

TEAM TREUHAND GMBH

Report of the Common Representative

TEAM Treuhand GmbH

for the Bondholders of the

9.25 % bond 2010/2015

of 3W Power S.A., Luxembourg,

with a total value of EUR 100 million,

due 1 December 2015

(ISIN: DE000A1A29T7 / WKN: A1A29T)

- Status: 31 July 2014-

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1.Disclaimer

This report by the Common Representative is only provided only as information for the creditors of the 9.25 % bond 2010/2015 (ISIN: DE000A1A29T7 / WKN: A1A29T) by 3W Power S.A., Luxembourg, with a total face value of EUR 100,000,000.00 due on 1 December 2015 (hereinafter “**bond**”).

It is intended to give Bondholders an overview of the course and progress of the issuer's financial and operative restructuring measures.

Information concerning the operative business, asset, revenue and financial positions of 3W Power S.A. (hereinafter “**Company**”) and its affiliates (hereinafter together with the Company the “**AEG PS Group**”) used in this report in the form of provided key performance indicators, has not been examined by the Common Representative for accuracy or completeness. The Common Representative accepts no liability for the information's accuracy or completeness. Insofar as the report of the Common Representative contains statements on the business outlook or development of individual performance indicators based on implementation of the restructuring measures, the Common Representative also accepts no liability for the accuracy of these statements or the actual development of said indicators.

The liability of the Common Representative is limited to intent and gross negligence. The liability amount for gross negligence is limited to ten times his annual consideration.

This report is based on information that is available to all investors, or whose disclosure has been approved by the administrative board.

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2. Appointment of the Common Representative

By resolution of the Creditors' Meeting of 5 May 2014, TEAM Treuhand GmbH, represented by CEO Dr. Thomas Hoffmann esq., was appointed to be the Common Representative for the Bondholders of the bond named under point 1 above. The duties and powers of the Common Representative are in accordance with the (German) Bond Act (*Schuldverschreibungsgesetz*). In addition to his rights under the law, at the Creditors' Meeting of 5 May 2014 he was further granted the following duties and powers:

The Common Representative is hereby instructed, authorised and entitled, to represent the Bondholders with regard to any and all actions, declarations and resolutions which are necessary or desirable in connection with the implementation and execution of the resolution passed by the Creditors' Meeting in accordance with this agenda item 1, the exchange of the Bond into Subscription Rights and the satisfaction of such Subscription Rights in accordance with this agenda item 1, including in particular the Exchange Capital Increase Against Contributions in Kind and the conclusion and satisfaction of the agreements to which the Bondholders have issued their consent, in each case, however, without amending the commercial terms stipulated in this resolution passed by the Creditors' Meeting in accordance with this agenda item 1. This aforementioned entitlement and authorization of the Common Representative shall be construed broadly in the case of doubts.

For the execution of the financial restructuring plan, the Creditors' Meeting supplemented the bond terms of the bond under point 1 as follows:

- Bondholders have waived any rights to terminate for cause until 30 June 2015, in particular due to a deterioration in the financial circumstances of the Issuer and/or due to payment default of the Issuer or Guarantor
- The interest payment due 1 December 2014 was deferred until further notice.

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3. Report of the Common Representative

3.1 Operative developments

3.1.1 Development of operative business in the current fiscal year

Operations of AEG PS Group have been materially adversely affected by general worldwide macroeconomic situation and the economic downturn resulting from the global financial crisis, in particular by decreases in the general level of economic activity (decreases in business and consumer spending, capital spending, industrial production and government procurement). This has in particular resulted in orders not being awarded to AEG PS Group or being cancelled due to financial distress as well as in worsening payment conditions by AEG PS Group's suppliers. In addition, the likelihood that one or more of AEG PS Group's customers or suppliers experience financial distress or bankruptcy has increased.

In the three-month period from 1 January to 31 March 2014 AEG PS Group's revenue decreased from EUR 91.9 million in the same period of 2013 by EUR 46.5 million (50.6 %) to EUR 45.4 million. The decrease was mainly attributable to the revenue reduction in the RES segment which recorded a significant decrease in revenue from EUR 55.7 million as at 31 March 2013 to EUR 7.3 million as at 31 March 2014. The significant decrease was mostly accounted for by the decrease of revenues in the solar subsegment. AEG PS Group maintained a strong relationship with a major Eastern European customer whose revenue accounted for 80.2 % of the total solar revenue in the period from 1 January to 31 March 2013. In the period from 1 January to 31 March 2014 no revenue was recorded for this customer. In the three-month period from 1 January to 31 March 2014 revenue in the Energy Efficiency Solutions ("EES") segment increased from EUR 36.3 million in the first three months of 2013 by EUR 1.8 million (5.1 %) to EUR 38.1 million. AEG PS Group's operating profit decreased from EUR 4.3 million in the first quarter of 2013 to EUR 1.4 million in the first quarter of 2014.

