



THEOLIA reports revenue for the first nine months of 2010 and recent operational progress

Key highlights during the third quarter of 2010

- THEOLIA completed an important financial restructuring, including the renegotiation of the terms of its convertible bond and a capital increase. The Group's financial position has thus been significantly improved by the reinforcement of its shareholders' equity, the increase in its cash position and the reduction of the debt.
- THEOLIA initiated the construction of the Gargouilles wind farm, in the towns of Gommerville, Oysonville and Pussay, in the *Eure et Loir* department in France. The wind farm comprises 8 turbines with a nominal capacity of 2.3 MW each, for a total capacity of 18.4 MW.
- The Group obtained a construction permit free of third party claims for a 12 MW wind project in France. The project is located in the town of Biesles, in the middle of the *Haute-Marne* department, and comprises six turbines.
- The validity of the construction permit of the Giuggianello wind project, with a capacity of 24 MW, located in the Puglia region in Italy, has been confirmed. The project contains 12 wind turbines with a nominal capacity of 2 MW each. The project was previously the subject of a third party appeal.

Significant event after September 30, 2010

- In October 2010, the Group commissioned its first wind farm in Italy, with a net capacity of 15 MW. As such, the Group has become an electricity producer in four countries: France, Germany, Morocco and Italy.

Revenue for the first nine months of 2010

The Group's consolidated revenue for the first nine months of 2010 amounts to 143.1 million euros, to be compared with 232.7 million euros for the first nine months of 2009.

<i>(in € thousands)</i>	Wind activities			Non-wind activity ⁽¹⁾	Consolidated total
	Sale of electricity for own account	Development, construction, sale	Operation		
First nine months of 2010	26,161	89,044	26,692	1,252	143,149
First nine months of 2009	37,157	168,023	26,102	1,435	232,717
<i>Variation</i>	- 29 %	- 47 %	+ 2 %	- 12 %	- 38 %

⁽¹⁾ *Excluding Environment activities*

The revenue from the activity **Sale of electricity for own account** of 26.2 million euros is 29% lower compared to the first nine months of 2009. This decrease is the result of disposals made at the end of 2009 and the beginning of 2010, notably 55.5 MW in operation in Germany and 7 MW in operation in France.

To reverse this trend, the Group's new management team wished to reduce the pace of disposals and thus favor sustainable revenue generated from the sale of electricity for own account.

As a direct result, the revenue from the activity **Development, construction, sale** amounts to 89 million euros for the first nine months of 2010, down 47%. During the first nine months of 2009, approximately 170 MW of wind farms and projects have been sold, of which 138 MW had been recorded as revenue. For the first nine months of 2010, the Group sold a 55.5 MW operating wind farm at the beginning of the year as well as 16 MW spread among several wind farms in Germany.

The revenue from the activity **Operation** amounts to 26.7 million euros, at the same level as the first nine months of 2009. For its first wind farms managed for third parties, the Group records as revenue the sale of the electricity produced. For its wind farms sold recently then managed for third parties, the Group only records the wind farm management fees as revenue. Thus, the increase in the number of MW managed for third parties did not have a corresponding impact on revenue, which was also penalized by the unfavorable weather conditions at the beginning of 2010.

The **Non-wind activity** registered revenue of 1.3 million euros for the first nine months of 2010, produced by the solar park in Germany.

Cash and financial debt position as of September 30, 2010 (unaudited figures)

The net debt, decreased by 136.2 million euros, went from 375.8 million euros as of June 30, 2010 to 239.6 million euros as of September 30, 2010 and is comprised as follows:

(in € thousands)	September 30, 2010	June 30, 2010
Financial debt	(218,371)	(222,138)
of which project financing	(202,244)	(206,530)
Convertible bond ⁽¹⁾	(112,818)	(221,527)
Other financial liabilities	(11,551)	(10,735)
of which financial instruments or derivatives (interest rate swaps)	(9,292)	(8,172)
Cash and cash equivalents	103,172	78,631
Net financial debt	(239,568)	(375,768)

(1) The stated amounts correspond to the debt component of the convertible bond.

Following the renegotiation of the terms of the convertible bond (OCEANEs), the reimbursement of part of the convertible bond and the conversions already executed of OCEANEs into shares, as of September 30, 2010, the debt component of the convertible bond amounts to 112.8 million euros, a reduction of nearly 50% compared to the situation as of June 30, 2010.

Operational update as of October 31, 2010

The Group's installed capacity for own account went from 267 MW as of June 30, 2010 to 284 MW as of October 31, 2010. Over the period, the Group notably commissioned the Giunchetto wind farm in Italy with a net capacity for the Group of 15 MW.

The Group's installed capacity managed for third parties progressed from 518 MW as of June 30, 2010 to 573 MW as of October 31, 2010, mainly due to the commissioning for third parties' account of three wind farms in France for a cumulative capacity of 49 MW. The Group had sold these wind farms as projects with permits and today handles their operation.

THEOLIA wishes to reinforce its operational positions and to increase the operational margin generated by the activity of sale of electricity. As of October 31, 2010, the Group has 31 MW in construction and 126 MW having obtained construction permits, for a total pipeline of 1,303 MW.

The Group continues its investments at a sustained pace and focuses its efforts on the progress of its projects.

Given the recent financial restructuring and capital increase, the Group has the financial resources necessary to finance the equity of its project backlog (157 MW). The Group is also in advanced discussions with various banks for the implementation of additional project financing and anticipates soon initiating the construction phase of other wind farms.

Fady Khallouf, CEO of THEOLIA, stated: *“The Group is ready and is moving actively toward its profitable business model. We are continuing to reduce costs, to transform the Group and to clear up non strategic activities. We are reinforcing our presence in the four countries in which we operate. The acceleration of the pace of our next wind farm commissionings will lead us to significantly increase our revenue of sale of electricity. Since the capital increase, THEOLIA has initiated a co-investment approach to ensure the financing of its development over the mid and long term. Several investors have indicated their interest. We are currently examining with certain of these investors the creation of a dedicated investment vehicle to hold some of our projects.”*

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

Edward F. McDonnell
Investor Relations
Tel: +33 (0)4 42 906 594
eddie.mcdonnell@theolia.com

Elodie Fiorini
Public Relations and Communications
Tel: +33 (0)4 42 906 596
elodie.fiorini@theolia.com

THEOLIA

French *Société Anonyme* (public limited company with Board of Directors) with share capital of €110,292,696
Registered office: 75 rue Denis Papin - 13100 Aix-en-Provence - France
Tel: +33 (0)4 42 904 904 – Fax: +33 (0)4 42 904 905 - www.theolia.com
THEOLIA is listed on the compartment B of Euronext Paris, code: TEO