:

- the stake in the Spanish company Asset Electrica, using the equity method, for 3,595 K€;
- risks on current assets related to discontinued operations, for 3,278 K€. This provision was established in 2009 (and adjusted in 2010 and 2011) to maintain the net assets of the companies classified according to IFRS 5, harmonized with the probable resale value.

Because of the negative contributed shareholders' equity, the equity method share of Asset Electrica is negative. To avoid recording the negative value of equity method investments, an equivalent provision was recorded because the Group is committed to compensating for the difference in value.

The other provisions, or 6,736 K€, break down as follows:

- in Germany, a provision of 4,700 K€ for future losses on certain contracts to manage wind farms on behalf of third parties was created in 2010 and adjusted downward in 2011 for 634 K€. This provision will be reversed each year until the end of the contracts in question to compensate for the negative margin;
- in France, the provision for non-recovery of the investment tax credit, or 1,411 K€, remains unchanged.

OTHER INFORMATION

NOTE 28 RELATED PARTIES

28.1 Transactions with associated companies and joint ventures

Transactions with associated companies concern operations with companies over which the Group exercises substantial influence and that use the equity method.

Transactions with associated companies are based on the market price.

The investment vehicle, THEOLIA Utilities Investment Company, created in August 2011, is consolidated by proportionate consolidation. THEOLIA, which holds 40% of the capital, is the shareholder operator in this partnership: It sells wind projects that it has previously developed to THEOLIA Utilities Investment Company, then constructs and operates these farms for the vehicle.

At the end of December 2011, THEOLIA sold its first wind project to the investment vehicle. This 15 MW project is located in France, in the communities of Beauval and Naours, in the department of Somme. It includes 6 wind farms with 2.5 MW unit capacities. Construction began in September 2011 and the farm is scheduled for commissioning at the end of 2012.

Because of the existence of confidentiality clause with its partners, the amount of the transactions may not be disclosed.

28.2 Transactions between the Group and the directors

(in thousands of euros)	12/31/2011	12/31/2010
Operating income	-	-
Operating expenses	-	(900)

(in thousands of euros)	12/31/2011	12/31/2010
Trade receivables	-	-
Trade payables	-	-

In 2011, there were no transactions between the Group and its directors. The consulting contract with Georgius HERBACH ended last year.

4. FINANCIAL STATEMENTS

28.3 Transactions between the Group and subsidiary directors

The Group granted to François Bouffard, Arnaud Guyot and Cédric le Saulnier de Saint Jouan, who were Executive Vice Presidents of the subsidiary THEOLIA France (formerly VENTURA), a joint surety (signed by THEOLIA France and THEOLIA SA) on September 16, 2009 until January 31, 2012 to guarantee amounts owed to VOL-V. This commitment has been extinguished on the date of publication of these accounts.

28.4 Directors' compensation

Compensation for directors having an executive position is shown below.

(in thousands of euros)	12/31/2011	12/31/2010
Salaries and bonuses	(450)	(917)
Share-based payments	(90)	(553)
Directors' fees	(188)	(391)
Other compensation	-	(818)
TOTAL	(728)	(2,679)

During fiscal year 2010, the various changes in the Group General Management caused an increase in the item salaries and bonuses. Since the change in management in mid-2010, director compensation has dropped significantly.

Share-based payments, at December 31, 2011, are related to the stock options allocated to the CEO on December 1, 2010. In 2010, a share-based payment of 553 K€ as bonus shares to THEOLIA SA's company officers was recorded.

Directors' fees paid to members of the THEOLIA's Board of directors was 188 K€ (compared to 391 K€ in 2010). The amount is less than in 2010 as the number of directors dropped (7 directors at the beginning of 2010, 6 at the end of 2010 and 5 at the end of 2011).

Other compensation includes in 2010 non-recurring expenses essentially incurred in the first half of the year.

NOTE 29 COMMITMENTS

Commitments and liabilities

Within the scope of its wind farm development/construction activities, the Group generally establishes a subsidiary in each country where it has a presence. When the Group develops a wind project in a country, the corresponding subsidiary is a project support company (PSC) holding specific project assets and liabilities. This subsidiary is the debtor for project financing purposes. These special purpose entities can be direct subsidiaries of the Company in some jurisdictions, or indirect through holding companies.

The Group cannot consolidate assets and liabilities – or revenues and expenses – from these subsidiaries in its consolidated accounts if it finds that it lacks control over them as understood in IFRS.

However, as a Group, holding company, the Company can be required by its lenders, suppliers and clients to contribute credits, liquid assets or other types of support to its direct and indirect subsidiaries in the form of guarantees and other commitments. When a subsidiary is not consolidated in the IFRS consolidated accounts of the Group, these credits, liquid assets or other types of support for the market risk do not appear on the Group's consolidated balance sheet. Likewise, when a subsidiary is consolidated, certain forms of support do not appear on the Group's consolidated balance sheet.

These off-balance sheet commitments include:

- letters of credit to ensure working capital for subsidiaries;
- guarantees to wind suppliers;
- guarantees related to financing of subsidiaries developing wind projects;
- comfort or support letters issued to subsidiaries; and
- other commitments (direct agreements, pledges on equipment/materials, etc.).

Also, in some cases, in light of the market risk, non-consolidated entities may also contribute to the Group credits, liquid assets, or other types of support that also are off-balance sheet commitments.

The tables below offer a breakdown of significant off-balance sheet commitments related to the scope of the Consolidated Group, financing, and the business lines of the Company and its subsidiaries at December 31, 2011.

Specific off-balance sheet commitments

• Off-balance sheet commitments related to the scope of the Consolidated Group

Specific commitments	Subsidiaries involved	Beneficiaries	Major characteristics	Duration / Term	12/31/2010 Amount in millions of €	12/31/2011 Amount in millions of €
THEOLIA guarantee	Ecoval Technology	BFCC	Guarantee granted in 2005 for a maximum of €140,000. €111,086 of this guarantee is currently blocked as part of the litigation with the Cabriès purification and drinking water station.	n/a	0.1	0.1
TOTAL					0.1	0.1

• Off-balance sheet commitments related to the financing of the Company and its subsidiaries

Specific commitments	Subsidiaries involved	Beneficiaries	Major characteristics	Duration / Term	12/31/2010 Amount in millions of €	12/31/2011 Amount in millions of €
Pledged bank accounts	Theolia Naturenergien GmbH	Banking institutions	A certain number of bank accounts have been pledged to various host bank institutions to guarantee any costs that might arise during the decommissioning of certain farms in Germany.	Variable according to the duration of the loan granted	6.9	7.2
Pledged bank accounts/ cash collateral agreements	PCSs France	Banking institutions	A certain number of bank accounts have been pledged to various host bank institutions	Variable according to the duration of the loan granted	3.7	4.6
Pledge of PCS certificates	SSPs	Credit or third party institutions (assignees)	Some Group companies – the listing of which is found in the following pages – may have pledged their shares as guarantees to lenders.	Variable according to the duration of the loan granted	63.8	27.2
TOTAL					74.4	39.0

4. FINANCIAL STATEMENTS

Guarantees given to finance the wind farms

Group companies make guarantees to finance wind farms by financial institutions or when decommissioning wind farms. These guarantees are pledges of shares in the companies holding the wind projects for the duration of the long-term loan. The table below lists the Group's pledges of assets described above at December 31, 2011:

Entity	Pledge start date	Pledge maturity date	Amount of asset pledged in K€
France	9/13/2005	12.22/2026	12,707
Italy	7/10/2009	Variable	10,229
Germany	6/26/2009	Variable	4,216
Total Group at December 31, 2011			27,152

- Off-balance sheet commitments related to operational activities of the Company and its subsidiaries**

Specific commitments	Subsidiaries involved	Beneficiaries	Major characteristics	Duration / Term	12/31/2010 Amount in millions of €	12/31/2011 Amount in millions of €
Corporate headquarters leasing agreement	THEOLIA SA	MINA 2 (successor of La Halde de Saint Pons SAS)	Contract commitment of January 28, 2008 to lease the main office premises for a firm term of 9 years as of March 1, 2008 without possibility of early termination.	February 28, 2017	2.9	2.4
THEOLIA joint and several guarantee	Vibinum Srl	Enercon GmbH	Joint and several guarantee granted by THEOLIA on August 1, 2011 to guarantee Vibinum's obligations relative to Lot 1 of 5 turbines as part of the turbine purchase agreement of June 21, 2011.	Installation of the final turbine scheduled for May 28, 2012	n/a	11.3
Customary warranties concerning liabilities	Certain Group companies	Purchasors	When divesting of wind farms, Group companies in France, Germany and Italy, made the customary warranties concerning assets and liabilities to the purchasers for terms varying between 18 and 36 months	Variable (18 to 36 months)	-	-
TOTAL					2.9	13.7

Off-balance sheet commitments received

Commitments received	Subsidiaries involved	Beneficiaries	Major characteristics	Duration / Term	12/31/2010 Amount in millions of €	12/31/2011 Amount in millions of €
Non-compete commitment	Theolia France SAS	Theolia France SAS	Commitment not to compete for a duration of 3 years given by the Sellers when Theolia France SAS purchased the ownership rights to Ventura SA	September 16, 2012	n/a	n/a
No-poaching commitment	Theolia France SAS	Theolia France SAS	Commitment not to poach employees for 5 years given by the Sellers when Theolia France SAS purchased the ownership rights to Ventura SA	September 16, 2014	n/a	n/a
Purchase option	MGE Giunchetto Wind Park SA	MGE Giunchetto Wind Park SA	Under the disposal effected in 2010, 39% of the voting rights and an option to buy the balance were given to the buyer.	6 months starting from the end of the 2 nd year of production (starting on the commissioning date)	n/c	n/c
Various guarantees	Certain Group companies	Certain Group companies	In its operational activities of construction and operations, certain Group companies are sometimes given performance guarantees by certain wind turbine manufacturers covering proper operation of the farms and by certain subcontractors, construction guarantees (bonds) for proper completion.	Variable	-	-

NOTE 30 LIST OF GROUP COMPANIES

4. FINANCIAL STATEMENTS

Entities	% interest	% control	Method of consolidation	Country	Business segments
THEOLIA SA	100.00%	100.00%	Global integration	Mother	Holding
THEOLIA DEUTSCHLAND GmbH	100.00%	100.00%	Global integration	Germany	Corporate
THEOLIA DEUTSCHLAND VERWALTUNGS GmbH	100.00%	100.00%	Global integration	Germany	Corporate
THEOLIA WP VERWALTUNG GmbH	100.00%	100.00%	Global integration	Germany	Corporate
WP BETRIEBS GmbH	100.00%	100.00%	Global integration	Germany	Corporate
THEOLIA WINDPARK 1 MANAGEMENT GmbH	100.00%	100.00%	Global integration	Germany	Corporate
THEOLIA WINDPARK MANAGEMENT GmbH	100.00%	100.00%	Global integration	Germany	Corporate
WINDPARK KLOCKOW & SWP VERWALTUNGS GmbH	100.00%	100.00%	Global integration	Germany	Corporate
THEOLIA HOLDING GmbH	100.00%	100.00%	Global integration	Germany	Development Construction Sale
THEOLIA NATURENERGIEN GmbH	100.00%	100.00%	Global integration	Germany	Development Construction Sale
WP GROSS WARNOW GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Development Construction Sale
ERNEUERBARE ENERGIE ERNTE VIER GmbH & Co. KG	48.00%	48.00%	Equity method	Germany	Development Construction Sale
WINDENERGIE COESFELD-LETTE GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Development Construction Sale
WP TUCHEN RECKENTHIN INVESTITIONS GMBH & CO KG	100.00%	100.00%	Global integration	Germany	Operation
WINDPARK RABENAU GMBH & CO KG	100.00%	100.00%	Global integration	Germany	Operation
WP NOTTULN GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
WP RUHLSDORF GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
WP MUEHLANGER GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
WINDKRAFT ALSLEBEN 2 GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Operation
DRITTE BUSMANN WIND GmbH & Co. BETRIEBS KG (LADBERGEN I)	100.00%	100.00%	Global integration	Germany	Sale of electricity
ZWANZIGSTE (20) UPEG GmbH & Co. KG (LADBERGEN II)	100.00%	100.00%	Global integration	Germany	Sale of electricity
NEUNZEHNTE (19) UPEG GmbH & Co. KG (LADBERGEN III)	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP SAERBECK GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP WOLGAST INVESTITIONS GmbH & Co. OHG	100.00%	100.00%	Global integration	Germany	Sale of electricity
ERNEUERBARE ENERGIE ERNTE ZWEI GmbH & Co. KG	89.60%	80.00%	Global integration	Germany	Sale of electricity
FALKENWALD R.E.W. GmbH & Co. ELF WIND-KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP ZABELSDORF GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP KRIBBE-PREMSLIN GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP GROSSVARGULA GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP KLOCKOW & SWP GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
NATURSTROMNETZ FRAUENPRIESSNITZ GMBH & CO KG	43.81%	43.81%	Equity method	Germany	Sale of electricity
WINDHAGEN PROJEKT WALTROP GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WINDHAGEN PROJEKT KLEIN STEIMKE GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WINDKRAFTANLAGE NEUSTADT 5 GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
ROTHENKOPF GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP KEFENROD GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WP WOPPENROTH GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
CWP GmbH	52.00%	52.00%	Global integration	Germany	Sale of electricity
WINDKRAFT KRUSEMARK GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
Windpark Wotan Vierzehnte Betriebs GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
Windkraft Dietlas GMBH & CO KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
WINDFARM HOXBERG GmbH & Co.KG	100.00%	100.00%	Global integration	Germany	Sale of electricity
SOLARKRAFTWERK MERZIG GmbH & Co. KG	100.00%	100.00%	Global integration	Germany	Non-wind activity
ECOLUTIONS GmbH & CO KGaA	35.21%	35.21%	Equity method	Germany	Non-wind activity
THEOLIA PARTICIPATIONS	100.00%	100.00%	Global integration	France	Corporate
SAS ROYAL WIND	100.00%	100.00%	Global integration	France	Corporate
THE OWATT SAS	100.00%	100.00%	Global integration	France	Corporate
SAS TEMPO HOLDING	100.00%	100.00%	Global integration	France	Corporate
CENT EOL DE FRUGES LA PALETTE	99.94%	99.94%	Global integration	France	Development Construction Sale
CENT EOL DE L'AQUEDUC	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE LA SORBIERE	100.00%	100.00%	Global integration	France	Development Construction Sale

Entities	% interest	% control	Method of consolidation	Country	Business segments
THEOLIA France SAS	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DES COSTIERES	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE CROIX BOUDETS	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DU MAGREMONT	40.00%	40.00%	Proportional integration	France	Development Construction Sale
CENT EOL LES MONTS	100.00%	100.00%	Global integration	France	Development Construction Sale
LES 4E SARL	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE CANDADES	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOLIENNE DES SOUTETS	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL CHEMIN DE FER	100.00%	100.00%	Global integration	France	Development Construction Sale
CENTRALE EOL FORET BOULTACH	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE COUME	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE MOTTENBERG	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE DAINVILLE	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE DEMANGE	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL BIESLES	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL LES PINS DE BIDON	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL SAINT BLIN	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL ARDECHE	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL BOIS DES PLAINES	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DES HAUTE BORNE	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE BREHAIN TIRCELET	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DU GOULET (CEGOU)	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE COURANT NACHAMPS (CENAC)	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE CHAMPCATE (CECHC)	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DES HAUTS VAUDOIS	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE CHEMIN PERRE	100.00%	100.00%	Global integration	France	Development Construction Sale
CENT EOL DE FONDS the FRESNES	100.00%	100.00%	Global integration	France	Sale of electricity
CENT EOL DE SEGLIEN AR TRI MILIN	100.00%	100.00%	Global integration	France	Sale of electricity
CENT EOL DES PLOS	100.00%	100.00%	Global integration	France	Sale of electricity
CENT EOL DU MOULIN DE FROIDURE	100.00%	100.00%	Global integration	France	Sale of electricity
CENT EOL DES SABLONS	100.00%	100.00%	Global integration	France	Sale of electricity
CENT EOL DE SALLEN	100.00%	100.00%	Global integration	France	Sale of electricity
CENT EOL DES GARGOUILLES	100.00%	100.00%	Global integration	France	Sale of electricity
CORSEOL SA	99.88%	99.88%	Global integration	France	Sale of electricity
SAS LES EOLIENNES DU PLATEAU	100.00%	100.00%	Global integration	France	Sale of electricity
CENT EOL VESAIGNES	100.00%	100.00%	Global integration	France	Sale of electricity
ECOVAL TECHNOLOGY SAS	100.00%	100.00%	Global integration	France	Non-wind activity
SERES ENVIRONNEMENT SAS	100.00%	100.00%	Global integration	France	Non-wind activity
THERBIO SA	99.99%	99.99%	Global integration	France	Non-wind activity
ECOVAL 30 SA	99.00%	99.00%	Global integration	France	Non-wind activity
WINDREAM ONE SARL	100.00%	100.00%	Global integration	France	Non-wind activity
SERES ENVIRONNEMENT MAGHREB SA	99.80%	99.80%	Global integration	France	Non-wind activity
SERES ENVIRONNEMENT TECHNOLOGY (Beijing) Co Ltd	51.00%	51.00%	Equity method	France	Non-wind activity
THEOLIA UTILITIES INVESTMENT COMPANY	40.00%	40.00%	Proportional integration	Luxembourg	Corporate
THEOLIA MANAGEMENT COMPANY	100.00%	100.00%	Global integration	Luxembourg	Corporate

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Entities	% interest	% control	Method of consolidation	Country	Business segments
MGE Idea Srl	100.00%	100.00%	Global integration	Italy	Development Construction Sale
Maestrale Green Energy Srl	100.00%	100.00%	Global integration	Italy	Development Construction Sale
Maestrale Project Holding SA	50.32%	50.32%	Global integration	Italy	Development Construction Sale
Neo Anemos Srl (Martignano 21 MW)	49.06%	95.00%	Global integration	Italy	Development Construction Sale
MGE Giunchetto Wind Park SA	100.00%	100.00%	Global integration	Italy	Development Construction Sale
Belmonte Green Energy Srl	90.00%	90.00%	Global integration	Italy	Development Construction Sale
GARBINO EOLICA SRL	100.00%	100.00%	Global integration	Italy	Development Construction Sale
Mendicino Green Energy Srl	90.00%	90.00%	Global integration	Italy	Development Construction Sale
COLONNE D ERCOLE SRL	100.00%	100.00%	Global integration	Italy	Development Construction Sale
VIBINUM SRL	100.00%	100.00%	Global integration	Italy	Development Construction Sale
TROIA EOLICA Srl	100.00%	100.00%	Global integration	Italy	Development Construction Sale
GIUGGIANELLO SRL	100.00%	100.00%	Global integration	Italy	Development Construction Sale
WIND SERVICES SRL	100.00%	100.00%	Global integration	Italy	Development Construction Sale
SIRIBETTA Srl	90.00%	90.00%	Global integration	Italy	Development Construction Sale
PERGOLA EOLICA Srl	100.00%	100.00%	Global integration	Italy	Development Construction Sale
Aerochetto Srl (Giunchetto 29.75 MW)	51.00%	51.00%	Proportional integration	Italy	Sale of electricity
THEOLIA BRASIL	100.00%	100.00%	Global integration	Brazil	Development Construction Sale
THEOLIA IBERICA	100.00%	100.00%	Global integration	Spain	Corporate
ASSET ELECTRICA	50.00%	50.00%	Equity method	Spain	Development Construction Sale
PESSA	100.00%	100.00%	Global integration	Spain	Development Construction Sale
AIOLIKI ENERGEIA CHALKIDIKI AEBE	80.00%	80.00%	Global integration	Greece	Development Construction Sale
AIOLIKI ENERGEIA SITHONIA AEBE	80.00%	80.00%	Global integration	Greece	Development Construction Sale
THEOLIA GREECE	95.00%	95.00%	Global integration	Greece	Development Construction Sale
THEOLIA EMERGING MARKETS	99.99%	99.99%	Global integration	Morocco	Corporate
THEOLIA MOROCCO	99.99%	99.99%	Global integration	Morocco	Development Construction Sale
TANGER MED WIND SA	100.00%	100.00%	Global integration	Morocco	Development Construction Sale
THEOLIA MOROCCO SERVICES SA	100.00%	100.00%	Global integration	Morocco	Development Construction Sale
LA COMPAGNIE EOLIENNE DU DETROIT	99.99%	99.99%	Global integration	Morocco	Sale of electricity
THEOLIA SITAC WIND POWER PVT LIMITED (INDIA)	12.34%	12.34%	Equity method	India	Development Construction Sale
THEOLIA WIND POWER PVT (INDIA)	12.34%	12.34%	Equity method	India	Development Construction Sale
THEOLIA CEE GmbH	100.00%	100.00%	Global integration	Austria	Development Construction Sale

4.1.7 Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2011 on:

- the audit of the accompanying consolidated financial statements of THEOLIA;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of directors. Our role is to express an opinion on these consolidated financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2011 and of the results of its operations for the year then ended in accordance with IFRSs as adopted in the European Union.

II. Justification of our assessments

The accounting estimates used in the preparation of the financial statements were made in an uncertain environment, linked to the crisis of government funds of some countries of the Eurozone. This crisis is accompanied by an economic and liquidity crisis which makes difficult the apprehension of economic prospects. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L.823-9 of the French Commercial Code (« Code de commerce »):

- As indicated in Note 2.5 "Intangible assets" of the Notes to the consolidated financial statements, the Group recognizes as intangible assets the development costs of the various wind power station projects meeting the requirements of IFRSs as adopted in the European Union. We have examined the activity and profitability forecasts on which the appropriateness of this recognition method is based, the method used for determining their amortization and recoverable amount, and have verified that Note 2.5 discloses appropriate information.
- At each year-end, the Group systematically tests its goodwill and assets with an indefinite life for impairment and also determines whether there is an indication of long-lived asset impairment loss, under the methods described in Note 2.8 "Impairment" of the Notes to the consolidated financial statements. We have examined the methods implemented in this impairment test, and the cash flow forecasts and assumptions used, and have verified that Note 2.8 discloses appropriate information.
- At each year-end, the group systematically reviews the receivables recoverable amount and determines whether there is a risk of non recoverability, as described in Note 2.11 "Trade and other receivables". On the basis of the information made available to us, our work consisted in assessing the data and assumptions on which the recoverability is based and we have verified that Note 2.11 to the consolidated financial statements discloses appropriate information.

These assessments were made as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our unqualified opinion in the first part of this report.

4. FINANCIAL STATEMENTS

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group management report. We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Paris and Marseilles, April 2, 2012

The Statutory auditors

Cabinet Didier Kling & Associés

Deloitte & Associés

Didier KLING

Christophe BONTE

Christophe PERRAU

4.2 PARENT COMPANY FINANCIAL STATEMENTS AND NOTES

4.2.1 Balance sheet

ASSETS

French GAAP (in thousands of euros)	Notes	Gross	Depreciation, amortization and provisions	Net as of 12/31/2011	Net as of 12/31/2010
FIXED ASSETS					
Intangible assets	3.1				
Concessions, patents, licenses, trademarks, processes, software, rights and equivalents		667	(164)	503	25
Trademarks		-	-	-	500
Other intangible assets		3 849	(3 832)	17	-
Tangible assets	3.2				
Buildings		513	(201)	313	370
Other property, plant and equipment		603	(484)	119	188
Financial assets	3.3				
Equity interests		334 699	(213 368)	121 330	158 469
Receivables from equity interests		229 330	(53 191)	176 139	165 223
Shareholder loans		16 277	(777)	15 500	17 955
Other financial assets		4 239	(4 004)	235	307
TOTAL (I)		590 177	(276 021)	314 156	343 036
CURRENT ASSETS					
Receivables					
Trade and other receivables	3.4	21 957	(28)	21 929	20 324
Other receivables	3.5	6 737	(300)	6 437	7 335
Marketable securities	3.7				
Cash instruments		35 762	-	35 762	54 537
Cash and cash equivalents	3.7				
In bank		336		336	496
At hand		-		-	1
TOTAL (II)		64 791	(328)	64 463	82 692
ADJUSTMENT ACCOUNTS					
Prepaid expenses (III)	3.8	426		426	208
Currency translation adjustment - asset (IV)		-		-	6
GRAND TOTAL (I + II + III + IV)		655 395	(276 349)	379 046	425 943

4. FINANCIAL STATEMENTS

French GAAP (in thousands of euros)	Notes	Net as of 12/31/2011	Net as of 12/31/2010
SHAREHOLDERS' EQUITY			
Share capital	3.9	127 591	110 293
Additional paid-in capital		342 406	321 701
Retained earnings		(219 303)	(129 475)
Profit/(loss) for the period		(45 665)	(89 829)
SUBTOTAL: net position		205 029	212 691
Regulated provisions		2 011	1 508
TOTAL (I)		207 040	214 199
PROVISIONS			
Provisions for contingencies (lawsuits)	3.11	163	562
Provisions for risks		2 044	2 051
TOTAL (II)		2 208	2 613
LIABILITIES			
Financial debts			
Convertible bond	3.12	164 938	203 197
Miscellaneous borrowings and financial debt		381	1 303
Operating liabilities			
Trade payables	3.13	2 447	2 660
Tax and social liabilities		1 010	1 915
Miscellaneous other liabilities		1 006	43
ADJUSTMENT ACCOUNTS			
Deferred income		-	-
TOTAL (III)		169 783	209 119
Currency translation adjustment - liability (IV)		15	12
GRAND TOTAL (I + II + III + IV)		379 046	425 943

4.2.2 Income statement

French GAAP (in thousands of euros)	Notes	2011	2010	Change
OPERATING INCOME				
Sales of goods		-	19 380	(19 380)
Production sold	4.1	5 431	5 539	(108)
Net revenue		5 431	24 919	(19 488)
Change in finished goods and in-progress inventories		-	(20 110)	20 110
Reversal of provisions (and amortization) and expense transfers	4.2	315	9 456	(9 141)
Other income	4.3	329	963	(634)
Total (I)		6 075	15 227	(9 152)
OPERATING EXPENSES				
Purchases and changes in inventories	4.4	44	64	(20)
External expenses	4.4	3 258	13 891	(10 633)
Taxes and other similar contributions (excl. corporate tax)		199	209	(11)
Salaries and wages	4.5	2 186	4 030	(1 844)
Payroll taxes and other personnel expenses	4.6	1 052	1 292	(240)
Amortization and provisions:				
For fixed assets : amortization		175	3 999	(3 824)
For fixed assets : provisions		-	-	-
For inventory and current assets : provisions		-	28	(28)
For risks : provisions		163	2 051	(1 888)
Other expenses		275	452	(177)
Total (II)		7 353	26 017	(18 664)
OPERATING INCOME (I - II)		(1 278)	(10 789)	9 511
Financial income (III)	4.8	32 722	32 981	(259)
Financial expenses (IV)	4.8	76 469	112 462	(35 993)
FINANCIAL INCOME (III - IV)		(43 747)	(79 481)	35 734
CURRENT INCOME BEFORE TAX (I - II + III - IV)		(45 025)	(90 270)	45 245
Extraordinary income (V)	4.9	367	1 295	(928)
Extraordinary expenses (VI)	4.9	760	556	204
EXTRAORDINARY INCOME (V - VI)		(392)	738	(1 130)
CORPORATE TAX (VII)		(247)	(297)	50
TOTAL INCOME (I + III + V)		39 164	49 504	(10 340)
TOTAL EXPENSES (II + IV + VI + VII)		84 581	139 035	(54 454)
PROFIT / (LOSS)		(45 665)	(89 828)	44 163

4. FINANCIAL STATEMENTS

4.2.3 Cash flow statement

French GAAP (in thousands of euros)	31/12/2011	31/12/2010
Net income	(45 665)	(89 829)
Elimination of amortization, depreciation and provisions	39 501	84 414
Elimination of change in taxes	247	297
Elimination of capital gains / losses from disposals	37	(24)
Other income & expenses (including dividends received)	5 101	2 645
Founds from operations (A)	(778)	(2 496)
Corporate tax paid	-	-
Effect of change in WCR related to operations	(1 302)	13 862
Cash from operational activities (a) = (A+B)	(2 080)	11 366
Acquisition of fixed assets	(74)	(29 018)
Disposals of fixed assets	-	29
Dividends received	1 235	1 262
Change in loans	(12 397)	10 812
Cash from investment activities (b)	(11 237)	(16 915)
Capital increase	-	56 283
Increase in loans	(10)	120
Repayments of loans	(1 016)	(21 012)
Interests paid	(4 593)	(4 961)
Cash from financing activities (c)	(5 619)	30 431
Effect of change in exchange rates		
Change in cash and cash equivalents (d) = (a) + (b) + (c)	(18 935)	24 883
Net cash and cash equivalents at opening	55 034	30 151
Net cash and cash equivalents at closing	36 098	55 034
Change in cash and cash equivalents	(18 935)	24 883

4.2.4 Changes in shareholders' equity

French GAAP (in thousands of euros)	Capital	Premiums	Profit/loss	Retained earnings	Provisions	Total shareholders' equity
AS OF 12/31/2009	39 895	314 823	36 668	(166 143)	1 006	226 249
Capital increase:	70 398	6 878				77 276
<i>free shares</i>	414	(414)				-
<i>Conversion of OCEANes</i>	9 521	11 451				20 972
<i>Share subscription and related expenses</i>	60 463	(4 179)				56 284
<i>Merger</i>		21				21
Convertible bond						-
Excess tax depreciation over normal depreciation					502	502
Appropriation of earnings			(36 668)	36 668		-
Profit / loss for the period			(89 829)			(89 829)
AS OF 12/31/2010	110 293	321 701	(89 829)	(129 475)	1 508	214 199
Capital increase:	17 298	20 704				38 003
<i>free shares</i>	44	(44)				-
<i>Conversion of OCEANes</i>	17 254	20 749				38 003
Excess tax depreciation over normal depreciation					503	503
Appropriation of earnings			89 829	(89 829)		-
Profit / loss for the period			(45 665)			(45 665)
AS OF 12/31/2011	127 591	342 405	(45 665)	(219 304)	2 011	207 040

4.2.5 Notes to the parent company financial statements

Notes to the balance sheet before distribution as of December 31, 2011, the total of which is €379,046,000, and to the income statement for the year, presented in list form and showing a loss of (€45,665,000).