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3.1.2 Operational restructuring

The operational restructuring programme of AEG PS Group comprises a package of cost-reduction and efficiency-increasing measures in all significant areas of fixed-costs as well as in production and sales. This includes in particular:

- Closure and sale of unprofitable subsidiaries or subsidiaries which do not form part of the core business
- Simplification of the management structure and organization
- Headcount reduction
- Focusing on research and development ("R&D") activities on near term technology with immediate market impact
- Separation of sales and service activities from operations.

The restructuring process will lead to extensive extraordinary expenses resulting in particular from compensation payments to employees leaving AEG PS Group, settlement payments in connection with termination of existing contracts, introduction of an up-to-date IT architecture and expenses for advisors accompanying the restructuring process. The implementation of the operational restructuring measures is currently estimated to require funds in the amount of approximately EUR 26.0 million.

3.2 *Financial restructuring*

3.2.1 *Initial position*

The financial restructuring plan agreed by the Creditors' Meeting is based on several elements:

- a. First of all, it comprises the conversion of part of the liabilities of the AEG PS Group from the bond mentioned under item 1 into equity (the so-called "Debt-Equity Swap"). Economically speaking, 50% of the outstanding bond value is converted into new shares (the "**New Shares**"). Bondholders will be given the option of acquiring a total of 452 New Shares for each note of the Old Bond with a nominal amount of EUR 1,000.00 or demand-

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ing a cash settlement corresponding to the amount generated from the sale of the New Shares.

- b. In addition, a new bond (the "**New Bond**") with a total nominal value of EUR 50,000,000.00 will be issued at an exchange ratio of 1: 1, split into 100,000 notes with a nominal value of EUR 500.00 each (the "**New Notes**"). Bondholders will be given the option of acquiring one New Note with a nominal value of EUR 500.00 for each old note with a nominal value of EUR 1,000.00 or demanding a cash settlement corresponding to the amount generated from the sale of the New Notes.
- c. In the context of the Debt-Equity Swap, the Company's share capital will be increased by up to EUR 535,703.70 through the issue of 53,570,370 new shares as part of an "Exchange Capital Increase Against Contributions in Kind". From the overall capital increase, a total of EUR 452,000.00 and hence 45,200,000 New Shares accrue to the bondholders under the conversion offer. The remaining capital increase amount of EUR 83,703.70 and hence 8,370,370 New Shares will be made available to the Company management as part of the management incentive program.
- d. In addition, the share capital will be increased by EUR 251,097.31 as part of a "Cash Capital Increase" by issuing 25,109,731 new shares, which will be offered to the Company's existing shareholders as a rights issue for a subscription price of EUR 0.16 per share.

As a result of the bondholders' proportionate waiver of claims, resulting from the conversion of old notes under the Debt-Equity Swap, liabilities will be reduced and a sustainable reduction of the financing expenditure of the AEG PS Group achieved. The planned capital increase is intended to correspondingly strengthen the equity basis.

3.2.2 Process so far and progress of financial restructuring

With regard to the financial restructuring, the measures agreed by the bondholders (see 3.2.1 above) were confirmed by the Company's shareholders at the Company's Extraordinary General Meeting on 25 June 2014.

3.2.3 Collateralization of the New Bond

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As agreed by the bondholders on 5 May 2014, and offered by the Company, the New Bond will be collateralized.

The securities were constituted according to the bondholders' resolution. In this context, as intended in the resolution, the limits legally required for the relevant statutory jurisdiction were included, which result principally from the fact that most securities are so-called upstream securities. The pledging of the French company AEG Power Solutions S.A.S (France) has not yet been possible for technical reasons, but is expected to be completed soon.

Contrary to the resolution on 5 May 2014, the following changes were implemented when the securities were constituted.

- The Spanish affiliate AEG Power Solutions Ibérica is currently being converted from a limited liability company (*sociedad de responsabilidad limitada* (S.L.)) into a public company (*sociedad anónima* (S.A.)). The shares of AEG Power Solutions Ibérica are to be pledged as soon as the legal form conversion has been completed.
- In addition, the planned guarantee from AEG Power Solutions Ibérica is to be granted only after the above-mentioned legal form conversion has been completed.

