

This is a free translation into English of Veolia Environnement's update of its 2008 document de référence (the "Reference Document") filed by Veolia Environnement with the French Autorité des marchés financiers on June 16, 2009 and is provided solely for the convenience of English speaking readers.



## Update of the 2008 Reference Document



This update of the 2008 Reference Document was filed with the *Autorité des marchés financiers* (AMF) on June 16, 2009, pursuant to Article 212-13, paragraph IV, of the AMF's General Regulations. It supplements the 2008 Reference Document of Veolia Environnement filed with the AMF on March 30, 2009 under number D.09-166. This document was prepared by the issuer under the liability of its signatories. The reference document and its update may be used in connection with a financial transaction if supplemented by an offering memorandum (*note d'opération*) approved by the AMF.



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## **1. Persons assuming responsibility for the Reference Document**

### **1.1 Person assuming responsibility for information contained herein**

Mr. Henri PROGLIO, Chairman and Chief Executive Officer of Veolia Environnement (hereinafter referred to as the "Company" or "Veolia Environnement").

### **1.2 Certification**

I certify, after having taken all reasonable measures to ensure the accuracy thereof, that the information contained in this update is, to my knowledge, true and does not omit any information that could make it misleading.

I have obtained a letter (*lettre de fin de travaux*) from the statutory auditors indicating that they have verified the information relating to the Company's financial condition that is included in this update and that they have read this document in its entirety.

**Chairman and Chief Executive Officer**  
Henri PROGLIO

## **2. Persons responsible for auditing the financial statements**

### **2.1 Principal statutory auditors**

#### **KPMG SA**

Member of KPMG International  
*Commissaire aux comptes*, Member of the *Compagnie régionale de Versailles*  
A company represented by Mr. Jay NIRSIMLOO and Mr. Baudouin GRITON,  
1 Cours Valmy, 92923 Paris La Défense Cedex, France.

Company appointed by the combined general shareholders' meeting of May 10, 2007 in replacement of Salustro Reydel, for a period of 6 fiscal years, expiring at the end of the general shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2012.

#### **Ernst & Young and others**

*Commissaire aux comptes*, Member of the *Compagnie régionale de Versailles*  
A company represented by Mr. Pierre HURSTEL and Mr. Nicolas PFEUTY,  
41, rue Ybry, 92576 Neuilly-sur-Seine Cedex, France.

Company appointed on December 23, 1999, with a term that was renewed at the general shareholders' meeting held on May 12, 2005 for a period of 6 fiscal years, expiring at the end of the general shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2010.

### **2.2 Deputy statutory auditors**

#### **Mr. Philippe MATHIS**

1 Cours Valmy, 92923 Paris La Défense Cedex, FRANCE.

Appointed by the combined general shareholders' meeting of May 10, 2007 for a period of 6 fiscal years, expiring at the end of the general shareholders' meeting called to approve the financial statements for the fiscal year ending December 31, 2012.

#### **AUDITEX**

Tour Ernst & Young, Faubourg de l'Arche, 92037 La Défense Cedex, France.

Appointed by the combined general shareholders' meeting of May 12, 2005, for a term of 6 fiscal years, expiring at the end of the general shareholders' meeting called to approve the financial statements for the fiscal year ended December 31, 2010.

## 9. Operating and Financial Review

### 9.3 Financing

#### 9.3.4 External financing

##### 9.3.4.1 Ratings awarded by rating agencies

As of March 31, 2009, Moody's and Standard & Poor's rated VE SA as follows:

	Short-term	Long-term	Outlook	Recent events
Moody's	P-2	A3	Negative	Moody's confirmed on March 26, 2009 the rating assigned to Veolia Environnement on June 27, 2005 but downgraded the outlook from stable to negative.
Standard and Poor's	A-2	BBB+	Negative	Standard and Poor's confirmed on March 25, 2009 the rating assigned to Veolia Environnement on October 3, 2005 but downgraded the outlook from stable to negative.

## 12. Trends and Recent Developments

### 12.1 Trends

The main trends relating to or affecting the Company's business are described in Chapters 6 and 9 of the Reference Document. See also Chapter 20, § 20.6 *infra*.

There has been no material adverse change in Veolia Environnement's outlook since the end of the 2008 fiscal year. The events or circumstances that could reasonably have a material effect on the Company's outlook for the current fiscal year were communicated by the Company during the presentation of 2008 annual results on March 6, 2009.

### 12.2 Recent Developments

#### Veolia Environnement

The Company filed its US annual report (Form 20-F) for fiscal year 2008 with the US Securities and Exchange Commission on April 16, 2009.

On April 24, 2009 Veolia Environnement issued two series of notes under the European Medium Term Notes (EMTN) Programme, one of €1.25 billion with interests accruing at a fixed rate of 5.25% per year and maturing on April 24, 2014 and the other of €750 million with interests accruing at a fixed rate of 6.75% per year and maturing on April 24, 2019.

On May 7, 2009 Veolia Environnement published results for the first quarter 2009 that meet expectations and that are consistent with the objectives set for 2009 (unaudited IFRS data, see chapter 20, §20.6 *infra*). Pursuant to article L.451-1-2, IV of the French Monetary and Financial Code (*Code Monétaire et Financier*), implementing the Transparency Directive, the Company made its quarterly financial information available to the public and filed it with the French *Autorité des marchés financiers* on May 14, 2009.

The combined general shareholders' meeting of May 7, 2009 approved all proposed resolutions by a large majority.

