

December 13, 2007 - Press release

## **Veolia Energy finalizes the acquisition of Thermal North America, Inc., the largest portfolio of district heating and cooling networks in the United States**



Boston - 13 December 2007. Veolia Energy finalizes the acquisition of Thermal North America, Inc., the largest portfolio of district heating and cooling networks in the United States, from affiliates of Denham Capital Management LP, a global energy and commodities focused private equity firm.

With projected revenue of USD 425 million in 2007, Thermal North America, Inc., is present in various regional markets acting on the leading edge of environmental stewardship, particularly the Northeast and California. It notably owns and operates heating networks in Boston, Philadelphia, Baltimore, Atlanta, Kansas City, Trenton, St Louis, Oklahoma City and Tulsa and several cooling networks in Las Vegas and Los Angeles. The company employs 450 people and operates 3,500 MW of thermal capacity, 520 MW of cooling capacity and 245 MW of electrical capacity. In addition to the distribution of heat and cooling, Thermal North America, Inc. also provides power generation (through cogeneration) and comprehensive building management services.

The transaction positions Veolia Energy in the world's largest energy services market at a time when higher energy costs and changes in U.S. environmental regulations are expected to create new opportunities. Veolia is an innovative, global company. Founded more than 150 years ago, Veolia has constantly adapted to meet the environmental challenges of a changing world, while staying committed to its core values. These values include a strong customer focus and an awareness of its corporate and individual responsibilities to society as a whole.

Stewart A. Wood, Chief Executive Officer of Veolia Energy North America stated: "I am delighted to have brought this acquisition to a successful conclusion and now look forward to working with our Trigen colleagues to blend together two very similar companies into a common team. The expanded platform this provides will allow Veolia Energy to achieve its growth objectives and bring quality energy services to both existing and new customers. Our combined efforts will result in long-term, innovative and sustainable solutions."

Veolia Energy's objective in the United States is to drive double-digit annual growth in revenue over the next five years by leveraging the company's expertise in its core business, which is to provide integrated energy solutions that deliver energy savings, promote renewable energy and capitalize on its efforts to reduce greenhouse gas emissions in the relevant markets. The plan involves expanding networks—especially cooling networks in city centers—upgrading production plants, and broadening service solutions to current and future customers, such as hospitals, large production plants and large mixed-use developments.

Veolia Energy is already present in North America through Dalkia, which acquired the steam distribution network in Cambridge, Massachusetts in 2005. In February 2006, Dalkia signed a partnership agreement with Gaz Metro to develop district heating networks in Canada. Under the agreement, Dalkia owns and operates Montreal's district heating network, one of the biggest in North America.

Veolia Energy, through Dalkia, is the leading European provider of energy services to local authorities and businesses. Since its creation, Dalkia has focused on energy and environmental optimization. It meets customer expectations by delivering customized, end-to-end solutions to ensure an efficient working environment. Dalkia delivers the management of heating systems, energy and industrial fluid production facilities, and energy plant engineering and maintenance services for commercial and industrial building operations, as well as global building management services. With 48,800 employees in 38 countries, Dalkia reported managed revenue of €6.1 billion in 2006.

## **Important Disclaimer.**

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