ABB Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Rüttenscheider Straße 199, 45131 Essen, was appointed as the securities trustee ("**Securities Trustee**"). The latter is holding the securities for the bondholders (*Lawful contract for the benefit of a third party per § 328 of the Civil Code - BGB*). The Securities Trustee shall be liable for meeting its obligations with the diligence of a prudent businessman. Liability per claim is limited to EUR 4.0 million, except where the claim is due to gross negligence or intent.

The Securities Trustee has received, or will receive, the usual attorney confirmations (so-called "Legal Opinions") regarding the legal validity of the securities. To our knowledge the Securities Trustee has voiced no complaints.

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4. Bondholders' option right (Bondholders' Acquisition Rights)

4.1 Share subscription right

On 30 July 2014, for each of their old notes with a nominal value of EUR 1,000.00 the bondholders were granted a subscription right for shares, which was booked against their respective deposit accounts. Based on the share subscription right, the bondholders are entitled in the period from 31 July 2014 to 22 August 2014 ("**Subscription Period**") to obtain a total of 452 New Shares for each note with a nominal value of EUR 1,000.00. No additional payment is required.

For details please refer to the "Acquisition offer in relation to shares and notes" which the Company published in the Federal Gazette on 30 July 2014. As regards the opportunities and risks related to the acquisition of the New Shares, I make reference to the Company's securities prospectus dated 22 July 2014, which was approved by the Luxembourg Securities Supervisory Authority (*Commission de Surveillance du Secteur Financier – CSSF*) and which was notified to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*).

Alternatively, each bondholder is entitled to demand a cash settlement instead of obtaining New Shares. The cash settlement is the amount which Close Brothers Seydler Bank AG, Frankfurt, which has been appointed as the Settlement Agent, receives in proceeds when selling any New Shares for which the share subscription right was not exercised. This amount can only be determined after the sale.

If the subscription right is not exercised actively, a cash settlement will be paid.

4.2 Bond subscription right

On 30 July 2014, for each of their old notes with a nominal value of EUR 1,000.00 the bondholders were granted a subscription right for a bond, which was booked against their respective deposit accounts. During the Subscription Period bondholders have the option to acquire a New Note with a nominal value of EUR 500.00 for each old note with a nominal value of EUR 1,000.00.

For details please refer to the "Acquisition offer in relation to shares and notes" which the Company published in the Federal Gazette on 30 July 2014. As regards the opportunities and risks related to the acquisition of the New Bond, I make reference

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to the Company's securities prospectus dated 29 July 2014, which was approved by the Luxembourg Securities Supervisory Authority (*Commission de Surveillance du Secteur Financier* – CSSF) and which was notified to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin).

Alternatively, each bondholder is entitled to demand a cash settlement instead of obtaining the New Bond. The cash settlement is the amount which Close Brothers Seydler Bank AG, Frankfurt, which has been appointed as the Settlement Agent, receives in proceeds when selling any New Notes for which the bond subscription right was not exercised. This amount can only be determined after the sale.

If the subscription right is not exercised actively, a cash settlement will be paid.

4.3 Important note

Before making the decision on exercising the acquisition rights, it is recommended that the eligible investors read the Prospectus dated 22 July 2014 in respect of the Exchange Offer Shares and the Prospectus dated 29 July 2014 in respect of the New Bond carefully and, in particular, take into account the risks described under “Risk Factors” in their decision. The supplements to the abovementioned Prospectuses relating to key financial figures for the second quarter 2014 are expected to be approved by CSSF on 14 August 2014.

The abovementioned Securities Prospectuses and the supplements will be published on the website of the Luxembourg Securities Exchange (www.bourse.lu) and on the Company's website (www.aegps.com).

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5. End of the Common Representative's duties / Termination of the appointment of the Common Representative

With the contribution of the Old Bond in the Company under the Debt-Equity Swap, and with the termination of the Old Bond, the function of the Common Representative for the Old Bond shall cease. In accordance with § 11 (f) and (i) of the terms and conditions of the New Bond, TEAM Treuhand GmbH has been appointed as the Common Representative of the New Bond and in this context shall exercise the duties and powers granted to a Common Representative by the Bond Act or by a bondholders' majority decision.

Frankfurt, 31 July 2014

TEAM Treuhand GmbH

Dr. Thomas Hoffmann
- Managing Director –