



## United Water and KKR Sign Utility Partnership with Borough of Middletown, PA

December 12, 2014

### *Innovative Solution<sup>SM</sup> to Meet Growing Water and Wastewater Challenges*

HARRINGTON PARK, N.J.--(BUSINESS WIRE)-- United Water, one of the nation's leading water and environmental services companies and a subsidiary of SUEZ ENVIRONNEMENT, together with KKR, a leading global investment firm, announced the signing today of a partnership with the Borough Authority of Middletown, PA for management and operations of the borough's water and wastewater system.

United Water, which has its Pennsylvania headquarters in the capital city of Harrisburg, already operates five water treatment facilities and over 20 wells serving a population of more than 166,000 people in portions of eight Pennsylvania counties. "We are excited to expand our services in Pennsylvania and to become a part of the growing Middletown community," said Bertrand Camus, CEO of United Water. "This partnership marks a growing trend in the U.S. for delivering infrastructure renewal projects for essential public services by drawing upon the strengths and balancing the needs of multiple sectors; both public and private."

The innovative public-private partnership, a joint venture between United Water and KKR, will begin a 50-year water and wastewater concession in Middletown on January 1, 2015 - similar to the partnership the joint venture began with the Municipal Utilities Authority in Bayonne, NJ in December 2012. The concession will generate revenues of over \$285 million during its 50 year life.

Under the agreement, the joint venture has made an initial payment to the Middletown Borough Authority of \$43 million, which will be used to eliminate the Authority's existing debt and pension liability as well as improve its finances. The joint venture has also committed to financing another \$83 million for the system infrastructure improvements over the life of the contract. KKR, which made the investment through its infrastructure fund, will fund 90% of the joint venture with United Water funding the remaining 10%.

Brandon Freiman, a Director on KKR's Energy & Infrastructure team, said: "We are thrilled to help bring this innovative solution to the Borough of Middletown. The operational and environmental stewardship of United Water, combined with our commitment to invest in the system, creates a sustainable model that we believe produces tangible benefits for the Borough and its residents for a very long time."

The Middletown Borough Authority will maintain ownership of the water and wastewater system and will provide oversight of the partnership and its adherence to high quality standards and customer service performance. In addition, the Authority will maintain control of rates charged to users, which will be guided by a formula in the agreement. United Water will operate the system for the 50-year term under an operations and maintenance agreement with the joint venture.

"This model is a blend of United Water's operations expertise and KKR's long-term vision, which brings credibility to address America's water challenges. Our commitment to funding improvements in the water and wastewater system is critical to keeping rates stable and under the Middletown Borough Authority's control," said Camus. "KKR has a history of making infrastructure investments, as shown in our successful Bayonne, NJ operation, and a proven commitment to improving the operational and environmental performance of the companies in its portfolio, making it an ideal partner for this investment."

United Water will operate and maintain six groundwater sources, 36 miles of water main, one wastewater treatment plant and 25 miles of sewer main, as well as manage and deliver capital upgrades. The objectives will include a strong focus on environmental, health and safety performance and an improvement to the services delivered to 9,400 people in Middletown, a number which is expected to grow over the term of the agreement.

#### **About United Water**

United Water is one of the nation's leading environmental companies, providing water and wastewater services to over 5.3 million people in the United States. In addition to owning and operating 16 water and wastewater utilities, United Water operates 84 municipal and industrial water and wastewater systems through innovative public-private partnerships and contract agreements. Founded in 1869, United Water is a subsidiary of SUEZ ENVIRONNEMENT.

#### **About KKR**

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds. For additional information about KKR & Co. L.P. (NYSE: KKR), please visit KKR's website at [www.kkr.com](http://www.kkr.com). Follow KKR on Twitter @KKR\_Co.

#### **About SUEZ ENVIRONNEMENT**

Natural resources are not infinite. Each day, SUEZ ENVIRONNEMENT (Paris: SEV, Brussels: SEVB) and its subsidiaries deal with the challenge of protecting resources by providing innovative solutions to industry and to millions of people. SUEZ ENVIRONNEMENT supplies drinking water to 92 million people, provides wastewater treatment services for 65 million people and collects the waste produced by 52 million people. SUEZ ENVIRONNEMENT has 79,550 employees and, with its presence on five continents, is a world leader exclusively dedicated to water and waste management services. SUEZ ENVIRONNEMENT generated total revenues of EUR 14.6 billion in 2013.

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