



PROJECT WASHINGTON

Biomass Cogeneration

63MWe / 124MWth

Facture Plant

Biganos, France (33380)



Confidential Information Memorandum

April 2010

Headquarters

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**Note to Investors on
English Version of
Confidential Information Memorandum**

This English language version of the Confidential Information Memorandum is a translation of a French language "Note d'information préliminaire".

It is provided to Investors as a courtesy and for information purposes only. Dalkia makes no representation as to the accuracy or completeness of this translation.

In the event of any conflict between the French version and the English version, the French version prevails, notably as regards the term sheets attached on Annexes hereto.

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I. EXECUTIVE SUMMARY

Within the framework of its global strategic reflections, the Dalkia group has decided to re-focus on its facilities operation activity (networks, cogeneration plants, heating plants) and related service provision (primary-energy supply, maintenance, administrative follow-up, etc).

As a result, the Dalkia group wishes to establish associations with one or more partners ("Investors") that would like to invest in the area of energy infrastructures by financing assets, the construction and operation of which would be entrusted to the Dalkia group within the framework of contracts with performance commitments.

The relevant projects offer Investors stable, recurring and predictable cashflow with a low and well-controlled risk profile.

In this context, Dalkia France SCA ("Dalkia") is seeking one or more third-party Investors that would like to acquire Société Valmy Défense 19 SAS ("SVD 19"). SVD 19 owns and operates a 63MWe/124MWth biomass cogeneration plant on the Smurfit Kappa Cellulose du Pin SAS ("SKCP") site in Facture (Biganos, France - 33380).

- **Within the contractual framework foreseen by Dalkia, SVD 19 will benefit from:**
 - **A contract with electricity purchase obligation** assigned to SVD 19 as a result of the CRE II tender offer (see below):
 - **With EDF as counterparty (scored A+ by Standard & Poor's and Aa3 by Moody's).**
 - **With a term of 20 years**, until the end of June 2030.
 - **Covering 76% of SVD 19's green electricity production**, i.e., the equivalent of the electricity production delivered by a power plant of an average installed power of 37 MWe.
 - **Providing for the purchase of the green electricity produced by SVD 19 at a guaranteed and inflation-indexed price per MWh (116.16 €/MWh – 2010 value).**
 - A contract to make available at no cost the land occupied by the cogeneration plant for a minimum duration of 20 years.
 - **Contracts concluded with the Dalkia group within the framework of which Dalkia commits to the following throughout project duration:**
 - **The facility's technical performance levels, in particular its availability;**
 - **The facility's operating costs;**
 - **The supply of biomass to the facility.**

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- The SVD 19 biomass plant uses proven and trusted technology and systems, supplied by first-rate companies (Metso Power, GE Turbodyn). Given that Dalkia already operates facilities and systems of this type, there is **no significant technological risk**.
- **SVD 19 benefits from stable, recurring and predictable cashflows with:**
 - **An annual turnover of at least € 40 million.**
 - **Annual recurrent EBITDA of the order of € 16 to 17 million.**
 - **Annual recurrent EBIT of the order of € 9 to 10 million.**

Profit and Loss (in 000' €)	2010	2011	2012	2013	2014	2015	2020	2025	2029
Revenues									
Green Electricity	8 947	37 138	37 487	38 668	37 594	39 209	41 799	47 981	50 704
Grey Electricity	1 268	5 174	5 323	5 618	5 583	5 809	6 410	7 592	8 208
Transformation Contract	-138	-475	-634	-877	-1 076	-1 268	-1 655	-2 324	-3 079
Turnover	10 076	41 836	42 175	43 408	42 100	43 750	46 553	53 249	55 832
Costs									
Dalkia - Variable Cost	4 318	18 127	18 499	19 216	18 425	19 251	21 288	25 694	27 044
Dalkia - Fixed Cost	1 649	6 755	6 920	7 088	7 261	7 438	8 394	9 478	10 449
G&A	32	120	121	124	121	126	133	151	159
Other (Local Taxes, ...)	173	709	703	713	693	712	706	742	749
Operating Expenses	6 172	25 711	26 242	27 142	26 499	27 526	30 520	36 065	38 401
EBITDA	3 904	16 124	15 933	16 266	15 601	16 224	16 033	17 184	17 431
Amortization & Depreciation	2 173	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500
EBIT	1 732	9 624	9 433	9 766	9 101	9 724	9 533	10 684	10 931
Interest Expense	1 583	5 804	5 545	5 272	4 983	4 679	2 888	548	0
Income Taxes	51	1 315	1 339	1 547	1 418	1 737	2 288	3 490	3 764
Net Income	98	2 505	2 549	2 947	2 700	3 308	4 357	6 646	7 168
Legal Reserve	-5	-125	-127	-147	-135	-165	-218	0	0
Dividends	0	2 473	2 422	2 800	2 565	3 142	3 318	3 123	7 168

- As assets producing renewable energy, SVD 19's facilities are eligible for special tax amortisation over 12 months (Article 39 AB of the French General Tax Code). The use of this scheme significantly increases the Equity IRR of SVD 19 shareholders. In the event that an Investor is able to immediately take advantage of this amortisation through tax integration, the project has an equity payback time of one year.
- **The structure of SVD 19's contractual relations is designed to be compatible with the setting up of non-recourse financing. The project risks supported by SVD 19 are limited and well controlled** (see summary risk matrix in Appendix I).
- Dalkia could retain a minority shareholding (at most 15%) within SVD 19 provided that certain minority protection rights are granted as well as right of approval, pre-emption rights and tag-along rights in the event that the Investor sells its holding in SVD 19.
- Dalkia's wish to sell SVD 19 is subject to SVD 19 establishing an operating contract with a Dalkia Group company and the confirmation that the contractual relations

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between Dalkia, Investor and SVD 19 will not require Dalkia to consolidate SVD 19 with regard to IFRS standards.

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II. GENERAL PROJECT PRESENTATION

Dalkia is looking for one or more Investors interested in acquiring SVD 19, the vocation of which is to own and operate a 63MWe/124MWth biomass cogeneration plant (the "Plant") on the SKCP site in Facture, France (Biganos 33380).



SKCP is a subsidiary of the Smurfit Kappa group. On the Facture site, SKCP operates both a paper-pulp production line and two kraftliner-paper production lines for the manufacture of corrugated packaging. The Facture site has 450 employees and produces 520,000 tonnes of paper per year whilst consuming 1,500,000 tonnes of wood (see Section IV below for further information on the Smurfit Kappa group).

a. A 63MWe, 124MWth Biomass Cogeneration Plant

SVD 19 is finalising the construction of the Plant, which should start commercial operations in August or September 2010. The Plant is of the cogeneration type, i.e., it produces and sells electricity and steam at the same time.

During the operating phase, the Plant will produce 300 million kWh of green electricity, eligible for the CRE Contract (as defined below), 100 million kWh of additional electricity, not eligible for the CRE Contract, and 300 million kWh of steam delivered to SKCP. The Plant has an energy efficiency of 69.5%, taking into account steam production.

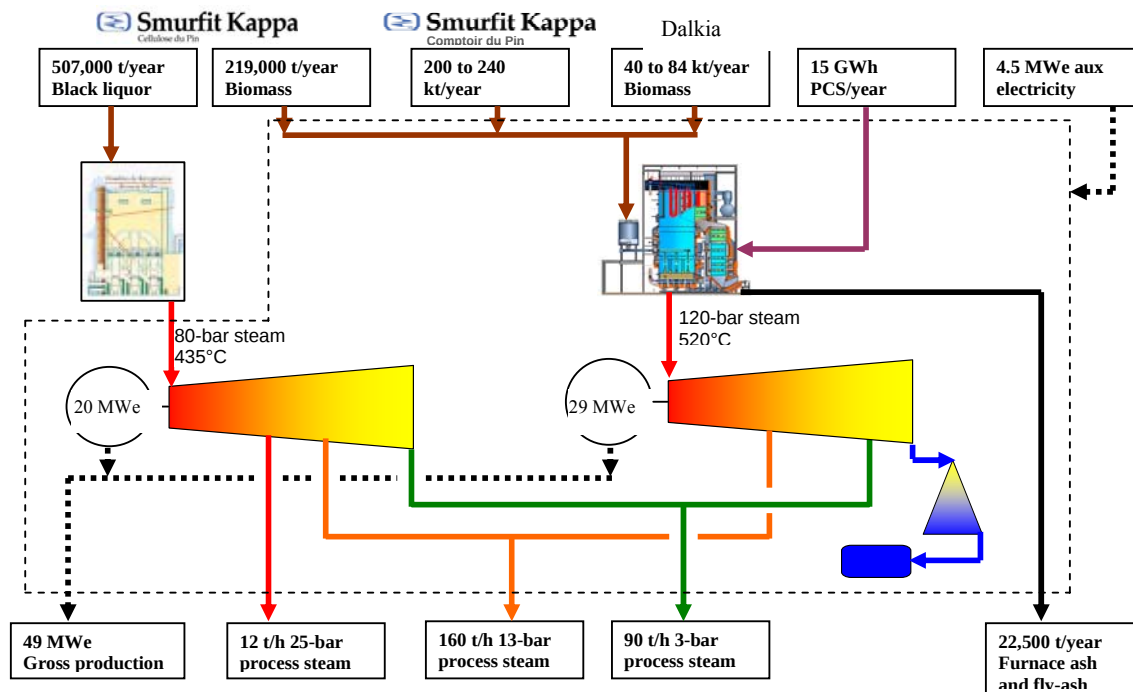
Two turbogenerator units of 42 and 21 MWe will be supplied by high-pressure steam from (i) a black liquor recovery unit belonging to SKCP and (ii) a 125 MWth bubbling fluidised-bed steam boiler produced by Metso Power (Finland), owned by SVD 19.

Furthermore, SVD 19 will supply low-pressure steam (25, 13 or 4 bar) to SKCP for use in its industrial process.

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Part of the 500,000 tonnes of biomass necessary each year for the operation of the Plant is made up of bark and particles (*fines de classage*) resulting from the SKCP process (220,000 t). The remaining biomass requirements are made up of forestry residues (branches, tree stumps) not currently exploited and which will be supplied both by (a) Smurfit Kappa Comptoir du Pin ("SKCDP") (a sister company of SKCP working upstream in the forestry sector) (200,000 to 240,000 t) and (b) the specialty biomass sector of the Dalkia group (40,000 to 80,000 t).

The following flowchart presents the main energy flows for the project:



b. Current Contractual Structure

The Commission de Régulation de l'Energie ("CRE") [French Energy Regulation Commission] was entrusted with conducting a call for tender ("CRE II") for the construction of facilities for producing electricity from biomass. This call for tender was launched by the French Ministry for Economy, Finance and Industry via an announcement published in the OJEC on 9 December 2006¹.

¹ Call for tender notice 2006/S 235 251239

On 17 June 2008, after the completion of CRE II, SVD 19 was designated as the awardee of a contract with obligation to purchase electricity ("CRE Contract"):

- **With EDF as counterparty (scored A+ by Standard & Poor's and Aa3 by Moody's).**
- **With a term of 20 years, until the end of June 2030.**
- **Covering 76% of SVD 19's green electricity production, i.e., the equivalent of the electricity production delivered by a power plant of an average installed power of 37 MWe.**
- **Providing for the purchase of the green electricity produced by SVD 19 at a guaranteed and inflation-indexed price per MWh (116.16 €/MWh – 2010 value).**

(For further information concerning the terms and conditions of this contract, see Section V above)

SVD 19 has also concluded the following contracts with SKCP and SKCDP:

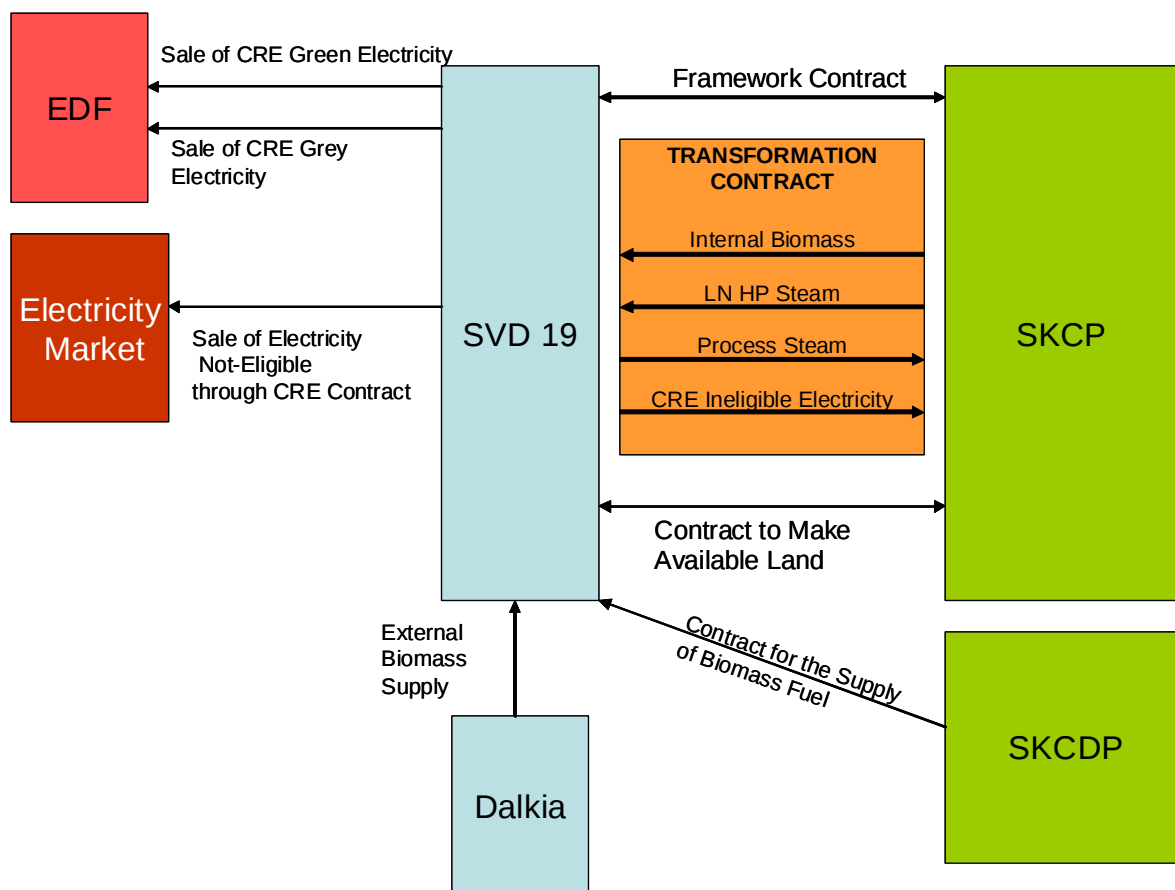
- (a) A *Framework Contract* ("Framework Contract") concluded with SKCP establishing the general principles of the contractual agreements between SVD 19, SKCP and SKCDP.
- (b) A *Transformation Contract* ("SKCP Transformation Contract") governing the exchanges of utilities and fluids between SVD 19 and SKCP, in particular:
 - (i) The supply of biomass to SVD 19 by SKCP (so-called "Internal Biomass").
 - (ii) The supply of high-pressure steam to SVD 19 by SKCP, produced using a black liquor recovery unit owned by SKCP.
 - (iii) The supply of high-pressure steam to SKCP by SVD, used by SKCP for its industrial process (25 bar, 13 bar and 4 bar).
 - (iv) The supply of electricity (not eligible for sale as green electricity in the frame of the CRE Contract) to SKCP by SVD 19.

This SKCP Transformation Contract is essentially based on the concept that the different flows between SKCP and SVD 19 are based on a bartering system with compensation implicitly set at economic values defined contractually by reference to market prices. Any deviations of the delivered quantities of biomass, steam or electricity with respect to the contractual reference point result in reciprocal financial compensation used to maintain the financial balance foreseen between the parties at this reference point. For a more detailed explanation, see Section VI below.

