

## Underground Solutions, Inc. Announces Completion of \$12.5 Million Private Placement

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Underground Solutions, Inc. (Pink Sheets:UGSI) announced today that it had completed a \$12.5 million private placement of common stock at a price of \$0.22 per share. The transaction closed on December 7<sup>th</sup>. The Company issued and sold approximately 56.8 million shares in the offering, bringing its total outstanding shares on a fully-diluted basis to approximately 708 million. All of the shares were purchased by the Switzerland-based Pictet Asset Management, an asset management group with over \$125 billion under management. Pictet's Water Sector Fund is the largest in the world with over \$6 billion invested globally in water-related assets. The sale price of the shares was almost three times higher than the \$0.08 per share price at which the Company last issued common stock in January, 2006.

The Company indicated that the funds raised in the offering will be used primarily to fund its growth, including purchase of capital equipment, hiring new employees, research and development expenditures, and other general corporate purposes.

Andy Seidel, the Company's Chairman and Chief Executive Officer, stated, "Pictet's investment is a vote of confidence by a sophisticated, highly-respected, global investor that understands the water space very well. This investment validates the actions that we have taken during the two years since the current management team joined Underground Solutions to build a strong market presence through rapid expansion. The proceeds of this offering will allow us to continue to expand our North American business at a rapid pace. Moreover, it will provide us with the opportunity to add to our current research and development activities keeping us at the forefront of fusible polyvinyl chloride pipe and fittings technologies. We are honored to have Pictet as a stockholder of Underground Solutions."

Caris & Company was retained to act as Underground Solutions' financial advisor on the transaction. Janney Montgomery Scott LLC served as placement agent.

Underground Solutions provides infrastructure technologies for water and sewer applications as well as conduit for applications ranging from electrical to fiber optics. UGSI's Fusible PVC™ products, including Fusible C-900®, Fusible C-905®, and FPVC™, contain a proprietary PVC formulation that, when combined with UGSI's patented fusion process, results in a monolithic, fully restrained, gasket-free, leak-free piping system. Duraliner™ is a patented, close-fit pipeline renewal system that creates a stand-alone, pressure-rated structural liner.

Certain statements in this news release contain forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such forward-looking statements involve certain risks, assumptions and uncertainties, including the inability to generate and secure the necessary product sales, or the lack of acceptance of the Company's products by potential customers. In each case actual results may differ materially from such forward-looking statements. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results will not be realized.

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