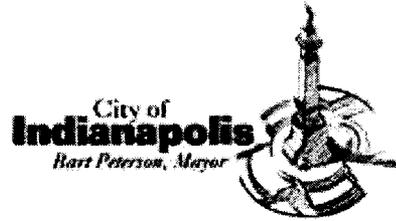


US Conference of Mayors Award – Indianapolis

Exhibit 3



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City of Indianapolis, Veolia Water Receive National Recognition for Public-Private Partnership

INDIANAPOLIS, Jan. 26, 2006 – Significant water quality and operational improvements have landed the City of Indianapolis Department of Waterworks and Veolia Water Indianapolis LLC (Veolia Water) top honors from the U.S. Conference of Mayors (USCoM).

Mayor Bart Peterson and Veolia Water Indianapolis President Tim Hewitt were in Washington, D.C., today at USCoM's Winter Meeting to accept the Outstanding Achievement Award in Public-Private Partnerships award.

Serving as the nation's largest and most innovative public-private partnership for water services, the city and Veolia Water have worked together to bring significant improvements to Indianapolis' drinking water system, resulting in notable reduction in taste and odor complaints and an increase in customer satisfaction ratings.

"Our partnership with Veolia Water brings global water expertise to Indianapolis while maintaining local control of our waterworks assets," said Mayor Peterson. "We are proactively taking steps to ensure high-quality drinking water and the long-term sustainability of the system – two important components in maintaining our status as a world-class city."

Earlier this year, Veolia Water became the first U.S water company to receive simultaneous ISO 9001 and 14001 registrations from the International Organization for Standardization (ISO). The registration was the result of a 184 man-hour audit of the company's operations, based on quality and environmental standards.

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“Veolia Water’s partnership with the City of Indianapolis continues to serve as a successful, effective model for the industry,” said Joe Burgess, president and CEO of Veolia Water North America. “With the combination of ownership by a municipality that is focused on continuous capital improvement and providing high-end services and the private sector, with the same goals, bringing innovation and expertise, Indianapolis boasts the components needed to sustain value and quality in our drinking water systems.”

According to an independent study conducted in 2004, more than eight of 10 customers report that Veolia Water is doing an excellent or good job. Taste and odor complaints from customers have been drastically reduced from 501 complaints in 2001 to only 26 in 2004.

“Through our operations, research and watershed management activities, we are not only producing safe, quality drinking water, we are doing our part to ensure that Central Indiana residents enjoy a good quality of life now and in the future,” Tim Hewitt, president of Veolia Water Indianapolis added.

Part of Veolia Water’s commitment to the community includes a \$5 million investment in the Indianapolis Water Quality Project, which will create a model of excellence in drinking water research. In addition, Veolia Water has provided more than \$2.5 million in financial support to approximately 75 non-profit organizations.

USCoM’s Public-Private Partnership awards were established to encourage businesses and cities to work together to improve local communities. An independent panel of judges reviews the submissions and the criteria upon which its selections are made, including improved delivery of services; replicability; sustainability; cost savings; creativity of approach; benefits to both public and private partners; economic and business benefits and measurable results.

Veolia Water was selected to operate and manage the entire Indianapolis water system when the City of Indianapolis acquired the assets of the waterworks in May 2002. Through an innovative, performance-based operating agreement, Veolia Water brings global water industry expertise to Indianapolis while the city maintains local control and oversight. Through the partnership, the city and Veolia Water work together in making investments in the waterworks infrastructure, technology, people and the community, while serving as a responsible steward of water resources. The water system serves approximately 1 million people in parts of nine Central Indiana counties and employs more than 400 people. Veolia Water is responsible for operating 11 water treatment plants, 31 pumping stations, 19 water storage tanks, 4,000 miles of water main and 32,000 fire hydrants. In 2004, Veolia Water produced a record 51 billion gallons of quality drinking water for Central Indiana businesses and residents.

Company Information

Veolia Water North America is the leading provider of comprehensive water and wastewater services to municipal and industrial customers, providing services to approximately 14 million people in more than 600 communities. The company is part of Veolia Water, the No. 1 water company in the world, serving more than 110 million customers. Veolia Water is the Water Division of Veolia Environment (NYSE:VE and Paris Bourse: VIE), the largest environmental services company in the world, with more than 310,000 employees in about 80 countries and annual revenues of more than \$36 billion. Visit the company's web site at www.veoliawaterna.com.

Important Disclaimer. *Veolia Environnement is a corporation listed on the NYSE and Euronext Paris. This press release contains "forward-looking statements" within the meaning of the provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including but not limited to: the risk of suffering reduced profits or losses as a result of intense competition, the risk that changes in energy prices and taxes may reduce Veolia Environnement's profits, the risk that governmental authorities could terminate or modify some of Veolia Environnement's contracts, the risk that Veolia Environnement's compliance with environmental laws may become more costly in the future, the risk that currency exchange rate fluctuations may negatively affect Veolia Environnement's financial results and the price of its shares, the risk that Veolia Environnement may incur environmental liability in connection with its past, present and future operations, and the risks related to Veolia Environnement's relationship with Vivendi Universal, as well as the risks described in the documents Veolia Environnement has filed with the U.S. Securities and Exchange Commission. Veolia Environnement does not undertake, nor does it have, any obligation to provide updates or to revise any forward-looking statements. Investors and security holders may obtain a free copy of documents filed by Veolia Environnement with the U.S. Securities and Exchange Commission from Veolia Environnement.*