- (c) A Contract to Make Available Land ("Land Contract") concluded with SKCP defining the conditions under which land on the Plant site in Facture is made available at no cost for a duration that is at least equivalent to that of the CRE Contract.
- (d) A Contract for the Supply of Biomass Fuel ("External Biomass Contract") concluded with SKCDP for the supply of forestry biomass.

Furthermore, Dalkia supplies SVD 19 with part of its biomass needs.

The table below summarises the structure of SVD 19's existing contract.



c. Envisaged Contractual Structure

To facilitate Dalkia's envisaged transaction with a potential Investor and in particular to obtain financing by SVD 19 without recourse, Dalkia proposes to restructure part of the project:

- (i) Dalkia would be "inserted" between SVD 19 and the companies of the Smurfit Kappa group.

- (ii) The SKCP Transformation Contract and the External Biomass Contract would be transferred to Dalkia.
- (iii) The Framework Contract would become a tripartite contract between Dalkia, SVD 19 and SKCP.
- (iv) SVD 19 would maintain ownership of the Plant and the benefits of the Land Contract.
- (v) **SVD 19 would remain the contract holder for the CRE Contract, guaranteeing the removal of green electricity over 20 years under the conditions foreseen by the CRE II call for tender, in particular a guaranteed MWh price that is inflation indexed.**
- (vi) The remaining electricity produced by the Plant (which is not eligible to be sold in the frame of the CRE Contract) would either be delivered to Dalkia in the frame of the SVD 19 Transformation Contract (see below), or sold on the free market at market price.
- (vii) SVD 19 would conclude a Transformation Contract ("SVD 19 Transformation Contract") with Dalkia. This contract would, essentially, be a mirror contract based on the SKCP Transformation Contract, in particular with regard to fluid flows and utilities.

As for the SKCP Transformation Contract, the SVD 19 Transformation Contract will essentially be based on the barter principle for the different flows between Dalkia and SVD 19 by assigning to each flow type a specific value that is contractually defined by a reference to market prices. The SVD 19 Transformation Contract will foresee the payment of a fixed term to SVD 19 and a "deviation management" mechanism that will ensure the payment of reciprocal financial compensations in the event of any deviations with respect to the delivery quantities of biomass, steam or electricity. These compensations will have the effect of maintaining the financial balance that should exist between the parties at the contractual reference equilibrium point for exchanges. **As a basic principle, SVD 19's remuneration should not be affected by variations in the quantities exchanged between the Plant and the SKCP site.**

The goal of the "deviation management" mechanism for the SVD 19 Transformation Contract is to ensure that SVD 19's EBITDA is always that expected at the contractually-defined reference equilibrium point for the exchanges of biomass, electricity and steam, regardless of the actual quantities effectively exchanged between Dalkia and SVD 19. For a more detailed explanation, see Section VI below.

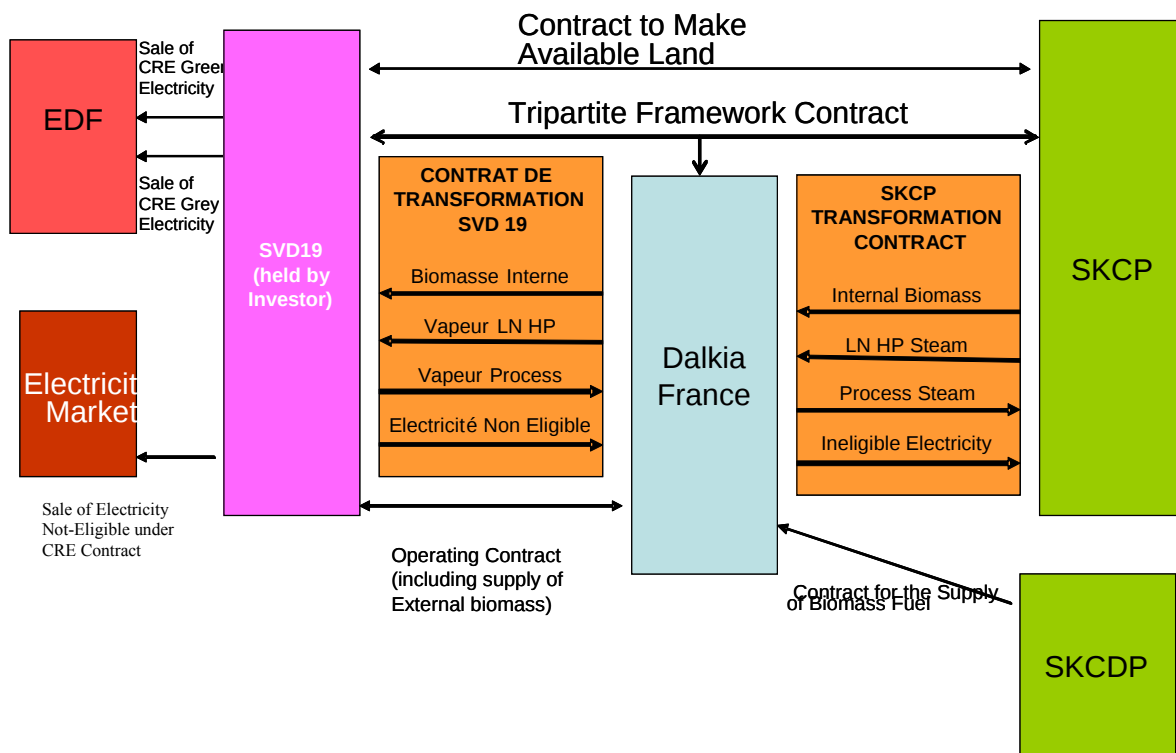
- (viii) SVD 19 and Dalkia would conclude an Operating Contract on the basis of which **Dalkia will be made responsible for the operation of the Plant on behalf of SVD 19 (i) in accordance with the facility performance commitments and (ii) under defined and predictable financial conditions. In the absence of an**

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exclusionary clause regarding Dalkia's responsibility, if the guaranteed performance levels are not attained, Dalkia will pay capped lump-sum liquidated damages to SVD 19.

Within the frame of the Operating Contract, Dalkia would also be responsible, at its own cost, for the supply of biomass (for the part not supplied as part of the SVD 19 Transformation Contract), gas and electricity for Plant auxiliary systems. Dalkia will be the holder of the ICPE operating permit and, in this capacity, the entity responsible for the Plant's compliance with CO₂ emission obligations (and, if applicable, the recipient of CO₂ quotas).

This new contractual structure is represented in the schematic below:



The reorganisation of the "Smurfit" project will require SKCP's agreement for the change of control with regard to SVD 19, the transfer of Dalkia contracts and the conclusion of amendments to the current contracts to bring them into line with the new structure (in particular with regard to the Framework Contract).

Once finalised, and at the same time taking into account the limits of responsibility for Dalkia and its subsidiaries which will be defined in the concerned contracts, **the envisaged contractual structure is particularly attractive for an investor as:**

- (i) **SVD 19 will be guaranteed a purchaser for its electricity production as a result of its CRE Contract, with EDF as buyer (a counterparty scored A+ par Standard & Poor's and AA3 par Moody's).**

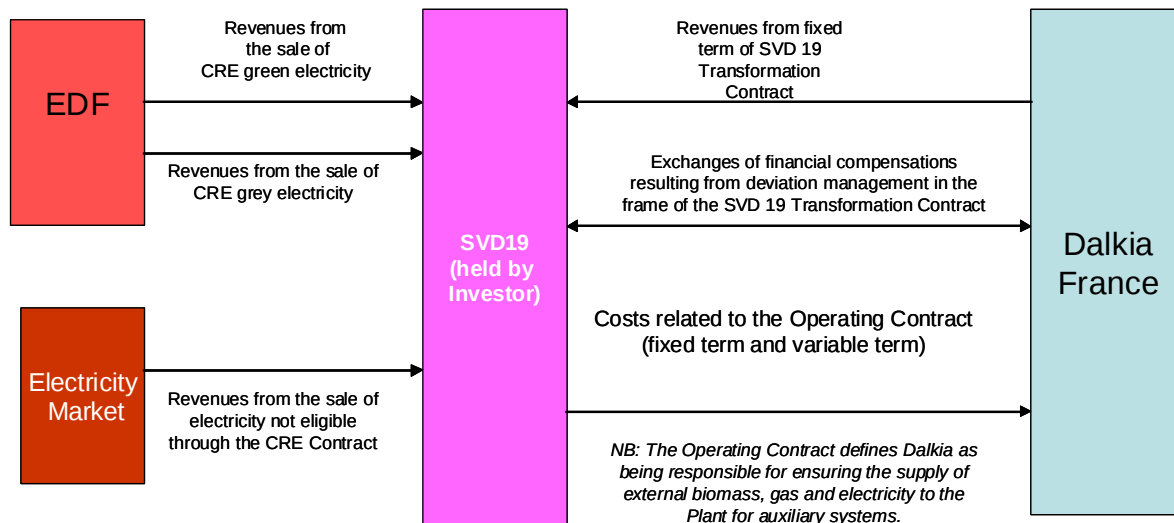
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- (ii) **SVD 19 will benefit from predictable, stable and recurring cashflows with an annual turnover of at least € 40 million and annual EBITDA and EBIT of the order of € 16-17 million and € 9-10 million, respectively.**
- (iii) **Over the duration of the project, Dalkia will take responsibility for**
 - (a) the risks related to facility operation and its technical performance levels, for a cost that is defined as part of Operating Contract, and**
 - (b) the responsibility for the supply of biomass.**

Once the contractual reorganisation has been completed, SVD 19's main revenue and costs will be:

- Revenue:
 - o Revenue from the sale of electricity within the frame of the CRE Contract (green electricity and grey electricity).
 - o Revenue from the sale on free market of electricity not eligible for sale under the terms of the CRE Contract.
 - o Income from the annual fee of the SVD 19 Transformation Contract.
 - o If applicable, financial compensations resulting from the management of deviations covered by the SVD 19 Transformation Contract.
- Costs:
 - o Costs resulting from the Operating Contract.
 - o If applicable, financial compensations resulting from the management of deviations covered by the SVD 19 Transformation Contract.

It is nevertheless necessary to recall that the objective of the "deviation management" mechanism of the SVD 19 Transformation Contract is to ensure that SVD 19's EBITDA value is always that expected at the contractually-defined reference equilibrium point for the exchanges of biomass, electricity and steam, regardless of the actual quantities effectively exchanged between Dalkia and SVD 19.



The project is able to deliver stable, recurring and secure revenues over a period of 20 years, with a very low and well-controlled risk profile.

The project risk matrix is briefly summarised in the table given in Appendix I.

III. DALKIA

a. Dalkia in brief

Dalkia is a European leader for energy services. Dalkia is jointly owned by Veolia Environnement S.A. (66%) and EDF (34%).

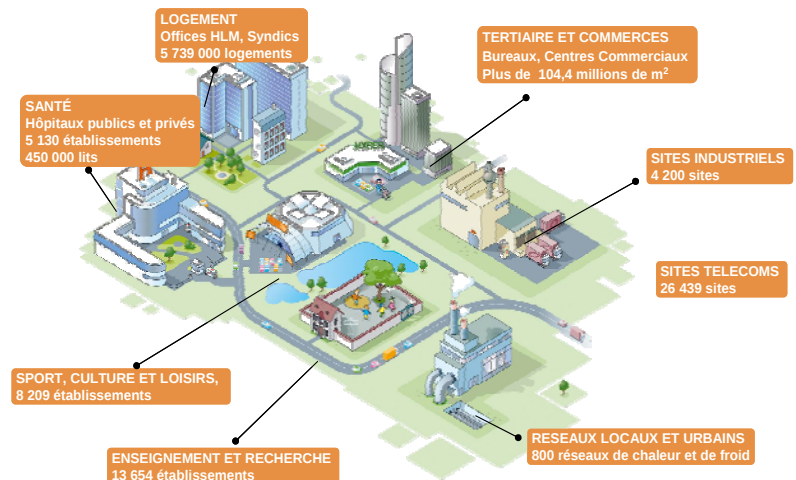
The turnover managed by Dalkia in 2009 was € 7.1 billion² with an operational self-financing capacity of € 746 million.

Veolia Environnement ("VE") is the only global group able to supply a complete range of environment-related services to its customers through its four divisions: Water, Energy (Dalkia), Environmental Services and Transport. Its 2009 turnover was € 34.5 billion. VE has a score of BBB+ from Standards & Poor's and A3 from Moody's (for further information on VE, please consult the website: www.veolia.com).

² On 12 December 2007, Veolia Energie, a subsidiary of Veolia Environnement SA, signed an agreement to acquire Thermal North America Inc., the leading district heating and cooling network portfolio in the US. The turnover generated by Dalkia and the related self-financing capacity mentioned here include the financial results of Thermal North America Inc.

Dalkia's main activities are:

- District heating and cooling networks (over 800 networks).
- Thermal and multi-technique services.
- The provision of industrial utilities.
- Overall building management.



Dalkia develops, supplies and operates decentralised, long-term energy and environmental efficiency solutions, deployed across all sites managed by the group.

Dalkia works in close proximity with its customers for energy management with the aim of protecting the environment. This is what differentiates the Dalkia group from energy providers, which concentrate on centralised production activities and transportation (gas, electricity). Dalkia manages local energy infrastructures: district heating networks and decentralised electricity production. The group improves the energy performance of public and tertiary-sector buildings and homes, operates the functional environment of medical centres, in particular the technical and energy-production facilities, and ensures the operation and maintenance of energy utilities of industrial sites.

Dalkia operates over 100,000 energy facilities and passes on to its customers significant economies of scale and improvement of efficiency, from energy purchasing to maintenance. On their sites, the Dalkia teams transform this energy into heating, cooling, compressed air, electricity, whilst at the same time improving facility efficiency. The group manages and optimises the distribution of these energy-transportation fluids, whilst improving the operation of facilities and deploying more efficient technical solutions.

In 2009, Dalkia has provided its customers with the following:

- **Optimisation of the transformation of 111 TWh of primary energy.**
- **Savings of 14.7 TWh.**
- **Prevention of 6 million tonnes of CO₂ emissions** thanks to its experience in the operation of complex facilities, its know-how in the area of efficiency optimisation, the deployment of innovative systems and the development of renewable energy.

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Dalkia operates over 4,700 facilities having an electricity-production capacity. This represents a total capacity of 7,169 MW of which 4,923 MW of cogeneration.

Technology	Number	Installed power (MWe)
Gas engines	1,018	1,133
Diesel engines	3,559	1,768
Steam turbos	101	2,580
Gas turbines	108	1,688

b. Significant Experience in the area of Biomass Plants and Renewable Energy

Dalkia has significant experience in the operation of facilities using renewable energy sources:

- 157 biomass facilities using wood as fuel and with a total installed power of 859 MW.
- 25 biomass facilities using fuel other than wood and having a total installed power of 183 MW.
- 21 geothermal facilities with an installed power of 153 MW.
- 113 solar facilities (thermal and photovoltaic) with an installed power of 8 MW.

In particular, Dalkia has acquired over the last several years a recognised know-how in the area of biomass energy production.

Amongst its facilities, **Dalkia manages biomass cogeneration plants with a total installed capacity of 560 MWe.**

Dalkia is the leading operator of wood-fired heating plants in France:

- **Almost 120 heating plants with over 330 MW installed at the end of 2009.**
- **Wood consumption of 430,000 tonnes/year.**
- Customers of all sizes.
- Different types of customers (heating networks, hospitals, colleges, collective housing, etc.).
- Different types of technologies (combustion, cogeneration, etc.).
- Different types of fuels.
- Supply tailored to the local context (creation of supply chains).