The fiscal year just ended had a 12-months' duration, starting January 1, 2011 and ending December 31, 2011. The notes below are an integral part of the annual financial statements.

These financial statements were approved March 28, 2012 by the Company's Board of directors.

NOTE 1 ACCOUNTING RULES AND METHODS

The annual financial statements were prepared in accordance with French accounting principles (CRC Rule 99-03). General accounting conventions were applied with regard to the principle of prudence, in accordance with the following basic principles:

- consistency of accounting methods from one fiscal year to the next;
- independence of fiscal years;
- historical cost; and
- continuous operations.

The accounting principles used were the following:

1.1 Intangible fixed assets

Intangible fixed assets are valued at acquisition cost (purchase price and accessory charges). Software is depreciated over 12 months.

Trademarks are not subject to depreciation.

The Company engages in no research and development activity.

1.2 Tangible assets

Tangible assets are valued at acquisition cost (purchase price and accessory charges) or production cost. Depreciation is calculated using the straight-line method as a function of expected use life:

- | | |
|-------------------------------------|---------------|
| • building furnishings and fixtures | 10 years |
| • general facilities | 5 years |
| • office and computer hardware | 3 and 4 years |

1.3 Financial assets

Gross value consists of the purchase price plus acquisition expenses. These expenses are subject to exceptional depreciation over five years.

The current value of equities is determined as follows:

- listed securities: net asset value based on stock price as of December 31;
- non-listed securities: the value is determined according to various approaches, specifically discounted cash flow (DCF).

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If current value is less than net book value, depreciation is applied for the amount of the difference.

Equities, treasury shares and investment securities are valued according to the “first in, first out” (FIFO) method.

1.4 Receivables

Receivables are recognized at par value. Depreciation is applied if recoverable value is less than net book value.

1.5 Investment securities

Investment securities, recognized at cost of purchase, are valued at year-end at probable trading value (stock price). If year-end book value is greater than market value, depreciation is recognized.

1.6 Stock warrants

Stock warrants are recognized upon subscription, at subscription price.

1.7 Regulated provisions

Acquisition expenses of equities included in the sale price of these equities are depreciated for tax purposes over five years, starting from the date of acquisition.

Exceptional depreciation is posted each year in the amount of 1/5 of total expenses. This method is applied to all off-book withdrawals.

The regulated provision will only be reversed upon disposal of the shares.

1.8 Recognition of revenue

Total revenue earned by the Company corresponds largely to the provision of services related to promotions by the Group for which it is the parent company.

NOTE 2 KEY HIGHLIGHTS OF THE YEAR

Continuing bond conversions

During fiscal year 2011 THEOLIA received several requests for bond conversions (with each converted bond yielding the right to 8.64 shares).

1,996,986 OCEANEs were also converted in 2011, resulting in the creation of 17,253,958 new shares.

Change in financial holdings

Creation of the investment vehicle THEOLIA Utilities Investment Company

To accelerate its development, in August 2011 THEOLIA created an investment vehicle called THEOLIA Utilities Investment Company (TUIC). Two major European utilities, IWB Industrielle Werke Basel ("IWB") in Switzerland and Badenova in Germany, entered into partnership with THEOLIA in this vehicle to jointly develop and operate onshore wind farms in France, Germany and Italy.

The THEOLIA GROUP acts as the operating shareholder in this partnership: it sells wind projects, which it had previously developed, to THEOLIA Utilities Investment Company, then constructs and operates these wind farms on behalf of the vehicle.

THEOLIA owns a 40% interest in THEOLIA Utilities Investment Company; IWB et Badenova hold 30 % each.

The vehicle's goal is to achieve total wind capacity of 150 to 200 MW. With a final target of €100 million in shareholders' equity invested, and recourse to project financing, this vehicle will be able to invest over €300 million.

Universal transfer of assets

On August 18, 2011, the subsidiary THEOLIA Participations was dissolved via universal transfer of assets under the common law tax regime. Its assets, specifically including the THEOLIA Iberica shares, as well as receivables held against that same subsidiary, were transferred to THEOLIA.

Dissolution

The "Fruges la Palette" wind project was abandoned in 2011. The CEFV special purpose vehicle was dissolved at year-end.

4. FINANCIAL STATEMENTS

NOTE 3 ANALYSIS OF PRINCIPAL BALANCE SHEET ITEMS

3.1 Intangible assets

	Values at start of the period 01/01/2011	Increases	Decreases	Values at end of the period 12/31/2011
French GAAP (in thousands of euros)				
GROSS INTANGIBLE ASSETS				
Software	227	505	65	667
Assets - Business assets	500	-	(500)	-
Other intangible assets	3 832	-	-	3 832
Advances related to intangible assets	-	17	-	17
Total gross values	4 559	522	(435)	4 516
DEPRECIATION AND AMORTIZATION - IMPAIRMENT OF INTANGIBLE ASSETS				
Software	202	27	65	164
Assets - Business assets	-	-	-	-
Other intangible assets	3 832	-	-	3 832
Total amortization	4 034	27	65	3 995
NET INTANGIBLE ASSETS				
Software	25	479	-	503
Assets - Business assets	500	-	(500)	-
Other intangible assets	-	-	-	-
Advances related to intangible assets	-	17	-	17
Total net values	525	496	(500)	520

3.2 Tangible assets

	Values at start of the period			Values at end of the period
French GAAP (in thousands of euros)	01/01/2011	Increases	Decreases	12/31/2011
GROSS TANGIBLE ASSETS				
Buildings	513	-	-	513
Other property, plant and equipment	606	22	24	603
Total gross values	1 119	22	24	1 117
DEPRECIATION AND AMORTIZATION / IMPAIRMENT TANGIBLE ASSETS				
Buildings	144	57	-	201
Other property, plant and equipment	417	91	24	484
Total amortization	561	148	24	685
NET TANGIBLE ASSETS				
Buildings	370	-	57	313
Other property, plant and equipment	188	-	69	119
Total net values	558	-	126	432

3.3 Financial assets

French GAAP (in thousands of euros)	Values at start of the period 01/01/2011	Increases	Reversals	Values at end of the period 12/31/2011
GROSS FINANCIAL ASSETS				
Equity interests	334 742	47	90	334 699
Receivables related to affiliates equity	210 721	49 400	30 793	229 330
Loans	17 955	3 926	5 604	16 277
Treasury shares	233	1 005	1 082	156
Other financial assets	83	4 001	1	4 083
Total gross values	563 735	58 378	37 570	584 545

French GAAP (in thousands of euros)	Values at start of the period 01/01/2011	Increases	Reversals	Values at end of the period 12/31/2011
DEPRECIATION AND AMORTIZATION / IMPAIRMENT OF FINANCIAL ASSETS				
Equity interests	176 273	42 471	5 375	213 368
Receivables related to affiliates equity	45 499	22 809	15 116	53 191
Loans	-	777	-	777
Treasury shares	10	4	10	4
Other financial assets	-	4 000	-	4 000
Total amortization	221 781	70 061	20 501	271 341

French GAAP (in thousands of euros)	Values at start of the period 01/01/2011	Increases	Reversals	Net impairment	Values at end of the period 12/31/2011
NET FINANCIAL ASSETS					
Equity interests	158 469	47	90	37 095	121 330
Receivables related to affiliates equity	165 223	49 400	30 793	7 692	176 137
Loans	17 955	3 926	5 604	777	15 500
Treasury shares	224	1 005	1 082	(5)	152
Other financial assets	83	4 001	1	4 000	83
Total net values	341 953	58 378	37 570	49 560	313 202

Acquisition of equities

The increase in the "Equities" item by a total of €47,000 was due to the following:

- creation of THEOLIA Utilities Investment Company (TUIC) €31,000
- creation of THEOLIA Management Company (TMC) €13,000
- reversal of THEOLIA Iberica shares by universal transfer of assets from THEOLIA Participations €3,000

4. FINANCIAL STATEMENTS

Disposal of equities

At end-2011, THEOLIA assigned 13,284 shares from the “TUIC” investment vehicle, with par value of one euro each, to Badenova, the third partner to join TUIC. This transaction afforded the Germany company an equity interest of 30%.

During the year, the Company took over its subsidiary THEOLIA Participations through the universal transfer of assets. Its shares were canceled. They were recognized for a total of €40,000 and depreciated in their entirety.

The abandonment of the “Fruges la Palette” wind project resulted in dissolution of its CEFPI special purpose vehicle at end-2011. The gross value of the dissolved shares was €37,000, completely depreciated since 2010.

All these transactions resulted in a decrease in the “Equities” item totaling €90,000.

Depreciation of equities

Each year the Company performs value tests specifically in order to ensure that non-depreciable assets are correctly valued.

In Italy, given the uncertainty related to the current review of the electricity purchase tariff, the value tests carried out resulted in the depreciation of equities totaling €28,231,000.

Increases and decreases in receivables from stakes in other companies

To simplify the Group's financial flows, during the year THEOLIA undertook a consolidation of receivables by posting them directly to the company holding the equity interests.

The Company thus undertook the disposal of the majority of the receivables it held on French subsidiaries whose shares were held by its subsidiary THEOLIA France. The value of the disposals in 2011 was €11,325,000.

The other changes in receivables corresponded primarily to the various cash flows between THEOLIA and its subsidiaries as part of the Group treasury agreement. The movements were primarily broken down as follows:

• increase in receivables from subsidiaries in France	€23,203,000
• increase in receivables from subsidiaries in Italy	€10,487,000
• increase in receivables from subsidiaries in Germany	€1,852,000
• increase in receivables from other subsidiaries	€2,331,000
• decrease in receivables from subsidiaries in France	(€14,589,000)
• decrease in receivables from subsidiaries in Italy	(€4,000,000)

Shareholder loans

Shareholder loans declined during the year by €1,696,000. The contribution from THEOLIA to TUIC, totaling €2,001,000, was offset by disposals of receivables from French subsidiaries totaling €5,390,000.

Breakdown of receivables from financial assets, by maturity

12/31/2011 (in thousands of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total
Receivables related to equity affiliates	-	-	182 844	182 844
Shareholder loans	-	288	15 194	15 482
Other financial assets	170	-	83	253
Total receivables from financial assets	170	288	198 121	198 578

12/31/2010 (in thousands of euros)	Less than 1 year	1 to 5 years	More than 5 years	Total
Receivables related to equity affiliates	-	-	165 223	165 223
Shareholder loans	-	-	17 955	17 955
Other financial assets	224	83	-	307
Total receivables from financial assets	224	83	183 177	183 484

The breakdown of depreciation in equity interests at the close is provided in Note 9.

Breakdown of net receivables from stakes in other companies (advances granted to direct or indirect subsidiaries)

	Net values at year and 12/31/2011
French GAAP (in thousands of euros)	
French subsidiaries	89 125
German subsidiaries	38 880
Italian subsidiaries	42 285
Other subsidiaries	5 848
TOTAL	176 139

Treasury shares

Shares held by the Company as part of a liquidity agreement entered into with investment service provider Oddo are considered capitalized securities and recognized at acquisition cost, then valued at each close as a function of stock price. Depreciation is recognized if trading value is less than book value.

Oddo engaged in purchase and sale activities during the year.

At year-end, the Company held 184,138 treasury shares as of operating date December 31, 2011, including 176,638 of its own shares as of unwinding date December 31, 2011 (book date).

The amount shown on the balance sheet totaled €152,000, i.e., an average price per share of €0.89 for a stock price as of December 30, 2011 of €0.86. At the close, depreciation of €4,500 was posted by the Company.

4. FINANCIAL STATEMENTS

3.4 Trade notes and accounts receivable

French GAAP (in thousands of euros)	Gross value 12/31/2011	Depreciation 12/31/2011	Net value 12/31/2011	Net value 12/31/2010	Including value of associates as of 12/31/2011	Including value of associates as of 12/31/2010
Non-group trade receivables	35	(28)	6	8	-	-
Total non-group receivables	35	-	6	8	-	-
Group trade receivables	21 922	-	21 922	20 316	20 715	20 316
Total Group receivables	21 922	-	21 922	20 316	20 715	20 316
TOTAL Trade and other receivables	21 957	(28)	21 929	20 324	20 715	20 316

3.5 Other receivables

French GAAP (in thousands of euros)	Gros value 12/31/2011	Depreciation 12/31/2011	Net value 12/31/2011	Net value 12/31/2010	Including value of associates as of 12/31/2011	Including value of associates as of 12/31/2010
Suppliers receiv., other operat. receiv.	-	-	-	-	-	-
Supplier advances and installments and receivables from	4 865	-	4 865	4 838	810	808
Receivables on asset disposals	-	-	-	-	-	-
Receivables / sale of investments (prov)	-	-	-	-	-	-
Tax receivables (excluding corporate tax)	1 009	-	1 009	862	-	-
Corporate tax receivables	377	-	377	328	-	-
Social security receivables	16	-	16	5	-	-
Current accounts	1	-	1	1 133	1	1 133
Interests receivable	-	-	-	-	-	-
Receivables / dividends	-	-	-	-	-	-
Other receivables	469	300	169	169	-	-
Prepaid expenses	426	-	426	208	-	-
Currency translation adjustment, asset	-	-	-	6	-	-
TOTAL	7 163	300	6 863	7 549	812	1 941

No depreciation was posted during the year.

3.6 Receivables by maturity

French GAAP (in thousand euros)

12/31/2011	Less than 1 year	1 to 5 years	Total
RECEIVABLES FROM CURRENT ASSETS (NET)			
Trad and other receivables	1 087	20 842	21 929
Supplier advances and installments and receivables from	26	4 839	4 865
Tax receivables (excluding corporate tax)	1 009	-	1 009
Corporate tax receivables	377	-	377
Soc. Security receivables	16	-	16
Current accounts	1	-	1
Other receivables	-	169	169
Prepaid expenses	426	-	426
TOTAL	2 943	25 849	28 792

The maturity schedule of receivables from current assets above includes net values at the close.

Receivables recognized under assets on the Company balance sheet after one year may be broken down as follows:

- Receivable related to the agreement for the sale of turbines to the Italian subsidiary Neanemos with ownership transfer clause. THEOLIA will remain the owner of the assets until payment of the entire sale price;
- The advance paid to turbine manufacturer Siemens totaling €4,000,000, intended for a wind project currently under development by the THEOLIA Group.

3.7 Cash and cash equivalents

French GAAP (in thousands of euros)	12/31/2011	12/31/2010
Marketable securities (net)	35 762	54 537
Cash and cash equivalents	337	496
TOTAL	36 098	55 034

At year-end, the value of investment securities totaled €35,762,000. This item corresponds to money-market mutual fund [SICAV] investments.

As of December 31, 2011, their unrecognized capital gain totaled €22,000, corresponding to a portfolio value of investment securities of €35,784,000.

The "Cash" item includes the cash float at year-end 2011.

3.8 Adjustment accounts

Pre-paid expenses posted at the close correspond largely to costs incurred in the amount of €353,000, linked to a project not completed in 2011.

These costs will affect the Company's results after completion of the project.

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3.9 Share capital

	Numbers of share at 01/01/2011	Share issued (cash)	Creation of shares by means of OCEANE conversion	Free shares created after the end of the allotment period	Numbers of share 12/31/2011
Number of shares	110 292 782	-	17 253 958	44 407	127 591 147
Number of securities	110 292 782	-	17 253 958	44 407	127 591 147
Share capital	110 292 782	-	17 253 958	44 407	127 591 147

Including 176,638 treasury shares at 12/31/2011

In 2011 THEOLIA received several requests for bond conversions (each bond giving the right to 8.64 shares). In total, 1,996,986 OCEANEs were converted, resulting in a capital increase of €17,254,000.

Bonus stock allocated in the first half of 2009 was created in 2011, increasing share capital by a total of €44,000.

At the fiscal year close, the Company's share capital thus totaled €127,591,000.

3.10 Stock warrants (SW)

Summary of changes in stock warrants

	Total BSA
Balance as of December 31, 2010	3 562 106
Awarded during the year	-
Cancelled during the year	1 500 000
Exercised during the year	-
Balance as of December 31, 2011	2 062 106

The beneficiaries of SWs that were issued were primarily:

- a company controlled by Company Director George Hersbach;
- a shareholder company of THENERGO controlled by Deny Ringoot, who also works for THENERGO;
- a former Company shareholder
- former Company shareholders.

No warrants were exercised in 2011.

3.11 Provisions

French GAAP (in thousands of euros)	Provisions for risks	Provisions for litigation	Total
Values at opening as of 01/01/2011	2 051	562	2 613
Increases	-	163	163
Reversals	6	562	568
Values at closing as of 12/31/2011	2 044	163	2 208

The main provision for risk was established as part of THEOLIA's support for its subsidiaries.

In fiscal year 2011, a judgment was handed down as part of the litigation between the Company and the previous manager of the company Windream One. THEOLIA had to pay a sum less than the provision previously established. The provision was therefore not completely depleted. As of December 31, 2011, the provision totaling €354,000 was completely reversed.

Judgments for two legal cases involving corporate law were handed down. The corresponding provisions, totaling €208,000, were depleted in the amount of €200,000. At December 31, 2011, these provisions were completely reversed.

Provisions for litigation recognized in 2011 corresponded to new litigation occurring during the year.

3.12 Borrowings and financial debt

French GAAP (in thousands of euros)	Convertible bond	Interests payable on convertible
Values at opening as of 01/01/2011	198 605	4 593
Increase		4 336
Repayment		4 593
Conversion of OCEANEs	38 003	
Values at closing as of 12/31/2011	160 602	4 336

At the close of the year, borrowings and financial debt consisted solely of OCEANEs issued in October 2007.

Conversions occurring in 2011 totaled €38,003,000, bringing the balance of the bonds at the close to €160,602,000.

Interest incurred in 2011, recognized for a total of €4,336,000, was paid at the start of January 2012.

At the close, the primary characteristics of the bond after changing the terms of the OCEANE issuance agreement in 2010 were the following:

• type of financial instrument	OCEANEs
• number of bonds	8,439,406
• initial par value	€240,000,000
• loan maturity	January 1, 2041
• annual interest up to December 31, 2014	2.70%
• annual interest after January 1, 2015	0.10%
• conversion ratio up to the 7th business day prior to December 31, 2013	8.64 shares per OCEANE
• conversion ratio up to the 7th business day prior to December 31, 2014	6.91 shares per OCEANE
• purchase price for OCEANEs as of January 1, 2015	€15.29 per OCEANE
• purchase price for OCEANEs as of January 1, 2041	€20.77 per OCEANE

4. FINANCIAL STATEMENTS

Breakdown by maturity

French GAAP (in thousands of euros)	Less than 1 year	1 to 5 years	Total
Convertible bond	-	160 602	160 602
Interests receivable on convertible bonds	4 336	-	4 336
Total	4 336	160 602	164 938

3.13 Other debts

French GAAP (in thousands of euros)	12/31/2011	12/31/2010
Suppliers	2 447	2 660
Other	1 006	43
TOTAL	3 453	2 703

French GAAP (in thousands of euros)	12/31/2010	12/31/2010
Social security liabilities	674	1 745
Tax liabilities	337	170
TOTAL	1 010	1 915

The “Other” item corresponds to creditor clients as well as to director attendance fees for the fourth quarter of 2011, paid at the start of 2012.

Breakdown by maturity

French GAAP (in thousands of euros)	Less than 1 year	Total
12/31/2011		
Trade and related payables	2 447	2 447
Social security and tax liabilities		
<i>Personnel</i>	354	354
<i>Social security bodies</i>	319	319
<i>Govt. sales tax</i>	92	92
<i>Other tax and social security liabilities</i>	245	245
Other liabilities	1 006	1 006
TOTAL	4 463	4 463

3.14 Tax consolidation

THEOLIA has opted for tax consolidation since July 1, 2004. Thus, it alone is liable for the corporate tax for all the member companies of the tax group.

The tax consolidation agreement provides that the group's head company recognizes as income amounts paid by subsidiaries as their tax, as if they were liable separately.

At the close of the year, the scope of the tax consolidation consisted of the following companies:

- THEOLIA France
- Therbio
- Ecoval 30
- Ecoval Technology
- Seres Environnement
- Royal Wind
- Centrale Eolienne de Fonds de Fresnes
- Centrale Eolienne de Séglien Ar Tri Milin
- Centrale Eolienne des Sablons
- Centrale Eolienne des Costières

The Group's tax shortfall to be carried forward totaled €103,190,000

NOTE 4 ANALYSIS OF PRINCIPAL INCOME STATEMENT ITEMS

4.1 Total revenue

Net revenue earned in fiscal year 2011 totaled €5,431,000, versus €24,919,000 for the previous fiscal year. This corresponds solely to the Group's expenses billed to subsidiaries.

In 2010, the Company's total revenue included the sale of a stock of turbines to the Italian subsidiary Neoanemos, totaling €19,380,000.

4.2 Reversal of the operating provision and transfer of charges

Transfers of charges totaling €100,000 are broken down as follows:

- | | |
|----------------------------|---------|
| • Subsidy | €17,000 |
| • Severance | €46,000 |
| • Other personnel expenses | €37,000 |

Reversals on operating provisions totaling €214,000 primarily relate to litigation involving corporate law (see Note 4.10).

4.3 Other revenue

Other revenue corresponds to re-invoicing to Group subsidiaries for work paid for on their behalf, totaling €329,000.

4. FINANCIAL STATEMENTS

4.4 External purchases and expenses

In 2011, the Company's recurring operating expenses declined significantly, in line with its cost-reduction policy.

In 2010 the Group incurred external legal advising expenses relating to the exceptional context of its financial restructuring, explaining the sharp decline in that item during that year.

4.5 Salaries and benefits

Compensation paid to the Company's directors during the fiscal year totaled €639,000, broken down as follows:

	12/31/2011	12/31/2010
Gross salaries (inc. bonuses)	450	920
Severance / negotiated termination		322
Benefits in kind	3	26
Directors' fees	186	391
	639	1 659

In 2011, this item declined significantly compared to 2010, due to the extraordinary nature of the previous year's compensation.

Compensation to THEOLIA SA personnel (excluding corporate directors) did not change significantly.

4.6 Corporate expenses

Corporate expenses (excluding personnel expenses) totaled €943,000 in 2011.

No significant change was noted versus the previous year.

4.7 Information on personnel

The Company's workforce at the close was 22 persons, compared to 23 at December 31, 2010.

- retirement commitments; due to the non-significant nature of this type of commitment, the Company did not recognize a provision for retirement severance payments. The value of these commitments totaled €36,000;
- individual right to training: all personnel have an individual right to 1,105 hours of training for a total of €17,700 (valued at 50% of the hourly personnel cost, excluding corporate expenses).

4.8 Financial expenses and revenue

Financial income for fiscal year 2011 was a loss of (€43,747,000), compared to a loss of (€79,481,000) in the previous year. In 2010, significant depreciation related to loss of value of securities and receivables from stakes in other companies was recognized.

Financial income for fiscal year 2011 may be broken down as follows:

French GAAP (in thousands of euros)	2011	2010
Financial income		
Dividends	1 235	1 262
Interests paying advances to subsidiaries	10 281	9 516
Recovery of financial assets	20 465	22 746
Other financial revenues	741	(542)
Financial expenses		
Intérêts bound to the debenture loan	4 336	4 824
Amortization of financial assets	59 693	104 576
Merger loss	12 257	248
Yielding up of financial assets	87	2 714
Other financial expenses	96	99
Financial income	(43 747)	(79 481)

* this post also includes the remuneration for the granted loans

Depreciation of financial assets recognized in 2011 was largely broken down as follows:

- depreciation of Maestrale Green Energy shares (€28,231,000)
- depreciation of THEOLIA France shares (€14,240,000)
- depreciation of receivables from stakes in other companies (€13,218,000)
- depreciation of receivables following the recapitalization of Maestrale Green Energy (€4,000,000)

4.9 Extraordinary expenses and revenue

Extraordinary revenue for the year was a negative €392,000, compared to a positive €738,000 in 2010.

2011 extraordinary revenue totaled €367,000, corresponding largely to the reversal of a provision for litigation between THEOLIA and the former manager of Windream One.

Extraordinary expenses of €760,000 were largely broken down as follows:

- exceptional depreciation of expenses relating to the acquisition of stock totaling €503,000.
- recognition of expenses resulting from the tax audit of the Company, totaling €117,000.

4.10 Corporate income tax

Expense/ Revenue

The breakdown of this item may be analyzed as follows:

- tax charge (withheld at source on operations in Morocco) (€269,000)
- family tax credit €22,000

NOTE 5 TRANSACTIONS BETWEEN THE COMPANY, ITS DIRECTORS AND ITS MANAGEMENT

Transactions between the Company and its directors

In 2011 no agreement was signed between the Company and its directors.

The agreement for advising services from THEOLIA Director Georges Hersbach expired during the past fiscal year.

4. FINANCIAL STATEMENTS

NOTE 6 RELATED COMPANIES

Sociétés	Equity interests	Receivables from equity interests	Shareholder loans	Trade and other receivables	Trade payables	Management fees - income	Other financial revenues	Other income	Management fees - expenses	Other financial expenses
Ecovial Technology	40	3 719		10		8	143	10		
Seres Environment	3 507	5 954		318		265	185	46		10
Therbo	14 634	6 042		11		9	266			
Ecovial 30		5 906		354		296	208	6		
THEOLIA France	14 240	89 209		(140)	22	1 422	3 230	3	5	
Royal Wind							30			
Centrale Eolienne de Fruges la Palette							3			87
Centrale Eolienne de Séglien Ar Tri Millin							141			
Centrale Eolienne des Plos			1 707				81			
Centrale Eolienne du Moulin de Froiture			4 712				224			
Centrale Eolienne des Sablons		37	3 602				173			
Centrale Eolienne de Fours de Fresnes							76			
Centrale Eolienne de Salen			3 172				151			
Centrale Eolienne des Costères							20			
Centrale Eolienne de Croix des Boudet							15			
Centrale Eolienne du Magremont							7			
Centrale Eolienne d'Acqueduc							1			
Centrale Eolienne de Candadès							1			
Centrale Eolienne de Courme							3			
Centrale Eolienne de La Forêt de Boulebach							0			
Centrale Eolienne de Danville							2			
Centrale Eolienne de Demange							2			
Centrale Eolienne de Moltenberg							5			
Centrale Eolienne de Sorbière							1			
Centrale Eolienne des Soulets							3			
Centrale Eolienne du Bois des Planies							0			
Centrale Eolienne de Brehain Tirolat							1			
Centrale Eolienne de Chermi Perre							1			
Centrale Eolienne de La Haute Borne							1			
Centrale Eolienne les Hauts Vaudois							1			
Centrale Eolienne Bessès							1			
Centrale Eolienne du Plateau							17			
THEOLIA Iberica	3	20 533	777				998			
Parques Eólicos de la Sierra		3								
THEOLIA Holding GmbH	195 397	38 880		(408)		1 113	1 851	9		
Les 4E							11			
THEOLIA Wind Power (India)	1 118	2 000								
THEOLIA Brazil	4 000	3 368					147			
Theovatt		873					33			
THEOLIA Greece	57	506								
THEOLIA CEE GmbH	1 000	281					13			
THEOLIA Emerging Markets	1 998	1 494		(120)	448	214	53			
La compagnie Eolienne du Detroit	45 385	444		625		694	1 306			
Maestrale Green Energy	28 231	35 739		(308)		1 319	1 432			
Maestrale Guruchello		13 252		20 373			631			
NeoAnemos				1				116		
Ecolutions	25 057									
Tempo										14
THEOLIA Management Company	13					91				
THEOLIA Utilities Investment Company	18		2 001				1	140		
Windreamone	0	713					27			
TOTAL	334 699	228 953	15 971	20 715	470	5 431	11 498	329	5	111

NOTE 7 OFF-BALANCE SHEET COMMITMENTS

As part of its activities involving the development/ construction of wind farms, the Group generally establishes a subsidiary in each country in which it is active. When the Group develops a wind project in a country, the corresponding subsidiary establishes a special purpose vehicle to hold assets and liabilities specific to the project. This subsidiary is the debtor for project financing purposes. These support structures may be direct subsidiaries of the Company in certain jurisdictions, or indirect through intermediary holding companies.

