

Press release

Paris, 19th May 2009

Major change in concessions award rules in Brazil: preference given to national players, Velcan Energy forced to reassess development plan.

The Brazilian parliament has approved on the 12th of May a law giving priority to national companies over ones controlled directly or indirectly by foreign shareholders whenever they are competing for the award of the same hydroelectric concession. The law applies to small capacity projects (1 to 50 MW) and still has to be ratified by the Presidential office of the Brazilian Republic.

In most hydroelectric projects there are local players among the competitors. If this law is enforced, it will most likely be impossible for Velcan Energy to win such hydroelectric concessions. The Company has therefore decided to review its objectives in this country. It will announce as soon as possible if it can pursue its development in Brazil.

Summary Information on Velcan Energy

- Velcan Energy is a Nyse Euronext quoted Independent Clean Power Producer which builds and operates medium sized renewable energy power plants in India and Brazil
- The Company's strategy is to become a market leader in up to 100 MW renewable energy power stations in India and Brazil with a particular focus on the hydroelectric sector. Conditions are favourable for this type of plants because:
 - Both countries suffer from serious under capacity in electricity production, particularly India where an estimated 650 million people do not have regular access to electricity
 - Under capacity has led to both national governments liberalizing the state controlled electricity market and allowing increased private and foreign competition
 - Both countries have huge untapped hydroelectric potential; India with an estimated 100,000 MW and Brazil with an estimated 190,000 MW
- As of May 2009, Velcan Energy
 - Operates 2 biomass power plants in India
 - Is currently building its first hydro power plant in Brazil (15 MW)
 - Owns the rights to more than 435 MW of concessions and projects in India and Brazil (Group share).

- Velcan Energy's technical team is composed of industry veterans and is one of the most experienced in the world in the construction and operation of hydroelectric and thermal power plants.
- Velcan Energy is headquartered in Paris, and employs over 200 people, divided between its six administrative offices (Bangalore, Bhubaneswar, Dubai, New Delhi, Paris, and Saõ Paulo), its existing power plants and project sites.

Disclaimer

This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. These information constitute objectives attached to projects and shall, in any case, not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.

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