Dalkia has been selected:

- In 2009 for **four BCIA (Biomass Heat Industry Agriculture) projects** in the frame of a call for tender published by the ADEME and the French government regarding industrial biomass-fuelled heat-production facilities (BCIA). **These projects, of an average power of 5 MW, will represent a yearly use of over 34,000 tonnes of biomass from wood chips.** Dalkia will build, supply and operate biomass-fuelled heat-production plants that will supply steam to the sites of its four customers. The projects selected relate to industrial sites located in the French counties Manche, Vosges, Côtes d'Armor and Indre.
- In January 2010, Dalkia was selected for **seven CRE III projects** in the frame of the third government call for tender for biomass-fuelled combined electricity and heat production plants (CRE III). **The sum total electrical power is almost 60 MW allowing the annual exploitation of over 570,000 tonnes of biomass, essentially in the form of wood chips.** The largest of these plants, of a power of 10.4 MWe and 33 MWth, will be connected to the Rennes city heating network and will serve over 15,000 homes. Six other facilities, of an electrical power of between 7.5 and 10 MW, will supply the existing heating networks of Strasbourg, Orléans, Tours, Angers, Lens and Limoges.

The following table details some of **Dalkia's biomass projects**:

TALLINA ELEKTRIJAAM (Estonia)	Cogeneration facility with an electrical power of 25 MW fuelled by forestry biomass, benefiting from a subventioned electrical tariff and supplying its heat production to the city of Tallinn, operated by Dalkia
SEETRA (Sweden)	This Swedish industrial company chose Dalkia to build and operate two biomass heating plants on its sites in Skinsskatteberg and Horndal of 16MWth and 4MWth, respectively. The biomass consumption is of 38,000 and 13,000 tonnes/year, respectively.
MASISA (Chile)	Dalkia was selected to design, build and operate a biomass cogeneration plant (50 MWth and 12 MWe) supplying the steam and electricity necessary for the manufacture of wood panels by Masisa, one of the largest forestry companies in Chile. The facility will consume 100,000 tonnes/year of shavings, bark and sawdust resulting from the production of panels on the customer's site.
DIAGEO (United-Kingdom)	This world leader for alcoholic beverages has concluded two contracts with Dalkia for its Scottish sites. The two units exploit the biomass and biogas resulting from the customer's process.
PECS (Hungary)	PannonPower, a subsidiary of Dalkia acquired in 2007, has the largest biomass plant in Europe (150 MWth/50 MWe). PannonPower supplies the city's heating network. The facility consumes 400,000 tonnes/year of biomass.
HAMBURG (Germany)	Dalkia was selected for the construction and operation of a heating plant and network. Most of the heat will be produced using biomass and an innovative fuel-cell technology functioning with biogas.

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CERGY-PONTOISE HEATING NETWORK (France)	Designed and operated by Dalkia, the new 25 MW heating plant for the Cergy Pontoise heating network is one of the largest in France, supplying 360,000 MWh of thermal energy per year and consuming 37,000 tonnes/year of biomass.
DELITZSCH (Germany)	The Delitzsch biomass cogeneration facility (69 MWth/20 MWe) consumes 145,000 tonnes/year of wood and was optimised after its acquisition by Dalkia.

c. A Dedicated Biomass Supply Chain

In 2009, 1.6 million tonnes of biomass were exploited in the facilities managed by Dalkia.

Biomass responds to the environmental, societal and economic challenges imposed by sustainable development. **With a neutral CO₂ balance, biomass is a renewable energy source that contributes to the reduction of greenhouse gases.** The use of biomass as a source of energy allows the reduction of greenhouse gas emissions given that the quantity of CO₂ emitted during the combustion of fuel wood corresponds to the quantity of CO₂ absorbed during the growth of the trees from which the wood was sourced. The regrowth of forests thus ensures the carbon neutrality of the overall cycle.

The proportion of renewable energy in Dalkia's energy mix is increasing at a high rate (+50% in 4 years) and this contributed to reducing CO₂ emissions by 6 million tonnes in 2009.

In France, **Dalkia has taken the decision to build a strategic partnership with the entire upstream forestry supply chain through its subsidiary Bois-Énergie France**, present in each region, by developing a specific forestry exploitation scheme, in collaboration with its local partners: Forest farmers and owners, forestry works companies, timber sawmills. Bois-Énergie France creates both long-term contractual relations and financial partnerships. Fuel wood thus provides the traditional forestry supply-chain industry with an additional line of business over and above their building-timber and industrial-wood business, which also allows us to ensure the long-term future of the forestry industry as a whole in France.

Bois Energie France has become specialised in the recovery of by-products resulting from forestry operations, exploitation and maintenance. Bois Energie France thus has access to a category of biomass that has been little used up until now, whilst at the same time contributing to the cleaning of forests.

■ Forestry operations:

1. *Thinning out (selection and collection of wood of « inferior » appearance and quality.*
2. *Improvement and establishment of populations by pruning and cutting.*

■ Forest farming:

1. *Harvesting of mature wood for building and industrial applications.*
2. *This operation generates by-products that may be used only as fuel wood.*

■ Forest-maintenance operations:

1. *Collection of wood that is diseased, hail-damaged, rotten...*
2. *Collection of wood after storms.*

Branches,
Twigs...

Low-diameter
wood (<8 cm)
residues, log-
cutting scrap...

All of this type of
wood is unfit for any
other uses and must
be removed...

👉 *Up until now, these types of wood had no major uses...*

👉 *Energy is not competing with any other applications!*

The types of fuel wood sought by Bois Energie Biomasse are those that until now did not have any major uses. Consequently, this energy source is not competing with the other applications. The resources available are vast given that up until now they have remained largely unexploited. Through its exploitation of "fuel wood", Bois Energie France contributes to the maintenance of abandoned areas of forest and makes certain difficult-to-manage areas profitable.

Fuel wood is the most interesting renewable energy source to develop as it allows for the exploitation the considerable forestry resources, which are currently greatly underused. Furthermore, the use of fuel wood allows the reduction of the consumption of fossil fuels for heat production, and thus limit greenhouse gas emissions. Last but not least, its increasing use allows a strengthening of forest farming in France, a strong driver for local jobs. Dalkia's objective in France is to multiply the quantity of biomass used by 10 by 2020.

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Bois Energie France offers its partners a profitable and sustainable solution given that the scheme allows operations that were up until now unprofitable, and improves the remuneration of the local partners (agricultural and forestry operations companies, cooperative use of agricultural equipment, forest farmers, etc.).

In addition to the activities of Bois Energie Biomasse, Dalkia has also started planting (very) short-rotation coppice (for example: black locust, willow, poplar), in particular in France (2,000 hectares) and Hungary. Similarly, in Poland, Dalkia started farming 180 hectares of miscanthus, more commonly known as elephant grass, to supply its biomass plants.

Dalkia's upstream biomass supply chain allows the creation and long-term stabilisation of additional sources of revenue for the concerned stakeholders, in particular in the forestry industry where the exploitation of fuel wood complements the sale of construction timber and industrial wood, even allowing in some cases to exploit certain areas that were previously unprofitable. Lastly, the growth of the “fuel-wood” activity contributes to the creation of new jobs in the forestry sector.

The demand for wood created by the Plant could result in the creation of up to 80 direct jobs in supply-chain professions in addition to the Plant's own personnel (20 persons).

d. An Approach based on Results and Quality of Service

Dalkia uses an approach based on results and rigorous management, forming part of a policy of customer proximity. **To this end, Dalkia is improving the quality of its service as part of a continuous improvement approach, allowing its customers to benefit from the experience acquired in the management of over 100,000 power-production facilities around the world.** The group is deploying operational performance methods and tools within all its teams. Dalkia permanently conciliates this proximity with the operating approaches of its organisations.

Dalkia's “Quality” organisation operates in a network, with quality managers in each entity and correspondents in each operational centre. This allows the uniform dissemination of the group's procedures and allows us to efficiently capitalise on best practices.

In its business sector, Dalkia was a pioneer for ISO certification. Progressively, over the years, Dalkia is pursuing its certification efforts and has enlarged this to the environment, human resources, health and safety areas.

Today, each Dalkia entity in France is certified for all of its activities in accordance with the ISO 9001 Standard.

Through its experience and solid customer references for the management and operation of cogeneration facilities and biomass heating plants, in addition to its quality approach and vertical integration into the biomass supply chain, Dalkia is particularly well placed to ensure the operation of the Plant.

Additional information concerning Dalkia is available on our website: www.dalkia.com.

IV. SMURFIT KAPPA

a. Smurfit Kappa Group plc

SKCP and SKCDP are subsidiaries of the Smurfit Kappa group, one of the world's leading companies for paper-based packaging. The group was created in December 2005 by the merger of the Jefferson Smurfit Group and Kappa Packaging. The Smurfit Kappa group employs almost 40,000 persons. It is present in 30 countries (including 22 European countries).

The Smurfit Kappa group has a strong customer portfolio and enjoys a high degree of vertical integration as well as geographical diversification, which makes it a European leader and a major actor in Latin America.

The group generated a turnover of € 6 billion in 2009, with an EBITDA of € 741 million (12.2%), despite the strong market pressure on paper and cardboard prices.

Furthermore, the Smurfit Kappa group has benefitted from an increase in European demand for kraftliner paper (SKCP's main production) as a result of a reduction of US imports, in particular because of plant closures. This has allowed Smurfit Kappa to increase the price of kraftliner paper (SKCP's main production – see below) by 50 €/tonne in 2009, followed by a second increase, also by 50 €/tonne in 2010, i.e., an overall increase of more than 25%. SKCP holds a European market share for Kraftliner paper of 30% for unbleached paper and 40% for white Kaftliner paper.

In addition, Smurfit Kappa issued € 1 billion in bonds in November 2009 at an average rate of 7.6875%. These bonds are divided into two tranches of equal amounts, with maturities of 8 and 10 years.

The group was scored BB- by Standard & Poor's on 14 March 2007 then BB on 28 April 2008, and again BB- in June 2009.

The group's Free Cash Flow and liquidity are solid:

- Free Cash Flow is € 172 million.
- In 2009, the group reduced its 2009 investments by € 117 million, bringing them down to 63% of its amortisations instead of 90%, which was the norm before the financial crisis.
- The cost-reduction programme resulted in savings of € 140 million, a significant increase with respect to the savings of € 70 million already obtained in 2008. Indeed, the group has increased its three-year savings target from € 250 to 300 million, requiring an additional effort of € 90 million in 2010.
- Financial costs have been reduced by € 18 million with respect to 2008, mainly due to the reduction in interest rates.

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- The group's net debt on 31 December 2009 was € 3,052 million, a reduction of 4% with respect to 2008.

In its report of 31 July 2009, Standard & Poor's notes:

"The stable outlook reflects our expectations that Smurfit Kappa's performance will gradually improve, despite remaining under pressure in the near term. At the current rating level we expect Smurfit Kappa's level of funds from operations to adjusted debt to remain at about 12% over the near term, improving to 15% in the medium term; Free operating cash flow should remain clearly positive and the group should maintain its liquidity positing, including adequate headroom under its financial covenants."

Additional information concerning the Smurfit Kappa group is available on their website: www.smurfitkappa.com.

b. Smurfit Kappa Cellulose du Pin (SKCP)

SKCP is a 100% owned subsidiary of Smurfit Kappa International France, itself a subsidiary of Smurfit Kappa Group plc.

SKCP is located in the heart of the Aquitaine forest – the largest cultivated forestry area in Europe, with over 1.8 million hectares and an annual growth rate of 10m³ per hectare.

SKCP has powerful technological production resources, which function 24-hours a day:

- A paper-pulp production facility.
- Two kraftliner paper production lines (brown and white).
- A daily production of 1,400 tonnes.
- Annual production of 520,000 tonnes of which 60% intended for exportation to the rest of Europe, Africa, the Middle-East and Asia.
- Annual wood consumption of 1,500,000 tonnes.
- 450 employees.

D&B has given SKCP the best possible score of 100 (excellent level, underscored by solid financial indicators). This score is based, in particular, on a solid balance sheet as can be seen from the simplified balance sheet below.

Simplified balance sheet of 31/12/2008 (k€):

Fixed assets	88,494	93,232	Net worth
Working capital	29,146	76,208	Debts
Stocks and outstanding amounts	23,128	5,965	Financial debts
Clients and receivables	672	43,514	Supplier debts
Other receivables	5,345	10,420	Tax & social debt
Liquid assets	51,800	16,309	Other debts
TOTAL ASSETS	169,441	169,441	TOTAL LIABILITIES

Source: D&B, Accounts on 31/12/08

The strong points of the balance sheet are:

- Positive net assets for financial debt of € 45.8 million.
- High net worth of € 93 million on 31/12/2008.

The Facture SKCP plant produces white and brown Kraftliner paper. It is one of SKCP's two European sites that produces white Kraftliner paper, a high added value product. The other site is in Sweden. Indeed, it is essential to maintain both production sites to ensure delivery to group customers in the event of a problem on either production site.

Both SKCP production lines (MAP 5 and MAP 6) were renovated in 1995 and 2006, respectively. These systems are already equipped with presses and drying systems that are compatible with future production modifications/increases.

Facture supplies customers in France, Spain and Italy. The other Smurfit Kappa sites producing Kraftliner paper are based in Northern Europe and serve customers in northern and central Europe. This distribution optimises transportation costs. In effect, Facture's location ensures low delivery costs for SKCP customers in Southern Europe. The only competing plant for Kraftliner paper in the area is a plant in Portugal.

Furthermore, although Facture produces its paper from virgin pulp, the site also has the capacity to produce white paper from recycled paper. It is the only site in Europe to have this capacity.

In particular as a result of the Klaus storm (2009), **SKCP has at least 3-years worth of stock of low-priced wood on the site and has access to significant and low-cost resources.**

The project to install the Plant on the Facture site was particularly attractive for SKCP as paper production requires large quantities of steam. The thermal energy supplied by the Plant should allow SKCP to reduce its operating costs by almost € 4 million and avoids costly renewal investments.

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Furthermore, strong synergies exist between SKCP's paper-production activities and the Plant. These elements have been taken into account in the project design. The Plant supplies low-pressure steam and electricity to SKCP and benefits from (i) the biomass available on the SKCP site (scrap and residues from the paper-production process) and (ii) the steam from SKCP's black liquor recovery unit.

c. Smurfit Kappa Comptoir du Pin (SKCDP)

SKCDP is the forestry subsidiary responsible for supplying the SKCDP plant in Factice. This company handles 2,500,000 tonnes of wood per year, has access to direct forestry activities, is participating in the supply of timber sawmills and panel plants for a third of its turnover and is able to guarantee the supply of the 520,000 MWh LHV (i.e., approximately 200,000 to 240,000 tonnes) of wood it has committed to as part of the External Biomass Contract.

As a result of the Klaus storm of 2009, the wood supplied by SKCDP should, for years, be storm wood and will then be made up of tree stumps, branches and bark, sawdust and undersize logs.

V. ELECTRICITY REVENUES AND CRE CONTRACT

a. EDF's Obligation to Purchase

The basic principle of the CRE contract is the obligation imposed on EDF:

- (i) **For a term of 20 years** until 17 June 2030.
- (ii) **To purchase at a price ("CRE Price") of 113.7 €/MWh (value on 1 January 2007)** the electricity produced from the Plant's incoming renewable energy fraction ("green electricity"), which is subject to annual indexing according to the multiplication factor "L" as defined below:

$$L = 0,3 + 0,3 \frac{ICHTTS1}{ICHTTS1_0} + 0,4 \frac{PPEI}{PPEI_0}$$

- ICHTTS1 is the definitive value of the last known value on 1 November of each year for the annual labour cost index (all employees) in the mechanical and electrical industries.
- PPEI is the definitive value of the last known value on 1 November of each year for the industry-production and company-services price index for all industries (French market).
- ICHTTS1₀ and PPEI₀ are the definitive values of the last known values for the aforementioned indexes on 1 January 2007, i.e., 135.3 and 111.3, respectively.
- The constant (coefficient 0.3) aims to remunerate the amortisation (investment cost).

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Taking into consideration the index evolution since 1 January 2007, **the price of green electricity sold in the frame of the CRE Contract is now 116.16 €/MWh based on the last known index values.** As a comparison, the average market price is of the order of 50 €/MWh.

- (iii) **The purchase of electricity produced from the Plant's incoming non-renewable energy ("grey electricity")**, at a price corresponding to the price of electricity taken into account for the calculation of the avoided cost in the electricity purchase contracts with purchase obligation, as set annually by the CRE in its annual proposal of public-service electricity costs ("**Avoided Cost Price**").

