



VEOLIA ENVIRONNEMENT

(Established as a société anonyme in the Republic of France)

EURO 16,000,000,000

EURO MEDIUM TERM NOTE PROGRAMME

This supplement (the “**Supplement**”) is supplemental to and must be read in conjunction with the base prospectus dated 8 April 2009 granted visa n°09-083 on 8 April 2009 by the *Autorité des marchés financiers* (the “**AMF**”), as supplemented with a supplement dated 15 July 2009 which was granted visa n°09-224 on 15 July 2009 by the AMF (the base prospectus together with its supplement, the “**Base Prospectus**”), which has been prepared by Veolia Environnement (“**Veolia Environnement**” or the “**Issuer**”) with respect to its Euro 16,000,000,000 Euro Medium-Term Note Programme (the “**Programme**”). Unless otherwise defined, terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been prepared pursuant to article 16.1 of the Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the “**Prospectus Directive**”) and article 212-25 of the AMF’s General Regulations for the purposes of incorporating the 30 June 2009 semi-annual results of Veolia Environnement as well as its 30 September 2009 turnover figures, information regarding the Issuer’s management and further additional information as set out in this Supplement.

In accordance with article 11 of the Prospectus Directive, this Supplement incorporates by reference and must be read in conjunction with the sections of the second update to Veolia Environnement’s 2008 *Document de Référence* filed with the AMF on 23 November 2009 under number D.09-166-A02, which are referred to herein.

Application has been made for approval of this Supplement to the AMF in France in its capacity as competent authority pursuant to article 212-2 of its General Regulations (*Règlement Général*) which implements the Prospectus Directive.

Copies of this Supplement and of the second update to Veolia Environnement’s 2008 *Document de Référence* are available without charge from the specified office of the Fiscal Agent or each of the Paying Agents, on the website of the AMF (www.amf-france.org), on the website of the Issuer (www.veolia-finance.com), and from Veolia Environnement, 36-38 avenue Kléber, 75116 Paris.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.



In accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (AMF), in particular articles 212-31 to 212-33, the AMF has granted to this Supplement its visa n°09-373 on 22 December 2009. This document may be used for the purposes of a financial transaction only if it is supplemented by final terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of “whether the document is complete and understandable, and whether the information it contains is consistent”. It does not imply that the AMF has verified the accounting and financial data set out herein. This visa has been granted subject to the publication of final terms in accordance with article 212-32 of the AMF’s General Regulations, setting out the terms of the securities to be issued.

INFORMATION INCORPORATED BY REFERENCE

Section of this Supplement where information is incorporated		Source document	Pages
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7.1.5	Recent developments affecting the Issuer's solvency	Second update of Veolia Environnement's 2008 <i>Document de Référence</i>	22-23
7.2	Investments		
7.2.3	Sources of financing	Second update of Veolia Environnement's 2008 <i>Document de Référence</i>	17-22
15	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
15.1	Historical financial statements		
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15.3	Significant change in the Issuer's financial or trading position		
15.4	Consolidated financial statements for the half year ended 30 June 2009	Second update of Veolia Environnement's 2008 <i>Document de Référence</i>	29-63
15.5	Consolidated revenue at 30 September 2009	Second update of Veolia Environnement's 2008 <i>Document de Référence</i>	64-69

1. PERSONS RESPONSIBLE FOR THE SUPPLEMENT

1.1 Persons responsible for the Supplement

Veolia Environnement, 36-38 avenue Kléber, 75116 Paris.

1.2 Declaration by persons responsible for the Supplement

We declare, having taken all reasonable measures for this purpose and to the best of our knowledge, that the information contained in this Supplement is in accordance with the facts and that it contains no omission which could affect its import.

Veolia Environnement
36-38 avenue Kléber
75116 Paris

duly represented by Antoine Frérot, CEO

2. STATUTORY AUDITORS

Statutory auditors:

KPMG SA, member of KPMG international
Commissaire aux comptes
member of the *Compagnie régionale de Versailles*
represented by Mr. Jay NIRSIMLOO and Mr. Baudouin GRITON
1 cours Valmy, 92923 Paris La Défense Cedex

ERNST & YOUNG ET AUTRES
Commissaire aux comptes
member of the *Compagnie régionale de Versailles*
represented by Mr. Pierre HURSTEL and Mr. Nicolas PFEUTY
41 rue Ybry, 92576 Neuilly-sur-Seine Cedex,

Alternate auditors:

Mr. Philippe MATHIS
1 cours Valmy, 92923 Paris La Défense Cedex

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

3. SELECTED FINANCIAL INFORMATION

Selected historical financial information regarding the Issuer, presented in accordance with IFRS

