

## PRESS RELEASE

### NEW YORK

## Veolia Water signs partnership contract with New York City to optimize its public water and wastewater services

Paris, April 10, 2012 — Veolia Water's new model innovates by extending the scope of the assignments awarded to the private operator as well as using different types of contracts (performance-based contracts and project management assistance).



In Phase 1, which is already under way, an evaluation of the performance of the existing water and wastewater systems is being conducted and will result in recommendations being made to improve performance and reduce operating costs. Once this phase is completed, New York City will decide whether or not to appoint Veolia Water to carry out Phase 2, which is to implement the recommendations. For the four years of Phase 2 (renewable for a further two years at the decision of the public authority), New York City will call on the expertise and know-how of Veolia Water to optimize the performance of the water and wastewater services, improving their productivity and efficiency levels. The services will continue to be managed directly by New York City using its own personnel.

Veolia Water will work hand in hand with the public authority's employees and assist them in order to improve operational performance and reduce costs.

### ***Ambitious objective of annual savings of about \$100 to \$200 million***

The contract would enable the New York City Department of Environmental Protection (DEP) to achieve annual savings of between \$100 to \$200 million on operation and maintenance costs, which represent a budget of \$1.2 billion. The services are used by 9 million people, of which 8 million live in New York City.

This optimization of operating methods will improve the quality of service while at the same time training the existing workforce and reducing bills for users.

Veolia Water will be compensated on the basis of savings achieved and documented. Estimated overall revenue from the contract could amount to \$36 million.

### ***A new type of partnership***

The contract signed with New York City is a good illustration of the new types of partnerships that Veolia Water wants to offer public decision-makers: they enable municipal departments to benefit from the experience of Veolia Water to improve the performance of their services and recommend new technical, technological and logistical solutions, while keeping environmental risks under control and reducing operating costs.

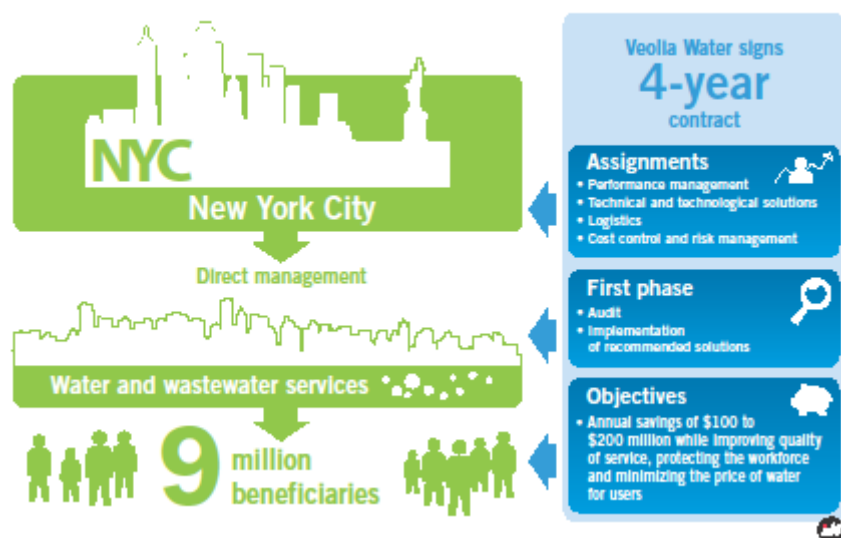
Laurent Auguste, CEO of Veolia Water US, emphasizes: "It's a model in which the role of the private company is broadened to assessing performance and then assisting the public operator to implement the recommendations made. Under the terms and conditions of this contract, Veolia Water shares with New York City the benefits and the risks alike."

The model is light on capital for Veolia Water and enables public authorities to benefit from an alliance between a private company specialized in the management of public services: performance can be optimized while controlling costs and guaranteeing that the price of water will be affordable for all.

New York City, through its Department of Environmental Protection (DPE), has launched an Operational Excellence, or OpX, program. The municipal water and wastewater services managed by the New York City DPE are the largest in the United States in terms of the number of customers, and the utility intends to become a global benchmark for operational performance. "The Operational Excellence program pairs us with a firm that brings a comprehensive portfolio of best management practices, a track record of boosting productivity while reducing expenses across the globe, and all while protecting existing workforces. Through this new innovative partnership, teams of DEP employees will work with Veolia to look for efficiencies across the board in operations and maintenance and then implement the best recommendations over the next four years," said New York City DEP Commissioner Carter Strickland.

"We have been applying our Service, Value and Responsibility (SVR) strategy for nearly a year now and it's beginning to pay off, as proven by this new contract," said Jean-Michel Herrewyn, Chief Executive Officer of Veolia Water. "This approach, based on improvement of performance, the best use of natural resources and participation in the plans and programs of the areas where we work, enables us to meet our clients' requirements. We're moving from a supply-based market to a demand-based one, where we combine our traditional solutions with solutions integrating knowledge management and continuous improvement."

## New York City selects 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 96,651 employees in 69 countries, Veolia Water provides water service to 103 million people and wastewater service to 73 million. Its 2011 revenue amounted to €12.617 billion. [www.veoliawater.com](http://www.veoliawater.com)

**Veolia Environnement** (Paris Euronext: VIE and NYSE: VE) is the worldwide reference in environmental solutions. 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 passenger transportation. Veolia Environnement recorded revenue of €29.6 billion\* in 2011. [www.veolia.com](http://www.veolia.com)

\* Excluding Veolia Transdev revenues currently under divestment

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