On June 9, 2009 Veolia Environnement published a press release following market rumors that had raised the possibility of the Company's involvement, via its subsidiary Veolia Transport, to various scenarios regarding changes in the share ownership of Transdev, a subsidiary of the *Caisse des Dépôts et Consignations* Group. The Company points out that Veolia Transport is a key component of Veolia Environnement's strategy of providing a global service offering to its clients and that it is interested in any situation entailing a change in the share ownership of Transdev. Veolia Environnement's objective would be to create a new global leader in mass passenger transit while remaining the industrial operator alongside the *Caisse des Dépôts et Consignations*. The new group arising out of the merger of the two units would seek a stock market listing as soon as conditions permit. In compliance with the relevant regulations, Veolia Environnement will therefore notify the financial markets of future developments regarding this plan, which would also require the approval of the RATP.

#### Veolia Eau

On April 21, 2009, Veolia Eau announced that the public company Canal Isabel II, which is in charge of water services in the Madrid area, has awarded a contract for the management of Spain's biggest wastewater treatment plant (in terms of daily flows treated) to a consortium headed by Veolia Eau. It covers the operation and maintenance of the "South" plant, the main treatment plan for Madrid. The four-year contract, which has a two-year extension clause, is worth cumulative revenue estimated at approximately €16.4 million for Veolia Eau.

On May 28, 2009 Veolia Eau announced that it signed a contract with the public works authority of the city of Doha, the capital of Qatar, to run the operations and maintenance of two wastewater treatment plants that have a treatment capacity of respectively 112,000 m<sup>3</sup> and 12,000 m<sup>3</sup> per day of domestic effluents. Once recycled, this wastewater is fully reused for irrigation and agriculture. This 7-year contract – including an option for a further 3-year extension – represents an estimated cumulated total turnover of €44 million.

#### Veolia Propreté

On May 19, 2009, Veolia Propreté announced that, via its subsidiary Veolia Environmental Services (UK), it has been awarded a twenty-year waste management and recycling contract commencing in June 2009 following a call for tender by the Merseyside Waste Disposal Authority (MWDA). The MWDA is a public authority representing the five local District Councils in Merseyside, North West of the United Kingdom, including Liverpool. The contract includes the development of a flagship Materials Recovery Facility (MRF) at Gilmoor, Liverpool with a capacity of 100,000 tons per year, and a refurbishment programme for existing infrastructure such as the upgrading of the existing Bidston MRF, as well as the network of 16 Household Waste Recycling Centres (HWRCs). It represents an estimated cumulated total turnover of £640 million.

## 14. Board of directors, management and supervisory bodies and executive management

### 14.1 Board of directors of the Company

The general shareholders' meeting of May 7, 2009 approved the appointment of Mr. Pierre-André de Chalendar as Director of the Company.

Mr. de Chalendar is 51 years old and is a graduate of ESSEC and of the *Ecole Nationale d'Administration*. After working as finance controller, he joined Compagnie de Saint-Gobain in November 1989 where he held a number of different positions before being appointed as deputy chief executive officer in May 2005, director in 2006 and chief executive officer of Saint-Gobain in June 2007.

Accordingly, the Company's board of directors comprises 15 members as of the date of this update of the Reference Document.

In addition, the Company's board of directors, which met on May 7, 2009, immediately after the general shareholders' meeting, decided to renew Mr. Henri Proglio's appointment as chairman and chief executive officer of the Company for the duration of his office as director.

Considering the adoption by the combined general shareholders' meeting of the nineteenth resolution whose object was to reduce the directors' term of office to 4 years and as a result of the drawing during the board of directors' meeting held immediately after the shareholders' meeting, 4 directors whose term of office was renewed on May 7, 2009 will have their term of office expire prematurely at the shareholders' meeting convened to approve the financial statements of the fiscal year ending on December 31, 2010.

Name of Director	Expiration of term
Henri Proglio	General shareholders' meeting 2013
Jean Azéma	General shareholders' meeting 2011*
Daniel Bouton	General shareholders' meeting 2010**
Jean-François Dehecq	General shareholders' meeting 2010**
Pierre-André de Chalendar	General shareholders' meeting 2011*
Augustin de Romanet de Beaune	General shareholders' meeting 2013
Jean-Marc Espalioux	General shareholders' meeting 2010**
Paul-Louis Girardot	General shareholders' meeting 2010**
Philippe Kourilsky	General shareholders' meeting 2013
Serge Michel	General shareholders' meeting 2010**
Baudoin Prot	General shareholders' meeting 2011*
Georges Ralli	General shareholders' meeting 2010**
Paolo Scaroni	General shareholders' meeting 2013
Louis Schweitzer	General shareholders' meeting 2011*
Murray Stuart	General shareholders' meeting 2010**

\* Term was shortened to 2 years following the drawing held at the board of directors' meeting on May 7, 2009.

\*\* Term was shortened to 2 years following the adoption of the 19<sup>th</sup> resolution by the general shareholders' meeting held on May 7, 2009, applicable immediately to ongoing terms of office.

Another drawing should be held after the 2010 general shareholders' meeting in order to start the process of a yearly renewal by quarters of the Company's board of directors (See chapter 16, §16.1.1 of the Reference Document).

## **16. Operation of management and supervisory bodies**

### **16.1 Operation of management and supervisory bodies**

#### 16.1.2 Organization of executive management

##### Consolidation of the positions of chairman of the board of directors and chief executive officer

In accordance with the option chosen by the board of directors at its first meeting on April 30, 2003, the position of chief executive officer of the Company is held, since that date, by the chairman of the board of directors.

The board of directors' meeting held at the end of the general shareholders' meeting of May 7, 2009 confirmed that these positions should continue to be held by the same person and appointed Mr. Henri Proglio at these positions for the duration of his office as director.

