



## VEOLIA ENVIRONNEMENT

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

**EURO 12,000,000,000**

### **EURO MEDIUM TERM NOTE PROGRAMME**

This supplement (the “**Supplement**”) is supplemental to and must be read in conjunction with the base prospectus dated 4 May 2007 granted visa n°07-141 on 3 May 2007 by the *Autorité des marchés financiers* (the “**AMF**”), as supplemented on 16 May 2007 (visa AMF n°07-151) and 16 October 2007 (visa AMF n°07-360) (the base prospectus together with these supplements: the “**Base Prospectus**”), prepared by Veolia Environnement (“**Veolia Environnement**” or the “**Issuer**”) with respect to its Euro 12,000,000,000 Euro Medium-Term Note Programme (the “**Programme**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

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 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**”).

This Supplement has been prepared pursuant to article 16.1 of the Prospectus Directive and article 212-25 of the AMF’s General Regulations for the purposes of incorporating the 30 September 2007 turnover figures of Veolia Environnement as well as further additional information as set out in this Supplement.

Copies of this Supplement 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](http://www.amf-france.org)) and on the website of the Issuer ([www.veoliaenvironnement.com](http://www.veoliaenvironnement.com)), and copies may be obtained 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°08-010 on 16 January 2008. This document may be used for the purposes of a financial transaction only if it is completed 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 comprehensible, 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.

## **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**

Having taken all reasonable measures for this purpose, we declare that the information contained in this Supplement is true to our knowledge. All the information necessary for investors to be able to base their judgment on the business, activity, financial situation, income and outlook of the Issuer and on the rights attached to the Notes is included in the Supplement (when read together with the Base Prospectus), and there has been no omission of material facts.

#### **Veolia Environnement**

36-38 avenue Kléber  
75116 Paris

duly represented by Henri Proglia  
Chairman of the Board and CEO

## **2. STATUTORY AUDITORS**

### **Statutory auditors:**

KPMG SA

*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. Jean BOUQUOT and Mr. Patrick GOUNELLE

41 rue Ybry, 92576 Neuilly-sur-Seine Cedex,

### **Alternate auditors:**

Mr. Philippe MATHIS

54 avenue Marceau, 75008 Paris

AUDITEX

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

### 3. SUPPLEMENTAL INFORMATION

#### Chapter 7 Information about the Issuer

##### 7.1.5 Recent developments affecting the Issuer's solvency

#### **Veolia Environmental Services Asia wins an operating contract for a household waste storage plant with the municipality of Jiujiang in southeast China**

On 12 November 2007, Veolia Environmental Services Asia announced that it had won a 30-year build-operate-transfer concession for a new household waste storage center for the Jiujiang municipality in Jiangxi province, in southeast China. Veolia Environmental Services total. This contract represents an estimated investment of 37 million euros and cumulative total revenues of almost 140 million euros for Veolia Environmental Services.

#### **Veolia Environmental Services acquires Bartin Recycling Group, the French no. 3 in metal recovery and recycling**

On 19 November 2007, Veolia Environmental Services announced the signature of an agreement to acquire the Bartin Recycling Group, the French number 3 in the recovery and recycling of ferrous and non-ferrous metals.

The Bartin Recycling Group specializes in the collection and recycling of industrial waste, in particular ferrous and non-ferrous metals. It generated revenue of €249 million in 2006 and recycles 780,000 metric tons of metals per year.

Jérôme Le Conte, General Manager France of Veolia Environmental Services, commented: "Given the importance of materials recovery as 50% of the world's steel is now produced from scrap metal, the collection and recycling of metals is becoming a key element in the palette of waste management activities. This acquisition will create excellent synergies and raise the metal recycling capacity of Veolia Environmental Services in France from 250,000 metric tons per year to over 1 million metric tons per year."

#### **EBRD and Veolia environnement expand their cooperation in Central and Eastern Europe**

On 26 November 2007, the group announced that EBRD had committed to invest up to €105 million for a 10 percent stake in Veolia Voda, the holding company for Veolia Water's central and eastern European activities. The funds will be used by Veolia Voda to continue its expansion in the Bank's countries of operation, with an emphasis on development in Russia and Ukraine.

#### **Veolia Water is awarded largest U.S. wastewater partnership to manage Milwaukee Metropolitan Sewerage District**

On 5 December 2007, Veolia Water North America – Central LLC, a Veolia Water subsidiary, announced that it had been selected by the Milwaukee Metropolitan Sewerage District (MMSD) to manage a regional wastewater system serving the greater Milwaukee area, under a 10-year contract valued at approximately 273 million Euros (\$400 million). This public-private partnership represents the United States' largest service contract ever to be concluded in the wastewater sector within the United States.

Veolia Water will assume responsibility for the management of operations from March 1, 2008.

