Report of the Board of Directors

on the text of the draft resolutions proposed to the vote of the

Ordinary General Meeting dated June 27, 2014

Ladies and gentlemen,

Dear Shareholders,

We decided to gather for the Ordinary General Meeting of the THEOLIA SA company (the "**Company**") in order to submit for your approval the resolutions described in this report.

Approval of the annual financial statements and allocation of the income for fiscal year 2013

First, second and third resolutions

Approval of the parent company and consolidated financial statements for the fiscal year closed on December 31, 2013 is proposed to the General Meeting, based on the reports of the Board of Directors and the Statutory Auditors:

- the parent company financial statements show a net loss of 51,448,691.13 euros; and
- the consolidated financial statements show a net loss, group share, of 41,209,990 euros.

Detailed information on the Company's financial statements and business are available in the Company's 2013 Registration Document.

The Board of Directors suggests the General Meeting to allocate the entire net loss for the fiscal year closed on December 31, 2013, amounting to 51,448,691.13 euros, to the negative amount of the "Retained earnings" account that thus amounts to 289,723,101.24 euros.

Approval of regulated agreements and commitments

Fourth and fifth resolutions

Some agreements entered into by the Company in the scope of its business involve specific formalities: it includes in particular agreements which may be entered into directly or indirectly between the Company and another company with which it shares corporate officers, or between the Company and its corporate officers, or even with a shareholder holding more than 10% of the Company's share capital.

In compliance with provisions of Article L.225-38 of the French Commercial Code, these agreements must be previously approved by the Board of Directors, be subject to a special report of the Statutory Auditors and be approved by the General Meeting of Shareholders.

Commitments made by the Company to the benefit of executive corporate officers, and corresponding to compensation, indemnities or benefits that are or may be due in case of termination or change in duties, or after the end of those duties, are subject to the same formalities, in compliance with the provisions of Article L.225-42-1 of the French Commercial Code.

The General Meeting is requested to approve the agreements and commitments subject to Articles L.225-38 and L.225-42-1 of the French Commercial Code entered into by the Company during the fiscal year closed on December 31, 2013 and described hereunder.

- ***Debt waiver with financial recovery clause entered into with THEOLIA France SAS***

Person concerned: Fady Khallouf, acting (i) in his capacity as CEO and director of the Company and (ii) in his capacity as legal representative of the Company, Chairman of THEOLIA France SAS

Authorization date: Board of Directors' meeting dated December 23, 2013

Execution date: December 23, 2013

Nature, purpose, terms and conditions: it involves a debt waiver granted by the Company to its subsidiary THEOLIA France SAS in the amount of 15 million euros. This partial debt waiver was only granted under the resolutory condition of THEOLIA France SAS' financial recovery within 5 years following the year ended December 31, 2013, failing which the debt would be immediately restored.

- ***Change in the triggering of the CEO's non-compete indemnity***

Person concerned: Fady Khallouf, CEO and director of the Company.

Authorization date: Board of Directors' meetings dated August 27 and December 10, 2012

Execution date: March 15, 2013 effective as of August 27, 2012

Nature, purpose, terms and conditions: the General Meeting of Shareholders of the Company dated June 1, 2012 had approved, in its fourth resolution, a non-compete clause for Fady Khallouf. The Board of Directors sought to amend the terms and conditions under which this non-compete clause would be triggered without undermining its other parameters. Previously, the clause was applicable in the event of the CEO's dismissal due to a change in control or strategy by the Company and the indemnity was to be paid systematically. The non-compete clause is now extended to any cases whereby the CEO would leave the Company (particularly in the event of resignation, involuntary departure or dismissal). However, in the event Fady Khallouf would resign from his office as CEO, it is now stipulated that the Company may unilaterally choose to waive this clause and not pay the indemnity by releasing the CEO from his obligations under the non-compete clause.

Renewal of the mandates of Principal and Alternate Statutory Auditors
Sixth and seventh resolutions

Deloitte & Associés and BEAS had been appointed respectively as Principal and Alternate Statutory Auditors of the Company during the Combined General Meeting of November 28, 2005, mandates then renewed during the Combined General Meeting of May 30, 2008.

As their mandates as Principal and Alternate Statutory Auditors are coming to an end during this General Meeting, we suggest to renew them for another period of six fiscal years, i.e. for a period coming to its end further to the General Meeting that will be called in 2020 to rule on the financial statements for the fiscal year closed on December 31, 2019.

Powers of attorney to carry out formalities
Eighth resolution

This resolution intends to grant the powers required to carry out legal formalities after the General Meeting.

* * *
*

We would like to thank you for the confidence that you will place in the Board of Directors by approving all resolutions subject to the vote of your General Meeting.

The Board of Directors