##### Limits to the powers of the chairman and chief executive officer

The board of directors' meeting held at the end of the general shareholders' meeting of May 7, 2009 amended the board internal charter regarding the limits to the powers of the chief executive officer as an internal rule. Consequently, the following matters are subject to the prior approval of the board of directors:

- determination of the Group's strategic orientation;
- transactions of the Group that involves amounts in excess of €300 million per transaction, unless they consist of financing transactions;
- financing transactions (whatever their terms) representing an amount in excess of :
  - €1.5 billion per transaction if it is realized in one tranche;
  - €2.5 billion per transaction if it is realized in several tranches.
- transactions involving the Company's shares representing an amount in excess of 1% of the Company's total shares.

## 20. Financial Information concerning the assets, financial position, and results of the issuer

### 20.3 Dividend distribution policy

#### 20.3.1 Dividends paid out in the past five fiscal years

The combined general shareholders' meeting of May 7, 2009 determined that the amount of the dividend to be paid for the 2008 fiscal year would be €1.21 per share and decided that shareholders could elect to receive the dividend either in cash or in shares.

The issue price of the new shares issued as payment for the dividend, corresponding to 90% of the average opening prices during the twenty trading days preceding the date of the general shareholders meeting, reduced by the amount of the dividend, was €16.06. The option period during which the shareholders could choose between payment in cash or in shares started on May 13, and ended on May 28, 2009.

Veolia Environnement shareholders have widely opted for the payment of the dividend in shares, with 58.48% of the rights having been exercised in favour of a payment in shares.

This transaction will create the issuance of 20,111,683 new shares representing 4.26% of the capital and 4.39% of the voting rights (see chapter 21, §21.1.1 *infra*), delivered and admitted for trading on the Euronext Paris as from June 8, 2009.

### 20.4 Litigation

The most significant litigation involving the Company or its subsidiaries is described in chapter 20, paragraph 20.4 of the 2008 Reference Document and updated below.

Other than as described, there are no other current or threatened legal, governmental or arbitral proceedings involving the Company or its subsidiaries that either had during the past twelve months, or may in the future have a material adverse effect on the results of operations or financial condition of the Company or the Group.

#### **Veolia Eau – Compagnie Générale des Eaux**

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On February 15, 2006, the company Aquatraitement Energies Services ("AES") brought a complaint before the commercial court of Paris (*tribunal de commerce de Paris*) relating to two of Veolia Eau's subsidiaries (Veolia Water and Seureca Overseas). AES is seeking €150 million in damages from Veolia Water and Seureca Overseas, based on the claim that it lost potential consulting fees following Veolia Water's decision not to participate in a public bid tender launched by the authorities of Abu Dhabi for the construction of a seawater treatment facility. On June 2, 2004, Veolia Water and Seureca Overseas had signed two consulting contracts with AES, pursuant to which AES was supposed to provide consulting advice on commercial strategy and public relations. Under the terms of the contracts, AES would receive fees based on the amount of the contract won by either Veolia Water or Seureca Overseas as a result of AES' assistance. In December 2004, Veolia Water and Seureca Overseas terminated these contracts following their discovery of actions taken by the managers of AES that they considered to be fraudulent (*dolosives*), and that would have affected their ability to consent to the contracts at the time of signing. Veolia Water and Seureca Overseas submitted their defense rejecting all of AES's claims before the commercial court on June 28, 2006. After several months of silence, AES filed its brief in response before the commercial court in which, in light of the arguments developed by Veolia Water and Seureca Overseas in their brief of June 28, 2006, AES reduced its damages claim to €15 million.

Veolia Water and Seureca Overseas filed another brief in response before the commercial court on September 5, 2007, to which AES responded on February 20, 2008 reconfirming its claim. Veolia Water and Seureca Overseas filed a brief in response on May 14, 2008, putting forward the same arguments for rejecting AES's claims and making the same counterclaims. At the four previous procedural hearings (on September 17, 2008, November 26, 2008, January 27, 2009 and February 24, 2009), AES stated its intention to respond to the Veolia Water and Seureca Overseas briefs of May 14, 2008, but has yet to produce any evidence or written arguments. At the hearing of April 7, 2009, AES finally submitted a new brief in response to the ones filed by Veolia Water and Seureca Overseas. In this brief, AES completed its €15 million damages claim with a further one amounting from €25 million to €50 million, in compensation for the fees it feels entitled to for several operations realized by the Group in the region. At the hearing held on May 19, 2009, the matter was postponed to June 30, 2009 for hearings before a collegial body. Consequently, no judgment should be expected until fall 2009. The Company is contesting both the legal foundations of and the economic rationale for AES's claims and believes that this matter will not have a significant impact on our condition or results of operation.

#### **Sade**

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In April 2000, Sade, a subsidiary of Veolia Eau, and 40 other companies received notice from the French Competition Council of a complaint alleging anticompetitive agreements among these companies in respect of 44 public sector construction contracts in the Ile-de-France region (which includes Paris and its suburbs). These companies, including Sade, filed their responses to the complaint in September 2000. The Council filed a supplemental complaint in November 2001, which replaced its original complaint and reduced the number of construction contracts subject to scrutiny. The companies filed responses to the new complaint in January 2002. However, on October 26, 2004, the Council filed a second supplemental complaint, the stated objective of which was to clarify and supplement the information contained in

the earlier complaints. In response to a report received in August 2005, Sade filed a response in October 2005 that contested the Council's complaint on the merits as well as based on irregularities in the complaint procedure that undermined its right to a proper defense, as well as the lack of proof of Sade's alleged anti-competitive behavior in certain markets. On March 21, 2006, the Council retained complaints against Sade in respect of two markets, and imposed a fine of €5.4 million relating to this matter.

Sade has accrued a reserve in its accounts to cover this litigation, and appealed this decision before the Paris Court of Appeals on June 16, 2006. The Court of Appeals held hearings on March 26 and 27, 2008. On June 24, 2008, the court ruled that there were no grounds for sanctioning Sade. The €5.4 million fine was reimbursed to Sade by the French State on July 29, 2008. As of the date hereof, Sade has not been included in proceedings filed by various companies before the French Supreme Court (Cour de cassation) appealing the June 24, 2008 decision. Therefore, the matter is closed as far as Sade is concerned.

