

PRESS RELEASE

Reunion Island

Veolia Water, as consortium leader, wins concession contract for the Grand Prado wastewater treatment plant

Paris, May 27, 2010. The Reunion North Interdistrict Community (CINOR), the authority responsible for wastewater treatment in the districts of Saint-Denis, Sainte-Marie and Sainte-Suzanne (approximately 190,000 people), has awarded the concession contract for the new wastewater treatment plant at Grand Prado in the district of Sainte-Marie to Veolia Water, as part of a consortium. The concession contract covers design, financing, construction and operation of the new plant for a period of 20 years.

This is an important project that will rehabilitate the natural environment thanks to a sophisticated system of wastewater treatment designed to anticipate the needs of a steadily growing population. The new plant will have an equivalent-population initial capacity of 160,000, with the possibility of later extension to 235,000.

This contract, won after an international call for tenders, is worth estimated consolidated revenue of €270 million¹ for Veolia Water.

The consortium includes Veolia Water (leader), OTV, Sogea and SBTPC (Vinci) and Egis Eau. Within this consortium, the engineering will be handled by OTV, a Veolia Water subsidiary and leader of the design and construction consortium and in charge of equipment, with the exception of tertiary treatment, which has been awarded to Sogea. Civil engineering work will be the responsibility of Vinci, through its companies Sogea and SBTPC. Egis Eau will be responsible for supervising the works and project management for the construction component on behalf of Veolia Water, to ensure satisfactory execution of the project and compliance with lead times.

To satisfy the provisions of the European Directive on Residual & Urban Water, the project will comply with the quality standards for urban water in sensitive areas and bacteriological quality of bathing water. It is based on a zero-pollution concept (noise and odors), compliance with a green worksite charter for the construction component, and a partnership with the Reunion Island air quality office, which will organize a panel of volunteer "noses" using local residents during the operating period.

The project will be a benchmark in terms of sustainable development on the island, as part of the "Green Reunion Island" project stemming from France's Grenelle agreements: installation of solar panels on roofs to generate power, cogeneration of electricity using biogas from anaerobic digestion, a microfiltration unit to reuse part of the treated water for the plant's internal needs and treatment of rainwater runoff by phytoremediation.

The integration of the plant into the surrounding landscape was the subject of in-depth studies and includes a green curtain and part-burial of the structures.

The construction project includes the wastewater treatment and sludge treatment plant, but not the collection system for transferring wastewater to the plant, which will be the responsibility of CINOR. Work is scheduled to start in the second half of 2010 for commissioning in the spring of 2013.

¹ In accordance with Veolia Water's consolidation standards, the cumulative revenue from ordinary activities will be €270 million, which breaks down into €75 million for construction and €195 million for the concession contract.

The wastewater treatment train comprises pre-treatment, primary lamellar settling, low-load activated sludge treatment, clarification, and tertiary treatment using a microfilter and ultraviolet light. Air treatment includes odor-removal by scrubber columns and monitoring networks comprising four "electronic noses".

The sludge will be treated by thickening, digestion and indirect thermal dewatering.

The project includes recycling of the treated sludge, once approved, for use in agriculture over the whole of the operating period. The consortium has therefore signed an exclusive partnership with sugar-cane growers, sugar producers and agri-scientific agencies on the island and will guarantee monitoring of the impact of sludge use on the environment and the quality of sugar production.

"Through this wastewater treatment concession contract, Veolia Water and the consortium aims to support the Reunion North Interdistrict Community in its exemplary project to rehabilitate the natural environment, by developing urban facilities with no negative impact on the environment in this sensitive coastal region," 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 outsourcing services for municipal authorities, as well as 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 95,789 employees in 66 countries, Veolia Water provides water service to 78 million people and wastewater service to 53 million. Its 2009 revenue amounted to €12.5 billion.

Veolia Environnement (Paris Euronext: VIE and NYSE: VE) is the worldwide reference in environmental solutions. With approximately 320,000 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 passenger transportation. Veolia Environnement recorded revenue of €34.5 billion in 2009. www.veolia.com

Analyst and institutional investor contact: Ronald Wasylec +33 1 71 75 12 23

US Investors contact Terri Anne Powers – Tel +1 312-552-2890

Press release also available on our web site: <http://www.veolia-finance.com>