The Avoided Cost Price is defined by the CRE based on average prices observed on the market, based on Pownext quarterly forward prices.

Grey electricity represents less than 1% of the Plant's electricity revenue.

The CRE Contract foresees that **the payments for the production of month M be made at the latest by the 10th calendar day of the month M+2**, provided that the invoice has been submitted at the latest on the 10th calendar day of month M+1.

The CRE Contract represents 90% of SVD 19's revenues. Given that EDF has been scored A+ by Standard & Poor's and Aa3 by Moody's, the counterparty default risk is very low thus strengthening the project's attractiveness and bankability.

b. Quantity of Electricity that Can be Sold Within the Framework of the CRE II Contract

Before Plant installation, SKCP already owned and operated facilities producing energy from biomass. However, the goal of the CRE II call for tender was to encourage investment in new biomass electricity production capacities. The specifications of the call for tender therefore contained a requirement that the quantity of electricity falling within the scope of the CRE II Contract be prorated to take into account pre-existing production capacities.

In application of the CRE II methodology, only 76.5% of the Plant's total green electricity production is sold under the conditions of the CRE Contract. In view of the annual average electricity production capacity of 48.3 MWe, this means that only **37 MWe are eligible for sale within the frame of the CRE II Contract.**

This corresponds to an annual green electricity production, sold at the prices foreseen in the CRE II Contract, of over 300,000 MWh.

c. Sale of the Electricity not Within the CRE II Scope

Given that the CRE Contract does not cover the Plant's entire production capacity, the remainder, i.e., 23.54% of the Plant's production, may be sold by SVD 19 on the electricity market and/or transferred to Dalkia under the conditions foreseen in the SVD 19 Transformation Contract (see below).

d. Grey Electricity for Supply to SKCP

The SKCP Transformation Contract foresees the annual delivery or financial compensation to SKCP of 24,765 MWh of electricity plus 41.7 kWh per tonne of steam supplied by the black liquor recovery unit delivered by SKCP. This equates to the annual electricity production for an installed power of 11 MW, taking into consideration the quantities of black-liquor steam foreseen to be delivered by SKCP. The financial compensation intervenes via the mechanism for compensating the delivery deviations provided for the SKCP Transformation Contract (see Section VI below).

Mirror arrangements will be inserted in the SVD 19 Transformation Contract.

Under certain circumstances, it may be advantageous for SVD 19 to arbitrate by selling its electricity on the market and compensating Dalkia for the undelivered electricity. See Section IV below.

e. Possible Penalties in the Framework of the CRE Contract

Under certain circumstances, SVD 19 may (i) have to reimburse part of the remuneration received within the scope of the CRE Contract or (ii) see the remuneration due to it under the CRE Contract modified. These cases are of low probability. Furthermore, there are technical and/or operational solutions to reduce still further these risks.

(i) Noncompliance with the maximum fossil-fuel fraction

In accordance with the CRE II criteria, the incoming fossil-fuel fraction must be less than 15%, based on LHV (*Lower Heating Value*) of the resources. **This case is not very probable given the low proportion of fossil energy sources in the Plant's energy mix.**

If this 15% ratio is not complied with, SVD 19 may be obliged to reimburse EDF an amount equal to the quantity of electricity produced in the reference year ("Y") multiplied by the difference between the CRE II price and the Avoided Cost Price ("Market Price Adjustment Amount").

The effect of this is to adjust SVD 19's remuneration to the level it could have obtained if it had sold its electricity at market price.

(ii) Noncompliance with the supply plan

Within the frame of the CRE II call for tender, SVD 19 submitted a biomass supply plan (see Section X).

CRE II foresees that each year, SVD 19 shall submit to the regional Prefect a report providing certain details concerning the origin and type of the biomass used by the Plant.

In the event of noncompliance with the supply plan, SVD 19 may have to reimburse the Market Price Adjustment Amount.

From a practical point of view, it should be noted that **CRE II allows an annual variation of 15% (for incoming LHVs) for each component of the supply plan with respect to SVD 19's commitment.**

Furthermore, with the prior agreement of the Prefect, **from the 6th year it is possible to modify the supply plan for biomass of non-forestry origin, such as black liquor and paper sludge (which are included in the Plant's supply plan). This possibility increases SVD 19's flexibility and limits its risk of being exposed to an obligation to pay reimbursement in the event of noncompliance with the supply plan.**

(iii) Noncompliance with an availability obligation of 4,000 hours per year

If the Plant's full-power equivalent availability "D" is less than 4,000 hours per year, SVD 19 may be obliged to reimburse a sum equal to the Market Price Adjustment Amount.

Availability, "D", is calculated as follows:

$$D = \frac{\int P_{VAO} dt}{P_{AO}}$$

where:

P_{VAO} = 37 MWe (expected average value)

P_{AO} = 69.58 MWe

Based on an average operating year of 8,300 h (8,760 hours minus stops for planned and unplanned maintenance), D equals 4,413 h, well above the threshold of 4,000 hours stipulated by CRE II.

7,522 hours of operation are sufficient at the eligible for CRE III green electricity sales (37 MW) to comply with the CRE availability criterion. This allows for 52 full stoppage days per year.

(iv) Noncompliance with energy-efficiency obligations

In responding to the CRE II call for tender, SVD 19 has committed to complying with an energy efficiency requirement ("V") of 69.5%.

In accordance with CRE II methodology, V is calculated as follows:

$V = \frac{\text{Thermal energy exploited output} + \text{Net electrical energy produced}}{\text{Plant's primary energy input}}$
--

CRE II foresees that if the Plant's effective energy efficiency is below 69.5% by more than 10%, i.e., 62.6%, SVD 19 may be obliged to reimburse a sum equal to the Market Price Adjustment Amount.

The CRE call for tender specifically envisages the case where the drop in energy efficiency is due to the reduction or ceasing of thermal exploitation as a result of the ceasing of activities of a heat purchaser (in this case SKCP):

- If this situation arises more than ten years after the commissioning of the Plant, there will be no obligation to reimburse and the remuneration of the electricity produced within the frame of the CRE II Contract shall remain unchanged.
- If this situation arises more than two years, but less than ten years, after the commissioning of the Plant, the remuneration of the CRE II Contract shall remain unchanged for two years, after which the price of the electricity sold within the frame of the CRE II Contract shall be reduced by 5% until the reference performance level (69.5%) has been re-established (without prejudice for the penalties that may apply for other reasons – see (i) to (iv) above). This leaves several months to implement solutions to sell the thermal energy.

Subject to what is indicated above, **penalties may not be cumulated.**

Furthermore, in all cases in which SVD 19 may be exposed to the risk of being obliged to pay the Market Price Adjustment Amount, the CRE II call for tender stipulates that the reimbursement shall effectively be required only if a nonconformity correction plan has not been submitted to the Prefect within one month of the notification of non compliance with CRE II conditions, with the further stipulation that non compliance with the corrective plan will lead to actual reimbursement.

Since the CRE II specifications impose no acceptability conditions for the correction plan, in particular not in terms of the type of solution or the period required for its implementation, **the possibility of submitting a correction plan considerably limits the probability that a reimbursement will effectively be demanded.**

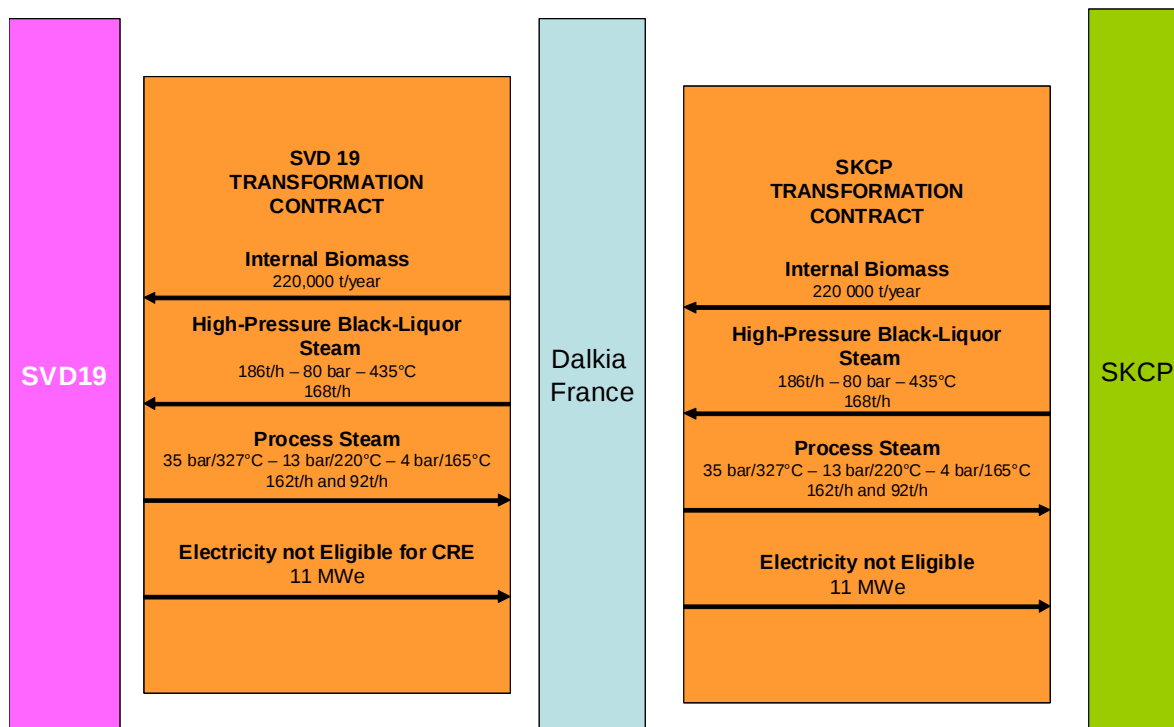
A summary table of the consequences of defaulting with regard to the CRE Contract is given in Appendix II.

VI. SVD 19 TRANSFORMATION CONTRACT

The SVD 19 Transformation Contract to be concluded between SVD 19 and Dalkia will essentially be a mirror of the SKCP Transformation Contract binding SKCP and Dalkia. Both Transformation Contracts will provide that the battery limits between SVD 19 and Dalkia, on the one hand, and Dalkia and SKCP, on the other, be the same.

The aim of the Transformation Contracts is to reflect the physical flows between SKCP's facilities and the Plant:

- SKCP supplies biomass (bark) and high-pressure steam to the Plant.
- SKCP receives low-pressure steam and grey electricity from the Plant.



The Transformation Contracts will essentially be based on the concept that the different flows between the Plant and the SKCP site are handled via a bartering system and an implicit compensation at contractually-defined economic values by reference to market prices.

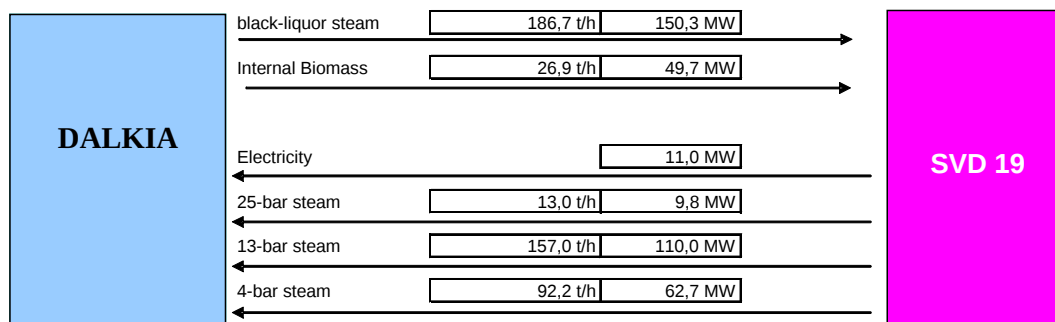
The SVD 19 Transformation Contract will foresee the payment of an annual fee to SVD 19 by Dalkia and a "deviation management" mechanism on the basis of which any deviations in the delivered amounts of biomass, steam or electricity with respect to the contractual reference amounts will result in reciprocal financial compensations. These compensations will have the effect of maintaining the financial balance foreseen between the parties at the reference equilibrium point. **The basic objective is that SVD 19's remuneration should not be affected by variations in the amounts exchanged between the Plant and the SKCP site.**

The goal of the "deviation management" mechanism for the SVD 19 Transformation Contract is to ensure that SVD 19's EBITDA value is always that expected at the contractually-defined reference point for the exchanges of biomass, electricity and steam, regardless of the actual quantities effectively exchanged between Dalkia and SVD 19.

a. Equilibrium Point and Deviation Evaluation

In view of the significant exchanges between the SKCP facilities and the Plant, the SVD 19 Transformation Contract has been designed around the principle that there is a point of reference for the evaluation of the different predictable flows (“Equilibrium Point”).

The Equilibrium Point is defined in terms on an hourly basis at the following values:



Any deviation of deliveries with respect to the Equilibrium Point gives rise to monthly compensation of one of the two parties depending on the type of fluid concerned and the size of the deviation.

- Variations in the delivery of black-liquor steam give rise to proportional variations in the sale of electricity by SVD 19 (an increase in the delivery of black-liquor steam produced by SKCP’s black liquor recovery unit allows an increase in SVD 19’s corresponding electricity production).
- Variations in the supply of Internal Biomass to SVD 19 give rise to inversely proportional variations in the quantity of External Biomass purchased by SVD 19.
- Variations in the removal of 35-bar, 13 bar or 4-bar steam produced by SVD 19 give rise to inversely proportional variations in the quantity of electricity produced by SVD 19 (a drop in steam removal by the SKCP site allows SVD 19 to produce more electricity as it can use the steam to drive its turbines).
- Variations in the delivery of electricity by SVD 19 in the frame of the SVD 19 Transformation Contract give rise to inversely proportional variations in the sale of electricity on the market by SVD 19.

In view of the above arguments, the SVD 19 Transformation Contract shall foresee that if the effective flows of steam, electricity and biomass differ from those chosen to define the Equilibrium Point, SVD 19 and Dalkia will be liable to pay each other reciprocal compensation taking account of the effective consequences of the lack or excess of delivery/removal of steam, electricity or biomass.

Evaluation of delivery deviations:

- **For electricity or biomass: at market price.**
- **For steam: On basis of the electricity revenue that may be gained or lost as a result of the deviation in steam delivery.**

(i) Evaluation of electricity at market price

The principle applied for the evaluation of exchanges of electricity within the frame of the SVD 19 Transformation Contract is the electricity market price, considered contractually, for year N, as being the average price of electricity purchased by SKCP on the market for said year N.

Thus, the MWh market price for electricity is defined as follows:

Pelec Market_(Year N) is the average price of electricity purchased by SKCP in the year N, expressed in €/MWh.

Hence, if SVD 19 delivers more electricity than foreseen within the frame of the SVD 19 Transformation Contract, it shall receive an additional payment equal to Pelec Market_(Year N). Inversely, if SVD 19 delivers less electricity than stipulated contractually, it must financially compensate Dalkia.

SVD 19 may arbitrate between (i) the delivery of electricity to Dalkia or (ii) if the market price is higher, the sale of electricity on the market and the financial compensation of its cocontractant.

SKCP has the right to benefit from advantageous electricity prices and buys its electricity at 41 €/MWh. This price has been set for 2010 and 2011. This should be compared with the current forecasts for the market price (forward price on 16 March 2010):

2011	2012	2013	2014	2015
49.58 €/MWh	51.41 €/MWh	53.5 €/MWh	55.64 €/MWh	56.48 €/MWh

Prices increase from 2013 as CO₂ quotas will no longer be allocated free of charge.

It is probable that it is in general more advantageous for SVD 19 to sell all of its non-eligible electricity (i.e. electricity not eligible for green electricity sales under the CRE II Contract) on the free market and compensate Dalkia in the frame of the deviation evaluation mechanism. This will allow SVD 19 to take advantage of the positive arbitration between the contractual value of Pelec Market_(Year N) and the market price effectively observed.