### **Veolia Water North America Operating Services**

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In April 2008, two of our subsidiaries, Veolia Water North America Operating Services and Veolia Water Indianapolis (VWI), were named as defendants in two putative class action lawsuits filed in Indiana state courts, which have since been consolidated, in which the plaintiffs have alleged that the meter-reading practices used by VWI for Indianapolis customers were inconsistent with VWI's contract with the local water authority and state consumer protection law. The plaintiffs have claimed that VWI billed customers on the basis of estimates of water usage, rather than actual usage, more frequently than the contract permitted, resulting in overcharges that, while later credited to the customers, deprived the customers of their money for a period of time. They have also claimed that the methodology used to estimate water usage was flawed and not approved under relevant regulations. The plaintiffs are seeking to certify a class of similarly situated residential water customers. VWI believes that its billing and meter reading practices complied with its contract and relevant laws and regulations, and that the claims of the plaintiffs are without merit. It intends to defend its interests vigorously. On January 13, 2009, the court granted without prejudice a motion to dismiss filed by Veolia Water North America Operating Services and VWI. On January 23, 2009, the plaintiffs filed an amended complaint against Veolia Water North America Operating Services and VWI, and also named the water authority of the city of Indianapolis as defendant. All defendants have moved to dismiss the amended complaint. No hearing date has yet been set by the Court. We believe that these lawsuits will not materially and adversely affect our financial position or results.

### **Société Nationale Maritime Corse Méditerranée (SNCM)**

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On September 19, 2006, Compagnie Méridionale de Navigation (CMN) and Corsica Ferries filed a complaint before the Competition Council alleging anti-competitive practices by SNCM (a subsidiary of Veolia Transport), the Corsican Regional Authority (Collectivité Territoriale Corse) and the Corsican Transportation Bureau (l'Office des Transports Corse), allegedly intended to restrict or eliminate competition during the call for tenders for the Marseille-Corsica public transport delegation contract. In December 2006, the Competition Council held that the cartel claim against the Corsican Regional Authority, the Corsican Transportation Bureau and SNCM was inadmissible, and rejected claims regarding the excessive subsidies and crossed subsidies raised by Corsica Ferries. On the other hand, the Competition Council found that the global and indivisible offer of the SNCM was likely to constitute an abuse of dominant position. Although it relates to a call for tenders which was cancelled by a decision of the Conseil d'Etat in December 2006, the Competition Council investigated the case and a hearing was held on December 9, 2008. In a decision dated February 27, 2009, the Competition Council ruled against SNCM and levied a fine of €300,000 for abuse of dominant position. SNCM has appealed this decision and the hearing is set to January 12, 2010 before the Paris Court of appeals.

Before the Competition Council, Corsica Ferries also contended that the CMN / SNCM grouping formed an anti-competitive cartel based on an unlawful pooling arrangement, that the grouping formed an abuse of a dominant position and that the size of the subsidy requested by the grouping in its tender suggested the existence of cross-subsidies and constituted an abuse of a dominant position. The Competition Council dismissed Corsica Ferries' claims concerning the grouping and pooling arrangements on April 6, 2007. Proceedings with respect to the claim of excessive subsidy are underway, but the Competition Council has not yet made a formal complaint.

The initial bid process was delayed by administrative court proceedings undertaken by Corsica Ferries, which ended in a decision by the Conseil d'Etat in December 2006 and the launch of a second bid process. Following a new complaint of Corsica Ferries with respect to this second bid process, its request for the cancellation of the decision awarding the contract to the CMN / SNCM group for the 2007 to 2013 period was dismissed by a decision of the administrative court of Bastia on January 24, 2008. Corsica Ferry has appealed this decision.

Finally, the acquisition of the share capital of SNCM by Veolia Transport was conditioned upon the approval by the European Commission of the privatization conditions with respect to state aids. The French State was responsible for this process and filed its conclusions with the Commission on November 16, 2006 and April 27, 2007. The European Commission ruled on July 8, 2008 that the amounts paid by the French State in connection with the privatization process did not constitute state aids. Although the decision of the Commission has not been published as of the date hereof, Corsica Ferries and the STIM d'Orbigny (Stef Tfe group) have each appealed the decision before the European Court of First Instance (*Tribunal de Première Instance des Communautés Européennes*).

On April 16, 2008, Termo Energia Calabria S.p.a. (TEC), a company specialized in waste incineration and a 90% subsidiary of Veolia Servizi Ambientali Tecnitalia S.p.a. (VSAT), which is in turn a 99% subsidiary of Veolia Propreté, filed a claim with the administrative court of the Calabria region in Italy for the payment of subsidies corresponding to an adjusted amount of €26.9 million due under the concession agreement entered into on October 17, 2000 with such region. On August 11, 2008, the administrative court ordered the region to respond to this claim. At the end of November 2008, the region announced its refusal to pay the subsidies claimed. In addition, on May 16, 2008, TEC filed a claim with an Italian arbitral tribunal against the Extraordinary Commissioner of Calabria for the reimbursement of some €60 million corresponding to various additional operating fees and costs incurred since 2005 and claiming a breach of the price indexation provision included in the concession agreement. The arbitration proceedings began and, on October 24, 2008, the Extraordinary Commissioner of Calabria filed a counter-claim against TEC seeking the termination of the concession agreement and the payment of the sum of €62.3 million as compensation for construction delays. The Company considers the Commissioner's claims to be groundless and therefore has not accrued any provisions for this dispute.

In addition, VSAT has been suspected of manipulation of software that monitors carbon monoxide emissions in incineration facilities in Falascaia, Vercelli and Brindisi. In all three cases, VSAT filed a "John Doe" complaint in June 2008, August 2008, and February 2009, respectively, which are currently being investigated.