The Group may not consolidate the assets and liabilities, or the revenue and expenses, of these subsidiaries in its consolidated financial statements if it finds an absence of control in the sense of the IFRS standards.

However, as Group holding company, the Company may be required, by its lenders, suppliers and clients, to contribute loans, cash or other types of support to its direct and indirect subsidiaries in the form of guarantees and other commitments. If a subsidiary is not consolidated in the Group's consolidated IFRS financial statements, these loans, cash or other types of support covering market risk do not appear on the Group's consolidated balance sheet. Similarly, if a subsidiary is consolidated, certain forms of support do not appear on the Group's consolidated balance sheet.

These off-balance sheet commitments include:

- letters of credit to ensure its subsidiaries' working capital;
- guarantees in favor of wind-farm suppliers;
- guarantees linked to the financing of subsidiaries developing wind projects;
- comfort or support letters granted to subsidiaries; and
- other commitments (direct agreements, pledges for equipment/ materials, etc.).

Furthermore, in certain cases, non-consolidated entities may also contribute loans, cash or other types of support to the group to cover the market risk also related to off-balance sheet commitments.

Commitments assumed by the Company

The following table offers an overview of major off-balance sheet commitments assumed by the Company as of December 31, 2011.

Commitments given	Subsidiaries involved	Beneficiaries	Main features	Duration / Term	12/31/2010 Amount in millions of €	12/31/2011 Amount in millions of €
Joint and several guarantee	Ecoval 30	Société Générale	Joint and several guarantee of the loan engaged June 27, 2005 by Ecoval 30, due June 14, 2012. This loan remains in place, in principal, in the event that Ecoval 30 is transferred by Theolia to a third party.	July 14, 2012	0.5	0.2
Joint and several guarantee	Ecoval 30	Crédit Agricole	Joint and several guarantee of the loan contracted June 27, 2005 by Ecoval 30 for a 15-year term	March 27, 2020	4.4	4.0
Comfort letter	THEOLIA Deutschland	THEOLIA Deutschland	On December 30, 2010 THEOLIA granted a new comfort letter to its subsidiary Theolia Deutschland GmbH	June 30, 2012	2.5	5.5
Corporate headquarters leasing agreement	THEOLIA SA	MINA 2 (successor of La Halde de Saint Pons SAS)	Contractual commitment of January 28, 2008 to lease the premises of the corporate headquarters for a firm term of 9 years starting March 1, 2008 without possibility of early termination.	February 28, 2017	2.9	2.4

4. FINANCIAL STATEMENTS

Commitments given	Subsidiaries involved	Beneficiaries	Main features	Duration / Term	12/31/2010 Amount in millions of €	12/31/2011 Amount in millions of €
THEOLIA guarantee	Ecoval Technology	BFCC	Guarantee granted in 2005 for a maximum of €140,000. €111,086 of this guarantee is currently blocked as part of the litigation with the Cabriès purification and drinking water station.	-	0.1	0.1
THEOLIA joint and several guarantee	Vibinum Srl	Enercon GmbH	Joint and several guarantee granted by THEOLIA on August 1, 2011 to guarantee Vibinum's obligations relative to Lot 1 of 5 turbines as part of the turbine purchase agreement of June 21, 2011.	Installation of the final turbine scheduled for May 28, 2012	-	11.3
TOTAL					-	23.5

Comfort letters granted to subsidiaries:

Given the economic circumstances of certain of its subsidiaries, THEOLIA, as major shareholder, has committed to support their activity in fiscal year 2012.

NOTE 8 LIST OF SUBSIDIARIES AND HOLDINGS

Legal form	Legal name	Direct holding, %	Address	City and country	Registration number	Share capital	Reserves and retained earnings	Profit/(loss) for the period	Net revenue	Equity interests (gross)	Impairment of equity interests	Equity interests (net)	Receivables from equity interests and deposits and guarantees
GmbH & Co KGaA	Ecolutions (en KE)	35,21%	Güntherweg 18	60322 FRANKFURT AM MAIN	HRB 78650	28.400	(973)	(412)	-	25.057	15.282	9.775	-
SAS	SERES Environnement (en KE)	100,00%	360 Rue Louis de Broglie	13230 AX EN PROVENCE FRANCE	490 619 000 018	1.760	(3.232)	(2.244)	4.889	3.507	3.507	-	5.954
SAS	THEOLIA France (en KE)	100,00%	4 Rue Jules Ferry	34000 MONTPELLIER FRANCE	480 039 825 000 41	14.240	(20.632)	(14.027)	10.414	14.240	14.240	-	89.209
GmbH	THEOLIA Holding (en KE)	100,00%	Ulmstrasse 5	70771 LEINFELDEN-ECHTERINGEN AM MAIN	HRB 722378	30	(1.199)	(1.789)	2.925	195.397	112.530	82.868	38.880
SAS	Ecoral Technology (en KE)	100,00%	360 Rue Louis de Broglie	13733 AX EN PROVENCE FRANCE	479 917 593 000 28	40	(6.651)	(659)	-	40	40	-	3.719
SA	Therbio (en KE)	99,99%	360 Rue Louis de Broglie	13733 AX EN PROVENCE FRANCE	399 978 698 000 60	4.800	(12.791)	364	17	14.634	14.634	0	6.042
	THEOLIA Greece (en KE)	95,00%	Kolotroni, N° 15 - Ano Lissia	ATHENS GREECE	638110180707415	60	(607)	-	-	57	57	-	506
Srl	MAESTRALE Clean Energy (en KE)	100,00%	Conso Magenta N° 32	20123 MILAN ITALIE	04954090667	15	383	(7.952)	147	28.231	23.790	4.441	35.739
Limited	THEOLIA WIND POWER PVT INDIA (INR)	12,34%	1008-1029 Mercantile House 15 Kasturba Gandhi Marg	110001 NEW DELHI INDE	U40101DL2006PTC145792	500.000	(38.510)	-	-	1.118	-	1.118	2.000
GmbH	THEOLIA CEE (en KE)	100,00%	C/o MM-T Trust Landstrasse Hauptstrasse 143/22	1030 VIENNE AUTRICHE	FN 297793	1.000	(1.219)	(36)	-	1.000	1.000	-	281
SA	THEOLIA Emerging Markets (MAD)	99,99%	105 Boulevard d'Arde	20000 CASABLANCA MAROC	RC Casablanca 170779	21.000	(26.502)	(3.248)	2.555	1.998	1.998	(0)	1.494
SARL	Windeamone (en KE)	100,00%	6, rue Pasteur, BP 21014	29210 BREST FRANCE	493 600 548 000 17	1	(687)	(44)	0	-	-	-	713
SA	La Compagnie Eclienne Du Derot (MAD)	99,99%	Angle Boulevard Pasteur - rue Ahmed Chawki et rue du Marquis	90000 TANGER MAROC	RC Tanger 13749	181.111	124.989	7.766	73.005	45.385	20.456	24.929	444
SA	THEOLIA Brasil Energias Alternativas (REAL)	99,99%	Rua Firrel Luz Antônio Vargas, nº 250, c/ 1.002	PORTO ALEGRE RS BRASIL	NIRE 43205244306	2.687	(5.579)	(3.465)	1	4.000	1.390	2.611	3.368
SARL	THEOLIA Management Company (en KE)	100,00%	6, Rue Guillaume Schneider	L-2522 Luxembourg, Grand Duché du Luxembourg	RC B 163192	13	-	(4)	101	13	-	13	-
SARL	THEOLIA Utilities Investment Company (en KE)	40,00%	6, Rue Guillaume Schneider	L-2522 Luxembourg, Grand Duché du Luxembourg	RC B 163329	44	-	(151)	-	18	-	18	-
SARL	THEOLIA Iberica (en KE)	100,00%	Via de les Cortes Catalanes 630, 4º	08016 Barcelona, Espagne	CIF B64074657	3	(19.971)	(1.087)	-	3	3	-	20.333

The values of equity interests (gross, depreciation and net) as well as the values of loans and advances granted, are denominated in thousands of euros.

4. FINANCIAL STATEMENTS

4.2.6 Statutory auditors' report on the parent company financial statements

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2011 on:

- the audit of the accompanying financial statements of THEOLIA;
- the justification of our assessments,
- the specific procedures and disclosures required by law.

The financial statements have been approved by the Board of directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company, as of December 31, 2011, and the results of its operations for the year then ended in accordance with French accounting regulation.

II. Justification of our assessments

The accounting estimates used in the preparation of the financial statements were made in an uncertain environment, linked to the crisis of government funds of some countries of the Eurozone. This crisis is accompanied by an economic and liquidity crisis which makes difficult the apprehension of economic prospects. Such is the context in which we made our own assessments that we bring to your attention in accordance with the requirements of article L.823-9 of the French Commercial Code (« Code de commerce »):

Equity shares and investment securities, with a net amount of Euros 297 469 thousand as at December 31, 2011, are booked at acquisition cost and depreciated as described in Note 1.3 "Financial assets" to the financial statements. On the basis of the information made available to us, our work consisted in assessing datas used for the determination of recoverable amount, including profitability and objectives realization forecasts, and adequacy of assumptions with mid-term forecasts as established under management's control.

These assessments were made as part of our audit approach for the financial statements taken as a whole and contributed to the expression of our unqualified opinion in the first part of this report.

III. Specific procedures and disclosures

We have also performed, according to the professional standards applicable in France, the specific verifications required by law.

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of directors, and in the documents addressed to the Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (Code de Commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Pursuant to the law, we have verified that the report of the Board of directors contains the appropriate disclosures as to the acquisition of participating and controlling interests and as to the identity of Shareholders (percentage of voting rights).

Paris and Marseilles, April 2 2012

The Statutory auditors

Cabinet Didier Kling & Associés

Deloitte & Associés

Didier KLING

Christophe BONTE

Christophe PERRAU

5

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5.1 INFORMATION ABOUT THE COMPANY

5.1.1 Corporate name

THEOLIA.

5.1.2 Registered office

75, rue Denis Papin - BP 80199 - 13795 Aix-en-Provence Cedex 3 (France).

5.1.3 Legal form and applicable law

French *société anonyme* (limited liability company) with a Board of directors, subject to French law.

5.1.4 Trade and Companies Register

423 127 281 RCS Aix-en-Provence.

APE Code: 6420Z (business activities of holding companies).

SIRET: 423 127 281 00057.

5.1.5 Date of incorporation and term

Date of incorporation: June 7, 1999.

Term: June 6, 2098, except in cases of early dissolution or extension.

5.1.5 Fiscal year

Starting January 1 and ending December 31.

5.1.6 Corporate purpose (Article 2 of the Articles of association)

The direct or indirect purpose of the Company, in France and abroad, both for itself and for the account of third parties is:

- 1 - all transactions relating to energy in broad terms;
- 2 - the production of energy in all its forms;
- 3 - trade or any transactions of any nature relating to energy in the broadest sense of the term,
- 4 - all operations for the study, design, development, site supervision, implementation and execution, direct or indirect operation, maintenance, training the company's maintenance personnel for the above-mentioned plants or all sites of any nature, as well as any appraisal on behalf of third parties,

5. INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL

- 5 - all operations relating to the direct or indirect acquisition of shareholding, in any form whatsoever, in all French or foreign countries as well as the administration, management, the optimization of these holdings and the interventions relating thereto;
- 6 - any use of funds for creating, managing and optimizing a portfolio,
- 7 - and, more generally, all operations of any nature whatsoever, economic, legal, financial, civil or commercial, that may be related to this corporate purpose.

5.1.7 Board of directors (Articles 12 to 15 of the Articles of association & Internal rules and regulations)

- *Composition of the Board of directors*

As provided by law, the Company is administered by a Board of directors composed of three to eighteen members, unless specified otherwise by law and specifically in the event of a merger; the directors are appointed as required by law. The directors cannot be over seventy years old. A director (or directors) who has (have) reached this age limit shall be reputed to have resigned from office.

The term of office of the directors appointed or re-elected to their offices shall be set at 3 years. The term of office of each director shall always be renewable. The directors can be removed at any time by the General Meeting of Shareholders.

- *Chairman of the Board of directors - Office of the Board*

The Board shall appoint from among its members a Chairman, a natural person, who can be elected for the entire term of his office as director and who shall be eligible for reelection.

The age limit of the Chairman is 70 years of age. When the Chairman reaches the age limit, he shall be reputed to have resigned from office.

The acceptance and exercise of the duties of Chairman shall entail the commitment by the interested party to affirm that he has met the limitations provided by law with respect to the combined appointments of Chairman and director of limited liability corporations.

The Board can, if it deems it necessary, designate from among its members one or several Vice-chairmen.

Finally, the Board shall appoint a secretary, who can be chosen from outside the Company shareholders.

The Chairman shall preside over the sessions of the Board, organize and manage its work, which he shall report to the general meeting. He shall oversee the proper operation of the bodies of the Company and shall in particular ensure that the directors are capable of fulfilling their assignment. The Chairman shall preside over the sessions of the general meetings and shall prepare the reports required by law. He shall likewise assume the general management of the Company in the capacity of CEO, if the Board of directors has chosen to combine these two offices at the time of his appointment.

- *Deliberations of the Board of directors – Minutes*

The Board of directors shall meet as often as the interests of the Company so require and at least six times a year as convened by its Chairman summoned by any means, even orally. The meeting shall take place either at the registered office, or in any other location indicated in the summons made by the Chairman.

In the event that the Chairman is unavailable, the summons can be made by a director temporarily delegated to the office of Chairman, or by a Vice-chairman.

When the Board of directors has not met for more than two months, at least a third of its members may require the Chairman to summon the Board for a specific agenda. If necessary, the CEO may require the Chairman to summon the Board of directors for a specific agenda.

The Board of directors can only deliberate validly if at least half its members are present.

INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL **5.**

Except when provided otherwise by law, the directors participating in the meeting of the board by videoconference or by means of telecommunication permitting their identification, in accordance with the current regulations, shall be reputed to be in attendance for calculating the quorum and the majority.

A director can provide a proxy in writing for another director to represent him. Each director can have only one power-of-attorney during the same session.

An attendance book shall be maintained, which shall be signed by the directors attending the session, and which shall mention, if applicable, the attendance of directors through videoconferencing or telecommunication permitting their identification and guaranteeing their actual attendance. The substantiation of the number of serving directors, of their attendance, including through videoconferencing or telecommunication permitting their identification and guaranteeing their actual attendance, or their representation, shall be sufficient with respect to third parties from the statements of the minutes of each meeting.

The meetings shall be presided by the Chairman of the Board of directors or, in his absence, by the director who may have been temporarily delegated these duties, by a Vice-chairman or by any other director designated by his fellow members.

The decisions shall be adopted by a majority of votes of the members present or possibly reputed as such or represented. In case of a tie vote, the Chairman shall have the deciding vote.

The Board can decide to create committees or commissions responsible for studying matters that it itself or its Chairman submit to their examination for opinion; such committees or commissions shall exercise their prerogatives under its responsibility.

The minutes recording the deliberations of the Board shall be signed by the chairman of the session and by a director, or if the chairman of the session is prevented from doing so, by at least two directors.

The directors, as any person called upon to attend the Board meetings, shall have an obligation of discretion with respect to information of a confidential nature and indicated as such by the Chairman of the session.

- *Assignment and powers of the Board*

The Board of directors determines the Company's activity guidelines and oversees their implementation.

With the exception of the powers expressly assigned to shareholder meetings and within the scope of the corporate purpose, it shall take up any matter concerning the proper operation of the Company and shall, through its deliberations, guide the matters concerning it.

The Board of directors shall conduct the inspections and audits that it deems appropriate.

The Chairman or CEO of the Company shall be obligated to forward to each director all the documents and information necessary for accomplishing his assignment.

In exercising its powers, the Board shall, if necessary, grant any delegations to its chairman, or to any other authorized agents that it designates, subject to the restrictions set out by law concerning endorsements, sureties and guarantees; the Board may grant a power of substitution.

As of the date of this Registration Document, Mr. Michel Meeus holds the position of Chairman of the Company's Board of directors.

- *Internal rules and regulations of the Board of directors*

The Board of directors of the Company adopted on April 18, 2011 a new internal regulation which is in line with the relevant recommendations aiming to ensure compliance with the fundamental principles of corporate governance. This internal regulation specifies on one hand the method of organization and operation, the competencies and the powers of the Board of directors and of the Committees within it, and on the other hand the methods for controlling and assessing their operation.

The complete text of the Internal rules and regulations of the Board of directors and the appendixes relating thereto can be read in the Registration Document 2010 under Section 2.3.4 (4.) and on the Company website (www.theolia.com, Finance/Corporate governance/Board members).

5. INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL

Control and evaluation of the operation of the Board of directors

In accordance with the principles of good governance, any director must perform his functions in good faith, in the way that he believes is best in order to promote the Company and with the care expected of an ordinarily prudent person in the exercise of such a task.

Any director or any candidate for appointment to a post as a member of the Board of directors must fully and immediately inform the Board of any real or potential conflict of interest in which he could, directly or indirectly, be involved, specifically for the purpose of determining whether the concerned director must abstain from the debates and/or from voting in the deliberations.

The directors must verify that no one in the company can exercise unsupervised discretionary power; they must ensure the proper functioning of the special committees created by the Board; they must see to it that the internal control bodies function effectively and that the Statutory auditors perform their role satisfactorily.

The Board of directors undertakes an assessment of its own operation at regular intervals. It conducts an annual review of its work once a year and a formal evaluation is conducted every three years by an independent director with the assistance of an outside consultant. The evaluation of the Board's work is carried out in accordance with recommendation R15 of the MiddleNext Code.

The directors conducted an annual review of the operation of the Board itself. The main conclusions of that review can be read in the 2011 Report of the Chairman of the Board of directors on corporate governance, internal control procedures and risk management (see Section 2.1. of this Registration Document).

5.1.8 General Management (Articles 16 and 17 of the Articles of association)

- *Methods of exercise*

As set out by law, the general management shall be assumed, under its responsibility, either by the Chairman of the Board of directors, or by another natural person appointed by the Board of directors and holding the title of CEO.

The decision of the Board of directors as to the choice among these two methods of exercising the general management shall be adopted by the qualified majority of two-thirds of the votes of the members present or possibly reputed as such or represented.

The option selected – and any subsequent option – shall be valid until decided otherwise by the Board of directors, ruling under the same majority terms.

In any event, the Board must decide on the methods for exercising the general management when appointing or renewing the CEO, if this appointment is dissociated with that of the Chairman.

- *General Management*

Based on the choice made by the Board of directors pursuant to the provisions of Article 16, the general management shall be assumed either by the Chairman of the Board of directors, or by a natural person, appointed by the Board of directors and holding the title of CEO.

When the Board of directors chooses to disassociate the appointments of Chairman and CEO, it shall then appoint the CEO from among the directors or outside them, fix the term of his office, determine his remuneration and, if applicable, the restrictions on his powers. He must be less than 65 years old.

Whatever the term for which they have been conferred upon him, the duties of the CEO shall automatically cease at the end of the fiscal year during which he reaches his sixty-fifth birthday. However, the Board can decide, in the interest of the Company, to exceptionally extend the duties of the CEO beyond this age limit for successive one-year periods. In this case, the duties of the general management must definitively cease no later than the end of the fiscal year during which he reaches the age of 70.

The acceptance and the exercise of the duties of CEO require the interested party to affirm that he conforms to the restrictions set out by law with respect to the combination of appointments of CEO and director of limited liability corporations.

The CEO can be removed at any time by the Board of directors. When the CEO does not assume the duties of Chairman of the Board of directors, his removal can give rise to damages if it is decided without a just reason.

- *Powers of the CEO*

The CEO is vested with the most extensive powers for acting in all circumstances on behalf of the Company, the CEO function being either exercised by the Chairman of the Board of directors or by another person. He exercises such powers within the scope of the corporate purpose, in accordance with the regulations stated by the Articles of association of the Company and with the exception of those that the law expressly assigns to shareholders meetings and to the Board of directors and the limitations provided for in the Internal rules and regulations of the Board of directors.

He represents the Company in its relations with third parties. The Company shall be bound even by acts of the CEO that do not fall within the corporate purpose, unless it proves that the third party knew that the act exceeded such purpose or that it could not be ignorant of it given the circumstances, and publication of the Articles of association alone shall not constitute sufficient proof. When the general management is assumed by a CEO, the latter may ask the Chairman of the Board of directors to convene the Board of directors for a specific agenda.

The CEO and the deputy managing directors can substitute for all special representatives.

As of the date of this Registration Document, Mr. Fady Khallouf is the Company's CEO.

5.1.9 General shareholders meetings (Article 22 of the Articles of association)

- *Convening general meetings*

The general shareholders meetings shall be convened by the Board of directors or, failing this, by the Statutory auditors, by an authorized agent appointed in legal proceedings in accordance with Article L. 225-103, II of the French Commercial Code, at the request of one or more shareholders under the conditions provided for in Articles L. 225-105 and R. 225-71 of the French Commercial Code, or at the request of a shareholders' association in accordance with Article L. 225-120 of the French Commercial Code.

The meeting is convened at least fifteen days in advance for the first notice and at least ten days in advance for supplemental notices, by means of a notice inserted in a newspaper authorized to publish legal notices in the department in which the registered office is located and in the Compulsory Legal Notice Journal.

Shareholders who have owned registered shares for at least one month on the date of this notice are convened by mail or by any electronic method.

The invitation is preceded by a notice containing all provisions required by law and published in the Compulsory Legal Notice Journal at least 35 days prior to the meeting.

The voting right attached to the redeemed or dividend shares is proportional to the share of the capital that they represent. Each share carries one voting right.

- *Participation in general shareholders meetings and holding of general meetings*

Every shareholder has the right to participate in the meetings and to attend in person, by returning the voting slip by mail or by designating a proxy. These formalities must be completed at least three days prior to the session of the Meeting.

The meetings are chaired by the Chairman of the Board of directors or, in his absence, by the Vice-chairman. Failing that, the meeting itself shall elect its Chairman.

The ordinary and extraordinary general meetings ruling under the majority terms set out in the applicable provisions exercise their powers confined to them by law.

5.1.10 Other provisions of the Articles of association

- *Shareholder identification – Crossing legal thresholds (Article 7 of the Articles of association)*

In order to identify the holders of bearer shares, the Company may at any time, in accordance with the prevailing legislative and regulatory provisions, request from the central shares depository maintaining the issuance account of its shares, information on the shares and the holders of shares issued by it, conferring the voting right immediately or over time. Based on the list conveyed by the central shares depository responsible for maintaining the issuance account for its shares, the Company may specifically, as set out in the legal and regulatory provisions, require information concerning the ownership of

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the shares from the persons identified therein and whom it believes to hold shares on behalf of third parties.

If such persons are serving in an intermediary capacity, they are obliged to disclose the identity of the owners of such shares. The information shall be furnished directly to the authorized accounting financial intermediary, the latter being responsible for notifying, as applicable, the Company or the central shares depository.

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

Whenever the Company deems that some holders whose ownership identity has been disclosed to it are holding the shares on behalf of third party owners of the shares, it shall be entitled to demand that such holders reveal the identity of the owners of those shares.

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

In case of violation of the above-mentioned obligations, the shares or the securities giving immediate or term access to the capital and for whom such persons have been registered in a ledger, shall be stripped of voting rights for any meeting of the shareholders that would be held until the identity issue is remedied; 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 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 payment of the corresponding dividend.

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%, one-third, 50%, two-thirds, 90% and 95% of the capital and of the voting rights, Article 7.4 of the THEOLIA Articles of association provides that any natural or legal person, who, acting alone or jointly, comes to hold, directly or indirectly, a percentage of the capital, the voting rights or the shares giving term access to the capital of the Company, equal to or greater than 0.5% or a multiple of this percentage, is obliged to notify the Company by registered letter with acknowledgement of receipt, indicating the number of voting rights and shares, giving immediate or term access to the capital, which such person possesses, as well as the voting rights attached thereto, within a time limit of five market trading days from the crossing of each such legal threshold.

If such disclosure is not made, the shares exceeding the fraction that ought to have been declared shall be stripped of voting rights in the shareholder meetings, as provided 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 5% or more of the capital or the voting rights of the Company so request at the time of such meeting.

Any natural or legal person shall likewise be obligated to notify the Company in the manner and within the time limits provided above, when its/his direct, indirect or combined holding becomes less than each of the above-mentioned thresholds.

- *Changes in the share capital (Article 8 of the Articles of association)*

Capital increase

The share capital can be increased either through the issuance of common or preferred shares, or by increasing the amount of the nominal amount of the existing equity securities. It can likewise be increased through the exercise of rights attached to the transferable securities providing access to the capital, as set out by law.

New equity securities are issued either at the par value or at this amount increased by an issue premium. They are paid up either by a cash contribution, including by compensation with debts due and payable by the company, or by a contribution in kind, or by incorporation of reserves, profits or issue premiums, or as the result of a merger or division. They can also be paid up following the exercise of a right attached to transferable securities giving access to the capital, including, if applicable, the payment of the corresponding sums.

The shares subscribed in cash issued for a capital increase must compulsorily be paid up for one quarter of their par value at the time of the subscription and, if necessary, for the entire issue premium. The payment of the balance must be carried out in one or more installments as decided by the Board of directors within a period of five years from the date when the capital increase becomes final.

Calls for funds are made known to the subscribers or shareholders at least fifteen days prior to the date set for each payment by a notice inserted into the legal notices newspaper of the location of the registered office and by individual registered letter. The payments are made, either to the registered office, or to any other location indicated for such purpose.

Any delay in the payment of the amounts due on the unpaid amount of the shares shall, automatically and without the need for any formality, entail the payment of interest at the legal rate, from the payment due date, without prejudice to the personal action at law that the company may bring against the defaulting shareholder and the specific performance measures provided by law.

The shareholders have, in proportion to the total value of their shares, a right of first refusal to the subscription of cash shares issued for implementing the capital increase. The shareholders can individually waive their preferential right. They shall moreover possess a right of application for excess shares, if the extraordinary general meeting so decides or expressly authorizes. The extraordinary general meeting that decided or authorized the capital increase may also cancel this preemptive subscription right.

Redemption of the share capital

The capital may be redeemed by a decision of the extraordinary general meeting, through sums distributable as provided by law. The redeemed shares are said dividend shares; they shall, in the amount of the redemption made, lose the right to any distribution or any repayment on the par value of the securities, but shall retain their other rights.

Reduction of the share capital – Redemption of the capital

The reduction of the share capital is decided or authorized by the extraordinary general meeting. In no case can it undermine the equality of the shareholders.

The capital can be redeemed as set out by law.

- *Modification of shareholder rights*

The rights of the shareholders as they appear in the Company's Articles of association can only be modified by the extraordinary general meeting of the Company shareholders.

- *Provisions permitting the delay, deferral or prevention of a change in control of the Company*

The Company Articles of association do not contain any provisions permitting the delay, deferral or prevention of a change in control.

The complete text of Articles of association can be read on the Company website (www.theolia.com, Finance/Documents/Articles of incorporation).

5.2 SHARE CAPITAL

5.2.1 Share capital and voting rights

As of December 31, 2011, the Company's share capital was set at €127,591,147, divided into 127,591,147 shares of a par value of one (1) € each, for a total net of voting rights of 128,653,863.

Securities issued by the Company are in the form of either bearer shares or registered shares. All the shares issued have been fully paid; they are all of the same class.

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As of December 31, 2011, the following registered shares were reported as pledged:

Name of the shareholder	Number of pledged shares	% of pledged share capital
Stéphane Garino	30,000	0.02%
Yannick Mazure	145	0.0001%

Three custodian banks, Bank of New York Mellon, Citibank and Deutsche Bank, have taken the initiative to make THEOLIA shares available to US investors. They offer an American Depositary Receipt representing one THEOLIA share. This certificate, under Cusip code 88338D109 and SEDOL code B3DTP21 with the mnemonic code THIXY, is a program that is not sponsored by THEOLIA, and to date the Company has not been informed of the activity for this instrument.

As of December 31, 2010, the number of shares was 110,292,782 with total net of voting rights of 111,604,695. During fiscal year 2011, 17,298,365 new shares were created, out of which 17,253,958 following the conversion of 1,996,986 OCEANES.

5.2.2 Shares held by the Company for its account

The ordinary shareholders' meeting of June 17, 2011 authorized the Board of directors, for a period of 18 months, to have the Company purchase its own shares up to a maximum number of shares representing not more than 10% of the total number of shares comprising the share capital. This delegation terminated the previous authority given by the ordinary shareholders' meeting of June 1, 2010.

This delegation allows the Company to trade THEOLIA shares on the market through a liquidity contract in accordance with market practice allowed by the AMF. The Company made no other use of this delegation aside from the liquidity contract.

On January 27, 2009, THEOLIA appointed Oddo Corporate Finance to introduce a liquidity contract based on the AFEI ethics charter. The contract, concluded for a €25,000 annual fee, is automatically renewable thereafter by successive identical 12-month periods running from January 1 to December 31. This contract was renewed for 2012 at the same annual fee.

