

PRESS RELEASE

Veolia wins 12-year contract to manage water services in Royan, France

Paris, January 18, 2010 – The municipality of Royan has awarded Veolia Water a delegated management contract for its water production and distribution services. The contract came into effect on January 1, 2010 and will generate estimated cumulative revenue of 17.3 million euros over its 12-year duration.

Royan is a popular seaside resort on the west coast of France, and its population quadruples in July and August, rising from 20,000 in winter to 90,000 during the summer.

Veolia Water will be in charge of water production and distribution, bulk sales to neighboring communities and customer relations.

Its first focus will be to increase the reliability of the water distribution network by replacing lead-pipe connections before the regulatory deadline of end-2013, and to improve the performance of the aging network. It is already planned to update network modeling, analyze the state of the pipes, and use special techniques (remote network diagnosis, video inspections and pre-localization of leaks) to detect weaknesses as rapidly as possible and make repairs.

The priority is also on improved metering of the water consumed, especially by the public sector. This will be achieved through installing meters on the sprinklers used to water public spaces, remote-metering equipment in public buildings and hydrants with an in-built payment system for cleaning streets and pipe networks. By applying all these measures, the aim is to achieve network performance of 90% by the end of the contract.

Veolia Water has also committed to reduce greenhouse gas emissions generated by the water service. A carbon balance study will be carried out and actions taken to preserve biodiversity through specific management methods for green spaces at water production sites.

Veolia Water will ask an outside organization to audit and grade its operation of the water service three times during the contract. The audits will assess criteria for environmental protection, participation in the economic development of Royan, and social responsibility. In addition, customer-satisfaction surveys will be carried out every two years.

“In the first days of 2010, we are very pleased to have been awarded this new delegated management contract for Royan. It follows on from a series of successes for Veolia Water in France, including Roquebrune Cap Martin, Chaumont, and the Mulhouse and Embrunais joint district authorities,” said Jean-Michel Herrewyn, Chief Executive Officer of Veolia Water.

***Veolia Water**, the water division of Veolia Environnement, is the world leader in water and wastewater services. Specialized in managing services on behalf of public authorities, as well as for industrial and service companies, it is also one of the world's major designers of technological solutions and constructor of facilities needed in water and wastewater services. With 93,433 employees in 64 countries, Veolia Water provides water service to 78 million people and wastewater service to 53 million. Its 2008 revenue amounted to €12.6 billion.*

***Veolia Environnement** (Paris Euronext: VIE and NYSE: VE) is the worldwide reference in environmental services. With more than 330,000 employees the company has operations all around the world and provides tailored solutions to meet the needs of municipal and industrial customers in four complementary segments: water management, waste management, energy management and freight and passenger transportation. Veolia Environnement recorded revenue of €36.2 billion in 2008. www.veolia.com*

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