For all of these reasons, in early 2009 Veolia Propreté decided to undertake negotiations with the Italian company Termomeccanica Ecologia S.p.a. pursuant to the indemnity clauses contained in the agreement under which VSAT was sold to Veolia Propreté in 2007. Considering the numerous refusals by Termomeccanica Ecologia S.p.a. to indemnize VSAT in accordance with these indemnity clauses, Veolia Propreté and Veolia Servizi Ambientali S.p.a., the parent companies of VSAT, filed on May 19, 2009 an arbitration request with the International Chamber of Commerce (ICC).

As of the date hereof, the Company is not in a position to predict whether the outcome of these actions will have a significant impact on its financial condition or results of operations.

### **20.5 Material changes in financial condition or commercial position**

There has been no significant change in the financial condition or commercial position of the Company since the close of the 2008 fiscal year. Events that are reasonably likely to influence Veolia Environnement's prospects for the current financial year are set forth in Chapters 6 and 9 of the Reference Document and were communicated by the Company during the 2008 annual results presentation on March 6, 2009.

### **20.6 Interim Financial Information<sup>1</sup>**

#### 20.6.1 Results of operations in the first quarter 2009

##### **General Context**

The first quarter of 2009 was marked by the economic downturn in the waste management business. The other activities of the Group are less affected, except for some industrial customers in Energy Services, for the freight in the Transportation Division and the construction activity in the water sector. The decline is all the more important as compared to the first quarter 2008 since the economic situation worsened at the end of the summer 2008.

##### **Significant events**

The first quarter was marked by two key events:

- On January 21, 2009 Veolia Transport and RATP Développement announced the creation of a 50-50 joint venture that will boost the two companies' growth potential in Asia. Initially the main targets will be China, South Korea and India. The mutual ambition is to create, for an initial 20-year period, a structure that could generate estimated revenue of €100 million per year and eventually €500 in 2013.
- On March 26, 2009 the consortium formed by Veolia Transport and its Moroccan partners has been awarded a 15-year contract to operate the bus system for the Greater Rabat representing 14 communes. The contract will take effect from August 2009 for a 15-year period.

##### **Significant Divestitures and Acquisitions**

There was no significant divestiture or acquisition during the first quarter 2009.

#### 20.6.2 Financial Information as at March 31, 2009<sup>2</sup>

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<sup>1</sup> Unaudited data established and published in compliance with Article L.451-1-2 IV of the French Monetary and Financial Code ("Code monétaire et financier").

## VEOLIA ENVIRONNEMENT

As at March 31, 2009 (€M)	As at March 31, 2008 <sup>2</sup> (€M)	% Change 2009/2008	Internal Growth	External Growth	Foreign Exchange Impact
9 267,0	8 913,7	+4,0%	+3,4%	+1,6%	-1,0%

### Revenue

Veolia Environnement's consolidated revenue rose 4.0% (+5.0% at constant exchange rates) to €9,267.0 million as compared with €8,913.7 million at March 31, 2008.

Organic growth came in at 3.4%. The start-up of engineering and construction contracts, robust business activity in Europe (outside France) in the Water business as well as favorable weather conditions and an increase in energy prices at Veolia Energy offset to a large extent the contraction in business at the Environmental Services (waste management) division, mainly due to the deterioration in the economic environment (7.7% decline at constant consolidation scope and exchange rates in the waste management business).

External growth of 1.6%, (+€146.8 million), resulted from the acquisitions completed mainly in 2008 by Veolia Energy for €56.3 million, by Veolia Transport for €44.7 million, by Veolia Propreté for €30.3 million and by Veolia Eau for €15.5 million.

The share of revenue posted outside France totaled €5,407.8 million, or 58.4% of the total versus 57.4% at March 31, 2008<sup>2</sup>.

The negative €98.0 million impact from the translation of non-euro currencies into euros primarily reflected the depreciation against the euro of the pound sterling for €101.5 million and of Eastern European currencies (Czech Republic and Poland) for €57.4 million, partly offset by the appreciation of the U.S. dollar (positive impact of €122.5 million) against the euro.

### Results

Operating cash flow totaled €1,059.3 million at March 31, 2009 as compared with €1,134.4 million at March 31, 2008(2), a decline of 6.6% at current exchange rates and 4.1% at constant exchange rates. This decrease resulted from the weaker performance of the Environmental Services division in all geographic locations due to the difficult economic environment, in particular lower volumes with its industrial clients, particularly in solid and liquid waste. At the Group level, this decline had a limited impact due to the good resilience of the other divisions. Consolidated recurring operating income declined 10.7% to €622.7 million from €697.6 million at March 31, 2008. Depreciation and amortization expenses remained stable.

Net financial debt<sup>3</sup> amounted to €16.8 billion as compared with €16.5 billion at December 31, 2008. The net financial debt includes the impact of a €0.7 billion net investment program (primarily linked to organic growth and including operating financial assets) and increased in particular due to the seasonality of the working capital requirement. At March 31, 2009 the Group net financial debt had not benefited yet from the non-strategic assets divestiture programme and additional measures implemented to adapt to the economic downturn in the waste management business. However, thanks to the structure and maturity of its debt, the Group will not face any major refinancing deadlines before 2012 and enjoys significant liquidity.

At March 31, 2009, operating cash flow less net investments amounted to €383 million as compared with €214 million at March 31, 2008.

The operating and financial performances in the first quarter are consistent with the objectives set for 2009: the generation of positive free cash flow<sup>4</sup> after payment of the dividend and the generation of operating cash flow after deduction of net investments of approximately €2 billion at constant exchange rates.