Transactions completed from January 1, 2011 to December 31, 2011:

	Quantity	Average stock price (€)	Amount (€)
Total Purchase	905,552	1.1138	1,008,626.47
Total Sale	911,810	1.1620	1,059,526.05

As of December 31, 2011, the Company owned:

- 184,138 treasury shares, representing 0.14% of the capital, and whose trading price of December 30, 2011 was €0.86, representing €158,358.68;
- 81,026.68 in cash.

5.2.3 Authorized, unissued share capital

The delegations and authorizations granted to the Board of directors by the ordinary shareholders' meeting and pertaining to the issuance of shares and other securities as of the publication date of this Registration Document are as follows:

INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL 5.

SGM of June 17, 2011	Type of delegation	Purpose	Term	Termination	Ceiling	Usage as of July 31, 2011	Overall ceiling (in €)
5th	Authorization	Carry out transactions on the Company shares	18 months	December 17, 2012	10% of the number of shares that constitute the Company's share capital at any given time, limited to a ceiling of €200 million	Within the framework of the liquidity contract (see Section 5.2.2)	
6th	Delegation of authority	Issuance, with PSRs, of shares and securities granting a right to hold a stake in the share capital or granting a right to bonds	26 months	August 17, 2013	€100 million in the event of capital increase or € 200 million in the event of issuance of debt securities	-	Common ceiling of €300 million
7th	Delegation of authority	Issuance, without PSRs, of shares and securities granting a right to hold a stake in the share capital or granting a right to bonds as part of a public purchase offer	26 months	August 17, 2013	€100 million in the event of capital increase or € 200 million in the event of issuance of debt securities	-	Common ceiling of €300 million
8th	Delegation of authority	Issuance, without PSRs, of shares and securities granting a right to hold a stake in the share capital or granting a right to bonds for private placement provided for in Article L.411-2, II of the French Monetary and Financial Code	26 months	August 17, 2013	20% of the share capital for 12-month periods	-	Common ceiling of €300 million
9th	Authorization	To freely determine the issue price in the case of an issuance of shares without PSRs and of securities granting a right to hold a stake in the share capital	26 months	August 17, 2013	10% of the share capital for 12-month periods, limited to a ceiling of €100 million in the event of capital increase, and of €200 million in the event of issuance of debt securities	-	Common ceiling of €300 million
10th	Delegation of authority	Increase in the number of shares to be issued in the event of a capital increase with or without PSRs	26 months	August 17, 2013	Up to a maximum of 15% of the initial issuance, limited to ceilings set out in resolutions 6, 7, 8 and 9	-	Common ceiling of €300 million
11th	Delegation of authority	Issuance by one or more than one of the Company's subsidiaries of shares granting a right to hold a stake in the share capital and the resulting issuance of shares in the Company	26 months	August 17, 2013	€25 million to be deducted from the common ceiling of €100 million set out in resolutions 7, 8, 9, 11, 13 and 14	-	Common ceiling of €300 million
12th	Delegation of authority	Capital increase through capitalization of reserves, profits, premium or other sums eligible for capitalization	26 months	August 17, 2013	Total amount of the sums that may be incorporated into the share capital in accordance with regulations in force	-	Common ceiling of €300 million

5. INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL

SGM of June 17, 2011	Type of delegation	Purpose	Term	Termination	Ceiling	Usage as of July 31, 2011	Overall ceiling (in €)
13th	Delegation of authority	Issuance of shares and securities granting a right to hold a stake in the share capital or granting a right to bonds as part of public exchange offer issued by the Company	26 months	August 17, 2013	€100 million to be deducted from the common ceiling of €100 million set out in resolutions 7, 8, 9, 11, 13 and 14	-	Common ceiling of €300 million
14th	Delegation of powers	Issuance of shares granting access to the Company's capital in payment for contributions in kind	26 months	August 17, 2013	10% of the share capital on the day of the decision of the Board of directors, limited to the ceiling of €100 million set out in resolutions 7, 8, 9, 11, 13 and 14	-	Common ceiling of €300 million
15th	Authorization	Grant of share subscription and/or purchase options in to staff members and/or Company or Group executive management	38 months	August 17, 2014	4% of the share capital on the day of the decision of the Board of directors, limited to the common ceiling set out in the resolution 16	Allocation of 810,000 stock options on July 29, 2011	Common ceiling of €300 million
16th	Authorization	Proceed with the granting of free shares to employees and/or executive management of the Company and/or other companies in its Group	38 months	August 17, 2014	4% of the share capital on the day of the decision of the Board of directors, limited to the common ceiling set out in the resolution 15		Common ceiling of €300 million
18th	Authorization	Reduction of the Company's share capital through the cancellation of shares	18 months	December 17, 2012	10% of the share capital on the day of the decision of the Board of directors		-

5.2.4 Options or agreements concerning the Company's share capital

As of December 31, 2011, the optional mechanisms likely to affect the Company's share capital are:

- 2,062,106 stock warrants ("BSA") likely to enable the maximum issuance of 2,355,504 new Company shares;
- 8,439,406 OCEANEs likely to enable the maximum issuance of 72,916,468 new Company shares;
- 475,000 free shares likely to enable the maximum issuance of 475,000 new Company shares; and
- 2,310,000 stock options likely to enable the maximum issuance of 2,310,000 new Company shares.

5.2.4.1 Stock warrants ("BSA")

During fiscal year 2011, no BSA was allocated or exercised. On the other hand, 1,500,000 BSA matured on January 3, 2011 without being exercised and were therefore cancelled.

As of December 31, 2011, 2,062,106 BSA are in circulation enabling the maximum issuance of 2,355,504 new Company shares

It is stated that 1,500,000 BSA matured on January 2, 2012 without being exercised and were therefore cancelled.

Out of the outstanding 562,106 BSA as of the publication date of this Registration Document, 462,106 (or 82%) have an exercise price higher than or equal to €12.174; out of these 462,106 BSA, 295,190 (or 67%) will mature during fiscal year 2012.

Details relating to the BSA can be read in the notes to the consolidated financial statements (see Section 4.1.6 of this Registration Document).

5.2.4.2 OCEANES

On October 23, 2007, THEOLIA floated an issue of OCEANES maturing on January 1, 2014, which was the object of a prospectus approved by the AMF on October 23, 2007 under number 07-0368. The terms of this convertible bond were modified in accordance with the securities note number 10-198 dated June 23, 2010.

The principal new terms of the OCEANES are as follows:

- the power conferred on the bondholders to request the early buyback of all or part of their OCEANES was postponed from January 1, 2012 to January 1, 2015; the early buyback price fell from €21.94 to €15.29 per OCEANE;
- any outstanding OCEANES shall be redeemed in full at the price of €20.77 per OCEANE on January 1, 2041. The normal redemption of the OCEANES was initially slated for January 1, 2014 at the price of €22.54 per OCEANE;
- at any time and until the seventh business day preceding December 31, 2013, one OCEANE can be converted into 8.64 new shares or exchanged for 8.64 outstanding shares of the Company. From January 1, 2014 and until the seventh business day preceding December 31, 2014, one OCEANE can be converted into 6.92 new shares or exchanged for 6.92 outstanding shares of the Company. The OCEANES may no longer be converted on or after January 1, 2015.
- As long as the OCEANES are converted, repurchased, exchanged or redeemed, they are entitled to the payment of accrued interest annually applied to the new par value of the OCEANES i.e. €19.03, as follows:
 - From July 20, 2010 to December 31, 2014 at an annual rate of 2.7%; and
 - From January 1, 2015 at an annual rate of 0.1%.

For further information on the changes in the terms of the OCEANES, please refer to the securities note number 10-198 dated June 23, 2010, available on the Company website.

As of December 31, 2011, the total number of outstanding OCEANES is 8,439,406. In the event of conversion of these OCEANES by the seventh business day preceding December 31, 2013, that would lead to the creation of 72,916,468 new shares and would cancel the convertible debt to be reimbursed. In the event none of these OCEANES were converted by December 31, 2014, the maximum amount to be reimbursed by THEOLIA would amount to €129 million should the bondholders request it on January 1, 2015.

5.2.4.3 Free share plan

During fiscal year 2011, no free share has been allotted by the Company.

As of December 31, 2011, the number of outstanding free shares was 475,000, allocated as follows:

- 270,000 free shares allotted by the Board of directors of December 17, 2009 as part of the free shares allocation plan effective for the 2009, 2010 and 2011 fiscal years. These free shares allotted to several employees of the Group are subject to attendance and performance terms associated with the achievement of financial targets. At the close of the 2011 consolidated financial statements, the Board of directors shall rule on the achievement of the financial targets relating to fiscal year 2011 and make the corresponding allotment of free shares;
- 25,000 free shares that are not subject to attendance and performance terms, allotted by the Board of directors meeting of December 17, 2009 to several employees of the Group ; and
- 180,000 free shares subject to attendance and/or performance were allotted by the Board of directors on February 22, 2011 to an executive corporate officer. Since then, the attendance and performance conditions have been removed.

It is stated that the Board of directors that closed the 2011 financial statements on March 28, 2012, allotted 441,638 free shares that were definitively acquired.

5.2.4.4 Stock options

On December 1, 2010, the Board of directors allocated, according to the principle of commitment to value creation for shareholders, 1,500,000 stock performance-based stock options to the CEO.

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Based on the delegation granted by the fifteenth resolution of the ordinary shareholders' meeting held on June 17, 2011, the Board of directors of July 29, 2011 allotted 810,000 stock options subject to conditions of stock performance, to few employees of the Group.

Apart from the aforementioned mechanisms, to the best of the Company's knowledge, no other optional mechanisms exist that are likely to have an effect on the Company's share capital.

5.2.5 Changes in share capital

Date	Nature of transaction	Share capital
12/31/2008	Capital recognized at fiscal year-end 2008	39,746,992
03/18/2009	Definitive allocation of free shares	39,828,992
05/14/2009	Definitive allocation of free shares	39,895,207
12/31/2009	Capital recognized at fiscal year-end 2009	39,895,207
02/22/2010	Definitive allocation of free shares	40,308,707
07/20/2010	Issue of shares by public issue	100,771,766
11/15/2010	Conversions of OCEANEs (bonds)	110,292,782
12/31/2010	Capital recognized at fiscal year-end 2010	110,292,782
04/18/2011	Final grant of free shares and conversions of OCEANEs (bonds)	112,755,309
08/31/2011	Conversions of OCEANEs (bonds)	127,418,347

The share capital as of December 31, 2011 stands at 127,591,147 shares further to the conversion of 20,000 OCEANEs during September 2011 that lead to the creation of 172,800 new shares at the beginning of October 2011. The creation of these 172,800 new Company shares has not yet been recognized by the Board of directors as of December 31, 2011.

During fiscal year 2011, 17,253,958 new shares were created further to the conversion of 1,996,986 OCEANEs and 44,407 new shares were created further to the definitive allotment of free shares.

It is stated that the Board of directors that closed the 2011 financial statements on March 28, 2012, allotted 441,638 free shares that were definitively acquired.

The same Board of directors recognized that the Company share capital amounted to 128,041,597 shares as of March 28, 2012, being included the 441,638 definitively allotted free shares and the 181,612 new shares created between October 2011 and March 2012 further to the conversion of 21,020 OCEANEs.

5.3 OWNERSHIP STRUCTURE

5.3.1 Main shareholders

The Concert

A group of shareholders (the "Concert") made up of the company CRC Active Value Fund Ltd, Michel Meeus, Pierre Salik and Brigitte Salik, enter into agreements that constitute an action in concert.

The Concert reports holding on March 8, 2010, 3,658,274 THEOLIA shares representing as many voting rights, or 9.08% of the share capital and 8.76% of the voting rights in THEOLIA.

INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL **5.**

On March 19, 2010, upon proposal of the Concert, Fady Khallouf, Gérard Creuzet and Michel Meeus are appointed directors of the Company.

The Concert subscribes to the increase in share capital and reports holding on July 7, 2010, 13,660,524 THEOLIA shares representing as many voting rights, or 13.56% of the share capital and 13.38% of the voting rights in THEOLIA.

On July 26, 2010, Michel Meeus is appointed Chairman of the Board of directors.

Following the acquisition by Pierre Salik of 1,250,000 THEOLIA shares and by Michel Meeus of 2,250,000 THEOLIA shares, the Concert reports holding on September 8, 2011, 17,160,524 THEOLIA shares representing as many voting rights, or 13.47% of the share capital and 13.33% of the voting rights in the Company.

Notifications by the Company's corporate officers to the AMF during fiscal year 2011

- acquisition by Michel Meeus, Chairman of the Board of directors, of 1,000,000 shares on July 29, 2011;
- acquisition by Michel Meeus, Chairman of the Board of directors, of 500,000 shares on September 6, 2011;
- acquisition by Michel Meeus, Chairman of the Board of directors, of 200,000 shares on September 7, 2011;
- acquisition by Michel Meeus, Chairman of the Board of directors, of 300,000 shares on September 7, 2011; and
- acquisition by Michel Meeus, Chairman of the Board of directors, of 250,000 shares on September 8, 2011.

In total, Michel Meeus bought 2,250,000 THEOLIA shares during fiscal year 2011.

Threshold crossings notifications reported to the AMF during fiscal year 2011

The table below shows the threshold crossings reported to the AMF (excluding corporate officers and the Concert) during 2011 fiscal year:

Reporting date	Name of holder	Threshold crossed (how)	Date threshold crossed	% of capital held after threshold crossed	% of voting rights held after threshold crossed
07/19/2011	The Dutch company APG Algemene Pensioen Groep NV, acting for the account of fund portfolios it manages.	Upward	07/11/2011	10.81%	10.71%
This threshold crossing results from the conversion of OCEANes into new shares.					
11/15/2011	The Dutch company APG Algemene Pensioen Groep NV, acting for the account of fund portfolios it manages.	Downward	10/26/2011	9.72%	9.62%
This threshold crossing results from the sale of THEOLIA shares.					

Main shareholders

On the basis of the notifications reported to the AMF, the main shareholders of the Company are the following as of December 31, 2011:

Ownership	Number of shares	% of share capital	% of voting rights
Concert	17,160,524	13.44	13.33
CRC Active Value Fund Ltd	3,750	ns	ns
Michel Meeus	7,244,162 ⁽¹⁾	5.67	5.63
Pierre Salik	6,395,557 ⁽²⁾	5.01	4.97
Brigitte Salik	3,517,055 ⁽³⁾	2.75	2.73
APG Algemene Pensioen Groep NV	10,399,597	8.15	8.08

⁽¹⁾ Including 1,337,250 shares having a double voting right at the publication date of this Registration Document.

⁽²⁾ Including 1,377,788 shares having a double voting right at the publication date of this Registration Document.

⁽³⁾ Including 941,736 shares having a double voting right at the publication date of this Registration Document.

5. INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL

It is stated that, on the basis of the notifications reported to the AMF, the main shareholders of the Company were the following as of July 27, 2010 and March 15, 2010:

Ownership	Situation as of 07/27/2010			Situation as of 03/15/2010		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Gama Enerji A.S. ⁽¹⁾	6,462,000	6.41	6.33	6,462,000	16.03	15.47
Concert	13,660,524	13.56	13.38	3,658,274	9.08	8.76
CRC Active Value Fund Ltd	3,750	NS	NS	1,500	NS	NS
Michel Meeus	4,994,162	4.96	4.89	1,337,250	3.32	3.20
Pierre Salik	5,145,557	5.11	5.04	1,377,788	3.42	3.30
Brigitte Salik	3,517,055	3.49	3.45	941,736	2.34	2.26
Willi Balz ⁽²⁾	3,192,380	3.17	3.13	3,614,988	8.97	8.66
THEOLIA employees		< 2%			< 1%	

⁽¹⁾ It is to be noted that Gama Enerji A.S. reported having sold off-market all the THEOLIA shares held in December 2010.

⁽²⁾ Directly or indirectly through the companies Windreich AG and Financial Consulting GmbH.

Threshold crossings notification reported to the AMF since January 1, 2012

Reporting date	Name of holder	Threshold crossed (how)	Date threshold crossed	% of capital held after threshold crossed	% of voting rights held after threshold crossed
01/20/2012	The Dutch company APG Algemene Pensioen Groep NV, acting for the account of fund portfolios it manages.	Downward	01/11/2012	4.24%	4.19%
This threshold crossing results from the sale of THEOLIA shares.					

Furthermore, when reporting to the AMF the aforementioned threshold crossing on January 20, 2012, the Dutch company APG Algemene Pensioen Groep NV also reported holding on January 19, 2012, 4,980,309 THEOLIA shares representing as many voting rights, or 3.90% of the share capital and 3.87% of the voting rights in THEOLIA.

5.3.2 Control of the Company

Exception made of the action in concert below mentioned, the Company is not aware of any pact, any agreement or any other action in concert entered into between shareholders as of the publication date of this Registration Document.

5.3.3 Agreements that can bring about a change in the control of the Company

Exception made of the below, as far as the Company is aware, as of the publication date of this Registration Document, there were no agreements in place whose implementation may, at a later date, bring about a change in its control.

5.3.4 Provisions liable to have an effect on the control of the Company

In accordance with the provisions of Article L. 225-100-3 of the French Commercial Code, the items liable to have an effect in the event of a public offering targeting the Company, are described below.

5.3.4.1 Statutory restrictions on the exercise of voting rights and share transfers

The Articles of association of the Company provide for double voting rights as well as certain provisions relating to the exercise of voting rights and do not contain any provisions restricting the transfer of shares.

Double voting right

A voting right double that allocated to other shares, in proportion to the quota of share capital they represent, is allocated to all fully paid-up shares for which there is proof of registration for at least two years in the name of the same shareholder, who shall be either a French citizen or a citizen of a member state of the European Union. In the event of an increase in capital through the capitalization of reserves, profits or issue premiums, this double voting right shall apply, to any new bonus shares granted to a shareholder in proportion to the previous shares for which he/she already benefits from this right.

Any share whose ownership is transferred loses the double voting right subject to the exceptions provided by law (Article 23.3 of the Articles of association).

Statutory restrictions on the exercise of voting rights

Without prejudice to the provisions of Article 7.4 on the loss of voting rights in the case of failure to comply with the obligation to disclose the crossing of a threshold (crossing the threshold of 0.5% of the capital and of the voting rights), the Articles of association do not contain any restriction on the exercise of voting rights.

Statutory restrictions on share transfers

The Articles of association of the Company do not contain any restriction on the transfer of shares.

5.3.4.2 Financing agreements concluded by the Company that would be amended or that would terminate in the event of a change in control of the Company

Some of the Company's financing arrangements provide for early repayment in the event of a change in the control of the Company. This is the case of the OCEANEs issued in October 2007 and modified in 2010, the new principal provisions of which are presented in Section 5.2.4.2 of this Registration Document.

For further information on the changes in the terms of the OCEANEs, please refer to the securities note number 10-198 dated June 23, 2010, available on the Company website.

5.3.4.3 Agreements among shareholders of which the Company is aware and which may result in restrictions on the transfer of shares and the exercise of voting rights

After discussions with the Company, the Concert (as described in Section 5.3.1 above) holding then approximately 9% of the share capital in the Company, decided on March 11, 2010 to support the restructuring.

On May 31, 2010, the Company took note of the intent of Michel Meeus, a director of the Company since March 19, 2010, of Pierre Salik, Brigitte Salik and CRC Active Value to subscribe to the capital increase for €10 million in proportion to their respective ownership stakes and not jointly and severally. This demonstration of interest was confirmed in a commitment for a firm subscription before the launch of the capital increase on June 18, 2010.

The Concert reports holding a major stake in the Company, which enables it to have a significant substantial influence over decisions that are made.

5. INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL

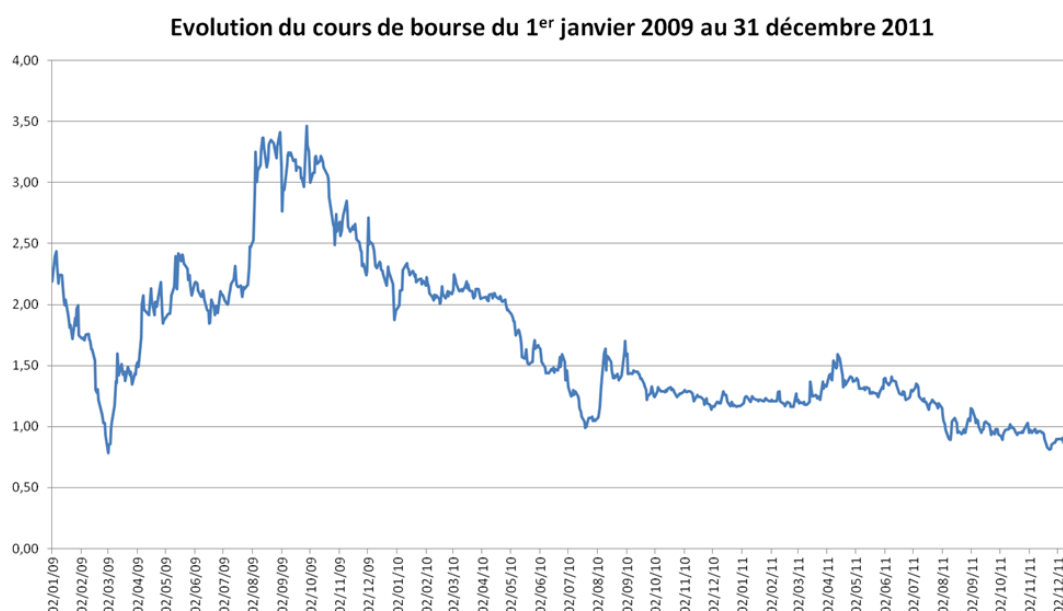
5.3.4.4 Powers of the Board of directors to issue or buy back shares

During fiscal year 2011, the Board of directors made use of the authority for the Company to buy back its own shares under market-making for THEOLIA's shares through a liquidity contract concluded with ODDO, in accordance with the market practice allowed by the *Autorité des Marchés Financiers* (AMF). The Company did not make any other use aside from the liquidity contract of this delegation granted by the shareholders' meeting of June 1, 2010 and then of June 17, 2011.

The buyback price per share may not exceed €7. The authority applies to up to a maximum of 10% of the share capital in the Company.

5.4 STOCK MARKET INFORMATION

Trends in stock market prices from January 1, 2009 to December 31, 2011 are shown below:



The Company was floated on Euronext Paris (regulated market) on July 31, 2006. Prior to that time, it was listed on the free market of the Paris Stock Exchange.

5.5 DIVIDEND DISTRIBUTION POLICY

5.5.1 Total dividend

The Company has not paid a dividend during the past three fiscal years.

5.5.2 Future dividend policy

The payment of dividends will depend mainly on the income earned by the Company, its financial position, its investment policy and the reduction of its debt. The Company does not intend to distribute dividends in 2012 for the fiscal year ended December 31, 2011.

5.5.3 Prescription period for dividends

Dividends that are unclaimed at the end of a five-year period from their date of payment revert to the State.

6

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6.1 GENERAL MEETING OF SHAREHOLDERS ON JUNE 1, 2012

The shareholders of THEOLIA SA (the "Company") are hereby informed that the Ordinary and Extraordinary General Meeting will be held on June 1, 2012 at 10 a.m. at the Moulin de la Récence CD 19 in Ventabren (13122) France to deliberate on the following agenda and resolutions:

AGENDA

Resolutions for the Ordinary General Meeting

1. Review and approval of the parent company financial statements for the financial year ending December 31, 2011;
2. Review and approval of the consolidated financial statements for the financial year ending December 31, 2011;
3. Allocation of the 2011 net income;
4. Approval of the related agreements for the year ended December 31, 2010;
5. Approval of the related agreements for the year ended December 31, 2011;
6. Renewal of the assignment of Didier King & Associates as the Company's Incumbent Statutory auditor;
7. Renewal of the assignment of Ficorec Audit as the Company's Deputy Statutory auditor;
8. Appointment of Ms. Lilia Jolibois as a Director of the Company;
9. Renewal of the assignment of David Filoussi as a Director of the Company;
10. Directors' fees allocated to the Board of directors;
11. Authorization to be granted to the Board of directors to manage the Company's shares;

Resolutions for the Extraordinary General Meeting

12. Capital reduction in the amount of 38,412,479.10 Euros because of losses, carried out by reducing the par value from one (1) Euro per share to seventy Euro cents (0.70);
13. Consolidation of the shares in the Company by allocating one (1) new common share with a par value of 1.40 Euro for two (2) ordinary shares with a par value of 0.70 Euro: delegation of powers to the Board of directors with the option of sub-delegation to the Chief Executive Officer; corresponding amendments to Articles 6 and 23 of the bylaws;
14. Delegation of power to the Board of directors for the purpose of deciding on the issue of shares or transferable securities that provide access to capital or that grant the right to allocate debt securities while preserving a preferential right of shareholders to buy shares;
15. Delegation of power to the Board of directors for the purpose of deciding on the issue of shares and securities in the context of public offers that provide access to capital or that grant the right to allocate debt securities while revoking a preferential right of shareholders to buy shares;
16. Delegation of power to the Board of directors for the purpose of deciding on the issue of shares and securities for private investment per Article L.411-2 of the French Monetary and Financial Code that provide access to capital or that grant the right to allocate debt securities while revoking the preferential right of shareholders to buy shares;
17. In the case of an issue of shares and securities granting access to capital while revoking the preferential right of shareholders to buy shares, authorization to the Board of directors to set the issue price of up to 10% of the share capital according to the terms decided by the shareholders' meeting;
18. Delegation of power to the Board of directors for the purpose of increasing the number of securities to be issued in the case of a capital increase, with or without application of the shareholders' preferential subscription right, by applying resolutions 14, 15, 16 and 17;

6. ADDITIONAL INFORMATION

19. Delegation of power to the Board of directors for the purpose of authorizing the issue of securities by one or more subsidiaries of the Company granting a right to hold a stake in the company's share capital and therefore the company's shares;
20. Delegation of power to the Board of directors for the purpose of adopting a decision to increase the capital by incorporating reserves, profits or premiums or other sums that are allowed to be capitalized;
21. Delegation of power to the Board of directors for the purpose of adopting a decision to issue shares and securities granting the right to hold a stake in the capital or granting the right to allocate debt securities within the scope of a public swap offer initiated by the company;
22. Delegation of power to the Board of directors to issue shares and/or securities granting the right to hold a stake in the Company's capital in payment for contributions in kind within the limit of 10% of the capital;
23. Authorization of the Board of directors to grant stock options and/or discounted shares to the employees and/or corporate officers of the Company or to companies in the Group;
24. Delegation of power to the Board of directors to grant free shares to the employees and/or corporate officers of the Company and/or companies in the Group;
25. Delegation of power to the Board of directors to increase the share capital in favor of the employees of the Group, according to Article L.225-129-6 of the French Commercial Code;
26. Authorization to the Board of directors to reduce the capital through the revocation of shares;
27. Delegation of power to the Board of directors to issue securities granting access to the capital of the Company, while revoking the preferential right of shareholders to buy shares in favor of a category of persons underwriting the Company's equity securities ;
28. Overall ceiling of the nominal value of the authorizations to issue shares under the conditions precedent to the adoption of the twelfth resolution;
29. Overall ceiling on the nominal amount of the authorizations to issue shares under the condition precedent to the rejection of the twelfth resolution;
30. Overall ceiling on the nominal value of the debt securities granting access to the equity capital; and
31. Powers of attorney to carry out formalities.

DRAFT RESOLUTIONS

ORDINARY RESOLUTIONS

First resolution – *Review and approval of the parent company financial statements for the financial year ending December 31, 2011*

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after having taken knowledge of the reports of the Board of directors and the Statutory auditors, as well as the parent company financial statements that were presented to it by the Board of directors, approves the Company's parent company financial statements for the year ended December 31, 2011 as well as the operations reflected by those statements and summarized in those reports.

Second resolution – *Review and approval of the consolidated financial statements for the financial year ending December 31, 2011*

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after having taken knowledge of the reports of the Board of directors and the Statutory auditors, as well as the Company's consolidated financial statements that were presented to it by the Board of directors, approves the Company's consolidated financial statements for the financial year ending December 31, 2011 as presented by the Board of directors, as well as the operations reflected by these statements and summarized in these reports.

Third resolution – Allocation of net income

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after having taken knowledge of the report of the Board of directors and upon its proposal, resolves to allocate the net loss for the financial year ending December 31, 2011 amounting to 45,664,559.96 Euros to the negative amount of the “Carry Forward” account that thus equals 264,967,850.47 Euros.

In accordance with the law, the General Meeting acknowledges that no distribution of dividends has been made over the last three years.

Fourth resolution – Approval of the related agreements for the year ended December 31, 2010

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after having taken knowledge of the report of the Board of directors pointing out that a quorum had not been reached to allow a vote on the fourth resolution submitted to the annual ordinary and extraordinary shareholders’ meeting of June 17, 2011 related to the agreements referred to in Articles L.225-38 et seq. of the French Commercial Code and the special report of the auditors on the agreements referred to in Articles L.225-38 et seq. of the French Commercial Code for the year ended December 31, 2010, takes note of the terms of said report and approves the agreements entered into during the year 2010 to which it makes reference.

