

PRESS RELEASE

VEOLIA WATER ACQUIRES SEVERAL UNITED UTILITIES ACTIVITIES IN EUROPE

Paris, June 14, 2010._ Veolia Water has announced the signature of an agreement with a view to acquiring a number of United Utilities's activities in Europe.

Veolia Water will acquire a controlling (58%) stake in Sofiyska Voda, the company operating water supply and treatment services for the city of Sofia in Bulgaria, which serves 1.3 million inhabitants. Coming after successful developments in Central Europe around major capitals such as Berlin, Prague and Bucharest, this process will further Veolia's strategy of organic growth via operations of critical size in a priority geography for the Company. It will leverage Veolia's competitive advantages through a major works program to improve operating performance and by forging closer relations between Veolia Water and the client.

In addition, Veolia Water will become the lead industrial shareholder, with a 26% stake in AS Tallinna Vesi, a company that provides water supply and treatment services for Tallinn, Estonia, serving over 400,000 inhabitants. It will also take a 33% stake in Aqua SA, the company operating water supply and treatment services for the city of Bielsko Biala and its environs in southern Poland, serving over 300,000 inhabitants.

This new development in Central Europe, particularly with the city of Sofia, will be lodged with Veolia Voda, in which the EBRD has been a partner since 2007, and in which the IFC (International Financial Corporation) announced the acquisition of a 9.5% stake via a rights issue on June 2 this year.

In the United Kingdom, Veolia Water is acquiring a portfolio of outsourcing, industrial engineering and infrastructure contracts. Combined with its existing activities, this will make Veolia Water the leading player in the non-regulated water sector in the UK, with national coverage in a market expected to enjoy strong growth and offering immediate synergies. On top of this portfolio of contracts, minority stakes have been acquired in three PFI contracts in Scotland (the Tay, Moray and Highland wastewater treatment plants).

The total acquisition price is approximately €199m in enterprise value. Factoring in the IFC's entry into the capital of Veolia Voda plus the commitments made with the EBRD, the deal should have a total impact on net debt for 2010 of around €159m.

The transaction is subject to the usual conditions precedent, notably review by certain administrative authorities, particularly the competition authorities, and the EBRD's approval for Continental Europe (excluding Poland). Veolia Water will review some of the minority stakes included in the transaction after completion of the deals.

These targeted acquisitions fit perfectly with Veolia Environnement's strategy of asset rotation, focusing on companies with significant organic growth potential, that leverage the Company's competitive advantages, and with a payback period consistent with its targets.

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, worldwide, Veolia Water provides water services to 78 million people and wastewater services to 53 million. Its 2009 revenues amounted to €12.5 billion. www.veoliawater.com.

Veolia Environnement (Paris Euronext: VIE and NYSE: VE) is the world reference in environmental services. With more than 310,000 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

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