<sup>2</sup> The consolidated data published as at 31 mars 2008 have been adjusted, for comparative purposes, for the Clemessy and Crystal businesses in the Energy Services Division, accounted from the third quarter 2008 in accordance with IFRS 5 and presented in "Net Income from discontinued operations".

<sup>3</sup> Gross financial debt (non-current and current financial debt and bank overdrafts) net of cash and cash equivalents and excluding the revaluation of debt-hedging derivatives.

<sup>4</sup> Free cash flow consists in cash generated (sum of total cash flow from operations and the repayment of operating financial assets) net of the cash components of the following items: (i) change in operating WCR, (ii) equity transactions (changes in capital, dividends paid and received), (iii) investments net of disposals (including changes in receivables and other financial assets), (iv) net interest expenses paid and (v) tax paid.

## Analysis by division

### Water

As at March 31, 2009 (€M)	As at March 31, 2008 <sup>2</sup> (€M)	% Change 2009/2008	Internal Growth	External Growth	Foreign Exchange Impact
3 142,7	2 870,0	+ 9,5%	+ 8,4%	+ 0,6%	+ 0,5%

In France, organic growth was 1.0% despite a slight decrease in volumes.

Outside France, excluding Veolia Water Solutions & Technologies, revenue grew 7.0% (up 5.5% at constant consolidation scope and exchange rates). In Europe, 8.6% revenue growth at constant consolidation scope and exchange rates takes into account the good level of business activity in Germany and the start of operations at the Brussels facility. At constant consolidation scope and exchange rates in Asia-Pacific, revenue was relatively stable and as the increase of nearly 20% in revenue in China offset the completion of construction activities in the Gold Coast (desalination in Australia). In North America, revenue increased 16.7% at constant consolidation scope and exchange rates, mainly due to a larger volume of engineering works activity and the start of the new Milwaukee contract.

Veolia Water Solutions & Technologies posted revenue of €649.9 million, up 29.6% at constant consolidation scope and exchange rates, supported by "Design and Build" contracts mainly in the municipal sector, particularly in the Middle East.

At March 31, 2009, the Water division's operating cash flow and operating income increased despite a decline in delivered volumes of water in Europe, a delay in certain tariff increases and a negative impact of foreign currency translated into euros. They included the positive effects of the start-up of operations at the Brussels facility and significant productivity improvement efforts.

### Environmental Services

As at March 31, 2009 (€M)	As at March 31, 2008 <sup>2</sup> (€M)	% Change 2009/2008	Internal Growth	External Growth	Foreign Exchange Impact
2 226,4	2 415,9	-7,8%	-7,7%	+ 1,3%	-1,4%

The economic crisis affected volumes of solid waste collected from industrial clients and hazardous waste volumes. The decline in industrial waste volumes was approximately 10%, in line with our expectations. The decrease in volume was marginally offset by a positive impact from pricing. The recycling activities, which represented around 9% of the Environmental Services' division revenue in the first quarter of 2009 were in net decline (-46%), mainly due to the drop in prices.

In France, despite the full-year impact of the acquisition of Bartin Recycling Group, revenue decreased 6.9% due to the decline in volumes linked to the economic slowdown.

Outside France, organic growth declined 8.9%. Most geographical regions were impacted by the economic downturn. Accordingly, in Germany revenue fell €83 million (in the first quarter of 2009 as compared with the first quarter of 2008, notably due to lower volumes and the decline in prices in the paper business, as well as the slowdown in some activities such as industrial cleaning), as it did in North America (where the 14.5% appreciation in the dollar's exchange rate offset the 7.8% decline in organic growth due in particular to the decline in treated volumes) and in Asia-Pacific. Revenue in the United Kingdom remained flat at constant consolidation scope and exchange rates.

Operating cash flow (€250.6 million, a decrease of 27% at current exchange rates) and operating income fell markedly in the first quarter of 2009 in comparison with the first quarter of 2008. This decline mainly resulted from the economic slowdown that has particularly affected France and Germany, while the implementation of measures to adapt to the downturn is currently underway.

### Energy

As at March 31, 2009 (€M)	As at March 31, 2008 <sup>2</sup> (€M)	% Change 2009/2008	Internal Growth	External Growth	Foreign Exchange Impact
2 398,5	2 205,8	+ 8,7%	+8,7%	+2,6%	-2,6%

Revenue grew 8.7%, particularly due to the rise in energy prices (+€99 million), the more favorable weather conditions (+€87 million) and strong commercial development notably outside France. The negative €56.5m impact from the translation of non-euro currencies into euros was mainly due to Eastern European currencies.

**In France**, revenue increased 9.1% primarily due to the rise in energy prices and more favorable weather conditions than in 2008.

**Outside France**, total revenue growth was 8.4%, of which 8.7% at constant consolidation scope and exchange rates, also primarily due to the rise in energy prices, more favorable weather conditions and strong commercial development efforts.

The external growth of 2.6% mainly reflected the acquisition of Praterm in Poland during the first quarter of 2008 and small acquisitions completed over the course of 2008.

The increase in operating cash flow and operating income at constant exchange rates reflects the net positive impact of energy prices, favorable weather conditions and the sales of CO2 emission quotas.

### Transportation

As at March 31, 2009 (€M)	As at March 31, 2008 <sup>2</sup> (€M)	% Change 2009/2008	Internal Growth	External Growth	Foreign Exchange Impact
1 499,4	1 422,0	+ 5,4%	+3,9%	+3,1%	-1,6%

Revenue in France grew 6.8% lifted by tariff indexations, the award of new contracts (Epernay, Royan, La Rochelle, etc.) and the full-year impact of the acquisitions made in 2008.

Outside France, revenue grew 4.6% (up 3.2% at constant consolidation scope and exchange rates), and reflected the full impact of the division's developments in North America and strong growth in business activity in Australia at constant exchange rate, in particular related to the Melbourne contract.