In view of the provisions of the CRE Contract, which represent only 76.46% of the Plant's production eligible for the CRE II-approved green electricity price, arbitration between the market price and Pelec Market_(Year N) is likely to apply to electricity owed to Dalkia and not eligible under the CRE Contract (i.e., the equivalent of what can be produced with an installed power of 11 MW).

The remainder of electricity produced by SVD 19 not eligible under the CRE Contract will be sold on the market at market price.

Dalkia's modelling of SVD 19's financial flows and performance has been carried out on the basis of:

- **The sale of all of the Plant's excess capacity not entering into the scope of the CRE Contract (i.e., 23.54%) on the free market.**
- **The payment of financial compensation to Dalkia on the basis of Pelec Market_(Year N) for the fraction of non-eligible electricity and owed to Dalkia by SVD 19 in the frame of the SVD 19 Transformation Contract.**
- **SVD 19 reserving the right to positive arbitration between the Pelec Market_(Year N) value and the market price effectively observed.**

(ii) Evaluation of biomass

Internal Biomass falls within the scope of the SVD 19 Transformation Contracts and is sold at market price, expressed in €/MW and contractually defined as being, for year N:

$$PBiomass_{(Year N)} = 16.61 * L$$

Where:

$$L = 0,3 + 0,3 \frac{ICHTTS1}{ICHTTS1_0} + 0,4 \frac{PPEI}{PPEI_0}$$

- 16.61 €/MWh LHV is the value on 1 January 2007.
- ICHTTS1 is the definitive value of the last known value on 1 November of each year for the annual labour cost index (all employees) in the mechanical and electrical industries.
- PPEI is the definitive value of the last known value on 1 November of each year for the industry-production and company-services price index for all industries (French market).
- ICHTTS1₀ and PPEI₀ are the definitive values of the last known values for the aforementioned indexes on 1 January 2007, i.e., 135.3 and 111.3, respectively.
- The constant (coefficient 0.3) aims to remunerate the amortisation (investment cost).

Taking into consideration the index evolution since 1 January 2007, the price of Internal Biomass exchanged in the frame of the SVD 19 Transformation Contract is 16.97 €/MWh for 2010, based on the last known index values (ICHTTS = 142.14 and PPEI = 113.1 for October 2009).

The Internal Biomass indexing formula is the same as that used for determining the CRE Price within the frame of the CRE Contract.

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(iii) Evaluation of steam

The principle applied for the evaluation of steam exchanged within the frame of the SVD 19 Transformation Contract is that of electrical equivalence, i.e., the value of the quantity of electricity that can or could have been produced and sold by driving the Plant's turbines with the concerned steam.

In calculating the steam's value, the SVD 19 Transformation Contract applies the principle that, in accordance with CRE III provisions, only 76.46% of the Plant's electricity is sold within the frame of the CRE Contract at the CRE Price and therefore the remainder of 23.54% should be sold at the average price for electricity purchased by SKCP on the market (Pelec Market_(Year N)).

Thus, in accordance with the formulas stipulated in the SVD 19 Transformation Contract, which take into account the characteristics of the steam, the Plant's foreseeable performance levels and the operating modes of the SKCP plant:

Steam	Available Energy (KWh/t) (X)	Price per Tonne of steam in €/t (Y) (2010 value) CRE Price ₍₂₀₁₀₎ = 116.16 €/MW Pelec Market ₍₂₀₁₀₎ =41€/MWh	Enthalpy (MWh/t)	Equivalent price in €/MWh (Z)
Black-liquor steam	229.7	22.62	0.80	28.27
25-bar steam	182.4	17.96r	0.75	23.95
13-bar steam	135.2	13.31	0.70	19.02
4-bar steam	109.8	10.81	0.68	15.90

$$Y = (X/1000) \times (76.46\% \times \text{CRE Price}_{(\text{Year N})} + 23.54\% \times \text{Pelec Market}_{(\text{Year N})})$$

Thus, if SVD 19 fails to receive one tonne of black-liquor steam from the SKCP plant, it may demand a penalty of Z, € 28.27 (2010 value). Inversely, if SVD 19 takes more black-liquor steam than foreseen, it will be required to pay an equivalent amount to Dalkia.

The principle is reversed for low-pressure steam. If Dalkia reduces the amount it takes, thus allowing SVD 19 to produce more electricity, SVD 19 must pay compensation to Dalkia, but if Dalkia takes more steam than foreseen, SVD 19 will receive compensation.

It is important to note that the SVD 19 Transformation Contract foresees that the electricity/steam equivalence values may be corrected in view of the Plant's effective performance levels, but the principle by which a tonne of steam is evaluated according to the quantity of electricity it is able to produce is to be maintained.

The effects of the contractual deviation evaluation and compensation system are such that the deviations in physical flow delivery between the Plant and the SKCP plant with respect to the Equilibrium Point must have a neutral impact on SVD 19's expected EBITDA at the Equilibrium Point.

This principle is nevertheless subject to the possibility of positive arbitration that SVD 19 may choose to apply by selling the non-eligible electricity owed to Dalkia on the free market. In this case, SVD 19 compensates Dalkia at the price Pelec Market_(Year N) and retains the positive difference between the free-market price and Pelec Market_(Year N).

b. Invoicing

At the defined Equilibrium Point, Dalkia is, in principle, debtor to SVD 19 for an annual fee (AF). However, the exact amount owed to SVD 19 is a function of the average price of the electricity that SKCP purchases on the market for the year in question.

$$AF = 4,041,000 \times L - 64,913 * \text{Pelec Market}_{(\text{Year N})}$$

“L” is the indexing factor for the CRE Contract. € 4,041,000 is a value on 1 January 2007.

In view of a Pelec Market₍₂₀₁₀₎ value of 41 €/MWh, the value of AF is estimated to be € 1,473,188 (2010 value).

AF is payable in twelfths each month. In addition, each month, the Parties estimate the deviations for the previous month and invoice for these.

The invoices are payable within 60 days of 10th of month following their submission.

c. Duration of SVD 19 Transformation Contract

The SVD 19 Transformation Contract will be based on the SKCP Transformation Contract such that its duration will be the same as that for the SKCP Transformation Contract.

The SKCP Transformation Contract stipulates that it is concluded for a period of 5 years, starting from SKCP's notification that the Plant has started operating, and is thereafter renewable by periods of one year by tacit extension, except in the case of termination by one of the parties with 6 months prior notice.

d. Commitments to Supply SKCP in the Event of Termination of the SKCP Transformation Contract

The Framework Contract may end only if all the other contracts concluded with SKCP and SKCDP have first ended. Consequently, this equates to a commitment over the total project duration.

Except in the case of a total termination of the SKCP plant's activities, SKCP has committed within the frame of the Framework Contract that in the event of termination or expiry of the Transformation Contract before the normal term of the CRE Contract, SKCP will continue to:

- Supply its internal biomass exclusively to the Plant.
- Supply the black-liquor steam exclusively to the Plant.
- Source the steam necessary for SKCP's facilities in priority from SKCP's installations.

These commitments strengthen the Plant's position if SKCP terminates the SKCP Transformation Contract, ensuring that the supplies and offtaker foreseen in its model are maintained whilst at the same time limiting any advantage for SKCP to terminate the SKCP Transformation Contract.

In the case of termination or expiry of the SKCP Transformation Contract before the normal end of the CRE Contract, the Framework Contract includes a clause requiring that a meeting be held between the parties to negotiate and define, in good faith, the conditions for continuing their relations on the site, based on the following principles:

- The steam fraction (in MWh) supplied to SKCP resulting from the transformation of the black-liquor steam shall have the same price as that for black-liquor steam (in €/MWh).
- The steam fraction supplied to SKCP resulting from internal biomass will be valued at 1.2 times the internal biomass price (in €/MWh LHV).
- The steam fraction supplied to SKCP resulting from external biomass will have a price that is less than the equivalent production using gas.

VII. OPERATING CONTRACT

Dalkia envisages concluding an Operating Contract with SVD 19 for a duration equivalent to that of the CRE Contract, which foresees that Dalkia shall:

- Ensure the operation and maintenance of the Plant, including Plant performance level commitments, it being understood that if the performance commitments are not complied with, Dalkia will pay capped lump-sum liquidated damages to SVD 19.
- Be the facility's ICPE operator and, as a result, will be responsible for the facility's CO₂ balance and the awardee of any CO₂ quotas.
- Be responsible, at its own cost, for the supply of the external biomass necessary for facility operation.

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- Be responsible, at its own cost, for the supply of the gas and electricity for the auxiliary systems required for Plant operation.

The remuneration of Dalkia shall be broken down into two fees:

- An annual fee of € 6,175,000 per year (value on 1 January 2007).
- A variable fee of 65 €/MWh (value on 1 January 2007) of Operating Electricity.

For the purposes of the Operating Contract, Operating Electricity will be determined according to the following formula:

$$E_e = E_{Total} - E_{Tr}$$

where:

E _e	Operating Electricity (in MWh)
E _{Total}	Total electricity produced by the Plant (in MWh)
E _{Tr}	Transformation Electricity, i.e., the electricity generated by the Plant within the framework of the SVD 19 Transformation Contract

Transformation Electricity (“E_{Tr}”) is determined as follows:

$$E_{Tr} = 0.1782 \text{ VLN} + 0.2911 \text{ BI} - 0.5581 \text{ V30b} - 0.0947 \text{ V13b} - 0.0747 \text{ V4b}$$

where:

E _{Tr}	Transformation Electricity (in MWh)
VLN	Black-liquor steam delivered to the Plant within the framework of the SVD 19 Transformation Contract (in MWh)
BI	Internal Biomass delivered to the Plant within the framework of the SVD 19 Transformation Contract (in MWh)
V30b	30-bar steam delivered by the Plant within the framework of the SVD 19 Transformation Contract (in MWh)
V13b	13-bar steam delivered by the Plant within the framework of the SVD 19 Transformation Contract (in MWh)
V4b	4-bar steam delivered by the Plant within the framework of the SVD 19 Transformation Contract (in MWh)

The multiplication factors in the E_{Tr} formula may be adjusted as a function of the Plant’s actual performance.

The two Operating Contract invoicing terms will be indexed annually in accordance with the multiplication factor “K”, as follows:

$$K = 0.43 \times \frac{ICHTTS1}{ICHTTS1_0} + 0.57 \times \frac{PPEI}{PPEI_0}$$

- 16.61 €/MWh LHV is the value on 1 January 2007.

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- ICHTTS1 is the definitive value of the last known value on 1 November of each year for the annual labour cost index (all employees) in the mechanical and electrical industries.
- PPEI is the definitive value of the last known value on 1 November of each year for the industry-production and company-services price index for all industries (French market).
- ICHTTS1₀ and PPEI₀ are the definitive values of the last known values for the aforementioned indexes on 1 January 2007, i.e., 135.3 and 111.3, respectively.

This indexing formula is in line with the variable part of the “L” index factor provided for in the CRE Contract.

A term sheet for the Operating Contract is given in Appendix III.

As foreseen by Dalkia, the Operating Contract:

- **Exonerates SVD 19 from the management, operating and maintenance risks associated with the Plant and transfers this to Dalkia.**
- **Exonerates SVD 19 from the technical performance risks associated with the Plant and transfers this to Dalkia.**
- **Exonerates SVD 19 from the biomass supply risk (both with regard to availability and price).**
- **Provides SVD 19 with the guarantee of predictable and controlled operating costs over the term of the CRE Contract.**

VIII. LAND CONTRACT AND FUTURE OF PLANT

SKCP has made land available to SVD 19 to allow the construction and operation of the Plant. The land is made available free of charge for a basic period of 30 years starting from SKCP's notification that the Plant has started operating, i.e., until August 2040, given that it is foreseen that the Plant will be commissioned in August 2010.

IX. FUTURE OF PLANT AT END OF PROJECT

The Framework Contract contains specific provisions regarding the future of the Plant at the end of the project.

Six months before the expiry of the 30-year land provision agreement, SKCP and SVD 19 have agreed to meet to discuss the possible continuation of their contractual relations. If SKCP and SVD 19 do not come to an agreement, SKCP may:

- Purchase the Plant at its residual value (determined by expert if necessary), or
- Ask SVD 19 to dismantle the Plant at its own exclusive cost.

However, the Framework Contract has also foreseen that if the SKCP Transformation Contract is still in force on the CRE Contract's foreseen date of expiry (i.e., June 2030), SKCP may then:

- Either purchase the Plant at 50% of its market value (determined by expert if necessary).
- Or dismantle the Plant, in which case SKCP may:
 - Either purchase the Plant at its residual value taking into account only the acquisition value amortised linearly over a maximum period of twenty years.
 - Or ask SVD 19 to perform Plant dismantling at its own cost, but in this case SKCP must allow SVD 19 to benefit from the free use of the land for a period of three years. Because this period is longer than the dismantling period, SVD 19 may then, if it so wishes, operate the Plant to compensate the dismantling costs for which it is responsible.

X. SUPPLY PLAN

The CRE II call for tender provides that the types of biomass that may be used in the Plant are those specified in Article 29 of Programme Law of 13 July 2005 setting energy policy guidelines, with the exception of the renewable fraction of household waste.

With regard to industrial waste, paper-industry by-products are in particular taken into account, such as black liquors and paper sludge. Furthermore, energy crops are considered to be agricultural material, waste and residues.

CRE II identifies five separate categories of forestry materials, waste and residues:

1. Timber-industry-related products and by-products whose material may be used (slabs, edging scraps, non-forestry wood chips, sawdust, etc.).
2. Timber-industry-related products and by-products whose material may not be used (bark, scrap, etc).
3. Ground waste materials, in particular resulting from the sorting of non-hazardous industrial waste.
4. Biomass from forests and by extension hedgerows, shrubberies and avenue trees, made up of forestry residues and unavoidable residues from the maintenance of these tree formations, in particular obtained in the form of wood chips.
5. Any other biomass from forests, and by extension hedgerows, shrubberies and avenue trees.

In the event of the use of forestry biomass, CRE II requires that 50% of the supply (measured as incoming LHV) originates from Categories 4 and 5.

The Plant's supply plan foresees the following supplies:

Resources	Category	Annual quantity (t)	Annual quantity (GWh)
Black Liquor	Non forestry	507,000	1,590
Paper Sludge		30,000	4
Energy crops		10,000	28
Total Non-forestry		547,000	162
Sawdust	1	5,000	11
Paper-industry bark	2	110,000	220
Particles (<i>fines de classage</i>)	2	79,000	180
Bark, undersize wood chips, ground machining scrap	2	15,000	33
Biomass from sorting centre	3	30,000	106
Branches and tree stumps	4	170,000	454
Biomass from park maintenance	5	44,000	108
Undersize logs	5	10,000	24
Total Forestry		463,000	1,135
TOTAL		1,010,000	2,757

Forestry biomass from Categories 4 or 5 represents 51.6% (586 GWh) of forestry biomass (1,135 GWh).

The conditions of the CRE II call for tender allow for variations of 15% (as incoming LHV) between the different categories.

With the prior agreement of the Prefect, from the sixth year of operation, it is also possible to modify the supply plan with regard to non-forestry biomass, such as black liquor and paper sludge (which are included in the Plant's supply plan). This possibility increases SVD 19's flexibility and limits its risk of being exposed to reimbursements due to noncompliance with the supply plan.

The risks related to biomass availability and price variations will be assumed by Dalkia through its contracts with SVD 19 (SVD 19 Transformation and Operating Contracts). Dalkia also undertakes to comply with the supply plan, in accordance with CRE conditions.

- In the SVD 19 Transformation Contract, Dalkia will supply approximately 200,000 tonnes of Internal Biomass. This supply will be performed within the frame of the SVD 19 Transformation Contract subject to the management of deviations from

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Equilibrium Point, based on the reference price of 16.97 €/MWh LHV (value on 1 January 2010) multiplied by “L” - which is equivalent to indexing in accordance with the indexing of the CRE Price.

- Dalkia takes responsibility for the supply of the Plant’s remaining biomass needs within the frame of the Operating Contract. The cost will be integrated within the overall service provision invoiced to SVD 19. Dalkia should, in principle, purchase its biomass from SKCDP in the frame of the External Biomass Contract (approximately 200,000 to 240,000 tonnes) and will procure the additional biomass required for Plant operation thanks to its dedicated biomass supply chain.