<i>In millions of euros, except per share figures</i>	June 30, 2009	December 31, 2008 (i)	June 30, 2008 (i)
Revenue from ordinary activities	17,426.9	35,846.3	17,565.7
Operating income	1,000.8	1,933.7	1,292.2
Net income attributable to equity holders of the parent	220.3	405.1	500.5
Diluted earnings per share (in euros)	0.47	0.87	1.08
Basic earnings per share (in euros)	0.47	0.88	1.08
Dividends paid	553.8 (ii)	553.5	553.5
Dividend per share distributed during the fiscal year (in euros)	1.21	1.21	1.21
Total assets	49,696.8	49,126.1	47,126.0
Total current assets	19,737.0	19,084.3	17,440.5
Equity attributable to equity holders of the parent	7,132.5	7,001.2	7,394.0
Non controlling interests	2,581.5	2,530.5	2,494.4
Operating cash flow (iii)	1,977.5	4,104.0	2,127.8
Recurring operating income (iv)	1,000.8	2,265.6	1,287.2
Recurring net income attributable to equity holders of the parent (iv)	276.5	673.2	497.9
Net financial debt	16,827.4	16,528.2	16,332.3

(i) To ensure the comparability of the periods, the accounts at June 30, 2008 and December 31, 2008 have been restated:

- by the amount of income from the disposals of Clemessy and Crystal in the Energy division in December 2008, according to IFRS 5 which is presented in the income statement in the line item “net income from discontinued operations”;
- by the reclassification into discontinued operations of the Freight operations in the Transport division and the Waste-to-Energy operations in the Waste division in the United States; in the balance sheet, assets and liabilities of these two cash-generating units are reclassified under the line item “assets and liabilities classified as held for sale”

(ii) Paid out of Fiscal-year 2008 net income

(iii) Operating cash flow = cash flow from continuing operations before tax and financial elements

(iv) “Recurring operating income” and “Recurring net income attributable to equity holders of the parent” are equal to operating income and net income attributable to equity holders of the parent, respectively, adjusted to exclude the impact of impairment charges and certain items that are “non-recurring.” An item is “non-recurring” if it is unlikely to recur during each period and if it substantially changes the economics of one or more cash-generating units. We do not classify an item as “non-recurring” if the nature of the relevant charge or gain is such that it is reasonably likely to recur within two years, or there was a similar charge or gain within the prior two years

7. INFORMATION ABOUT THE ISSUER

7.1.5 Recent developments affecting the Issuer's solvency

Please refer to section 12.2 of the second update of Veolia Environnement's 2008 *Document de Référence*, pages 22 and 23.

Sale of Veolia Cargo

On 1 December 2009, Veolia Environnement announced that the sale of Veolia Cargo to Transport Ferroviaire Holding (SNCF group) and Europorte (Eurotunnel group) was completed.

Europorte acquired Veolia Cargo's businesses in France, while Transport Ferroviaire Holding acquired those in Germany, the Netherlands and Italy.

The sale of Veolia Cargo is worth EUR 103 million and is part of the EUR 1 billion asset disposal program announced by the group in March 2009.

Framework agreement between Veolia Environnement, Transdev and RATP on the Veolia Transport/Transdev Merger and the exit of RATP from Transdev

On 21 December 2009, Caisse des Dépôts and Veolia Environnement announced that a new step had been reached in their discussions regarding the merger of their subsidiaries, Transdev and Veolia Transport, to create a worldwide leader in passenger transportation and mobility.

Following the completion of standard due diligence investigations and on the basis of homogeneous multi-criteria valuation methods, Caisse des Dépôts and Veolia Environnement have reached a framework agreement for the merger, which covers the financial structure of the new group. This framework agreement will be presented to the relevant administrative authorities and corporate bodies of the parties, and to the relevant employee representative bodies for the purpose of their information and consultation.

RATP has confirmed that, prior to the merger of Veolia Transport and Transdev, it would exchange its 25.6% stake in Transdev for certain French and international assets of Transdev and Veolia Transport, for a total value equal to that of its stake, and in accordance with the industrial project of the new entity. RATP, Caisse des Dépôts and Veolia Environnement will continue their discussions relating to the assets to be transferred to RATP, it being specified that they are confident in their ability to rapidly reach an agreement on this point. This framework agreement will be presented to their relevant administrative authorities and corporate bodies and to relevant employee representative bodies for the purpose of their information and consultation.

Based on the foregoing, Caisse des Dépôts and Veolia Environnement have decided to extend the exclusivity period for their discussions toward the conclusion of definitive agreements.

The merger of Veolia Transport and Transdev would be carried out by way of contribution of Veolia Transport and Transdev to a new entity, initially called Veolia-Transdev, held by Veolia Environnement (50%), acting as the industrial operator of the new group so as to retain transportation as a key component of its environmental services, and by Caisse des Dépôts (50%), acting as long-term strategic shareholder.

Prior to the completion of the transaction, Caisse des Dépôts would subscribe to a capital increase of Transdev of €200m.

The new group would then be listed through a capital increase, as soon as market conditions permit.