#### **Veolia Energy finalises the acquisition of Thermal North America, Inc., the largest portfolio of district heating and cooling networks in the United States**

On 13 December 2007, Veolia Energy announced that it had finalised the acquisition of Thermal North America, Inc., the largest portfolio of district heating and cooling networks in the United States.

With projected revenue of USD 425 million in 2007, Thermal North America, Inc., is present in various regional markets acting on the leading edge of environmental stewardship, particularly the Northeast and California. In particular, it owns and operates heating networks in Boston, Philadelphia, Baltimore, Atlanta, Kansas City, Trenton, St Louis, Oklahoma City and Tulsa and several cooling networks in Las Vegas and Los Angeles. The company employs 450 people and operates 3500 MW of thermal capacity, 520 MW of cooling capacity and 245 MW of electrical capacity. It also has power generation (through cogeneration) and comprehensive building management services.

## Veolia Water wins a new contract in the major Fujairah 2 independent water and power project for Fujairah, UAE

On 21 December 2007, Veolia Water announced that it had been selected to run the Operations and Maintenance part of the Reverse Osmosis (RO) desalination plant of the F2 Independent Water and Power Project (F2 IWPP) in Qidfa, Fujairah in the UAE. The plant will produce 136,500m<sup>3</sup>/day of desalinated water. The contract is worth an estimated cumulated amount of 115 million USD (€78 million).

### Chapter 15 Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses

#### 15.5 Consolidated revenue for the third quarter ending 30 September 2007

Paris, November 7, 2007

#### CONSOLIDATED REVENUE <sup>(1)</sup> FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2007

(Unaudited IFRS figures)

Revenue up 13.3% at current exchange rates

Operating income up 12.7%

#### VEOLIA ENVIRONNEMENT

At September 30, 2007 (€m)	At September 30, 2006 restated <sup>1</sup> (€m)	% change 2007/2006	Of which organic growth	Of which external growth	Of which currency effect
23,320.5	20,574.9	13.3%	6.7%	7.3%	-0.7%

Veolia Environnement's consolidated revenue was up 13.3% at €23,320.5 million compared to the restated figure of €20,574.9 million at September 30, 2006. Organic growth amounted to 6.7%. This growth includes the negative impact on the Energy division's revenue, estimated at €164 million, linked to the very mild weather in Europe in the first half of the year. Excluding this impact, organic revenue growth would have been 7.5% and total growth 14.2%. External growth of 7.3% stemmed, in particular, from the acquisitions made by Veolia Environmental Services (the waste management division) in the United Kingdom and Germany (a contribution of approximately €90 million), by Veolia Energy in Europe and Australia (€168 million) and by Veolia Transport in France and in the United States (€152 million).

Revenue generated outside France was €12,948.4 million, or 55.5% of total revenue, compared to 52.6% at September 30, 2006.

The impact of movements in exchange rates mainly reflects the depreciation of the US dollar versus the euro (a decrease of €158 million).

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<sup>(1)</sup> Revenue from ordinary activities.

<sup>(2)</sup> To ensure comparability between the two accounting periods, the accounts at September 30, 2006, have been restated, in particular the revenue from ordinary activities of Veolia Transport in Denmark that was accounted for at the end of 2006 according to IFRS5 and shown in the income statement in the line "Net income from discontinued operations".

## Water

At Sept. 30, 2007 (€m)	At Sept. 30, 2006 restated (€m)	% change 2007/2006	Of which organic growth	Of which external growth	Of which currency effect
7,939.9	7,331.0	8.3%	7.8%	1.0%	-0.5%

- In **France**, organic growth, excluding Veolia Water Solutions & Technologies, amounted to 3.2%, supported by a wider range of services on offer and strong growth in engineering work. This growth was achieved in spite of lower volumes of water in production due to the mild summer.
- **Outside France**, excluding Veolia Water Solutions & Technologies, revenue increased by 11.2% at constant exchange rates and consolidation scope. In Europe, despite the decrease in BOT engineering work (Brussels and The Hague), the growth of 5.8% reflected the start-up of new contracts signed in 2006, notably in the Czech Republic and in Slovakia. Business activity was also strong in the Africa/Middle East region where revenue rose by approximately 20.0% (good level of business activity in Morocco and construction work for a seawater desalination plant in Oman). In the Asia/Pacific region, the very strong growth in revenue of over 50.0% was largely driven by the start-up of new contracts in China (Shenzhen, Changzhou, Kunming, Luizhou, Urumqui, and Sinopec), Australia (Gold Coast), South Korea and Japan.
- **Veolia Water Solutions & Technologies** achieved revenue growth on a constant exchange rate and consolidation scope basis of 11.7%, principally due to the strength of activity in the "Design and Build" service offered to municipal and industrial customers, which was particularly pronounced in the Middle East and Australia.

