

PRESS RELEASE

In 2011, Veolia Water strengthened its position in France and renewed contracts for a total revenue of one billion euros

Paris, May 02, 2012 – In 2011, Veolia Water renewed 238 delegated public service contracts totaling revenue of 1.01 billion euros, that is, an equivalent level of revenue as in 2010 in France (excluding the impact of the renewal in 2010 of the contract with the Ile-de-France water authority SEDIF). To ensure it complies even better with its clients' expectations, Veolia Water is developing a new professional vision and implementing a new organization structured around three areas of business expertise: operation, clientele and commercial relations.

In addition to maintaining contracts with Perpignan, Melun, Fontainebleau, Valence, Châlons-en-Champagne and Caen la Mer, in 2011 Veolia Water also acquired new contracts, e.g., 37 new delegation contracts were signed including contracts with the City of Montauban for the management of its water service and the contract with the Syndicat des Sables-d'Olonne et du Talmondais municipal association in western France.



Main delegated public service contracts renewed in 2011



Veolia Water's new business vision

Veolia Water has developed new proposals to improve its response to local communities' expectations for savings and solidarity.

Veolia Water is implementing "SVR," the new vision of Veolia Water that combines three fundamentals:

- SERVICE: contain costs and deliver improved performance
- VALUE: maximize the use of all water resources
- RESPONSIBILITY: participate in the main community approaches.

Applied to each proposal submitted to local authorities, Veolia Water's new vision provides solutions that are tailored to the expectations of today's world.

For Jean-Michel Herrewyn, Chief Executive Officer of Veolia Water, "Our SVR solutions are totally operational and enable us to combine performance, responsible management and cost containment. For Perpignan Méditerranée, we focused our proposal on performance and responsibility to provide services with a neutral carbon footprint and guarantee access to the water service for everyone. In Melun, the emphasis was on value and the notion of sustainable development in the contract. In Montauban, our proposal was for an updated water service with a stronger end-user approach."

Revised organization

Veolia Water's new business approach involves redefining its operational organization in France. Veolia Water makes service quality its main priority and refuses low cost approaches. "Producing and distributing drinking water is a public health issue," says Jean-Michel Herrewyn. "We therefore decided to revise our model of organization to improve our productivity and overall performance while still guaranteeing irreproachable water quality and ensuring compliance with our contractual commitments."

The new organization currently being rolled out by Veolia Water is based on three areas of business expertise: operation, clientele and commercial relations. Each local authority will have a permanent contact who will ensure the contract is properly implemented.

Decentralization and proximity are maintained as they are two of Veolia Water's strengths guaranteeing a high level of responsiveness (round-the-clock response time of less than two hours). The new organization will be based on 523 operational units, 184 services and 35 centers.

Today, a large number of local authorities have made low cost a priority. They are reining in their capital expenditure and the level of services provided to their residents. The combination of SVR solutions and optimum organization will enable Veolia Water to deliver quality service at an improved cost.

In delegated public service contracts, the local authority sets the type and level of services to be provided as well as the corresponding capital expenditure. The operator submits its best offer to meet the specified demand. The cost of a public utility service is defined by past and future capital expenditure, its complexity and the range of services provided by the operator.



The operator's remuneration and its evolution are not linked to the service invoiced to users. In fact, an operator is not paid from the public utility rates levied but for the service rendered, the operational risks involved, the capital expenditure made and the increased productivity it delivers during the term of the contract through its policy of innovation and performance management. The operator's margin will vary throughout the term of the contract: lower at the start of the contract, it gradually improves over the years.

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.veoliaeau.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

* Excluding VeoliaTransdev revenues currently under divestment

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