The new group would rank among world leaders in passenger transportation and mobility, with revenues of c. €8bn, and a workforce of over 120,000. It would have an outstanding geographic complementary fit in France, Europe and the rest of the world, with expertise in all transport means. The new group's positioning should

enable it to generate major development synergies. Additionally, the new group would benefit from the strengths of its two main shareholders.

Through this transaction, RATP would become the third largest French player in urban transportation (excluding the greater Paris region) and would substantially strengthen its European footprint. It would thus pursue the implementation of its industrial project and increase its ability to continue its development by leveraging its know-how.

Once finalised, the Transdev and Veolia Transport merger agreement will be subject to approval by the Directeur Général of Caisse des Dépôts, after consultation with the Investment Committee of Caisse des Dépôts' Supervisory Board, and by the Board of Directors of Veolia Environnement.

The transaction will be subject to governmental authorisation upon clearance by the French Commission des Participations et des Transferts. It will also be subject to prior authorisation by antitrust authorities.

It is important to note that no agreement has been reached by the parties at this stage and that discussions will continue following the information and consultation of relevant employee representative bodies. Veolia Environnement shall inform the markets of further developments in accordance with applicable regulations.

Appendix: Key financials of Veolia Transport and Transdev

Veolia Transport

Millions of €	2008	H1 2008	H1 2009
Revenues	5,867	2,887	2,973
Cash flows from operations	290	142	160
Recurring EBIT	132	62	78

Note: The Financial statements for 2008 and H1 2008 were adjusted for the Fret activity in order to facilitate a comparison of the periods.

On December 31 2008, Veolia Transport's net financial debt stood at €1594m.

Transdev

Millions of €	2008	H1 2008	H1 2009
Revenues	2,271	1,121	1,259
Cash flows from operations	130	71	120
EBIT	47	29	60

Note: Figures are before RATP's exit

On December 31 2008, Transdev's net financial debt stood at €415m (excluding debt relating to the €125m put option held by minority shareholders).

7.2. Investments

7.2.1. Principal investments made since the date of the last published financial statements

Please refer to section 7.1.5 of this Supplement.

7.2.2. Main future investments

Please refer to section 7.1.5 of this Supplement.

7.2.3. Sources of financing

Please refer to section 9.3 of the second update of Veolia Environnement's 2008 *Document de Référence*, pages 17 to 22.

10. TREND INFORMATION

10.1 Material adverse changes

Save as disclosed in this Supplement, there has been no material adverse change in the prospects of the Issuer since 30 June 2009.

10.2 Further information

Save as disclosed in this Supplement, the Issuer is not aware of any event or circumstance which could reasonably affect its prospects for the current financial year.

13. BOARD PRACTICES

13.2. Corporate governance

Modifications of the governance of Veolia Environnement

On 27 November 2009, pursuant to the decisions of the board of directors of 2 November 2009, the following appointments entered into force: Mr. Henri Proglío became Chairman of the board of directors of Veolia Environnement, Mr. Antoine Frérot Chief Executive Officer and Mr. Louis Schweitzer Vice-Chairman of the board of directors.

These appointments had been made subject to the publication of the *décret en conseil des ministres* (order of French council of ministers) confirming the appointment of Mr. Henri Proglío as Chairman and Chief Executive Officer of Electricité de France (EDF) which occurred on 27 November 2009.

A graduate of *Ecole Polytechnique* and Civil Engineer of the *Ecole Nationale des Ponts et Chaussées*, Mr. Frérot began his career in 1981 as a research engineer at the *Bureau Central d'Études pour l'Outre Mer*. He joined the Compagnie Générale des Eaux as special adviser in 1990 and was appointed Chief Executive Officer of CGEA Transport (which would later become Veolia Transport) five years later. In 2003, Mr. Frérot was appointed Chief Executive Officer of Veolia Water and Executive Vice President of Veolia Environnement. Mr. Frérot holds the distinction of *Chevalier de la Légion d'Honneur*.

15. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

15.2 Legal and arbitration proceedings

Please refer to section 20.4 of the second update of Veolia Environnement's 2008 *Document de Référence*, pages 25 to 29.

15.3 Significant change in the issuer's financial or trading position

Save as disclosed in this Supplement, there has been no significant change in the Issuer's financial or trading position since 30 June 2009.

15.4 Consolidated financial statements for the half year ended 30 June 2009

Please refer to section 20.6.1 of the second update of Veolia Environnement's 2008 *Document de Référence*, pages 29 to 63.

15.5 Consolidated revenue at 30 September 2009

Please refer to section 20.6.2 of the second update of Veolia Environnement's 2008 *Document de Référence*, pages 64 to 69.

16. ADDITIONAL INFORMATION

16.1 Share capital

As at the date of this Supplement, Veolia Environnement's share capital amounts to EUR 2,467,996,815 and is divided into 493,599,363 fully paid-up shares with a par value of EUR 5 per share.