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December 5, 2008

**Re: Veolia Water Class Action Lawsuit
Marion County Superior Court No. 7
Cause No. 49D07-0804-CC-018081**

To All Concerned Veolia Water Customers:

You are receiving this correspondence because you have indicated an interest in knowing more about the class action lawsuit against Veolia Water. This is my third update on the status of the lawsuit which was filed in April, 2008.

Status of the Lawsuit

In my last update of August 15, 2008, I informed you that we had successfully challenged Veolia Water's efforts to transfer this case to Federal Court. On October 14, 2008, Veolia Water filed a motion to dismiss this lawsuit. In general, a motion to dismiss challenges the legal basis of the claims in the lawsuit. In other words, the Court will decide whether or not the lawsuit states a legal claim upon which the Court can grant relief. This type of motion does not require an examination of the facts, rather it takes the allegations in the Complaint as true, determining only whether relief can be granted under Indiana law.

Veolia Water's filing of a motion to dismiss is not unusual for this type of lawsuit. We have filed our response to their motion, and they have filed their reply to our response. On December 15, 2008, at 1:30 p.m., the Court will have a hearing at which the Court will hear oral arguments on this motion. I expect the Court will rule on the motion within a few weeks of the hearing.

This is an important phase of the lawsuit. If Veolia Water is successful, the entire Complaint could be dismissed. I am confident that there are very strong legal arguments which will prevent this result. Veolia Water's briefs, as well as the Plaintiffs' response, are posted in their entirety on our website at www.silegal.com. Look for the link to "Veolia Water class action information."

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Veolia Water's Statements

In my last update, I noted that Veolia Water has refused to comment on the allegations contained in the lawsuit to the local media, or to its customers like you, directly. However, Veolia Water continues to deny that it did anything wrong to those outside its service territory. On September 14, 2008, the Nashua New Hampshire Telegraph published a comprehensive exposé of Veolia Water's woes, including this lawsuit. You can find a copy of this article on our website. Nashua is considering whether to enter into a Management Agreement with Veolia Water, similar to the one in Indianapolis. In that article, Mr. Gadis, President of Veolia Water Indianapolis, is quoted as follows when asked about this lawsuit:

According to David Gadis, President of Veolia Water Indianapolis, the suit has no merit. It involves a group of homes whose meters could not be read because they were hit multiple times by inclement weather. Then, when a combined water and sewer rate increase took effect soon after, it looked as though bills had been inflated, he said. "It's just an unfortunate situation", Gadis said.

I would hazard a guess that many of you would disagree with at least one part of Mr. Gadis' statement. Based on the information I've received from many of you, these statements appear to have very little factual support. Indeed, a few weeks after this lawsuit was filed, Mr. Gadis wrote the Indiana Utility Regulatory Commission and explained:

As discussed in prior meetings, VWI [Veolia Water Indianapolis] did, in fact, rely upon estimated bills more frequently than desired in late 2007 and early 2008. This reliance was necessitated by a combination of obstacles to schedule meter reads, including weather, individual customer circumstances (such as inaccessible meter pits), employee turnover, and VWI's concerted effort to eliminate specific customer circumstances that had for too long hindered VWI's ability to read these customers' meters.

It appears from these two different statements that Veolia Water has two very different positions, one for the media, and one for its regulators. We hope, through this lawsuit, to get the real explanation for you, the customer.

As I wrote earlier in this letter, the next obstacle before us is Veolia Water's Motion to Dismiss which will be heard by the Court on December 15, 2008, beginning at 1:30 p.m. Although seating is limited, this hearing is public in nature. I encourage those

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who have the time and means to attend this hearing. Superior Court 7 is located in the City-County Building, 200 East Washington Street, in downtown Indianapolis. The courtroom is located on the 5th floor of the west tower. Please introduce yourself to me if you attend.

If you do not wish to receive future updates, please contact me directly. Thank you for your continued interest and support.

Very truly yours,

STEWART & IRWIN, P.C.

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