Fifth resolution – Approval of the related agreements for the year ended December 31, 2011

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after having reviewed (i) the special auditors’ report on the agreements referred to in Articles L.225-38 et seq. of the French Commercial Code for the year ended December 31, 2011, and (ii) the special auditors’ reports on the financial statements referred to in Article L.225-42, paragraph 3 of the French Commercial Code, takes note of the terms of these reports and expressly decides to validate the agreements mentioned in the special auditors’ report referred to in Article L.225-42, paragraph 3 of the French Commercial Code.

Sixth resolution – Renewal of the assignment of Didier Kling & Associates as the Company’s Incumbent Statutory auditor

The General Meeting, held under the conditions of quorum and majority required for ordinary meetings, resolves to renew the assignment of Didier Kling & Associates, domiciled at 41 avenue de Friedland, 75008 Paris, as the Company’s Incumbent Statutory auditor for a period of six (6) fiscal years expiring after the general meeting to be held in 2018 concerning the financial statements for the year ending on December 31, 2017.

Seventh resolution – Renewal of the assignment of Ficorec Audit as the Company’s Deputy Statutory auditor

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, resolves to renew the assignment of Ficorec Audit domiciled at 327 boulevard Michelet, 13009 Marseilles, as the Company’s Deputy Statutory auditor, for a period of six (6) fiscal years expiring after the General Meeting to be held in 2018 concerning the financial statements for the year ending on December 31, 2017.

Eighth resolution – Appointment of Ms. Lilia Jolibois as a director of the Company

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after reviewing the report of the Board of directors, agrees to appoint Ms. Lilia Jolibois as a director of the Company as of this date, for a period of three (3) years to end after the General Meeting called in 2015 to decide on the financial statements for the year ending on December 31, 2014.

Ninth resolution – Renewal of the appointment of David Fitoussi as a Director of the Company

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after reviewing the report of the Board of directors, resolves to renew the mandate of David Fitoussi as a Director of the Company for a period of three (3) years to end after the General Meeting called in 2015 to decide on the financial statements for the year ending on December 31, 2014.

6. ADDITIONAL INFORMATION

Tenth resolution – Directors' fees allocated to the Board of directors

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after reviewing the report of the Board of directors, resolves to set the total annual sum to be distributed among the members of the Board of directors as directors' fees for 2012 and subsequent fiscal years at 250,000 Euros, barring a new decision by the General Shareholders' Meeting.

Eleventh resolution – Power to the Board of directors to trade on the shares of the Company

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after reviewing the report of the Board of directors,

- and in accordance with the conditions and obligations set by Articles L.225-209 and in accordance with the French Commercial Code, the European Regulation 2273/2003 of December 22, 2003 and the General Regulations of the Financial Markets Regulatory Authority along with any and all legislative and regulatory provisions that may apply, authorizes the Board of directors to purchase or to cause shares in the Company to be purchased up to the limited number of shares representing 10% of the share capital (provided that when the shares are bought back for purposes of stimulating the bond market in the context of a liquidity contract under the conditions specified below, the number of shares taken into account to calculate such a 10% limit corresponds to the number of shares purchased after deducting the number of shares resold during the period of this authorization) or 5% for shares acquired so as to be held and submitted later as payment or in exchange in connection with external growth operations under the following conditions:
 - a. The maximum unit purchase price may not be higher than (i) 6 Euros if the twelfth and thirteenth resolutions are rejected, or (ii) higher than 12 Euros if the twelfth and thirteenth resolutions submitted to this Meeting are adopted;
 - b. The maximum amount of the funds the Company may devote to this buyback program amounts to 200 million Euros;
 - c. The Board of directors may adjust the above amounts to take account of the effect of any operations on the value of the share, notably in the case of operations affecting the capital of the Company, particularly in the case of a stock split or if the shares are consolidated, a capital increase via capitalization of reserves, premiums or profits and grants of free shares; this unit price and the maximum amount being adjusted to take account of the effect of such operations on the share value;
 - d. Acquisitions by the Company under this resolution may under no circumstances cause it to hold, either directly or indirectly, at any time more, than 10% of the shares comprising the share capital on the date under consideration;
 - e. These shares may be acquired, sold or transferred one or more times and by any means, including during a tender offer for the shares of the Company, under the conditions set forth by the applicable legislative and regulatory provisions, notably on regulated markets, multilateral trading systems or over-the-counter systems, including by acquiring or selling blocks through the use of derivatives or securities granting access to the Company's capital in accordance with the legislative or regulatory provisions in force on the date of the operations under consideration and at the times to be determined by the Board of directors;
- resolves that these share purchases may be made for the purpose of any allocation permitted by the legislative or regulatory provisions, with the end purpose of this share buyback program being:
 - a. awarding or selling shares to employees or corporate officers of the Company or companies of the Group in accordance with the conditions and methods set forth by law, notably as equity interests in the profits of the Company or via a free distribution of shares or in case a call option is exercised or as part of the Group Savings Plan or any Company Savings Plan within the Group;
 - b. honoring the obligations related to the securities granting access by any immediate or future means to shares in the Company (including conducting any and all hedging operations corresponding to the obligations of the Company related to these securities);
 - c. trading the Company's shares on the market through an investment services provider under a liquidity contract in keeping with the ethics charter of the *Association française des marchés financiers* [French Association of Financial Markets] (AMAFI) recognized by the Financial Markets Regulatory Authority;

- d. holding shares to be subsequently remitted in exchange or as payment in connection with eventual external growth operations; and
- e. totally or partially cancelling the shares bought back for purposes of a capital reduction decided or authorized by the General Meeting.

This program is also designed to allow the Company to operate for any other objective that is authorized or (i) that may be authorized under the legislative or regulatory provisions in force or (ii) allowed by the Financial Markets Regulatory Authority. If this were the case, the Company would inform its shareholders via an announcement.

The General Meeting grants full powers to the Board of directors to implement this authorization, to determine the terms of implementation, make adjustments, as the case may be, to operations concerning the capital, place any and all orders on the stock exchange, enter into any and all agreements, notably to keep records of purchases and sales of shares, prepare any and all documents, notably disclosure documents, carry out any and all formalities including the allocation or reallocation of the shares acquired to the various purposes being pursued and to make any and all statements to the Financial Markets Regulatory Authority or any other agency or authority and, in general, to do whatever is necessary to implement this authorization.

The Board of directors may, under the applicable legislative and regulatory conditions, delegate the powers necessary to carry out the operations referred to under this resolution.

This delegation of power shall cancel and replace the one granted by the fifth resolution of the General Meeting of June 17, 2011 effective immediately and shall be valid for a period of 18 months from the date of this General Meeting.

EXTRAORDINARY RESOLUTIONS

Twelfth resolution – Capital reduction in the amount of 38,412,479.10 Euros because of losses, carried out by reducing the par value of the shares from one (1) Euro to seventy Euro cents (0.70).

After reviewing the report of the Board of directors concerning the capital reduction because of losses and the special report of the Auditors provided to the shareholders of the Company in accordance with the provisions of Article L.225-204 of the French Commercial Code, and after noting that the accounts approved by the Company for the year ended December 31, 2011 show a loss of 45,664,559.96 Euros and negative retained earnings of 219,303,290.51 Euros, the General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, resolves to reduce the share capital by 38,412,479.10 Euros, i.e. to reduce it from 128,041,597.00 Euros to 89,629,117.90 Euros by allocating the “retained earnings” item so as to wipe out existing losses.

The shareholders state that they agree to fully support the capital reduction of 38,412,479.10 Euros caused by losses by means of a reduction in the par value of the shares from 1 Euro to 0.70 Euro.

The new capital will amount to the sum of 89,629,117.90. It will be divided into 128,041,597 shares with a par value of 0.70 Euro each.

After this operation, the retained earnings will be reduced from a negative amount of 264,967,850.47 Euros to a negative amount of 226,555,371.37 Euros.

The General Meeting delegates full powers to the Board of directors to record the definitive completion of the capital reduction after expiration of a period of 20 days from this General Meeting, in particular to:

- a. record the definitive completion of the capital reduction,
- b. amend the bylaws accordingly, and
- c. take any steps and complete any and all legal formalities to disclose this capital reduction pursuant to the applicable legislative and regulatory provisions.

Thirteenth resolution – Consolidation of the shares in the Company by allocating one (1) new ordinary share with a par value of 1.40 Euro for two (2) ordinary shares with a par value of 0.70 Euro; delegation of powers to the Board of directors with the option of sub-delegation to the Chief Executive Officer; corresponding amendments to Articles 6 and 23 of the bylaws.

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, and after reviewing the report of the Board of directors,

6. ADDITIONAL INFORMATION

- resolves, under the condition precedent to adopting the twelfth resolution submitted to this General Meeting, to consolidate the shares of the Company with a par value of 0.70 Euro each such that two (2) shares with a par value of 0.70 Euro each will become one (1) share with a par value of 1.40 Euro;
- grants full powers to the Board of directors with the option of sub-delegation under the applicable legislative and regulatory conditions, to:
 - a. set the start date for consolidation operations to take place after the expiration of a period of fifteen (15) days as of the publication date of a notice of consolidation published by the Company in the *Bulletin des Annonces Légales Obligatoires* [*Bulletin of Mandatory Legal Announcements*] referred to above;
 - b. set the exchange period within a maximum two-year limit as of the start date of the consolidation operations set by the notice of consolidation published by the Company in the *Bulletin des Annonces Légales Obligatoires*;
 - c. prepare the share consolidation notice to be published in the *Bulletin des Annonces Légales Obligatoires* and have it published.
- resolves that, upon the expiration of a maximum of two years from the publication of the decision to consolidate shares in two financial papers distributed nationally, any shares not claimed by the eligible parties shall be sold on the stock exchange, with the net proceeds from the sale being held for them for ten (10) years in an escrow account opened in a credit institution, and any old shares not presented for consolidation shall be delisted beforehand, and, as required by law, shall lose their voting right and their right to dividends after the aforementioned two (2) year period.
- given the existence of securities that grant access to the capital of the Company, resolves to grant full powers to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, to note and determine the exact number of shares with a par value of 0.70 Euro to be consolidated and the exact number of shares with a par value of 1.40 Euro resulting from the consolidation, after expiration of the fifteen (15)-day period following the publication date of the consolidation notice by the Company in the *Bulletin des Annonces Légales Obligatoires* referred to above, the Meeting noting that one shareholder in the Company has waived the consolidation of a certain number of shares so that the exchange ratio referred to in the first item of this resolution can be applied to a round number of shares;
- resolves that every shareholder who becomes the owner of individual shares or a number of shares less than the number required for the foregoing consolidation shall see to it that the necessary number of shares is purchased or sold so as to proceed with said consolidation.
- accordingly, grants full powers to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, to amend Article 6 of the bylaws related to the share capital as a result of the consolidation referred to in this resolution once the number of shares with a par value of 1.40 Euro each resulting from this consolidation has been determined;
- as a result of the foregoing, acknowledges that during the exchange period referred to in point b. above, the right to dividends and the voting right related to the new consolidated shares and also to the old shares before the consolidation shall be in proportion to their respective par values;
- grants full powers to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, as a result of the consolidation referred to in this resolution, to amend the second section of Article 23 of the bylaws as follows:

"2. Subject to the double voting right stipulated below, the share capital or rights to dividends shall be proportional to the amount of capital they represent. Each share shall entitle the owner to one vote.

Until the expiration of a period of two years following the start date of the consolidation operations set by the notice of consolidation published by the Company in the: Bulletin des Annonces Légales Obligatoires in accordance with the resolution adopted by the ordinary and extraordinary General Meeting of June 1, 2012, any share that is not consolidated shall entitle the holder to one (1) vote and any share that is consolidated entitles the holder to two (2) votes, so that the number votes relating to the shares of the Company is in proportion to the amount of capital they represent."
- also grants full powers to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, to adjust the rights of the beneficiaries of stock purchase options and stock purchases, to grant of free shares and any security granting access to the capital of the Company as a result of the share consolidation thereby instituted; and

- resolves that the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, shall have full powers to implement this decision, to proceed with any publication formalities required and, more generally, to do everything necessary to proceed with the consolidation of shares under the conditions stipulated by this resolution, in accordance with the applicable regulations.

This delegation of power is granted for a period to expire on the date of the General Meeting called to decide on the financial statements for the year ended December 31, 2012.

Fourteenth resolution – *Delegation of power to the Board of directors for the purpose of deciding on the issue of shares or transferable securities that provide access to capital or that grant the right to allocate debt securities while preserving the preferential right of shareholders to buy shares*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having reviewed the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.255-129 et seq., L.225-132, L.225-134, L.228-91 pursuant to the French Commercial Code:

- delegates to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, the power to decide one or more times and to the extent and at the times to be determined by it, both in France and abroad and/or on the international market, in Euros, in foreign currency or any monetary unit established with reference to several currencies, to issue:
 - a. shares in the Company, or
 - b. securities granting immediate or future access by any means, to shares in the Company, that are either outstanding or to be issued at a cost or free of charge, or
 - c. securities entitling the holder to an allotment of debt securities,
 which may be subscribed for either in cash or by offsetting debts.
- delegates to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, the power to decide on the issuance of securities granting access to the capital of any company in which the Company directly or indirectly owns or will own more than half the capital (the “**Subsidiary**”) or which directly or indirectly owns or will own more than half of the Company’s capital, provided that such issuances of securities, which may be subscribed for in cash or by offsetting debts, must be authorized by the company in which the rights are exercised,
- resolves that this delegation of power may not result in the issuance of preferred shares or securities granting immediate and/or future access to preferred shares by any means, ,
- resolves, under the condition precedent of the adoption of the twelfth resolution submitted to this Meeting, that the maximum nominal amount of any capital increases to be completed immediately and/or in the future under this delegation of power may not be greater than 70 million Euros or the equivalent value in any other authorized currency, provided that (i) this ceiling is increased, if necessary, by the amount of the capital increases resulting from any adjustments that may be made in accordance with the legislation and regulations in force, and, as the case may be, with the applicable contractual stipulations to protect the rights of the holders of securities or any other rights granting access to the capital of the Company and (ii) provided that this is applied to the overall ceiling as determined under the conditions established by resolution twenty-eight,
- resolves, under the conditions precedent to the rejection of the twelfth resolution submitted to this Meeting that the ceiling applying to the maximum nominal amount of the capital increases that may be implemented immediately and/or over a predetermined period, by virtue of the delegation of power may not exceed 100 million Euros or the equivalent value in any other authorized currency, it being specified that (i) this ceiling will be increased, if need be, by the amount of the capital increases resulting from adjustments that may be made pursuant to the law and, if need be, the applicable contractual clauses intended to protect the rights of the holders of securities or other rights granting access to the Company’s share capital, and (ii) it will be assigned to the overall ceiling as established according to the terms and conditions specified in resolution twenty-nine,
- resolves (i) that the securities thus issued can consist of debt securities and notably bonds or comparable or associated securities and allows them to be issued as intermediary securities and (ii) that they may or may not be in the form of fixed term subordinated securities,

6. ADDITIONAL INFORMATION

- resolves that the nominal value of the debt securities granting access to the capital of the Company (or of any Subsidiary or any company that either directly or indirectly owns or will own more than half the Company's capital) that may be issued under this delegation of power may not be greater than 200 million Euros or the equivalent value in any other currency authorized on the date of the decision to issue them, provided that (i) this amount does not include the redemption of premiums above par, if any were provided for, (ii) that this amount is applied to the overall ceiling as determined under the conditions established in the thirtieth resolution and (iii) that this amount is independent and separate from the amount of the debt securities, the issuance of which will be decided or authorized by the Board of directors in accordance with Article L.228-40 of the French Commercial Code.
- resolves that the shareholders may exercise their preferential right to purchase by absolute title according to the terms and conditions set forth by law. In addition, the Board of directors shall be authorized to grant the shareholders the right via a non-absolute title to subscribe to a number of securities that is higher than that to which they can subscribe to via an absolute title, in proportion to the subscription rights they hold and up to the limit of their request,
- resolves that, if the subscriptions by absolute title and possibly by non-absolute title, do not cover all of an issue of ordinary shares or securities, the Board of directors may, in the order it deems appropriate, exercise the rights provided by Article L.225-134 of the French Commercial Code or only some parts thereof, and, in particular, to offer all or part of the unsubscribed shares to the public,
- takes note that for this delegation of powers to lawfully apply to the benefit of the holders of the securities granting access to the Company's capital, the shareholders must waive their preferential rights to purchase the shares to which such securities entitle them to acquire,
- resolves that the issue price of the shares or securities to be issued within the scope of this resolution will at least be equivalent to the minimum amount authorized by the law in force at the time of the issue,
- resolves that the warrants to purchase Company's shares may be issued via an offer, but also via the grant of free shares to holders of shares in the Company, provided that the Board of directors has the option of deciding that the rights to allocation of fractional shares will not be negotiable and that the corresponding securities will be sold.
- resolves that the Board of directors shall be granted the powers, with a right to sub-delegate under the applicable legislative and regulatory conditions, to implement this resolution and in particular:
 - a. to determine the dates and terms of any issue and the methods and characteristics of the securities that are to be created, to set the prices, with or without a premium, and the terms and conditions for the issuances, to determine the quantity to be issued, to decide, even retroactively, on the date on which the securities to be issued will benefit from rights to dividends, to determine the mode of release of the ordinary shares or other securities being issued and, possibly, the methods whereby these freely attributed securities grant access to the Company's capital, the terms and conditions under which securities possibly grant access to the Company's capital and to possibly stipulate the terms and conditions for their purchase on the stock market and their possible redemption,
 - b. to decide, when the securities issued shall consist of or will be associated with debt securities, whether they are subordinated or not, to determine their interest rate and the terms for payment of the interest, their term, the fixed or variable reimbursement price with or without a premium, the method of redemption and the terms and conditions under which these securities will grant a right to obtain shares of the Company (or of a company wherein the Company directly or indirectly owns or will own more than half of the share capital or a company that directly or indirectly owns or will own more than half of the Company's share capital,
 - c. to possibly undertake any and all adjustments intended to take account of the effect of operations on the capital, particularly when there is a change in the nominal value of the share, on an increase in capital through the capitalization of reserves, on the grant of free shares, on stock splits or consolidations, on the distribution of reserves or of any other assets, on the amortization of the capital or on any other operation affecting the capital or on the shareholders' equity, and, as the case may be, to set the terms under which the rights of the holders of securities granting access to the capital will be protected.
 - d. if necessary, to suspend the exercise of the rights attached to the securities granting access to the Company's capital for a maximum period of three months.
 - e. if necessary, not to take into account the treasury shares to determine the preferential rights related to the other shares,
 - f. if necessary, to freely decide on the assignment of fractions in the case of an odd number,

- g. to make any deductions to the share premium or premiums and, in particular, for expenses incurred to carry out the issues, deductions for expenses incurred for the capital increase to the amount corresponding to the premiums that are related thereto and to withdraw the amount required for providing the legal reserve,
- h. in more general terms, to take all steps, conclude any agreements and carry out all the formalities in order to ensure that the securities are duly issued and admitted for trading and brokerage service, record the capital increase or increases and therefore amend the Company's bylaws.

This delegation shall be valid immediately and replaces the one approved via the sixteenth resolution of the General Meeting of June 17, 2011 and is valid for a term of 26 months from the date of this General Meeting

Fifteenth resolution – *Delegation of power to the Board of directors for the purpose of deciding on the issue of shares and securities in the context of public offers that provide access to capital or that grant the right to allocate debt securities while revoking the preferential right of shareholders to buy shares*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.225-129 et seq., L.225-135, L.225-136, L.228-91 et seq. of the French Commercial Code:

- delegates to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, the power to decide on one or more occasions, to the extent that and at the times determined by it, both in France and abroad and/or on the international market, in Euros, in foreign currencies or any monetary unit established with reference to several currencies, on the issuance, without preferential subscription rights, by means of public offers as defined in Articles L.411-1 et seq. of the Monetary and Financial Code:
 - a. of shares in the Company, or
 - b. of securities granting immediate or future access by any means to shares in the Company that are either outstanding or to be issued at cost or free of charge, or
 - c. of securities entitling the owner to an allocation of debt securities,
 which may be purchased either in cash or by offsetting debts,
- delegates to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, the power to decide on the issuance by public offer of securities granting access to the capital of any Subsidiary or any company that either directly or indirectly owns or will own more than half of the Company's capital, provided that such issues of securities, which may be purchased in cash or by offsetting debts, must have been authorized by the company in which the rights are exercised,
- resolves that this delegation of power may not result in the issuance of preferred shares or securities granting immediate or future access by any means to preferred shares,
- resolves that any public offers made under this resolution may, in the context of the same issue or several issues accomplished simultaneously, be associated with the offers referred to in II of Article L.411-2 of the French Monetary and Financial Code implemented pursuant to the sixteenth resolution submitted to this General Meeting,
- resolves, under the condition precedent of the adoption of the twelfth resolution submitted to this Meeting, that the maximum nominal amount of any capital increases that may be implemented immediately and/or in the future under this delegation of power may not be greater than 70 million Euros or the equivalent value in any other authorized currency, provided that (i) this ceiling is increased by the amount of any capital increases resulting from any adjustments that may be made, in accordance with the legislation and regulations in force and, as the case may be, in accordance with any applicable contractual stipulations, in order to protect the rights of the holders of securities or other rights granting access to the Company's capital, and provided that (ii) it is assigned to the overall ceiling as determined under the conditions set in resolution twenty-eight,
- resolves, under the condition precedent to the adoption of the twelfth resolution submitted to this Meeting, that the aforementioned ceiling concerning the maximum nominal amount of the capital increases that may be achieved immediately and/or over a set period by virtue this delegation of power may not exceed 100 million Euros or the equivalent value in any other authorized currency, provided that (i) this ceiling will be increased, if need be, by the amount of the capital increases resulting from adjustments that may be made in accordance with the legislation and the regulations in force and, if need be, the applicable contractual stipulations, so as to protect the rights of the holders of securities or other rights granting access to the Company's share capital, and that (ii) it is assigned to the overall ceiling as determined according to the terms and conditions specified in resolution twenty-nine,

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- resolves (i) that the securities thus issued may consist of debt securities, particularly bonds or comparable or associated securities, thus allowing them to be issued as intermediary securities and (ii) that they may or may not be in the form of fixed term subordinated securities.
- resolves that the nominal amount of the debt securities granting access to the capital of the Company (or of any Subsidiary or any company that either directly or indirectly owns more than half of the Company's capital) that may be issued under this delegation of power may not be greater than 200 million Euros or the equivalent value in any other currency authorized on the date of the decision to issue, with the understanding that (i) this amount does not include redemption premiums above par, if provided for, (ii) that it will be applied to the overall ceiling as determined under the conditions set in the thirtieth resolution and (iii) that this amount is independent and separate from the value of any debt securities the issuance of which is decided or authorized by the Board of directors, in accordance with the provisions of Article L.228-40 of the French Commercial Code.
- resolves to eliminate the preferential subscription right of the shareholders whose shares are the subject of this resolution and that are to be issued by means of a public offering, and delegates to the Board of directors the option of assessing, if need be, whether or not, under the terms to be set by it in accordance with the applicable legal and regulatory provisions, to provide, for all or part of any issue implemented, a priority subscription period which does not result in the creation of negotiable rights, and which shall be implemented in proportion to the number of shares owned by each shareholder, and which may possibly be completed via a subscription subject to allocation, provided that any shares not subscribed for are subject to a public investment, and, as the case may be, a private investment in France and/or abroad and/or on the international market.
- resolves that, if the subscriptions do not cover the whole of an issue, the Board of directors may, in the order it deems fit, exercise the rights included in Article L.225-134 of the French Commercial Code, or only some part thereof, and, in particular, to offer the public all or part of the unsubscribed shares,
- notes that this delegation of power lawfully implies, to the benefit of the holders of the securities granting a right to hold a stake in the Company, the shareholders must waive their preferential subscription rights to the shares such securities could entitle them to acquire,
- resolves that, without prejudice to the terms of the seventeenth resolution submitted to this General Meeting, (i) the issue price shall be at least equal to the minimum amount provided by law and the regulations in force at the time this delegation of power is used, after any corrections in this amount so as to take account of the difference in the effective date (or as an indication of this date, a price at least equal to the weighted average of the prices quoted for the Company's stock in the last three trading sessions on the NYSE Euronext regulated market in Paris preceding the date this price is set, possibly reduced by the maximum discount of 5%, in accordance with the provisions of Articles L.225-136-1, paragraph one, and R.225-119 of the French Commercial Code), (ii) the issue price of the securities shall be the same as the sum collected immediately by the Company plus any sums that may be collected by the Company thereafter, as the case may be, for each share issued as a result of this stock issue, shall be at least equal to the amount referred to in (i) above and (iii) the conversion, redemption or generally the exchange of shares of every security granting access to the capital shall be accomplished by taking into account the par value of the bond or of said security for a number of shares comparable to the sum collected by the Company for each share, or at least equal to the minimum subscription price referred to in (i) above;
- resolves that the Board of directors is granted the power with a right to sub-delegate under the applicable legislative and regulatory conditions, to implement this resolution and in particular:
 - a. to determine the dates and terms for any issue and the methods and characteristics of the securities to be created, approve the prices, with or without a premium, and the terms and conditions for the issues, to determine the amount to be issued, decide on the date the securities to be issued benefit from dividend rights even retroactively, determine the way to release the ordinary shares or other securities issued and, if need be, the methods for the securities granting a right to free allocation of a stake in a Company, the terms and conditions in which these securities will grant a stake in the Company's share capital and, if need be, to stipulate the terms and conditions for their purchase on the stock market and their possible redemption,
 - b. to decide, when the securities issued shall consist of or will be associated with debt securities, whether they are subordinated or not, to determine their interest rate and the terms for paying the interest, their term, the fixed or variable reimbursement price with or without a premium, the methods of redemption and the terms and conditions under which these securities will grant a right to the shares of the Company (or of a subsidiary or a company that directly or indirectly owns or will own more than half of the Company's share capital),

- c. if necessary, to make any and all adjustments intended to take into account the effect of operations on the capital, notably in the event of changes in the par value of the share, on the capital increase via capitalization of reserves, of grants of free shares, on stock splits or consolidations, on the distribution of reserves or any other assets, on the amortization of the capital or any other operation on the capital or the shareholders' equity, and to set the terms under which, if necessary, the rights of the holders of securities granting access to the capital will be protected,
- d. if necessary, to suspend the exercise of the rights attached to the securities granting access to the Company's capital for a maximum period of three months,
- e. if necessary, to decide freely on the treatment of fractional shares,
- f. to make any charges to the share premium or premiums and, in particular, the expenses incurred to carry out the issues and to withdraw the required amounts from this sum to set up the legal reserve,
- g. in more general terms, to take all steps, conclude any agreements and carry out all the formalities in order to ensure that the securities are duly issued and admitted for trading and brokerage service, record the capital increase or increases and therefore amend the Company's bylaws.

This delegation of power shall be effective immediately and replaces the one approved by the General Meeting of June 17, 2011 and is valid for a term of 26 months from the date of this General Meeting.