In France, as well as abroad, revenue in the "freight" business declined 6.7% at constant consolidation scope and exchange rates due to the economic slowdown.

External growth in revenue of 3.1% mainly reflects the acquisition of Rail4Chem in Germany and to a lesser extent acquisitions in France and in the United States.

Operating cash flow and recurring operating income achieved significant growth in comparison with the first quarter of 2008, lifted by productivity improvement efforts and the good contribution of business activity in France, Germany and the United States.

## 21. Complementary information concerning the share capital and the provisions of the by-laws

### 21.1 Information concerning the share capital

#### 21.1.1 Share Capital

As of the filing date of this update of the Reference Document, the Company's capital was €2,463,441,745 divided into 492,688,349 fully paid-up shares, all in the same class, with a par value of €5 each (see the table that sets out the changes in capital, in paragraph 21.1.6 *infra*).<sup>(5)</sup>

#### 21.1.2 Market for the Company's securities

The Company's shares have been admitted to trading on the Euronext Paris market (Compartment A) since July 20, 2000, under ISIN code FR 0000124141-VIE, Reuters code VIE.PA and Bloomberg code VIE.FP. Veolia Environnement securities are eligible for the *Service de règlement différé* (deferred settlement service or "SRD"). Company shares have also been listed on the New York Stock Exchange in the form of American Depositary Receipts (ADR) under the symbol "VE" since October 5, 2001.

Company shares have been included in the CAC 40, the main share index published by Euronext, since August 8, 2001.

The tables below describe the highest and lowest listed prices and the volume of Veolia Environnement securities traded on the Euronext Paris market and the New York Stock Exchange, over the past 18 months.

#### Euronext Paris

Year (month/quarter)	Share Price (in €)		Trading Volume (in number of securities)
	Highest	Lowest	
<b>2009</b>			
May	23.15	19.925	44,983,185
April	21.10	15.37	50,549,085
First Quarter	23.09	15.00	153,007,114
March	17.90	15.00	52,282,100
February	19.22	15.08	43,795,105
January	23.09	15.34	56,929,909
<b>2008</b>			
Fourth Quarter	29.86	16.55	204,040,593
December	22.48	17.11	40,369,311
November	20.98	17.36	57,657,493
October	29.86	16.55	106,013,789
Third Quarter	37.94	28.00	153,059,989
September	36.85	28.00	58,047,976
August	37.94	32.73	39,549,087
July	35.80	30.65	55,462,926
Second Quarter	47.90	34.70	184,364,200
June	47.90	34.70	78,399,989
May	47.49	42.90	51,776,076
April	47.68	42.70	54,188,135
First Quarter	63.89	42.00	183,500,344
March	58.29	42.00	85,760,030
February	59.84	53.29	41,083,180
January	63.89	48.81	56,657,134
<b>2007</b>			
Fourth Quarter	66.25	59.19	114,698,053
December	65.85	60.07	35,155,979

Source : Euronext Paris.

<sup>5</sup> On March 5, 2009, the Veolia Environnement board of directors recorded the increase in the Company's capital following the exercise of share subscription options within the scope of the stock option plans implemented by the Company.

## New York Stock Exchange

Year (month/quarter)	Share Price (in €)		Trading Volume (in number of securities)
	Highest	Lowest	
<b>2009</b>			
May	30.13	27.07	3,210,068
April	20.41	28.10	3,708,479
First Quarter	31.83	19.14	12,239,309
March	24.12	19.46	4,493,706
February	25.08	19.14	3,041,336
January	31.83	20.68	4,704,267
<b>2008</b>			
Fourth Quarter	41.50	20.83	16,805,689
December	31.78	21.75	5,674,953
November	27.44	21.57	4,427,471
October	41.50	20.83	6,703,265
Third Quarter	56.09	39.10	10,256,268
September	53.53	39.10	4,096,321
August	56.09	51.00	2,564,866
July	55.47	49.00	3,595,081
Second Quarter	74.08	54.16	12,758,488
June	72.54	54.16	5,439,325
May	72.14	66.60	3,652,867
April	74.08	68.25	3,666,296
First Quarter	94.42	64.85	12,454,400
March	86.98	64.85	6,087,300
February	90,27	77.56	2,919,100
January	94,42	72.88	3,448,000
<b>2007</b>			
Fourth Quarter	96.61	84.25	5,382,300
December	96.61	86.15	1, 553,200

Source : NYSE.

(1) Regarding the information on the number of securities traded, the Company has relied on the data published by the New York Stock Exchange as its source since September 2006 (data available on the NYSE's website at [www.nyse.com](http://www.nyse.com)).

### 21.1.6 Table on Capital Evolution

The table below shows the changes in Veolia Environnement's share capital since the beginning of the 2003 fiscal year and until the filing date of this update:

Date of the General Shareholders' Meeting	Transaction	Number of shares issued	Par value of the shares (in €)	Par value amount of the capital increase (in €)	Issuance or contribution premium (in €)	Cumulative amount of capital	Cumulative number of shares
06/21/00 (Management Board meeting of 03/24/03)	Exercise of share subscription warrants	13	13.5	175.5	539.5	5,468,451,196.5	405,070,459
04/30/03	Capital reduction (via the reduction of the par value)	na	5	na	3,443,098,901.5	2,025,352,295	405,070,459
06/21/00 (declared by the Chairman and Chief Executive Officer on	Exercise of share subscription warrants	9	5	45	448.06	2,025,352,340	405,070,468