XI. DESCRIPTION OF TECHNICAL FACILITIES

The Plant consists essentially of:

- A bubbling fluidised bed biomass boiler (Metso Power).
- A flue gas treatment system.
- Two turbogenerator units (GE Thermodyn).
- An air-cooled condenser.
- Various items of additional equipment.

a. Bubbling Fluidised Bed Biomass Boiler (BFB)

The boiler chosen to equip the Plant is a bubbling fluidised bed biomass boiler. This boiler is supplied by Metso Power (previously Kvaerner Power), world leader on the high-power biomass boiler market.

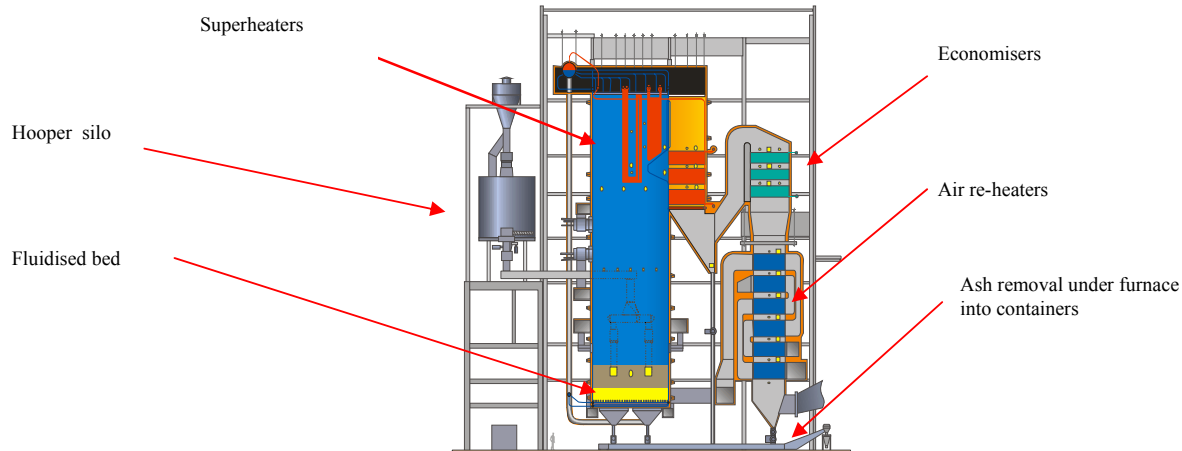
The Dalkia group already operates sites using large bubbling fluidised-bed biomass boilers, in particular with the technology offered by Metso:

Vilnius Urban Heating (Lithuania)	Metso 60 MWth bubbling fluidised bed boiler operating with biomass and peat.
Pecs Urban Heating (Hungary)	Metso 145 MWth bubbling fluidised bed boiler operating with biomass.
Tallina Elektriijaam (Estonia)	In the frame of a cogeneration facility, Metso 49 MWth bubbling fluidised bed boiler operating with biomass.

Bubbling fluidised bed technology is particularly suited for biomass and offers several advantages:

- A high degree of flexibility with regard to the fuel.
- High efficiency with low air excess.
- High availability thanks to the absence of moving parts in the furnace.
- Controlled emissions.
- Numerous operating systems in France and around the world.

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Technology	Hybex (water cooled hydro beam floor)
Boiler architecture	Vertical, hung
Construction	Indoor
Water circulation	Natural circulation
Steam drum	1 external drum in upper section
Nominal fuel	8.4 MJ/kg - 47% humidity
Fuel flow	61 t/h
Fuel storage	2 hooper silos of 130 m³ on boiler facade
Fuel distribution	2 conveyors and 4 feeders
Power (for nominal fuel)	124.5 MWth
Steam flow (for nominal fuel)	170 t/h
Steam pressure	120 bar
Superheated steam temperature	520°C
Feed water temperature	180°C (130°C in the feed tank)
Minimum load	50% MCR
Boiler efficiency	89%
Expected own electricity consumption	3500 kW (Metso complete scope)
Superheating	3 levels of superheating with intermediate de-superheating by injection

Air re-heaters (air tube/smoke re-heaters), located in the second stage, pre-heat the primary and secondary air. A steam-air re-heater (4-bar steam) ensures pre-heating of combustion air upstream of the re-heaters when necessary.

Feed water is re-heated to between 130°C and 180°C before entering the economiser (HP re-heater supplied with 14-bar steam).

The boiler is equipped with an in-operation steam cleaning system with retractable soot-blowers (superheaters) and rotating soot-blowers (economisers and air re-heaters).

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The steels selected for the pressurised sections ensure both:

- To reach superheated steam high temperature (and therefore electrical production)
- To Limit high-temperature corrosion in the boiler.

b. Flue Gas Treatment

Flue gas treatment will allow compliance with regulatory requirements concerning Large Combustion Plants (LCP Directive and decree of 20 June 2002).

The following systems are used for flue gas treatment:

- Bag House

The bag house will comprise 4 independent filtering modules. Minimum bag lifetime shall be 36 months.

- Continuous monitoring system

A continuous monitoring system will allow the permanent verification of emission compliance for the main pollutants (NO_x, SO₂, CO, dust).

The main guaranteed system emissions are (6%O₂ on dry gases):

Pollutant	SO₂	NO_x	Dust	CO
Emissions	200	300	30	150

- Storage of fly ashes

Fly ashes will be stored in a 500 m³ dry silo. This will be extracted from the silo after humidification or dry depending on their use.

c. Turbogenerator Units

The Plant will comprise two new turbogenerator units:

- 42 MWe condensation turbogenerator unit with bleed.
- 21 MWe back-pressure turbogenerator unit with bleed.

These new turbogenerator units will be supplied by GE Thermodyn

Steam turbine technology is mature and robust. It does not represent a significant risk. Dalkia operates numerous turbines of this type.

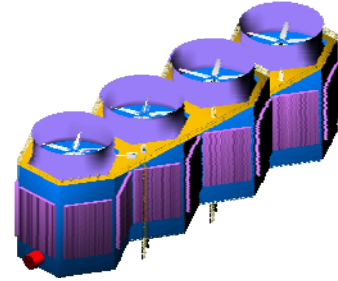
d. Air-cooled Condenser

The Plant will be equipped with an air-cooled condenser (dry system) allowing condensation of low-pressure steam at the outlet of the condensation turbine.

This air-cooled condenser allows, in particular, available steam to be used during paper breakages on SKCP's paper machines (sudden drop in steam demand of 60 t/h), whereas in the current operational setup, excess steam is vented.

The characteristics of this air-cooled condenser are as follows:

- Turbine exhaust pressure: 0.125 mbar
- Outside design temperature: 15°C
- Design flow: 87 t/h



The condensates at the air-cooled condenser outlet are returned to the boiler after passing through the re-heaters.

e. Additional Equipment

The Plant will also be equipped with the following:

- An internal and external biomass reception/storage and handling area with a capacity of 25,000 m³.
- Three gas-fired 20 MW backup boilers.
- A network for the delivery of steam to SKCP.
- A delivery power station for produced electricity.
- Facilities and buildings to house equipment and personnel in charge of Plant operation.

The Plant will respond to the SKCP steam demand for its process whilst ensuring the use of by-products from the paper plant and the black-liquor steam that it produces.

However, the Plant will be capable of operating alone in the event of a shutdown of the SKCP plant, provided certain additional systems are deployed (utilities for feed water) in the event of a total shutdown of SKCP.

XII. MINORITY HOLDING OF DALKIA IN SVD 19

Dalkia is willing to maintain a minority holding (15% at most) in SVD 19.

In this case, Dalkia proposes that Dalkia and the Investor conclude a shareholder agreement reproducing the terms stipulated in Appendix IV.

As part of this shareholder agreement, Dalkia will enjoy the following benefits:

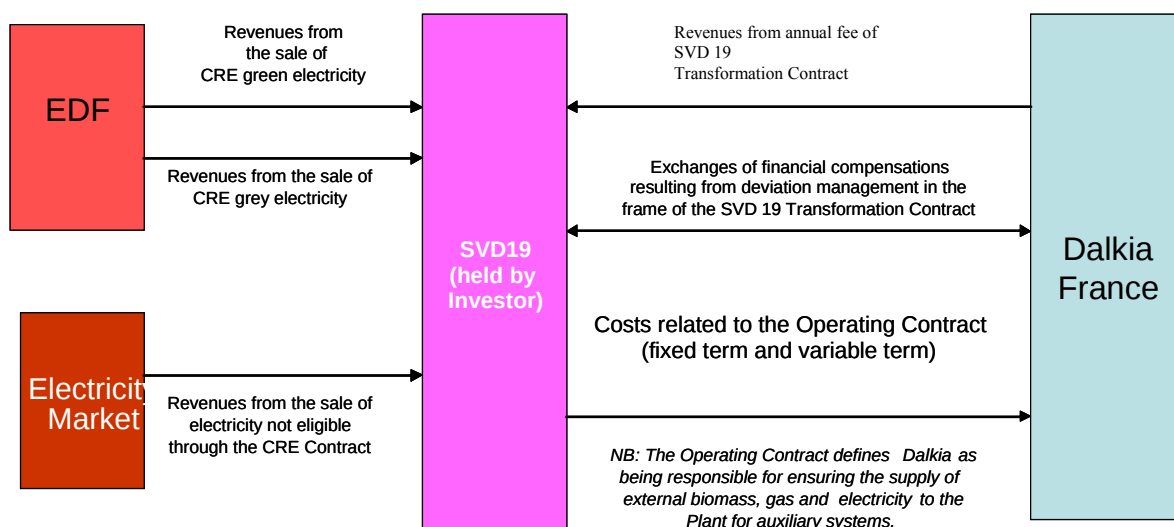
1. The right to name at least one member of SVD 19's Management Committee.
2. Certain rights to protect its minority interests, i.e., it will be necessary that Dalkia give its approval for the following operations:
 - Any significant modification to SVD 19's activity.
 - Any decision to call a shareholders' assembly with on its agenda a resolution relating to a reduction of capital stock, an immediate or subsequent increase in capital stock, a merger, partial contribution of capital subject to spin-off rules, spin-off, winding-up or liquidation of SVD 19 or a transfer of its headquarters outside France.
 - Any decision to call a shareholders' assembly with on its agenda a resolution relating to a change of SVD 19's statutes that may modify Dalkia's rights.
 - Any decision to call a shareholders' assembly with on its agenda a resolution to distribute dividends not compliant with the dividend distribution policy defined in the shareholder agreement (see below).
 - Acquisition, creation, transformation or liquidation of subsidiaries.
 - Joining an Economic Interest Grouping and any form of company, consortium or association that may create joint and several liability or unlimited liability for SDV 19.
 - Any decision regarding the granting of guarantees, deposits or securities with the aim of guaranteeing the obligations of companies or persons other than those of SVD 19 and its subsidiaries.
 - Any transaction between SVD 19 and the investor or any person related to the investor (affiliated company, shareholder, administrator, representative, etc.).
 - Conclusion of arrangements regulated by SVD 19 as defined in Article L227-10 of the French Commercial Code.
3. The right of pre-emption and right of approval in the event of the Investor selling its SVD 19 shares.
4. A right of pre-emption in the event that SVD 19 decides to sell the Plant.
5. A commitment on the part of the Investor to acquire Dalkia's shares in SVD 19 in the event of termination of the Operating Contract.
6. Tag along rights in the event that the Investor decides to sell its SVD 19 shares.

XIII. FINANCIAL COMPONENTS

a. SVD 19's Revenues and Costs

The principal revenues and costs of SVD 19 can be summarised in simple terms as follows:

- Revenues:
 - o Revenues from the sale of electricity in the frame of the CRE Contract (green and grey electricity).
 - o Revenues from the sale on the free market of electricity not eligible to the CRE Contract.
 - o Revenues from the annual fee of the SVD 19 Transformations Contract.
 - o If applicable, financial compensations resulting from the management of deviations as part of the SVD 19 Transformation Contract.
- Costs:
 - o Costs resulting from the Operating Contract.
 - o If applicable, financial compensations resulting from the management of deviations as part of the SVD 19 Transformation Contract.



b. Assumptions used for the Financial Model

As a supporting document to this information note, Dalkia has provided potential Investors with a financial model (the “Financial Model”).

The main assumptions used for the preparation of the Financial Model are as follows:

OPERATIONAL ASSUMPTIONS

Green Electricity Price in 2010 (€/MWh)	116,2
Grey Electricity Price in 2010 (€/MWh)	49,6
SKCP Electricity Price in 2010 (€/MWh)	41,0
Liqueur Noire Steam Price in 2010 (€/MWh)	29,7
25 bar Steam Price in 2010 (€/MWh)	24,3
13 bar Steam Price in 2010 (€/MWh)	19,4
4 bar Steam Price in 2010 (€/MWh)	16,2
Internal Biomass Price in 2010 (€/MWh)	17,0
Average O&M Fixed Cost (M€)	6,8
Average G&A and Other Costs (M€)	0,7
Annual Inflation Rate - ICHTTS	3,0%
Annual Inflation Rate - PPEI	2,0%
Annual Inflation Rate - K (CRE)	1,7%
Annual Inflation Rate - L (0,43 ICHTTS + 0,57 PPEI)	2,4%
Annual Inflation Rate - O&M&P Contract	2,4%
Annual Inflation Rate - Market Electricity	2,5%

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PROJECT DEBT ASSUMPTIONS

Percentage of Costs Financed with Debt	80%
Percentage of Costs Financed with Equity	20%
Term (yrs)	15
Rate	5,5%

TAX ASSUMPTIONS

Corporate Tax Rate	34,43%
VAT Rate	19,6%
12 months Depreciation	No
Tax Integration	No
Local Taxes (as % of Value Added)	3,0%

c. Financial Indicators

The tables below summarise the project's main financial indicators:

PROJECT RETURN

Project Unlevered IRR	7,4%
Equity IRR	14,5%
Shareholder IRR	12,7%
Project NPV (M€)	10,8
Project Payback (yr)	8,4
Discounted Payback (yr)	16,1
<u>Debt ratios</u>	<u>avg</u>
DSCR	1,34x
EBITDA/Interest	7,41x

Profit and Loss (in 000' €)	2010	2011	2012	2013	2014	2015	2020	2025	2029
Revenues									
Green Electricity	8 947	37 138	37 487	38 668	37 594	39 209	41 799	47 981	50 704
Grey Electricity	1 268	5 174	5 323	5 618	5 583	5 809	6 410	7 592	8 208
Transformation Contract	-138	-475	-634	-877	-1 076	-1 268	-1 655	-2 324	-3 079
Turnover	10 076	41 836	42 175	43 408	42 100	43 750	46 553	53 249	55 832
Costs									
Dalkia - Variable Cost	4 318	18 127	18 499	19 216	18 425	19 251	21 288	25 694	27 044
Dalkia - Fixed Cost	1 649	6 755	6 920	7 088	7 261	7 438	8 394	9 478	10 449
G&A	32	120	121	124	121	126	133	151	159
Other (Local Taxes, ...)	173	709	703	713	693	712	706	742	749
Operating Expenses	6 172	25 711	26 242	27 142	26 499	27 526	30 520	36 065	38 401
EBITDA	3 904	16 124	15 933	16 266	15 601	16 224	16 033	17 184	17 431
Amortization & Depreciation	2 173	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500
EBIT	1 732	9 624	9 433	9 766	9 101	9 724	9 533	10 684	10 931
Interest Expense	1 583	5 804	5 545	5 272	4 983	4 679	2 888	548	0
Income Taxes	51	1 315	1 339	1 547	1 418	1 737	2 288	3 490	3 764
Net Income	98	2 505	2 549	2 947	2 700	3 308	4 357	6 646	7 168
Legal Reserve	-5	-125	-127	-147	-135	-165	-218	0	0
Dividends	0	2 473	2 422	2 800	2 565	3 142	3 318	3 123	7 168

Appendix V contains a detailed presentation of the project's balance sheet and profit and loss account for each of the project's 20 years.

d. Tax Optimisation Potential

Assets producing renewable energy are eligible for special tax amortisation over 12 months (Article 39 AB of the General Tax Code).