Sixteenth resolution – *Delegation of power to the Board of directors for the purpose of deciding on the issue of shares and securities for private investment per Article L.411-2 of the French Monetary and Financial Code that provide access to capital or that grant the right to allocate debt securities while revoking the preferential right of shareholders to buy shares.*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.225-129 et seq., L.225-135, L.225-136, L.228-91 et seq. of the French Commercial Code:

- delegates to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, the power to decide on one or more occasions and to the extent and at the times determined by it, both in France and abroad and/or on the international market, on the issuance by private investment under the conditions established by Article L.411-2, II of the French Monetary and Financial Code (i.e. an offer intended exclusively (x) for persons providing portfolio management investment services for third parties or (y) for qualified investors or for a limited circle of investors, provided that such investors are acting on their own account):
 - a. of shares in the Company, or
 - b. of securities granting immediate or future access by any means to shares in the Company that are either outstanding or are to be issued at cost or free of charge, or
 - c. of securities entitling the owner to an allocation of debt securities,
 which may be purchased either in cash or by offsetting debts
- delegates its power to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, to decide on the issue of securities via private investment, according to Article L.411-2, II of the Monetary and Financial Code, of securities granting a right to access a Subsidiary's or a company's capital that directly or indirectly owns or will own more than half of the Company's share capital, it being understood that these issues of securities must have been authorized by the company in which the rights will be exercised,
- resolves that this delegation of power may not result in the issuance of preferred shares or securities granting immediate or future access, by any means, to preferred shares,
- resolves that any offers referred to in Article L.411-2 II of the French Monetary and Financial Code made under this resolution may be simultaneously associated in the same issue or in more than one issue with public offerings made pursuant to the fifteenth resolution submitted to this General Meeting.
- under conditions precedent to the adoption of the twelfth resolution submitted to this meeting, sets the nominal maximum amount of the capital increase that may be realized by virtue of the present delegation of power to 20% of the share capital (as it stands on the date that the decision is adopted by the Board of directors) per annum, it being specified (i) that this ceiling will be increased, if need be, by the amount of the capital increases resulting from the adjustments that may be made pursuant to the law and, as the case may be, the applicable contractual clauses, so as

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to protect the rights of the holders of securities or other rights granting a right to hold a stake in the Company's share capital, (ii) that it will be assigned to the ceiling of the capital increase, with elimination of the shareholders' preferential subscription right set forth and determined according to the terms and conditions in section three of the fifteenth resolution (applicable to issues carried out based on the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting) and (iii) that it is charged to the magnitude of the overall ceiling according to resolution eighteen,

- under the condition precedent to the rejection of the twelfth resolution submitted to this Meeting, sets the foregoing ceiling to 20% of the share capital (as it stands on the date of the decision by the Board of directors) per annum, corresponding to the maximum nominal magnitude of any capital increases that may be accomplished under this delegation of power, provided that (i) this ceiling is increased, if necessary, by the amount of any capital increases resulting from any adjustments that may be made in accordance with the legislation and regulations in force and, as the case may be, with any applicable contractual stipulations, so as to preserve the rights of the holders of securities or other rights granting access to the Company's capital and (ii) provided that it is applied to the ceiling of the capital increases without the preferential subscription right provided and determined under the conditions set by the sixth item of the fifteenth resolution (applicable to issues made on the basis of the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting) and (iii) provided that it is applied to the magnitude of the overall ceiling referred to in the twenty-ninth resolution,
- resolves (i) that the securities thus issued may consist of debt securities and particularly bonds or comparable or associated securities, and to allow them to be issued as intermediary securities and (ii) that they may or may not be in the form of fixed term subordinated securities,
- resolves that the nominal amount of the debt securities granting access to the capital of the Company (or of any Subsidiary or any company that either directly or indirectly owns or will own more than half of the Company's capital) that may be issued under this delegation of power may not be greater than 200 million Euros or its equivalent value in any other currency authorized on the date of the decision to issue, provided that (i) this amount does not include redemption premiums above par, if any were provided for, (ii) that this amount is applied to the overall ceiling on the nominal magnitude of the debt securities under the conditions set in the eighth item under the fifteenth resolution (applicable to the issuances accomplished on the basis of the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting), (iii) that it is applied to the overall magnitude of the ceiling referred to in the thirtieth resolution, and (iv) that this amount is independent and separate from the amount of the debt securities, the issuance of which will be decided or authorized by the Board of directors in accordance with the provisions of Article L.228-40 of the French Commercial Code.
- resolves to eliminate the shareholders' preferential right to purchase bonds by way of offers per Article L.441-2 of the French Monetary and Financial Code under the conditions referred to in this resolution,
- resolves that, if the subscriptions do not cover the whole issue, the Board of directors may, in the order it shall determine, use the options offered by Article L.225-134 of the French Commercial Code or some of them, to only and particularly offer all or a portion of the securities that were not purchased to the public,
- notes that this delegation fully lawfully implies, to the benefit of the holder of the securities issued granting a right to a stake in the Company, the shareholders must waive their preferential subscription rights to the shares such securities could entitle them to acquire,
- resolves that, without prejudice to the terms of the seventeenth resolution submitted to this General Meeting, (i) the issue price shall be at least equal to the minimum amount provided for by law and the regulations in force at the time this delegation of power is implemented, after any corrections of this amount to take account of the difference in the effective date (but indicative of this date, a price at least equal to the weighted average of the prices quoted for the Company's stock in the last three trading sessions on the NYSE Euronext regulated market in Paris preceding the date on which this price is set, possibly reduced by the maximum discount of 5%, in accordance with the provisions of Articles L.225-136-1, paragraph one, and R.225-119 of the French Commercial Code), (ii) the issue price of the securities shall be the same as the sum collected immediately by the Company, plus any sums that may be collected by the Company thereafter, as the case may be, for each share issued as a result of this stock issue, and shall be at least equal to the amount referred to in (i) above, and (iii) the conversion, redemption or generally the conversion of shares of any security that grants access to the capital shall be accomplished by taking into account the par value of the bond or of said security via a number of shares comparable to the sum collected by the Company for each share or at least equal to the minimum purchase price referred to in (i) above.
- resolves that the Board of directors shall be granted the power, with a right to sub-delegate under the applicable legislative and regulatory conditions, to implement this resolution and in particular:

- a. to determine the dates and terms for any issue and the methods and characteristics of the securities to be created, approve the prices with or without a premium, and the terms and conditions for the issue [of the securities], to determine the amount to be issued, decide on the date the securities to be issued benefit from dividend rights even retroactively, determine the way to release the ordinary shares or other securities issued and, if need be, the methods for the securities granting a right to free allocation of a stake in a company, the terms and conditions in which these securities will grant a stake in the Company's share capital and, if need be, stipulate the terms and conditions for their purchase on the stock market and their possible redemption,
- b. to decide, when the securities issued consist of or will be associated with debt securities, on whether they are subordinated or not, to determine their interest rate and the terms for paying the interest, their term, the fixed or variable reimbursement price with or without a premium, the methods for redemption and the terms and conditions in which these securities will grant rights to the shares of the Company (or of a subsidiary or of a company that directly or indirectly owns or will own more than half of the share capital of the Company),
- c. if necessary, to undertake any and all adjustments that are to take account of the effect of operations on the capital, particularly when there is a change in the nominal price of the share, on the increase in capital via the capitalization of reserves, on the grant of free shares, on the stock split or consolidation, on the distribution of reserves or of any other assets, on the amortization of the capital or on any other operation on the capital or on the shareholders' equity, and to set the terms under which the rights of the holders of securities granting access to the capital will, if necessary, be preserved,
- d. if necessary, to suspend the exercise of the rights attached to the securities granting access to the Company's capital for a maximum period of three months,
- e. if necessary, to decide freely on the treatment of fractional shares,
- f. to proceed with the attribution of the cost to the share premium or premiums and, in particular, for the expenses incurred to implement the issuing of the shares, and to withdraw the required amounts from this sum so as to establish the legal reserve,
- g. in more general terms, to take all steps, conclude any agreements and carry out all the formalities in order to ensure that the securities are duly issued and admitted for trading and the provision of brokerage service, to institute the capital increase or increases and therefore amend the Company's bylaws.

This delegation of power is effective immediately and replaces the one decided on in the General Meeting of June 17, 2011 and shall be valid for a term of 26 months from the date this Meeting .

Seventeenth resolution – *In the case of an issue of shares and securities granting access to capital while revoking the preferential right of shareholders to buy shares, authorization of the Board of directors to set the issue price of up to 10% of the share capital according to the terms decided by the shareholders' meeting.*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Article L.225-136-1 of the French Commercial Code, grants the power to the Board of directors, with the right to sub-delegate under the applicable legislative and regulatory conditions, to grant immediate or long term access by any means to the Company's capital so as to issue shares or securities to a limit of 10% of the share capital per annum (as this applies on the date this decision is adopted by the Board of directors), and provided that the ceiling required by the fifteenth and sixteenth resolutions are observed and if these resolutions are adopted, to depart from the prices of each of the approved issuances established according to the fifteenth and sixteenth resolutions and to determine the price of the shares and securities granting immediate or deferred access by any means to the capital of the company or of a Subsidiary according to the following conditions:

- the issue price of the shares may not be less than the average price weighted by the volume of the Company's stock during the last three trading sessions on the regulated market of NYSE Euronext in Paris preceding the date on which the issue price is set, possibly reduced by a maximum discount of 20% such that the sums to be collected for each share are at least equal to the par value;
- the issue price of the securities granting access to the Company's capital shall be comparable to the sum received immediately by the Company plus any sums that may be received thereafter by the Company for each share issued as a result of this stock issue, at least equal to the amount referred to in the foregoing section after any corrections of this amount so as to take into account the difference in effective dates;

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- the conversion, redemption or generally the conversion of shares of every security granting access to the capital shall be accomplished, while taking into account the par value of the bond or of said security, with a number of shares comparable to the sum collected by the Company for each share, or at least equal to the minimum purchase price referred to in the first item under this resolution.

The General Meeting resolves that the nominal amount of the capital increases resulting from the stock issued under this delegation of power shall, under the condition precedent to the adoption of the twelfth resolution submitted to this Meeting, be applied to the overall ceiling referred to in the twenty-eighth resolution or, under the condition precedent to the rejection of the twelfth resolution submitted to this Meeting, to the overall ceiling referred to in the twenty-ninth resolution.

The General Meeting resolves that the nominal amount of the Company's debt securities resulting from the stock issue implemented under this delegation of power shall be applied to the overall ceiling referred to in the thirtieth resolution.

This authorization is effective immediately and replaces the powers granted by the ninth resolution of the General Meeting of June 17, 2011 and is valid for a period of 26 months from the date of this Meeting.

Eighteenth resolution – *Delegation of power to the Board of directors for the purpose of increasing the number of securities to be issued in the case of a capital increase, with or without application of the shareholders' preferential subscription right, by applying resolutions 14, 15, 15, and 17.*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the reports of the Board of directors and the special report of the Statutory auditors, and pursuant to the provisions in Article L.225-135-1 of the French Commercial Code and within the limit of the opinions and recommendations of the Financial Market Authorities:

- grants the Board of directors the power, with the right to sub-delegate under the applicable legislative and regulatory provisions, to decide, particularly for purposes of awarding an option to over-allocate in accordance with the practices of the market, in the case of an excessive demand, to increase the number of shares or securities to be issued in the case of a capital increase by the Company, with or without a preferential right to purchase, within the terms and limits stated in the regulations applicable on the date of the issue (or on a date within thirty days after the purchase option has been closed and up to a limit of 15% of the initial issue) and at the same price as the one determined for the initial issue, and
- nevertheless specifies that the increase in the number of securities to be issued up to a limit of 15% of the initial issuance, applying to the issuance decided pursuant to the fourteenth resolution, may only be used to meet the demands asserted by the shareholders and/or the assignees of the preferential subscription right,
- resolves that the nominal amount of the capital increases by the Company resulting from the issuances performed by virtue of this delegation of power shall be assigned to the ceiling set forth in the resolution as a result of which the issuance of shares is decided.

This authorization takes effect effective immediately and replaces the authorization granted by the tenth resolution of the General Meeting of June 17, 2011 and is valid for a period of 26 months from the date of this Meeting.

Nineteenth resolution – *Delegation of power to the Board of directors for the purpose of authorizing the issue of securities by one or more subsidiaries of the Company granting a right to hold a stake in the company's share capital and therefore to the company's shares*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.225-129 et seq. and L.228-91 et seq. of the French Commercial Code:

- grants the Board of directors the power, with the right to sub-delegate under the applicable legislative and regulatory provisions, to decide at its sole discretion, (i) pursuant to Article L.228-93 of the French Commercial Code, to authorize the possible issue, in one or more steps, to the extent and at the times it may deem to be proper, both in France and abroad and/or on the international market, via one or several companies in which the Company directly or indirectly holds more than one half of the share capital, of any securities granting the right to the Company's shares that exist or that are to be issued, by any means, immediately or over a set period, ("**Securities of the Subsidiaries**") and (ii) to therefore decide on the issuance, both in France and abroad, in one or more steps, in Euros, in a foreign currency or in any monetary unit established by reference to several currencies, with or without premiums, of new shares of the Company, which the Securities of the Subsidiaries may entitle,

- notices that, for the benefit of the holders of the Securities of the Subsidiaries, this decision lawfully implies that the shareholders waive their preferential purchase rights to the Company's shares which such securities may entitle them to acquire,
- notices that the Company's shareholders are not granted a preferential right for the securities of the Subsidiaries,
- resolves that, under the conditions precedent to the adoption of the twelfth resolution submitted to this Meeting, the maximum nominal magnitude of the capital increases that may be agreed to immediately and/or over a set period by virtue of this grant of power may not exceed 17.5 million Euros or the equivalent value in any other authorized currency, it being specified (i) that this ceiling will be increased, if need be, by the amount of the capital increases resulting from the adjustments that may be made pursuant to the law and, possibly, the applicable contractual clauses, so as to protect the rights of the holders of securities or other rights granting a right of access to the Company's share capital, and (ii) that this shall apply to the ceiling of the capital increases eliminating the shareholders' preferential subscription right as established and determined by the terms and conditions in section three of the fifteenth resolution (applicable to issuances based on the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting) and (iii) that this is applied to the overall ceiling as established by the terms and conditions specified in the twenty-eighth resolution nineteen,
- resolves, under the condition precedent to the rejection of the twelfth resolution submitted to this Meeting, that the foregoing ceiling concerning the maximum nominal amount of any capital increases that may be implemented immediately and/or in the future under this delegation of power may not be greater than 25 million Euros or the equivalent value in any other authorized currency, provided (i) that this ceiling is increased if necessary by the amount of any capital increases resulting from any adjustments that may be made in accordance with the legislation and regulations in effect and with any applicable contractual stipulations, so as to protect the rights of the holders of securities or other rights granting access to the Company's capital (ii) that this shall apply to the ceiling on the capital increases without the preferential subscription right established and determined under the conditions set by item six under the fifteenth resolution (applicable to issuances performed on the basis of the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second of this Meeting) and (iii) that it this shall be applied to the overall ceiling as determined under the conditions established by the twenty-ninth resolution,
- resolves that, in case the Board of directors exercises this power, the amount paid at the time of the issuance or that may be paid to the Company at a later time must, for each ordinary share issued because of the issuance of the Securities of the Subsidiaries, be at least equivalent to the average weighted market value of the Company's ordinary shares in the three stock market sessions prior to the issue price of the Securities of the Subsidiaries being determined, possibly deducting a maximum discount of 5% after, if need be, adjusting this average by taking account of the difference between the dates of the dividend rights,
- resolves that the Board of directors shall be granted the power, with the right to sub-delegate in conformity with the legislative and regulatory provision, to enforce this resolution, in agreement with the Board of directors or other administrative or management bodies of the issuing subsidiaries, pursuant to applicable laws and regulations, and, if need be, foreign laws and regulations, and, in particular:
 - a. to determine the dates and terms of any issuance as well as the form and the characteristics of the securities to be issued, to determine the prices with or without a premium and the conditions for the issuances, to set the quantities to be issued, to set the effective date, even retroactively, of the securities to be issued, to determine the method for releasing the ordinary shares and other Company securities (including the methods for releasing shares in the Company) and if necessary the terms of the securities granting access to the capital issued free of charge, the conditions under which these securities will entitle the holder to the Company's capital and, as necessary, determine the conditions for buying them back on the stock exchange and of possibly cancelling them,
 - b. as the case may be, to undertake any and all adjustments that are to take account of the effect of operations on the capital, particularly when there is a change in the nominal value of the share, on the increase in capital via the capitalization of reserves, on the grant of free shares, on the stock split or consolidation via the distribution of reserves or of any other assets, on the amortization of the capital or on any other operation on the capital or on the shareholders' equity, and to set the terms under which the rights of the holders of securities granting access to the capital will, if necessary, be protected.
 - c. as the case may be, to suspend the exercise of the rights attached to the securities granting access to the Company's capital for a maximum period of three months.
 - d. as the case may be, to decide freely on the treatment of fractional shares,

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- e. to proceed to assign any and all costs to the issuance of the premium(s), particularly any costs incurred as a result issuing the securities and the costs of any capital increases to the amount of the premiums associated with them and to withhold the sums necessary to fund the legal reserve from this amount.
- f. and, more generally, to take any and all measure, enter into any and all agreements and carry out any and all formalities to ensure the success of the issue and acceptance of the securities issued for trading and for the provision of financial service, to establish the completion of the capital increases and therefore amend the Company's bylaws.

The delegation of this power shall be effective immediately and replaces the one agreed to via the eleventh resolution of the General Meeting of June 17, 2011 and shall be valid for a term of 26 months from the date of the present General Meeting.

Twentieth resolution – *Delegation of power to the Board of directors for the purpose of adopting a decision to increase the capital by incorporating reserves, profits, premiums or other sums that are allowed to be capitalized*

The General Meeting, held in accordance with the conditions of quorum and majority required for ordinary general meetings, after having taken knowledge of the report of the Board of directors and pursuant to the terms of Articles L.225-129 et seq. and in particular Article L.225-130 of the French Commercial Code:

- grants the Board of directors the power, with the option of sub-delegation subject to the applicable legislative and regulatory provisions, to decide on an increase in capital, by means of its own decision, on one or more occasions, to the extent and whenever it so determines, via the capitalization of reserves, profits, premiums or other sums that are eligible for capitalization, subject to an increase in the nominal value of the existing shares or a free allotment of shares or a combination of these two practices,
- resolves that the maximum nominal amount of the capital increases that may arise from all of the issuances performed under this resolution shall be equal to the total amount of the sums that may be incorporated in the capital in accordance with the current legislation, it being specified that the magnitude of the ceiling is set in a manner that is autonomous, separate and independent of the ceilings established by all other resolutions submitted to the Meeting
- resolves that the Board of directors shall have all powers, with the option of sub-delegation subject to the applicable legislative and regulatory provisions, to implement this resolution and in particular:
 - a. to set the amount and nature of the sums to be incorporated into the capital, to set the number of new share issues and/or the amount by which the nominal value of the existing shares will be increased, to decide on the date, even if it is retroactive, as of which the new shares will confer the right to a dividend and/or the date on which the increased nominal value of the existing shares will take effect,
 - b. to decide, in the event of the allotment of free shares, that the rights to fractional shares will not be negotiable and that the corresponding shares will be sold, with the sums arising from the sale being allocated to the holders of rights within the deadline specified in the applicable legislation,
 - c. to proceed to assign any and all costs of premium issuance(s), particularly any costs incurred by issuing the securities, the costs of any capital increases, to the amount of the premiums associated with them and to withhold the sums necessary to fund the legal reserve from this amount.
 - d. and, generally, to undertake all measures, conclude all agreements and carry out every formality required to successfully implement every increase in capital and, where necessary, for acceptance of the newly issued shares to trading and to the provision of financial service, to record each increase in capital and to make the related alterations to the Company's bylaws.

The delegation of this power shall be effective immediately and replaces the one agreed to via the twelfth resolution of the General Meeting of June 17, 2011 and shall be valid for a term of 26 months from the date of the present General Meeting.

Twenty-first resolution – *Delegation of powers to the Board of directors for the purpose of adopting a decision to issue shares and securities granting access to the Company's capital or granting the right to allocate debt instruments within the scope of a public swap offer issued by the Company.*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.225-129 et seq., L.225-135 and L.225-148 and L.228-91 et seq. of the French Commercial Code:

- grants the Board of directors the power, with the option to sub-delegate under the applicable legislative and regulatory conditions, to decide on its own, under the conditions specified by the fifteenth resolution, on the issue of Company shares or securities granting immediate access or access within a certain period of time, by any means, to the Company's capital or granting the right to allot debt instruments, in consideration for the securities offered to the public, comprising an exchange component (on a principal or auxiliary basis) issued by the Company, in France or abroad, in accordance with the local rules, as the securities of another company allowed to trade on one of the regulated markets covered by Article L.225-148 of the French Commercial Code, and to decide to withdraw the shareholders' preferential subscription right to these shares and/or securities that are to be issued,
- resolves, for the benefit of the bondholders contributing their securities to the public offering, to therefore eliminate the preferential subscription right to those shares and/or securities that are to be issued,
- notes that this delegation of power implies the waiver, by the shareholders, of their preferential right to the shares to which these securities may grant then an entitlement,
- resolves, under conditions precedent to the adoption of the twelfth resolution submitted to this Meeting, that the total nominal value of the immediate or future increases in capital that may be implemented pursuant to the delegation of power granted to the Board of directors may not be no greater 70 million Euros or the equivalent value in any other authorized currency, it being specified (i) that this ceiling will possibly be increased by the amount of the capital increases resulting from adjustments that may be made in accordance with the law and, possibly, the applicable contractual provisions, so as to protect the rights of the holders of stocks and shares or other rights granting access to the capital, (ii) that this shall be assigned to the ceiling of the capital increase with elimination of the shareholders' allotment right established and determined in accordance with item three of the fifteenth resolution (applicable to issuances based on the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting) and (iii) that this will be assigned to the amount of the overall ceiling defined by the twenty-eighth resolution,
- resolves, under the condition precedent of the rejection of the twelfth resolution submitted to this Meeting, that the foregoing total nominal amount of any capital increases that may be implemented immediately or in the future pursuant to this delegation of power to the Board of directors, may not be greater than 100 million Euros or the equivalent value in any other authorized currency, provided that (i) this ceiling is increased if necessary by the amount of any capital increases resulting from any adjustments that may be implemented in accordance with the legislation and regulations in force and with any applicable contractual stipulations, to protect the rights of the holders of securities or other rights granting access to the Company's capital and (ii) provided that this is applied to the ceiling of the increases in capital without the preferential purchasing right established and determined under the conditions set by the sixth item of the fifteenth resolution (applicable to issuances undertaken on the basis of the fifteenth sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second of this Meeting) and (iii) provided that this is assigned to the amount of the overall ceiling referred to in the twenty-ninth resolution.
- resolves that the securities granting access to the Company's capital issued under this delegation of power may consist of debt securities or be associated with the issuance of such securities or else a permission to issue them as intermediary securities,
- resolves that the nominal value of the debt securities granting access to the Company's capital that may be issued under this delegation of power may not be greater than 200 million Euros or the equivalent value in any other currency authorized on the date of the decision to issue, provided that (i) this amount does not include redemption premiums above par if provided for, (ii) that it is applied to the ceiling on the nominal value of the debt securities on the basis of the fifteenth sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting, (iii) that it is applied to the amount of the overall ceiling referred to in the thirtieth resolution and (iv) that this value is independent and separate from the value of the debt securities, the issuance of which shall be decided or authorized by the Board of directors in accordance with the provisions of Article L.228-40 of the French Commercial Code.
- resolves that the issue price of the shares or securities to be issued pursuant to this resolution will be at least equal to the minimum authorized by the legislation in force,
- resolves that the Board of directors will have full powers, with the option of sub-delegation under the applicable legislative and regulatory conditions, to implement this resolution and in particular:
 - a. to set the exchange rate and, where required, the amount of the cash element to be paid,
 - b. to record the number of securities contributed to the exchange,
 - c. to determine the dates, the terms and conditions of issuance, in particular, the price and date on which there will be a right to a dividend, of the new ordinary shares and/or, where required, of the securities granting immediate access to the Company's capital and/or within a certain period of time,

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- d. if the securities issued consist of or are associated with debt securities, to decide on whether or not they are subordinated, to set their interest rate and their interest payment terms, their duration, the fixed or variable redemption price, with or without premiums, their redemption terms and the conditions under which those securities would entitle the owner to stock in the Company.
- e. to enter the difference between the issue price of the new shares and their nominal value on the liabilities side of the balance sheet of a "share premium" account in which the rights of all shareholders are posted,
- f. to ascribe any and all costs to the issuance premium(s), particularly the costs incurred by implementing the issuances, to assign the capital increase costs to the value of the premiums associated therewith and to withhold the sums necessary to fund the legal reserve from this amount,
- g. and, more generally, to take every measure, conclude all agreements and carry out all of the necessary formalities to successfully complete the issuance and for admission for the issued securities to trading and the provision of financial services, to determine the realization or the implementation of the capital increase and therefore amend the Company's bylaws.

The delegation of this power shall be effective immediately and replaces the one agreed to via the thirteenth resolution of the General Meeting of June 17, 2011 and shall be valid for a term of 26 months from the date of the present General Meeting.

Twenty-second resolution – *Delegation of powers to the Board of directors to issue shares and/or securities granting access to the Company's capital in payment for contributions in kind within the limit of 10% of the capital.*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report by the Statutory auditors, and pursuant to the applicable legislative provisions, in particular Articles L-225-129 et seq. of the French Commercial Code as well as Articles L.255-147 thereof:

- delegates to the Board of directors, with the option to sub-delegate under the applicable legislative and regulatory conditions, to grant the Board of directors the power, upon the report of the Audit Commissioner(s) mentioned in the 1 and 2nd paragraphs of Article L.225-147 of the aforesaid French Commercial Code, to issue shares, equity securities, stocks or securities granting immediate access or access within a certain period, by any means, to the Company's capital, in payment for the contributions in kind made to the Company and composed of equity securities or securities granting access to the capital when the provisions of Article L.225-148 of the French Commercial Code do not apply,
- under the condition precedent to the adoption of the twelfth resolution submitted to this Meeting, sets the maximum nominal amount of the increase in capital that may result from the issuances authorized by this resolution at 10% of the share capital on the date the Board of directors decides thereon, provided that (i) the ceiling is set without taking account of the consequences, on the amount of capital, of adjustments implemented so as to protect the rights of holders of securities which grant access to the Company's capital in accordance with the legislative and regulatory provisions in force and any stipulations in the contract calling for other incidences of adjustments, (ii) and that this amount will be applied to the ceiling of the capital increases in the absence of preferential purchasing rights and determined under the conditions set by the fifth item of the fifteenth resolution (applicable to the issuances completed on the basis of the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting) and that (iii) this is applied to the amount of the overall ceiling referred to in the twenty-eighth resolution.
- under the condition precedent to the adoption of the twelfth resolution submitted to this Meeting, sets the maximum nominal amount of the capital increase that may result from the issuances authorized by this resolution at 10% of the share capital on the date the Board of directors decides thereon, provided that (i) the ceiling is set without taking account of the consequences, on the amount of capital, of adjustments implemented to preserve the rights of the holders of securities which grant access to the Company's capital in accordance with the legislative and regulatory provisions in force and any contractual stipulations calling for other incidences of adjustments, (ii) and that this amount will be applied to the ceiling of the capital increases in the absence of preferential subscription rights and determined under the conditions set by the sixth item under the fifteenth resolution (applicable to issuances completed on the basis of the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolutions of this Meeting) and that (iii) this is applied to the amount of the overall ceiling referred to in the twenty-ninth resolution.
- resolves that the securities that grant access to the Company's capital issued by virtue of this delegation of power may consist of debt securities or may be associated with the issuance of such securities or may allow them to be issued as intermediary securities,

- resolves that the nominal value of the debt securities granting access to the Company's capital that are likely to be issued by virtue of the present delegation of power may not be greater than 200 million Euros or the equivalent value in any other authorized currency, provided that (i) this amount does not include the redemption premiums above par if any were provided for, (ii) that this amount is applied to the overall ceiling of the debt securities under the conditions set by item eight of the fifteenth resolution (applicable to issuances accomplished on the basis of the fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first and twenty-second resolution of this Meeting), (iii) that it is applied to the amount of the overall ceiling referred to in the thirtieth resolution and (iv) that this amount is independent and separate from the amount of the debt securities, the issuance of which will be decided or authorized by the Board of directors in accordance with the provisions of Article L.228-40 of the French Commercial Code.
- resolves, to the benefit of the equity shareholders or security holders, to eliminate the objects of the contributions in kind, the shareholders' preferential right to shares and/or securities consequently issued and formally notes that this delegation implies a waiver by the shareholders of their preferential right to the shares to which the securities that will be issued in conformity with this delegation may grant entitlement,
- resolves that the Board of directors will have full power, with the option of sub-delegation under the applicable legislative and regulatory provisions, to implement this resolution and in particular:
 - a. to decide on any capital increases compensating for the contributions and to specify the new shares or any securities granting access to the capital that are to be issued,
 - b. to define the list of shares or, as the case may be, any securities that are provided that grant access to the capital,
 - c. to decide, based on the Auditors' report concerning the contributions mentioned in the 1 and 2nd paragraphs of Article L.225-147 of the French Commercial Code, on the evaluation of the contributions and the granting of particular benefits,
 - d. to reduce the valuation of the contributions or compensation for any special benefits if the contributors agree thereto,
 - e. to determine the dates, terms of issuance, particularly the pricing terms and the effective date, even retroactively, of the new shares or of any securities granting immediate or future access to the Company's capital, up to the limits authorized by the legislation in force,
 - f. to determine, as necessary, the characteristics of the securities that grant access to the capital compensating for the contributions, and to set the terms under which the rights of the holders of securities that grant access to the capital will be protected,
 - g. to set the conditions for the issuance of the securities compensating for the contributions as well as the amount of any monetary compensation to be paid,
 - h. if needed, to charge all costs pertaining to the capital increase to the goodwill, if required, and deduct therefrom, if deemed appropriate, the sums required for allocation to the legal reserve up to one tenth of the new capital following each issue,
 - i. and, more generally, to take every measure, conclude all agreements and carry out all formalities to achieve the successful completion of the issue and the admission to trade and the financial service of the issued securities, record the increase or increases in capital and, similarly, alter the Company's bylaws.

This authorization is effective immediately and replaces the one granted by the fourteenth resolution of the General Meeting of June 17, 2011 and is valid for a period of 26 months from the date of this Meeting.