06/30/03)							
06/21/00 (declared by the Chairman and Chief Executive Officer on 02/17/04)	Exercise of share subscription warrants	47	5	235	2,341.99	2,025,352,575	405,070,515
05/12/2004 (declared by the Chairman and Chief Executive Officer on 12/06/2004)	Capital increase reserved for employees (group savings plan)	1,351,468	5	6,757,340	18,528,626.28	2,032,109,915	406,421,983
06/21/2000 (declared by the Board of Directors' meeting dated 09/15/2005)	Exercise of stock options	94,772	5	473,860	1,875,890.52	2,032,583,775	406,516,755
05/12/2005 (declared by the Chairman and Chief Executive Officer on 12/06/2005)	Capital increase reserved for employees (group savings plan)	1,281,928	5	6,409,640	29,625,356.08	2,038,993,415	407,798,683
06/21/2000 04/25/2002 05/12/2004 (declared by the Board of Directors' meeting dated 03/09/2006)	Exercise of share subscription warrants and of stock options	73,923	5	369,615	1,456,335	2,039,363,030	407,872,606
06/21/2000 04/25/2002 05/12/2004 (declared by the Board of Directors' meeting dated 09/14/2006)	Exercise of share subscription warrants and of stock options	991,894	5	4,959,470	29,011,377	2,044,322,500	408,864,500
05/11/2006 (declared by the Chairman and Chief Executive Officer on 12/15/2006)	Capital increase reserved for employees (group savings plan)	1,931,340	5	9,656,700	62,807,177	2,053,979,200	410,795,840
06/21/2000 04/25/2002 05/12/2004 05/12/2005 (declared by the Board of Directors' meeting dated 03/07/2007)	Exercise of stock options	1,830,710	5	9,153,550	52,109,661	2,063,132,750	412,626,550
06/21/2000 04/25/2002 (declared by the Board of Directors' meeting dated 06/10/2007)	Exercise of stock options	2,722,082	5	13,610,410	68,869,237.01	2,076,743,160	415,348,632
06/21/2000 04/25/2002 (declared by the Chairman and Chief Executive Officer on 07/10/2007)	Exercise of stock options	179,688	5	898,440	4,229,969	2,077,641,600	415,528,320
05/11/2006 (declared by the Chairman and Chief Executive Officer on 07/10/2007)	Capital increase in cash with preferential subscription rights	51,941,040	5	259,705,200	2,321,764,488	2,337,346,800	467,469,360
05/10/2006 (declared by the Chairman and Chief Executive Officer on 12/12/2007)	Capital increase reserved for employees (group savings plan)	3,061,675	5	15,308,375	132,948,611.80	2,352,655,175	470,531,035
05/10/2006 (declared by the Chairman and Chief Executive Officer on	Capital increase reserved for a specific	188,771	5	943,855	8,151,131.78	2,353,599,030	470,719,806

12/12/2007)	category of beneficiaries						
06/21/2000 04/25/2002 05/12/2004 (declared by the Board of Directors' meeting dated 03/06/2008)	Exercise of stock options	1,042,950	5	5,214,750	26,877,494.36	2,358,813,780	471,762,756
06/21/2000 04/25/2002 05/12/2004 (declared by the Board of Directors' meeting dated 08/06/2008)	Exercise of stock options	773,693	5	3,868,465	17,875,554.98	2,362,682,245	472,536,449
08/06/08 (declared by the Board of Directors')	Regularization of an error: cancellation of a share	-1	5	-5	-21.18	2,362,682,240	472,536,448
04/25/2002 05/12/2004 (declared by the Board of Directors' meeting dated 03/05/2009)	Exercise of stock options	40,218	5	201,090	707,064.28	2,362,883,330	472,576,666
05/07/2009 (declared by the Chairman and Chief Executive Officer on 06/04/2009)	Paiement du dividende en actions	20,111,683	5	100,558,415	222,435,213.98	2,463,441,745	492,688,349

na : Not applicable.

#### 21.1.7 Titres non représentatifs du capital

In June 2001, a Euro Medium Term Note (EMTN) programme was implemented for a maximum amount of €4 billion. On June 26, 2002, this limit was raised to €8 billion, and then to €12 billion on June 9, 2006. The board of directors' meeting held on May 7, 2009 increased the overall limit to the EMTN programme to €16 billion.

On April 24, 2009 Veolia Environnement issued two series of notes under the EMTN Programme, one of €1.25 billion with interests accruing at a fixed rate of 5.25% per year and maturing on April 24, 2014 and the other of €750 million with interests accruing at a fixed rate of 6.75% per year and maturing on April 24, 2019.

## 24. Documents Available to the Public

The Company's press releases, annual reference documents (including, in particular, historical financial information relating to the Company) and any related updates filed with the AMF, as well as the Company's annual reports (Form 20-F) filed with the U.S. Securities and Exchange Commission, are available on the Company's website at the following address: [www.veoliaenvironnement.com](http://www.veoliaenvironnement.com). Copies of these documents may also be obtained at the Company's registered office located at 36-38, avenue Kléber in Paris, France.

The Company is required, pursuant to directive 2003/71/EC to publish an annual information document that mentions all of the information disclosed to the public by the Company during the preceding twelve months in France, other EU member states, and in the United States, in order to comply with its obligations with respect to market regulations and regulations concerning securities. A copy of this annual report is available on the Company's website at the address indicated above, as well as on the AMF's website: [www.amf-france.org](http://www.amf-france.org).

All of the regulated information (*information réglementée*) published by the Company pursuant to Article 221-1 *et seq.*, in the AMF's General Regulations is available on Veolia Environnement's website at the following address: [www.veolia-finance.com](http://www.veolia-finance.com) in the "Regulated Information" section.

Lastly, the Company's articles of association, as well as the minutes of General Shareholders' Meetings, the statutory auditors' reports and all other corporate documents, may be viewed at the Company's registered office.

**Investor Relations**

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**Websites**

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Financial website: [www.veolia-finance.com](http://www.veolia-finance.com)  
Website for individual shareholders: [www.actionnaires.veolia.com](http://www.actionnaires.veolia.com)