



Press release

Aix en Provence, June 24, 2010

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THEOLIA launches a 60.5 million euro capital increase

THEOLIA, as indicated during its General Meeting on June 1, 2010, enters the last stage of its financial restructuring by launching a capital increase for an amount of up to 60,463,059 euros through a rights offering that will enable it to regain a cleansed balance sheet and to thus reenergize its development. The primary purpose of this capital increase is to allow THEOLIA to reinforce its equity capital in the context of the restructuring of its convertible bond (OCEANE).

This capital increase through a rights offering aims to raise a maximum amount of 60,463,059 euros and is subject to subscription agreements to guarantee the completion of this transaction for a minimum amount of 45,347,295 euros.

Subscription period for the capital increase begins on June 25th and ends on July 7th (inclusive)

Timetable

The offering will be open to the public in France only. The subscription period for the capital increase will begin on June 25, 2010 and will end on July 7, 2010 (inclusive). During this period, the preferential subscription rights (indicated hereafter as the “**rights**”) will be listed and able to be traded on the *Euronext Paris* market under the ISIN code FR 0010907154. The settlement of the rights issue and the listing of the new shares on *Euronext Paris* are scheduled for July 20, 2010.

Terms

The capital increase, carried out through the issuance of preferential subscription rights to shareholders, will lead to the creation of up to 60,463,059 new ordinary shares:

1. Existing THEOLIA shareholders will be assigned one right for each share held as of the close of trading on *Euronext Paris* on June 24, 2010.
2. Two rights will enable an investor to subscribe through subscription by irreducible right to subscribe (“à titre irréductible”) to 3 new ordinary shares at the price of 1 euro each.
3. Shareholders may also submit additional subscription orders by entitlement subject to reduction (“à titre réductible”) in the event of oversubscription. To the extent that new shares are available for subscription as a result of unexercised rights, each holder will be allocated additional new shares in proportion to the number of rights each holder has exercised and up to the number of additional new shares for which each holder has submitted subscription orders.

For example, a shareholder holding 1% of the share capital who does not subscribe to the capital increase would see her holding diluted to 0.40% of the capital⁽¹⁾.

On the other hand, the subscription price of 1 euro represents a discount of 57.4% compared to the closing share price of 2.35 euros⁽²⁾ on June 23, 2010.

(1) *In the event of a capital increase of 60,463,059 euros; her participation would be reduced to 0.47% if the capital increase represents 45,347,295 euros (without taking into account the possible dilution from the convertible bonds and other securities giving access to the share capital)*

(2) *The closing price is not directly comparable to the subscription price in that it includes the value of the subscription right, unlike the subscription price.*

The new shares will be fungible with the existing shares trading on *Euronext Paris* as soon as they are issued on July 20, 2010. The offering will be open to the public in France only. The subscription period to the capital increase will begin on June 25, 2010 and end on July 7, 2010 (inclusive). During this period, the rights will be listed and able to be traded on the *Euronext Paris* market under the ISIN code FR 0010907154. The settlement of the rights issue and the listing of the new shares on *Euronext Paris* are planned for July 20, 2010.

Subscription commitments up to 45.3 million euros

This capital increase is subject to subscription commitments up to 45.3 million euros by two investors, Boussard & Gavaudan Asset Management L.P. and Sticing Pensioenfonds ABP for 30.2 million and 15.1 million euros respectively. These two investors do not currently own Company shares and do own convertible bonds (OCEANEs). At the end of the subscription period for shareholders, they will be obliged to subscribe to the capital increase in the context of the execution of their subscription commitments. All shares subscribed through the exercise of the rights offering will result in the reduction of the commitments of these two underwriters, so that the amount of the capital increase will be reduced to 45,347,295 euros if the number of shares subscribed upon exercise of the rights does not exceed this amount.

In this context, it is noteworthy to recall that Michel Meeus as well as Pierre and Brigitte Salik, members of the concert declared to the AMF on March 15, 2010 and together holding 3,656,774 THEOLIA shares (about 9.07% of the capital), have announced on May 25, 2010 their intention to subscribe to the capital increase for a cumulative amount of 10 million euros on a prorated basis to their respective holdings and not as one group. These

shareholders have reiterated formally their intention by an irrevocable commitment as of June 18, 2010.

Fady Khallouf, CEO of the Company, stated:

“The launch of this capital increase is very good news for THEOLIA and its shareholders. We now undertake the final step of our financial restructuring initiated several months ago. Given THEOLIA’s potential, I have confidence in this transaction despite the context of a difficult financial market. With the completion of this last step, THEOLIA will have improved its balance sheet by reinforcing its equity and will have reduced its debt by reimbursing in advance a portion of its bond debt. As such, THEOLIA will be able to take its place in a virtuous cycle of improvement of its profitability and to execute its transformation plan that should allow it to become a profitable industrial Group”.

Paying agent

CACEIS 14, rue Rouget de Lisle 92130 Issy les Moulineaux

Joint Lead Managers and Joint Bookrunners

Deutsche Bank and Lazard-Natixis

Public information

The prospectus approved by l’Autorité des marchés financiers (the “AMF”) is available free of charge from THEOLIA, 75 rue Denis Papin, 13100 Aix-en-Provence, on the websites of THEOLIA (www.theolia.com) and of the AMF (www.amf-france.org), as well as upon request from the Joint Lead Managers and Joint Bookrunners. The prospectus, having received the visa n°10-198 from the AMF on June 24, 2010, comprises:

- THEOLIA’s *Document de Référence 2009* filed with the AMF on June 4, 2010 under the number R.10-0040,
- a Securities Note – *Note d’Opération* - including a summary of the prospectus.

THEOLIA directs investors’ attention to the sections related to the risk factors appearing in the prospectus approved by the AMF.

About THEOLIA

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

For more information

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THEOLIA

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

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This announcement distributed in connection with this announcement may include forward-looking statements. Forward-looking statements include all matters that are not historical fact, including statements regarding the belief or current expectations of THEOLIA, its management or directors regarding the timing, amount, execution and impact of any restructuring plans or capital increase are currently contemplated or subject to negotiation, and other matters. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "seek", "continue" and similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance. Rather, they are based on current beliefs and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of THEOLIA and are difficult to predict, and which may cause THEOLIA's actual results to materially differ from any future results or developments expressed by or implied from the forward-looking statements. Such risks and uncertainties include the effects of continued or increasing volatility in international financial markets, economic conditions both internationally and in the markets where THEOLIA operates, and other factors affecting the level of THEOLIA's business activities and the costs and availability of financing for its activities. Securityholders and prospective investors are invited to refer to the risks described in the documents filed by THEOLIA with the Autorité des marchés financiers (the "AMF") and available on the AMF website (www.amf-france.org) and the THEOLIA website (www.theolia.com).

Each forward-looking statement in this announcement speaks only as of its date. THEOLIA expressly disclaims any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein to reflect any change in THEOLIA's expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based. Recipients of this announcement should conduct their own independent assessment of the matters described in this announcement.

A prospectus was filed with the Autorité des marchés financiers ("AMF") and available on the AMF website (www.amf-france.org) and the THEOLIA website (www.theolia.com). It will include inter alia information on risk factors that shall be read in conjunction with this announcement.