The list of equipment eligible for this amortisation is described in Appendix 4, Article 2 of the General Tax Code.

In the financial model, the amount of the investments eligible for this provision is assumed to be 83.5%. This accelerated amortisation is applied on a pro-rata basis, from the date of commissioning, i.e., amortisation of 25% in 2010 for commissioning in September 2010, and 75% in 2011.

This accelerated tax amortisation results in the creation of a sustainable tax deficit for SVD 19. In the financial model, the first year in which corporation tax will be paid is 2021.

If the Investor decides to opt for special tax amortisation, the Equity IRR will increase from 14.5% to 18.2% (without change to the other assumptions applied in the Financial Model).

In the event that this deficit may be absorbed by a parent company with an excess tax capacity, the tax savings (of the order of € 31 million) may be effectively made within the two first years of the project (i.e., 25% in 2010 and 75% in 2011), leading to an equity payback time of one year.

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XIV. CONCLUSION

- Dalkia is looking for one or more third-party Investors interested in acquiring SVD 19 whose vocation is to own and commercially operate a 63MWe/124MWth biomass cogeneration plant located on the SKCP site in Factice, France (county of Gironde).
- **Within the contractual framework foreseen by Dalkia, SVD 19 will benefit from:**
 - **A contract with electricity purchase obligation** assigned to SVD 19 as a result of the CRE II tender offer (see below):
 - **With EDF as counterparty (scored A+ by Standard & Poor's and Aa3 by Moody's).**
 - **With a term of 20 years**, until the end of June 2030.
 - **Covering 76% of SVD 19's green electricity production**, i.e., the equivalent of the electricity production delivered by a power plant of an average installed power of 37 MWe.
 - **Providing for the purchase of the green electricity produced by SVD 19 at a guaranteed and inflation-indexed price per MWh (116.16 €/MWh – 2010 value).**
 - A contract to make available at no cost the land occupied by the cogeneration plant for a minimum duration of 20 years.
 - **Contracts concluded with the Dalkia group within the framework of which Dalkia commits to the following throughout project duration:**
 - **The facility's technical performance levels, in particular its availability.**
 - **The facility's operating costs.**
 - **The supply of biomass to the facility.**
- The SVD 19 biomass plant uses proven and trusted technology and systems, supplied by first-rate companies (Metso Power, GE Turbodyn). Given that Dalkia already operates facilities and systems of this type, there is **no significant technological risk**.
- **SVD 19 benefits from stable, recurring and predictable cashflows with:**
 - **An annual turnover of at least € 40 million.**
 - **Annual recurring EBITDA of the order of € 16 to 17 million.**
 - **Annual recurring EBIT of the order of € 9 to 10 million.**

Profit and Loss (in 000' €)	2010	2011	2012	2013	2014	2015	2020	2025	2029
Revenues									
Green Electricity	8 947	37 138	37 487	38 668	37 594	39 209	41 799	47 981	50 704
Grey Electricity	1 268	5 174	5 323	5 618	5 583	5 809	6 410	7 592	8 208
Transformation Contract	-138	-475	-634	-877	-1 076	-1 268	-1 655	-2 324	-3 079
Turnover	10 076	41 836	42 175	43 408	42 100	43 750	46 553	53 249	55 832
Costs									
Dalkia - Variable Cost	4 318	18 127	18 499	19 216	18 425	19 251	21 288	25 694	27 044
Dalkia - Fixed Cost	1 649	6 755	6 920	7 088	7 261	7 438	8 394	9 478	10 449
G&A	32	120	121	124	121	126	133	151	159
Other (Local Taxes, ...)	173	709	703	713	693	712	706	742	749
Operating Expenses	6 172	25 711	26 242	27 142	26 499	27 526	30 520	36 065	38 401
EBITDA	3 904	16 124	15 933	16 266	15 601	16 224	16 033	17 184	17 431
Amortization & Depreciation	2 173	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500
EBIT	1 732	9 624	9 433	9 766	9 101	9 724	9 533	10 684	10 931
Interest Expense	1 583	5 804	5 545	5 272	4 983	4 679	2 888	548	0
Income Taxes	51	1 315	1 339	1 547	1 418	1 737	2 288	3 490	3 764
Net Income	98	2 505	2 549	2 947	2 700	3 308	4 357	6 646	7 168
Legal Reserve	-5	-125	-127	-147	-135	-165	-218	0	0
Dividends	0	2 473	2 422	2 800	2 565	3 142	3 318	3 123	7 168

- As assets producing renewable energy, SVD 19's facilities are eligible for special tax amortisation over 12 months (Article 39 AB of the French General Tax Code). The use of this scheme significantly increases the Equity IRR of SVD 19 shareholders. In the event that an Investor is able to immediately take advantage of this amortisation through tax integration, the project gives an equity payback time of one year.
- **The structure of SVD 19's contractual relations is designed to be compatible with the setting up of financing without recourse. The project risks supported by SVD 19 are limited and well controlled** (see summary risk matrix in Appendix I).
- Dalkia is willing to retain a minority shareholding (at most 15%) within SVD 19 provided that certain minority protection rights are granted as well as right of approval, pre-emption rights and tag-along rights in the event that the Investor sells its holding in SVD 19.
- Dalkia's wish to sell SVD 19 is subject to SVD 19 establishing an operating contract with a Dalkia Group company and the confirmation that the contractual relations between Dalkia, Investor and SVD 19 will not require Dalkia to consolidate SVD 19 with regard to IFRS standards.



For any questions or additional information, please contact:

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APPENDIX I

SUMMARY RISK MATRIX

Risks	Dalkia	SVD 19	Third parties	Comments
Plant Design and Construction	X			➤ The plant is in the final phases of construction
Operational performance technical risks (including operating costs)	X			➤ The Operating Contract will include performance guarantees regarding the Plant's availability and power
Operating costs	X			➤ Risk is under Dalkia's (Dalkia) responsibility via the Operating Contract, which will be at a fixed price and indexed (with indexing that is compatible with the CRE Contract's indexing formula (Dalkia) avoiding a pinching effect for SVD 19)
Supply of Biomass	X			➤ Risk is under Dalkia's responsibility via the Operating Contract and the SVD 19 Transformation Contract ➤ Dalkia also commits to complying with the supply plan
Electricity sales		X		➤ The CRE Contract guarantees the removal of 76% of the Plant's production at a fixed and indexed price. ➤ The remaining production is sold at market price
Noncompliance with CRE Contract Conditions		X		➤ Risk that is intrinsically minimised by the provisions of the CRE Contract, which allow in particular the submission of a corrective plan to the Prefect before actual application of sanctions ➤ See Appendix II
Exchanges with the SKCP site			X	➤ The contractual mechanisms of the Transformation Contract have the effect of neutralising the impact on SVD 19's EBITDA arising from variations in the flows between the Plant and SKCP
Invoicing/Administrative follow-up of collection	X			➤ Dalkia will perform the administration of invoicing and collection
Counterparty Default Risk		X		➤ Non-payment risk is supported by SVD 19, but over 90% of revenues come from EDF within the frame of the CRE Contract
Changes to Law	X	X		
Administrative Authorisations	X	X		
Force Majeure	X	X		

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APPENDIX II

SUMMARY TABLE OF THE CONSEQUENCES OF POTENTIAL DEFAULTS UNDER THE CRE CONTRACT

Default	Sanctions	Comments
Noncompliance with maximum fossil-fuel fraction (15%)	Reimbursement of an amount ("Market Price Adjustment Amount") equal to: - Quantity of electricity produced over course of the year and sold within the frame of the CRE Contract X - Difference between the price of electricity sold within frame of CRE Contract and the price taken into account for the calculation of the provisional avoided cost of the purchase obligation for the concerned year, as determined by CRE in its annual proposal for electricity public service costs for the concerned year ("Avoided Cost Price")	➤ Reimbursement is not necessary if a corrective plan for the nonconformity is submitted to the Prefect within one month of the related notification, bearing in mind that non compliance with the corrective plan will result in the payment of the reimbursement. ➤ Low risk given the low proportion of fossil fuels in the Plant's operating set-up
Noncompliance with the supply plan	Reimbursement of Market Price Adjustment Amount	➤ Reimbursement is not necessary if a corrective plan for the nonconformity is submitted to the Prefect within one month of the related notification, bearing in mind that non compliance with the corrective plan will result in the payment of the reimbursement. ➤ Possibility of 15% variation (based on incoming LHV) of each component of the supply plan with respect to SVD 19's commitment. ➤ From the sixth year, it is possible to modify the supply plan with the approval of the Prefect with regard to non-forestry biomass, such as black liquor and paper sludge (which are included in the Plant's supply plan). This option increases SVD 19's flexibility and limits its risk of being exposed to an obligation to reimburse.

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Default	Sanctions	Comments
Noncompliance with the annual facility availability full-power equivalent of 4,000 hours/year	Reimbursement of Market Price Adjustment Amount	➤ Reimbursement is not necessary if a corrective plan for the nonconformity is submitted to the Prefect within one month of the related notification, bearing in mind that non compliance with the corrective plan will result in the payment of the reimbursement. ➤ Based on an average year of operation of 8,300 h (8,760 hours minus stops for planned and unplanned maintenance), D equals 4,413 h, well above the threshold of 4,000 hours stipulated by CRE II. ➤ 7,522 hours of operation are sufficient at the power exploited within the frame of CRE II (37 MW) to comply with the CRE availability criterion. This allows for 52 full stoppage days per year.
Drop in energy efficiency value V (69.5%) by more than 10%	Reimbursement of Market Price Adjustment Amount Except if the situation arises as a result of a heat purchaser ceasing its activities: ➤ More than 10 years after the commissioning of the Plant: No reimbursement is due. ➤ Between 2 and 10 years after the commissioning of the Plant: The remuneration of the CRE II Contract shall remain unchanged for two years, after which the price of the electricity sold within the frame of the CRE II Contract shall be reduced by 5% until the reference performance level (69.5%) has been re-established (without prejudice for the penalties that may apply for other reasons – see above).	➤ Reimbursement is not necessary if a corrective plan for the nonconformity is submitted to the Prefect within one month of the related notification, bearing in mind that non compliance with the corrective plan will result in the payment of the reimbursement.

Furthermore, it is useful to recall that, subject to that which is indicated above, **penalties may not be cumulated.**



Furthermore, in all cases in which SVD 19 may be exposed to the risk of being obliged to pay the Market Price Adjustment Amount, the CRE II tender offer stipulates that the reimbursement shall effectively be required only if a nonconformity correction plan has not been submitted to the Prefect within one month of the notification of non compliance with CRE II conditions, with the further stipulation that non compliance with the corrective plan will lead to actual reimbursement.

APPENDIX III

OPERATING CONTRACT TERM SHEET

MAIN TERMS AND CONDITIONS OF THE OPERATING CONTRACT BETWEEN SVD 19 AND DALKIA FRANCE	
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Operator:	Dalkia France SCA (the " Operator " or " Dalkia ")
Customer:	SVD 19 , simplified limited company with registered capital of € 37,000, registered at the Lille Chamber of Commerce, No. 497 908 632, with headquarters at 37 avenue du Maréchal de Lattre de Tassigny, 59350 St André Lez Lille (" SVD 19 ").
Purpose	The purpose of this operating contract (the " Contract ") is to entrust Dalkia with the services defined hereafter (the " Services ")
Services	The Services performed by Dalkia are: ➤ Operation and maintenance of the Plant with, in particular: - Supply of biomass. - Supply of electricity for auxiliary systems. - Supply of natural gas. - Operation and maintenance of the Plant. - Major Replacement Maintenance on the Plant. The Major Replacement Maintenance service covers repairs and replacement, with identical components or with identical function, for all defective equipment.
Plant	SVD 19's biomass cogeneration plant in Facture
Duration	20 years, starting from Plant commissioning
Entry into force	From the date of contract signature
Regulatory compliance	Dalkia undertakes to perform service provision in accordance with the current legislation and regulations.

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<i>Change of law or regulations</i>	In the event of a change in the legislation, standards or regulations during the duration of the contract, Dalkia has the administrative, technical and financial responsibility for bringing the Plant and/or its constituent components into compliance with the legislation in force, within the limit of the rules defined in the SKCP Transformation Contract, which will be repeated in the SVD 19 Transformation Contract and the Operating Contract.
<i>SVD 19's obligations</i>	SVD 19 undertakes to guarantee that Dalkia: - Has access to the Plant - Has the necessary premises made available for executing the Services
<i>Exclusivity</i>	SVD 19 reserves the exclusivity for Dalkia to operate the Plant, and to supply the fuels or energy sources necessary for this operation.
<i>Dalkia's commitments</i>	Dalkia undertakes with regard to SVD 19 to guarantee the following levels of performance: - Availability > 94%. - Compliance with the biomass supply plan under the conditions foreseen in Article 6.4 of the CRE specifications for the external biomass. - Compliance with Article 6.4 of the CRE specifications relating to the limitation of fossil fuels to below 15%. - Annual external electricity production > 240 GWh/year. - Compliance with the terms of the transformation contract concerning operation, to allow SVD 19 to comply with its commitments specified in the SVD 19 Transformation Contract (which will, in this respect, mirror the SKCP Transformation Contract). In the event of Dalkia's noncompliance with the above performance levels, Dalkia will be required to pay penalties to SVD 19.
<i>Liquidated Damages / Penalties</i>	- The same as the penalties due by SVD 19 in the SVD 19 Transformation Contract for operating default (to be distinguished from the financial compensation due for non-delivery within the frame of "deviation management"). (The Operating Agreement will mirror in this respect SVD 19 commitments under the SVD 19 Transformation Contract). The risk will therefore ultimately be transferred to Dalkia. - Penalty for non-production of Operating Electricity (as defined below).

<i>Exoneration from penalties / liquidated damages</i>	Penalties / liquidated damages are not due by Dalkia in the following cases: - Non compliance with performance indicators not under Dalkia's responsibility. - Any action of third parties making it physically impossible for Dalkia to execute its services. - Any action of the Customer making it physically impossible for Dalkia to execute its services. - Any cases of force majeure or assimilated events described below.
<i>Limitation of penalties / liquidated damages</i>	The Penalties / liquidated damages are lump-sum and capped at € 400,000 per year for the operating penalty of the transformation contract, € 2 million for non-implementation of the backup and € 3 million for the non-production of Operating Electricity.
<i>Responsibility</i>	Dalkia's limit of responsibility in the event of the non-execution of its contractual obligations is defined in the article "Limitation of Penalties / liquidated damages". Dalkia's responsibility with regard to SVD 19 may exceed the Limitation of Penalties / liquidated damages only in the event of fault proven by SVD 19. SVD 19 must justify the damage claimed. Assuming this is the case, the ceiling of Dalkia's responsibility is capped at € 30 million per damaging event and per year, for all physical and intangible damage. SVD 19 relinquishes any claim against Dalkia and its insurers above this ceiling in kind and in amount, and commits to obtain from its insurers the same relinquishment of claims. Dalkia will be exempt from covering damages that SVD 19 could have prevented. Dalkia's responsibility may not be invoked, and no indemnity will be due in the following cases: - Due to SVD 19 (including the non-execution of its obligations in the frame of the contract) and physically preventing Dalkia from executing its services. - Due to third parties and physically preventing Dalkia from executing its services. - Any event external to Dalkia, including: Any disruption or insufficiency of gas and electricity distribution, any significant modifications to the physical characteristics of the energy thus supplied [gas, electricity], any restriction of the supply of gas or electricity or any other supply necessary for Plant operation or service provision. - Any case of force majeure, or assimilated events, described

	hereafter.
Insurance	Dalkia has committed to take out and maintain a Civil Liability policy at the same level of coverage and guarantee, for the entire duration of this contract, to fully guarantee SVD 19 with regard to the aforementioned responsibilities resulting from contract execution. A current Civil Liability certificate will be supplied to SVD 19 by Dalkia at the time of Contract signature.
Price	$P1 = 65 \text{ €/MWh}$ $P2 = \text{€ } 6,175 \text{ thousand}$ (value 1/1/2007) The electricity production serving as a basis for the calculation of P1 (“Operating Electricity”) is the difference between the Plant’s total production and the electricity production resulting from the transformation contract (“Transformation Electricity”). Transformation Electricity is defined as: $0.1782 \text{ VLN} + 0.2911 \text{ BI} - 0.5581 \text{ V30b} - 0.0947 \text{ V13b} - 0.0747 \text{ V4b}.$ where: ➤ VLN is the black-liquor steam delivered to the Plant within the frame of the SVD 19 Transformation Contract (in MWh). ➤ BI is the Internal Biomass delivered to the Plant within the frame of the SVD 19 Transformation Contract (in MWh). ➤ V30b is the 30-bar steam delivered by the Plant within the frame of the SVD 19 Transformation Contract. ➤ V13b is the 13-bar steam delivered by the Plant within the frame of the SVD 19 Transformation Contract. ➤ V4b is the 4-bar steam delivered by the Plant within the frame of the SVD 19 Transformation Contract. The formula defining Transformation Electricity may be changed to take account of actual Plant operation.