Twenty-third resolution – Authorization of the Board of directors to grant stock options and/or purchase options to employees and/or corporate officers of the Company or companies in the Group

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors:

- authorizes the Board of directors in accordance with Articles L.225-177 et seq. of the French Commercial Code, to agree on one or more occasions to grant options to purchase new Company shares and/or existing Company shares to salaried employees as well as the eligible officers or to some of them who belong to the Company or groups or companies associated therewith in accordance with Article L.225-180 of the French Commercial Code,

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- resolves that the total number of options thus granted pursuant to this resolution may represent no more than 5% of the Company's share capital as recorded on the day of their allocation by the Board of directors, it being specified that (i) the total nominal value of the capital increases that may be made in accordance with this resolution will be increased, if necessary, according to the amount of the capital increases resulting from the adjustments that may be made in accordance with the law and, as the case may be, the applicable contractual provisions, so as to protect the security holders' rights granting access to the capital, (ii) that this ceiling shall also be different and independent of the ceiling established and specified in accordance with section three of the fifteenth resolution, (iii) that it shall be consistent with the ceilings set in the twenty-fourth and the twenty-fifth resolutions below, (iv) and that it will be assigned to the global ceiling defined by the twenty-eighth resolution,
- resolves under the condition precedent to the rejection of the twelfth resolution submitted to this Meeting, that the total number of options granted under this resolution may not represent more than 5% of the number of shares comprising the Company's share capital as recorded on the date they are awarded by the Board of directors, provided that (i) the total nominal value of any capital increases that may be made pursuant to this resolution is increased, if necessary, by the amount of the capital increases resulting from any adjustments that may be made in accordance with the legislation and regulations in force and, as the case may be, with any applicable contractual stipulations, in order to protect the rights of the bearers of securities granting access to the capital, that (ii) this ceiling is also separate and autonomous from the ceiling established and specified under the conditions set by item six of the fifteenth resolution, that (iii) it is consistent with the ceilings set in the twenty-fourth and twenty-fifth resolutions below, and that (iv) it is assigned to the overall ceiling referred to in the twenty-ninth resolution,
- resolves that the Board may impose one or more conditions on performance to be determined by the Board of directors concerning the grant of all or part of the options,
- resolves that the number of options granted to the officers of the Company may not represent more than 10% of the total of the allocations made on the basis of this authorization or any prior authorization having the same objective conferred by the General Meeting,
- resolves that the Board of directors will decide the share option or purchase price on the day on which it will grant the options within the limits of and in accordance with the applicable legislation,
- resolves that the options may be exercised within a period of 10 years from the day on which they were granted,
- resolves that the Board of directors may prohibit the immediate sale of the shares purchased or acquired upon the exercise of the options granted; however, the period imposed for retaining the shares may not exceed three years as of the time the option is exercised,
- resolves that this authorization shall imply the express waiver by the shareholders of their preferential right to the shares that will be issued according to the options exercised for the benefit of the beneficiaries of the subscription option,
- resolves that the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, will have full powers to implement this authorization in accordance with the law, in particular:
 - a. to determine the nature of the options granted, set the price and terms of conditions under which the options will be granted, decide on the list of beneficiaries and the number of options allocated to each of them,
 - b. to make the adjustments required to protect the interests of the beneficiaries under the assumptions and conditions provided for by current legislation and, particularly, to decide on the conditions under which the price and the number of shares to be subscribed to or acquired will be adjusted,
 - c. to set the terms and conditions of the options, and particularly: (i) the term of validity of the options, (ii) the date or dates or periods on which to exercise the options, (iii) the date on which dividends will become payable, even retroactively, on the new shares resulting from the exercise of the purchase options,
 - d. provide for the power to temporarily suspend the exercise of the options for the maximum period provided for by the applicable legislative provisions in the event that financial operations take place involving the exercise of a right attached to the shares,
 - e. where required, to limit, suspend, restrict or prohibit the exercise of the options or to transfer or to issue to the bearer the shares obtained from the exercise of the options during certain periods or as of some events, and this decision may apply to all or part of the options or shares or all or part of the beneficiaries,
 - f. to assign any costs to the issuance premium(s), particularly any costs incurred because of the issuance, and to assign any costs ascribable to the capital increase to the magnitude of the premiums associated therewith, and to deduct the sums necessary to fund the legal reserve from this amount,

- g. and more generally, to undertake any and all steps, enter into any and all agreements and carry out any formalities needed to ensure the success of the issuance and admission of the securities issued for trading and for the provision of financial investment services, to note the completion of any capital increases resulting from the exercise of options and to amend the Company's bylaws accordingly.

In accordance with the law, the Board of directors shall inform the shareholders of the operations carried out under this provision annually at the general meeting.

This authorization shall be valid immediately and shall replace the authorization granted by the fifteenth resolution of the general meeting of June 17, 2011 and is valid for a period of 38 months as of the day of the present Meeting.

Twenty-fourth resolution – Authorization of the Board of directors to proceed with the grant of free shares to the employees and/or the corporate officers of the Company and/or companies in its Group

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.225-197-1 et seq. of the French Commercial Code:

- authorizes the Board of directors, to proceed at its discretion and on one or more occasions with free grants of existing shares and/or shares to be issued to beneficiaries to be determined by it from among the employees and/or some members of the salaried workforce and/or eligible corporate officers of the Company and/or from among companies or groups affiliated with it who meet the conditions set by law pursuant to Article L.225-197-2 of the French Commercial Code,
- resolves that the total number of free shares granted under this resolution may not represent more than 5% of the shares constituting the share capital of the Company as determined on the date they are awarded by the Board of directors, provided that (i) the total nominal amount of any capital increases that may be implemented pursuant to this resolution are increased by the amount of any capital increases resulting from adjustments that may be made as required by law and any applicable regulations and, as the case may be, by the applicable contractual obligations, in order to protect the rights of the recipients of free shares, (ii) that this ceiling is also separate and independent from the ceiling originally stipulated and that it is calculated under the conditions set under section five of the fifteenth resolution, (iii) that it is consistent with the ceilings set in resolutions twenty-three and twenty-five, and (iv) that it is not charged to the overall ceiling referred to in the twenty-eighth resolution,
- resolves, under the condition precedent of the rejection of the twelfth resolution submitted to this Meeting, that the total number of the free shares granted under this resolution may not represent more than 5% of the number of shares comprising the Company's share capital as determined on the date they are awarded by the Board of directors, provided that (i) the total nominal amount of any capital increases that may be made pursuant to this resolution will be increased, if necessary, by the amount of the capital increases resulting from any adjustments that may be made, in accordance with the legislation and regulations in force and with any applicable contractual stipulations, in order to protect the rights of the recipients of free shares granting access to the capital, that (ii) this ceiling is also separate and independent from the ceiling established and determined under the conditions set by item six of the fifteenth resolution, that (iii) it is consistent with the ceilings set by the twenty-third and twenty-fifth resolutions, and that (iv) it is applied to the overall ceiling referred to in the twenty-ninth resolution.
- resolves that the grant of free shares to their beneficiaries shall be final after an acquisition period of no less than two years,
- resolves that those shares granted free of charge shall in all cases entail a holding period of at least two years, unless, however, the minimum holding period is reduced or eliminated by the Board of directors for shares with an acquisition period set at more than two years,
- resolves that the final grant of shares shall be made immediately before the end of the acquisition period in the event the beneficiary corresponding to the second or third class of shares pursuant to Article L.341-4 of the Social Security Code proves ineligible, or in the event of the death of the beneficiary before the end of the holding period, as the shares then become transferable immediately,
- resolves that, with regard to any existing shares that are to be granted under this resolution, they must be acquired by the Company, either under Article L.225-208 of the French Commercial Code or, as the case may be, under the share buyback program authorized by resolution eleven submitted to this Meeting or any other stock purchase plan applicable subsequently,
- acknowledges that, with regard to any shares to be issued, this delegation shall (i) require a capital increase through the capitalization of reserves, income or issuance premiums to the recipients of said shares after the start of acquisition

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period, and a corresponding waiver by the shareholders in favor of the recipients of any grants to that portion of the reserves, income and premiums thus capitalized, and (ii) shall automatically require the grant of free shares to the beneficiaries and a waiver by the shareholders of their preferential subscription right,

- acknowledges the fact that the corresponding capital increase shall be absolutely completed solely as a result of the final grant of shares to the beneficiaries,
- resolves that the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, shall have full power to implement this resolution, particularly for purposes of the following:
 - a. preparing the lists of beneficiaries, setting the dates and terms for the granting the shares, particularly the period after which such grants are final, and, as the case may be, the holding period required for each beneficiary as well as the number of shares granted to each of them,
 - b. determining the interest bearing date, even retroactively, of the new shares issued under this authorization,
 - c. if deemed appropriate, determining conditions affecting the final grant of free shares, particularly any conditions of presence and/or performance,
 - d. as the case may be, providing for the option of temporarily suspending the rights to be granted,
 - e. determining whether or not the shares granted free of charge are existing shares or shares to be issued, and, in the case of new share issues, to increase the capital by capitalizing reserves, profits or premiums, determining the nature and the amount of the reserves to be capitalized for payment in full of said shares, determining any capital increases, amending the bylaws accordingly and, more generally, seeing to it that the transactions are conducted successfully,
 - f. as the case may be, during the acquisition period, providing for the option of adjusting the number of free shares granted based on any capital transactions by the Company in such a way as to preserve the rights of the beneficiaries, and making the said adjustments, provided that the shares granted under such adjustments are considered granted on the same day as the shares initially granted,
 - g. and more generally recognizing the final grant of shares, concluding any and all agreements, preparing any and all documents, performing any and all formalities and, in general, doing everything useful or necessary to implement this authorization.

This authorization is valid immediately and replaces the one approved by the sixteenth resolution of the General meeting of June 17, 2011 and is valid for a period of 38 months as of the date of this Meeting.

Twenty-fifth resolution – *Delegation of power to the Board of directors to increase the share capital in favor of the employees of the Group - Article L.225-129-6 of the French Commercial Code*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.3332-18 and pursuant to the French Labor Code and Articles L.225-129-2, L.225-129-6 and L.225-138-1 of the French Commercial Code:

- delegates the power to the Board of directors to increase the share capital on one or more occasions, solely at its discretion, by issuing shares of the Company reserved for employees and former employees of the Company and any affiliated companies or economic interest groups as defined in Article L.225-180 of the Code of Commerce who are members of a Company Savings Plan [CSP] to be set up pursuant to Article L.3332-18 of the Labor Code,
- resolves, under the condition precedent of the adoption of the twelfth resolution submitted to this Meeting, that the capital increase pursuant to this resolution may not exceed 5% of the number of shares comprising the Company's share capital on the date of the decision by the Board of directors, provided that (i) the total nominal value of any capital increases that may be completed pursuant to this resolution shall be increased if necessary by the value of the capital increases resulting from any adjustments that may be made in accordance with the legislation and regulations in force and with any applicable contractual stipulations, so as to protect the rights of the recipients of free shares, (ii) that the ceiling is also separate and independent from the ceiling established and determined under the conditions established by item five of the fifteenth resolution, (iii) that it is consistent with the ceilings defined by the twenty-third and the twenty-fourth resolutions, (iv) and that it is applied to the overall ceiling referred to in the twenty-eighth resolution,

- resolves, under the condition precedent of the rejection of the twelfth resolution submitted to this Meeting, that the capital increase pursuant to this resolution may not exceed 5% of the number of shares comprising the Company's share capital on the date of the decision by the Board of directors, provided that (i) the total nominal value of the capital increases that may be completed pursuant to this resolution shall be increased, if necessary, by the value of the capital increases resulting from any adjustments that may be made in accordance with the legislation and regulations in force and with any applicable contractual stipulations, so as to protect the rights of the recipients of free shares, that (ii) this ceiling is also separate and independent from the ceiling established and determined under the conditions set by item six under the fifteenth resolution, that (iii) it is consistent with the ceilings defined by the twenty-third and twenty-fourth resolutions, and that (iv) it is applied to the overall ceiling referred to in the twenty-ninth resolution.
- resolves that the Board of directors shall set the subscription price of the shares in accordance with Article L.3332-19 of the Labor Code, given that the maximum discount in relation to the average share price on the Euronext Paris over the twenty trading sessions preceding the decision by the Board of directors setting the date for opening purchase options cannot exceed 20%, provided (i) that the Board of directors is expressly authorized to reduce or eliminate this discount if deemed appropriate, including for the purpose of taking into account international accounting provisions or legal, accounting, tax or social systems applicable locally, and (ii) that the Board of directors will also be able to decide to grant free shares to the purchasers of new shares as a substitute for the discount and/or as the employer's contribution.
- notes that the present delegation of power involves renunciation of the preferential subscription purchase by the stockholders in favor of said members of the company savings plan,
- resolves that the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory provisions, shall have full powers to implement this resolution, and in particular:
 - a. to determine the companies or groups whose employees will be able to subscribe to the new shares,
 - b. to set the conditions and terms for the issuances to be completed under this authorization, particularly the interest bearing date and the terms for payment in full and the purchase price of the new shares, and to decide on the opening and closing dates of the purchase option,
 - c. solely at its discretion and if deemed appropriate, to attribute the costs of the capital increases to the amount of the premiums associated with such increases, and to withhold from that amount the sums necessary to raise to the legal reserve to one tenth of the new equity capital after each increase,
 - d. to certify the completion of the capital increases resulting from this resolution, to amend the bylaws accordingly, to carry out any and all formalities and, in general, to do everything useful or necessary to implement this authorization.

This delegation is valid for a period of 26 months as of the date of this Meeting.

Twenty-sixth resolution – Authorization of the Board of directors to reduce the capital through the revocation of shares

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the applicable legislative and regulatory provisions and particularly the terms of Articles L.225-209 of the French Commercial Code:

- authorizes the Board of directors to cancel, once or on several occasions, to the extent and at the times it shall determine, up to 10% of the share capital per annum as of the date of the decision of the Board of directors, consisting of all or a portion of the shares acquired or that will be acquired by the Company itself in accordance with the authorization of the ordinary General Meeting, and to correspondingly reduce the share capital,
- resolves that the Board of directors shall have full powers, with the right to sub-delegate under the applicable legislative and regulatory conditions, to implement this resolution notably for purposes of:
 - a. completing one or several share cancellations and capital reductions as result of this delegation, setting the terms and verifying its completion,
 - b. assigning the difference between the book value of the canceled shares and their nominal value on all the items of available reserves and bonuses, and

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- c. initiating the corresponding amendment of the bylaws, carrying out all the formalities and, as a general rule, doing everything that is deemed necessary.

This authorization is effective immediately and replaces the one which was granted via the eighteenth resolution of the General Meeting of June 17, 2011 and is valid for a period of 18 months as of the date of this General Meeting.

Twenty-seventh resolution – *Delegation of power to the Board of directors to issue securities granting access to the Company's capital while revoking the shareholders' preferential right to purchase shares in favor of a category of persons underwriting the Company's equity securities.*

The General Shareholders' Meeting, meeting under the quorum and majority conditions required for extraordinary general meetings, after reviewing the report by the Board of directors and the special Auditors' report, and in accordance with Articles L.225-129 to L.225-129-6, L.225-138 and L.228-91 et seq. of the French Commercial Code:

- delegates to the Board of directors, with the option of sub-delegation under the applicable legislative and regulatory conditions, the power to decide on the issuance, on one or more occasions, of securities granting access to the Company's capital, and obligating their holders to subscribe in cash for ordinary shares in the Company at the Company's request, it being specified that the terms of these securities granting access to the Company's capital require that the new shares are issued at any time during the three (3) year period following the date of the present Meeting;
- notes that this delegation of power will enable the Company, under certain conditions defined by prior agreement, to issue shares via the exercise of transferable securities limited to 10% of the share capital of the company, with this percentage being determined at the time when each issue of new shares is accomplished;
- resolves to eliminate the shareholders' preferential subscription right to transferable securities granting access to the capital and to reserve them for subscription by the category of persons meeting the following characteristics: financial intermediaries filing an agreement to provide the investment service mentioned in 6-1 of Article L.321-1 of the Monetary and Financial Code, underwriting the equity securities;
- specifies that, in accordance with Article L.225-138 of the French Commercial Code, the Board of directors shall make a list of the beneficiaries in this category, provided that, as the case may be, this may concern a single provider and that it is their intent not to keep the new shares issued upon the exercise of the transferable securities granting access to the capital after the underwriting;
- resolves, in accordance with the provisions of Article L.225-138 II of the French Commercial Code and given the terms of the report by the Board of directors and the special Auditors' report, that the unit price for the issuance of new shares to be issued upon the exercise of the transferrable securities granting access to the capital, after deducting the price of the issuance of said transferable securities, will be equal to or greater than the average weighted by the volumes of the prices quoted for the Company's share in the last three (3) trading sessions on the regulated market of NYSE-Euronext in Paris immediately preceding the exercise date of the transferrable securities granting access to the capital, plus a discount not to exceed 7%;
- notes that, in applying the provisions of Article L.225-132 of the French Commercial Code, the decision(s) to issue transferrable securities granting access to the capital will automatically entail, to the benefit of the holders of the said transferrable securities granting access to the capital, a waiver by the shareholders of their preferential subscription right to said new shares to which theses transferrable securities grant access;
- grants full powers to the Board of directors with the option of sub-delegation under the conditions set by law, to implement or not to implement this delegation of power, notably by entering into one or more agreements with the beneficiaries designated by the Board to be in the foregoing category;

It will consequently also be up to the Board of directors, with the option of sub-delegation under the conditions established by law, to determine the characteristics of the Warrants and those of the shares to be issued through the exercise of the said Warrants, to change those transferrable securities granting access to the capital and those shares that will be issued through the exercise of said transferrable securities granting access to the capital to modify if necessary later modify these characteristic subject to the limits stipulated by this resolution, on one or more occasions, to the extent and at the times to be determined by the board, or to postpone the issuance, to acknowledge the completion thereof and to amend the bylaws accordingly, as well as to complete any formalities or reports and apply for any authorizations that may prove to be required in order to complete said issuances.

This delegation of powers is approved for the maximum period of time referred to in Article L.225-138 of the French Commercial Code, it being specified that, if the present delegation of powers is utilized, the Board of directors shall inform the shareholders thereof during the next General Meeting.

Twenty-eighth resolution – Overall ceiling of the nominal value of the stock issue authorizations under the condition precedent to the adoption of the twelfth resolution.

The General Shareholders' Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report by the Board of directors and pursuant to the provisions of Articles L.225-129-2 of the French Commercial Code:

- resolves, under the condition precedent to the adoption of the twelfth resolution submitted to this Meeting, to set the overall ceiling of any immediate or future capital increases that may result from all of the issues of stock and/or securities granting access to the capital implemented under the power granted to the Board of directors, pursuant to the fourteenth, fifteenth, sixteenth, seventeenth, eighteenth, nineteenth, twenty-first, twenty-second, twenty-third, twenty-fourth and twenty-fifth resolutions, at a total nominal amount of 210 million Euros, plus the amount of any capital increases resulting from the adjustments that may be made in accordance with the law and with any applicable contractual stipulations, to protect the rights of the holders of securities or other rights granting future access to the Company's capital, provided that within the limit of that ceiling:
 - a. issuances completed with the preferential subscription right referred to in the fourteenth resolution, which includes shares resulting from the increase in the number of shares or securities issued pursuant to the eighteenth resolution, do not result in increasing the capital by a nominal amount greater than 70 million Euros,
 - b. issuances completed via a public offering without the preferential subscription right referred to in the fifteenth resolution, including shares resulting from the increase in the number of shares or securities issued pursuant to the eighteenth resolution do not result in increasing the capital by a nominal amount greater than 70 million Euros,
 - c. issuances without the preferential subscription right through private investment, as discussed in the sixteenth resolution, including any shares resulting from the increase in the number of shares or securities issued pursuant to the eighteenth resolution may not exceed 20% of the share capital (as it exists on the date of the decision by the Board of directors) per annum,
 - d. issuances without the preferential subscription right through a public offering or private investment, as discussed in the seventeenth resolution, are applied respectively to the ceilings of the fifteenth and sixteenth resolutions mentioned above,
 - e. issuances without the preferential subscription right resulting from the issuance by Subsidiaries of the Company of securities granting access to the Company's capital, as discussed in the nineteenth resolution, do not result in increasing the capital by a nominal amount greater than 17.5 million Euros,
 - f. capital increases in cases of public exchange offers, as discussed in the twenty-first resolution, do not result in increasing the capital by an amount greater than 70 million Euros,
 - g. capital increases intended to compensate for in-kind benefits, as discussed in the twenty-second resolution, do not exceed 10% of the share capital (as it exists on the date of the decision by the Board of directors),
 - h. all of the capital increases without the preferential subscription right, completed on the basis of the fifteenth, sixteenth, seventeenth, nineteenth, twenty-first and twenty-second resolutions, after taking account of the increase in the number of shares or securities issued pursuant to the eighteenth resolution do not result in increasing the capital by a nominal amount above 70 million Euros,
 - i. issuances of new shares to accommodate the stock subscription or stock purchase options referred to in the twenty-third resolution may not result in increasing the capital by any amount greater than 5% of the Company's capital, as determined on the date they are granted by the Board of directors, this amount being comparable to the amount set in the twenty-third and twenty-fifth resolutions,
 - j. issuances of new shares to accommodate the grants of free shares referred to in the twenty-fourth resolution may not result in increasing the capital by an amount greater than 5% of the Company's capital as determined on the date they are granted by the Board of directors, this amount being comparable to the one set in the twenty-third and twenty-fifth resolutions,
 - k. issues of new shares granted to the employees of the Group, as discussed in the twenty-fifth resolution, do not result in increasing the capital by any amount greater than 5% of the Company's capital as determined on the date they are granted by the Board of directors, this amount being comparable to the one set in the twenty-third and twenty-fourth resolution,

6. ADDITIONAL INFORMATION

it being understood that all of the ceilings are established without taking account of the consequences, on the amount of capital, of any adjustments that may be made in accordance with the applicable regulations and with any applicable contractual stipulations, in order to protect the rights of the holders of securities or other rights granting future access to the Company's capital.

Twenty-ninth resolution – *Overall ceiling on the nominal amount of the authorizations to issue shares under the condition precedent to the rejection of the twelfth resolution*

The General Meeting, held in accordance with the conditions of quorum and majority required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors and the special report of the Statutory auditors, and pursuant to the terms of Articles L.225-129-2 of the French Commercial Code:

- resolves to set the immediate overall ceiling for capital increases that may result from all the issuances of shares and/or various securities under the delegations of power granted to the Board of directors under the fourteenth, fifteenth, sixteenth, sixteenth, seventeenth, eighteenth, nineteenth, twentieth, twenty-second, twenty-third, twenty-fourth and twenty-fifth resolutions with an overall nominal value of 300 million Euros plus the value of any capital increases resulting from adjustments than may be made in accordance with the law and, as the case may be, with any applicable stipulations of the contract, in order to protect the rights of the holders of securities or other rights granting eventual access to the Company's capital, provided that within the limit of this ceiling:
 - a. issuances retaining the preferential purchasing right covered by the fourteenth resolution comprising the actions resulting from an increase in the number of shares or securities issued by implementing the eighteenth resolution may not result in a capital increase by a nominal amount above 100 million Euros,
 - b. issues eliminating the preferential purchasing right via public offers covered by the fifteenth resolution, as applied to an increase in the number of shares or securities issued under the eighteenth resolution, may not result in a capital increase by a nominal amount above 100 million Euros,
 - c. issues eliminating the preferential purchasing right via private investment covered by the sixteenth resolution, as applied to an increase in the number of shares or securities issued under the eighteenth resolution, may not exceed 20% of the share capital (as it existed on the date of the decision by the Board of directors) per annum,
 - d. issues without the preferential subscription right implemented via a public offering or via private investment, as discussed in the seventeenth resolution are applied respectively to the ceilings of the fifteenth and sixteenth resolutions mentioned above,
 - e. issues eliminating the preferential subscription rights resulting from the issue by subsidiaries of the Company of securities granting access to the capital of the Company, which are covered by the nineteenth resolution, may not result in a capital increase by a nominal amount above 25 million Euros,
 - f. capital increases in cases of public exchange offers, which are covered by the twenty-first resolution, may not result in increasing the capital by an amount above 100 million Euros,
 - g. capital increases completed in order to pay for in-kind contributions, which are covered in the twenty-second resolution, may not exceed 10% of the share capital (as it existed on the date of the decision by the Board of directors),
 - h. all of the capital increases with elimination of the preferential subscription right based on the fifteenth, sixteenth, seventeenth, nineteenth, twenty-first and twenty-second resolutions, after taking account of the increase in the number of shares or securities issued under the eighteenth resolution, may not result in increasing the capital by an amount above 100 million Euros,
 - i. issues of new shares for stock purchases or stock purchase options, which are covered in the twenty-third resolution, may not result in increasing the capital by an amount above four percent of the Company's capital as determined on the date they are granted by the Board of directors; this amount must be consistent with the amount set by the twenty-fourth and twenty-fifth resolutions,
 - j. issues of new shares for purposes of granting free shares, which are covered by the twenty-fourth resolution, may not result in increasing the capital by an amount above four percent of the Company's capital as determined on the date they are granted by the Board of directors; this amount must be consistent with the amount set in the twenty-third and the twenty-fifth resolutions,
 - k. issues of new shares to salaried employees of the group, which are covered by the twenty-fifth resolution, may not exceed 5% of the share capital on the date of the decision by the Board of directors; this amount must be consistent with the amount set in the twenty-third and the twenty-fourth resolutions;

with the understanding that all of these ceilings are set without taking into account the consequences on the capital value of any adjustments that may be implemented in accordance with the law and with any applicable contractual stipulations, so as to protect the rights of the holders of securities or other rights granting eventual access to the Company's capital.

Thirtieth resolution – Overall ceiling of the nominal value of the debt securities granting access to the capital

The General Meeting, held in accordance with the quorum and majority conditions required for extraordinary general meetings, after having taken knowledge of the report of the Board of directors, and pursuant to the provisions of Articles L.225-129 et seq. and L.228-91 et seq. of the French Commercial Code:

- resolves to set the overall ceiling of the debt securities granting access to the capital issued under the power granted to the Board of directors pursuant to the fourteenth, fifteenth, sixteenth, seventeenth, eighteenth, twenty-first and twenty-second resolutions at a total nominal amount of 200 million Euros,
- it being specified that within the limits of this ceiling :
 - a. issues of debt securities implemented with the preferential subscription right referred to in the fourteenth resolution including the shares resulting from the increase in the number of securities issued pursuant to the eighteenth resolution, do not exceed 200 million Euros,
 - b. issues of debt securities without the preferential subscription right implemented via a public offering, as discussed in the fifteenth resolution, including debt securities granting access to the capital and resulting from the increase in the number of debt securities granting access to the capital issued pursuant to the eighteenth resolutions do not exceed 200 million Euros,
 - c. issues of debt securities without the preferential subscription right implemented via a private investment as discussed in the sixteenth resolution, including the debt securities granting access to the capital resulting from the increase in the number of debt securities granting access to the capital issued pursuant to the eighteenth resolution, do not exceed 200 million Euros,
 - d. issues of debt securities without the preferential subscription right implemented via a public offering or via private investment, as discussed in the seventeenth resolution, are applied respectively to the ceilings of the fifteenth and sixteenth resolutions mentioned above,
 - e. issues of debt securities in the case of public exchange offers, as discussed in the twenty-first resolution, do not exceed 200 million Euros,
 - f. issues of debt securities in the case of public exchange offers, as discussed in the twenty-first resolution, do not exceed 200 million Euros,

it being specified that (i) this sum does not include the redemption premium or premiums above par, if any, and that (ii) this amount is independent and separate from the value of the debt securities, the issuance of which shall be decided or authorized by the Board of directors in accordance with the provisions of Article L.228-40 of the French Commercial Code.

Thirty-first resolution – Powers to complete formalities

The General Meeting grants full powers to the bearer of an original, a copy or an extract of the minutes of this Meeting for the purpose of carrying out all legal or administrative formalities and to comply with all the filings and publicity provided by the applicable laws related to all of the preceding resolutions.

6.2 CONSOLIDATED REVENUE FOR THE FIRST QUARTER OF 2012

Consolidated revenue for the first quarter of 2012 is up by 43%

- Increase in revenue from each activity of the Group,
- Strong growth in Sales of electricity for own account activity and Operation activity.

6. ADDITIONAL INFORMATION

Since the second half of 2010, the Group has reduced the pace of its wind farm and project disposals in order to favor the Sales of electricity for own account activity which benefits from a predictable and recurrent revenue over the long term, as well as from a significant operational margin.

For the first time since the implementation of this new business model, the two quarters presented are comparable from one year to the other.

THEOLIA's consolidated revenue amounted to 19.9 million euros for the first quarter of 2012, i.e. an increase of +43% compared to the first quarter of 2011.

Consolidated revenue by activity (in thousand euros)	First quarter	
	2012	2011
Sales of electricity for own account	14,734	11,236
Operation	2,062	1,612
Development, construction, sale	2,875	796
Non-wind activity (1)	250	244
Total	19,921	13,888

The **revenue from the Sales of electricity for own account activity** reached 14.7 million euros for the first quarter of 2012, an increase of +31% compared to the first quarter of 2011. This strong growth is the result of a positive scope effect, better production conditions in Germany and the registration of green certificates in Italy.

As of March 31, 2012, the Group's installed capacities for own account reached 304 MW, compared to 291 MW as of March 31, 2011. Changes between the two periods include the commissioning, during the second half of 2011, of the Gargouilles wind farm in France for a capacity of 18.4 MW, the sale of a 4 MW operating wind farm at the end of 2011 and the sale of a 1.5 MW operating wind farm in the first quarter of 2012.

