

PRESS RELEASE

Veolia Water awarded management of the water and wastewater systems of Rialto, California

Paris, January 31, 2013 – The city of Rialto and Rialto Water Services (RWS) have awarded Veolia Water North America, a Veolia Water subsidiary, a contract to manage the city’s water and wastewater systems. The 30-year contract is valued at approximately \$300 million in revenues for Veolia Water.

The city of Rialto and Rialto Water Services (RWS) are using a public–private concession model—one rarely seen in the United States—to strengthen the city’s financial position and improve infrastructure services. As part of that concession, RWS hired Veolia Water North America, a Veolia Water subsidiary, to manage the city’s water and wastewater systems.



The financing mode mode is highly original, as the city of Rialto has received \$35 million in an upfront cash payment and secured \$41 million in funding for future water and wastewater system improvements through a concession contract signed with RWS, a special purpose company established by Table Rock Capital and a Ullico affiliate.

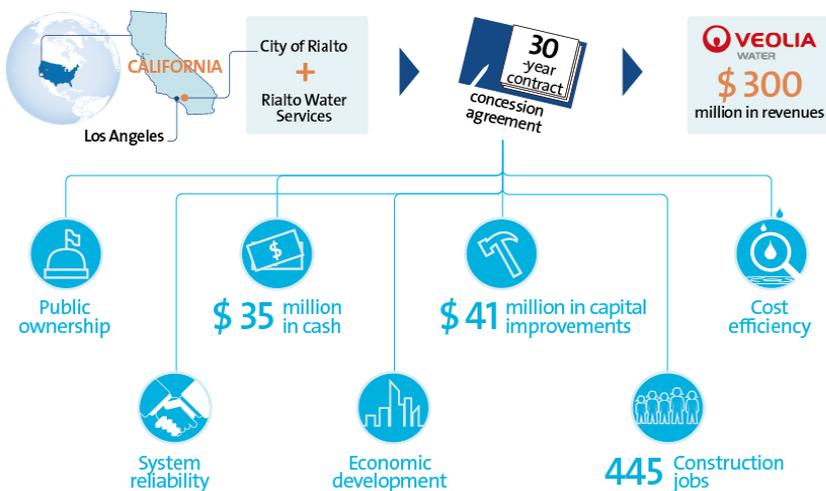
In a context where many municipalities are facing financial difficulties, this cash injection will enable Rialto to upgrade its water and wastewater systems and services, create jobs and benefit from the expertise of the world’s leading water services and technology company.

RWS has responsibility for managing the 30-year contract with Veolia Water, which is estimated to be worth over \$300 million in revenues for Veolia Water. RWS will oversee the infrastructure upgrade program that aims to improve the efficiency, level of compliance, water quality and reliability of Rialto’s water and wastewater systems. The program will create 445 jobs in the construction sector. In addition, all affected municipal employees have accepted positions offered by Veolia Water.

The RWS concession will enable the aging facilities to be refinanced without being privatized. Public ownership, control and transparent public authority over rate setting are maintained by the city. The concession provides the capital needed to rehabilitate and replace the water mains and sewers, design new infrastructure and carry out seismic retrofits. The planned program will strengthen the city’s finances with annual lease payments that can support economic development and local jobs.

The public–private partnership offers an example for other US cities. The partnership’s “blue growth” strategy of sustainable water management and support for economic and social development can be emulated in cities faced with the problems of aging infrastructure, a slow-moving economy and reduced revenues.

VEOLIA TO MANAGE WATER AND WASTEWATER SYSTEMS IN RIALTO, CALIFORNIA





Veolia Water has been present in California for 40 years and has been operating the Rialto wastewater collection system and treatment plant for the past nine years. For this new kind of contract, the company stood out as the ideal partner.

“The RWS partnership ensures that the city’s water and wastewater infrastructure is upgraded and run in the most cost-efficient manner, while also laying the groundwork for new economic development,” says Rialto City Administrator Mike Story. “We’ve worked with Veolia for years in the community and this arrangement allows for both continuity and improvement in the water resource and wastewater service, and it assures us that the total commitment to the residents of the city of Rialto is met.”

“We’ve worked with Rialto for almost 10 years and have established a relationship of trust that helps stimulate the city’s economic vitality,” said Laurent Auguste, who has responsibility for operations in North and South America at Veolia Water. “The city has made the right decision in choosing to renovate and upgrade its facilities, and we are excited to be able to help them through our new responsibilities.”

Table Rock Capital and an affiliate of Ullico Inc., the only labor-owned insurance and investment company in the United States, provided equity financing, with additional parties providing debt financing on the \$172 million total financing for this innovative public-private concession. *“With the loss of redevelopment financing, creative partnerships such as these are increasingly critical to communities who want to restore infrastructure, gain efficiencies, and get a competitive edge when it comes to creating jobs and economic growth,”* said Peter Luchetti, head of Table Rock.

For Jean-Michel Herrewyn, Chief Executive Officer of Veolia Water, *“these public-private partnerships bring together different organizations, each of them specialized in their own field, whether as public-sector managers, financiers or operators. It’s a way forward for the future to ensure we have ever-more efficient, sustainable and accessible services.”*



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 315,000 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 Veolia Transdev revenues currently under divestment

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