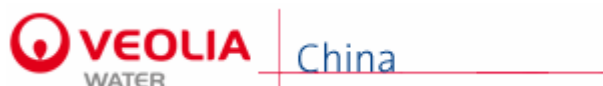


# *International Company participates in China Water Privatization Projects*



**Veolia Water wins its 21st contract in China, estimated at 1.6 billion euros.**

**Paris, January 22, 2007**

Veolia Water has won yet another new contract in China, for **a 30 year concession** with the Lanzhou Water Supply Company in the capital of the Gansu Province, on the banks of the Yellow River.

The contract was awarded by local authorities through an international tender for the acquisition of 45% of the municipal water company. At this level of participation it would generate for Veolia Water an estimated cumulated total turnover of 1.6 billion Euros.

Veolia Water's long standing expertise in the sustainable development of water resources will meet the needs of the Lanzhou population, a city with 3.2 million inhabitants in a growing economic region. The company will manage four water treatment plants with a global capacity of 2,190,000m<sup>3</sup>, 640 kms of distribution network (960km with connections), of which 50km will have a diameter superior to 1000mm, 11 elevation plants, and associated client services. The company employs 2200 employees. Operations will start in the middle of 2007.

"**This represents our 21st contract in China**, and we are pleased to reinforce our position as leader in the region. Our commitment to sustainable water management, our desire to operate services with clients in a reliable, responsible and concerted manner, and our dedication to safeguarding the health of the communities we serve are essential elements in our long term partnerships. This new contract demonstrates the performance and quality of Veolia Water's services throughout the region," commented Antoine Frerot, Chief Executive Officer of Veolia Water.

Indeed, Veolia Water has significantly grown in China since the 1990's. The company was the precursor for the full management of a water distribution network in the People's Republic of China, and with the Pudong Shanghai contract signed in 2002, Veolia was the first private company permitted to be involved in full water services in China. Other major contracts signed in recent years include Shenzhen, Kunming and Liuzhou. **The company now operates in 19 out of 34 provinces, in different municipalities, autonomous areas and special administrative regions, serving the water needs of 20.59 million inhabitants.**

Veolia Water, the water division of Veolia Environment, 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. Veolia Water serves 108 million people worldwide. With 70,700 employees, its 2005 revenues amounted to €9.1 billion. <http://www.veoliawater.com>

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