The distribution of these installed capacities over four countries contributes to reducing the impact of potential changes in local wind conditions.

The **revenue from the Operation activity** amounted to 2.1 million euros for the first quarter of 2012, an increase by +28% compared to the first quarter of 2011. As for the Sales of electricity for own account activity, the Operation activity mainly benefitted from good production conditions in Germany.

As of March 31, 2012, capacities managed for third parties reached 599 MW, compared to 586 MW as of March 31, 2011.

The **revenue from the Development, construction, sale activity** came to 2.9 million euros for the first quarter of 2012, compared to 0.8 million euros for the first quarter of 2011. The revenue from this activity over the period mainly includes the sale of a 1.5 MW operating wind farm in Germany as for trading activity, as well as development and construction services for third parties in France.

The **Non-wind activity** registered a revenue of 250 thousand euros for the first quarter of 2012, produced by the solar park in Germany.

6.3 DOCUMENTS AVAILABLE TO THE PUBLIC

The Company's Articles of association as well as minutes of the general meeting of the shareholders, the parent company and consolidated financial statements, the Statutory auditors' reports and any other corporate documents may be consulted in paper form at the Company's registered address.

All the information made public by the Group pursuant to Article 221-1 of the General Regulations of the AMF and Article 225-73-I of the French Commercial Code are accessible on the Company website at the following address: www.theolia.com, and a copy may be obtained at the Company's registered office, 75 rue Denis Papin - PO Box 80199 - F-13795 Aix-en-Provence Cedex 3.

6.4 ANNUAL INFORMATION DOCUMENT

In accordance with Article 222-7 of the French financial markets authority's (AMF) General Regulations, the Company drew up an annual report containing all of the information published or made public over the past 12 months, i.e. from April 1, 2011 to April 1, 2012, so as to satisfy legislative or regulatory obligations with respect to financial instruments, an issuer of financial instruments and financial markets.

Financial reports

Publication date	Nature of the information
November 10, 2011	THEOLIA publishes its 2010 Registration Document filed with the AMF
April 29, 2011	2010 annual financial report available

Financial information

Publication date	Nature of the information
March 29, 2012	THEOLIA's 2011 annual results show a strong improvement in operational performance
January 31, 2012	Strong increase in sales of electricity and 2011 annual revenue in line with strategy
August 31, 2011	Strong improvement in profitability and speed-up in business development
July 28, 2011	Revenue for the first half of 2011
May 10, 2011	Revenue for the first quarter of 2011
April 18, 2011	Reignited development and reasonable investment policy

News and press releases

Publication date	Nature of the information
January 25, 2012	Half-year summary of THEOLIA's liquidity contract
January 4, 2012	THEOLIA sells its first wind project to THEOLIA Utilities Investment Company
December 13, 2011	THEOLIA has closed financing for a 15 MW wind project in France
November 24, 2011	THEOLIA secures additional 18 MW in France
November 22, 2011	German authorities have approved the entry of Badenova into THEOLIA Utilities Investment Company
November 8, 2011	THEOLIA commissions the second part of the Gargouilles wind farm and publishes its revenue for the first nine months of 2011
October 25, 2011	THEOLIA Utilities Investment Company: a cross-border partnership in wind energy
July 18, 2011	Creation of the investment vehicle THEOLIA Utilities Investment Company
July 11, 2011	Half year summary of THEOLIA's liquidity contract
June 1, 2011	THEOLIA and the Office National de l'Electricité intend to jointly develop and construct a 300 MW wind farm in Morocco

Shareholders' meetings

Publication date	Nature of the information
June 17, 2011	THEOLIA's General Meeting of shareholders
May 13, 2011	Ordinary and Extraordinary General Meeting on June 17, 2011

6. ADDITIONAL INFORMATION

Other regulated information

Publication date	Nature of the information
March 20, 2012	Number of shares and voting rights as of February 29, 2012
February 24, 2012	Number of shares and voting rights as of January 31, 2012
January 25, 2012	Number of shares and voting rights as of December 31, 2011
November 15, 2011	Number of shares and voting rights as of October 31, 2011
October 11, 2011	Number of shares and voting rights as of September 30, 2011
September 22, 2011	Number of shares and voting rights as of August 31, 2011
July 8, 2011	Conversion of 1,594,951 OCEANes in June 2011
June 17, 2011	Requests for conversion of almost 1,600,000 OCEANes
June 8, 2011	Number of shares and voting rights as of May 31, 2011
May 4, 2011	Number of shares and voting rights as of April 30, 2011
April 12, 2011	THEOLIA announces new bond conversions

All of these documents are available on the THEOLIA Group's website: www.theolia.com.

6.5 SPECIAL REPORT ON FREE SHARES

This Registration Document contains all of the elements of the Board of directors' special report on the free shares required under the terms of Article L. 225-197-4 of the French Commercial Code, which are as follows:

- number and value of the shares freely awarded during fiscal year 2011 by the Company to its executive corporate officers. No award was made by the companies related to it under Article L. 233-16 or by the companies controlled within the meaning of Article L. 233-16): see Sections 2.3.1.3 and 2.3.2.2. of this Registration Document; and
- number and value of the shares freely awarded during fiscal year 2011 to the 10 highest paid employees who are not executive corporate officers of the Group: see Sections 3.6.2 and 5.2.4.3 of this Registration Document.

6.6 SPECIAL REPORT ON STOCK OPTIONS

This Registration Document includes all elements of the special report of the Board of directors on stock options or discounted shares as required pursuant to Article L. 225-184 of the French Commercial Code, as follows:

- name, maturity dates and price of stock options or discounted shares granted during fiscal year 2011 by reason of the assignments and duties practiced within the Company, to each of its officers, by the Company and its associated companies, under the conditions stipulated in Article L. 225-180: see Paragraphs 2.3.1.3, 2.3.2.2 and 4.1.6 (Notes 2.14 and 21.3) of this Registration Document.
- name, maturity dates and prices of stock options or discounted shares granted during fiscal year 2011 to each of its officers, by reason of the assignments and duties they exercise in the Company by controlled companies, as these are defined by Article L. 233-16: none;
- name and price of the stock options or discounted shares purchased during the fiscal year by the Company's corporate officers by exercising one or more of the options they held on the companies covered in the two preceding sections: none;
- name, price and maturity dates of the stock options or discounted shares granted during fiscal year 2011 by the Company and its associated companies or groups under the conditions specified in Article L. 225-180, to each of the Company's ten employees who are not corporate officers, for whom the number of options thus granted was the highest: see Paragraphs 3.6.2 and 5.2.4.4 of this Registration Document;

- number and price of the shares that, during fiscal year 2011 were subscribed or purchased by exercising one or more options held on the companies covered in the preceding section, by each of the company's ten employees who are not corporate officers, for whom the number of shares thus purchased or subscribed was the highest: none;
- name, price and maturity dates of stock options or discounted shares granted during fiscal year 2011 by the companies covered in the preceding section, to all benefiting employees, as well as the number and distribution of the options granted among the categories of these beneficiaries: none.

6.7 FINANCIAL INFORMATION INCORPORATED BY REFERENCE

6.7.1 Fiscal year ending December 31, 2009

6.7.1.1 *Intangible assets*

Upon the acquisition of the company Ventura in the first half 2005, the Group carried out an appraisal of the fair value of the acquired assets and liabilities. On the date of taking control, the Company had construction permits for a total of 272 MW, of which 32 had been accepted and had become final. Based on statistics, the Group had taken into consideration the completion of 72 MW of the 240 MW being developed. The total number of revalued MW was thus equal to 104.

The revaluation recorded amounted to €13,316 thousand with the recognition of a deferred tax liability of €4,505 thousand.

During the previous financial periods, some of these projects have been sold outside of the Group and others commissioned. Following these transactions, the related assets should have been derecognized and had an impact on the results from the disposal of these wind projects, or should have been amortized. This handling error was identified during the work on closing the accounts for the year 2010 and necessitated recording a restatement of the financial statements for the year 2009.

This restatement was conducted in three stages:

- Projects sold prior to 2009: restatement of non-current assets with a counterparty in the opening shareholders' equity;
- Projects sold in 2009: restatement of non-current assets with a counterpart in the income statement;
- Operating projects: recording of amortizations.

Impacts on the statement of the financial position as of December 31, 2009

Assets		
	Intangible assets	(8,360)
Liabilities		
	Opening reserves	(1,457)
	Income	(4,075)
	Deferred tax liabilities	(2,828)
		<u>(8,360)</u>

Impacts on the income statement as of December 31, 2009

Purchases and changes in inventories	(4,132)
Amortization	(310)
Other non-current income and expenses	(1,716)
Taxes	2,083
	<u>(4,075)</u>

6. ADDITIONAL INFORMATION

6.7.1.2 Presentation of revenue

Until December 31, 2009, the production of electricity from wind farms managed for third parties had been recorded as revenue based on the volume produced and delivered over the period. The Group wrongly assumed that it was not acting as an agent in these transactions, especially because the contract for the sale of electricity to the grid operator had been set up between the Group and the end client and did not involve the owner of the asset managed by the Group.

In 2010 an in-depth review of these cases and the contracts between the German subsidiary in question and its clients was carried out by the Group, notably in reference to Section 21 of the notes to IAS 18 added by the IASB in 2009 as part of the annual improvement of IFRS standards. On that basis, the Group has changed its accounting for revenue related to this production from wind farms managed for third parties: sale of electricity for third parties is no longer recorded as revenue for the period, except in some cases where, on account of the contractual relationships, the transaction risks are mainly borne by the Group

In accordance with the provisions of IAS 8, revenue for the year 2009 were thus retrospectively restated.

This change had no impact on the operating results or on net income.

The table below presents the summary of the impacts on the income statement and on the financial position:

	12/31/2009 Published	Restatement of revenue	Restatement of intangible assets	12/31/2009 Restated
Revenue	328,593	(34,213)		294,380
Purchases and changes in inventories	(255,367)	34,213	(4,132)	(225,286)
Amortization	(21,493)		(310)	(21,803)
Current operating income	27,811	-	(4,442)	23,369
Other non-current income and expenses	(140)		(1,716)	(1,856)
Operating income before impairment	27,671	-	(6,158)	21,513
OPERATING INCOME (after impairment)	32,180	-	(6,158)	26,022
Tax expenses	437		2,083	2,520
Consolidated NET INCOME	(21,101)	-	(4,075)	(25,176)
Group income	(20,765)		(4,075)	(24,840)
From minority interests	(334)			(335)
Consolidated income per share (in euros)	(0.52)			(0.62)
Consolidated diluted income per share (in euros)	(0.49)			(0.59)

Assets	12/31/2009 Published	Restatement of intangible assets	12/31/2009 Restated
Intangible assets	99,883	(8,360)	91,523
Non-current assets	520,123	(8,360)	511,763
Current assets	206,574	-	206,574
TOTAL ASSETS	743,769	(8,360)	735,409
LIABILITIES AND SHAREHOLDER'S EQUITY			
Other reserves	(176,201)	(1,457)	(177,658)
Net income – Group share	(20,765)	(4,075)	(24,840)
Shareholder's equity – Group share	150,475	(5,532)	144,943
Shareholders' equity	148,652	(5,532)	143,120
Deferred tax liabilities	25,003	(2,828)	22,175
Non-current liabilities	406,261	(2,828)	403,433
Current liabilities	177,818	-	177,818
TOTAL LIABILITIES AND EQUITY	743,769	(8,360)	735,409

6.7.1.3 *Inclusion by référence*

Pursuant to Article 28-1 section 5 of (EC) Regulation 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ending December 31, 2009 (prepared in accordance with IFRS including comparative data for fiscal year 2008 under the same standards) and the related report of the auditors are included by reference in this Registration Document. They appear in Section 20.1 of the Registration Document of the Company registered by the AMF on June 4, 2010 under No. R 10-040.

6.7.2 Fiscal year ending December 31, 2010

Pursuant to Article 28-1 section 5 of (EC) Regulation 809/2004 of the European Commission of April 29, 2004, the Group's consolidated financial statements for the year ending December 31, 2010 (prepared in accordance with IFRS including comparative data for fiscal year 2009 under the same standards) and the report of the Statutory auditors relating thereto, are included by reference in this Registration Document. They appear in Section 4.21 of this Registration Document of the Company registered by the AMF on November 9, 2011 under No. R 11-062.

6.8 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Having adopted all reasonable measures for such purpose, I certify that the information contained in this Registration Document, to the best of my knowledge, faithfully represents the actual condition and does not contain any omission that could have significant impact upon it.

I certify, to the best of my knowledge, that the financial statements have been prepared in accordance with applicable accounting standards and fairly present the assets and liabilities, financial position and income of the Company and of all consolidated entities and that the Management Report, the cross-reference table of which can be found in Section 6.10.1 of this Registration Document, gives a true and fair view of the business performance, income and financial position of the Company and of all consolidated entities, together with a description of the main risks and uncertainties facing them. I have obtained the final report from the Statutory auditors, indicating that they have verified the information bearing on the financial conditions and the accounts provided in this Registration Document as well as read the entire Registration Document.

The historical financial information submitted in this Registration Document was covered by the reports of the auditors appearing in Section 4.1.7 of said document.

The auditors' report on the consolidated financial statements as of December 31, 2009 appearing in Section 20.1.2 of the 2009 Registration 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 operation 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 1, 2009 – Change in method" which states the changes in accounting methods resulting from the application from January 1, 2009 of new standards, amendments and interpretations,
- Note 5 of the consolidated accounts "Significant events during the fiscal year – Sale of non-wind assets and interests" mentioning the reversal on a provision for a debt due by the company Hestium Ltd, following the full payment of this debt during the fiscal year."

6. ADDITIONAL INFORMATION

The auditors' report on the consolidated financial statements as of December 31, 2010 and appearing in Section 4.2.7 of the Registration Document 2010 contains the following observations:

- "Without calling into question the opinions expressed above, we direct your attention to note 2 "Accounting Principles" in the notes to the consolidated financial statements, which describes the changes in accounting methods resulting from the application of new standards and interpretations beginning on January 1, 2010."
- The auditors' report on the consolidated financial statements as of December 31, 2011 and appearing in Section 4.1.7 of this Registration Document does not contain any observations.

Fady Khallouf, CEO

6.9 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND FEES

6.9.1 Incumbent Statutory auditors

6.9.1.1 *Deloitte & Associés*

Les Docks – Atrium 10.4 – 10 place de la Joliette – 13002 Marseille

Represented by Christophe Perrau

Initial Date of Appointment combined general meeting of the shareholders of November 28, 2005 for the remaining term of office of its predecessor, that is, until the regular general meeting of the shareholders called upon to rule on the accounts for the fiscal year closing on December 31, 2007.

Last renewal: combined general meeting of May 30, 2008 for a term of six fiscal years, expiring at the end of the regular general meeting of the shareholders to be held in 2014 for ruling on the accounts for the fiscal year closing on December 31, 2013.

Deloitte & Associés is a member of the Regional Society of auditors of Versailles.

6.9.1.2 *Didier Kling & Associés*

41 avenue de Friedland – 75008 Paris

Represented by Didier Kling and Christophe Bonte

Initial Date of Appointment: ordinary shareholders' meeting of December 17, 2010 for the remaining term of office of its predecessor, the Coexcom company, resigning, or until the ordinary shareholders' meeting called in 2012 to approve the accounts for the fiscal year that will close on December 31, 2011.

Didier Kling & Associés is a member of the Regional Society of auditors of Paris.

6.9.1.3 *Incumbent Statutory auditors having resigned or not having been renewed during the last three fiscal years*

Mr. Jean Jouve has resigned from his duties as incumbent statutory auditor for reasons of health by letter dated July 6, 2009 and effective August 31, 2009. Pursuant to the law, Coexcom, the deputy legal auditor, automatically assumed the duties of incumbent statutory auditor. Mr. Jean Jouve was appointed acting auditor at the time of the incorporation of the Company on April 16, 1999, whose office was then renewed at the time of the combined general meeting of the shareholders of November 28, 2005 for a term of six fiscal years, expiring at the end of the regular general meeting of the shareholders to be held in 2012 for ruling on the accounts for the fiscal year closing on December 31, 2011.

On June 28, 2010, the Coexcom company, incumbent statutory auditors since August 31, 2009, submitted their resignation to the Company, which was effective on the date the half-yearly 2010 financial statements were closed, i.e. September 2, 2010. Having agreed to it with the Company, the Coexcom company confirmed in a letter dated November 17, 2010 that its resignation would only take effect as of December 17, 2010, or at the close of the ordinary shareholders' meeting called to appoint a new incumbent statutory auditor. The Coexcom company had been appointed deputy legal auditor during the combined shareholders' meeting of November 28, 2005 for a six-year term expiring at the close of the ordinary shareholders' meeting to be held in 2012 to approve the financial statements for the year ending December 31, 2011. Pursuant to the law, the Coexcom company had automatically assumed its duties of incumbent statutory auditor on August 31, 2009, the date Mr. Jean Jouve's resignation took effect.

6.9.2 Deputy Statutory auditors

6.9.2.1 **SARL BEAS**

7/9 villa Houssay - 92200 Neuilly-sur-Seine

Initial Date of Appointment: combined general meeting of the shareholders of November 28, 2005 for the remaining term of office of the latter, that is, until the regular general meeting of the shareholders for ruling on the accounts for the fiscal year closing on December 31, 2007.

Last renewal: combined general meeting of May 30, 2008 for a term of six fiscal years, expiring at the end of the regular general meeting of the shareholders to be held in 2014 for ruling on the accounts for the fiscal year closing on December 31, 2013.

BEAS is a member of the Regional Society of auditors of Versailles.

6.9.2.2 **FICOREC Audit**

327 boulevard Michelet, 13009 Marseille

Initial Date of Appointment: ordinary shareholders' meeting of December 17, 2010 for the remaining term of office of its predecessor, Ernst & Young et Autres, resigning, or until the ordinary shareholders' meeting called in 2012 to approve the financial statements for the fiscal year closing on December 31, 2011.

FICOREC Audit is a member of the Regional Society of auditors of Marseille.

6. ADDITIONAL INFORMATION

6.9.2.3 Deputy Statutory auditors having resigned or not having been renewed during the last three fiscal years

After the Coexcom company assumed its duties as incumbent statutory auditor on August 31, 2009, the Company's annual shareholders' meeting held June 1, 2010 had appointed Ernst and Young et Autres as deputy legal auditor for the remaining term of its predecessor, i.e. until the close of the shareholders' meeting scheduled for 2012 to approve the financial statements for the fiscal year ending December 31, 2011. By the terms of a letter dated November 30, 2010, Ernst & Young et Autres notified the Company that it would resign effective December 17, 2010.

6.9.3 Fees paid to Statutory auditors

	2010			2011	
(in € excluding taxes)	COEXCOM	DELOITTE & ASSOCIES	KLING & ASSOCIES	DELOITTE & ASSOCIES	KLING & ASSOCIES
Audit					
Audit of the financial statements, certification, review of individual and consolidated accounts					
Issuer	48 750	292 925	63 200	280 001	170 000
Non-wind activity subsidiaries	0	16 800	13 920	20 400	17 400
Wind activity subsidiaries	0	75 360	78 240	93 040	96 040
Wind activity foreign subsidiaries	0	202 435	0	202 486	0
Subtotal	48 750	587 520	155 360	595 927	283 440
Accessory missions					
Issuer	25 300	101 246	0	9 500	11 039
Subsidiaries	0	33 000	0	3 000	4 000
Subtotal	25 300	134 246	0	12 500	15 039
Other diligences					
Subtotal	0	0	0	0	0
TOTAL	74 050	721 766	155 360	608 427	298 479

6.10 CROSS-REFERENCE TABLES

6.10.1 Cross-reference table for the Management Report

To facilitate the reading of the Management Report, the following table of topics identifies, in this Registration Document, the information required pursuant to Articles L.225-100 et seq. of the French Commercial Code

	\$
REPORT ON ACTIVITY	
1. Position and activity of the Company during the fiscal year ended	3.1, 3.8
2. Objective and complete analysis of changes in its business, results and financial position	3.1, 3.8
3. Principal risks and uncertainties	3.4
4. Indications on the use of financial instruments	3.1.3
5. Significant events occurring between the close of the fiscal year and the date of preparation of the report	3.9.1
6. Research and development activities	3.1.5
7. Anticipated change in the Company's position, and future prospects	3.9.2, 3.9.3
8. Payment deadlines for supplier debts	3.8.1.4
9. Results of the activities of the Company, its subsidiaries, and the companies it controls	3.1, 3.8
10. Key financial performance indicators	3.1, 3.8
GOVERNANCE	
11. Entity chosen to exercise the Company's general management	2.1
12. List of all assignments or duties exercised within all companies during the fiscal year ended by each corporate officer	2.4
13. Compensation and benefits of any kind paid to each corporate officer during the fiscal year ended	2.3
14. Breakdown of fixed, variable and extraordinary elements comprising such compensation and benefits, as well as calculation criteria	2.3
15. Commitments of any kind assumed by the Company in favor of its corporate officers	2.1, 2.3
16. Transactions executed by corporate officers and by parties closely associated with the latter, involving Company stock	2.3.4
17. Adjustment of the conversion bases and conditions for the subscription or exercise of stock options or discounted shares	5.2.4
SHAREHOLDER STRUCTURE AND CAPITAL	
18. Composition of the shareholder structure and changes occurring during the fiscal year	5.3.1
19. Statement of employee stock holdings as of the last day of the fiscal year ended	5.3.1, 3.6.2
20. Amount of dividends and other income distributed and paid out during the past three fiscal years	None
21. Information on the profit-sharing premium	None
22. Factors likely to have an impact in the event of a public offering	5.3
23. Transactions executed by the Company involving its own shares	5.2.2
24. List of Company subsidiaries and controlled companies	4.1.6
25. Significant interests or control assumed during the fiscal year in companies having their corporate headquarters on French territory	None
26. Disposals of shares occurring for purposes of adjusting cross-holdings	None

6. ADDITIONAL INFORMATION

CORPORATE SOCIAL RESPONSIBILITY

27.	Information on how the Company takes into consideration the social and environmental consequences of its activities	3.6, 3.7
28.	Key environmental and social indicators	3.6, 3.7
29.	Company commitments in favor of sustainable development	3.6, 3.7
30.	Information on combating discrimination and the promotion of diversity	3.6
31.	Information on facilities classified in the high-risk "Seveso" category (polluting or risky activity)	3.7

OTHER INFORMATION

32.	Injunctions or monetary penalties for anti-competitive practices	None
33.	Sumptuary expenses	None
34.	Table of income for the past five fiscal years	3.8.2
35.	Information on plans for stock options granted to corporate officers and employees	2.3.1.3, 2.3.2.2, 3.6.2, 4.1.6, 5.2.4.4
36.	Information on allocations of free shares to corporate officers and employees	2.3.1.3, 2.3.2.2, 3.6.2, 5.2.4.3
37.	Table of current authority with respect to capital increases and the use of such authority during the fiscal year	5.2.3

6.10.2 Cross-reference table for the Annual Financial Report

To facilitate the reading of the Annual Financial Report, the following table of topics identifies, in this Registration Document, the principal information required pursuant to Articles L.451-1-2 of the French Monetary and Financial Code and 222-3 of the general Regulations of the *Autorité des Marchés Financiers*.

	\$
1. Parent company financial statements	4.2
2. Consolidated financial statements	4.1
3. Management Report	
3.1 Information mentioned in Articles L.225-100 and L.225-100-2 of the French Commercial Code	
• Analysis of changes in the business, results and financial position	3.1, 3.8
• Key indicators of human and environmental resources	3.6, 3.7
• Principal risks and uncertainties	3.4
• Summary table of the current authority granted by the Shareholders' Meeting to the Board of directors for capital increases	5.2.3
3.2 Information mentioned in Article L.225-100-3 of the French Commercial Code	
• Factors likely to have an impact in the event of a public offering	5.3
3.3 Information mentioned in Article L.225-111 of the French Commercial Code	
• Company purchases of its own shares	5.2.2
4. Statement by individuals responsible for the Annual Financial Report	6.8
5. Statutory auditors' report on the corporate and consolidated financial statements	4.2.6, 4.1.7
6. Communication regarding the Statutory auditors' fees	6.9.3
7. Chairman of the Board of directors' report on company governance, internal control procedures and risk management	2.1
8. Statutory auditors' report on the Report by the Chairman of the Board of directors	2.2

6.8.3 Cross-reference table for the Registration Document

In order to facilitate comprehension of the present Registration Document, the following thematic table will help the reader to identify the minimum categories of information required according to Annex I of Regulation No. 809/2004 of the European Commission of April 29, 2004.

	§
1. PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT	
1.1 Name and function of the persons responsible for the document	6.8
1.2 Declaration of the responsible persons	6.8
2. STATUTORY AUDITORS	
2.1 Names and addresses of the Statutory auditors	6.9.1, 6.9.2
2.2 Statutory auditors having resigned, having been dismissed or not having been renewed during the last three fiscal years	6.9.1.3, 6.9.2.3
3. SELECTED FINANCIAL INFORMATION	1.6
4. MAIN GROUP RISK FACTORS	3.4
5. INFORMATION CONCERNING THE ISSUER	
5.1 Information related to the Company	1.3
5.2 Investments	3.2
6. SUMMARY OF ACTIVITIES	
6.1 Main activities	1.2
6.2 Main markets	1.4
6.3 Exceptional events	3.1.1
6.4 Extent of the Company's reliance on patents, licenses, industrial, commercial or financial agreements or new manufacturing technologies	3.4
6.5 Statements made by the Company regarding its competitive position	1.5.1
7. ORGANIZATIONAL CHART	
7.1 Brief description of the Group	Note to Chapter 1
7.2 List of significant subsidiaries	Note to Chapter 1
8. REAL ASSETS AND EQUIPMENT	
8.1 Significant tangible assets	3.7
8.2 Environmental constraints which could influence the Group's use of its fixed assets	3.7
9. OPERATING AND FINANCIAL REVIEW	
9.1 Financial position	3.1
9.2 Operating income	3.1
10. FINANCIAL STRUCTURE	
10.1 Information on capital	3.1.3
10.2 Source and amount of cash flows	3.1.4
10.3 Information on borrowing requirements and funding structure	3.1.3
10.4 Restrictions on the use of capital resources that have materially affected or could materially affect the Company's operations	3.1.3.2
10.5 Anticipated sources of funds needed to fulfill firm investment commitments undertaken by management as well as those concerning planned tangible assets	1.5.2, 3.1.3, 3.9.2
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	3.1.5
12. INFORMATION ON TRENDS	3.9
13. PROFIT FORECASTS AND ESTIMATES	3.9.3

6. ADDITIONAL INFORMATION

14.	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT	
14.1	Composition and operation of management and oversight bodies	2.1
14.2	Conflicts of interest	2.6
15.	COMPENSATION AND BENEFITS	
15.1	Sum of compensation paid and benefits in kind	2.3
15.2	Total sum provisioned or stated for payment of pensions, retirement or other benefits	2.3
16.	OPERATING PROCEDURES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES	
16.1	Date of expiration of current terms of office	2.4
16.2	Service agreement linking members of the Board of directors	2.3.2.2
16.3	Information on Committees	2.1
16.4	Declaration of compliance with code of corporate governance	2.1
17.	EMPLOYEES	
17.1	Number of employees	3.6.1
17.2	Equity holdings and stock options of Company directors	2.3.1.3, 2.3.2.2, 2.3.3, 2.3.4
17.3	Arrangements for involving the employees in Company capital	N/A
18.	MAIN SHAREHOLDERS	
18.1	Shareholders holding more than 5% of the share capital or the voting rights	5.3.1
18.2	Existence of different voting rights	5.3.4
18.3	Control over the Company	5.3.2
18.4	Agreements known by the Company whose implementation may bring about a change in control	5.3.3, 5.3.4
19.	RELATED-PARTY TRANSACTIONS	2.5
20.	FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS, FINANCIAL SITUATION AND INCOME	
20.1	Historical financial information	6.7
20.2	Pro forma financial information	N/A
20.3	Financial statements	4.1, 4.2
20.4	Verification of annual historical financial information	4.1.7, 4.2.6
20.5	Date of latest financial information	31/12/2011
20.6	Interim financial and other information	6.2
20.7	Dividend distribution policy	5.5
20.8	Litigation and arbitration	3.5
20.9	Significant change in the financial or commercial position	3.9.1
21.	ADDITIONAL INFORMATION	
21.1	Share capital	5.2
21.2	Articles of incorporation and Articles of association	5.1.5
21.3	Non-equity securities	N/A
22.	MATERIAL CONTRACTS	3.3
23.	INFORMATION FROM THIRD PARTIES, EXPERT DECLARATIONS AND INTERESTED PARTY	N/A
24.	DOCUMENTS ACCESSIBLE TO THE PUBLIC	6.3
25.	INFORMATION ABOUT PARTICIPATIONS	Note to Chapter 1



Public limited company with Board of Directors
with share capital of 128,041,597

Registered office :
75 rue Denis Papin
BP 80 199
13795 Aix-en-Provence Cedex 3
France

Tél : +33 (0)4 42 904 904
Fax : +33 (0)4 42 904 905

www.theolia.com