The operating income of the Water division continued to grow. In France, the productivity improvement efforts, as well as the development of new services and the good performance of engineering work offset the decline in delivered volumes. In Europe and Asia, operating income growth benefited from the start-up of new activities, and positive effects linked to the maturation of contracts. Finally, the improvement in the economic conditions of the contract in Gabon and the increasing level of contribution from contracts in Veolia Water Solutions & Technologies also contributed to the increase in operating income.

## Waste Management

At Sept. 30, 2007 (€m)	At Sept. 30, 2006 restated (€m)	% change 2007/2006	Of which organic growth	Of which external growth	Of which currency effect
6,678.3	5,361.7	24.6%	8.0%	18.3%	-1.7%

- In **France**, revenue increased by 7.6% (7.1% at constant consolidation scope and exchange rates) as a result of strong activity in both non-hazardous household and industrial waste treatment (incineration plants and technical landfill centers), as well as in the treatment of hazardous industrial waste.
- **Outside France**, organic growth, amounting to 8.6%, occurred in all regions. It was noteworthy in the United Kingdom (7.9% at constant consolidation scope and exchange rates) with continuing gains in market share and the expansion of existing integrated contracts. Strong growth was also achieved in Scandinavia with an increase in the recycling business in Norway and good performance in Denmark. In North America, the business achieved organic growth of 7.5%, driven mainly by the strong momentum in industrial services. In Asia, the development of recent contracts (Foshan, Likeng and Puxi) made a strong contribution to organic revenue growth of 7.7%.

- External growth of 18.3% mainly reflected the acquisitions of Cleanaway in the United Kingdom, SULO in Germany (consolidated since July 2, 2007) and the Biffa activities in Belgium.

The growth in operating income recorded in the first half of the year continued in the third quarter. All geographical regions contributed to this highly favorable growth.

### Energy

At Sept. 30, 2007 (€m)	At Sept. 30, 2006 restated (€m)	% change 2007/2006	Of which organic growth	Of which external growth	Of which currency effect
4,566.4	4,249.4	7.5%	2.7%	4.5%	0.3%

- Revenue grew 7.5% in spite of the negative impact linked to the mild weather in the first nine months of 2007 (€164 million).
- In **France**, revenue grew 3.1%. Excluding the impact of the mild weather, revenue growth would have been 7.2%, boosted by the combined effect of business development (town of Cergy, Saint-Joseph Hospital, Renault etc.) and the increase in the volumes of engineering work.
- Outside France, total revenue growth amounted to 13.2%, as the impact of the effects of the weather were more than offset by the company's recent business development, both in terms of organic as well as external growth, notably in Central Europe, the United Kingdom, and the Asia-Pacific region (start-up of first contracts in China).

Operating income growth in the first nine months continued to be affected by the mild weather in early 2007 in Europe that had a negative impact on first-half results. The overall impact of the mild weather on operating income is estimated at approximately €37 million.

### Transportation

At Sept. 30, 2007 (€m)	At Sept. 30, 2006 restated (€m)	% change 2007/2006	Of which organic growth	Of which external growth	Of which currency effect
4,135.9	3,632.8	13.8%	7.5%	7.2%	-0.9%

- Revenue in France rose by 5.2% at a constant consolidation scope, driven by the development of business in the urban (Ile-de-France, Valence, and Bordeaux) and interurban networks. The contribution from SNCM, which benefited from a positive seasonal effect in the third quarter, lifted total revenue growth to 12.7%.
- Outside France**, revenue increased by 14.6% (up 8.9% at constant exchange rates and consolidation scope), reflecting the full impact of business development in North America, the growth in activity in Australia, and a number of small acquisitions made in Central Europe and the United Kingdom.

Operating income benefited in the third quarter from the good performance in France (urban and interurban network), the positive contribution from SNCM that was higher in the third quarter due to the seasonality of its business, as well as the division's operating improvement in certain countries, in particular Germany.

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**Consolidated operating income increased 12.7% to €1,754.3 million compared to €1,557.2 million for the nine month period at September 30, 2006.** Recurring operating income at constant exchange rates rose 11.0% at September 30, 2007 versus an increase of 9.8% at June 30, 2007. The third quarter confirmed the trends demonstrated at the half-year period.

Net debt totaled €4.1 billion at September 30, 2007 compared with €5.2 billion at June 30, 2007. The lower net debt reflected a further increase in the generation of operating cash flow as well as the contribution of the €2,559 million capital increase completed on July 10, 2007. The change in net debt also reflected the company's investments during the first nine months, in particular in major projects (Haikou in China and BOT in Oman) in the water sector, the acquisition of Sulo in Germany and various mid-sized companies in the United States in the waste management field, various targeted transactions in Central Europe (Czech Republic and Hungary) and in China (Harbin project) in the field of energy services.

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The growth in business activity and the trend in operating income recorded at September 30, 2007 enable the company to confirm its annual growth and profitability objectives.