<i>Revision formula</i>	The Price corresponds to the economic conditions of 1/1/2007. The Price is revised on a monthly basis in accordance with the following revision formula: $P = P_o (0.43 \text{ ICHTTS1} / \text{ICHTTS1}_o + 0.57 \text{ PPEI/PPEI}_o)$ where: P = Revised price P_o = Price on date of Contract signature ICHTTS1 = ICHTTS1_o = ICHTTS1 index on date of Contract signature PPEI = PPEI_o = PPEI index on date of Contract signature
<i>Taxes</i>	Any modification, change of rate or amount, removal or creation of tax, levy or fee resulting in a direct encumbrance on the prices, will be immediately reflected in invoicing, with either an increase or decrease under the conditions set by the regulations in force. Any tax, other than corporation tax due by Dalkia as a result of its activities, arising as a result of the transferred Plant operation, shall remain at the exclusive cost of SVD 19.
<i>Invoicing</i>	Monthly
<i>Payment methods</i>	Within 45 days of invoice reception or within 30 days of end of the month following reception.
<i>Payment default</i>	Any delay in SVD 19 paying the invoice beyond the times indicated above shall give rise to the rightful claiming of late interest equal to three times the legal rate.
<i>In the event of Contract Termination</i>	The Contract may be terminated in the following cases: - At SVD 19's initiative for serious misconduct of the Service Provider, after notice being served to resolve the issue without any effect. - At Dalkia's initiative in the event of a delay in payment of invoices by SVD 19 of more than 60 days in the frame of the Operating Contract or the SVD 19 Transformation Contract concluded between SVD 19 and Dalkia, and independently of the provisions of the article "Payment default" in the event of SVD 19's non-execution of its contractual obligations.
<i>Termination compensation</i>	- In the event of termination at Dalkia's initiative, SVD 19 shall pay Dalkia an amount equal to [x]% of the Contract Price over a period of [] years. - In the event of termination at SVD 19's initiative: [to be defined]
<i>Confidentiality:</i>	This document, and its content, are strictly confidential and must not under any circumstances be communicated to third parties, with the exception of advisors to the parties.

<i>Force majeure</i>	The following events are considered as being force majeure: War, riots, demonstrations, floods, natural disasters, strikes, prolonged electricity cuts, and any events that have the characteristics of force majeure as defined by Article 1148 of the Civil Code. Any case of force majeure is notified by any means by the affected party, at the latest 5 days after the occurrence. Once the parties are made aware of this event, they shall define the necessary means to minimise the consequences inherent to the event in question. If this force majeure event continues for a duration of more than [], either of the parties may terminate of its own accord this contract, without payment of compensation.
<i>Applicable law/jurisdiction:</i>	French law/Paris Commercial Court

APPENDIX IV

SHAREHOLDER AGREEMENT TERM SHEET

MAIN TERMS AND CONDITIONS OF THE SVD 19 STATUTES AND A SHAREHOLDER PACT CONCERNING
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SVD 19 shareholding	- Investor: [to be defined, but at least 85%] - Dalkia: [to be defined but at most 15%], held directly or indirectly via a subsidiary.
SVD 19's activities:	- Production or distribution of energy in all its forms, in particular cogeneration thermal facilities and all operations relating to the supply of heating and cooling on the Fature site. (hereafter referred to as the “Activity”)
<i>SVD 19's governance:</i>	President SVD 19 will be represented, led and administered by a President (the “President”). The President shall be designated by the Investor and will be fully empowered to represent and commit SVD 19 within the limits of the powers accorded to the Supervisory Board or to the shareholders. Supervisory Board <i>Composition</i> The Supervisory Board will be made up of 3 members, of which 2 members chosen by the Investor and 1 member chosen by Dalkia. The Supervisory Board chairman will be designated from the members representing the Investor and will have the power to call a meeting of the Supervisory Board and set the agenda. [To be discussed: Minimum periodicity of Supervisory Board meetings] The President may attend any Supervisory Board meeting as an observer. The Supervisory Board shall meet at the request of any member with prior notice of 10 days, except if all the Supervisory Board members are present or represented.

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	The Supervisory Board might rightfully deliberate if at least 2 members are present, except if a Special Decision (see below) is on the agenda, in which case the presence of the Dalkia member is necessary to take a valid decision.
<i>Supervisory Board Decision – Simple Majority</i>	The Supervisory Board shall take its decisions on the basis of a simple majority of the voting parties present and represented. The following questions will be presented to the Supervisory Board for approval on the basis of simple majority: - SVD 19's annual budget. - The President's management report prepared by the President. - Adoption of SVD 19's annual accounts prepared by the President. - Any decision concerning the sale of company assets having a value in excess of € [amount to be defined]. - Any decision concerning the conclusion, modification or termination of agreements or contracts already concluded or to be included by SVD 19 with SKCP (and its affiliated companies).
<i>Special Decision of the Supervisory Board – Unanimity</i>	For Special Decisions, the Supervisory Board shall, by exception, decide unanimously. The following decisions shall be qualified as "Special Decisions": - Any significant modification of SVD 19's Activity. - Any decision to call a shareholders' assembly with on its agenda a resolution relating to a reduction of capital stock, an immediate or subsequent increase in capital stock, a merger, partial contribution of capital subject to spin-off rules, spin-off, winding-up or liquidation of SVD 19 or a transfer of its headquarters outside France. - Any decision to call a shareholders' assembly with on its agenda a resolution relating to a change of SVD 19's statutes that may modify Dalkia's rights. - Any decision to call a shareholders' assembly with on its agenda a resolution to distribute dividends not compliant with the dividend distribution policy defined in the shareholder pact (see below). - Acquisition, creation, transformation or liquidation of subsidiaries.

	- Joining an Economic Interest Grouping and any form of company, consortium or association that may create the joint and several liability or unlimited liability for SDV 19. - Any decision regarding the granting of guarantees, deposits or securities with the aim of guaranteeing the obligations of companies or persons other than those of SVD 19 and its subsidiaries. - Any transaction between SVD 19 and the investor or any person related to the investor (affiliated company, shareholder, administrator, representative, etc.). - Conclusion of agreements regulated by SVD 19 as defined in Article L227-10 of the French Commercial Code.
Shareholders' Assemblies:	The minimum powers granted to SAS (simplified limited company) shareholders as defined by the legal provisions.
<i>Sale of shareholding:</i>	The shareholder agreement and/or the statutes to be concluded between the SVD 19 shareholders shall contain, in particular, the following stipulations: - In the event that one of the SVD 19 shareholders wishes to sell his shareholding to a third party, right of mutual pre-emption (except for the usual exceptions in favour of affiliates) with the same terms and conditions as those proposed by the third party in its offer. - Right of approval with regard to each new shareholder (except for the usual exceptions in favour of affiliates). - Reciprocal tag along rights with the same terms and conditions as those proposed by the third party in its offer. - The shareholder agreement shall also foresee that any new SVD 19 shareholder must adhere to the shareholder agreement. - In the event of the termination a of the operating agreement with Dalkia, a commitment from other shareholders to buy out Dalkia's interest in SVD 19 at fair market value as determined by an expert.
<i>Right of pre-emption in the event of the sale of assets:</i>	- Right of pre-emption granted to Dalkia in the event of addition or sale of significant SVD 19 assets (including the Plant).
<i>Dividend distribution policy:</i>	- Annual distribution of dividends equal to at least 85% of SVD 19's distributing capacity, subject to any obligation to comply with the provisions of financing contracts to which SVD 19 is a party.
<i>Various durations of the</i>	- CRE Contract duration plus 3 years if the SVD 19

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<i>shareholder agreement:</i>	Transformation Contract is still in force at the end of the CRE Contract, otherwise 30 years.
<i>Applicable law/jurisdiction:</i>	French law/Paris Commercial Court

APPENDIX V

BALANCE SHEET, PROFIT AND LOSS ACCOUNT AND CASH FLOW STATEMENT FOR THE PROJECT

Profit and Loss (in 000' €)	2010	2011	2012	2013	2014	2015	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revenues																	
Green Electricity	8 947	37 138	37 487	38 668	37 594	39 209	41 799	43 644	44 756	46 227	46 443	47 981	48 217	49 826	48 500	50 704	38 768
Grey Electricity	1 268	5 174	5 323	5 618	5 583	5 809	6 410	6 736	6 952	7 226	7 304	7 592	7 674	7 976	7 808	8 208	6 310
Transformation Contract	-138	-475	-634	-877	-1 076	-1 268	-1 655	-1 970	-1 898	-2 060	-2 152	-2 324	-2 419	-2 600	-2 700	-3 079	-1 863
Turnover	10 076	41 836	42 175	43 408	42 100	43 750	46 553	48 410	49 810	51 392	51 594	53 249	53 471	55 201	53 607	55 832	43 214
Costs																	
Dalkia - Variable Cost	4 318	18 127	18 499	19 216	18 425	19 251	21 288	22 257	23 555	24 474	24 728	25 694	25 962	26 978	25 850	27 044	20 703
Dalkia - Fixed Cost	1 649	6 755	6 920	7 088	7 261	7 438	8 394	8 600	8 811	9 028	9 250	9 478	9 712	9 951	10 197	10 449	8 031
G&A	32	120	121	124	121	126	133	138	142	146	147	151	152	157	152	159	121
Other (Local Taxes, ...)	173	709	703	713	693	712	706	726	723	736	728	742	733	747	726	749	635
Operating Expenses	6 172	25 711	26 242	27 142	26 499	27 526	30 520	31 721	33 231	34 384	34 852	36 065	36 559	37 833	36 925	38 401	29 490
EBITDA	3 904	16 124	15 933	16 266	15 601	16 224	16 033	16 689	16 580	17 008	16 742	17 184	16 913	17 368	16 682	17 431	13 724
Amortization & Depreciation	2 173	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	4 327
EBIT	1 732	9 624	9 433	9 766	9 101	9 724	9 533	10 189	10 080	10 508	10 242	10 684	10 413	10 868	10 182	10 931	9 397
Interest Expense	1 583	5 804	5 545	5 272	4 983	4 679	2 888	2 469	2 027	1 560	1 068	548	0	0	0	0	0
Income Taxes	51	1 315	1 339	1 547	1 418	1 737	2 288	2 658	2 773	3 081	3 159	3 490	3 585	3 742	3 506	3 764	3 235
Net Income	98	2 505	2 549	2 947	2 700	3 308	4 357	5 062	5 280	5 867	6 016	6 646	6 828	7 126	6 676	7 168	6 162
Legal Reserve	-5	-125	-127	-147	-135	-165	-218	-253	-264	-293	-241	0	0	0	0	0	0
Dividends	0	2 473	2 422	2 800	2 565	3 142	3 318	3 432	3 309	3 358	3 105	3 123	13 363	13 567	6 685	7 168	6 162

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Balance Sheet (in 000'€)	2 010	2 011	2 012	2 013	2 014	2 015	2 020	2 021	2 022	2 023	2 024	2 025	2 026	2 027	2 028	2 029	2 030
Property, Plant & Equipment (Gross)	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000	135 000
Less Accumulated depreciation	-2 173	-8 673	-15 173	-21 673	-28 173	-34 673	-67 173	-73 673	-80 173	-86 673	-93 173	-99 673	-106 173	-112 673	-119 173	-125 673	-130 000
Net Property, Plant & Equipment	132 827	126 327	119 827	113 327	106 827	100 327	67 827	61 327	54 827	48 327	41 827	35 327	28 827	22 327	15 827	9 327	5 000
Working Capital Requirement	512	2 114	2 089	2 133	2 046	2 127	2 102	2 188	2 174	2 230	2 195	2 253	2 218	2 277	2 187	2 286	1 800
Capital Employed	133 339	128 442	121 916	115 460	108 873	102 455	69 930	63 516	57 001	50 558	44 023	37 581	31 045	24 605	18 015	11 613	6 800
Owner's Equity	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717	27 717
Retained earnings	93	0	0	0	0	0	1 492	2 868	4 576	6 792	9 461	12 984	6 449	8	0	0	0
Legal Reserve	5	130	258	405	540	705	1 720	1 973	2 237	2 531	2 772	2 772	2 772	2 772	2 772	2 772	2 772
Total Equity	27 815	27 847	27 975	28 122	28 257	28 422	30 929	32 559	34 531	37 040	39 950	43 473	36 938	30 497	30 489	30 489	30 489
Financial Debt	105 525	100 816	95 847	90 606	85 076	79 243	44 893	36 849	28 363	19 410	9 965	0	0	0	0	0	0
Cash & Cash Equivalents	0	221	1 906	3 268	4 461	5 211	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	12 474	18 876	23 689
Net Debt	105 525	100 594	93 942	87 338	80 616	74 032	39 001	30 957	22 471	13 518	4 072	-5 893	-5 893	-5 893	-12 474	-18 876	-23 689
Resources	133 339	128 442	121 916	115 460	108 873	102 455	69 930	63 516	57 001	50 558	44 023	37 581	31 045	24 605	18 015	11 613	6 800

Cash Flow Statement (in 000'€)	2 010	2 011	2 012	2 013	2 014	2 015	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023	2 024	2 025	2 026	2 027	2 028	2 029	2 030
Opening Balance	0	0	221	1 906	3 268	4 461	5 211	5 740	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	12 474	18 876
Net Income	98	2 505	2 549	2 947	2 700	3 308	3 463	3 943	4 011	4 523	4 357	5 062	5 280	5 867	6 016	6 646	6 828	7 126	6 676	7 168	6 162
Depreciation & Amortization	2 173	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	4 327
Change in Working Capital	-512	-1 602	25	-44	87	-82	11	-51	33	-53	85	-86	14	-56	35	-58	36	-60	90	-98	486
Operating Cash Flow	1 758	7 403	9 074	9 403	9 287	9 726	9 974	10 391	10 544	10 970	10 942	11 476	11 795	12 311	12 551	13 088	13 363	13 567	13 266	13 569	10 975
Equity Drawdown	27 717	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt Financing	105 525	-4 709	-4 968	-5 241	-5 530	-5 834	-6 155	-6 493	-6 850	-7 227	-7 624	-8 044	-8 486	-8 953	-9 445	-9 965	0	0	0	0	0
Financing Cash Flow	133 242	-4 709	-4 968	-5 241	-5 530	-5 834	-6 155	-6 493	-6 850	-7 227	-7 624	-8 044	-8 486	-8 953	-9 445	-9 965	0	0	0	0	0
Dividends	0	-2 473	-2 422	-2 800	-2 565	-3 142	-3 290	-3 746	-3 694	-3 743	-3 318	-3 432	-3 309	-3 358	-3 105	-3 123	-13 363	-13 567	-6 685	-7 168	-6 162
Cash Change	0	221	1 685	1 362	1 193	750	530	153	0	0	0	0	0	0	0	0	0	0	6 582	6 402	4 813
Cumulated Cash	0	221	1 906	3 268	4 461	5 211	5 740	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	5 893	12 474	18 876	23 689

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